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# Wales Tourism Business Barometer

## Wave 2, June 2018

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

## Wales Tourism Business Barometer: Wave 2, June 2018

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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

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**Sunshine brings a much better period** Tourism operators have had a cause for optimism in June. After a slow start to 2018 because of bad weather, the industry is now looking much more buoyant. A third (33%) of businesses have had more visitors during the May/June half term compared to last year, and close to half (47%) have had the same level.

By far the most common reason for improved performance is better weather – cited by 56% of businesses experiencing increased visitors.

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**All regions of Wales are performing well** In all four regions of Wales, visitor levels are up on balance. South West Wales (where 36% of businesses are up) and North Wales (where 34% of businesses report an increase) have enjoyed a particularly successful period.

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**Some variation in results by sector** The best performing sectors are restaurants / pubs / cafes (50% of businesses are up on tourist customers) and caravan and campsites (45% are up).

The self catering sector on the other hand has had a more mixed period, though even here, three times as many operators report greater or equal levels of visitors compared with last year than those reporting a reduction.

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**High confidence for the summer** Following a boost in visitor levels, about half (49%) of tourism businesses are now 'very confident' for the summer ahead, and a further 38% are 'fairly confident'.

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## **2. QUALITATIVE FINDINGS**

- 2.1 We have conducted depth interviews over the telephone with key tourism figures from various organisations and bodies across Wales. The main findings are discussed below.

### **A welcome improvement in performance**

- 2.2 Industry leaders say their members are relieved to have experienced an improved performance over the May/June half term. The poor start to the year meant some had feared another poor performance.

*“We were worried we would have another bad period, but it was pretty decent.”*

*“We had a really good half term. The weather really helped.”*

### **Still behind on last year, but confident of a good summer**

- 2.3 Industry leaders and stakeholders say many businesses are worse off than last year as a result of the adverse weather conditions at the start of the year.

*“In terms of budgets, we are down by about 8%.”*

*“The decline at the start of the year means most businesses are behind.”*

- 2.4 However, the improved performance of the May/June half term and the continued good weather means that many are confident they can catch up.

*“A few more weeks of good weather could mean more people booking ahead and then a good summer.”*

*“We know that good weather in the summer can claw back some visitors and then we’re back to normal.”*

### **Businesses may get left out if they don’t use third party booking sites**

- 2.5 Industry leaders feel that third party booking sites are inescapable nowadays. While it is down to an individual business to decide whether these sites suit them or not, they feel some will miss out by not utilising them.

*“Each individual has to decide whether it’s worth it for themselves, but I imagine most need to use them for advertising.”*

*“There isn’t much of a choice whether people advertise through third party booking sites or not. You can get left out if you don’t.”*

### **But businesses need to be smart in how they use them**

- 2.6 These sites often take a high commission. This can sometimes be passed onto the customer, with booking prices being more expensive than booking directly with the provider.

*“With Expedia you’re looking at 17% commission and booking.com maybe 15%.  
Airbnb charge far less but the price is higher for customers.”*

- 2.7 For many, the strategy should be about using these sites as an advertising tool.

*“It’s about being clever. If you use the business name on sites like Airbnb, customers  
should look at your site and book direct anyway.”*

*“Customers sometimes book through booking.com, see cheaper prices on our  
website, cancel the booking, and then phone us direct.”*

### **A growth in these sites could affect destination marketing**

- 2.8 One industry leader fears that as some increase their reliance on these sites, they may not renew their membership with the local destination marketing organisation. If this becomes a reality, they fear businesses will suffer.

*“As more bookings come through these sites, fewer businesses will become  
members, affecting our revenues. If we can’t promote the region because of cutback,  
nor the local authority, then I don’t know where long term growth will come from.”*

*“When using a booking channel, you’ve already decided where you’re going. If we  
can’t afford as much destination marketing, then fewer people will know about the  
area in the first place.”*

### 3. BACKGROUND AND METHODOLOGY

#### What is the Wales Tourism Business Barometer?

- 3.1.1 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 May/June school half term holiday in 2018, with measurements also of expectations for the summer.

#### How is the Survey conducted?

- 3.3 We have conducted 824 interviews by telephone. This makes results of questions asked to everyone accurate to  $\pm 3.4\%$ . The sample 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 accom	105	42	65	70	282
Self catering	91	55	97	27	270
Caravan / campsites	39	11	21	6	77
Hostels	8	8	8	5	29
Attractions	29	17	18	24	88
Restaurants / pubs / cafes	8	12	9	12	41
Activity operators	11	7	14	5	37
<b>Total</b>	<b>291</b>	<b>152</b>	<b>232</b>	<b>149</b>	<b>824</b>

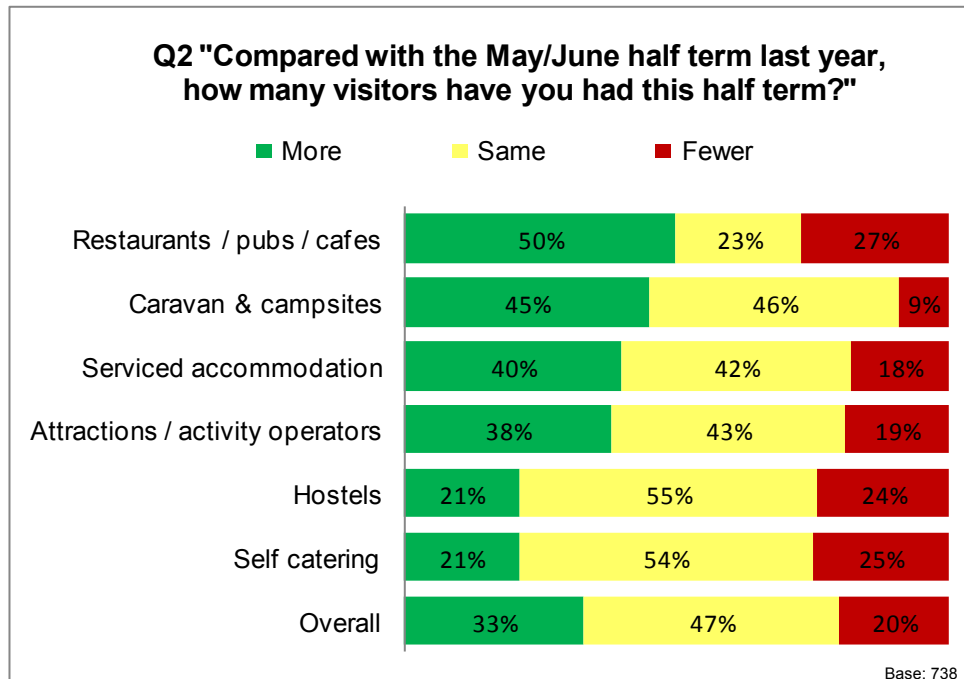
- 3.4 About three quarters (74%) of businesses in the sample are currently graded by Visit Wales, and 26% are not. The graded and non-graded samples are spread across the different regions and sectors except restaurants / pubs / cafes and activity operators, where grading is not applicable. Operators 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.
- 3.5 All telephone interviews have been conducted with business owners or managers in June. A copy of the questionnaire used is included as an appendix.

Wave	Wave name	Timeframe
Wave 1, 2016	Easter	March 26 to April 10
Wave 2, 2016	May half term	May 28 to June 5
Wave 3, 2016	Summer	June to August
Wave 4, 2016	Autumn	September to early November
Wave 1, 2017	Easter	April 8 to April 23
Wave 2, 2017	May/June half term	May 27 to June 4
Wave 3, 2017	Summer	June to August
Wave 4, 2017	Autumn	September to early November
Wave 1, 2018	Easter	March 30 to April 15
Wave 2, 2018	May/June half term	May 26 to June 3



## 4. MAY/JUNE HALF TERM PERFORMANCE

### PERFORMANCE BY SECTOR



#### Sunshine brings a better period

- 4.1 Following a difficult start to 2018 with poor weather, the tourism industry in Wales has finally enjoyed a good period. With the exception of heavy rain in some areas at the start of half term, the weather has mostly been warm and dry since, boosting visitor numbers to Wales.

*"The good weather has really helped us"*  
Attraction, South West

#### Fine weather for camping

- 4.2 The weather-dependent caravan & camping sector has performed particularly well in the sunshine, with close to half (45%) receiving more visitors than the same period last year.

*"Terrific – if the sun shines, we are doing well"*  
Caravan park, Mid

#### Chips and ice-creams by the sea

- 4.3 The restaurants / pubs / cafes sample is focused on areas of high tourist footfall, and during the fine weather, these areas have been busier. Half (50%) of restaurants / pubs / cafes have

had more tourist customers compared to last year, and of those, two thirds (67%) attribute the increase to the weather.

*"We had more customers this half term as we had better weather"*  
Cafe, South East

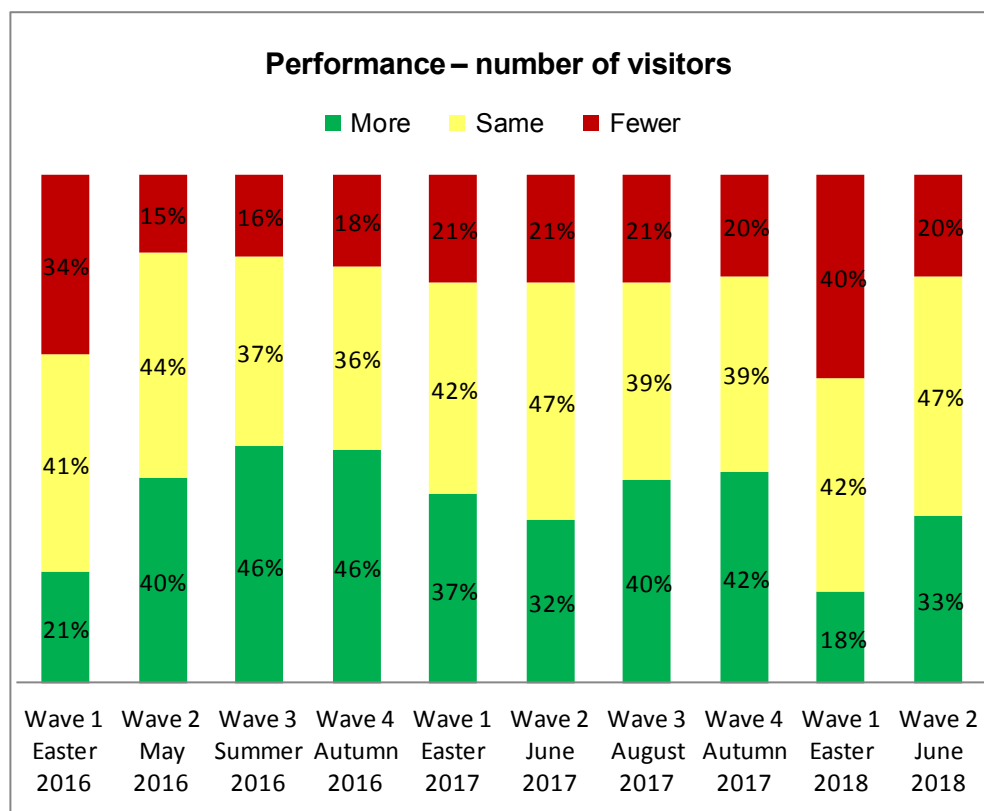
### **Self catering not so fortunate**

4.4 The self catering sector on the other hand has had a more mixed period, though even here, three times as many operators report greater or equal levels of visitors compared with last year than those reporting a reduction. 40% of those experiencing a decrease in visitors have answered 'don't know' when asked for their reasons for being down.

*"August is booked but May/June has been awful in comparison to last year"*  
Self catering, South East

*"I don't know why it's a lot lower this year and I only have one booking for August  
which is when I'm normally very busy"*  
Self catering, South East

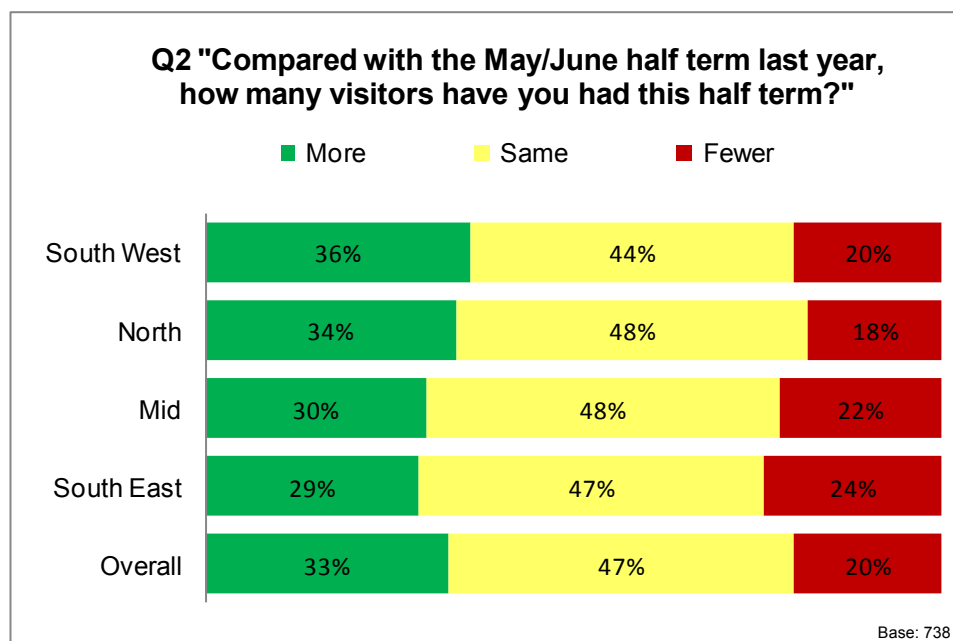
## PERFORMANCE TREND



### Industry growth has resumed

- 4.5 The Welsh tourism industry was growing steadily until a poor Easter period this year. Thankfully it seems as though Easter was just a blip, caused by unusually poor weather that carried on well into what should have been the start of spring.
- 4.6 The change in weather however has now seen growth return to the industry when comparing against the equivalent period last year.

## PERFORMANCE BY REGION



### Good results for all regions of Wales

- 4.7 The success of this period has been enjoyed by businesses in all four regions of Wales. The weather is the top reason given in all regions, especially South West Wales, where 70% of businesses with increased visitors cite the weather as a key factor.

*"I just think more people are holidaying closer to home. The weather helps a lot and impacts the business."*

Caravan park, South West

- 4.8 In Mid Wales, events have also boosted business. 22% of those experiencing a busier period cite this as a reason.

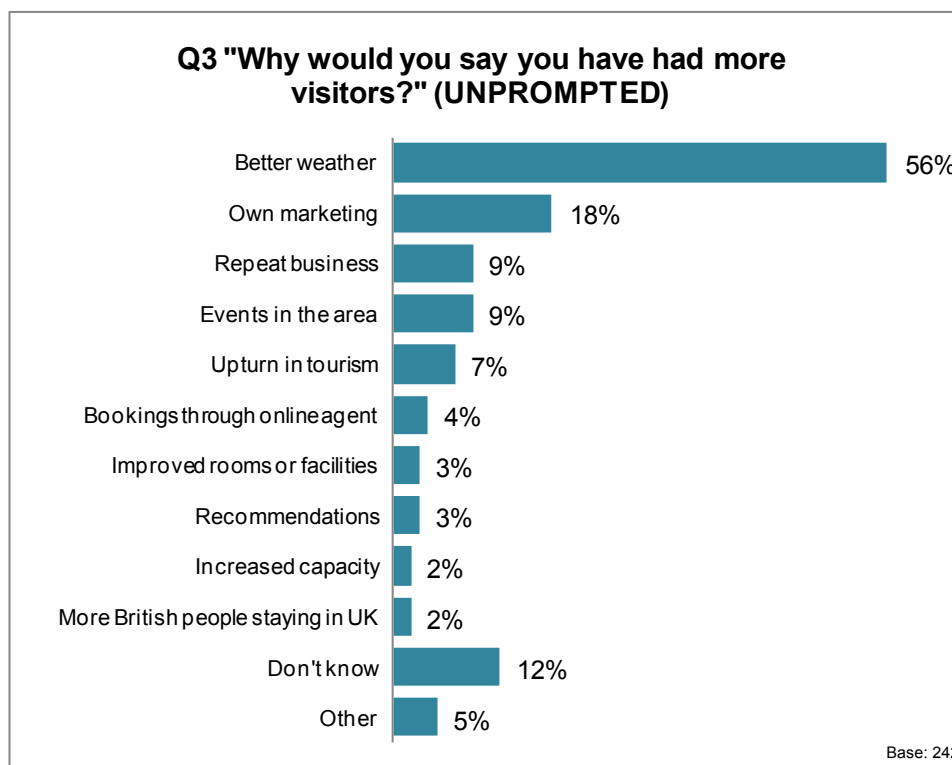
*"Things have been good because of events so we're confident for the next few months"*

Serviced, Mid

*"We didn't have a free bed for two weeks"*

Serviced, Mid

## 5. REASONS FOR INCREASED VISITOR LEVELS



### What a difference the sunshine can make

- 5.1 As discussed already, the arrival of warm, sunny weather has helped transform performance from a struggling start to 2018 to very positive times.

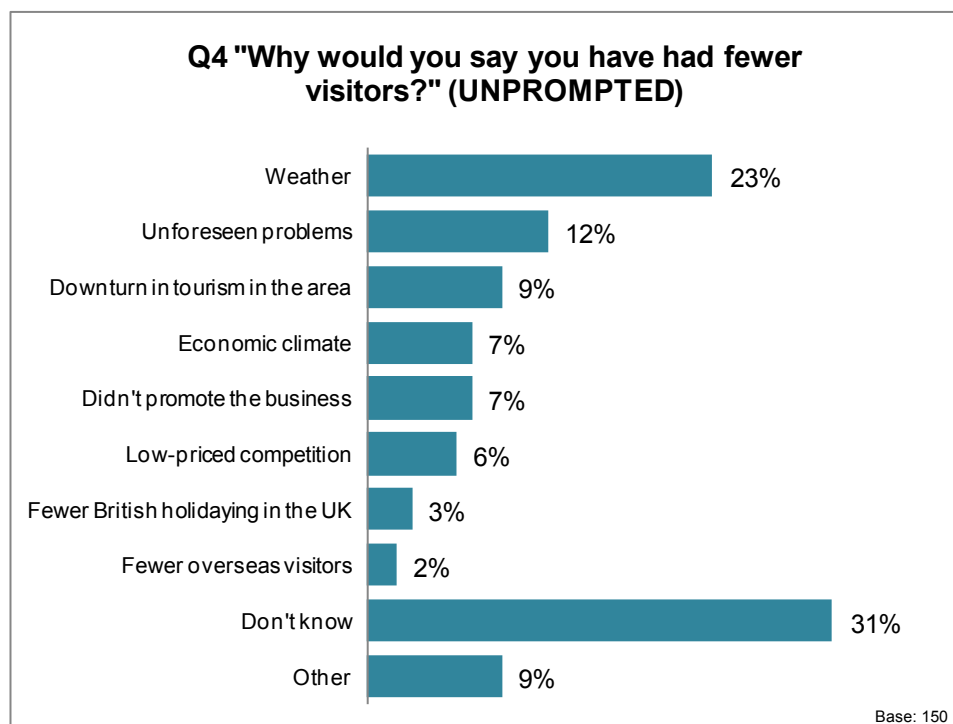
*"The sun being out gave us more visitors this half term"*  
Attraction, South East

### Own marketing

- 5.2 The UK generally is not a destination where tourism businesses can just rely on the sun coming out however, so some are very pro-active at taking control over their own fortune. In the previous research wave at Easter, we saw that some businesses performed well due to strong marketing in spite of poor weather.

*"We did a TV promotion and have added new exhibits to the museum. It has attracted more visitors."*  
Attraction, Mid

## 6. REASONS FOR DECREASED VISITOR LEVELS



### Sunny weather is not 'good' if your attraction is indoors

6.1 In the Easter wave we saw that indoor attractions benefited from visitors seeking shelter from the poor weather. This wave, their fortunes seems to have reversed as tourists in Wales have headed to the beach.

*"People went to the beach instead"*  
Attraction, South West

### Some problems can't be planned for

6.2 Running a business can be unpredictable, and sometimes problems just happen.

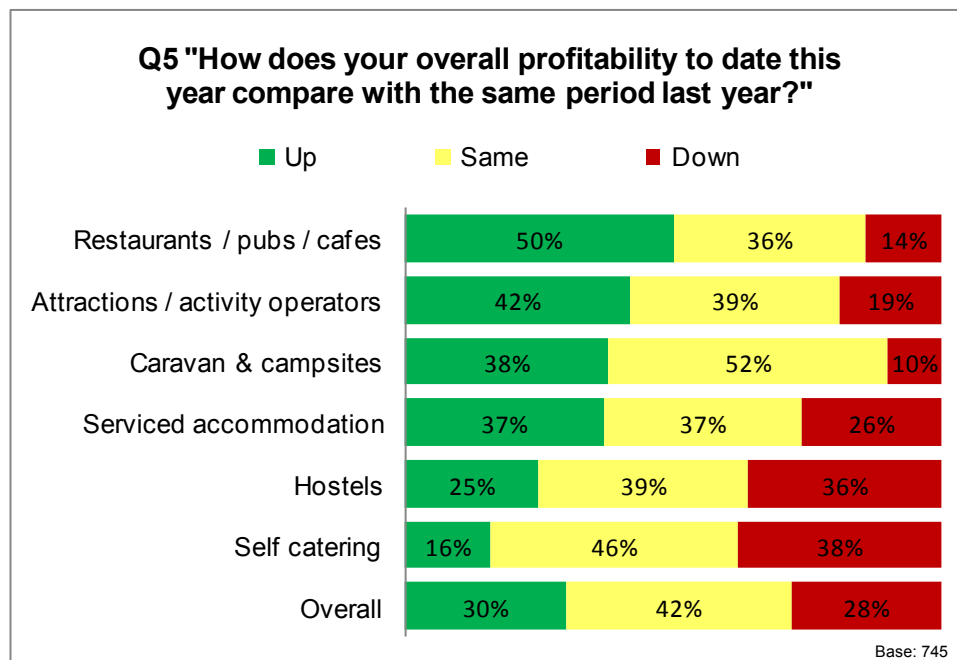
*"No guests now – we had a fire, so all cancelled"*  
Self catering, North

### Many just don't know why they have gone quiet

6.3 Sometimes operators go through a quiet patch without really knowing why. This is particularly the case in self catering this wave (40% of those down on visitors don't know why).

*"Normally we would have a few bookings for the summer by now, but hardly any this summer"*  
Self catering, North

## 7. PROFITABILITY

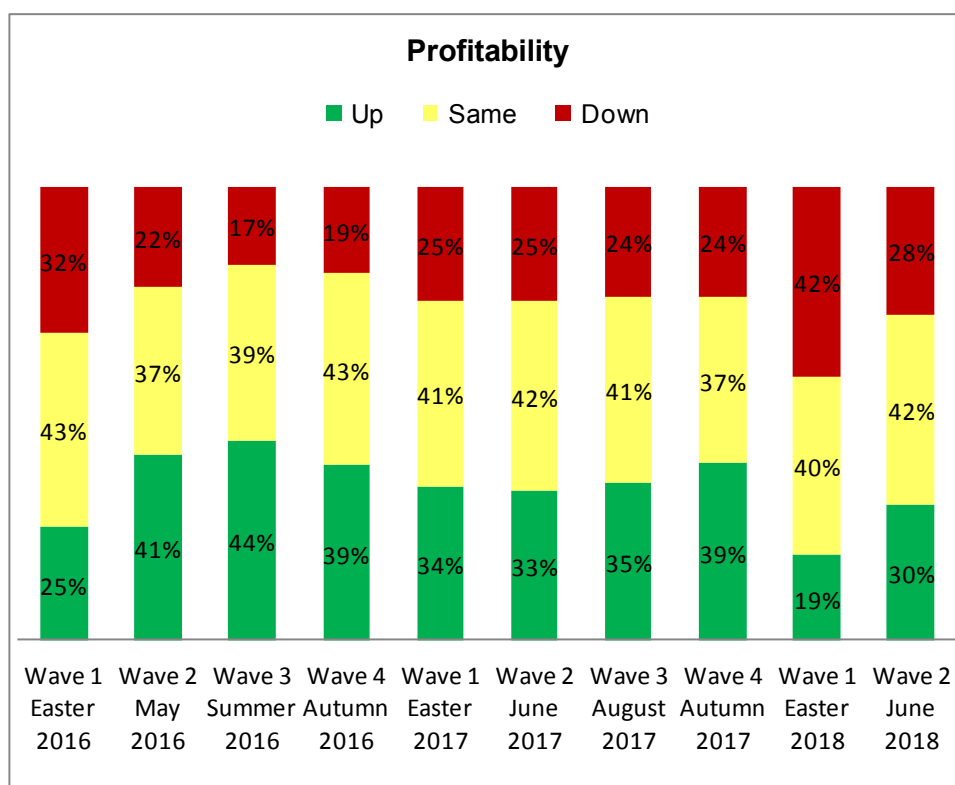


### Profitability looking healthier than earlier in the year

7.1 Three in ten (30%) businesses report increased profitability for the period, and a similar proportion (28%) report being down. This result is not in line with increased visitor volumes, showing that although businesses have been busier this period, they haven't necessarily made more profit. That said, this result is much more positive than in the Easter research wave earlier this year.

*"We were busier due to good weather; our profits seem roughly the same or slightly higher"*  
Attraction, South West

## PROFITABILITY TRENDS



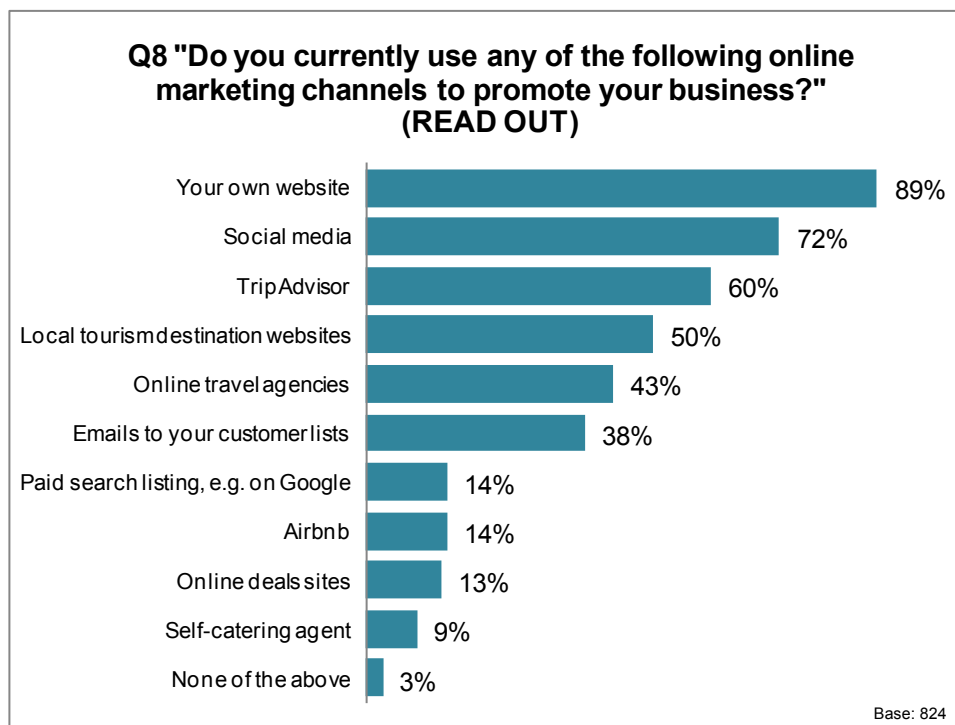
### Returning to better times

7.2 As mentioned above, profitability in the industry suddenly looks a lot more promising than two months ago at Easter.



## 8. SOURCE OF BOOKINGS

### PROMOTIONAL CHANNELS USED



#### Own websites and social media have become fairly commonplace now

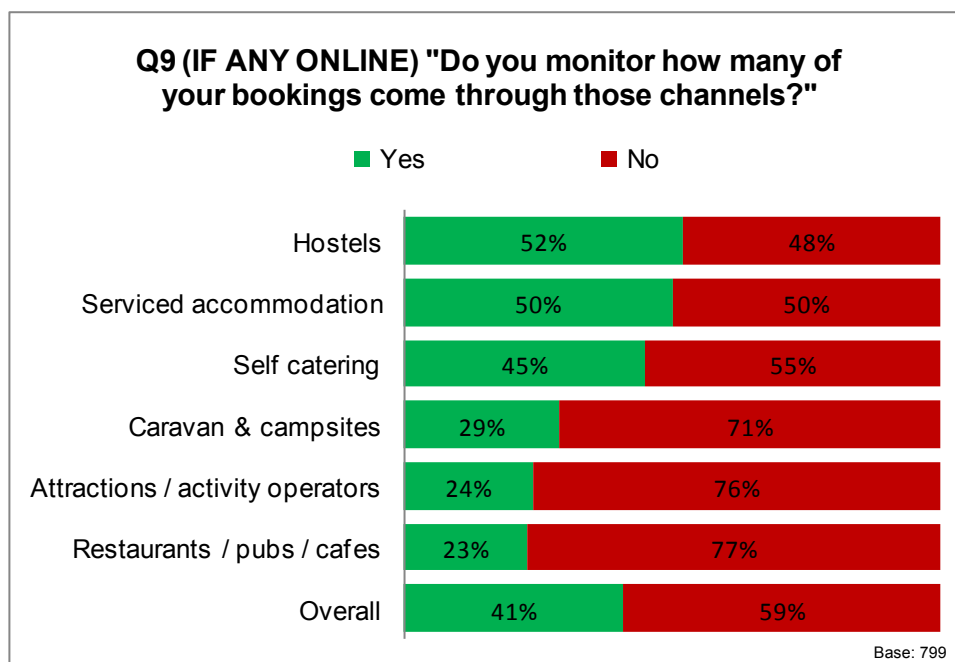
8.1 The majority of tourism businesses in Wales are now using their own website and social media to promote themselves. These do however form part of a mix of online and offline promotional channels.

#### Differences by sector

8.2 There are some differences by sector, the most significant ones being:

- 79% of serviced accommodation operators use online travel agencies (e.g. booking.com)
- 30% of self catering operators use Airbnb
- 93% of attractions and activity providers use social media

## MONITORING BOOKINGS



Q9 has just been asked to those who use any online channels in Q8

### Many do not monitor where bookings come from

- 8.3 Three in five (59%) businesses which use online channels do not monitor where their bookings come from. Reasons include being too busy to mind, and strong reliance on repeat business, especially among smaller businesses.

*"We have an established group of people who come year after year"*  
Serviced, North

*"We are a very small site so don't monitor where bookings come from"*  
Caravan park, North

*"All I need is my phone and my pen"*  
Self catering, North

- 8.4 Some try to monitor online sources but find they either don't understand it well enough themselves or their customers don't remember which website they found.

*"I stopped monitoring where online business was coming from as it wasn't making sense"*  
Caravan park, North

*"We ask people where they found us but they don't remember. They just say 'online' so we can't monitor."*  
Caravan park, North

## Some businesses are much more on the ball

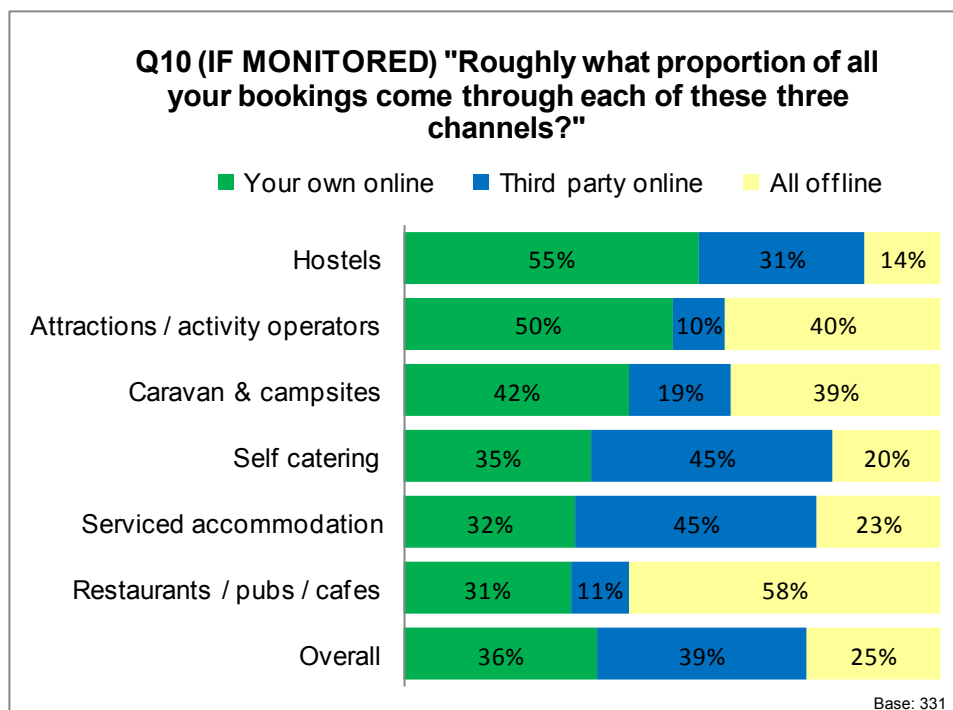
- 8.5 Some businesses, especially larger ones with a marketing team or web specialist, are much more on top of knowing where their bookings come from.

*“Our IT technician monitors the channels”*

Serviced, Mid

*“Our marketing team monitors where the bookings come from”*

Serviced, South West



*Q10 has just been asked to those who monitor where bookings come from*

## Results vary by sector

- 8.6 On average, three quarters (75%) of bookings are made online and one quarter (25%) offline. The online split is fairly equal between own channels and third party channels.
- 8.7 Results do vary greatly by sector however. Serviced and self catering businesses operate in sectors where third party agents have become quite powerful. For serviced operators, booking.com in particular has become a dominant force in the market, making it hard for those not signed up to compete.

*“booking.com dominates the market at the moment”*

Serviced, Mid

*“The large majority of our bookings come through booking.com”*

Serviced, South East

- 8.8 For self catering operators, if they sign up with an agency then the agency controls their marketing and therefore their bookings.

*"We use Holiday Cottages and they deal with everything to do with marketing. I'm not allowed to promote anything."*

Self catering, South East

- 8.9 Other sectors such as restaurants / pubs / cafes, attractions and activity providers have high levels of footfall and low prominence of third parties. Therefore most of their bookings are made offline or through their own online channels.

### **Combined channels**

- 8.10 Sometimes the channel used for booking is not the same as how the customer found the business. Examples include finding a business on a third party site but contacting them directly, or finding the business website but then booking over the phone.

*"Most of our customers like to personally book on the phone with the manager"*

Caravan park, North

### **Word of mouth and footfall**

- 8.11 Some businesses are reliant on word of mouth and people just knocking on the door. As long as that works for them, they are happy not having to attract customers by other means.

*"All my bookings are recommendations and word of mouth and I like it like that – I'm fussy about who comes here"*

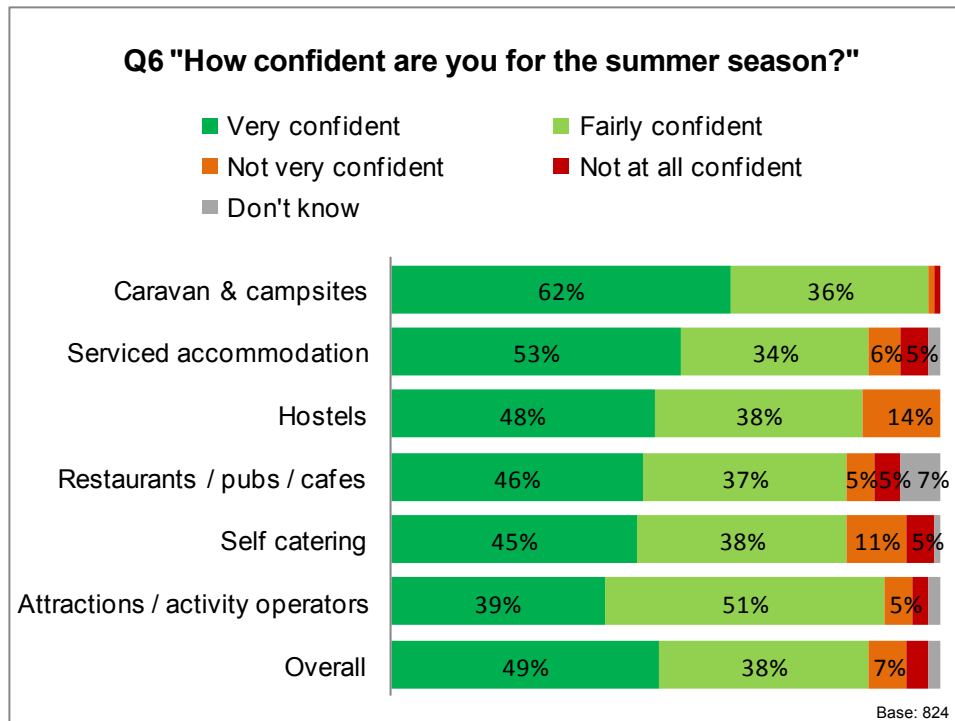
Self catering, North

*"It's a bit old school but a lot of people just knock on our door just driving or walking through the area"*

Serviced, North

## 9. CONFIDENCE FOR THE SUMMER

### CONFIDENCE BY SECTOR



### Much to look forward to

- 9.1 Summer is naturally a season which operators are confident about, and following a good May/June half term, confidence is high again this year.

*"The area is getting busier and there is new interest from schools in Cardiff. We're booked up until Christmas."*

Activity operator, Mid

*"We're fully booked for the six week school holidays"*

Caravan park, North

- 9.2 Some serviced accommodation providers look forward to summer events attracting visitors to their area.

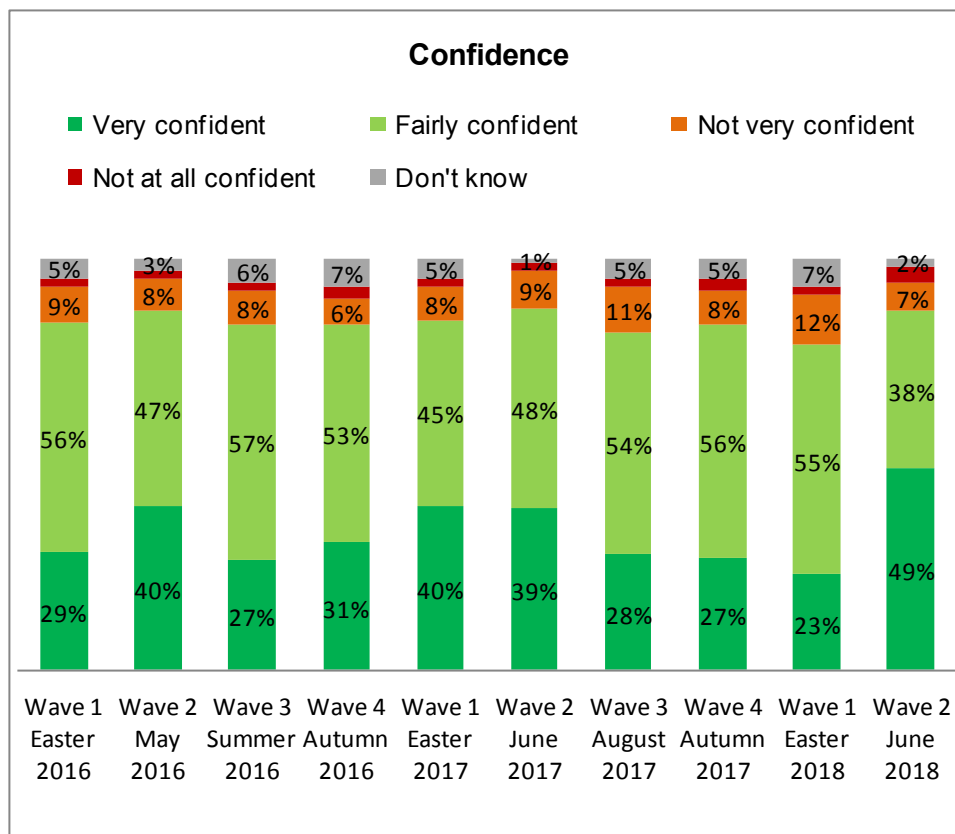
*"The summer looks good as there are university graduations and a few events in Cardiff, like the Ed Sheeran concert"*

Serviced, South East

*"We are reasonably confident as there are already bookings for the Royal Welsh Show"*

Serviced, Mid

## CONFIDENCE TREND



### Confidence is high, even for this time of year

9.3 Confidence levels at the moment are higher than at any other time during the past three years. Suddenly a good period after a poor start to the year has put operators in a buoyant mood.

*"It's looking very good this summer. Much better than last year."*  
Caravan park, North