

2007 TOURISM BUSINESS SURVEY

Final Report

*Completed by Strategic Marketing
on behalf of Visit Wales
21 November 2007*



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1. Research Background

Objectives & Timing

1.1 Visit Wales commissioned Strategic Marketing to conduct a 'Tourism Business Survey' in five stages or 'waves' throughout 2007. The aim of the survey was to measure business confidence in the Welsh tourism industry and performance over the major holiday periods.

1.2 The survey has covered the following issues:

- Business confidence
- Guest/visitor trends
- Recruitment & training
- Turnover
- Marketing
- Investment
- Booking trends
- Occupancy levels
- Perceptions of the tourism season
- Visit Wales grading scheme
- Sustainable development

1.3 Each of the five research waves has taken place immediately after a major holiday period and Strategic Marketing has submitted a report on the key findings of each of the waves on the dates below.

Wave	Period	Research commenced	Report submitted
1	Christmas / New Year	8 Jan	16 Jan
2	Easter	10 Apr	13 April
3	May (bank holidays & school half term)	4 June	8 June
4	Summer	28 Aug	31 Aug
5	Autumn (school half term)	5 Nov	9 Nov

- 1.4 The aim of this final report is to comment on overall trends through the year and highlight any significant findings which become apparent from viewing the five waves of the research as a whole.

Methodology & Sample

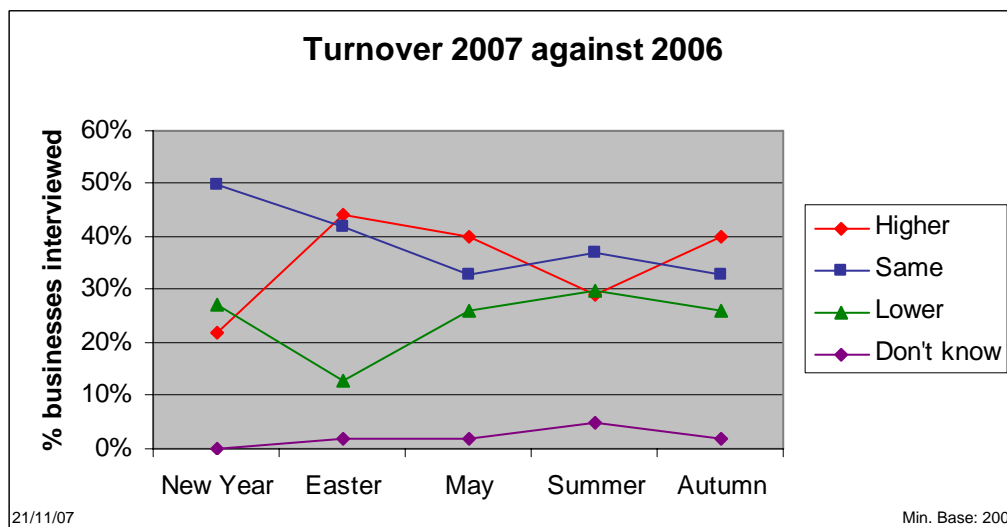
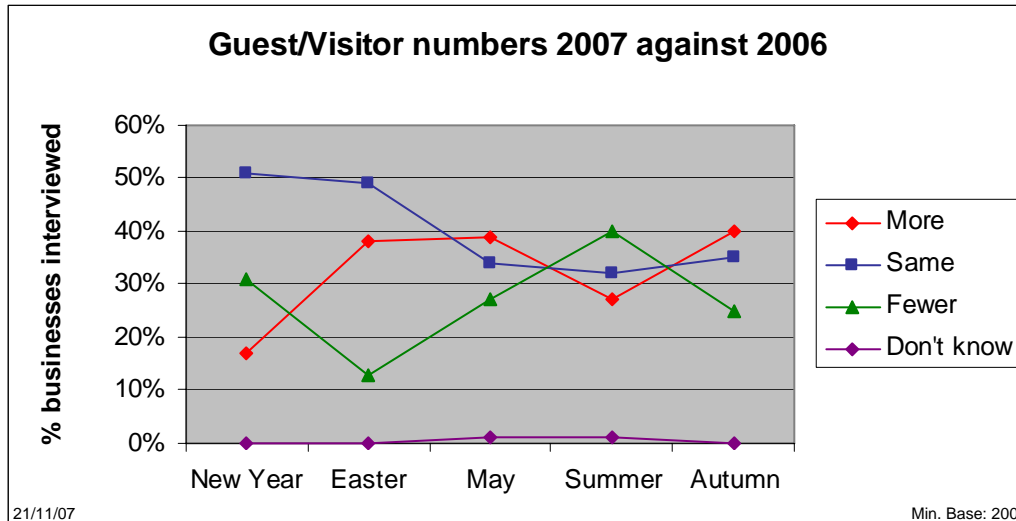
- 1.5 In each wave, a minimum of 200 telephone interviews have been conducted based on the sampling quotas below. The total number of interviews conducted throughout the five waves is 1,060. The sampling quotas ensured that an adequate sample size by regions and sectors has been obtained.

	North Wales	Mid Wales	South West Wales	South East Wales	Total
Attractions	12	10	10	8	40
Serviced	18	15	15	12	60
Self Catering	18	15	15	12	60
Campsites	12	10	10	8	40
Total	60	50	50	40	200

- 1.6 It is important to remember that this research is designed only to be an early indicator of performance in the Welsh tourism industry whilst the more detailed UKTS and IPS figures are usually prepared for release about six months later. The conclusions presented here are a summary of feedback from the trade, whereas the UKTS and IPS figures, when released, should give a more accurate picture.

2. 2007 Overall Findings

Guest/Visitor Numbers and Turnover



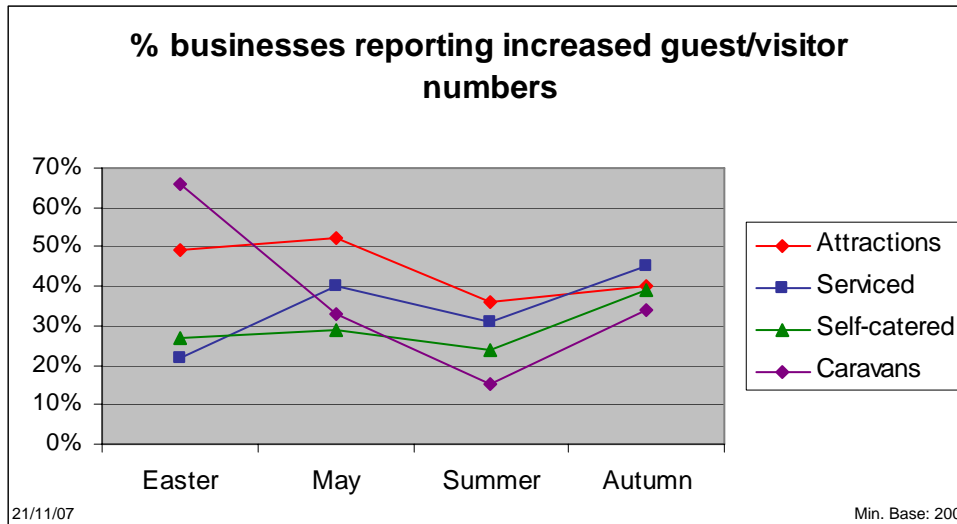
- 2.1 In each wave, businesses have been asked to compare their guest/visitor numbers and turnover with the equivalent period last year. The above charts show the percentage of businesses giving each answer for the five waves.
- 2.2 The tourism industry in Wales has had a mixed year. Following strong performances during Easter and May, the summer was then heavily affected by constant bad weather. However some (27%) businesses still managed to increase their guest/visitor numbers through repeat business in spite of the rain, showing that it is still possible to be successful when the weather is unfavourable.

“Fortunately we have a very good reputation so we don’t tend to suffer much”
Serviced, Mid, summer wave

- 2.3 It is also worth noting that the previous two summers (2006 & 2005) had been particularly strong, so it was quite an achievement for some businesses to increase their numbers on the back of that.
- 2.4 The industry recovered in the autumn, when two in five (40%) businesses increased their guest/visitor numbers. Some say this came as a result of a poor summer.

“Carry over from poor summer. People were taking holidays later”
Caravan park, South East, autumn wave

3. Sector Overview



- 3.1 The above chart shows how the four industry sectors have performed in terms of guest/visitor numbers in comparison to the equivalent 2006 period. The New Year period is not included because fewer operators were open and so this reduced the sample size, making comparisons between sectors unreliable.

Attractions

- 3.2 Attractions have had a consistently good year. Following strong performances in Easter and May, this sector was the least affected by the bad summer weather. Indoor attractions benefited from tourists flocking inside to escape the rain.

"Wet weather has been good for us. People come inside"
Attraction, South West, summer wave

"We are considerably up on last summer"
Cardiff Bay Visitor Centre, summer wave

- 3.3 The big attractions have performed strongly during the key times of the year.

"It was bedlam! Normally we have 70 to 80 kids for the Easter treasure trail. This year we had 360!"

Nic Sheerin, Visitor Services Officer, Wepre Country Park, Easter wave

"Our turnover was 14% up on last Easter"
Kevin Burt, Manager, Cardiff Castle, Easter wave

"We have had a fabulous May!"
Cardiff Bay Visitor Centre, May wave

Serviced

- 3.4 The serviced sector had a disappointing Easter but has then performed reasonably well for the remainder of the year. In the autumn nearly half (45%) managed to increase their guest numbers.

Self-catering

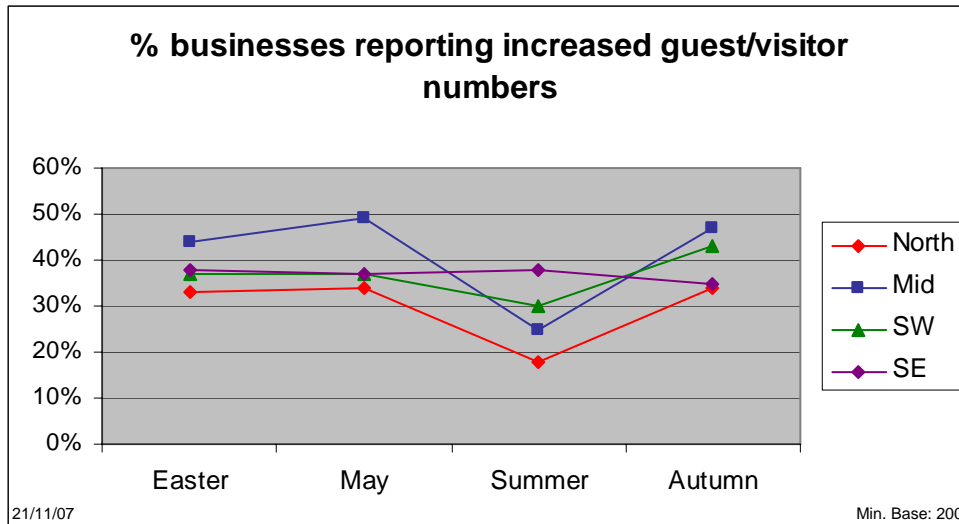
- 3.5 In 2005 and 2006 the self-catering sector didn't enjoy the success that the other sectors had. This year it has again not performed as well as the other sectors. Operators in this sector generally don't know why this is.

Caravan & campsites

- 3.6 Caravan & campsites showed this year that they are the most weather dependent sector. Excellent weather over the Easter weekend led to a large proportion (63%) of operators increasing their guest numbers.
- 3.7 Then in the summer, their fortunes were reversed.

"The field got flooded"
Campsite, Mid, summer wave

4. Regional Overview



- 4.1 The above chart shows how the four geographical regions have performed in terms of guest/visitor numbers in comparison to the equivalent 2006 period. The New Year period is not included because fewer operators were open and so this reduced the sample size, making comparisons between sectors unreliable.

South East

- 4.2 The south east (SE) has had a very consistent year, with the proportion of businesses increasing their numbers each period always falling between 35% and 38%. It was the only region to perform well during the summer. It is possible that events in and around Cardiff keep tourism at a consistent level all year round.

“Millennium Stadium games are very beneficial to us!”
Self-catered, South East, summer wave

Mid

- 4.3 Mid Wales has had some good periods, most notably May, when half (49%) of businesses increased their guest/visitor numbers. The region has also finished the year strongly, with nearly half (47%) its businesses increasing their numbers for the autumn.

North

- 4.4 Last year the north had a difficult year and this year it has been the weakest region in every period. Operators in the region generally don't know why this is.

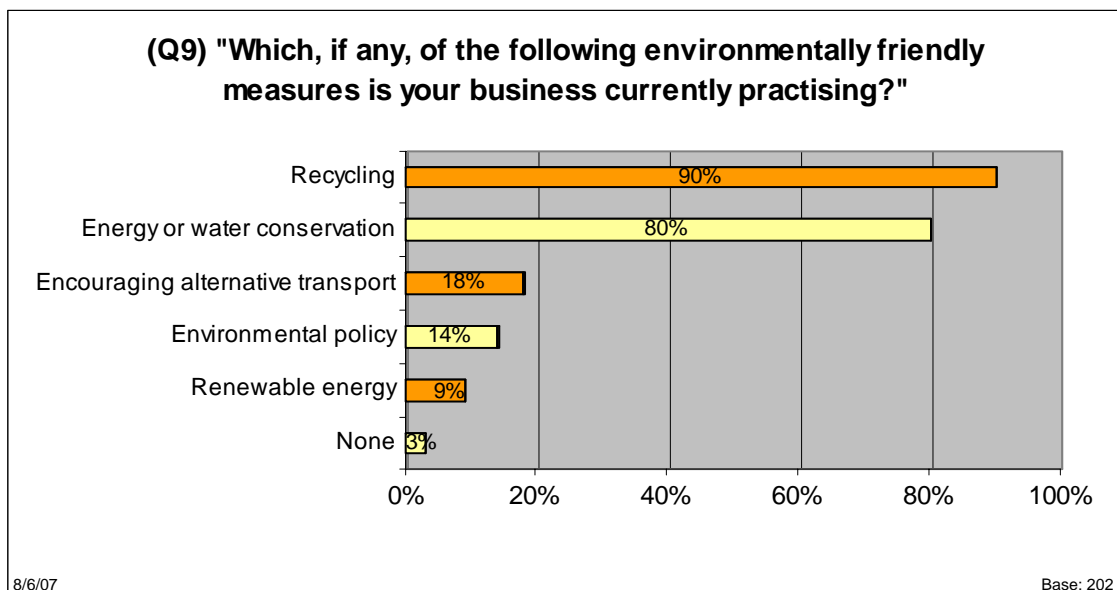
“We are down 50%”
Attraction, North, summer wave

5. Sustainable Development

- 5.1 “Sustainable development is the internationally adopted principle that social, economic and environmental issues should be considered at the same time when plans are being drawn up and decisions being taken for the future.”
[Welsh Assembly Government]
- 5.2 This year’s research investigated business owners’ attitudes towards these three areas of sustainable development.

Environmentally Friendly Measures (May wave)

- 5.3 When asked how important it is to operate in an environmentally friendly manner, three in five (59%) businesses considered it to be ‘very important’ and a further third (32%) considered it ‘important’. There was however quite a strong bias towards the positive as many respondents felt they should tell Visit Wales what they wanted to hear.
- 5.4 The chart below shows that business’ expression of commitment to the environment is mostly not backed up by environmental policy.



- 5.5 Recycling and energy/water conservation are fairly standard practice now in the industry but only a minority (14%) have an environmental policy.
- 5.6 The major barrier to not doing more towards the environment is cost.

“It is not very economically friendly to be environmentally friendly”
Serviced, North, May wave

“I don’t think that the alternatives are effective enough at the moment to warrant the huge initial outlay of cost”
Attraction, North, May wave

5.7 Some businesses have been frustrated by not having more co-operation from their local council.

“For four years we have been asking the council for recycling bins but we still haven’t had them. The are absolutely useless”

Serviced, North, May wave

“The council is way behind the times. We have been asking them for over a year for bins to recycle plastics and paper but they say they haven’t got round to it yet!”

Caravan park, North, May wave

Relationships with the Local Community (Summer wave)

5.8 Business owners’ focus is very much on their customers, and so their connection with the local community centres on how that relationship can benefit the customer. Most businesses keep in touch with what is happening locally and then make their customers aware of it.

“When there are festivals we encourage guests to check it out”

Serviced, South east, summer wave

“We’re not Welsh but we like to make people aware of the local language / traditions”

Serviced, North, summer wave

5.9 However, the owners and the staff themselves tend not to engage frequently with the community when it doesn’t involve their customers.

Considerations of Investment Decisions (Autumn wave)

(Q14) (IF INVESTING) “How important are each of the following when making an investment decision?”				
	Extremely important	Fairly important	Not very important	Not at all important
Environmental issues	45%	44%	8%	3%
Effect on the local community	42%	36%	15%	6%
Economic issues (such as cost, future business gain)	64%	32%	4%	0%

9/11/07

Base: 133

5.10 Economic issues are as expected the most important area to businesses when making investment decisions, but the environment is also a relatively high consideration. Attitude towards effect on the local community is more mixed.

"We are focusing more on what our local community wants and how we can work with them. We are now working closely with tourism students from Glamorgan University who help us plan and staff events"

Caerphilly Castle, autumn wave

"We are opening a new green, sustainable café in time for Christmas. It will use as much recycled material as possible and local and organic produce. This is driven by the sustainability policy we have adopted"

Vanessa Cooke, Countryside Officer, Loggerheads Country Park, autumn wave

6. Perceptions of the Tourism Season and Confidence

Perceptions of the Tourism Season

- 6.1 One of Visit Wales' objectives is to encourage tourism operators to regard the tourism season as being all year round. In wave 1 (New Year) we researched businesses' attitudes towards the tourism 'season'.

(Q13) "Which one of the following statements best describes how you view the tourism season?"	
(A) The tourism season is all year round	25%
(B) The tourism season starts properly in spring and finishes in autumn	61%
(C) The tourism season is mostly only in the summer	13%
Don't know	1%

11/1/07

Base: 219

- 6.2 The majority (61%) see the tourism season as running from spring to autumn. This doesn't mean that they don't stay open in the winter; rather they don't expect to receive any significant custom outside of the warmer and lighter half of the year.
- 6.3 When asked what might encourage them to stay open in the winter, the most common answer was that tourists don't come in the winter because the weather is bad.

"I would open if there were enough people to justify being open"
Caravan Park, North, New Year wave

"We would need guaranteed visitors. We have tried opening in the past and it didn't work"
Attraction, North, New Year wave

- 6.4 Many accommodation operators complain that they can't attract business in the winter because attractions close and so there is little for tourists to do.

"It would be better for business if the whole area didn't shut down so fast when school starts again. It's ridiculous! The general attitude is to shut down and hibernate as soon as possible"
Serviced, Mid, New Year wave

"We would need winter weather facilities and winter activities in the area"
Serviced, North, New Year wave

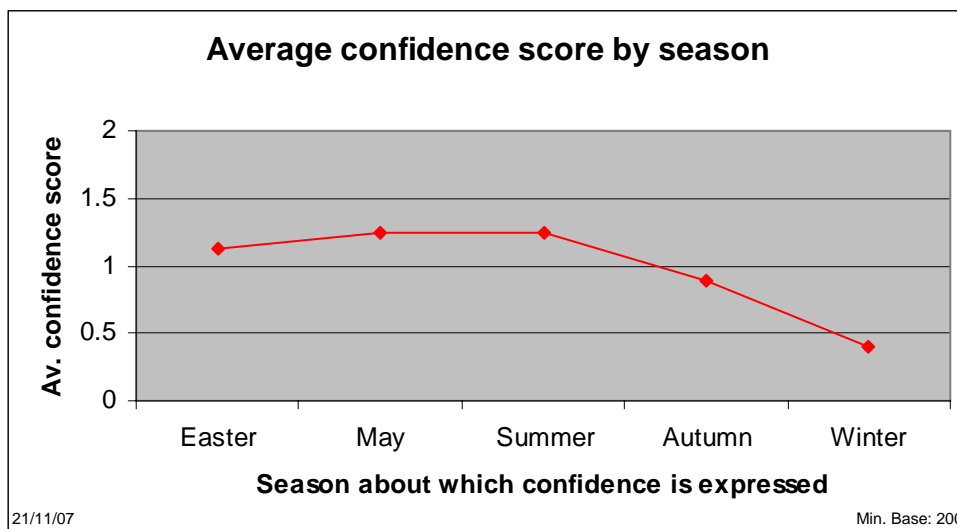
- 6.5 There are however a few indications that in spite of so many businesses closing in the winter, attitudes are slowly changing.

"It is definitely changing. Advertising by both Visit Wales and individual operators is gradually extending the season"
Attraction, South West, New Year wave

"We are changing to an all year round season next year"
Attraction, South East, New Year wave

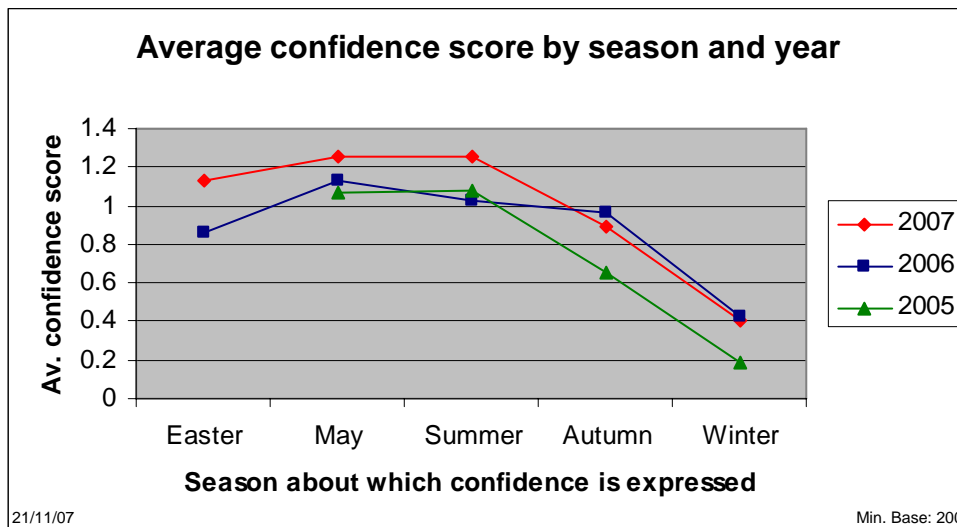
Confidence

6.6 Confidence is linked with businesses' attitudes towards the tourism season. Traditionally confidence is highest when the warmer and lighter times of year lie ahead, and it quickly diminishes when the warmth and the light start fading, as shown in the chart below.



6.7 The 'average confidence score' has been calculated according to the table below:

Respondent's answer to confidence about the coming season	Confidence score
Very confident	+2
Fairly confident	+1
Don't know or neither/nor	0
Not very confident	-1
Not at all confident	-2



- 6.8 On the above chart there is no data available for Easter 2005.
- 6.9 Confidence for the autumn and winter was much higher in 2007 and 2006 than in the corresponding periods in 2005, showing that more businesses are extending their season.
- 6.10 The challenge for Visit Wales is to continue this trend.