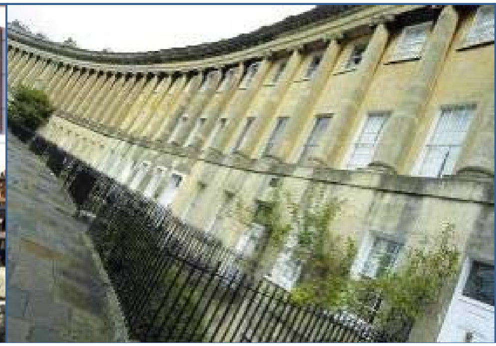
“How’s Business?” September 2015

An overview of tourism industry performance in South West England

Published by The South West Research Company Ltd

November 2015

Executive Summary

Compared to September 2015 businesses reported that:

September 2015 Visitor levels:
Increased 45% / Stayed the same 32% / Decreased 24%
Estimated actual change in visitors +5.38%

September 2015 Turnover levels:
Increased 51% / Stayed the same 26% / Decreased 23%
Estimated actual change in turnover +4.82%

September 2015 Profitability was:
Higher 40% / Stayed the same 37% / Decreased 23%

October 2015 Outlook is:
Better 29% / Same as last year 41% / Not as good 30%

November Outlook is:
Better 18% / Same as last year 40% / Not as good 41%

Optimism
Optimism score is 6.70 out of a possible 10

September 2015 – Our comment

Another positive month for the region during September with increases in both visitors and turnover and continuing the trend shown throughout 2015 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.

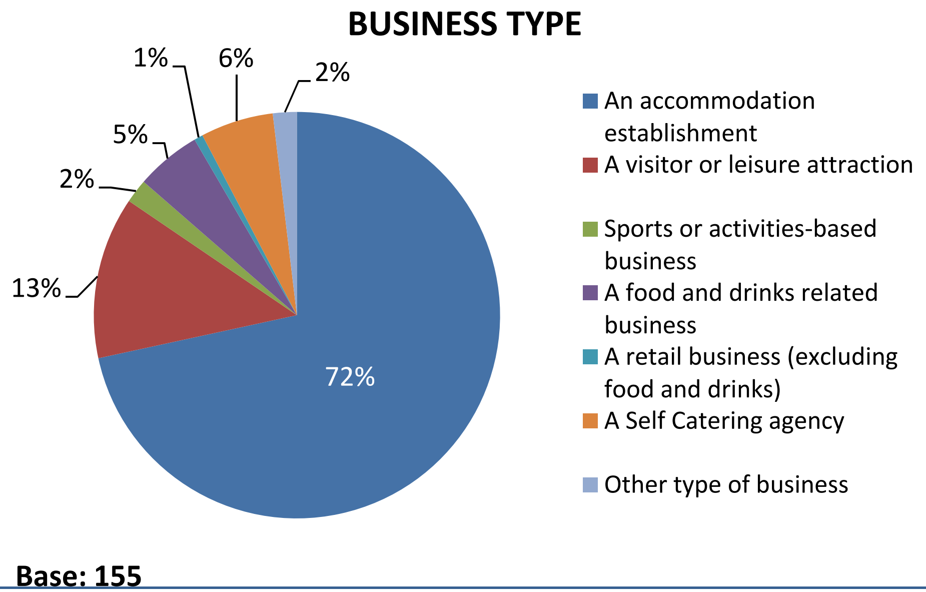
Business optimism has also been higher throughout the year compared to 2014 which hopefully reflects a positive mood in the industry.

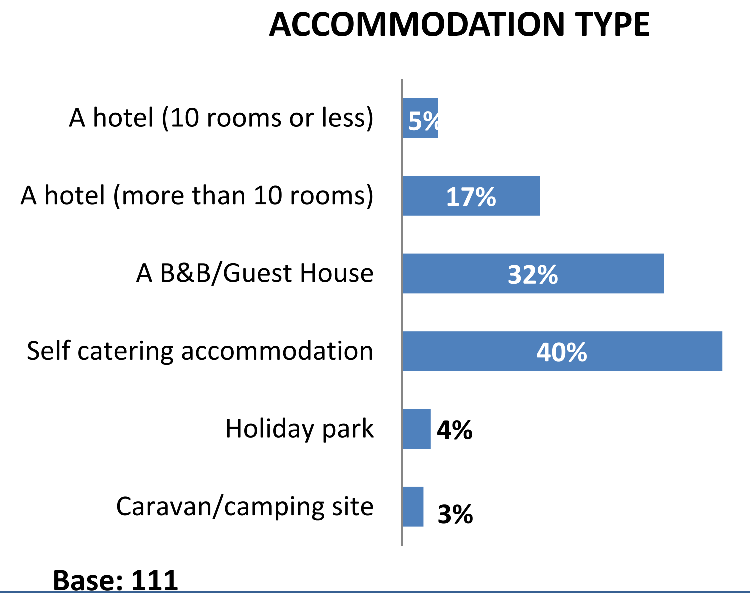
Whilst October booking levels look relatively positive at this moment, November is looking more uncertain but it is a time period when bookings can be more weather dependant and short notice compared to the peak period and families are again restricted as to when they can holiday due to term time regulations. We will have to wait and see the impacts of these factors over the remainder of the year but if the good weather we had in September continues it can only be good news for business.

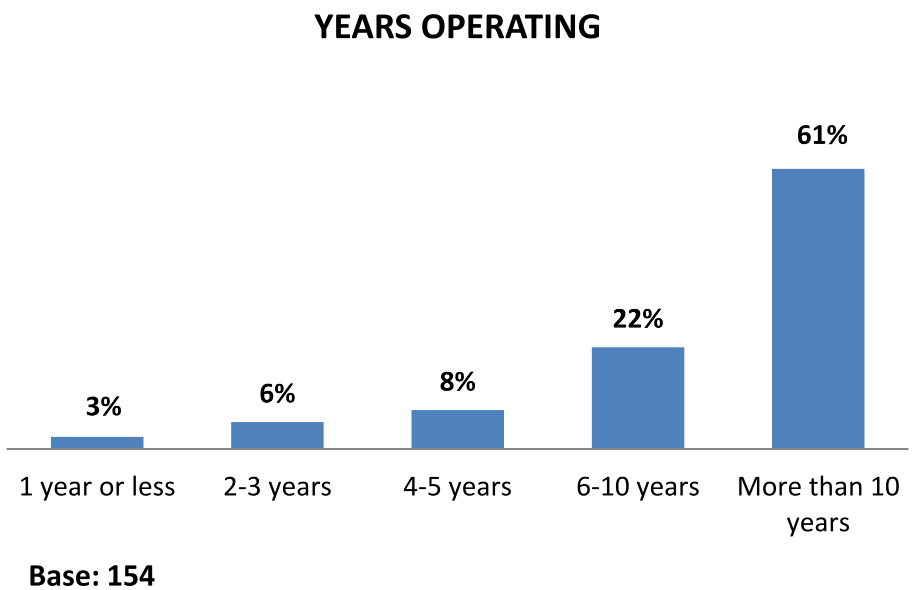
This months survey has a sample of 155 regional businesses, representing a minimum of approximately 1,350 properties when self-catering agency properties are also considered.

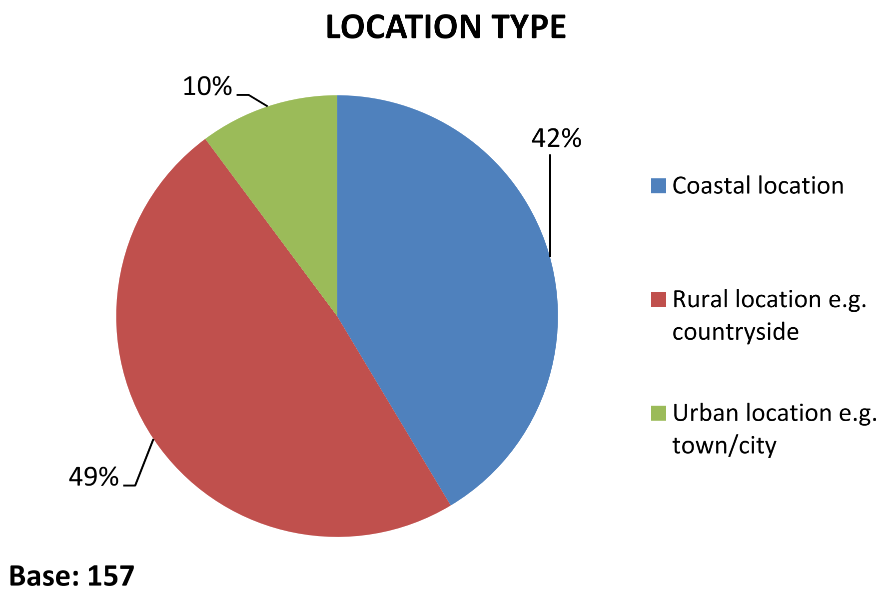
Our thanks go to all businesses that have taken part in the survey this month and to those organisations that have assisted us with the promotion of the survey. It's very much appreciated.

Sample profile

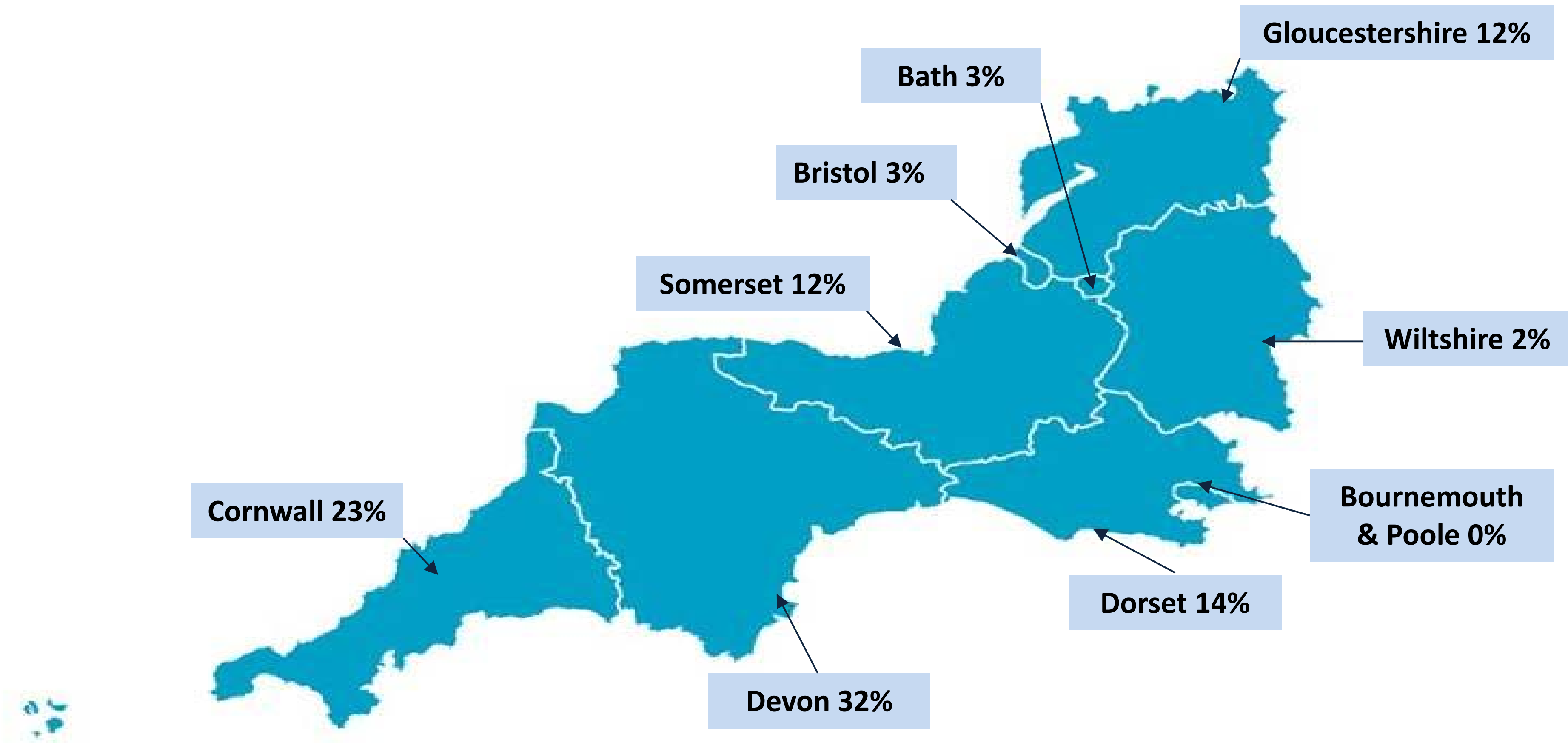








Sample profile - Business location



September 2015 – the month in context

The UK Weather

At the start of September, north-westerly winds brought cool and showery weather to the UK. After this, the weather was dominated by high pressure from the 5th until the 11th and again from the 25th onwards, which mostly brought dry weather with plenty of sunshine, especially near the end of the month. However, the weather was rather changeable from the 12th to the 24th and despite the two fine spells, it was a generally cool month. The fine spell during the last few days brought warm days but also some notably cool nights.

Source: Met Office

The UK Economy

Forecasts for the first change in interest rates since 2009 have been pushed further into the future following the latest reports from the Bank of England.

The Bank said that the outlook for global growth had weakened, which was depressing the risk of inflation.

Economists think that indicates rates will not rise until the second quarter of next year and perhaps later.

The Bank once again held UK interest rates at the record low of 0.5%.

The Bank's Monetary Policy Committee, led by governor Mark Carney, voted 8-1 to keep rates unchanged.

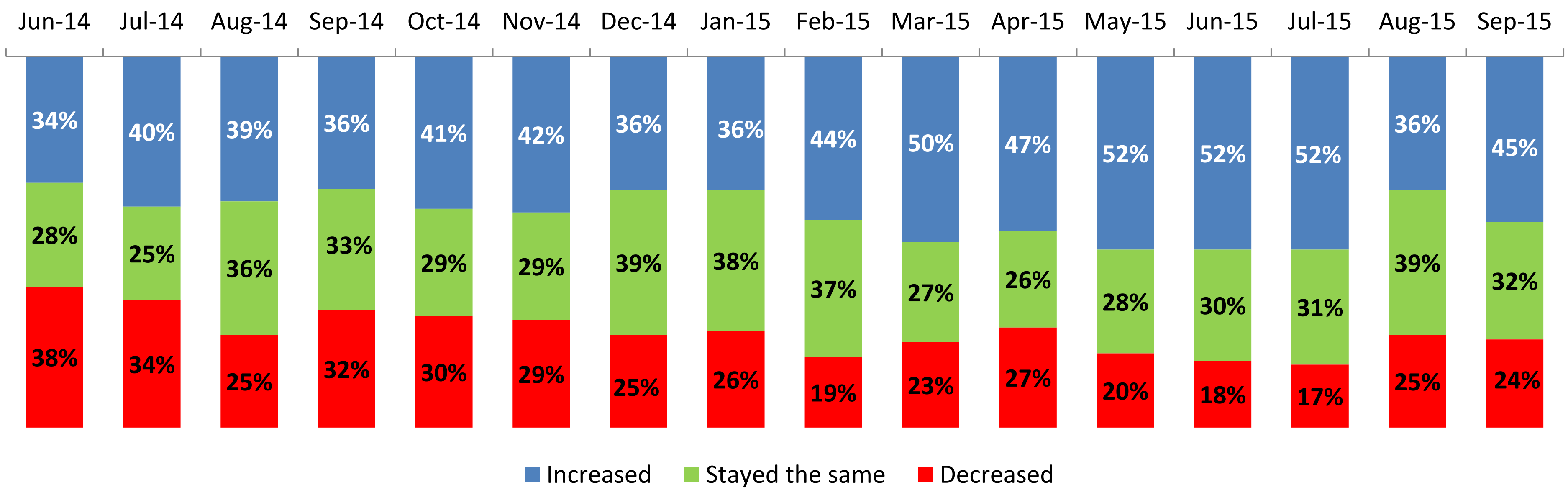
UK interest rates have now remained on hold for six-and-a-half years.

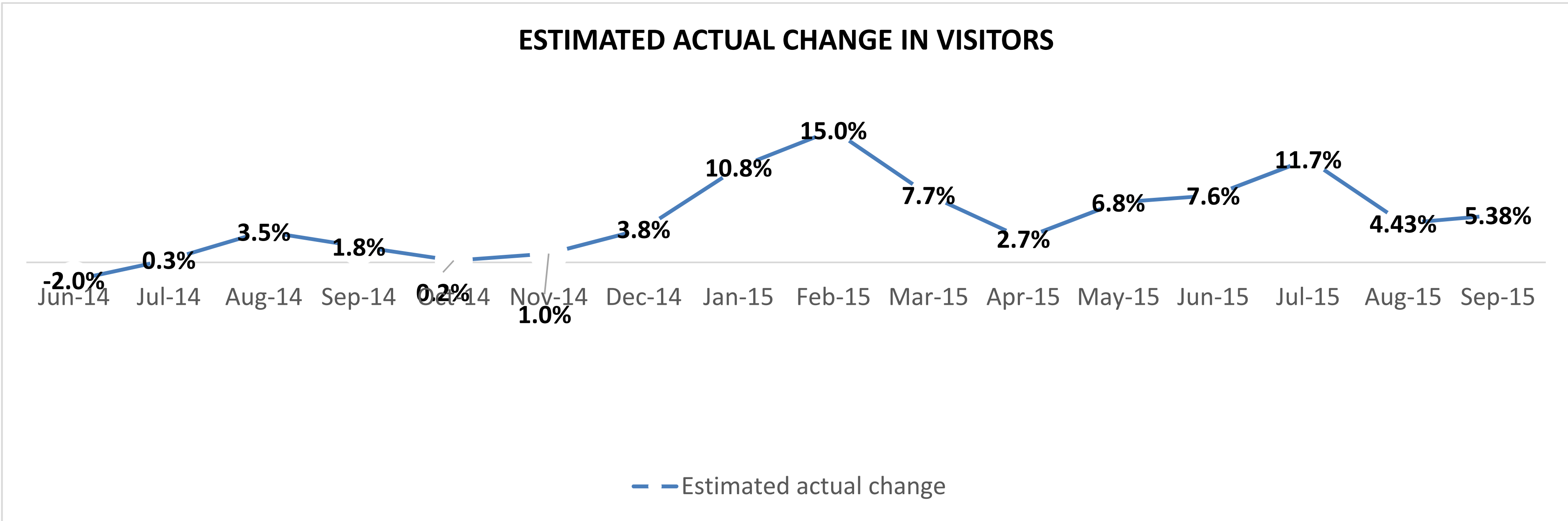
In its’ quarterly inflation report, the Bank of England said "the outlook for global growth has weakened since August". It blamed emerging market economies for that weakness, saying growth in those regions had "slowed markedly".

While the Bank expects inflation to rise above its 2% target in two years, it says that risks "lie slightly to the downside" during that time period. In other words, inflation may not rise as quickly as the Bank forecasts.

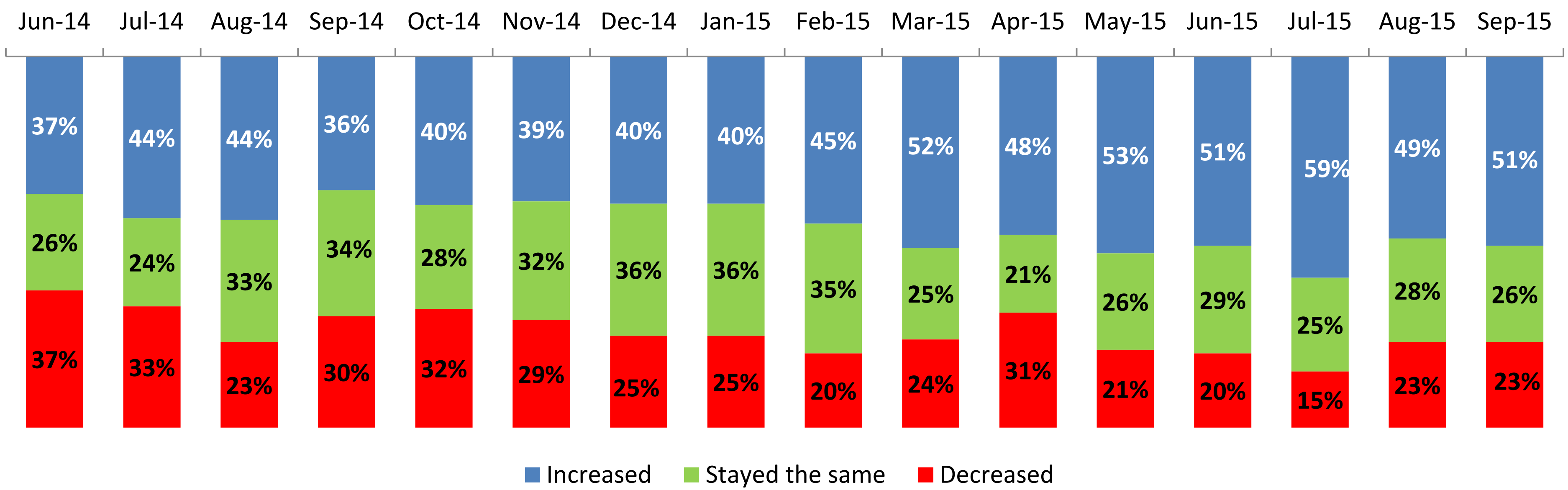
Source: BBC.co.uk

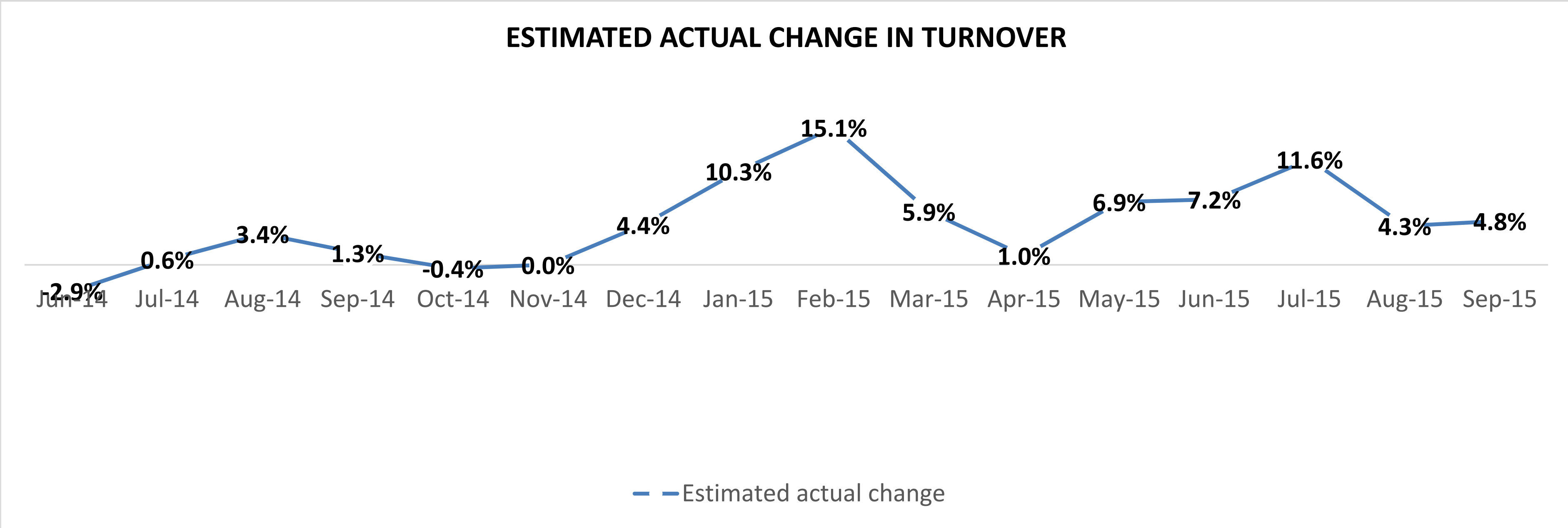
Regional performance – Number of visitors compared to previous year



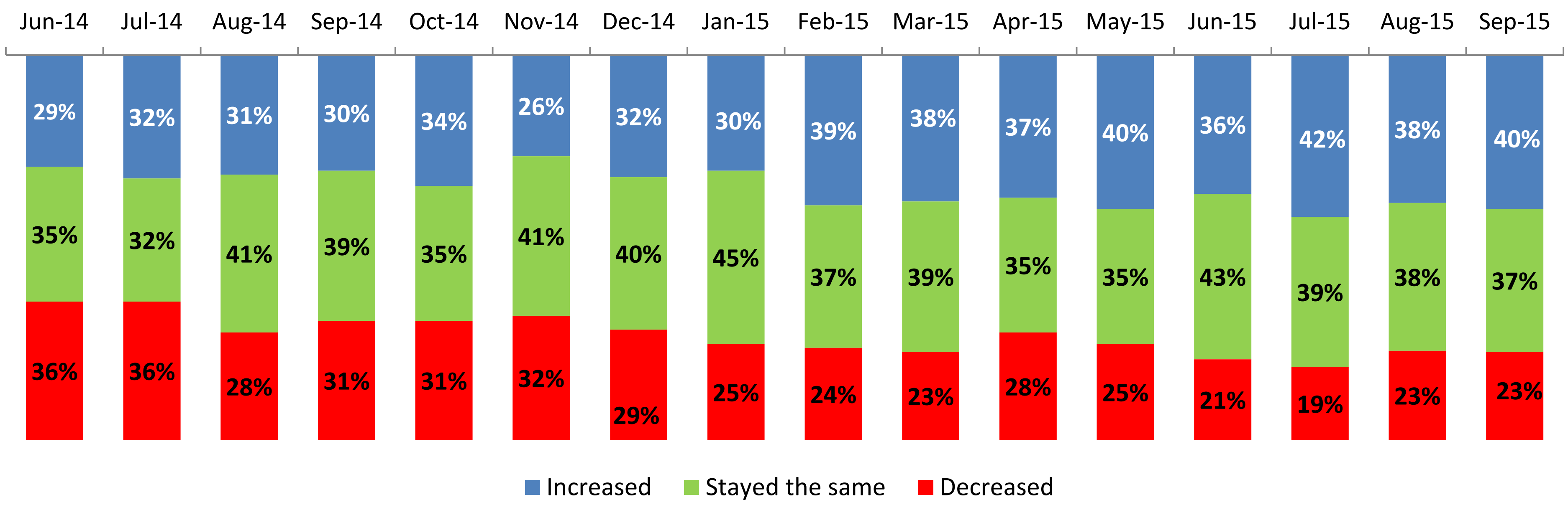


Regional performance – Turnover compared to previous year





Regional performance – Profitability compared to previous year



Higher sales, better average room rate, improved amount of function business.

The weather was much better which brought more visitors/guests.

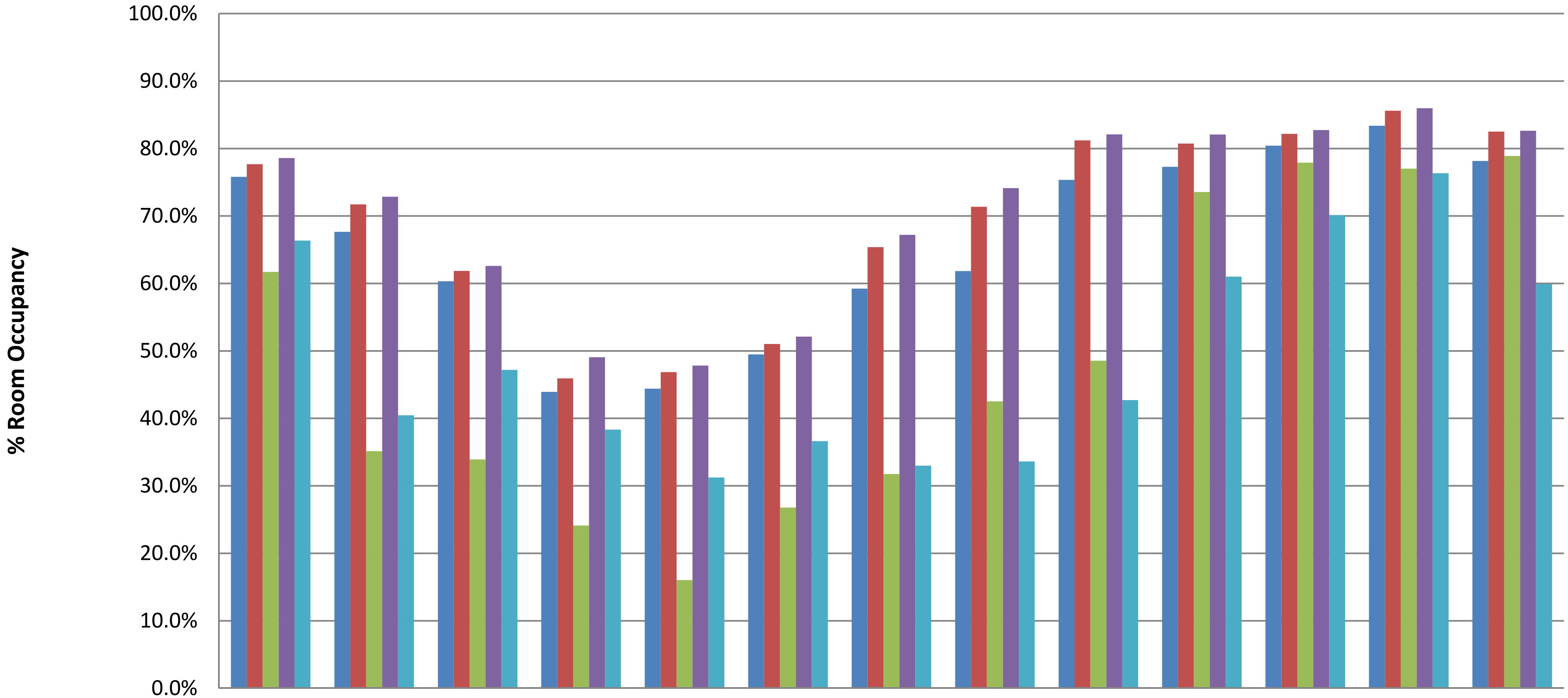
Increased visitor numbers and more efficient utilisation of rooms.

Business has changed from weekly bookings, to shorter breaks, including a lot of one night stays, decreasing profitability.

Fewer visitors, less turnover HIGHER COSTS!

Lower sales, costs have only edged up but eaten into lower returns.

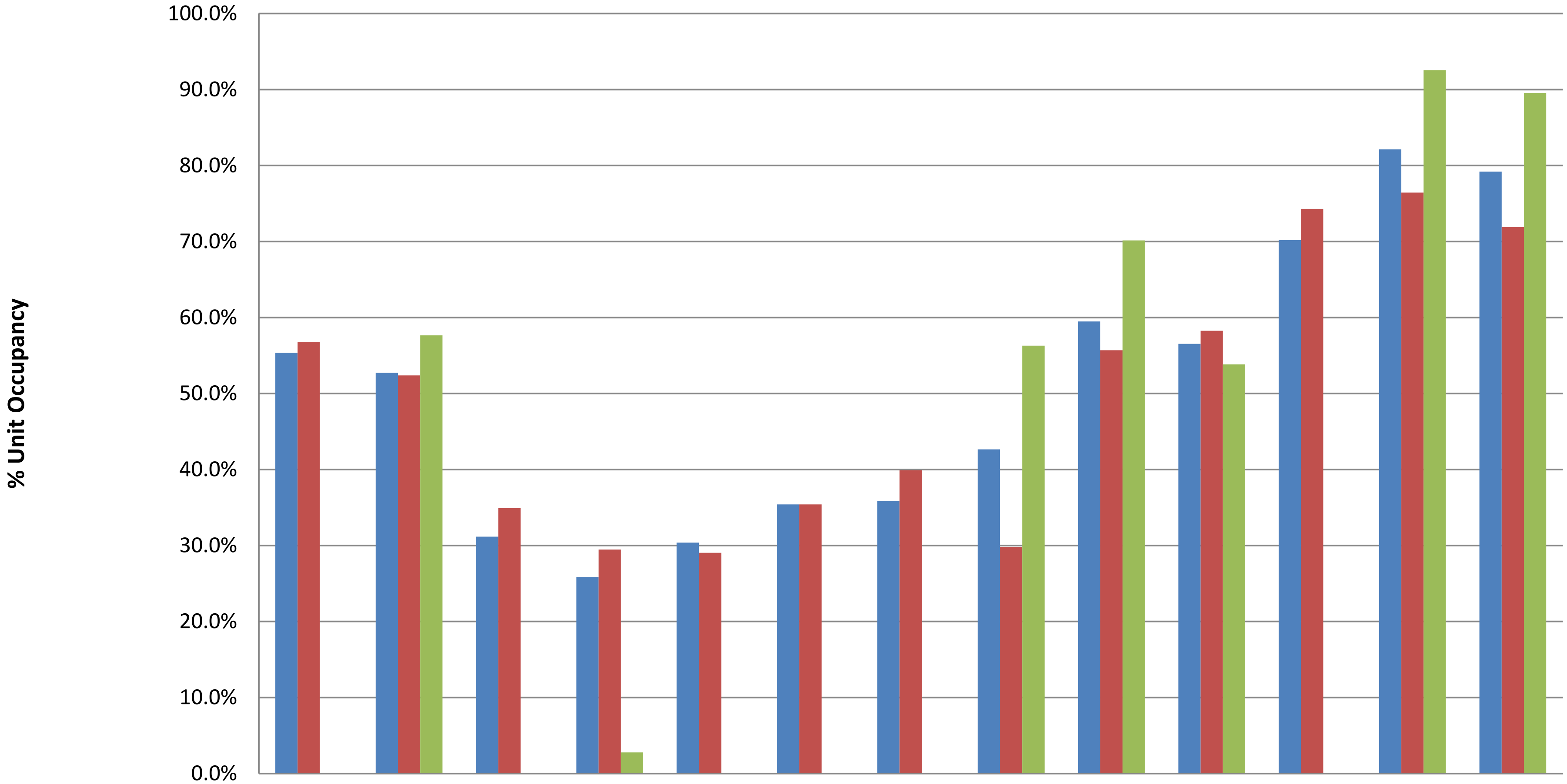
Regional performance – Serviced Room Occupancy



	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
South West	75.8%	67.6%	60.3%	43.9%	44.4%	49.5%	59.2%	61.8%	75.3%	77.3%	80.4%	83.4%	78.2%
All Hotels	77.7%	71.7%	61.9%	45.9%	46.9%	51.0%	65.4%	71.4%	81.2%	80.7%	82.2%	85.6%	82.5%
Hotels <11 Rooms	61.7%	35.1%	33.9%	24.1%	16.0%	26.8%	31.8%	42.5%	48.5%	73.6%	77.9%	77.0%	78.9%
Hotels >11 Rooms	78.6%	72.8%	62.6%	49.1%	47.8%	52.1%	67.2%	74.1%	82.1%	82.1%	82.7%	86.0%	82.6%
B&B/Guest House	66.4%	40.5%	47.2%	38.3%	31.2%	36.6%	33.0%	33.6%	42.7%	61.0%	70.1%	76.3%	59.9%

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.

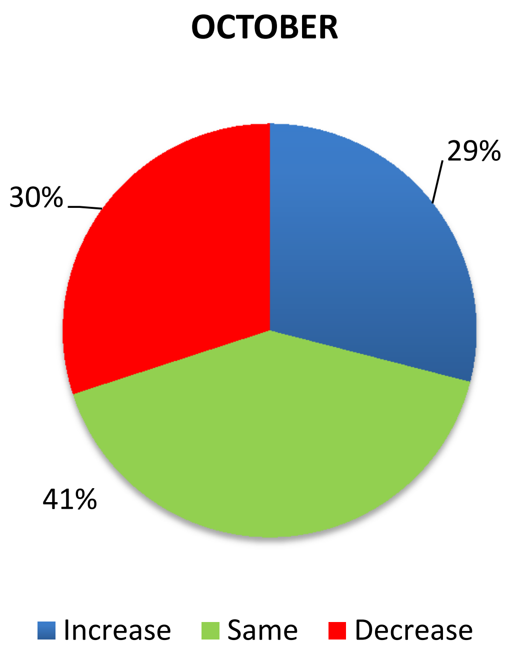
Regional performance – Self Catering Unit Occupancy

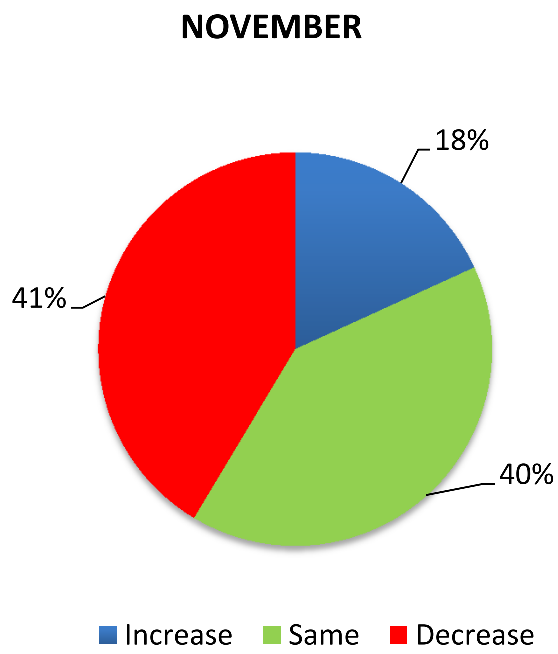


	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
South West	55.4%	52.7%	31.2%	25.9%	30.4%	35.4%	35.9%	42.6%	59.5%	56.5%	70.2%	82.1%	79.2%
Self Catering Accomm	56.8%	52.4%	34.9%	29.5%	29.0%	35.4%	39.9%	29.8%	55.7%	58.3%	74.3%	76.4%	71.9%
Holiday Parks		57.7%	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

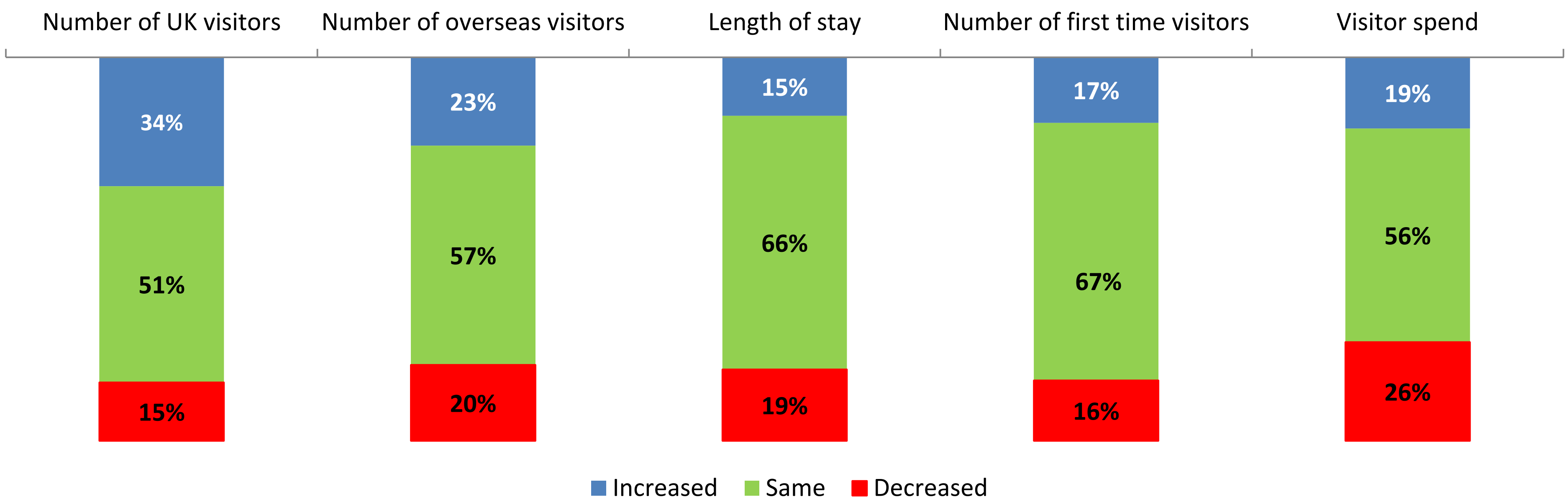
It should be noted that the figures provided represent the occupancy rates for those responding to this survey and the results are not weighted to represent regional and county accommodation stocks.

Regional outlook – Based upon forward booking levels



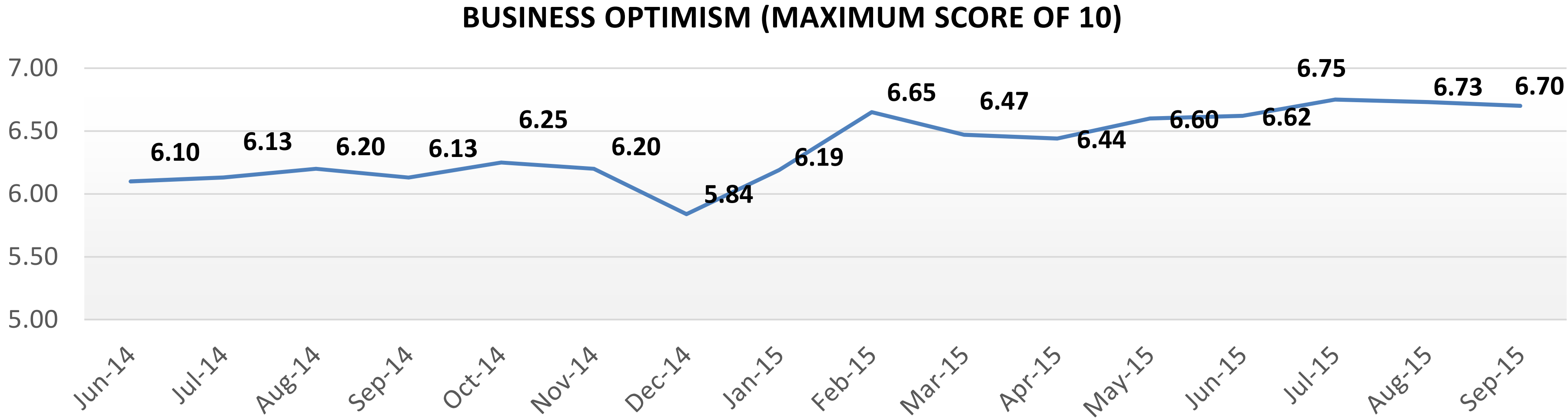


Regional – Visitor characteristics compared to previous year



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



Media coverage of Cornwall, (Poldark etc.) seems to have had a positive impact on numbers visiting this year.

Booking levels are very strong for 2016 which is encouraging.

Good weather and things to do.

The living wage is about to be a very real factor and depress our sector.

Air Passenger Duty is still a large factor in reducing overseas tourism into the UK and particularly the Cotswolds.

The volume of visitors is in decline. There appears to be a slow down compared with previous months and last year.

Area Performance - September (2015 v 2014)

VISITOR NUMBERS	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Increased	45%	50%	0%	0%	54%	48%	45%	33%	33%	27%	67%
Stayed the same	32%	50%	100%	75%	26%	24%	32%	56%	0%	33%	33%
Decreased	24%	0%	0%	25%	20%	28%	23%	11%	67%	40%	0%
Base	155	<5	<5	<5	35	50	22	18	<5	15	<5

TURNOVER	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Increased	51%	75%	0%	0%	60%	49%	48%	65%	33%	33%	33%
Stayed the same	26%	25%	100%	75%	20%	31%	29%	24%	0%	20%	33%
Decreased	23%	0%	0%	25%	20%	20%	24%	12%	67%	47%	33%
Base	152	<5	<5	<5	35	49	21	17	<5	15	<5

PROFITABILITY	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Increased	40%	75%	0%	25%	53%	40%	42%	33%	33%	8%	33%
Stayed the same	37%	25%	100%	50%	38%	38%	42%	33%	0%	31%	67%
Decreased	23%	0%	0%	25%	9%	21%	16%	33%	67%	62%	0%
Base	145	<5	<5	<5	34	47	19	18	<5	13	<5

*** Sample less than 20**

Area Outlook – Booking levels (2015 v 2014)

October	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Better	29%	50%	100%	0%	30%	21%	53%	20%	0%	21%	67%
The same	41%	50%	0%	67%	30%	38%	21%	67%	67%	64%	33%
Not as good	30%	0%	0%	33%	40%	40%	26%	13%	33%	14%	0%
Base	134	<5	<5	<5	30	42	19	15	<5	14	<5

November	Region	*Bath	*B&P	*Bristol	Cornwall	Devon	*Dorset	*Gloucs	*North Somerset	*Somerset	*Wilts
Better	29%	50%	100%	0%	20%	12%	31%	7%	0%	36%	50%
The same	41%	50%	0%	67%	44%	38%	44%	64%	100%	0%	0%
Not as good	30%	0%	100%	33%	36%	50%	25%	29%	0%	64%	50%
Base	134	<5	<5	<5	25	34	16	14	<5	14	<5

*** Sample less than 20**

Business Type Performance – September 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	45%	41%	65%	0%	50%	100%	0%	67%	0%	60%	37%	30%	50%	67%	0%
Stayed the same	32%	34%	15%	100%	0%	0%	0%	33%	67%	24%	34%	41%	25%	33%	0%
Decreased	24%	25%	20%	0%	50%	0%	0%	0%	33%	16%	29%	30%	25%	0%	0%
Base	155	111	20	<5	8	<5	0	9	<5	25	35	44	<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	51%	49%	61%	33%	50%	100%	0%	67%	0%	68%	41%	41%	75%	67%	0%
Stayed the same	26%	26%	22%	67%	13%	0%	0%	33%	33%	20%	29%	27%	25%	33%	0%
Decreased	23%	25%	17%	0%	38%	0%	0%	0%	67%	12%	29%	32%	0%	0%	0%
Base	152	110	18	<5	8	<5	0	9	<5	25	34	44	<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	40%	37%	79%	33%	0%	100%	0%	63%	0%	52%	29%	36%	50%	0%	0%
Stayed the same	37%	38%	7%	33%	71%	0%	0%	38%	100%	28%	51%	26%	50%	100%	0%
Decreased	23%	26%	14%	33%	29%	0%	0%	0%	0%	20%	20%	38%	0%	0%	0%
Base	145	109	14	<5	7	1	0	8	<5	25	35	42	<5	<5	0

*** Sample less than 20**

Business Type Outlook – Booking levels 2015 v 2014

Oct	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	29%	31%	0%	0%	20%	0%	0%	44%	0%	40%	31%	30%	0%	0%	0%
Same	41%	38%	80%	100%	60%	100%	0%	44%	0%	48%	23%	39%	75%	67%	0%
Worse	30%	32%	20%	0%	20%	0%	0%	11%	100%	12%	46%	32%	25%	33%	0%
Base	134	111	5	<5	5	<5	0	9	<5	25	35	44	<5	<5	0

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	18%	19%	20%	0%	20%	0%	0%	13%	0%	13%	20%	23%	33%	0%	0%
Same	40%	40%	40%	0%	20%	100%	0%	50%	0%	48%	36%	38%	67%	33%	0%
Worse	41%	40%	40%	0%	60%	0%	0%	38%	100%	39%	44%	40%	0%	67%	0%
Base	114	94	5	0	5	<5	0	8	<5	23	25	40	<5	<5	0

*** Sample less than 20**

Business type and area occupancy levels

The tables below show the estimated occupancy for September 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

Sept-15	% RM OCCUPANCY	SAMPLE
South West	78.15%	54
All hotels	82.50%	19
Hotel 10 rooms or less	78.89%	<5
Hotel more than 10 rooms	82.63%	15
B&B	58.47%	21
Guest House	61.57%	14
Former Avon	86.40%	5
Cornwall	70.39%	11
Devon	79.89%	23
Dorset	86.08%	<5
Gloucestershire	80.16%	<5
Somerset	49.92%	<5
Wiltshire	62.18%	<5

SELF-CATERING UNIT OCCUPANCY

Sept-15	% UNIT OCC	SAMPLE
South West	79.20%	44
Self-catering accommodation	71.91%	40
Holiday Park	89.56%	<5
Former Avon	22.85%	<5
Cornwall	90.04%	9
Devon	90.78%	10
Dorset	73.49%	9
Gloucestershire	93.75%	5
Somerset	65.75%	8
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;