

Tourism Industry Performance Review (January to November 2008)

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Summary:

- Overseas visits to the UK over the first ten months of 2008 were unchanged when compared to the same period in 2007 (0% change). Spending increased by 4%.
- Results from the UKTS suggest a drop of 3% in overnight trips over the first nine months of this year compared with the same nine months last year. Spending however increased by 3%.
- Chain hotel occupancy rates over the first eleven months of 2008 were down 1.2% compared with those achieved in 2007.
- Regional serviced occupancy rates for the first eleven months of 2008 increased by 1.6% compared with the same period in 2007.
- Visitor numbers to attractions in England were down 1% in quarter three (July to September) compared to the equivalent quarter in 2007.
- South East tourism businesses reported mixed performances in quarter three compared with the equivalent quarter in 2007. Forty-one percent reported business performance to be better overall.
- Forty-two percent of businesses expect their overall performance for 2008 to be better than 2007
- The UK economic climate and weather are still the key concerns.

The National Picture:

Overseas Visitors:

- The number of overseas residents visiting the UK during the first ten months of 2008 was unchanged compared with numbers recorded for the same period in 2007.
- Visitor spending in the first ten months of this year increased by 4% compared with 2007.
- Visits from North America were down 11% in the period January to October compared with the same period in 2007.
- Visits from Asia had decreased by 1%, although this was not represented by all the individual Asian countries, notably visitors from India, which were up 10%.
- Visitor numbers from Latin America increased to 30%.
- The number of overall visitors from Europe had risen 1% compared to the first ten months last year. Visitor numbers from Central Europe continue to increase with a rise of 21%. However numbers from Germany, Switzerland and Austria fell 11% and visitor numbers from Russia had decreased by 13%.

Overseas visitors to UK, January – October 2008/2007

	VISITS		SPEND	
	(000)	% change 08/07	£m	% change 08/07
January – October 2008	27,568	0	14,009	+4
January – October 2007	27,629	-	13,430	-

Source: *International Passenger Survey, Office for National Statistics*

Domestic Visitors:

- According to the January – September 2008 figures from the United Kingdom Tourism Survey for England there was a total of 73.3 million overnight trips made by UK residents in England, a decrease of 3% compared with the same nine months in 2007.
- Holiday and VFR were the reasons for the majority of the trips (45% and 36% respectively).
- Visitor spending for this period was £13 billion, up 3%.
- The number of outbound visits from the UK by UK residents over this period also increased (1%) compared with 2007, and outbound spend increased by 6%.

Domestic Tourism (England) January –September 2008/2007

	TRIPS		SPEND	
	(Mn)	% change 08/07	£m	% change 08/07
January - September 2008	73.7	-3	13,108	+3
January - September 2007	76.0	-	12,775	-

Source: *United Kingdom Tourism Survey, VisitBritain*

The Hotel Sector:

TRI UK Chain Hotels Performance – January to November 2008

		2008	2007	Difference 08/07 % Points
London Hotels				
Occupancy	%	82.0	82.9	-0.9
Hotels Outside London				
Occupancy	%	71.4	72.7	-1.3
UK Hotels				
Occupancy	%	75.1	76.3	-1.2

Source: TRI Hospitality Consulting

- Recent results from the TRI Hospitality Consulting chain hotel survey (3 and 4 star hotels) indicate that occupancy rates have fallen very slightly in UK Hotels over the January – November period in 2008 compared with 2007.

The Attractions Sector July to September 2008:

- Visitor numbers to attractions across England in the third quarter of 2008 were down 1% compared to the third quarter of 2007.
- Visitor numbers in July were 4% up compared to July 2007. However August remained the same and September dropped 7% compared to the respective months the previous year.
- Thirty-three percent of attractions recorded higher volumes of visitors than the third quarter of 2007 and 37% percent felt their admissions had declined (percentage of attractions who felt business had declined has improved since quarter two when 49% thought the same (those who recorded higher volumes remained the same – 33%)).

The Regional Picture:

Regional Serviced Accommodation Occupancy:

- The *provisional* regional occupancy data for all serviced accommodation for the first eleven months of 2008 indicates that room occupancy in the region rose by 1.6 percentage points compared with the same period in 2007.

South East Serviced Accommodation Occupancy Rates. January to November 2008

	2008 Room Occupancy (%)	2007 Room Occupancy (%)	Difference 08/07 (% Point)
South East Region	59.7	58.2	+1.6 Points
Berkshire	54.7	57.2	-2.5 Points
Buckinghamshire	53.8	54.8	-1.0 Points
East Sussex	49.8	49.7	+0.1 Points
Hampshire	64.4	65.4	-1.0 Points
Isle of Wight	53.5	49.1	+4.4 Points
Kent	53.8	54.4	-0.6 Points
Oxfordshire	68.2	61.9	+6.3 Points
Surrey	71.6	65.9	+5.7 Points
West Sussex	63.2	58.8	+4.4 Points

Source: TSE Regional Serviced Accommodation Occupancy Survey 2008

- Oxfordshire had the highest increase with a difference of +6.3 percentage points compared to the same period in 2007.
- Four regions (Berkshire, Buckinghamshire, Hampshire and Kent) experienced a drop in occupancy rates over the eleven months of 2008 compared with 2007.

The Attractions Sector: July to September 2008:

- South East visitor attractions reported an overall decline in visitor admissions (-3%) over the July to September period 2008 compared with to the same period in 2007, which followed the trend for England as a whole.
- July showed a decrease of 3% in numbers and September saw a 7% decrease.
- August however remained similar (0% change) as the equivalent month in the previous year.

	Total Qtr 3 Change (%)	July change (%)	August change (%)	September change (%)
South East	-3	-3	0	-7
England	-1	+4	0	-7

Source: VisitBritain England Attractions Monitor

Business Confidence in the Tourism Industry across the South East region:

- Forty-one percent of businesses in the South East reported their level of performance to be better overall in quarter three of 2008 compared to the equivalent quarter in 2007. Thirty percent reported their business performance to be worse.
- Forty-one percent stated that business performance has been overall better in the first nine months of 2008 than the equivalent months of 2007. Thirty percent reported business performance to be lower.
- Forty-two percent of businesses expect their overall performance for 2008 to be better than 2007. Thirty-three percent are concerned it will be worse.
- Surrey and IOW had the highest percentage of businesses reporting a better overall performance in the first nine months of 2008 compared with 2007 (47% and 45% respectively).
- The UK economic climate continues to be a key concern. Seventy-seven percent of businesses indicated the significant impact the credit crunch has had on their businesses in 2008. Weather continues to be a key concern (by 68% of businesses) and concern over the exchange rate of the pound has also increased (up to 26%).

In the current economic climate, the region's tourism businesses are experiencing mixed fortunes. The latest data suggests that the attractions sector is suffering from a drop in visitor numbers, whereas many accommodation businesses are holding up – for now.

Prospects for 2009

- Latest research shows that concerns over the economic downturn will play a big influence in consumer holiday choices for 2009.
- Travelodge is reporting that half of British holidaymakers plan to stay in the UK this summer.
- Inquiries about self-catering holidays have risen by 14% according to travelsupermarket.com and all-inclusive holidays inquiries have risen 17% as holidaymakers seek to cut costs.
- The Caravan & Camping Club has reported an 8% increase in members over the past year.
- According to TravelMole although UK may be one of the top countries for holidays this year for Britons, countries outside the euro zone are also expected to see tourism growth this year, including Turkey, Egypt, Tunisia, Morocco and South Africa.
- However, although many Britons may be choosing to stay in the UK rather than going abroad this year a recent Foreign Office survey showed that 41% of people are planning to reduce the number of holidays they take, which could have the biggest impact on the short-city breaks sector.
- As well as an increase in domestic holidays this year the weakening pound may also draw in holiday makers from abroad, especially from Europe. However the global economic downturn may also affect overseas visitors travelling to the UK and according to TravelMole and VisitBritain the number of overseas visitors to the UK is forecast to drop in 2009 but the value of inbound tourism is predicted to grow by 2.4%.
- According to Foresight by VisitBritain the biggest risks relate to business tourism and leisure visits from areas of the world hardest hit by the global economic downturn, notably the USA.
- This year is the start of the four year build up to the Olympics. An online survey by online travel community WAYN.com questioned 7,559 travellers to previous Olympic Games. Results showed a widespread negative attitude towards the 2012 London Olympics. Key concerns are high costs and the threat of terrorism. However the Games still have the potential to be a major visitor attraction and many (67% of respondents) believe it is still the right place to host the Games.
- The four-year Cultural Olympiad is due to begin, providing cultural events across the country. This will hopefully attract more inbound tourism over the next four years.