

# Intelligence Update November 2009

## TSE Research & Intelligence - Keeping you in the picture

### Headline Regional Tourism Trends

Despite the summer holiday period turning out to be a bit of a damp squib rather than the barbecue summer the Met Office forecasted, the predicted 'staycation' effect as worries about the recession made many UK consumers reduce costs by holidaying at home seems to have benefited a number of sectors. Data gathered direct from businesses across the region show that visitor attractions, camping/caravanning, and self-catering businesses have been the beneficiaries of cost-conscious households, with many businesses enjoying a record breaking season.

According to the Camping and Caravanning Club, advanced bookings for the South East were up by 10.1% and occupancy was up by 13.2% compared to last year. Our own research shows that the level of bookings for pitches and static caravans was much higher for some businesses; up by 25% or more, and that some holiday park operators saw turnover increase by more than 30%. Visitor attractions across the region also reported brisk trade over the summer months. Admission numbers rose by 20% or more for some attractions.

Behind these headlines, however, lies a rather mixed picture of business performance for the tourism industry. For many visitor attractions across the region an increase in admissions hasn't necessarily led to a like for like increase in profits. Price sensitivity among consumers has necessitated promotions and offers. Nearly all report that ancillary spend in gift shops and catering is down. For some, increased volume has been achieved at reduced levels of profitability.

It also seems to be the case that 2009 is shaping up to be a rather gloomy year for many of our hoteliers especially those which rely on foreign visitors and the business travel market. Despite the weakness of the sterling making Britain a leading value destination, the latest IPS figures which take us up to August show a 9% drop in the number of inbound trips. Throughout 2009, most hotel performance surveys have reported a significant drop in business from international leisure and business travel and significant reduction in margin. On a positive note, the weekend domestic leisure market has bolstered flagging levels of occupancy for many hotels.

### Business Confidence

Provisional data from TSE's 'How's Business Monitor' for the third quarter (up to September 2009) shows that on average, just under half of all businesses surveyed (46%) experienced better performance than the previous year. That's 5% higher than the number of businesses which reported better performance last year. Looking to the end of the year, 29% of those surveyed felt optimistic and anticipate an overall increase in performance in 2009 compared to 2008, while over half (54%) expect 'no change'. The remaining 17% predict their performance for remainder to the year to worsen.

If you do not already contribute to the How's Business Monitor please let us know how your business has performed during the July—September period by clicking on the link below. We will feature the final results for quarter three in the December e-newsletter.

[To let us know how your business has performed please click here](#)

### Domestic & Inbound Visitors Figures

The latest figures released by VisitEngland from the United Kingdom Tourism Survey show that there were almost 8 million overnight trips made by UK residents to the South East during the first six months of 2009, a small increase of 2.6% compared with the same six months in 2008. The number of bednights also saw an increase over this period (up 3.8%), however visitor spending has reduced slightly (-0.7%).

The figures also show that whereas UK nationals took far fewer business-related (-12.9%) and VFR (-1.5%) trips in the UK during the first six months of 2009, relatively more took 'pure holiday' trips (+18.5%).

The number of overseas residents visiting the South East during the first six months of 2009 was 9% fewer compared with the same period in 2008. Despite this drop, spending over this period is only 1.3% lower than last year in nominal terms. This is explained by the fact that sterling was (on average) 8% weaker against the Euro and 12% weaker against the US Dollar, meaning that most visitors' currencies are going further this year, with each visitor spending more on average.

[To look at the latest visitor statistics click here](#)

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## Hospitality Trends

Hotel room rates are still falling across the region. The latest performance results from STR Global for the month of September show that average room rate was 20% lower than 2008 and revenue was down by 22%. The large drop in price is a reflection of just how deep hoteliers have had to dig in their efforts to maintain occupancy.

However, despite the recession, the appetite for expansion in the South East hotel industry remains undiminished. This year 18 new hotels (including the £40m Hilton in Reading and £30m Lime Wood in Lyndhurst) have opened supplying more than 1,500 rooms, while a further 30 hotels are planned for the period 2010-2015 providing an additional 3,900 rooms. The budget sector dominates the list of new developments, particularly with Premier Inn and Travelodge. As a general rule economy hotels do relatively well in a downturn as corporate and leisure travel trade down to cheaper alternatives.

Performance is also mixed among other accommodation sectors. TSE's regional occupancy survey year-to-date results show B&Bs and Guest Houses saw average room occupancy drop by 3.3%, whereas average unit occupancy for self-catering businesses increased by 3.7%; and for the region's camping and caravan parks, 2009 has shaped up to be a boom year despite the absence of the 'barbecue summer'.

[To look at the latest regional avg. occupancy figures click here](#)

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## Visitor Attraction Performance

According to two recent surveys, UK visitor attractions experienced strong growth in 2009. New figures from the Association of Leading Visitor Attractions (ALVA) show that the country's foremost museums, galleries, heritage sites, cathedrals, gardens, zoos and leisure parks had a buoyant summer season. Overall, visitor volume across ALVA member attractions increased by 3.4% compared to the same period in 2008 (1 May – 31 August).

[To view the ALVA press release please click here](#)

The combined impact of more people holidaying at home and spells of wet weather helped boost admissions among indoor attractions. According to the Art Fund's nationwide museums and galleries survey half of all UK museums saw an increase in visits between March and September, with a fifth reporting a rise of over 10% on the same period last year. The greatest rise in visitors was seen at national museums, around two-thirds of which saw an increase in summer visits. Around 60% of museums that saw extra visitors offer free entry, though many also staged paying exhibitions, so free admission was not the only draw.

[To download the survey results please click here](#)

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## Market Intelligence Profiles

### Festivals Sector

The South East hosts some of the UK's most important festivals – Brighton Festival; Garsington Opera; Glyndebourne Festival Opera; Oxford Literary Festival; Reading Festival and the Isle of Wight Festival. Not only do festivals form a significant strand of the region's cultural offer, many play a key role in supporting the visitor economy.

A recent study has found that visitor spend generated by festivals in the South East, show an indicative total economic contribution of £503 million to the visitor economy.

[To download a copy of the report click here](#)

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## Latest Research Reports

### British Hospitality: Trends and Developments 2009

The annual report, now in its twelfth year, brings together all the key data of the industry in one volume, with full details of hotel openings and new developments. The report shows that although hotel and restaurant insolvencies have been higher in 2009 compared to previous years, prudent cost-cutting measures and boosting occupancy by providing special offers has enabled the vast majority of businesses to weather the storm.

[To find out more about the report click here](#)

### Competitiveness of the EU Tourism Industry

Over the last decade the job creation rate in the EU tourism industry has been above the EU average. In recognition of this, it has been identified as an industry, which can play an important role in the attainment of the Growth and Jobs Strategy goals set in the Lisbon Strategy. In this report the competitive position of the European tourism industry is analysed in order to improve its role as a potential sustainable growth engine in the European economy.

Notwithstanding the pan-European focus of this report, it provides a series of recommended actions to enhance the competitiveness of the tourism industry which is just as applicable at nation level as it is at EU level.

[To download a copy of the report click here](#)

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