

Choose Suffolk – Latest Tourism Trends

April – June 2009

Every quarter the Choose Suffolk Tourism Partnership provides an overview of the latest tourism trends in the county.

In this issue we cover the impact of the recession on Suffolk's tourism businesses. We've spoken to a range of industry insiders in Suffolk and analysed data from East of England Tourism's Business Confidence Monitor to assess what the recession means for tourism in Suffolk. What's more, we provide you with a feature on online marketing for the tourism industry as well as an overview of the county's 'average' tourism visitor, created using the UK's leading geo-demographic profiling tool, ACORN. Finally we've provided the latest serviced accommodation occupancy statistics for the county.

1: The Recession: What is the Impact on Suffolk's Tourism Industry?

From the onset of the 'Credit Crunch' through to the current dark days of recession, there have been conflicting opinions with regard to the impact on the tourism industry. But what is the real situation for Suffolk's tourism industry?

With 16 years of unbroken growth coming to an end, the downturn has been both swift and brutal, showing little consideration for company size, history or reputation. Starting in 2007, the history of the Credit Crunch has been well documented and was primarily created by lax lending rules which enabled the less scrupulous financial institutions to exploit vulnerable consumer markets.

Indeed, when years of poorly considered lending finally caught up with banks, the resulting losses ran into hundreds of billions of pounds, particularly in the US where sub-prime borrowers began to default on repayments. Previously carefree investors became reluctant to pump further funds into potentially unstable financial products and institutions. The resulting lack of liquidity effectively caused interbank lending to seize up, meaning there was little or no money available for consumer borrowing.

As credit dried up and consumer confidence fell, house prices – the modern bedrock of the UK economy, spiralled downwards. Even drastic action by the Bank of England which slashed interest rates by 4.5 percentage points in the five months to March, couldn't revert the fall in prices. Indeed, between quarter one 2008 and quarter one 2009, the average house prices fell by almost 17%.

The lack of credit has hit both consumers and businesses, smashing confidence and leading to an increasing nervousness worsened by doomsday style warning of financial apocalypse lasting for as much as a decade.

Recession was officially confirmed by the Office for National Statistics (ONS) in January of this year, when figures revealed that the economy contracted during the final two quarters of 2008. Since this period the economy has been subject to some startling setbacks.

Further ONS data suggests that the economy shrank by as much as 2.2% in the first quarter of 2009, eclipsing all previous declines since 1979. The unemployment rate reached 7.1% in March, with 2.22

million people jobless, up 592,000 year on year. This represented the 15th consecutive monthly increase.

This uncertainty in the job market exacerbated the decline in consumer confidence, with demand for big ticket items taking a bashing. As recently as last month, UK car sales fell by 24.8% compared to the same month last year.

The hospitality industry certainly hasn't been immune to this trend. Figures for economic output in the third quarter of 2008 suggested that that, retailing, hotels and catering experienced a significant drop in output, of 1.7%. Global research agency Euromonitor suggested that the hotel sector will shrink by 3.6% in 2009, whilst air travel (which was originally forecast to grow by 5.3%) will now decrease by 2.3%.

Graham McGregor, Operations Director of Seckford Hall Hotel echoes this finding, "Local trade has diminished quite dramatically over the last few months as local residents 'trade down' as to their choice of where to visit as their disposable incomes have reduced."

Further evidence is provided by the International Passenger Survey which suggests that despite the weak pound, the number of overseas residents visiting the UK was down 13% year on year during quarter one of 2009.

Whilst this data makes disturbing reading, recent news has been more positive, suggesting that the darkest days may be over. Indeed, mortgage lending increased by 16% in April compared to the previous month, with new house buyer enquiries rising for the seventh month in a row. As a result house prices saw a surprising increase in May, rising 2.6%. At the start of June Sterling had climbed to its highest level against the Euro since the start of the year and in a further unexpected boost, the ONS reported that output rose in April (the first month on month increase since February 2008).

According to the BBC, Martin Weale, Director of the National Institute of Economic and Social Research, suggested that he expects, "The official figures to show either that the recession is over or that it is close to over" in the second quarter of 2009.

Local Market Conditions

So how does this translate for Suffolk's tourism industry and what is really happening on the ground?

East of England Tourism's Business Confidence Monitor for the first quarter of the year makes interesting reading. Indeed, whilst it's clear that the recession has played a fairly significant part in performance levels, many businesses are still operating at levels exceeding quarter one in 2008. In fact, the Monitor suggests that the degree of confidence amongst Suffolk tourism operators is higher than amongst their counterparts in the rest of the eastern region.

Results suggest that the net trend was for an increase in visitors and guests. Indeed, whilst 34.2% of respondents indicated that they had witnessed a year on year downturn in visitor volumes, 39.5% had experienced an increase. These results were significantly better than those witnessed at the regional level, where 44% of businesses had experienced a downturn in visitors and guests.

The Suffolk Food Hall is one business that has seen an increase in turnover. Director, Oliver Paul says, "Sales are up by an average 16.6% year to date, with the strongest growth in the restaurant (+36.9%)."

Those respondents witnessing an increase in volumes suggested that improved marketing has played a significant role.

Tarnia Robertson, Marketing Director of Ufford Park believes that a change in marketing strategy has helped the hotel, golf and spa complex stay buoyant in a difficult market, "The recession has hit the corporate world much worse than the leisure industry. As a company we have proactively focused all our energies on attracting more leisure business to the hotel - particularly over the January to April period."

Respondents also indicated that consumer loyalty has helped weather the storm, a view reflected by Marc Ernesti of Aldeburgh Music who suggests, "Our sales not so much affected thanks to a very loyal audience base."

This loyalty is possibly the result of reluctance amongst British consumers to cut back on holiday and leisure activities. A recent survey by Visit Britain suggests that fewer Brits are willing to make any sacrifices to their leisure time intentions as a result of the recession, than the residents of any other European country apart from Finland.

Interestingly, results from the Confidence Monitor show that a greater number of businesses expect their profitability to increase year on year, than fall. Just under 40% expected to see an increase in profit, compared to 35.5% anticipating a fall.

This is perhaps surprising in the context of falling prices. Robert Gough, Managing Director of Gough Hotels suggests, "We've had an extremely positive start to the year, but we have had to be very competitive when it comes to price. Indeed, we're working hard to maintain occupancy levels, but this is often at the expense of average room rate." Tarnia Robertson echoed this sentiment, saying, "The competition for business is extremely high, added to the fact that clients will negotiate a reduction of rates - simply because they can!"

Despite the surprisingly positive picture with regard to visitor volumes and profit, EET's Confidence Monitor indicates a high level of pessimism with regards to the second quarter. Whilst just under 35% of respondents expected a year on year increase, 44.8% believed that visitor numbers would fall when compared to the same period in 2008. However, once again the results for Suffolk were significantly better than those for the eastern region as a whole, with 53% of regional businesses expecting to see a decrease in visitor numbers.

Anecdotal evidence suggests that business over the course of the quarter wasn't always as bad as expected. Heritage Officer, Gill Hawkins from Moyse's Hall in Bury St Edmunds was one operator who saw business improve in quarter two. "Income for April and May has shown an increase especially during April. It looks like people who have decided to come away, either for a day visit or as part of a longer visit are willing to visit and spend a bit more."

Despite pessimism with regard to their own businesses, operators were more optimistic when it came to the industry as a whole and just fewer than 50% of Confidence Monitor respondents were optimistic about the industry's prospects for the coming quarter, compared to 29% who felt that the industry would not fare as well year on year.

A number of local and national studies have suggested that optimism for the industry is reasonably well founded, especially in relation to the summer season.

A survey amongst Suffolk residents by research agency IQuius, indicated that just under a quarter of consumers expected to increase expenditure on domestic holidays in 2009, compared to 15.9% looking to cut back. This compares favourably to the purchase of overseas holidays, with a similar level of respondents indicating an increase in expenditure, but 23.2% indicating that they would be cutting back. This latter statistic reflects a survey conducted by Travelodge which suggested that the proportion of Britons going abroad dropped from 33% in 2008 to 27% in 2009.

The previously mentioned Visit Britain survey indicated that British residents are significantly more concerned about value for money than price. With the decline of the pound against many of the world's leading currencies, this points to good news for the domestic market.

Whilst work by VisitEngland suggests that further effort is needed to show overseas residents the improved value offered by UK holidays, Graham McGregor of Seckford Hall suggests that there is some legitimacy to this claim. He believes, "There is a great deal of talk about the growth of domestic tourism this year as well as an increase of inbound travellers, and to a certain extent this seems to be true." Robert Gough is similarly minded and says, "Due to the exchange rates a lot of people are looking to holiday in the UK and there are lots of opportunities to trade successfully."

This is backed by Tarnia Roberston who says, “Easter bookings were in fact better this year than last year and our advanced bookings are already looking good for the Summer Holidays.”

However, Marc Ernesti believes that businesses may have to wait until the season is in full flow before they feel the full benefit, “It feels like decisions are being made rather late – people hold on to their money, probably waiting for last-minute deals.”

So what do the coming months hold for our tourism businesses?

Robert Gough urges caution. “I think there will be more of the same in the months to come, but things will get harder. East Anglia has been relatively less affected by the recession than other regions and things will get worse in the remainder of the year.”

However, the Treasury is forecasting a return to economic growth in 2010. Whether this prediction comes to fruition remains to be seen, but Euromonitor is even more optimistic, suggesting that growth will return to the hospitality sector before the year is out. This is backed by Price Waterhouse Coopers which believes that the hotel sector in provincial areas of the country should see a recovery towards the end of the year.

With green shoots of recovery becoming increasingly apparent it remains to be seen whether or not the recession will genuinely lift or whether recent positive signs will provide little more than temporary respite. Regardless, Tarnia Robertson closes with some words of wisdom, “Provided companies keep focused and proactive, there is still enough business out there to survive until the economy as a whole picks up.”

NB: Carried out in conjunction with Choose Suffolk, East of England Tourism's Business Confidence Monitor assesses how the county's businesses are performing and their perceptions of likely performance over the coming months. Generating 76 responses, the most recent Monitor covers the first quarter of 2009.

[2: Making the Web Work for Tourism](#)

Hands up if you had heard of Expedia, lastminute.com, Ryanair and easyJet before the dawn of the internet?

These and many other companies have emerged as a direct result of the growth in the internet, basing their business models around significant investment in online marketing. Indeed, the internet continues to provide considerable opportunities within the tourism industry, not least for existing businesses.

Signs are that despite the recession, the online travel market will continue to grow. Following a survey conducted amongst 500,000 travellers in 58 countries, CEO of IPK International, Rolf Freitag was moved to suggest that internet bookings would “surge” in 2009.

PhoCusWright concurs, suggesting that the European market will continue to see double-digit growth for the foreseeable future. With IPK suggesting that 55% of all Europeans use the internet to either research or book travel and online bookings now representing some 29% of the total European tourism industry, such growth should not be dismissed lightly.

Whilst largely considered to be a relatively mature market, research carried out by EyeForTravel suggests that the UK will see a growth of 9.5% in online bookings during 2009. Again, not a statistic to be sniffed at given that the UK market already represents more than a third of European Internet Travel sales.

Growth is partially attributed to the current financial downturn and a survey of 1,000 consumers by Kayak.co.uk suggests that 92% believe that the best deals can be found online. This is intensified by an increasing trend amongst tourism businesses to turn to the web in order to reduce costs.

So whilst the potential is clear, just how large is the market and how should tourism businesses exploit it?

Nokia estimates that there are already more than 1.5 billion devices capable of accessing the internet worldwide (including PCs, mobiles, PDAs and video games consoles). By 2012, this number is expected to double. Indeed, 71% of UK households currently have internet access and the UK's online audience is second only in size in Europe to Germany, with 37 million unique visitors in April 2009.

Data from Eurostat, the EU's official data agency shows that 48% of all individuals in the UK aged between 16 and 74 used the internet to find travel and accommodation services in the first quarter of 2008. Consider that internet analysts Nielsen suggest that the average UK resident spent over 22 hours online in April 2009 (a year on year increase of almost six hours) and you'll appreciate the level of exposure possible through the internet.

Whilst there is clearly a sizeable and growing market, in order to be worthwhile any online communication has to be carefully managed. Effective targeting and relevant messages are essential. A website is no doubt vital in these times, as is a strategy to drive people towards it.

Online marketing specialist, Hitwise believes that search engines are still the main driver of traffic to travel website, generating 37% of total hits. Google represents by far the most important single channel, providing 28% of all traffic. This data clearly spells out the importance of search engine optimisation (SEO) to ensure your site is as visible as possible.

Whilst SEO is an important element in the online marketing armoury, it is also worth considering the value of pay-per-click and other forms of online advertising. Considering what (i.e. the content of the message) and where (i.e. where the advert is placed) are key determinants of success, but timing is also critical.

Data from Yahoo reveals that more people are using the internet in the evenings as an alternative to watching the TV. According to a study by the Internet Advertising Bureau, UK internet users of all ages are most likely to pay attention to online adverts after 6pm. This tallies with Yahoo's research which suggests that 56% of consumers prefer to look at travel websites on weekday evenings.

Of course, a more targeted approach also has merit and data from marketing services firm, Epsilon suggests that those suppliers who invest in a decent email marketing campaign are well rewarded.

Almost two thirds (63%) of recipients of travel e-mails said they were more likely to buy goods from companies that sent them emails. This compares favourably to other sectors including retail (56%), consumer packaged goods (55%), pharmaceutical (44%) and finance (40%). Epsilon reckons that as many as 73% of potential travellers receiving emails click through to the relevant website. Whilst this is perhaps rather high, US based digital intelligence gurus ComScore suggest that email marketing achieves a 4.4% conversion rate, indicating a potentially lucrative return on investment for those targeting the right people in the right way.

Of course, recipients need to have either opted in directly with your company, or with the data bureau from which you have purchased their email address. Even so, not all recipients welcome email marketing and many will unsubscribe if they feel the messages aren't relevant.

Indeed, a survey by ROI Research indicates that 15% of permission based email recipients in Western Europe opt out frequently, with a further 50% opting out on an occasional basis. A lack of relevance was cited by 62%, with 60% suggesting that excessive frequency was also a reason for unsubscribing. Issues relating to privacy are also highly important, with 39% opting out because they believe their address is being sold on, 31% suggesting that they couldn't remember signing up in the first place and 19% worrying about security.

This suggests that whilst conversion levels can be significant, those neglecting to put the time and effort into their email marketing will likely cause their brand and their database considerable damage. When you consider the relatively low costs involved in this form of marketing, it seems nonsensical not to invest wisely.

Without doubt, getting people to your website is only the first stage in a potentially drawn out battle. Keeping people engaged with your site is critical if they are to consider making a purchase. A survey of 11,000 Yahoo users in Europe points to a demand for simplicity amongst travel consumers.

Just under 70% of UK respondents indicated that simplicity and clarity of information were the most important consideration for remaining engaged with a website. This is backed by evidence from a similar study conducted by Frommers Unlimited which revealed that half of all travellers have struggled with websites that are poorly constructed, difficult to use or contain out of date information.

Data from TravelMole signals a thirst for information amongst consumers using travel websites. Over three quarters want to see pictures of accommodation and facilities, with 72% requiring a detailed written description of the destination. A similar percentage indicated that destination maps, details of local activities and weather information were also desirable.

Online booking facilities are also important. Evidence suggests that, online booking systems reduce customer drift due to slow response times by operators. The Frommers Unlimited survey found that around one third of travel consumers had been frustrated in their attempts to garner a response to email enquiries on sites which didn't include facilities to book online. In other words an online booking system enables customers to overcome these frustrations, booking in real-time whilst also facilitating impulse purchases that simply wouldn't happen otherwise.

However, just because you have an online booking system doesn't mean you will instantly encourage potential consumers to purchase there and then. Research by RBS WorldPay reveals that 62% of UK consumers believe that online travel purchases represent security risks. Given that the same survey suggested that 55% make security their number one concern when making an online purchase, persuading your customers that your system is failsafe is key.

A relatively recent phenomenon which is now largely considered an essential tool in purchasing decision drivers is user reviews. The survey of Yahoo users suggested that 38% of consumers want user generated content – in other words, reviews from previous purchasers.

Regardless of whether you provide these on your own site, consumers will undoubtedly seek them elsewhere. The growth of sites such as Trip Advisor is evidence of this and PhoCusWright's Consumer Travel Report highlights the importance of so called 'Travel 2.0' (consumer generated content). It suggests that 50% of travel consumers cite reviews from previous travellers as an influential feature when booking a trip, with 43% indicating that traveller generated photography is also influential. These are both now considered of greater influence than reviews or photographs from travel experts and professionals.

Whilst little other than delivering consistently fantastic levels of service can be done to influence these, there are ways of tracking what is being said about your product or service. Applications such as Technorati, Jodange and Trendrr give you an insight into how your brand is perceived. Technorati enables users to find out what is being said in Blogs, Jodange tracks online consumer sentiment with regard to your brand and Trendrr compares your brand's online performance against other, similar brands.

With sites such as Trip Advisor increasingly gaining a critical mass of users and information, tracking them will be increasingly important as their influence will only gain in significance in years to come.

So what else does the future hold? Apart from continued growth, industry experts believe there will be a switch to mobile based booking. Research from Nokia indicates that more than half of those accessing the internet in 2012 will do so from a mobile device.

A recent EyeforTravel survey reveals that 74% of travel companies believe mobile marketing will become increasingly important in coming years. Companies such as Expedia, Lufthansa, Sixt and Marriott are already using mobile technology and Visit Britain has recently launched its mobiEXPLORE UK product, a free mobile application promoting the UK. The technology is advanced

enough to facilitate applications such as JetWallet, a system which enables consumers to book, alter and then check-in for flights on Jet Airways.

With KPMG suggesting that half of the world's mobile phone users are receptive to watching adverts in return for free content, and that 67% of travellers have already used their web enabled mobile devices to find local attractions, the mobile platform is clearly one to watch.

Aside from mobile technology, Travel 2.0 is also seen as being increasingly important, with social networking in particular viewed as *the* up and coming online channel. Whilst the more 'traditional' user generated content based sites such as Trip Advisor no doubt provide highly useful information and have a genuine longevity, the long-term benefits of using social networking sites are more questionable.

There are undoubted SEO benefits in social networking and whilst Enjoy England has recently joined Facebook and Visit Britain uses Twitter, questions are now being asked about whether the efforts involved in utilising these sites for marketing purposes provide a sufficient return on investment.

Facebook remains the UK's leading internet brand, accounting for 13% of all internet time, but recent research shows that fewer than 5% of online social networkers actually use such sites for researching purchasing decisions. With just 10% of Twitter users generating over 90% of the content, and most people only ever tweeting once during their 'lifetime', it is evident that the marketing benefits may not be all they are cracked up to be.

Further evidence is provided by PhoCusWright's Consumer Travel Report. This suggests that social networking sites are low down the list in terms of influencers when purchasing a trip. Just 15% of consumers suggested that they were influenced to purchase by the views expressed on social networking sites by people they didn't personally know.

When considered in the context of a study by Michael Stelzner which suggested that 81% of marketers actively using social networking sites felt they had generated exposure for whilst only 35% felt such sites had actually helped them make sales, its value as a platform for anything other than SEO is doubtful.

So, whilst the mobile platform is one worth considering and Travel 2.0 is seen as an essential consumer decision driver, social networking may be more limited in its scope when it comes to tourism marketing.

3: Average Joe - Suffolk's Typical Tourism Visitor

What does Suffolk's 'average' visitor look like? That's the question that the Choose Suffolk team is often posed when we are on our travels and it's not something that is particular easy to answer. Suffolk is clearly a varied market, with a range of tourism products available to suit all ages and budgets. However, we decided to see what we could come up with using ACORN.

What is ACORN?

As arguably the most powerful consumer segmentation tool available, ACORN helps marketers gain a better understanding of their customer base by analysing postcodes. Combining geography with demographics and lifestyle information, ACORN has been created in order to help identify the typical profile of customers to a particular retail or hospitality outlet. This in itself provides a platform from which to pinpoint the people who are most likely to need a particular product or service, and avoid wasting money marketing to those who are not.

ACORN is now used by some of the UK's biggest retail and hospitality companies including TUI, Hilton, Debenhams, Starbucks, Boots and BMW.

In order to create the profile, we used over 5,000 postcodes collected from our local authority partners and fed them into ACORN. Whilst this isn't wholly robust, it does at least provide a good overview of Suffolk's typical visitor.

At the most basic level the Choose Suffolk database indicates a particularly high prevalence of wealthy households.

Who is Average Joe?

Affluent Greys is the most significant Group, with an index score approaching 200, suggesting households in this category are almost twice as likely to occur within Suffolk's consumer-base as they are in the national population.

The occurrence of Prudent Pensioners, Wealthy Achievers and Settled Suburbia as the next most prevalent ACORN Groups highlights the importance of older, relatively well-off consumers. Aspiring Singles, Flourishing Families, Prosperous Professionals and Starting Out all appear within the database in levels higher than the national average, suggesting they shouldn't be overlooked.

Analysed in further detail, it is clear that ACORN Type 1B7 (Old People, Detached Homes) is most significant Type, achieving an index score of 236. 3J36 (Older People, Flats) also achieves an index score higher than 200, whilst 1A3 (Villages with Wealthy Commuters), 1B6 (Farming Communities) and 1B5 (Older Affluent Professionals) all achieve scores close to 200. These results suggest that communities of older, affluent people, largely based in less urban areas represent significant targets for any future marketing campaigns.

So what does this mean?

Whilst generalising about the characteristics of these groups is no easy task, ACORN suggests that they primarily own large, detached houses. They are well educated and employed in senior roles, and are more likely to have no children than be 'empty nesters'. They are significantly more likely to be involved in agriculture than the national average and have a high propensity to be self-employed.

They enjoy gardening, golf and skiing (in particular), they are keen consumers of culture and are reasonably financially savvy (being significantly more likely to have investments than loans). In general they are technically competent, although they are unlikely to spend significant amounts on mobile phone bills. They are reasonably likely to take two or more holidays a year and are just as likely to holiday in the UK as in a long haul destination.

By taking this into account and further considering the full profiles contained within the Appendix, Choose Suffolk can more effectively target its messages to ensure they appeal to the correct target audiences.

Help create a comprehensive profile of Suffolk's tourism consumers.....

However, to ensure we're getting things right we're keen to put together a more comprehensive picture of Suffolk's consumers. In order to do so, we need your help.

We're looking to collate as many postcodes as possible to enable us to create profiles for a number of destinations across the county, as well as a more comprehensive profile of the county's 'average' visitor.

We'll outline the results of this comprehensive county profile in the next quarterly bulletin, but any member organisation providing the postcodes from their consumer database will be able to access the full profile for their area as well. This will give you a unique insight into the type of people that your local area is attracting and where they come from, enabling you to better understand where to target your marketing. If you are willing and able to provide your postcodes (no further information required), please email

Choose Suffolk offers a range of ACORN profiling services, with a basic profile available for £400 + VAT (free to Gold Members). As well as profiles of your key customers, we can analyse your customer base by drive-times and show you where to find more hot prospects.

Karen Gough, Marketing Manager at Gough Hotels is a recent user of the service and told Choose Suffolk, "The Acorn profile has given us a great insight into our customers and with the help of Choose Suffolk, we have identified the best strategy for targeting potential new ones."

4: Quick Stats

Data from East of England Tourism's Serviced Accommodation Occupancy survey reveals a year on year decline in percentage room occupancy in Suffolk in the first two months of 2009. However, results for March were more promising.

Percentage Room Occupancy

	2008	2009	% Point Change
January	43.3	42.1	-1.2
February	56.6	48.9	-7.7
March	54.4	55.9	1.5

Percentage Bedspace Occupancy

	2008	2009	% Point Change
January	28.9	31.4	2.5
February	40.2	38.7	-1.5
March	40.6	44.6	4

To take part in EET's Accommodation Occupancy Survey and receive your performance benchmarked against the average, contact Kim Moden at kmoden@eet.org.uk

