



REPORT

VisitEngland  
2010 Business Confidence Monitor

Wave 5 – Autumn



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## 1. Headline Findings

### Stable half term performance

- 1.1 Half term has been quite stable on the whole for the English tourism industry, with one in four (25%) businesses increasing their visitors compared to the equivalent week last year and about half (51%) achieving the same level. About one in four (24%) report a decrease.
- 1.2 Hotels have performed the best, with a third (34%) increasing their visitors and about two in five (42%) achieving the same level.

### Good autumn overall

- 1.3 About two in five (39%) businesses have had more visitors this autumn and just over a third (35%) have had the same level as last autumn. The caravan & camping sector is the only sector not to have fared well, with just one in five (21%) increasing their visitor numbers.

### Profit margins maintained

- 1.4 The proportion (37%) of businesses increasing profitability this autumn is very similar to the proportion (39%) having more visitors. Increased visitors appear not to have come at the expense of reducing prices.

### Satisfied operators

- 1.5 Satisfaction with autumn performance is high. About a third (31%) of operators are 'very satisfied' and half (50%) are 'fairly satisfied'. Interestingly, satisfaction by sector does not correlate with performance, as caravan & camping operators are more satisfied than perhaps their results would suggest, whereas hotel operators have taken their success a bit more for granted.

### High last minute bookings

- 1.6 Booking increasingly last minute is still a feature of the tourism market. Over two in five (43%) operators have had more last minute bookings than last autumn, and a similar proportion (38%) have had the same level.

### **Most visitor types are up this year**

- 1.7 All visitor markets are up this year compared to last year, except for business visitors, which are about level.

### **Winter opening and confidence**

- 1.8 Most (88%) serviced and self catering businesses will remain open all winter, especially in towns. Over half (56%) of caravan & campsites will be closed all winter.
- 1.9 About one in five (19%) operators open in the winter are 'very confident' about the remainder of this year and about half (52%) are 'fairly confident'. Confidence is higher in large urban areas, where the tourism season fluctuates much less than in remote and coastal areas.

### **High optimism for 2011**

- 1.10 One in four (25%) operators are feeling 'very confident' for 2011 and over half (56%) are 'fairly confident'.
- 1.11 Expectations for domestic & overseas visitors and profitability are all very optimistic considering the continuing uncertainty of the economy.

### **Opportunities for 2011**

- 1.12 Operators perceive a variety of opportunities next year, including in advertising, improving or expanding their product and capitalising on local events. It is also hoped by some that increased air passenger duty and a repeat of this year's airline strikes will contribute to keeping British holidaymakers in the UK.

### **Threats in 2011**

- 1.13 The VAT increase will have the double effect of increasing operating costs whilst also reducing their customers' disposable income. People's fear of losing their job is in some ways as harmful to the economy as actually losing it, and small serviced operators remain under threat from budget chain hotels. Caravan & campsites are constantly at the mercy of the weather.

## 2. Research Background

### Objectives

- 2.1 This survey is the fifth of 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 autumn, i.e. September and October.
- 2.2 The main objectives of this fifth wave are to measure:
- Business performance during the autumn
  - Last minute booking behaviour
  - Trends by visitor type
  - Winter opening and confidence
  - Expectations for 2011

### 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 1<sup>st</sup> and 5<sup>th</sup> November. 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	-	12	-	14
East Midlands	10	7	6	16	39
East of England	9	9	12	25	55
London	4	26	2	-	32
North East	7	5	4	8	24
North West	20	26	14	16	76
South East	12	24	24	12	72
South West	19	26	31	23	99
West Midlands	6	14	4	5	29
Yorkshire	11	12	19	19	61
<b>Total</b>	<b>100</b>	<b>149</b>	<b>128</b>	<b>124</b>	<b>501</b>

- 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**

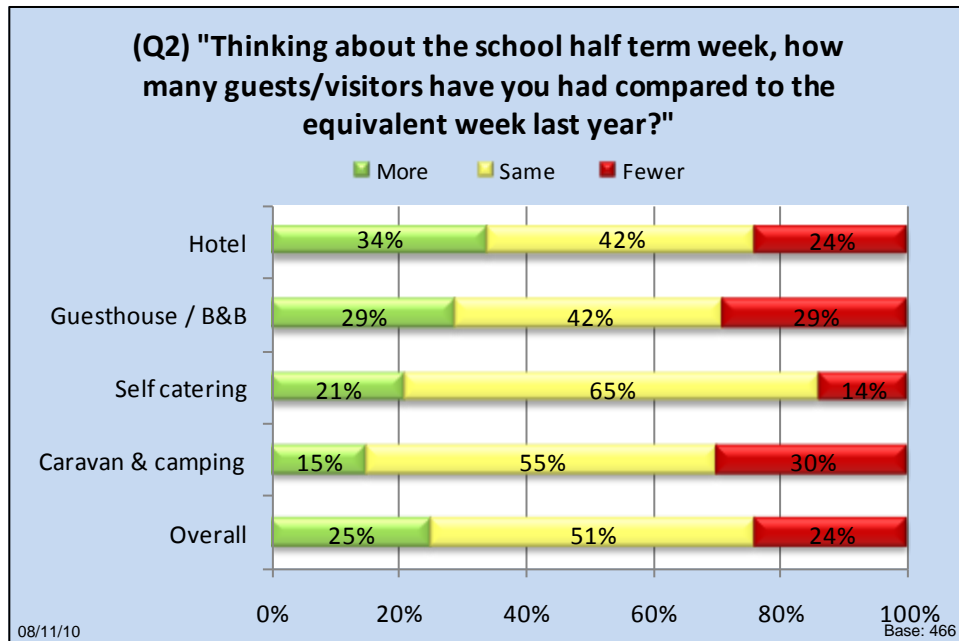
<b>Size / Sector</b>	<b>Hotels</b>	<b>Guest house / B&amp;B</b>	<b>Self catering</b>	<b>Caravan &amp; campsites</b>	<b>Total</b>
Large	30	68	44	59	<b>201</b>
Small	70	81	84	65	<b>300</b>
<b>Total</b>	<b>100</b>	<b>149</b>	<b>128</b>	<b>124</b>	<b>501</b>
Definition of 'large'	More than 100 bedspaces	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.

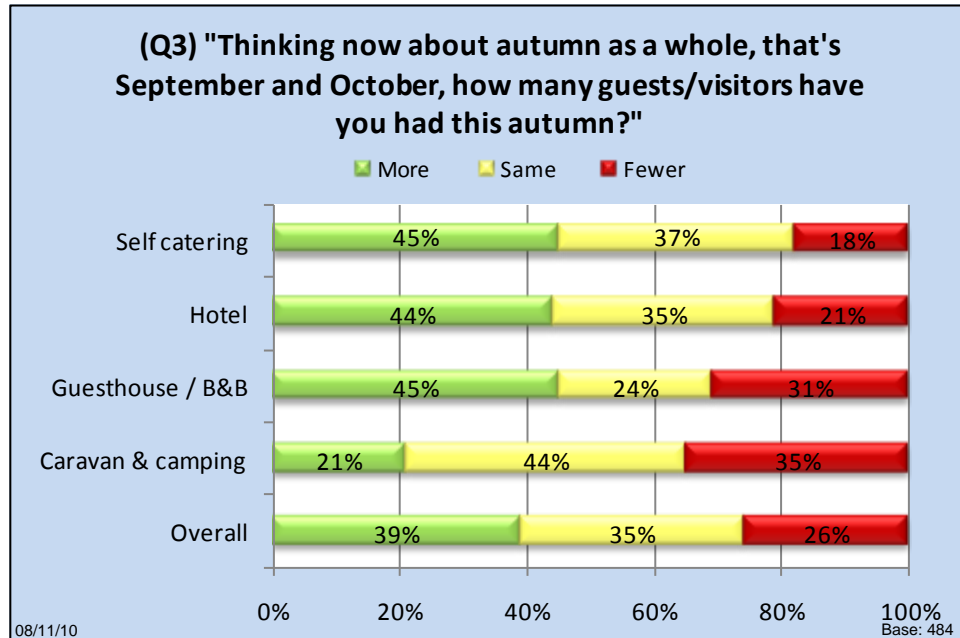
2.11 More details on statistical validity are available on request.

### 3. Half Term Numbers



- 3.1 Half term has been quite stable on the whole for the English tourism industry, with one in four (25%) businesses increasing their visitors and about half (51%) achieving the same level.
- 3.2 Hotels have performed the best, with a third (34%) increasing their visitors and about two in five (42%) achieving the same level.

## 4. Autumn Visitor Numbers



- 4.1 About two in five (39%) businesses have had more visitors this autumn and just over a third (35%) have had the same level as last autumn.

### Excellent period for self catering

- 4.2 Self catering has enjoyed its best period this year.

*"We've been 80% booked for the last four weeks"*

Self catering, East of England

*"We've had no gaps of visitors all autumn. We usually would"*

Self catering, East of England

### Hotels continue to perform well

- 4.3 The hotel sector's successful year to date has continued into the autumn.

*"We had many more functions and weddings this year, this has been our best year in ages"*

Hotel, South West

#### **First successful period for small serviced**

- 4.4 The guesthouse / B&B sector had a very difficult start to the year, but this autumn has been successful for many.

*“The first half of 2010 was very poor in terms of business but the remaining six months has picked up a lot”*

B&B, Yorkshire

*“We were surprised by the amount of visitors we had this autumn”*

B&B, London

#### **Visitors down in caravan & camping**

- 4.5 The caravan & camping sector is the only sector not to have fared well, with just one in five (21%) increasing their visitor numbers.

*“We are normally fully booked in September. This year we weren’t”*

Caravan park, South East

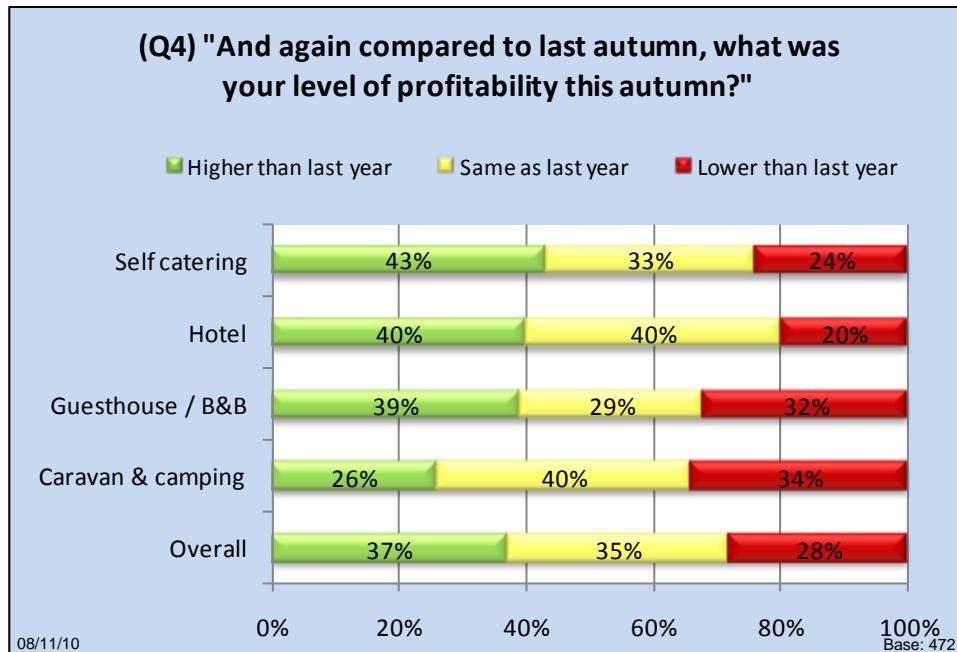
#### **Large towns and cities have fared very well**

- 4.6 Large towns and cities have fared particularly well this autumn, with over half (55%) of businesses increasing their visitor numbers and about a quarter (27%) achieving the same level.
- 4.7 The large town/city sample is mostly (87%) serviced sector, and nearly half (46%) of businesses are in London.

*“We were generally about 85% occupied this year”*

B&B, London

## 5. Autumn Profitability

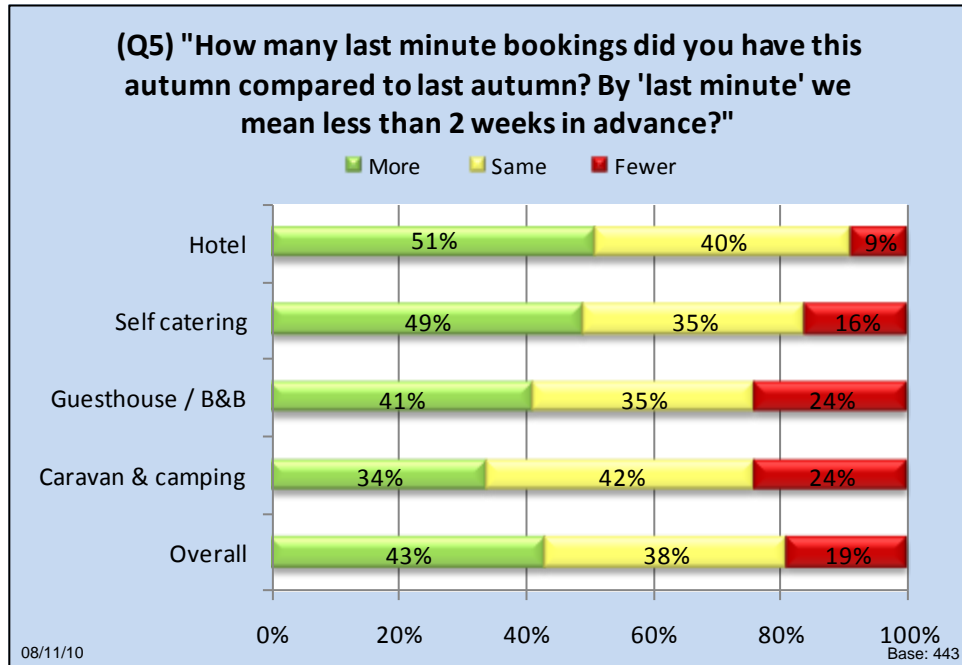


- 5.1 The proportion (37%) of businesses increasing profitability this autumn is very similar to the proportion (39%) having more visitors. Increased visitors appear not to have come at the expense of reducing prices.

*"Our profitability was much higher than last year. We are surprised and delighted to tell you the truth"*  
Self catering, East of England

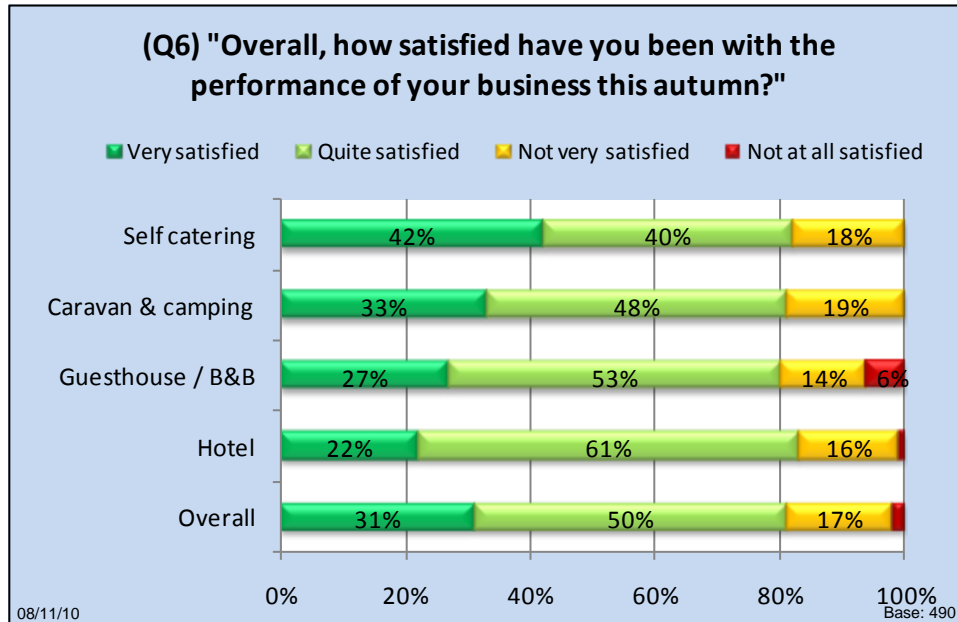
*"Although the business was closed for some periods, it still produced a high level of profit"*  
B&B, Yorkshire

## 6. Last Minute Bookings



6.1 Booking increasingly last minute is still a feature of the tourism market. Over two in five (43%) operators have had more last minute bookings than last autumn, and a similar proportion (38%) have had the same level.

## 7. Satisfaction with Autumn Performance



- 7.1 Satisfaction with autumn performance is high. About a third (31%) of operators are 'very satisfied' and half (50%) are 'fairly satisfied'.

### Satisfaction by sector does not correlate with performance

- 7.2 Interestingly, satisfaction by sector does not correlate with performance, as caravan & camping operators are more satisfied than perhaps their results would suggest, whereas hotel operators have taken their success a bit more for granted.

*"We expected better"*  
Hotel, North West

### B&B operators' expectations were not unrealistic

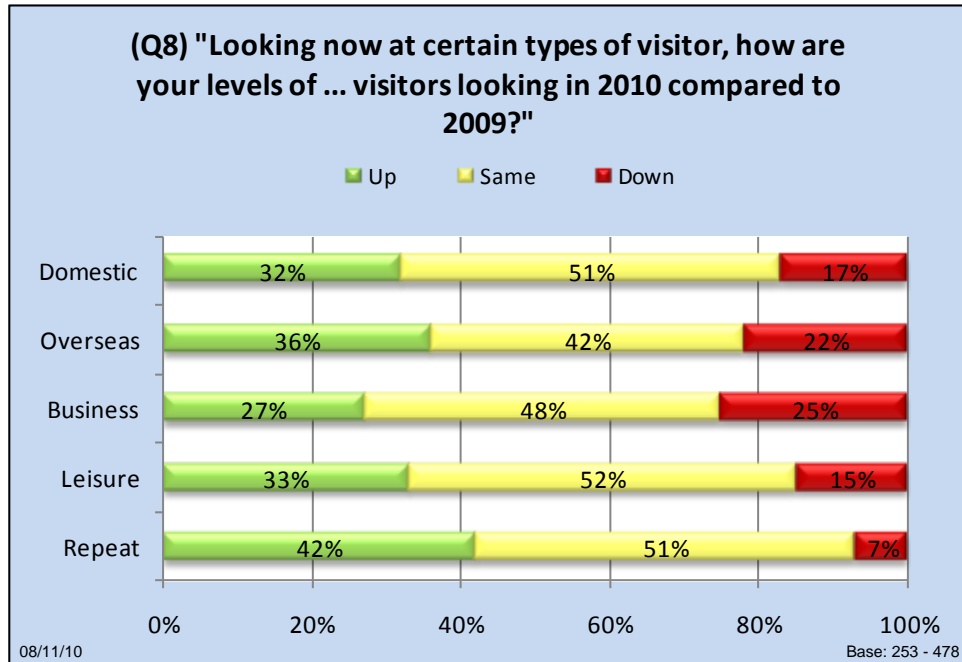
- 7.3 In the current climate and following a very difficult start to the year, small serviced operators did not build up their hopes too much.

*"I'm satisfied with performance of the business in the current economic climate. It has performed better than expected - bookings only 5-10% down on the previous year"*  
B&B, North West

*“It's been much busier than we expected it to be at this time of year”*  
B&B, London

*“We were always about half full, which I am happy with”*  
B&B, London

## 8. Visitor Types



- 8.1 All visitor markets are up this year compared to last year, except for business visitors, which are about level.

*"I've been getting regular contractors in each week"*  
Guesthouse, London

*"Large companies booking in large groups"*  
Guesthouse, London

### Being online is important for attracting overseas visitors

- 8.2 Not all small businesses are online, an important medium for attracting overseas visitors.

*"We are now taking online bookings, meaning foreign guests are coming"*  
B&B, South West

### Repeat customers keep businesses going during difficult times

- 8.3 Operators who have been in the industry for a long time know the importance of building up and maintaining a base of loyal long term customers.

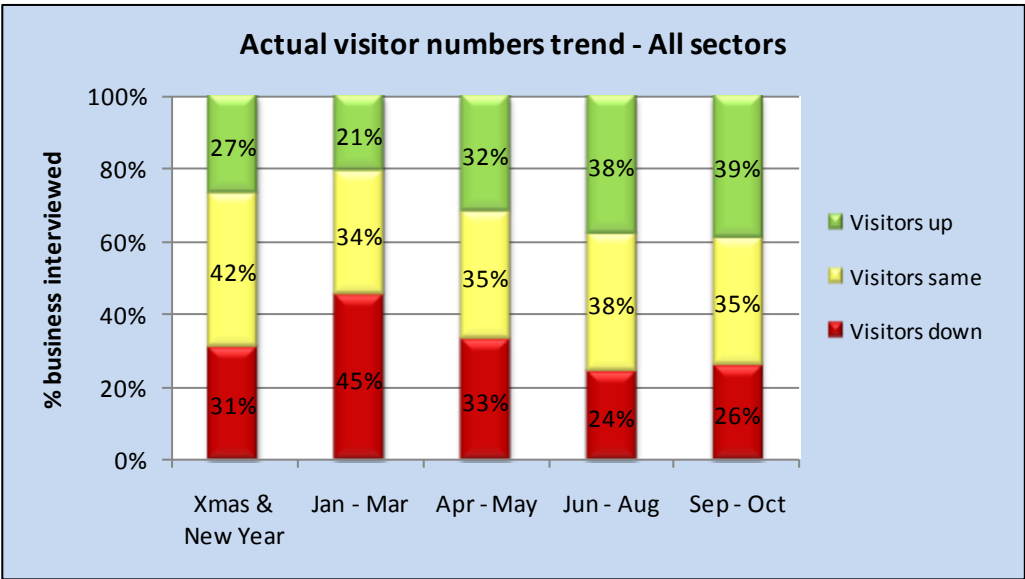
*"I have a very stable business. My regular customers are very loyal"*  
B&B, London

## 9. Trend Figures across Research Waves

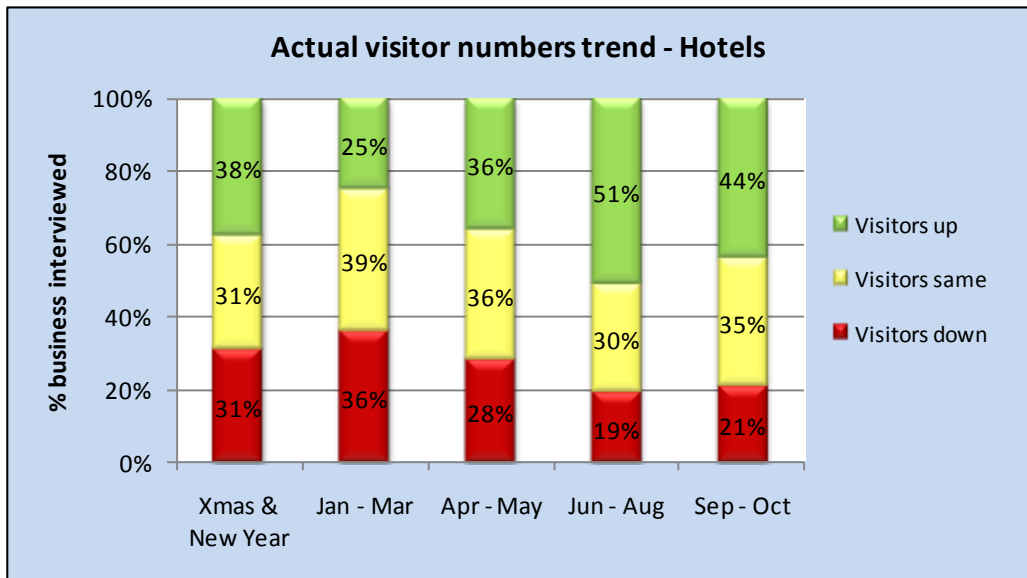
9.1 This survey is the fifth wave conducted in 2010. Below are charts based on results from:

- Wave 1 (January)
- Wave 2 (Q1 / Easter)
- Wave 3 (April & May)
- Wave 4 (June to August)
- Wave 5 (September & October)

### Visitor Numbers

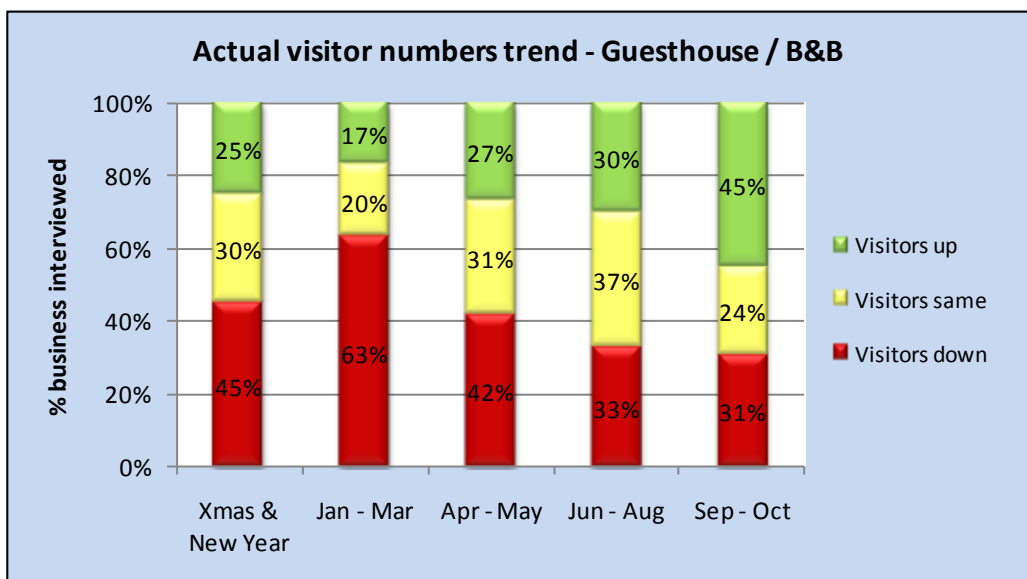


9.2 Following an uncertain start, the tourism industry in England has performed well through the summer and autumn.

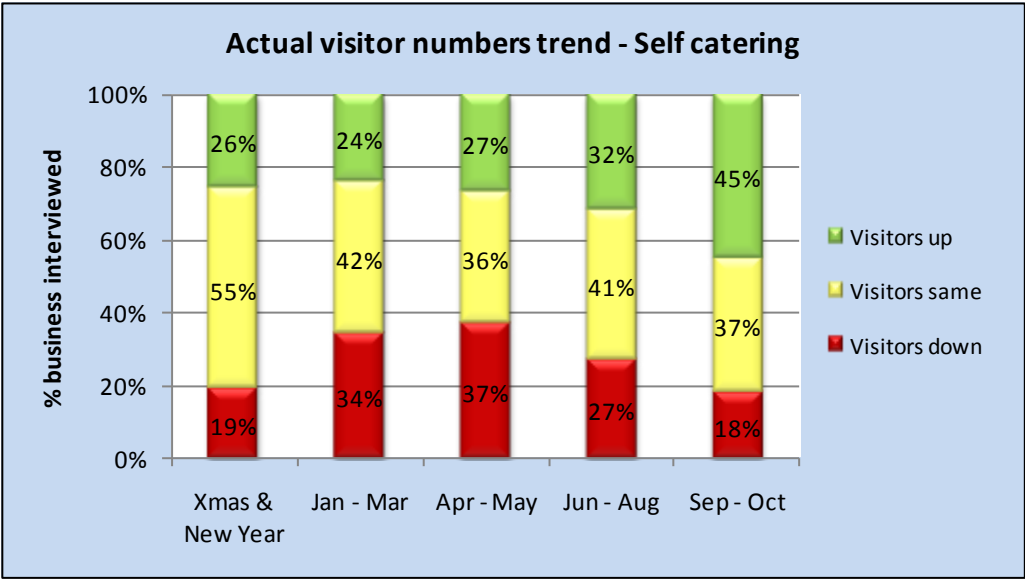


9.3 Charts by actual visitor numbers are now split by sector – the first chart (above) is for hotels.

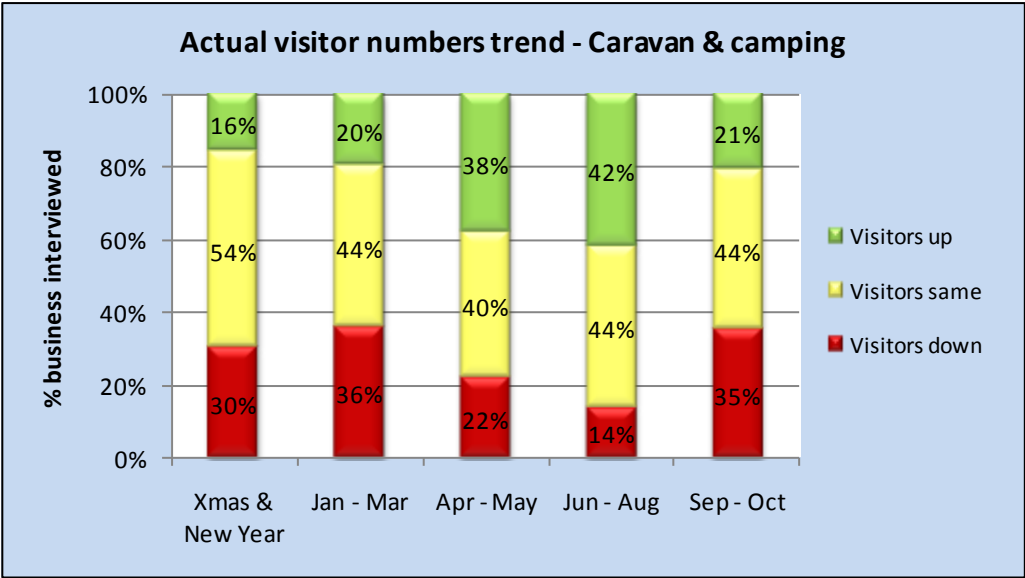
9.4 The hotel sector’s good year has continued through the autumn, even if some operators felt they could have done even better.



9.5 Following a poor beginning, the performance of the guesthouse / B&B sector has improved significantly through the year.

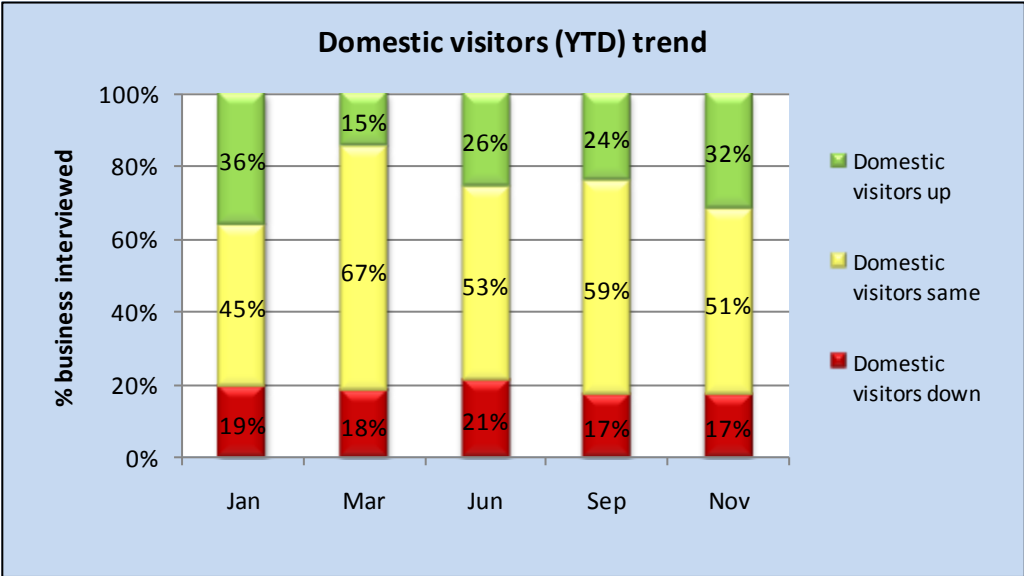


9.6 Visitor numbers for self catering have improved through the year, finishing with an excellent autumn.

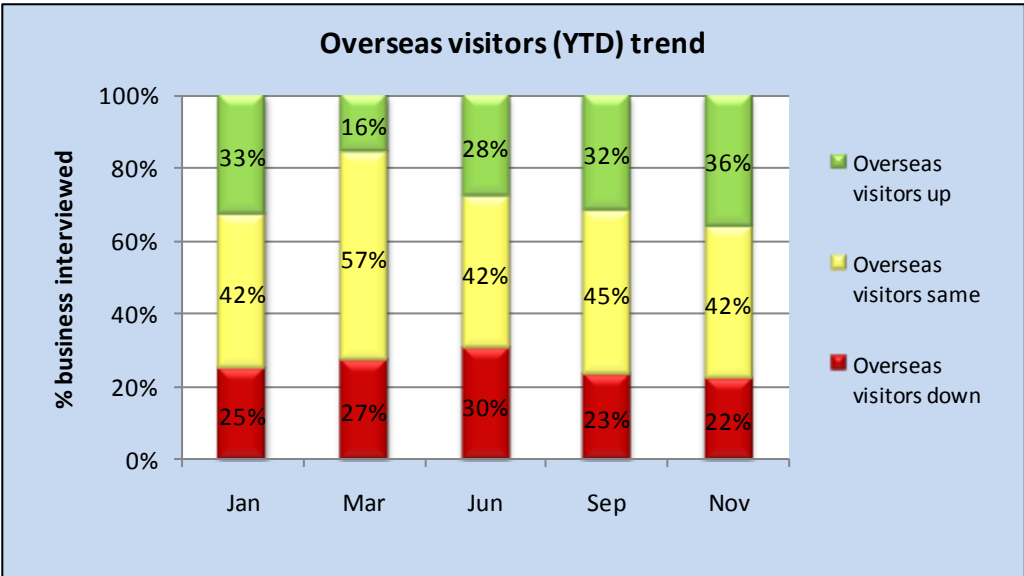


9.7 The caravan & camping sector enjoyed an extremely successful summer but the success did not continue into the autumn. Many operators however were satisfied with their performance.

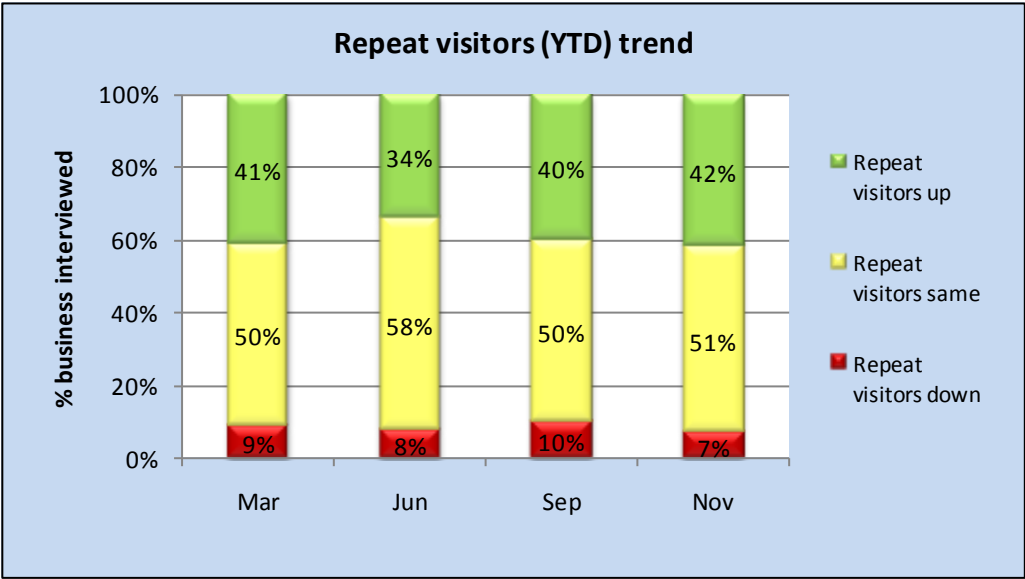
**Visitor numbers by type**



9.8 Charts now show visitor numbers by type. Respondents have been asked each wave to comment on visitor numbers for 2010 so far 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.

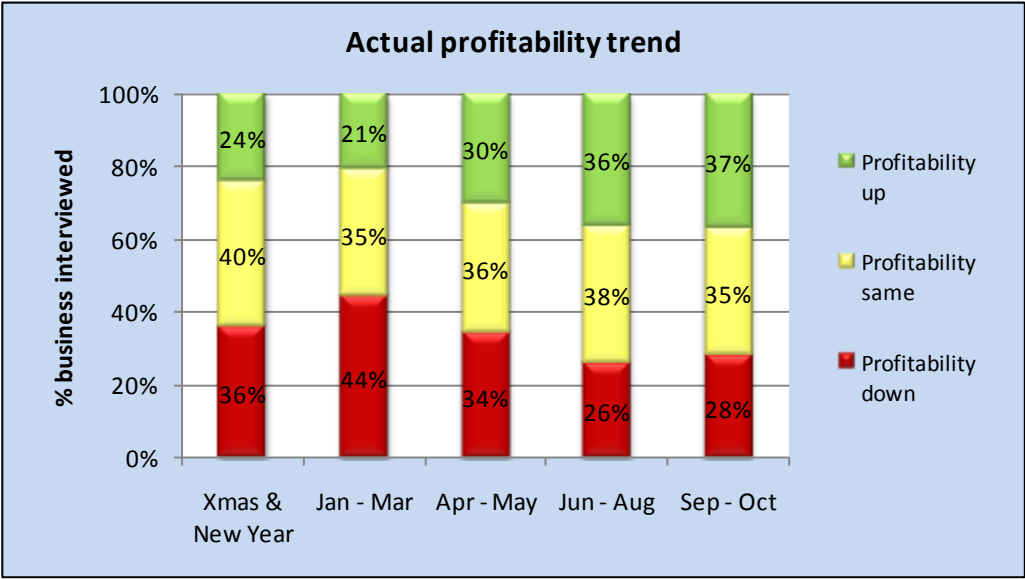


9.9 The overseas visitor market was relatively quiet at the start of the year but picked up throughout 2010.



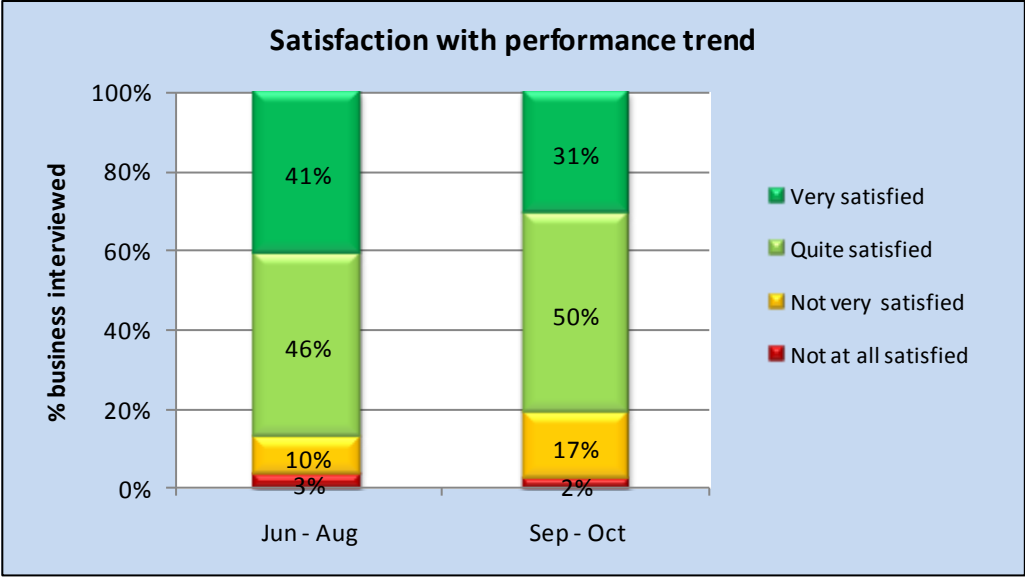
9.10 Repeat visitors have kept the industry stable during difficult economic times. Experienced operators often comment on the critical importance of this particular visitor group.

**Profitability**



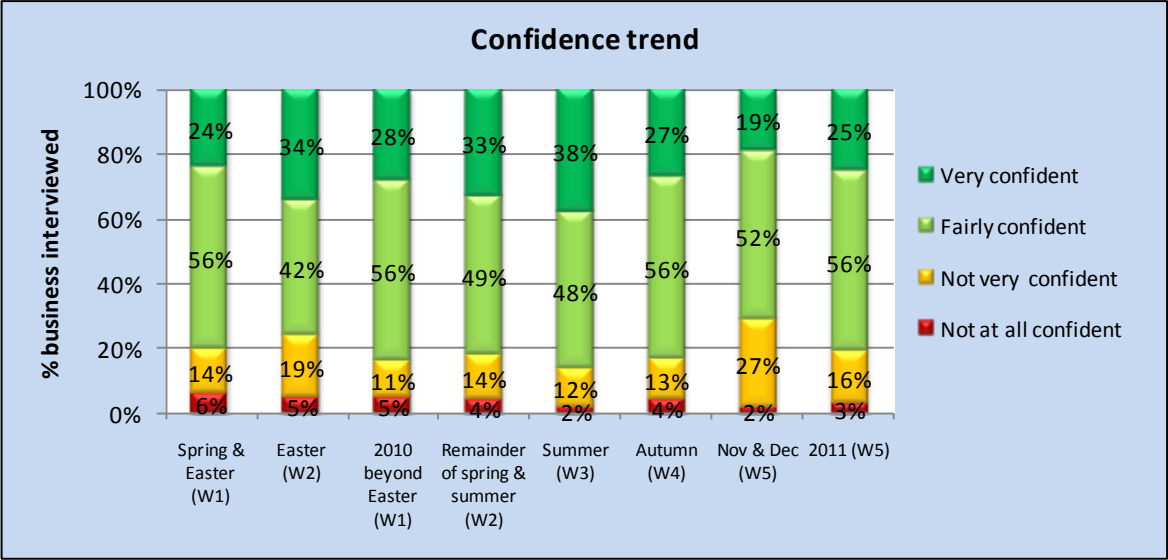
9.11 Increased visitor levels appear not to have come at the expenses of reduced profit margins. Given the economic climate this year, the industry has done well to maintain its profitability.

Satisfaction with performance



9.12 Since the summer wave, operators have been asked for their level of satisfaction with performance. In both waves so far, satisfaction levels have been high.

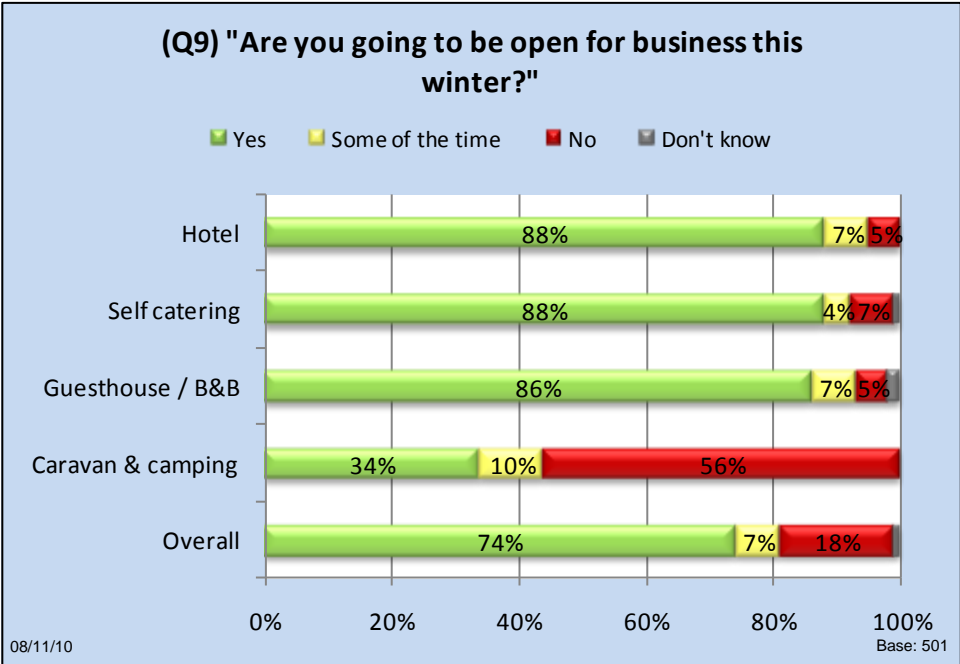
Confidence



9.13 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.

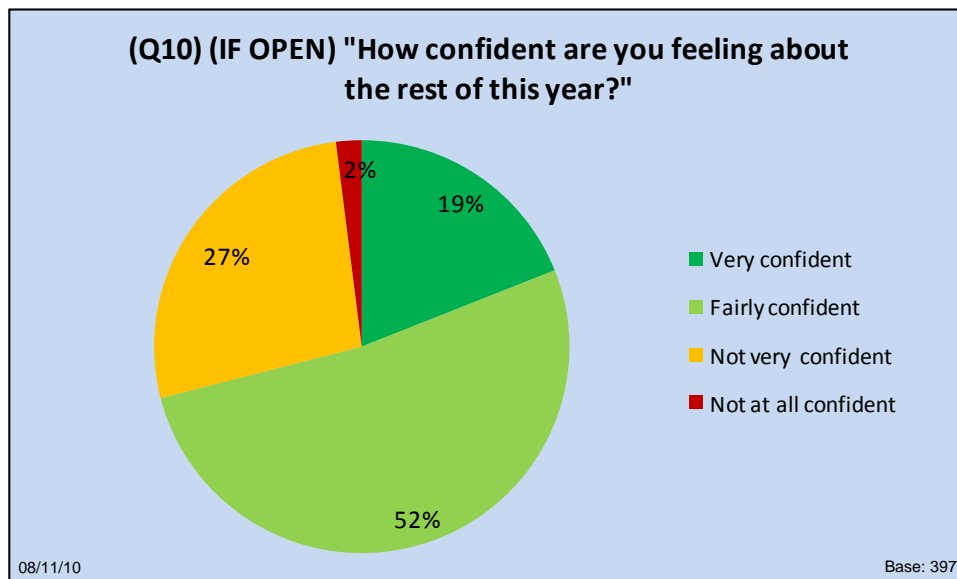
## 10. Winter Opening and Confidence

### Winter opening



10.1 Most (88%) serviced and self catering businesses will remain open all winter, especially in towns. Over half (56%) of caravan & campsites will be closed all winter.

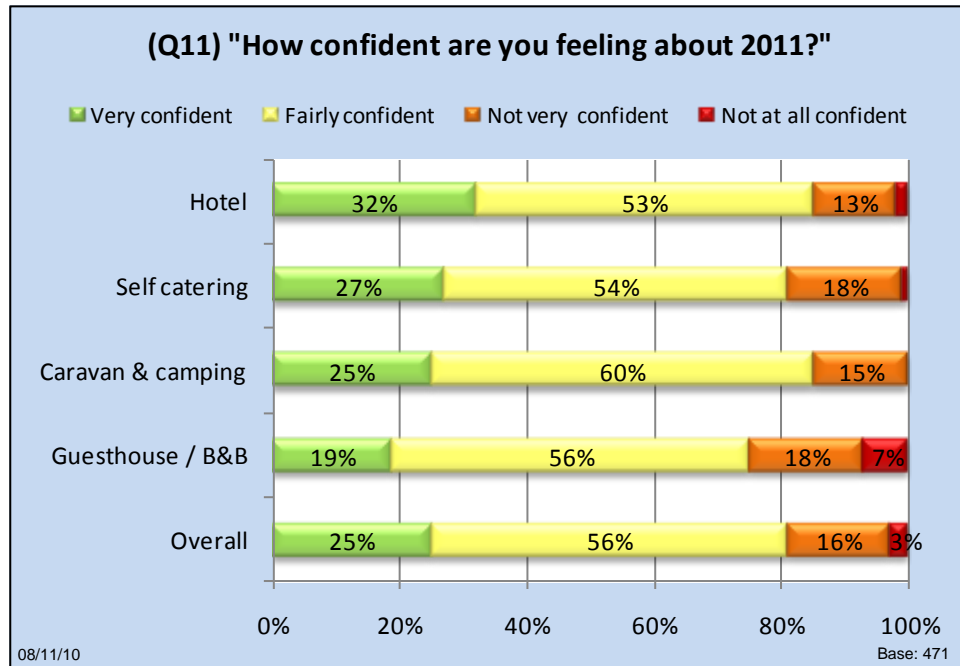
### Confidence tends to be quite seasonal



- 10.2 About one in five (19%) operators open in the winter are 'very confident' about the remainder of this year and about half (52%) are 'fairly confident'. This is slightly lower than confidence ratings earlier in the year, but confidence in the tourism industry tends to be seasonal.
- 10.3 Confidence is higher in large urban areas, where the tourism season fluctuates much less than in remote and coastal areas. Three in ten (30%) operators in large towns/cities are 'very confident' about the remainder of the year, compared to about one in six (17%) operators in other locations.

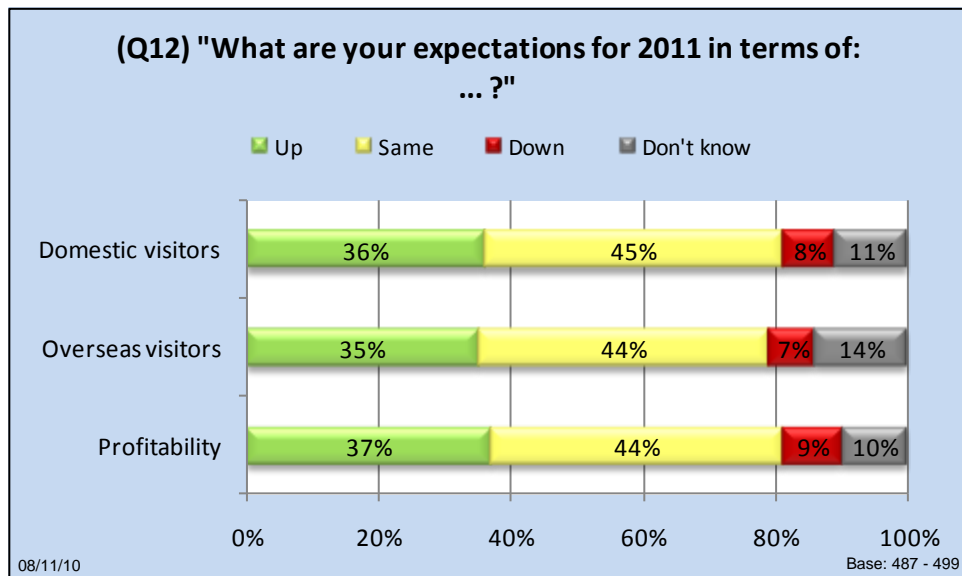
## 11. Confidence and Expectations for 2011

### Confidence for 2011



11.1 Confidence for 2011 is reasonably high, and by sector it is generally in line with performance this year.

## Visitor numbers and profitability



- 11.2 Expectations for domestic & overseas visitors and profitability are all very optimistic considering the continuing uncertainty of the economy.

### Hotel operators are particularly optimistic

- 11.3 Hotels have had a good year, but 2011 is expected to be even better. Three in five (61%) operators expect increased domestic visitors next year, and nearly three in ten (28%) expect the same level.

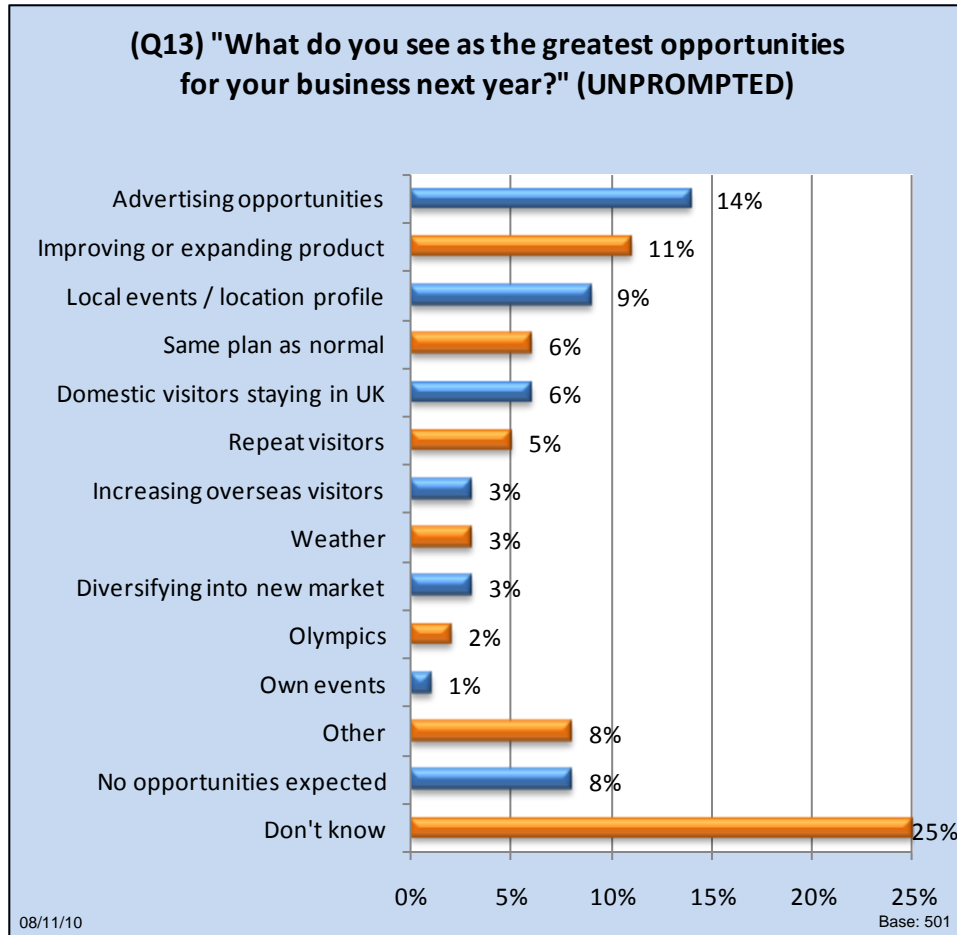
*"More people are staying at home these days and are taking short city breaks, which is perfect for us"*  
Hotel, London

*"We hope the domestic market will be greater as more people are staying home for short breaks and holidays"*  
Hotel, North West

- 11.4 Three in five (60%) hotel operators expect more overseas visitors next year, and a similar proportion (61%) expect increased profitability.

*"If we do as well as we have through the recession we should be doing better than ever next year as we're supposed to be coming out of recession"*  
Hotel, North West

## Opportunities



11.5 Respondents have been asked unprompted what they see as the greatest opportunities for their business next year, and the answers have been coded above. Considering the current climate, there are a lot of businesses willing to take commercial risks and invest money in their product or in advertising it.

### Advertising – more or in different ways

11.6 About one in seven (14%) respondents see opportunities in the way they advertise – either by increasing spend, doing more of what worked this year, or using new channels.

*"I plan on advertising our company better next year"*  
 Self catering, South West

*“Marketing strategies, using social networking sites”*  
Caravan & camping, North West

*“We are going to design a website which should draw in customers. My wife has attended a course on promoting your business and it seems beneficial”*  
South West

*“We are revamping our website and have advertising deals with newspapers”*  
Caravan park, South West

*“We plan on advertising in the Daily Mirror again next year as it helped us quite a lot in 2010”*  
Caravan park, South West

### **Investment in the product**

- 11.7 About one in ten (11%) operators see investment in their product, either to improve or expand it, as a key opportunity.

*“We are planning on adding a reception and farm shop to try and increase our professionalism”*  
Caravan park, East of England

*“We are hoping to expand and build more cottages; more and more people are starting to see the beauty of the English coastline - the demand is definitely there”*  
Self catering, East of England

### **More airport chaos please**

- 11.8 2010 has been a chaotic year for air travel, with airline strikes (or threat of them), planes grounded because of volcanic ash, and ongoing heightened security. Sharp increases to air passenger duty have now just come into force, and some operators hope these factors may all combine to keep British holidaymakers in the UK.

*“I have to say more BA strikes and volcanic eruptions as that helped a lot this year”*  
Caravan park, South West

*“Hopefully chaos at the airports with the possible rise in airport taxes planned”*  
Self catering chain

*“Airport taxes causing more people to stay in the UK”*  
Caravan park, North East

*“Due to the recent airport tax increase we are hoping to target the family market as they may not be able to afford to fly abroad because of this”*  
Self catering, Yorkshire

### Olympic impact starting early

11.9 The Olympics are still two years away, but the impact is expected to start next year.

*“We recently attended a seminar about the Olympics. They were very positive and thought that 2011 could be equally as busy as 2012 with people coming over to check the area out”*

Self catering, East of England

*“There's a lot of hype about the Olympics at the moment. Many companies are visiting, which is fantastic for us. Even though it's not until 2012, the build-up starts now”*

Hotel, London

*“The Olympics - the same people are booking for 2011 as well as 2012”*

Guesthouse, London

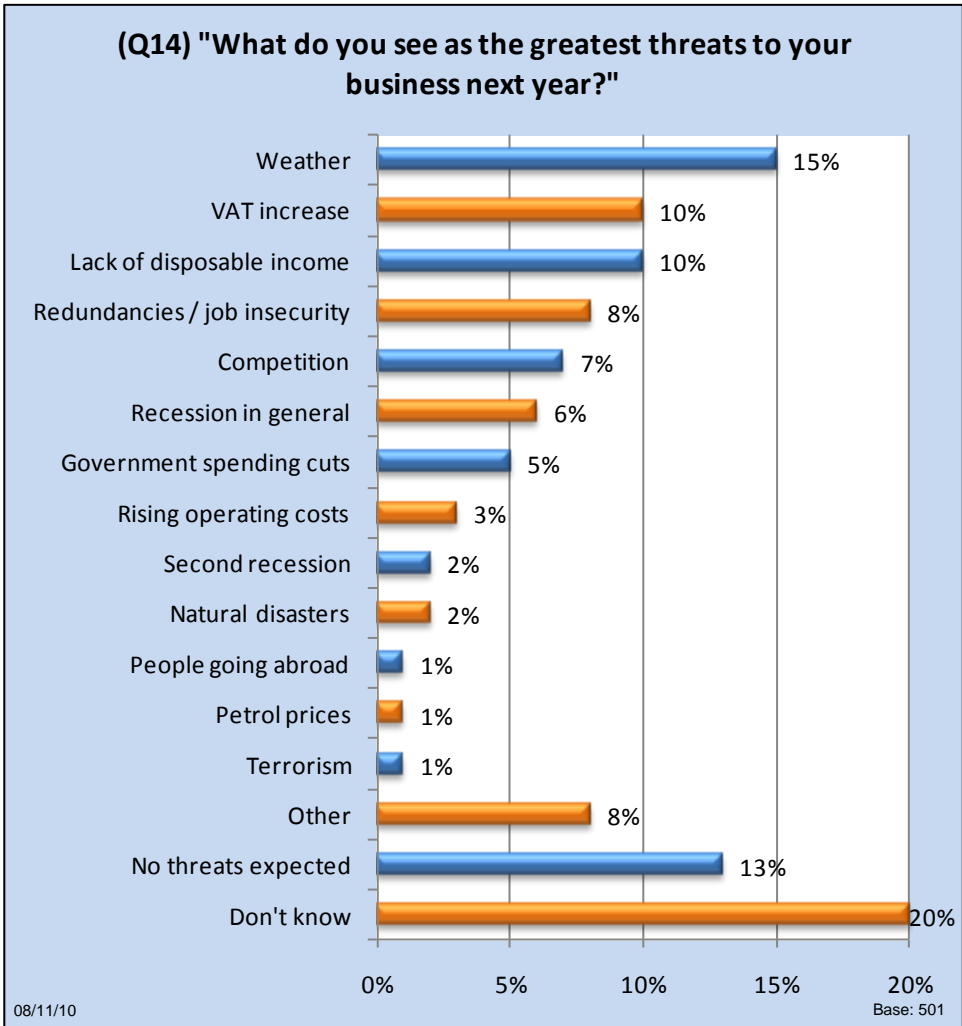
*“The Olympics - numbers are already starting to trickle in”*

Guesthouse, London

*“Olympic trials are held in this area, so that should bring in customers”*

Hotel, South West

Threats



11.10 Respondents have been asked unprompted what they see as the greatest threats to their business next year. Those who have just answered 'recession' or 'economic climate' have been asked for more detail, which most have given. Some (6%) however have been unable to expand on their answer, and these are coded 'recession in general'. Approximately two in five (41%) respondents have made a recession / economy-related comment.

### Camping in the rain isn't much fun

11.11 The weather is a constant threat to the caravan & camping sector. Three in ten (30%) caravan & campsites have given this as an answer.

*"We are situated next to the river Avon so if we have bad weather we are at risk of flooding"*

Caravan park, West Midlands

*"The weather is the biggest factor in profit loss"*

Caravan park, Yorkshire

### Two-fold effect of VAT increase

11.12 VAT is due to increase to 20% in January. The negative effect of this to businesses is two-fold: their costs will increase, and they may well receive less trade as their customers have to get used to having less to spend.

*"The increase in VAT will increase our costs and therefore decrease our profits"*

B&B, East of England

*"The VAT increase - it will hit most people harder than they think"*

Hotel, North West

*"VAT is a disaster; going up again. This will hinder people from booking holidays"*

Hotel, South West

### Is your job safe?

11.13 People have been asking each other if their job is safe for some time now. The most uncertain place to be at the moment is in the public sector. Not having a job obviously dictates cutting personal spending, but the threat of not having one, even if the worst does not happen, can be just as damaging to the economy.

*"People aren't spending money and are too worried about losing their jobs, so booking a weekend away or a holiday is the last thing on their minds"*

Hotel, South West

*"People's insecurities with their jobs"*

B&B, East Midlands

### Can't compete with budget hotel chains

- 11.14 The small serviced sector has had a very difficult year competing with budget hotel chains offering prices they can't get near. This remains a major survival threat to any small serviced operator in areas where a Travelodge or Premier Inn locates or might locate.

*"A Travelodge has opened in the area, and it's taking all the business"*  
B&B, London

*"Big chains like Travelodge with their ridiculous low rates"*  
B&B, South East

*"I think that the larger park chains such as Haven are playing quite dirty in terms of deals and offers. I feel a lot of the smaller parks will be forced to close because of them"*

Caravan park, South West

*"If they open a Travelodge nearby"*  
B&B, South West

### Predicting the unpredictable

- 11.15 Some operators are bracing themselves for the next disaster whatever it may be, whether natural or man-made.

*"The ash cloud from Iceland could easily erupt once more. The threat of terrorism in the London area worries us especially for our American guests that return quite frequently"*  
B&B, London

*"Natural disaster on the Isle of Wight"*  
Self catering, South East

*"We fear another flu pandemic, as swine flu really affected our numbers last year"*  
Caravan park, East of England

*"The weather, terrorism and floods"*  
Caravan park, North West

*"We are all worried about terrorist alerts"*  
B&B, London