

Wales Tourism Business Barometer

Wave 4, Autumn 2019



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Wales Tourism Business Barometer: Wave 4, Autumn 2019

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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

Mixed season for the industry

- 1.1 Over a quarter (27%) of businesses have increased their visitor levels this autumn, but the same proportion has seen a decrease. Among those reporting an increase in visitors, about a quarter (23%) cite 'own marketing' as a reason, and one in five (20%) cite 'repeat business'.
- 1.2 Among those reporting a decrease, the top two reasons for being quieter are the weather (27%) and 'Brexit uncertainty' (22%). However, 'more British people staying in the UK' is cited by 14% of operators who have been busier, and some of them link this to Brexit uncertainty deterring holidaymakers from going abroad.

Results are consistent by sector

- 1.3 The mixed period experienced by the industry as a whole is reflected across all sectors – the differences between them are not significant.

Mid and South West Wales performing well, but a decline for South East Wales

- 1.4 Mid and South West Wales have both performed positively on balance. South East Wales on the other hand has seen about two in five (39%) businesses receiving fewer visitors – many (36%) of those do not know why they have been quieter.

Providing Welsh food & drink

- 1.5 The vast majority (87%) of businesses which offer food and drink to customers include Welsh food & drink in their provision. Since June 2017, the proportion of businesses in South East Wales providing Welsh food & drink has risen significantly from 73% to 87%.
- 1.6 About half (51%) of businesses would like to offer more Welsh food & drink. The main reason for not wanting to do so is when the operator feels they already source as much Welsh produce as they can.

Confidence levels are typical for this time of year

- 1.7 In spite of a mixed autumn period and much uncertainty in the UK currently, confidence for 2020 is reasonable. About three in ten (29%) businesses are 'very confident' for 2020, and around half (49%) are 'fairly confident'. Confidence in the tourism industry is seasonal, and this result is typical for the time of year.

2. Background and Methodology

What is the Wales Tourism Business Barometer?

- 2.1 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.
- 2.2 This research wave relates to autumn 2019, and includes measurements of expectations for 2020. We have also asked questions specifically on the provision of Welsh food & drink.

How is the Survey conducted?

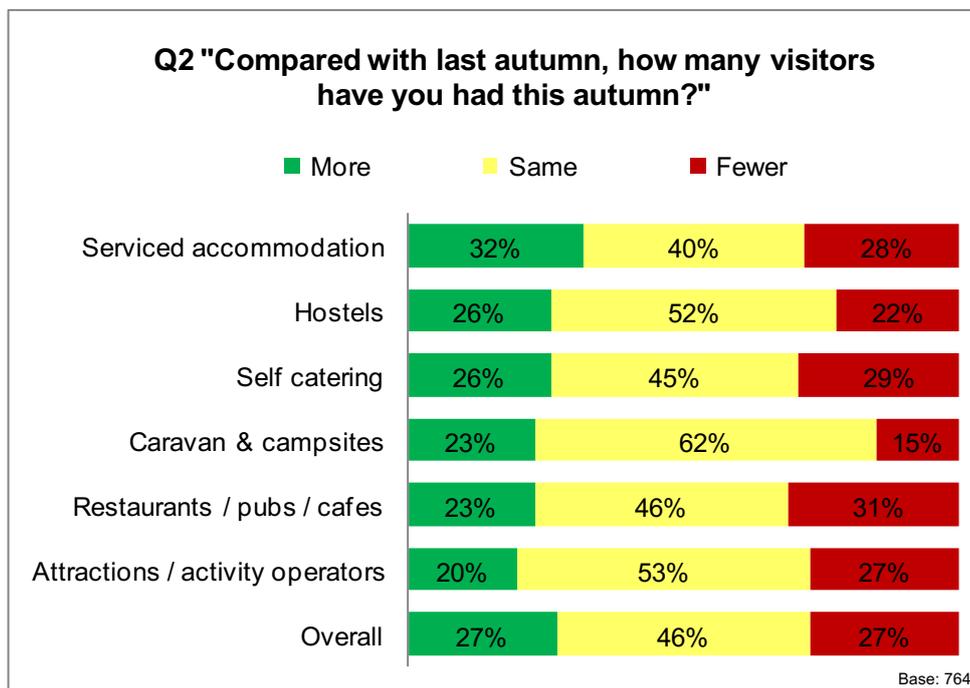
- 2.3 We have conducted 820 interviews by telephone. This makes results of questions asked to everyone accurate to $\pm 3.4\%$. The sample is reflective of the tourism industry in Wales and is shown below by sector and region:

Sector / Region	North	Mid	South West	South East	Total
Serviced accommodation	108	50	72	53	283
Self-catering	96	49	101	38	284
Caravan / campsites	40	13	21	6	80
Hostels	8	6	8	5	27
Attractions	22	10	16	18	66
Activity operators	15	7	14	3	39
Restaurants / pubs / cafes	8	12	8	13	41
Total	297	147	240	136	820

- 2.4 About three quarters (73%) of businesses in the sample are currently graded by Visit Wales, and 27% 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.
- 2.5 All telephone interviews have been conducted with business owners or managers in early November. A copy of the questionnaire used is included as an appendix.

3. Autumn Performance

Performance by Sector



Mixed season for the industry

3.1 Over a quarter (27%) of businesses have increased their visitor levels this autumn, but the same proportion has seen a decrease.

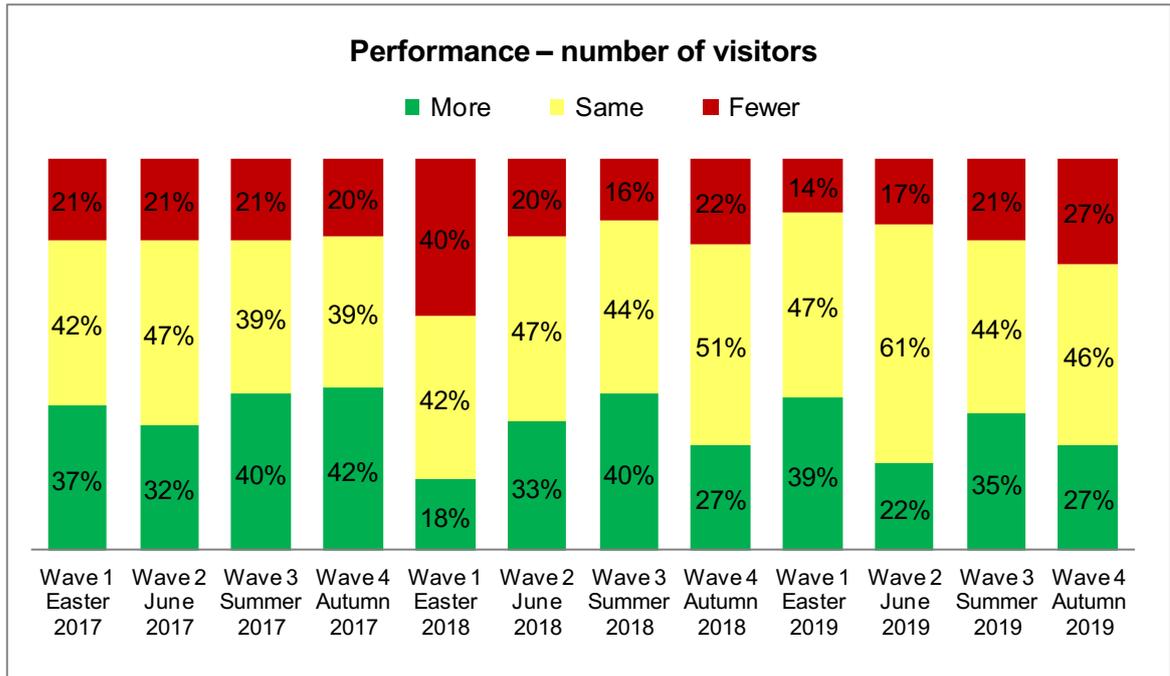
"This is our busiest year so far"
Self catering, South East

"We have been very quiet this autumn and so had to have less staff"
Serviced, North

Results are consistent by sector

3.2 The mixed period experienced by the industry as a whole is reflected across all sectors – the differences between them are not significant. This is unusual because normally we see some sectors performing better than others. We discuss the overall reasons for increased and decreased visitors in Sections 4 and 5.

Performance Trend



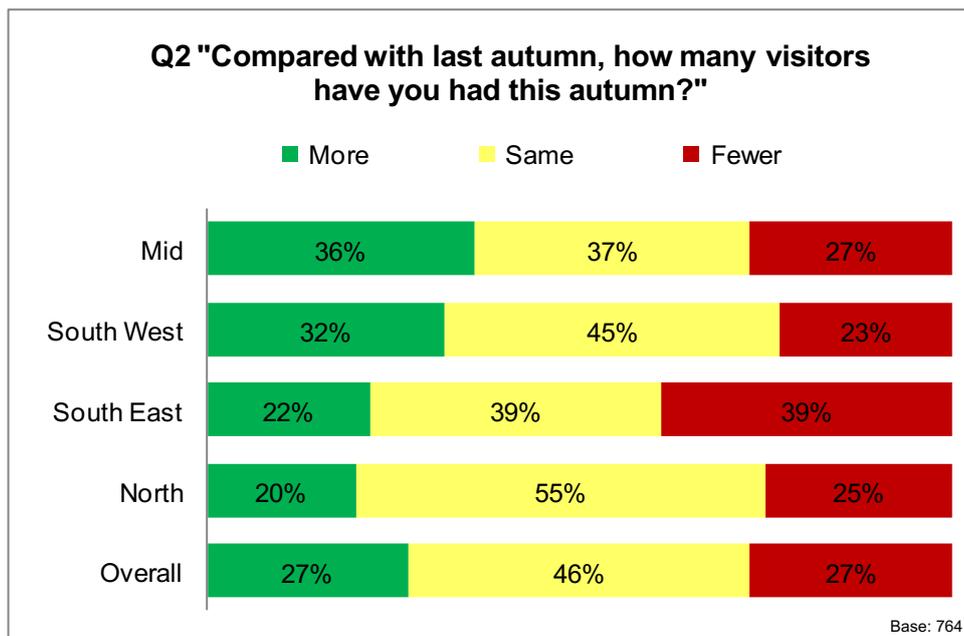
Slip in results since the summer

3.3 The industry had been performing well in the summer, but since then some businesses have noticed a drop-off in year-on-year performance. Open comments support this.

“This is the first time we haven’t been full this time of year”
Serviced, South East

“This autumn we haven’t had any business”
Self catering, Mid

Performance by Region



Mid and South West Wales performing well

3.4 Mid and South West Wales have both performed positively on balance. Among Mid Wales businesses increasing their visitors, one in three (33%) attribute this to their own marketing.

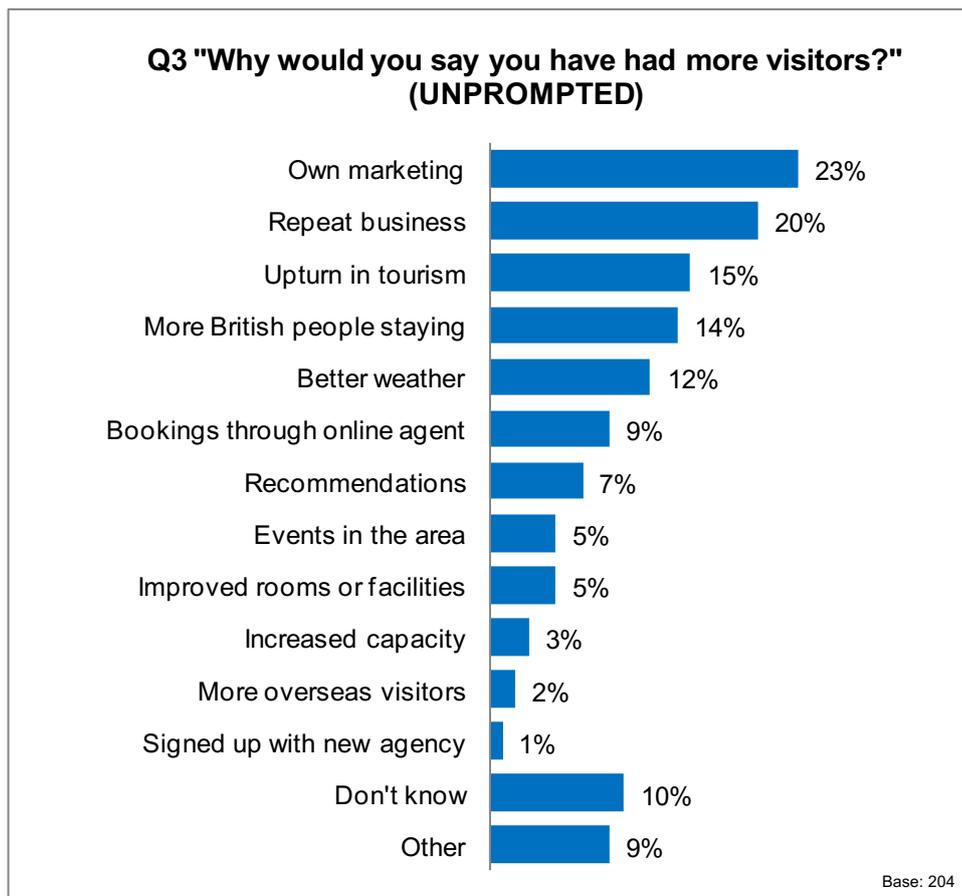
"We had new images taken last year and it has made all the difference"
Self catering, Mid

Decline for South East Wales

3.5 South East Wales on the other hand has seen about two in five (39%) businesses receiving fewer visitors. Many (36%) of these do not know why they have been quieter, although some speculate.

"We think people have less money to go out for a meal"
Restaurant, South East

4. Reasons for Increased Visitor Levels



Own marketing and repeat business

4.1 'Own marketing' and 'repeat business' are the top two reasons for being busier, as is often the case in the barometer survey, unless the weather has been fine. Building up repeat customers over time can help a business to grow, and it can also give a business stability during challenging times when not attracting new customers.

"I've only got bookings from my regulars. People these days seem to want more of those pod things and wooden chalets."

Self catering, Mid

"The business is growing year on year, and we get a lot of repeat business"

Serviced, South West

"There has been a 20% increase in business, which I think is in part because we now have a website"

Serviced, South West

More British people staying in the UK

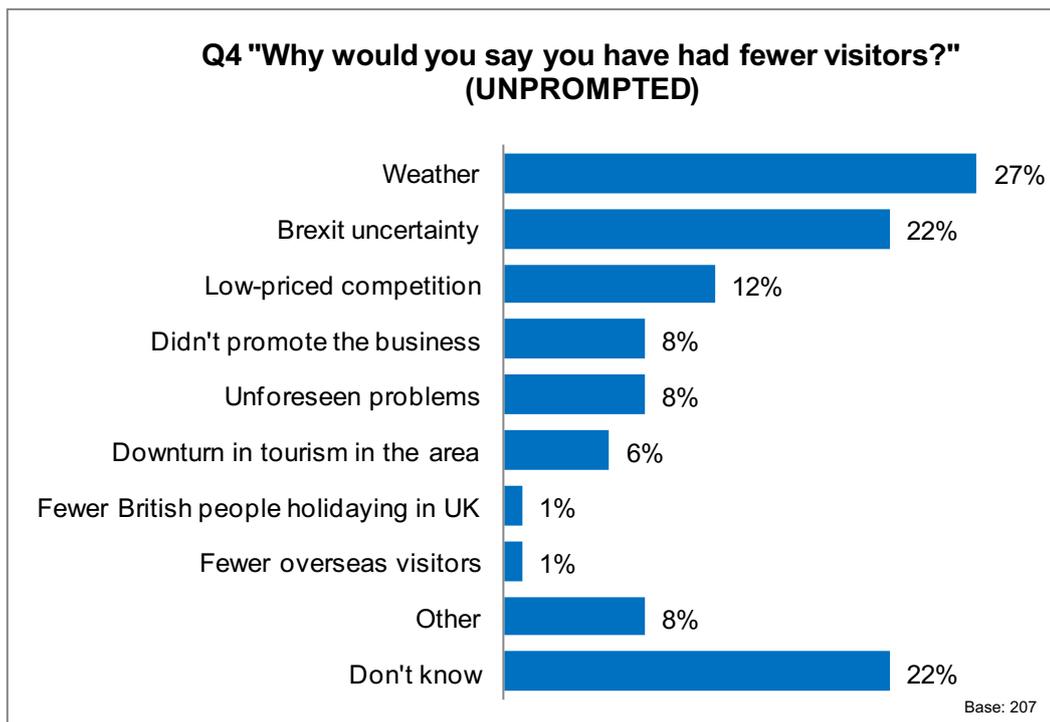
4.2 14% of those increasing their visitor numbers say it is because more British people are staying in the UK. Some qualify this by saying that Brexit uncertainty is deterring them from travelling abroad. It may also be that the weak value of the pound is making the UK better value for money than overseas destinations.

“Because of the uncertainty, people can still take a break and travel here easily without getting on a plane”
Self catering, North

“[British] people aren’t going abroad at the moment”
Caravan park, North

“The school groups are having trips in this country next year as opposed to going to places like France because of Brexit”
Activity provider, South West

5. Reasons for Decreased Visitor Levels



Poor weather

5.1 The weather in Wales this autumn has affected visitor levels. This is especially the case for attractions & activity providers, whereby about two thirds (65%) of those receiving fewer visitors cite the weather as a reason. Some operators in this sector have an outdoor offering and so are particularly weather-dependent.

"The weather has the biggest effect on our footfall"
Attraction, Mid

"We are always super confident, but this autumn we have had weird weather and it was always on the weekends"
Activity provider, South West

Brexit uncertainty

5.2 Whereas some operators say that 'Brexit uncertainty' is keeping British people in the UK, it is also given as a factor on performance by 22% of operators seeing fewer visitors. Two specific reasons are given: uncertainty leading to reduced spending among British consumers, and declining number of visitors from EU countries.

"This year I've had no EU visitors at all"
Serviced, Mid

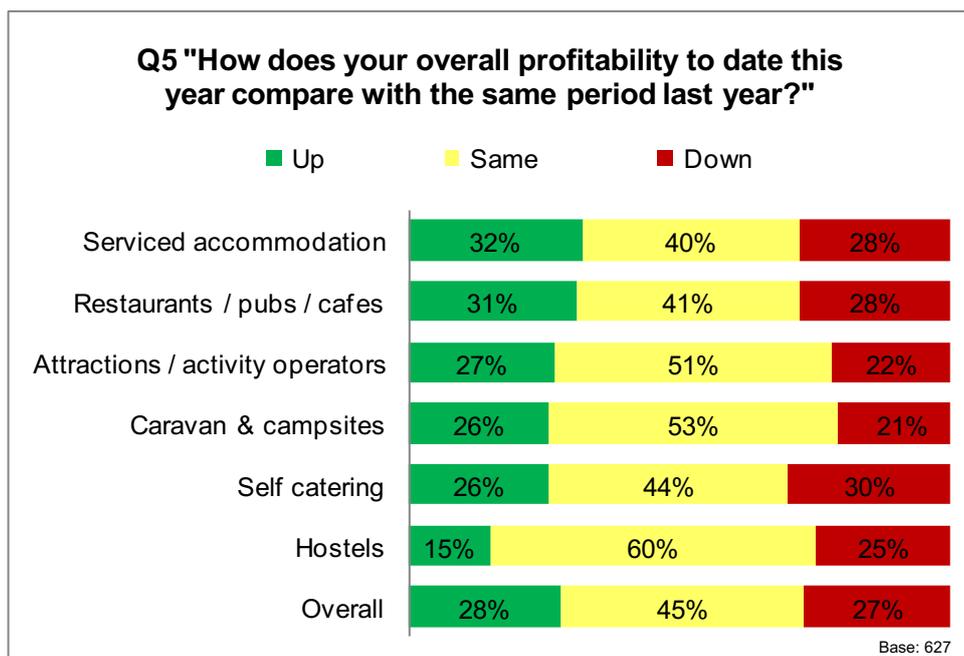
“People aren’t spending money at the moment due to the uncertainty of Brexit. Once people know what’s going on, one way or the other, then I’m hoping things will get better”

Serviced, North

“Brexit uncertainty – no European visitors this year at all”

Self catering, North

6. Profitability

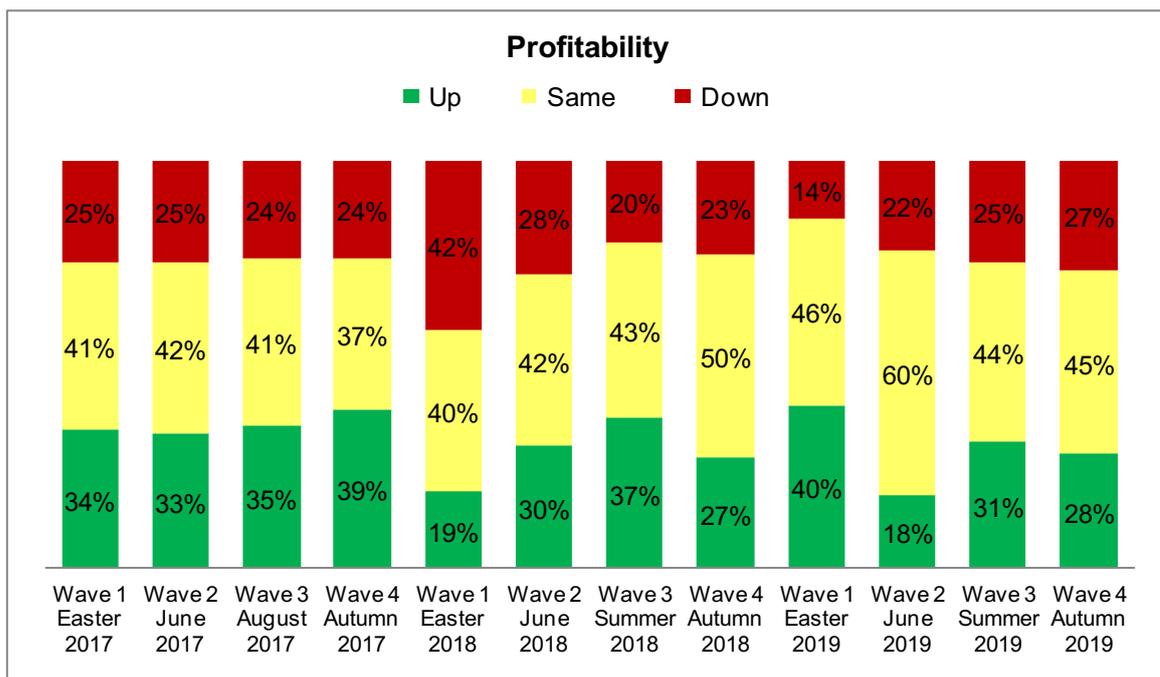


Steady profitability

6.1 Profitability in the industry this year appears to be about the same as last year on balance. Whereas some barometer waves in 2019 have shown accommodation sectors finding it hard to make ends meet, the year is ending with a more balanced picture.

"We've had 10% more visitors this autumn, and our profits are up by 20%"
Self catering, South West

Profitability Trends



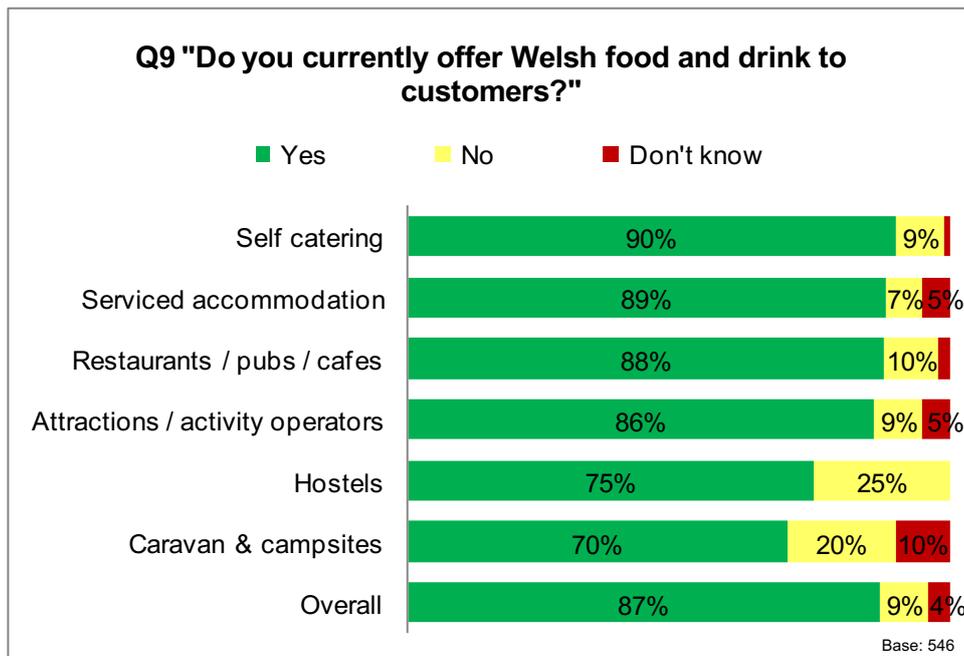
Steady overall profitability for two years

6.2 Businesses are asked about their profitability 'year to date' in each wave, which means that as the year progresses, results 'smooth out' over a longer time period. A steady 2019 overall comes on the back of a relatively steady 2018.

7. Welsh Food & Drink Provision

7.1 In this wave, we have asked questions specifically on provision of Welsh food & drink, and operators' attitudes towards it. Some of the questions were also asked in the June 2017 barometer, and we make comparisons where significant.

Offering Welsh food & drink to customers



Q9 has only been asked to businesses which offer food and drink (about two thirds of the whole sample)

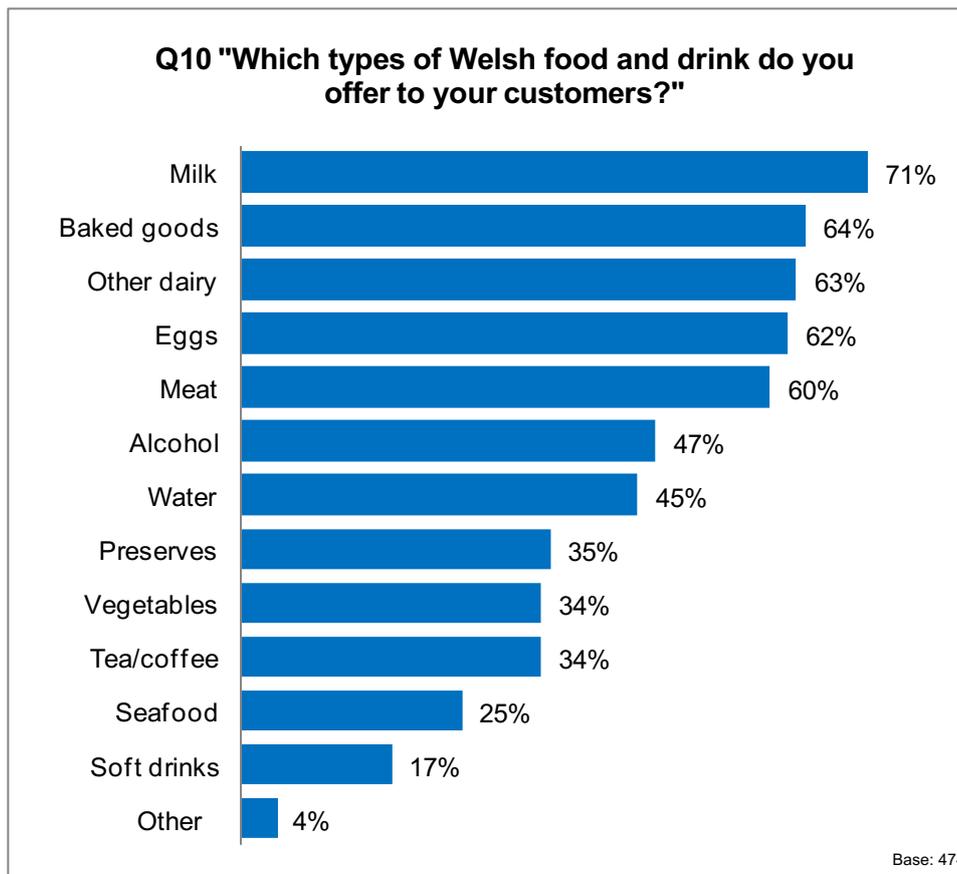
Very similar to 2017 result, except in South East Wales

7.2 The vast majority (87%) of businesses which offer food and drink to customers include Welsh food & drink in their provision. This is the same proportion as in June 2017.

7.3 The one significant change in result is in South East Wales, where the proportion providing Welsh food & drink has risen from 73% to 87%. This means there are no longer any significant differences between the four regions of Wales.

"We have signs explaining we only use Welsh suppliers for our food and drink"
Attraction, South East

Type of Welsh food & drink offered



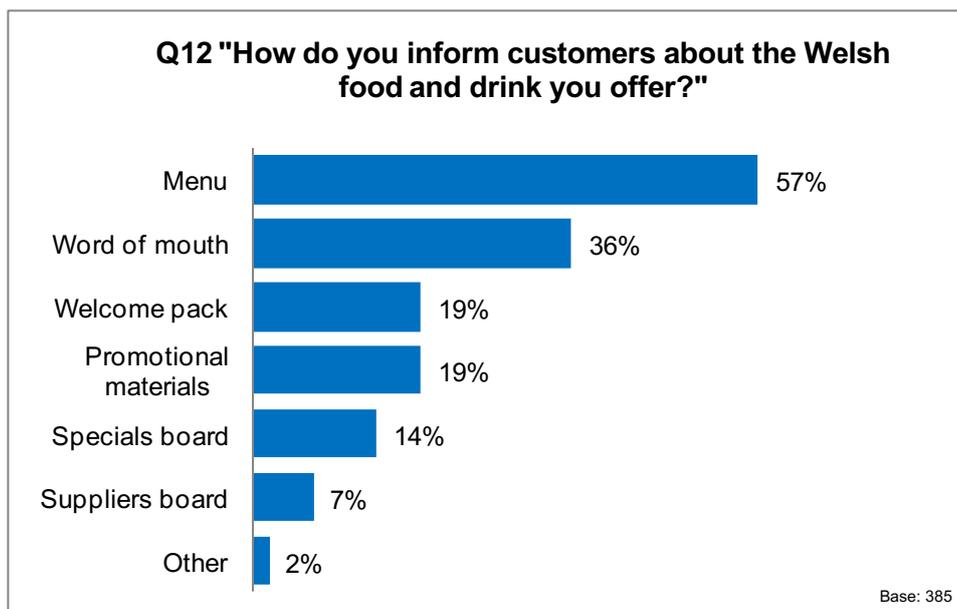
Q10 has been asked to businesses which offer Welsh food and drink

Significant increase in Welsh baked goods

- 7.4 Among those providing Welsh food & drink, the proportion offering Welsh baked goods has risen significantly from 24% to 64% since June 2017. This significant increase is seen in every sector and region.
- 7.5 Otherwise results by product type remain similar to 2017, with dairy products and meat more likely to be Welsh than drinks, preserves and vegetables.

*"On the label – we offer Welsh meats and dairy products in our B&B"
Serviced, North*

Informing customers about the Welsh offering



Q12 has been asked to businesses which inform their customers about the Welsh food and drink offering

Increase in informing customers through welcome packs

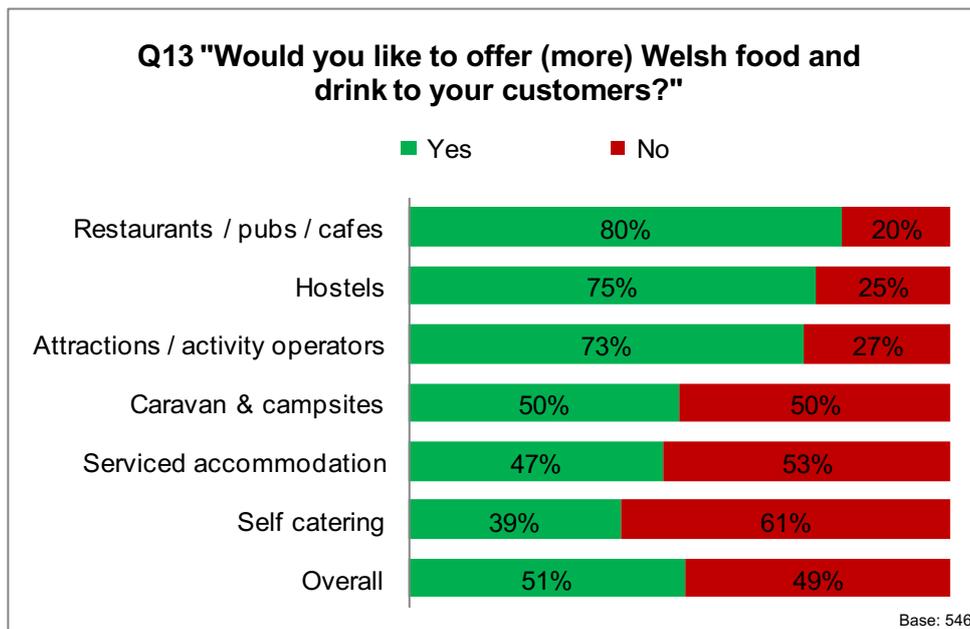
7.6 Most (81%) businesses which offer Welsh food & drink inform their customers about it – very similar to 2017.

"We run Welsh nights"
Serviced, Mid

7.7 Among those which do, menus remain the most common method. Otherwise, there is less reliance on word of mouth compared to 2017 (down from 54% to 36%), but an increase in informing customers through welcome packs (up from 4% to 19%). Welcome packs are offered mainly by self catering operators, and they are being much more proactive in informing customers about Welsh food & drink than in 2017. Two thirds (67%) of self catering operators who inform their customers about Welsh food & drink do so through a welcome pack, compared to just 26% in June 2017.

"Our USP is our large welcome pack of Welsh food & drink, which is included in the price"
Self catering, South West

Offering more Welsh produce



Q13 has only been asked to businesses which offer food and drink

Much desire to offer more Welsh produce, depending on sector

7.8 Whether businesses currently offer Welsh food & drink or not, there is a lot of intention to offer more, especially in the sector for which food & drink is the core business – restaurants / pubs / cafes. At the other end of the spectrum, intentions are not as strong in the self catering sector, but offering food & drink to customers is a less significant part of the business.

"We only provide a small welcome pack"

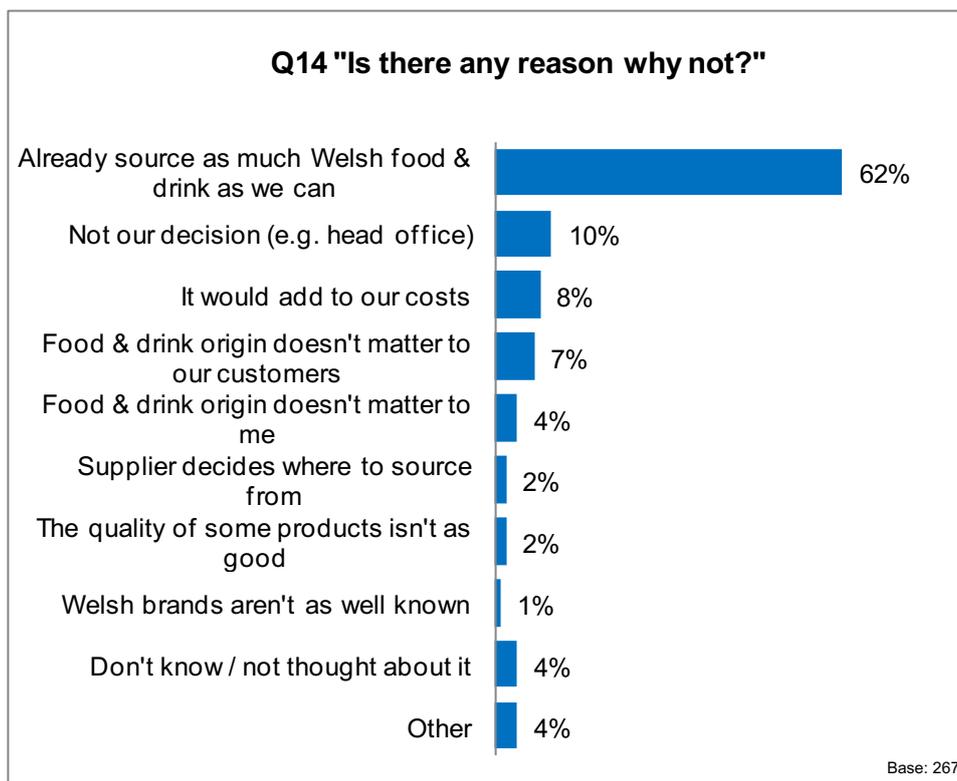
Self catering, South East

7.9 Encouraging more tourism businesses to offer Welsh food & drink is a key aim of Welsh Government / Visit Wales.

"I wouldn't consider putting anything in the welcome pack that was not Welsh"

Self catering, North

Reasons for not offering more Welsh produce



Q14 has only been asked to businesses answering 'no' to Q13

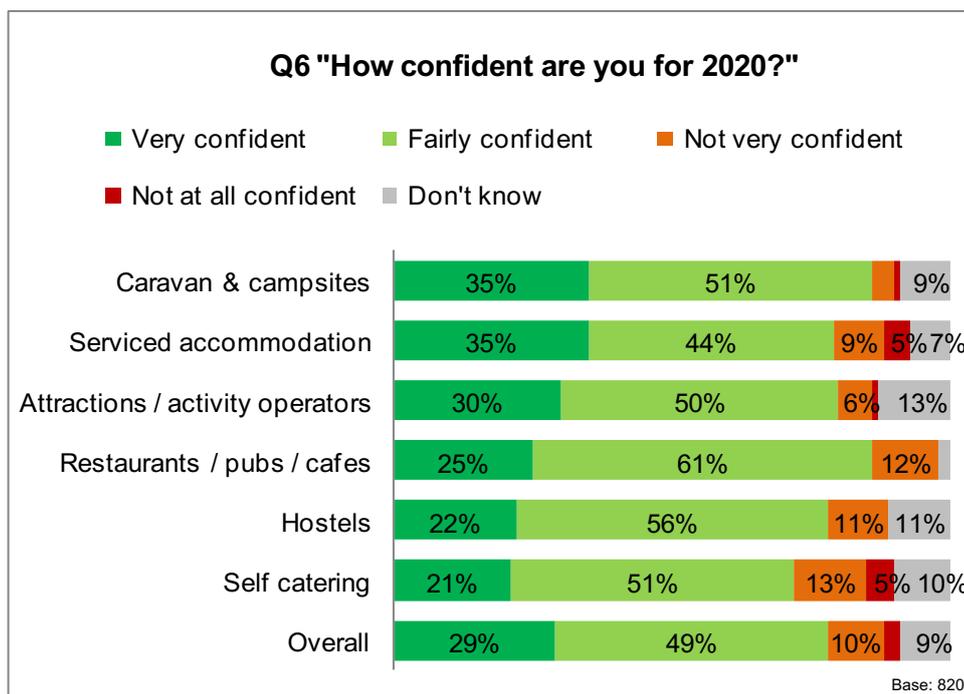
Already trying to source Welsh produce

7.10 By far the most common reason given for not offering more Welsh food & drink is that the operator already feels they are sourcing as much as they can. This is the main reason given in all sectors and regions.

"After refurbishment, the restaurant will be open 7 days a week and we will be serving Welsh produce – as much as we can"
Serviced, South West

8. Confidence for the Summer

Confidence by Sector



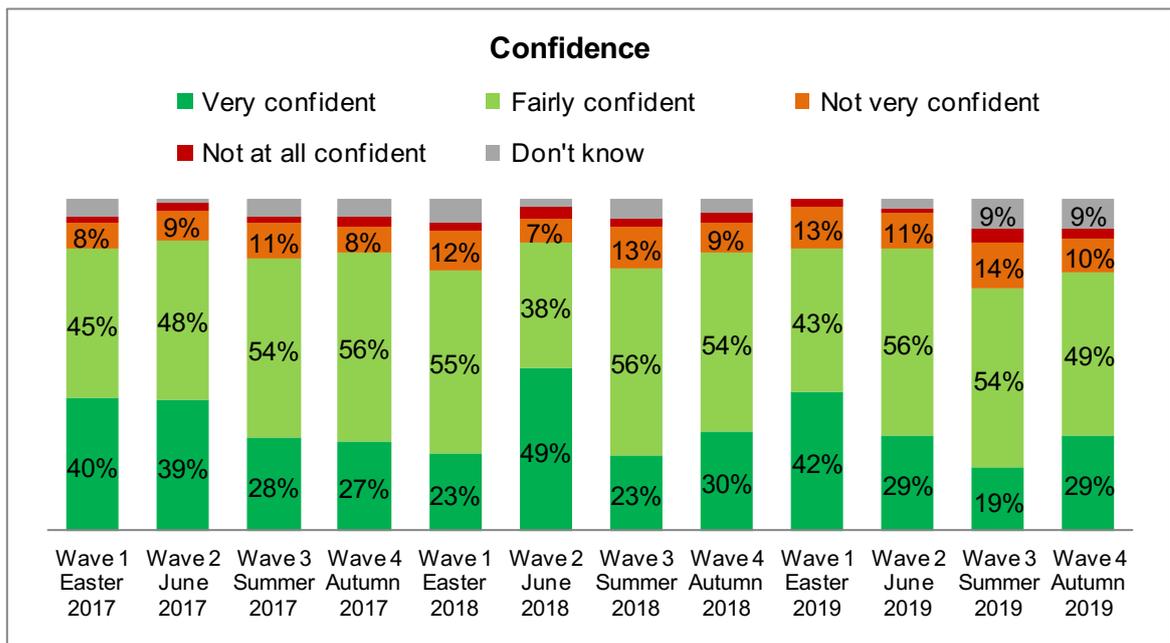
Reasonable level of confidence for 2020

8.1 In spite of a mixed autumn period and much uncertainty in the UK currently, confidence for 2020 is reasonable. About three in ten (29%) businesses are 'very confident' for 2020, and around half (49%) are 'fairly confident'.

"We have had good reviews, which is why we are fairly confident for 2020"
 Serviced, South West

"I have 26 weeks booked already"
 Self catering, North

Confidence Trend



Confidence levels are typical for this time of year

8.2 Historical results show that confidence in the industry tends to be higher earlier in the year when the summer lies ahead. Confidence levels expressed this autumn are similar to this time last year and the year before. Some say this is an industry where you have to be confident.

"I've been doing this for 60 years, so I should be confident"
 Serviced, South West

9. Qualitative Findings

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

Performance this autumn compared to last

9.2 Consistent with the quantitative findings, this autumn in comparison to last has been varied. Fuelled by uncertainty in the economy, some stakeholders report a relatively successful period with modest growth, whereas others have experienced stagnation or a decline in visitor numbers and profitability.

“Our larger attractions are saying they’ve had the best year for some time, but overall I’m getting a very mixed picture”

“It’s really difficult to call because it is so independent to each business. The weather is the biggest deciding factor but that’s the same every year. Everything else is so uncertain.”

9.3 The caravan and camping sector appears to have performed well, most notably businesses which provide glamping. More British holidaymakers appear to be staying in the UK, and the weak pound is one of the reasons given.

“There are a lot of people who are avoiding going abroad but I’m not sure that’s entirely because of Brexit. I’m sure there are other issues at play. In France they’ve clamped down on motorists by increasing speeding fines so that’s putting people off I suspect.”

“The impact of the value of sterling has been most notable”

9.4 The way in which people tend to be holidaying seems to be changing as well. Two associations report that there has been an increase in younger people taking shorter breaks. This is attributed to the rise of Airbnb. The flexible nature of how trips are booked on Airbnb has encouraged short breaks.

“I think more and more young people are doing short breaks, and more businesses are expecting short breaks. Airbnb is a factor. They do a lot of advertising and are hitting that kind of market.”

9.5 Businesses in the serviced & self catering sectors and attractions selling Welsh gifts and souvenirs are being affected by economic uncertainty. Consumer spending is driven by faith in the economy and having disposable income available.

“The customer has been very price-sensitive”

“The organisation as a whole has seen a huge decrease in spend, especially in catering and retail”

Going forwards

- 9.6 In the current uncertain political and economic climate, there is a consensus among stakeholders that it is too difficult to make a prediction going forwards.

“We’re so dependent on the domestic market; our success comes down to how affluent the customers feel”

“The uncertainty around Brexit is affecting visitor numbers. Whether that means numbers go up or down just depends on your business.”

- 9.7 While views on Brexit differ, stakeholders mostly agree that regardless of what is decided, merely having a definite outcome will be a positive impact on the trade. The current state of not knowing what will happen is a significant reason for stagnated growth or decline in performance levels.

“There’s definitely been a decreasing trend in spend from visitors. We assume that’s due to the uncertainty of Brexit.”

“Until we know where we stand politically, people are going to be a lot more reserved with their spending”

- 9.8 Despite this uncertainty, there are some reports of good levels of advance bookings for next year. This could be attributed to repeat business.

“I’m getting some reasonably good forward bookings”

“We’ve got good bookings [for next year] at the moment. We don’t normally have this many for next year by this point. We’ve got the regulars who always book but others as well this year.”

Welsh food & drink provision

- 9.9 Among stakeholders there is strong interest in more Welsh food and drink provision. They generally feel there is a demand for Welsh food & drink among consumers, and desire to provide it among the operators. There is a growing demand for sustainable but also high quality products.

“You have to. It’s the sort of thing that people want. They want something produced locally which says something about the area.”

“As well as offering tourist information, we are now focussing more on the retail side of things. We sell local produce.”

“There’s an expectation from our visitors to have Welsh produce. They ask for it. Any option on the menu that could be Welsh, we’d always take the Welsh product.”

“All our produce is Welsh; we wouldn’t sell anything that isn’t. I don’t know whether holidaymakers specifically look for it but people see it and think it’s a nice souvenir; the alcohol especially.”

9.10 The ability to provide Welsh food & drink for some operators is determined by visitors' disposable income and availability of the product.

“Getting consistent access throughout the year is the difficulty. A lot of the Welsh produce is seen as expensive and inaccessible when you can go down to Aldi and just fill up your trolley. If you're selling Welsh produce, it has to be sold at a premium. There will be some who can do that but again most would be dictated by how affluent their customers feel.”

Wales Tourism Business Barometer

Autumn 2019

- Sector Sector
- Serviced accommodation.....
 - Self catering.....
 - Caravan / campsite
 - Hostel.....
 - Attraction
 - Activity operator
 - Restaurant / pub / cafe

Q1 Has your business been established for longer than 12 months?

- Yes Go to Q2
No Go to Q6

Q2 Compared with last autumn, how many visitors have you had this autumn?

- More than last year.....
- About the same as last year.....
- Fewer than last year
- Don't know.....

Q3 Why would you say you have had more visitors? (UNPROMPTED, TICK ALL THAT APPLY)

- Better weather
- Own marketing.....
- Repeat business
- Increased bookings through online agent (e.g. booking.com)
- Signed up with new agency (self catering)
- Recommendations
- Upturn in tourism.....
- Increased capacity
- Events in the area
- Improved rooms or facilities
- More British people staying in the UK
- More overseas visitors
- Don't know.....
- Other.....

Please specify other

Q4 Why would you say you have had fewer visitors? (UNPROMPTED, TICK ALL THAT APPLY)

- Weather
 - Didn't promote the business / business winding down
 - Unforeseen problems
 - Brexit uncertainty
 - Low-priced competition
 - Downturn in tourism in the area
 - Fewer overseas visitors
 - Fewer British people holidaying in the UK
 - Don't know
 - Other
- Please specify other _____

Q5 How does your overall profitability to date this year compare with the same period last year?

- Up on last year
- About the same as last year
- Down on last year
- Don't know / refused

Q6 How confident are you for 2020?

- Very confident
- Fairly confident
- Not very confident
- Not at all confident
- Don't know

Q7 Interviewer: record all useful comments on performance this autumn, particular markets or confidence for next year.

Q8 *(If not restaurant, pub or cafe)*

Do you currently offer any food and drink to customers?

- Yes
- No

Q9 *(If yes to Q8, or restaurant / pub / cafe)*

Do you currently offer Welsh food and drink to customers? *(Food and drink made or produced in Wales)*

- Yes
- No
- Don't know

Q10 (If yes to Q9)

Which types of Welsh food and drink do you offer to your customers? (READ OUT)

- Water
- Milk
- Eggs
- Other dairy – Cheese/Yogurt/Ice Cream/Butter.....
- Meat – Lamb/Beef/Chicken/Pork/Game
- Tea/Coffee.....
- Soft Drinks.....
- Alcohol
- Vegetables
- Seafood.....
- Baked goods.....
- Preserves
- Anything else
- Please specify other _____

Q11 (If yes to Q9)

Do you inform customers about the Welsh food and drink in your food offering or menus?

- Yes
- No.....
- Don't know.....

Q12 (If yes to Q11)

How do you inform customers about the Welsh food and drink you offer? (UNPROMPTED)

- Menu.....
- Suppliers board.....
- Word of mouth
- Promotional materials
- Specials board
- Welcome pack
- Other.....
- Please specify other _____

Q13 (If yes to Q8, or restaurant / pub / cafe)

Would you like to offer (more) Welsh food and drink to your customers?

- Yes
- No.....

Q14 (If no to Q13)

Is there any reason why not? (UNPROMPTED)

- We already source Welsh food & drink as much as we can
 - It doesn't matter to me where the food & drink comes from
 - I don't think it matters to our customers where the food & drink comes from
 - It would add to our costs
 - The quality of some products isn't as good
 - Welsh brands aren't as well known
 - Not our decision (e.g. head office)
 - Contract with supplier who decides where to source from
 - Don't know - never really thought about it.....
 - Other
- Please specify other reason(s)* _____

Q15 Could I just confirm whether your business is graded or accredited by Visit Wales?

- Yes
- No.....