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1. Headline Findings

Christmas & New Year performance

1.1 The English tourism industry has had a steady start to the year. Just over one quarter (27%) of businesses have had more guests/visitors than in the same period last year and just over two in five (42%) have had the same level.

1.2 About one in four (24%) businesses have had a higher level of profitability, but this compares to more than one in three (36%) which have had a lower profitability level. Rising costs are the main reason for reduced profitability.

2009 performance

1.3 2009 was an excellent year for non-serviced accommodation. Two in three (65%) caravan & campsites had more visitors than in 2008 as holidaymakers sought ways to reduce their costs. The self catering sector also had a very good year, with almost half (47%) increasing their guest numbers.

1.4 Guesthouses & B&Bs have suffered in the economic climate, with two in five (40%) reporting reduced guest numbers in 2009.

1.5 Profit margins were eroded slightly in 2009 in all sectors. Rising costs are the prominent reason for this, rather than price slashing.

1.6 The business tourism market has suffered in the recession, whereas the leisure visitor market has flourished as more British people have been remaining in the UK.

Future outlook

1.7 Booking levels up to Easter are well down on the norm. One in six (17%) businesses have more bookings than normal at this time for the spring and Easter period, but two in five (41%) have fewer. Booking levels beyond Easter are about the same as normal overall.

1.8 The main reason for booking levels being down for the next few months is that the trend to book very last minute is continuing into 2010. For this reason, operators are mostly not concerned. One in four (24%) operators are ‘very confident’ for the spring and Easter period, and well over half (56%) are ‘fairly confident’.
2. Research Background

Objectives

2.1 This survey is the first of four or five ‘waves’ in the 2010 ‘Business Confidence Monitor’, which aims to measure business performance and confidence in the English tourism industry over the main holiday periods. This wave focuses on the Christmas and New Year season, as well as the year 2009 as a whole.

2.2 The main objectives of this first wave are to measure:

- Business performance during the Christmas & New Year period
- Performance during 2009 compared to 2008
- Perceived reasons for relative success or failure in 2009
- Advance bookings up to Easter 2010 and beyond Easter
- Confidence for the spring/Easter season and the remainder of 2010

Methodology

2.3 Strategic Marketing and VisitEngland worked together to design a questionnaire for telephone interviewing. A copy of the marked-up questionnaire is included as an appendix.

2.4 A total of 501 interviews have been completed by telephone with business owners or managers between 11th and 21st January. Calls have been introduced on behalf of VisitEngland and have been conducted during daytime and evening hours.

Sampling

2.5 VisitEngland provided Strategic Marketing with a database of all graded accommodation businesses in England. We devised the sample quotas on the following page in order that the sample is representative of the industry by sector and region. The overall size of each sector quota has been set in accordance with the relative number and size of businesses which that sector contributes to the industry. The size of each regional quota has been set using VisitBritain’s 2007 Census of Accommodation Stock.
2.6 London hotels are the exception. The graded accommodation database is lacking in London hotels and so the quota is the most realistic number of telephone interviews achievable from a very limited data set within a given timeframe. Weighting the results of this cell is not possible with only four interviews.

2.7 Some multiple business contacts on the database share the same contact person and telephone number as they are part of the same chain or agency. We have set separate quotas for these ‘chains’ which lie outside of regional categorisation.

<table>
<thead>
<tr>
<th>Region / Sector</th>
<th>Guest house / B&amp;B</th>
<th>Hotels</th>
<th>Self catering</th>
<th>Caravan &amp; campsites</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>6</td>
<td>8</td>
<td>3</td>
<td>9</td>
<td>26</td>
</tr>
<tr>
<td>North West</td>
<td>25</td>
<td>20</td>
<td>18</td>
<td>16</td>
<td>79</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>12</td>
<td>11</td>
<td>17</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>East Midlands</td>
<td>7</td>
<td>11</td>
<td>7</td>
<td>16</td>
<td>41</td>
</tr>
<tr>
<td>West Midlands</td>
<td>14</td>
<td>6</td>
<td>3</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td>East of England</td>
<td>9</td>
<td>9</td>
<td>11</td>
<td>23</td>
<td>52</td>
</tr>
<tr>
<td>London</td>
<td>27</td>
<td>4</td>
<td>2</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>South East</td>
<td>24</td>
<td>12</td>
<td>23</td>
<td>11</td>
<td>70</td>
</tr>
<tr>
<td>South West</td>
<td>24</td>
<td>19</td>
<td>29</td>
<td>25</td>
<td>97</td>
</tr>
<tr>
<td>Chains</td>
<td>2</td>
<td>-</td>
<td>12</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
<td><strong>100</strong></td>
<td><strong>125</strong></td>
<td><strong>126</strong></td>
<td><strong>501</strong></td>
</tr>
</tbody>
</table>

2.8 In addition to sampling by region within each sector, we have also sampled by business size, defined by bedspaces, because if left to chance, the overall sample would be biased towards smaller businesses. These quotas are shown on the following page.
2.9 Within each sector we have viewed the available bedspace data and split the contacts into ‘large’ and ‘small’ businesses. The definition of ‘large’ is different for each sector, and is detailed in the table below.

### Sample breakdown by size and sector

<table>
<thead>
<tr>
<th>Size / Sector</th>
<th>Guest house / B&amp;B</th>
<th>Hotels</th>
<th>Self catering</th>
<th>Caravan &amp; campsites</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>62</td>
<td>26</td>
<td>25</td>
<td>60</td>
<td>173</td>
</tr>
<tr>
<td>Small</td>
<td>88</td>
<td>74</td>
<td>100</td>
<td>66</td>
<td>328</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
<td><strong>100</strong></td>
<td><strong>125</strong></td>
<td><strong>126</strong></td>
<td><strong>501</strong></td>
</tr>
</tbody>
</table>

**Definition of ‘large’**

- More than 10 bedspaces
- More than 100 bedspaces
- More than 10 bedspaces
- More than 100 bedspaces

### Statistical validity

2.10 Throughout the results sections of this report, differences by sector, size or location (Seaside / Large town/city / Small town / Countryside/village) are reported if they statistically valid at the 95% confidence level. Differences by region are not reported because the individual sample sizes are not large enough to make robust comparisons.

2.11 More details on statistical validity are available on request.
3. Christmas and New Year Performance

3.1 Questions about Christmas & New Year performance have been asked to businesses which were open for at least some of the period both this year and last year – 307 businesses. Those answering ‘don’t know’ or refusing to give an answer (especially about profitability) have been excluded and the figures have been re-based accordingly.

Guest/visitor numbers are steady

![Pie chart showing guest/visitor numbers](chart.png)

(Q3) "How many guests / visitors did you have during the Christmas and New Year period?"

- 27% More than last year
- 42% Same as last year
- 31% Fewer than last year

21/01/10 Base: 298

3.2 The English tourism industry has had a steady start to the year. Just over one quarter (27%) of businesses have had more guests/visitors than the same period last year and just over two in five (42%) have had the same level. 3% of those asked the question answered ‘don’t know’.

“Christmas was a success”
Self catering, South West

“A big drop at Christmas because no Christmas parties were happening in the area as usual”
Guesthouse, South East

3.3 Differences by sector and location are not very significant as the base is reduced due to many businesses closing during this period.
3.4 Profit margins have been eroded slightly in all sectors. Some (24%) businesses may have increased their profits for the period, but relative to their increase in visitors, profit levels have not increased by the same degree.

3.5 The main reason for reduced margins is rising costs. Normally operators would put their prices up in such circumstances to maintain their margin, but the economic climate and customers price shopping much more than they used to have meant that many operators have been forced to keep their prices the same.

“...unable to raise the rates, it’s just too competitive out there”
Hotel, North East

“Business rates have gone up £10,000 in the last two years”
Caravan park, West Midlands

3.6 The guesthouse & B&B sector has endured a particularly tough period, with one in five (19%) businesses increasing their profitability, but half (49%) have experienced decreased profitability.

3.7 About one in ten (9%) operators being asked the above question either could or would not offer an answer. Profitability is a sensitive issue for some, and others don’t know their profitability until they have processed their accounts more thoroughly.
4. Performance in 2009

4.1 Questions about 2009 performance have been asked to businesses which have open for longer than two years – 445 businesses. Those answering ‘don’t know’ or refusing to give an answer (especially about profitability) have been excluded and the figures have been re-based accordingly.

2009 was a good year for non-serviced accommodation

(Q6) "Looking back at 2009 as a whole, how many guests / visitors did you have compared to 2008?"

- Caravan & camping: 65% More, 25% Same, 10% Fewer
- Self catering: 47% More, 30% Same, 23% Fewer
- Hotel: 40% More, 22% Same, 38% Fewer
- Guesthouse / B&B: 25% More, 35% Same, 40% Fewer
- Overall: 44% More, 28% Same, 28% Fewer

21/01/10

Base: 424

4.2 2009 was an excellent year for non-serviced accommodation. Two in three (65%) caravan & campsites had more visitors than in 2008 as holidaymakers sought ways to reduce their costs. The self catering sector also had a very good year, with almost half (47%) increasing their guest numbers.

"Recession has helped our business out"
Self catering, Chain

"We noticed a lot of British people staying in the UK for their holidays last summer which was great for us"
Caravan park, North West

4.3 Guesthouses & B&Bs have suffered in the economic climate, with two in five (40%) reporting reduced guest numbers in 2009. This sector has not only lost business to non-serviced accommodation but operators have also found themselves out-competed by hotel chains offering prices they can’t get near.
“Hotels have slashed their tariffs and we can’t compete with that”
B&B, South East

“I think that the Alton Towers hotels have dropped their prices and undercut the rest of the hotels, which has caused them to either close or at least harmed their numbers”
B&B, West Midlands

Reasons for being busier

(Q7) (IF MORE) "Why would you say you had more guests / visitors in 2009?" (DO NOT PROMPT)

- More British people stayed in UK: 48%
- Own marketing: 21%
- Repeat business: 18%
- Recommendations: 13%
- More overseas: 9%
- Better weather: 6%
- Increased capacity: 5%
- Events in the area: 3%
- Don’t know: 10%
- Other: 5%

The most common reason given for being busier in 2009 was that more British people stayed in the UK instead of taking their holiday abroad. Some say this is because of the recession and some say that the weak pound is the underlying reason. The exchange rate also explains why some have seen an increase in overseas visitors.

“Because of the Euro we have seen more UK residents staying”
Self catering, Chain

“More British people we found stayed in the UK in 2009 and the pound is very weak”
Caravan park, East Midlands
“London seems to have been quite strong this year, with the pound weak and the euro stronger, there have been more overseas than usual”
Hotel, London

Marketing pays off

4.5 One in five (21%) respondents say they were busier in 2009 because of their investment in marketing.

“As we are a large holiday operator, we are able to invest in a lot of advertising, which brings in a lot of our visitors, in particular new visitors”
Caravan park, North West

“We increased our marketing”
Guesthouse, Chain

Repeat business brings stability

4.6 During difficult times, some operators manage to buck the trend in their sector because their regulars keep the revenue flowing.

“I get lots of repeat visitors, for example I’ve had one man here for 4 days a week for 18 months”
B&B, East of England
Reasons for being quieter

(Q9) (IF FEWER) "Why would you say you had fewer guests / visitors in 2009?" (DO NOT PROMPT)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic climate</td>
<td>56%</td>
</tr>
<tr>
<td>Weather not as good</td>
<td>13%</td>
</tr>
<tr>
<td>Decline in business guests</td>
<td>8%</td>
</tr>
<tr>
<td>Unforeseen problems</td>
<td>8%</td>
</tr>
<tr>
<td>Strong competition</td>
<td>8%</td>
</tr>
<tr>
<td>Downturn in tourism in the area</td>
<td>6%</td>
</tr>
<tr>
<td>Business winding down</td>
<td>3%</td>
</tr>
<tr>
<td>Fewer overseas visitors</td>
<td>2%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>14%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

21/01/10

Base: 118

4.7 More than half (56%) of those experiencing a decrease in visitors in 2009 state the economic climate as a key reason.

“I think it is mainly the economic climate at the moment. We have kept our prices the same as in previous years and have been advertising as normal - numbers have just decreased”

B&B, North West

Business tourism has been hit hard

4.8 More specifically it is the business tourism market which has been hit hard as companies have been much more careful about overnight expenses and have reduced budgets for conferences. This probably explains why operators based in large towns/cities, where only one in three (31%) increased their visitors numbers for the year, performed weaker than those in seaside locations (48% increased visitors) and those in villages or countryside (47%).

“The recession has hit business ... not so many contractors and business customers staying”

B&B, South East
“We rely on the workers and contractors, and with the recession they’re cutting back a lot”
B&B, West Midlands

“With the economy, companies are tightening their belts and so there’s less business trade coming in”
Hotel, Yorkshire

Some have just had bad luck

4.9 Even the best business managers can’t do anything about some very unfortunate circumstances which may come their way.

“We were doing well up until October, then there were floods in Cumbria. There was no flooding where we are but due to the media hype people stopped coming”
B&B, North West

“We were quieter due to the council changing the road systems in Blackpool and taking down the signs to the hotel”
Hotel, North West

“I broke my leg in October and closed”
B&B, South East
Profit margins eroded

(Q11) "What was your level of profitability in 2009 as a whole compared to 2008?"

![Bar chart showing profitability levels for different sectors]

4.10 As discussed previously under Christmas & New Year performance, profit margins have been eroded slightly in all sectors. Some businesses, especially non-serviced, may have increased their profits for the period, but relative to their increase in visitors, profit levels have not increased by the same degree.

4.11 As with Christmas & New Year, the main reason for reduced margins is rising costs.

4.12 A fairly high proportion (13%) of those being asked the question have not been prepared or been able to give an answer.

"Although we have had an increase in visitors in 2009, our profits are still the same ... due to costs being pushed up and taxes are up"

Caravan park, East Midlands
5. Trends in Visitor Types

(Q12) "Looking now at certain types of visitor, how did your . . . visitor levels compare to the year before?"

<table>
<thead>
<tr>
<th>Type</th>
<th>Up</th>
<th>Same</th>
<th>Down</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>36%</td>
<td>45%</td>
<td>19%</td>
</tr>
<tr>
<td>Overseas</td>
<td>33%</td>
<td>42%</td>
<td>25%</td>
</tr>
<tr>
<td>Business</td>
<td>18%</td>
<td>46%</td>
<td>36%</td>
</tr>
<tr>
<td>Leisure</td>
<td>34%</td>
<td>48%</td>
<td>18%</td>
</tr>
</tbody>
</table>

5.1 Operators have been asked to comment on their visitor levels for 2009 by different visitor types. There are some inconsistencies in the results compared to overall visitor levels (Q6). Operators were generally less sure of their answers for this question (Q12) than they were for Q6, even if they have felt knowledgeable enough to offer an answer. There has been a high proportion of ‘don’t knows’ and ‘not applicables’ and these have been excluded.

“I don’t know the breakdown of the types of visitors without looking through all the books, sorry”
Hotel, North West

Overseas visitor levels are a matter of opinion

5.2 It is fairly clear that domestic visitor levels on the whole were up in 2009. Overseas visitor levels however are much less clear-cut as comments and results vary a lot. Whether a business has had more or fewer overseas visitors seems to depend on their exact location and which nationalities they usually attract. It seems that European visitors were up in 2009, but Americans possibly down.
“I am finding there are more Europeans probably from the pound”
B&B, South West

“There are significantly fewer overseas visitors – no Americans and only the odd Aussie”
B&B, East Midlands

“Down on overseas”
Hotel, North West

“I have seen more Germans last year – don’t know why”
B&B, South East

“Haven’t had any overseas visitors in 2009”
B&B, East of England

“More Europeans, fewer Americans”
B&B, East of England

5.3 The self catering sector has experienced the largest increase in overseas visitors, with nearly half (45%) attracting more in 2009.

“We have seen more Europeans staying last year”
Self catering, South West
6. Advance Booking Levels

Spring and Easter

(Q14) "Compared to the norm for this time of year, how are your booking levels looking for the spring and Easter period?"

<table>
<thead>
<tr>
<th>Sector</th>
<th>Better</th>
<th>Same</th>
<th>Not as good as</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caravan &amp; camping</td>
<td>24%</td>
<td>53%</td>
<td>23%</td>
</tr>
<tr>
<td>Self catering</td>
<td>21%</td>
<td>30%</td>
<td>49%</td>
</tr>
<tr>
<td>Hotel</td>
<td>20%</td>
<td>41%</td>
<td>39%</td>
</tr>
<tr>
<td>Guesthouse / B&amp;B</td>
<td>5%</td>
<td>40%</td>
<td>55%</td>
</tr>
<tr>
<td>Overall</td>
<td>17%</td>
<td>42%</td>
<td>41%</td>
</tr>
</tbody>
</table>

21/01/10  
Base: 415

6.1 About one in six (17%) operators being asked the above question have been unable to give an answer, mostly because they don’t open until after Easter, or they open at Easter but don’t receive bookings this far in advance.

Advance bookings are well down

6.2 Advance bookings for the spring & Easter period are well down on the norm for this time of year in all sectors apart from caravan & camping. The guesthouse / B&B sector in particular looks like it could be in for another rough year.

“I am a little nervous for Easter”
B&B, South West

“I think in 10 years or so people like me won’t be in the business, it’ll all be chains”
B&B, East Midlands
“I've currently got a few business regulars keeping me going, but I'm not getting any new visitors which is what worries me”
B&B, West Midlands

“The contractors that I usually get are now stopping at big hotels because of their low prices”
B&B, West Midlands

Last minute trend

6.3 Many operators however have commented that the reason for bookings being down is the prominent trend to book very last minute which was experienced all through 2009. Customers now shop around on price a lot more than they used to and also wait as late as possible to see what the weather is going to be like before committing to anything.

“It's very hard to predict in this day and age. We often get last minute bookings which can change everything”
Self catering, East of England

“I haven't got any bookings for Easter yet but I can understand with the weather as it is at the moment, people will leave it a bit short notice to see what it will be like”
B&B, South West

“With the weather as it is at the moment ... people are hanging on a bit before booking so they know what it will be like”
B&B, South West
6.4 About three in ten (29%) operators have been unable to answer the above question, mostly because they don’t get bookings this far in advance.

6.5 Beyond Easter, the picture is looking more optimistic than up to Easter. In particular booking levels for businesses in seaside and rural locations are looking better than in large towns and cities.

“We are booked for the summer, just waiting for the spring”
Self catering, South East
7. Confidence

Spring & Easter

(Q16) "How confident are you for the spring and Easter period?"

- Very confident: 24%
- Fairly confident: 56%
- Not very confident: 14%
- Not at all confident: 6%

21/01/10  
Base: 444

7.1 About one in ten (11%) have answered ‘don’t know’ to the above question and these have been excluded from the results.

7.2 In spite of lower booking levels, confidence for the spring & Easter period is reasonably high.

“The holiday periods tend to take care of themselves so we are not that worried”

B&B, North West
Beyond Easter

(Q17) "And how confident are you for remainder of 2010, beyond Easter?"

7.3 Just over one in ten (12%) have answered ‘don’t know’ to the above question and these have been excluded from the results.

7.4 Confidence is generally high for the remainder of 2010. Understandably, the proportion answering ‘very confident’ is higher in the sectors with good booking levels (caravan & campsites, self catering – 35%) than in sectors where bookings are down (guesthouse / B&B – 17%).

7.5 Operators are relying to some extent on the last minute bookings coming in, as they did last year, and the weather is inevitably a major factor for many.

“Last year was amazing and this year has started just as good so very confident for another good year”
Self catering, South West

“Very confident as we are the best caravan park in the area and we are hoping for good weather”
Caravan park, North West

“Although we are confident, our business completely depends on the weather”
Caravan park, North West