



REPORT

VisitEngland  
Business Confidence Monitor 2011

Wave 1 – Christmas & New Year



VisitEngland™

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<b>Contents</b>	<b>Page</b>
1. Headline Findings .....	3
2. Research Background.....	5
3. Christmas and New Year .....	8
4. Performance in 2010.....	12
5. Visitor Types .....	15
6. Trend Figures across Research Waves .....	17
7. Advance Bookings .....	24
8. Confidence.....	26
9. Royal Wedding.....	28

## 1. Headline Findings

### December blighted by snow and ice

- 1.1 The Christmas & New Year period has been blighted by extreme weather conditions in December. About one in five (19%) businesses report an increase in visitor numbers, but well over a third (37%) report a decrease. Profitability has been affected in a very similar way.

### 2010 was a pleasant surprise

- 1.2 2010 was a good year for the tourism industry. Over a third (36%) of businesses experienced an increase in visitor numbers compared to 2009 and the same proportion (36%) experienced equal visitor levels to 2009.
- 1.3 The hotel, caravan & camping and self catering sectors all had a good year, and the guesthouse / B&B sector had a mixed year.
- 1.4 A successful year came as a surprise to many operators who had been bracing themselves for the worst. About a third (31%) of operators say they are 'very satisfied' with their business' performance in 2010, and over half (54%) say they are 'fairly satisfied'.

### Domestic leisure visitors made for a good year

- 1.5 The success of 2010 was largely due to domestic leisure visitors. Over a quarter (28%) of businesses had increased leisure visitors in 2010 compared to 2009, and a further three in five (61%) had the same level.
- 1.6 Overseas and business visitor levels remained stable, whereas repeat visitors kept the industry strong again, with about a third (31%) of operators reporting increased repeat visitors and about three in five (62%) experiencing the same level.

### Booking levels seem reasonable

- 1.7 Advance bookings for spring and Easter are slightly down on balance, with about one in six (16%) operators saying bookings are 'better than normal' for this time of year compared to about three in ten (29%) saying bookings are 'not as good as normal'.
- 1.8 However, booking levels for the remainder of 2011 seem fairly healthy considering the ever increasing last minute booking trend. Just under one in five (18%) operators say bookings for the remainder of 2011 beyond Easter are 'better than normal' and nearly two thirds (63%) say bookings are the 'same as normal'.

### **Optimism is quite high**

- 1.9 About a quarter (26%) of operators are 'very confident' for the spring and Easter period and well over half (56%) are 'fairly confident'.
- 1.10 Three in ten (30%) operators are 'very confident' for the remainder of 2011 beyond Easter and well over half (55%) are 'fairly confident'.

### **Royal wedding might help business**

- 1.11 Some (5%) operators think the Royal wedding and the extra bank holiday will have a 'very positive' impact on their business, and about one in four (24%) think it will have a 'fairly positive' 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 follows the Christmas & New Year holiday period.
- 2.2 The main objectives of this wave are to measure:
- Business performance during Christmas & New Year
  - Business performance during 2010
  - Trends by visitor type
  - Advance bookings and confidence for spring & Easter
  - Advance bookings and confidence beyond Easter
  - Expected impact of the Royal Wedding and the extra bank holiday

### 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 500 interviews have been completed by telephone with business owners or managers in early January. 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	15	38
East of England	9	10	11	23	53
London	4	27	2	-	33
North East	7	6	4	8	25
North West	21	26	13	16	76
South East	11	24	24	11	70
South West	20	24	29	27	100
West Midlands	5	14	5	4	28
Yorkshire	11	14	19	19	63
<b>Total</b>	<b>100</b>	<b>152</b>	<b>125</b>	<b>123</b>	<b>500</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	27	62	39	64	<b>192</b>
Small	73	90	86	59	<b>308</b>
<b>Total</b>	<b>100</b>	<b>152</b>	<b>125</b>	<b>123</b>	<b>500</b>
Definition of 'large'	More than 100 bedspaces	More than 10 bedspaces	More than 10 bedspaces	More than 100 bedspaces	

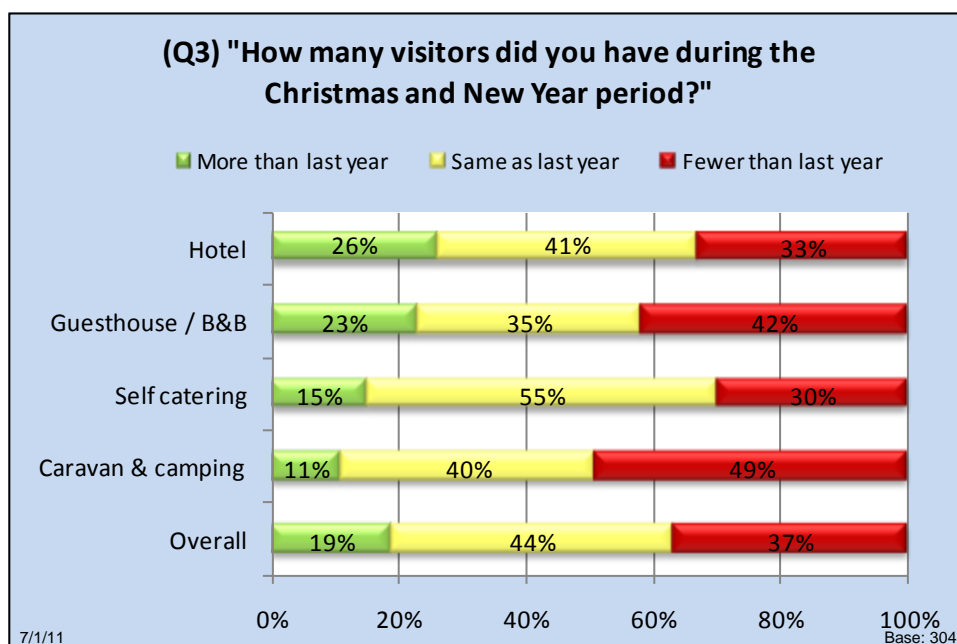
**Statistical validity**

- 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. Christmas and New Year

3.1 Questions about Christmas & New Year performance have been asked to businesses which were open for at least some of the period both this year and last year – 309 businesses. Those answering ‘don’t know’ or refusing to give an answer (especially about profitability) have been excluded and the figures have been re-based accordingly.

#### Visitor Numbers



3.2 The Christmas & New Year period has been blighted by extreme weather conditions in December in many parts of the country. About one in five (19%) businesses report an increase in visitor numbers, but well over a third (37%) report a decrease.

3.3 Businesses in large towns/cities, being more accessible, have fared better than those in other locations, with one third (32%) increasing their visitor numbers for the period.

#### Stay at home when it's snowing

3.4 Customers in many parts of the country had to cancel their booking due to risky travelling conditions, and the effects of this on businesses relying on good December income have been significant.

*“We lost a lot of business with the snow in December. Lots of people had to cancel”*

Hotel, Yorkshire

*“The snow hit us hard. For the first 14 days of December we were 44% down on last year. We managed to recapture some of that over the rest of the month, but it was very hard”*

Hotel, East Midlands

### **Media dramatised the situation**

- 3.5 Operators in some areas say that conditions weren't that bad, but the media put customers off travelling by making blanket statements or reporting conditions to be worse than they actually were.

*“We were hit hard not so much by the snow, but by the panic caused by blanket weather statements. We had a clear road to us the entire time, but with the weather forecasts saying the whole area was snowed under and drivers needed to take shovels and blankets, etc. we ended up losing 50% of the business – about £33,000 altogether”*

Hotel, North East

*“The snow at Christmas closed us for a week, but I don't think that local conditions were as bad as the press made out for the area”*

Hotel, North East

*“The weather in December caused us to lose business. The weather itself wasn't so bad, but the media blanket statements saying that Cumbria was essentially closed were what caused the cancellations”*

Hotel, North West

### **Stranded people needed a bed to sleep in**

- 3.6 The snow wasn't all bad news. Some businesses benefited from stranded travellers needing to extend their stay or make a booking they hadn't intended to make. This helped to offset some of the cancellation costs.

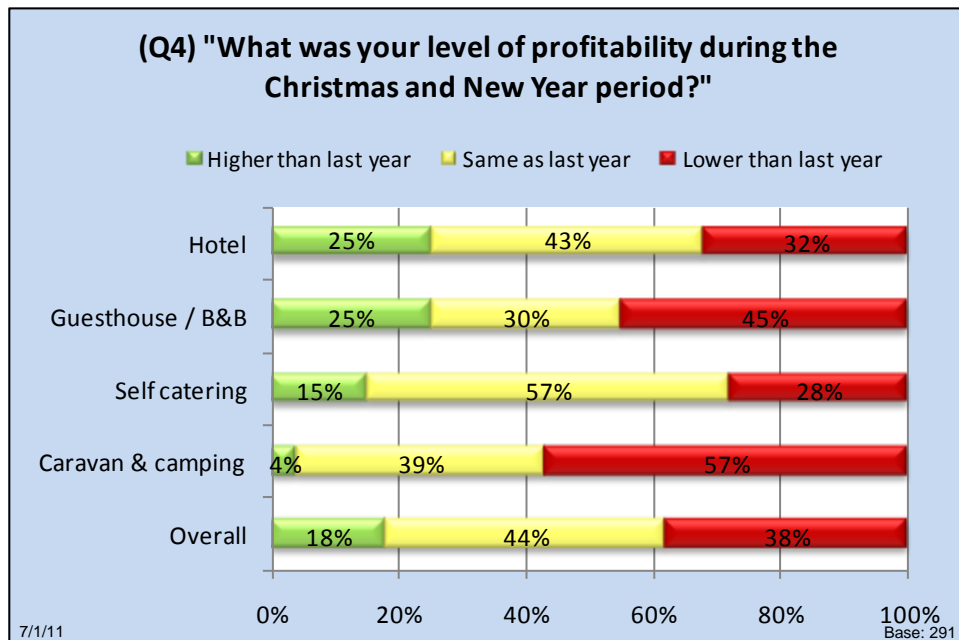
*“The winter weather has caused some inconvenience but it's tended to balance itself out with cancellations and stranded people extending stays”*

Hotel, North West

*“We had cancellations but we had extended stays with people who were stuck too”*

Hotel, North West

## Profitability



- 3.7 Profitability during the Christmas & New Year period has been affected in a similar way by the weather.

### Profit margins were already under pressure

- 3.8 Profit margins are becoming increasingly difficult to maintain, with some operators saying that costs are escalating but it is difficult to put their prices up. Mass cancellations during the snow period didn't help.

*"All our costs are rising, but we can't put our rates up to match, so we're having to cut costs and save as much as we can"*

Hotel, Yorkshire

*"I encountered problems due to cancellations because of the bad weather and I am not able to increase prices"*

B&B, North West

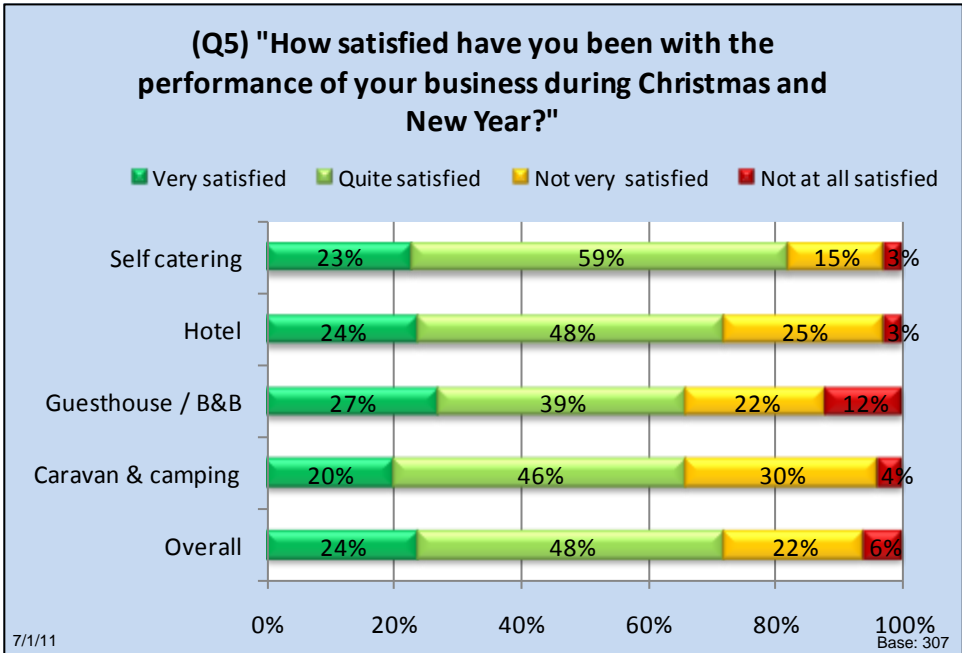
*"My business rates have gone up exponentially and I'm being taxed out of business"*

Hotel, South West

*"Mainly the economy is my gripe – rising costs that I can't adjust my rates for"*

Hotel, South West

Satisfaction with performance

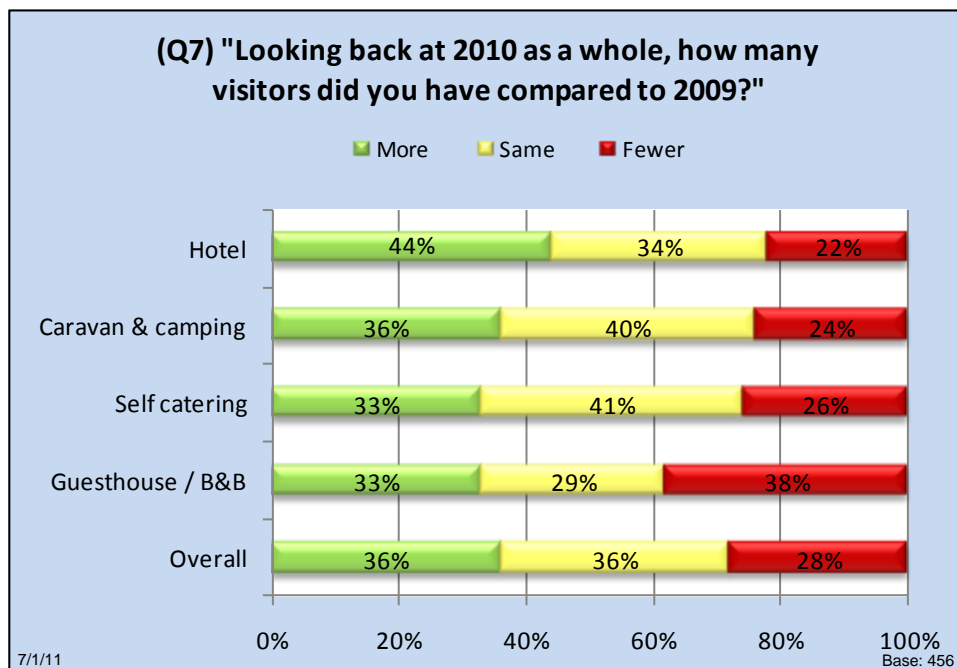


3.9 Satisfaction with performance is quite high considering the significant knock to visitor numbers.

## 4. Performance in 2010

- 4.1 Questions about 2010 performance have been asked to businesses which have open for longer than two years – 478 businesses. Those answering ‘don’t know’ or refusing to give an answer have been excluded and the figures have been re-based accordingly.

### Visitor Numbers



- 4.2 2010 was a good year for the tourism industry. Over a third (36%) of businesses experienced an increase in visitor numbers compared to 2009 and the same proportion (36%) experienced equal visitor levels to 2009.
- 4.3 The hotel, caravan & camping and self catering sectors all had a good year overall, and the guesthouse / B&B sector had a mixed year.
- 4.4 Businesses in large towns/cities performed particularly well in 2010, with nearly half (46%) increasing their visitor numbers.

*"Numbers were a bit down, but not as bad as I thought it was going to be at one period"*

Self catering, Yorkshire

*“Things have been pretty similar to 2009, just more people overall. It’s a big improvement over 2008”*  
 Hotel, West Midlands

*“2010 has been a tough year”*  
 Self catering, South East

*“2010 has been good year despite a lower amount of visitors over Christmas”*  
 Self catering, South East

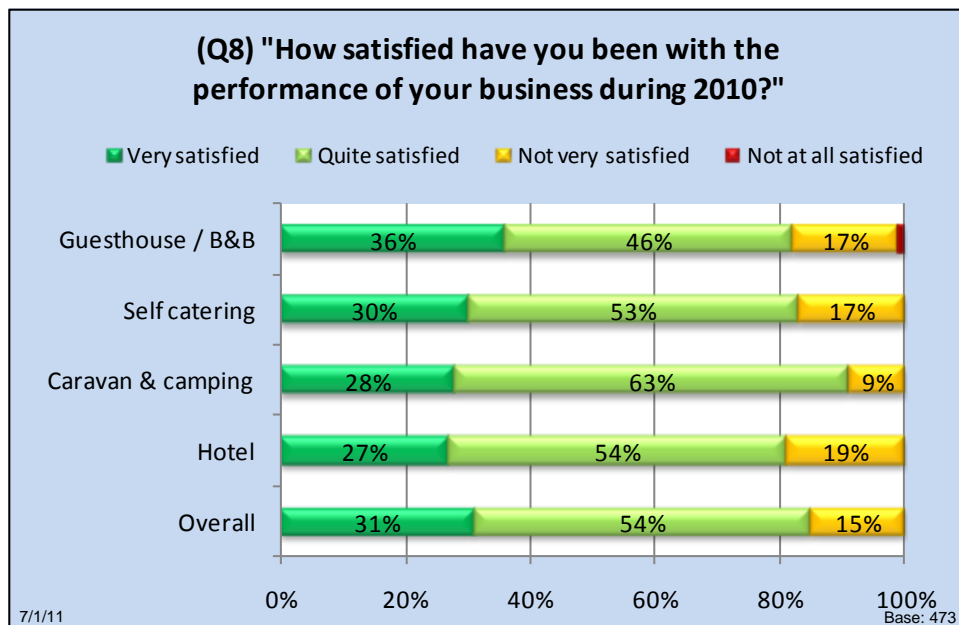
*“2010 was a good year. I was a bit worried at first but quickly got used to receiving last minute bookings”*  
 Self catering, South West

*“We’ve had more people staying in Britain who usually go abroad. Our usual repeat business is good too. I think our main problem has been with the high costs of everything, and we can’t adjust our rates much to deal with it. I think that will only get worse this year with the tax increases”*  
 Hotel, South West

*“2010 was very similar but we were worrying more about late bookers”*  
 Self catering, North East

*“2010 was a good year but all bookings were cancelled over the Christmas period due to snow, hitting the business hard”*  
 Caravan park, South West

## Satisfaction with performance



4.5 Good performances in 2010 came as a pleasant surprise to many, and below par performances were in many cases not as bad as feared.

*“Bookings were a bit down, but understandable considering the state of the economy”*

Self catering, Yorkshire

*“We’ve exceeded our expectations for 2010”*

Self catering, North West

*“I’m pleased, considering the economic situation we have”*

Self catering, South West

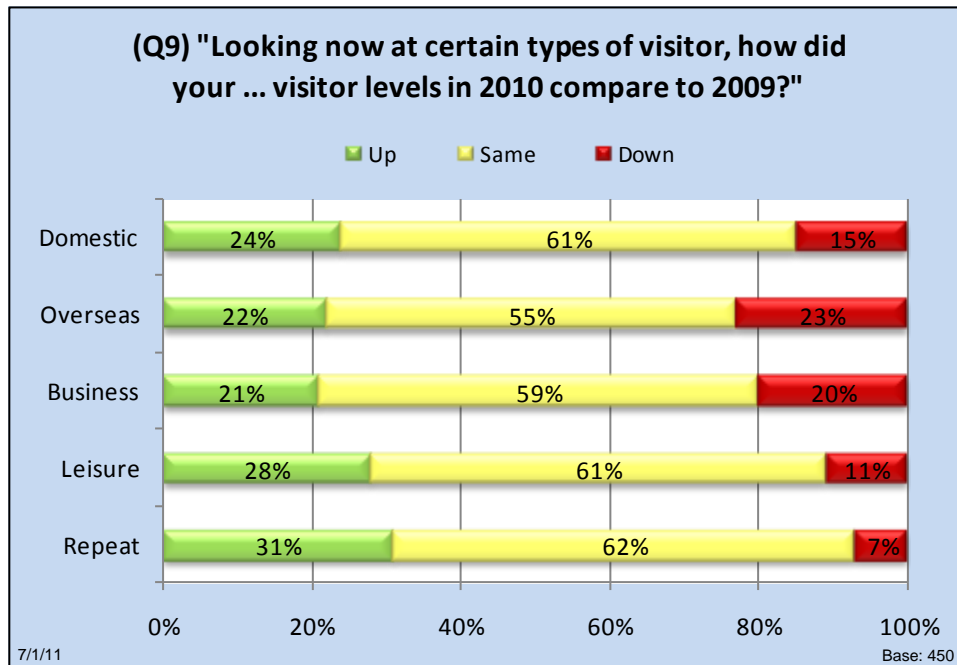
*“I think 2010 was a better year than I thought it was going to be”*

B&B, West Midlands

*“2010 was a better year than the previous one, which surprised me as I was dreading it”*

B&B, East of England

## 5. Visitor Types



- 5.1 The success of 2010 was largely due to domestic leisure visitors.
- 5.2 Overseas and business visitor levels remained stable, whereas repeat visitors kept the industry strong again, with about a third (31%) of operators reporting increased repeat visitors and about three in five (62%) experiencing the same level.

*"We had a bit of interest from business customers this year, which I was quite surprised with"*  
 Self catering, Yorkshire

*"There have been fewer overseas visitors I think due to the weather / ash cloud / airports shutdown, etc"*  
 Hotel, West Midlands

*"I have seen a lot more European visitors in 2010 than in 2009"*  
 B&B, Yorkshire

*"Things haven't changed. We seem to see the same faces every year"*  
 Self catering, Yorkshire

*"50% of our customers are repeat customers"*  
 Self catering, Yorkshire

*“The age profile has changed a lot. There’s less of the older generation”*  
Hotel, South West

*“The economy is down and that’s hit us really hard. We used to have foreign  
business delegates here from all over the world for months on end. Local  
industries have closed down, so our conference rooms are not used as much”*  
Hotel, South West

*“Our regular customers are what kept us from financial trouble in 2010”*  
Caravan park, North East

## 6. Trend Figures across Research Waves

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

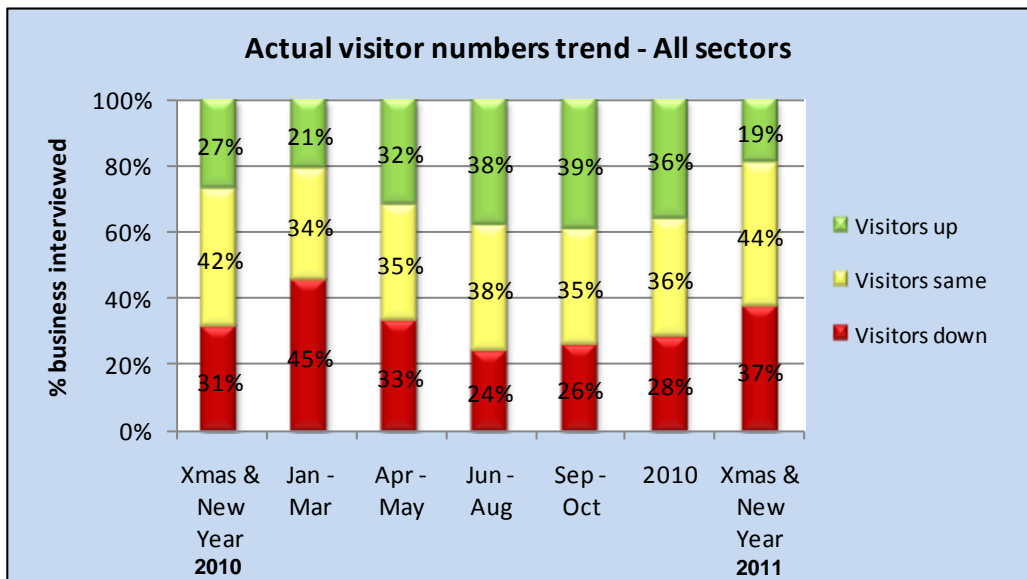
### 2010

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

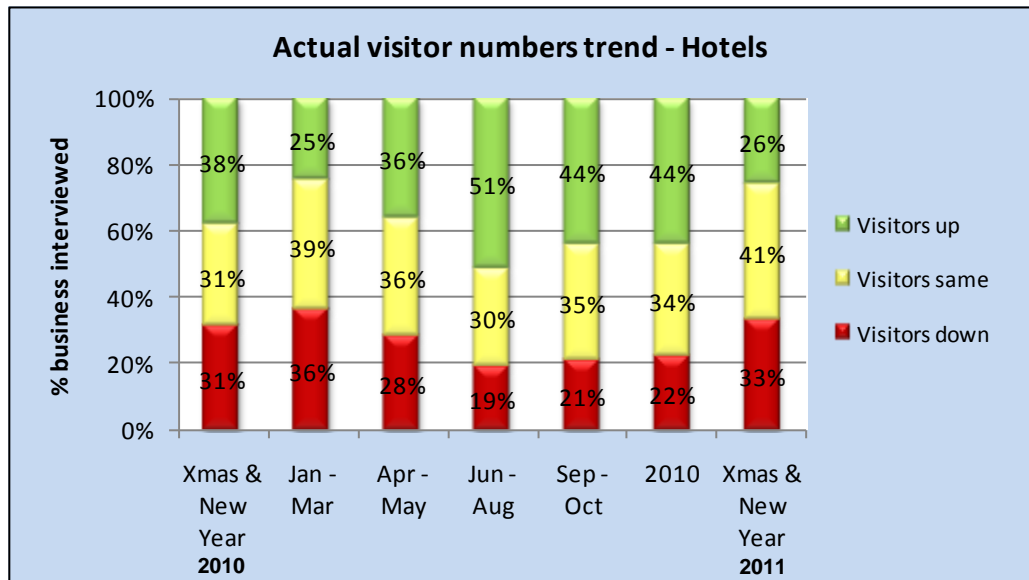
### 2011

- Wave 1 (January)

### Visitor numbers

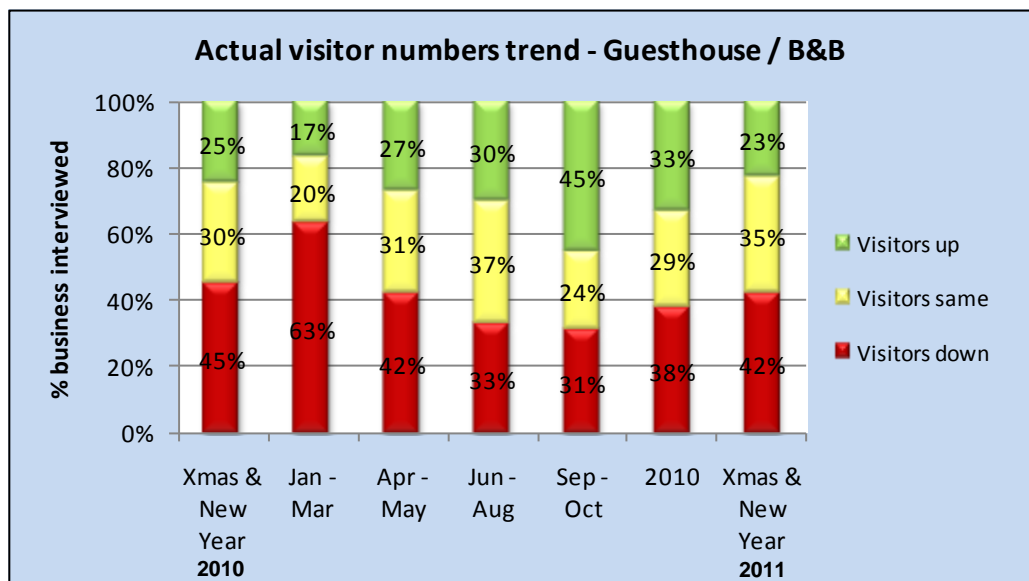


6.2 The most recent period (Xmas and New Year) has been the first bad period for the industry in nearly 12 months. This was because of the heavy snowfall in some parts of the country.

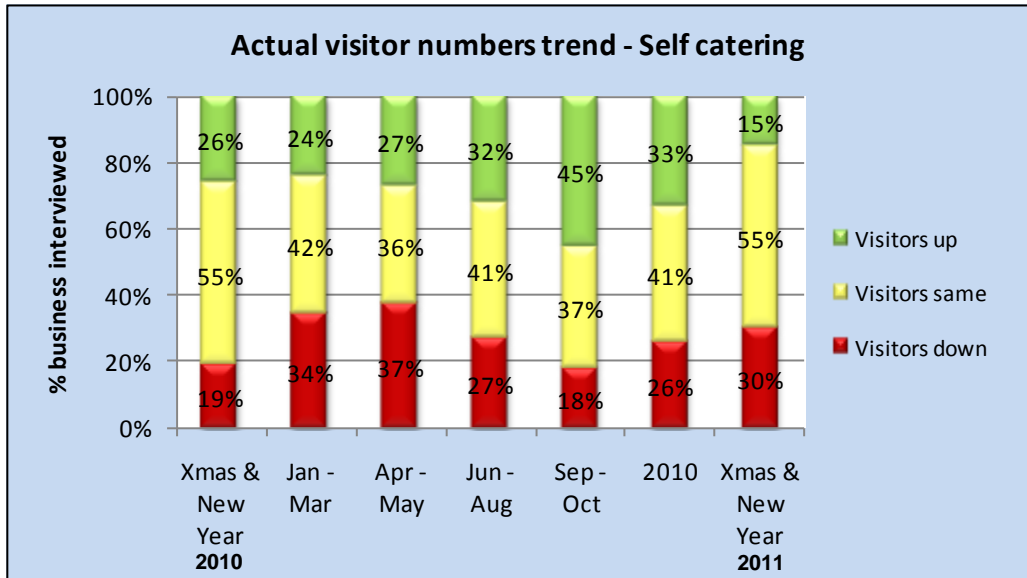


6.3 Charts by actual visitor numbers are now split by sector – the first chart (above) is for hotels.

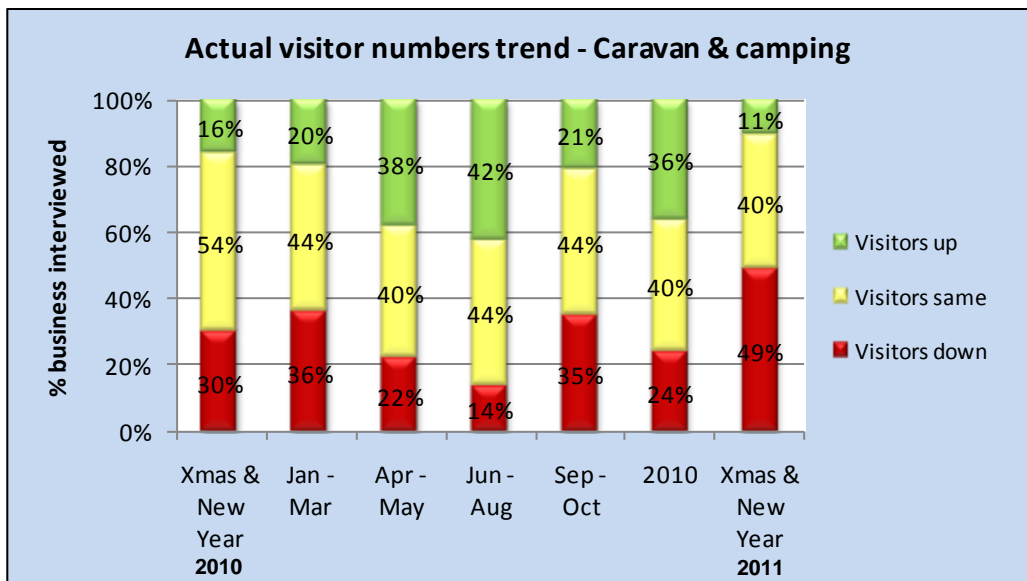
6.4 The snow brought an end to a very strong performance in the hotel sector which lasted for most of 2010.



6.5 After a very shaky start to 2010, the year turned out to be reasonable for many guesthouse / B&B operators.

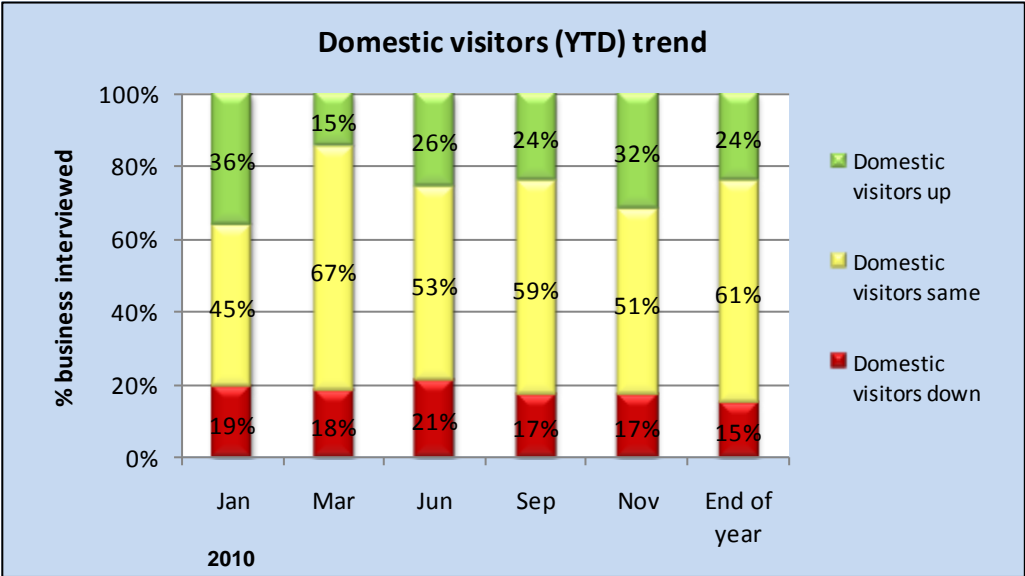


6.6 2010 got better for the self catering industry as the year progressed.

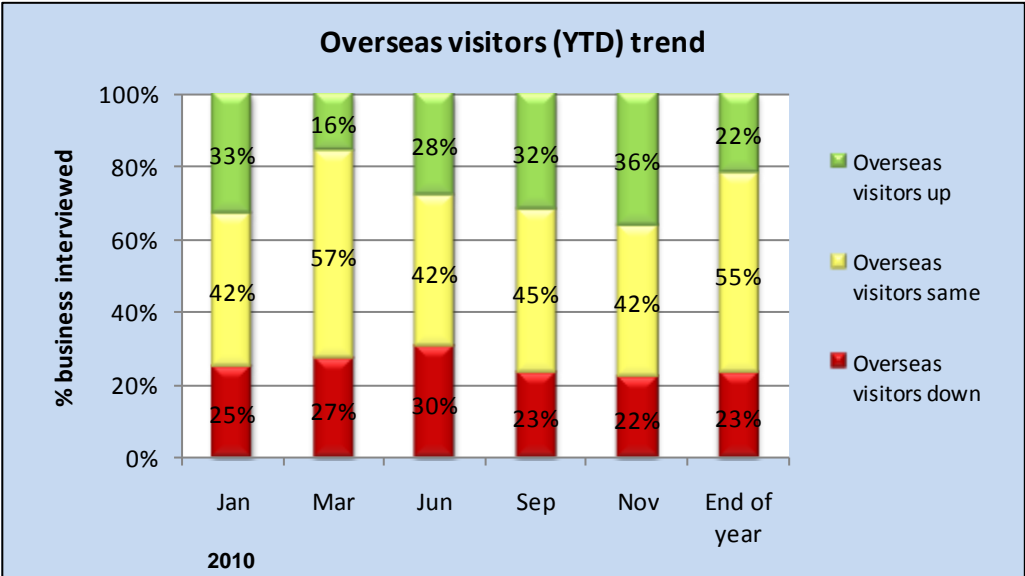


6.7 The caravan parks which opened during the Christmas & New Year period could do little about the snowfall. Performance of this sector can be fairly erratic because it is the most weather dependent.

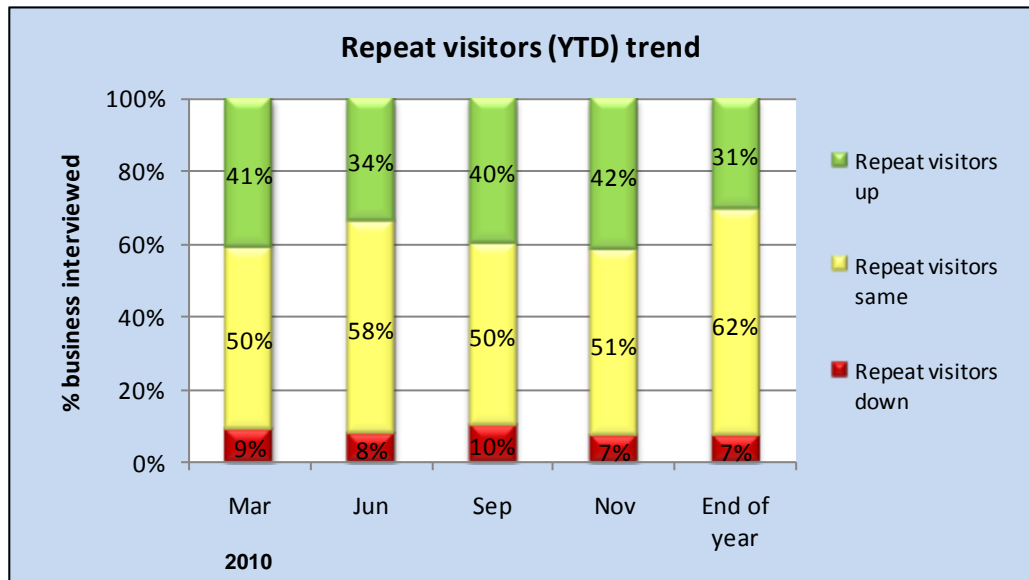
Visitor numbers by type



6.8 Charts now show visitor numbers by type. Respondents were 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, and the final column shows answers for the full year. The first chart (above) shows the trend for domestic visitors.

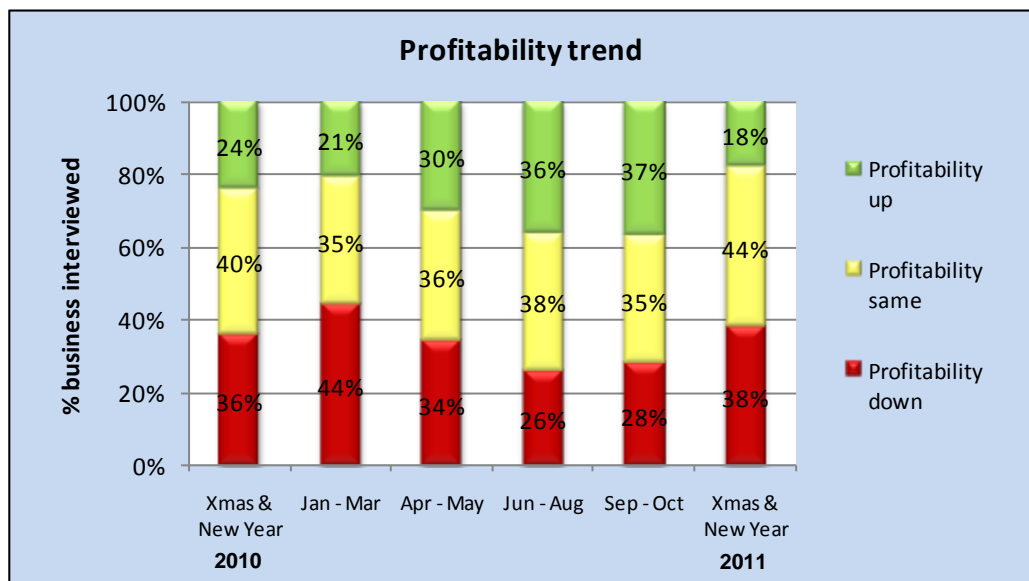


6.9 Overseas visitor levels in 2010 remained broadly the same as in 2009.



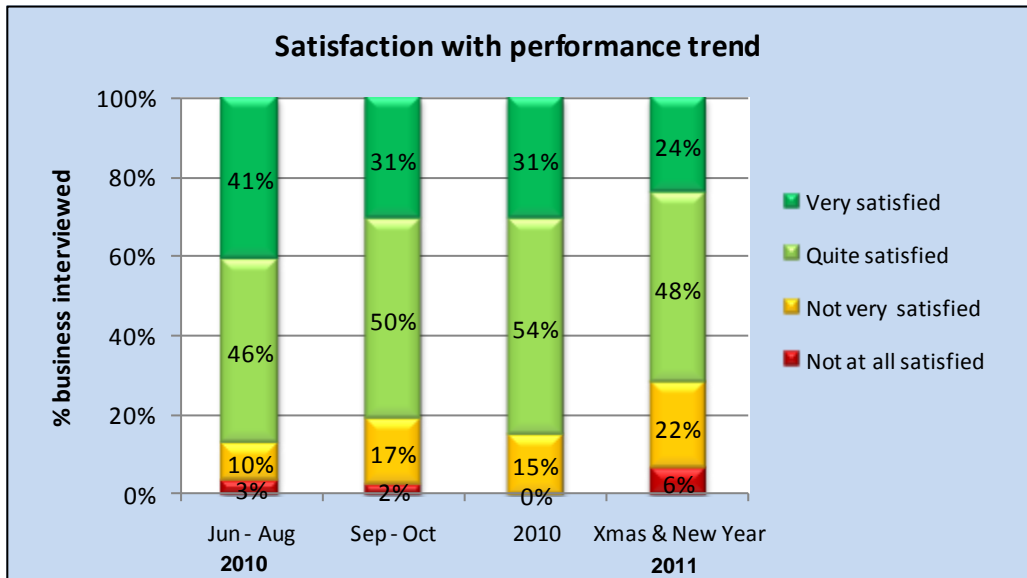
6.10 Repeat visitors have kept the industry stable during difficult economic times. Experienced operators often comment on the critical importance of this particular visitor group.

**Profitability**



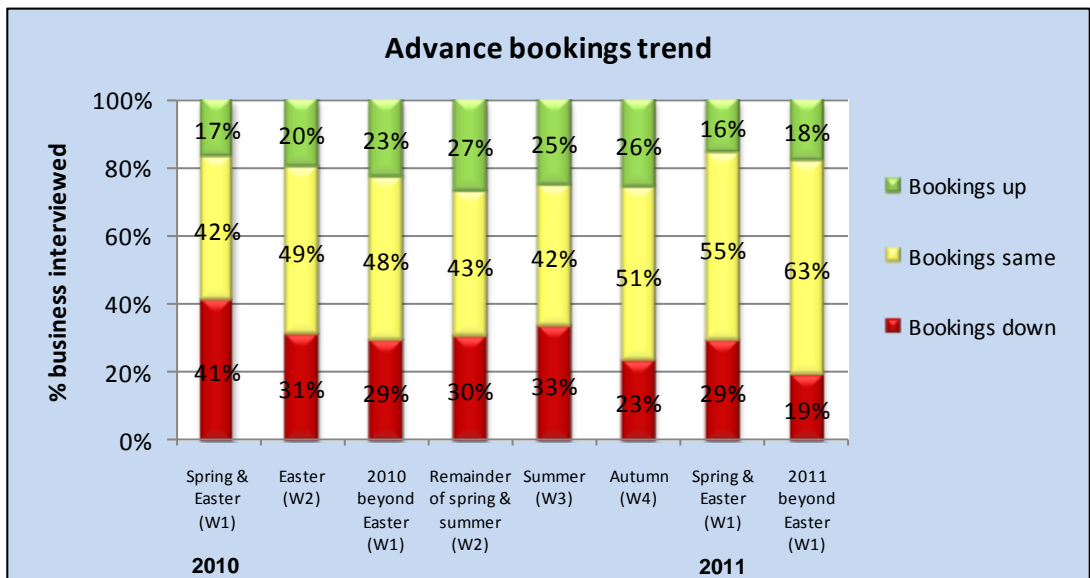
6.11 In 2010 the industry managed to maintain its margins reasonably well but operators are talking of increasing pressure from escalating running costs whilst finding it difficult to raise their prices.

### Satisfaction with performance



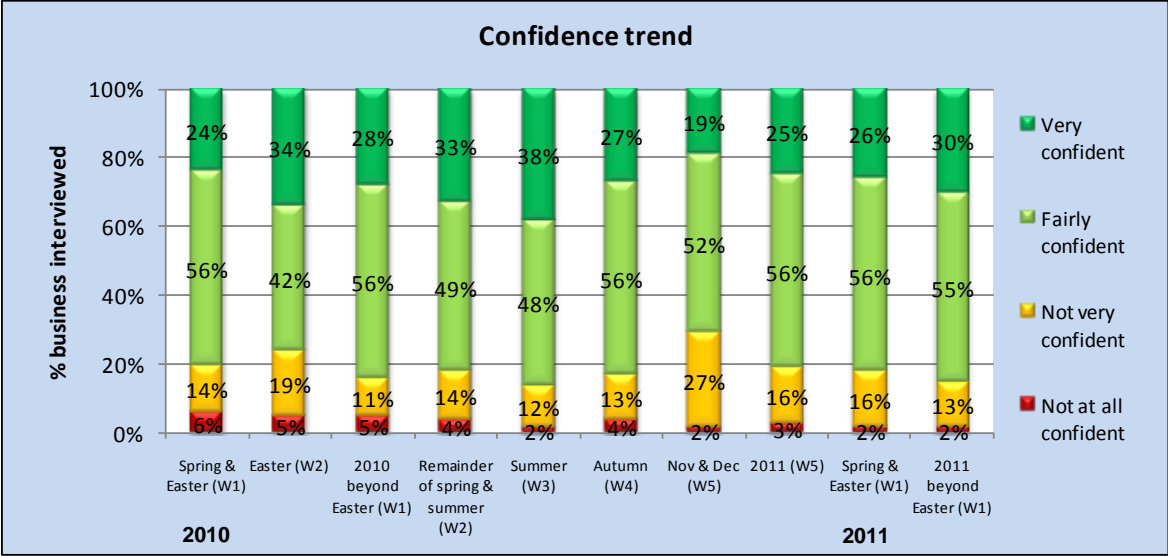
6.12 Satisfaction with performance has always outweighed actual results since the question has been asked. Many operators commented that 2010 was much better than they had expected given the difficult climate.

### Advance bookings



6.13 In the climate of last minute booking behaviour, actual results usually turn out to be better than advance bookings suggested. The outlook beyond Easter looks good.

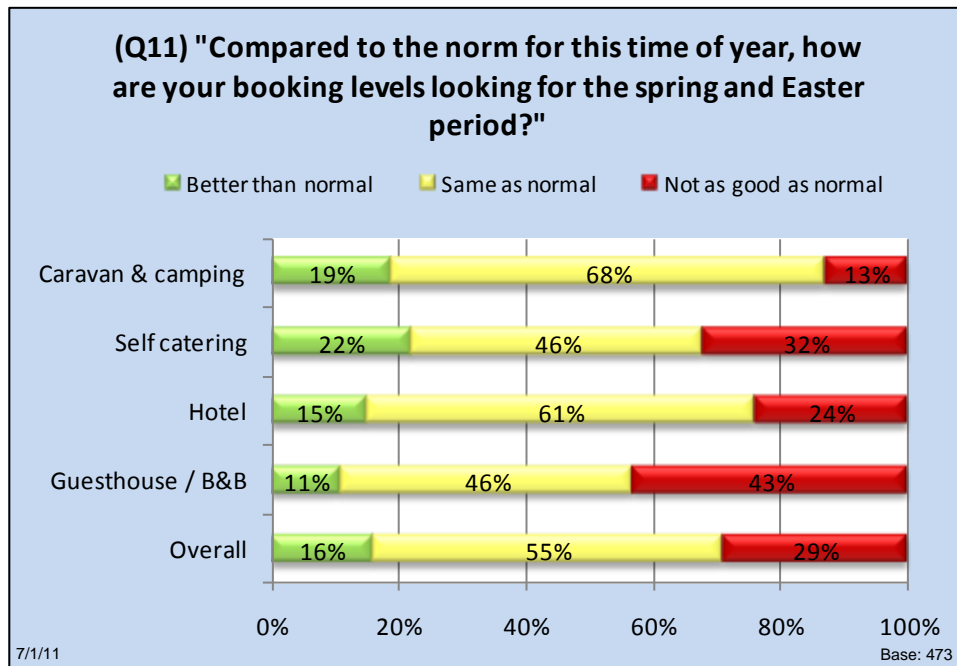
**Confidence**



6.14 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.

## 7. Advance Bookings

### Spring & Easter



- 7.1 Advance bookings for spring and Easter are slightly down on balance, with about one in six (16%) operators saying bookings are 'better than normal' for this time of year compared to about three in ten (29%) saying bookings are 'not as good as normal'.

#### Hard to predict anymore

- 7.2 A lack of advance bookings doesn't necessarily mean a quiet period, as the significant increase in last minute bookings over the last two years has made business quite hard to predict.

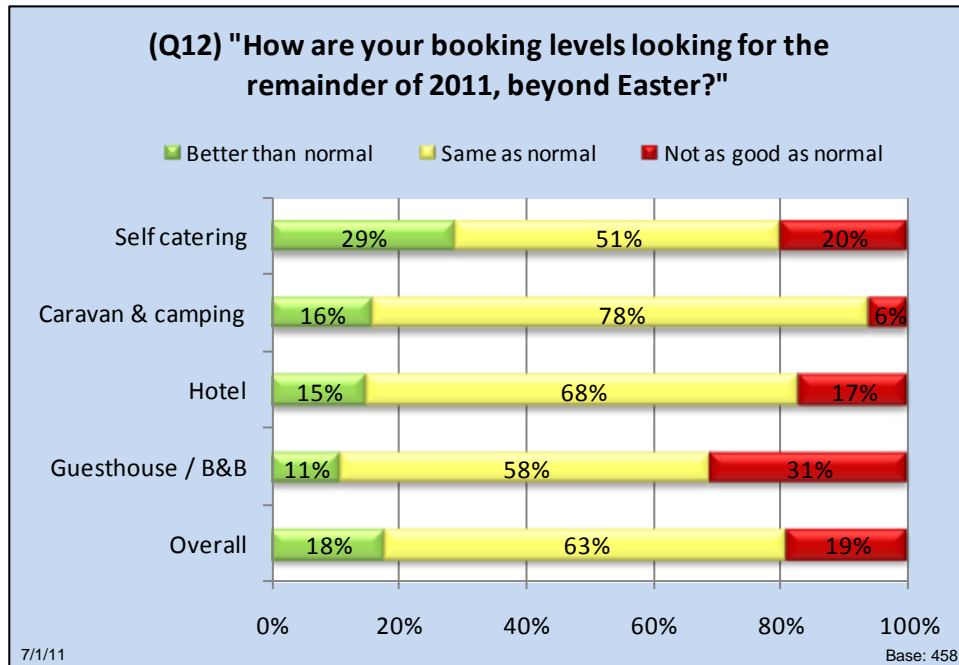
*"I have seen a huge rise in late bookings over the past few years which changes how you look at the upcoming year. It has become a bit of a guessing game"*

Caravan park, North East

*"I find it hard to judge how 2011 will be as so many people are booking last minute"*

B&B, Yorkshire

## 2011 beyond Easter



7.3 Booking levels for the remainder of 2011 seem fairly healthy considering the ever increasing last minute booking trend. Just under one in five (18%) operators say bookings for the remainder of 2011 beyond Easter are 'better than normal' and nearly two thirds (63%) say bookings are the 'same as normal'.

### Self catering is looking good for the summer

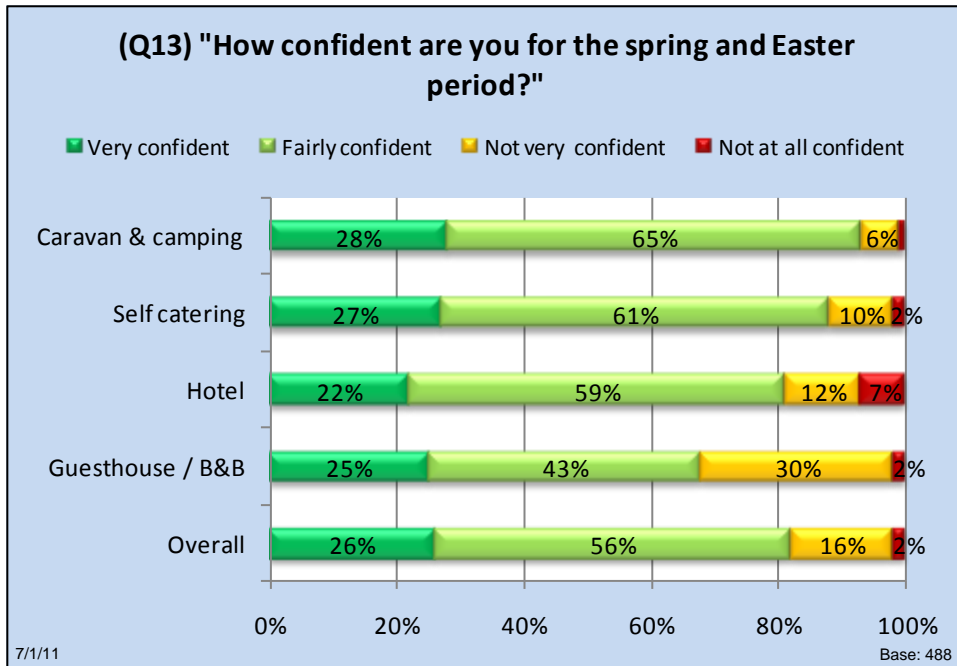
7.4 The self catering sector is looking quite slow over the next few months but much more positive for the summer.

*"Things are going slightly slow but the summer is looking better"*  
 Self catering, East of England

*"We are confident about this year with many bookings confirmed!"*  
 Self catering, North West

## 8. Confidence

### Spring & Easter

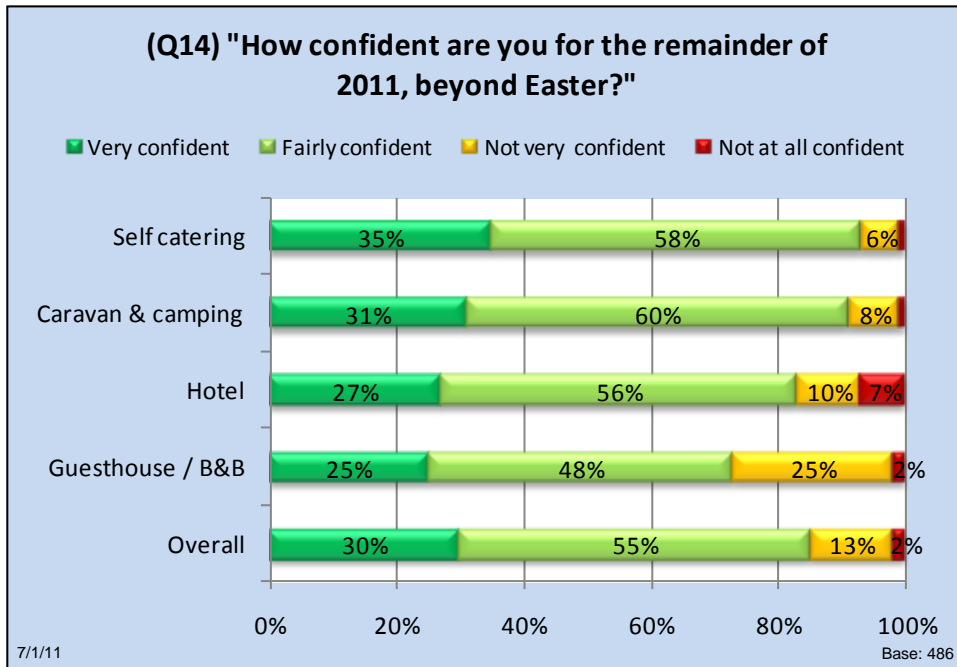


- 8.1 Optimism for the coming period is quite high, even though advance bookings are not. Confidence is highest in the non-serviced sectors.

*"We've got fewer bookings than usual at this time of year but we're still confident"*

Self catering, South East

## 2011 beyond Easter



8.2 Most operators are confident about 2011 beyond Easter, especially in the non-serviced sectors.

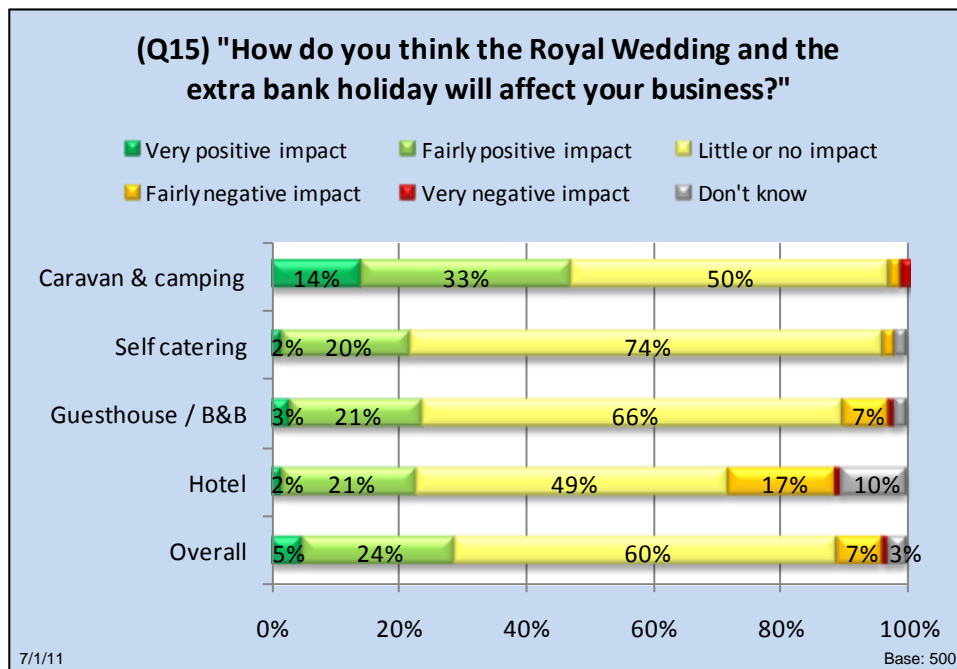
*"Things are looking good for us. We're very confident about the coming year"*  
 Self catering, North West

*"I am confident that this year is going to be very good"*  
 B&B, Yorkshire

*"I'm very confident about business over the summer but not sure about how things will be in the first quarter"*  
 Self catering, South East

## 9. Royal Wedding

- 9.1 The royal wedding will take place on Friday 29<sup>th</sup> April and it will be an extra bank holiday. Combined with Easter (the weekend before) and the first May bank holiday (immediately after), there will only be three working days in an eleven day period. Operators have been asked about the impact it might have on their business.



- 9.2 The majority (60%) of operators think that the royal wedding and the extra bank holiday will have little or no impact on their business. The main reasons given for this include already being booked (especially self catering) or expecting to be busy anyway, not being near London, and people might just stay at home and watch it on TV.

*"We might get a few extra bookings with the extra bank holiday, but it's in our main tourist season so we'll probably be booked up anyway"*  
 Hotel, North East

*"I'm fairly confident although there is a slight worry that people will be glued to their televisions"*  
 Self catering, Yorkshire

*"They'll be going to London if anywhere"*  
 Self catering, Yorkshire

*"It won't affect us this far out – only London"*

Hotel, South West

*"We were fully booked before they announced the extra bank holiday"*

Self catering, South West

*"I think it'll mainly affect London but I hope there'll be some business for the provinces"*

Hotel, East Midlands

*"I think that people will stay at home for the wedding. I doubt it'll have a good effect on business for us"*

Hotel, North West

*"I don't think it'll impact us much at all, not unless they honeymoon with us!"*

Hotel, North West

*"I was hoping the royal wedding would have been placed in June. That way we could have had two separate holiday weekends"*

Caravan park, East of England

### **Hopeful for extra bookings**

9.3 Some operators are hopeful for extra bookings.

*"We're hoping that a few more booking will come in for those extra dates"*

Self catering, Yorkshire

*"I'm hoping the extra bank holiday weekend will bring in extra income"*

B&B, South East

*"I hope it will have an effect and people will be encouraged to take the days off leading up to the weekend"*

Self catering, South West

*"I'm hoping the extra bank holiday means people stay for a week instead of a weekend"*

Caravan park, Yorkshire

*"2011 is looking like a good year. We're holding special royal wedding events that we hope will attract extra guests"*

Caravan park, South West

### **We could do without it**

9.4 Some operators predict a negative effect on their business. The two main reasons are having to pay their staff bank holiday rates (especially hotels) and the threat of people going abroad.

*“From what I've heard from local companies, they have employees already booking their three days off so they can go abroad. I don't think it'll affect us positively and may even be negative for us”*

Hotel, North East

*“If it has any impact it'll probably be negative, with people using the extra time to go abroad”*

Hotel, Yorkshire

*“We already have a wedding booked for that date, so we'll have to pay the staff double for working a bank holiday, but from the feel good factor I hope that it will do us all some good”*

Hotel, Yorkshire

*“It's pointless if anything. It's going to cost me more because of the bank holidays and staff pay”*

Self catering, Yorkshire

*“I think it'll either benefit us with the extra people taking the time off, or it'll harm us if they all go abroad instead of staying in Britain”*

Hotel, South West

*“I think that two bank holidays close together is going to be bad for business. People tend to go abroad if they have large amounts of time off in one go”*

B&B, West Midlands

### **I should have put my prices up**

9.5 A selection of other interesting comments:

*“It's just dawned on me that I should have charged more that weekend”*

Self catering, Yorkshire

*“I hadn't thought of it, but now it's been mentioned I should look at my pricing”*

Self catering, Yorkshire

*“It's come at the right time and will get Britain through the first part of the year. I think foreign countries are more enthusiastic than we are though. I know from a friend in New York that they've gone mad for it”*

Hotel, East Midlands