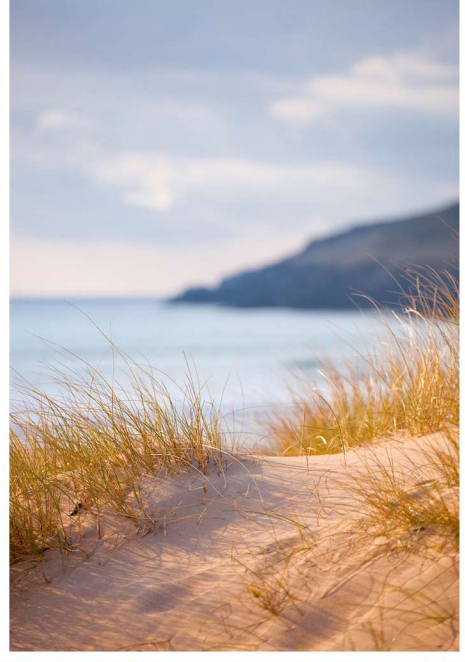


Wales Tourism Business Barometer 2023

May Wave Report



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Wales Tourism Business Barometer 2023: May 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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1. **Headline Findings**

Quiet start to the year

- 1.1 18% of businesses have had more customers to date this year than in the same period last year. 38% have had the same level, but 44% are down.
- 1.2 Non-accommodation sectors are faring about the same as last year on balance, but accommodation sectors are not. Only 13% of accommodation operators are up on last year, whereas close to half (46%) are down. The picture is similar across all regions of Wales.
- 1.3 Open comments suggest that consumers have been booking shorter trips or none at all. Lack of disposable income and poor weather are thought to be the main reasons.

Not much sign of business picking up yet

- 1.4 Current mean occupancy levels for accommodation operators are around the 60% mark for each of June, July and August. Some say there is a strong trend towards booking last minute. As with performance to date, weather and lack of disposable income are the key reasons for not booking in advance.
- 1.5 One in five (20%) of all operators expect to be up on Wales visitors in 2023 compared to 2022, whereas about a third (34%) expect to be down. 22% expect to be up on UK visitors (from outside Wales), whereas 33% expect to be down.

High costs dominate concerns

- 1.6 About half (49%) cite 'high energy costs' unprompted as a concern this year. 14% cite 'high staff costs' and 28% say 'other high operating costs'.
- 1.7 The dilemma for businesses is they know that many consumers are struggling with the cost of living and so it is hard for them to raise their prices to cover increased overheads.

Offering Welsh food & drink

- 1.8 On a more positive note, the majority (72%) of operators who offer / sell food & drink to their customers intentionally try to offer / sell Welsh produce. Most commonly this is dairy (61% of those who offer Welsh produce), meat (58%) and bakery products (58%).

Taking accessibility seriously

- 1.9 Also on a positive note, 70% of businesses have taken action to make their business more accessible for people with accessibility needs. The most common actions are installing ramps (38% unprompted of all operators have done so), accessible toilets (36%), training staff on how to meet accessibility needs (21%) and step-free showers (20%).

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 looks at performance for the year to date, which has included a number of bank holidays, and covers expectations for the summer and the remainder of 2023. Ad-hoc topics this time include offering Welsh food & drink, use of OTAs (online travel agencies) and accessibility.

How was the Survey conducted?

2.2 We have conducted 902 interviews by telephone. The results of questions asked to everyone are accurate to $\pm 3.3\%$. The balance of the sample by region and sector broadly reflects the industry in Wales.

Sector / Region	North	Mid	South West	South East	Total
Serviced accommodation	92	49	68	49	258
Self-catering	75	64	84	48	271
Caravan / campsites	48	21	39	10	118
Hostels	9	3	5	4	21
Attractions	34	25	25	18	102
Activity operators	14	6	14	7	41
Restaurants / pubs / cafes	25	20	26	20	91
Total	297	188	261	156	902

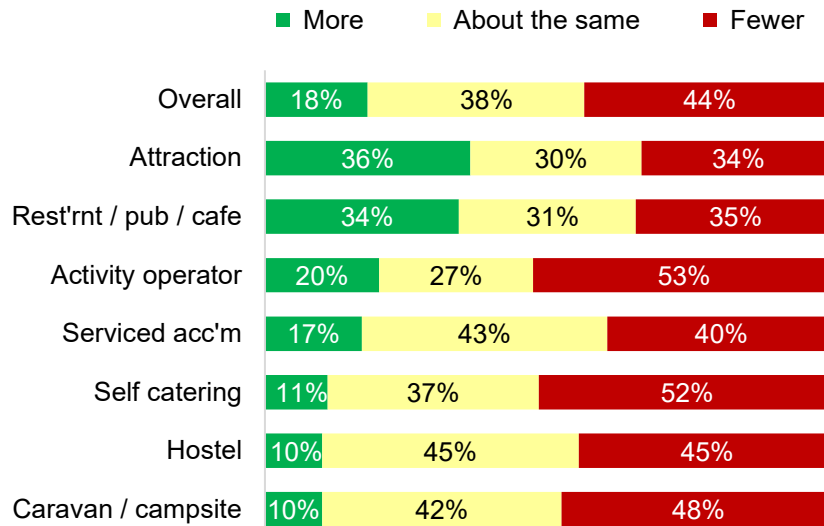
2.3 60% of businesses in the sample are graded by Visit Wales. The graded and non-graded samples are spread across the different regions and sectors except restaurants / pubs / cafes, where grading is not applicable.

2.4 All telephone interviews have been conducted with business owners or managers between 9th and 17th May.

3. Performance and Expectations

Performance year to date – by sector

Q1 "How many customers have you had so far this year compared to the same period last year?"



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

Base: 860

Quiet start to the year

3.1 Visitor levels in the industry so far this year have not matched the same period last year. The attraction and restaurant / pub / café sectors have shown quite a balanced performance overall, but accommodation operators have struggled so far to reach 2022 levels.

Poor weather and lack of disposable income

3.2 Cold weather extended through March and to some extent into April too. Combined with lack of disposable income, accommodation operators have been very quiet.

"It hasn't rained as much as further south but it's really cold. Since most of our guests want to do outdoors activities, it's just too cold for some people."
Self catering, North

"I think it's just going to be a really, really bad year. Some say that it's people going abroad but I don't believe that. I just think people don't have enough money at all. Our agency predicted it was going to be an excellent year but so far it's just awful."
Self catering, South West

Resurgence in school trips for attractions

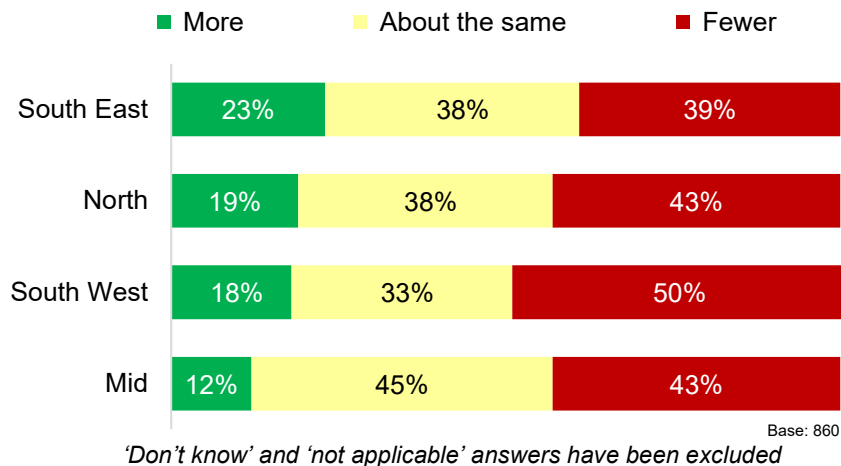
3.3 During the pandemic, many attractions suffered from the loss of the schools market – important during weekdays in term time. This market now appears to have bounced back and is one of the reasons why the sector has fared better than most so far this year.

“A lot of our custom is from school trips. Since Covid, schools are keen to do more of this type of thing as an extra stimulation that the kids might have missed out on.”
Attraction, Mid

“Fully booked up until mid September on weekdays with schools”
Attraction, North

Performance year to date – by region

Q1 "How many customers have you had so far this year compared to the same period last year?"



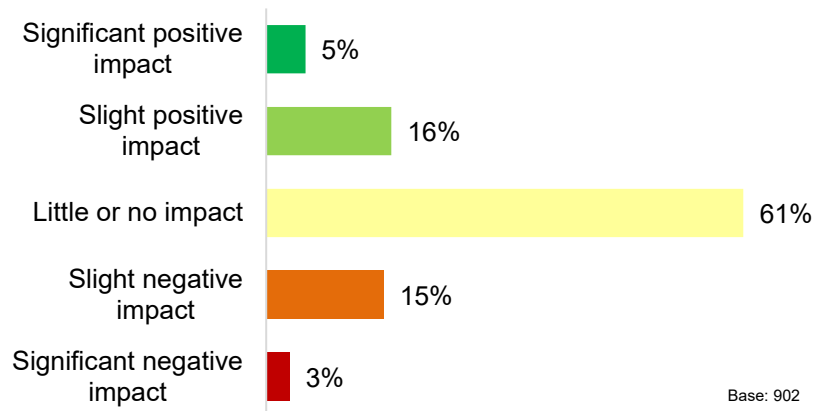
Quiet start in all regions

3.4 The subdued start to the year is being experienced in all four regions of Wales.

“Very quiet this year. We think it will be very quiet going forward.”
Caravan park, North

Impact of coronation bank holiday

Q2 "To what extent, if it all, has the extra bank holiday for the coronation impacted on your business?"



Limited positive impact on balance

3.5 The coronation of King Charles brought with it an extra bank holiday on Monday 8th May – making three bank holiday weekends in one month, also not long after the Easter bank holidays. Some operators say that unfortunately it turned out to be one bank holiday too many and therefore the impact on business was limited, especially as it fell at a time when the cost of living has risen. The above results reflect the picture in all sectors and regions.

“Bank holidays were weird because it was very quiet for business – possibly because there were too many together”
Activity operator, North

“Too many bank holidays in a short period of time. We ended up losing out because of saturation.”
Caravan park, South West

“The extra bank holiday was really an overkill as people don't have the money to go out all the time.”
Serviced, Mid

Bad weather at the wrong time

3.6 Some potential impact of the extra bank holiday weekend was blighted by poor weather.

“The weather this bank holiday put a dampener on any increased customers for the coronation”
Attraction, South West

People stayed at home for local parties or to watch the TV

3.7 Another reason for limited positive impact was that people chose to stay at home to watch the event on the TV or go to local coronation parties.

"It was dead on the day of the coronation"
Pub, South West

"For the coronation bank holiday, we were fully booked and the pub did very well on the Sunday when the weather was better – not so much on the Saturday, as everyone was watching the coronation on TV"
Self catering, South West

But some businesses did well out of the extra bank holiday

3.8 About one in five (21%) saw a positive impact from the coronation.

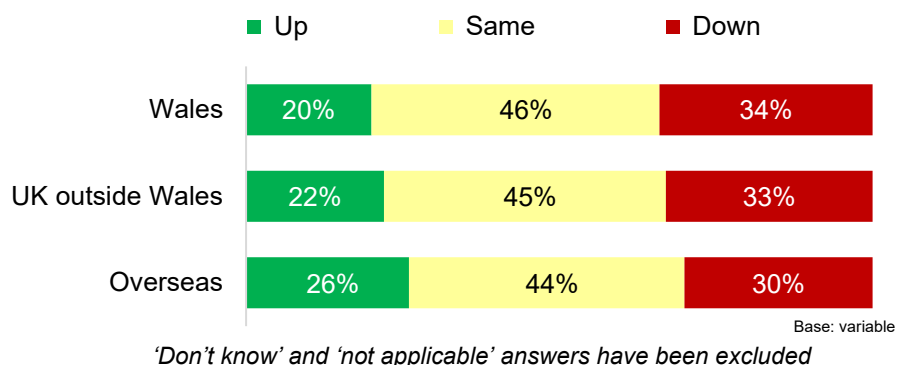
"The coronation weekend was a longer weekend of very busy bookings"
Serviced, South East

"It was very busy in the area for the coronation, which was good for the local businesses"
Serviced, North

"The coronation weekend was very busy for us with long weekend bookings"
Caravan park, North

Expectations by market

Q3 "Do you expect the number of customers this year from ... to be up, down or the same as in 2022?"



Subdued expectations

3.9 The slow start to the year and the lack of advance bookings (discussed next under Q4) is leading to subdued expectations this year, particularly for the domestic market. There are signs for some that overseas visitor levels might pick up.

“We're a bit worried going forward ... People seem to either have the money to go abroad and are doing that, or don't have the money to do anything at all.”
Caravan park, North

“I'm 50% down on last year. I know people in this business who don't have a single week of the summer holidays booked. I'm empty from 26th May to 30th June. It's unheard of. I've never had a gap like this before in thirty years.”
Self catering, South West

“We are getting more overseas guests now, especially from North America and Australia”
Serviced, North

“There have been a lot more overseas customers popping up, which has been a good trend to see”
Serviced, North

Non-accommodation operators are more positive

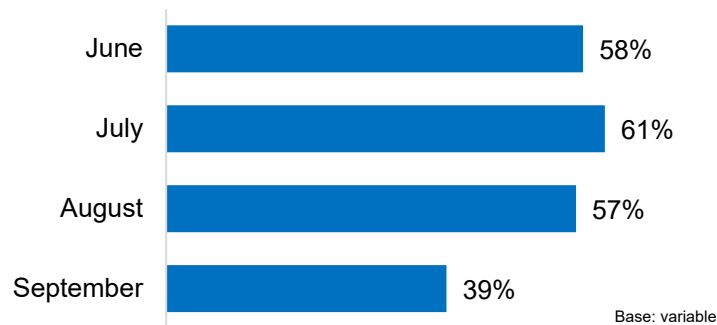
3.10 Expectations are generally more positive among non-accommodation than among accommodation operators – following along the same lines as performance year to date. 35% of non-accommodation operators expect to be up on UK visitors (from outside Wales) this year, compared to 24% who expect to be down. By contrast, 17% of accommodation operators expect to be up on UK (outside Wales) visitors, but 36% predict being down.

South East Wales is more positive

3.11 Businesses in South East Wales are generally most positive than in the rest of Wales. About a quarter (27%) of businesses in South East Wales expect the UK (outside Wales) market to be up on last year, compared to 24% who expect it to be down. Whereas in the rest of Wales, 21% expect UK (outside Wales) visitors to be up, but 35% predict a decrease.

Advance bookings (accommodation operators)

Q4 "Looking ahead, about how much of your available capacity is booked for ... ?"
(av. occupancy shown)



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

Last minute booking trend makes predictions difficult

3.12 Current booking levels for the summer are causing concern for some operators as they rely on the peak season to subsidise business for the quieter times of year. However, some say there is a strong trend towards last minute booking this year, and therefore it is hard to tell yet how the summer will turn out.

"People book last minute now and only stay for 2-3 nights, compared to 10 years ago, when people would book well in advance and stay for a full week"
Self catering, Mid

"Everyone's booking later. We'll worry about being quiet and then within a week, we'll be full."
Serviced, North

"July and August would normally be fully booked by now. Everything is last minute."
Self catering, North

Lack of certainty over disposable income

3.13 The rising cost of living is thought to be a key reason for subdued levels of advance bookings. Some customers eventually book last minute when they know what they can afford.

"Bookings going forward are quieter than last year. In July, I've got three weeks empty. In August, four weeks empty. In September, three weeks empty. This is the first year ever that this has happened ... The regulars usually come two or three times a year but even they have cut back."
Self catering, South West

"It's very slow this year. I checked Google and we're 30% down on searches."
Caravan park, North

Business looks promising for some operators however

3.14 Some operators feel very positive about their booking levels. The wedding market is looking very strong this year for businesses who serve it.

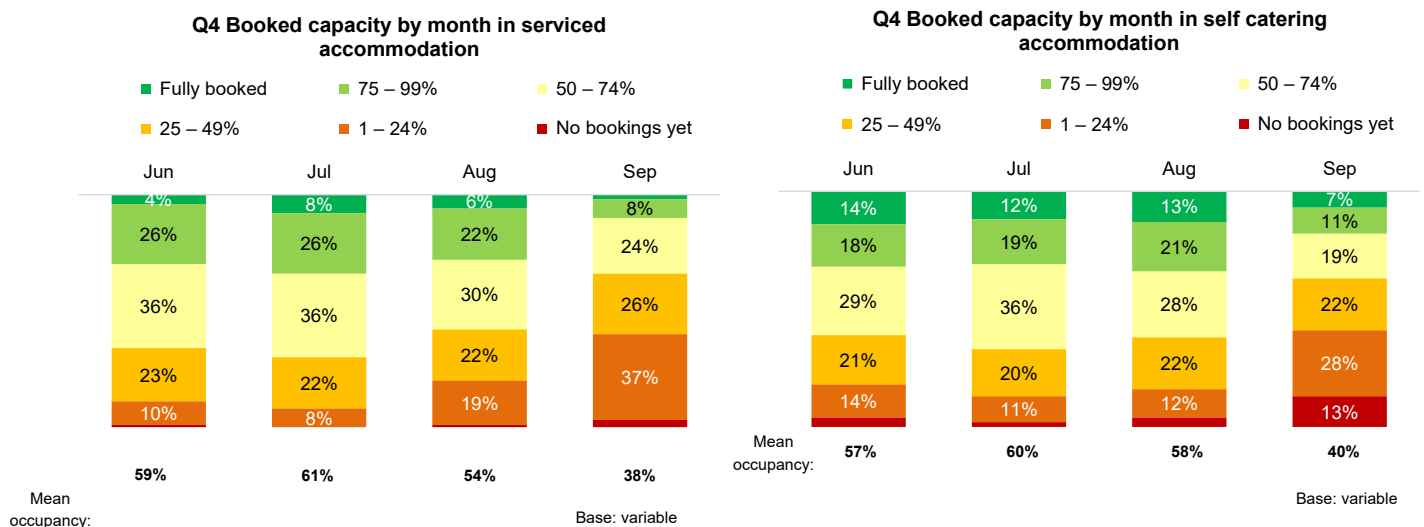
“Weddings are keeping us busy for the rest of the summer”
Serviced, North

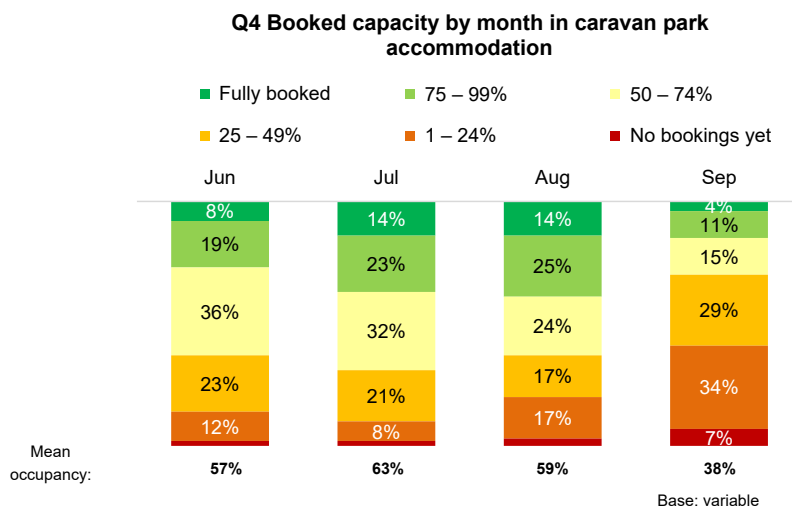
“We expect this to be a great year. Numbers are looking very good and we expect to be fully booked for the summer by the end of May.”
Self catering, North

“We may be an exception but we are totally positive. We’ve already had 50% bookings, which is our usual number for this time of the year. With a bit of luck and good weather, we’ll have a good year.”
Serviced, Mid

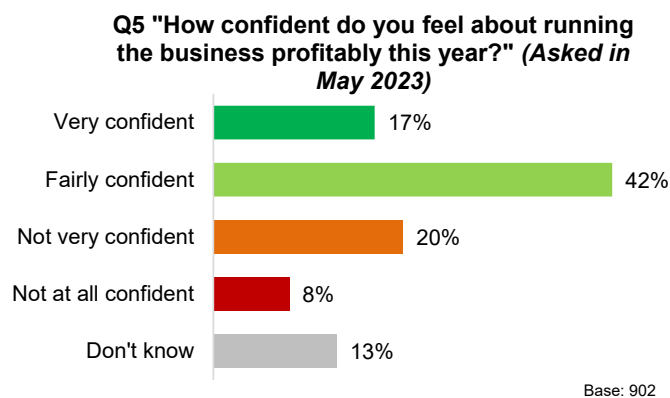
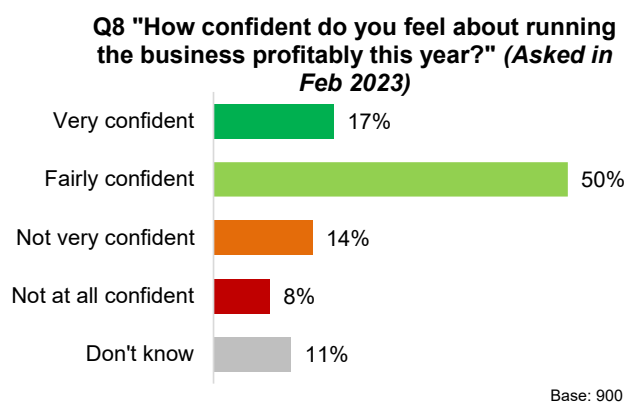
3.15 There is a reasonable level of consistency in advance bookings across the different accommodation sectors and regions of Wales. Detailed results by sector and month are shown below.

Advance bookings by sector





Confidence in running profitably



Mixed levels of confidence

3.16 About three in five (59%) operators currently feel confident about running the business profitably this year. Although this is a majority, normally operators are in a more buoyant mood when the high summer season is imminent, and confidence levels have declined since February (*shown above*). High operating costs and limited to scope to raise prices during a time of high cost of living for consumers make it challenging to remain profitable.

"People are booking very last minute and they're all looking for deals. I'm not making much profit as my prices are low too."
Self catering, North

"Things are just looking absolutely dire. All the agencies we work with want us to drop the cost of holidays to attract the same level of custom, but that leaves us at a huge loss, as everything is getting more expensive for us, not cheaper."
Self catering, South East

"People just cannot afford to go away so we are trying not to put the prices up but are making less and less profit."
Self catering, Mid

3.17 Some of the operators in a more positive mood have different revenue streams to their business. They can cross-subsidise losses if they need to.

“With our function rooms, catering / restaurant and accommodation we think we're in quite a good position. We're positive.”
 Serviced, South West

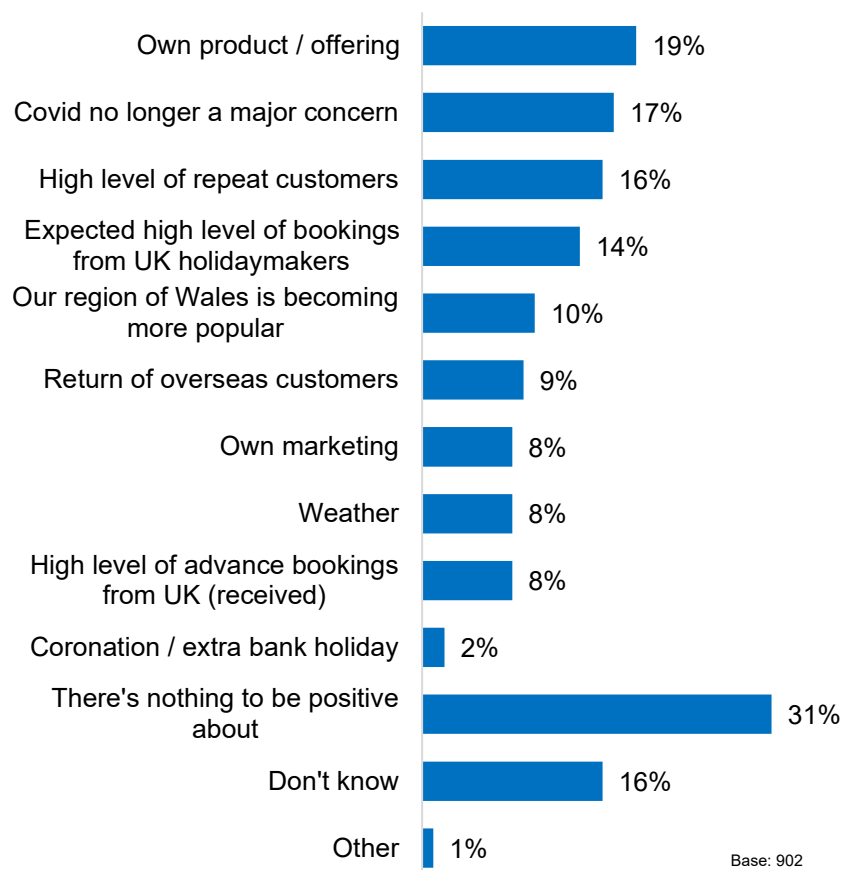
Differences by sector and region

3.18 Confidence to operate profitably this year is highest in the restaurant / pub / café sector, whereby 30% are ‘very confident’ and 44% are ‘fairly confident’.

3.19 By region, confidence is highest in South East Wales, where 21% are ‘very confident’ and 51% are ‘fairly confident’

Reasons to be positive

Q6 "Are there any particular reasons to be positive about business this year?" (Unprompted)



Some reasons to feel upbeat

3.20 Operators give a variety of reasons to be positive, although no single reason stands out as being mentioned by more than a minority of respondents. 'Own product / offering' is quite a common answer among non-accommodation operators (34% have said this). Repeat customers are highly important in some sectors – they are the top reason to feel positive in the self catering and caravan & camping sectors.

“Everything is just ticking along as normal for the most part due to a high level of repeat customers. We don't get as hit by the tides of things as some other operators might.”

Caravan park, South West

“Hoping for a good year. Many of our customers are return customers.”

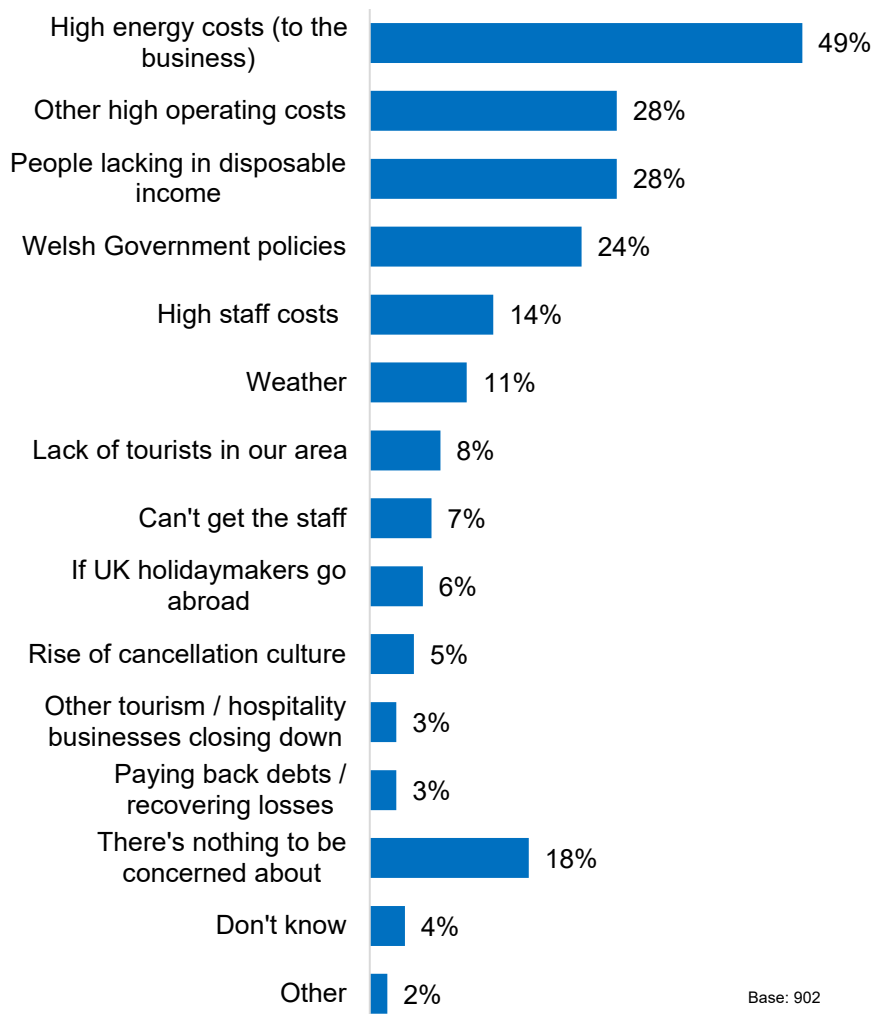
Self catering, North

“I'm getting a lot of bookings now we've invested in our website and used Google review ... If you know what you're doing in business, you'll be alright.”

Activity operator, South West

Reasons to be concerned

Q7 "And are there any particular causes for concern regarding business this year?" (Unprompted)



High costs dominate concerns

3.21 Four of the top five reasons to be concerned relate directly to higher costs / prices either for the business or their customers.

"The rising costs are going to affect the business but you can't put your price up because it will scare people away and if you leave your prices then you'll just get by making a living."
Serviced, North

"Our energy bills are about 50% more. It makes operating as a charity very difficult."
Attraction, South East

“Our big events such as the more mainstream ones and festivals do really well. It's the smaller theatre productions that are suffering. Where people have less disposable income, they're coming to fewer events such as these. They would normally come to a few shows; now they're picking and choosing.”

Attraction, Mid

- 3.22 For some businesses, especially attractions, lack of consumer disposable income is not necessarily reducing visitor levels, but it does mean that visitors are spending less when they are there.

“A lot more people are bringing packed lunches instead of buying food directly from us”

Attraction, North

“The main thing we've noticed is that there seems to be less secondary spend. People might come to the railway but then not spend money in the café or the shop.”

Attraction, North

Welsh Government policies

- 3.23 There are several Welsh Government policies at various stages of development which are causing high levels of concern, most significantly the '182 day rule'. This could see many self catering operators become liable for paying a premium domestic council tax rate on a 'second home' instead of qualifying for non-domestic rates as they have been doing.

- 3.24 Close to half (44%) of self catering operators have cited Welsh Government policies as a concern unprompted. The cited effects on operators include reducing prices to meet the required occupancy level, high levels of stress, and in some cases, ceasing trading.

“I have had to keep my prices low to bring customers in to fill the 182 day requirement so I'm not expecting a hugely profitable year this year.”

Self catering, North

“By October, if we haven't met the 182 days, we might find ourselves needing to give holidays away. No-one wants to work for nothing. It's a big concern.”

Self catering, South West

- 3.25 The proposed tourism levy is also causing some concern. Some operators say they believe it could hinder domestic tourism to Wales.

“A lot of our customers are worried about the tourism tax. We've been told that they've booked their holidays for Wales before the tax comes into play.”

Caravan park, North

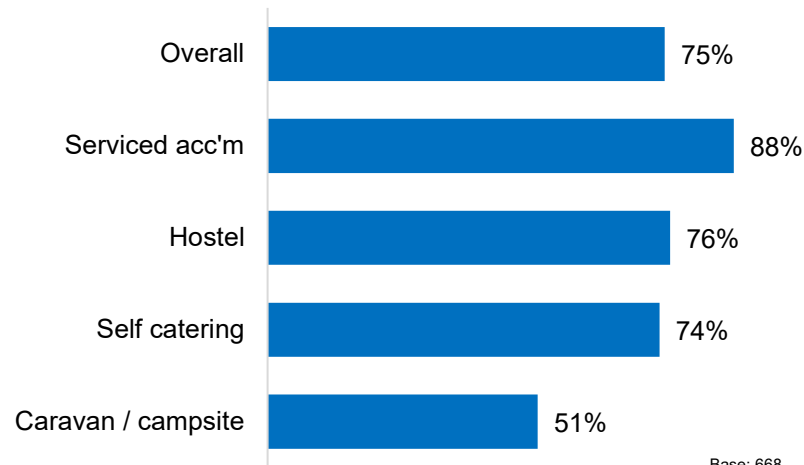
“We're on the border [with England] and have been directly told from some of our normal seasonal customers that they might reconsider holidaying in Wales should a tourism tax come in.”

Caravan park, North

4. Working with OTAs

By sector

Q8 "Do you promote your business through online travel operators, sometimes known as OTAs, such as booking.com or Airbnb?"



Q8 has been asked to accommodation operators

Majority work with OTAs

4.1 Three in four (75%) accommodation operators work with at least one OTA. This varies by accommodation sector, shown above. Differences by region are not significant.

Use of OTAs can be quite begrudging

4.2 Whilst the majority of accommodation operators use OTAs, they don't necessarily want to. Some OTAs take a sizeable commission out of the profit margin, which operators would rather not give up. However, not using OTAs can mean getting pushed out of the market.

"Platforms like booking.com are essential nowadays. People look up reviews and decide where to stay based on your feedback."

Self catering, South East

"We're trying to push for more direct bookings via our own website as of late, which will hopefully help save on rates with OTAs"

Serviced, South West

"We're using a lot of OTAs as it's hard for us to compete with them. We're only using them because we have no choice. There are so many [operators with] Airbnb now."

We used to be the only accommodation in the area but now there are sixteen or seventeen. People are using their sheds!"

Serviced, South West

Selective use

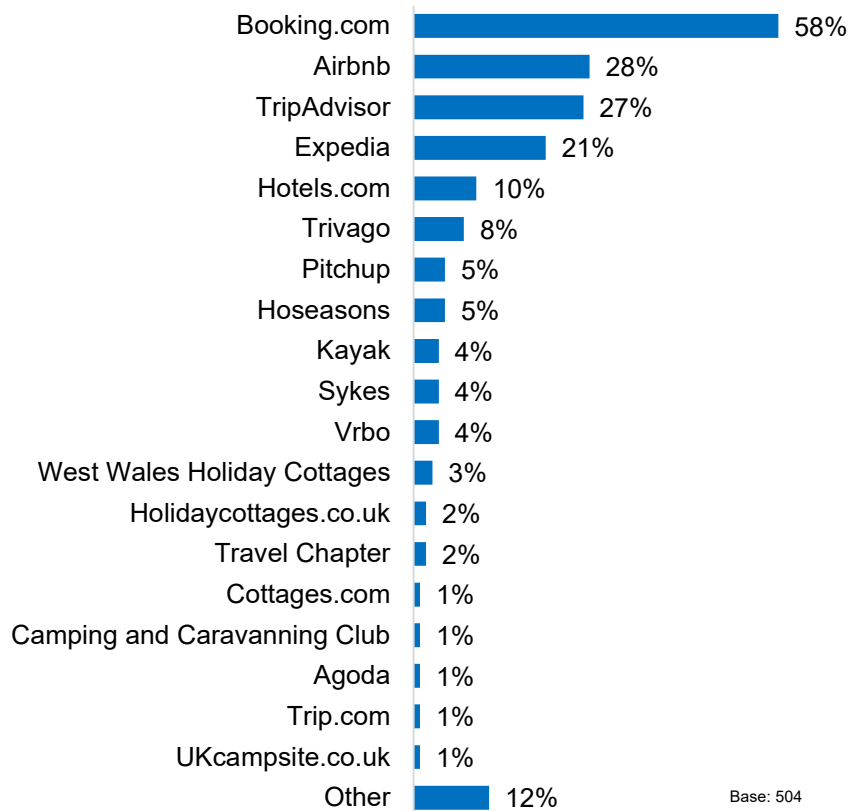
4.3 Some businesses use OTAs to fill up space during quieter times. Others avoid using them altogether if they have enough regular customers to get by.

"I just use the OTA to top up free spaces. I'm hoping to get away from using them, as they're so expensive."
Serviced, South West

"I'm too old to get involved with OTAs and social media. All of my customers are repeat customers; some are already second generation customers."
Self catering, Mid

Choice of OTA

Q9 "Which operators do you use?"



Q9 has been asked to accommodation operators which use OTAs

A few powerful players

4.4 The OTA industry is dominated by a few companies. Most notably these are booking.com in the serviced sector (87% of serviced operators in Wales who use an OTA use booking.com) and Airbnb (49% in the self catering sector). Pitchup (40%) is the top answer among caravan

& campsites. Beyond the few dominant players, there are many others vying for attention in the market.

Power is not appreciated

4.5 Many users and non-users of OTAs dislike the level of dominance that the top players have in the industry.

“I absolutely deplore sites like Airbnb and the subsequent influx of unregulated rental properties”
Serviced, North

“No way we’ll ever use platforms like Airbnb. We successfully advertise on social media. We regard Airbnb as a threat to our business.”
Self catering, North

“We are looking into joining booking.com because our numbers are so down but it’s impersonal and I can’t prepare the room properly because I never know who is coming. We’re at the point of asking how much longer we can continue doing this.”
Serviced, North

OTA data for business planning

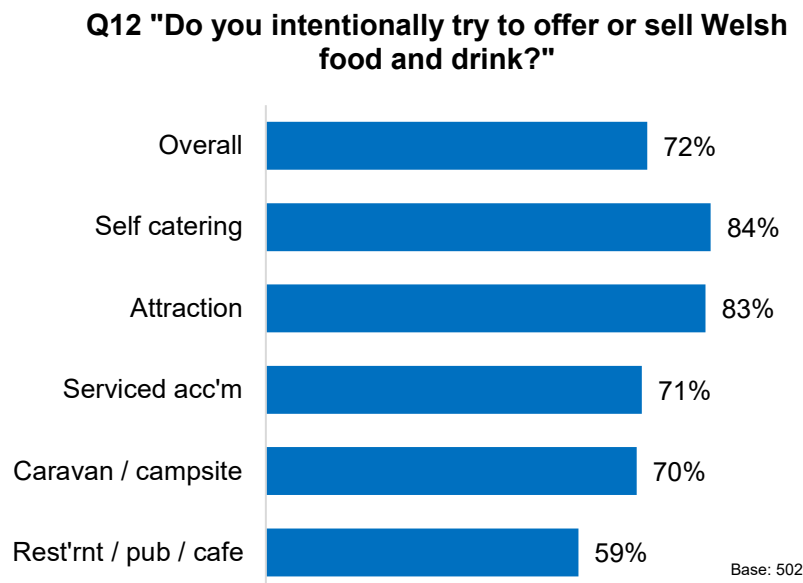
4.6 OTA data can be used in a number of ways, e.g. to look at the types of groups who book or plan for future business based on booking data. About a quarter (23%) of those who use OTAs say they use the data for business planning. The proportion is highest (28%) in the serviced sector. Results do not vary significantly by region.

“I’ve noticed booking.com cancellations are more regular so we are opening up booking.com later next year to get a higher ratio of bookings from other sources that are more reliable”
Hostel, North

“We use OTAs and then use the data to track where people are finding us, whether they are using alternative websites”
Self catering, North

5. Welsh Food & Drink

Offering / selling Welsh food & drink



Q12 has been asked to businesses which offer or sell food and drink to their customers. The low bases for hostels and activity providers mean their results are not robust enough to show on the above chart.

Strong support for Welsh produce

5.1 The majority (72%) of operators who offer / sell food & drink to their customers intentionally try to offer / sell Welsh produce. The proportion doing so is highest in North Wales (80%) and lowest in South East Wales (60%).

"We provide as much Welsh food and drink as possible. We shout about it from the hilltops!"
Serviced, North

"Our offering of Welsh food, drink and culture is a really strong selling point ... I think that we as a business really do something to help push that."
Serviced, South West

Restaurants and pubs can be restricted by head office

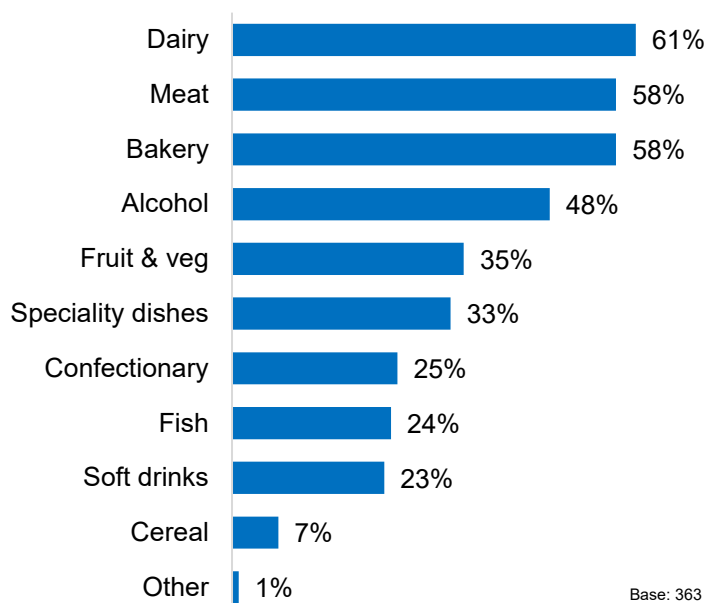
5.2 The main reason why the proportion intentionally offering Welsh food & drink in the restaurant / pub / café sector is lower than in the other sectors is that some have little control over what they serve. Many pubs in particular are part of large chains which are headquartered outside of Wales.

"We are a Welsh pub owned by an English brewery so don't get to sell Welsh food and drink"
Pub, Mid

"We don't tend to sell Welsh food and drink as we have to stick to the Wetherspoons menu"
Pub, South West

Types of Welsh food & drink offered / sold

Q13 "What type of Welsh food and drink do you try to offer or sell?" (Unprompted)



Q13 has been asked to operators which intentionally sell / offer Welsh food and drink

A wide Welsh offering

5.3 Operators who offer Welsh & food and drink cover a range of different types, with dairy, meat and bakery products being the most common.

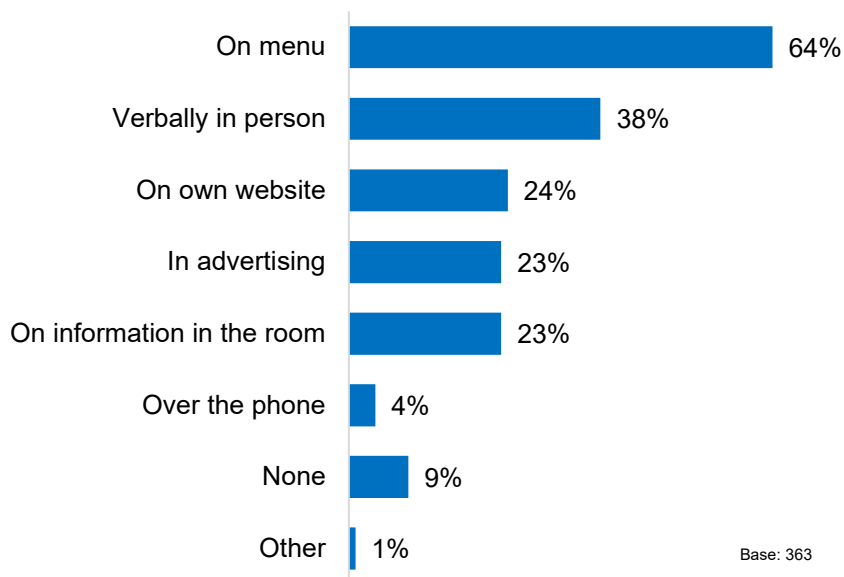
"We source local fish and also make Welsh food such as rarebit and cheese & leek quiche."
Café, North

"We offer all Welsh food and drink. Local jams, bread, everything. It's all in the welcome packs."
Self catering, North

"Welsh Rarebit is a staple of our menu. We also serve Welsh cakes and bara brith."
Self catering, North

Methods of informing customers

Q14 "What methods, if any, do you use to inform customers of the Welsh food and drink you offer?" (Unprompted)



Q14 has been asked to operators which intentionally sell / offer Welsh food and drink

Most do something to promote the Welsh offering

5.4 If businesses intentionally offer Welsh food & drink then they usually communicate that to their customers. There are a variety of ways to do this, shown above.

"We do offer Welsh food and drink, which we advertise on social media"
Pub, South West

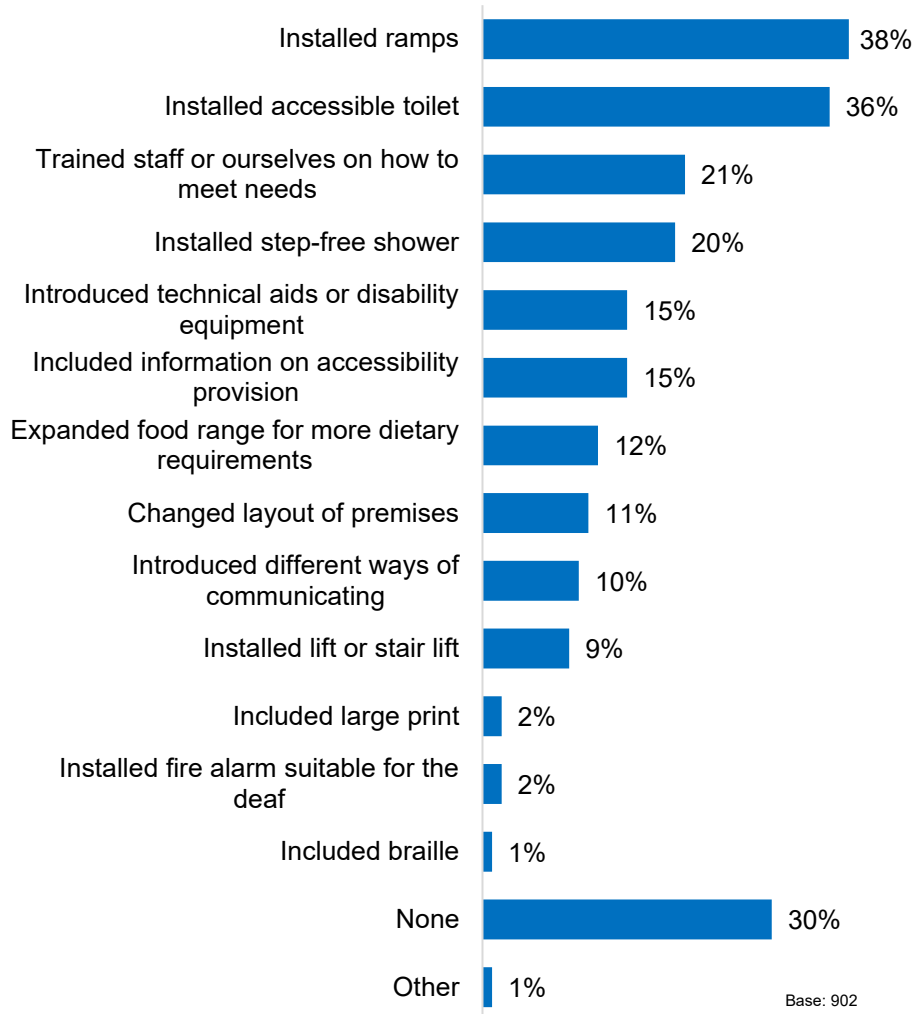
"If people are Welsh-speaking, we'll chat to them about it but perhaps that's something we should do more."
Self catering, North

"We advertise it on the Llandudno bus"
Serviced, North

6. Accessibility

Actions taken

Q15 "What actions, if any, have you taken to make your business more accessible to customers with accessibility needs?" (Unprompted)



Majority have taken action

6.1 The majority (70%) of businesses have taken action to make their business more accessible for people with accessibility needs. The most common actions relate to mobility.

"In recent years we have levelled out the pub with slates for accessibility so it's all now on one level"
Pub, South West

"We have one 'disabled friendly' property, and another that's fully disabled accessible with ground floor bedrooms and a wetroom"
Self catering, South West

6.2 Accessibility however is a much broader subject than just mobility and includes for example visual, auditory and cognitive needs. Adapting for these other types of accessibility need are less common, as is the understanding of these needs (particularly relevant to Q16, discussed later). Some operators however have made changes for accessibility needs beyond just mobility.

“We’ll be changing the infographics on the panels to make they are more user-friendly for people with autism and neurodiversities”

Attraction, Mid

“We have in place lighting for people with sight issues, ramps and also gluten free and vegan options on the menu”

Restaurant, North

“We have vibrating pillows for deaf people to hear the fire alarm and we’re guide dog friendly”

Serviced, South West

Some see opportunity

6.3 Whereas some operators perceive adapting their premises as a hassle (discussed later under Q16), others see the opportunities that being more accessible brings.

“We’ve teamed up with a local organisation and are going to adapt paddleboarding for those with disability issues”

Attraction, Mid

“We are looking to build a fully accessible house for customers with accessibility needs”

Self catering, North

“We have set up another boating business out of Fishguard to encourage disabled customers and more commerce”

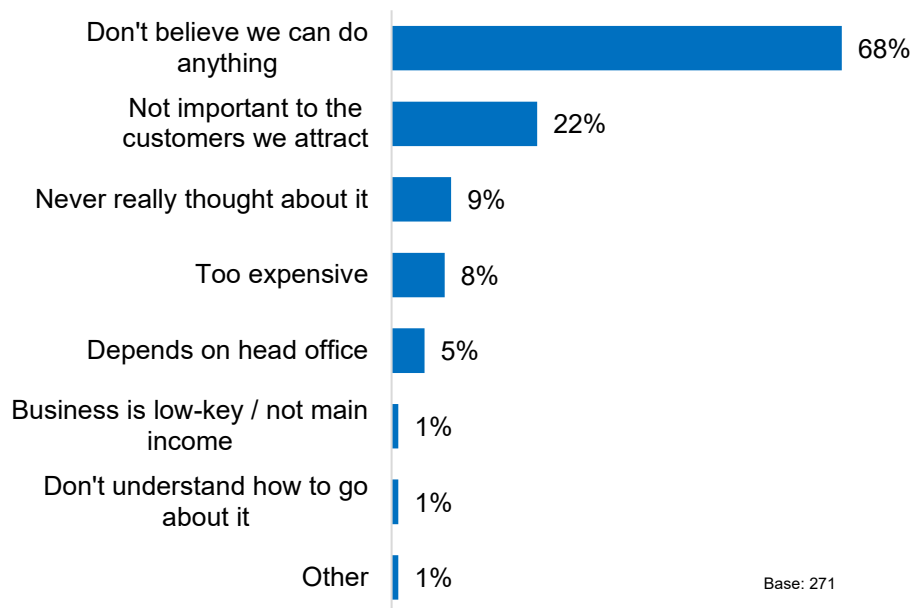
Attraction, South West

“One of the reasons for our success is that we took Visit Wales' advice back in 2008 to make the layout of one of our properties fully accessible. As a result, we now have disabled vehicles, walk-in showers, a shower wheelchair and various other things. It's opened a new market for us.”

Self catering, North

Reasons for not taking action

Q16 "Are there any particular reasons why you haven't taken any action?" (Unprompted)



Q16 has been asked to businesses not taking action to become more accessible

Misunderstanding of the subject

6.4 By far the most common reason for not taking action is where operators believe they can't do anything. This often relates to older style properties, especially if they are a listed building.

"We're a grade listed building so can't move a brick without letting the authorities know"
Pub, Mid

"It's not possible to make the castle any more accessible"
Serviced, South West

"It's grade 2 star listed and 15th century so it's not practical to do anything, as the rooms are upstairs"
Self catering, North

6.5 Whilst there may be reasons why improving *mobility* access is awkward or even not possible, awareness could be raised among operators to understand that there are many other ways in which they could meet accessibility needs.

'Not important to the customers we attract'

6.6 This statement may be true for some businesses. However, consumers with accessibility needs in their party would likely check in advance if a place they are visiting / staying in can meet those needs. If a business is not accessible and therefore does not promote that it is,

they may not receive the enquiry in the first place, perhaps leading them to believe that being accessible is not important.