5 TOURISM INDUSTRY PERFORMANCE AND NEEDS

The key to success in regional tourism lies with the performance of individual enterprises. This chapter provides data on this.

It is primarily based on the results of the postal survey of tourism businesses conducted for this study in February and March 2003. This utilised a stratified sample of 3175 enterprises, of which 1190 returned the questionnaire, an excellent response rate of 37.5%.

The main advantage of this survey in providing a picture on which to base regional policy is that it covered the whole region and all types of accommodation and attraction enterprise. Table 5.1 shows the breakdown of respondents.

TABLE 5.1 Respondents to the business survey

Type		County	
Hotel	140	Avon	59
Guest house/B&B	436	Cornwall	260
Self-catering	291	Gloucestershire	73
Holiday park	46	Devon	280
Visitor attraction	211	Dorset	249
Other	68	Somerset	147
		Wiltshire	102

Source: TTC business survey

In general, the level of response is fairly representative of the make up of the industry. Attractions are over-represented by design (they were sampled separately) owing to their importance as generators of visitors. Within the accommodation sector guesthouses and B&B are rather over represented while hotels, self-catering and holiday parks are under represented. Amongst the counties, Wiltshire, Dorset and Somerset are over represented and Devon slightly underrepresented.

Other information on business performance is available at a regional level, such as the accommodation occupancy survey and business barometer, and this is referred to as appropriate.

The analysis that follows concentrates on, and compares, the performance of different types of enterprise, enabling a good picture to be provided of the needs of the various sectors of the industry.

Table 5.2 shows the size of the accommodation establishments in the survey. The vast majority of guesthouses/B&B and self-catering establishments are very small businesses. Over half the hotels are medium sized (10 to 30 bedrooms) but with a good representation also of smaller and larger hotels. Half the holiday parks, which will be a mixture of camping/touring van/static and chalet sites, have over 100 units/pitches.

TABLE 5.2 Size of responding enterprises

No. of rooms/units /pitches	Hotels	B&B/Guest Houses	Self-catering	Holiday parks
0 – 9	18%	92%	91%	12%
10-30	55%	8%	6%	7%
31-100	24%	0%	1%	29%
Over 100	3%	0%	1%	51%
	100%	100%	100%	100%

Source: TTC business survey

One measure of the 'size' of attractions is the total annual visitor throughput. Table 5.3 shows this for attractions in the survey. This indicates a fairly even spread, but very small attractions are slightly over represented compared with the regional population.

TABLE 5.3 Total number of visitors received

	Attractions
<5000	30%
5001-10,000	17%
10,001 - 20,000	13%
20,001 - 50,000	18%
50,001 - 100,000	12%
Over 100,000	11%
	100%

Source: TTC business survey

The remainder of this chapter looks at the performance of tourism businesses, their need for more business, trends and expectations, investments made, employment and training, business support, marketing and sustainability issues.

5.1 Business turnover and utilisation

Businesses were asked to indicate their turnover in their last financial year. The results are given in Table 5.4.

TABLE 5.4 Level of business turnover per annum

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
£ < 10k	0%	24%	53%	8%	27%	28%
£ 10-50k	13%	56%	33%	23%	22%	37%
£ 51-100k	22%	14%	10%	13%	10%	13%
£ 101-200k	16%	4%	2%	13%	13%	7%
£ 201-500k	22%	1%	1%	31%	12%	7%
£ 500-750k	8%	0%	0%	0%	6%	2%
£ > 750k	19%	0%	1%	13%	10%	6%
	100%	100%	100%	100%	100%	100%

Source: TTC business survey

The overall picture emphasises the pattern of very small businesses which make up this industry, with over a quarter of surveyed enterprises having a turnover of less than £10,000, with a further third between £11,000-50,000. There is a distinct pattern between type of business and turnover:

- Self-catering establishments tend to be particularly small; half have a turnover of less than £10,000.
- B&B/Guest Houses tend to show a slightly higher turnover with half reporting turnovers between £11,000-50,000.
- As might be expected, hotels show higher turnover than other serviced accommodation operators with turnover spread across all bands, though none report a turnover less than £10,000.
- Caravan/camping establishments also show a span across a range of turnover bands with a clustering in the £11,000-50,000 and £200,000-500,000 bands, indicating a mix of larger sites and smaller scale facilities.
- Turnover of attractions varies greatly. Nearly a quarter report a turnover of less than £10,000 and 13% of more than £500,000, again reflecting the diversity of attractions from small specialist facilities to large commercial attractions.

Occupancy and seasonality

Information on accommodation occupancy is available from both South West Tourism's monthly Occupancy Survey and from our business survey. Table 5.5 compares the findings for serviced accommodation from each survey for 2002 (using a combination of the results for hotels and B&B/Guest Houses within our business survey). There is broad comparability across both surveys. Our survey shows lower occupancies in the winter and higher in the summer than the SWT survey, probably due to a higher proportion of B&B/Guest Houses in our survey.

TABLE 5.5 Serviced accommodation – surveys compared (% bedroom occupancy)

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
South West Tourism Occupancy Survey											
37	46	51	51	59	67	71	77	72	57	45	41
Business Survey											
32	34	42	48	56	68	76	80	71	56	42	37

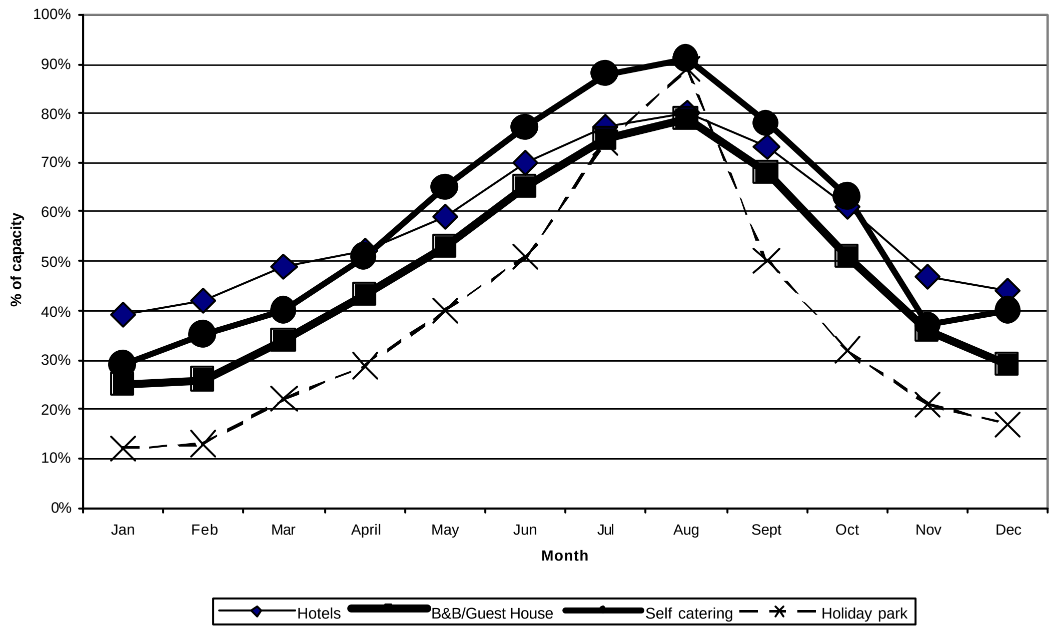
Note: Figures show % room occupancy for SWT survey; and % capacity
Source: TTC business survey; SWT Occupancy Survey

The business survey asked all types of accommodation operator to provide information about their average occupancy rates for each month of the year, based on bedroom occupancy for serviced accommodation and unit or pitch occupancy for self-catering and holiday parks. Table 5.6 shows the mean average occupancy for each month by type of provider. The information is then shown graphically in Figure 5.1.

TABLE 5.6 Bedroom/unit/pitch occupancy 2002

	Hotels	B&B/Guest House	Self catering	Holiday park
January	39	25	29	12
February	42	26	35	13
March	49	34	40	22
April	52	43	51	29
May	59	53	65	40
June	70	65	77	51
July	77	75	88	74
August	80	79	91	89
September	73	68	78	50
October	61	51	63	32
November	47	36	37	21
December	44	29	40	17

Figure 5.1 Bedroom/unit/pitch occupancy 2002



When looking at levels of occupancy throughout the year, it is also important to consider the proportion of businesses that close in the winter. This is shown in Table 5.7.

TABLE 5.7 Percentage of businesses closed per month

	Hotels	B&B	Self catering	Holiday park	All
January	30%	33%	47%	59%	42%
February	18%	23%	40%	59%	35%
March	7%	13%	27%	44%	23%
April	1%	3%	16%	7%	7%
May	9%	2%	8%	0%	5%
June	0%	1%	4%	2%	2%
July	0%	0%	1%	0%	0%
August	0%	0%	0%	0%	0%
September	6%	0%	4%	7%	4%
October	2%	6%	15%	22%	11%
November	16%	23%	38%	50%	32%
December	19%	30%	30%	57%	34%

Taken together, the results show:

- Significant seasonality of business in all four sectors, but most starkly with respect to holiday parks which have a very narrow peak in July and August.
- Near capacity trading in self-catering and holiday parks in August.
- A relatively longer season for self-catering than bed and breakfast/guest houses.

Looking in more detail at the location and profile of accommodation enterprises reveals considerable differences in performance and seasonality across the region. Naturally, between October and June, hotels in the east and in larger towns have considerably higher occupancies than those elsewhere. For example, hotels in Avon recorded an average occupancy of 74% in March compared with 39% by Devon hotels. Average occupancy of bed and breakfast and self-catering is similarly much more peaked the further west they are in the region.

Resorts show noticeably greater peaking than non-resort coastal and rural areas, especially with respect to serviced accommodation, which records extremely high occupancies in August but a steeper decline after this.

In general across the year, occupancies tend to be slightly lower in rural areas than in resort and coastal areas and in towns. However, serviced farm accommodation does better on average than B&B/guest houses off farms, especially out of the main summer season. Farm based self-catering does no better or worse than the average self-catering enterprise.

The level of visitor throughput received by visitor attractions in the survey was shown in Table 5.3. This showed the wide variation in levels of business received by attractions, with a high percentage receiving only modest visitor numbers. Respondents had been asked to indicate their target or annual throughput but very few were able to respond to this question, suggesting that concepts of capacity and optimum trading are not very prevalent in the attractions sector.

The need for more business

Operators were asked to indicate how important it was for them that they received more business. The results are shown in Table 5.8.

TABLE 5.8 How important is achieving more business?

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Would provide welcome additional income	33%	43%	38%	39%	31%	38%
Necessary, if a reasonable profit is to be achieved	31%	23%	31%	37%	22%	26%
Essential, to achieve viability	24%	10%	10%	15%	30%	16%
Not particularly necessary as working at near capacity	5%	13%	14%	4%	4%	10%
Not sought at all	1%	4%	3%	0%	4%	4%
Not answered	5%	6%	3%	4%	10%	5%

The importance of a policy of effective marketing and a careful approach to the development of new capacity is underlined by the fact that achieving more business is a necessity for 26% of respondents to the survey, with a further 16% saying that it is vital in order for them to be viable.

Attractions and hotels stand out as being particularly in need of more business, with between on quarter and one third saying this is essential for viability. The bed and breakfast and self-catering sectors, which tend mainly to be made up of very small enterprises, generally appear to be less in need of more business.

Within the attractions sector, the greatest proportion indicating significant economic need were the medium to large attractions rather than the smaller ones. Within the hotel sector, need was reasonably evenly divided across all sizes.

The incidence of perceived need appears to be reasonably similar across the region and within different types of location.

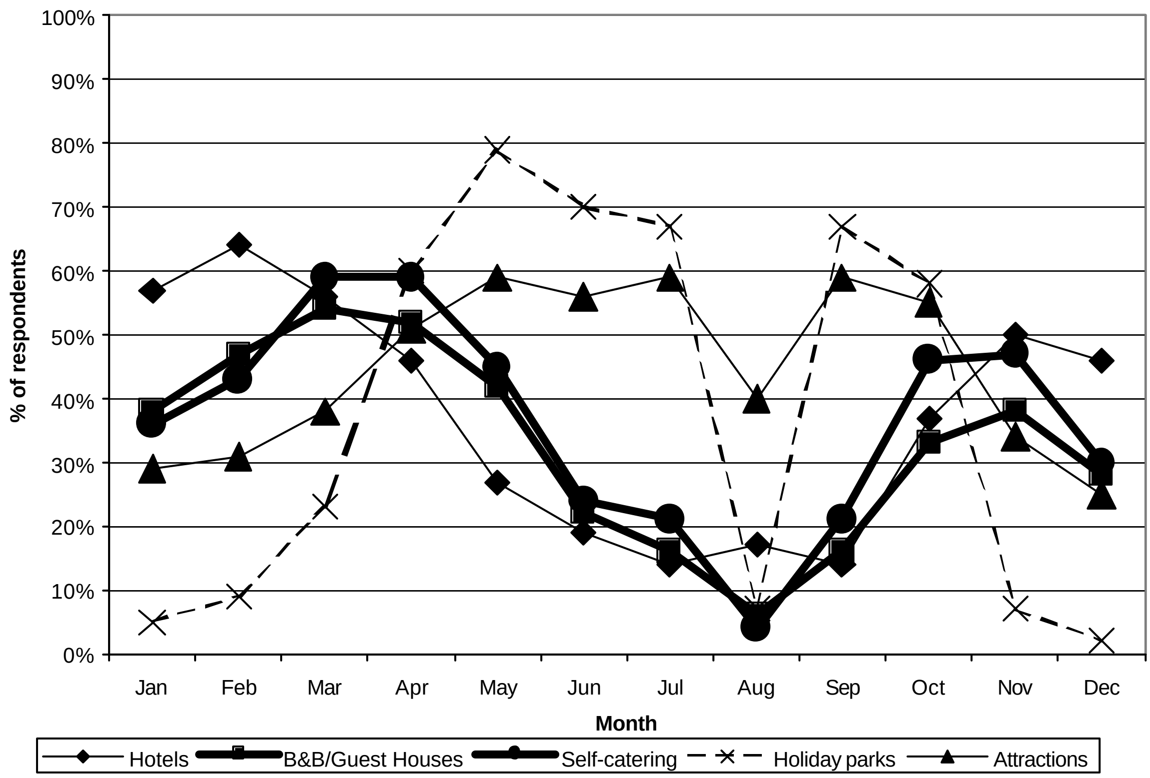
Enterprises are likely to be keener to see additional visitors at some times in the year rather than at others. They were asked to say when they particularly wanted more business and the results are given in Table 5.9 and Figure 5.2

TABLE 5.9 When is more business particularly sought?

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Jan	57%	38%	36%	5%	29%	37%
Feb	64%	47%	43%	9%	31%	43%
Mar	56%	54%	59%	23%	38%	51%
Apr	46%	52%	59%	60%	51%	53%
May	27%	42%	45%	79%	59%	46%
Jun	19%	22%	24%	70%	56%	31%
Jul	14%	16%	21%	67%	59%	28%
Aug	17%	6%	4%	7%	40%	14%
Sep	14%	16%	21%	67%	59%	28%
Oct	37%	33%	46%	58%	55%	42%
Nov	50%	38%	47%	7%	34%	40%
Dec	46%	28%	30%	2%	25%	29%

Note: % add up to more than 100% due to respondents being able to select more than one month.

Figure 5.2 When is more business particularly sought?



Rather than mirroring the occupancy patterns, additional business is more likely to be sought in the ‘shoulder’ months than in the winter, presumably partly because of enterprises being closed. However, this applies less to hotels who are most in need from January to March. The majority of attractions are seeking more business throughout the summer, and holiday parks are particularly in need of business in May and June but also in July and September.

Within the hotel and B&B sectors, the figures disguise a significant difference between the needs of enterprises in towns as against coastal and rural areas. Urban enterprises need more business in high summer; rural/coastal in March to June and October.

5.2 Market and business trends

Market sector performance

Enterprises were asked to indicate the proportion of their visitors that fell into certain basic market categories. Inevitably, in many cases these will have been very rough estimates, but still it gives an idea of market profiles for the different sectors. The results are in Table 5.10.

TABLE 5.10 Approximate market profiles of each sector (indicative only)

	Hotels	B&B / Guest Houses	Self catering	Holiday parks	Attractions	Total
Local residents or their visitors	6.7%	10.7%	4.4%	5.8%	36.1%	12.7%
UK short break takers	35.5%	42.4%	11.0%	30.0%	16.0%	27.0%
UK holidaymakers	21.2%	20.1%	76.8%	55.9%	23.1%	39.4%
Visitors from overseas	6.8%	13.5%	5.7%	6.7%	10.0%	8.5%
Groups	6.9%	0.8%	0.2%	0.7%	11.0%	3.9%
Business & conference visitors	20.5%	9.4%	0.6%	0.2%	0.7%	6.3%
Other types	2.4%	3.0%	1.2%	0.7%	3.0%	2.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: This table should be treated with caution. Many enterprises did not show their complete profile, only their main markets. The results have been rounded up to 100%.

This shows the continuing importance of the long holiday market for enterprises in the region, especially self-catering operators and holiday parks. Around 40% of self-catering operators said that the long holiday market accounted for over 80% of their business. However, the considerable dependency of these two sectors on long holidays is a cause for concern in the light of market forecasts.

It is interesting that short breaks appear now to be twice as important as the long holiday market to the B&B/guest house sector. Overseas visitors are also more important to B&B/guest houses than other types of enterprise.

For the hotels sector as a whole, short breaks are also more important than long holidays, the latter seeming to equate approximately to business tourism in terms of proportion of the overall market to hotels in the region. However, obviously, the proportion of holiday and business tourism will fluctuate widely across the region, as was shown in Chapter 1.

Attractions as a whole appear to be receiving a relatively healthy mix of local resident, tourist and group business, but again this would be expected to vary significantly between attractions.

While the local resident and v.f.r. market may account for over a third of business for the attractions sector, it does have a small role to play as a source of business for commercial accommodation, notably B&B/guest houses.

The overseas market has relatively limited significance to all enterprise sectors in the South West. It is slightly more important to enterprises in former Avon, Gloucestershire and Wiltshire, presumably owing to the influence of Bath and the Cotswolds.

Market profile change

Respondents also indicated whether they thought the markets in question had gone up or down in the last 5 years. The results are given in Table 5.11

TABLE 5.11 Has the market been going up or down in the last 5 years?

	Hotels	B&B / Guest Houses	Self catering	Holiday parks	Attractions	All
Local residents or their visitors	41% (1%)	35% (3%)	26% (6%)	43% (14%(	37% (16%)	35% (6%)
UK short break takers	60% (6%)	49% (8%)	45% (4%)	63% (7%)	48% (16%)	50% (8%)
UK holidaymakers	32% (19%)	28% (23%)	34% (8%)	50% (10%)	35% (17%)	32% (16%)
Visitors from overseas	18% (36%)	18% (46%)	23% (21%)	17% (35%)	22% (34%)	20% (37%)
Groups	26% (29%)	26% (4%)	40% (0%)	67% (33%)	45% (25%)	38% (22%)
Business & conference visitors	47% (12%)	39% (7%)	8% (23%)	0% (0%)	48% (14%)	40% (10%)

Note: Figures show % of respondents indicating 'up'/ (% of respondents indicating 'down')

The picture that emerges is fairly positive, with between one third and one half of respondents reporting a growth in most markets.

Half of all respondents indicated a growth in short breaks, observed by all sectors. It is interesting that this applies to about two thirds of holiday parks, more traditionally the home of long holiday takers. Very few enterprises report a decline in this market.

More surprisingly, almost one third of all enterprises indicated a growth in the long holiday market, with only half this number observing a decline, despite relatively poor performance of this market nationally. However, with B&B/guesthouses the numbers reporting growth and decline were almost equal.

Almost half the hotels and a significant proportion of guest houses/B&B have seen an increase in business visitors.

The one market where a decline is widely observed is the overseas market, with almost twice as many enterprises reporting this as those who felt there had been growth. The exception is the self-catering sector, where slightly more respondents had seen an increase rather than a decrease in overseas visitors.

Business growth

Market trends do not necessarily totally translate into business trends, but there should be a close correlation. Enterprises were also asked to indicate what change they had seen in their business turnover during this period (Table 5.12).

TABLE 5.12 Change in turnover in last 5 years

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Increased a lot	25%	16%	15%	24%	18%	17%
Increased a little	49%	42%	47%	46%	32%	42%
Stayed much the same	14%	23%	20%	17%	26%	21%
Decreased a little	7%	8%	6%	9%	11%	8%
Decreased a lot	0%	3%	1%	0%	3%	2%
Not answered	5%	8%	11%	4%	10%	9%
	100%	100%	100%	100%	100%	100%

Again, this is a positive result, with only 10% of enterprises saying that turnover has gone down and 59% indicating an increase. However, few people report significant growth.

The spread of turnover increase/decrease varied slightly according to sector and region. Cornwall exhibited a higher than average percentage of businesses reporting a strong increase in turnover. This may partly have been affected by the Eden Project. Enterprises in coastal areas are slightly more likely to report an increase than those in urban areas.

The hotel sector appears to be fairly buoyant with just under three quarters of operators reporting that turnover has increased a little or a lot. A similar pattern is

evident with holiday parks. Relatively, B&B/Guest houses and self-catering have been slightly less likely to report growth.
The more successful enterprises, in that they were significantly more likely to have reported that turnover had increased 'a lot', appear to have been:

- businesses at the larger end of the scale, with turnovers in excess of 500k (this applies equally to large attractions and large hotels) perhaps partly reflecting an ability to fund sizeable marketing campaigns.
- Hotels and B&B/guest houses at the top end of quality grading (4+ stars or 5 diamonds).
- Serviced farmhouse accommodation (but to a lesser extent).

Visitor attractions as a whole were slightly more likely to show a decline in turnover than the accommodation sector. This may possibly be accounted for in part by an overall increase in supply following a range of new lottery funded attractions in recent years, a pattern exhibited elsewhere in the UK.

Expectations

Are these relatively positive trends expected to last? A further question was asked about expectations for turnover in the next three years.

TABLE 5.13 Expectations of change in turnover in next 3 years

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Increase a lot	11%	8%	13%	9%	15%	11%
Increase a little	64%	50%	51%	61%	45%	51%
Stay much the same	21%	32%	31%	28%	26%	29%
Decrease a little	2%	5%	2%	0%	4%	3%
Decrease a lot	0%	2%	0%	0%	0%	1%
Not answered	3%	3%	3%	2%	9%	4%
	100%	100%	100%	100%	100%	100%

Expectations for the future are positive. 62% of all businesses surveyed anticipated an increase in turnover (albeit little), only 4% a decline. Optimism was strongest amongst hotels.

Optimism was spread fairly evenly across most counties and types of destination, though was slightly higher in the west than the east and was less prevalent in Gloucestershire.

Establishments that have experienced an increase in turnover in the last five years are also the establishments that tend to anticipate this trend will continue, including larger establishments and those with the highest quality grades.

New entrants, who have been in business under two years, are particularly likely to anticipate that turnover will increase a lot.

Influences on business

There may be many influences on business performance. We suggested some to enterprises to test their reaction to them. The results are given in table 5.14. Respondents were invited to write in other influences but very few did so.

TABLE 5.14 Main influences on future business

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Changes in the UK economy	84%	75%	75%	74%	56%	72%
International situations / politics	56%	68%	56%	70%	42%	58%
Increasing costs	44%	31%	28%	41%	42%	35%
Local competition	23%	26%	26%	20%	26%	25%
Perception of traffic congestion in South West	15%	22%	30%	39%	19%	23%
Competition from other parts of the UK	19%	18%	27%	20%	18%	21%
State of the local economy	21%	18%	10%	11%	32%	19%
Competition from overseas	9%	14%	22%	7%	8%	14%
Staff shortages	16%	6%	2%	9%	10%	7%

Note: % (with the exception of the *All* column) relate to respondents within each enterprise category. The percentages add up to more than 100% due to respondents being able to select more than one answer.

Enterprises were most likely to believe that their business would be most affected by issues outside their control or that of the local agencies, namely the UK economy and the international situation. The state of the local economy is of far less concern, but of more significance to attractions and hotels, presumably reflecting the importance of the local market to them.

It is interesting that a quarter of all enterprises are concerned about local competition and this clearly must be taken into account in the future tourism strategy for the region. Competition from other parts of the UK is of slightly less concern, but is most prevalent amongst self-catering operators, who are also the most likely to be concerned about overseas competition. Local competition is more of a concern in towns and rural areas than in coastal resorts, where competition from other parts of the UK is seen as a bigger issue.

Traffic congestion is seen as an important factor by 23% of respondents, and is particularly an issue amongst holiday park operators. It is of significantly greater concern amongst enterprises in Devon and Cornwall and those in coastal resorts.

Interestingly, staff shortages are seen as an important factor by 16% of hotels (rising to 25% amongst larger hotels), but less so by other sectors.

5.3 Business investment

The relatively positive perceptions of trends and expectations might be expected to have encouraged tourism enterprises to make investments and improvements to their businesses.

Recent investments

We asked enterprises to tell us what *substantial* improvements they had made, if any, in the last three years, based on a pre-prompted list of possibilities as shown in Table 5.15.

TABLE 5.15 Substantial improvements in last 3 years

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Have made no improvements	6%	12%	11%	7%	14%	11%
Upgraded bedrooms or self catering units	77%	72%	74%	37%	1%	57%
New / upgrade other facilities (e.g. car park)	34%	17%	9%	54%	19%	19%
Additional/ upgrade exhibits	9%	4%	3%	9%	59%	16%
New / upgrade catering/ restaurants	44%	8%	0%	17%	20%	14%
Additional rooms / units	14%	11%	12%	22%	4%	11%
New / upgrade shops	1%	1%	0%	22%	27%	7%
New /upgrade leisure facilities (e.g. gym)	11%	2%	5%	15%	4%	5%
New / upgrade meeting/ function facilities	15%	2%	0%	2%	8%	5%
Other	6%	9%	11%	35%	9%	10%

Note: % (with the exception of the *All* column) relate to respondents within each enterprise category. The percentages add up to more than 100% due to respondents being able to select more than one answer.

It is encouraging that the vast majority (around 90%) of enterprises had made investments in the last three years.

It is clear that the emphasis has been on improvement rather than expansion – for example over 70% of serviced and self-catering accommodation had upgraded bedrooms or units, but only around 12% had added new ones.

With holiday parks, there appears to comparatively less improvement to units (37%) and more expansion (22%) than with other types of accommodation. However, the balance has still been on improvement and indeed over a half of the parks had upgraded other facilities on the park, including landscaping and toilet blocks.

It is important for attractions to have a continual programme of changing and upgrading exhibits if they are to maintain custom, and it is striking and encouraging that almost 60% are doing this in the South West. Significant numbers have also improved or added to their shops.

The large proportion of hotels (44%) that have been upgrading their catering/ restaurant is also encouraging. This has been quite prevalent across the region. Over 40% of hotels sampled in Goucestershire and Avon have been upgrading or adding meeting and function rooms, which is far higher than in other areas (only 8% doing so in Devon and Cornwall).

Coastal resorts showed a greater proportion of accommodation enterprises upgrading bedrooms or units than average, whereas rural areas have seen less upgrading.

Planned future investment

As a further indication of relative dynamism in the industry, plans for the next three years were investigated and results are given in Table 5.16.

TABLE 5.16 Substantial improvements planned in next 3 years

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Do not plan any significant changes	19%	39%	36%	22%	19%	31%
Upgrade bedrooms or self catering units	58%	43%	48%	28%	1%	36%
New / upgrade other facilities (e.g. Car park, reception)	18%	9%	8%	37%	17%	13%
Additional/ upgrade exhibits	2%	1%	2%	4%	55%	12%
New / upgrade catering/ restaurants	19%	3%	1%	11%	17%	8%
Additional rooms / units	16%	8%	11%	13%	6%	10%
New / upgrade shops	0%	1%	1%	11%	18%	5%
New /upgrade leisure facilities (e.g. gym)	9%	1%	6%	24%	4%	5%
New / upgrade meeting/ function facilities	16%	3%	2%	2%	11%	6%
Other	6%	9%	7%	20%	9%	8%

Note: % (with the exception of the *All* column) relate to respondents within each enterprise category. The percentages add up to more than 100% due to respondents being able to select more than one answer.

Two thirds of all enterprises are planning significant investment in the next three years.

Again, the emphasis is on improvements rather than new capacity, with around half the serviced and self-catering establishments upgrading bedrooms and units but only between 8% (B&B/gh) and 16% (hotels) planning to add rooms or units.

The proportion of holiday parks planning to add leisure facilities (24%) is significant – far more than any other type of enterprise. The 'other' category under holiday parks includes landscaping and washrooms; improvements are also planned here.

Attractions are continuing with their exhibit upgrading – over half will be doing this – and 18% also plan to improve the shop.

Amongst B&B/guest house and self-catering operators, the proportion planning to upgrade their bedrooms/units is greater amongst the lower grades of accommodation than the higher grades. This may be encouraging if the policy is to encourage improvement in quality. However, the same does not apply to hotels.

Continuing the pattern of recent changes, B&B/guest houses in coastal resorts were far more likely to say they were planning to upgrade bedrooms than were those in rural areas, with urban properties falling in the middle.

The proportion of all enterprises planning improvements was greater in Cornwall, followed by Devon, than in other counties.

Deterrents to investment

In terms of tailoring future policies and support mechanisms to business needs, it is important to consider reasons why enterprises may not be planning investments. The results for all respondent enterprises together are shown in Table 5.17. Only relatively few respondents answered this question and quantification within sectors would be misleading.

TABLE 5.17 Reasons for not planning investments

Not needed	45%
Just completed refurbishment	28%
Lack of finance	18%
Lack of space	10%
Difficulty with planning permission	8%
Retiring/ selling up	5%
Lack of time	5%
Lack of market demand	4%
Shortage of labour	2%
Not interested	2%

Note: Respondents could indicate more than one reason

B&B/guest houses and self-catering establishments were far more likely to indicate 'not needed' than other types of enterprise. With hotels, attractions and holiday parks, lack of investment was more likely to be for more specific reasons.

Lack of finance was particularly important for attractions: for them it was the most important of all the reasons given. With holiday parks, planning permission was the most important deterrent indicated, yet with other types of enterprise it was rarely an issue. Lack of space was quite important for attractions.

Interestingly, shortage of labour was hardly ever indicated as a reason, despite being on this pre-prompted list.

5.4 Employment and training

Tourism as a sector has a particular reputation for providing more seasonal and part time jobs than many other sectors. The pattern of employment was investigated amongst tourism businesses. Table 5.18 shows average employment levels per enterprise in summer and winter, based on indications of numbers of staff of different types. Respondents were asked to include the proprietors and their families in the figures.

TABLE 5.18 Average number of people employed (including proprietors)

	Hotel	B&B/Guest House	Self catering	Holiday parks	Attractions	All
SUMMER 2002						
Full time	14.5	1.5	0.9	6.5	10.1	5.6
Part time	8.7	1.0	1.5	8.2	5.9	3.8
Casual	2.0	0.5	0.8	1.7	2.6	1.3
Volunteers	0	0.1	0.1	0.2	25.8	5.0
WINTER 2002/2003						
Full time	12.7	1.2	0.8	4.0	7.6	4.3
Part time	6.6	0.7	1.1	1.7	2.3	2.1
Casual	1.4	0.3	0.3	0.2	0.4	0.5
Volunteers	0	0	0	0.1	16.5	3.2

These average figures have to be interpreted with caution, especially with respect to hotels, attractions and holiday parks. This is because a few large enterprises in these sectors, employing large numbers of staff, tend to distort the figures. For example, 37% of hotels actually employed 2 or less full time staff in summer, while the 5% of hotels employing more than 50 pushed up the average.

Some important observations from the employment figures include:

- The limited employment provided by B&B/gh and self-catering enterprises. Only 44% of the former and 21% of the latter employed two full time people in summer, and hardly any employed more than this. Self-catering is more of a part-time than a full time occupation.

- A slightly lower drop in staffing between summer and winter than might have been expected. This was far more significant with holiday parks than other sectors.

- The significant importance to the volunteer labour force for attractions. 35% of attractions said that they used a volunteer force in excess of 10 people in the summer.

Employment dynamics

In order to get an idea of movement in the employment market, enterprises were asked about changes over the forthcoming year (Table 5.19).

TABLE 5.19 Planned change in employment in 2003 as compared with 2002

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Will employ more	17%	8%	9%	26%	16%	12%
Will employ less	6%	2%	2%	7%	3%	3%
No change	74%	80%	80%	67%	70%	76%
No answer	4%	10%	8%	0%	11%	9%
	100%	100%	100%	100%	100%	100%

The results show a largely static employment picture. It is encouraging that hardly any enterprises plan to lay off staff. The 26% of holiday parks who plan to take on more is a surprising result – this relates mainly to the larger parks. The fact that 17% of hotels and 16% of attractions plan to employ more staff is quite encouraging.

Enterprises were also asked how many additional staff this might be. The average was between 2 and 3 for hotels, attractions and parks, and 1 for the other types of enterprise. All sectors were looking for a mixture of different types of staff, although hotels were more inclined to be looking for full time employees, with the other sectors seeking part time and seasonal staff.

Labour shortage has often been quoted as a problem for the tourism industry. We asked enterprises whether they had had any difficulty finding suitable staff in the local area (Table 5.20)

TABLE 5.20 Difficulty in finding staff locally

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Yes	67%	27%	26%	50%	38%	35%
No	24%	40%	50%	33%	50%	42%
No answer	9%	33%	24%	17%	12%	23%
	100%	100%	100%	100%	100%	100%

The results confirmed the problem amongst hotels and holiday parks in particular. This was found to be a significantly greater problem for hotels in rural areas than in other locations, and was least seen as a problem by hotels in smaller towns.

There appeared to be little variation across the region in the proportion of enterprises reporting recruitment difficulties.

Enterprises reporting difficulties were asked to indicate the reasons and the results are given in Table 5.21.

TABLE 5.21 Problems associated with recruitment (where exist)

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Insufficient general labour supply	49%	53%	44%	35%	23%	42%
Seasonality of the work on offer	22%	39%	39%	78%	33%	37%
Unpopular hours of work	57%	27%	27%	57%	24%	35%
People not interested in working in tourism	49%	29%	19%	48%	11%	28%
Cannot pay them enough	17%	22%	15%	43%	36%	24%
Problems with transport to work	31%	13%	17%	22%	33%	22%
Lack of suitable training	10%	2%	3%	4%	6%	5%
Other	9%	12%	12%	1%	23%	12%

Note: Percentages refer to those respondents who provided a response (i.e. they do not include enterprises where recruitment was not a problem). Respondents were able to select more than one answer.

Holiday parks report a rather different pattern of problems than most other sectors. Although seasonality of the work on offer is quoted as an important issue for around a third of the enterprises in all sectors, it was by far the most frequently mentioned problem by holiday parks.

Pay is seen as an important issue by holiday parks and also by a third of attractions. However, unpopular hours was far more likely to be quoted as a problem by hotels, and was seen as the major issue in this sector.

It is interesting that transport to work was seen as a problem by one third of hotels and attractions. Not surprisingly, this was far more of a problem in rural areas and coastal (non-resort) locations than elsewhere.

Insufficient labour supply was quoted as a problem by 51% of enterprises in rural areas but also by 46% of those in large towns, suggesting that this is as much an issue of competition and low unemployment as of low local population size.

However, lack of suitable training for would-be employees is very rarely perceived as an issue in any of the sectors.

Training

Enterprises were asked whether they had a staff training programme (Table 5.22).

TABLE 5.22 Existence of a regular staff training programme

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Yes	49%	11%	7%	33%	55%	26%
No	44%	60%	69%	59%	38%	55%
No answer	8%	28%	24%	9%	15%	19%
	100%	100%	100%	100%	100%	100%

Between one third and one half of holiday parks, hotel and attractions had regular training programmes. Naturally, it was far more prevalent amongst enterprises with higher turnovers.

Enterprises were asked about the areas in which they would like to see more training and the results are shown in Table 5.23.

TABLE 5.23 Skills in which people would like more training

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Customer care	36%	6%	6%	24%	30%	16%
Health, hygiene, safety etc	34%	9%	5%	28%	22%	15%
Use of IT	16%	11%	11%	20%	21%	14%
Marketing	12%	8%	13%	11%	17%	12%
Knowledge of local area	11%	6%	5%	4%	11%	8%
Catering	21%	5%	1%	9%	12%	8%
Sustainability (e.g. energy saving)	11%	4%	3%	13%	7%	6%
Business management	9%	3%	4%	13%	9%	6%
Other	0%	0%	0%	0%	0%	0%

Note: Respondents could indicate more than one topic

None of the subjects are of much interest to B&B/guest houses or self-catering enterprises. This may be because of the low staff employment in such businesses and the fact that many proprietors have a feeling that they need no additional skills.

It is interesting that over a third of hotels still feel that they would like more training in customer care, especially as schemes such as Welcome Host have been around for a long time. Health and safety are becoming more important issues in many aspects of service sector activity, which may explain why this is a relatively popular topic for training. Relatively few enterprises are seeking more training with respect to sustainability or in knowledge of the local area. It is also interesting that very few enterprises are interested in business training.

Training related to tourism is now available in most areas from a variety of sources. This may be confusing to some people. However, when asked whether they felt they had sufficient knowledge of, and access to, training, only around 15% of enterprises said ‘no’. This was consistent across all enterprises types. It should be noted, however, that 40% did not answer the question, suggesting a degree of apathy in this field.

5.5 Business support and marketing

There are various ways in which public bodies such as South West Tourism, SWERDA, and the local authorities can support tourism enterprises. In order to obtain a comparative measure of the degree of importance placed on different services, enterprises were presented with a list and asked to score them between 1 (very important) and 5 (not important).

The clearest picture can be obtained by looking at the extent to which people have indicated that the services in question are ‘very important’. This is the basis of Table 5.24. Percentages are also shown, in brackets, of the proportion of people indicating either ‘very important’ or ‘important’.

TABLE 5.24 Relative importance of public services

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Raising the awareness of the local area	68% (84%)	64% (78%)	64% (82%)	57% (79%)	60% (77%)	63% (79%)
Maintaining an attractive environment	69% (85%)	64% (81%)	64% (80%)	52% (80%)	55% (73%)	62% (79%)
Raising the awareness of the South West region	61% (80%)	54% (73%)	61% (76%)	46% (72%)	46% (67%)	55% (74%)
Improving access and transport	58% (78%)	46% (66%)	45% (59%)	43% (60%)	45% (63%)	47% (65%)
Running the local TIC	45% (63%)	51% (67%)	42% (57%)	41% (65%)	43% (57%)	46% (62%)
Providing publication to advertise your business	44% (62%)	49% (66%)	51% (70%)	43% (69%)	35% (52%)	45% (63%)
Providing websites to advertise your business	37% (63%)	48% (64%)	48% (65%)	37% (61%)	29% (55%)	42% (61%)
Provision of financial assistance	14% (33%)	14% (23%)	10% (19%)	22% (37%)	39% (52%)	18% (29%)
Creating links for you with other businesses	13% (34%)	14% (27%)	11% (22%)	7% (22%)	9% (30%)	12% (27%)
Provision of business advice	16% (33%)	10% (23%)	8% (19%)	15% (32%)	10% (20%)	11% (23%)
Provision of training	19% (43%)	6% (21%)	5% (13%)	11% (31%)	14% (34%)	10% (25%)
Other	6%	1%	5%	4%	2%	3%

Note: The figures show % of respondents who scored the service as 1, very important, on a scale of 1 to 5. Figures in brackets show the % of respondents who scored the service as either 1, very important, or 2, important.

The results show reasonable agreement between the different types of enterprise. A number of striking points emerge:

- Raising awareness of the destination is of greatest importance to people. Although this primarily relates to awareness of the local area, it is notable that the majority also feel that it is important to raise awareness of the South West region. However, it appears that this more likely to be considered important by enterprises in Devon and Cornwall, who may associate themselves more with the South West, than by enterprises in the east of the region.

- Although significant proportions are looking for public authorities to provide them with opportunities to advertise in publications and websites, this is less frequently voted highly than overall improvement of awareness.

- Despite the rapid advent of websites, people are still marginally more concerned about having exposure in publications.

- TICs are very important to almost half of all enterprises. This should have an important message for local authority priorities and funding. Hotels are almost as likely to recognise this importance as B&Bs even though they are often felt to benefit from them less.

- The high proportion of people who appreciate that the maintenance of the environment is very important to them, is an important result for local policy.

- Transport is quite widely recognised as an important issue in the South West and this is confirmed by the enterprises.

- All the factors mentioned above are considerably more likely to be felt to be important than businesses services. However, there are some exceptions. Large numbers of attractions are keen to see more financial assistance, and this is also of interest to holiday parks when those who scored the service as important are included. Although few people place importance on training, it is nevertheless considered to be very important by 19% of hotels, and as either very important or important by 43% of hotels.

- There is little interest in assistance with networking.

Despite this relatively limited interest in business advice, when asked whether they had contacted any public bodies for advice and support in the last 2 years, 37% of respondents said yes. This was significantly higher amongst attractions (60%) than other types of enterprise.

Of those who had made such a contact, 30% had approached the local authority, 26% had contacted South West Tourism and 20% Business Link. SWERDA was only mentioned by 8%, and a similar number had contacted their TIC for support. A large number of other bodies were also mentioned, but only by a few enterprises in each case.

Attractions were most likely to have contacted their local authority; hotels, Business Link; and self-catering establishments, South West Tourism.

Turning to actual membership of supporting bodies, this is shown in Table 5.25. There is often confusion about this and 20% did not answer the question.

TABLE 5.25 Membership of support bodies

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Regional Tourist Board	66%	60%	64%	61%	42%	58%
A Local Tourist Association	60%	54%	41%	70%	41%	50%
Chamber of Commerce	26%	7%	3%	9%	19%	12%
Network of other similar types of business	31%	19%	14%	35%	40%	24%

Note: % do not add up to 100% because respondents could provide more than one answer.

Membership of the RTB was high amongst respondents although it is not clear exactly what this means. High membership levels of local tourism associations is also encouraging, and a quarter of all enterprises surveyed were in sector networks.

Marketing

Some evidence was obtained about the level of marketing undertaken by enterprises. They were asked to indicate their annual marketing spending and the results are shown in Table 5.26.

TABLE 5.26 Amount spent on marketing

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Up to £250	0%	8%	17%	0%	12%	10%
£251 - £500	3%	26%	33%	22%	10%	22%
£501 - £750	0%	11%	7%	8%	3%	7%
£751 - £1000	12%	21%	12%	11%	6%	14%
£1001 - £2000	12%	20%	16%	14%	8%	16%
£2001 - £5000	25%	14%	11%	11%	17%	15%
£5001 - £10,000	16%	1%	2%	17%	13%	6%
£10,001 - £20,000	16%	0%	0%	8%	12%	4%
£20,001 - £50,000	12%	0%	0%	3%	13%	4%
£50,000+	5%	0%	1%	6%	6%	2%
	100%	100%	100%	100%	100%	100%

Note: Figures have been adjusted to show a percentage of those who answered this question (17% did not do so).

The results disclose relatively modest budgets. 50% of hotels spend less than £5000 on marketing and 50% of self-catering establishments spend less than £500.

Accommodation enterprises with higher quality grades tend to spend more on marketing, and clearly this increases in line with annual turnover.

Turning to other aspects of marketing, we found that only 45% of respondent enterprises made surveys of customer satisfaction. This was much higher amongst hotels and attractions (60%) than B&B, self-catering and holiday parks (35-40%).

Some information on the use of the internet in marketing is given in Table 5.27.

TABLE 5.27 Use of the Internet

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Have website	86%	68%	64%	85%	74%	72%
Will set up website this year	9%	13%	10%	9%	8%	10%
Can accept booking online	19%	27%	18%	19%	15%	18%
Will improve website this year	48%	35%	37%	46%	49%	41%
Will start to provide online booking this year	22%	8%	8%	13%	10%	11%
Will start to enable booking through web agencies this year	12%	7%	6%	2%	2%	6%

The high proportion of enterprises of all kinds who have websites is striking and, with indicated planned investments, this will be nearing 100% amongst hotels.

At the moment relatively few establishments can take bookings online. However, this is changing fast – if enterprises carry out their plans as indicated, 41% of hotels and 35% of B&B/gh will be able to do so within 12 months. Some are planning to use the services of web agencies.

Sustainability

The issue of sustainability in tourism has been a topic of considerable interest in recent years, and about which various forms of business advice and support are available. We asked enterprises how important some of the more identifiable aspects of sustainability were to them and the results are given in Table 5.28.

TABLE 5.28 Importance of sustainability issues to your business

	Hotels	B&B/Guest Houses	Self-catering	Holiday parks	Attractions	All
Energy saving	58%	53%	42%	57%	41%	48%
Waste reduction	44%	44%	34%	61%	30%	40%
Using local produce	45%	45%	31%	22%	28%	38%
Supporting local environmental projects	27%	38%	33%	26%	31%	34%

Note: The figures show % of respondents who scored the issue as 1(very important) on a scale of 1 to 5. Respondents could provide more than one answer.

There appears to be a reasonably strong level of interest here, but slightly more in activities which may be most likely to affect the enterprise itself economically and in terms of its own environment, than in issues that may benefit the local environment and community.

Energy saving is very important to a majority of hotels and holiday parks, and waste management is particularly seen as an issue on holiday parks.

The fact that between one quarter and one third of enterprises believe that supporting local environmental projects is important to their business suggests, nevertheless, that there may be scope for extending relevant conservation support schemes linked to tourism in the region.

Despite the low interest in training relating to sustainability that was mentioned earlier (Table 5.24), 22% of enterprises said they would like advice and support in this area (from 17% of attractions to 37% of holiday parks). There was interest in help with all four of the topics mentioned in Table 5.28.