



Business Tourism Survey Results 2006



Context

Business Tourism is classified as 'conferences, exhibitions, small and large business meetings and training events, as well as the travelling business user who visits companies in factories or offices on day or overnight visits'¹

Solihull is ideally placed as home to the National Exhibition Centre (NEC), Birmingham International Airport (BIA) and at the heart of the motorway network to attract significant business tourism opportunities. This can be seen through the growth of hotel provision in the area, supported by a strong leisure and retail offer.

Methodology

Interviews were conducted with 16 of the Borough's large hotels, ranging from the cluster around BIA and the NEC, to the Town Centre and the surrounding villages of Meriden and Knowle. A full list is included in the Appendix.

Results were compared, where possible, to the survey conducted in 2004, although questions had been added to the 2006 survey to reflect the changed environment and to inform future Business Investment Team priorities for the sector.

Regional Background

Business tourism has been identified as a key sector for the West Midlands due to its supply of exhibition and conference facilities, wide range of accommodation and transport infrastructure.

A recent report² has identified that an estimated 208,000 conferences and 392 exhibitions were held in the Region during 2005, attracting nearly 14 million delegates and having a value to the economy of £3 billion. This industry supports a wide supply chain of industries and the multiplier effect to the economy amounts to around £6.3 billion, supporting 100,000 jobs.

Another identifies that the West Midlands Metropolitan Area - including Solihull - accounts for over half (52%) of the business tourism market, followed by Coventry & Warwickshire (26%)³.

Regarding the tourism sector as a whole, a survey of the regional hotel industry⁴ highlights 42% of the 'serviced accommodation' sector noticed an increase in the number of customers in Quarter 3 2006, compared to 2005. Issues raised as factors that affect their business include local events generating trade, local investment (both private business expansion and general economic development) and more competition threatening volumes of business.

Business Customers

All hotels recognised the significance of business tourism to their success and the effect on their business should any changes occur in the sector.

Some noted a drop in business from the NEC, stating that the number of trade shows had declined against public shows where fewer attendees stay overnight. Others commented on an increase in number of hotels in the region and higher levels of competition taking market share from their business.

¹ The West Midlands Visitor Economy Strategy, 2004

² Economic Impact of Business Tourism in the West Midlands – October 2006, KPMG

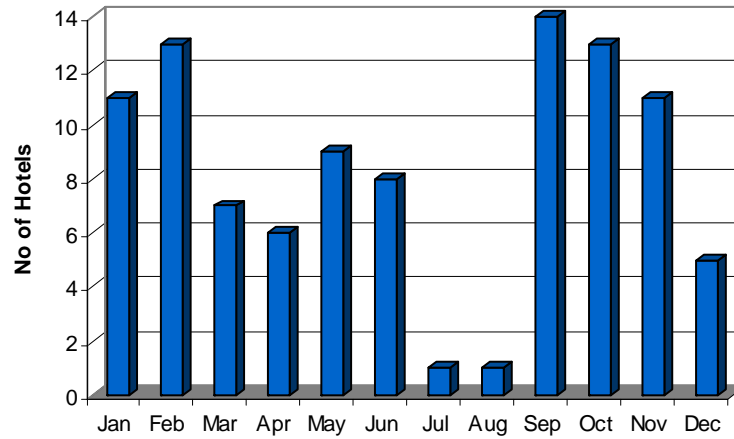
³ The Economic Impact of Tourism: Coventry and Warwickshire - 2002-2004, Heart of England Tourism

⁴ Industry Performance Monitor – July to September 2006, Heart of England Tourism

Key figures:

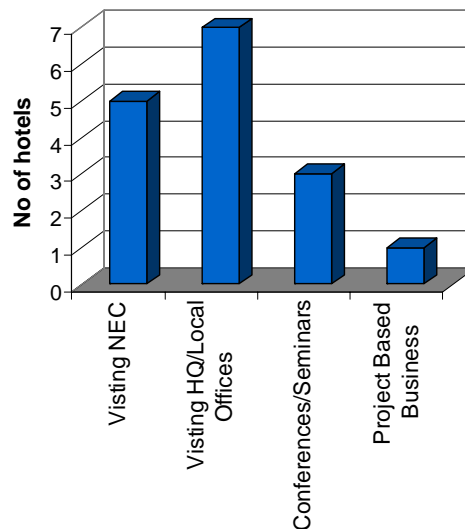
- An average 75% of customers are through 'business tourism'
- 5.31% increase in business custom since 2004
- Average stay is 1.81 nights per customer, with 68% claiming that this has not changed since 2004
- 62% of hotels profile business customers

Peak Business Visitor Periods



Visitor numbers mirror closely the main NEC shows, with the peaks of September and February holding the Spring and Autumn Fairs that attract visitors from throughout the UK. Holiday times (summer, Christmas and Easter) are commonly quiet periods across the industry when business is also likely to slow down.

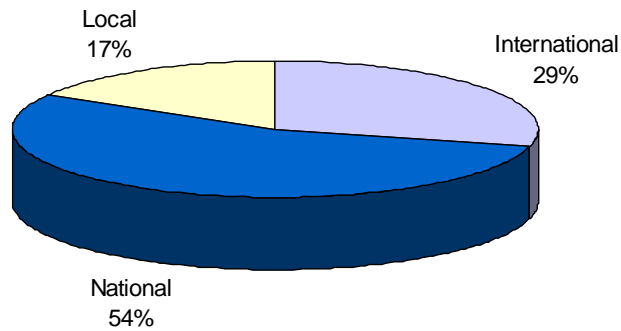
Main Purpose of Business Customer Stay



The NEC was still stated as being a source of business customers but many hotels now consider their main target market as business visitors to local business parks and head offices within the region. This is a turnaround from the 2004 survey where even hotels in Solihull Town Centre linked 50% of their trade to the NEC. Some mentioned a need to diversify from being too reliant on NEC visitors, as they felt the future of business from the trade shows is uncertain and also the need to counter troughs of demand when no NEC shows take place.

Project based business was also mentioned for the first time, linked to business contracts won by local occupiers who bring in short-term sub contractors requiring accommodation.

Percentage Split of Business Visitors

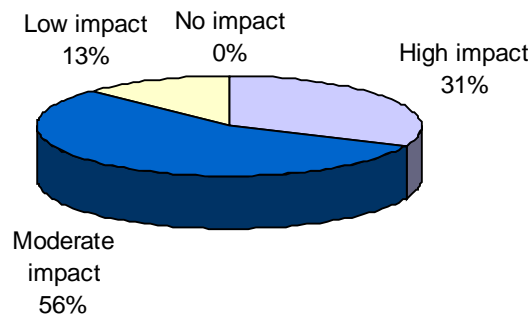


Most business tourism guests are national, linked to corporate accounts held by the hotels for national chains and local occupiers who draw in visitors to their head office or branch. Nearly a third are international though, likely to be encouraged by the proximity of the International Airport and the global nature of the companies that have located in Solihull.

NEC & Airport

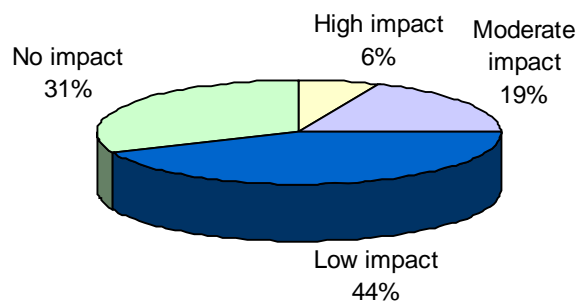
All hotels stated that the NEC had an impact on their business but mainly low or no impact from BIA.

NEC Impact on Hotel



The NEC shows that attract large amounts of visitors, such as Spring and Autumn Fair, have a large impact on rates and room demand. Some mentioned though, they were now trying to balance that demand with more sustainable corporate accounts and loyal customers who make reservations year round.

Airport Impact on Hotel



Some hotels bid for contracts for cabin crew or have packages in conjunction with BIA for delayed flights but the majority did not feel the airport had any impact on their business.

Key figures:

- Average percentage of business customers visiting NEC are 46% opposed to non NEC visitors
- 50% have special rates/promotions for the NEC/Airport
- 44% have a relationship with NEC
- Only 19% have a relationship with Airport
- All but one hotel has a presence at the NEC/Airport, some used to but many said it was too expensive.

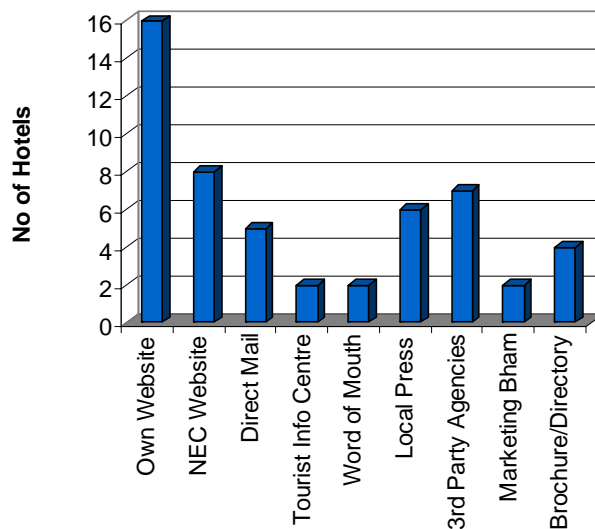
NEC promotions include website linked to specific shows, banner advertisements on show organiser websites and discounted rates for exhibitors and organisers. Most did not offer reduced rates in conjunction with shows for visitors due to demand levels commanding higher prices.

The few that ran airport packages offered rooms with discounted car parking and transfers or discounted rates directly to BIA when demand was low.

Those that had a relationship with the NEC or Airport often did this through informal channels such as ad hoc communication with accommodation managers or through Chamber of Commerce networking events. It was indicated that many would like to develop relationships with both the NEC and BIA, given the right channels are in place for synergies to be explored and flow of communication.

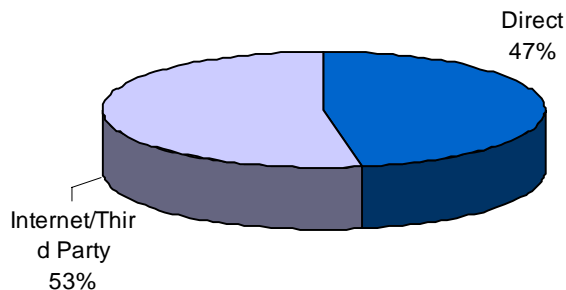
Hotel Promotion

Promotional Channels Used



The last survey in 2004 highlighted a growth in booking agencies for hotel reservations whereby the agencies negotiated reduced rates for allocation of room and a high level of commission. This is still a source of hotel promotion, but the main channels are their own website and the NEC website, with a wide range of other tools utilised.

Reservations



Direct contact is also a significant source of business, whether it is by phone, email, drop in or repeat bookings from loyal customers.

Key figures:

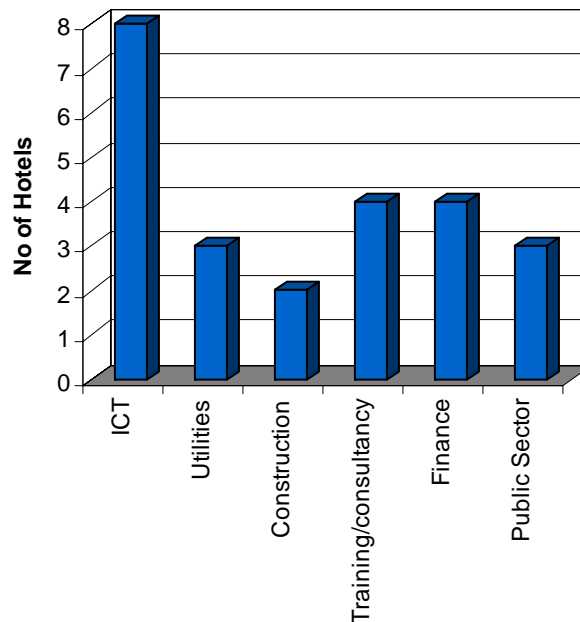
- 81% receive last minute reservations when an event is on at NEC but most are fully booked already
- 75% offer last minute deals but only if demand is low
- All offered alternative accommodation if full but mainly those in same chain/ownership

Corporate Accounts

- 75% have accounts for businesses – either with national chains or those in the local vicinity

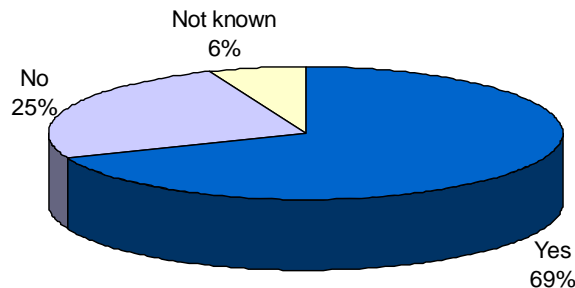
Corporate accounts were identified as an important growth area of the business for many hotels, the large chains focusing on national corporations and the independents mainly gaining business from local business parks.

Types of Industry



Accounts are held with companies from wide ranging industries but tend to be those based within the local area – such as ICT and Business Professional Services for which Solihull has growing clusters. Project based activity that involve sub contractors working for Solihull businesses is also a new source of demand from 2004.

Plans to Develop Business Accounts

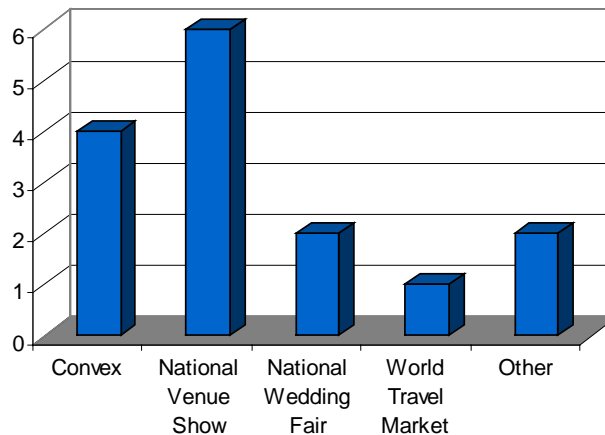


Most of the hotels saw the benefit in expanding their corporate account customer base, mainly to counter peaks and troughs in demand left by the NEC shows. Those that had no plans to develop feared it would lead to heavily discounted rates due to high competition and were mainly independent opposed to national chains.

Key figures:

- 81% kept up to date with new occupiers on local business parks but found it difficult to keep up with. Sources included driving around area, word of mouth and local press articles.
- 50% exhibit at Trade Fairs

Trade Fairs Used



Those that exhibited at Trade Fairs were all national chains opposed to independent hotels who commented it was too expensive

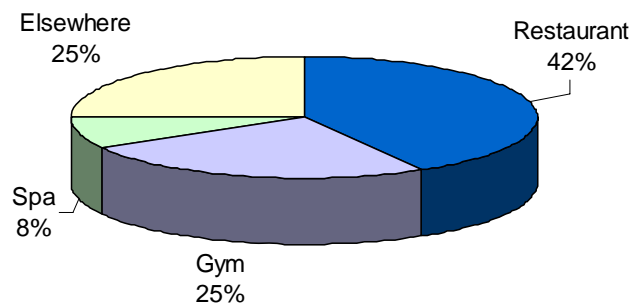
Conference Facilities & Services

All hotels offered conference facilities of some sort, recognising the importance of the source of income opposed to in 2004, when only 70% had facilities. Most also planned to upgrade and refurbish facilities to keep ahead of competition in the market.

- Total capacity: 4559
- Average number conferences per year: Approx 1200
- Average percentage increase in number of conferences: 38%
- Both delegate and bespoke packages offered.
- Only 12% mentioned they held conferences related to events at the NEC
- 38% offer incentive rates in conjunction with events (NEC or other)
- 19% offered a shuttle service to BIA – all located in close proximity to the airport

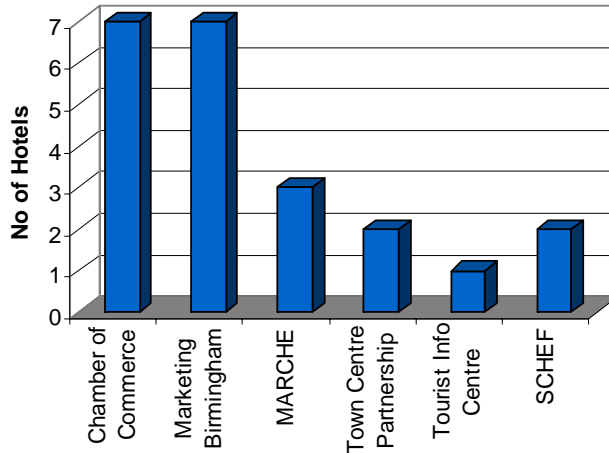
Hotels that offered incentive rates used loyalty card schemes to encourage regular client bookings – again to counter fluctuations in demand caused by the NEC.

Guest Use of Internal Facilities



Hotels that had high number of guests using their facilities often incorporated them in to a corporate package and it displays the short term nature of a business tourist stay. Those that stated external facilities were used were either smaller, independent hotels or located close to the heart of Solihull Town Centre or Knowle.

Local Partnerships & Forums



Few hotels were members of local partnerships, with the exception of the Chamber of Commerce and Marketing Birmingham, similar to when the survey was conducted in 2004. Members of MARCHE (Midland Association for Restaurants, Caterers, Hotels and Entertainment) and SCHEF (Solihull Caterers, Hotels and Employers Federation) have dropped since 2004, with many saying issues such as employee recruitment and retention that were prominent at that time were now resolved, which therefore lessens the need for such associations.

Key figures:

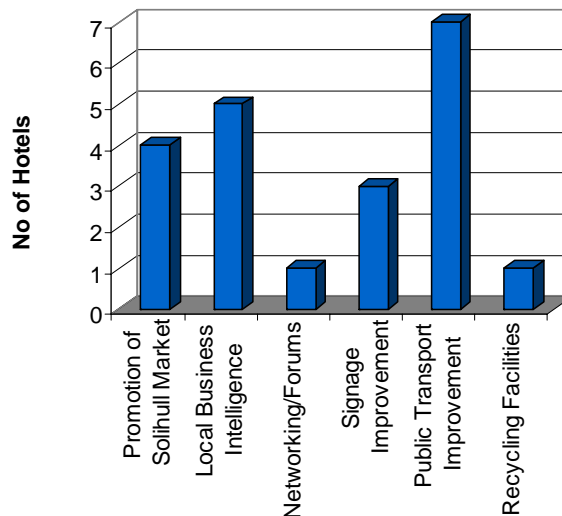
- 44% see a need for improvement
- 81% see a need for Council Visits

Issues were raised with Marketing Birmingham, which is seen as necessary to be a part of due to connections with the NEC and BIA, but hotels felt uncertain of the benefits generated to their business.

Improvements suggested included more effective networking opportunities for intelligence sharing and better connections with Solihull Town Centre, the NEC and BIA.

Council visits were welcomed, on a half yearly or yearly and possibly email basis, to update on key local developments that are likely to affect the industry.

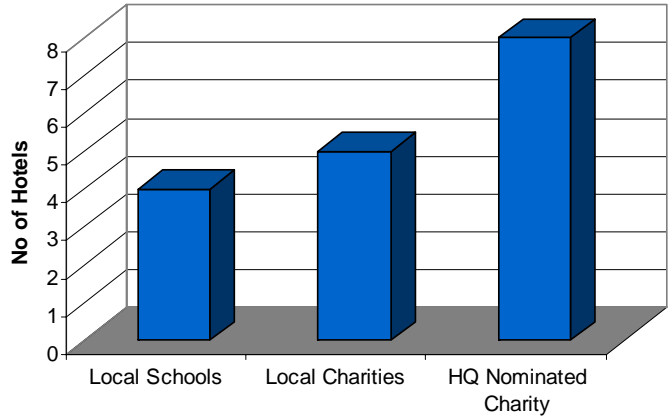
Council Support/Issues



Many hotels identified support needed in extending public transport links, particularly between the NEC/BIA and Solihull and to combat congestion and car parking problems. Some also welcomed information such as updates of new business occupiers and potential market opportunities – such as those arising from the 2012 Olympics.

Corporate Social Responsibility

- 69% participate in Corporate Social Responsibility activities and 50% are interested in a Council led CSR Forum.
- 31% of the national chains are dictated by their head office as to which charities they support.



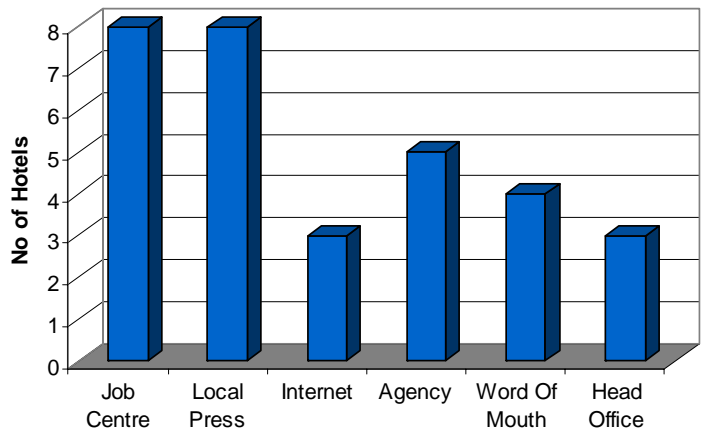
Employment & Recruitment

Key figures:

- Total number of employees: 2086
- Average employee staff turnover: 29%
- Average percentage of Solihull employees: 76%
- Average percentage of full time workforce vs part time: 59% vs 41%

The number of sector employees appears to have grown from 2004 and an estimated 2000, to now approximately 2500 based upon the sample figure. This is likely to be linked to a rise in the number of hotels and expansion of existing businesses in the region.

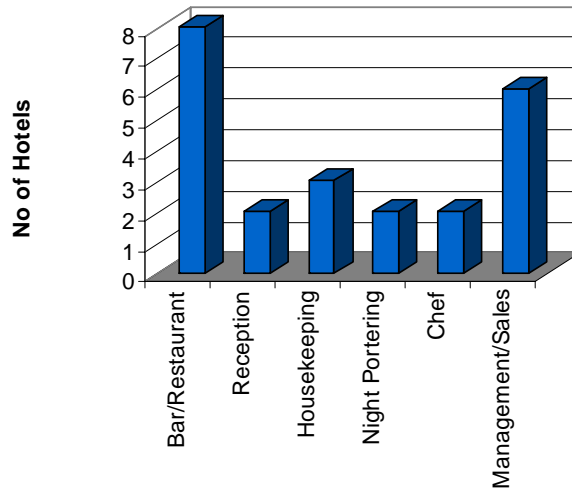
Methods of Recruiting Staff



Methods of recruitment are varied, with most preferring cost effective methods such as word of mouth, advertising locally in shop windows and using the Job Centre. Many use the local press including the Solihull Times and Solihull News but many considered it expensive and restricted use to peak times such as pre Christmas.

- 50% had recruitment/retention issues

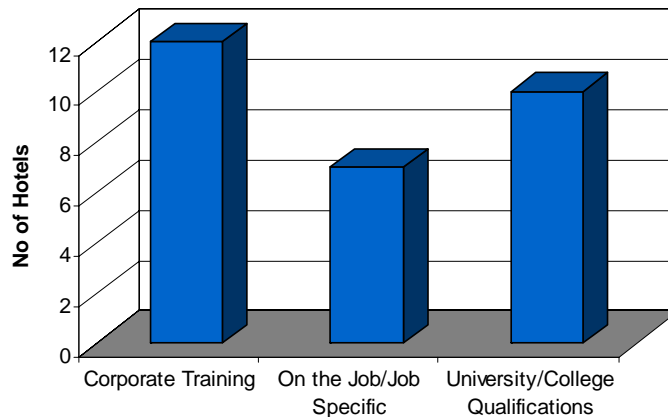
Job Area Difficult to Recruit/Retain



The last survey in 2004 identified major issues with recruitment, particularly with retaining employees, recruitment of lower skilled jobs and finding experienced staff. This is now less of an issue, with only half the hotels mentioning a problem and those that did stated many of their problems had been relieved with the influx of migrant workers, particularly from Eastern Europe.

Issues now seem to be with management level and qualified staff, especially in terms of retention, due to high competition between the chains and inter-company moves. Some also raised an issue of recruiting English speaking staff for their front of house including the bar/restaurant.

Types of Training Offered



All national chain hotels had corporate training packages, incorporating continuous professional and personal development, particularly for senior level staff. All others offer job specific training incorporating 121 shadowing in addition to basic health and safety and food hygiene standards. A number of hotels also work in partnership with Solihull College offering staff hospitality NVQs, or other external qualification funding.

Tourist Information

Key figures:

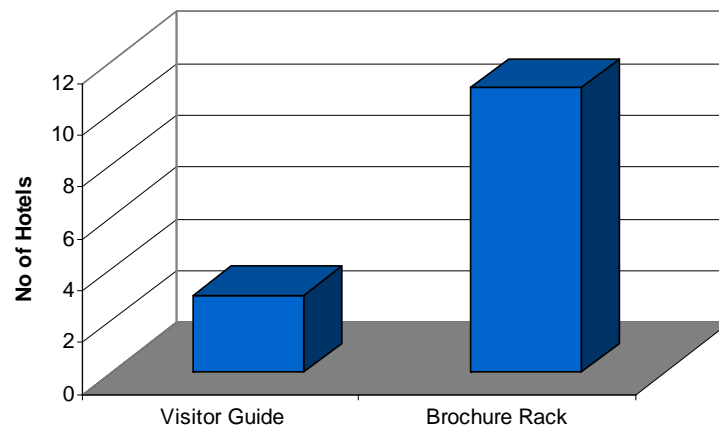
- Average percentage of hotels that hand out tourist information to guests: 56%
- 69% of business visitors enquire about attractions/leisure facilities in Solihull
- 75% of hotels keep up to date with the attractions/leisure facilities within Solihull

- 38% stock Touchwood literature
- 25% have a working relationship with Touchwood
- 86% would consider a working relationship

Most hotels commented that business visitors usually have limited time during their stay and therefore will only longer stay guests ask where local attractions and facilities are based. Some commented many guests research on the web beforehand for restaurants, or else they are regular visitors and already know where they want to go.

All but one hotel were willing to promote Solihull visitor attractions and were interested in supporting Council plans for a new marketing campaign to promote Solihull as a business location.

Methods of Promoting Solihull Tourist Information

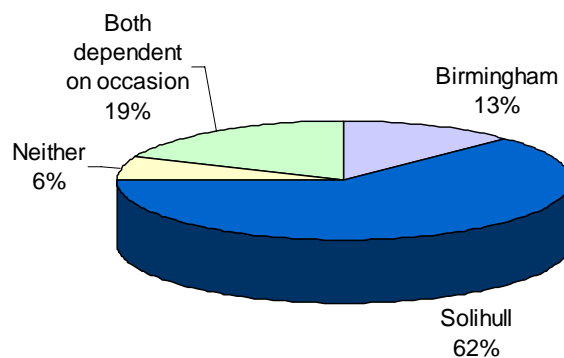


- 69% do not use the Tourist Information Centre (TIC)
- 12% let the TIC know of any room vacancies
- 63% have heard of the Solihull Visitor Guide produced by the TIC and only 31% use it

As found in the 2004 survey, few hotels knew where the Tourist Information Centre was based in Solihull and very few used their services, such as advertising in the Solihull Visitor Guide produced by the TIC. Those that did advertise found it generated low response and some had discontinued use.

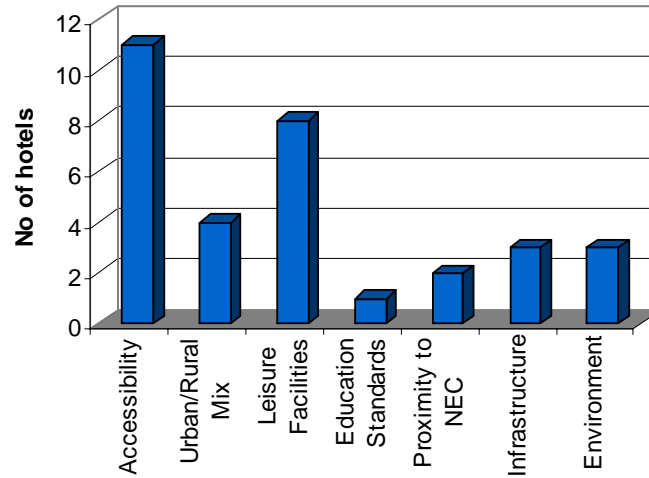
Solihull Perceptions

Consider Business to be Within Birmingham or Solihull



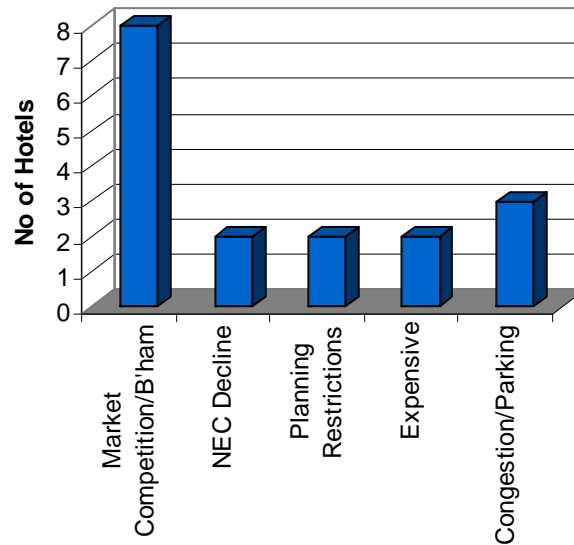
Most hotels preferred to refer to their business as being located within 'Solihull', although some recognised the importance of referring to Birmingham for international guests for area recognition. Many felt that if Solihull was promoted more they would use the title for a wider audience.

Solihull Brand Values



The top brand values of Solihull as a business location were recognised as accessibility in terms of the road, rail and air networks and being at the heart of the country. On the other hand, they considered competition from other areas of the country and loss of identity through being seen as part of 'Birmingham' were the greatest challenges.

Challenges as a Business Location



Conclusions & Recommendations

Key findings from the 2006 survey include:

- A decline in the number of NEC trade shows, resulting in a need to lessen reliance on the NEC for business
- Demand still highly affected by the NEC shows but relationships with the Centre are ad hoc and informal
- Little or no impact from Birmingham International Airport
- Growth and future plans to develop corporate accounts and conferences
- A need for sector intelligence sharing and communication between hotels, the NEC, BIA, Solihull Town Centre, Tourist Information Centre and the Council
- Employment issues are fewer with the exception of certain job roles, including bar and restaurant staff and skilled/management level
- A need for raised awareness of Solihull as a business location to enable promotion to international audiences

From these results, the following action points can be made:

- Utilise the planned Business Investment marketing campaign to promote Solihull as a business location, raising awareness of business tourism facilities in the region
- Facilitate relationships with the NEC, BIA, Solihull Town Centre and Tourist Information Centre by providing regular information and establishment of a sector forum
- Promote the 'package' of Solihull when engaging with local business forums
- Provide regular intelligence to the hotels regarding local business developments and new occupiers to assist their corporate account development
- Liaise with regional tourism groups such as Marketing Birmingham, CVOne, Heart of England Tourism and Advantage West Midlands Tourism Cluster Group to raise the profile of Solihull's business tourism offer and ensure the hotel's views are represented
- Promote the services of the Solihull Access to Employment Group to assist with recruitment gaps

APPENDIX

Hotel Participants

Ramada Jarvis
Holiday Inn, Moat Lane
Richmond House Hotel
Hogarths
Hilton
Renaissance
Forest of Arden
Heron's Nest
Meriden Hotel
Crowne Plaza
Gables Hotel
Corus
Holiday Inn Express, NEC
Novotel
Strawberry Bank Hotel
Manor Hotel