

2006 TOURISM BUSINESS SURVEY

Final Report

*Completed by Strategic Marketing
on behalf of Visit Wales
2 December 2006*



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1. Research Background

Objectives & Timing

1.1 Wales Tourist Board – now Visit Wales - commissioned Strategic Marketing to conduct a 'Tourism Business Survey' in five stages or 'waves' throughout 2006. 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
- Customer satisfaction & repeat business
- Marketing
- Investment
- Booking trends
- Occupancy levels
- Attitudes towards operating a tourism business
- Visit Wales inspection service
- External factors affecting tourism in Wales

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	9 Jan	13 Jan
2	Easter	18 Apr	21 April
3	May (bank holidays & school half term)	5 June	9 June
4	Summer	29 Aug	4 Sep
5	Autumn (school half term)	6 Nov	10 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

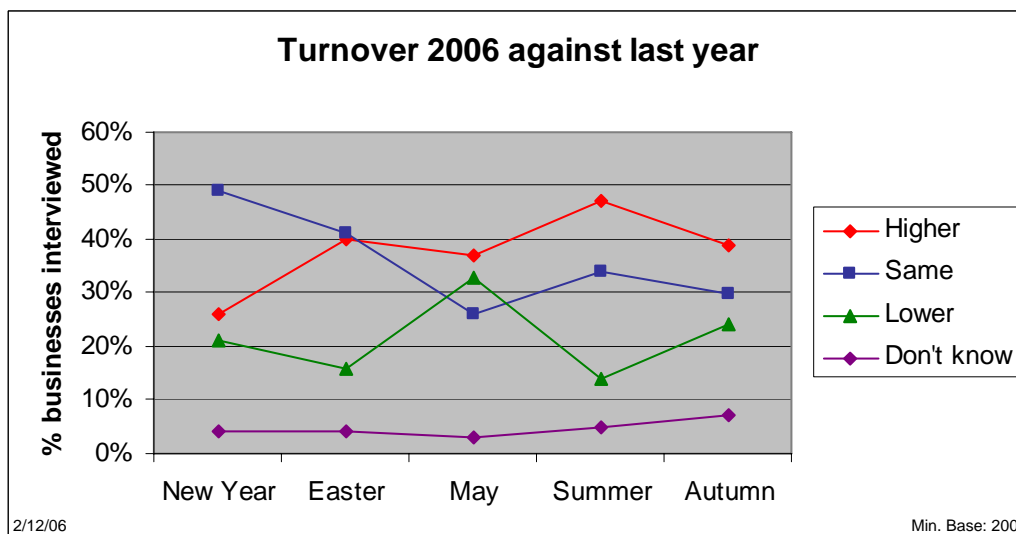
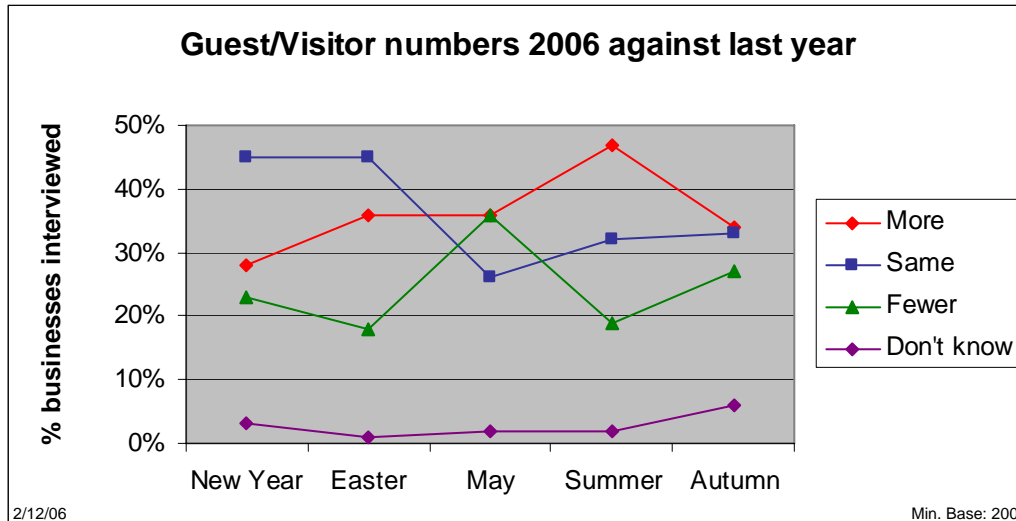
- 1.5 In each wave, a minimum of 200 telephone interviews have been conducted based on the sampling quotas below. The total number of interviews conducted throughout the five waves is 1,063. The sampling quotas ensured that an adequate sample size by regions and sectors has been obtained.

	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 being prepared for release in summer 2007. 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. 2006 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 Tourism in Wales has had a successful year. The summer period was excellent, with just under half (47%) of businesses reporting an increase in guest/visitor numbers from summer 2005 - which itself had been much more successful than summer 2004.
- 2.3 Of the five waves, 'summer' has the longest time span and is also the busiest time of year, so a very successful summer in this research would indicate that the total figures for 2006 (undertaken in other Visit Wales surveys) are good.

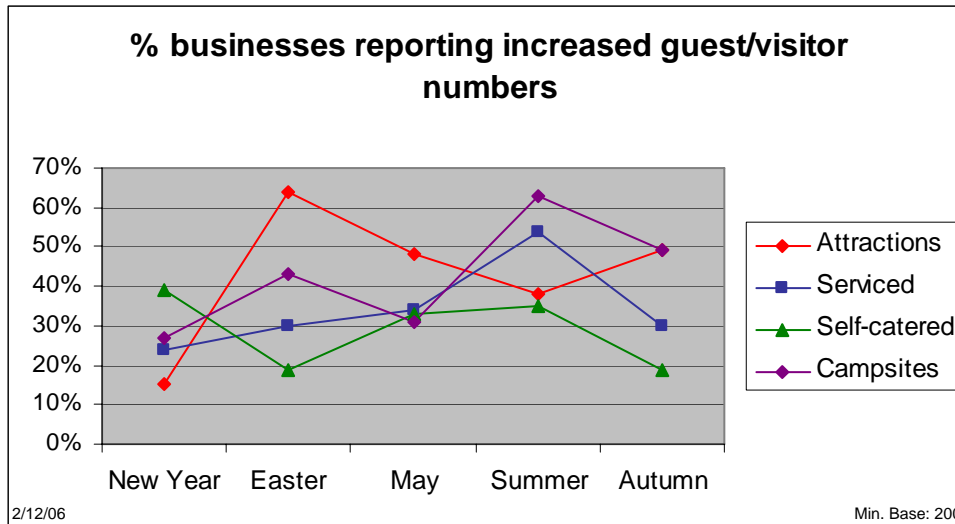
- 2.4 The Easter period was also successful, with more than one third (36%) reporting an increase in guest/visitor numbers compared to only a minority (18%) who experienced a decrease. The general consensus is that a good Easter came as a result of it falling on a later date.

“Very good compared to last year but mainly because Easter was nearly a month later, so weather was warmer”

Jacquie Knowles, Project Manager, Attractions of Snowdonia, Wave 2

- 2.5 May was the only indifferent period and this was largely as a result of the heavy rain that month. It showed that even the best run tourism businesses are vulnerable to bad weather.

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 2005 period.

Caravan & Campsites

3.2 The caravan & campsite sector has had a strong year. The highlight was the summer, when nearly two thirds (63%) of businesses achieved an increase on summer 2005 – which itself had been highly successful compared to 2004.

Self-catering

3.3 Self catering has had another tough year and has been the weakest sector in three waves out of five. Last year it was also the weakest sector by some margin. It appears that tourists are favouring other means of accommodation, giving self-catering operators the impression that tourism as a whole is down.

“I’m concerned about Welsh tourism as a whole. People I speak to in the business all have falling guest numbers”
Self-catered, Mid, Wave 1

“Everyone seems to be having a terrible year”
Self-catered, South West, Wave 5

3.4 There does however appear to be good demand for self catering over Christmas & New Year, as self catering has done very well in this period both in 2006 and 2005.

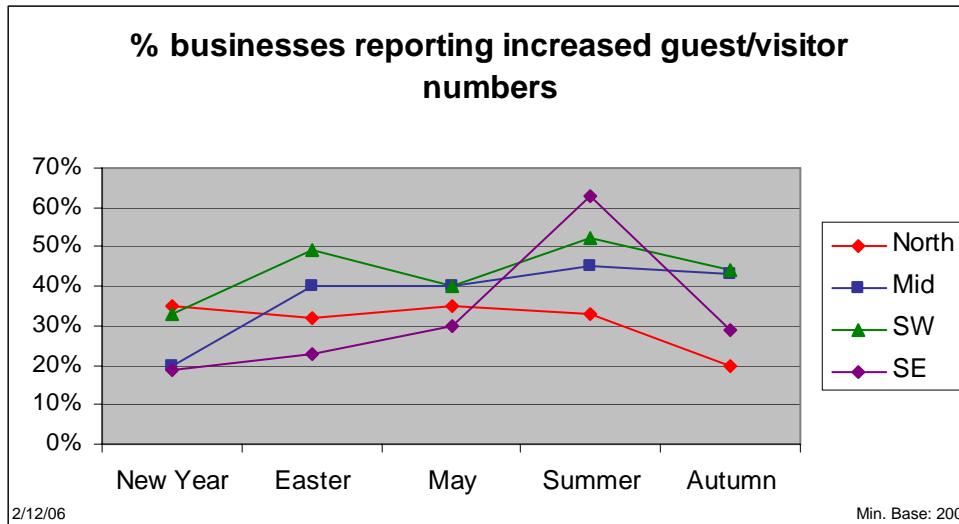
Attractions

- 3.5 Attractions have had quite a changeable year. Following an excellent Easter, when almost two thirds (64%) of businesses were up, and a solid May, when the rest of the industry was indifferent, attractions then didn't have a great summer. One of the main reasons could be that the good summer weather fell mostly outside of the school holiday.

"Bad August weather – worst August visitor numbers for many years"
Attraction, South East, Wave 4

"We were up 1,000 visitors in July because of the hot weather but then down 6,500 in the first three weeks of August"
Glyn Jones, Finance Director, Portmeirion, Wave 4

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 2005 period.

South West

- 4.2 The south west (SW) has had a very consistent year and has been in the top two performing regions in every period.

"We've had the best autumn ever"
Self-catered, South West, Wave 5

South East

- 4.3 The south east (SE) has had a strange year. After being the weakest region for the first three periods, the south east then had an excellent summer, with nearly two thirds (63%) of businesses achieving an increase in guest/visitor numbers. This success didn't then continue into the autumn.
- 4.4 It is possible that the region has become over-reliant on activity in Cardiff to bring in business.

"There have been fewer matches"
Serviced, South East, Wave 5

"Millennium Stadium brings a lot of people to the area"
Campsite, South East, Wave 4

Mid

- 4.5 Mid Wales has had an encouraging revival this year. Last year the region was falling behind the other regions but this year Mid Wales has done well. The proportion of businesses increasing guest/visitor numbers for the period has topped 40% in four periods out of five. Perhaps some more media attention has helped.

“Several film crews came to include us in programmes about attractions in Mid Wales”

Attraction, Mid, Wave 5

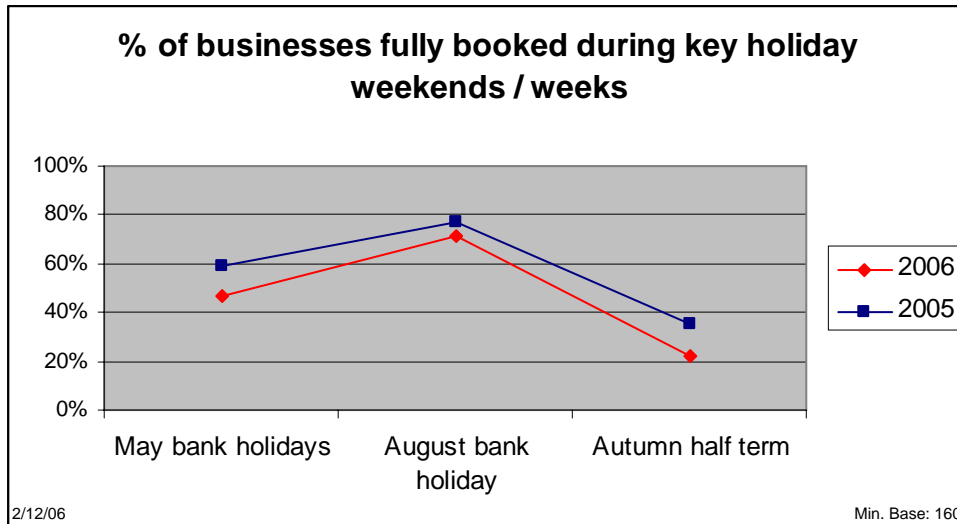
North

- 4.6 The north has had the most difficult year of any region. It is generally not known why this is.

“I’m hoping you can tell me why there are no tourists coming to me”

Self-catered, North, Wave 4

5. Occupancy Levels



5.1 The Business Tourism Survey asks accommodation businesses for their approximate occupancy level during bank holiday weekends and autumn half term. Where the data is available for 2005, the above chart shows a year on year comparison of the percentage of businesses that were fully booked.

5.2 The chart shows that for all three 'snapshot' periods, more businesses were fully booked in 2005 than in 2006, even though overall figures from the same respondents for the broader periods show that 2006 was a busier year. This can be interpreted in different ways.

5.3 The May bank holidays show a difference of 12 percentage points between the two years. The first bank holiday weekend was affected by falling just two weeks after Easter.

"The first bank holiday weekend came too soon after Easter"
Attraction, North, Wave 3

5.4 Also, both May bank holiday weekends were hit by unpredictable weather in 2006 and the industry was spared a bad period because the sun came out for the school half term week.

"The stunning weather in the past week has made up for a difficult start to the month"

Ken Latham, Manager, Padarn Country Park, Wave 3

5.5 The 13 percentage point difference in autumn half term occupancy may be explained by the fact that this year the Welsh and English school half terms didn't fall in the same week.

"The staggering of the half term weeks has had quite a positive effect on tourism. It is generally better for the busy spell to be spread out than to come all in one week"
Jacque Knowles, Project Manager, Attractions of Snowdonia, Wave 5

- 5.6 It is possible that we are seeing a trend of holiday makers trying to avoid going away on busy bank holiday weekends and the 2007 research could investigate this further.

6. External Factors Affecting Tourism in Wales

- 6.1 A major news topic in the summer was the chaos at British airports surrounding the heightened security measures and the threat of terrorism. When asked in Wave 4 whether this would have a significant impact on tourism in Wales, more than half (52%) of businesses interviewed replied that they expected more British holidaymakers to come to Wales instead of flying abroad.

“More people will holiday in Britain so that they won’t have to face airport stress”

Self-catered, South East, Wave 4

- 6.2 If the industry is going to be affected as much as Welsh businesses were expecting then the impact would be huge. Therefore we followed up the topic in Wave 5. The general view was that the industry, at least at that time, had not been affected significantly. However a number of comments have been made that the effect will not be known until next year.

“It’s too soon now. It will be more apparent next year”

Self-catered, Mid, Wave 5

“People had already booked to come so they came. Maybe it will put people off next year though”

Self-catered, South East, Wave 5

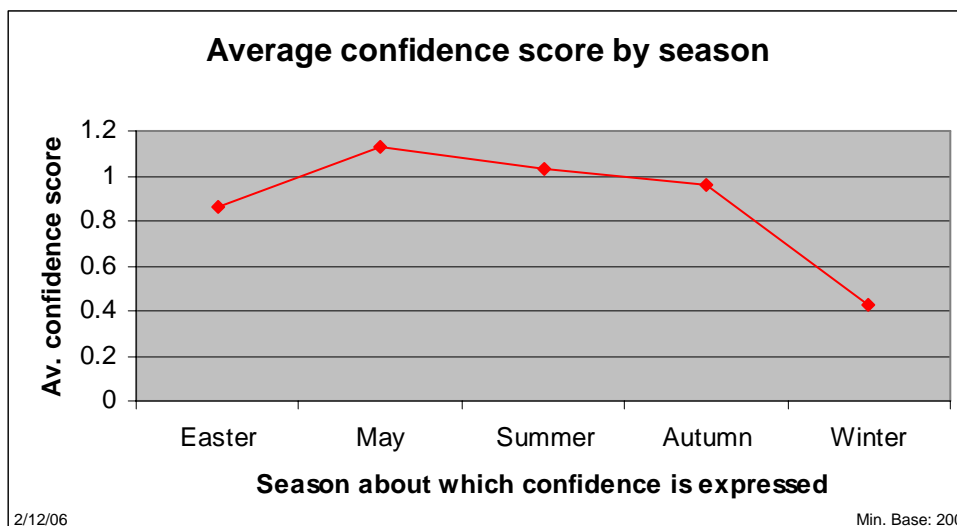
“We have had a massive amount of bookings for next year. First time that has happened”

Caravan Park, North, Wave 5

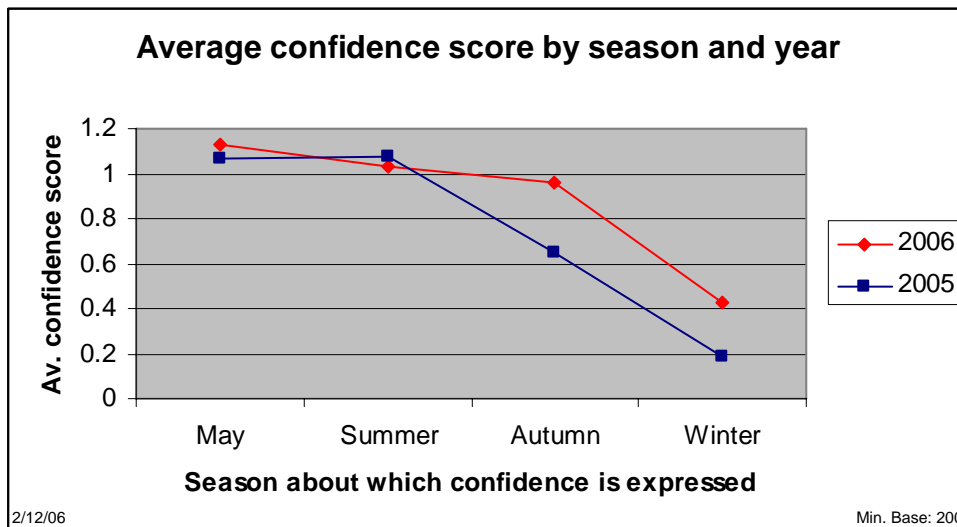
7. Confidence

- 7.1 In each wave, businesses have been asked how confident they are about the following season. An average confidence 'score' has been calculated according to the table below:

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



- 7.2 Confidence is seasonal, as highlighted in the above chart by the large drop in confidence for the winter season (asked only to those who will be open for business). However, there is evidence that Visit Wales' efforts to encourage tourism operators to extend their season to all year round are yielding results, seen in the chart below:



7.3 Confidence for autumn 2006 and winter 2006 was much higher than for the corresponding periods in 2005, showing that more businesses are extending their season, which traditionally for many hasn't reached far beyond the summer. Perceptions of the tourism season will be an interesting topic to research in 2007.