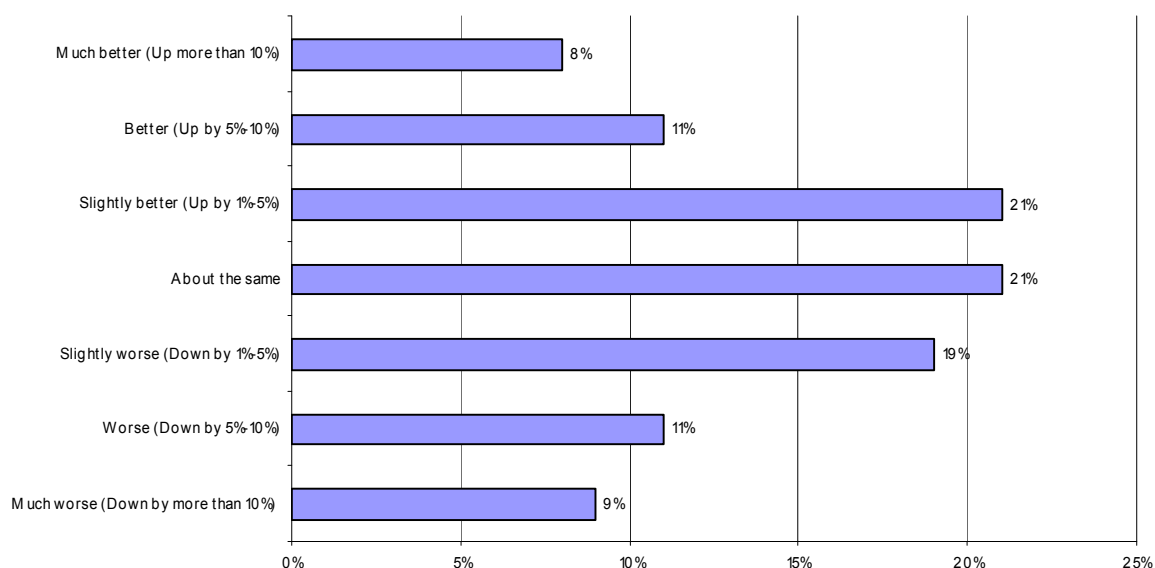


Executive Summary

A total of 245 businesses took part in the 21st tourism business confidence survey, covering the period from January to December 2008. Of these businesses, 32% were serviced accommodation providers, 24% were non-serviced accommodation providers and a further 38% were visitor attractions (10% Free and 28% Charged). The remainder comprised of retail, leisure, food and drink, travel and transport and 'other' tourism service providers.

A mixed performance for 2008...

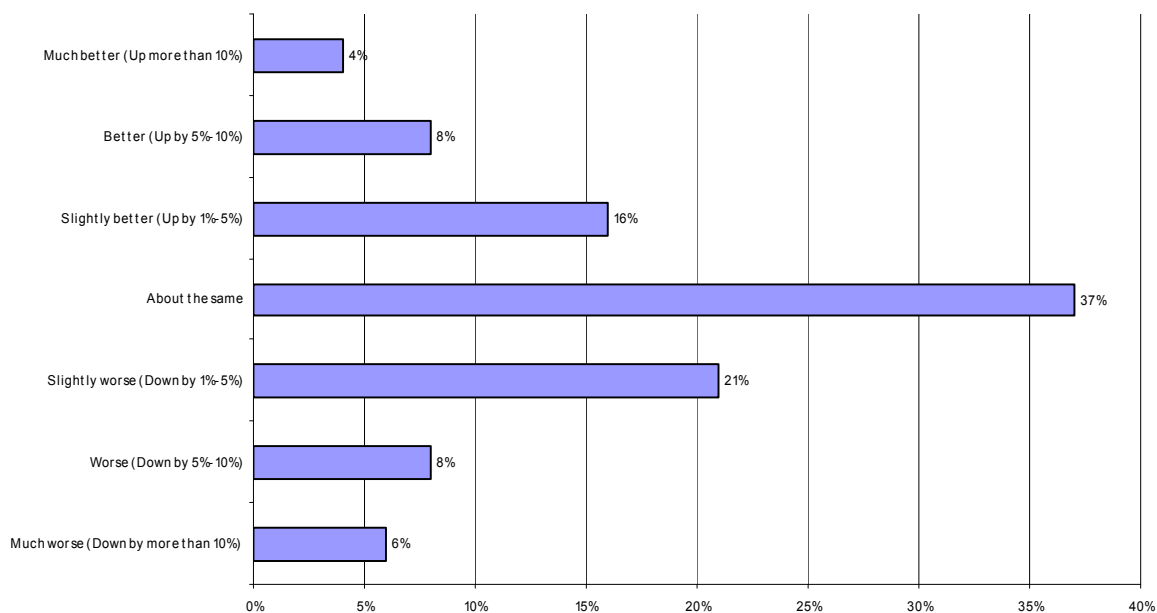
- 40% of businesses reported their level of performance to be better for the whole of 2008, compared with 2007. A further 39% reported worse overall performance while the remaining 21% were at the same level. This was worse than the snapshot taken 12 months ago, when 52% of businesses reported better overall performance and 20% of businesses reported worse overall performance.



- The proportion of businesses reporting worse overall performance in all regions saw considerable increases. In particular Surrey (46%), Kent (36%) and Hampshire (31%) all reported the highest increases of 22, 11 and 10 percentage points respectively.
- Although businesses in rural locations (up 3 percentage points from previous quarter to 45%) reported a slightly better performance for the whole of 2008 compared with 2007, the number of businesses that reported a worse overall performance in all three locations increased compared to the previous quarter.
- Free visitor attractions (up 13 percentage points), self catering (up 11 percentage points) and B&B (up 4 percentage points) businesses all reported a slightly more positive performance, with all three sectors reporting increases in better overall performance. Despite this, all sectors except self catering (down 3 percentage points to 30%) also saw increases in the number of businesses reporting worse overall performance.

Business confidence weakens for the coming year ...

- Only 28% of businesses expect their performance for the coming year to be better overall compared with 2008. Thirty seven per cent anticipate their performance to be the same, while a further 35% expect their performance to be worse overall. This was worse than the snapshot taken 12 months ago when 50% of businesses expected better overall performance and only 14% of businesses expected worse overall performance.



- Rural (29%), coastal (37%) and urban (19%) businesses appear particularly negative about their expectations for 2009, with the proportion expecting better overall performance down 12, 11 and 22 percentage points respectively on the previous quarter.
- With the exception of Kent (31% expect better overall performance compared with 20% last quarter) and West Sussex (32% expect better overall performance compared with 27% last quarter), all other sub regions saw considerable declines. In particular, the proportion of businesses expecting a better overall performance in Hampshire (down 21 percentage points to 29%), BBO (down 19 percentage points), IOW (down 15 percentage points) and Surrey (down 11 percentage points) have seen significant changes.
- Results split by business type indicate that the proportion expecting a worse overall performance in 2009 has increased considerably compared with the previous quarter. In particular, 70% of hotels (up 25 percentage points) and 'other' tourism businesses (up 28 percentage points) expect worse overall performance.

Continued concern about the UK economic climate...

- A high proportion of business operators (79%) reported that the UK Economic Climate had the most significant impact on business performance throughout 2008.
- Once again the weather was a key concern for most businesses (down 12 percentage points from the previous quarter to 54%) and the strength of the pound/exchange rates (up 11 percentage points from the previous quarter to 37%) is also proving real key concerns for most businesses.