

tourism business survey

2012



The eyes of the world will be on Britain like never before in 2012. The London Olympics and Queen's Diamond Jubilee will showcase our country at play – a year, if you will, of national celebration. But how will this year of civic and sporting theatre affect the fortunes of Britain's vital tourism industry, ask **Chris Scargill**, tourism and leisure partner at Larking Gowen, chartered accountants and business advisors, and **Paul Hill**, Archant Anglia business editor? And, more precisely, will the ripples of goodwill radiating from the capital reach Norfolk?

2012: A big year for tourism?

The jury is out. Two-fifths of respondents to this year's Larking Gowen-EDP Tourism Business Survey thought events in London would give the region's tourism industry a boost.

A similar proportion – 42pc – thought it would have little effect. However, one in five believes the Olympics would draw attention away from tourism centres like Norfolk.

What this year's survey also reveals is an industry that is hopeful of growth despite the still uncertain economic climate. A remarkable 78pc of those who took part in the survey said they were



Optimism

Paul Hill (left) and Chris Scargill.



optimistic about the prospects for 2012 – a higher proportion than last year.

The combination of recession, fragile upturn and good weather in recent years has seen Norfolk tourism benefit from the "staycation" trend, with foreign holidays falling a little out of fashion in favour of breaks closer to home.

More than half of the businesses surveyed (55pc) saw turnover rise last year.

Perhaps most significantly of all, close to three-quarters of respondents said they had invested at least 5pc of their turnover back in their business – up

David McNally, chief executive of Norwich City Football Club and keynote speaker at the launch of the Tourism Business Survey (far right), outlines the Canaries' role in the development of Norfolk tourism.

Norwich City Football Club is one of the best-known brands in Norfolk – and, one might argue, indeed, the whole country.

We play in the biggest football league in the world and it's one of the UK's greatest export success stories.

And every week, through print, radio,

TV, internet, digital platforms and social media, we put Norfolk on the national and international map.

Consider, for example, that the FA Premier League is now shown in 210 countries, reaching 643 million homes around the globe and an annual TV

audience of 4.7 billion. We also have a combined global following of 50,000-plus on Facebook and Twitter.

Combined with our high profile links through worldwide names like Delia Smith and Stephen Fry, NCFC is a very serious player in the Norfolk tourism sector.

At the same time, we owe a great debt to our fans, who have made NCFC the 12th best supported club in the country, providing the club with more than 650,000 match-day visitors each year. It will perhaps come as no surprise that Carrow Road offers the biggest family area in English football.

We are also delighted to host more than 200,000 non-match-day visitors each year, with Carrow Road now an

from about two thirds a year ago.

Nearly one in five reinvested 20pc of turnover back in their business, a sharp rise on the year before.

But the very welcome willingness to invest, upgrade and improve is matched by a concern about price sensitivity.

Holidaymakers are more than ever looking for good value as well as a good time.

In these pages you will read an eloquent argument for a targeted cut in VAT for tourism businesses to close the tax gap between Britain and many of our continental counterparts.

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The survey is a primer for policymakers

On a similar theme, concerns remain about the tangle of red tape that tourism businesses feel are holding back growth.

Here, we touch on the *raison d’etre* of the Tourism Business Survey. Our purpose is to reflect the mood in the tourism industry and capture relevant economic and sector trends. But the pages that follow are also a primer for policymakers.

Here are businesses that want to grow and have continued to thrive – but positive action from policymakers could keep the sun shining on Norfolk’s and East Anglia’s biggest industry.

established venue for concerts and major events featuring the likes of Rod Stewart, JLS, Gok Wan, Nigella Lawson, Phil Taylor and Alistair Campbell.

True to our Norfolk roots, meanwhile, we remain strong partners with major businesses and employers in the county including Aviva, Lotus, Alan Boswell, Jarrold, Norwich & Peterborough and Fosters.

Norwich City Football Club has a brand of which we – and I believe much of Norfolk - are hugely proud.

And we take very seriously our role as an ambassador for the county as we play our football around the country and into 643 million homes around the world.

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<http://services.edp24.co.uk/norfolk/tourism-awards/>



Survey partners: LEATHES PRIOR, Lloyds TSB | Commercial, NORWICH PRINT SOLUTIONS, NW BROWN GROUP LIMITED, TAKE ONE Media

To demonstrate its commitment to Norfolk tourism, the Eastern Daily Press, England’s biggest-selling regional morning newspaper, has been running a successful campaign to encourage people to enjoy the attractions of their own county of Norfolk. In addition, a range of print and web products across the company portfolio proactively backs increasing interaction with Norfolk’s key tourism sector.



Survey partners


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LARKING GOWEN

Larking Gowen Chartered Accountants and Business Advisors recognises the importance of tourism to East Anglia. This survey is intended to provide a useful benchmark, and we hope that the information is useful to you and your business. If you would like to discuss your business and how it interacts with the findings of the survey, please do not hesitate to contact us (see pages 22 and 24).

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The economy of our nation and the wider world will continue to impact on Norfolk tourism, but there is room for optimism thanks to the county's unique selling points.

Fantastic offer

An overwhelming majority of tourism business owners feel confident that there is a secure future in the sector for them – and the number expressing this view has grown since last year.

Despite ongoing uncertainty in the economy, 78pc of respondents to the survey said they were feeling positive about the future. This figure has increased from 76pc last year.

Tourism is of utmost importance to Norfolk. It is a major employer, carrying jobs for some 15pc of the population. And it ploughs £2.6bn into the county's coffers.

The varied offer, both in terms of types of location and price ranges, means Norfolk is attractive to a wide range of people looking for a wide range of activities.

Chris Starkie, programme director at New Anglia Local Enterprise Partnership, said: "One of the strengths is our fantastic offer.

"We attract a diverse range of visitors from conventional bucket and spade holidaymakers at towns like Cromer and Great Yarmouth, to birdwatchers, people who like visiting heritage sites, visitors to the Brecks and the Broads and those looking for city breaks. It is a rich tapestry."

People have become more canny in the way they spend their money, added Mr Starkie, a statement supported by one of the survey's findings – that 54pc of customers have reduced their secondary spend.

"Last year in all walks of life people's finances were tighter and obviously that



Confidence

(from top) Chris Starkie, Richard Turvill and Daniel Meston.



continues," he added. "As a result, they want good value for money and are looking for bargains.

"In shops, the downward price pressure has been pretty enormous and the same is the case for tourism.

"I think we will be in this sort of environment for several years to come, there isn't a quick fix.

"But I do think there is room for optimism, there is work being done through projects like Visit East Anglia to further improve the marketing reach and perception of Norfolk.

"With some careful target marketing, development of product and having a coherent story, I believe positive steps can be taken."

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Tourism is ... helping the economy to turn the corner

They may be spending less when they get here, but the numbers making their way to Norfolk look very healthy.

Richard Turvill, director of Campings Linen, which provides specialist laundry, linen hire and dry cleaning services in East Anglia, said: "I can't see any reduction in volume of visitors from my perspective. The sector is holding up surprisingly well, bearing in mind you would expect a degree of overall reduction in a depressed economy.

"If you separate the market into two distinct parts – the holiday parks and the classic weekend break, for the latter people with a bit of money are still having their holidays but perhaps even more than before they are using the

staycation and remaining in the UK.

"The holiday parks are discounting heavily to keep them full, they are taking a 'bums on seats' view and hoping by getting the numbers in, the money will still be spent in the bars.

"One of the problems though is that the customer is more and more wily, and will shop for their basics on the way in to their holiday and not on site.

"Across all sectors businesses are creating bundles of offers to try and get people in – but the big question is whether they will be able to return to previous pricing in the future."

Asked if he was optimistic about the next five to 10 years, Mr Turvill said: "Yes, I see businesses continuing to invest. And the holiday is one of the very last things people will cancel. And for those who have less spending money than in previous years, there is a wide range of accommodation, so you can do something cheaper than previously, but you can still go.

"Do I think businesses will be able to charge good prices for their business? I think it's going to be a grind. But I think the volume will remain."

Daniel Meston, senior business development manager at Lloyds TSB Commercial, said: "Tourism is critical to the area. In normal times it is probably the single biggest employment sector and brings in large amounts of revenue.

"And at this point in time it is keeping the area from the depths of the economic downturn and helping the region's economy to turn the corner.

The survey reveals the concerns business people have about the future, with lack of profitability in tourism the leading worry for 40pc of respondents. Addressing the current level of government debt is identified by 32pc as a concern, with the same percentage saying they are worried about the sustainability of Norfolk tourism.

But in a year when the Olympics and Royal Jubilee are among the highlight events for the nation and for Norfolk, the fact is that 2012 looks set to be a busy year for Norfolk's tourism businesses.



Amazing

Richard Ellis, of Norfolk Country Cottages and Norfolk Tourism.

Richard Ellis, managing director of lettings business Norfolk Country Cottages and chairman of Norfolk Tourism, said early indications pointed to a "bumper year for domestic tourism".

"I am very bullish about it because the signs from the forward bookings are very strong," he said.

Last month bookings for March were more than 70pc up year on year, a figure which he described as "amazing".

At the time, June and July were 20pc to 30pc up year on year.

"The domestic tourism market is proving remarkably resilient to the recession.

"People are watching what they spend, but prioritising taking a holiday because it is important for them to have a break with their families.

"They are watching the pennies, looking for bargains and deals and not being as lavish as they were three or four years ago.

"The secondary spend is certainly reducing and staying lower than it was – people are eating in bistros rather than restaurants and drinking a glass of wine each instead of a bottle."

The benefits of staying in the UK rather than travelling abroad were clear said Mr Ellis, with domestic holidaymakers able to avoid currency fluctuations, flight cancellations and long queues at airport check-ins.

"I really do think that a lot of people are falling out of love with the foreign holiday."

The key to future success for businesses is to be aware that customers' expectations are continuously growing, added Mr Ellis.

"Year on year people expect more for their money, be it levels of service or quality of fittings in the accommodation.

"This is an international market in which we are competing.

"The ones that have succeeded are those who have consistently invested. You simply cannot rest on your laurels you have got to keep ahead of the Joneses."



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A lot of people are falling out of love with the foreign holiday

Turnover figures for Norfolk tourism businesses have held up strongly and there is clearly confidence in the sector. Meanwhile, tourism employee levels look to be static against a backdrop of increasing unemployment across all sectors, although red tape is making life difficult for many employers.

Reasons to be cheerful

More than half of Norfolk's tourism businesses, 55pc in all, saw an increase in turnover last year. This compares favourably with a figure of 51pc from a year before and is the second highest figure since 2006.

Chris Scargill, tourism and leisure partner at Larking Gowen, chartered accountants and business advisors, said the fact that there were more businesses reporting an increase in turnover than in the previous year was a good pointer to better times ahead in the market.

"And taking a view across several years, more than half of businesses have seen compound turnover increases in all but one of the last six years. And among those with the best turnover increases, 12pc saw increases of more than 30pc.

"On the flipside, about a third were hardly able to keep up with inflation, which over time is of course a concern. However, only 40pc indicated they were predicting an increase in turnover in 2012, which is the lowest forecast since 2009."

That final figure governing turnover predictions has been shown to be historically pessimistic – typically businesses end up performing significantly better than their predictions.

Expectations of profit levels for 2012 saw only 15pc predict a decrease, with 77pc expecting an increase or to maintain the status quo.

In terms of customer behaviour, the tendency of people to stick to a budget



Better times

Chris Scargill, who is cheered by reports of increasing turnover in tourism.

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was again highlighted, with 69pc of businesses saying they had noticed an increase in the practice, while 75pc said more of their customers were looking for value for money (23pc said this had stayed the same, while 2pc said it had decreased). Asked about the number of customers who had targeted expensive or luxury holidays, 45pc said there had been a decrease – although a year ago a notably higher 54pc said the same.

Chris Starkie, programme director at New Anglia Local Enterprise Partnership, said: "What businesses need to do more than ever before is focus on two key areas – providing good value for money and good quality."

As far as employment is concerned, twice as many businesses (24pc) increased their staff numbers this year compared with those that decreased

(12pc). The predicted picture for next year sees 12pc expecting to decrease and 13pc expecting to increase, while three quarters expect to stay the same.

A worrying 59pc felt there were barriers to employing more staff, with the leading concern of 79pc of businesses being onerous employment legislation. Other problems were finding the right calibre of worker (74pc) and the flexibility of staff entitled to benefit payments (62pc).

Pay looks set to stay the same among 62pc of businesses (on top of two successive years that saw pay levels static), with most of the remainder looking to increase wages, and just 1pc aiming to pay less.

Finding the right staff to serve increasingly savvy and knowledgeable customers has always been a challenge for Norfolk tourism businesses and

doesn't look set to change. Sheer lack of numbers in the rural areas is a common problem.

But a widespread economic turndown means there are more people out there considering changing their industry and the way they earn their money – and the relative constancy of the county's tourism sector means many people are seeing it as a positive option.

Even if wages are typically on the lower side, that income is reliable and the industry is seen as having a long term, healthy future.

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Make the most of events all year

Dom Hughes, finance director at the boutique Strattons Hotel in Swaffham, said: “There are lots of people out there coming from other sectors where lots of jobs have gone. Once they understand how this type of job works, they're happy to get stuck in. We have a vigorous recruitment and training process which can get people up to speed quickly.

“One of the big issues is that these jobs are location-dependent – so if a business is based in a good-sized town, there are people to choose from. But for businesses rurally it must be harder.”

Mr Hughes also said that the key to successful business was to find the right services to sell to customers.

“It's very competitive out there anyway, but if you add in the growing trend for accommodation providers to show their availability levels online, it means people can see what's free – and so they are increasingly battling on price.”

The other key factor was to make the most of events and celebrations throughout the year: “People will always be prepared to spend money then.”

And while “deal-of-the-day” website style marketing might work for some businesses, it was not suitable for Strattons because it served only to sell on a short term basis and did not encourage customer loyalty, but mainly attracted deal hunters, who would subsequently be on the lookout for further deals.



Lots of people

Flying Kiwi Chris Coubrough, who is always seeking quality staff.

Chris Coubrough had 156 staff on his books in February and that figure will rise to around 210 in the peak summer season. A decade ago, he employed five people.

These staff run five luxury hotels and restaurants in Brancaster, Hingham, Letheringsett, East Rudham and Wells, plus an outside catering business, all under the Flying Kiwi brand.

The business requires a lot of people in each location to provide the required level of service. Because of this, Mr Coubrough estimates that he employs four times as many people at each location than would have been employed under former regimes.

This is the good news. The bad news is that, despite the successful brand, finding staff is a constant struggle. “It's the hardest part of my job,” said Mr Coubrough.

“We have great people, but finding new ones is a complete headache.

“Much of it is down to where we are geographically. Take Brancaster – you don't buy a house there for less than £1m. People with that kind of money don't want 10 hours behind the bar.

“I have friends with businesses in the Midlands who only have to put a sign up on the door and they can find staff. There is no point us doing that, there would be no response.”

As a result, the prospects of expanding beyond five hotels is limited, said Mr Coubrough, especially in the areas where he already has businesses and so already employs a large proportion of potential people for key roles, such as head chefs.

“My ability to expand the business is not governed by me, I have the money to do so. It is governed by the type of people I can – or cannot – find.

“I've even found myself in the position where somebody good has come along when there's no vacancy and I employ them anyway so as not to lose them.”

Seasonal variations in turnover, the increased cost of childcare and government benefits rules were also significant issues, said Mr Coubrough.

Investment is key for a viable future in all businesses and all the more important in the fast moving world of tourism. And it's clear that despite difficult economic times, Norfolk businesses understand this fact.

Cash boost for business 'vital'

In a time when many people perceive borrowing to be difficult and where all profits are, to some extent at least, at the mercy of wider economic difficulties, investment can fall off the radar for some businesses.

And because the message about a drop in quality can spread so quickly these days via the likes of TripAdvisor and social media, if you don't invest and standards slip, word can travel fast.

According to the survey, Norfolk businesses take this matter very seriously. A total of 72pc of businesses used at least 5pc of their turnover to enhance their offering, up from 65pc last year. And 18pc – nearly one in five – used more than 20pc of their turnover. Again this represents a jump from 11pc of businesses in the previous year.

The outlook remains positive, with 72pc of businesses aiming to maintain or increase the amount of money used to

enhance themselves in the coming year.

Chris Starkie, programme director at New Anglia Local Enterprise Partnership, said: "Investing in your product is really important. People are looking for top quality products and there are more and more of those products out there.

"Investing can also be about reducing running costs, for example making energy-efficiency savings. Those businesses that start to struggle will be those that have not invested in the past."

In order to invest, some will use profits, some need loans and many will combine the two. So the loan market is central for many businesses. And it appears the sector is not seeing any easing when it comes to access to bank loans.

Some 63pc said they had found bank lending harder in the past year, which is a high figure, up from 57pc.

Daniel Meston, senior business development manager at Lloyds TSB Commercial, said the most important step for businesses wanting loans was to open a conversation with the bank.

“

Come and talk to us – that's the message

"It's key to articulate plans for the future – sometimes people are not making that first step. Our credit policy has not changed over the last five or six years. We consider the individual, the business and the ability to service the payments."

Lloyds grew SME lending by 3pc in 2011 and looks set to increase that figure again in 2012, said Mr Meston, as well as meeting its government-led "Merlin" commitments, which set out how banks can support businesses. Regionally, the bank has also supported a scheme with Visit East Anglia to cut credit card transaction fees and bank charges for members.

"If there's a sense of holding fire on investment, that can have a really detrimental impact on the business – the message gets out there very quickly.

"Come in and talk to us – that's the main message," said Mr Meston.

Easy does it

It would appear the tourism sector is witnessing some easing when it comes to access to bank loans.



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Future plans

Martin Goymour, who invests an average £500,000 a year across three attractions.

Martin Goymour, managing director of Banham Zoo, Dinosaur Adventure Park and Africa Alive, looks to invest an average of £500,000 a year across the three park attractions – although recently there has been a particularly significant amount of money spent at the Dinosaur site in Lenwade.

“The world continues to revolve and everything continues to evolve, so standing still is not an option,” he said.

“Our three main principles are quality of product, customer care and reasonable price. Repeat business and word of mouth are very important to us, so we have to keep improving constantly, both for the visitors and in the case of Banham Zoo and Africa Alive, for the care and welfare of the animals.

“In order to do this, to get that repeat custom, we must not be static and we have to keep things alive, changing and improving all the time. We have always put all our profits back into reinvesting.”

Specific projects recently have included a £1.25m investment in Dinomite, an indoor play area at the Dinosaur Adventure Park which opened in July 2011.

The return has been instant. “It was a calculated risk, but we felt it was the right way to go – and as a result we had an extra 30,000 visitors in the second half of 2011 directly due to Dinomite,” said Mr Goymour.

“That was somewhat better than what we had on our business plan, so we were very pleased.”

Future investment will see another £1m spent on the Dinosaur Adventure Park in the next two to three years, which could not have happened without the success of the play area, added Mr Goymour.

And various other plans are either under way or recently completed.

At Banham Zoo, these include a walk through lemur enclosure, a new quarantine and isolation centre, an improved bird of prey area and a new aviary.

“It’s all about keeping the ball rolling and looking to the future,” said Mr Goymour.

Promotion remains an important activity for tourism businesses. An increasing number feel they will need to pay more in order to ensure that Norfolk as a whole can promote itself better.

Let's Face it, we're all of a Twitter

With so much on offer both in Norfolk and around the UK, across a broad spectrum of price range and style, customers have a lot to choose from if they want to holiday at home.

As a result, promotion and marketing form a cornerstone of attracting people to individual businesses, or indeed to a group of businesses which might be working together on a joint basis.

The world of marketing has changed in the last few years – Facebook and Twitter form an integral part of promotional planning for many businesses, with vastly different effectiveness according to the type of business.

Meanwhile leafleting and “traditional” newspaper advertising remain extremely popular.

A greater proportion of turnover is being ploughed into promotion and marketing, although the total amount looks to be fairly static.

Over the last year, there has been a switch from 17pc of businesses spending between 5-10pc of their turnover, to 26pc spending that amount.

And the proportion of businesses increasing their spend in the last year went up slightly from 33pc in 2010 to 34pc in 2011. However, the numbers of businesses decreasing their total spend went up from 17pc to 22pc.

The spread of marketing spend saw most cash ploughed into websites, closely followed by internet marketing and having leaflets printed and distributed.

Social media and local newspapers were also significant areas of spend.

But asked if Norfolk was sufficiently



Fantastic opportunities

Peter Sheppard, of Leathes Prior (left), and Andrew Hird, Take One Media.

well promoted, the percentage of those saying “yes” has been falling over time.

In 2011, 44pc answered in the affirmative, down from 51pc in 2010 and 53pc in 2009.

As a result the proportion of individual businesses willing to pay more to promote Norfolk as a whole has grown, to 47pc in the last year, up from 40pc in 2010 and 27pc in 2009.

“Businesses are increasingly seeing the value of pulling together and the need to pull together,” said Chris Scargill, tourism and leisure partner at Larking Gowen, chartered accountants and business advisors.

“People see the importance of that spend, even if it’s a relatively difficult time.

“94pc have said they would spend 1pc or more of turnover on promoting Norfolk; and 1pc of the total Norfolk take of £2.6bn is £26m, which is a lot of money.”

Other statistics from the survey show that the most popular way of spending that money would be through a destination marketing organisation directed at a specific area, with 36pc in favour.

Only 14pc see a Norfolk-wide organisation as the way to proceed, while 11pc believe an organisation specific to particular sub-sectors as ideal.

Andrew Hird, regional director for East Anglia, the Midlands and northern England at Take One Media, and administrator at the Norfolk Tourist Attractions Association, urged a more widespread acceptance in the county that marketing spend needed to increase.

“I also work in Yorkshire and their marketing budget is colossal in comparison.

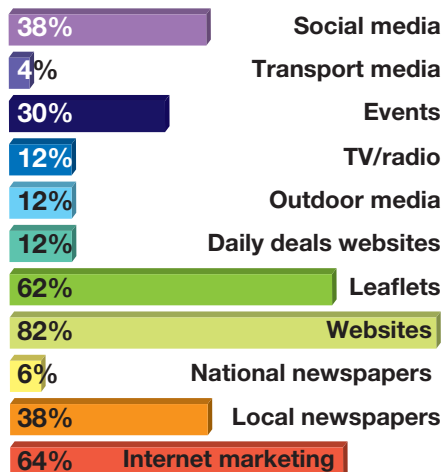
“Their model is ‘you don’t pay, you don’t play’. You have to put money in to get money out.

“There are key players in the Norfolk tourism industry who understand that idea. It’s up to those of us who do understand this concept to persuade the rest to the same point of view.”

Mr Hird said it was up to the private sector businesses within Norfolk tourism to do so. “The public sector is no longer. The time for talking is reducing and collectively we can achieve more to market what is a remarkable destination.”

Peter Sheppard, partner and head of tourism and leisure commercial team, with Leathes Prior, commented: “The huge growth in the popularity of social media in recent years has created fantastic opportunities for businesses, but

NORFOLK TOURISM MARKETING SPEND



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social media is not without its challenges. “Leathes Prior has recently advised clients within the local tourism industry in relation to a number of legal issues arising in connection with the use of social media.

“These include the preparation and use of social media policies, using social media without infringing trade mark or data protection rights, and dealing with defamatory comments.”

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You have to put money in to get money out

Meanwhile, monitoring of travel review websites like TripAdvisor, which can provide both positive and negative promotion for businesses through its customer reviews, has increased from 52pc to 62pc.

If negative reviews and comments are posted, 79pc of businesses would now proactively place a response on the same website with an explanation or apology.

And the view on broadband was also clear, with 45pc believing low download speeds in Norfolk affects trade.

Holding conversations with customers is absolutely vital for tourism businesses – whether that be using traditional mail drops or the many and varied forms of electronic communication, according to Wroxham Barns director Ian Russell.

Instead of looking at the issue as split between online or offline, Mr Russell, who won the Customer Care Plus category at the 2011 EDP Business Awards, prefers to view it as “through the line”.

“There are people who don’t own a computer or mobile phone, and there are also people who communicate almost completely through their iPhone or other tablet.

“We have to be aware of all of those people and communicate with them in different ways.

“So it may be a case of posting a card to one person, but engaging with others through social media.”

Wroxham Barns is active across the social media spectrum, using Twitter, Facebook and films on YouTube at the same time as developing mobile sites and applications for tablet and smart phones.

“We work very hard at Twitter and

“

It’s important to have an ongoing conversation with customers

Opportunity

Ian Russell, of Wroxham Barns, who uses traditional and social media to communicate with customers.

Facebook, they are very valuable to us,” said Mr Russell.

“They are incredibly effective. They aren’t free because you have to put time and effort into them, but once you have an understanding of how they work, it doesn’t take a huge amount of time.

“You have to have an ongoing conversation with your customers.”

Mr Russell said it was also important to take up every opportunity for references on websites such as Visit Norfolk and Visit England – and keep them up to date.

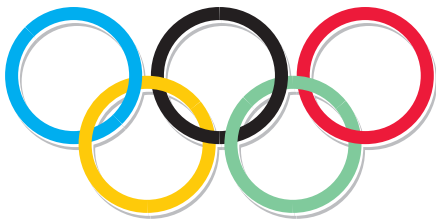
“Businesses need to grab the promotional opportunities they are entitled to, it can be easy to miss opportunities when they are under your nose.

“E-shots, direct mail, event notifications, asking for customer opinion, a presence in traditional media – it’s all important.”



The Olympics provides an opportunity for the whole country to show itself to the world, both during 2012 and, through the legacy theory, for years to come. Norfolk remains divided in its opinion of the event, but there are those who see definite business opportunities ahead.

Games divide local opinion



The post-Olympics audit, measuring how beneficial the event will have been to Norfolk tourism, will be difficult to break down accurately.

Why? For the simple reason that the Olympics fall in the traditionally busy period for the county's tourism businesses, so full rooms and busy restaurant tables would probably have been full and busy anyway.

Even at this late stage there is clearly a division of opinion as to how useful the Olympics will be in terms of revenue for the region.

Two-fifths of businesses believe the Olympics is an opportunity which may bring business to Norfolk this year, while 18pc believe the event is a threat

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Brilliant for Britain

Simon Altham, of Hoseasons, is bullish about the Olympic effect.

because business will be taken away from the county. The remainder – 42pc – think there will be neither a positive or negative impact.

A further breakdown shows that the vast majority of those who think there will be a benefit feel it will be because people will use Norfolk as a place to “get away” from the Games, with 84pc stating this will be the case. Only 16pc felt Norfolk would be used as a base for the Olympics.

Of those who felt Norfolk would not be used as a base, the leading reason for explaining why not was that most people would rather stay somewhere closer, with 62pc holding this view.

Other reasons given were: “It’s too far away” at 57pc and “It would make a very long day trip from here” at 55pc.

Transport links not being good enough was also highlighted by 52pc.

However, it can be argued that there may be some benefits – both in the short term context of actually selling extra services and in the long term context of eastern England being exposed to a world market by way of media coverage.

Certainly, many businesses are trying to exploit the potential by their own efforts and will also be hoping that a £4m national television campaign encouraging people visiting the Games to travel further afield than London will pay dividends.

Simon Altham, director of lodges and parks at Hoseasons, said: “We are very busy anyway during late July and August, it is our peak season.

“So it will be hard to measure. If the Olympics were being held in February it would be very easy to tell what the impact was on accommodation.

“Having said that, we feel the Olympics will be brilliant for Britain in the long term as it will show the world what a great place this is to visit.”

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Olympics will be modestly positive for our tourism

Mr Altham added that certain parts of the country outside London – such as Poole, near where the Olympic sailing is due to take place – might see a direct and obvious benefit of the event.

Richard Ellis, chairman of Norfolk Tourism, said: “There is a focus on the UK throughout the Olympic and Royal Jubilee year, which you can now see kicking into action.

“I think the two events reinforce each other and work off each other to the benefit of the UK as a whole. I think the Olympics will be modestly positive for the tourism sector in Norfolk, whereas I think the Jubilee will be more positive.

“The references to Sandringham earlier in the year when the Accession anniversary came around meant Norfolk got many mentions on the news. That the Queen spent that time at Sandringham and visiting a school at Dersingham will have made its way into people’s minds.”



Good access

Simon Barclay, of Kett Country Cottages, who believes Norfolk is well-placed to benefit from the London Olympics this summer.

The Olympics is a “massive brand” and to be associated with that brand is “key”, according to Simon Barclay, manager of Kett Country Cottages.

From its head office in Fakenham, the business looks after about 150 properties from Hunstanton in the west to Walcott in the east.

Sitting near the top of the Google rankings when searching for “Norfolk cottages Olympics”, Kett has already attracted many extra website hits from around the world – especially the USA and the Netherlands – as a result.

In early February, Mr Barclay wrote a lengthy blog about the Olympics and Paralympics entitled “2012 is a big year for Norfolk”, which in itself will have worked well on Google’s search parameters.



Celebrations

The Queen’s Diamond Jubilee is also expected to boost Norfolk tourism this summer.

“You simply cannot ignore the fact the Olympics are coming,” says Mr Barclay.

“We are in the right area geographically, even if we are not right on top of it.

“This part of Norfolk is ideal for a week’s holiday, with good transport access for a day trip down to London for an Olympics event.

“It’s also important to note that many of the events are not in the city itself, with the mountain biking near Southend in Essex, for instance.”

There is also the reverse impact of the Olympics, with Londoners wanting to “escape” from a clogged city and find some peace and tranquillity in Norfolk, adds Mr Barclay.

“Even if they have an interest and want to watch it on television, it doesn’t necessarily mean they will want to be at home where it is so busy.”

The Olympic torch relay, which will pass through Norfolk, will probably not generate any bookings in Mr Barclay’s view, but as a customer service step all those people staying in cottages near the route will be advised of where the torch will be and when.

And the Queen’s Diamond Jubilee celebrations look set to have a positive impact, especially in increasing the profile of Norfolk because of the Queen’s choice of Dersingham and Sandringham as places to mark Accession Day in February.

Kick-start

Brian Potter, of Potters Leisure at Hopton, who is lobbying for a reduction in VAT rates on certain tourism services.



Tax cut key to growth

Price sensitivity – in other words a consumer's view of how much he or she pays for a service – is sky high these days and extends across the board from the daily shop to the annual holiday.

So when the standard rate of VAT increased from 17.5pc to 20pc on January 4, 2011, it was never going to be good news for anyone other than the Treasury.

There is a theory, however, that the Treasury could actually benefit from reducing VAT on certain services because it could in turn promote so much more activity that the end tax "take" would

remain the same, or be even higher.

Other countries such as Germany, Ireland, Spain and France have taken such measures, typically cutting to single-figure VAT rates on the tourism sector.

It is said to be accepted internationally that the tourism sector reacts to any form of stimulus much more than other sectors. Precedent also suggests that VAT fraud falls when rates come down, another boon to the taxman.

And that is the bare bones of the argument from tourism businesses which would like to see a cut in the 20pc rate for services such as accommodation,

restaurants and attractions.

According to the survey, 46pc of businesses felt the increase in VAT had an impact on their ability to trade. The survey also suggested that all sectors of the tourist industry were impacted.

Asked what the key impact of the rise was, 51pc said reduced profitability, 29pc said the inability to pass on the additional charges to customers and 13pc said it was that they had witnessed a reduction in customers.

While the average tourist may not think immediately about VAT rates, it is clear from the figures that the issue is high on



Brian van Oosten, commercial director of Surya Hotels, which has three hotels including the 81-bedroom Duke's Head in King's Lynn, said there was "no doubt" that if VAT came down the business could reduce prices.

"It would have a direct impact on the leisure market, which is very sensitive to price," he said. "The business market is not so sensitive obviously, but the leisure market responds directly to prices.

"Originally from Holland, I'm well aware of the far, far better VAT levels in other countries. It means we are unfairly penalised and they have an unfair advantage."

Lower prices would make accommodation more accessible both to domestic visitors and those from abroad, said Mr van Oosten.

"We would therefore be looking at even healthier occupancy rates than we have at the moment, which in turn opens up the possibility of more jobs and better wages. Tourism is a huge industry in this county and it is very important to get the sector going – a reduction in VAT rates would certainly do that."

Mr van Oosten was not optimistic about the chances of the UK government matching the lowest European rates, but a reduction might come to fruition if pressure was maintained.



Sudden impact

Brian van Oosten, commercial director of Surya Hotels, who has experience of continental Europe's favourable VAT rates.

the agenda for businesses. Chris Scargill, tourism and leisure partner at Larking Gowen, chartered accountants and business advisors, said: "It's a tougher market out there and there is a lot more price sensitivity.

"If you are given the choice of going to northern France or staying in England, and you are looking at a VAT rate of 5.5pc versus 20pc, it obviously makes a big difference on the price.

"There is now a strong body of views that the government should give this serious consideration. The activity it would promote would weigh well against the loss of tax revenue."

Mr Scargill said the government might ultimately end up with "little choice" about cutting rates.

"While they don't react and don't change rates, they are effectively encouraging people to go abroad," he said. "In many cases, it is cheaper for UK residents to go abroad compared to staying in the country.

"And of course it makes the UK an

“

A cut would create employment and profits

expensive option when trying to attract overseas customers.

"A cut would create employment and profits and boost the feel good factor about the UK – that can only be beneficial."

Brian Potter, chairman of Potter's Leisure resort at Hopton, has been one of the main proponents of such a cut on a regional level.

He has encouraged ministers to follow the lead of other European countries and

said a VAT cut would be the best means of kick-starting growth.

"We certainly don't know all the answers as to how to kick-start and get the confidence and growth back, but what tourism does know is a little about how we in the business could further help boost growth in our economy.

"Most of Europe has reduced its tourism-related VAT rates to stimulate growth, but currently that decision eludes our politicians."

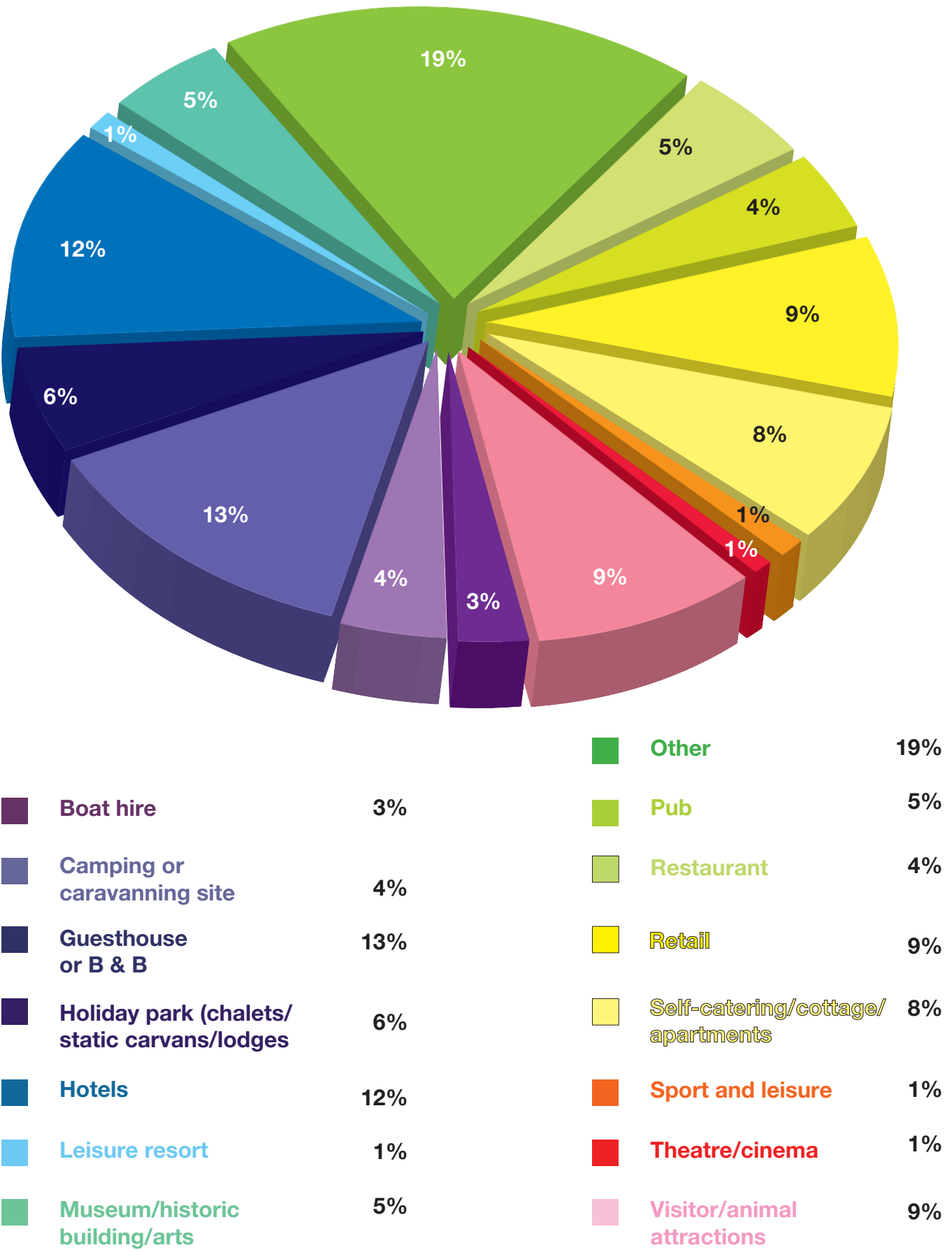
A lower rate would make the UK more equal with Europe and give the UK a level playing field, said Mr Potter.

The matter has reached the House of Commons in the form of an early day motion, which made it clear that EU rules allow such a "sectorally-targeted VAT reduction to support tourism".

It also noted that "targeted VAT reductions to help employment and private sector growth are also compatible with the deficit reduction programmes being pursued by the governments who have introduced them".

Type of business

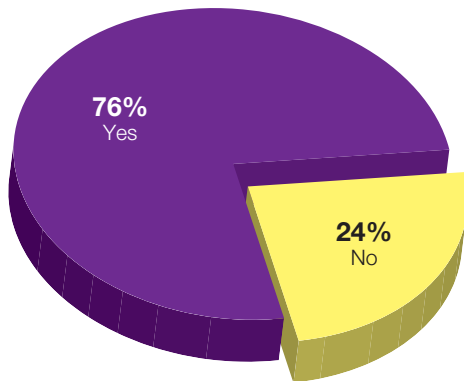
We canvassed the following types of business to arrive at the results for the 2012 Larking Gowen-EDP Tourism Business Survey.



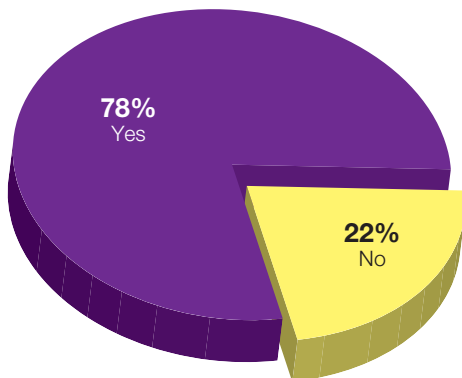
State of the nation

ARE YOU FEELING POSITIVE ABOUT THE FUTURE?

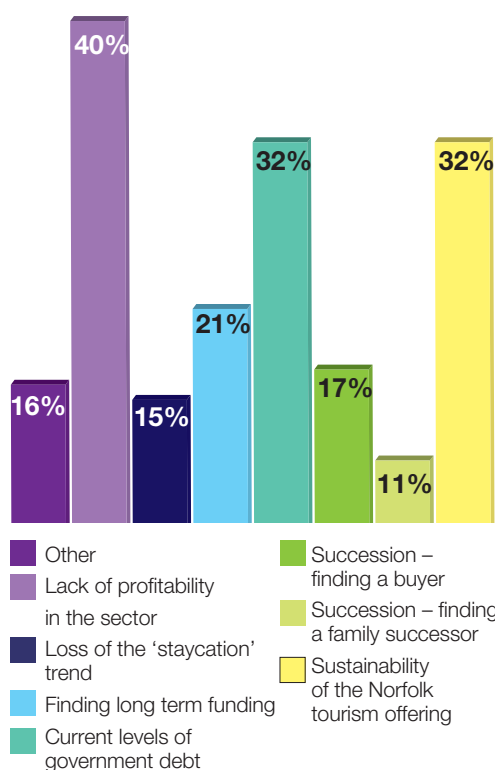
2010-11



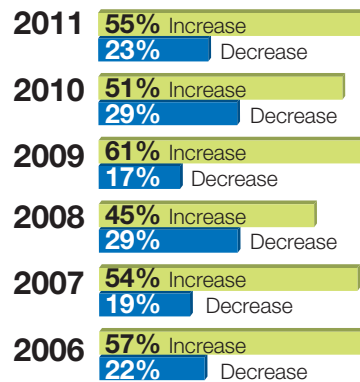
2011-12



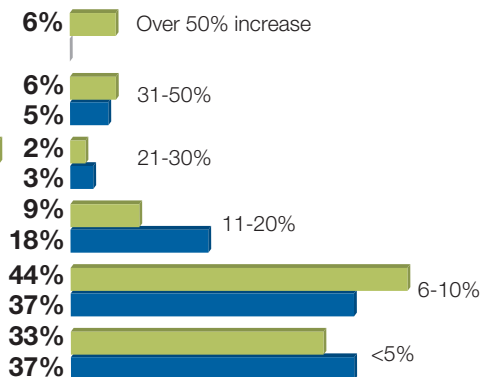
WHAT KEY ASPECTS WORRY YOU MOST ABOUT THE FUTURE?



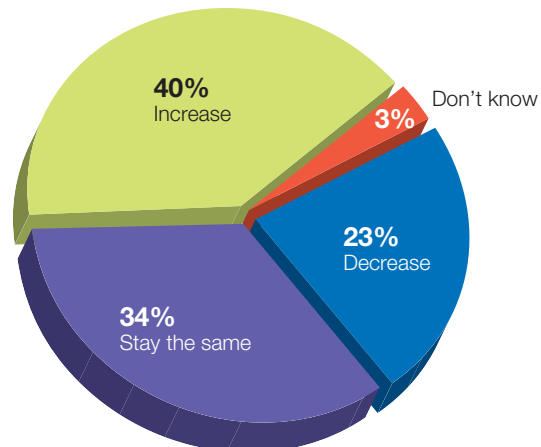
TURNOVER – HISTORIC COMPARISON



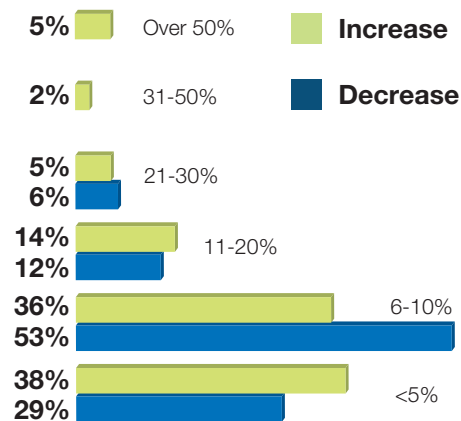
TURNOVER – % INCREASE & DECREASE (2011)



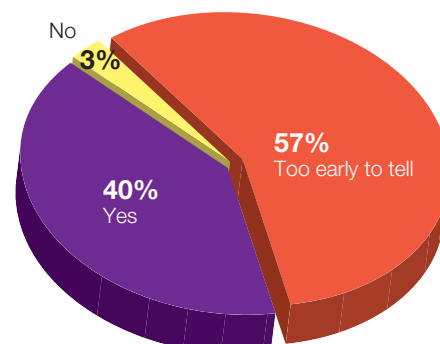
FOR 2012, DO YOU EXPECT TURNOVER TO...



WHAT % INCREASE OR DECREASE IS PREDICTED FOR 2012

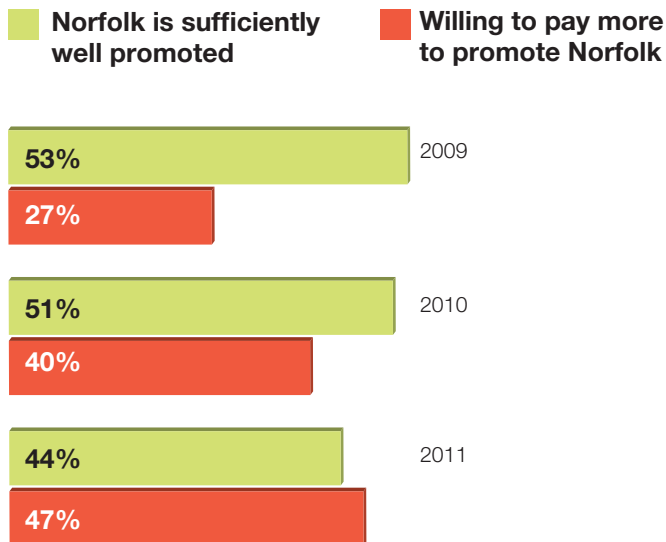


ARE DESTINATION MARKETING ORGANISATIONS GOOD FOR TOURISM?

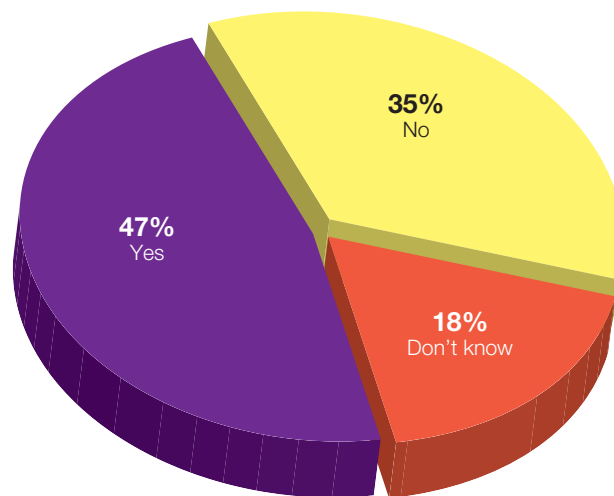


State of the nation

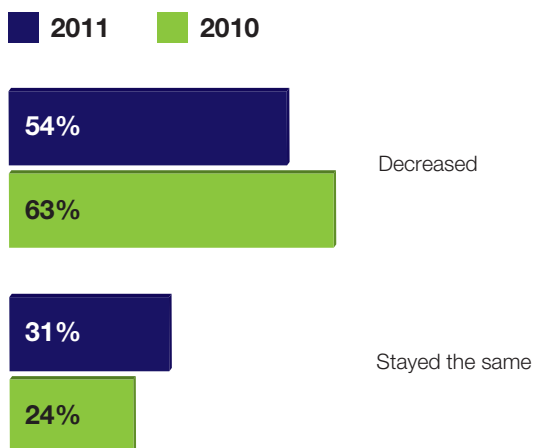
IS NORFOLK WELL PROMOTED?



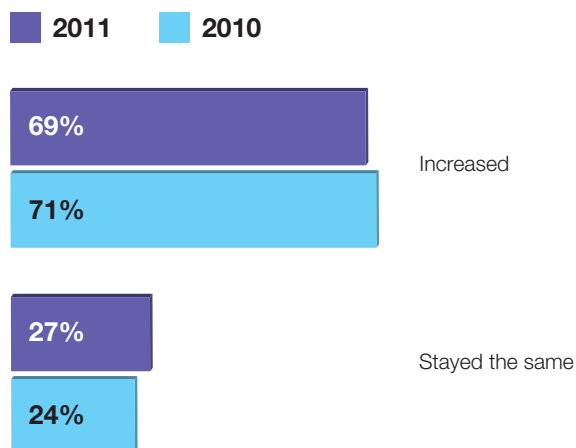
DOES BROADBAND SPEED AFFECT YOUR TRADE?



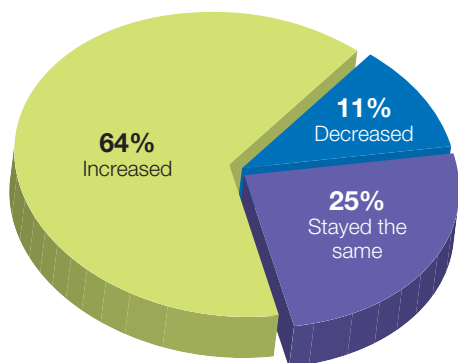
SECONDARY SPEND - COMPARATIVE



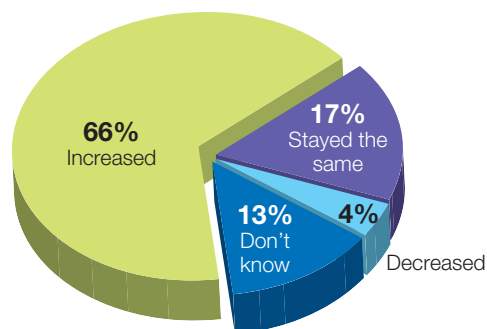
PERCENTAGE OF CUSTOMERS STICKING TO A BUDGET



NUMBER OF SHORT STAYS

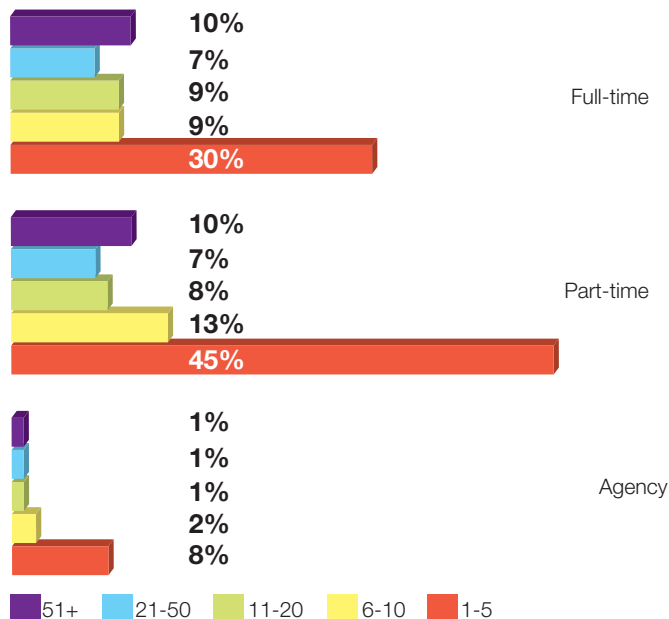


NUMBER OF LATE BOOKINGS

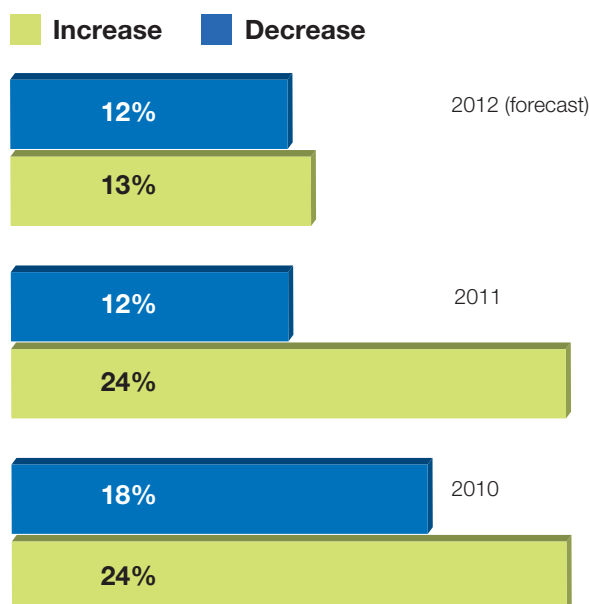


Employment

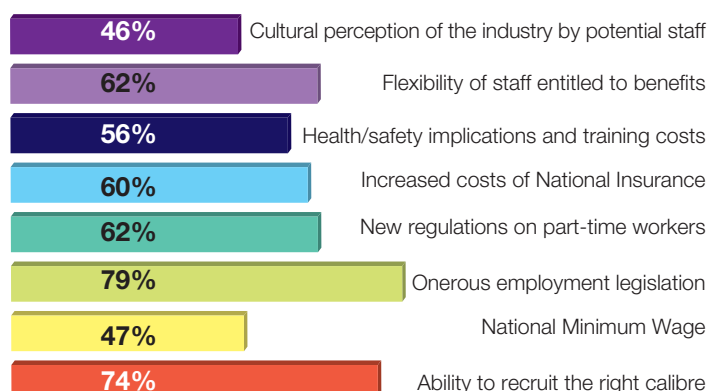
OVER THE YEAR HOW MANY PEOPLE DO YOU EMPLOY?



STAFF NUMBERS

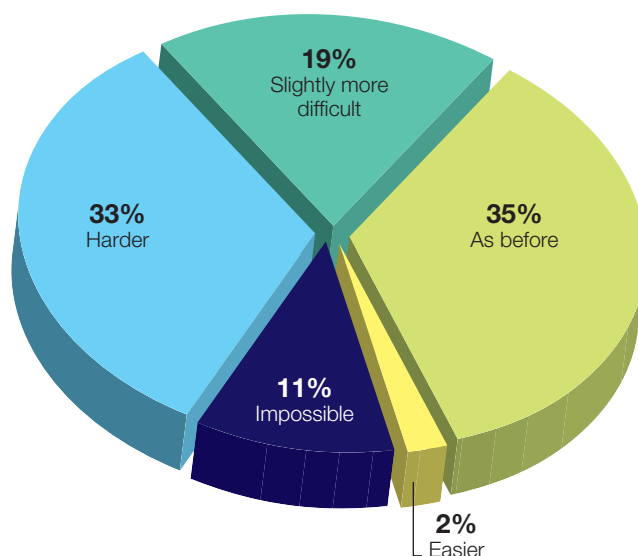


WHAT DO YOU CONSIDER THE BARRIERS TO BE?

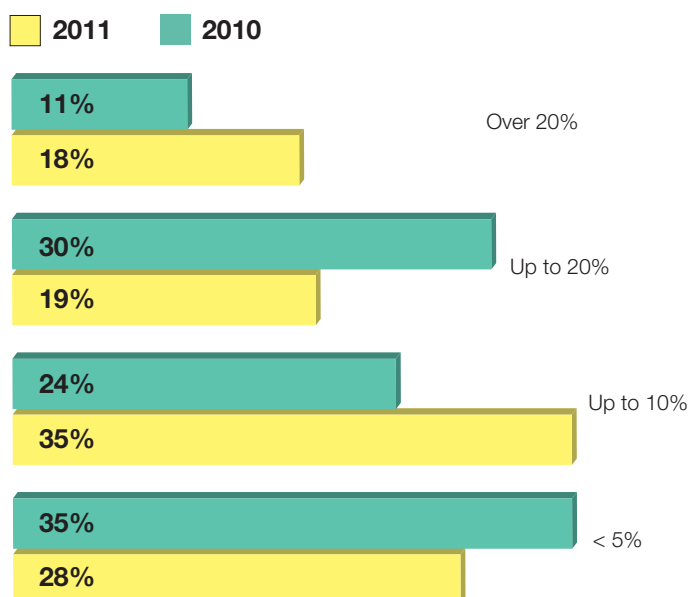


Investment

HOW HAVE YOU FOUND GETTING FUNDING/LOANS/OVERDRAFTS FROM BANKS IN THE LAST 12 MONTHS



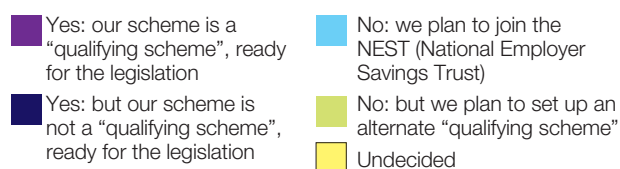
PERCENTAGE OF TURNOVER USED TO ENHANCE BUSINESS



WORKPLACE PENSIONS

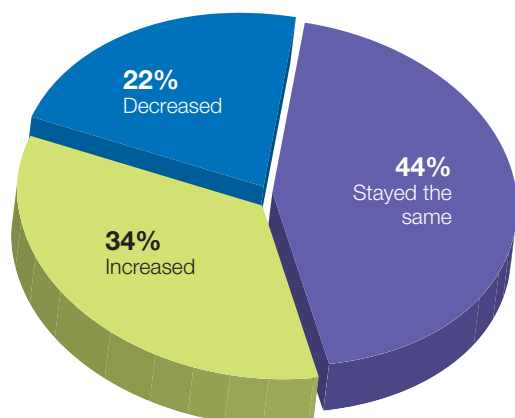
Do you have a current scheme?

... and what are your plans to implement?

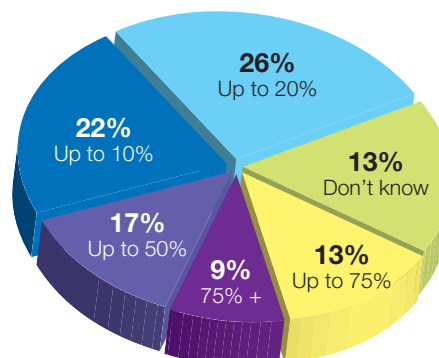


Promotion

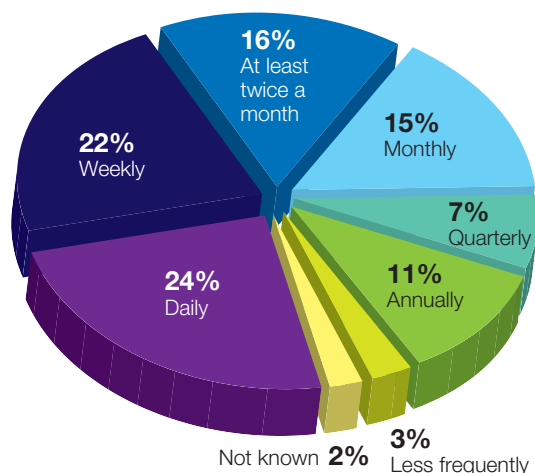
HAS THE AMOUNT SPENT ON PROMOTION/MARKETING CHANGED IN THE LAST YEAR?



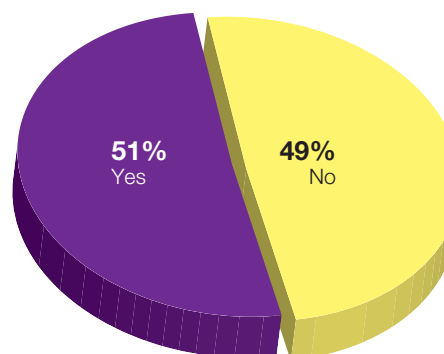
WHAT PROPORTION OF YOUR BUSINESS DO YOU EXPECT TO BE GENERATED BY YOUR WEBSITE?



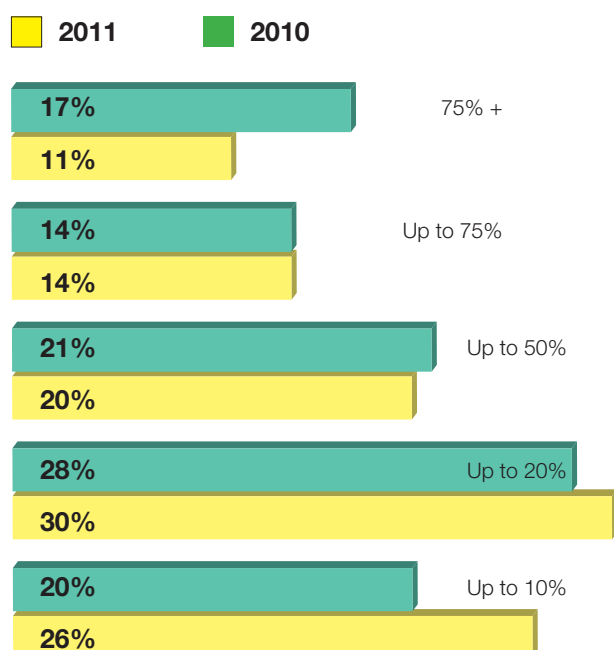
OUR WEBSITE IS UPDATED...



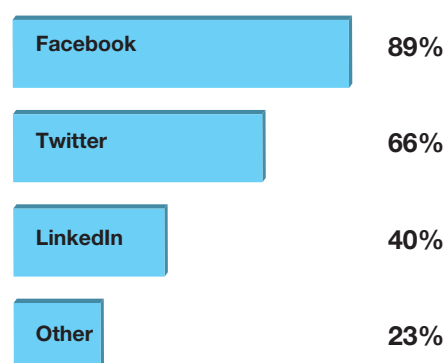
CAN YOU TAKE BOOKINGS ONLINE?



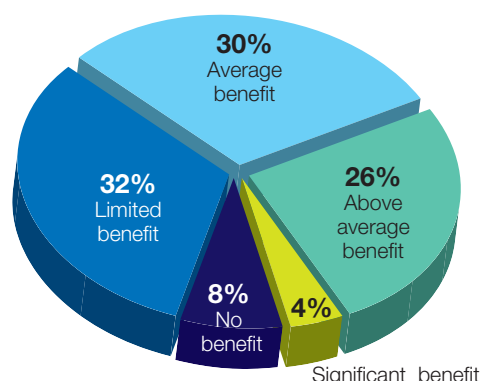
PROPORTION OF BUSINESS GENERATED BY OUR WEBSITE...



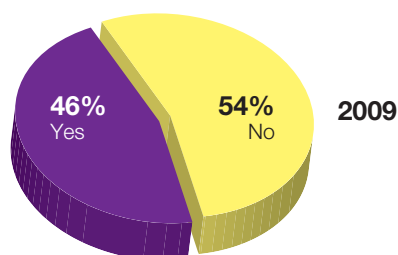
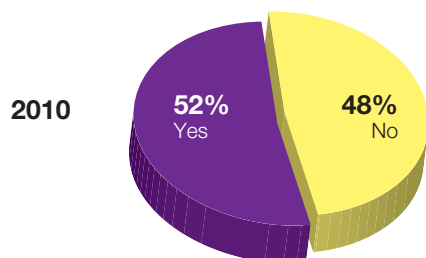
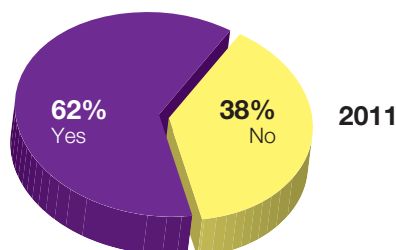
WHICH SOCIAL MEDIA DO YOU USE?



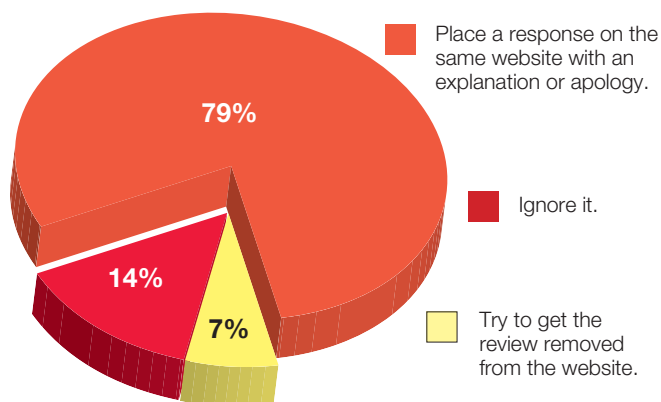
HOW SUCCESSFUL HAS SOCIAL MEDIA BEEN IN PROMOTING YOUR BUSINESS?



MONITORING TRIPADVISOR HISTORY

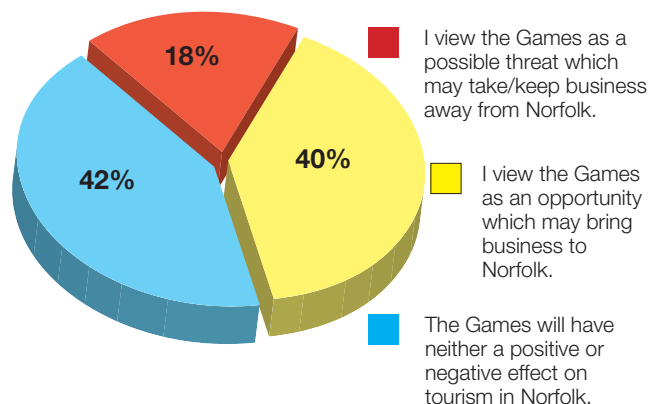


HOW WOULD YOU RESPOND TO A NEGATIVE ONLINE REVIEW/COMPLAINT?



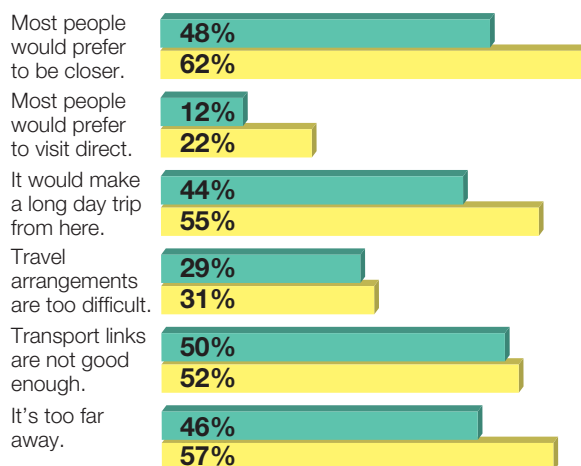
Olympics

WHICH IS MOST RELEVANT?

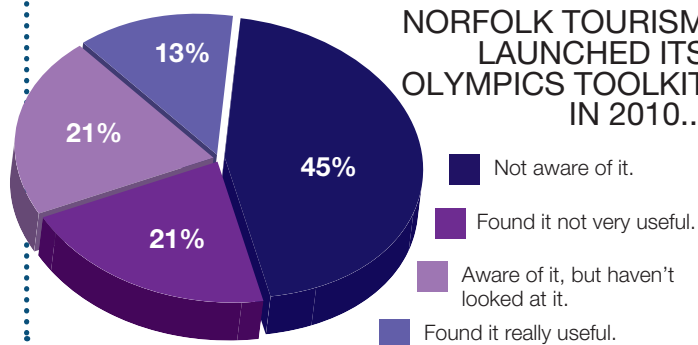


VISITORS WILL NOT USE NORFOLK FOR THE OLYMPICS BECAUSE...

(opinion as at January) **2011** **2012**

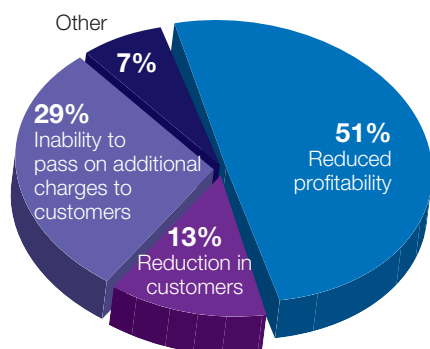


NORFOLK TOURISM LAUNCHED ITS OLYMPICS TOOLKIT IN 2010...

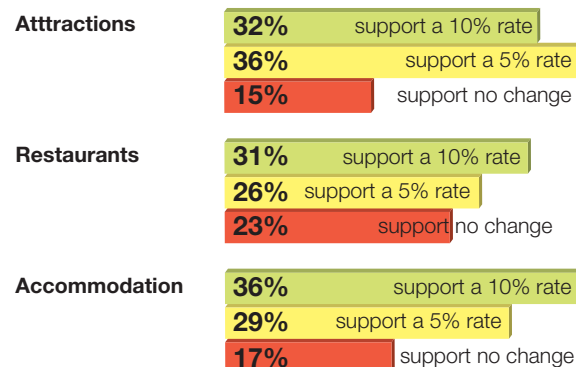


KEY IMPACT OF VAT CHANGES

VAT



PROPOSED VAT RATES





CONTACTS

Breckland Tourism

www.brecks.org

Broads Tourism Forum

www.broads-authority.gov.uk/managing/sustainable-tourism

Discover South Norfolk

www.south-norfolk.gov.uk/visiting

Eastern Daily Press

www.edp24.co.uk

EDP Tourism Awards

<http://services.edp24.co.uk/norfolk/tourism-awards/>

Great Yarmouth Tourism

www.great-yarmouth.co.uk

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New Anglia Local Enterprise Partnership

www.newanglia.co.uk

Norfolk Broads

www.norfolkbroads.com

Norfolk Coast Partnership

www.norfolkcoastaonb.org.uk

North Norfolk Tourism Forum

www.nnbf.co.uk/trt.htm

Norfolk Tourism

www.visitnorfolk.co.uk

Norwich Print Solutions

www.norwichprintsolutions.co.uk
01603 430730
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NW Brown

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NTAA

www.norfolktouristattractions.co.uk

Take One Media

www.takeonemedia.co.uk
08454 707606
andrew.hird@takeonemedia.co.uk

Visit East of England

www.visiteastofengland.com

Visit Norwich

www.visitnorwich.co.uk

Visit West Norfolk

www.west-norfolk.gov.uk

We asked the Business Tourism Survey sponsors for their take on Norfolk's tourism businesses in 2012...



“
PETER SHEPPARD

LEATHES PRIOR
SOLICITORS

The tourism industry, which tends to be labour intensive, presents many challenges to the employer and employment law advisers. The need to ensure that employees can be engaged in the most flexible manner is vital, and an understanding of topics such as employment status, seasonal working, holiday accrual and pay and Working Time Regulations is crucial. Too many employers do not choose, or are unaware of, the best way to contract with their labour and in doing so find they are hamstrung by an inflexible workforce or, worse still, find themselves on the wrong end of Tribunal claims or HMRC enquiries. We work with our tourism employers to ensure they are able to operate as dynamically as possible.

“
DEBBIE EVANS



The NW Brown Group is firmly committed to supporting the tourism industry in Norfolk, recognising that it is a key local employer and contributor of revenue to the County. As one of the region's leading providers of financial services, our expertise includes insurance, pensions, investments and employee benefits. Our advice is offered from a viewpoint that is completely independent – an increasingly rare and valuable commodity in today's markets. If you would like to know more about NW Brown, please do not hesitate to contact us.



“
DANIEL MESTON



Tourism not only has an important role to play within the local economy, but, as most tourism business owners would agree, businesses within the sector require regular investment to ensure that service and quality standards are maintained. However, it appears that tourism businesses, like businesses within any other sector, remain hesitant to approach local managers, due to the continued perception that bank's aren't lending to SME customers. Not all banks will have the same views on the strength of a lending proposal; with a clear understanding of the business, the individuals within it and their ability to repay. The earlier the relationship manager can be involved in understanding the objectives of the business, the more likely they will be able to find a way of assisting.

Lloyds TSB | Commercial

“
ANDREW HIRD



We need a more widespread acceptance in Norfolk that marketing spend needs to increase. Some other counties' marketing budgets are colossal in comparison. The model is “you don't pay, you don't play”. There are key players in Norfolk tourism who understand this, and it's up to those of us who do understand to persuade the rest of the sector to the same point of view. It's now up to the private sector businesses within Norfolk tourism to do this. Collectively, we can achieve more to market our remarkable destination.



“
PIPPA REDMOND



NORWICH
PRINT • SOLUTIONS

The old adage that “a picture can speak a thousand words” is never more true than when imagining the many and varied tourist destinations here in Norfolk. From the tranquil Broads and stunning coastline to our magnificent buildings – cathedrals, castle and medieval architecture – Norfolk offers businesses in the tourism sector a wealth of opportunity for eye-catching marketing material. Despite the increase in e-marketing and social media in recent years, tourism remains one of the industries where printed material remains as important as ever and we applaud those individuals and companies in the sector who capitalise so wonderfully on the abundance of marketing opportunities which are right on our doorstep.



your future is our future

*For an informal chat
on business or
personal affairs*

Call Chris Scargill

0845 4081732

www.larking-gowen.co.uk

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TOURISM &
HOSPITALITY