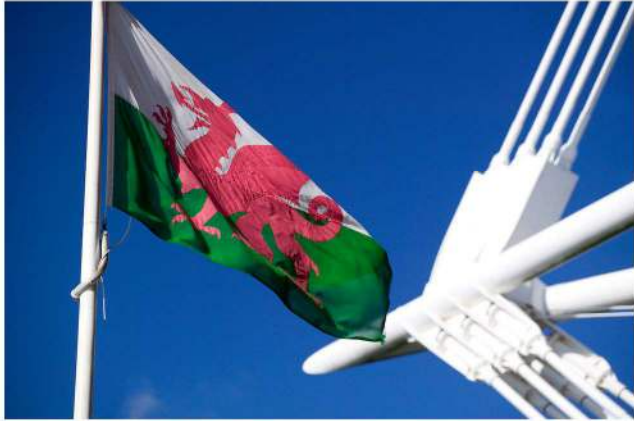


Wales Tourism Business Barometer 2024

February Wave Report



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Wales Tourism Business Barometer 2024: February Wave Report

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

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1. **Headline Findings**

2023 was quite a challenging year for the industry

- 1.1 One in four (25%) businesses had more visitors in 2023 compared to 2022, and 42% had the same level. However, one third (33%) had fewer. This echoes the findings of the summer 2023 barometer, which also showed the industry to be down on balance compared to 2022.
- 1.2 Attractions performed well in 2023, with 42% increasing their visitor numbers and about a further third (34%) achieving the same level. At the other end of the scale, the self-catering sector struggled the most, with 19% increasing visitor levels but 42% reporting to be down.

Some differences by region

- 1.3 North Wales and South East Wales each received about the same level of visitors in 2023 compared to 2022, but Mid Wales and South West Wales did not experience the same stability. In South West Wales, 23% of business had more visitors, but 36% had fewer. In Mid Wales, 20% of businesses had more visitors, whereas 37% had fewer. The higher proportion of self-catering businesses in the Mid & South West sample in order to reflect the business population is the primary reason for regional differences.

Winter occupancy levels

- 1.4 The average occupancy levels in relation to available capacity among serviced businesses were 48% in November, 49% in December and 37% in January. Average occupancy levels among self-catering businesses were 38% in November, 39% in December and 28% in January.

Current levels of visitors expected to remain

- 1.5 Visitor levels from Wales, the UK outside Wales and overseas are all expected to be about the same in 2024 compared to 2023.

Some reasons to be positive

- 1.6 The top three unprompted answers to the question, '*Are there any particular reasons to be positive about business this year?*' are 'high level of repeat customers' (18%), 'own marketing' (15%) and 'improved product / offering' (12%). However, the most frequent answer is '*there is nothing to be positive about*' (32%).

High costs and Welsh Government policies dominate concerns

- 1.7 'High operating costs' (32% unprompted) and the related macro-economic issue 'people lacking in disposable income' (22%) are key concerns among businesses this year. 'Welsh Government policies' (30%) are the other key concern.
- 1.8 Respondents citing more than one concern have been asked which one will impact on their business the most. When narrowed down to one, 'Welsh Government policies' are the single biggest concern among self-catering operators, and high operating costs are the biggest concern in all other sectors.

Welsh language use in work

- 1.9 Two in five businesses (40%) have at least one person using Welsh regularly in work. This proportion is much higher in North Wales (60%) and Mid Wales (40%) than in South West Wales (26%) and South East Wales (21%).

Confidence to run profitably

- 1.10 14% of operators are 'very confident' about running the business profitably this year and 50% 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 2023 performance, and booking levels & expectations for 2024. Ad-hoc topics this time include addressing issues of concern on business performance, and Welsh language use by staff.

How was the Survey conducted?

2.2 We have conducted 900 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.

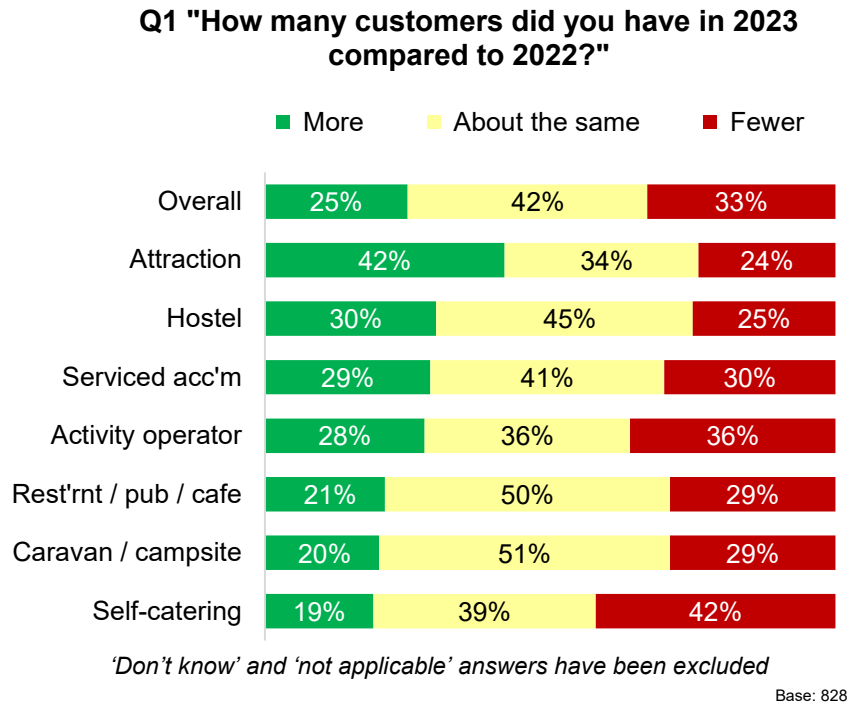
Sector / Region	North	Mid	South West	South East	Total
Serviced accommodation	94	46	56	45	241
Self-catering	75	65	86	43	269
Caravan / campsites	55	26	14	15	110
Hostels	6	6	4	4	20
Attractions	24	22	29	29	104
Activity operators	17	10	8	6	41
Restaurants / pubs / cafes	27	28	30	30	115
Total	298	203	227	172	900

2.3 64% 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 29th January and 9th February.

3. 2023 Performance

2023 performance by sector



Looking back on a challenging year

- 3.1 Attractions performed well in 2023, but most other sectors struggled to increase customer levels compared to 2022. The self-catering sector had the most difficult year.
- 3.2 These findings echo the summer 2023 barometer, which showed that attractions were the only sector to increase their visitor levels and that the summer was particularly difficult for the self-catering sector.

"Down 4% on the previous year ... more people went abroad last year compared to 2022"

Serviced, South West

"Our sales are significantly up. Wales is becoming an interesting destination for golfers and golf events."

Serviced, South East

"It has never been as bad as it is now in 20 years"

Self-catering, South West

- 3.3 Some operators have commented on the weather being a significant factor, as it was rainy in the first part of the peak summer season. The summer tourism barometer in 2023 also reported that the weather was a key reason for disappointing visitor levels.

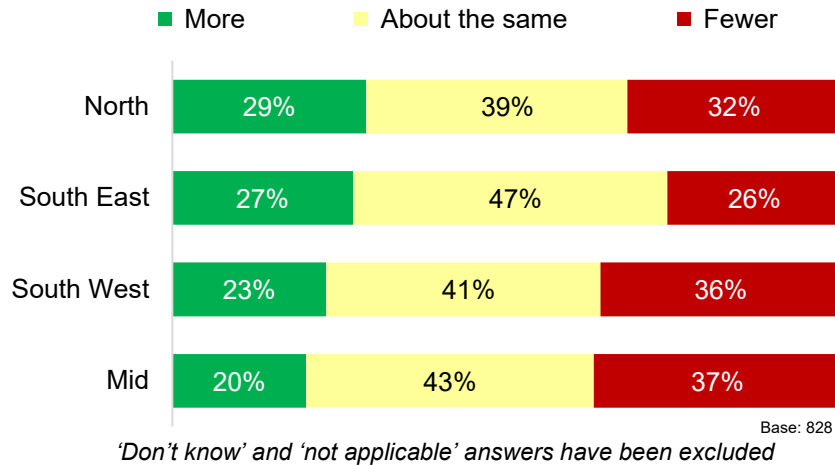
"We can only hope for better weather this year. Last year was a washout."

Self-catering, Mid

“The biggest obstacle last year was the weather. I can’t afford another year of rain!”
 Serviced, Mid

2023 performance by region

Q1 "How many customers did you have in 2023 compared to 2022?"

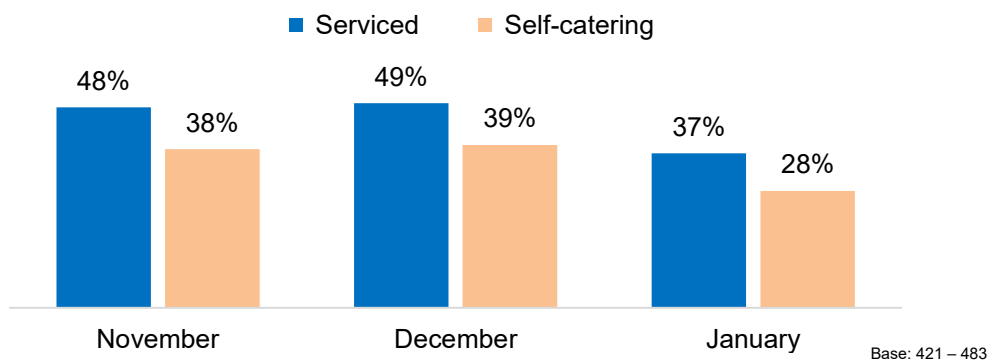


Some differences seen by region

3.4 North Wales and South East Wales each received about the same level of visitors in 2023 compared to 2022, but Mid Wales and South West Wales did not experience the same stability. The higher proportion of self-catering businesses in the Mid & South West sample in order to reflect the business population is the primary reason for regional differences.

Occupancy levels

Q2 "How much of your available capacity was booked for ... ?"
 (av. occupancy shown)



Q2 has been asked to accommodation operators. 'Don't know' and 'closed all month' answers have been excluded. The base varies by month because of differences in the no. of businesses taking bookings. The caravan & camping sector is not shown due to the low base size in the winter months.

New Year is the watershed for winter occupancy

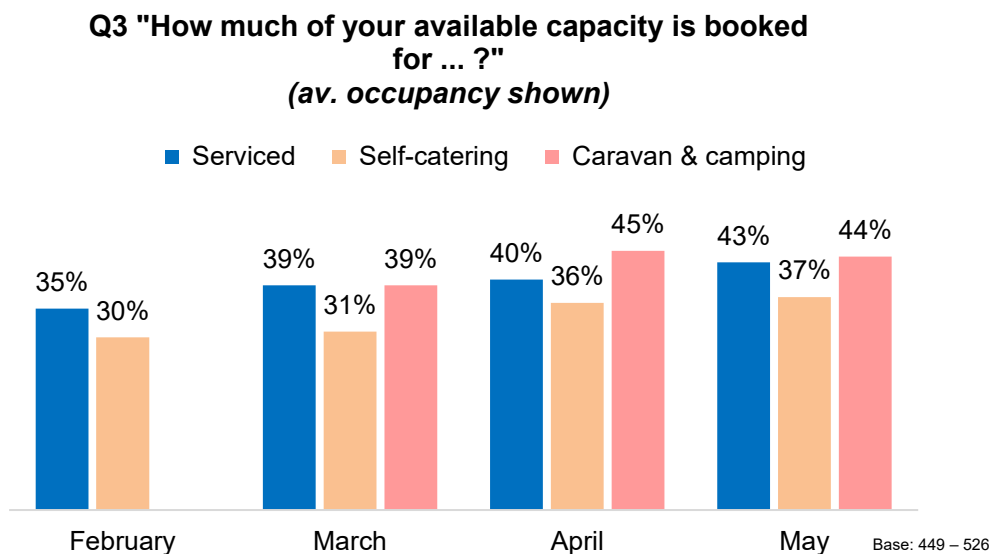
- 3.5 The proportion of serviced businesses open during the winter months ranged between 75% and 85%, whilst the proportion of self-catering businesses remaining open ranged between 88% and 96%.
- 3.6 Those who remained open saw significantly higher occupancy levels in the run-up to Christmas compared to in the New Year.

“Our occupancy levels are back to pre-Covid numbers”
Serviced, South West

“We always do an out of season offer in November. That's why we are busy then.”
Serviced, North

4. Bookings and Expectations for 2024

Advance bookings (accommodation operators)



The average booked occupancy for each month is among businesses which are taking bookings for that month. The base varies by month because of differences in the no. of businesses taking bookings. The sample size for caravan & camping in February is too low for analysis.

Last minute booking trend makes future months hard to predict

4.1 The above chart shows occupancy levels for the months ahead as they currently stand, but some operators say that the increasing trend to book last minute makes it hard to predict how these months will actually turn out.

“Our level of advance bookings has gone down but it’s a general trend over the past few years, even before Covid. People either book their holidays abroad well in advance or wait last minute to book UK holidays.”

Self-catering, North

“If the summer continues like the winter ended and this year has started, we’ll be utterly delighted. We never had so many advance bookings.”

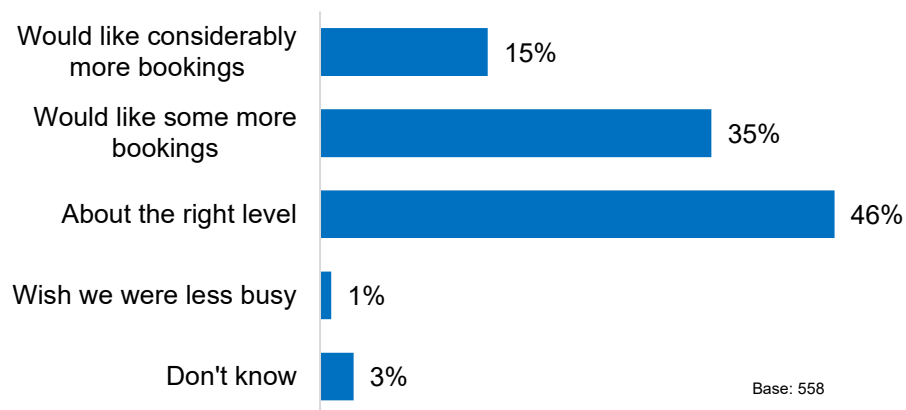
Self-catering, Mid

“Not unduly worried as we get a lot of last minute bookings – just hoping for good weather”

Serviced, North

Satisfaction with occupancy levels

Q4 "How satisfied are you with your current occupancy levels for the next few months?"



Q4 has been asked to accommodation operators open and giving occupancy figures for at least one month in Q3

Being half full seems to be the sweet spot for satisfaction

4.2 About half (46%) of accommodation operators are satisfied with their current occupancy levels for the coming months. On average, these operators are currently about half full for March, April and May. Some would ideally like to be busier when those months arrive, but they trust that last minute bookings will top up their occupancy.

"Early bookings are coming in. It looks promising. We have already received bookings from return customers and expect more to come in."

Caravan park, South West

4.3 15% of operators say they would like 'considerably more bookings'. On average, these operators are currently about 15% full for March, April and May. There are hopes that the last minute booking trend will turn this around.

"I'm really worried about the advance bookings this year. They look so bad. We even reduced our price to minimise the impact but the figures are not good at the moment."

Self-catering, South West

Differences by sector

4.4 Businesses in the self-catering sector are the most likely to want more bookings (62% have said this), whereas businesses in the caravan & camping sector are the most likely to be satisfied with current booked occupancy (63% have said this).

"We're satisfied with our current situation"

Caravan park, North

Attracting more bookings

Q5 "What, if anything, is your business doing to try and attract more bookings?" (unprompted)



Q5 has been asked to accommodation operators answering they would like more bookings (Q4)

Most businesses are doing something

4.5 If current occupancy levels are not as hoped, businesses are usually doing something to try and change that. Most commonly, around two in five (41%) are promoting the business to attract new customers. This is the top answer in every sector and region.

"I'm hoping to do something more on social media. I'm a bit flummoxed on what to do to promote the business."

Serviced, North

"Last year we experienced a significant drop in customer numbers. I've never been into advertising much but feel that we'll have to invest in ads to open up new markets."

Activity operator, North

"We've decided to offer a massive discount to attract any guests at all for February"

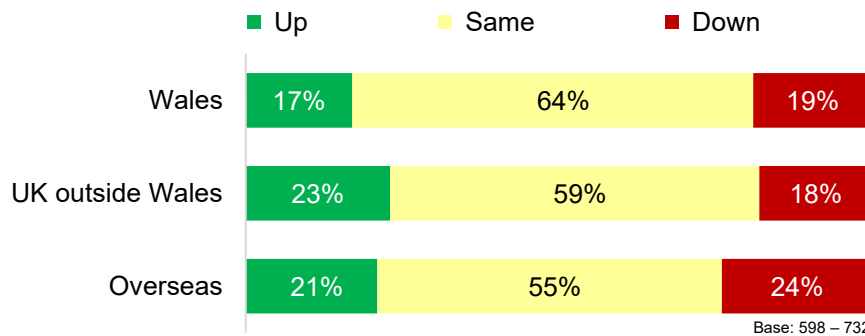
Self-catering, Mid

"Cost of living is an issue so we have lowered our prices"

Serviced, North

Expectations by market

Q6 "Do you expect the number of customers this year from each of the following markets to be up, down or the same as in 2023?"



'Don't know' and 'not applicable' answers have been excluded. The base varies by market due to differences in the number of 'don't know' and 'not applicable' answers.

Steady expectations for this year

- 4.6 On the whole, little movement is expected in visitor levels from each of the Wales, UK outside Wales and overseas markets compared to 2023.
- 4.7 If 2023 had been a good year, these results could have been viewed positively. However, as the proportion of businesses reporting to be down in 2023 vs 2022 outweighs those reporting to be up, it looks like businesses as a whole do not expect to get back to 2022 levels this year. This follows on from the previous barometer in summer 2023, which showed mixed levels of confidence going forwards.
- 4.8 Combined with responses to positive and negative factors affecting business (discussed later under Q8 – Q10), it seems that many operators view 2024 as a year to survive rather than flourish.

"We're hoping this year will be about the same as last year ... we keep holding out for a better climate"
Hostel, North

"It's still very early days. I wouldn't say I'm 100% confident but I'm also not overly concerned. It's probably just one of those years. People have less money but will probably still want to go on holidays, maybe for shorter stays, but that's ok."
Hostel, South East

"It looks promising for this year. Our clientele are interested in biking, walking, outdoor activities. We're ideally situated for that."
Self-catering, North

Differences by sector

4.9 Non-accommodation operators are generally more positive about the year ahead, especially activity operators, whereby 44% expect the UK (outside Wales) market to be up, compared to 17% expecting it to be down.

“Eryri / Snowdonia is very popular among international tourists. It's part of their UK round trip. We are also noticing an increased number of people from larger cities like London who've discovered walking and mountaineering during the pandemic and who are now exploring our area to expand their hiking skills and connect with nature. It's good for them and good for us as a business.”

Activity operator, North

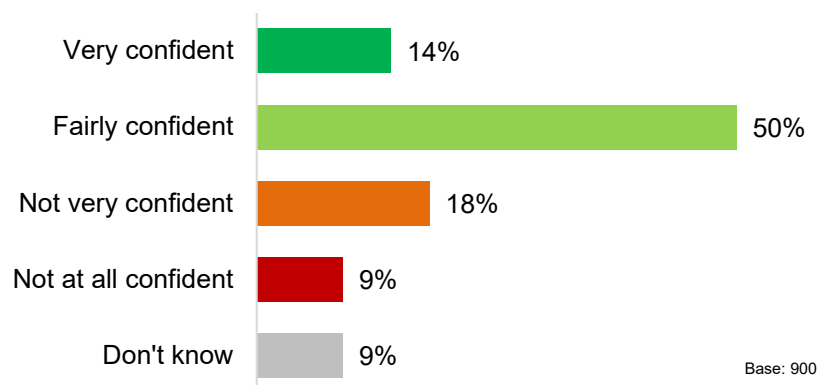
4.10 Self-catering operators are the least positive. 18% expect the UK (outside Wales) market to be up, but 29% expect it to be down.

“If things don't improve, the possibility is we will close”

Self-catering, Mid

Confidence in running profitably

Q7 "How confident do you feel about running the business profitably this year?"



Reasonable levels of confidence despite cost challenges

4.11 About two thirds (64%) of operators say they are confident about running the business profitably this year. This is in spite of some significant cost challenges discussed later under Q9 & Q10.

4.12 Confidence levels are very similar to this time last year, when in the February 2023 barometer, 17% were 'very confident' and 50% were 'fairly confident'.

4.13 Those feeling confident about running profitably this year are in the majority in every region of Wales. By sector, the proportion reporting to be confident is highest among activity operators (78%) and caravan & campsites (75%), and lowest in self-catering (54%).

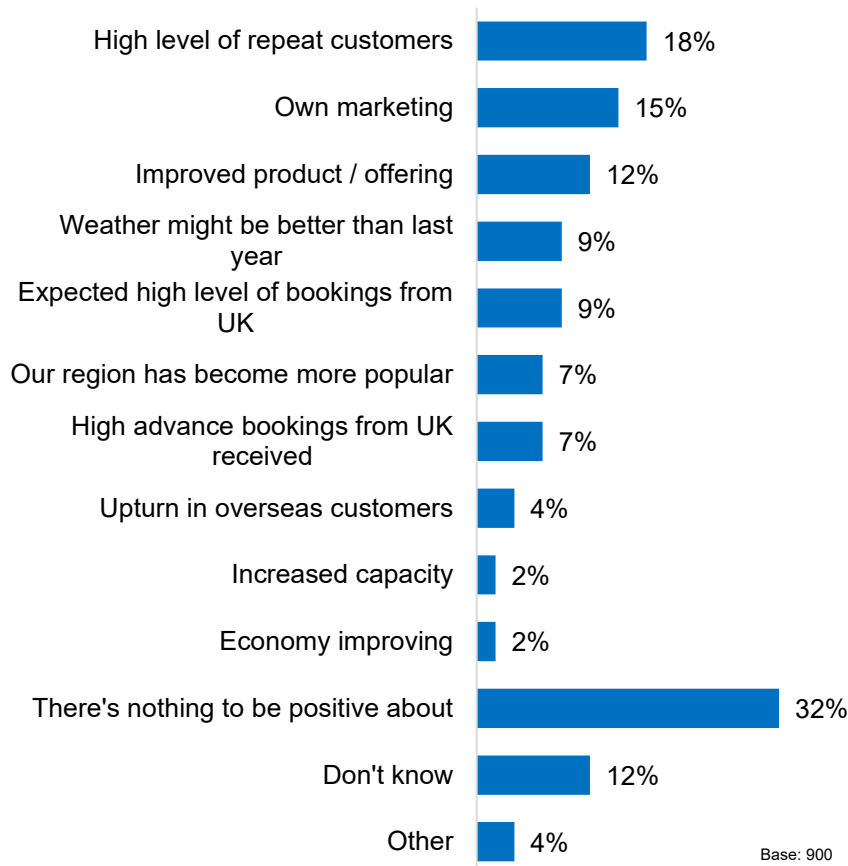
“Everything is looking really positive for us this year”
Caravan park, North

“All the school holidays are fully booked already”
Caravan park, South West

“We have many day or short stay visitors in our area. With many people not being able to afford a full holiday package including accommodation, yet wanting a day out, we’re seeing numbers going up. Hopefully even more this year.”
Activity operator, Mid

Reasons to be positive

Q8 “Are there any particular reasons to be positive about business this year?” (unprompted)



A handful of reasons to be positive

4.14 Having a high level of repeat customers is keeping some operators feeling optimistic this year.

“We are fairly confident because we do have a good amount of repeat costumers”
Serviced, South East

4.15 Some operators are taking matters into their own hands with extensive marketing.

“We're planning to run TV ads, which is very exciting”

Caravan park, Mid

“We've introduced seasonal passes and partnered up with a couple of other freelance instructors. Uptake for the season passes is good. With a bit of luck regarding the weather, we're in a good position.”

Activity operator, South East

Improved offering – more common among attractions

4.16 Three in ten (30%) attractions say that ‘improved product / offering’ is a particular reason to be positive this year – the top answer in this sector.

“Looking forward to welcoming visitors to our new facility ... we can hold events and conferences, meaning an opportunity to diversify income streams”

Attraction, Mid

“We've introduced a new adventure which has drawn a growth of overseas customers. It bodes well for the coming year.”

Activity operator, North

“We've invested in new glamping pods and have upgraded our facilities. It surely must pay off.”

Caravan park, South West

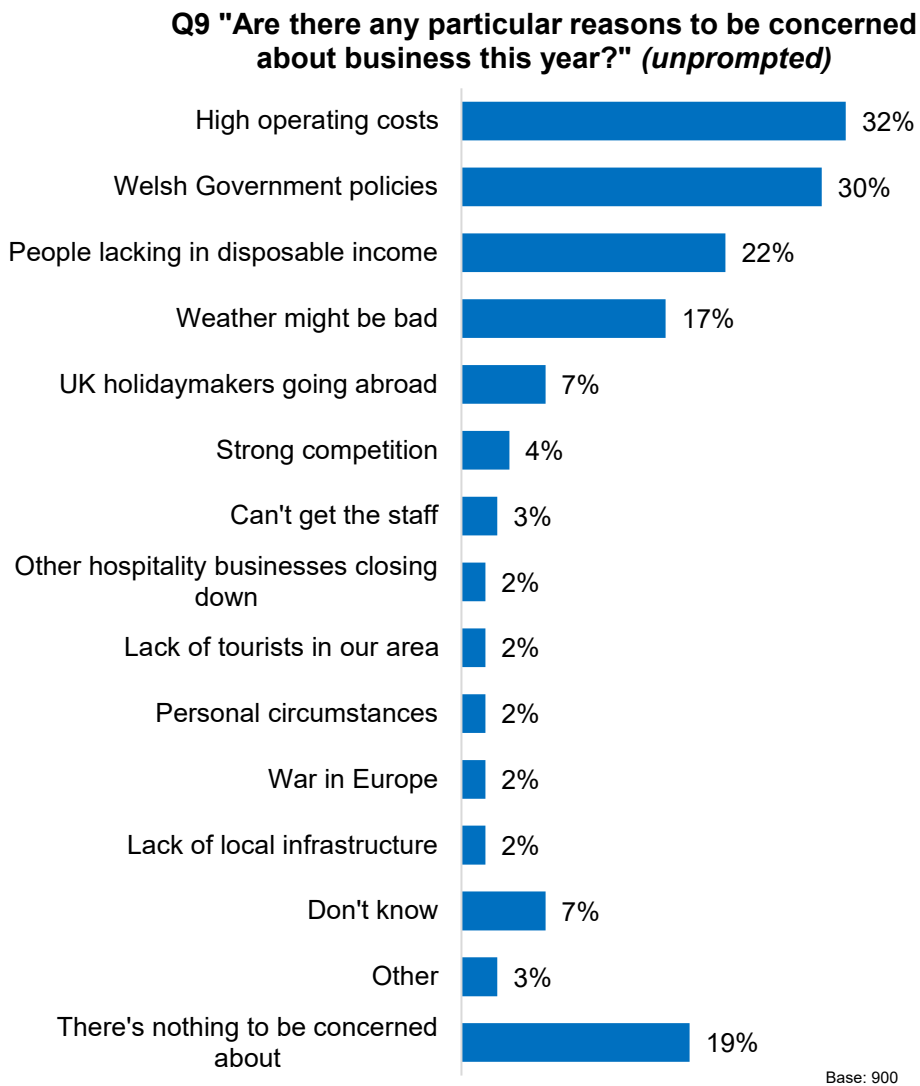
‘There’s nothing to positive about’

4.17 Although reasons for positivity have been given, industry optimism is somewhat dampened with around a third (32%) of operators answering ‘*there is nothing to be positive about*’. The proportion is highest in self-catering (41%), and by region, in Mid Wales (39%).

“If the business rates go up even further and the fuel prices as well, it's cheaper to close the business down, which we're strongly considering. It's so sad since we've done this for many years.”

Self-catering, North

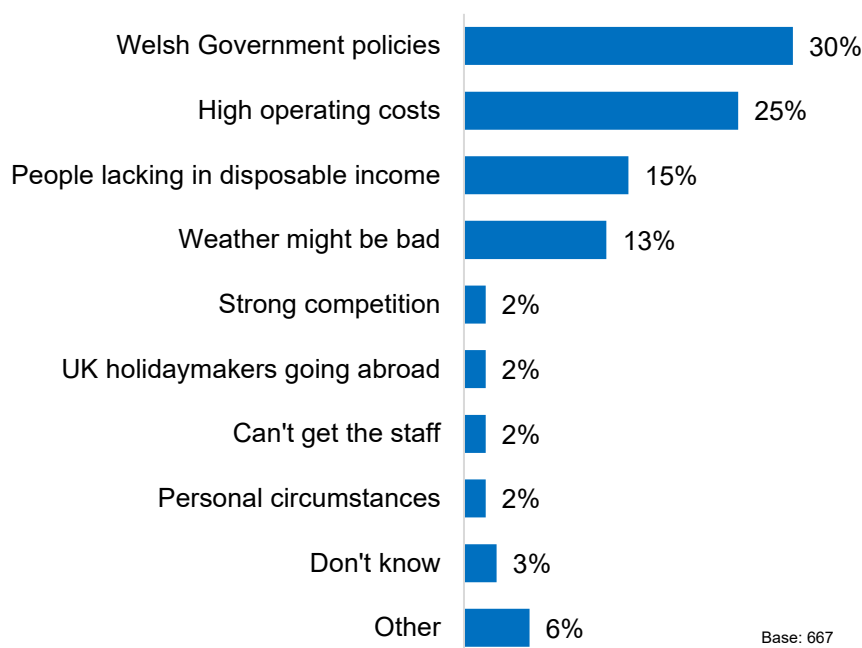
Reasons to be concerned



High costs

- 4.18 'High operating costs' and 'Welsh Government policies' are the two most frequently mentioned concerns. These concerns, along with 'people lacking in disposable income', also ranked highest when a similar question was asked in the May 2023 barometer.
- 4.19 Respondents citing more than one concern have been asked which one will impact on their business the most. When narrowed down to one, Welsh Government policies are the biggest single concern overall, shown on the chart below:

Q9/10 "Which of those concerns you have mentioned do you expect will impact on your business the most?" (unprompted)



Q10 has been asked to those giving more than one answer to Q9. The above chart shows the combined results of Q9 (those giving one answer) & Q10 (those singling out one of their multiple answers to Q9).

Sectoral divide in answers

4.20 'Welsh Government policies' are the top answer among self-catering operators (56%) – much higher than their second most frequent answer ('people lacking in disposable income – 15%). Many self-catering operators feel that Welsh Government does not value what they contribute to the economy and is working against them. There are, however, a few operators who disagree with that view.

"Pembrokeshire tourism is vital to the economy so I don't understand why Welsh Government is trying to discourage businesses and customers with policies like the 182 day rule and tourism tax."
Self-catering, South West

"Welsh Government policies are certainly a daily topic but it's not as dramatic as some newspapers want to make us believe."
Self-catering, South West

"The Welsh Government is not doing our industry any favours. It doesn't feel like they're on our side or want tourism."
Self-catering, North

4.21 However, there appears to be a sectoral divide, as across the other sectors combined, 16% have answered 'Welsh Government policies', but 'high operating costs' (33%) are much more of a concern.

“This is going to be a very tough year. Our reserves are used up; costs are rising out of all proportion.”
Serviced, North

‘182 days’ rule

4.22 The ‘182 days’ occupancy rule relating to qualifying for non-domestic rates is the main reason ‘Welsh Government policies’ are of such significant concern to self-catering operators but less of a concern in other sectors.

“It’s going to be a difficult year and I’m sure a lot of operators won’t meet the 182 days. Holiday lets are going to be harder to get.”
Self-catering, North

“We are genuinely worried about the 182 days legislation. Customer numbers are significantly down, meaning we have more unoccupied days. We cannot extend our opening dates, hence are in real danger of not hitting the target.”
Self-catering, South East

20 miles an hour

4.23 Some operators say they are losing business because customers are concerned about the 20 mile an hour speed limits recently introduced across many roads in Wales which previously had a 30mph limit. Some potential visitors from England are apparently concerned that they will get caught speeding. There is a reluctance to drive at this speed and also some lack of understanding about how many roads have a 20mph limit (i.e. not all of them).

“20mph speed limit is a new issue. Quite a few customers won’t come to Wales for fear of speeding fines, according to comments through our website”
Attraction, South East

“We’ve had comments about the 20mph and people have cancelled because they can’t see the point as they won’t be able to see all of Wales if they’re only driving 20mph.”
Self-catering, North

“If only people understood that 20mph aren’t everywhere and that you can come to us without even noticing any 20mph restrictions. People are scared for no reason.”
Serviced, North

“People are reluctant to book in Wales because they just don’t understand how the speed limit works.”
Self-catering, Mid

High operating costs and lack of disposable income

4.24 ‘High operating costs’ are the number one concern in every sector apart from self-catering. ‘People lacking in disposable income’ (the third highest concern) is related to this at a macro-

economic level as both issues are being caused by inflationary pressures. They are also related in terms of businesses trying to mitigate the problem because it is hard to raise prices to cover costs if customers can't afford to pay more.

"The overheads are high but people don't want to pay the extra prices for the get-aways"

Caravan park, North

"We're drowning in costs ... we're really struggling, but so are our long-standing customers. We've even had phone calls from customers we've know from childhood who rang just to apologise and let me know that they'd love to stay with us but just cannot afford it."

Self-catering, South East

Minimising the impact of concerns

Q11 "What, if anything, will you do to try and minimise the impact of that concern on your business?" (unprompted)



Q11 has been asked to those expressing any concern in Q9/10

Some operators are trying to tackle the issues

4.25 There are numerous ways in which businesses are trying to tackle the challenges they face, and it varies by what the most significant challenge is. Among those most concerned about high operating costs, 22% are 'reducing non-staff overheads', 13% are 'promoting the business to attract new customers', 13% are 'increasing prices' and 13% are 'holding prices or giving special offers'. The majority (70%) are trying to do something.

"To reduce the high operating costs, we are trying not to waste anything and to reuse the food [sic]"
 Restaurant, North

“We're just trying to keep energy costs down by looking into solar panels, LED bulbs and thermostatic valves”

Self-catering, North

“We are putting effort into marketing on social media and doing special offers”

Self-catering, South West

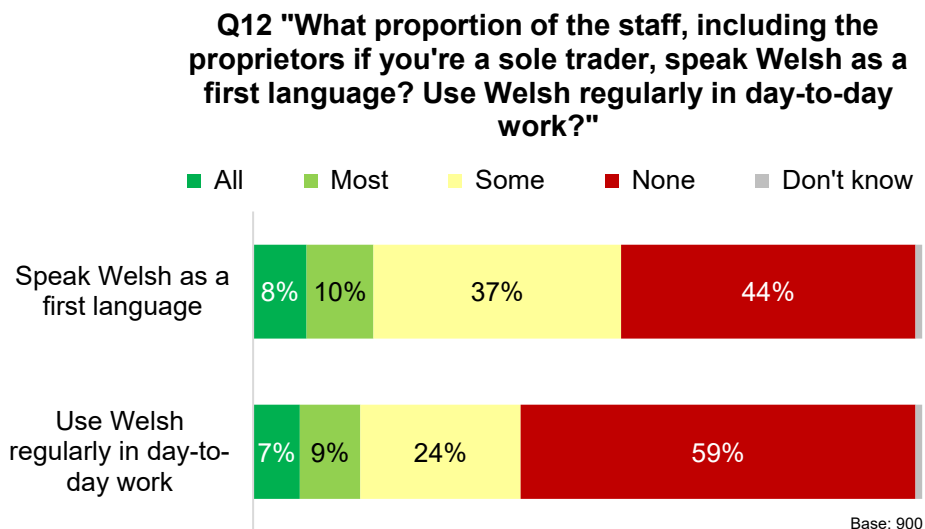
- 4.26 If ‘Welsh Government policies’ are the primary concern, around half (49%) will do nothing. There is a sense of helplessness among some operators that they can’t do anything to a minimise the impact of policies which are unfavourable for them.

“Instead of investing money in the one industry Wales could really be good in, the Welsh Government is throwing sticks and stones at us. It's just not fun anymore.”

Self-catering, Mid

5. Use of Welsh Language by Staff

Speaking and using Welsh



Significant variation by region

- 5.1 Two in five businesses (40%) have at least one person using Welsh regularly in work. This proportion is much higher in North Wales (60%) and Mid Wales (40%) than in South West Wales (26%) and South East Wales (21%).
- 5.2 As for speaking Welsh as a first language, 66% of businesses in North Wales have at least one person doing so, compared to 54% in Mid Wales, and 46% in South West & South East Wales.

"Welsh language use is prolific, with many first language speakers, and those who aren't first language speakers are actively encouraged to use it or undertake courses"
Attraction, North

"We have about three people here who speak Welsh and I encourage it if they want to use it with customers"
Serviced, South West

Some first language Welsh speakers are not using Welsh in work

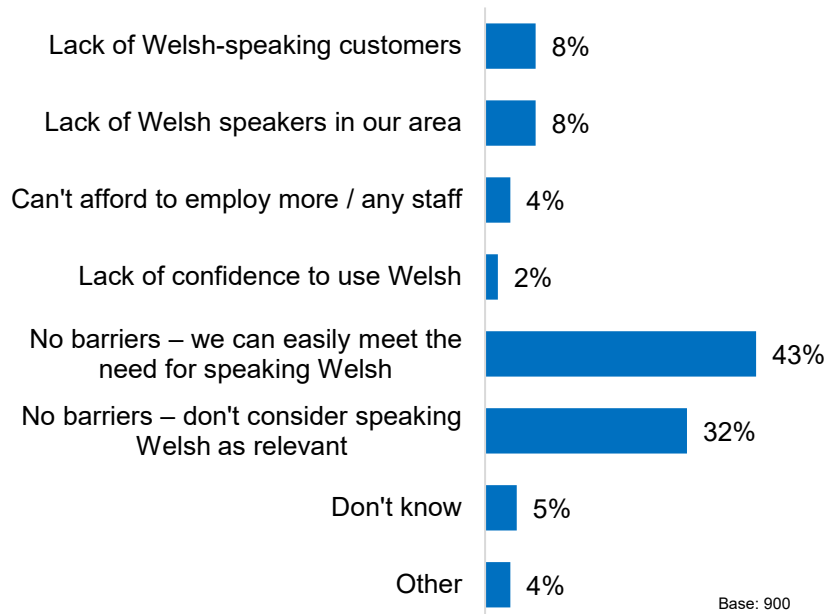
- 5.3 Where 'all' or 'most' staff are first language speakers, Welsh is usually (within 97% of those businesses) being used in day-to-day work.
- 5.4 However in around half (51%) of businesses where 'some' staff speak Welsh as a first language, none are using it in day-to-day work.
- 5.5 It is also worth noting that in 11% of businesses where no staff speak Welsh as a first language, at least one person is using Welsh in work. In some cases staff are trying to learn Welsh or teach a few words to customers:

“Only one of the staff speaks Welsh. His job is to welcome the school children [usually from London] with a couple of Welsh words. It’s win-win: promoting Welsh and proud kids having ‘learnt a new language’”
Activity operator, Mid

“Everyone is kind and likes that I’m trying to learn Welsh”
Self-catering, North

Barriers to expanding Welsh-speaking staff and usage

Q13 "Are there any barriers to expanding the number of Welsh-speaking staff or their use of Welsh in day-to-day work?" (unprompted)



Not many perceived barriers to overcome

5.6 Most businesses do not perceive that they face a barrier to expanding Welsh-speaking capabilities or usage – either because they can already easily meet the need, or they don’t perceive there to be a need.

5.7 North Wales has a higher proportion (54%) of businesses answering that they can easily meet the need for speaking Welsh (which compares to 38% across the rest of Wales). South Wales has a higher proportion (41%) of businesses answering that they don’t consider speaking Welsh as relevant to their business (which compares to 31% in Mid Wales and 21% in North Wales).

“We are a family-run business who are English-speaking”
Self-catering, South West

“We’ve been here 24 years and everyone in the area have been very welcoming and we’ve never found not being able to speak Welsh to be a barrier”
Self-catering, North

- 5.8 The two most frequently cited barriers – ‘lack of Welsh-speaking customers’ and ‘lack of Welsh speakers in our area’ – apply more to South Wales (cited by 11% and 12% of respondents respectively).

“We’re looking to push Welsh language use and increase that representation, though there are few Welsh speakers in our area or Welsh speaking customers.”
Attraction, South East

“There are not many people who speak Welsh in my area – only one person in the village – so there’s no-one to speak it to, especially when most of my customers aren’t from Wales”
Self-catering, South West

“Would love to employ more Welsh speakers but they aren’t applying”
Caravan park, North

- 5.9 Among businesses which employ at least one first language Welsh speaker but no staff use Welsh in work, 90% perceive no barriers. The most commonly cited barrier among this group is ‘lack of Welsh-speaking customers’ (5%).