

Wales Tourism Business Barometer 2023

Summer Wave Report



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Wales Tourism Business Barometer 2023: Summer Wave Report

Anthony Lydall, Strategic Research and Insight



Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

For further information please contact:
Research and Insights Team
Visit Wales
Economy, Skills and Natural Resources Group
Cathays Park
Cardiff
CF10 3NQ

Email: tourismresearch@gov.wales

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1. **Headline Findings**

Quiet year continues

- 1.1 One in five (20%) businesses have had more customers this summer than last summer, and a further two in five (40%) have had the same level. However, two in five (40%) have had fewer. All four regions of Wales are down on balance.
- 1.2 The June barometer report showed that uncertain weather and lack of disposable income were the key reasons behind subdued advance bookings for the summer, and these themes, it seems, have continued. About half (48%) of those with fewer customers cite 'people lacking in disposable income' as a key factor, and 46% cite 'weather'.

Only the attractions sector has seen visitor levels rise

- 1.3 Close to half (46%) of attractions have had more visitors this summer, compared to only 24% citing a decrease. They buck the trend – especially if they are indoors and have therefore benefited from bad weather at times during the school holidays. All other sectors report being down on balance, especially activity providers (62% are down) and caravan & campsites (48% are down).

Autumn advance booking levels

- 1.4 Early September has seen a significant upturn in weather, and accommodation occupancy levels at the time of interviewing stood at an average of 63% per operator. Booked occupancy falls away quite quickly into October (43%) and November (24%). However, some operators say it is hard to predict because of the very noticeable last minute booking trend.

Family market and the school summer holidays

- 1.5 On average, families with school-age children have made up about half of an operator's business during the school holidays this summer. The proportion is highest (above 60%) among attractions and caravan parks, and lowest (25%) in serviced accommodation.
- 1.6 There is no significant difference to report between the level of business in the early part of the school holidays this summer and the later part. Much better weather towards the end of the holidays may have influenced this result (i.e. operators might have been busier in the early part had it not been for bad weather).

Awareness and interest in TXGB

- 1.7 One in ten (10%) operators were aware of TXGB prior to interview. Of these, about one in five (21%) are either using it now or intend to do so.

- 1.8 After hearing a description of TXGB, 16% of those previously unaware of it say it 'definitely' sounds like something they would be interested in learning more about, and a further 42% say it 'may' be something they would like to learn more about.

Confidence levels

- 1.9 15% of operators say they are 'very confident' about running the businesses profitably this year, and a further 43% say they are 'fairly confident'.

2. Background and Methodology

What is the Wales Tourism Business Barometer?

2.1 The Wales Tourism Business Barometer is designed to give quick feedback on how the tourism industry in Wales is performing at key times during the year. This wave looks at summer performance and booking levels for the remainder of 2023. Ad-hoc topics this time include the family market (with school-age children) and potential interest in TXGB.

How was the Survey conducted?

2.2 We have conducted 902 interviews by telephone. The results of questions asked to everyone are accurate to $\pm 3.3\%$. The balance of the sample by region and sector broadly reflects the industry in Wales.

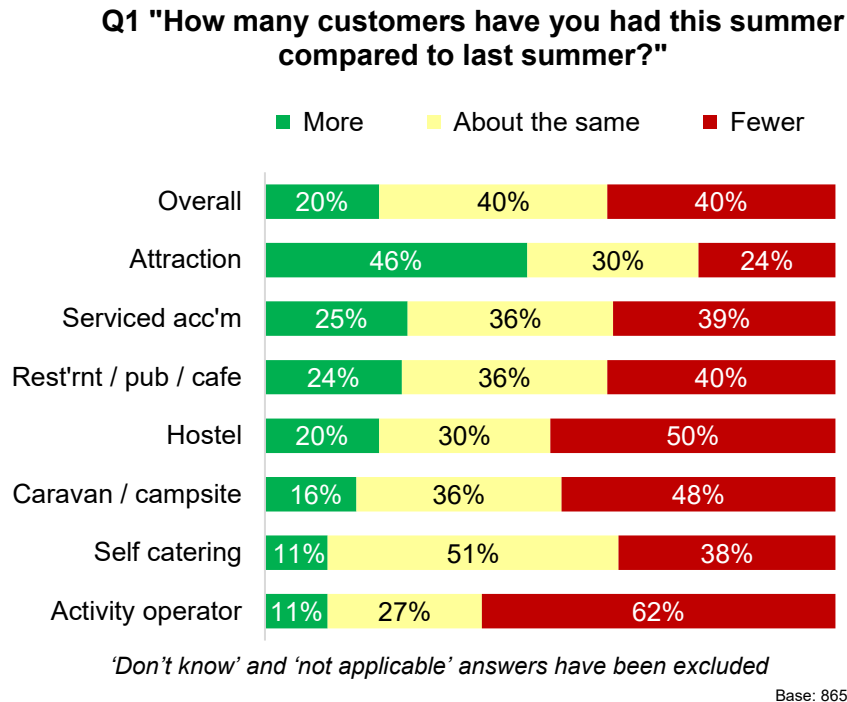
Sector / Region	North	Mid	South West	South East	Total
Serviced accommodation	104	51	76	30	261
Self-catering	69	71	111	42	293
Caravan / campsites	49	33	24	8	114
Hostels	6	4	7	3	20
Attractions	31	23	22	27	103
Activity operators	14	8	15	8	45
Restaurants / pubs / cafes	14	10	22	20	66
Total	287	200	277	138	902

2.3 68% of businesses in the sample are graded by Visit Wales. The graded and non-graded samples are spread across the different regions and sectors except restaurants / pubs / cafes, where grading is not applicable.

2.4 All telephone interviews have been conducted with business owners or managers between 30th August and 11th September.

3. Summer Performance

Summer performance by sector



Disappointing summer for many

3.1 The June barometer showed that this summer could turn out to be quiet if the good weather did not arrive at the right time. Unfortunately for the industry, it did not. The early part of the main season was hampered by wet and windy weather. Partly as a consequence, visitor levels this summer have been down in every sector except for attractions.

"We went deadly quiet from July onwards. It has been our worst year."
 Serviced, South West

"Because of the weather we were 50% down on last summer"
 Serviced, South East

"It has been so quiet. For example, we only had two diners in this lunchtime"
 Restaurant, South West

3.2 One of the main reasons for the attractions sector performing well as a whole is that many have an indoor offering (whether entirely or partly). Some comment that they performed well during the bad weather because people were not heading to the beach as usual.

"The weather was terrible so we were busier"
 Attraction, North

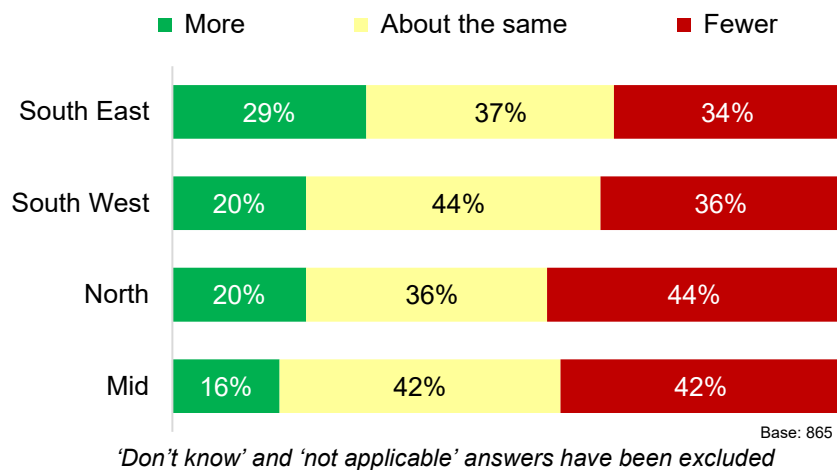
3.3 Businesses most dependent on the weather have struggled the most, especially caravan & campsites and activity operators.

*“The static and touring caravans were fine but tents were almost non-existent because of the weather”
Caravan & campsite, Mid*

*“We are totally reliant on the weather, hence a very bad performance”
Activity operator, South East*

Summer performance by region

Q1 "How many customers have you had this summer compared to last summer?"



Challenging summer for all regions

3.4 All four regions of Wales report being down on balance for the summer. Businesses in South East Wales have fared somewhat better than the other regions, although this region is also down on balance. Improved product / offering is the most commonly cited positive factor in the South East among those performing well.

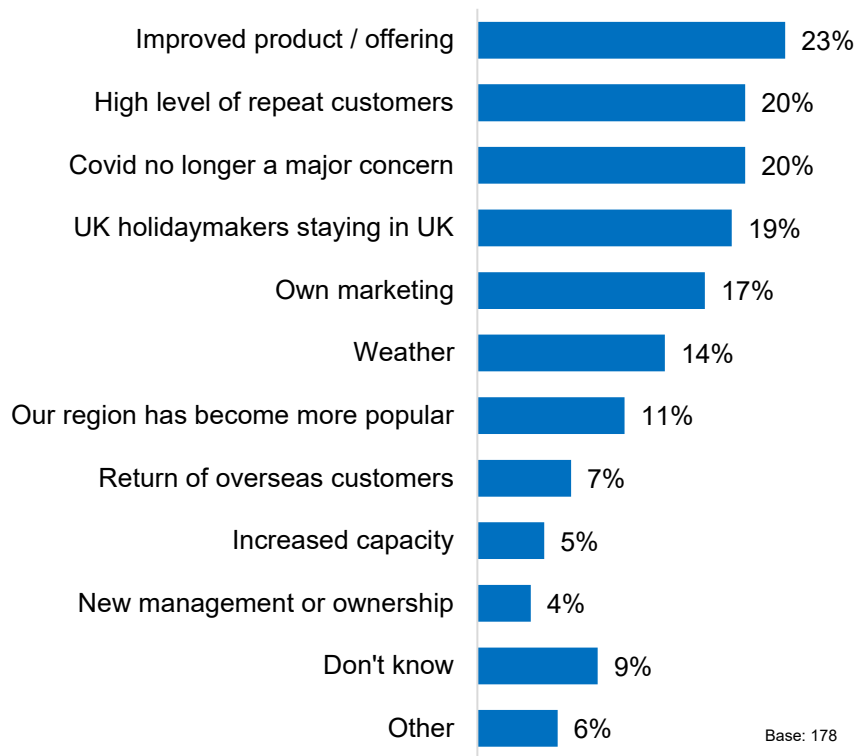
*“We haven't seen a summer like this for seven years, since 2016. We've done really well. We made pots of money in August ... we've been having regular events.”
Attraction, South East*

*“We've brought out new menus, organised party nights, improved our marketing”
Serviced, South East*

*“Just very poor – I don't know what's happening. The two bookings I had were cancelled.”
Serviced, Mid*

Reasons for being busier

Q2 "Are there any particular reasons why you have had more customers this summer compared to last summer?"



Q2 has been asked to businesses having more customers than last summer

Investment in the product and in marketing

3.5 Trading conditions have been challenging but some businesses have managed to increase their customer levels by proactive investment in their product and/or marketing. Examples include targeting new markets, investing in food & drink facilities or improving the quality of services already offered.

"We've been doing a lot on social media and I think it's having an impact. We've also opened a coffee shop."

Attraction, North

"We've spent a lot of money on the establishment and the changes have gone down really well. Our food quality has gone up to restaurant standard."

Serviced, North

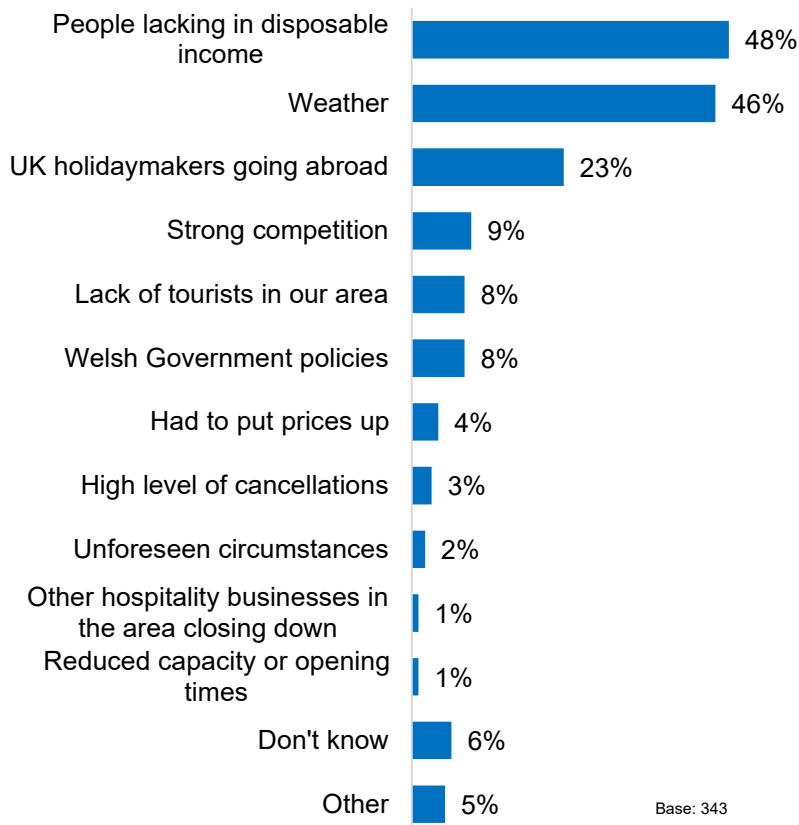
Repeat customers offer much stability during challenging times

3.6 Some operators who have been in the industry a long time have a core base of customers who loyally return every year.

"We don't understand how this year has been particularly good. The only thing is we have returning customers."
 Self catering, Mid

Reasons for being quieter

Q3 "Are there any particular reasons why you have had fewer customers this summer compared to last summer?"



Q3 has been asked to businesses receiving fewer customers than last summer

Lack of disposable income

3.7 As has been the case throughout this year to date, the Welsh tourism industry is being hampered by consumers' lack of disposable income. This is causing a number of challenges:

- Bookings are down
- Stays are shorter
- Customers are spending less when in the destination
- Operators are finding it difficult to raise their prices in line with inflated costs

"I think that people are really beginning to feel the bite. Everyone wants a deal. They're asking if they stay a third night, will there be a discount?"
 Self catering, Mid

“It has been a lot quieter this year because of the weather and lack of income. People are being more frugal.”

Restaurant, North

“It is looking very bleak. People are nervous spending money on holidays. We have just had a 3 week cancellation.”

Self catering, Mid

“This year has been considerably quieter than last. Others in similar businesses are saying exactly the same. We're close to 50% down on last year. What we provide is a luxury experience, not essential.”

Activity operator, South East

“We are getting shorter stays – more 2 nighters rather than 4 nighters. A lot of ins and outs, which costs us more. Our occupancy is 10% down on last year.”

Serviced, South West

“I only had two weeks booked in the school holidays. People don't tend to stay for a week now. They tend to come for weekends.”

Self catering, North

Bad weather blighted the early part of the summer

3.8 The June barometer reported that advance bookings for July and August were somewhat subdued. Operators expected this to change with last minute bookings if good weather came at the right time. Unfortunately it took until late August for the weather in the UK to become truly summery, by which time the industry had already lost much opportunity for those impromptu bookings.

“It's been absolutely dire. People have said that the beach at Tresaith has been empty. We can't just blame the weather as people usually book their holidays in advance, regardless of the weather. There have also been a lot of cancellations. I think, unfortunately, that this is a sign of the times”

Self catering, Mid

“When the weather was nice in August last year, we used to have people standing outside waiting to come in for when we open at 10am. That didn't happen this year.”

Attraction, Mid

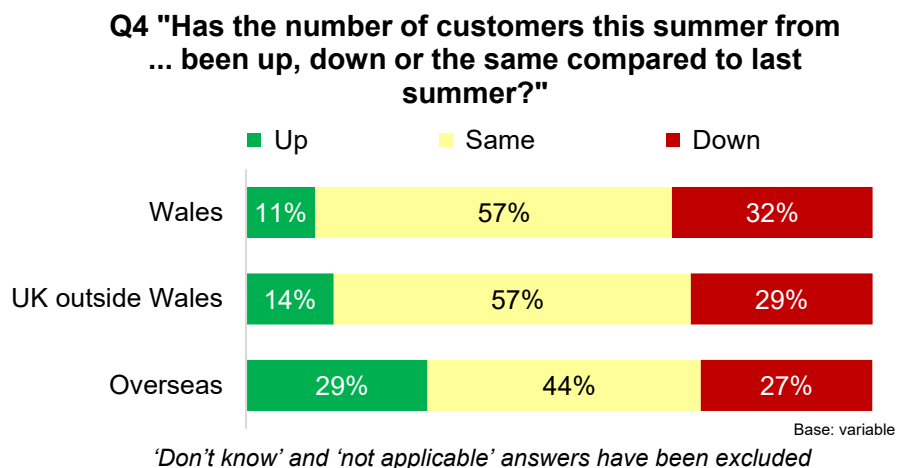
UK holidaymakers going abroad

3.9 Some believe they have had a quieter summer than last because of UK holidaymakers going abroad.

“August was atrocious because of the weather and people going abroad again”

Serviced, Mid

Summer performance by market



Wales & UK visitors down; overseas markets more stable

3.10 The quiet summer has been due to the Wales and UK outside Wales markets being down. These markets contribute most of the tourists to/in Wales.

"People are booking weekends rather than weeks. There has definitely been a slump in the UK market."
Self catering, North

"We usually get more people from England but they have been down 40% this year"
Attraction, South West

3.11 Feedback on overseas visitor levels is more balanced however. Some operators have seen fewer this summer, but a similar proportion have seen more. Many different nationalities have been mentioned

"In the last couple of months, we've had just as many visitors from overseas as we've had from the UK, particularly North America, Australia, New Zealand and Northern Europe."
Serviced, North

"We had a number of tourist groups from China – totally unexpected"
Attraction, South West

"We've had lots more overseas guests, particularly Dutch and German"
Activity operator, South West

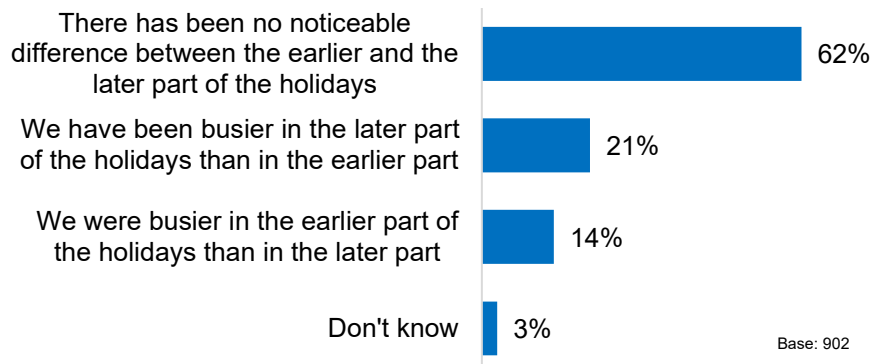
"Since Brexit we have lost our overseas school groups as they now need passports instead of the ID cards they used to use."
Hostel, Mid

"We've had a good mix this year, quite a few international visitors – a lot of Dutch, German and Japanese"
Attraction, North

4. Family Market and School Holidays

Earlier vs later parts of the holidays

Q5 "Which of the following best describes your level of customers at different times during the school summer holidays this year?"



No significant difference to report

- 4.1 The majority (62%) of businesses have experienced no noticeable difference in customer levels between the earlier and later part of the school holidays this summer, and among the minority who have, the difference is not clear-cut.
- 4.2 It is important to consider the possible impact of the weather on these findings however. The holidays got off to a bad start in terms of weather this year as the jet stream position brought back-to-back weeks of wind and rain to the British Isles. Prolonged high pressure with warmth and sunshine did not finally arrive until later in August and this might have tipped customer levels more towards the end of the holidays than would have been the case normally.

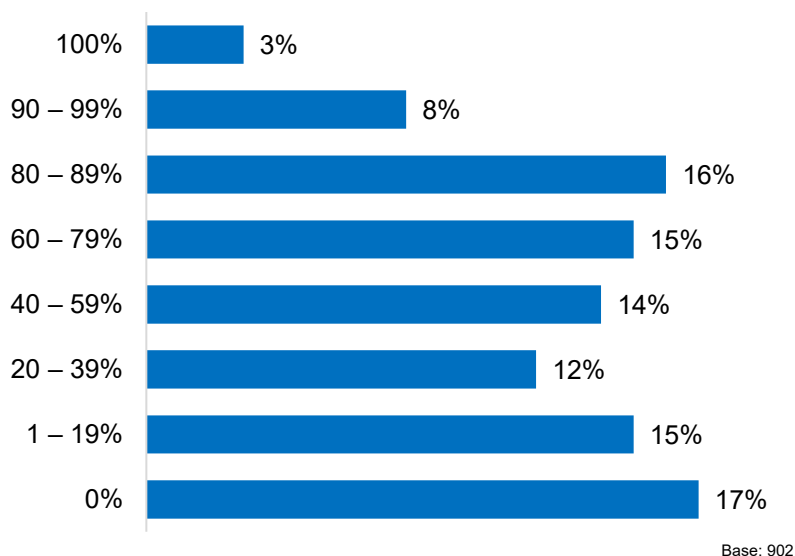
"We found it busier in the later part of the school summer holidays. I think people went abroad this year rather than staying in the UK, possibly because of the weather."

Attraction, Mid

"It was quiet at the beginning of the summer – then it started to get busier."
Self catering, South West

Family market

Q6 "How much of your custom during the school summer holidays has been made up of families with children of school age?"



Very wide spread of answers

- 4.3 Taking the mid points of the above answer bands, families with children of school age have made up about half (47%) of custom on average per operator during the school summer holidays this year. As can be seen from the above chart, this varies greatly by operator from those who almost exclusively serve this market at this time of year to those who do not receive children at all.
- 4.4 Answers vary by sector. The highest average proportions of families are reported among attractions (64%) and caravan & campsites (61%), whereas serviced accommodation operators have only reported 25% on average. About a third (32%) of serviced accommodation operators say they have had no children at all. It is sometimes the policy not to allow them in.

"We specifically don't cater to families and children ... we have a few customers who work in schools, so the last thing they want [on holiday] is to be surrounded by kids."
Serviced, North

"We are family-orientated so all of our accommodation is taken up by families over the holidays"
Self catering, Mid

- 4.5 Answers also vary by region, with South West Wales averaging 57% families, compared to Mid Wales averaging 36%.

"Usually about 95% of visitors are families"
Activity operator, South West

“We never get children staying – that's more for the self catering market”
Serviced, Mid

Some say the family market has been down this summer

4.6 Some operators report that there has been a noticeable drop in families visiting this summer compared to normal. Affordability is thought to be the main reason.

“We would normally have about 30% of our custom made up by families but it's hardly anything this year.”
Serviced, North

“We've noticed that families have dropped right down this year, more than anyone”
Self catering, South East

“We're a luxury experience. It's a big expense for a family of four.”
Activity operator, Mid

Proportions of families by market

4.7 Among operators receiving any families with children of school age, these families are split approximately:

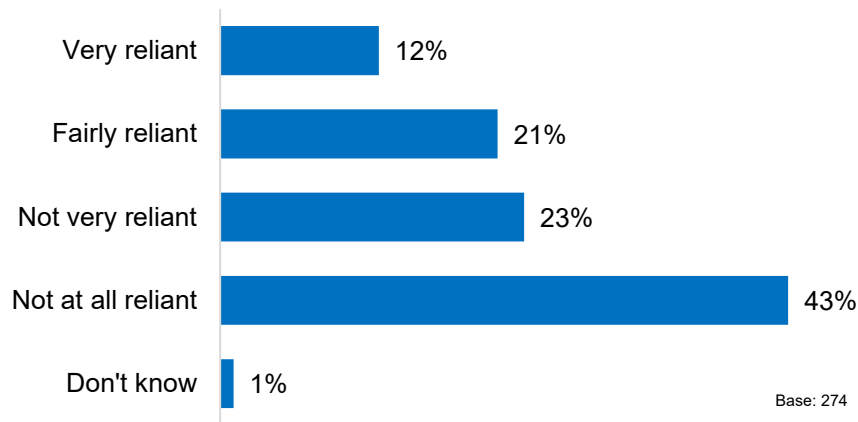
- 26% from Wales
- 65% from UK outside Wales
- 9% from overseas

4.8 The overseas proportion is fairly consistent by accommodation / non-accommodation operators and by region, but the balance between Wales and UK varies. The proportion of Welsh families amongst operators receiving any families is higher in South East Wales (41%) and South West Wales (36%) compared to Mid Wales (23%) and North Wales (19%).

4.9 The proportion of Welsh families is also higher among non-accommodation operators (42%) than accommodation operators (22%). The local resident market probably contributes to this difference.

Employing school-age staff

Q9 "How reliant is your business on employing school-age staff during the school summer holidays?"



Q9 has been asked to businesses which normally employ staff other than the proprietors during the school summer holidays

Some degree of reliance on school-age staff

4.10 Among businesses which normally employ staff during the school summer holidays, some are reliant on school-age staff, but the majority are not.

"We did employ someone of school age but they weren't reliable and now we do the work of two people each. Staff-wise it's been horrendous."

Restaurant, North

"We're seasonal so rely on school-age staff"

Restaurant, North

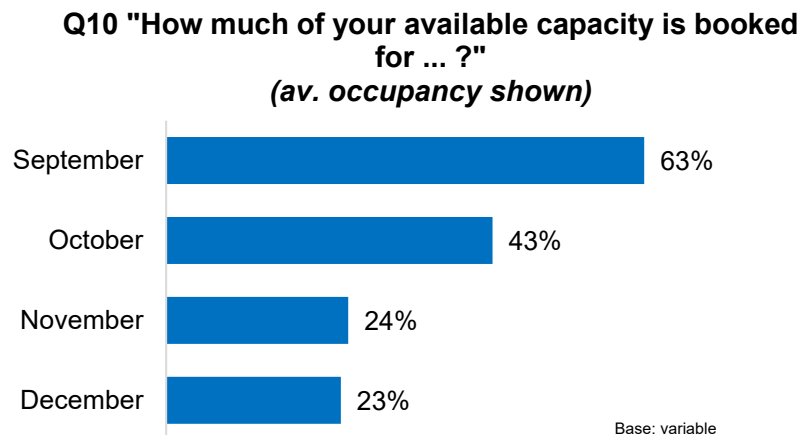
4.11 The tourism & hospitality industry in general has struggled to find staff since Covid, but this year some owners say they can no longer afford to employ others due to rising costs.

"You can only describe the current situation as a catastrophe. We had to lay off three members of our staff, which hurt us personally. We're looking into a financial abyss."

Activity operator, Mid

5. Advance Bookings for the Remainder of 2023 and Confidence

Advance bookings (accommodation operators)



The average booked occupancy for each month is among businesses which are taking bookings for that month

Last minute booking trend makes predictions difficult

5.1 Booking levels for September are looking quite healthy, with an average of 63% capacity booked at the time of interviewing (early in the month). To put this into context, the Wales Accommodation Occupancy Survey last year reported average room/unit occupancy of 73% for self-catering and independent serviced accommodation operators in September 2022, and a little higher for larger hotels. Given the noticeable last minute booking trend, this year's occupancy levels in September might reach last year's.

"I am chock-a-block in September and October – it's a bit early to say for the winter"
Serviced, Mid

"September is very busy with a lot of last minute bookings because of the nice weather"
Serviced, South West

5.2 Beyond September, occupancy levels are hard to predict because of the last minute trend. Some operators say they look quiet as things stand.

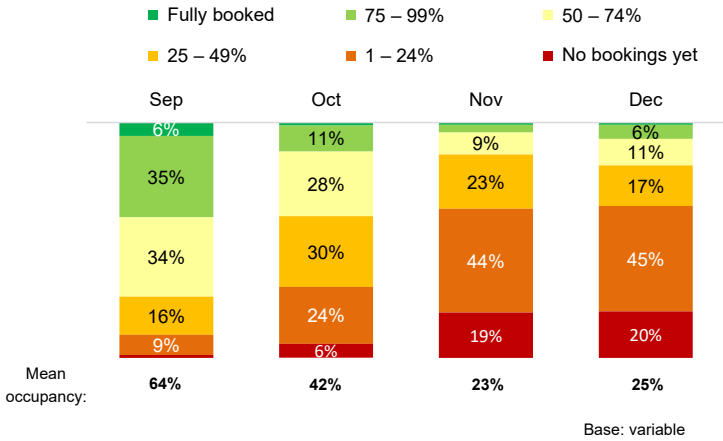
"Bookings for the rest of the year are down to almost zero"
Self catering, North

"I think people are very hesitant as they have less disposable income. A lot of people are booking very last minute – watching the weather"
Self catering, Mid

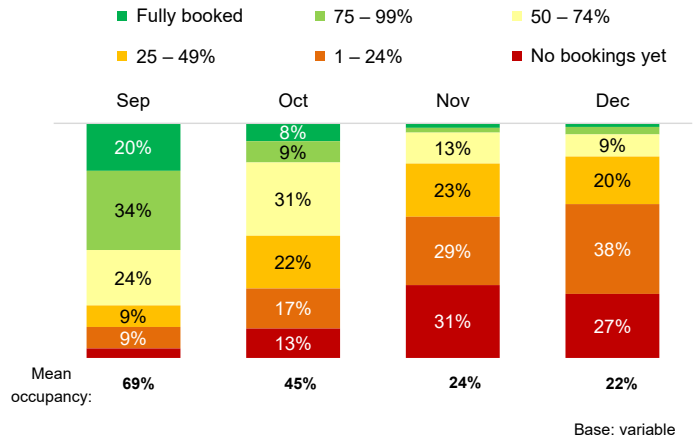
"We had forward bookings for this year and then it was quiet but now we've had lots of last minute bookings. It's weather-driven; people are being careful where they spend their money."
Self catering, North

Advance bookings by sector

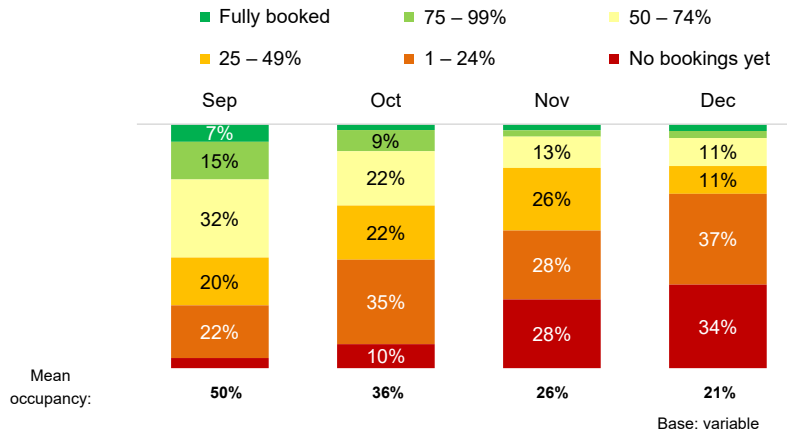
Q10 Booked capacity by month in serviced accommodation



Q10 Booked capacity by month in self catering accommodation



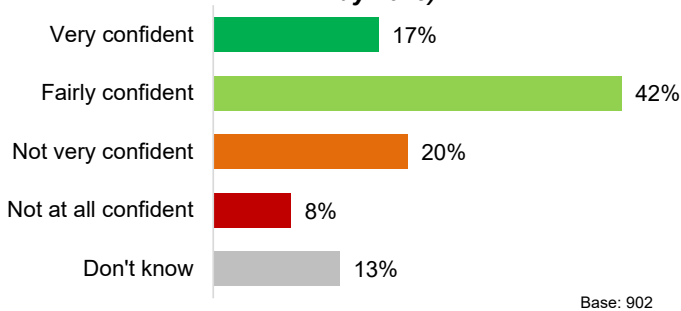
Q10 Booked capacity by month in caravan park accommodation



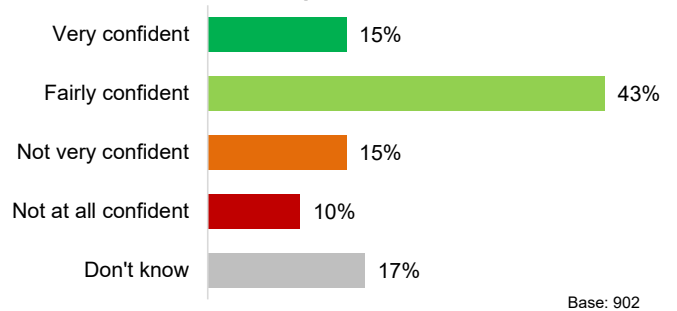
N.B. Seasonal closures are taken into account as the question asked for % of 'available' capacity

Confidence in running profitably

Q5 "How confident do you feel about running the business profitably this year?" (Asked in May 2023)



Q11 "How confident do you feel about running the business profitably this year?" (Asked in September 2023)



Continued mixed levels of confidence

5.3 About three in five (58%) operators are confident about running the business profitably this year. The mixed level of confidence in the industry has remained fairly constant throughout the barometer survey waves this year (in February, May and September).

"I believe we are in for a good year. We have done a lot more marketing and visited trade shows and I believe it has brought in more people."

Attraction, North

"We're on a complete downer"

Self catering, Mid

5.4 Many operators are having to make difficult choices this year to keep their business viable. The difficult economic conditions are affecting some pricing and staffing decisions.

"I'm a one person band just so I can run it profitably. I would need a lot of extra business to be able to employ someone."

Hostel, South West

"Not enough people know about the area. Our electricity bill has gone up significantly but we haven't put our prices up so profit margins have plummeted."

Caravan park, Mid

5.5 One reason to reduce prices is to meet the new '182 day rule' to qualify for business rates rather than the premium domestic rates on second homes.

"The push for 182 days of occupancy is really affecting business. It's pushing us into a position where we will go bust next year because it is driving the prices down."

Self catering, Mid

"To fill August, I had to discount the rates sharply. I'm giving it away. We're over a barrel with the 182 day rule and people are picking up on this."

Self catering, North

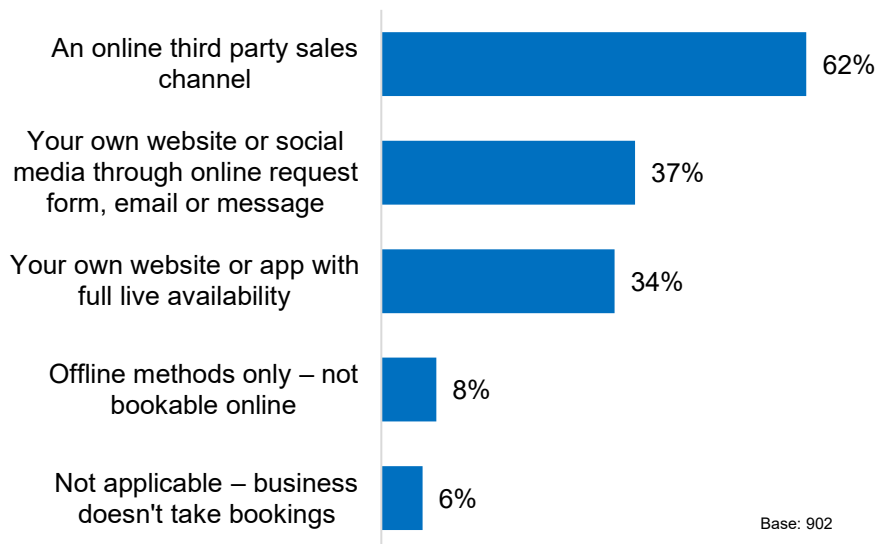
Differences by sector and region

5.6 Confidence to operate profitably this year is fairly consistent across the sectors. By region, just 6% in Mid Wales are 'very confident'. This compares to 18% across the rest of Wales.

6. TXGB and Booking Methods

Current bookability

Q13 "Is your business currently bookable via ... ?"



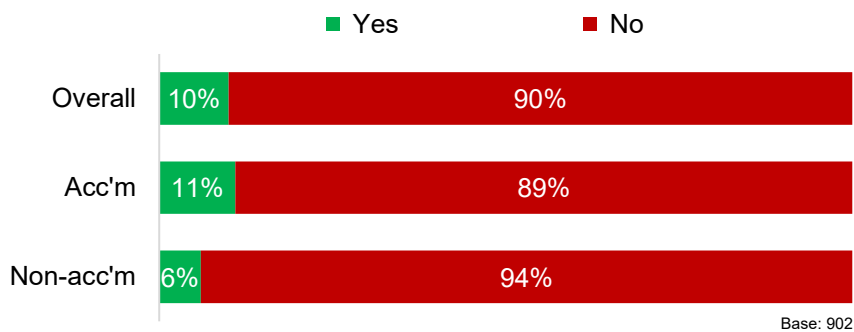
Respondents could answer more than one online channel (top three answers codes shown above). The last two answer codes (offline only and not applicable) were exclusive answer codes.

Variation by sector

- 6.1 Customers can book with tourism operators in Wales by a variety of means, including directly, via third parties, online or offline and with or without live availability.
- 6.2 Booking methods vary by sector. Nearly all (94%) serviced, self catering & hostel accommodation can be booked online in some way, as is also the case with 91% of activity providers. By comparison, only 64% of attractions and 61% of restaurants / pubs / cafes take online bookings.
- 6.3 Online third party sales channels are much more likely to be used by serviced accommodation operators (85% use them) and self catering (81%). By comparison, only 15% of non-accommodation operators use them.
- 6.4 Among businesses which are bookable online, about half (48%) use more than one type of online channel (own with live availability / own without live availability / third party). This is particularly the case in serviced accommodation, whereby 68% of those bookable online rely on more than one type of online channel.

Awareness of TXGB

Q14 "Have you heard of TXGB, which stands for Tourism Exchange Great Britain?"

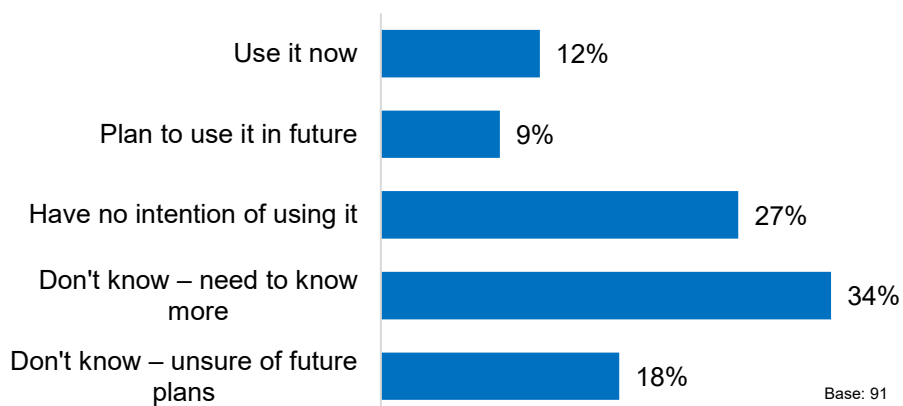


Low awareness

6.5 Most (90%) businesses say they had not heard of TXGB before being asked in this survey. This is the case across all sectors and regions.

Intentions to use TXGB (if aware)

Q15 (IF AWARE) "Do you...?"



Q15 has been asked to businesses aware of TXGB

Not much current commitment if aware

6.6 About half of those aware of TXGB do not know whether their business will use it or not. A fairly low proportion (21%) are either using it now or plan to do so.

Feedback from current users

6.7 As there are only 11 TXGB users in the sample, feedback is limited but the following key points have been made below.

It takes a while to get used to

6.8 Some users say that TXGB takes a while to get used to but it can be a very useful tool once up to speed.

“Found it confusing to start with ... but have had two bookings through it via our own website.”

Self catering, Mid

“It took a bit of time getting used to it, but I'm quite impressed with it”

Caravan park, Mid

Some have signed up but have been too busy to use it properly

6.9 Some businesses are set up with TXGB but have yet to find the time to make good use of it. Combined with the feedback from active users, it seems like operators can benefit from TXGB eventually but they need to find the time and patience to get going.

“We are already signed up to it but haven't started using it yet as we have been so busy”

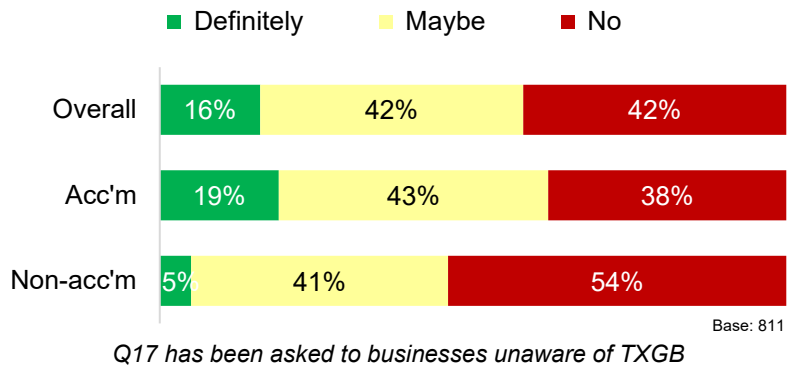
Caravan park, Mid

Interest in learning more

6.10 Respondents unaware of TXGB before the interview have been read this description:

“TXGB stands for Tourism Exchange Great Britain and is facilitated by Visit Wales and VisitBritain. It links booking systems used by UK tourism businesses, or your own inventory, with a global network of distribution platforms which consumers book through. It differs from working directly with a platform such as booking.com or Expedia in that the business can manage their pricing, availability and content in one place for use across multiple sales channels, which may help increase bookings.”

Q17 "Does TXGB sound like something you would like to learn more about?"

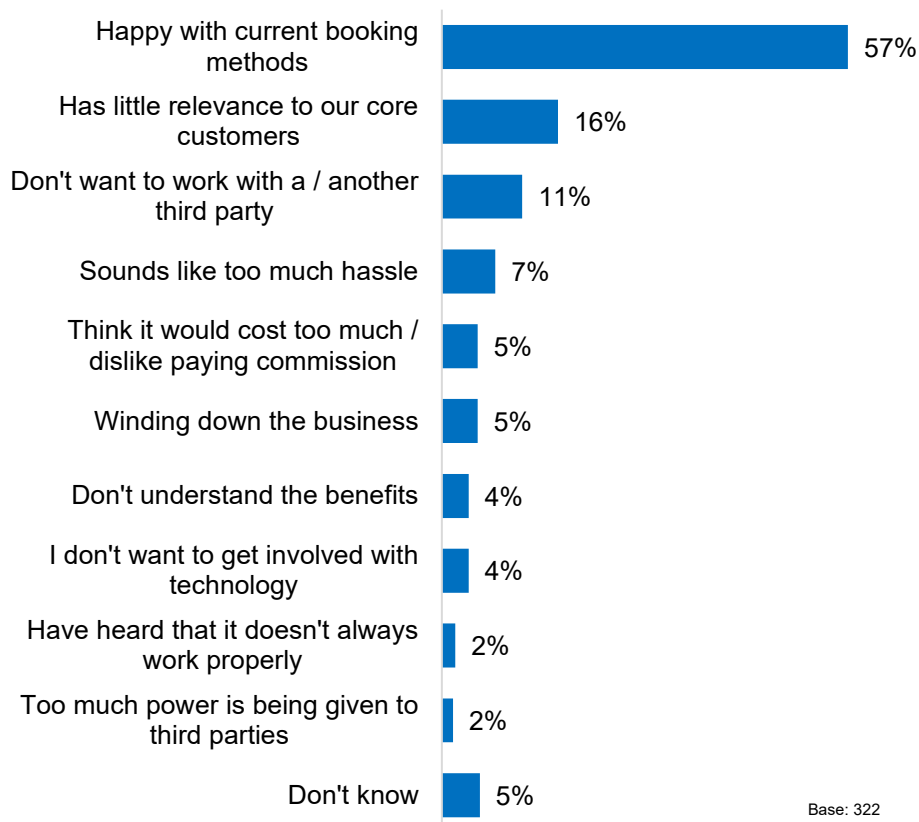


Some are interested

6.11 There is some interest in the industry to learn more about TXGB. Many say it depends on certain features. We discuss each of the key themes in turn below, starting with the barriers.

Barriers to using TXGB

Q18 "What are the barriers to using TXGB?"



Q18 has been asked to those with no intention to use TXGB if aware (Q15) or no interest to learn more if unaware (Q17)

Happy as we are

6.12 Being satisfied with current booking methods is the stand-out reason for not being interested in exploring TXGB. Some operators justify their lack of interest by citing extensive levels of existing bookings, whereas others do not wish to be more occupied than they already are.

“We’re booked up until the end of next year so we don’t really need TXGB”
Self catering, South West

“We’re in our 70s and the business is as full as we want it to be”
Serviced, North

Little relevance to core customers

6.13 Related to the above theme of being happy with current booking methods, some operators say that TXGB would not apply to their core customers. This is typically where the business has a very niche market and/or a core group of loyal repeat customers who book directly.

“Booking platforms don’t work for us. We send a message to our clients when the weather is good and they message back if they want to make a booking.”
Activity operator, South East

Dislike of third parties and paying commission

6.14 Some businesses think TXGB sounds like another third party coming into the marketplace to take commission from them.

“Most of these types of thing are looking for fees”
Activity operator, Mid

“With the business running virtually at a loss, I cannot consider any extra cost”
Activity operator, South West

I like to know who is coming into my property

6.15 Following on from the above theme on third parties, some accommodation operators try to avoid using them because they like to vet their guests first. They don’t like the loss of control when using third parties, and some cite previous bad experiences of disrespectful guests.

“The last time I let someone in the place with a third party company, they wrecked my house”
Self catering, North

“I’d be interested in looking at TXGB but instant booking is frightening – you don’t know who you’re going to get”
Self catering, Mid

Sounds like too much hassle

6.16 Some busy operators do not have the appetite to look into a new system which they perceive as extra hassle.

"I've got a massive pile of work on my desk and wouldn't want to rock the boat with anything new"
Serviced, North

"I'm not looking for more hassle and more rules"
Self catering, South West

What are the benefits?

6.17 Some do not understand the benefits of TXGB, possibly confusing it with an OTA and feeling that a few dominant OTAs already control the market.

"I'm possibly interested, but booking.com have a monopoly on the market. You find third party bookings are all through booking.com."
Caravan park, North

"They wouldn't bring as many bookings as booking.com and Expedia"
Serviced, South West

Reasons to engage in TXGB

Reaching out to new markets

6.18 Some businesses are interested in learning more about TXGB because the prospect of reaching a global audience excites them. They know they would not have the resources to do this without a third party.

"Most definitely interested in learning more. We've had groups from America, Belgium and Zimbabwe. As we offer more than just accommodation, we would be very interested in promoting our business globally."
Self catering, North

"Anything you can do to widen your audience is a good idea"
Serviced, North

Boost to bookings really needed

6.19 After a disappointing summer, some operators are currently in the mood for exploring new channels to secure bookings. The timing seems right for promoting TXGB.

"We use booking platforms but anything that can help at the moment I am willing to look at because things are so quiet. We've never seen it like this before."
Self catering, South East

Visit Wales affiliation makes it sound more appealing

6.20 Some operators are keen to see Visit Wales lead an alternative to existing powerful OTAs. They may be misunderstanding slightly what TXGB is offering, but the involvement of Visit Wales makes the initiative sounds more appealing.

"It's definitely something we will look at as we're always looking to work with Visit Wales."

Attraction, South West

Reasons why operators need to know more

6.21 Some operators are currently 'on the fence' about their interest in TXGB, saying it depends on certain factors.

What are the fees?

6.22 Some expect that using TXGB will come at a price and so their interest depends on the level of commission charged.

"Anything that doesn't cost the world but would increase business is of interest"

Self catering, South West

"I'll have a look at it. If it's a chargeable thing, it's the last thing I want to do"

Serviced, South West

Depends if it's compatible with existing booking systems and channels

6.23 TXGB is compatible with many booking systems and linked to a number of OTAs, but not all. Compatibility with existing systems and channels used is a significant factor.

"If it links with SuperControl then yes we would consider it. If it doesn't tie in with what we're already using then it's not something we would consider."

Caravan park, Mid

"Would it integrate with Airbnb? They would have to be able to work together."

Self catering, South West