



STRATEGIC MARKETING

REPORT

Visit Wales
Business Wave Survey 2011

Wave 1 – Christmas & New Year



Visit Wales
Croeso Cymru

Strategic Marketing
5-7 Museum Place
Cardiff, Wales
CF10 3BD

Tel: ++44 (0)29 2030 3100

Fax: ++44 (0)29 2023 6556

www.strategic-marketing.co.uk

Contents	Page
1. Headline Findings	3
2. Research Background.....	5
3. Christmas and New Year	7
4. Advance Bookings	9
5. Investment for 2011	10
6. Awareness of TISS	15
7. Challenges in 2011	17
8. Confidence.....	20

1. Headline Findings

Visitor Numbers

- 1.1 Any prospect of the Welsh tourism industry enjoying a good Christmas & New Year period got buried under the December snow. A smaller than usual percentage (49%) of businesses were open during the period. Of the accommodation providers which were open, a minority (18%) report an increase in visitor numbers but nearly half (45%) report a decrease.
- 1.2 Attractions have not fared well either, with a minority (11%) of those open increasing their visitor numbers but half (51%) reporting a decrease.
- 1.3 The heavy and prolonged snowfall in December caused mass cancellations and blighted what could otherwise have been quite a good period.

Advance Bookings

- 1.4 Advance bookings are down on balance. Just under one in five (18%) accommodation operators say their advance booking levels for 2011 are 'better than normal' for this time of year, and over two in five (43%) say their bookings are the 'same as normal'. However, over a third (37%) say their bookings are 'not as good as normal'.

Investment

- 1.5 Operators are more wary of investing in their business than they were this time last year. Two in five (39%) say they are wary about making investments at this time, compared to one in five (20%) saying that a year ago.

Awareness of TISS

- 1.6 Just over one in five (22%) operators say they are aware of TISS, the tourism investment support scheme for capital investments operated by Visit Wales. Awareness is highest (32%) in the south east.
- 1.7 Of those aware, some (14%) say they 'definitely' intend to make an enquiry and one in three (32%) say they might do so if the need arises.

Challenges in 2011

- 1.8 The challenge for many operators this year is to survive. Maintaining the same number of visitors as last year would be seen as an achievement.

Confidence

- 1.9 In spite of a difficult period and advance bookings being down, confidence for the spring and Easter period is reasonably high. About one in five (19%) operators say they are 'very confident' and over half (54%) say they are 'fairly confident'. This is similar to this time last year.

2. Research Background

Objectives

- 2.1 This survey is the first of five 'waves' in the 2011 'Business Wave Survey', which aims to measure business performance and confidence in the Welsh tourism industry over the main holiday periods. This first wave focuses on the Christmas & New Year period.
- 2.2 The main objectives of this first wave are to measure:
- Business performance during the Christmas & New Year period
 - Perceived reasons for relative success or failure this period
 - Advance bookings
 - Investment for 2011
 - Awareness of TISS
 - Challenges in 2011
 - Confidence for the spring & Easter season

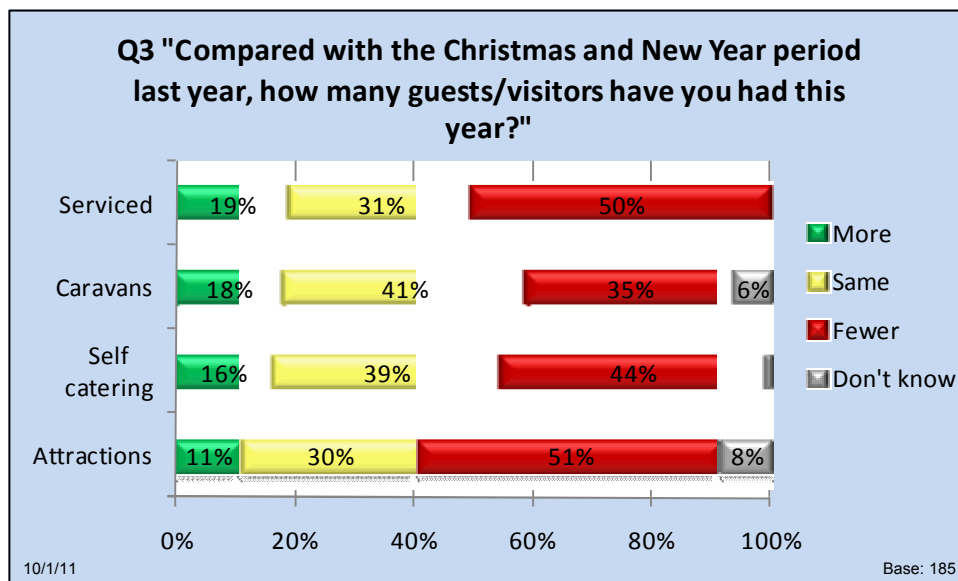
Methodology & Sampling

- 2.3 Strategic Marketing and Visit Wales worked together to design a questionnaire for telephone interviewing. A copy of the marked-up questionnaire is included as an appendix.
- 2.4 Visit Wales provided Strategic Marketing with a database of all graded accommodation businesses in Wales and all known visitor attractions. A sample structure was designed to be representative of the tourism industry in Wales by sector and region.
- 2.5 A total of 401 interviews have been completed by telephone with business owners or managers between 5th and 11th January. The table below shows the number of interviews by region and sector:

Sector / Region	North Wales	Mid Wales	South West Wales	South East Wales	Total
Attractions	25	10	20	25	80
Serviced	40	26	24	31	121
Self catering	40	25	35	20	120
Caravan & campsites	35	20	20	5	80
Total	140	81	99	81	401

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 – 185 respondents in total (lower than the 232 in the equivalent survey last year).



- 3.2 Any prospect of the Welsh tourism industry enjoying a good Christmas & New Year period got buried under the December snow. A smaller than usual percentage (49%) of businesses were open during the period. Of the accommodation providers which were open, a minority (18%) report an increase in visitor numbers but nearly half (45%) report a decrease.
- 3.3 Attractions have not fared well either, with a minority (11%) of those open increasing their visitor numbers but half (51%) reporting a decrease.

Cancellations across the country

- 3.4 The heavy and prolonged snowfall in December caused mass cancellations and blighted what could otherwise have been quite a good period.

"The weather killed us"
Attraction, South East

"We had a lot of bookings cancelled because of the weather. Lots of school trips and local people's birthday parties were cancelled"
Attraction, South East

"We were fine until the second week of December and then the snow decimated us"

Attraction, North

"We had lots of bookings, but they were cancelled due to the snow"

Serviced, South East

"We had massive leaks due to burst pipes which has affected business quite badly"

Serviced, South West

"Everyone had to cancel because of the weather"

Self catering, North

"We stayed open because we had no problems but I think people found it hard to get to us. Christmas and New Year were great. New Year's Eve especially was very busy"

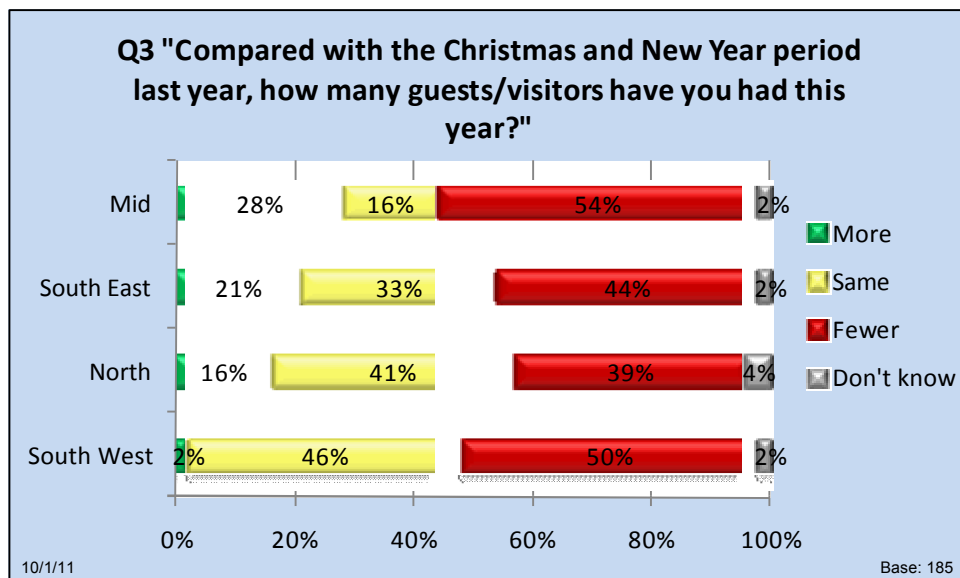
Portmeirion

"We lost a few days trading in the week before Christmas due to the snow. It was not a nice weekend to lose but the city centre was virtually impassable.

Overall though, the month of December was very positive. We were up in visitor numbers in general with Santa's Grotto and our Victorian Christmas tours proving a big hit"

Cardiff Castle

Differences by region

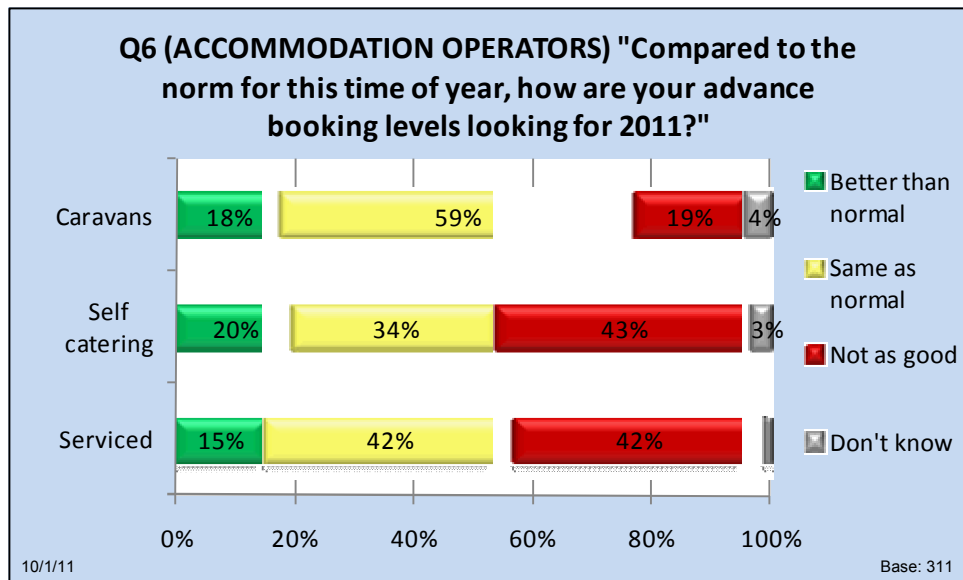


3.5 South West Wales has endured the most difficult period of the four regions.

"The weather completely knocked out our business over Christmas"

Serviced, South West

4. Advance Bookings



4.1 Advance bookings are down on balance. Just under one in five (18%) accommodation operators say their advance booking levels for 2011 are 'better than normal' for this time of year, and over two in five (43%) say their bookings are the 'same as normal'. However, over a third (37%) say their bookings are 'not as good as normal'.

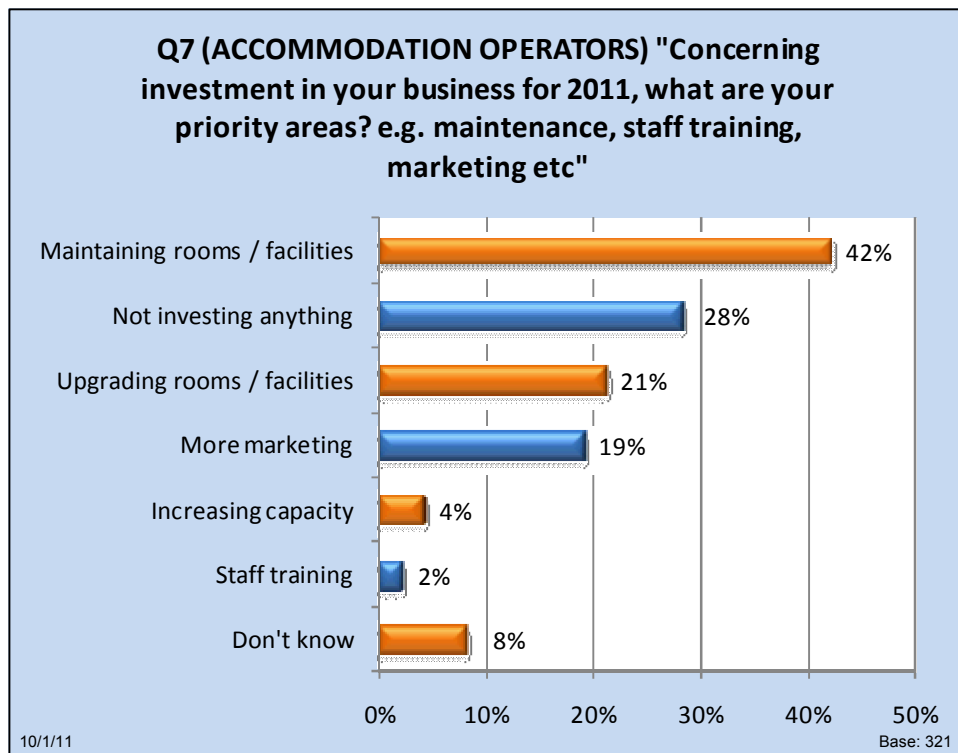
4.2 The outlook is most ominous in the self catering and serviced sectors.

"If people aren't spending money, then things aren't really looking good"
Self catering, Mid

5. Investment for 2011

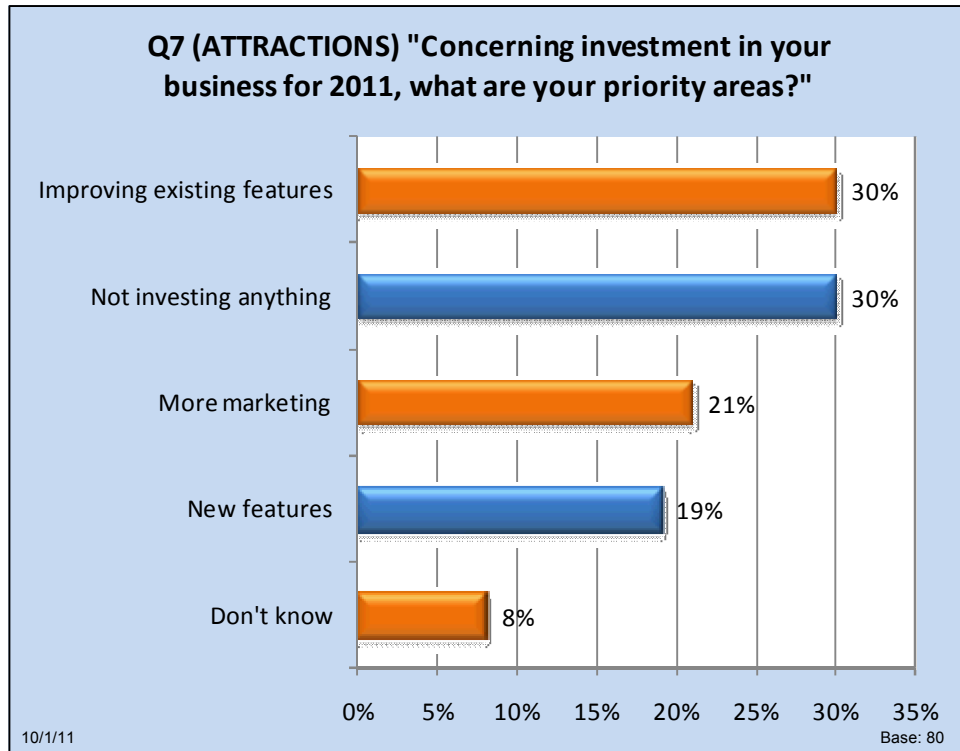
- 5.1 All operators have been asked about their priority areas for investment this year. The first chart (below) shows the answers for accommodation providers.

Accommodation operators



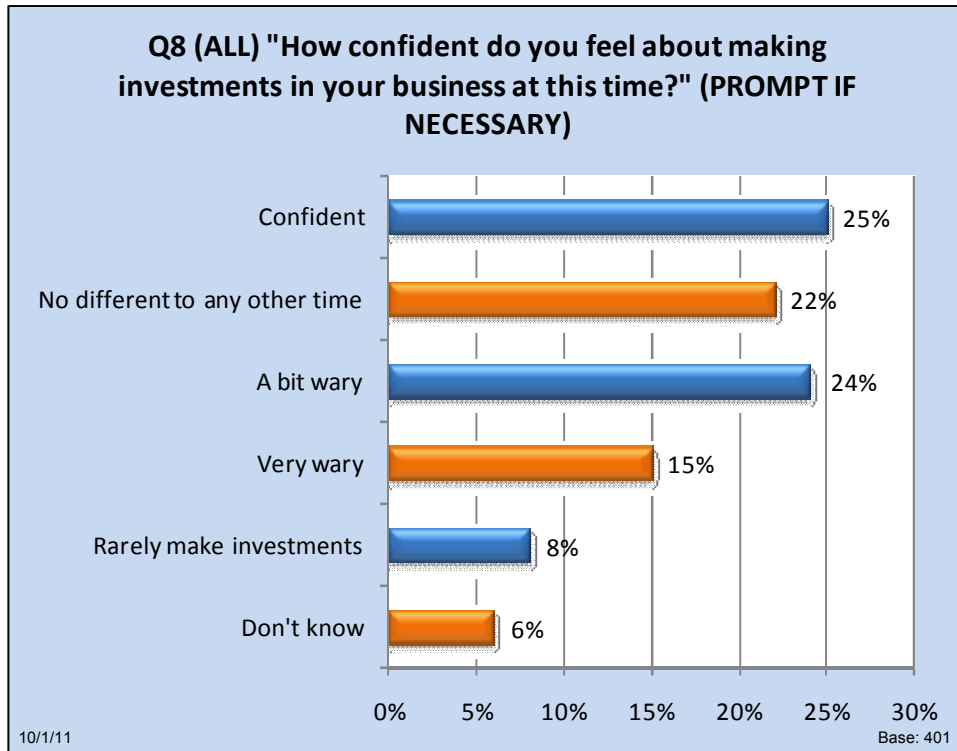
- 5.2 About two thirds (64%) of accommodation operators say they are investing in their business this year. Over a quarter (28%) are not investing anything, and some (8%) say they don't know.
- 5.3 This is different to this time last year, when three in four (75%) accommodation operators were investing in their business. The difference lies in the proportion maintaining rooms/facilities – 42% this year compared to 56% last year.

Attractions



- 5.4 Just over three in five (62%) attractions say they are investing in their business this year. Three in ten (30%) are not investing anything and some (8%) don't know.
- 5.5 This is different to this time last year, when most (77%) attractions were investing.

Confidence in making investments



- 5.6 Operators are more wary of investing in their business than they were this time last year. Two in five (39%) say they are wary about making investments at this time, compared to one in five (20%) saying that a year ago.

Can't afford the risk

- 5.7 Many operators feel they just don't have the advance bookings to take the risk of investing at the moment. They would prefer to have more security that they will get their money back before making any commitment.

"It's about surviving this year"
Attraction, South East

"One cannot be too hopeful with the situation at the moment. I think it's a case of hunkering down for the time being"
Attraction, North

"Hesitant is the word"
Attraction, South West

"I don't make investments – at least I won't until things pick up again"
Serviced, South East

"I like to make sure I have the costs covered before I spend the money. I wouldn't like to do it with a loan"

Caravan park, South West

"I cannot invest while booking levels are so low"

Serviced, South East

Investment is essential

5.8 Some operators see continual investment as essential, even if only in maintenance. Without investment there is no progression.

"We have to do it anyway. We have to maintain everything - add heaters etc to attract people in the colder weather"

Attraction, Mid

"Investing is taking a chance but you have to take chances to get anywhere"

Self catering, South West

"At my age, if I don't invest in something now I won't have much for later on in life. It's a risk that has to be taken"

Self catering, South West

"We have to keep investing to keep our 4 star rating"

Self catering, Mid

"You have to invest in your property to distinguish yourself in the market. It has to be done"

Self catering, North

"We have to do this. We've had burst pipes and a collapsed roof"

Self catering, North

"We're making a big investment this year: three new statics and an environmentally friendly sewage plant. We're happy to do so as we've had lots of advance bookings and things look good"

Caravan park, South West

"We are hoping to build a new restaurant to accompany our accommodation"

Serviced, South West

Public funded attractions

5.9 Many attractions in Wales are public funded. In the climate of budget cuts in the public sector, there is little or no prospect of investment for many of them.

"We're council run and they're currently looking for ways to make cuts, not invest. If we were given investment money, I'm confident that we could use it to increase our visitor numbers"

Attraction, South East

"It's not as easy as it used to be to gain grants and things because they're not as readily available now"

Attraction, South East

"It's a local authority run museum. We're just trying to survive and maintain the standards and exhibits we already have. I think at some point we're going to suffer cuts. We already lost funding last year and had to look outside to make that up and we just found enough so we'll have to do that again this year"

Attraction, Mid

"I'd like to build an extension but I don't think we'll get the money for that this year"

Attraction, South East

"We get our money from Pembrokeshire Council so it's not up to us. I don't know if they would be happy investing at this particular time. We have already been asked to make 12% worth of cuts over three years with the goal with the goal of becoming cost neutral"

Attraction, South West

"It's a difficult time for parks and countryside with the public sector cuts. However, we're looking forward to the new financial year to seize the opportunities from external grant aids to maximise Wepre Park's facilities including the new café which has increased footfall through the visitor centre"

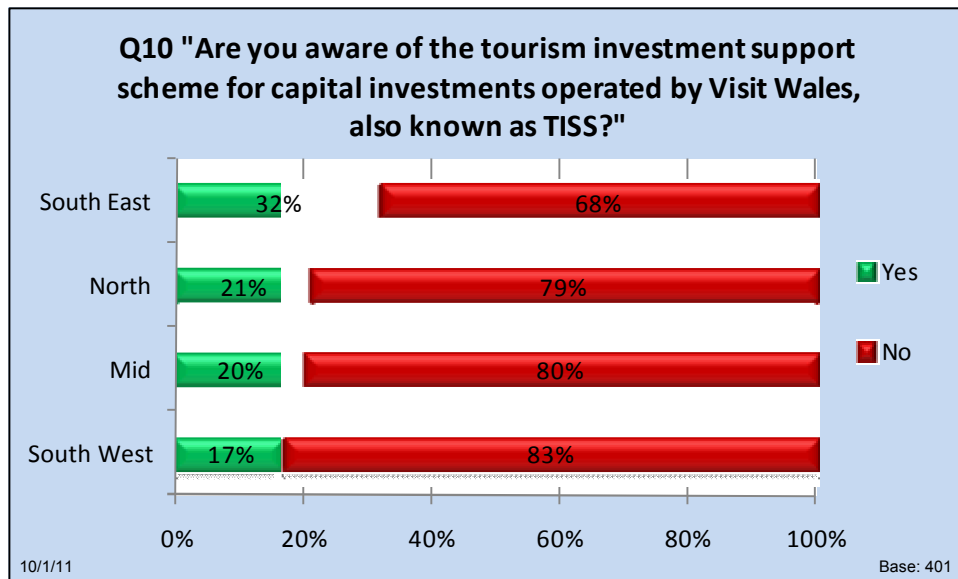
Wepre Country Park

"For 2011, we're excited about the improvements we're putting in place which will really enhance the visitor experience. We'll be continuing to move the park forwards and work to our new strategic management plan"

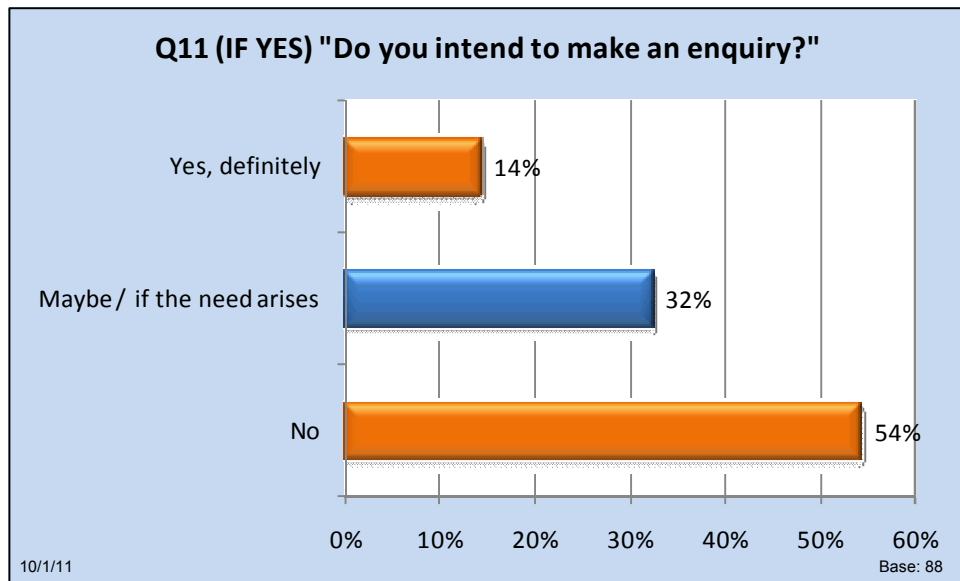
Loggerheads Country Park

6. Awareness of TISS

- 6.1 'TISS' is a tourism investment support scheme for capital investments operated by Visit Wales. Respondents have been asked if they are aware of it.



- 6.2 Just over one in five (22%) operators say they are aware of TISS, the tourism investment support scheme for capital investments operated by Visit Wales.
- 6.3 Awareness is highest (32%) in the south east. There are no significant differences by sector.



- 6.4 Of those aware, some (14%) say they 'definitely' intend to make an enquiry and one in three (32%) say they might do so if the need arises.
- 6.5 Base numbers for analysis by sector are very small, but it seems that intentions to make an enquiry may be higher among serviced businesses and attractions.

7. Challenges in 2011

- 7.1 Respondents have been asked the open ended question “What do you see as the biggest challenges facing your business in 2011?”. The main themes in the answers are discussed below.

I just want to get through the year

- 7.2 The main theme in the answers is that operators will be happy still to be in business this time next year. Maintaining the level of visitors is the main aim.

“Standing still (financially) like we did last year would be nice”
Attraction, South East

“Making sure that we're doing everything we can to get people in and keep visitor numbers level. It's going to be a hard year because of the economic situation and with people worrying about their jobs and the VAT increases”
Attraction, Mid

“Keeping the owners here. We're a bit worried that come the end of the season we'll see many selling their caravans”
Caravan park, Mid

“Maintaining the room rate. If we make it any cheaper then we'll be running at a loss. It's hard”
Self catering, South East

People are scared of spending money

- 7.3 The tendency to keep a tight rein on the purse strings is expected to be at least as prominent this year as at any time since the recession started. Rising fuel prices, VAT and lack of job security are currently thought to be the main factors.

“Coping with the recession. Trying to ride out an extremely difficult time. We noticed last year a very strong drop off in average spend, so it's a matter of hanging in there”
Attraction, South West

“Getting the customers to come to us in general. I think people are scared of spending their money with the fuel prices and things”
Caravan park, North

“Customers numbers and spend level – there are fewer people and they're spending less. I need to get more people and get them to spend more”
Caravan park, South West

“The media aren’t helping because they’re preying on VAT rises. It went up 2.5% last year as well. It’s not as bad as they make out. Except for petrol of course”

Attraction, Mid

Operating costs are escalating

- 7.4 As well as striving to maintain turnover, operators have the added problem of their profits being squeezed at the other end too.

“Higher overheads. We don’t want to keep passing it onto our clients”

Attraction, North

“My biggest challenge is the general increased cost”

Serviced, Mid

“Our biggest challenge is paying the bills”

Serviced, South East

Public funded attractions are battling to keep going

- 7.5 Public funded attractions are having to deal with significant budget cuts. Just remaining open and running a respectable operation is enough of a challenge this year.

“Avoiding budget cuts and staying open. Museums and galleries are not statutory services and throughout the UK at the moment, councils are making decisions to shut them down to make up for shortfalls in their budgets”

Attraction, South East

“Resources, both financial and staffing. Local authorities are not replacing staff who are retiring or volunteering for redundancy so there are fewer people to do the job as well as less money”

Attraction, South East

“Managing budget cuts, trying to do what we need to with less money. An ongoing thing is staffing levels and we’re at the bare minimum for overseeing the park and the visitor centre”

Attraction, North

“The public sector cuts. I don’t think our visitors will let us down but it’s the funding side of things which is worrying us all”

Attraction, South West

It might all work in Wales’ favour if people don’t go abroad

- 7.6 Whilst the economic situation might seem very bleak in the opinion of many respondents, some point out that it could all work in Wales’ favour if British holidaymakers remain in the UK instead of going abroad.

"I think how people choose to spend their holidays this year will be our biggest challenge. If they stay at home we will have a good year. If not we won't"

Serviced, South East

"I think the ever changing economic climate will affect us. I hope people stay in this country instead of going abroad"

Serviced, South East

Out in the sticks

7.7 For some operators, the challenge is drawing people to their remote location.

"Getting people out to this remote part of Wales"

Self catering, South East

"We're 20 miles from the railway station and there's a two hourly bus service. Really people need their own transport to get to us"

Attraction, South East

Attracting new faces

7.8 Seeing the same faces returning is important for stability during hard times, but businesses can only achieve so much without attracting new people, and this can be hard.

"Keeping up new ideas on how to keep new people coming in"

Self catering, South East

"Trying to find a way of pulling in the customers that no other place of this sort has thought of yet"

Self catering, South East

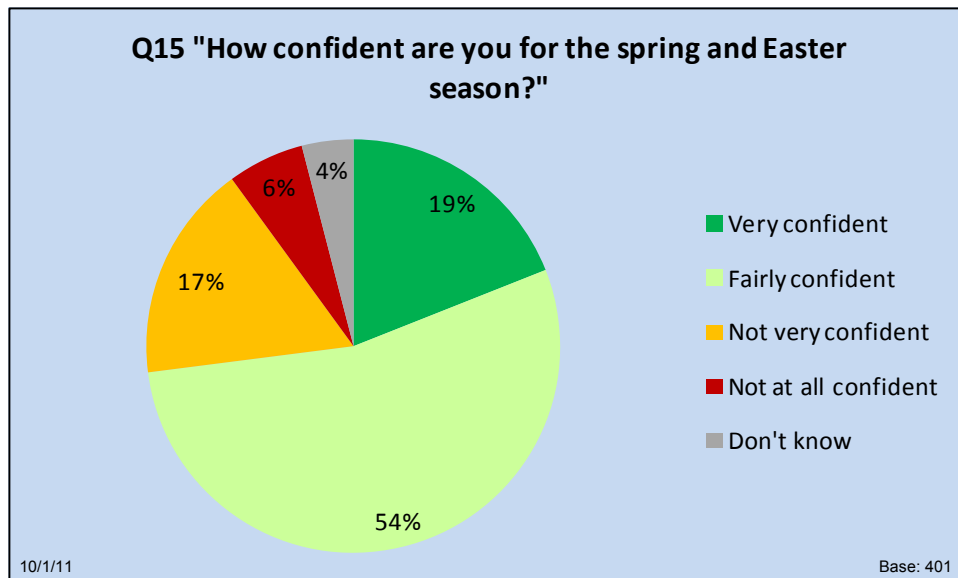
Additional challenges

7.9 As if the economy isn't enough of a challenge, some operators face additional complications.

"Coming up with a way of keeping the park open with a bypass running through the middle"

Caravan park, Mid

8. Confidence



- 8.1 In spite of many pessimistic views of 2011, the majority (73%) of operators still maintain they are confident for the spring and Easter season. This is similar to this time last year.

"Our January Blues event is going well and carries on until February. After that, people seem to be waiting to feel the effects of the VAT but we're very hopeful for the rest of the year"

Portmeirion

"There are quite a few things we're going to be doing this year. We're launching a new events programme in the spring and we're looking forward to a good year. We're hoping the VAT increase doesn't affect us too much as we're quite a high price point venue in Wales and we don't want to pass on the cost to our visitors"

Cardiff Castle