

## Introduction

Welcome to Yorkshire (formerly the Yorkshire Tourist Board) runs a quarterly Business Performance Monitor and this report illustrates the findings from **October to December 2008**, providing a snapshot of industry performance during this period. A total of **329 businesses** took part in Quarter 4 last year, with a **cross section of the industry** represented in the sample, including a mix of accommodation providers, attractions, retail outlets and restaurants/pubs/café's.

## The National Picture

### Visitor Trends: *Tourism spend remains positive*

Despite a fall in domestic trips within the UK in Q4 the value of trips remained fairly stable following an increase in average spend per night at nearly three times the rate of inflation. *(UKTS)*

Inbound visits to the UK were down by 12% in Q4 although the full year-on-year picture remained more stable and in fact spend was up 3% in 2008 compared with 2007. *(IPS)*

Visits to attractions in Q4 2008 remained fairly stable when compared to Q4 2007. *(England Attraction Monitor)*

### Weather



Generally poor with below average temperatures but above average levels of sunshine.

October and November were wet while December was very cold but mostly dry.

### Business Conditions: *Households shift to UK holidays*

Both retail sales value and consumer services turnover further reduced in Q4 2008 with consumers showing a shift towards cheaper unbranded products and services. *(Bank of England Summaries)*

Some evidence of trading down in leisure expenditure although at a much slower rate than other markets, most notably housing, automotive and financial services. In contrast, tour operators reported steady demand going into Quarter 4, with an increasing number of households switching towards holidays in the UK.

## A Regional Overview of Trends

### Serviced Accommodation

Average bed occupancy figures for Yorkshire in Q4 2008 remained in line with the UK average.

### Self-catering accommodation

Unit occupancy down slightly in Q4, although taking a full year average occupancy levels remained fairly similar to 2007, reflecting stronger performance in Q1 and Q2 of 2008.

### Visits to Attractions

Just under half of visitor attractions in Yorkshire reported an increase in visitor numbers in Q4 2008 compared to the same period a year ago, representing an improvement of 3% on the previous quarter.

Over three quarters of attractions noted an increase of more than 10%. Compared to the England average, Yorkshire based attractions were more positive about performance looking forward.

# How's Business Survey Results (Oct-Dec 2008)

## 1. Market Trends – Domestic market remains strong

Overall a quarter of businesses felt visitor numbers were up in Q4 2008 compared with the same period a year ago, mainly attributed to the strength of the domestic visitor market. Meanwhile only 11% of businesses felt overseas visitors were up on the previous year. In the business and group travel markets visitor numbers remained more stable with the majority of businesses reporting no change.

Over two thirds of businesses indicated returning visitors as having a positive impact on business performance last quarter. Also playing a significant role were events/festivals and increased business/marketing spend, more so than the previous quarter. This is most likely to be attributed to the festive season.

Positive Impacts on Performance (Top 5)	
Returning customers/repeat bookings	68%
Events and Festivals	26%
Refurbishment/investment in facilities	24%
Increased business marketing/advertising spend	20%
Additional special offers/promotions created	18%

Top five positive impacts in Quarter 4 2008

Factors Limiting Performance (Top 5)	
General decline in consumer spending	60%
High fuel prices	46%
Weather	42%
Increase in business costs	42%
Increased competition locally	19%

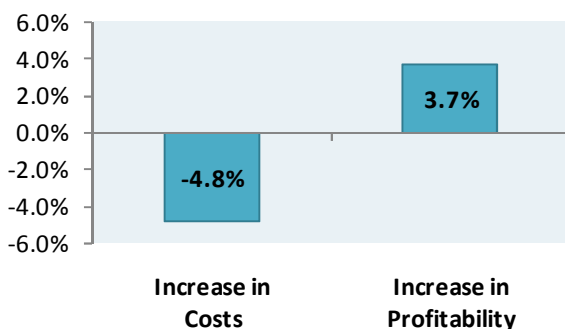
Top five limiting factors in Quarter 4 2008

The most common factor limiting business performance last quarter was a general decline in consumer spending, noted by almost two thirds of participating businesses, while increased running costs and high fuel prices affected just under half of the businesses taking part.

## 2. Business Performance – Prices remain level

Despite high running costs, over a quarter of tourism businesses actually reported an increase in profitability in Q4, compared to the same period the previous year. These results show some resilience to the ongoing economic situation. What's more, the majority of businesses have kept their prices stable throughout the reporting period, with no major increase or decrease indicated.

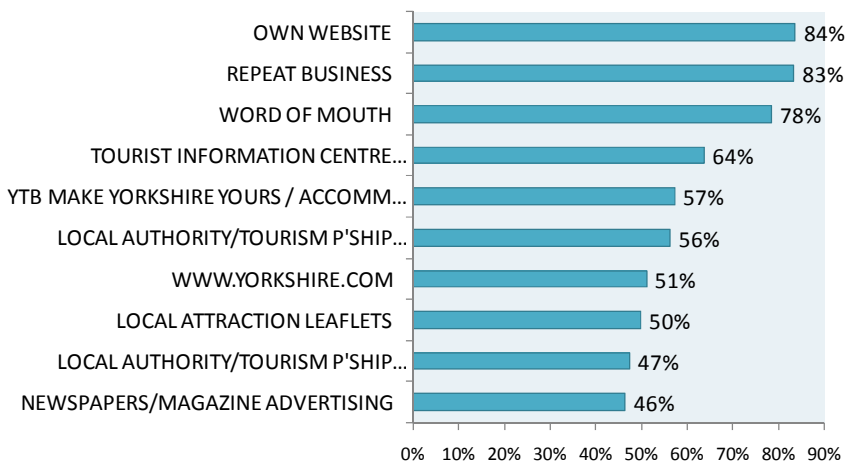
### % change in those reporting an increase in the following:



Encouragingly, compared to last quarter the total number of businesses reporting an increase in costs has come down while those reporting a profit has risen.

N.B. Figures have been rounded to the nearest whole percentage

### 3. Marketing and Promotions – Online marketing is most effective



The most common form of marketing activity undertaken in 2008 was via businesses own websites. This was also reported to be the most successful marketing channel used, scoring an average 4.2 out of 5 for effectiveness. Repeat business and word of mouth also remained important marketing channels, as were referrals from tourist information centres. Meanwhile travel guides, direct mail campaigns and press trips were used less often and considered less effective.

Nearly two thirds of businesses taking part had invested in developing their website last quarter while around half of respondents had offered special deals and promotions. Targeting previous customers was more favoured than targeting new customers, which is no surprise considering the volume of repeat visitors in the region (over 95% of visitors to the region state that they are likely or very likely to return).

Interestingly, offering reduced prices/discounts was more common (46% of respondents) than offering additional experiences (only 15% of respondents). However, recent VisitBritain research suggests that holidays are still important for most people and that following a decline spending power, consumers are now seeking to add value to their holiday experience as a way of justifying their spend. Offering additional experiences can create a better sense of value for money without requiring a drop in prices.

When asked what steps they had taken to improve general business performance, updating/improving facilities was the most common answer, with around two thirds of businesses having undertaken some sort of refurbishment. Just under half of businesses reduced their costs, while positively very few reduced their staffing level, instead working towards better organisation/management practices.

### 4. Staff Training/Recruitment – Rise in seasonal workers over Christmas

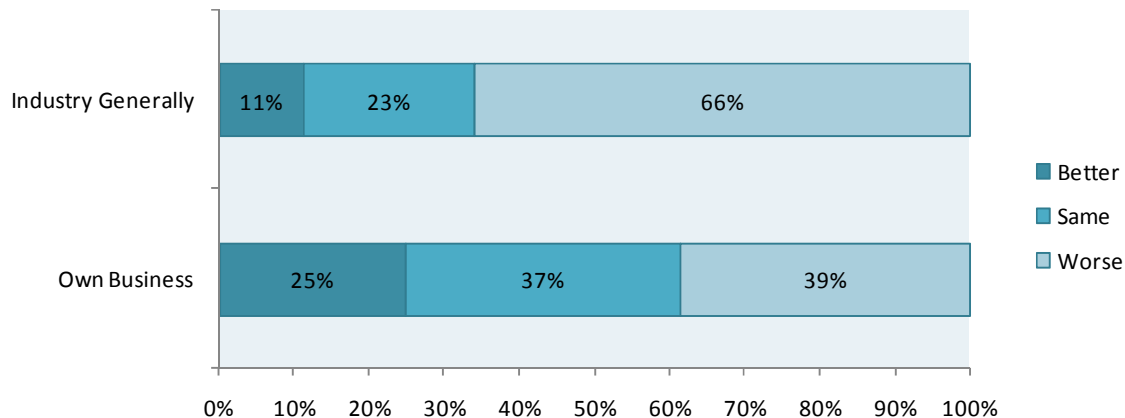
Compared to Q3 of the year there were a slightly higher proportion of seasonal workers employed in Q4 of 2008, which is to be expected over the festive season. There was also a slight increase in the relative proportion of casual workers employed, rising from 21% in Q3 to 27% in Q4 of the year. The relative proportion of full and part-time staff remains evenly split.

Around a quarter of businesses had participated in/funded some form of staff training in the last 12 months. Among those providing training, first aid, fire training, food hygiene, Welcome courses and Marketing and were the most popular.

Top five training courses	
First Aid	41%
Fire Training	34%
Food Hygiene	31%
Welcome courses	27%
Marketing	27%

## 5. Future Confidence – Business expectations remain mixed

On the whole people were more positive about their own business than they were about the industry in general. A quarter of respondents state they felt better about their business expectation over the next three months compared to the same period a year ago. What's more, this was a significant increase on the previous quarter.



N.B. Figures have been rounded to the nearest whole percentage

## 6. Forward Bookings – Some businesses experience a boost

Looking forward, 24% of businesses said bookings were up for next quarter compared to the same period a year ago while 32% felt they were level. Within the individual sectors, the non-serviced accommodation sector remained the most positive about their own business performance, and the retail/catering sector the least positive (although a large proportion of their trade is reliant on leisure visitors as opposed to tourists).

## Hot Topic – Domestic Tourism on the rise

Recent research published by VisitEngland (the National Tourist Board for England) in March 2009 reported an increasing demand among domestic travellers for UK based holidays. Its online survey asked consumers to consider the likely impacts of the credit crunch on their holidaying behaviour. Headline results include;

- The proportion of consumers saying they would holiday abroad has dropped since last autumn.
- One in five UK holiday makers who would have holidayed abroad plan to switch to UK based holidays in 2009 to save money.
- 60% of consumers said exchange rates currently put them off taking holidays abroad
- Increase since October in the percentage of Brits expecting to take a UK short break in the next year, up from 40% to 65%.

In Q4 of 2008's Business Performance Monitor, businesses were asked to consider any potential advantages or benefits resulting from the current economic situation. A small number of businesses indicated that they had already noticed an increase in the level of enquires and bookings from the euro zone, supporting the findings from VisitEnglands' research. The majority of businesses remained positive about the coming year and potential increase in domestic visitors as a result of the current economic climate.