



**BUSINESS CONFIDENCE
IN RURAL TOURISM 2004**

January 2005

HEADLINE FINDINGS

- **Over 84% of those surveyed were “quite to very confident” in the short to medium term future of their rural tourism business**
- **59% of businesses were constrained by either red tape (24%), planning regulations (19%), or location (16%)**
- **54% gained the greatest assistance from either being a member of the Regional Tourist Board (25%) or through membership of a trade association (29%)**
- **Some 33% of rural tourism businesses needed access to grant advice in improving business competitiveness**
- **36% believed that sign-posting of information to the rural tourism operator and better signage for visitors would be beneficial to business development**

THE RURAL TOURISM CONFIDENCE INDEX (RTCI)

The Rural Tourism Confidence Index (RTCI) assesses the state of the rural tourism sector. The RTCI is produced annually to provide a picture of business confidence in the rural tourism sector.

OVERVIEW

Rural tourism in England and Wales generates at least £16 billion per year¹, making up a substantial part of the overall £73 billion² for tourism as a whole. It is also the case that many land based enterprises recognise tourism as a significant additional income and will be encouraged to diversify from their primary business. This is particularly so given the introduction of the Single Farm Payment.

METHODOLOGY

The CLA e-mailed a statistically relevant sample of 510 rural tourism operators in England and Wales, who are CLA members, during January 2005. The overall response rate was 17%, higher than the nationally recognised average of 10%.

For the purpose of the analysis, the RTCI identified 8 different types of rural tourism business as follows:

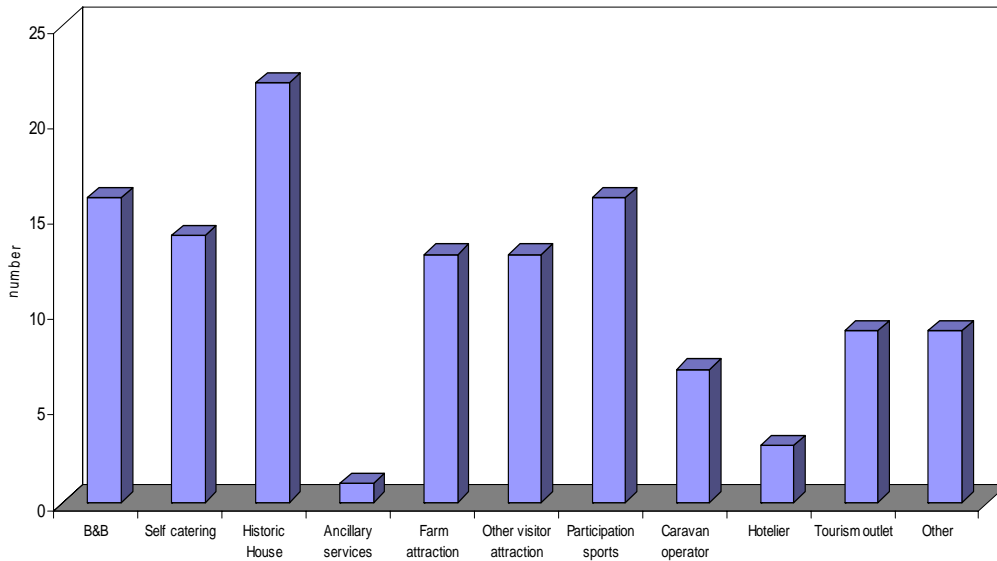
1. Bed and Breakfast
2. Self catering cottage
3. Caravan operator (static and touring)
4. Open farm
5. Other visitor attraction
6. Historic house
7. Ancillary tourism services
8. Participation sports (including shooting, fishing, canoeing etc).

The number of businesses, per category, is shown in graph 1 below.

¹ Source: VisitBritain 2004

² Source: VisitBritain 2004

Graph 1: Types of Rural Tourism Business

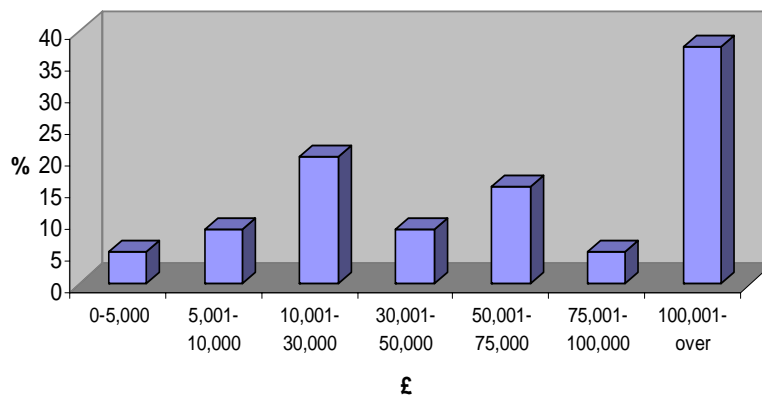


THE MAKE-UP OF THE RURAL TOURISM ENTERPRISE

Turnover and hours worked

Over 57% of rural tourism businesses have a turnover of over £50,000 per annum. However, only 11% of businesses surveyed are wholly devoted to rural tourism (graph 3).

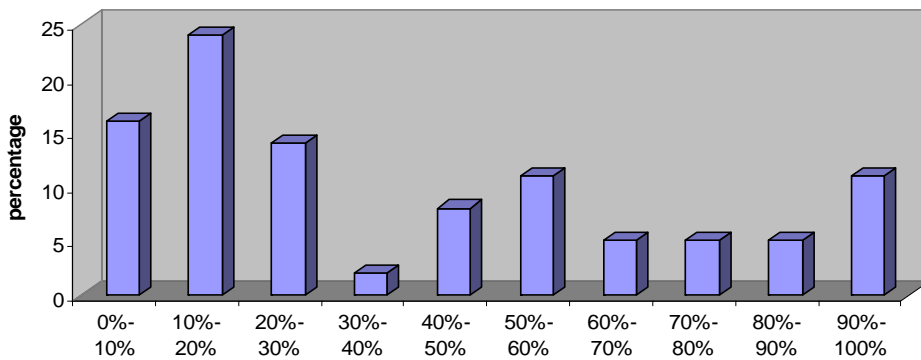
Graph 2: Annual turnover of rural business



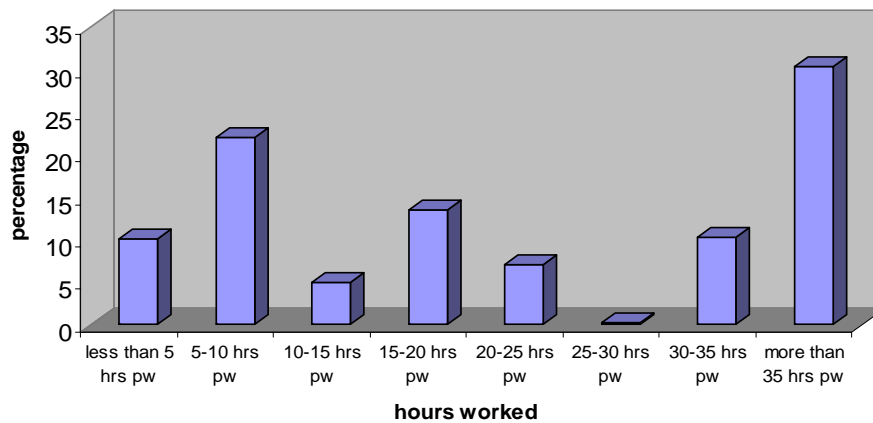
Percentage of overall business devoted to rural tourism enterprises

Graph 3 shows that there is a significant number of respondents who devote less than 50% of their overall business to a rural tourism enterprise. In terms of the numbers of hours worked (graph 4) it is not surprising that nearly 41% devote more than 30 hours to the rural tourism business.

Graph 3: % of business devoted to rural business



Graph 4: Percentage of hours worked

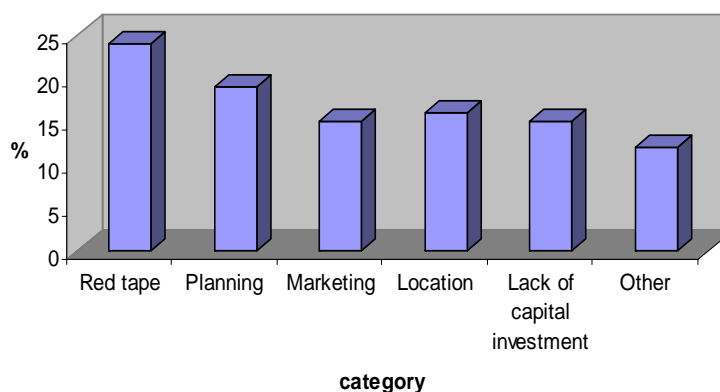


CONSTRAINTS, ASSISTANCE AND IMPROVING BUSINESS COMPETITIVENESS

Constraints

The RTCI shows that, in terms of the constraints faced by rural tourism operators, there remain three main problem areas – red tape (24%), planning (19%), and location (16%). It is still very much the case that rural tourism operators feel constrained by the imposition and lack of flexibility of the planning system. However, it is notable that for many, red tape is becoming an increasingly serious burden on business development and enterprise.

Graph 5: Constraints on business development

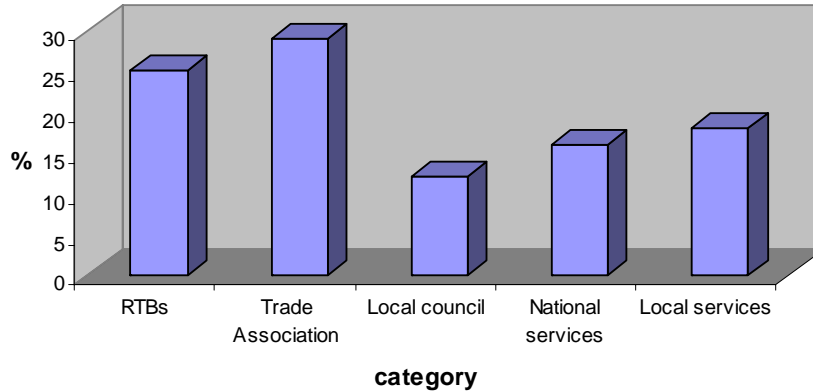


Assistance

In terms of the type of assistance used by rural tourism operators based on the survey findings, a quarter of operators are members of their respective Regional Tourist Boards (25%) and gain significant assistance in the form of advice and regional marketing efforts. However, this is some 10% down on the findings of the 2002 RTCI and it is interesting to note that there appears to be a greater reliance on assistance from an operator's trade association. This can be partly attributed to the type of respondents surveyed but also to the series of changes that have taken place to the RTBs over the last year. There is little doubt that, in the short term at least, rural tourism operators believe that the changing character and functions of the RTBs have had a negative impact on business. There is also the perception that the national promotional campaigns run by VisitBritain have not been that successful.

On a more positive note, there has been a 5% increase in the number of rural tourism businesses relying on information from local authorities when compared with 2002 (from 7% to 12%), suggesting that rural tourism is now being considered as more of a priority. However, there remains evidence that local authority spending on rural tourism continues to be squeezed.

Graph 6: Aids to business development

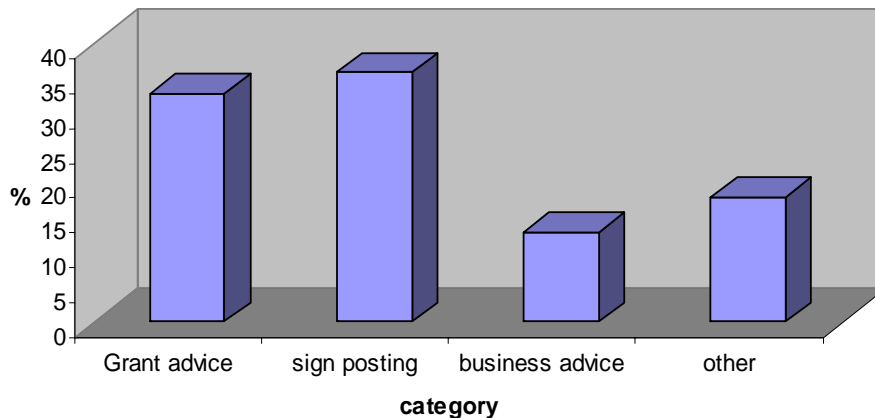


Increasing business competitiveness

A large percentage of rural tourism operators (36%) believe that adequate sign-posting is a valuable tool in safeguarding business efficiency. Sign-posting in this sense takes two forms: firstly, the ability to sign post information for the benefit of the operators themselves; and secondly, sign-posting the business to the visitor.

There remains a sizeable percentage (33%) who view grant advice as necessary in being able to expand the business. But there remains the perennial problem over the lack of clear information on the types of grants available, the eligibility criteria involved and the sheer complexity of the application process. The efforts by government to streamline the current grant provision is clearly welcomed by the rural tourism sector but many respondents indicated that a great deal will depend on effective implementation.

Graph 7: Increasing business competitiveness



CONFIDENCE IN THE SHORT TO MEDIUM TERM

According to the survey results, 61% of respondents were quite confident for the future of their business with a further 23% being very confident. Only 5% were not very confident in the short to medium term future with the remaining 11% still being slightly confident. The survey results clearly indicate that there is an underlying optimism within the sector, despite vagaries such as the weather.

Graph 8: Business confidence in the short to medium term

