



INTELLIGENCE UPDATE

Research & Intelligence - Keeping you in the picture

TOURISM
SOUTH EAST

JULY 2010 EDITION

Headline Regional Tourism Trends

Spending cuts and VAT increase will make us more value-conscious

Performance data for May gathered from over 300 hotels across the South East region reveal positive results in the three key performance measures: Average Room Occupancy, Average Daily Rate, and Revenue Per Available Room - all are up, bringing confidence back to the hotel sector. A key segment for a demand revival is business travel. However, the prospects of public sector travel and meetings cuts in the UK following the recent budget announcement could further slow any rebound.

The recent budget also has serious implications for domestic leisure travel - the main driver of demand last year. The increase in VAT and public spending cuts means that value-seeking staycationers are even more likely to hunt out the best deals, waiting until the very end to grab a bargain. Research is already showing that last year's recession has turned the British public into "discount addicts" (see Hospitality Trends section).

For the value-minded holiday-maker, what better than a British seaside holiday. A recent report by Sheffield Hallam University reveals that even in the face of stiff competition from holidays abroad, Britain's seaside towns have been able to retain and even expand much of their core business.

No doubt the World Cup fever will impact on tourism over June and July, although visitor statistics will not be available for a few more months yet to confirm this. Based on previous World Cups what we typically see are fewer UK households opting to go away on holiday during the games, instead buying barbecues in their droves to watch the matches at home with family and friends. However, now that England have been knocked out we should see a boost in holiday bookings.

Business Confidence

A positive May Bank Holiday

VisitEngland's May Bank Holiday Business Monitor reports that Business levels in April/May was comparable to last year (32% report more visitors and 33% less).

There are wide differences by sector - 38% of camping/caravanning businesses and 37% of hotels report more guests, compared to just 27% of B&B/Guest Houses and self-catering businesses.

Advance bookings are on balance down on last year (25% reporting better levels, 33% worse), but the trend to last minute bookings continues, with over 40% of businesses reporting more last minute bookings than the same time last year. Perhaps because of this last minute trend, confidence levels are high - 86% of businesses say that they feel very or fairly confident about the summer, and the proportion of those feeling "very confident" has increased over the year.

Results from Tourism South East's How's Business survey for April to June 2010 will be published in the next *Intelligence Update* bulletin.

[To view the latest VisitEngland Monitor click here](#)

the Beautiful South

Domestic & Overseas Visitor Figures

Domestic market continuing to out-perform inbound tourism

The latest results from the United Kingdom Tourism Survey reveal that during the month of March, domestic tourism trips in the UK grew by 9% compared to the same month in 2009. Bednights rose by 8% and spend by 20%. Within England, the number of trips was up 7% against March 2009 while nights and spend also increased by 6% and 17% respectively.

In the first quarter of 2010 overall trip numbers were up 4% in the UK compared to January-March 2009, while trips in England were up 2% in the same period.

Regional results for the South East are very positive. The overall number of trips in the region increased by 17% compared to January-March 2009, while the number of nights and spend also increased by 8% and 10% respectively.

The latest results from the International Passenger Survey for the month of April, the month that Iceland's Eyjafjallajökull volcano started erupting, reveal that the number of overseas residents visiting the UK was 11% lower compared with April 2009. Looking at the year-to-date, 4% fewer visitors came to the UK when compared to the corresponding period a year earlier. Regional results for trips from overseas travellers will not be available until later this summer.

[To view the latest Domestic & Inbound Visitors Figures click here](#)

Hospitality Trends

Strong May results for Hotels

In May 2010, the region's hotel occupancy rose 5 percent to 74.1%, ADR ended the month up by £3.30 and RevPAR increased on average by £6.20 to £57.00.

Occupancy %			ADR			RevPAR		
May 2010	May 2009	Change	May 2010	May 2009	Change	May 2010	May 2009	Change
74.10%	69.10%	Up 5.0%	£77.10	£73.80	Up £3.30	£57.00	£50.80	Up £6.20

Source: STR Global, based on 320 hotels across the region.

[To view the latest occupancy figures click here](#)

Brits addicted to restaurant discount vouchers

Two-thirds of people wouldn't eat out without searching for a discount voucher first, according to new research.

Such is UK consumers' appetite for discounted dining, that they are more likely to search for a deal before eating out than for any other purchase.

The research of 1,976 adults, which was carried out for MyVoucherCodes but separately to their user base, suggests restaurant profit margins will remain under pressure, as economic and job insecurity persists.

Showing just how deep the discounting bug runs, one in four adults surveyed said they now look for a discount code online before making any purchase.

The poll also found that women are more likely to use discount vouchers (84%) than men (29%).



Latest Research Reports

Ash cloud cost £425m for UK tourism

On behalf of the Tourism Industry Emergency Response Group, VisitBritain commissioned Oxford Economics to undertake an analysis of the economic impact on the UK visitor economy of disruption caused by the volcanic ash cloud. The study estimates that the net loss to UK tourism was £425m. More detailed figures can be found in the full report.

Summary of Volcano Impact Findings

- In total, the airspace shutdown cost the UK tourism economy significant losses. Out of a potential total direct sales loss of £741 million, £425 million (57%) was realised by UK businesses after netting out deferred travel, stranded traveller spending, and substitute destinations and transport modes. This represents 0.5% of total tourism-related sales as projected for 2010.
- Out of a total potential transportation sector loss of £375 million, 85% (£321 million) will be fully realised by the aviation sector. However, only 69% (£258 million) of the potential loss will be experienced by the transportation sector more broadly due to alternative modes of travel.
- Based on the total number of UK inbound and domestic travellers who were unable to embark on their trips during the airspace shutdown, the UK tourism economy would have forfeited £365 million in visitor spending at UK destinations.
- The net impact on UK GDP is estimated to be £466 million when including indirect and induced impacts. This represents 0.4% of tourism's GDP contribution as projected for 2010. The related impact on full time equivalent employment would be 10,231 jobs based on average GDP per employee.

[To view the Oxford Economics report click here](#)

Hospitality skills crisis deepening

According to the State of the Nation 2010 report - a definitive snapshot of the labour market for hospitality, leisure, travel and tourism (HLTT) compiled by People 1st - the sector continues to be hampered by skill deficits.

Around 26% of businesses within hospitality employ staff they view as not fully proficient in their jobs – equivalent to 180,000 people. This compares with 19 per cent, or 140,000 people working within the sector, two years ago.

Customer service skills remain the most common skills gap across the sector; 65% of businesses who reported skills gaps in their workforce stated that their staff lacked the required customer service skills, an increase from 57% in 2007. Other skill shortage areas included management, leadership, IT and chef skills.

[To view the State of the Nation 2010 Executive Summary click here](#)

BRIC countries at forefront of tourism growth globally

According to Goldman Sachs, we will see a significant growth in trips in the coming years from the fast-growing BRIC nations (Brazil, Russia, India and China) as wealthy households from these countries start to spend their cash on overseas travel. They predict that global tourism will grow on average at 5% over the next two years but the BRIC nations and in particular India and China will grow at more than twice this level and this in itself is four times what established economies such as the USA and the euro zone will grow at.

[To view Goldman Sachs report click here](#)



Latest Research Reports

Seven key trends to shape future success

The hospitality industry must address seven key trends during the next five years if it is to continue enjoying success and strong growth, according to a new report by Deloitte. According to the report, the key drivers in determining success through 2015 and beyond will be:

Emerging markets

China and India will continue to be the key hospitality markets, and according to the report, by 2015 these countries will have absolute year-on-year tourism growth greater than the United Kingdom, France or Japan.

Demographics

In 2015 and beyond there will be two key demographic drivers of change in the industry, which will create new patterns of travel and demand in the West, and important new source markets in the East: the aging baby boomer population, in particular in the US forecasted to account for 60 percent of the nation's wealth, and the emerging middle classes of China and India. India alone is forecasted to have 50 million outbound tourists by 2020

Brand

The growth of social media in the last five years has been staggering, and will continue to grow. This new form of communication and feedback will have an increasingly crucial role on how brands are shaped and evolve. According to the report, the transparency of social media will highlight any inconsistencies in the delivery of the brand, and will provide a quick and enriching communication channel between brand and consumer.

Talent

An average hotelier spends 33 percent of revenues on labour costs, but employee turnover in the industry is as high as 31 percent. High employee turnover continues to plague the industry and operators need robust strategic plans to retain their critical employees and manage turnover.

Technology

According to the report, to be successful in 2015, hospitality companies must invest in technology. The battle to drive bookings through proprietary websites will continue, but all major operators will also develop applications and websites for mobile devices to meet consumer demands.

Sustainability

Sustainability will become a defining issue for the industry in 2015 and beyond. Rising populations and increasingly scarce resources will provide a challenging business environment in which sustainability will need to be embedded within all facets of the hospitality industry.

Crisis Management

According to the report, the key to the hospitality industry's survival of unpredictable shocks and minimizing their impact is to establish appropriate responses, protocols and risk management programs. Operators also need to capitalize on new opportunities that may present themselves in challenging times.

[To view the Hospitality 2015 report click here](#)



Latest Research Reports

We love to be beside the sea

New research carried out by a team from Sheffield Hallam University (SHU) has revealed that the British seaside tourist industry is still alive and well - and growing. The report, called *The Seaside Tourism Industry in England and Wales*, claims that the idea of coastal resorts having suffered as a result of increasing numbers of foreign holidays is a "myth".

More than 100 seaside towns support a total of 210,000 jobs across a number of tourism-related sectors; comparable to the number of jobs found in the telecommunications sector and larger than the number in the motor industry, aerospace, pharmaceuticals or steel sectors.

[To view the Sheffield Hallam University report click here](#)

Latest News from Around the Region

Berkshire

- A stretch of the River Lambourn in Newbury is to benefit from investment which will offer local residents and visitors the opportunity to take part in a range of conservation initiatives. The Heritage Lottery Fund has contributed more than £220,000 towards the River Lambourn Community Project, which will help create river gardens and guided walks.

Buckinghamshire

- A vast collection of hitherto unseen historical documents stored at the World War II code-breaking centre at Bletchley Park is to be digitised and made available to the public online. Expected to take between three and five years to complete, the collaboration between electronics company Hewlett-Packard (HP) and the Bletchley Park Trust will help to commit more than one million of the site's historic documents to digital format. The documents include communication transcripts, communiqués, memoranda, photographs and other material tracing and referencing some of the most significant events of the Second World War.

Hampshire & Isle of Wight

- A £65m regeneration of Aldershot town centre has been given the go-ahead in principle after a unanimous vote by councillors. The WestGate scheme includes a cinema complex, restaurants, a 91-bed hotel, a supermarket and a 522-space car park. The Secretary of State for Communities and Local Government has 21 days to decide if Rushmoor Borough Council can issue planning consent. Final permission is also subject to a legal agreement between Hampshire County Council and WestGate Aldershot Ltd for highways improvements. It is hoped work will start in October, with completion in early 2012.
- David Lock Associates and Gehl Architects have both been appointed to work on a master plan for Southampton city centre. Southampton City Council said that the plan is to examine how to accommodate predicted levels of new development in the city centre by 2026. In addition, the master plan will look at traffic levels, flood mitigation and the creation of landmark buildings and public spaces. The council has also launched a tender process to find a developer to regenerate the key Royal Pier Waterfront site.

Kent

- The Kent airport of Manston is to gain a second domestic service by Flybe. The airline is to serve Manchester six days a week in addition to an Edinburgh service. Flights will operate every day except Saturdays.



Latest News from Around the Region

Oxfordshire

- Oxford City Council has unveiled a new public consultation in order to gather comments from local residents regarding the future of the Museum of Oxford. The council is currently conducting a review into the museum to see how it can be best adapted to modern techniques and how displays can be enhanced to represent the city's history.
- Plans for the major £78m restoration and refurbishment of Oxford's New Bodleian Library have been given the green light by the local authority. Oxford City Council has approved planning permission and listed building consent for the scheme. Work is due to get underway in 2011.

Surrey

- Work to enhance rowing and canoe sprint facilities at the Eton College Rowing Centre near Windsor - to be used during the 2012 Olympics - have been completed "on time and on budget". The Olympic Delivery Authority (ODA) has confirmed the Dorney Lake venue is the second to be fully completed ahead of the London Games. following the sailing facilities at Weymouth and Portland.

Sussex

- Organisers of White Night, which celebrates the turning back of the clocks, hope this year's event will allow tens of thousands of residents and visitors the chance to reclaim the streets of Brighton and Hove. After drawing up initial plans, they have promised to create a wide range of experiences and events for one night only which will be unique to the city. Up to 30,000 people are expected to attend the free festival which will last from 6pm to 7am.
- Eastbourne Borough Council (EBC) is set to launch a new consultation to enable local residents to comment on how the East Sussex town will develop over the coming years. A proposed Area Action Plan (AAP) drawn up by the council will aim to provide a blueprint that will shape the future regeneration of the town for the next 16 years. The document incorporates a number of proposals for Eastbourne, including ways to develop the local evening economy and attempts to broaden the appeal of the town centre to "new audiences". The consultation is due to run between 14 June and 6 September.

Contact Us

If you have any queries regarding the *Intelligence Update*, or require any additional Market Intelligence, please contact Craig Bright (Research & Market Intelligence Officer) by email (cbright@tourismse.com) or phone (02380 625452).

If you have any research needs such as visitor surveys or tourism economic impact studies please contact Parves Khan (Head of Research) by email (pkhan@tourismse.com) or phone (02380 625459).