

2009 TOURISM BUSINESS SURVEY

'Wave 2' Easter Period

*Completed by Strategic Marketing
on behalf of Visit Wales
17 April 2009*



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1. Research Background

Objectives

- 1.1 This survey is the second of five ‘waves’ in the 2009 ‘Tourism Business Survey’, which aims to measure business confidence in the Welsh tourism industry and performance over the main holiday periods. This wave focuses on the Easter season.
- 1.2 The main objectives of this second wave are to measure:
- Business performance during the Easter period
 - Perceived reasons for relative success or failure this period
 - Advance bookings in 2009
 - Changes in types of stay
 - Changes in spending in attractions
 - Intentions to offer discounts
 - Confidence for the summer season

Methodology & Sample

- 1.3 In all, 209 telephone interviews have been conducted with business owners or managers between 14 and 16 April 2009. The table below shows the number of interviews by region and sector.

	North Wales	Mid Wales	South West Wales	South East Wales	Total
Attractions	12	10	10	8	40
Serviced	22	17	17	12	68
Self Catering	18	16	15	12	61
Campsites	12	10	10	8	40
Total	64	53	52	40	209

2. Management Summary – Headline Findings

Guest/Visitor Numbers

- 2.1 The Welsh tourism industry has had a successful Easter period. Two in five (41%) businesses have increased their guest/visitor numbers and nearly half (44%) have had the same number. Only a minority (13%) have had a decrease.
- 2.2 The main reason for the successful period is good weather, which is partly attributable to Easter falling later this year.
- 2.3 Attractions have performed especially well, with three in four (73%) reporting an increase in visitor numbers.

Turnover

- 2.4 Over two in five (42%) businesses have increased their turnover for the period and slightly over one in three (36%) have achieved the same level.

Advance Bookings

- 2.5 Looking ahead to the summer months, advance bookings are slightly down on balance. However as the Easter period has just proved, tourists are noticeably booking later than normal this year.

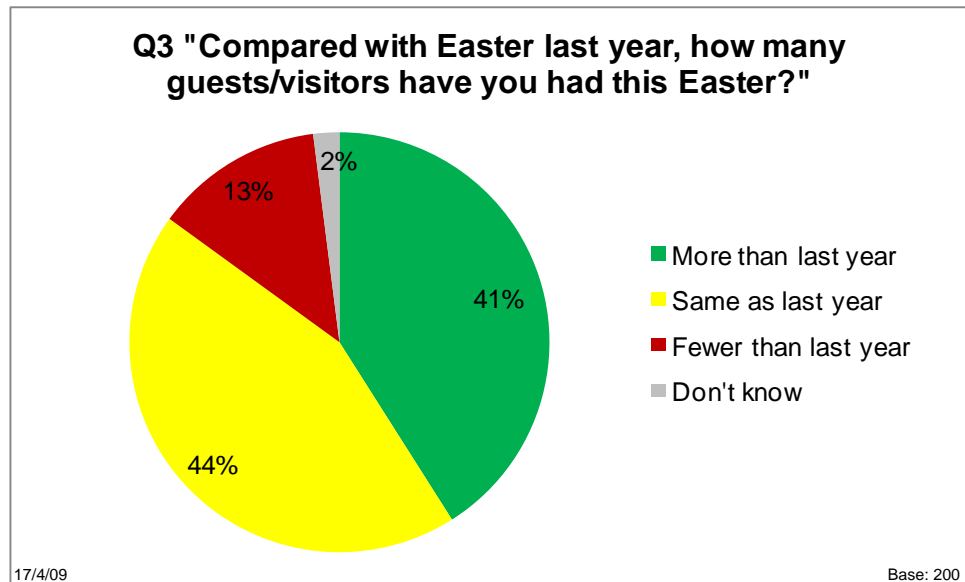
Price discounting

- 2.6 More than half (55%) of businesses say they have no intentions to use price discounting or special offers this year. There is little evidence of desperation in the industry; in fact confidence is high.

Confidence for the Summer Season

- 2.7 Following a successful Easter more than one in three (36%) operators are very confident for the summer season and nearly half (47%) are fairly confident.

3. Easter – Overall View



- 3.1 After a difficult year in 2008, the Welsh tourism industry has finally experienced a very positive period.

"Best Easter ever"
Caravan park, North

- 3.2 Most of Wales enjoyed fine weather over the Easter weekend. Easter fell three weeks later than last year and this is usually very favourable to the tourism industry as April is warmer and the clocks have changed to BST. It is important to view the results in this context.

"The fact that Easter was later is important"
Serviced, South West

"You can't really compare against last year, when Easter was a non-event"
Portmeirion

- 3.3 For the first time in this ongoing research there is strong evidence that more British holiday-makers are staying in the UK instead of going abroad. This could either be due to having less disposable income or the unfavourable exchange rates.

"Credit crunch ... people aren't going abroad"
Caravan park, North

"More people looking to holiday in the UK due to recession"
Attraction, North

"Drop in the pound. Cost of holidaying abroad is rising"
Serviced, North

- 3.4 Some businesses have benefited from their own pro-active marketing.

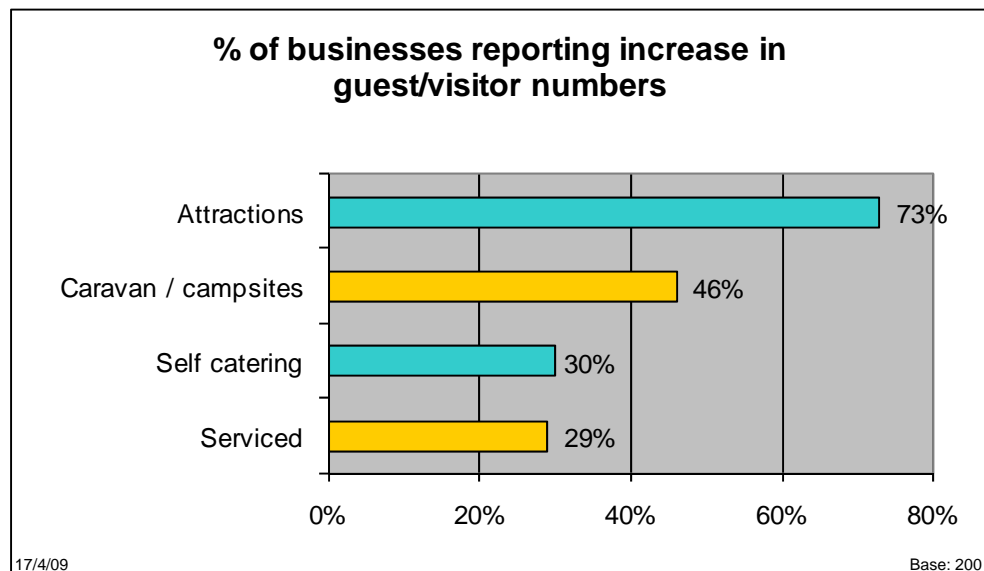
“We organised our own Easter event – live music, Easter bonnet competition, etc”
Serviced, Mid

“We organised our own event – we had knights fighting”
Attraction, North

“We have a new sea lion which is attracting more visitors”
Attraction, North

“We did some advertising ourselves this year instead of solely relying on an agency”
Self-catering, South West

Differences by Sector



- 3.5 There are large differences by sector. Attractions have benefited from large numbers of people bustling about.

“Sunny so more people out and about”
Attraction, North

“People expected the weather to be rubbish so stayed local and all came out when it was sunny”
Attraction, North

“We were 40% up on last Easter”
Tintern Abbey

“Our figures were down over the Easter weekend but only because last year was exceptionally good. We’re pleased with the figures”
Techniquest

- 3.6 The caravan and camping sector is continuing its recent run of good results. Operators in this sector are optimistic about this year.

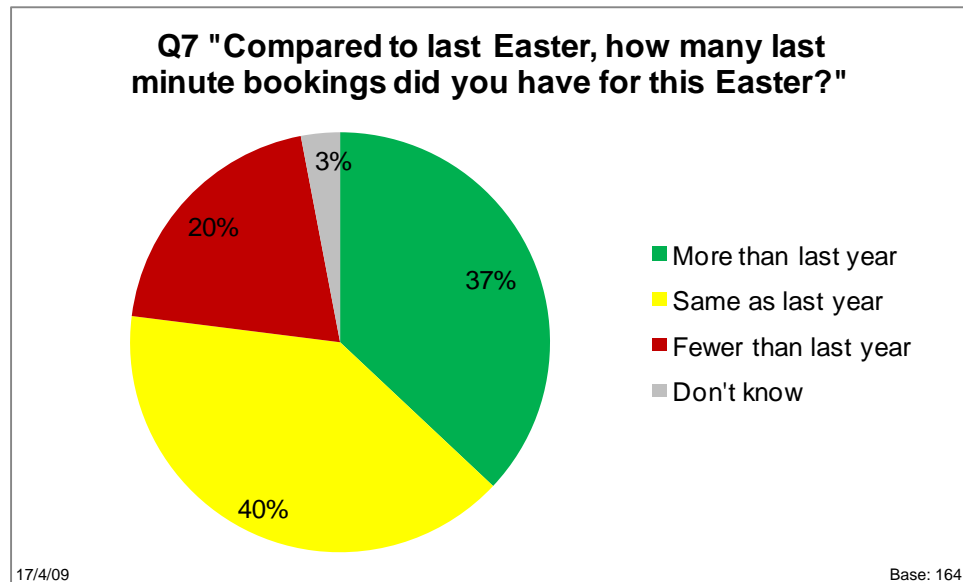
“Indication that it will be busier this year - lot more weeks/fortnights booked in advance ... been full over Easter for the first time in 25 years”

Caravan park, North

“Fully booked over Easter – already starting to get very full for the summer”

Caravan park, North

4. Last Minute Bookings

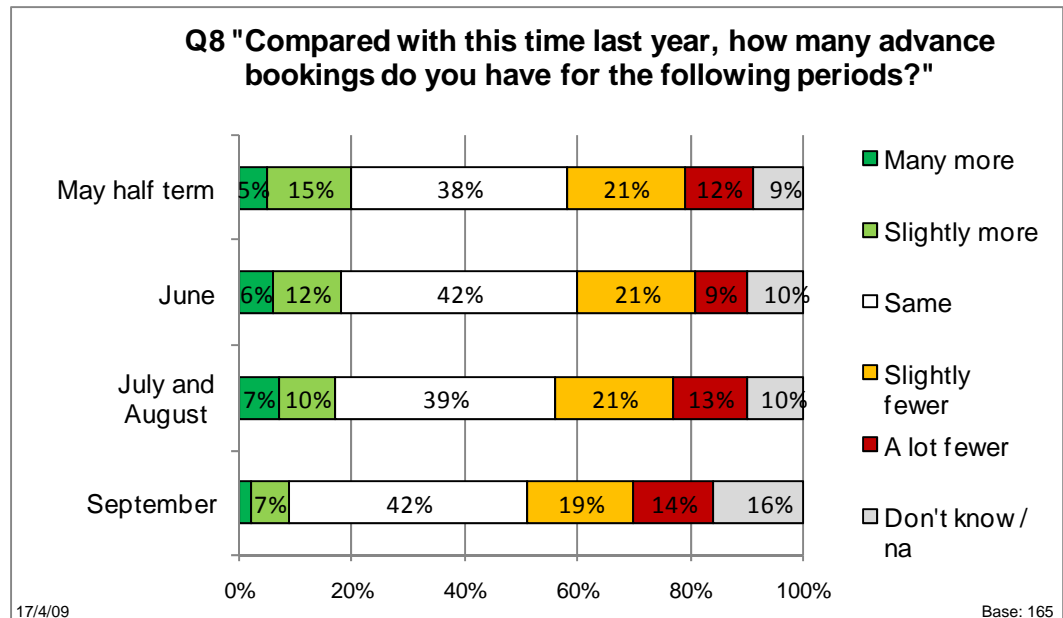


- 4.1 Research conducted in March showed that advance bookings for Easter were overall slightly down for the time of year. The success of the Easter period is largely down to many people booking at the last minute – a trend which many operators expect to continue this year.

“People are waiting a lot longer before booking. Easter booked up in the last month”

Caravan park, North

5. Advance bookings in 2009



- 5.1 Advance bookings in 2009 are generally slightly down. The reason for the relatively high number of 'don't know' or 'not applicable' answers is that some businesses rarely get advance bookings that far ahead and so it is hard to give a meaningful answer.
- 5.2 The general opinion in the industry is that the lack of bookings is no cause for concern; people are expected to book at the last minute as they did at Easter. There are two main reasons for waiting later to book: the economic climate and the fact that the last two summers have been a wash-out.

"Not looking as busy as for last year, but I think more people may leave it till the last minute, like they did for Easter when the weather picked up"
Serviced, Mid

"People are being cautious"
Caravan park, South East

"We're expecting last minute bookings rather than advance bookings"
Self catering, South West

"People hanging on – waiting later to book"
Serviced, South East

"Slower this year - credit crunch and wet summers"
Self catering, South West

"Slightly down on advance bookings due to people waiting for last minute deals and also the bad summers over the last two years"
Self catering, South West

"People are holding off to see if weather gets better, waiting for prices to come down and better offers"

Self catering, Mid

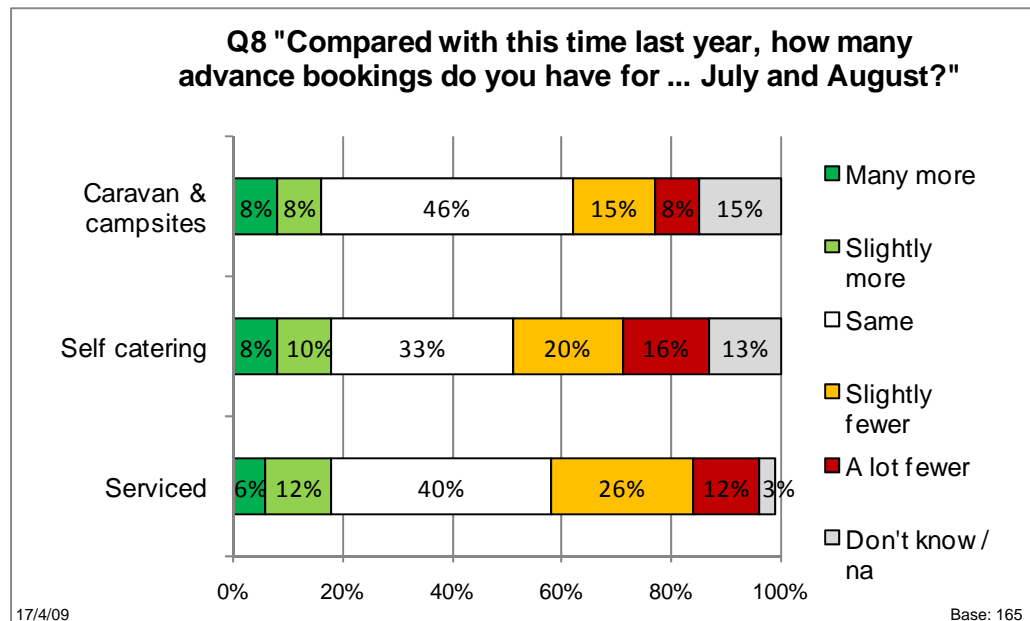
“People holding off to see what finances will be like”
Self catering, Mid

“People aren’t booking ahead this year”
Serviced, South West

“People seem to be leaving it more last minute - older repeat visitors will book ahead, but shorter breaks are becoming more popular with the younger - and they are last minute”
Serviced, South West

“People are holding off advance bookings due to the last two summers being bad”
Serviced, North

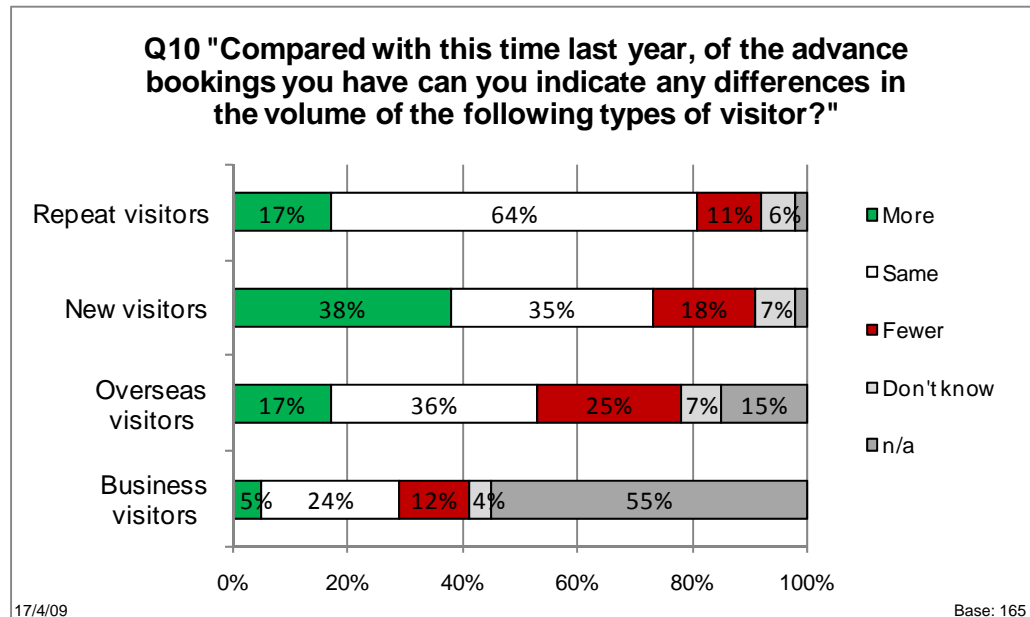
Differences by Sector



5.3 There are no major differences by sector. For simplicity, the above chart just shows the advance bookings by sector for the busiest period, July and August. The figures for the other periods would show a similar picture.

5.4 The general trend towards leaving it later to book is apparent across all the accommodation sectors.

Advance bookings by visitor type



5.5 Bookings from repeat visitors appear stable; this group keeps businesses going during difficult times.

5.6 Bookings from new visitors are up overall. This would appear to contradict the findings in Q8 that advance bookings are generally down. The reason is that Q8 asked about specific periods starting from May half term which is still five weeks away, whereas here bookings in April and early May are taken into account. This is why most operators are not concerned about advance bookings being slightly down later in the year.

5.7 Bookings from overseas visitors are slightly down overall but this is a much better picture than in the March research, when more than half (52%) of operators were saying that bookings from overseas visitors were down this year. Consumers in overseas countries also face similar financial problems to people in the UK but the current weak pound is making the UK more attractive than it normally would be.

"We had lots of foreigners this Easter – especially French, Chinese, Japanese, Korean"
Attraction, South East

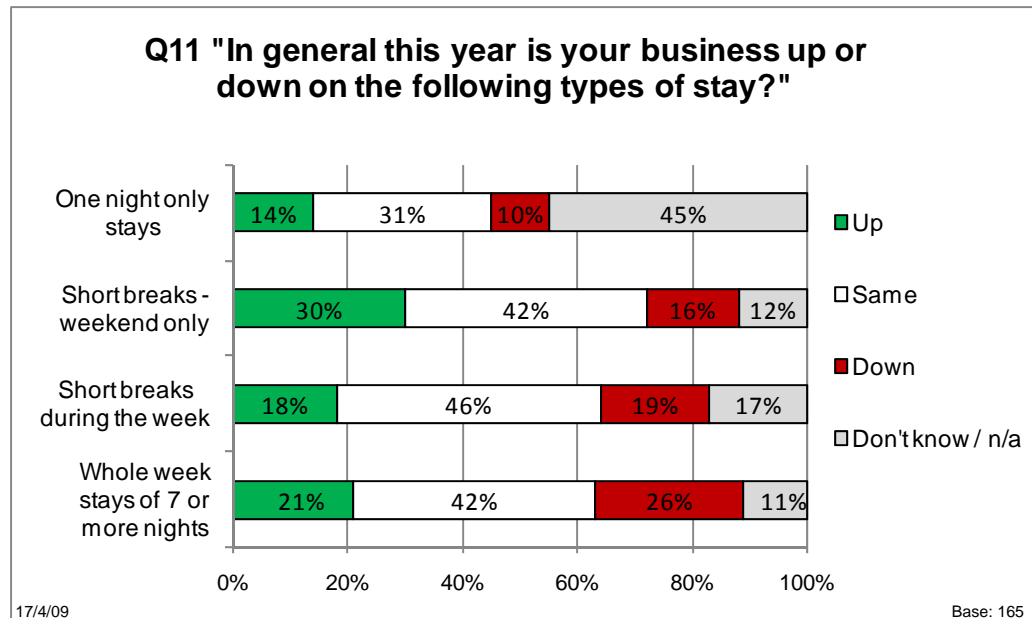
"Down on foreigners – surprising as pound is weak"
Serviced, South East

"Most of our overseas guests used to be Dutch. They've decreased sharply this year, as have Americans. But French, German and Italian are up"
Serviced, South West

5.8 Bookings by business visitors are also slightly down for those operators (mostly in towns) who usually have any.

"Contractors are coming but not staying for as long"
Serviced, South East

6. Types of Stay



6.1 Businesses have been asked for feedback on different types of stay ranging from one nighters to 7+ nights and how the trend is changing this year. Feedback is very mixed and varies largely from one respondent to the next. This highlights the importance of viewing the figures from a large sample as a whole rather than basing judgement on anecdotal evidence from just a few businesses.

6.2 A large proportion of businesses do not accept one night only stays, hence only just over half (55%) have given comment on this type of stay.

"We discourage one night stays by charging a higher rate"
Serviced, Mid

"Don't do one night stays"
Self catering, South East

6.3 Short breaks appear to be on the increase but this opinion is not shared by everyone. Shorter breaks are more likely to be planned last minute than longer ones.

"I think more people are taking short breaks in this country but not using [UK] for their main holiday"
Serviced, Mid

"More short, last minute breaks"
Serviced, Mid

"People are having shorter breaks to save up for that week abroad"
Caravan park, South West

"Shorter stays are way down"
Self catering, South East

“People seem to want shorter breaks”
Serviced, South West

“Shorter breaks are on the increase”
Serviced, North

6.4 Opinion on longer stays is very much divided.

“Very few long stays – people can’t afford them”
Serviced, Mid

“Very surprised that longer stays are up”
Serviced, Mid

“Down on short breaks because 7 nights are up”
Self catering, South West

“It’s too early to compare week breaks properly”
Self catering, South West

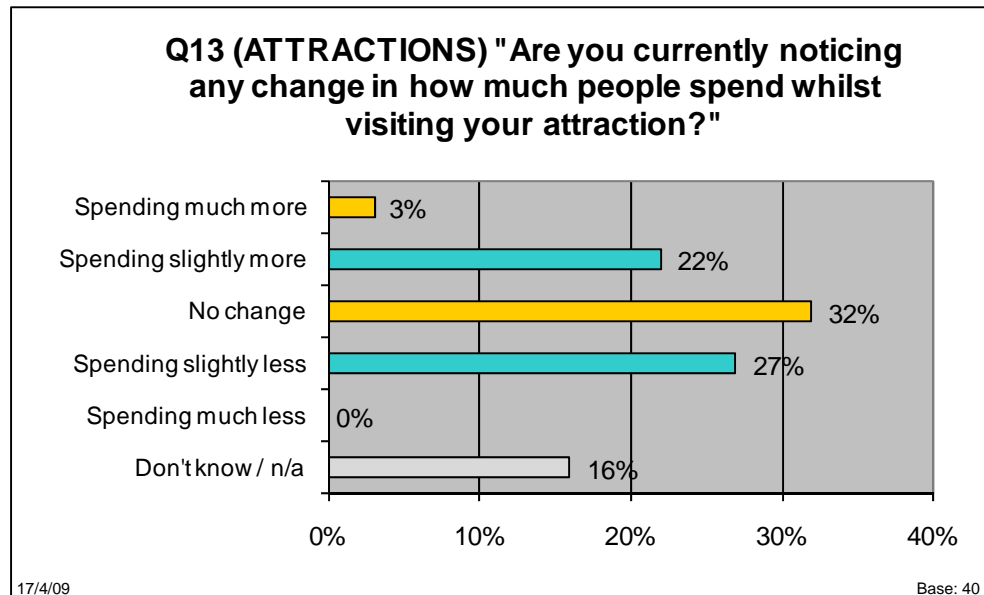
“Longer stays are noticeably up”
Self catering, South East

“Significantly down on 7 night stays”
Serviced, North

“Longer stays definitely up”
Serviced, South West

“Longer stays definitely down”
Serviced, South West

7. Change in Visitor Spending



- 7.1 Attraction operators have been asked whether there is any noticeable change in how much visitors spend whilst in their attraction, as previous surveys have found that visitors are spending less.
- 7.2 This time some (49%) attractions are noticing small changes in visitor spending but only a few (3%) attractions are noticing any significant change.

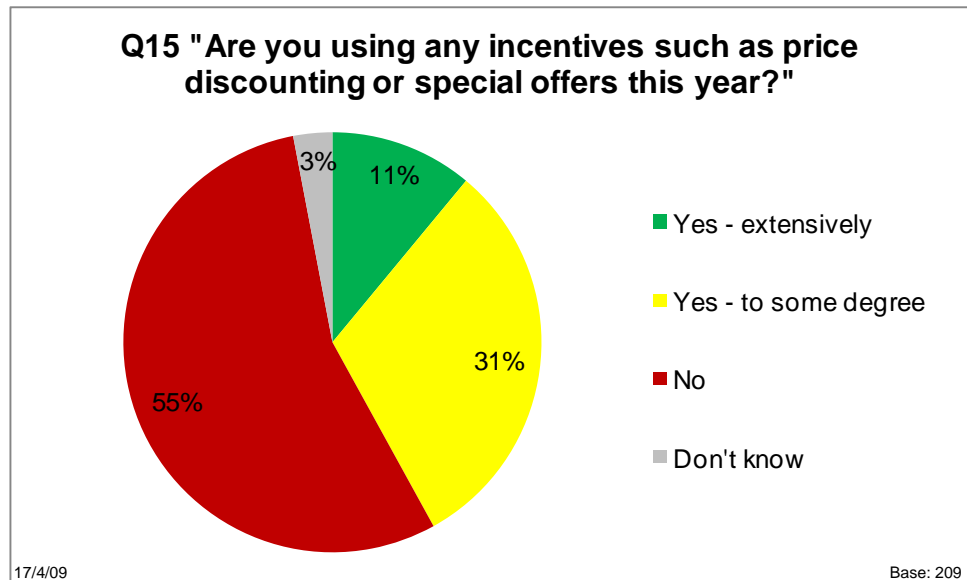
"Expected them to spend less, but doesn't seem to be any change"
Attraction, Mid

"Recession doesn't seem to be affecting spending"
Attraction, Mid

"Expected a dip but hasn't been the case"
Attraction, North

"I get the impression people are spending less but that's based on anecdotal evidence"
Tintern Abbey

8. Price Discounting



8.1 There is much evidence that consumers are shopping around for good deals in the current economic climate. However more than half (55%) of businesses interviewed have no intention of offering discounts this year. Some say this is because they are busy enough not to need to and others say they cannot afford to lower their prices because they are struggling to make enough money as it is.

8.2 Below are some examples of the types of offer ongoing or planned:

"We're mainly discounting on the accommodation side of the business. For some periods we are offering nearly 50% off"

Portmeirion

"3 nights for price of 2, reduced room rates to encourage people to stay in this country"

Serviced, Mid

"Repeat customers get a discount"

Caravan park, North

"10% off stays of 2 nights, 20% off 3 nights - but only during winter"

Serviced, Mid

"Dropped rates from £98 to £58 a night. Offer packages - especially if kids - lower rates. If people ask, will lower further. Anything to get them in really"

Serviced, Mid

"3 nights, 4th night free and offers on bar - £2 a pint"

Self catering, North

"During quiet times we link up with local ferry operator and kids go free. Also 20% discount if use local train service"

Attraction, Mid

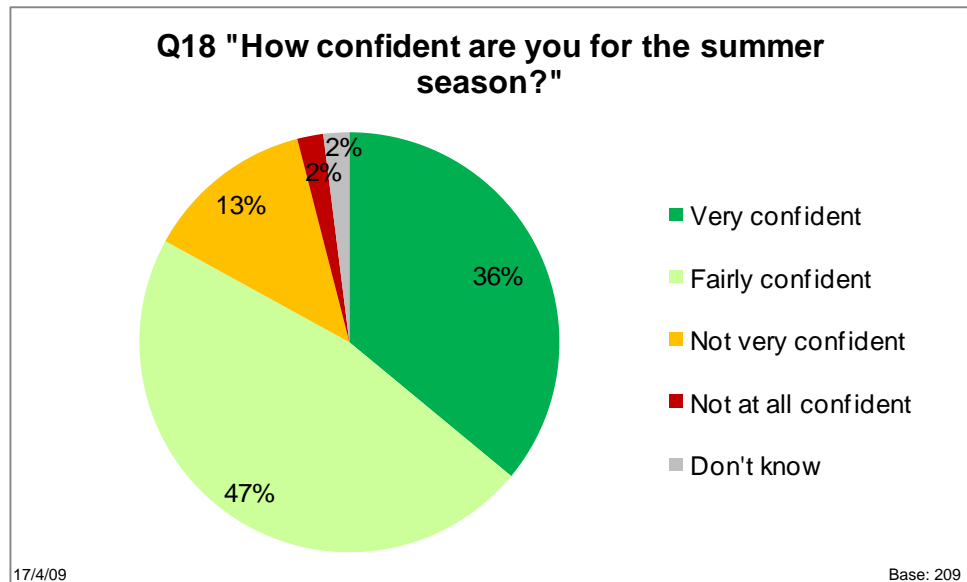
“Negotiate with visitors if it's last minute, or not full occupancy, but no official offers as such”

Self catering, South East

“Offering online discounts, 3 day break deals, lazy weekends incl. lunch, special deals for walkers, lots of tie-in offers”

Serviced, North

9. Confidence for the Summer Season



9.1 Following a successful Easter, confidence is high for the summer.

"Some of my repeat visitors have told me that after the last two terrible summers they can't chance the weather again this year and will have to go abroad. But if the weather is good there will be a last minute stampede"
Serviced, South West

"I'm more confident now for the summer than a few weeks ago"
Caravan park, North