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Destination North East England

Quarterly Research Report

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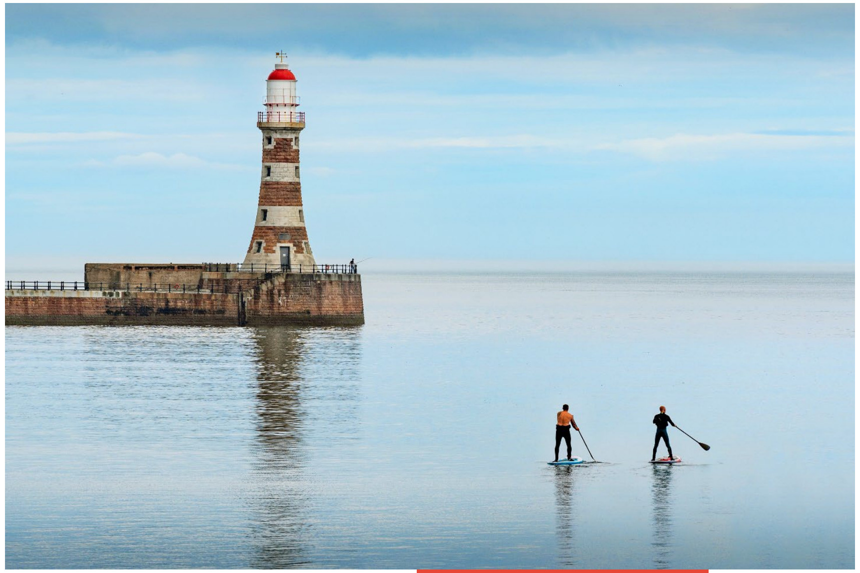


Roker Pier image © David Allan

Executive summary

Key takeaways from this edition:

New card spending data from VisitBritain tells us that the North East's top markets by spend include four English-speaking markets (USA, Republic of Ireland, Australia and Canada) as well as China, Germany and Saudi Arabia.

As blended travel becomes more popular, delegates in NewcastleGateshead are staying 28% longer.

Following exceptional performance in summers 2022 and 2023, regional hotel occupancy has returned to levels consistent with the pre-pandemic norm.

Visits to visitor attractions in the North East continued to recover last year; however, they were still significantly down on pre-pandemic levels.

40% of consumers use AI to research holiday destinations. Very popular among 18-34-year-olds, over-65s are also using AI - 30% use it for destination research.

UK consumers are still looking to save money on domestic trips due to financial pressures.

Introduction

Welcome to the second edition of Destination North East England's quarterly visitor economy insights report.

Drawing from a range of sources, this report provides an overview of the latest data and reports relevant to the North East's visitor economy, identifying challenges, opportunities and trends to inform visitor economy stakeholders.

This edition includes a first look at trends in credit card spend by travellers, an update on occupancy figures and latest feedback from North East businesses.

The report then looks ahead to key events, openings and investments this year, before providing a roundup of the industry's recent publications and reports.

We'd love to hear what you think about the report. Please email research@ngi.org.uk with any comments or suggestions.

Card spending trends in 2023

VisitBritain has subscribed to card spending data for the first time and has released a report on Visa spending which focuses on inbound spend to Britain from 2021-2023.

They will soon launch an interactive dashboard which will include both domestic and inbound data from 2019 up to the most recent month in 2024 – offering a vast array of insights into visitor origin and what they spend money on and when.

This first report includes a wealth of market insights including:

- In the UK the average spend per transaction for an international visitor using a consumer card is £34, for international travellers using a business / commercial card, it's £62 – further evidence that business travellers spend more per day.
- Using spend data to measure seasonality, we see Northumberland over-indexes on visits from June to August and under-indexes at the start and end of the year.
- In County Durham and Northumberland, the top two areas for spending are 'restaurants and nightlife' and 'food and grocery'.
- In Tyne & Wear, the top two areas for spending are 'retail' and 'restaurants and nightlife'.

Top origin markets according to spend 2023

The table below outlines the North East's top international markets by spend. They include four English-speaking markets (USA, Republic of Ireland, Australia and Canada) as well as China, Germany and Saudi Arabia.

VisitBritain has produced a set of market snapshots for international visitors to help businesses market to, cater to and welcome international visitors. There is also a webinar series which covers market insights by international region as well as any upcoming VisitBritain activities and opportunities in those regions.

Top origin markets according to spend 2023

Destination	1	2	3	4	5
County Durham	USA	China Mainland	Republic of Ireland	Australia	Germany
Northumberland	USA	Republic of Ireland	Australia	Germany	Canada
Tyne & Wear	USA	Republic of Ireland	China Mainland	Australia	Saudi Arabia

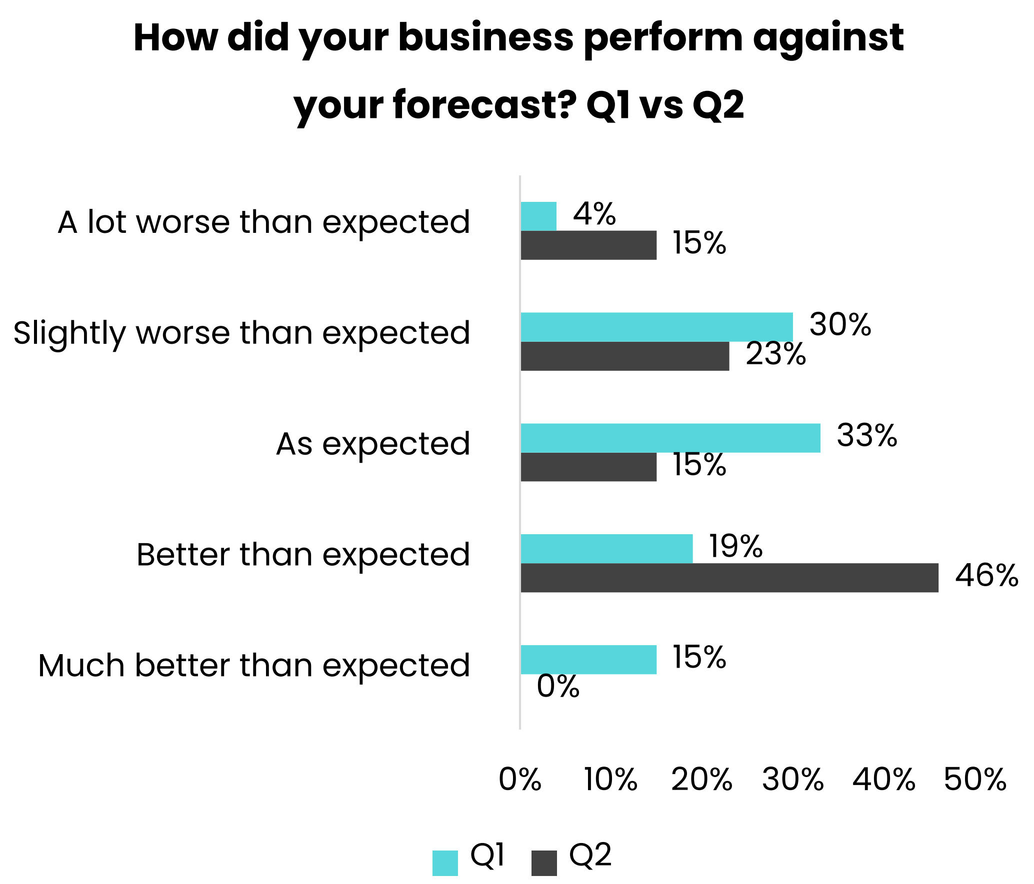
2024 Q2 (Apr–Jun) performance

On behalf of Destination North East England, NewcastleGateshead Initiative conducts a quarterly visitor economy business survey to gather intelligence and feedback from businesses on their performance, challenges and concerns.

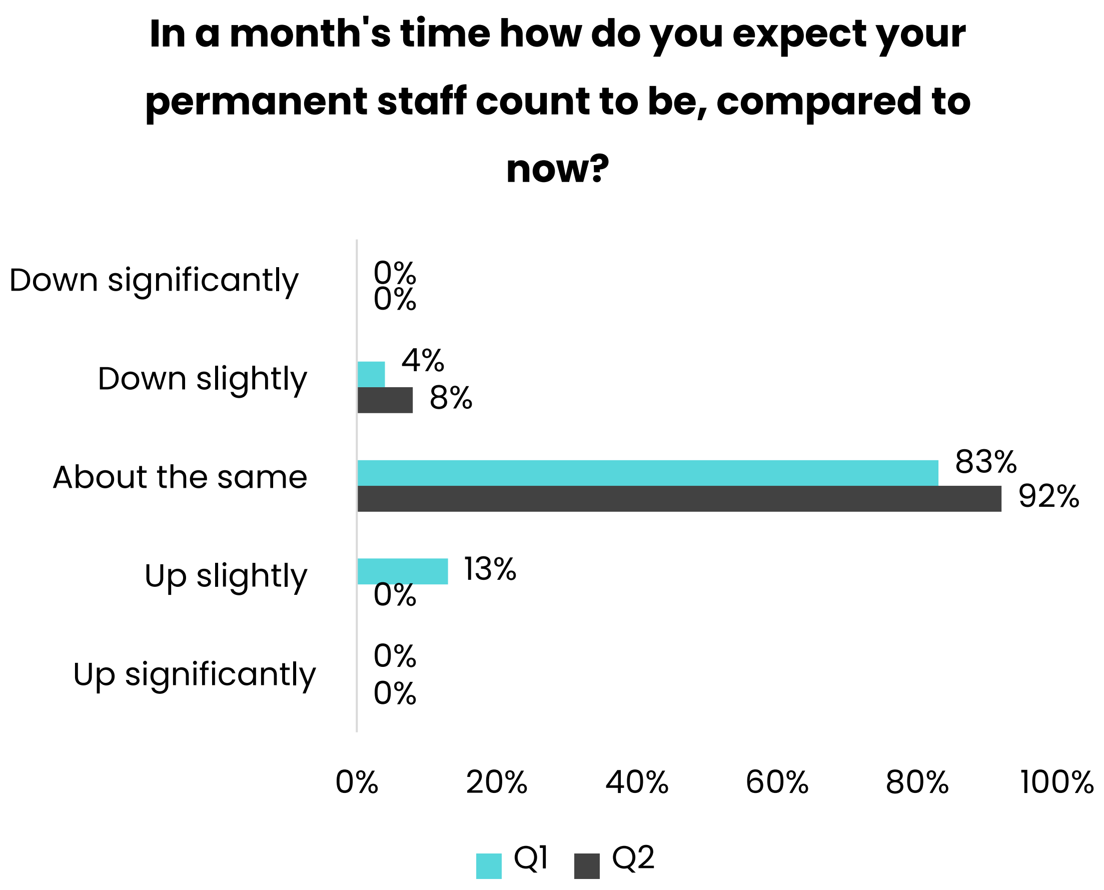
The results of the Q2 survey show that almost half of North East visitor economy businesses did better than expected in Q2; however, 15% said they did a lot worse than expected.

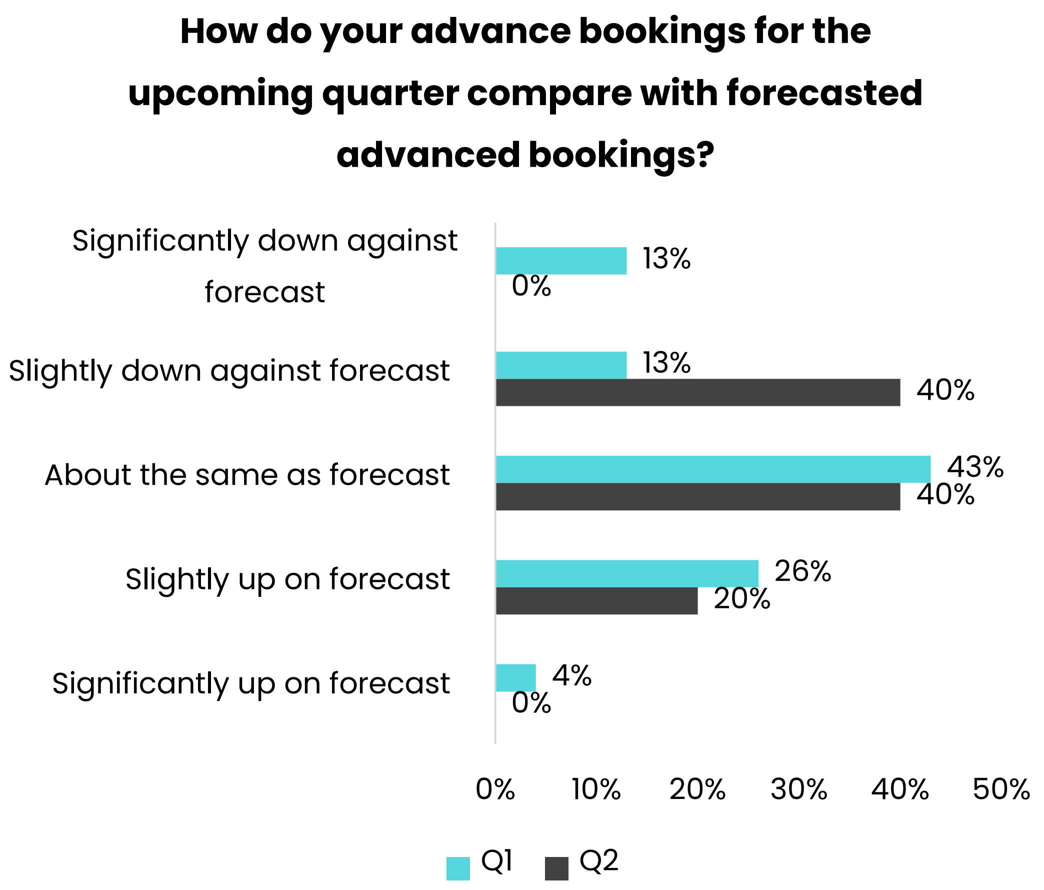
As in Q1, the range of responses is in large part due to the variety of business types and business locations. For example, some businesses are more adversely affected by disappointing UK weather.

On the following slide we see that staff count was expected to remain steady and advance bookings for Q3 were not far off forecast, both suggesting relative stability despite some businesses experiencing below expectations Q2 performance.



Staff count and forecast bookings





April–June challenges and other feedback

The most frequently reported challenges following Q2 were the **cost of living** limiting consumer spend; **increased operating costs**; and the **rise in national minimum wage**. Transport and access issues were also mentioned, and the weather is a big factor for many businesses in rural areas. Late booking trends are making it hard to plan e.g. for staffing and food ordering.

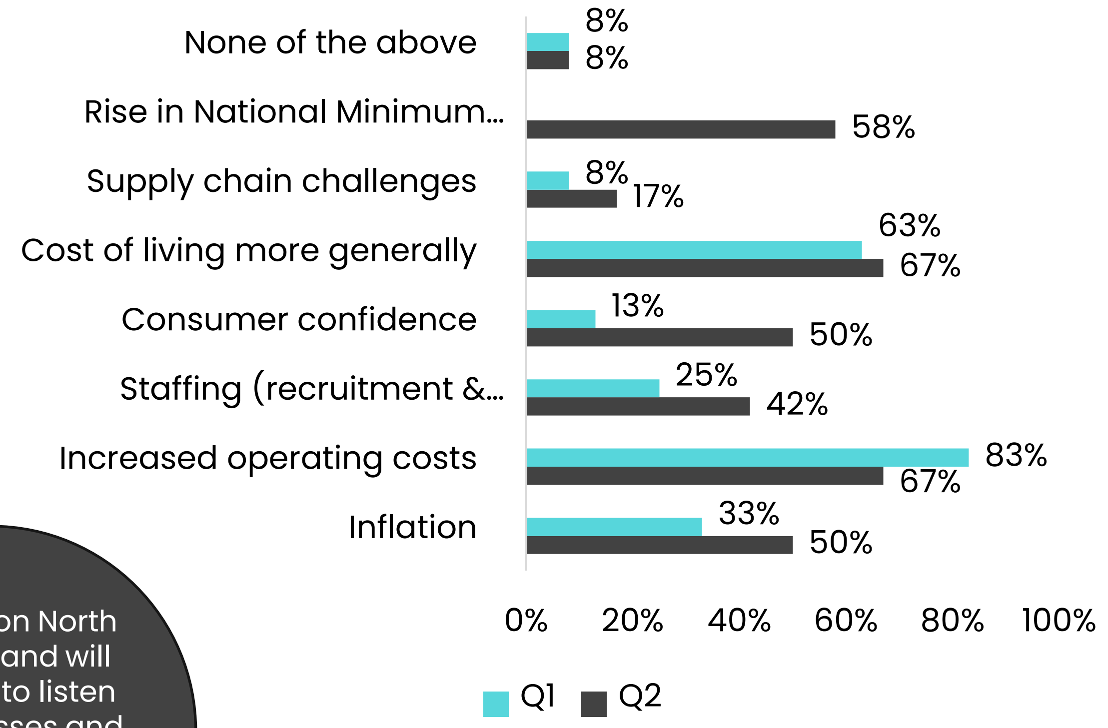
Newcastle city centre hotels have observed stronger midweek business but less weekend demand – perhaps due to the changing product within the city. **New developments** like STACK and Eldon Square's new leisure zones are welcome additions which can help attract the return of small leisure groups.

Blended travel also has the potential to make a positive impact on weekend performance. Figures from NewcastleGateshead Convention Bureau show that so far this year, those visiting the city as part of a conference or business event are staying in the city 28% longer than during the same period in 2023.

Businesses were asked what policies or business support would benefit them most. Common answers included **reduction in VAT and / or business rates**; **assistance with energy bills**; funding for **destination marketing**; and **events** to attract visitors during weekends without home football matches.

Destination North East England will continue to listen to businesses and use feedback to lobby on behalf of the industry on key issues.

What are the biggest challenges your business faces?



Hotels performance

England

Month	Occupancy	Change on 2023	ADR	% change on 2023	RevPAR	% change on 2023
May	74%	-3pp	£158	0%	£117	+1%
June	74%	-7pp	£175	-1%	£130	+1%
July	75%	-6pp	£167	+3%	£124	+7%
August	72%	-5pp	£154	+4%	£111	+8%

North East

Month	Occupancy	Change on 2023	ADR	% change on 2023	RevPAR	% change on 2023
May	78%	+1pp	£87	+4%	£67	+3%
June	75%	-9pp	£93	-5%	£70	-16%
July	76%	-10pp	£84	-11%	£64	-20%
August	76%	-8pp	£81	-4%	£62	-11%

Across England, occupancy rates have been lower in May-August this year than in 2023.

The North East has seen a more pronounced year-on-year fall in occupancy for June-August and significantly reduced ADR and RevPAR.

(VisitEngland data)

Short-term rental properties performance

UK

Month	Occupancy	Change on 2023 (percentage points)	% change on 2019 (percentage points)
April	42%	-7pp	-10pp
May	47%	-2pp	6pp
June	47%	-4pp	-8pp
July	51%	-4pp	-8pp

North East

Month	Occupancy	Change on 2023 (percentage points)	% change on 2019 (percentage points)
April	43%	-9pp	-9pp
May	47%	-4pp	-5pp
June	48%	-6pp	-7pp
July	51%	-7pp	-8pp

Across the UK and North East England, we're still seeing a decrease in occupancy rate for short-term rentals compared to 2023 and 2019 figures.

In comparing to 2019, it's important to note there are 68% more non-serviced properties in the region than in 2019. In July 2024 there were 133% more nights reserved in the region's non-serviced accommodation than in July 2019.

(VisitBritain data)

Accommodation performance insights

Context

- A fall in occupancy is consistent with the findings of the Domestic Sentiment Tracker (see page 16) which has consistently found this year that UK residents intend to take fewer domestic trips due to the rising cost of living.
- Newcastle city centre hotels in particular have pointed to lack of headline events in 2024 affecting their performance and this will be a contributing factor in occupancy as well as ADR and RevPAR achieved.
- Hotel occupancy in the North East was particularly high (over 80%) in July and August 2022 and June, July and August 2023. These figures are exceptional, higher than the region's 2019 norm and higher than England's norm.
- It's well documented that consumers are willing to treat themselves on one-off and not-to-be-missed experiences, particularly gigs and events.

Deductions

- The pronounced year-on-year fall in hotel occupancy can largely be explained by exceptional performance in 2023. We have now returned to levels consistent with the pre-pandemic norm, in the North East and nationally.
- Cost of living is affecting demand and consumers are looking to save money unless it's for something they feel they don't want to miss. North East England's hotel performance has been affected by a combination of cost-of-living rises and there being fewer headline events in the region this year to attract visitors willing to pay a premium.

Destination North East England and LVEPs NGI, Visit County Durham and Visit Northumberland continue to bid into funding pots to deliver marketing campaigns, such as New Adventures, to increase demand and support occupancy, ADR and RevPAR growth.

Recent investments

The visitor economy in the North East has seen several new and exciting investments in spring and summer 2024. Highlights are listed below.

The opening of **Beamish Museum's** 1950s cinema, toy shop, electrical shop and record store.

Independent and national retail brands opening in the region e.g.

- **Sephora** - the international beauty brand opened two stores – at Eldon Square and Metrocentre.
- **Mango** - opened a new store in the Metrocentre this summer, the biggest one in the region.
- **Søstrene Grene** - the Danish homewares retailer opened a new shop in Newcastle's Eldon Square this summer.

The region continues to build on its excellent food and drink offer, with new openings such as:

- **St. James' STACK** presented by Sela - the 3,000-capacity fan zone crafted of 56 repurposed shipping containers opened on the 8th August and aims to create a vibrant entertainment hub.
- **Sheepfolds Stables** Sunderland - the new £4m leisure development opened on the 2nd August after much anticipation.
- A smorgasbord of new dining options opening in Newcastle including Thali Tray Sandyford, Kaapi Café, Souffle Baby, Dinithi Café and Little Bao Boy.

Future investments

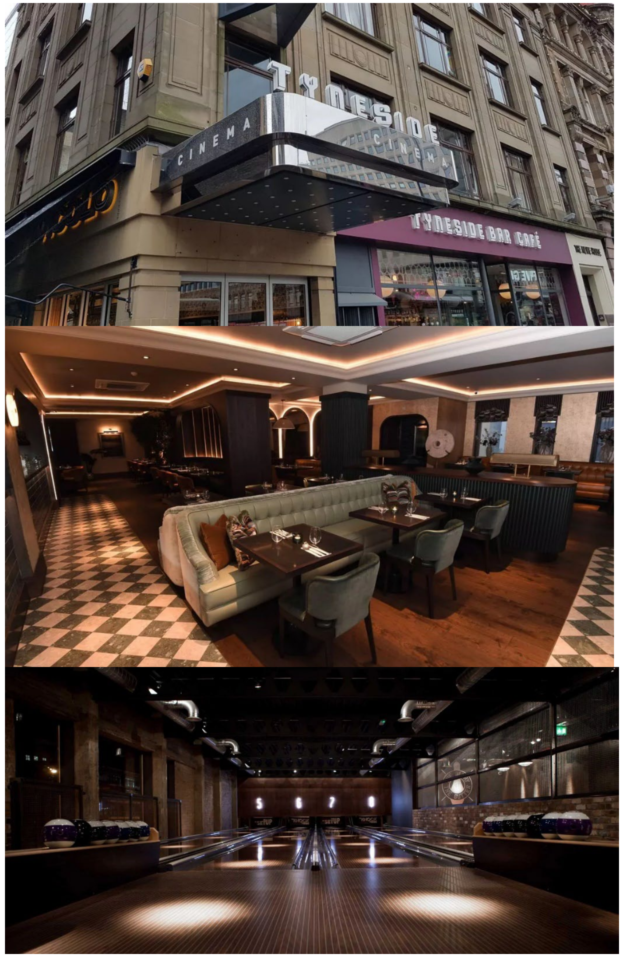
We've also seen some exciting announcements about new visitor economy investments, including:

Lane 7 has announced it is opening two new sites in its Newcastle hometown this year. The brand has confirmed it will open its second venue at The Gate, as well as opening a third site on Northumberland Street, in the basement of the former Sports Direct store, creating a new gaming experience with bowling, arcade games and other activities.

Tyneside Cinema has secured a £700,000 boost from the North East Social Investment Fund, managed by Northstar Ventures.

Ramside Estates plans to "significantly improve" the leisure offer at the four-star Ramside Hall Hotel with new facilities at the golf course and clubhouse looking set for approval. Under new plans, which will be discussed by Durham County Council's Area Planning Committee, the business would extend the clubhouse and driving range to provide a two-storey driving range with "state of the art ball tracing technology".

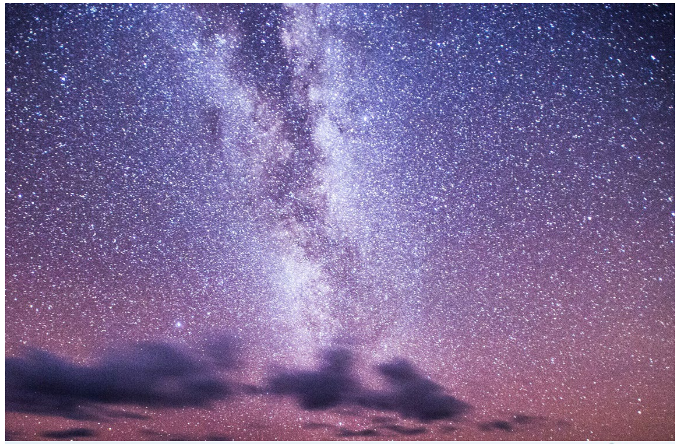
Six by Nico has submitted plans to convert the former Cooperative Bank site within Norfolk House on Grey Street into its first North East restaurant offering a new fine-dining experience.



Upcoming events

Festivals and events set to bring visitors to the North East this summer and autumn.

- North Sea Weekender, 17 Aug-13 Oct – Big weekends of watersports, food and drink and music continue with the Tynemouth Longboard Classic competition and a Wellbeing Weekender taking place on 12 and 13 October.
- Generator Live, 5 Oct – An exciting collaboration between Generator and BBC Music Introducing, this live music festival celebrates and showcases exclusively North East talent.
- Oktoberfest, 11-26 Oct – With Oompah bands, an enormous Bavarian beer hall and traditional German food, this event in Times Square, Newcastle promises to be the largest Oktoberfest celebration the North of England has ever seen.
- Festival of Light, 25 Oct-24 Nov – A dazzling laser garden, a giant glitter ball and stunning new light projections are among the sparkling lighting displays to look forward to at this year's Sunderland Festival of Light.
- North Pennines Star Gazing Festival, 25 Oct-3 Nov – A galaxy of stargazing events will take place in the North Pennines National Landscape and UNESCO Global Geopark, which has some of the darkest skies in the country.



VisitBritain Domestic Sentiment Tracker

VisitEngland, VisitScotland and Visit Wales have commissioned a Domestic Sentiment Tracker to understand the impact of major events, such as the cost-of-living crisis, on the UK public's intent to take overnight trips, both within the UK and abroad. This includes a survey to a representative sample of over 1,500 adults aged 16+ in the UK.

Key findings from the September 2024 report include:

- 77% of UK adults are intending to take a UK overnight trip at any point in the next 12 months.
- 33% would prefer a UK holiday over overseas in the next 12 months.
- 27% will reduce the number of UK overnight trips due to the cost-of-living crisis.
- 30% will reduce the number of day trips due to the cost-of-living crisis.

Top barriers to taking an overnight UK trip: rising cost of living, the UK weather and personal finances.

Of those that will take a UK overnight trip, consumers are planning ways to save money and cut spending; 26% will choose cheaper accommodation; 23% will spend less on eating out; 23% will look for more 'free things' to do.

Consumers taking day trips are also planning to save money. 20% will take fewer day trips; 20% will spend less on eating out; 21% will look for more 'free things' to do.

The message remains the same and clear: UK consumers want to take domestic trips, but they may have to take fewer trips and are looking to spend less. Experiences, attractions, restaurants and accommodation which can demonstrate value, for example in highlighting the wealth of free things to do nearby or multi-night special offers, will boost their appeal to domestic visitors who continue to battle with increases in the cost of living.

The full report can be found at: https://www.visitbritain.org/research-insights

DCMS Participation Survey

The DCMS Participations Survey is an annual survey of adults (16+) in England which aims to track the latest trends in engagement in culture, media, sport, tourism and digital. There are sections covering participation in ‘arts’, ‘heritage’ and ‘museums and cultural property’.

The domestic tourism part of the survey found:

- During May 2023 to March 2024, over 3 in 5 adults (64%) took a holiday in England in the previous 12 months to being surveyed, a 3 percentage point increase from 2022/23.
- Nearly a third (30%) of adults who took a holiday in England stayed at a traditional coastal or seaside town, whilst 28% stayed in the countryside or in a village and a quarter (25%) stayed in a city or large town.
- 70–74-year-old adults (70%) were more likely to take a holiday in England than 16–19-year-old adults, 20–24-year-old adults, and 80–84-year old adults (56–59%).
- Adults from the London (57%) region were less likely to take a holiday in England than the average for England as a whole (64%). Adults from the South East (66%), South West (68%) and East Midlands (70%) regions were all more likely to take a holiday in England than the average for England as a whole.
- Non-disabled adults (68%) were more likely to take a holiday in England than disabled adults (57%).

These results highlight the potential market size for all the destination types in North East England as well as groups with a higher propensity to take a domestic break.

Inclusive tourism is a potential growth market. Businesses can access free resources and support to help them welcome customers with disabilities, by signing up to Destination North East England’s Everybody Welcome programme.

Visitor Attraction Trends in England 2023

VisitEngland has published the results of its Annual Attractions Survey 2023, showing that while visits to attractions across England continued to recover last year, they were still significantly down on pre-pandemic levels.

- Attractions in England reported an **11% increase** in the volume of total visits from 2022 to 2023, however this is still **28% below 2019 levels**.
- In 2023, the sector grew due to an **increase in overseas visits** to attractions (+80% on 2022) and an **increase in school trips**. Overall, sites reported a 2% decline in domestic visits.
- The average percentage increase in visitors from 2022 to 2023 for attractions in the **North East region** is approximately **7%**. Visitor numbers are still 36% down on 2019 levels.
- Top performers in our region include Beamish Museum, National Trust properties Gibside and Cragside, Locomotion in Shildon and Sunderland Museum and Winter Gardens

Like our accommodation providers, our region's attractions are having to work increasingly hard to attract visitors who are taking fewer trips due to economic pressures. High-spending international visitors are an important market for many attractions and the travel trade is a key route into that market. Find out more about working with travel trade on the Destination North East England website.

State of Tourism Report

McKinsey & Company's report The State of Tourism and Hospitality (May 2024), explores the trends shaping global tourism in 2024. Some key findings and recommendations are presented below. The full report is available here.

Gen Z and Millennials

- Travel is a high priority, with plans for more trips in 2024 than 2023.
- They are willing to splurge on experiences, but save on flights, transportation, shopping and food.
- 92% were influenced by social media for their last trip.

How to give todays traveller's what they want and need

- Know customer segments inside out – a one-size fits all approach is no longer sufficient.
- Help travellers share their journey – as friends and family sharing stories is a huge factor in influencing future visitors, providers should tap into this underexploited marketing channel. Successful examples include photobooths at hotels and creating shareable promo codes.
- Cater to older generations by utilising human interaction and featuring family-orientated activities.
- Partner with other businesses to offer exclusive experiences which tap into a growing area of travelling spending – experiences they just don't want to miss.

If you're interested in creating new products and experiences, Destination North East England can support you in exploring options and preparing a business case. Email info@dnee.org.uk to request a meeting with Simon Laing.

Round-up of other trends reports

PwC Travel Trends

Demand and booking trends

- UK consumers show strong demand for holidays but are booking last minute, opting for cheaper options, and taking fewer breaks.
- 25% delay booking for potential bargains.

Use of AI in travel planning:

- 40% of consumers use AI to research holiday destinations.
- Generative AI is popular for personalised, real-time recommendations, especially among 18-34-year-olds.
- 54% of 18-24-year-olds use AI for price comparison.
- Over 65s also use AI: 30% for destination research, 29% for price comparison, 28% for planning itineraries.

Google Summer '24 Travel Trends

- Affordable luxury - people are willing to pay for upgrades if affordable.
- Destination dupes – interest continues in destinations which give similar experiences to tourism hotspots without the crowds and price-tags. As Forbes suggests, you could swap Prague for Durham.
- Rail resurgence - according to Euromonitor, rail is the fastest growing travel category worldwide, with a growth of over 35% during 2023-2024 and a third of eco-adventurers saying they prefer trains to air travel.

Research calendar 2024

January

NGI 2024 Travel trends blog

March

North East England Visitor Accommodation Study

North East England Visitor Economy Fact File – latest update

April

Great Britain domestic overnight trips 2023 report

May

North East England STEAM data 2023 release

UK inbound volume and value 2023 (IPS) release

DNEE North East England Quarterly Research Report

July

Visitor Attractions Trends in England 2023

Destination Digest podcast: The Visitor Data Deep Dive

September

First report on card spending data from VisitBritain

Great Britain Domestic Overnight Trips Report

DNEE North East England Quarterly Research Report

October

North East England Visitor Economy Fact File – latest update

Destination North East England Workforce and Skills Report

Global Destination Sustainability Index – annual results for Newcastle, Sunderland and Durham

November

DNEE North East England Quarterly Research Report

New awards and accolades

PR coverage helping us all raise the profile of the region's visitor offer.

Corbridge listed by The Times in Seven of the UK's loveliest high streets

Which? readers rate Newcastle best UK city for food and drink

Bamburgh judged UK's best seaside destination by Which? readers for fourth year – Guardian coverage

NewcastleGateshead Convention Bureau wins silver at the M&IT Awards – Best UK Convention Bureau category

Congratulations to our ROSE Award-winning accommodation providers:

1 Teesdale Road, Bonners Lodge; Honeybee Cottage; Honeypot House; Maldron Hotel Newcastle; Pine Cone Hideaway; West Acre House; and West Longridge Manor.

Recommendations

Find out about free support for product development – Exclusive experiences which are authentic to the destination help us tap into a growing area of travelling spending. Email info@dnee.org.uk to arrange an appointment with Simon Laing.

Access free resources on welcoming customers with disabilities – Inclusive tourism is a potential growth market. Sign up to Destination North East England's Everybody Welcome programme.

Find out more about working with travel trade – High-spending international visitors are an important market for many attractions and the travel trade is a key route into that market. Visit the travel trade section on the Destination North East England website.

Access insights on international travellers – VisitBritain has produced a set of market snapshots for international visitors to help businesses market to, cater to and welcome international visitors. There is also a webinar series which covers market insights by international region as well as relevant VisitBritain activities and opportunities.

Image © Visit County Durham

Recommendations cont.

Optimise your website for ChatGPT – With consumers increasingly using AI in trip planning, helping AI pull accurate information from your website can help you reach customers and bring them to your website. This handy guide can help digital marketers optimise for ChatGPT.

Highlight value for money messages – With domestic consumers looking to spend less on domestic short breaks and day visits, showing them the fantastic experiences they can have here with a limited budget – including days out at free museums, at the beach or to the park – can be an important step in attracting visitors. Check out this guide to budget-friendly days out in Durham.

Review your visual content for representation – Do you have photos and video that represent all your audiences groups? We saw in the DCMS Participations Report that 70–74-year-old adults are among the more likely to take a holiday in England – will they think your business / destination is right for them?

Tap into spontaneous booking trends – You may be in full swing of promoting Christmas but some consumers will still be interested in offers you have for this weekend other reasons to visit now. Create some what's on content or look out for round-ups like this one which you can share with your audiences.

Get involved

Our next visitor economy quarterly business survey goes live at the start of October. Look out for the link and please take a few minutes to tell us how things are going and about any concerns you have.

We gather this evidence and data on the current performance and challenges faced by the region's tourism and hospitality businesses, in order to inform our work and our conversations with policy makers at a local, regional and national level.

We'd love to hear what you think about the report. Please email research@ngi.org.uk with any comments or suggestions.