

# Choose Suffolk – Latest Tourism Trends

## Issue 2

Throughout the year the Choose Suffolk Tourism Partnership provides an overview of the latest tourism trends in the county.

In this issue we investigate the ‘staycation’ phenomenon, speaking to a range of industry insiders in Suffolk and canvassing the opinions of our consumer panel. We’ve also looked at data from East of England Tourism’s Business Confidence Monitor and picked out a few recent bits of analysis from Visit Britain.

### 1: ‘Staycations’ – fact or fiction?

In the last edition of the Choose Suffolk Quarterly Tourism Research Bulletin we looked at the impact of the recession on the county’s tourism industry. The implications were wide ranging, but one of the key predictions was the onset of the ‘staycation’. With many Brits feeling the pinch, industry insiders expected a mini-boom in the UK tourism industry, with consumers choosing to stay at home rather than travel abroad. But what actually happened?

At a national level views are mixed. As the recession became the longest and deepest since records began in 1955 and unemployment soared, evidence from the Home Office suggested that the demand for passports had fallen by 10% since the credit crunch hit. At the same time, figures from VisitEngland show that the number of trips to English seaside resorts rose by 24% during June, July and August. Furthermore, during the same period there was an increase of 22% in the number of holiday trips taken in England by British residents. This was accompanied by a 20% increase in spend, all of which suggest that the ‘staycation’ prediction came to fruition.

However, Sarah Munro, Head of Travel at the Post Office, suggested that increases in demand for certain currencies points towards a rise seen across the industry and not just within the domestic market saying, "The tremendous summer increases recorded for the Turkish lira and Croatian kuna provide clear evidence that not all British holidaymakers deserted Europe or the Mediterranean for a 'staycation' this year." She indicated that this wasn’t restricted to short-haul destinations, adding, "The revelation has been the rise of the summer long-haul holiday."

Indeed, despite the evidence offered by VisitEngland, not all within the industry are convinced about the staycation concept. Manny Fontenla-Novoa, Chief Exec of Thomas Cook is one of a number of sceptical voices amongst major tourism businesses, reporting significant increases in the number of foreign holidays booked.

Whilst Fontenla-Novoa perhaps has reason to talk down the staycation trend, companies specialising in UK based holidays have also pooh-poohed the notion. Although Butlins reported year on year growth, Managing Director Richard Bates felt this was down to their own investment rather than any increase in the propensity of Brits to holiday at home: "There was some talk that people

were just going to give up their Tuscan villas for apartments in Skegness, but that clearly wasn't the case. Overall we've had a good year, but our growth has been largely driven by our new hotel. The staycation idea didn't deserve the hype that it got."

Both Fontenla-Novoa and Bates suggested that the idea of the staycation was merely propaganda spouted by domestic holiday operators.

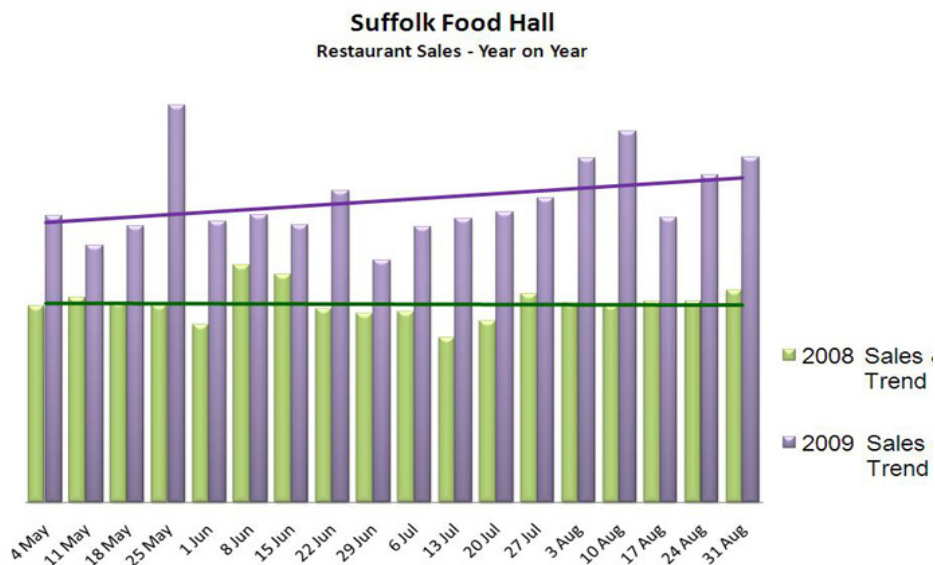
This is disputed by the Chief Exec of VisitEngland, James Berresford who reckons, "There has been much speculation in the media that the staycation is a manufactured story by British travel companies, however VisitEngland have the facts and figures to verify its existence this summer." So what is the truth and what happened on the ground in Suffolk?

A survey amongst members of our consumer panel suggests that 66% stayed in the UK for their main annual holiday. Of these, 43% visited Suffolk, spending an average of £197.83. Whilst many of these respondents are regular visitors to the county, it certainly points towards a high propensity to remain in the UK this year.

This is reflected in comments made by tourism businesses canvassed by Choose Suffolk, which suggest a bumper summer.

Oliver Paul of the Suffolk Food Hall is one operator indicating that the 'staycation' effect was genuine, with all expectations exceeded. "Has the 'staycation' happened? Well if the Suffolk Food Hall is anything to go by, there has been a 34% increase over this summer with sales in the restaurant almost increasing beyond kitchen capacity."

This is illustrated by the following chart, showing a significant increase in year on year sales, and continued monthly growth throughout 2009 (a trend that has been mirrored in the Food Hall itself).



Cheryl Hickman of The Olde Bull Inn at Barton Mills also describes a better than hoped for performance: "Our expectations were to turn over the same as last year. However, we had a very hectic and busy summer. Our takings are up 20% on last year - pretty amazing considering we are in a recession."

This is echoed by the experiences of Tim Rowan-Robinson of Thorpeness Hotels who says, "We've had a fantastic summer. In August we were well ahead of last year, much better than expectations." He indicated that this trend was experienced across the group: "This is not just by the coast either, we've had a good summer in Lavenham too."

Other operators working on a pan-county basis also experienced better than expected summers.

Figures from the National Trust suggest that all of their properties saw significant increases in visitor numbers, with their five pay-for-entry attractions being an average of 20.4% up on budget.

Paul Milsom of Milsoms Hotels and Restaurants says, "Expectations for the year were fairly low due to the recession and the constant barrage of gloom and doom in the media but the reality has been quite different. People are still going out and enjoying themselves and the performance of our restaurants, in particular, show that dining out is very much part of every day life rather than just for special occasions."

Indeed, it is clear that the boom was experienced across the county, with businesses in both the west and the east waxing lyrical about the summer in particular.

In the west, Bury St Edmunds Art Gallery reported exceptional figures, with Director Alison Plumridge telling Choose Suffolk, "Our visitor numbers were up by 82% and shop turnover was up 39% in comparison with last year."

Sarah Friswell of St Edmundsbury Cathedral also saw visitor figures rise, with retail income up as a result, saying, "July and August showed a significant increase in visitor numbers. Both our Shop and Café/Restaurant are performing above our predictions."

Across in Newmarket the National Stud also experienced a busy summer period. "We had a very buoyant summer and we were 35% up on sales. August was the busiest ever," said Poppy Feilden, the Stud's Tours Administrator.

In the East, upmarket holiday cottage agency Best of Suffolk and high speed sea trip provider Coastal Voyager reported exceptional and largely unexpected levels of performance.

"We were concerned at the start of the year how the economic situation might affect us," says Alex Tarry from Best of Suffolk. However, this concern was unfounded: "We have had an amazing summer, bookings have been up and we have been busier than ever. In fact, bookings have been more than twice the level of last year and we have been able to take on more staff."

Ironically, despite his initial concerns, Tarry puts this summer success down to the recession, saying, "It seems to have worked in our favour as people have stayed at home and enjoyed this wonderful county."

Pleasurewood Hills also reported a rise in business across the summer, with Park Director, Yves Delhommeau saying, "Including the first week in September, we saw a 10% increase on visitor numbers compared to last year."

However, whilst visitor numbers appear to have risen he suggested that this was in line with expectations rather than a consequence of 'staycations' and pointed to a possible negative effect of the recession: "People have brought picnics, so visitors have spent less per head on food and drink."

There was also a notable sign of the recession at St Edmundsbury Cathedral, with Sarah Friswell explaining, "The donation income has maintained the same level as last year, which, with the increased visitor numbers, does represent a decrease in income."

Furthermore, not all operators believe that apparent summer boom is down to the staycation phenomenon. Tim Rowan-Robinson suggests, "The weaker pound has helped, but Suffolk is becoming better known." Alex Tarry agrees, saying, "Talking to our customers it seems that not just economic factors have been important - the UK and Suffolk in particular are just in fashion at the moment!"

Some operators also feel that Suffolk's profile is increasing, with Paul Milsom saying, "The great barbecue summer may not have happened in the holiday hot spots of the west but here in the east it was dry, warm and sunny from April. This has been one of the factors that has made this such an excellent year so far." Tim Rowan-Robinson echoes these sentiments: "People are starting to realise that the weather in the East is so much better than it is in the West."

Poppy Feilden of the National Stud also cites factors other than 'staycations': "I think it is a combination of good weather in our region and not putting our prices up from last year."

Regardless of the reasons, these results suggest that Suffolk's tourism industry experienced a significantly better than expected summer. But what of the future?

At a national level, Manny Fontenla-Novoa believes that increases won't be repeated in 2010: "There was some move towards holidaying at home this year but that won't be repeated. People are intent on taking their holidays abroad and we are trading ahead of capacity."

However, his words don't ring true in the face of evidence from elsewhere. A recent YouGov poll showed that just 11 per cent of Brits are planning an overseas holiday in 2010.

It is data like this that has led to industry big-wigs such as Richard Carrick, Chief Executive of Hoseasons, believing that the trend for increased domestic tourism is here to stay: "Those who thought the 'staycation' was a uniquely 2009 phenomenon – a blip - are being proven wrong. The continuing tight economic situation, coupled with the fact that families who chose to stay at home in 2009 have been surprised about the quality, variety and value which a UK holiday now offers, means that many are clearly planning to repeat the experience. We have seen a seismic shift in holiday habits brought about by the recession, and it's likely that things will never go back to how they were, or at least for the foreseeable future."

Positive words indeed, and these are echoed by Suffolk based operators. Alex Tarry says, "Demand is now remaining high and we are busy keeping in touch with our customers to ensure next year is as good, or hopefully even better than this." Paul Milsom echoes this positivity suggesting that, "East Anglia seems to have escaped the worst of the downturn and I think we can start to be cautiously optimistic about the future."

So, whilst views about the validity or otherwise of the 'staycation' phenomenon are mixed, it is certainly clear that tourism experienced a boost during 2009. With continuing uncertainty over the economy, many are hopeful that this will be repeated in 2010 and beyond.

## 2: Business Confidence Monitor

East of England Tourism conducts the Business Confidence Monitor in partnership with the Choose Suffolk Tourism Partnership to obtain the latest data on how tourism businesses are performing in the region and in Suffolk. The most recent results were released in December and cover the period from July to September 2009. A total of 81 Suffolk-based businesses responded, giving an insight into performances over this period and expectations for the final quarter of the year.

Businesses were asked how the volume of visitors/guests from July to September compared to the same quarter during 2008. Half of the respondents indicated that they had seen a rise in the number of visitors/guests, with 5.1% suggesting that this had been greater than 20%. Almost a third said that levels had remained the same year on year, with 20.6% experiencing a fall in visitors/guests.

Those businesses indicating an improved level of performance primarily put this down to returning customers, suggesting an increase in consumer confidence. Others cited increased marketing and more savvy use of technology to promote their businesses.

Whilst this is positive (and reflects the findings of our 'staycation' research), results show that improved visitor/guest volumes don't necessarily translate as greater profitability. Despite only 20.6% reporting a decline in volumes, 46% said that their profitability would be down year-on-year.

Respondents were also less confident about the future. Indeed, opinion was evenly split with regard to visitor/guest levels during the last quarter of 2009. One third felt that there would be a year-on-year decrease, with the same amount believing that levels would remain the same and increase (i.e. one third in each case). Given the positive performance over the summer period this is interesting and reflects a continued nervousness with regard to the economy.

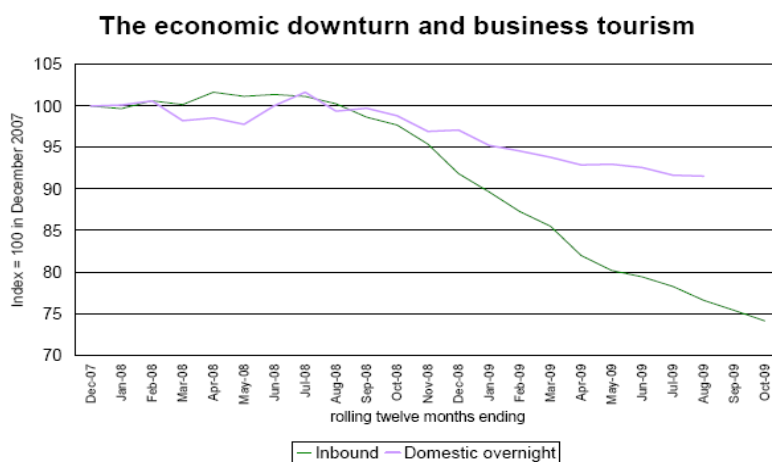
However whilst many were pessimistic about the likely performance of their own businesses, there was less pessimism when it came to the industry as a whole. Around 40% felt that the industry would see improved performance in the final quarter, with 27% suggesting that performance would remain the same.

Furthermore, there was clear optimism with regard to expected performance levels in 2010, with two thirds of respondents forecasting an improvement in business.

## 3: Business Tourism

Recent research by Visit Britain suggests (perhaps unsurprisingly) that business tourism is one area that has been affected particularly hard by the recession.

The following chart shows trends in the volume of inbound and domestic overnight business tourism since December 2007. It is clear that both elements have seen significant decreases, with inbound hit the hardest.



Visit Britain suggests that there is little prospect of a recovery in the near future. Ever improving technology and environmental concerns, as well as continuing uncertainty over the economy mean that there is little inclination amongst businesses (particularly large corporates) to invest in business travel. However, with the Olympics looming large in 2012, Visit Britain hopes that the negative impact of the recession will be cancelled out by the requirement for greater business travel related to the games.

#### **4: Latest UK Tourism Industry Stats from Visit Britain**

Data released in December by Visit Britain suggest that businesses relying on inbound tourism may have been hit harder during 2009 than those relying on domestic tourists. The table below shows that the number of inbound visits fell 9.4% in the 12 months to October 2009, whilst domestic overnight trips increased by 1.2%.

However, this doesn't tell the full story, with expenditure figures indicating that despite the significant fall in inbound visitors, the level of spending has fallen by just 2.1%. This suggests that those visitors that are coming are spending more. Conversely, domestic tourist expenditure has increased by a lower percentage than then volume of domestic visitors. This points to a decrease in expenditure per person amongst UK based visitors.

Inbound visits (m)	29.7	-9.4% in the 12 months to October 2009
Inbound visitor spending (£bn)	16.2	-2.1% in the 12 months to October 2009
Domestic overnight trips (m)	122.6	1.2% in the 12 months to August 2009
Domestic overnight trip spending (£bn)	2 1.6	0.5% in the 12 months to August 2009

#### **5: Environmental Credentials Increasingly Important**

TravelMole recently reported the results of a pan-European survey, which suggest that the environmental credentials of tourism accommodation providers are becoming ever more important.

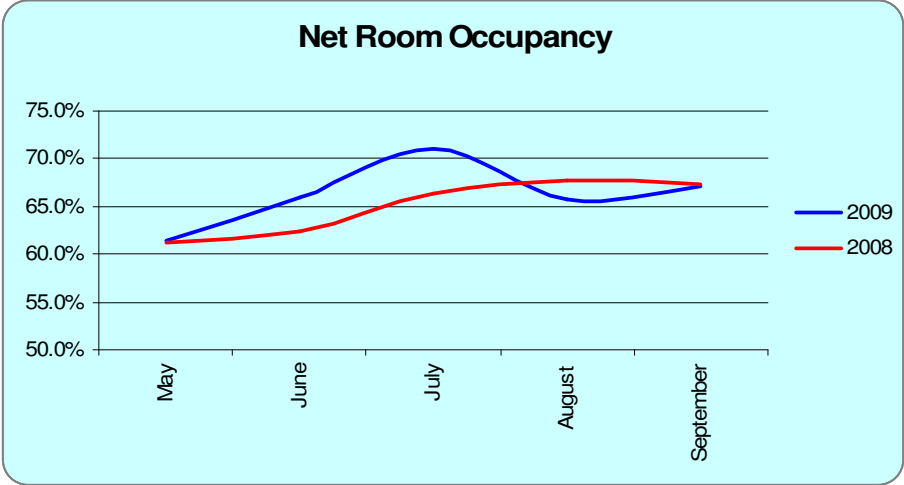
Carried out amongst 5,000 travellers, the results show that almost a third (29%) of respondents would choose a known 'eco-friendly' hotel if it was offered by a popular online booking system. Just over half felt that providers should be switching to sources of sustainable energy, with a similar amount expressing a desire to see more efficient electrical appliances used.

TravelMole suggests that the desire for green credentials is echoed by guests' own behaviour in hotels. According to a study by Samsung Electronics, more than three quarters are as conscious or more conscious of the impact they have on the environment when staying in hotels compared with their behaviour at home, with 88% switching off the lights when they leave their hotel room and 63% reusing towels more than once.

This is backed by Alex Tarry of Best of Suffolk who suggests, "Just as our guests have become more environmentally conscious in their own homes, they now expect the same in their holiday cottages, certainly properties displaying strong eco credentials are performing very strongly on our books this year."

**6: Quick Stats**

Data from East of England Tourism’s Serviced Accommodation Occupancy survey shows an interesting year on year trend. It reveals a significant year on year increase in percentage room occupancy in Suffolk in June and July, but a decrease in August.



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](mailto:kmoden@eet.org.uk)

