

STOUR VALLEY ACTION GROUP

Ms Sue Jackson,
Principal Planning Officer
Environmental & Protective Services
Colchester Borough Council
PO Box 889, Rowan House,
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July 31st 2012.

Dear Ms Jackson,

The Stour Valley Visitor Centre at Horkesley Park; proposed change of use of land by Bunting and Sons, planning application No 120965 (re-submission of application no 090231). Supplementary response.

Further to our letter of July 26th 2012 we submit this supplementary response which is a report from our tourism consultants, Visitor Attraction Consultants (VAC) of Stafford. This is an up-date of their report of April 2009. VAC are successful operators of visitor attractions as well as being consultants. They therefore know at first hand the pitfalls that can befall such ventures.

We recommend that the report should be read in detail but some of the points they make are:

- They suggest that the market volumes mentioned in the Sykes Leisure Projects (SLP) report are too large and therefore resulting attendance levels are likely to be over inflated.
- They would advise using a penetration rate nearer 0.5% than the over 1% used and that this should be applied to the reduced market volumes.
- They suggest a more reasonable headline adult price of £5.00 (inc VAT) for a simplified all-inclusive ticket.
- After looking at comparative analysis, market size, penetration rates and price, they consider that a settled down attendance level of 100,000 should be considered for Horkesley Park; 150,000 at the maximum.
- They suggest that Admission Yield at 83% is high and a more realistic figure would be 70 – 80%.
- They consider that the project would stand a greater chance of success if it abandoned the idea of being a visitor attraction with a paid-for element but instead positioned itself purely as a retail development – in effect a shopping village with no admission charge.
- Research carried out by the Heritage Lottery Fund discovered that over-optimistic visitor projections were commonplace with, on average, visitor predictions being almost 50% higher than the numbers achieved.

In section 7 of our main submission we state that the Applicant's claim of 316,250 visitors set out in the SLP report is fundamental to the credibility of the whole

Horkesley Park proposal. This number, together with the SLP projections on income from attendance charges, must underpin the whole business case and job projections. We have shown in the VAC report and our main report that the SLP numbers are almost certainly overstated by over 50% both in terms of numbers and per capita gate money.

As stated in our main submission, we strongly suggest that the Council has the conclusions of the SLP report tested by its own independent experts.

Yours sincerely,

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Proposed Development of Horkesley Park, Essex

In April 2009 Visitor Attraction Consultants (VAC) was engaged to provide an over-view of a paper entitled '*Horkesley Park Heritage & Conservation Centre*' authored by Andy Sykes of Sykes Leisure Projects (SLP), dated December 2008.

Following a failed planning application for the Horkesley Park project (Planning Application No 090231) SLP was appointed to carry out a Tourism Evaluation Report to accompany a new planning application for the proposed *Horkesley Park Heritage and Conservation Centre* in Great Horkesley, Essex. This study builds upon the Tourism Feasibility Study submitted with the previous Planning Application and has been substantially amended to take into account the comments and views made by statutory bodies, the general public and the Local Planning Authority.

VAC has now been asked to provide a view on the SLP Tourism Evaluation Report.

VAC benefits from over 15 years in the direct management, operation, marketing and development of UK heritage-based visitor attractions, and thus can bring a practical perspective to bear on these proposals. We have also consulted with other tourism / visitor attraction specialists in compiling this paper.

The Project

The overall vision of the Horkesley Park project remains "*...to create a focus within a corner of the Essex landscape devoted to many facets of the English Countryside – with particular emphasis on East Anglian 'Rural Life'*". An intriguing vision and one replicated successfully at a number of destinations throughout the UK, as highlighted in the SLP report. Success elsewhere however does not guarantee equal success where ever.

An immediate concern of course is the proximity of the Museum of East Anglian Life, some 50 minutes away by car. The museum positions itself as a way to "*discover the history and natural*

world of East Anglia on our beautiful 75 acre site". Visitors are encouraged to "... explore nearly 3km of woodland and riverside nature trails... learn about fascinating East Anglian crafts and traditional Gypsy culture. get steamed up with powerful engines.... and meet friendly animals including Major, a Suffolk Punch Horse and rare breeds of cattle and sheep... discover 15 splendidly restored historic buildings... and try some delicious food and local produce in the new museum bistro."

It is worth noting that the museum attracted just c30,000 visitors in 2004/5 and in its English Heritage renovation plan, it was only targeting 58,000.

It is fair to say the Horkesley project goes beyond the Museum of East Anglian Life offer but clearly there are some parallels, especially in the eyes of the potential visitor. The Horkesley project will have to work very hard on the marketing to differentiate itself sufficiently. It is not clear in the report we are currently commenting upon as to how they intend to do that and the financial / physical marketing resource they will engage but suffice to say it should be significant, especially to generate their projected attendance levels.

With sufficient marketing resource the challenges of differentiating this project from the Museum of East Anglian Life should be surmountable and of course over time word of mouth, if the product is delivered correctly, will help spread the word that the Horkesley project is sufficiently different but in the short term we are concerned penetration into the Stowmarket catchment will be affected.

It is noted in the SLP study that there have been some significant changes in the vision of the Horkesley project since the 2009 planning application, which are in line with the objections made. Naturally our concern is whether removing these elements reduces market impact, in particular the removal of:

- The underground nature watch building known as 'The Warren'
- The 'Rustic Play Area'
- The Conservation and Visitor Centre building
- The 'Farm Barn'
- The lecture theatre, restoration and reconstruction workshop
- The specialist garden centre and some cafe space from the scheme
- The second floor of the Suffolk Punch Breeding Centre Building

It is encouraging to see the replacement of the specialist garden centre with an indoor demonstration nursery and garden that will include food growing areas, biological control

demonstrations and will have an educational emphasis, although we would have concerns about business sustainability of this 'profit centre' but that is beyond the remit of this paper.

Our feelings expressed about certain elements of the product mix remain especially the deserted medieval village and the hope to display pictures by Constable (yet to be acquired).

In our experience, people don't pay to visit modern buildings; they pay to experience the things within them or features outside them, like gardens. Thus in our view, the spending balance is wrong with most investment diverted into modern buildings rather than customer experiences.

We suggest that the proposals need a stronger, more compelling theme with a linking narrative to unite the many different displays. This would give it stronger PR-potential and marketability. It needs a Unique Selling Point (USP), and we would be concerned at this stage that those elements one might consider currently as 'star attractors' (such as a display of Constable paintings) are doubtful in their delivery (nothing is said on how the paintings will be secured for display).

In general however we feel the product mix is extensive (difficult to package?) and as such will indubitably have some market appeal, or at least market intrigue. The big question in our mind is one of sustainability. Delivery of this type of product mix will have to be of the highest order and be based upon authenticity and quality, which requires significant resource, expertise and attention to detail, year in year out; including of course sufficient product re-investment plans – an element often forgotten by visitor attraction developers, especially those new to the sector. Any reduction in the quality of delivery or change in product mix might a) have a negative impact upon the market appeal and b) force the management team towards other product offers, possibly not in line with the original vision, simply to balance the books. Again, any business plan issues are beyond the remit of this paper.

It should also be remembered that the chances for success at Horkesley, with a market heavily influenced by 'perception', will depend on both the perceived and actual quality of the new product offer (an obvious statement but one that is often overlooked in the development process). The consequences of ignoring this fact are clearly demonstrated by the troubles being encountered at many attractions in the UK.

New Competition

Since this report was written there have been various announcements from The London Legacy Development Corporation (LLDC) about future developments at the Olympic Park, including a new "ecology-themed" community hub to the north of the park; it has just gained planning approval. Although not immediately comparable it is planned to become "*... one of the most beautiful green spaces in London with wetlands, clean waterways and beautiful parklands for everyone to enjoy*" and it is located within the catchment mentioned in the SLP study; it will certainly target the north

London and south Essex markets. As stated it is not immediately comparable but some of the UK's most *"imaginative play facilities are proposed, which will allow young people to build dens, climb trees and enjoy walkways, slides and bridges linked to trees. Sand and water play activities will also be included, while a hub building will contain a café, a reception area and space that can be used by schools and community groups."* Although the Olympic Park is at the outer reaches of the Horkesley catchment it must be considered a competitor to the Horkesley project, certainly in the eyes of the potential visitor living in North East London and the southern areas of the Horkesley catchment; Stratford is under an hour away from Colchester by train. The project will open in phases starting from July 2013.

New-build Attractions Generally

We repeat that building visitor attractions from scratch is difficult at the best of times, even in places where there are already visitors. A starting point always is to provide a unique and clear-cut concept of mass appeal – an attraction based on a subject matter that needs to be explained in any depth will always struggle.

In our last report we mentioned some examples of major success stories, such as Cornwall's 'Eden Project', Hull's 'The Deep', or Rotherham's 'Magna'. The unifying characteristics of these projects are that they are all easy to understand and each reflects the well-known characteristics of the area in which they are located.

Created Visitor Attractions of the past that did not follow this format include Doncaster's 'Earth Centre' and Sheffield's 'Centre for Popular Music'. Both went disastrously wrong and closed as visitor attractions within a short time despite high profiles, enormous marketing budgets and highly professional operations.

Visitor Potential within this Catchment

As noted in our previous paper creating successful attractions within strong destinations with real market is difficult enough. This difficulty is compounded in an area not known as a visitor destination; the SLP report acknowledges that Essex is not yet well established in that regard. To create a tourist economy for an area requires time and a critical mass of distinctive "superstar attractions" and by "superstar" we mean one of the top seven percent of attractions, which it should be noted, attract 75 / 80 percent of the market.

Our concerns remain over the area's distinctiveness and associated infrastructure, including good transport links, a range of accommodation types, a range of F&B outlets and so on.

We accept the chicken / egg argument that the visitor economy will improve once the destination includes attractions of scale but it is a tall order for one attraction to change the face of a destination without considerable support from DMOs and other infrastructure improvements. In short we would worry about investing our money into a large scale project in this area for these reasons.

Challenges in the Visitor Attraction Sector

Our observations about the UK visitor attraction sector raise some concerns for the attraction in Horkesley, namely:

- There is a likelihood the market is over supplied - there may be too many attractions for the market to support
- The population trend towards an ageing society in the UK will mean be a positive factor for some types of attractions and a negative factor for some others. Projects like Horkesley will be affected by the decline in the number of children in the population, whilst historic houses and heritage attractions can expect to benefit from the growth in the 'empty nesters' and 'grey sector'.
- Although people are spending more money and time on leisure and associated products it is also true that much of this increase is on home entertainment and therefore the attractions sector has to compete with "staying at home" as never before.
- The decline in levels of secondary spend are also a concern to the industry, as virtually all attractions rely on others sources of revenue in addition to admissions for their viability.
- The subsidy of free access at many publicly owned attractions, undercutting acceptable admission charge levels for enterprises dependent on visitor income
- The 'cash-rich-time-poor' syndrome, whereby families and couples have the money but not the time to go out together
- The level of disposable income in core markets is rising but consumers demand value-for-money
- Main spend is on accommodation, eating and travel rather than entertainment
- Short Breaks are booming although business is shifting into weekends and half terms

- UK tourism affected by 'one-off' events which have a global impact on tourism making the future uncertain
- Hot sunny weather encourages visitors to the coast or bad weather puts visitors off
- Increases in competition from leisure and retailing projects and new leisure concepts, such as factory shopping outlets and indoor leisure complexes
- Disruption to travel conditions with train delays / cancellations and increased road traffic

Despite these challenges the overall market shows signs of growth and an increase in consumer spending. However, true commercial success only comes to a handful of attractions and it is fair to say the potential market for the Horkesley project is volatile and the project faces unprecedented competition.

Whilst the Horkesley project may be able to take advantage of positive trends, it should be stated that customers are becoming more selective, the breadth of leisure choice is expanding and the industry is at a highly competitive stage.

Comparative Analysis

We obviously cannot undertake a full comparative analysis but a cursory look at the catchment reveals some interesting findings:

East of England

- Attendance numbers at the region's 'top 20' charging attractions vary according to the nature, scale and location of the site between c120,000 visitors at the bottom end of the range and 750,000 visitors at the top
- Of the 'top 20' paid attractions the average annual attendance is approximately 250,000 but only 50% of these top 20 attract over 150,000 visitors per annum
- These are relatively strong numbers but considerably below the number projected for the Horkesley project

Essex

- At a more local level we can see that average attendance levels start to fall
- Of the paid for attractions in Essex only 5 generate more than 100,000 visitors per annum and the average attendance within the 'top 10' is some 190,000 pa

- It is also discouraging to note that the majority of the 'top 20' attract less than 100,000 visitors per annum and the average attendance is just 28,000
- It is also interesting to note that although average adult admission prices amongst the top-flight attractions (ie those attracting 100,000+) is c£7, this falls to £5 amongst the smaller attractions, bringing the 'top 20' average down to just under £6
- It is also disappointing to see that only 5 of the 'top' attractions in Essex are within the Borough of Colchester but their average attendance is c190,000, although if Colchester Zoo is excluded the average falls to c100,000

Suffolk

The Horkesley site sits alongside the county of Suffolk and so it is worth considering Suffolk attractions

- Of the paid for attractions within this catchment it is clear numbers are not great
- There are no paid attractions generating more 150,000 visitors per annum and the average attendance within the 'top 10' is just c58, 000 – within the 'top 20' the average falls even further to c33, 000
- Although the average adult admission prices amongst the 'top 10' nearly breaks the £6 barrier, this falls to below £4 amongst the smaller attractions, bringing the 'top 20' average down to just under £5

Market Size

Although the SLP report quotes 'raw' market volumes it is not clear whether the necessary adjustments have taken place to qualify these figures, ie a proportion of the day trip and domestic holidaymaker/VFR staying visitor markets to Essex might also live within the resident drivetime catchments and we suggest it is prudent to adjust the visiting markets shown in order to avoid double counting those people who have already been counted as residents. Based on our experience and from data supplied by Tourist Boards, we consider it is sensible to discount the number of day trips by 70%, as residents living within the resident drive time catchments make the vast majority of day trips. Similarly, we feel some 35% of domestic staying trips (holidaymakers and VFR) could also be made by residents living within the drive time catchments

It is not within the remit of this paper to suggest a more accurate market size but we would suggest the market volumes mentioned within the SLP report are too large; subsequently, the resulting attendance levels, based upon a penetration into this market volume, are likely to be over inflated.

Penetration Rates

The SLP suggest a pen rate of around 1% and although this is reassuringly low when compared to some forecasts we see we feel it could be even lower, depending on the visitor mix. From our experience elsewhere we would suggest sensitivities be built into the process and overall penetration rates ranging from 0.5% to 1% be applied to the reduced market volumes suggested. If we were advising on the business plan etc we would suggest an average penetration nearer 0.5%.

Price

As we mentioned before there are a number of factors that should be modified to give this project any hope of success.

A more reasonable headline adult price is charged. We suggest this be set at £5.00 (inc VAT) for a simplified all-inclusive ticket to all parts of the attraction. This is based on the appeal of the proposal and its reputation. Length of stay is not a factor in determining price – short stay attractions like the Jorvik Viking Centre in York can command £9.25 for a maximum of 20 minutes (46.25p per minute), whilst places like Shugborough (Staffs) with a 3 hour minimum visit cannot sustain a headline price of more than £15.00 (8.5p per minute), and iconic, well-known sites like Castle Howard (North Yorkshire - 2 hour minimum visit) can command an adult price of £13.00 (11p per minute).

This view is based on our direct experience of running the historic site of Shugborough (Staffordshire). The site:

- is well established, but little known.
- benefits from Royal associations (it is Lord Lichfield's ancestral home).
- have considerable heritage assets (an internationally important set of garden monuments).
- offers a complete range of historic buildings, interpreted using costumed guides.
- is within 1.5 hours drive time of 20m people.
- is situated only 7 miles from the busy M6 with 'Brown Signs'.
- is located within the Cannock Chase AONB and in attractive countryside, BUT is not in an area with a developed tourism industry and thus,
- the area is not considered a visitor destination.

Visitor numbers are only just over 100,000 (events such as concerts are not included in this figure).

In contrast Castle Howard (North Yorkshire) was also run by the author and:

- has a better known pedigree (home of 'Brideshead Revisited' for example).
- houses internationally acclaimed art treasures.
- is itself of the highest architectural merit.
- Is in a tourist area (near York, The North York Moors and Scarborough and the East Coast).
- benefits from 'Brown Signs'.
- Yet this great house can only command 200,000 visitors (excluding special events).
- Horkesley Park (and its area) has apparently:
 - no established pedigree or reputation.
 - no natural or heritage assets.
 - no reputation as a destination amongst tourists.
 - some similarities to Shugborough (but is poorer in terms of assets).

None of the advantages of Castle Howard in terms of pedigree and reputation.

With work (and a lower entry price) thus we feel it might attract a similar number of visitors as Shugborough, but, even with a lower entry price, will be unlikely to enjoy the visitor numbers of Castle Howard.

Visitor Numbers

As a result of these four factors – comparative analysis, market size, penetration rates and price, we feel a more pragmatic 'settled down' attendance level of around 100,000 visitors per annum should be considered for the Horkesley project; 150,000 at the maximum. There may of course be uplift to this figure during the opening period, which may last for maybe two or three years after opening but, as with all visitor attractions, this is not guaranteed.

Visitor attraction projects are always very risky. If they succeed they work well, but if they don't they will lose a great deal of money. The market is polarising into small family run attractions below c50,000 visitors and mega attractions at above 200,000. With numbers projected in excess of the market majority at around 300,000 Horkesley falls into a difficult area for attractions, potentially the most risky segment of a risky market.

Admission Yield

We suggest at 83% this seems high – a more realistic figure would be between 70% and 80%

Our Opinion

Although our remit has been to comment on the SLP market report we suggest that if the business plan relies on these figures then the Horkesley project is based upon an over inflated situation and as such would have serious concerns about the viability of the project. As stated before we are surprised that a lender is willing to invest on such a scale.

Our view is that a more reasonable headline adult price is £5.00 (inc VAT) for a simplified all-inclusive ticket to all parts of the attraction and that a '**settled down**' annual attendance level of around 100,000 visitors be considered; 150,000 at the maximum..

It may be that this project would stand a greater chance of success if it abandoned the idea of being a visitor attraction with a paid-for element, but instead positioned itself purely as a retail development – in effect a 'Shopping Village' with no admission charge. This was the approach taken at Trentham Gardens (Stoke on Trent), where a historic garden was opened with a small charge, achieving modest visitor numbers. The front end (and the part accessed by the majority of visitors) is the huge garden centre and the critical mass of up-market shops that has undoubtedly made the project financially viable and gives the site value.

Over-optimistic visitor figures are the bane of an attractions life, again once set-up funding has expired. Research carried out by the Heritage Lottery Fund discovered that over-optimistic visitor projections were commonplace, with on average visitor predictions being almost 50% higher than numbers achieved. A major factor in the failure of ten Millennium projects worth £22 million was contributed to inaccurate visitor projections. The reason for these inaccurate projections has been the failure by analysts to understand tourists' behaviour, i.e. willingness/ability to travel and pay, along with a lack of long-term planning to secure and sustain visitor interest.

Clearly one could adopt the numbers suggested by SLP but we suggest this is not sensible. If we were advising on the feasibility of this project it is unlikely we would be recommending the numbers put forward in the SLP report. We believe it is better to be prudent, even pessimistic and shape the business accordingly, rather than set overly ambitious targets.

As well as the experience of running successful attractions, our pragmatic approach is also based on seeing the long term affects of over estimating visitor number targets

We have been appointed to give advice to too many attractions where non-operator consultants, who do not understand the attractions sector, set unachievable targets. This often causes difficulties and the solutions are often expensive and painful to implement

We believe it is better to set prudent, even pessimistic targets, shape the business accordingly and let it grow 'organically', rather than rely on large volumes of visitors from the outset.

Richard Kemp, for Visitor Attraction Consultants

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