Tourism Barometer
Summary Report of Term 2 2007

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Tourism Barometer Second Term 2007
Summary Report

Introduction

George Street Research has been commissioned by VisitScotland to administer its Tourism Barometer, a regular tracking study amongst a panel of industry-based volunteers. The main purpose of this research is to build upon previous industry findings uncovered in the preceding *Industry Opinion Survey* and *Business Confidence Monitor (BCM)*, with a strong emphasis on performance monitoring, assessing past and present trends within the industry, future prospects and the general market performance across Scotland.

Specifically, the research aims to:

- Measure changes to market performance by sector, compared with the same period in the previous year;
- Identify factors influencing changes in each sector's market performance;
- Establish perceived future prospects for market performance by sector;

The following outlines the main findings assessing the summer term of 2007, carried out in September and October 2007.

General Business Situation

Compared with the start of the year, just over a third of all panel members (35%) are more optimistic about the general business situation in their sector of the tourism industry. Around two in five (40%) feel the same as they did last year.

- *Almost a quarter of businesses in the tourism industry (23%) feel less optimistic than they did at the start of the year for the general business situation in their sector of the tourism industry.*
- *Activities and tour operators show the highest levels of sector optimism with 46% and 44% respectively reporting being more positive than at the start of the year. However, the former shows the most polarised balance of opinion as 31% of activities report being less optimistic than at the start of the year. Only the retail sector showed a higher prevalence of being less optimistic (33%).*

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In the post-Summer season, a positive shift in levels of optimism for the situation in respondents' own businesses is more evident. In this measure, more than two in five (44%) report being more optimistic compared with the beginning of the year.

- *A slightly smaller proportion (38%) compare their business situation with the same level of optimism as last year whilst fewer than one in five (17%) describe themselves as less optimistic.*

- *Again, tour operators show the highest levels of overall optimism (56% are more optimistic than they were at the start of the year).*

- *The lowest levels of optimism were evident amongst the entertainment/events sector and the retail sector.*

Overall, the Summer season of 2007 appears to compare reasonably well with the same period in previous years. More than half (52%) described the season as either very good compared to previous years (23%) or quite good compared to previous years (29%).

- *Fewer than three in ten (28%) felt that the Spring/Easter season 2007 was average, whilst around one in five felt it was either quite poor compared to previous years (15%) or very poor compared to previous years (3%).*

Customers

As with previous waves, the majority of customers reported throughout all sectors and regions during the Summer season 2007, were made up primarily of Leisure customers and UK based customers.

- *More than four in five respondents (82%) report at least 70% of its customers as leisure related. Specifically, 37% report 100% leisure customers and 26% on a ratio of 90%:10% leisure to business.*

- *The mean average proportion of leisure customers per business during the Spring/Easter season 2007, from May until mid September, was 83% compared with 17% business customers.*

When asked about the ratio of UK customers to international customers, the majority of businesses reported a high majority of UK based customers. Overall around two thirds of all respondents (63%) reported at least 70% UK based customers.

- *Specifically, 10% of respondents report having had 100% UK based customers for the summer season, with 25% reporting a ratio of 90%:10% UK to overseas.*

- *The mean average proportion of UK based customers during the Summer season was 71%, compared with 29% overseas based.*

Respondents were asked to indicate how customer numbers had changed when compared with the same period in the previous year. Overall, around two in five (41%) reported a perceived increase in overall customer levels for the summer season in 2007. The majority of those remaining (35%) felt there were no noticeable changes compared with the previous year, whilst one in five (23%) felt they had experienced a decrease in total customer numbers.

- *An overall shift in all customer types compared with the same period in 2006 is apparent from the research. 29% feel they have had an increase in leisure customers compared with 27% who feel they have experienced an increase in overall business customers. Additionally, 32% have noticed an increase in UK based customers, whilst 26% have seen an increase in overseas customers.*

In terms of the forthcoming Autumn/Winter season this year, compared with the same period in previous years, around half of all respondents (49%) are expecting no changes, whilst a third (33%) expect to see an increase and the remainder (18%) are expecting to see a decrease in overall customer levels.

On balance, the tourism industry is reasonably optimistic about customer levels for the coming calendar year (2008). One in two (50%) expects to see an increase in overall customer levels.

- *Around two in five (38%) are expecting to see no change in overall customer levels, whilst a minority (12%) is expecting to see a decrease in overall customer levels.*

- *The following shows the proportion of respondents expecting to see an increase in visitors from various destinations:*

    - *Scots holidaying in Scotland (34%)*
    - *UK residents holidaying in Scotland (49%)*
    - *European residents (45%)*
    - *North American visitors (27%)*

In terms of visitor spending on holidaying in Scotland next year, overall, 41% expect to see increases in visitor spending, whilst a similar proportion (40%) expects to see no changes and 19% expect a decrease.