

Intelligence Update February 2010

TSE Research & Intelligence - Keeping you in the picture

Spotlight on 2010

2009 was a mixed bag for the region's tourism industry. The budget accommodation sector and many visitor attractions saw business soar following a boom in the domestic holiday market. On the other hand, it was a tough year for many of the region's hotels which suffered heavily from the squeeze on corporate travel and the drop in trips to the UK by foreign visitors.

Staycation set to continue

It was the buzzword of 2009, but "staycation" looks set to be popular in 2010. With the recession still rumbling on, the continued unfavourable pound to euro and dollar, coupled with the fact that people who chose to stay at home have been surprised about the quality, variety and value that a UK holiday now offers, means UK consumers are planning to repeat the experience.

Take a look at some recent statistics - in a poll of more than 1,000 UK residents, commissioned by VisitEngland, 72% said they are likely to take a break in England in 2010. The overwhelming majority of respondents (95%) who took a break in England last year said they are likely to return in 2010. A number of holiday parks, self-catering operators, and caravan and camping sites, are already recording record levels of advance bookings for 2010.

2009 has established that holidays are seen as a necessity and not a luxury by 21st century Brits, even in the face of financial uncertainty. Consumers have simply adapted their holiday behaviour to the economic conditions; holidays have become shorter, fewer in number, increasingly booked at the last minute, and closer to home.

One new trend predicted for 2010 is the rise of the "nano-break". According to new research the nano-break – an overnight or weekend getaway – is growing in popularity as Britons explore their regional towns and cities for the weekend, but return for the working week to protect their jobs. In a study of 1,409 UK residents, commissioned by coach operator National Express, half (48%) stated they had been on a short UK break of 1 to 3 nights in the last six months. A quarter (25%) stated that nano-breaks are the best way of escaping while saving holiday allowance and providing access to work if needed - potentially protecting their job.

UK consumer continue to embrace thrift

The recession has fundamentally challenged consumers in every income group to rethink everything they do, buy and desire. We've seen the rise of a new set of consumer values where 'value-for-money' is more intensively scrutinised.

According to research by Mintel, value initiatives will remain important in 2010: expect UK consumers to keep reviewing as they hunt out the best deals and realise where they can get by on less. This is also likely to mean that snapping up last minute deals and shopping around to cut costs will replace holidays chosen solely on destination over the coming months.

However, value isn't just about price. Whilst it's true that for many households, the economic downturn meant shedding luxury and trading down, we also saw willingness among consumers last year to purchase more expensive products if they were convinced of the products' value. Brands that engage consumers effectively stand to be successful in 2010 despite price barriers.

Small recovery in inbound trips to the UK

The United Nations World Tourism Organisation forecast that the volume of international tourism is likely to grow between 1% and 3% in 2010, having declined by potentially more than 5% during 2009. For the UK, VisitBritain forecast that the volume of inbound tourism in 2010 will increase by 0.8% on 2009 with visitor expenditure forecast to increase by 3.8% (before inflation).

The updated forecast for full-year 2009 is for a fall of 5% in visitor numbers, with visitor spend expected to increase 1% in nominal terms. Despite the fall in volume, the South East continued to out-perform other UK regions in terms of the volume of trips by foreign nationals, remaining the second most visited region after London.

In 2009, we saw a fall in trips from some of our traditional markets: the USA, France and the Netherlands. The largest drop

Small recovery in inbound trips to the UK

was seen in the USA market which declined by 23%. A number of other markets, however, increased in volume and will be ones to watch out for.

Jan-June 2009 compared to Jan-June 2008

<i>Short Haul</i>		<i>Long Haul</i>	
Germany	<i>Up</i>	Australia	<i>Up</i>
Spain	<i>Up</i>	Zealand	<i>Up</i>
Austria	<i>Up</i>	UAE	<i>Up</i>
Denmark	<i>Up</i>		
Portugal	<i>Up</i>		

The figures above however don't give us the full story. Absent are figures for the volume of day trips and short breaks spent in the region by foreign visitors spending the main part of their holiday elsewhere in the UK. Take the Chinese market for example – the volume of Chinese holiday-makers visiting the region from accommodation bases in London has grown exponentially over the past few years; Bicester Village in Banbury saw the number of trips made by Chinese tourists grow from 28,000 in 20098 to 60,000 in 2009, a whopping 114% increase.

'Flat' is the new 'up' for hotels

Many hoteliers would consider a year in which things do not get any worse, a victory of sorts, following a dismal 2009. If industry analysts are correct that's exactly what's in store. Pricewaterhousecoopers and Deloitte forecasts are that revenue decline will slow down in 2010, but significant recovery isn't expected until later in the year, and more likely 2011. According to PwC research around 68% of hoteliers expect to see flat or a small growth in occupancy in 2010 and 60% expect room rates to stabilise in 2010.

The outlook couldn't be more different for many operators in the budget hotel sector. Capitalising on the growing thrift among consumers and businesses alike, major brands like Premier Inn and Travelodge will continue to see strong growth, not least helped by a campaign of highly enticing online and media promotion of special deals and offers.

Social media turning into social marketing

And finally, as social media like Facebook, Twitter and blogging tools becomes more and more commonplace, expect companies and consumers alike to continue exploring interactivity in greater depth. Social media gives tourism businesses an incredibly inexpensive way to build brand awareness, while doing it in a way that makes the brands seem simultaneously hip, down-to-earth and fun.

Savvy hoteliers are increasingly using social media to let guests sell the hotel to other guests, which is authentic marketing at its best. For instance, Dolce Hotels and Resorts held a Facebook contest in November that invited fans to propose dream vacations at its Dolce Hayes Mansion in California. The best of the submissions were then posted on Dolce's Facebook page for fans to vote on a winner. The outcome – more rooms sold.

The UK tourism industry is lagging behind USA in using social media as part of the marketing mix, but its gaining ground, e.g. VisitBlackpool commissioned a quirky mini-drama filmed for *YouTube* in 2009 to woo new fun seekers to Blackpool's sandy shores. Tourism bosses say the film helped attract 20% more visitors to Blackpool over the summer of 2009.

A number of our UK destinations already of a twitter 'following'.

A Selection of UK Destinations on Twitter		
<i>Organisation</i>	<i>Twitter account name</i>	<i>Number of Followers</i>
Visit London	@visitlondonweb	4,239
Cumbria Tourism	@lakedistrictPR	1,383
Visit Lancashire	@VisitLancashire	1,407
Visit Aviemore	@Visitaviemore	538
Visit Brighton	@VisitBrighton	827
Visit York	@VisitYork	289
Visit Oxford	@VisitOxford	331
<i>Average (excl. London)</i>	<i>796 (Figs as at 15 Oct 2009)</i>	

Latest Market Intelligence

The following sections provide more information on the current performance of the tourism industry.

If you have any queries regarding the *Intelligence Update*, or require any additional Market Intelligence, please contact Craig Bright (Research & Market Intelligence Officer) by email (cbright@tourismse.com) or phone (02380 625452).

If you have any research needs such as visitor surveys or tourism economic impact studies please contact Parves Khan (Head of Research) by email (pkhan@tourismse.com) or phone (02380 625459).

Business Confidence

Tourism South East's Quarter 4 and end of year (2009) How's Business survey results will be published in next *Intelligence Update* bulletin. Meanwhile other surveys of business confidence find signs of growing optimism.

According to the most recent Bowmark Entrepreneurs' Index, produced by private equity firm Bowmark Capital, half of travel industry bosses anticipate a change in economic fortunes for the better during the second half of 2010. The Index showed that 50% of travel respondents believed an economic recovery would take place later this year, while 10% were more optimistic and predict the recovery to start at the beginning of this year. However, 30% said the upswing would not take hold until 2011, leaving a more downbeat 10% predicting 2012 onwards.

The Index also revealed that the travel sector had been one of the most resilient during the recession, with 15% reporting growth of 20% or more in the previous 12 months, 31% achieving between 11% and 20% and 23% attaining 1-10% growth.

[To view the latest BowMark Entrepreneurs' Index click here](#)

Domestic & Inbound Visitors Figures

Domestic holidays up

The latest figures released by VisitEngland from the United Kingdom Tourism Survey show that there were just over 14 million overnight trips made by UK residents to the South East during the first nine months of 2009, an increase of 13.3% compared with the same nine months in 2008. The number of bednights (up 11.5%) and visitor spending (up 9.2%) also saw increases over this period.

As reported in previous editions of *Updates*, growth in the domestic market in the region has been driven almost entirely by though 'pure holiday' trips - up by a whopping 34.5% in the South East between January and September. There's also been a small growth in VFR - up 3.4%. Businesses-related trips on the other hand dropped by -5.4%.

TV and movies to boost UK breaks

Shearings Holidays, one of the UK's leading holiday companies specialising in holidays for the mature customer, reports that bookings for 2010 breaks in some UK regions have increased by more than 95% partly in response to recent TV programmes such as John Sergeant on the Tourist Trail and Martin Clunes' Islands of Britain. Shearings' figures, as of 14 December 2009, reveal summer 2010 bookings for the South Coast and the Isle of Wight are 10% ahead of summer 2009.

Other supporting research carried out by VisitBritain indicates that 40% of potential visitors would be very likely to visit places they have seen in films or on TV. That's one of the reasons why a VisitBritain iPhone app has been launched as part of VisitBritain's film tourism work around the new Sherlock Holmes film, allowing users to locate and then visit locations from their favourite British films. The theme of film tourism will be continued around the release of a new Robin Hood film later in 2010.

16% of all domestic overnight trips in SE made by someone with disability

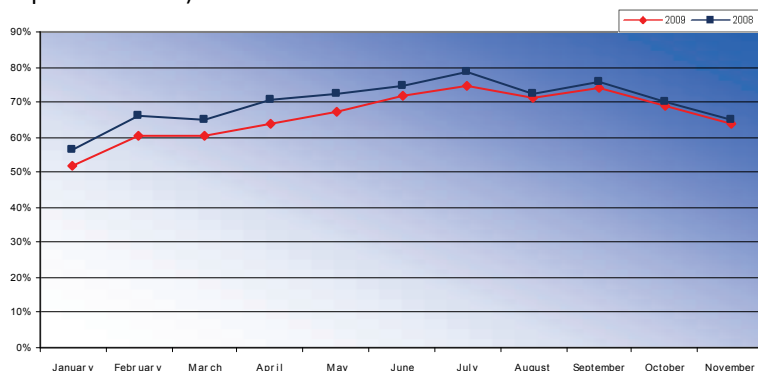
Since January 2009 the United Kingdom Tourism Survey which measures the volume and value of domestic tourism has been tracking the number of overnight holiday trips made by or accompanied by, someone with a disability of mobility impairment. Nationally, in the first nine months of 2009, just over 12.2 million overnight trips were made to English destinations by, or accompanied by, someone with a disability or mobility impairment. Around 18% of these trips (approx. 2.2 million representing 16% of all domestic overnight trips in the region) were made to destinations in the South East contributing almost £367 million to the region's visitor economy.

Trips into UK by foreign visitors down

International Passenger Survey data for the first nine months of the year show that inbound trips to the UK decreased by 7.3% compared to the first nine months of 2008. The number of visitor nights also fell (down 6.2%) over the same period as did overall visitor spend (down 4.4%). However, during the peak summer months of July to September, 5.3% more international visitors holidayed in Britain than over the same period in 2008, equivalent to 29,000 additional holidaymakers.

Occupancy Trends

The latest figures from STR Global show that occupancy levels among the region's hotels are continuing to show signs of recovery. Following several months where occupancy dropped by 5% or more, average room occupancy in November stood at 64.0% only 0.9% lower to the same month last year. Despite this, continued heavy discounting has caused the average room rate to drop by 14.1% to £71.70, resulting in a 9.9% drop in revPAR or room yield to only £45.90 (from £55.80 in September 2008).



The graph to the left shows the monthly occupancy levels taken from STR Global for the South East region in both 2008 and 2009.

Provisional figures from TSE's regional occupancy survey for November show that the regions B&Bs and Guest Houses saw average room occupancy drop by 2.6% points to 50.2%. Year-to-date figures also show that average room occupancy for January to November fell to 55.1% compared with 59.7% during the same period in 2008.

New figures from The Camping and Caravanning Club have revealed that the boom year experienced in the South East during 2009 looks set to continue into 2010 with advanced booking rates already up 12 per cent compared to the same time last year.

[To view the latest Regional Occupancy Trends click here](#)

Visitor Attraction Performance

2009 was a great year for National Trust historic properties. Properties in Kent, Surrey and Sussex saw a 17.4% increase in admissions for the period March to December, while properties in Berkshire, Buckinghamshire, Hampshire, Isle of Wight and Oxfordshire saw an increase of 18% during the same period.

Interest and engagement with Britain's history will continue to flourish in 2010. TripAdvisor research into travel intentions this year finds that just over three quarters of Britons will visit a historic site in 2010. The research also shows that 68% are likely to visit a national park, over half will visit the theatre or opera, 22% will attend a festival and 27% will go hiking.

Quarter 4 2009 results from the National Attractions Monitor will be available until the April edition of *Updates*.

[To view further information on the UK Annual Travel Trends Survey by TripAdvisor click here](#)

Hospitality Trends

Expansion, ripe time

Spurred on by the belief that consumers will continue to seek low-cost, quality accommodation in 2010 and beyond, many in the budget sector have never been more keen than now to expand. Travelodge has announced it is to open 26 new hotels in 2010, creating 500 jobs, as part of a £115m investment for the year. The openings, which will focus mainly on city centre and tourist locations, will take the budget hotel chain's portfolio up to 30,000 rooms across 416 hotels.

Travelodge's 26 new openings include the following five locations within South East region:

- Canterbury (Kent)
- Chichester (West Sussex)
- Horsham (West Sussex)
- Maidenhead (Berkshire)
- Maidstone (Kent)

Outlook improving for business travel

The business travel industry had a very bumpy ride in 2009, but a new survey of travel managers finds evidence that budgets and travel plans are stabilising and in some instances growing, though many managers are still facing huge pressures from the board room to get more for their money. A poll of 1,400 travel managers by organisers of the Travel and Meetings Show found that over a quarter of companies (27%) will spend more on corporate travel this year and 35% plan to book more trips. Travel managers not benefitting from an increase in their budget were mostly confident of staving off any further cuts in 2010.

[To view further information regarding the Business Travel and Meetings Show research click here](#)

Latest News from Around the Region

Berkshire

- Local residents are being invited to comment on a major new masterplan for the future regeneration of Maidenhead town centre drawn up by the Royal Borough of Windsor and Maidenhead (RBWM). A four-week consultation into the draft Area Action Plan (AAP) launched on 18 January to gather views on a range of proposals for the town, which could include a new concert or conference venue and new waterside walks.

Hampshire & Isle of Wight

- Demolition work has started on the Mary Rose Ship Hall in Portsmouth, which is making way for the development of a new £35m museum dedicated to the historic Tudor warship. The Heritage Lottery Fund (HLF) has contributed £21m towards the scheme, which is due for completion in 2012.
- Paultons Park has been told that it can keep its Cobra ride after being granted retrospective planning consent by the New Forest National Park Authority (NFNPA). In October 2009, park bosses were told that they would have to remove both the Cobra and the Edge roller coasters, which were opened without having secured the necessary permission. However, planning officials at NFNPA have now decided to allow the theme park to retain the Cobra ride, as well as a control building, catering kiosk and a photograph booth.

Oxfordshire

- London Oxford Airport welcomed its first international scheduled service in 72 years when full-frills Swiss regional carrier Baboo commenced weekly flights to Geneva on Saturday 19th December.
- Plans for the development of a new Cultural Quarter in Banbury, Oxfordshire, have moved to the next stage after Cherwell District Council (CDC) agreed to submit a planning application.

Surrey

- Moore Place, a restaurant and bar in Esher is to be demolished and a 50-bedroom luxury country house hotel built in its place. The development forms part of a larger site which includes a nine-hole golf course. The existing restaurant and bar closed around 12 months ago and are due to be demolished in the next few weeks.
- An empty pavilion building at Lady Neville Recreation Ground in Banstead, Surrey, is set to be transformed into a new leisure facility for park users and local residents.
- Surrey Economic Partnership reports that the local tourism industry should be benefiting from the strength of the Euro but general feedback from Enterprise First suggests that it is not benefiting as well as expected. Visit Surrey suggest that the sector is 25% down on Business tourism and up 4% on Leisure tourism compared to the same period a year ago. Bookings for business events are down with few future bookings and more last minute bookings due to economic uncertainty. For example, Clandon Park reports that National Trust membership is up but revenue from events is down.
- A historic estate formerly owned by press baron Lord Beaverbrook will not be open to visitors this year after owner, The Beaverbrook Foundation, announced that it was no longer financially viable. Two consecutive wet summers and the economic downturn have been blamed for the decision to close Cherkley Court and Gardens near Leatherhead which is set in 400 acres (162 hectares) of park and woodlands.

Sussex

- Whitbread has unveiled plans to open its second 'green' Premier Inn and its first low-carbon restaurant in Burgess Hill, West Sussex this autumn as part of its plans to cut carbon emissions across the company by 26% over the next 10 years. The 60-bedroom hotel is being built following the success of Whitbread's flagship green hotel, opened in Tamworth, Staffordshire in December 2008, and will adopt the best-performing green technologies from the first site.
- EasyJet will base an additional three aircraft at Gatwick this summer, taking its fleet at the airport to 43. However, this news comes in the wake of recently announced reductions at the airport by carriers including Cimber and Aer Lingus.
- Plans for the development of a new contemporary arts venue in Hastings, East Sussex, to house the Jerwood Foundation's collection of 20th and 21st century British art, have been given the green light.
- VisitBrighton has announced a number of developments for the city's events spaces over the coming months. The Brighton Centre will spend almost £1million in improvements, including an upgrade to the existing breakout areas, new furniture and furnishings, the addition of alfresco coffee shops and renovation of the Skyline restaurant. For smaller meetings, Brighton Dome and myhotel Brighton will open a fully equipped meeting space for less than 100 delegates in February. The Thistle Brighton has also recently renovated its meeting facilities, as well as some of its bedrooms, The Promenade Restaurant and The Otium Leisure Club.
- Sussex County Cricket Club will invest £8m over the next two years, in a development designed to drive the club's non-match day events. The first phase, due to be completed by April, will see a new banqueting and conference facility open. The second phase, planned for 2011, will include rebuilding the South and South West spectator stands, redeveloping the member's pavilion to increase its capacity and the creating a new café bar and private reception room in the old stables.
- The final designs for Worthing's Splash Point have been revealed by Worthing Arts Council. Construction of the £500,000 open-air leisure and events venue will begin in April 2010 with an opening planned for September. The new space will be used for putting on live cultural events and art exhibitions as well as act as a public park.