



INTELLIGENCE UPDATE

Research & Intelligence - Keeping you in the picture

TOURISM SOUTH EAST

JUNE 2010 EDITION

Headline Regional Tourism Trends

Silver lining on every “ash” cloud?

The volcanic ash-related disruption that has shared the headlines with the election campaign since the middle of April has brought mixed fortunes for the tourism sector. The periods of air space closure hit the airlines the hardest but tour operators also suffered financial losses from cancelled bookings and reduced sales.

Industry experts are split on the impact of the disruption on hotel trading. Some argue that for airport hotels, the revenue generated by additional bookings from stranded passengers exceeded that lost from cancelled inbound trips. This is a very convincing argument when hotels in Gatwick and Heathrow reported a 40% and 70% increase in RevPAR respectively during the week 11-17 April compared with the same week last year. Others point out that after an initial boost in bookings, many travellers decided to either find their way home by other means or find other cheaper forms of accommodation. Full month average occupancy results for April lends more credence to the latter proposition as RevPAR increased more modestly by 7% for the month (see section Hospitality Trends).

One area in which we are seeing growing consensus among industry experts is that the adverse publicity around the ash cloud (rising air fares, further eruptions) coupled with concerns over the BA strikes, violence in foreign hotspots and the continuing weakness of sterling will strengthen the ‘staycation’ market, which is already expected to do well this year as Britons rethink overseas holiday plans and opt for domestic breaks.

This will be an opportunity for hotels, B&B owners, and visitor attractions across the region to grab more domestic trade this summer, making up for a poor start to the year. The latest Tourism South East’s *How’s Business Monitor* for Q1 found many businesses to be in sombre mood, having been negatively affected by the heavy snowfall and icy conditions over January and February.

Business Confidence

Cautious optimism for 2010 despite slow start

How’s Business Monitor covering the first three months of 2010 (excludes Easter), reveals a lower level of confidence in Q1 compared to the first quarter last year. Around a third of tourism businesses taking part in the survey reported better performance than the previous year, compared to 49% reporting better performance in 2009. By way of context, the weather during Q1 was extremely cold for the first two months and mixed in March. There is no doubt that the snow, sharp frost and road closures affected trade.

Confidence about performance for the rest of the year is also lower to that expressed last year. With many sectors such as visitor attractions delivering strong business performance in 2009, there is perhaps a feeling that it will be a challenge for 2010 to exceed this position. These pre-election confidence results also reflect the uncertainty surrounding the election and the subsequent economic policies of the next government. On a more positive note, just over half of all businesses (53%) expect their performance for the rest of the year to remain on par with 2009; only 17% expect performance to be worse than 2009.

Business Performance Q1 2010 compared to Q1 2009

		% change from Q1 2009
Better	33%	Down 16%
Same	39%	Up 14%
Worse	38%	Up 2%

Expectations for the year ahead

		% change from Q1 2009
Better	30%	Down 17%
Same	53%	Up 28%
Worse	17%	Down 11%

[To view the performance of your business sector click here](#)



Domestic & Overseas Visitor Figures

Domestic holidays up despite the exceptionally cold weather

Visitor figures for January and February show an impressive 30% increase in the volume of overnight domestic trips to the South East. According to the *United Kingdom Tourism Survey*, trips increased from 1,567,000 in 2009 to just over 2 million in 2010, despite the exceptionally cold weather. However, the welcome volume has not necessarily translated into increased trade for many tourism businesses as highlighted in the earlier section. Why might this be? Further analysis of the raw data reveal that significantly more trips were VFR, and the volume of trips involving staying in the home of family or friends increased by 38%. Unsurprisingly this has had a knock-on effect on daily average expenditure which dropped from £46.33 per person for the same period in 2009 to £37.50 this year.

The latest figures from the *International Passenger Survey* show that in March 2010 the number of overseas residents visiting the UK was 7% lower compared with March 2009. Looking at the year-to-March 2010, 1% fewer visitors came to the UK when compared to the corresponding period a year earlier. Regional results are not yet available.

[To view the latest domestic and overseas visitors figures click here](#)

Hospitality Trends

Accommodation showing modest growth in performance

The latest performance results for hotels across the region for April show an overall improvement in performance. Average room occupancy increased by 3%, ADR increased by a modest £1.57 and RevPAR increased by £3.20.

Hotel sector performance in the South East

	April 2010	April 2009
Occupancy	67.6%	64.6%
Average Daily Rate (ADR)	£71.10	£69.60
RevPAR	£48.20	£45.00

Meanwhile, serviced apartment providers in key business travel destinations such as Reading, Newbury, Milton Keynes and around the Thames Corridor have seen business flourish this year, with many fully booked over April. A combination of companies looking to reduce their travel costs and a significant increase in the use of international sub-contractors who need to spend time in the UK are cited as the main reasons for the increase in occupancy.

Following a boom last year, the Caravanning and Camping Club reports steady growth in 2010. The latest results covering November 2009 to the end of April, reveal a 2% increase in occupancy and a 3% increase in advance bookings for sites located in the South East.

[To view the occupancy figures click here](#)

Visitor Attraction Performance

A tough first quarter

The latest results from the *VisitEngland Attractions Monitor* reveal a disappointing performance for the attraction sector in the South East. With the extreme cold weather, visitor admission numbers in January (-15%) and February (-18%) suffered. However, there was an encouraging recovery in March (+4%). The South East is not alone; all regions apart from North East and London reported a decrease in visitor admissions in Q1 2010.

Given the poor weather it is not surprising to find that outdoor attractions, particularly wildlife attractions (which were closed for parts of the period), suffered most during the quarter with museums/art galleries holding up the best.

South East admission trends 2009-2010 by attraction category

Attraction category	Total Qtr1 change
Historic properties/houses/castles	-7.2%
Museums/art galleries	+4.5%
Gardens	-16.0%
Heritage/Visitor Centres	-8.0%
Wildlife attractions	-56.7%
Others	-7.4%

Admission trends 2009-2010 for South East and England

Region (sample)	Total Qtr1 change	Jan % change	Feb % change	Mar % change
South East (113)	-14%	-15%	-18%	+4%
Total England (628)	-3%	-11%	-6%	+6%

[To view the latest visitor attraction figures click here](#)



Market Intelligence Profiles

Region's theme parks weathering the recession

Despite challenges presented by reduced consumer spending and budgets in 2009, the theme park industry managed to weather the storm at a level equal to or ahead of many other industries. According to the *2009 Global Attractions Attendance Report*, the South East's top three theme parks posted impressive visitor numbers.

2009 visitor numbers for the South East's top theme parks

	2009 visitor numbers	% change from 2008
Legoland	1,900,000	Up 5%
Thorpe Park	1,870,000	Up 10%
Chessington	1,300,000	n/a

[For full report click here](#)

Brits lead the way with online travel spend

According to a recent study, British consumers are amongst the most web-savvy in terms of holiday planning, with 69% using the internet to research and buy holidays compared to the European average of 54%. The study, commissioned by price comparison site Kelkoo and carried out by the Centre for Economics and Business Research, shows British travellers spent £15.6 billion in online travel bookings in 2009, an 18.5% rise on 2008.

Almost seven in ten (69%) British travellers (leisure included) use the internet to research and book travel, compared to just 53% in France. The amount spent on travel through websites by British bookers is estimated to rise further this year, by 13%, to £17.6 billion. The predicted figure is equivalent to 42.8% of all UK travel spend.

Europe-wide, the online travel sector is predicted to rise by €7.4 billion this year to €74.3 billion, a 27% increase on 2008.

[For a summary of findings click here](#)

Hotels sector attracts most online reviews

The hotel industry attracts more online reviews than any other sector, research carried out on behalf of marketing agency RAPP has found.

Some 45% of the 2,029 British customers surveyed said they would write to recommend a hotel, while 43% would write to criticise one. Consumers were more likely to write about a hotel online than a restaurant, bar or club, broadband/telephony provider or cable/satellite TV provider.

The survey also revealed that 80% of customers will use online reviews before making a purchase and 62% will change their minds about a product as a result of a bad review.

Consumers are becoming more aware of their power, with just under half saying they would write a review to "actively influence" how a company deals with its customers. A total of 56% of people said they would write a review to make sure others don't make the same mistake.

[To view the RAPP Press Release click here](#)

Restaurants and pubs face tough year ahead

Restaurants and pubs have been urged to 'stay on top of their game' after new data revealed just how tight trading within the UK eating out market remains.

The latest *Coffer Peach Business Tracker Survey*, which pools data from 15 major pub and restaurant groups, recorded like-for-like sales growth in April of just 0.7 per cent compared with the same month a year ago. Total sales for the month were up 2 per cent on April 2009.

[For a summary of findings click here](#)



Latest News from Around the Region

Berkshire

- Developer Askett Hawk has been given the green light by Reading councillors to press ahead with plans to build a hotel at the Kings Meadow Pool, a listed historic building site in Caversham. Previous plans for a new hotel and leisure complex were shelved when the 1902-built lido secured Grade-II listed status from demolition.

Buckinghamshire

- Letters and memorabilia belonging to Florence Nightingale have been put on public display for the first time to mark the centenary of the nurse's death. The National Trust (NT) has made a number of artefacts, journals and documents available at Claydon House - former home of Nightingale's sister Frances Parthenope Verney and brother-in-law, Sir Harry Verney.

Hampshire & Isle of Wight

- Eastleigh in Hampshire is to receive a £750,000 leisure investment, with a bar, cafe, nightclub and restaurant opening in the town. London-based firm Real Estate Leisure (REL) is behind the project, which will involve a Break Bar and Restaurant, a Coffee Republic and a late night bar called The Loft. The properties are located in the town's Swan Centre, which already boasts a cinema, a 10-pin bowling alley, a Nandos and a Frankie & Benny's. According to the *Andover Advertiser*, REL bought Dundee's Sports Bar and Club in Poole, Dorset, last year and says it now has "four sites, with four more in the pipeline with ambitions to buy a further 20 sites in the next 24 months".

Kent

- Plans for a new heritage attraction in Margate have been handed a boost after the local authority agreed to contribute up to £4m towards the scheme. Thanet District Council (TDC) has approved £2.2m investment towards the regeneration of the Dreamland site, which is set to create one of the world's first amusement park of historic rides. Councillors also agreed to borrow up to £1.8m if the scheme is unable to attract alternative funding, although the proposals are subject to approval from the full council.

Oxfordshire

- The £400,000 extension of Wallingford Museum has been delayed due to a lack of funding. Work on the project, which involves building a two-storey, medieval-style timber-framed building in the museum's back yard, was supposed to be completed this summer but now will not start until next year.

Surrey

- Marriott Hotels and Resorts has opened the 116-room Lingfield Park Marriott Hotel & Country Club in Surrey under a franchise agreement with Arena Leisure. The property is adjacent to Lingfield Park Racecourse, situated between London and Brighton and one of the UK's oldest horse racing venues, bird's-eye views of which can be had from the hotel's corner rooms. Facilities at the hotel include Breathe Spa, a newly landscaped 18-hole golf course and a selection of conference suites. An official opening celebration is planned for 21 June.

Sussex

- Work on the £5m Next Wave scheme in Bexhill has started to transform the town's seafront. Preparatory work is now underway ahead of construction work, which is scheduled to commence by the end of the month, and will focus initially on the West Parade promenade. Funded by Rother District Council (RDC) and the Commission for Architecture and the Built Environment (CABE), the scheme aims to improve facilities for residents and visitors.
- Budget hotel group Premier Inn is to open its latest property near Gatwick next month; it is located 2.5 miles from the airport within the Manor Royal Business Park. Due to open in five weeks, the Premier Inn Gatwick Manor Royal will be the sixth Premier Inn hotel within five miles of Gatwick, joining properties at Gatwick Airport Central, Gatwick Airport South, Crawley (Pound Hill), Crawley South (Goffs Park) and Crawley East.

the Beautiful South