
SUMMARY

OPTIMISING TOURIST SPEND IN THE LOCAL ECONOMY

RESEARCH FINDINGS AND RECOMMENDATIONS
FROM CYPRUS AND TENERIFE

APRIL 2014

Tourist spend can make a significant contribution to the local economy, but how can visitors be encouraged to spend more money outside their hotels?

The Travel Foundation conducted research to look at the factors that influence tourist spend and identify opportunities to optimise spend outside the hotel.



The importance of tourist spend to local economies

A hotel's economic contribution to the local economy is influenced by a range of factors, including its ownership and management structure, procurement and staffing policies, and customer expenditure.

While a hotel that sources its goods, services and staff from the surrounding area can make a considerable positive economic contribution locally, encouraging tourist spend outside the hotel has added value.

A resort with a diverse and enterprising tourism economy – offering a range of eating, drinking and retail establishments, tours and attractions – can differentiate itself from other destinations, attract a wider range of customer types, and encourage repeat visitors.

A thriving tourism economy is also important from the destination perspective because it can help to make a resort an attractive place in which to live and work and provides broader opportunities for business development.

About the survey

The Travel Foundation conducted interviews with tourists, hoteliers and local businesspeople at five resorts in Cyprus and Tenerife in summer and winter 2012. 729 surveys were completed with UK tourists staying at 63 hotels on the last or penultimate day of their holiday.

A mix of resorts was chosen to capture different types of tourist and accommodation: Paphos, Agia Napa and Protaras in Cyprus and Costa Adeje and Playa de Las Americas in Tenerife.

The data was analysed across a range of variables including board basis, star rating, cost of holiday, number of repeat visits, hotel size and facilities, holidaymakers' expectation of spend and actual patterns of spend.

Key findings

The greatest differences in levels of tourist spend outside the hotel were a) between the different board bases and b) between different resorts.

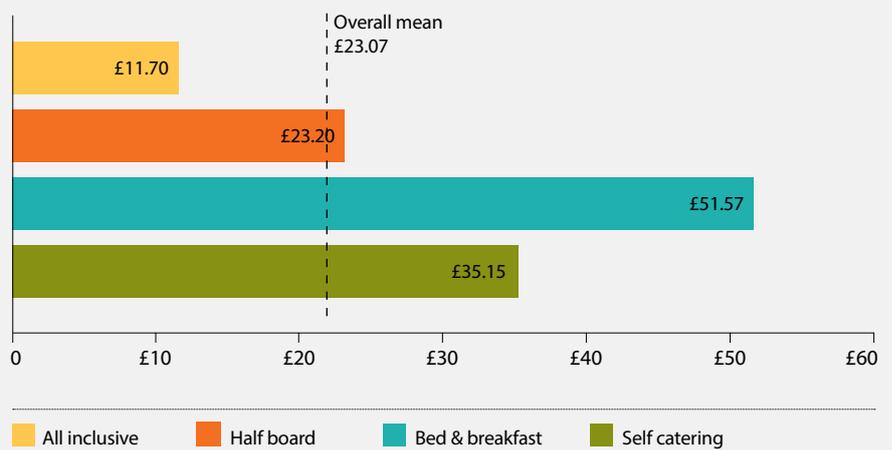
In relation to board basis, tourists staying in all inclusive (AI) hotels had the lowest average per person per night (ppn) expenditure, spending 68% less than those staying in half board, bed and breakfast or self catering accommodation.

This was mainly because, predictably, AI respondents spent much less on food and drink outside the hotel. However, almost half of AI respondents did go out for at least one meal and more than half visited at least one bar outside the hotel.

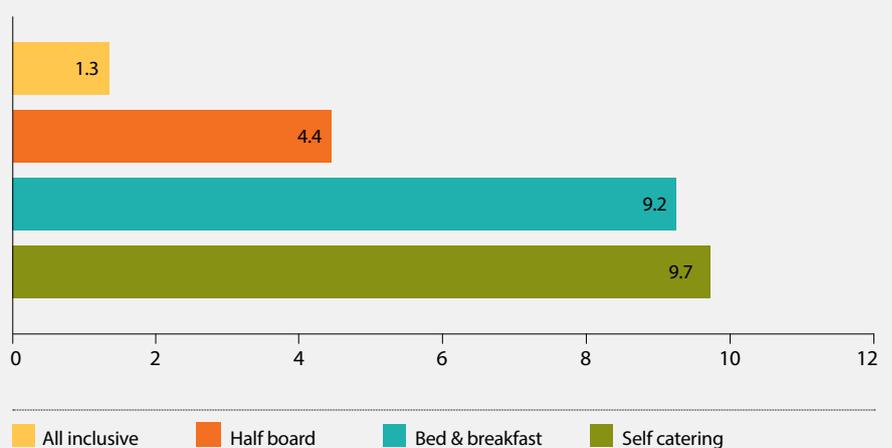


Tourists staying in Agia Napa spent considerably more outside the hotel than those in the two other Cyprus resorts.

Average per person per night spend by board basis



Average number of meals taken outside the hotel by board basis



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When looking at non-food and drink spend, differences were much less marked. A similar percentage of AI tourists took excursions with a local provider as those staying on half board, and a greater percentage went shopping and used public transport (compared to those on other board bases). Within the sample, there were also a number of high-spending AI tourists.

An analysis of spend between resorts also revealed differences in both patterns and levels of spend. Tourists staying in Agia Napa spent considerably more outside the hotel than those in the two other Cyprus resorts and, similarly, Las Americas tourists spent more than Costa Adeje tourists.

While some of this difference in spend could be accounted for by tourist demographics, length of stay, hotel location and board packages, the findings also indicated that the difference in perceived quality of the offer outside hotels compared to inside was also an influencing factor.

This worked both ways: poor quality hotels drove customers to eat, drink and shop elsewhere, while good quality hotels with plenty to offer tourists encouraged them to stay inside.

Respondents were also asked how their actual spend on holiday compared to their expectations. Overall, 21% of respondents spent less than expected, and this percentage increased to 26% where respondents were staying on an AI basis, indicating that AI tourists do expect to spend money on holiday if there is the incentive to do so.

What did holidaymakers spend money on outside the hotel? Pppn, by board basis



Recommendations

In order to increase tourist expenditure outside the hotel, we make the following recommendations.

There needs to be a motivated and collaborative push from all the different stakeholder groups (for example tourism authorities, tour operators, hotels and other tourism businesses) with plans developed for both individual and collective action, focusing on the following areas:



Gain a better understanding of tourist perceptions and expectations of the destination (for example tourist boards and tour operators can work together to identify gaps in information gathering, tailor their surveys accordingly and share research findings).

Develop and market the destination's unique selling points (for example tour operators could feature more information about destinations on their websites and social media channels).



Improve the provision of destination information to tourists (for example on airport transfers, at welcome meetings, in in-room folders or through mobile technologies).

Understand and overcome factors that discourage or inhibit exploration outside the hotel (for example address concerns about personal safety or food quality by organising introductory walking tours of the resort, highlighting places to visit, eat, drink and shop).

There needs to be a motivated and collaborative push from all the different stakeholder groups.

Help tourism businesses meet consumer demand (for example through training provision, seminars and workshops or through sharing ideas between different stakeholder groups).

Develop incentives and value-added experiences for different market segments (for example dine-around schemes, where AI tourists can swap hotel meals with meals in restaurants outside the hotel, or culinary walking tours of the local area).

We also recommend that further research should be conducted on tourist motivations for booking an AI hotel (i.e. whether its board basis was the strongest influencing factor) and their expectation of spend in resort.

About the Travel Foundation

The Travel Foundation is an independent charity that works with the travel and tourism industry towards a sustainable future, both for the industry and holiday destinations. We enable travel companies to protect the environment and create opportunities for local people in tourism destinations.

To find out more and read the full report visit
www.thetravelfoundation.org.uk/projects/themes/research