

Tourism Trends

Sharon Orrell

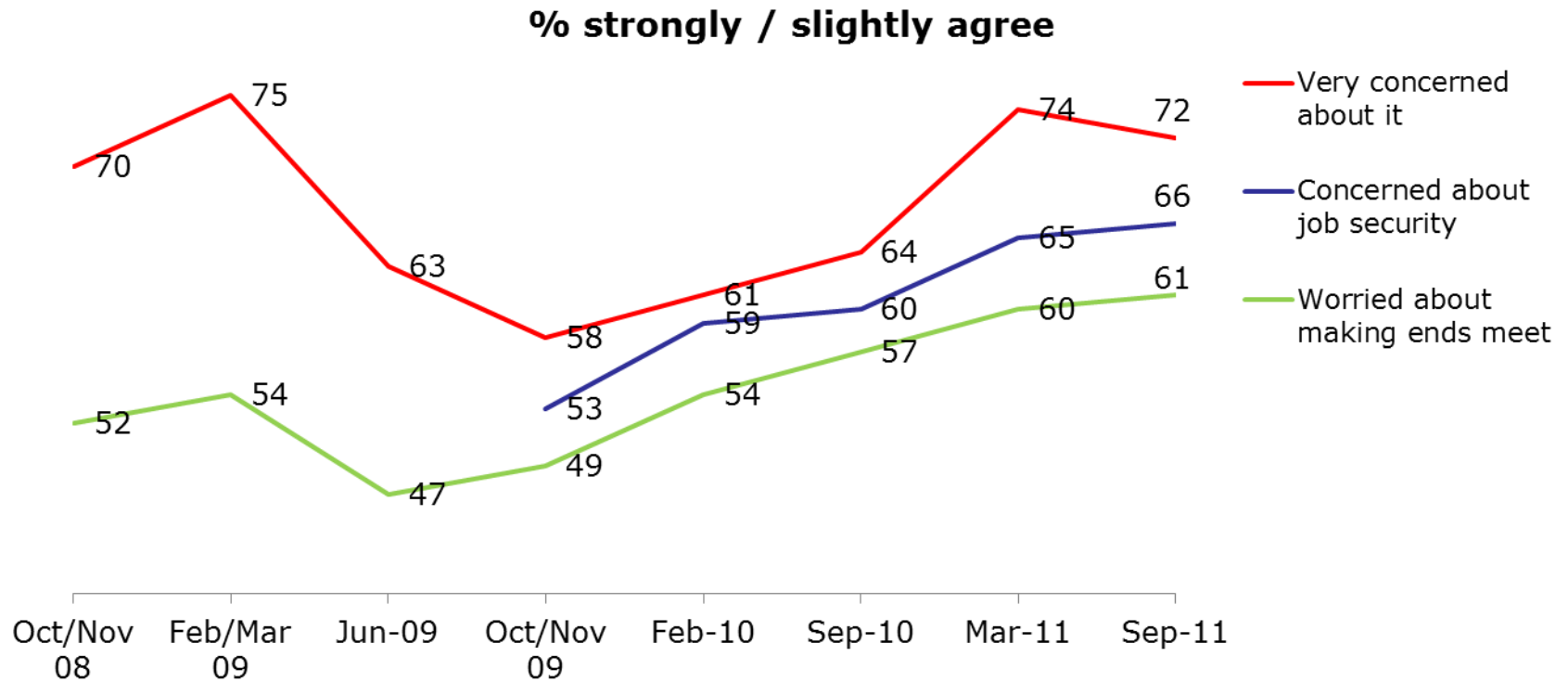
13th October 2011



The Economic Context

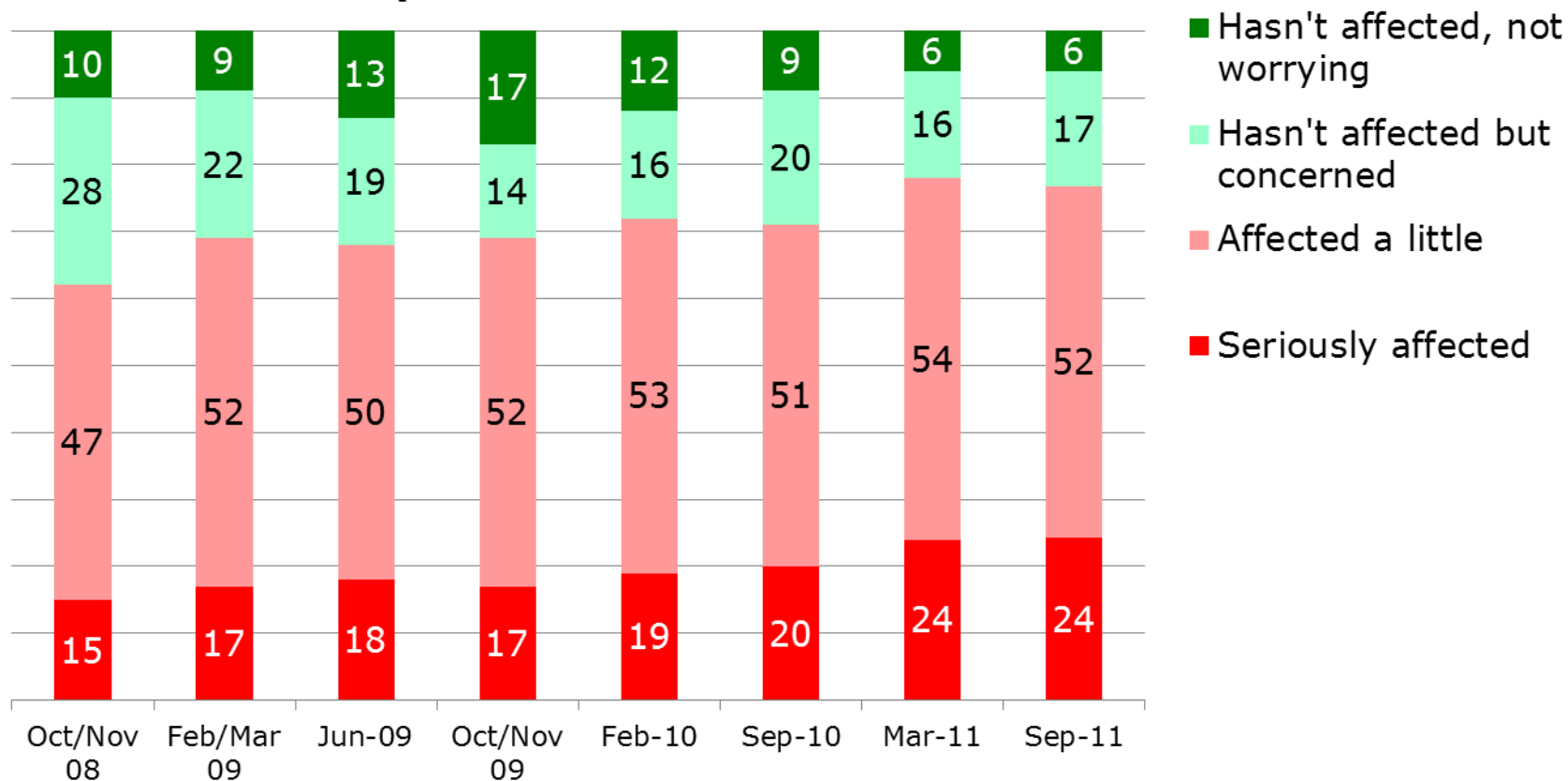


Concern about the economy remains at a high level



Three quarters of us have changed spending patterns as a result of the downturn – and 1 in 4 are “seriously affected”

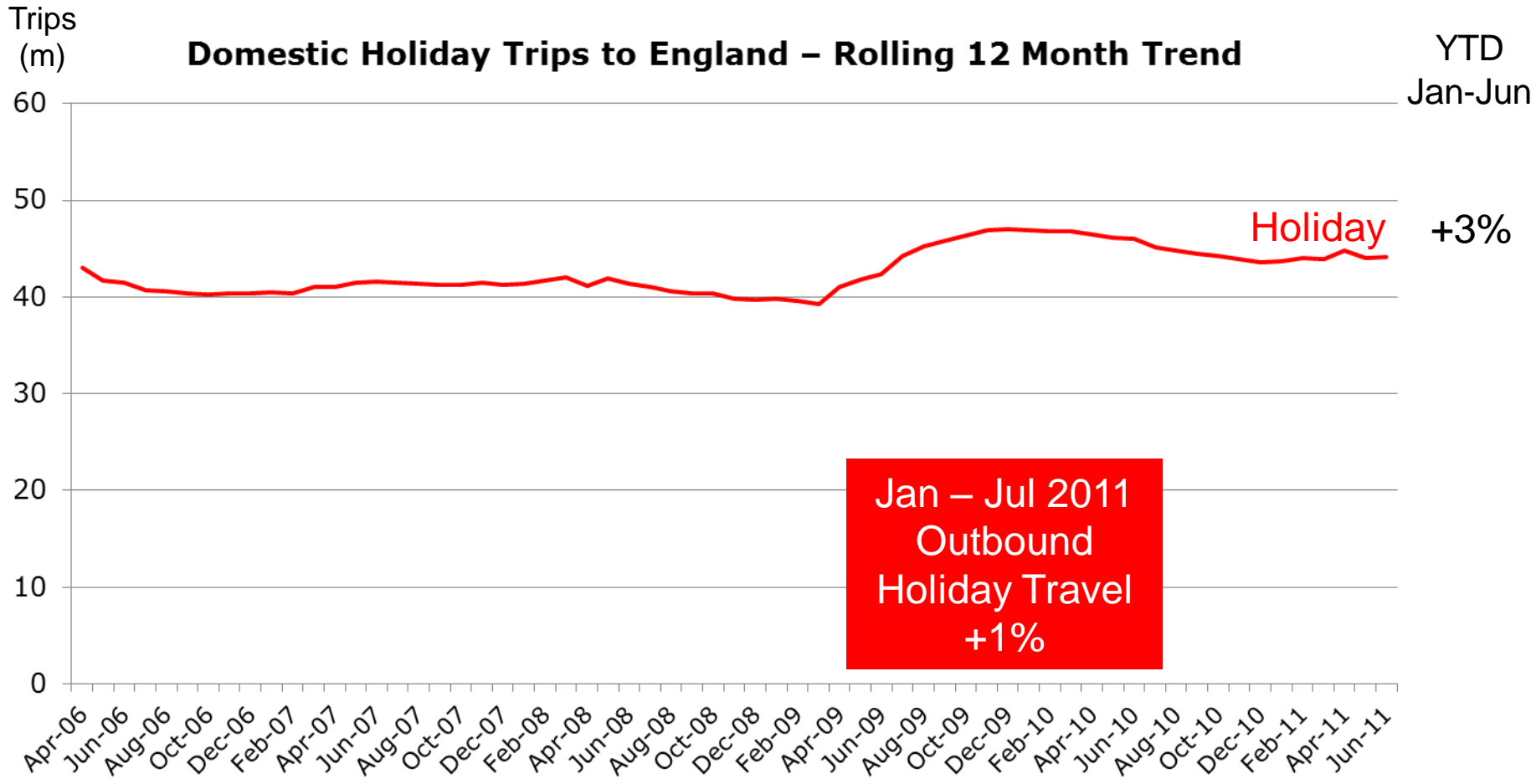
Impact of Economic Downturn



Impact on Holiday Trends

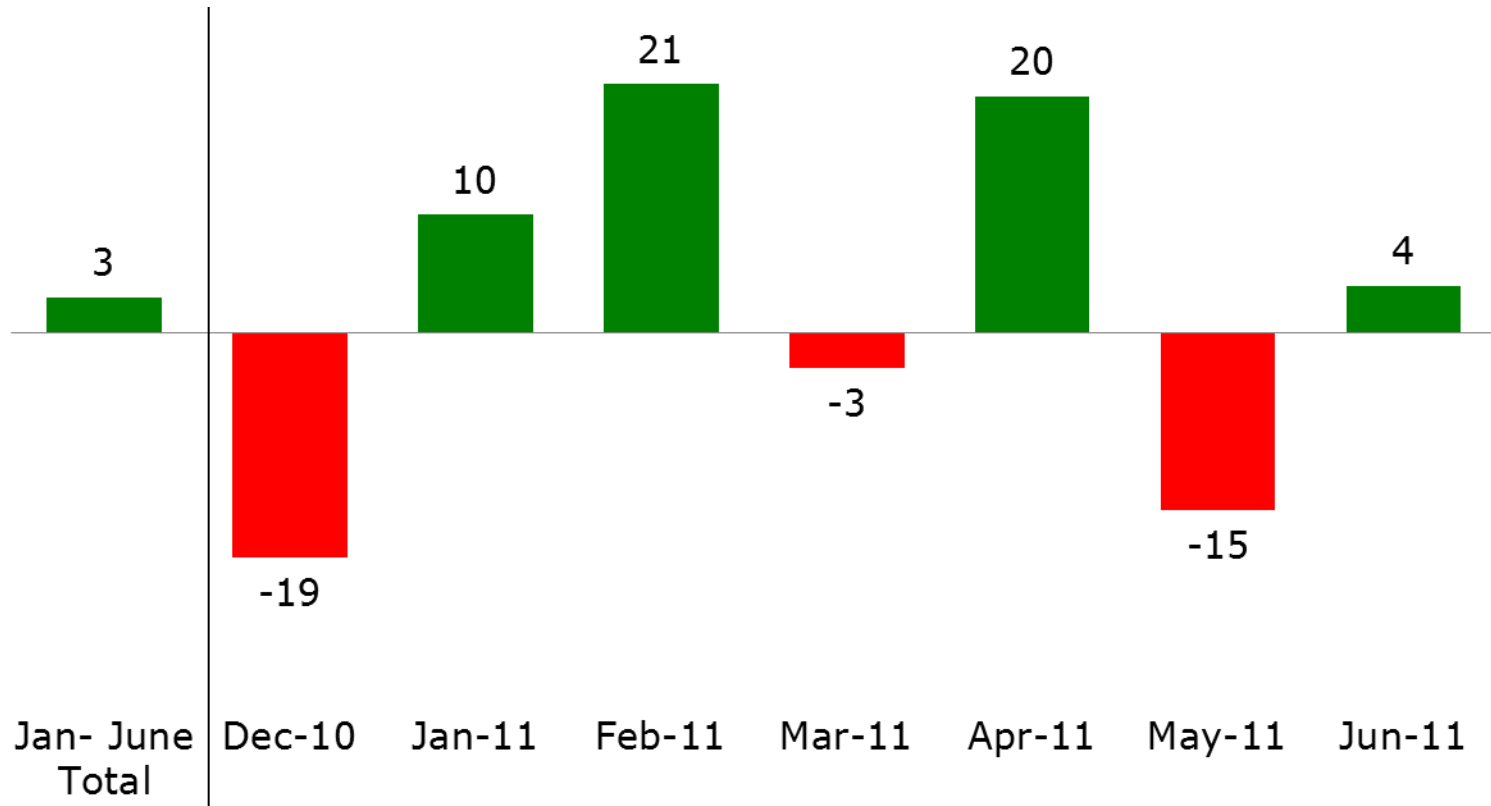


Holiday trip volumes remain well above pre-recession levels



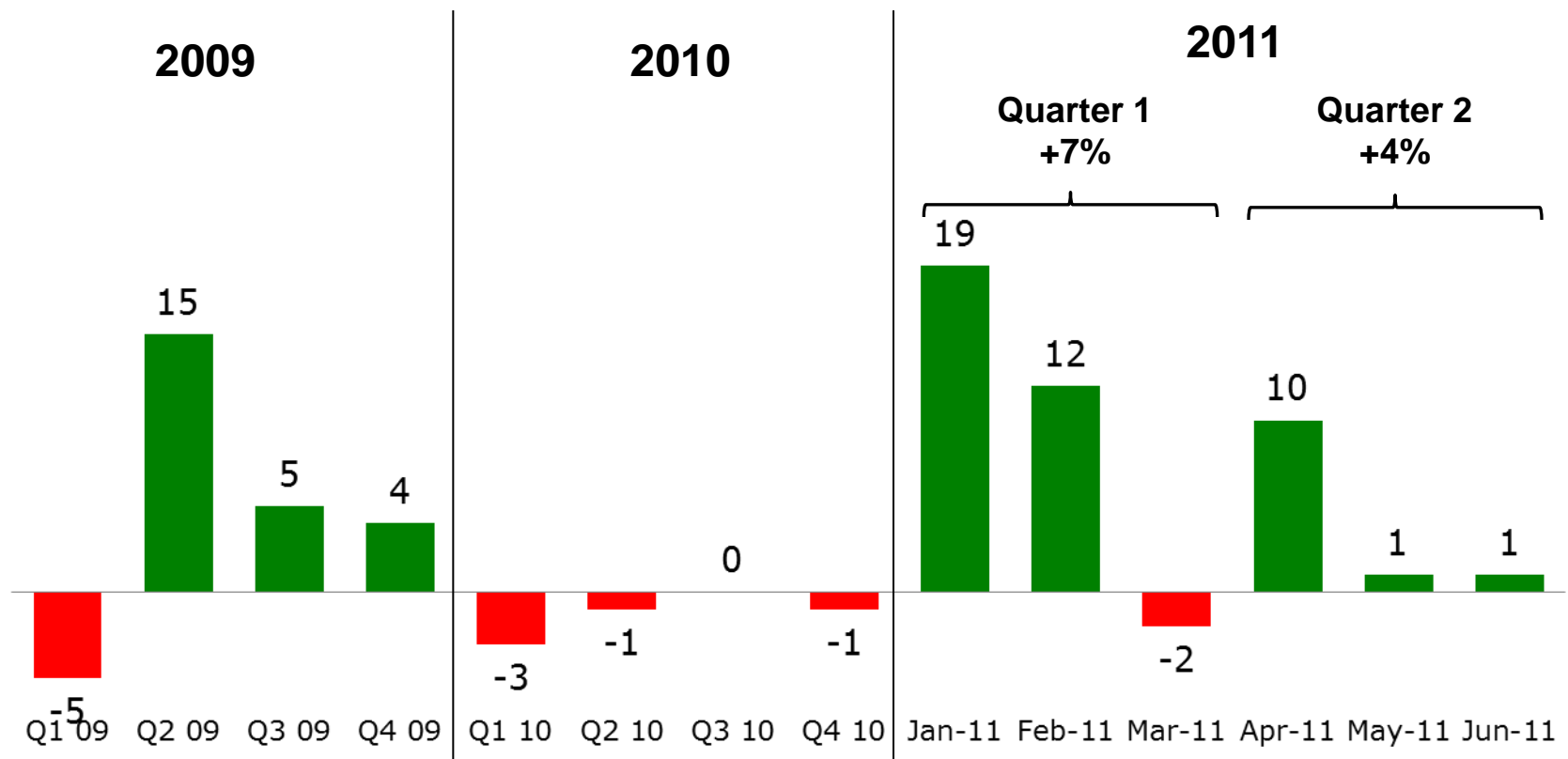
This year's trend has been anything but consistent

% Year on Year Change in Domestic Holiday Trip Volumes



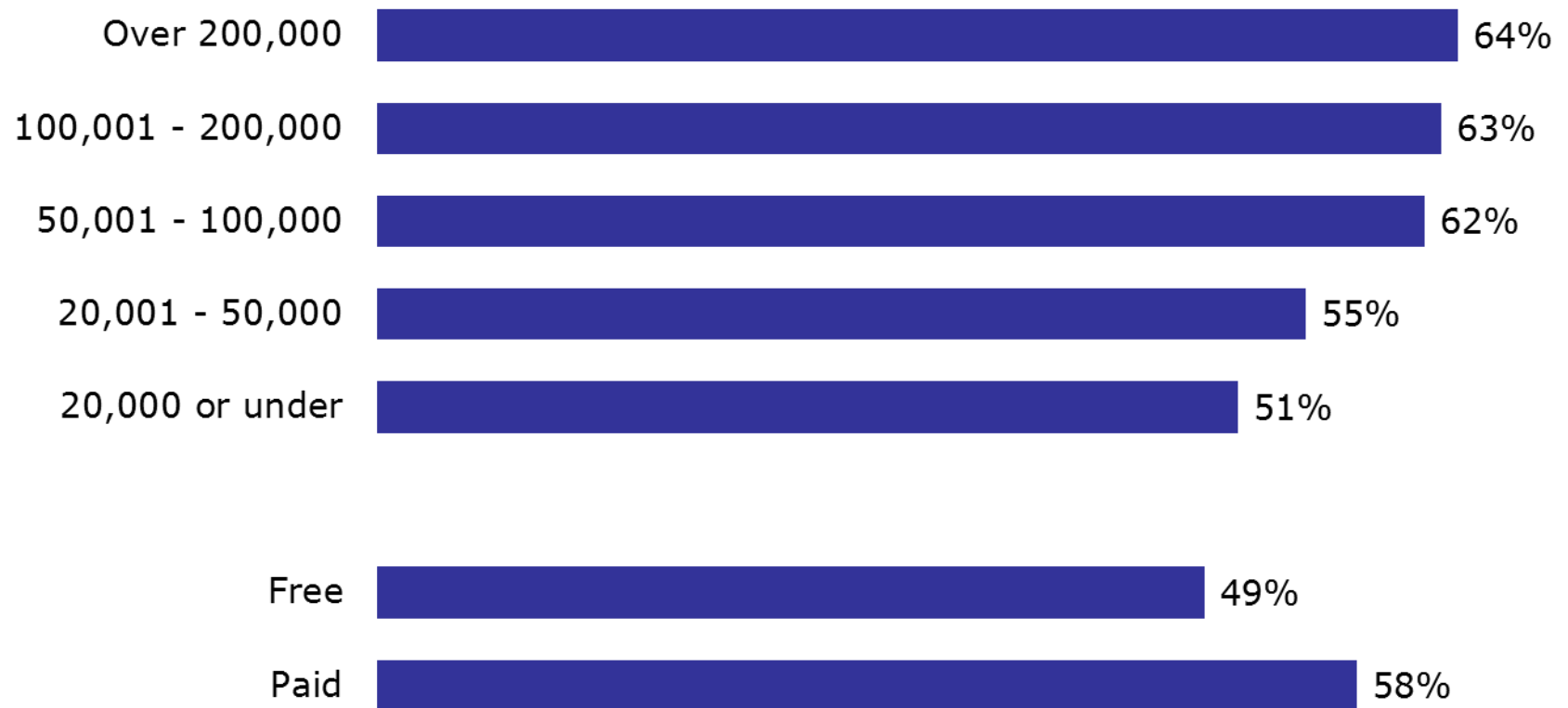
Attractions performance has also varied month by month

% Year on Year Change in Attractions Visitor Numbers



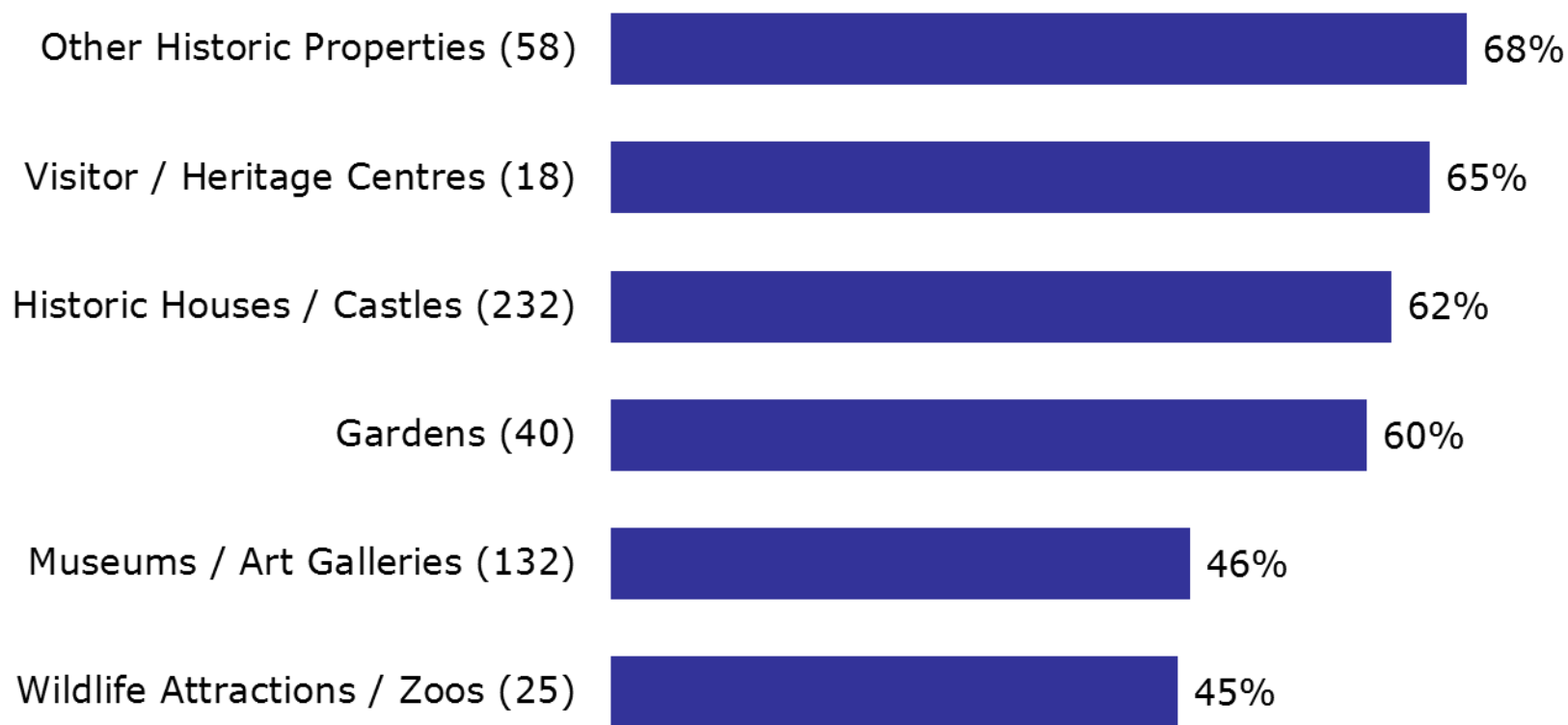
Larger, paid attractions drove the increase in visitor numbers in Q2

% Attractions Reporting More Visitors – Q2



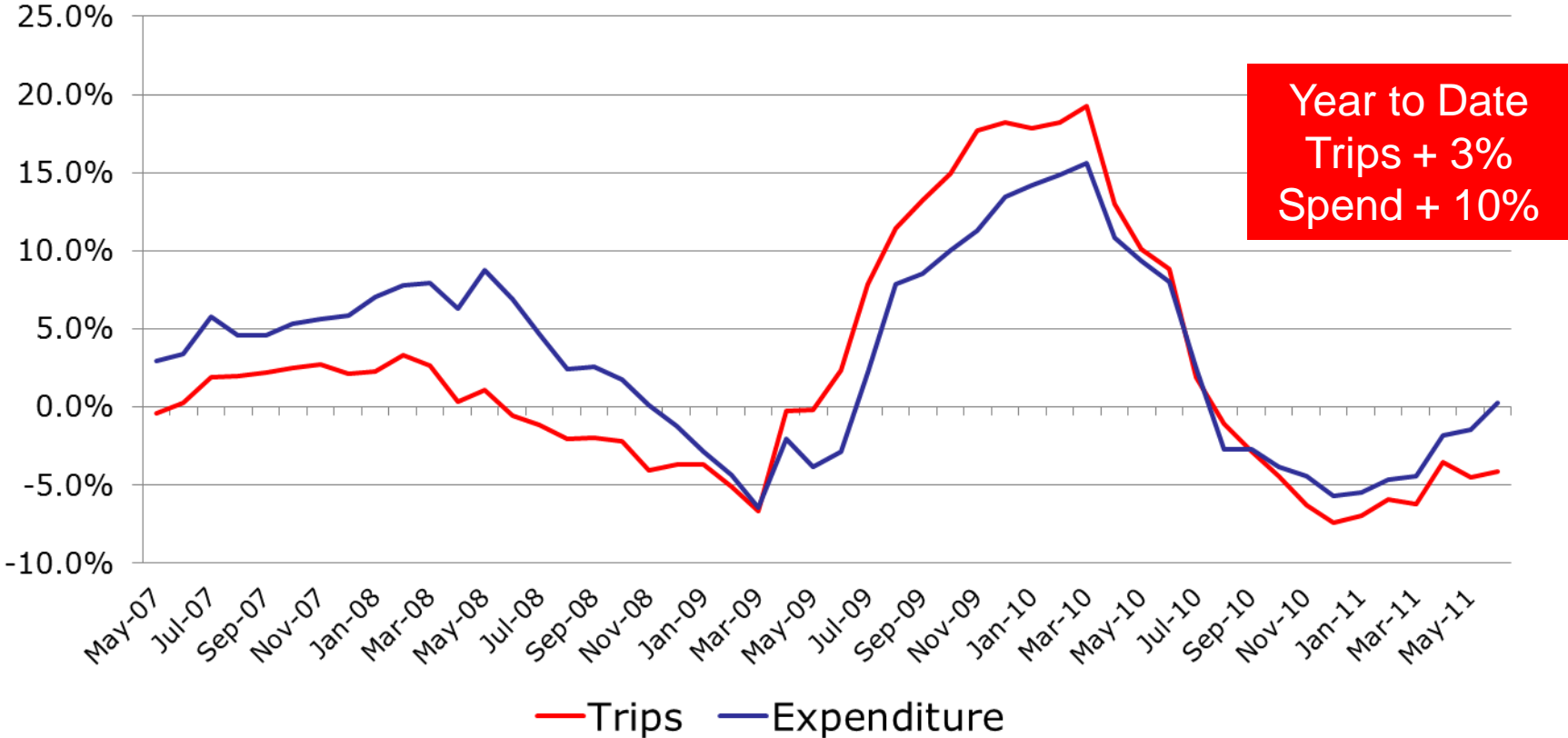
Historic properties and gardens performed well in Q2, but warm weather may have impacted museum / gallery performance

% Attractions Reporting More Visitors – Q2



Since late 2010, spend has started to outperform trip volume – the reverse of the trend in the staycation year 2009

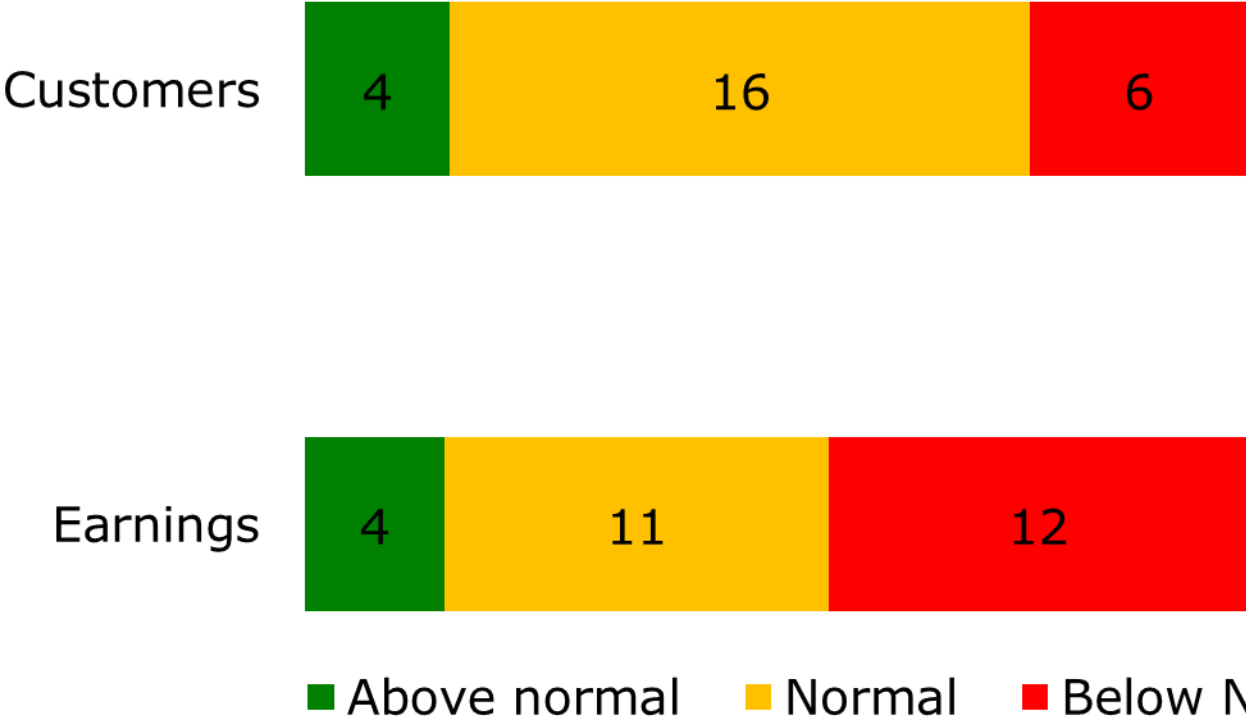
Rolling 12 month % change – Domestic Holidays



Source: GB Tourism Survey

However...many businesses expect profitability to decrease

Expectations of Coming 4 Months – Domestic Industry Panel



Source: Domestic Industry Panel July 2011 (27 responses)

..and many attractions businesses reported reduced spend in Q2, despite an overall increase in visitor numbers

Changes in Attractions' Secondary Spend – Q2 2011

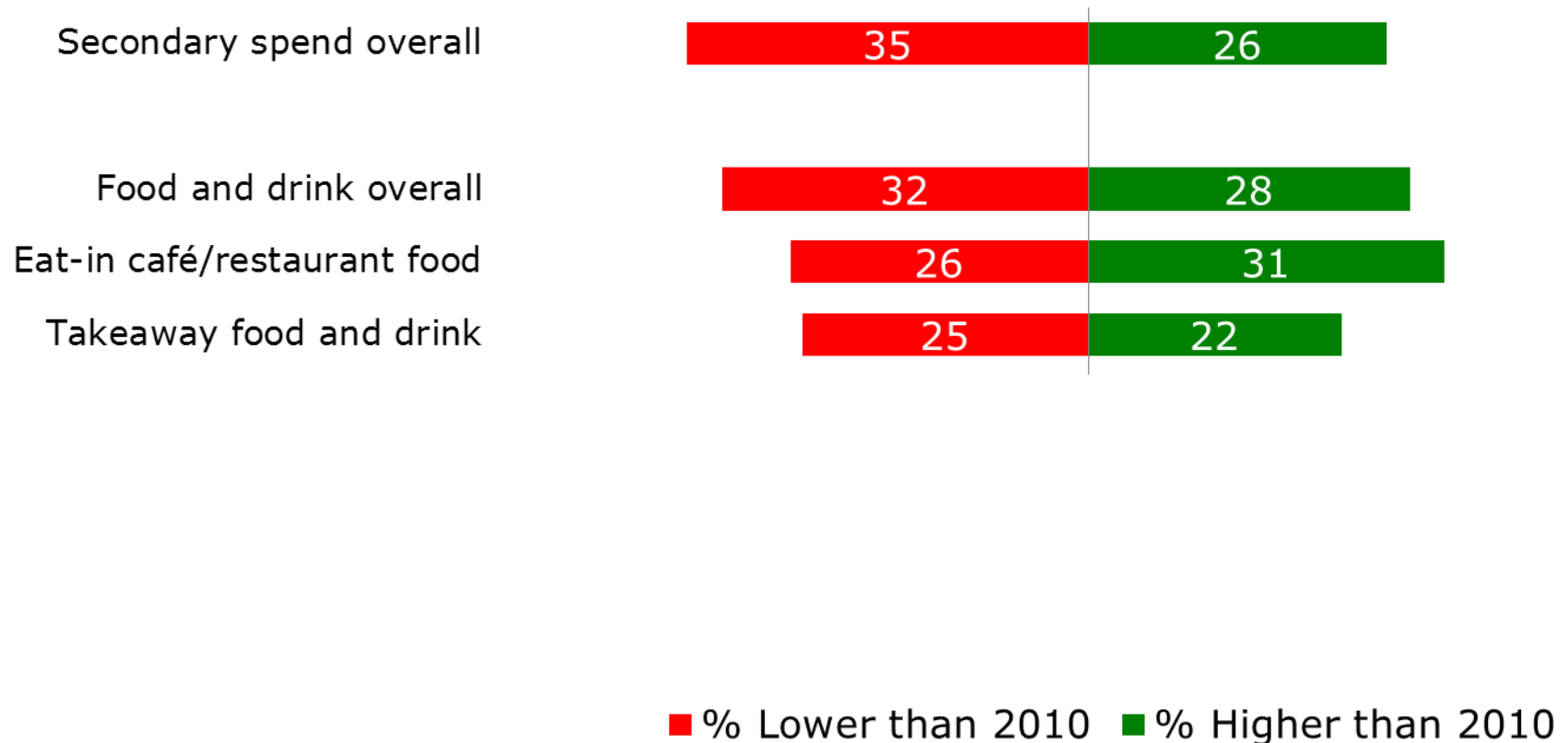
Secondary spend overall



■ % Lower than 2010 ■ % Higher than 2010

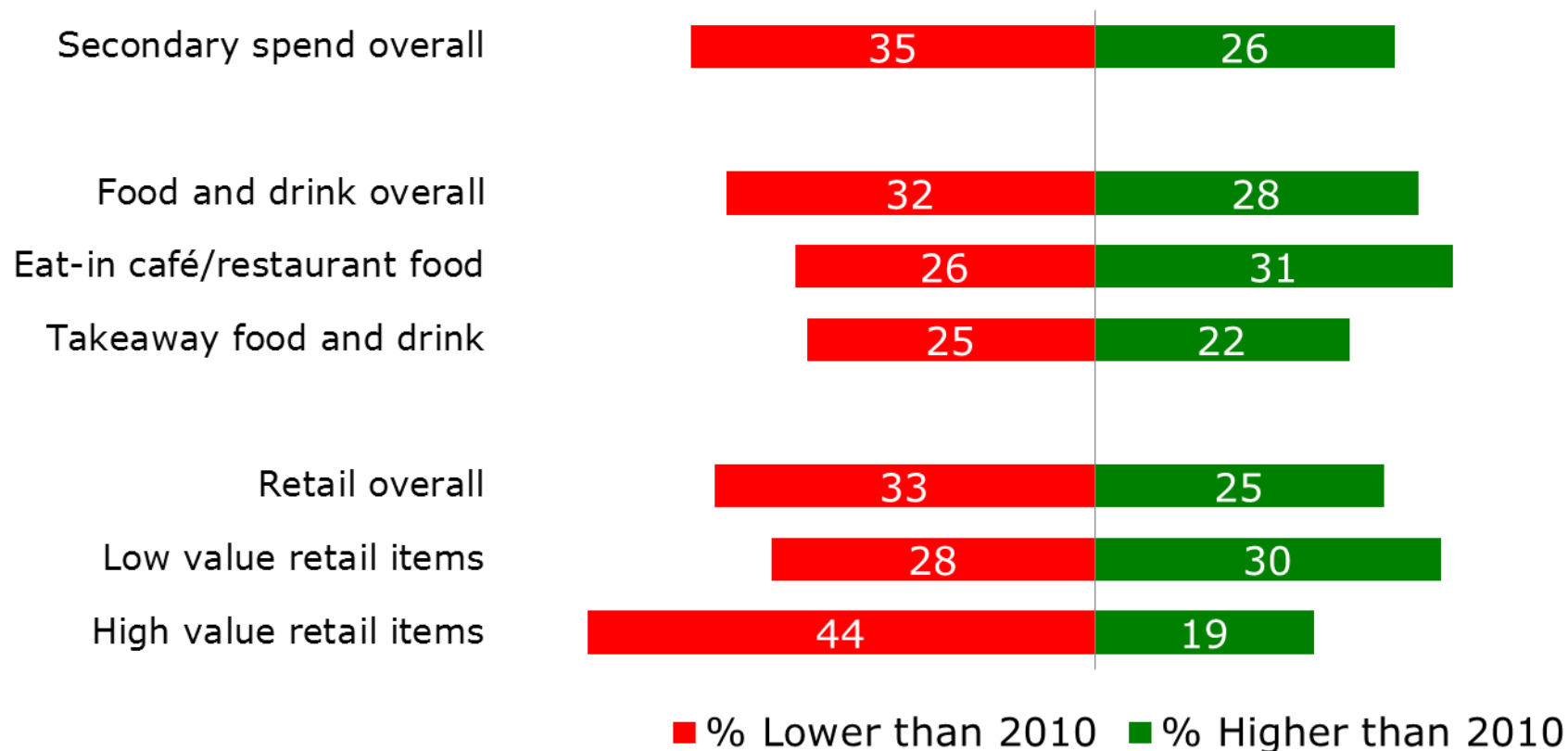
..and many attractions businesses reported reduced spend in Q2, despite an overall increase in visitor numbers

Changes in Attractions' Secondary Spend – Q2 2011



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Changes in Attractions' Secondary Spend – Q2 2011

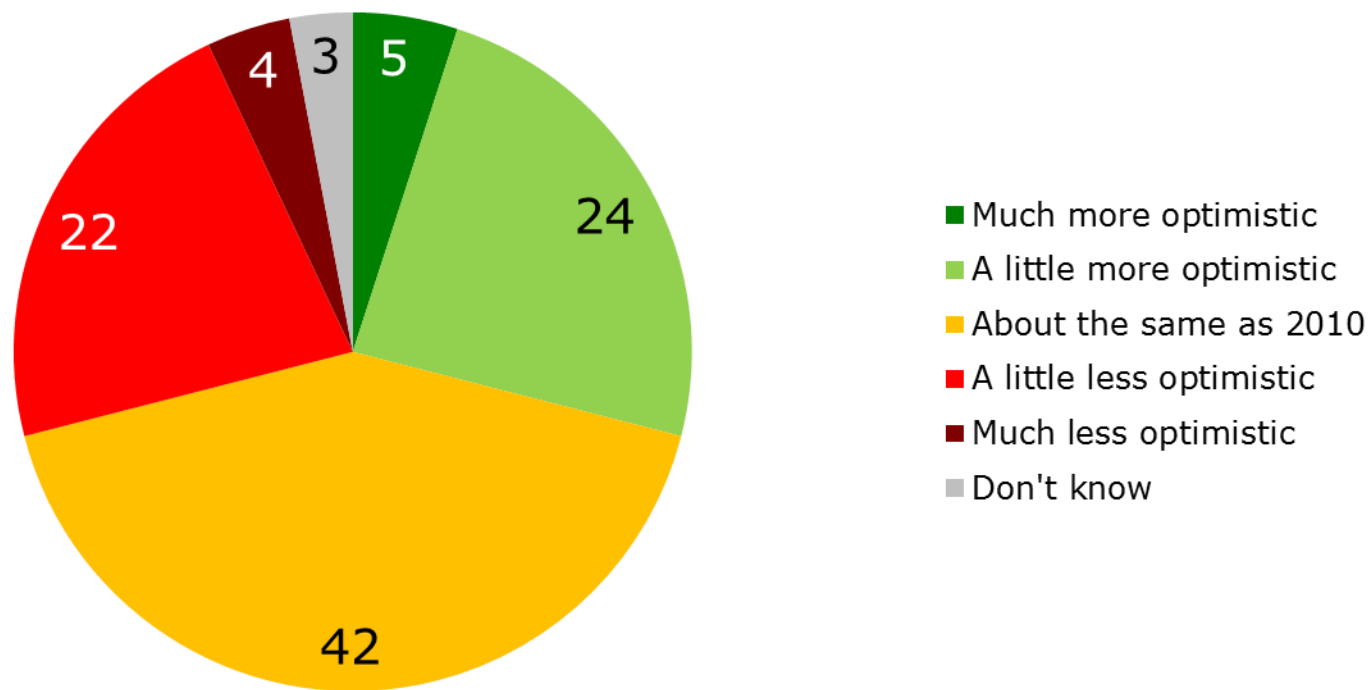


Summer Holidays and Beyond



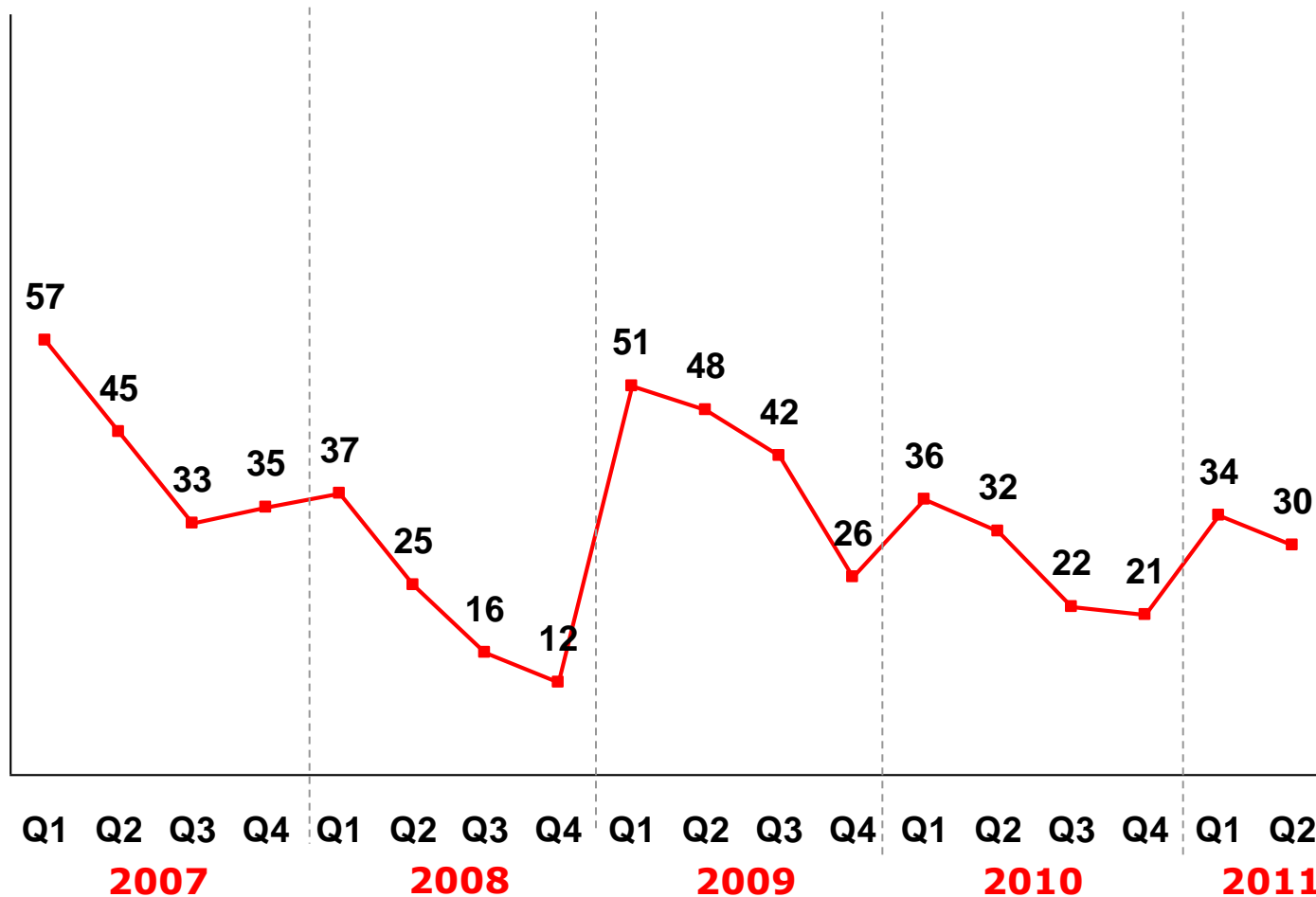
Looking forward, attractions feeling optimistic about the summer (just) outnumbered those feeling negative

Optimism About Business Prospects July - September

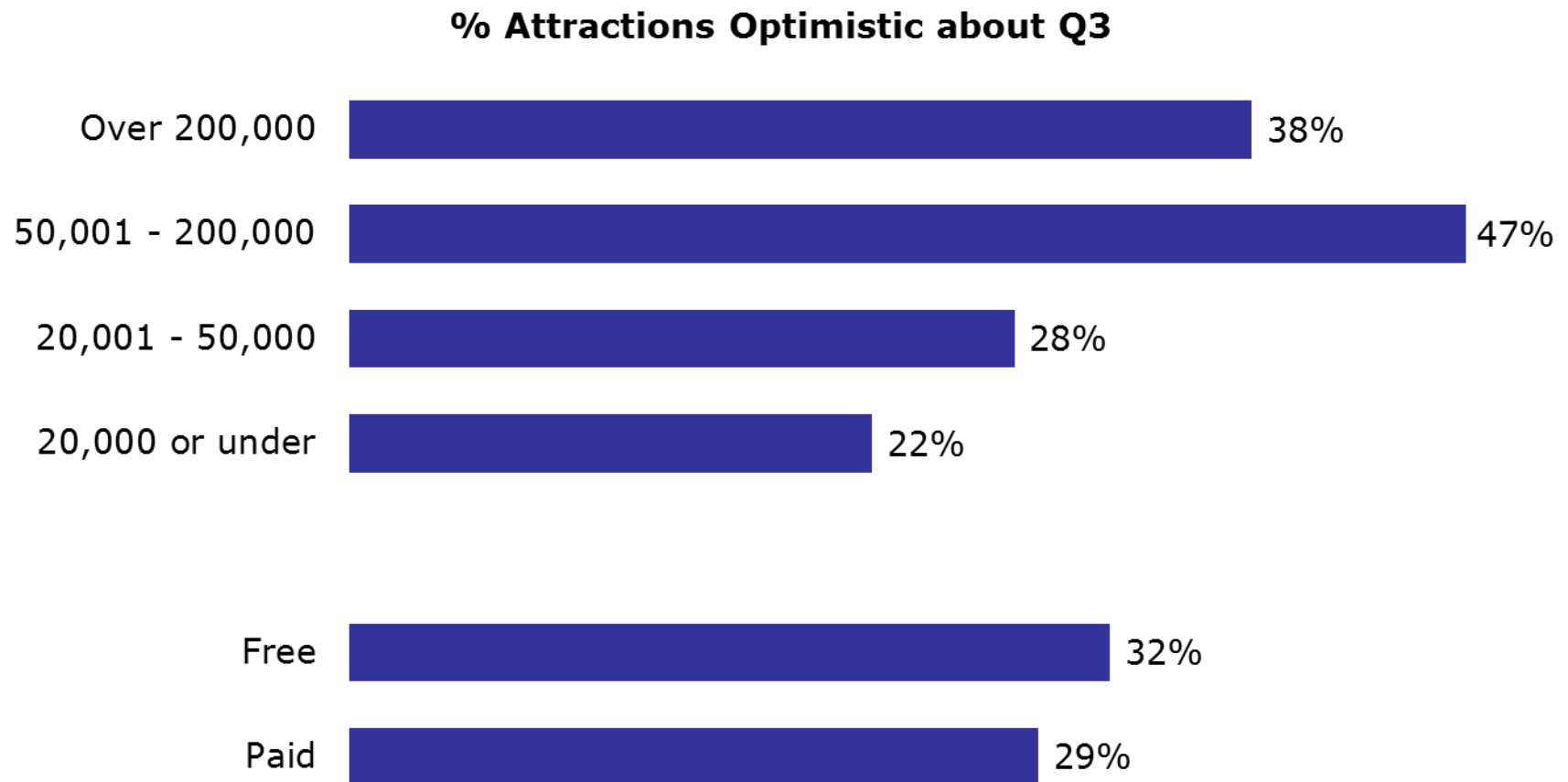


This year, attractions have become slightly more cautious in outlook than they were

% 'more' optimistic about forthcoming quarter



Larger attractions were more optimistic about the summer than smaller businesses



Reasons for optimism focused on site and marketing improvements

Reasons for Optimism

Better or new events and exhibitions - 26%

More / better marketing / advertising – 16%

Site improvement / refurbishment – 13%

General trend to more visitors – 11%

We have invested a lot in new exhibition material and interpretation – we also have grand plans for the site which start this year

Introduction of website and greater word of mouth is bringing in more visitors

We have changed our pricing structure which is working well having added to our offer within the grounds. Our exhibition programme has also had a much broader appeal which has helped

The economic environment was the main reason for pessimism

Reasons for Pessimism

**Economic climate in general
35%**

**Public has less spending
power – 29%**

**Site decline (investment,
events, exhibitions) – 15%**

**Reduction in retail spend –
14%**

Economic climate – although less people will holiday abroad, doesn't mean they can afford to holiday in the UK

Budget cuts leading to less new exhibitions

Effects of increasing fuel and living costs will deter people from making the journey to our area

Our customers spend less and less and are fussier and more demanding!

In the accommodation sector, summer performance was slightly weaker than at the same time last year

Visitor Numbers over Summer



Satisfaction with Summer

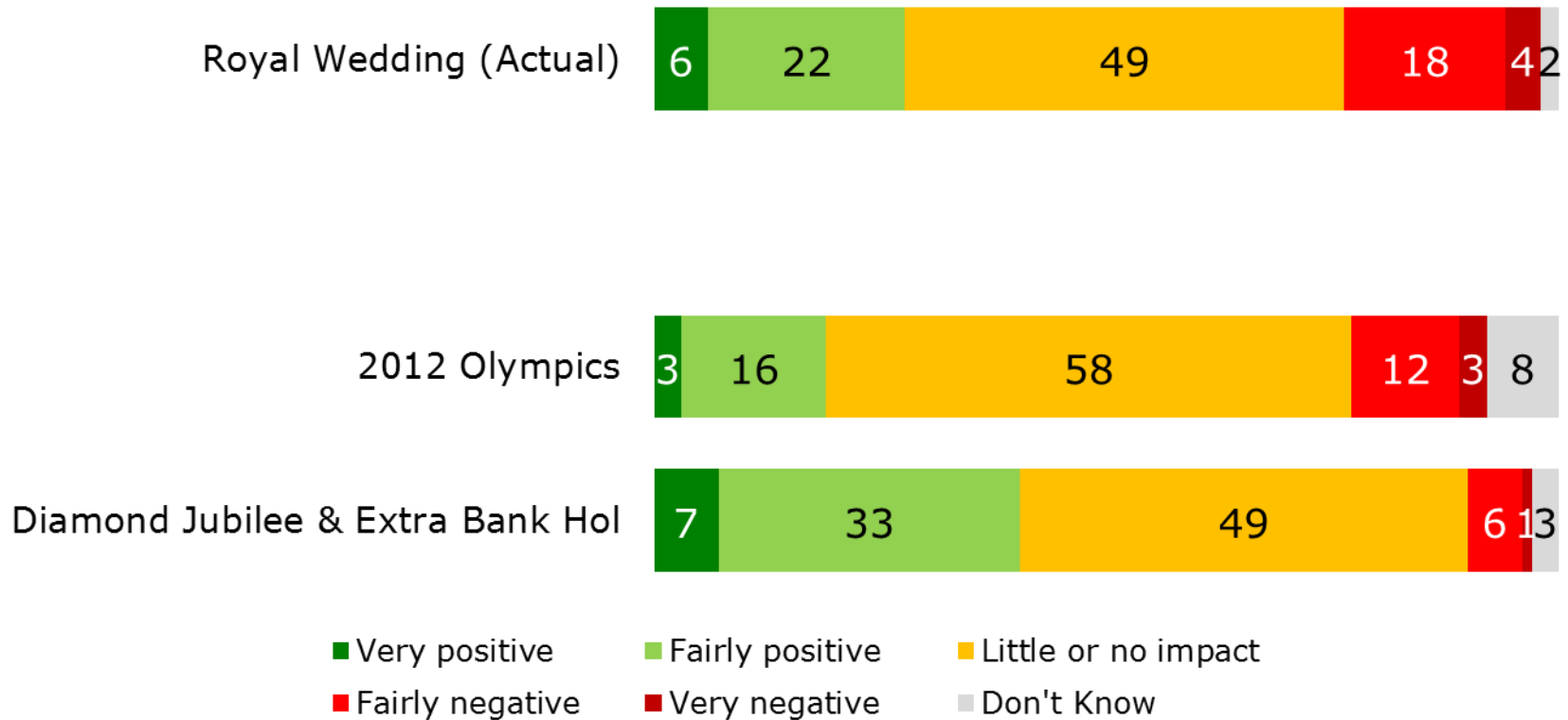


Advance Bookings for Autumn



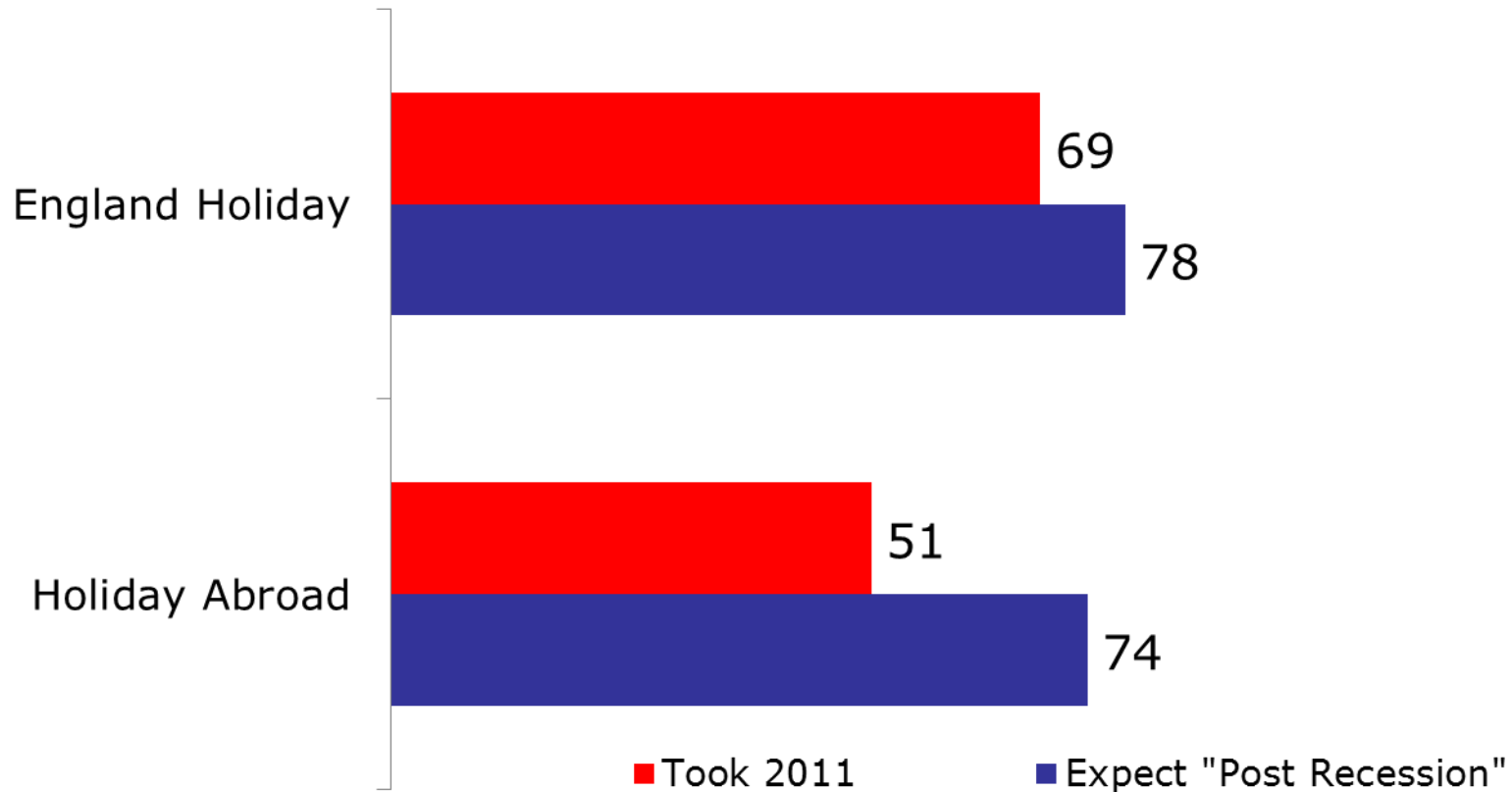
Major events thought by attractions to have a positive impact - especially Diamond Jubilee (and extra bank holiday)

Actual / Expected Impact of Major Events



Trips abroad expected to increase “post recession” – but not at the expense of domestic holidays

2011 Behaviour vs 2012 Plans vs “Post Recession”



In Summary

- Growth in first half year of 2011, but signs that the summer period was more challenging
- Larger attractions performing more strongly than smaller businesses
 - More able to sustain investment in product and marketing?
- Spend on domestic holidays has increased, but businesses aren't necessarily benefiting
- Widespread consumer pessimism likely to affect spending patterns into next year, but...
 - Olympics and Diamond Jubilee expected on balance to boost business
 - Good potential remains for domestic breaks in the longer term, despite aspiration to take more foreign holidays

THANK YOU!

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13th October 2011

