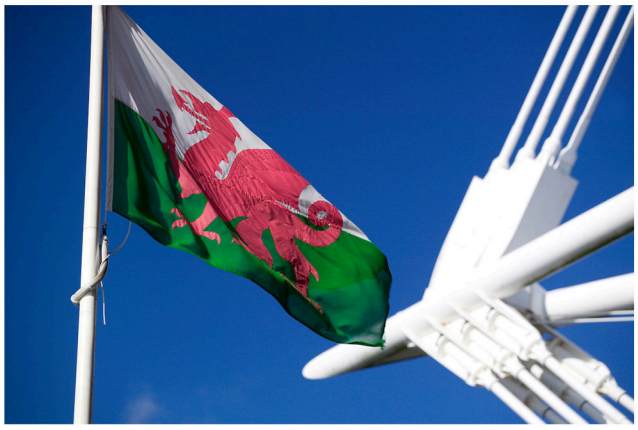
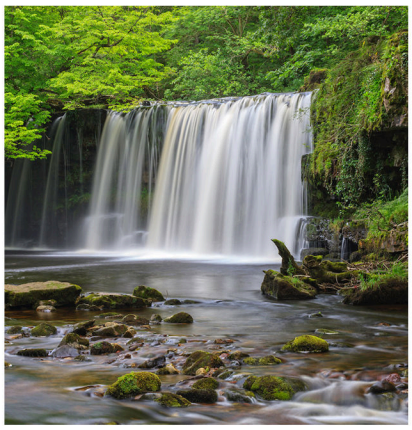
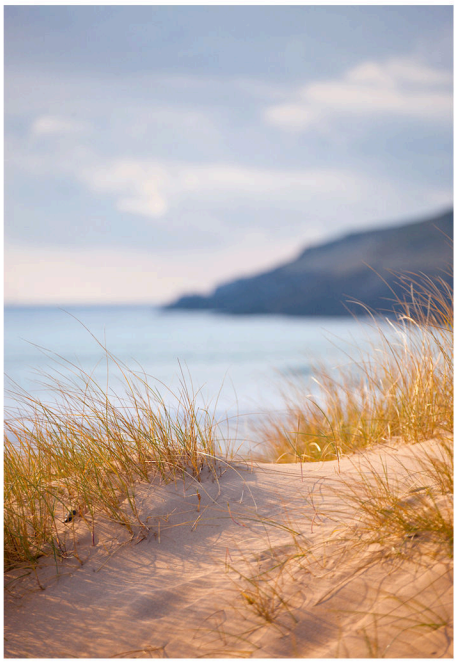
Wales Tourism Business Barometer 2022

Summer Wave Report

YMCHWIL GYMDEITHASOL Y LLYWODRAETH
GSR
GOVERNMENT SOCIAL RESEARCH

Llywodraeth Cymru
Welsh Government

SOCIAL RESEARCH NUMBER:
64/2022
PUBLICATION DATE:
04/10/2022

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This document is also available in Welsh.

Digital ISBN: 978-1-80364-893-4

Wales Tourism Business Barometer 2022: Summer Wave Report

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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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ISBN: 978-1-80364-893-4
4 October 2022

Contents

1. Headline Findings

Visitor volumes down on last summer and compared to pre-Covid

1.1 Around a quarter (23%) of businesses have had more customers this summer than last summer, and 38% have had the same level. However, 39% have had fewer.

1.2 The comparison with a normal pre-Covid summer shows a similar picture. About one in five (19%) have had more customers this summer compared to the pre-Covid norm, and around half (49%) have had the same level. About a third (32%) are down.

1.3 Concerns over the rising cost of living are thought to be hampering visits to Wales, which according to accommodation operators have been noticeably more last minute and in some cases shorter in duration.

Autumn & winter opening and advance booking levels

1.4 Well over half (62%) of businesses intend to remain open for at least some of each autumn and winter month.

1.5 At the time of interviewing and for accommodation operators taking bookings, booked available capacity is approx. 65% for September, 45% for October and 26% for each of November and December.

1.6 Some operators say that it is hard to predict the busyness of these months in advance because of the current last minute booking trend. Uncertainty over the cost of living as we head into a period of much higher energy costs is thought to be a key reason for that.

Booking channels

1.7 Among self catering operators who promote their business, approximately one third of bookings come through four of the major booking sites: Airbnb, TripAdvisor *(indirectly)*, Booking.com and Vrbo.

1.8 Among other accommodation operators (excluding self catering) who promote their business, an estimated average of 44% of bookings come through their own online channels, 38% come through third party online channels, and 18% come through offline channels.

Mixed confidence for the autumn

1.9 14% of operators are ‘very confident’ about running their business profitably this autumn, and a further 36% are ‘fairly confident’. However, 20% are ‘not very confident’, and 10% are ‘not at all confident’. 20% do not know. Operators are concerned that the rising cost of living will hinder bookings, whilst at the same time, their own rising costs will make it hard to remain profitable.

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. This wave covers the summer and advance bookings for the remainder of the year.

How was the Survey conducted?

2.2 We have conducted 626 interviews by telephone. The results of questions asked to everyone are accurate to ±3.9%. Normally the sample is 900 but Welsh Government halted fieldwork following news of the death of Queen Elizabeth II and decided to report on the sample gathered to date. The balance of the sample by region and sector is broadly in line with what is normally gathered.

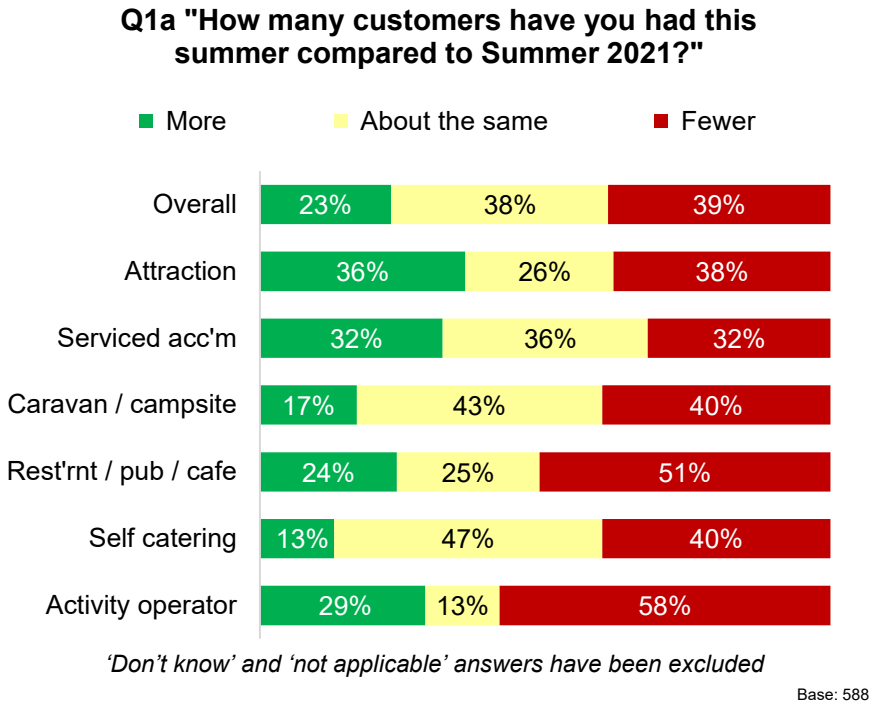
Sector / Region	North	Mid	South West	South East	Total
Serviced accommodation	57	44	39	18	**158**
Self-catering	50	51	70	29	**200**
Caravan / campsites	40	22	28	6	**96**
Hostels	1	3	-	2	**6**
Attractions	26	17	19	20	**82**
Activity operators	16	8	11	7	**42**
Restaurants / pubs / cafes	13	12	8	9	**42**
Total	**203**	**157**	**175**	**91**	**626**

2.3 70% of businesses in the sample are graded by Visit Wales. The graded and non-graded samples are spread across the different regions and sectors except restaurants / pubs / cafes, where grading is not applicable.

2.4 All telephone interviews have been conducted with business owners or managers between 30th August and 9th September.

3. Summer Performance

Compared to summer 2021 – by sector



Attractions and serviced accommodation have fared reasonably well

3.1 The attractions and serviced accommodation sectors overall have experienced visitor levels this summer comparable to last summer. Reasons for being busy, especially among attractions, include increased capacity compared to last summer, special events and improved product.

"We were busier this summer than last because we reopened all visitor facilities and the shop"
Attraction, South West

"We've had a lot more events this year, which have brought people in"
Attraction, South East

"We've opened a new facility for children so are getting more families"
Attraction, Mid

"In July and August we were absolutely packed"
Serviced, North

But all other sectors are down

3.2 Caravan parks and self catering operators enjoyed a booming summer for domestic tourism last year. This summer, it has been hard to match those levels. Self catering operators have noticed more last minute bookings, often for shorter stays.

"Last summer was unprecedented"
Caravan park, South West

"Last minute bookings are common this year, with people looking for deals and only booking around two weeks in advance"
Self catering, North

"We have noticed a lot more people are taking shorter breaks"
Self catering, North

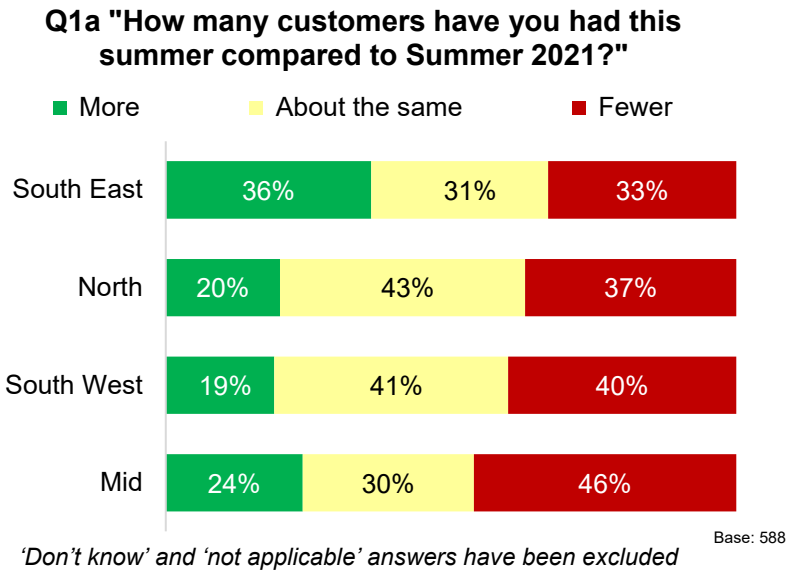
3.3 Activity operators are finally able to welcome the return of schools – a key market for many, which was one of the last to become accessible again during the Covid recovery period. However, other markets seem to be flagging for them. This is thought to be due to the rising cost of living, as is the case for restaurants, pubs & cafés.

"Everything is getting more expensive and we can't put the price of everything up on the menu all the time. Today I gave out a free pot of tea for two guys to share because they couldn't afford tea with their breakfast if it cost extra."
Restaurant, North

"It's been hard this summer with the cost of living. People just aren't spending the money."
Activity operator, South West

"There haven't been so many families – staycations are over, but schools are back"
Activity operator, South East

Compared to summer 2021 – by sector



'Don't know' and 'not applicable' answers have been excluded

South East Wales goes against the grain

3.4 Businesses in South East Wales have overall managed to match summer 2021 – a performance level not shared by the other three regions. Major events in Cardiff have helped.

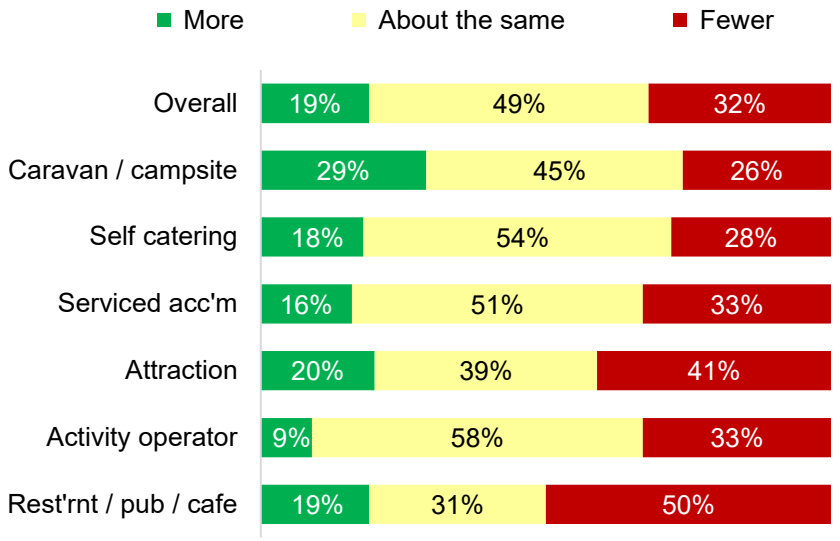
"So long as they keep doing the events in the castle [Cardiff] and the stadium, it will be good for us"
Restaurant, South East

"European tourists have come back now. Not as many Americans as before the pandemic."
Attraction, South East

"It has been a busy summer"
Attraction, South East

Compared to a normal pre-Covid summer – by sector

Q1b "How many customers have you had this summer compared to a normal pre-Covid summer?"



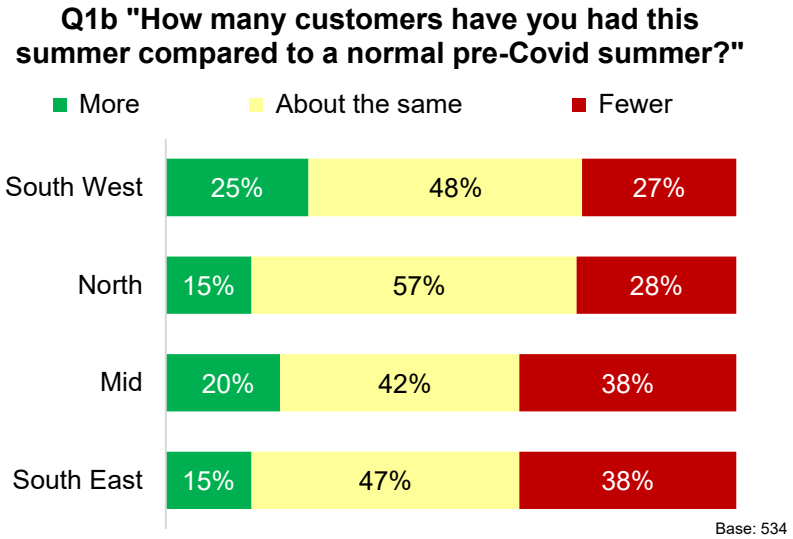
'Don't know' and 'not applicable' answers have been excluded

Base: 534

Only caravan parks have reached pre-Covid norms

3.5 Caravan parks have not fared very well compared to summer 2021 because last summer boomed for them, but they have at least managed to remain at pre-Covid levels for a 'normal' summer. All other sectors however have not managed to match pre-Covid norms on balance.

Compared to a normal pre-Covid summer – by region



'Don't know' and 'not applicable' answers have been excluded

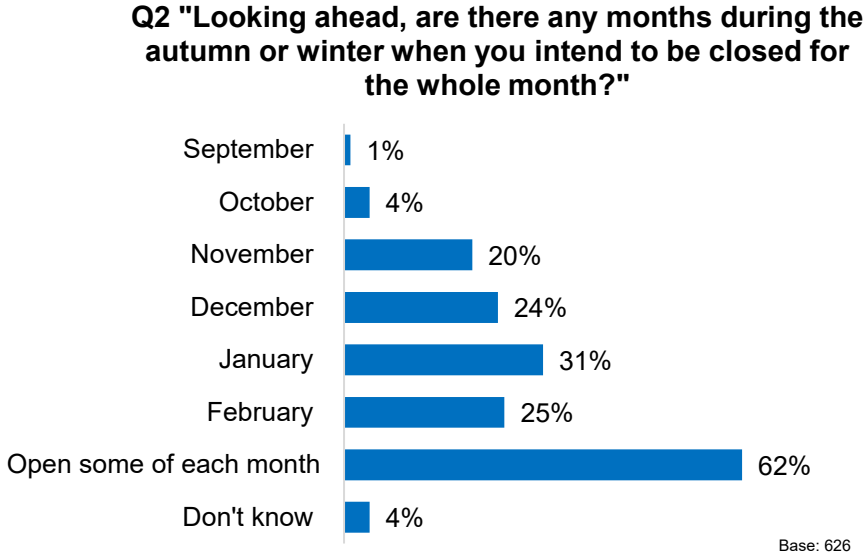
Only South West Wales has matched pre-Covid norms

3.6 The tourism industry in South West Wales has enjoyed a summer comparable to pre-Covid norms, unlike the other regions.

"Everything has gone very smoothly"
Caravan park, South West

4. Autumn and Winter Opening and Outlook

Opening in the autumn and winter months



Many intend to remain open for at least some of each month

4.1 Encouraging tourism to Wales all year round is an important part of Visit Wales' remit. Heading into the autumn & winter, Visit Wales runs a marketing campaign specifically to promote Wales at this time of year.

4.2 Well over half (62%) of businesses intend to remain open for at least some of each autumn and winter month. Closures peak in January after the potentially fruitful Christmas period is over, but even then, the majority (69%) of businesses intend to be open for at least some of the month. Some operators say they are extending their season this year.

"We're extending the season this year because we're busier"
Caravan park, South West

"We used to close for a month or two but this year, for the first time, we are only closing over the Christmas week until 2nd or 3rd January"
Restaurant, South West

"We are hoping to stay open all winter"
Serviced, North

Autumn and winter opening can often mean reduced days / hours however

4.3 Some businesses scale back their opening times or offering in the autumn and winter due to reduced demand and/or to keep costs down.

"We only open from Wednesdays onwards now to keep costs down"
Attraction, South West

"In January, we'll be closed for food and will open at 5pm until around 9:30pm/10pm for drinks"
Pub, Mid

"During the autumn and winter our openings differ. Sometimes we're only open weekends; sometimes less than that."
Activity operator, Mid

Staying open to keep staff employed

4.4 Some businesses only stay open at this time of year to retain their staff. They don't expect to make a profit, but just aim to break even or limit their losses.

"In October we change the dynamic to corporate bookings. We're really just open to keep staff on. The aim is to break even."
Activity operator, Mid

"We don't ever run profitably over the autumn. We stay open to keep our staff on. We're happy to take a 10% loss but any more than that and we would be in trouble."
Attraction, South West

'Playing it by ear'

4.5 Some operators will decide at short notice whether to remain open or not depending on energy bills and the level of demand.

"Whether we close depends on energy prices and also the possible number of customers."
Activity operator, South West

Differences by sector

4.6 Most caravan parks close in the winter – especially in January and February, when 81% are fully closed.

4.7 Differences between other sectors are not significant, except with restaurants / pubs / cafés, whereby nearly all (88%) intend to remain open for at least some of each month, and none will close until after Christmas.

4.8 The proposed '182 day' rule, whereby operators have to achieve 182 days' occupancy in a year to qualify for non-domestic rates (and therefore avoid the council tax premium on second homes) is causing an opening / closure dilemma for some self catering operators. Some don't see the winter as a cost-effective time to open, but if they don't try, they won't realistically meet the 182 day quota. Welsh Government states that property owners intending to meet the amended criteria should aim to do so during the 2022-23 operating year, but compliance with the criteria will not be assessed until after 1 April 2023. Each local authority can decide whether or not to introduce the new Order.

"Escalating costs mean it's too expensive to stay open, but we can't close because of the 182 days quota"
Self catering, North

"We can't afford to stay open with the rising energy costs, but we have to stay open a certain number of weeks for the business rates. We do not know what to do."
Self catering, South West

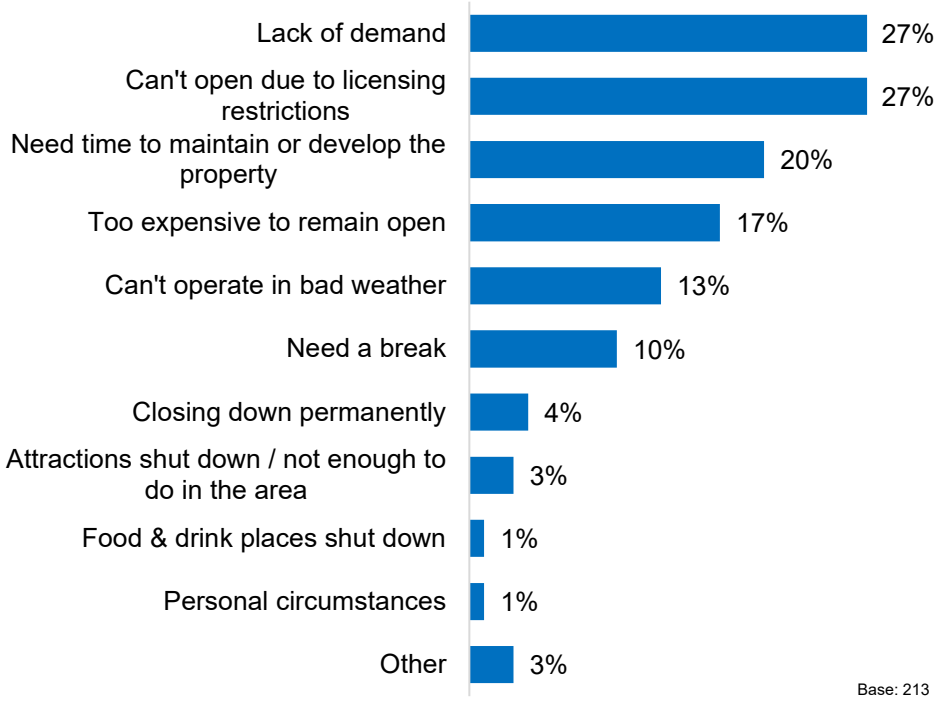
Differences by region

4.9 South East Wales is the most 'open for business' region in autumn & winter. Most (78%) intend to be open for at least some of each month – this compares to 60% of businesses across the rest of Wales.

"We're always full"
Self catering, South East

Reasons for closing

Q3 "Are there any particular reasons why you intend to close for a period of time?" *(unprompted)*



Q3 has been asked to businesses intending to close for the whole of at least one month

Lack of demand

4.10 This is the joint most common reason given for closure, although it is far from being the only reason.

"Nobody in our area during November and December"
Attraction, Mid

"We don't normally close during these months, but due to lack of demand we will do. If we didn't have the two bookings we have in October, we would have closed then also."
Serviced, Mid

Licensing restrictions

4.11 Businesses in some parts of Wales may not be allowed to operate all year round due to licensing restrictions. This particularly affects caravan parks – 62% of those closing for at least one month give licensing as a reason for closure.

"The licences for owners only allow us to open for nine months"
Caravan park, South West

Time to do maintenance

4.12 Some operators need the downtime in the quieter end of the year to work on their premises.

"We close for three weeks in January for repairs and maintenance"
Attraction, North

Can't afford to remain open

4.13 Soaring energy costs are now a reason for some businesses to close this winter. They don't feel they can afford the heating for not enough paying guests.

"Fuel and energy bills are too much to stay open this winter"
Caravan park, North

"We don't usually close in the winter but with rising energy costs, we'd have to increase the price by £40 per room to be able to afford the heating for the breakfast room and everywhere else"
Serviced, Mid

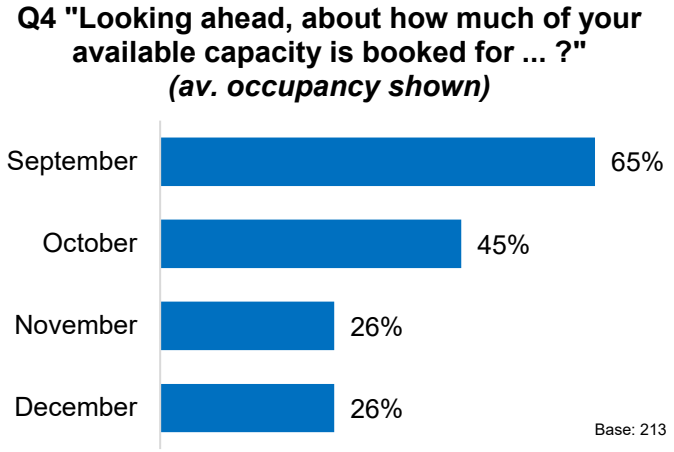
"It's expensive to heat the hotel in normal times. To warm the whole building for just one room isn't cost-effective. We have a couple of bookings mid November, but after that, we'll probably close."
Serviced, Mid

We need a break

4.14 Running a tourism business can be an exhausting seven days a week job for some owners. They can't keep that going all year round. Tourism also might not be their only business.

"We are also a working farm so need the break"
Caravan park, North

Advance bookings (accommodation operators)



The average booked occupancy for each month is for businesses which are open for that month

Quite healthy booking levels considering last minute trend

4.15 Advance booking levels for the autumn and winter months seem fairly promising considering that some operators say many customers are booking last minute this year. The cost of living is a looming concern though over whether last minute bookings will materialise and if current bookings will be fulfilled without being cancelled.

"We currently have no bookings for October, November or December, but usually we get a lot of bookings last minute so we'll see"
Self catering, North

"Still under 50% of capacity for autumn but bookings are slowly coming in"
Caravan park, North

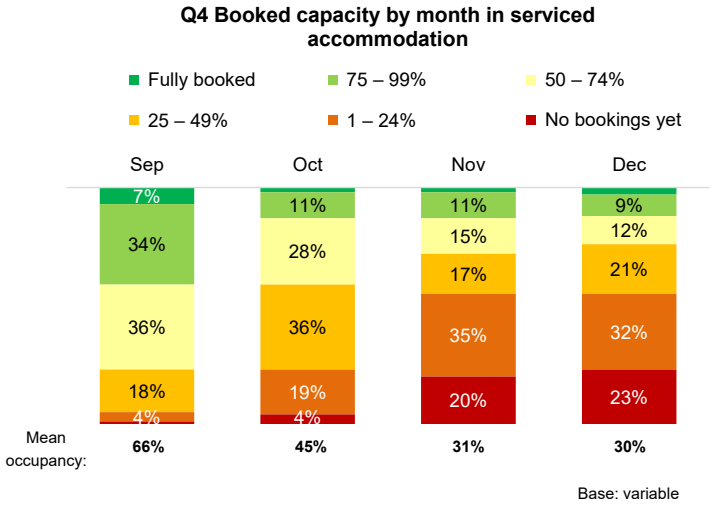
"We tend to get most of our bookings within 7 days of arrival so this [answer to Q4] isn't truly representative [of actual occupancy when last minute bookings materialise]"
Self catering, South East

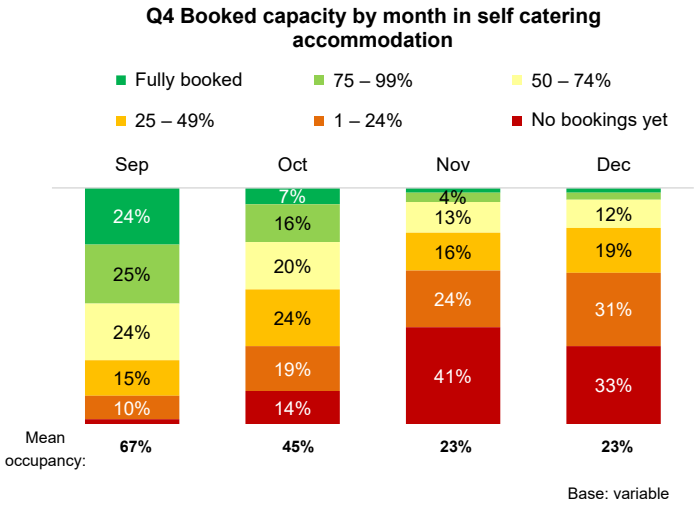
"There's been a massive drop in [advance] bookings compared to last year. We were 85% full for September by now and much busier for October."
Caravan park, Mid

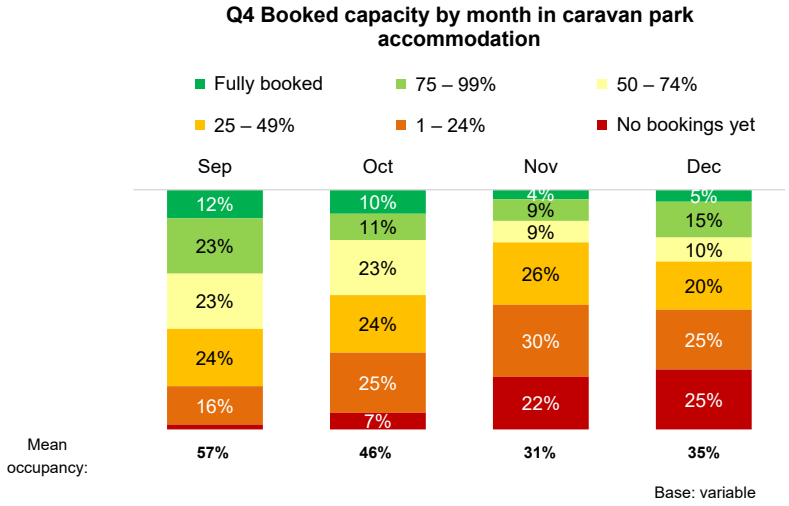
"We had a really good August but now there are ominous sounds of cost and less disposable income; the autumn is suffering. We're already getting cancellations coming in for October for those reasons."
Serviced, Mid

4.16 There is a reasonable level of consistency in advance bookings across the different accommodation sectors and regions of Wales. Detailed results by sector and month are shown below.

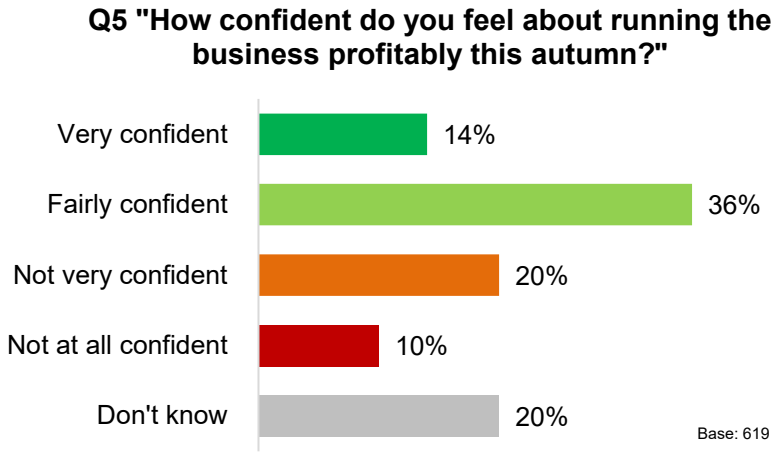
Advance bookings by sector







Confidence to operate profitably this autumn



Q5 has been asked to businesses open for at least some of the autumn

Mixed levels of confidence

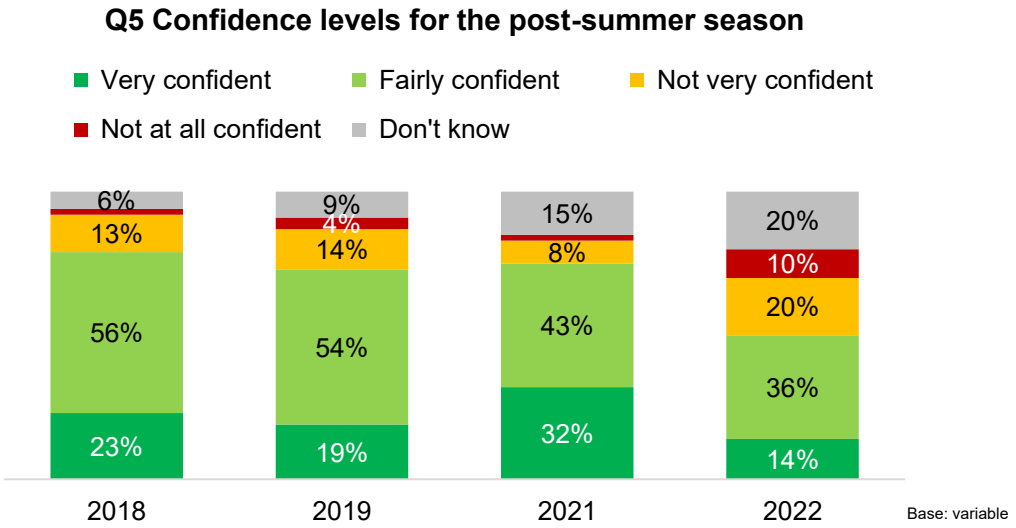
4.17 Advance booking levels may seem reasonable for many businesses, but this is only half the story of what faces them this autumn. Soaring operating costs could make it difficult to make ends meet.

> *"There is no doubt about it: we will be losing money for the next six months. This is mainly because of the cost of fuel and energy – visitors getting to us and our heating and electricity"*
> Attraction, South West

> *"Cost of living crisis will mean we will not run at a profit. Our butcher is being affected and so are we because of it."*
> Pub, Mid

> *"I can see a lot of businesses going under because they can't afford to put the heating on. We'll close in January and then take it day by day. You can't plan anything ... People don't have money. Everything is so expensive. I might cut food down to three days a week."*
> Pub, North

Confidence trend



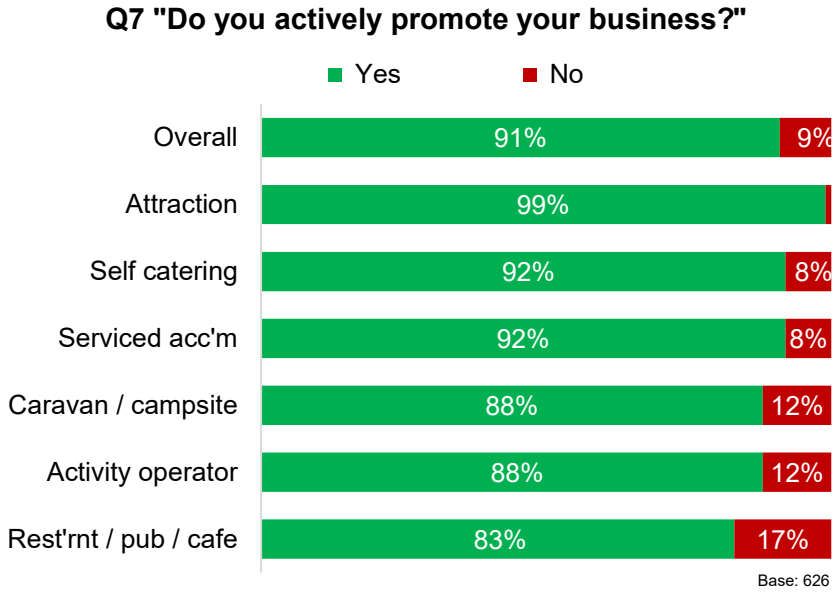
A confidence question was not asked post-summer in 2020. There was also a change in question wording for 2021 & 2022: 'How confident do you feel about running the business profitably for the remainder of the year / this autumn?' whereas in 2018 & 2019, the wording was 'How confident do you feel about the autumn season?'

Relatively low confidence for this time of year

4.18 Half (50%) of businesses are either not confident or do not know (usually due to uncertainty) about running the business profitably this autumn – a much higher percentage than in other recent years. This time last year, a possible resurgence of Covid was the main concern; the chart reflects how much more of a concern rising operating costs are now in comparison.

5. Promotion and Booking Channels

Active promotion of the business

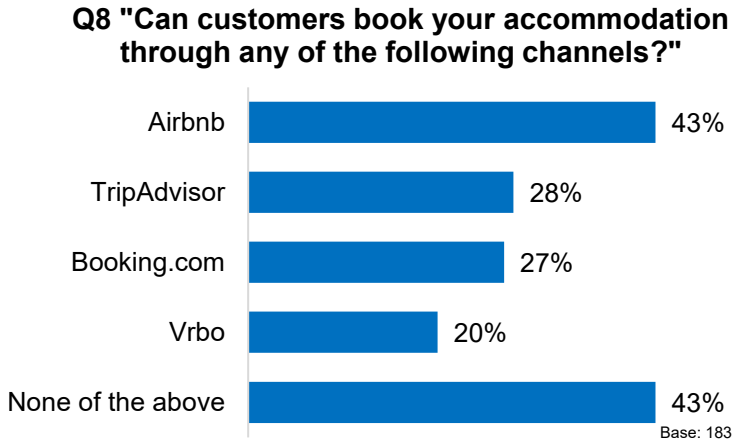


Most, but not all, operators promote their business

5.1 Most operators actively promote their business, but some of those operating for many years have built up enough of a customer base to rely solely on repeat business and word of mouth. Those who do not actively promote their business have not been asked the remaining question in the survey.

"All our business is repeat or from word of mouth"
Activity operator, South East

Self catering operators – booking channels



Q8 has been asked to self catering operators who actively promote their business

Over half can be booked through at least one of four major channels

5.2 Over half (57%) of self catering operators who actively promote their business facilitate bookings through at least one of Airbnb, Booking.com, Vrbo and TripAdvisor *(which although not a booking a site allows indirect booking through redirect links)*.

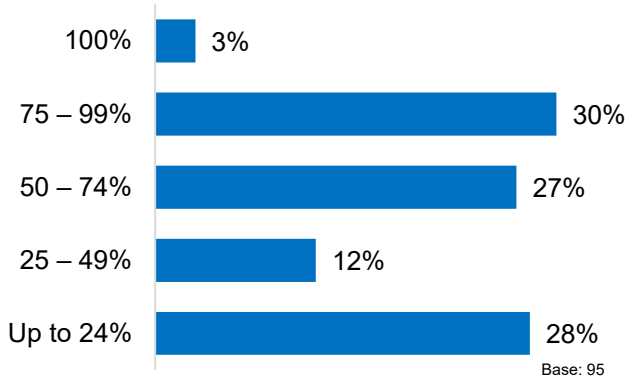
5.3 If rebased to include self catering operators which do not actively promote their business, 53% of self catering accommodation can be booked in this way. 7% of self catering businesses can be booked through all four of Airbnb, Booking.com, Vrbo and TripAdvisor.

5.4 Operators using any of these channels tend to keep a close eye on how it performs for them, and switch if it is not satisfactory.

> *"We use our own website mainly but we are considering using Airbnb. Of all the third party booking services, they seem to be the best. We are on visitconwy as well. We have heard booking.com is not very helpful when something goes wrong for the customer."*
> Self catering, North

Self catering operators – proportion of business booked

Q9 "And roughly what proportion of your business comes through those channels (combined)?"



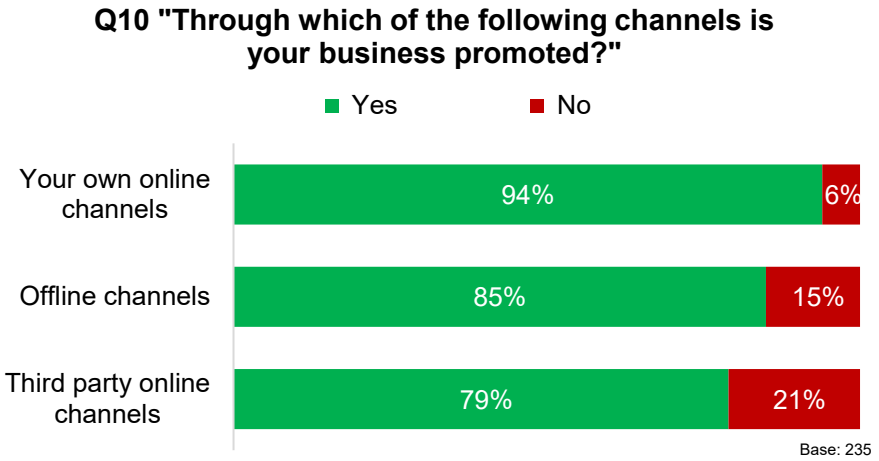
Q9 has been asked to those which facilitate bookings through at least one of the sites listed in Q8

Varying levels of business booked through these sites

5.5 The extent to which self catering operators rely on Airbnb, Booking.com, Vrbo and TripAdvisor for bookings varies greatly. The estimated average proportion of business which comes through these four channels depends on the base:

- Around 54% of bookings for those who use at least one of these four channels
- Around 31% of bookings for those who actively promote their business (whether or not through any of these four channels)
- Around 28% of bookings for all self catering operators (whether or not they actively promote their business)

Other accommodation operators – promotion channels



Q10 has been asked to serviced accommodation, caravan parks and hostels which actively promote their business

Broad range of channels used

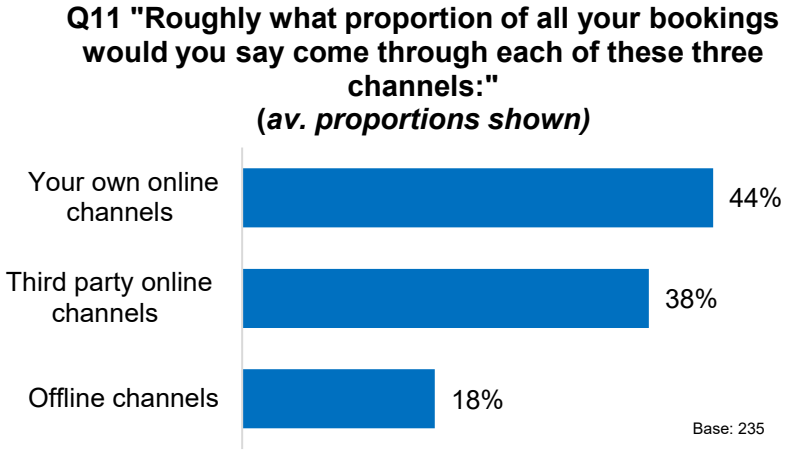
5.6 Promotional channels can be grouped into three categories as shown in the above chart. All three types of channel are widely used, and usually not exclusively – 63% of respondents say they use all three.

5.7 Some say they are selective about when they use third party online channels, i.e. when they are struggling to fill the beds, or outside of periods when they know they will be full anyway. This is an example of why it can be good to use more than one channel.

"We move to booking.com when we find it very difficult to get the rooms booked, but it's difficult paying the high commission."
Self catering, North

"We don't go on Pitchup on busy bank holiday weekends"
Caravan park, Mid

Other accommodation operators – proportion of bookings



Q11 has been asked to serviced accommodation, caravan parks and hostels which actively promote their business

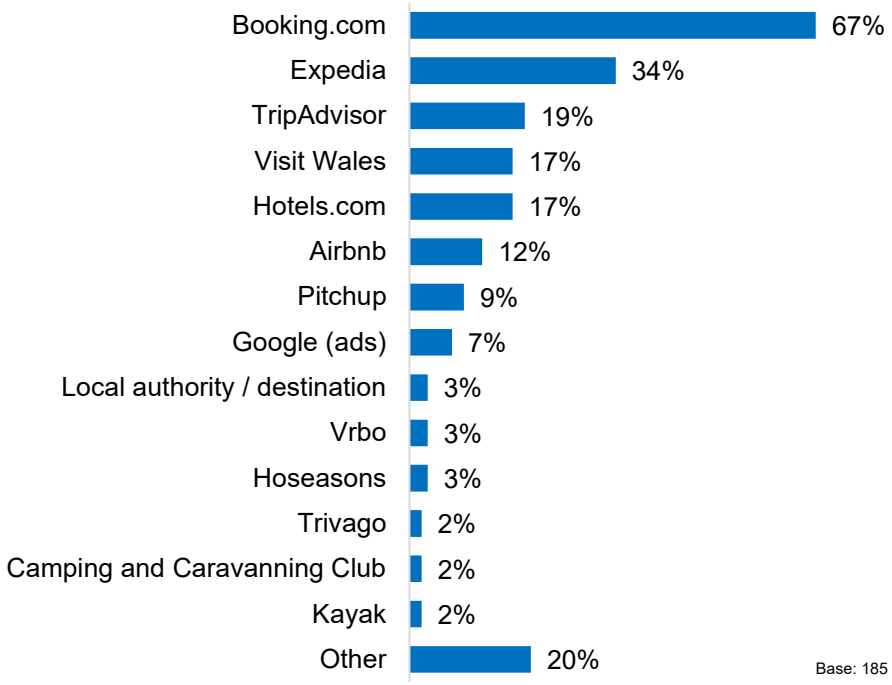
Fine balance online between own channels and third parties

5.8 Most (82%) bookings with operators who actively promote their business are made online. Own online channels and third party channels contribute about as much as each other. Many wish they could tip the balance more in favour of their own channels in order to avoid paying commission, which they often view as high, but it is easier said than done.

"Hoping to launch our own website and booking system in the next few months as the third party commission is very expensive"
Serviced, North

Other accommodation operators – specific third party sites used

Q12 "Through which third parties is your business promoted online?" *(unprompted)*



Q12 has been asked to serviced accommodation, caravan parks and hostels which promote through online third parties

A few dominant players; then very fragmented

5.9 In the serviced accommodation sector, booking.com is dominant – it is used by 90% of serviced operators who promote through online third parties. Expedia is also powerful and is used by 47% of serviced respondents.

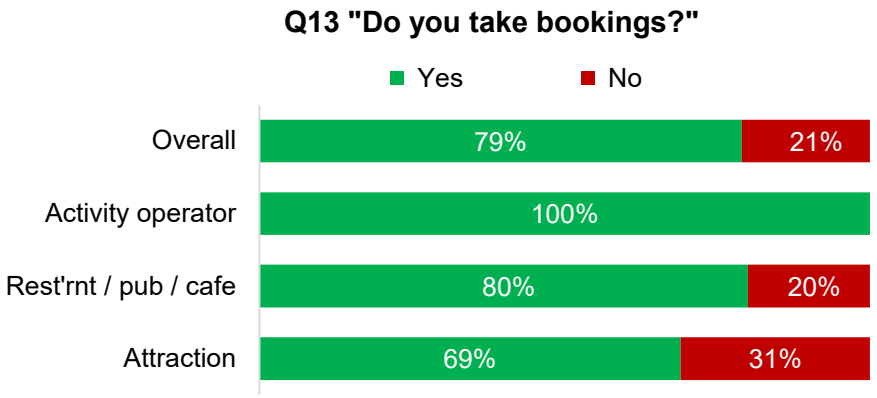
5.10 Among caravan parks, Pitchup stands out. It is used by 35% of caravan parks which promote through online third parties – well ahead of any other site mentioned.

5.11 Apart from these few major players, there are many other sites – the above chart lists all which have been mentioned by at least 2% of respondents.

"Booking.com have a global reach and a great exposure. We are seeing far more overseas guests this year, so paying the 15% [commission] is worth it."
Serviced, North

"This year we have found it much easier taking more of our bookings through Pitchup due to customers complaining about anything and everything. We have noticed bookings through a third party avoids this sort of thing."
Caravan park, North

Non-accommodation operators – taking bookings



Q13 has been asked to non-accommodation operators which actively promote their business

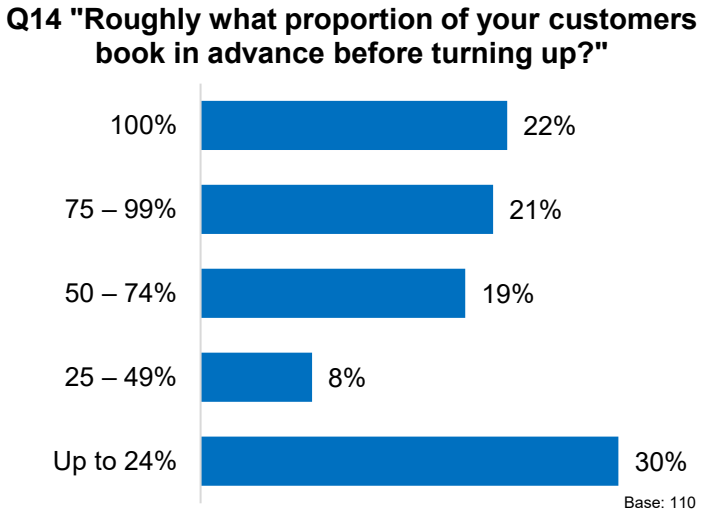
Mixed response by sector

5.12 All (100%) activity operators and most (80%) restaurants, pubs & cafés which actively promote their business take bookings. Many (69%) attractions also do, but some do not. Reasons for not taking bookings include not seeing the need to, especially now that Covid protocols have been lifted.

> *"We are going to get rid of the advance bookings [system] soon as only 5% of our customers book in advance"*
> Attraction, South West

> *"We no longer need to take bookings since restrictions have been lifted"*
> Attraction, South East

Non-accommodation operators – proportion of advance bookings



Q14 has been asked to non-accommodation operators who take bookings

Varied levels of walk-ins by sector

5.13 For activity operators, booking in advance is the norm. Most (86%) say that at least three quarters of their customers book in advance.

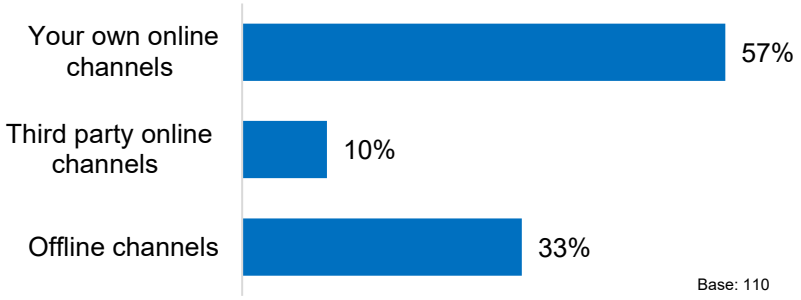
"We only take bookings for large groups – corporate groups or schools. They're usually repeat visitors and book over the phone."
Activity operator, Mid

5.14 Attractions are more towards the walk-in extreme: around half (49%) say that less than a quarter of their customers book in advance. For restaurants, pubs & cafés, responses are very mixed. Some say it depends on the time of year or week.

"In the week, about 40% book in advance but at weekends, it's more like 80%"
Pub, South West

Non-accommodation operators – proportion of bookings by channel

Q15 "And roughly what proportion of the bookings made in advance come through:"
(*av. proportions shown*)



Q15 has been asked to non-accommodation operators who take bookings

Very different balance to accommodation operators

5.15 Whereas a few third party online booking sites are dominant in the accommodation sectors, this is not the case in non-accommodation sectors. Most (90%) bookings come directly to the operator, whether through their own online channels of offline channels such as telephone or in person. Third party online channels are generally not thought to be necessary or desirable.

"Five weeks ago we stopped using Book Your Table due to the expense"
Pub, South East

"We signed up for an online booking channel but found we didn't need to use it. We only take bookings for groups and nearly everyone who books sends us an email."
Attraction, South West

5.16 Among those who do use third party online sites, the market is highly fragmented. 3 out of 25 respondents use booking.com. Otherwise, only BookingHound and Eola have been mentioned by more than one respondent (twice each).

"We now use Eola to take bookings. It has made a big difference. People can be more self-sufficient and do it all themselves online."
Activity operator, South East

Importance of offline sources

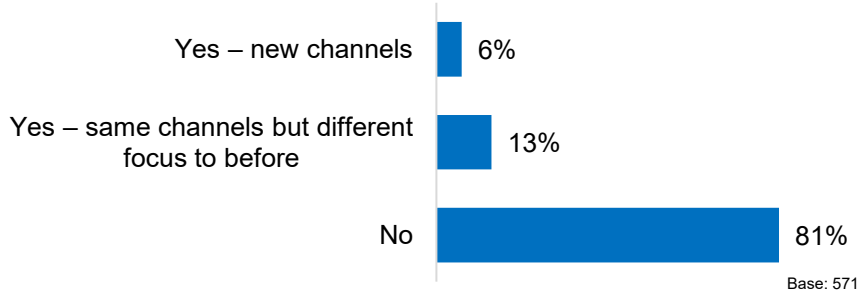
5.17 Booking offline is noticeably more common among non-accommodation than accommodation operators. Some activity operators have a lot of long-term repeat business this way for example.

"Lots of our schools have been coming for years – they're like friends, so they'll just pick up the phone. We're not very good at social media to be honest."
Activity operator, North

"Most of our bookings are repeat or word of mouth. When a group is leaving, we'll try and pin them down for dates for the next year."
Activity operator, Mid

All operators – changes in promotional channels

Q17 "Have you changed the channels you use to promote your business or the focus on certain channels since reopening after the pandemic?"



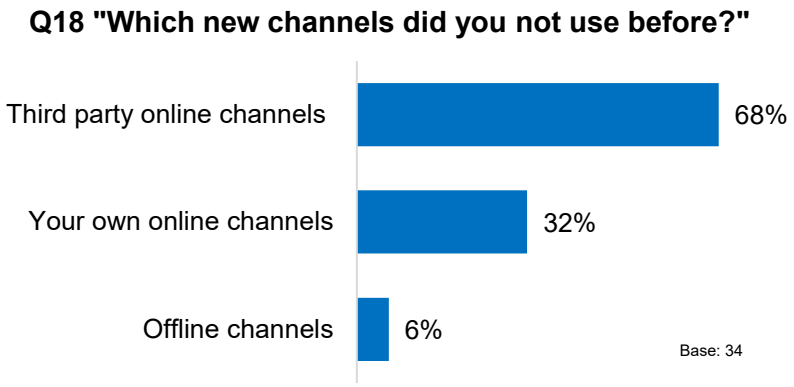
Q17 has been asked to operators in all sectors who actively promote their business

Mostly carrying on as before

5.18 Most (81%) operators who actively promote their business are doing so in the same manner as before the pandemic. This is consistently the case across all sectors and regions.

5.19 Those who are promoting their business differently have been asked further questions…

New channels



Q18 has been asked to those using new channels in Q17

Move towards online channels

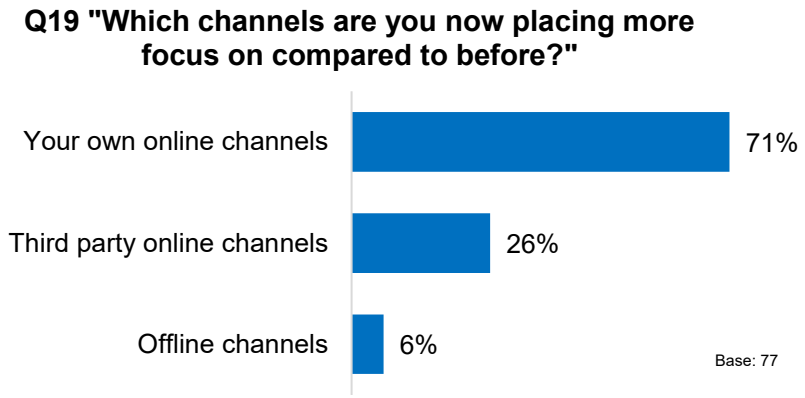
5.20 If businesses are promoting through new channels, these are nearly always online, whether their own or third party. In some cases the business was not active online before the pandemic but now is. In other cases, they have reviewed their online platforms used and have opted for a different one.

"After the pandemic we moved to booking.com to get more bookings"
Self catering, North

"We are moving away from smaller websites like bedandbreakfast.co.uk as they're not worth the money to advertise"
Serviced, North

"We used to be on Expedia but the customers were not very reliable and Expedia were not very helpful"
Serviced, North

Same channels but different focus



Q19 has been asked to those changing their focus with existing channels in Q17

Move towards own online channels

5.21 Where businesses have changed their focus on existing channels, they are most likely trying to use their own online channels more. Some are now using their social media accounts much more actively than before.

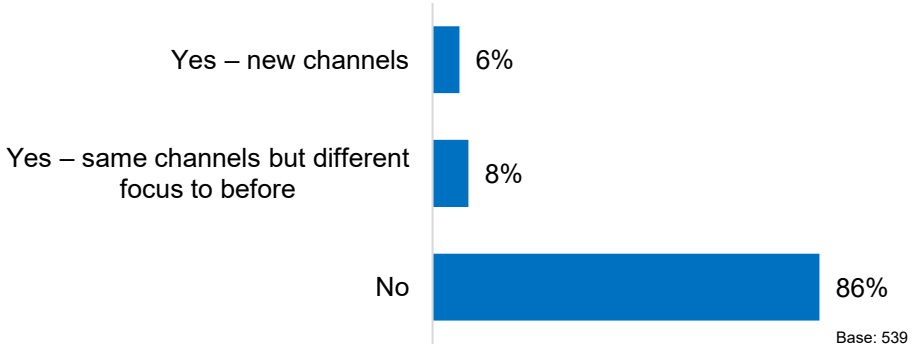
"We promote through social media more than we used to"
Attraction, South East

"Since the pandemic we do a lot more social media posts. We post vacancies and updates."
Self catering, North

"We're in the process of change. We're using Facebook more and are setting up an Instagram account for people who aren't dinosaurs, like me!"
Café, Mid

Changes in booking channels

Q20 "And have you changed or re-focused the channels you use to take bookings since reopening after the pandemic?"



Q20 has been asked to those who actively promote their business and take bookings

Mostly no change in booking channels

5.22 The results to Q20 (bookings) are very similar to the results to Q17 (promotion). Most operators are continuing to take bookings through the same channels as pre-pandemic.

Some attractions started taking bookings for the first time because of Covid

5.23 Attractions stand out as more likely to have changed or re-focused booking channels since reopening – about a quarter (23%) have made changes.

5.24 Pre-Covid, many attractions were content just to let visitors turn up. Covid rules relating to social distancing then meant that many needed to restrict capacity, and therefore booking in advance became necessary. Some now like their new system because it helps with forward

planning. Others say they have now removed it because they think advance booking is no longer necessary. These views apply to other sectors too.

"We want people to book online. We can then limit the amount of queuing and it helps with staffing levels, so we have been pushing for people to book in advance."
Attractions, South West

"We're getting an online booking system which will be so much easier and will mean that you don't feel like a secretary when you're on shift"
Pub, Mid

"We had an online booking system before but now if someone calls up to book, we'll push them to the online system"
Activity operator, Mid

"There was a booking system introduced during the pandemic but we scrapped it when it was no longer needed"
Attraction, South East

Pushing own channels more

5.25 Some businesses are keen to move away from their reliance on online third parties and generate bookings through their own platforms, whereby they do not have to pay commission. During this time of escalating costs, operators are keen to hang onto whatever revenue they can.

"We offer a discount to repeat customers who book directly through us"
Self catering, North

"We are actively trying to avoid the use of third party online channels because they take such a cut"
Serviced, South West

"We have revamped our own website in the last two years. We are now pushing our own website more."
Caravan park, North