



# How's Business Monitor

## Issue No. 25 – January to December 2009

# How's Business Monitor Headlines

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Welcome to Issue No. 25 of the How's Business Monitor, providing a summary of the latest feedback for the period of January to December 2009 from the region's tourism businesses.

## **Business Performance/compared with the same period in 2008**

↑	42% of businesses say performance is up	2% more than last year
-	30% of businesses say performance has not changed	9% more than last year
↓	28% of businesses say performance is down	11% fewer than last year

## **Positive Factors Affecting Business Performance**

Three quarters (75%) of businesses reporting improved performance during the whole of 2009, compared with 2008, indicated that they benefited from an increase in the number of domestic (UK) visitors/guests.

## **Negative Factors Affecting Business Performance**

Just over three quarters (78%) of businesses which reported worse overall performance experienced a drop in visitor/guest numbers during 2009, compared with 2008.

## **Actions Taken to Help Business Performance**

More than two thirds (70%) of businesses that reported worse overall performance during 2009, compared with 2008, had offered special deals/promotions to stimulate demand.

## **Business Expectations for the Year Ahead**

↑	25% of businesses expect performance to improve	3% fewer than last year
-	62% of businesses expect performance not to change	25% more than last year
↓	13% of businesses expect performance to worsen	22% fewer than last year

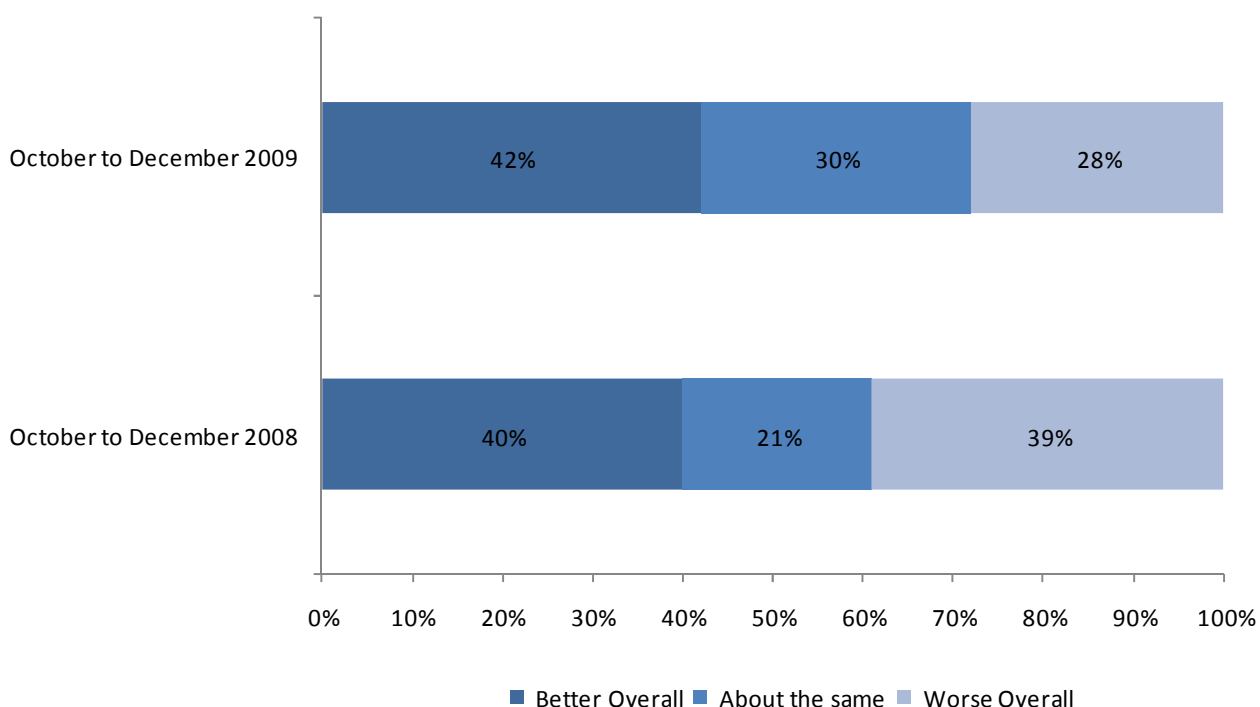
## **Key Industry Concerns**

It will come as no surprise that for the majority (71%) of the region's tourism businesses the UK economic climate was the key concern throughout 2009.

# Business Performance

All participants were asked how their business performed during January and December 2009 compared to the same period in 2008.

Forty two per cent of participants reported better overall business performance throughout 2009 compared to 2008 (up 2% points to 42%), whilst 28% experienced worse overall performance (down 11% points). The remaining 30% reported no change to their business performance compared to 21% this time last year.



The 'staycation' phenomenon of 2009 appears to have led to a revival for the south east's charging visitor attractions (68%) and caravan, camping and holiday parks (63%), with both sectors reporting better overall business performance during 2009 compared with 2008.

In contrast, 2009 appears to have been a tough year for the serviced accommodation sector, with the proportion of hotels (50%) and guest houses (42%) reporting a downturn in overall performance considerably higher in 2009 than 2008.

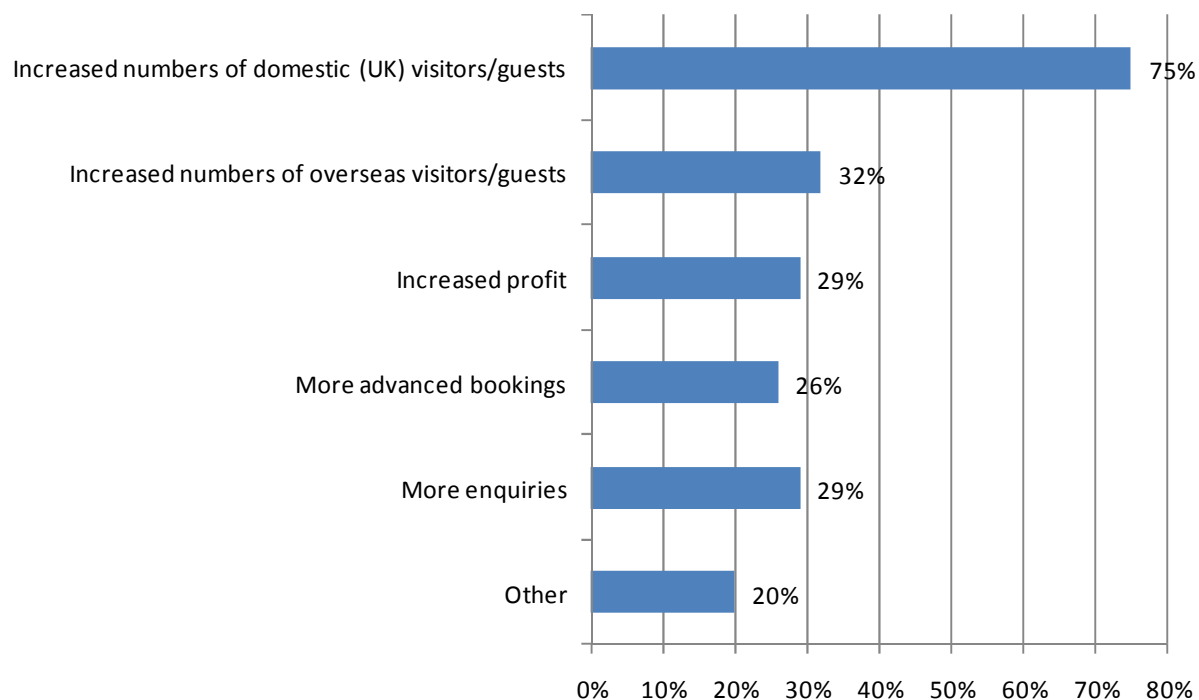
# Positive Factors Affecting Business Performance

All participants that reported better overall performance during January and December 2009 were asked (from a prompted list) which positive factors had affected their performance.

Three quarters (75%) of businesses reporting improved performance during January and December indicated that they benefited from an increase in the number of domestic (UK) visitors/guests. A further 32% had also seen an increase in the number of overseas visitors/guests.

Just under a third (29%) of businesses had experienced an increase in profit during this period, 29% had received more enquiries and an additional 26% had received more advanced bookings.

'Other' factors mentioned by businesses included the 'staycation' effect, the advantageous exchange rate, improved marketing and an increase in promotion.



*NB: Multiple responses permitted*

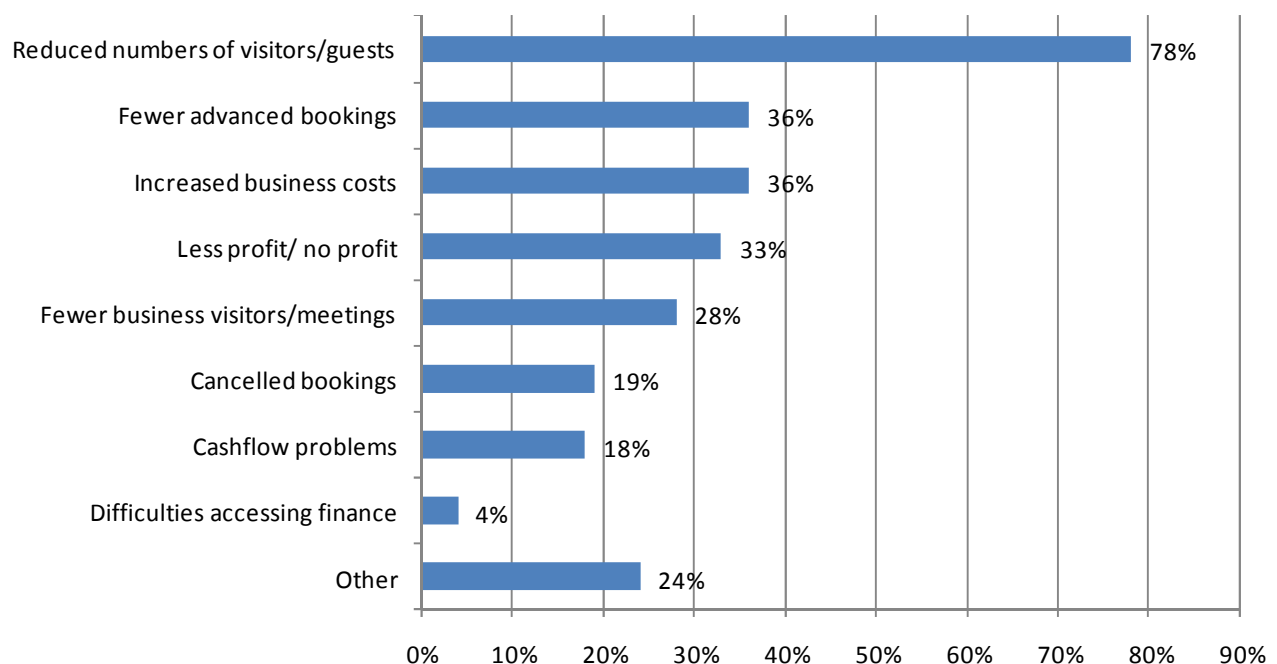
# Negative Factors Affecting Business Performance

All participants that reported worse overall performance during January and December 2009 were asked (from a prompted list) which negative factors had affected their performance.

A large proportion (78%) of businesses that reported worse overall performance during January and December indicated that a reduced number of visitors/guests were the main negative factor which had affected their business.

Just over a third (36%) of businesses had received fewer advanced bookings, 36% had experienced an increase in business costs and an additional 33% less profit/no profit

'Other' negative factors mentioned by businesses included the weather (particularly the extremely cold weather in December), the current economic climate and too much government regulation.



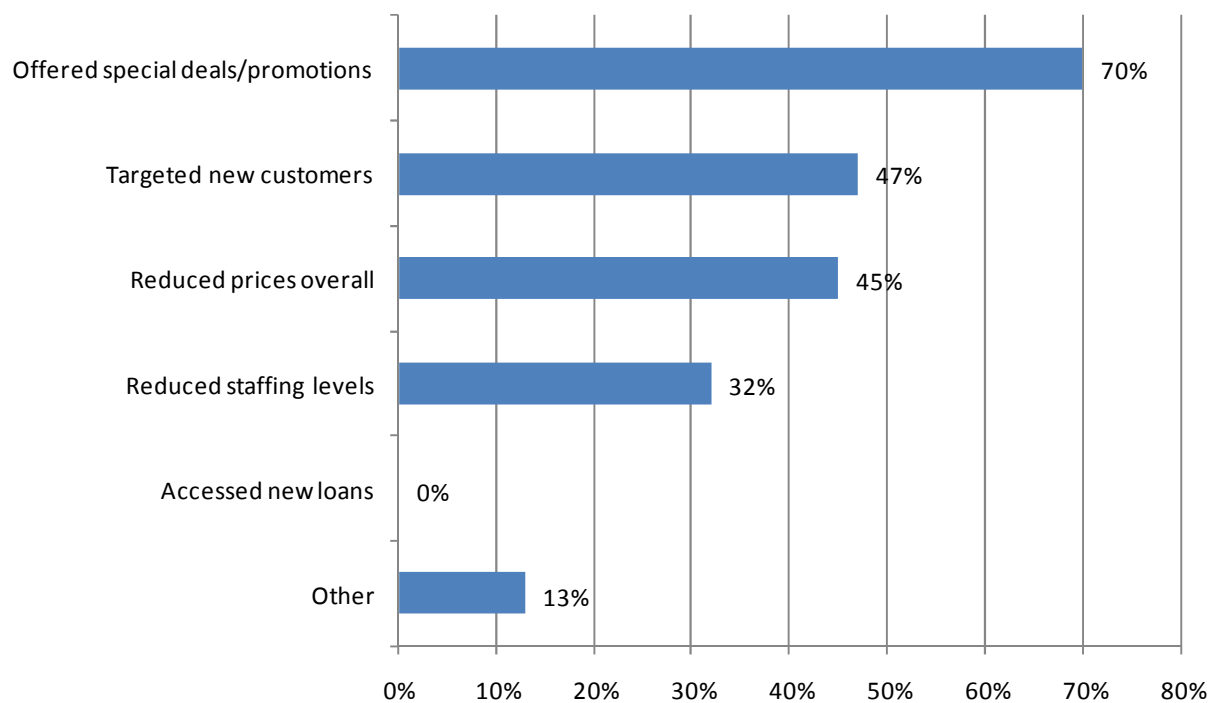
*NB: Multiple responses permitted*

# Actions Taken to Help Business Performance

All participants that reported worse overall performance during January and December 2009 were asked (from a prompted list) what actions they had taken to help their performance.

More than two thirds (70%) of businesses that reported worse overall performance had offered special deals/promotions to help their businesses performance. A further 47% had targeted new customers, 45% had reduced prices overall and 32% had reduced their staffing levels.

'Other' actions mentioned by businesses included reducing their business/operating costs, maintaining prices and increasing advertising, especially online. Also, despite this difficult economic time, a number of businesses have undergone refurbishments to improve the quality of their business and also gain an edge on their competitors.

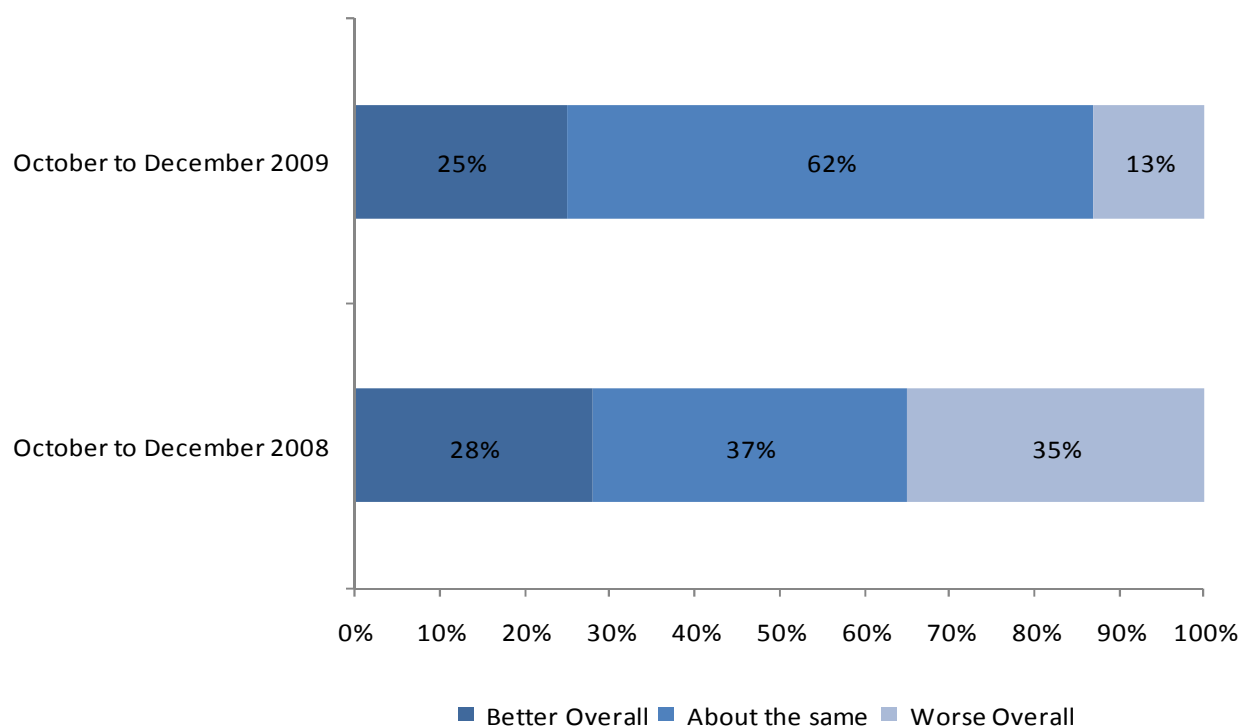


*NB: Multiple responses permitted*

# Business Expectations for the Year Ahead

All participants were asked how optimistic they felt about their performance for 2010 compared to 2009.

Overall, businesses appear slightly optimistic about the year ahead than they did at the same time last year. Although slightly fewer businesses expect better overall performance (down 3% points to 25%) the proportion expecting worse overall performance fell significantly by 35% points to only 13%. Consequently, the proportion expecting their performance levels to remain the same increased by a considerable 25% points to 62%.



Hotels and charging attractions appear more optimistic about the year ahead, with 35% and 33% expecting better overall performance respectively. In contrast, the number of self catering (11%) and B&B (14%) businesses expecting better overall performance was considerably lower.

# Industry Concerns and Factors Affecting Performance

All participants were asked to indicate the key business concerns that they believe are affecting the current and future performance of their industry sector.

The UK economic climate (71%) continues to remain a key concern for businesses. Hotels (88%) and charging visitor attractions (84%) were the sectors most likely to report this as their main concern.

The weather (56%) and the strength of the pound/exchange rates (26%) also remain key concerns for business operators.

Top 5 Industry Concerns	January-December 2009	January -December 2008
UK economic climate/Credit Crunch	71%	79%
Weather	56%	54%
Strength of the pound/exchange rates	26%	37%
Local competition	24%	23%
Competition from other parts of the UK	21%	17%

*NB: Multiple responses permitted*

Competition from low cost budget chains and the perceived lack of regulation for local competition is a key concern for a number of independent serviced accommodation providers in the region.

Concern of local government cuts, the upcoming general election, low interest rates and less discretionary spend are also causing concern amongst some businesses in the south east.

On a more localised level, several businesses in Surrey continue to remain concerned about the adverse impact the negative press associated with the E-Coli 157 outbreak could have on tourism in the area. Meanwhile the cost of ferry prices to the Isle of Wight continues to cause concern for many of the islands businesses.

# Latest Regional Industry News

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This section of the Bulletin provides an update on the latest regional news from the tourism industry.

## **Occupancy Trends**

Occupancy levels among the region's hotels are showing signs of recovery. Following several months where occupancy dropped by 5% or more, average room occupancy in December 2009 stood at 58.4%, 1.4% higher than the same month in 2008. Margins are showing signs of growth despite hotels continuing to reduce prices in an effort to attract custom. Compared to December 2008, average room rate dropped marginally by 0.3% to £68.00; however revPAR saw an increase of 1.8% to £39.60 (from £38.90 in December 2008). Year to date occupancy figures reveal that on average, hotels in the region saw a 3.1% drop in room occupancy compared to last year.

TSE's regional B&B and Guest House survey results for 2009 reveal a 4.9% drop in average room occupancy and 4.2% on average bed occupancy compared to 2008.

The continuing popularity of camping and caravan holidays is evident in figures released by the Camping and Caravan Club. In the South East, bookings are currently 14% up on this time last year (Nov 09 to Feb 10) whilst year (March 09 to Jan 10) to date occupancy is up 7% in the area.

## **Visitor Attraction Performance**

According to the latest VisitEngland 'England Attractions Monitor' for Q4 2009, visitor attractions in the South East reported an overall increase of 6.6% in admission levels compared to the same period in 2008.

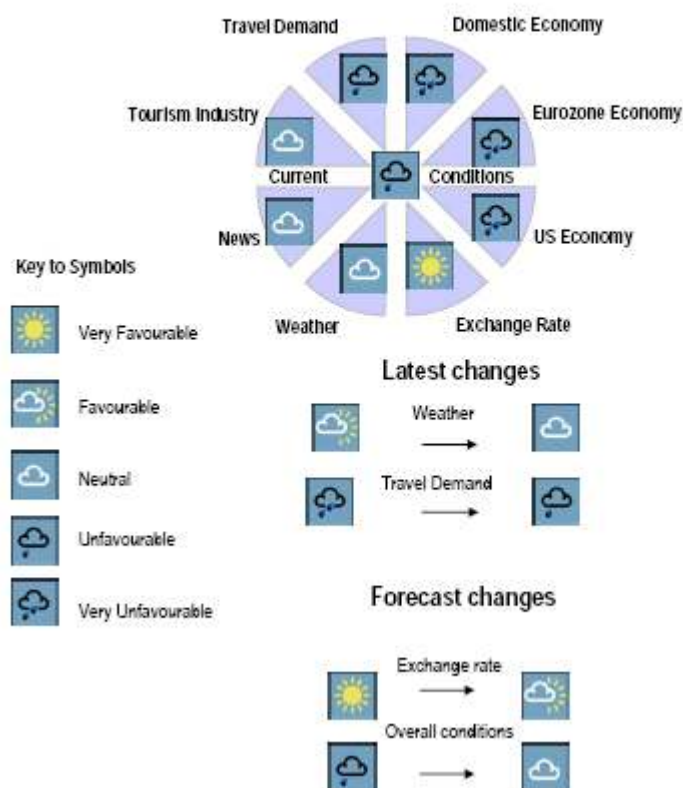
*For further regional, and national, news on the performance of the tourism industry please visit the Market Intelligence pages on the Tourism South East website:*  
<http://www.industry.visitsoutheastengland.com/site/market-intelligence>

# Factors Contributing to Tourism Trends in Britain

It is often said that *'a picture paints a thousand words'* and the picture below attempts to summarise current trends in the factors driving British tourism.

Based on an analysis of over forty different series, grouped into eight 'segments', the chart clearly comes with a hefty health warning, with 'scoring' each factor is as much as it is science.

## Factors contributing to tourism trends in Britain, December 2009



Source: VisitBritain Trends Update – Issue 119 (December 2009)

# Background to the How's Business Monitor

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This section of the Bulletin provides background to the Monitor's methodology, the profile of the sample and the dates for the next survey.

## **Methodology**

Tourism businesses in the South East region were asked to complete a simple two page questionnaire and return either by fax, post or complete the survey online. Of the 256 completed responses during this quarter, 35% were serviced accommodation providers, 24% were non-serviced accommodation providers and a further 34% were visitor attractions (8% Free and 26% Charged). The remaining 8% of businesses comprised of retail, leisure, food and drink, travel and transport and 'other' tourism service providers.

## **Profile of Sample**

As the survey is self selecting rather than random, it is not possible to calculate margins of error associated with the sample. However, there remains a substantial core of survey participants (over 200) who currently provide data each quarter, and therefore the trends identified by the survey are believed to accurately reflect overall trends in business performance and expectations.

## **Dates for the next Quarterly Monitor**

The next How's Business Monitor, covering January to March 2010, will be mailed on Thursday 1<sup>st</sup> April 2010, with the final report distributed to participants during the week commencing Monday 10<sup>th</sup> May 2010.

## **Annual How's Business Trends Report**

Tourism South East's annual How's Business Trends report will available in March 2010 via the Market Intelligence pages on the Tourism South East website. If you would like to be notified when the report is available to download please contact Craig Bright, Research and Market Intelligence Officer, at [cbright@tourismse.com](mailto:cbright@tourismse.com).

# TOURISM SOUTH EAST

Research and Market Intelligence Department  
Tourism South East  
40 Chamberlayne Road  
Eastleigh  
Hampshire  
SO50 5JH

Tel: 02380 625522

Fax: 02380 612678

Email: [research@tourismse.co.uk](mailto:research@tourismse.co.uk)

<http://www.industry.visitsoutheastengland.com>



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