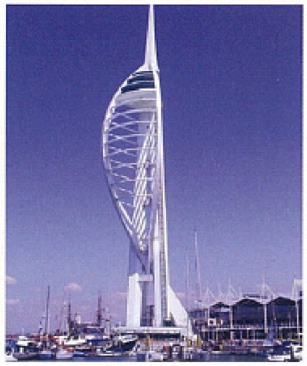
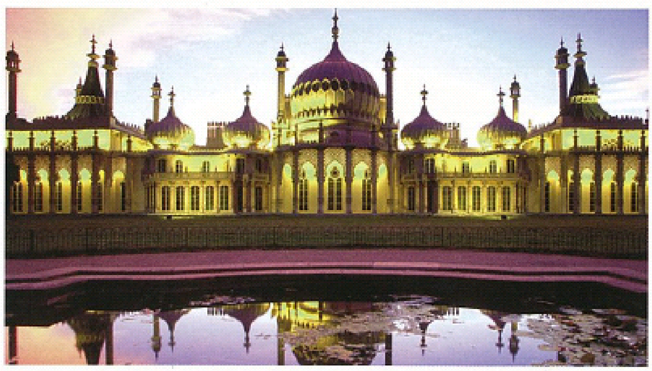
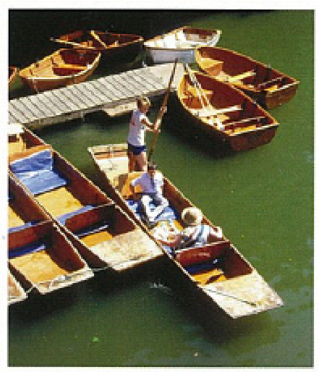
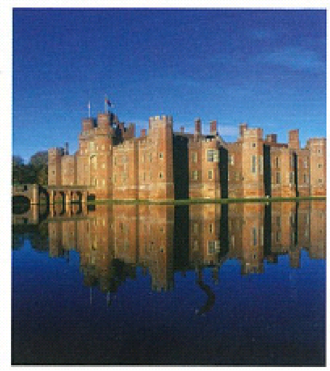
TOURISM
SOUTH EAST









How's Business Bulletin

Issue No. 23 – April to June 2009

SEEDA
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Working for England's World Class Region

Headlines

Welcome to the How's Business Bulletin Issue No. 23 for the period April to June 2009, produced by Tourism South East's Market Intelligence team. This issue provides a summary of the latest feedback from a sample of 306 of the region's tourism businesses.

Business Performance/compared with the same period on 2008

↑	36% of businesses say performance is up	- 6% fewer than last year
-	34% of businesses say performance has not changed	- 13% more than last year
↓	30% of businesses say performance is down	- 7% fewer than last year

Business Expectations for the Year Ahead

↑	35% of businesses expect performance to improve	- 4% fewer than last year
-	45% of businesses expect performance not to change	- 18% more than last year
↓	20% of businesses expect performance to worsen	- 14% fewer than last year

Key Industry Concerns

It will come as no surprise that for the majority of the region's tourism businesses the UK economic climate continues to be a major concern.

Serviced Accommodation Room Occupancy

Across the region, average room occupancy for serviced accommodation fell by 5.1% points from 63.0% to 57.9% during April-June 2009 compared to same period last year.

Non-Serviced Accommodation Unit Occupancy

Across the region, average unit occupancy for non-serviced accommodation during April-June 2009 was 61.3%, 7.8% points lower than the same period last year.

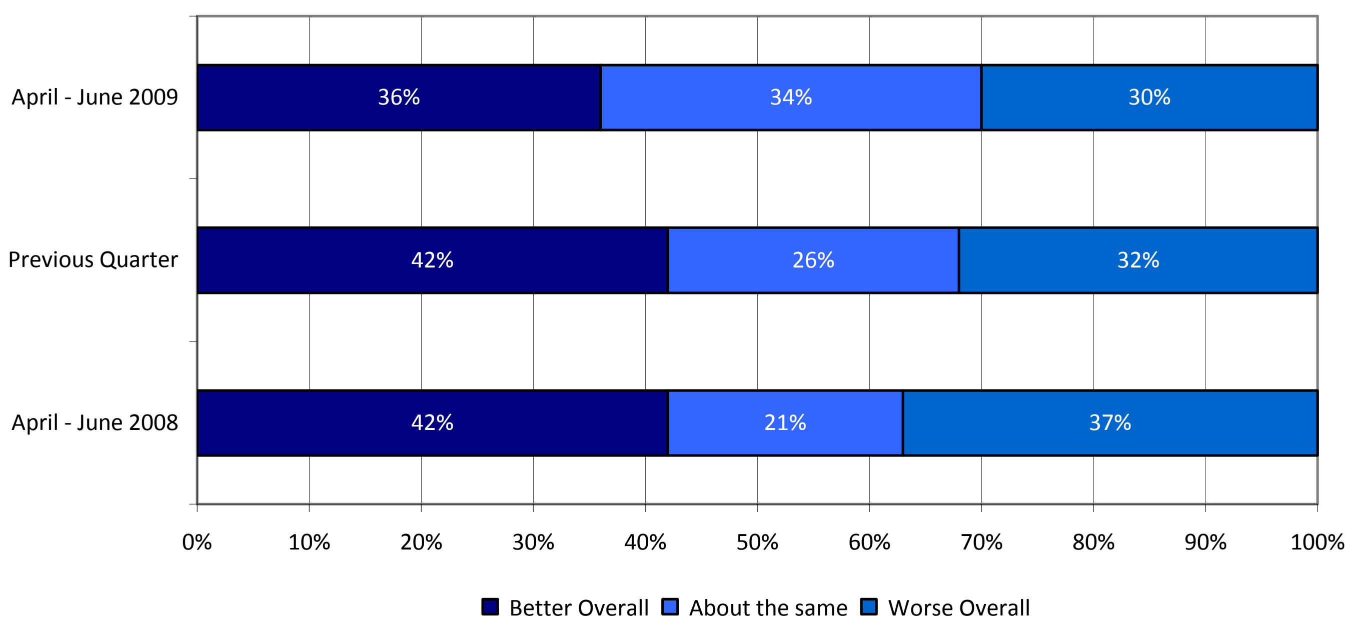
Visitor Attraction Admissions

Many visitor attractions experienced an increase in admissions. Attractions participating in the VisitBritain National Attractions Monitor saw, on average, a 9% increase in admission compared to the same period in 2008. However, this is below the national average of 15%.

Business Performance

The participants in the survey were asked how their business performed in the previous three months (April to June) compared to the same period in 2008.

36% of participants reported better overall business performance during April to June 2009 compared to the same period in 2008, whilst 30% experienced worse overall performance. The remaining 34% reported no change to their business performance.



Charging visitor attractions and caravan and camping businesses reported better performance during April to June compared to the same period in 2008, with 61% and 58% reporting improvement respectively. This is significantly higher than the average for the region as a whole.

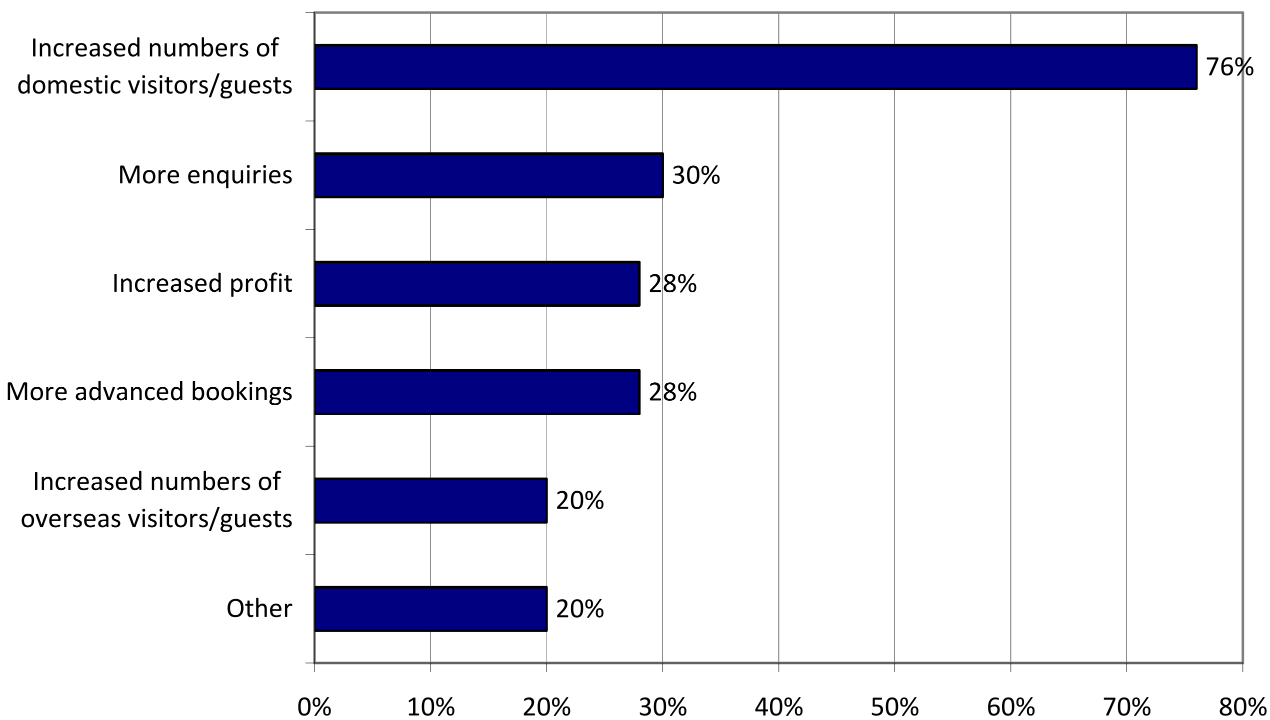
In contrast, the proportion of hotels (47%), B&Bs (41%) and self catering (37%) businesses reporting a downturn in overall performance was considerably higher than in 2008.

Positive Factors Affecting Business Performance

All participants that reported better overall performance during April to June 2009 were asked (from a prompted list) which positive factors affected their overall performance.

Just over three quarters (76%) of businesses reporting improved performance during April to June indicated that they benefited from an increase in the number of domestic visitors/guests. A further 30% had received more enquiries during this period, 28% had seen an increase in profit and an additional 28% had received more advanced bookings.

'Other' factors mentioned by businesses included visitors/guests choosing to have days out or shorter breaks rather than an annual overseas holiday, the advantageous exchange rate and improvement in the weather.

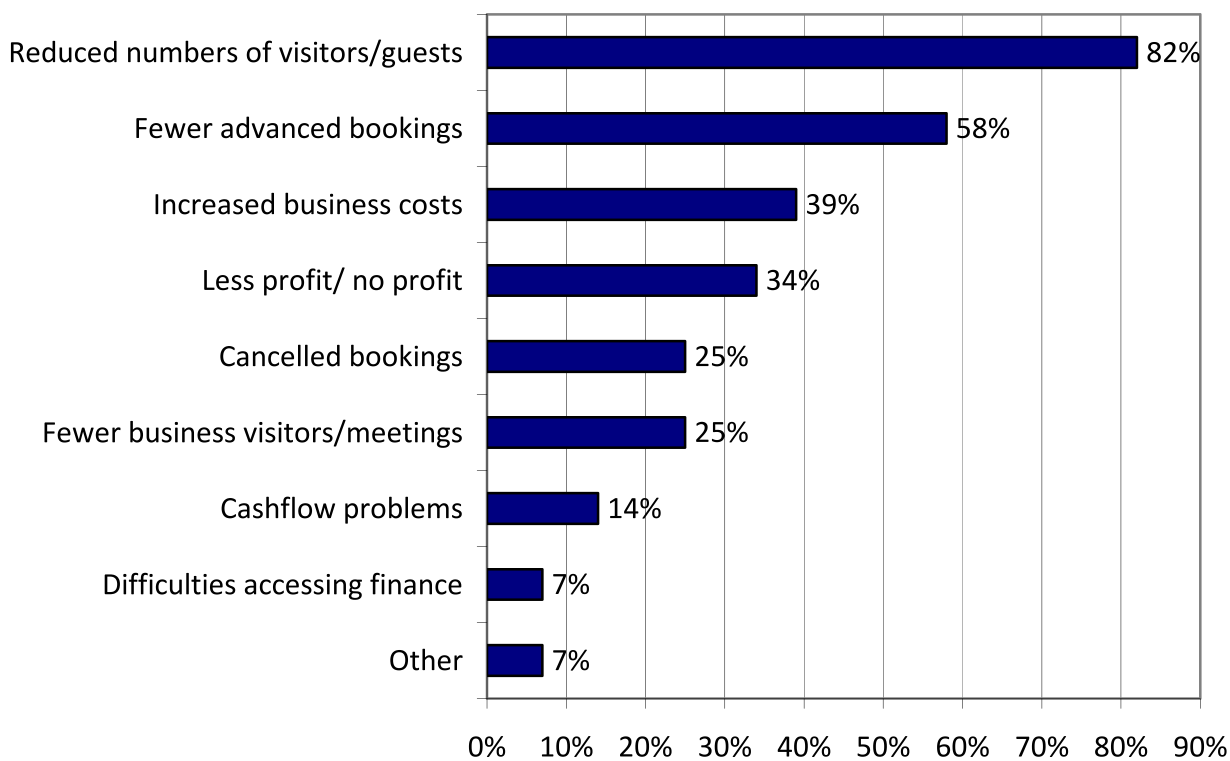


Negative Factors Affecting Business Performance

All participants that reported worse overall performance during April to June 2009 were asked (from a prompted list) which negative factors affected their overall performance.

A large proportion (82%) of businesses that reported worse overall performance during April to June indicated that a reduced number of visitors/guests was the main negative factor which affected their business. Other negative factors include fewer advanced bookings (58%), increased business costs (39%) and less profit/no profit (34%).

'Other' negative factors mentioned by businesses included the recession, lower secondary spend by visitors and government legislation.

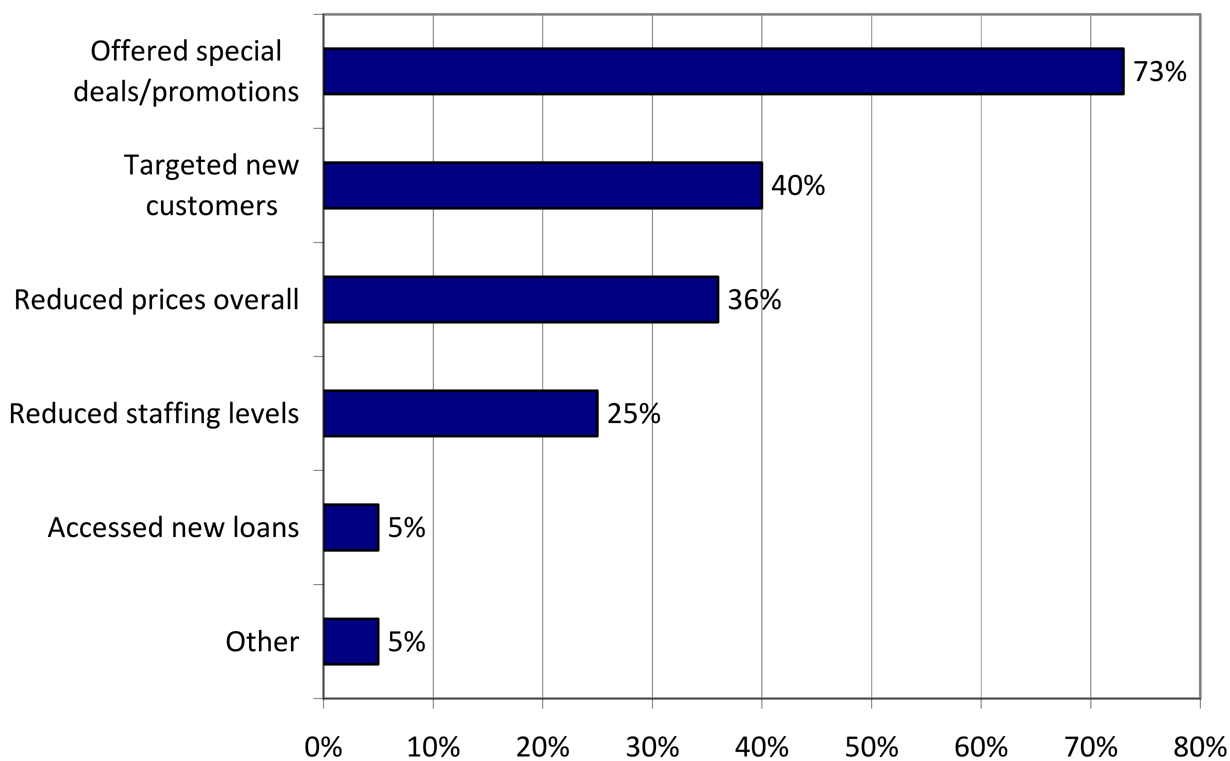


Actions Taken to Help Business Performance

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

Almost three quarters (73%) of respondents that reported worse overall performance during April to June indicated that they had offered special deals/promotions to improve business performance. A further 40% had targeted new customers while 36% had reduced prices overall.

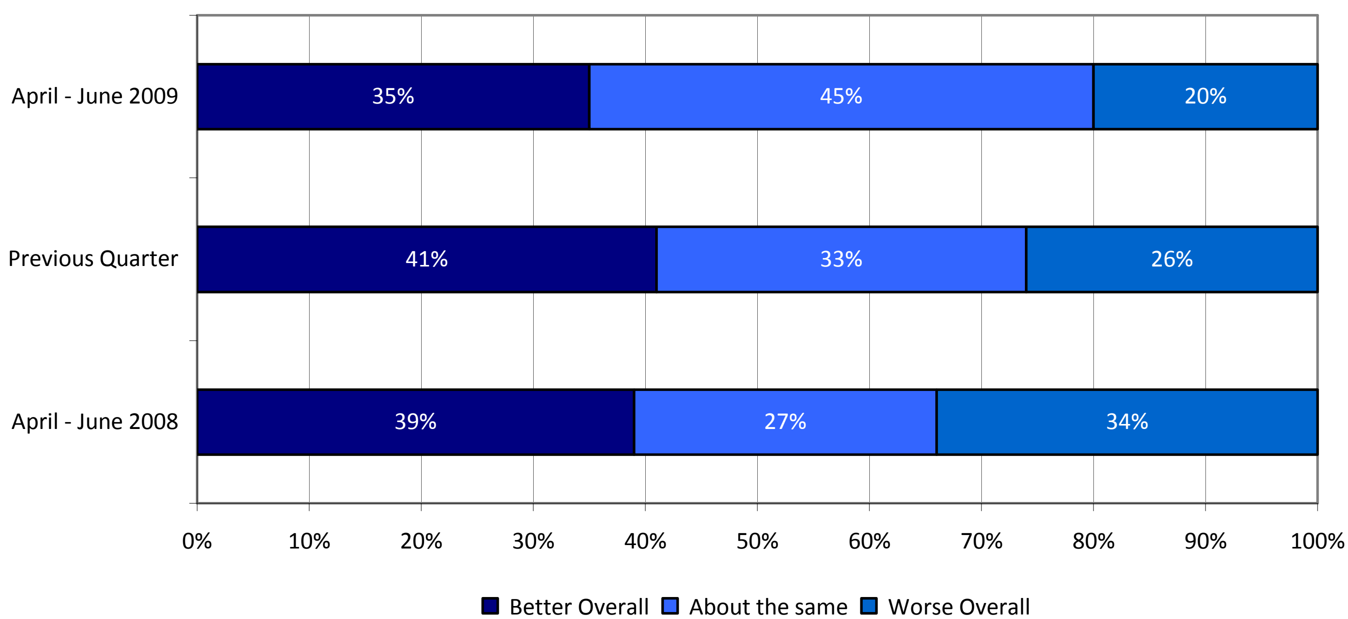
'Other' actions mentioned by businesses taken included introducing new efficiency measures, reducing business/operating costs and increased advertising.



Business Expectations for the Year Ahead

The participants in the survey were asked how optimistic they felt about their performance for the year ahead compared to 2008.

Overall participating businesses appear slightly less optimistic about the year ahead than they did at the same time last year – down 4% points to 35%. However, the proportion expecting performance levels to remain the same saw a significant increase of 18% points to 45%. Significantly, the number of participants expecting worse overall performance fell by 14% points over the same period to 20%.



Caravan and camping, charging visitor attractions and guest houses appear more optimistic about the year ahead, with 58%, 54% and 53% expecting better overall performance respectively. In contrast, the number of B&Bs (33%), self catering (27%) and hotels (26%) expecting worse 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 most commonly cited concern this quarter was the UK economic climate (75%). Hotels (97%), guest houses (80%), charging visitor attractions (75%), B&B (74%) and self catering businesses (73%) were the sectors most likely to report this as their main concern.

The weather still remains a key concern for 45% of business operators, as did the strength of the pound/exchange rates (27%).

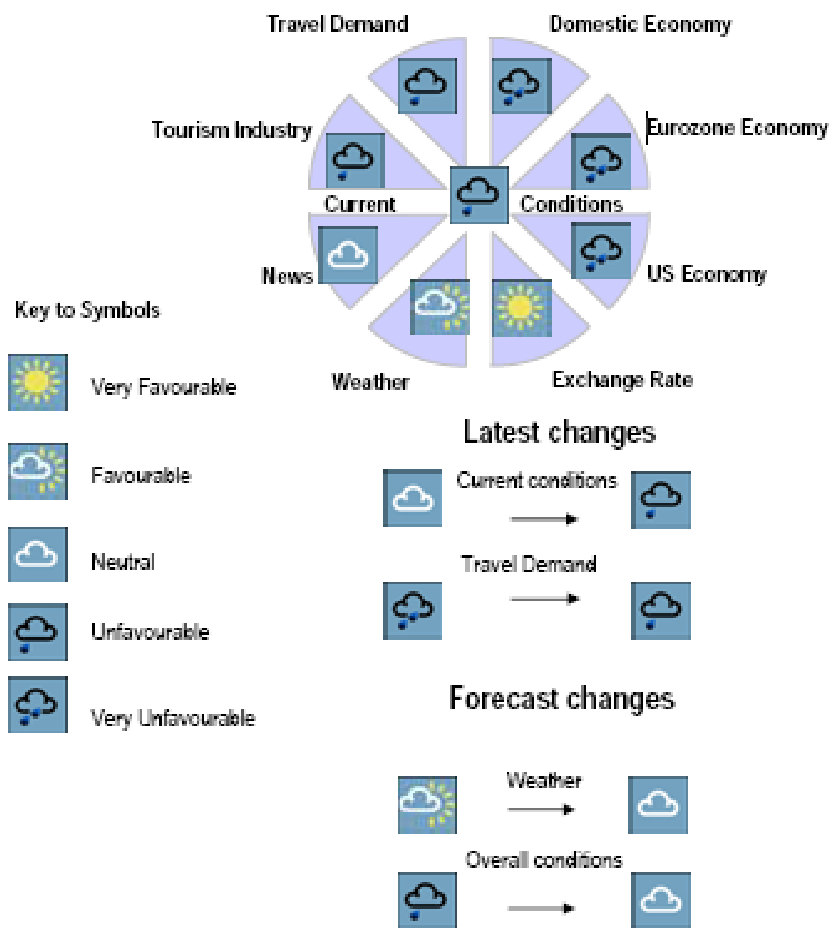
Competition from other parts of the UK was cited by 9% more businesses compared with the same period last year.

Top 5 Industry Concerns	April-June 2009	Jan-March 2008	April-June 2008
The Economic Climate	75%	73%	76%
The Weather	45%	48%	64%
The Strength of the Pound/Exchange Rates	27%	28%	22%
Competition from other parts of the UK	21%	17%	12%
Lack of Promotion	19%	16%	17%

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 tourism in Britain during April and May 2009.

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.



Source: VisitBritain Tourism Trends Quarterly

Survey Background

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 310 completed responses during this quarter, 32% were serviced accommodation providers, 25% were non-serviced accommodation providers and a further 33% were visitor attractions (8% Free and 25% Charged). The remaining 10% 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 Survey

The next survey covering July to September 2009 will be mailed on 1st October 2009, with the final report distributed to participants during the week commencing Monday 2nd November.

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