



REPORT

VisitEngland
2010 Business Confidence Monitor

Wave 4 – Summer



Strategic Marketing
5-7 Museum Place
Cardiff, Wales
CF10 3BD
Tel: ++44 (0)29 2030 3100
Fax: ++44 (0)29 2023 6556

www.strategic-marketing.co.uk

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1. Headline Findings

Visitor numbers

- 1.1 The tourism industry in England has enjoyed a successful summer. Nearly two in five (38%) businesses have had more visitors than last summer, and the same proportion (38%) have maintained the same level. Only one in four (24%) report a decrease.
- 1.2 Hotels are the best performing sector, with about half (51%) increasing their visitor numbers. Guesthouses / B&Bs have not done as well in comparison, with three in ten (30%) increasing visitor numbers, but this sector has picked up significantly from a poor start to 2010.
- 1.3 The general opinion in the industry is that there were sufficient factors keeping British people in this country, including the threat of airport / airline chaos, exchange rates, lack of (or fear of not having) disposable income to holiday abroad, and some very promising weather at the start of the summer.

Profitability

- 1.4 Over a third (36%) of businesses have had higher profitability this summer and nearly two in five (38%) have had the same level. Increased visitor numbers seem not to have come at the expense of lowering profit margins.

Satisfaction with summer performance

- 1.5 Operators across all sectors are feeling very satisfied right now. Two in five (41%) operators say they have been 'very satisfied' with the performance of their business this summer, and nearly half (46%) say they have been 'fairly satisfied'.

Last minute bookings

- 1.6 Last minute bookings are still prevalent in the industry. Over half (54%) have had more last minute bookings than last summer and a third (32%) have had the same level.
- 1.7 Hotels have benefited greatly, with most (72%) having more last minute bookings. Arguably they are better set up to benefit from last minute bookings than other sectors because significantly more of them facilitate immediate online bookings.

Visitor types

- 1.8 England has been a busy place to holiday this summer, with British people staying here and overseas holidaymakers coming over on top. One in three (32%) operators say they have had increased overseas visitors and nearly half (45%) have had the same level.
- 1.9 Two in five operators (40%) have had more repeat visitors than last summer and half (50%) have had the same level. It seems that businesses are now building up a larger regular customer base of British people who have started taking their summer holidays in England.

Price discounting

- 1.10 Some (13%) operators have used special offers or price discounting extensively this year and a third (32%) have used it to some degree. However over half (55%) say they haven't. Discounting is still most commonly found in the hotel sector.
- 1.11 Most (92%) operators believe that special offers and deals are as widely or more widely available to consumers than last year. Answers are influenced by the extent to which deals are advertised.

Advance bookings

- 1.12 About a quarter (26%) of businesses have more advance bookings for the autumn compared to the norm for this time of year, and half (51%) have the same as normal. Bookings are higher in the hotel and caravan & camping sectors.

Confidence

- 1.13 Following a good summer, about a quarter (27%) of businesses are 'very confident' for the autumn and over half (56%) are 'fairly confident'.

2. Research Background

Objectives

- 2.1 This survey is the fourth of four or five 'waves' in the 2010 'Business Confidence Monitor', which aims to measure business performance and confidence in the English tourism industry over the main holiday periods. This wave reports on the summer, i.e. June to August.
- 2.2 The main objectives of this fourth wave are to measure:
- Business performance during the summer
 - Last minute booking behaviour
 - Bookings and confidence for the autumn
 - Trends by visitor type
 - Price discounting
 - Factors affecting tourism

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 501 interviews have been completed by telephone with business owners or managers between 31st August and 2nd September. 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	1	2	12	1	16
East Midlands	10	7	6	18	41
East of England	10	9	11	23	53
London	4	27	2	-	33
North East	7	6	3	7	23
North West	20	25	14	16	75
South East	12	24	25	11	72
South West	19	24	30	25	98
West Midlands	6	14	4	5	29
Yorkshire	11	12	19	19	61
Total	100	150	126	125	501

- 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

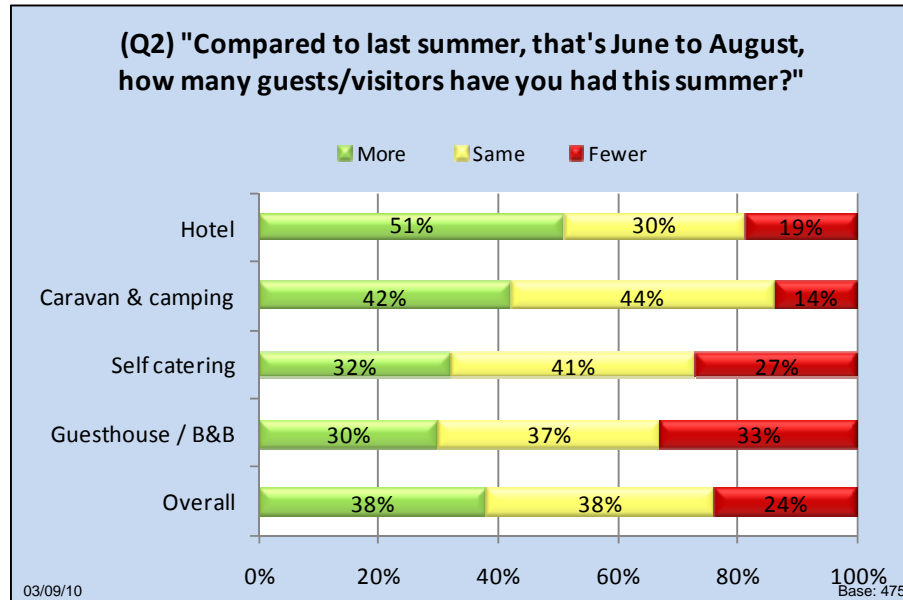
Size / Sector	Hotels	Guest house / B&B	Self catering	Caravan & campsites	Total
Large	30	74	24	66	194
Small	70	76	102	59	307
Total	100	150	126	125	501
Definition of 'large'	More than 100 bedspaces	More than 10 bedspaces	More than 10 bedspaces	More than 100 bedspaces	

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. Summer Visitor Numbers



- 3.1 The tourism industry in England has enjoyed a successful summer. Nearly two in five (38%) businesses have had more visitors than last summer, and the same proportion (38%) have maintained the same level.

Businesses in all sectors have reason to be pleased

- 3.2 Hotels are the best performing sector, with about half (51%) increasing their visitor numbers. Guesthouses / B&Bs have not done as well in comparison, but this sector has picked up significantly from a poor start to 2010.
- 3.3 Caravan & campsites have also had a good summer and may have many more to come. Holidaymakers started buying tents last year when money became tight, and now that they have the equipment and realise they enjoy camping, there's a good chance they will keep doing it.

"Because of the economic climate last year, people have gone out and purchased tents and have enjoyed the experience ... people are coming back instead of going abroad"

Campsite, East of England

"I have found a lot of people were looking to go camping this year because it is cheaper"

Caravan park, South West

Lack of money has kept people in the UK again

- 3.4 Many operators say that British people have remained in the UK again this summer. There are several reasons for this, one being lack of money, or fear of it. The pound is still perceived as weak.

“I think the recession is still having a big impact on the fact that people are still staying in the UK”

Caravan park, Yorkshire

“People think it will be cheaper to stay at home”

Self catering, South East

“The exchange rate has been bad so more people are staying at home”

Self catering, South East

It's too stressful to go abroad

- 3.5 Air travel has been very unpredictable this year, with volcanic ash bringing traffic to a standstill, problems at airports, airlines going on strike and tour operators going out of business or threatening to. The prospect of flying was just too risky for some holidaymakers.

“The airlines being on strike and an increase in airport taxes and fees. People can't be bothered with it all anymore”

Self catering, South East

“I think the trouble with the airports together with the economy is a major factor on why people are staying in the UK”

Caravan park, South West

“I think people are still 50-50 on whether to go abroad or not and that's because of the recession and what is going on at airports”

Caravan park, South West

“A lot of people are citing the ash cloud and airports”

Self catering, South West

Good early summer weather kept people here

- 3.6 Some people were deliberating over whether to go abroad or stay in the UK. Excellent weather through May and June kept them here, even though some parts of the country didn't enjoy good weather later in the summer.

“I think the early good weather helped make up people's mind whether to stay in the UK or not”

Caravan park, South West

“The good weather in June really helped and I think the airlines and travel companies folding didn’t hurt either”

Hotel, Yorkshire

“The weather was better this year and the instability of overseas markets I think combined to encourage domestic holidays”

Hotel, South West

People are spending less however

3.7 The economic climate has kept people in the UK again, but the downside is that people are spending less and forgoing second holidays.

“I think people are just not spending much money”

Caravan park, Yorkshire

“I think the economy has both positive and negative impact. I find that more people are staying in the UK but they are spending less money”

Caravan park, Yorkshire

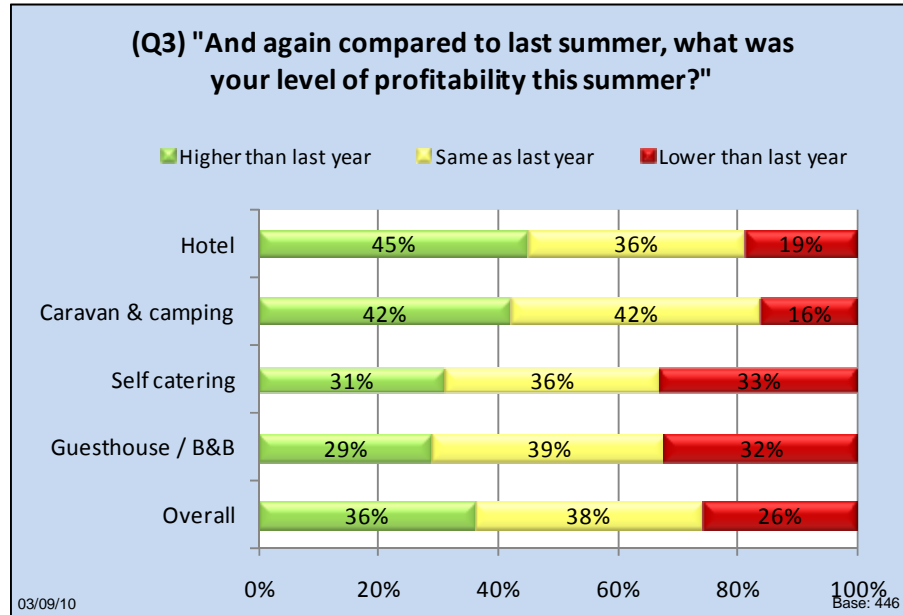
“People are just scared of spending money”

Caravan park, East of England

“The recession and the ash cloud have made people want to stay at home more but people do not have as much money and they're not taking second holidays”

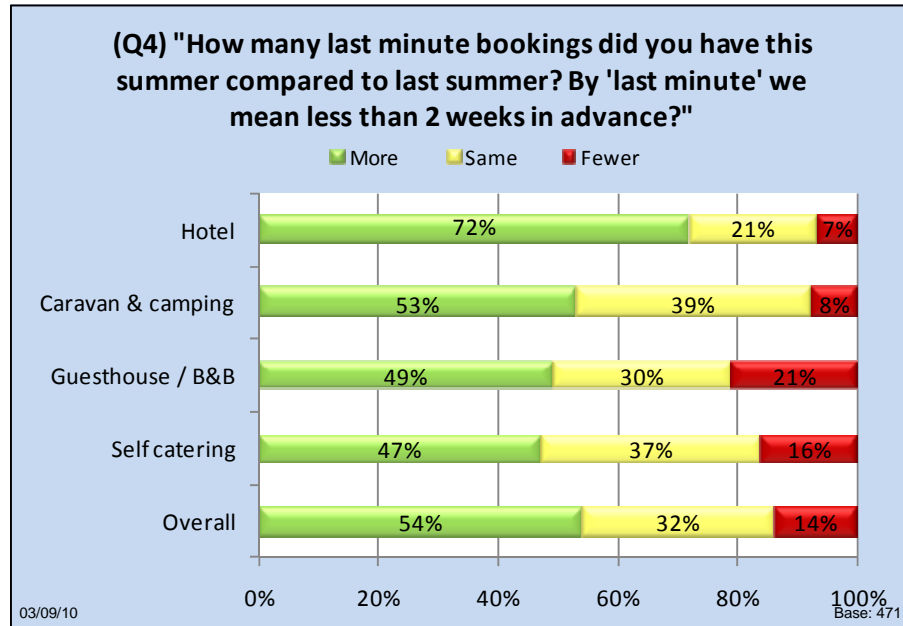
Self catering, South East

4. Summer Profitability



- 4.1 Over a third (36%) of businesses have had higher profitability this summer and nearly two in five (38%) have had the same level. Increased visitor numbers seem not to have come at the expense of lowering profit margins as the answers are in line with those for Q2 (visitor numbers).

5. Last Minute Bookings



- 5.1 Last minute bookings are still prevalent in the industry. Over half (54%) have had more last minute bookings than last summer and a third (32%) have had the same level.

"I am finding that people are phoning up two days before and booking but then not turning up. It has happened a lot this year"

Caravan park, Yorkshire

"People tend to wait for the weather forecast and if it is bad, they won't leave"

B&B, East of England

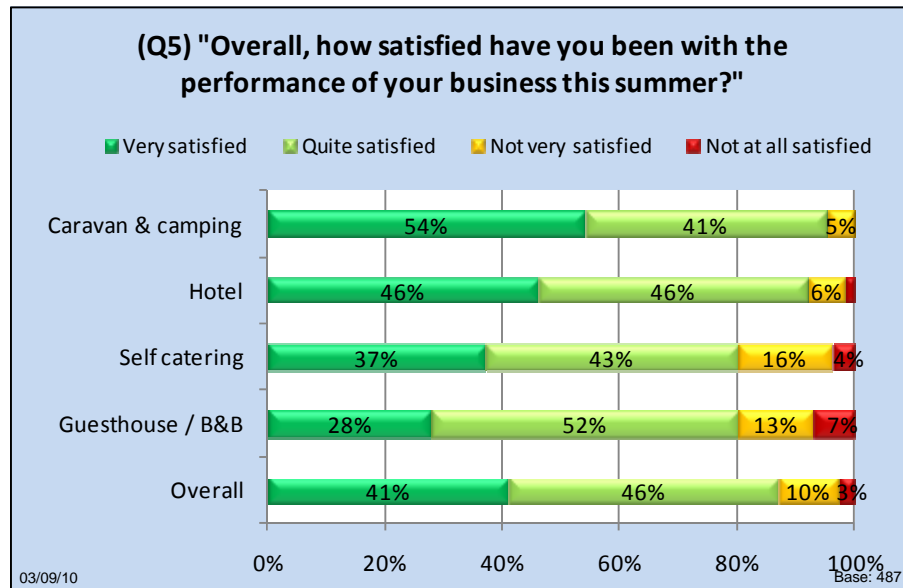
Hotels have benefited the most

- 5.2 Hotels have benefited greatly, with most (72%) having more last minute bookings. Arguably they are better set up to benefit from last minute bookings than other sectors because significantly more of them facilitate immediate online bookings and can also cope better with the short notice.

"More and more people want to ring up for weekends; these people need some education in knowing that campsites cannot work with only getting last minute bookings. Many caravan sites are saying no to tents"

Caravan park, East Midlands

6. Satisfaction with Summer Performance

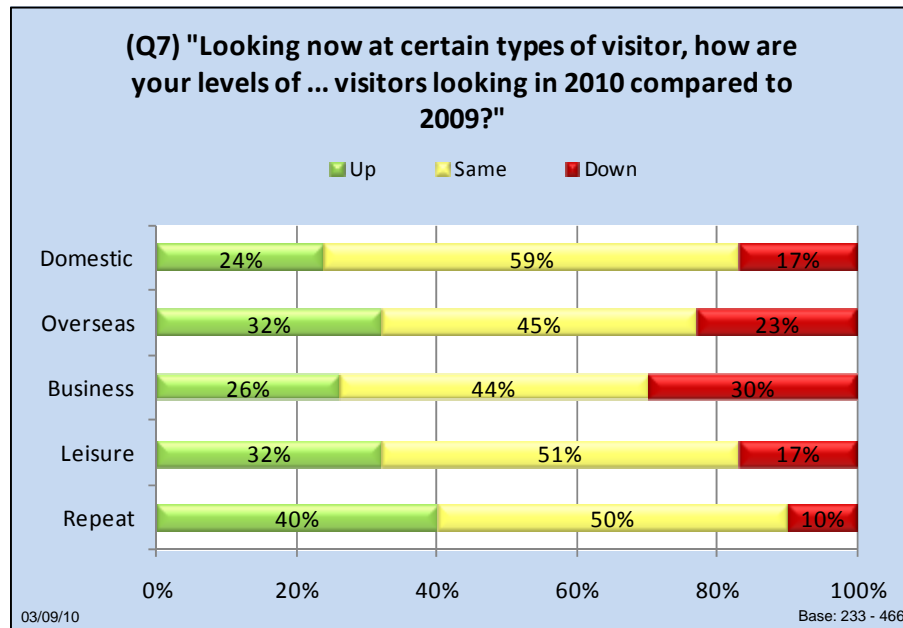


6.1 Operators across all sectors are feeling very satisfied right now. Two in five (41%) operators say they have been 'very satisfied' with the performance of their business this summer, and nearly half (46%) say they have been 'fairly satisfied'.

Fewer visitors doesn't always equal not satisfied

6.2 Satisfaction is by no means limited to businesses which have had more visitors. Among those which have had fewer visitors than last summer, half (49%) say they are nevertheless 'quite satisfied' with their performance and some (5%) even say they are 'very satisfied'.

7. Visitor Types



- 7.1 England has been a busy place to holiday this summer, with British people staying here and overseas holidaymakers coming over on top.

Overseas up

- 7.2 In spite of air travel uncertainty and money worries stopping British people going abroad, the same doesn't seem to be true for overseas holidaymakers coming to England. Many have commented about the number of overseas visitors. The exchange rate is thought to be a factor.

"We've had significantly more overseas visitors this year, mainly from Europe and driving. There's been no particular nationality, it seems to have increased across the board. I presume it has something to do with the exchange rate"
 Hotel, South West

"There have been more overseas visitors from Europe, possibly because of the exchange rate"
 Hotel, South West

"We did see a lot more foreigners, i.e. Swiss, German, Dutch and Australian"
 B&B, South West

“We've had quite a few foreign visitors, more than usual, and not just European visitors. We've had Australians, New Zealanders, South Africans, Americans. The impression that these guests are giving us is that it seems to be cheaper and easier to holiday in England at the moment”
Self catering, South West

Repeat visitors

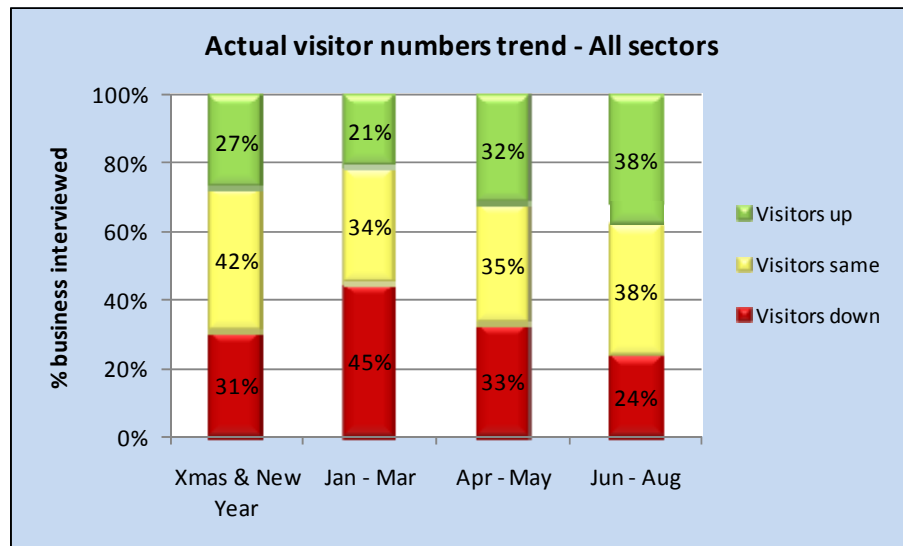
7.3 Two in five operators (40%) have had more repeat visitors than last summer and half (50%) have had the same level. It seems that businesses are now building up a larger regular customer base of British people who have started taking their summer holidays in England.

“Well people aren't going abroad, and repeat customers are coming back in great numbers to us”
B&B, South West

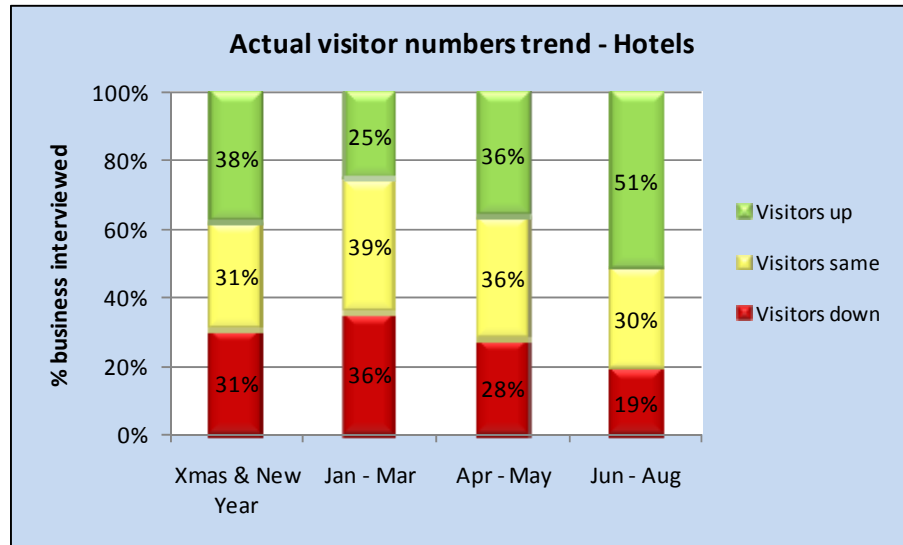
8. Trend Figures across Research Waves

8.1 This survey is the fourth wave conducted in 2010. Below are charts based on results from wave 1 (January), wave 2 (Q1 / Easter) and wave 3 (April & May) and this wave (June to August).

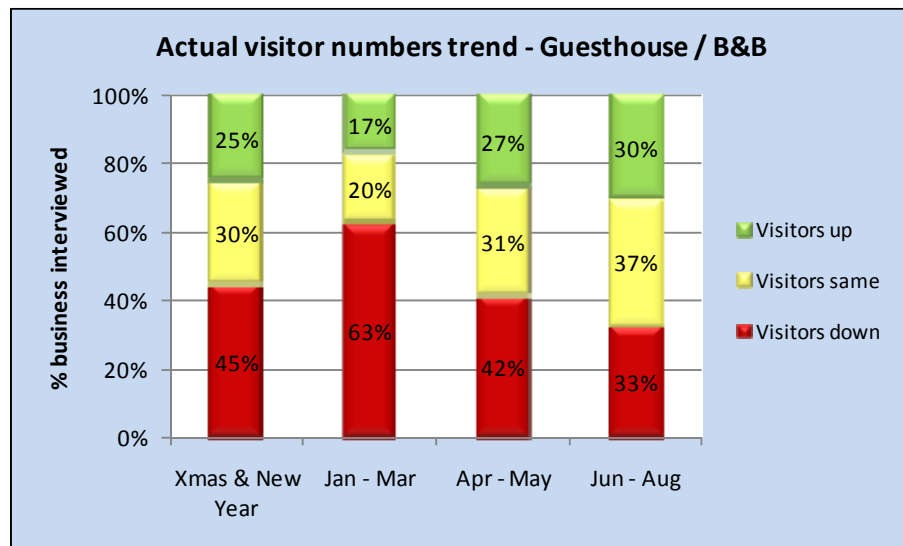
Visitor Numbers



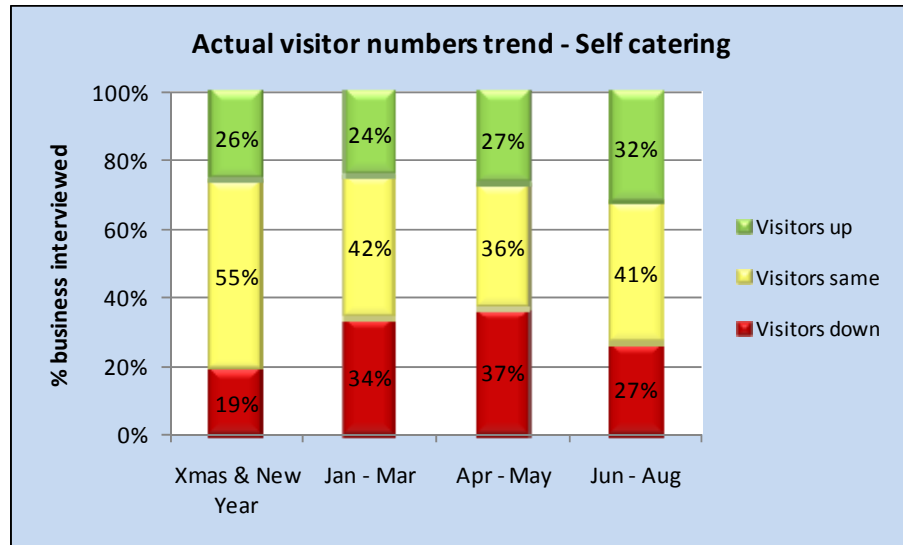
8.2 A good summer has made up for a poor start to the year.



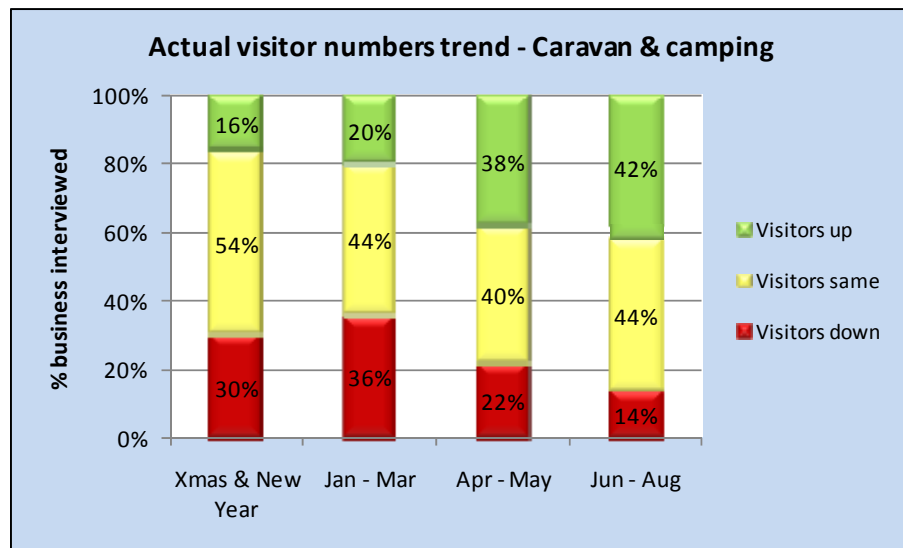
8.3 Charts by actual visitor numbers are now split by sector – the first chart (above) is for hotels. Following an uncertain first quarter, the hotel sector has boomed this summer.



8.4 The guesthouse / B&B sector has not performed as well as the other sectors this summer, but nevertheless its performance has been considerably better than the very concerning performance earlier in the year.

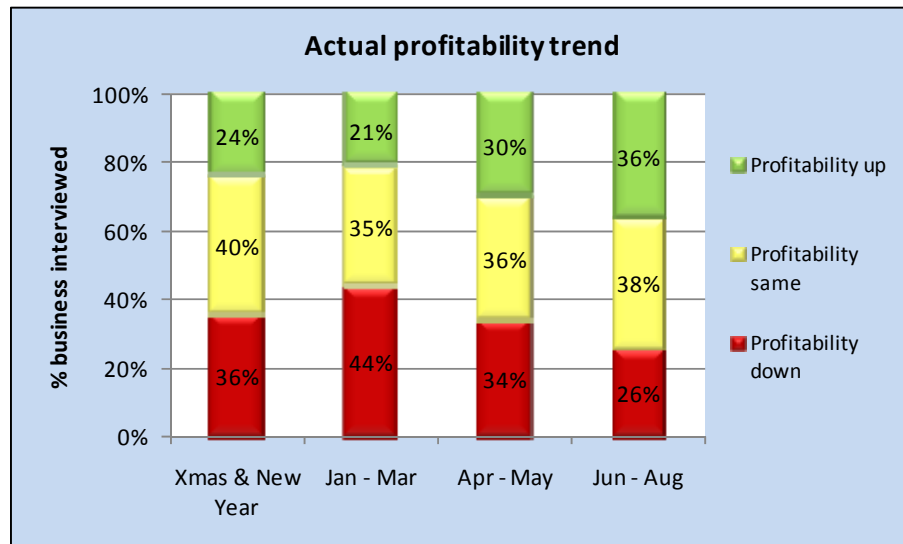


8.5 The self catering sector has been quite stable and ‘middle of the road’ through the year so far.



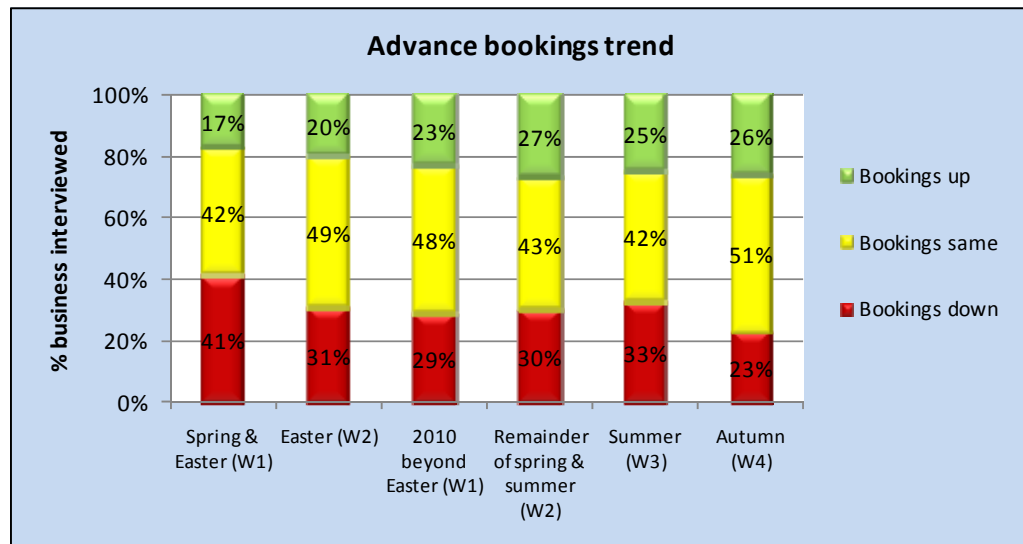
8.6 The caravan & camping sector has been very strong for five months now and the outlook is good too.

Profitability



8.7 For the second period in a row, change in profitability is in line with change in visitor numbers, suggesting that margins have remained about the same during the last five months.

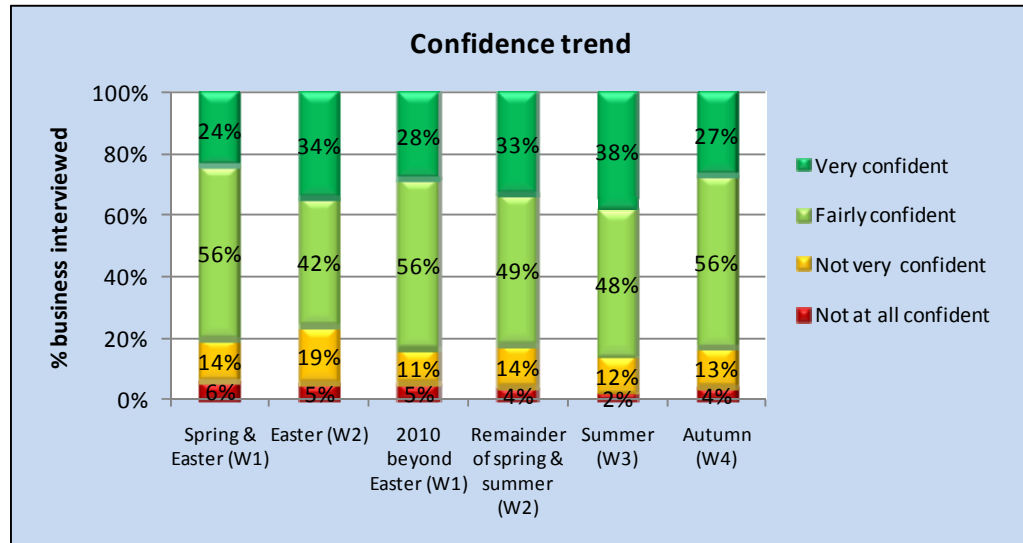
Advance bookings



8.8 Each wave, advance booking data has been gathered about future periods. These periods overlap and the chart shows which wave the figures are drawn from (W1, W2, W3 or W4).

8.9 Advance booking levels have remained fairly consistent throughout the year, but because of the large numbers of last minute bookings, advance bookings don't necessarily reflect what kind of period the industry is in for next.

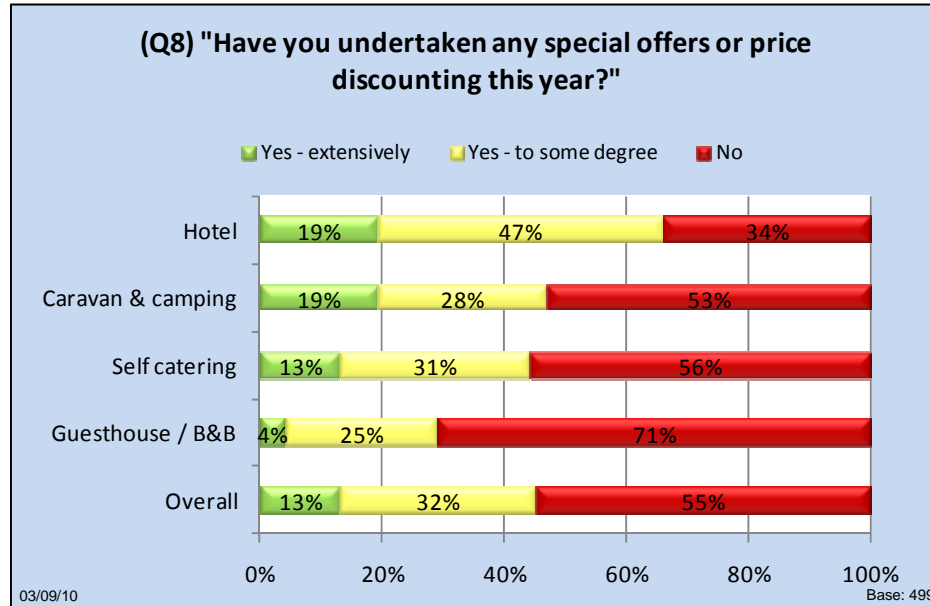
Confidence



8.10 As with advance bookings, respondents have been asked their level of confidence about future periods. The chart shows which wave (W1, W2, W3 or W4) the figures are drawn from.

8.11 Confidence in the tourism industry tends to be seasonal and usually improves with the prospect of brighter weather.

9. Price Discounting



- 9.1 A minority (13%) of businesses have been discounting extensively this year. A further third (32%) have been doing it to some extent. There are no significant differences by location type, star grading or size.

Discounting is mainly tactical

- 9.2 When operators say they have undertaken special offers or price discounting, they usually mean they have used this approach tactically and haven't broadcast large scale offers. Some will offer discounts subtly if they know they wouldn't have filled the beds otherwise, at quieter times of the week or year, or for longer stays. Most operators in the industry understand the high value of maintaining long term repeat customers, and discounting is sometimes used to keep them coming back.

"We've given discounts to returning customers"
 Self catering, South East

"There are no real discounts as such – it's more about wording things differently to sell"
 Hotel, South West

"I did give discounted prices to customers who stayed for long periods, but that's about it"

Guesthouse, Chain

"We've always offered discounts to returning visitors and extras like bottles of wine and chocolates if it's a special occasion, that sort of thing"

Self catering, Yorkshire

Fierce competition from budget hotels

- 9.3 Some serviced accommodation operators are unfortunate enough to be in areas where budget hotels have set up and are offering extreme prices. Some feel they have no choice but to do the same.

"I think they [operators] have to [discount], what with the Premier Inns making a killing by offering cheap rooms. I wouldn't be surprised if many have gone bankrupt"

Hotel, South West

"I don't think B&Bs are doing so many, but the hotels are trying everything"

B&B, South West

"In Bournemouth it's a very competitive industry so everyone is doing offers extensively"

Hotel, South West

"It's driven by market demands. We all have to dance to the same tune and I can't see it changing, not with the likes of premier changing prices at the drop of a hat"

Hotel, West Midlands

"A Travelodge has opened and taken most of the business"

B&B, South East

Look elsewhere for your bargain

- 9.4 Some operators are resistant to being sucked into offering discounts. It seems possible to stay busy without them if good quality is offered and the customers are satisfied enough to return.

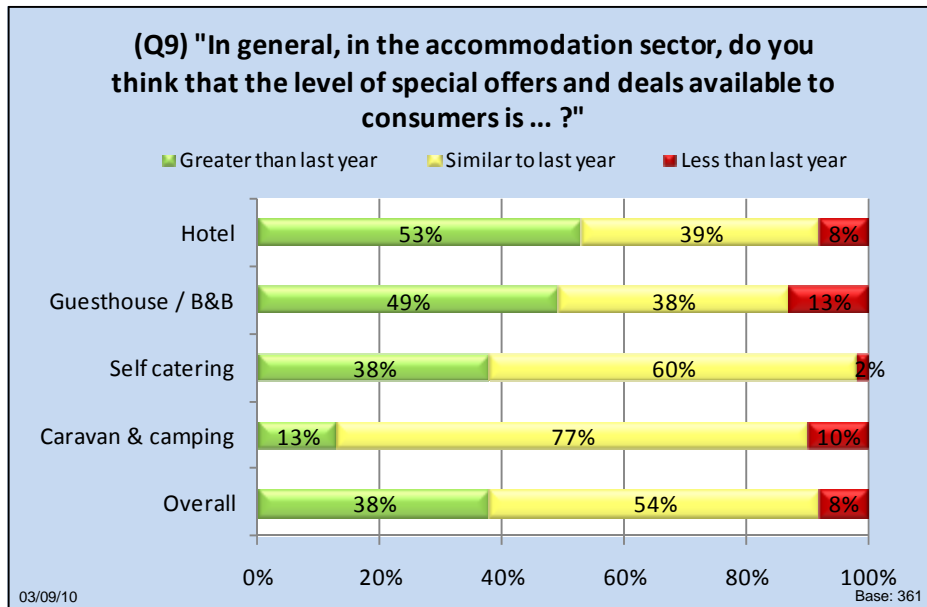
"We have actually increased our prices by £10 a night, because we are a four star accommodation and are offering a lot more to our customers than before. Also if it is too cheap people might wonder why and not book us"

B&B, South West

"This year we've eased up on our offers and we're still doing well"

Hotel, South West

"We don't believe in special offers as most of our customers are repeats, so they must be pleased if they come back"
B&B, South West



9.5 Most (92%) operators believe that special offers and deals are as widely or more widely available to consumers than last year.

It's just me, myself and my B&B

9.6 A large proportion (28%) of respondents have answered 'don't know' to the above question. These answers have been excluded in order not to skew the results, but it is an interesting finding that so many operators have little clue as to what their competition gets up to, especially in the B&B and self catering sectors.

"I don't really follow other businesses and just keep myself to myself. It has been working very well for the last 33 years"
B&B, South West

"I don't really look out for whatever the competition does. I mind my own guesthouse and that's it"
Guesthouse, East Midlands

Answers are influenced by the sector and level of publicity

- 9.7 The question was asked about the accommodation sector as a whole but understandably answers are influenced by what the operator is most exposed to. Serviced sector operators are noticing offers and discounts the most. Although the answers to Q8 show that most operators are not discounting, or if they are, they're doing it subtly, it doesn't take many strongly advertised offers to give the impression that everyone is at it.

"There's a lot more this year and it seems to be more in your face too, more publicised"

Hotel, East Midlands

"There seems to be an awful lot of special offers and deals, more than any other year"

Self catering, South West

False discounting

- 9.8 Some remark that 'discounts' are deceptive.

"We get guests quoting rooms for £19 on the net and such, but it's just advertising, you really don't get that price for a room on the seafront in the height of the season. Maybe a city centre on a Sunday night, but not here"

Hotel, South West

"I don't approve of these businesses that inflate their prices and pretend to offer a discount. It's better to be reasonably priced all the time"

Hotel, West Midlands

Some businesses have a fixed cost handicap

- 9.9 Some small operators have commented that they don't need to give their rooms away because they don't have the handicap of permanent staff salaries to pay or other major fixed costs to cover every month.

"I think there are a lot of offers on from big hotels especially who need to keep staff on. We don't have staff to keep on, it's just me and my husband"

B&B, North West

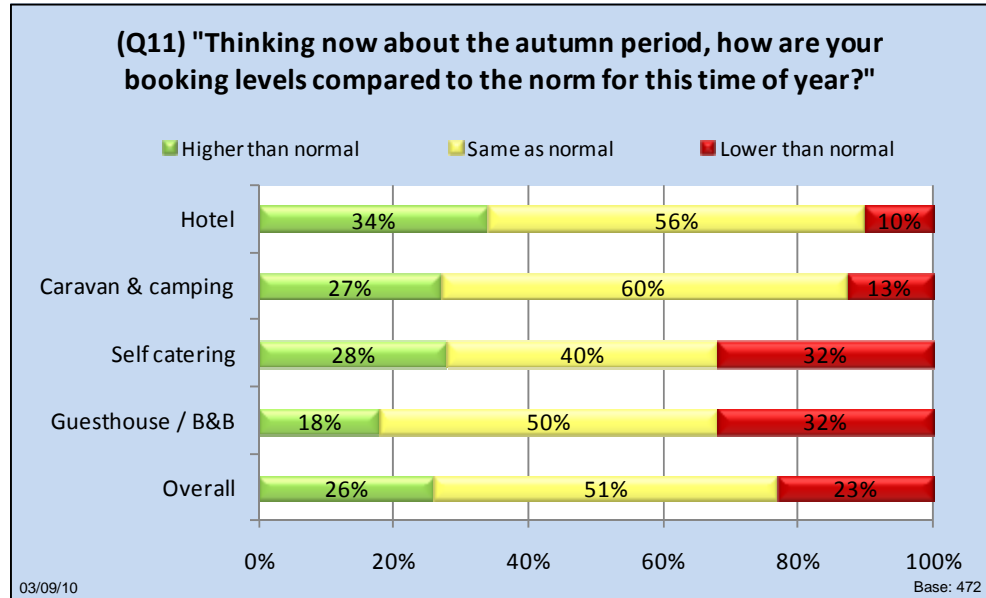
"I think 5 star hotels are finding it harder to survive then 3-4 star places. They have larger infrastructure costs and can't play with numbers in payroll, rates and things as flexibly as we can"

Hotel, East Midlands

"There are a lot more discounts about which were started by the large groups because they're in trouble. Budget hotels are doing a lot of damage"

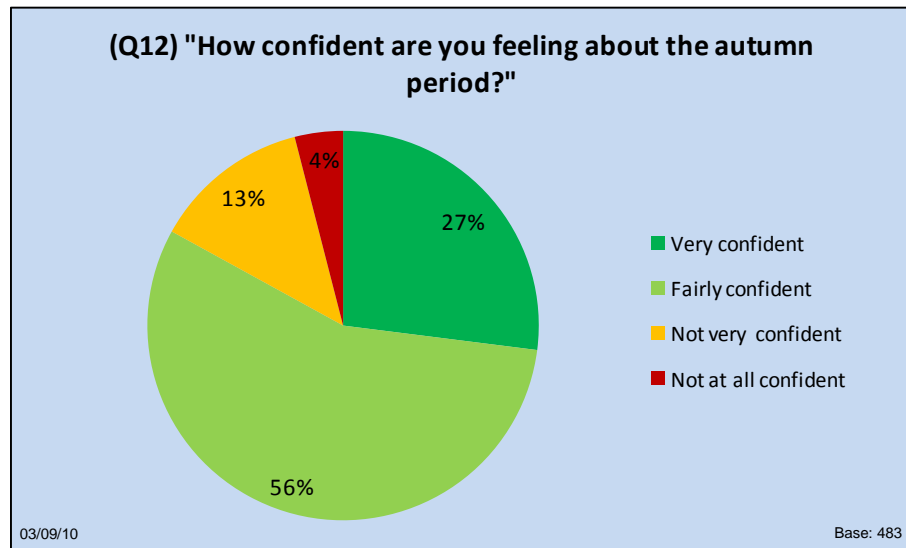
Self catering, West Midlands

10. Advance Bookings and Confidence



- 10.1 All sectors look set to carry on as they're doing but because of the large numbers of last minute bookings, advance bookings don't necessarily reflect what kind of period the industry is in for next.

Confidence



10.2 Confidence is reasonably high for the autumn and correlates by sector with the summer experienced and the advance booking levels.