

14th June 2009

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Dear David

HOLKHAM ESTATE – MARKET POTENTIAL ANALYSIS

'DRAFT FOR DISCUSSION'

Thank you again for commissioning Five Lines Consulting for the analysis of the market potential of Holkham Estate.

In this letter, we detail the findings and conclusions of our work. It includes the following sections:

- Introduction and background to the market analysis.
- Holkham Estate's current visitor proposition.
- Analysis of Holkham Estate's resident and tourist markets.
- Local and national visitor attraction sector characteristics, trends and issues.
- Review of comparable heritage attractions.
- Conclusions and recommendations.

1. Introduction and background

Background

The Holkham Estate ('the Estate') is considering investing to enhance its visitor 'offer'. To inform the identification of potential investment options, the Estate is keen to understand the relevant tourism market context within which the attraction operates currently, and the potential created by emerging and longer term market trends.

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The Holkham Estate is one of North Norfolk's major visitor destinations. It is a key element therefore of North Norfolk's tourism product, which includes a wide range of nature and wildlife attractions and activities (including nature reserves such as Blakeney Point Nature Reserve, and Cley Nature Reserve), and destinations of special interest such as the Shrine of Lady Walsingham, as well as quaint coastal and countryside villages and market towns such as Wells-next-the-Sea, Cley next the Sea, and Holt. Further afield are the traditional seaside resorts of Cromer and Sheringham, and the Norfolk Broads.

In order to inform their considerations, the Estate commissioned Shorthose Russell (the marketing communications specialists) – in early 2009 - to review the current Holkham Estate visitor offer, identify strategic issues and 'quick win' improvements, and then advise on an approach for a formal market research programme that will focus on both users and non-users of the Estate. As will be discussed later in this report, there is a need for such research to generate a clearer picture of – amongst other things - the profile of existing visitors, their motivation for visiting the Estate, their views on the 'experience' they got, and to test their reactions to possible improvements to the visitor proposition. However, prior to commencing with the formal market research, the Estate requires this quantitative market potential study to be completed.

Work undertaken

The 'desk top' research and analysis undertaken for this report was completed during early June 2009. It involved the following:

- A review of relevant local and national visitor attraction characteristics and trends, and an examination of the implications of these on the Estate's potential future trading performance and investment options.
- An analysis of the current / projected size and profile of the Estate's available resident and tourist markets, and their implications on possible future trading performance and investment opportunities.
- A comparison of the Estate's resident and tourist markets against comparable heritage attractions, including Harewood House (in West Yorkshire) and Chatsworth House (in Derbyshire).
- An appraisal of the Estate's potential target markets based on the 'ArkLeisure' value-based consumer segmentation.
- The completion of initial market penetration rate analysis to illustrate the possible future visitor attendances at Holkham Estate using a range of relevant benchmarks, and reflecting on the findings of the research into the comparable attractions (mentioned above).

Limitations

The work undertaken to inform this market analysis was as per our email (dated 14th May 2009) and your subsequent email confirming our appointment (dated 15th May 2009). In line with this, this 'desk top' analysis involved five days work.

We have carried out this engagement on the basis that we are responsible solely to the Holkham Estate for the research work and for any advice contained within this report. We shall under no circumstances

whatsoever be under any liability to any party, other than the Holkham Estate, for whatever you may or may not do in reliance on the report or on any other information, and advice given in relation to this market analysis.

Please note that our work involved a mixture of consultations (with public and private sector stakeholders), and analysis of published documents. Whilst our work has been conducted carefully, we have not sought to verify any information provided to us during the course of our work.

2. Holkham Estate's current visitor proposition

In order to place the market analysis – and future investment opportunities - into some context, it is necessary to summarise the Estate's existing visitor offer, as follows:

- Holkham Hall (which is the family home of the Coke family) is at the centre of the 25,000 acre estate. The Hall is open for visitors intermittently between April and October each year. It attracts c. 29,000 paying visits each year. The Hall's admission prices for the 2009 season are £8.00 for an adult and £5.00 for children aged between 5 and 16 years old¹. The Hall is part of a visitor offer that also includes²:
 - The Stables Cafe and Pottery Shop (situated by the Hall).
 - The 'Bygones Museum', which has a current entry price of £5.00 for adults and £2.50 for children.
 - Holkham Park, which is 'free admission' and open every day (except Christmas Day)
 - Lake cruises (£3.00 for adults and £2.50 for children), and nature trails.
 - Outdoor events which include concerts (e.g., Elton John in June 2009), and other events (such as the Holkham Country Fair, in July 2009).
- Based on research undertaken during 2006, the following was found:
 - The main source markets for visitors were Norfolk (20% of visits), Essex (7%) and Cambridgeshire (7%) and Suffolk (7%). No data is available which splits visitors between day visitors (who travelled to Holkham Estate from their home) and tourists (who were on holiday in the area).

¹ Please note that all prices quoted in this report include VAT unless otherwise stated.

² Although some prices are quoted in this report, there are a variety of other pricing options, including a joint Hall and Bygones Museum ticket, group tickets, and a ticket for private guided tours of the Hall.

- Around half of people surveyed visited the Hall.
- 34% of people visited the Bygones Museum.
- 83% of people visited the Pottery Shop.
- 78% of people visited the Stables Cafe.
- 70% of people visited the park.
- Only 11% of people visited the Hall, Bygones Museum, Stables Cafe, Pottery Shop, and park. This suggests that visitors pick the elements of the Estate they which to visit depending on the type of experience they are seeking.
- The main income streams – generated by visitors – are from admissions to the Hall, catering and retail, outdoor events, and car parking at the beach. However, the Estate also generates income from residential, agricultural and commercial rents, the Pinewood Holiday Park (which is located two miles east of the Estate), the ten bedroom Victoria Hotel, three holiday lodges within Holkham Park, and the Globe Inn (in Wells-next-the-Sea). The Estate’s total income is c. £18 million each year. Over the past five years or so, the Estate has expanded its visitor-related activities, which now account for half of the total annual income.

3. Analysis of Holkham Estate’ resident and tourist markets

In this section, we focus on the Estate’s available resident and tourist markets. In order to identify and define these markets, it is first necessary to establish the geographic area in question. With leisure and tourism developments, this typically involves focussing on drive-time catchments, namely the time it takes to drive from a certain point to a destination. That ‘certain point’ can be either a home (in the case of resident ‘day trippers’ visiting an attraction), or their holiday accommodation (if a tourist is staying overnight in the area). Based on our experience of working on other heritage attraction market appraisals, the appropriate drive-time catchments to focus on are as follows:

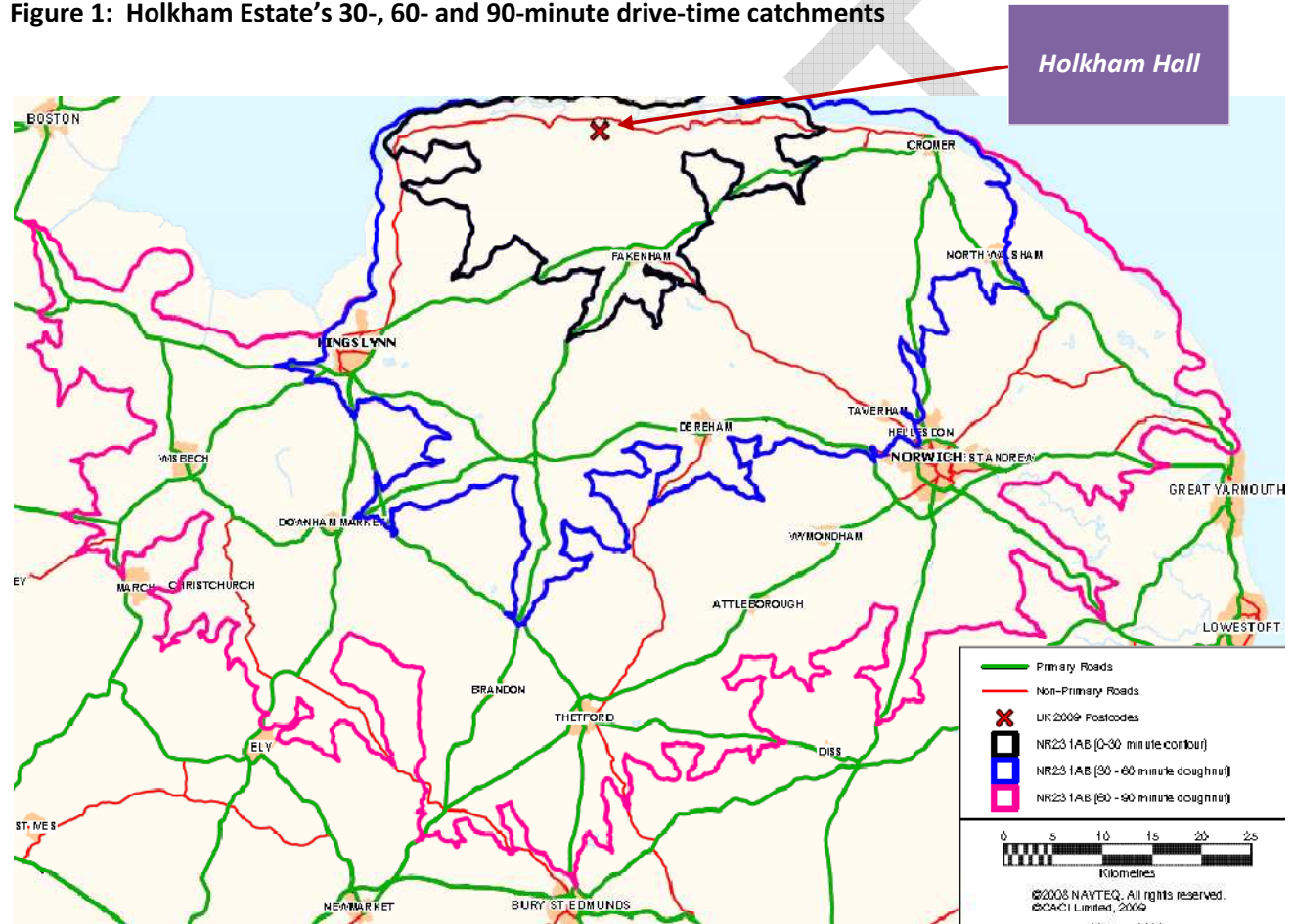
- The resident market: 0 to 30 minutes, 30 to 60 minutes, and 60 to 90 minutes drive-time from their home.
- The tourist market: 0 to 60 minutes drive-time from their holiday accommodation.

The map below illustrates Holkham Estates 0 to 30, 30 to 60, and 60 to 90 minute drive-time catchment areas. This shows that the 0 to 90 minute resident market catchment extends to the major seaside resort of Great Yarmouth to the east of the Estate, Wisbech to the west, and Bury St Edmonds to the south. With

regards to the tourist market’s one-hour drive-time catchment, this includes Cromer to the east, parts of Norwich to the south-east, and Kings Lynn to the west.

Clearly, there will be instances when residents and tourists will travel longer distances than these to visit the Estate (particularly if these people have a particular interest in the history of the Estate for example). However, in order to present a cautious analysis of the available resident and tourist markets in this report, the potential for such visits have been excluded.

Figure 1: Holkham Estate’s 30-, 60- and 90-minute drive-time catchments



Source: CACI, 2009

Now that the geographic catchment areas have been determined, it is necessary to estimate the size and profiles of both the resident and tourist markets.

Resident market size and profile

In order to help with the quantification of the resident market, CACI (the leading demographic and socio-economic research agency) were commissioned. The table below shows the resident population within the 0 to 30, 30 to 60, and 60 to 90 minute drive-time catchment areas.

This table illustrates one of the challenges for visitor attractions operating in North Norfolk, namely the relatively small resident market to draw visits from. This has a variety of commercial implications, including the relatively small population to target for repeat visits (e.g., through outdoor and other events), and trips from the visiting friends and relative market (which typically correlates to the general catchment population). For example, only c. 278,900 people live within one hours' drive of Holkham Estate in 2009, and the overall total is less than one million (and is not projected to grow materially over the next five years), which comparatively is rare in the case of many other major UK visitor attractions. This relatively small available resident market reflects a number of factors such as the limited number of large towns in the area, the general low population density in what is essentially a rural area, and the limited number of major roads enabling 'speedy transport' across the area.

Table 1: Holkham Estate's resident markets, 2009 to 2014

	2009	2014	2009 / 2014 % change
Primary resident market (0 - 30 minutes)	39,417	41,238	4.6%
Secondary resident market (30 - 60 minutes)	239,422	252,187	5.3%
Tertiary resident market (60 - 90 minutes)	570,334	604,647	6.0%
TOTAL	849,173	898,072	5.8%

Source: Five Lines Consulting (based on CACI data)

Over the next five years, the population of the tertiary resident market is expected to grow faster than the primary and secondary resident markets (i.e., by 6% between 2009 and 2014).

In addition to estimating the current and projected size of the resident market, the profile of the market has been examined. The key features are summarised in the following table. One of the key points which can be taken from this table is that although the size of the resident population is relatively low, there are various attributes of the population which are positive for a heritage destination such as the Holkham Estate, including the following:

- The older age profiles of each of the resident market segments.
- The relative affluence and levels of educational attainment of each segment.

- The interest in the activities of organisations such as the National Trust and English Heritage across all three segments.

Table 2: The demographic and socio-economic profile of Holkham Estate’s resident markets

<i>Primary resident market</i> (0 – 30 minutes drive-time)	<i>Secondary resident market</i> (30 – 60 minutes drive-time)	<i>Tertiary resident market</i> (60 – 90 minutes drive-time)
<p>Below UK average proportions of people aged 45 years old and younger.</p> <p>Particularly high proportion of people aged 65 plus.</p> <p>High proportion of ‘wealthy achievers’, which includes some of the most successful, affluent and educated people in the country. In total, 44% of the catchment’s population are classified as wealthy achievers in 2009.</p> <p>Above UK average levels of membership of both National Trust and English Heritage.</p> <p>Comparatively high propensity to visit nature reserves, but below average visitation of art galleries, museums, and ‘beauty spots’ / gardens.</p>	<p>Similar age profile as the primary resident market (i.e., a relatively old population).</p> <p>Also has a significantly large number of people classified as wealthy achievers (i.e., 48% of the total catchment’s population), and above national average membership levels of both the National Trust and English Heritage.</p> <p>As with the primary resident market, a relatively high propensity to visit nature reserves, but low levels of visitation to art galleries, museums, and gardens.</p>	<p>Compared with the primary and secondary resident markets, this market resident market segment has an age profile with is more in line with the UK average profile (although slightly lower younger age groups and marginally higher old age groups).</p> <p>Although there are a relatively large number of wealthy achievers in the tertiary resident market, it is a lower proportion of the total population than the other two resident market segments (i.e., 42%).</p> <p>The tertiary resident market has the highest average household income (at £31,964) of the three resident market segments³.</p>

³ Paycheck’ is CACI’s estimate of household income at postcode level. It is based upon government data sources, together with income data for millions of UK households collected from lifestyle surveys and guarantee card returns.

Tourist market size and profile

In this section, we review the size and profile of Holkham Estate's tourist market. The main tourism market from which the Estate draws its visits from is North Norfolk. Surprisingly for such a major visitor destination (where the tourism sector plays such an important role in the local economy), there is a limited pool of relevant, up-to-date tourism statistics for North Norfolk. The main source of tourism volume and value data is the Cambridge Economic Impact Model, the most recent of which was undertaken in 2007. Based on this, we can make the following observations:

- North Norfolk is primarily a holiday destination, with 77% of tourist trips undertaken for holidays in 2007. Analysis into the motivations of holiday-makers is hard to come by. However, research undertaken by Scott Wilson - in 2005 – suggests that the main appeal of North Norfolk to holiday-makers centred around (1) its coastline and beaches, (2) the Broads, and (3) its scenic and tranquil countryside⁴.
- The area is also predominately a domestic tourism destination (i.e., less than 4% of trips were taken by international tourists in 2007). According to Scott Wilson, North Norfolk's limited success in attracting overseas tourists reflects a lack of awareness of the area's tourism assets to overseas audiences.
- The average length of stay for domestic holiday-makers in 2007 was marginally over four nights, which is high compared to the UK average (of c. 3 days). A key strength of North Norfolk therefore is that it is still largely a long stay tourist destination. The length of stay may reflect factors such as the high level of static caravan and second home ownership in the area.
- The average spend per trip by domestic holiday tourists was c. £45 in 2007, and the average spend per trip was c. £184.

⁴ Source: Scott Wilson (2005) *North Norfolk Tourism Sector Study*

Table 3: The volume and value of overnight tourism in North Norfolk District Council area, 2007

Number of trips

	UK	Overseas	Total
Holiday	573,000	11,500	584,500
Business	55,000	5,700	60,700
Visits to friends and relatives	95,000	11,500	106,500
Other	8,000	800	8,800
TOTAL	731,000	29,500	760,500

Number of nights

	UK	Overseas	Total
Holiday	2,342,000	122,000	2,464,000
Business	105,000	17,000	122,000
Visits to friends and relatives	226,000	118,000	344,000
Other	15,000	29,000	44,000
TOTAL	2,688,000	286,000	2,974,000

Tourist spending

	UK	Overseas	Total
Holiday	£ 105,552,000	£ 5,709,000	£ 111,261,000
Business	£ 9,171,000	£ 1,033,000	£ 10,204,000
Visits to friends and relatives	£ 16,452,000	£ 2,592,000	£ 19,044,000
Other	£ 1,352,000	£ 1,253,000	£ 2,605,000
TOTAL	£ 132,527,000	£ 10,587,000	£ 143,114,000

Source: East of England Tourist Board (based on the Cambridge Economic Impact Model)

There appears to be little insightful research that examines the profile of visitors to North Norfolk in any detail. What has been undertaken is dated but suggests that the visitor market is predominately adult groups, people visiting the area for holiday reasons (with a particular interest in wildlife, scenery / landscape, peace and tranquillity, and beaches)⁵. However, this profile is somewhat different than that which would be found in the seaside resorts of Cromer and Sheringham, where it is likely that visitors would

⁵ Source: Visitor survey undertaken by the RSPB in 1999.

comprise more families staying in non-serviced holiday accommodation. A key point here is that although North Norfolk is a relatively small area, it is made up of distinct destinations each appealing to a particular type of visitor. For example, the nature loving visitor of the heritage coast and the more traditional sea side resort tourist in Cromer and Sheringham. This may be regarded as an opportunity for the Holkham Estate as it provides a variety of market segments to target.

Further to North Norfolk’s tourism market, Holkham Estate’s one hour drive-time catchment also includes other tourism destinations such as Cromer and Kings Lynn. Using available tourism statistics, it is possible to estimate the number of domestic and overseas tourists staying outside of North Norfolk but also within this wider one hour catchment area. The other district council areas which are ‘in part’ within Holkham Estate’s one hour catchment area are Kings Lynn and West Norfolk District Council, and Breckland District Council. An estimate of the total (unqualified) one hour catchment tourism market is provided in the table below⁶.

Table 4: Estimate of Holkham Estate’s total (unqualified) one hour catchment tourist market

	UK	Overseas	Total
North Norfolk	731,000	29,500	760,500
Kings Lynn and West Norfolk	403,000	16,400	419,400
Breckland	107,550	11,950	119,500
TOTAL	1,241,550	57,850	1,299,400

Source: East of England Tourist Board

Now that the size of the total tourism market has been estimated, it is necessary to ‘qualify’ the market to provide a more realistic view of the actual available tourism market (i.e., the specific market that the Estate can target and draw visits from).

In doing this, it is important to only include those tourist market segments that are likely to have a propensity to visit the Estate as part of their trip. Because of this, we need to include only (1) tourists staying within one hour’s drive of the Estate for holidays, and (2) those people visiting friends and relatives only. Business tourists are specifically excluded. This is because business tourists rarely visit attractions whilst away from home on business, particularly when the attractions are in relatively isolated locations (e.g., some distance from their hotel or other accommodation).

Also, as a certain number of people classified as tourists in the above analysis also live within the one hour drive-time catchment area (e.g., people living in North Norfolk that also holiday in the area), it is necessary

⁶ Please note that although part of Broadland District Council area sits within Holkham Estate’s one hour catchment area, it has been excluded from this analysis. This is because the entire North Norfolk area has been included, even though part of this is outside the catchment area. Other view was that the ‘net effect’ of this was neutral.

to exclude them from the estimation of the available tourism market (to remove the effects of double-counting, as they have already been accounted for in the resident market analysis). To reflect this, the one hour domestic tourism catchment market has been reduced by 20%.

Based on the above, Holkham Estate’s total qualified tourism market is summarised in the table below. This suggests that the Estate’s qualified tourism market totals c. 946,000 tourists. This is low compared to other available tourist markets we have appraised over recent years, reflecting – amongst other factors - the relative inaccessibility of the area (e.g., slow roads).

Table 5: Estimate of Holkham Estate’s total qualified one hour catchment tourist market

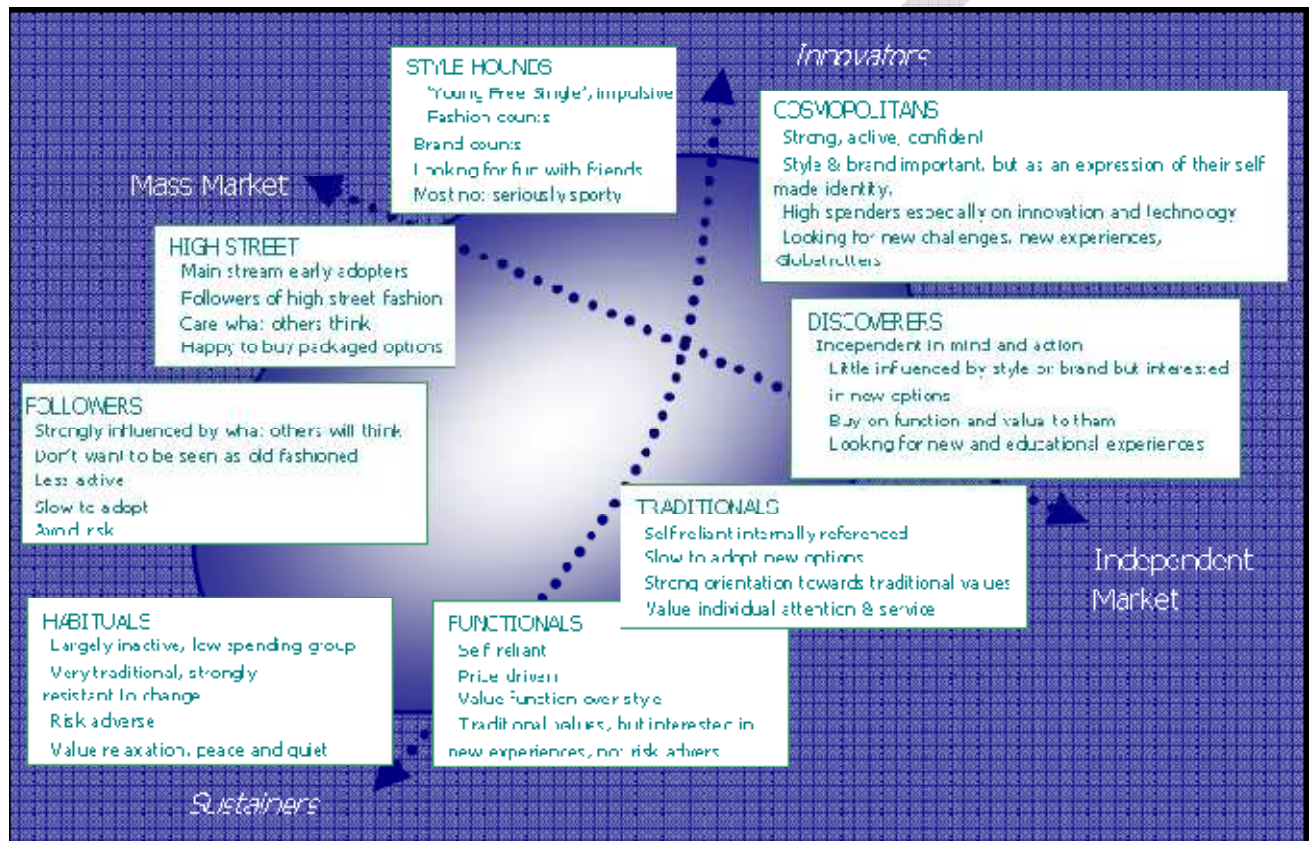
	UK	Overseas	Total
North Norfolk	526,320	26,550	552,870
Kings Lynn and West Norfolk	290,160	14,760	304,920
Breckland	77,436	10,755	88,191
TOTAL	893,916	52,065	945,981

Source: Five Lines Consulting assumptions (based on East of England Tourist Board data)

Even though the more ‘traditional’ approaches to the segmentation of tourism markets (e.g., segmentations based on age, socio-economic status or life-stage) are useful, they have been criticised by some as not being particularly helpful in actually predicting future tourist behaviour. Arkenford’s work on the ‘ArkLeisure’ segmentation model is an attempt to describe the UK consumers based on their values and the willingness to pay for different leisure and tourism products and services. Arkenford - in partnership with Visit Britain – have developed a strategic marketing system to assist leisure and tourism organisations to understand more about the motivations that drive British peoples’ leisure and holiday choices. Marketing systems for the tourism sector have lagged behind other industries. For example, they are still largely dependent on socio-demographic targeting. As mentioned above, a problem with using such approaches is that the classification is not efficient at predicting behaviour. The result is relatively inefficient marketing campaigns with low response rates. The Arkenford system uses peoples’ values and willingness to pay for different kinds of services and product attributes to predict the kinds of leisure option or holiday they are most likely to choose in different situations.

The figure below shows an overview of UK consumers according to the ArkLeisure model. In addition to illustrating the various segments which make up the model (and their characteristics), the figure indicates the relative sizes of each segment in the UK.

Figure 2: ArkLeisure market segmentation



Source: Arkenford

The main ArkLeisure segments which visit Norfolk currently are 'functionals' (31%) and 'high street' (17%), as shown in the table below⁷. As highlighted in the diagram above, 'functionals' are characterised by the following:

- They are pretty self-reliant and are not prepared to pay for fashion, style or 'individuality'

⁷ Source: East of England Tourist Board

- They are price-driven and value functionality over style.
- They have traditional values and enjoy intellectual challenges, traditional ‘arts and culture’.
- Service is something that they expect as opposed to something they will pay for.
- They are not early adopters of new ideas, but are interested in new experiences, and happy to try things new to them

Table 6: ArkLeisure segmentation – Norfolk compared to the East of England and the UK

Segment	UK	East of England	Norfolk
Functionals	9%	26%	31%
High Streets	22%	15%	17%
Traditionals	12%	13%	13%
Cosmopolitans	15%	22%	12%
Discoverers	13%	7%	10%

Source: Arkenford

The above findings are useful for two reasons, as follows:

- It helps with the targeting of the audiences for the qualitative research which will follow this market analysis.
- It provides additional evidence to assist with the preparation of any investment, pricing and promotional strategies for Holkham Hall (e.g., the price sensitive nature of the ‘functionals’ which visit Norfolk currently).

4. The national and local visitor attractions markets

The national visitor attraction market

As a heritage attraction, Holkham Estate competes against a plethora of other historical and cultural attractions for visitor time and spending. This appears to be a buoyant part of the visitor attraction’s sector. For example, visits to various heritage attractions have increased over recent years, as shown in the table below, with a particular growth in gardens (i.e., a growth in annual attendance of +13.7% between 2004 and 2007), museums and galleries (+8.4%), and historic properties (+3.6%). The growth has been such that it has

been estimated that over half of the UK population visited a heritage attraction during 2007/8⁸. Although it should be noted that some of this growth has been ‘driven’ by the free admission policy adopted within National Museums and Galleries, and many operated by local authorities, the growth has also been seen in many attractions that charge for admission.

Table 7: Annual attendance growth across different types of visitor attractions in England, 2004 to 2007

Type of attraction	2004	2005	2006	2007	2004 - 2007 % change
Historic properties	27.40	27.70	28.00	28.40	3.6%
Places of worship	0.10	0.10	0.10	0.12	20.0%
Museums and galleries	34.70	33.40	36.40	37.60	8.4%
Country parks	7.70	8.70	8.20	8.30	7.8%
Farms	1.30	1.30	1.30	1.30	0.0%
Gardens	7.30	7.90	7.90	8.30	13.7%
Leisure and theme parks	12.30	11.60	11.00	10.90	-11.4%
Steam and heritage railways	1.60	1.60	1.60	1.60	0.0%
Visitor and heritage centres	1.30	1.30	1.30	1.30	0.0%
Wildlife attractions and zoos	6.30	6.30	6.40	6.70	6.3%
Workplaces	1.10	1.10	1.10	1.13	2.7%
Other attractions	3.70	4.00	4.00	3.90	5.4%
TOTAL	104.80	105.00	107.30	109.55	4.5%

Source: Visit Britain and Mintel International Group

According to recently published research undertaken by the Mintel International Group, the national market profile of heritage attractions visitors can be summarised as follows:

- Over half of the UK population visited an historical / cultural visitor attraction during 2007/ 8.
- The overall visitor profile is female-led, and most likely to be aged 35 to 64 years old, with a peak amongst the 35 to 44 year old group.
- Overall attendance levels are strongly correlated to socio-economic status and household income. For example, seven in ten people within the ‘A’ and ‘B’ socio-economic categories and six in ten ‘C1s’ visited a heritage attraction in 2007/8. By way of comparison, less than half of ‘C2Des’ visited a heritage attraction during the same period.

⁸ Source: Mintel International Group (2008) *Historic and Cultural Visitor Attractions*

- Museums and science centres are the most family-friendly heritage attractions, with attractions offering 'hand-on' activity appealing most to parents.

The table below shows the average single adult admission prices (including VAT) across different types of visitor attraction in 2006 and 2007⁹. This information is useful as it illustrates the relative pricing across the range of different attractions. Of particular relevance to this study is that the pricing of historic houses / castles was above the England average across both years, whereas gardens were below that average.

Table 8: Average England visitor attraction adult admission prices, 2006 and 2007

Type of Attraction	2006	2007
Country parks	£3.61	£3.51
Farms	£5.38	£5.83
Gardens	£4.74	£4.86
Historic houses/castles	£5.29	£5.19
Other historic properties	£3.04	£2.92
Leisure/Theme parks	£8.89	£7.36
Museums/Art Galleries	£3.59	£3.42
Steam/heritage railways	£6.43	£6.33
Visitor/heritage centres	£4.20	£3.67
Wildlife attractions/zoos	£7.51	£7.30
Workplaces	£4.42	£4.66
Places of worship	£6.64	£6.36
Other	£8.29	£7.90
TOTAL ENGLAND AVERAGE	£5.18	£5.00

Source: Visit Britain

There are a host of national visitor attractions trends which are likely to impact on the trading of major destinations such as the Holkham Estate. Some of these are summarised in the table below.

⁹ Source: Visit Britain (2008) *England Visitor Attraction Trends, 2007*

Table 9: The strengths and weaknesses of the heritage attraction sector

Strengths	Weaknesses
<p>Market potential</p> <p>Over half of the UK's adult population have visited an historical or cultural attraction at least once over the past 12 months. There is huge market potential for repeat visits and for associated commercial opportunities.</p> <p>Membership figures are rising faster than actual visitor numbers across many heritage organisations, as popular interest in areas such as family history and conservation drives demand for a more hands-on, involved approach.</p>	<p>The economy</p> <p>The economic downturn and declining discretionary spend by consumers is likely to impact on many visitor attractions, decreasing actual visits and curbing secondary spend at the sites.</p> <p>The volatility of petrol prices is also a problem for many rural attractions with poor transport links.</p>
<p>Enhanced product</p> <p>The traditional 'stuffiness' of historic and cultural attractions is being replaced with a more vibrant, imaginative and engaging approach to interpretation, involving innovative use of technology, story-telling, and role play.</p>	<p>The weather</p> <p>Two consecutive poor summers have dampened visitor numbers to many outdoor attractions during 2007 and 2008. There is a need for more 'all-weather attractions' in the sector, but many heritage sites are highly dependent on outdoor experiences.</p>
<p>Overseas travel dip?</p> <p>Domestic tourism has been under severe pressure from overseas travel in recent years.</p> <p>Eco-awareness, currency issues and the economic downturn may deter foreign travel and create new constituencies for visitor attractions, in terms of both holidaymakers and day trippers.</p>	<p>Over reliance on core demographics</p> <p>Widening social access is a key strategic aim for the heritage and cultural sector. There has been progress here, although Mintel's consumer research for this report shows that visitors are still strongly weighted towards the upper socio-economic echelons and higher income groups.</p> <p>Many attractions also need to diversify beyond the core family and empty nester couples segments to attract groups such as teenagers, singles and younger couples.</p>

<p>Education</p> <p>Government plans to offer all schoolchildren five hours of culture, increased funding for education work in museums and galleries, and The Learning Outside the Classroom Manifesto launched by the Department for Education and Skills are helping to create new opportunities for working with schools and colleges, as well as for National Curriculum-friendly experiences targeted at parents.</p>	<p>Funding pressures</p> <p>Prolonged economic slowdown, declining corporate budgets and the diversionary threat of the 2012 Olympics could jeopardise funding in a sector that needs constant, large-scale investment to maintain attractions and innovative new customer experiences.</p>
<p>The “Britishness” debate</p> <p>Issues of national/cultural identity have now taken political centre stage. Historic and cultural attractions are involved in these debates, and can benefit from heightened popular interest in roots, shared stories, identity and community.</p>	<p>Leisure competition</p> <p>Historic and cultural attractions face intense competition for the family leisure pound, particularly from less educational, ‘fun’ activities such as tenpin bowling, live sports and in-home entertainments. The challenge is to provide fun activities without excessive ‘dumbing down’.</p>

Source: Mintel International Group

The local visitor attraction market

In the table below, we present the annual visitor attendances at North Norfolk’s major attractions. This suggests that there is a 150,000 visits p.a. ‘ceiling’ currently, as the largest attendances are attracted by the Thursford Collection. Thursford Collection has the world’s largest collection of steam engines and organs. It also has carousels for visitors to ride, daily organ performances, a shop and a cafe. Visitors are charged for general admission (e.g., £8.00 for an adult and £4.00 for children during 2009). A ‘Christmas Spectacular’ is hosted at Thursford each year. The next most popular attractions are Blickling Hall (which is part of the National Trust) and the Shrine of Our Lady Walsingham, both of which have attracted c. 100,000 visits per annum over the past few years. Whereas Blickling Hall charges for admission (e.g., £8.85 for an adult entry into the hall and the gardens during 2009, and £4.40 for a child), the Shrine of Our Lady Walsingham is ‘free entry’. In addition to the attractions shown below, there are a host of other smaller attractions across North Norfolk.

The relatively attendance levels achieved at North Norfolk’s attractions is a symptom – at least partly – of the comparatively small available resident and tourist markets, as discussed earlier in this report.

Table 10: Attendances at selected North Norfolk visitor attractions, 2002 to 2007

Attraction	2002	2003	2004	2005	2006	2007
Holkham Hall	n/a	22,311	22,019	27,541	31,250	28,660
Muckleburgh Collection	49,000	n/a	n/a	n/a	39,900	36,000
Blickling Hall	89,600	90,763	95,751	99,753	96,000	103,478
Thursford Collection	135,377	138,761	142,664	n/a	n/a	n/a
Shrine of Our Lady of Walsingham	n/a	n/a	100,000	100,000	n/a	n/a
Felbrigg Hall	58,417	67,500	65,780	66,266	63,320	71,498

Source: East of England Tourist Board

5. Comparables analysis

In order to compare the current and potential future trading performance of Holkham Hall into some context, this section provides an assessment of two broadly comparable attractions. These attractions are Harewood House in West Yorkshire and Chatsworth House in Derbyshire.

Harewood House

Harewood House is located in between Harrogate and Leeds (six miles distance from each). Harewood House is one of the United Kingdom's most outstanding country houses open to the public. It is listed Grade 1. John Carr - of York - built Harewood House between 1759 and 1771. Harewood House has been the home to the Lascelles' family since it was built. Robert Adam decorated the House. Thomas Chippendale - the famous furniture maker - was given his largest and most ambitious commission for Harewood. Both J. M. W. Turner and Thomas Girtin were given early commissions at Harewood, which proved to be vital to the development of their work. There are portraits by Reynolds, Hoppner, Lawrence and Romney, and commissioned works by Gainsborough, Singleton and Cosway amongst others. The House is surrounded by a Grade 1 listed landscape designed by Lancelot 'Capability' Brown and has extensive gardens including the 19th Century parterre designed by Charles Barry, a lakeside walk with a magnificent collection of rhododendrons and the walled garden with greenhouses and spiral meadow.

The gardens, grounds, Bird Garden and Adventure Playground and shops at Harewood House are open to the public between February and December each year (but only intermittently outside of the main March to November season). However, Harewood House itself is only open between March and November each year. In general, the attraction opens from 10.30am and closes between 5.00pm and 6.00pm. In addition, a programme of "out of season" events are offered, including chamber concerts. In addition to the House, the visitor attractions include the Terrace Gardens, the Bird Garden, an Adventure Playground, Rock Garden, Walled Garden, a lakeside walk, and a picnic area.

The admission prices for 2009 are as per the following table. This table splits the prices charged during the 'high' and 'low' seasons. During 2009, the high season runs from 28th June to 7th September, but also

includes Bank Holiday weekends. The low season is between 15th March to 27th June, and 8th September to 2nd November.

Table 11: Harewood House admission prices (including VAT), 2009

Ticket type	High season				Low season			
	Adult	Child	Senior	Family	Adult	Child	Senior	Family
Harewood Ticket	£ 14.30	£ 7.25	£ 13.25	£ 44.00	£ 12.25	£ 6.10	£ 11.00	£ 38.50
Garden Ticket	£ 10.00	£ 6.10	£ 9.00	£ 32.00	£ 8.25	£ 5.00	£ 7.20	£ 27.50

Notes:

The above prices include Gift Aid

There is no entry charge for Under 4s

Source: Harewood House Trust

The table below shows the annual attendances at Harewood House between 2001 and 2007. This table illustrates the attendance volatility over this period, from a high of nearly 400,000 (in 2004) to a low of c. 222,000 in 2006. As an attraction which has a comprehensive outdoor event programme – throughout the year – attendance levels are influenced by the weather.

Table 12: Annual attendance at Harewood House, 2001 to 2007

Year	Attendance	% change each year
2001	322,046	-
2002	357,820	11.1%
2003	348,659	-2.6%
2004	391,026	12.2%
2005	302,052	-22.8%
2006	221,880	-26.5%
2007	242,846	9.4%
2001 to 2007 % change	-25%	

Source: Yorkshire Tourist Board

Based on research undertaken during 2004/5, the profile of visitors to Harewood House can be summarised as follows¹⁰:

- 94 per cent of visitors were domestic, over half of which (i.e., 58 per cent) lived in the Yorkshire and Humber region.
- 65% of visitors were day trippers who travelled from their home. The remaining 35% of visitors travelled from their holiday accommodation.
- 26% of visitors were from the 'AB' socio-economic group and 46% were classified as C1. As found at many other heritage attractions, the proportion of visitors from the C2DE socio-economic categories was relatively low (at 27%).
- Of those holiday-makers, 20% travelled from Harrogate, 15% were staying in Leeds, and 11% were from York.

Using the above information on Harewood House's visitor profile, it is possible to estimate the market penetration rates achieved by Harewood House. The estimated penetration rates are shown in the following table. These penetration rates are broadly in line with those achieved at other major heritage attractions in the UK. It should be emphasised that Harewood House has a large resident market to draw its visits from. For example, the population of West Yorkshire alone is c. 2.2 million. In addition, parts of North, East and South Yorkshire are situated within Harewood House's 90-minute drive-time catchment. Added to this is a relatively large overnight tourism market due to major destinations such as York being located within 45 minutes drive of Harewood House. In 2007, York attracted over four million visitors, of which c. 80% (i.e., 3.2 million) visited the city for holiday or leisure reasons.

Table 13: Estimates of Harewood House's market penetration rates

Market segment	Penetration rates
Resident (0 - 30 minutes)	4% to 6%
Resident (30 - 60 minutes)	1% to 2%
Resident (60 - 90 minutes)	<1%
Tourist (0 - 60 minutes)	2% to 4%

Source: Five Lines Consulting estimates (based on 2004/5 data)

¹⁰ Source: Yorkshire Tourist Board visitor surveys.

Chatsworth House

Chatsworth is the home of the Duke and Duchess of Devonshire. Chatsworth may be described as a multi-faceted visitor destination as it includes the following:

- Chatsworth House itself.
- The Garden.
- An adventure playground and farmyard.
- A variety of food and beverage outlets, and shops (which include the Chatsworth farm shop).
- A comprehensive event programme, which runs from March to December each year, and includes music concerts, the Country Fair, and the Christmas Markets.

Chatsworth is located centrally in England, within the Peak District National Park. It is eight miles north of Matlock, and 16 miles from the M1 Junction 29. In terms of access by rail, Chatsworth is around half an hour from Chesterfield rail station.

The annual attendances recorded at Chatsworth House between 2003 and 2007 are illustrated in the table below. This table suggests that after a decline in attendance between 2003 and 2004, the attendance has stabilised at c. 600,000 over the past three years.

Table 14: Attendance at Chatsworth House, 2003 to 2007

Year	Attendance	% change each year
2003	687,297	-
2004	616,480	-10.3%
2005	608,591	-1.3%
2006	604,400	-0.7%
2007	606,689	0.4%
2003 to 2007 % change	-12%	

Source: Visit Britain

Similar to Harewood House, Chatsworth House is able to draw visitors from comparatively large resident and overnight tourism markets. For example, within Chatsworth’s 30-minute catchment area is Sheffield, which has a population of in excess of 530,000 residents. This means that the attraction has a very large local resident market to support attendance and repeat visitor levels, particularly to the garden, adventure playground, and farm yard (as evidenced by the take up - by local people - of the annual season tickets for these attractions). In addition to its large local resident market, Chatsworth sits within the Peak District, which is one of the UK’s most popular holiday destinations attracting over three million holiday-makers staying overnight each year.

The table below shows the 2009 admission prices for the different attractions which make up Chatsworth House. In addition to these, visitors are charged for parking their cars, currently at a rate of £2.00 per car per day.

Table 15: Chatsworth House admission prices (including VAT), 2009

Ticket type	Adult	Child	Senior	Family
House and garden	£ 12.65	£ 6.90	£ 10.45	£ 33.00
Garden only	£ 8.25	£ 4.95	£ 6.60	£ 23.10
Farmyard and adventure playground	£ 5.50	£ 5.80	£ 4.40	£ 21.45

Notes:

The above prices include Gift Aid

There is no entry charge for Under 4s

Source: Chatsworth House Trust

6. Indicative market penetration rate analysis

In light of the above, we illustrate the possible future attendance levels using (1) our estimate of available resident and tourist market sizes (and their profiles), and (2) industry benchmark market penetration rates. The purpose of this is to illustrate the challenge which may be encountered at Holkham Hall to materially increase its current visitor levels, primarily because of the relatively small local resident markets. The outputs of this indicative analysis are provided in the table below.

Clearly, the potential for Holkham Estate to achieve these will be dependent upon many factors including the actual visitor proposition, the pricing policy adopted, and the effectiveness of the promotional activity.

Table 16: Indicative market penetration rate analysis

Total Available Markets

	2009	2010	2011	2012	2013	2014
Residents						
Primary (0-30 mins)	39,417	40,000	40,250	40,500	41,000	41,238
Secondary (30-60 mins)	239,422	240,000	242,500	245,000	247,500	252,187
Tertiary (60-90 mins)	570,334	580,000	585,000	590,000	595,000	604,647
Total resident market	849,173	860,000	867,750	875,500	883,500	898,072
Tourists						
Domestic	893,916	893,916	893,916	893,916	893,916	893,916
International	52,065	52,065	52,065	52,065	52,065	52,065
Total tourist market	945,981	945,981	945,981	945,981	945,981	945,981
TOTAL	1,795,154	1,805,981	1,813,731	1,821,481	1,829,481	1,844,053

Market Penetration Rates

	2009	2010	2011	2012	2013	2014
Residents						
Primary (0-30 mins)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Secondary (30-60 mins)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Tertiary (60-90 mins)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Tourists						
Domestic	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
International	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Attendance Projections

	2009	2010	2011	2012	2013	2014
Residents						
Primary (0-30 mins)	2,365	2,400	2,415	2,430	2,460	2,474
Secondary (30-60 mins)	7,183	7,200	7,275	7,350	7,425	7,566
Tertiary (60-90 mins)	5,703	5,800	5,850	5,900	5,950	6,046
Total from the resident market	15,251	15,400	15,540	15,680	15,835	16,086
Tourists						
Domestic	44,696	44,696	44,696	44,696	44,696	44,696
International	521	521	521	521	521	521
Total from the tourist market	45,216	45,216	45,216	45,216	45,216	45,216
TOTAL	60,467	60,616	60,756	60,896	61,051	61,303

7. Conclusions

By way of conclusion, we summarise the key strengths, weaknesses, opportunities and threats of Holkham Estate in the following table.

Strengths	Weaknesses
<ul style="list-style-type: none"> Holkham Estate is one of North Norfolk's most popular visitor destinations. It is a multi-layered attraction, with different attractions appealing to different markets (although there is very limited up-to-date visitor research that enables a detailed analysis of the appeal of the Estate's different components to specific market segments). Holkham Estate is located within an established tourism destination – in North Norfolk – that is made up of distinct destinations, including the heritage coast, seaside resorts, and the northern part of the Broads. 	<ul style="list-style-type: none"> Holkham Estate has a relatively small (0 to 90 minute drive-time) resident market to draw visits from. This reflects both the low population in the area and the lack of major trunk roads to facilitate quick access into the area. It is also worth noting that the resident market is not expected to grow materially over the foreseeable future. The current opening times may be regarded as confusing. There is no centrally-located orientation point for visitors to the Estate.
Opportunities	Threats
<ul style="list-style-type: none"> There are a range of opportunities for Holkham Estate to enhance its trading performance with its existing visitor proposition. For example, longer opening hours, increasing prices during peak periods of demand, promoting Holkham Estate to family markets, and targeting the group tour market out of season, possibly in conjunction with other major visitor attractions in the area to develop short break packages using the Estate's own holiday accommodation (e.g., Thursford). The beach already attracts c. 800,000 visits each year (according to Natural England). There is a significant opportunity for Holkham Estate's revenue generating attractions to increase their penetration of this market 'on their doorstep', possibly by either developing some product at the 	<ul style="list-style-type: none"> Given the relatively small resident population, the visitor attractions in North Norfolk need to target the holiday market. However, this market is seasonal and is volatile to competing to UK and international destinations. North Norfolk has a large number of small-scale visitor attractions competing for visitor time and spending. It is surprising, given the importance of tourism to North Norfolk's economic prospects, that the range and quality of commercially-focused tourism statistics in the area is limited.

beach (as per the visitor centre idea mentioned below), or by more heavily communicating to this existing market of what else is on offer across the Estate.

- Nationally, the ABC1 socio-economic market is growing. For example, it has been estimated that the number of ABC1s – as a proportion of the total UK adult population – will grow from 56% currently to 60% by 2013 (i.e., from 25.9 million people in 2008 to 31.34 million in 2013)¹¹. This group of consumers generally has high levels of personal disposable income and a greater propensity to take holidays, particularly to rural destinations, and visit heritage attractions.
- The relatively long length of stay of holiday-makers in North Norfolk presents an opportunity to Holkham Estate, particularly if the Estate is able to raise its profile and status to become the ‘must see’ destination in the area (i.e., be on the majority of holiday-makers’ itineraries).
- Given the current lack of an orientation point for visitors, the provision of some form of visitor centre may assist with this, particularly given the different aspects of the Estate. For example, if such a visitor centre was located at the beach, this would also present an opportunity to capture some of the spending of the beach visitors (e.g., through catering and retailing).

¹¹ Source: Office for National Statistics and Mintel International Group.

Thank you again for commissioning Five Lines Consulting to undertake this market analysis.

Please do not hesitate in contacting me should you have any questions in relation to this draft report.

Yours sincerely



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