

Tourism Industry Performance Review (January to April 2009)

Author: Anna Williams, Market Intelligence Officer

Summary:

Comparative data which takes us up to April 2009 should help to smooth out the impact of Easter. Overall data from national and regional surveys for the period up to April suggest a general downturn for the tourism industry. All key indicators show a drop in demand – fewer overnight trips, lower attractions admissions, and lower average room occupancy. Despite this rather gloomy picture, a significant number of the region's tourism businesses are upbeat about the year ahead. The key headlines are:

National

- Overseas visits to the UK Jan – April 2009 down ten percent compared to the same period in 2008. Spending, however, down by only 1%. Anecdotal evidence suggest overseas visitors are taking advantage of the weak pound and are spending more on higher value goods.
- Domestic overnight trips in England over the first two months of 2009 compared with the same period in 2008 down by 14%. Spending down by 11%.
- Chain hotel annual avg. occupancy rate for the first four months of 2009 down by 4% compared with that achieved in 2008.
- Visitor admission to attractions in England down by 5% in Q1 2009 compared to Q1 2008. Admissions will have been affected by Easter falling in April this year.

Regional

- Regional serviced avg. room occupancy for January to April decreased by 4.5% compared with the same period in 2008.
- Visitor admission to attractions was down 5% January – March compared to the equivalent period in 2008. Admissions will have been affected by Easter falling in April this year.
- South East tourism businesses reported mixed performances for the first quarter of 2009 compared with 2008. Compared to Q1 2008, 3% fewer businesses reported that performance was up for this period and 6% more businesses reported performance was lower.
- However, significant proportion of businesses are optimistic about the year ahead; 47% of businesses expect their overall performance for 2009 to be better than 2008. This is 6% more businesses than the same period last year.
- The UK economic climate and weather are still the key concerns.

The National Picture:

Overseas Visitors:

- The number of overseas residents visiting the UK down 10% compared with numbers recorded for the first four months of 2008. Spending dropped by only 1% compared with 2008. General increase in prices and more overseas visitors taking advantage of weak pound by purchasing higher value goods likely to explain why spending levels have been more resilient.
 - Visits from North America down 17%
 - Visits from Asia had down 18%,
 - Visits from Latin America up by 14%.
 - Visits from Europe down by 8%

Overseas visitors to UK, January – April 2009/2008

	VISITS		SPEND	
	(000)	% change 09/08	£m	% change 09/08
January – April 2009	8,910	-1	4,425	-10
January – April 2008	9,897	-	4,469	-

Source: International Passenger Survey, Office for National Statistics

Domestic Visitors:

- Figures for Jan – Feb estimate that a total of 10.64 million overnight trips were made by UK residents in England, a drop of 14% compared with the same two months in 2008.
- VFR and Holiday were the reasons for the majority of the trips (43% and 33% respectively).
- Visitor spending for this period was £2.1 billion, down -11%.

Domestic Tourism (England) January – February 2009/2008

	TRIPS		SPEND	
	(Mn)	% change 09/08	£m	% change 09/08
January – February 2009	10.64	-14	2,073	-11
January – February 2008	14.7	-	2,327	-

Source: United Kingdom Tourism Survey, VisitBritain

The Hotel Sector:

- Results from the TRI Hospitality Consulting chain hotel survey (3 and 4 star hotels) indicate that occupancy rates fell for UK Hotels over the January – April period in 2009 compared with 2008.

TRI UK Chain Hotels Performance – January to April 2009

		2009	2008	% difference 09/08
London Hotels				
Occupancy	%	74.5	77.9	-3.4
Hotels Outside London				
Occupancy	%	62.9	67.2	-4.3

Source: TRI Hospitality Consulting

The Attractions Sector (VB Attractions Monitor) January to March 2009:

- Visitor numbers to attractions across England in the first quarter of 2009 was down 5% compared to the first quarter of 2008.
- January experienced an increase in numbers of 5% compared to the previous January whereas both February and March saw a decline in numbers (-7% and -8% respectively).

The Regional Picture:

Regional Serviced Accommodation Occupancy:

- The *provisional* regional occupancy data for all serviced accommodation for the first four months of 2009 indicates that room occupancy in the region dropped by 4.5 percentage points compared with 2008.

South East Serviced Accommodation Occupancy Rates. January to April 2009

	2009 Room Occupancy (%)	2008 Room Occupancy (%)	% difference 09/08
South East Region	46.3	50.8	-4.5 Points
Berkshire	47.3	52.4	-5.1 points
Buckinghamshire	43.3	54.4	-11.1 points
East Sussex	43.1	38.8	4.3 points
Hampshire	50.9	57.4	-6.5 points
Isle of Wight	42.2	33.8	8.4 points
Kent	43.8	45.3	-1.5 points
Oxfordshire	50.2	61.6	-11.4 points
Surrey	42.4	67.7	-25.3 points
West Sussex	51.3	51.8	-0.5 points

Source: TSE Regional Serviced Accommodation Occupancy Survey 2009

- Isle of Wight had the highest increase with a difference of +8.4 percentage points compared to the same period in 2008.
- Six of the nine sub-regions experienced a drop in occupancy rates over the first four months of 2009 compared with 2008 (Berks, Bucks, Hants, Kent, Oxon, and Surrey).
- Avg room occupancy for West Sussex accommodation businesses remained similar to same period last year.

The Attractions Sector: January to March 2009:

- Attractions reported an overall decline in visitor admissions (-5%) for Q1 2009 compared with the Q1 2008, which followed the trend for England as a whole.
- All three months experienced a decline in visitor numbers compared to the same month the previous year. February had the biggest drop at 15% whereas January and March were down 1% each.
- Other regions reported larger drops in admissions.

Region	Total Qtr 1 Change (%)	Jan Change (%)	Feb Change (%)	Mar Change (%)
TOTAL ENGLAND (638)	-5	5	-7	-8
North East (51)	*	5	1	-4
North West (73)	-10	*	-5	-19
Yorkshire & The Humber (59)	-9	3	-1	-17
East Midlands (56)	-4	5	-8	-4
West Midlands (56)	-3	15	-7	-7
East (68)	-7	-1	-13	-3
London (38)	-2	10	-4	-10
South East (115)	-5	-1	-15	1
South West (122)	-9	-5	-12	-9

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

Business performance Q1 from TSE's Business Confidence Survey Jan- Mar 2009

- Thirty-nine percent of businesses reported their level of performance to be better overall for the first quarter of 2009, compared with 2008. This is 3% fewer businesses reporting improved performance compared to Q1 2008
- A further 36% reported worse overall performance for the first quarter of 2009, compared with 2008. This is 6% more businesses reporting worse performance compared to Q1 2008.
- For around a quarter of businesses, performance has remained the same.

2009 prospects

Business expectations for year ahead from TSE's Business Confidence Survey Jan- Mar 2009

- Despite a downturn in trade for many of the region's businesses, many more are expecting things to improve in the coming months.
- Almost half (47%) of all businesses surveyed expect their performance for the coming year to be better overall compared with 2009 (up 6% points from Q1 2008).
- Just over a quarter (28%) expect their performance to be worse overall, while the remaining 25% anticipate their performance to be the same.
- The weather and the economic downturn are the two key issues that continue to concern businesses.

Latest news

- News from BHA suggest that:
 - Major hotels anticipating drop in corporate business particularly at higher end but expect leisure market to grow in 2009.
 - Hotels experiencing short leads into corporate and leisure business – trend likely to continue
 - Top end of the conference market fast disappearing but lower-price conference market more resilient.
- VisitEngland research finds that 1 in 5 Britons who holidayed abroad last year will choose to stay in the UK this year for their summer holiday to save money.
- Holiday parks are proving to be popular this summer - according to Travelsupermarket.com 1 in 10 will visit a holiday park this year.
- In March 2009 Centre Parcs reported bookings for 2009 are 4.6% ahead of last year. Pontins are seeing a 20% rise in bookings compared to last year and Butlins 15%.
- Experian consumer insight report supports view that in a downturn 'price' is not about consumers seeking for the cheapest goods and services. Consumers will be looking to get more benefit from where their money goes (June 2009).