Review of Liverpool City Region Tourism Strategy

Final
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Contents

Appendices

Section 1: Overview

1. Introduction

The Government gave the Regional Development Agencies responsibility for tourism strategy in 2003.

The Northwest Regional Development Agency (NWDA) developed a strategy that resulted in five sub regional tourist boards being established in the region. The Mersey Partnership became the tourist board for Merseyside.

A Vision and Strategy for Tourism to 2015 was published in 2003 by The Mersey Partnership on behalf of all stakeholders in the Merseyside area who have an interest in the visitor economy. TMP then developed a Sector Development Plan which outlined how the strategy would be delivered.

The Mersey Partnership have commissioned Locum to assess how the city has subsequently performed in meeting is targets in terms of tourism development, and to make recommendations as to how the strategy might be amended.

Locum has, especially, been asked to make recommendations on what the city region should do to develop and promote its tourism offer post the European Capital of Culture year of 2008.

In preparing this report, Locum had one to one meetings with a range of stakeholders, and facilitated workshops with Mersey Partnership's Tourism Board and Tourism Officers Group on 6 December 2006. Stakeholders were invited to comment on the first draft of this report.

This report is not intended to be a strategy. It is intended to feed into thinking and to stimulate discussion, with a view to the revised strategy being prepared by TMP in Spring 2008.

2. Summary of Conclusions

2.1 Making Rapid Progress

The city region has made substantial progress in improving both the quality of the destination offer and its reputation. This is particularly true of the city centre, but also true of many other parts of the sub region.

This has already been reflected in Liverpool rising the UK league table both for domestic and foreign visitors.

Most of the "flagship investments" envisaged in the 2003 strategy have been delivered or are on track for delivery.

The investments of perhaps most significance in the city centre are:

- The Kings Docks Arena and Convention Centre – it is already having an impact in terms of bookings for hotels, one that is rippling out to all parts of the sub region. It is likely to have the important side effect of breathing new life and vitality into the Albert Dock.
- Liverpool One – transforming the quality of the city's retail offer, addressing a core weakness and allowing the city to fight back against regional rivals like Manchester, the Trafford Centre and Chester.
- The European Capital of Culture, in conjunction with major investment in museums and galleries, creating both a cultural offer that is on a par, or possibly ahead, of any other regional city in the UK, plus the reputation for being a cultural mecca.

Many other developments have helped to establish real critical mass and quality in the city's offer, including – but certainly not limited to:

- The Met Quarter, creating a premium fashion retail offer.
- Investment in and around Hope Street, enabling it to evolve into a cultural quarter of quality.
- Continued enhancement of the experience in Rope Walks and Chinatown.
- Opening of the Cruise Terminal.
- Major investment in the hotel offer, covering a range from up market townhouse hotels to lodges.

The net effect is that the city now genuinely does have an offer that could take a visitor at least a couple of days to experience. The quantity, quality and diversity of the offer matches or exceeds that of most – perhaps all - UK regional cities.

Considerable progress has also been made in other parts of the city region, including:

- Development of a boutique hotel on Lord Street in Southport, due to open next year, with a major hotel/leisure/conference destination on Marine Lake under construction.
- The Splash World indoor water park and Eco Centre in Southport.
- Another Place, the iconic Gormley installation on Crosby Beach. Funding for the adjoining Sefton WATER centre has been secured.
- Development schemes with major destination components underway for Woodside, New Brighton and West Kirby.
- A successful new attraction at Seacombe.
- Transformation of the George Street Quarter in St Helens into and award winning cultural quarter with restaurants and creative industries.
- The high street in Hoylake revamped.
- A new visitor centre at Port Sunlight.
- Refurbishment of historic Birkenhead Park.

Much of this investment has taken place/will take place at hub points on the waterfront. In general, therefore, the quality of the waterfront experience, the city region's main destination asset, has risen substantially and is likely to make a step change forward in the next 5-10 years.

2.2 The Watershed

2008 will represent a clear watershed year.

Many of the key development projects will open on or after 2008.

The management structure that was put in place to deliver the 2008 programme will have completed its primary goal.

The end of Objective 1 funding will make it more difficult to fund public sector investments, and make it difficult to maintain the same level of public sector support for tourism related initiatives.

Peel Holdings will be presenting ideas for development of their dockland estate in Liverpool and Birkenhead that will have huge scale and will have major destination components and implications.

In consequence of all this, we think that it would be appropriate for TMP and its partners to take stock and develop a fresh new strategy for post 2008.

2.3 Key challenges

Some of the important challenges ahead seem to be:

- What the city needs to do to ensure that the new hotel stock – 1,200 rooms opening in 2008, about 25% addition to the stock – does not result in a major decline in occupancy rates.
- How the city absorbs a huge increase in retail capacity. In particular, how it persuades people who shop in other regional shopping centres to choose Liverpool instead.
- How the city can optimise the success of the Liverpool Echo Arena and Convention Centre (ACC) and maximise it success in marketing itself as a destination for conferences and exhibitions.
- What Liverpool does to build on the platform provided by 2008 to maintain its upward profile and reputation as a destination and as a place to live, work and do business.
- How the major new development schemes – especially Wirral and Liverpool Waters - can be optimised in terms of their impact on the visitor economy.
- How the new waterfront developments at intervals along the estuary are integrated into an attractive destination package, and how that integrated package is branded and marketed.
- How the offer in many potentially attractive destination orientated “quarters” – ranging from St Georges Quarter in St Helens, to Hope Street in Liverpool, to Lord Street in Southport – can be improved.
- How the city region takes advantage of the expansion of destinations served by the airport to develop into a primary European short break destination.
- How the city maintains and develops tourism support services at the same time that funding from public sources diminishes –i.e. how the private sector can take up the slack.
- How, as the sub region develops critical mass as a destination, it encourages new businesses to develop in support of the destination sector.

2.4 Ideas for Revised Strategy

The following are ideas that we put forward for discussion:

- A shorthand for the new strategy of **Liverpool+ = Culture+** i.e. Liverpool is the UK’s premier cultural destination outside London, but offers much more in addition both within the city and its heartland.

- A revised ordering of development and marketing priorities under the Culture+ and Liverpool+ umbrellas. By comparison to the existing strategy, they should have more attention to core bread and butter elements of a city region's destination offer such as shopping and nightlife.
- Positioning Liverpool as the **foremost place in the UK to take a short break holiday** because of the critical mass of attractions.
- A "**Mosaic Strategy**" of developing a zonal based destination management system based on identifying "quarters/character areas" that have particular appeal as destinations, ensuring that each has an effective management and marketing regime.
- More work on developing **destination brands** for the city itself, the destination zones, the waterfront and special cases such as England's Golf Coast and Southport – England's Classic Resort. Possibly also for the conference offer. All of these brands should be spatially defined because people can only be enticed to visit destinations if they can be told where they are.
- Focus on **promoting the city region's new strengths in the convention and exhibition markets**, not least in order to help sustain the hotel investment.
- Focus on tying the various waterfront developments that will be taking place into an **international standard linked-waterfront offer**.
- Following the Capital of Culture with another world class **flagship event** in perhaps five or six years – idea suggested is **World Capital of Rock 'n' Roll** (in partnership with other leading cities associated with popular music) in order to capitalise on the Beatles USP.
- Creating an outstanding **Christmas** offer.
- A **Twin City** approach with Chester in marketing to European short-haul markets.
- "Seed corn" Ideas for new flagship development projects: **Gastronomic Market/Food Hall**, **character independents zones**, **major family leisure development**, and **large scale creative industries centre**.

Section 2: Review

1. The Strategy

1.1 Targets

The Tourism Sector Development Plan outlined the following key targets for 2015 for the city region.

Figure 1: Performance against targets

Key targets	*Progress*	*Comment*
Liverpool city region among the top 20 European City regions for Tourism	Good in terms of product development, but probably a long way to go in terms of numbers.	Needs a reliable measure. We think that there might be value in undertaking internet panel research in main European markets to provide a benchmark and also to provide market data. The NWDA could perhaps be asked to commission this on behalf of all the tourist boards and private sector stakeholders.
A doubling of 'bednights' spent annually in the Liverpool City Region from 5 million in 2002 to 10 million. *This was amended in the DMP to a 25% increase in bed nights in the city region from 9.7 million in 2003 to 12 million.*	It would be surprising if the target was not achieved well before 2015 (not counting 2008).	Possibly better if the target relates specifically to stays in paid for accommodation.
Annual visitor spending of £1.8 billion (*£2 billion in DMP*).	STEAM suggests that total revenue was £1.2 billion in 2006, which would suggest that £1.8 billion in 2015 is likely to be achieved.	
40,000 tourism jobs supported (*30,000 in DMP*)	STEAM suggests that tourism supported 21,608 FTE jobs in 2006 - 16,279 directly and 5,329 indirectly.	A long way to go, but good chance of being achieved given the scale of investment that has taken place.

1.2 Guiding Principles

The strategy listed seven "guiding principles". Figure 2 shows them and some of the main priorities outlined under each of them.

Figure 2: Guiding Principles

Principle	*Strategy*	*Achievements*	*Comments*
Promoting Excellence	Working with innovative entrepreneurs through Tourism Business Networks	The networks have been established. TMP has created a "federal" system that retains tourism resource in each local authority but connects them to the centre.	They seem to be more effective in some parts of the sub region than others.
	Rewarding and celebrating those who achieve excellence and national recognition	Local people-focused tourism/hospitality awards are held in four of the six districts with the outstanding customer service winner going forward to the wider industry TMP tourism awards. Winners from the TMP tourism awards go forward to regional and possibly national tourism awards.	Merseyside's regional and national share of winners has prospered recently, with 7 winners at 2007's Regional Tourism Awards and subsequently 2 national winners in 2008's England for Excellence.
Developing Skills	Concerted campaign to improve the Liverpool Welcome led by the Liverpool Culture Company.	Developed 08 Welcome training programme with Liverpool Culture Company - 1946 delegates attended to March 08. Over 400 attendees on funded Welcome International workshops since August 2007	Some 08 Welcome training to take place spring 08 but then focus will shift to develop an exit strategy for the year. 80 more targeted for funded Welcome International during 2008/09. .
	Develop entrepreneurial skills	Developed Talent programme - management training with mentoring support – 87 delegates from 4 programmes have completed. 82 industry mentors trained. Set up basic language training programme with 87 completers to April 08	Talents 5 & 6 ongoing. Development of progression programme for Autumn 08. Continuation for 08/09 – 10 courses targeted
	Properly resourced training	Largely being driven by the National Skills	People 1st and NWDA are taking this forward.

Principle	*Strategy*	*Achievements*	*Comments*
	facility within the region.	Strategy published in 2007.	Colleges and other providers have been invited to express interest in delivering new academy qualifications. National Skills Academy bid approved 05/08
Assuring Quality	Quality of building, urban design, marketing campaigns and information services	TMP has forged strong links with partners such as Mersey Waterfront, Liverpool Vision, local authorities and funding bodies to encourage innovative design and build quality wherever possible.	Often difficult to influence design, especially in the private sector, but very achievable in, for example the MW Policy and Programmes Group and possibly through links developing with stakeholder groups such as Ropewalks and Hope Street.
	Unambiguous tourism product quality assurance for visitors	68% of all accommodation stock is graded against a national average of 40%, and 97% of TMP's membership is graded. Some 80% of Merseyside's eligible attractions are in VAQAS and, in partnership with the Northwest Multi-faith Tourism Association, a Faith Marque has been developed for faith buildings. 10 out of 14 eligible conference venues are MIA accredited.	Significant progress is also being made with Merseyside's restaurant sector, with a number of Michelin 'rising stars' identified, together with increased recognition by organisations such as Which and Harden's.
Sustainability	Ensure that jobs are, wherever possible, rooted in the local economy. Maximise local purchasing. Comprehensive implementation of policies on environmental	TMP has worked in partnership across the industry and with other sector partners to further these aims. This has encompassed the skills programme – working with employers, schools and colleges; thematic activity such as the Black Heritage Tourism Initiative; environmental support via the Green Tourism Business Scheme and other partners; and a host	As of April 2008 a cluster of 32 Green Tourism Business Scheme members now exists, ostensibly focused around ACC Liverpool and the larger accommodation and conference venues. Working with, and expanding membership of this initial group, will enable greater efforts to be made within the sector, including by widening participation from the

Principle	*Strategy*	*Achievements*	*Comments*
	sustainability.	of other support via cluster work with hotels, restaurants, local food promotion and the conference product in particular.	restaurant and transport sectors.
	Stimulate growth of local companies.	Event held with Business Liverpool and Train 2000 to encourage city centre star-ups. Profit Through Productivity continues to be delivered across Merseyside.	Take up of business support continues to be successful across the tourism industry on Merseyside, but there remains room for improvement. The focus moving forward will be on targeted development of beacon businesses and clusters.
Partnership	Working with the full range of public & private sector partners and bringing local communities into the frame.	Strong community linkages have developed through thematic activity such as the Black Heritage Tourism Initiative and the Faith Tourism Initiative - which in turn links to the regional multi-faith network. This has also led to stronger links with the HE sector.	The key challenge is to sustain and grow these networks as projects move from developmental to marketing stages, and as funding for non-core activities comes under pressure moving forward.
	Helping Liverpool Vision to deliver on time the key city centre infrastructure to support European Capital of Culture.	Significant infrastructure investment has been delivered including new hotels, the cruise liner facility, the arena and convention centre and the International Slavery Museum. Much investment is ongoing e.g. Liverpool One, Museum of Liverpool, more hotels and significant transport infrastructure.	Delays have meant that some development has been delayed or has overrun, leading to much development and transport infrastructure investment being ongoing in 2008. This does not appear to be having a significantly detrimental impact on 2008's success.
	Engaging in new strategic alliances with the NWDA, Manchester, other major City Region destinations in UK and	TMP has cemented key strategic partnerships as a basis for delivering Liverpool City Region tourism marketing programmes:	This has been underpinned by maintaining the key staff position – Liverpool 08 Promotions Manager – within the London offices of Visit Britain. This international activity has been

Principle	Strategy	Achievements	Comments
	Europe, Visit Britain, carriers, etc	Nationally, TMP has worked closely with Liverpool Culture Company and the NWDA to deliver a high profile national advertising campaign *("It's Happening in Liverpool")* to underpin Capital of Culture celebrations. Internationally, TMP and Liverpool Culture Company have worked with Visit Britain/ Enjoy England, the NWDA, and England's North Country to promote Liverpool Capital of Culture to international audiences TMP has supported national & international tourism consortia, including CityBreaks, and also Euro Cities (the latter awarding TMP/Liverpool with prestigious award).	enhanced by the development of joint activities with key carriers such as Ryanair, and Easyjet, in close liaison with LJL Airport. The England's Golf Coast campaign has continued its progression into a fully fledged national and international marketing campaign. It has been supported by key strategic partnerships between TMP (as lead organisation), LCR local authorities, TB's in the North West, NWDA, and Visit Britain, and local golf club secretaries. Other trade partnerships have been established – with Golfbreaks.com, and Faldo Events. TMP has worked closely with LCR District partners and commercial partners to ensure cross-marketing cross the City Region. A regularised 'Merseyside Marketers' meeting is chaired by TMP. TMP is increasingly working with other Marketing teams from North West Tourist Boards to try to align activity where appropriate to do so in the national and international marketplace.
E-business	To provide highly efficient marketing, sales and visitor services operations - re-	Ongoing investment in the MERVIN Destination Management System has provided not only a powerful customer and product database but	

Principle	*Strategy*	*Achievements*	*Comments*
	engineered through the application of e-business principles with increasing emphasis on the application of the principles of customer relationship management/marketing (CRM)	also consistency of product information across the Liverpool City Region with all destinations drawing on the same data. Liverpool was one of the first destinations to introduce real time online booking functionality	
	Increasingly move towards email marketing.	Most TMP campaigns are now driven by direct online marketing and we are moving away from print in certain markets altogether	
	Implementation of enhanced MERVIN e business system.	Successful introduces for accommodation bookings with 70% of all bookings now online	Further development of e-commerce solutions for event, attraction and tours bookings now required.
	Help individual business develop e business systems.	We have been able to share our investment in MERVIN technology to enable individual businesses to benefit from : • Online bookings through Visitliverpool.com via an availability extranet • Online bookings through Front desk property management system linked to MERVIN • Wider ecommerce functionality through successful roll out of E100 website projects enabling full ecommerce	Massive growth in other online booking channels during this period which have slightly dented our market position. TMP needs to find more cost effective solutions for businesses that offer a more flexible e-commerce functionality as we move forward

1.3 "Experiences"

The core concept in the strategy was to "focus resources on a manageable number of strategic initiatives where significant impact can be achieved and where there is a very clear 'route to market'".

Seven **core experiences** were identified: Conferences, Culture and Heritage, Essential Liverpool, Beatles, Sport, Classic Resorts, Major Events.

In addition, a further six **emerging/niche experiences** were identified that were currently embryonic but could emerge during the course of the strategy period. They were: Cruise, Film and TV, Horticulture, Genealogy, Education, Bird Watching.

The Strategy identifies a number of "flagship" developments that would enhance these experiences and provide the prime motivators of future visits to the city region.

Figure 3 lists the projects which were identified and shows their status.

Conclusions

- Most of the main development projects have either been completed or are in progress. The list needs to be refreshed.
- Of the core experiences listed in the strategy, "Essential Liverpool" seems to be somewhat nebulous "catch all" and difficult to define. The others still seem to be appropriate although some modifications in approach might be appropriate. Shopping and Nightlife seem to be obvious omissions.
- The emerging/niche experiences are perhaps rather random. There are probably many other candidates that may be just as important.

Figure 3: Flagship Projects

"Flagship" projects in Strategy	*Core Experience*	*Progress*	*Implications for revised strategy*
Dedicated purpose-built conference centre with 1000 + delegate capacity on Liverpool Waterfront.	Conference Major Events	Will be delivered by 2008.	Success is vital in sustaining hotel investment. Important to establish effective marketing systems.
Exhibition/conference hotel adjacent to Southport theatre/Floral Hall.	Conference	Will be delivered by 2009.	As above.
Multi-purpose event centre/arena.	Major Events	Arena will open in 2008.	As above.
Re-energised Albert Dock and Central Mersey Waterfront together with improved retail offer (Paradise Street).	Essential Liverpool	Will be delivered by 2009.	How is the waterfront area best managed and marketed as a destination?
The Liverpool Welcome. "Great Gateways to project sense of arrival, good interpretation, sparkling customer service"	Essential Liverpool	Attractive "welcome" signs at approaches to Liverpool. Gateway installation at Speke Garston. Major investment in customer care training.	Should be an important "hygiene" factor as opposed to a strategic priority. People seldom make choices about destinations based on their gateways.
Beatles themed hotel	Beatles	Opening 2008.	
New Beatles attraction		The Beatles Experience is in the process of considerably expanding and investing in the exhibition.	Delivery of Beatles tourism strategy should continue to be a priority. Probably not, however, a new Beatles attraction.
European Capital of Culture	Culture/Heritage Beatles Essential Liverpool	To be delivered 2008.	The strategy needs to build on the 2008 momentum. Should culture be at the forefront of the ongoing positioning of the city?

"Flagship" projects in Strategy	*Core Experience*	*Progress*	*Implications for revised strategy*
New Football Stadia.	Sport	Liverpool FC's stadium has planning permission. Plans developed for new Everton FC stadium.	Liverpool FC's plans, in particular, are a key development opportunity for the city for the next 5 years. In conjunction with investment in Stanley Park, the Isla Gladstone Conservatory and Anfield Plaza (existing stadium), they will create an attractive destination. LFC is planning to more extensively promote to its international fan base with web sites in different languages, enhanced on line TV, and travelling exhibitions etc. There is an argument for making this the focus of marketing Liverpool in long haul markets.
Golf hotels in Wirral and Southport	Sport	New Formby Hall golf resort in development. Plans progressing for golf resort at Hoylake (albeit, because it is green belt, planning permission will be difficult to achieve).	Remains important part of development of the England's Golf Coast Resort brand.
Southport Seafront Regeneration.	Classic Resorts	New bridge constructed, Splash World and Eco Centre opened, and £14 million development of Floral Hall Gardens (with 4 star hotel, casino and restaurants) secured.	Development of the Pleasureland site and related investment in the Marine Lake is a key development opportunity.
Improved retail offer, Southport – Lord Street.	Classic Resorts	Further development work has been done, but not much progress on the	Remains the key project for delivery of the Classic Resort objective. Development of

"Flagship" projects in Strategy	*Core Experience*	*Progress*	*Implications for revised strategy*
		ground yet on Lord Street. Chapel Street has, however, been pedestrianised.	the block including the Arts Centre is a flagship project in terms of Lord Street renewal. Sefton Council is about to commission a detailed feasibility study.
OTHER POTENTIAL PROJECTS			
Sherdley Park Outdoor Arena	Major Events	In planning.	Status not clear.
Potential "mini Eden" or Kew Gardens of the north	Major Events Horticulture	No progress on the specific objective, but major investment secured for parks (see below).	Unclear that this remains a useful priority except, perhaps, in context of investment in the Botanical collection at Calderstones Park. Chester Super Zoo will be tough competition for funding of any "Eden type" project.
Leeds Liverpool Canal	Essential Liverpool Culture and Heritage	Extension to Albert Dock is being constructed.	Will play an important role in animating the docks.
EMERGING/NICHE EXPERIENCES			
Cruise Liner Facility	Cruise	Delivered.	Marketing of the facilities and development of complementary services is is now a priority. May be potential to develop and embarkation facilities as part of Peel Holding's Liverpool Waters Scheme.
Botanical Centre/ Parks Restoration	Horticulture	Birkenhead Park has been restored, Sefton Park and Stanley Park have both secured multi million pound grants for	Greater emphasis on the quality of the parks heritage and experience as part of the general Liverpool CR experience seems

"Flagship" projects in Strategy	*Core Experience*	*Progress*	*Implications for revised strategy*
		restoration from the Heritage Lottery Fund, and plans for restoration of the Japanese Garden at the Garden Festival site are advanced.	appropriate following the investment. Investment in the Botanical Collection at Calderstones Park and the gardens surrounding the Marine Lake in Southport seem to be development priorities.
Genealogy/Records Centre.	Genealogy	To be delivered by 2010 in new Library development.	Should be an ongoing niche marketing campaign. There is probably potential for product development e.g. at Anfield Cemetery.
Mersey TV and Liverpool Film Studios	Film and TV	Delivered.	Needs ongoing activity.
Mersey Regional Waterfront Park. Development of visitor centres and associated facilities.	Bird Watching	Substantial investment made in various locations (not specifically related to Bird Watching). Succession programme will invest £18 million between 2007-2010, including assisting the Neptune Developments scheme in New Brighton and improvements to waterfront promenades.	Development in line with the strategic masterplan is a strategic priority. Agreement on name needed.
Cultural & Heritage Attractions with a contemporary edge	Culture and Heritage Education	There has been large investment in the cultural sector, much of it with a contemporary edge.	There is a big opportunity to take this agenda forward within the Wirral Waters scheme.

2. Performance

2.1 Visits & Spend

According to the STEAM[1] model, there were about 62 million visits to Merseyside in 2006, generating around £1.2 billion in revenue[2]. About 93% of these visits, and 62% of spend, is accounted for by day visits. Only 3.5% are visits by people staying in paid for accommodation, but they account for almost 30% of visitor spend. The rest is accounted for by people staying with friends and relatives.

Figure 4: Volume and value of tourism in Merseyside 2006

	Visits	*Days*	*Revenue*
Day Visitors	57.4m	57.4m	£748.8m
SFR	2.2m	5.9m	£114.7m
Serviced Accommodation	1.9m	3.4m	£299.6m
Non-Serviced Accommodation	0.2m	1.2m	£45.8m
Total	*61.6m*	*67.8m*	*£1,208.9m*

Source: Merseyside STEAM 2006

STEAM estimates that visits to Merseyside have increased since 2003 at an average rate of 2.3% per year. If this were to continue, then there would be around 76 million visits to the sub region by 2015.

Figure 5: Visits by Type

	2003	*2004*	*2005*	*2006*	*% of Sub Region*	*2006 vs 2003*
Serviced Accommodation	1,523,000	1,542,000	1,623,000	1,863,000	3%	*22%*
Non-Serviced Accommodation	115,000	196,000	186,000	187,000	0.3%	*63%*
SFR	2,163,000	2,169,000	2,173,000	2,174,000	4%	*1%*
Day Visits	53,096,000	54,839,000	56,158,000	57,397,000	93%	*8%*
Total	*56,897,000*	*58,746,000*	*60,140,000*	*61,621,000*	*100%*	*8%*

STEAM suggests that the main growth has been in paid for staying accommodation which represents the bulk of paid for visitor accommodation in the sub region, and is probably the most important measure from the point of view of the Tourist Board. The growth in staying visits using serviced accommodation has taken place in all of the districts (although more modestly in Wirral then the others, possibly reflecting a relative lack of new development there compared to other districts). There is a heavy concentration of activity in Liverpool itself.

[1] Scarborough Tourism Economic Assessment Model, a widely used method of assessing the economic impact of tourism.

[2] All the figures should be treated with caution, however, because of lack of reliable raw data. This is especially true of day visits.

All districts have seen a big increase in those staying in serviced accommodation whilst the number of visits made to stay with friends and relatives has remained stagnant.

Figure 6: Staying Visits

	2003	*2004*	*2005*	*2006*	*% of Sub Region 2006*	*2006 vs 2003*
Halton	149,000	145,000	165,000	181,000	10%	*21%*
Knowsley	71,000	72,000	76,000	87,000	5%	*23%*
Liverpool	688,000	684,000	694,000	829,000	44%	*20%*
Sefton	295,000	344,000	348,000	376,000	20%	*27%*
Wirral	185,000	168,000	168,000	200,000	11%	*8%*
St Helens	135,000	129,000	172,000	190,000	10%	*41%*
Total:	*1,523,000*	*1,542,000*	*1,623,000*	*1,863,000*	*100%*	*22%*
Non-Serviced Accommodation						
Halton	0	0	0	0	0%	
Knowsley	0	0	0	0	0%	
Liverpool	0	87,000	82,000	78,000	42%	
Sefton	101,000	91,000	87,000	91,000	49%	*-10%*
Wirral	14,000	18,000	17,000	18,000	10%	*29%*
St Helens	0	0	0	0	0%	
Total:	*115,000*	*196,000*	*186,000*	*187,000*	*100%*	*63%*
Staying with Friends and Relatives						
Halton	182,000	183,000	184,000	183,000	8%	*1%*
Knowsley	233,000	232,000	231,000	231,000	11%	*-1%*
Liverpool	682,000	682,000	687,000	691,000	32%	*1%*
Sefton	314,000	314,000	314,000	313,000	14%	*0%*
Wirral	479,000	485,000	484,000	484,000	22%	*1%*
St Helens	273,000	273,000	273,000	272,000	13%	*0%*
Total:	*2,163,000*	*2,169,000*	*2,173,000*	*2,174,000*	*100%*	*1%*
Total Staying Visits						
Halton	331,000	328,000	349,000	364,000	9%	10%
Knowsley	304,000	304,000	307,000	318,000	8%	5%
Liverpool	1,370,000	1,453,000	1,463,000	1,598,000	38%	17%
Sefton	710,000	749,000	749,000	780,000	18%	10%
Wirral	678,000	671,000	669,000	702,000	17%	4%
St Helens	408,000	402,000	445,000	462,000	11%	13%
Total:	*3,801,000*	*3,907,000*	*3,982,000*	*4,224,000*	*100%*	*11%*

According to STEAM, the number of nights spent in Liverpool hotels has not kept pace with the increase in trips. This seems unlikely and is probably a glitch in the statistics.

Figure 7: Nights spent by Staying Visitors

	2003	2004	2005	2006	% of Sub Region	2006 vs 2003
Serviced						
Halton	313,000	290,000	315,000	325,000	10%	4%
Knowsley	148,000	144,000	145,000	155,000	5%	5%
Liverpool	1,449,000	1,373,000	1,330,000	1,471,000	44%	2%
Sefton	569,000	670,000	664,000	690,000	21%	21%
St.Helens	283,000	259,000	330,000	340,000	10%	20%
Wirral	367,000	337,000	320,000	369,000	11%	1%
Total:	*3,129,000*	*3,073,000*	*3,104,000*	*3,350,000*	*100%*	*7%*
Non-Serviced						
Halton	0	0	0	0		
Knowsley	0	0	0	0	0%	
Liverpool	0	503,000	543,000	504,000	42%	
Sefton	578,000	543,000	569,000	587,000	49%	2%
St.Helens	0	0	0	0	0%	
Wirral	80,000	106,000	111,000	117,000	10%	46%
Total:	*658,000*	*1,152,000*	*1,223,000*	*1,208,000*	*100%*	*84%*
Staying with Friend and Relatives						
Halton	434,000	435,000	437,000	437,000	7%	1%
Knowsley	555,000	552,000	551,000	549,000	9%	-1%
Liverpool	1,623,000	1,624,000	1,634,000	1,645,000	28%	1%
Sefton	1,427,000	1,426,000	1,427,000	1,422,000	24%	0%
St.Helens	650,000	650,000	650,000	648,000	11%	0%
Wirral	1,140,000	1,154,000	1,151,000	1,151,000	20%	1%
Total:	*5,829,000*	*5,841,000*	*5,850,000*	*5,852,000*	*100%*	*0%*
Total						
Halton	747,000	725,000	752,000	762,000	7%	2%
Knowsley	703,000	696,000	696,000	704,000	7%	0%
Liverpool	3,072,000	3,500,000	3,507,000	3,620,000	35%	18%
Sefton	2,574,000	2,639,000	2,660,000	2,699,000	26%	5%
St.Helens	933,000	909,000	980,000	988,000	9%	6%
Wirral	1,587,000	1,597,000	1,582,000	1,637,000	16%	3%
Total:	*9,616,000*	*10,066,000*	*10,177,000*	*10,410,000*	*100%*	*8%*

Source: STEAM

There also seems to be something strange in the estimated revenue figures for Liverpool from people staying in serviced accommodation. STEAM implies that it has fallen, which seems unlikely.

Figure 8: Spend by Staying Visitors

	2003	2004	2005	2006	% of Sub Region	2006 vs 2003
	£ Millions	£ Millions	£ Millions	£ Millions		
Serviced						
Halton	31.4	30.6	32.4	34.3	11%	9%
Knowsley	15.1	15.2	16.0	16.5	5%	9%
Liverpool	146.7	142.5	119.4	132.8	44%	-9%
Sefton	42.2	52.1	52.6	54.9	18%	30%
St.Helens	28.8	26.7	28.7	29.6	10%	3%
Wirral	29.9	28.7	27.3	31.5	11%	6%
Total:	294.0	295.8	276.4	299.6	100%	2%
Non-Serviced						
Halton						
Knowsley						
Liverpool	0.0	24.1	26.6	24.5	53%	
Sefton	16.6	16.4	17.0	17.5	38%	5%
St.Helens						
Wirral	2.4	3.5	3.7	3.8		
Total:	*19.0*	*44.0*	*47.3*	*45.8*	*92%*	*142%*
SFR						
Halton	7.9	8.1	8.4	8.4	7%	6%
Knowsley	10.1	10.3	10.5	10.5	9%	5%
Liverpool	29.4	30.4	31.3	31.5	27%	7%
Sefton	28.3	29.2	29.9	29.9	26%	5%
St.Helens	11.8	12.1	12.4	12.4	11%	5%
Wirral	20.7	21.0	22.0	22.0	19%	7%
Total:	*108.2*	*111.2*	*114.6*	*114.7*	*100%*	*6%*
Total						
Halton	39.3	38.8	40.8	42.6	9%	8%
Knowsley	25.1	25.5	26.6	27.0	6%	7%
Liverpool	176.1	196.9	177.2	188.7	41%	7%
Sefton	87.1	97.7	99.6	102.3	22%	17%
St.Helens	40.6	38.9	41.1	42.0	9%	4%
Wirral	52.9	53.3	53.1	57.4	12%	9%
Total:	*421.1*	*451.0*	*438.4*	*460.1*	*100%*	*9%*

Source: STEAM

Overall, STEAM records that tourism spend across the sub region increased by 4% in real terms between 2003 and 2006. If correct, this would be disappointing, but we suspect that the figures may understate the reality.

Figure 9: Revenue by district

	2003	*2004*	*2005*	*2006*	% increase in real terms
Liverpool	£383m	£417m	£407m	£425m	3%
Sefton	£248m	£263m	£271m	£281m	4%
Wirral	£162m	£173m	£187m	£194m	11%
St.Helens	£117m	£120m	£127m	£132m	4%
Halton	£86m	£88m	£93m	£97m	4%
Knowsley	£77m	£79m	£79m	£81m	-4%
Total	£1,073m	£1,140m	£1,164m	£1,210m	4%

Based on Retail Price Index Dec 2003 - Dec 2006

2.2 Comparison to European Cities

The Vision 2015 document has a table showing leading city destinations in Europe for staying visits. The strategy emphasises the aspiration that Liverpool be a leading European City region.

Since 2000, certain European city destinations - like Barcelona and Rome - have soared in popularity.

Figure 10: A selection of Leading City Destinations in Europe

	2000		*2003*		*2006*	
Destination	*Arrivals*	*Nights*	*Arrivals*	*Nights*	*Arrivals*	*Nights*
London	28.0m	120.4m	26.0m	111.7m	26.2m	126.0m
Paris	14.0m	31.6m	14.0m	30.9m	15.4m	33.7m
Rome	6.3m	14.8m	7.1m	18.9m	11.2m	28.2m
Dublin	4.4m	16.9m	4.5m	18.8m	5.7m	23.0m
Berlin	5.0m	11.4m	5.0m	11.3m	7.1m	15.9m
Barcelona	3.1m	7.8m	4.4m	10.6m	7.2m	14.8m
Merseyside					*4.3m*	*10.5m*
Munich	3.7m	7.8m	3.5m	7.1m	4.4m	8.9m
Hamburg	2.6m	4.8m	3.0m	5.4m	3.8m	7.2m
Stockholm	2.3m	4.2m	2.4m	4.3m	2.9m	5.3m
Brussels	2.4m	4.5m	2.5m	4.8m	2.5m	4.7m
Liverpool	*1.6m*	*3.5m*	*1.4m*	*3.1m*	*1.6m*	*3.6m*

Source: TourMIS & Merseyside STEAM 2006

Liverpool has not made much headway and seems to have a long way to go to match a city such as Hamburg,

It has, however, risen to 6th most visited destination in the UK for international tourists compared to the 20th in 2001. This seems to be a direct consequence of the expansion of routes from Liverpool John Lennon Airport and has been most dramatic in the past 2 years. The International Passenger Survey has yet to publish its complete data for 2006, however data for the top 20 most visited towns in the UK is available and shows that international visits to Liverpool grew from 440,000 in 2005 to 620,000 in 2006 and the gap between it and nearest rivals Glasgow and Manchester is decreasing.

Figure 11: Towns and cities visited by tourists from Overseas

2006			*2005*			*2004*			*2003*		
Rank	*Town/City*	*Visits*	*Rank*	*Town/City*	*Visits*	*Rank*	*Town/City*	*Visits*	*Rank*	*Town/City*	*Visits*
1	London	15.59m	*1*	London	13.89m	*1*	London	13.39m	*1*	London	11.70m
2	Edinburgh	1.34m	*2*	Edinburgh	1.13m	*2*	Edinburgh	0.94m	*2*	Edinburgh	0.77m
3	Manchester	0.91m	*3*	Manchester	0.82m	*3*	Manchester	0.77m	*3*	Manchester	0.74m
4	Birmingham	0.78m	*4*	Birmingham	0.73m	*4*	Birmingham	0.73m	*4*	Birmingham	0.72m
5	Glasgow	0.74m	*5*	Glasgow	0.68m	*5*	Glasgow	0.54m	*5*	Glasgow	0.42m
6	*Liverpool*	*0.62m*	*6*	*Liverpool*	*0.44m*	*6*	Oxford	0.40m	*6*	Oxford	0.36m
7	Oxford	0.45m	*7*	Oxford	0.44m	*7*	Bristol	0.35m	*7*	Cambridge	0.31m
8	Bristol	0.40m	*8*	Cambridge	0.42m	*8*	Cambridge	0.34m	*8*	Bristol	0.29m
9	Cardiff	0.35m	*9*	Bristol	0.40m	*9*	Cardiff	0.31m	*=9*	Brighton/Hove	0.27m
10	Cambridge	0.35m	*10*	Brighton / Hove	0.33m	*10*	York	0.29m	*=9*	*Liverpool*	*0.27m*
11	Newcastle	0.32m	*=11*	Nottingham	0.28m	*11*	Brighton/Hove	0.27m	*11*	Cardiff	0.25m
12	Leeds	0.29m	*=11*	Cardiff	0.28m	*12*	Newcastle	0.26m	*=12*	York	0.21m
13	Brighton / Hove	0.26m	*13*	Bath	0.27m	*13*	Bath	0.25m	*=12*	Nottingham	0.21m
14	York	0.25m	*14*	Newcastle	0.27m	*14*	Nottingham	0.23m	*=12*	Bath	0.21m
15	Inverness	0.25m	*15*	York	0.25m	*15*	Inverness	0.22m	*15*	Newcastle	0.20m
16	Bath	0.24m	*16*	Inverness	0.23m	*16*	*Liverpool*	*0.21m*	*16*	Coventry	0.18m
17	Nottingham	0.22m	*17*	Leeds	0.20m	*17*	Leeds	0.19m	*=17*	Leeds	0.17m
18	Reading	0.20m	*18*	Reading	0.19m	*18*	Coventry	0.18m	*=17*	Inverness	0.17m
19	Aberdeen	0.19m	*19*	Coventry	0.16m	*19*	Reading	0.16m	*=19*	Chester	0.16m
20	Chester	0.17m	*20*	Luton	0.15m	*20*	Leicester	0.15m	*=19*	Leicester	0.16m

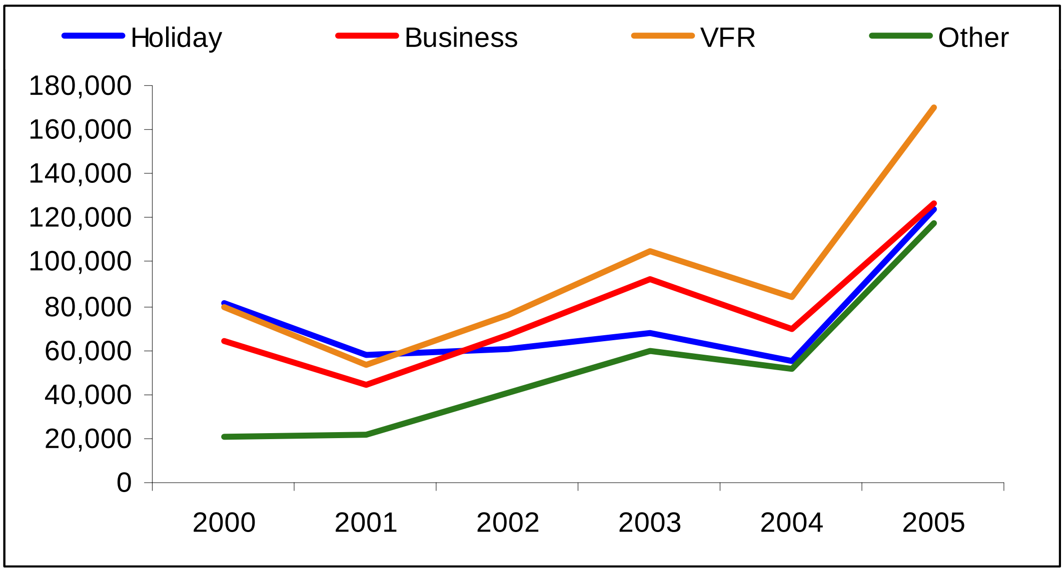
Source: International Passenger Survey

The International Passenger Survey suggests that there has been substantial growth across all types of visits.

Figure 12: International visits to Merseyside

	2000	*2001*	*2002*	*2003*	*2004*	*2005*
Holiday	81,000	58,000	61,000	68,000	55,000	124,000
Of which inclusive tour	*19,000*	*15,000*	*18,000*	*11,000*	*14,000*	*10,000*
Business	64,000	44,000	67,000	92,000	70,000	127,000
VFR	80,000	53,000	76,000	105,000	84,000	170,000
Other	21,000	22,000	41,000	60,000	52,000	118,000
Total	*247,000*	*177,000*	*246,000*	*325,000*	*261,000*	*539,000*

Figure 13: International visits to Merseyside



Source: International Passenger Survey

2.3 Comparison to UK Cities

Liverpool is also in the top 10 towns and cities in England for domestic trips overall and business trips, but not yet in the top 10 for taking a leisure break.

Figure 14: Top 10 English towns for domestic tourists 2006, by purpose

Total Trips (1+ Nights)	*2006*	*Holidays (+1 nights)*	*2006*	*Business Trips (+1 Nights)*	*2006*
1 London	10.96m	1 London	5.50m	1 London	2.97m
2 Manchester	2.49m	2 Blackpool	1.50m	2 Birmingham	0.91m
3 Birmingham	2.29m	3 Manchester	1.33m	3 Manchester	0.68m
4 Bristol	1.83m	4 Scarborough	1.26m	4 Leeds	0.40m
5 Blackpool	1.79m	5 Birmingham	0.99m	5 Bristol	0.39m
6 Leeds	1.44m	6 Skegness	0.93m	6 Nottingham	0.35m
7 Scarborough	1.38m	7 Bristol	0.93m	7 Liverpool	0.32m
8 Newcastle upon Tyne	1.30m	8 Isle of Wight	0.91m	8 Newcastle upon Tyne	0.27m
9 Liverpool	1.26m	9 York	0.85m	9 York	0.21m
10 York	1.25m	10 Birmingham	0.73m	10 Hull	0.18m

Source: UK Tourism Survey

2.4 NWDA "Special Trips" Research

Locum commissioned research on behalf of the Northwest Regional Development Agency in 2006 about "special trips" made by people living in the region. It surveyed a representative sample of people living within a 90 minute boundary of a mid point between Manchester and Liverpool. People were asked to identify which of 66 places they had been to in the past two years for a "special trip" (excluding visiting friends and relatives and business).

It implied that a lower proportion or people in that area visited Liverpool than might be expected, and a higher proportion than might be expected visited Southport (separate research for Sefton Council, concentrating on people living within 80 miles of it, confirmed that Southport retains very strong appeal as a place to go for a day out).

Figure 15: Proportion of people who say they have made "Special Trips" to locations in the NW in the past 2 years

1	Lake District	65%	23	Leeds	25%	45	Bolton	13%
2	Blackpool	56%	24	Harrogate	25%	46	Clitheroe	12%
3	Manchester	51%	25	Fleetwood	25%	47	Wirral	12%
4	York	50%	26	Newcastle	24%	48	Ironbridge	12%
5	Chester	47%	27	Morecombe	23%	49	Wigan	11%
6	Blackpool Pleasure Beach	47%	28	Lancaster	21%	50	Knutsford	11%
7	Trafford Centre	43%	29	Salford Quays	20%	51	Bramburgh	11%
8	North Wales Resorts	43%	30	Knowsley Safari Park	19%	52	Eden Valley	10%
9	Yorkshire Dales	41%	31	Nottingham	19%	53	Stockport	10%
10	Southport	40%	32	Bakewell	18%	54	Oswaldtwistle	10%
11	Peak District	39%	33	Tatton Park	18%	55	Nantwich	10%
12	Liverpool	38%	34	Preston	18%	56	Holyake	10%
13	Kendal	38%	35	Carlisle	17%	57	Barrow in Furness	9%
14	Keswick	34%	36	Sheffield	17%	58	Settle - Carlisle R'Way	9%
15	Chester Zoo	33%	37	Hadrian's Wall	17%	59	Bradford	9%
16	Scarborough	31%	38	West Kirkby	16%	60	Birkenhead	8%
17	Cheshire Oaks	30%	39	Botany Bay	16%	61	Blackburn	8%
18	Snowdonia	30%	40	Durham	15%	62	Whitehaven	8%
19	Alton Towers	30%	41	Forest of Bowland	15%	63	St. Helens	7%
20	Whitby	29%	42	Delamere	15%	64	Oldham	6%
21	Albert Dock	29%	43	Grange Over Sands	14%	65	Rochdale	5%
22	Lytham	26%	44	Warrington	13%	66	Burnley	5%

Closer examination of the data showed that the relative underperformance of Liverpool was directly related to the relative weakness of its shopping offer, a weakness that will be addressed by the Liverpool One scheme.

Figure 16: Main reason for visiting Liverpool

		%
1	To just have a look around	41%
2	To go shopping	32%
3	To go to a specific attraction	24%
4	Somewhere to go with friends	21%
5	For a bit of entertainment	20%
6	To see a special event	17%
7	Discover or explore a new place	15%
8	For a nostalgic experience	14%
9	For something out of the ordinary/ different	13%
10	To go to a specific shop	9%
11	To mark an anniversary or special occasion	9%
12	To go to a specific restaurant	8%
13	For a bit of peace and relaxation	8%
14	To be stimulated have an educational experience	8%
15	To do something fascinating and absorbing	8%
16	For a thrill	3%
17	For a physical challenge	2%
18	For a mental challenge	1%

2.5 Attractions

Most of Merseyside's attractions have free admission and the admission numbers of several of the museums and galleries fluctuate considerably according to the exhibition programmes that they have in different years. The trend seems to be positive for most of them, however.

Figure 17: Paid Attractions in Merseyside 2006 or latest (denoted by)*

Attraction	*District*	*2003*	*2004*	*2005*	*2006*	*Entry*
Mersey Ferries	Liverpool / Wirral	722,357	640,360	685,255	564,872	£4.65
Knowsley Safari Park	Knowsley	452,971		505,237	512,962	£11.00
Empire Theatre	Liverpool	400,000			400000*	
Southport Theatre & Floral Hall Complex	Sefton	229,490			229490*	
Haydock Park Racecourse	St.Helens	190,000		190,000	210,191	
Voirrey Embroidery Centre, Brimstage Hall	Wirral	180,000	180,000		180000*	£3.00
Croxteth Hall & Country Park	Liverpool	156,844	156,844	165,000	179,638	£4.50
Aintree Racecourse	Liverpool	147,400			178,522	
New Palace Leisure Fun Centre	Wirral			150,000	150,000	£3.00
Beatles Story	Liverpool	124,114	123,335	127,633	144,114	£8.99
Liverpool Football Club Museum	Liverpool			118,725	131,896	£10.00
Speke Hall	Liverpool	86,052	88,398	82,599	79,196	£6.50
Liverpool Ducks	Liverpool	37,747	36,309	38,159	49,725	£11.95
Model Railway Village	Sefton			28,454	23,064	£2.95
National Wildflower Centre	Liverpool	45,000	36,000	16,000	18,000	£3.00
Forthlin Road, 20	Liverpool	6,275	5,178	4,971	4,750	£13.00
59 Rodney Street (NT) The Home of Edward Chambra Hardman	Liverpool			5,236	4,042	£4.70
North West Museum of Road Transport	St. Helens				3,200	£3.50

Source: Visit Britain Attractions Monitor 2006 & Digest of Liverpool and Merseyside Tourism Statistics, October 2007

Figure 18: Free Attractions in Merseyside 2006 or latest (denoted by)*

Attraction	*District*	*2003*	*2004*	*2005*	*2006*
Albert Dock	Liverpool	4,200,000		5,942,485	6,158,485
Tate Liverpool	Liverpool	619,061	586,914	616,570	557,002
World Museum	Liverpool			513,855	554,032
Merseyside Maritime Museum	Liverpool			355,343	439,318
Liverpool Anglican Cathedral	Liverpool	383,843	388,000	395,000	401,019
National Trust, Formby	Sefton				400,334
Wirral Country Park	Wirral			315,000	315,000*
Southport Pier	Sefton	406,833		320,000	310,000
Metropolitan Cathedral of Christ The King	Liverpool		111,300	150,768	262,946
The Walker	Liverpool	200,383	172,932	170,929	248,107
Lady Lever Art Gallery	Wirral	93,728	112,115	118,128	201,576
Tom'O Shanter Urban Farm					80,000
Conservation Centre	Liverpool	83,886	60,421	39,067	50,992
Atkinson Art Gallery	Sefton	23,370		21,200	31,306
Mersey Valley Visitor Centre	Liverpool	14,790	10,361	11,775	12,035
University of Liverpool Art Gallery	Liverpool	2,510	2,275	2,251	2,374

Source: Visit Britain Attractions Monitor & Digest of Liverpool and Merseyside Tourism Statistics, October 2007

The Lady Lever Art Gallery has seen a notable increase in visitor numbers which have more than doubled. The gallery has put on a series of special exhibitions; one of its most popular attractions was a three-month exhibition of pre-Raphaelite drawings, which brought in around 85,000 visitors.

Visitor numbers have also doubled at Metropolitan Cathedral of Christ the King, following the investment in the crypt and a new visitor centre.

Of the paid attractions, Croxteth Hall and Country Park is the most visited attraction and visitor numbers are steadily increasing.

Eight public museums make up the National Museums Liverpool (World Museum Liverpool, Walker Art Gallery, Merseyside Maritime Museum, Customs and Excise National Museum, Museum of Liverpool Life, National Conservation Centre, Lady Lever Art Gallery, Sudley House). Their visitor numbers have been rising, with a substantial increase in visitors from overseas seeming to be a reflection of the increasing success of the city in attracting visitors from abroad.

Figure 19: Visits to National Museums Liverpool

	2003-04	*2004-05*	*2005-06*	*Growth %*
Adult visits	1,155,000	1,137,000	1,194,000	3%
Child visits	371,000	400,000	414,000	12%
Total	*1,526,000*	*1,537,000*	*1,608,000*	*5%*
of which age 60+ visits	366,000	400,000	273,000	-25%
of which overseas visits	107,000	108,000	161,000	50%
of which repeat visits	580,000	584,000	756,000	30%

Source: National Museums Liverpool

2.6 John Lennon Airport

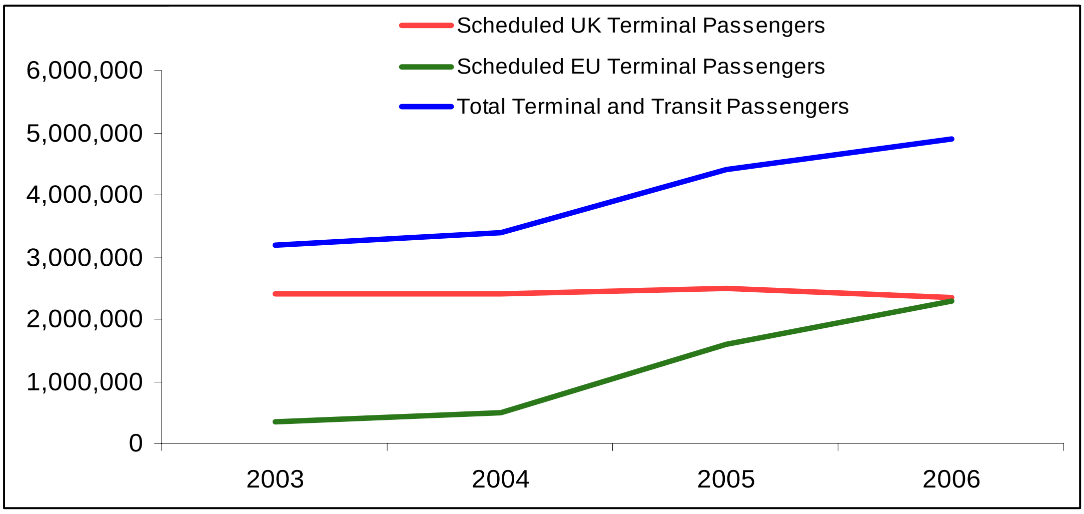
Liverpool John Lennon Airport handled 4.9 million terminal passengers in 2006, an increase of 120% over the five years since 2001 (when the Airport handled around 2 million terminal passengers). The most striking growth illustrated in Figure 22 has been in passengers travelling on scheduled flights by EU operators, the number of which has grown from 350,000 in 2003 to 2.3 million in 2006.

Figure 20: Air traffic movements at John Lennon Airport 2003 – 2006

Year	Air traffic
2003	39,000
2004	40,000
2005	49,000
2006	48,000

Source: Civil Aviation Authorit

Figure 21: All Transit & Terminal Passengers[3] 2003 - 2006 & UK/EU and numbers Scheduled EU and UK terminal passengers



Source: Civil Aviation Authority

[3] A terminal passenger= a passenger joining or leaving an aircraft at the reported airport. The passenger is counted twice – at the airport they land in and the airport they join the plane.

A transit passenger = a passenger who leaves and departs from a reporting airport on the same aircraft which is transiting the airport. These passengers are counted once.

Figure 22: Air Passengers by Type and Nationality of Operator 2003 - 2006

	2003	*2004*	*2005*	*2006*
Scheduled UK Operators				
Terminal	2,400,000	2,400,000	2,500,000	2,340,000
Transit	500	800	620	500
Scheduled EU Operators				
Terminal	350,000	500,000	1,600,000	2,300,000
Transit	60	110	770	100
Scheduled Other Overseas				
Terminal	38,000	47,000	49,000	49,000
Transit	-	-	-	
Charter UK Operators				
Terminal	340,000	300,000	220,000	160,000
Transit	620	300	600	600
Charter EU Operators				
Terminal	66,000	70,000	91,000	90,000
Transit	480	50	240	70
Charter Other Overseas Operators				
Terminal	4,900	8,000	19,000	30,000
Transit	-	170	-	20
Total Terminal and Transit Passengers	*3,200,000*	*3,400,000*	*4,400,000*	*4,900,000*

Source: Civil Aviation Authority

3. Main Product Developments

There has been a flurry of development activity that has enhanced the visitor experience in the sub region. Much of it was envisaged in the strategy. They are summarised in the tables below. Tranformational projects include:

Museum of Liverpool

The mission is to be "one of the world's leading city history museums, setting the global benchmark for museums of its kind and raising social history as a museum discipline to an international scale". It will be part of the National Museums of Liverpool and will not have an admission charge. The total project cost is £68 million.[4] It is due to be completed by the end of 2008, the fit out finished and the museum opened by 2010. The focus of the museum will be on Liverpool and it will showcase popular culture, social, historical and contemporary issues. It is estimated that it will have about 750,000 visits a year[5], with about 100,000 of them being for educational purposes.

Arena and Convention Centre

ACC it will include: a multi-use arena with 10,000 seats; 1,350 seat conference centre; exhibition hall; 2 hotels with 325 bedrooms; 18,000 m² of offices; 9,000 m² of retail and leisure; 3,500 car parking spaces; a public plaza; up to 1,800 residential homes. There will be two buildings linked together by a central glazed walkway or galleria. A glazed concourse will run around the perimeter. The whole structure will be lit at night to create an impressive riverside vista. The first part of the scheme will open in 2008. The new operating company has already confirmed over 40 conferences for 2008[6] including the MTV Europe Awards and the Liberal Democrats Spring Conference. When complete, the total cost of the scheme is likely to be more than £400 million from a combination of public and private sources.[7]

Liverpool One

£900 million retail-led regeneration of Liverpool city centre by Grosvenor Estates[8]. It will open in 2008. It six distinct districts; 30 individually designed buildings; 160,000 m² (1.6 million sq ft) of retail; a 14 screen cinema; 23,000 m² (230,000 sq ft) of restaurants, cafes

[4] www.liverpoolmuseums.org

[5] Projection made by NML and asserted by Locum using Hoshin base data, June 2005

[6] Liverpool City Centre Development Update, April 2007

[7] www.liverpool.gov.uk

[8] www.liverpoolvision.co.uk

and bars; 450 apartments; 2 hotels – Hilton is confirmed as a tenant for one of the hotels and will open in 2008 – it will be Hilton's first hotel in Liverpool, offices, five acre park, New public transport interchange.

European Capital of Culture

Themed years:

- 2003: Year of Learning
- 2004: Faith in One City
- 2005: Sea Liverpool
- 2006: Liverpool Performs (Art, Business, Sport)
- 2007: 800th birthday (Year of Heritage)
- 2008: CAPITAL OF CULTURE
- 2009: Environment
- 2010: Innovation

Events confirmed for late 2007 and 2008 under the banner 'Capital of Culture':

- The Turner Prize 2007/8 at the Tate Liverpool - the first time it has been held outside London;
- In 2008 BBC Electric Proms – first time held outside of London;
- The Royal Variety Performance in late 2007;
- A major riverside concert with a floating stage;
- The UK's first comprehensive exhibition of work Austrian artist Gustav Klimt;
- Performances by Seamus Heaney, Phillip Pullman and Sir Simon Rattle;
- Liverpool Biennale;
- Le Corbusier exhibition;
- Simon rattle conducts the Liverpool Philharmonic Orchestra and Berlin Philharmoniker;
- Paul McCartney headlining a concert;
- Ringo Starr and other high profile musicians – 'Story of Liverpool' opening concert.

Figure 23: Destination Related Developments Completed since 2003

Investment	*Impact*
CITY CENTRE	
World Heritage Site Status	UNESCO inscribed Liverpool Maritime a World Heritage Site in 2004.
Met Quarter	Opened in Liverpool city-centre in 2006. The 147,000 sq ft development has 45 retail units focused on up market fashion brands. Units include Armani Exchange (only the 2nd store in the UK), Kurt Geiger, Gieves & Hawkes, Whistles and Hobbs. *Adds an important dimension to the retail offer.*
St. Paul's Square	*Has created a new business address in the city. Such development is important in sustaining the hotel offer.*
Public Realm, Hope Street	*Has made an important contribution to the evolution of Hope Street as an attractive cultural/leisure quarter.*
Visitor Centre, Liverpool Anglican Cathedral	£3.3 investment includes a new restaurant, shop and theatre showing a film about the making of the cathedral. *Adds to the quality of the cathedral experience and to the Hope Street offer.*
St Georges Hall	£5.1 million major refurbishment in time for Liverpool's successful 800th birthday celebrations. *Creates an ideal complement to the Convention Centre and a centrepiece of the World Heritage Site.*
OUTSIDE THE CITY CENTRE	
Aintree	Two new permanent stands have been built to expand capacity to a total of 6,000 people. An international equestrian centre has been developed. *Further enhancement of an international icon.*
Another Place	Anthony Gormley installation has been a major success with the public. *Has created a icon for the Sefton Coast.*
Cruise Terminal	*Launched with visit from Queen Elizabeth 2*. Has already demonstrated how it can add ambience to the city and bring trade.

George Street Quarter, St Helens	Transformed from dereliction to award winning cultural quarter with restaurants and creative industries.
Spaceport	£8 million International Space and Astronomy Centre at Seacombe. *Provides an important addition to the attractors on the Mersey Waterfront and enhancement to the Mersey Ferries experience.*
Splash World	£8.5 million water park development in Southport. *Adds family friendly facilities to the offer.*
Liverpool John Lennon Airport	Continuing expansion of the terminal facilities is key factor underpinning the rising visitor numbers from overseas. It has become the fastest growing UK regional airport with a successful business model that is complimentary to Manchester's.
International Slavery Museum	Phase 1 – major new display galleries within the Merseyside Maritime Museum. £10 million. Phase 2 – Research Institute and Resource Centre in Dock Traffic Office building
Lutyens Crypt and Visitor Centre. Liverpool Metropolitan Cathedral	£5.9 million development to provide a visitor experience including exhibitions, archives and conference and concert facilities.
EVENTS	
The Open 2006	The most visited ever, with 230,000 attendees. *Ensured that Hoylake is now a regular fixture on the Open programme.*
Capital of Culture	See below.

Figure 24: Liverpool Developments Underway or at Advanced Planning

Project	Location/Completion	Cost £m	Description
Arena and Conference Centre, Liverpool	Kings Dock, 2008	146.5	Purpose built conference and entertainment venue
Liverpool One	Liverpool, 2009	1090	42-acre multi-district, retail-led development in Liverpool City Centre
Museum of Liverpool	Pier Head, Liverpool	65	Major new city museum at Mann Island.

Project	Location/Completion	Cost £m	Description
Sefton Park	Sefton Park	6	Restoration of the Park
Pier Head Terminal	Pier Head, Liverpool	9.5	New terminal building will accommodate Mersey Ferries Operations, including improved catering and retail facilities
Leeds Liverpool Canal Extension	Waterfront		Extending the navigable canal into the Albert Dock.
The Beatles Story	Albert Dock, 2008	9.5	Major expansion
Anfield	Liverpool	215	New Stadium, museum, leisure offer on site of existing stadium, refurbishment of Stanley Park and Isla Gladstone Conservatory.
Liverpool John Lennon Airport	Liverpool, 2010	53	Improvements and longer-term plans to accommodate 8.3 million passengers annually by 2015 and 12.3 million by 2030.
Central Library & Archive redevelopment	Liverpool, 2010	34.5	Provide world-class public library and archive, capitalising on the importance of Liverpool as a genealogy centre.
Everyman Playhouse	Liverpool 2008	35	Retention and redevelopment to create 21st century theatre facilities
Victoria Building, University of Liverpool	Liverpool, 2008	7.5	Visitor centre charting the history of the University of Liverpool
Anglican Cathedral Developments	Liverpool, 2009	6.8	Refurbishment of the piazza in front of the cathedral

Figure 25: Projects in Delivery or Advanced Stages of Planning – Outside Liverpool

Project	Location/Completion	Cost £m	Description
Sefton Water Centre	Crosby, 2008	7	Water centre of regional significance

Project	Location/Completion	Cost £m	Description
The Observatory	Crosby, 2010	13	Replacing the current radar tower; 100 ft structure with visitor centre.
Southport Theatre and Convention Centre	Southport, 2008	32	Development will include a 4* hotel, new exhibition hall, casino and leisure units
Destination St.Helens	St.Helens Linkway, 2009 – Still under consideration	23	Major new 18,000 seater Rugby stadium forming part of a leisure and retail complex including hotel and conference development.
Channel 4 Big Art project	Junction 7 of M62		
Brand New Brighton	New Brighton, 2010	50	A 2 phased, market-led mixed use development.
The 'Sail'	West Kirby, 2009	8	The re-provision or demolition of the existing sailing school and its replacement with a distinctive and prestigious landmark building. Developer secured.
Lighting	Across the sub region	8.5	Investment in improving lighting in the region, starting with the installation of cross-river lasers located on the Wirral and Liverpool waterfronts.
Pride in Promenades	Waterfront	16.5	Improvements to promenades and public realm.
Museum of Road Transport	St Helens		
Shakespeare North *at the Cockpit*	Prescot, Knowsley, 2010	30	Sports village/academy campus proposed for former Cronton colliery site
Widnes Waterfront Development	Widnes, Halton	10	A new build ice rink, cinema and leisure complex. 'Window on the Waterfront.'

Figure 26: Major Medium Term Projects

Project	Location/Completion	Cost £m	Description
Holyake Golf Resort	Hoylake, 2012-2014	75	International standard 'Golf Resort' incorporating a 5 star hotel, adjacent to the Royal Liverpool Golf Club. Depends on overcoming hurdle of planning permission in Green Belt area.
Wirral Waters	Birkenhead/ Twelve Quays, 2007 - 2037	4500	Major 20 year long term mixed residential, commercial leisure and retail development by Peel Holdings. Likely to be based on two major anchors: a high rise mixed use scheme at East Float, and a family oriented leisure-retail scheme on 28 acre Bidston Dock landfill site.
Liverpool Waters	Central Docks, Liverpool, 2007 – 2037	5500	150 acre site, 21 million sq.ft development on the Liverpool Waterfront, north of Pier Head. Initial proposals include 50+ iconic buildings, 23,000 new homes, marina, and 4 hotels.
Everton FC and Kirkby regeneration	Kirkby, Knowsley, 2007 – 2037	250	Proposal for a 50,000 seat stadium for Everton FC, supermarket, retail complex, hotel and residential uses.
Rainforest Project	Liverpool/ Merseyside	75	Proposal for a natural environment focused 'Eden' style tourist attraction for the north of England.
Mersey Gateway	Runcorn/ Widnes, 2014 subject to government grants and private and finance initiatives credit.		Creation of a second crossing of the Mersey at Runcorn/ Widnes. It will be a key access route from the M6, Chester and North Wales.

4. Accommodation

4.1 Serviced accommodation stock

The most comprehensive study of accommodation stock is from 2004. It showed that the majority of rooms, nearly 4,000, were in Liverpool. Sefton (which includes Southport), has the most establishments, but most are small (under 10 rooms).

Liverpool city centre hotel supply has increased by around 75% since 1997, up from 15 to 28 hotels.[9]

Figure 27: Rooms by district 2004

	Rooms			
	Under 10 rooms	*11 - 50 rooms*	*50+ rooms*	*Total*
Liverpool	131	625	3,176	3,932
Sefton	441	507	528	1,476
Wirral	149	546	290	985
Halton	38	211	444	693
St Helens	18	176	420	614
Knowsley	2	116	281	399
The Mersey	*779*	*2,181*	*5,139*	*8,099*

Source: North West England Serviced Accommodation Stock Summary -2004

Figure 28: Establishments by district 2004

	Establishments			
	Under 10 rooms	*11 - 50 rooms*	*50 + rooms*	*Total*
Sefton	59	29	5	93
Liverpool	24	27	23	74
Wirral	28	26	4	58
Halton	9	7	4	20
St Helens	3	7	4	14
Knowsley	1	3	4	8
The Mersey	*124*	*99*	*44*	267

Source: North West England Serviced Accommodation Stock Summary -2004

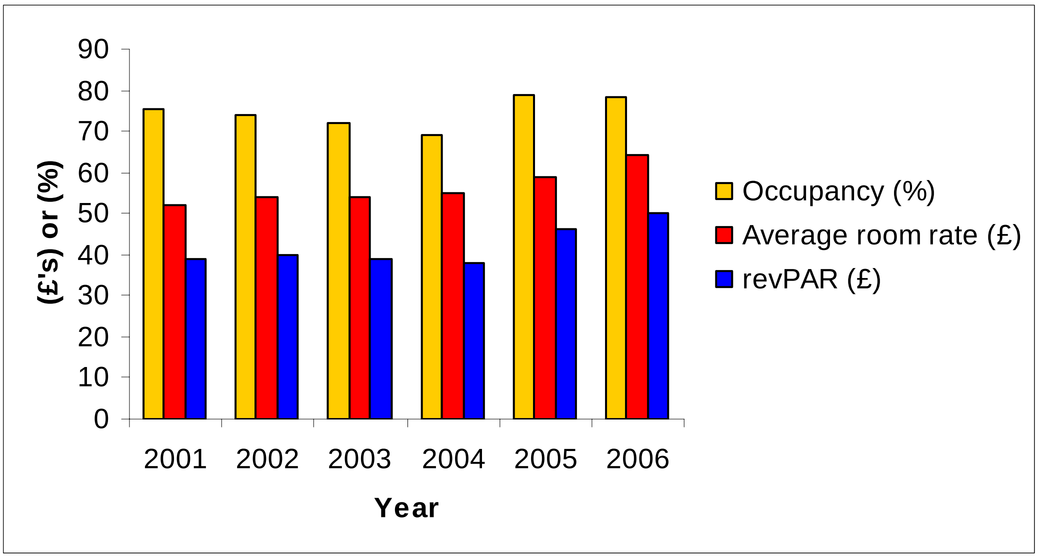
4.2 Room occupancy seems to have been strong

Average room occupancy for Liverpool was 73.6% in 2006 and 73.2% in 2005. That is a healthy achievement, higher than the UK average, although it appears that revenue per available room is lower[10].

[9] Deloitte

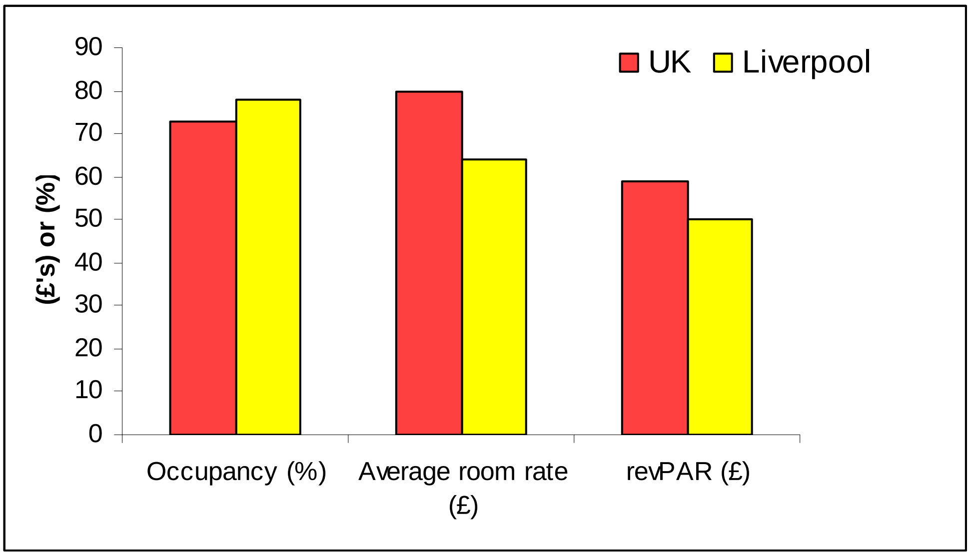
[10] The difference would be less if London was removed.

Figure 29: Liverpool Hotel Performance 2001 – 2006



Source: HotelBenchmark™ Survey by Deloitte. City-wide figures, not exclusive to the city

Figure 30: Liverpool & UK Hotel performance 2006

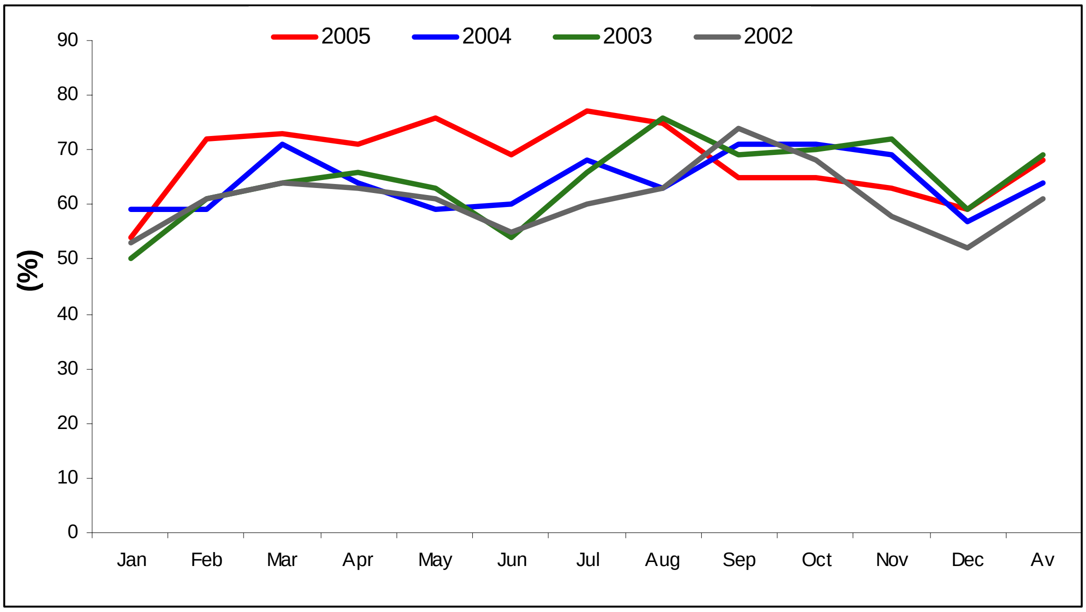


Source: TRI Hospitality Consulting & Mersey Partnership

There is no average annual room occupancy data for Merseyside as a whole post-2005, when average annual room occupancy of 68% was recorded - 4 percentage points higher than in 2004.

The 2005 data suggested higher occupancy in spring and summer than had been the case in previous years.

Figure 31: Hotel Occupancy in Merseyside as a whole 2002 – 2005



Source: Mersey Partnership

4.3 Development in Liverpool City Centre

There have been 1,348 new or refurbished rooms in Liverpool city centre since 2000[11]. Figure 32 summarises city centre developments since 2003:

11

Figure 32: Serviced Accommodation Developments Since 2003

Name	*Developer*	*Description*	*Cost*	*Completed*
"Print"	Montreal/ Stanley Street Company	6 room hotel accommodation on upper floor with members club	£5 million	August 2007
Parr Street Studios		12 bedroom boutique hotel	Not known	March 2007
Malmaison	MWB (Liverpool Ltd)	131 bed boutique hotel, with 41 luxury apartments	£35 million	January 2007
Hard Days Night Hotel	Bowdena Ltd	110 roomed Beatles-themed Hotel.	£4.5 million	January 2008.
62 Castle Street (former Trials)	Centre Island Group	Refurbishment of 20 bedroom hotel	£2.5 million	July 2006
Blackburne Arms Hotel	Punch Taverns	Major refurbishment including 7 new bedrooms	£0.5 million	June 2006
"The Liner" (formerly Gladstone Hotel)	Saagar Associates	Major refurbishment of existing hotel, 154 bedrooms	£15 million	Spring 2006
Sir Thomas Hotel	City Life Projects	Refurbishment and upgrading of 39 bedrooms	Not known	Summer 2005
Radisson SAS Hotel	Beetham Organisation & Radisson SAS	10 storey, 200 bedroom 4* hotel.	Hotel/resi = £25 million	February 2004
Hope Street	A J Buckingham Ltd	48 room boutique hotel	£1.5 million	December 2003
Racquet Club	M & h Ainscough	9 bedrooms, part of private member's club	£0.5 million	Summer 2003
Premier Lodge, Albert Dock	Premier Lodge	130 room budget hotel	Not known	May 2003
Travel Inn	Whitbread	5 storey budget hotel – 158 rooms	£6 million	July 2003

Source: The Mersey Partnership

An additional 1,200 rooms will be added to the hotel stock in the next year, most of it aimed in the upper range of the market.

Figure 33: Hotel developments currently in construction

Name	*Developer*	*Description*	*Cost*	*Status*
Adelphi Hotel, Lime Street	Britannia Inns	Major upgrade of hotel, inc new security measures	£6 million	Completion due December 2007
Caesars Palace	Caesars Palace	19 new hotel bedrooms with hotel “lay by” on Renshaw Street.	Not known	Planning permission granted May 2005
Uncle Sams	Mr Keith Piggot	Refurbishment of restaurant with hotel rooms on 2 upper floors.	Not known	Completion May 2007
Municipal Annexe	Lliad Koukash	86 room boutique hotel.	Not known	Completion July 2008
Kings Waterfront		Jury’s - 310 Staybridge – 132 rooms		Completion Summer 2008
Hilton, Liverpool One	Hilton	209 room 4 star hotel.		
Novotel, Liverpool One	Novotel	210 room.		
Premier Travel Inn, Albert Dock	Premier Travel Inn	56 additional rooms.		2008

4.4 Outside the City

There has been less development in the rest of the city region over the past 5 years, but that is changing.

A boutique hotel is being built on Lord Street in Southport, and there will be a 4 star hotel as part of the Neptune Developments scheme on the Marine Lake. Nearby Formby Hall is being converted to a Golf Resort.

Figure 34: Hotel Developments in place outside the city centre

Name	*Developer*	*Description*	*Cost*	*Status*
Vincent Boutique Hotel		60 room, 4 Star Boutique Hotel on Lord Street, Southport	£14m	Opening Spring 2008
Ribble Buildings Hotel		90 room, 2 star hotel, Southport	£10m	Constructi on started
Southport Theatre and Convention Centre Hotel	Neptune Developments	133 room, 4 star hotel	£25 m	2008
Formby Hall Golf Club		62 room Golf Resort and Spa in Formby		
"Vermont Tower" L8	Vermont Developments	Mixed use development incorporating 145 bed hotel		Application in principal agreement

There are proposals for 150 bedroom hotel as part of a mixed use development at Speke, and Peel Holdings have submitted proposals for 2 additional hotels there.

Peel also envisage a hotel adjacent to the Hydraulic Tower on Birkenhead Docks, and Neptune Developments plan a 4 star hotel as part of their Woodside development.

A 70 bedroom budget hotel is proposed as part of the Liverpool Football Ground redevelopment, and a 145 bedroom hotel has been proposed as part of a mixed use development in Toxteth.

4.5 Comparison With Other Cities

The data for this comparison has been taken from the Hotel Data Annual Directory 2006–7. Whilst the information, in such a rapidly changing scenario, may not be 100% accurate, it does provide a picture of the relative situation in different cities currently.

Figure 35: Hotels in the City Centre

Location	*1-2**	*3**	*4**	*5**	*Lodges*	*Total*	*Rooms*
Manchester City Centre	4	11	12		4	31	4,465
Liverpool City Centre	3	11	4	1	12	31	2,599
Bristol City Centre	5	9	8		4	26	2,538
Nottingham City Centre	7	10	8		7	32	2,498
Newcastle City Centre	12	11	5		3	31	1,865
Leeds City Centre	3	3	4	1	4	15	1,742
Coventry City Centre	1	5	1		3	10	866
Derby City Centre	2	5			7	14	760
Norwich City Centre	4	6	3		3	16	692
Portsmouth City Centre	1	5	1		4	11	661
Southampton City Centre	2	4	1		3	10	504
Bradford City Centre	2	4	1		1	8	440
Hotel Data Annual Directory 2006 – 7							

Figure 36: Hotels in and immediately around the city, but not in the centre

Location	*1-2**	*3**	*4**	*5**	*Lodges*	*Total*	*Rooms*
Manchester surrounds	22	23	12	1	17	75	5,435
Leeds surrounds	13	23	8	1	15	60	3,800
Bristol surrounds	15	28	12		12	67	2,813
Coventry surrounds	5	15	6		12	38	2,557
Newcastle surrounds	7	11	4		14	36	2,454
Southampton surrounds	6	15	9	2	4	36	2,140
Norwich surrounds	21	19	12	1	9	62	2,066
Derby surrounds	5	22	12	1	8	48	1,988
Nottingham surrounds	15	22	4		7	48	1,783
Liverpool surrounds	6	5	7		9	27	1,508
Bradford surrounds	5	7	1		1	14	759
Portsmouth surrounds		2	3		2	7	497
Hotel Data Annual Directory 2006 – 7							

Section 3: Ideas for Revised Strategy

1. Issues

1.1 A New Strategy

There seems to be a number of reasons why it would be appropriate to develop a new strategy:

- So much of the existing strategy has been delivered.
- The Capital of Culture year will have had such an impact on the image and positioning of the city that the next step forward needs thought.
- Given the impending end of the Culture Company's role and reduction in Objective 1 funding, there is a need to think afresh about the way that tourism support and development is structured and funded.
- Several development opportunities, especially Wirral Waters and Liverpool Waters but including others such as Pleasureland in Southport and Woodside, have emerged since the strategy was agreed and have potential to have a major impact.

1.2 Differentiating between the Strategy and the Destination Management Plan

Since the tourism strategy was prepared, the NWDA has introduced Destination Management Plans, annually reviewed plans which outline what the activity of the tourist board will be and what its targets are. This, rather than the strategy, seems to be the key guiding document currently. With one or two exceptions, there has not been much suggestion in our consultations that the tourism strategy has been actively guiding the work of stakeholders and the connections between the strategy and the DMP are currently loose.

It may be sensible, therefore, to take a slightly different approach.

Our suggestion is that TMP prepares, on behalf of stakeholders in the sub region, a new "post 2008" strategy for the visitor economy to take effect from 2009.

We suggest that this be truly "strategic". Ideally it might contain perhaps 10 initiatives that are intended to guide the activities of stakeholders over the medium term and provide a framework for prioritisation of projects. They should be distinctive and memorable. This report contains some ideas as to what those initiatives might be. The DMP should then flow from those initiatives, showing what actions will be taken each year in support of them.

1.3 Focus on the Visitor Economy

The revised Regional Tourism Strategy has considerably greater emphasis on the visitor economy as opposed to tourism in the "conventional" sense. This takes its lead from the Regional Economic Strategy, which has Quality of Life as one of its core themes, with tourism development placed within it. The tourism strategy emphasises the objective of creating "sense of place".

Emphasis on the visitor economy is perhaps particularly appropriate for Liverpool given the enormous extension to its retail offer. For that extended offer to succeed, the city is, first and foremost, going to have to attract a lot of the people in its hinterland who are currently going to places like the Trafford Centre and Chester to shop.

Our suggestion of focus on working through a network of destination zones, each with a management and marketing regime, relates to how this might be put into practice.

1.4 Clarification on Target Markets

Marketing is one of the core functions of TMP. The current strategy is not clear on the target markets and *how they can be reached*.

Our view is that a new strategy could be clearer, in big picture terms, about what the main target markets are. This applies to both leisure and business tourism.

It should start by identifying the size and characteristics of the market segment. Then outline the types of promotional activity that can be used to reach that target market segment[12]. Then outline the *clusters of product* that the city region has that would appeal to that market. It is important to make the links between product, market and route to market.

One of the complexities of defining market segments is that there are a number of different dimensions that can be considered. In particular:

- Spatial i.e. where the potential visitors live.
- Socio demographic and household status (which has a huge impact on behaviour).
- Psychographic – i.e. the types of experience that different types of people like. The Ark Leisure model is a means of assessing this, but more work is needed on assessing how the segments that it identifies can be reached by specific activity.
- Interests – e.g. bird watching, football, sailing.

Our view is that it is generally best to start thinking about it from a spatial point of view, then break that down by other considerations.

[12] We think that this is particularly important – there is no point in segmenting markets if there is no mechanism of deciding how reach those markets.

Figure 37: Key spatially defined markets for the leisure visitor market

Market	*Comment*
People living within about 90 minutes of destinations in the sub region.	Liverpool has a particular challenge in that it needs to persuade people to choose to visit Liverpool for leisure and shopping rather than going to places like Chester and the Trafford Centre (this, of course, is a threat to other shopping and leisure centres in the sub region). Liverpool One will have a significant marketing budget and will probably be the most active in targeting this market. Developing a "zonal" approach could help other areas to develop effect means of targeting this market and, at times, to work in partnership in doing so. They could also work in partnership in developing events that might work to their mutual benefit – such as a Christmas Festival. This is also the primary market for leisure day trip experiences such as the waterfront and needs tourist board attention working on behalf of all those who have a big interest in day trips.
UK outside of the region.	Important market for short breaks. Hotels will take a lead, marketing through their company web sites and short break campaigns. Needs, however, marketing targeted at those who have the greatest disposition to take UK city breaks.
European Short Break	Likely to have substantial growth as routes from Liverpool John Lennon open. Destinations served by those routes should, obviously, continue to be priority. Partnership with Chester in these markets seems to have particular merit because it can add significant appeal to the offer and can easily be visited in a short break.
Long haul	Very expensive to market and, therefore, need for greater reliance on Visit Britain and campaigns such as England's North Country. There seems to be a case for looking to work in closer partnership with Liverpool Football Club, especially in Asian markets. It is a world class brand and has huge reach, which will extend. Many of the club's followers are likely to have disposition to visit both England and Liverpool. The club is talking about making corporate seats available to overseas fans.

The NWDA has commissioned two major studies using internet panel research that are taking place over the course of 2007 – one on day visits (i.e. surveying people living in and around the region) and the other on staying visits (i.e. surveying people living outside the region). They are likely to produce a large amount of useful information on the characteristics of different market segments, day visit and short break behaviour generally, and the relative appeal of different destinations in the sub region to different types of people.

It would probably be a good idea to ask for an evaluation of the data purely from the perspective of Merseyside. This could be an important underpinning for a revised strategy.

1.5 The Four Roles

In our experience, a good framework for thinking about destination management is to think of the "destination management system" as having to deliver four key roles:

- **Role A: Leading and Co-ordinating Development**. Includes activities such as:

  Attracting new investment.

  Encouraging investment in existing product.

  Attracting footloose events.

  Developing new events.

  Managing events.

- **Role B: Attracting Visitors**. Includes activities such as:

  Developing and promoting brands.

  Promoting to tourists.

  Promoting to people who live locally.

  Promoting conferences.

  Promoting events.

- **Role C: Serving Visitors**. Includes activities such as:

  Providing information in person.

  Providing information online.

  Providing information through displays and leaflets etc

- **Role D: Serving Businesses**. Includes activities such as:

  Representing the interests of businesses.

  Providing services for businesses.

  Providing skills and training support.

  Providing quality enhancement support.

We think that, as part of thinking about the new strategy, it would be a useful exercise to identify all of the tasks that need to be undertaken by the destination management system and then to think about who is best placed to do them and what role TMP can best play.

This same approach could be used for each of the destination zones identified within the "Mosaic Strategy" suggested below.

2. Ideas for Key Strategic Principles

2.1 Liverpool+ = Culture+

Idea for Strategic Principle

Liverpool will promote itself as the foremost city in Britain for culture, with much else to see in the city and much else to see in its hinterland.

Rationale

This is an idea for the main theme of the strategy – the world's first algebraic tourism strategy!

It is intended to encapsulate the concept that Liverpool offers culture and a lot more, both in terms of what there is in the city itself and what there is in its hinterland.

The idea is that, through 2008 and investment in the cultural infrastructure of the city, Liverpool will have established a reputation as a major cultural destination.

Having secured that position in the market, it seems sensible to build up on it and make culture the forefront of its positioning in the long term.

As a leading European city, however, it also needs to develop and promote a range of offers, especially those where it has USP.

The core strategy could be to develop and promote "experiences" under the umbrella of Culture+ and Liverpool+. We have suggested how they might be categorised in Section 66.

2.2 UK's Premier Short Break City

Idea for Strategic Principle

Liverpool will present market itself as the city region outside London that has the most and best to see and do – a serious choice for a short break holiday for families, couples and singles.

Rationale

There is probably more to see and do in Liverpool and its surrounding area than in any other regional city in the UK. It also now has a range of accommodation that is suited to a variety of different markets.

The aim is to generate an image for the city as being on the same scale as places like Barcelona in terms of the amount that there is to do there and, therefore, its appeal as a leisure destination.

A component of this could be in encouraging the development, and promoting, a wider range of accommodation options, with quality leisure facilities such as spas.

2.3 Zonal Development, Management & Marketing (“Mosaic” Strategy)

Idea for Strategic Principle

To create and promote a mosaic of well known “destination zones” across the city region.

Rationale

The most attractive city destinations consist of a variety of different neighbourhoods, each of which has a distinctive character and which is attractive, in different ways, to visitors.

Like all cities, Liverpool has many distinctive neighbourhoods.

The investment in the city centre has been such that it is now possible to envisage a grouping of different “quarters” or “character zones”, each with an outstanding destination offer.

There are also numerous potential quarters in other parts of the city region that have particular potential as destinations.

Work has been done in the past on identifying and branding “quarters” in Liverpool City Centre, but progress seems to have been limited. This might be because it has been a bit “top down” as opposed to “bottom up” i.e. helping local stakeholders to create a sense of place that fits their circumstances.

This concept of destination underpins the strategic masterplan for the Mersey Waterfront Regional Park. The core idea is that there should be a series of “Windows on the Waterfront” (i.e. destination zones) on either side of the estuary, each with a quality visitor offer.

Ideally, each of these zones would have some form of management/development regime that is responsible for:

- Involving developers, property owners and tenants in the development and improvement of the area.
- Giving each zone a distinctive sense of place.
- Organising events that have synergy with the character of the area.

The appropriate management/marketing regime for each zone will vary according to its character.

It is straightforward for areas/properties under single ownership/management such as Liverpool One – the managing agent represents the individual operators.

It is more difficult, however, for areas which have multiple ownership. The optimum arrangement would probably normally be a Business Improvement District, but different forms of partnership may be more realistic in many circumstances.

Clearly, also, there is a huge number of potential zones and there would need to be a prioritisation in terms of those which TMP works most closely with.

Ideally, also, there would be close involvement with local authority Planning Departments in helping to create these zones. We think that they can have a decisive role and should be encouraged to play a leading role. This is happening to good effect in Southport, for example, where the planners have taken the lead in securing investment in public realm in Lord Street and thinking about how the retail offer can be developed.

The advantages of this zonal approach could be:

- By raising the profile and awareness of different sections of the city region that have particular interest to visitors, Liverpool City Region will gradually develop the feel of a substantial offering with a lot to see and do. A target could be for each of them to be described individually in guide books like Lonely Planet.
- It provides a means by which TMP and other key stakeholders can engage with the huge range of businesses – like shops and restaurants – that are part of the visitor economy.

Figure 38: Ideas for Main Destination Zones

Zone	*Comment*
Museums District	The Walker Art Gallery, St Georges Hall and World Museum Liverpool form a stunning combination and should be promoted as such. We have heard them referred to as the "Cultural Quarter" but think that the term is a bit overused and insipid. Something like Museums District may have more integrity and character.
Matthew Street	The heart of the Beatles offer.
Liverpool One	Will be interesting in that it will be managed as though it is a shopping mall although, to the public, it will feel as though it is just a part of the city. There will be different "quarters" within this "quarter". There will be a significant budget for marketing.

Zone	*Comment*
City Centre	St Johns Centre/Whitechapel/Church St.
Waterfront	Pierhead, Mann Island, Albert Dock, Mann Island, and ACC will, in combination, form a primary destination. There might be an argument for treating them as individual destination zones, but there also seems to be a case for treating them as an integrated destination area.
Hope Street	Primary leisure and cultural zone featuring the Cathedrals, Philharmonic Hall, Philharmonic Pub, Everyman Theatre, new University Art Gallery, 59 Rodney Street, trendy bars, restaurants, hotel and retail.
Chinatown	Primary ethic quarter.
Ropewalks	With proposed development of Central Station and possibilities to stimulate development of the independent sector on Renshaw Street, could be encouraged to develop as the region's primary "Boho" area.
Sefton Park and Lark Lane	Major investment in the Park will make it once again a quality destination.
Anfield	The new Liverpool Football Stadium, Anfield Plaza (site of existing stadium), refurbished Stanley Park and Isla Gladstone Conservatory, will create an outstanding new city quarter. There is a putative management regime in place.
Southport Marine Lake	The Floral Hall Gardens development and Splash World will transform the offer. Pleasureland is one of the most significant destination oriented development opportunities in the sub region.
Southport Lord Street	Potentially one of the finest high streets in the country. Needs a dedicated branding and marketing strategy.
Crosby Beach	Another Place, WATER centre. Proposed viewing tower/visitor centre for the Mersey Waterfront Regional Park.
Woodside/Hamilton Quarter	The new Woodside development can integrate with Hamilton Square to create a strong destination
Port Sunlight/Lady Lever	Deserves a higher profile.
New Brighton	Neptune Developments scheme will make it a destination
West Kirby	The Sail development should help it develop into a particularly attractive waterside destination.

2.4 Brand Building

Idea for Strategic Principle

The sub region will promote the development of destination brands that can be spatially defined and have significant identifiable markets and routes to market.

Rationale

The Regional Tourism Strategy states that the region will focus on a certain number of "Attack Brands" to attract visitors to the region, and will then seek to develop "Slipstream Brands" in order to help disperse them.

Liverpool is one of the region's attack brands and it seems to have generally been accepted by stakeholders that it is the best lead brand for promoting the region.

The sub region has also made progress in developing effective slipstream brands, perhaps most notably England's Classic Resort and England's Golf Coast.

It seems, however, that there is still a lack of clarity and focus relating to a number of important brand related issues. There seems to be a tendency in the sub region not to grasp the nettle on some of the more difficult issues and to give more priority to political considerations than what makes sense to consumers.

The following are some suggestions as to brand issues that a new strategy could tackle:

- The positioning of Liverpool itself. Locum's instinct is that it should build on its 2008 heritage by continuing to use culture as the lead, but there are other options.
- Mersey Waterfront Regional Park. As the strategic masterplan for the park states, it will not achieve its potential as a destination until it is given a name, approximate boundaries are recognised (they are shown in the masterplan), and the brand starts to appear in the public domain. It does not necessarily need to be called the Mersey Waterfront Regional Park but it does need a name. A core aim should be to get it appearing on maps.
- Each of the "destination zones" should have a brand strategy that identifies the name, its positioning, and who will take the lead in promoting it. This should emerge from the stakeholders in each zone.
- Southport: England's Classic Resort. This seems to have become quite embedded and now also needs to start appearing more in the public domain.
- England's Golf Coast. This also seems to have established some grip and seems to have good potential. Our view is that is should also be given an approximate geographical area, which should ideally be from St Annes to the Dee Estuary - and that a core aim should be to get it appearing on maps.

- Wirral Peninsula. It has a definable geographical area and there seems to be merit in trying to create a stronger identify for it, especially based on the waterfront offer and as the various major developments there take place.

2.5 World Class Waterfront

Idea for Strategic Principle

The waterfront will be developed and promoted as a linked destination.

Rationale

The waterfront is generally regarded as the sub region's greatest asset in terms of destination development. It is one of the "signature projects" in the Regional Tourism Strategy (and, therefore, in the Regional Economic Strategy). Significant investment is being made in the waterfront via the Mersey Regional Waterfront Park, which has recently developed a strategic masterplan based on creating destination "hubs" connected by high quality walking and cycling routes.

The largest and most significant development in the sub region in coming years is likely to take place on the waterfront on both sides of the river. Peel Holdings are preparing ideas which have major destination components.

One of the consequences of this, and of the development that has already taken place on the Liverpool waterfront, is that Liverpool and Birkenhead will go from being communities with their "backs to the river" to being one of the world's greatest river facing cities.

Influencing this development so that it does deliver visitor economy objectives is a major tourism priority for the sub region.

The strategic masterplan for the Mersey Waterfront Regional Park recognises that it is not possible to effectively market the waterfront until such time as it is given a name and approximate boundaries.

The new developments provide the opportunity to start creating a brand on the ground – it is important, therefore, that a name and branding is agreed soon.

2.6 Another World Class Event

Idea for Strategic Principle

To follow up the European Capital of Culture with another event that is world class, has international profile and can act as a "target" for product development. This might be a new event or evolution of an existing event.

Rationale

The European Capital of Culture is likely to form a tipping point for Liverpool in much the same way that the Commonwealth Games did for Manchester. The challenge will be to maintain the momentum and seek another source of step change.

One possibility might to plan another major event, in addition to the regular programme of events, to act as another landmark.

Our idea in this respect is for Liverpool to seek to form a partnership with other cities around the world that are associated with rock and roll to create a programme of "World Capitals of Rock n' Roll". The inaugural event could take place in Liverpool. Other partner cities might include Memphis, Seattle (home of Nirvana and the Experiental Music Centre), Cleveland (home of the Rock and Roll Hall of Fame).

2.7 Britain's Convention Country

Idea for Strategic Principle

To position the city region as a primary location for meetings and exhibitions.

Rationale

The Arena and Convention Centre, and the new facilities at New Brighton and Southport, have given the city region a conference and exhibition offer that is, arguably, the best in the UK, especially when it comes to holding larger functions. In addition to the convention facilities themselves, it has the added advantage of attractive supplementary venues including St Georges Hall and Aintree. Liverpool Football Clubs' new stadium can add to this. The success of the convention centre is critical in terms of sustaining the investment in new hotels and visitor accommodation. It is important, therefore, that the reputation of the city as a primary place to have conferences is developed and sustained.

2.8 Twin Cities

Idea for Strategic Principle

To develop an active partnership with Chester in developing and promoting themselves as a joint destination, especially when marketing to people living outside the region and outside of the UK.

Rationale

Chester is one of the primary cathedral cities in the country and an iconic destination. The proximity of Chester to Liverpool is likely to be an important factor in persuading people to visit the area as they can both be visited on a short break. It can add important critical mass to the Liverpool offer.

In addition to joint marketing, a primary focus of the partnership could be in upgrading the quality of the rail service between the two cities and promoting it to visitors as a "Chester-Liverpool Shuttle".

2.9 Christmas City

Idea for Strategic Principle

Ensure that Liverpool is a primary short break and day visit destination at Christmas.

Rationale

Most significant European cities now have an established Christmas offer and use it to attract large numbers of visitors. Some have been particularly ambitious – Strasbourg, for example, has been successfully marketing itself as European Capital of Culture since 1992.

It makes sense from an economic point of view to attract visitors at that time of year because they are in spending mode. It is also a time of year when hotel occupancy can be a bit slack.

Christmas offers that are "a bit special" are major attractors – Lincoln Christmas Market, for example, is one of the most successful events in the country.

The "Mosaic" approach could be particularly useful in endeavouring to improve the character of the Christmas offer. Each area could do something special. The Christmas experience in London has improved greatly since zonal business improvement districts started investing in them and doing them in a fresh way.

2.10 Flagship Projects

The following are ideas for flagship projects that we believe could make a major enhancement to the sub regional destination offer:

One or More Gastronomic Markets/Food Courts

Eating and shopping for food is an increasingly important part of the destination experience. Borough Market in London is possibly the most successful attraction in the city. The food market on Granville Island in Vancouver is also the city's leading attraction.

Figure 39: Gourmet Market, Uppsala Sweden

The market is converted from a Tram shed and has a combination of food stalls and extensive eating areas.

Character Independents Zones

The Liverpool One scheme will transform the quality of Liverpool's retail offer, but will be dominated by multiples.

To become a well rounded destination, Liverpool also needs to encourage the development of attractive clusters of independents. This will appeal to different audiences and have particular appeal for visitors, who will often be most interested in experiences that they do not have at home.

Brighton is perhaps the best example, outside London, of a thriving independent dominated retail offer in different zones – especially the Lanes and the North Laine – and is a primary reason why it has become an exceptionally successful destination.

A characteristic of thriving independent oriented zones is that they offer a rounded leisure experience – there are lots of places to eat (including al fresco), street entertainment and street markets.

Rope Walks (including Renshaw Street) seems to be the best opportunity for an offer of similar size and variety that Brighton boasts.

Lord Street – perhaps specifically in the vicinity of Scarisbrick Lane, seems to be a good potential opportunity in Southport. Sefton Borough Council have already done work on how this might be encouraged.

There are numerous other places where a strong independent oriented destination offer already exists or might be encouraged e.g. Formby, Hoylake, and West Kirby.

Figure 40: North Laine, Brighton

The North Laine has an intense concentration of independent shops, cafes and restaurants. It buzzes with life and has become a major destination.

Major Family Leisure Development

There is a worldwide trend to developments that combine substantial leisure components with niche retail and food and beverage. The new Chill Factore at the Trafford Centre, with its real ski slope, is an example. Wirral or Liverpool Waters might provide an opportunity for something similar – not necessarily snow based - in Merseyside.

Major Creative Industries Centre

Vancouver's Granville Island is the ultimate example of a destination based on creative industries (in addition to food market) that has enormous pull as an attractor. There is likely to be potential opportunity within the docks development to create something of similar ambition.

3. Liverpool + = Culture +

The following is intended to provide ideas as to how "development and promotional themes" could be grouped under the Liverpool+ and Culture+ umbrellas.

3.1 Culture +

Proposition: There is more culture in and around Liverpool than anywhere else in England outside London, but much more besides.

Possible development and promotional themes are:

3.1.1 Culture & Heritage

Proposition
No city outside London has the quantity and quality of cultural attractions and events that Liverpool does.

Star Assets
Bienalle
Conservation Centre.
Creamfields.
Empire Theatre.
FACT
Lady Lever Gallery/Port Sunlight.
Liverpool Biennale.
Maritime Museum.
Philharmonic.
Slavery Museum.
Speke Hall.
Tate Liverpool.
Walker Art Gallery.
World Heritage Site.
World Museum, Liverpool.

Development Planned/Underway
Museum of Liverpool.
University Museum and Art Gallery.
Open Eye Gallery – new site in Mann Island development.
Isla Gladstone Conservatory, Stanley Park.

Possible Flagship Initiatives
New Southport Cultural centre.
Creative industries hub and centre for design in Wirral Waters scheme.

WHS visitor centre/interpretation facilities.

3.1.2 Beatles

Proposition
Home of the World's favourite pop group.

Star Assets
Beatles Experience.
Cavern Walks.
Mendips.
Forthlin Road.
Places associated with the songs.

Development Planned/Underway
Beatles Experience Expansion.
Hard Days Night Hotel.

Possible Flagship Initiatives
World Capital of Rock and Roll.
Upgrade of Beatles tours.

3.1.3 Conventions and Exhibitions

Proposition

Liverpool city region has gleaming new conference centres and hotels. It is the best place to have a conference or exhibition.

Star Assets
ACC.
Large "character" dining and reception areas e.g. St George's Hall, Aintree, Haydock Park.
Hotels.

Development Planned/Underway
Floral Hall Gardens, Southport.
Floral Pavilion, New Brighton.
New Liverpool FC stadium.

Possible Flagship Initiatives
Upgraded convention bureau.

3.1.4 Events and Entertainment

Proposition
The city offers a diverse choice of entertainments.

Star Assets
ACC
Albert Dock.
Empire Theatre.
Mersey River Festival.
Ropewalks.
Matthew Street Festival.

Development Planned/Underway
Chavasse Park
Refurbishment of Floral Pavilion, New Brighton.

Possible Flagship Initiatives
Christmas city.
Continuing annual themes.
International Capital of Rock ‘n’ Roll.

3.1.5 Family Attractions

Proposition
The city is an excellent place to take children.

Star Assets
Knowsley Safari Park
World Museum
Splash World

3.1.6 Food and Drink

Proposition
The city offers an outstanding range and quality of restaurants.

Star Assets
Individual restaurants.
Albert Dock.
Chinatown.

Possible Flagship Initiatives
Restaurant clusters in destination zones.
Gastronomic market.

3.1.7 Parks and Gardens

Proposition

The place with that invented parks and built the best in the world, now restored to their former glory.

Star Assets
Birkenhead Park.
Calderstones Park.
National Wildflower Centre.
Sefton Park Palmhouse.

Development Planned/ Underway
Sefton Park restoration.
Stanley Park restoration/Gladstone Conservatory.
Garden Festival site restoration.

3.1.8 Shopping

Proposition

Liverpool's retail offer has the best range and quality in the country.

Star Assets
Liverpool One (and its zones).
Met Quarter.
Lord Street.

Development Planned/Underway
Revitalisation of St Johns Centre, including new market.

Possible Flagship Initiatives
Independent oriented quarter Bold Street/Renshaw Street.

3.1.9 Sport

Proposition
You can visit internationally famous sports venues in Liverpool on match days and non match days.

Star Assets
Liverpool FC
Goodison Park
St Helens
Aintree

Development Planned/Underway
Liverpool FC new Stadium, combining with creation of Piazza on site of the existing stadium and restoration of Stanley Park to create a fine new non match day destination.
Everton FC possible new Stadium in Knowsley.

Possible Development/Marketing Initiatives
Partnership with Liverpool FC in marketing the city to overseas markets. This could include marketing packages that include match tickets at the new stadium. There may be an argument for making this the main focus on international promotional activity.

3.2 Liverpool +

Proposition: there is a lot more to Liverpool than just the city itself.

3.2.1 Mersey Waterfront

Proposition
Walking and cycling routes linking a series of waterfront destinations.

Star Assets
Lord Street, Southport
Splash World, Southport
Formby Nature Reserve
Another Place
Ferry Terminal
Pier Head
Albert Dock
ACC
Catalyst Science Centre
Hamilton Square
Spaceport, Seacombe

West Kirby
Wirral County Park

Development Planned/Underway
Floral Hall Gardens development, Southport
Sefton WATER centre
Leeds-Liverpool Canal extension
Pierhead ferry terminal
Garden Festival Site
Woodside redevelopment
New Brighton Redevelopment
The Sail, West Kirby.
New Visitor Centre, Wirral County Park.
River of Light scheme.

Possible Flagship Initiatives
Branding.
Wirral and Liverpool Waters.
Pleasureland development.
Mersey Observatory, Crosby.
Hoylake Promenade.

3.2.2 Countryside

Proposition

It is easy to escape to beautiful countryside in Merseyside.

Star Assets
Knowsley Safari Park.
Wirral County Park/Dee Estuary.
Ribble Estuary.

Development Planned/Underway
New Visitor Centre at Thurstaston.

3.2.3 England's Classic Resort

Proposition
Liverpool has the classiest resort in England on its doorstep.

Star Assets
Lord Street.

Marine Lake.

Development Underway
Floral Hall Gardens.

Possible Flagship Initiatives
Pleasureland/Marine Gardens redevelopment.
Arts Centre/Cambridge Walks redevelopment to create regionally important cultural venue and upmarket shopping.

3.2.4 Heart of the North West

Proposition
St Helens is the primary place in England to see and understand glass.

Star Assets
World of Glass.
Haydock Park.

Development Underway
Public realm improvements.
Town centre development.
Museum of Road Transport.
Big Art project.

Possible Flagship Initiatives
New stadium.

3.2.5 England's Golf Coast

Proposition
The foremost concentration of golf courses and facilities in England.

Star Assets
Unequalled range of links and park courses.
Quality accommodation nearby (especially new hotels in Southport).
Hosting the Open at Hoylake and Birkdale.

Development Underway
Formby Hall Golf Resort.

Possible Development Initiatives
A world class golf resort in either Wirral or Sefton.

Appendices

1. National Tourism Trends

1.1 Big changes have been taking place in the accommodation sector

The hotel sector has been performing well across the country in recent years. An annual survey by TRI Consulting, which tends to concentrate on larger properties, shows average room occupancy holding steady above 70% and revenue per available room (RevPAR) increasing considerably faster than the retail prices index.[13]

Figure 41: UK Hotel Market Statistics

	2001	2002	2003	2004	2005	2006
Occupancy rate	72%	72%	72%	73%	73%	73%
Average room rate	£70	£68	£68	£74	£76	£80
Room RevPAR	£50	£49	£49	£54	£55	£59

Source: TRI Consulting

Development has been feverish, particularly in the lodge sector, but evidence so far suggests that the market is absorbing the new supply and it is in tune with a growing demand for serviced accommodation.[14]

People have become accustomed to using hotels. A 2006 Mintel survey found that 72% of respondents had stayed in a UK hotel in the previous year. Mintel predicts that the hotel market will grow over the 5 years from 2006 by 12% and that expenditure in hotels will grow by 8%, reaching a total of £12 billion by 2011[15].

The industry has been changing rapidly. Some of the key changes are:

- Most hotel development in the UK in the past three decades has been in the branded sector. In the past seven years branded room supply in the UK has increased by almost 50%. The lodge sector has doubled its stock since 2000.[16] Although the top 15 brands in the UK only account for 1,700 of 47,000 hotels in the UK[17], they produce most of its revenue.
- The most noticeable change is the boom in hotel accommodation in cities. Liverpool is typical in this respect and, by 2009, will have hotel infrastructure that would have been almost inconceivable 10 years ago. All of the larger UK cities have seen a

[13] Occupancy is ultimately of less importance than the average achieved room rate in a market heavily prone to discounting – TRI state that only 15% of bookings paid the full rack rate in 2006.

[14] TRI Consulting

[15] MINTEL, Hotels, 2006

[16] Marketing Week Magazine, March 2007

[17] MINTEL, Hotels, 2006

dramatic expansion in their hotel stock in the past decade as part of wider city centre regeneration.

- Growing business tourism, which provides the bread and butter of the sector, has fuelled this rapid expansion in hotel stock. Business tourism is supplemented by increasingly healthy short-break tourism market at weekends.
- Most of the development has been in the 4 star business hotel and the 'lodge' ends of the market, although increasingly niche operations – like 'boutique' townhouse hotels such as the Hope Street Hotel - have been seen in provincial city centres.
- Whether the growth in city centre development continues is likely to depend on the state of the economy. Previous bursts of city centre hotel development in the early 1970s and the late 1980s came to a halt as soon as the economy went into recession. There is always a risk that this situation will recur.
- The fastest growth over the past decade has been in the lodge sector. The largest player in the UK is Premier-Travel Inn, owned by Whitbread and formed by a merger in 2004, which is being re-branded as Premier Inn. It has a target of 45,000 rooms by 2010, a 50% increase on 2006[18]. The other dominant player is Travelodge, owned by the private equity fund Primera. Their rooms were occupied for 4.9 million nights in 2006. Other brands include IBIS, owned by the French group Accor, and Holiday Inn Express.
- These oft-called "budget" hotels normally compete, in fact, in the mid-market. They certainly compete against B&Bs and other form of traditional low-cost accommodation, but they also compete against the traditional 2–3 star independent hotel. They have a strong offer compared to the latter, which are typically a bit tired. They do the basics well – big rooms (they have made small single rooms almost obsolete) and good showers. They lack character, but when it comes to a choice between "character" and a decent shower, the latter increasingly wins out.
- Through keen pricing, lodge hotels have created new, local markets, attracting customers who would previously have opted for driving longer distances or staying with friends or relatives. Whereas full service three and four star business hotels tend to dominate in city centres, most development that has taken place a trunk road locations has tended to be in the lodge sector. This is in contrast to previous hotel development cycles in the 1970s and 1980s when motorway locations attracted much of the development in the four star sector.
- Ownership is increasingly separated from management so that there is now little relationship between the brand that appears over the door of a hotel and its ownership. Of particular significance is the trend for hotel companies to sell the freeholds of their hotels on a "sale and manage-back basis". In other words, an

[18] MINTEL

investment company will own the property, but the hotel company will manage it on a medium term management contract, typically 30 years. Several of the largest companies have sold the freeholds of all or many of their properties over the last few years. The Intercontinental Group, which owns the Holiday Inn brand, is one example.

- Alternatively, hotels are often operated under a franchise agreement, whereby the owner of the hotel manages the property, but does so following the rules and under the brand of the franchisor. Often a franchisee company will have a group of hotels and be of substantial size in its own right.
- Accor, the global group based in France, illustrates this mix of arrangements. The company now owns only 13% of the 4,065 properties appear under its brand;[19] 28% are held on a lease and 24% are managed by franchisees. Accor manages the remaining 1,500 properties under a management agreement.[20]
- Many hotel developments now will have three key parties involved – a developer, a financier and an operator. The developer will typically take the lead.
- The different management and franchise models can be thought of as being similar to what companies like Nike have done in retail. The parent company focus most of their efforts on marketing and maintaining the brand while contracting the production of the product to others. The brand, therefore, is important in two respects. It is important in marketing to consumers, especially given the rising significance of the internet as a means of making bookings. It is also important to investors in giving confidence that a property that they invest in will be managed effectively and well.
- The phenomena described above are a reflection of the growing influence of private equity in the market. Private equity companies accounted for over one third of UK hotel transactions in 2005 and it is likely that private equity will become an increasingly active investor in the hotels market over the next few years.
- The Internet has rapidly become a primary factor in the marketing of hotels. In January 2006, penetration in the AB socio-demographic segment reached 80% and there has also been much higher penetration among the over 45's than ever before[21]. As an indication of its significance, Travelodge say that nearly 80% of its room sales are booked on line.[22]

[19] Sofitel, Novotel, Mercure, IBIS, Formule 1

[20] MINTEL

[21] MINTEL

[22] MINTEL

1.2 More people have been visiting from Europe, but not other major international markets

The number of visits from overseas to the UK has increased steadily since 2001.

This is entirely due to a rapid rise in European visitors. Arrivals from other key markets have not been increasing.

This is a long-term trend. The proportion of visits to the UK accounted for by Europeans has increased from about a half to nearly three-quarters in the past 20 years.

Figure 42: Origin of International Visitors to the UK

	1985	*2005*
Europe	55%	72%
North America	26%	14%
Other	19%	14%

Source: International Passenger Survey

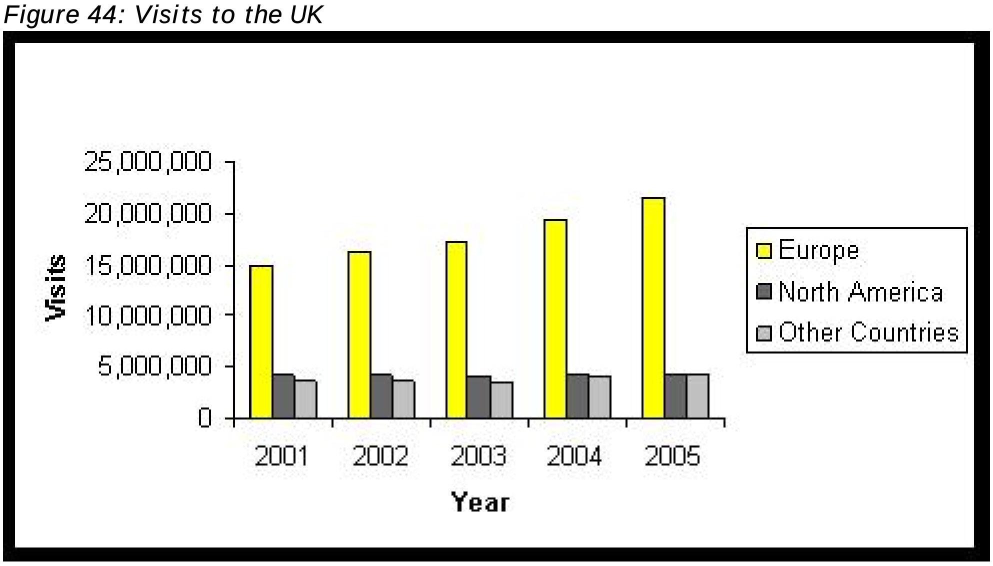
It has been given greater impetus by the growth of the low-cost airline route network in recent years.

Figure 43: All Visits to the UK by location of residence

	2001	*2002*	*2003*	*2004*	*2005*
Europe	14,860,000	16,220,000	17,207,000	19,424,000	21,565,000
North America	4,228,000	4,272,000	3,997,000	4,356,000	4,234,000
Other Countries	3,751,000	3,691,000	3,511,000	3,975,000	4,171,000
ALL	**22,835,000**	**24,180,000**	**24,715,000**	**27,755,000**	**29,970,000**

Source: International Passenger Survey

Figure 44: Visits to the UK



Source: International Passenger Survey

This national picture is distorted by London, which is an attractive short break destination for Europeans and has become more accessible as a result of the no-frills airlines and Eurostar.

In 2005, there were almost 14 million international visits of at least one night duration to London, over half of all visits to the UK[23].

The USA remains the biggest single source country of visits for the UK, but France and Germany have caught up and Ireland is close behind.

Figure 45: Country of Residence of International Visitors

	2000	*2006*
USA	16%	11%
France	12%	11%
Germany	12%	11%
Irish Republic	8%	9%
Spain	3%	6%
Netherlands	4%	6%
Italy	3%	4%
Belgium	4%	4%
Poland	**	3%
Australia	3%	3%

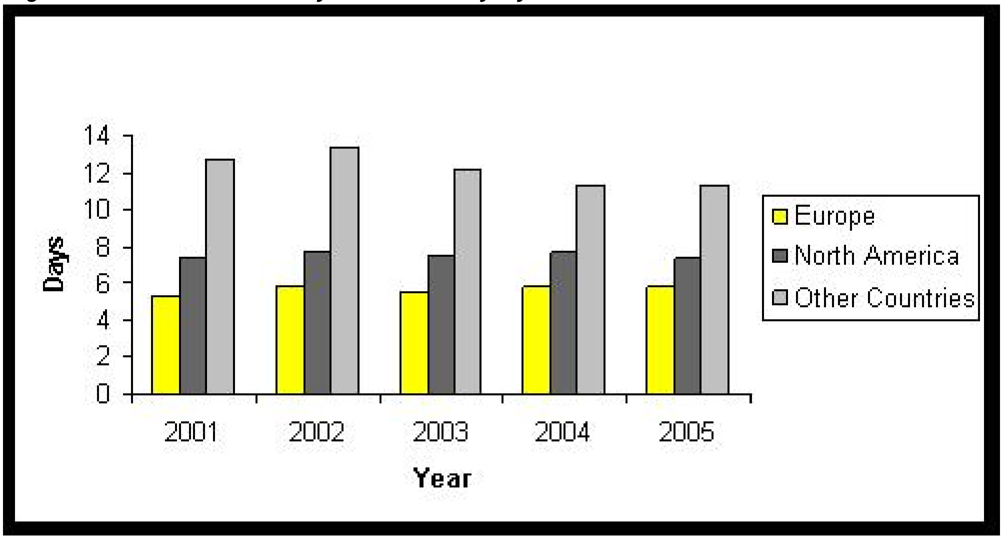
Source: International Passenger Survey

Taking a holiday is the most popular reason for a visit to the UK, cited by 32% of visitors, followed by visiting friends and relatives (29%) and business (27%)

As in the domestic market, however, the tendency has been for shorter visits. The number of trips of 1-3 nights increased almost 30% in the past 5 years whereas the number of trips lasting 4-13 days was up by 20%. The growing European markets are more likely to be coming to the UK for a short break.

[23] International Passenger Survey

Figure 46: Duration of Stay for a holiday by International Visitors



Source: International Passenger Survey

The consequence of the changed mix of visitors – less long stay from North America, more short stay from Europe, a higher proportion of people staying with friends and relatives – is that the spend by overseas visitors has not been increasing.

The spend by foreign visitors in the UK is, in real terms, about the same as it was in 1979. Average expenditure per visit has fallen in real terms from £740 to £470 per person.[24]

1.3 The strength of sterling is a big obstacle to international visitors

Although the periodic crises like Foot and Mouth and the Iraq War have an impact on visits from abroad, the strength of the pound is probably of greater underlying impact. Britain was having considerable success in attracting tourism from overseas until the pound appreciated in value in 1997. Visits from overseas immediately went into decline and have not been able to sustain growth since except in lower-value short haul markets.

Over the last five years, sterling has weakened against the euro, making the UK more appealing to residents of eurozone countries. By contrast, Sterling has further strengthened against the dollar and the currencies of other long haul markets.

[24] VisitBritain

Figure 6: Exchange rate for Sterling against the US Dollar and the euro, 2000-05

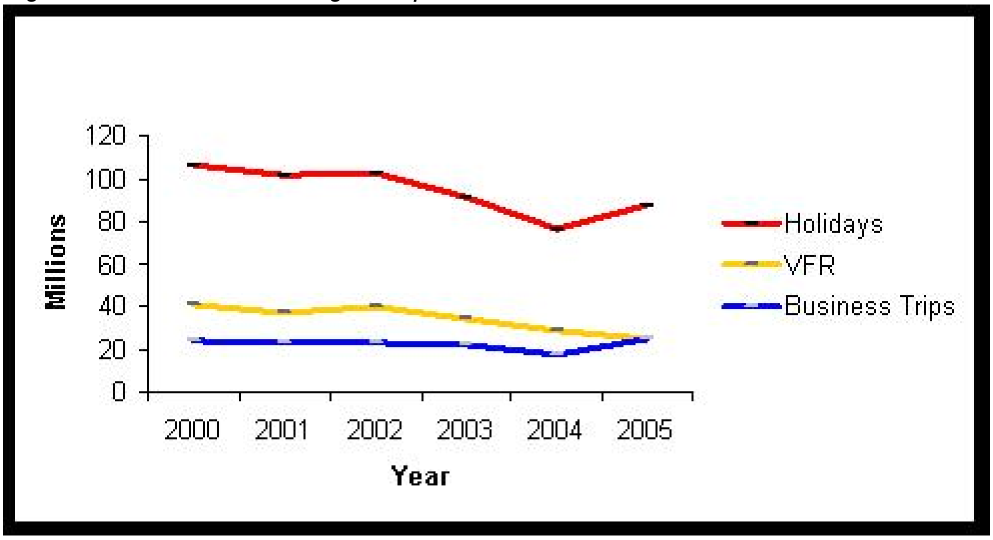
Year (at 31 December)	*US Dollar*	*% change on 2000*	*Euro*	*% change on 2000*
2000	1.5		1.64	
2001	1.44	-4%	1.61	-2%
2002	1.5		1.59	-3%
2003	1.67	11%	1.45	-12%
2004	1.83	22%	1.47	-10%
2005	1.72	15%	1.45	-10%

Source: Bank of England/Mintel

- Domestic holiday market is still in decline

The number of holidays taken in the UK has continued its long-term decline. This includes friends to friends and relatives, which grew fast in the 1990s.

Figure 47: Domestic Overnight Trips



Source: United Kingdom Tourism Survey

This trend correlates inversely with the number of people going abroad.

Figure 48: Number of trips overseas by UK residents

	Visits
1980	17,500,000
1985	21,600,000
1990	31,200,000
1995	41,300,000
2000	56,800,000
2005	66,400,000
2006	68,100,000
Increase 1980 - 2006	289%
Increase 2000 - 2006	20%

Source: International Passenger Survey

The downward trend for UK holidays is particularly noticeable with longer holidays.

Figure 49: Number of 4+ night stays by UK residents in England[25]

	Nights (millions)	*Index vs 1995*	*Spend (millions)*	*Index vs 1995*
1995	28.9	100	£5,174	100
1996	27.8	96	£5,247	101
1997	29.2	101	£5,742	111
1998	27.2	94	£5,521	107
1999	30.0	104	£6,170	119
2000	29.1	101	£6,171	119
2001	28.5	99	£6,580	127
2002	28.6	99	£6,474	125
2003	25.0	86	£5,695	110

Source: UKTS

British consumers will now often take at least one holiday abroad annually, but will complement this with one or two domestic trips, usually short breaks.

It seems likely, however, that the growth of low cost airlines has diverted this growth abroad. Having grown by about a third between 1995 and 2000, the number of short breaks taken in the UK seems to have declined since.

[25] Data after 2003 is not comparable with prior to 2003.

Figure 50: Number of 1-3 night stays by UK residents in England[26]

	Nights (millions)	Index vs 1995	Spend (millions)	Index vs 1995
1995	41.5	100	£4,131	100
1996	39.2	94	£4,168	101
1997	45.8	110	£5,016	121
1998	42.3	102	£5,205	126
1999	51.4	124	£5,889	143
2000	53.6	129	£6,242	151
2001	51.6	124	£6,408	155
2002	51.2	123	£6,778	164
2003	45.9	111	£6,455	156

Source: UKTS

1.4 Investment in city hotels has been underpinned by business tourism

The renaissance of the cities has strengthened weekend short break business. There has been huge investment in hotels in UK cities, including Liverpool, and the quality of their destination offer has increased greatly. Business tourism underpins the investment in the hotel stock. It sustains high occupancy rates in mid week and for most months of the year. The hotels then offer competitive rates at weekends to fill the gap left by the businessmen. It is a mix that generates higher occupancy rates and yields than is generally possible in rural destinations.

Business tourism breaks down into two primary categories – corporate (individuals making visits in the day to day course of their work) and MICE (meetings, conferences, incentives and exhibitions). The UK Tourism Survey records that domestic business tourism grew from 19.9 million trips in 1995 to 22.5 million in 2005[27]. There has been similar growth in business visits from overseas:

Figure 51: Business Visits from Abroad

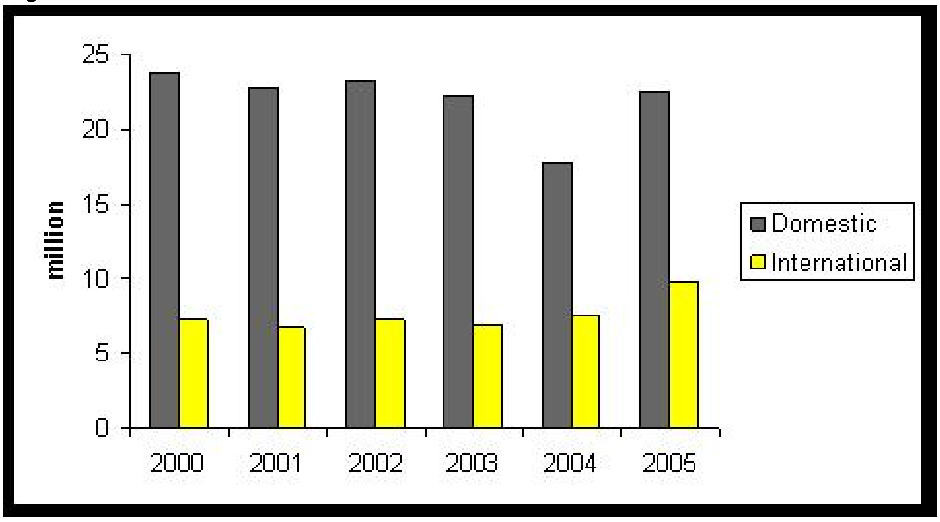
Year	Visits
1985	3,000,000
1990	4,500,000
1995	5,800,000
2000	7,300,000
2005	8,200,000

Source: International Passenger Survey

[26] Data after 2003 is not comparable with prior to 2003.

[27] Because of the methodology it uses, it probably understates the true situation. The growth in hotel stock implies that there has been faster growth and that the overall market is larger than the UKTS suggests.

Figure 52: Business visits 2000 – 2005



Source: International Passenger Survey & United Kingdom Tourism Survey

There are signs, however, that the conference market may not be as healthy as it was.

For several years operators have been remarking that conferences have been getting smaller and shorter. It is also under threat from advantages in video conferencing technology and the use of emails.

The 2006 British Conference Venues Survey[28] reported a 12% decline in the overall estimated value of the sector from £11.7 billion in 2004 to £10.3 billion in 2005. The average number of reported conferences was up eight percent (to 1.58 million). The decline in value was due to a decrease in the reported levels of residential conferences, allied to a slight decrease in the length of residential conferences and the size of conferences overall. The average conference size was reported to be 49 delegates.

Just under one third (29%) of conferences were residential at the conference venue. A further nine percent entailed delegates staying overnight off-site.

Just under two thirds (62%) of conferences were generated by corporate/for profit organisations in 2005 – the remaining third were by not-for-profit organisations. There was a slight shift away from the corporate sector.

1.5 Spend on day trips increasing, but perhaps not their number

The England Leisure Visits Survey[29] reported that Britons spent an average of about £37 on 870m tourism day trips[30] in England in 2005.

[28] British Association of Conference Destinations (BACD)

[29] Countryside Agency, 2007

This represented growth in spend of 21% from 2003, when the survey was last undertaken, but the number of trips was reported to have declined by 5% over the same period.

The survey found that inland cities and towns accounted for 77% of the total. Next came the countryside with 16%, then seaside town or city with 5% and the coast with 2%.

More than half of the overall spend (£20bn) was on clothes, meals and alcohol.

The main purpose of only 7% of trips was to visit a leisure attraction, place of interest, special event or exhibition. By contrast, 25% of respondents said their main activity during their trip was eating or drinking out. Another 18% enjoyed shopping, 6% went walking and 3% travelled to watch a live event or sport.

1.6 The Internet is increasingly important for bookings

By early 2006 an estimated 13.9 million people in Great Britain could access the internet from home.[31] This is an increase of 26% from 2002.

About two thirds of them had broadband access at home.

Men are more likely to use the internet than women. 40% of women have never used the internet. 30% of men haven't.

There has been an increasing use of the internet for booking and purchasing travel.

Of internet users in 2006, 44% had purchased goods or services on the web and of these 51% had purchased holiday or travel accommodation.

17 million UK holidaymakers expect to book all or part of their 2007 holiday on the Internet[32].

52% of European trips to the UK in 2005 involved the internet.[33]

Consumers in the UK are also becoming savvier and booking accommodation and travel separately to save money.

Within a few years, internet bookings are likely to represent a majority.

Some destination web sites, typically in the areas where more public sector money is being invested – look more contemporary and vibrant than others, but all serious destinations now have a competent web site.

[30] Tourism day trips are defined as round trips for leisure purposes that start from and return to home, last at least three hours and are not taken regularly. In 2005, the average tourism day trip lasted five hours.

[31] Office of National Statistics

[32] Continental Research.

[33] World Travel Market Report 2005

1.7 Visits to attractions slowly increasing

There were an estimated 492 million visits to over 7,000 visitor attractions in the UK in 2005, a 2% growth on 2004.

Much of the recent growth has, however, been a result of the introduction of free admission to the National Museums, most of which doubled their visitor numbers in consequence.

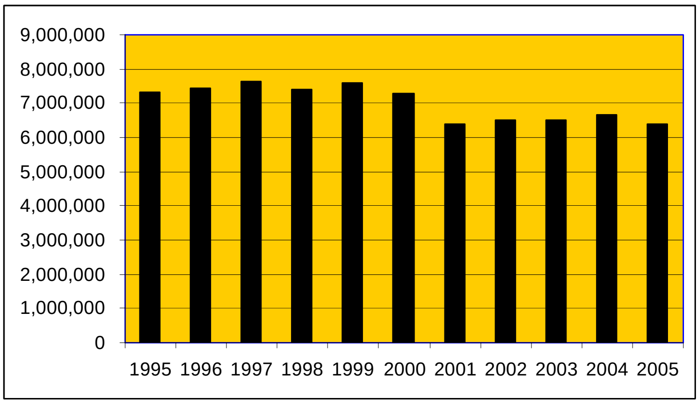
The increase in visits has also not kept pace with the increase in attractions, much of which is the result of investment from the National Lottery. Many other attractions run by the public sector or charitable trusts have also been beneficiaries of investment from the National Lottery, especially by the Heritage Lottery Fund (HLF).

There has been little investment by the private sector in new attractions in Britain in the past decade. Legoland, which was the last new theme park, opened in 1997. Neither of the two major attraction operators – the Tussauds Group and Merlin Entertainments[34] – have been investing in new attractions in the UK.

It is difficult to get a good picture of underlying trends because visit data is inconsistent and often distorted by attractions that have free entry and estimate their numbers. The following is intended to give a flavour.

Despite the huge investment from HLF, heritage seems to be the weakest sector. Many heritage attractions – especially in the regions - report falling visitor numbers over the medium to long term. The following table shows the combined visitor numbers for a group of eight heritage attractions for which there is reliable information over the past 10 years.

Figure 53: Visits to 8 Major Heritage Attractions[35]



[34] Recently merged.

[35] Includes Tower of London, Windsor Castle, Stonehenge, Bath Roman Baths, Chatsworth, Hampton Court Palace, Leeds Castle and Blenheim Palace. This is a group for which visitor numbers have been consistently reported and all have maintained an admission charge.

2. National Demographic and Leisure Trends

2.1 The population is ageing

In the UK as in many western societies, the size of the older age groups is expanding at the expense of younger ones. This is being driven by greater longevity and the baby boomer generation (those born between 1946 and 1964) moving through the age groups.

Over the period 2006-2011, the 45-54 age group will grow the most, by an anticipated 11%. This is a key short breaks segment.

There are currently a third fewer over 60's than young adults (20–29). By 2020, the numbers will be equal. By 2030, over 60's will outnumber young adults by 20%.

The impact of this growth in the third age and retired groups will be an increase in the number of people with free leisure time. These groups are also likely to prefer moderate journey times, parking access, plenty of onsite services, or services within close proximity.

They will have different expectations, however, than the current generation in retirement which grew up in the austerity years of the 1930s and 1940s.

2.2 Families are still a valuable sector

About 28% of households now have children living with them, which is not much more than the proportion of "third age" households.

Figure 54: Adult Population by life stages

Life stage	*Description*	*% of population*
Pre-/no family	aged under 45 who are not parents	28%
Family	any age with at least one child aged under 16 still at home	27%
Third age	aged 45-64 with no children aged under 16	25%
Retired	aged over 65 with no children aged under 16	20%

Source: MINTEL

Family groups are, however, a disproportionately valuable segment because they take more trips and spend more.

2.3 Pre families and singles are big niches

Around 15% of adults are in the pre-family stage. This group has a high disposable income and propensity to spend it.

Around 20% of adults in England and Wales are single.

The 20–34 age group is forecast to decline significantly in numbers: by 2011 it will have fallen by about 15%[36].

2.4 The population is increasingly middle class

From 2001-2006, the AB and C1 socio economic groups expanded by almost 12% and 10% respectively. They now represent about 55% of the population of England and Wales.

Figure 55: Growth of ABC1 in the Adult Population

	2001	*2003*	*2006 (est)*	*2009 (proj)*	*2011 (proj)*	*% change 2001-06*	*% change 2006-11*
AB	11,400,000	12,100,000	12,700,000	13,100,000	13,500,000	12	6
C1	13,000,000	13,800,000	14,400,000	14,900,000	15,100,000	10	5
C2	10,300,000	10,100,000	10,300,000	10,400,000	10,400,000	0.1	0.5
D	8,300,000	8,000,000	8,000,000	7,900,000	7,900,000	-4	-0.6
E	4,900,000	4,400,000	4,000,000	4,500,000	4,500,000	-11	4
Total	**48,000,000**	**48,000,000**	**49,000,000**	**51,000,000**	**51,000,000**	**3.7**	**3.2**

Source: MINTEL[37]

Figure 56: ABC1 by Percentage of Population

	2001	2003	2006 (est)	2009 (proj)	2011 (proj)
AB	24%	25%	26%	26%	26%
C1	27%	29%	29%	29%	30%
C2	21%	21%	21%	20%	20%
D	17%	17%	16%	15%	15%
E	10%	9%	8%	9%	9%

Source: MINTEL

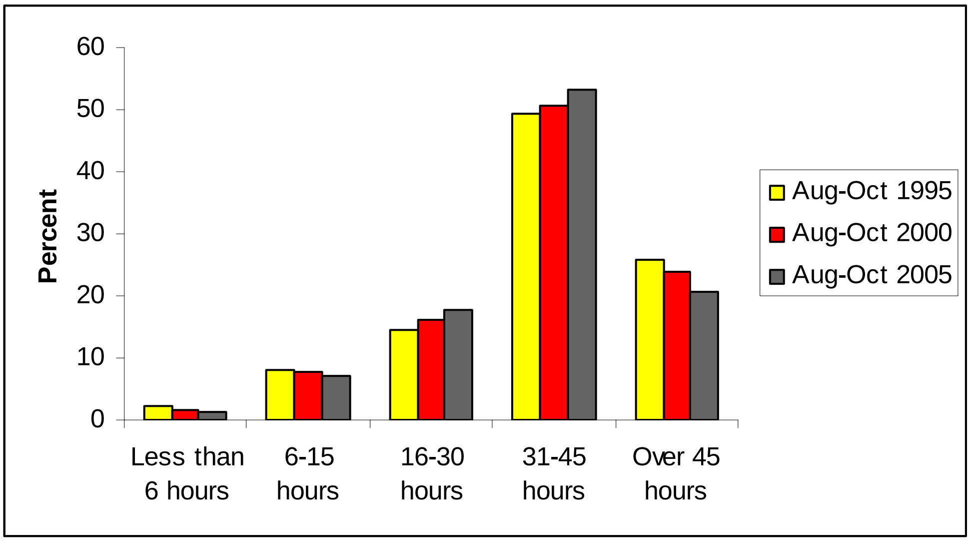
2.5 Fewer people are working very long hours

The European Working Time Directive was implemented into UK law as the Working Time Regulations (WTR) on 1st October 1998 and has resulted in a steady reduction in the percentage of people working for more than 45 hours a week.

[36] MINTEL, Pre-Family Leisure Trends, UK, 2000

[37] A = Upper middle class, B= Middle class, C= Lower middle class, C2 = Skilled working class, D= working class, E= Those at the lowest level of subsistence

Figure 57: Usual weekly hours in employment 1995-2005



Source: NOP/ MINTEL[38]

2.6 Eating out and shopping have become popular leisure activities

Traditional leisure activities such as reading and listening to music are still popular, but eating out and shopping have become increasingly important leisure activities.

Eating out is the biggest leisure market[39] and popular with all age ranges, although it is especially favoured by those in the ABC1 socio-economic group. National expenditure on eating out rose by 25% between 2000 and 2005.[40]

Figure 58: Expenditure in restaurants and pubs

	Eating Out (m)	*Index*	*Pubs (m)*	*Index*
2000	£22,030	100	£4,900	100
2001	£22,961	104	£5,125	105
2002	£24,066	109	£5,350	109
2003	£25,251	115	£5,720	117
2004 (est)	£26,299	119	£6,036	123
2005	£27,563	125	£6,380	130

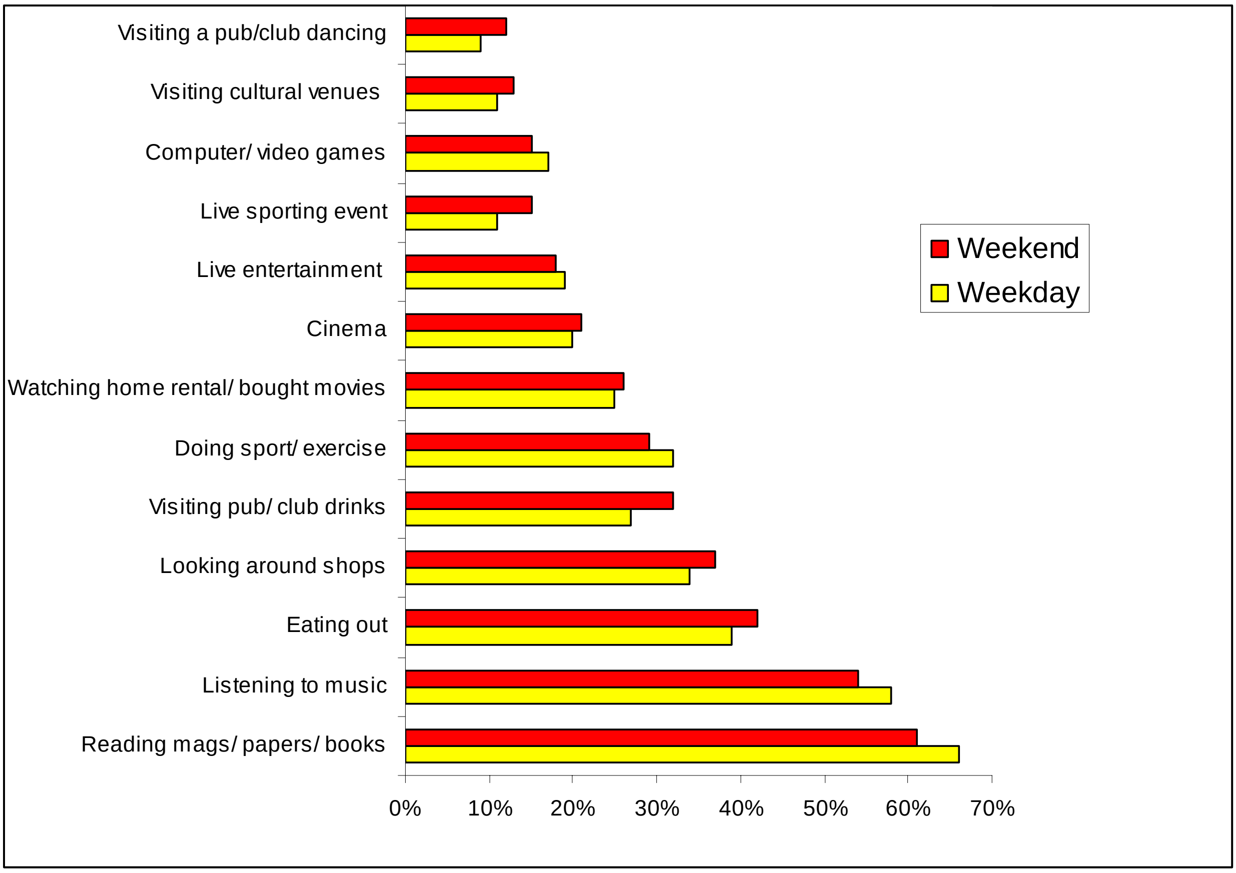
Source: CGA - CENTRO/ Mintel

[38] MINTEL, Leisure Time, UK, February 2006

[39] MINTEL, Leisure Time, UK, February 2006

[40] MINTEL, Leisure Time, UK, February 2006

Figure 59: The way leisure time is spent



Source: MINTEL,[41]

Base: 2,102 adults aged 18+

Expenditure in the pub sector increased by 30% in the period 2000 - 2005, partly at the expense of nightclubs as a result of the relaxation in the licensing laws. There has been increasing development of "hybrid" concepts that combine eating, drinking and dancing in one venue.

2.7 Increasing attendance at cultural events

Attendance at cultural venues and live events has been increasing. Live music is the most popular form of live entertainment among UK adults. In December 2005, Mintel found that a third of all those aged 18+ had been to a concert or gig in the previous six months. Live entertainment has benefited from the increase in 18-24, 55-64 year olds and those in the AB social class.

[41] MINTEL, Leisure Time, UK, February 2006