ANGUS COUNCIL

TOURISM ACCOMMODATION AUDIT

Executive Summary

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EXECUTIVE SUMMARY

Background

i. Tourism Resources Company were commissioned by Angus Council to undertake this study – an overview of the commercial tourism accommodation sector across the region and an update of an earlier study undertaken in 2009, published in April of that year. The aim to provide an up to date database of the stock of bed spaces and sector trading patterns. The consultants were also tasked with assessing the strategic gaps in the current offering and the development opportunities that the accommodation sector offered in helping the destination improve economic performance.

ii. The study objectives were to provide:
- An audit and analysis of accommodation supply across all accommodation types, and quality, in line with VisitScotland designations;
- Detailed analysis of current accommodation demand by type, serviced / non-serviced and whether VisitScotland graded or not, highlighting key trends and trading patterns;
- Reliable, factual information to inform public and private sector investment in the accommodation sectors;
- Identification of the views of accommodation buyers re the current offering and their future qualitative / quantitative needs eg the corporate sector; conference organisations; accommodation booking agents; training organisations and in the leisure sector ie tours / special groups including golf groups, short breaks, etc;
- Identification of product gaps / shortfalls in the accommodation sector in the destination highlighting potential opportunities for development in the accommodation supply chain of each.

iii. Part of the study methodology involved the circulation of an online survey link (and postal for those without email addresses). The scale of participation was good compared to most other areas of Scotland we have audited. Coverage of 'bedroom stock' in Hotels was 55.6% covered by responses, guest house and B&B with 32.7% coverage and self-catering responses accounting for 45.2% of that type of bedroom stock. Overall survey coverage was 42.9% of all bedroom stock captured across the destination. Thanks go to all operators who responded.

Supply Characteristics

iv. We provide here a summary of establishments / room and sleeper capacity from our extensive research across primarily a wide range of accommodation directory websites. Detailed comparison to the earlier report is provided in the main report. Here we comment on the change in scale.

v. Establishments

ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY 2015[1]		
Accommodation Category	**Number of Operations**	**% Sector Mix**
Fully Serviced		
Hotel	21	18.3%
Small Hotel	4	3.5%
Guest House	20	17.4%
B&B	66	57.4%
Restaurant with Rooms	1	0.9%
Inn	3	2.6%
Sub Total	115	**100.0%**
Non-Serviced		
Self-Catering	111	88.8%
Exclusive Use Venue	10	8.0%
Hostel	2	1.6%
Group Accommodation	2	1.6%
Sub Total	**125**	**100.0%**
Sub Total of Serviced and Non-Serviced Sectors	**240**	
Holiday / Touring Park	19	
TOTALS	**259**	

Source: TRC

The 2009 report recorded 217 'operations'.

vi. Rooms

1 Where 'hotel' operations are not participating in the VisitScotland QA Scheme and have not been classified under the different hotel types the consultants have adopted a default position to categorise supply identified as 'hotel'.

NUMBER OF ROOMS BY ACCOMMODATION CATEGORY 2015		
Accommodation Category	**Number of Rooms**	**% Sector Mix**
Fully Serviced		
Hotel	380	48.9%
Small Hotel	43	5.5%
Guest House	110	14.2%
B&B	203	26.1%
Restaurant with Rooms	5	0.6%
Inn	36	4.6%
Sub Total	**777**	**100.0%**
Non-Serviced		
Self-Catering	582	79.7%
Exclusive Use Venue	111	15.2%
Hostel	16	2.2%
Group Accommodation	21	2.9%
Sub Total	**730**	**100.0%**
Sub Total of Serviced and Non-Serviced Sectors	**1,507**	
Holiday / Touring Park	n/a	
TOTALS	**1,507**	

Source: TRC

Previous report recorded 1,397 rooms.

vii. Sleepers

NUMBER OF SLEEPERS BY ACCOMMODATION CATEGORY 2015		
Accommodation Category	**Number of Sleepers**	**% Sector Mix**
Fully Serviced		
Hotel	833	50.2%
Small Hotel	100	6.0%
Guest House	227	13.7%
B&B	415	25.0%
Restaurant with Rooms	10	0.6%
Inn	76	4.6%
Sub Total	**1,661**	**100.0%**
Non-Serviced		
Self-Catering	1,439	77.9%
Exclusive Use Venue	227	12.3%
Hostel	87	4.7%
Group Accommodation	95	5.1%
Sub Total	**1,848**	**100.0%**
Sub Total of Serviced and Non-Serviced Sectors	**3,509**	
Holiday / Touring Park	5,148	
TOTALS	**8,657**	

Source: TRC

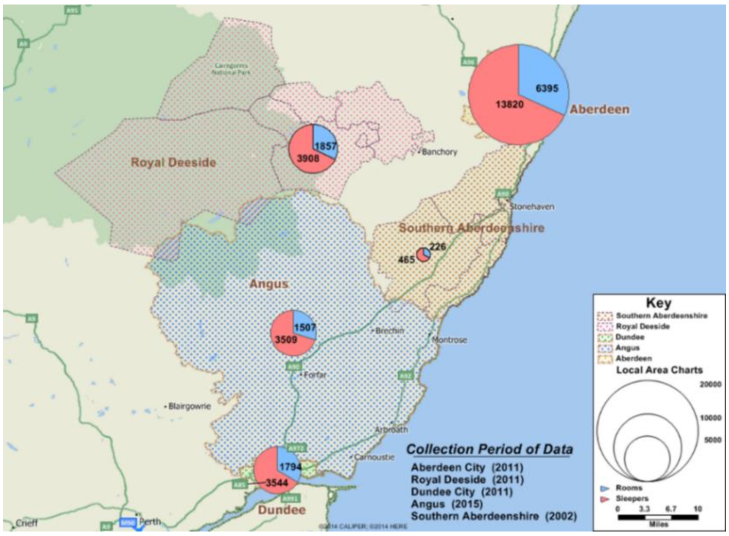
Our estimate of the previous report's sleeper capacity (not actually provided in that report we calculated to be in the order of 7,300. The difference in sleeper capacity of 1,300 is non-serviced stock, in part self-catering supply growth and Holiday Park pitch capacity growth.

viii. Scale of Stock

The map overleaf provides a graphic of the relative scales of the stock in the area and those cities and zones that the consultants have previously audited at various points in time. The counts of rooms and sleepers in each case exclude the caravan sector as neither Aberdeen nor Dundee see these figures in their stock profile to any extent.

ix. During our research we discovered then dismissed a number of properties as not operating or in doubt. These are listed in the main report. Of concern or perhaps presenting an opportunity is the loss over a number of years of serviced accommodation especially Hotels.

x. The team contacted Angus Council Planning Department but with the exception of the Wyndham Grand The Angus resort proposal there is little accommodation of significance in the planning pipeline in Angus in terms of tourist accommodation.



xi. In the main report we have identified a number of facilities / amenities offered by the accommodation operators eg conference facilities, disabled facilities, online booking capability etc, grading and awards.

Quality Profile of the Angus Area

QUALITY ASSURANCE 2015 PARTICIPATION LEVELS (SERVICED AND NON-SERVICED SECTORS)				
Accommodation Category	**Total Properties Graded, Awaiting Inspection / Listed / Pass**		**Total Rooms Graded, Awaiting Inspection / Listed / Pass**	
	No	**%**	**No**	**%**
Serviced				
Hotel	4	19.0%	193	50.8%
Small Hotel	4	100.0%	43	100.0%
Guest House	7	35.0%	34	30.9%
B&B	33	50.0%	117	57.6%
Restaurant with Rooms	1	100.0%	5	100.0%
Inn	3	100.0%	36	100.0%
TOTAL SERVICED	52	45.2%	428	55.1%
Non-Serviced				
Self-Catering (Units)	118	49.8%	233	40.0%
Exclusive Use Venue	3	30.0%	36	32.4%
Hostel	1	50.0%	7	43.8%
Group Accommodation				
Caravan & Camping	5	26.3%		
TOTAL NON-SERVICED	127	47.0%	276	37.8%

Source: TRC

ESTABLISHMENTS GRADE PROFILE (STARS)							
VS Category	**Total**	**Not Graded**	**2**	**3***	**4**	**5**	**AI / Pass**
Serviced							
Hotel	21	17		3	1		
Small Hotel	4		2	2			
Guest House	20	13			5	1	1
B&B	66	33	1	11	19	2	
Restaurant with Rooms	1				1		
Inn	3			3			
Non-Serviced							
Self-Catering	111	81	1	13	12	2	2
Exclusive Use	10	7		1		1	1
Hostel	2	1		1			
Group Accommodation	2	2					
Caravan & Camping	19	14			3	1	1
Total	**259**	**168**	**4**	**34**	**41**	**7**	**5**

Note * 1 operations at 4 Stars has VS GOLD awards for Customer Service. **Source:** TRC

xii. In comparison to the Scottish National averages, Guest Houses and the sole Restaurant with Rooms are above the 'grade average' for their categories. The same for Group Accommodation and Holiday Parks. All other categories have an average below that of Scotland as a whole. We are unable to comment on how that compared with the previous report. Our database details each operation and its grade including GTBS and Welcome Awards.

xiii. Research was undertake among a number of third party and direct users of accommodation in the area – tour operators, event orgainsers, Dundee and Angus Convention Bureau and local businesses.

xiv. A number of international investor / developer / operators were also interviewed. Perhaps not unexpectedly the consultees' knowledge and the region's appeal in terms of Angus and, discussions revealed a poor knowledge of the area as a discrete geography and no interest in terms of investment or development in new hotels or resorts. It is only at a national level in the budget sector that interest in Angus starts to appear with Whitbread's Premier Inns, and Dubai International Capital's Travelodge chain both expressing interest in the area above and beyond their properties already operating in Dundee and Aberdeen.

Future Growth Modelling

xv. In the main report we outline the methodology adopted to forecast the need for additional tourist accommodation in the Angus area over the next few years, as tourism continues to grow and helps to meet future tourism growth targets identified in the Tourism Scotland Strategy 2020. The growth in bednights is estimated as follows.

ESTIMATED GROWTH IN BEDNIGHTS SOLD – ANGUS FROM 2014 DEMAND BASE		
	2014–2020	**2014-2025**
UK Holiday Visitors	30%	45%
Overseas Visitors	15%	30%
Non-Discretionary Business Visitors	20%	30%
Discretionary Business Visitors – Angus & Dundee Convention Bureau	70%	85%
Other	20%	30%

Note: Growth built up on an annual basis –periodic growth rounded for presentation purposes **Source:** TRC

xvi. Based on the operator responses it is estimated that the number of bednights sold in 2014 were just over 500,000 in the Angus area as follows:

ANGUS – ESTIMATED NUMBER OF BEDNIGHTS SOLD – 2014	
	No. of Bednights Sold
Serviced Sector	
Business	107,719
Leisure	131,322
Other	5,752
Total	**244,793**
Non-Serviced Sector	
Business	22,557
Leisure	230,632
Other	4,189
Total	**257,378**
Total	
Business	**130,276**
Leisure	**361,954**
Other	**9,941**
Total	**502,171**

Source: TRC

xvii. The total growth in bednights sold by 2020 is estimated to increase by between 25% and 30% across the serviced and non-serviced sectors. This increases the total combined growth to around 40% by 2025 over the level achieved in 2014.

These levels of growth reflect the anticipated level of new activity in the area as a result of, not only background growth generally, but also growth in: events – the staging of the Golf Open; the opening of the V&A; associated redevelopment of Dundee Waterfront and the anticipated spin-off demand; as well as an increased activity in the conference and convention market; and the ability of rural Angus to capture incentive-related demand. As a result of this growth estimate, the number of bednights sold increases from around 500,000 in 2014 to 640,000 by 2020 and 700,000 by 2025.

xviii. Our modelling exercise takes account of the existing occupancy levels of the sector and enables calculation of a range of additional bedrooms needed in future by applying a factor in terms of fair share. The increase in fair share occupancy level of the existing stock is summarised in the table below:

FUTURE FAIR SHARE ANNUAL OCCUPANCY LEVEL			
	Fair Share	**+2.5%**	**+5.0%**
All Hotels	72.6%	75.1%	77.6%
Guest House / B&B	49.2%	51.7%	54.2%
Self-Catering Units	70.1%	72.6%	75.1%

Source: TRC

xix. From our modelling it devolves that by 2020, Angus will require an estimated 68 to 105 new Hotel bedrooms. By 2025, this rises to between 123 and 163 new Hotel bedrooms, if the forecast in accommodation demand growth is to be realised. In the Guest House B&B category an increase in stock of around 45 to 82 bedrooms is required by 2020 and an estimated 83 to 124 rooms by 2020. If these increases are added to the Hotel stock, the service sector overall needs between 132 and 187 rooms by 2020 and 206 and 287 new rooms by 2020. It is valid to add these 2 categories together as in some markets and in some styles of operation there is market overlap. There is also a theoretical for need for more Self-Catering supply of between 50 and 70 units by 2020 and around 80 to 100 units by 2025. This increase in supply could be satisfied by new boutique Self-Catering resort type developments, standalone or linked to central facilities, or even linked to serviced accommodation.

Recommendations

xx. Our recommendations, emanating from the research into the supply and demand equation of the tourist accommodation in Angus, fall into 2 areas; on the one hand there are a number of interventions that the public sector can undertake to support and encourage the existing operators and new ones potentially coming into the market. On the other hand there are the more strategic activities that can impact on the investment / development of new accommodation supply to meet the needs of the growing market for accommodation in the region.

xxi. <u>Support to Existing Operators</u>

Operators should be encouraged to keep their accommodation products fresh and contemporary and maintain high service levels.

There are opportunity to build on the regions rural credentials and Go Rural initiative by encouraging operators with farm-based B&Bs or suitably located self-catering cottages to consider packaging / teaming with willing farmers to offer, for those interested, insight into the agriculture / food production in the area, etc. Also the wider opportunities for other accommodation operators to enrich their guest experience by offering / promoting local produce, local food and drink, local culture and heritage.

The 'Heads on Beds' session in the above initiative could be a good model for bringing together interested accommodation providers to share best practice / new ideas / technology advances on an occasional basis with the Council as organiser / host. A better understanding of the current and emerging market trends and product advice would also be beneficial. The public sector is in a good position to facilitate support, through staging events, introducing third-party advisors, specialists, etc.

The accommodation sector in Angus, in cases, has voiced concerns / frustration with the planning process and improved communications might help there.

The Council can support the sector improving the access to fast broadband services and signalling the importance having an online presence through either a website or a third party website. There is also merit in considering a masterclass to provide advice to accommodation providers on how to manage reviews on TripAdvisor.

The visitor population is continuing to age. In the future those businesses that can target an aging population will have a competitive advantage. There is a role to improve and remodel products, marketing messages and develop accessibility statements to try and capture this growing demand.
An Events Strategy and Action Plan is needed to help identify those events that have greatest potential to grow and through the marketing and positioning of the event to become regionally or nationally renowned.

From the study the Holiday / Touring Parks and Lodge-based holiday parks play a huge role in the tourism economic impact of the area, particularly those that have a static caravan market. It is suggested that the costs

/ implication of relaxing an enforced period of closure on operators, instead transferring responsibility onto the operator to ensure no pitch renter is in permanent occupation would enhance the economic impact to be achieved.

xxii. Future Strengths / Factors Positively Affecting Accommodation Demand

- Proximity to Dundee with its University presence;
- An active Dundee and Angus Convention Bureau;
- Notable Food and Drink products identifiable with the region;
- Iconic Golf product and wider activities offering;
- Oil-related business activity in the area and dissipating into the area when Aberdeen is full;
- Dundee's high profile Waterfront / Harbour developments, V&A project and renewable / offshore maintenance work;
- A growing portfolio of Festivals and Events;
- Location / proximity to St Andrews and other leisure tourism honeypots.

xxiii. Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector

- Low profile / awareness of true offering (perceptions of the destination in marketplace are poor as much has changed in the last decade);
- Location and easy access to the Scottish Central Belt sees large proportion of non-discretionary business tourism of a 'day nature' not requiring overnight accommodation;
- The area currently has no high profile destination or trophy hospitality property. The Carnoustie property should hold that title but falls short at present;
- Transport connections (notably flights) are poor and direct train links to the rest of the UK limited, helping curtail demand from the conference / events sectors.

xxiv. Observations – Issues and Potential Investment Opportunities

We highlight below issues, if addressed, could help the destination better meet the needs of existing and future markets and unlock further economic advantage.

- The area's profile and perceptions amongst much of the market, particularly international, still needs to be changed and repositioned. The destination to an extent still sits under the cloud of misperception;
- The area would benefit from the creation of a high profile, quality destination / signature hotel property that has a standalone reputation and awareness - a trophy hotel. (The Angus proposals would undoubtedly help here);
- Certain properties might benefit from a degree of upgrade to more contemporary style and offering albeit quality was not highlighted as a major issue by any of those interviewed;
- There are opportunities to differentiate the area from its 2 City neighbours by playing to the country / rural strengths – high end exclusive use, farm based accommodation experiences, caravan / lodge park developments with year round access, budget / select service properties in the main towns and along the A90 corridor.