



REPORT

VisitEngland
Business Confidence Monitor 2011

Wave 3 – July



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1. Headline Findings

Mixed May – mid July period

- 1.1 The tourism industry has had a mixed period from May to mid July. Hotels have performed well again, with about two in five (38%) businesses increasing their visitor numbers for the period and a further two in five (41%) achieving the same level.
- 1.2 Visitor numbers are about level on balance in caravan & camping, but down in the self catering and guesthouse/B&B sectors.
- 1.3 Satisfaction with performance however is quite high in all sectors, with one in four (25%) operators feeling 'very satisfied' with performance and over half (55%) feeling 'quite satisfied'.

Summer holidays expected to be good

- 1.4 Advance bookings for the summer holidays are about level on balance. About one in four (27%) businesses have more bookings than normal, about half (48%) have the same level, and one in four (25%) have a decreased level.
- 1.5 However, the prevalence of last minute booking behaviour more than in any other year in recent memory is a major factor on how final visitor numbers will be this summer. Many operators have comments on this, and consequently confidence is high. Two in five (40%) operators are 'very confident' for the summer holidays and nearly half (45%) are 'fairly confident'.

Changes in customer behaviour

- 1.6 The three most notable changes in customer behaviour so far this year compared to last year are: booking last minute (59% say this has increased), visitors getting discounted rates on their bookings (42% say this has increased) and visitors spending less (40% say so).

Impact of Olympics still expected to be limited

- 1.7 Olympic tickets have been allocated since the last research wave, but the impact of the Olympics still appears to be mostly confined to London. About one in five (21%) operators expect the Olympics to have a positive impact on their business; two in three (65%) expect it to have little or no impact.

2. Research Background

Objectives

- 2.1 This survey is part of the 2011 'Business Confidence Monitor', which aims to measure business performance and confidence in the English tourism industry over the main holiday periods. This survey wave comes immediately before the start of the school summer holidays.
- 2.2 The main objectives of this wave are to measure:
 - Expectations and confidence for the summer holidays
 - Business performance and satisfaction May to mid July
 - Business performance and satisfaction during 2011
 - Trends by visitor type
 - Changes in visitor behaviour
 - Expected impact of the 2012 Olympics

Methodology

- 2.3 Strategic Marketing and VisitEngland worked together to design a questionnaire for telephone interviewing. A copy of the marked-up questionnaire is included as an appendix.
- 2.4 A total of 508 interviews have been completed by telephone with business owners or managers between 11 and 15 July. Calls have been introduced on behalf of VisitEngland and have been conducted during daytime and evening hours.

Sampling

- 2.5 VisitEngland provided Strategic Marketing with a database of all graded accommodation businesses in England. We devised the sample quotas on the following page in order that the sample is representative of the industry by sector and region. The overall size of each sector quota has been set in accordance with the relative number and size of businesses which that sector contributes to the industry. The size of each regional quota has been set using VisitBritain's 2007 Census of Accommodation Stock.
- 2.6 London hotels are the exception. The graded accommodation database is lacking in London hotels and so the quota is the most realistic number of telephone interviews achievable from a very limited data set within a given

timeframe. Weighting the results of this cell is not possible with only four interviews.

- 2.7 Some multiple business contacts on the database share the same contact person and telephone number as they are part of the same chain or agency. We have set separate quotas for these 'chains' which lie outside of regional categorisation.

Sample breakdown by region and sector

Region / Sector	Hotels	Guest house / B&B	Self catering	Caravan & campsites	Total
Chains	2	1	12	1	16
East Midlands	10	7	7	16	40
East of England	9	9	11	25	54
London	4	28	2	-	34
North East	7	6	3	9	25
North West	20	25	14	16	75
South East	12	25	22	12	71
South West	19	25	31	25	100
West Midlands	6	14	4	6	30
Yorkshire	12	12	19	20	63
Total	101	152	125	130	508

- 2.8 In addition to sampling by region within each sector, we have also sampled by business size, defined by bedspaces, because if left to chance, the overall sample would be biased towards smaller businesses. These quotas are shown on the following page.
- 2.9 Within each sector we have viewed the available bedspace data and split the contacts into 'large' and 'small' businesses. The definition of 'large' is different for each sector, and is detailed in the table below.

Sample breakdown by size and sector

Size / Sector	Hotels	Guest house / B&B	Self catering	Caravan & campsites	Total
Large	23	67	39	62	191
Small	78	85	86	68	317
Total	101	152	125	130	508
Definition of 'large'	More than 100 bedspaces	More than 10 bedspaces	More than 10 bedspaces	More than 100 bedspaces	

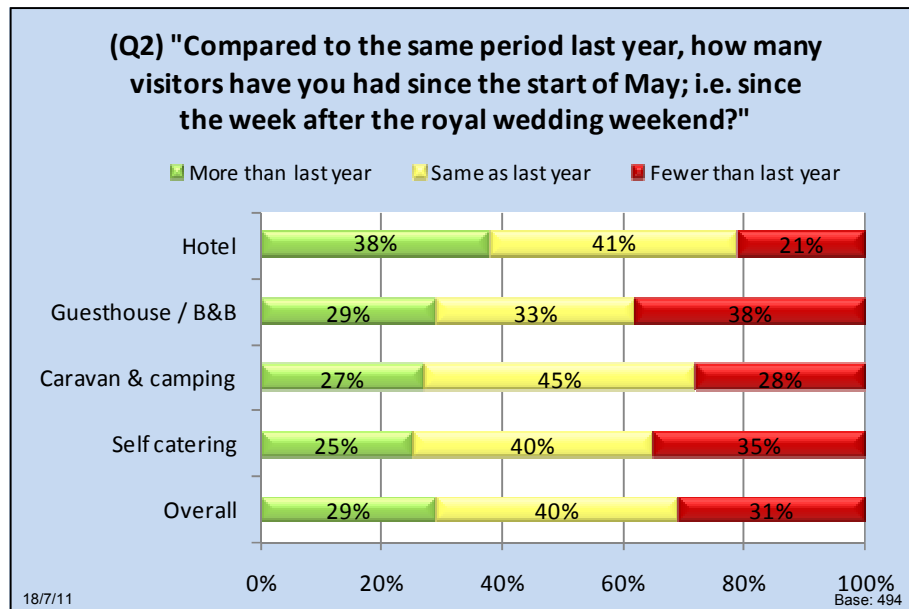
Statistical validity

- 2.10 Throughout the results sections of this report, differences by sector, size or location (Seaside / Large town/city / Small town / Countryside/village) are reported if they statistically valid at the 95% confidence level. Differences by region are not reported because the individual sample sizes are not large enough to make robust comparisons.
- 2.11 More details on statistical validity are available on request.

3. May to Mid July Performance

3.1 Respondents answering ‘don’t know’ to the following questions have been excluded from the results and the figures have been re-based accordingly.

Visitor numbers



3.2 The tourism industry has had a mixed period from May to mid July. Hotels have performed well again, with about two in five (38%) businesses increasing their visitor numbers for the period and a further two in five (41%) achieving the same level.

3.3 Visitor levels are about level on balance in caravan & camping, but down in the self catering and B&B sectors.

Lull following bank holidays

3.4 Some operators put a dip in performance down to the flurry of bank holidays immediately before the period in question.

"Obviously the holiday calendar was different"
 Caravan park, West Midlands

"We expected to not do as well because of the earlier holidays"
 Caravan park, South West

"We were a bit quieter than we expected, and I think that might be perhaps due to the weird bank holidays we had just before then"
Caravan park, South East

Weather has affected performance of some

- 3.5 Many parts of the country have experienced changeable weather during this period.

"I think the weather has really affected business recently"
B&B, North West

"The weather didn't hold so we suffered"
Caravan park, North West

"The camping has been a bit slow but that's because the weather hasn't been so good around here"
Caravan park, Yorkshire

Economy, including petrol prices, still impacting performance

- 3.6 The difficult economic climate is still believed to be impacting on performance, and the sharp rises in petrol prices this year aren't helping either.

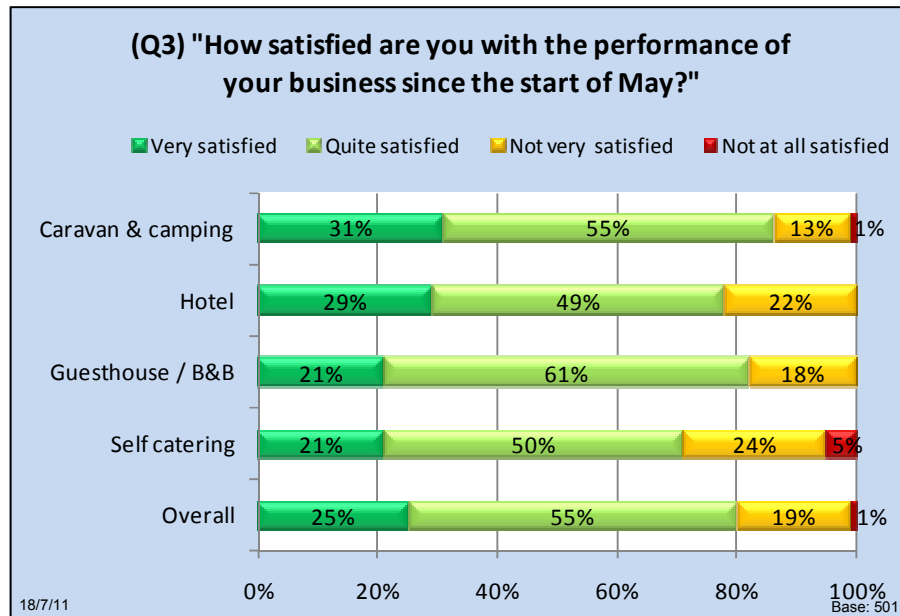
"I think it's due to the economic climate ... the price of fuel has gone up so much that people can't go too far"
B&B, North East

"I think it's just due to the lack of money in the country at the moment. No-one has any spare cash to spend on weekends away or holidays"
B&B, South West

Large towns & cities doing well

- 3.7 Nearly half (46%) of businesses in large towns/cities have an increase in visitor numbers, compared to a lower proportion (25%) of businesses in other locations.

Satisfaction with performance



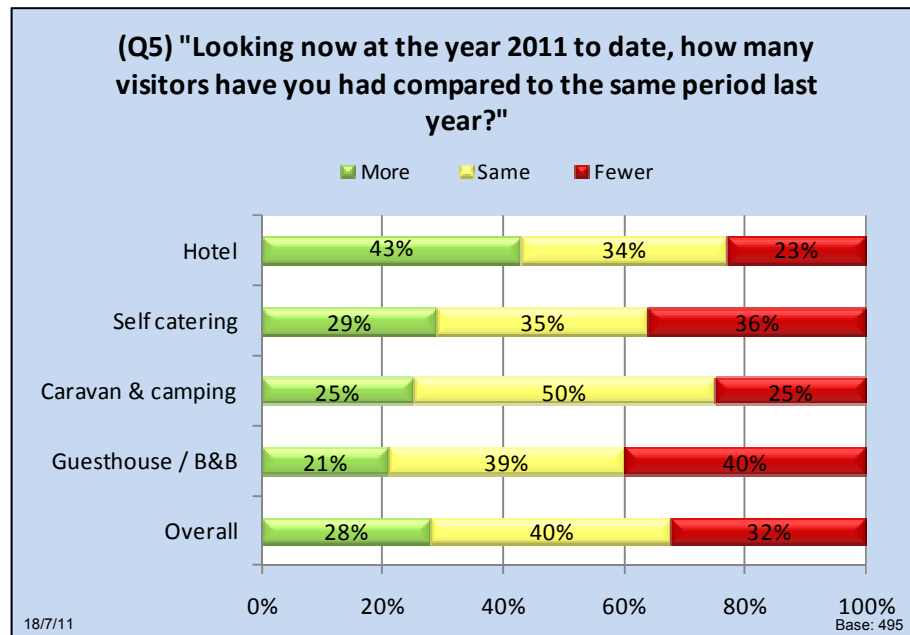
3.8 Satisfaction with performance is quite high in all sectors, with one in four (25%) operators feeling 'very satisfied' with performance and over half (55%) feeling 'quite satisfied'.

"We were expecting to have a few less in May and June because of those extra bank holidays that we had, but we managed to do well with numbers"
 Caravan park, North East

"With the way the economy is, I'm happy if we can maintain the numbers that we have had"
 Caravan park, South East

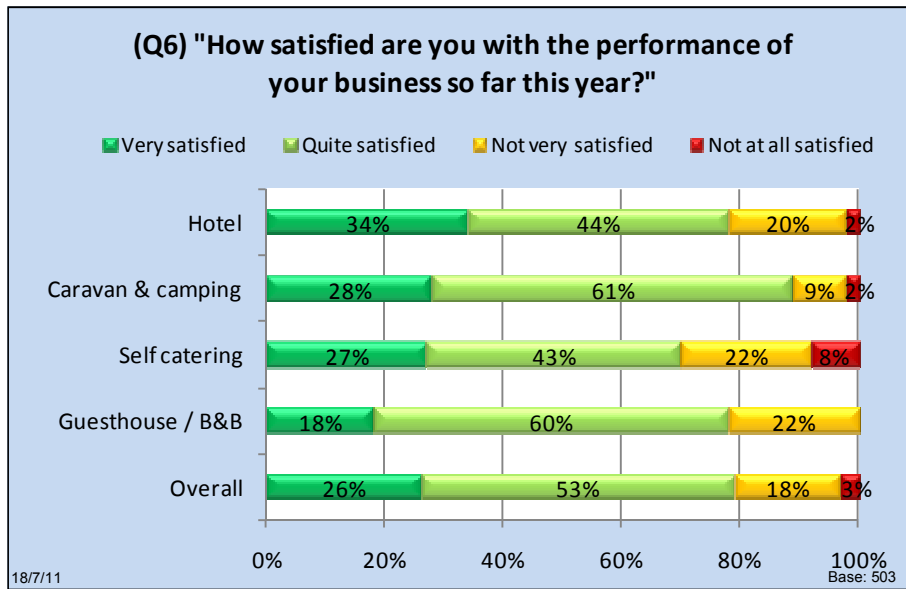
4. 2011 Performance

Visitor numbers



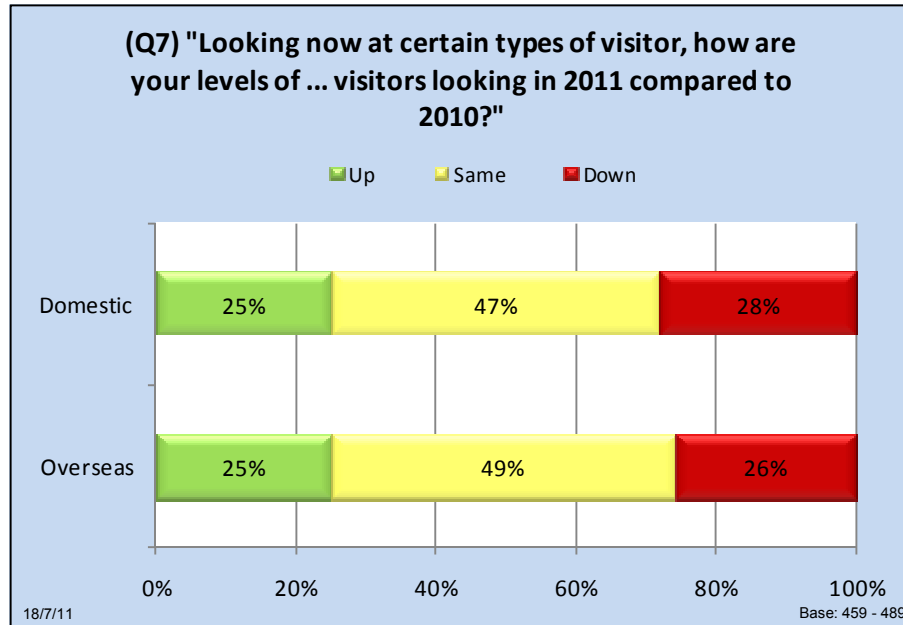
- 4.1 This year to date has been positive for hotels in terms of visitor numbers but not for the guesthouse / B&B sector.
- 4.2 However, hotels appear to be increasing visitors at the expense of discounting their rates – this is discussed later in para. 8.4.

Satisfaction with performance



- 4.3 Satisfaction with performance so far this year is quite high considering visitor numbers in some sectors are down. Guesthouse / B&B operators in particular have remained quite positive considering their visitor levels.

5. Visitor Trends



- 5.1 Both domestic and overseas visitor levels have remained relatively stable overall this year.

Overseas visitors are up in large towns/cities

- 5.2 About two in five (39%) businesses in large towns/cities say that overseas visitors are up on last year, compared to a lower proportion (22%) of businesses in other locations.

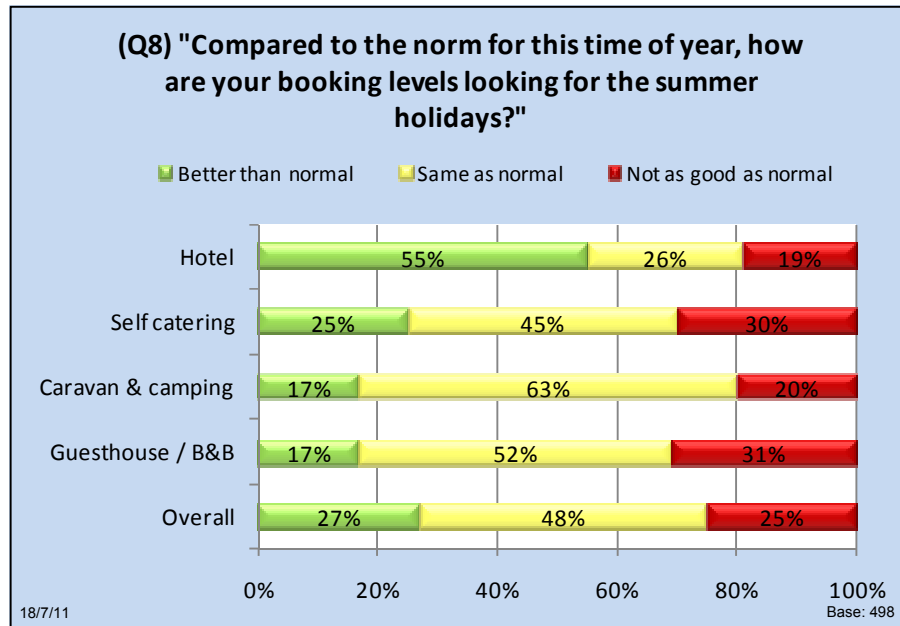
"We seem to be getting a lot more visitors from the US"
 Guesthouse, London

"We haven't had as many American and Japanese tourists this year, but we are seeing more eastern European and Chinese tourists"
 Guesthouse, West Midlands

"We're seeing fewer American visitors and more Australian and European visitors as they currency is stronger in exchange rates at the moment"
 Guesthouse, London

6. Outlook

Booking levels



Hotel sector looking good

- 6.1 Booking levels are looking very strong in the hotel sector, where over half (55%) of businesses have more bookings for the summer holidays compared to the same time last year.

Mixed outlook in other sectors

- 6.2 Bookings are reasonably stable in the self catering and caravan/camping sectors, but down in the guesthouse / B&B sector.

"You can't get fuller than full"
Self catering, Yorkshire

"We're booked up all the way through to December and 24 weeks of next year too!"

Self catering, Yorkshire

“We aren’t as booked up as we would like so we’re putting on some special offers to try and get people to come and stay”

B&B, South West

“The school holidays are fully booked, so we decided to open one of our other fields to campers and that’s nearly all fully booked so we couldn’t be more thrilled right now”

Caravan park, East of England

“We only have one booking for the whole of the summer period”

B&B, North East

Screaming school kids

- 6.3 The summer holidays are not the main season for some businesses – in fact in some cases the opposite. Some customers without children will do anything to avoid being in a location when it becomes overrun by children, and other businesses are built on business tourism, which dips in the summer holidays. This is true of a number of businesses in the serviced sector.

“We are a corporate hotel. It tends to be quiet over the summer holidays”

Hotel, West Midlands

“All our guests tend to avoid the summer holiday period because they don’t want to be around screaming school kids. So you could say our season is over next week. All our regulars came earlier to avoid this”

Hotel, South West

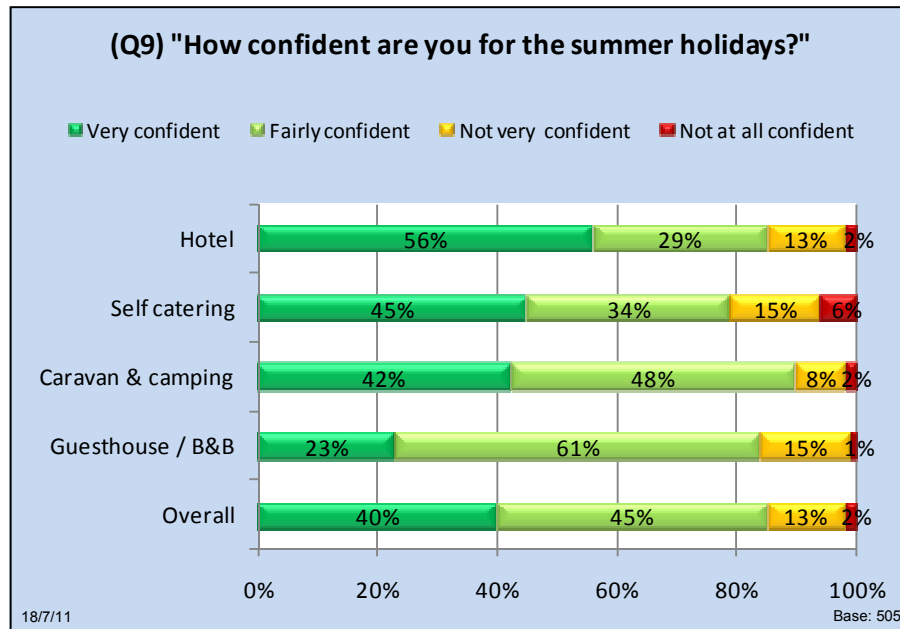
“We have mostly elderly visitors so they tend to avoid the busy times like the summer holidays”

B&B, East of England

“The summer season always drops slightly for us as it’s not really our peak season. We have more business people so they tend to take their leave over the summer months and so our numbers always drop slightly”

B&B, West Midlands

Confidence



Confidence is much higher than bookings might suggest

6.4 Although booking levels in all sectors except hotels are not really anything to get excited about, and in some cases might be cause for concern, confidence is high. Two in five (40%) operators are 'very confident' for the summer holidays and nearly half (45%) are 'fairly confident'.

Last minute bookings are becoming the norm

6.5 The reason for the high confidence is that so many customers don't book in advance anymore. Last minute booking behaviour is becoming the norm. Many operators thought during the recession that this was because of insecurity over disposable income or even having a job; now the explanations include waiting for last minute deals and seeing what the weather will do.

"Last minute bookings should bring our numbers back up. People leave it very late these days; looking for the best deal they can"

Hotel, North West

"It depends on the weather"

Hotel, South West

"Things always pick up last minute due to last minute bookings being so popular these days"

Hotel, East of England

“Up until last week our summer holiday bookings were looking very poor. But it suddenly picked up dramatically and we’re now nearly fully booked for summer”

Self catering, Yorkshire

“People aren’t pre-booking these days so I am still confident for the summer holidays even though we don’t have many bookings yet”

B&B, South West

“We don’t really operate on pre-bookings. It’s more last minute bookings and the weather really controls whether people come to stay or not”

B&B, East Midlands

“Last minute bookings are what we rely on. Trends are changing and people don’t book in advance anymore”

B&B, East of England

“I think people wait until the last minute as they are not sure of the weather”

Self catering, South West

“Most of our visitors so far this year have booked last minute and July has only just filled up so we’re hoping the same thing is going to happen with August”

B&B, North West

“People aren’t booking in advance. We still get enquiries but people tend to shop around for the best deal”

B&B, South East

Weather still has to hold up

- 6.6 Whilst a flurry of last minute bookings is expected, the weather still has to make it possible, especially in the caravan & camping sector.

“The weather worries me every year. If the sun doesn’t come out, then we’ll have a terrible summer holidays”

Caravan park, South West

“If the sun comes out we’ll do ok”

Caravan park, South West

“I think we’ll do ok, but the moment it starts to rain we’ll get a lot of cancellations”

Caravan park, North West

7. Trend Figures across Research Waves

7.1 This survey is the second wave conducted in 2011. Below are charts based on results from the following previous surveys:

2010

- Wave 3 (April & May)
- Wave 4 (June to August)
- Wave 5 (September & October)

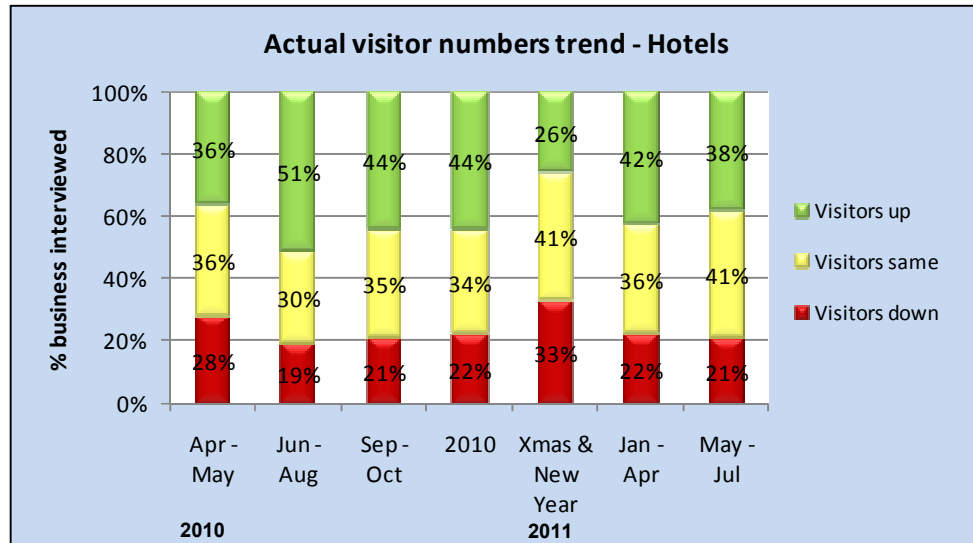
2011

- Wave 1 (January)
- Wave 2 (Easter)

Visitor numbers

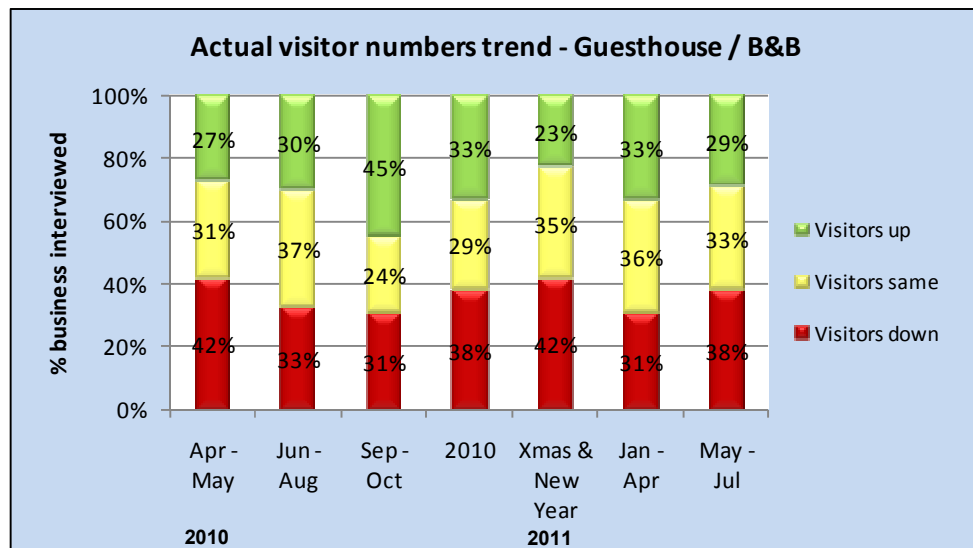


7.2 Visitor numbers have dipped slightly following a more promising start to this year.

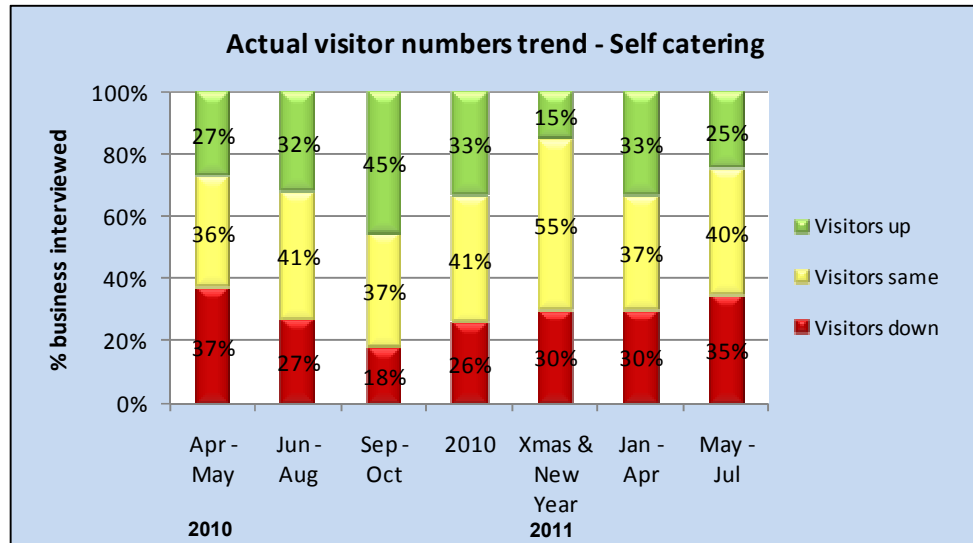


7.3 Charts by actual visitor numbers are now split by sector – the first chart (above) is for hotels.

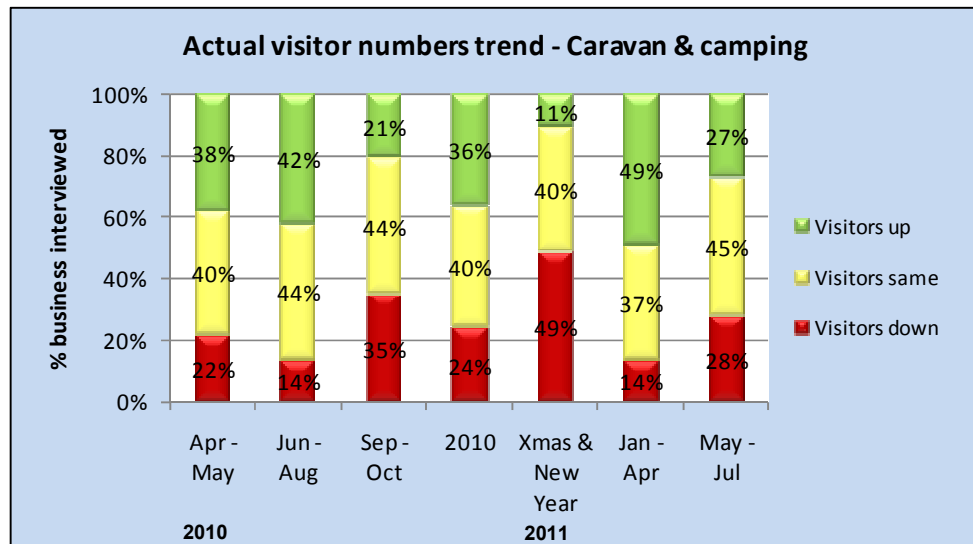
7.4 The hotel sector has maintained its strong performance in terms of visitor numbers this period.



7.5 Performance in the guesthouse / B&B sector has dipped again this period. This has been the most precarious of the four sectors to be in over the past 18 months.

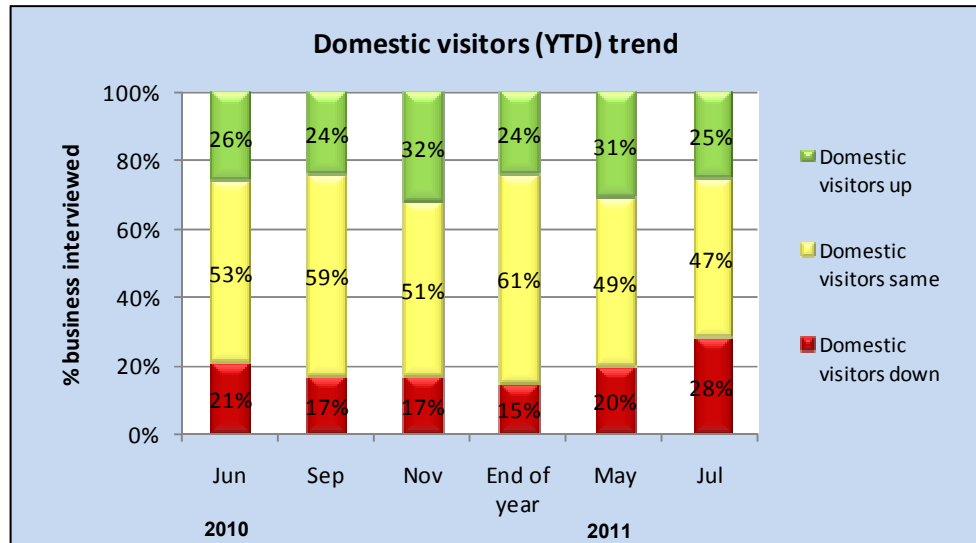


7.6 Visitor numbers in self catering continue to fluctuate.

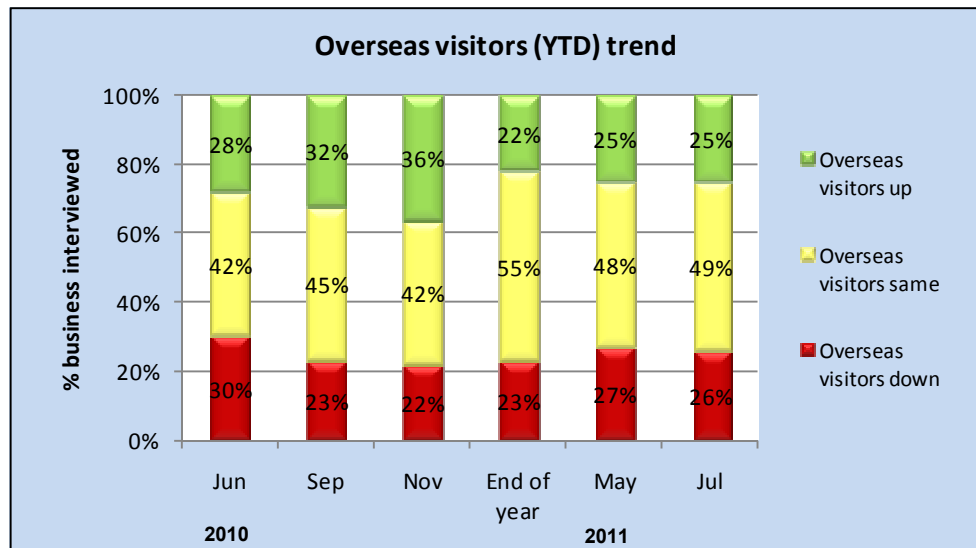


7.7 The weather dependence of the caravan & camping sector is reflected in the erratic ups and downs on the trend chart. The excellent sunny weather in April caused the sector to boom, but a more unsettled spell of weather has since brought the visitor numbers back down again.

Visitor numbers by type

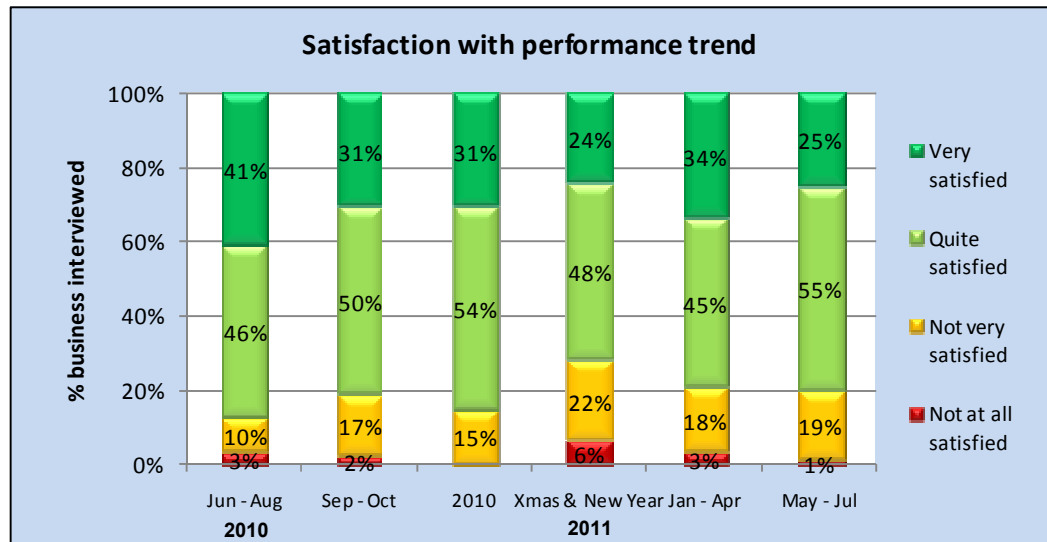


7.8 Charts now show visitor numbers by type. Respondents were asked each wave to comment on visitor numbers for the year to date rather than just specifically for the research period. Therefore the x axis shows the month in which the question was asked, rather than the research period. The first chart (above) shows the trend for domestic visitors.



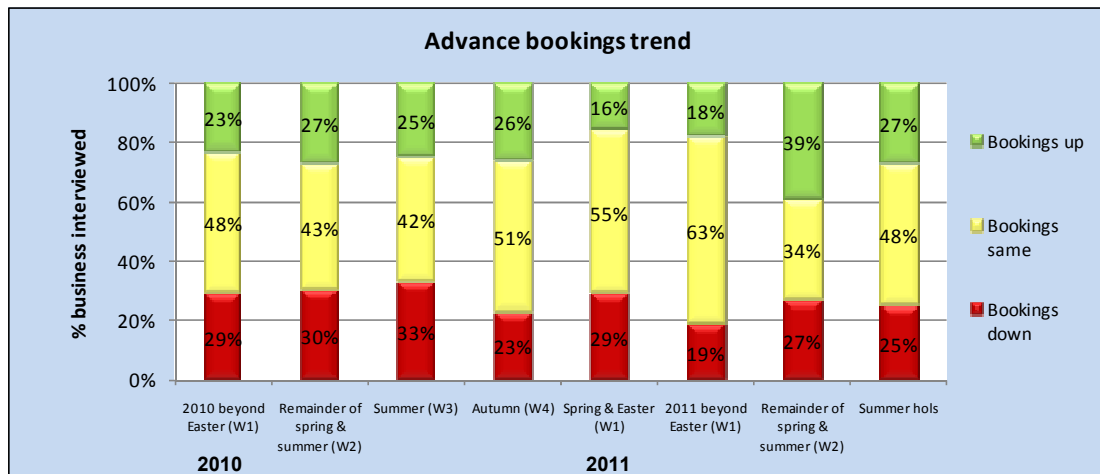
7.9 Overseas visitor levels have remained broadly the same over the last two years.

Satisfaction with performance



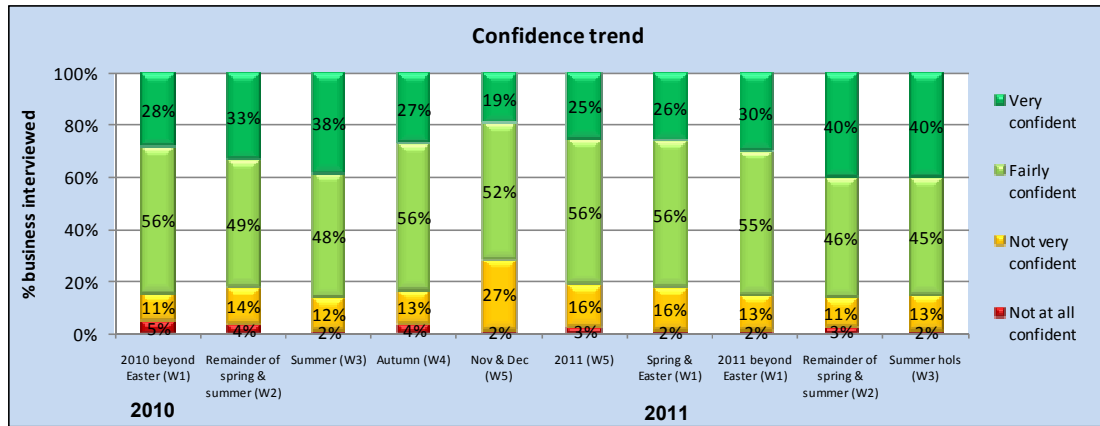
7.10 Satisfaction with performance has always outweighed actual results since the question has been asked. Satisfaction has remained high this period.

Advance bookings



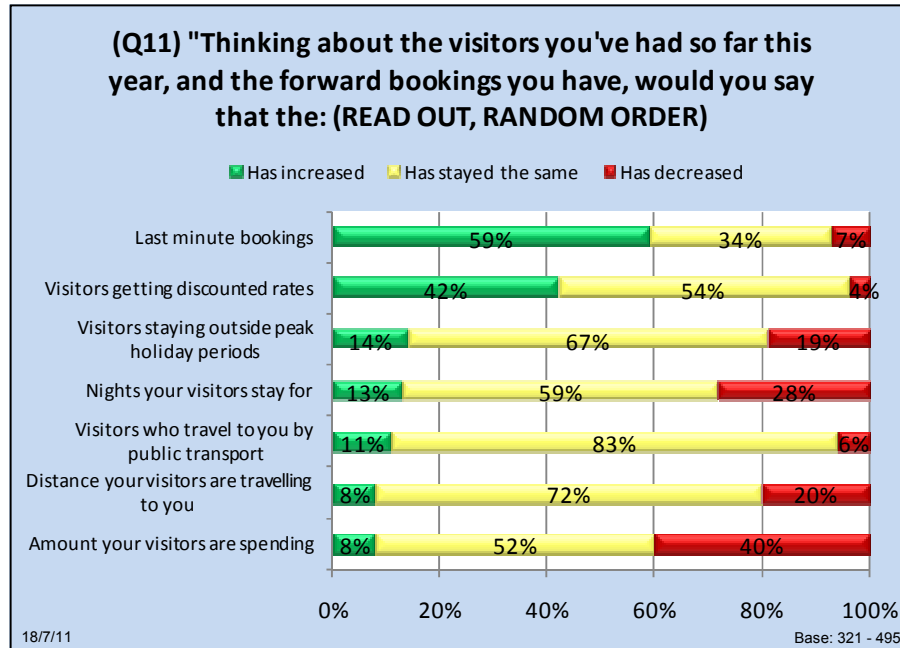
7.11 With last minute booking behaviour ever increasing, actual results usually turn out to be better than advance bookings suggested. On this basis, the summer holidays are looking good.

Confidence



7.12 Each wave, respondents have been asked their level of confidence about future periods. The chart shows which wave (W1, W2, W3, W4 or W5) the figures are drawn from. Confidence tends to be quite seasonal.

8. Changes in Visitor Behaviour



- 8.1 The three most notable changes in customer behaviour so far this year compared to last year are: booking last minute (59% say this has increased), visitors getting discounted rates on their bookings (42% say this has increased) and visitors spending less (40% say so).

Last minute bookings

- 8.2 Last minute booking behaviour is the most significant change in the market since last year, which in turn was very different to the year before. This has already been discussed in para. 6.5 above.
- 8.3 It is possible that some of the 7% minority saying last minute bookings have decreased are defining 'last minute' in a more literal sense of people walking in off the street as opposed to bookings made prior to arrival.

"Passing trade has definitely stopped. You don't just get people knocking on the door looking for a place to stay"
B&B, North West

Hotels increasing visitor numbers at expense of discounted rates

- 8.4 It is important to note that the success of hotels in increasing visitors in recent periods has largely come at the expense of discounting their rates. About three in five (58%) hotels say they have had an increased number of visitors getting discounted rates, and about two in five (42%) say it has remained the same. No-one has said it has decreased. The comments back these figures up, as operators talk of pressure from enquirers (including corporate enquirers) and the competition.

“There is a lot of haggling going on, people always want money off. I don’t understand that really, we offer a service, the price is the price, and this would never happen in a restaurant, you pay what you owe. But we find if we don’t negotiate, we would lose customers”

Hotel, West Midlands

“People tend to try and bargain with us on the phone sometimes for cheaper prices, claiming that other hotels offer better prices”

Hotel, South West

“We have mostly corporate customers who always haggle for the best price they can get”

Hotel, South East

“We’ve had to put a lot more special offers on recently compared to the past because we have to compete with other hotels”

Hotel, North West

- 8.5 Some hotel operators have said that people wait to book last minute because they now know the new system.

“People are more aware of the way the market works and will wait for last minute deals”

Hotel, South West

“90% of our customers are getting discounts and they tend to book last minute”

Hotel, Yorkshire

“People are leaving it as late as possible and are always trying to get more and more money off”

Hotel, North West

“People understand the internet these days with voucher sites like Groupon and KGB. They can get ridiculous deals there and it’s driving businesses like mine under”

Hotel, North East

B&Bs standing ground on price

- 8.6 In contrast to the hotels, visitor numbers in the guesthouse / B&B sector are not looking good this year, but at least the operators seem to be standing their ground a lot more on price. About one in five (18%) operators in this sector say the number of visitors getting discounted rates had increased, but most (81%) say it has remained the same.
- 8.7 It might be that small serviced operators are making a decision not to get sucked into a price war with budget hotels knowing that they can't compete; or it might be that many small serviced businesses don't have an online booking facility and therefore they don't catch the last minute internet deal seekers.

"I have registered with online booking sites so last minute bookings are coming through that a lot more"
B&B, East Midlands

"We've just signed up to online sites like laterooms.com and expedia so that's why there are more visitors coming with discounted rates"
B&B, London

"It's getting harder and harder to fill the rooms and last minute bookings seems to be the way forward. Also internet presence seems to be a major factor in filling the rooms"
B&B, South West

Holding onto the purse

- 8.8 As well as increased haggling over room rates, two in five (40%) operators are noticing that visitors are spending less. A number of caravan park operators have commented that visitors are spending more time in their van instead of going out in the evening.

"They're all coming back around 6 or 7 at night and eating in, whereas most people used to go to the local pubs and so on"
Caravan park, South West

"People are coming back to their caravans to eat rather than going out"
Caravan park, South West

"People are stocking up before they come, because the supermarkets have felt it and are making alcohol really cheap, which used to bring in a lot of money for us"
Caravan park, North West

"Not many people use the shop anymore. They all come ready with everything they might need"
Caravan park, Yorkshire

“We put buses on for people to come to us, because we know it's expensive to drive and we also changed the bar from an adult only to a family pub. That means that we're selling thousands of packets of crisps and coke and the gross profit is much higher on that than it is on alcohol”
Caravan park, Yorkshire

Shorter stays in three sectors

- 8.9 Overall results don't suggest a significant increase in shorter stays, but results by sector suggest there is a tendency towards this in the hotel, self catering and caravan/camping sectors.

“People are booking 2/3 nights then possibly staying longer if they like. We've seen a lot of that over the last couple of years”
Caravan park, Chain

“Between April and 1st October I generally only used to offer week bookings Saturday to Saturday but I've had a lot of enquiries about short breaks. It's difficult for a small business because you don't want to have to be here every day to let new people in, it's disruptive. We aren't a hotel. I've been reluctant to let people do that but like I said the business is changing”
Self catering, North East

Petrol prices

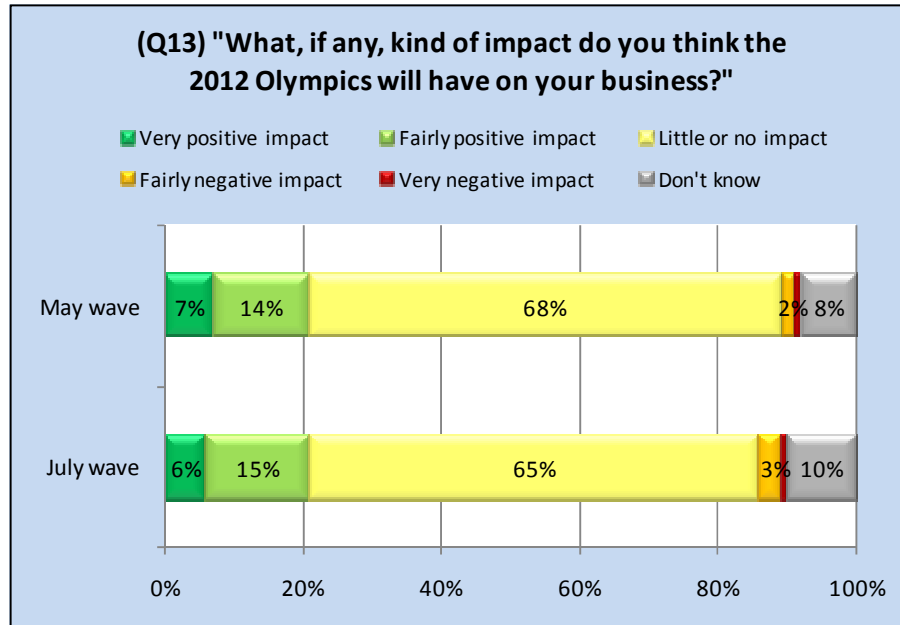
- 8.10 There is some evidence that people are travelling shorter distances to reach a destination, especially if a caravan is in tow.

“We used to get a lot of people from the south coast, but because of petrol prices and other factors that just isn't happening anymore”
Caravan park, North West

“I don't think we'll see as many southerners this year, because the petrol prices are ridiculous”
Caravan park, North West

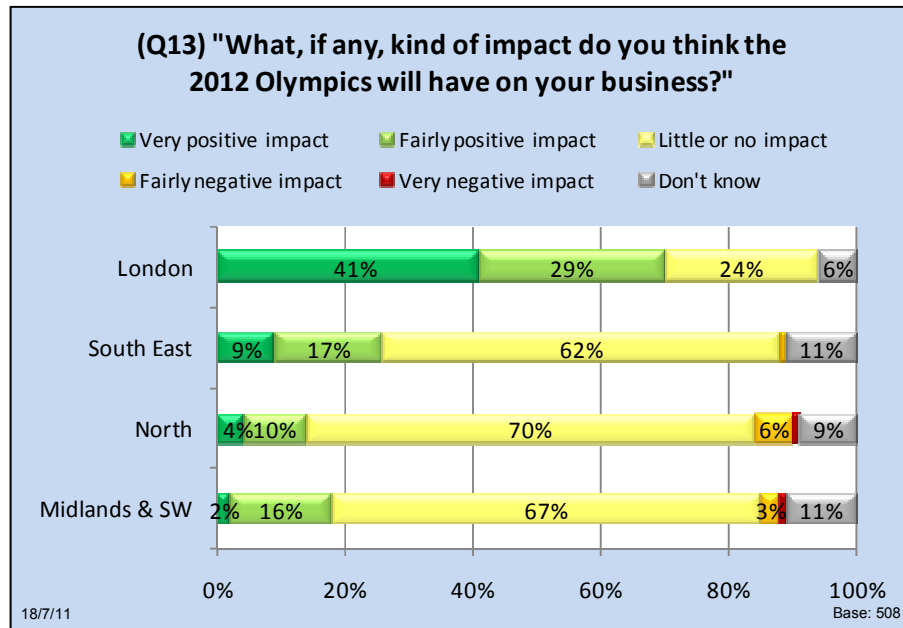
“We mainly only see people from about a 30 mile radius, whereas we used to see people from Cornwall and Devon”
Caravan park, Yorkshire

9. Impact of 2012 Olympics



- 9.1 Olympic tickets have been allocated since the last research wave, but this has had negligible impact on the results to the above question.
- 9.2 Overall about one in five (21%) operators expect the Olympics to have a positive impact on their business; two in three (65%) expect it to have little or no impact.

"We get our bookings through central reservations and we haven't seen any bookings for the Olympics as of yet"
Hotel, London



9.3 The impact of the Olympics still appears to be mostly confined to London.

"I'm already fully booked for the Olympics"
 Self catering, London

"The Olympics has definitely had a positive effect. People have been booking up for months to make sure they can get accommodation"
 Self catering, East of England

VisitEngland Business Confidence Monitor 2011

Wave 3 - July

Introduction provided separately

(CODE FROM DATABASE) Sector

Hotel	101
Guesthouse / B&B.....	152
Self catering.....	125
Caravan & camping.....	130

Q1 Has your business been established for longer than 12 months?

Yes	99%	Go to Q2
No	1%	Go to Q9

Q2 Compared to the same period last year, how many visitors have you had since the start of May; by that we mean since the week after the royal wedding weekend?

More than last year.....	29%
Same as last year	40%
Fewer than last year	31%

Q3 And how satisfied are you with the performance of your business since the start of May?

Very satisfied	25%
Quite satisfied	55%
Not very satisfied	19%
Not at all satisfied.....	1%

Q4 RECORD ALL USEFUL COMMENTS

n/a

Q5 Looking now at the year 2011 to date, how many visitors have you had compared to the same period last year?

More than last year.....	28%
Same as last year	40%
Fewer than last year	32%

Q6 And how satisfied are you with the performance of your business so far this year?

Very satisfied	26%
Quite satisfied	53%
Not very satisfied	18%
Not at all satisfied.....	3%

Q7 Looking now at certain types of visitor, how are your levels of ... (READ FROM LIST) visitors looking in 2011 compared to 2010?

	Up on 2010	Same as 2010	Lower than 2010
Domestic	25%	47%	28%
Overseas	25%	49%	26%

Q8 Compared to the norm for this time of year, how are your booking levels looking for the summer holidays?

Better than normal.....	27%
Same as normal	48%
Not as good as normal	25%

Q9	And how confident are you for the summer holidays?	
	<i>Very confident</i>	40%
	<i>Fairly confident</i>	45%
	<i>Not very confident</i>	13%
	<i>Not at all confident</i>	2%

Q10 RECORD ALL USEFUL COMMENTS ON OUTLOOK n/a

Q11 We'd like to know if there have been any changes in visitor patterns this year compared to last year. Thinking about the visitors you've had so far this year, and the forward bookings you have, would you say that the: (READ FROM LIST, RANDOM ORDER)

	<i>Has increased</i>	<i>Has stayed the same</i>	<i>Has decreased</i>
Distance your visitors are travelling to you from their homes	8%	72%	20%
Amount your visitors are spending	8%	52%	40%
Average number of nights your visitors stay for	13%	59%	28%
Number of visitors who travel to you from their homes using public transport	11%	83%	6%
Number of visitors staying with you outside the peak holiday periods	14%	67%	19%
Number of last minute bookings	59%	34%	7%
Number of visitors getting discounted rates on their bookings	42%	54%	4%

Q12 Have you noticed any other significant changes this year compared to last year? (RECORD ANY OTHER SIGNIFICANT CHANGES, OR EXPAND ON ANSWERS TO Q11) n/a

Q13 Finally, what, if any, kind of impact do you think the 2012 Olympics will have on your business?

<i>Very positive</i>	6%
<i>Fairly positive</i>	15%
<i>Little or none</i>	65%
<i>Fairly negative</i>	3%
<i>Very negative</i>	1%
<i>Don't know</i>	10%

Q14 Which of the following best describes your location?

<i>Seaside</i>	24%
<i>Large town or city</i>	20%
<i>Small town</i>	21%
<i>Countryside / village</i>	35%

Q15 (IF SELF CATERING) Are you an agent or an owner/manager?

<i>Agent</i>	10%
<i>Owner/manager</i>	90%

Q16 What is your official star grading?

<i>5 star</i>	10%
<i>4 star</i>	48%
<i>3 star</i>	30%
<i>2 star</i>	8%
<i>1 star</i>	0%
<i>Budget hotel</i>	1%
<i>Awaiting grading</i>	1%
<i>Other</i>	1%
<i>Not currently graded</i>	1%

Thank you for your time

(CODE FROM DATABASE) Size

<i>Large</i>	38%
<i>Small</i>	62%

(CODE FROM DATABASE) Region

<i>Chain</i>	3%
<i>East Midlands</i>	8%
<i>East of England</i>	11%
<i>London</i>	7%
<i>North East</i>	5%
<i>North West</i>	15%
<i>South East</i>	14%
<i>South West</i>	20%
<i>West Midlands</i>	6%
<i>Yorkshire</i>	12%