The Economic Downturn: Impact on Domestic Tourism

Wave 2: Feb/Mar 2009

Undertaken for: Visit Britain
Visit London

Market Research Findings

Olive Insight

Our research aims

To provide a clear indication of the potential effects of the economic downturn on domestic tourism attitudes and behaviours

Within this several key aims

- To understand the contextual climate and general economic landscape
  - thus putting attitudes and behaviours to short breaks and day trips into context of people's lives
- To ascertain the effect of the downturn on short breaks / day trips in the UK re
  - propensity
  - frequency
  - nature
- To explore and identify the key barriers and potential levers for taking short breaks and trips in the UK
- To provide guidance re incentives to successfully neutralise or overcome perceived (economic) barriers
- To establish a series of key measures that can be succinctly tracked over time

Research Outline

- 2-stage Qualitative and Quantitative Project, conducted by Olive Insight

- Qualitative phase in September 2008
  - 5 group discussions
  - 4 paired depths
  - Online Forum
  - Cross-section of region, lifestage and social grade

- Quantitative phases in late October/ early November 2008, key coverage repeated in 23rd Feb-3rd March 09
  - 1000 online interviews; 15 minute mainstage questionnaire, 10 minute tracking questionnaire
  - GB population

Qualitative Phase Sample

	Pre family	Family	Empty Nester
London	1 x group BC1		1 x group discussion BC1 1 x depth interview C2D
Birmingham	1x depth interview BC1	1 x group discussion BC1	1 x depth interview C2D
Manchester	1 x group BC1	1 x depth interview BC1	1x group discussion C2D

	Pre family	Family	Empty Nester
BC1	3	2	3
C2D	3	3	2

Quantitative Phase Sample – Demographic profile

Our sample reflects the demographic profile of England, Wales & Scotland

	Wave 1 sample	Wave 2 sample
Gender	%	%
Male	50	50
Female	50	50
Age		
18 - 34 yrs	28	27
35 - 54 yrs	35	35
55 +yrs	36	37
Social Grade		
ABC1	60	53
C2DE	40	47

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Quantitative Phase Sample – Regional profile

We sampled to ensure sufficiently large base sizes for analysis of those living in London, weighting the data to reflect correct proportions by RDA

	Sampled %	Weighted to:
North East	6%	4%
North West	9%	12%
Yorkshire & The Humber	7%	9%
East Midlands	6%	7%
West Midlands	7%	9%
East of England	7%	10%
London - (within zones 1-3)	15%	6%
- other	15%	6%
South East (exc London)	11%	14%
South West	7%	9%
Scotland	5%	9%
Wales	5%	5%

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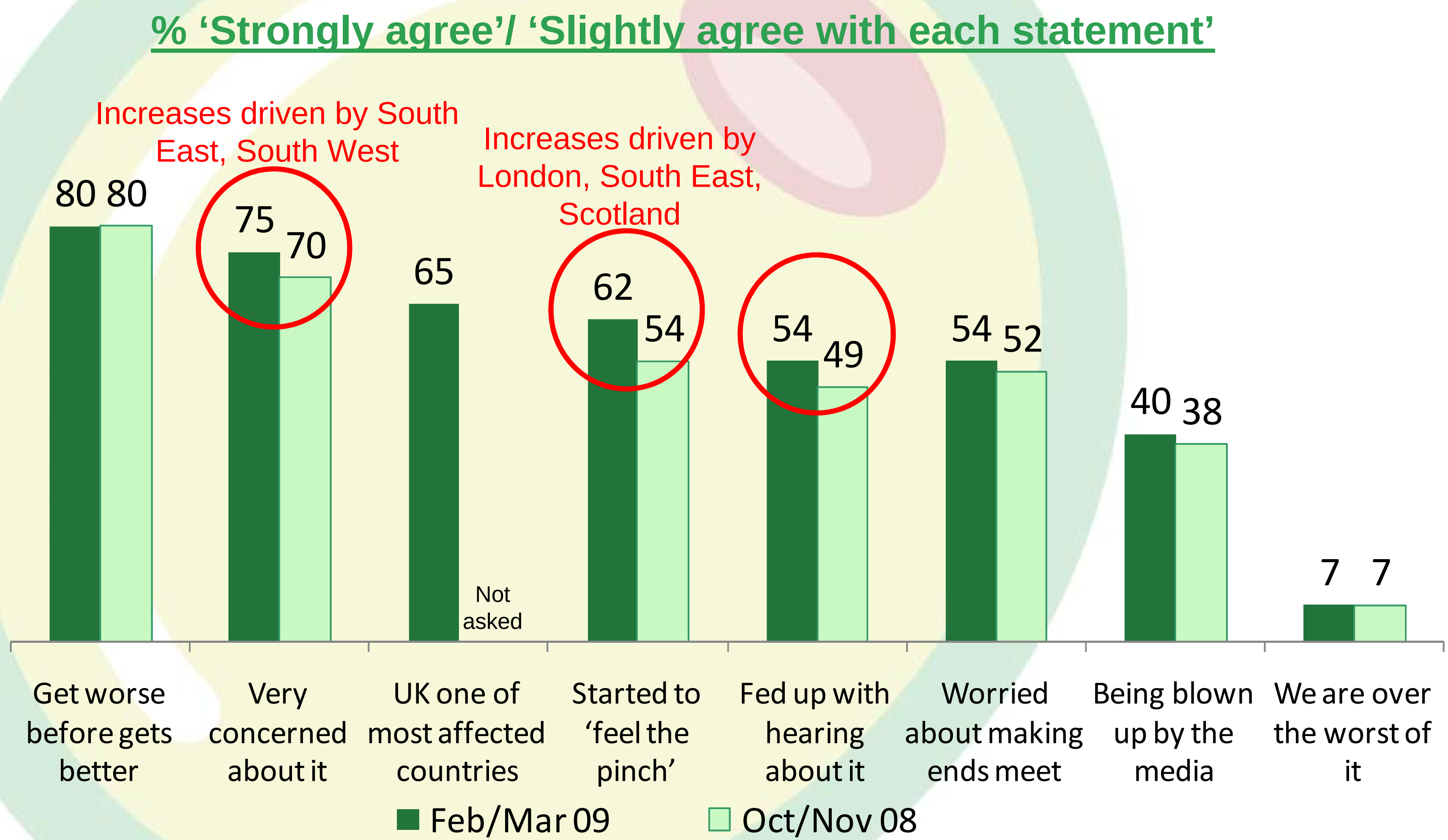
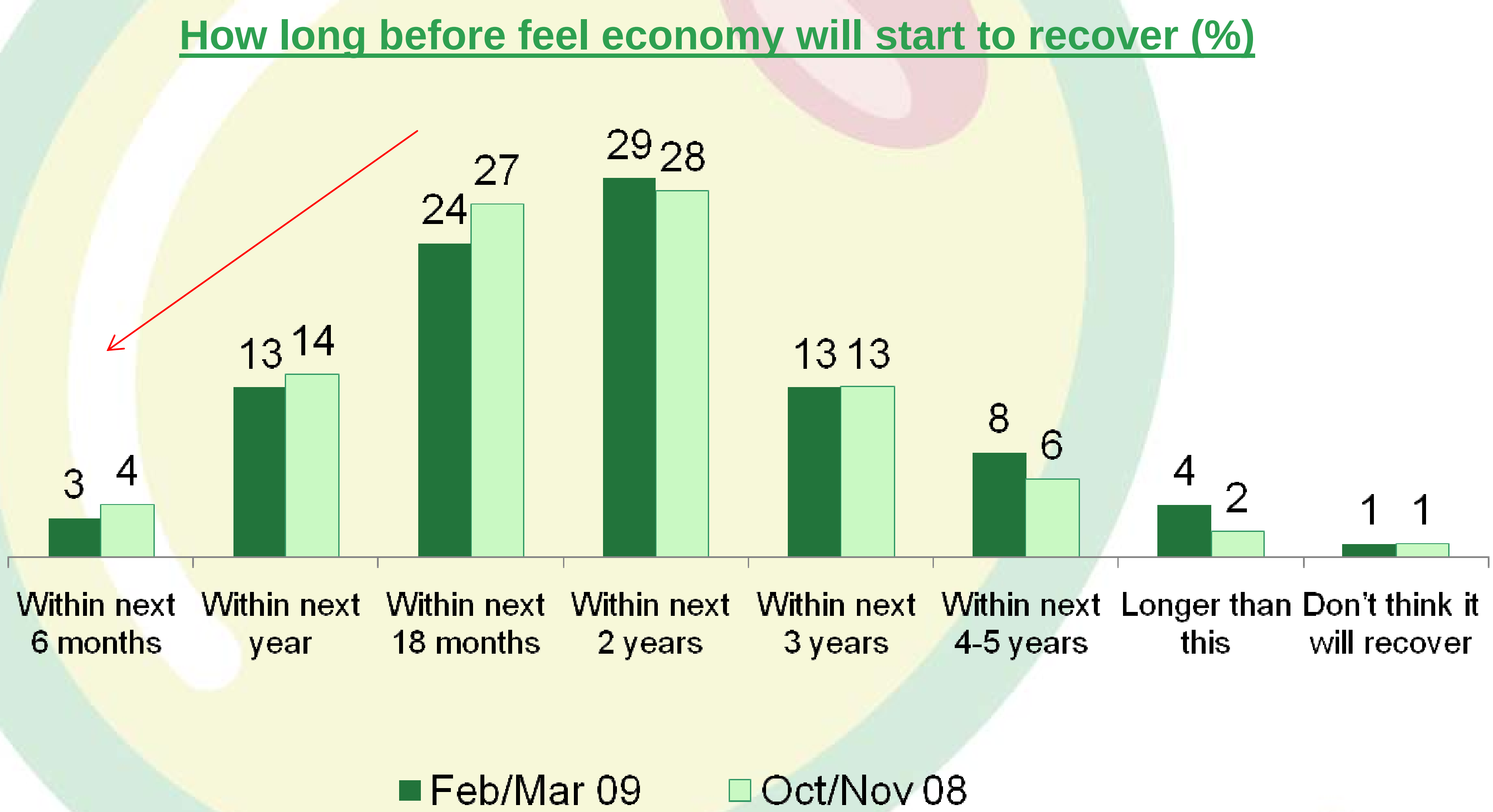
The Economic Climate and how it is affecting lives

Concerns over economic downturn increased slightly; more now feeling its impact than in Oct/Nov



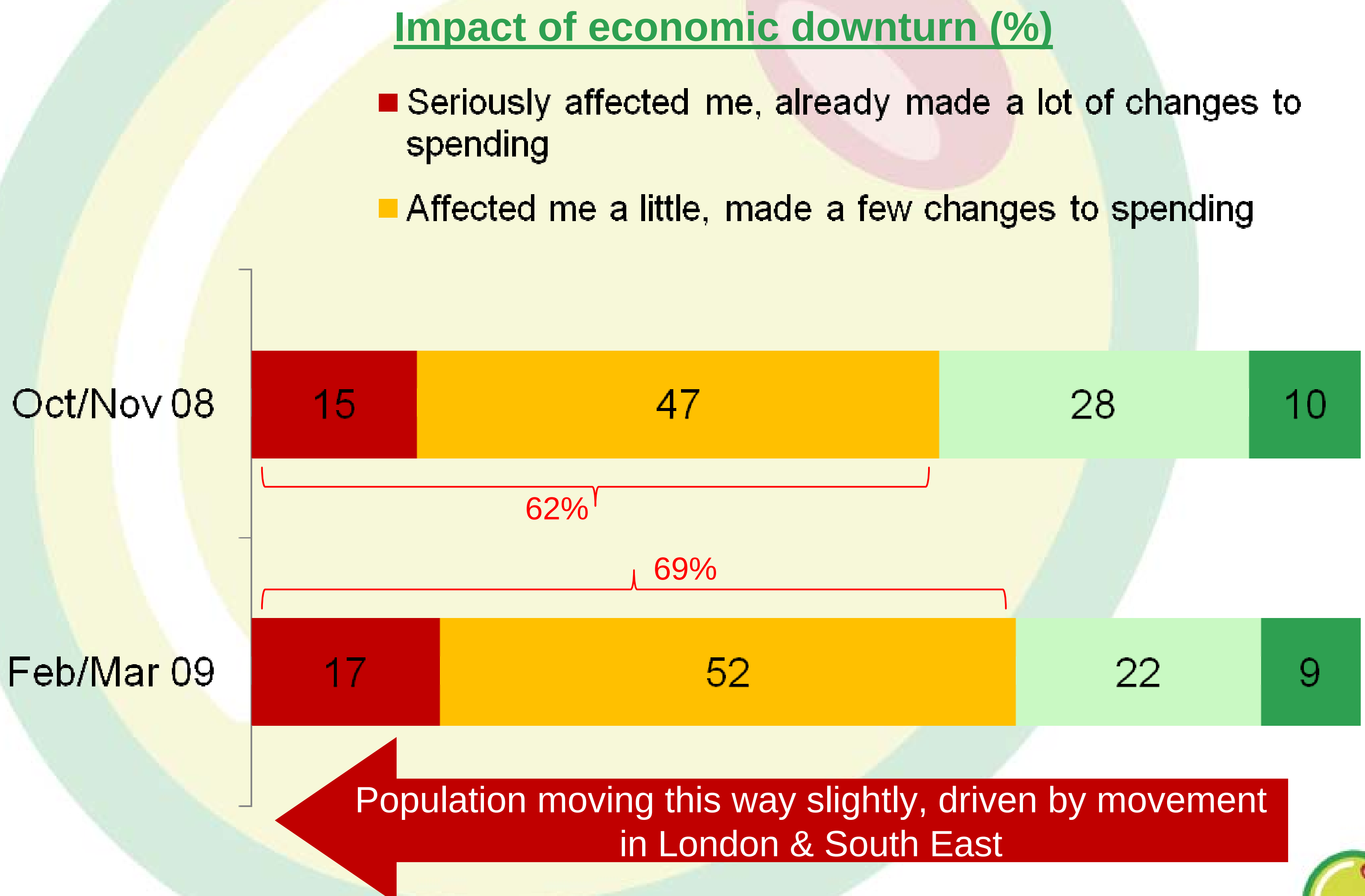
Q1. To what extent do you personally agree or disagree with the following statements about the economic downturn or credit crunch? Base: All (Wave 1: 1030, Wave 2: 1019 Differences of c 5% are significant)

Slightly less optimism over the end being in sight; 40% now feel recovery will start within 18 months (was 45%)



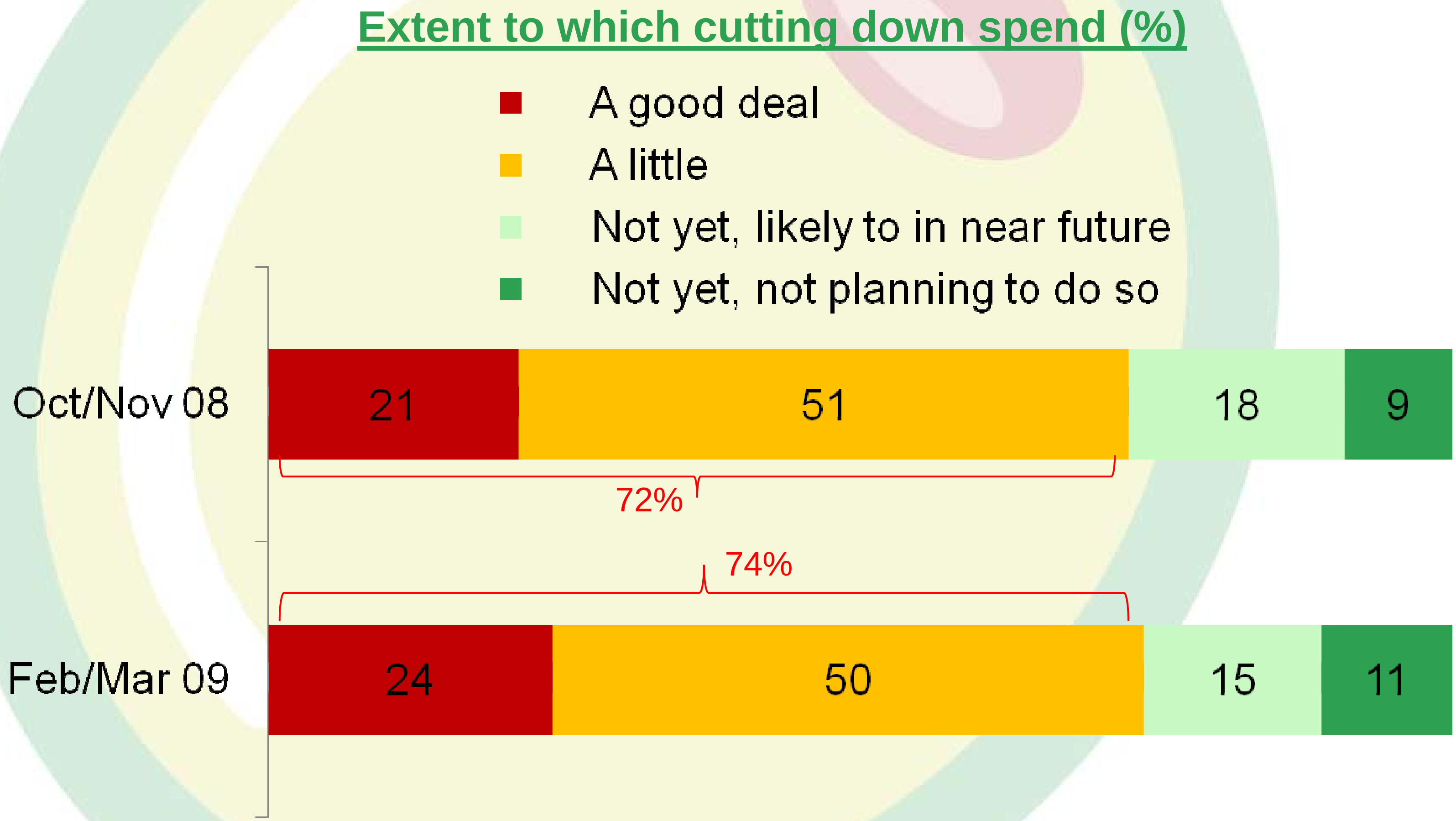
Q2. How long do you personally think it will be before the economy starts to recover?
Base: All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

Slightly higher proportion now affected and modifying spend behaviour (69%) than in Oct / Nov (62%)



Q3. Which of the following best describes your feelings about the economic downturn or credit crunch?
Base: All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

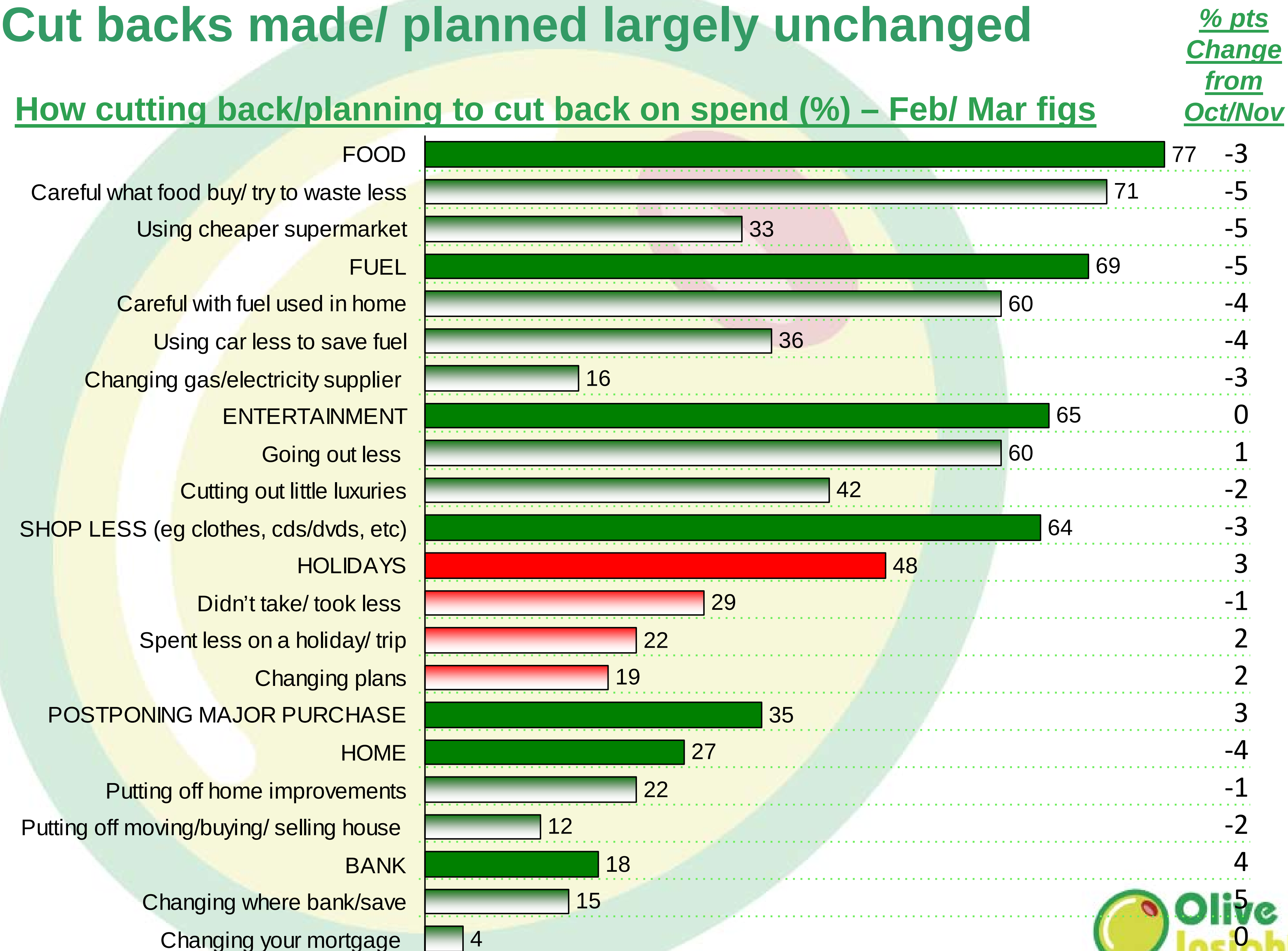
Slightly higher proportion now cutting back on spend ‘a good deal’



Q4b. As a result of the current economic climate, are you cutting back on your spending?
Base: All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

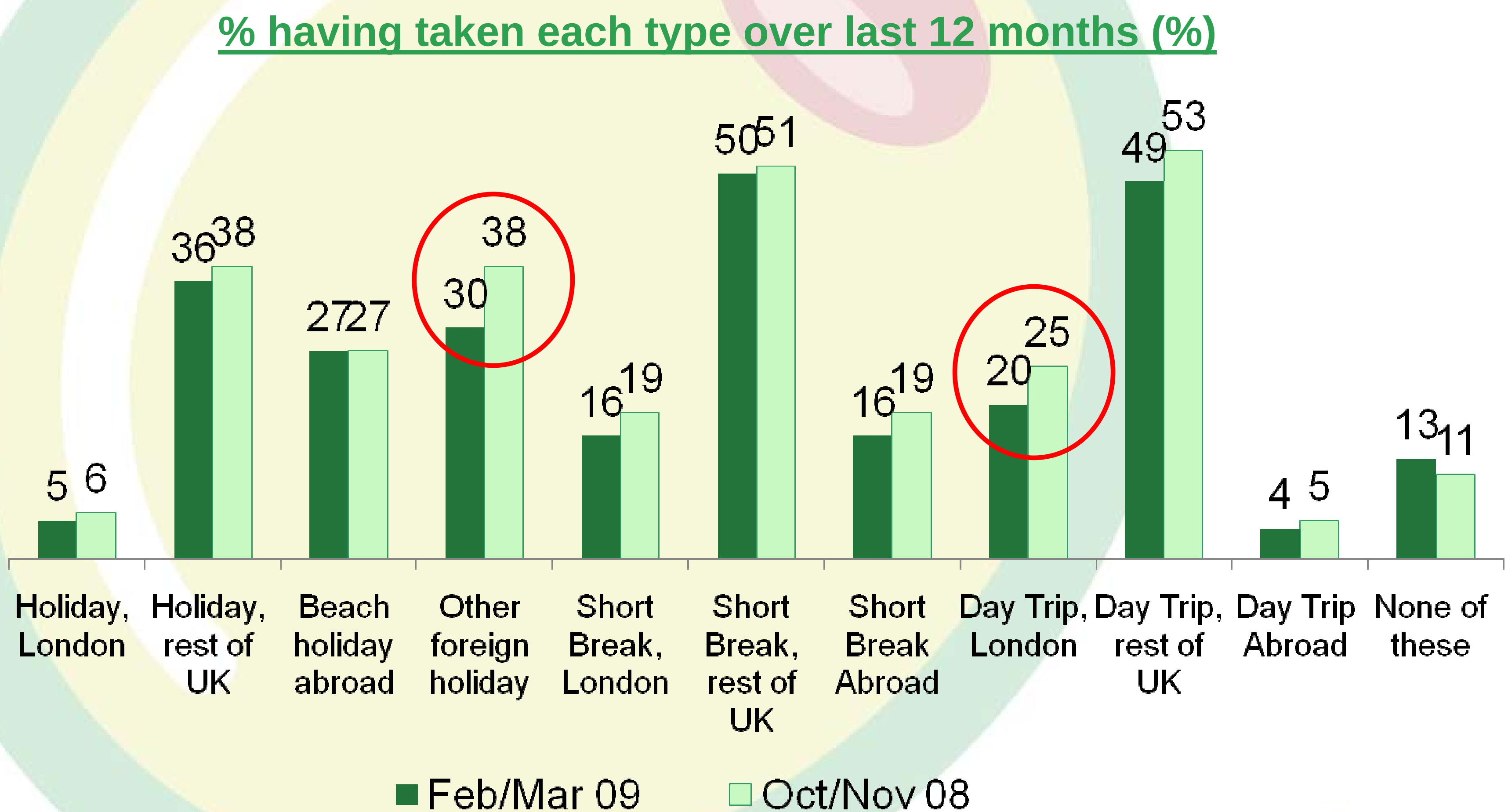
Cut backs made/ planned largely unchanged

How cutting back/planning to cut back on spend (%) – Feb/ Mar figs



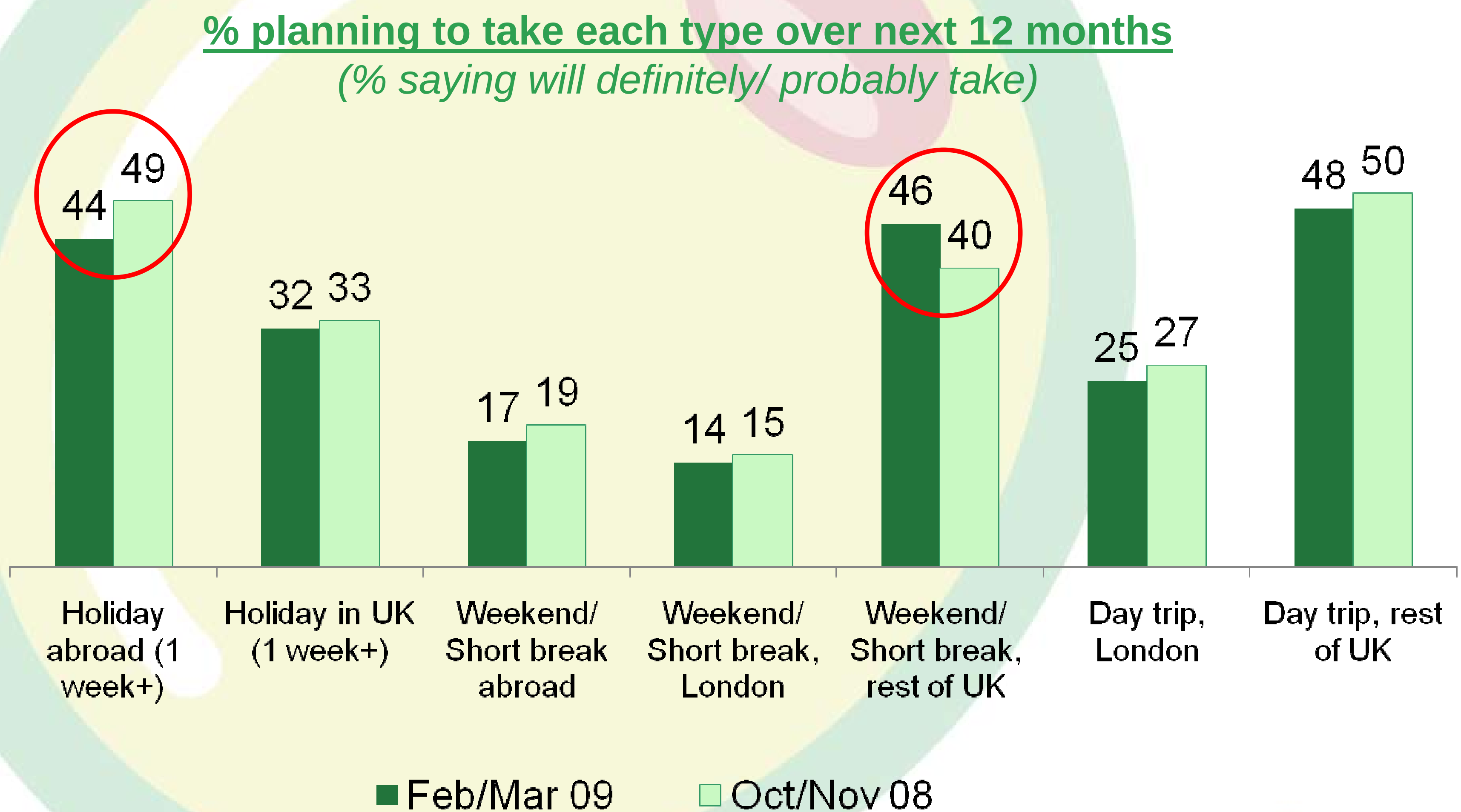
Q5a/b. How are you planning to cut back / cutting back on your spending? Base: Rebased on all (Wave 1: 1030, Wave 2: 1019)

Slight drop in % having taken foreign holiday or day trip to London in last 12 months vs when asked in Oct/ Nov



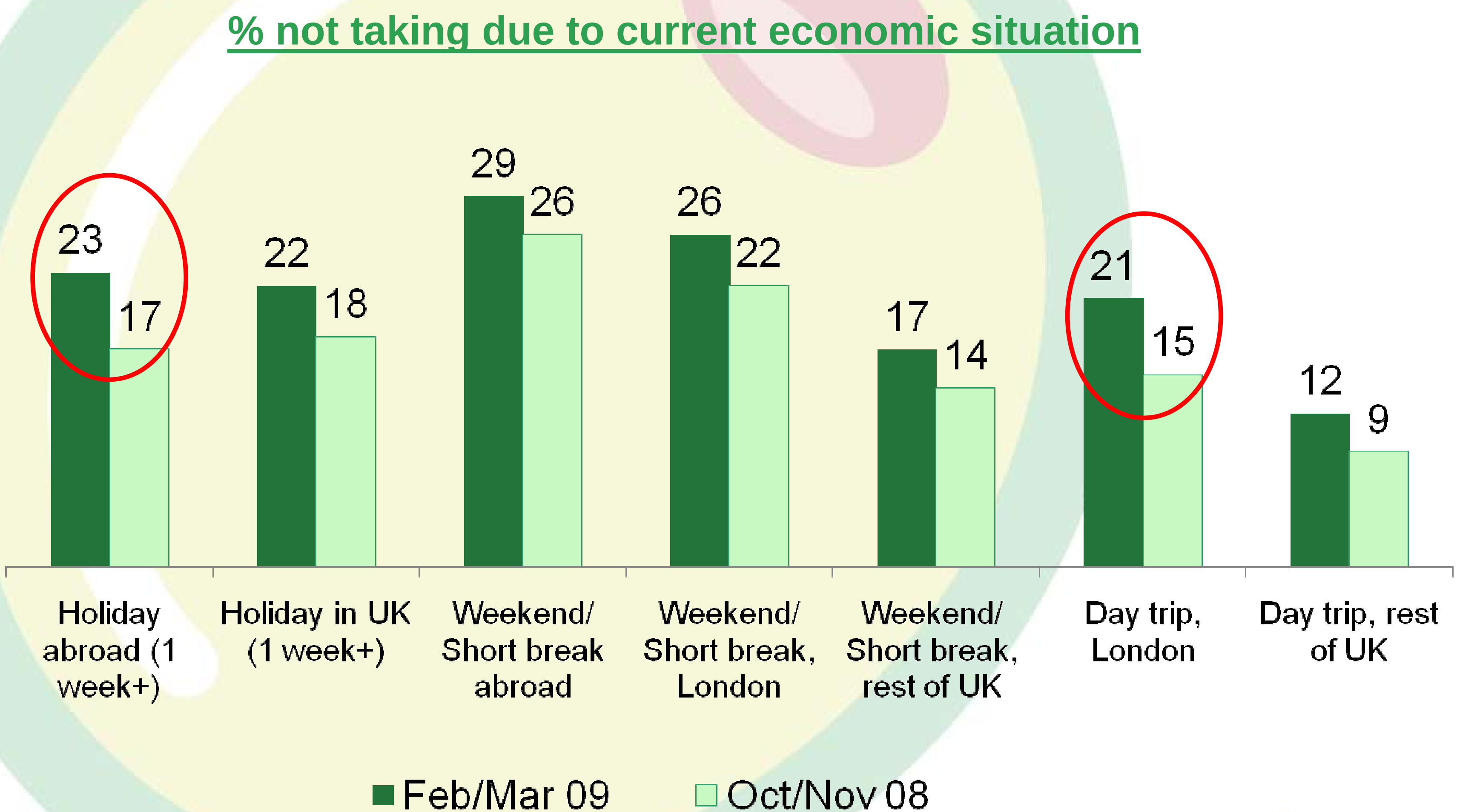
Q6 How many of these holidays/ breaks/ days out have you made over the last 12 months?
Base: All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

Compared to Oct/ Nov, slight decrease in % planning to take holiday abroad, and increase in short UK breaks planned



Q12/Q19 Will you be taking these holidays/ breaks/ days out in next 12 months?
Base: All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

Compared to Oct/ Nov, increase in % not taking holiday abroad or day trip to London due to economic climate

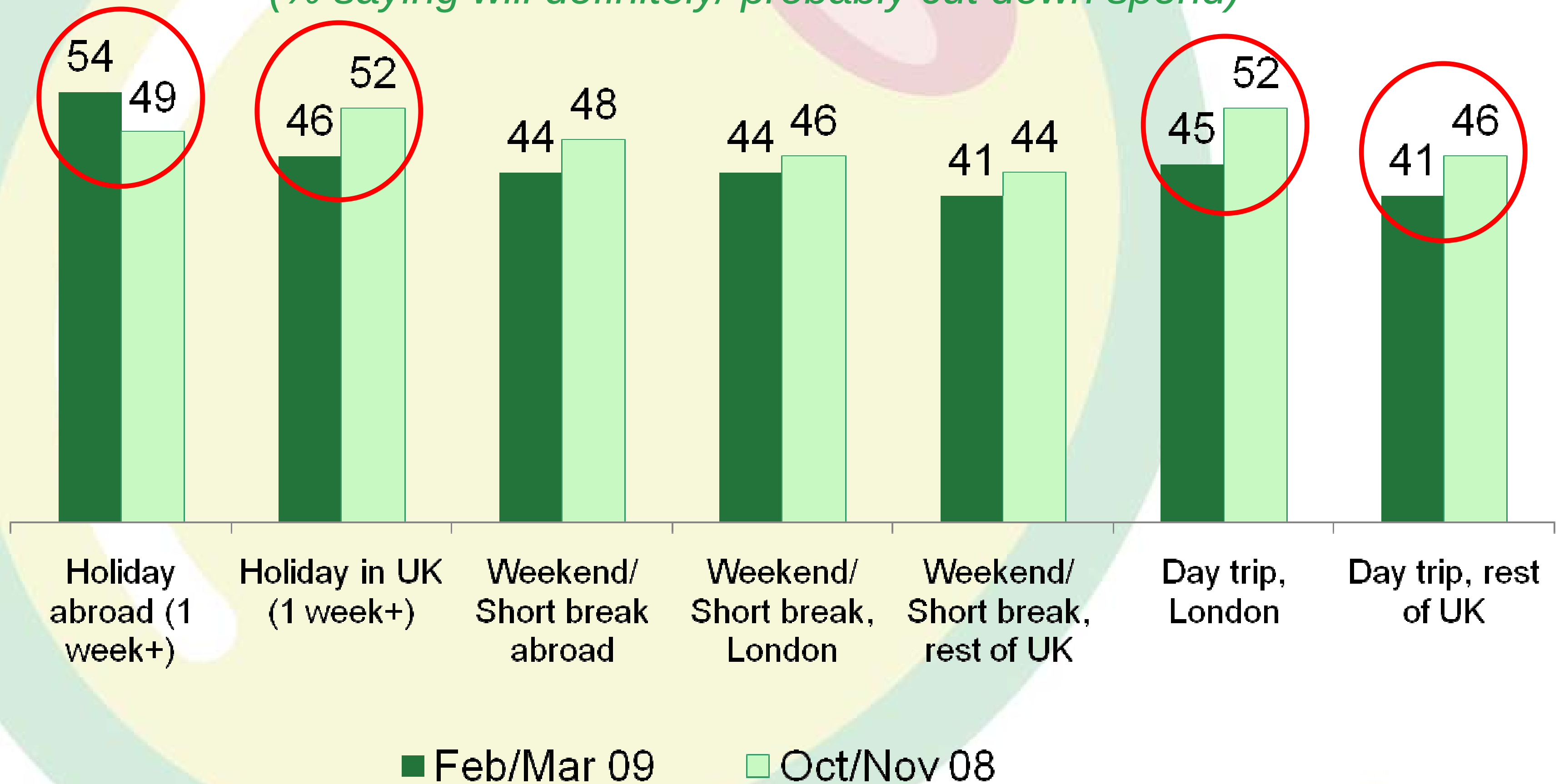


Q13/Q20 Are you not taking these types of holidays/ breaks due to the current economic situation or a different reason? Base: Re-percentaged to All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

Compared to Oct/ Nov, decrease in % planning to CUT expenditure on holidays taking; other than holidays abroad which are now more likely to be hit

% OF THOSE TAKING EACH TYPE cutting down amount they'll spend

(% saying will definitely/ probably cut down spend)



Q16/Q23 Do you think you'll cut down the amount you'll spend on these in the next 12 months?

Base: Those taking each type of holiday (range c 150 – c 500: Differences of between 5% -8% are significant), circled in chart

Accommodation and food & drink remain key targets for cutting holiday spend; largely unchanged since Oct/ Nov

WAYS IN WHICH CUTTING DOWN SPEND ON HOLIDAYS	Feb Mar 09 %	Difference in % pts from Oct Nov 08
NET: Save money on accommodation	**46**	**1**
Look for special offers on accommodation	*30*	*-3*
Stay with family/friends	*21*	*-1*
Use cheaper hotel/ accommodation	*20*	*-1*
NET: Save money on food and drink	**43**	**-2**
Go self-catering	*24*	*-1*
Eat out less	*20*	*-5*
Use cheaper cafes/ restaurants	*17*	*-2*
Look for all-inclusive holiday	*14*	*-2*
Take own food eg sandwiches	*14*	*-2*
Have take-aways instead of eating out	*10*	*-2*
NET: Go to a different place/country than usual/hoped	**37**	**-10**
UK instead of abroad	23	-4
Different country, still abroad	12	2
Abroad rather than the UK	11	5

Q17 Will you try to cut down the amount you spend on these types of holiday in any of these ways?
Base: Re-percentaged to All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

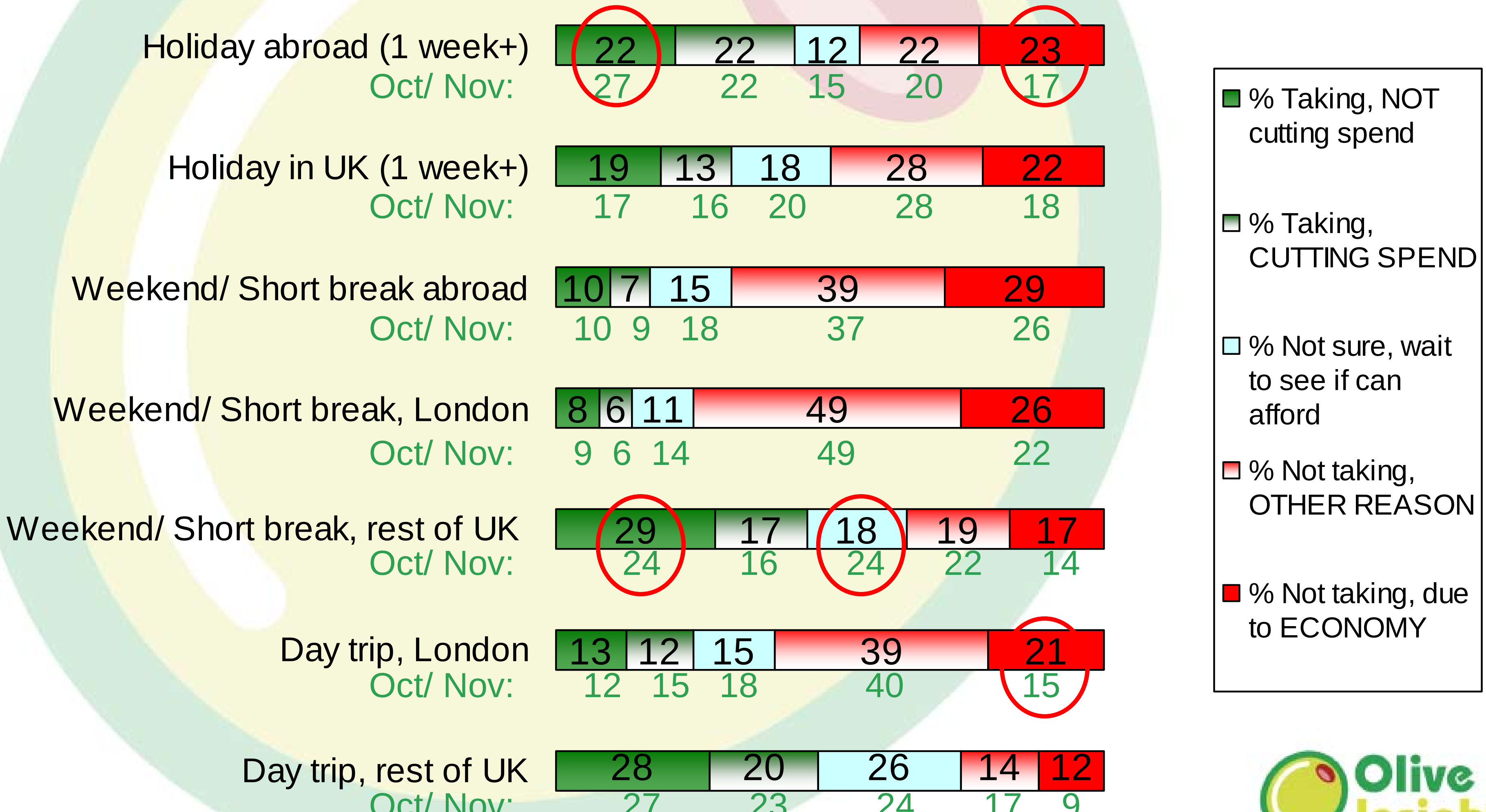
Other areas targeted for holiday spend savings remain similar to Oct/ Nov plans

WAYS IN WHICH CUTTING DOWN SPEND ON HOLIDAYS	Feb Mar 09 %	Difference in % pts from Oct Nov 08
NET: Spend less on other things	35	-4
Do more free activities	*22*	*-5*
Spend less on other purchases/ shopping	*21*	*-5*
Go to more free attractions	*21*	*-3*
Go to fewer activities/attractions with entrance fees	*20*	*-7*
Go to fewer shows/evening nights out	*16*	*-5*
Spend less on transport while there	*13*	*-1*
Look harder for special offers/deals	32	-3
Go at a cheaper time of year	27	-1
Not take as many	26	-2
Save money on transport to destination (go different way, book earlier, use cheaper airline)	25	-1
Spend time planning to get best price	24	-1
Book later/ last minute offers	18	1
Book through different company (cheaper/ direct)	18	2
Go for a shorter time	15	0
Book earlier	13	-3
Go nearer home to save cost of getting there	11	-2

Q17 Will you try to cut down the amount you spend on these types of holiday in any of these ways?
Base: Re-percentaged to All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

Holidays abroad and day trips to London increasingly likely to be sacrificed, short trips in UK now more likely

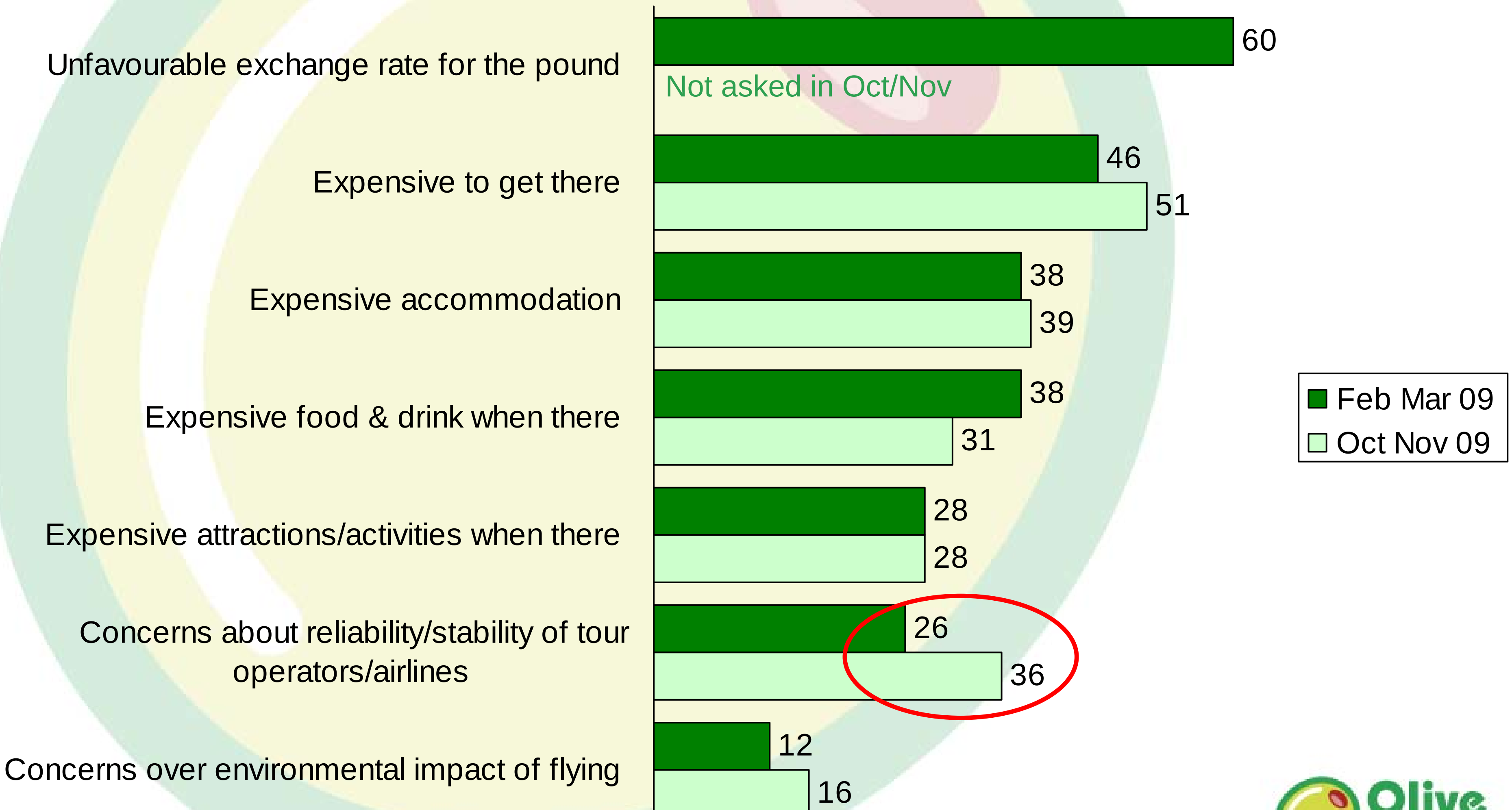
Summary of Holiday intentions over next 12 months *(Feb/ Mar charted)*



Q12/19. Which of these will you be taking in next 12 months? Q13/20 (If not taking) Are you not taking these types of holiday/breaks due to the current economic climate or another reason? Q16/ 23 (If taking) In the next 12 months, do you think you'll cut down the amount you spend on these types of holiday?

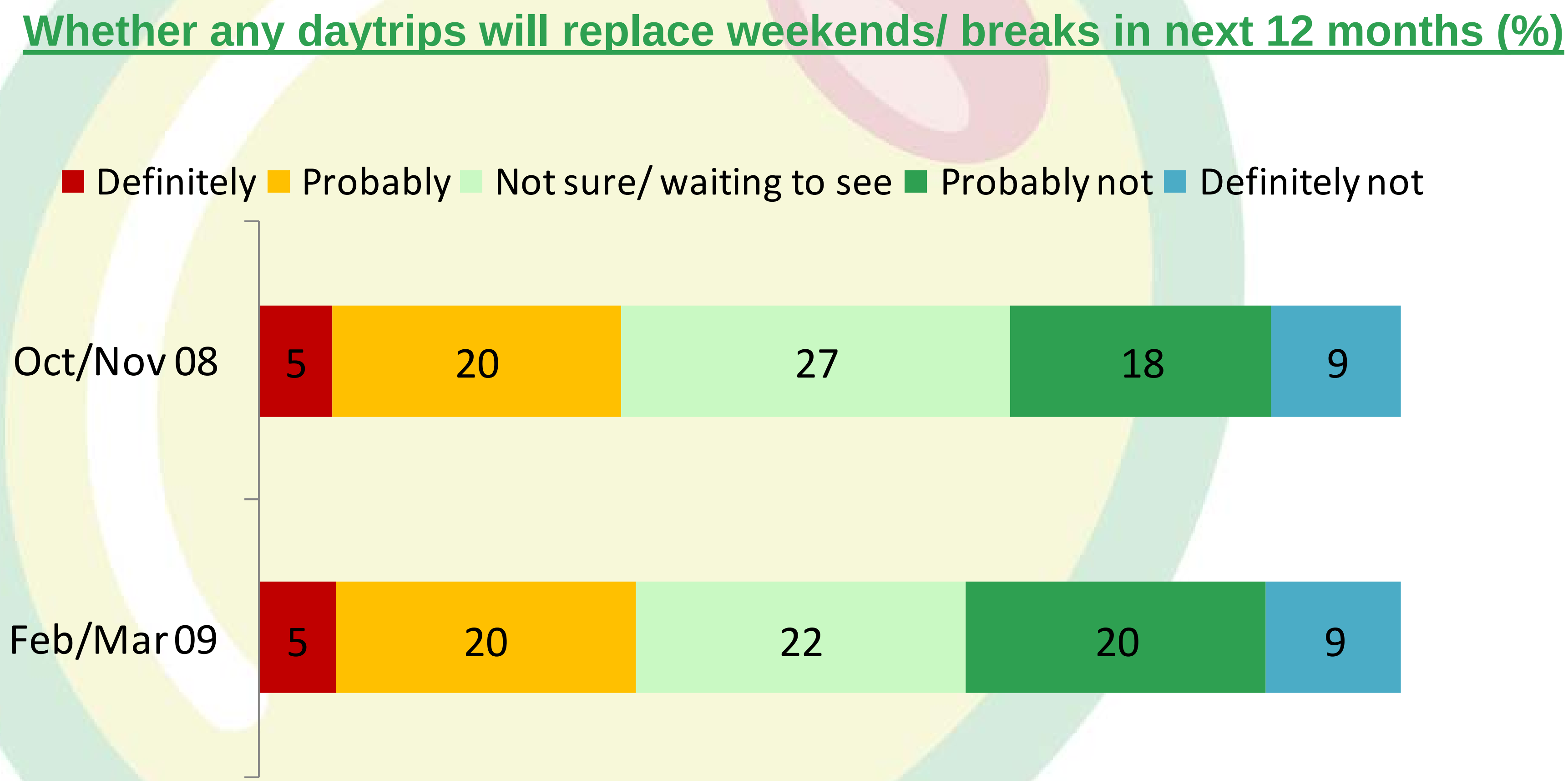
The key barrier to holidays abroad is the unfavourable exchange rate. Concern over airline/operator stability has diminished since Oct/Nov

Off-putting factors in taking holidays/ breaks ABROAD (%)



Q28. Which, if any, of the following puts you off taking holidays/short breaks/daytrips abroad nowadays? Base: All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

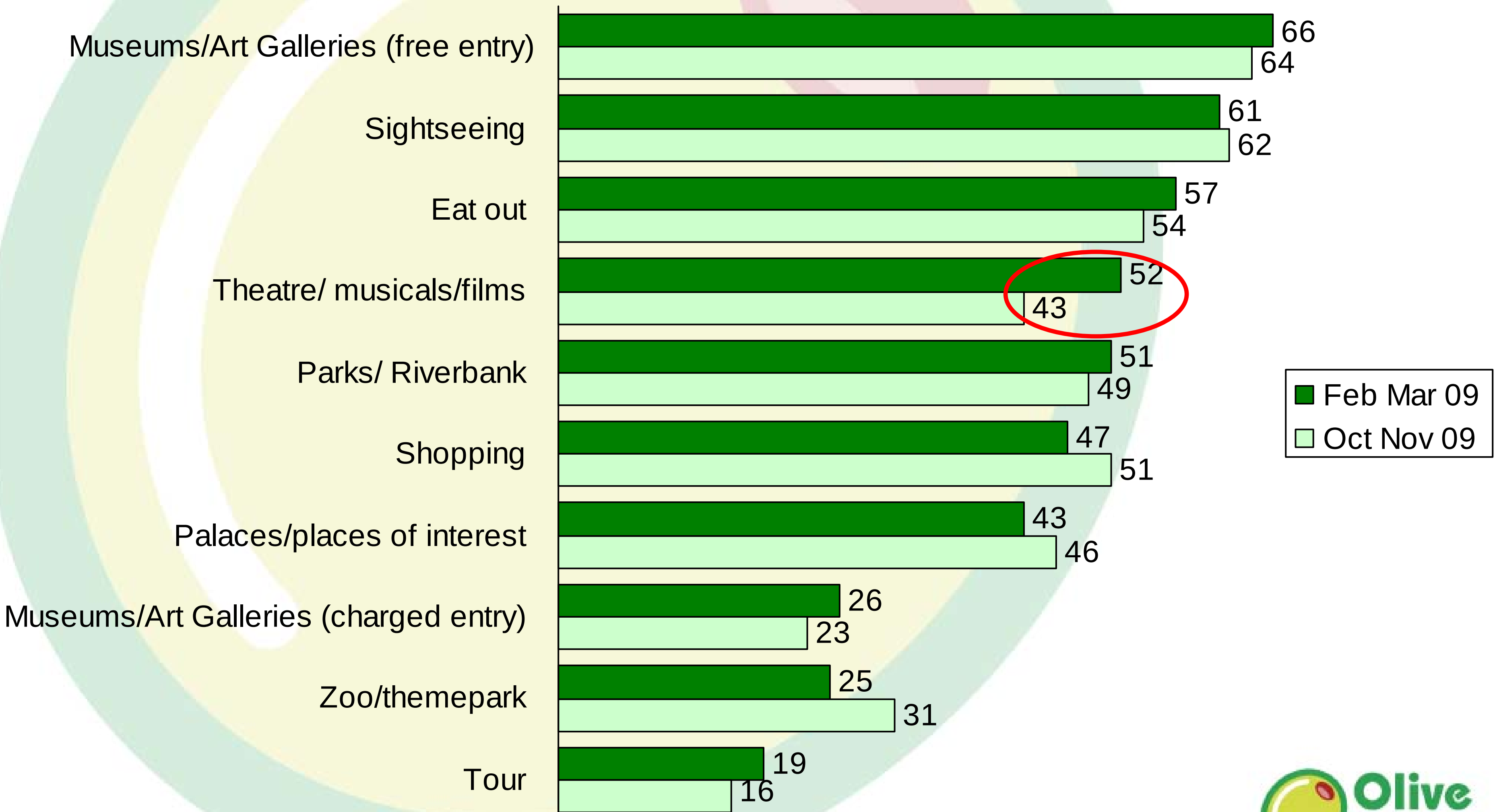
One in four continue to feel that daytrips will replace weekends/ shortbreaks in next 12 months



Q26a Would any daytrips be replacing weekends or shortbreaks that you might otherwise have taken?
Base: Re-percentaged to All (Wave 1: 1030, Wave 2: 1019) Differences of c 5% are significant)

There is little change in plans when visiting London – theatre/ musicals now more likely than thought in Oct/ Nov, zoos/ theme parks less so

What planning to do in London (%)



Q26b. Which of these will you do in London? Base: All definitely/probably taking day trip to London in next 12 months (Wave 1 -332 Wave 2 - 250)

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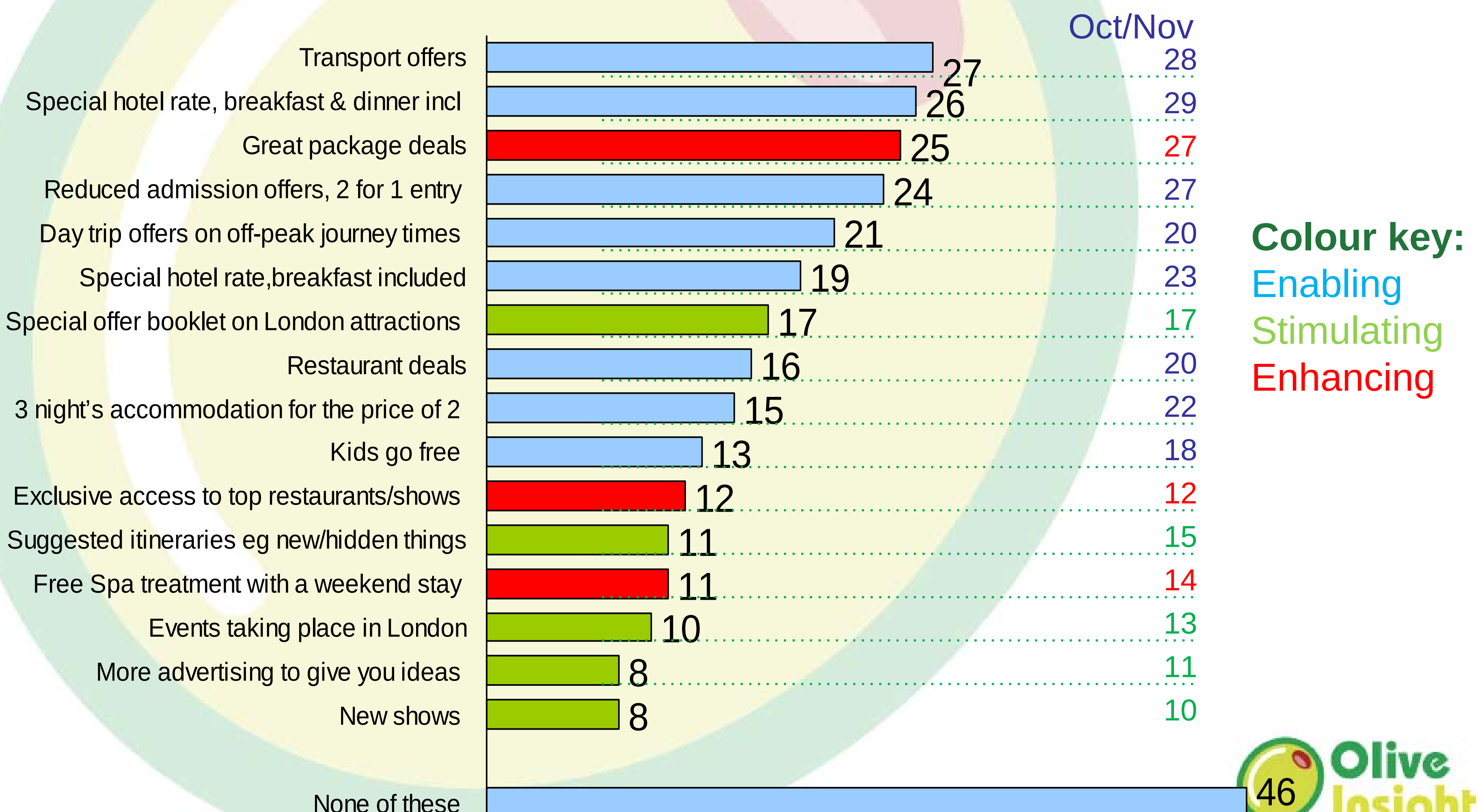
Preferred promotions continue to be those which enrich the experience or offer significant savings

% stating would be encouraged to visit London 'a great deal' by:



Q31/Q32. To what extent would these encourage you to visit London more? Base: All (Wave 1: 1030, Wave 2: 1019)

To sum up...

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To sum up:

1

Increased concern over economic climate vs Oct/ Nov, with slightly more now feeling its impact and modifying spend

2

Holidays continue to be a lower target for cost cutting than food, fuel, going out or shopping, but still an area for cut backs for 50% of the popn

3

Increased levels of cutting out holidays due to economy, fewer now planning to have holidays abroad or day trips to London, though short UK breaks on the rise vs plans in Oct/ Nov

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To sum up:

4

Lower levels of cutting back on spend once on holiday – other than holidays abroad where more will be cutting down spend than planned in Oct/ Nov

5

Savings looked for on holiday continue to focus on accommodation and food & drink

6

The exchange rate is the key barrier (of those prompted) to taking holidays abroad; concern over the stability of airlines/ tour operators has abated

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