“How’s Business?”
October 2015

An overview of tourism industry performance in South West England

Published by The South West Research Company Ltd

December 2015




Executive Summary

Compared to October 2015 businesses reported that:

October 2015 Visitor levels:
Increased 50% / Stayed the same 26% / Decreased 24%
Estimated actual change in visitors +9.55%

October 2015 Turnover levels:
Increased 48% / Stayed the same 30% / Decreased 22%
Estimated actual change in turnover +5.76%

October 2015 Profitability was:
Higher 38% / Stayed the same 37% / Decreased 25%

November 2015 Outlook is:
Better 31% / Same as last year 37% / Not as good 32%

December Outlook is:
Better 24% / Same as last year 42% / Not as good 34%

Optimism
Optimism score is 6.54 out of a possible 10

October 2015 – Our comment

A very positive month for the region during October with significant increases in both visitors and turnover (+9.55% and +5.76% respectively) and continuing the ongoing trend demonstrated through the year with month on month increases in visitors and turnover compared to 2014. The most recent available data from the national tourism surveys continue to reflect the positive findings of this survey with increases estimated for both domestic and overseas staying visitors although day visits remain at a similar level to 2014.

Business optimism, whilst dropping very slightly compared with last month, nonetheless at 6.54 out of 10 remains higher than during the same period in 2014 which hopefully reflects a continued positive mood in the industry.

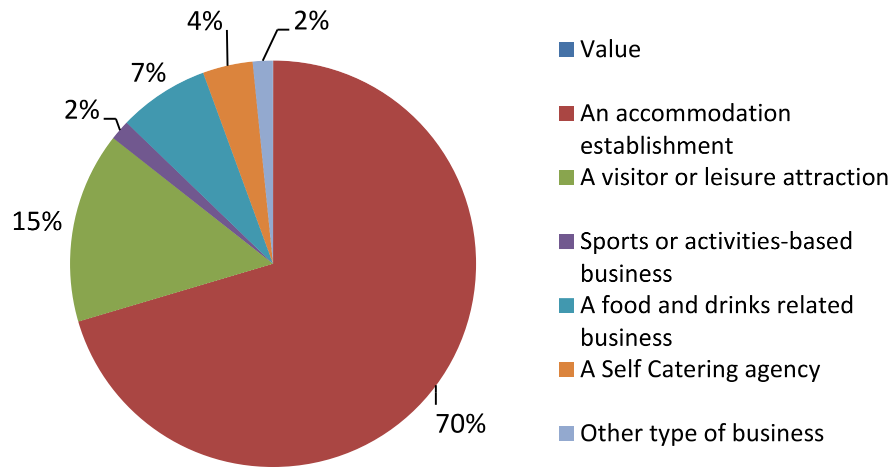
November and December booking levels also look relatively positive at the moment with around two thirds of businesses in each case reporting increased or level forward bookings compared with the same time last year.

This months survey has a sample of 125 regional businesses, representing a minimum of approximately 600 properties when self-catering agency properties are also considered.

Our thanks go to all businesses that have taken part in the survey this month and to those organisations that have assisted us with the promotion of the survey. It's very much appreciated.

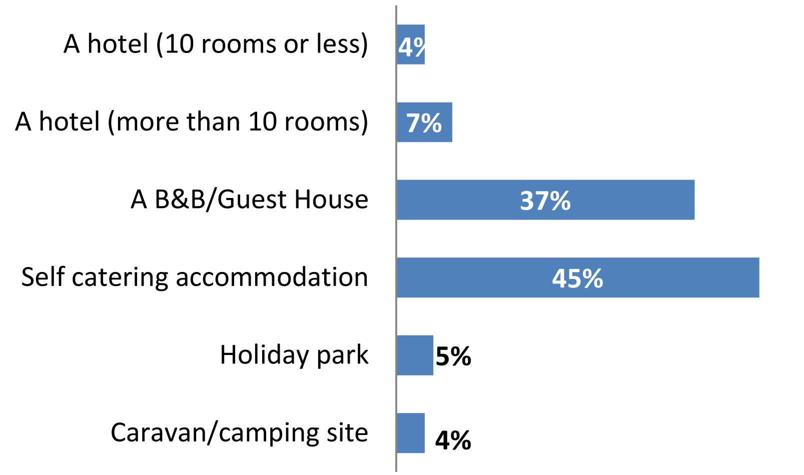
Sample profile

BUSINESS TYPE



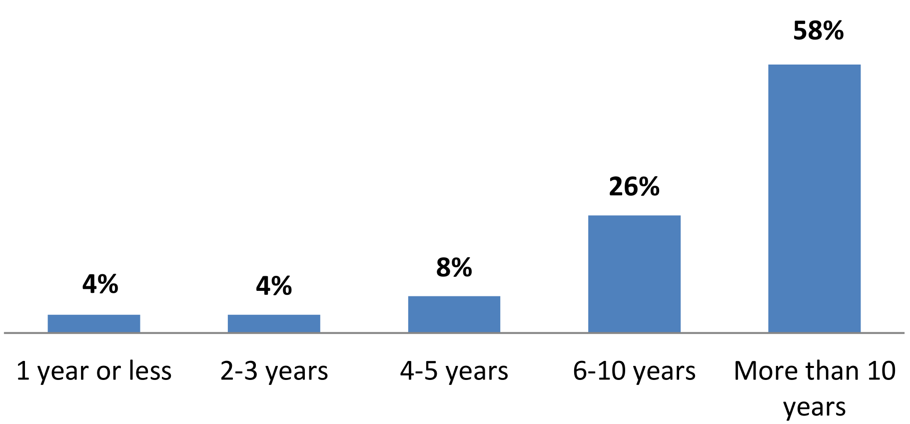
Base: 125

ACCOMMODATION TYPE



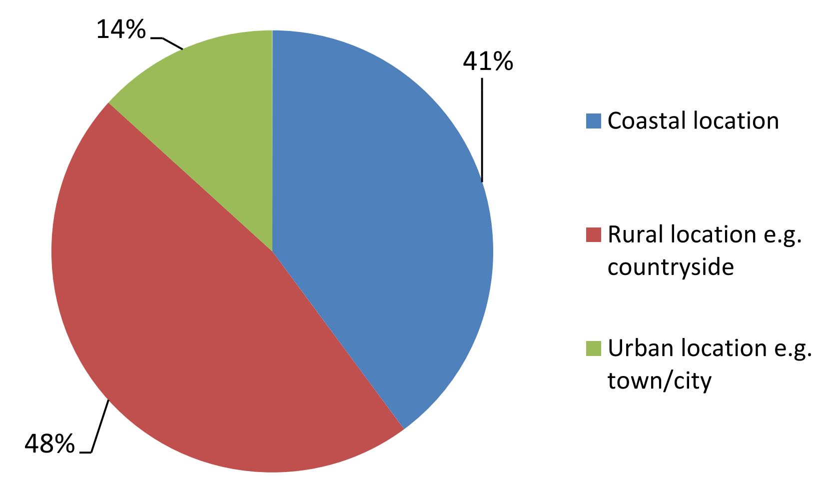
Base: 87

YEARS OPERATING



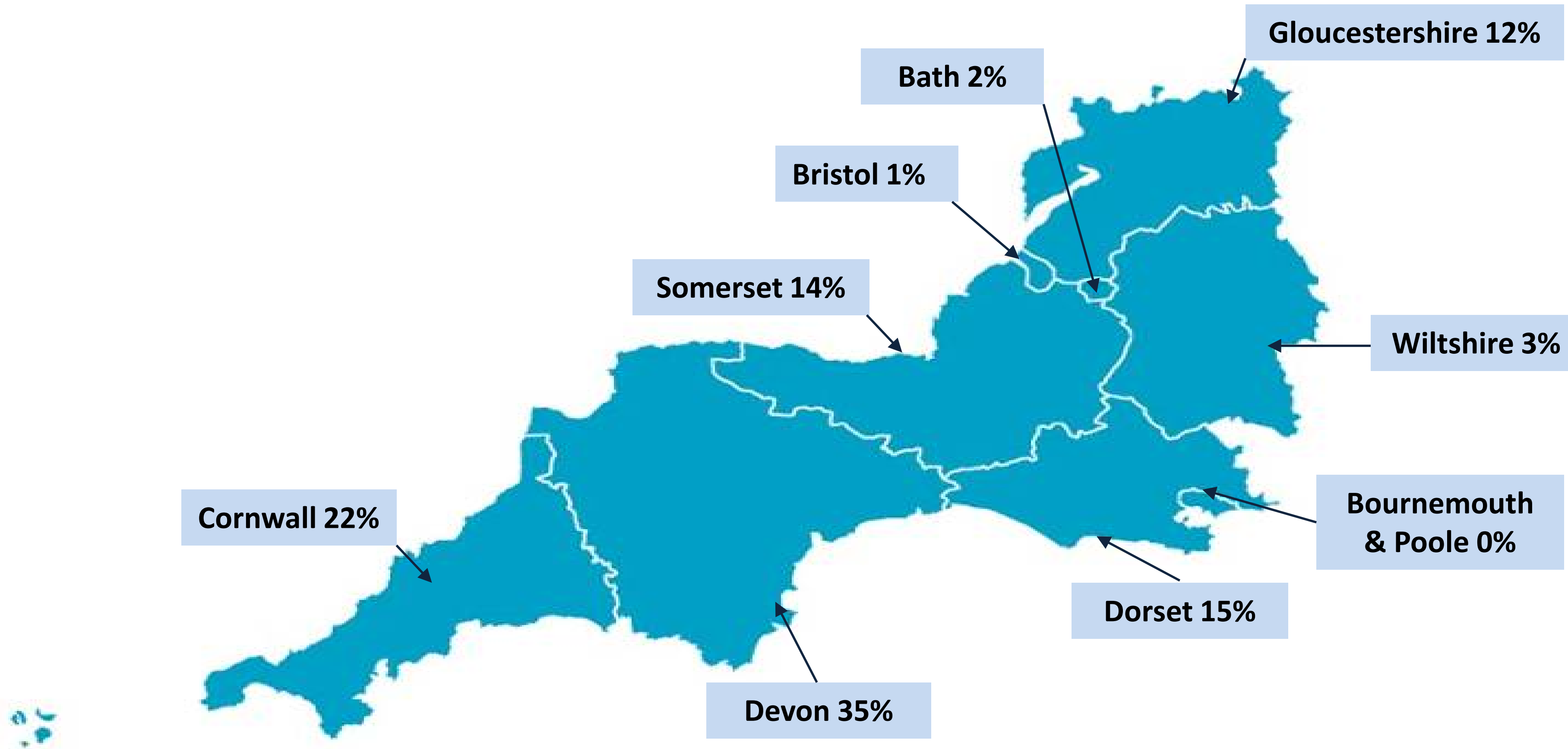
Base: 125

LOCATION TYPE



Base: 128

Sample profile - Business location



October 2015 – the month in context

The UK Weather

For much of October the weather was influenced by high pressure bringing periods of dry, settled weather and some good spells of sunshine, but with some overnight frost and fog. However, it was more unsettled with spells of rain from 5th to the 7th and it was unsettled again for the last third of the month, but generally mild in a mostly westerly or southerly flow.

Source: Met Office

The UK Economy

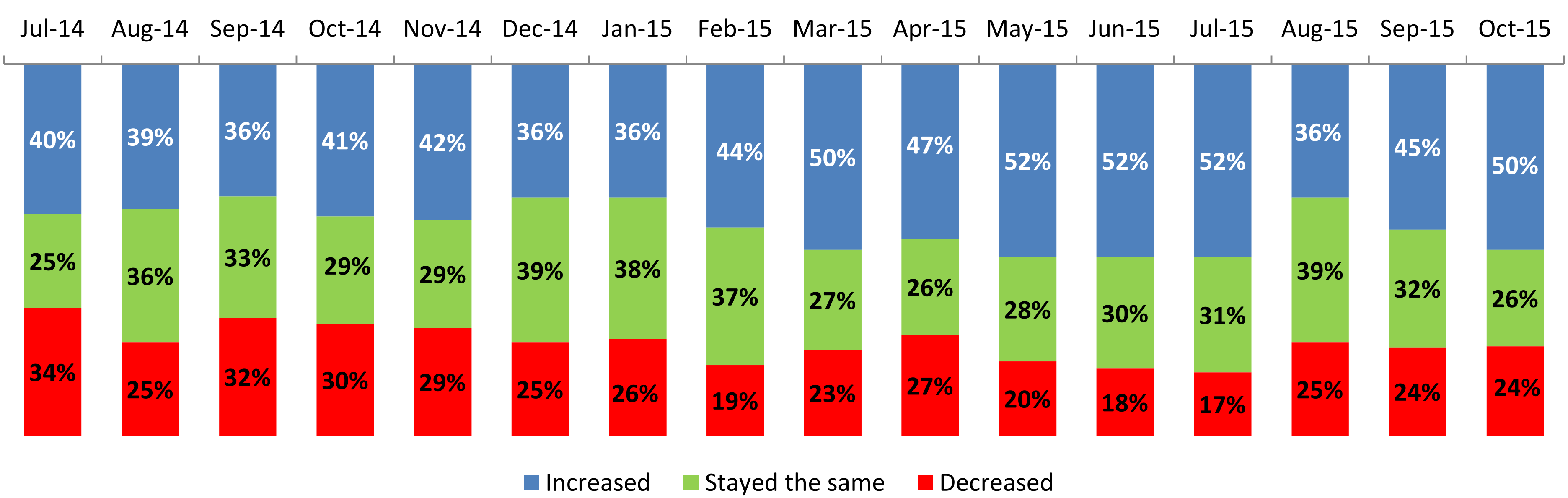
The UK economy will grow by 2.4% in 2015, well below the 3.1% growth expected this year, forecasting group EY Item Club has said. It says the forthcoming election and accompanying political uncertainty will hold business back from investing. Growth will also be constrained by worries about the Eurozone and the Ukraine conflict, EY Item Club says. The 2.4% figure undershoots forecasts issued by the Bank of England, the CBI and the International Monetary Fund.

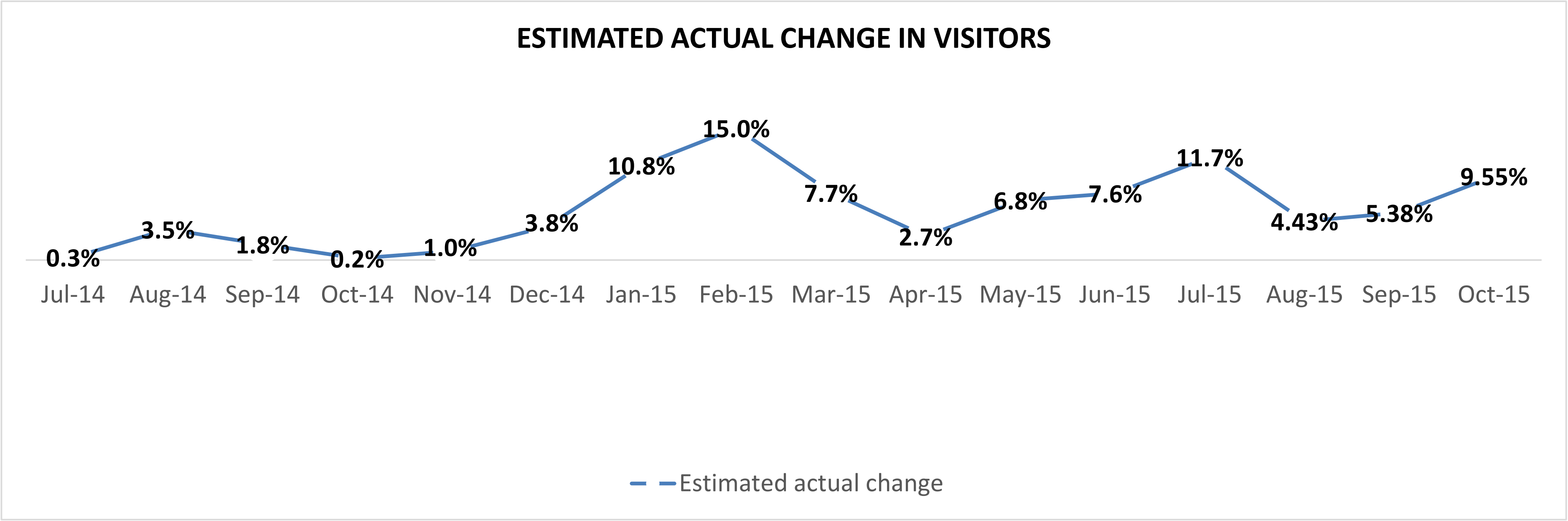
Last week, the Bank's chief economist, Andrew Haldane, said he was downbeat over the UK economy because of weaker global growth, low wage growth and financial and political risks. He said interest rates should remain low to avoid long-term economic stagnation. Peter Spencer, EY Item Club's chief economic adviser, said: "The forecast for GDP growth is still relatively good. What has changed is the global risks surrounding the forecast and the headwinds facing investment by firms. "The UK's export outlook continues to look dreadful. The glimpse of economic rebalancing that we saw in the early part of this year has turned out to be a false dawn. Looming political uncertainty risks denting corporate confidence - the question now is how will these risks play out? I expect caution to become the order of the day." He also said the Bank of England was unlikely to rush to raise borrowing costs in the face of falling commodity prices and low wage growth.

The report predicted inflation would remain low. It is currently at a five-year low of 1.2% and is likely to average 1.3% in 2015, EY Item Club said. The Bank of England's most recent forecasts predict GDP growth of 3.5% this year and 3% next, while the IMF says it will be 3.2% followed by 2.7% and the CBI 3% and then 2.7%.

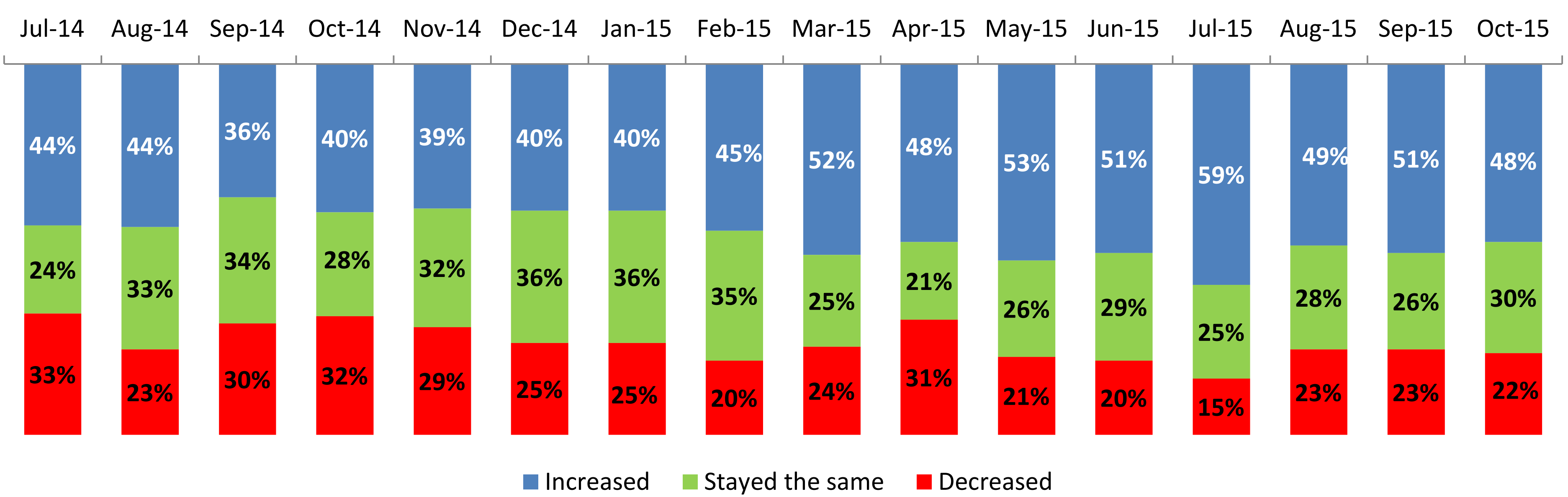
Source: BBC.co.uk

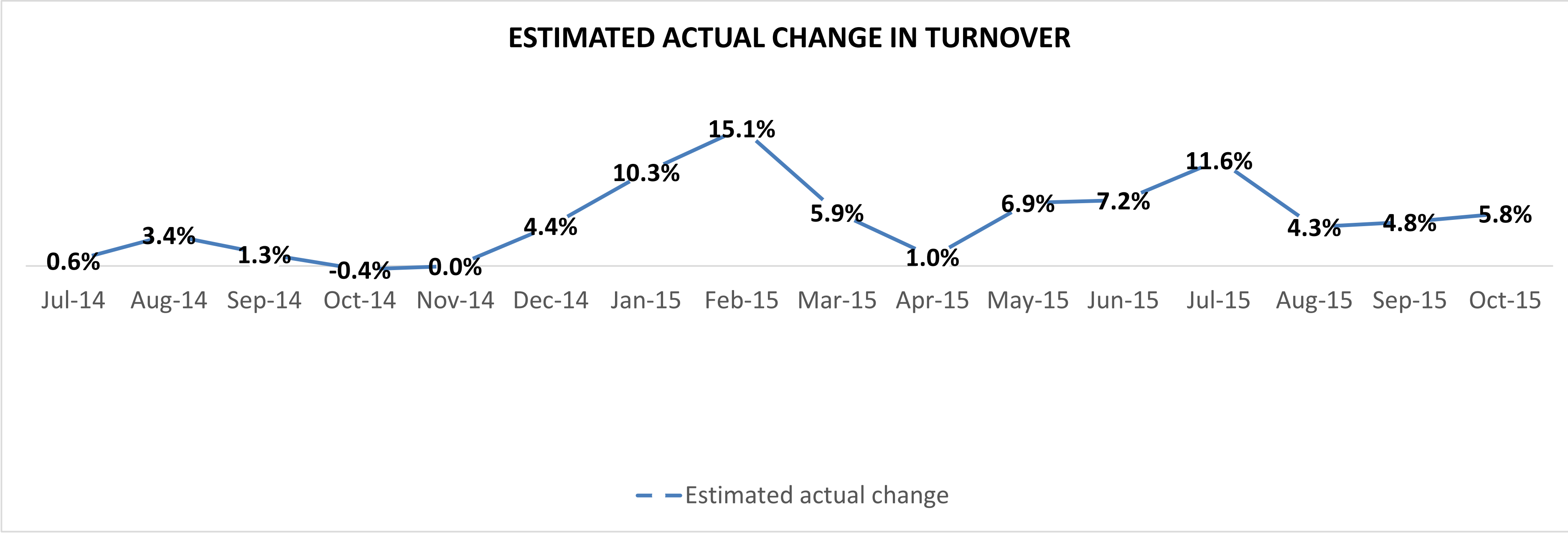
Regional performance – Number of visitors compared to previous year



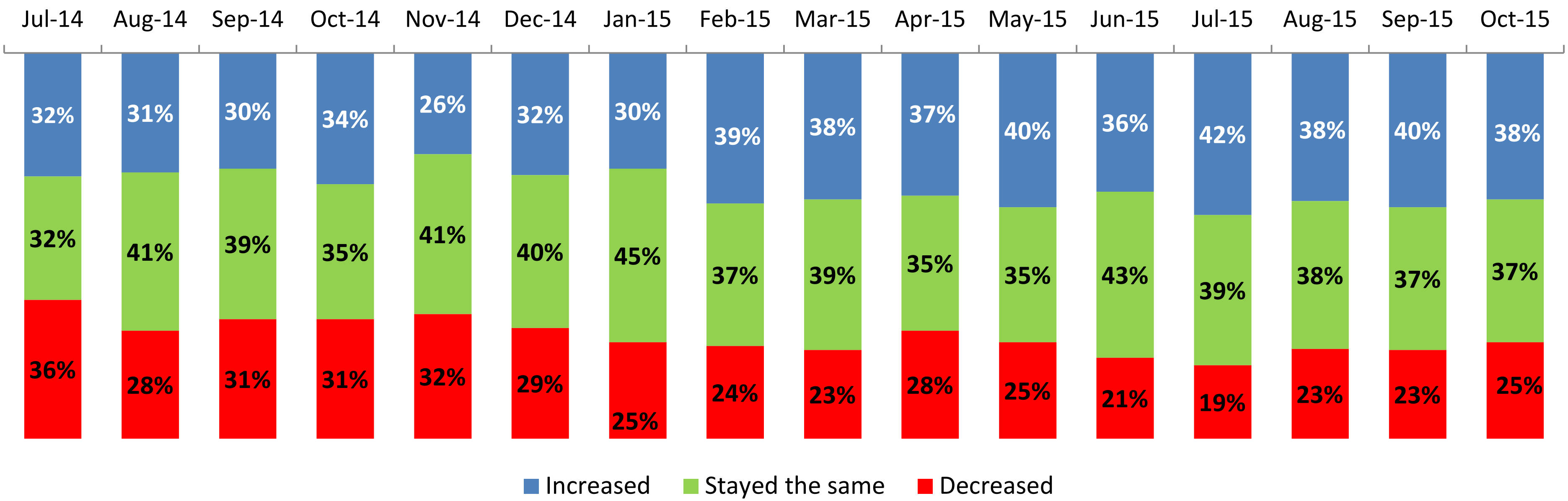


Regional performance – Turnover compared to previous year





Regional performance – Profitability compared to previous year



Reduced costs, better management of the business and overheads

Much better occupancy. Started taking dogs.

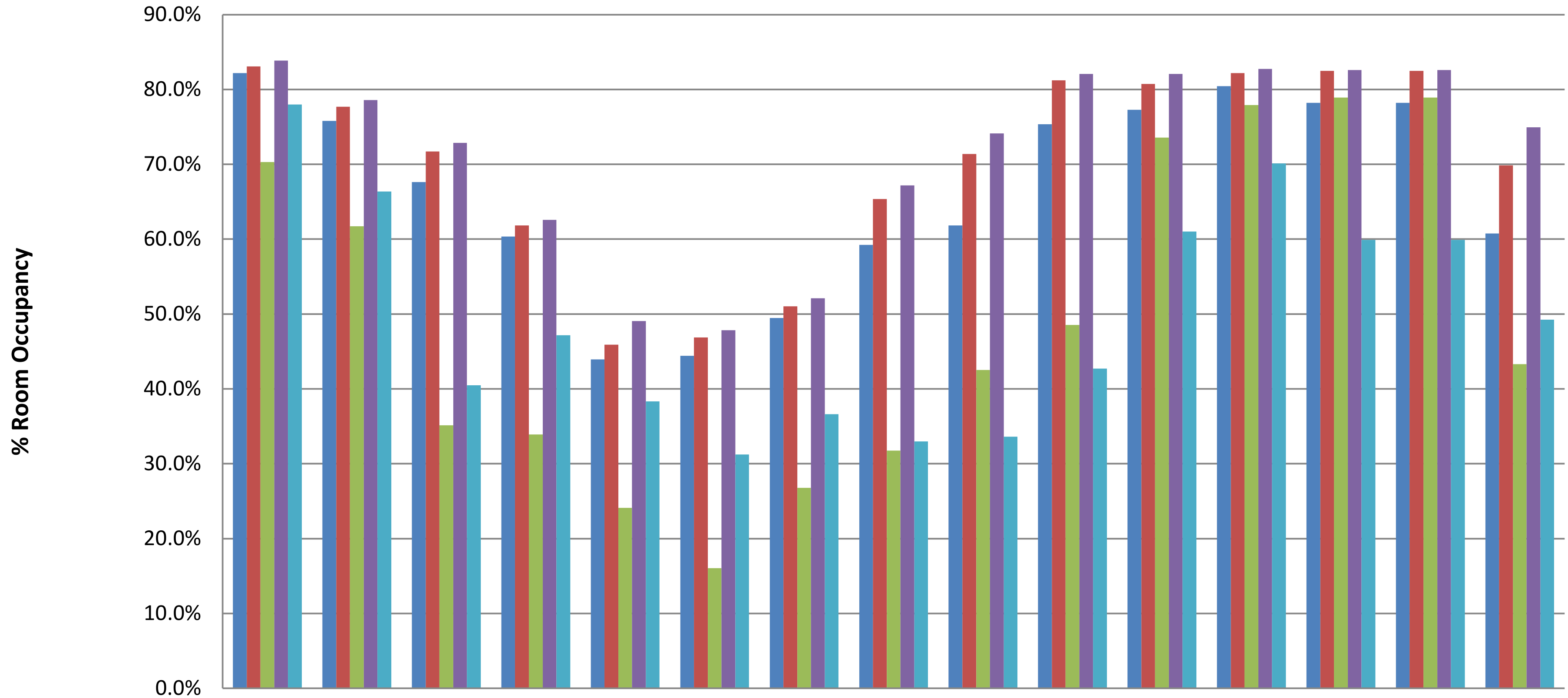
Higher occupancy partly due to weather and partly due to reduced rates.

Higher commission to online booking agents

Higher staff costs, high business rates, higher marketing costs.

Gove effect

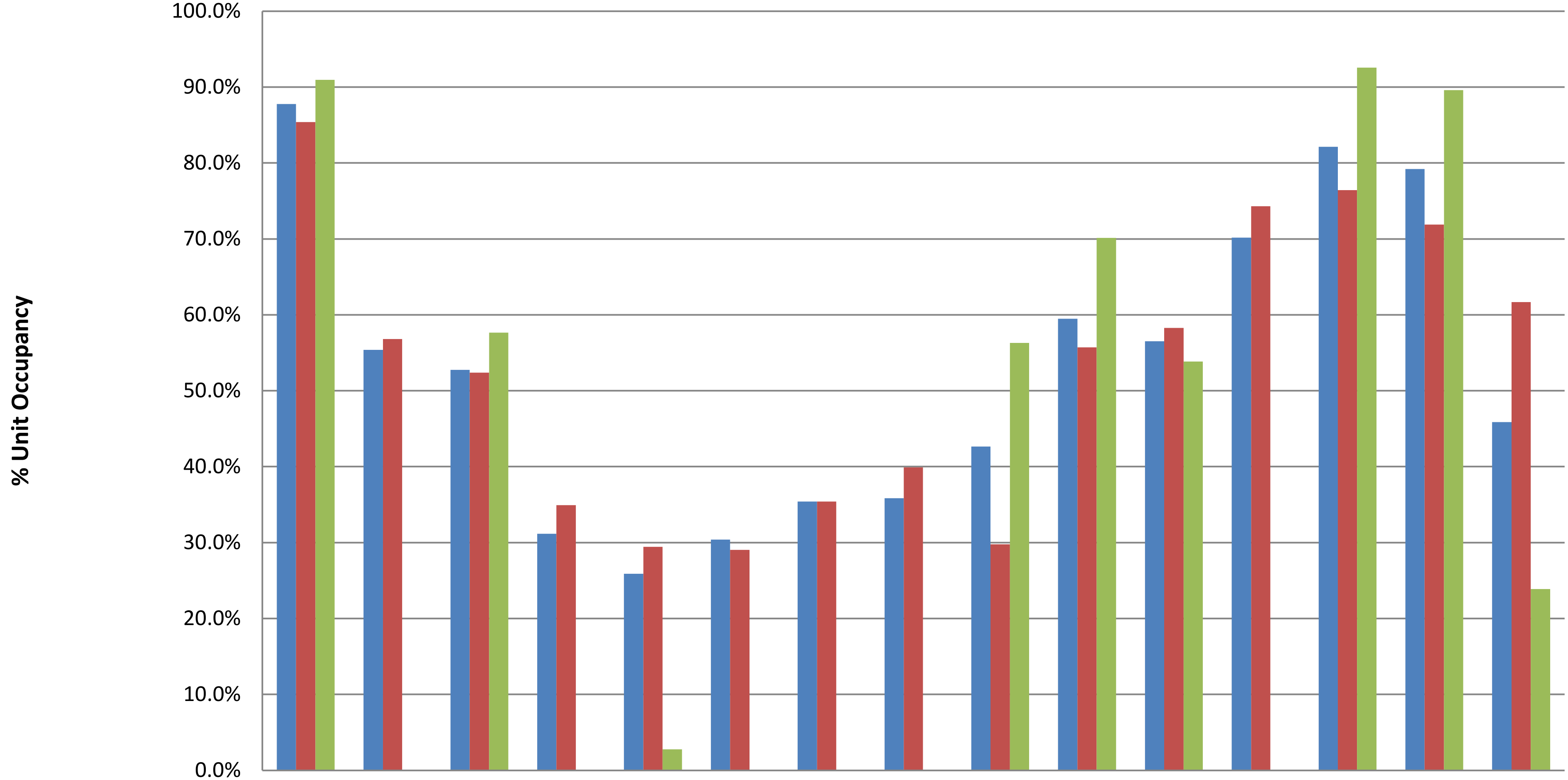
Regional performance – Serviced Room Occupancy



	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
South West	82.2%	75.8%	67.6%	60.3%	43.9%	44.4%	49.5%	59.2%	61.8%	75.3%	77.3%	80.4%	78.2%	78.2%	60.7%
All Hotels	83.1%	77.7%	71.7%	61.9%	45.9%	46.9%	51.0%	65.4%	71.4%	81.2%	80.7%	82.2%	82.5%	82.5%	69.9%
Hotels <11 Rooms	70.3%	61.7%	35.1%	33.9%	24.1%	16.0%	26.8%	31.8%	42.5%	48.5%	73.6%	77.9%	78.9%	78.9%	43.3%
Hotels >11 Rooms	83.8%	78.6%	72.8%	62.6%	49.1%	47.8%	52.1%	67.2%	74.1%	82.1%	82.1%	82.7%	82.6%	82.6%	74.9%
B&B/Guest House	78.0%	66.4%	40.5%	47.2%	38.3%	31.2%	36.6%	33.0%	33.6%	42.7%	61.0%	70.1%	59.9%	59.9%	49.2%

It should be noted that the figures provided represent the occupancy rates for those responding to this survey and the results are not weighted to represent regional and county accommodation stocks.

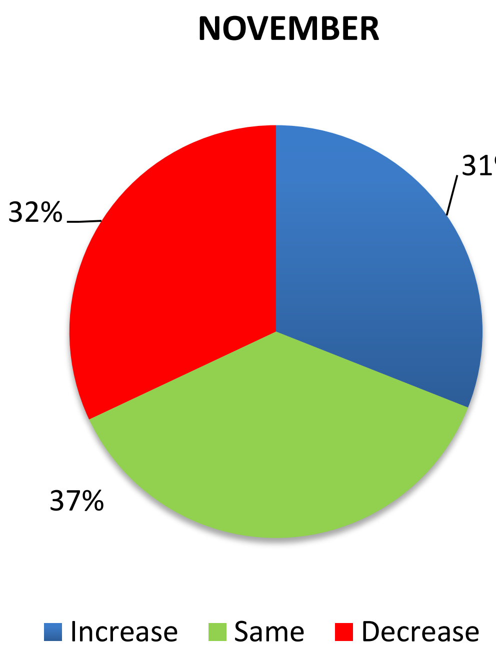
Regional performance – Self Catering Unit Occupancy

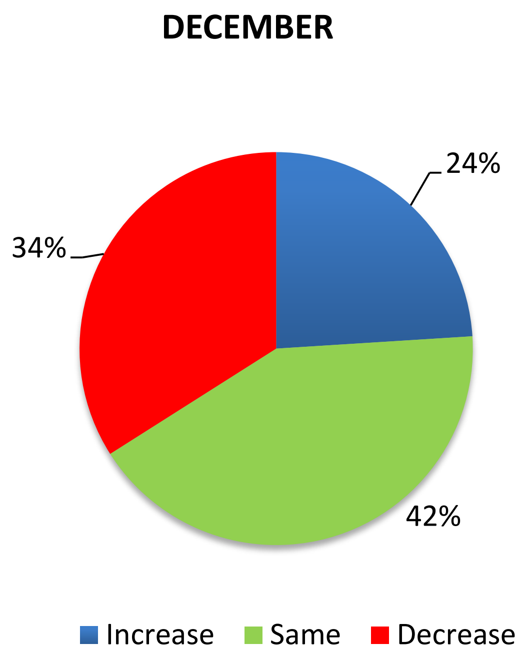


	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
South West	87.8%	55.4%	52.7%	31.2%	25.9%	30.4%	35.4%	35.9%	42.6%	59.5%	56.5%	70.2%	82.1%	79.2%	45.9%
Self Catering Accomm	85.4%	56.8%	52.4%	34.9%	29.5%	29.0%	35.4%	39.9%	29.8%	55.7%	58.3%	74.3%	76.4%	71.9%	61.7%
Holiday Parks	91.0%		57.7%		2.8%				56.3%	70.1%	53.8%		92.6%	89.6%	23.9%

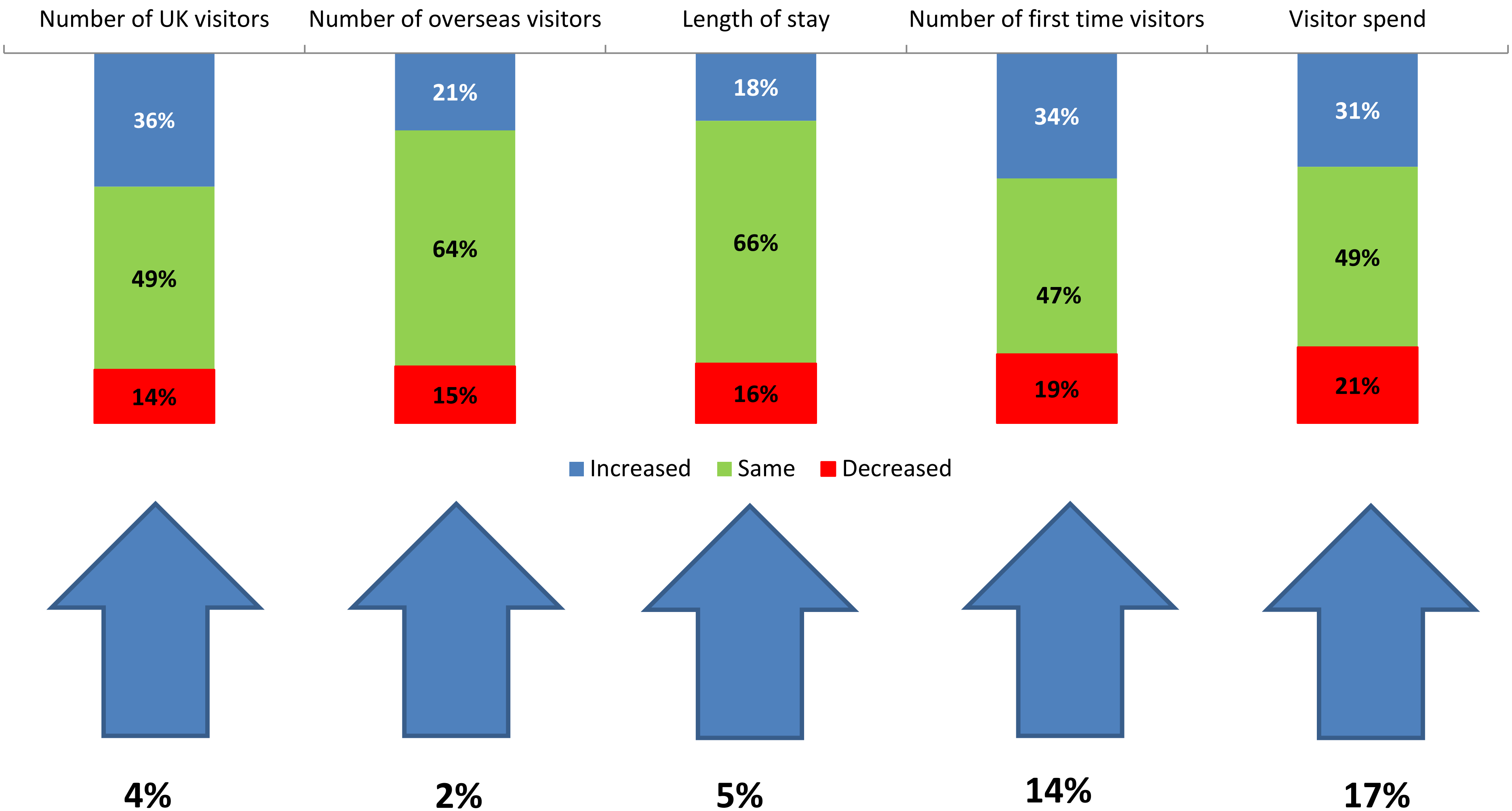
It should be noted that the figures provided represent the occupancy rates for those responding to this survey and the results are not weighted to represent regional and county accommodation stocks.

Regional outlook – Based upon forward booking levels



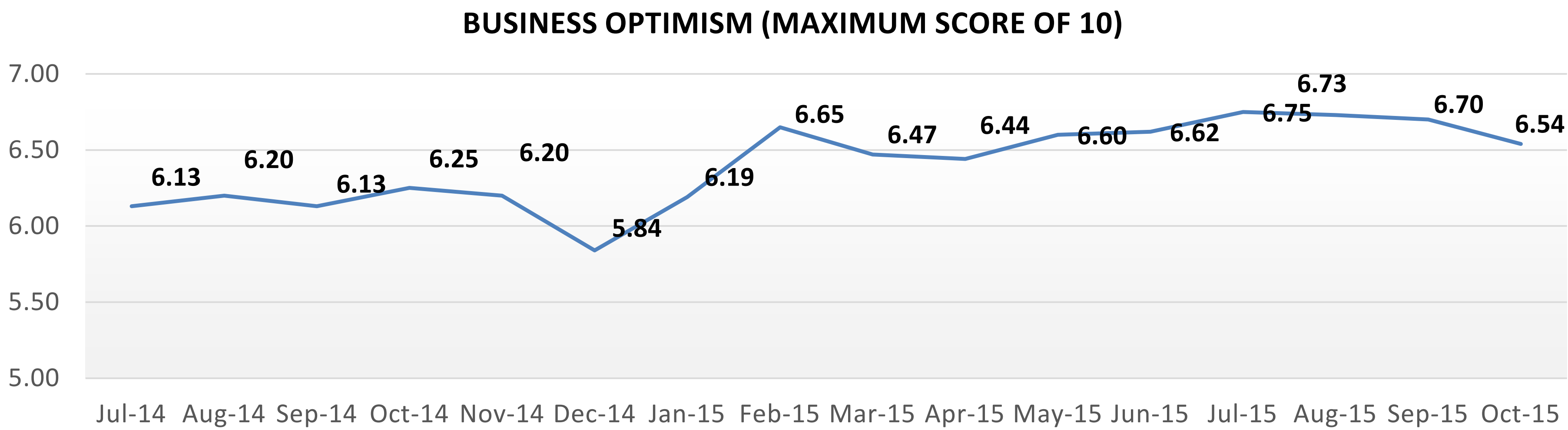


Regional – Visitor characteristics compared to previous year



Change compared to previous month. (Calculated as; The difference in the proportion of businesses reporting increases minus the proportion reporting decreases between the current and previous month).

Regional performance – Business optimism and performance feedback



Good Autumn weather has made a big difference - after a miserable summer.

Got higher level of early bookings for next year (2016) than experienced in any year since 2009.

Changes to our business model which may have impacted include taking dogs and accepting credit/debit cards which we didn't do last year. Credit/debit cards now represent 90% of all payments.

As usual the Gove effect has been problematic in attracting families during term time.

Despite glorious September, October was disappointing. Would have expected late bookings driven by nice September weather. Sadly didn't materialise.

Bookings are increasingly for non-tourism related needs (house moves, working in the area etc.). Tourism levels remain significantly below prior years.

Area Performance - October (2015 v 2014)

VISITOR NUMBERS	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Increased	50%	50%	0%	0%	46%	44%	68%	70%	67%	31%	50%
Stayed the same	26%	50%	0%	0%	25%	29%	16%	20%	0%	38%	25%
Decreased	24%	0%	0%	0%	29%	27%	16%	10%	33%	31%	25%
Base	120	<5	0	0	28	41	19	10	<5	13	<5

TURNOVER	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Increased	48%	100%	0%	0%	48%	43%	61%	56%	33%	43%	50%
Stayed the same	30%	100%	0%	0%	19%	35%	22%	33%	33%	36%	50%
Decreased	22%	0%	0%	0%	33%	23%	17%	11%	33%	21%	0%
Base	117	<5	0	0	27	40	18	9	<5	14	<5

PROFITABILITY	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Increased	38%	50%	0%	0%	38%	43%	44%	40%	33%	8%	50%
Stayed the same	37%	50%	0%	0%	27%	38%	25%	50%	0%	69%	25%
Decreased	25%	0%	0%	0%	35%	19%	31%	10%	67%	23%	25%
Base	111	<5	0	0	26	37	16	10	<5	13	<5

*** Sample less than 20**

Area Outlook – Booking levels (2015 v 2014)

November	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Better	31%	100%	0%	0%	43%	24%	33%	22%	50%	23%	25%
The same	37%	0%	0%	0%	39%	28%	47%	56%	50%	38%	25%
Not as good	32%	100%	0%	0%	17%	48%	20%	22%	0%	38%	50%
Base	97	<5	0	0	23	29	15	9	<5	13	<5

December	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Better	24%	50%	0%	0%	48%	20%	7%	11%	0%	8%	50%
The same	42%	50%	0%	0%	30%	37%	73%	56%	100%	25%	25%
Not as good	34%	0%	0%	0%	22%	43%	20%	33%	0%	67%	25%
Base	96	<5	0	0	23	30	15	9	<5	12	<5

*** Sample less than 20**

Business Type Performance – October 2015 v 2014

VISITOR NUMBERS	Region	All Accomm	*Attraction	*Sports/ Activities	*F&D	*Retail	*TIC	*SC Agency	*Other Business	*Hotel	B&B/ Guest House	Self Catering	*Holiday Park	*Caravan/ campsite	*Other accomm
Increased	50%	44%	67%	100%	63%	0%	0%	60%	50%	78%	34%	44%	25%	67%	0%
Stayed the same	26%	28%	17%	0%	25%	0%	0%	20%	50%	11%	34%	31%	25%	0%	0%
Decreased	24%	28%	17%	0%	13%	0%	0%	20%	0%	11%	31%	26%	50%	33%	0%
Base	120	85	18	<5	8	0	0	5	<5	9	29	39	<5	<5	0

TURNOVER	Region	All Accomm	*Attraction	*Sports/ Activities	*F&D	*Retail	*TIC	*SC Agency	*Other Business	*Hotel	B&B/ Guest House	Self Catering	*Holiday Park	*Caravan/ campsite	*Other Accomm
Increased	48%	39%	69%	100%	67%	0%	0%	80%	50%	89%	25%	39%	25%	33%	0%
Stayed the same	30%	33%	19%	0%	33%	0%	0%	20%	50%	11%	43%	34%	25%	0%	0%
Decreased	22%	29%	13%	0%	0%	0%	0%	0%	0%	0%	32%	26%	50%	67%	0%
Base	117	83	16	<5	9	0	0	5	<5	9	28	38	<5	<5	0

PROFITABILITY	Region	All Accomm	*Attraction	*Sports/ Activities	*F&D	*Retail	*TIC	*SC Agency	*Other Business	*Hotel	B&B/ Guest House	Self Catering	*Holiday Park	*Caravan/ campsite	*Other Accomm
Increased	38%	34%	38%	50%	44%	0%	0%	80%	50%	67%	25%	36%	25%	0%	0%
Stayed the same	37%	35%	46%	50%	44%	0%	0%	20%	50%	22%	43%	31%	50%	50%	0%
Decreased	25%	31%	15%	0%	11%	0%	0%	0%	0%	11%	32%	33%	25%	50%	0%
Base	111	80	13	<5	9	0	0	5	<5	9	28	36	<5	<5	0

*** Sample less than 20**

Business Type Outlook – Booking levels 2015 v 2014

Nov	Region	All Accomm	*Attraction	*Sports/ Activities	*F&D	*Retail	*TIC	*SC Agency	*Other Business	Hotel	B&B/ Guest House	Self Catering	*Holiday Park	*Caravan/ campsite	*Other Accomm
Better	31%	31%	50%	0%	29%	0%	0%	20%	0%	33%	28%	32%	0%	33%	0%
Same	37%	35%	50%	0%	29%	0%	0%	60%	100%	22%	36%	41%	0%	33%	0%
Worse	32%	34%	0%	100%	43%	0%	0%	20%	0%	44%	36%	27%	100%	33%	0%
Base	97	77	6	<5	7	0	0	5	<5	9	25	37	<5	<5	0

Dec	Region	All Accomm	*Attraction	*Sports/ Activities	*F&D	*Retail	*TIC	*SC Agency	*Other Business	Hotel	B&B/ Guest House	Self Catering	*Holiday Park	*Caravan/ campsite	*Other Accomm
Better	24%	21%	50%	100%	14%	0	0	40%	0%	13%	15%	25%	0%	33%	0%
Same	42%	41%	50%	0%	43%	0	0	60%	0%	63%	37%	39%	100%	33%	0%
Worse	34%	38%	0%	0%	43%	0	0	0%	100%	25%	48%	36%	0%	33%	0%
Base	96	76	6	<5	7	0	0	5	<5	8	27	36	<5	<5	0

*** Sample less than 20**

Business type and area occupancy levels

The tables below show the estimated occupancy for October 2015 for serviced and self-catering accommodation types. It should be noted that the figures provided represent the occupancy rates for those responding to this survey and the results are not weighted to represent regional and county accommodation stocks.

SERVICED ROOM OCCUPANCY		
Oct-15	**% RM OCCUPANCY**	**SAMPLE**
South West	60.75%	37
All hotels	69.86%	9
Hotel 10 rooms or less	43.30%	<5
Hotel more than 10 rooms	74.95%	6
B&B	46.71%	19
Guest House	52.30%	9
Former Avon	87.29%	<5
Cornwall	58.76%	<5
Devon	44.19%	18
Dorset	70.95%	<5
Gloucestershire	80.54%	<5
Somerset	50.23%	<5
Wiltshire	60.82%	<5

SELF-CATERING UNIT OCCUPANCY		
Oct-15	**% UNIT OCC**	**SAMPLE**
South West	45.86%	39
Self-catering accommodation	61.67%	35
Holiday Park	23.88%	<5
Former Avon	25.00%	<5
Cornwall	45.78%	13
Devon	45.20%	8
Dorset	47.54%	8
Gloucestershire	74.59%	<5
Somerset	55.54%	6
Wiltshire	0.00%	0

The South West Research Company Ltd. – About Us

Business partners Paul Haydon and Diane Goffey have gathered over twenty five years research experience in the tourism industry and offer an extensive knowledge of tourism and research and statistics built up over many years with an established network of contacts in the industry. Based in the South West, we are proud to be part of and contribute to one of the major industries in our region. This report is not funded or sponsored and is provided by us for the benefit of those working in the regions' tourism industry.

We offer a full range of research services tailored specifically to meet our clients needs and available budgets. **For further information on the services we offer or to register for the How's Business survey please contact info@tswrc.co.uk**

South West based current and previous clients include;