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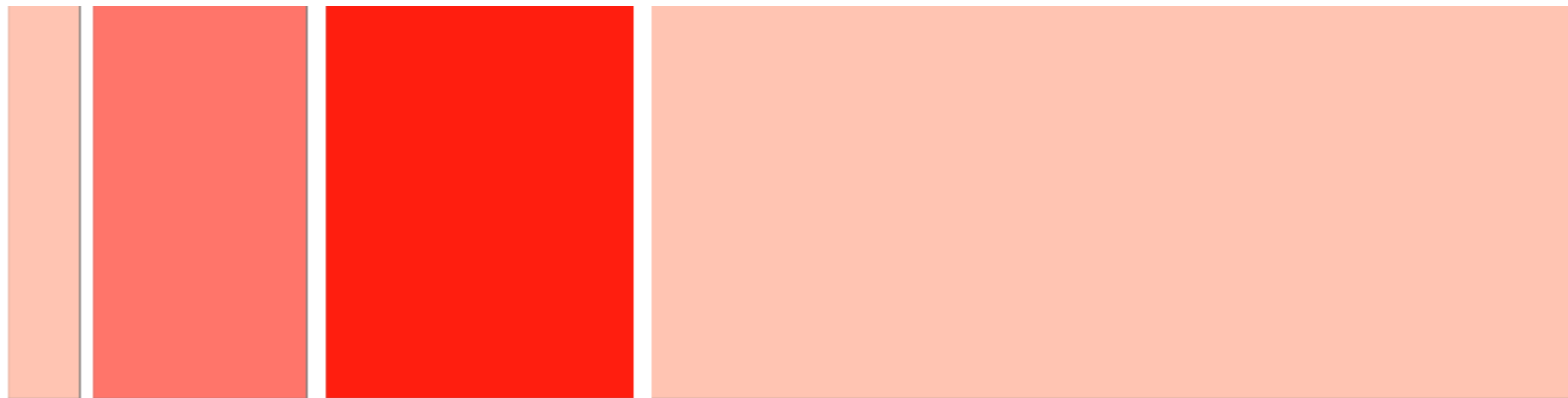
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Wales Tourism Business Barometer

Wave 2, Late May Bank Holiday and Half Term 2016



Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Wales Tourism Business Barometer: Wave 2, Late May Bank
Holiday and Half Term 2016

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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1. HEADLINE FINDINGS

Weather brings belated boost to industry

- 1.1 85% of businesses in the survey had more or a similar level of business in the late May bank holiday/half term period in 2016 compared with the same period in 2015.
- 1.2 40% reported a higher level of business and 45% about the same as in 2015.
- 1.3 In particular, the caravan and camping sector has benefited from the warm, dry weather (62% report an increase in visitors), as have attractions (54% report an increase in visitors) and restaurants / pubs / cafes (57% report an increase).
- 1.4 Around two thirds (65%) of those who have seen an increase say that the weather is one of the main reasons for this.

Lift in visitors sees lift in profits

- 1.5 Two in five (41%) responding operators say that they have seen a rise in profitability to date this year compared with the same period last year. Over half (56%) of restaurants / pubs / cafes have seen an increase in profitability, as have 48% of attractions and 44% of caravan and campsite operators.

Bright summer expected

- 1.6 Expectations are bright for the summer, with 41% of respondents predicting to welcome more visitors than last summer. Half (50%) of restaurants / pubs / cafes expect to be up, as do a similar proportion (48%) of attractions.
- 1.7 Confidence is on the up, with 40% reporting to be 'very confident' and a further 47% 'fairly confident' for the summer season. All (100%) hostels are either very or fairly confident about the season.

Own marketing leads promotional activity

- 1.8 More than half (54%) of responding businesses say they use their own marketing as a main way to promote their business.
- 1.9 Increasingly, however, operators are using social media to garner more visitors. Currently, 48% say these platforms are a main way they promote their business, and through the open comments respondents reveal that heading online to attract visitors is a growing trend.
- 1.10 There is still a reliance on repeat visitors for 42% of businesses, and 43% say that word of mouth is an important way of drumming up new visitors.

Slight increasing trend towards receiving custom through third parties

- 1.11 Across all sectors, an average of 65% of custom comes direct and 35% comes through a third party. Non-accommodation sectors receive most of their custom directly, whereas among accommodation operators the balance is closer to 50/50.
- 1.12 All sectors have seen a slight shift from direct to third party custom during the last three years, except for the self catering sector, which has remained about the same.
- 1.13 Overall, an average of 31% of custom was coming to operators through third parties three years ago, compared to 35% now.
- 1.14 The serviced accommodation sector has seen a significant shift towards third party custom – 35% three years ago, compared to 44% now.

2. QUALITATIVE FINDINGS

2.1 Eight depth interviews have been conducted over the telephone with key tourism figures across various organisations and bodies across Wales.

2.2 The main findings are discussed below.

Tourists embrace the good weather

2.3 The mood reflected across the tourism industry is a positive one. There has been a rise in the number of visitors recently, compared with the same time last year, and for some it's the busiest period they have seen in years. This is in no small part due to the good weather over the late May bank holiday.

"The weather was really good, so I've had some very positive feedback about people being really busy"

"It's been very good. The weather has been helpful"

"There does seem to be a lot more people around, which is quite unusual for this time of year, so I think people have really embraced this bank holiday weekend"

"Better than last year because of the weather"

2.4 However this does depend on location. Those furthest from coastal areas have been seeing similar visitor numbers to those in 2015.

"It was quieter than last year. Because of the sunny weather, people went to the coast"

Trend for last minute and shorter bookings

2.5 There is a continuing trend for last minute bookings, with those that do book waiting for a positive weather forecast before doing so. Accommodation bookings also tend to be for shorter periods. To adapt to changing needs, some accommodation providers are now offering one night stays.

"A lot of hotels have a two-night policy, but some of those hotels are now considering one-night bookings if things get close to the weekend"

"The trend I've noticed is for more short breaks. More and more people – especially those from London – take shorter breaks as they don't seem to have a lot of holiday"

“Some of our long-standing members have been looking at the Friday of the late bank holiday having no bookings at all, but then during the bank holiday it would fill up, which was extraordinary. So people are leaving booking until the very last minute - on the actual Friday!”

The summer is looking good

2.6 With people making bookings last minute, it can be difficult to predict the summer period, particularly for those in the accommodation sectors.

2.7 Nevertheless, the mood is a positive one overall.

“Traditionally for the summer period, people tend to make late bookings”

“Fairly positive for the rest of the summer”

“We’re going to be particularly busy, this is our busiest year to date, year-on-year we’ve been busier for the past four years”

“Rest of the summer is looking good”

More confidence in booking direct

2.8 Online booking sites continue to be popular; however there is a growing trend direct bookings from return visitors.

“Repeat bookings starting to go direct after they’ve ‘tested the water’ with a third party”

Need to target the pre-school market

2.9 The fear of fines from local authorities means that parents are tending not to take their children on holiday during the school period. This results in an upsurge of visitors with children during half-term holidays, which can lead to staffing problems.

2.10 The focus for many is to start to look towards the ‘pre-school market’, and tempt more young families into Wales. As a relatively recent consideration, this is ‘one to watch’.

“People are watching the whole school holiday thing very carefully overall. Does it provide better opportunities for better deals? People haven’t quite sussed out where that might go.”

Staying connected

2.11 Some interviewees believe it is becoming increasingly important for visitors to stay connected during their time in Wales. Whereas in previous years Wales was seen as a getaway where people can switch off from their everyday life, the need to stay ahead of the game at work means that some people need internet access during their visit.

“They need broadband, WiFi, so they can still work while they’re on holiday – it’s becoming more important, especially with busy people from London”

3. BACKGROUND AND METHODOLOGY

What is the Wales Tourism Business Barometer?

- 3.1 The Wales Tourism Business Barometer is designed to give quick feedback on how the tourism industry in Wales is performing at key times during the year. The Survey has been running in various forms since 2005, and normally between two and five research 'waves' are conducted each year.
- 3.2 This research wave relates to the late May Bank Holiday and half term 2016, with measurements also of expectations for the coming summer season. Ad-hoc questions on the ways operators promote their business have also been included in this wave.

How is the Survey conducted?

- 3.3 This Survey has been made available for online completion as an alternative to telephone, which prior to 2016 was the only method used.
- 3.4 We have conducted 800 interviews by telephone, and the online survey distributed by area and sector partners has yielded an additional 125 responses. The overall sample of 925 makes results of questions asked to everyone accurate to $\pm 3.2\%$.
- 3.5 The sample of 925 responses is reflective of the tourism industry in Wales and is shown below by sector and region:

Sector / Region	North	Mid	South West	South East	Total
Serviced acc'm	89	57	62	67	275
Self catering	68	56	78	36	238
Caravan / campsites	44	25	33	7	109
Hostels	8	5	7	6	26
Attractions	46	21	35	41	143
Restaurants / pubs / cafes	13	9	10	15	47
Activity operators	37	12	25	13	87
Total	305	185	250	185	925

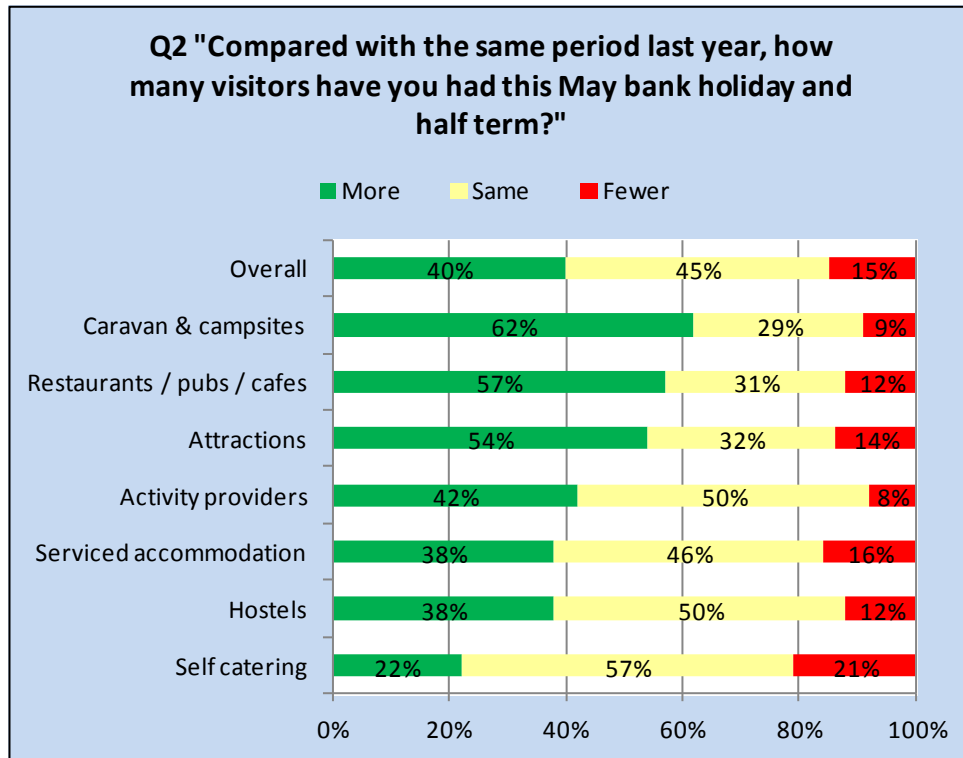
- 3.6 About half (53%) of the sample are currently graded by Visit Wales and the remainder (47%) are not. The graded and non-graded samples are spread across the different regions and sectors except restaurants / pubs / cafes and activity operators, where grading is not

applicable. Operators of restaurants, pubs and cafes have been selected in areas of high tourism footfall across different parts of Wales and have been asked to answer questions in the context of their tourist (i.e. non-local) customers.

- 3.7 All telephone interviews have been conducted with business owners or managers between 6th and 15th June. A copy of the questionnaire used is included as an appendix.

4. MAY BANK HOLIDAY AND HALF TERM PERFORMANCE

PERFORMANCE BY SECTOR



Good weather boosts business for happy campers

- 4.1 Two in five (40%) businesses have welcomed more visitors over the late May bank holiday and half term compared to the same period last year, and a further 45% have had about the same level.
- 4.2 The caravan and camping sector, in particular, has experienced a strong few weeks, with 62% reporting an increase in visitors. A high proportion (84%) of responding campsite operators who have seen more visitors say that better weather has helped drive more people to their pitches.

"The good weather prompts people to book with us"
Caravan and camping, South West

"We had full capacity this half term"
Caravan and camping, South West

"Nicer weather in May meant much better business"
Caravan and camping, North

"This was a very busy and successful period, largely due to the weather conditions"
Caravan and camping, Mid

Improved period for attractions and restaurants / pubs / cafes

4.3 Better weather has also played a strong role in attractions and restaurants / pubs / cafes enjoying a higher number of visitors. Well over half (57%) of the responding pubs and eateries report an increase, with 88% of these citing the weather as a reason for more business.

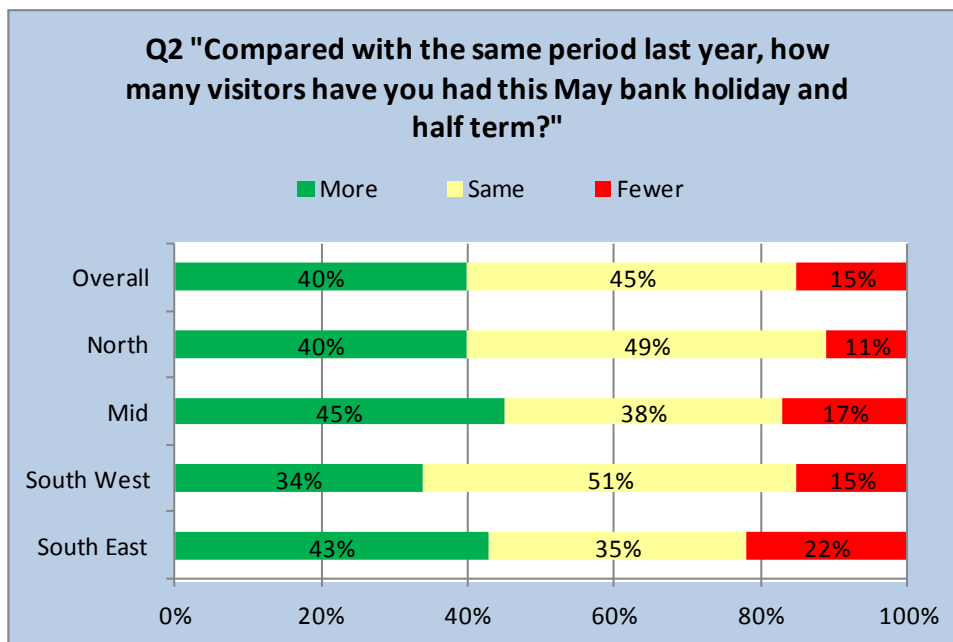
“Weather was the main reason”
Restaurant / pub / cafe, North

4.4 Similarly, 54% of attractions have seen a lift in visitors. And 72% of these credit better weather for more people visiting their attraction.

“The weather meant we had a very successful Bank Holiday weekend”
Attraction, South East

“Compared to last year we had an extra 2,000 visitors this late May bank holiday and half term”
Attraction, North

PERFORMANCE BY REGION

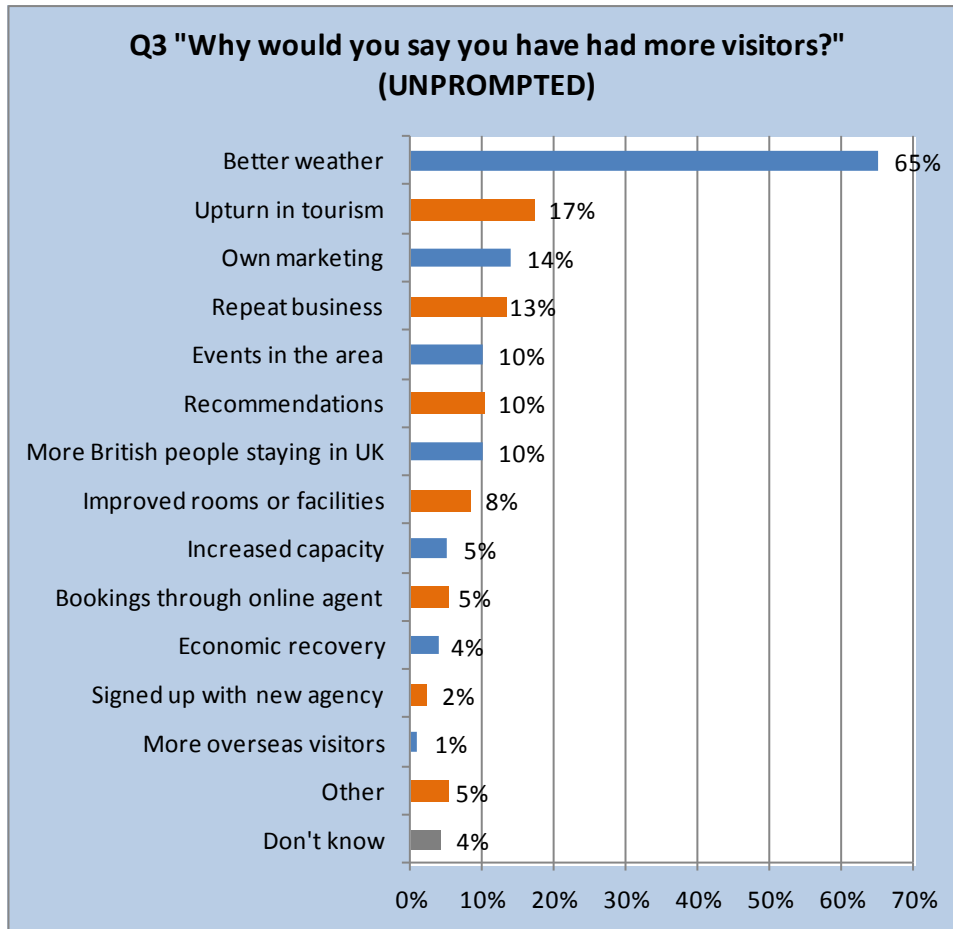


Base: 866

Little significant differences by region

- 4.5 Good levels of respondents in each region of Wales have seen an increase in the number of visitors they have had over the late May bank holiday and half term, compared to the same period in 2015. Overall, there is little significant difference between the regions.
- 4.6 Nearly half (45%) of respondents from Mid Wales have seen an increase, as have 43% in the South East. Two in five (40%) from the North have also welcomed more business.
- 4.7 The proportion in the South West is slightly lower, with around a third (34%) reporting an increase in the number of visitors.

REASONS FOR INCREASED VISITOR LEVELS



Base: 348

Better weather means better number of visitors

4.8 The warm, dry weather over the late May bank holiday and half term has been cited by around two thirds (65%) of responding operators as the reason for an increase in visitor numbers. In particular, restaurants / pubs / cafes believe the weather has helped numbers (88%) as do caravan and camping (84%), attractions (72%) and hostels (70%).

"The half term was fine as the weather was excellent"
Caravan and camping, Mid

"Due to very good weather business has gone up"
Caravan and camping, North

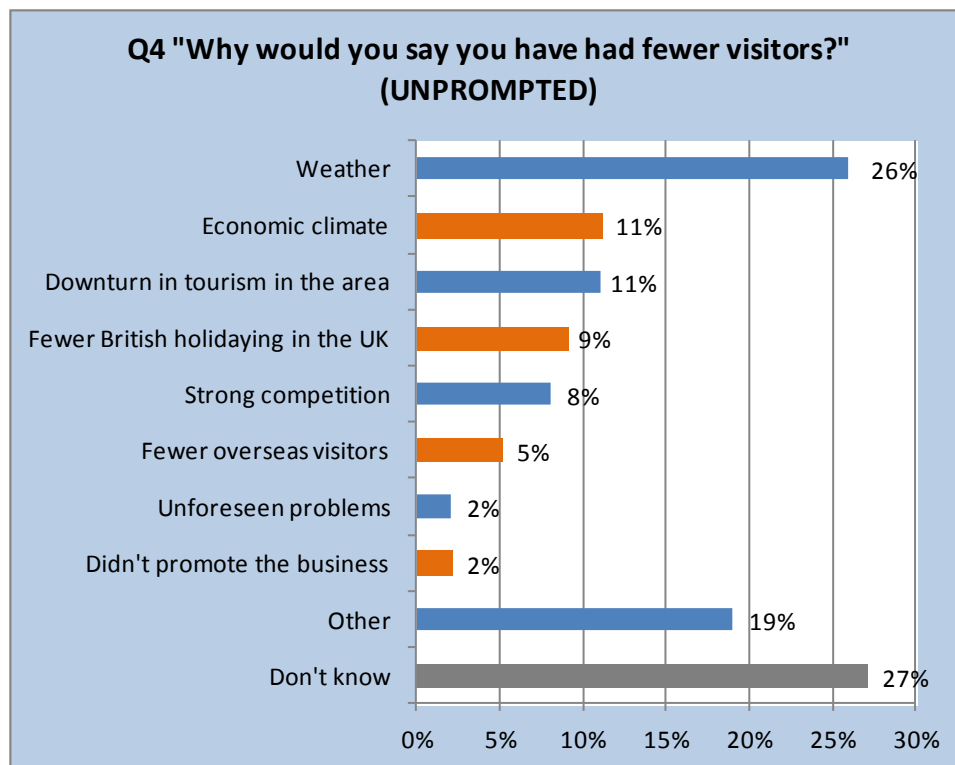
"More holiday makers staying in the area due to fantastic weather over the whole half term week"
Attraction, Mid

Other reasons for uplift

- 4.9 Overall, 17% of operators who have seen an increase say that it is, in part, thanks to an upturn in tourism. Around a quarter (24%) of activity operators believe this to be the case, as do 22% of serviced accommodation respondents.
- 4.10 Own marketing has helped businesses welcome more guests. A much higher proportion of activity operators (48%) say their own marketing has given them a boost, compared to the 10% average across the other sectors.

"I expect to be up on profits this year. We're feeling very confident for summer. We advertise mostly through our own website and social media."
Activity operator, North

REASONS FOR DECREASED VISITOR LEVELS



Base: 133

Good weather means bad business for some

- 4.11 Around a quarter (26%) of respondents who have seen a drop in the number of visitors say that the weather has been *bad* for their business.
- 4.12 This is often businesses which attract customers who want to get out of the rain, so see fewer visitors when the sun shines. Or it is because they are based away from the coast and

believe potential visitors are more likely to head to a beach or seaside town when the sun comes out.

“Good weather usually has a negative effect on city centre business as if it is very sunny, they will go to the coast”

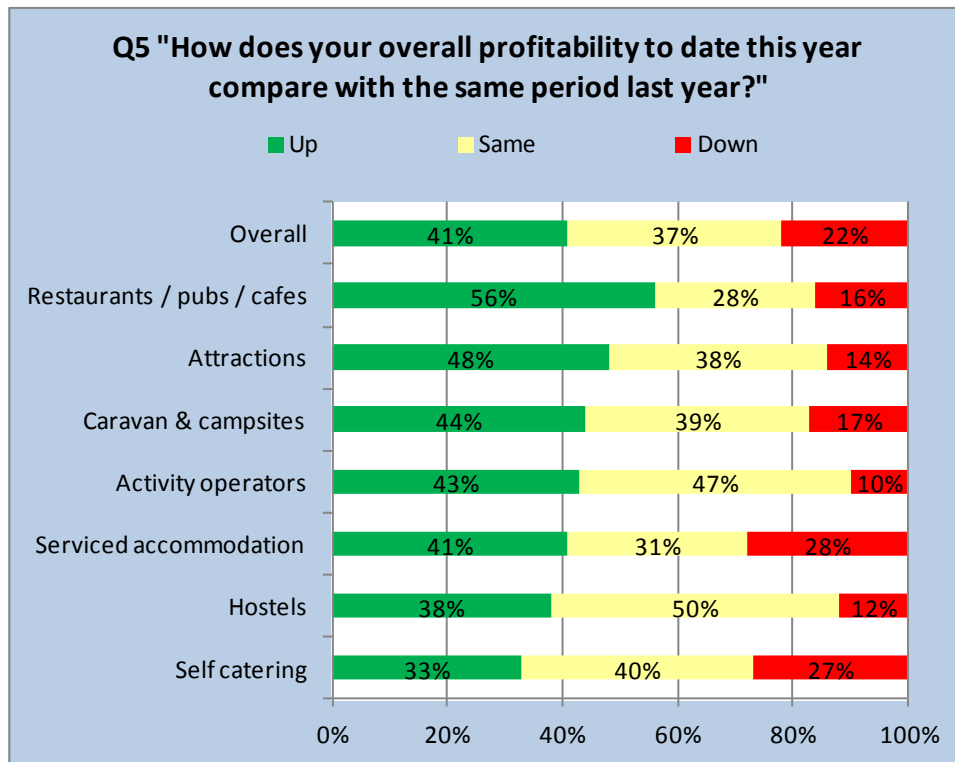
Serviced accommodation, South East

“If the weather is bad then people will come to us”

Attraction, South West

5. YEAR TO DATE PERFORMANCE

PROFITABILITY



Base: 803

Good lift in profitability

- 5.1 Encouragingly, two in five (41%) operators say that their profitability to date this year is up on 2015. The restaurant / pub / cafe sector has seen a strong lift in profitability, with well over half (56%) reporting more profit compared to last year.

"Profitability is up 20%"

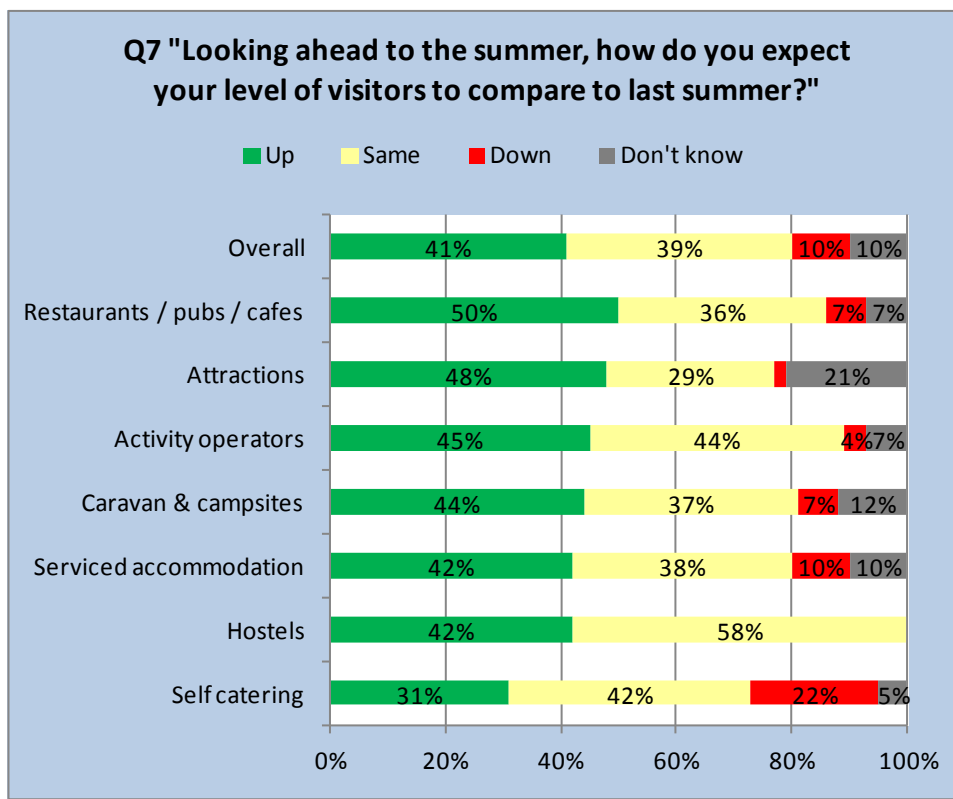
Serviced accommodation, Mid

"May was the first time we experienced a real growth in occupancy/profit"

Serviced accommodation, North

6. EXPECTATIONS AND CONFIDENCE FOR THE SUMMER

EXPECTATIONS BY SECTOR



Base: 905

Bright summer predicted

6.1 Around two in five (41%) operators are feeling optimistic about the rest of the summer and expect to be up on last year, and a further 39% expect a similar number of visitors.

"April this year we were booked until the end August - that's never happened before. We had early bookings this year more than ever before. Previously we have been fully booked but never so early."

Self catering, South West

"Our bookings are looking good for summer as I've noticed a lot more weekday bookings coming through"

Activity operator, North

"I'm feeling very confident about summer"

Serviced accommodation, Mid

"I'm fully booked up all the way through to September so very confident about the summer"

Self catering, Mid

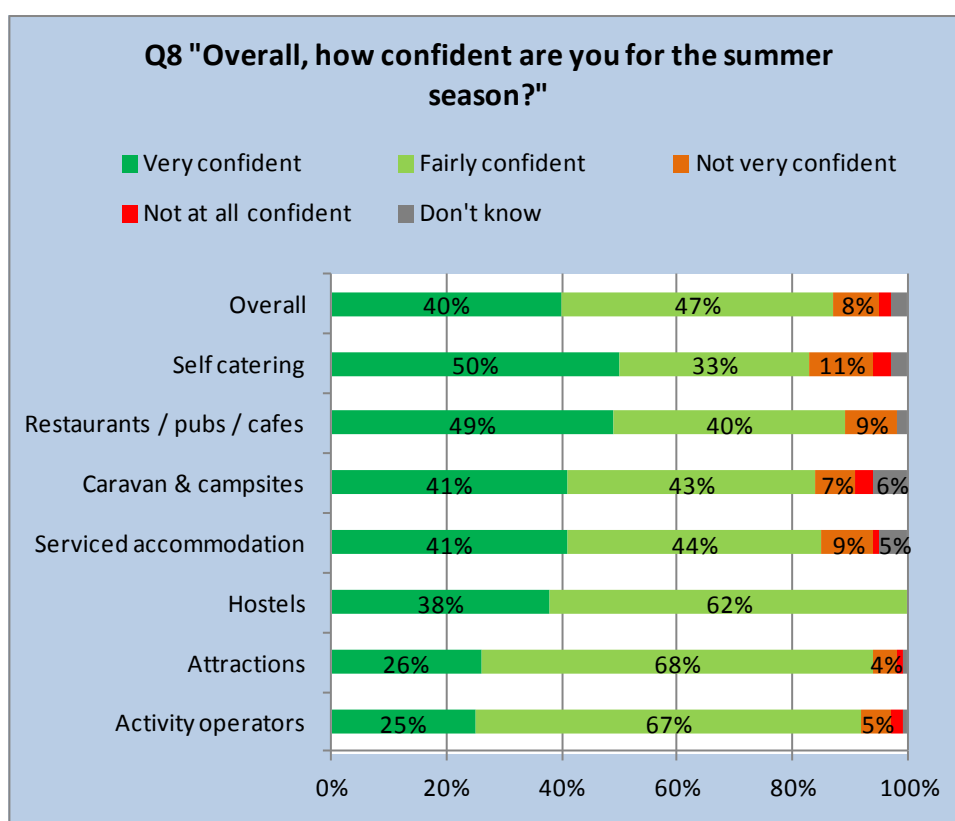
6.2 Restaurants / pubs / cafes have great expectations for the coming months, with half (50%) predicting more people through their doors.

6.3 Many operators say that their summer expectations hinge on the weather, which will make all the difference for some.

“We'll get more business depending on the weather being good”
 Restaurant / pub / cafe, South East

“Our summer business is very dependent on the weather, so I can't really say how well I think we'll do yet”
 Serviced accommodation, South East

CONFIDENCE BY SECTOR



Base: 925

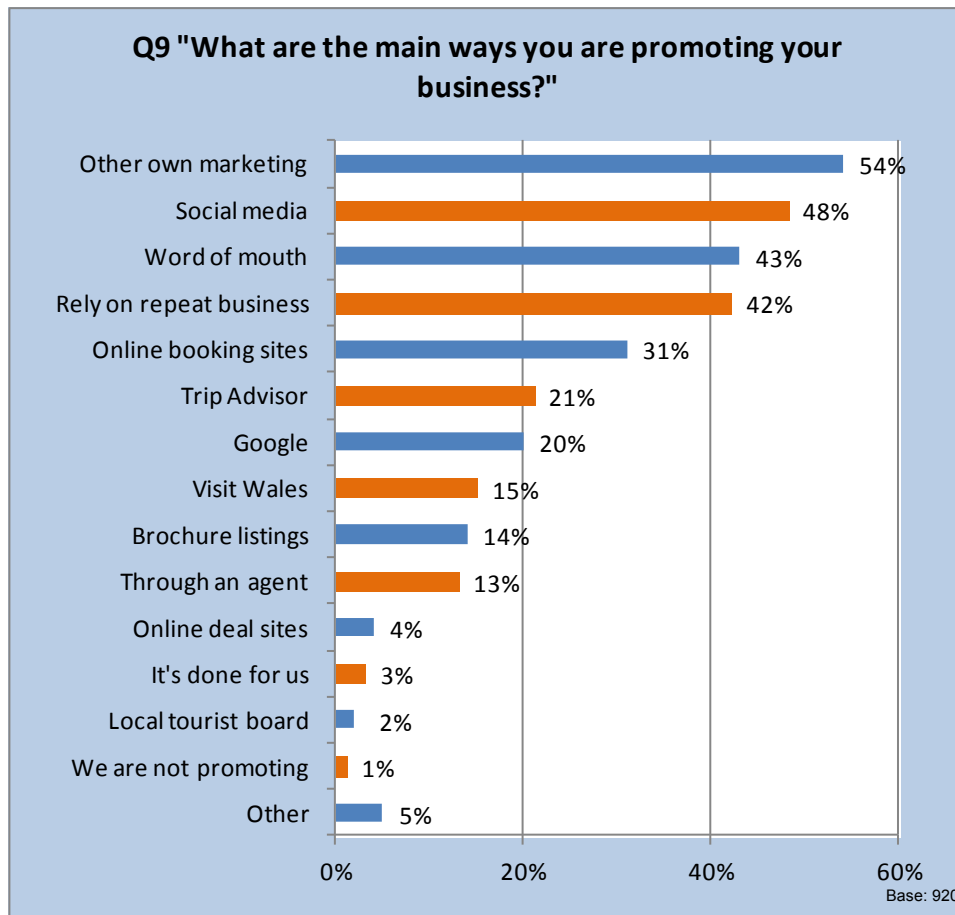
High confidence for the summer season

6.4 Confidence levels are strong when looking to the summer season. Overall, 87% of operators are either very (40%) or fairly (47%) confident about the period. All (100%) hostels are either very or fairly confident about the summer.

6.5 The self catering (50% very confident) and restaurant / pub / café (49%) sectors more frequently report to be 'very confident'. There is little difference by region.

7. BUSINESS PROMOTION

MAIN PROMOTIONAL ACTIVITY



Own marketing leads the way

- 7.1 More than half (54%) of responding operators say that the main way they promote their business is through their own marketing.
- 7.2 Social media follows closely behind with 48% reporting platforms such as Facebook, Twitter and Instagram as a means of promotion.
- "We are very active on social media to promote ourselves, we use Facebook, Twitter, Instagram"*
Serviced accommodation, South West
- "We're doing a lot more on social media via our Facebook and Twitter pages"*
Activity operator, North
- 7.3 Word of mouth and repeat business are relied on, in part, by more than two in five (43% word of mouth; 42% repeat business).

“We get a majority of repeat customer bookings”

Caravan and camping, Mid

“We don't do too much marketing, mostly use Facebook, word of mouth and repeat business”

Serviced accommodation, Mid

“We get over half our business via repeat visitors”

Activity operator, North

“We use social media, also rely on word of mouth and repeat business”

Self catering, North

7.4 Nearly a third (31%) of responding operators say they use online booking sites such as booking.com and laterooms.com to drum up more business.

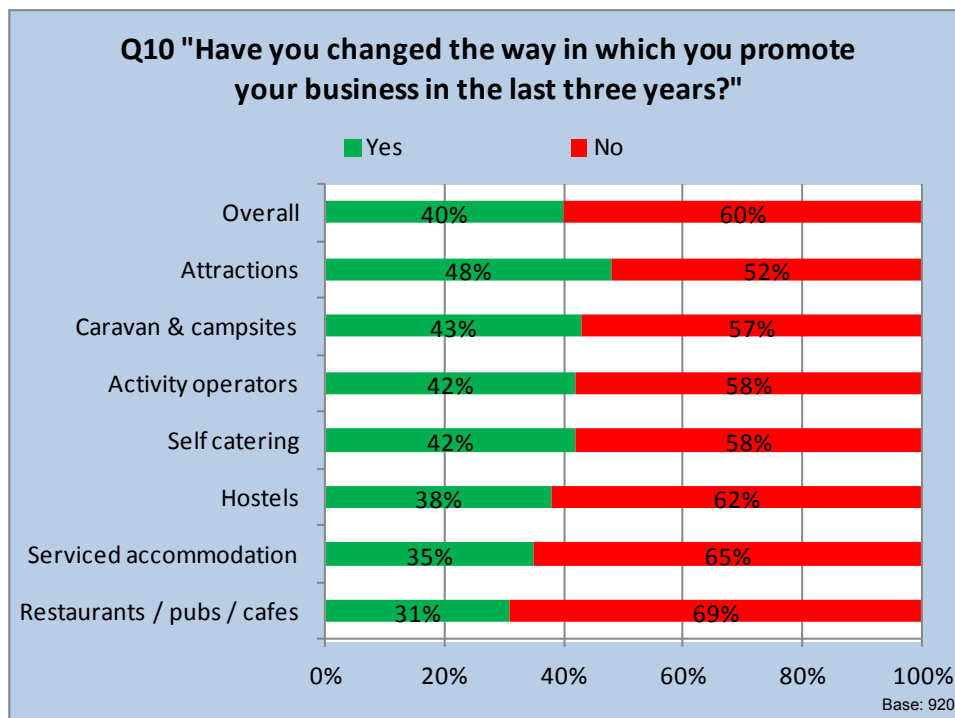
“We find many bookings come via booking sites such as booking.com”

Serviced accommodation, South West

“We get a large proportion of bookings via online sites like booking.com”

Serviced accommodation, South East

PROMOTIONAL CHANGES



Shift in promotion methods

7.5 Over the last three years, many (40%) operators have changed the way they promote their business. Nearly half (48%) of attractions have amended their approach to promotional activity.

7.6 Of the business operators who have changed the way they promote, most say they are undertaking more online activity compared to three years ago. In particular, many are increasingly using social media – with Facebook being most frequently mentioned – as a way of driving new business to their doors.

“We've gone to more social media advertising in the last year or so and that seems to be working”

Serviced accommodation, Mid

“We're massively on Facebook, we put information, events on Facebook, I can post something instantly for customers to see”

Self catering, North

“A lot more people go on Twitter, Facebook and so we promote a lot more on there now”

Restaurant / pub / cafe, South East

7.7 Other respondents are putting time, money and effort into updating and improving their own websites. This is often to either bring the website more up-to-date visually, to make them multi-device-friendly, or in a bid to come up higher on a search engine.

"I updated our website to make it mobile device friendly. This appears to have made a very positive impact as people have managed to find us while en route to Wales"
Caravan and camping, Mid

"We're improving the website, using the internet more"
Caravan and camping, North

"Updated our own website to improve our position on search engines"
Self catering, Mid

7.8 Some say that they are using online booking sites more heavily, or are turning to deal sites to attract new custom.

"We rely more on online booking sites which are commission based. Not something we're necessarily happy about due to commission charges"
Serviced accommodation, North

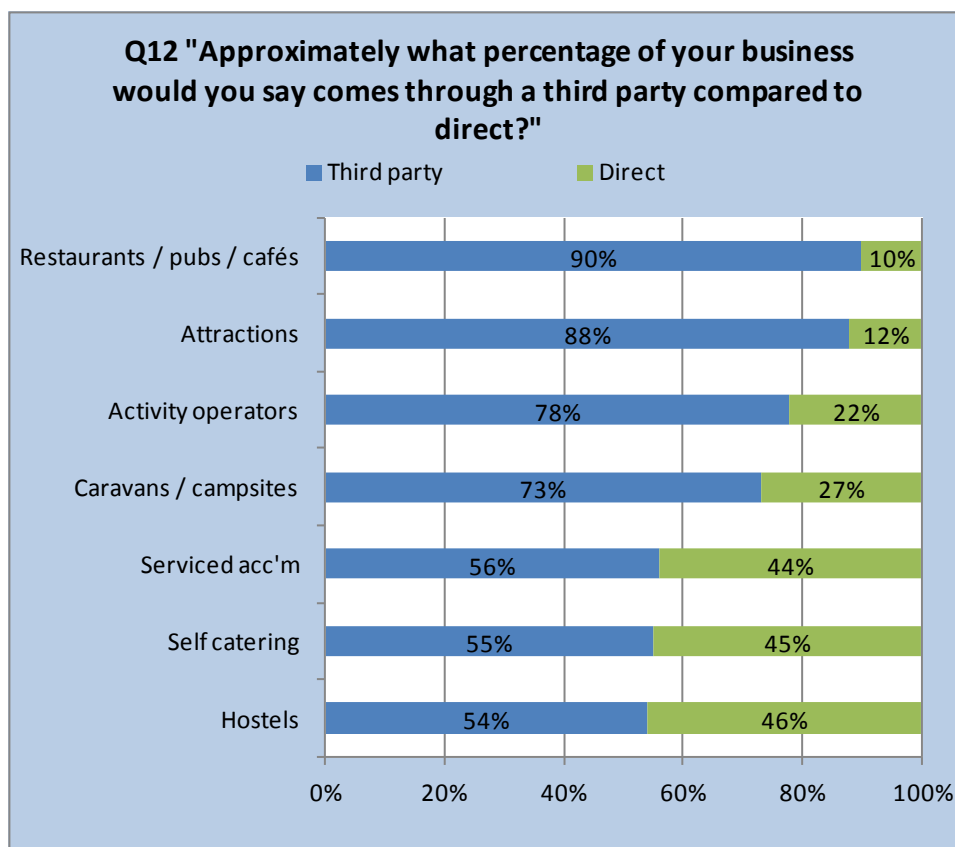
"We use more third parties now, like Groupon"
Attraction, South East

7.9 In the open comments, some respondents say that they are moving away from advertising in newspapers and magazines as they do not find the same returns as in previous years.

"We cut down on advertising in magazines"
Caravan and camping, North

"I do less paper based advertising. I don't advertise in any magazines anymore, I haven't paid for any leaflets, we're much more online based"
Activity operator, North

THIRD PARTY VS DIRECT BOOKINGS

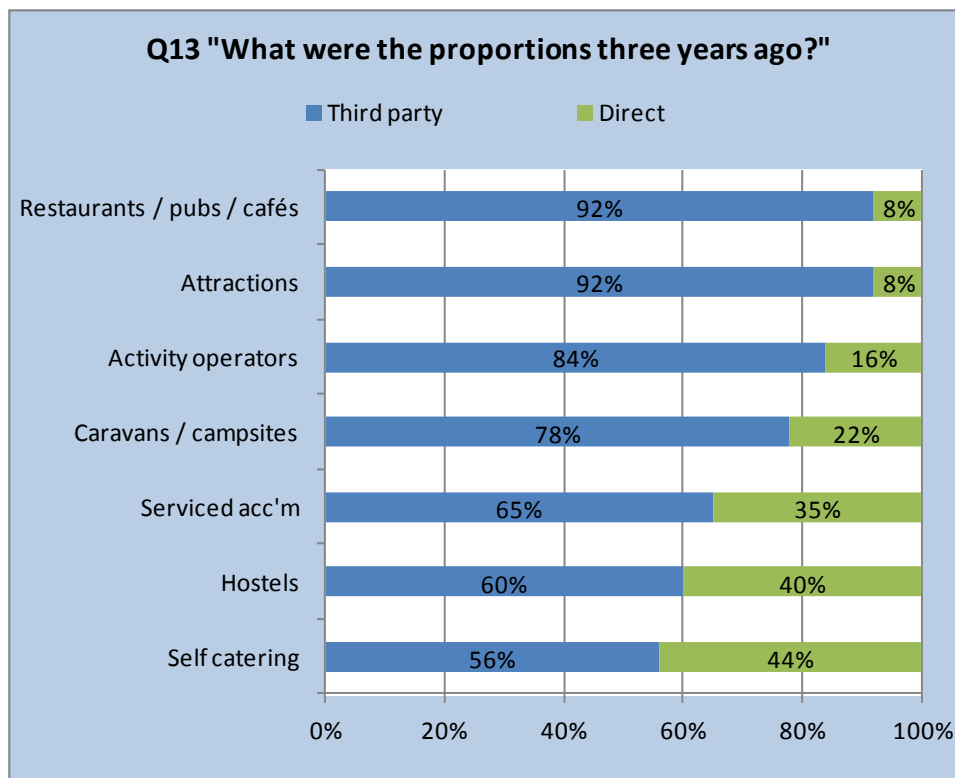


Base: 795

Accommodation providers seeing direct vs third party split close to 50/50

- 7.10 In choosing whether to try and gain custom directly or through a third party, operators are making a choice between margin (by having customers book directly with them) and volume (by benefiting from a third party's much greater marketing power but at the expense of paying them commission).
- 7.11 This question has seen an enormous variation in answers ranging from operators who rely entirely on their own marketing efforts to those who opt for volume with a third party at the expense of some profit margin. Many operators opt for a combined approach.
- 7.12 Across all sectors, an average of 65% of custom comes direct and 35% comes through a third party. Non-accommodation sectors receive most of their custom directly, whereas among accommodation operators the balance is closer to 50/50.

THIRD PARTY VS DIRECT BOOKINGS – CHANGES IN THREE YEARS



Base: 715

Slight shift towards third party bookings in all sectors

- 7.13 All sectors have seen a slight shift from direct to third party custom during the last three years, except for the self catering sector, which has remained about the same.
- 7.14 Overall, an average of 31% of custom was coming to operators through third parties three years ago, compared to 35% now.
- 7.15 The serviced accommodation sector has seen a significant shift towards third party custom – 35% three years ago, compared to 44% now.

Changes in booking trends

- 7.16 Through open comments responding operators reveal some changes in trends in how customers make bookings over the last three years.
- 7.17 Many say that more and more people are opting to book online, rather than calling the business directly.

"It's not so much on the phone anymore. It's all on the internet. Even the older people - 70 or 80 - years old are booking online. Three years ago they'd be phoning me."

Caravan and camping, Mid

“Before customers would ring or email us to book. This was long-winded. Now we use online virtual terminal, gives immediate booking”
Caravan and camping, Mid

“More on the internet rather than personal contact”
Self catering, Mid

- 7.18 Which online channel customers use, however, varies. Bookings are sometimes made through their own business website, but many use third party operators make the final booking, which can impact on the money seen by the operator.

“I’ve noticed people want to book online through the big online agents booking.com and Expedia. However it is expensive for small businesses like us to use these”
Serviced accommodation, South West

“More and more people are booking through companies like bookings.com”
Hostel, Mid

- 7.19 Some respondents say that people are always hunting for a deal, and no longer want to pay the full fee for their visit.

“I’ve noticed a lot of people want to make a deal rather than just accept the standard price”
Self catering, North

“More and more people book using vouchers from Groupon”
Activity operator, South East

- 7.20 Last minute bookings are on the rise, for some, who are finding it harder to predict how the upcoming seasons will fare for them.

“I notice people do more last minute bookings, not booking a year advance as much”
Self catering, Mid

“Online booking is significant and late booking is significant now. It used to be people were booking two months in advance for two weeks; now people are booking on Monday to come on Wednesday”
Camping and caravanning, Mid

“Bookings for events are even more last minute. People don’t like to plan too far ahead, even leaving it until the day of the events”
Attraction, North

- 7.21 Shorter stays also seem to be increasing, for some. Rather than having a main holiday in Wales, visitors choose to spend their breaks abroad.

“Bigger groups wanting short breaks. I think they want two holidays – one abroad and one here but they need to economise so they are taking shorter breaks here”

Self catering, South West

“I've noticed shorter breaks are being booked by customers these days”

Serviced accommodation, South West