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THE RECESSION AS AN AGENT IN THE RESTRUCTURING OF TOURIST ACCOMMODATION

by

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ABSTRACT

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THE RECESSION AS AN AGENT IN THE RESTRUCTURING OF TOURIST ACCOMMODATION

Academic research into economic restructuring in the tourist industry has solely focused on the strategies adopted by large chain hotel companies and little attention has been paid to the strategies adopted by small scale, family-run accommodation establishments. This sector is particularly significant for traditional resort areas in the UK. For example, in Torbay, Devon (as in most seaside resorts), there is an absence of large chain hotels and small-scale accommodation establishments play an integral role in the local tourism economy. Consequently, an understanding of the competitive pressures and restructuring strategies in this sector is essential in maintaining the long-term health and prosperity of the resort. The aim of this study is therefore to examine the restructuring process occurring in the hotel industry and, in particular, to focus on the restructuring strategies in the small-scale accommodation sector. To do so, this study will draw on empirical data obtained from a number of sources including a commercial register, holiday accommodation brochures, planning applications and a major questionnaire survey of all serviced and self-catering accommodation establishments operating in Torbay.

This study will show that the restructuring process within the accommodation sector has been influenced by a combination of factors within the internal and external resort environment, including free market forces and public sector intervention. Restructuring strategies have concentrated on the development of ensuite and leisure facilities, although provision has been influenced by the structural and locational characteristics of accommodation establishments. A review of the entrepreneurial characteristics of the accommodation providers highlights the complexity of the decision-making process and that business strategy is influenced by highly personalised and individualistic operating characteristics that are difficult to isolate and analyse. Therefore, any policy directives to guide the future development of the resort will depend on dealing with individual management strategies and business objectives.

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Signed: Andrew Clegg

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Chapter One

Introduction

1.0 Introduction

Within the last two decades, economic restructuring processes have transformed the industrial landscapes of Europe and created new industrial geographies of production and consumption. However, geographical literature investigating the dynamics of the restructuring process has focused largely on changes occurring within the manufacturing and service sectors, and tourism has been largely neglected in this area of analysis. Tourism is emerging as an integral part of the global economy and is one of the quintessential features of mass consumer culture and modern life (Britton, 1991, p. 451), yet 'tourism geography has tended to be the preserve of a separate discipline, populated more by social and cultural geographers rather than economist specialists' (Williams and Shaw, 1995, p. 50).

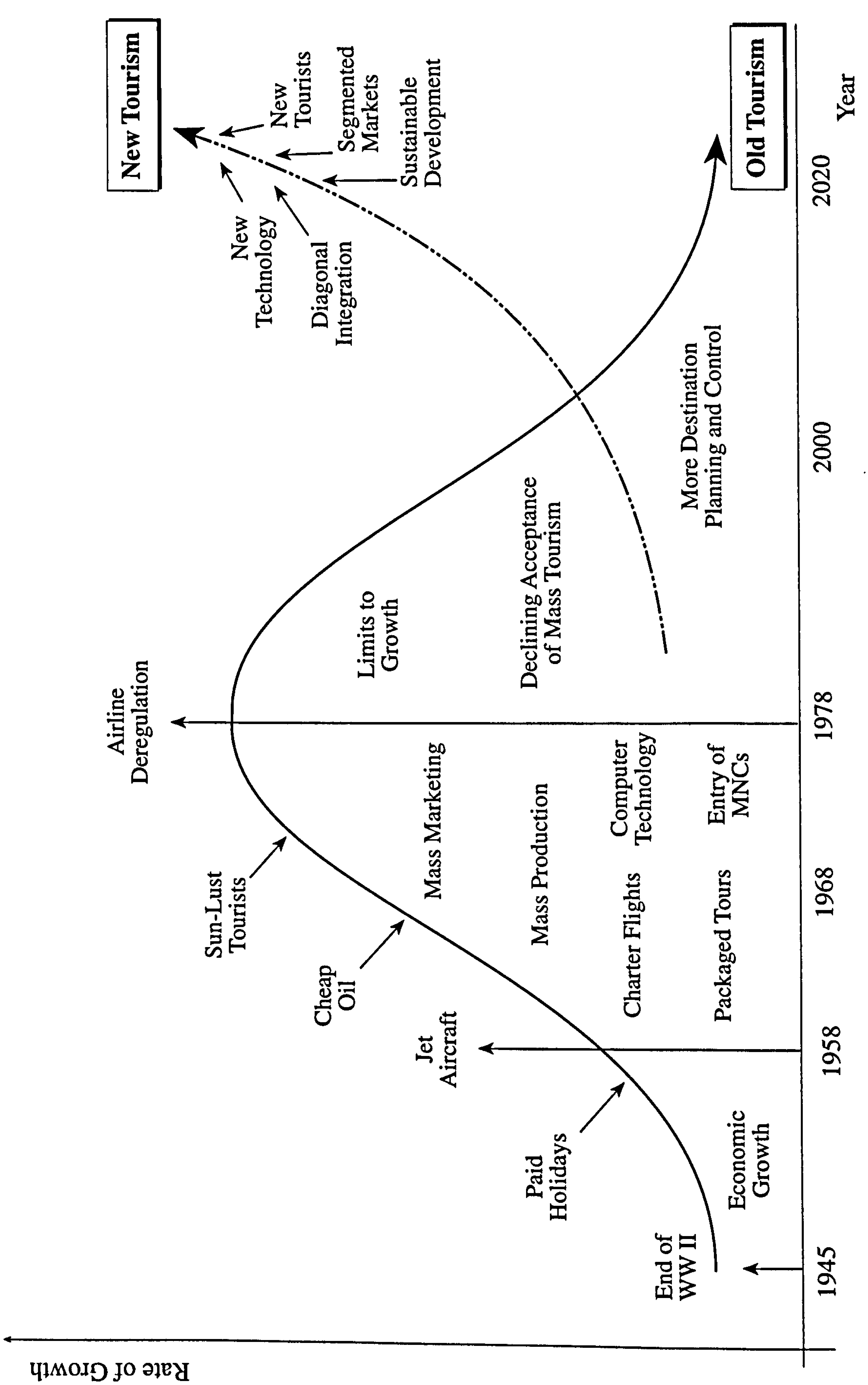
The academic neglect of tourism is surprising considering the value of the industry in national and international economies. Tourism accounted for five million direct and 10 million indirect jobs in the EU in the early 1980s. In the UK, tourism has an annual turnover of £10 billion, with foreign exchange earnings in excess of £4.1 billion (Williams and Shaw, 1991, p.173). Clearly, the tourism industry plays a key role in economic regeneration. As Williams and Montanari (1995, p. 3) point out: 'there are strong connections to be made between the role of tourism and the formulation and operations of small firms, in the emergence of new labour market flexibility, the gendering of workplace and domestic divisions of labour, state regulation of the economy and the restructuring of localities'. Consequently, through a process of academic 'ghettoization', geography has failed to appreciate that tourism is a sector with wide economic, political and social ramifications (Williams and Montanari, 1995, p. 4).

The exclusion of tourism from studies focusing on economic restructuring is even more curious considering that the industry displays many of the features that have been central to the debates on restructuring process (Williams and Montanari, 1996). Most notably, as in the manufacturing sectors, the tourism industry has experienced a shift in the mode of production, from Fordism to Post-Fordism. This shift has been driven by changes in consumption and a greater emphasis on more customised and individualistic holiday products and experiences (Urry, 1987;1990). This change in demand has contributed to the break-up of the traditional mass tourism market and has created demand for smaller-scale and more flexible tourism products and services. Increasing levels of market segmentation have created niche markets for smaller companies to exploit. The shift towards Post-Fordist forms of production has also been facilitated by production side changes. For example, computer technology has allowed many small, independent companies to compete within increasingly sophisticated and internationalised tourism markets. The decline in the role of state intervention and increased emphasis on regional and local tourism initiatives have also contributed to the break-up of the mass tourism market (Williams and Montanari, 1996).

The shift from Fordist to Post-Fordist forms of tourist production has been recognised by Poon (1989; 1995), who describes a transition from '*old tourism*' to '*new tourism*' (see Figure 1.1). Within this model old tourism (Fordist) is characterised by mass, standardised and rigidly packaged holidays, nurtured by a number of favourable post-war developments including the development of jet aircraft, cheap oil, paid holidays and 'sun-lust' tourists. In contrast, 'new tourism' (Post-Fordist) is characterised by flexibility, increasing market segmentation and more authentic tourism experiences. New tourism has been created by a number of factors including the diffusion of new information technologies within the tourist industry; the deregulation of the airline industry; the negative impact of mass tourism on host countries; and changing customer tastes, leisure time, work patterns and income generation (Poon, 1989, p. 92). Within this model not only is there a 'new tourism' but also 'new tourists' (see Figure 1.2). 'New tourists are flexible and more independent, they are hybrid consumers, spontaneous and unpredictable' (Poon, 1995, p. 258). For new tourists, value for money and quality are premium concerns, while their 'see and enjoy, but do not destroy' attitude is in direct contrast to old tourists who were characterised by an acceptance of waste and destruction and a lack of concern for the environment and cultures of the host countries they visited (Poon, 1995).

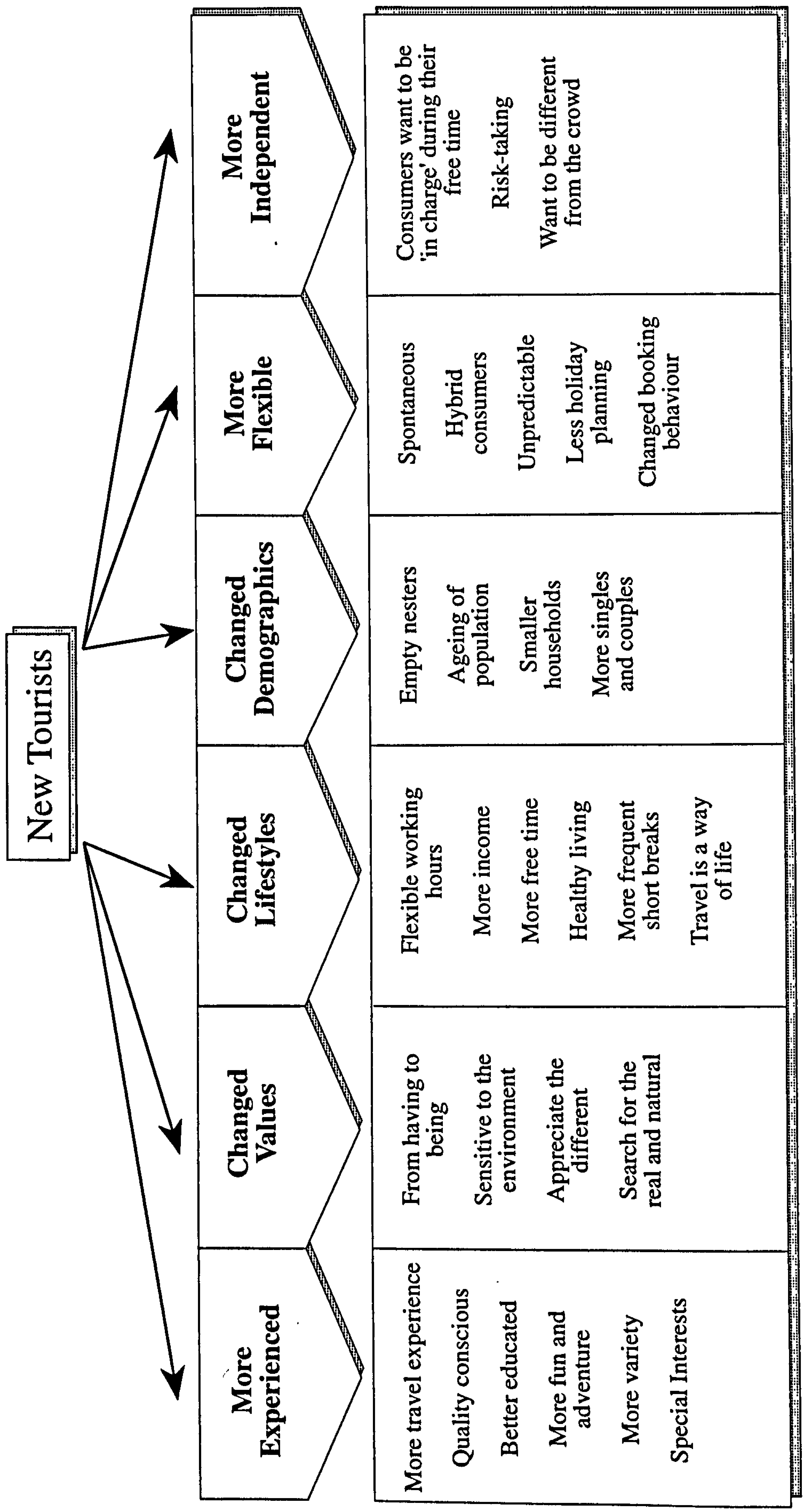
However, although Poon's model provides a conceptual basis through which to examine changes occurring in the tourism industry, care must be taken not to oversimplify the changes that have taken place. In particular, there has been no simple or universal shift from Fordism to Post-Fordism. Indeed, the 'new tourist' has always existed; he or she was the traveller who was able to enjoy individually-tailored holidays often based on very small groups who could afford it. In Europe, traditionally the home of the mass tourism market, there have always been specialist tour operators offering holidays to small groups visiting long-haul destinations (Jenkins, 1992, p.

Figure 1.1: The transition from 'Old Tourism' to 'New Tourism'



(Source: Poon, A., 1995, p. 24)

Figure 1.2: The characteristics of 'New Tourists'



(Source: Poon, 1995, p. 115)

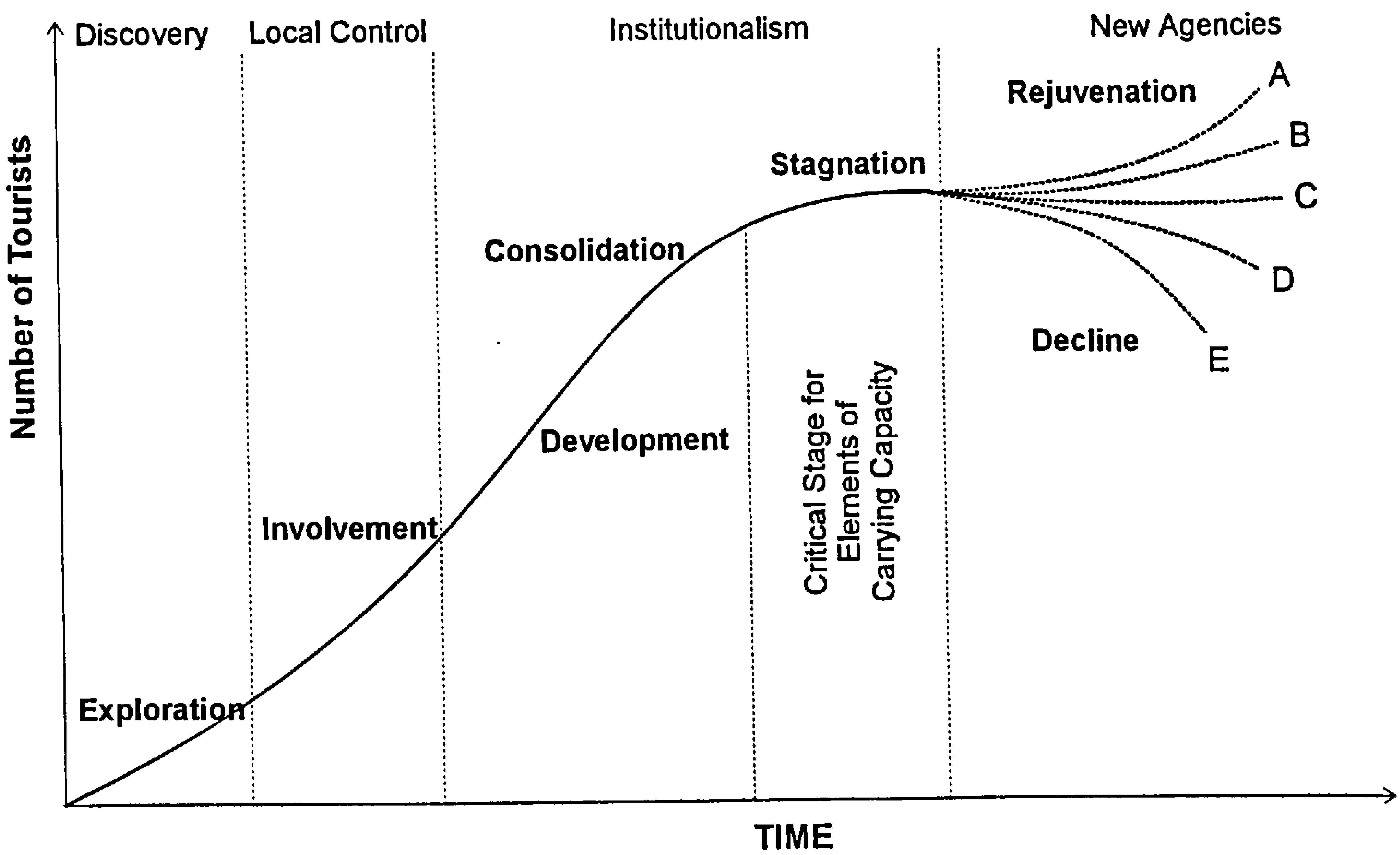
715). The shift from mass to Post-Fordist tourism has also been uneven and relative. For example, many of the traditional centres of tourism, such as Benidorm, have experienced a revival in the 1990s at the same time as there has also been growth in more specialised holidays markets elsewhere in Spain (Williams and Montanari, 1996, p. 4).

The social reconstruction of what constitutes a desirable mass tourism product, the emphasis on individualised products and the increasing capacity to market a wider range of objects for tourist consumption - such as industrial archaeology and heritage tourism - has diverted demand away from traditional seaside destinations. Consequently as with any other locality, tourist resorts have been subject to restructuring processes characterised by labour market reorganisation, increased capital intensity, product innovation, or in the case of failure to adapt and compete, terminal decline (Williams and Gillmor, 1996, p. 73). However, the exact nature of the restructuring process in British resorts has been largely neglected and it is only recently, given the crisis facing many traditional seaside resorts, that the climate for research focusing on the restructuring process has changed in the UK (Williams and Shaw, 1995, p. 52).

1.1 Resort Cycle Model

Attempts to understand the evolution of destination areas and, more recently, the trends and processes associated with economic restructuring processes within the resort environment have focused largely on the utilisation of the resort cycle of evolution (Agarwal, 1994;1997; Cooper and Jackson, 1989; Haywood, 1986). The resort cycle consists of six life stages, each defined by visitor numbers and infrastructure (see Figure 1.3). The model begins with a period of *exploration*, characterised by a small number of visitors who are adventurous and tend to shun institutionalised travel. Numbers at this stage are restricted by the lack of access and facilities. In the *involvement* stage, local initiatives begin to provide a basic level of service provision within resort. Increased advertising establishes an identifiable tourist season and market area emerges. The *development* stage is marked by the greater emphasis on the development of the tourism infrastructure, as visitor numbers increase. The organisation and control of the tourism industry begins to change as external operators move into the resort to provide more up-to-date facilities. Increasing numbers of tourists now outweigh the size of the resident population, placing strain on the host-visitor relationship and increasing levels of antagonism within the

Figure 1.3: The resort cycle of evolution and stages of resort development and associated facilities



Stage	Characteristic
Exploration	▪ Few adventurous tourists, visiting sites with no public facilities ▪ Visitors attracted to the resort by a natural physical feature ▪ Specific visitor type of a select nature
Involvement	▪ Limited interaction between local residents and the developing tourism industry leads to the provision of basic services ▪ Increased advertising induces a definable pattern of seasonal variation Defined market area begins to emerge
Development	▪ Development of additional tourist facilities and increased promotional efforts ▪ Greater control of the tourist trade by outsiders ▪ Number of tourists at peak periods far outweighs the size of the resident population, inducing rising antagonism by the latter towards the former
Consolidation	▪ Tourism has become a major part of the local economy, but growth rates have begun to level off ▪ A well-delineated business district has taken shape ▪ Some of the older deteriorating facilities are perceived as second rate ▪ Local efforts are made to extend the tourist season
Stagnation	▪ Peak numbers of tourists and capacity levels are reached ▪ The resort has a well-established image, but is no longer in fashion ▪ The accommodation stock is gradually eroded and property turnovers are high
Post-stagnation	▪ Five possibilities, reflecting a range of options that may be followed, depending partly on the success of local management decisions. At either extreme are rejuvenation and decline

(Source: Agarwal, 1997, p. 66)

resort. By the *consolidation* stage, tourism has become a major part of the local economy, but growth rates have begun to level off. A recreational business district has emerged and local efforts are made to extend the tourist season. At the *stagnation* stage, visitor numbers have peaked and the destination is no longer fashionable. Major efforts are needed to maintain the number of visits and the destination may by now have environmental, social and economic problems. The end of the cycle is marked by the *post-stagnation* phase, which consists of five probabilities reflecting a range of options that may be followed, depending on the success of local management decisions. Therefore, decline may ensue as visitors are lost to newer resorts. However, if countermeasures are adopted, such as the development and re-orientation of tourist attractions, environmental enhancement programmes, or the re-positioning of destinations within an overall market, decline may be offset and varying degrees of rejuvenation are stimulated as shown by curves A, B, C, D and E (Butler, 1980).

Although typical of conceptual models based on observed trends and arbitrary quantitative indices, the resort cycle provides a framework for understanding changes in destinations, as it integrates the disparate factors that are involved in the development of a resort. By regarding destinations as dependent upon the actions of managers, the tourist industry and their markets, the life-cycle provides an integrating medium for the study of tourism (Cooper, 1990, cited in Agarwal, 1995, p. 197). The model combines the physical development of a destination which involves investment, impact planning, organisation and scale, with demand and changing markets, at each stage. However, the simplistic and apparent deterministic approach of the model has drawn much criticism (Cooper, 1989, p. 343). By concentrating on a holistic approach and integrating elements of supply and demand within one explanatory framework, the model fails to explain the internal and external factors that influence resort evolution. Agarwal (1997), for example, highlights the importance of the locality in resort development and that there was an unprecedented level of local involvement in the developing tourism industry in Torbay during the initial ‘exploration’, ‘involvement’ and ‘development’ phases. In addition, the model fails to take account of the competitive setting of the resort and, in particular, the impact of recessionary periods on the restructuring process. The development of the resort environment will also be determined, in part, by more qualitative and intangible elements in the behavioural environment, such as the motivations and highly personalised management styles of tourism entrepreneurs, which cannot be categoried by using normative quantitative approaches. As Bianchi (1992, p. 186) points out:

'a particular flaw of the resort life-cycle concept lies in its generalisation of the entire system without recognising different economic subsystems. Of key relevance is the need for greater understanding of the dynamics of entrepreneurial responses to tourism amongst local residents in destination areas...it is therefore vital that the conception of tourism development dynamics is integrated into a sociological framework that can conceive of the dynamics of tourism development at differentiated levels of society'.

Moreover, the model does not recognise geographical scale and views a destination as being made up of a single product, an error that can be traced back to the 'product life-cycle' on which Butler's model is based (Agarwal, 1994, p. 199). However, in reality, a resort is made up of a mosaic of different sectors, each of which exhibit separate life-cycles and operational characteristics. Therefore, the 'unit of analysis' is of crucial importance when considering the evolution of the resort environment (Cooper and Jackson, 1989). Understanding both the operational and entrepreneurial characteristics of the individual sectors of the tourism industry, and the internal and external factors influencing the restructuring process, is essential in order to guide the long-term development of the resort environment. This study will therefore examine the restructuring processes occurring in one specific sector of the resort environment, namely tourist accommodation.

1.2 The Accommodation Sector

The accommodation sector provides a fundamental service to tourists and contributes to the overall image of a destination. 'Tourist accommodation is an integral part of the total tourism product, and the lack of suitable and sufficient accommodation may well be a deterrent to tourists, especially holidaymakers, wishing to visit a destination' (Goodall, 1989, p. 78). However, despite the recognised importance of the accommodation sector in the tourism industry, there has been little investigation into the restructuring of tourist accommodation, and the recessional crisis experienced by the industry in the UK's major resorts. Academic research into the restructuring of tourist accommodation has solely focused on the strategies adopted by large chain hotel companies (EIU, 1994; Go, 1997) and little attention has been paid to the business strategies in the small business sector. Existing research has primarily focused on the characteristics of tourism entrepreneurs in small-scale accommodation establishments (see Stallinbrass, 1980; Williams and Shaw, 1988; Brown, 1987) and has not considered restructuring strategies in response to changing market conditions, such as recession. This omission is unfortunate as the small-scale accommodation sector plays an integral part in traditional resort economies in the UK. For example, in Torbay, Devon, there is an absence of large chain hotels and small-scale accommodation establishments represent the backbone of the local accommodation industry. Consequently, understanding the competitive pressures and restructuring strategies in the small-scale accommodation sector is essential in maintaining the long-term health and prosperity of tourism-dependent towns and cities.

1.3 Aims and Objectives of the Study

Given the weakness of present research literature focusing on the restructuring of tourist accommodation, the immediate aims of this study are to:

1) *analyse the processes of change which economic recession has induced in the tourist accommodation industry of a major UK resort*;

2) *establish the outcomes of these processes in terms of their impact on the scale and nature of accommodation available*;

and;

3) *assess, with respect to their implications for resort development, the likely consequences of shifts in the accommodation structure.*

In particular, this study will focus on the restructuring process within small-scale accommodation establishments, which are typically family-run businesses with no formalised management structure. These operators also have limited educational and occupational experience of the tourism industry, and have entered the industry for a number of reasons, not necessarily economic, and are also characterised by low levels of capital investment (see Stallinbrass, 1980; Williams and Shaw, 1986; Brown, 1987). The ultimate aim of this research is to identify the factors influencing the restructuring process and to produce models of processes, outcomes and implications which may be refined by testing in other resorts. The methodological framework developed for this study will also serve as a basis for studies investigating the impact of the restructuring process in other sectors of the tourism industry.

1.4 The Choice of Study Site

Torbay was chosen for the focus of this study for a number of reasons. First, located on the south coast of England (see Figure 1.4), Torbay is a sizeable and popular holiday resort. Torbay is the most visited resort in the West Country and the third most visited seaside resort in England. Torbay is heavily dependent on the tourism industry. Tourism generates an estimated £302 million per annum and supports at least 16,500 jobs (English Riviera Tourist Board, 1992, p. 1). Second, Torbay is comprised of three very distinctive holiday centres (Torquay, Paignton and Brixham) (see Figure 1.5) in which all types of accommodation - from five-star hotels to camp sites and chalets - are strongly represented. Local documentation was also available in the resort and collaboration was possible with the local planning department, the English Riviera Tourist Board and the local hoteliers' associations. Torbay also provides an excellent example of coastal tourism regeneration, based upon the joint co-operation of the local authority and the private commercial sector (Agarwal, 1996b, p. 153). Therefore while the study considers the impact of free market forces on the restructuring process, Torbay also provides an illustration of the role played by public sector intervention.

1.5 The Structure of this Study

The examination and investigation of the research aims outlined above strongly influences the structure of this study (see Figure 1.6). In order to fully understand the dynamics of the restructuring process, Chapters Two and Three provide a comprehensive analysis of the restructuring processes occurring within the manufacturing, service and hotel industries. In particular, Chapter Two explores the factors influencing the restructuring process and examines how firms have responded to the threats and opportunities posed by a number of factors including changing market demand, recessionary conditions, government policy and the intensification of global competition. Chapter Three utilises the same framework of analysis to consider similar changes occurring within the hotel industry. In order to understand the context in which

Figure 1.4: The regional setting of the English Riviera

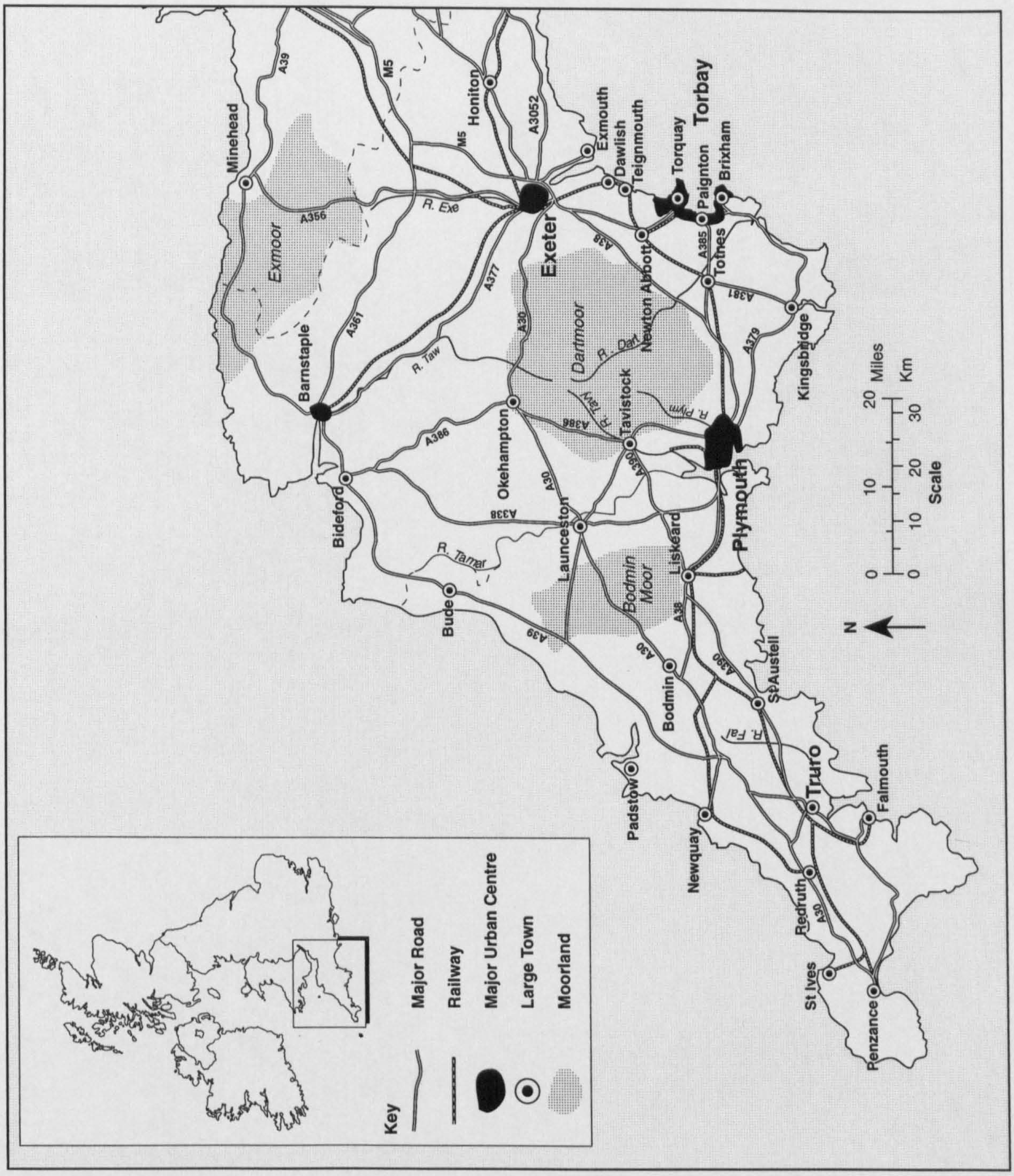


Figure 1.5: The study area of Torbay including Torquay, Paignton and Brixham

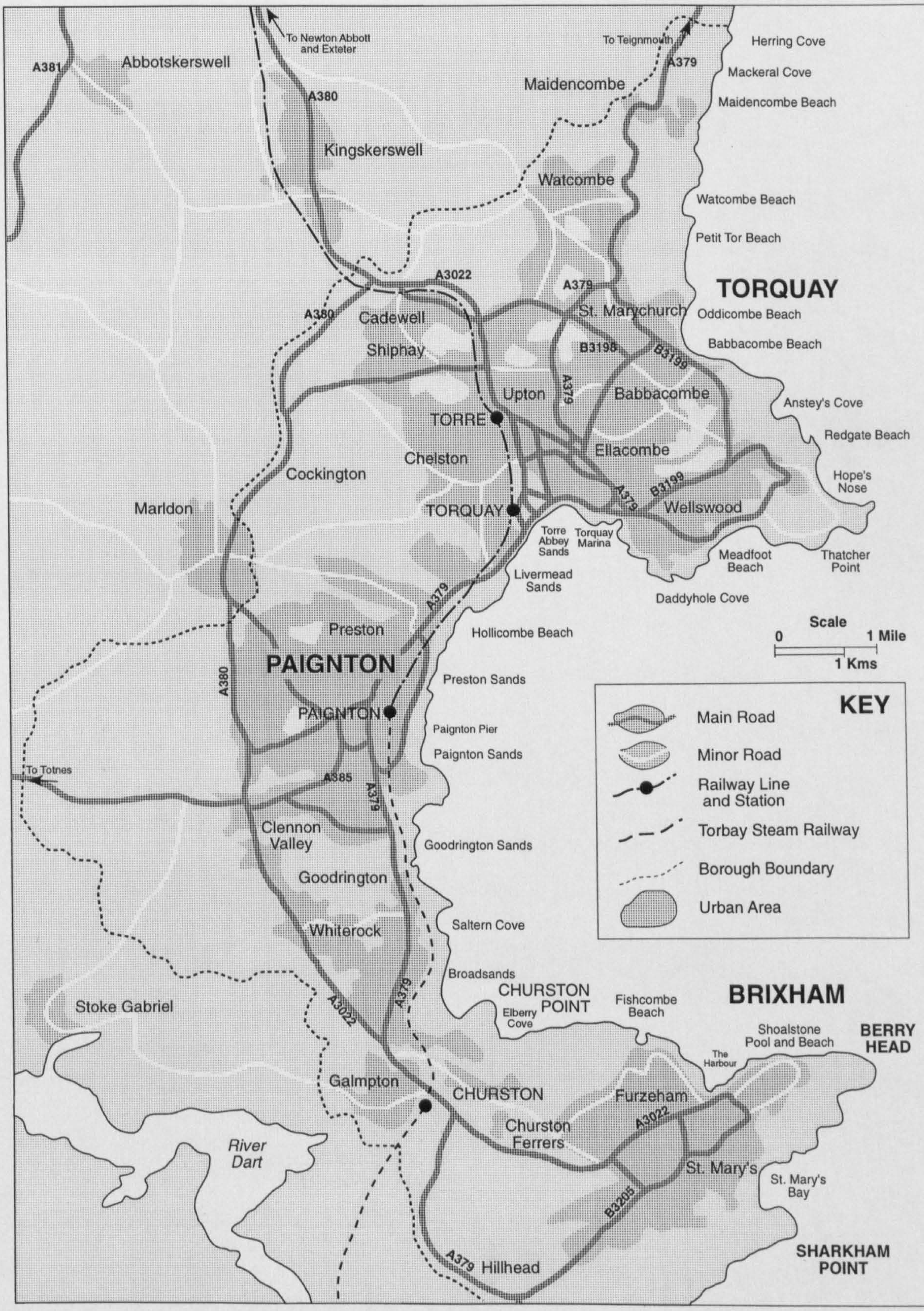


Figure 1.6: : The structure of the following chapters in this study

The Economic Restructuring Process

Chapter Two

Restructuring in the Manufacturing and Service Industries

- *Factors influencing the restructuring process*
- *Offensive and defensive strategies*
- *Restructuring processes in the small business sector*

Chapter Three

Restructuring in the Holiday Accommodation Industry

- *The structure of the hotel industry in the UK*
- *Factors influencing the restructuring process*
- *Offensive and defensive strategies*
- *Restructuring processes in small-scale accommodation establishments*

Chp 4: Methodology

Data acquisition

- *Commercial Register*
- *Holiday Accommodation Brochures*
- *Planning Application Records*

Database Construction and Information Management

Questionnaire Design and Implementation

The Restructuring of Tourist Accommodation: The Case Study of Torbay

Chapter Five:

The Historical Development of Torbay

- The role of the public and private sectors in the development of the resort environment and the accommodation industry

Chapter Six:

The Structural Characteristics of the Holiday Accommodation Industry in Torbay

- *Size and distribution of accommodation*
- *Price and quality of accommodation*
- *Product development*
- *Applications for new development and change of use*
- *The role of Principal Holiday Accommodation Areas*

Chapter Seven:

The Entrepreneurial Characteristics of Accommodation Providers and the Restructuring Strategies Adopted in Holiday Accommodation Establishments

- *Ownership of accommodation*
- *Motivations for entering the industry*
- *Occupational and educational experience*
- *Family assistance*
- *Secondary occupations*
- *Perceived changes in the tourism market*
- *Restructuring strategies: product development and marketing*
- *Specific responses to the recession*

Chp 8: Conclusions and Policy Recommendations

restructuring processes are taking place, Chapter Two outlines the structure and commercial operation of the hotel industry in the UK before examining the types of offensive and defensive strategies adopted in the hotel industry. Together, these two chapters will illustrate how all sectors of the economy have been vulnerable to competitive pressures and that the strategies adopted in the hotel industry are of equal sophistication to those employed in the manufacturing and service industries. In addition, the chapters highlight the polarisation that exists between large corporate enterprises and small-scale, family-run enterprises and that normative approaches to the decision-making process hide the importance of the behavioural environment in the small business sector. Therefore, focusing directly on economic considerations when examining the restructuring process is not appropriate given the influence of socio-economic and personal motivations in the decision-making process.

Chapter Four considers the methodological aspects of the study and how data from a variety of sources, including a commercial register, holiday accommodation brochures, planning application records and a questionnaire survey to serviced and self-catering accommodation, were incorporated into a database management system. Chapter Five provides an historical overview of the resort and, in particular, examines the important role played by the major landowners and later the public sector in guiding resort development. Chapter Six provides a quantitative review of the structural characteristics of the accommodation industry, while Chapter Seven considers the more qualitative aspects influencing the decision-making process, before examining the type of restructuring processes occurring in the holiday accommodation industry. In particular, Chapter Seven highlights the complexity of the decision-making process and that responses to changing market conditions and especially the recession have been influenced by highly personalised and individualised operating characteristics that are difficult to isolate and analyse. Finally, Chapter Eight draws together the key issues that have emerged during this study, re-assesses the stated aims and outlines a series of policy recommendations designed to guide the long-term development of the accommodation industry in the resort.

Chapter Two

Restructuring in the Manufacturing and Service Industries

2.0 Introduction

To understand fully the causes and consequences of industrial reconfiguration, the aim of the following two chapters is to provide a comprehensive analysis of the restructuring process occurring within the manufacturing, service and hotel industries. By drawing on examples taken from the manufacturing and service sectors, Chapter Two will consider the dynamics of the restructuring process and how firms have responded to the threats and opportunities posed by changing markets, recessionary conditions, government policy and the intensification of global competition. The identification of the principal characteristics of offensive and defensive strategies involved in the restructuring process will subsequently provide the framework to examine similar changes occurring within the holiday accommodation industry in Chapter Three. Ultimately, the two chapters aim to illustrate that tourism enterprises, in particular holiday accommodation establishments, are no less vulnerable to competitive pressures than manufacturing firms and that strategic planning functions adopted in the hotel industry are of equal sophistication to those adopted by manufacturing and service counterparts. More significantly, considering the small-scale nature of tourism businesses forming the basis of this study, the discussion presented here will emphasise the considerable gulf that exists between the decision-making process in large corporate enterprises and small-scale, family run enterprises. Whereas large companies will pursue rational economic choices through the adoption of a strategic planning system, small business entrepreneurs operate within the realms of '*bounded rationality*' and will pursue more modest, often family-orientated-goals rather than profit maximisation (Simon, 1957).

This chapter is divided into four sections. The first explores the term industrial restructuring and focuses on the importance of competitive advantage. In doing so, the concept of strategy is defined and a working definition of offensive and defensive strategies is provided. Section two considers the factors influencing the restructuring process and, in particular, the role played by recession. The third section details the restructuring strategies, offensive and defensive, adopted by a variety of industries in the UK and Europe. Section four provides an alternative perspective on the question of industrial restructuring and examines the competitive pressures and restructuring processes operating within the small business environment. It is at this point that the chapter considers the idea that growth and profit maximisation are not necessarily the ultimate goals of many small business enterprises, so that a total focus on economic considerations is not justified because of the influence of behaviouralism.

2.1 Industrial Restructuring, Strategy and Competitive Advantage: A Definition of Terms

2.1.1 Industrial Restructuring

Clark (1993, p.5) defined industrial restructuring as a 'process of planned structural reconfiguration to changing market conditions; industrial restructuring aims to make a clean break with the past, involving the comprehensive restructuring of attitudes, institutions, capital, wages and prices with respect to a planned future'. Driven by the force of competition and profit, industrial restructuring seeks to re-establish the 'competitive advantage' of a firm, industry or region or nation, rather than simply harmonising the production process to prevailing market conditions (Porter, 1980; Thompson, 1993; Grant, 1995). Through a process of 'creative destruction' (Hudson, 1994, p.99), industrial restructuring represents an economic and social strategy conceived to 'remake the inherited landscape and thus relocate the industry to a new higher trajectory of accumulation and wealth' (Clark, 1993, p.5).

Massey and Meegan (1982), in a study of industrial restructuring in 31 UK industries suffering employment decline between 1968 and 1973, identified three distinct forms of production reorganisation. The first was intensification, which relates to the increase in labour productivity achieved through the reorganisation of work practices, without significant investment or plant closure. The second was investment and technical change, concerning capital investment in product and process technology, aimed at reducing labour requirements and improving productivity. The final form was rationalisation, which refers to the reduction of total capacity through the complete or partial closure of plant, the scrapping of capital equipment and cutbacks in the labour force. However, as Bull (1991, p. 217) stresses, these responses represent 'simplistic images of corporate reorganisation'. In reality, corporate strategies adopted in the search for competitive advantage reflect the influence of a variety of inter-related, internal and external, environmental factors influencing the decision-making process within the firm.

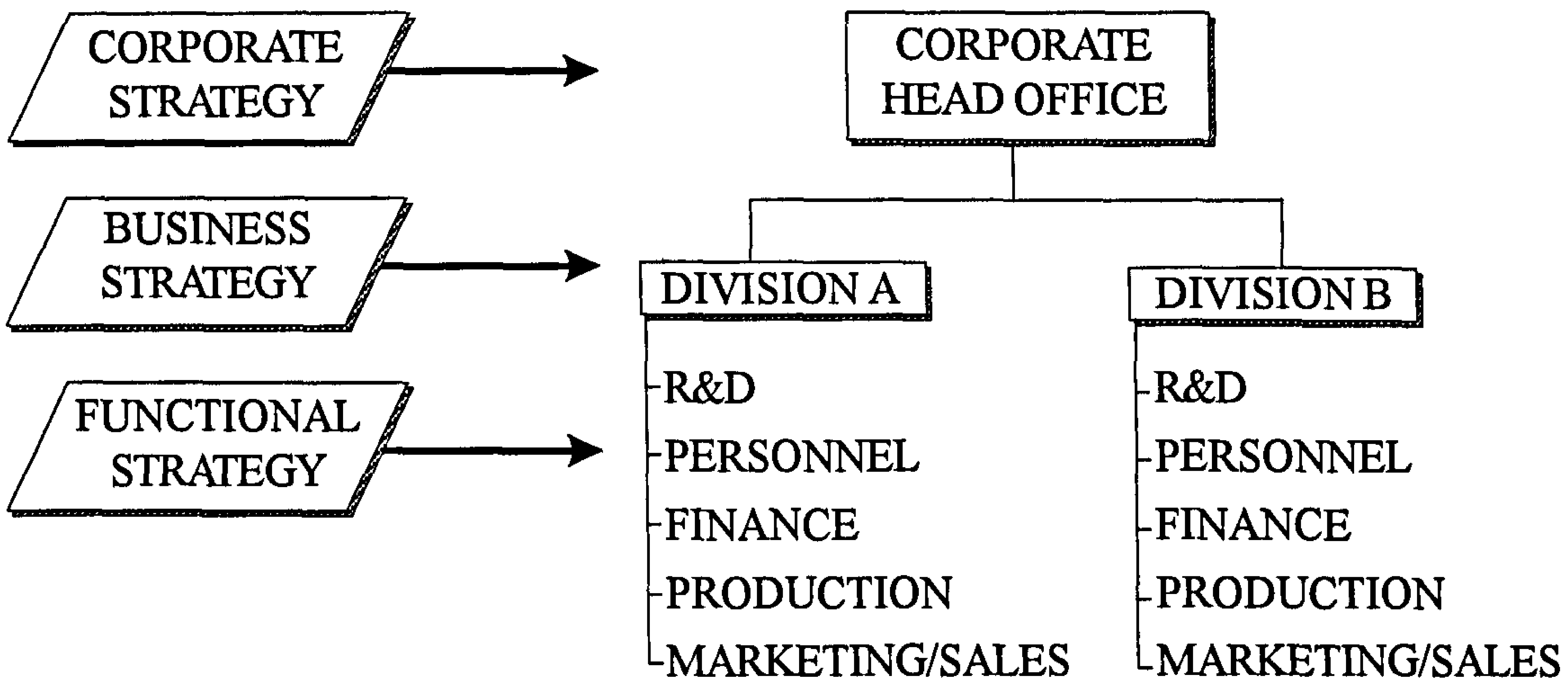
2.1.2 The Nature of Strategy

Strategies provide direction for the operational running of the firm and can be defined as a 'consistent pattern of decisions that are made by an organisation's management as it pursues its mission and objectives' (Olsen *et al*, 1992, p. 1). Three basic areas of strategic management have been identified at different levels within an organisation (Johnson and Scoles, 1989; Olsen *et al*, 1992; Hill and Jones, 1995) (see Figure 2.1). Corporate strategy is the master plan for managing the entire organisation which defines 'the scope of the firm in terms of the industries and markets in which it competes' (Grant, 1995, p. 41). It determines what strategic objectives should be pursued and how individual businesses within the organisation should be managed to achieve these goals. Business strategy is concerned with the question of how competitive advantage should be developed and pursued to compete successfully within a particular market. The internal strengths of the firm and existing competitive advantages will be central to the formulation of any strategy, whilst also being supportive of the broader based corporate strategy. Finally, functional strategies are concerned with the maximisation of resource productivity, within the resource constraints of the firm. Functional strategies encompass the day-to-day activities of the business, including the primary tasks of production, finance and accounting, research and development, and marketing, 'while business strategies identify the means to combat one's competitors, functional strategies detail the courses of action in each functional area so as to achieve the stated long term objectives of the organisation' (Olsen *et al*, 1992, p. 20). Compared to other levels of strategy, functional strategies are more dynamic and are adjusted frequently in response to changes in the internal and external environment.

2.1.3 Competitive Advantage

Any strategic decision is driven by the search for competitive advantage. Grant (1995, p. 151) defines competitive advantage as a position where one firm earns a higher rate of profit or has the potential to earn a higher rate of profit over another. According to Ohmae (1982), 'the principal concern is to avoid doing the same thing, on the same battle ground, as the competition... the aim is to attain a competitive situation in which your company can (a) gain a relative advantage through measures its competitors will find hard to follow and (b) extend that advantage further'. Within a declining market, Harrigan (1980) contends that the pursuit of the most suitable strategy will be dependent on four factors. The first factor is in reality a cluster of influences and, in

Figure 2.1: Levels of strategy



(Source: Grant, 1995, p. 43)

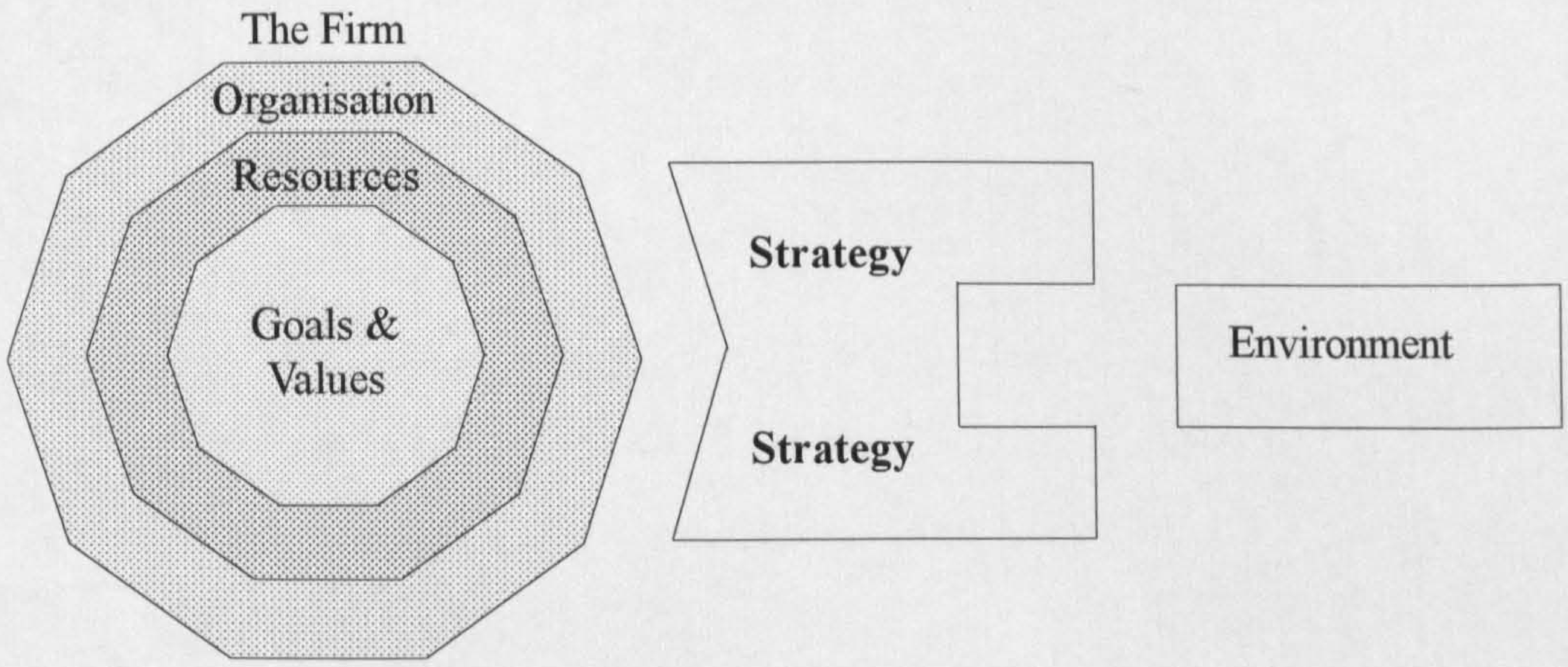
particular, the causes and the nature of the decline, the speed at which decline is taking place, and whether specific market segments still exist to offer niche marketing opportunities for companies who can create and sustain competitive advantage. The second factor is the ability of a company to target these surviving market segments effectively and to establish a level of product or service differentiation. The third relates to the strategic significance of particular markets and the emphasis given to finding new ways of remaining competitive rather than withdrawing, especially if the firm has had a long-term commitment to the product, service or business unit. Finally, the opportunities or threats that exist in the external environment as a result of competitor activity will also influence the nature of the strategy that is adopted. If the product or industry is strategically significant, certain competitors may choose not to withdraw, accepting very low profits or even no profits, and thereby making it more difficult for other firms to maintain a position of competitive advantage.

Management must adopt the correct strategy in order to fulfil objectives and achieve a position of competitive advantage. Any strategic decision will be determined by the flow of information from the environment, the internal capability of the company and the manager's values (see Figure 2.2). The manager's value systems, influenced by learning processes acquired through family, professional career experiences and activities within the firm, will determine whether a firm pursues an offensive or defensive response towards changing internal and external factors (Bamberger, 1983).

2.1.4 Offensive Strategies

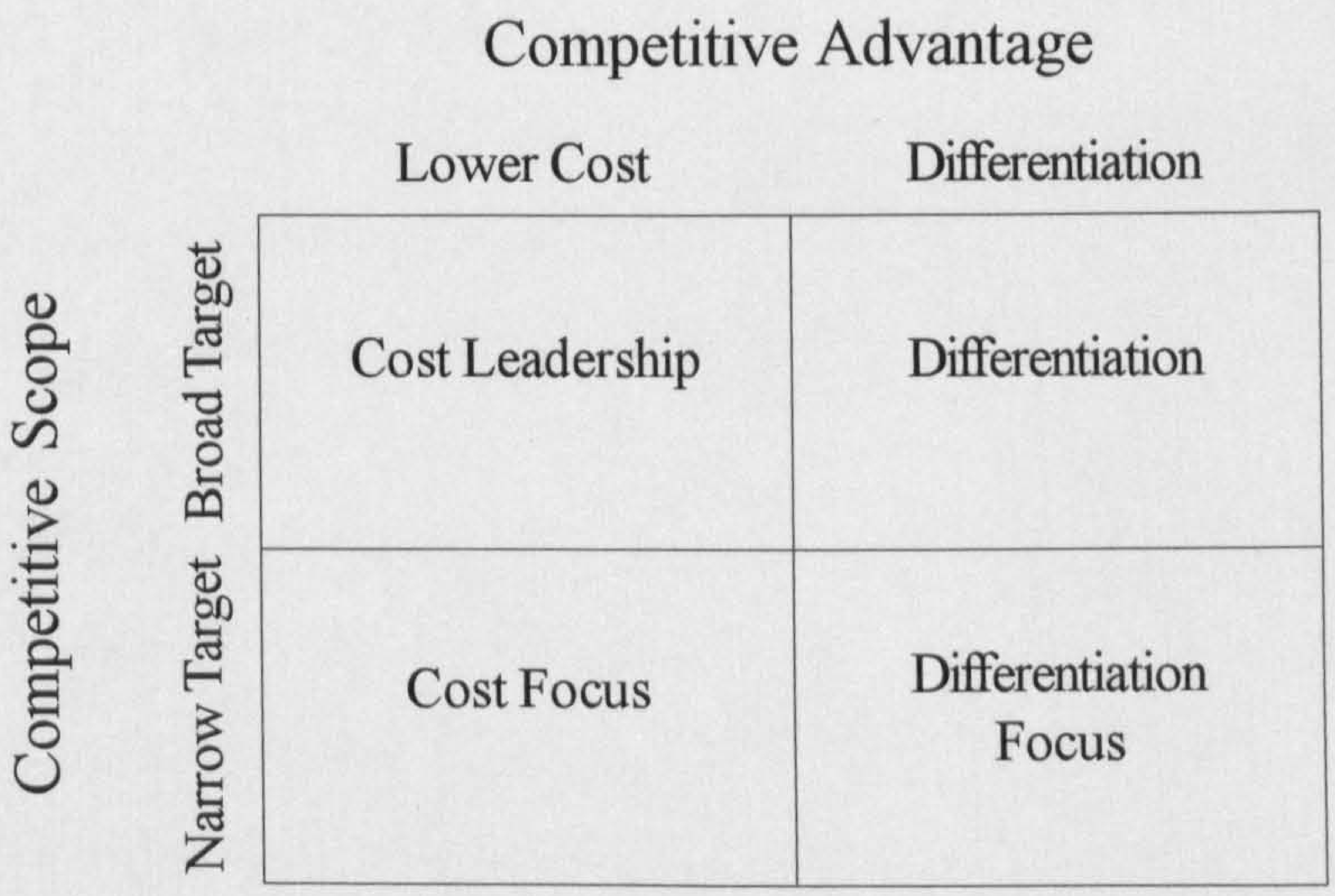
Offensive, or competitive, strategies are concerned with creating and maintaining a competitive advantage in each and every area of business activity. Porter (1980) identified three forms of competitive strategy: cost leadership, differentiation and focus (see Figure 2.3). A *cost leadership* strategy is specifically targeted at reducing costs. It requires the construction of efficient scale facilities, standardisation, tight cost and overhead control, cost minimisation (in areas such as research and development, service, sales force and advertising). *Differentiation* requires the firm to achieve a competitive advantage by providing a product, or service, that is perceived by the customers to be unique. The differentiated company's ability to satisfy customer demand, in a way its competitors cannot, means that it can charge a premium price, well above the industry average. The ability to increase revenues by charging premium prices, rather than reducing

Figure 2.2: Strategy: the link between the firm and the business environment



(Source: Craig, J. and Grant, R., 1993, p. 20)

Figure 2.3: Porter's model of competitive advantage: the generic strategies



(Source: Porter, 1980, p. 39)

costs like the cost leader, allows the company to outperform its competitors and gain above-average profits. *Focus*, encompasses both the cost-leadership and differentiation strategies discussed above. A focus strategy is distinctive in that it serves the needs of a limited customer group or segment. A focused company concentrates on serving a particular market niche, which may be defined geographically, by type of customer or by the segment of the product line. For example, a geographic niche may be defined by region, or even locality. Selecting a niche by the type of customer might mean serving only the very rich or the very young. Concentrating on a segment of the product line means focusing only on specific items such as vegetarian foods, luxury motor cars or designer clothes.

Thompson (1993) applies these strategies to the automobile industry to illustrate the different elements of Porter's model (see Figure 2.4). Within this model, Toyota, by using large scale automated production techniques, is seen as the overall cost leader in the world automobile industry. Toyota has successfully penetrated a variety of market segments with a full range of competitively priced vehicles. In contrast, General Motors (GM) also competes in most segments of the market but seeks to differentiate each of its products through superior design features. Hyundai is successful around the world with a restricted range of smaller-sized cars, which it produces and prices competitively. BMW and Mercedes have both succeeded by producing a range of more exclusive cars for the more affluent customer.

In the service sector, retailers have also sought to compete through either image or cost. Unlike other companies, which have differentiated products on the basis of beauty, youth and sexual awareness, Anita Roddick's Body Shop chain bases its differentiation on its image and commitment environmental and social responsibility. The result is that the Body Shop is not simply supplying beauty products, but is also creating an identity with its customers, built around the concepts of global environmental and social responsibility (Burlingham 1990; Grant, 1995).

Figure 2.4: Porter's model of competitive advantage applied to the world motor industry

		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope	Broad Target	Cost Leadership *Toyota*	Differentiation *General Motors*
	Narrow Target	Cost Focus *Hyundai*	Differentiation Focus *BMW*

(Source: Thompson, 1993, p. 213)

2.1.5 Defensive Strategies

Defensive or disinvestment strategies refer to decisions involving the minimisation of capital investment. Disinvestment involves consolidation and repositioning strategies, including the possible sale or closure of one or more parts of the business. Capital raised through these activities may then be reinvested to develop, or enhance, competitive advantage and to support the remaining areas of core business activity. Disinvestment can be achieved through the adoption of retrenchment, turnaround, divestment or liquidation strategies (Chang, 1980; Thompson, 1993; Hill and Jones, 1995). These strategies will now be discussed in more detail.

2.1.5.1 Retrenchment Strategies

A retrenchment strategy represents action which is taken when a company experiences declining profits as a result of economic recession, production inefficiencies or competitor innovation. The overall aim of retrenchment is to reduce the scale of operations through rationalisation to a position where the company has a solid, consolidated and competitive base. Retrenchment strategies are essentially functional, and are aimed at making the company more profitable, whilst retaining the same products and services. The key issues surrounding retrenchment concern of contraction and ensuring that cost reduction does not impinge on areas where competitive advantage might be generated. To this end, retrenchment strategies must also be accompanied by a well conceived plan to ensure a 'stable position for subsequent recovery and growth' (Chang, 1980, p. 141).

2.1.5.2 Turnaround Strategies

Whereas retrenchment strategies have short-term horizons and are designed to yield immediate results, turnaround strategies address those areas of the business which must be developed if there is to be a sustained recovery. A turnaround strategy outlines a series of strategic goals, at a managerial and functional level, that must be accomplished within a specified time frame to guide the long-term development of the company. 'While there is no standard model for how these goals are achieved...most successful turnaround strategies include: changes at the management level; redefining the company's strategic focus; rationalising the product line, by either divesting or closing unwanted assets; taking steps to improve the profitability of remaining operations, and, occasionally, making acquisitions to rebuild core operations' (Hill and Jones, 1995, p. 304).

2.1.5.3 Divestment and Liquidation

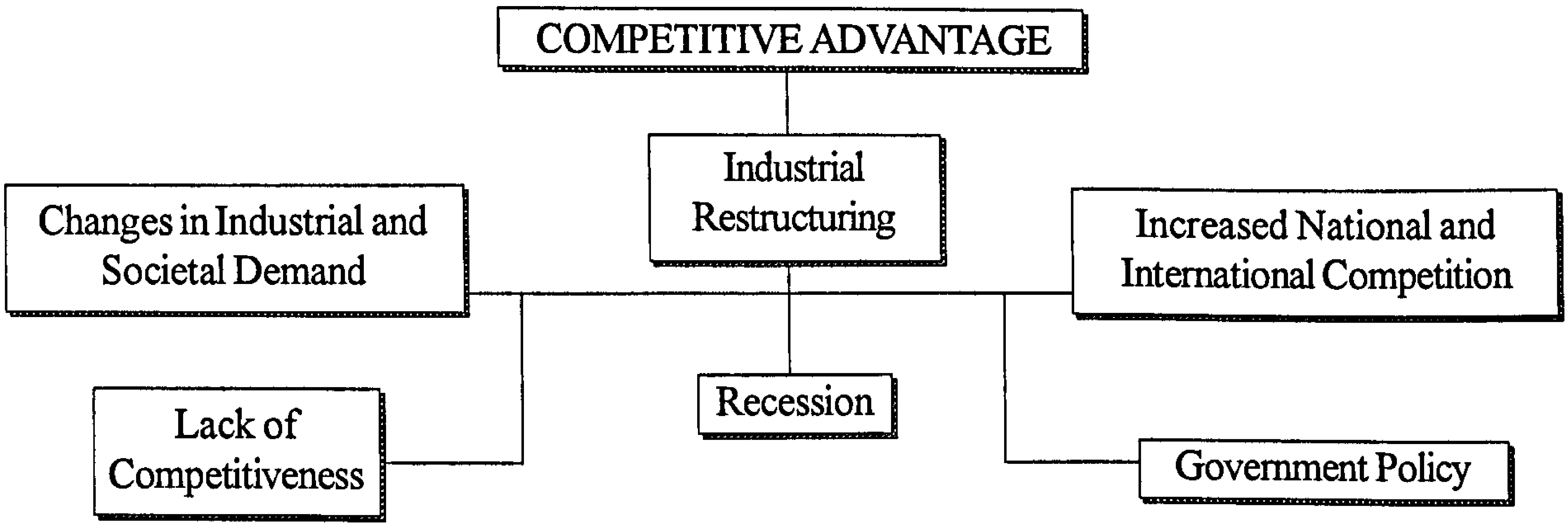
If a company decides that a turnaround strategy is not feasible, then the two remaining alternatives are divestment and liquidation. Divestment strategies can be internal, involving the closure of a plant as part of a rationalisation programme, or external, involving the sale of a part of the business. Divestment is most likely to happen when a company needs to raise money quickly, or when a business is attempting to produce a more profitable portfolio of products and services. Liquidation involves the sale of a complete business, either as a single going concern or piecemeal to different buyers. Liquidation is an unpopular choice as it represents an admission of failure by the present management team. However, for a poorly performing business unit, liquidation may prove to be the only viable solution.

Having defined the concept of strategy and the nature of offensive and defensive strategies it is now necessary to consider the factors in the external and internal environment responsible for influencing the decision-making process in the firm and, ultimately, the type of strategy that is adopted.

2.2 Factors Influencing the Restructuring Process

The aim of this section is to outline the factors that influence the restructuring process (see Figure 2.5). The factors considered are recession, increasing competition, government policy, lack of competitiveness and changing demand. For the purposes of this study, and to provide a more coherent discussion, each factor is examined separately. However, in reality the factors detailed here are not mutually exclusive and act together to influence the restructuring process and the strategic decisions adopted by a firm. The significance of the individual factors will also vary over time. For example, while the recession of 1979-81 had a marked impact on industrial activity, the period of growth and recovery in the late 1980s spawned a new set of economic circumstances to which firms were forced to respond. In recessionary conditions, it can be argued, cost leadership strategies are paramount, while in times of growth and business expansion, cost constraints are of minimal concern as firms seek to develop new market niches and product

Figure 2.5: The factors influencing the restructuring process and the search for competitive advantage



(Source: Author, 1997)

ranges. In either situation, the ultimate driving force is competition. Competition provides the incentive for establishing advantage and the means by which advantage is eroded. Thus 'understanding the nature of competition in an industry is fundamental to identifying the potential of competitive advantage' (Grant, 1995, p. 150).

2.2.1 Recession

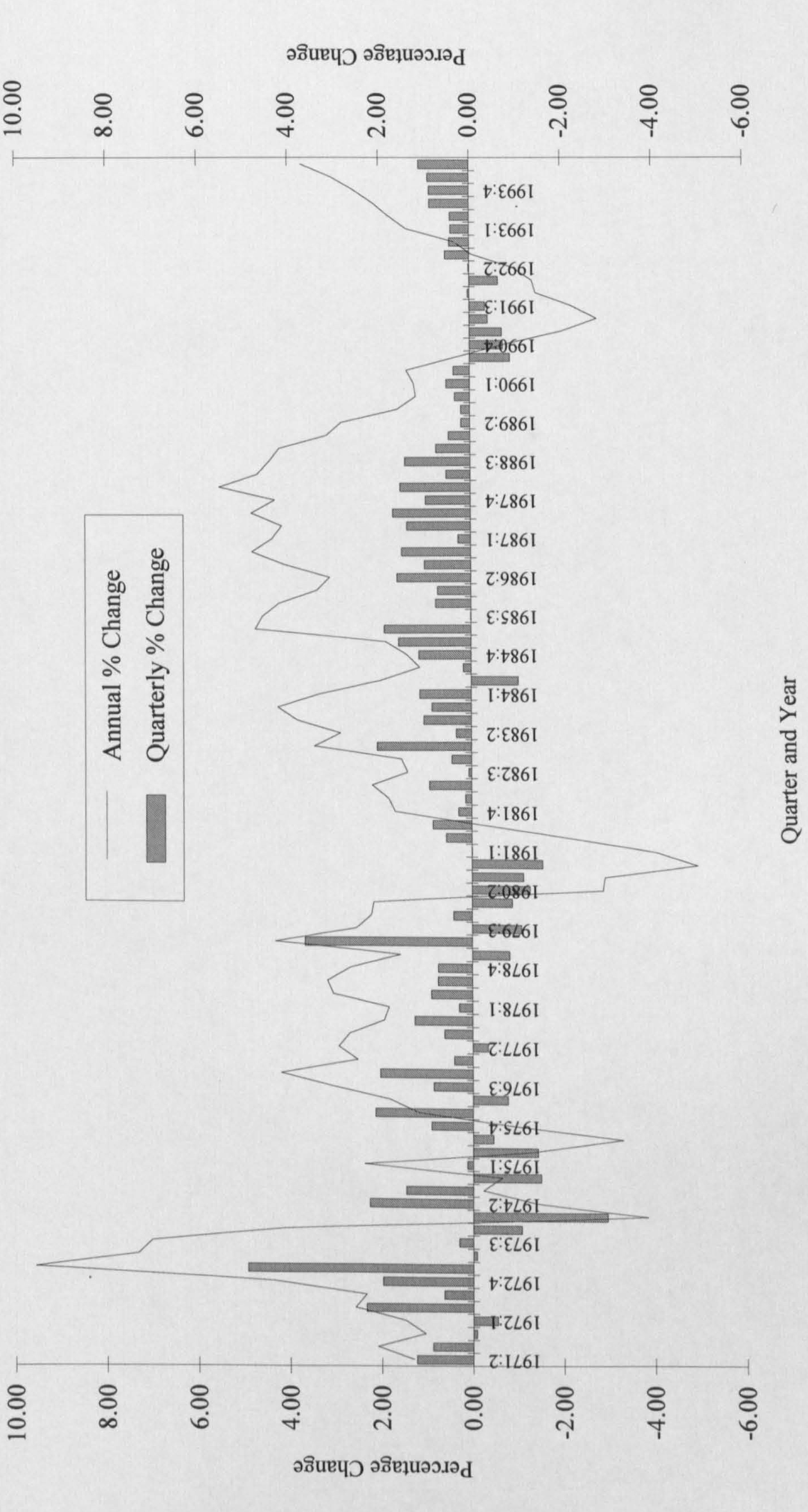
The standard statistical definition of recession is when gross domestic product (GDP) falls for two consecutive quarters (Kaletsky, 1990). On this basis, there have been three periods of recession in the UK during the last twenty five years: 1973-1974, 1979-1981 and 1990-1992 (see Figure 2.6). The aim of this section is to examine the role of recession in the restructuring process by detailing the causes and impacts of each recessionary period.

2.2.1.1 Causes of Recession

The recessions of the 1970s and early 1980s were both preceded by 'oil shocks'. Oil prices quadrupled during the winter of 1973-74 and by 45 per cent between 1978-79, with a further increase of 68 per cent between 1979-80 (Whittington, 1989). Both recessions therefore took place against the backdrop of inflation, which represented the culmination of a long period of economic growth and full employment. Inflation rose from 16.1 per cent in 1974 to 24.2 per cent in 1975, while between 1979 and 1980 inflation rose from 13.4 per cent to 18 per cent (see Figure 2.7).

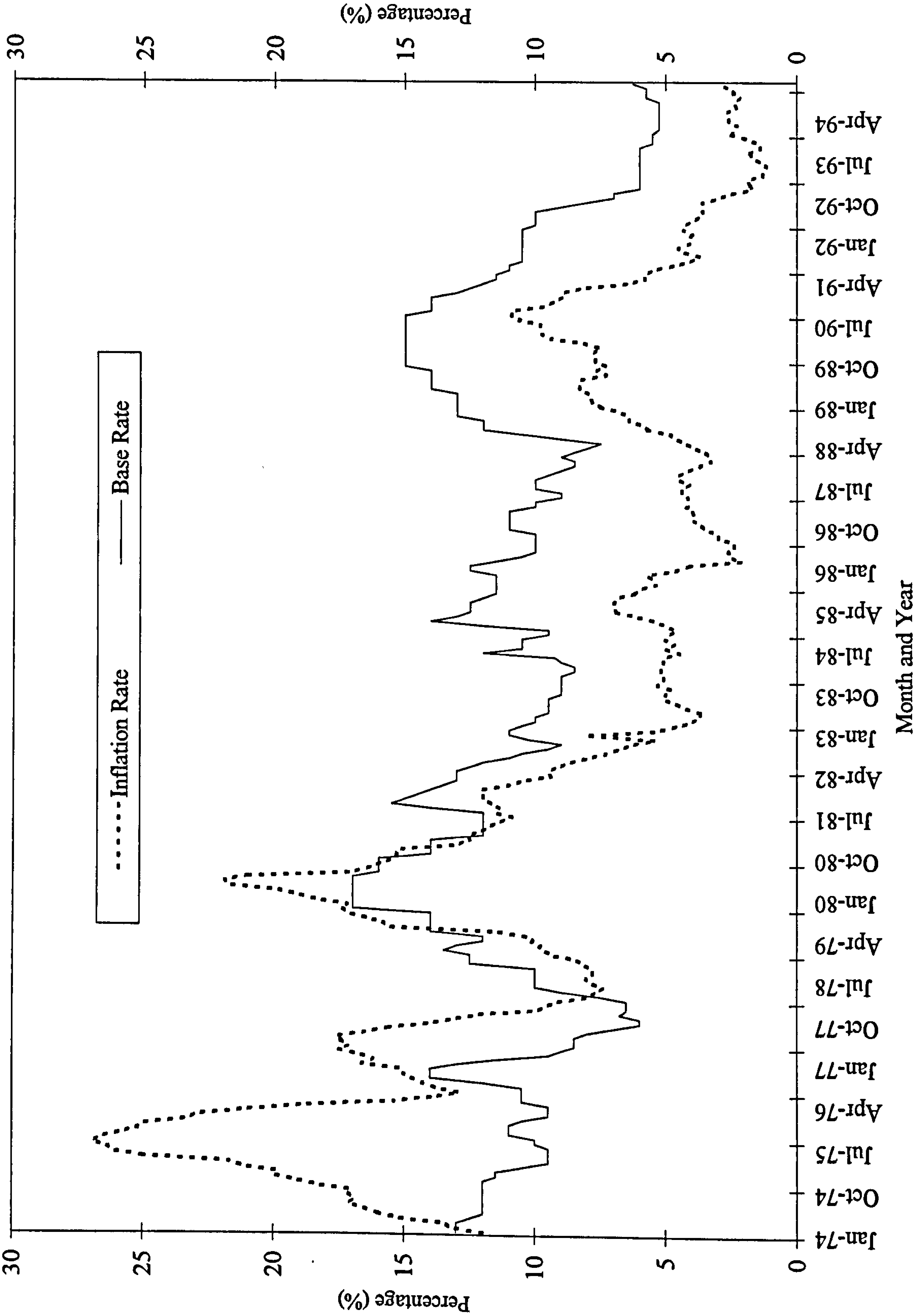
Unlike previous recessions, the cause of the recession between 1990-92 can be directly attributed to government policy and unsustainable economic growth in the late 1980s. Economic growth and the credit boom which swept across the UK in the late 1980s, served to fuel inflationary conditions in the economy. These conditions were intensified by the budget of 1988, which not only cut the basic rate of income tax, thereby fueling consumption even further, but also contributed to a significant surge in new mortgage credit by abolishing multiple mortgage tax relief. This sudden surge in credit served to fuel inflationary conditions in the UK economy still further. As the rate of inflation crept higher (see Figure 2.7), international money markets experienced devaluation of their UK investments, causing a downward selling pressure on sterling. To protect the value of the pound, the government had little option but to increase the level of

Figure 2.6: Annual and quarterly changes in gross domestic product (GDP), 1971 to 1995



(Source: Economic Trends, various 1972 to 1995)

Figure 2.7: Monthly interest and inflation rates, 1975 to 1995



(Source: Economic Trends, various 1972 to 1995)

interest rates from eight per cent in April 1988 to 15 per cent by the end of 1989 (*Economic Trends*, 1995). This upward movement had very adverse effects on the cost of mortgage repayments. Between May 1988 and October 1989, the mortgage rate was increased eleven times, virtually doubling repayments, from 7.5 per cent to 14.5 per cent (Beaverstock, 1992, p. 177). Consequently, borrowing became prohibitively expensive which reduced demand and caused the UK housing market to move into recession. The higher cost of borrowing also began to manifest itself in the wider economic system, as economic growth slowed and turned to decline. By the end of 1990, the UK had slipped into its second recession within a decade:

> *'the recession of 1990 - 1992...though experienced by the entire country, was initially triggered by the chronic overheating of the South's economy ...The consumption boom of the mid-1980s occurred primarily in the South following equity gains in southern housing markets and an associated growth in the credit economy...With enormous trade deficits and, in the South, unsustainable growth, the social, economic and geographical base of Thatcherism was undermined. The government was forced to burst the credit bubble and stabilize wage inflation. The vestigial ideological commitment to 'deregulation' meant that the only option was to increase interest rates, precipitating the downswing which led Britain into its second recession within a decade...'(Peck and Tickell, 1992, p. 359)*

In October 1990, the UK joined the European Exchange Rate Mechanism (ERM) in the hope that membership would stabilize exchange rates and prevent another disastrous bout of inflation. In hindsight, the government's commitment to the ERM served to increase the severity of the 1992 recession. During 1991 and 1992, a reduction in interest rates could have possibly averted recession. However, such a cut would have meant devaluing the pound by around five per cent to its bottom band in the ERM. Following excessive pressure on the pound, the UK government was eventually forced to withdraw from the ERM in September 1992. Although humiliating, the government's sudden change of policy proved far from a disaster. The effective devaluation of sterling on the foreign exchange markets meant that UK goods finally became competitive against most other western European currencies. The government was also able to reduce interest rates from nine per cent in September 1992 to six per cent in September 1993 (*Economic Trends*, various 1972 to 1995).

2.2.1.2 The Impact of Recession on the Restructuring Process

Between 1974 and 1975, manufacturing output fell by twelve per cent (Champion *et al*, 1986, p. 71). By 1977, manufacturing employment had fallen to 7.2 million from 8.4 million in 1966 (Townsend, 1983, p. 9). Moreover, while the rest of the world economy began a hesitant recovery after 1976, UK manufacturing remained depressed. Productivity grew by only 0.75 per cent a year between 1973 and 1979 (Fothergill and Guy, 1990, p. 12) and the recession of the early 1980s, compounded by the deflationary economic policy of the Conservative government, resulted in an over-valued exchange rate and the excessively high interest rates noted earlier. Consequently, a strong pound severely damaged export opportunities and the comparative cost advantage of UK manufacturing. In 1983, for the first time since the Industrial Revolution, the balance of payments for manufactured goods went into deficit by £2,100 million (Keeble, 1987, p. 2). Also, the beginning of a world slump reinforced problems in the UK as it dampened demand and possible export markets. In the two year period from the end of 1979 to the end of 1981, industrial output fell by 17 per cent and gross investment by 32 per cent. Between June 1979 and June 1982, manufacturing employment fell by 1.4 million (20 per cent) (Martin, 1986a). As a result of the collapse of manufacturing activity, national unemployment increased from 1.2 million in September 1979 to 3.2 million by August of 1982 (Hayter, 1985, p. 107). Consequently, the geography of industrial change in the UK represented the geography of decline not the geography of growth (Keeble, 1987, p. 1).

Throughout the 1980s industrial decline was specifically concentrated in manufacturing industries. In comparison, service industries - including tourism - continued to provide a focal point for economic expansion. For example, employment in the service sector increased from 11.4 million in 1971 to 13.1 million at the end of 1978. The recession of 1979-81 merely arrested any further growth in the service sector until the spring of 1983, when expansion resumed to reach a total of 15.1 million by June 1989 (Champion *et al*, 1990, p. 101). The sheer rate and nature of the decline in manufacturing has been characterised as a process of de-industrialisation (Thirlwall, 1982). De-industrialisation refers to four separate trends: namely, absolute decline in manufacturing employment, a decline in manufacturing's share of total employment, a progressive failure to achieve a sufficient surplus of manufactured exports over imports to keep the economy in external balance and severe industrial contraction which ultimately to jeopardizes the country's ability to pay for essential imports (identified by Cairncross, 1981, taken from Keeble, 1987, p. 2).

In contrast, whereas previous recessions were solely manufacturing based phenomena, the recession of 1990-92 affected all sectors of the economy: ‘as such it has been the boom areas and sectors of Mrs. Thatcher’s Britain, the south and east, the financial sector, property and retailing which have seen the greatest rises in unemployment’ (Wrigley, 1991, p. 1537). Unlike previous recessions, the recession of 1990-92 became deeply embedded in a depressed housing market and the lack of a ‘feel good’ factor in the economy. Indeed in 1995, three years after official GDP figures indicated that the economy pulled out of recession, the housing market was still in the deepest slump of the post war period. While nominal house prices stagnated in the mid-1970s, and fell very slightly in 1980-81, the severity of the slump in the housing market was without precedent. For example, the number of residential property sales in England and Wales fell by 40 per cent between 1988 and 1991 and the average national house price fell by 16 per cent between the third quarter of 1989 and the third quarter of 1992 (Hamnett, 1993, p. 217). Home repossessions following mortgage arrears soared to an all time high of 75,540 by 1991, a fifteen-fold increase in the decade (Dorling, 1994, p. 328). Perhaps the biggest single problem to affect home-owners was negative equity. In 1993, it was estimated that 1.8 million people lived in properties that were worth less than the loans secured on them.

2.2.2 Increasing Competition

The process towards economic restructuring has been exacerbated by the intensification of global competition. The threat posed by new competition is clearly illustrated by the emergence of Japan as a major world producer and exporter of automobiles. In 1960, Japan produced 165,000 cars (1.3 per cent of the world total). By 1984, Japanese production accounted for 24 per cent of the world total (Dicken, 1987, p. 94). Japanese exports to Europe rose from 45,000 cars in 1970 to over 1.2 million in the early 1990s (Clout *et al*, 1994, p. 109). The extent of Japanese penetration into the European car market is even more significant considering the protectionist agreements adopted by France and Italy to exclude Japanese imports, and also the deterioration of the exchange rates for European countries against the yen. In contrast to European industry, the success of the Japanese motor industry lies in its price competitiveness, which is founded on large scale automated production, aided by government measures and favourable labour cost structures.

Competition has also come from export-orientated growth in industrializing countries. In South Korea, the government supported development of shipbuilding has curtailed export opportunities for Western European shipyards. Elsewhere, the emergence of the Arab states as major players in the oil refining and petrochemicals industries has also placed European industry under increased pressure (see Pinder, 1990; Sharp and Cook, 1992). The textiles and clothing industries have also suffered from rising imports from EU and developing countries who operate more traditional 'low technology' and labour intensive manufacturing methods (see for example Lloyd, 1989; Baker, 1993).

2.2.3 Government Policy

Government policy has also had a marked impact on the structure of UK industry. Throughout the early 1980s the Conservative government shunned direct responsibility for the recession, arguing that policies of monetary and fiscal restriction, together with the encouragement of private enterprise and the free play of market forces, were necessary to break the inflationary spiral and return industry to a position of competitiveness and profitability. The economic crisis was blamed on the depth of the world slump and the inferior productivity and competitiveness of British industry, resulting from persistent and high inflation, the growth of the public sector and the excessive power of organized waged labour. In the government's view, large-scale restructuring of industry was not only long overdue but also a vital element in the regeneration of the UK economy (Martin, 1986b). In official eyes, the market forces and pressures released by the recession, though painful, represented the short-term costs required in order to achieve the long-term gains of a more productive and profitable industrial base. However, Champion *et al* (1990) questioned whether the government fully intended the full severity of the monetary squeeze and the massive rise in real exchange rates that they were to impinge on the economy and the impact it would have on British industry. In their analysis, government policy acted to hinder rather than promote the improvement of competitiveness, to squeeze output and to depress profit margins leading to a wave of redundancies and closures.

Whilst the government may have shunned responsibility for the 1979-81 recession, they are seen as directly accountable for the 1990-92 recession. The roots of this recession can be traced to government policy and, in particular, the Lawson Budget of 1988. It can also be argued that the severity of the 1990-92 recession was increased by the government's initial commitment to the European Exchange Rate Mechanism and the need to maintain high interest rates to protect the parity of the pound in the foreign exchange markets.

The government's commitment to 'free market economics' has also resulted in fundamental changes within the financial services sector. Extensive restructuring in the financial services sector in the late 1980s was the direct result of financial deregulation and the government's attempt to create 'a level playing field' for those financial institutions operating in the personal finance market (Wright *et al*, 1991; Gentle *et al*, 1991, 1992; Beaverstock *et al*, 1992,1993; Leyshon and Thrift, 1993). Under regulatory changes, which culminated in the Financial Services Act (1986) and the Building Societies Act (1986), the government aimed to lower the barriers of entry, increase competition and provide greater choice for the consumer in the personal financial service markets. Regulatory changes have broken down the segmented and compartmentalised nature of the financial sector and provided the opportunity for both banks and building societies to engage in the provision of a wider range of financial services. For example, in the late 1980s, building societies, whose business had previously been limited to mortgage lending, emerged as diversified retail outlets offering a new range of financial services. Financial deregulation allowed the provision of such services as insurance underwriting, stock exchange brokerage and money transmission services, which had hitherto been the monopoly of a small number of clearing banks (Llewellyn, 1990). Consequently, suppliers of financial services found themselves in an increasingly competitive environment, where strategic change involving new product development, diversification, experimentation with new organisational structures and an increase in mergers and acquisitions became commonplace (Wright *et al*, 1991).

The emergence and development of the small business sector was also encouraged by government policy throughout the 1980s and, in particular, by the transition from regional to sectoral policies. This shift aimed to exploit the fact that the growth of small firms was increasingly being fostered by changing demand and the appearance of numerous market niches which small firms were in a better position to exploit than larger businesses. For example, the rise of small firms in such industries as food and drink, clothing and furniture reflects consumer resistance to mass produced, often poor quality goods and the resultant appearance of numerous market niches. In these niches, short production runs and more flexible production processes are often required, and small firms have been more proficient in matching these demands than large enterprises (Mason and Harrison, 1990).

At a wider level, the changing social and political climate in Europe and throughout the world is also influencing government policy fundamentally, with far-reaching implications for manufacturing systems and production organisation. For example, in the light of the end of the Cold War and the changing role for the armed forces, the defence sector in the UK has been hit by the fall in demand for weapons and by changes in government procurement programmes (Finch, 1994).

2.2.4 Lack of Competitiveness

Recession, falling demand and increasing levels of global competition have also served to highlight the lack of competitiveness in British industry, characterised by low productivity levels, a lack of marketing skills, poor management and inadequate investment and innovation in new technology. According to Beck (1987), the uncompetitive nature of UK industry stems from a lack of managerial competence and coherent strategic planning. Consequently, there is no hope for British companies unless top management accepts the need for a widely communicated set of clear objectives.

One of the main indicators of the relative competitiveness of different companies, and indeed different countries, is their level of labour productivity. UK industry has been historically characterised by low productivity levels, as poor labour relations and the highly complex union systems have hindered attempts to reduce employment and introduce both new working practices and production technology. Low productivity levels can be illustrated by reference to the automobile industry. For example in 1990, the labour time required to produce a Fiesta in Ford's Cologne plant was 29.9 hours, whereas at its Dagenham works it took 52.2 hours to produce an identical car (Hudson, 1992, p. 80). These differences reflect the different attitudes towards industrial relations and labour organisation between UK and European industry. Ultimately, such differences have been detrimental to the competitiveness of UK industry as unit production costs have become lower in higher-waged countries within Europe (Hudson, 1995, p. 334). Moreover, while European automobile producers have higher productivity levels than UK based companies, European productivity levels are dwarfed by the comparative performance of Japanese production techniques (see Table 2.1).

2.2.5 Changing Demand

Rowthorn (1986) argues that changes in demand, associated with the emergence of a post-industrial society, have contributed to the pressures of industrial restructuring. As aggregate incomes have risen, expenditure on discretionary items, such as leisure and entertainment services, has increased more rapidly than amounts spent on basic items, such as food, clothes and other durable items. Rising levels of disposable income have contributed to the break-up of the mass market as demand has shifted in favour of more varied, customised and specialist products (Mason and Harrison, 1990; Burt and Dawson, 1990). Consequently, changing consumer demand has necessitated the use of more flexible forms of manufacturing unconstrained by the rigidities of traditional mass production (Milne, 1992, p. 50).

According to Piore and Sabel (1984), changes in manufacturing organisation have been in pursuit of increased production flexibility. Structural readjustment has arisen because of the failure of the Fordist principle of standardised mass production, epitomised by the production lines of the automobile industry, to compete in an increasingly fragmented and volatile market. Intensified competitive pressures have witnessed the emergence of the concept of the 'flexible firm' (Piore and Sabel, 1984; Murray, 1987; Lloyd, 1989; Curry, 1993), characterised by short-batch production runs of more specialised products, which allow firms to respond more quickly to changes in market demand. The 'era of fordism' is allegedly being replaced by a regime of 'flexible specialisation' (Clout *et al*, 1990. p. 70).

Associated with the drive towards flexible specialisation, Pollert (1988) identifies two distinct dimensions of flexibility: flexibility in employment and flexibility in work. Flexibility in work includes computer-aided design systems, advanced robotics and the adoption of flexible working practices, such as flexi-time and team work. Together these initiatives facilitate the batch production of specialist products, enabling the firm to respond quickly to changes in market

Table 2.1: Comparative performances of automobile assemblers in Japan, America and Europe

	Japan	**North America**	**Europe**
Assembly hours/cars	17	25	36
Defects/100 cars	60	82	97
Design lead time (months)	46	60	58
Engineering hrs/car (million)	1.7	3.1	3.0
Assembler stocks (days)	0.2	2.9	2.0
Supplier stocks (days)	1.5	8.1	16.3
Supplier assembler	340	1500	1500

(Source: Economic Trends, various 1972 to 1995)

demand. Flexibility in employment relates to the changing conditions within labour market relations, where management strategy and government policy have weakened the power of the trade unions and forced an increase in the 'casualisation of the workforce, leading to a decline in the security of employment and pay levels' (Curry, 1993, p. 101). Atkinson (1984) identifies three distinct aspects of workforce flexibility. First, numerical flexibility, where the workforce is varied to match the level of demand and production levels. Second, functional flexibility, where the workers are not restricted to one job and can be redeployed to a number of jobs. Finally, financial flexibility, where pay and employment costs reflect the supply and demand conditions in the labour market. Essentially 'workforce flexibility represents the removal of the barriers to management's right to tell the workers what to do, where to do it and at what speed. The workers should no longer insist on job demarcations: they must be flexible enough to move from one job to another' (Holloway, 1987, p. 150).

2.3 The Search for Competitive Advantage: Examples of Offensive and Defensive Strategies

Having examined the causes and processes of industrial restructuring, the aim of this section is to draw on examples taken from the manufacturing and service sectors to illustrate the nature of offensive and defensive strategies adopted by firms in the pursuit of competitive advantage.

2.3.1 Offensive Strategies

2.3.1.1 Introduction of New Technology

Extensive investment in technical development has been characteristic of UK and European industry throughout the 1980s and 1990s. Producers have utilised the latest technology to revolutionise their technical base and production processes in order to achieve greater flexibility and to develop a position of competitive advantage. 'The emergence of flexible technologies, such as computer-controlled machines, computer-aided design and manufacturing, and computerised scheduling of information and materials, has benefitted small and medium sized enterprises in terms of the quality and productivity of their output' (Hansen 1995, quoted in Daniels and Lever, 1996, p. 27). In the automobile industry, the biggest single change has been the introduction of fully automated production lines. Fiat have been notable in their extensive adoption of automated production techniques. Consequently, the Fiat labour force fell from 169,000 in 1979 to 99,000 in 1986. In France, where Renault and Peugeot have adopted similar technology, employment in vehicle production fell from 429,000 in 1984 to 362,000 in 1986. To counteract increasing levels of global competition, investment in new technology has continued into the 1990s. For example in 1991, Fiat announced a ten-year capital investment programme of £32m and Volkswagen also planned to invest DM82bn into their production facilities between 1991 and 1996. However, the onset of recessionary conditions in 1990 prompted a re-evaluation of these investment plans (Wells and Rawlinson, 1994, p. 53).

The introduction of new technology is also widespread within the retail sector. For example, over 5,000 Benetton shops worldwide are connected centrally to Benetton's main frame computer in Italy, which allows stock requests to be fed directly into the manufacturing system (Dumaine, 1989). In the financial services sector, the introduction of computer technology has served to centralise information processing in dedicated administration centres (Leyshon and Thrift, 1993). The transfer of settlement functions away from the branch network to regional processing centres has enabled banks and building societies to reap considerable economies of scale in the processing function. The adoption of new technology has released both staff and space at local branches, facilitating improvements in the speed and quality of service, and the redesign of branch interiors to embrace retail styles. Quality and image within the branch environment have become core components of differentiation strategies seeking competitive advantage (Greenland, 1994).

2.3.1.2 Diversification Strategies

Since the 1960s, most diversification by UK companies, has been through acquisition and merger rather than through the internal creation of a new activity (see Channon, 1983; Constable, 1983). A notable example of vertical integration, through acquisition, is the excursion by the leading financial institutions into the estate agency sector in the late 1980s. Prior to the 1980s, the estate agency sector was characterised by limited barriers to entry and a fragmented constellation of small firms operating in tightly confined geographical markets. 'Low barriers to entry, distinct local needs, low overhead operations and the value of local contacts and an entrepreneurial approach have combined to form an environment where the small firm has thrived' (O'Hare, 1992, p. 816).

In 1983, there were some 15,125 estate agency offices in the UK, owned by 9405 firms. Of this total, 78 per cent were single office concerns and 18 per cent were two, three or four office concerns (Beaverstock *et al*, 1992, p. 168). However, financial deregulation in the 1980s greatly intensified the competition in the mortgage market, which had significant consequences for the estate agency sector in the UK. Estate agencies were seen as lucrative business ventures by the financial institutions, who quickly entered the industry through merger and acquisition. The late 1980s witnessed an unprecedented wave of capital centralisation, as large multi-locational firms emerged to take an important stake in the industry and to develop an extensive network of branches. The expansion into the estate agency sector was fuelled by financial deregulation, increased home ownership, freely available housing credit and a very active housing market. These factors were encouraged by the government's bid to create a 'property owning democracy', which saw owner occupation rise from 56 per cent in 1980 to 67.5 per cent in 1991 (Beaverstock, 1993, p. 12).

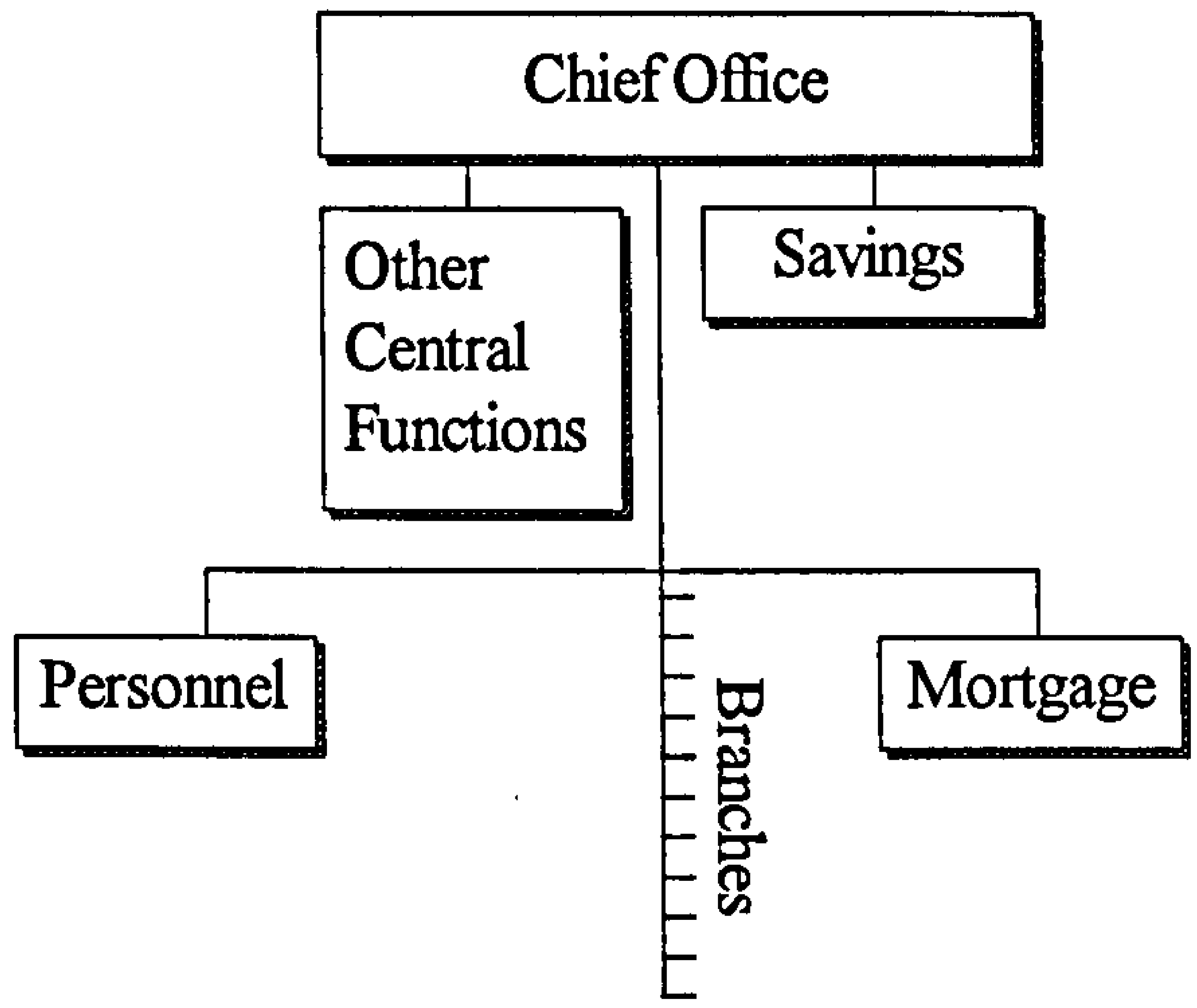
Throughout the 1980s, thousands of individual estate agents were absorbed into corporate organisations. Lloyds Bank was the first to enter the sector in 1982 with the establishment of the Black Horse Agencies. Other financial institutions, such as the Halifax and Nationwide Anglia, quickly followed suit. The motive of the financial institutions was to establish one-stop property shops which could offer a full range of property related financial services. By 1988, one third of the 14,000 to 15,000 estate agencies were in the hands of publicly limited companies (*Money Week*, 1988, p. 6). In 1985, the top 25 estate agents had an average of 54 offices each and by 1988 this figure had risen to 197. By 1990, 28 per cent of housing transactions were controlled by just ten large corporate estate agency groups (Beaverstock *et al*, 1992, p. 172). As Olins (1993, p.3) writes: 'financial institutions bought first and thought later...they paid high prices for small businesses, hastily assembling networks with little regard for the implications of the exercise...synergy and financial re-regulation were potent buzzwords'. Diversification strategies also resulted in a subsequent increase in employment. Between 1981 and 1989, employment in the estate agency sector increased by over 56 per cent from less than 70,000 to 110,000 (Beaverstock *et al*, 1992, p. 175). By the end of the 1980s, the numerical advance of the large firms brought a new corporate uniformity to a previously distinctive regional institutional structure (Beaverstock *et al*, 1993). However, with the onset of the recession in 1990 and the collapse of the housing market, financial institutions have quickly withdrawn from the estate agency sector. The rationalisation and consolidation strategies adopted in the face of significant losses are discussed in Section 2.7.2.1.

Diversification into new product and service areas has also contributed to the development of new organisational structures, which is particularly evident in the evolving form of the building society organisation. Prior to financial deregulation in the 1980s, the limited number of market activities carried out by the societies required simple, unitary forms of organisation. The corporate structure was characterised by a head office, containing mortgage, savings and personnel departments, and the branch network which collected savings and delivered and serviced mortgages (see Figure 2.8a). New corporate structures have evolved as building societies have expanded into additional activities, such as estate agency, life insurance, credit cards and personal financial services. Larger societies have moved toward market-orientated quasi-divisional structures, where new functional activities are established as separate divisions (see Figure 2.8b). The strategic and administrative functions are established within the head office, or centralised unit, to maximise managerial synergies, which allow the evolving branch networks to be more responsive to the demands of individual market places (Gentle *et al*, 1991).

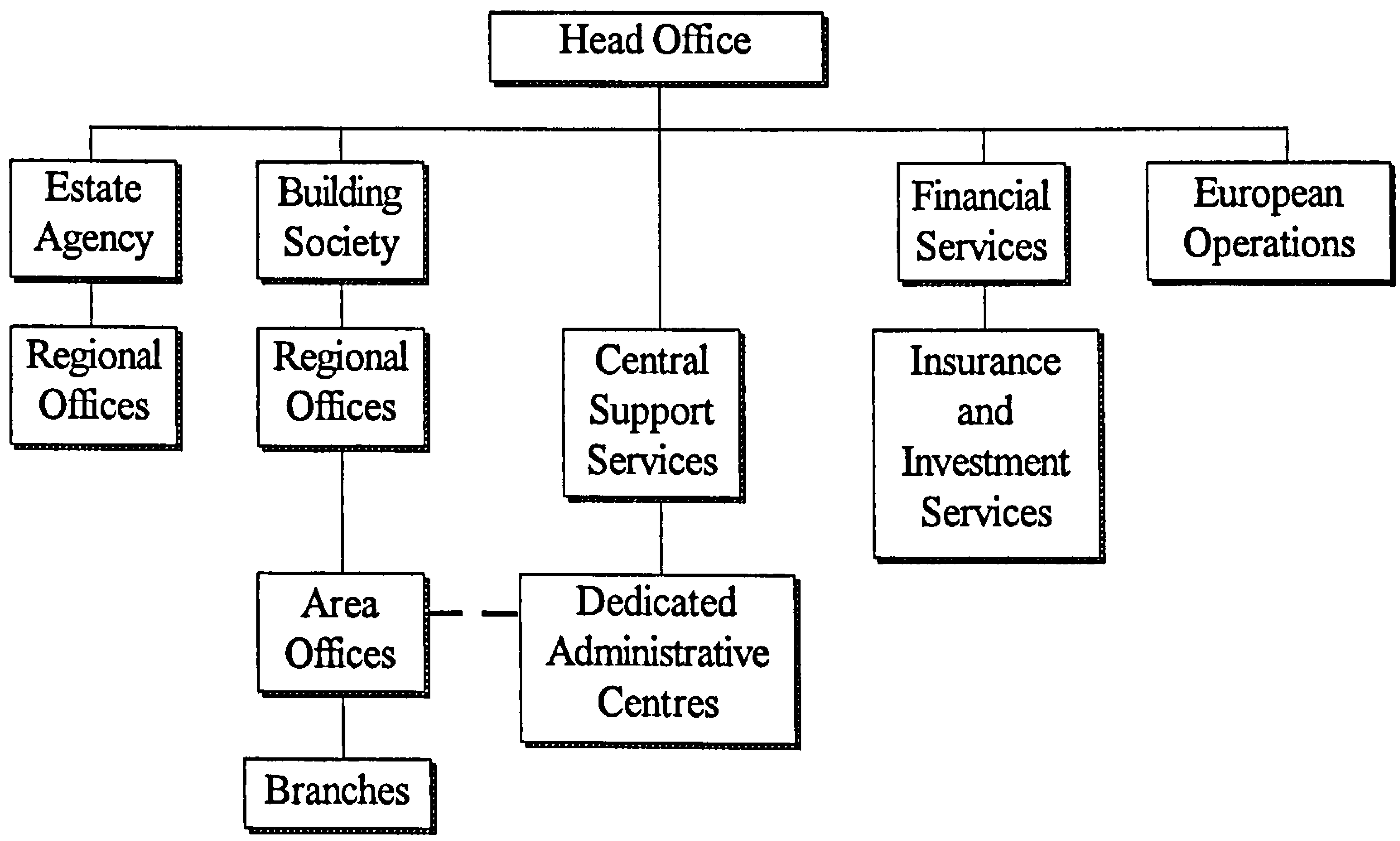
Many of the benefits of vertical and horizontal integration can be achieved without mergers or acquisitions. Joint ventures and strategic alliances have become common amongst companies which appreciate that a position of competitive advantage can be maintained or extended through formal co-operation. Strategic alliances, to achieve economies of scale and cost reductions, have become a central feature of the automotive industry. Such strategies are evident in long-term research and development programmes, and in intensified co-operation in the development of new production techniques. For example, production agreements exist between Peugeot, Renault, Rover, Fiat, Volkswagen, Peugeot SA and Volvo in the manufacturing of gearboxes and engines. In response to the strengthening position of Japanese producers in the automobile industry, non-Japanese assemblers have responded by entering strategic alliances with Japanese assemblers as a way of acquiring access to their production and technical expertise, in exchange for ready market access and distribution networks. For example, the alliance between Rover and Honda (later BMW) gave Honda access to EU markets, whilst it provided Rover with

Figure 2.8: Evolving organisational structures in the Building Society sector

a) *The Unitary Structure of Building Socities in the Late 1970s*



b) *The Quasi-Divisional Structures of the Early 1990s*



(Source: Gentle, C.J.S., Marshall, N.J., and Coombes, M.G., 1991, p. 1755)

access to Japanese production technology and know-how (Hudson, 1992). Similar agreements have emerged in the petrochemical sector, which has been characterised by ownership restructuring and notable mergers as the leading companies have sought to consolidate and protect their market position from increasing global competition (see Clout *et al,* 1994, p 107).

2.3.1.3 New Operational Practices

European manufacturers have also adopted new operational practices where increasing emphasis has been given to building a reputation and a position of competitive advantage based on reliability and quality. In the automobile industry, European producers have emulated Japanese production principles and working practices, such as the 'lean production model' (see Law, 1991; Jones, 1992; Well and Rawlinson, 1994) (see Table 2.2). The lean production model involves fewer workers, but is designed to the level of responsibility devolved to workers on the shop floor. This strategy removes layers of supervisors, quality checkers, rectification workers and middle managers, thereby incorporating a greater level of flexibility into the production process. The lean production model incorporates the 'just-in-time' production system (JIT) developed by Toyota in Japan (see Peck, 1990; Law, 1991; Wells and Rawlinson, 1994). Within this system, components are ordered as and when buffer stocks are depleted. Inventory costs are reduced as components are not stockpiled, but more significantly the JIT system provides a form of quality control. Suppliers must guarantee 100 per cent reliability as faulty batches cannot be tolerated, given that no backup components are held in store. The requirement for 'total quality' or 'zero defect' forms an essential part of this philosophy (Peck,1990, p. 355).

The JIT system also implies a greater level of liaison between the manufacturer and the supplier. Consequently, the 'lean producer' works with a smaller number of suppliers, establishing an individual relationship with each which serves as the basis for collaboration over the long term. The suppliers are given access to new production techniques but, at the same time, their performance is continually evaluated to ensure that the quality and efficiency of the production system is maintained. The lean production model highlights errors and traces them back to the original source to avoid recurrence. Through constant improvements, 'the ultimate objective is near perfect production and an uninterrupted and lean production flow' (Jones, 1992, p. 261). Renault and Ford are examples of companies which have introduced the JIT system. Between

Table 2.2: The principles of lean production

Lean Production	Mass Production
Team working and upskilling	Endless division of labour
Shared destiny relations, with fewer employees, suppliers and dealers	Short-term, power based relationships
Growing product variety, shorter product lives, and falling lifetime volume	Standardised products, maximum production volume per product
No safety net	Buffers everywhere
Goal of perfection through continous improvement	Good enough

(Source: Jones, R., 1992, p. 262)

1980 and 1986, Renault reduced the number of component suppliers from 1,415 to 900. Renault also cut its stock of component parts from 11 days' supply in 1984 to just under three days in the late 1980s (Baker, 1988, p. 63). Between 1988 and 1992, Ford cut its list of suppliers in Europe by 15 per cent to 900 and aimed to reduce this number to 600 by 1995 (Hudson, 1995, p. 336).

The adoption of Japanese production principles has also seen a change in firm-labour relations and an increasing recognition of people as a valuable strategic resource. Rover has been instrumental in adopting changes to working practices, including removing job demarcation, giving common terms of employment and conditions to all workers, making provision for worker-task flexibility and providing off-the-job training. Work reorganisation and a reduction in the number of people involved in the production process has therefore placed more importance on worker discretion and initiative, which in turn has placed a greater emphasis on recruitment and particularly training as an 'agent of change' (Rutherford, 1994, p. 471). The restructuring process is now being accompanied by more systematic employee selection procedures. The use of psychometric and aptitude testing, as well as more continuous appraisal methods formerly confined to white collar employees, is now being extended to production level workers. For example, by 1985 a total of 24 per cent of firms in the UK used appraisal systems for semi-skilled workers, as opposed to only two per cent in 1977 (Rutherford, 1994, p. 472). In a similar fashion, Cadbury Schweppes appraise their managers in terms of 50 skills and competencies, which are broken down into six groups: strategy, drive, influence, analysis, implementation and personal factors (Skapinder, 1989).

In the service sector, particular emphasis has been placed on the quality of personal service. In the financial services sector, the development of friendly and personal relationships with potential customers is an essential element of differentiation strategies. The increased emphasis on quality has also witnessed a change in attitudes to the importance of the branch environment. The location, design and the functional layout of the branch represents one of the few tangible points of reference by which a customer can associate with and judge a financial institution. Modern branch designs include many merchandising techniques adopted from the product retail sector. 'The services offered are considered as products and the staff, no longer bankers but retailers who require an environment in which they can apply their selling skills' (Greenland, 1994, p. 26). The substantial increases in advertising expenditure by financial services reflect the greater attempts that have been made by financial institutions to differentiate themselves from their competitors (see Table 2.3). Advertising campaigns, including 'Get the Abbey Habit', 'The Listening Bank' and 'The Action Bank', have focused on creating a corporate image rather than promoting a specific product or service (Speed, 1990). Elsewhere, WH Smith have invested heavily in design, shelf displays, uniforms and the company house style in order to differentiate themselves from their main high street rivals.

2.3.2 Defensive Strategies

2.3.2.1 Rationalisation

In the face of falling demand, price cutting and over capacity, set against the backdrop of recession and increasing levels of global competition, the most obvious restructuring strategy has been that of rationalisation, as producers have sought the rapid reduction of surplus capacity. In the European oil refining industry, where surplus refining capacity was equivalent to more than 30 average sized refineries in 1981 (Clout *et al,* 1994, p. 103), capacity has been reduced by the closure of dated refineries which lacked the technological sophistication to reduce their output of heavy fuel oil. Between 1981 and 1986, 46 refineries in Europe were closed which resulted in a capacity reduction of 12.3 million tonnes (Clout *et al,* 1994, p. 104). Closure focused on small refineries as these did not possess sufficient technology or were too small to make significant economies of scale. In addition to the closure of refining installations, surplus capacity was reduced through the strategy of 'downrating', involving the decommissioning of crude oil distillation units. In contrast to closures, downrating was targeted at larger plants where production contraction could be achieved without any loss in economies of scale.

Following a period of growth in the late 1980s, the financial services sector was hit badly by the onset of recession as institutions were forced to restructure in the face of a second major debt crisis within a decade. The restructuring strategies adopted by the financial services sector can be illustrated by a further reference to the estate agency sector. As recession set in and the housing market collapsed, estate agency profits quickly turned into losses and financial institutions began to reappraise the value of their existing estate agency chains. From a position of pursuing competitive strategies in the mid-1980s, the financial institutions adopted a more defensive strategy of retrenchment and a period of widespread rationalisation followed. Between 1988

Table 2.3: Media advertising spend by major financial service sectors, 1980 to 1990 (£millions)

	1980	**1982**	**1984**	**1986**	**1988**	**1990**
Banks	23.1	38.8	61.4	68.6	99.5	110.8
Building Socities	21.0	44.3	60.2	75.9	101.0	121.7
Other Finanical	13.8	20.9	31.7	54.5	66.6	58.1
Insurance Companies	12.6	19.3	7.0	42.2	53.2	47.6
Credit Cards	12.5	24.4	38.0	62.9	96.3	90.6
Unit Trusts	4.6	9.3	11.6	16.7	22.8	12.0
Investment Bonds	2.9	6.2	10.6	25.6	23.9	24.3
Total	91.6	163.8	241.3	349.2	464.4	467.0

(Source: Kirk, Y., 1994, p. 243)

and 1993, the number of branches owned by the top twenty agencies fell by 20 per cent (Beaverstock *et al*, 1993, p. 19). In 1989, the 15 largest estate agencies lost £170 million; a previously lucrative business had plunged into deep financial turmoil. The Prudential was particularly hit by the downturn. Between 1987 and 1988, it spent £230 million on acquiring estate agency offices and, in 1988, was the leading estate agency in the country with 807 branches. However, between December 1988 and May 1990 the company closed over 100 branches, with a loss of more than 1000 jobs (Yates, 1990). Following losses of £49 million in 1989 (*The Times*, 11th July, 1990), the Prudential sold its remaining branches for £2 million in May 1991, resulting in a total loss exceeding £300 million (Bond, 1991). However, this was not the only company to experience extensive financial losses. Underlining the downturn in the property market, in 1989 General Accident lost £20.5 million, and in 1993 Abbey National sold its 347 Cornerstone estate agencies with a loss of £250 million (Bagnall, 1993).

The estate agency sector has effectively returned to the operational position of the early 1980s as large institutions have sold agencies back to their original owners at knock-down prices. The failure of the large institutions in the estate agency sector illustrates that small independent firms, through greater operational flexibility, lower overheads and local knowledge, are more responsive to changes in local housing markets. Branch managers of corporate chains have been restricted by centrally imposed business strategies. For example, many financial institutions imposed a nationwide standard commission rate, despite local variations in the housing market. In addition, advertising in local papers, a significant source of business, was handled centrally by staff who had little or no knowledge of the area involved (Yates, 1990). As the Chief Executive of the Prudential was forced to concede: 'the estate agency is, par excellence, a locally based entrepreneurial business, operationally and emotionally unsuited to centralised corporate control' (quoted in Bond, 1991).

The financial institutions have also re-evaluated the geography of their distribution networks and, through the process of 'financial infrastructural withdrawal' (Leyshon and Thrift, 1993), services and operations have been withdrawn from certain market segments and localities. Closures were common during the 1980s, as institutions continually sought to refine their operational efficiencies. However, the onset of recession in 1990 and the consequent changes in corporate organisation, intensified the number of branch closures. For example, the number of building society branches fell from 6,051 in 1990 to 4,316 in 1994 (*Key Note*, 1994). Between 1989 and 1991, the four main banks closed almost as many branches as they did in the previous eight years (Leyshon and Thrift, 1993). Closures have reflected geographical variations in profitability, risk and debt with notable concentrations in the South East. The pursuit of more effective use of resources has also seen the closure of more remote rural branches, thereby concentrating business in key sites in large metropolitan centres which are guaranteed a higher throughput of business.

2.3.2.2 Consolidation Strategies

In the 1990s, increased competition within the financial services market has forced financial institutions to pursue a more defensive strategy through mergers with domestic rivals in order to maintain competitive advantage and to benefit from the consolidation of market share. The take-over of the Cheltenham and Gloucester Building Society by Lloyds Bank in April 1994 has created the fourth-largest mortgage lender in the country, with seven per cent of the home mortgage market (*Key Note*, 1994). Lloyds have consolidated their expansion in the financial services sector, with a successful £5 billion bid for the Trustee Savings Bank (TSB) in October 1995 (Tehan, 1995b, p. 25). Mergers can also be recognised as a response to the growing threat from foreign financial institutions, who are pursuing acquisition strategies aimed at developing transnational financial service organisations. For example, the merger of the Midland Bank with the Hong Kong and Shang Hai Bank during 1992 has created the world's largest bank, which has significant influence in all the main regional markets of the global financial economy (Leyshon and Thrift, 1993).

2.3.2.3 New Employment Structures

The strategic decisions of many financial institutions have been constrained by the problems of indebtedness and debt overhang. Financial services have been unable to expand or create new markets for debt when, increasingly, individuals and firms are more concerned with reducing existing debt burdens. Consequently, increased emphasis has returned to cost leadership strategies, as firms have attempted to reduce costs and concentrate on strategies that make better use of human and fixed capital resources. Defensive strategies have resulted in widespread labour market restructuring and the reduction of labour through natural wastage, as well as voluntary and compulsory redundancy. In 1991, Barclays, Lloyds, National Westminster and the Midland shed 23,000 jobs (Cressey and Scott, 1992). Between 1990 and 1992, a total of 75,000 jobs were lost in the banking sector as a whole (Leyshon and Thrift, 1993). Redundancies are still occurring. In September 1995, Barclays announced plans to shed more than 1,200 staff from its 2,060 branches (Tehan, 1995a), and in October 1995 the Alliance and Leicester Building Society reported that 350 staff would be made redundant through the closure of 43 branches (*The Times*, 30th October, 1995, p. 25). Labour shedding has also extended into the insurance and building society sectors, in response to a downturn in demand and a drive to produce efficiency savings by making more productive use of the labour employed.

The employment structures within financial institutions have also changed as firms have introduced flexible working practices to bring labour costs more in line with revenues and the rate of return on capital. The drive to greater efficiency has been given increased emphasis by the move towards reward schemes based on individual and corporate performance. Such schemes not only encourage greater efficiency and productivity but also enable less effective workers to be more accurately identified and rewarded. Structural changes have also seen the development of a peripheral labour force, comprising of part-time clerical and support staff, as a solution to the growing volatility of the financial service markets and as part of an integral strategy aimed at directly linking labour costs to the process of corporate income generation (Gentle *et al*, 1991; Leyshon and Thrift, 1993). For example, the number of part-time staff employed in building societies increased from 14,644 in 1989 to 17,212 in 1992 (*Key Note*, 1994). Part-time staff have been re-labelled 'key-time staff' (Leyshon and Thrift, 1993), signifying the process by which workers are drawn upon for key periods of the working day. In line with changes in the manufacturing sector, firms have also removed highly tiered management structures in favour of more responsive and responsible structures, which are better suited to the new competitive environment of the financial services market. The development of new operating structures has been supported by the introduction of new technology which has served to centralise information processing and, at the same time, facilitate the wide distribution of information to different profit centres in the organisation via management systems.

2.3.3 Summary

Offensive and defensive strategies have been central to restructuring process within the manufacturing and service sectors. However, while the previous section has focused on offensive and defensive strategies, in reality the picture is far more complicated. Firms will interpret what constitutes an offensive or defensive strategy differently according to their relative market position. For example, investment in new technology can be interpreted as an offensive strategy as it can significantly enhance productivity and give greater flexibility in the production and management process. However, technical development can also be perceived to be defensive in nature, as technical innovation allows the firm to experiment with new product and service development. If new development is successful in creating a position of competitive advantage, this position can be enforced by further product diversification and market development. On the other hand, if product development is not successful, products can be withdrawn quickly with little cost or damage to the competitive position of the firm. Similarly, increased advertising can be seen as a competitive strategy as it raises the profile of a firm operating within a particular market segment. However, advertising can also be defensive as the promotion of a highly professional image and a commitment to a particular market can act to increase the barriers of entry to other firms seeking to compete in the same market area (Reid, 1993).

While this chapter has considered the nature of offensive and defensive strategies, it should also be noted that many firms may 'do nothing'. 'Do nothing' represents the situation whereby a company continues to follow existing strategies whilst events around it change. It does, however, allow for normal operating changes which occur in any business; for example replacing employees who leave or continuing to advertise at the same level and the same manner as before. Whilst 'do nothing' is not really a strategy in the same sense as product development or diversification, it provides a basis against which to measure the effectiveness of other strategic options under consideration' (Johnson and Scoles, 1993, p. 154).

2.4 The Small Business Sector

This chapter has so far examined the competitive pressures and restructuring processes at the larger corporate level. The aim of this section is to turn attention to the decision-making process within the small business environment. A review of literature on small business enterprises reveals that there is no universally recognised definition as to what constitutes a small firm (see Storey *et al*, 1987; Curran and Burrows, 1993; Storey 1994). The Bolton Committee (1971), established in the late 1960s to enquire into the role of the small firm in the UK economy, provided a degree of clarification by formulating an 'economic' and a 'statistical' definition. The economic definition was based on three main criteria. First, the firms had a relatively small share of the market place. Second, they were managed by owners in a personalised way and not through a formalised management structure. Finally, the firms were independent and owners were free from outside control in the decision-making process. Small firms in manufacturing and construction industries were statistically defined by employment; those in retailing, wholesaling and miscellaneous services by turnover; and those in road transport by the number of vehicles (see Table 2.4). However, translating these criteria into an operational definition of a small firm has proven problematic. For example, while most firms are independently owned, not all independent firms are small. Hence the overlap between independence and size is not exact (Mason, 1991, p. 127).

To overcome these problems, the European Commission developed the term 'small and medium enterprise' (SME) (see Storey, 1994, p. 9). The SME sector can be divided into three categories: micro-enterprises that employ up to nine people; small enterprises with 10 to 99 employees and, finally, medium-sized enterprises with between 100 and 499 employees. For the purposes of this study, this section will concentrate on micro-enterprises and, in particular, small family-run businesses, as a total of 90 per cent of holiday accommodation establishments in the UK fall into this category (Stallibrass, 1980).

Table 2.4: The Bolton Commitee's definition of small firms and revisions by the Wilson Committee

Industry	Statistical Definition of Small Firms Adopted by the Bolton Commitee (turnover at 1963 prices)	Revised definition to Allow for Inflation (turnover at 1978 prices)
Manufacturing	200 employees or less	-----
Retailing	Turnover of £50,000 p.a. or less	Turnover of £185,000 p.a. or less
Wholesale Trades	Turnover of £200,000 or less	Turnover of £730,000 p.a. or less
Construction	25 employees or less	-----
Mining/Quarrying	25 employees or less	-----
Motor Trades	Turnover of £100,000 p.a. or less	Turnover of £365,000 or less
Miscellaneous Trades	Turnover of £50,000 or less	Turnover of £185,000 or less
Road Transport	5 vehicles or less	-----
Catering	All excluding multiples and brewery managed public houses	-----

(Source: Lever, W.F., 1991, p. 127)

2.4.1 The Decision-Making Process in the Small Business Environment

Section 2.3 identified that the decision-making process of a firm will be influenced by the flow of information from the external environment, the internal capability of the firm and the manager's value systems. Any strategic decision will therefore be determined by a complex combination of factors including entrepreneurial characteristics, motivations, prior business experience and the internal resources of the firm. Business motivations can be examined by adopting a brief theoretical perspective. From a behaviouralist viewpoint, it can argued that the strategic decisions of large, multi-branch, corporate enterprises reflect normative and rational economic motives. Corporate enterprises represent '*economic optimisers or maximisers*' where profit maximisation and competitive advantage are the ultimate goals (Simon, 1957; Wolpert, 1964; Barnes, 1988). However, in the micro-business environment profit maximisation is not always the ultimate goal. Here, micro-businesses are often '*satisficers*', whose business involvement is driven by non-economic motives and a commitment to the pursuit of personal and family orientated goals. For example, in a survey of small-scale retailers in Edinburgh in 1969, Bechnofer *et al* (1974) identified that independence, not profit, was the dominant driving force for establishing a small retailing business. 'Shop-keepers were seduced by the prospect of being able to make their own decisions and being answerable to no-one but themselves' (Bechnofer *et al,* 1974, p. 466). The freedom and opportunity to order their everyday working lives, even if it involved very long and arduous working schedules, was greatly prized.

Kirby and Law (1981), in a study of prospective purchasers and vendors of small retail units in the UK, identified that only 28 per cent of all prospective entrants to retailing had any prior knowledge of the trade. The survey also highlighted that in 44 per cent of cases, the jobs of prospective new entrants had no relevance whatsoever to retailing. These results illustrate that small-scale retailing, not unlike the holiday accommodation sector, remains one of the easiest trades to enter. Other than the capital required to purchase a business, there are limited barriers to entry. Therefore, 'many new entrants to the sector have little or no conception of the workings of, or problems involved in owning a small retail business' (Kirby and Law, 1974, p. 16). As a consequence they have to 'learn their trade by trial and error, and in the highly competitive market conditions which prevail, this can be costly and, quite frequently, fatal' (Kirby, 1986, p. 167).

The lack of business experience has a marked effect on the commercial operation of the firm and the type of business strategy adopted (if any). Stanworth *et al* (1994) identified that many small firms do not have a clear understanding of the profit concept and that owners are more concerned with physical cash transactions than with net profit. Consequently, the lack of business experience can lead to a level of financial misrepresentation, as small business owners lack an understanding of their realistic financial status and business performance. 'All too frequently, the average small trader has little if any idea of where, or how, profits are being made or costs incurred...in many instances, therefore, effort is being misdirected and wasted' (Kirby, 1986, p. 168). This problem is compounded by the lack of effective monitoring of business performance, as small business owners do not have to report their actions to external shareholders, so the accurate recording of profit, other than that for legal requirements, does not exist. In addition, very few traders have the relevant skills to facilitate sound management practice and prolonged business development.

As the small firm competes in a very specific segment of the market, servicing a particular market demand, the action or presence of competitors is often over-looked. With little awareness of the competitive pressures in the external environment, financial performance standards tend to be set according to internal considerations, such as how much money the owner wants to take out of the business or how well the firm performed last year (Stanworth *et al*, 1994, p. 59). Given that internal considerations are commonly driven by non-economic motives, evidence suggests that many businesses are not managed in a highly commercial way. The lack of business experience also means that many small firms operate without a long-term business plan and operate on a day-to-day basis, within short-term planning horizons. The lack of a formalized business strategy can be a distinct disadvantage for a small firm. For example, profits can be easily eroded in a prolonged recession leading to the progressive deterioration of the capital base of the business. In the absence of a plan incorporating tight controls on overheads and capital expenditure, monthly cash flows can become negative and the business can become quickly overdrawn. Indeed, those companies which survive recession most successfully are characterised by superior management which emphasises the protection of margins, the efficient use of capital and a concentration on market segments where distinctive competitive advantage is possible. Such competitive advantage will result from more effective cost control, innovative differentiation, a focus on service quality and speedy reactions to changes in a dynamic environment (Clifford, 1977).

The small shop is commonly a family shop as retailers do not have enough money to employ experienced or responsible staff (Bechnofer *et al*, 1974). Many small, marginal enterprises are kept afloat by the concerted efforts of husband, wife and children. However, the involvement of the family in the affairs of the shop can blur the sharp division between 'work' and 'non-work'. When shop and family affairs become entangled, then so too do business and domestic finances. Money and goods may be taken from the shop and no systematic accounts kept in which personal and business incomes are separated. Such a state of affairs helps conceal the unsound economic situation in many small enterprises and can contribute to their ultimate failure.

Of course, some firms, even with extensive business experience, may not wish to grow. For some, business expansion is limited to avoid exceeding VAT thresholds and entanglement with tax and national insurance schedules. The work of Curran *et al* (1991), which examined the motivations and aspirations of small business owners, demonstrated that profit maximisation and business expansion were only paramount in a limited number of cases. Indeed, many individuals established a small business for the sole purpose of avoiding work in a large organisation and regarded business growth as of minor importance. These business owners were more concerned with generating a particular lifestyle and would be satisfied if the business survived, perhaps to be passed on to the next generation.

2.4.2 Examples of Business Strategy Adopted in the Small Business Environment

For many small firms, profit maximisation and business expansion are important objectives. However, the attainment of these goal are constrained by the internal financial and operational resources. This situation can be illustrated by reference to the confectioners, tobacconist and newsagency sector (CTNs). Within the last 10 years, the CTN sector has faced increased competition from convenience stores, petrol companies and supermarkets (Brooksbank *et al*, 1992; Burt and Dawson, 1990). Within this changing retail environment, CTN businesses have had to adopt more efficient business strategies in order to retain their competitive position. By virtue of both size and independence, CTN businesses have been unable to benefit from the economies of scale that larger retailers, such as Sainsburys and Asda, have exploited successfully

(Dawson and Kirby, 1977; Kirby, 1986; Burt and Dawson, 1990). In response the CTN sector has adopted two competitive approaches.

The first has been to increase sales volume through a marketing-led solution, concentrating on a strategy of differentiation, and involving a careful repositioning of the business so that it more closely satisfies the needs of its target customers. Given the limited resources available, differentiation strategies have focused on enhancing the inherent strengths of the small business principally the capacity for adaptability and its ability to offer a high quality and personal service. Unlike large corporate enterprises, the range of functional strategies available at this scale of business activity are more limited, but are nonetheless important. They include increasing advertising expenditure, rescheduling opening hours, changing the product mix, redesigning the shop layout and offering upgraded or additional services. Due to competitive pressures and, in particular, the long-term decline in the demand for tobacco, many newsagents have begun to diversify away from the traditional CTN mix into a wider range of products, such as grocery, home medicine, toiletries and video (Brooksbank *et al*, 1992). Perhaps the most important internal resource for small firms to capitalise upon is the intimacy of the personal service that they can offer. For many the ability to provide a friendly and personal service is a fundamental element of differentiation strategies which help secure a loyal customer base, word of mouth recommendation and, above all, a reputation based on service quality.

The second approach by small retail establishments has been the adoption of information technology, aimed at improving profit margins by securing better operational efficiencies (Treadgold, 1989; Brooksbank *et al*, 1992). At the micro-business level, the utilisation of new technology may simply involve the purchase of a personal computer and business software. Even at this level, the use of a computer can improve the running of the business in several respects. First, business software can benefit cash flow by automating the production of monthly bills and providing more efficient access to customer account information. Second, computers can also assist in VAT accounting, word processing, general stock control and ordering. Finally, database management of customer details allows firms to distribute details of special promotions, loyalty schemes, discounts and even Christmas cards. The use of information technology in this way supports differentiation strategies and the implementation of personal service. Of course, the adoption of computer technology will depend on the attitude of the entrepreneur to such technology, and at present IT adoption among small businesses remains small (Treadgold, 1989).

The limited internal resources of the firm also mean that in the face of increasing competition and recession, many small businesses are forced to adopt more defensive strategies. Unlike large corporate enterprises, which can regain competitive advantage through the rationalisation of operational structures, the small business owner is restricted to making operational changes to one business unit. At this scale, a defensive strategy is therefore limited to controlling overheads and capital expenditure, cutting prices and staff redundancy. Kirby and Law (1981) established that 56 per cent of prospective business entrepreneurs had invested substantial levels of personal finance in the funding of their business venture. Business failure therefore represented one of the easiest ways of losing a life's savings. Consequently, 'the socio-psychological pressures to 'hang in there' are immense, as there is no category of unemployment for 'out of work entrepreneurs' (Stanworth *et al*, 1994, p. 57).

2.5 Conclusions

The main aim of this chapter has been to consider the causes, processes and consequences of restructuring in manufacturing and service industries in order to provide a basis for the analysis of restructuring strategies occurring within the holiday accommodation industry. A number of key themes have emerged from this review. First, it is clear that within the last 25 years the manufacturing and service sectors in the UK and European economy have experienced a rapid and, at times, somewhat painful transformation. Intensified global competition, government policy and the economic pressures of successive recessions have resulted in extensive restructuring programmes that have affected investment and disinvestment decisions at all levels within organisational structures. Recession has clearly played a part in triggering these restructuring processes. However, the experiences of successive recessions in the UK have been very different. While the recessionary periods of the 1970s and early 1980s were principally manufacturing-based phenomena, that of the early 1990s was particularly felt in the service sector and, especially, in the housing market. However, recession alone will not necessarily put a firm into crisis and in many cases restructuring strategies have been influenced by a multitude of inter-related factors. For example, successive recessions in conjunction with increasing levels of global competition have exposed the underlying competitive weakness of UK industry, and consequently have provided the catalyst for a structural transformation within industry, from which many firms are now emerging strongly and freshly invigorated.

Second, while Massey and Meegan (1982) identified three distinct forms of production reorganisation, in reality the search for competitive advantage and the adoption of offensive and defensive strategies highlights the sheer complexity of the decision-making process. Increasingly, developments in production and management technology are allowing firms to pursue both cost-leadership and differentiation strategies and thus obtain the economic benefits of both strategies simultaneously. Restructuring has created new production geographies driven by the transition from Fordist to Post-Fordist production principles and the emergence of the flexible firm. Restructuring has also seen considerable changes in labour market relations. Labour is no longer seen simply as an input into the production process but as an active participant in the production process .

Third, restructuring processes have occurred at different scales within the manufacturing and service sectors. By examining the restructuring processes within both the large corporate and small business environments, this chapter has considered the two extremes within the decision making process. In doing so it has also highlighted the different philosophical perspectives that can influence the nature of restructuring strategies. At the large corporate scale, competitive advantage and profit maximisation are the ultimate goals. In the micro-business environment, in contrast, it is not uncommon for family orientated goals to take precedence over profit maximisation and business growth. Combined with a lack of business experience and under-capitalisation, the motives of the small entrepreneur will affect the commercial operation of the firm and the adoption of a business strategy. However, for a large number of small firms profit maximisation is an important goal, but any competitive or defensive strategy they pursue is constrained by the internal financial and operational resources of the business.

A fourth point to consider, especially with respect to changes in the holiday accommodation industry, is that restructuring strategies have also been accompanied by a process of product and service realignment. Firms have re-evaluated existing product and service ranges in response to changes in market demand. Realignment strategies have had particular significance for the micro-business environment. For small firms, who by their very character are unable to restructure in the same way as large corporate enterprises, realignment has involved the rescheduling of opening hours, changing the product mix and offering additional or upgraded services. Within restructuring and realignment strategies, the quality of both goods and services has emerged as an important source of competitive advantage for firms of all sizes.

Having considered the restructuring process in the manufacturing and service industries, the following chapter will consider the competitive pressures and restructuring processes within the UK hotel industry. As noted earlier, the chapter will show that the industry is no less vulnerable to competitive pressures than manufacturing firms and that strategic planning functions adopted in the hotel industry are of equal sophistication to those adopted by manufacturing and service counterparts. A review of the small business sector in the tourism industry will further highlight the importance of the behavioural environment and the complexity of the decision-making process.

Chapter Three

Restructuring in the Holiday Accommodation Industry

3.0 Introduction

Research into the restructuring of tourist accommodation in the UK has focused on the strategies adopted by large chain hotels and little attention has been paid to those adopted by small-scale, family run businesses (see EIU, 1991). Existing research into small-scale accommodation establishments (SSAEs) has tended to concentrate on examining the characteristics and motivations of entrepreneurs, and few studies have investigated in any detail the types of business strategy adopted in response to changes in the tourism market. Yet in traditional resort areas in the UK, such as Torbay, SSAEs play an integral role in the local tourism economy. Clearly, therefore, the lack of research into their restructuring strategies has significant implications for the long-term economic development of UK resorts. Expanding upon the theme of industrial restructuring discussed in Chapter Two, the aim of this chapter is to examine the restructuring processes occurring in the hotel industry and, in particular, to argue that the competitive and defensive strategies adopted are very similar to those pursued in the manufacturing and service sectors more generally. As in Chapter Two, attention will also be given to the restructuring strategies occurring in the small business sector. In doing so, the discussion will emphasise the division between the large hotel chains and small-scale operators, in terms of the perceived importance of commercial and non-commercial goals in the decision-making process.

As in Chapter Two, this chapter has four sections. To understand the context in which restructuring processes are taking place, the first outlines the structure and commercial operation of the hotel industry in the UK. The second considers the factors influencing the restructuring process and, in particular, evaluates the role played by recession. Section three details the nature of the offensive and defensive strategies adopted by the hotel industry in response to changes in the tourism market and, finally, section four turns attention to the restructuring processes and competitive pressures occurring in this sector's small business environment. Following on from Chapter Two, this last section reinforces the fact that growth and profit maximisation are not the ultimate goals of many small business entrepreneurs. As a result, an exclusive focus on economic considerations when examining the restructuring process is not appropriate given the influence of socio-economic and personal motivations in the decision-making process.

3.1 The UK Hotel Industry

Attempting to define accurately the size of the UK hotel industry is problematic given the reliability of, and inconsistency between, available data sources. The actual size of the industry can only be approximated as there is no statutory requirement for hotel registration in the UK. In addition, data on industry performance tend to come from consultancy and stockbroker reports which primarily focus on publicly quoted companies rather than independently owned hotels and SSAEs (Pizam, 1994). To mitigate this problem, the following section provides an outline of the UK hotel industry which draws on a number of sources, including British Tourist Authority (BTA) and Central Statistical Office (CSO) statistics. Although the data sources are not directly comparable, together they can be utilised to create a much more satisfactory overview of the industry's structure.

3.2 The Size of the UK Hotel Industry

The UK hotel industry comprises a heterogeneous mix of hotels, motels, inns and guest-houses (Healey, 1992, p. 14). According to BTA figures, there were an estimated 23,509 registered establishments in the UK in 1994 (see Table 3.1). However, as there is no statutory requirement for hotel registration, this figure represents an underestimate. Indeed, the National Council of Hotels Associations estimates that there are some 3,000 unregistered establishments operating in the UK (*Key Note*, 1994, p. 2). In terms of the geographical distribution, 82 per cent of establishments are located in England. Scotland accounts for 12 per cent and Wales a further six per cent. Hotels in Northern Ireland account for only 0.5 per cent of the UK total. The regional distribution of hotel accommodation in England is highly uneven. In 1994, the West Country dominated with 19 per cent of the total number of hotels and 15 per cent of total bedspace capacity. The West Country was followed by the North West, with 17 per cent of total hotels and 14 per cent of total bedspace capacity (see Figure 3.1). The concentration of major hotel chains in London is also reflected in Figure 3.1. London accounts for only 2.4 per cent of the total number of hotels but 15 per cent of total bedspace capacity.

Defining the size distribution of UK hotel stock is also problematic as the measurement of establishment size varies between the UK's national tourist boards (see Chapter Five). However, England dominates the industry and, as Table 3.2 illustrates, here the size structure of industry is

Table 3.1: The number of hotels in the UK, 1994

Country	No. of Hotels	No. of Bedspaces
England	19,073	727,204
Scotland	2,876	97,856
Wales	1,438	50,494(1)
N. Ireland	122(2)	6,909(2)
Totals	23,509(3)	882,463

Notes: *(1)* *Figures relate to numbers in 1992*
(2) *Figures for N. Ireland refer to 1993*
(3) *Estimates*

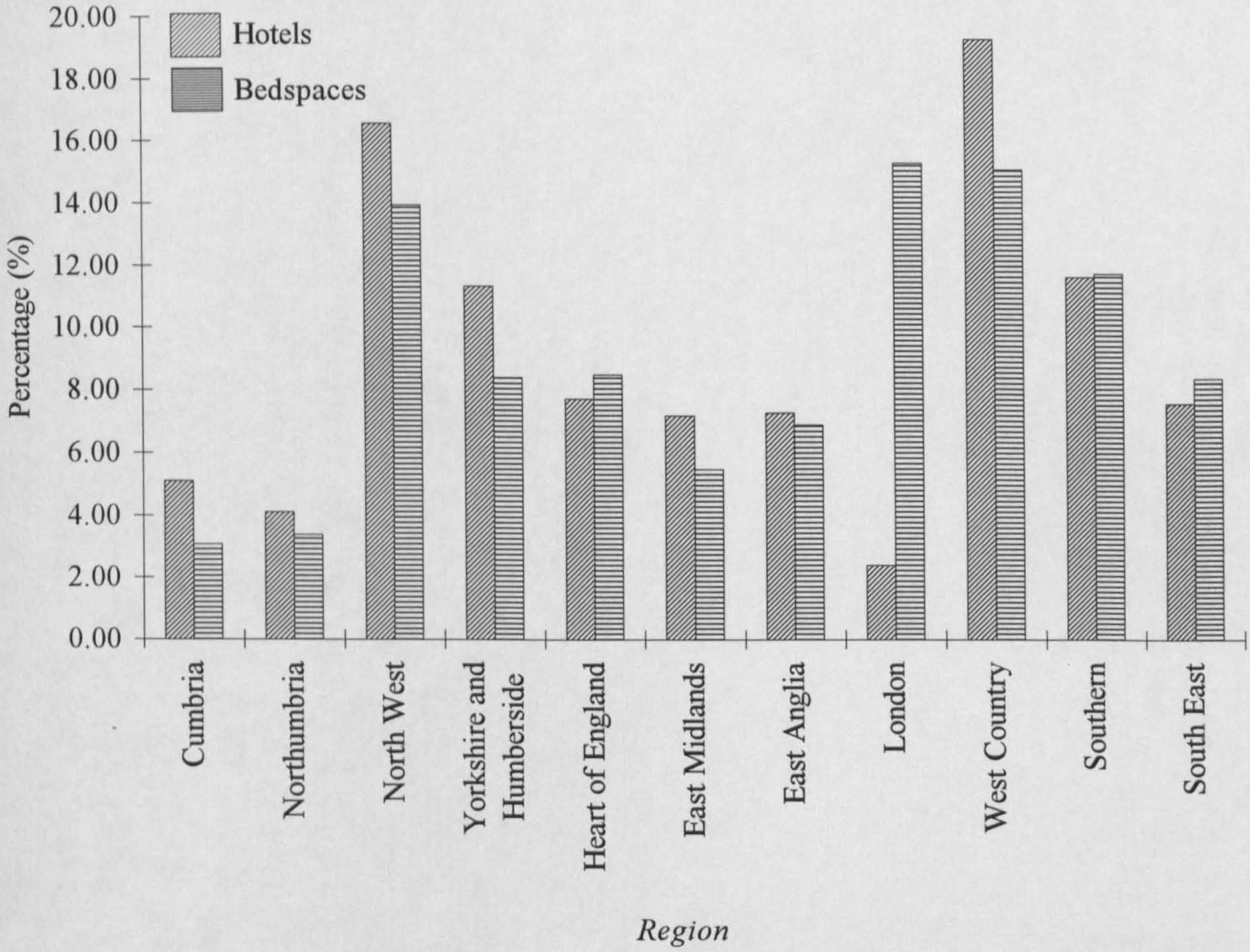
(Source: British Tourist Authority, 1994)

Table 3.2: The number of hotels in England by size of establishment, 1994

Size: No. of Bedrooms	No. of Hotels	Percentage of Total (%)
1 to 3	2,675	14.0
4 to 10	8,094	42.4
11 to 25	4,872	25.5
26 to 50	1,778	9.3
51 to 100	874	4.6
101 to 200	397	2.1
201+	150	0.8
Unknown	233	1.2
Totals	**19,073**	**100**

(Source: British Tourist Authority, 1994)

Figure 3.1: The regional distribution of hotels and bedspace capacity in England, 1994



(Source: British Tourist Authority, 1995)

strongly biased towards small and medium sized business enterprises. Establishments with 10 rooms or less account for 56.4 per cent of the total hotel stock in England and 91 per cent of all registered hotels have 50 rooms or less. Hotels with over 100 rooms account for only 2.9 per cent of the total. The importance of small and medium sized businesses is also reinforced in Table 3.3, which shows a breakdown of hotels by annual turnover. This table, based on CSO data, indicates that 20 per cent of all businesses have an annual turnover of less than £50,000, while nearly 44 per cent generate less than £100,000 per annum. Conversely, only six per cent of hotels have a turnover of £1 million per annum. Even so, although the industry is characterised by a large number of small independent hotels, the industry is more polarised than at first appears, because the ten largest chains control roughly 100,000 rooms (Healey, 1992, p. 14). Indeed, additional BTA data (see Table 3.4) reveals that hotels with over 100 rooms only account for 2.9 per cent of the total hotel stock in England, but 28.4 per cent of total hotel bedspaces.

3.3 The Commercial Operation of the Hotel Industry

The UK hotel industry can be divided into four main areas of commercial operation: publicly quoted companies, privately owned chains, hotel consortia and unaffiliated hotels (Slattery, 1992, p. 90) (see Figure 3.2). Publicly quoted companies (PLCs) are hotel companies with shares listed on the stock exchange and include all the major chains, such as Forte (now Granada), Mount Charlotte Thistle and Queens Moat House. In 1991, 60 PLCs accounted for 24.6 per cent of total UK bedstock (see Figure 3.2). Table 3.5 lists the top ten hotel companies in the UK in 1993 and, in particular, emphasises the strength of Forte prior to the £3.8bn take-over by Granada in 1996. Privately owned chains are companies which own and operate two or more companies. They include Imperial London Hotels, Edwardian Hotels and Sarova Hotels. Hotel consortia are groups of independently owned and operated hotels which have joined together to share corporate costs and the benefits of economies of scale in marketing and purchasing schemes. Good examples are provided by Best Western, Consort Hotels and Prestige Hotels. Unaffiliated hotels are the largest category and represent the backbone of the accommodation industry in the UK. They are privately owned and operated, with no links to consortia or hotel chains, and are typified by the traditional bed-and-breakfast establishment. Slattery (1992) suggests that in 1991 unaffiliated hotels accounted for 60.2 per cent of the total bedstock. Figure 3.2 clearly indicates a significant degree of polarisation within the UK hotel industry,

Table 3.3: The number of hotels in the UK by turnover, 1993

Turnover	Number of Hotels
£1,000 to £34,000	1,232
£35,000 to £49,000	1,452
£50,000 to £99,000	3,149
£100,000 to £249,000	3,627
£250,000 to £499,000	1,931
£500,000 to £999,000	1,050
£1m to £4.999m	749
£5m+	120

(Source: Key Note, 1994, p. 4)

Table 3.4: The number of bedspaces in the UK by the size of establishment, 1994

Size: No. of Bedrooms	No. of Bedspaces	Percentage of Total (%)
1 to 3	14,071	1.9
4 to 10	112,480	15.5
11 to 25	148,701	20.4
26 to 50	124,643	17.1
51 to 100	121,159	16.7
101 to 200	103,244	14.2
201+	102,906	14.2

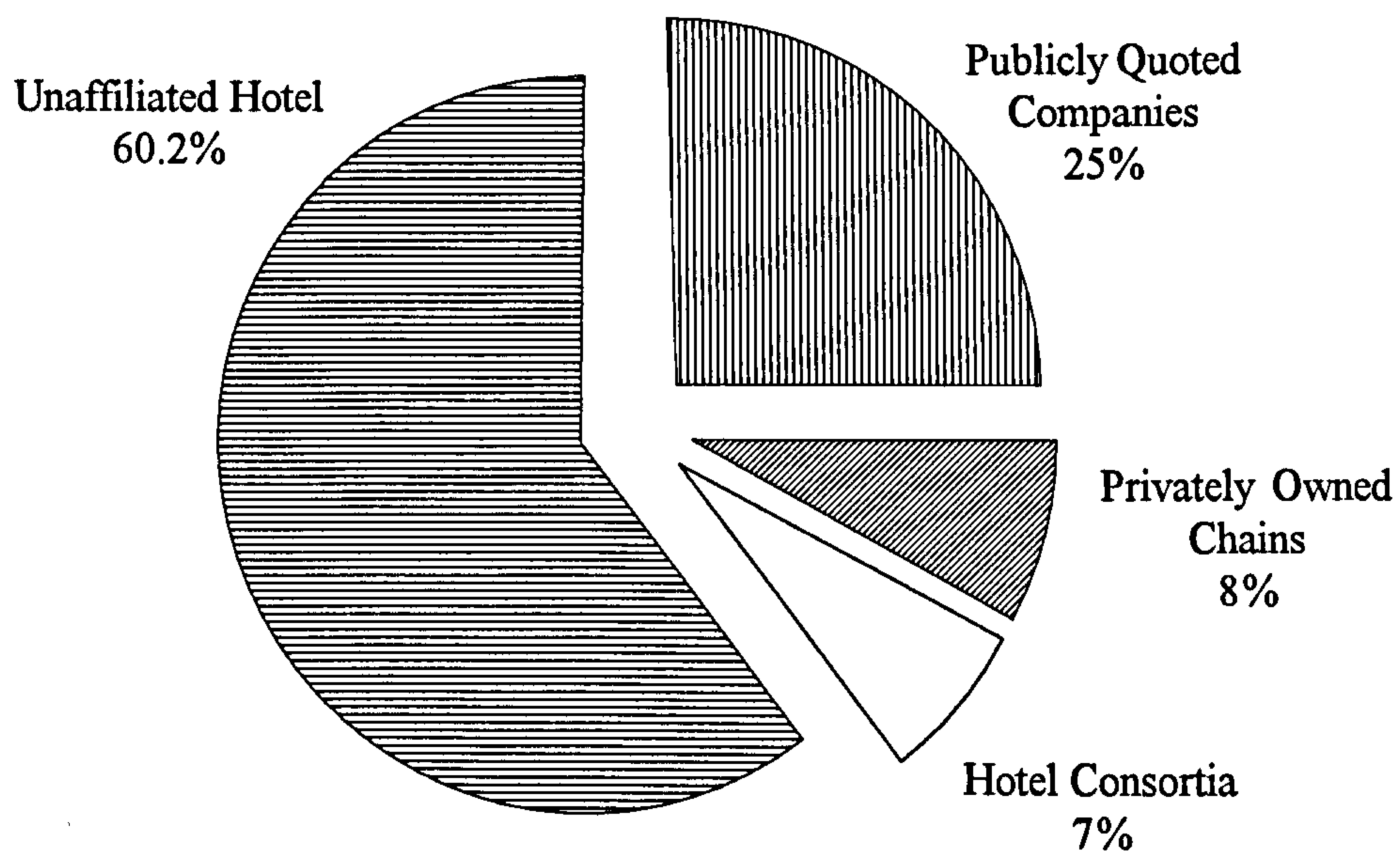
(Source: British Tourist Authority, 1995)

Table 3.5: The top ten hotel companies by number of hotels in the UK, 1993

Company	Number of Hotels
Forte	344
Mount Charlotte Thistle	109
Queen's Moat House	101
Country Club Hotel Group	77
Jarvis Hotels	61
Scottish and Thistle Hotels	60
Toby Hotels	43
Macdonald Hotels	40
Hilton UK	40
Swallow Hotels	35

(Source: Key Note, 1994, p. 14)

Figure 3.2: The structure of the UK hotel industry in 1991



(Source: Slattery, 1992, p. 91)

particularly between large corporate enterprises and small-scale accommodation establishments. Given that, as noted earlier, previous research has tended to neglect unaffiliated hotels, these estimates strongly support the *raison d'être* of this study.

3.4 Factors Influencing the Restructuring Process in the Hotel Industry

Following the same course of discussion as in Chapter Two, the aim of this section is to outline the factors that have fuelled the restructuring process in the hotel industry. This section will discuss the impact of the recession, changing demand, increasing national and international competition, government policy and the lack of competitiveness in the tourism industry. However, as emphasised in Chapter Two, the factors detailed here do not act in isolation but act together to influence the restructuring process and the strategic decisions adopted by a firm.

3.4.1 Recession

Attempting to evaluate the impact of the recession on the hotel industry is difficult given the variety of economic and non-economic factors that influence the supply and demand of hotel accommodation. Therefore in order to understand fully the role played by the recession, this section will consider its impact on the domestic and overseas demand for hotel accommodation, consumer attitudes and behaviour, and changes induced in the commercial operation of the hotel industry itself. Data sources for this discussion include the United Kingdom Travel Survey (UKTS), the British National Travel Survey (BNTS) and the International Passenger Survey (IPS).

3.4.1.1 The Impact of the Recession on the Domestic and Overseas Tourism Markets

Analysis of these statistics suggests that the recent recession has clearly had a significant impact on the demand for hotel accommodation in the UK. For example, following a period of buoyant growth in the late 1980s, business tourism was hit badly. As Table 3.6 shows, the number of domestic business trips in the UK fell from 14.4 million in 1989 to 9.7 million in 1993. In the same period, the value of calculated business expenditure fell from £2,050 million to £1,700 million as corporate hotel users were forced to cut back on travel expenses and subsidiary hotel uses (BTA, 1995). Although modifications to the data collection process, and the conversion

Table 3.6: Business tourism in the UK, 1984 to 1993

Volume	**1984**	**1986**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**
Total domestic visits (all purpose) - millions	140	128	130	109.6	95.3	94.4	95.6	90.6
Percent business/work	18	17	16	13	12	11	11	11
Calculated business visits volume (millions)	25	22	20	14.4	11.5	10.2	10.2	9.7
Value								
Total expenditure all purposes (£million)	5,975	7,150	7,850	10,865	10,460	10,470	10663	12,430
Percent business/work	27	30	25	19	15	14	13	14
Calculated business expenditure (£millions)	1,625	2,150	1,925	2,050	1,615	1,440	1,435	1,729

(Source: British Tourist Authority, 1995)

of the British Tourism Monthly Survey (BTMS) into the United Kingdom Travel Survey (UKTS) in 1989, do not allow a long-term analysis of business tourism, estimates suggest that, as a proportion of all domestic tourism, business travel declined from 25 to 30 per cent in the mid-1980s to 13 per cent in 1991/92 (Middleton, 1994, p. B3). Overseas business trips to the UK were also affected by the recession. As Table 3.7 shows, international visitor volumes fell dramatically between 1990 and 1991. For example, the number of visitors from North America dropped from 675 million in 1990 to 574 million in 1991. However, while the downturn in visitor numbers coincided with the onset of recession in the UK, and indeed throughout the world, these figures also reflected the fact that international visitor flows are highly sensitive to changes in the political climate, in this case the impact of the Gulf War. Clearly fearful of terrorist reprisals, international business travellers cancelled or postponed their trips, and consequently UK hotels suffered extensive lost room bookings (Davidson, 1992, p. A51). As Figure 3.3 shows, average room occupancy in English hotels fell from 57 per cent in 1989 to 48 per cent in 1992, the lowest level for 10 years.

The volume and value of domestic tourism is also affected by the general health of the UK economy and, in particular, by levels of real personable disposable income, interest rates and unemployment. Data from the United Kingdom Tourist Survey highlights that between 1989 and 1990 the total number of holiday trips made in the UK fell from 64.5 million to 58.4 million and total expenditure fell by £60 million (see Table 3.8). Although somewhat contradictory, figures from the British National Travel Survey suggest that, during the height of the recession, consumers were switching from more expensive foreign holidays to cheaper UK based alternatives. For example between 1989 and 1991, the number of long holidays (greater than four nights) taken in the UK increased by 2.5 million, while the number of overseas holidays decreased by 1 million (see Table 3.9). Indeed in 1991, spending on domestic holidays by UK residents experienced growth of 4.5 per cent (Stuart, 1993, p. A85). Clearly, the recession served to increase the awareness of the British holiday product and provided an opportunity for the British tourist industry and, in particular, traditional resort areas to reassert themselves in a highly competitive market by offering a product built on quality and value for money.

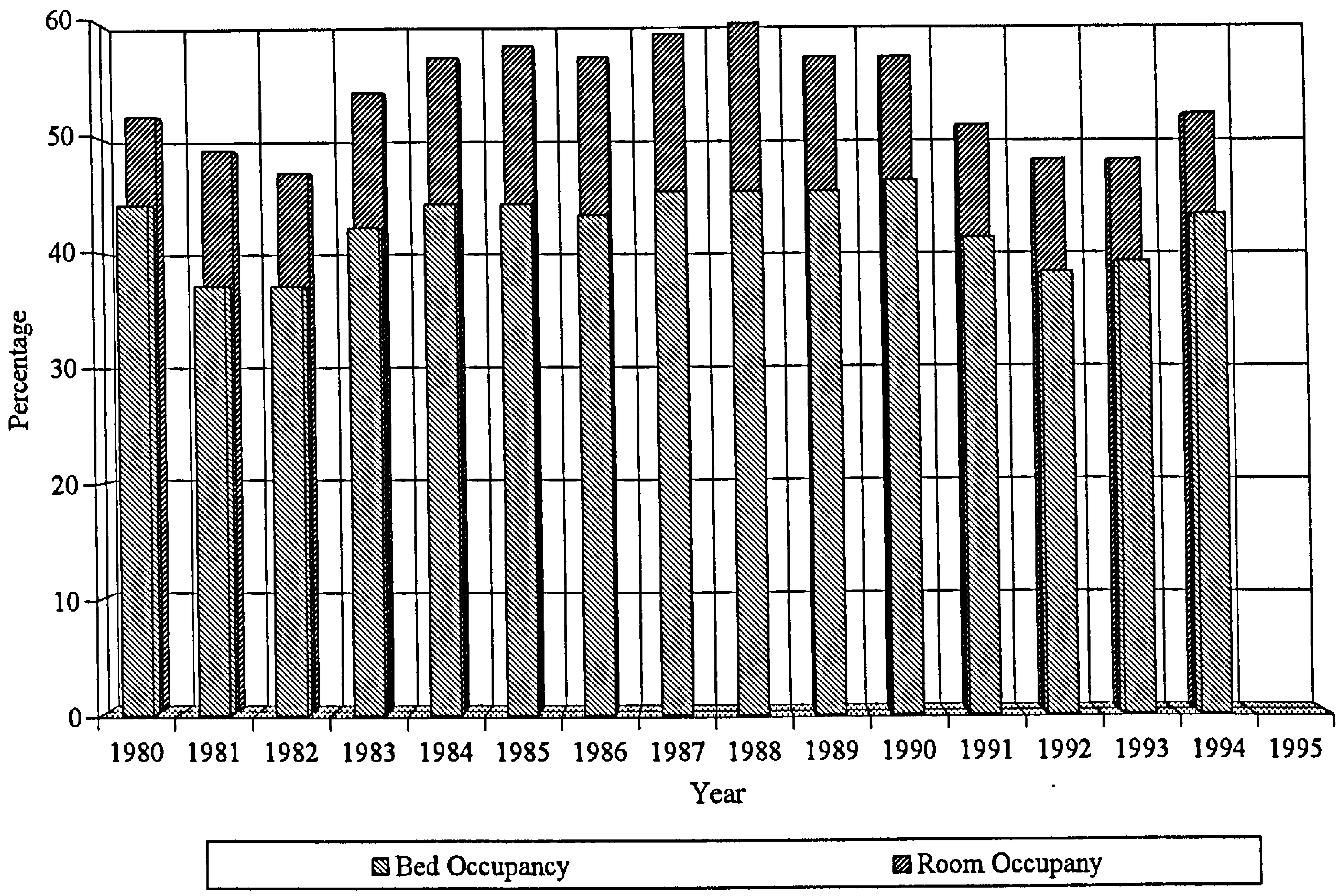
As the UK started to pull slowly out of recession in 1992, the number of overseas holidays taken by British residents gradually increased, as cheap package holidays made foreign destinations

Table 3.7: Overseas visitors to the UK: business visits, 1985 to 1993

Country	1985	1986	1987	1988	1989	1990	1991	1992	1993
N. America	515	526	569	622	631	675	574	646	661
Western Europe (EU)	1,653	1,811	1,987	2,398	2,572	2,553	2,506	2,661	2,805
Western Europe (Non-Eu)	382	433	445	485	526	571	440	502	513
Rest of World	463	515	521	591	634	695	613	653	728
All Countries	3,014	3,286	3,522	4,096	4,363	4,494	4,133	4,462	4,708

(Source: British Tourist Authority, 1995)

Figure 3.3: Average annual hotel occupancy in English hotels, 1980 to 1995



(Source: British Tourist Authority, 1995)

Table 3.8: Numbers of trips, nights and expenditure in UK by purpose, 1989 to 1993

	Total	Short (1-3 Nights)	Long (4+ Nights)
1989			
Trips (m.)	64.5	30.5	34.0
Nights (m.)	320.0	61.1	258.9
Expenditure (£m.)	7,410	1,720	5,685
1990			
Trips (m.)	58.4	26.7	31.7
Nights (m.)	294.3	54.3	240.0
Expenditure (£m.)	7,350	1,740	5,610
1991			
Trips (m.)	58.3	26.1	32.2
Nights (m.)	295.9	53.8	242.1
Expenditure (£m.)	7,750	1,740	6,010
1992			
Trips (m.)	59.9	27.4	32.5
Nights (m.)	301.6	56.6	245.0
Expenditure (£m.)	7,906	1,945	6,015
1993			
Trips (m.)	54.9	24.6	30.3
Nights (m.)	274.2	51.1	223.2
Expenditure (£m.)	8,425	2,220	6,205

(Source: British Tourist Authority, 1995)

Table 3.9: Numbers of 4+ nights holidays taken by the British population, 1979 to 1993

	Britain		Abroad		Total	
Year	m.	Index (1965=100)	m.	Index (1965=100)	m.	Index (1965=100)
1979	38.5	128	10.25	205	48.75	139
1980	36.5	122	12	240	48.5	139
1981	36.5	122	13.25	265	49.75	142
1982	32.5	108	14.25	285	46.75	134
1983	33.5	112	14.5	290	48	137
1984	34	113	15.5	310	49.5	141
1985	33	110	15.75	315	48.75	139
1986	31.5	105	17.5	350	49	140
1987	28.5	95	20	400	48.5	139
1988	33.5	112	20.25	405	53.75	154
1989	31.5	105	21	420	52.5	150
1990	32.5	108	20.5	410	52.5	150
1991	34	113	20	400	54.25	155
1992	32	107	21.75	435	53.75	154
1993	32.5	108	23.5	470	56	160

(Source: British Tourist Authority, 1995)

more affordable for consumers with limited budgets. For example, the number of overseas long holidays increased from 20 million in 1991 to 23.5 million in 1993, whereas the number of UK based long holidays fell from 34 to 32.5 million (see Table 3.9). Table 3.10 illustrates that, despite recovery, the initial upturn in the UK tourism industry was rather subdued and spending on sight-seeing and overseas holidays was generally more buoyant than outlays on holiday accommodation in the UK:

'With the exception of overseas trips, tourism has not been a high priority in consumer spending as the economy has recovered...such funds as have been available have been allocated instead to home-based leisure, and to home furnishings, clothing and major durables like cars' (Martin and Mason, 1994, p. A124).

3.4.1.2 The Impact of the Recession on Consumer Attitudes and Behaviour

The length and severity of the 1990-1992 recession, and the slow recovery through the first half of the 1990s, has had a profound effect on consumer behaviour. Lower levels of real disposable income, and a lack of consumer confidence has led to a complete re-evaluation of the choice of the holiday product and, in particular, an increased awareness of value for money. These issues have also placed a greater emphasis on quality reassurance as consumers have attempted to guarantee that their money is well spent.

'While many consumers in the 1980s were seduced by hype and imagery, consumers in the 1990s will be more cautious and more circumspect in their spending. Operators in the domestic market need to question whether they are offering consumers real value for money; that is a quality product (quality in the sense of delivering what the consumer has been led to expect) at a competitive price' (Stuart, 1993, p. A-85).

Essentially, 'the recession has been symptomatic of a fundamental re-evaluation of consumption' (Woods, 1993, p. 27), as consumers have been forced to reprioritise their discretionary spending decisions in light of rising mortgage repayments and fears over job security. In December 1990, the Travis Dale Recession Monitor, based on a survey of 2,000 adults, found that 57 per cent of the population who normally took a main holiday claimed that they were planning to reduce their spending on that type of vacation. Indeed, nearly half of them (27 per cent) intended to do

Table 3.10: Volume of consumer spending in the early stages of recovery (% change on previous year), 1991 to 1993

	1991	1992	1993	1994
Spending by UK Residents				
Sightseeing	-1	nil	+2	+5
Holiday accommodation in UK	-7	-7	-6	+4
Holidays overseas	+5	+12	+1	+7
Spending by foreign tourists in UK				
All leisure items	-17	+2	+3	+7
Spending by residents and foreigners				
Leisure in the home	1	+4	+4	+4
Leisure away from home	-4	-1	-1	+3
All consumer goods and services	-2	nil	+2	+2

(Source: Martin and Mason, 1994, p. A123; Martin and Mason 1995, p. A112)

without a main holiday altogether (Travis, 1994, p. A141). 'Holidays have been shown to be one of the worst-affected discretionary spending sectors in this recession...with as many as 1 in 4 main holiday takers looking for a cheaper holiday than usual' (Travis, 1994, p. A142).

> *'Many holiday-makers are loath to opt for what they see as 'second best' in terms of a holiday experience when they cannot afford the sort of holiday which they are used to or really want. They would postpone their holiday rather than opt for a lesser experience' (McHugh, 1991, p. A39).*

3.4.1.3 The Hotel Industry in Recession

The combination of declining disposable incomes, high interest rates and a fall in consumer confidence in the early 1990s placed the hotel industry under intense financial pressure as demand for hotel bedrooms contracted significantly. For example between 1990 and 1991, operating profits for Forte Hotels fell from £159 million to £75 million (Granada, 1996, p. 12). Unsurprisingly, the early 1990s saw a significant increase in the number of hotels placed in receivership. Indeed, between 1989 and 1992 the number of hotel administration orders increased from 17 to 135 (Stevenson and Wason, 1993, p. C47). Touche Ross, a leading UK receiver of hotels, had stewardship of over 35 hotels around the country in 1993. Of these hotels, most were generally small to medium sized and of a lower to mid-market standard in the two and three-star category. In most cases, the hotels were locationally disadvantaged and were being squeezed on price by the expanding budget chain sector, and on quality by more competitive four-star chains. However, as might be expected, the recession has also been regarded as an excuse for financial and operational mismanagement. For example, drawing on the findings of a survey of 3,000 company failures and 2,200 personal bankruptcies (across all industries), the Society of Practitioners of Insolvency (1992) found that while the recession played a part in two-thirds of business failures, 31 per cent were directly attributable to 'poor management' (quoted in Curtis and Wason, 1993, p. A91).

While the recession has clearly had an impact on the hotel industry, it should be noted that, as in other sectors of the economy, the seeds of collapse were sown during boom years of the mid-1980s. For example, during the boom in the property market, hotels were frequently valued against the sales of comparable properties rather than on turnover and future trading potential. Values failed to recognise that hotels had limited alternative uses and that, ultimately, their value was largely dependent on operating profits. As a result of such high property valuations, banks lent generously at a time when demand was peaking and hoteliers were eagerly refurbishing, developing or acquiring new properties (Curtis and Wason, 1993).

> *'Hotels were brought at ridiculously high prices on huge loans. Valuations were on property, rather than on a business's earnings potential, and were grossly overrated on the assumptions that prices would keep rising. Then the property market collapsed, slashing hotel values, in many cases below the level of the original loan. Interest rates rose for a long period, and revenue plummeted with the recession. Then there are the other individual variables to take into account, particularly amongst newcomers to the industry, poor location, mismanagement which exacerbate the effects of recession. The effect is cumulative. Debts run up and servicing them becomes increasingly difficult. Receivership and liquidation are the result' (Alan Bennet, Price Waterhouse partner, quoted in Hardcastle, 1992, p. 57).*

The collapse of the property market (see Chapter Two), followed by a substantial and prolonged rise in interest rates, placed many hoteliers in a position of negative equity, attempting to make repayments on a loan now worth more than the value of the property. As Table 3.11 shows, the average value of hotel sale prices fell dramatically between 1989 and 1991. Between 1990 and 1991, values of London hotels fell by up to 22 per cent for three-star hotels, by 19 per cent for those with a four-star rating and by 13 per cent for five-star properties (Gordon, 1993, p. 26). Ironically, the financial institutions exacerbated the situation by calling in debts or, all too often, the receivers, as many hotel businesses failed (Goymour, 1992). Fortunately for the hotel industry this situation is now changing, as the financial sector adopts a more lenient and constructive approach to troubled hotels. This change in attitude has been precipitated by the volume of failed businesses and the difficulty in obtaining reasonable prices for insolvent, but otherwise viable, hotels.

Table 3.11: Average sale prices of UK hotels, 1975 to 1991

Year	Index of Average Hotel Sale Prices	Retail Price Index
1975	100	100
1986	294	272
1987	412	281
1988	544	296
1989	677	308
1990	556	336
1991	467	349

(Source: Curtis and Wason, 1993, p. A92)

Overall, it can be seen that the recession has had a mixed impact on the hotel industry, influencing both the demand for, and the supply of, hotel accommodation. However, from the evidence presented in this section, it is difficult to establish a conclusive relationship between the recession and the restructuring processes occurring in the industry. Consequently, the remainder of this section will evaluate the importance of other factors influencing the restructuring process, including the effect of changing demand, increasing national and international competition, government policy and the lack of competitiveness in the UK tourism industry.

3.4.2 Changing Demand

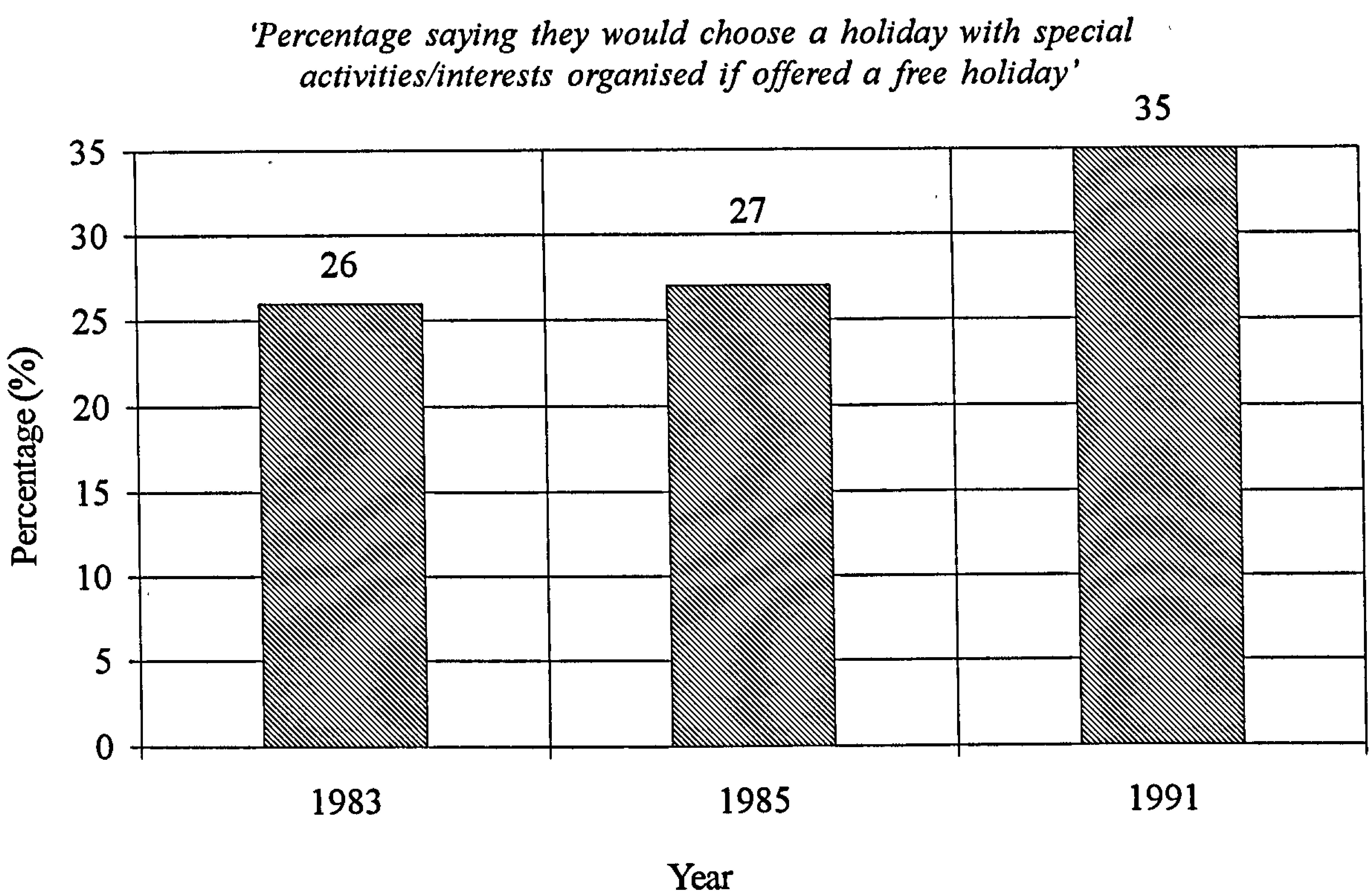
Within the last twenty years changes in consumer tastes, leisure time, work patterns, income distribution and awareness of environmental pressures have combined to reshape consumer demand for the tourist product. Increasingly disenchanted with rigidly packaged, poor quality and out-dated holiday products, consumers are looking for better quality, value for money and more authentic holiday experiences.

> *'Tourists no longer have single, standardised and rigidly packaged wants. They never had them. Tourists were simply forced by the economics of mass production, to consume standardised and rigidly packaged holidays en masse' (Poon, 1995, p. 246).*

As discussed in Chapter One, the break-up of the traditional mass tourism market and the shift from Fordist to Post-Fordist forms of tourist production, has placed greater emphasis on more customised and individualistic holiday products and experiences (Urry, 1987; 1990). 'As the conventional package holiday, based on the dual attractions of sea and sand, has become less attractive, more consumers are opting for holidays with special interests and organised activities' (Stuart, 1993, p. A88) (see Figure 3.4).

The search for more authentic holiday experiences is illustrated by the growth in popularity of long-haul destinations such as New Zealand and Australia. 'Reductions in the costs of long distance travel and the pursuit of the 'exotic' have led to tourists scanning more and more distant countries and continents for novel tourism objects' (Williams and Montanari, 1995, p. 6).

Figure 3.4: More adventurous and active holidays



(Source: Stuart, 1993, p. A88)

For example, the number of UK visits to New Zealand increased from 52 million in 1990 to 68 million in 1993 (see Figure 3.5). Closer to home, Eastern Europe is also emerging as a popular tourist destination. Between 1989 and 1993, the number of outgoing international visits from the UK, despite recession, increased from 323 million to 761 million (BTA, 1995).

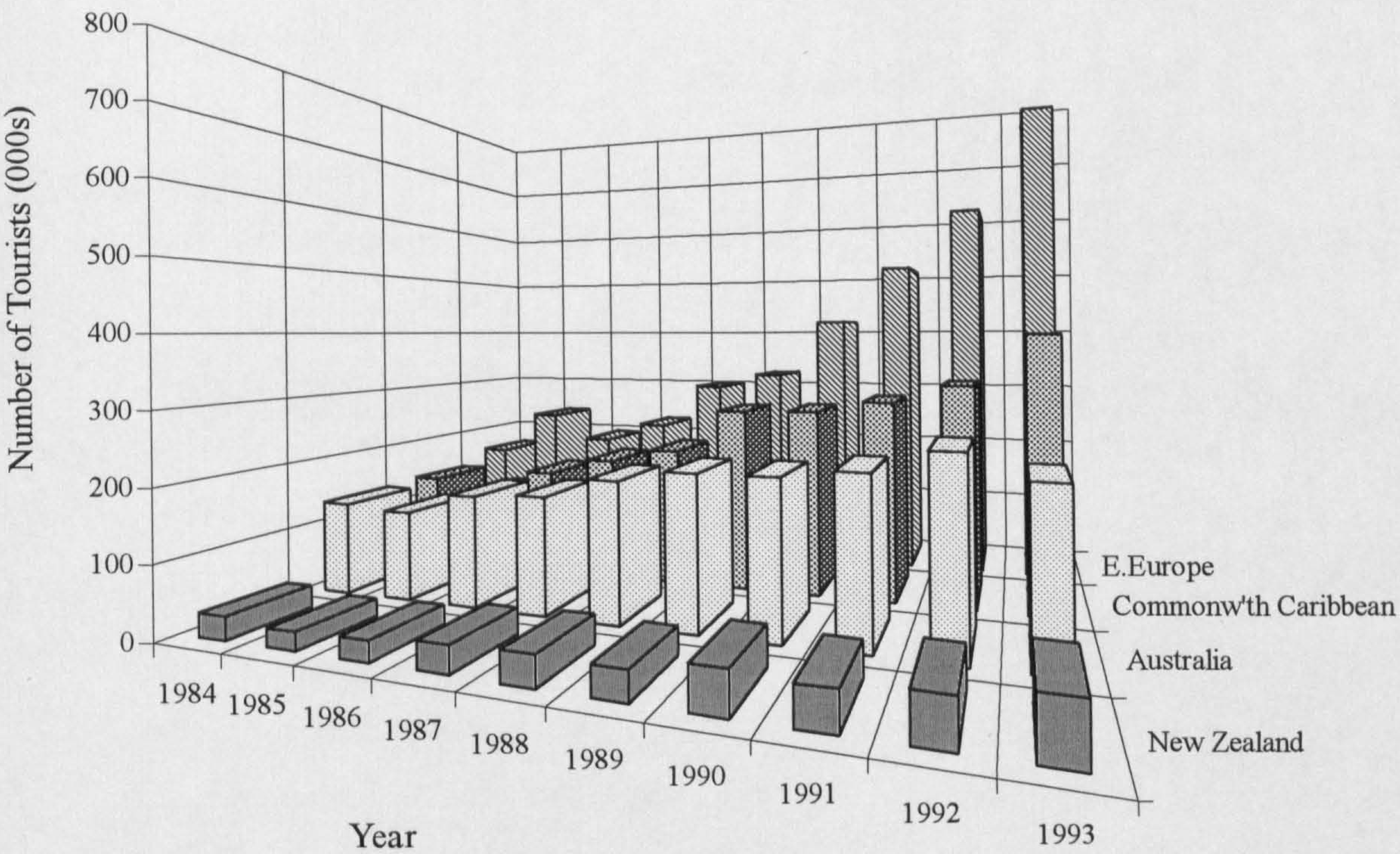
During the 1980s, rising personal affluence gave consumers the opportunity to extend existing holiday and leisure repertoires (McHugh, 1991). The most evident impact of these trends was the decline in the number of main holidays taken in the UK, a 75 per cent increase in the number of holiday trips taken abroad, and a significant growth in the short break and day trip market (Stuart, 1993, p. A85). Short break holidays represent the major growth sector in the domestic UK tourism market, growing at 20 per cent per annum during the mid-1980s (Middleton, 1987, p. 41). In 1992, short breaks accounted for 27.4 million trips in the UK and generated approximately £1.7 billion of tourism expenditure (see Table 3.8). In response to long term structural changes in the demand for hotel accommodation, hotel operators have been forced to re-evaluate existing facilities and invest in the development of new product ranges that will appeal particularly to the short break market and also generate business in the shoulder months.

3.4.3 Increasing National and International Competition

As well as increasing competition from foreign tourist destinations, the development of new forms of holiday accommodation is also posing a competitive threat to the UK hotel industry, as illustrated by the growth of the Centre Parcs concept. Led by Centre Parcs of the Netherlands, these costly and sophisticated facilities represent a new breed of 'super indoor resorts' that seek not to revitalise the down-market 'holiday camp' concept but to attract ABC 1 groups in direct competition to the lure of sun, sea and the Mediterranean (Lavery and McKeough, 1989, p. 52). More importantly for the UK tourism market, Centre Parcs represents a direct contrast to the outdated infrastructure and image of many of Britain's traditional seaside resorts.

The hotel industry is also facing increasing competition from within the industry itself. For example, the spread of budget hotels has increased the competitive tensions in the local marketplace, offering a combination of quality and price which the larger hotel chains have found difficult to rival. To compound the situation, as a result of the combination of price and

Figure 3.5: UK travellers abroad to selected destinations (000s), 1984 to 1993



(Source: British Tourist Authority, 1995)

value for money, the budget hotel sector has also shown considerable resilience against the recession compared with its more up-market competitors.

3.4.4 Government Policy

As well as free market forces, public sector intervention also plays an important role in the restructuring process. In the UK, the competitive position and development of the tourist industry in the UK is weakened by the lack of a coherent government policy on tourism. For example, prior to 1989, financial assistance given to the tourist industry under Section Four of the Development of Tourism Act 1969 had provided a valuable incentive for the upgrading and development of new tourism resources. By 1987, £45 million had been committed to grant awards (English Tourist Board, 1988). However, the abolition of Section Four funding in England in 1989 reduced the financial capability of the English Tourist Board to support new tourism projects and, consequently, placed greater emphasis on the private sector for the financing and development of new tourism initiatives. At a time of increasing sophistication, competition and segmentation in the domestic tourism market, the loss of the scheme has undoubtedly affected levels of investment, particularly amongst small-scale operators with limited access to financial capital (Agarwal, 1996, p. 143). It seems ironic, considering that 82 per cent of hotel stock is located in England, that the scheme is still providing a valuable source of funding for tourism projects in Wales and Scotland. For example between 1990 and 1992, the Welsh Tourist Board allocated £2.4 million to 49 hotels; £43 million has been awarded since the scheme began in 1971 (Gordon, 1992, p. 240).

The government's lack of commitment to the tourist industry is also evident from the Department of National Heritage's reduction in funding for the ETB from £15.4 million in 1992/93 to only £9 million in 1995/96 (*The Guardian*, November 14th,1992 quoted in Charlton and Essex, 1994, p. 45). Continual cutbacks in central government funding have effectively confined the tourist boards to advisory roles, with most of their activity concentrated on major marketing campaigns (Charlton and Essex, 1994, p. 45). The UK government's recent report 'Tourism: Competing with the Best' (1995) has also done little to inspire confidence in the tourism industry. The report emphasises the changing attitudes of central government to the funding of new tourism development. More significantly, it signals the intention of government to channel more resources into restoring London as a prime destination for overseas tourists (Shaw and Williams, 1996, p. 117). Clearly the reallocation of financial resources will do little to assist coastal resorts and consequently the report has fuelled a growing belief that domestic tourism outside London is being treated as a lost cause, with short breaks regarded as the only hope for arresting decline (Middleton, 1995, p. A-1).

The government's commitment to low inflation and the previous membership of the European exchange rate mechanism have also affected the relative price competitiveness of the UK as an international tourist destination. For example, significant rises in interest rates in the early 1990s designed to control inflation (see Chapter Two), saw the value of sterling strengthen considerably against other currencies on the foreign exchange markets. Thus, the value of the pound against the dollar rose from \$1.588 to \$1.94 between October 1989 and October 1990. The strength of the pound effectively made the UK a more expensive holiday destination and was therefore partly responsible, along with the Gulf War, for the fall in overseas visitor numbers in the early 1990s (see Table 3.6). Conversely, in September 1992 the withdrawal from the European exchange rate mechanism effectively signalled an 11 per cent devaluation of the pound against other major currencies. Consequently the UK became relatively cheaper for overseas visitors, while for UK residents overseas holidays became more expensive.

3.4.5 Lack of Competitiveness

In 1992, the National Economic Development Council's Report 'UK Tourism: Competing with the Best' argued that because of a lack of investment in tourism products and services, the UK was starting to lose its competitive edge in the increasingly fierce international market place (NEDC, 1992, p. 31). The NEDC suggested that the way to improve competitiveness was not so much by price, but via improved quality and standards. However, the drive towards these goals is being undermined by the lack of management expertise. 'The tourism industry is characterised by an introspective approach to management thinking...the focus of too many businesses is insular and problem centred, and there is a need to be more positive, pragmatic and proactive in the future' (CPRE, 1995, p. 176). According to Green (1990), too much attention is placed on the financial and managerial aspects of hotel operations and not enough time is devoted to intangible elements, such as the quality of service provision:

> *'Management operations are reactive rather than proactive. And it's all based on figures. The manager should sit down with the employees and discuss all the ways in which things can be improved for the guests and not talk about figures. The session should cover the intangibles that help create a special atmosphere that makes customers come back to you time and time again. These sessions on atmosphere can be invaluable' (Green, 1990, p. 43).*

The lack of competitiveness can also be applied more widely throughout the tourism industry to include tourist destinations and, in particular, the traditional British seaside resort:

> *'The picture postcard seaside holiday is dog-eared around the edges... the uniform business rate has probably seen off some of the independent hoteliers unable to meet hundred fold increases in their rates. Add to this gloomy picture the ongoing controversy over dirty sea water and throw in a bag of algae-poisoned cockles and whelks and the result is a postcard now totally unsuitable for the family holiday' (Sparrow, 1990, p. 47).*

This quote summarises the situation in many of Britain's traditional seaside resorts in the 1990s. From their heyday in the 1970s, British resorts are now facing increasing competition from overseas destinations and new forms of holiday accommodation, such as Centre Parcs. However, Terry (1988) and Owen (1990) suggest that, although market conditions are changing, the seaside resorts have declined in popularity because of a failure to respond to changing market conditions. 'The impact of the cheap sunshine holiday was no more than a final blow to the resorts and simply speeded up the process of decline which had its roots in core fundamental long-term problems such as the lack of investment and planning' (Terry, 1988, p. 3). Owen (1990) criticises the seaside resorts for a complete lack of imagination and self-pride in the tourist product they endorse, particularly in comparison to other countries in the European Union. So as far as Owen is concerned, resorts have increasingly lost direction, and local authorities lack the imagination and expertise to develop new marketing strategies. This view is also held by Terry (1988) who argues that there is danger in 'blinkered councils offering worn out strategies to new problems and a lack of imagination in tackling the challenge of the future'. The problem facing seaside resorts is that a variety of internal and external threats have combined to erode the quality of the built and service environment, and therefore tarnish the quality of the visitor experience.

3.5 The Search for Competitive Advantage: Examples of Offensive and Defensive Strategies Adopted in the Hotel Industry

Having identified some of the main factors influencing the restructuring process in the hotel industry, the aim of the following section is to consider the industry's response to changing market conditions through the adoption of offensive and defensive strategies. The section will begin by considering so-called 'offensive strategies'. Offensive strategies refer to business decisions that involve capital investment to create or maintain a position of competitive advantage and encompass new product development, marketing, new operational practices, the introduction of new technology, branding, franchising and consortia. The second half of this section will examine defensive strategies, which refer to decisions involving minimal capital investment, such as rationalisation, consolidation, room discounting and employment structures. Ultimately, the section aims to highlight the type of restructuring processes occurring in the hotel industry and that the strategic responses adopted are of equal sophistication to those pursued in the manufacturing and service industries. While the following section outlines the characteristics of offensive and defensive strategies, a review of available literature revealed that few studies have actually considered the effectiveness of these business strategies.

3.5.1 Offensive Strategies

3.5.1.1 New Product Development

New product development and, in particular, investment in ensuite, conference and leisure facilities have emerged as important components of market segmentation strategies as hotel chains have attempted to widen their traditional product range in an increasingly competitive market place. 'The services and facilities provided by a hotel group are an important area in which product differentiation can be sought and market segmentation thereby achieved' (Tarrant, 1989, p. 193). For example, following the £1 billion acquisition of the Hilton International Hotels in 1987, Ladbrokes spent in excess of £80 million on a four year refurbishment programme. The aim of this was to improve the quality of existing conference facilities for the business market, from which the Hilton derived 70 per cent of its total operating revenue (Healey, 1992, p. 14; Key Note, 1994, p. 16). However, product development is not a recent phenomenon and can be regarded as a long-term response to changes in the tourism market and, in particular, changing customer expectations. For example, the Hotel Development Incentive Scheme (1969-1973) provided grants and loans to improve the stock and quality of hotel accommodation in Britain, in the face of increasing competition from overseas tourist destinations.

Prior to abolition in 1989, Section Four funding under the 1969 Development of Tourism Act also provided a valuable source of income for the development of new tourism projects in England and Scotland. The continuing availability of Section Four funding in Wales, however, has allowed for consistent improvements to hotel properties. For example, the Trearddurr Bay Hotel on Anglesey received £91,000 in 1991 to fund a four-year refurbishment programme, including the provision of a new sun lounge, toilets for the disabled, a new reception area and additional bedrooms (Gordon, 1992, p. 26).

3.5.1.2 Marketing

In conjunction with new product development, hotel companies have also placed greater emphasis on marketing strategies and, in particular, on niche marketing to capitalise on increasing market segmentation and to gain competitive advantage in specified target markets. Indeed, marketing has become an integral element in the wider strategic management process, as hospitality organisations seek to allocate company resources to meet emerging opportunities and threats posed by competitors and trends in the tourism market. The importance of marketing management can be illustrated by reference to two specific examples of marketing strategies, namely loyalty schemes and branding.

3.5.1.3 Loyalty Schemes

In today's post-recession climate, loyalty schemes are playing an increasingly important role in management and marketing strategies as hotels act to consolidate existing customer bases. In an increasingly competitive and saturated market, hotels can no longer afford to take regular customers for granted and have therefore started to offer a range of incentives to ensure customer retention and repeat business. Loyalty schemes are based on the underlying economic principle that it is more cost effective to retain an existing customer than it is to recruit a new one. Don Pepper's 'The Future is One to One' estimates that acquiring a new customer costs £20, while retaining a current customer only costs £4 (quoted in Ranby, 1995, p. A-49).

Loyalty schemes can be perceived as a form of 'relationship marketing' which is designed to enhance and personalise the relationship between the hotel and the customer, thereby increasing customer loyalty and increasing company profits (Mul, 1995, p. A15). In the tourism industry, loyalty schemes were first introduced by the major airlines and centred on frequent flyer programmes and the award of Airmiles. In the hotel industry, the large chains such as Marriott, Hilton and Holiday Inn were the first to introduce loyalty schemes in the mid-1980s. For example, Marriott's 'Honoured Guest' scheme is a frequent travel programme that awards its members with free travel to hotel and resort destinations world-wide. The Marriott scheme has proved so successful that it is now in its eleventh year, with five and a half million members world-wide (Sall, 1994, p. 17). In 1994, Forte Travelodge launched its own card-based loyalty programme. Within seven days, 10,000 people had registered on the 'privileges scheme'. Members are given an A5 card and a stamp for each night stayed. Once the card has been stamped twelve times, customers are offered a three-night break for the price of two nights at a Travelodge and discounted entry into English Heritage properties (Sall, 1994, p. 19).

Loyalty schemes generate a detailed database on regular clientele which enables the hotel to improve the quality of service by personalising the hotel product to the individual needs of the customer. Each member is allocated a unique identification number; so that on registration the receptionist is able to access a detailed customer profile and accurately meet the individual requirements of the customer. The information contained in the database also allows the hotel to develop direct marketing programmes targeted at specific segments of the market.

3.5.1.4 Branding

Branding has become an important element in market segmentation strategies. A brand may be defined as a 'name, sign, symbol, or design intended to identify the products of an organisation and distinguish them from those of competitors' (Holloway and Plant, 1992, p. 65). The development of new products aimed at specific segments of the market can help to expand a company's market share and provide a new platform for continued growth. In the hotel industry, product branding has become an inevitable consequence of an increasingly competitive and saturated market in which hotel products and services on offer have become indistinguishable from one chain to the next (EIU, 1994, p. 100). The adoption of a particular brand identity indicates the level of quality consumers might expect as a range of products marketed under the same brand name will carry similar expectations in terms of hotel specification and quality (Slattery, 1991b, p. 23; EIU, 1994, p. 99). Branding therefore helps consumers avoid risk and encourages repeat visits. However, a brand is not simply a name or image, rather it is an integral part of a differentiation strategy, in which the firm attempts to establish a unique identity that is marketable to customers. Consequently, branding often involves a complete reappraisal of business operations. Hotel management must not only decide what type of product to offer, they must also identify and develop the relevant technical and hospitality skills needed to meet expected customer demand.

The example of Forte Hotels illustrates how firms within the hotel sector are progressively developing unique brand names to serve differentiated markets. In response to changing consumer needs and increased competition within the hotel accommodation market, Forte PLC restructured its hotel portfolio through a major rebranding exercise in 1991. Trusthouse Forte (THF) was formed in May 1979, when Forte Holdings Limited joined with Trust Houses. The merger of the two companies gave THF a prominent position in the UK hotel sector, which was consolidated by the acquisition of 35 hotels from J. Lyon and Company in 1977 (Connell, 1992;1994). Throughout the 1980s and 1990s, THF continued to strengthen its market position and was the first UK-based hotel company to offer a national and relatively consistent hotel chain brand in the form of the first, and later second, generation Posthouses. In the mid 1980s, THF also began the rapid development of the Travelodge brand. Most recently, in 1990, 43 Crest Hotels were acquired from Bass PLC, at a cost of £300 million (Stewart, 1991, p. 347).

However, while other major hotel groups adopted distinctive branding strategies in the 1980s, THF made no direct effort to develop easily identifiable product ranges. The company recognised the diversity of hotels within the group but stated that the THF philosophy was to 'blend with the environment rather than slavishly follow a set product design for a hotel' (Connell, 1992, pp. 28-29). In 1989, the company announced a more comprehensive range of brands and 'collections' (see Table 3.12). Collections were used to place hotels of a similar nature within more discernible groups and, at the same time, allow them to trade under their individual names and retain their individual identities. However, more distinctive branding proved problematic for THF given the heterogeneous mix of existing accommodation stock and their weakness in the provision of three and four-star accommodation. In 1990, the acquisition of Crest Hotels solved this problem. The acquisition of Crest Hotels gave THF the necessary standard of properties to implement a significant rebranding exercise, which resulted in the creation of three distinct brands and collections. The brands created were Travelodge, Posthouse and Crest and the collections were Forte Heritage, Forte Grand and Exclusive Portfolio (see Table 3.13). In addition, the company also changed its corporate name to Forte. The adoption of a family brand name strategy, whereby the corporate name is projected alongside hotel brand names, allowed Forte to capitalise on its competitive strength, namely its 'unique wealth of choice and diversity of accommodation' (Connell, 1994, p. C-46). Forte's restructuring programme was also accompanied by a £2 million advertising campaign orchestrated by Saatchi and Saatchi, in addition to a £1.2 million campaign handled by FDA Mativity to relaunch the Posthouse brand (Healey, 1992, p. 14; Key Note 1994, p. 15). After expressing concerns over possible customer confusion, following the take-over of Forte in 1996, Granada have significantly reduced the number of hotel brands available and have repositioned existing Granada and Forte Hotels into the Posthouse and Heritage Brands.

3.5.1.5 New Operational Practices

Within a highly competitive and saturated market, service quality and customer care have emerged as critical components of competitive strategies in the industry. Three main factors account for the increasing importance being placed on quality. First, intensified competition for the leisure consumer has meant that the ability to offer a high level of customer service has become an effective means of gaining competitive advantage over existing competitors in the national market, as well as a way of resisting the infiltration of foreign competition. Second, increased consumer legislation and greater media attention have placed a greater emphasis on quality issues within the industry. Finally, the increasing sophistication of consumers has meant that non-price factors, such as quality and value for money, have become important considerations (Armistead, 1989, p. 247; Gilbert and Joshi, 1992, p. 149). The emphasis on quality is especially important for the

Table 3.12: The main banners in the Forte Hotel portolio in 1989

Main Characteristics	Banner	Brand/Collection
Five star/luxury hotels	THF Exclusive Hotels	Collection
Modern four star hotels	Forte Hotels	Brand
Modern three star hotels	Posthouse Hotels	Brand
Budget hotels	Travelodge formerly Littlechef lodges	Brand
Older four star hotels	Forte Classic	Collection
Older three star hotels	Heritage Inns	Collection

(Source: Connell, 1994, p. C45)

Table 3.13: Forte Hotels rebranding exercise

Brand/Collection	Hotel Characteristics
Travelodge	Budget hotels
Forte Heritage	Small traditional British inns
Forte Posthouse	Three star hotels
Forte Crest	Four star business hotels
Forte Grand	Five star international hotels in city centres and resort locations
Exclusive Portfolio	Luxury hotels in major cities, retaining their own names

(Source: Pizam, 1994, p. 293; Connell, 1994, p. C48)

hotel industry, where competition focuses on the actual quality of accommodation and available leisure facilities in the hotel environment (Lockwood, 1994, p. 275). Quality has become the 'buzzword' of the 1990s, as the recession has placed increased emphasis on value for money and quality. Consequently total quality management systems, which continually monitor and improve the effectiveness of business operations at all levels within an organisation, have become integral elements of differentiation and marketing strategies within the hotel industry (Witt, 1994; Witt and Muhlemann, 1994). As Hardcastle (1994, p. 95) points out:

> *'quality assurance is not about being the best there is, nor is it a guarantee that superlative standards will be met...quality assurance is based on defining the service which is to be provided, and at what price, which meets the customers' requirements, and then setting up a system to ensure they are met consistently'.*

While quality is emerging as a principle determinant of competitive success in the tourism industry, the key to quality lies in the development and successful management of human resources. 'Being a leader in quality involves creative recruitment and personnel management practices, investing in education and training and motivating, empowering, leading and rewarding employees' (Poon, 1995, p. 258). Companies such as Disneyland and Holiday Inns have recognised the importance of recruitment and have invested both time and money in developing recruitment strategies in order to attract the most suitable applicants. Throughout the tourism and hospitality industries, the 'person specification' has been modified to focus and enhance 'interpersonal' rather than formal service skills (Clutterbuck and Kernagham, 1994, p. 99).

Education and training are also important elements of quality strategies. 'The organisation must train the people who interact directly with the customers and then it must empower them...it must give them the authority, responsibility and incentives to recognise, care about and attend to customer needs' (Hart *et al*, 1992, p. 154). Training also gives employees a sense of purpose in the organisational structure and therefore increases staff commitment and improves levels of performance. 'Extreme specialisation of tasks gives operators tunnel vision, which makes it hard to see problems in the making...a worker who understands the entire service delivery process is more likely to understand the interconnectedness of the system and find a quick solution' (Hart *et al*, 1992, p. 154).

Staff training has formed an integral part of total quality management practises within the Ritz Charlton Hotel Company. Between 1989 and 1991, 86 per cent of the workforce attended at least one quality seminar and each employee received more than 100 hours of quality training. Consequently, employee satisfaction scores improved from 80.3 per cent in 1989 to 85.3 per cent in 1991 (Ritz Charlton, 1992). Elsewhere, the importance of staff development and education has resulted in many service companies creating their own training establishments, as evidenced by the Holiday Inn University and Marriott's 'Learning Centre'. In the UK, Forte International have established a training academy in a purpose-built site at a hotel near Heathrow Airport (Gilbert and Joshi, 1992, p. 162). Similarly, the Holiday Inn University was opened in 1959 to train prospective franchisees and managers about every aspect of hotel chain operations. Recently, Holiday Inn have remodelled their training programmes, closing the Holiday Inn University and concentrating more on in-house training programs. In 1990, Holiday Inn introduced the 'road scholars' programme which delivers on-site customised training to franchisees and employees, encompassing marketing and management techniques and customer care programmes (Shook and Shook, 1993).

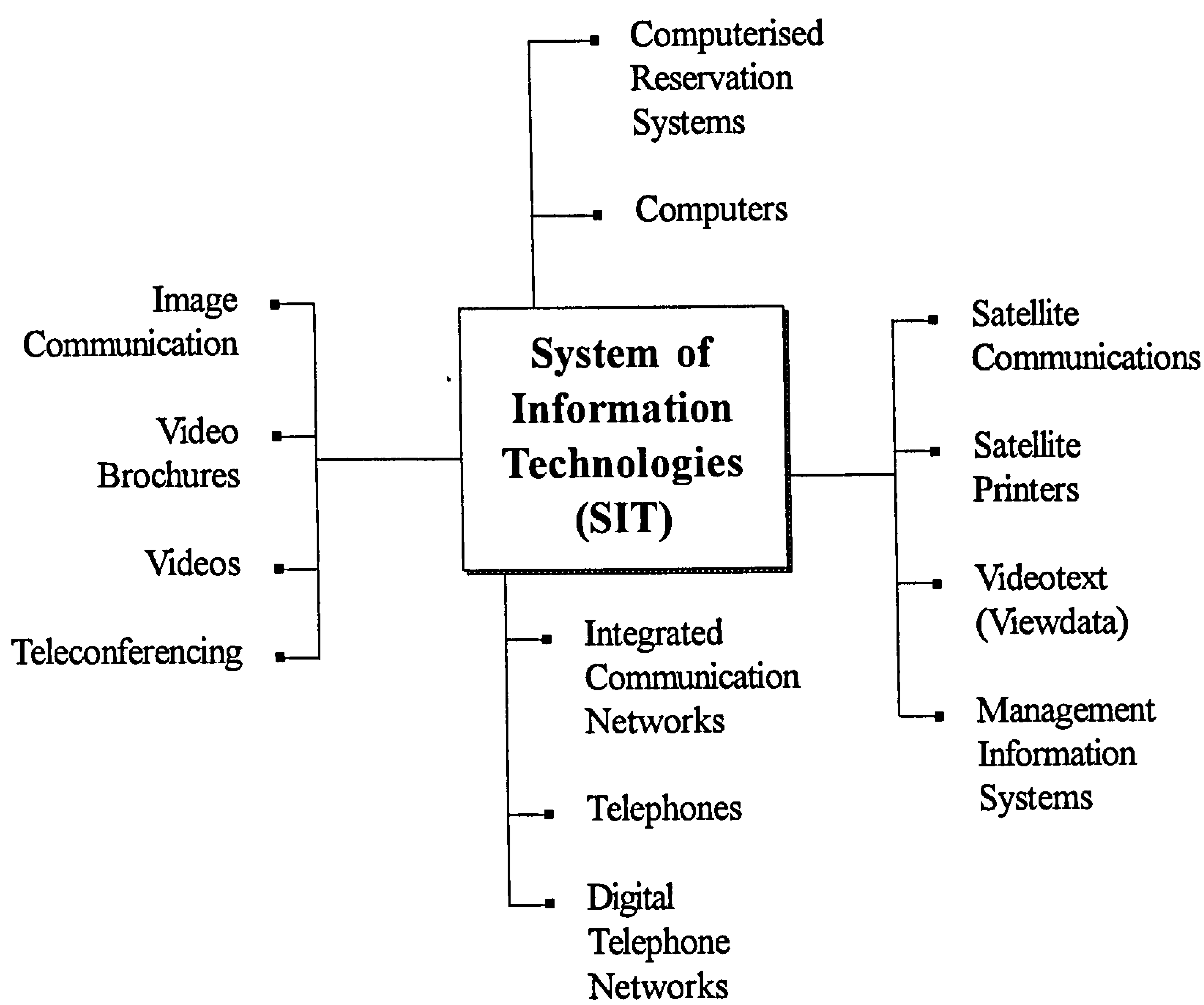
Outside the hotel industry, recognition of the importance of the leisure and tourism industry, and concerns over quality issues, have led to a proliferation of educational courses in tourism and leisure. In 1990, the first university and polytechnic tourism degrees produced 100 graduates. By 1995, there were estimated to be 1,750 tourism graduates a year (CPRE, 1994). In the UK, training schemes have been supported by the English Tourist Board, most notably through the Welcome Host Scheme launched in 1993, which concentrates on upgrading the standards of service provided to visitors. Further support is also provided by regional training and enterprise councils. For example in the South West, the Devon and Cornwall Training and Enterprise Council provides a comprehensive business advisory service for local companies aimed at improving management techniques.

3.5.1.6 Introduction of New Technology

As in the manufacturing and service sectors, the tourist industry has also invested heavily in new technology to maintain and develop a competitive advantage within an increasingly competitive tourism environment. While automobile producers, such as Fiat and Renault, have developed automated production facilities, in the tourist industry computer reservation systems (CRS) have emerged as the dominant technology (Sheldon, 1983; Go, 1992; McGuffie, 1994, Poon, 1995). Developed by the major airline companies in the 1980s, CRS have revolutionised operations, improving, facilitating and speeding up all activities including the booking of flights, car rentals, tours, hotel rooms and other tourist services. For example, each Holiday Inn hotel is linked to the Holidex CRS which provides access to every Holiday Inn chain around the world. Holidex handles more than 20 million calls a year and books over 30 per cent of all US Holiday Inn room nights, translating to more than $1 billion in room revenues per annum (Shook and Shook, 1993, p. 100). However, as Poon (1995) points out, it is not merely a computer or telephone that is being developed, but a whole system of integrated computer and communication technologies (see Figure 3.6). For example, a computerised management system in a hotel can be fully integrated with a digital telephone network that can be accessed by travel agents and local tourist information centres through computer reservation technology (Poon, 1995, p. 156).

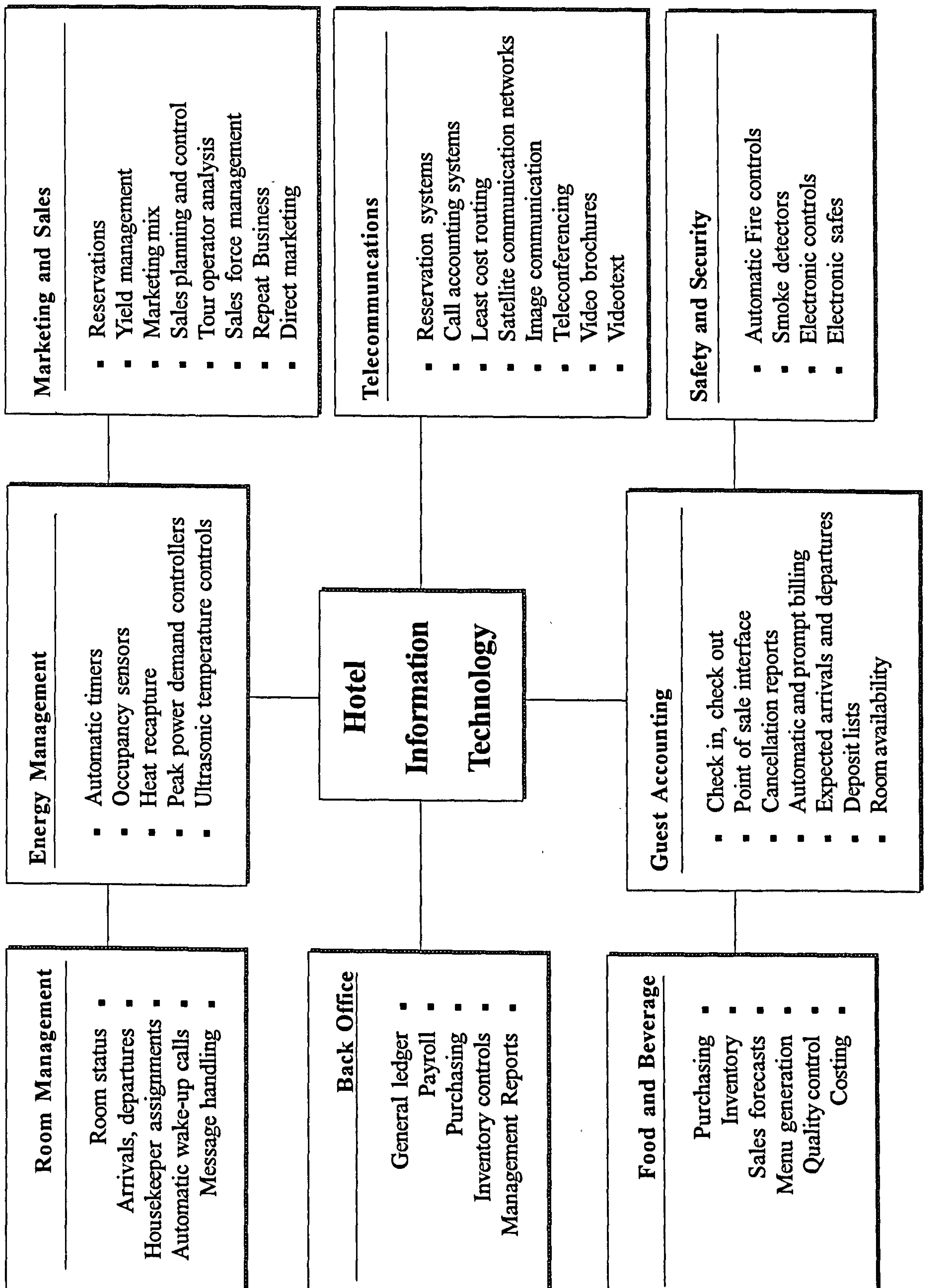
Computer technology has had a profound effect on the key areas of hotel management operations including marketing, telecommunications, guest accounting, room management and back office administration (Sheldon, 1983, p. 270) (see Figure 3.7). Indeed, by their very nature as information intensive industries, hotels have proved to be ideal candidates for the introduction of new technology. In common with the financial services sector, the use of information technology has released staff from time-consuming back-room administrative duties and has consequently enhanced the opportunities for their utilisation throughout the hotel. In doing so, the quality of the service and, in particular, the level of personal attention offered by the hotel to its guests has been greatly improved. Strategically the use of information technology also allows the effective monitoring of hotel operations as reservation technology can produce detailed reports on room vacancies, expected arrivals and departures, customer requirements and accounts. As well as forecasting future arrivals and departures, the database component of computer reservation systems can also monitor the standard of the hotel product through the analysis of guest

Figure 3.6: The system of information technologies



(Source: Poon, 1995, p. 157)

Figure 3.7: The use of computer technology in the hotel industry



(Source: Sheldon, 1983, p. 270)

questionnaires. In addition, the information contained in, and generated by, hotel reservation systems provides an invaluable source of marketing information. In particular, reservation technology has facilitated the development of direct marketing techniques (Seaton, 1994, p. 392), with detailed customer profiles serving as a cost effective guide to sharply defined target audiences. Equally, new technology has been central to the development of loyalty schemes aimed at ensuring repeat business and customer retention.

According to Poon (1995), new technology is essential for the continued growth of 'new tourism'. New technology allows producers to supply new and flexible services that are cost competitive with mass, standardised and rigidly packaged options. Technology gives the supplier the flexibility to adapt to changes in the tourism market and the capacity to integrate with other suppliers to reduce costs and provide new combinations of services. 'Technologies have the impact of increasing the efficiency of production, increasing the quality of services delivered to the customers, and generating completely new services, even flexible holidays' (Poon 1995, p. 153)..

3.5.1.7 Consortia

In the competitive environment of the international automobile industry, the leading manufacturers have entered into strategic alliances in order to reap economies of scale in production and long term research and development. In the hotel industry, to counteract the growing dominance of the major hotel chains, many independent hotels are now joining together to form hotel consortia. Littlejohn (1982) defines a consortium as:

> *'an organisation of hotels, usually, but not necessarily owned autonomously, which combine resources to establish joint purchasing/trading arrangements and operate marketing services. These aims will often be achieved through the setting up a of centralised office whose activities will be financed through a levy/subscription on member hotels' (Littlejohn, 1982, p. 79).*

Consortia enable hotels to gain economies of scale and hence compete more effectively with the economies obtainable by the larger hotel chains. Consortia also provide a means by which individual companies with common, but not competing, interests can join together for mutual benefit (Holloway and Plant, 1992). In Torquay, for example, the Torquay Leisure Hotels Group has been formed to promote the sale of hotel rooms in the Torbay area. Between 1985 and 1990, the number of independent hotels belonging to consortia in the UK almost doubled to reach 4,000. The leading hotel consortium is Best Western, which had 3,500 affiliated hotels in 40 countries in 1990 (Sutton, 1990, p. 46).

The central benefits of consortium membership are access to marketing and discount purchasing schemes. Membership provides access to markets which a hotel may have difficulty penetrating on its own, and also a mechanism by which hotels can supplement the work of their own marketing departments (Slattery *et al*, 1985, p. 199). The main consortia advertise heavily in the national and international media and several, including Best Western, have associated links with the major airlines offering package deals on flights and accommodation (see Table 3.14). In 1990, Best Western's marketing budget exceeded £1 million (Sutton, 1990, p. 47), which included the distribution of three million promotional items such as guide books and brochures. Access to a computerised reservation system is also an attraction to many independent hoteliers, who do not have the financial or technical ability to operate such a system themselves. Consortium membership also brings the benefits of an easily recognised and well known brand identity, which customers can associate with high quality standards.

The second major benefit of consortium membership is discount purchasing schemes, which allows hotels to gain economies of scale inherent in the bulk purchase of supplies through a central buying organisation. Lower costs can help to ensure that prices can be kept at competitive levels. In addition, membership also provides access to management expertise and a full range of support services such as central accounting, legal assistance, staff training and marketing expertise.

Table 3.14: The services offered by the main consortia in 1990

Consortia	UK Members	Overseas Members	Fee	Central Reservation	Links with O/Seas Agencies	Links with Airlines	National Press Advertising	Purchasing Discount
Ambleshire (Country Homes)	83	-	£210	No	No	No	No	Yes
Ambleshire (ExecHotels)	157	-	£400	No	No	No	No	Yes
Ambleshire (Guestacom)	318	-	£300	No	No	No	No	Yes
Best Western	187	3,500	Less than 200 rooms £4,595 1st 10 rooms. £143 per room thereafter to a max 110 rooms	Yes	Yes	Yes	Yes	Yes
Consort	250	730	£109 per room with min £3,270 to max £8,720	Yes	Yes	Yes	Yes	Yes
Inter Hotels	90	280	£3,095 under 15 rooms to £5,000 over 40 rooms	Yes	Yes	Yes	-	Yes
Leading Hotels of the World	13	222	-	Yes	Yes	Yes	Yes	No
Les Routiers	1,800	7,500	£250	No	No	-	-	Yes
Minotels	130	570	-	Yes	Yes	No	Yes	Yes
Prestige	39	8	£7,270 (depending on size)	Yes	Yes	No	Yes	Yes
Pride of Britain	32	-	-	Yes	Yes	No	Yes	-
Relais et Chateaux	20	358	£1,500 to £5,000	No	No	No	No	No

(Source: Sutton, 1990, p. 48)

3.5.1.8 Franchising

With an increasingly competitive tourism market, an alternative form of strategic alliance through which operators have retained market share and competitive advantage is by entering into a franchise agreement. Franchising refers to a contractual agreement between one party, the franchisor, and the second party, the franchisee, whereby the franchisor permits the franchisee to conduct a given form of business under license using an established name, and according to a given pattern of business. The franchisee agreement may include the right to trademarks, technical knowledge or geographical exclusivity (*Key Note*, 1991b, p. 2).

In the UK, franchising in the travel and tourism industry has shown continued growth throughout the 1980s with sales moving from £0.85 million in 1985 to £5.24 billion in 1990 and an estimated £12.5 billion in 1995. Franchising has proved to be an ideal business strategy for the growth of small businesses. The success rate of franchises is quoted as high as 98 per cent, whilst the failure rate of conventional methods of starting in business may be as high as 90 per cent (Hudson and Webster, 1994, p. 405). Within a competitive trading environment, access to a successful business format and management expertise offered through the franchise agreement, can help businesses avoid those areas of mismanagement which usually account for the failure of small businesses.

The largest and most successful franchise operation in the world is operated by Holiday Inn, which since 1990 has been owned by UK brewer Bass PLC. With over 1,800 hotels in 51 countries (*Key Note*, 1994, p. 19), Holiday Inn has become the most recognised name in the hotel industry, with a size and reputation that has given it an unparalleled position in the mid-priced accommodation market. 'Holiday Inn offers hotel brand awareness, pre-packaged training, buying power and most important the financial power to penetrate the huge marketplace' (Shook and Shook, 1993, p. 98). Over 90 per cent of the hotels in the Holiday Inn chain are operated on a franchise basis, with franchisees paying an average royalty of four per cent of their room revenue, plus a small fee for marketing and reservation entitlements.

As with hotel consortia, franchisees are able to purchase supplies at discounted prices from participating suppliers. Perhaps the biggest attraction of the Holiday Inn organisation is access to 'Holidex', Holiday Inn's international reservation system, which was the first in the industry to offer property to property reservation capacity. Hotels joining the corporate umbrella of Holiday Inn also benefit from the quality assurance programmes operated by Holiday Inn and also from a central marketing campaign that has an annual budget of over £30 million (Shook and Shook, 1993, p. 110).

3.5.1.9 Diversification Strategies

In the manufacturing and service sectors, strategic planning, especially that leading to diversification into new product ranges, has provided the opportunity for continued growth and the maximisation of long-term competitive advantage. In the hotel industry, the search for competitive advantage has witnessed the growth of the 'budget hotel' concept. Roper and Carmouche (1989, p. 25) define budget hotels as a 'catch all term used to describe a variety of accommodation types offering rooms at particularly lower tariff rates than the industry norms and whose facilities and services differ in extent and type from those defined as common to traditional full-service hotels'. Budget hotels represent a major strategic development within the context of product portfolio management, based on the introduction of a new product designed to deliver service quality and value for money in the inexpensive hospitality segment (Fiorentino, 1995, p. 461). In particular, low construction and operating costs mean that these hotels are able to offer very competitive pricing policies. During the last decade, despite recession, budget hotels have been one of the most successful phenomena in the European hotel industry. In the UK, budget hotels were first introduced in 1985, and by 1994 the 50 leading hotel groups in the UK were operating more than 250 units, with 11,121 rooms. The budget segment represents three per cent of total supply, and seven per cent of the bedrooms managed by the 50 largest hotel groups (Goymour, 1994, p. 40).

In the UK, budget hotel development has been the result of two very different strategies: diversification by UK catering companies and expansion by international hotel operators (Gilbert and Lockwood, 1990, p. 31). The diversification strategy has been used mainly by the catering companies such as Trusthouse Forte Catering, Granada Rank, and Beefeater. Each of these companies has taken the opportunity to develop accommodation as an addition to existing food and beverage outlets. THF's Travelodge, which began life as Little Chef Lodges, is based on the utilisation of existing prime roadside locations and motorway service areas. Travelodge, with nearly 100 roadside hotels, is the largest chain in the UK (Perry and Ashton, 1993, p. 74). Travel Inns, the second largest group, are owned by Whitbread and, like Travelodge, are located adjacent to their own branded restaurants. Granada has 26 lodges and hotels, the majority on the motorway network, and like its competitors has a relatively low staff to guest ratio that enables prices to be held down (Perry and Ashton, 1993, p. 74). For companies such as Forte and Granada, the availability of prime locations at minimal cost, and in close proximity to established catering facilities, has allowed the development of simple accommodation units in a relatively short space of time. Other companies trying to enter the budget market for the first time have been unable to match these circumstances.

Expansion strategies have been pursued by international companies, notably French companies such like Accor, Campanile and Arcade. However, given the lack of suitable sites for development to date, foreign penetration has remained limited. For example, Campanile has developed slowly from its start in 1986, but is now strongly established as the fourth major operator in the UK.

3.5.1.10 Summary

New product development, marketing initiatives, the introduction of new technology and operational practices, consortia membership, diversification and franchise agreements have formed key components of offensive strategies within an increasingly competitive tourism market. Most significantly, restructuring strategies have been accompanied by a process of product and service realignment. Hotel companies have been forced to re-evaluate existing product and service ranges in response to changes in market demand and, especially, the recession as more emphasis is placed on value for money and quality.

3.5.2 Defensive Strategies

In addition to offensive strategies, hotel companies have pursued more defensive strategies in order to defend and maintain a position of competitive advantage. The following section will outline a number of key defensive strategies including rationalisation, consolidation, room discounting and changing employment structures.

3.5.2.1 Rationalisation

In response to changes in the tourism market, the hotel industry has streamlined operations in an effort to reduce costs and make more efficient use of human and fixed labour resources. As in other sectors of the economy, cost leadership strategies have been central to defensive strategies and have culminated in labour market restructuring. 'Job cuts are born of recession and the hotel industry has been no exception' (Tarpey, 1991, p. 37). For example in 1993, employment in the hotels and other accommodation sector was 287,000, which was 5.3 per cent lower than the 1990 figure of 303,100 (*Key Note*, 1994, p. 5). Hotel companies have also restructured their hotel portfolios and sold off the least profitable business enterprises. For example, following the take-over of Forte in 1996, Granada planned a £2 billion sale of assets and made significant job cuts in the Forte workforce aimed at bringing a sharper management focus and reducing operating costs by £70 million per annum (Sangster, 1996, p. 10). In 1996, Hilton international announced plans to axe 120 senior management positions in its continued drive to integrate operations with its parent company Ladbrokes (*Caterer and Hotelkeeper*, 14th March, 1996, p. 7). In April 1996, Queens Moat House announced plans to sell a further 25 hotels to repay outstanding debts (C&H, 25th April, 1996, p. 8). In 1997, Granada announced further plans to abolish the post of general manager at 149 provincial hotels. In a radical management shake-up, the hotels are being brought together in groups of four hotels to be run by a single regional manager (Sangster, 1997, p. 7).

3.5.2.2 Consolidation

As in the manufacturing and service sectors, the major hotel companies have consolidated their market position by acquiring or merging with rival companies (see Table 3.15). Between 1988 and 1991, the PLC hotels increased their share of total UK bedstock from 21.6 to 24.6 per cent as they absorbed independently-managed hotels into their expanding hotel portfolios (Slattery, 1992, p. 91). More recently, the £3.8bn take-over of Forte by Granada in 1996 has allowed Granada to significantly strengthen its market position in the UK. As Table 3.15 shows, changes in hotel ownership have seen companies with broad leisure interests acquire a significant stake in the international hotel industry. For example in 1987, Bass PLC purchased the Holiday Inn Chain for £295 million, to become the world's largest hotel operator. In the same year, Ladbrokes PLC also took control of Hilton International.

Table 3.15: Major take-overs and changes of ownership in the international hotel industry, 1987-1990

Company	Seller	Buyer
Embassy Hotels	Allied-Lyons plc, UK	Jarvis Hotels Ltd, UK
Holiday Inns	Holiday Corporation	Bass PLC, UK
Hilton International	Hilton International	Ladbrokes PLC, UK
Norfolk Capital	Norfolk Capital, UK	Queens Moast House PLC, UK
Ramada Inc	Ramada Inc, USA	New World Development Ltd, Hong Kong
Friendship Inns	Friendship Inns International,USA	Econolodges
Pickett Suite Hotels	Pickett Suite Hotels, USA	Guest Quarters Suite Hotels, USA
Days Inns	Days Inns, USA	
Thistle Hotels	Scottish and Newcastle	Tollman-Hundley Hotels, USA
Park Inns	Parks Inns International	Mount Charlotte, UK
Regal Inns	Regal 8 Inns	EIE International, Japan
Aircoa Companies	Aircoa Companies	Tollman-Hundley Hotels, USA Regal Hotels Ltd, Hong Kong

(Source: Adapted from EIU, 1991, p. 89 and Lennon, 1991, p. A85)

3.5.2.3 Room Discounting

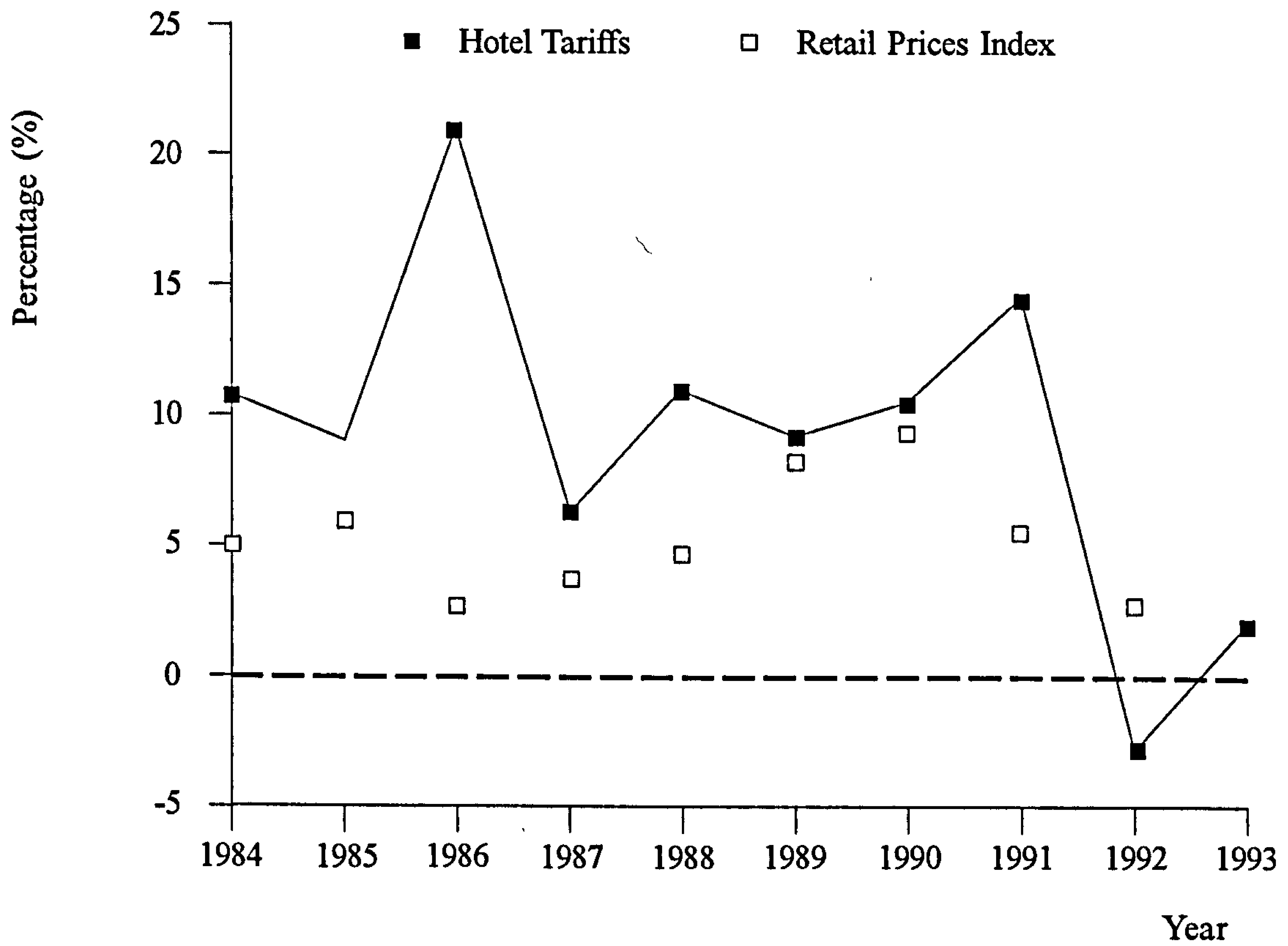
As a result of the recession and declining occupancy rates, the major hotel chains were forced either to hold or cut advertised tariffs (see Figure 3.8). For example in 1992, Forte were reducing advertised room tariffs by between 27.6 and 41.4 per cent (Goymour, 1992a, p. 51). The pressure to reduce room tariffs have been accentuated by the emergence of a 'discount culture' in the 1990s, in which customers have become increasingly aware of their power when it comes to negotiating hotel room rates (Ward and Shaw, 1994, p. 360). Pricing policy has become an important management and marketing tool as hotel companies have placed greater emphasis on market segmentation and room-rate differentiation to guarantee occupancy and maximum revenue generation.

3.5.2.4 Employment Structures

In common with firms in the manufacturing and service industries, hotel companies have also placed a greater emphasis on flexible working practises which allow for the cost effective utilisation of labour resources. For example in 1993, Forte introduced flexible rostering to reduce costs and therefore make the company more efficient. New contracts removed 'time-and-a-half' for overtime and double time for working on bank holidays. Instead, staff were paid at their normal rate for all hours worked and entitled to time in lieu. Staff were rostered on a monthly basis to reflect business levels, but the hotel retained the right to make changes to rosters if bookings changed. Consequently, a staff member might work 60 hours in one week and but then only 20 in the following week. Staff could also be moved to associated hotels if needs were greater elsewhere (Bartlett, 1993, p.7).

In the hotel industry, the drive for flexibility has been particularly desirable given the nature of demand for the hotel product. As well as seasonal fluctuations in demand (which encourage the use of temporary employees) there are peaks during the day and week (encouraging part-time work). Moreover, while fluctuations in demand have fostered the use of 'numerical flexibility', the increasing diversity of products and services on offer have also promoted the use of 'functional flexibility' (Bagguley, 1990; Mcdermott and Martinez, 1994, pp. 191-192). Numerical and functional flexibility in the tourism industry have taken a number of forms including temporary contracts for seasonal workers, part-time employment and casual workers (Williams and Shaw, 1995, p.

Figure 3.8: Average hotel tariff and retail price index, 1984 to 1993



(Source: Walker, 1993, p. D13)

53) (see Figure 3.9). However, numerical and functional flexibility have been widespread management goals for over twenty years and are not just a specific response to changes in the operating environment, as in the manufacturing sector (Shaw and Montanari, 1995, p. 6):

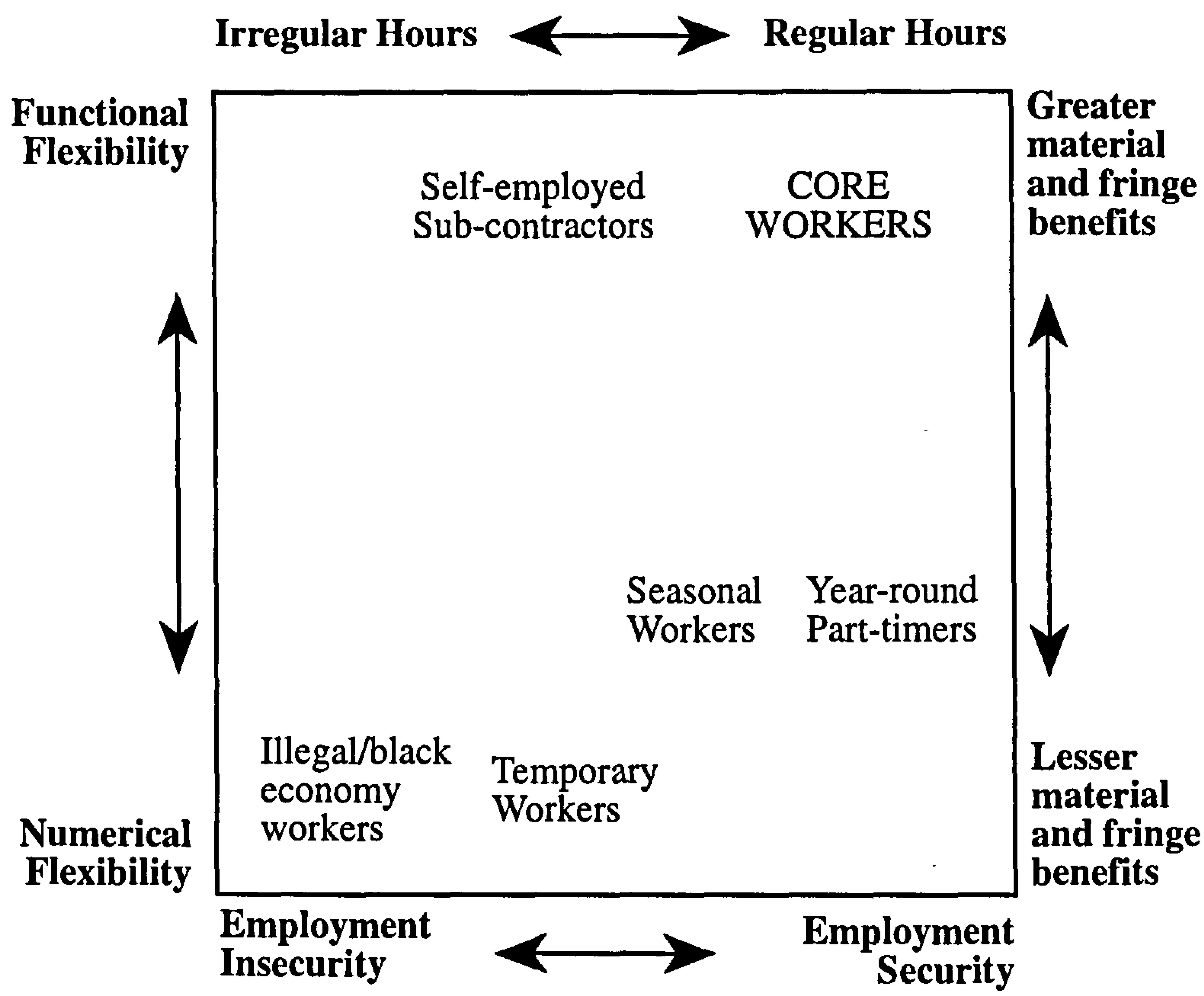
> *'The essential need for full and flexible use of staff has led to a considerable move away from traditional staffing patterns. In many hotels both the occupational structure of the staff and content of their jobs have changed. The more flexible use of staff was evident in all departments'.*

However, while numerical flexibility is clearly evident in the hotel industry, it is becoming increasingly difficult to distinguish between core and peripheral workers in terms of functional flexibility. 'Employees are multi-skilled and therefore capable of working in all the main departments of the hotel' (Guerrier and Lockwood, 1989, p. 11). Peripheral staff are no longer involved in minor duties but are frequently found engaged in work that is central to core hotel operations. For example, casual staff are often employed by hotels to serve at banquets and business functions, a highly lucrative and prestigious area of hotel activity.

3.5.2.5 Summary

As in the manufacturing and service sectors, offensive and defensive strategies have been integral to restructuring in the hotel industry. However, while this section has outlined the types of offensive and defensive strategies adopted by hotel companies, in reality the picture is far more complicated. The adoption of any business strategy will be influenced by changes in the external tourism environment and, more importantly, by the financial and competitive position of the firm. For example, for many hotels membership of a hotel consortium can be interpreted as a competitive strategy designed to maintain and enhance a position of competitive advantage against the large chain hotels. However, for a hotel in financial difficulty, membership of a consortia can be perceived as a defensive strategy as it provides access to management and marketing expertise that will help the hotel recover its competitive position and, ultimately, ensure long-term business survival.

Figure 3.9: Core and peripheral workers in tourism and leisure



(Source: Williams and Shaw, 1995, p. 53)

3.6 Small-Scale Accommodation Establishments

This chapter has so far examined the competitive pressures and restructuring processes at the larger corporate level. The aim of this section is to turn attention to the factors restructuring processes occurring in the small-business sector. The unaffiliated British hotel, epitomised by the small scale, family-run, bed and breakfast establishment represents the 'backbone' of the UK hotel industry (Sandles, 1980). In 1991, there were over 11,700 bed and breakfast establishments in England, providing a total capacity of approximately 105,000 bedspaces (English Tourist Board, 1991, p. B1). However, as was noted earlier, despite their prominence small hotel businesses have largely remained an area of academic neglect, in terms of how they respond to recession and restructuring processes. Even though research by Stallibrass (1980), Williams and Shaw (1986;1987), and Brown (1987) has provided valuable insights into the characteristics of small-scale tourism entrepreneurs, few studies have investigated the restructuring processes operating within SSAEs. In particular, the types of business strategies adopted in response to recession and changes in the tourist market have received little attention. This section, therefore, has two aims. First, to consider the factors influencing the decision making process in the small business environment and, second, to illustrate the type of strategy adopted by small hotel operators in response to the restructuring process.

3.6.1 Factors Influencing the Decision-Making Processes in the Small Business Sector

Chapter Two recognised that any strategic decision of a firm will be influenced by the flow of information from the external environment, the internal capability of the firm and the manager's value systems. Applying this principle to the tourism industry, business motivations, occupational and educational experiences, and access to capital emerge as the key factors influencing entrepreneurial activity (Williams and Shaw, 1986;1987: Shaw, 1987).

The examination of small retail establishments in Chapter Two identified the importance of non-economic and family orientated goals in the decision-making process. Small retailers represented 'satisficers' for whom profit maximisation was not the ultimate goal. Research in the tourist industry has shown that small-scale tourism entrepreneurs also display similar characteristics. For example, in a study of the tourism industry in Looe, Williams and Shaw (1986) concluded that non-economic motives played a pivotal role in the decision to leave previous occupations and establish a business in Cornwall. Most respondents were guided by social rather than economic motives including a wish 'to get out of the rat race', family and personal reasons, semi or early retirement and simply a desire to move to Cornwall (Shaw and Williams, 1988, p. 27). Such locational and environmental factors were especially important in the accommodation sector, where they accounted for almost 33 per cent of all responses (Shaw and Williams, 1994, p. 134). 'Many entrepreneurs in the Looe tourist industry are not maximisers. They are satisficers, whose business involvement was guided as much by life style dictates as by employment, growth or profit maximising concerns' (Shaw and Williams, 1988, p. 27). The emphasis on personal rather than business objectives suggests that many hotels are not run in a highly commercial manner and that restructuring strategies will be more complex and idiosyncratic. In a resort environment such as Torbay, where the small hotelier has a central role in the local economy, this finding has important implications as the performance of local entrepreneurs holds the key to the long-term health and prosperity of the resort.

The lack of occupational and educational experience will also influence the commercial operation of the business and the type of business strategy that is adopted. In common with operators of small retail businesses, many prospective tourism entrepreneurs have little or no management and operational experience of the tourist industry. For example, Stallibrass (1980) in a detailed case study of the accommodation industry in Scarborough, found that only 35 per cent of hoteliers had any previous experience in tourism. Brown's (1987) research on hoteliers in south-east Dorset confirmed this pattern, showing that few owners had any relevant experience or qualifications. Shaw and Williams, in a study of tourism entrepreneurs in Cornwall, found that 49 per cent of owners and managers did not have any formal education beyond secondary school. Of the 65 per cent that did have some form of vocational training, such training was not usually directed to tourism (Shaw and Williams, 1987). At a time when management and quality issues are key sources of competitive advantage in the tourism industry, the lack of relevant tourism experience and qualifications is of some concern as the industry must be able to respond and adapt effectively to changes in the tourism market. Indeed, it raises questions about the need to provide adequate advice and assistance to local hotel operators and who should be responsible for providing such training.

Access to capital resources will also affect how the hotel operator responds to changes in the external environment. Williams and Shaw (1989), in a wider study of tourism in Cornwall, demonstrated that personal finance was the main source of capital used to establish a business enterprise. Combined with the apparent lack of management expertise within the industry, this finding suggests that hotels are being operated by entrepreneurs with little concept of business strategy. Therefore very few traders have the relevant skills to facilitate sound management practice and prolonged business development. This has certainly been supported by Brown (1987) who identified that while most establishments had a rudimentary policy for future development, in most cases plans were poorly formulated and not part of any wider business strategy. The emphasis on informal management styles in small businesses supports the work of Goffee and Scase (1983), who drew attention to the importance of capital structures in understanding managerial and entrepreneurial skills. As Table 3.16 shows, these investigators identified four main types of business operations, ranging from self-employment through to owner-director companies, where management and ownership are clearly divorced (Shaw and Williams, 1994, p. 134). Analysis of the research focusing on hotel businesses in the UK suggests that many hotels would fall into the first or second categories in Table 3.20 (self-employed and small employers), and, ultimately, most are characterised by low levels of capital investment and no formalised management strategy.

3.6.2 Business Strategy in the Small Business Sector

While it is possible to identify the factors influencing the decision making process, attempting to define the strategies adopted by small hoteliers in response to market pressures is more problematic given the lack of research activity in this area. In pursuit of any strategy, hotel operators will be limited by their small size and limited investment capital. For many larger hotels, membership of consortia and franchise agreements have proven successful avenues for business expansion or survival. However, realistically for the average proprietor, limited by both size and turnover, such options are not financially feasible. Using the small retail sector as a comparison, a number of possible strategies for the small hotel operator can be identified.

In an increasingly competitive market, the most obvious competitive strategy has been to improve the quality of the hotel product. Despite their size, the ability to offer a highly personalised

Table 3.16: Organisation structures and entrepreneurial characteristics

Category	Entrepreneurial Characteristics
Self-employed	Use of family labour, little market stability, low levels of capital investment, tendency toward weakly developed management skills
Small employer	Use of family and non-family labour; less economically marginalised but shares other characteristics of self-employed group
Owner-controllers	Use of non-family labour, higher levels of capital investment, often formal system of management control, but no separation of ownership and control
Owner-directors	Separation of ownership and management functions, highest levels of capital investment

(Source: Goffee and Scase 1983, taken from Shaw and Williams, 1992, p.74)

service is an inherent strength of small hotels, which helps secure repeat business and word-of-mouth recommendation (Medlik, 1994, p. 149). Improvements to the quality of accommodation are also possible, but may be hampered by the lack of capital reserves and the size of the business enterprise. The modification of the hotel product requires a substantial level of capital investment, and the physical structure of the hotel itself restricts the hotelier's ability to respond to change. Where modifications are made, most notably the provision of ensuite facilities, there may be a danger that new facilities are designed and built to a poor quality that will ultimately affect the quality of the existing hotel product.

The ability to upgrade the standard of accommodation has also been hampered by the effects of the recession, which have depleted the financial resources of small businesses. In resort areas such as Torbay, the problem for small hotel operators is compounded by establishments trading illegally, who operate without the necessary fire certification and in violation of health and safety regulations. These 'pirate' establishments charge unrealistic low tariffs and, consequently, place increased pressure on legitimate establishments to lower their prices to remain competitive. At a time when 'quality' and 'value for money' are the central issues in the tourism industry, reduced turnover severely limits the ability of the hotelier to upgrade the quality of accommodation on offer, and therefore places the hotel at a competitive disadvantage. Many small hoteliers can therefore become trapped in a vicious downward spiral, which may be worsened by recession and other external factors. This problem of 'pirate' establishments can be associated with the limited barriers of entry into the industry and a lack of official legislation empowering the statutory registration of all accommodation establishments.

Despite such problems, small hoteliers are increasingly beginning to realise the importance of niche marketing and are now offering inducements such as special rates for short break holidays. For many hoteliers, collaboration with the local tourist board, and subscription to annual holiday accommodation brochures, can be an effective way of maximising advertising expenditure and market penetration. The local tourist boards also provide access to emerging market opportunities on the Internet. However, short break holidays are not necessarily the panacea they may seem. For small hotels, increased guest turnover increases housekeeping costs such as laundry. For many, even an entry in a local accommodation brochure may prove too expensive and, in times of economic difficulty, advertising expenditure may be quickly cut back as hoteliers opt to rely more heavily on passing trade.

3.7 Conclusions

The main aim of this chapter has been to examine the restructuring processes occurring within the UK hotel industry. Clearly, at one end of the spectrum within the last decade this industry has undergone a rapid transformation. Following a period of rapid expansion throughout the 1980s, take-over, rationalisation and survival have been the key issues to be faced in the 1990s. The pressures of recession and increasing competition have encouraged many hotel companies to review their operating strategies and have exposed others, most notably Forte, to take-over. Consequently, the organisational structure of the industry has been transformed as the processes of competition and growth have encouraged consolidation amongst the major hotel companies and the adoption of new management practices focusing on brand identity, market segmentation and the development of new product ranges such as short breaks (Tarrant, 1989; Shaw and Williams, 1996). All this, however, has served to identify polarisation trends between corporate hotel companies and smaller unaffiliated hotels. In the large majority of cases, small, independent hotel operators have pursued much more modest development strategies reflecting, in part, low levels of capitalisation and limited managerial experience. Polarisation within the industry is not just structural but locational; major hotel companies have focused new development on main cities and centres of international tourism, which ultimately has detracted investment away from UK seaside resorts (Shaw and Williams, 1996). The polarisation process is also reflected in current research literature, to the extent that the business strategies adopted by small-scale operators have been largely neglected in the research process. Considering that it is this latter group which constitutes the bedrock of the accommodation sector in many coastal resorts, the limited understanding of the structural characteristics and entrepreneurial skills of small-scale operators is likely to detract significantly from the success of policy objectives designed to guide the long-term development of resort economies.

The restructuring process in the hotel industry has been influenced by a multitude of inter-related factors. As in the manufacturing and service sectors, the recession has clearly had a significant impact. However, attempting to isolate the true impact of the recession is difficult given the variety of factors that influence the demand for the hotel accommodation. In particular, the hotel industry is having to respond to long-term changes in customer demand, associated with changing customer expectations and the emergence of a 'new tourism'. This 'new tourism' stands in contrast to the era of mass tourism, as customers search for more authentic holiday experiences and, above all, quality and value for money. While this 'new tourism' will not replace the mass tourism market, it will provide a significant challenge for tourist areas that have long been perceived as mass tourist destinations, such as traditional seaside resorts. The hotel industry's response has also been influenced by the lack of a coherent government policy on tourism and, at a wider macro-economic level, through government monetary and fiscal policy which has restricted consumer spending to subdue inflationary pressures in the economy. Consequently, interest rate charges and problems with the failure over the European Exchange Rate Mechanism have served to create instability in the foreign exchange markets, so altering the relative cost competitiveness of the UK as a major tourist destination.

Strategic responses in the hotel industry have been varied and have encompassed both offensive and defensive strategies as firms have matched opportunities and threats in the external environment to organisational capabilities and resources. Restructuring processes in some instances have been sophisticated, and have shown remarkable similarity to those pursued in the manufacturing and service sectors. In particular, new operational practices and product differentiation have emerged as key components of competitive strategies. The search for product identity and new markets has focused attention on the strategic management process, in order to position and guide organisations within an increasingly competitive market. Central to the management process has been a more proactive approach to business operations as hotels have attempted to anticipate the future demands of hotel guests so that products can be adapted and developed accordingly.

As in the manufacturing and service sectors, restructuring processes have occurred at different operational scales within the hotel industry and have served to reinforce the polarisation trends already discussed in this chapter. For the major hotel chains, profit maximisation and competitive advantage are the principle goals shaping management decisions. In contrast, business decisions in the small business environment are influenced by highly personalized criteria, reflecting the impact of socio-cultural and non-economic goals in the decision-making process. Combined with low levels of capitalisation and limited managerial experience, small-scale operators have very limited business horizons and are particularly vulnerable to changing economic conditions. Therefore in resort areas, without support from external tourism agencies, many small businesses may constrain future resort development (Shaw and Williams, 1996). Clearly, restructuring strategies are dependent on the interpretation of, and response to, changes in the tourism environment at the local, national and international levels. Consequently, understanding both the structural and operational characteristics of the accommodation industry, and the characteristics of local tourism entrepreneurs, is essential when attempting to predict possible business behaviour and the impact of restructuring on the industry. Given that the restructuring processes occurring within the small business sector have been largely neglected, it is perhaps pertinent at this point to restate that the aims of this study are to:

(1) *analyse the processes of change which economic recession has induced in the tourist accommodation industry of a major UK resort;*

(2) *establishment the outcomes of these processes in terms of their impact on the scale and nature of accommodation available;*

and;

(3) *to assess, with respect to their implications for resort development, the likely consequences of shifts in the accommodation structure.*

The following chapters in this study will concentrate on examining the structural, operational and entrepreneurial characteristics of the accommodation industry in Torbay, before examining in detail the type of business strategy that has been adopted by small-scale operators.

Chapter Four

Methodology

4.0 Introduction

In order to understand the restructuring processes occurring within the holiday accommodation industry, the immediate priority of this research was to establish a detailed profile of the locational, structural and entrepreneurial characteristics of the accommodation sector in Torbay. Throughout this study, two principal areas of methodological consideration have been prominent, namely: database construction and information management, and questionnaire design, and implementation. The first part of this chapter discusses the intricacies of database construction and how information from a number of sources, including a commercial register, holiday accommodation brochures and planning applications, were successfully incorporated into a database management system. Specific attention will focus on the problems of data acquisition, the relative merits of each of the information sources and the mechanisms utilised for data entry and interrogation. The second part of the chapter will consider sampling techniques, questionnaire design and the analysis and interpretation of questionnaire responses. This section will address the problems highlighted by the pilot study, the subsequent modifications made to the questionnaire survey, and how the questionnaire results were subsequently integrated within the database management system.

4.1 The Acquisition of Local Tourism Statistics for South East Devon

In 1993, tourism spending in Torbay exceeded £302 million and generated an estimated 16,500 full time jobs (English Riviera Tourist Board, 1993). Despite the economic significance of tourism in the local economy, there is a notable lack of information on many aspects of the industry and, in particular, the accommodation sector. The lack of information regarding the holiday accommodation industry due, in part, to a lack of statutory legislation empowering compulsory registration, consequently posed an initial methodological problem in the early stages of database construction. Although a number of potential data sources were identified, each one possessed a number of limitations. The relative merits of each data source will now be discussed in Section 4.1.1.

4.1.1 Devon Tourism Review

The main source of statistical information on the tourist industry in Devon is the 'Devon Tourism Review' published by Devon County Council. The 'Devon Tourism Review' details the performance of the tourist industry on an annual basis and reports on recent developments concerning investment, marketing and related services. The statistical summaries monitor the health of the tourism industry and provide guidance to both the public and private sector organisations working within the industry. Data in the report are obtained from questionnaire surveys conducted by the Countryside and Heritage Division of the County Engineering and Planning Department, in association with the District Councils. Information is also supplied by the West Country Tourist Board, the National Parks Authority and Devon County Council's Research and Intelligence Services. For this study, the 'Devon Tourism Review' provided information on visitor numbers to Devon and Torbay, which was valuable in establishing the background to changes occurring in the accommodation industry. However, the 'Devon Tourism Review' was not directly relevant to database construction as the information was aggregated by regions and resorts within the county, and not by smaller units such as individual holiday accommodation establishments. The 'Devon Tourism Review' is typical of other sources of statistical information on the tourist industry, such as the British Tourist Authority 'Digest of Tourist Statistics' and the Organisation for Economic Co-operation and Development 'International Tourism Statistics', which present aggregated information at a regional, national or international scale. Although valuable for identifying long-term trends in the tourist industry, this source was of limited value for analysing change within a particular tourist environment, such as Torbay.

4.1.2 West Country Tourist Board Holiday Accommodation Database

The West Country Tourist Board (WCTB) is the only organisation that maintained a detailed database on the characteristics of holiday accommodation establishments operating in Devon. In 1994, the WCTB held details on 722 establishments operating in Torbay. The coverage of this database is selective as it is based on voluntary registration. Establishments registered with the WCTB all comply to statutory obligations outlined by the English Tourist Board, including the requirements of the Fire Precautions Act 1971, the Price Display Orders 1977 and 1979, and the provision of the Food Safety Act 1990. Proprietors must also have public liability insurance and agree to follow the English Tourist Board Code of Conduct. The fulfilment of these requirements make establishments eligible to participate in any marketing and publishing activities undertaken by the English or West Country Tourist Board. Consequently, it can be argued that accommodation establishments fulfilling this criteria represent 'bonafide' businesses but do not necessarily represent a complete sample of accommodation establishments operating in Torbay.

The database is updated annually through a comprehensive questionnaire survey which records details regarding the number and type of rooms available, room tariffs and the level of service provision. However, computer records are over-written each year preventing any opportunity for a longitudinal analysis of changes in the holiday accommodation industry. Access to this information would have been an excellent starting point for this study. However, the West Country Tourist Board were extremely unco-operative and reluctant to release any information that might have been useful in the preliminary stages of the research process. Indeed, it was only on the final completion of this study's own database that the West Country Tourist Board revealed the existence of their own system and offered to forward any relevant information. The West Country Tourist Board eventually supplied a complete listing of the businesses recorded on their database and, in particular, details relating to the bedspace capacity for each establishment. However, this list was not used as it did not provide any new information.

4.1.3 Devon County Council Commercial Register

The most comprehensive listing of holiday accommodation establishments came from Devon County Council's business rate listings. The information supplied was the Commercial Register of 1994, which was used by the County Council to record business rate allocation, and as the mailing list for the questionnaire survey for the annual Devon Tourism Review publication. With 1,241 entries, the commercial register proved extensive in its coverage, providing not only the names and addresses of the establishments but also the total number of bedspaces available, the classification of the establishment, the number of static and touring caravan pitches, the number of tent pitches, the postcode and the grid reference of the property (see Figure 4.1). The Commercial Register was adopted as the foundation for the construction of this study's own database.

Figure 4.1: An example of the information recorded in the Devon County Council commercial register

```
                         COMMERCIAL REGISTER - TOURISM IN TORBAY
                         ---------------------------------------
                 BALMORAL GUEST HOUSE                                              GRID REF: 29140 06480
44 THURLOW ROAD         S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
TORQUAY                                                                       NO EMPS:
                        BEDSPACES:   16 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ1  3EG TEL: 0803   328292 LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BARCLAY COURT HOTEL                                               GRID REF: 29160 06440
29 CASTLE ROAD          S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
TORQUAY                                                                       NO EMPS:
                        BEDSPACES:   27 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ1  3BB TEL: 0803   292791 LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BAYVIEW HOTEL                                                     GRID REF: 29090 06430
9 TOR CHURCH ROAD       S.I.C. CODE: 6650          HOTEL TRADE
TORQUAY                                                                       NO EMPS: Z UNKNOWN
                        BEDSPACES:    0 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ2  5UR TEL:              LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BEACH HURST HOTEL                                                 GRID REF: 28910 05980
8 YOUNGS PARK ROAD      S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
GOODRINGTON SANDS                                                             NO EMPS:
PAIGNTON                BEDSPACES:   24 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ4  6BU TEL: 0803   556814 LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BEACHCOMBER INN                                                   GRID REF: 28930 06080
26 ESPLANADE ROAD       S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
PAIGNTON                                                                      NO EMPS: C 11-25
                        BEDSPACES:    0 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ4  6BG TEL: 0803   557752 LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BEECHWOOD HOTEL                                                   GRID REF: 28830 06150
5 MANOR ROAD            S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
PAIGNTON                                                                      NO EMPS:
                        BEDSPACES:   17 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ3  2HT TEL: 0803   525641 LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BEL-NOR HOTEL                                                     GRID REF: 29080 06430
74 BELGRAVE ROAD        S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
TORQUAY                                                                       NO EMPS:
                        BEDSPACES:   18 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ2  5HY TEL: 0803   295966 LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BELLE DENE GUEST HOUSE                                            GRID REF: 28920 06080
25 GARFIELD ROAD        S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
PAIGNTON                                                                      NO EMPS:
                        BEDSPACES:   10 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ4  6AX TEL: 0803   559645 LAST SURVEY:     0
-------------------------------------------------------------------------------------------------------
                 BERRY HEAD HOTEL                                                  GRID REF: 29370 05670
BERRY HEAD              S.I.C. CODE: 6650 55.11/10 HOTEL TRADE
BRIXHAM                                                                       NO EMPS: B 6-10
                        BEDSPACES:   37 STAT CARAV:    0 TOUR CARAV:    0 TENTS:     0
TQ5  9AJ TEL: 0803   853225 LAST SURVEY:  200889
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(Source: Devon County Council, 1994)

4.1.4 Holiday Accommodation Brochures

The holiday accommodation brochures were the only source of information that provided the opportunity to examine long-term changes occurring within the holiday accommodation industry. The production of accommodation brochures in Torbay began in the early twentieth century in the form of tourist guides. In these early versions, only the names and addresses of accommodation establishments were listed. By the 1950s, details of room tariffs and the number and type of bedrooms appeared (see Figure 4.2). Between 1950 and 1982, Torquay, Paignton and Brixham each had their own tourist guide containing an index of holiday accommodation. In 1983, the marketing of the three resorts became the responsibility of Torbay Tourist Board (later the English Riviera Tourist Board) who produced the 'English Riviera Accommodation Guide'. This guide is the principal brochure for Torbay, although others are produced by private companies including the English Riviera Holiday Bureau, the Torbay Holiday Accommodation Bureau, Brixham Holiday Homes, Holidays Torbay and Keylink Holidays. 'The English Riviera Accommodation Guide' listed the name, address, the number of rooms (basic and ensuite), room prices, the standard of accommodation and the available facilities for every listed serviced and self-catering establishment (see Figure 4.3). However, while the accommodation brochure was detailed in content, it proved to be selective in its coverage. Inclusion in the brochure was based on an annual subscription charge of between £250 and £2,800 based on the size of advertisement. Given the value of the brochures as a source of longitudinal data, they were incorporated into the database to identify long-term changes in room structure and also to check the accuracy of the information in the commercial register. The holiday accommodation brochures could have also have been used to examine long-term changes in room tariffs and levels of service provision. However, the time needed to extract this information from the brochures proved prohibitive and so attention focused specifically on the room tariffs and facilities listed for serviced and self-catering establishments in the accommodation brochure of 1994.

Figure 4.2: An extract from the Torquay Holiday Accommodation Guide, 1950

Name and Address of Establishment (B'combe denotes Babbacombe)		Advt. Page No.	★	Map Ref.	Telephone Torquay Exchange	Number of Rooms: Bedrooms Double	Single	Terms according to Season: Weekly Min	Max	Daily Min	Max	Bed & Breakfast Min	Max	Service Charge or Surcharge	Children Welcomed
Establishments with 10 and up to 15 rooms															
Cary Court Hotel ...	Cary Avenue, B'combe	62	C	E6	87733	9	2	5 gns	6 gns.	15/-	18/-	10/6	12/6	—	Yes
Chalet Rose Pte. Hotel	47 B'combe Rd., B'combe	71	AC	E6	87935	10	2	—	—	—	—	7/6	9/6	—	—
Channel View Hotel ...	Babbacombe Downs ...	79	—	E7	87024	10	—	5 gns.	8 gns.	15/-	24/-	10/6	15/6	—	Yes
Chelston Hall Hotel ...	Old Mill Road	41	A	G4	65520	10	5	5 gns.	8 gns.	16/-	25/-	—	—	—	Yes
Chelston Woodhayes ...	Huxtable Hill	72	AC	G4	65569	13	2	5 gns	7 gns.	15/-	21/-	8/6	14/-	—	Yes
Chesterfield Hotel ...	Belgrave Road	63	A	G4	231811	11	2	4 gns.	6 gns.	12/6	17/6	10/6	12/6	—	Yes
Clevedon Hotel ...	Meadfoot Sea Road ...	56	C	H7	4260	12	3	5 gns.	7½ gns.	15/-	22/6	10/6	15/-	—	—
Clydesdale Private Htl.	Croft Road	54	AC	G5	275911	12	3	4½ gns	7 gns.	16/6	21/-	10/6	15/-	—	Yes
Collina Guest House ...	Middle Lincombe Road	79	—	H7	3009	11	1	4 gns.	6 gns	12/6	18/-	10/-	12/6	—	Yes
Coniston Private Hotel	Stanley Rd., B'combe ...	72	AC	E6	87280	9	4	4½ gns.	7 gns.	17/6	25/-	12/6	15/-	—	Yes
Coombe Court Hotel ...	Babbacombe Downs ...	80	A	E7	87097	9	6	4½ gns.	7 gns.	15/6	22/6	—	—	—	Yes
Court Prior Pte. Hotel	St. Lukes Road South ...	72	C	H5	276611	9	2	5 gns	7 gns.	15/-	21/-	10/6	12/6	—	Yes
Devon Court Pte. Hotel	Croft Road	72	—	G5	3603	10	3	5 gns.	7 gns.	—	—	—	—	—	No
Dunmar Private Hotel	Lower Woodfield Road	80	C	H6	3064	11	4	5½ gns	7 gns.	17/-	22/-	—	—	—	Yes
Durham Lodge ...	Torwood Street ...	72	—	H6	4201	8	2	5 gns	7 gns.	15/-	21/-	10/6	15/-	—	Yes
Esdaile Hotel	Ash Hill Road	80	C	G5	4400	9	3	5 gns	7 gns.	15/-	17/6	10/6	10/6	—	Yes
Fawsley Private Hotel	Sunbury Hill	52	—	F5	—	8	4	3 gns	4½ gns.	—	—	—	—	—	Yes
Fretherne	St. Lukes Road South ...	66	C	G5	2594	9	1	4½ gns.	6 gns.	13/6	18/-	—	—	—	Yes
Glen Devon Pte. Hotel	St. Albans Road ...	73	A	E6	87444	5	5	6 gns	7 gns.	21/-	21/-	—	—	—	No
Glenwood Guest House	Rowdens Road	80	—	G4	3028	9	1	—	—	12/6	15/6	9/-	10/6	—	Yes
Green Court Hotel ...	St. Marychurch Road ...	73	AC	F5	87837	7	6	5 gns.	7 gns.	14/6	21/-	10/6	15/-	—	Yes
Greystoke Hotel ...	Belgrave Crescent ...	73	A	G4	3539	11	3	5 gns.	8 gns.	15/-	24/-	12/6	15/6	—	Yes
Haddon House Pte. Htl.	Babbacombe Road ...	73	—	H6	266811	8	2	3½ gns.	6½ gns.	15/-	21/-	9/6	12/6	—	—
Haytor Hotel	Meadfoot Road... ...	73	AC	H6	470811	9	3	4 gns	7 gns.	15/-	21/-	12/6	15/-	—	—
Hendon Private Hotel	Lisburne Crescent ...	73	A	H7	3363	10	1	5 gns.	6 gns.	15/-	21/-	10/6	12/6	—	Yes
Hotel Hyperion ...	Cockington Lane ...	47	A	H4	671961	12	—	4 gns.	8 gns.	12/-	24/-	10/6	15/-	—	Yes
Jesmond Dene Pte. Htl.	Abbey Road	81	—	G5	306211	10	3	4½ gns.	5½ gns.	13/6	16/6	8/6	9/6	—	Yes
Kilverstone Pte. Hotel	St. Margarets Road ...	74	A	E6	87760	6	4	4½ gns.	6 gns.	15/-	18/-	10/6	15/-	—	—
Lancaster Hotel ...	Belgrave Road	81	—	G4	7735	12	1	5½ gns.	6½ gns.	16/6	18/6	10/6	12/6	—	Yes
Lansdowne Hotel ...	Babbacombe Road ...	65	AC	G7	444611	8	4	4 gns.	6½ gns.	13/6	21/-	10/6	13/6	—	Yes
Laurels	B'combe Rd., B'combe	74	—	E6	87809	8	2	4 gns.	5½ gns.	—	—	9/-	11/6	—	Yes
Lindum Hotel	105 Abbey Road ...	81	—	G5	2795	9	3	£4/10/-	5½ gns.	—	—	10/6	12/6	—	—
Lorna Doone	Torwood Gardens ...	66	A	H6	3350	7	3	6 gns.	7 gns.	17/6	21/-	—	—	—	Yes.
Marina Private Hotel ...	Tor Vale	81	—	F4	87626	8	2	4½ gns.	6 gns.	—	—	—	—	—	Yes
Marlow Private Hotel	Belgrave Road	67	AC	G4	283311	7	3	5 gns.	6 gns.	15/-	18/6	10/6	10/6	—	Yes
Maycliffe Hotel ...	St. Luke's Road ...	74	A	H5	4964	10	1	4½ gns.	6 gns.	14/-	20/-	10/-	15/-	—	Yes
Meadfoot Bay Pte. Htl.	Meadfoot Sea Road ...	68	C	H7	4722	11	2	5 gns.	7 gns.	21/-	25/-	—	—	—	Yes
Meadfoot Lodge Hotel	Meadfoot Sea Road ...	57	AC	H6	3552	11	4	4 gns.	7 gns.	15/-	25/-	7/6	10/6	—	Yes
Monaco Private Hotel	8 Lisburne Crescent ...	81	A	H7	3193	8	2	4 gns.	6 gns.	12/-	18/-	8/6	12/6	—	Yes
Montana Hotel ...	21 Belgrave Road ...	57	A	G4	492211	9	3	5 gns.	6½ gns.	—	—	—	—	—	Yes
Moorlands	Western Road	82	—	D5	87623	8	2	4½ gns.	5½ gns.	15/-	17/6	10/6	12/6	—	Yes
Mount Royal Hotel ...	St. Marychurch Road ...	82	—	F5	2810	12	2	4 gns.	6½ gns.	—	—	8/6	12/6	—	Yes
Normanhurst Pte. Hotel	Rathmore Road ...	74	A	H4	2420	10	2	5½ gns.	7 gns.	20/-	25/-	12/6	14/-	—	—
Norwood Hotel ...	Belgrave Road	65	A	G4	423611	9	3	4½ gns.	6½ gns.	13/6	19/6	10/-	10/-	—	—
Orestone Hotel ...	Maidencombe	69	A	B6	883061–88216	11	4	6 gns.	9 gns.	21/-	27/-	15/-	21/-	—	—
Oxford House	203 St. Marychurch Road	74	A	E6	880691	9	1	—	—	—	—	12/-	14/-	—	Yes
Pembroke Hotel ...	Meadfoot Sea Road ...	61	AC	H7	283711	11	4	5 gns.	7½ gns.	—	—	—	—	—	Yes
Quay-Tor	8 Scarborough Road ...	75	A	G5	2835	9	1	4 gns.	5 gns.	—	—	9/-	10/6	—	Yes
Rosery View	Rathmore Road ...	75	A	H4	2675	9	2	4½ gns.	5½ gns.	13/6	16/6	—	—	—	—
~~[illegible] Private Hotel~~	~~Lisburne Crescent~~ ...	73	A	H7	2351	10	1	4 gns.	5½ gns.	12/6	17/6	8/6	12/6	—	—
Rydal Mount Gst. Hse.	Hunsdon Road	82	A	G6	3835	7	3	4 gns.	6 gns.	15/-	19/-	8/6	12/6	—	Yes
St. Bernard's Guest Hse.	Castle Road	82	—	G5	—	9	1	3½ gns.	4½ gns.	—	—	7/6	8/6	—	—
St. Elmo Private Hotel	44 Belgrave Road ...	82	A	G4	257211	11	—	4 gns.	6 gns.	12/-	18/-	—	—	—	Yes
St. Kilda Private Hotel	49 Babbacombe Road ...	59	A	E6	87238	8	4	6 gns.	7 gns.	21/-	21/-	—	—	—	Yes
Sackville Hotel ...	90 Babbacombe Road ...	82	AC	F7	880921	10	4	5 gns.	7 gns.	22/6	25/-	10/6	15/6	5%	Yes
Sesame	Bronshill Road	82	C	F6	—	9	2	4 gns.	5 gns.	—	—	—	—	—	—
Sharon Private Hotel ...	Old Mill Rd., Chelston ...	75	AC	G4	65327	8	7	3½ gns.	5½ gns.	—	—	—	—	—	Yes
Shirley	Braddons Hill Road ...	56	A	H6	3016	9	3	4½ gns.	7 gns.	13/6	21/-	9/-	12/-	—	Yes
Shirley Court Pte. Hotel	Torwood Gardens ...	67	—	H6	387711	13	2	4½ gns.	6 gns.	15/-	18/-	7/6	10/6	—	Yes
Shrublands Pte. Hotel...	St. Margarets Road ...	75	A	E6	87511	12	2	4 gns	6 gns.	12/-	18/-	10/6	12/6	—	Yes
Silverton Private Hotel	St. Marychurch Road ...	76	A	E6	87147	8	2	5 gns.	6 gns.	15/6	18/6	10/6	13/6	—	Yes
Southdene	Babbacombe Road ...	83	—	H6	—	9	2	4½ gns.	5½ gns.	—	—	—	—	—	Yes
Sunleigh Private Hotel	Livermead	59	A	J4	671371	9	2	5 gns.	7 gns.	15/-	21/-	8/6	12/6	—	Yes
Swallowcliffe Pte. Hotel	Tor Vale, Teignm'th Rd.	83	AC	F4	87372	8	4	4 gns.	6 gns.	—	—	10/6	12/6	—	Yes
The Birklands Pte. Htl.	Babbacombe Road ...	76	A	H6	349811	12	2	4½ gns.	6 gns.	15/-	18/-	10/6	12/6	—	Yes
The Pines Hotel ...	St. Marychurch Road ...	64	AC	F5	88384	10	2	5 gns.	7½ gns.	21/-	25/-	12/6	15/-	—	Yes
The Vron Guest House	70 Windsor Road ...	83	—	F6	4182	9	2	4 gns.	5 gns.	12/-	15/-	7/6	10/6	—	Yes
Tor Park Hotel ...	Vansittart Road ...	84	A	G4	4291	8	2	4½ gns.	5 gns.	—	—	12/6	12/6	—	Yes
Tranmere & Delmar ...	Babbacombe Downs ...	76	—	E7	87608	13	—	5 gns.	7 gns.	15/-	21/-	10/6	15/-	—	—
Vaughan House ...	4 Lisburne Crescent ...	84	A	H7	331711	8	2	4½ gns.	5½ gns.	14/-	17/-	10/6	12/-	—	Yes
Villa Garda	Aveland Rd., B'combe...	84	C	F6	88390	7	4	5 gns.	6 gns.	—	—	—	—	—	—
Waldon Castle Hotel ...	Torquay	57	AC	H5	4170	10	4	4½ gns.	8½ gns.	17/6	25/-	—	—	—	Yes
Wave Crest Hotel ...	Beacon Terrace	84	—	H6	355511	10	1	4½ gns.	6 gns.	—	—	—	—	—	Yes
Western House ...	Belgrave Road	84	—	G4	4538	10	—	5 gns.	6 gns.	16/-	18/-	10/6	12/-	—	Yes
Westleigh Private Hotel	Ash Hill Road	84	A	G5	3895	12	2	3½ gns.	7 gns	15/-	18/-	10/6	12/6	—	Yes
Westowe	Chelston Road	77	—	H4	652071	9	3	4 gns.	6 gns.	15/-	18/-	—	—	—	Yes
Widecombe Cot	Barrington Rd., Wellsw'd	64	AC	G7	4197	8	4	4½ gns.	6½ gns.	13/6	21/-	7/6	12/6	—	No
Widecombe Pte. Hotel	Belgrave Road	77	A	G4	3526	11	3	5 gns	6 gns.	18/-	21/-	12/6	12/6	—	Ye
Woodburn Pte. Hotel ...	St. Marychurch Road ...	77	AC	G5	3906	8	2	5 gns.	7 gns.	15/-	21/-	9/6	12/6	—	Yes
Woodlands Guest Hse.	Westhill Road	84	AC	E5	87326	9	1	4 gns.	5 gns.	12/-	15/-	7/6	12/3	—	Yes

Name and Address of Establishment (B'combe denotes Babbacombe)		Advt. Page No.	★	Map Ref.	Telephone Number Torquay Exchange	Number of Rooms: Bedrooms Double	Single	Private Sitting Rooms	Terms according to Season: Weekly Min.	Max.	Daily Min.	Max.	Bed & Breakfast Min.	Max.	Bed, breakfast & addit'l meal Min.	Max.	Children welcomed
Establishments with 5 and up to 9 rooms																	
Abbey Mount Gst. Hse.	4 Abbey Road ...	78	—	G5	3505	7	2	—	£5	6 gns	17/6	21/-	10/6	12/6	15/-	17/6	Yes
Aberfeldy Guest House	Lower Warberry Road...	69	AC	G6	4928	9	—	—	4½ gns.	7 gns.	15/-	17/6	8/6	10/6	13/6	16/6	No
Acton Hotel ...	... 16 Abbey Road ...	—	A	G5	—	3	2	—	—	—	—	—	7/-	8/6	10/-	11/-	Yes
Ainsdale ...	... 44 Abbey Road ...	78	—	G5	3289	5	—	—	3 gns.	5 gns.	9/-	15/-	6/6	10/6	7/6	13/-	Yes
27 All Saints Road ...	Babbacombe ...	—	C	F6	87954	5	2	1	3½ gns.	£4 15/-	—	—	—	—	—	—	Yes
Alpine Guest House ...	Thurlow Road ...	70	A	F5	4634	4	2	—	4 gns	6 gns.	12/-	18/-	10/6	10/6	—	—	Yes
Alverstoke Guest House	26 Sherwell La., Chelston	78	—	G3	—	6	1	—	5 gns	5½ gns.	—	—	—	—	—	—	No
Ambleside Guest House	Vine Road	78	—	G4	4051	4	2	—	—	—	—	—	—	—	9/-	12/-	—
Anstey's Cove Gst. Hse.	307 Babbacombe Road	—	—	F7	2461	5	2	2	4 gns	6 gns.	13/-	17/-	7/6	10/-	10/6	13/6	Yes
Arden Dene	... 73 Abbey Road ...	—	—	G5	—	4	—	1	4 gns	5½ gns	12/-	16/6	7/6	10/6	10/-	13/-	Yes
Aremo ...	... 68 Windsor Road ...	—	—	F6	—	6	—	—	—	—	—	—	7/-	10/-	10/6	13/6	Yes
Ashfield Guest House...	9 Scarborough Road ...	70	A	G4	3537	7	1	1	5 gns	5½ gns	15/-	16/6	9/-	10/6	12/6	12/6	—
Audley ...	... 73 Ilsham Rd., Wellsw'd	—	—	G5	—	3	—	2	—	—	—	—	10/6	10/6	14/6	14/6	—
Ballinglen ...	... Ashfield Gdns., Chelston	78	—	G4	65360	6	—	2	3½ gns.	5 gns	12/6	15/-	10/6	10/6	—	—	Yes

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(Source: Torbay Borough Council, 1950)

Figure 4.3: An extract from the English Riviera Tourist Board Accommodation Brochure, 1994

- ● Open all year
- Open during Christmas
- Central heating in all bedrooms
- Games facilities
- Ground floor bedrooms
- Special diet arranged
- Children welcomed
- Reduced terms for OAPs out of season
- Dogs received by arrangement
- Lift
- Garage or private parking place
- Entertainment on the premises
- M Midweek bookings accepted all through season
- Indoor swimming pool
- Outdoor swimming pool
- TV Colour TV in bedroom/unit
- Sauna/Solarium/Health Club
- Category 1/2/3 re facilities for disabled (see page 78)
- Cafeteria
- Launderette
- Establishment entirely non-smoking
- TM Tea-making facilities in room
- ● Member of Torquay Hotels Association
- BA Bay Award for Hygiene and Healthy Eating

Grading System explained on page 33

TORQUAY LICENSED HOTELS contd.

Advt. Page No.	Name and address of establishment		GRADING	AA or RAC APPOINTED	T'quay (0803) Tel.	Map Ref. (page 32)	Bedrooms: With ensuite facilities D'ble family	With ensuite S'gle	Without ensuite facilities D'ble family	Without ensuite S'gle	Terms: DAILY Room and Breakfast Min. £	DAILY Max. £	WEEKLY Room, Bkfst. & Add. Meal Min. £	WEEKLY Max. £	
98	Elmington Hotel, St. Agnes Lane	66	3		605192	5D	14	2	5	3	15.00	25.00	140	210	TM
102	Elton Court Hotel, Stanley Road	67			328503	4F	13	2	8	4	-	-	92	160	TM
82	Exmouth View Hotel, St. Alban's Road	68			327307	3F	21	1	6	4	14.00	25.00	99	213	TM●
101	Fairmount House Hotel, Herbert Road	69	3	✓	605446	5C	6	2	-	-	24.50	27.50	235	256	TM●
87	Ferndale Hotel, 22 St. Marychurch Road	70	3		295311	4E	8	-	2	2	16.00	23.00	126	168	TM●
94	Hotel Fluela, 15/17 Hatfield Road	71	3	✓	297512	4E	13	-	-	-	14.50	22.50	124	195	TM●
68	Frognel Hall Hotel, Higher Woodfield Road	72		✓	298339	5F	24	2	1	1	18.50	28.50	125	220	TM●
64	Glenorleigh Hotel, 26 Cleveland Road	73	3	✓	292135	4D	9	-	4	3	22.00	26.00	150	230	TM●
77	Glenross Hotel, 25 Avenue Road	74	3		297517	5D	10	4	-	-	19.50	22.50	140	210	TM●
79	Glenwood Hotel, Rowdens Road	75		✓	296318	4D	9	-	-	2	15.00	23.00	133	196	TM●
[illegible]	Grand Hotel, Sea Front	76		✓	296677	5D	87	25	-	-	48.00	-	300	-	TM●
63	Gresham Court Hotel, Babbacombe Road	77		✓	293007	5F	30	-	-	-	22.00	34.00	162	203	TM●
98	Grosvenor Hotel, Belgrave Road	78			296373	5E	32	6	-	-	32.00	42.00	516	570	TM
95	Grosvenor House Hotel, Falkland Road	79	3	✓	294110	5D	9	3	-	-	17.00	21.00	163	188	TM
96	Heathcliff House Hotel, 16 Newton Road	80			211580	4D	10	-	-	-	12.00	21.50	-	-	TM●
102	Heritage Hotel, Shedden Hill	81			299332	5E	20	-	-	-	44.00	48.00	-	-	TM●
97	Hollies Hotel, 400 Babbacombe Road	82		✓	294035	5F	8	-	9	1	12.00	16.00	137	158	
88	Hunters Moon Hotel, 500 Babbacombe Road	83			294760	5F	11	-	8	3	12.00	16.00	110	145	TM●
74	Hylton Court Hotel, Abbey Road	84			298643	5E	16	1	10	3	15.00	22.00	-	-	TM
75	Hotel Hyperion, Underhill Road	85			607196	6D	36	4	-	-	20.00	27.00	180	215	TM●
76	The Imperial, Park Hill Road	86		✓	294301	6F	126	43	-	-	58.00	140	-	-	TM●
43	Inglewood Hotel, Belgrave Road	87			293800	5E	37	5	-	-	20.00	27.00	179	239	TM●
96	Ingoldsby Hotel, Chelston Road	88	3	✓	607497	5D	12	-	1	2	15.50	22.50	140	190	TM●
95	Kelvin House Hotel, 46 Bampfylde Road	89			297313	4D	8	-	1	-	13.00	16.00	127	148	TM
87	Kilburn Hall Hotel, Torwood Gardens Road	90	2		293432	5F	22	3	7	2	-	-	100	181	TM
91	Kings Hotel, 44 Bampfylde Road	91	3		293108	5D	7	1	-	-	14.50	21.50	135	197	TM●
55	Kistor Hotel, Belgrave Road	92	4	✓	212632	5E	48	8	-	-	36.00	48.00	266	364	TM●
102	Knowle Court Hotel, Kents Road	93			297076	4G	6	-	-	-	14.00	18.00	119	154	TM
50	Lincombe Hall Hotel, Meadfoot Road	94	4	✓	213361	5F	39	3	-	-	30.45	40.00	206	288	TM
102	Lindon House Hotel, 97 Braddons Hill Road East	95	3		292074	5F	2	-	5	-	11.00	16.00	112	147	TM
68	Lindum Hotel, Abbey Road	96		✓	292795	5E	13	1	5	1	12.00	20.00	125	185	TM●
37	Livermead Cliff Hotel, Torbay Road	97	4	✓	299666	6D	51	13	-	-	32.00	58.00	231	420	TM●
38	Livermead House Hotel, Torbay Road	98	4	✓	294361	5D	49	15	-	-	30.00	50.00	259	385	TM
91	Manor Court Hotel, 4 Manor Road	99			327249	4F	13	-	8	3	18.00	20.00	157	177	TM
81	Mapleton Hotel, St. Luke's Road North	100	3	✓	292389	5E	7	-	1	2	20.50	24.50	160	210	TM●
89	Marstan Hotel, Meadfoot Sea Road	101	4		292837	5F	9	1	-	-	24.50	28.00	-	-	TM●
91	Meadfoot Bay Hotel, Meadfoot Sea Road	102	3	✓	294722	5F	23	2	-	-	18.00	28.00	132	215	TM●
82	Melbourne Tower Hotel, Solsbro Road	103			607252	5D	7	-	3	1	14.00	17.50	133	164	TM
93	Morgan House Hotel, Aveland Road	104	2		328940	3F	10	2	-	-	15.00	18.00	130	155	●
102	Morley Hotel, 16 Bridge Road	105			292955	6G	5	1	1	2	10.00	16.00	-	-	TM
90	Morningside Hotel, Babbacombe Downs Road	106			327025	3F	12	2	-	-	22.00	29.00	132	240	TM●
89	Mount Edgcombe Hotel, 23 Avenue Road	107			292310	5D	8	1	2	-	13.00	20.00	137	186	TM●
97	Mount Nessing Hotel, St. Luke's Road North	108	3		294259	4E	11	2	-	-	17.00	20.00	109	159	TM
84	Nethway Hotel, Falkland Road	109		✓	297630	5D	24	-	-	3	21.00	24.00	177	199	TM●
73	Norcliffe Hotel, Babbacombe Downs Road	110	3	✓	328456	3F	20	1	-	-	16.00	25.00	175	245	TM●
85	Norwood Hotel, 60 Belgrave Road	111	3	✓	294236	4D	10	-	1	1	13.00	23.00	127	176	TM●
101	Olivia Court Hotel, Upper Braddons Hill Road	112	3	✓	292595	5F	11	2	-	-	16.50	20.50	151	171	TM
56	Orestone Manor Hotel, Rockhouse Lane	113	4	✓	328098	0F	18	-	-	-	36.00	61.00	235	420	●
77	The Osborne Hotel, Hesketh Crescent	114	4		213311	5F	22	1	-	-	45.00	90.00	385	630	TM●
85	Oscars Hotel, 56 Belgrave Road	115	3	✓	293563	4D	7	2	1	2	15.00	25.50	126	192	TM
98	Overmead Hotel, Daddyhole Road	116			295666	5G	56	10	-	-	18.00	35.00	149	265	TM●
76	Palace Hotel, Babbacombe Road	117	5	✓	200200	4G	104	36	-	-	45.00	65.00	399	525	TM●
73	Palm Court Hotel, Torbay Road	118	3		294881	5E	50	12	2	-	17.00	36.00	-	-	TM●
93	The Palms Hotel, 537 Babbacombe Road	19	3		293970	5F	8	2	-	-	15.00	21.00	137	179	TM●
94	Park View Private Hotel, 2 Manor Road	20	2		328976	3F	4	-	5	-	13.50	16.50	110	134	TM●
84	Parks Hotel, Rathmore Road	21	3		292420	5D	8	1	-	-	15.00	22.00	160	205	TM●
86	Hotel Patricia, Belgrave Road	22	3	✓	293339	5E	10	1	-	-	15.00	-	98	-	TM●
102	Penney's Folley Hotel, 20 Vicarage Road	23	L		607503	5D	6	-	1	1	12.00	18.00	125	210	TM
49	Princes Hotel, Parkhill Road	24	4		291803	6F	45	8	-	-	21.00	38.00	161	280	TM
97	Hotel Procea, Seaway Lane	25	4		605778	5D	9	2	-	-	25.00	45.00	175	280	TM
186	Rainbow International Hotel, Belgrave Road	26	4		213232	5E	127	15	-	-	19.75	46.00	175	345	TM●
62	Rawlyn House Hotel, Rawlyn Road	27	3	✓	605208	5D	13	1	2	1	23.00	28.00	190	222	TM●
71	Red House Hotel, Rousdown Road	28	3	✓	607811	5D	9	1	-	-	19.50	42.00	172	224	TM●
81	Red Squirrel Lodge, Chelston Road	29	2	✓	605496	5D	10	5	-	1	17.50	25.00	148	196	TM●
40	Richmond Hotel, Croft Road	30	4		298457	5D	38	2	-	-	30.00	40.00	199	269	TM●
90	Richwood Hotel, 20 Newton Road	31	3	✓	293729	4D	16	2	2	1	12.00	24.00	109	185	TM
59	Riviera Lodge Hotel, Croft Road	32			292614	5D	23	1	-	-	15.50	21.50	133	190	TM
96	Robin Hill Hotel, Braddons Hill Road East	33	3	✓	214518	5F	14	4	-	-	18.00	24.00	176	214	TM●
83	Romney Court Hotel, 30 Ash Hill Road	34			213830	4E	11	1	-	-	16.00	18.00	150	175	TM
40	Roseland Hotel, Warren Road	35	4	✓	213829	5E	31	5	-	-	24.00	32.50	150	199	TM●
70	Rothesay Hotel, Scarborough Road	36	3		293161	5E	20	3	-	4	20.50	24.50	190	209	TM●BA
79	St. Kilda Hotel, 49 Babbacombe Road	37		✓	327238	3F	16	2	3	4	16.00	21.25	122	150	TM
80	Sandhurst Hotel, 8 Manor Road	38	2		329722	3F	12	-	3	1	14.00	20.00	119	148	TM●
96	Sandpiper Hotel, Rowdens Road	39			292779	4D	9	1	-	1	12.50	17.00	110	165	●
94	Sceptre Lodge Hotel, 533 Babbacombe Road	40			292668	5F	8	-	2	1	13.00	20.00	130	-	TM
94	Sea Point Hotel, Old Torwood Road	41	2		211808	5F	-	-	8	1	10.00	15.00	-	-	TM
80	Seabury Hotel, Manor Road	42	3		327255	3F	15	-	5	2	16.00	23.00	145	195	TM●

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(Source: English Riviera Tourist Board, 1994)

4.1.5 Planning Applications

An additional source of information relating to the holiday accommodation industry came from planning application records supplied by the Planning Department at Torbay Borough Council. Planning applications have been rarely used for academic research (Foley & Hutchinson, 1994, p. 123). This neglect is unfortunate as increasing levels of computerisation by local authorities has allowed easier and more rapid access to planning application data, providing a valuable source of primary information. In most local authorities, planning application files are now coded and entered into a computer database. Torbay Borough Council operates 'PARIS' (Planning Application Record Information System), which enables information to be extracted according to specific or multiple criteria. For example, computerised systems can facilitate searches for specific types of residential or commercial applications within a particular area or over a certain time period. For the purposes of this study, planning applications relating solely to the holiday accommodation industry between 1985 to 1994 were provided by Torbay Borough Council. The incorporation of this information into the database provided the opportunity to examine change in the type and geography of development occurring within the accommodation industry in Torbay over time.

4.1.6 Fire Certification Details

Another potentially useful source of data on tourist accommodation in Torbay would have been Fire Certification details. This source would have provided information on the size and distribution of holiday accommodation establishments in Torbay. An application for a fire certificate is required under the Fire Precautions Act of 1971. A fire certificate is required for any premises used as a hotel or boarding house, if sleeping accommodation is provided for more than six persons (whether guests or staff) or there is some sleeping accommodation above the first floor or below the ground floor (Fire Precautions Act, 1971). The Fire Precautions Act of 1971 is the closest form of registration that exists within the holiday accommodation industry and access to this information would have identified all those establishments in Torbay trading legally under the requirements of the Fire Precautions Act. Unfortunately, restrictions under the Data Protection Act prohibited access to this information.

4.2 Database Construction

A review of the potential information sources emphasised the lack of information regarding the holiday accommodation industry in Torbay. Although a number of sources did exist, they were extremely fragmentary in nature and required a considerable degree of consolidation in order to make them an effective tool through which to examine changes in the holiday accommodation industry. Given these circumstances and the absence of a complete data set, the priority of this study was to construct a database listing all the known holiday accommodation establishments in Torbay. The most important requirements of the database were an accurate postal address and bedspace capacity figure for each establishment. The development of a database based on these two variables would provide a detailed geographical and structural profile of the holiday accommodation industry (see Chapter Six), and also function as a sampling frame for the planned questionnaire survey (see Chapter Seven). When planning the structure of the database, consideration had to be given to the database management system employed as this would affect the data entry process, the coding requirements and the eventual level of data interrogation that would be possible. Throughout this study, Microsoft Access proved an invaluable component in the management and interrogation of information. The intricacies of Microsoft Access and its potential advantages over normal database management systems are reviewed in Section 4.3.

4.3 Microsoft Access and Information Management

Microsoft Access is an interactive Relational Database Management System (RDBMS) for Microsoft Windows. Microsoft Access allows data to be organised according to subject areas thereby allowing the efficient management and interrogation of information. The use of Microsoft Access holds potential advantages over the use of non-relational databases such as Dbase IV or Microsoft Excel. A conventional non-relational database management system involves the creation of one table to store all of the information (for example, telephone numbers, addresses and product information). This type of organisation can lead to duplication, the need for large disk space and considerable effort if a file needs updating or the structure of a specific table has to be revised. The advantage of Microsoft Access is that new tables of information can be added without changing the structure of the existing system. By using field names and coding schemes common to all tables, relationships can be formed linking these tables together. This type of structure therefore allows very specific analysis using customised query forms, which present the results in tables created by the 'on line menu systems' or 'Wizards'.

Microsoft Access also has the ability to perform a range of basic statistical functions and for, more detailed statistical analysis, files can be exported to SPSS (Statistical Package for Social Sciences). In addition, Microsoft Access also has graphic capabilities equivalent to that of Microsoft Excel or Quattro Pro. Information can also be saved to DBase IV and then imported into the database component of Arc/Info for analysis using a Geographical Information System. Microsoft Access was even used to produce the mailing labels for the questionnaire survey.

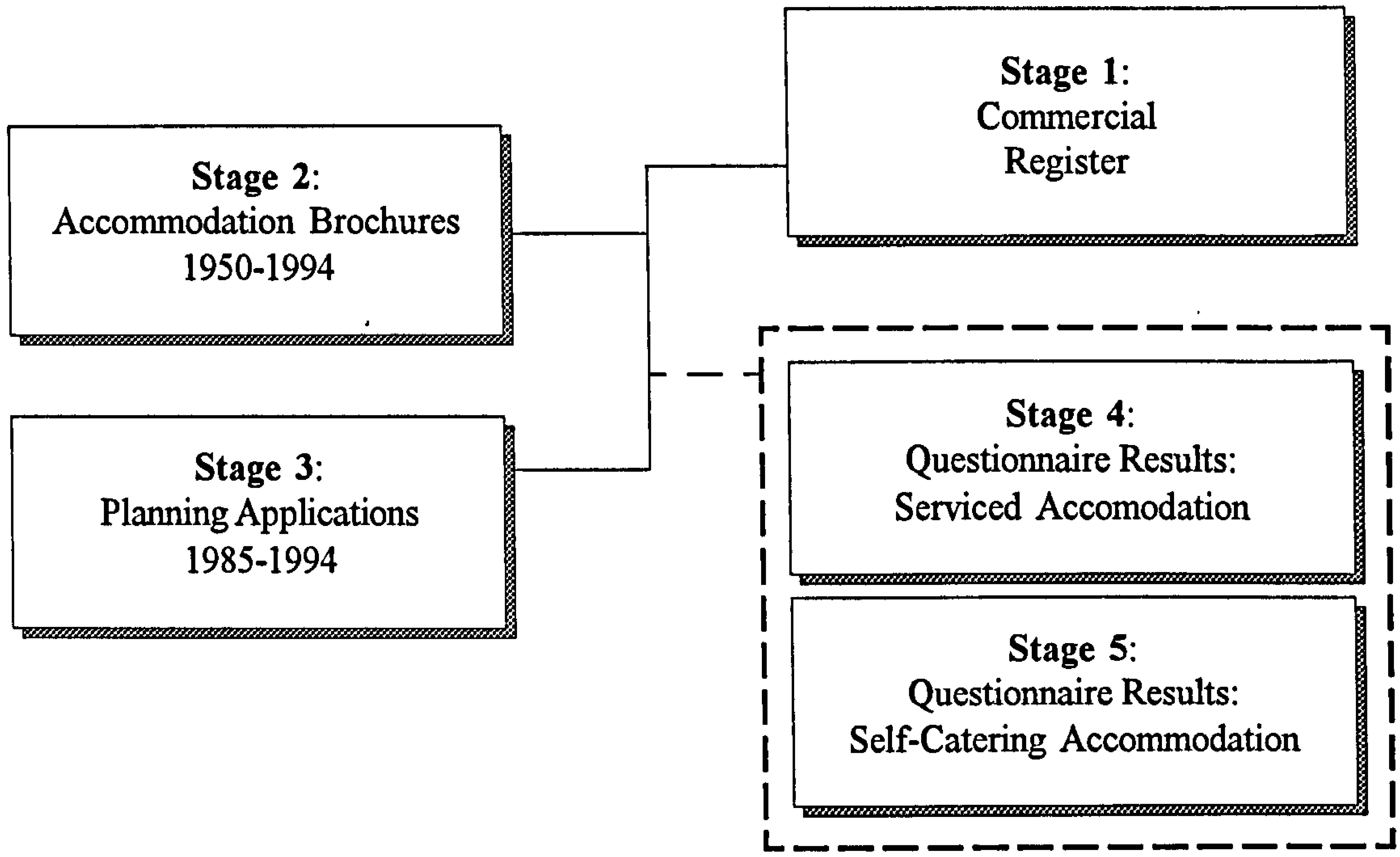
4.4 Data Sources Used in the Construction of the Database

After reviewing all the available information sources, the commercial register emerged as the most comprehensive source of information on holiday accommodation. As noted earlier, the commercial register therefore formed the basis of this study's own 'Torbay Holiday Accommodation Database'. In addition, the holiday accommodation brochures and the planning applications also formed additional tables within the database. These additional tables were linked to the main table through a reference number for every recorded establishment. The planned Torbay Holiday Accommodation Database therefore consisted of three information tables: the commercial register (Stage 1); holiday accommodation brochures (Stage 2) and planning application records (Stage 3) (see Figure 4.4). The flexibility of the system underpinned subsequent data analysis and allowed the selective extraction of information from these three sources. The design of the database also meant that additional tables containing the results from the questionnaire survey could be added at a later date (Stages 4 and 5, see Figure 4.4).

4.5 Entry of the Commercial Register Information

The first stage of database construction was to transfer the information from the commercial register onto the Microsoft package. Throughout the early stages of database construction, Microsoft Excel formed the basis of a provisional database. A spreadsheet was used to record all the information listed in the commercial register including the name, address, postcode and bedspace capacity of the establishment. In addition, every establishment was assigned a unique reference number to facilitate the construction of relationships and subsequent data interrogation.

Figure 4.4: The planned structure of the Torbay Holiday Accommodation Database



(Source: Author, 1994)

4.5.1 Problems with the Commercial Register

As the commercial register represented the 'backbone' of the database, its accuracy and reliability had to be established. In order to check the integrity of the commercial register, fieldwork in the resort was necessary. Initial surveys involved the cross-referencing of a small sample of establishments in the resort with entries listed on the register. This exercise revealed a large number of inaccuracies within the commercial register. The main problem was that the register contained the names of establishments that had closed down or had changed use since the register had been compiled, while also not listing the names of new establishments. An extended period of fieldwork was therefore undertaken to verify the existence of all the establishments recorded on the commercial register. This course of action was necessary as no other available source of information provided the basis from which to examine the structure of the holiday accommodation industry in Torbay.

The fieldwork in Torbay proved to be beneficial in a number of ways. First, it identified establishments lost from the accommodation industry either through closure or change of use to private residential accommodation, residential nursing homes or alternative commercial enterprises. Second, the fieldwork also identified establishments that were not on the list and, in particular, smaller guest houses and bed and breakfast establishments which, in offering less than six bedspaces, do not have to pay business rates and are subsequently not recorded on the commercial register. These smaller establishments are, nevertheless, an important element in Torbay's accommodation stock and needed to be included in the survey. Finally, the fieldwork was extremely valuable from a perceptual viewpoint. Observations made in the field provided an insight into the diversity of holiday accommodation available in Torbay, not only in terms of size and quality but also in relation to the surrounding environment and access to local facilities and tourist amenities. The fieldwork also provided the initial opportunity for contact with members of the accommodation industry. Conversations with the proprietors of holiday accommodation establishments revealed a multitude of varying and, at times, conflicting views on the state of the tourist industry in Torbay and, in particular, the role played by the ERTB.

In addition to the fieldwork, the commercial register was also checked by using information from the holiday accommodation brochures. Specifically, the brochures were used to clarify the name and address of each property and the total number of bedspaces available. This process revealed that the full postal address was not available for operators of self-catering establishments run through local accommodation agencies. Unfortunately, the agencies would not release these addresses for confidentiality and security reasons.

4.5.2 Coding of Information Fields in the Commercial Register

Following amendments to the commercial register, the next step involved the coding of key information fields to allow more efficient data manipulation and the opportunity for statistical analysis. The numerical coding of certain 'information fields' (for example, establishment name, bedspace capacity, location and classification type) also introduced an element of standardisation, which acted to reduce the possible inaccuracies that may have emerged during the data entry process. The coding schemes employed are recorded in Table 4.1 and cover geographical location, establishment classification, postcode, and bedspace capacity. Most of the codings are self-explanatory, although two areas do need further clarification, namely the coding of accommodation classification types and recorded bedspace capacity.

4.5.3 The Coding of Accommodation Classification Types

The commercial register used a ten fold classification scheme for accommodation establishments (see Table 4.2). No actual definitions of this classification scheme were given in the commercial register and classifications appeared to be based on the owners' preference for the term 'hotel', 'guest house' or 'bed and breakfast establishment'. For the purposes of this study, this classification scheme did not provide sufficient differentiation as it was not possible to distinguish between a serviced hotel, a guest house or a bed and breakfast establishment. Some accommodation establishments, despite being identical in size, were classified differently (see Table 4.3).

In order to achieve a more meaningful analysis of the accommodation types in Torbay, a new classification scheme was needed. Consequently, the accommodation sector was divided into four discrete categories: serviced, self-catering, chalet accommodation, and camping and caravan sites. Serviced accommodation defined all hotels, guest houses and bed and breakfast establishments. Self-catering accommodation included all flats, apartments and similarly rented

Table 4.1: Coding schemes used in the construction of the database

1. Area Code

Area	Code
Torquay	T
Paignton	P
Brixham	B

2. Classification: 1

Classification	Code
Hotel trade	1
Serviced hotel	2
Bed and breakfast	3
Camping/caravan	4
Motels	5
Group accommodation	6
Unlicensed guest house	7
Public house with accommodation	8
Holiday flats	9
Guest house	10

3. Classification: 2

Classification	Code
Serviced accommodation	1
Self-catering accommodation	2
Chalet accommodation	3
Camping and caravanning	4

4. Principal Holiday Accommodation Area

PHAA	Code
Babbacombe Downs/St. Albans Rd	7.1
Belgravia, Torquay	7.2
Torwood, Torquay	7.3
Meadfoot, Torquay	7.4
Torbay Road sea front, Torquay	7.5
Preston sea front, Paignton	7.6
Roundham, Paignton	7.7

5. Postcode Identification

Torquay	Code
TQ1 1	1
TQ1 2	2
TQ1 3	3
TQ1 4	4
TQ2 5	5
TQ2 6	6
TQ2 7	7
TQ2 8	8

Paignton	Code
TQ3 1	9
TQ3 2	10
TQ3 3	11
TQ4 5	12
TQ4 6	13
TQ4 7	14

Brixham	Code
TQ5 0	15
TQ5 8	16
TQ5 9	17

6. Bedspace Capacity

Size	Code
1 to 10	1
11 to 20	2
21 to 30	3
31 to 40	4
41 to 50	5
51 to 60	6
61 to 70	7
71 to 95	8
96+	9

7. Status Code

Status	Code
Present in 1994	94
Absent in 1994	1

Table 4.2: The classification scheme employed in the commercial register

1. Hotel trade	5. Motels	9. Holiday Flats
2. Serviced Hotel	6. Group Accommodation	10. Guest House
3. Bed and Breakfast	7. Unlicensed Guest House	
4. Camping/Caravan	8. Public House with Accommodation	

Table 4.3: Recorded entries for selected classification types in the commercial register

Name	Classification	Bedspace Capacity
1. Ashleigh Hotel	Hotel Trade	20
2. Cliveden Guest House	Guest House	20
3. Lyncourt Hotel	Serviced Hotel	20
4. Brylian	Bed and Breakfast	20

holiday accommodation. Chalet accommodation included accommodation offered by the holiday camps such as Pontins. Camping/caravan sites defined a range of accommodation types encompassing holiday parks offering static caravan accommodation, through to 28 day stay caravan sites offering touring caravan and tent pitches. The adoption of this scheme allowed a direct comparison with the classifications and bedspace capacity figures recorded in the Devon Tourism Review and closely reflected the accommodation sectors identified in the Torbay Local Plan.

4.5.4 The Coding of Size Categories

Having established a suitable criteria for the definition of accommodation types in Torbay, a series of size categories were needed to allow a detailed examination of the size structure of serviced and self-catering establishments in Torbay. A review of published tourist statistics revealed that there was no universal classification scheme for measuring the size of accommodation establishments. As Table 4.4 shows, the size categories employed by the British Tourist Authority and Devon County Council were, rather surprisingly, not uniform or standardised. To establish the relative size categories the Log 5 equation was used to derive the size categories recorded in Table 4.5a. However, the size categories produced by the Log 5 equation did not reflect the natural divisions occurring within the actual frequency distribution of bedspace capacity in Torbay. The categories were therefore modified so these natural divisions would be more accurately represented. The final size categories used are recorded in Table 4.5b. In order to aid cross-tabulation, these categories were later classified as small (1 to 30 bedspaces), medium (31 to 60 bedspaces) and large (over 60 bedspaces). As discussed in Chapter One, one of the main aims of this research was to examine the restructuring strategies occurring in small-scale accommodation establishments (SSAEs). Although there is no universal definition as to what constitutes a small-scale establishment, for the purposes of this study SSAEs were defined as those establishments with up to 30 bedspaces.

Table 4.4: Size classification schemes used by: a) the British Tourist Authority and b) Devon County Council

a) *British Tourist Authority*

Table 90 **Numbers of hotels in England (by region and size of establishment) 1996**

Region	Bedroom breakdown								Total
	1-3	4-10	11-25	26-50	51-100	101-200	201+	Unknown	
Cumbria	205	479	192	63	30	2	1	0	972
Northumbria	170	325	159	59	29	22	6	0	770
North West	154	1,246	1,101	283	117	44	14	166	3,125
Yorkshire and Humberside	362	1,047	498	135	65	37	4	14	2,162
Heart of England	313	537	321	154	86	48	11	0	1,470
East Midlands	338	534	293	116	48	25	3	5	1,362
East Anglia	230	522	348	156	77	35	2	0	1,370
London	2	14	37	62	100	83	90	2	390
West Country	534	1,667	851	304	131	29	4	99	3,619
Southern	267	916	567	259	125	49	3	2	2,188
South East	145	524	318	157	84	34	13	6	1,281
All England	2,720	7,811	4,685	1,748	892	408	151	294	18,709

Source: English Tourist Board
Note: In this table 'hotel' refers to hotels, motels, inns and guest houses. The figures relate to October 1996.

(Source: British Tourist Authority, 1990)

b) Devon County Council

HOTEL AND GUEST HOUSE OCCUPANCY RATES IN DEVON BY SIZE AND PRICE BAND OF ACCOMMODATION

	(i) SIZE OF ESTABLISHMENT (BEDSPACES)				
	Under 10	11-25	26-50	51-100	Over 100
	%	%	%	%	%
1993					
November	6.7	8.1	10.3	26.3	35.1
December	5.4	8.2	9.1	17.1	25.1
1994					
January	5.7	8.2	7.5	10.3	19.9
February	7.3	10.2	10.9	19.8	33.2
March	11.3	13.4	15.6	29.1	41.9
April	18.4	20.8	26.2	46.7	47.1
May	22.7	29.6	32.8	54.1	56.3
June	30.6	42.7	46.4	62.0	61.6
July	40.8	50.4	51.8	66.1	67.0
August	48.7	57.8	61.6	73.4	71.6
September	32.2	43.4	47.5	64.5	64.4
October	14.1	19.5	22.5	44.3	51.0
TOTAL PERIOD	20.5	26.2	28.7	43.0	48.0

(Source: Devon County Council, 1994)

Table 4.5: Determination of accommodation size categories

a: Log 5 Size Categories	b: Finalised Size Catgories
0 to 4	1 to 10 bedspaces
5 to 10	11 to 20 bedspaces
11 to 21	21 to 30 bedspaces
22 to 35	31 to 40 bedspaces
36 to 52	41 to 50 bedspaces
53 to 73	51 to 60 bedspaces
74 to 97	61 to 70 bedspaces
98 to 125	71 to 95 bedspaces
126 to 157	96+ bedspaces
158 to 192	
193 to 230	
272 to 317	
318 to 366	

4.5.5 The HBASE Information Table

With the coding schemes in place, the information held in Microsoft Excel was imported into Microsoft Access to form the main information table in the Torbay Holiday Accommodation Database. This table was designated as HBASE (hotel base) and represented the completion of Stage 1 of database construction. The final version of the HBASE table contained 1,233 entries, which represented the largest and most comprehensive list of holiday accommodation establishments in Torbay. Initial results from the Torbay Holiday Accommodation Database underlined the sheer inadequacies of the original Commercial Register. In the process of revision, a total of 254 holiday accommodation establishments were identified as no longer trading and a total of 260 previously unrecorded holiday accommodation establishments were added to the database. Considering that extensive fieldwork was undertaken to verify the entries recorded in the commercial register, the initial statistical summaries from the database casted some doubt on the accuracy of the figures recorded in the Devon Tourism Review (see Table 4.6). The most noticeable difference between the two information sources was the discrepancy between recorded bedspace capacities for serviced and self-catering accommodation. For example, the Torbay Holiday Accommodation Database recorded 1,432 fewer bedspaces for serviced accommodation (23,448 instead of 24,880), but in contrast recorded an extra 2,975 bedspaces for self-catering accommodation (10,695 instead of 7,720). Doubts over the accuracy of the Devon Tourism Review were also shared by the ERTB, who are keen to see an improvement in the data collection strategies employed by Devon County Council. With the HBASE information table in place, it was then possible to proceed to the next two stages of database construction. This involved the incorporation of the information derived from the holiday accommodation brochures (Stage 2) and the planning application records (Stage 3).

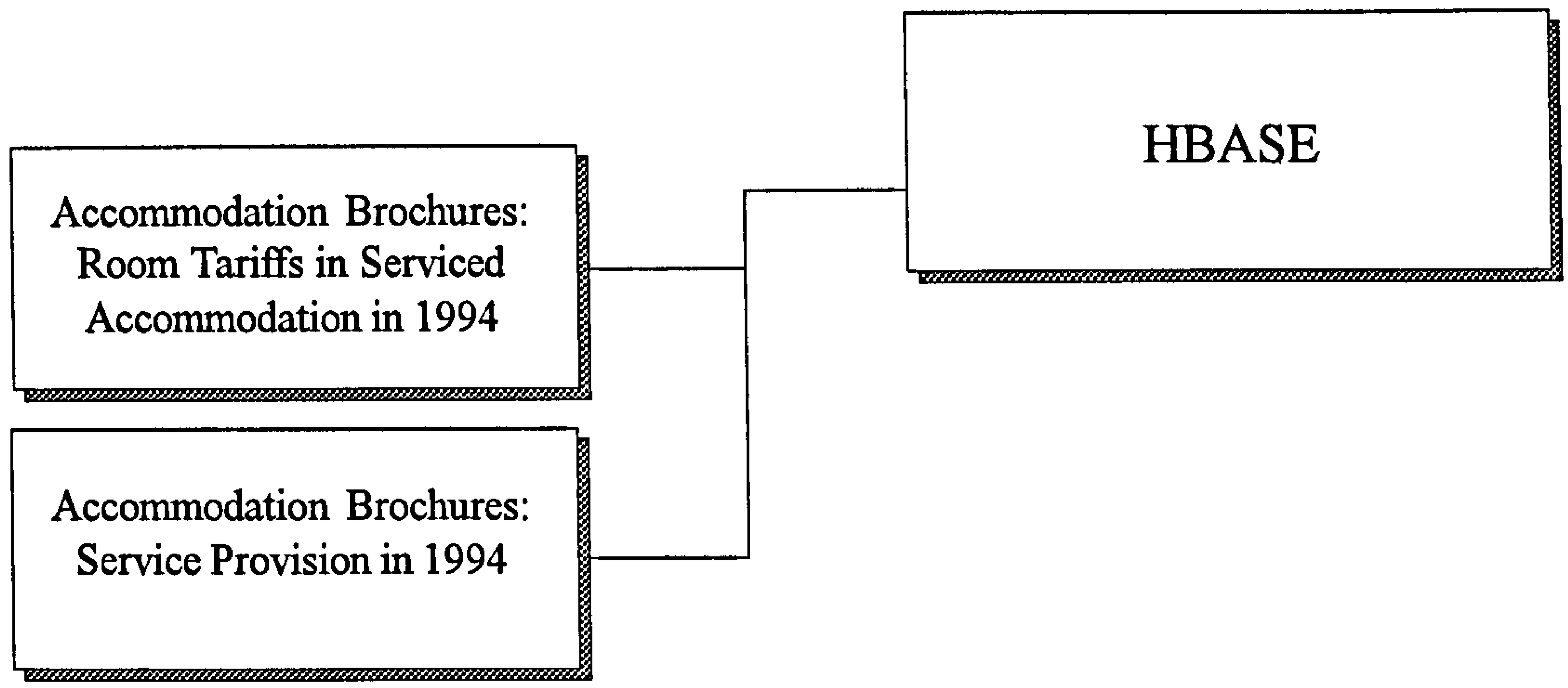
4.6 Entry of Information from the Holiday Accommodation Brochures

The information in the holiday accommodation brochures was utilised in two separate ways. First, the accommodation brochure of 1994 was used to examine the price structure and the level of service provision offered in serviced and self-catering accommodation. Information tables detailing the price and the types of facilities offered in 356 serviced and 165 self-catering establishments were created in Microsoft Access (see Figure 4.5). In total, the establishments listed in the accommodation brochure of 1994 represented 47 and 35 per cent respectively of

Table 4.6: Comparative bedspace capacity for selected accommodation types in Torbay as recorded in the Torbay Holiday Accommodation Database and the Devon Tourism Review

Accommodation Type	THAD	Devon Tourism Review	Difference
1: Serviced Accommodation			
Torquay	16,272	17,480	-1,208
Paignton	6,433	6,610	-177
Brixham	743	790	-47
Torbay	**23,448**	**24,880**	**-1,432**
2. Self-Catering Accommodation			
Torquay	5,601	3,950	1,651
Paignton	4,022	3,130	892
Brixham	1,072	640	432
Torbay	**10,695**	**7,720**	**2,975**
3. Chalet Accommodation			
Torquay	595	1,280	-685
Paignton	452	1,200	-748
Brixham	3,922	3,470	452
Torbay	**4,969**	**5,950**	**-981**
4. Totals			
Torquay	22,468	22,710	-242
Paignton	10,907	10,940	-33
Brixham	5,737	4,900	837
Torbay	**39,112**	**39,370**	**562**

Figure 4.5: The structure of the Torbay Holiday Accommodation Database: Stage 2



the total number of serviced and self-catering establishments in Torbay.

The degree of confidence with which the accommodation brochure of 1994 could be used to describe the structure of the accommodation sector in Torbay depended on the representativeness of those serviced establishments listed in the brochure. A chi-square test was therefore performed, based on the null hypothesis that there was no difference between the size structure of those serviced establishments listed in the brochure and the total number of serviced establishments in Torbay. The test produced a x^2 value of 34.09 against a critical value of 15.51 at a 0.05 significance level (see Table 4.7a). Since the calculated value was greater than the largest value which could have occurred by chance at the 0.05 significance level, the test suggested that there was a significant difference between the two samples and that the null hypothesis could be rejected. As Table 4.7a shows, the limited number of responses in the smallest size category of one to 10 bedspaces was partly responsible for distorting this figure. This level of under-representation came as no surprise as smaller establishments may not be able to afford to advertise in the ERTB brochure. In order to test the unrepresentativeness of the smallest size category, the chi-square test was repeated with the one to 10 bedspace category omitted. This second test produced a x^2 value of 9.29 against a critical value of 14.07 at a 0.05 significance level (see Table 4.7b). As the calculated value was lower than the critical value, the test indicated that there was no significant difference between the two samples and the null hypothesis could be accepted.

Further chi-square tests were conducted to establish the representativeness of the self-catering establishments listed in the holiday accommodation brochure of 1994 (see Table 4.8a). The first test produced an x^2 value of 159.48 against a critical value of 15.41 at a 0.05 significance level. As the calculated value was significantly greater than the largest value that could have occurred by chance, the test indicated that a significant difference existed between the two samples and that the null hypothesis (no difference between the two samples) could be rejected. As Table 4.8a shows, the limited number of responses in the one to 10 bedspace category was partly responsible for influencing this result. Considering that the majority of small self-catering establishments were second homes, advertised through local accommodation agencies and not the ERTB brochure, this pattern came as no surprise. In order to test the unrepresentativeness of the one to 10 bedspace category, the chi-square test was repeated with this size category

Table 4.7a: Chi-square test to indicate the representativeness of the serviced establishments listed in the 1994 accommodation brochure

Size	1 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	88	295	165	58	43	30	15	24	36	754
Expected number at 47 per cent	42	139	78	27	20	14	7	11	17	356
Observed number of entries	12	127	94	30	28	16	10	16	23	356
$\frac{(0-E)^2}{E}$	21.00	1.08	3.34	0.25	2.92	0.24	1.20	1.93	2.12	**34.09**

x^2=34.09
Degrees of freedom = 8
Critical value of x^2 at the 0.05 significance level = 15.51

Table 4.7b: Revised chi-square test with the one to 10 bedspace category omitted

Size	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	295	165	58	43	30	15	24	36	666
Expected number at 51.65 per cent	152	85	30	32	16	8	12	19	344
Observed number of entries	127	94	30	28	16	10	16	23	344
$\frac{(0-E)^2}{E}$	4.11	0.95	0.00	1.63	0.00	0.5	1.3	0.8	**9.29**

x^2=9.29
Degrees of freedom = 7
Critical value of x^2 at the 0.05 significance level = 14.07

Table 4.8a: Chi-square test to indicate the representativeness of the self-catering establishments listed in the 1994 accommodation brochure

Size	1 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	246	58	65	40	20	15	4	12	10	470
Expected number at 35 per cent	87	20	23	14	7	5	1	4	4	165
Observed number of entries	10	26	46	29	18	13	3	10	10	165
$\frac{(0\text{-}E)^2}{E}$	68.15	1.56	23.55	15.93	17.17	11.36	1.81	7.95	12.00	**159.48**

x^2=159.48
Degrees of freedom = 8
Critical value of x^2 at the 0.05 significance level = 15.51

Table 4.8b: Revised chi-square test with the one to 10 bedspace category omitted

Size	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	58	65	40	20	15	4	12	10	224
Expected number at 69 per cent	40	45	28	14	10	3	8	7	155
Observed number of entries	26	46	29	18	13	3	10	10	155
$\frac{(0\text{-}E)^2}{E}$	4.90	0.02	0.03	1.14	0.90	0.00	0.50	1.28	**8.77**

x^2=8.77
Degrees of freedom = 7
Critical value of x^2 at the 0.05 significance level = 14.07

omitted. The second test produced a x^2 value of 8.77 against a critical value of 14.07 at a 0.05 significance level (see Table 4.8b). As the calculated value was lower than the critical value, the test indicated that there was no significant difference between the two samples and that the null hypothesis could be accepted. Clearly, therefore, for both serviced and self-catering accommodation establishments with over 10 bedspaces, the accommodation brochure provided a representative illustration of the industry. Conversely, care needed to be taken when examining the characteristics of those serviced and self-catering establishments with up to 10 bedspaces, as they were both under-represented in the accommodation brochure.

The holiday accommodation brochures were also used to isolate details relating to the changing structure of serviced accommodation and, in particular, information relating to the development of ensuite facilities. The main limitation with the holiday accommodation brochures was that accommodation establishments were not consistent in their advertising strategies and businesses were listed for one year but not the next. Registration has never been compulsory and inclusion has consistently been based on the payment of an annual subscription charge. The information recorded in the brochures has also changed over the years. For example, room details were simply recorded as double or single up to 1979, but thereafter this changed to double or single, and with or without ensuite facilities. Using the holiday accommodation brochures and tourist guides dating back to 1950, the room details for the 356 serviced establishments were entered onto a spreadsheet in Microsoft Excel. The information was entered on a year by year basis back to 1980 and thereafter for every five years to 1950. This information was then imported into Microsoft Access to form an additional table in the Torbay Holiday Accommodation Database (see Figure 4.6). To identify those establishments advertising within any given year, each establishment was coded. Using the query function in Microsoft Access it was then possible to extract selectively those establishments that had consistently advertised in the accommodation brochures over any given period. As Table 4.9 shows, the largest sample was obtained for every odd year from 1981 to 1994. In total, 162 serviced establishments (out of the starting total of 356 establishments) were found to have advertised consistently within the holiday accommodation brochures over this period. This sample represented 21 per cent of the total serviced establishments in Torbay. Given that the size structure of the serviced establishments would have changed between 1981 and 1994, it was not possible to assess the representativeness of this sample. Consequently, the 162 hotels only provided an indication of change and the

Figure 4.6: The structure of the Torbay Holiday Accommodation Database: Stage 2a

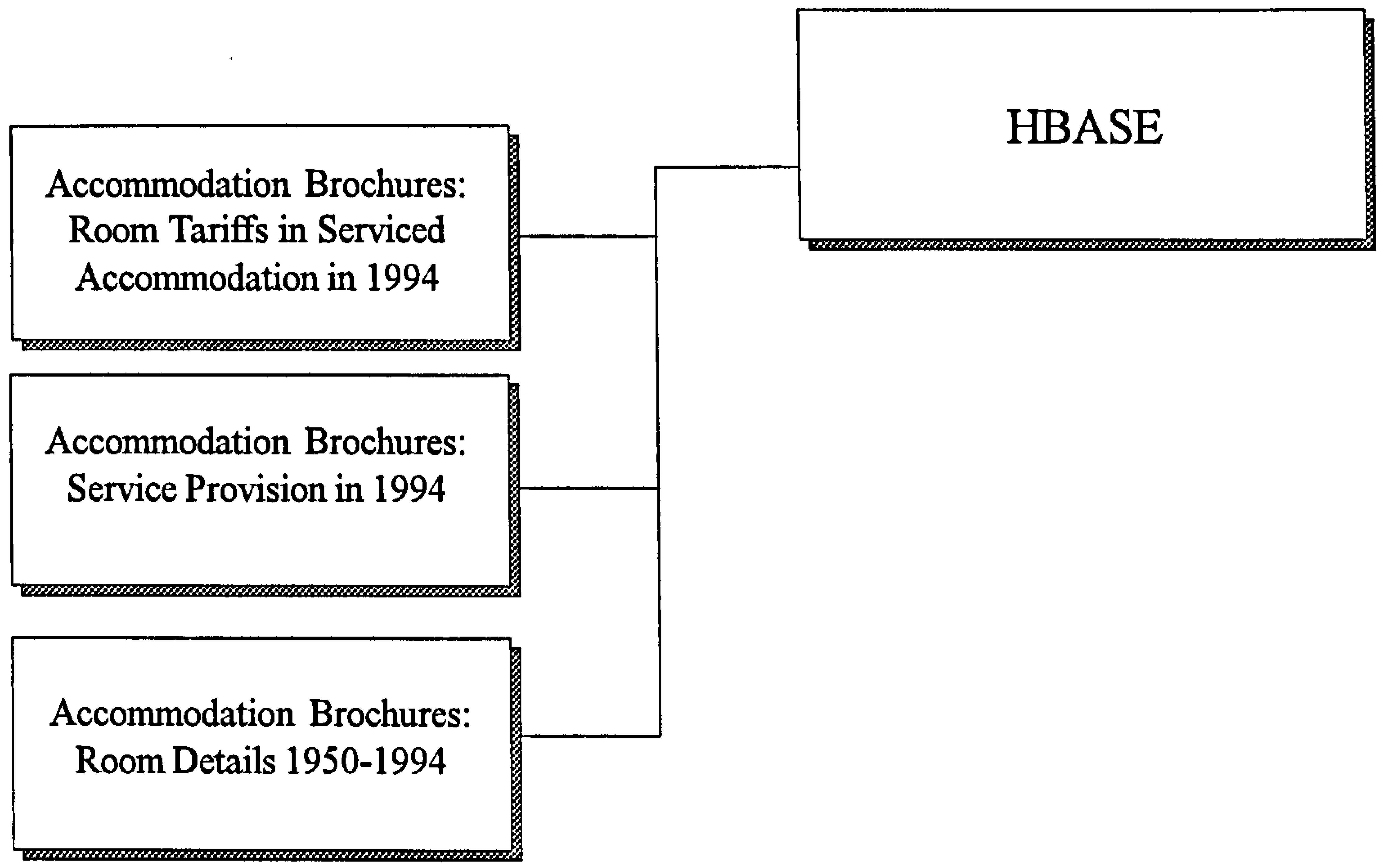


Table 4.9: The number of holiday accommodation establishments in Torbay traced using the holiday accommodation brochures

Selection Criteria	Number of Establishments	Percentage of Total Establishments[1]
1. Every five years back to 1960	77	22
2. Every odd year from 1981 to 1994	162	46
3. Every year from 1981 to 1994	119	33

Note: [1]*Total number of serviced establishments = 356* subsequent results were interpreted with caution (see Chapter Six).

4.7 Entry of Information from the Planning Applications

The planning application data supplied by Torbay Borough Council came in two parts. The first part covered the period from 1990 to 1994 and related solely to applications related to the holiday accommodation industry. Due to initial discrepancies between the computer systems at Torbay Borough Council and the University of Plymouth, this information was supplied in hard copy format. The first step was therefore to transfer this information onto a computer spreadsheet. To aid data manipulation, the details regarding the planning applications and the final planning decisions were coded. The coding schemes employed are shown in Table 4.10, and included codes for new development, extensions to the property and applications for change of use.

The second part of the planning application data covered the period between 1985 and 1989. An examination of planning applications prior to 1985 was not possible as the records had been destroyed by Torbay Borough Council. By this stage in the research process, a compatible computer format had been established and the information was provided on computer disk which allowed the information to be imported directly into Microsoft Excel for editing. However, due to a computer error, the Planning Department had been unable to isolate planning applications related solely to holiday accommodation and so provided details of all the planning applications submitted between 1985 to 1989. Consequently, sorting of some 11,000 planning applications was necessary to find the information relating to tourist accommodation. The postal details in the applications were used to identify the majority of applications relating to holiday accommodation. Where the name and address of the property were not sufficient, the actual details of the application were used to identify the source of the application. In some cases, however, the lack of detail in the planning application meant that it was impossible to distinguish between those planning applications coming from residential properties and those from the holiday accommodation sector. This problem was overcome by cross-referencing the application number with the planning records held at Torbay Borough Council. On completion of the spreadsheets, the planning information was imported into Microsoft Access to form an additional table in the database (see Figure 4.7). By connecting the planning application information to the existing

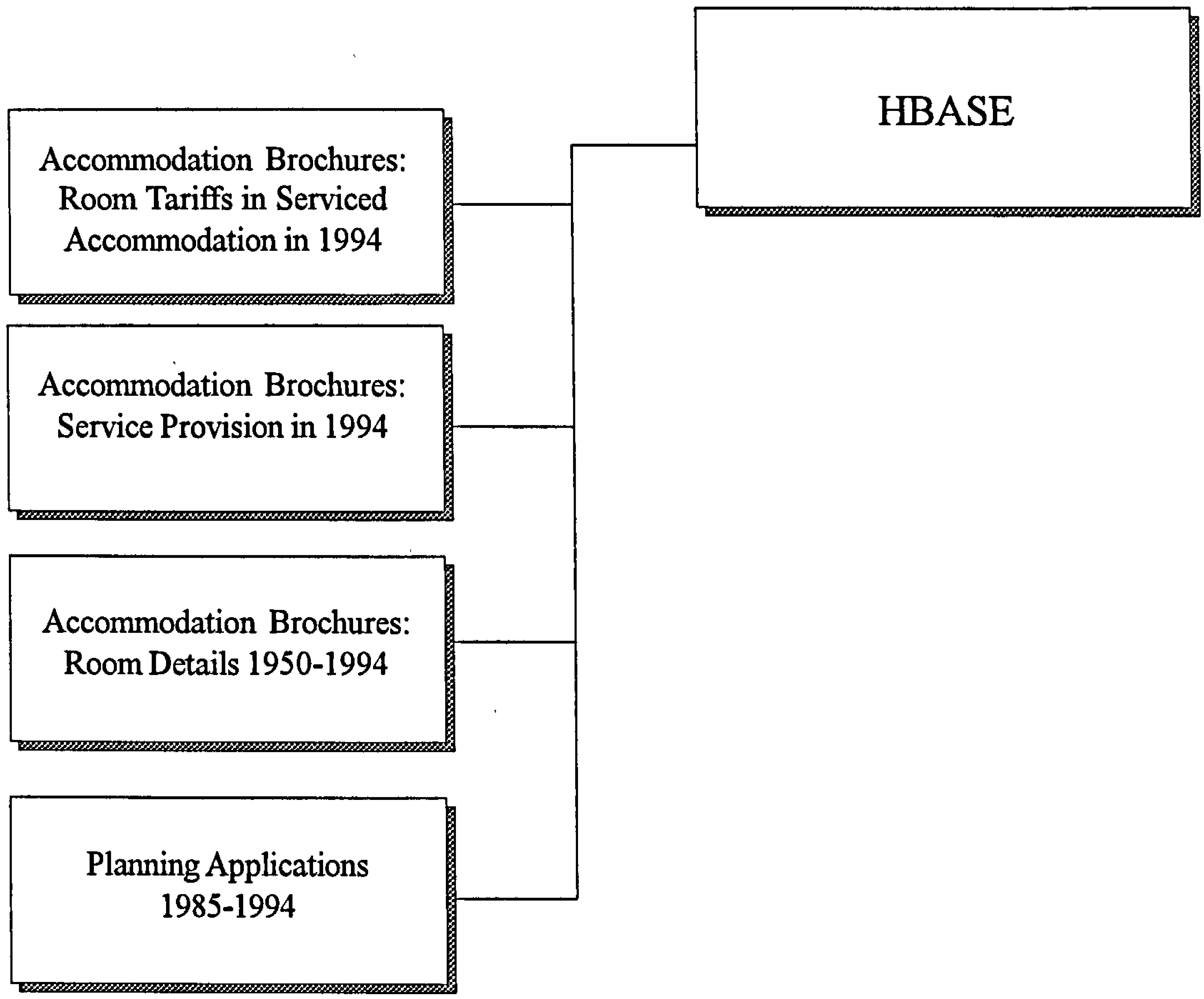
Table 4.10: Coding schemes used in the interrogation of planning applications

1: Planning Application Information

Categories

Category	Code
1. Extensions	
New accommodation	1.1
Ensuite accommodation	1.2
New facilities	1.3
Support facilities	1.4
Residential accommodation	1.5
Extension (unstated)	1.6
Extension to owners accommodation	1.7
Other	1.8
2. Change of Use	
To residential accommodation	2.1
To holiday accommodation	2.2
To alternative holiday accommodation	2.3
To commercial	2.4
To residential/care/nursing homes	2.5
Other	2.6
3. Health and Safety Legislation Requirements	3
4. Car Parking and Access	4
5. New Development	
New holiday accommodation	5.1
New residential accommodation	5.2
New facilities	5.3
Support facilities	5.4
Other	5.5
6. Refurbishment of property	6
7. Redevelopment	7
8. Other	8

Figure 4.7: The structure of the Torbay Holiday Accommodation Database: Stage 3



tables within the database, a more detailed level of analysis was possible. For example, the planning applications were restricted to providing details on the geographical distribution and type of development taking place in Torbay. However, by matching the planning applications to entries listed on the commercial register, it was also possible to examine the distribution of applications by the size of establishment.

The use of planning applications as a primary data source in this study has reinforced observations made by Foley and Hutchinson (1994). First, planning applications have to be used in conjunction with other data sources to ensure an accurate interpretation of the data. Second, planning applications only provide a 'quantitative representation of the changes taking place within a local authority area' (Foley & Hutchinson, 1994, p.131) and do not explain the motivations and processes underlying these changes. Finally, the interrogation of planning applications has highlighted the importance of co-operation with members of the planning department, not only in extracting the information, but also in answering subsequent queries.

4.8 Summary

This chapter has so far addressed the relative merits of the data sources and the techniques involved in database construction. With the information sources fully coded and incorporated into the database, a detailed profile of the structure of the holiday accommodation industry in Torbay was produced (see Chapter Six). The database then provided the sampling frame for the questionnaire survey which formed the next stage of the research process.

4.9 Questionnaire Design

The main aim of the questionnaire was to establish the perceived importance of the recession in relation to other factors influencing the restructuring of tourist accommodation in Torbay, such as long-term changes in the domestic tourist market, the tourist product on offer in the resort, and the personal motivations and business experience of those involved in the holiday accommodation industry. The questionnaire also focused on the structural and operational responses to changing market conditions and, in particular, respondents were asked to detail their specific management responses to the impact of the recession.

4.9.1 The Structure of the Questionnaire

A key consideration in the design of a questionnaire was the method of delivery as this would influence the overall length and layout of the questionnaire. Initially, it was intended that the proposed questionnaire survey in Torbay was to be delivered by hand, based on a stratified random sampling technique using location and size as the two main selection criteria. However, the original plans for the questionnaire were modified when the English Riviera Tourist Board agreed to pay for the costs of a postal survey to every holiday accommodation establishment in Torbay. Considering that few studies had focused on a whole industry analysis, the opportunity to target the entire serviced and self-catering accommodation sectors seemed an attractive approach. Given the scale of the proposed survey, it was therefore essential to strike a balance between a questionnaire that could be completed quickly and one that would provide the maximum amount of information possible. Throughout the design process, the questionnaire benefited greatly from the local and commercial knowledge of Mr Tim Whitehead, the Director of the English Riviera Tourist Board, and Mr Steve Turner, a Planning Officer at Torbay Borough Council.

Two separate questionnaires were developed to reflect the different operating characteristics of serviced and self-catering accommodation establishments (see Appendix 1.1). Both questionnaires were divided into five sections. Section One examined the personal and entrepreneurial characteristics of the owner or manager of the establishment. The purpose of this section was to identify the respondent's level of educational and occupational experience of the accommodation industry. Such considerations would not only affect the management of businesses, but also how respondents would react to changes in market conditions. This section also sought to establish employment and migration histories of the respondents by identifying their prior residence and occupations, and their reasons for entering the holiday accommodation industry in Torbay. By examining the background and motivations of the respondents it was hoped to establish whether owners and managers of holiday accommodation were 'satisficers' or 'economic maximisers' (Williams and Shaw, 1986). Enquiries about secondary occupations attempted to determine the level of inter-sectoral linkages within the local economy and to what extent individual respondents were primarily dependent on the tourist industry.

Section Two focused on the operational characteristics of the establishment and provided details on room tariffs, standards, room structure and the types of facilities available. While providing further details on the structure of the holiday accommodation industry, this information was also used to check the accuracy of the data stored in the database. The section also provided supplementary information not originally recorded in the database. For example, the availability of ensuite facilities were only recorded in the holiday accommodation brochures from 1980. However, the ERTB were certain that ensuite facilities were available prior to that date. To this end, the date that ensuite facilities were first available in each accommodation establishment was ascertained. Section Three and Four examined the respondent's perceptions of the strengths and weaknesses of the tourist industry in Torbay, and the type of changes that they had witnessed in the number and type of visitors staying in the resort. Consideration was also given to the operational changes made to the running of the establishment and how respondents had reacted to changes in the local tourism market. In particular, specific attention focused on the impacts and responses to the recession, and the types of offensive and defensive strategies adopted by the operators of holiday accommodation establishments.

Finally, Section Five asked for the age and sex of the respondent in order to summarise the demographic characteristics of those involved in the provision of holiday accommodation in Torbay. An understanding of the basic socio-demography of the respondents in relation to the other areas covered in the questionnaire would help to ascertain whether the holiday accommodation industry requires a greater level of experience and savings for entry, whether it is entered at a late stage by owners who see it as a preparation for retirement, or whether it is an increasingly stagnant industry failing to attract new business starts (Hennessy *et al*, 1986).

4.9.2 Pilot Study

A pilot study was undertaken in order to test the adequacy of the questionnaire and the mechanisms involved in the administration and interrogation of questionnaire responses. The pilot study was undertaken in Plymouth for a number of reasons. First, although not regarded as a traditional seaside resort, Plymouth offers a wealth of tourist accommodation, ranging from five-star hotels, bed and breakfast establishments to self-catering accommodation, which is comparable to that found in Torbay (Essex, 1992, p. 118). Second, as the main survey was intended to include every holiday accommodation establishment in Torbay, the pilot was conducted in Plymouth so as not to reduce the sample population in Torbay.

For serviced accommodation, the sampling strategy was based on the holiday accommodation establishments listed in the Plymouth Accommodation Guide of 1994, produced by the Plymouth Marketing Bureau. The brochure listed 108 serviced establishments and, in total, a 50 percent sample was selected. Due to the small number of establishments within each size category, a questionnaire was sent to every establishment with over 20 bedspaces. A 50 per cent sample was chosen randomly from the 11 to 20 size category. The remaining 34 establishments required to complete a 50 per cent sample were chosen randomly from the 1 to 10 size category (see Table 4.11). A questionnaire was sent to every self-catering establishment listed within the Plymouth accommodation guide. In total, 16 questionnaires were distributed representing a 100 per cent sample of all those self-catering establishments recorded in the Plymouth area. The pilot survey was carried out during the week beginning 12th December, 1994. The questionnaire for the serviced establishments was hand delivered as the establishments were concentrated around the Hoe area in Plymouth. To help ensure a prompt reply, a freepost envelope was provided. The questionnaires for the self-catering establishments were posted as the establishments were distributed around Plymouth and this proved the most efficient form of delivery.

A total response rate of 46 per cent was achieved for both the serviced and self-catering sectors. The pilot worked well and, in particular, highlighted a number of design weaknesses in the questionnaire. The main concern was that, although the instructions in the questionnaire were clearly expressed, the respondents had not filled in the questions properly. This problem is typified by question 19 in the pilot survey (see Figure 4.8a), which asked respondents to identify the weaknesses of the tourism industry in Plymouth. In this case, the respondents had not ticked all the appropriate boxes, leaving the blank answers to be recorded as missing values. Assuming that the non-response indicated that the options were not considered of major or minor importance, the respondent was not able to complete this question accurately owing to the absence of a 'not important' category. Other questions in both questionnaires had followed this format and had suffered a similar fate. Therefore for the main survey, the instructions in both questionnaires were given increased prominence, and where appropriate a 'not important'

Table 4.11: The sampling strategy employed in the pilot study

Size (Bedspaces)	Number Advertised in the Plymouth Accommodation Guide	Percentage of Total	Number Selected for the Pilot Survey
1 to 10	83	77.1	34
11 to 20	10	9.2	5
21 to 30	5	4.6	5
31 to 40	1	0.9	1
41 to 50	1	0.9	1
51 to 60	2	1.8	2
61 to 70	1	0.9	1
71 to 95	1	0.9	1
96+	4	3.7	4
Totals	108	100	54

Figure 4.8: Modifications to question 19 in the questionnaire survey

a) Question 19 in the pilot study

Q19. What do you perceive as the weaknesses of the tourism industry in Plymouth ?
(Please tick the appropriate boxes, indicating which options are of major or minor importance).

	1. Major	2. Minor
A. Lack of wet-weather facilities	❑	❑
B. Over-supply of bedspaces	❑	❑
C. Poor marketing of Plymouth	❑	❑
D. Poor accommodation standards	❑	❑
E. Dated image of the resort	❑	❑
F. Lack of tourist attractions	❑	❑
G. Lack of funding	❑	❑
H. Tourism not supported/badly organised	❑	❑
I. Other (Please specify)	❑	❑

....

....

b) Question 19 main survey

Q21. What do you perceive as the weaknesses of the tourism industry in Torbay ?

☞ Please tick (✔) the appropriate boxes, indicating which options are of major, minor or no importance.

	1. Major	**2. Minor**	**3. Not Imp**
1. Lack of wet-weather facilities	❑	❑	❑
2. Dirty beaches/poor bathing quality	❑	❑	❑
3. Over-supply of bedspaces	❑	❑	❑
4. Poor marketing of the resort	❑	❑	❑
5. Poor accommodation standards	❑	❑	❑
6. Dated image of the resort	❑	❑	❑
7. Lack of tourist attractions	❑	❑	❑
8. Lack of funding	❑	❑	❑
9. Tourism not supported/badly organised	❑	❑	❑
10. Other (Please specify)	❑	❑	❑

✎...

....

category was included (see Figure 4.8b). Above all, the pilot stressed the importance of an effective layout and the use of simple, clear and coherent language.

During the pilot study, question seven (relating to the motivations for entering the holiday accommodation industry) had been left open-ended in order to accumulate a range of responses (see Figure 4.9a). This exercise successfully collated a variety of responses which were then used to formulate a closed question for the main survey (see Figure 4.9b). The pilot study also revealed that the questions in Section Two provided only a static picture of the industry in 1994. Question 17 in the serviced questionnaire focused on changing employment details between 1990 and 1994 and had worked successfully. Consequently, it was therefore decided that this format should be extended to room and bedspace details (see Figure 4.10). This question would therefore not only illustrate how the internal structure of the establishment had changed, but would also complement information extracted from the holiday accommodation brochures. Additionally, Section Four had enquired about changes to marketing and advertising strategies. However, the pilot survey contained no question on present advertising strategies on which to base a comparison. Therefore, a question of this nature was included. On a similar note, a question on changes to advertising expenditure was also included.

In response to the questions intended to examine the impact and responses to the recession in section four, a multitude of answers were obtained. As a result, it was thought that these questions should remain open-ended for the survey in Torbay. This question would give the respondents the chance to express fully their views and not be restricted or influenced by pre-arranged responses that would confine the respondents to a 'yes' or 'no' response. Based on these amendments, a final version of the questionnaire was produced for the Torbay survey.

4.9.3 The Torbay Survey

In total, 754 questionnaires were distributed to serviced establishments in Torbay. A further 312 questionnaires were distributed to self-catering establishments, which only represented a 70 per cent sample of the total. As discussed in Section 4.5.1, the full postal addresses of those self-catering establishments advertised through local accommodation agencies were not available. Both questionnaires were posted on 26th February 1995, to coincide with the 'off season' in the

Figure 4.9: Modifications to question seven in the questionnaire survey

a) Question seven in the pilot study

Q7. What were your reasons for entering the holiday accommodation industry in Plymouth ?

Please specify..
....
....
....
....
....

b) Question seven in the main survey

Q8. What were your reasons for entering the holiday accommodation industry in Torbay ?

☞ Please tick (✔) the appropriate boxes, indicating whether these factors were of major, minor or no importance.

	1. Major	2. Minor	3. Not Imp
1. To be self-employed	❑	❑	❑
2. To come to Torbay or Devon	❑	❑	❑
3. Family/personal reasons	❑	❑	❑
4. Semi/early retirement	❑	❑	❑
5. Redundancy/economic depression	❑	❑	❑
6. Additional income/ financial security	❑	❑	❑
7. Return to previous employment	❑	❑	❑
8. Return to home area	❑	❑	❑
9. Dissatisfaction/ change required	❑	❑	❑
10. Other (Please specify)	❑	❑	❑

✎..

Figure 4.10: Modifications to questions 14 and 15 in the questionnaire survey

a) Questions 14 and 15 in the pilot study

Q14. a: How many bedrooms do you have ?

Please specify.........................

b: How many bedspaces do you have ?

Please specify..............................

Q15. Please specify how many of these bedrooms are:

A.	Family basic	....
B.	Family ensuite	....
C.	Ensuite Double	....
D.	Ensuite Single	....
E.	Double (no ensuite)	....
F.	Single (no ensuite)	....

b) Questions 14 and 15 in the main study

Q15. This question refers to the number and type of bedrooms you offer. Please indicate the number and type of bedrooms you offered in 1994 and when you first acquired or first started to manage this establishment.

1: How many bedrooms:

Please specify the number of bedrooms:

a: In 1994 ....

b: When you first acquired/managed this establishment ....

2: How many bedspaces do you have ?

Please specify the number of bedspaces:

a: In 1994 ....

b: When you first acquired/managed this establishment ....

3: Please specify the number of each type of bedroom offered:

	a: When you first acquired/ managed this establishment	b: In 1994
1. Family basic	....	....
2. Family ensuite	....	....
3. Ensuite Double	....	....
4. Ensuite Single	....	....
5. Double (no ensuite)	....	....
6. Single (no ensuite)	....	....

tourism industry. It was important that the questionnaire was completed during the off-season as proprietors would have little time or patience for a questionnaire once the holiday season was under way. To generate a degree of publicity for the research project, a news article was published in the Herald Express (see Figure 4.11) and the survey was featured on local television and radio. The ERTB also featured a small article in their quarterly newsletter and Mr Whitehead personally endorsed the survey at meetings of the local hotel and self-catering associations. Two covering letters accompanied the questionnaire in order to encourage a high response rate. The first, written by the present author, explained the purpose of the research, whilst the second, written by Mr Whitehead, endorsed the survey and emphasised the value of the research to the holiday accommodation industry in Torbay.

4.9.4 Questionnaire Reminders

By the end of March 1995, only a 25 per cent response rate had been achieved for serviced and self-catering accommodation. Reminders were therefore necessary to increase the response rate. Based on previous experience with the local holiday accommodation industry, the ERTB strongly advised against a reminder letter and suggested telephoning the holiday accommodation establishments as a more effective alternative. Again, the ERTB agreed to cover the costs of this exercise. The operators of serviced establishments were contacted during the week beginning 3rd April, 1995. This exercise proved to have numerous advantages over a reminder letter. First, it identified establishments that, although having been sent a questionnaire, had not received it or who had inadvertently misplaced it. Fortunately in these cases the proprietors were kind enough to agree to complete a new copy of the questionnaire. This process resulted in the distribution of a further 98 questionnaires. The exercise also identified 41 establishments who had no wish to be included in the survey. Unfortunately, it was not possible to contact every establishment as in many cases the telephone remained unanswered. In addition, the telephone numbers were not available for every establishment and proved unattainable as the numbers were listed under the name of the proprietor and not the name of the establishment. As a result of these two circumstances, a total of 110 reminders were distributed by post. The self-catering establishments were contacted by telephone during the week beginning the 10th April 1995. Overall, a total of 33 additional questionnaires were sent out, nine establishments wanted no involvement in the survey and 120 reminders were sent by post to those establishments that

Figure 4.11: The Herald Express article featuring the questionnaire survey in Torbay

Recovery route for tourism

Survey bid to beat blues

OVER 1,000 Torbay businesses are being asked to answer a few questions to help build up the most accurate picture ever of the bay's biggest employer.

The survey is part of a major research project backed by Torbay Tourist Board which could help the bay learn the lessons of the recession — and help it back on the road to prosperity.

Andrew Clegg, a student at Plymouth University, is researching the effects of recession on the industry.

It's a subject he says has been well covered in manufacturing, but little is known about the way the recession has really hit the accommodation industry in major British resorts.

"I want to establish whether the industry's decline is purely the result of the recession or whether there is a long term change in the domestic tourism market.

"I hope the Tourist Board will be able to use my findings as it draws up strategies for the future."

Andrew is sending a questionnaire to over 1,000 establishments in the next few weeks.

He is also keen to talk to people involved in both failed and successful businesses, and those no longer in the trade.

Andrew is also researching archive material for his PhD.

What he is looking for is any patterns which can pinpoint why a business fails or survives, to see whether the way they reacted to the recession — for example with extra advertising or cutting charges — helped, and if not, why not.

And he is already in the process of building up the most comprehensive database ever of the English Riviera's holiday industry.

He explained: "At the moment there is not even a comprehensive list of the different kind of accommodation establishments in Torbay, covering all sectors including self catering and holiday parks. I found the only way to do it was to tramp round the streets, knocking on doors."

But Andrew said the key to his research was the helpfulness of the industry.

"The more response I get, the more we can all learn about the industry."

If you want to help Andrew contact him on Plymouth 01752 233046.

Better rush, ladies

LAST call for local businesswomen — if you rush you could still enter for Devon and Cornwall Businesswoman of the Year.

The closing date for the competition is March 1.

The judges will be looking for candidates who have overcome business difficulties as much as material success. Prizes include £1,000 cash from major sponsor NatWest Bank, free flights and rail travel and a luxury hotel weekend for two.

For more details contact the organisers Enterprise Tamar, ask for either David Stanbury or Mary Gleeson on 01566 775632.

Torex at a premium

"NEW" Shares in Torquay based Torex Hire began trading today at a 4p premium on the offer price of 50p.

The company's shares have also begun trading today on the Official List of the London Stock Exchange. The company announced a rights issue to raise £2.92million earlier this month.

Simon Kaye, of stockbrokers Robson Cotterell, said the full listing is a significant step for the company which started trading from a shop front in a Torquay side street in 1971.

could not be contacted.

4.9.5 Entry of the Questionnaire Data

By the end of the April 1995, a total of 290 serviced and 99 self-catering establishments had responded to the questionnaire. Overall, this reflected a response rate of 39 per cent for serviced and 21 per cent for self-catering accommodation. Considering that the ERTB only expected a response rate of 10 to 20 per cent, the questionnaire survey was seen as a notable success. As with the use of the holiday accommodation brochures, the interpretation of the questionnaire results depended on the representativeness of the sample compared to the total number of holiday accommodation establishments operating in Torbay. A chi-square test was therefore performed, based on the null hypothesis that there was no difference between the size structure of those serviced establishments responding to the questionnaire survey and the total number of serviced establishments in Torbay. The first test produced a x^2 value of 15.81 against a critical value of 15.18 at a 0.05 significance level (see Table 4.12a). Since the calculated value was less than the largest value which could have occurred by chance at the 0.05 significance level, the test suggested that there was no significant difference between the two samples and that the null hypothesis could be accepted. However, further analysis suggested that the limited response rate in the smallest size category of one to 10 bedspaces was contributing to a high x^2 value. This level of under-representation suggested that given the small-scale nature of their business enterprises, proprietors did not consider themselves relevant to the study. In order to test the unrepresentativeness of the smallest size category, the chi-square test was repeated with the one to 10 bedspace category omitted. This second test produced a x^2 value of 3.49 against a critical value of 14.07 at a 0.05 significance level (see Table 4.12b). As the calculated value was considerably lower than the critical value, the test emphasised that there was no significant difference between the two samples and the null hypothesis could be accepted.

Additional chi-square tests were conducted to establish the representativeness of the self-catering establishments responding to the questionnaire survey (see Table 4.13a). The first test produced a x^2 value of 69.25 against a critical value of 15.51 at a 0.05 significance level. As the calculated value was significantly higher than the largest value that could have occurred by chance, the test indicated that a significant difference existed between the two samples and that the null hypothesis (no difference between the two samples) could be rejected. As Table 4.13a shows,

Table 4.12a: Chi-square test to indicate the representativeness of the questionnaire results to serviced accommodation

Size	1 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	88	295	165	58	43	30	15	24	36	754
Expected number at 39 per cent	34	115	64	22	17	12	6	9	14	290
Observed number of responses	15	112	76	28	16	14	7	9	13	290
$\frac{(0-E)^2}{E}$	10.61	0.08	2.25	1.63	0.05	0.33	0.16	0.00	0.07	**15.18**

x^2=15.18
Degrees of freedom = 8
Critical value of x^2 at the 0.05 significance level = 15.51

Table 4.12b: Revised chi-square test with the one to 10 bedspace category omitted

Size	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	295	165	58	43	30	15	24	36	666
Expected number at 41.29 per cent	122	68	24	18	12	6	10	15	275
Observed number of responses	112	76	28	16	14	7	9	13	275
$\frac{(0-E)^2}{E}$	0.82	0.94	0.66	0.22	0.33	0.16	0.10	0.26	**3.49**

x^2=4.57
Degrees of freedom = 7
Critical value of x^2 at the 0.05 significance level = 14.07

the limited number of responses in the one to 10 bedspace category was again responsible for influencing the x^2 value. This pattern was expected, considering that questionnaires were not sent to every self-catering establishment within this size category because of the lack of a full postal address for the operator. In order to test the unrepresentativeness of this size category, the chi-square test was repeated with this category omitted. The second test produced an x^2 value of 10.26 against a critical value of 14.07 at a 0.05 significance level (see Table 4.13b). As the calculated value was lower than the critical value, the test indicated that there was no significant difference between the two samples and the null hypothesis could be accepted. Overall, for both serviced and self-catering accommodation establishments with over 10 bedspaces, the questionnaire survey reflected a representative sample of accommodation establishments in Torbay. However, as with the holiday accommodation brochures, care was needed when examining the results from serviced and self-catering establishments with up to 10 bedspaces, as they were both under-represented in the questionnaire survey.

As with the other information sources, the results from the questionnaire survey were transferred to a spreadsheet and then exported to Microsoft Access to complete the final stages of database construction (see Figure 4.12). To aid data interrogation the questions were coded appropriately and each questionnaire was given a reference number to link it with existing tables in the database.

4.9.6 Limitations of the Questionnaire Survey

During the data analysis process, a number of minor problems emerged with the structure of the questionnaire survey. For example, although the question relating to the respondent's reasons for entering the accommodation industry measured the relative strengths of the different motivations on the basis of 'major', 'minor' or 'no importance', this format hindered effective cross-tabulation as the importance of one particular factor could not be isolated. This problem was overcome for question eight, by categorising the predominant motivation for entering the industry and classifying respondents as either 'lifestylers' or 'maximisers' (see Chapter Seven). However, this procedure was not possible for the other questions of a similar format. A considerable amount of information was also provided on the operational responses to the recession and changes in market conditions. With hindsight, specific questions could have also been included on whether hoteliers had specific management or business plans. However, the insertion

Table 4.13a: Chi-square test to indicate the representativeness of the questionnaire results to self-catering accommodation

Size	1 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	246	58	65	40	20	15	4	12	10	470
Expected number at 21 per cent	52	12	14	8	4	3	1	3	2	99
Observed number of responses	17	16	27	22	6	7	0	3	1	99
$\frac{(0\text{-}E)^2}{E}$	23.55	1.33	12.07	24.5	1.00	5.3	1.00	0.00	0.5	**69.25**

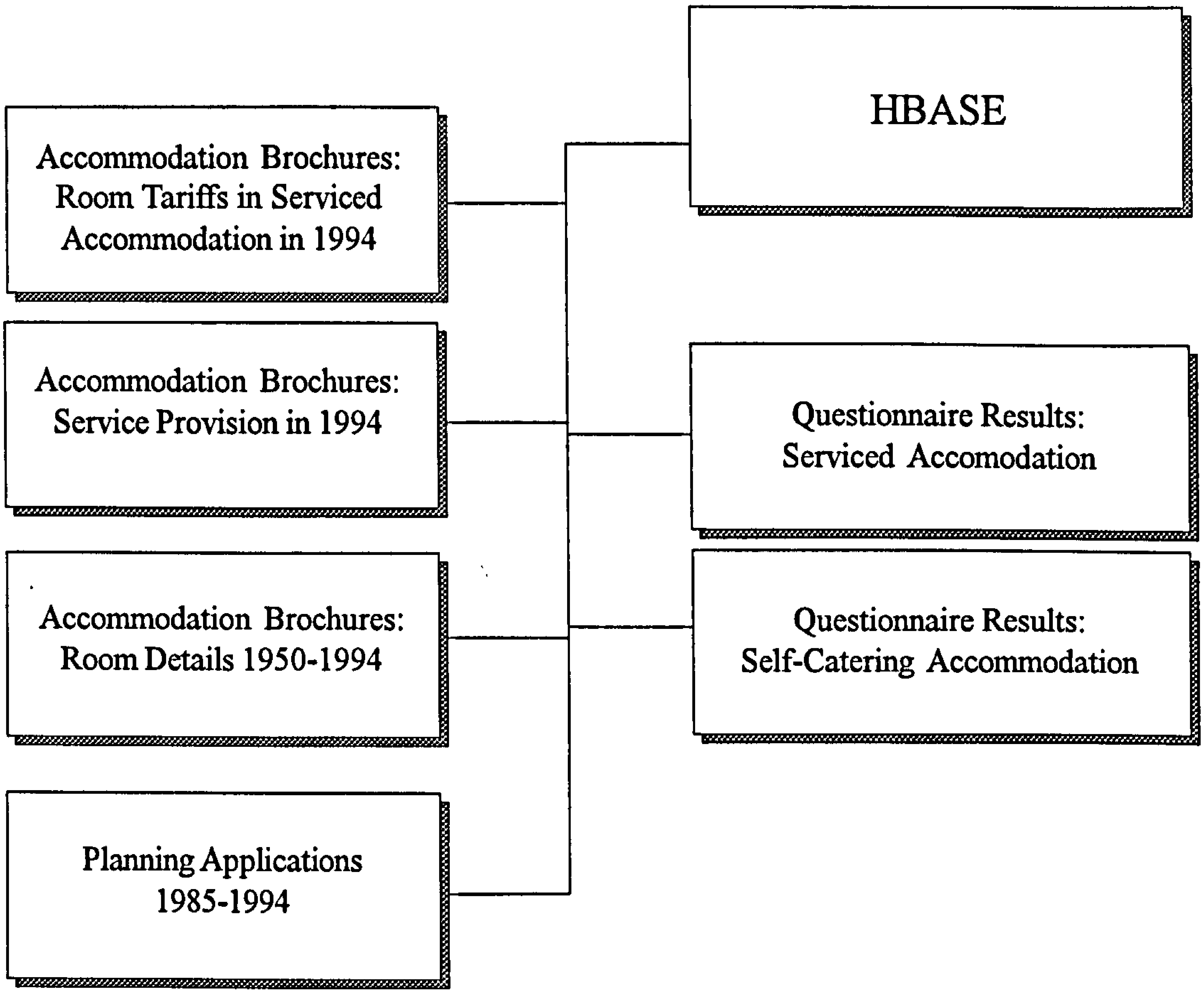
x^2=69.25
Degrees of freedom = 8
Critical value of x^2 at the 0.05 significance level = 15.51

Table 4.13b: Revised chi-square test with the one to 10 bedspace category omitted

Size	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 95	96+	Totals
Total	58	65	40	20	15	4	12	10	224
Expected number at 21 per cent	21	24	15	7	5	2	4	4	82
Observed number of responses	16	27	22	6	7	0	3	1	82
$\frac{(0\text{-}E)^2}{E}$	1.19	0.37	3.26	0.14	0.80	0.5	0.25	2.25	**8.76**

x^2=10.26
Degrees of freedom = 7
Critical value of x^2 at the 0.05 significance level = 15.51

Figure 4.12: The structure of the Torbay Holiday Accommodation Database: Stage 4



of such questions could have influenced the respondents' replies. Therefore, it was hoped that the open-ended questions would allow this information to be provided freely and consequently the level of direction in strategic management would become evident through the nature of the responses that were given.

Again with hindsight, one could also question whether sending a questionnaire to every accommodation establishment was the correct decision. Although the questionnaire survey achieved a high response rate, a smaller survey based on the original sampling criteria of size and location may have also proved a successful alternative, as it would have given greater contact and opportunity for discussion with members of the holiday accommodation industry in Torbay. The final stage of the research process was to interview operators from different sized establishments. Plans were also in place to hold group discussions with the public and private sector organisations involved in the tourist industry in Torbay. However, due to time constraints and other unforeseen factors, this final stage of interviews was not possible.

4.10 Conclusions

The acquisition of data sources for use in the construction of the database has highlighted the sheer 'invisibility' of the holiday accommodation industry in terms of the availability of statistical information. Considering the importance of the tourism industry in Devon, this situation appears highly unacceptable and underlines the need for a statutory registration scheme for holiday accommodation establishments. Such a scheme would centralise information regarding the tourism industry and remove the duplication that seems to currently exist between the available sources. In addition, the scheme would also provide a more accurate sampling frame on which to base the annual Devon Tourism Review and so give a more representative account of changes taking place within the industry.

Although a number of information sources did exist, they were fragmentary in nature and needed a considerable degree of consolidation in order to make them an effective tool for analysing the restructuring process in the holiday accommodation industry. An integral part of the research process was the use of a database management system. Microsoft Access allowed the effective storage and subsequent manipulation of information from a variety of sources. Overall, the

Commercial Register emerged as the most comprehensive source of information, despite a number of serious inadequacies which were only resolved following an extensive period of fieldwork in Torbay. The holiday accommodation brochures provided a 'snap-shot' of the accommodation sector in 1994, and also provided the opportunity for a longitudinal analysis of changes occurring within the industry and, in particular, the development of ensuite facilities (see Chapter Six). The planning applications were also a useful source of information although they required extensive editing and coding before they could be analysed effectively. The design of the database, the coding of key information fields, and establishing links between the different datasets significantly enhanced the value of the individual sources and expanded the scale and detail of analysis that was possible. For example, the planning applications only gave details of the distribution and type of development taking place. However, by linking this information to the commercial register the planning applications could also be examined in relation to the size of establishment applying for applications.

The results from the database will now be discussed in the following section which concentrates specifically on the study area of Torbay. Chapter Five provides an historical overview of the resort and, in particular, examines the important role played by the major landowners and later the public sector in guiding resort development. Chapter Six provides a quantitative review of the structural characteristics of the accommodation industry, by drawing on information from the commercial register, the holiday accommodation brochures and the planning applications. In contrast, Chapter Seven considers the more qualitative aspects influencing the decision-making process, before examining the type of restructuring processes occurring in the holiday accommodation industry.

Chapter Five

The Historical Development of Torbay

5.0 Introduction

Having addressed the main methodological issues in Chapter Four, the aim of the following chapter is to place the restructuring process occurring within the tourist accommodation industry into the context of the specific locality of Torbay. As discussed in Chapter One, Torbay provides an ideal location in which to consider the restructuring process, given the historical development of the resort and the predominance of small-scale accommodation establishments in the local economy. The chapter will examine the development of Torbay as a major tourist destination in order to fully understand the nature and evolution of the resort environment, the structural characteristics of tourist accommodation and its associated markets. Specific attention will focus on the role played by the principal landowners during the eighteenth and nineteenth centuries and the proactive approach taken by the local authority in supporting tourism development and marketing initiatives during the twentieth century. These considerations have proved influential in guiding the direction of restructuring strategies adopted by tourism businesses and those encouraged by the public sector. Overall, the chapter provides an initial illustration of the complex interrelationships between restructuring that is market led and restructuring that is public sector led, and the potential conflicts that can develop.

5.1 The Development of Tourism in Torbay

5.1.1 Torquay

The growth of seaside tourism in Torbay can be traced back to the mid-eighteenth century and the development of coastal tourism in South Devon as a result of the increasing popularity of the inland spa resorts, such as Bath and Tunbridge Wells. Since the early eighteenth century, inland spas had found favour with the British aristocracy who hoped to benefit from the recuperative powers that the spring water was claimed to possess. As physicians sought new sources of mineral water, it was realised that the sea offered a limitless supply of water containing all the necessary medicinal salts. The popularity of seaside resorts owed a particular debt to Dr. Richard Russell whose treatise on 'Glandular consumption and the uses of seawater in the treatment of glands' in 1750 proved responsible for awakening an interest in the sea as a potential source of health (Pike, 1992, p. 17). By the 1770s, the South Devon resorts of Exmouth, Teignmouth, Dawlish and Sidmouth had become Devon's leading coastal resorts as wealthy gentry sought both health and pleasure at the seaside. Although only initially attracting a small number of visitors, Torquay's mild climate and sheltered position gained full endorsement from the medical profession. Consequently by the turn of the nineteenth century, aided by improvements in road communications, Torquay had become firmly established as England's premier health resort. Indeed, while its surrounding neighbours such as Exmouth and Sidmouth began to stagnate in the 1820s and 1830s, Torquay's increasing reputation as a winter resort saw it grow substantially. In 1821, the population of Torquay was only 1,925 inhabitants. However by 1841, the town had become the largest resort on the Devon coast with a population of 5,982 (Travis, 1993, p. 68). The arrival of the railway in 1848 gave a further boost to the tourist economy and, in particular, marked the development of the summer season in Torquay. In 1892, Torquay welcomed the announcement of through trains from Liverpool and Scotland, which the 'Torquay Times' believed to be 'pregnant with possibilities for the future' (Travis, 1993, p. 118).

Throughout the early phases of the resort's development, tight building controls were enforced by the three principal landowners in Torquay, namely: the Palks, Carys and Mallocks. In 1803, the Palks were responsible for the construction of a new quay, followed by the completion of the south pier and inner harbour in 1806 (Agarwal, 1996, p. 171). By 1807, the first town plan was drawn up on behalf of Sir Lawrence Palk, which proved influential in shaping the development of Victorian Torquay. However, perhaps the most significant figure through the nineteenth century was William Kitson (1800-1883), who acted as the solicitor for the Palk family. As the first Chairman of the Improvement Commission in 1835, William Kitson was responsible for the planning of large areas of the resort, in particular, the sweeping roads and symmetrical villa development on the slopes of Warberry and Lincombe Hills (Russell, 1960). In addition, Kitson was also instrumental in dividing the Palk estate into large leasehold building plots for wealthy families who sought to acquire and develop land with favourable access to the sea. For example, land behind the harbour was offered for sale in one to three acre plots. These plots were described as being '*completely sheltered from the North and East winds and are well adapted for private families, lodging houses and persons in business*' (Pike, 1992, p. 18). Twenty years later, every house in this area had its own coach-house and stables, illustrating the wealth and high social status of Torquay's growing population. An early guidebook in 1828 commented on the rapid growth of Torquay:

> *'The rise of the salubrious winter resort and delightful summer watering place of Torquay has been singularly rapid, it containing about 130 genteel and commodious houses, either occupied by resident gentry, or used as lodging houses' (cited in Pike, 1973, p. 5).*

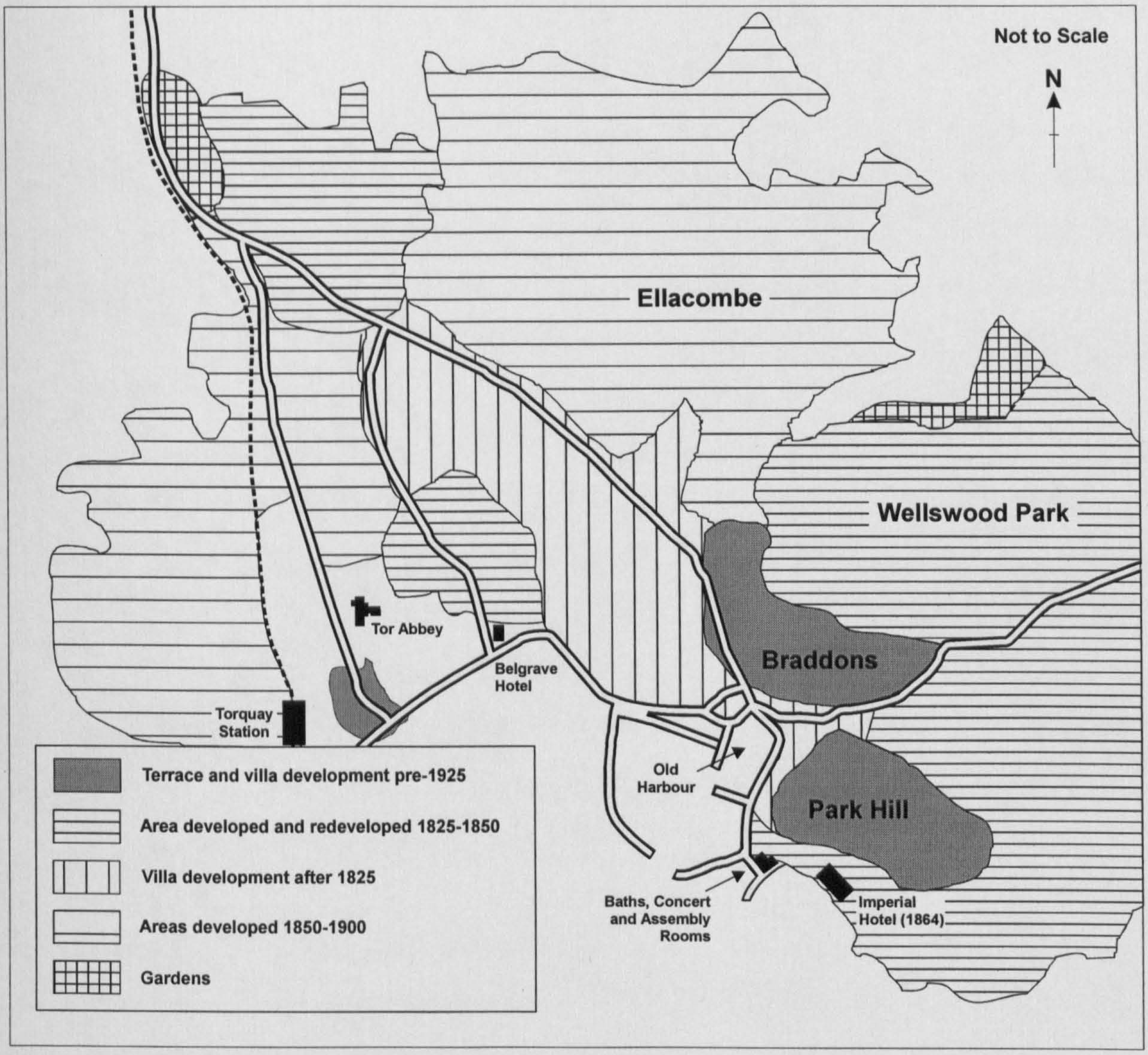
Throughout the development of Torquay, Kitson ensured that high standards of design and architecture were enforced. As a result, it was only when the Palk estate was sold off at the end of the nineteenth century that Torquay began to experience ad-hoc piecemeal development that was common in other English resorts, such as Blackpool (Perkins, 1976). Kitson must also be credited with the development of the road network in Torbay, including the construction of Union Street and later the building of Torbay Road. The completion of access roads into the resort provided a further impetus for new residential and commercial development (see Figure 5.1). Consequently, by the late 1840s, the resort had developed substantially:

> *'In 1780, Torquay had been hardly more than a hamlet. By 1848, there was almost a conurbation as the town spread to connect the villages of Torre, St. Marychurch, and Babbacombe with the new villa districts' (Born, 1989, p. 97).*

The Palk family continued to fund resort development throughout the eighteenth century. In the 1860s, they contributed to the development of the Haldon breakwater at a cost of £70,000, which would later prove pivotal in the development of Torquay as a yachting haven (Agarwal, 1996, p. 174).

The second principal landowners controlling resort development in Torquay were the Cary family, who resided at Torre Abbey until 1930. With the extension of the South Devon Railway to Torquay in 1859, Robert Cary realised that the opening of the new station would make the Torre end of the resort more popular. Consequently, the Cary family developed substantial housing for the increasing number of middle class families arriving to work in the resort. In the 1860s, Robert Cary was also responsible for the development of Babbacombe. Realising the tourist potential of Babbacombe Downs, a magnificent parade with elegant detached houses and hotels were built along Babbacombe Downs, which still retains its elegant up-market appearance today.

Figure 5.1: The expansion of Torquay up to 1825 to 1925



(Source: Shaw, G. and Williams, A.M., 1991, p. 23)

The Mallock family were the third major landowners in Torquay. Unlike the Palks and Carys, who had capitalised on the growth of Torquay, Charles Mallock resisted the temptation to develop his land on the Churston side of the resort. Despite the arrival of the railway in 1848, the Mallock family did not permit any development until 1865. Even then, residential development was on a limited scale, as the Mallocks fought hard to retain Cockington Court and village as a rural retreat for his family. The largest residential expansion came in 1882, when over 10 hectares (20 acres) of land to the west of Torquay railway station protected for the Devon Agricultural Show were released for housing construction. This new residential development effectively transformed the status and character of Chelston from a remote and tranquil rural hamlet to a growing suburb on the edge of a thriving resort. In 1888, the isolation of Cockington Parish from that of Torre was finally broken down when Richard Mallock leased the ground east of Torquay railway station for recreational purposes. This area was subsequently landscaped and served to bind the seafront of the two parishes together. Shortly afterward, Richard Mallock surrendered much of Churston and Livermead to the needs of the growing resort. Indeed, the seafront provided an ideal location for hotel accommodation. Landowners built houses near the sea for themselves and their guests, for instance the Mallocks built Livermead house in 1820, which became a boarding house in 1844. The Torbay Hotel and the Palm Court Hotel were built along the seafront after the completion of the Torbay Road in 1842.

The property holdings of the Palk and Cary families adjoined in various parts of the town and were the cause of much dispute. Indeed, the uneasy relationship between the Palks and Carys proved disadvantageous to the harmonious development of the central area of Torquay compared to places like Bournemouth and Bath. Prior to development, the central area of Torquay consisted of an open valley where the Fleet stream ran down to the sea. However, by the middle of the nineteenth century, the lack of co-ordinated development between the Palk and Cary estates had totally transformed the original character of the area into a 25 foot wide street surrounded on either side by a mixture of houses, varying in size and condition. In 1865, the Local Board of Health proposed the development of a broad street between the bottom of Union Street and the Strand. Sir Lawrence Palk surrendered his rights to the existing street so that improvements could be made. However, the Cary estate was not so forthcoming and the Local Board was forced to seek Parliamentary powers to acquire a total of 98 properties, of which 78 belonged to the Cary estate (Russell, 1960, p. 95). The full scheme proposed by the Local Board proved impossible to implement owing to the opposition of various interests. Consequently, the completed scheme was less grander; the Flete Brook was confined to a tunnel, above which a 45 feet wide street was constructed. If it had not been for pride and obstinacy between the Cary and Palk families, Torquay would have been able to boast a central valley even more beautiful than that of Bournemouth (Stokes, 1947).

The major landowners also had a vested interest in hotel development. In particular, Robert Palk, as Chairman of the Torquay Hotels Company in 1860, was instrumental in shaping the development of the hotel industry in the resort. The Torbay Hotels Company declared its primary objective was to build a hotel of 'outstanding quality' (Russell, 1960, p. 117). Consequently, the most significant transformation in the provision of holiday accommodation in Torquay occurred in 1863, with the building of the Imperial Hotel. The Imperial opened in 1866 at a cost of £40,000 and was the leading hotel in Torquay for the next century. During the 1870s, the Grand Hotel was built adjoining Torre Station, and the Torbay and Palm Court Hotels were built along the seafront, following the completion of Torbay Road. The Cary family also made a significant contribution to the hotel industry in Torquay through the provision of more modest holiday accommodation in Belgrave Road, Abbey Road and later on Waldon Hill. By 1878, approximately 28 hotels and guest houses were providing serviced accommodation in Torquay (Harrods Royal County Directory, 1878).

As well as the major landowners in Torquay, the municipal governing body also played an important role in resort development. In 1850, the creation of the Board of Health signalled a more energetic and proactive approach to resort development. Early initiatives supported by the governing body included the opening of the medical baths on Beacon Hill in 1857, and later the construction of the Princess Pier and Gardens in 1894. The position of the municipal government was strengthened in 1892 by the granting of the Borough Charter, which also established Torquay as a premier resort no longer reliant on the piecemeal initiatives of private landowners (Morgan, 1991, p. 95). Tourism development continued into the twentieth century directly as a result of the activities of the local council. For example in 1913, an extensive amenities programme was completed and, by 1938, a total of £340,000 had been spent on upgrading the tourism infrastructure in the resort (Agarwal, 1997, p. 69). The turn of the century also witnessed an expansion in accommodation stock. By 1932 hotels, boarding houses and public houses accounted for 14.2 per cent of rates, with private houses constituting 50.3 per cent. By 1937, these figures had risen to 16 per cent or £16,330 and 50.3 per cent or £241,729 respectively (Morgan, 1991, p. 118). By the late 1930s, half of the resort's houses provided some form of serviced accommodation for a peak tourist population of 150,000. The growth in tourism was also reflected in the development of advertising strategies. In 1902, the newly formed Chamber of Commerce established a Development Commission in order to effectively promote the resort. This initiative was later followed by the production of the first official town guide in 1913. In 1945, Torquay's Publicity Committee was established, and in 1960 a national advertising campaign was launched in an attempt to extend the holiday season.

The growth in tourism continued into the post-war period fuelled, in part, by the rise in private car ownership. By the end of the 1960s, 80 per cent of visitors to Devon were arriving by car (Lewes, 1969, p. 5). Tourism had become an integral and central part of the local economy. In 1951, Torquay accounted for 40 per cent of all Devon's hotels with between 50 and 99 rooms (Morgan, 1991, p. 125) (see Table 5.1). By 1967, tourism expenditure totalled £100,000 and more than 20 per cent of Torquay's and Brixham's work-force were employed in the hotel and catering industries (Agarwal, 1997, p. 70). However, further development in Torquay during the 1940s and 1950s was severely hindered by reductions in public sector funding, which undermined the council's vision of strategically planned resort development (Morgan, 1991, p. 132). The public sector also encouraged investment from the private sector. For example in 1963, Torquay acquired a £250,000 10-pin bowling complex and Britain's first artificial ski-slope.

5.1.2 Paignton

Predominately a rural parish, tourism development in Paignton emerged during the 1830s and 1840s as a direct result of the discovery of Torquay. Unlike Torquay, which had developed around a winter season, the exposed position of Paignton initially made it unsuitable as a health resort and so Paignton primarily developed as a summer resort. In 1857, Billing's directory commented:

> *'The village (Paignton) is delightfully situated in the central part of the semi-circular shore of Torbay and is fast rising into note as a fashionable watering place, for*

Table 5.1: Hotels in Torquay, 1951

Number of Rooms:

	10-14	15-24	25-49	50-99	100-199	+200	**Total**
No. of Hotels	154	137	65	30	5	1	**392**
Percentage of Devon Total	16	28	28	43	28	25	**22**

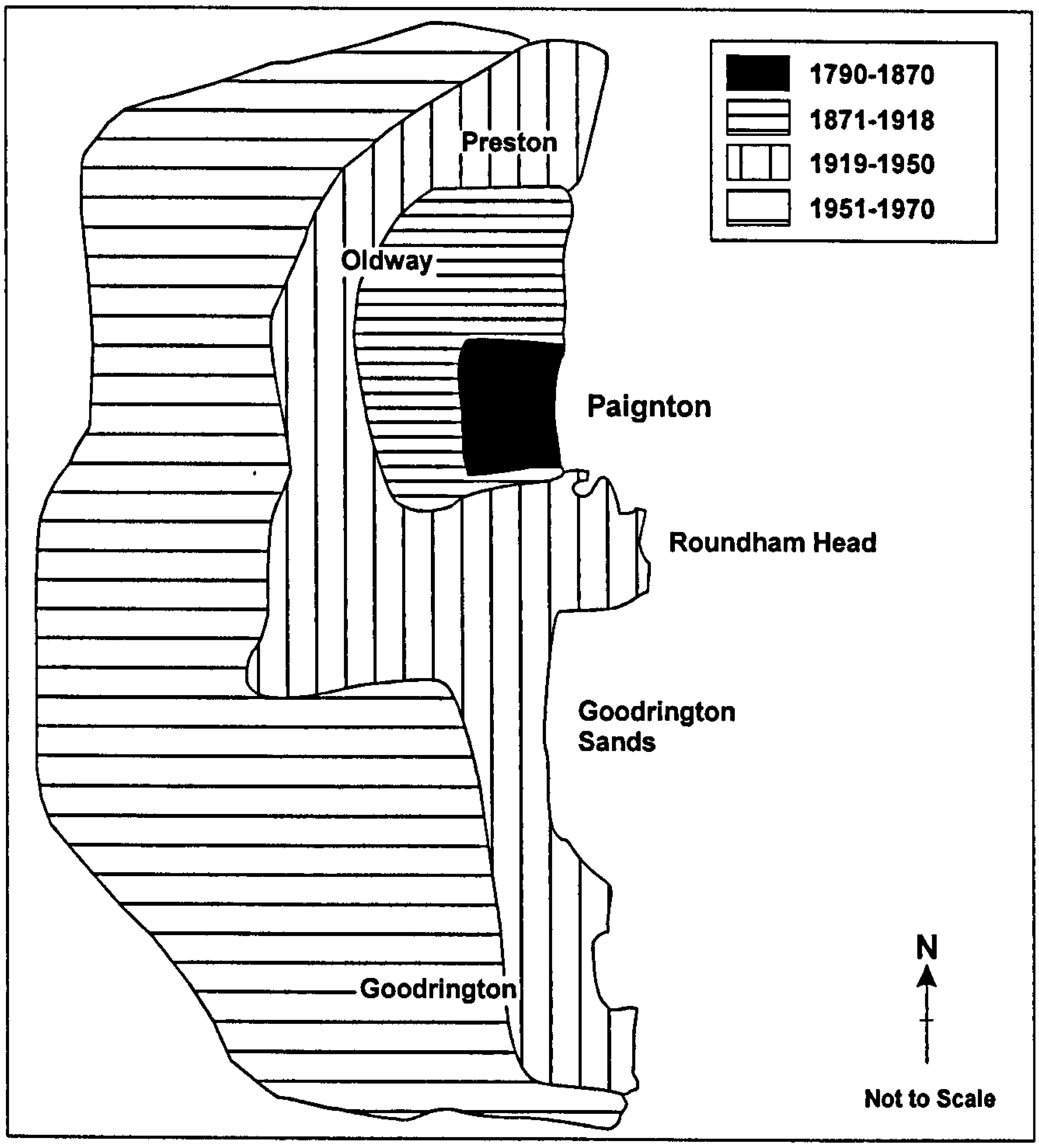
(Source: Morgan, N., 1991, p. 125)

which it has every convenience, there is a fine beach for bathing, and the parish extends for more than two miles along the coast, and there is ample space for making a grand esplanade and drives, equal to any in the neighbourhood' (cited in Born, 1989, p. 102).

In contrast to Torquay, the initial growth of Paignton was largely the result of outside investment. In 1865, W.R. Fletcher, a Birmingham entrepreneur, acquired 60 acres of land along the shore line with the intention of building villa residences. Fletcher was also instrumental in the construction of Paignton's water and sewage supply, by first convincing the local board that such development would substantially increase the rateable value of the resort and second, by providing the necessary financial resources. The period at the turn of the twentieth century represented a rapid phase of development in Paignton (see Figure 5.2). Between 1884 and 1888, the Local Board approved 187 new house plans. By 1901, 90 houses had been built and a further 78 had been completed by 1902 (Morgan, 1991, p. 120). In 1841, the population of Paignton was 2,501, but by 1901 the population had exploded to 8,385, making it the third largest resort on the south Devon coast (Travis, 1993, p. 106).

By 1903, Paignton sands provided a range of quintessential seaside activities such as donkey rides, Punch and Judy shows and deck chair hire. As in Torquay, the municipal government was instrumental in supporting new tourism development, including the construction of a new sea wall, a promenade extension and the new Cliff Gardens. In 1936, a drainage scheme transformed Goodrington Sands from a marsh into one of the finest beaches in Devon. By 1939, gross seasonal tourism receipts in Paignton were worth £20,864 (Agarwal, 1996, p. 180). Although tourist expansion continued into the post-war period, growth rates began to level as Torbay received a continually diminishing share of the domestic holiday market. In 1969, the British Tourist Authority, recognising the potential seeds of decline, urged the South West to place less emphasis on passive sun and sand-orientated holidays and concentrate more on raising standards of accommodation and facilities to compete with package holidays (Morgan, 1994, p. 254).

Figure 5.2: The expansion of Paignton, 1790-1970



(Source: Agarwal S., 1996, p. 177)

5.1.3 Brixham

Throughout the eighteenth century tourist development in Brixham played a secondary role to the settlement's major function as a fishing port. While tourism flourished in Torquay and Paignton, the inaccessible nature of Brixham meant that only a small number of visitors ever ventured across the Bay. Although access to Brixham was significantly improved by the opening of a branch line from the Torbay and Dartmouth Railway in 1868, Brixham only appealed to a limited number of holiday makers who wanted to escape from the social and financial demands imposed by a stay in 'fashionable Torquay' (Travis, 1993, p. 112). Consequently by the end of the 19th century, tourism remained very much a secondary industry with a small number of lodging houses providing the main source of visitor accommodation.

The tourism industry began to emerge more significantly in Brixham after the First World War, which had left numerous wrecks in the Channel bed thereby fouling the local fishing fleet. According to Born (1989), of the 300 fishing boats afloat in 1914 only 70 or 80 remained by 1919, and by 1939 only 3 were left. By the 1930s, the numbers of boarding houses had more than doubled. The tourist potential of Brixham was recognised in a survey in the mid 1930s that remarked:

> *'There is no substantial evidence to prove conclusively that Brixham is fast becoming a pure seaside resort, no date to establish this new trend of development, but certain aspects of life make it obvious that Brixham is becoming and must inevitably become a pleasure resort' (cited in Born, 1989, p. 65).*

The fishing industry suffered again in the Second World War, causing attention to focus on the economic benefits to be derived from the development of the tourism industry. A noticeable development from the 1930s in Brixham was the establishment of holiday camps, the first opened by Fred Pontin in 1932. Prior to the outbreak of the Second World War, there were eight holiday centres operating in Brixham's hinterland. By 1959, there were 753 chalets on offer in the town. The two largest were St. Mary's Holiday Chalet Resort with 226 chalets and Pontin's Dolphin Park with 229 (Pike, 1993b, p. 43).

5.2 The Tourism Industry in Decline

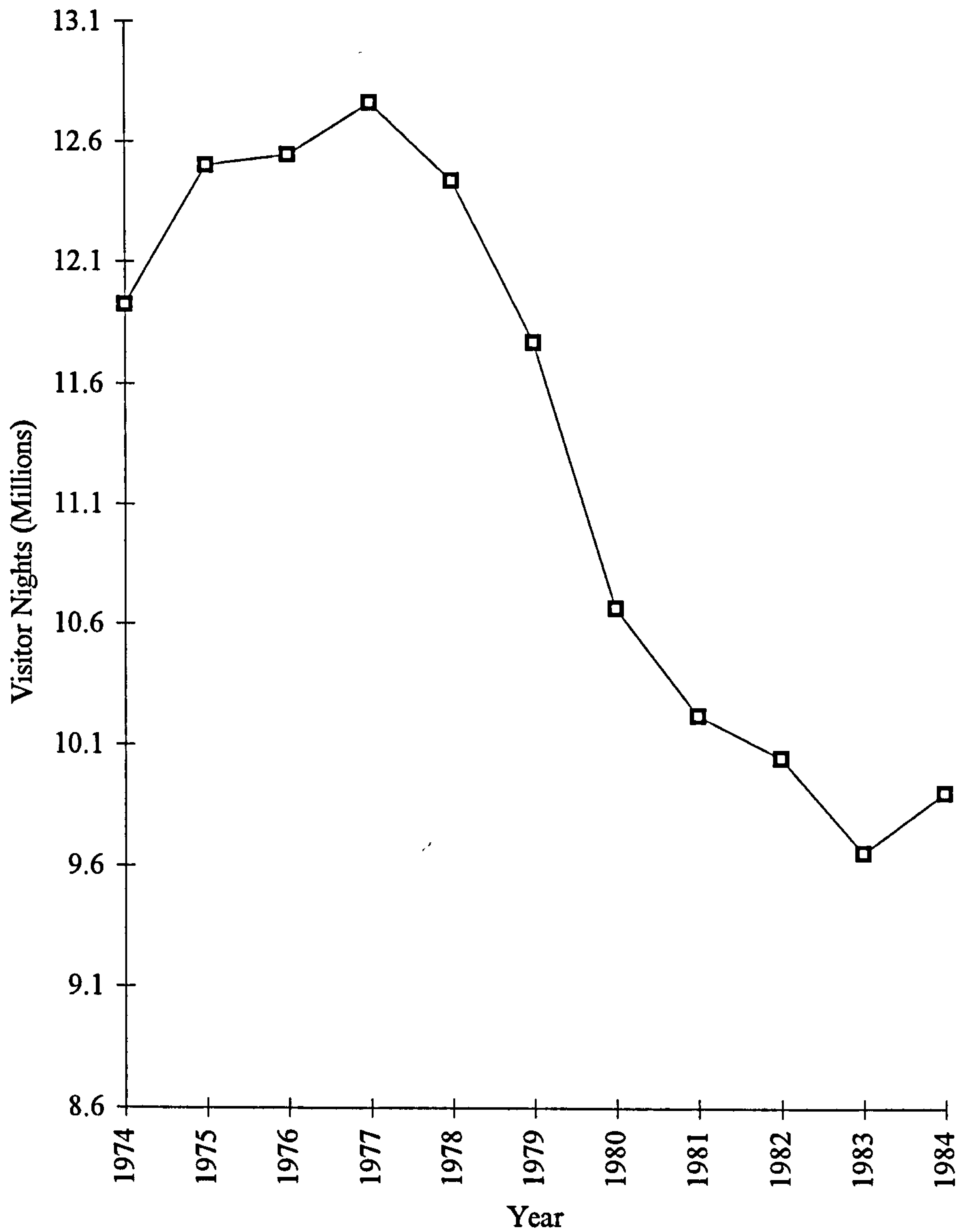
Between 1950 and 1970, Devon and Torbay witnessed a period of consolidation as the tourist industry continued to grow but at a slower rate. In 1967, the number of visitors to Devon totalled 1,266,000 increasing to 1,385,600 in 1969 and 1,426,900 by 1970 (Agarwal, 1996, p. 183). By the end of 1970s, as with other UK resorts, the number of visitors to Torbay had begun to recede. Between 1977 and 1982, visitor nights in Torbay fell from 12.7 million to 10 million (see Figure 5.3). In addition, the length of the main holiday season contracted significantly from 18.5 weeks in 1977 to 16.2 weeks in 1982 (see Figure 5.4). Hotel occupancy rates also fell from 70 per cent for 14 weeks in 1977 to four weeks in 1982 (TBC, 1985, p. 4). The decline in visitor numbers posed a serious threat to the local economy, especially as there were no other significant employment opportunities. Ultimately, the decline in visitor numbers reflected the lack of competitiveness of Torbay within both the domestic and international tourist markets. The tourist boom of the 1960s and 1970s had masked the need to improve, modernise and extend the range of facilities. Having experienced the higher standards offered by continental tour operators, particularly in regard to accommodation and the provision of ensuite facilities, the modern tourist now expected similar standards at home. Consequently by the late 1970s and early 1980s, Torbay Borough Council were forced to react vigorously to the sharp decline in tourism in order to restore business confidence and private sector investment in the resort.

5.3 Strategic Responses to Tourism Decline:

5.3.1 The Torbay Tourism Study

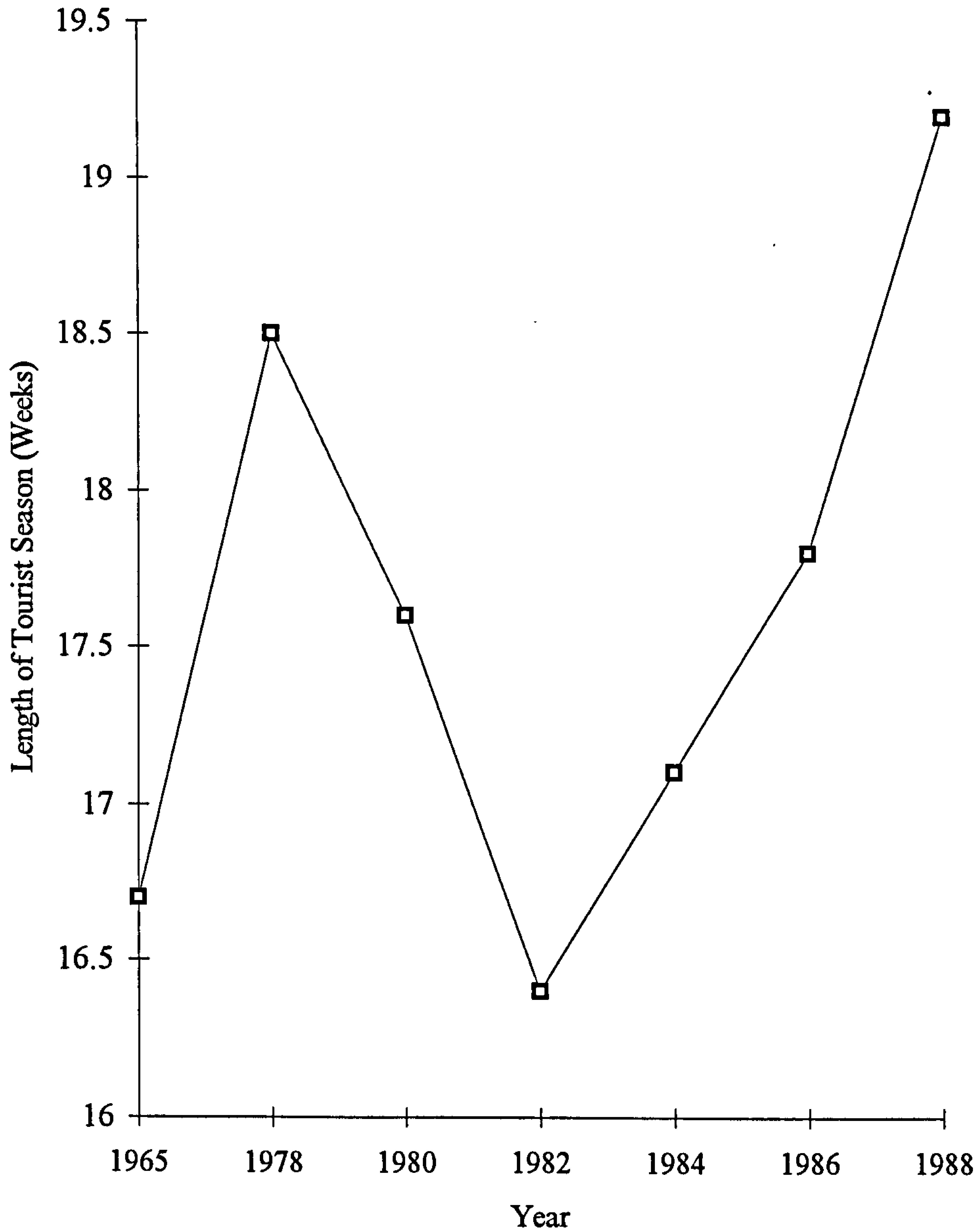
In 1981, Torbay Borough Council and the English Tourist Board jointly sponsored the 'Torbay Tourism Study', which aimed to assess the impact of tourism on the local economy and to identify possible development opportunities for the resort (ETB, 1982) (see Table 5.2). Ultimately, the key findings from the study served to reinforce the identified importance of, and possible over dependence on, tourism in the local economy and that a downturn in visitor numbers posed a serious threat to the future prosperity of the resort (see Table 5.3). The study emphasised that while Torbay had a strong reputation as a summer holiday resort, its long-term survival depended on the promotion, development and revitalisation of new and existing tourism resources: '*tourism will continue to be a highly competitive business and no place reliant on tourism can*

Figure 5.3: Visitor nights in Torbay, 1974 to 1984



(Source: Devon County Council, 1996)

Figure 5.4: The average length of the holiday season (Index) in Devon, weeks



(Source: Devon County Council, 1996)

Table 5.2: The objectives of the Torbay Tourism Study

1. *To examine present tourism in Torbay, both from Britain and overseas*

2. *To illustrate some of the main economic effects of tourism*

3. *To relate existing tourism within Torbay to potential markets and developments*

4. *To provide recommendations for the guidance of both public and private sectors on practical policies for future promotion, through marketing, and the development and management of tourism in Torbay*

(Source: English Tourist Board, 1982, p. 1)

Table 5.3: Key findings from the Torbay Tourism Study

1. *The exceptional popularity of Torbay as a holiday resort is confirmed. Over a million people stayed there in 1981. It is the most visited resort in the West Country and the third most visited resort in the whole of England.*

2. *Tourism is enormously valuable to Torbay. Tourists spent an estimated £130 million in 1981, of which £64 million was retained an income for local residents.*

3. *Tourism directly supports at least 16, 650 jobs in Torbay: 6,000 permanent, all year jobs in holiday accommodation and 10, 650 seasonal jobs. A third of the employed work force of Torbay is thus directly dependent on tourism in the height of the season.*

4. *The vast majority of holiday makers in Torbay are British people on their main annual holiday. That presents a severe challenge to Torbay because the home market for long holidays is not expected to grow much and has been vulnerable to foreign competition.*

5. *Many of Torbay's holidaymakers have stayed before. Current visitors are generally well satisfied with their Torbay holiday so there is good potential for generating repeat visits.*

6. *Torbay is one of a handful of seaside resorts in England which attract overseas visitors. That could be a growth opportunity. Conference visitors outside the peak season are also very valuable.*

7. *Torbay shares with the rest of South Devon an enviable location: one of the most highly regarded holiday areas that England has to offer. Torquay in particular has an exceptionally strong and positive reputation as a summer holiday resort.*

8. *Torbay's reputation as somewhere to go for an off-peak holiday is not so strong, and relatively few visitors go for a short holiday at present. Yet short and off-peak holidays are likely to show continued growth nationally.*

9. *Visitors to Torbay rated the surroundings, amenities and attractions very positively. Torbay and the surrounding parts of South Devon are particularly outstanding for scenic coast and countryside, numerous interesting places to visit, and a wide variety of entertainments and attractions.*

10. *There is a vast amount of accommodation of all kinds in Torbay. Torquay alone has one of the largest concentrations of high quality hotels at the English seaside.*

11. *The County and the Borough authorities receive far more in rate income from tourism enterprises than the £1 million Torbay Borough spends in support of tourism. The £64 million earned by the residents from tourism was around 90 times what the Borough spent on tourism, net of rate income.*

(Source: English Tourist Board, 1982, p. i)

afford to rest on the laurels of their previous success as a resort' (ETB, 1982, p. 1).

The revitalisation of the resort by public and private investment would be achieved through improved product competitiveness, the promotion of assets and unique selling points, and effective marketing of the tourism product (Torbay Borough Council, 1985, p. 8). The recommendations from the Torbay Tourism Study provided a framework for future development and the concentration of resources into the improvement of existing holiday accommodation and the upgrading and development of new tourist attractions, in particular all-weather facilities. Perhaps the most significant recommendation was the formulation of an integrated tourism strategy focusing on market and development planning (ETB, 1982). Market planning would focus on the promotion of the resort within the domestic, overseas and business tourism markets. In conjunction, development planning would work in close association with the outlined marketing strategies to ensure that Torbay was suitably equipped with the right amount, type and quality of facilities for future visitors. Accordingly, Torbay Borough Council would continue to be responsible for the regulation, control and encouragement of new tourist development. However, in order to effectively implement the proposals regarding the marketing and promotion of the resort, the Torbay Tourist Board was formed to redefine the character of the resort (Brown, 1989).

5.3.2 The Torbay Tourist Board

As a direct result of the Torbay Tourism Study and as an essential part of the rejuvenation process, the Torbay Tourist Board (renamed the English Riviera Tourist Board in 1992) was established in 1982. Prior to this date, tourism development and promotion had largely been the responsibility of the Leisure Services Department at Torbay Borough Council. However, by attempting to integrate leisure and tourist provision within a single department, Torbay Borough Council was seen to be trying to service two inherently different sectors, with fundamentally different requirements and objectives. Consequently, The Torbay Tourist Board emerged as a distinct arm of Torbay Borough Council, charged with the responsibility of developing a more positive role in the promotion and development of tourism in the resort. The Torbay Tourist Board described its principal objectives as:

'a commitment to the growth and expansion of tourism within Torbay to the benefit of the local economy; the effective and objective use of all resources according to current priorities; the anticipation of market demand and to have the appropriate products in the right place at the right time; and to continually research and understand the problems and indeed the solutions involved in the marketing of the English Riviera' (Torbay Tourist Board, 1988, p. 5).

5.3.3 The English Riviera Marketing Campaign

The Torbay Tourism Study revealed that two types of holiday maker visited Torbay. The first type were strongly loyal and regarded Torbay as the best resort in Britain and had no desire to go abroad or elsewhere in the UK. The second type were those who could not afford to take a foreign holiday at the time and who saw Torbay as the best alternative to the Continent (ETB, 1989, p.C1-2). The study also found that when compared with other resorts, Torbay was not realising its potential amongst the more affluent AB social groups. In particular, the name 'Torbay' was not widely recognised as representing the three resorts of Torquay, Paignton and Brixham, and was considered, by some, to be a completely separate resort from the three existing centres.

Clearly, a new image that would unite the identity of the three resorts and portray Torbay as the most stylish resort in England, on a par with its Continental counterparts, emerged as an immediate priority of the marketing and development strategy. Centred under the collective umbrella of the English Riviera, a series of marketing objectives were formulated aimed at achieving successful penetration into the second, short break, overseas, business and conference markets (see Table 5.4). In August 1982, Travis Dale and Partners of London were engaged by the Torbay Tourist Board to create a distinctive advertising campaign for Torbay. The two main aims of the marketing strategy were to generate a demand for holidays in Torbay through the distribution of the main accommodation brochure and to develop a logo that would be instantly associated with Torbay. In the first instance, the holiday guide for the Bay was redesigned, incorporating details of all the resorts' facilities and accommodation. With the advertising budget limited to £130,000 per annum, the need for a distinctive and stylish visual branding device was essential (ETB, 1989, p. C1-3). The final design, which centred on two elements, namely a

Table 5.4: The marketing objectives outined in the Torbay Tourism Study

1. *To maintain the important traditional long stay visitor volumes even though this sector was already in decline.*

2. *To attract new visitor volume from the following areas:*

   a) *those holiday makers wanting an economical 'continental style holiday'*
   b) *the more affluent holiday makers, especially in London and the South-East*
   c) *the second and short break holiday markets*

3. *Attract more visitors from overseas especially as a touring base for the West Country*

4. *Attract an increasing share of the conference, exhibition incentive and business market*

5. *Attract more 'new' business by co-operation with the travel trade in packaging and selling the resort especially by keeping at the forefront of information and reservation technology*

(Source: English Tourist Board, 1982)

Figure 5.5: An example of the distinctive branding created by the Torbay Tourist Board

(Source: English Riviera Tourist Board, 1996)

palm tree and the term the 'English Riviera' helped to provoke more favourable and sophisticated images of the resort (see Figure 5.5).

The logo was subsequently incorporated into the resort's promotional and marketing literature and contributed significantly to the task of image building. As Lumsdon (1992) writes: 'by declaring the image that the Torbay Tourist Board wished to attain, appropriate development followed. In most destinations, the reverse is true in that development precedes image building'. Since 1982, the promotion of the resort has focused on illustrative and photographic designs which have developed a distinctive brand image for resort. The advertising campaign has been highly successful and has won over 20 awards including the International Poster Award for Advertising Effectiveness, Campaign Poster, Creative Circle and Travel Trade Gazette Travel Awards (ETB, 1989, p. C1-5).

5.3.4 The Torbay Tourism Development Action Programme

The recommendations from the Torbay Tourism Study formed the basis of the Torbay Tourist Board's entry into the English Tourist Board's 'Resort 2000' competition in 1985. In March 1986, the English Riviera was declared a joint winner of the competition and consequently received grant aid to implement a Tourism Development Action Programme (TDAP). The TDAP involved a series of initiatives designed to improve the resort's facilities and boost tourism between 1986 and 1990. The scheme was jointly financed by Torbay Borough Council, the English Tourist Board and Devon County Council. Over the three years, the funding bodies contributed a total of £212,500 to the core budget. Through a series of public and private sector initiatives, the overall aim of the TDAP was to maintain the market share of the main holiday market and to expand into new markets where growth potential existed. In order to achieve these objectives, nine key areas of action were pinpointed (see Table 5.5), which resulted in a series of major redevelopment programmes in all three resorts (see Table 5.6). A number of key developments supported by the TDAP included:

Table 5.5: Areas of action identified by the Tourism Development Action Programme

1. *Developing new tourist attractions*
2. *Improving communication facilities*
3. *Improving the environment of the resort towns*
4. *Improving the quality of accommodation*
5. *Developing the resort's heritage*
6. *Developing the maritime potential*
7. *Extending the season*
8. *Expanding the resort's marketing activity*
9. *Encouraging the industry to adopt a professional approach*

(Source: Torbay Tourist Board, 1990)

Table 5.6: Developments undertaken during the Tourism Development Action Programme

1. Developing new tourist attractions

- *Torquay Marina with shore based facilities and the Pavilion speciality shopping centre with bar and restaurant (1986-1987)*
- *English Riviera Centre, conference and leisure centre (1987)*
- *Quaywest Beach Resort (Goodrington), Phase 1 - Flume Aquaventure Park, bars and restaurants. Phase 2 (1991) hotel, timeshare units, shops and all weather facilities planned.*
- *Brixham Marina (1989)*
- *Fleetwalk and Wintergardens, 77 new retail units in quality shopping environment.*
- *New Maritime 'Experience' tourist attraction in the Old Market House, Brixham (1990)*

2. Improving Communication facilities

- *Improved signposting to the resorts with brown tourist signs on the A38/A380 and M5.*
- *English Riviera Welcome Signs placed on the Borough boundary.*
- *20 Tourist Information Points strategically located throughout the resorts.*
- *Comprehensive network of pedestrian fingerposts.*
- *Production of new English Riviera street maps.*

3. Improving the environment of the resort towns

- *Development of environmental improvements strategy 'Riviera Renewal' for seafront area.*
- *Redevelopment of Torquay town centre, pedestrianisation of Fleet Street.*
- *Torquay Harbour Area pedestrianisation and enhancement scheme.*
- *Cary Green relandscaped public open space.*
- *Paignton promenades improvements scheme.*

4. Improving the quality of the accommodation

- *Encouragement of all establishments to improve the quality of facilities and services.*
- *Encouragement to improve the frontages of establishments*
- *Encouragement of 'Customer Care' and friendly service.*
- *Financial assistance of the above with Section 4 Grant aid and the small business development fund (upto 1989).*

5. Developing the Resorts Heritage

- *Production of strategy: Touchstone Associates 'Heritage Interpretation'.*
- *Major events including the 300th Anniversary of William III landing at Brixham and the 400th Anniversary of the Spanish Armada celebrations (1988).*
- *Using local connections, e.g. Mystery on the English Riviera celebration of the 100th Anniversary of the birth of Agatha Christie.*
- *Promotion of the resorts heritage through Heritage leaflet.*

6. Developing the Maritime potential

- *Production of a Maritime Study for Torbay*
- *Appointment of an Events Co-ordinator*
- *Create Controls of maritime activities and water users.*
- *Attracting major sailing and boating events.*

7. Extending the Season

- *Use of Special Events to break into the shoulder months, e.g. 1990 'Mystery on the English Riviera'*
- *Short breaks and Activity holidays effort expanded, e.g. Riviera Breaks, Christmas on the English Riviera.*
- *Educational Breaks Programme.*
- *Encourage Business Tourism, Conferences and Exhibitions.*

8. Expanding the resort's marketing activity

- *Expand the Riviera Breaks package to incorporate activity and themed holidays.*
- *Develop a marketing strategy for the resort's heritage attractions.*
- *Develop the marketing research base.*
- *Develop overseas marketing to key areas.*
- *Develop marketing schemes for specific market segments.*
- *Positively promote new initiatives taking place in the resort.*
- *Introduce a co-ordinated campaign to increase Torbay's share of the conference and exhibition markets.*
- *Investigate alternative means of promoting the main holiday season via the English Riviera guide.*
- *Apply computer reservation technology to accommodate conference marketing.*
- *Initiate joint marketing efforts with compatible destinations.*

9. Encouraging a professional approach.

- *Development of a public relations campaign to proclaim the importance of tourism in the resort and the need for a TDAP.*
- *Business Advisory Service (1988)*
- *Business Seminar Programmes (1988-89)*

(Source: Torbay Tourist Board, 1990)

i) Riviera Centre

The Riviera Centre was built in recognition of the resort's need for a wet weather facility to extend the holiday season (see Plate 5.1). The site for the centre was given to Torbay Borough Council by the late Mrs Grace Murrell of the neighbouring Victoria Hotel for the express purpose of building a conference centre and thus assist in the diversification of the resort into business and conference tourism. Although supported by the TDAP, the actual go-ahead for the centre was given by Torbay Borough Council in 1982, following the publication of the 'Torbay Tomorrow' Report which identified key sites for future development in the Borough. The centre was designed and built by Module 2 Limited, who also designed the Bournemouth International Conference Centre and Plymouth Pavilions. The initial estimated costs were £7-8 million, but on completion in May 1987, the final costs totalled £15 million due to unforeseen problems with the laying of the foundations. A grant from the European Community was obtained by Torbay Borough Council to cover 20 per cent of the construction costs.

The success of the English Riviera Centre in promoting business tourism in Torbay is well documented. In 1982, the Torbay Tourism Study estimated the value of conference business to the local economy at £4 million per annum (ETB, 1982, p. 45). In 1989, with the completion of the English Riviera Centre, estimates were at around £10 million, with the Centre generating an estimated 130,000 tourist bednights per annum (TDAP Working Group, 1990, p. 3). The English Riviera Centre has also acted as a catalyst for the development of conference facilities in surrounding hotels, as establishments have sought to take advantage of the new market being attracted to Torbay and to fill the niche for smaller conference venues. However, despite the benefits that the English Riviera Centre has brought to the tourist industry, the Centre is a source of considerable contention in Torbay. Described as a 'hideous, blank concrete structure' by Powell (1986), the English Riviera Centre is generally regarded as a costly 'white elephant' and a major burden on the rates, especially considering the lack of local demand for this type of leisure facility. In 1988, the Centre made a loss of £1.5 million compared to a loss of £325,000 in 1987. Indeed prior to a management shake-up in the early 1990s, the centre owed its very survival to continual subsidies from Torbay Borough Council.

Plate 5.1: The Riviera Centre, Torquay

Plate 5.2: Fleet Walk Shopping Centre, Torquay

ii) Fleet Walk Shopping Centre

Shopping forms an integral part of a tourist's visit to any resort, particularly in bad weather. The Torbay Tourism Study highlighted the need for enhanced leisure shopping facilities in an improved town centre and harbour environment. In 1988, in preparation for the redevelopment of the southern end of central Torquay, the buildings along the west side of Fleet Street and along George and Swan Streets were demolished to make way for the new 'Fleet Walk shopping complex' (see Plate 5.2). The complex, which was built at a cost of £30 million by Rosehaugh Heritage PLC, was completed in 1989 and has provided a new retail focus in Torquay. Features of the complex include a classical architectural front, first floor arcade, winter garden, speciality shops and an ornate footbridge to the seafront. The development comprises 78 shopping units of which 27 in the Wintergardens are smaller speciality shops creating approximately 300 jobs (TDAP Working Group, 1990).

The development of the Fleet Walk complex highlights how tourism related developments can appear to conflict with local interests and arouse considerable resentment. The proposals for the redevelopment, announced in 1984, created a great deal of local opposition as the planned development involved an enclosed shopping centre replacing all the existing buildings and the loss of a cherished Victorian townscape. The plans were seen by many as extreme, particularly as the scheme involved widespread demolition within a conservation area. While nobody denied that some form of redevelopment was needed to revitalise Torquay's town centre, a local poll conducted by 'Save Britain's Heritage' in 1987 found that 78.6 per cent of residents in Torquay opposed the council's plans (Greig, 1987). The original scheme collapsed largely as it proved too ambitious and no financial backers could be found. In response to the development plans, a 'Save Torquay Old Town Association' was formed which subsequently spent £10,000 on commissioning an alternative plan for the Fleet Street Site. The alternative plan, which was designed by Bristol-based Ferguson Mann, capitalised on the existing Victorian architecture and sought to retain buildings of architectural significance. These proposals proved more appealing and were taken up by the property developer 'Greycoat' as the basis for a 'speciality shopping' scheme. However, when Torbay Borough Council short-listed four development packages to replace the original scheme, the Greycoat application was omitted on the basis that the plans were not financially viable. The final development has certainly transformed the image of Fleet

Street, but locals feel it does not match the original charm of the Victorian architecture in Torquay. While the development of Fleet Walk created business confidence in the late 1980s and helped spur further investment in Torbay, many of the retail outlets fell empty through the recession in the early 1990s (see Plate 5.3). Recent refurbishment schemes have improved access and signage around Fleet Walk in an attempt to develop a greater commercial mix of retail outlets.

iii) Torquay Marina and the Pavilions

The creation of a 500 berth marina in Torquay's outer harbour was completed in 1986 (see Plate 5.4). The development of this marina has stimulated a resurgence of interest in yachting in Torbay, which has some of the finest stretches of sailing water in the UK. The main aim of the marina development was to create a much more up-market and cosmopolitan image for the resort in an attempt to attract a more affluent clientele. The redevelopment of the outer harbour has been complemented by shore-based leisure facilities and the development of the Victorian Pavilion. The Pavilion, which was originally a theatre (1916), has been redeveloped by Marina Developments and Westminster and Country Properties Plc into a speciality shopping complex, containing 26 shops and a cafe and bar. The Pavilion opened in 1987 and, according to Torbay Borough Council, is the best speciality shopping centre this side of the Atlantic !

Along with the development of new tourist facilities, the Torbay Tourist Board attempted to increase visitor volumes and the length of the season through the promotion and marketing of specific events. For example in 1990, the 100th anniversary of the birth of Agatha Christie in Torquay was marked by a series of events under the banner 'Mystery on the English Riviera'. In conjunction with development and marketing strategies, other less tangible aspects of the visitor experience such as signposting, floral displays and building frontages were improved. Between 1986 and 1989, nearly £2.5 million was invested through the TDAP in environmental enhancement schemes, including the pedestrianisation of Fleet Street and repairs to Paignton harbour.

Plate 5.3: Empty retail units in the Fleet Walk shopping complex, 1994

Plate 5.4: Torquay Marina

5.3.5 The TDAP and the Holiday Accommodation Industry

The most significant aspect of the TDAP for tourist accommodation was the preferential access to capital investment through the English Tourist Board's Section Four grant aid scheme. Between 1987 and 1989, nearly £5 million of capital investment in accommodation in Torbay was directly stimulated through the Section Four scheme (TDAP Working Group, 1990, p. 6). Although Brixham received no grant assistance whatsoever, the total amount of Section Four assistance procured by Torquay and Paignton was significant compared to that received in Devon (see Table 5.7). In total, Torquay and Paignton acquired £896,513 compared to the figure of £1,742,424 for the whole of Devon (Agarwal, 1996, p. 198). The majority of funding was allocated to serviced accommodation to finance the upgrading of existing accommodation stock, the provision of ensuite facilities, the installation of central heating, general refurbishment and the development of leisure facilities (see Table 5.8). A notable example of development utilising grant funding involved the Derwent and Victoria Hotels, where major refurbishment and development was undertaken to provide additional leisure and accommodation facilities. However, in 1989 the Section Four grant aid scheme was abolished in England and this acted to undermine potential development, particularly amongst smaller establishments. Until the abolition of Section Four funding in 1989, small operators could also apply for assistance under the 'Small Business Development Fund'.

5.3.6 Responses to Decline: Development Planning

Although the Torbay Tourism Study (1982) recognised development control as an integral part of the revitalisation process in Torbay, no definitive policy statement regarding tourist development emerged until the formulation of the Torbay Local Plan in 1986. Indeed prior to 1986, there was no rigid planning policy framework for tourist development in Torbay and problems within the tourist industry were tackled by Torbay Borough Council as they emerged. Consequently, solutions tended to be more reactive than proactive, reflecting the lack of any long-term strategic plan for tourism development. However, tourism formed an integral part of the new Local Plan, which was recognised as 'providing the essential framework to maintain and improve tourism in Torbay, and to develop the individual identities of the three towns' (TDAP Action Group, 1990, p. 9). The aims of the key tourism policies outlined in the Torbay Local Plan were to assist the development of the tourist industry in the context of the Council's integrated tourism strategy

Table 5.7: The utilisation of Section Four grant aid in Torbay, 1982 to 1986

Resort	Number of Projects	Total Capital Cost (£)	Total Grant Recommended	% of Grant Recommended (£)	Extra Jobs F-T	Extra Jobs P-T
Torquay	34	6,341,389	760,120	11.8	107	60
Paignton	17	865,555	136,393	15.7	21	8
Devon	145	11,694,121	1,742,424	14.9	207	120

(Source: Agarwal, S., 1996, p. 199)

Table 5.8: Examples of hotels in Torbay that benefited from the allocation of Section Four funding

Hotel (Confidential)	Size	Project Details	Cost	Change in net profit	Employment	Summary
Central Torquay	19 bedrooms, 13 ensuite	Extend ensuite provision and central heating to all rooms	£12,000	35% to 21%	Two posts created on the completion of the project	The number of rooms is reduced from 25 to 19, but a loss of rooms is irrelevant as long as the business grows.
Close to sea front and English Riviera Centre	48 bedrooms, 29 ensuite	Convert basement/ store into indoor swimming pool and extend ensuite to a further 5 rooms	£74,000	£23,000 (9%) to £32,000 (11%)	2 additional full time staff engaged and hotel now open all year	The hotel still has a high proportion of rooms without private bathrooms. The response to marketing is that new customers only want private bathrooms and will not consider the alternative. Only the hotel's regular visitors will accept a shared bathroom.
Close to the English Riviera Centre	47 bedrooms, 42 ensuite	Provide 10 ensuite bathrooms in existing bedrooms	£33,500	£29,000 (13%) to £39,000 (14%)	Ten people previously employed on a seasonal basis are now full-time.	Additional investment of £15,000-£20,000 planned to bring the hotel up to a four crown ETB or three star AA standard. Plans also approved to enclose existing outdoor swimming pool with a permanent structure comprising mini-leisure centre and bar cafe.
Close to the English Riviera Centre	32 bedrooms, 22 ensuite	Extend ensuite provision to a further 11 rooms and extend central heating	£87,673	£8,000 (12%) to £14,500 (18%)	3 additional full-time staff employed	The establishment has achieved a three crown standard and gives excellent value for money. The hotel almost doubled its' number of bedrooms when it acquired the hotel next door in 1985.
St. Marychurch, Babbacombe	17 bedrooms, no ensuite	Install full central heating	£5,400	£0 to £19,000	Appointment of 3 part-time staff	Disappointed with the winter trade which has not been attracted to the hotel. Of the opinion that the central heating has made virtually no difference to the business. The increase in business is due to the hotel diversifying into a specialised market which other establishments are unwilling to cater for.

(Source: West Country Tourist Board, 1987)

and to embrace the principles of the Tourism Development Action Programme. The Local Plan provided the vehicle for the 'proper integration of development planning through which new investment in accommodation, attractions and relevant facilities would be encouraged' (TBC,1991, p. 23).

5.3.7 Principal Holiday Accommodation Areas

For the holiday accommodation industry, the most significant policies in the Torbay Local Plan related to the designation of Principal Holiday Accommodation Areas (PHAAs). The PHAAs were initially developed in 1983 as a response to the perceived threat that the conversion of hotels into elderly persons' homes were posing for the holiday accommodation industry. In 1982, the Torbay Tourism Study noted that 'one of Torbay's principal assets as a resort was its good quality hotel accommodation stock' (ETB, 1982, p. 57). However, the change of use to elderly persons' accommodation represented a serious erosion of existing accommodation stock to the detriment of the tourism industry in Torbay. Between 1974 and 1983, 59 planning applications were submitted for a change of use to elderly persons' accommodation. Of the applications implemented, 68 per cent were originally providing holiday accommodation (Torbay Borough Council, 1983, p. 11). The English Tourist Board also identified the negative impact of elderly persons' homes on the holiday character of the resort and that 'the presence of residential nursing homes adjacent to the main holiday areas was thought to unduly quell the natural exuberance and enjoyment of the holidaymaker' (Torbay Borough Council, 1983, p. 11).

Given the importance of the holiday accommodation industry in Torbay, the Council decided that the expansion of elderly persons' accommodation should be carefully controlled and, if necessary, restrained in order to protect the holiday character of an area and to maintain an adequate provision of holiday accommodation. A policy of selective restraint was adopted:

> *'involving refusal of all types of elderly persons' accommodation in specific areas whose character and image are threatened, where problems and pressures are most acute and where it could be considered inappropriate to allow the introduction of any additional elderly persons' accommodation' (Torbay Borough Council, 1983, p. 14).*

The policy was adopted to cover the seafront and the principal hotel frontages within the resort and was subsequently extended to cover the loss of holiday accommodation to any other use in the Belgrave Road and Torbay Road areas of Torquay, and Preston seafront, Paignton (see Appendix 1.2a to 1.2d). The adopted policy was defined as:

> *Policy (EPA1) : Normally to resist changes of use or development of hotels/guest houses/holiday apartments in the principal holiday accommodation areas defined in the accompanying plans, to uses or purposes other than those providing holiday accommodation (Torbay Borough Council, 1983, p. 14).*

A second policy was implemented to cover a high concentration of elderly persons' accommodation in the Cary Park and St. Marychurch area of Torquay; an area of particular importance to the holiday accommodation industry.

> *Policy (EPA2): Normally not to permit any change of use to or development of nursing homes, elderly persons' homes or the development of purpose built elderly persons' accommodation within the area around Cary Park and part of St. Marychurch as defined in the accompanying plan (Torbay Borough Council, 1983).*

In 1985, the PHAAs were formally recognised in the Paignton Central Area Local Plan and in 1991, the adopted Torbay Local Plan provided a more comprehensive and detailed explanation of PHAA policies. According to Torbay Borough Council, the PHAAs represented areas of holiday accommodation that were visibly important as a focus of tourism activity and which, given the concentration of hotels, guest houses and holiday apartments, gave a predominately 'holiday' atmosphere to the locality (Torbay Borough Council, 1991, p. 24). These areas represented the 'shop window' of the local tourism industry and were regarded as of fundamental importance to the local tourism economy. As a result, the council would resist any changes that were likely to have a detrimental effect on their function or character (see Policy TU7, Table 5.9a).

Whilst committed to the protection of existing accommodation stock, the council recognised that not all premises had the potential to offer an improved level of tourist accommodation.

Table 5.9: Principal Holiday Accommodation Area policies, 1991

a: Torbay Local Plan 1991, Policy TU7

Proposals adversely affecting the character of the Principal Holiday Accommodation Areas identified below will be resisted:

1. *Babbacombe Downs/ St. Alban's Road, Torquay*
2. *Belgravia, Torquay*
3. *Torwood, Torquay*
4. *Meadfoot, Torquay*
5. *Preston sea front, Paignton*
6. *Roundham, Paignton*

b: Torbay Local Plan 1991, Policy TU8

In assessing the proposals for redevelopment and change of use in respect of hotels, guest houses and holiday apartments outside the Principal Holiday Accommodation Areas defined in policy TU7, consideration will be given to the effect of the proposals on the well-being of the tourism base of the resort, not only in terms of the intrinsic characteristics of the site location, but also the cumulative effects of such change on the character and function of the resort in general.

(Source: Torbay Borough Council, 1991, p. 45)

Consequently, when considering applications from operational establishments which would result in the loss of holiday accommodation, the council would consider factors such as the nature and condition of the building, the size of rooms, the curtilage of the property and its capacity for vehicular parking. Factors relating to the management of the property, marketing and the availability of capital investment would also be central to any application for change of use. Where permission for change of use was granted, the Council would encourage and give preferential consideration to the development of a tourism-related facility.

Clearly the majority of holiday accommodation in Torbay fell outside the PHAAs and therefore, in order to safeguard the holiday character and quality of the resort, the council sought to ensure that the broad base of tourist accommodation was maintained and the quality and provision of facilities was protected through the enforcement of local plan policies (see Policy TU8, Table 5.9b). In determining applications which would result in the loss of holiday accommodation outside the PHAAs, the council would consider the potential offered for refurbishment or redevelopment in order to provide an improved level of tourist accommodation, particularly in relation to the significance of the site and its setting as a holiday location. In the case of any redevelopment, the council would again encourage the development of a tourism/recreational facility (Torbay Borough Council, 1991, p. 25).

These policies represented a proactive approach to a developing tourism problem aimed at maintaining the quality and quantity of holiday accommodation in Torbay. However, the policies also proved to be a source of contention amongst local hotel operators who thought that the policies were too prescriptive and inflexible. Indeed, it has been suggested that the PHAAs have disrupted 'natural' processes of restructuring and contributed to an oversupply of bedspaces in Torbay. However, Torbay Borough Council suggest that the perceived lack of flexibility is unfounded and reflects, in part, a limited awareness of local policy directives amongst local tourism entrepreneurs. The need for a greater degree of liaison and co-operation between the public and private sector was addressed in 1992, with the establishment of the Torbay Tourism Forum designed to provide a voice for all those individuals involved with tourism in the resort.

The arguments against the PHAA policies become more vocal in the early 1990s as the collapse of the property market, combined with the impact of the recession, saw many small operators struggling in an increasingly competitive marketplace. By the end of the 1980s, the major high street banks were required to provide financial assistance to many hotel businesses:

> *'The big five high street banks are keeping alive scores of Torbay's hotels as they struggle for survival as never before. Financial institutions have decided not to pull the rug from under hotels facing closure due to a combination of high interest rates and an abysmal summer. At least 30 of the Bay's hotels of all sizes are believed to have been given special financial help from the banks' (Herald Express, 1st July, 1990 quoted in Agarwal, 1996, p. 205).*

After lengthy consultation with representations from the local tourism industry, Torbay Borough Council revised the existing PHAA policy directives in the Borough wide Local Plan published in 1996 (see Table 5.10 and 5.11). Although still designed to protect the core areas of holiday accommodation in Torbay, the new policy directives emphasised that while continued investment is necessary to remain competitive, some premises, in particular smaller hotels or holiday apartment businesses (typically with six or less bedrooms, or four or less units), may offer little or no potential for refurbishment and may consequently be granted planning approval for change of use. In reaching a decision, the Council will consider the overall level and standard of facilities provided, the capacity for redevelopment and the possible effect on the holiday character of the area. Under-investment and a general lack of maintenance will not be accepted as justification for the loss of inherently suitable and appropriately located holiday accommodation. The commercial viability of the business together with present marketing and management strategies will also be important considerations (Torbay Borough Council, 1996, p. 45).

As well as revising the PHAAs, the Council have also acted to protect the hotel industry from the detrimental impacts associated with the emergence of hostel accommodation and, in particular, hotels that are now providing accommodation for the homeless and unemployed within the resort (see Table 5.12). The council will not permit this type of accommodation provision within PHAAs and planning approval will only be permitted where applications relate to language schools or other appropriate organisations. Any approval would be based on the premise that such uses would contribute to the holiday atmosphere of the area and complement the existing range of accommodation available to the tourist industry (Torbay Borough Council, 1996, p. 72).

Table 5.10: Principal Holiday Accommodation Area Policy, TU8, 1996

a: Torbay Borough Local Plan 1996, Policy TU8

Proposals for new buildings, extensions, change of use or other developments which are to the detriment of the character and function of the Principal Holiday Accommodation Areas (PHAAs) identified below will be resisted:

1. *Babbacombe Downs, Torquay*
2. *Newton Road, Torquay*
3. *Torre, Torquay*
4. *Belgrave Road, Torquay*
5. *Warren Road, Torquay*
6. *Torwood Gardens, Torquay*
7. *Babbacombe Road, Torquay*
8. *Meadfoot Road, Torquay*
9. *Meadfoot Sea Road, Torquay*
10. *Torbay Road seafront, Torquay*
11. *Preston seafront, Paignton*
12. *Paignton seafront - North*
13. *Paignton seafront - South*
14. *Roundham Road, Paignton*
15. *Braeside Road, Paignton*

The principle of loss of holiday accommodation or important tourism-related facilities may however be acceptable within PHAAs where the following criteria apply:

a. *the premises lack an appropriate basic range of facilities and do not offer scope or potential for improvement, thereby failing to meet the reasonable requirements of the tourist;*

b. *the premises have restricted bedspace capacity, having a limited number of bedrooms (if serviced accommodation) or apartments (if self-catering);*

c. *the loss of the premises would not be to the detriment of the holiday character of the particular locality, nor set an unacceptable precedent in relation to the concentration and role of nearby premises;*

d. *the proposed new use or development is compatible with the surrounding tourism-related uses and contributes positively to the holiday character and atmosphere of the area.*

(Source: Torbay Borough Council, 1996)

Table 5.11: Principal Holiday Accommodation Area Policy TU9, 1996

a: Torbay Borough Local Plan 1996, Policy TU9

The redevelopment or change of use of hotels, guest houses and holiday apartments to non-holiday accommodation may be permitted outside the Principal Holiday Accommodation Areas, provided that each of the following criteria apply:

a. *the premises lack an appropriate basic range of facilities and do not offer scope or potential for improvement, thereby failing to meet the reasonable requirements of the tourists;*

b. *the premises have restricted bedspace capacity, having a limited number of bedrooms (if serviced accommodation) or apartments (if self-catering);*

c. *the site of the accommodation is of only limited significance in terms of its holiday setting, views and relationship to tourism facilities;*

d. *the loss of the premises would not be to the detriment of the holiday character which may exist in the locality, or set an unacceptable precedent in relation to the concentration of any other holiday premises nearly;*

e. *the cumulative effects of the loss of premises would not be to the detriment of the overall character of the overall character and function of the individual resort, or Torbay as a whole; and*

d. *the new use should be compatible with other uses in the area.*

(Source: Torbay Borough Council, 1996, p. 46)

Table 5.12: Planning policies related to the application for change of use to hostel accommodation

a: Torbay Borough Local Plan 1996, Policy CF19

Planning applications for the change of use or development of accommodation for the purposes of a hostel will be permitted only where it can be demonstrated that they relate to a demonstrable local need and that proposals are in accordance with the following criteria:

1. *the use or development would not be to the detriment of the character or appearance of the neighbourhood or have an adverse effect on the amenity of adjoining and nearby properties;*

2. *where applications relate to premises or sites situated within a Conservation area, approval will not be granted unless it can be demonstrated that the proposal complies with Policies B12 and BE17 (preservation and enhancement of Conservation Areas and high standards of design in Conservation Areas) and has regard to the desirability of preserving or enhancing the character or appearance of the Area;*

3. *in particular, proposals will not be acceptable within Principal Holiday Accommodation Areas unless it can be demonstrated conclusively (and subject to Policy TU8 - protection of PHAAs) that the development is providing accommodation specifically for language schools or other appropriate organisations, which would complement the range of accommodation available to the tourism industry;*

4. *where the proposal relates to hotels, guest houses or holiday apartments elsewhere, the application should not conflict with Policy TU9 (protection of holiday accommodation outside PHAAs);*

5. *where an institution proposes a hostel to provide accommodation specifically for students attending further/higher education facilities or for medical students and staff, the institution will be required to demonstrate how the proposal forms part of an overall development strategy which should be compatible with Policies CF11 (South Devon College) and CF13 (Torbay Hospital);*

6. *the proposal should not prejudice highway safety and convenience, and satisfactory provision should be made for car parking spaces in accordance with Local Authority requirements; and*

7. *where appropriate, amenity space should be provided within the site and landscaped for the benefit of occupants.*

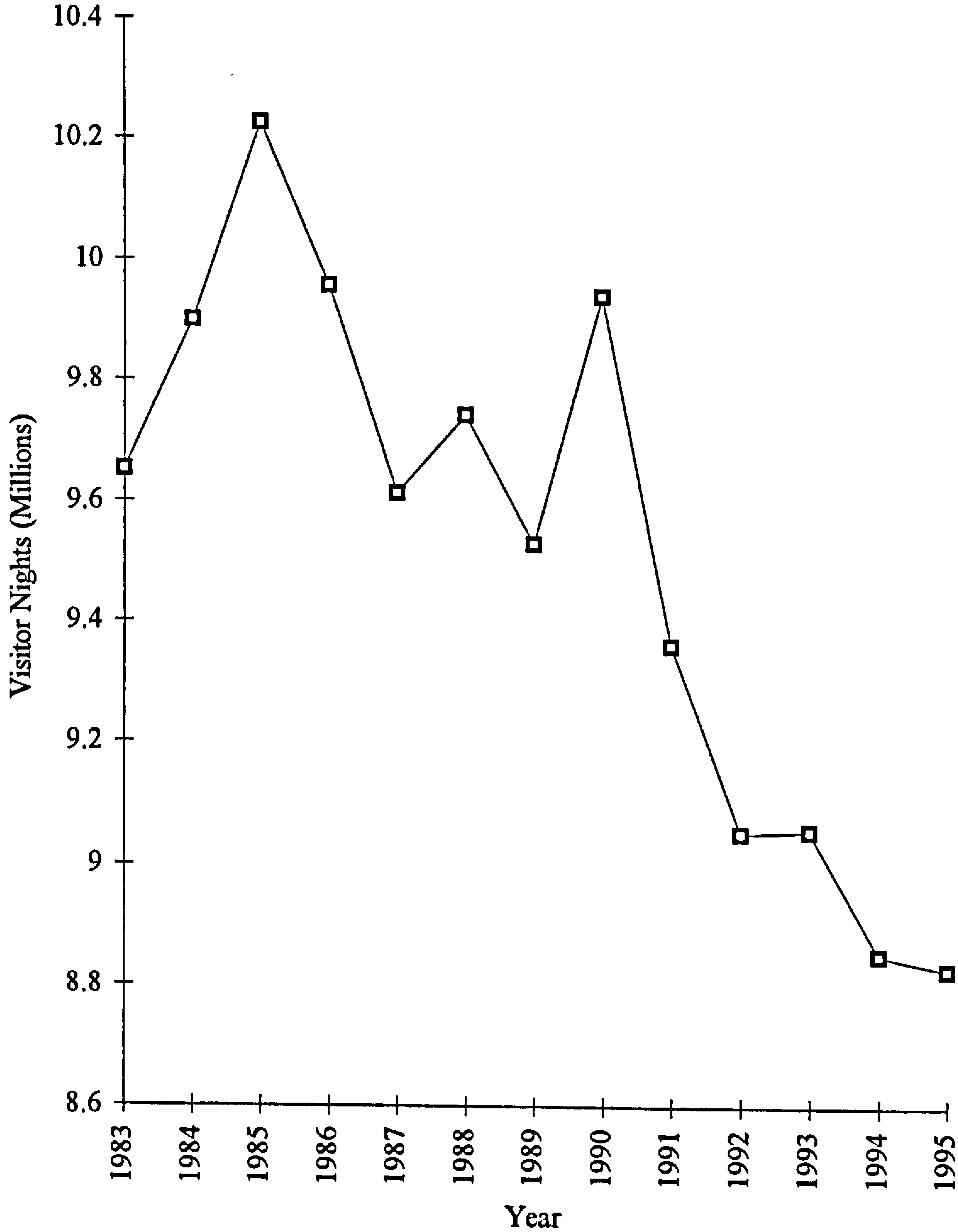
(Source: Torbay Borough Council, 1996, p. 71)

Overall, the positive and proactive approach taken by Torbay Borough Council highlights the integral role played by the public sector in providing a co-ordinated framework for tourism development. Indeed, given the highly fragmented nature of the tourism industry in Torbay, a level of state intervention in local development is essential to achieve co-operation between the public and private sector. In particular, the evolution of the PHAAs and the introduction of policies to control the development of hostel accommodation, emphasises that the planning process must demonstrate an ability and willingness to change and adapt in response to changes in the tourism environment, and attitudes and expectations of the private sector (Agarwal, 1996b).

5.4 Conclusions

The involvement of the principal landowners and later the positive approach taken by the local authority have been instrumental in shaping the present structure of the accommodation industry in Torbay. Indeed, it can be suggested this historical legacy has compounded the problems of restructuring in resort accommodation because of limitations relating to the size, location and structural capacity of accommodation stock. In addition, public sector intervention in the form of the TDAP and PHAAs has interrupted the natural restructuring process by shielding the accommodation industry from the full impact of market forces. Consequently, while designed to protect the intrinsic holiday atmosphere of the key tourism areas in the resort, these policies might have partly contributed to an over-supply of bedspaces and exacerbated the competitive pressures in the resort. Public sector intervention and the rejuvenation strategies of the 1980s and 1990s underline the tourism industry's strategic response to changes in the tourism market. The downturn in visitor numbers has placed greater emphasis on the role of strategic planning and the partnership between the public and private sector. The emergence of identifiable development and marketing strategies signalled a major change in the management and promotion of tourism resources and highlighted a need to accommodate and actively respond to changes occurring in the tourism industry. Central to the management process has been a positive relationship between the public and private sector, embodied in the 1986 TDAP. This partnership has provided a focal point for development and marketing activity, without which many initiatives would not have progressed to their current state. In turn, rejuvenation strategies have been supported by the English Tourist Board, through preferential access to professional expertise and Section Four funding, while the involvement of the various sponsoring bodies also increased

Figure 5.6: Visitor nights in Torbay, 1983 to 1995



(Source: Devon County Council, 1984 to 1995)

the level of core finances available for development projects.

However, despite attempts to rejuvenate the holiday product in Torbay, visitors nights in Torbay have continued to fall. Although visitor numbers stabilized in the late 1980s, visitor nights fell from 9.9 million to 8.8 million between 1990 and 1995 (see Figure 5.5). While these figures might reflect the impact of the recession on discretionary income levels and the choice of holiday destinations (see Chapter Three), they also suggest that Torbay needs to reassess its position within an increasingly competitive tourism market. Although the public sector can guide development with the immediate resort environment, it is unable to influence the wider market forces which dictate the restructuring process. Therefore, if more was known about the accommodation sector's response to the restructuring process then more appropriate policies could be formulated and implemented in the resort to sustain the tourism economy. Clearly, Torbay faces a challenge in the late 1990s. As the domestic holiday market remains extremely variable, much will depend upon whether the resort can continue to re-orientate to the ever changing tastes and requirements of tourists in the future.

Ultimately, the restructuring process in Torbay has been and will continue to be conditioned by the characteristics of the local tourism environment. In order to understand more clearly the type of restructuring processes occurring in the resort, the following chapters will examine the characteristics of the holiday accommodation industry in Torbay, by utilising the original data sources discussed in Chapter Four. Chapter Six will outline the changes and restructuring that has occurred in the resort's accommodation stock by using data from the commercial register, holiday accommodation brochures and the planning application records. Chapter Seven will draw on information from the questionnaire survey to examine the entrepreneurial characteristics of providers of holiday accommodation, and to explain the changes that have occurred within the industry. In particular, attention will focus on the role of recession in the restructuring process.

Chapter Six

The Structure of the Holiday Accommodation Industry in Torbay

6.0 Introduction

As discussed in Chapter Two, the adoption of any restructuring strategy will be influenced by the characteristics and competitive pressures within the internal and external environment of a business. Therefore, a clear understanding of the structural characteristics of the holiday accommodation industry in Torbay is an essential prerequisite for the study of restructuring strategies pursued by holiday accommodation establishments. Having already considered the historical development of the tourist industry in Torbay, the purpose of this chapter is to illustrate the structure of, and changes within, the serviced and self-catering sectors of the holiday accommodation industry in Torbay. Data is drawn from the commercial register, holiday accommodation brochures and planning applications to provide a quantitative review of the outcomes of the restructuring process in Torbay, irrespective of influences and possible causes. The commercial register (c. 1994-95) provides details on the size and distribution of all holiday accommodation, the accommodation brochures (1981-94) illustrate the price, quality and facilities offered by a sub-sample of holiday accommodation establishments, and the planning applications reveal a temporal perspective on change within the sector between 1985 and 1994 (see Chapter Four). This material will therefore establish the nature of the restructuring process in tourist accommodation in Torbay and provide some initial insight into the factors influencing the restructuring process including the role of the recession, free market forces and public sector intervention.

Through the utilisation of these different data sources, the chapter aims to highlight the wealth and capacity of accommodation stock in Torbay and, in particular, the integral role played by small-scale accommodation establishments. Attention is also given to the changing composition and structure of resort accommodation and the importance of new product development, such as the provision of ensuite facilities. The chapter also considers the extent to which the accommodation industry has been affected by changes in both the property and tourism markets, and that the historical development of the resort combined with public sector intervention, through the Tourism Development Action Programme (TDAP) and the designation of the Principal Holiday Accommodation Areas (PHAAs), has acted to significantly influence the restructuring process in the resort.

6.1 The Distribution of Holiday Accommodation in Torbay

Analysis of the commercial register identifies a clear geographical distribution of holiday accommodation in Torbay. Data from the commercial register indicates that there are approximately 1,233 serviced, self-catering and chalet establishments in Torbay, providing a total capacity of 39,112 bedspaces. Serviced accommodation is by far the largest sector in the local accommodation industry, accounting for 61 per cent of total establishments and 60 per cent of total bedspace capacity (see Table 6.1). Self-catering accommodation represents 38 per cent of total establishments and 27 per cent of total bedspace capacity. The remainder is chalet accommodation which accounts for one per cent of total establishments and 13 per cent of total bedspace capacity in Torbay.

The distribution of accommodation stock is uneven throughout the resort. Torquay is the principal centre for holiday accommodation with 684 establishments (see Figure 6.1) and a total capacity of 22,468 bedspaces (see Figure 6.2). In all, there are 467 serviced and 216 self-catering establishments, which represents 62 and 46 per cent respectively of totals in Torbay. In terms of bedspace capacity, serviced establishments account for 16,272 bedspaces and self-catering for 5,601 bedspaces (see Table 6.2). Paignton is the second largest resort, with 387 establishments (see Figure 6.1) providing a total capacity of 10,907 bedspaces (see Figure 6.2). A total of 242 serviced establishments in Paignton represent 32 per cent of total serviced establishments and 28 per cent of total bedspace capacity. Self-catering establishments in Paignton account for 31 per cent of total establishments and 38 per cent of total bedspace capacity (see Table 6.2).

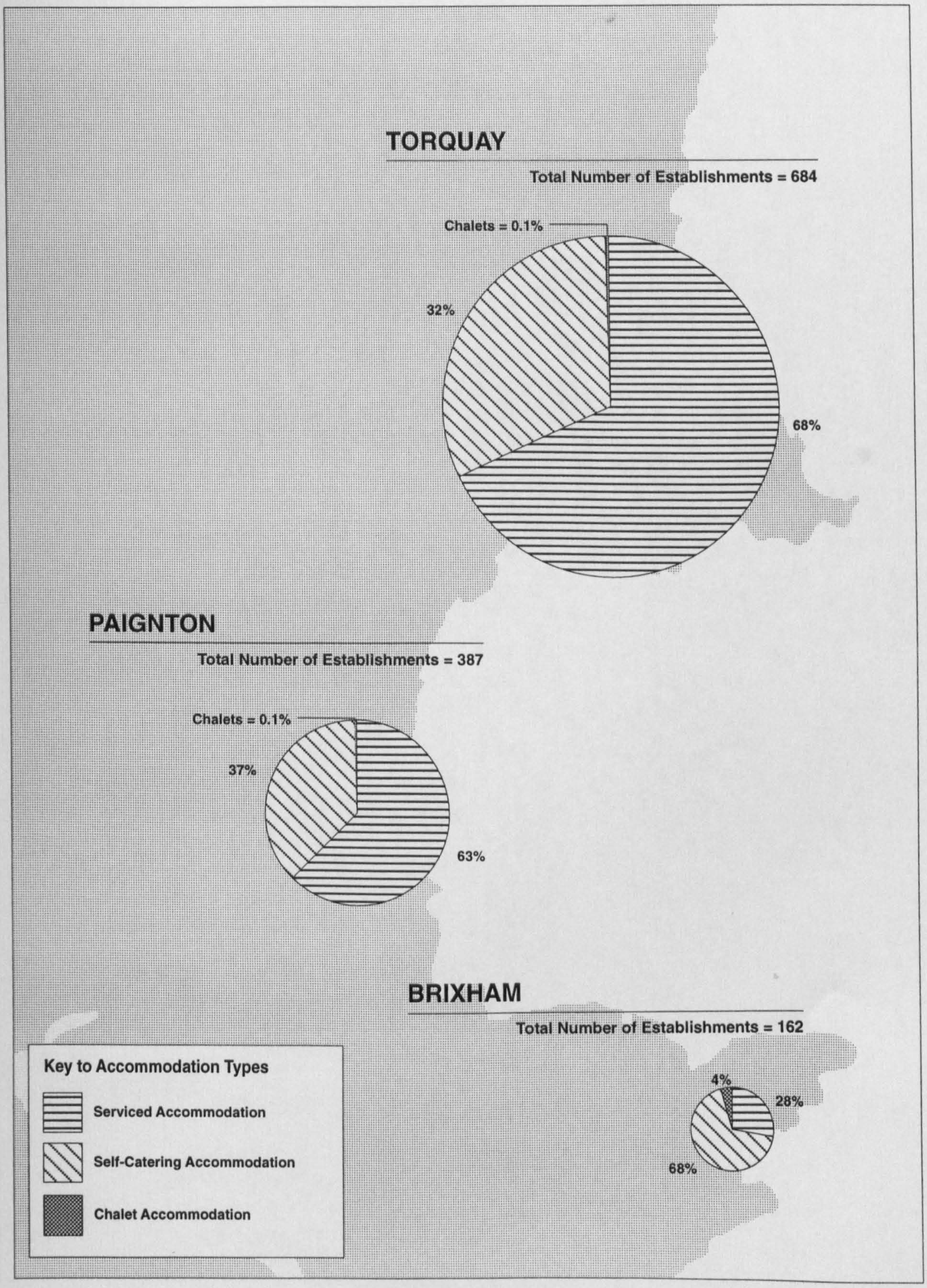
In contrast to the wealth of tourist accommodation offered in Torquay and Paignton, Brixham plays a relatively minor role in the accommodation industry in comparison to its two larger neighbours. Serviced establishments in Brixham only account for six per cent of the total establishments in Torbay and three per cent of total bedspace capacity (see Table 6.2). This finding, in part, reflects the historical development of Torbay and that, to date, Brixham has escaped the full impact of commercialisation that so often accompanies resort development. The holiday accommodation industry in Brixham predominantly focuses on the provision of self-catering accommodation. In total, self-catering establishments account for 68 per cent of total establishments in Brixham and 19 per cent of its total bedspace capacity (see Figure 6.2). While

Table 6.1: The structure of the holiday accommodation industry in Torbay

Torbay	Number of Establishments	Percentage of Torbay Total	Number of Bedspaces	Percentage of Torbay Total
Serviced Accommodation	754	61	23,448	60
Self-catering Accommodation	470	38	10,695	27
Chalet Accommodation	9	1	4,969	13
Totals	**1,233**	**100**	**39,112**	**100**

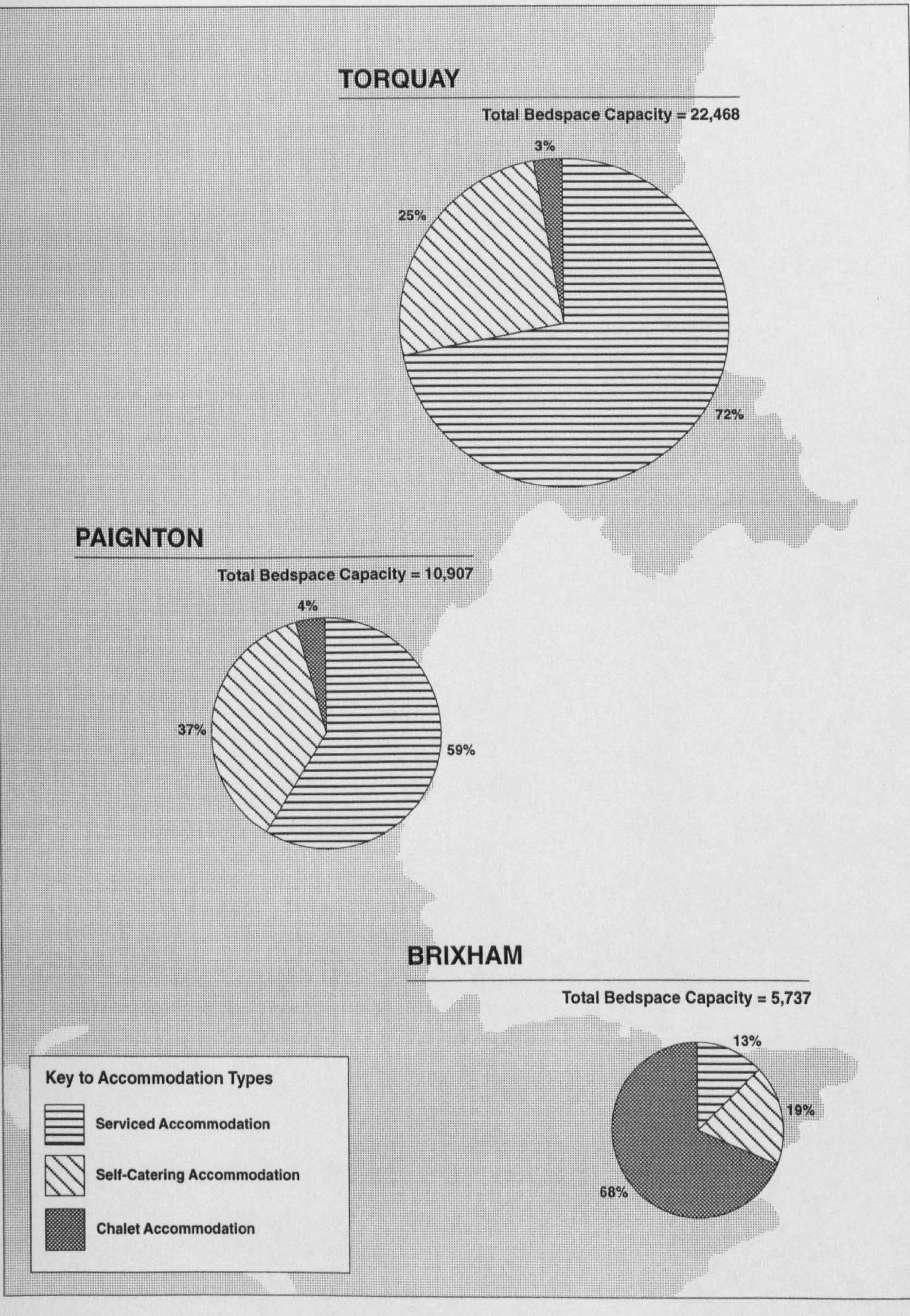
(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Figure 6.1: The distribution of holiday accommodation establishments in Torbay



(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Figure 6.2: The distribution of bedspace capacity in Torbay by accommodation type



(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Table 6.2: The distribution of serviced, self-catering and chalet accommodation in Torbay

Torbay	Number of Establishments	Percentage of Torbay Total	Number of Bedspaces	Percentage of Torbay Total
a) Serviced Accommodation				
Torquay	467	62	16,272	69
Paignton	242	32	6,433	28
Brixham	45	6	743	3
Totals	**754**	**100**	**23,448**	**100**
b) Self-Catering Accommodation				
Torquay	216	46	5,601	52
Paignton	144	31	4,022	38
Brixham	110	23	1,072	10
Totals	**470**	**100**	**10,695**	**100**
c) Chalet Accommodation				
Torquay	1	11	595	12
Paignton	1	11	452	9
Brixham	7	78	3,922	79
Totals	**9**	**100**	**4,969**	**100**
d) Overall Totals for all Accommodation				
Torquay	684	56	22,468	57
Paignton	387	31	10,907	28
Brixham	162	31	5,737	15
Totals	**1,233**	**100**	**39,112**	**100**

(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Brixham plays a minor role in the provision of serviced and self-catering accommodation, it has the highest concentration of chalet accommodation in Torbay. In Brixham's hinterland, seven holiday centres offer chalet accommodation with a total capacity of 3,922 bedspaces, which represents 78 per cent of total chalet accommodation in Torbay.

6.2 The Size Structure of Holiday Accommodation in Torbay

The most distinguishable feature of both the serviced and self-catering sectors of the holiday accommodation industry in Torbay is the proliferation of small-scale accommodation establishments (SSAEs). As discussed in Chapter Four, for the purposes of this study SSAEs are defined as establishments with less than 30 bedspaces. Serviced establishments with up to 30 bedspaces account for 72.7 per cent of total serviced establishments and 41.2 per cent of total bedspace capacity in Torbay (see Table 6.3). In contrast to the structure of the national accommodation industry, there is a marked absence of large chain hotel companies in Torbay. For example, serviced establishments with over 96 bedspaces account for only 4.7 per cent of the total, yet significantly, they represent 22.3 per cent of total bedspace capacity. The largest hotel in Torbay is the Derwent, part of the Torquay Leisure Hotels Group that also operates the Victoria, Toorak and Carlton Hotels in Torquay (see Table 6.4). The only national hotel companies in Torbay are Forte (now Granada), who operate the Imperial Hotel in Torquay and the Palace Hotel in Paignton (see Plate 6.1 and 6.2), and Wallace Hotels (part of Wallace Coaches) who run the Trecarn Hotel in Torquay. In addition, the Livermead Cliff Hotel in Torquay and the Quayside Hotel in Brixham are members of the Best Western hotel consortia.

The dominance of SSAEs is even more pronounced in the self-catering sector. As Table 6.3 shows, self-catering establishments with up to 30 bedspaces account for 78 per cent of the total. The polarisation of this type of accommodation is accentuated further when it is considered that establishments with up to 10 bedspaces represent 66 per cent of the one to 30 bedspace category. This finding emphasises the large number of second homes in Torbay that are used for the provision of holiday accommodation but that are not necessarily subject to the full range of restructuring processes that serviced accommodation businesses experience. In total, of the 246 self-catering establishments with up to 10 bedspaces, 85 per cent were let through local accommodation agencies.

Table 6.3: The size structure of serviced and self-catering accommodation in Torbay

Size *(Bedspaces)*	**Number of Establishments**	**Percentage of Torbay Total**	**Number of Bedspaces**	**Percentage of Torbay Total**
a) Serviced Accommodation				
1 to 10	88	11.7	645	2.8
11 to 20	295	39.1	4,863	20.7
21 to 30	165	21.9	4,163	17.7
31 to 40	58	7.7	2,058	8.8
41 to 50	43	5.7	1,942	8.3
51 to 60	30	4.0	1,591	6.8
61 to 70	15	2.0	979	4.2
71 to 95	24	3.2	1,971	8.4
96+	36	4.7	5,236	22.3
Totals	**754**	**100.0**	**23,448**	**100**
b) Self-Catering Accommodation				
1 to 10	246	52	1,685	16
11 to 20	58	12	958	9
21 to 30	65	14	1,718	16
31 to 40	40	9	1,488	14
41 to 50	20	4	932	9
51 to 60	15	3	845	8
61 to 70	4	1	263	2
71 to 95	12	3	983	9
96+	10	2	1,823	17
Totals	**470**	**100**	**10,695**	**100**

(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Table 6.4: The ten largest hotels in Torbay in 1994

Hotel	**Bedspace Capacity**	**Location**	**Ownership Status**
Derwent Hotel	314	Torquay	Torquay Leisure Hotels
Rainbow International Hotel	313	Torquay	Independent
Imperial Hotel	295	Torquay	Forte
Trecarn Hotel	250	Torquay	Independent
Palace Hotel	244	Torquay	Independent
Torbay Hotel	232	Torquay	Independent
Grand Hotel	210	Torquay	Independent
Victoria Hotel	176	Torquay	Torquay Leisure Hotels
Esplanade Hotel	171	Paignton	Independent
Toorak Hotel	168	Torquay	Torquay Leisure Hotels

(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

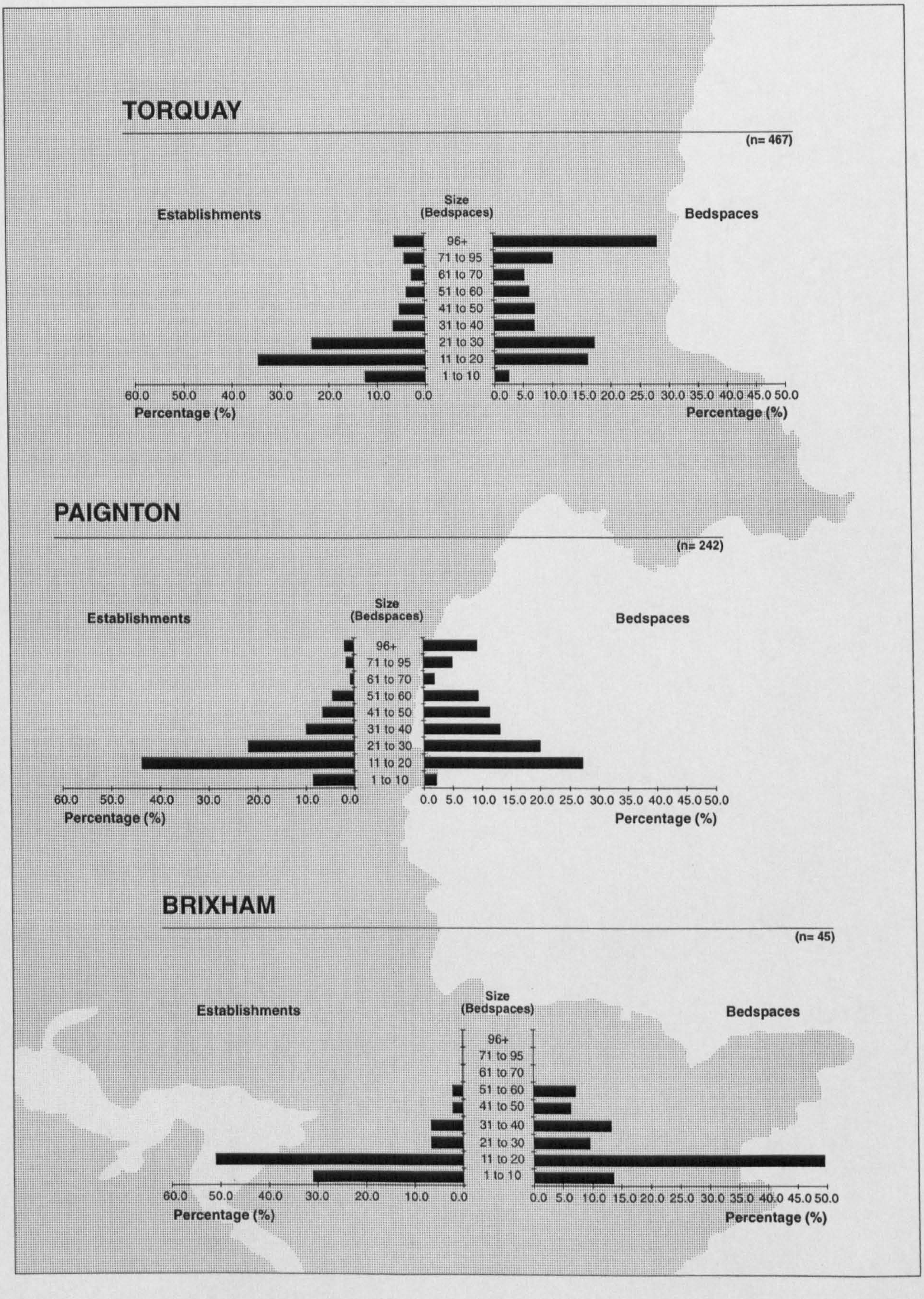
Plate 6.1: The Imperial Hotel in Torquay, operated by Forte (now Granada) one of the few national hotel chains operating in Torbay

Plate 6.2: The Palace Hotel in Paignton operated by Forte (now Granada), one of the few national hotel chains operating in Paignton.

Analysis of the size structure of the serviced and self-catering sectors within each resort underlines the central position of SSAEs in the local accommodation industry. More significantly, the examination also highlights the polarisation in terms of the distribution of bedspace capacity. For example in Torquay, serviced establishments with up to 30 bedspaces represent 70 per cent of the total establishments and 36 per cent of total bedspace capacity. In contrast, establishments with more than 96 bedspaces account for only six per cent of the total but 28 per cent of total bedspace capacity (see Figure 6.3). In Paignton, the prominence of SSAEs is more pronounced; the number of serviced establishments with up to 30 bedspaces account for 75 per cent of the total and 53 per cent of total bedspace capacity. In Brixham, establishments with up to 30 bedspaces account for 89 per cent of the total and 74 per cent of total bedspace capacity. In contrast to Torquay and Paignton, there are no large serviced accommodation establishments operating in Brixham. A similar pattern is also reflected in the size structure of self-catering accommodation, particularly in Paignton and Brixham (see Figure 6.4). In Paignton, self-catering establishments with up to 30 bedspaces account for 50 per cent of total establishments and 40 per cent of total bedspace capacity. Establishments with more than 96 bedspaces in Paignton account for only one per cent of total establishments and 20 per cent of bedspace capacity. As Figure 6.4 shows, the self-catering sector in Brixham consists predominantly of establishments with up to 10 bedspaces. In total, 99 per cent of these establishments were second homes run through accommodation agencies. Establishments with more than 96 bedspaces in Brixham account for 0.5 per cent of the total but 20 per cent of total bedspace capacity.

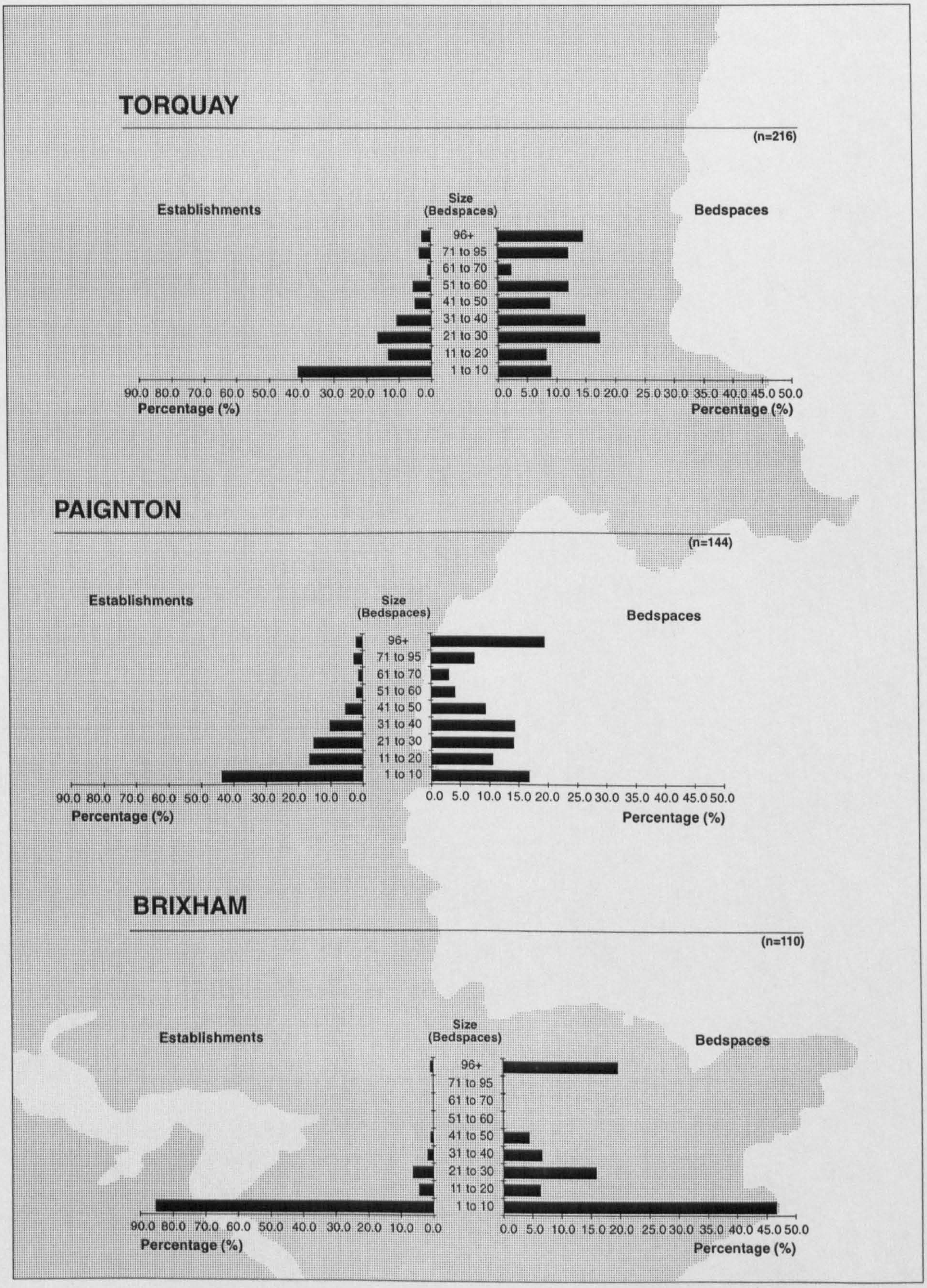
A number of points can be drawn from this analysis. First, the structure of holiday accommodation industry in Torbay represents both a strength and a weakness for the resort. The diverse range of accommodation types gives a capacity and composition to the English Riviera that few UK resorts can match. However given the highly fragmented nature of the industry, any policy directives to guide the future development of the resort will depend on dealing with individual management strategies and business objectives. Identifying the structural and entrepreneurial characteristics of the industry should therefore be integral to the policy formulation process but is often not given full consideration. Second, the size structure of the holiday accommodation industry in Torbay clearly emphasises the integral role played by SSAEs in resort environments, not only by providing tourists with direct contact with the character of the destination, but also by facilitating rapid infusion of tourist spending into the local economy (Cooper and Buhalis,

Figure 6.3: The size structure of serviced accommodation in Torbay



(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Figure 6.4: The size structure of self-catering accommodation in Torbay



(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

1996, p. 101). Consequently, Torbay provides an ideal location in which to fill the current gap in the research literature concerning the impact of restructuring on the small business sector within the tourism industry, as outlined in Chapter Three. Third, the size and location of businesses suggests that the geographical distribution of accommodation stock visible today can be associated with the historical development of the resort (see Chapter Five). For example, the high density of SSAEs in the Avenue and Falkland Road areas of Torquay can be attributed to the residential development pursued by the Cary family in the nineteenth century (see Plate 6.3). Alternatively, the larger hotels around Meadfoot Terrace and Lincombe Drive reflect the conversion of large residential properties originally developed by William Kitson (see Plate 6.4). Clearly, the historical legacy of the resort appears to be an important factor influencing the restructuring process because of inherent limitations relating to the structure, size and location of business enterprises.

6.3 Service Provision in Holiday Accommodation Establishments

While the commercial register provided a detailed account of the distribution of serviced and self-catering accommodation in Torbay in 1994/95, the data gave no indication of the facilities provided by establishments or any underlying changes taking place within the accommodation industry. By matching those establishments listed on the commercial register with information provided in the holiday accommodation brochures, data was obtained on the room composition and facilities provided by a sub-sample of 356 serviced establishments, in order to provide a possible indication of change in the resort's accommodation structure (see Chapter Four).

A contemporary standard requirement of serviced accommodation is the provision of ensuite facilities. In 1994, ensuite bedrooms accounted for 80 per cent of the total room stock in the sub-sample (see Table 6.5). Of this total, ensuite double accounted for 71 per cent and ensuite single accounted for a further nine per cent. Overall, three types of ensuite provision were identified within the sub-sample: complete ensuite provision, a mixture of ensuite and no ensuite provision (basic), and all basic provision (see Table 6.6). In total, 30 per cent of serviced establishments in the sub-sample provided ensuite provision in all rooms. As might be expected, it was the larger establishments that predominantly provided this level of service. Indeed, 61 per cent of establishments with over 60 bedspaces provided ensuite facilities in all rooms. In contrast, only 22 per cent of establishments with up to 30 bedspaces provided a similar level of service.

Plate 6.3: SSAEs along Avenue Road, Torquay

Plate 6.4: Larger serviced establishments along Meadfoot Sea Road, Torquay.

Table 6.5: The room structure of serviced accommodation in Torbay based on results from the 1994 holiday accommodation brochure: a) *absolute numbers* and b) *percentage distribution*

a: Absolute Number of Bedrooms

Room Type	**Torquay**	**Paignton**	**Brixham**	**Torbay**
Ensuite Double	3775	905	61	4741
Ensuite Single	495	73	10	578
Double	502	472	58	1032
Single	205	127	16	348
Total	**4977**	**1577**	**145**	**6699**
All ensuite	4270	978	71	5319
All basic	707	599	74	1380

b: Percentage Distribution

Room Type				
Ensuite Double	76	57	42	71
Ensuite Single	10	5	7	9
Double	10	30	40	15
Single	4	8	11	5
Total	**100**	**100**	**100**	**100**
All ensuite	86	62	49	80
All basic	14	38	51	20

(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

Table 6.6: The size structure of serviced establishments providing various levels of ensuite provision in 1994

	Size of Establishment by Bedspace Capacity			
	Small (1 to 30 bedspaces) (n=233)	**Medium** (31 to 60 bedspaces) (n=74)	**Large** (>60 bedspaces) (n=49)	**Overall Total** (n=356)
All Ensuite	51 (22)	24 (32)	30 (61)	105 (30)
Mixture	140 (60)	49 (66)	19 (39)	208 (58)
Basic (No Ensuite)	40 (17)	0	0	40 (11)
Unstated	2 (1)	1 (2)	0	3 (1)
Total	233 (100)	74 (100)	47 (100)	356 (100)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

However, this figure might be considered high given the limited internal capacity for this type of development in smaller establishments (see Table 6.6). Only 12 per cent of the serviced establishments in the sub-sample did not provide ensuite facilities. All the establishments only offering basic provision were SSAEs with up to 30 bedspaces. As Table 6.6, the most common pattern of service provision was a combination of ensuite and basic facilities. In total, 58 per cent of serviced establishments provided this level of service provision.

These patterns clearly underline the central position of ensuite provision in competitive strategies for all sizes of businesses in the accommodation industry and that tourists now expect ensuite as standard and at no extra cost. Furthermore, the findings also indicate that the ability to provide ensuite facilities is influenced, in part, by the internal characteristics of the establishment, especially the limited size of the property and access to capital resources. Indeed, the large number of establishments providing a mixture of ensuite and basic facilities indicates that the structural capacity of smaller establishments may not permit the provision of ensuite facilities in all rooms. Consequently, a level of basic provision will always remain within the industry, unless significant investment and structural modifications are made to establishments. The continued availability of basic facilities in Torbay also suggests that there is still a market for basic accommodation provision and, therefore, smaller hotels are fulfilling a market demand. Clearly, while the inability to provide upgraded accommodation facilities will inevitably place smaller establishments at a competitive disadvantage, it also has wider implications for the hotel industry in Torbay. Indeed, it can be suggested that the constraints on SSAEs may constantly thwart the attempts of the English Riviera Tourist Board to improve the overall standard and image of holiday accommodation in the resort.

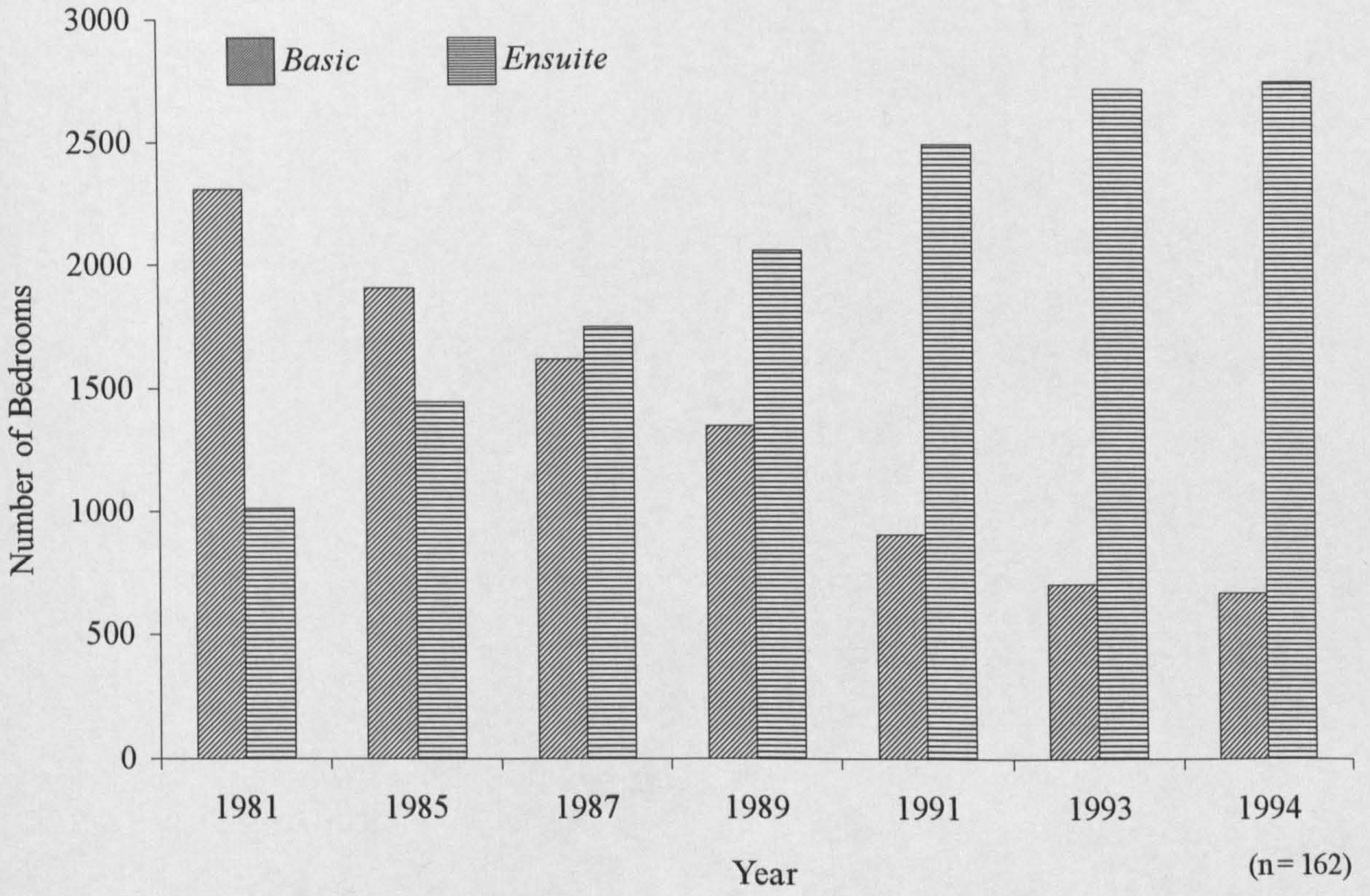
Data from the holiday accommodation brochures was also used to examine long-term changes in the room structure of serviced accommodation. Despite inconsistencies in the total number of establishments listed in the holiday accommodation brochures, it was possible to extract a sub-sample of 162 serviced establishments that advertised consistently in the accommodation brochures between 1981 and 1994. Although not an accurate representation of the accommodation industry, the analysis of this sub-sample provided an indication as to how the structure of serviced accommodation in Torbay had evolved during the 1980s and early 1990s (see Chapter Four). As Figure 6.5a shows, considerable investment has been channelled into the development of ensuite facilities between 1981 and 1994. In 1981, there were 1,012 ensuite bedrooms. By 1989, this figure has more than doubled to 2,056 and by 1994 had reached 2,742. Over the same period, the number of basic bedrooms fell from 2,307 to 600. In particular, development has focused on the provision of ensuite facilities in double bedrooms. Between 1981 and 1994, the number of double ensuite bedrooms increased from 930 to 2,474. Most development was primarily concentrated in the late 1980s. For example in 1981, ensuite double bedrooms accounted for 28 per cent of total bedrooms in Torbay but by 1989, this figure had risen to 55 per cent. The rate of investment peaked in 1991, by which time ensuite double bedrooms accounted for 72.1 per cent of total bedrooms. However, the provision of ensuite facilities slowed during the early 1990s. Indeed, the number of ensuite bedrooms increased by only 10 per cent between 1991 and 1994. This finding reflects, in part, the impact of the recession on levels of investment but also that the serviced establishments included in the sub-sample may have had no extra capacity for the further development of ensuite facilities.

Although the sample sets discussed here are not truly representative of the service sector in Torbay, they clearly illustrate the importance and emphasis given to product development in response to changing customer demand. The results also illustrate that developing an accurate account of change in the accommodation industry is difficult because of the inadequacies of the existing data sources, as discussed in the methodology (see Chapter Four). Indeed, attempts to establish when ensuite facilities were first provided in the resort were problematic as the details regarding ensuite provision were only published in the holiday accommodation brochures from 1980.

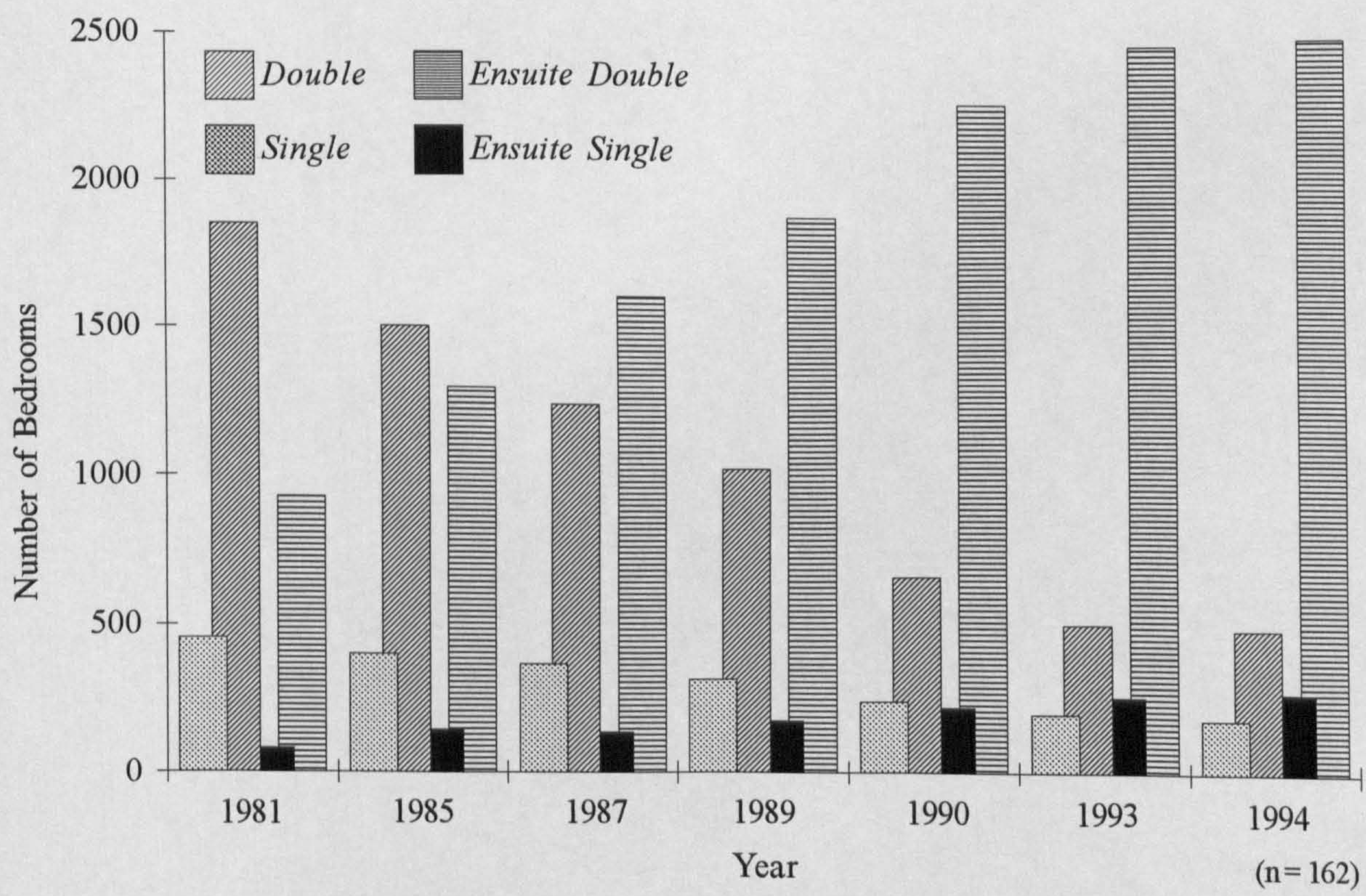
The sub-sample of 356 establishments from the holiday accommodation brochure (1994) indicated that the availability of a range of facilities and the quality of service provision are not only an essential part of the holiday product but an increasingly significant source of competitive advantage. A professional service will not only help ensure a repeat visit but specific facilities, such as tennis courts, ballrooms, and conference facilities, can form the basis of targeted marketing programmes. Data from the holiday accommodation brochure (1994) revealed that serviced and self-catering establishments in Torbay provided a range of traditional and more sophisticated facilities. As would be expected, most establishments provided a basic level of service provision. For example, 92 per cent of serviced establishments provided tea and coffee making facilities

Figure 6.5: The changing structure of serviced accommodation, 1981 to 1994

a)



b)



(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

and a further 74 per cent provided a colour television (see Table 6.7). The widespread provision of these facilities reinforces the underlying sophistication of the tourism market and that customers now expect a standard level of service. Consequently, tea-making facilities and colour televisions are regarded as a basic, if not standard, requirement for serviced establishments. For the larger hotels, the cost of providing such facilities can be off-set against other facilities offered in the hotel. However, for small hoteliers even meeting minimum standards of service provision can prove to be expensive and so the rising level of fixed costs could easily affect profit margins and therefore further investment into the business.

A number of establishments also provided a range of additional facilities, such as swimming pools and tennis courts. Data from the sub-sample of 356 serviced establishments in the accommodation brochure (1994) indicated that service provision is influenced by the size and structural characteristics of the property. As Table 6.7 shows, recreational facilities such as outdoor and indoor swimming pools, health spas and games facilities were primarily found in the larger establishments. For example, 45 per cent of serviced establishments with more than 60 bedspaces provided an indoor swimming pool, compared to 0.8 per cent of serviced establishments with less than 31 bedspaces (see Table 6.7). A similar pattern was also evident in the self-catering sector by using an additional sub-sample of 165 self-catering establishments from the holiday accommodation brochure (1994). In total, 61 per cent of self-catering establishments with more than 60 bedspaces provided games facilities while this service was not offered by any establishments with up to 30 bedspaces (see Table 6.8).

These results clearly suggest that for the larger hotels, new product development is intrinsically linked with market segmentation strategies aimed at securing a competitive advantage in the market place. Torquay Leisure Hotels have invested heavily in new facilities including a full-size indoor bowling green and leisure complex. The addition of these wet-weather facilities enables the Torquay-based hotel group to target specific market segments and maintain hotel occupancy levels throughout the shoulder months. The Palace Hotel in Torquay capitalises upon its extensive outdoor facilities to market themed breaks, such as tennis and golf courses (see Plate 6.5 and 6.6). The larger hotels in Torbay have also developed conference facilities to take advantage of the expanding conference market first stimulated by the English Riviera Centre in the late 1980s. A lack of information means it is impossible to judge the extent of

Table 6.7: Service provision in serviced establishments in Torbay

Facility	Small (1 to 30 bedspaces) (n=233)	Medium (31 to 60 bedspaces) (n=74)	Large (>60 bedspaces) (n=49)	Overall Total (n=356)
	Size of Establishment by Bedspace Capacity			
Tea and coffee making	215 (92)	69 (93)	46 (94)	330 (93)
Television	156 (67)	62 (84)	44 (90)	262 (74)
Indoor swimming pool	1 (0.8)	4 (5)	22 (45)	27 (8)
Outdoor swimming pool	17 (8)	25 (34)	28 (57)	70 (20)
Health spa (sauna, solarium etc)	9 (4)	8 (11)	26 (52)	43 (12)
Games facilities	26 (12)	31 (42)	39 (79)	96 (27)
Launderette	4 (2)	7 (10)	12 (23)	23 (7)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - <u>Holiday Accommodation Brochures</u>, 1994)

Table 6.8: Service provision in self-catering establishments in Torbay

	Size of Establishment by Bedspace Capacity			
Facility	**Small** (1 to 30 bedspaces) (n=82)	**Medium** (31 to 60 bedspaces) (n=60)	**Large** (>60 bedspaces) (n=23)	**Overall Totals** (n=165)
Tea and coffee making	0	0	0	0
Television	79 (96)	57 (95)	23(100)	159 (96)
Indoor swimming pool	2 (2)	1 (2)	4 (17)	7 (4)
Outdoor swimming pool	5 (6)	8 (13)	11 (48)	24 (15)
Health spa (sauna, solarium etc)	3 (4)	2 (3)	5 (21)	10 (6)
Games facilities	0	9 (11)	14 (61)	22 (14)
Launderette	11 (13)	23 (38)	17 (74)	51 (31)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

Plate 6.5: Outdoor tennis courts at the Palace Hotel, Torquay

Plate 6.6: 18-hole golf course at the Palace Hotel, Torquay

conference facilities available in Torbay. However, literature from the English Riviera Conference Bureau confirms that the larger hotels, such as the Imperial, the Grand and the Palace Hotel, provide an extensive range of conference and business facilities. While the larger hotels pursue product development as part of long-term business strategies, there is also a need to consider the extent to which they act as innovators and encourage the development of new facilities in surrounding hotels.

However, the provision of more modern and sophisticated facilities is not merely confined to the larger hotels. For example, eight per cent of serviced establishments with up to 30 bedspaces provided an outdoor swimming pool and a further four per cent also provided a health spa (see Table 6.7). Considering the importance of non-economic goals in SSAEs, it is not clear whether these facilities constitute a business or family-orientated asset. For example, a small hotel with a large garden may see the provision of a swimming pool as an attractive addition to the hotel product they offer. Alternatively, a swimming pool, or indeed a sauna, may be regarded as a family resource serving a supplementary role of enhancing the hotel product and allowing a higher tariff to be charged. This situation suggests that attempts to predict business behaviour in small-scale accommodation establishments are extremely problematic because of the inherently individualistic nature of the business environment. Therefore attention must be given to addressing the factors influencing the provision of new facilities. Consequently, these issues formed part of the questionnaire survey to be discussed in Chapter Eight.

The development of new accommodation and facilities is also reflected in the full sample of planning application records relating to holiday accommodation (1985-1994). As Table 6.9 shows, the level of investment appears sensitive to changes in the economic climate. While the 1980s witnessed a notable period of expansion in the industry, the recession of the 1990s has acted to curtail severely investment in any new development. For example, granted applications for extensions for new facilities in the serviced sector peaked at 29 in 1989 and then fell to five in 1992. As the industry pulled out of recession, the number of applications rose slightly to eight in 1993 and reached 13 by 1994. A similar pattern is also evident for applications for new accommodation which peaked at 26 in 1989 and then fell to two in 1993. In total, 60 per cent of all granted applications were awarded between 1985 and 1989. In addition, new development has also been predominantly concentrated in the serviced sector, with serviced establishments

Table 6.9: Granted planning applications for the development of new accommodation and facilities, 1985 to 1994

	1985	1987	1989	1990	1991	1992	1993	1994
Serviced Accommodation								
Number of granted applications for:								
Extensions for new accommodation	14	14	26	9	10	6	2	6
Extensions for new facilities	16	25	29	16	11	5	8	13
The development of new facilities	17	6	5	2	8	4	2	0
Totals	**47**	**45**	**60**	**27**	**29**	**15**	**12**	**19**
Self-catering Accommodation								
Number of granted applications for:								
Extensions for new accommodation	4	0	0	0	0	0	0	0
Extensions for new facilities	3	2	0	0	0	0	0	0
The development of new facilities	4	0	1	0	0	3	0	0
Totals	**11**	**2**	**1**	**0**	**0**	**3**	**0**	**0**

(Source: Torbay Holiday Accommodation Database - Planning Applications Records, 1995)

accounting for 94 per cent of all granted applications (see Table 6.9). Analysis of the planning applications reveals that the type of facility being developed was quite varied, ranging from small-scale projects, such as extensions to dining and living rooms, through to larger projects, including the development of recreational and leisure facilities (see Table 6.10). Investment in ensuite facilities and swimming pools have been areas of notable development, particularly during the 1980s. In 1985, for example, 45 per cent of granted applications for new facilities related directly to the development of swimming pools. Extensions for ensuite provision reached a peak of 11 in 1989, falling to two in 1992 and then rising to 11 in 1994.

Development has been primarily concentrated in Torquay. Between 1985 and 1994, 69 per cent of all granted applications were in Torquay, compared to 26 per cent in Paignton and five per cent in Brixham (see Table 6.11). This pattern indicates that the characteristics of the accommodation sector in Torquay may give greater access to capital and physical resources to support development, and a more effective response to changes in market conditions than establishments in Paignton and Brixham. The results also possibly suggest that support for new development through the TDAP (1986-1989) was focused too narrowly in Torquay. In total, 73 per cent of all granted applications between 1985 and 1989 were in Torquay. Consequently, perhaps more attention should have been given to encouraging development and smaller tourism projects in Paignton and Brixham. Clearly, future resort development needs to address this imbalance, to ensure the long-term survival of Paignton and Brixham as viable tourist destinations. As might have been expected, the development of new facilities, such as swimming pools and leisure facilities, has been concentrated in the larger establishments. For example in 1985, 59 per cent of granted applications for the development of new facilities, in this instance for swimming pools, were in establishments with more than 60 bedspaces (see Table 6.12). In contrast, in terms of granted applications for extensions for new facilities and new accommodation, smaller establishments appear as active as the larger establishments. For example, 48 per cent of applications for extensions for new facilities between 1985 and 1994 were granted to establishments with up to 30 bedspaces, in comparison to 31 per cent of establishments with over 60 bedspaces (Table 6.13). However, the actual number of applications from all establishments has remained rather limited which, in part, reflects the costs involved in the development process. Consequently, these results should be interpreted with caution considering the small number of applications involved.

Table 6.10: The types of new and extended facilities being developed by the serviced sector in Torbay, 1985 to 1994

	1985	1987	1989	1990	1991	1992	1993	1994
Extensions to existing facilities:								
Extension to TV room	0	1	0	0	0	0	0	0
Extension to lounge	2	1	1	0	0	1	0	0
Extension to bar	0	0	0	0	0	0	1	0
Extension to dining room	3	5	6	1	0	0	0	0
Extension to sun lounge	1	0	0	0	0	0	0	0
Extension to ball-room	0	0	1	0	0	0	0	0
Extension to function room	0	0	0	0	0	0	1	0
Extension to form:								
Ensuite facilities	2	8	11	4	6	2	3	11
Games room	1	0	2	0	0	0	1	0
Bar	1	2	1	2	0	0	0	0
Reception area	1	1	1	0	0	0	0	0
Swimming pool	1	1	1	4	3	1	2	1
Conservatory	1	0	1	0	1	0	0	0
Toilets	1	0	0	1	0	0	0	0
Patio and terrace	1	0	0	0	0	0	0	0
Jacuzzi	0	0	0	1	0	1	0	0
Ball-room	0	0	1	0	0	0	0	0
Casino	0	1	1	0	0	0	0	0
Conference rooms	0	0	1	1	0	0	0	0
Restaurant area	0	0	0	1	0	0	0	0
Childrens play area	1	1	0	0	0	0	0	0
Sun lounge	0	1	0	0	0	0	0	0
Leisure facilities	0	3	1	1	0	0	0	0
Amenity services	0	0	0	0	0	0	0	1
New development to form:								
Conservatory	0	0	1	1	3	0	1	0
Childrens play area	1	0	0	0	0	0	0	0
Conference rooms	0	0	0	1	0	0	0	0
Swimming pool	15	6	3	0	3	0	1	0
Tennis courts	1	0	0	0	0	0	0	0
Porch	0	0	0	0	0	2	0	0
Sun lounge	0	0	0	0	1	0	0	0
Covered walkways	0	0	0	0	1	1	0	0
Toilets	0	0	1	0	0	0	0	0
Games room	0	0	0	0	1	0	0	0
Garden pergola	0	0	0	0	0	1	0	0
Totals	**33**	**31**	**34**	**18**	**19**	**9**	**10**	**13**

(Source: Torbay Holiday Accommodation Database - Planning Applications Records, 1995)

Table 6.11: The distribution of granted planning applications from the serviced sector by resort, 1985 to 1994

	1985	1987	1989	1990	1991	1992	1993	1994
a) Extensions for new accommodation								
Torquay	12 (86)[1]	8 (57)	16 (62)	6 (67)	6 (60)	5 (83)	2 (100)	3 (50)
Paignton	1 (7)	4 (29)	10 (38)	3 (33)	4 (40)	1 (17)	0	3 (50)
Brixham	1 (7)	2 (14)	0	0	0	0	0	0
Total	**14**	**14**	**26**	**9**	**10**	**6**	**2**	**6**
b) Extensions for new facilities								
Torquay	14 (88)	16 (73)	21 (72)	12 (75)	7 (64)	3 (60)	4 (50)	8 (62)
Paignton	2 (12)	9 (27)	8 (28)	3 (19)	3 (27)	2 (40)	4 (50)	2 (15)
Brixham	0	0	0	1 (6)	1 (9)	0	0	3 (23)
Totals	**16**	**25**	**29**	**26**	**11**	**5**	**8**	**13**
c) The development of new facilities								
Torquay	16 (94)	4 (67)	4 (80)	2 (100)	6 (75)	2 (50)	0	0
Paignton	1 (6)	2 (33)	1 (20)	0	0	2 (50)	2 (100)	0
Brixham	0	0	0	0	2 (25)	0	0	0
Totals	**17**	**6**	**5**	**2**	**8**	**4**	**2**	**0**
d) Overall Totals								
Torquay	42 (89)	28 (62)	41 (68)	20 (74)	19 (66)	10 (67)	6 (50)	11 (58)
Paignton	4 (9)	15 (33)	19 (32)	6 (22)	7 (24)	5 (33)	6 (50)	5 (26)
Brixham	1 (2)	2 (4)	0	1 (4)	3 (10)	0	0	3 (16)
Total	**47**	**45**	**60**	**27**	**29**	**15**	**12**	**19**

Note: [1] The numbers in brackets refer to the percentage distribution of applications by resort

(Source: Torbay Holiday Accommodation Database - Planning Applications Records, 1995)

Table 6.12: The size structure of serviced accommodation with granted planning permission for the development of new facilities, 1985 to 1994

Size (Bedspaces)	1985	1987	1989	1990	1991	1992	1993	1994
Small (1 to 30 bedspaces)	4 (33)[1]	3 (50)	1 (20)	0	1 (12)	1 (25)	1 (25)	0
Medium (31 to 60 bedspaces)	1 (8)	2 (33)	3 (60)	1 (50)	3 (38)	2 (50)	0	0
Large (>60 Bedspaces)	7 (59)	1 (17)	1 (20)	1 (50)	4 (50)	1 (25)	1 (50)	0
Totals[2]	12	6	5	2	8	4	2	0

Note: [1] The numbers in brackets refer to the percentage distribution of applications by size category
[2] The totals are based on matches between the planning application records and entries listed in the Torbay Holiday Accommodation Database. Due to incompatabilities between the data sources and the inability to trace all serviced accommodation establishments, the totals listed here will not match those in Table 6.9. For full details refer to Chapter Four.

(Source: Torbay Holiday Accommodation Database - Planning Applications, 1995)

Table 6.13: The size structure of serviced accommodation with granted planning permission for a) *extensions for new facilities* and b) *extensions for new accommodation,* 1985 to 1994

a) Granted Planning Permission for Extensions for New Facilities

Size (Bedspaces)	1985	1987	1989	1990	1991	1992	1993	1994
Small (1 to 30 bedspaces)	5 (46)[1]	9 (36)	11 (39)	6 (37.5)	4 (36)	2 (40)	2 (25)	9 (70)
Medium (31 to 60 bedspaces)	4 (36)	8 (32)	5 (18)	6 (37.5)	3 (28)	2 (40)	2 (25)	2 (15)
Large (>60 Bedspaces)	2 (18)	8 (32)	12 (43)	4 (25)	4 (36)	1 (20)	4 (50)	2 (15)
Totals[2]	11	25	28	16	11	5	8	13

b) Granted Planning Permission for Extensions for New Accommodation

Size (Bedspaces)	1985	1987	1989	1990	1991	1992	1993	1994
Small (1 to 30 bedspaces)	5 (56)[1]	6 (46)	6 (24)	3 (33)	3 (33)	2 (33)	0	2 (33)
Medium (31 to 60 bedspaces)	0 (0)	2 (15)	12 (48)	4 (45)	4 (45)	1 (17)	0 (50)	0
Large (>60 Bedspaces)	4 (44)	5 (39)	7 (28)	2 (22)	2 (22)	3 (50)	1 (50)	4 (67)
Totals[2]	9	13	25	9	9	6	2	6

Note: [1] The numbers in brackets refer to the percentage distribution of applications by size category
[2] The totals are based on matches between the planning application records and entries listed in the Torbay Holiday Accommodation Database. Due to incompatabilities between the data sources and the inability to trace all serviced accommodation establishments, the totals listed here will not match those in Table 6.9. For full details refer to Chapter Four.

(Source: Torbay Holiday Accommodation Database - Planning Applications, 1995)

6.4 The Standard of Holiday Accommodation

The standard of accommodation provision is an integral part of the holiday product, as witnessed by the ETB's attempts to improve standards in the tourism industry through its 'Welcome Host' campaign (1993 -ongoing) (see Chapter Three). However, despite the emphasis placed on quality issues, of the 356 serviced establishments listed in the 1994 accommodation brochure, only 174 establishments (49 per cent) were graded under the English Tourist Board (ETB) Crown Scheme, and consequently met the minimum standards of service specified by the English Tourist Board (see Appendix 1.3a and 1.3b). In addition, only 14 (eight per cent) of the 165 self-catering establishments listed in the 1994 accommodation brochure were graded under the ETB Key Scheme. This finding illustrates the weakness of statutory measures and, in particular, highlights the voluntary nature of the grading system and that adherence to any statutory registration or grading scheme is not yet compulsory. The limited participation in the scheme may also reflect doubts in the accommodation industry over the consistency of grading schemes operated by the ETB, the Automobile Association (AA) and the Royal Automobile Club (RAC). Present grading schemes are thought to be too confusing for the consumer and consequently the tourist industry is seeking the introduction of a standard form of classification to cover all accommodation types.

A selective analysis of those 174 serviced establishments registered under the crown scheme indicates that the standards of accommodation vary considerably within the resort. Only 8.6 per cent of the registered serviced establishments were graded as one crown or listed. In total, 64.4 per cent of establishments were graded as two or three crowns. In addition, a further 27 per cent were graded as four crowns or above (see Table 6.14). Given its premier position in the market, Torquay offered the highest standard of service. As Table 6.14 shows, 74.1 per cent of serviced establishments in Torquay were graded as three crowns or above, in comparison with 41.2 per cent in Paignton and 22 per cent in Brixham. The Imperial Hotel in Torquay offered the only five crown accommodation in Torbay. In relative terms, the standard of accommodation in Paignton and Brixham was somewhat lower. Overall, 58.8 per cent of establishments in Paignton and 78 per cent in Brixham, were graded as two crowns or below (see Table 6.14). Using the sub-sample of 356 serviced establishments from the holiday accommodation brochure (1994) in conjunction with data from the commercial register, a clear relationship between the quality of accommodation and the size and distribution of accommodation stock was also

Table 6.14: The standard of serviced accommodation in Torbay in 1994

Grading	**Torquay** (n=131)		**Paignton** (n=34)		**Brixham** (n=9)		**Torbay** (n=174)	
5 Crowns	1	(0.8)	0		0		1	(5.2)
4 Crowns	21	(16.0)	3	(8.8)	0		24	(21.8)
3 Crowns	75	(57.3)	11	(32.4)	2	(22)	88	(50.6)
2 Crowns	24	(18.3)	10	(29.4)	4	(44)	38	(13.8)
1 Crown	6	(4.6)	3	(8.8)	0		9	(0.6)
Listed	4	(3.0)	7	(20.6)	3	(34)	14	(8.0)
Totals	131	(100)	34	(100)	9	(100)	174	(100)

Note: Numbers in brackets refer to the percentage distribution of grades within each resort

(Source: Torbay Holiday Accommodation Database - <u>Holiday Accommodation Brochures</u>, 1994)

established. For example, 35 per cent of serviced establishments with over 60 bedspaces were classified as four crowns, compared to only 0.8 per cent of establishments with up to 30 bedspaces (see Table 6.15). This finding clearly suggests that the larger establishments not only have the financial resources but also the structural capacity to improve the standard of holiday accommodation and thereby fulfill the necessary criteria to achieve a higher crown rating.

6.5 The Price Structure of Holiday Accommodation in Torbay

Despite improvements to the accommodation product, Torbay is not a high-cost resort. Indeed, data from the accommodation brochure (1994), using the total sub-sample of 356 serviced establishments, indicated that the holiday accommodation industry in Torbay offers an affordable holiday product and caters for a range of holiday budgets. As Table 6.16 shows, serviced establishments charging up to £20 per night account for 67 per cent of the total. In contrast, establishments charging greater than £40 per night only account for three per cent of the total. However, as Figure 6.6 reveals, the price structure varies considerably between the different resorts. For example, in Torquay, 26 per cent of serviced establishments charge up to £15 while in Paignton, this figure is 43 per cent. In Torquay, 61 per cent of serviced establishments charge up to £20 per night, whereas in Brixham and Paignton this figure is as high as 70 and 80 per cent respectively. This finding reflects the appeal of Paignton as a low-cost family resort. In contrast, Torquay's more expensive price structure underlines its premier position in the local accommodation market. Although Brixham only plays a minor role in the provision of holiday accommodation in Torbay, the quality and price structure of accommodation suggests that Brixham provides accommodation for a niche market that perhaps is attracted by the unique character of the local area in contrast to the commercialised resort environments of its two larger neighbours.

As might be expected, room tariffs show a relationship with the size of establishment and the level of service provision. As Figure 6.7 shows, 38.7 per cent of serviced establishments with over 60 bedspaces charged over £31 per night, compared to 0.9 per cent of small and 6.8 per cent of medium-sized establishments. In contrast, 81.1 per cent of serviced establishments with up to 30 bedspaces charged up to £20 per night, compared to 55.4 per cent of medium and 14.3 per cent of large establishments. The level of service provision in the hotel environment will also influence the room tariff. For example, of the seven establishments with over 60 bedspaces

Table 6.15: The standard of serviced accommodation in Torbay by the size of establishment

	Size of Establishment by Bedspace Capacity			
Standard	**Small** (1 to 30 bedspaces) (n=233)	**Medium** (31 to 60 bedspaces) (n=74)	**Large** (>60 bedspaces) (n=49)	**Overall Totals** (n=356)
5 Crowns	0	0	1 (2)	1 (0.3)
4 Crowns	2 (0.9)	5 (6.8)	17 (35)	24 (6.7)
3 Crowns	51 (22)	27 (36.5)	10 (21)	88 (24.7)
2 Crowns	34 (14.6)	2 (2.7)	2 (4)	38 (10.7)
1 Crown	9 (3.8)	0	0	9 (2.5)
Listed	12 (5.1)	2 (2.7)	0	14 (4.0)
Unlisted	125 (53.6)	38 (51.3)	19 (38)	182 (51.1)
Total	233 (100)	74 (100)	49 (100)	356 (100)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - <u>Holiday Accommodation Brochures</u>, 1994)

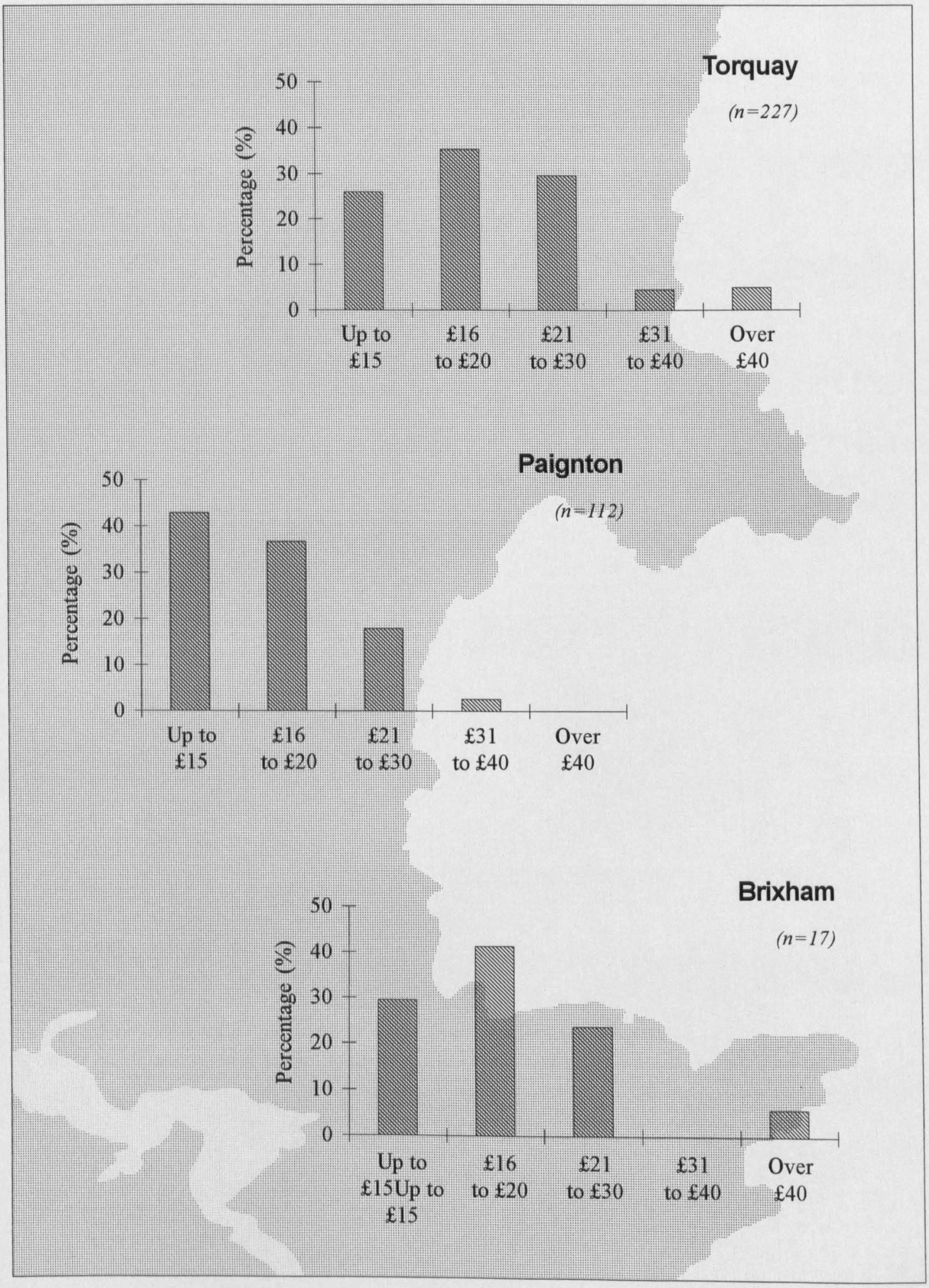
Table 6.16: The price structure of serviced accommodation in Torbay in 1994

(n=356)

Price Band (price per night)	Number of Establishments	Percentage of Total
Greater than £40	12	3
£31 to £40	13	4
£21 to £30	91	26
£16 to £20	128	36
Up to £15	112	31
Total	356	100

(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

Figure 6.6: The price structure of serviced accommodation in Torbay in 1994

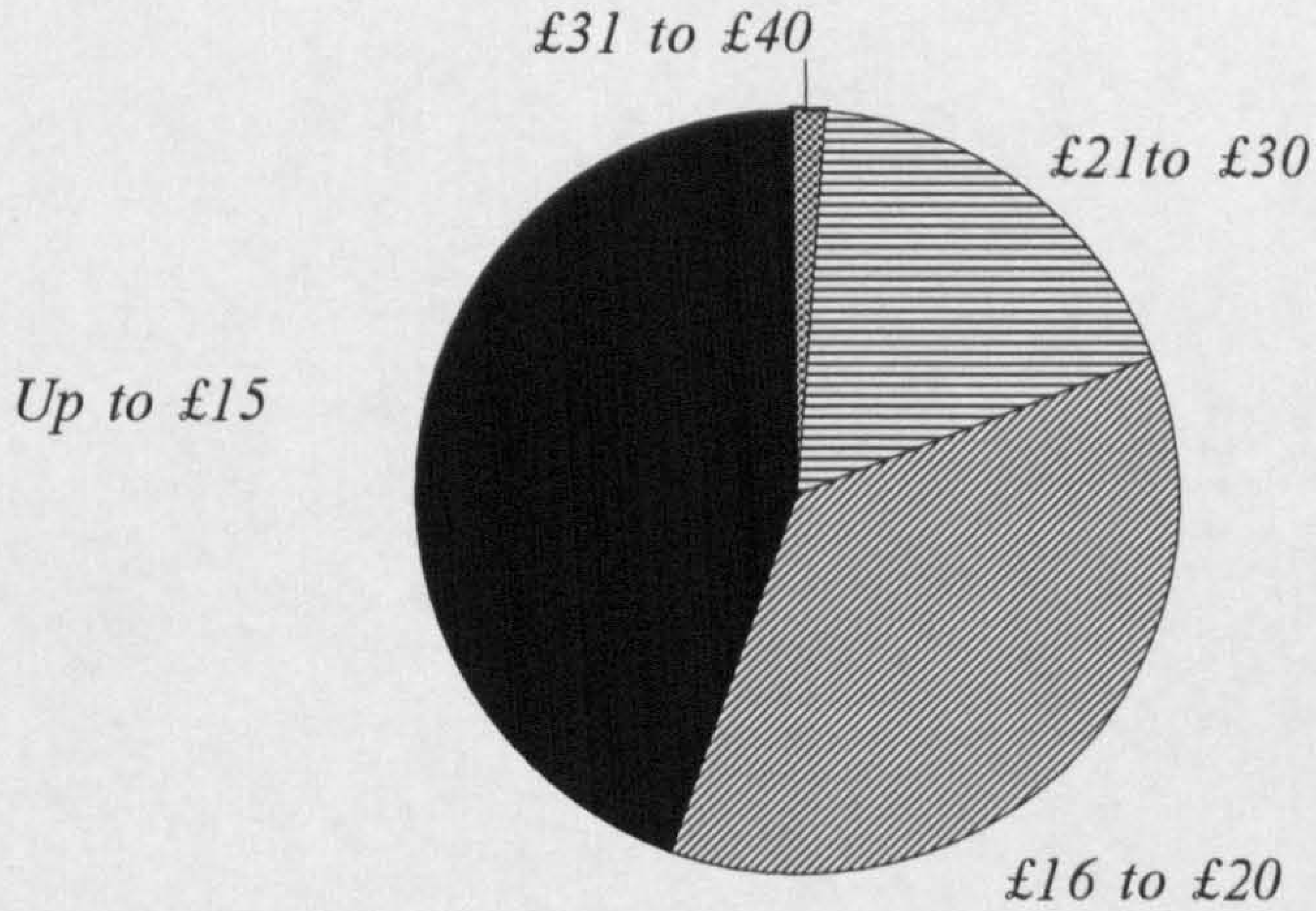


(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1995)

Figure 6.7: The price structure of serviced accommodation in Torbay by size of establishment

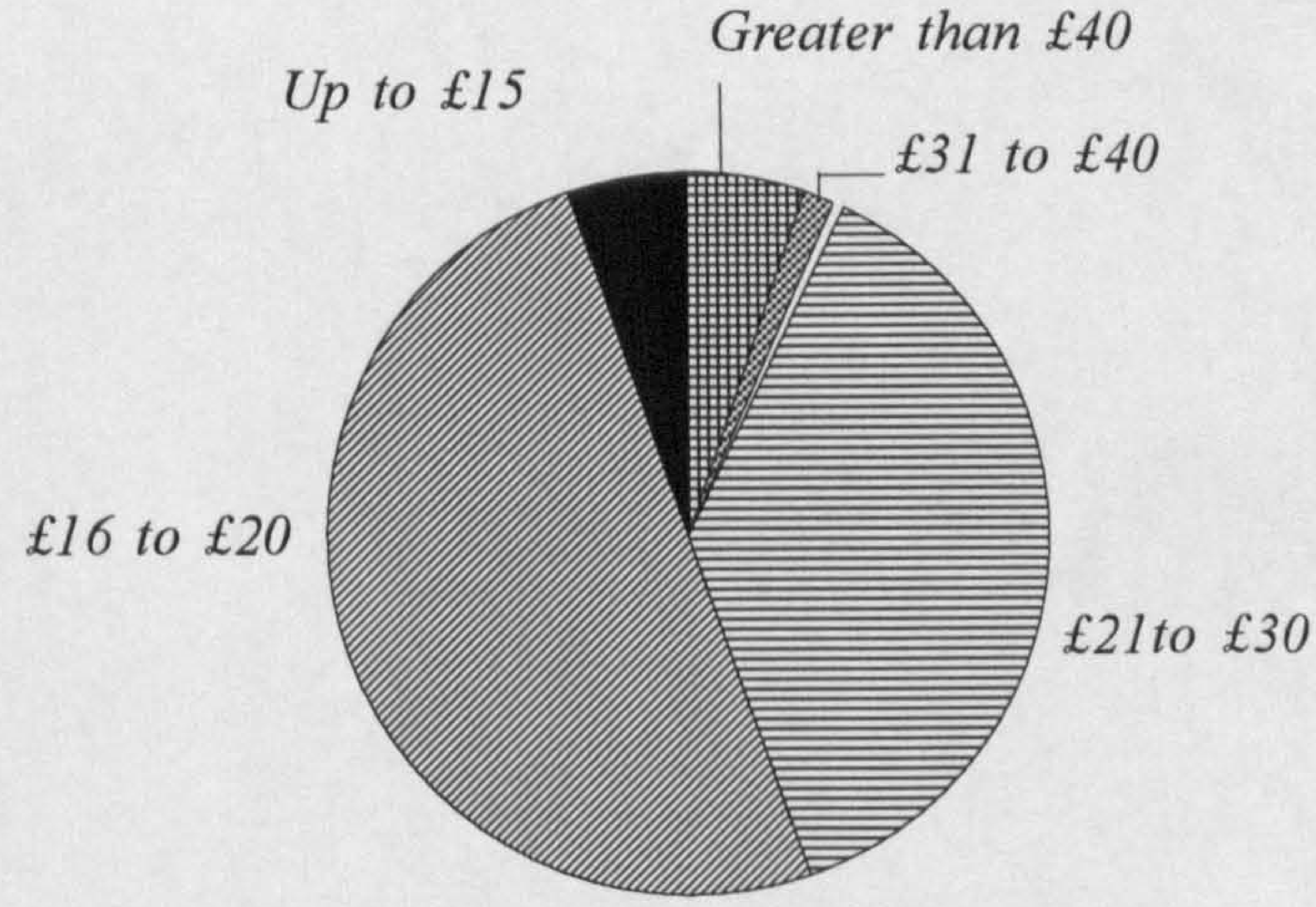
a) Small Establishments (1 to 30 bedspaces)

Price	No.	%
Greater than £40	0	
£31 to £40	2	0.9
£21to £30	42	18
£16 to £20	85	36.5
Up to £15	104	44.6
Total	233	100



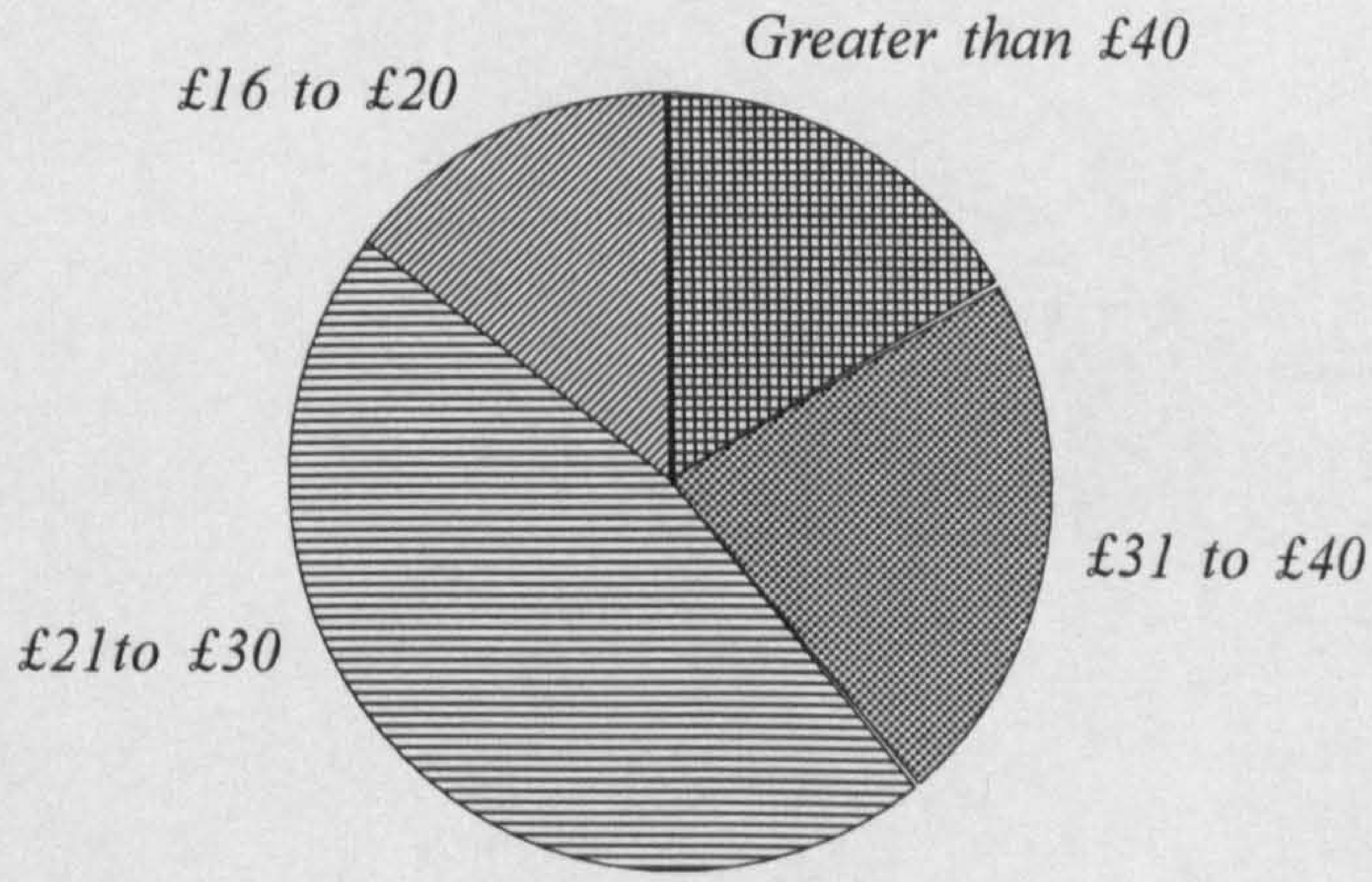
b) Medium Establishments (31 to 60 bedspaces)

Price	No.	%
Greater than £40	4	5.4
£31 to £40	1	1.4
£21to £30	28	37.8
£16 to £20	37	50
Up to £15	4	5.4
Total	74	100



c) Large Establishments (over 60 bedspaces)

Price	No.	%
Greater than £40	8	16.3
£31 to £40	11	22.4
£21to £30	23	47
£16 to £20	7	14.3
Up to £15	0	0
Total	49	100



(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1995)

charging over £40 a night, six provided an outdoor swimming pool and health spa, five provided an indoor swimming pool and five were graded as four crowns or above. For the smaller establishments, a range of services also provides an effective means by which to increase room tariffs. For example, the two establishments with up to 30 bedspaces charging between £31 and £40 a night (the Red House Hotel and Hotel Protea, Torquay) (see Figure 6.7a), both provided an outdoor swimming pool, tea and coffee making facilities and a colour television. Both were also graded as three crowns or above. In addition, the Red House Hotel also provided an indoor swimming pool, a sauna, a cafeteria, games facilities and the Bay Award for Hygiene and Healthy Eating. Both these establishments were larger properties with ample capacity for development in the Chelston area of Torquay. This finding again emphasises the impact of the historical development of the resort and that service provision is intrinsically linked to the structural characteristics of accommodation establishments.

A number of points can be drawn from this analysis. First, it can be argued that the proliferation of cheap accommodation has numerous implications for the accommodation industry. Low tariffs can affect turnover and profit margins, which can ultimately restrict the ability of the hotelier to upgrade the quality of accommodation on offer, and therefore places the hotel at a competitive disadvantage. Second, where investment in new facilities has occurred, this has allowed a higher room tariff to be charged. However, such investment seems limited within the smaller establishments and appears largely dependent on the structural characteristics of the property. Furthermore, it can also be suggested that where investment has taken place, particularly in smaller establishments, the hotelier has absorbed the cost of new development, as competitive pricing policies in the local area prohibit the full cost of development being passed onto the tourist through higher room tariffs. Third, although the prices detailed here represent advertised room tariffs, in reality many hoteliers appear to be open to negotiation from cost-conscious tourists. Therefore, while a hotelier might advertise a room rate of £15 per night, in order to secure bookings a substantially lower tariff might be offered. This situation is also compounded by illegal operators who charge unrealistic tariffs and therefore increase the pressure on legitimate establishments to lower their prices.

6.6 The Distribution and Size of Lost Holiday Accommodation Establishments

As outlined in the methodology, field surveys to check the accuracy of the commercial register revealed that a significant number of serviced and self-catering establishments had been lost from the industry through closure or change of use. In total, 154 serviced and 100 self-catering establishments were identified as having closed since their entry on the commercial register listing supplied by Devon County Council (see Table 6.17). Due to the lack of an exact publication date for the commercial register, it is impossible to identify when these establishments closed down or changed use. However, the bedspace capacity figure recorded in the commercial register made it possible to identify the size structure of the lost holiday accommodation establishments. The establishments lost from the industry were predominantly small-scale. For example, 91 and 81 per cent of lost serviced and self-catering establishments respectively had between one and 30 bedspaces (see Table 6.18). These results highlight the vulnerability of SSAEs to changes in the tourist market and, indeed, the wider economic climate. Most significantly, from a methodological perspective, these results also underline the fundamental weakness of current data sources concerning the tourism industry, suggesting that a more formal registration scheme for holiday accommodation is needed to monitor changes and developments in the industry.

6.7 Applications for Change of Use

An additional explanation for changes occurring in the accommodation industry can be found through the examination of planning applications for change of use to either private residential accommodation or alternative commercial enterprises (1985-1994). As discussed in Chapter Five, concerns over the increasing number of planning applications for residential homes for the elderly were responsible for the introduction of the Principal Holiday Accommodation Areas in Torbay in 1983. Applications from both the serviced and self-catering sectors have predominantly focused on the conversion to residential accommodation (see Table 6.19). As might be expected, the pattern of planning applications granted for change of use to residential accommodation closely reflected the expansion and subsequent collapse of the property market in the late 1980s and early 1990s, rather than any specific changes in the tourism market. For example, the number of applications granted from serviced accommodation reached a peak of 17 in 1989 and then fell to four in 1990 (see Table 6.19). This finding suggests that changing land values were instrumental in driving developments in the local accommodation industry, as hoteliers sought to

Table 6.17: The distribution of lost holiday accommodation establishments in Torbay

Area	Number of Establishments	Percentage of Total	Number of Bedspaces	Percentage of Total
a) Serviced Accommodation				
Torquay	91	59	1,537	65
Paignton	46	30	680	29
Brixham	17	11	138	6
Totals	**154**	**100**	**2,355**	**100**
b) Self-Catering Accommodation				
Torquay	44	44	1,025	51
Paignton	42	42	792	40
Brixham	14	14	175	9
Totals	**100**	**100**	**1,992**	**100**

(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Table 6.18: The size structure of lost holiday accommodation establishments in Torbay

	Size of Establishment by Bedspace Capacity			
	Small (1 to 30 bedspaces)	**Medium** (31 to 60 bedspaces)	**Large** (>60 bedspaces)	**Overall Totals**
Serviced Accommodation	140 (91)	14 (9)	0	154 (100)
Self-Catering Accommodation	81 (81)	19 (19)	0	100 (100)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Table 6.19: Granted planning applications for change of use, 1985 to 1994

Change of Use	**1985**	**1987**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**
a: *Serviced accommodation*								
To: residential accommodation	9	2	17	4	4	6	6	12
To: alternative holiday accommodation	4	1	1	1	1	2	2	4
To: commercial	1	1	0	1	1	2	1	3
To: nursing/residential homes for the elderly	9	10	0	1	1	0	0	0
To: other	1	0	0	0	0	2	4	1
Total	**24**	**14**	**19**	**7**	**7**	**12**	**13**	**20**
b: *Self-catering accommodation*								
To: residential accommodation	1	11	10	1	0	1	2	3
To: alternative holiday accommodation	0	1	0	1	0	0	1	0
To: commercial	0	0	0	0	0	0	0	1
To: nursing/residential homes for the elderly	1	1	0	0	0	2	0	0
To: other	0	0	0	0	1	0	1	0
Total	**2**	**13**	**10**	**2**	**1**	**3**	**4**	**4**

(Source: Torbay Holiday Accommodation Database - Planning Applications, 1995)

capitalise on rising property prices. A successful planning application would significantly increase the value of the property and incidentally provide excellent security on which to secure loans and investment capital from the main high street banks. For example, at the peak of the property boom, a large resort hotel with a market value of £350,000 might typically have been worth £750,000 with planning permission for the development of residential flats (Turner, 1996).

However, the acquisition of planning permission seems to have been a largely speculative venture for a number of the hoteliers, as a possible safeguard against a downturn in the tourism market. Indeed, of the 60 serviced and 29 self-catering establishments that were granted planning permission for change of use to residential accommodation between 1985 and 1994, 43 and 41 per cent respectively were still trading in 1995 (see Table 6.20 and 6.21). From a methodological perspective, this finding highlights that the interpretation of the planning application records in isolation is rather limited, and that a more effective analysis is achieved when the planning applications are used in conjunction with other data sources, such as the commercial register and the holiday accommodation brochures. None of the 254 missing establishments discussed in Section 6.6 could be traced through the planning application records. This finding therefore suggests that a number of establishments may have left the industry without the necessary planning permission and so consequently raises issues relating to the level of enforcement of local plan policies. However, the number of lost establishments seems to be too high to be explained by applications for change of use, which reinforces concerns over the accuracy of existing data sources and, in particular, the integrity of the commercial register and database management systems operated by Devon County Council.

Further examination of the planning records revealed a distinct geographical pattern in the distribution of granted applications for change of use to residential accommodation. In total, between 1985 and 1994, 75 and 65 per cent of all granted applications from serviced and self-catering accommodation respectively originated in Torquay. The concentration of applications in Torquay reflects the nature of the resort environment and the higher land and property prices in comparison to Paignton and Brixham (Turner, 1996). Although the total number of planning applications from the serviced sector for change to residential accommodation fell in the early 1990s, the number increased significantly in 1994 (see Table 6.20). This finding suggests that, in the face of increasing competition and a fall in visitor numbers, operators were pursuing a

Table 6.20: Submitted and granted planning applications from serviced accommodation for change of use to residential accommodation, 1985 to 1994

	1985	1987	1989	1990	1991	1992	1993	1994
Number of submitted planning applications	10	2	23	4	6	7	7	14
Number of planning applications granted	9	2	17	4	4	6	6	12
Distribution of granted applications by resort:								
Brixham	0	0	0	0	0	0	1	0
Paignton	4	0	1	1	1	1	0	4
Torquay	5	2	16	3	3	5	5	8
Distribution of planning applications by Principal Holiday Accommodation Areas:								
Number of submitted planning applications in PHAAs	6	0	2	0	0	1	2	1
Number of granted applications in PHAAs	6	0	1	0	0	1	2	1
Establishments still trading with planning permission for change of use:								
Establishments with planning application still trading in 1994	6	0	6	1	1	3	3	6

(Source: Torbay Holiday Accommodation Database - Planning Applications, 1995)

Table 6.21: Submitted and granted planning applications from self-catering accommodation for change of use to residential accommodation, 1985 to 1994

	1985	1987	1989	1990	1991	1992	1993	1994
Number of submitted planning applications	1	11	11	1	1	1	2	3
Number of planning applications granted	1	11	10	1	0	1	2	3
Distribution of granted applications by resort:								
Brixham	0	1	0	0	0	0	0	2
Paignton	0	3	3	0	0	0	1	0
Torquay	1	7	7	1	0	1	1	1
Distribution of planning applications by Principal Holiday Accommodation Areas:								
Number of submitted planning applications in PHAAs	0	1	3	0	1	1	0	1
Number of granted applications in PHAAs	0	1	2	0	0	1	0	1
Establishments still trading with planning permission for change of use								
Establishments with planning application still trading in 1994	0	3	6	0	0	1	0	2

(Source: Torbay Holiday Accommodation Database - Planning Applications, 1995)

Table 6.22: The size structure of serviced accommodation with granted planning permission for change of use to residential accommodation, 1985 to 1994

Size (Bedspaces)	1985	1987	1989	1990	1991	1992	1993	1994
Small (1 to 30 bedspaces)	4 (57)[1]	0	6 (60)	1 (50)	2 (100)	4 (80)	5 (83)	11 (92)
Medium (31 to 60 bedspaces)	2 (29)	0	3 (30)	1 (50)	0	1 (20)	1 (17)	1 (8)
Large (>60 Bedspaces)	1 (14)	0	1 (10)	0	0	0	0	0
Totals[2]	7	0	10	2	2	5	6	12

Note: [1] The numbers in brackets refer to the percentage distribution of establishments within each size category
[2] The totals are based on matches between the planning application records and entries listed in the Torbay Holiday Accommodation Database. Due to incompatabilities between the data sources and the inability to trace all serviced accommodation establishments, the totals listed here will not match those in Table 6.21. For full details refer to Chapter Three.

(Source: Torbay Holiday Accommodation Database - Planning Applications, 1995)

defensive strategy and attempting to pull out of the industry. As might be expected, it was predominantly operators of smaller businesses that applied for planning permission for change of use to residential accommodation. As Table 6.22 shows, 92 per cent of granted applications for change of use in 1994 were to businesses with less than 31 bedspaces. The results presented here do not take account of operators who have withdrawn from the industry by selling on-going business concerns. In addition, the number of lost serviced establishments identified in the commercial register suggest that a number of establishments have converted to residential accommodation without seeking the necessary planning permission.

Alongside applications for change of use to residential accommodation, a small number of applications have also been granted for the change of use to alternative holiday accommodation (see Table 6.20). Specifically, these applications refer to the switch from serviced to self-catering accommodation. These results reinforce the growing popularity of self-catering accommodation. The income to be derived from the letting of holiday accommodation is quite significant when considering the very limited demands placed on the owners' time and labour. By examining the applications for change of use from residential to holiday accommodation, the planning applications can also be used to identify the number of new establishments entering the accommodation industry. As Table 6.23 shows, the 1980s saw a significant influx of new business enterprises into serviced and self-catering accommodation, as the expansion in the tourism and property market created a 'seed-bed' for the emergence of new entrepreneurial talent. However, the number of new business starts has remained extremely low in the 1990s. Clearly, this suggests that a down-turn in the tourism market, the recession and increased rates of borrowing have raised the barriers of entry into the accommodation industry.

Table 6.23: Granted planning applications for change of use to holiday accommodation, 1985 to 1994

Category	1985	1987	1989	1990	1991	1992	1993	1994
Total number of granted applications	18	21	7	1	3	4	2	0
Serviced Accommodation	7	13	4	1	1	0	1	0
Self-Catering Accommodation	11	8	3	0	2	0	0	0
Unknown	0	0	0	0	0	4	1	0
Distribution of granted planning applications by resort:								
Brixham	0	1	0	0	0	0	0	0
Paignton	7	7	1	1	1	0	1	0
Torquay	11	13	6	0	2	4	1	0

(Source: Torbay Holiday Accommodation Database - Planning Applications, 1995)

6.8 The Distribution and Size Structure of Holiday Accommodation in Principal Holiday Accommodation Areas

So far, this chapter has largely considered the evolving structure of the accommodation industry in Torbay in the context of changes in market conditions and the impact of free market forces. However, there is also a need to consider that, in addition to supporting the TDAP (1986-1989), public sector intervention, through the designation of PHAAs, has also had a significant impact on the structural characteristics of the holiday accommodation in Torbay. As outlined in Chapter Five, PHAAs constitute a central part of local planning policies in Torbay, designed to protect the stock of tourist accommodation and the intrinsic holiday atmosphere of the central tourism areas of Torquay and Paignton. Using data from the commercial register, it was possible to identify the actual number and size of serviced and self-catering establishments designated within PHAAs. In 1995, 491 accommodation establishments and 17,962 bedspaces were included within PHHAs (see Table 6.24). These figures accounted for 40 per cent of the total number of accommodation establishments and 53 per cent of total bedspace capacity in Torbay. Overall, the serviced sector is most affected by designation of the PHAAs, which imposes specific guidelines relating to development and change of use (see Chapter Five). In total, 55 per cent of serviced establishments were designated within PHAAs, compared to 16 per cent of total self-catering establishments. In Torquay and Paignton, 52 and 71 per cent of serviced establishments were designated within PHAAs (see Table 6.24). PHAAs also encompass the larger establishments in Torbay. For example, 72 per cent of serviced establishments with over 60 bedspaces were located in PHAAs (see Table 6.25).

As might be expected, given the concentration of accommodation establishments, the PHAAs have also been the focus of investment within the resort. As Table 6.26 shows, 56 per cent of serviced establishments with more than 60 bedspaces in PHAAs provided an outdoor swimming pool. A further 44 per cent provided an indoor pool and 49 per cent provided a health spa (see Table 6.26a). Perhaps more significantly, 70 per cent of those establishments providing an indoor swimming pool, 60 per cent an outdoor pool, 65 per cent a health spa and 64 per cent with games facilities were located in PHAAs (see Table 6.26b). New development has also been centred in PHAAs. In total, 65 per cent of planning applications for new development were granted to serviced establishments within PHAAs between 1985 and 1994 (see Table 6.27c). A high standard of service provision was also offered in the PHAAs. For example, 64 per cent

Table 6.24: The distribution of holiday accommodation establishments in Principal Holiday Accommodation Areas

Area	**Number of Establishments**	**Percentage of Resort Total**	**Number of Bedspaces**	**Percentage of Resort Total**
a) Serviced Accommodation				
Torquay	244	52	9,496	58
Paignton	171	71	5,077	79
Totals	**415**	**55**	**14,573**	**62**
b) Self-Catering Accommodation				
Torquay	31	14	1,544	28
Paignton	45	31	1,845	46
Totals	**76**	**16**	**3,389**	**32**
Overall Total	**491**	**40**	**17,962**	**53**

(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

Table 6.25: The size structure of holiday accommodation establishments in Principal Holiday Accommodation Areas

	Size of Establishment by Bedspace Capacity			
	Small (1 to 30 bedspaces)	**Medium** (31 to 60 bedspaces)	**Large** (>60 bedspaces)	**Overall Percentage**
				Percentage Distribution
Serviced Accommodation	277 (51)	84 (64)	54 (72)	415 (55)
Self-Catering Accommodation	40 (11)	24 (32)	12 (46)	76 (16)

Note: Numbers in brackets refer to the number of establishments as a percentage of the total establishments within each size category in Torbay

(Source: Torbay Holiday Accommodation Database - Commercial Register, 1995)

of serviced establishments graded as three crowns or above were located in PHAAs (see Table 6.28). The low number of planning applications for change of use to residential accommodation originating within PHAAs also illustrates the effectiveness of the PHAAs in protecting the industry from the impacts of the property boom that could have severely depleted the level of accommodation stock in Torbay. The establishments that were granted permission for change of use within PHAAs satisfied the necessary criteria as outlined in the Torbay Local Plan (see Chapter Five). In total, 82 per cent of establishments that did change use to residential accommodation were small, isolated businesses outside PHAAs in predominantly residential areas, so their loss posed no threat to the character of the holiday accommodation industry in Torbay. This finding reflects that outside PHAAs, planning guidelines are more flexible and will permit the change of use from holiday accommodation establishments if the necessary criteria are met (see Chapter Five). However, the local authority will still restrict the change of use of larger establishments outside PHAAs, if they are felt to be of significant value to the local tourism industry.

The large number of establishments within PHAAs underlines that their original designation was focused on the main concentration of accommodation in the resort and that PHAAs have served to protect the 'shop window' of the local tourism industry. However, more significantly, the prominence of PHAAs suggests that the location and structure of the accommodation industry has been strongly influenced by public sector intervention. Since their instigation, Torbay Borough Council have actively enforced PHAAs and sought to maintain the number of holiday accommodation establishments in key tourism areas. However, in pursuing this policy so firmly there is a need to consider the extent to which PHAAs have acted against market forces and possibly contributed, in part, to an oversupply of bedspaces in Torbay. Furthermore, it can be argued that PHAAs have increased levels of competition for local operators and perhaps maintained tourist numbers in properties ill-suited to responding effectively to changes in the tourism market. However on the other hand, by preventing the change of use to residential or alternative commercial enterprises, the PHAAs have, somewhat inadvertently, maintained a range of business enterprises which provides the opportunity to enter the industry at different operational levels, thereby facilitating the emergence of new entrepreneurial ability. By maintaining the integrity and identity of the accommodation industry in Torbay, it can also be suggested that the PHAAs have provided an impetus for development. The establishments within PHAAs and, in particular,

Table 6.26: Service provision by serviced establishments in Principal Holiday Accommodation Areas

Facility	**Small** (1 to 30 bedspaces) (n=122)	**Medium** (31 to 60 bedspaces) (n=50)	**Large** (>60 bedspaces) (n=39)	**Overall Total** (n=211)
	Size of Establishment by Bedspace Capacity			
a) Absolute Number and Percentage of Serviced Establishments with Facilities in PHAAs				
Tea and coffee making	119 (98)	48 (96)	36 (92)	203 (96)
Television	87 (71)	45 (90)	35 (90)	167 (79)
Indoor swimming pool	0	2 (4)	17 (44)	19 (9)
Outdoor swimming pool	3 (3)	9 (18)	22 (56)	42 (16)
Health spa (sauna, solarium etc)	5 (4)	4 (8)	19 (49)	28 (13)
Games facilities	13 (11)	16 (32)	32 (82)	61 (29)
Launderette	1 (1)	4 (8)	8 (21)	13 (6)
*b) Absolute Number of Establishments in PHAAs as a Percentage of Total Serviced Establishments in Torbay with Facilities**				
Tea and coffee making	119/215 (55)	48/69 (70)	36/46 (78)	203/330 (61)
Television	87/156 (56)	45/62 (73)	35/44 (80)	167/262 (64)
Indoor swimming pool	0	2/4 (50)	17/22 (77)	19/27 (70)
Outdoor swimming pool	3/17 (17)	9/34 (36)	22/28 (78)	42/70 (60)
Health spa (sauna, solarium etc)	5/9 (56)	4/8 (50)	19/26 (73)	28/43 (65)
Games facilities	13/26 (50)	16/31 (52)	32/39 (82)	61/96 (64)
Launderette	1/4 (25)	4/7 (57)	8/12 (67)	13/23 (57)

Note: *Numbers in brackets refer to the percentage distribution of establishments providing each type of facility.*

* *Figures are based on the sub-sample of 356 serviced establishments taken from the 1994 holiday accommodation brochure. See Table 6.7 for full details.*

(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

Table 6.27: The distribution of granted planning applications from the serviced sector by Principal Holiday Accommodation Area, 1985 to 1994

	1985	1987	1989	1990	1991	1992	1993	1994
a) Extensions for new accommodation								
Number of granted applications in PHAAs	7	7	17	5	6	5	1	5
Percentage of total granted applications	36	50	65	56	60	83	50	83
b) Extensions for new facilities								
Number of granted applications in PHAAs	9	16	17	12	7	4	7	9
Percentage of total granted applications	56	64	59	75	64	80	88	69
c) The development of new facilities								
Number of granted applications in PHAAs	7	3	2	2	4	3	1	0
Percentage of total granted applications	41	50	40	100	50	75	50	0
d) Overall Totals								
Number of granted applications in PHAAs	23	26	36	19	17	12	9	14
Percentage of total granted applications	49	58	60	70	59	80	75	74

(Source: Torbay Holiday Accommodation Database - Planning Applications Records, 1995)

Table 6.28: The standard of serviced accommodation in Principal Holiday Accommodation Areas

Standard	Small (1 to 30 bedspaces) (n=122)	Medium (31 to 60 bedspaces) (n=50)	Large (>60 bedspaces) (n=39)	Overall Total (n=211)
	Size of Establishment by Bedspace Capacity			
a) Absolute Number and Percentage of Graded Serviced Establishments in PHAAs				
5 Crowns	0	0	0	0
4 Crowns	0	3 (6)	15 (38)	18 (9)
3 Crowns	26 (21)	19 (38)	9 (23)	54 (26)
2 Crowns	13 (11)	1 (2)	1 (3)	15 (7)
1 Crown	5 (4)	0	0	5 (2)
Listed	6 (5)	1 (2)	0	7 (3)
Unlisted	72 (59)	26 (52)	14 (36)	112 (53)
b) Absolute Number of Serviced Establishments in PHAAs as a Percentage of Total Graded Serviced Establishments				
5 Crowns	0	0	0	0
4 Crowns	0	$3_{/5}$ (60)	$15_{/17}$ (88)	$18_{/24}$ (75)
3 Crowns	$26_{/51}$ (51)	$19_{/27}$ (70)	$9_{/10}$ (90)	$54_{/88}$ (61)
2 Crowns	$13_{/34}$ (11)	$1_{/2}$ (50)	$1_{/2}$ (50)	$15_{/38}$ (39)
1 Crown	$5_{/9}$ (4)	0	0	$5_{/9}$ (56)
Listed	$6_{/12}$ (5)	$1_{/2}$ (50)	0	$7/_{14}$ (50)
Unlisted	$72_{/125}$ (58)	$26_{/38}$ (68)	$14_{/19}$ (74)	$112_{/182}$ (62)

Note: *Numbers in brackets refer to the percentage distribution of establishments graded under the ETB Crown Scheme*

* *Figures are based on the sub-sample of 356 serviced establishments taken from the 1994 holiday accommodation brochure. See Table 6.15 for full details.*

(Source: Torbay Holiday Accommodation Database - Holiday Accommodation Brochures, 1994)

the larger resort hotels, such as the Derwent and Victoria, therefore highlight the industry's response to changing market conditions through new marketing and development initiatives and, in doing so, set standards for the smaller establishments in the surrounding area to try and emulate.

6.9 Conclusions

The review of available data from the commercial register, holiday accommodation brochures and the planning application records has indicated that Torbay offers a wealth and capacity of accommodation stock that few other UK resorts can match. Indeed, the ERTB have capitalised upon this diversity in the 1997 accommodation brochure; instead of a standardised list of accommodation, serviced and self-catering establishments have been branded to create a degree of differentiation in the local tourism market (see Table 6.29). Accommodation types include 'Great Value Guest Houses' with up to eight bedrooms and 'Resort Hotels' with between 16 and 100 rooms. More significantly, the accommodation sector in Torbay displays intrinsic locational and structural characteristics that are a product of the historical development of the resort and the interplay between public sector intervention and the impact of free market forces. The historical legacy is most visible in the distribution of accommodation stock within the resort. Torquay is the principal centre for accommodation, accounting for 56 per cent of all accommodation establishments. Paignton is the second largest resort, while Brixham plays a minor role in the provision of serviced and self-catering accommodation and is the largest centre for chalet accommodation in Torbay. The central position of Torquay is also reflected in the price structure and standard of resort accommodation. In Torquay, 61 per cent of serviced establishments charged up to £20 per night, whereas in Brixham and Paignton this figure was as high as 70 and 80 per cent respectively. Furthermore, 74.1 per cent of serviced establishments in Torquay were graded as three crowns or above, in comparison with 41.2 per cent in Paignton and 22 per cent in Brixham. These findings reinforce Torquay's premier position in the local accommodation market, and suggest that by comparison Paignton and Brixham can be viewed as poor relations.

The accommodation sector in Torbay is also highly fragmented and dominated by SSAEs. Serviced and self-catering establishments with up to 30 bedspaces accounted for 72 and 78 per cent of total serviced and self-catering establishments in Torbay. In marked contrast to the

Table 6.29: Categories of holiday accommodation as advertised by the ERTB in 1997

Category	Description
Great Value Guest Houses	*The English Riviera has one of the finest selections of guest houses in the country. While keenly priced, they offer exceptional value for money, meeting high standards of quality and personal service. Usually owner run with up to eight rooms, most now offer ensuite facilities and an evening meal as part of their holiday package.*
Small Friendly Hotel	*In many Victorian villas and houses of character you'll find a wide range of small friendly hotels. Half-board or optional evening meal is usually available with a good standard of cuisine. Other hotel facilities can also be found including a licensed bar, public rooms, ensuite rooms and games facilities. All this in a personally run hotel of real character, with usually between eight and 15 rooms.*
Resort Hotels	*The Riviera's Resort Hotels are ideal if you are looking for the holiday hotel experience at a competitive rate. The size of these hotels varies but you will usually find between 16 and 100 rooms most of which are ensuite. Restaurant facilities are usually available for guests and many of our Resort Hotels offer swimming pools, play rooms, games, licensed bars, evening entertainment, saunas, leisure facilities and much more !*
Classic Hotels	*For something special choose a Classic Hotel on the English Riviera. Classic Hotels are graded as three AA/RAC Stars and above, so you can be assured of first class facilities. Classic Hotels are licensed and generally offer acclaimed cuisine and an excellent wine list in their restaurants, where service is naturally second to none. They also boast first rate leisure facilities and entertainment.*
Carefree Self-Catering	*A self-catering holiday gives you the chance to come and go as you please. In Torquay, Paignton and Brixham you'll find a wide range of accommodation including apartments, villas, flats and cottages. All are available for weekly lets in the peak season and short breaks out of season at competitive rates.*

(Source: English Riviera Tourist Board, 1997, p. 174)

national hotel industry, there is an absence of major hotel chains in the resort. Serviced establishments with over 96 bedspaces accounted for only 4.7 per cent of total serviced establishments in Torbay. Consequently, the structure of the accommodation industry creates specific problems for the industry, as the responses to changing market conditions will vary considerably from establishment to establishment reflecting individual management strategies and business objectives, and the opportunities and constraints imposed by the size, location and structural capacity of the establishment.

Changes in the tourism market have increased levels of competition and, in particular, placed greater emphasis on product development and the quality of service provision. Consequently, there has been notable expansion within the industry, particularly in relation to the provision of ensuite and leisure and recreational facilities. The sub-sample of 356 serviced establishments from the 1994 accommodation brochure illustrated that ensuite bedrooms accounted for 80 per cent of the total room stock in 1994. The holiday accommodation brochures (1981-1994) also indicated that this development was concentrated in the 1980s, reflecting the encouragement given to the provision of ensuite facilities through the TDAP, the increasing sophistication of the tourism market, and that tourists expect ensuite facilities as standard. The provision of larger, more expensive facilities, such as swimming pools, health spas and tennis courts, were primarily concentrated in the larger establishments. However, smaller establishments have also been forced to upgrade the standard of accommodation in order to remain competitive. For example, 92 per cent of serviced establishments with up to 30 bedspaces provided tea and coffee-making facilities, and a further 67 per cent provided a colour television. In addition, eight per cent also provided an outdoor swimming pool and a further four per cent provided a health spa. For the larger hotels, new product development is central to market segmentation strategies aimed at securing a competitive advantage in the market place. However, considering the recognised importance of non-economic goals in SSAEs, it is not clear whether the provision of such facilities within smaller establishments constitutes a business or family-related asset. This finding emphasises that attempts to predict business behaviour in small-scale accommodation establishments are extremely problematic because of the inherently individualistic nature of the small business environment.

The planning application records (1985-1994) revealed that levels of investment have proved highly sensitive to changes in market conditions. While economic growth in the 1980s spurred new development in the resort, the recession of the 1990s has acted to curtail investment in new facilities. Where development has occurred, most has been concentrated within the service sector and in larger establishments. However, in terms of granted applications for extensions for new facilities and accommodation, smaller establishments appeared as active as the larger establishments. This finding illustrates the important role of product development in competitive strategies for all sizes of business operations in the hotel industry. New development has also been concentrated in Torquay, which suggests the characteristics of the accommodation sector in Torquay give greater access to capital and physical resources to support development, and a more effective response to changes in market conditions. These results suggest an imbalance in the level of investment in the resort and that the restructuring process seems more advanced in Torquay. Clearly, future resort development needs to address this issue in order to ensure the long-term survival of Paignton and Brixham as tourist destinations.

The planning applications also suggested that changing property prices have been instrumental in driving developments in the local accommodation industry. In particular, applications for change of use to residential accommodation closely reflected the expansion and subsequent collapse of the property market in the late 1980s and early 1990s, rather than any specific changes in the tourism market. For example, the number of applications granted from serviced accommodation reached a peak of 17 in 1989 and then fell to four in 1990. Applications for change of use to residential accommodation were again concentrated in Torquay, reflecting the nature of the resort environment and the higher land and property prices in comparison to Paignton and Brixham. However, applications for change of use to residential accommodation seem to have been a largely speculative venture for many operators. Of the 60 serviced and 29 self-catering establishments that were granted planning permission between 1985 and 1994, 43 and 41 per cent respectively were still trading in 1995. The number of applications for change of use to residential accommodation from serviced accommodation rose significantly in 1994. In the face of increasing competition and a fall in visitor numbers, it can be argued that operators have been pursuing more defensive strategies and attempting to pull out of the industry. The serviced sector has also seen a switch to alternative holiday accommodation and, in particular, the conversion to self-catering accommodation. These results reinforce the growing popularity of self-catering accommodation and that the income to be derived from the letting of holiday accommodation is quite significant when considering the very limited demands placed on the owners' time and labour.

The 1980s also saw a significant influx of new business enterprises into serviced and self-catering accommodation, as the expansion in the tourism and property market created a 'seed-bed' for the emergence of new entrepreneurial talent in the resort. However, the number of new business starts has remained extremely low in the 1990s. Clearly, a down-turn in the tourism market, the recession and increased rates of borrowing have raised the barriers of entry into the accommodation industry. Results from the commercial register and the planning application records have continually emphasised the vulnerability of SSAEs to changes in market conditions. For example, 91 and 81 per cent of lost serviced and self-catering establishments respectively had between one and 30 bedspaces. In addition, it was predominantly operators of smaller establishments that applied for planning permission for change of use to residential accommodation.

The patterns of service provision in the resort suggest that much of the change within the industry has been stimulated by the impact of natural market forces, whether related to the recession or not. However, market-led restructuring has been matched by the important role played by the public sector intervention. In the 1980s, the TDAP proved influential in guiding economic development and rejuvenation strategies. However, the designation of PHAAs has strongly influenced the restructuring process and had a significant impact on the structural characteristics of the holiday accommodation. In 1995, 40 per cent of accommodation establishments and 53 per cent of total bedspace capacity in Torbay was designated within PHAAs. The PHAAs have also been the focus of notable investment within the resort. In total, 70 per cent of those establishments providing an indoor swimming pool, 60 per cent an outdoor pool, 65 per cent a health spa and 64 per cent with games facilities were located in PHAAs. The low number of planning applications for change of use to residential accommodation originating within PHAAs also illustrates the effectiveness of the PHAAs in protecting the industry from the impacts of the property boom that could have severely depleted the level of accommodation stock in Torbay. However, in pursuing this policy so firmly there is a need to consider the extent to which PHAAs have acted against the restructuring process and possibly contributed, in part, to an oversupply of bedspaces in Torbay. Furthermore, it can be also be argued that PHAAs have increased levels of competition for local operators and perhaps maintained tourist numbers in properties ill-suited to responding effectively to changes in the tourism market. However on the other hand, by preventing the change of use to residential or alternative commercial enterprises, the PHAAs have, somewhat inadvertently, maintained a range of business enterprises which provides the opportunity to enter the industry at different operational levels, thereby facilitating the emergence of new entrepreneurial ability. By maintaining the structural integrity of the accommodation industry in Torbay, the PHAAs have provided a catalyst for development. The establishments within PHAAs and, in particular, the larger resort hotels such as the Derwent and Victoria, therefore highlight the industry's response to changing market conditions and, in doing so, act as innovators encouraging the provision of new facilities and the dissemination of good working practice in surrounding hotels.

Overall, the restructuring process within the accommodation industry has been driven by a complex combination of forces including public sector intervention and free market forces. The distribution and characteristics of the accommodation industry reflect the historical development of the resort and the residential and commercial development pursued by the principal landowners and later by the local authority in Torbay. Changes in the tourism market have increased levels of competition and placed greater emphasis on product development and the quality of service provision. However, the highly fragmented nature of the small business environment suggests that there is a lack of strategic direction in the resort and that the restructuring process has been influenced by many individual management strategies and business objectives. Ultimately, the visible outcomes of the restructuring process have been conditioned by the underlying characteristics in the immediate locality and, in particular, the size, location and structural capacity of establishments. However, this quantitative analysis of the structural characteristics of the industry is only one aspect of the restructuring process, and there is a need to consider the more qualitative aspects influencing the decision-making process, such as the entrepreneurial characteristics and business motivations of hoteliers. These qualitative and less tangible characteristics of the resort environment and their possible influence on the restructuring process will now be discussed in Chapter Seven, by drawing on data from the questionnaire survey to serviced and self-catering establishments.

Chapter Seven

The Entrepreneurial Characteristics of Accommodation Providers and the Restructuring Strategies Adopted in Holiday Accommodation Establishments

7.0 Introduction

Having considered the structural characteristics of the holiday accommodation industry in Chapter Six, the aim of this chapter is to examine the entrepreneurial characteristics of the providers of serviced and self-catering accommodation in Torbay, and their responses to changing market conditions and recession. By drawing on the results from the questionnaire survey of 1995, the first part of this chapter will consider how a variety of interrelated personal and business motivations combine to influence the decision-making process and the type of business strategy that is adopted in response to changing market conditions. In particular, the chapter will highlight that many businesses are run by 'satisficers' or 'lifestylers', who place greater emphasis on quality of life issues rather than profit maximisation. Coupled with limited occupational and management experience of the tourism industry, the chapter will stress that these characteristics have important implications for the restructuring process in the resort, as the performance of local entrepreneurs will determine the industry's response to changing market conditions and increased levels of competition. The importance of non-economic goals in the decision-making process also means that the task of disentangling the role of any one factor in the restructuring process is clouded by a range of personal and individual operating characteristics.

The second part of the chapter will examine the strategies adopted by operators in response to changing market conditions. Consideration will be given to changes in the demand for holiday accommodation as experienced and perceived by the providers of serviced and self-catering accommodation. Attention will focus on changes in the pattern of bookings, the types of visitor staying in the resort and the role played by the recession. Finally, the chapter will highlight specific aspects of the restructuring process and, in particular, the offensive and defensive nature of the management strategies that have been adopted in direct response to the recession. Understanding the pressures affecting the industry, and the responses to them, will provide a valuable input into the policy formulation process aiming to maintain and improve the competitiveness and the long-term health of the local tourism industry. When considering the results in this chapter, it should be remembered that those serviced and self-catering establishments with up to 10 bedspaces were under-represented in the questionnaire survey (see Chapter Four). The results presented in this chapter should therefore be interpreted with this weakness borne in mind.

7.1 The Ownership and Establishment of Business Enterprises

Considering the prominence of small-scale accommodation establishments (SSAEs) in Torbay, it was not surprising to find that the majority of accommodation establishments within each resort were privately owned and operated as small-scale businesses. Of the 389 establishments included in the survey, 98 and 97 per cent of serviced and self-catering establishments respectively were operated as individual ventures. Only three per cent of serviced and self-catering establishments were managed as part of a chain (see Table 7.1). This finding underlines the highly fragmented nature of the small business environment and that future resort development will depend on incorporating many individual management strategies and business objectives.

The rates of business start-up (see Table 7.2) indicate a high degree of business turnover in the accommodation industry and emphasises the ease of entry into the sector. The level of turnover reflects the sale of businesses as viable and profitable enterprises as well as complete closures due to business failure and conversion to other uses. Considering the limited number of granted planning applications for change of use to holiday accommodation in the resort (see Chapter Six), it is clear that new business starts are not adding to the total stock of accommodation in Torbay but are taking-over existing business enterprises. Although perhaps more expensive than converting from residential accommodation, this strategy capitalises on the existing infrastructure and allows trading to begin immediately.

As discussed in Chapter Six, the turnover of operators in the accommodation industry seems to suggest a possible relationship with the rise and fall of the property market. For example, 46 per cent of respondents from serviced accommodation entered the industry between 1985 and 1988 (see Table 7.2). A possible explanation for this trend, although not supported by the data, is that the higher property values in the late 1980s, associated with higher disposable incomes and expansion in the tourism market, created a favourable climate for investment into hotel businesses. The pattern of start-up also reflects the rejuvenation of the tourism industry in Torbay and the encouragement given to tourism enterprises through the Tourism Development Action Programme (TDAP). Despite the impact of the recession and collapse of the housing market in the early 1990s, 33 per cent of serviced and 29.5 per cent of self-catering respondents entered the industry between 1990 and 1995. Clearly, it can be suggested that a downturn in the property market has

Table 7.1: The ownership of holiday accommodation establishments in Torbay

	Serviced Accommodation		Self-catering Accommodation	
Ownership	No. of Respondents	Percentage of Total (%)	No. of Respondents	Percentage of Total (%)
Owner/manager	283	98	96	97
Manager	7	2	3	3

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.2: The year of business start-up of holiday accommodation establishments in Torbay

	Serviced Accommodation (n=279)		Self-Catering Accommodation (n=95)	
Year of Start-up	No. of Respondents	Percentage of Total (%)	No. of Respondents	Percentage of Total (%)
1950 to 1960	2	0.7	1	1.1
1961 to 1970	4	1.4	2	2.1
1971 to 1980	23	8.2	15	15.7
1981 to 1984	29	10.4	10	10.5
1985	23	8.2	2	2.1
1986	33	12.0	9	9.5
1987	38	13.6	9	9.5
1988	34	12.2	12	12.6
1989	14	5.0	7	7.4
1990	13	4.7	5	5.3
1991	16	5.7	4	4.2
1992	14	5.0	6	6.3
1993	12	4.3	4	4.2
1994	22	7.9	7	7.4
1995	2	0.7	2	2.1

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

provided a further opportunity for prospective entrepreneurs to establish themselves in the local accommodation industry. Lower property prices in times of recession are of equal significance to hotel business start-ups as in times of boom.

7.2 Reasons for Entering the Holiday Accommodation Industry

As with previous studies examining the characteristics of entrepreneurial activity in the tourism industry (see Stallibrass, 1980; Hennessey *et al*, 1986; Brown 1987), the results of the questionnaire survey highlighted that the decision to enter the accommodation industry was influenced by a complex combination of motives and aspirations. Ultimately, business strategy was influenced by highly personalised criteria based on whether the founder of the business is interested in economic growth and profit maximization or in establishing a 'life-style business' designed to provide a satisfactory level of income (Storey, 1994, p. 128). In the survey, the respondents were asked to assess the relative significance of the factors influencing their decision to enter the industry and classify them as either 'major', 'minor' or 'not important'. Using only the 'major' responses, Table 7.3 shows that the 'major' reason for entering the industry given by 65 per cent of serviced and 55 per cent self-catering respondents respectively was the desire to be 'self-employed'. However, within both sectors, this economic motive was matched by the 'major' importance given to a range of non-economic factors such as '*to come to Torbay/Devon*' (41 and 48 per cent), '*dissatisfaction/change required*' (44 and 31 per cent) and '*family/personal reasons*' (37 and 25 per cent). Indeed, it is also debatable whether 'to be self-employed' is an economic motive. For example, Hjalager and Lindgaard (1984) have argued that 'self-employment' is a distinctive life-mode (i.e. non-economic), and that the status and independence of this position is often considered far more important (cited in Williams *et al*, 1989, p. 1648).

The results were also analysed according to the predominant motive for starting each individual business (i.e. where economic motives predominated or maximisers; where non-economic motives predominated or lifestylers and where economic and non-economic motives were equally important) (see Figure 7.1). In the serviced sector, 51 per cent of respondents were predominantly 'lifestylers', concerned with non-economic motives such as family and quality of life issues. In contrast, only 28 per cent of respondents were driven solely by economic motives, although 21 per cent regarded economic and non-economic motives as equally important. In the self-catering

Table 7.3: Reasons for entering the holiday accommodation industry in Torbay

a) Serviced Accommodation
(n=278)

Reason	Major	Minor	Not Imp	Total
Economic				
To be self-employed	65	15	20	100
Additional income	24	18	58	100
Redundancy	16	6	78	100
Return to previous employment	3	4	93	100
Non-economic				
To come to Torbay/Devon	48	22	30	100
Dissatisfaction/change required	44	14	42	100
Family/personal reasons	37	16	47	100
Semi/early retirement	11	8	81	100
Return to home area	4	1	95	100
Other:	12	0	88	100

b) Self-Catering Accommodation
(n=97)

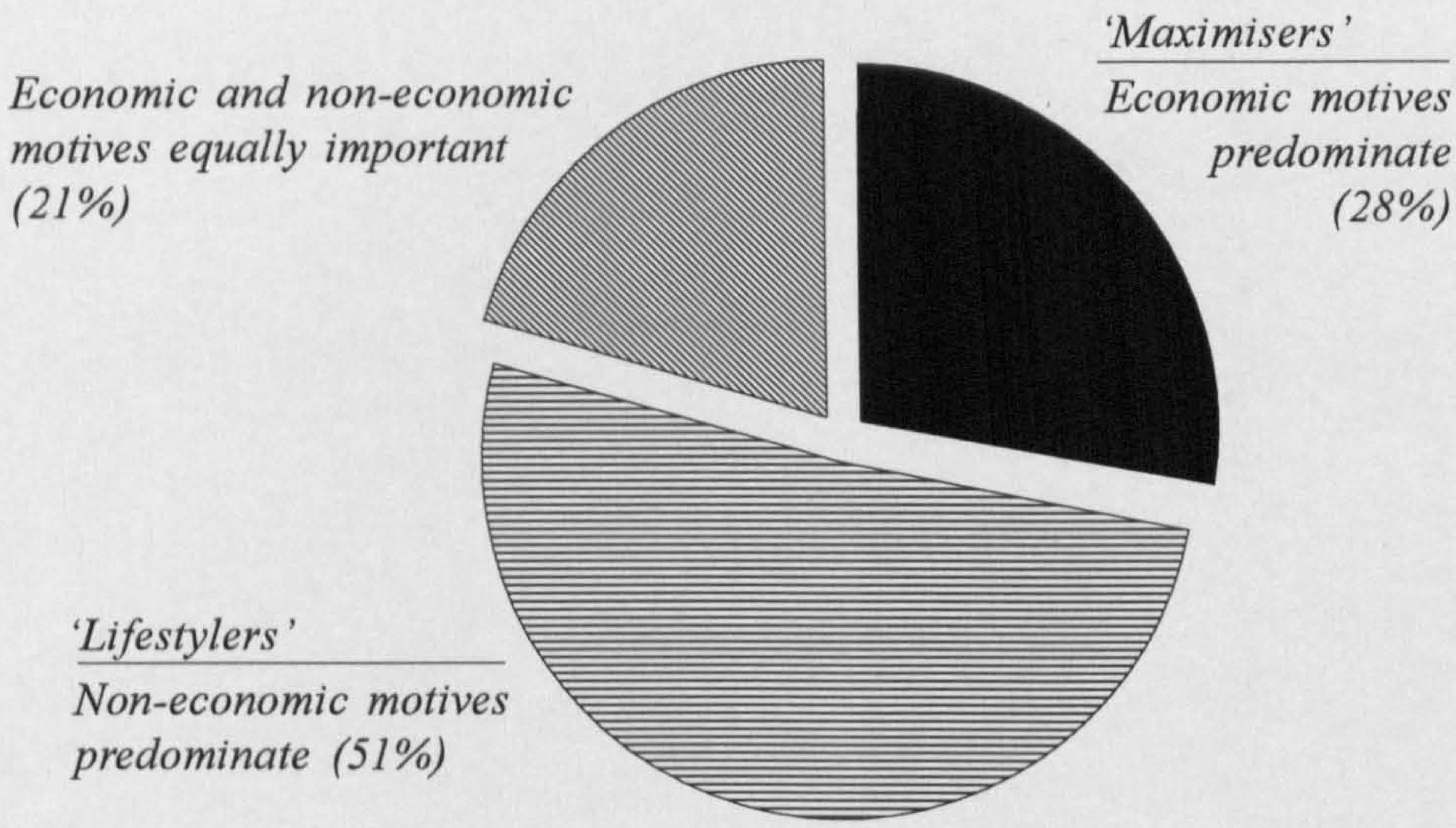
Reason	Major	Minor	Not Imp	Total
Economic				
To be self-employed	52	10	38	100
Additional income	39	19	42	100
Redundancy	11	7	82	100
Return to previous employment	4	2	94	100
Non-economic				
To come to Torbay/Devon	41	11	48	100
Dissatisfaction/change required	31	14	55	100
Family/personal reasons	25	20	55	100
Semi/early retirement	22	12	66	100
Return to home area	0	1	89	100
Other	1	0	99	100

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

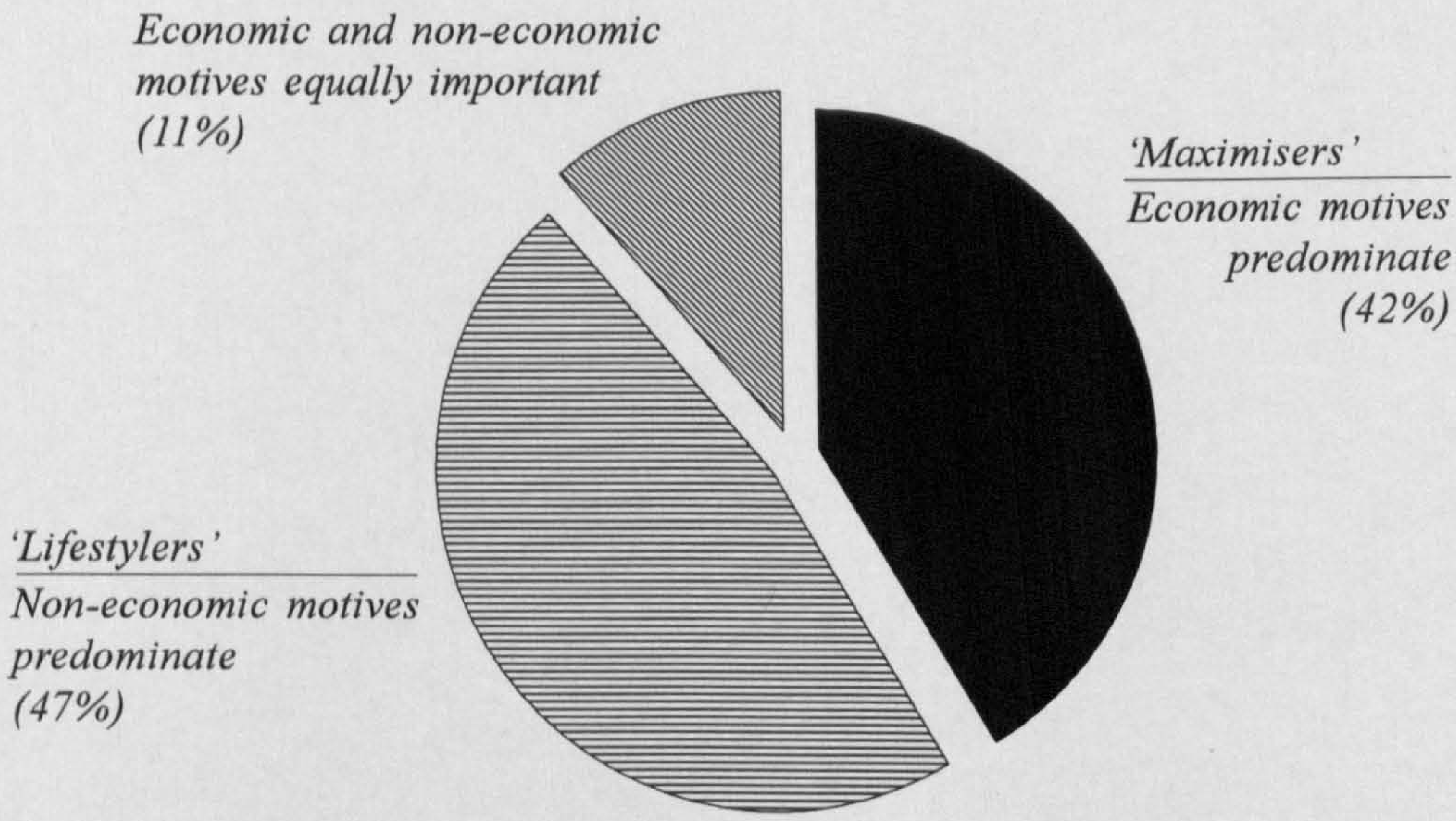
Figure 7.1: Reasons for entering the holiday accommodation industry in Torbay

(results based on ' major ' option see Table 7.3)

a) Serviced Accommodation
(n=278)



b) Self-Catering Accommodation
(n=96)



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

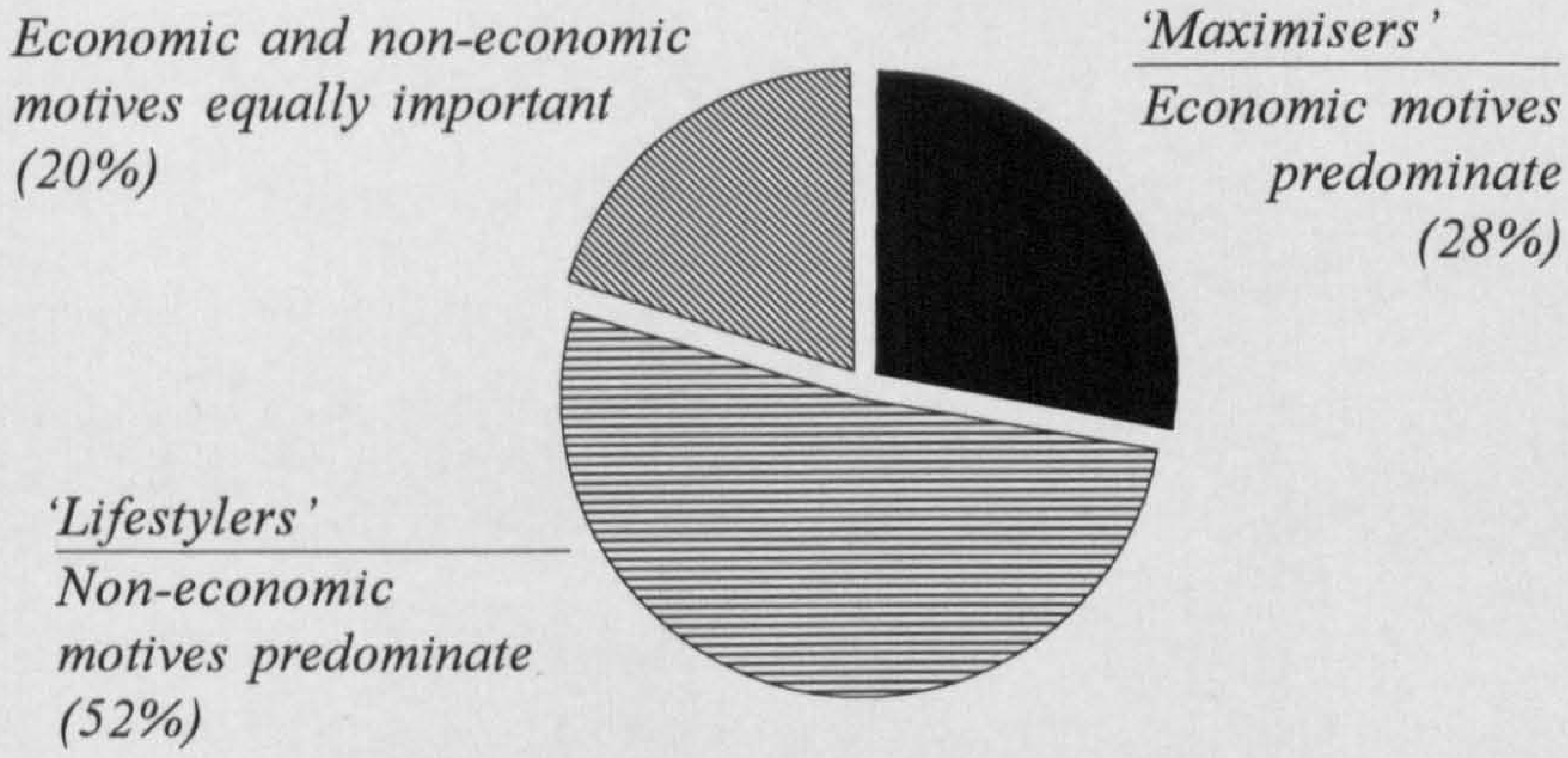
sector, the emphasis on non-economic goals was less pronounced. In total, 42 per cent of self-catering respondents were influenced by economic motives and a further 47 per cent were driven by non-economic factors.

Lifestylers were predominant within each size category of serviced and self-catering accommodation. As Figure 7.2 shows, in the serviced sector, they accounted for 52 per cent of small (one to 30 bedspaces) and medium-sized establishments (30 to 60 bedspaces) and 50 per cent of large establishments (over 60 bedspaces). This finding is somewhat surprising, as it might have been expected that lifestylers were generally operators of smaller establishments given the emphasis placed on the importance of non-economic motives. A reverse pattern would have also been expected in the distribution of maximisers. However, they were also prominent in both small and large establishments. In total, maximisers accounted for 28 per cent of small, 24 per cent of medium and 35 per cent of large establishments.

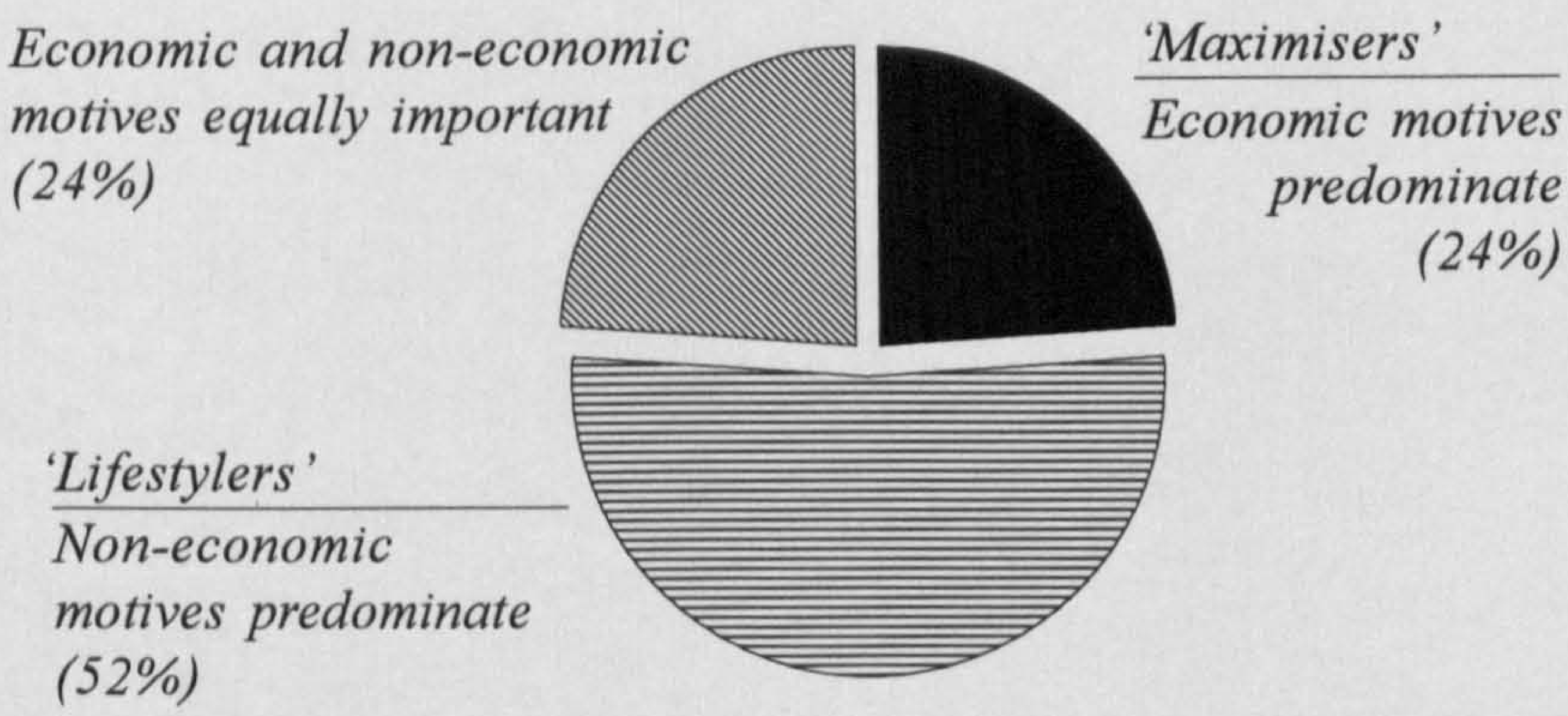
A number of points can be inferred from these results. First, the emphasis on non-economic goals, particularly in the serviced sector, suggests, perhaps rather simplistically considering the changes discussed in Chapter Six, that tourism businesses are not run in a highly commercial manner. Second, it can be argued that although the English Riviera Tourist Board (ERTB) and Torbay Borough Council (TBC) can provide the infrastructure and policy framework for resort development, they will not guarantee the emergence and success of local entrepreneurial ability. Policy initiatives can clearly influence the business environment but will not necessarily alter the behaviour, personal perceptions and attitudes of local tourism entrepreneurs. Finally, the results serve to highlight the complexity of the decision-making process in the accommodation sector. No one individual factor will determine the reasons for entering the accommodation industry and, subsequently, motivations for business development. While some hoteliers may actively seek business expansion others may be content to achieve profit margins that allow a comfortable standard of living. As discussed in Chapter Three, hoteliers may also avoid business expansion to avoid exceeding VAT and tax thresholds and the incumbent paperwork that follows. Given that new business starts in the accommodation industry seem to come through the purchase of existing accommodation establishments, it can also be suggested that the locational and structural characteristics of establishments for sale on the property market may also play an important role in influencing the distribution of lifestylers and maximisers in the resort.

Figure 7.2: Reasons for entering the serviced accommodation sector, by size of establishment

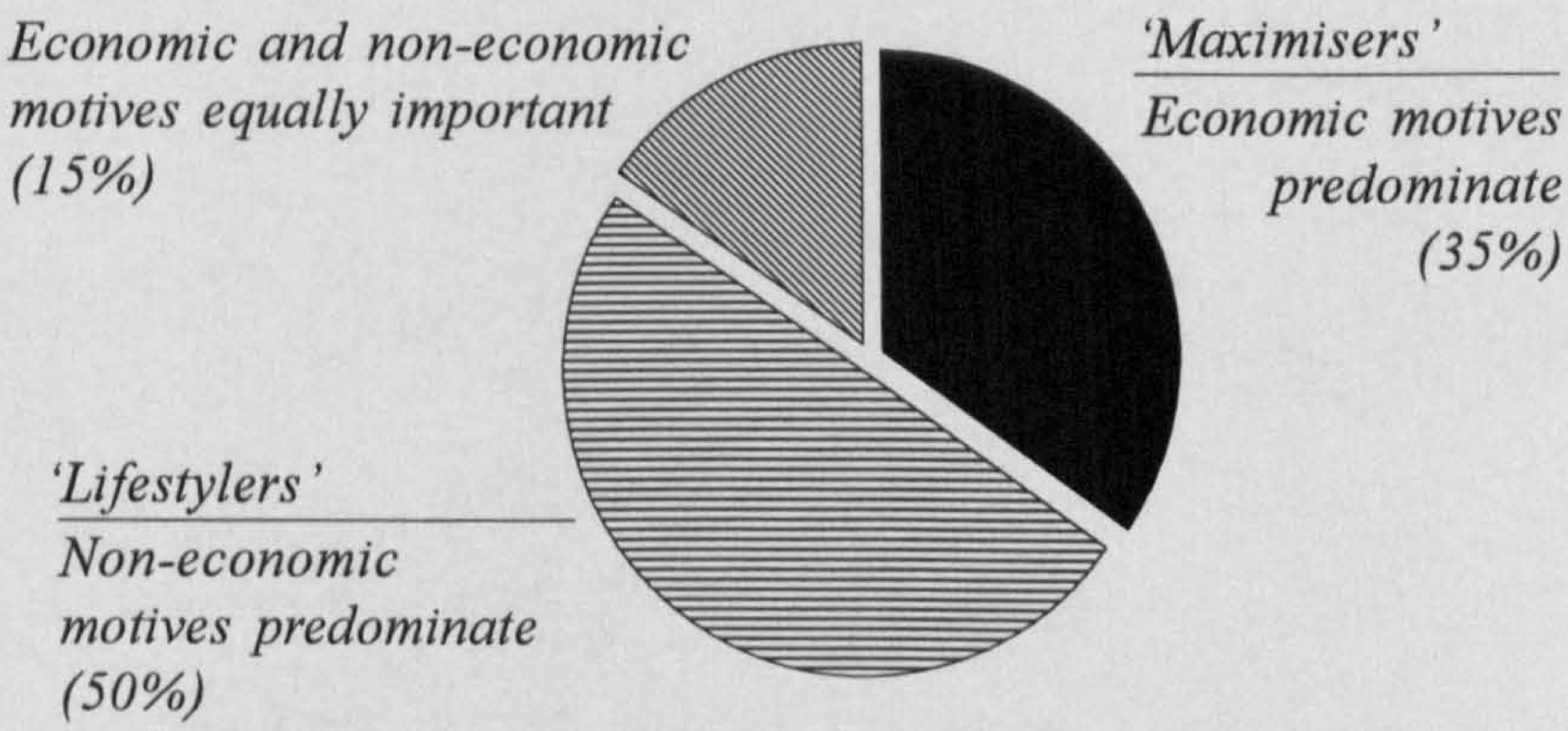
a) Small (1 to 30 bedspaces)
(n=203)



b) Medium (31 to 60 bedspaces)
(n=58)



c) Large (over 60 bedspaces)
(n=29)



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

7.3 Method of Payment for Property

Results from the questionnaire survey indicated that serviced and self-catering respondents within each resort have utilised a number of sources of capital to fund entry into the holiday accommodation industry. Over one-third of serviced respondents cited personal savings (39 per cent) as a major source of capital. For these businesses the need to establish a proper management strategy for scrutiny by an external agency, such as a bank, is less relevant. However, within both the serviced and self-catering accommodation sectors, it appears that personal and family resources have been used to underwrite entrepreneurial activity (see Table 7.4). For the serviced sector, the capital raised through the selling of residential property (69 per cent), obtaining a mortgage (43 per cent) and a bank loan (37 per cent) emerged as the major sources of funding, and so further underlined the relationship between the accommodation industry and the property market. The dependency on the financial services sector highlights the susceptibility of hoteliers to higher interest rates, lower occupancy levels and fluctuations in property prices associated with the recession. A rise in loan repayments may divert limited resources away from product development and advertising, and ultimately restrict hoteliers to more defensive strategies because of the continual drain on financial resources. As discussed in Chapter Six, this problem has been compounded by increasing levels of competition and the persistent discounting of room tariffs which has reduced turnover and profit margins.

7.4 Age of Respondents

As discussed in Chapter Two, the age of the entrepreneur might significantly influence attitudes and approaches to business management. The greatest number of respondents from serviced and self-catering accommodation were between the ages of 51 and 55 (see Table 7.5). Overall, 79 and 68 per cent of serviced and self-catering respondents respectively were between the ages of 41 and 60. Only eight and 15 per cent of serviced and self-catering respondents respectively were over 60 years old. Given the age profile of the tourism entrepreneurs, the results suggest that entry into the accommodation industry is seen by many as a prelude for semi or early retirement. Indeed, 68 per cent of serviced respondents over the age of 60 were 'lifestylers' (see Figure 7.3). In addition, 41 per cent of those serviced respondents over the age of 61 regarded semi/early retirement as a major reason for entering the holiday accommodation industry. In contrast, 38 per cent of serviced respondents between the ages of 20 and 40 were

Table 7.4: Method of payment for entry into the holiday accommodation industry

a) Serviced Accommodation
(n=278)

Reason	Major	Minor	Not Imp	Total
Sold house	69	3	28	100
Mortgage	43	8	49	100
Personal savings	39	11	51	100
Bank loan	37	7	56	100
Shared Purchase	9	1	89	100
Redundancy payment	7	3	91	100
Other	6	0	94	100

b) Self-Catering Accommodation
(n=278)

Reason	Major	Minor	Not Imp	Total
Sold house	50	3	47	100
Personal savings	37	13	50	100
Bank loan	33	7	60	100
Mortgage	32	6	62	100
Shared purchase	8	0	92	100
Redundancy payment	5	1	94	100
Other	18	4	78	100

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

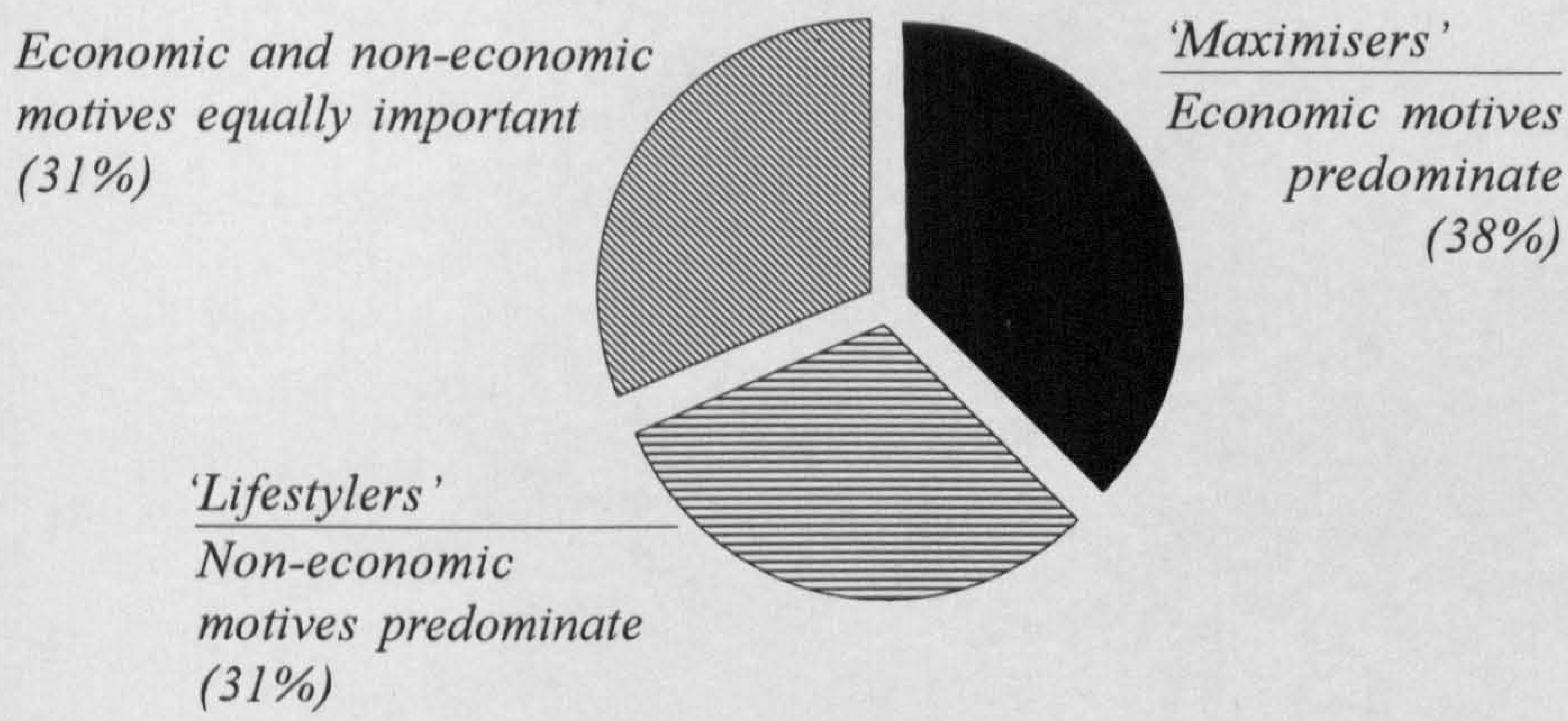
Table 7.5: The age structure of serviced and self-catering respondents

	Serviced Accommodation (n=289)		**Self-Catering Accommodation** (n=98)	
Age	No. of Respondents	Percentage of Total (%)	No. of Respondents	Percentage of Total (%)
20-25	0	0	1	1
26-30	7	2	0	0
31-35	10	3	4	4
36-40	23	8	3	3
41-45	35	12	9	9
46-50	69	24	27	28
51-55	71	25	28	29
56-60	52	18	11	11
61-65	16	6	11	11
66-70	6	2	3	3
71-75	0	0	1	1
76-80	0	0	0	0
81+	0	0	0	0
Totals				
20 to 40	40	13	8	8
41 to 60	227	79	75	68
Over 60 yrs	22	8	15	15

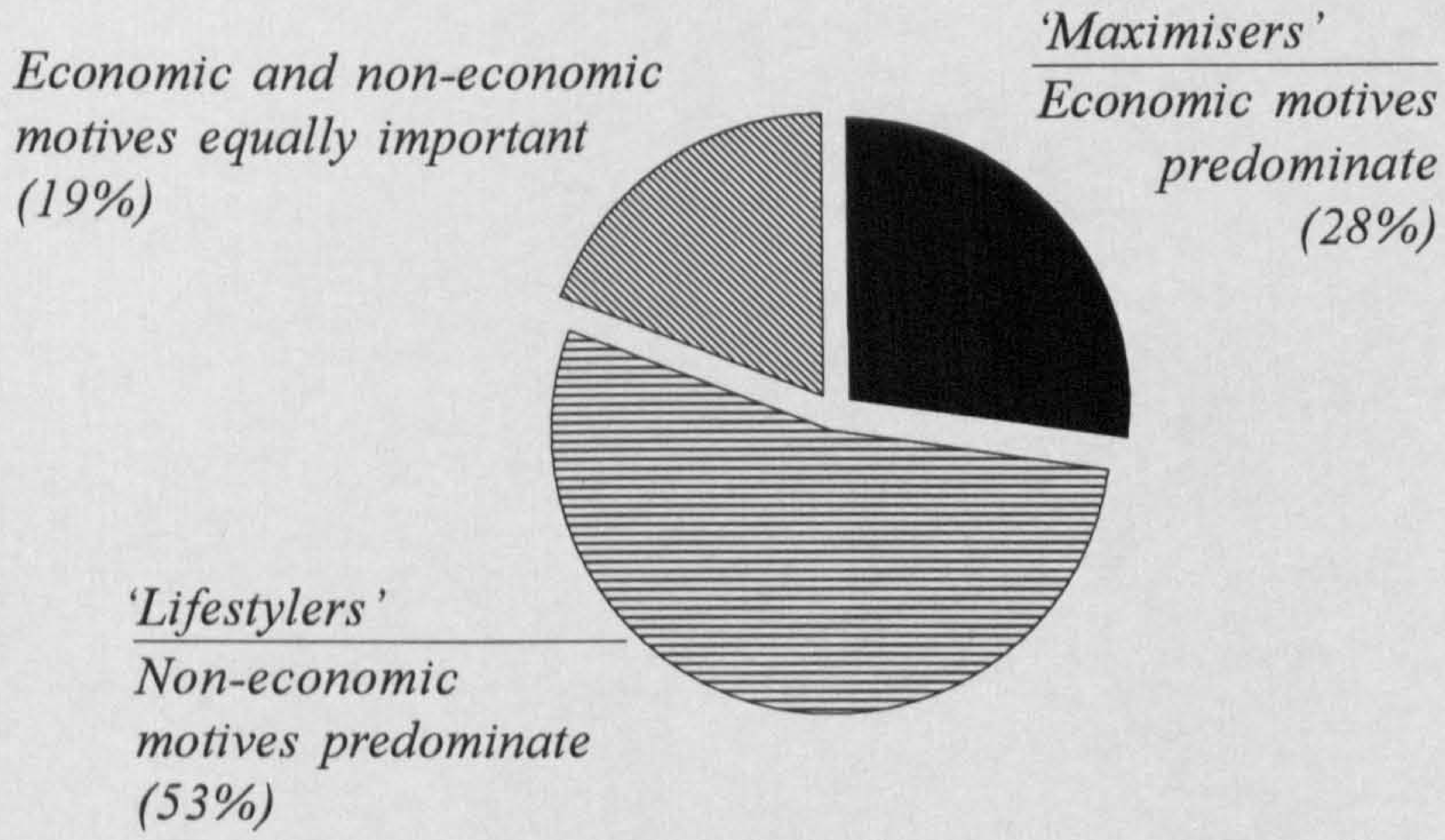
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.3: Reasons for entering the serviced accommodation sector, by age

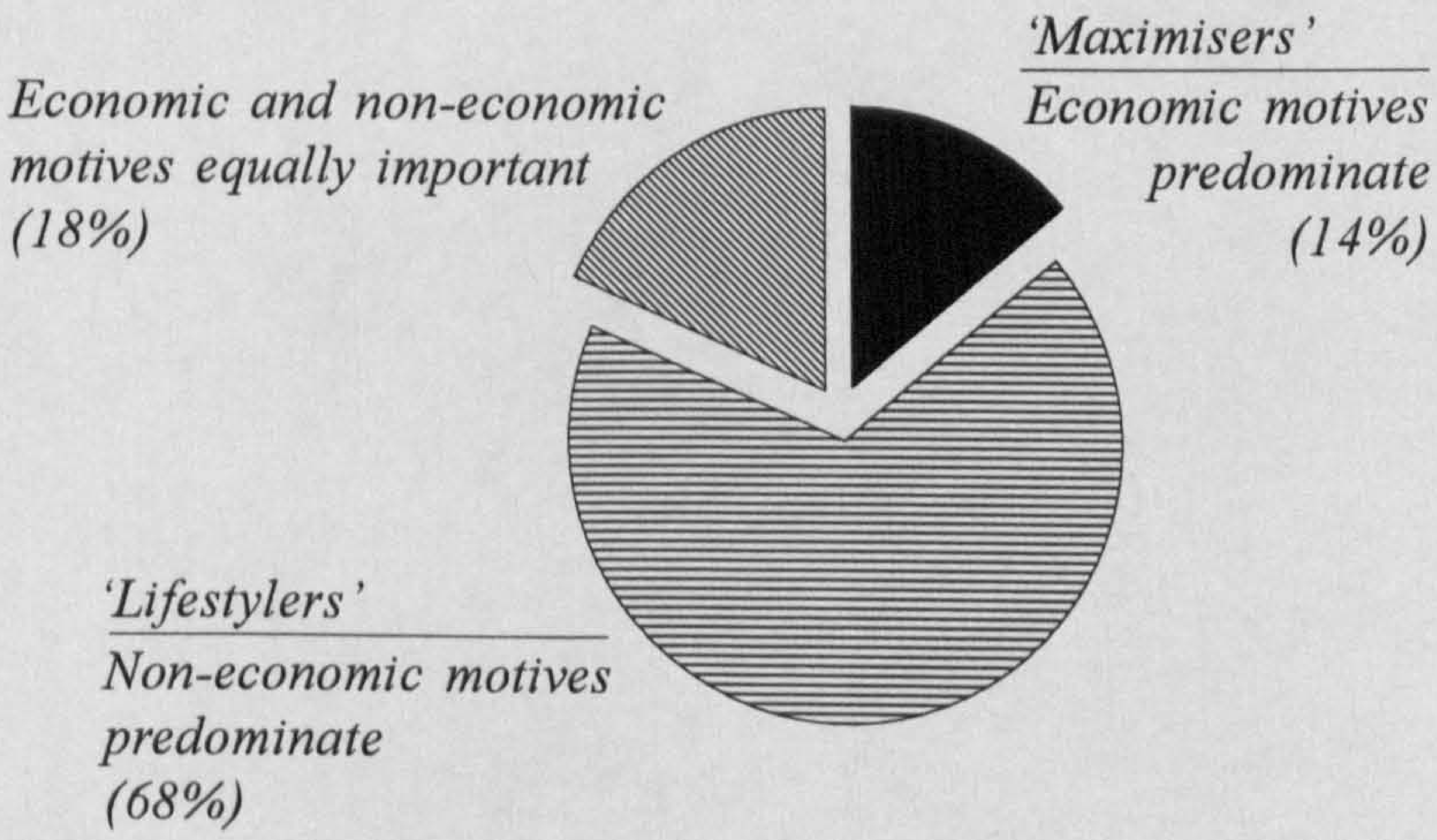
a) Age Group: 20 to 40 years
(n=32)



b) Age Group: 41 to 60 years
(n=223)



c) Age Group: Over 60 years
(n=22)



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

classified as 'maximisers' (see Figure 7.2). These results suggest that the younger operators of serviced accommodation may take a more pro-active approach to business management and will have the energy and commitment to work the long hours that are needed to make a business successful. Alternatively, older operators close to retirement may have more modest objectives and consequently lack the motivation to respond effectively to changes in market conditions. Although the majority of operators within the accommodation industry are aged between 51 and 55, the industry is attracting business starts from younger tourism entrepreneurs. For example, since 1990, 30 per cent of new starts in the serviced sector have come from respondents aged between 20 and 40 years of age. This finding suggests that within the industry there is a considerable degree of wealth and experience amongst the more established operators which is being matched by an influx of new entrepreneurial ability.

7.5 Prior Occupations and Educational Qualifications

Prior occupational experience and educational qualifications of hoteliers are important elements in the decision-making process as they will govern the response to changing market conditions and so influence the nature of the restructuring process. The results from the questionnaire survey highlighted a diverse range of prior occupations including bank managers, airline pilots, mechanical engineers and sales representatives (see Table 7.6). While many of the occupations involved business skills in general, the survey indicated that only 21 and 9.5 per cent of serviced and self-catering respondents respectively in Torbay had any prior experience of the tourism industry directly. In addition, only 22 per cent of serviced respondents and four per cent of self-catering respondents had any relevant tourism qualifications. Actual tourism qualifications recorded in the survey were extremely diverse. For example, in the serviced accommodation sector, 46 per cent of tourism qualifications were related to food hygiene and only 12 per cent of respondents had a qualification specifically related to hotel management. In addition to specific qualifications, respondents also stressed their prior occupations in this category, thus emphasising that practical experience within the tourism and hospitality industries was often perceived to be more valuable than specific qualifications. At a time when customer care and guest satisfaction are key areas of competitive advantage, the lack of relevant tourism experience and training is of some concern as the industry must be able to recognise and respond effectively to changes in the tourism market.

Table 7.6: Prior occupations of serviced and self-catering respondents

Occupation	**Serviced Accommodation** (n=252) No.	(%)	**Self-catering Accommodation** (n=85) No.	(%)
Managers and administrators	121	48	39	45
Professional occupations	31	12	17	21
Associate professional and technical occupations	12	5	4	5
Clerical and secretarial occupations	13	5	5	6
Craft and related occupations	22	9	10	12
Personal and protective service occupations	31	12	4	5
Sales occupations	9	4	4	5
Plant and machine operatives	6	3	1	1
Other occupations	7	2	1	1

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

On the other hand, the lack of specific training and experience in the tourism sector need not be a problem. Storey (1994, p. 135) points out that, '*it is the individual coming fresh to the market who is more likely to bring innovative business ideas, to do things differently from other firms and thus to achieve growth*'. In this survey, 47 per cent of serviced and 60 per cent of self-catering respondents with no prior tourism experience had previously been employed in managerial or professional occupations (see Table 7.7). The main issue seems to therefore revolve around the extent to which accommodation operators are adapting business skills and experience acquired in other sectors of the economy to the tourism industry. Of particular importance are interpersonal and hospitality skills as, unlike manufacturing, hoteliers deal with people and not products. The lack of relevant skills and experience of the tourism industry reflects the limited barriers of entry into the industry and emphasises the need for the ERTB and other tourist organisations to provide adequate advice and assistance on customer care to local hotel operators. However, participation in such training schemes cannot be guaranteed because of an unwillingness (or lack of time) on behalf of the operators. For example, the English Tourist Board's 'Welcome Host Scheme' (see Chapter Three) has been strongly promoted in Torbay but only two per cent of holiday accommodation establishments have enrolled in the scheme (West Country Tourist Board, 1996).

An examination of prior tourist occupations reveals considerable experience of the hotel industry. For example, of the 61 respondents from serviced accommodation with prior tourism experience, 39 were previously owners or managers of accommodation establishments (see Table 7.8). Of particular interest is that, of these respondents, 25 (64 per cent) previously ran establishments in Torbay, suggesting a degree of internal movement not only within the accommodation sector but also to a more limited extent between the different resorts (see Figure 7.4). The largest movement has occurred within the individual resorts. For example, of the 24 and 13 respondents in Torquay and Paignton with prior experience in the hotel industry, 14 (58 per cent) and seven (54 per cent) respectively had previously been employed within the accommodation sector in each resort (see Figure 7.4). In contrast, actual movement between the resorts appears much more limited. A lack of information on the size of previous business enterprises means that it is impossible to gauge whether respondents are moving from smaller to larger establishments. In addition, there is no clear rationale for this movement. For example, of the 14 respondents moving in Torquay, 50 per cent were lifestylers and 50 per cent were maximisers. Therefore, on one hand, movement

Table 7.7: Prior non-tourist occupations of serviced and self-catering respondents

Occupation	Serviced Accommodation (n=225) No.	(%)	Self-catering Accommodation (n=86) No.	(%)
Managers and administrators	77	34	35	41
Professional occupations	30	13	17	19
Associate professional and technical occupations	11	5	4	5
Clerical and secretarial occupations	13	6	5	6
Craft and related occupations	21	9	10	12
Personal and protective service occupations	27	12	4	5
Sales occupations	9	4	2	2
Plant and machine operatives	6	3	1	1
Other occupations	6	3	1	1
Unstated	25	11	7	8

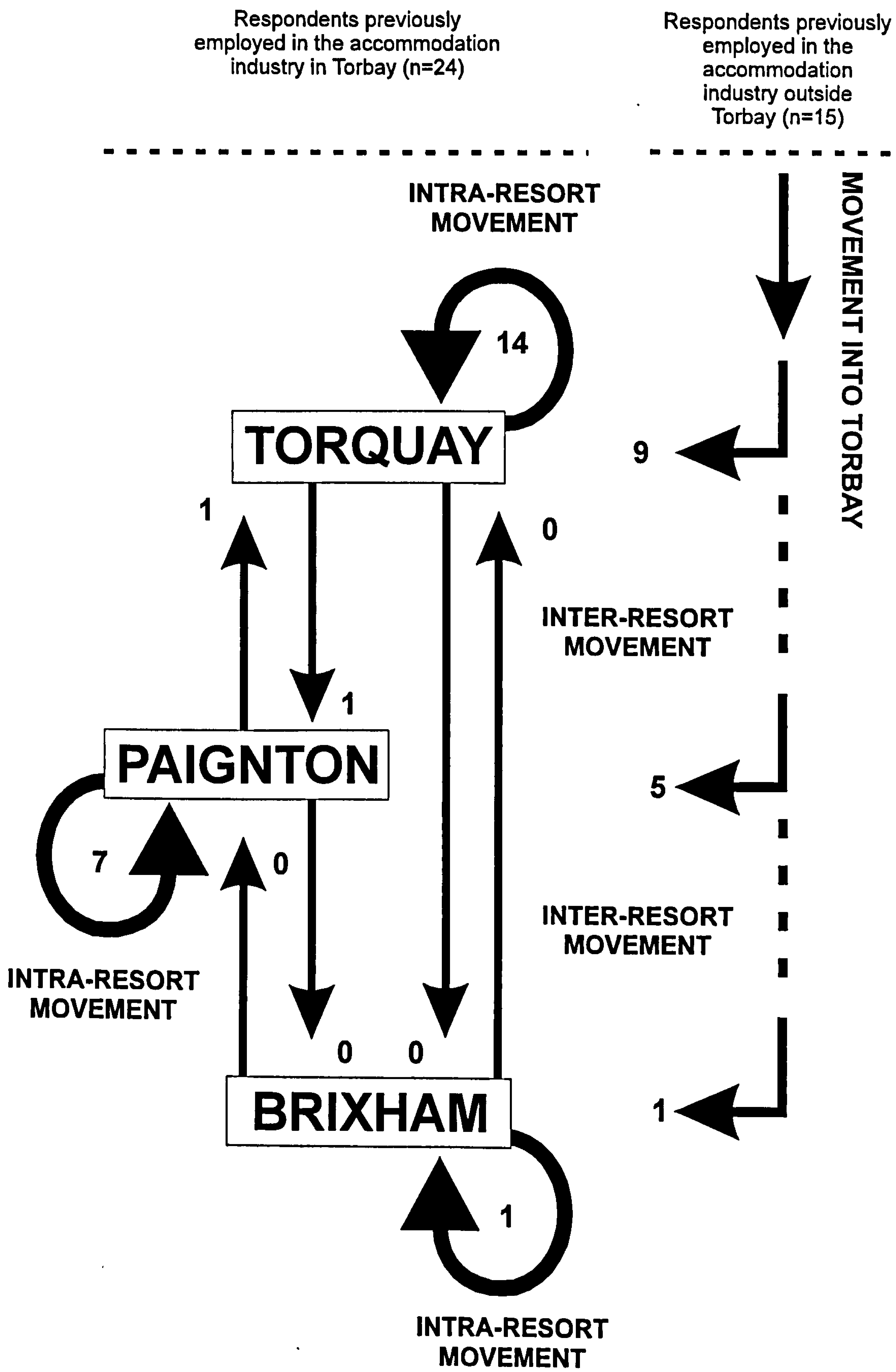
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.8: Prior tourist occupations of serviced and self-catering respondents

Occupation	Serviced Accommodation (n=61) No.	(%)	Self-catering Accommodation (n=8) No.	(%)
Air safari pilot/tour operator	1	1.6	0	0
Catering	3	5.0	0	0
Owner of childrens amusement park	1	1.6	0	0
Hotelier	39	64.0	1	12.5
Lecturer in Hotel and Catering	1	1.6	0	0
Tourism marketing	2	3.3	0	0
Publican	2	3.3	1	12.5
Restaurant owner	1	1.6	0	0
Tourism student	1	1.6	0	0
Representative for overseas holiday company	1	1.6	0	0
Owner of a sailing school	0	0	1	12.5
Travel agent	0	0	2	25
Manager of a holiday centre	0	0	1	12.5
Unknown - specific occupation not stated	9	14.8	2	25
Total	61	100	8	100

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.4: Intra and inter-resort movement of hoteliers in Torbay



could be business-related or, on the other hand, merely reflect a wish to move to a more desirable property or location. Moreover, it could also be suggested that the limited barriers of entry into the holiday accommodation industry within each resort create a 'seed-bed' of new entrepreneurial activity. Prospective hoteliers start off with small business enterprises and progress to larger properties once they have accumulated sufficient experience, capital resources and an established clientele. As the owner of a three-bedroomed hotel in Torquay commented: '*I would like to move into a larger property as I have been building up a good repeat clientele since 1992*'. Driven by business motivations, it could be argued that these hotel operators may be more aware of changes in the tourism market, and are perhaps more proactive in business management, training and product development than surrounding operators in the resort.

7.6 Secondary Occupations and Multiple Business Interests

The proportion of total income drawn from the accommodation establishment and additional income from secondary occupations will influence the type of business strategy that is adopted. For example, it can be argued that a secondary occupation may effectively offer a position of competitive advantage as it will provide the tourism entrepreneur with greater access to capital resources and investment potential. More significantly, in times of economic difficulty, a secondary occupation will enable the entrepreneur to pursue more offensive business strategies, while surrounding competitors, who rely solely on the income generated through a single business unit, are restricted to more defensive postures. However, a secondary income may also serve to hide inherent flaws in business management or divert attention away from effective management and so not necessarily guarantee business success.

Results from the questionnaire survey highlighted that a significant proportion of respondents had another occupation. Operators of self-catering accommodation might indeed consider their tourism business to be their secondary occupation, whereas serviced providers would consider their tourism businesses to be their primary employment. As might have been expected, considering the very limited demands that self-catering accommodation places on the owners' time and labour, 48 per cent of self-catering respondents had another occupation compared to only 15 per cent of serviced respondents. Indeed, 39 per cent of self-catering respondents regarded '*additional income*' as a major reason for entering the holiday accommodation industry. The majority of serviced and self-catering respondents with a secondary occupation were predominantly owners of small-scale accommodation establishments. For example, of the 47 self-catering and 41 serviced respondents with a secondary occupation, 45 and 85 per cent of respondents respectively were operators of establishments with up to 30 bedspaces. These findings suggest that, due to the scale and seasonality of business enterprises, operators of SSAEs are often forced to supplement their income through part or full-time employment. The results also suggest that access to extra income reduces the vulnerability of smaller accommodation establishments to changes in the tourism market and allows them to compete with the larger establishments in the local accommodation industry. In addition, the availability of a secondary income allows continual investment into the business thereby improving the quality of service provision in the hotel environment. For example, of the 48 per cent of serviced respondents with a secondary occupation registered under the English Tourist Board Crown Scheme, 50 per cent were rated as three crowns. The results presented here are also indicative of diversification strategies as hoteliers have sought additional employment as a means of ensuring business survival in times of economic difficulty.

7.7 Family Assistance

The integral role of family members in the business environment was confirmed by the questionnaire survey to serviced and self-catering accommodation. For example, 79 per cent of serviced and self-catering respondents stated that other family members assisted in the running of the business. Family assistance focused predominantly on the founder-members of the business, most notably a husband and wife partnership. For example, 91 per cent of respondents from serviced accommodation with family involvement, cited the importance of the marital partner. In a further 30 per cent of cases, however, family involvement extended beyond this partnership to include children and extended family members. Additional comments made by respondents indicated that the desire to work within a family environment was a key reason for entering the holiday accommodation industry. Often cited comments included: *'being able to work while being at home with our two children'*; *'wanted to work together as a newly married couple who love Devon'*; *'a business involving the entire family'* and *'to work with the wife and see the children more often'*. These statements reinforce the importance of non-economic goals in the decision-making process and that the struggle between domestic and business priorities will often determine the developmental path taken by the family and its business (Hayes, 1982, p. 272).

The involvement of family members in the operational running of the business illustrates the '*effective domestication*' of the labour force in the holiday accommodation industry. The use of family labour allows operating costs to be minimised, thus providing smaller establishments with a source of competitive advantage, particularly in times of economic difficulty. The commodification of the domestic environment also creates a very distinctive atmosphere and provides a highly personalised service which is an inherent strength of many small business enterprises.

7.8 Prior Residence

The results from the questionnaire survey revealed that, although a majority of respondents came from the South West region, a significant proportion of respondents also came from the South East of England (Table 7.9). The levels of in-migration were highest in the serviced sector, where 27 per cent of respondents came from the South East. Considering that over 33 per cent of visitors to Devon come from the South East (Devon County Council, 1996), these migration patterns closely reflect the tourist flows into the Torbay area. Consequently, it can be argued that new entrants into the accommodation sector in Torbay may have actually taken the decision to become an accommodation operator while on holiday in the area. Tourism entrepreneurship can therefore be regarded as a form of consumption rather than production (Williams *et al*, 1989, p.1650), as entrepreneurs desire to consume the very life-style that they produce. These results reinforce the importance of non-economic factors in the decision-making process and that life-style considerations will often dictate the operational running of business enterprises.

Within any area, an awareness of changes in the local tourism market will significantly influence approaches to business management. The results suggest that those respondents coming from outside the region will be at a competitive disadvantage, albeit temporary, as they will have limited knowledge about the characteristics of the tourism industry and no contacts or linkages in the local economy, compared to more established operators in the industry. This position is

Table 7.9: Prior residence of serviced and self-catering respondents

Region	Serviced (n=286) Accommodation No.	(%)	Self-catering (n=94) Accommodation No.	(%)
South West	122	42.7	49	52
South East	77	27.0	15	16
West Midlands	31	10.8	9	10
East Midlands	15	5.2	2	2
Overseas	11	3.8	5	5.3
Yorkshire and Humberside	10	3.5	4	4.3
North West	9	3.2	6	6.4
Wales	4	1.4	1	1
East Anglia	3	1	1	1
North	2	0.7	2	2
Scotland	2	0.7	0	0
Ireland	0	0	0	0

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

compounded by the fact that the majority of inmigrants from the South East were first time buyers of holiday accommodation. Only nine per cent of serviced respondents from the South East had previously come from a tourism-related occupation. Consequently, the limited experience and knowledge of the local tourism industry reinforces the need to provide adequate help and support to these entrepreneurs and to integrate them effectively into the local business community. From the results presented here, it could also be suggested that those respondents from the South East may have capitalised upon regional price differentials in the housing market and the relatively higher property prices in the South East to fund their entry into the holiday accommodation industry. For example, 84 per cent of serviced respondents from the South East regarded the sale of residential property as a major source of venture capital. With greater access to capital resources, it could therefore be argued that these respondents may pursue more competitive business strategies to establish a position in a highly competitive market place.

7.9 Summary

The results presented in the first part of this chapter have highlighted the range of characteristics of individuals offering accommodation in Torbay and the complexity of influences on the decision-making process in this sector. The inherently individualistic nature of tourism enterprises makes it very difficult to predict the nature and direction of restructuring processes. Ultimately, restructuring will be influenced by diverse and highly personalised criteria. However, the importance of non-economic goals means that the task of disentangling the significance of any one factor in the decision-making process is clouded by a range of personal and individual operating characteristics. Having identified the entrepreneurial characteristics of accommodation providers, the second half of this chapter will utilise the questionnaire results to consider the restructuring processes occurring in the holiday accommodation industry and, in particular, the nature of offensive and defensive strategies adopted by respondents in direct response to the recession. To start, the following section will consider changes within the tourism market that have influenced the demand for holiday accommodation in Torbay as perceived by businesses in the survey. Discussion will focus on changes in booking patterns and the type of visitors staying in the resort, as well as considering the perceived strengths and weaknesses of Torbay as a major tourist destination.

7.10 Perceived Changes in the Local Tourism Market

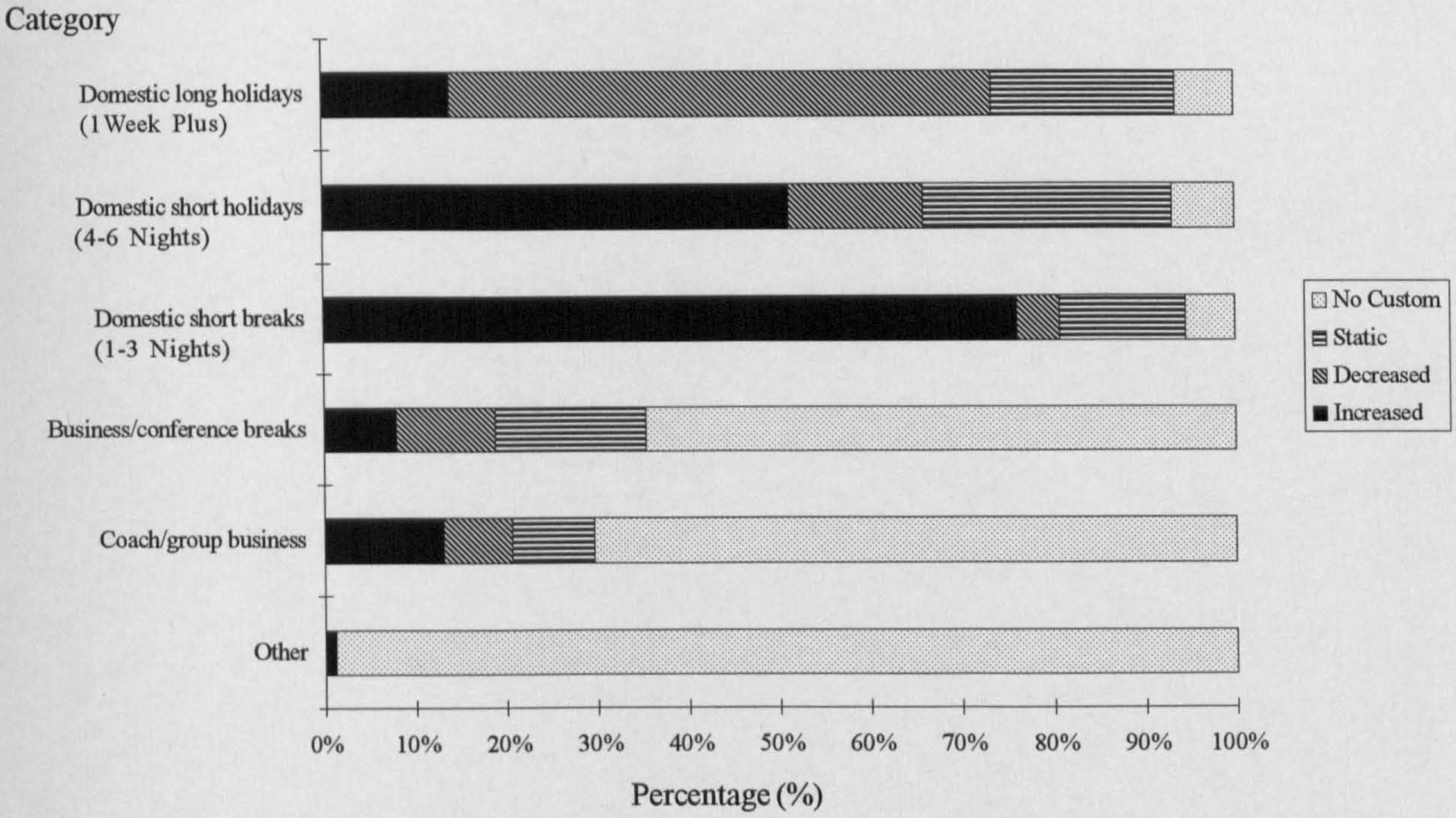
Results from the questionnaire survey indicated that the holiday accommodation industry in Torbay has witnessed a considerable change in both the pattern of holiday bookings and the type of tourist staying in the resort. Changes in booking patterns within each resort closely reflect those changes occurring at a national level and, in particular, emphasise the emergence of short breaks as the major growth sector in the UK tourism industry (see Chapter Three). As Figure 7.5 shows, 76 and 43 per cent of serviced and self-catering respondents respectively have experienced an increase in domestic short breaks, while, in contrast, 59 per cent of serviced and 37 per cent of self-catering respondents have witnessed a significant decline in the popularity of domestic long holidays. These changes in booking patterns underline the changing demand for holidays in the UK and the increasing reliance being placed on the promotion and development of short break holidays. However, while the larger hotels in Torbay such as the Victoria and Derwent have the resources to invest in marketing and product development aimed at attracting this market, short breaks are not the panacea for small hoteliers that they first seem, as increased guest turnover can significantly increase housekeeping costs. As the operator of a 10-bedroomed hotel in Torquay commented:

> *'we can only survive on families spending weeks with us, not short breaks...the idea seems to be that families take their main holiday abroad and come to us for a few extra days. We can provide a family of four with a week's holiday for £345 in August. Most people don't realise they can have a good, cheap holiday - why isn't the tourist board telling them ?'.*

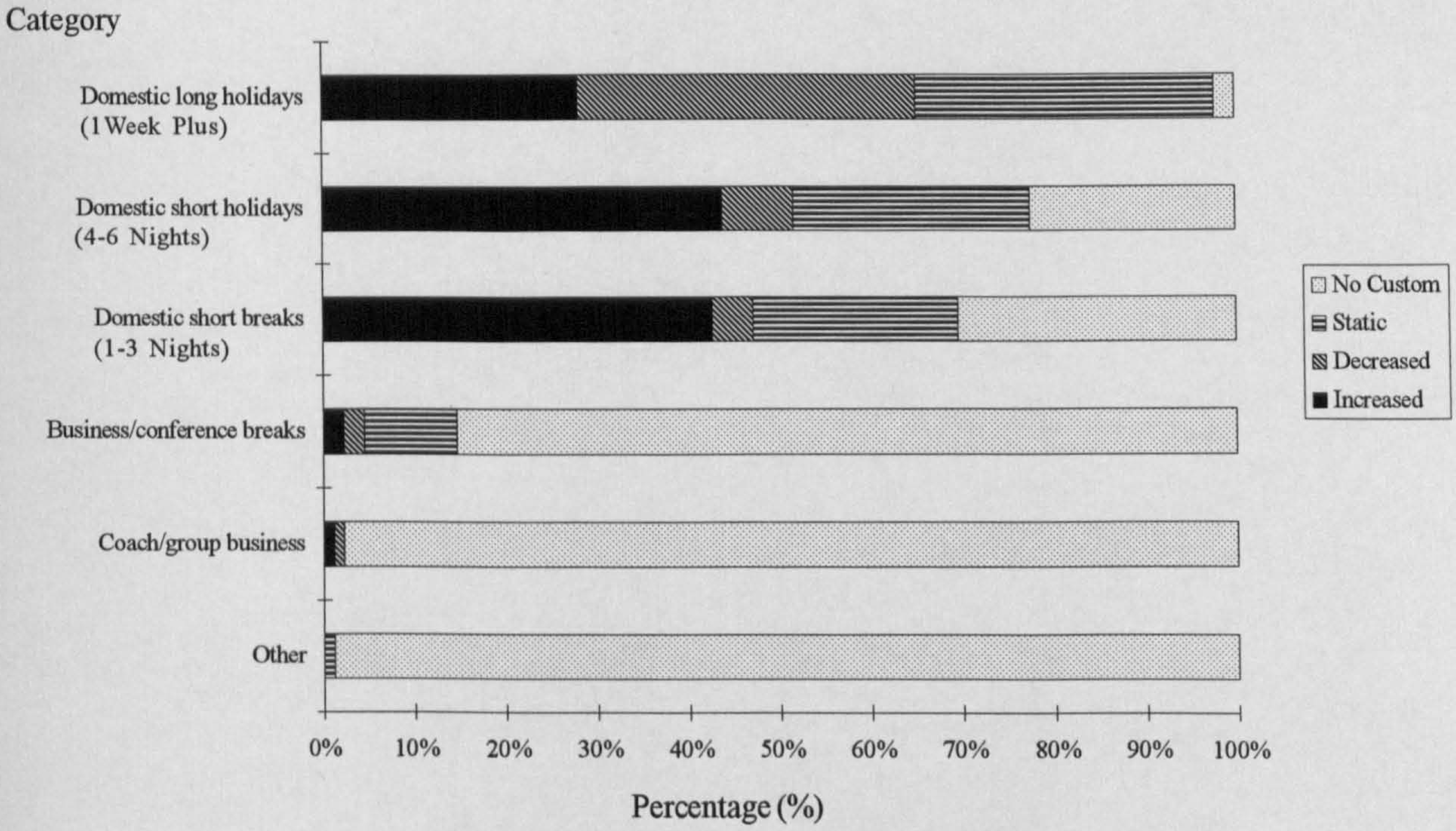
The type of visitor staying in serviced and self-catering accommodation within the resort has also changed. For example, 42.5 and 43 per cent of serviced respondents respectively have witnessed an increase in the number of middle-aged and elderly visitors. Conversely, 54 and 35 per cent respectively have experienced a notable decline in the number of families and young couples staying in the resort (Figure 7.6). The changing pattern of visitor profiles suggests that the resort is at a 'crossroads', and that an increasingly elderly clientele has the potential to change the very character and holiday atmosphere of the resort, to the detriment of attracting the younger, family market. Clearly, both the public and private sector organisations involved in the

Figure 7.5: Changes in the patterns of holiday bookings

a) *Serviced Accommodation*



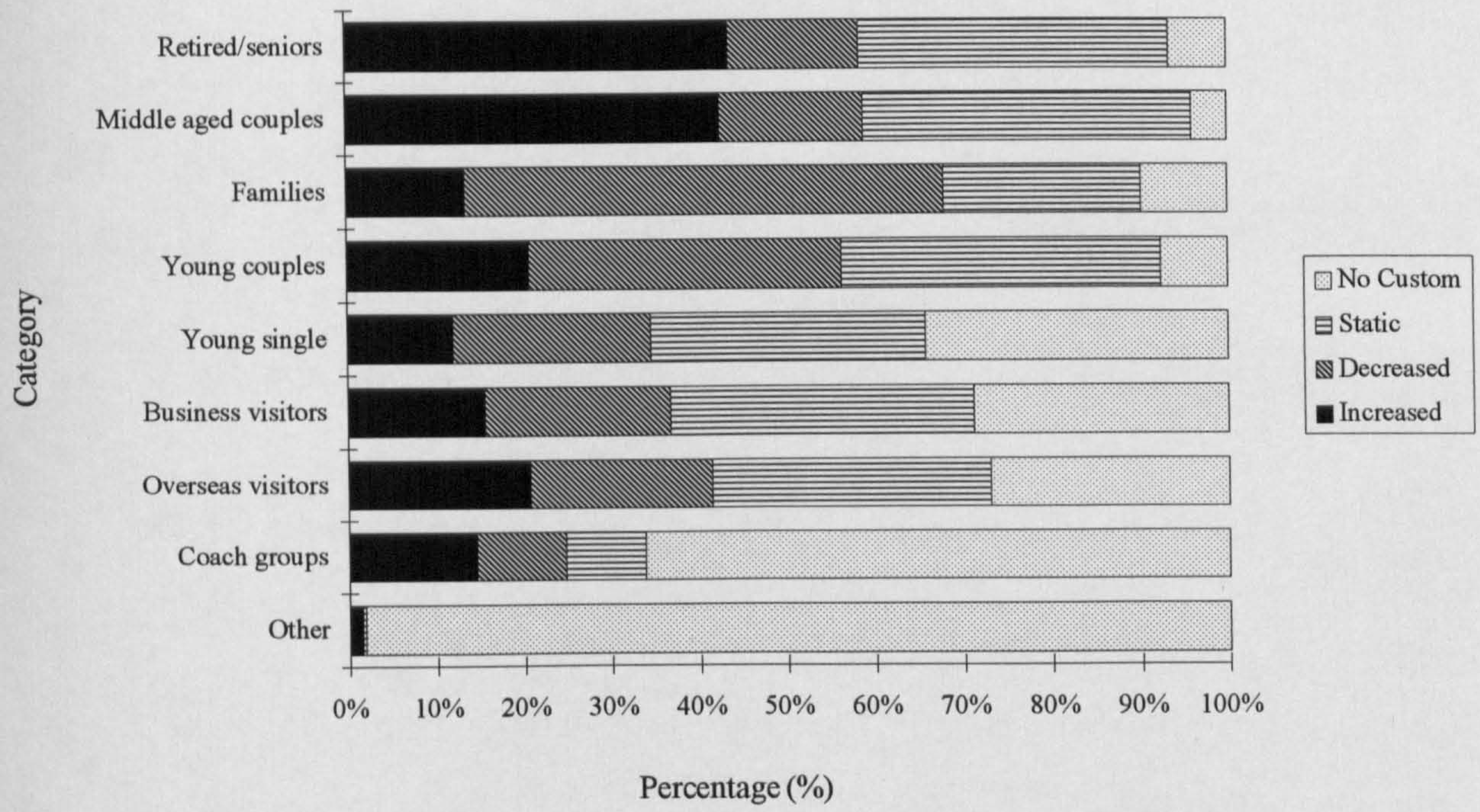
b) *Self-Catering Accommodation*



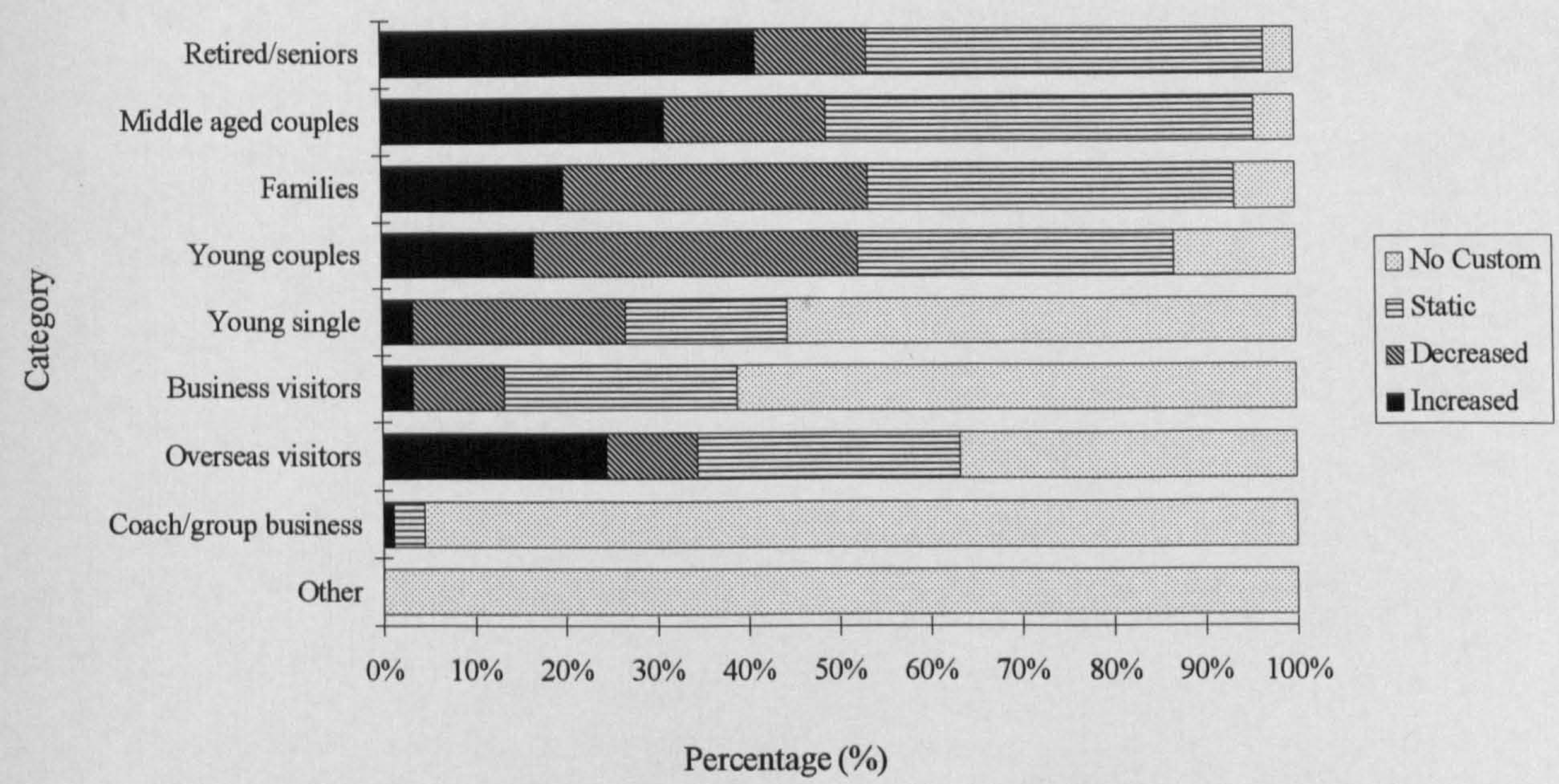
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.6: Changes in the types of tourists staying in holiday accommodation in Torbay

a) *Serviced Accommodation*



b) *Self-Catering Accommodation*



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

tourism industry must decide whether to concentrate specifically on this elderly market or alternatively, channel investment into accommodation and new tourist attractions in order to recapture the family and younger holiday market. Indeed, a narrow focus on the elderly market seems unwise and the resort must target new markets in order to ensure the long-term economic health of the resort.

7.11 Factors Influencing the Changes in the Tourism Market

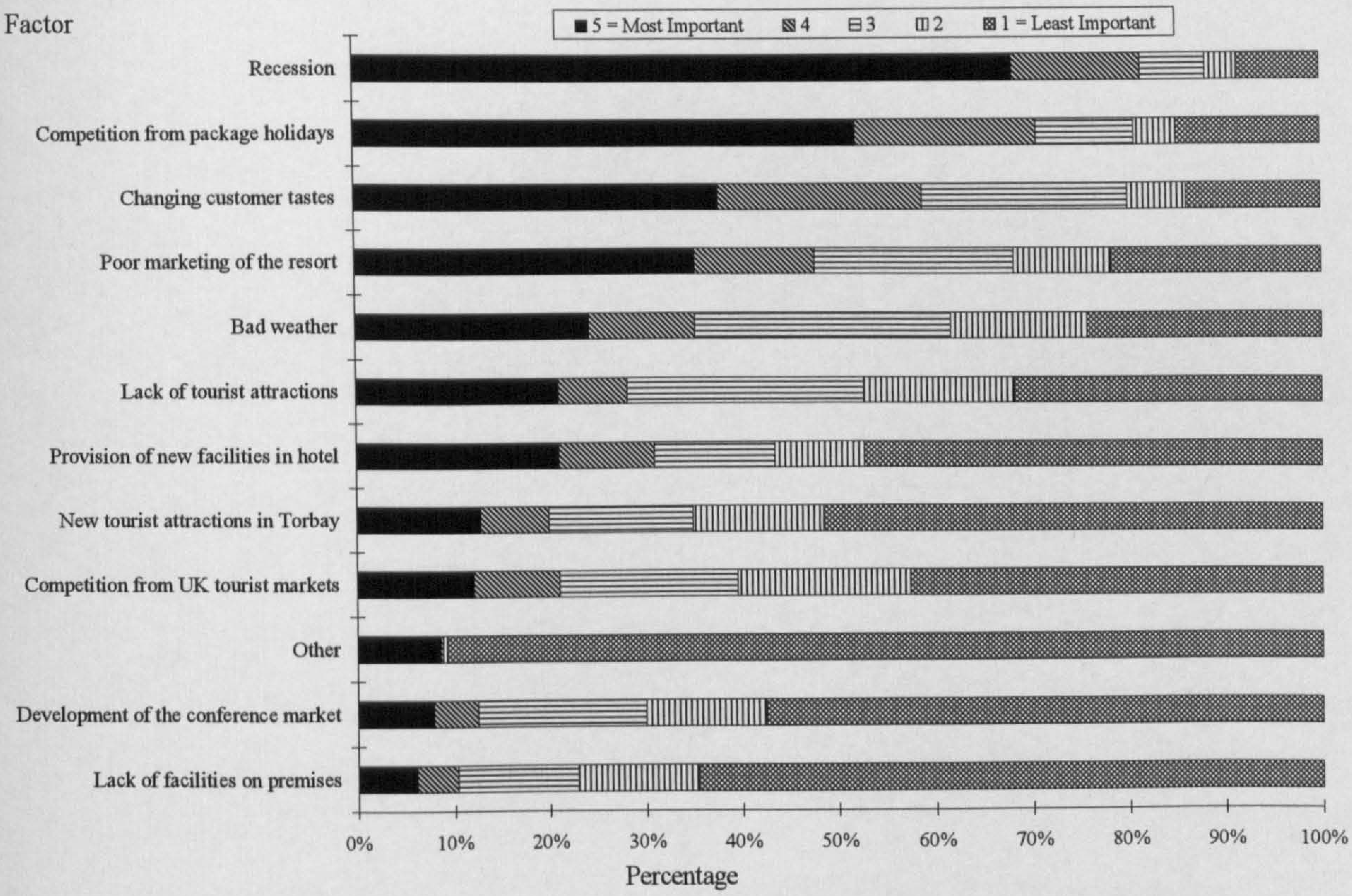
In the survey, respondents were asked to assess the relative significance of a number of factors perceived to be responsible for changes in the tourism market. As Figure 7.7 shows, 68 and 58 per cent of serviced and self-catering respondents respectively indicated that the recession was the most important factor influencing changes in the national tourist market. Respondents were particularly vocal in their concerns over the depth and prolonged severity of the recession. Over two-thirds of serviced respondents thought that the 1990-92 recession was far worse compared to the recessionary periods of the 1970s and 1980s. As the operator of a five-bedroomed guest house in Paignton commented:

> *'the recession has been much longer and the South West has been badly affected...we rely on tourism in Torbay, that is every business and so everyone is affected...it has caused a lot of depression and hard times for all...many small businesses have gone bankrupt especially in the tourist trade...the recession in the 1980s was a blip compared to this'.*

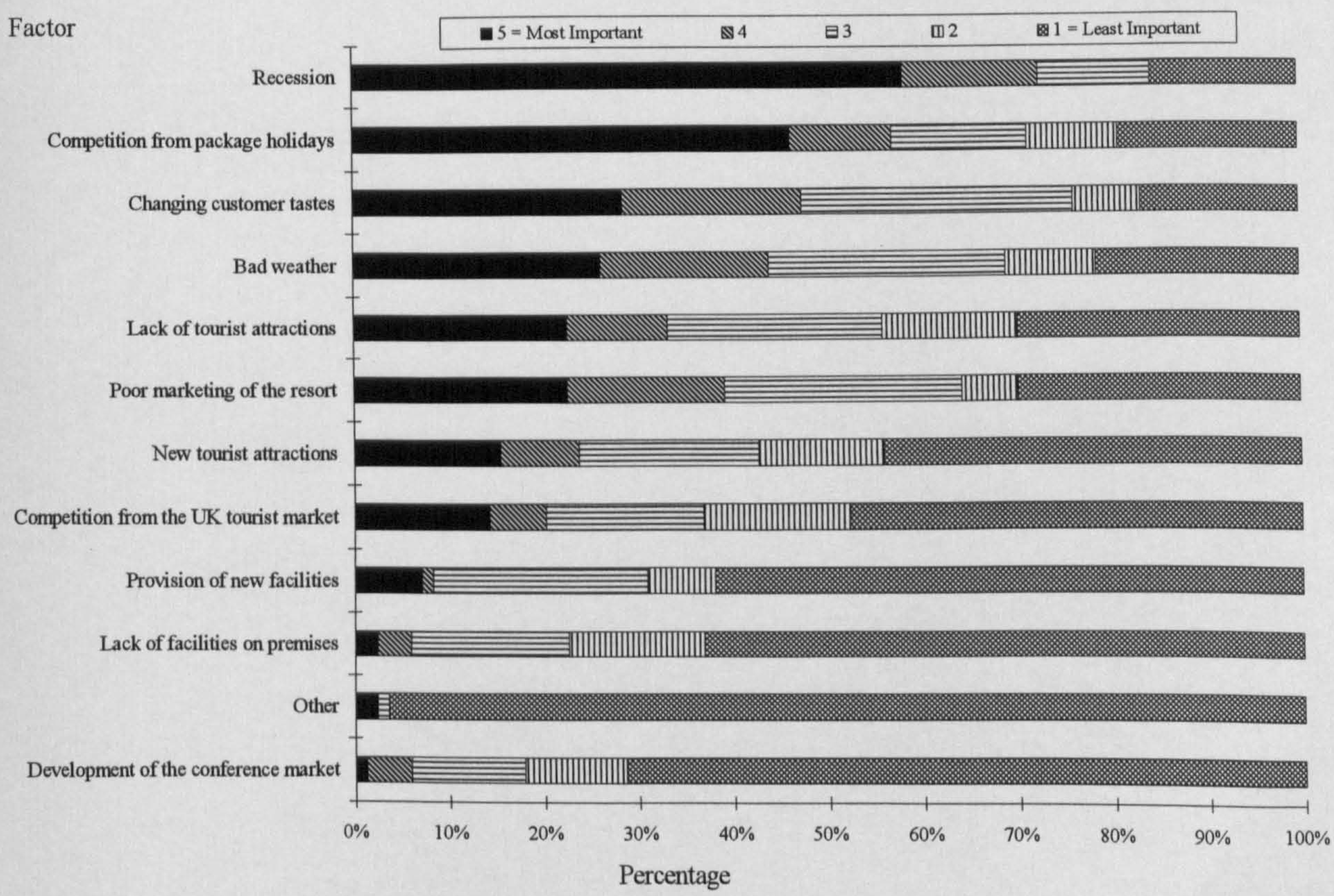
As Figure 7.8 shows, the perceived impacts of the recession felt by serviced and self-catering respondents included a reduction in visitor numbers (51 and 43 per cent), an increase in the number of short breaks (21 and 10 per cent), more competitive pricing policies in the resort (15 and 13 per cent), less ancillary spending by guests (15 and one per cent), and reduced turnover (13 and four per cent). In addition, 10 and 14 per cent of serviced and self-catering respondents respectively also noted that holiday-makers were booking later in the season and were increasingly looking for value for money, to the extent that they were prepared to negotiate openly for discounts on advertised room tariffs. As the operator of a five-bedroomed guest house in Torquay commented:

Figure 7.7: Factors influencing the number of visitors in Torbay, ranked by order of importance

a) *Serviced Accommodation*

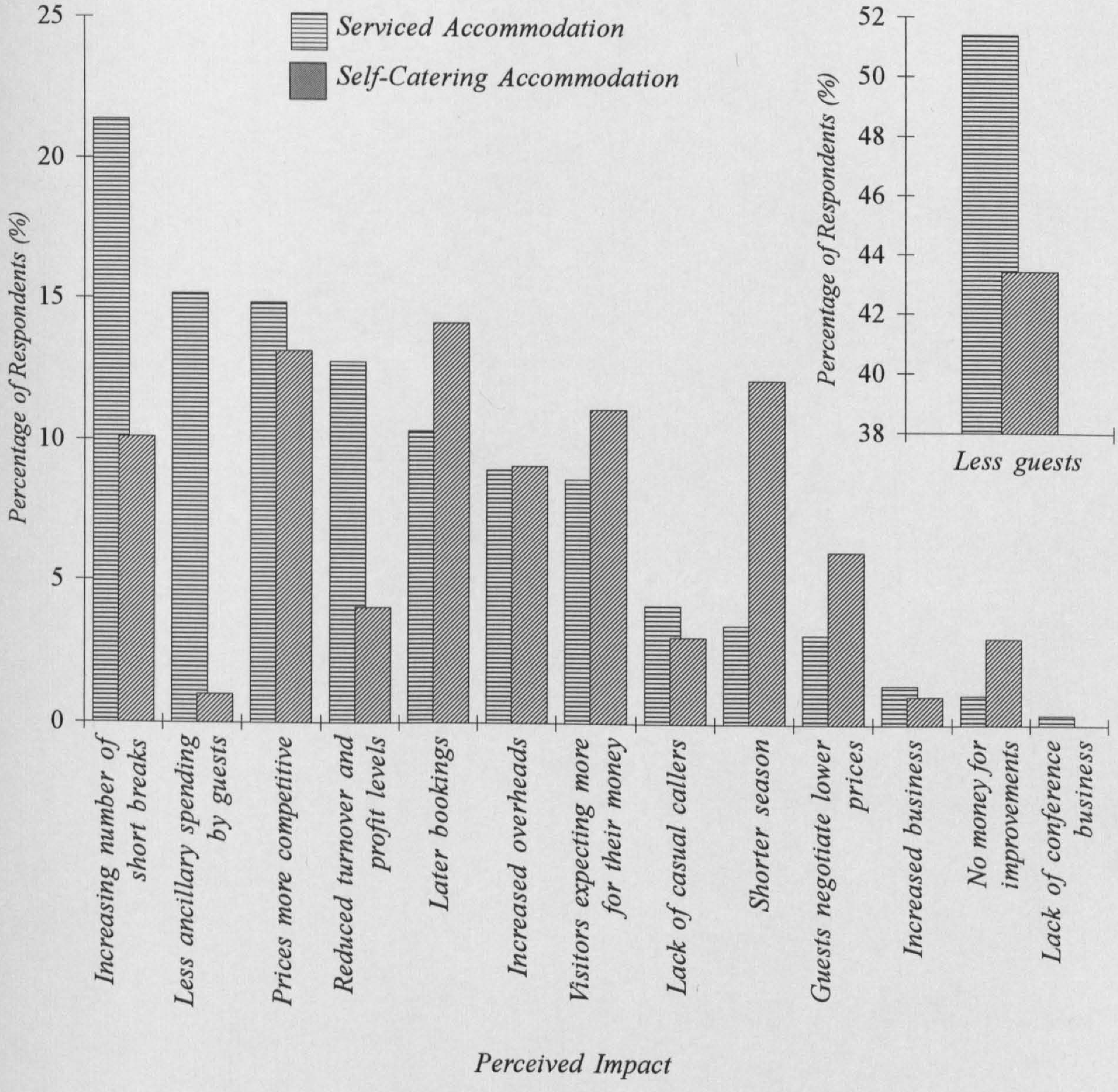


b) *Self-Catering Accommodation*



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.8: The perceived impacts of the recession in serviced and self-catering accommodation



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995) *'guests are not booking early if at all, they wait until the last minute, often not turning up or they first call at the door, without booking...customers expect value for money and will haggle for discounts'.*

These findings were reinforced by figures from the Devon Tourism Review (1995), which confirmed the changing pattern of market bookings and, in particular, the widespread occurrence of late bookings and the pressure to discount advertised room tariffs throughout Devon (see Table 7.10). From this change in visitor behaviour it can be suggested that hoteliers will have reduced cash flow which will limit the level of investment into the accommodation establishment. As discussed in Chapter Six, this problem has been compounded by the proliferation of cheap accommodation in the resort and that many hoteliers charge unrealistic room tariffs, forcing other hoteliers to lower their prices in order to remain competitive. As the operator of a 10-bedroomed hotel in Torquay remarked:

'the resort is suffering from a stupid response to the recession by hotel owners who have only thought of cutting prices and as a result contributed to a downgrading of accommodation standards'

This view was echoed by the owner of a 28-bedroomed hotel in Torquay, who commented:

'the tourism industry is being severely damaged by low price accommodation offers...the downward spiral of prices is forcing more and more hotels out of business'

No size of establishment has escaped the impact of the recession. For example, within the serviced sector, 67 per cent of small, 56 per cent of medium-sized and 66 per cent of large serviced establishments all indicated that the recession had had a noticeable impact on business operations (see Figure 7.9). In total, only four per cent of serviced respondents said the recession had had no discernible impact. Further analysis could not isolate any significant factors that might explain why these establishments were immune to the impact of the recession. For example, of the eleven respondents, none had any secondary occupations, only two were graded under the ETB Crown Scheme and none had any previous occupational or educational experience of the tourism industry. Furthermore, these establishments provided no significant level of service

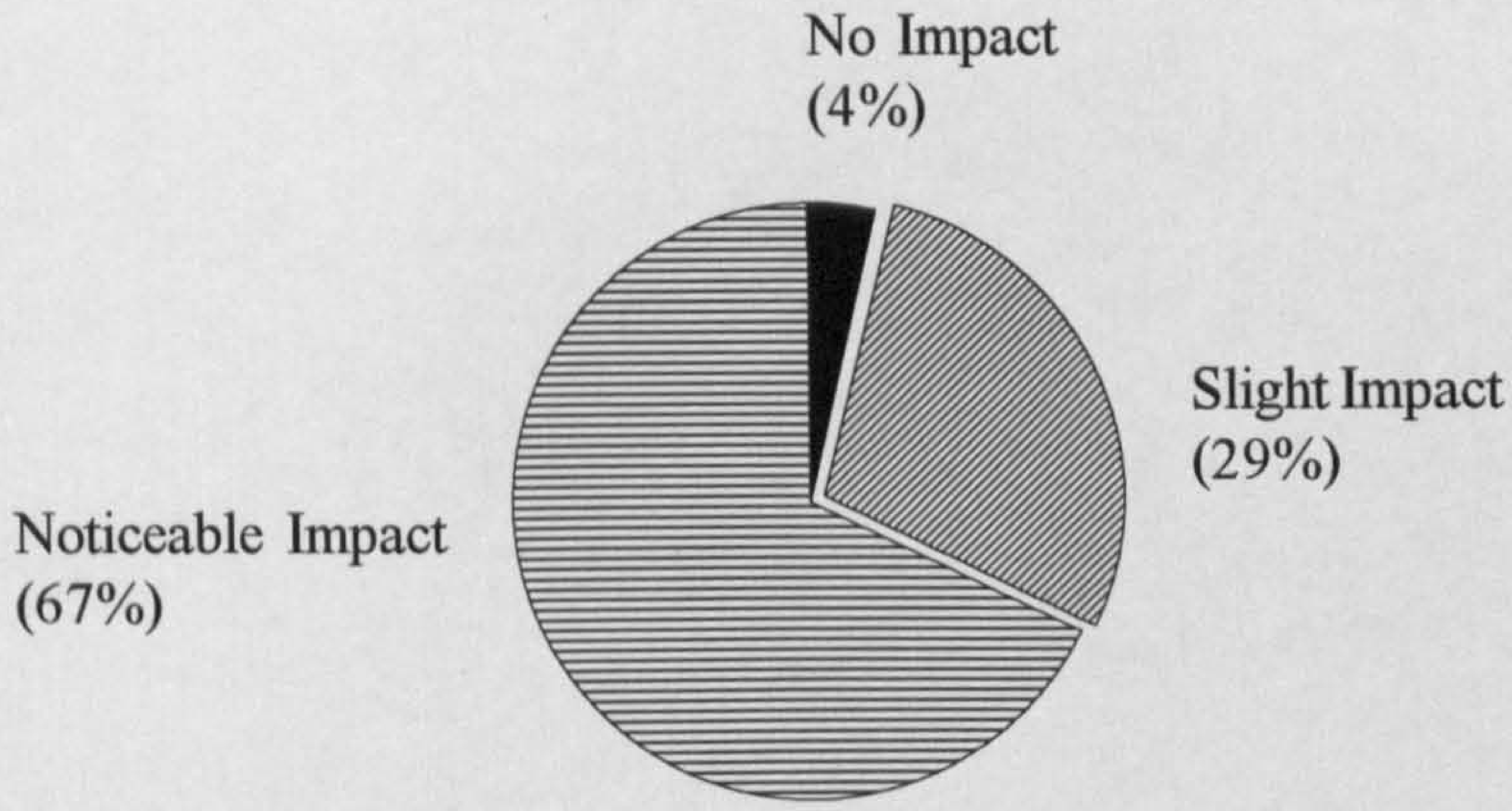
Table 7.10: Comments on the 1995 tourist season compared with 1994: hotels and guest houses

Comment	More	Same	Less	None
Late bookings	53%	34%	8%	5%
Arrivals without bookings	32%	40%	20%	8%
Clients Negotiating on price	25%	18%	11%	46%

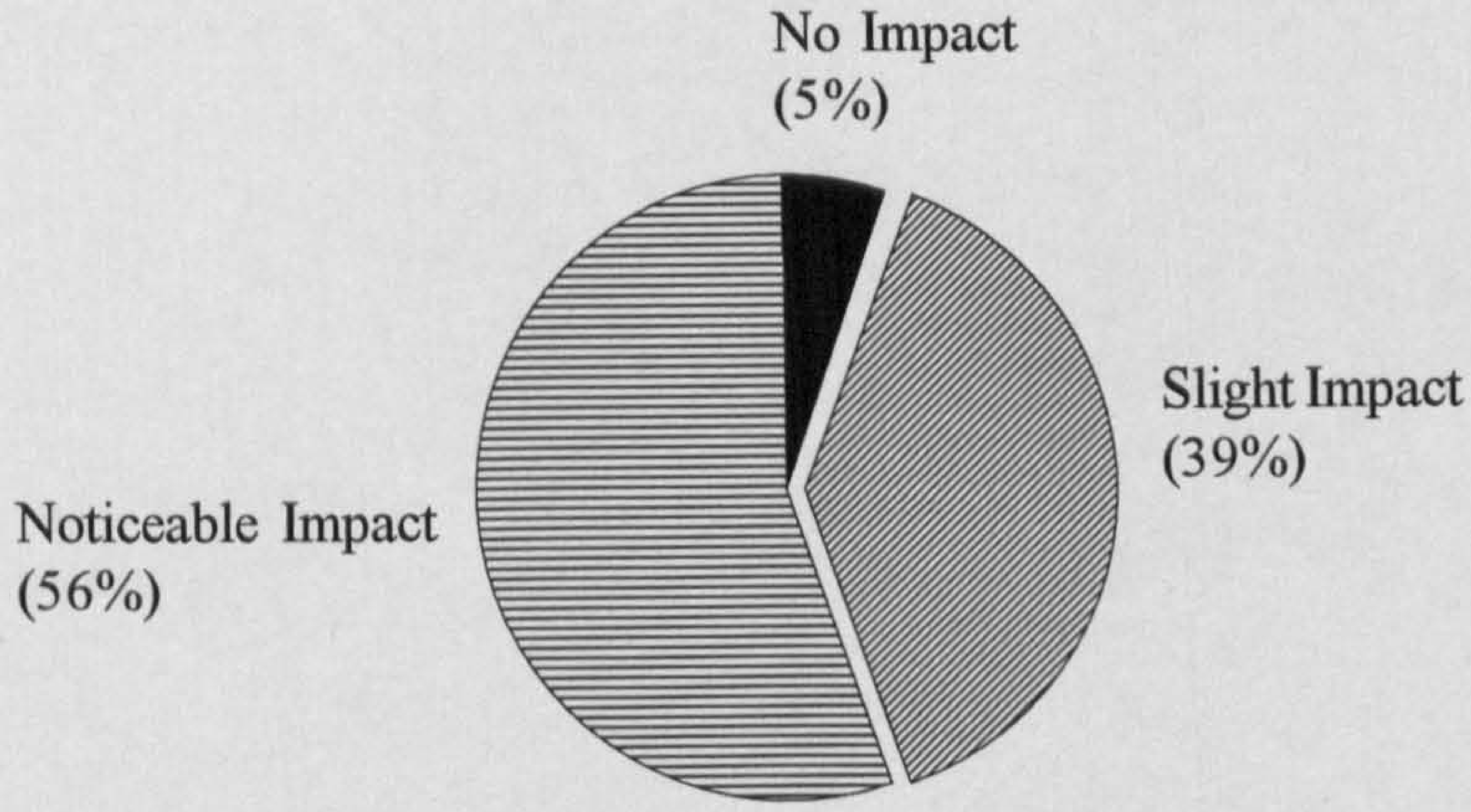
(Source: Devon County Council, 1995)

Figure 7.9: The impact of the recession by the size of serviced establishment

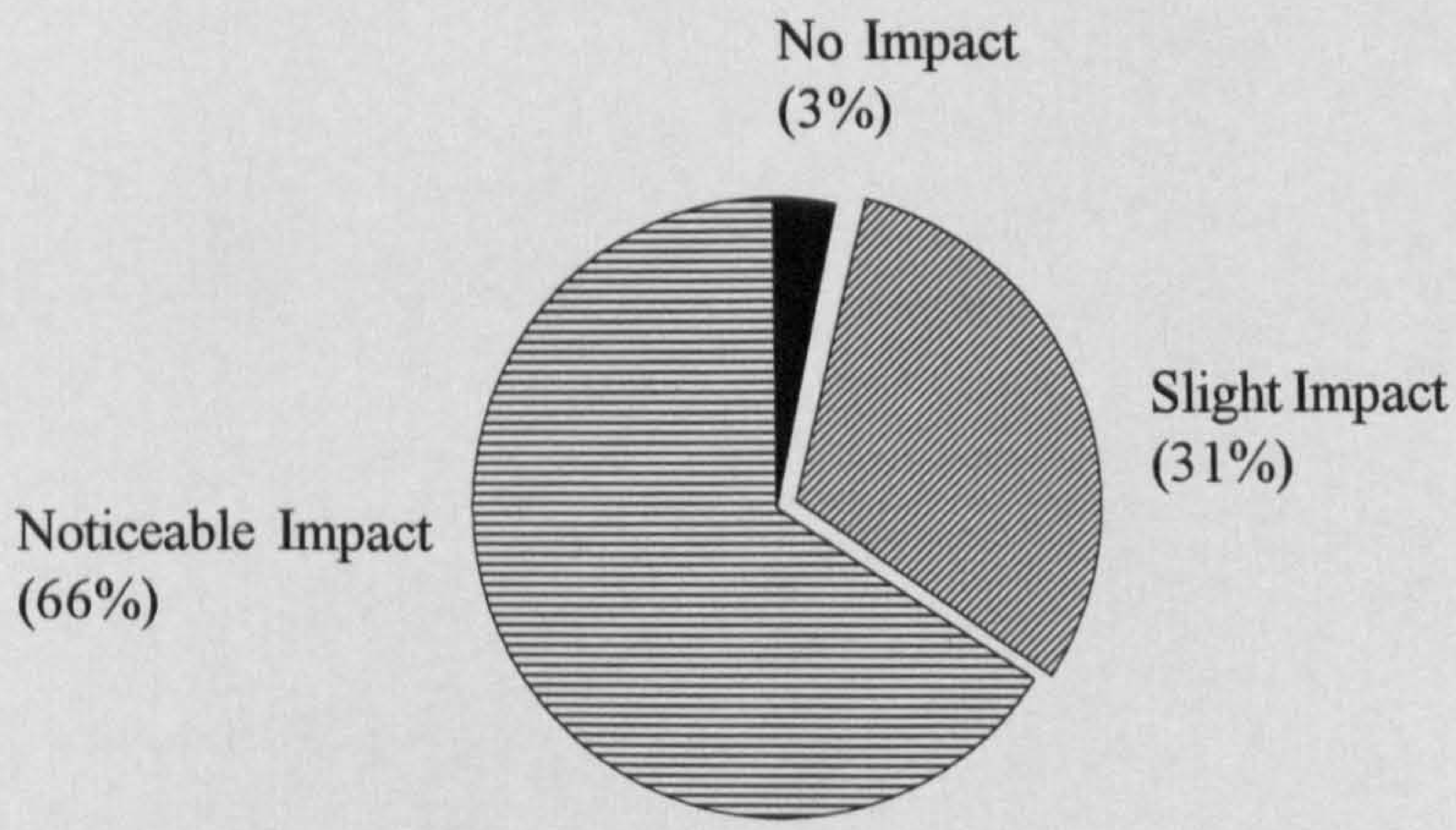
a) Small (1 to 30 bedspaces)
(n=192)



b) Medium (31 to 60 bedspaces)
(n=56)



c) Large (over 60 bedspaces)
(n=29)



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

provision, apart from tea and coffee making facilities. The only common factor was that they all charged below £31 per night. These findings initially suggest that the impact of the recession had been indiscriminately spread throughout the resort, rather than being focused on one particular type of business enterprise or in any particular location.

The results displayed in Figure 7.7 tentatively suggest that self-catering accommodation may have been somewhat more resistant to the recession. In total, 15 per cent of self-catering respondents said that they had not experienced the impact of the recession. The reason for this apparent resilience is likely to be related to tourists shifting from serviced to self-catering accommodation, as it provides greater flexibility and value for money. If, as the small number of planning applications for change of use to alternative holiday accommodation suggests (see Chapter Six), the popularity of self-catering accommodation continues, a long-term structural adjustment in the distribution of bedspace capacity may be triggered, as hoteliers seek to find profitability through the provision of self-catering accommodation.

In addition to the recession, serviced and self-catering respondents also indicated the importance of other factors influencing changes in the tourism market including: increasing competition from package holidays (52 and 43 per cent); changing customer expectations (38 and 27 per cent) and the poor marketing of the resort (35 and 21 per cent) (see Figure 7.7). These findings clearly emphasise the challenges facing the UK tourist industry, which have helped to fuel the restructuring process (See Chapter Three). In particular, concerns over package holidays underlines the competition offered Mediterranean resorts, and more fundamentally the social reconstruction of what constitutes a desirable mass tourism product (Williams and Gillmore, 1996, p. 73). More significantly, the importance of value for money and the actual quality of the holiday product have been exacerbated by the recession, as consumers seek to ensure that their money is well spent. Consequently, it can be suggested that competition from package holidays and changing customer expectations are indicative of long-term structural changes in the demand for holiday accommodation. In turn, it can be argued that the recession has accelerated this restructuring process, and placed greater emphasis on quality and value for money as key sources of competitive advantage.

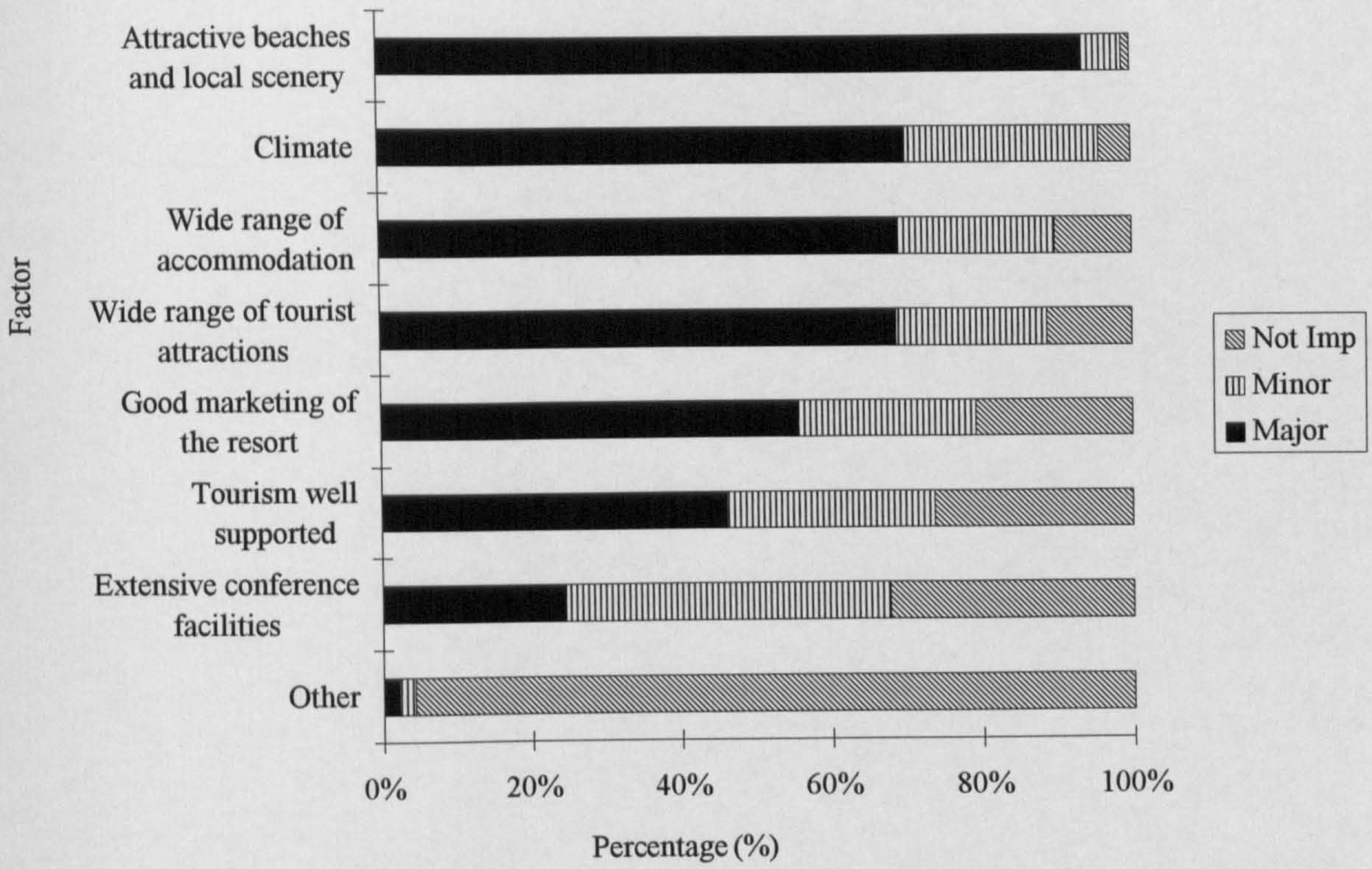
Perceptions of the resort environment will also play a significant part in determining visitor numbers and the competitive position of the resort in comparison to other UK and overseas tourist destinations. A review of the hoteliers' perceptions of the strengths and weaknesses of the resort revealed that the physical environment and the wide range of tourist attractions and holiday accommodation were seen as particular strengths in Torbay (see Figure 7.10). However, the serviced and self-catering sectors also displayed a predictable divergence of opinion over the organisation and level of support given to the local tourism industry (see Figure 7.10 and 7.11). For example, 46 per cent of serviced respondents thought that the tourist industry was well-organised, while 54 per cent thought it was poorly supported. As Table 7.11 shows, hoteliers were highly critical of the local authority and their negative attitudes towards marketing and new tourism development projects in Torbay, especially the provision of wet-weather facilities. In particular, concerns were raised over indecision relating to the future of the Coral Island site in Torquay harbour, which at present remains derelict and a prominent 'eye-sore'. The site has the potential to house a major tourist attraction that could easily attract increased numbers of visitors to Torbay (see Plate 7.1). As the owner of an 11-bedroomed hotel in Paignton commented:

> *'there seems to be a short-sightedness on the part of the local council regarding local tourist attractions. There is a distinct lack of wet-weather facilities in Torbay. Coral Island is a perfect example of the council problem. Instead of trying to return it to a tourist attraction, they seem to be trying to maximise the income to the council, instead of the Bay in general'*

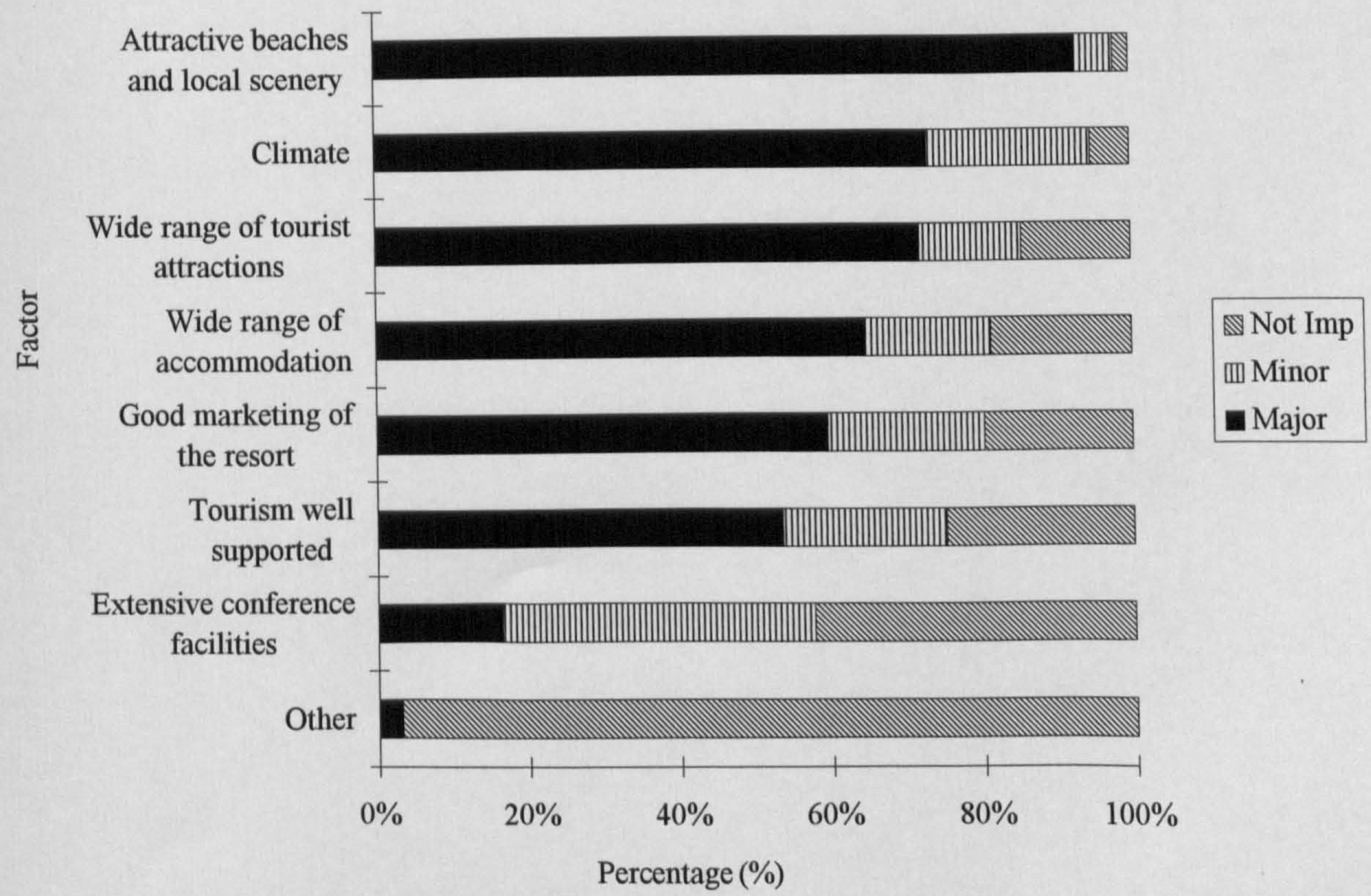
Clearly, these findings suggests that specific strategy objectives embodied in the TDAP (see Chapter Five) remain as pertinent as ever and, consequently, this type of facility must remain an integral component in plans for future resort development. However, given the highly fragmented nature of the holiday accommodation industry in Torbay, the negative attitudes expressed in Table 7.11 may pose a considerable problem when attempting to guide and gain endorsement for future development in the resort. If hoteliers feel that support is lacking or insincere, whatever the degree of importance attached to new policy directives, there is a danger that the industry will regard any new initiatives as the latest '*flavour of the month*', lacking any long-term significance or relevance to the hotel industry (Brotherton *et al*, 1992, p. 196).

Figure 7.10: The strengths of the tourism industry in Torbay

a) *Serviced Accommodation*



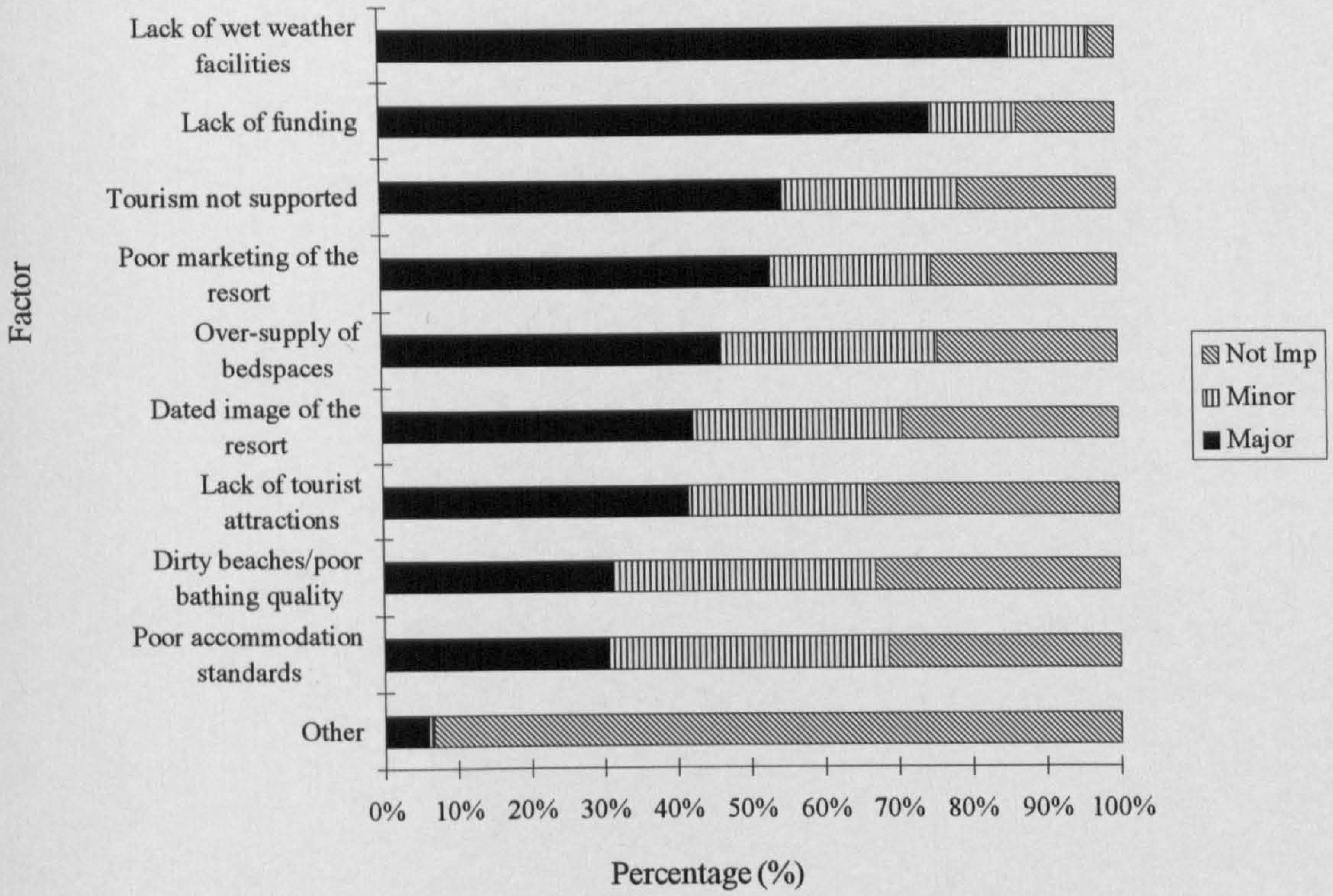
b) *Self-Catering Accommodation*



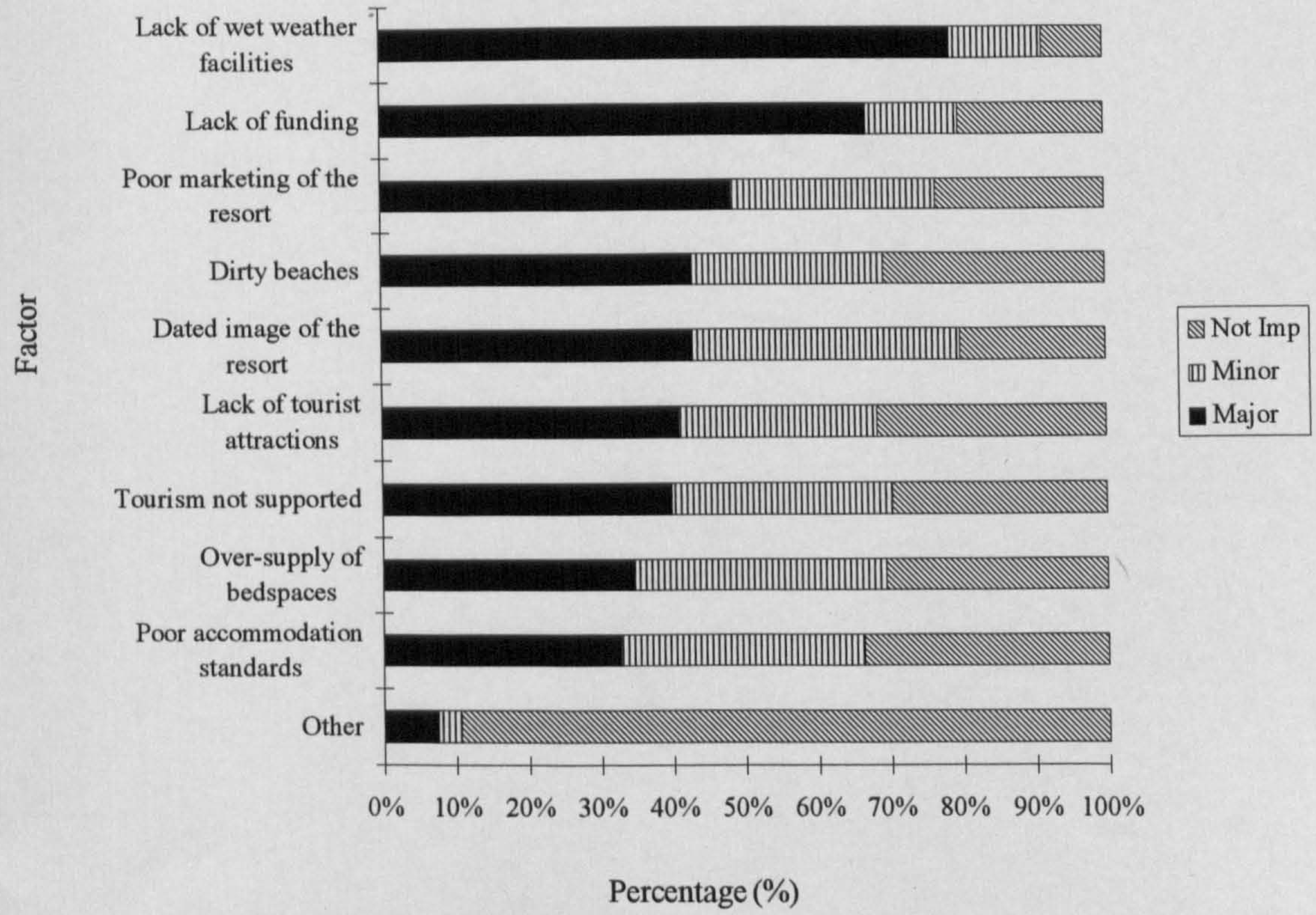
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.11: The weaknesses of the tourism industry in Torbay

a) *Serviced Accommodation*



b) *Self-Catering Accommodation*



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.11: Criticisms of Torbay Borough Council and the English Riviera Tourist Board

- *The council/planning department should be more sensitive to the change in climate. For example, they have an unnatural paranoia about planning applications to revert to private use. If they could give in to their greed for business rates/potential tourist income for a few moments, they might see that the situation would be healthier if they allowed the tourist/private accommodation division to find their own level, by consenting to, if not encouraging, the de-registration of tourist accommodation businesses. I have not traded as a 'hotel', as such, for three years, but the planning office have told me they would oppose my plan to revert to a single dwelling. I am penalised by having to pay business rates for a non-business.*

- *The council seem to have a death wish for the bay. We want attractions in the bay. Coral Island was the night spot a few years ago, guests that had been to Torquay for many years were upset at its closure*

- *Torbay seems to be being left behind by other resorts...there is a lack of assistance and marketing from the council and tourist board...Torbay needs a wet-weather attraction*

- *Torbay needs more help in advertising i.e. TV and futuristic updating. Too much money is ploughed into the ERC which is a white elephant, it could have been put to better use. Fleet Walk new shopping centre was a waste of time, most of the shops are empty for one reason or another.*

- *Torbay does not spend enough on promoting itself as a borough. Most of the cost of advertising and marketing is left to individual hoteliers who are already hard pushed and do not have the resources to promote the Bay properly.*

- *I am very unhappy with the tourist industry within Torbay. All the parties, local council, county council and the tourist board are prepared to talk about the problems but are not prepared to take any action of a positive nature*

- *There is little doubt that Torbay is gaining a poor image. Lack of a major tourist attraction is a factor which must be addressed urgently, together with better marketing of the resort. Too much is 'hit or miss' at present.*

- *Torbay is run on Victorian traditions and needs to up-date to compete with other tourist boards throughout the country*

- *We feel that the tourist board is only concentrating on the more 'upmarket' conference business. They do not actively attract the 'bucket and spade family holiday makers'. Small hotels such as ours need more help as we do not have advertising budgets.*

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Plate 7.1: The derelict Coral Island site in Torquay Harbour

Overall, the recession, intensified competition, changing customer tastes, and a lack of competitiveness have combined to influence significantly the health of the local accommodation industry. Indeed, the majority of both serviced and self-catering respondents felt they were struggling within a difficult tourism environment. In total, 63 and 50 per cent of serviced and self-catering respondents respectively regarded the health of the local tourism market as 'bad' (see Table 7.12). In contrast, only 1.7 and two per cent of serviced and self-catering respondents thought the state of the market was 'good/buoyant'. Further analysis could not isolate any significant factors that would explain the positive outlook of these respondents. These results again reflect that the impact of changing market conditions has been indiscriminately spread throughout the resort. Concern over the poor health of the local tourism industry was felt by all sizes of accommodation establishments (see Table 7.12). These findings illustrate that it has not just been the SSAEs that have been sensitive to changes in the tourism market, but that larger hotels have also struggled to achieve satisfactory occupancy rates. As noted earlier, the competitive pressures and factors influencing the restructuring process have permeated through to every operational level in the local accommodation industry.

7.12 Strategic Responses to Changes in the Tourism Market

Having considered the more external factors influencing changes in the tourism market, the aim of the following section is to illustrate specific aspects of the restructuring process and to highlight operational changes that have been made in an attempt to improve the competitiveness and overall standard of holiday accommodation in Torbay. Drawing on the results from the questionnaire survey, particular attention will focus on the provision of ensuite accommodation, the development of conference and leisure facilities, the upgrading and refurbishment of accommodation, and changes to advertising and marketing strategies.

7.13 The Development of Ensuite Facilities

As discussed in Chapter Six, the development of ensuite facilities has been central to the upgrading of serviced accommodation. Results from the questionnaire survey indicated that the main source of ensuite provision in Torbay had come from the internal restructuring of holiday accommodation, typified by the construction of shower closets and bathrooms in existing bedrooms. The number of establishments making provision for ensuite facilities increased

Table 7.12: The size structure of serviced and self-catering establishments and attitudes towards the health of the tourism market in Torbay

a) Serviced Accommodation

Size of Establishment by Bedspace Capacity

Perceived State of the Local Tourism Market	**Small** (1 to 30 bedspaces) (n=203)	**Medium** (31 to 60 bedspaces) (n=58)	**Large** (>60 bedspaces) (n=29)	**Overall Total** (n=290)
Good/Buoyant	3 (1.5)	0	2 (58)	5 (1.7)
Satisfactory	59 (29)	21 (36)	10 (34)	90 (31)
Bad	128 (63)	36 (62)	17 (58)	181 (62)

b) Self-Catering Accommodation

Size of Establishment by Bedspace Capacity

Perceived State of the Local Tourism Market	**Small** (1 to 30 bedspaces) (n=60)	**Medium** (31 to 60 bedspaces) (n=35)	**Large** (>60 bedspaces) (n=4)	**Overall Total** (n=99)
Good/Buoyant	1 (1.6)	1 (3)	0	2 (2)
Satisfactory	28 (47)	11 (31)	1 (25)	90 (40)
Bad	27 (45)	20 (57)	3 (75)	50 (50)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

considerably from five in 1980 to 57 in 1989 and 56 in 1994 (see Table 7.13). These patterns support the earlier results from the holiday accommodation brochures (see Chapter Six), and reflects the encouragement being given to the provision of ensuite facilities during the Tourism Development Action Programme (1986-1989). In contrast, the number of serviced respondents providing ensuite facilities through extensions to the property has remained rather limited and only reached a maximum of 12 in 1988. Obviously, these results emphasise the considerable capital costs and lack of space in the development process that constrain some owners. As discussed in Chapter Six, extensions represent major structural changes to the property, often requiring planning permission from the local authority. However, although internal restructuring represents an important option for many operators, the results hide the fact that where modifications have been made, new facilities have often been built to poor specifications, ultimately to the detriment of the quality of existing holiday accommodation. Indeed, results from another part of the questionnaire showed that 30 and 32 per cent of serviced and self-catering respondents respectively regarded poor accommodation standards as a major weakness of the local tourist industry (see Figure 7.10). This problem of poor standards is compounded as, unless affiliated to the English Tourist Board Crown or Key Schemes or the RAC and AA equivalents, there is no statutory mechanism which monitors the quality of holiday accommodation.

Despite the impact of the recession, the number of serviced establishments making internal modifications remained consistent in the early 1990s (see Table 7.13). The provision of ensuite facilities is therefore not necessarily a response to recession but, more significantly, is indicative of the industry's response to the increasing sophistication of the tourism market. Indeed, of those hoteliers adding ensuite facilities between 1980 and 1994, 74 per cent indicated that changing customer expectations were the main factor driving this type of development. As the owner of a seven-bedroomed guest-house in Torquay commented:

> *'if local hoteliers do not improve their premises by putting in ensuite facilities, televisions, and teamakers, and improve the overall decor they will no longer be able to compete in a very competitive industry'.*

However, as noted earlier, it can be suggested that the increasing levels of competition and the pressures to discount room tariffs in the resort, might disrupt investment and, consequently,

Table 7.13: The provision of ensuite facilities in serviced accommodation, 1960 to 1994

Year	**Internal Restructuring for Ensuite Facilities** (n=160)	**Extensions for Ensuite Facilities** (n=39)
1960 to 1969	4	4
1970 to 1979	11	12
1980	5	2
1981	5	1
1982	5	2
1983	9	2
1984	10	2
1985	15	4
1986	22	4
1987	33	6
1988	48	12
1989	57	6
1990	49	10
1991	50	11
1992	51	8
1993	50	5
1994	56	9

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

hinder attempts to upgrade the standard of holiday accommodation.

The level of investment in ensuite facilities is also illustrated in Table 7.14, which compares the room structure of serviced establishments in their year of acquisition by the room structure in 1994. In 1986, 33 respondents took control of serviced establishments in Torbay. In total, these establishments accounted for 437 bedrooms, of which ensuite rooms accounted for 44 per cent of the total. In particular, ensuite double and double rooms accounted for 27 and 30 per cent of the total bedstock respectively (see Table 7.14). By 1994, ensuite rooms accounted for 66 per cent of the total. Most notably, ensuite double rooms increased to 40 per cent of the total, while double rooms fell to 16 per cent. Results from the questionnaire indicated that this pattern of development was apparent within each resort. For example in 1981, ensuite rooms accounted for 38 per cent of total room stock in Torquay. By 1994, this figure had risen to 82 per cent.

The internal restructuring for ensuite provision has been a common strategy in all sizes of serviced accommodation. The questionnaire results indicated that 54 and 62 per cent of small and large serviced establishments respectively, had provided ensuite provision through internal modifications between 1960 and 1994 (see Table 7.15). Conversely, extensions for ensuite facilities have been primarily concentrated in the larger serviced establishments. In total, 33 per cent of large establishments invested in this type of development between 1960 and 1994, in comparison to only 9 per cent of small establishments. In addition, and somewhat unexpectedly, 47 per cent of those establishments providing ensuite facilities were operated by lifestylers. This finding suggests that prevailing market conditions have overridden personal motivations for entering the industry, and forced every business to examine ways of remaining competitive. Moreover, it also underlines that the emphasis on non-economic goals does not necessarily mean that the business will not invest in new facilities. Indeed, an awareness of changes in the resort environment is essential to ensure the long-term survival of the business, which then allows consideration to be given to family-related goals. The development of ensuite facilities has also been concentrated in PHAAs. For example, of the 56 serviced establishments providing ensuite facilities in 1994, 63 per cent were located within PHAAs. As first suggested in Chapter Six, the high concentration of serviced establishments within PHAAs appears to raise the profile of any new development, and so hoteliers are effectively forced to respond to changes in the immediate resort environment in order to remain competitive. Indeed, 30 per cent of serviced

Table 7.14: The changing structure of serviced accommodation, 1984 and 1994

No.of Ests	11		33		34		13		14	
Room Type	**1984**	**%**	**1986**	**%**	**1988**	**%**	**1990**	**%**	**1992**	**%**
No. of Rooms										
Family Basic	27	22	80	18.3	83	18.6	14	9.8	10	6.5
Family Ensuite	6	5	39	8.9	45	10.1	18	12.6	12	7.8
Ensuite Double	2	2	119	27.2	72	16.1	39	27.3	75	49.0
Ensuite Single	0	0	34	7.8	4	0.9	3	2.1	7	4.6
Double	65	54	132	30.2	177	39.6	50	35.0	37	24.2
Single	21	17	32	7.3	57	12.8	19	13.3	12	7.8
Twin ensuite	0	0	0	0	7	1.6	0	0.0	0	0.0
Twin basic	0	0	1	0.2	2	0.4	0	0.0	0	0.0
Treble Basic	0	0	0	0	0	0.0	0	0.0	0	0.0
Total	**121**	**100**	**437**	**100**	**447**	**100.0**	**143**	**100.0**	**153**	**100.0**
All ensuite	8	7	192	44	128	28.6	60	42.0	94	61.4
All basic	113	93	245	56	319	71.4	83	58.0	59	38.6
	1994	**%**	**1994**	**%**	**1994**	**%**	**1994**	**%**	**1994**	**%**
No. of Rooms										
Family Basic	27	2	42	9.1	39	10.4	4	2.5	6	3.9
Family Ensuite	6	28	92	21.4	34	9.0	25	15.9	23	15.0
Ensuite Double	2	43	174	40.5	183	48.7	55	35.0	81	52.9
Ensuite Single	0	8	17	4	22	5.9	4	2.5	7	4.6
Double	65	12	73	17	60	16.0	44	28.0	24	15.7
Single	21	7	29	6.7	29	7.7	25	15.9	12	7.8
Twin ensuite	0	0	2	0.3	8	2.1	0	0.0	0	0.0
Twin basic	0	0	1	0.2	1	0.3	0	0.0	0	0.0
Treble Basic	0	0	0	0	0	0.0	0	0.0	0	0.0
Total	**121**	**100**	**430**	**100**	**376**	**100.0**	**157**	**100.0**	**153**	**100.0**
All ensuite	8	79	145	34	247	66.0	84	53.5	111	72.5
All basic	113	21	285	66	129	34.0	73	46.5	42	27.5

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.15: The size structure of serviced establishments providing ensuite facilities between 1960 and 1994

	Size of Establishment by Bedspace Capacity			
	Small (1 to 30 bedspaces) (n=203)	**Medium** (31 to 60 bedspaces) (n=58)	**Large** (>60 bedspaces) (n=29)	**Overall Total** (n=290)
Internal restructuring for ensuite provision	110 (54)	32 (55)	18 (62)	160 (55)
Extensions for ensuite provison	19 (9)	11 (19)	9 (33)	39 (13)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - <u>Questionnaire Survey</u>, 1995)

respondents regarded competition within Torbay as a significant factor influencing these types of changes in the establishment.

7.14 The Development of Conference and Leisure Facilities

In addition to the provision of ensuite facilities, the development of conference and leisure facilities has also been an important strategy for accommodation establishments in the serviced sector. In contrast, the survey indicated that no significant level of development had occurred in the self-catering sector. The majority of new development has concentrated on the provision of conference facilities. As Table 7.16 shows, the number of serviced establishments providing conference facilities increased significantly from six in 1987 to 12 in 1988. This finding again reflects the encouragement being given to the development of such facilities through the TDAP and that, in particular, hoteliers were attempting to capitalise on the expanding conference market being attracted to Torbay by the opening of the English Riviera Centre (ERC). Clearly, in this instance, the restructuring process within the accommodation sector is responding to changing market conditions within the resort. However, more significantly, the actual direction of the restructuring process has been influenced by public sector intervention. The provision of a conference centre has acted as a catalyst, encouraging similar development in surrounding hotels. As might be expected, the provision of conference facilities has been primarily focused in the larger resort hotels. In total, 34 per cent of all large hotels provided conference facilities between 1960 and 1994 (see Table 7.17). For the larger establishments, the development of conference facilities appears to have been a long-term development strategy. For example, the Exmouth View Hotel and Bute Court Hotel in Torquay have continually expanded and upgraded their conference facilities since the late-1980s. In contrast, similar development in smaller establishments has been confined to one-off developments and do not appear to be part of any long-term development programme. Of the small establishments providing conference facilities, 61 per cent of operators were previously employed in managerial or professional occupations. This finding might suggest that prior business experience has influenced their decision to provide this type of facility.

To a lesser extent, the development of recreational and leisure facilities has also been an important strategy for a small number of serviced establishments. Again, investment in new facilities such

Table 7.16: The development of conference and leisure facilities in serviced accommodation

Year	Extensions for Conference Facilities (n=39)	Extensions for Leisure Facilities (n=13)	Internal Restructuring for Leisure Facilities (n=12)
1960 to 1969	4	0	1
1970 to 1979	12	3	0
1980	2	0	0
1981	1	0	0
1982	2	0	0
1983	2	0	0
1984	2	0	0
1985	4	1	0
1986	4	0	0
1987	6	1	0
1988	12	0	0
1989	6	1	0
1990	10	2	0
1991	11	3	2
1992	8	0	4
1993	5	1	5
1994	9	2	2

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

as swimming pools and related leisure facilities has been concentrated in the larger establishments. For example, between 1960 and 1994, 24 per cent of large hotels have provided new leisure facilities through extensions, compared to only two per cent of small establishments (see Table 7.17). A further 21 per cent of large hotels have undergone internal restructuring to provide leisure facilities, as opposed to only one per cent of small establishments. New product development has also been concentrated in PHAAs. For example, 61 per cent of serviced establishments providing conference and leisure facilities were designated within PHAAs. As discussed in Chapter Six, the establishments in PHAAs highlight the industry's response to changing market conditions through new development initiatives.

7.15 General Refurbishment and Upgrading of Holiday Accommodation

While investment into structural modifications to the property have emerged as central development strategies, there is ultimately a limit to the level of internal modifications that can be made. After a specific point, reflecting in part the physical characteristics of the property and the availability of land and capital resources, a development threshold will be reached, whereby no further development is possible. The general refurbishment and upgrading of facilities have therefore become important aspects of business operations, as both serviced and self-catering establishments have attempted to capitalise on existing facilities to optimise their level of competitiveness. Clearly, therefore, structural modifications are not the only means of responding to changing markets and investment focusing on the quality of service provision is perhaps a more common and more readily implemented strategy for most hotel businesses. As Table 7.18 shows, the number of serviced respondents investing in the refurbishment of accommodation rose from 23 in 1980 to 106 in 1987 and to 199 by 1994. The refurbishment and the upgrading of accommodation has been widespread throughout all sizes of serviced and self-catering accommodation in the resort. For example, 69 per cent of small and 72 per cent of large serviced establishments pursued refurbishment strategies in 1994 (see Table 7.19). These results reiterate the perceived importance of quality and value for money in the tourism market. As Brotherton *et al* (1992, p. 196) point out:

> *'those businesses that can consistently deliver a high level of service quality in their transactions with customers will be the ones capable of securing a distinct, and probably*

Table 7.17: The development of conference and leisure facilities by the size of serviced establishment, 1960 to 1994

	Size of Establishment by Bedspace Capacity							
	Small (1 to 30 bedspaces) (n=203)		**Medium** (31 to 60 bedspaces) (n=58)		**Large** (>60 bedspaces) (n=29)		**Overall Total** (n=290)	
Extensions for conference facilities	18	(9)	11	(19)	10	(34)	39	(13)
Extensions for leisure facilities	4	(2)	2	(4)	7	(24)	13	(5)
Internal restructuring for leisure facilities	2	(1)	4	(7)	6	(21)	12	(4)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

sustainable, competitive advantage'.

Given the concentration of accommodation stock in Torbay, it can be suggested that even the exterior quality and appearance of accommodation establishments can be regarded as a source of competitive advantage, especially when considering the increasing number of tourists arriving in the resort with no accommodation arrangements. As the owner of a 16-bedroomed hotel in a PHAA in Torquay commented:

> *'the image of Torbay is vital to tourism, therefore traffic flow, shopping and the cleanliness of the resorts are paramount...the external image of hotels must be smart, clean and attractive for passing trade'.*

Overall, it can also be suggested that although hoteliers may follow specific strategy objectives, success or failure will be determined, in part, by the individual preferences of an increasingly quality-conscious and 'fickle' tourism market. As the owner of a 56-bedroomed hotel in Torquay remarked:

> *'guests are getting more demanding and more difficult. It does not matter what you do for them these days, they just seem to want more...people have come to expect all the little things that used to be luxuries as normal inclusives in the present clime...value for money is very important'*

7.16 Changes to Advertising and Marketing Strategies

In conjunction with improvements to the quality of holiday accommodation, serviced and self-catering respondents have also revised marketing and advertising strategies. Serviced and self-catering respondents in Torbay used a variety of advertising media (see Figure 7.12), suggesting that advertising is a highly individualised strategy, influenced by personal perceptions of cost effectiveness and levels of market penetration. Although respondents expressed a high degree of dissatisfaction with the ERTB, the most common form of advertising media in Torbay was the English Riviera Accommodation brochure, used by 62 and 78 per cent of serviced and self-catering respondents respectively (see Figure 7.12). In particular, the importance of the guide

Table 7.18: General refurbishment and the upgrading of facilities in serviced and self-catering accommodation

Year	Serviced Accommodation		Self-Catering Accommodation	
	General Refurbishment (n=230)	Upgrading of Facilities (n=213)	General Refurbishment (n=70)	Upgrading of Facilities (n=71)
1960 to 1969	26	26	6	6
1970 to 1979	116	74	47	54
1980	23	16	11	13
1981	27	20	11	13
1982	30	23	11	13
1983	34	26	15	16
1984	40	33	18	18
1985	54	54	20	20
1986	85	74	27	27
1987	106	89	33	31
1988	135	116	39	38
1989	152	129	41	41
1990	164	136	44	45
1991	169	146	49	47
1992	175	151	49	51
1993	190	162	56	55
1994	199	172	61	61

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.19: The size structure of holiday accommodation establishments upgrading and refurbishing the standard of accommodation in 1994

a) Serviced Accommodation

	Size of Establishment by Bedspace Capacity			
	Small (1 to 30 bedspaces) (n=203)	**Medium** (31 to 60 bedspaces) (n=58)	**Large** (>60 bedspaces) (n=29)	**Overall Total** (n=290)
Refurbishment	141 (69)	37 (64)	21 (72)	199 (69)
Upgrading	119 (59)	34 (59)	19 (66)	172 (59)

b) Self-Catering Accommodation

	Size of Establishment by Bedspace Capacity			
	Small (1 to 30 bedspaces) (n=60)	**Medium** (31 to 60 bedspaces) (n=35)	**Large** (>60 bedspaces) (n=4)	**Overall Total** (n=99)
Refurbishment	35 (58)	24 (69)	2 (50)	61 (62)
Upgrading	40 (67)	19 (54)	2 (50)	61 (62)

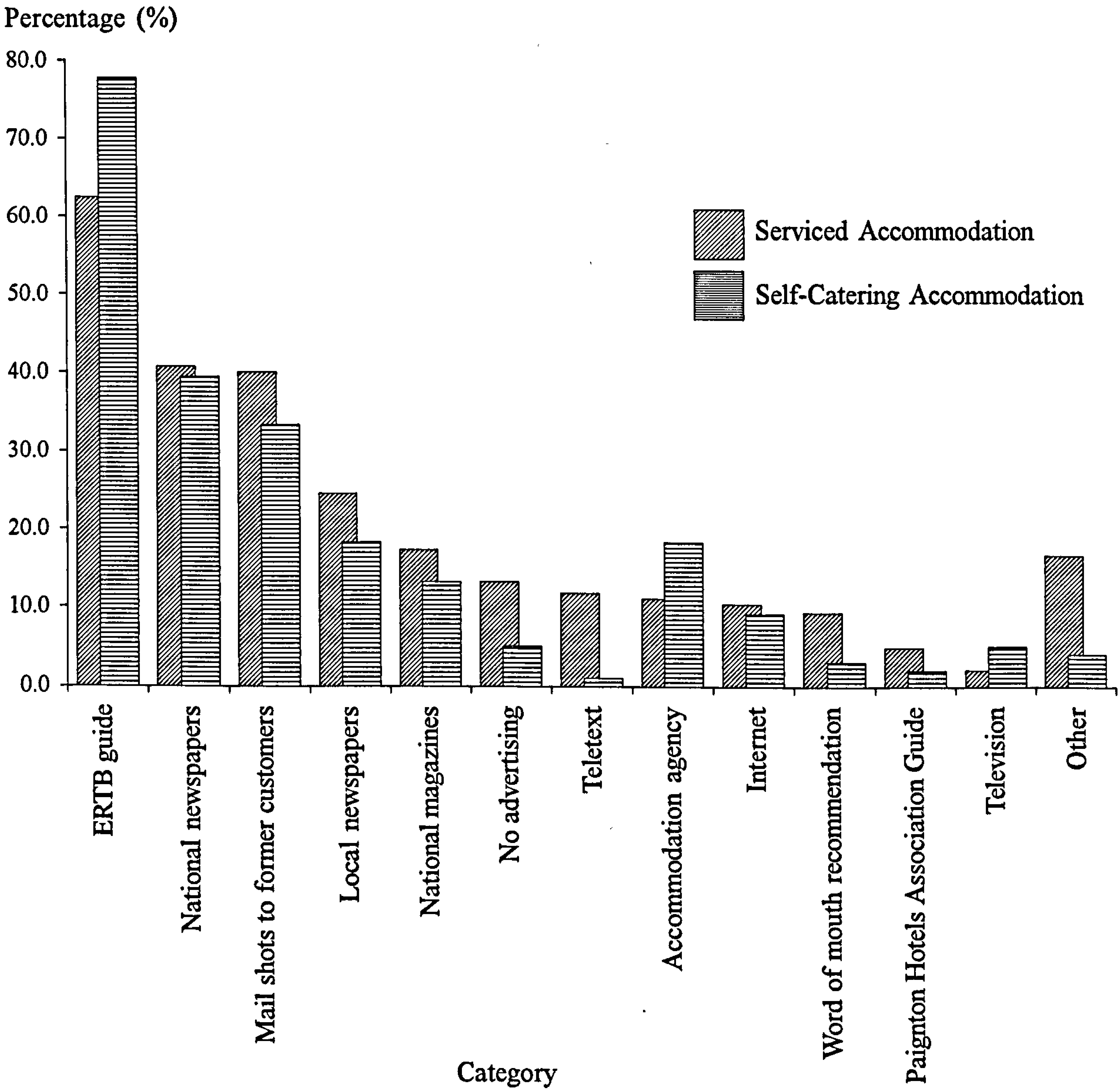
Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

illustrates the dependence of the small-scale operator on the public sector. For example, 63 and 73 per cent of small serviced and self-catering establishments respectively advertised in the ERTB guide (see Table 7.20). This finding suggests that SSAEs by themselves can only achieve limited penetration into the tourist market and, therefore, rely heavily on the success of the marketing initiatives of the ERTB. Indeed, this would perhaps explain why many hoteliers have expressed their concerns over the inadequacies of the present marketing strategies of the ERTB. Even for the larger establishments, it seems that the ERTB guide provides a cost effective way to achieve extensive market penetration. Since 1995, the ERTB has also provided marketing opportunities through the Internet, at a cost of between £47 and £70 per year, depending on whether establishments advertise in the ERTB brochure. In 1997, this new technology remained largely under-utilised and was only used by 10 and nine per cent of serviced and self-catering respondents respectively (ERTB, 1997).

As discussed in Chapter Three, direct marketing techniques have become important elements of competitive strategies in the hotel industry. In total, 40 and 33 per cent of serviced and self-catering respondents respectively were actively engaged in some form of direct marketing (see Figure 7.12). This type of marketing activity was primarily concentrated in the larger establishments, with 73 and 75 per cent of large serviced and self-catering establishments sending mail-shots to former guests (see Table 7.20). As at the national level, these larger establishments based their marketing activities on customer profiles created through computer reservation systems. For example, the Derwent Hotel in Torquay, part of the Torquay Leisure Hotels Group, uses the 'Innsite' system, which not only generates guest histories but also provides details on room availability in the other properties in the group, including the Victoria, Toorak and Charlton hotels. However, encouragingly, the operators of smaller establishments have also capitalised on this type of marketing strategy. For example, 34 and 27 per cent of small serviced and self-catering establishments frequently sent mail-shots to former guests (see Table 7.20). While perhaps not as sophisticated as the computer reservation systems operated by the larger establishments, the same marketing principles still applied and promotional activities ranged from sending details regarding room availability, special promotions, events occurring in the resort, and even annual Christmas cards. This type of marketing activity perhaps underlines the personal nature of service provision in small establishments, and that the formal guest/host relationships can often break down and annual stays become based on loyalty and friendship.

Figure 7.12: The main advertising media used by serviced and self-catering accommodation establishments in Torbay



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.20: Selected types of advertising media used by holiday accommodation establishments

a) Serviced Accommodation

Size of Establishment by Bedspace Capacity

	Small (1 to 30 bedspaces) (n=203)	**Medium** (31 to 60 bedspaces) (n=58)	**Large** (>60 bedspaces) (n=29)	**Overall Total** (n=290)
ERTB guide	123 (60)	40 (69)	18 (62)	181 (62)
National newspapers	68 (34)	27 (48)	23 (79)	118 (41)
Teletext	9 (4)	10 (17)	15 (52)	34 (12)
Mail shots to former customers	68 (34)	27 (47)	21 (73)	116 (40)
Internet	17 (8)	6 (10)	7 (24)	30 (10)
Word-of-mouth recommendation	20 (10)	6 (10)	2 (7)	28 (10)
No advertising	34 (18)	3 (5)	1 (3)	38 (13)

b) Self-Catering Accommodation

	Small (1 to 30 bedspaces) (n=60)	**Medium** (31 to 60 bedspaces) (n=35)	**Large** (>60 bedspaces) (n=4)	**Overall Total** (n=99)
ERTB guide	44 (73)	31 (86)	2 (50)	77 (78)
National newspapers	17 (28)	18 (51)	4 (100)	39 (39)
Teletext	1 (2)	0	0	1 (1)
Mail shots to former customers	16 (27)	14 (40)	3 (75)	33 (33)
Internet	5 (8)	4 (11)	0	9 (9)
Word-of-mouth recommendation	2 (3)	1 (3)	0	3 (3)
No advertising	3 (38)	2 (6)	0	5 (5)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

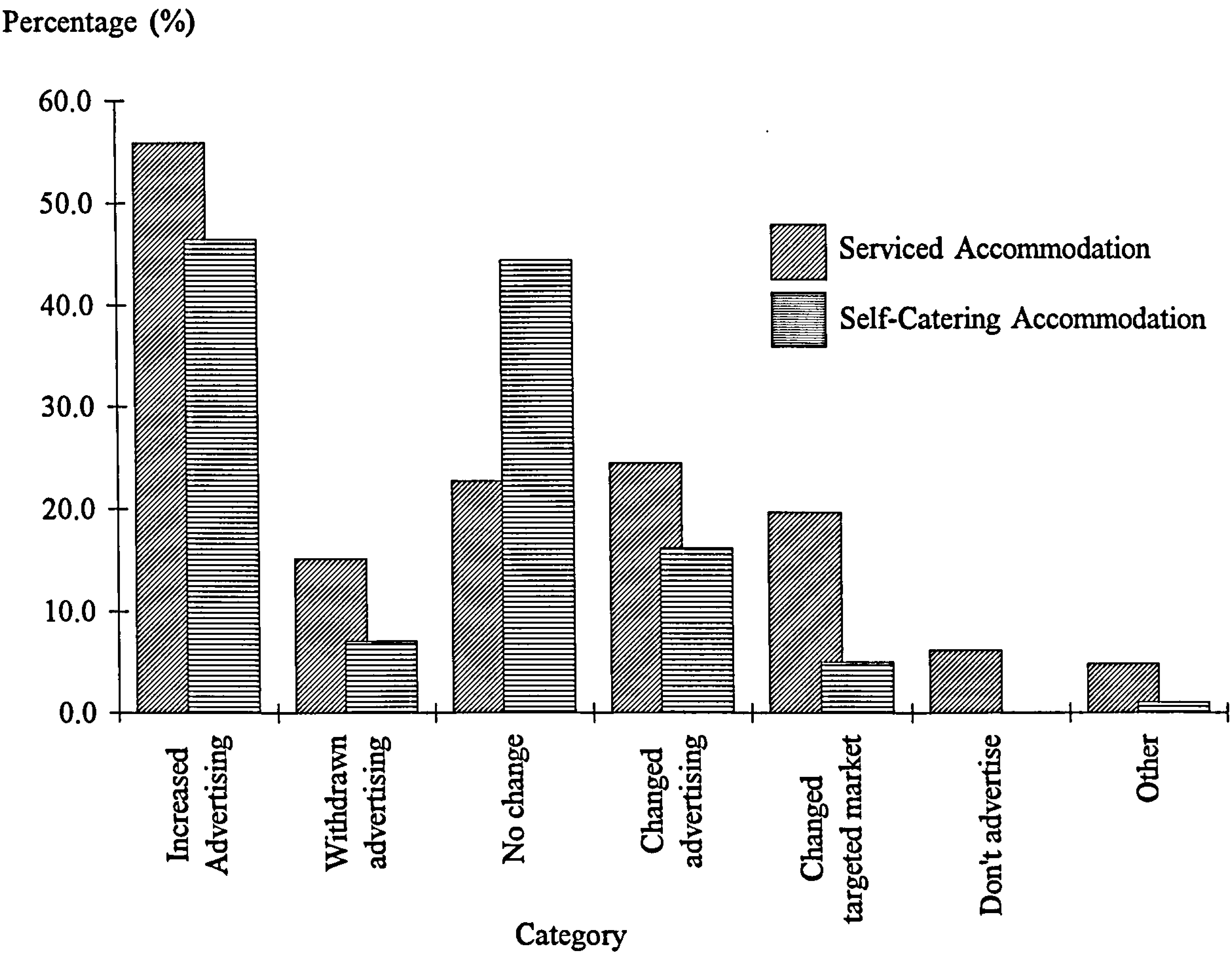
(Source: Serviced and Self-Catering Accommodation Questionnaire Survey, 1995)

However, while repeat bookings and word-of-mouth recommendations are important areas of business, a reliance on customer loyalty can encourage complacency in the industry and prevent hoteliers from maximising promotional activity in the short-term. Consequently, hoteliers must be encouraged to target new markets to ensure long-term business survival.

In response to changes in market conditions, the predominant response by the majority of both serviced and self-catering operators has been to increase levels of advertising (see Figure 7.13). This strategy has been pursued by all sizes of business operations. For example, 90 per cent of large and 51 per cent of small serviced establishments respectively have increased advertising levels (see Table 7.21). Such a competitive response emphasises that in the face of difficult trading conditions, for all businesses, maintaining product awareness is an essential strategy designed to maintain a position of competitive advantage. However, 41 and seven per cent of serviced and self-catering respondents respectively have also pursued more defensive strategies and withdrawn advertising. Advertising is an expensive strategy and one that is quickly cut back in times of economic difficulty, especially in smaller establishments (see Table 7.21).

As well as changing advertising levels, 20 and 16 per cent of serviced and self-catering respondents have also begun to realise the importance of market segmentation and have consequently changed their target market. As Table 7.21 shows, this type of strategy has been adopted by all sizes of accommodation establishments. Therefore, while the larger establishments have capitalised on their recreational and leisure facilities to cater for the short break market, a number of smaller establishments have also attempted to find their own niche in the tourism market. For example, the Abberley Hotel in Torquay has achieved a degree of differentiation by catering for the deaf and hard of hearing, and other small hotels have moved away from the traditional family market to cater for the elderly (10 per cent) and the overseas market (five per cent). In addition, four large hotels have also established strategic alliances with coach companies to market package holidays (most notably for the elderly) in the resort. For example, Wallace Arnold have a notable presence in Torbay and also own the Trecarn Hotel in Torquay. Such agreements help hotels to sustain occupancy rates, especially during the shoulder months, and have been responsible, in part, for increasingly the number of elderly visitors in the resort. Apart from the direction and market penetration achieved through the ERTB guide, marketing appears to be an area where respondents are unsure and could benefit greatly from informed advice and guidance.

Figure 7.13: Changes to advertising and marketing strategies



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.21: Changes to advertising strategies by the size of holiday accommodation establishments

a) Serviced Accommodation

Size of Establishment by Bedspace Capacity

	Small (1 to 30 bedspaces) (n=203)	**Medium** (31 to 60 bedspaces) (n=58)	**Large** (>60 bedspaces) (n=29)	**Overall Total** (n=290)
Increased advertising	103 (51)	36 (62)	26 (90)	165 (57)
Withdrawn advertising	34 (17)	7 (12)	3 (10)	118 (41)
No change	51 (25)	13 (22)	2 (9)	66 (23)
Changed advertising media	47 (23)	14 (24)	10 (34)	71 (25)
Changed targeted market	39 (19)	11 (19)	7 (24)	57 (20)

b) Self-Catering Accommodation

	Small (1 to 30 bedspaces) (n=60)	**Medium** (31 to 60 bedspaces) (n=35)	**Large** (>60 bedspaces) (n=4)	**Overall Total** (n=99)
Increased advertising	24 (40)	18 (51)	4 (100)	46 (47)
Withdrawn advertising	3 (28)	4 (51)	0	7 (7)
No change	30 (50)	14 (40)	0	34 (34)
Changed advertising media	8 (13)	7 (20)	1 (25)	16 (16)
Changed targeted market	4 (7)	1 (3)	0	5 (5)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Indeed, there does seem to be considerable opportunity for the smaller establishments to form their own marketing consortium, which could perhaps be co-ordinated by the local hotels association.

7.17 Specific Responses to the Recession

Throughout the analysis presented in this chapter, respondents have frequently regarded the recession as the principal factor influencing changes in the holiday accommodation industry. In order to ascertain the actual significance of the recession within the decision-making process, respondents were asked to detail their specific management response to the recession. To classify responses more effectively, strategies were categorised as offensive, defensive or both. As discussed in Chapter Three, offensive strategies refer to business decisions that involve capital investment to create or maintain a position of competitive advantage, and include new product development and marketing. Alternatively, defensive strategies refer to decisions involving minimal capital investment, such as room discounting and the rationalisation of both staff and services. While offensive and defensive strategies have been central to the restructuring process, a number of businesses have also adopted a combination of both strategies.

Offensive strategies represented the dominant response to the recession by both the serviced (74 per cent) and self-catering sector (65 per cent) (see Table 7.22). Within the serviced sector, increased levels of advertising was the main response (41 per cent). In particular, a number of establishments (particularly in the medium and large size categories) have focused on short breaks and new target groups (see Table 7.23). In the self-catering sector, the main response has been to improve the standard of accommodation and service provision (36 per cent) rather than diverting resources to increased marketing activity (28 per cent). Significantly, all large self-catering establishments had improved their facilities, while only around one-third of small and medium sized establishments had made similar improvements (see Table 7.23b). These results indicate a greater willingness or ability of the larger establishments to adopt offensive strategies, whether based on marketing or improvements to facilities. Within both the serviced and self-catering accommodation sectors, product development related specifically to the general refurbishment and upgrading of facilities, rather than to any major structural improvements such as the provision of ensuite or recreational facilities. This finding emphasises that value for

Table 7.22: Specific responses to the recession adopted by serviced and self-catering accommodation establishments

Response	Serviced Accommodation (n=290) No.	(%)	Self-Catering Accommodation (n=99) No.	(%)
Offensive Strategies*	214	(74)	64	(65)
Increased Advertising	120	(41)	28	(28)
including:				
- *short break offers*	20	(7)	0	
- *targeted new market groups*	19	(7)	3	(3)
- *mail-shots to former guests*	5	(2)	3	(3)
Improved the quality of facilities and service	94	(32)	36	(36)
Defensive Strategies*	163	(56)	33	(33)
Reduced tariff	76	(26)	7	(7)
Hold tariff	37	(13)	14	(14)
Controlled overheads	23	(8)	6	(6)
Reduced staff	11	(4)	2	(2)
Found additional employment	9	(3)	3	(3)
Put property on market	4	(1)	1	(1)
Withdrawn services	3	(1)	0	
Both (offensive and defensive)	55	(19)	14	(14)
No Response	79	(27)	39	(39)

*Note: *Includes respondents who adopted both offensive and defensive strategies*

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.23a: Responses to the recession by the size of serviced establishments

Strategy	Small (1 to 30 bedspaces) (n=203)	Medium (31 to 60 bedspaces) (n=58)	Large (>60 bedspaces) (n=29)	Overall Total (n=290)
	Size of Establishment by Bedspace Capacity			
Offensive				
Increased advertising	74 (36)	26 (45)	20 (70)	120 (42)
- *short breaks*	12 (6)	4 (7)	4 (14)	20 (7)
- *new market groups*	12 (6)	5 (9)	2 (7)	19 (6)
- *mail-shots*	5 (3)	0	0	5 (2)
Improved quality of facilities and service	72 (35)	12 (21)	10 (35)	94 (32)
Defensive				
Reduced tariff	47 (23)	9 (16)	9 (31)	76 (26)
Hold tariff	29 (14)	5 (9)	3 (10)	37 (13)
Controlled overheads	14 (7)	5 (9)	4 (14)	23 (8)
Reduced staff	7 (3)	1 (2)	3 (10)	11 (4)
Found additional employment	9 (4)	0	0	9 (3)
Put property on market	4 (2)	0	0	4 (1)
Withdrawn services	2 (1)	0	1 (3)	3 (1)
No Response	54 (27)	20 (34)	5 (17)	79 (27)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Table 7.23b: Responses to the recession by the size of self-catering establishments

Strategy	Small (1 to 30 bedspaces) (n=60)	Medium (31 to 60 bedspaces) (n=35)	Large (>60 bedspaces) (n=4)	Overall Total (n=99)
	Size of Establishment by Bedspace Capacity			
Offensive				
Increased advertising	14 (23)	9 (26)	2 (50)	28 (28)
- short breaks	0	0	0	0
- new market groups	2 (3)	1 (3)	0	3 ()
- mail-shots	3 (5)	0	0	3 (3)
Improved quality of facilities and service	21 (35)	11 (31)	4 (100)	36 (36)
Defensive				
Reduced tariff	11 (18)	3 (8)	0	14 (14)
Hold tariff	8 (13)	5 (14)	1 (25)	14 (14)
Controlled overheads	4 (7)	2 (6)	0	6 (6)
Reduced staff	1 (2)	0	1 (25)	2 (2)
Found additional employment	3 (5)	0	0	3 (3)
Put property on market	0	1 (3)	0	1 (1)
Withdrawn services	0	0	0	0
No Response	23 (38)	16 (29)	0	39 (39)

Note: Numbers in brackets refer to the percentage distribution of establishments within each size category

(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

money and quality have become key areas of competitive advantage, as tourists seek to guarantee that their money is well spent.

Defensive strategies were adopted by 56 and 33 per cent of serviced and self-catering respondents respectively (see Table 7.22). In the serviced sector, the main response by all sizes of accommodation establishments has been to reduce tariffs (26 per cent) (see Table 7.23a). Given the proliferation of cheap accommodation in the resort, this finding underlines the problems facing smaller establishments. On the one hand, they are struggling against increased competition and, in particular, by surrounding hotels lowering tariffs to unrealistic levels to remain competitive. On the other hand, their profit margins are also being squeezed by the larger resort hotels that have also started to reduce room tariffs. While the option of reducing staff was more pronounced in the larger establishments (10 per cent), options of finding additional employment (four per cent) and selling the property (two per cent) were solely focused in the smallest establishments (see Table 7.23a). These results again highlight the vulnerability of small-scale accommodation establishments to changes in market conditions. In the self-catering sector, maintaining tariffs (14 per cent) was the main response within defensive strategies (see Table 7.22). Self-catering accommodation usually charges lower tariffs than the serviced sector and is therefore able to avoid tariff reductions. Proportionally more larger sized establishments were able to maintain tariffs (25 per cent) as opposed to smaller (13 per cent) and medium-sized (14 per cent) businesses (see Table 7.23b). As discussed in Chapter Six, the range of facilities and services within the hotel environment is a key determinant in pricing policies and that investment in new product development allows a higher room tariff to be charged.

Most significantly for the long-term health of the resort, is that a small core of serviced and self-catering establishments had not responded to the recession, indicating extremely low levels of business awareness and high levels of inertia. In total, 27 and 39 per cent of serviced and self-catering respondents had made no specific response to the recession (see Table 7.22). The number of establishments 'doing nothing' was more pronounced in the self-catering sector than in the serviced sector. This finding underlines the nature of self-catering accommodation management and that, in comparison to serviced accommodation, there is less emphasis on continued product development. Slightly larger proportions of the small and medium-sized businesses dominated this category of response, reinforcing the non-economic motives for business management in the holiday accommodation industry (see Table 7.23a and 7.23b). However, 17 per cent of the large sized serviced accommodation establishments were also included in this category, which might reflect consistently high levels of business innovation irrespective of recession, rather than incompetent management. Nevertheless, the high levels of inaction reinforces what some local tourism officials recognise as the 'Torbay Factor', representing a laid-back approach to business management and operating within short-term planning horizons.

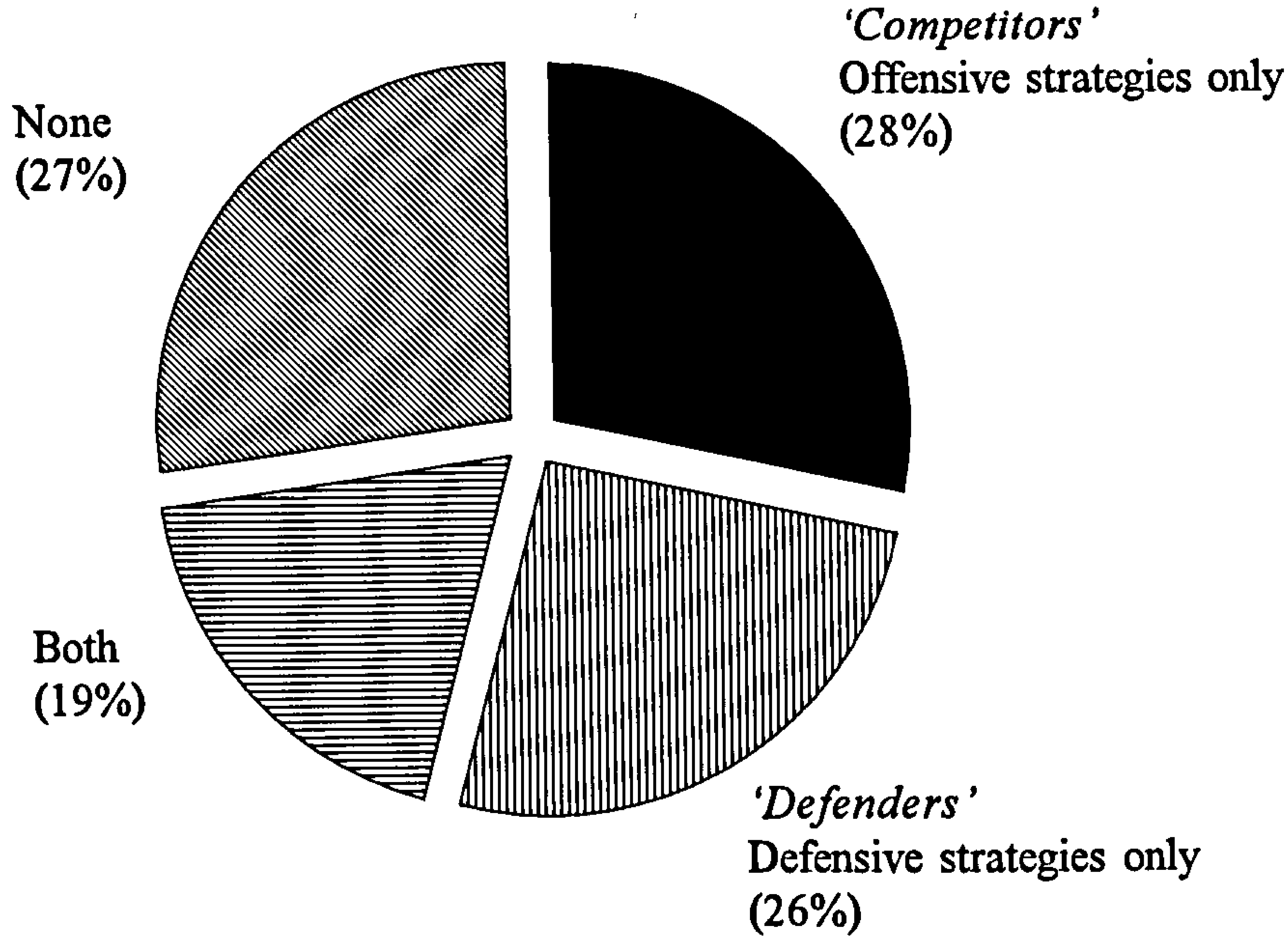
By examining the strategies pursued by each establishment it was possible to determine their overall strategic response and to classify each establishment as either '*competitors*' or '*defenders*'. As Figure 7.14 shows, in the serviced sector, 28 per cent of respondents were competitors, who had pursued only offensive strategies. A further 26 per cent were defenders, who had only adopted defensive strategies. In addition, 19 per cent of respondents had also pursued both offensive and defensive strategies. As noted earlier, 27 per cent of serviced respondents actually 'did nothing'. In the self-catering sector, 27 per cent were competitors, 19 per cent were defenders, 14 per cent adopted elements of both and 40 per cent did nothing.

Considering the entrepreneurial characteristics of respondents discussed earlier in this chapter, it might have been expected that offensive and defensive strategies would show a possible relationship with the size of establishment, and the age and motivations of the respondent. In terms of size, the types of strategy adopted were remarkably similar across all size categories of accommodation (see Figure 7.15a and 7.15b). The only clear patterns to emerge were that higher proportions of no strategy were in small and medium-sized serviced establishments, and that the larger sized establishments had much higher proportions of a joint strategy (i.e. offensive and defensive). A similar pattern was also evident in the self-catering sector, although the larger establishments pursued either defensive or offensive strategies (see Figure 7.15b).

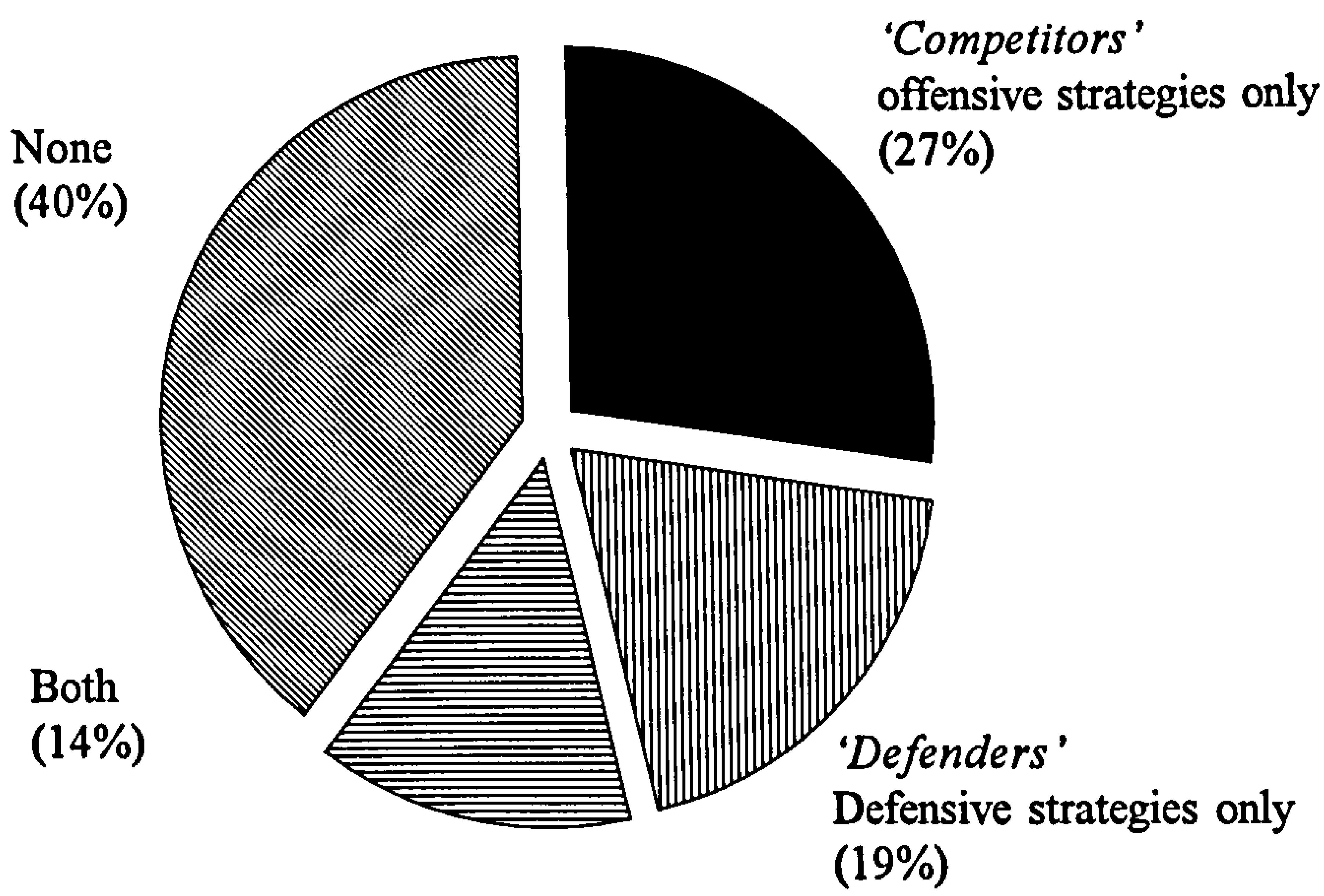
In terms of variations in adopted strategy by age, in the serviced sector (see Figure 7.16a) it would appear that the younger age group (20 to 40) are more defensive (36 per cent) than the middle (25 per cent) or the oldest (23 per cent) age groups. Indeed, the oldest age group had the highest proportion adopting the offensive strategy, although curiously they were also the group with the lowest proportion adopting a joint strategy and the highest proportion with no strategy. These findings might suggest that experience and access to personal savings may significantly

Figure 7.14: Offensive and defensive approaches to the recession

a) *Serviced Accommodation*



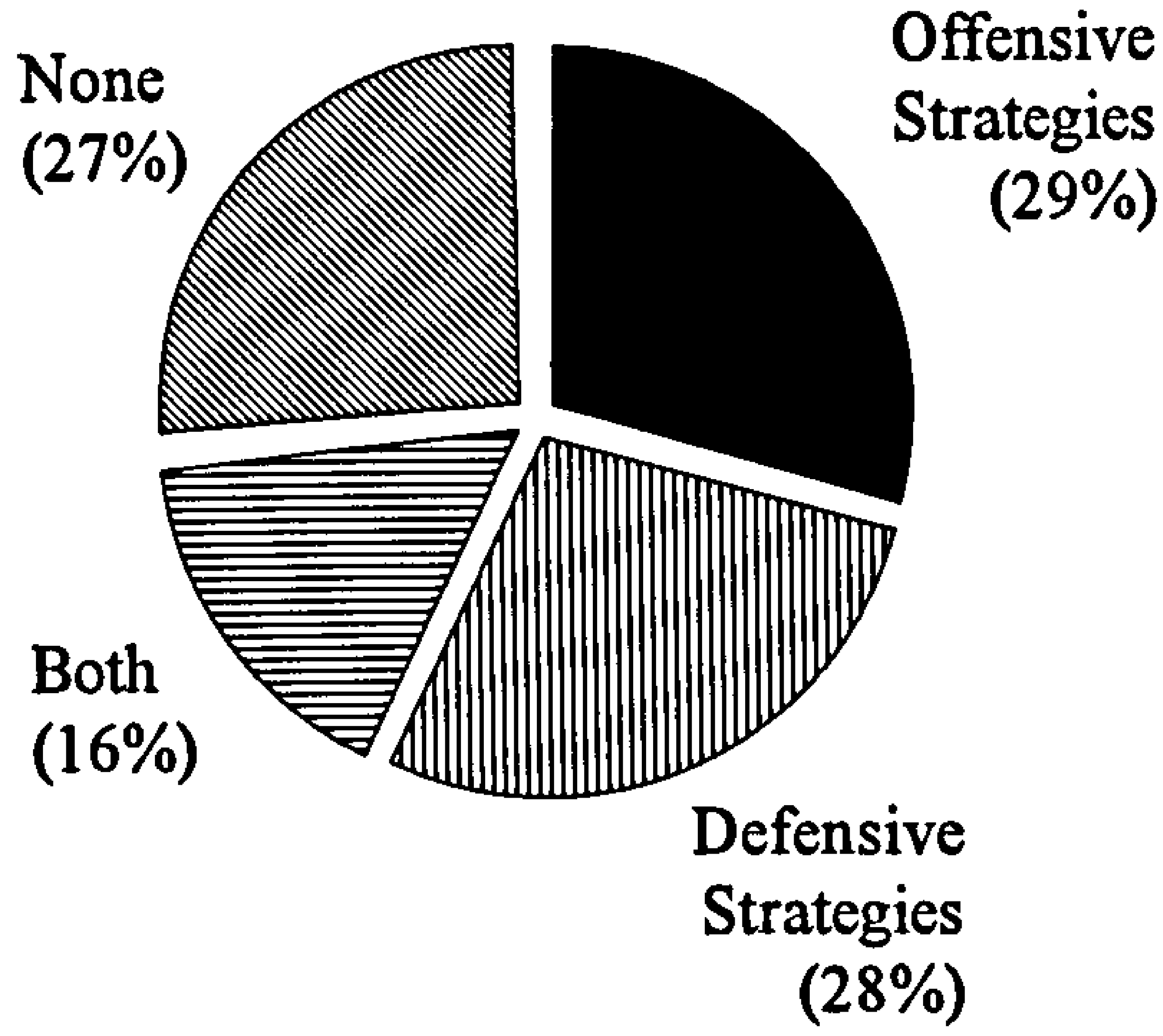
b) *Self-Catering Accommodation*



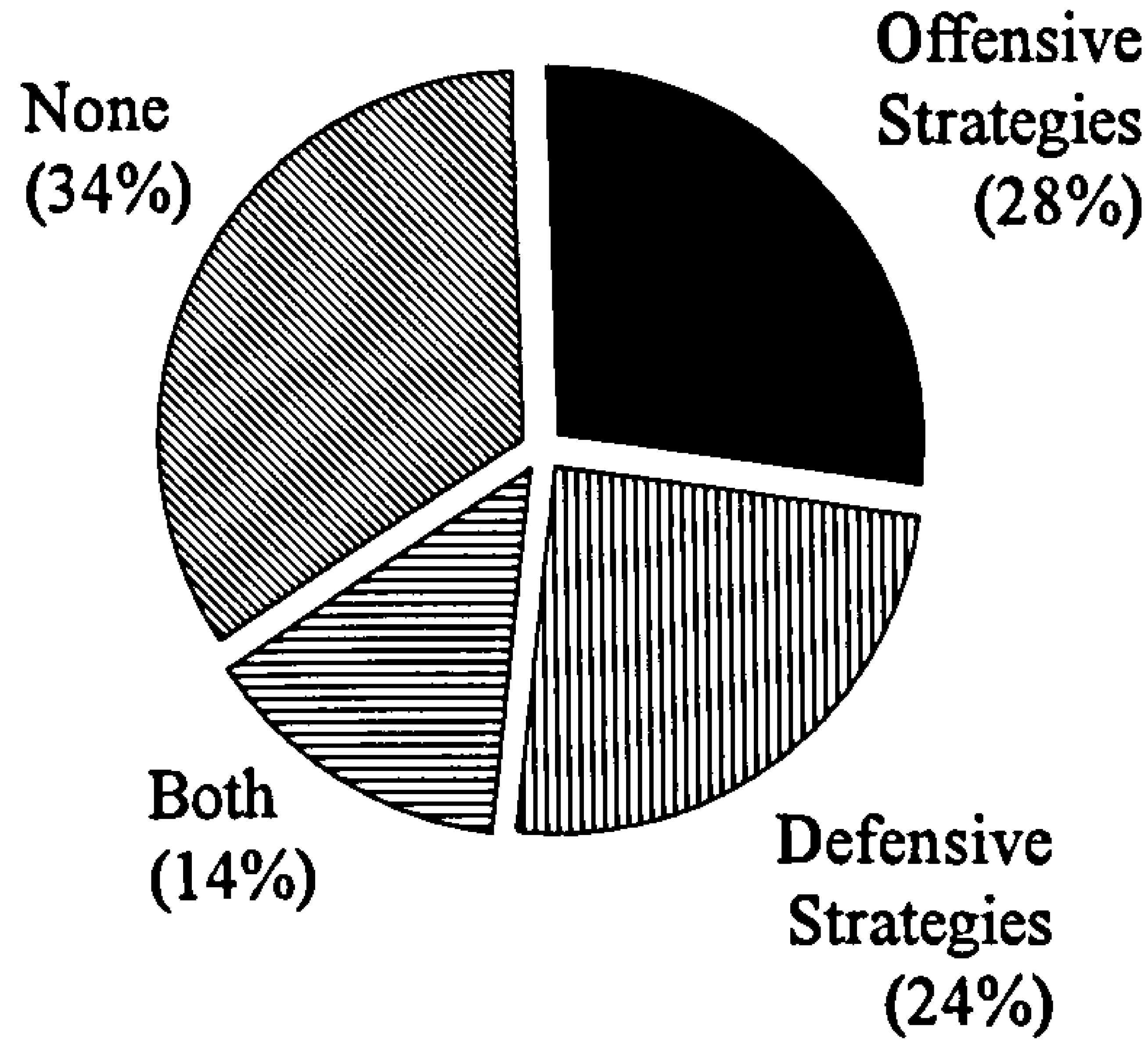
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.15a: The type of strategy by the size of serviced establishments

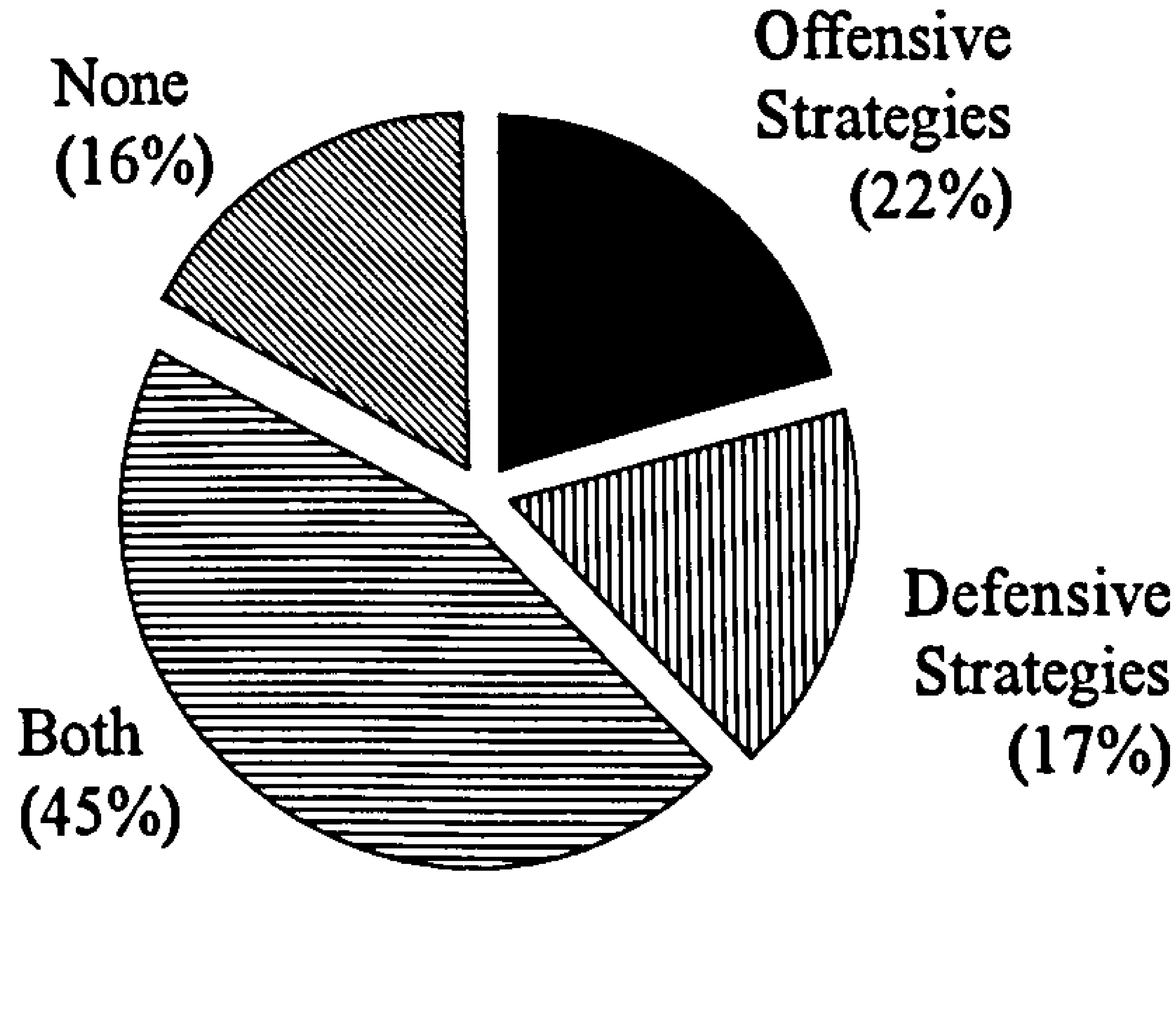
a) Small (1 to 30 bedspaces)
(n=203)



b) Medium (31 to 60 bedspaces)
(n=58)



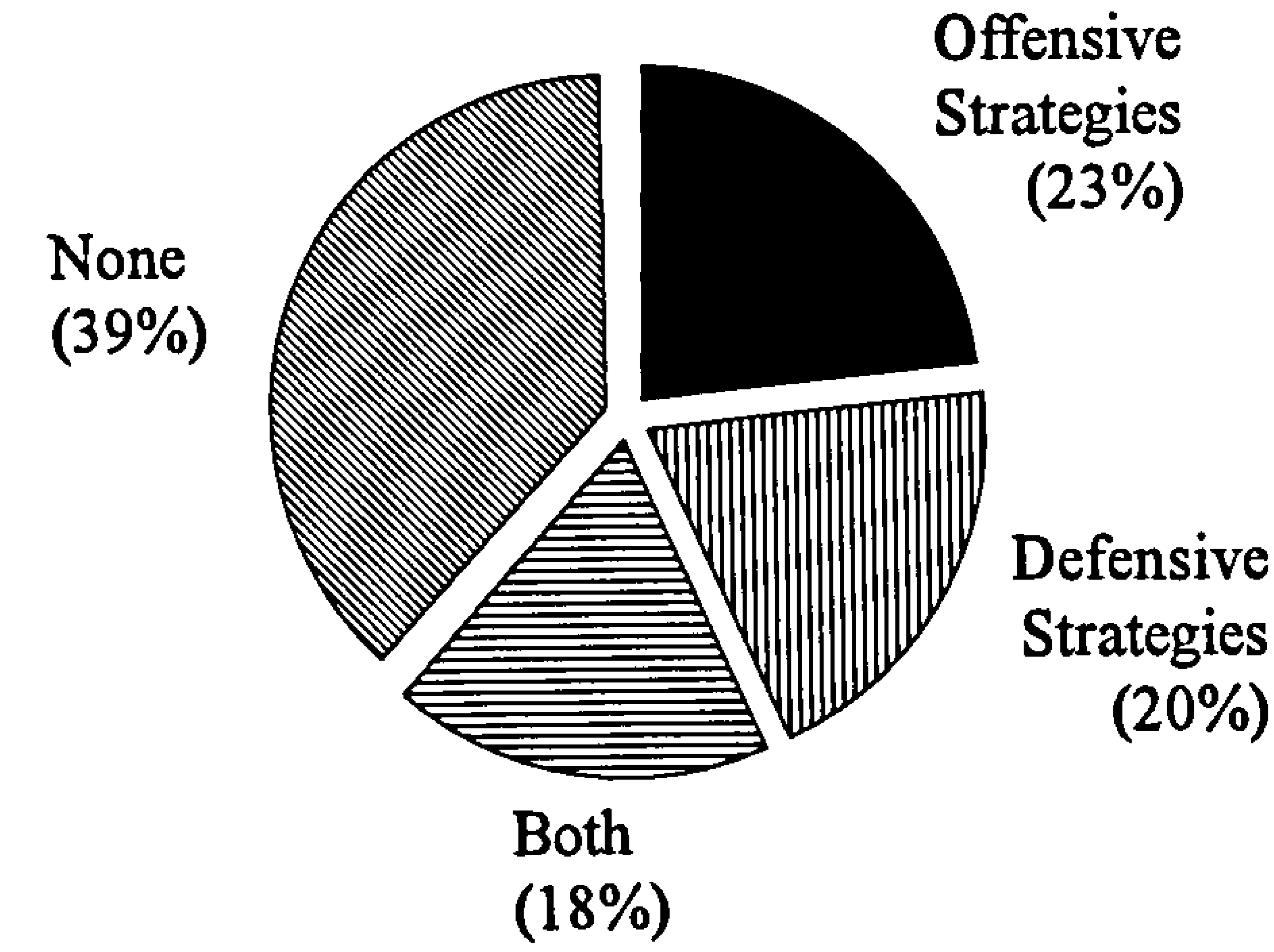
c) Large (over 60 bedspaces)
(n=29)



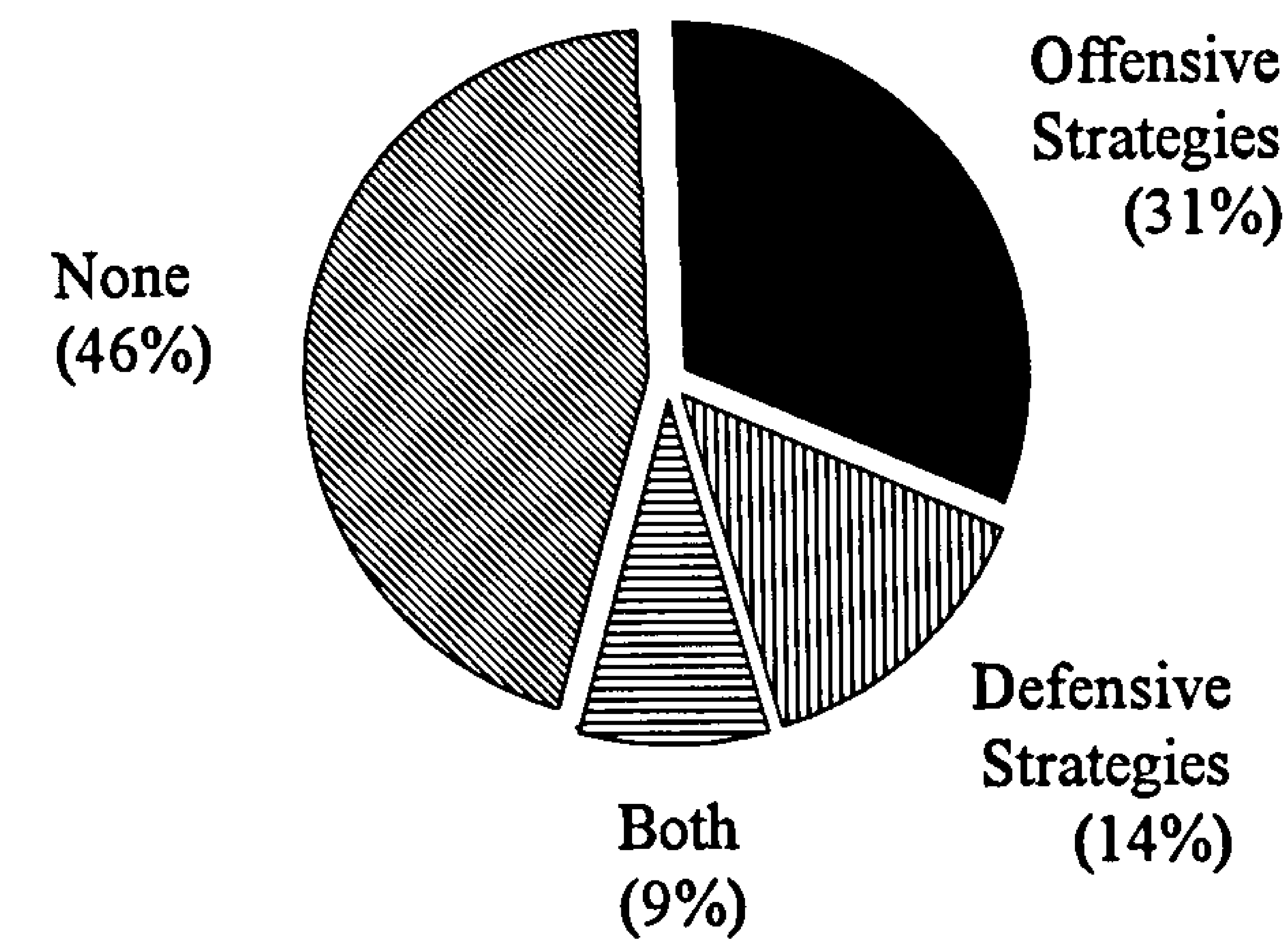
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.15b: The type of strategy by the size of self-catering establishments

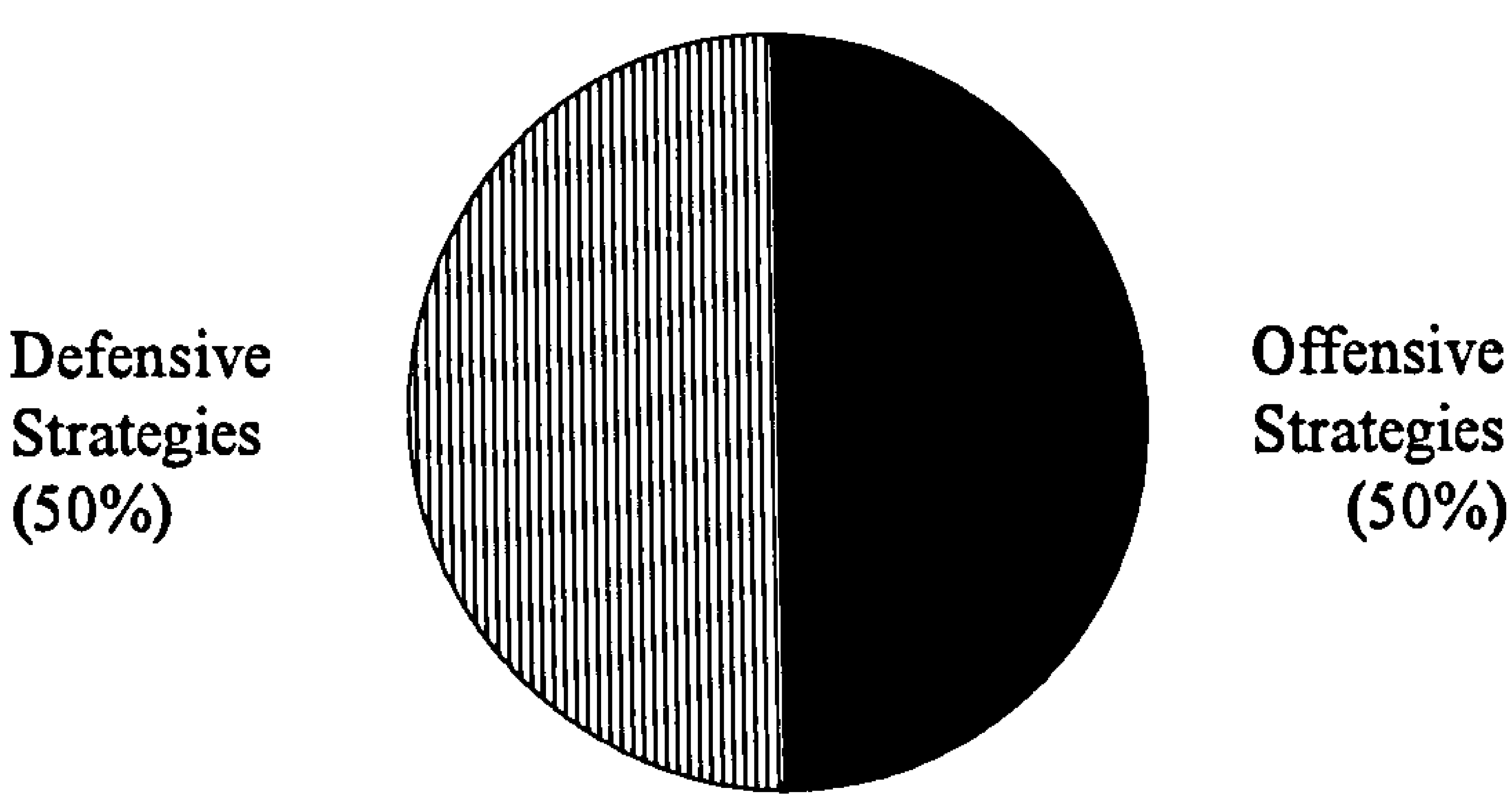
a) Small (1 to 30 bedspaces)
(n=60)



b) Medium (31 to 60 bedspaces)
(n=35)



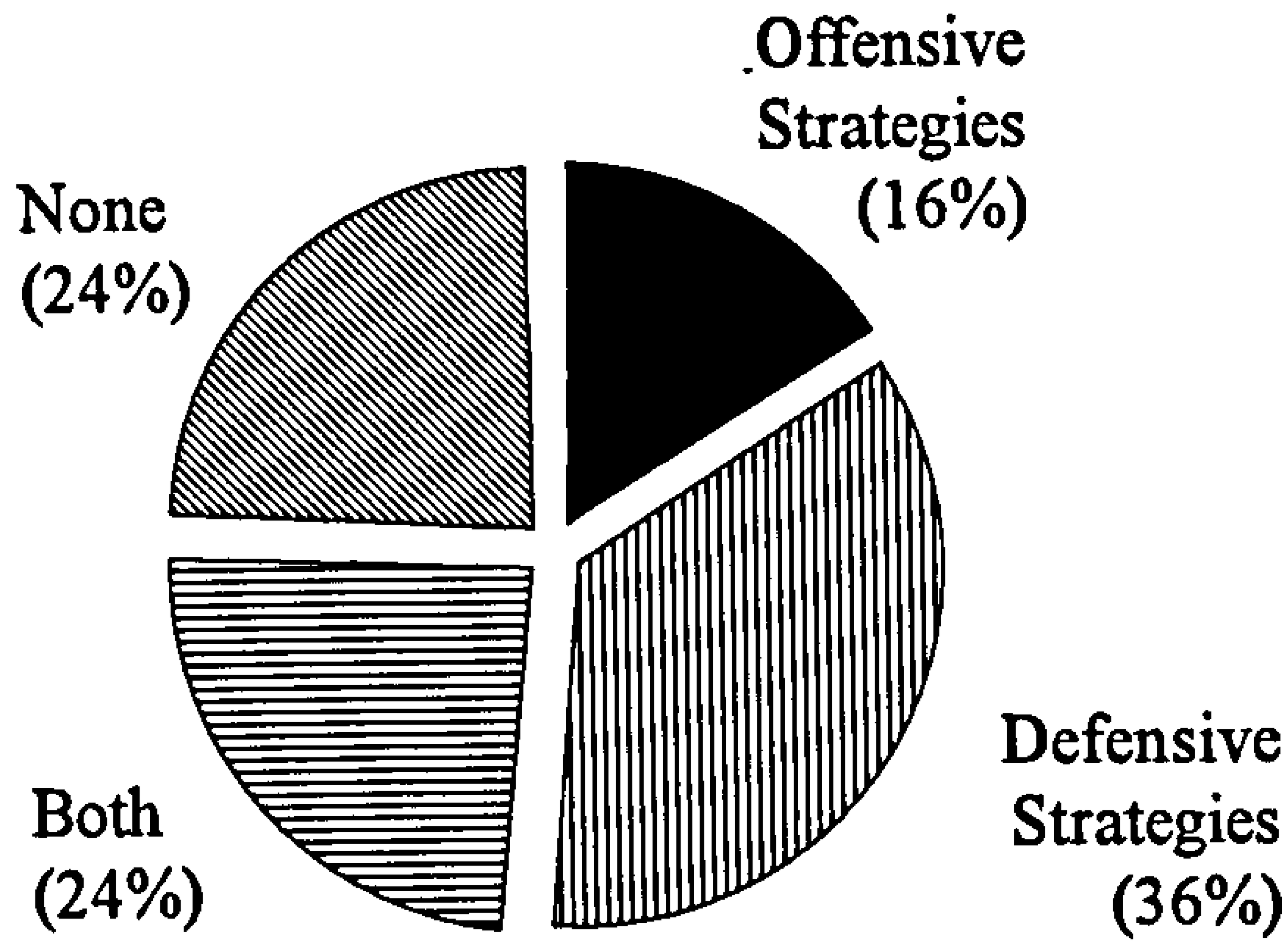
c) Large (over 60 bedspaces)
(n=4)



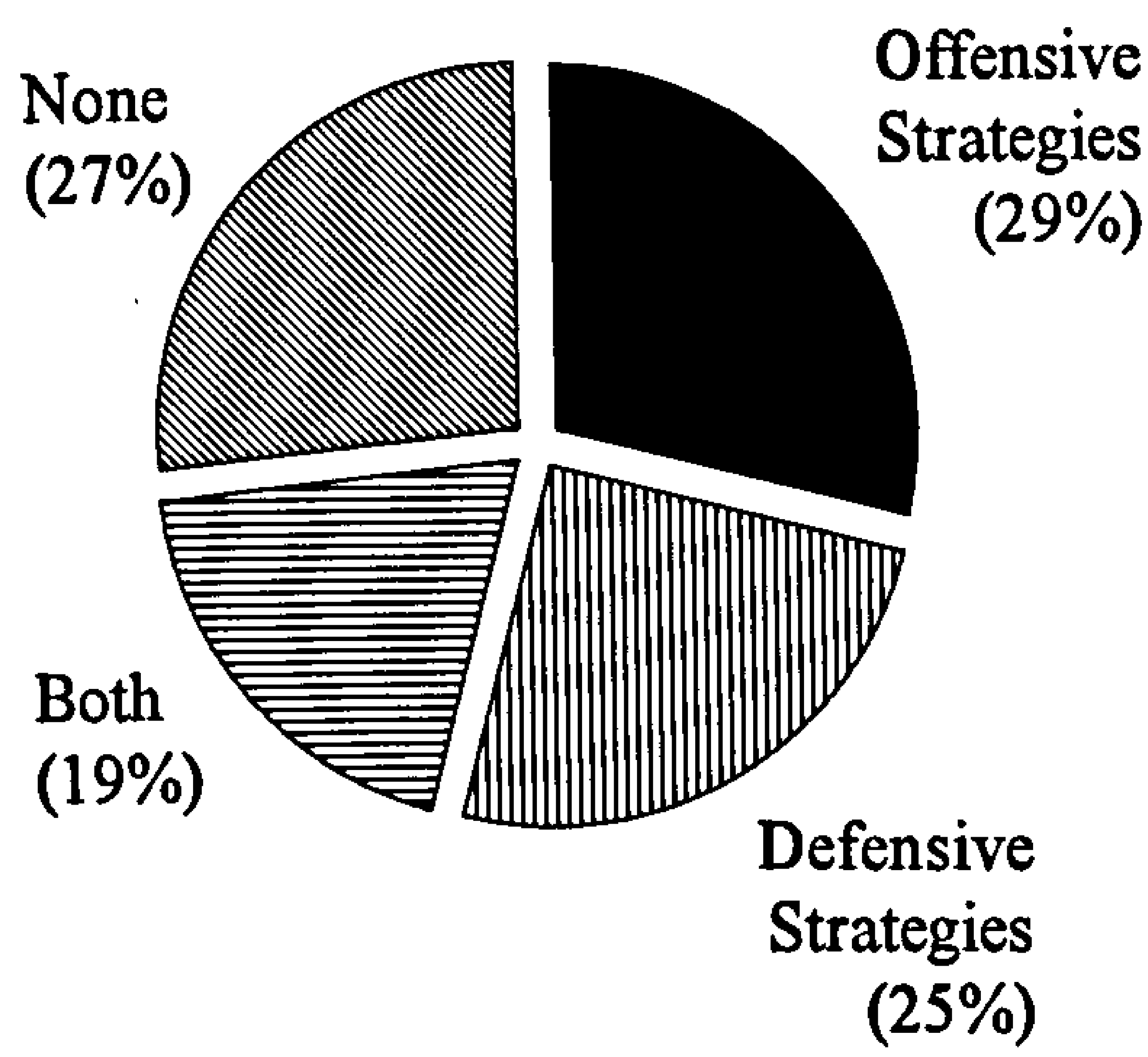
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.16a: Type of strategy by the age of serviced respondents

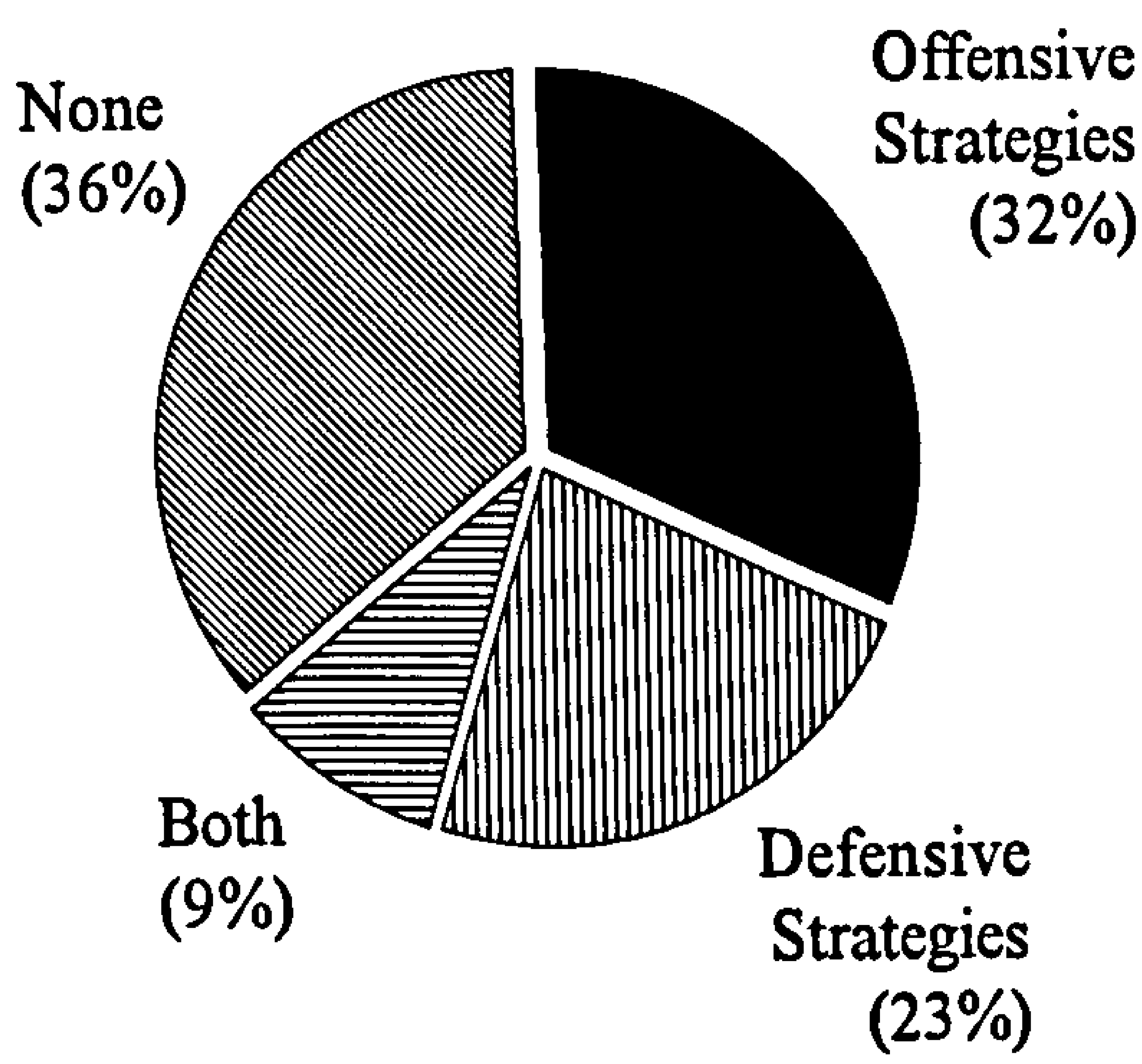
a) Age Group: 20 to 40 years
(n=40)



b) Age Group: 41 to 60 years
(n=227)



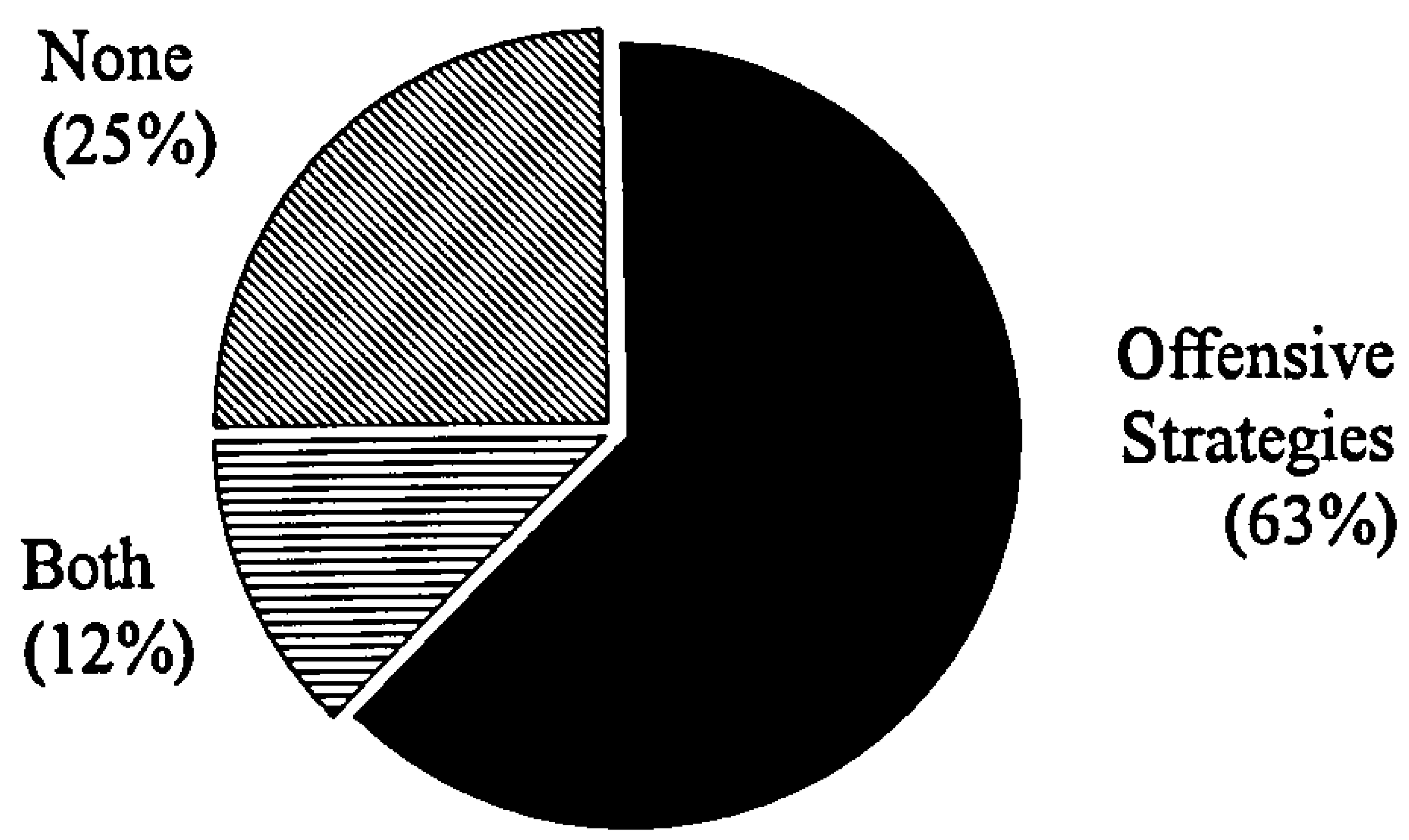
c) Age Group: Over 60 years
(n=22)



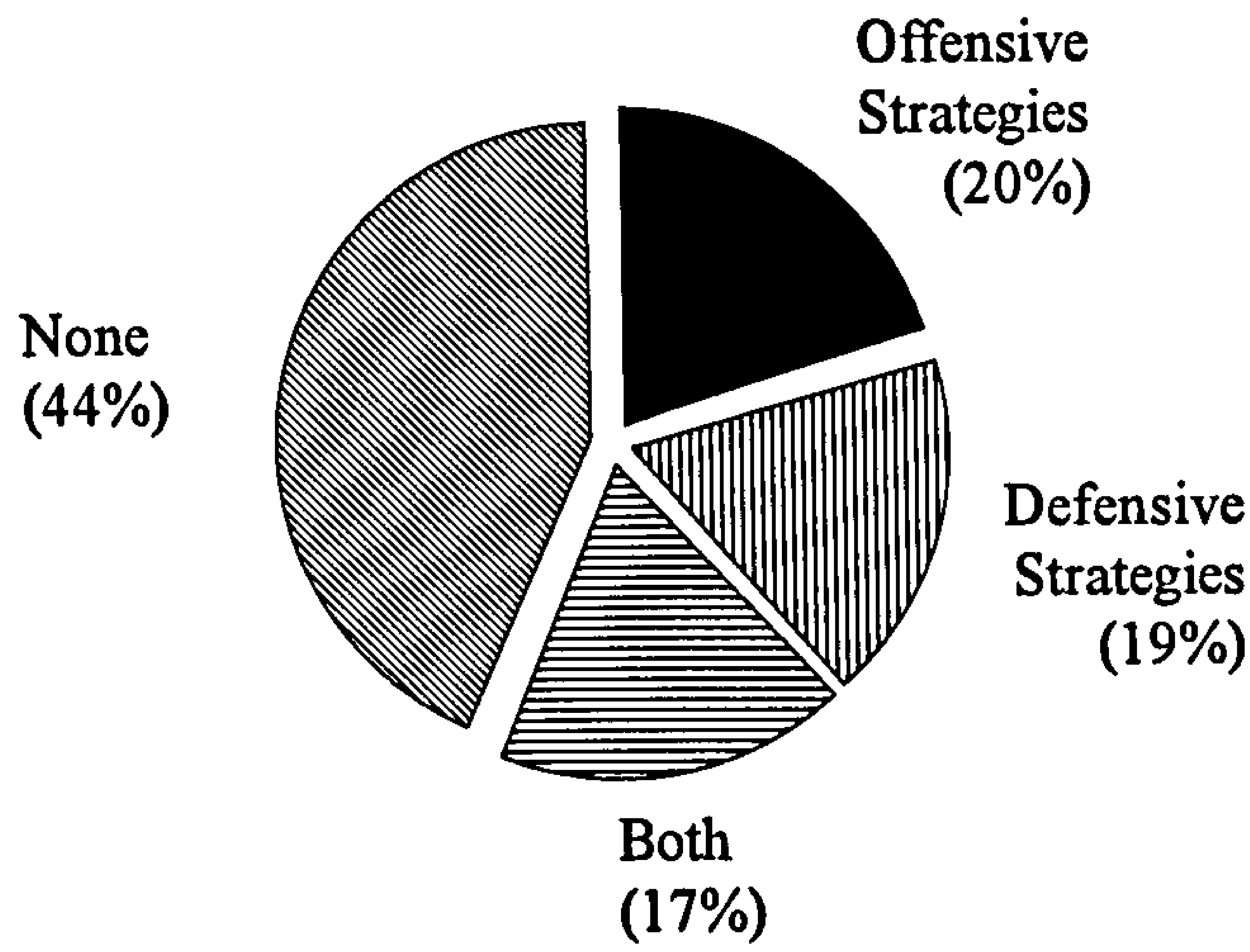
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.16b: Type of strategy by the age of self-catering respondents

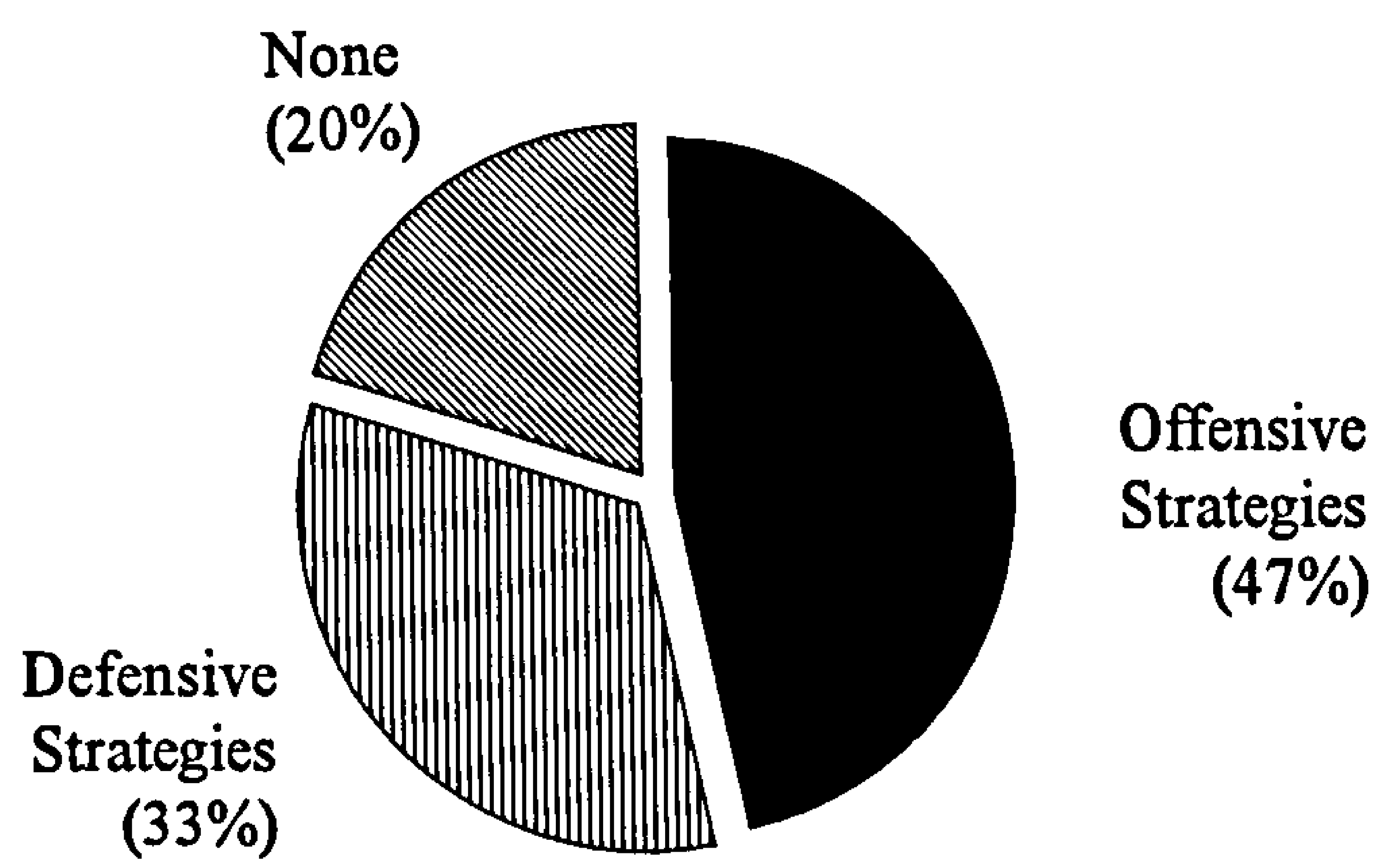
a) Age Group: 20 to 40 years
(n=8)



b) Age Group: 41 to 60 years
(n=75)



c) Age Group: Over 60 years
(n=15)



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

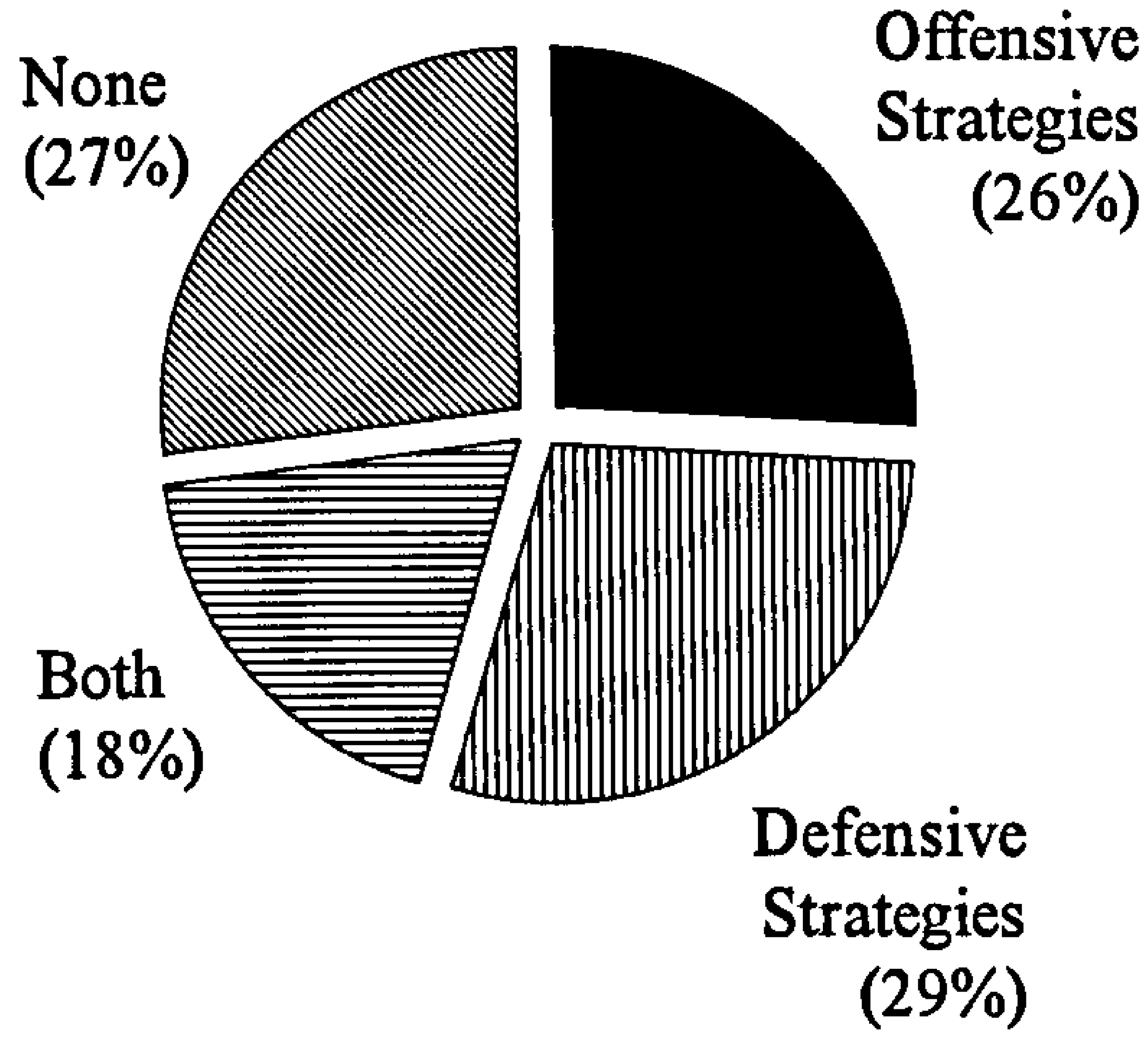
influence the decision-making process. Overall, these results are internally rather contradictory and are also contrary to expectations, suggesting other more significant influences and processes at work. The results for the self-catering sector (see Figure 7.16b) are equally inconclusive.

In terms of variations in adopted strategy by motivation (i.e. maximiser, lifestyler or both) the pattern across all groups within serviced accommodation was remarkably similar (see Figure 7.17a). The expected pattern of maximisers adopting essentially offensive strategies and lifestylers using essentially defensive strategies was not borne out by the data. In fact, marginally less maximisers have adopted an offensive strategy than the lifestylers (26 per cent as opposed to 28 per cent), and less lifestylers have adopted a defensive strategy than the maximisers (25 per cent as opposed to 29 per cent). The pattern is also not substantially different in the group who consider economic and non-economic motives to be equally important. It is slightly curious that in this group, where economic and non-economic motives are supposed to be equally important, that prominence is given to offensive strategies (31 per cent) as opposed to defensive strategy (26 per cent) and that only 25 per cent have adopted a truly joint strategy. Similar points can be raised from the patterns evident in the self-catering sector (see Figure 7.17b). Offensive strategies seem to dominate both maximiser and lifestyler groups, although the prevalence of no strategy is clear.

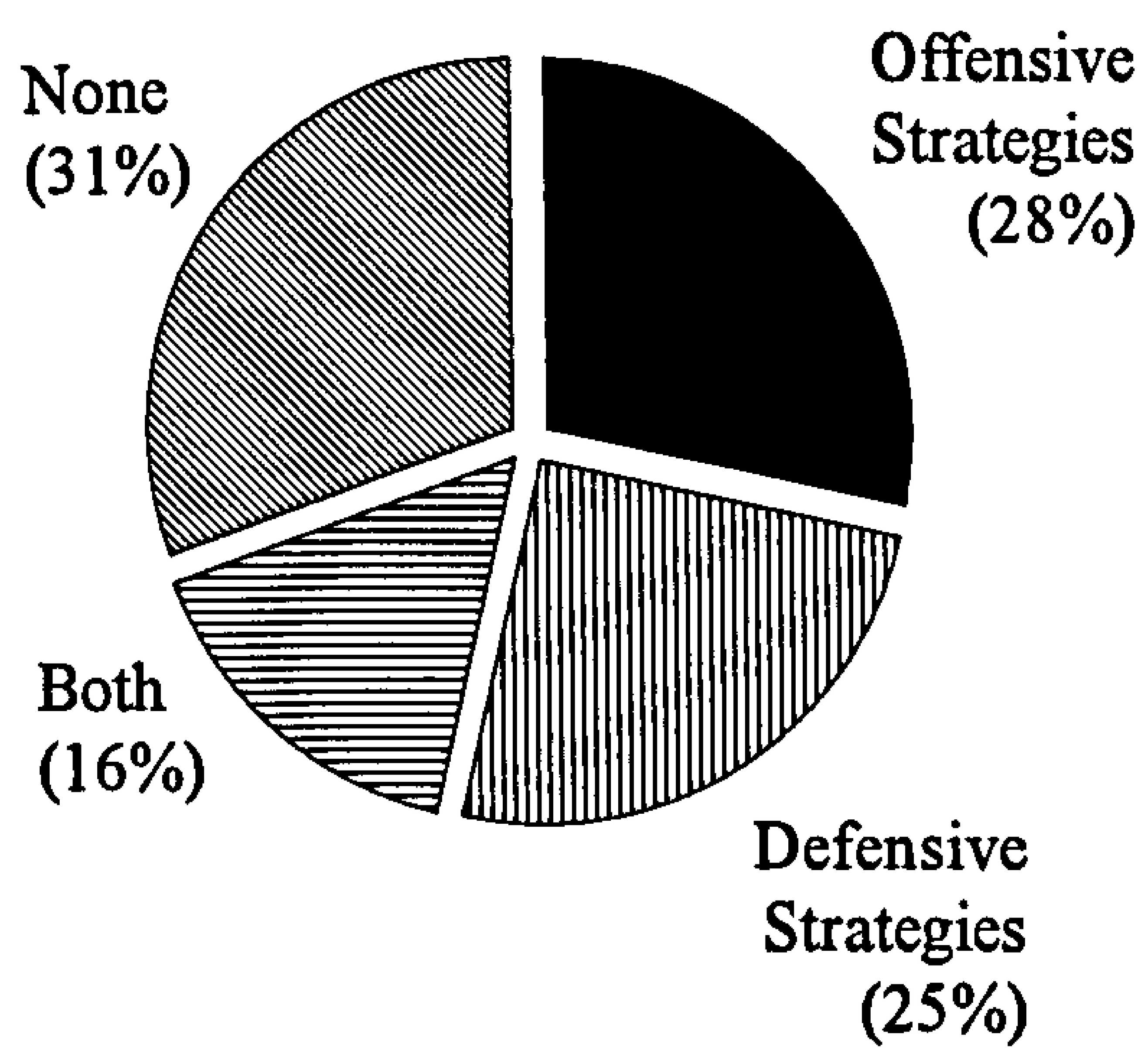
Overall, expected relationships between the size of establishment, the age and motivation of the respondent with the type of strategy adopted to recession were either not shown or extremely weak. Motivations were extremely poor explanations of strategy, while size and age provided some insights. Larger sized establishments were more likely to adopt a joint strategy, while small and medium sized businesses were more likely not to adopt any strategy. Older owners were also likely to have adopted a joint or no strategy, but also had the highest proportion with offensive strategies. The younger age group, that might be expected to be more likely to be competitive, were dominated by the highest proportion of defensive strategy of all the age groups. The response to recession is therefore shown to be highly complex, often being determined by individualistic factors which are difficult to isolate and analyse.

Figure 7.17a: Type of strategy by the motivation of serviced respondents

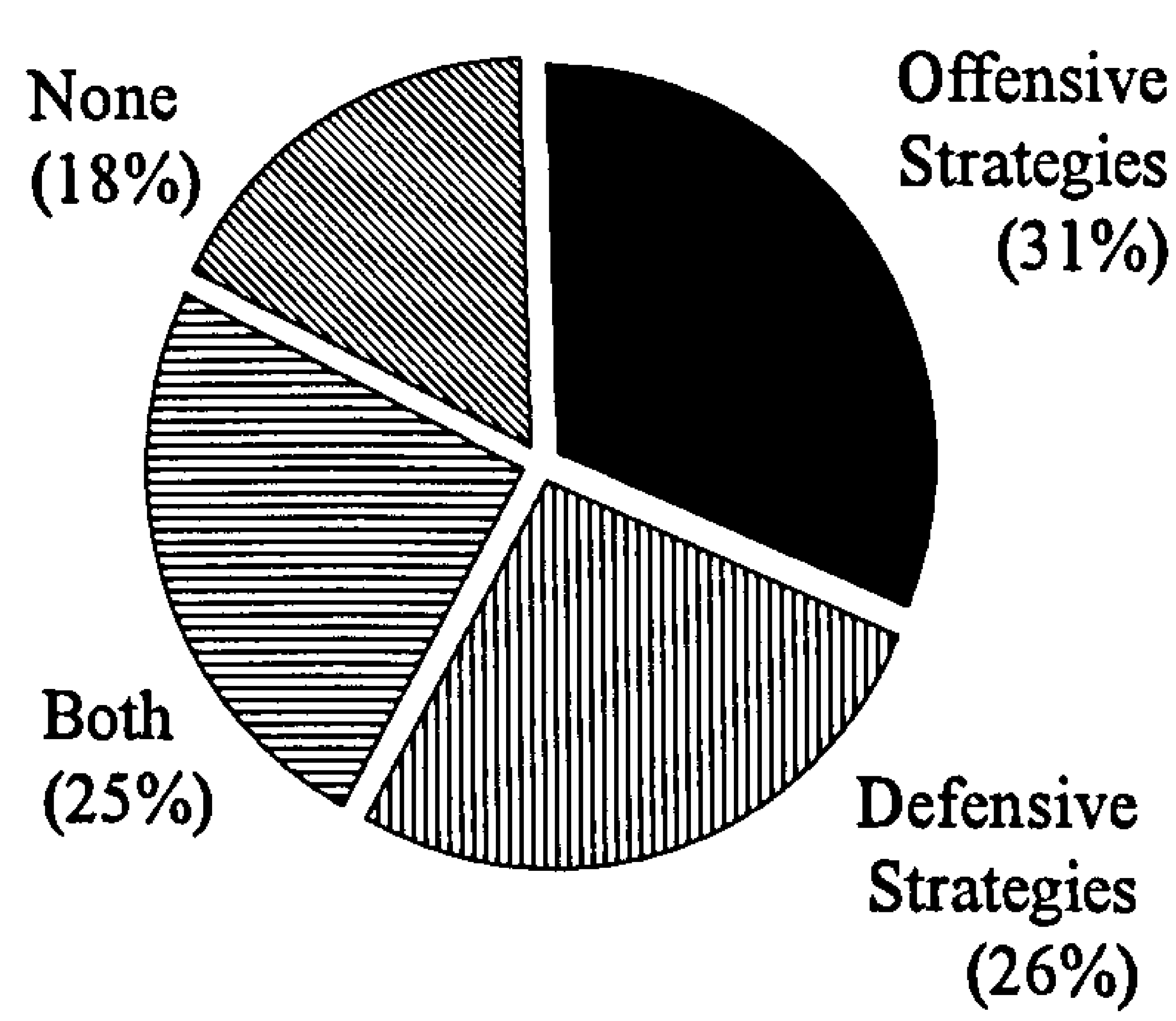
a) Maximisers: economic motives predominate
(n=77)



b) Lifestylers: non-economic predominate
(n=144)



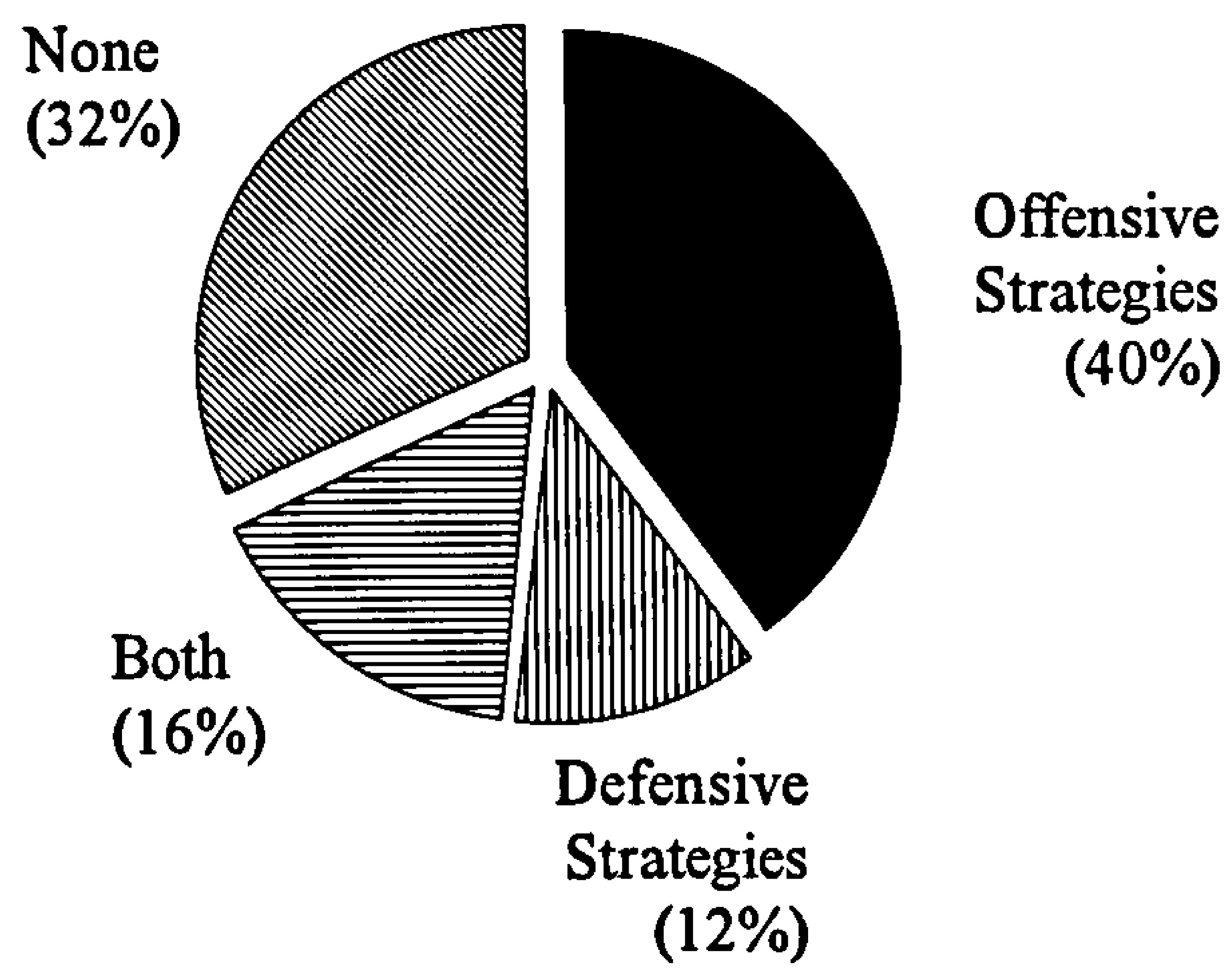
c) Both: economic and non-economic motives are equally important
(n=57)



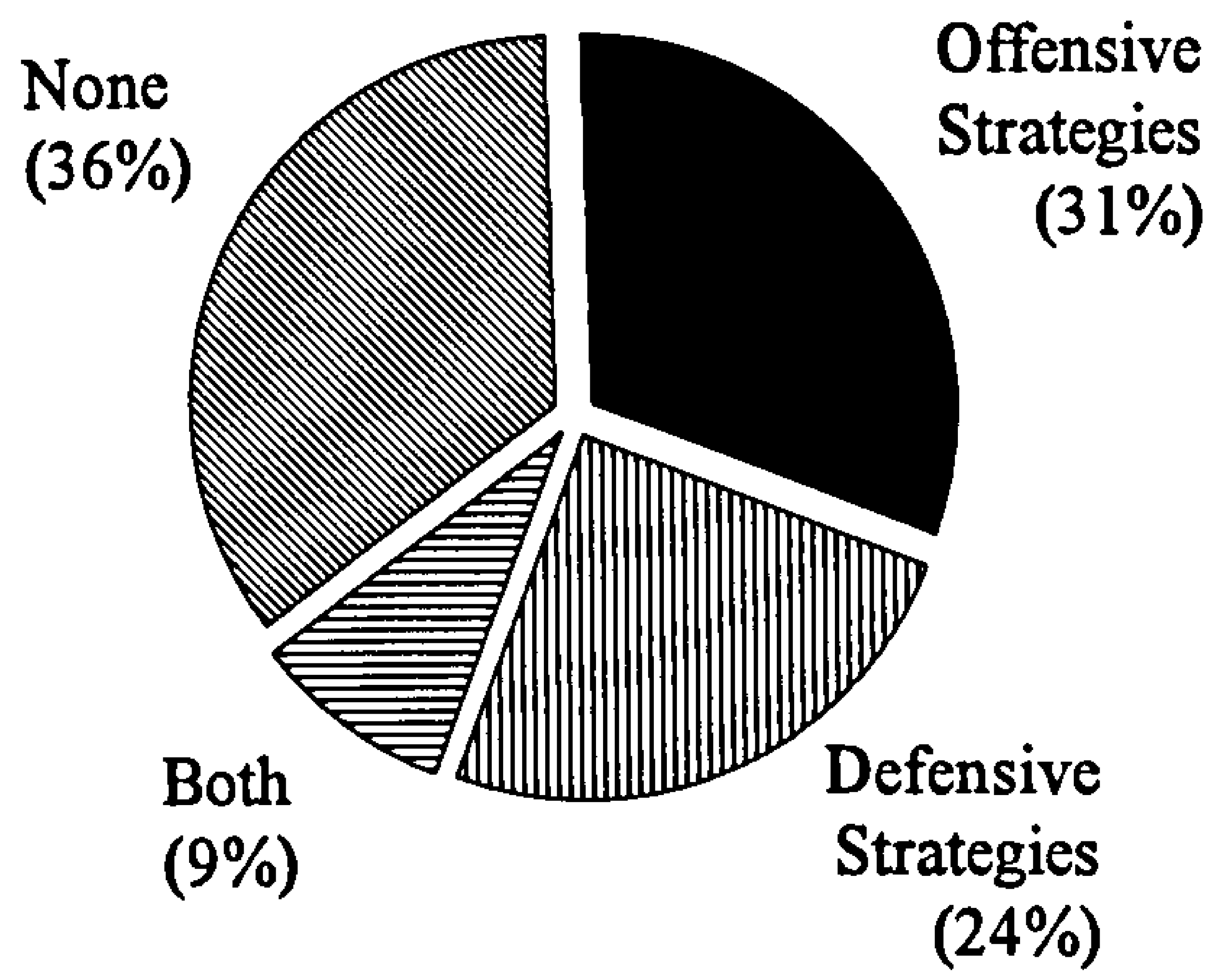
(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

Figure 7.17b: Type of strategy by the motivation of self-catering respondents

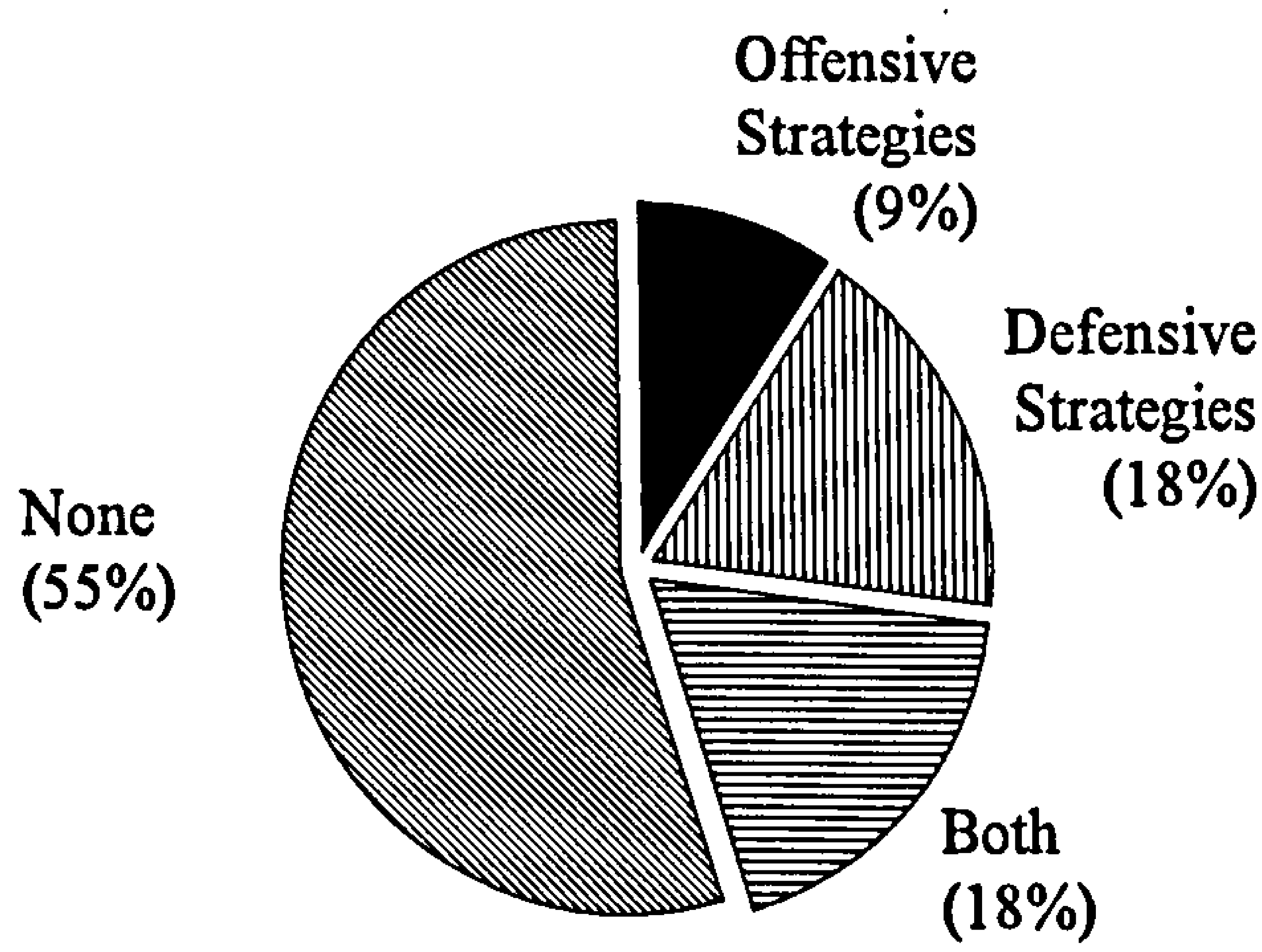
a) Maximisers: economic motives predominate
(n=40)



b) Lifestylers: non-economic predominate
(n=45)



c) Both: economic and non-economic motives are equally important
(n=11)



(Source: Torbay Holiday Accommodation Database - Questionnaire Survey, 1995)

7.18 Conclusions

The results presented in this chapter have highlighted the complexity of decision-making process and that the inherently individualistic nature of tourism enterprises makes it very difficult to predict responses to restructuring. However, a number of important factors have emerged that seem to play an important role in influencing the restructuring process. The ownership structure of accommodation establishments in Torbay reinforces the highly fragmented nature of the small business sector in Torbay, emphasising that the long-term future of the resort is intrinsically linked to the ability of the local tourism entrepreneurs. In total, 98 and 97 per cent of serviced and self-catering establishments respectively were operated as individual ventures. Only three per cent of serviced and self-catering establishments were managed as part of a chain. The results also suggest that Torbay has a relatively static stock of holiday accommodation establishments but that the industry is characterised by a high degree of turn-over of owners in both periods of boom and bust.

The survey highlighted that the decision to enter the accommodation industry was influenced by a complex combination of motives and aspirations. The main motivation for entering the industry was non-economic and, in particular, the desire to be self-employed. Overall, three distinct groups of tourism entrepreneurs emerged within the resort. For example, in the serviced sector, the predominant group were 'lifestylers' (51 per cent), concerned with non-economic motives such as family and quality of life issues. In contrast, 28 per cent of serviced respondents were 'maximisers', and a further 21 per cent regarded economic and non-economic motives as equally important. In the self-catering sector, the emphasis on non-economic goals was less pronounced. In total, 42 per cent of self-catering respondents were 'maximisers' and 47 per cent were 'lifestylers'. As in previous studies, the emphasis on non-economic goals suggests, perhaps too simplistically, that tourism businesses are not run in a highly effective manner. In addition, while life-style considerations are of significant importance to small family-run accommodation establishments, they can often conflict with strategies aimed at improving the competitiveness of the resort environment. For example, proposals to upgrade tourist accommodation and lengthen the holiday season may fail because of the gap that develops between the economic goals of local tourist authorities and the personal aspirations of tourism entrepreneurs (Williams *et al*, 1989, p. 1651). The characteristics of the industry reinforce the need for public sector intervention.

Not only must the public sector provide adequate advice and assistance to tourism entrepreneurs, it is vital for the public sector or possibly a strong accommodation organisation to act as a catalyst to organise the small business sector and provide a strategic framework for the future planning and management of the resort (Cooper and Buhalis, 1992, p. 121).

Respondents have capitalised on a number of sources to fund entry into the holiday accommodation industry. For example, within the serviced sector the selling of residential property, mortgages and bank loans were major sources of funding. These results highlighted the relationship between the accommodation industry and the property market, and, in particular, the susceptibility of hoteliers to higher interest rates, lower occupancy levels and fluctuations in property prices associated with the recession. Personal savings was also cited as a major source of capital, which reduced the need to establish a proper management strategy for scrutiny by an external agency, such as a bank.

Respondents had a diverse range of prior occupations; however, only 21 and 9.5 per cent of serviced and self-catering respondents respectively had any prior experience of the tourism industry. In addition, only 22 and four per cent of serviced and self-catering respondents had any relevant tourism qualifications. However, the results suggested that there is a need to look beyond the conventional approaches that assume limited occupational experience of the tourism industry will hinder effective responses to changes in market conditions. Significant managerial and professional expertise exists within the industry, suggesting that the main issue seems to revolve around the extent to which operators are adapting and capitalising upon business skills and experience acquired in other sectors of the economy. In particular, respondents emphasised that practical experience within the tourism and hospitality industries is often perceived to be more valuable than specific qualifications. The lack of relevant skills and experience of the tourism industry reflects the limited barriers of entry into the industry and of course emphasises the need for the ERTB and other tourist organisations to provide adequate advice and assistance to local hotel operators. An examination of prior tourist occupations revealed considerable experience of the hotel industry. For example, of the 61 respondents from serviced accommodation with prior tourism experience, 39 were previously owners or managers of accommodation establishments. Of particular interest is that, of these respondents, 25 (64 per cent) previously ran establishments in Torbay, suggesting a degree of internal movement not only within the accommodation sector but also to a more limited extent between the different resorts.

A number of respondents also had another occupation. As might have been expected, considering the very limited demands that self-catering accommodation places on the owners' time and labour, 48 per cent of self-catering respondents had another occupation compared to only 15 per cent of serviced respondents. The majority of these respondents were predominantly owners of small-scale accommodation establishments. For example, of the 47 self-catering and 41 serviced respondents with a secondary occupation, 45 and 85 per cent of respondents respectively were operators of establishments with up to 30 bedspaces. The results suggest that access to capital resources may reduce the vulnerability of smaller accommodation establishments to changes in the tourism market, and allows them to compete with the larger establishments in the local accommodation industry. In addition, the availability of a secondary income allows continual investment into the business thereby improving the quality of service provision in the hotel environment. However, a secondary income may also serve to hide inherent flaws in business management or divert attention away from effective management and so not necessarily guarantee business success.

The integral role of family members in the business environment was confirmed by the survey. In total, 79 per cent of serviced and self-catering respondents stated that other family members assisted in the running of the business. These statements reinforced the importance of non-economic goals in the decision-making process and the '*effective domestication*' of the labour force. The use of family labour allows operating costs to be minimised, thus providing smaller establishments with a source of competitive advantage, particularly in times of economic difficulty.

As discussed in Chapter Six, strategic responses to changes in the tourism market have focused primarily on product development and, in particular, the provision of ensuite, leisure and conference facilities. The main source of ensuite provision has come from the internal structuring of accommodation, typified by the construction of shower closets and bathrooms in existing bedrooms. Internal restructuring for ensuite provision has been a common strategy in all sizes of serviced accommodation. In total, 54 and 62 per cent of small and large serviced establishments respectively, had provided ensuite provision through internal modifications between 1960 and 1994. Provision through extensions to the property have remained limited, reflecting the capital costs involved in the development process. Interestingly, 47 per cent of those establishments providing ensuite facilities were operated by 'lifestylers'. This finding highlighted a possible weakness in conventional approaches to the small business, as the emphasis on non-economic goals does not necessarily mean that the business will not invest in new facilities. Indeed, prevailing market conditions seem to have overridden personal motivations for entering the industry, and forced every business to examine ways of remaining competitive. Despite the impact of the recession, the number of serviced establishments making internal modifications remained consistent in the early 1990s. The development of conference and leisure facilities has also been an important strategy for accommodation establishments in the serviced sector. As illustrated in Chapter Six, the provision of these facilities has been concentrated in the larger resort hotels. In total, 34 per cent of all large hotels provided conference facilities between 1960 and 1994. During the same period, 24 per cent of large hotels also provided new leisure facilities through extensions, compared to only two per cent of small establishments. A further 21 per cent of large hotels also provided leisure facilities through internal restructuring, compared to only one per cent of small establishments.

The development of new facilities has been concentrated in PHAAs. For example, 61 per cent of serviced establishments providing conference and leisure facilities were designated within PHAAs. As discussed in Chapter Six, the establishments in PHAAs highlight the industry's response to changing market conditions through new development initiatives. The high concentration of serviced establishments within PHAAs appears to raise the profile of any new development, and so hoteliers are effectively forced to respond to changes in the immediate resort environment in order to remain competitive. The development of conference facilities also reflects the impact of public sector intervention on the restructuring process, and that hotels have capitalised on the expanding conference market being attracted to Torbay by the opening of the English Riviera Centre (ERC). In addition to investment in new facilities, the general refurbishment and upgrading of facilities have also become important aspects of business operations, as both serviced and self-catering establishments have attempted to capitalise on existing facilities to optimise their level of competitiveness. Clearly, therefore, structural modifications are not the only means of responding to changing markets and investment focusing on the quality of service provision is a more common and more readily implemented strategy for most hotel businesses.

In conjunction with improvements to the quality of holiday accommodation, serviced and self-catering respondents have also revised marketing and advertising strategies. The most common form of advertising media in Torbay was the English Riviera Accommodation brochure, used by 62 and 78 per cent of serviced and self-catering respondents respectively. The importance of the guide illustrated the dependence of the small-scale operator on the public sector and that SSAEs rely heavily on the success of the marketing initiatives of the ERTB. Even for the larger establishments, the ERTB guide provides a cost effective way to achieve extensive market penetration. Direct marketing techniques have become important elements of competitive strategies in the hotel industry. In total, 40 and 33 per cent of serviced and self-catering respondents respectively were actively engaged in some form of direct marketing. This type of marketing activity was primarily concentrated in the larger establishments, with 73 and 75 per cent of large serviced and self-catering establishments sending mail-shots to former guests. As at the national level, these larger establishments based their marketing activities on customer profiles created through computer reservation systems. The operators of smaller establishments have also capitalised on this type of marketing strategy. Although not as sophisticated as the systems operated by the larger establishments, 34 and 27 per cent of small serviced and self-catering establishments respectively frequently sent mail-shots to former guests.

In response to changes in market conditions, the predominant response by the majority of both serviced and self-catering operators has been to increase levels of advertising. In total, 90 per cent of large and 51 per cent of small serviced establishments respectively have increased advertising levels. In contrast, 41 and seven per cent of serviced and self-catering respondents have also pursued more defensive strategies and withdrawn advertising. As well as changing advertising levels, 20 and 16 per cent of serviced and self-catering respondents have also begun to realise the importance of market segmentation and have changed their target market. While the larger establishments in the resort have capitalised on their recreational and leisure facilities to cater for the short break market, smaller establishments have also attempted to find their own niche in the tourism market. For example, the Abberley Hotel in Torquay has achieved a degree of differentiation by catering for the deaf and hard of hearing.

Specific responses to the recession within the serviced and self-catering sectors has been varied. Offensive strategies have been characterised by increased levels of advertising and improvements to the holiday product. In particular, product development related specifically to the general refurbishment and upgrading of facilities, rather than to any major structural improvements such as the provision of ensuite or recreational facilities. The patterns of development therefore suggested that the provision of ensuite facilities is not a response to recession but, more significantly, is indicative of the industry's response to the increasing sophistication of the tourism market.

Within the serviced sector, defensive strategies have focused on reductions in room tariffs. While the option of reducing staff was more pronounced in the larger establishments, options of finding additional employment and selling the property were solely focused in the smallest establishments. Coupled with the proliferation of cheap accommodation in the resort, these findings again served to underline the vulnerability of small-scale accommodation establishments to changes in market conditions. In the self-catering sector, maintaining tariffs was the main defensive response, with proportionally more larger sized establishments able to maintain tariffs than smaller and medium-sized businesses.

By examining the individual responses of serviced and self-catering respondents it was possible to determine the nature of their strategic response to the recession. In total, 28 per cent of serviced respondents were 'competitors' (who had pursued only offensive strategies) and a further 26 per cent were 'defenders' (who had only adopted defensive strategies). In addition, 19 per cent of respondents had also pursued both offensive and defensive strategies. In the self-catering sector, 27 per cent were 'competitors', 19 per cent were 'defenders', 14 per cent had adopted elements of both offensive and defensive strategies. Most significantly for the long-term health of the accommodation sector, was that 27 and 39 per cent of serviced and self-catering establishments had not responded to the recession, indicating extremely low levels of business awareness. The number of establishments 'doing nothing' was more pronounced in the self-catering sector than in the serviced sector. This finding underlines the nature of self-catering accommodation management and that, comparison to serviced accommodation, there is less emphasis on continued product development. Considering the entrepreneurial characteristics of respondents discussed earlier in this chapter, it might have been expected that offensive and defensive strategies would show a possible relationship with the size of establishment, and the age and motivations of the respondent. However, expected relationships were either not shown or alternatively extremely weak. Motivations were extremely poor explanations of strategy, while size and age provided some insights. For example, larger sized establishments were more likely to adopt a joint strategy, while small and medium sized businesses were more likely not to adopt any strategy. Older owners were also likely to have adopted a joint or no strategy, but also had the highest proportion with offensive strategies. The younger age group, that might be expected to be more likely to be competitive, were dominated by the highest proportion of defensive strategy of all the age groups. Overall, the results were rather contradictory and contrary to expectations, emphasising that the response to the recession is highly complex, and is determined by individualistic factors which are difficult to isolate and analyse.

Chapters Five, Six and Seven have provided a detailed case study of the development and the restructuring processes occurring in the holiday accommodation industry in Torbay. The following and final chapter of this study will now elucidate on the key themes discussed so far and, in particular, draw attention to the factors within the internal and external resort environment that have influenced the restructuring process in the resort.

Chapter Eight

Conclusions and Policy Recommendations

8.0 Introduction

The aim of this final chapter is to draw together some of the pertinent issues relating to the restructuring processes occurring with the small-scale accommodation sector that have emerged from this study. Section 8.1 provides an overview of the restructuring process in the manufacturing, service and hotel industries. Section 8.2 places the role of the recession in context with the other factors influencing the restructuring process. Section 8.3 reviews the types of offensive and defensive strategies that have been central to the restructuring process in other sectors and how, in particular, the strategies adopted in the hotel industry show a remarkable degree of similarity to those adopted in the manufacturing and service sectors. Turning to the local perspective, Section 8.4 demonstrates that the restructuring process in Torbay has been influenced by a combination of factors within the internal and external resort environment, including the historical development of the resort, the structural and entrepreneurial characteristics of the accommodation industry, public sector intervention, changing customer demand and recession. Section 8.5 discusses the types of restructuring strategies that have been adopted in response to changing market conditions. Based on these findings, Section 8.6 outlines a series of policy recommendations that while directly relevant to the future development of Torbay, are transferable to other destination areas and sectors in the tourism industry. Section 8.7 specifies a number of areas for possible future research and, finally, Section 8.8 places the Torbay experience in a wider context and reflects on the future of the holiday accommodation industry within resort environments.

8.1 The Restructuring Process: An Overview

Within the last 25 years, the manufacturing and service sectors within the UK and European economies have undergone a profound transformation. Intensified global competition, changing demand, government policy and the economic pressures of successive recessions have provided the catalyst for extensive restructuring programmes. Restructuring has created new geographies of production driven, in part, by the transition from Fordist to Post-Fordist production principles, embodying a shift from mass production and standardised products to small-batch production, differentiated products and increased flexibility in all aspects of the production process. However, although this dualistic framework provides a convenient platform on which to examine changes in contemporary industrial forms, in reality it simplifies the complexity of the decision-making process, in that firms have pursued a variety of offensive and defensive strategies in order to maintain a position of competitive advantage. Similarly, the organisational structure of the hotel industry has also been transformed as the processes of competition and growth have encouraged consolidation amongst the major hotel companies, and the adoption of new management practices focusing on brand identity, market segmentation and the development of new product ranges (Tarrant, 1989; Shaw and Williams, 1996).

8.2 The Role of the Recession in the Restructuring Process

As discussed in Chapters Two and Three, the recession has undoubtedly played an instrumental part in triggering and accelerating the restructuring process in all sectors of the economy. However, the experiences of recession in the UK have been very different. While the recessionary periods of the 1970s and early 1980s were principally a manufacturing-based phenomena, the recession of the early 1990s was also felt in the service sector and, especially, the housing market. As with other sectors of the economy, declining disposable incomes, higher interest rates and a fall in consumer confidence in the early 1990s placed the hotel industry under intense financial pressure as demand for hotel bedrooms contracted significantly. However, the seeds of collapse in the industry were set during the boom years of the mid-1980s. Hotels were frequently valued against the sales of comparable properties rather than on turnover and future trading potential. As a result of such high valuations, banks lent generously at a time when demand was peaking and hoteliers were eagerly refurbishing. The subsequent collapse of the property market therefore placed many hoteliers in a position of negative equity, attempting to make repayments on a loan worth more than the property.

To compound the problems within the industry, the recession has also had a profound impact on customer spending and, in particular, placed a greater awareness on value for money and, more significantly, quality assurance. 'The recession has been symptomatic of a fundamental re-evaluation of consumption' (Woods, 1993, p. 27), as consumers have been forced to reprioritise their discretionary spending decisions in the light of rising mortgage repayments and fears over job security. Changes in consumer behaviour and expectations have forced operators to re-evaluate existing facilities and invest in the development of new accommodation and product ranges that increasingly appeal to the short-break market and generate business in the shoulder months.

However, the recession alone will not dictate the pace and direction of the restructuring process. Restructuring strategies have been influenced by a combination of inter-related factors. For example, successive recessions in conjunction with increasing levels of global competition have exposed the underlying competitive weakness of UK industry, and consequently provided the catalyst for widespread structural transformations within all sectors of the economy.

The restructuring process has also been influenced by government policy. Throughout the early 1980s, the Conservative government shunned responsibility for the recession, arguing that the large scale restructuring of industry was a vital element in the regeneration of the UK economy (Martin, 1986b). According to Martin (1986a, p. 2): 'the recession itself can be interpreted in Darwinian terms, as speeding up the transition, through a process of restructuring and rationalisation to a higher norm of efficiency and profitability'. Government policy was also partly responsible for the 1990-92 recession, through the commitment to the European Exchange Rate Mechanism and protecting the value of the pound on the foreign exchange markets. Within the hotel sector, the industry's response to changing market conditions was influenced by the lack of a coherent government policy on tourism. For example, the abolition of Section Four funding in England in 1989 reduced the financial capability of the English Tourist Board to support new tourism projects and placed greater emphasis on the private sector for the financing and development of new tourism initiatives. At a time of increasing sophistication in the tourism market, the loss of the scheme has undoubtedly affected levels of investment, particularly amongst small-scale operators with limited access to financial capital (Agarwal, 1996, p. 143). Recent government reports focusing on the future of tourism have done very little to inspire confidence in the industry, and VAT at 17.5 per cent on accommodation continues to place the UK hotel industry at a competitive disadvantage compared to many other countries in the European Union.

8.3 Competitive and Defensive Strategies in the Restructuring Process: An Overview

Strategic responses in all sectors of the economy have capitalised on offensive and defensive strategies as firms have attempted to match the opportunities and threats in the external environment to internal organisational capabilities and resources. In particular, restructuring strategies in the hotel industry have in many ways been similar to those adopted in the manufacturing and service sectors.

Competitive strategies involving investment in technical development have been characteristic of all sectors of the economy during the 1980s and 1990s, as producers have utilised the latest technology to achieve greater flexibility and a position of competitive advantage in the production process. As discussed in Chapter Three, the hotel industry has proved an ideal candidate for the introduction of new technology. In particular, technology has allowed more effective monitoring of hotel operations and released staff from administrative duties, thereby enhancing the opportunity for staff utilisation throughout the hotel environment. The database component of computer reservation systems allows the hotel to offer a highly personalised service and has facilitated the development of direct marketing techniques aimed at ensuring repeat business and customer loyalty.

All sectors of the economy have embraced new operational practices where increasing emphasis has been given to building a reputation and a position of competitive advantage based on reliability and quality. Service quality and customer care have also emerged as important areas of competitive advantage in the hotel industry. The successful management of human resources has been central to new operational practices as greater encouragement is given to staff autonomy and independence. Within the hotel industry, new operational practices have focused attention on the strategic management process and a more proactive approach to operations, as hotels have attempted to anticipate the future demands of hotel guests so that products can be adapted and developed accordingly.

Defensive strategies have been characterised by extensive rationalisation programmes as producers have streamlined operations in an effort to reduce costs and make more efficient use of human and fixed labour resources. Granada's break-up of the Forte organisation was indicative of the way in which hotel companies have restructured hotel portfolios and sold off the least profitable businesses to introduce a sharper management focus. Rationalisaton has also been accompanied by the adoption of new employment structures characterised by the development of a peripheral labour force, comprising part-time clerical and support staff, and the removal of highly tiered management structures.

Ultimately, the hotel industry is no less vulnerable to competitive pressures than the manufacturing and service sectors. Indeed, the strategic planning functions adopted in the hotel industry are of equal sophistication to those adopted by manufacturing and service counterparts. However, the research literature fails to recognise fully the fundamental processes operating to produce the wide variety of production and organisational forms. For example, for the major hotel chains, profit maximisation and competitive advantage are the principal goals shaping management decisions. In contrast, the small business environment is influenced by highly personalised criteria, reflecting the impact of socio-cultural and non-economic goals in the decision-making process. Combined with low levels of capitalisation and management expertise, small-scale operators have very confined business horizons and are particularly vulnerable to changing economic conditions. Considering that the small-scale business sector constitutes the backbone of the accommodation sector in many traditional coastal resorts, the limited understanding of the structural characteristics and entrepreneurial skills of small-scale operators will detract significantly from the success of policy objectives designed to guide the long-term development of resort economies. In recognition of this gap in the research literature, the main aims of this study were therefore to:

1) *analyse the processes of change which economic recession has induced in the tourist accommodation industry of a major UK resort*;

2) *establish the outcomes of these processes in terms of their impact on the scale and nature of accommodation available*;

   and;

3) *to assess, with respect to their implications for resort development, the likely consequences of shifts in the accommodation structure.*

These aims were pursued by a case study of Torbay.

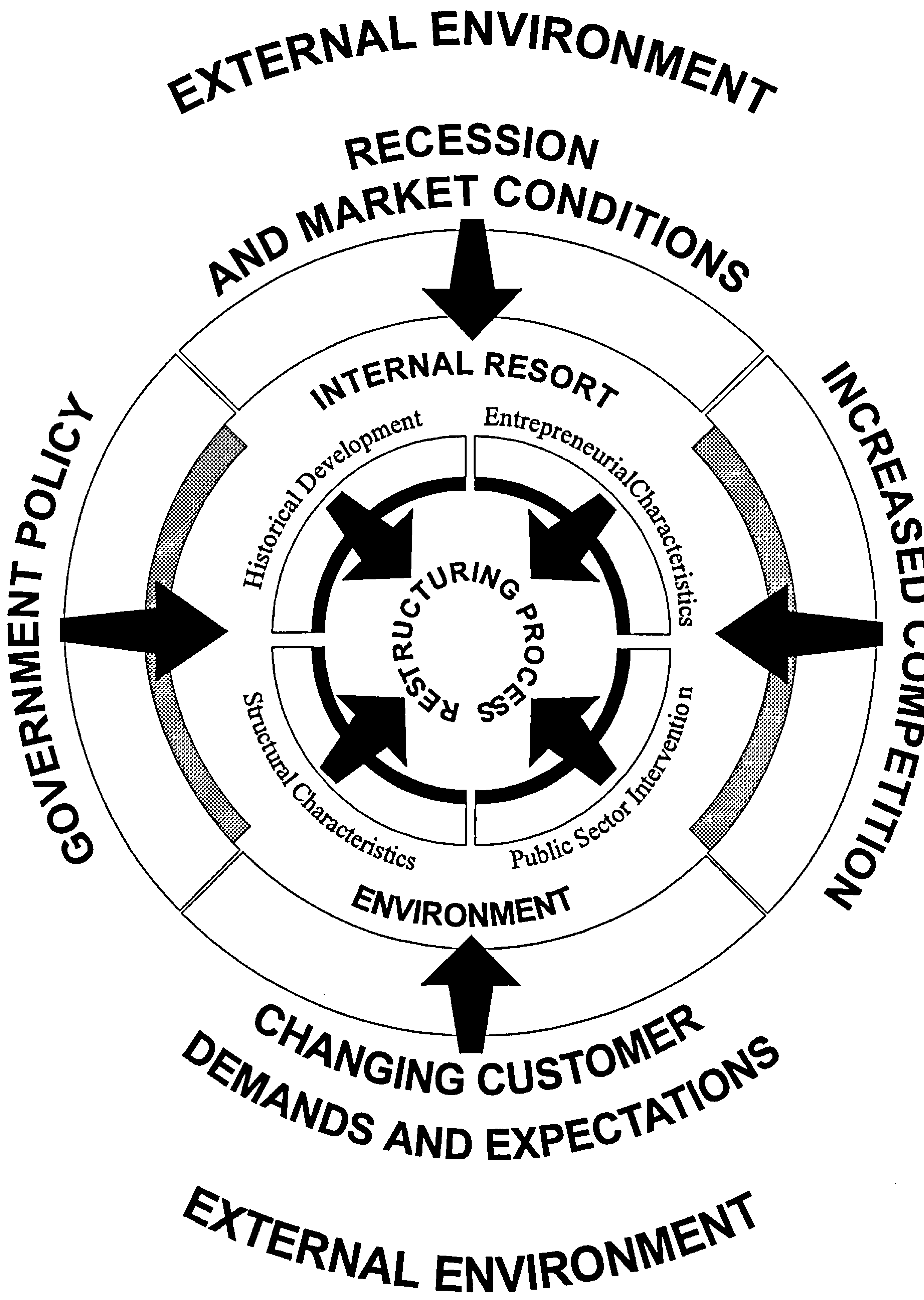
8.4 The Restructuring of Tourist Accommodation in Torbay

Information from the commercial register, holiday accommodation brochures, planning application records and the questionnaire survey of serviced and self-catering accommodation indicated that the restructuring processes occurring within the holiday accommodation industry in Torbay have been influenced by a combination of inter-related factors within both the internal and external resort environment (see Figure 8.1). Internal factors relate to the characteristics of the immediate locality, such as the historical development of the resort, the structural, locational and entrepreneurial characteristics of the accommodation sector, and the role of public sector invention. External factors refer to changes within the wider national and international tourism markets, and include increasing levels of competition, changing customer expectations and demand for holiday accommodation, government policy, and the role of recession.

As at a national level, the accommodation industry has had to respond to changing customer demands and expectations. The provision of ensuite and leisure facilities were typical of the industry's response to the long-term structural change in the demand for holiday accommodation and the increasing sophistication of the tourism market. The importance of value for money and the actual quality of the holiday product have been exacerbated by the recession as consumers seek to ensure that their money is well spent. The industry has also had to respond to increasing levels of competition from national and international tourist destinations. In particular, concerns over package holidays underlined the competition offered by Mediterranean resorts: thus once tourists 'have experienced Torremolinos, the next time they are likely to consider Turkey or Tunisia rather than Torbay' (Williams and Shaw, 1996, p. 10).

Change within the industry has also been influenced by the government's wavering commitment to the tourism industry. As noted earlier, the abolition of the Section Four grant aid scheme has acted to undermine potential development, particularly amongst the smaller accommodation establishments with limited access to capital resources. As discussed in Chapter Six, the lack of a definitive policy over the six-bedspace rule allows illegally trading establishments to undermine the price structure of accommodation in the resort to the detriment of future investment in accommodation and facilities. The construction of the database also highlighted the sheer inadequacy of available information sources and the need for a comprehensive registration system

Figure 8.1: The factors influencing the restructuring process in the holiday accommodation industry in Torbay



to monitor changes occurring within the tourism industry.

The industry has also been affected by changes in the economy and, in part, by the recession of 1990-92. Data from the planning application records indicated that levels of investment have proved highly sensitive to changes in market conditions. While economic growth in the 1980s spurred new development in the resort, the recession of the 1990s has acted to curtail investment in new facilities. The results from the planning application records also suggested that changing property values have been instrumental in driving developments in the local accommodation industry. For example, applications for change of use to residential accommodation closely reflected the expansion and subsequent collapse of the property market in the late 1980s and early 1990s, rather than any specific changes in the tourism market. In total, the number of granted applications for change of use to residential accommodation from serviced accommodation reached a peak of 17 in 1989 and then fell to four in 1990. The patterns of business start-up also supported this relationship suggesting that the higher property values in the late 1980s, associated with higher disposable incomes and expansion in the tourism market, created a favourable climate for investment into hotel businesses. However, despite the impact of the recession and collapse of the housing market in the early 1990s, a downturn in the property market has provided a further opportunity for prospective entrepreneurs to establish themselves in the local accommodation industry. Clearly, lower property prices in times of recession are of equal significance to hotel business start-ups in times of boom.

All sizes of establishments seem to have been affected by the recession, suggesting that its impact has been indiscriminately spread throughout the resort, rather than being focused on one particular type of business enterprise or in any particular location. However, the results from the questionnaire survey suggest that the self-catering sector has been somewhat more resistant to the recession. This apparent resilience reflects the increasing popularity of self-catering accommodation as it provides greater flexibility and value for money. Indeed, the planning application records suggested a gradual conversion from serviced to self-catering accommodation which, if continued, could trigger a long-term structural adjustment in the distribution of bedspace capacity within the resort. The results from the commercial register and the planning application records also emphasised the vulnerability of small-scale accommodation establishments (SSAEs) to changes in market conditions. For example, the majority of lost serviced and self-catering establishments identified in the commercial register were SSAEs, and it was predominantly operators of smaller establishments that had applied for planning permission for change of use to residential accommodation. Overall, trying to isolate the role of the recession in the restructuring process proved difficult because of the complexity of the different factors involved. Ultimately, it can be suggested that major structural changes within the industry represent the industry's response to long-term changes in the market. The recession, in turn, has accelerated this restructuring process and has placed greater emphasis on the importance of value for money and the actual quality of the holiday product. Ironically, at a time when quality issues are paramount in the tourism industry, the recession has curtailed investment in new facilities.

While external factors have played an important part in the restructuring process, the response to changing market conditions has also been conditioned by a combination of internal factors operating within the resort environment. The historical development of the resort has had a significant impact on the structural and locational characteristics of the holiday accommodation industry in Torbay. As discussed in Chapter Five, the major landowners were instrumental in shaping the infrastructure and built environment of the resort. For example, the high density of SSAEs in the Avenue and Falkland Road areas of Torquay can be attributed to the residential development pursued by the Cary family in the nineteenth century. Alternatively, the larger hotels around Meadfoot Terrace and Lincombe Drive reflect the conversion of larger residential properties originally developed by William Kitson. The historical legacy is ingrained in the structural characteristics of the industry, which is highly fragmented and dominated by SSAEs. In total, 72.7 and 78 per cent of serviced and self-catering establishments respectively had between one and 30 bedspaces. In marked contrast to the national hotel industry, there is an absence of major hotel chains in the resort. However, while the structure of the industry gives a capacity and composition of accommodation stock that few UK resorts can match, it has also had a marked influence on the restructuring process. Responses to changing market conditions varied considerably from establishment to establishment reflecting individual management strategies and business objectives, and the opportunities and constraints imposed by the size, location and structural capacity of the establishment.

The proliferation of cheap accommodation within the resort (67 per cent of serviced establishments charged less than £20 per night) also influences the restructuring process. Low tariffs can affect turnover and profit margins, which can ultimately restrict the ability of the hotelier to upgrade the quality of accommodation on offer and therefore places the hotel at a competitive disadvantage. Where new investment has occurred, it has allowed a higher room tariff to be charged. However, such investment seems limited within the smaller establishments and, as noted earlier, appears largely dependent on the structural characteristics of the property. Furthermore, it can also be suggested that operators of smaller establishments have had to absorb the cost of new development, as competitive pricing policies in the local area prohibit the full cost of development being passed onto the tourist through higher room tariffs. This situation has been compounded by establishments trading illegally, who charge unrealistic room tariffs and therefore force other operators to lower their prices in order to remain competitive.

Public sector intervention has also played a pivotal role in determining the nature and direction of the restructuring process. As discussed in Chapter Five, since the early nineteenth century the local authority in Torbay has taken a pro-active role in the development of the tourism infrastructure in the resort. The rejuvenation strategies of the late 1980s, embodied in the Tourism Development Action Programme (TDAP) (1986-1989), underlined the resort's strategic response to changes in the tourism market and provided a co-ordinated framework for tourism development. In particular, the involvement of the public sector illustrated the urgency attached to reversing the overall decline of the tourism industry within the resort. The emergence of identifiable development and marketing strategies signalled a major change in the management and promotion of tourism resources. Indeed, the highly fragmented and unco-ordinated nature of the industry reinforced the need for the public sector to provide a strategic framework for the future planning and management of the resort. Central to this management process was a more positive relationship between the public and private sectors which provided a focal point for development and marketing activity. The TDAP stimulated new development and encouraged the upgrading of tourist facilities and accommodation. Access to capital investment through the English Tourist Board's Section Four grant aid scheme was channelled into the accommodation industry to finance the upgrading of existing accommodation stock, and the provision of ensuite and leisure facilities.

In conjunction with the TDAP, the Principal Holiday Accommodation Areas (PHAAs) have also influenced the restructuring process by shielding the accommodation industry from the full impact of market forces. As discussed in Chapter Five, the PHAAs were originally introduced in 1983, as a response to the perceived threat posed to the industry by the conversion of hotels into elderly persons' accommodation. In 1995, 491 serviced and self-catering accommodation establishments and 17,962 bedspaces were designated within PHAAs. While designed to protect the intrinsic holiday atmosphere of key tourism areas in the resort, this study has highlighted the need to consider the extent to which PHAAs have acted against the restructuring process and contributed, in part, to an oversupply of bedspaces in Torbay. Furthermore, it can also be suggested that PHAAs have increased levels of competition for local operators and, perhaps, maintained tourist numbers in properties ill-suited to responding effectively to changes in the tourism market. Conversely, by preventing the change of use to residential or alternative commercial enterprises, the PHAAs have inadvertently maintained a range of businesses which provide the opportunity to enter the industry at different operational levels, thereby facilitating the emergence of new entrepreneurial ability. By securing the structural integrity of the accommodation industry in Torbay, the PHAAs have provided a catalyst for new development. Investment in new facilities has been primarily concentrated within PHAAs and, in particular, the larger resort hotels such as the Derwent and Victoria highlight the industry's response to changing market conditions. The low number of planning applications for change of use to residential accommodation originating within PHAAs also illustrates how the PHAAs have protected the industry from the impacts of the property boom, that would otherwise have severely depleted the level of accommodation stock in Torbay.

Results from the questionnaire survey of serviced and self-catering accommodation confirmed that the entrepreneurial characteristics of respondents also play an important role in the decision-making process. In total, 51 and 47 per cent of serviced and self-catering establishments respectively were run by lifestylers, who placed greater emphasis on quality of life issues rather than profit maximisation. Coupled with limited occupational and management experience of the tourism industry, the results highlighted that the performance of local operators would determine the industry's response to changing market conditions. The importance of non-economic factors in the decision to enter the holiday accommodation industry in Torbay also suggested that, although the public sector in Torbay can provide the infrastructure and policy framework for resort development, they will not guarantee the emergence and success of entrepreneurial ability. Policy initiatives can influence the business environment but will not necessarily alter the behaviour, personal perceptions and attitudes of local tourism entrepreneurs. The results also illustrated the '*effective domestication*' of the labour force in the hotel industry. Overall, 79 per cent of serviced and self-catering establishments stated that other family members, predominantly the marital partner, assisted in the running of the business. Clearly, family unit allows operating costs to be minimised, providing smaller establishments with a source of competitive advantage, particularly in times of economic difficulty.

While the results from the questionnaire survey seemed to endorse the findings of other tourism studies (see Stallinbrass, 1980; Williams and Shaw, 1986; Brown 1987) and suggested that businesses were not run in a highly effective manner, further analysis revealed a possible weakness in these conventional and established views of the small business sector. For example, prevailing market conditions seem to have overridden personal motivations for entering the industry and forced every business to find ways of remaining competitive. In addition, 47 and 60 per cent of serviced and self-catering respondents respectively had previously been employed in managerial or professional occupations. Therefore significant business experience existed within the resort, suggesting that the main question seems to be the extent to which operators of accommodation establishments are adapting business skills and experience acquired in other sectors of the economy to the tourism industry. It was expected that the adoption of offensive and defensive strategies would show a relationship with the size of establishment, age and motivations of respondents. However, no significant relationships were found, or were alternatively extremely weak. Overall, the results underlined the complexity of the decision-making process and that business strategy is influenced by highly personalised and individualistic operating characteristics that are difficult to isolate and analyse. From an academic perspective, these results highlight the importance of the behavioural environment and the danger of concentrating on a quantitative approach to explain changes in the small business environment.

8.5 Restructuring Strategies within the Holiday Accommodation Industry

Restructuring strategies within the holiday accommodation industry have primarily concentrated on product development and the quality of service provision. In particular, new development has focused on the provision of ensuite and leisure facilities. The holiday accommodation brochures and planning applications have confirmed the long-term investment of ensuite provision in the resort and underlined the central position of ensuite provision in competitive strategies for all sizes of business enterprises. However, as noted earlier, the ability to provide ensuite facilities has been influenced by the internal characteristics of the establishments, especially the limited size of properties and access to capital resources. The holiday accommodation brochure (1994) also illustrated a high level of service provision in the resort. The provision of larger, more expensive facilities, such as swimming pools, health spas and tennis courts, was primarily concentrated in the larger establishments. Clearly, for these larger hotels, product development is central to market segmentation strategies aimed at securing a competitive advantage in the market place. However, smaller establishments have also been forced to upgrade the standard of accommodation in order to remain competitive. For example, the majority of small establishments provided tea and coffee making facilities and a colour television. The widespread provision of these facilities reinforces the underlying sophistication of the tourism market, and that customers now expect a standard level of service. However, while the larger hotels can off-set the cost of providing such facilities against other facilities offered in the hotel, even meeting minimum standards of service provision can prove expensive for the smaller establishments. Somewhat unexpectedly, 47 per cent of those serviced establishments providing ensuite facilities were operated by lifestylers. This finding suggests that prevailing market conditions have overridden personal motivations for entering the industry and forced every business in the resort to find ways of remaining competitive.

Overall, changing customer expectations can be seen to be raising the barriers of entry into the industry, as basic bed-and-breakfast provision is increasingly no longer adequate for the tourism market. The development of conference facilities has also been an important strategy for larger establishments in the serviced sector. In particular, development has capitalised on the expanding conference market being attracted to Torbay by the opening of the English Riviera Centre. Therefore, while establishments are responding to changes in the tourism market, the public sector has again provided the catalyst for new development and guided the restructuring process in the resort.

The planning application records also highlighted that new development has been concentrated in Torquay, which suggests that the price structure and structural characteristics of the accommodation sector in Torquay give greater access to capital and physical resources to support development and a more effective response to changes in market conditions. These results underlined an imbalance in the level of investment in the resort, and that the restructuring process seems more advanced in Torquay. Clearly, future resort development needs to address this issue in order to ensure the long term survival of Paignton and Brixham as viable tourist destinations.

Annual refurbishment and upgrading of accommodation have become important elements of business operations. This finding illustrated that there is a limit to the level of development that can take place within any establishment. After a development threshold has been reached, attention must focus on ways to capitalise on existing facilities to optimise levels of competitiveness. In turn, the importance of refurbishment and upgrading strategies has been given further impetus by the impact of the recession. As discussed in Chapter Two, for many small businesses the restructuring process has also been accompanied by a process of product and service realignment. For small establishments, who by their very character are unable to continually restructure in the same way as larger establishments, changing the product mix and offering additional or upgraded services has become an important area of competitive advantage.

As well as improvements to the quality of the holiday product, operators have revised marketing and advertising strategies. The predominant response has been to increase levels of advertising, reinforcing the notion that maintaining product awareness is an essential strategy designed to maintain a position of competitive advantage. Hotels have also capitalised on market segmentation. While the larger hotels have focused on their leisure facilities to cater for short break market, smaller establishments have found their own individual market niches, such as catering for the elderly, the deaf and hard of hearing. In addition, a number of hotels have also entered into strategic alliances with coach operators to help sustain occupancy rates. As at the national level, direct-marketing techniques have also been exploited in the resort. The larger hotels in Torbay, such as the Derwent and the Victoria, have based marketing activity on information generated through a computer-reservation systems. While not as sophisticated, 34 and 27 per cent of small serviced and self-catering establishments have also capitalised on this marketing approach and frequently send mail-shots to former guests.

Specific responses to the recession have been varied. Offensive strategies have focused on advertising and improving the quality of the holiday product. Conversely, defensive strategies have been characterised by reductions in room tariffs, which was illustrative of the competitive pricing policies in the resort. However, the adoption of offensive and defensive strategies showed no significant relationship with the size of establishment or the age and motivation of the respondent. Therefore, it was not possible to develop any specific typologies of accommodation operators that could have been used to predict responses to changing market conditions. Most significant, for the future of the industry, was that 27 and 39 per cent of serviced and self-catering establishments took no action against the recession, indicating low levels of business awareness and a relaxed approach to business management encapsulated in what local tourism officials recognise as the 'Torbay Factor'. The degree of inaction was particularly noticeable in the self-catering sector, which again illustrated the more dormant characteristics of the sector and that less emphasis is needed on continued product development.

Overall, the restructuring process in Torbay has been influenced by a combination of internal and external factors which reflect intrinsic historical and contemporary features of resort development, set against wider changes in the demand for the tourism product and the institutional support structure for the tourism industry. The results presented in this study highlight that operators of SSAEs in Torbay share similar characteristics to tourism entrepreneurs within other UK resorts, as identified by Stallibrass (1981), Williams and Shaw (1986) and Brown (1987) (see Chapter Three), and therefore highlights the important role of the behavioural environment in the decision-making process. Unfortunately, the lack of comparable research at a national level restricts the ability of this study to make accurate generalisations regarding the nature of the restructuring process in other resort areas. However, considering the patterns of development highlighted in Torbay, it does seem clear that the restructuring process will be subject to highly localised factors relating to the historical, structural and operational characteristics of the immediate resort environment. Indeed, Soane (1992, 1993) has discussed the historical implications of resort development with reference to specific examples such as Bournemouth and Nice. Furthermore, in a review of tourist development in Welsh coastal resorts, the Wales Tourist Board (1992) identified the constraints placed on future growth opportunities by the physical and structural characteristics of small-scale accommodation establishments. With reference to competitive and defensive strategies discussed in Chapters Two and Three, the actual responses to the restructuring process in Torbay appear more generic, and the importance of new product development, service quality and marketing appears transferable to all destinations and sectors in the tourism industry. However, more comprehensive research in resort environments is needed to substantiate these patterns and how they relate to the characteristics of the resort environment. In recognition of present weaknesses in the research literature, the following sections will outline a series of policy recommendations and areas of future research that will contribute to an increased awareness of the problems and opportunities facing British seaside resorts.

8.6 Towards a Prosperous Holiday Accommodation Industry: Policy Recommendations

By drawing on the findings presented in this study, it is possible to outline a series of policy recommendations that are to an extent transferable to other destination areas and sectors within the tourism industry. First, the acquisition of data sources to support the methodological framework used in this study has highlighted the sheer invisibility of the holiday accommodation industry at a local and national level. Although a variety of data sources exist, they are incomplete, highly fragmented, and allow no direct contemporary or long-term analysis of changes within and between specific localities and regions. Given the importance of tourism to local and regional economies in Devon, and throughout the UK, this situation seems unacceptable and consequently there is a need for a comprehensive review of the data collection techniques employed by the public and private sector organisations involved in the tourism industry.

In order to gain a clearer insight into the operational structure of the accommodation industry, this study recommends the establishment of a statutory registration scheme for holiday accommodation. Compulsory registration is a highly controversial subject, because of the implications of official controls. Opponents argue that such measures would increase barriers to entry and that the government should not compel small businesses to submit to a quality inspection even on the grounds that is in the businesses' own interests (National and Economic Development Committee, 1992, p. 31). However, the introduction of a such a scheme would have a number of distinct advantages for the tourism industry relating to data collection, research and intelligence services, planning, training and quality assurance. Co-ordinated and funded at a national level, possibly by the Department of National Heritage and the national tourist boards, and administered at a local level by the regional tourist boards and local authorities, a compulsory registration scheme would provide a comprehensive database of all accommodation stock in the UK, accessible to all those organisations involved in the tourism industry. Utilising similar database management systems employed in this study, the scheme would immediately clarify the number, size and types of holiday accommodation establishments within any given area:

> *'Classification or registration achieves quantification and if one is a necessary tool for the evaluation and development of the industry in any country, then it is something useful which deserves serious consideration' (Horwath and Horwath, 1988, cited in Callan, 1994, p. 15).*

The scheme would introduce an element of standardisation and encourage a more systematic approach to the gathering, recording and analysing of data related to the tourism industry at all operational levels. Information recorded within the proposed database would support research and intelligence services and so provide a mechanism to monitor wider changes occurring in the tourism market. A more structured and integrated approach to the compilation and dissemination of tourism statistics would significantly enhance the value of existing publications such as the 'Devon Tourism Review'. While the tourism industry cannot control changes in the external tourism environment, accurate information relating to investment, occupancy levels, and new marketing and development initiatives will allow both the public and private sector organisations within the tourism industry to recognise and respond, via practical recommendations, to emerging market opportunities and problems (Moutinho, 1989). The information held within the database would be updated on an annual basis and existing information would be archived therefore providing the opportunity to identify long-term structural changes in the demand for and supply of holiday accommodation at a local and national level. The system would also replace existing databases operated by the regional tourist boards and so provide a more accurate database on which to base and promote marketing activity.

As discussed in the introductory chapters of this study, academic research concentrating on the role of the small business sector within the tourism industry is becoming increasingly marginalised due to the lack of representative information relating to the number, size and distribution of SSAEs in the UK. A national database would therefore provide an accessible sampling framework and so significantly enhance the opportunities for academic research in a variety of tourist areas, whether they be coastal resorts or inland urban and rural destinations. This research would not only strengthen the position of tourism within mainstream academic research, but also contribute positively to the literature examining the factors influencing the restructuring process in the tourism industry and so provide effective guidance to those organisations involved in the tourism management process. The successful collaboration with Torbay Borough Council in this study, underlines that local authorities and the regional and national tourist boards, need to capitalise more positively on partnerships with educational establishments to highlight the economic and social value of the tourism industry and increase the government's awareness of the inherent problems and opportunities facing the industry.

At a local level, a statutory registration scheme would also provide an effective tool for local authorities to monitor the impact of local planning policies. In Torbay, for example, such a scheme would clarify those serviced and self-catering establishments operating within PHAAs and underline the intrinsic value of groups of hotels in key tourism areas in Torbay. A clear understanding of the structural and operational characteristics of the accommodation industry would assist in the development and implementation of local plan policies that recognise the inherent problems and opportunities facing the industry, and so underpin the long-term economic sustainability of destination areas. Given the increasing emphasis placed on the development of information technology within local authorities, registration details could be easily integrated within GIS systems to highlight the spatial characteristics of the accommodation industry and the potential impacts of new development and change of use on the structure of the holiday accommodation industry.

A comprehensive listing of accommodation stock would allow the effective circulation of details regarding quality, marketing and business support initiatives available through local agencies, such as the regional tourist board or local authority. Increased communication would help to breakdown the often insular approach to business management and marketing so typical of the small business environment (Locke, 1997), and create a more co-ordinated approach to marketing and quality improvement plans throughout the resort (Bell, 1995). SSAEs should not reject collaboration with local competitors and there is a clear opportunity for greater co-operation between establishments in the small business sector. For example, a possible avenue for co-operation could be the creation of a marketing consortia that focuses specifically on the highly personalised product offered in SSAEs. The promotion and development of new marketing networks would ensure that individual operators have access to new markets and gain savings in their costs through bulk purchasing schemes (Bell, 1995). However, the use of database management systems need not be confined to the holiday accommodation industry and future initiatives could include the more informal identification and registration of other businesses involved in the tourism industry, which would again encourage a more integrated approach to resort development.

The introduction of a statutory registration scheme would also have an important impact on quality assurance in the accommodation industry. At a national level, there is some confusion over the grading schemes operated by the English Tourist Board, the Automobile Association (AA) and the Royal Automobile Club (RAC). Moreover, present grading schemes also offer very little protection to the customer. For example, establishments with less than six-bedspaces do not have to conform to fire and safety legislation. Therefore, a national registration scheme would safeguard the interests of the consumer and introduce a greater degree of conformity over the implementation of health and safety legislation. The Consumers' Association has supported compulsory registration for some time and persistently called for its implementation:

> *'The Development of Tourism Act 1969 allows the tourist boards to introduce compulsory registration and inspection, but they have hesitated to use compulsion under pressure from the trade, who fear price and taxation control. If consumers are to be properly served, then inspection must be compulsory so that all types of accommodation are covered. And, most crucially of all, obligatory quality grading must be included for all establishments' (cited in Callan, 1994, p. 14).*

Perhaps the strongest call for a statutory scheme has come from the National Economic Development Council's Working Party on Competitiveness in Tourism and Leisure:

> *'it might be thought that the hotel industry would regard a mandatory scheme to be to its own advantage, since it would enforce minimum quality levels and reduce the incidence of unacceptable quality in that part of the industry which tends to damage*

the latter's image as a whole' (NEDC, 1991, p. 32).

Registration could also form the basis of a new universal grading scheme, whereby registration would be dependent on establishments meeting a basic level of service provision. For example, the Northern Ireland Tourist Board scheme for the classification of hotels, introduced in 1993, states that:

> *'if the facilities are not of acceptable quality, the premises may not be classified at all. Quality will determine whether the premises are suitable for classification. Unacceptable quality will not be reflected by downgrading, but by a refusal to classify the premises' (cited in Callan, 1994, p. 14)*

The success of the scheme would depend on introducing minimum standards of service provision that are accepted by all sectors of the industry. What is clear, is that as the tourism market becomes increasing cost and quality-conscious, customers will expect the protection of guaranteed standards.

The educational and prior occupational characteristics of respondents in this study and their limited participation in the English Tourist Board 'Welcome Host' Scheme, highlights the issue of training mechanisms in the tourism industry and, in particular, what type of training is appropriate, and who should be responsible for providing it. Attitudes to training programmes in Torbay suggest that national training schemes are too prescriptive and do not reflect the individual needs of tourism entrepreneurs. Training schemes need to be more flexible and adaptable to the specific demands of the local tourism industry. In recognition of the needs for a more 'bottom-up' approach to training, this study recommends that further encouragement is given to the development and participation in training schemes similar to the 'Tourism Opportunities Programme' (TOPS), operated by the Devon and Cornwall Training and Enterprise Council. The scheme, which started in 1996, provides customised training sessions on all aspects of hotel and business management, that reflect the individual needs of the operators of holiday accommodation establishments in Torbay. TOPS responds directly to specific requests for training and so provides a 'hands-on' and practical approach to training initiatives. Training schemes run in Torbay have included customer service, accounting and marketing. More effective training would assist in the transferability of key management skills acquired in other sectors of the economy, and encourage a more pro-active approach to financial planning and resource management. This would help reduce the high turnover of business operations in the accommodation industry and encourage greater continuity in the ownership, management and development of the holiday product. However, given the highly fragmented nature of the small-scale accommodation sector, implementing and encouraging widespread participation in such schemes may not be easy. One possible method of encouraging training might be to make the attendance on an approved training programme a prior requirement for compulsory registration. In this way, a registration and grading scheme would be associated with the adoption of improved training procedures within the accommodation industry (Hughes, 1991, p. 206).

The development, management and marketing of tourism resources in Torbay highlights the important role of partnership between the public and private sector. Indeed, throughout the UK, similar partnerships are mobilising resources and stimulating the rejuvenation of resort areas. For example, in Wales new product development and improvements to the infrastructure of resort areas have been supported by grant aid available through the Welsh Tourist Board's integrated tourism development initiative (see Wales Tourist Board, 1992). Elsewhere, the European funded 'Restore' project (The Regeneration of Seaside Towns and Resorts) is currently supporting a collaborative venture between a number of local authorities within EU member states, including Langbaurgh-on-Tees Borough Council (England), Rhuddlan Council (Wales), Tramore (Ireland), Portrush (Northern Ireland), Ringkjobing (Denmark) and Zuid Holland (Netherlands), which is examining ways to tackle the inherent problems facing traditional seaside resorts in Europe. The project is focusing on the issues of physical development, marketing, seasonality, training, partnership and funding, in order to develop a series of policy recommendations that will point the way to the comprehensive revitalisation of resort areas (see European Commission, 1997). However, while partnership will continue to be an important feature of future regeneration projects, the patterns of investment reflected in this study highlight concerns over the long-term sustainability of investment from the private sector. While many hotel operators are aware of the need for new product development, they cannot effectively respond to changes in the tourism market because of the structural characteristics of the property or the lack of capital resources. Therefore while tourism may be considered a mature industry no longer needing funding from the public sector, some form of strategic direction is needed to create confidence in the local tourism industry to regenerate future investment from the private sector.

> *'Because of the many small firms in the tourist industry, suppliers of tourism products are not always capable of adapting to new market situations and need a strong guiding hand in order to respond' (Goodall, 1989, p. 114)*

Consequently, the tourism industry might benefit greatly from the reintroduction of the Section Four grant aid scheme. Public sector funding would act as a catalyst for new development and allow hoteliers to investment in new facilities and to upgrade the standard of accommodation (Turner, 1997). Ultimately, while the accommodation industry can take positive steps to improve its level of competitiveness and professionalism, the industry will remain dependent on the public sector maintaining a sustainable resort environment, and providing the right amount, type and quality of facilities for future visitors. Indeed, this study has highlighted the important role of local plan policies and, in particular, the protection of accommodation stock through the Principal Holiday Accommodation Areas. Other resort areas are now adopting similar policy initiatives. For example, Weston-Super-Mare operate Prime Tourist Areas, which protect holiday accommodation from change of use to permanent residential or supervised accommodation that would jeopardise the seaside resort image of the town (North Somerset Council, 1988, p. 151).

However, development patterns in Torbay suggest that even if external funding was available, the structural characteristics of accommodation establishment are restricting future growth opportunities. Therefore, long-term economic growth will depend on successfully marketing the existing tourism product in a highly competitive market. The recent branding of accommodation establishments in the English Riviera Accommodation Brochure (1997), highlights the increasing importance placed on market differentiation and the appropriate packaging of tourism resources. Therefore in the future, it can be suggested that the emphasis will shift from product development to customer care and service delivery, as operators attempt to capitalise on existing facilities to optimise their level of competitiveness.

Overall, the market position of many resorts is weakened by their limited co-operation with external agencies within the local and regional environment. Consequently, there is a need to re-evaluate the role and effectiveness of existing support organisations, such as the regional tourist boards, and develop new public and private sector partnerships to encourage a more integrated approach to planning and marketing strategies. For example, in Wales, the creation of regional tourism promotion companies and a holiday booking agency for Wales, has supported targeted marketing campaigns, and helped to secure improvements in the relatively complex procedure of booking a holiday at a Welsh resort. High quality promotional materials now successfully link individual coastal destinations, highlighting complementary attractions and describing what the wider area has to offer the much more mobile visitor for the 1990s (Wales Tourist Board, 1992). In Devon and Cornwall, the West Country Development Corporation is calling for the establishment of a regional marketing group, representing the key interests of the public and private sectors involved in the tourism industry (Bell, 1995). Regional initiatives also need to be supported at a national level by a more coherent policy framework for coastal resorts. Implemented through a Coastal Development Agency or Resorts Forum, a national framework would articulate the generic problems facing UK resorts, and encourage a more integrated approach to rejuvenation strategies, reflecting the size and character of individual resort destinations thereby ensuring that British resorts are complimentary and not in direct competition with each other (Wales Tourist Board, 1992). Therefore, while the private sector has experienced considerable restructuring, the future of seaside resorts may lie in the long-term reorganisation and restructuring of public sector development and marketing agencies:

> *'We can perhaps hope that the planned Regional Development Agencies will present a new opportunity from which to launch comprehensive rather than piecemeal renewal strategies for seaside resorts' (Curtis, 1997, p. C18.)*

Of course, any future changes in the tourism industry will be determined, in part, by contemporary government's attitudes towards the tourism industry. Under the new Labour Government elected in May 1997, the signs for the industry are encouraging. The Labour manifesto 'Breaking New Ground' (1997) stresses a commitment to introducing a new Development of Tourism Act, which will aim to update the institutional framework for tourism and 'encourage initiatives which will ensure greater participation and co-operation between the English Tourist Board, regional tourist boards, local authorities and the private sector' (Labour Party, 1997, p. 5). Whilst it is unlikely that there will be any additional funding for the tourist boards, there is likely to be less philosophical antipathy to action and intervention by the public sector (Garland, 1997, p. 29). An important element of enhancing standards within the industry is intended to be statutory registration, perhaps, in due course, augmented by statutory classification and grading schemes. Labour indicate that this exercise would be overseen by an independent body comprising tourist boards, motoring organisations and accommodation providers (Garland, 1997, p. 29). Ultimately, only time will tell whether the headline initiatives outlined in 'Breaking New Ground' are adopted or gently shelved.

8.7 Future Research

Considerable opportunity exists to expand this research at a local and national level. In Torbay, the research programme could be extended through a series of detailed interviews and group focus sessions with hotel operators in Torbay. This type of qualitative research would be extremely useful in trying to develop a more detailed psychographical profile of accommodation operators in Torbay. Such a model would provide a framework for understanding how personal motivations and business objectives influence the decision-making process and the response to changing market conditions. Despite provision within the questionnaire survey, this study was unsuccessful in identifying operators of closed enterprises. Future research could also concentrate on identifying these entrepreneurs and examining the factors that have contributed to business closure. This analysis would therefore test the contrasts between those businesses able and unable to survive the impact of recession and changing market forces. Specific attention could also focus on the restructuring of the public sector and the implications for tourism and resort planning as Torbay Borough Council becomes a unitary authority. In principle, this transition should assist the integrated approach to resort development. However, there are concerns that already limited budgets will be stretched even further or diverted, as the local authority assumes responsibility for the provision of health and education services (Turner, 1997).

In order to gain a comprehensive insight into the restructuring process, the focus on restructuring should not be confined to the accommodation industry. At local and national level, there is a need to examine how other sectors in the tourism industry, including attractions, transport and travel agents, have responded to changing market conditions. Moreover, while this study has highlighted in some detail the restructuring strategies adopted in Torbay, very little is known about similar changes in other UK resorts. Therefore, the methodological approach could be applied extensively to other resort areas to see if similar restructuring patterns have occurred, and assess to what extent the characteristics of the resort environment have influenced the restructuring process. Research in Weston-Super-Mare, for example, could evaluate the impact of Prime Tourist Areas and whether, as in Torbay, these polices have protected the industry from free market forces that could have severely depleted the level of accommodation stock. In the light of a multi-million pound investment programme announced in 1997, research in Bognor Regis and Minehead could examine the impact of Butlins on the image, development and management of tourism resources in the local resort environment. The research process could also be transferred to urban and rural destinations to identify those strategies that have assisted in the renaissance of inland tourism destinations.

Future research must also recognise the diversity of resort environments and that for those with a wider economic base, tourist development is not a critical component. Consequently, there is a need identify a resort hierarchy, 'to provide both a relative measure of the scale of development at specific locations and an indication of the nature and quality of their tourism products. This is essential not only in establishing a 'list of resorts', but also in anticipating how they will fare in the increasingly competitive marketplace of the 1990s' (Wales Tourist Board, 1995, p. 15). Restructuring strategies will vary considerably from resort to resort, reflecting, in part, the historical legacy of the area but also the contemporary requirements of the industrial and residential community. A clearer understanding of the structural and operational characteristics of all sectors within large and small resorts, will help develop a coherent policy framework designed to identify and tackle the major infrastructural and strategic problems facing UK resorts, and encourage greater co-operation of marketing and development activity, and the dissemination of good working practice.

Within an increasingly competitive tourism market there is a need to link this research, examining supply-side characteristics, to extensive visitor surveys in order to determine the factors that influence the demand for different types of holiday accommodation. The industry must be aware of trends in consumer behaviour and be prepared to exploit them as opportunities. The need for consumer behaviour research will become even more paramount as the mass markets fragment into niche markets and consumers become more sophisticated and demanding (Swarbrooke, 1997, p. A67). In relation to service quality, the limited educational and occupational experience of the respondents in this study and the low rates of participation in the 'Welcome Host Scheme', raises the question of appropriate training mechanisms. At a local and national level there is a need to research hotelier's perceptions of training and their attitudes towards training courses. This research could establish ways of encouraging greater participation in training schemes and help generate courses based on the real needs and experiences of small business enterprises, which would lead to a significant improvement in business performance and so help to improve the overall competitiveness of the tourism industry (Lynch, 1994).

Central to the policy recommendations presented in this chapter, is the introduction of a statutory registration scheme for hotel accommodation. Clearly, the introduction of such a scheme has significant implications for the tourism industry in the UK. Therefore before such a scheme is implemented there is a need to identify the effectiveness of organisational structures supporting this type of initiative, the mechanisms used for delivery and monitoring, and the impacts on the structure of the holiday accommodation industry. In order to ascertain the potential advantages and disadvantages of such a scheme, research could undertaken in Northern Ireland, the Isle of Man, Jersey or Guernsey. These are the only areas in the UK that presently operate a statutory registration scheme and so would provide a microcosmic example of how statutory registration, classification and quality grading could be operated on the UK mainland. An international perspective could also be investigated in Belgium, France, Greece, Norway or Spain, where registration schemes have been operating since the early 1970s (Callan, 1994).

Ultimately, this study has highlighted that the accommodation industry has experienced similar restructuring processes to other sectors of the economy, and that responses have been equally sophisticated. Tourism studies must no longer be marginalised and instead added to the mainstream academic research investigating the restructuring process. More significantly a new research agenda is needed that recognises the heterogeneity of the small-business sector and so assists in the development of appropriate policy instruments for this sector (Thomas, 1995, p. 72).

8.8 The Future of the Holiday Accommodation Industry and Resort Environments: Some Final Conclusions

The visible outcomes of the restructuring process in Torbay have been conditioned by the underlying characteristics in the immediate locality and, in particular, by the size, location and structural capacity of establishments. The recession has accelerated the restructuring process within the resort and placed a greater emphasis on value for money and quality. However, at the same time, it has also curtailed levels of investment, which has hindered the industry's attempts to meet the demands of an increasingly cost and quality-conscious tourism market. In addition to free market forces, public sector intervention has also had a significant impact on the restructuring process in the resort. While the TDAP stimulated and guided resort development in the late 1980s, the PHAAs have protected the accommodation sector from the vagaries of free market forces that could otherwise have depleted and radically transformed the structure of the accommodation industry in Torbay.

British resorts are set to face increasing competition in the future and their long-term survival will depend on understanding the changes that are occurring within all sectors of the tourism industry. Understanding the nature of the restructuring process will enable more appropriate policies to be formulated and implemented to sustain resort economies. However, until the small business sector is formally recognised in the future research agenda, discussion on the survival of all sectors in the tourism industry will remain limited. This study has confirmed the complexity of the decision-making process and the need to look beyond some of the more conventional approaches and attitudes to small business enterprises. Clearly, Torbay and other UK resorts face a challenge in the late 1990s, for as the domestic holiday market remains extremely variable, much will depend upon whether resort areas can continue to re-orientate to the ever changing tastes and requirements of tourists in the future.

APPENDICES

Appendix 1.1a: Copy of the questionnaire survey to serviced accommodation (overleaf)

PAGE NUMBERING AS ORIGINAL

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The Recession as an Agent in the Restructuring of Tourist Accommodation.

Questionnaire for owners and managers of serviced accommodation, including bed and breakfast establishments, guest houses and hotels.

I am a postgraduate research student at the University of Plymouth. This questionnaire forms part of my PhD research programme into the changing structure of the holiday accommodation industry in Torbay. I would be grateful if you could find the time to complete it and return it to me in the enclosed Freepost envelope. I would like to reassure you that any answers you give will be aggregated and treated in the STRICTEST CONFIDENCE. Any results that are released will be in summary form only.

This questionnaire has the full support of the **English Riviera Tourist Board.**

If you would like further details please contact **Andrew Clegg** on **0752 233046** or the **English Riviera Tourist Board** on **0803 296296**.

Thank you for your co-operation.

Department of Geographical Sciences
University of Plymouth

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Section 1: Personal and Entrepreneurial Background

Q1: Name of the establishment ? .... 1. ☐

Q2. Is this establishment part of a local or national chain ?
(Please tick (✔) the appropriate box)

1. Yes ☐ 2. No ☐ 2. ☐

If yes, please give the name of the chain and the names of other hotels in the group in Torbay.
✎ ....
.... 3. ☐

Q3. Are you the owner or manager of this establishment ?
(Please tick (✔) the appropriate box)

1. Owner ☐ 2. Manager ☐ 4. ☐

Q4. Do you have any professional/vocational qualifications relevant to the tourist or holiday accommodation industry ? (Please tick (✔) the appropriate box)

1. Yes ☐ 2. No ☐ 5. ☐

Please specify ....
.... 6. ☐

Q5. a: To owners - In what year did you acquire this establishment ?

Please specify year .... 7. ☐

b: To managers - In what year did you first manage this establishment ?

Please specify year .... 8. ☐

Q6. Where did you live prior to taking over this establishment ?

Please specify town/county ....
.... 9. ☐
....

Q7. What was your occupation prior to running this establishment ?
(Please tick (✔) the appropriate box)

1: Tourist ☐
2: Non-tourist ☐ 10. ☐

Please specify ....
.... 11. ☐
....

☞ **Managers please go to question 13**

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Q8. What were your reasons for entering the holiday accommodation industry in Torbay ?

☞ Please tick (✔) the appropriate boxes, indicating whether these factors were of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. To be self-employed	☐	☐	☐	12. ☐
2. To come to Torbay or Devon	☐	☐	☐	13. ☐
3. Family/personal reasons	☐	☐	☐	14. ☐
4. Semi/early retirement	☐	☐	☐	15. ☐
5. Redundancy/economic depression	☐	☐	☐	16. ☐
6. Additional income/ financial security	☐	☐	☐	17. ☐
7. Return to previous employment	☐	☐	☐	18. ☐
8. Return to home area	☐	☐	☐	19. ☐
9. Dissatisfaction/ change required	☐	☐	☐	20. ☐
10. Other (Please specify)	☐	☐	☐	21. ☐
✎..				22. ☐

Q9. What factors influenced the choice of your present property ?

☞ Please tick (✔) the appropriate boxes, indicating whether these factors were of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Location	☐	☐	☐	23. ☐
2. Initially bought as a family home	☐	☐	☐	24. ☐
3. Size	☐	☐	☐	25. ☐
4. Cost	☐	☐	☐	26. ☐
5. Operating figures	☐	☐	☐	27. ☐
6. Other (Pease specify)	☐	☐	☐	28. ☐
✎..				29. ☐

Q10. How did you fund this purchase ?

☞ Please tick (✔) the appropriate boxes, indicating whether these options were of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Personal savings	☐	☐	☐	30. ☐
2. Bank loan	☐	☐	☐	31. ☐
3. Mortgage	☐	☐	☐	32. ☐
4. Sold House	☐	☐	☐	33. ☐
5. Redundancy payment	☐	☐	☐	34. ☐
6. Shared purchase	☐	☐	☐	35. ☐
7. Other (Please specify)	☐	☐	☐	36. ☐
✎..				37. ☐

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Q11. Do you presently have a significant secondary occupation (i.e more than 10hrs per week ?)

(Please tick (✔) the appropriate box)

1. Yes ☐ 2. No ☐ 38. ☐

If yes, is it: (Please tick the appropriate box)

1: Tourist ☐ 39. ☐

2: Non-tourist ☐

Please specify..

.... 40. ☐

....

Q12. Do any other members of your family assist in the running of your business ?

(Please tick (✔) the appropriate box)

1. Yes ☐ 2. No ☐ 41. ☐

If yes, please specify the family member and the types of duties they perform.

Family Member	Duties
....	....
....	....
....	....
....	....
....	....
....	....

42. ☐

Section 2: Operational Details

Q13. During the high season, what is the predominant price band of your accommodation per person for bed and breakfast per night ?

☞ (Please tick (✔) <u>ONE</u> box only)

1. Under £15 ☐ 2. £16-£20 ☐ 3. £21 to £30 ☐ 4. £31 to £40 ☐ 43. ☐

5. Over £40 ☐

Q14. In terms of accommodation standards and facilities, what is your present crown rating ?

Please specify number of crowns or not listed .... 44. ☐

Q15. This question refers to the number and type of bedrooms you offer. Please indicate the number and type of bedrooms you offered in 1994 and when you first acquired or first started to manage this establishment .

1: How many bedrooms:

Please specify the number of bedrooms:

a: In 1994 .... 45.

b: When you first acquired/managed this establishment .... 46.

2: How many bedspaces do you have ?

Please specify the number of bedspaces:

a: In 1994 .... 47.

b: When you first acquired/managed this establishment .... 48.

3: Please specify the number of each type of bedroom offered:

	a: When you first acquired/ managed this establishment	b: In 1994	
1. Family basic	....	....	49.
2. Family ensuite	....	....	51.
3. Ensuite Double	....	....	53.
4. Ensuite Single	....	....	55.
5. Double (no ensuite)	....	....	57.
6. Single (no ensuite)	....	....	59.

Q16. If you offer en-suite facilities, in what year were they first available to the tourist ?

Please specify year .... 61.

Q17: What other facilities do you offer ? (Please tick (✔) the appropriate boxes)

	1. Yes	2. No	
1. Indoor sports facilities (e.g swimming pool, bowling green) Please specify................	❑	❑	62.
2. Outdoor sports facilites (e.g. swimming pool, tennis courts) Please specify................	❑	❑	63.
3. Live entertainment	❑	❑	64.
4. Conference facilites	❑	❑	65.
5. Licensed bar	❑	❑	66.
6. Sauna/solarium	❑	❑	67.
7. Licensed restaurant	❑	❑	68.
8. Games room (e.g pool, table tennis)	❑	❑	69.
9. Other (please specify)	❑	❑	70.
....			71.

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Q18. Please indicate how many staff you employed in 1990 and 1994.

	1. 1990	**2. 1994**	
Please specify total number of employees	....	....	72.
How many of these were:			
Permanent			
1. Full-time male (more than 30 hrs per week) ?	....	....	74.
2. Full-time female (more than 30 hrs per week) ?	....	....	76.
3. Part-time male (less than 30 hrs per week) ?	....	....	78.
4. Part-time female (less than 30 hrs per week) ?	....	....	80.
5. Local (i.e living in the Torbay area)?	....	....	82.
Seasonal			
1. Full-time male (more than 30 hrs per week) ?	....	....	84.
2. Full-time female (more than 30 hrs per week) ?	....	....	86.
3. Part-time male (less than 30 hrs per week) ?	....	....	88.
4. Part-time female (less than 30 hrs per week) ?	....	....	90.
5. Local (living in the Torbay area) ?	....	....	92.

Q19. What are your main methods of advertising ?

(Please tick (✔) the appropriate boxes)

1. Local newspapers	☐	94.
2. National newspapers	☐	95.
3. National magazines	☐	96.
4. Television	☐	97.
4. Teletext	☐	98.
5. English Riviera Tourist Board Accommodation Guide	☐	99.
6. Accommodation agency	☐	100.
7. No advertising/ rely on word of mouth	☐	101.
8. Mail shots to former customers	☐	102.
9. Other (Please specify)	☐	103.
		104.

✎...

....

Section 3: Views on the Local Tourist Market

Q20. What do you perceive as the strengths of the tourism industry in Torbay ?

☞ Please tick (✔) the appropriate boxes, indicating which options are of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Attractive beaches and local scenery	❑	❑	❑	104. ❑
2. Climate	❑	❑	❑	105. ❑
3. Wide range of tourist attractions	❑	❑	❑	106. ❑
4. Extensive conference facilities	❑	❑	❑	107. ❑
5. Wide range of accommodation	❑	❑	❑	108. ❑
6. Good marketing of the resort	❑	❑	❑	109. ❑
7. Tourism well supported & organised	❑	❑	❑	110. ❑
8. Other (Please specify)	❑	❑	❑	111. ❑
				112. ❑

✎...

....

Q21. What do you perceive as the weaknesses of the tourism industry in Torbay ?

☞ Please tick (✔) the appropriate boxes, indicating which options are of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Lack of wet-weather facilities	❑	❑	❑	113. ❑
2. Dirty beaches/poor bathing quality	❑	❑	❑	114. ❑
3. Over-supply of bedspaces	❑	❑	❑	115. ❑
4. Poor marketing of the resort	❑	❑	❑	116. ❑
5. Poor accommodation standards	❑	❑	❑	117. ❑
6. Dated image of the resort	❑	❑	❑	118. ❑
7. Lack of tourist attractions	❑	❑	❑	119. ❑
8. Lack of funding	❑	❑	❑	120. ❑
9. Tourism not supported/badly organised	❑	❑	❑	121. ❑
10. Other (Please specify)	❑	❑	❑	122. ❑
				123. ❑

✎...

....

Q22. How do you view the health of the local tourism market ?
(Please tick (✔) **ONE** box only)

1. Good/buoyant	❑	124. ❑
2. Satisfactory	❑	125. ❑
3. Bad	❑	126. ❑
4. Don't Know	❑	127. ❑

Section 4: Operational Changes to the Running of the Establishment

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Q23. In the time you have run this business, how has the number of tourists staying in your establishment changed ? (Please tick (✔) ONE box only)

1. Increased ☐ 128. ☐
2. Constant ☐ 129. ☐
3. Decreased ☐ 130. ☐
4. Fluctuated ☐ 131. ☐

Q24. In the time you have run this business, how has the type of tourist staying in your establishment changed ? (Please tick (✔) the appropriate boxes)

	1. Increased	2. Decreased	3. Static	4. No Custom	
1. Retired/seniors	☐	☐	☐	☐	132. ☐
2. Middle aged couples	☐	☐	☐	☐	133. ☐
3. Families	☐	☐	☐	☐	134. ☐
4. Young couples	☐	☐	☐	☐	135. ☐
5. Young single	☐	☐	☐	☐	136. ☐
6. Business visitors	☐	☐	☐	☐	137. ☐
7. Overseas visitors	☐	☐	☐	☐	138. ☐
8. Coach/group business	☐	☐	☐	☐	139. ☐
9. Other (Please specify)	☐	☐	☐	☐	140. ☐
					141. ☐

✎..

....

Q25. In the time you have run this business, how has the pattern and volume of your market bookings changed ? (Please tick (✔) the appropriate boxes)

	1. Increased	2. Decreased	3. Static	4. No custom	
1. Domestic long holidays (1 Wk plus)	☐	☐	☐	☐	142. ☐
2. Domestic short holidays (4-6 Nts)	☐	☐	☐	☐	143. ☐
3. Domestic short breaks (1-3 Nts)	☐	☐	☐	☐	144. ☐
4. Business /conference breaks	☐	☐	☐	☐	145. ☐
5. Coach/group business breaks	☐	☐	☐	☐	146. ☐
6. Other (Please specify)	☐	☐	☐	☐	147. ☐
					148. ☐

✎..

....

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Q26. What factors do you consider have been responsible for the increase/decrease in your tourist numbers.

☞ For this question please score the following options on a scale of 1 to 5. Give a score of **1** for **NO IMPORTANCE** to a score of **5** for **GREAT IMPORTANCE**.

1. Bad weather ☐ 149. ☐
2. Lack of tourist attractions in Torbay ☐ 150. ☐
3. Lack of facilities on the premises ☐ 151. ☐
4. Recession ☐ 152. ☐
5. New tourist attractions in Torbay ☐ 153. ☐
6. Provision of new facilities in the hotel ☐ 154. ☐
7. Poor marketing of the resort ☐ 155. ☐
8. Changing consumer tastes ☐ 156. ☐
9. Competition from package holidays ☐ 157. ☐
10. Development of conference market in Torbay ☐ 158. ☐
11. Competition from UK tourist market ☐ 159. ☐
12. Other (Please specify) ☐ 160. ☐

✎.. 161. ☐

....

Q27. In the time you have run this business, what improvements have you made to your establishment ?

Please specify year(s) **Year(s)**

1. Extension to building for new accommodation .... 162. ☐
2. Extension to building for en-suite facilities .... 163. ☐
3. Extension to building for conference facilities .... 164. ☐
4. Extension to building for recreation & leisure facilities .... 165. ☐
5. Internal restructuring for new accommodation .... 166. ☐
6. Internal restructuring for ensuite facilities .... 167. ☐
7. Internal restructuring for conference facilities .... 168. ☐
8. Internal restructuring for recreation & leisure facilities .... 169. ☐
9. General refurbishment (eg. decorating/refitting) .... 170. ☐
10. Upgrading of facilities and furnishings .... 171. ☐
11. Expansion into adjacent properties .... 172. ☐
12. Other (Please specify) .... 173. ☐

174. ☐

✎..

....

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Q28. What factors have influenced these changes to the establishment ?

☞ For this question please score the following options on a scale of 1 to 5. Give a score of 1 for **NO IMPORTANCE** to a score of 5 for **GREAT IMPORTANCE**.

1. Competition from foreign tourist markets ☐ 175. ☐
2. Competition from the UK tourist market ☐ 176. ☐
3. Competition from within Torbay ☐ 177. ☐
4. Availability of grant funding ☐ 178. ☐
5. Recession ☐ 179. ☐
6. Encouraged to do so by advisors ☐ 180. ☐
7. Changing customer expectations ☐ 181. ☐
8. Other (please specify) ☐ 182. ☐

✎.. 183. ☐

Q29. In the time you have run this business, what changes have you made regarding marketing and advertising ? (Please tick (✔) the appropriate boxes)

1. Increased advertising ☐ 184. ☐
2. Withdrawn advertising ☐ 185. ☐
3. No change ☐ 186. ☐
4. Changed advertising media (Please specify) ☐ 187. ☐

✎..

5. Changed targeted market (Please specify) ☐ 188. ☐

✎..

6. Don't advertise ☐ 189. ☐
7. Other (Please specify) ☐ 190. ☐

✎.. 191. ☐

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Q30. What factors have influenced these changes to your advertising & marketing strategies ?

☞ For this question please score the following options on a scale of 1 to 5. Give a score of **1** for **NO IMPORTANCE** to a score of **5** for **GREAT IMPORTANCE**.

1. Competition from foreign tourist markets ☐ 192. ☐
2. Competition from the UK tourist market ☐ 193. ☐
3. Competition from within Torbay ☐ 194. ☐
4. Recession ☐ 195. ☐
5. Encouraged to do so by advisors ☐ 196. ☐
6. Other (Please specify) ☐ 197. ☐

✎.. 198. ☐

....

Q31. In 1990 and 1994 what was your marketing/advertising expenditure as a percentage of total turnover ?

	1. 1990	**2. 1994**
1. Marketing/advertising expenditure as a percentage of total turnover	....	....

199. ☐☐

☞ **Questions 32 to 36 refer to the impact of the recession. These questions are CENTRAL to my research project, I would therefore be extremely grateful if you could give some consideration to them when you answer.**

Q32. Have you felt the impact of recession ? (Please tick (✔) **ONE** box only)

1. No ☐ 2. Slightly ☐ 3. Noticeably ☐ 201. ☐

If yes, in what year(s) have you felt the impact of the recession ? (Please specify)

✎..

....

....

....

.... 202. ☐

Q33. How have you felt the impact of the recession ? (Please specify)

✎..

....

....

....

....

....

.... 203. ☐

....

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Q34. What responses have you made to these impacts ? (Please specify)

✎..

....

....

....

....

.... 204. ❑

....

Q35. During the 1994 season do you feel your establishment has emerged from the recession ? (Please tick (✔) the appropriate box)

1. Yes ❑ 2. No ❑ 205. ❑

Q36. How serious do you feel this recession has been in comparison to the recessions of the 1970s and 1980s ? (Please specify)

✎..

....

....

....

....

.... 206. ❑

Section 5: About Yourself

Q37. Your age ? (Please tick (✔) the appropriate box)

1. 20-25	❑	2. 26-30	❑	3. 31-35	❑
4. 36-40	❑	5. 41-45	❑	6. 46-50	❑
7. 51-55	❑	8. 56-60	❑	9. 61-65	❑
10. 66-70	❑	11. 71-75	❑	12. 76-80	❑
13. 81+	❑				

207. ❑

Q38. Sex (Please tick (✔) the appropriate box)

1. M ❑ 2. F ❑ 208. ❑

If you wish to elaborate any of your responses or have any additional comments to make about the holiday accommodation industry or the state of the local tourism market in general, please use the space below.

✎

☞ **As a further part of this research I need to identify people that used to run accommodation establishments in Torbay. Do you know anybody that used to do so, who you would think would be willing to talk to me.**

If yes, please give contact details..

....

....

....

THANK YOU FOR YOUR CO-OPERATION.
YOUR HELP IS GRATEFULLY APPRECIATED

Please return the completed questionnaire in the S.A.E provided to Mr.Andrew Clegg, University of Plymouth, Department of Geographical Sciences, Drake Circus, Plymouth, PL4 8AA.

Appendix 1.1b: Copy of the questionnaire survey to self-catering accommodation (overleaf)

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The Recession as an Agent in the Restructuring of Tourist Accommodation.

Questionnaire for owners and managers of
self-catering accommodation

I am a postgraduate research student at the University of Plymouth. This questionnaire forms part of my PhD research programme into the changing structure of the holiday accommodation industry in Devon. I would be grateful if you could find the time to complete it and return it to me in the enclosed envelope. I would like to reassure you that any answers you give will be aggregated and treated in the STRICTEST CONFIDENCE.

This questionnaire has the full support of the **English Riviera Tourist Board.**

If you would like further details please contact **Andrew Clegg** on **0752 233046** or **Tim Whitehead** at the English Riviera Tourist Board on **0803 296296**

UNIVERSITY OF PLYMOUTH

Department of Geographical Sciences
University of Plymouth

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Section 1: Personal and Entrepreneurial Background

Q1. Name of the establishment ? .... 1. ☐

Q2. Is this establishment part of a local or national chain ?
(Please tick (✔) the appropriate box)

1. Yes ☐   2. No ☐ 2. ☐

If yes, please give the name of the chain and the names of other establishments in the group in Torbay.

✎.. 3. ☐

....

Q3. Are you the owner or manager of this establishment ?
(Please tick (✔) the appropriate box)

1. Owner ☐   2. Manager ☐ 4. ☐

Q4. Do you have any professional/vocational qualifications relevant to the tourist or holiday accommodation industry ? (Please tick (✔) appropriate box)

1. Yes ☐   2. No ☐ 5. ☐

Please specify...

.... 6. ☐

Q5. Do you live on the premises ? (Please tick (✔) the appropriate box)

1. Yes ☐   2. No ☐ 7. ☐

Q6. a: To owners - In what year did you first provide self-catering accommodation in Torbay ?
Please specify year...................... 8. ☐

b: To managers - In what year did you first manage this establishment ?
Please specify year...................... 9. ☐

Q7. Where did you live prior to entering into the holiday accommodation industry in Torbay ?

Please specify town/county..

.... 10. ☐

....

Q8. What was your occupation prior to entering the holiday accommodation industry ?
(Please tick (✔) the appropriate box)

A: Tourist ☐
B: Non-tourist ☐ 11.

Please specify...
.... 12. ☐
....

☞ **Managers please go to question 14**

Q9. What were your reasons for entering the holiday accommodation industry ?

☞ Please tick (✔) the appropriate boxes, indicating whether these factors were of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. To be self-employed	☐	☐	☐	13. ☐
2. To come to Torbay or Devon	☐	☐	☐	14. ☐
3. Family/personal reasons	☐	☐	☐	15. ☐
4. Semi/early retirement	☐	☐	☐	16. ☐
5. Redundancy/economic depression	☐	☐	☐	17. ☐
6. Additional income/ financial security	☐	☐	☐	18. ☐
7. Return to previous employment	☐	☐	☐	19. ☐
8. Return to home area	☐	☐	☐	20. ☐
9. Dissatisfaction/change required	☐	☐	☐	21. ☐
10. Other (Please specify)	☐	☐	☐	22. ☐
				23. ☐

✎...

Q10. What factors influenced your choice of your most recent property ?

☞ Please tick the appropriate boxes, indicating whether these factors were of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Location	☐	☐	☐	24. ☐
2. Initially brought as a family home	☐	☐	☐	25. ☐
3. Size	☐	☐	☐	26. ☐
4. Cost	☐	☐	☐	27. ☐
5. Operating figures	☐	☐	☐	28. ☐
6. Other (Please specify)	☐	☐	☐	29. ☐
				30. ☐

✎...

Office Use Only

Q11. How did you fund the purchase of your establishment(s) ?

☞ Please tick the appropriate boxes, indicating whether these factors were of **major** , **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Personal savings	☐	☐	☐	31. ☐
2. Bank loan	☐	☐	☐	32. ☐
3. Mortgage	☐	☐	☐	33. ☐
4. Sold house	☐	☐	☐	34. ☐
5. Redundancy payment	☐	☐	☐	35. ☐
6. Shared purchase	☐	☐	☐	36. ☐
7. Profits from other accommodation	☐	☐	☐	37. ☐
8. Other (Please specify)	☐	☐	☐	38. ☐
				39. ☐

✎...

....

Q12. Is running this business your sole occupation ?
(Please tick (✔) the appropriate box)

1. Yes ☐ 2. No ☐ 40. ☐

If yes, please go to question 13.

If no, please give details of other employment:

a: Tourist ☐

b: Non-tourist ☐ 41. ☐

Please specify

✎...

....

.... 42. ☐

Q13. Do any other members of your family assist in the running of your business ?
(Please tick (✔) the appropriate box)

1. Yes ☐ 2. No ☐ 43. ☐

Family Member	**Duties**
....	....
....	....
....	....
....	....
....	....

44. ☐

Section 2: Operational Details

Q14. How many self-catering establishments do you own/manage in Torbay ? 45.

Please specify number ....

Q15. What is the maximum number of people you can accommodate within each establishment ? (Please specify the number in each establishment)

This establishment.................. people 46.

2nd establishment.................. people 47.

3rdestablishment .... people 48.

4th establishment.................. people 49.

Q16. During the high season, what is the predominant price band of your accommodation per night ?

(Please tick (✔) **ONE** box only)

A. Under £15 ☐ B. £16-£20 ☐ C. £21 to £30 ☐ D. £31 to £40 ☐ 50.

E. Over £40 ☐

Q17. In terms of accommodation standards and facilities, what is your present key rating ?

Please specify number of keys or not listed .... 51.

Q18. What facilities do you offer ?

(Please tick (✔) the appropriate boxes)

	1. Yes	2. No	
1. Indoor sports facilites (e.g. swimming pool, bowling green)	☐	☐	52.
Please specify..			
2. Outdoor sports facilities (e.g. swimming pool, tennis courts)	☐	☐	53.
Please specify..			
3. Live entertainment	☐	☐	54.
4. Conference facilities	☐	☐	55.
5. Sauna/solarium	☐	☐	56.
6. Licensed restaurant	☐	☐	57.
7. Laundry room	☐	☐	58.
8. Games room (e.g. pool, table tennis)	☐	☐	59.
9. Licensed bar	☐	☐	60.
10. Other	☐	☐	61.
			62.

✎..

Office Use Only

Q19. What are your main methods of advertising ?

(Please tick (✔) the appropriate boxes)

1. Local newspapers ☐ 63. ☐
2. National press ☐ 64. ☐
3. National magazines ☐ 65. ☐
4. Teletext ☐ 66. ☐
5. Television ☐ 67. ☐
6. English Riviera Tourist Board Accommodation Guide ☐ 68. ☐
7. Accommodation agency ☐ 69. ☐
8. No advertising/rely on word of mouth ☐ 70. ☐
9. Mail shots to former customers ☐ 71. ☐
10. Other (Please specify) ☐ 72. ☐

✎.. 73. ☐

....

Q20. Please indicate how many staff you employed in 1990 and 1994.

	1. 1990	2. 1994	
Please specify total number of employees	....	....	74. ☐☐
How many of these were:			
Permanent			
1. Full-time male (more than 30 hrs per week) ?	....	....	76. ☐☐
2. Full-time female (more than 30 hrs per week) ?	....	....	78. ☐☐
3. Part-time male (less than 30 hrs per week) ?	....	....	80. ☐☐
4. Part-time female (less than 30 hrs per week) ?	....	....	82. ☐☐
5. Local (i.e living in the Torbay area)?	....	....	84. ☐☐
Seasonal			
1. Full-time male (more than 30 hrs per week) ?	....	....	86. ☐☐
3. Full-time female (more than 30 hrs per week) ?	....	....	88. ☐☐
4. Part-time male (less than 30 hrs per week) ?	....	....	90. ☐☐
5. Part-time female (less than 30 hrs per week) ?	....	....	92. ☐☐
6. Local (living in the Torbay area) ?	....	....	94. ☐☐

Section 3: Views on the Local Tourist Market

Office Use Only

Q21. What do you perceive as the strengths of the tourism industry in Torbay ?

☞ Please tick (✔) the appropriate boxes, indicating which options are of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Attractive beaches and local scenery	☐	☐	☐	96. ☐
2. Climate	☐	☐	☐	97. ☐
3. Wide range of tourist attractions	☐	☐	☐	98. ☐
4. Extensive conference facilities	☐	☐	☐	99. ☐
5. Wide range of accommodation	☐	☐	☐	100. ☐
6. Good marketing of the resort	☐	☐	☐	101. ☐
7. Tourism well supported & organised	☐	☐	☐	102. ☐
8. Other (Please specify)	☐	☐	☐	103. ☐
				104. ☐

✎...

Q22. What do you perceive as the weaknesses of the tourism industry in Torbay ?

☞ Please tick (✔) the appropriate boxes, indicating which options are of **major**, **minor** or **no importance**.

	1. Major	2. Minor	3. Not Imp	
1. Lack of wet-weather facilities	☐	☐	☐	105. ☐
2. Dirty beaches/ poor bathing quality	☐	☐	☐	106. ☐
3. Over-supply of bedspaces	☐	☐	☐	107. ☐
4. Poor marketing of the resort	☐	☐	☐	108. ☐
5. Poor accommodation standards	☐	☐	☐	109. ☐
6. Dated image of the resort	☐	☐	☐	110. ☐
7. Lack of tourist attractions	☐	☐	☐	111. ☐
8. Lack of funding	☐	☐	☐	112. ☐
9. Tourism not supported/badly organised	☐	☐	☐	113. ☐
10. Other (Please specify)	☐	☐	☐	114. ☐
				115. ☐

✎...

....

Q23. How do you view the health of the local tourism market ?

☞ (Please tick (✔) **ONE** box only)

1. Good/buoyant	☐	116. ☐
2. Satisfactory	☐	117. ☐
3. Bad	☐	118. ☐
4. Don't Know	☐	119. ☐

Section 4: Operational Changes to the Running of the Establishment

Office Use Only

Q24. In the time you have run this business how has the number of tourists staying in your establishment changed ?

☞ (Please tick (✔) ONE box only)

1. Increased ☐ 120. ☐
2. Constant ☐ 121. ☐
3. Decreased ☐ 122. ☐
4. Fluctuated ☐ 123. ☐

Q25. In the time you have run this business, how has the type of tourist staying in your establishment changed ?

(Please tick (✔) the appropriate boxes)

	1. Increased	2. Decreased	3. Static	4. No Custom	Office Use Only
1. Retired/seniors	☐	☐	☐	☐	124. ☐
2. Middle aged couples	☐	☐	☐	☐	125. ☐
3. Families	☐	☐	☐	☐	126. ☐
4. Young couples	☐	☐	☐	☐	127. ☐
5. Young single	☐	☐	☐	☐	128. ☐
6. Business visitors	☐	☐	☐	☐	129. ☐
7. Overseas visitors	☐	☐	☐	☐	130. ☐
8. Coach/group business	☐	☐	☐	☐	131. ☐
9. Other (Please specify)	☐	☐	☐	☐	132. ☐
					133. ☐

✎ ....

....

Q26. In the time you have run this business, how has the pattern and volume of your market bookings changed ?

(Please tick (✔) the appropriate boxes)

	1. Increased	2. Decreased	3. Static	4. No custom	Office Use Only
1. Domestic long holidays (1 Wk plus)	☐	☐	☐	☐	134. ☐
2. Domestic short holidays (4-6 Nts)	☐	☐	☐	☐	135. ☐
3. Domestic short breaks (1-3 Nts)	☐	☐	☐	☐	136. ☐
4. Business /conference breaks	☐	☐	☐	☐	137. ☐
5. Coach/group business breaks	☐	☐	☐	☐	138. ☐
6. Other (Please specify)	☐	☐	☐	☐	139. ☐
					140. ☐

✎ ....

....

Office Use Only

Q27. What factors do you consider have been responsible for the increase/decrease in your tourist numbers.

☞ For this question please score the following options on a scale of 1 to 5. Give a score of 1 for **NO IMPORTANCE** to a score of **5** for **GREAT IMPORTANCE**.

1. Bad weather ☐ 141.
2. Lack of tourist attractions in Torbay ☐ 142.
3. Lack of facilities on the premises ☐ 143.
4. Recession ☐ 144.
5. New tourist attractions in Torbay ☐ 145.
6. Provision of new facilities in the establishment ☐ 146.
7. Poor marketing of the resort ☐ 147.
8. Changing consumer tastes ☐ 148.
9. Competition from package holidays ☐ 149.
10. Development of conference market in Torbay ☐ 150.
11. Competition from UK tourist market ☐ 151.
12. Other (Please specify) ☐ 152.

✎.. ☐ 153.
....

Q28. In the time you have run this business, what improvements have you made to your establishment ?

Please specify year(s)	Year(s)	Office Use Only
1. Extension to buildings for new accommodation	....	☐ 154.
2. Extension to buildings for recreation & leisure facilities	....	☐ 155.
3. Extension to buildings for conference facilities	....	☐ 156.
4. Internal restructuring for new accommodation	....	☐ 157.
5. Internal restructuring for recreation & leisure facilities	....	☐ 158.
6. Internal restructuring for conference facilities	....	☐ 159.
7. General refurbishment (eg. decorating/refitting)	....	☐ 160.
8. Upgrading of facilities and furnishings	....	☐ 161.
9. Expansion into adjacent properties	....	☐ 162.
10. Other (Please specify)	....	☐ 163.
		☐ 164.
		☐ 165.

✎..
....

Office Use Only

Q29. What factors have influenced these changes to the establishment ?

For this question please score the following options on a scale of 1 to 5. Give a score of 1 for **NO IMPORTANCE** to a score of 5 for **GREAT IMPORTANCE**.

1. Competition from foreign tourist markets ☐ 166. ☐
2. Competition from the UK tourist market ☐ 167. ☐
3. Competition from within Torbay ☐ 168. ☐
4. Availability of grant funding ☐ 169. ☐
5. Recession ☐ 170. ☐
6. Encouraged to do so by advisors ☐ 171. ☐
7. Changing customer expectations ☐ 172. ☐
8. Other (please specify) ☐ 173. ☐
✎.. 174. ☐

Q30. In the time you have run this business, what changes have you made regarding marketing and advertising ? (Please tick (✔) the appropriate box)

1. Increased advertising ☐ 175. ☐
2. Withdrawn advertising ☐ 176. ☐
3. No change ☐ 177. ☐
4. Changed advertising media (Please specify) ☐ 178. ☐
✎..
5. Changed targeted market (Please specify) ☐ 179. ☐
✎..
☐ 180. ☐
6. Don't advertise ☐ 181. ☐
7. Other (Please specify) 182. ☐
✎..

Office Use Only

Q31. What factors have influenced these changes to your marketing & advertising strategies ?

For this question please score the following options on a scale of 1 to 5. Give a score of **1** for **NO IMPORTANCE** to a score of **5** for **GREAT IMPORTANCE**.

1. Competition from foreign tourist markets ☐ 183. ☐
2. Competition from the UK tourist market ☐ 184. ☐
3. Competition from within Torbay ☐ 185. ☐
4. Recession ☐ 186. ☐
5. Encouraged to do so by advisors ☐ 187. ☐
6. Other (Please specify) ☐ 188. ☐

✎ .... 189. ☐

Q32. In 1990 and 1994 what was your marketing/advertising expenditure as a percentage of total turnover ?

	1. 1990	2. 1994	
1. Marketing/advertising as a percentage of total turnover ?	....	....	190. ☐☐

Questions 33 to 37 refer to the impact of the recession. These questions are CENTRAL to my research project. I would therefore be extremely grateful if you could give some consideration to them when you answer.

Q33. Have you felt the impact of the recession ?
(Please tick (✔) **ONE** box only)

1. No ☐ 2. Slightly ☐ 3. Noticeably ☐ 192. ☐

If yes, in what year(s) have you felt the impact of the recession ?
(Please specify)

✎ ....
....
....
....

Q34. How have you felt the impact of the recession ?
(Please specify)

✎ .... 193. ☐
....
....
....
....
....
....
....

Office Use Only

Q35. What responses have you made to these impacts ? (Please specify)

✎.. 194. ☐

....

....

....

....

....

....

....

Q36. During the 1994 season do you feel your establishment has emerged from the recession ? (Please tick (✔) the appropriate box)

1. Yes ☐ 2. No ☐ 195. ☐

Q37. How serious do you feel this recession has been in comparison to the recessions of the 1970s and 1980s ? (Please specify)

✎.. 196. ☐

....

....

....

....

....

Section 5: About Yourself

Q38. Your age ? (Please tick (✔) appropriate box) 197. ☐

A. 20-25	☐	B. 26-30	☐	C. 31-35	☐
D. 36-40	☐	E. 41-45	☐	F. 46-50	☐
G. 51-55	☐	H. 56-60	☐	I. 61-65	☐
J. 66-70	☐	K. 71-75	☐	L. 76-80	☐
M. 81+	☐				

Q39. Sex (Please tick (✔) the appropriate box)

1. M ☐ 2. F ☐ 198. ☐

Office Use Only

If you wish to elaborate any of your responses or have any additional comments to make about the holiday accommodation industry or the state of the local tourism market in general, please use the space below.

☞ **As a further part of this research I need to identify people that used to run accommodation establishments in Torbay. Do you know anybody that used to do so who you would think would be willing to talk to me.**

If yes please give contact details...

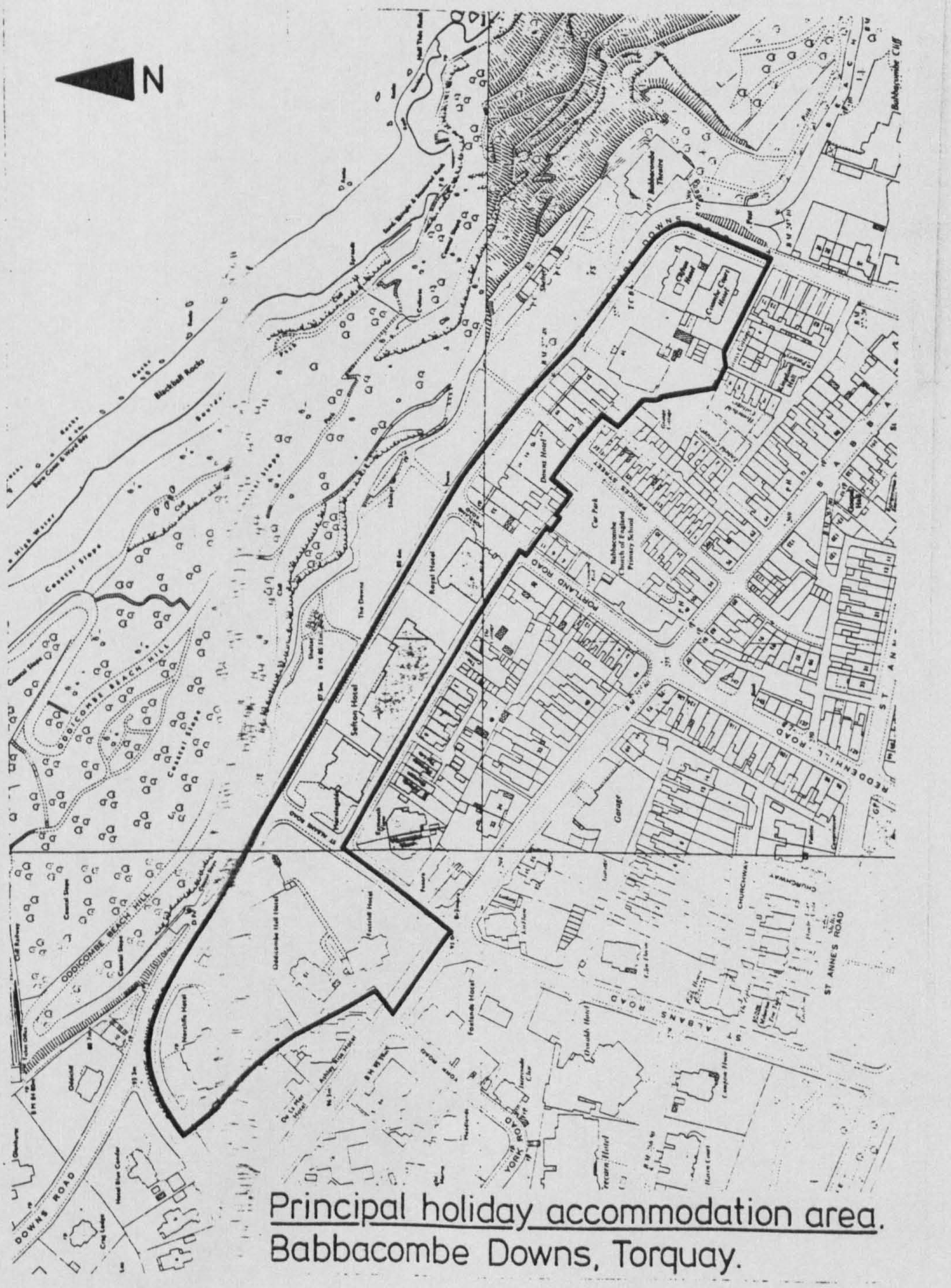
....

....

THANK YOU FOR YOUR CO-OPERATION.
YOUR HELP IS GRATEFULLY APPRECIATED

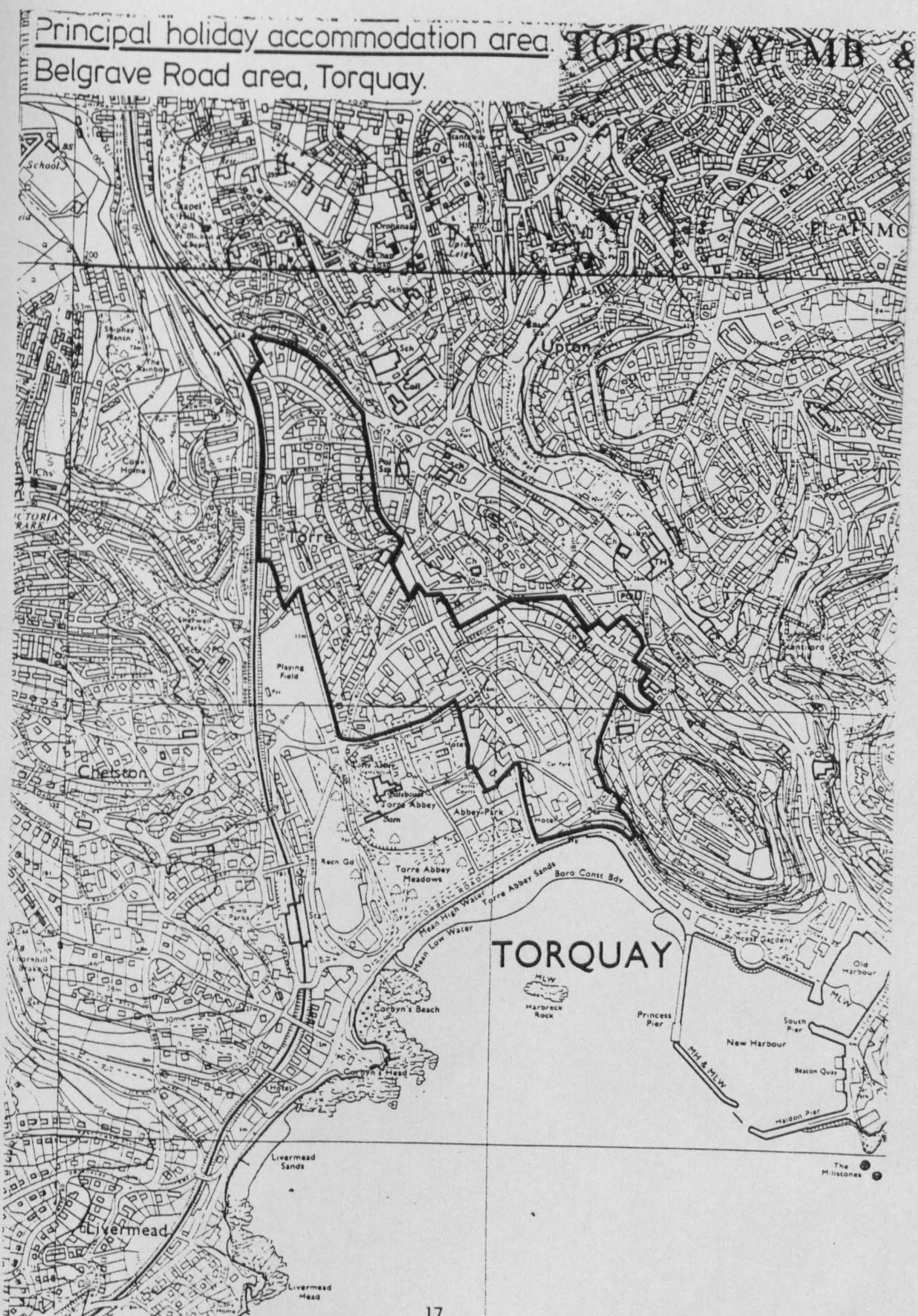
Please return the completed questionnaire in the S.A.E provided to Mr.Andrew Clegg, University of Plymouth, Department of Geographical Sciences, Drake Circus , Plymouth, PL4 8AA.

Appendix 1.2a: Principal Holiday Accommodation Area: Babbacombe Downs, Torquay



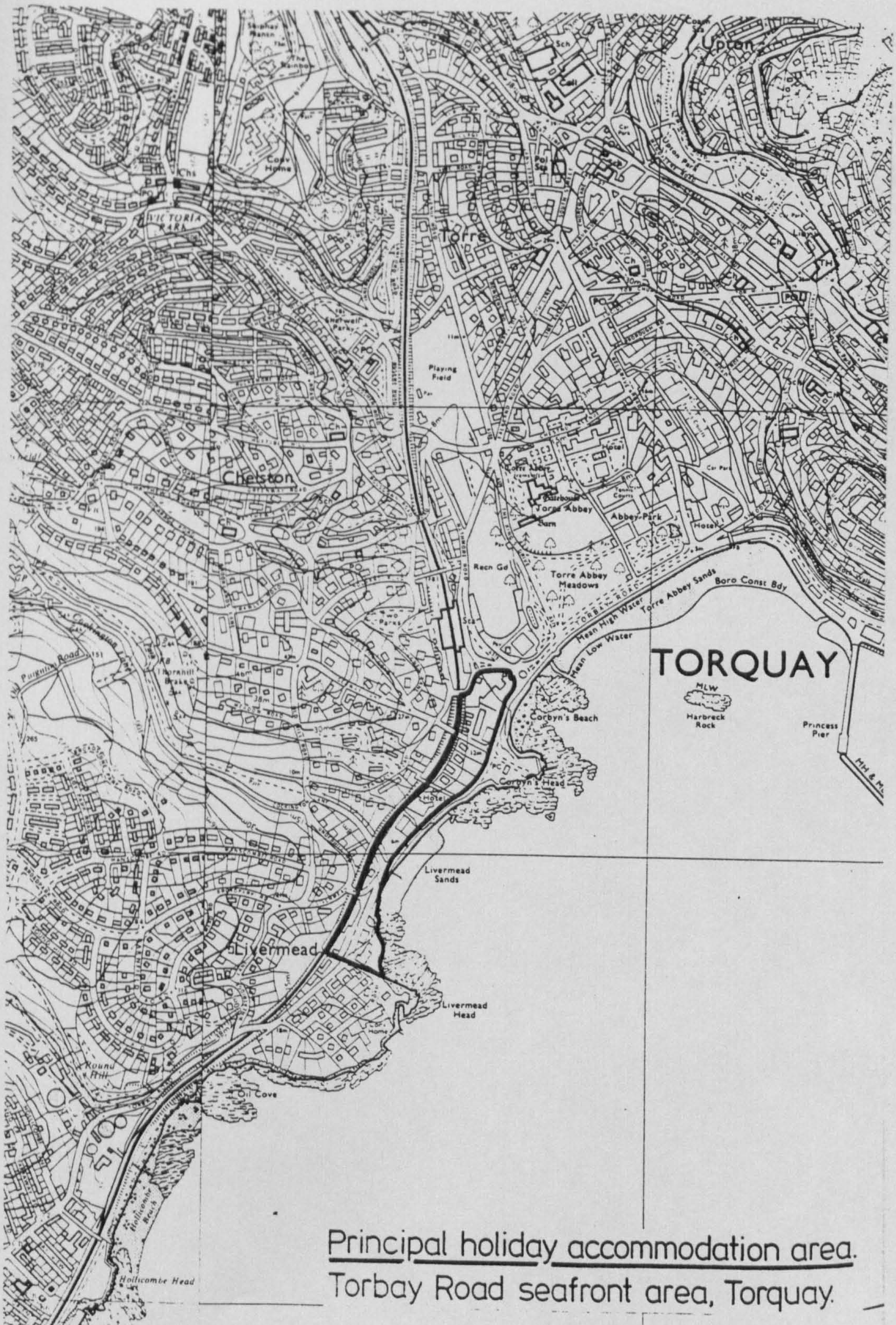
(Source: Torbay Borough Council, 1983, p. 16)

Appendix 1.2b: Principal Holiday Accommodation Area: Belgrave Road area, Torquay



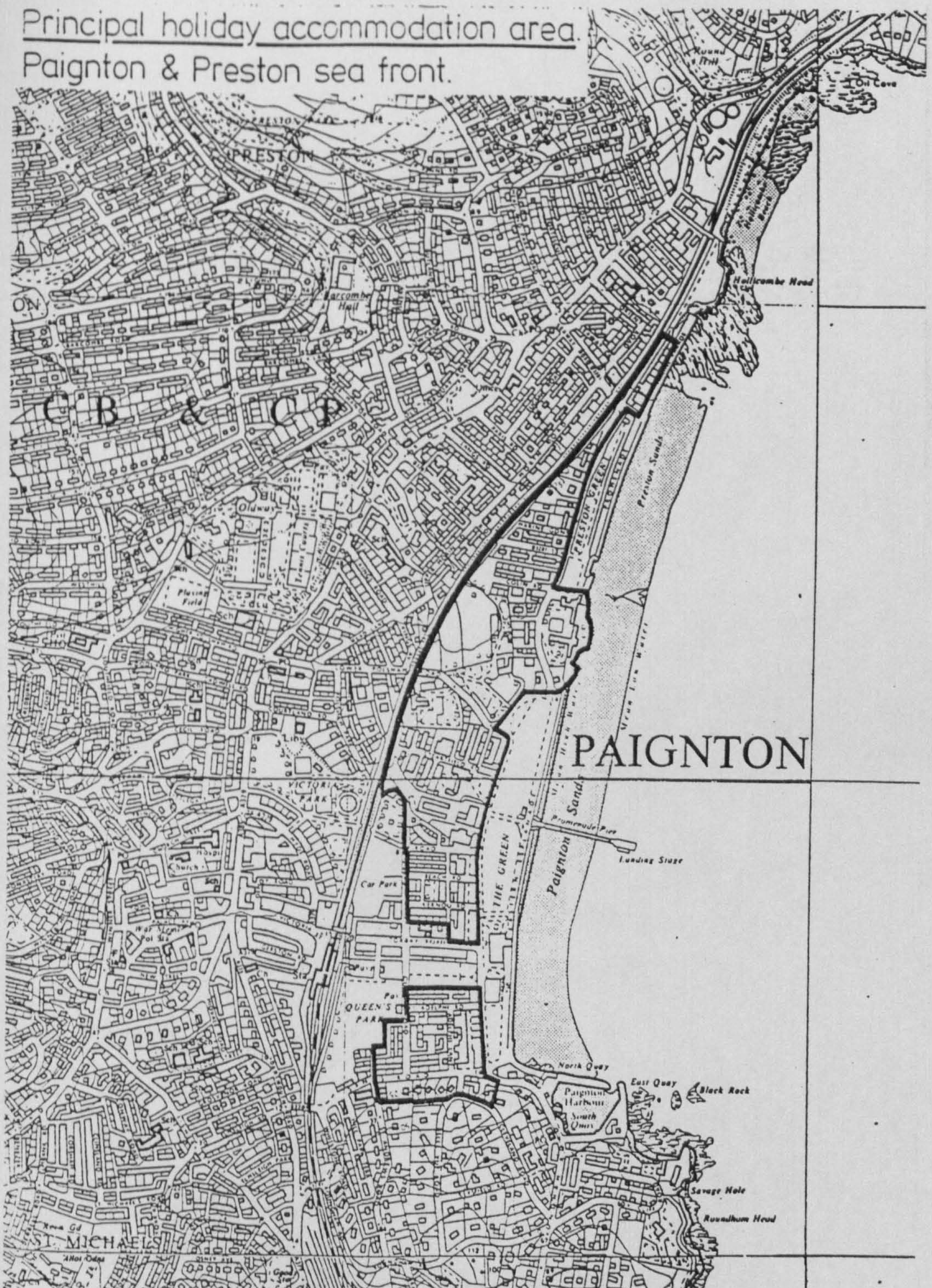
(Source: Torbay Borough Council, 1983, p. 17)

Appendix 1.2c: Principal Holiday Accommodation Area: Torbay Road seafront area, Torquay



(Source: Torbay Borough Council, 1983, p. 18)

Appendix 1.2d: Principal Holiday Accommodation Area: Paignton and Preston seafront



(Source: Torbay Borough Council, 1983, p. 19)

Appendix 1.3a: English Tourist Board Gradings - *The Crown*

The Crown	Listed	1 Crown	2 Crowns	3 Crowns	4 Crowns	5 Crowns
Clean and comfortable accommodation	●	●	●	●	●	●
Adequate heating at no extra charge	●	●	●	●	●	●
No extra charge for baths or showers	●	●	●	●	●	●
Clean towels, fresh soap	●	●	●	●	●	●
Breakfast	●	●	●	●	●	●
Comfortable lounge or sitting area		●	●	●	●	●
A washbasin in your room or private bathroom		●	●	●	●	●
Beds no smaller than 6'3" x 3' (single) or 6'3" x 4'6" (double)		●	●	●	●	●
No nylon sheets		●	●	●	●	●
Cooked breakfast		●	●	●	●	●
Use of telephone		●	●	●	●	●
Tourist information		●	●	●	●	●
Help with your luggage			●	●	●	●
Colour TV in the lounge or your bedroom			●	●	●	●
Double beds with access and tables at both sides			●	●	●	●
Bedside lights			●	●	●	●
Early morning tea/coffee in your room, hot beverage in the evening			●	●	●	●
Early morning call			●	●	●	●
Private bathrooms for at least a third of the bedrooms				●	●	●
Easy chair, full length mirror, luggage rack, tea/coffee in your room				●	●	●
Hairdryer, shoe cleaning equipment and ironing facilities available				●	●	●
A public telephone or one in your room				●	●	●
A hot evening meal				●	●	●
Private bathrooms for at least two thirds of the bedrooms					●	●
Colour TV, radio, and telephone in your bedroom					●	●
Room service - drinks and light snacks between 7am and 11pm					●	●
Lounge service of drinks and snacks to midnight					●	●
Evening meals, with wine, last orders 8.30pm or later					●	●
A quiet sitting area					●	●
Laundry services					●	●
Toiletries, message taking, newspapers on request					●	●
All bedrooms with bath, shower and WC ensuite						●
Direct dial telephone, writing table						●
Shoe cleaning and daily clothes pressing service						●
24 hour lounge service and room service with hot meals up to midnight						●
Restaurant open for breakfast, lunch and dinner, with last orders 9pm or later						●
Full liquor license						●
Night porter and porterage						●

(Source: English Riviera Tourist Board, 1997, p. 39)

Appendix 1.3b: English Tourist Board Gradings - *The Key*

The Key	1 Keys	2 Keys	3 Keys	4 Keys	5 Keys
Full details of the accommodation and how to find it	●	●	●	●	●
Thoroughly cleaned and checked before every letting	●	●	●	●	●
Exterior and interior decorations and furnishings in good condition	●	●	●	●	●
Gardens (where present) maintained in good order	●	●	●	●	●
Reasonable space for movement throughout	●	●	●	●	●
Adequate table and seating provision	●	●	●	●	●
TV (may be extra charge)	●	●			
Adequate heating and lighting throughout	●	●	●	●	●
Full range of crockery, cutlery, etc.	●	●	●	●	●
Cooker (incl. oven and grill) and fridge	●	●	●	●	●
Local tourist information	●	●	●	●	●
Easy chairs or sofas for all		●	●	●	●
Colour TV (may be extra charge)		●			
Bedside units or shelves		●	●	●	●
Heating in all rooms		●	●	●	●
Fridge with icemaker/automatic kettle		●	●	●	●
Colour TV (no extra charge)			●	●	●
Minimum adult beds 6'3" x 3' (single) or 6'3" x 4'6" (double)			●	●	●
Bedside lights			●	●	●
Linen and towels available			●	●	●
Dressing table, wardrobe, etc. in adult bedrooms			●	●	●
Vacuum cleaner			●	●	●
Iron and ironing board			●	●	●
Dressing table, wardrobe, etc. in all bedrooms				●	●
All sleeping in beds or bunks i.e. no bed settees				●	●
Supplementary lighting in living room				●	●
Garden furniture - where patio or garden				●	●
Automatic washing machine and tumble dryer or laundry service					●
All rooms with automatically controlled heaters					●
Bath and shower					●
Second bathroom/WC where more than 6 people					●
Telephone					●
Hairdryer					●
Food processor					●
Microwave					●
Dishwasher					●
Fridge freezer					●

(Source: English Riviera Tourist Board, 1997, p. 39)

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