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Wales Tourism Business Barometer

Wave 3, Summer 2018

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Wales Tourism Business Barometer: Wave 3, Summer 2018

Anthony Lydall and Amy Childs, Strategic Research and Insight



Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

For further information please contact:

Dr. Robert Lewis, Head of Tourism Research, robert.lewis@gov.wales

Department: Department for Science, Economy and Transport

QED Centre

Treforest Estate

Pontypridd

Rhondda Cynon Taf

CF37 5YR

Tel: 0300 061 6026

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1. HEADLINE FINDINGS

Sunshine brings rewards for the tourism industry

Two in five (40%) businesses have had more visitors during the summer, and a similar proportion (44%) have had the same level.

By far the most common reason for improved performance is better weather – cited by 57% of businesses experiencing increased visitors.

All regions of Wales are performing well

In all four regions of Wales, visitor levels are up on balance and reflect the overall result (differences between the regions are not significant).

Hostels and caravan parks particularly busy

The best performing sectors are hostels (52% of businesses are up) and caravan & campsites (49% are up). Caravan & campsites have benefited from the weather more than any other sector, with 88% of those who are up on visitors citing better weather as a key reason.

UK market performing well

The UK market (outside Wales) is performing well this year. 37% of businesses say they have had more UK visitors to date this year, compared to only 7% who have had fewer. Comments suggest that holidaying in the UK due to fine weather and exchange rates may have contributed to the increase.

European markets also performing well

37% of businesses have had more German visitors to date this year, and about half (51%) have had the same level. Similarly, 42% of businesses have had more visitors from other European countries this year, and 46% have had the same level. Some operators suggest that exchange rates may have influenced the increase in European visitors to Wales.

Brexit – still wait and see

Brexit is still yet to impact the industry significantly, as three in four (75%) businesses say they have seen no effect to date at all. There are speculations that leaving the EU will result in an increase in domestic tourism but views are divided over the impact on overseas tourism.

High confidence for the autumn

Following a very good peak season, most (79%) businesses are now confident for the autumn season.

2. QUALITATIVE FINDINGS

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

Bright, sunny days

2.2 This year, operators have benefitted from one of the hottest summers on record in the UK after a heatwave swept the nation in June and July. Industry leaders say the sunshine has been a significant factor in their performance, which is better than last summer.

“June and July have been pretty good. We were up on budget and on last year’s figures as well.”

“The weather makes a big difference.”

“Good weather brings more people out and therefore the opportunity for more to engage with activities and activity providers.”

A slow recovery from the winter

2.3 The industry was hard hit by the adverse weather towards the start of the year, and it would seem that the recovery process has been slow, even with a promising summer. Some providers are left unsure whether they have actually caught up with their losses so far.

“Easter is our busiest time of year, and because it was a bit poor in terms of weather, it has set us back. For the rest of the year we’ve been playing catch up.”

“The winter’s always dire here, so we’re probably at par.”

“The summer has certainly been an uplift. Whether that’s actually recovered the loss that happened at the earlier part of the year, I’m not sure.”

2.4 However, a few operators were able to adjust to the wintery climate, which is helping the year’s overall performance.

“With snow on the ground, there are different activities to engage with ... we might have taken a slight dip, but only over a short period of time.”

“In the winter I generally take in workers anyway ... but I reckon I will have caught up with myself.”

Brexit will boost staycations...

2.5 Although industry leaders are yet to see any impact, they have some ideas how Brexit could be beneficial for business. They predict a devalued pound will encourage British holidaymakers to opt for a staycation as they will be disinclined to travel abroad.

“My suspicion is we’ll probably have a lot more staycationers, probably because of the weak pound.”

“With Brexit, it might be a really good year for domestic tourism.”

... but at what cost?

2.6 There are raised concerns among operators regarding the possibility of having to up their prices in the event of tax increases and higher costs. And some question whether people will spend their money or not.

“If people have money in their pockets then they’ll spend it. If they don’t then they won’t.”

“A lot of my products are imported from overseas, and the cost has gone up, so the retail is going up.”

2.7 Others are anxious how Brexit will affect their staffing. This is a particular concern within hospitality.

“As a sector, we’re very reliant on workers. And, given the choice, where are the best of them going to go? Are they going to stay in the UK?”

Concerns for promoting Wales

2.8 A couple of industry leaders fear that Wales as a tourist destination is not receiving enough advertising in the rest of the UK or overseas. This is said to potentially impact business after Brexit if it continues.

“You’ve got fairly aggressive marketing going on in some of the English regions, but are we able to keep our profile up in Wales?”

“The biggest problem I see here is the local authorities doing nothing to help the visitor industry.”

Upbeat attitudes moving forward

2.9 Confidence for the rest of the year is generally quite positive among operators. Many believe they will have caught up with any losses by the end of the year.

“I’m very confident for the rest of the year. September/October tends to be a good time of year for the providers. There’s still plenty to be had, plenty to be done.”

“Most people are confident that we will slowly start to make up – we have been making up the figures.”

3. BACKGROUND AND METHODOLOGY

What is the Wales Tourism Business Barometer?

- 3.1 The Wales Tourism Business Barometer is designed to give quick feedback on how the tourism industry in Wales is performing at key times during the year. The Survey has been running in various forms since 2005, and normally between two and five research 'waves' are conducted each year.
- 3.2 This research wave relates to the summer period in 2018, with measurements also of expectations for the autumn.

How is the Survey conducted?

- 3.3 We have conducted 819 interviews by telephone. This makes results of questions asked to everyone accurate to $\pm 3.4\%$. The sample is reflective of the tourism industry in Wales and is shown below by sector and region:

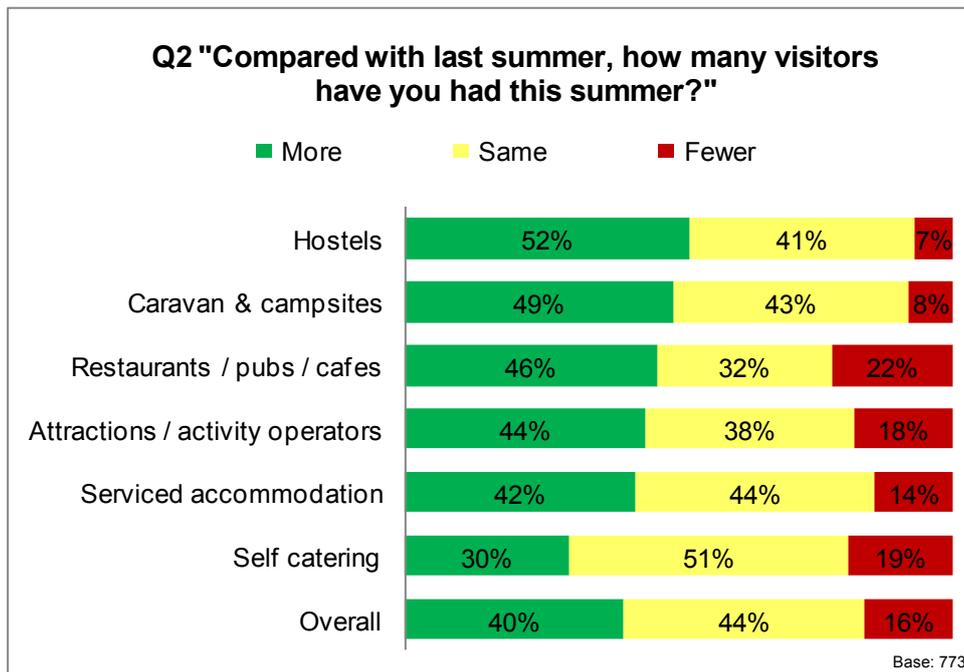
Sector / Region	North	Mid	South West	South East	Total
Serviced accom	99	43	78	66	286
Self catering	86	45	64	40	235
Caravan / campsites	43	26	21	4	94
Hostels	15	7	12	8	42
Attractions	28	14	19	19	80
Activity operators	15	7	13	5	40
Restaurants / pubs / cafes	10	12	8	12	42
Total	296	154	215	154	819

- 3.4 Just under three quarters (71%) of businesses in the sample are currently graded by Visit Wales, and 29% are not. The graded and non-graded samples are spread across the different regions and sectors except restaurants / pubs / cafes and activity operators, where grading is not applicable. Operators of restaurants, pubs and cafes have been selected in areas of high tourism footfall across different parts of Wales and have been asked to answer questions in the context of their tourist (i.e. non-local) customers.
- 3.5 All telephone interviews have been conducted with business owners or managers in August. A copy of the questionnaire used is included as an appendix.

Wave	Wave name	Timeframe
Wave 1, 2016	Easter	March 26 to April 10
Wave 2, 2016	May half term	May 28 to June 5
Wave 3, 2016	Summer	June to August
Wave 4, 2016	Autumn	September to early November
Wave 1, 2017	Easter	April 8 to April 23
Wave 2, 2017	May/June half term	May 27 to June 4
Wave 3, 2017	Summer	June to August
Wave 4, 2017	Autumn	September to early November
Wave 1, 2018	Easter	March 30 to April 15
Wave 2, 2018	May/June half term	May 26 to June 3
Wave 3, 2018	Summer	June to August

4. SUMMER PERFORMANCE

PERFORMANCE BY SECTOR



Sunshine brings rewards for the tourism industry

- 4.1 The fine summer weather, especially in June and July, has had a very positive impact on visitor numbers.
- 4.2 The hostel sector has performed very well. Caravan & campsites – one of the most weather-dependent sectors – have also enjoyed a particularly good summer.

"It's all very weather-dependent"
Caravan park, Mid

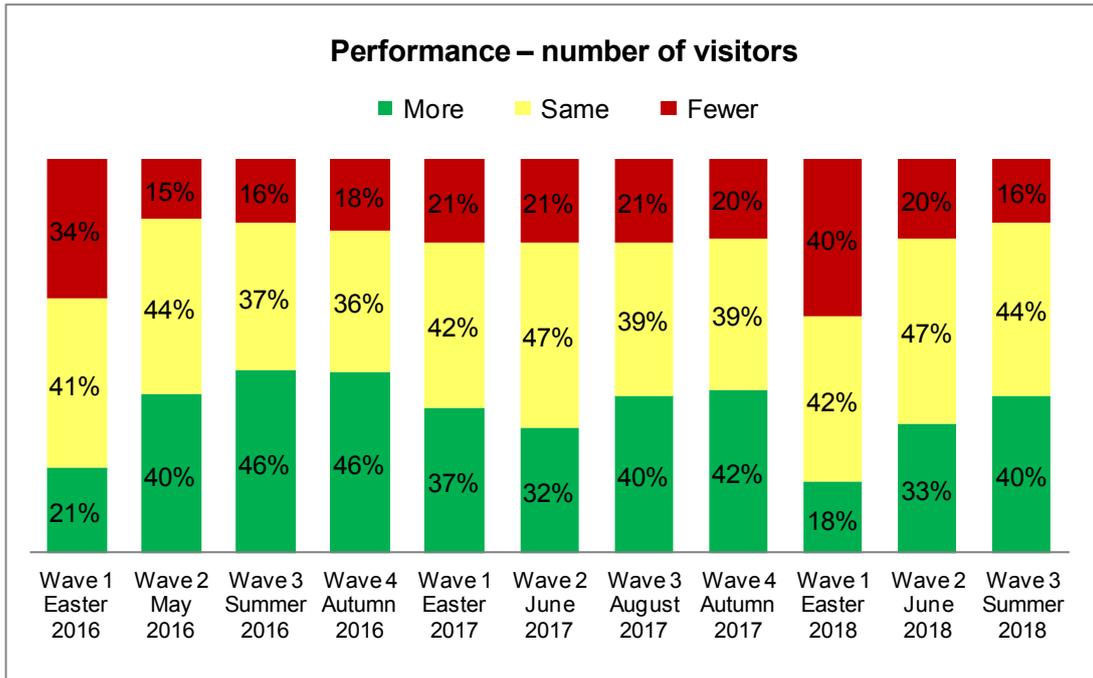
"Big group bookings"
Hostel, South West

All sectors are up on balance

- 4.3 While the hostel and caravan & campsite sectors have been the most successful this summer, the buoyant season has been experienced in all sectors. This is welcome news after 2018 got off to such a difficult start with the March and April snow.

"Sales for the first part of the summer were up £85,000"
Serviced, North

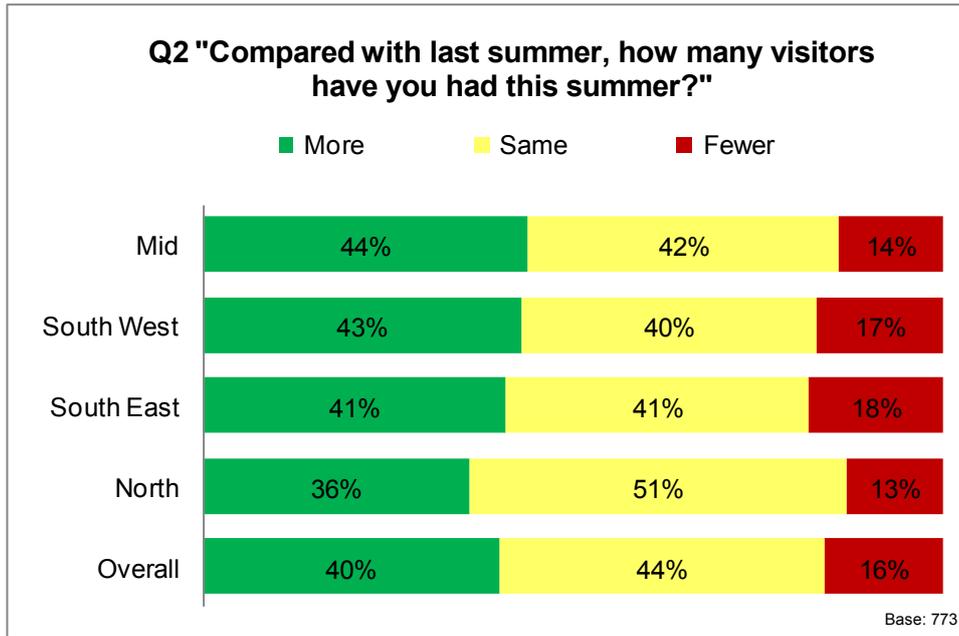
PERFORMANCE TREND



Consistent growth each summer

- 4.4 The positive result of businesses up on visitor volumes has come in comparison to a good summer in 2017, which in turn was up on summer 2016.
- 4.5 Operators very much welcome this positive season after such a challenging start to 2018.

PERFORMANCE BY REGION



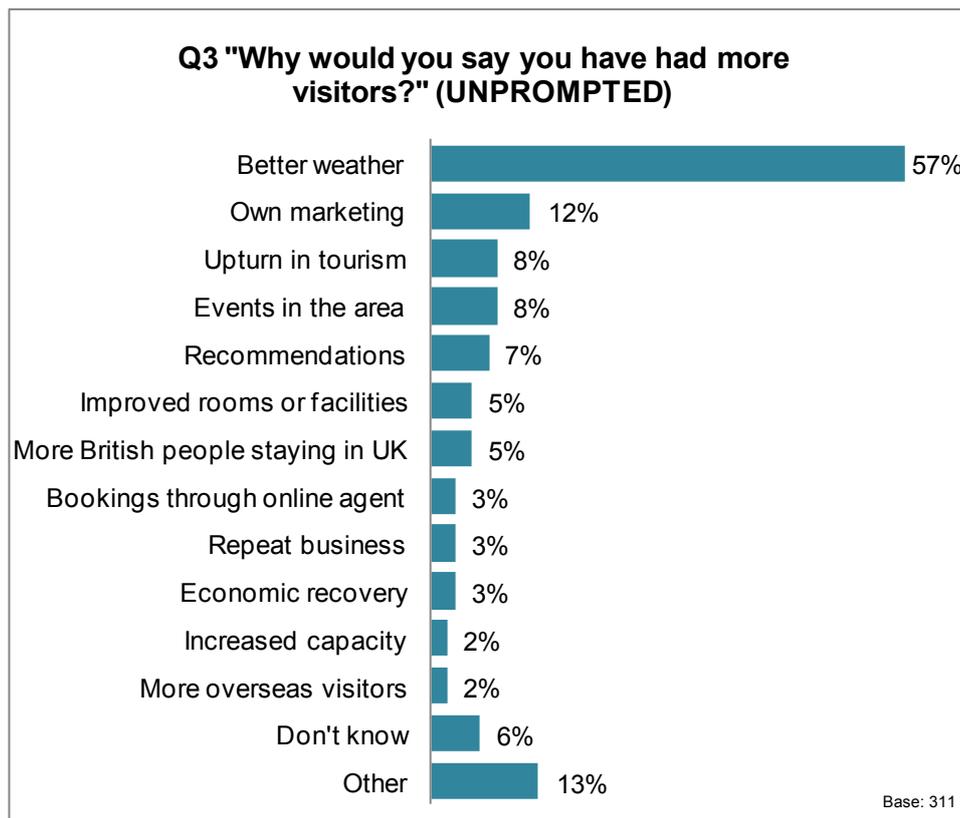
Good results for all regions of Wales

- 4.6 The busier summer season has been experienced by all four regions of Wales, with the weather being the most frequently cited reason in each region.
- 4.7 South East Wales businesses have been boosted by events. 22% of those experiencing a busier period cite this as a reason.

"We are busier because of festivals in the area"
 Serviced, South East

"Lots of events going on"
 Restaurant, South East

5. REASONS FOR INCREASED VISITOR LEVELS



Back to back weeks of sunshine

5.1 As discussed, the season got off to a very positive start with prolonged warm sunny weather throughout June and July.

"We had a busy start to the summer and it will most likely continue into the autumn"
Serviced, South East

"It's all to do with the weather"
Serviced, North

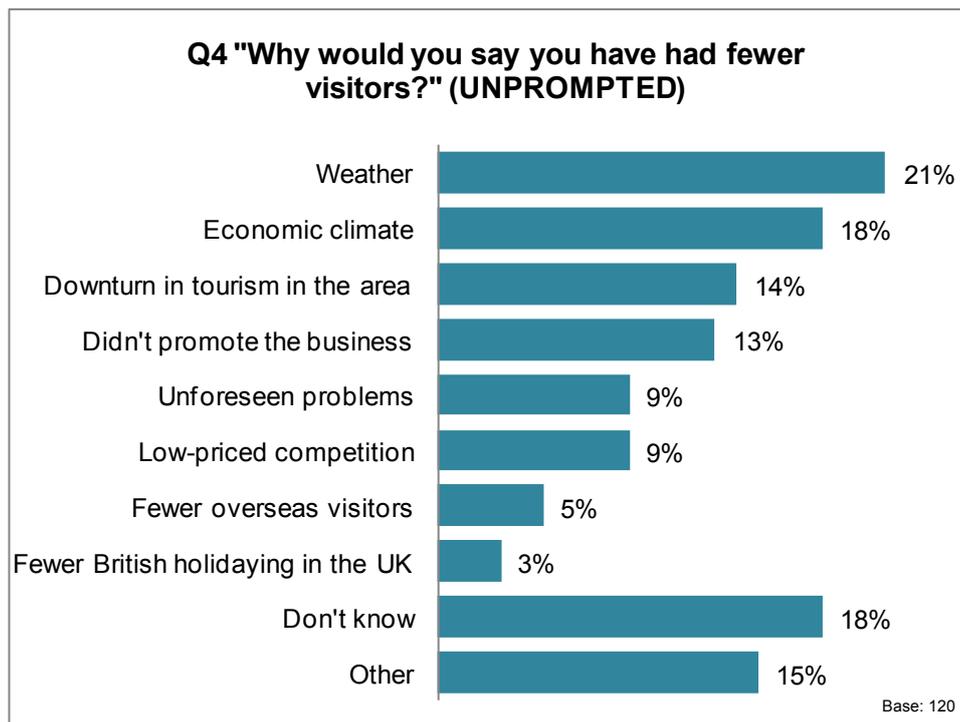
Own marketing gets results

5.2 Although the industry has benefited from fine weather this summer, the UK generally cannot rely on this each year. Some businesses have been proactive in marketing their offering.

"We've got more visitors by advertising more in local newspapers, greater presence on social media, i.e. Twitter"
Attraction, Mid

"We have better social media marketing now which has improved our guest numbers"
Serviced, South West

6. REASONS FOR DECREASED VISITOR LEVELS



Different definitions of 'good' weather

6.1 If your attraction is indoors, 'good' weather for everyone else is not necessarily good for your business. 63% of attractions who have had fewer visitors cite the weather as a reason.

"It all depends on weather for us. The worse the weather, the more visitors we get."
Attraction, South East

Rise of Airbnb

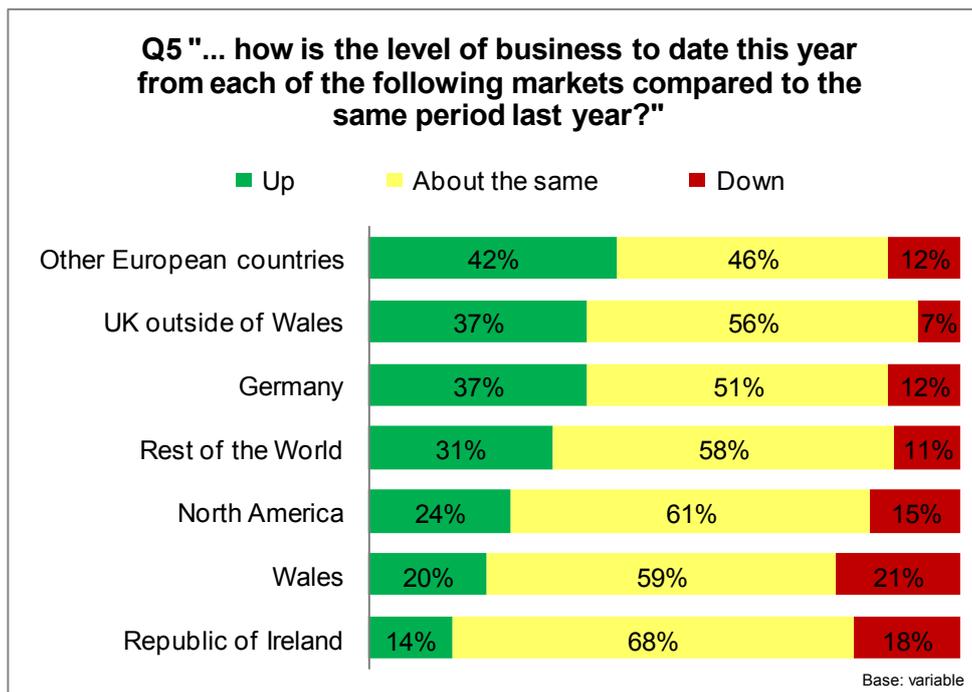
6.2 Low-priced competition is a challenge, and some smaller operators – especially self catering – talk about the rise of Airbnb. Their response to the competition varies. Some operators resign themselves to not being able to compete with it, whereas others have a more 'if you can't beat them, join them' attitude.

"Airbnb has affected us and slowed down future bookings, so we had to go on Airbnb to get those bookings"
Self catering, Mid

"Increase in Airbnbs has led to less business"
Self catering, South East

"I had more of my own bookings from Airbnb this year"
Self catering, Mid

7. PERFORMANCE BY MARKET



UK market performing well

7.1 The UK market (outside of Wales) is performing better than last year. Given its importance to the Welsh tourism industry, this is very encouraging to see. It seems that Mid Wales is benefiting particularly from the UK market, with 43% of operators saying it is up. Some comments are made about UK visitors staying in Britain instead of going abroad, possibly influenced by the weather and exchange rates.

"People seem to be staying in the UK for holidays"
Self catering, Mid

"Not many people are going abroad"
Serviced, North

"Decent weather, exchange rate in our favour"
Campsite, Mid

Weak pound is one of the reasons for European markets performing well

7.2 Germany and other European markets are also up on last year. Some operators say that the weak pound is contributing to this.

7.3 The trend seems to be more in South & Mid Wales, where 41% of businesses are up on German visitors, and 46% are up on visitors from other European countries.

“We’ve had a lot more Europeans – I think it’s the exchange rate”

Serviced, South West

“A lot more European visitors this year, in particular Dutch and German”

Self catering, Mid

China and Australia

7.4 The ‘Rest of the World’ market generally is up on last year. In particular, a number of comments have been made about the increase in visitors from China and Australia.

“We’ve had a lot more Chinese tourists this year”

Serviced, North

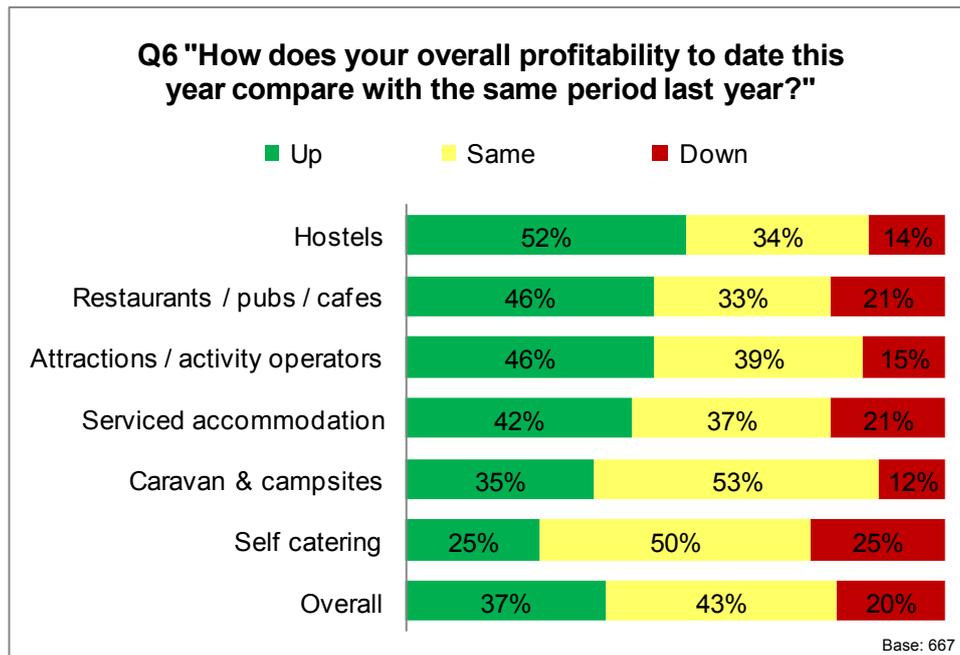
“We have an increase around this time related to international students from China, studying at Cardiff University. They bring their families on tours in Cardiff.”

Attraction, South East

“We’ve had a lot more Australians this year”

Serviced, North

8. PROFITABILITY



Profitability now looking good after a bad start to the year

8.1 Most (80%) businesses are managing to either increase or maintain their level of profitability to date in 2018. After a bad start to the year, this is encouraging to see.

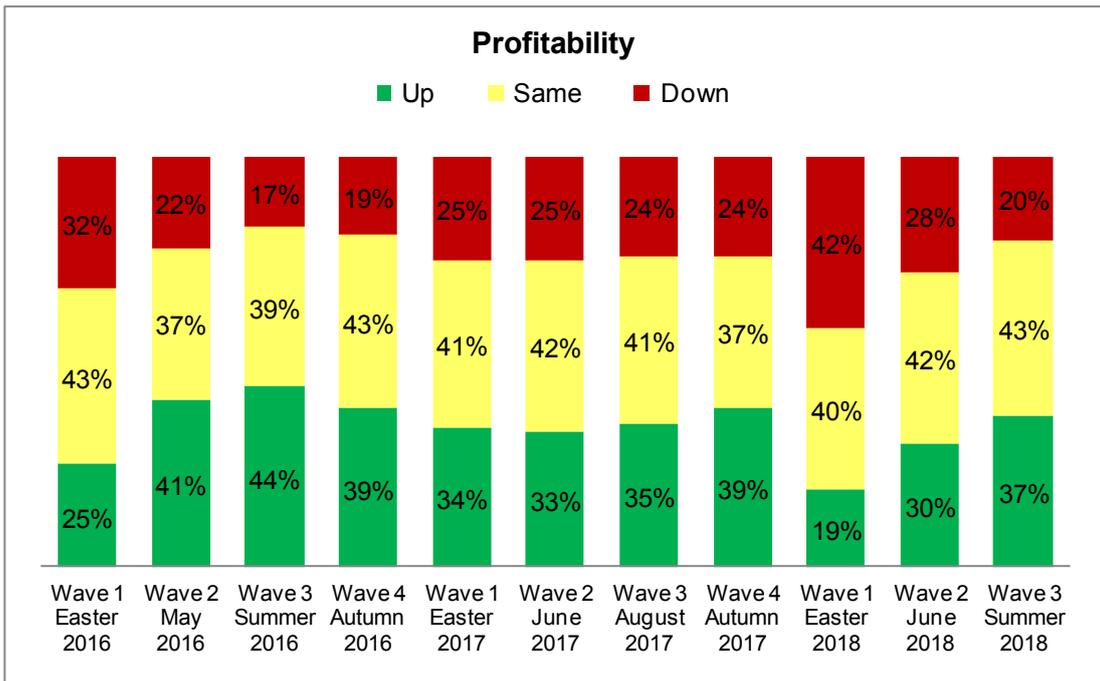
"Profits are up 120% compared to last year"
Serviced, North

"The snow affected profits for this year"
Serviced, North

8.2 Increased visitor volumes do not always translate into increased profitability however, and some operators comment on the continuing challenge of rising operating costs.

"Overheads are always going up – it has affected profits this year"
Serviced, North

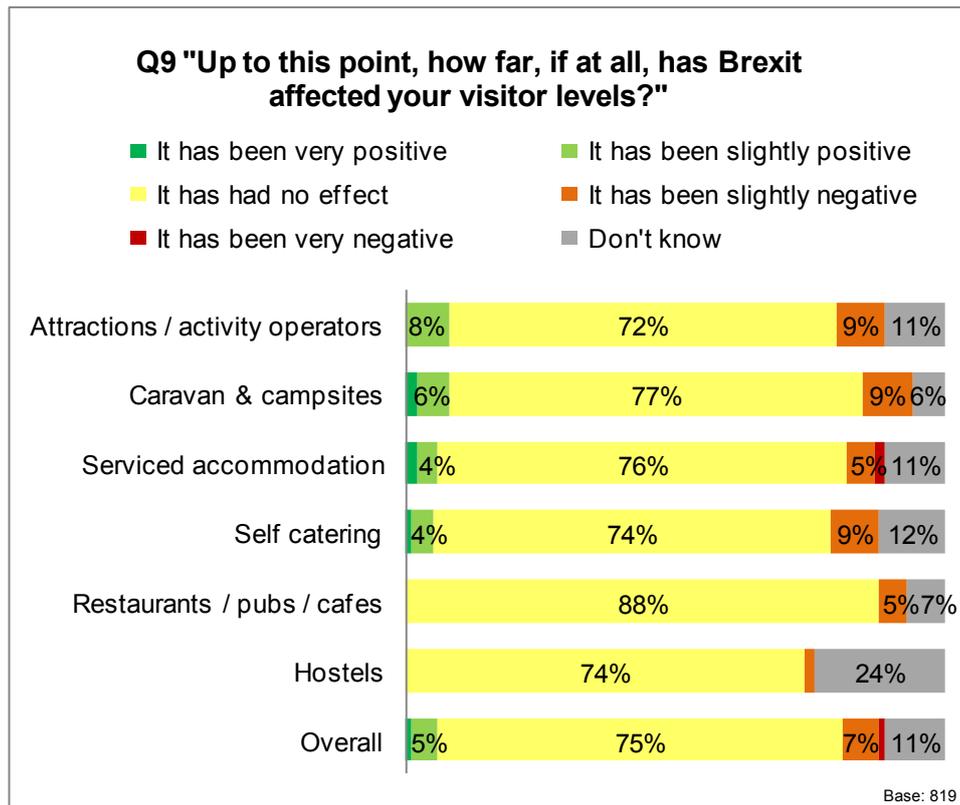
PROFITABILITY TRENDS



Healthier picture

8.3 As mentioned above, profitability in the industry looks a lot more promising than earlier in the year.

9. IMPACT OF BREXIT



Brexit barely affects visitor levels so far

- 9.1 As we approach the final straight on Brexit negotiations, the tourism industry has seen barely any impact on visitor levels thus far, with three quarters (75%) of operators saying they have seen no effect, and 11% left unsure of any effect.
- 9.2 Where operators are seeing an impact on visitor levels, whether it is positive or negative, the proportions are similar. Overall, 6% cite a positive effect, and 8% have seen a negative impact on visitor levels.

Minimal impact on staffing

- 9.3 Among businesses which employ staff other than the proprietors, a very high proportion (89%) report that Brexit has had no impact on their staffing levels to date.
- 9.4 For those few who have experienced an impact, the issues involve recruiting new members of staff and retaining non-British personnel.

"It's becoming difficult to recruit from overseas and we've lost current staff because they have no confidence."

Serviced accommodation, North

"It's harder to recruit because there are fewer EU staff available."

Pub, South West

"Europeans are demotivated by Brexit."

Serviced accommodation, Mid

"We have been reluctant to hire full time staff due to the uncertainty of Brexit."

Attraction, South West

Uncertainty persists

- 9.5 There remains a high level of uncertainty surrounding Brexit's impact on the tourist industry, and operators are left unsure how it will impact business.

"Everything is unclear, so I'm unsure about it."

Serviced accommodation, Mid

"I don't know what impact it will have because nobody knows what will happen."

Attraction, South East

"Could be good, could be bad. Who knows."

Hostel, Mid

"I really don't know, it's all up in the air."

Self catering, North

- 9.6 Meanwhile, some businesses believe that the very uncertainty of Brexit itself may have a negative impact on business.

"It would be a disaster due to the uncertainty of it."

Serviced accommodation, North

"Uncertainty is damaging business in general, would like to have clear government decisions."

Caravan site, South West

"Personally, I think it's the not knowing what Brexit will do that's causing the problem."

Self catering, South East

A great opportunity for the domestic market ...

- 9.7 Some businesses foresee an increase in the domestic market once Britain leaves the EU. This is because operators believe that British holidaymakers will be less likely to go abroad for their travels.

"It will be good on the business because fewer British people will be travelling abroad."

Serviced accommodation, North

“More bookings expected from Britons after Brexit – staying here instead of going abroad.”
Self catering, South West

*“I think it can only increase our numbers because more people will be unable to go abroad.
More people will take staycations.”*
Serviced accommodation, North

*“Brexit will be good for the tourism industry because British people will stay in the UK instead
of going abroad.”*
Self catering, Mid

... but mixed feelings towards the overseas market

9.8 Operators who are optimistic about the levels of overseas visitors suggest that the value of the pound may be a significant factor increasing the number of overseas visitors. A weaker pound is expected to make the country a cheaper holiday destination for tourists.

*“I had my first booking from the Netherlands in years just come through. The weaker pound
might incentivise people to come over.”*
Self catering, North

“We'll get more overseas tourists due to the low value of the pound.”
Serviced accommodation, North

“It'll be cheaper for overseas visitors to come to Britain.”
Activity operator, South West

“It seems cheaper for Europeans because of the exchange rate.”
Self catering, Mid

9.9 Other businesses are expecting fewer overseas visitors once Brexit negotiations are finalised, particularly those from the European Union. This will lead to less business for some.

*“Some of our visitors from Germany want to return next year, but they won't as they can't
face whatever customs are going to do.”*
Self catering, Mid

“It will make coming into the UK harder.”
Restaurant, South East

*“It would have quite a bad effect because we get massive groups of people staying with us
from the EU.”*
Serviced accommodation, South West

“If Airbus pulls out then this will be catastrophic.”
Attraction, North

Costs causing concern for some

9.10 Although some feel a weaker pound will bring in the overseas visitors, some serviced accommodation operators in particular are concerned about how it will affect the cost of providing services to guests.

“Our costs will increase – providing the same service will become more expensive for us.”
Serviced accommodation, South East

“If costs go up then we'll have no option but to put prices up, so it will have a knock-on effect on the business.”
Serviced accommodation, North

Keep calm and carry on

9.11 Over a third (36%) of operators say that a no deal outcome for Brexit will not have an impact on business due to having a large number of domestic visitors already.

“Mostly people from the UK visit the campsite so I don't think it's going to affect us.”
Caravan & campsite, North

“We deal with a lot of schools, so it wouldn't be applicable.”
Activity operator, South West

“99% of our visitors are UK based so I doubt it will have an effect.”
Self catering, North

9.12 Businesses remain optimistic for the negotiation deadline in March 2019 because they believe the political outcome will not dampen a tourist's desire to travel. Whatever happens, operators expect to carry on as normal.

“Real campers are always travelling.”
Caravan & campsite, North

“Tourists will always come over to visit the beautiful nature.”
Self catering, South West

“If people want to come to the museum they'll still come anyway.”
Attraction, North

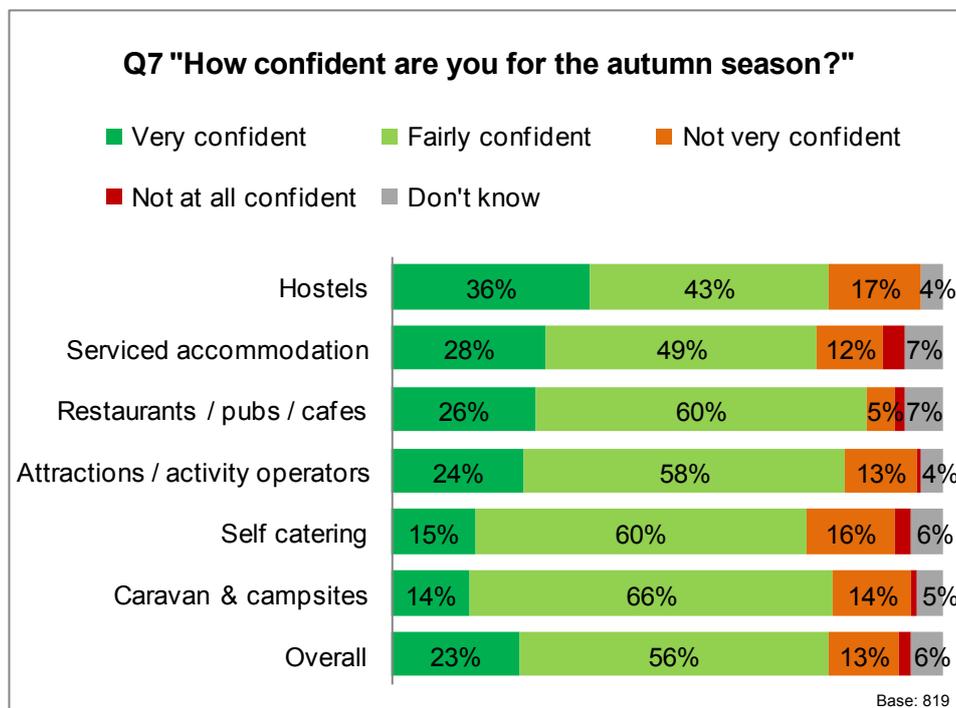
“People who want to come to Wales will come so I don't think a no deal for Brexit will affect us.”
Serviced accommodation, South West

“Business goes on.”
Self catering, South West

“Deal or no deal, we will deal with it.”
Hostel, North

10. EXPECTATIONS AND CONFIDENCE FOR AUTUMN

CONFIDENCE BY SECTOR



High hopes for autumn

10.1 Autumn tends to be a quieter season for most of the operators due to the weather growing colder, but the vast majority (79%) are still optimistic.

"Bookings are already in for autumn – it seems to be a good season."
Caravan & campsite, North

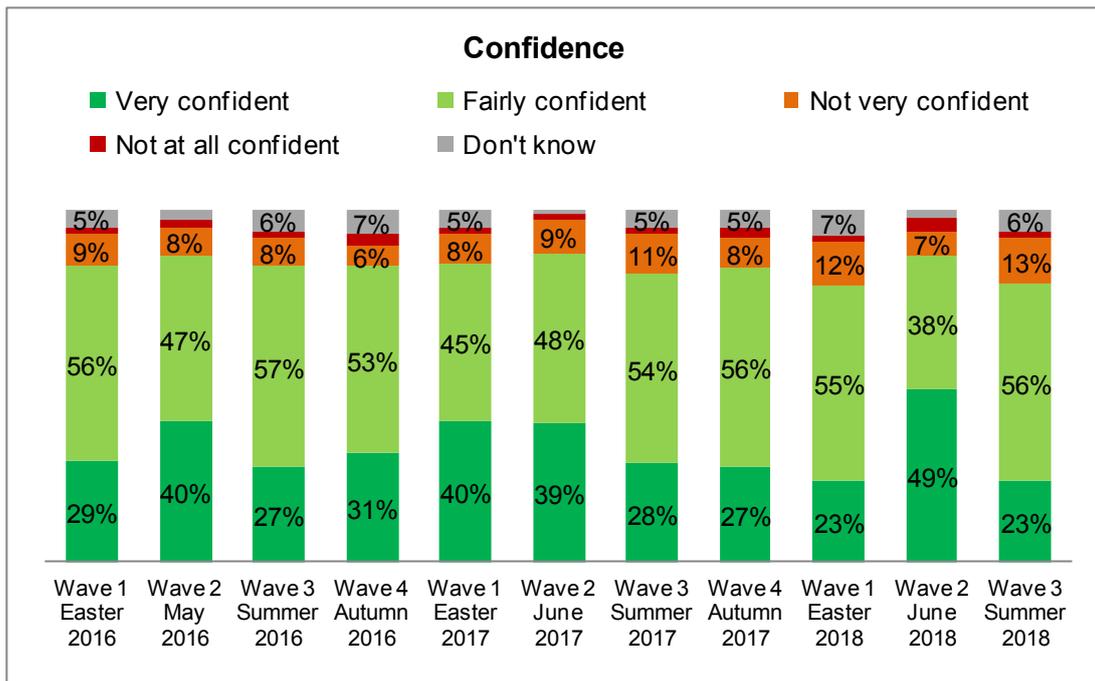
"Elvis Festival in Porthcawl will bring us a lot of business for autumn."
Serviced accommodation, South East

10.2 Some sectors are heavily dependent on the weather conditions for the autumn period, and many operators are holding out for more good weather. Some businesses in South East Wales are looking forward to the autumn rugby internationals.

"Autumn internationals will help bring in customers"
Restaurant, South East

"When the weather is good they all flock here."
Café, South West

CONFIDENCE TREND



Confidence is normal for this time of year

10.3 Confidence in the tourism industry is seasonal. When the summer is over, operators don't usually feel the same level of confidence about the coming season. Nevertheless, confidence for autumn 2018 is similar to the autumn in other years.

"Autumn is always quite grim, but we're expecting it to be."
 Serviced accommodation, South East

"It's always quieter in the autumn season, that's normal."
 Caravan & campsite, North

"Bookings are rolling in"
 Caravan park, South West

Wales Tourism Business Barometer

Summer 2018

Sector	Sector	
	Serviced accommodation.....	<input type="checkbox"/>
	Self catering.....	<input type="checkbox"/>
	Caravan / campsite	<input type="checkbox"/>
	Hostel	<input type="checkbox"/>
	Attraction	<input type="checkbox"/>
	Activity operator.....	<input type="checkbox"/>
	Restaurant / pub / cafe	<input type="checkbox"/>

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

Yes Go to Q2
No..... Go to Q7

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

More than last year.....	<input type="checkbox"/>
About the same as last year.....	<input type="checkbox"/>
Fewer than last year.....	<input type="checkbox"/>
Don't know.....	<input type="checkbox"/>

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

Better weather	<input type="checkbox"/>
Own marketing	<input type="checkbox"/>
Repeat business.....	<input type="checkbox"/>
Economic recovery.....	<input type="checkbox"/>
Increased bookings through online agent (e.g. booking.com).....	<input type="checkbox"/>
Signed up with new agency (self catering)	<input type="checkbox"/>
Recommendations	<input type="checkbox"/>
Upturn in tourism	<input type="checkbox"/>
Increased capacity	<input type="checkbox"/>
Events in the area	<input type="checkbox"/>
Improved rooms or facilities	<input type="checkbox"/>
More British people staying in the UK.....	<input type="checkbox"/>
More overseas visitors	<input type="checkbox"/>
Don't know.....	<input type="checkbox"/>
Other.....	<input type="checkbox"/>
Please specify other	<input type="text"/>

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

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

Q5 Looking at the origin of your visitors, how is the level of business to date this year from each of the following markets compared to the same period last year?

INTERVIEWER: IF THEY NEVER RECEIVE VISITORS FROM A PARTICULAR MARKET, TICK 'NOT APPLICABLE'

	Up on last year	About the same as last year	Down on last year	Don't know or not applicable
Q5 Wales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5 UK outside of Wales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5 Republic of Ireland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5 Germany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5 Other European countries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5 North America	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5 Rest of the world	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q6 How does your overall profitability to date this year compare with the same period last year?

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

Q7 How confident are you for the autumn season?

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

Q8 Interviewer: record all useful comments on performance this summer, particular markets or confidence for the autumn

- Q9 Up to this point, how far, if at all, has Brexit affected your visitor levels?
- It has been very positive.....
 - It has been slightly positive
 - It has had no effect.....
 - I has been slightly negative.....
 - It has been very negative
 - Don't know.....

- Q10 Does your business employ anyone other than the proprietors?
- Yes.....
 - No.....

- Q11 IF YES TO Q10
- How, if at all, has Brexit impacted on staffing at your business? UNPROMPTED
- Positive impact
 - No impact
 - Negative impact - difficulties in recruiting new employees.....
 - Negative impact - difficulties in retaining existing employees
 - Negative impact - other reason
 - Don't know.....

- Q12 IF ANY IMPACT IN Q11
- Please comment on the impact on staffing
-

- Q13 ALL
- What impact, if any, do you think no deal for Brexit would have on your business?
-

- Q14 Could I just confirm whether your business is graded or accredited by Visit Wales?
- Yes.....
 - No.....

Thank you for your time

- Region Region of Wales
- North.....
 - Mid.....
 - South West.....
 - South East.....

Company Company

ID ID - Please do not get this wrong! Check and check again before you submit!

Interviewer: please record your name

r