

REPORT OF VISITOR SERVICES MANGER SOUTH

SUBJECT: COMMERCIAL ACTIVITY IN THE CENTRES

Purpose of Report

To update Members with recent, current and future commercial activity in the Centres.

Introduction/Background

Over the past 8 years the National Park Authority has seen its funding cut significantly. To off-set this reduction and to be able to continue the core work of the National Park and balance the costs of running the centres themselves, we continue to look for ways to generate additional income at the centres through relevant commercial activity.

This activity includes a more commercial and professional focus on retail, increasing visitor numbers to our centres, improving our events programme to offer diversity and profitability, increasing annual membership and looking to new revenue streams such as filming licences and catering.

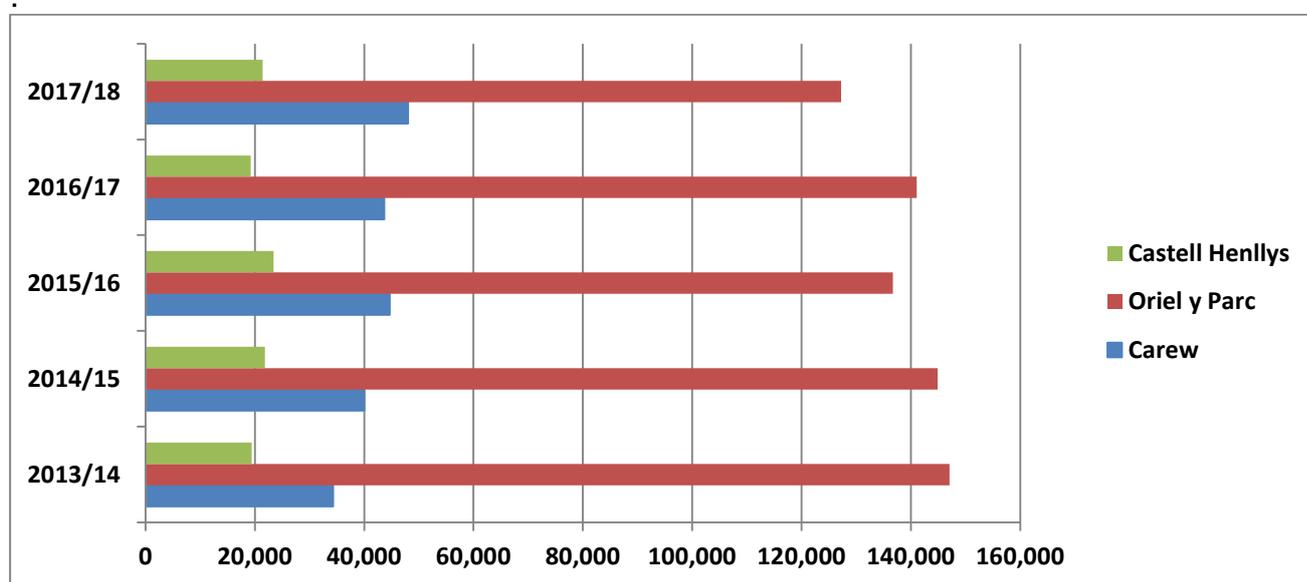
Admissions

i. Visitor numbers

	Castell Henllys	Carew	Oriel y Parc
2017/18	21,428	48,043	127,205
2016/17	19,250	43,686	141,048
2015/16	23,425	44,661	136,704
2014/15	21,847	39,999	144,898
2013/14	19,426	34,328	147,069

Carew's visitor figures continue to grow and Castell Henllys remains steady. Oriel y Parc's figures can be seen to be higher when the other centres are lower and vice versa. This is perhaps in part due to weather: dry weather driving visitors to the countryside to see sites such as Carew and Castell Henllys or wet weather making urban areas like St Davids more popular. Visitor numbers to Oriel y Parc increased in 2016/17 due to the Constable exhibition.

We have been trying new marketing techniques, as part of our drive to increase visitor numbers, moving more online, reducing the amount of traditional and expensive print advertising. Although we still continue with the ever popular Coast to Coast and site leaflets. These trials, mainly targeting specific events, appear to be proving successful, particularly harnessing social media as a low cost way to target a large audience.

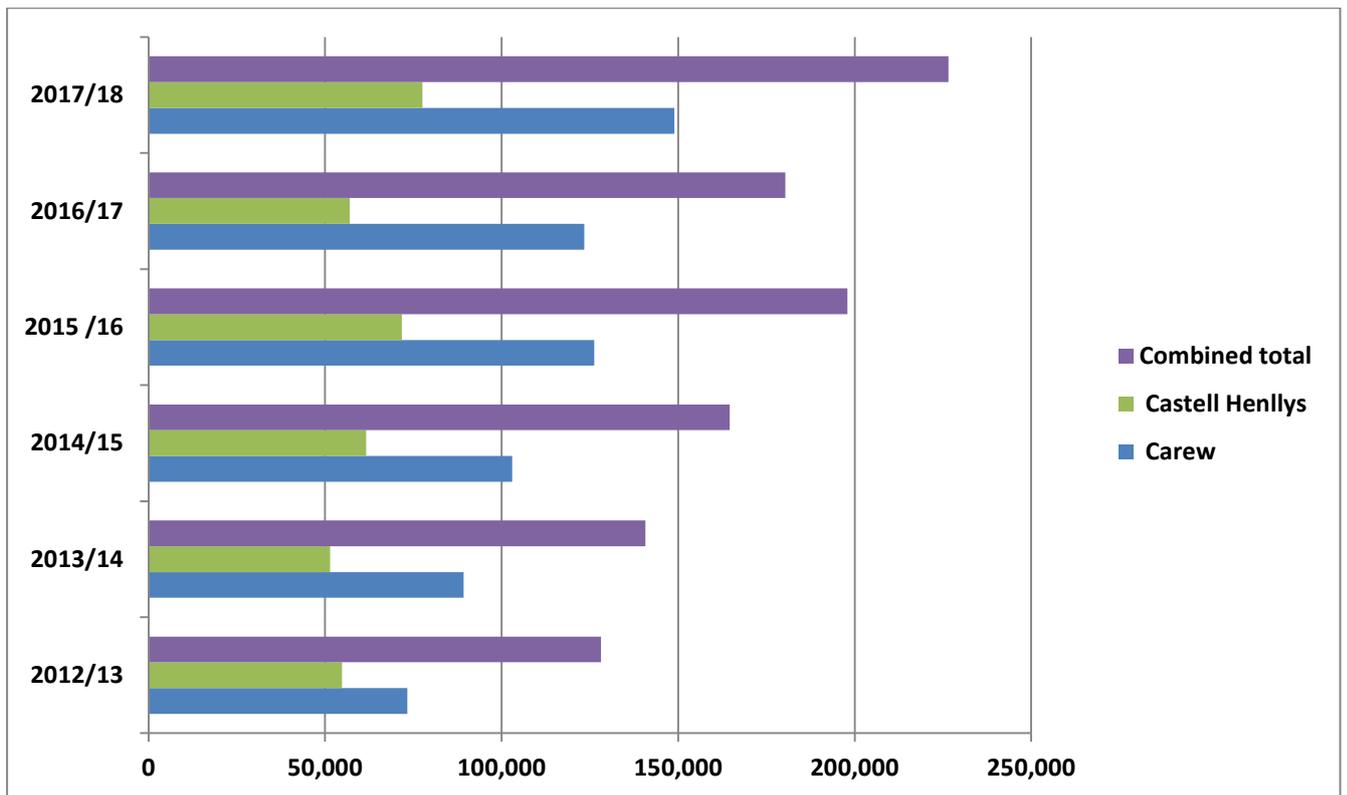


Visitor numbers

ii. Admission income

Admission income is up year on year at the two chargeable centres. Both Carew and Castell Henllys were above budget in 2017/18 and the trend year on year is generally positive.

	17/18 Budget	2017/18 Actual	2016/17	2015 /16	2014/15	2013/14	2012/13
Carew	114,556	148,961	123,433	126,211	103,021	89,279	73,323
Castell Henllys	62,929	77,597	56,952	71,764	61,598	51,444	54,798
Combined total	177,485	226,558	180,385	197,975	164,619	140,723	128,121



Admission income

iii. Annual Pass

Carew and Castell Henllys currently have approximately 100 Annual Pass holders. We will be re-launching this scheme later in 2018 with new passes and improved marketing. The aim is naturally to generate income through purchase of the passes but also to increase secondary spend on site. We are working with Nicola Couceiro (External Fundraising Manager) to re-launch this scheme.

Retail

Despite not being a primary function of the N.P.A a retail offer is now an important part of the experience for many visitors to our centres and to the Park. There is a requirement to meet the needs and expectations of visitors, add to their enjoyment and enable us to promote the National Park through our own brand ranges, walking maps and publications.

In an increasingly competitive market, with visitor expectation regarding the quality of service and merchandise being higher than ever, our shops must be run commercially, merchandised to a high standard, and stocked with carefully selected ranges which are representative of the National Park.

We work to an internal retail strategy which gives guidance for centre buyers including range selection, visual merchandising, pricing policies and minimum profit margins. It also reiterates our continued environmental commitment and support of local artists/makers, producers and suppliers.

Retail sales in the centres have seen some ups and downs in recent years. This picture has improved during 2017/18 as proactive changes are made and we hope to continue this pattern of growth for the coming year.

Despite an 11% year on year decrease in visitor numbers at Oriel y Parc in 2017/18, the income from retail and events has actually increased by 9% year on year.

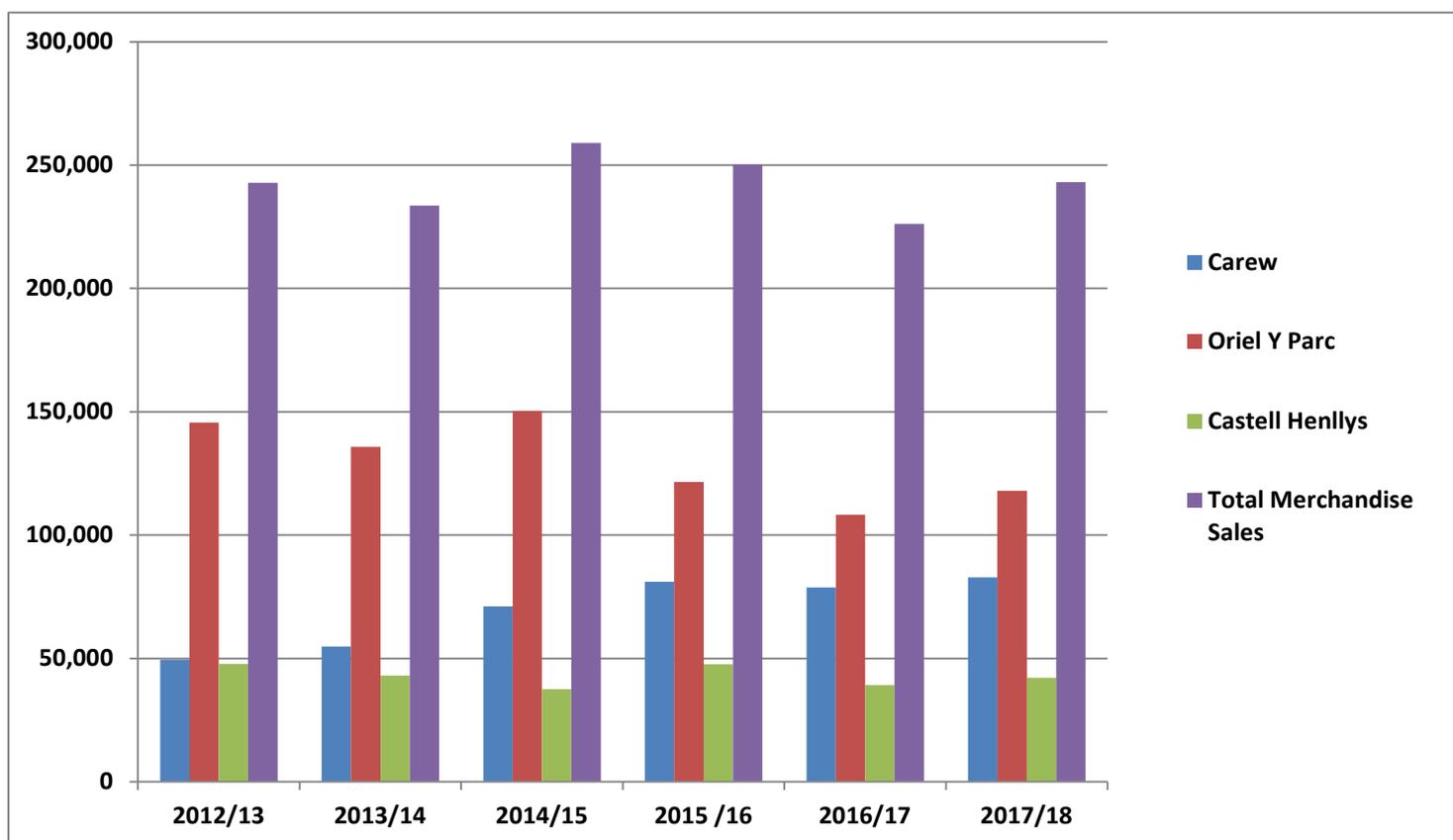
i. Merchandise sales by centre

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Carew Income	82,894	78,755	81,035	71,141	54,795	49,464
Oriel Y Parc	117,989	108,188	121,575	150,296	135,816	145,625
Castell Henllys	42,196	39,179	47,645	37,569	42,974	47,725
Total	243,080	226,122	250,255	259,006	233,585	242,814

Financial year variance can be due to date of Easter

Please note that Newport and Tenby figures have been removed

The increase in retail income at Oriel y Parc in 2014/15 was due to the Dylan Thomas *Under Milk Wood* exhibition. The Peter Blake Catalogue alone achieved sales of nearly £30,000.



Merchandise sales by centre

ii. Developments in retailing

In 2017 we reviewed all National Park branded merchandise, discontinuing many lines and continuing with best sellers and ‘key lines’ only. We have been proactive

with reducing old stock in order to make room for a more contemporary range and to ensure we aren't tying money up in slow selling stock.

New ranges will include a new clothing range in partnership with Columbia, and other new products to be developed when the new 'National Park' brand and visual identity are created, hopefully for the 2019 season.

We have recently introduced a brand new extended range of giftware based on the bestselling 'retro' poster designs. These have recently come into store and the first indications of sales are very positive.

At **Oriel y Parc** the new layout and counter was completed in the week beginning 19th February 2018. There is still some interpretation outstanding and design details to the new counter to be added.

The enlarged retail area the new layout has created has been remerchandised; reusing and adapting some existing units. Work continues to improve the layout, find the best visitor 'flow' and create visual impact. Oriel y Parc receives many return visits from regular visitors and locals, making it important to keep things fresh as a shopping destination.

The visitor entrance at **Castell Henllys** currently shares a relatively small space between café, shop, admissions and interpretation. The layout is not ideal and visitor flow can be very difficult at times.

Site Manager, Jenn Jones, hopes to make alterations to the reception area to improve the flow of visitors and create more space. Plans include moving the admissions counter and shop into the current interpretation area, freeing up the current space for café storage and seating. The interpretation would be relocated to 'Pant Glas' (previously the shop/visitor centre) to create a larger exhibition space. Castell Henllys have received some Welsh Government funding for part of this work.

Carew continues to strive for improvement in both the shops at the Castle and Mill. We review ranges regularly, keeping a close eye on profit margins. In such small spaces we ensure that each item in a range earns its place on our shelves. We struggle for space, a victim of our own success, with our Castle Shop being so crowded at times it is impossible for visitors to shop. To counteract this we have installed a second external admissions kiosk, which we use on busy days. We have recently been granted a Premises Licence, enabling us to sell alcohol as well as increasing the capacity at some of our events. Our new range of Welsh ales, spirits and liqueurs - particularly mead for obvious reasons - is selling well. We will be launching our brand new guidebook later in the year.

iii. Online sales

We are committed to developing an online shopping presence as part of the current re-design of the PCNPA website. Its primary purpose will be for sale of event, activity and admissions tickets. Alongside this the online shop will offer a carefully selected, small range of PCNP branded products including retro posters and clothing.

Events

Each centre offers a full programme of events. In recent years we have become better at ensuring that events are profitable and review profitability of events before planning further occurrences.

We now hold many larger scale events, reaching more visitors and offering fantastic full days out and value for money.

We regularly review our events programme, in recent years fitting in with the Visit Wales themed years where we can, to keep things fresh and ensure new reasons to revisit our centres.

Some of the most popular and profitable events for the centres include:

Oriel y Parc

- The four seasonal Fayres held throughout the year welcome an average of 1,200 people to each event, generating an average income of £1,000 per event. This is derived from stall holder fees, merchandise sales and scheduled events and activities - no cost to the site except for staff costs.
- Children's art workshops, inspiring young artists, with an average of 16 children per session - average income of £48 per session.
- Bat walks always fully booked with a maximum capacity of 30 people per walk - average income of £240 per event.

Carew:

- Family-friendly themed treasure hunts around the Castle throughout the year. In 2017 income from these was £4,696.
- Classic Car Show – 1,085 visitors to the 2018 show with very little cost, other than staffing, for the event. Income for the day of £4,720.
- Open Air Theatre shows. Attracting audience numbers of between 250 and 500 people per show.
- Knight School and Have-a-go Archery days – very popular family activities attracting visitor numbers between 400 and 750 people per day.
- Christmas Fayre – 1,073 people attended our 2017 Christmas Fayre, doubling the 2016 figure. Gross income including stall holder fees was £5,156 with a net profit of £2,733.

Castell Henllys:

- Roman Days. Attendance figures of 353 in 2017. Generating income of £1,302.
- Legends Quest, 376 attended in 2017. Generating income in 2017 of £1,120.
- Legio V111 – Augusta MGV - 250 each day in 2017. The weekend's income for this event was £4,834 plus pre-sold tickets, compared to £1,347 for the equivalent weekend in 2016.

New event highlights for 2018 include:

Oriel y Parc

- Outdoor BBQ evening with live music
- Mermaid and Pirate parties
- Storytelling sessions.

Carew

- Pirate Week 'Pirates Ahoy! A Swashbuckling adventure at Carew Castle'
- Horrid History Tours
- Doggy Day Out
- Civil War re-enactment

Castell Henllys

- Bronze Age Workshop
- Honey Bee Fun
- Bow making workshop
- Great Raft Race

Filming

Filming agreements at the centres in recent years have produced income as follows.

Calendar year	Castell Henllys	Carew
2014	£0	£250
2015	£12,250	£500
2016	£0	£200
2017	£0	£0
2018*	£0	£30,832
	£12,250	£31,782

* 2018 year to date

Although sporadic income, this is certainly an area of revenue generation we are keen to develop. We work with the Estates Officer, Gary Meopham, to develop relationships with location management companies. The majority of the recent filming income at Carew was during January, a traditionally quiet time of year for the site, so we generated a large fee with little impact to our visitors. Please note that income from filming is in addition to income reported for the centres.

Catering

Oriel y Parc and Castell Henllys both have cafes run by franchisees.

The tenant at Oriel y Parc pays a fixed rent of £21K pa.

The gross turnover figure for the café at Castell Henllys in the year ending October 2017 was £52,760, with 10% of gross turnover payable to PCNPA as rent. The total payable to PCNPA was therefore £5,272.

Please note that income from café franchises is in addition to income reported for the centres.

Carew Castle's new tearoom opens next month and will be run in house by the

Carew team.

This is an untapped revenue stream at Carew and projected net income for the café in year 1 is £62,653 with £16,095 profit. Year 2 net income of £81,834 and profit of £16,852 and year 3 £87,972 and a profit of £20,409.

Future Priorities

In-line with the Environment Minister's statement in March 2018 our goal is to make the centres as self-funding, as possible, easing the financial investment of the Park Authority and funding its vital work.

." With a difficult financial settlement to manage, I am sympathetic to the argument put forward by the park authorities to reduce their administration costs, and I intend to remove some of this burden insofar as is consistent with good governance. In addition, I will support their efforts to maximise their revenue from appropriate commercial activity. Our national parks can do more to reach out without compromising their principles."

To do this we will continue to work towards growing visitor numbers year on year, developing an events programme that inspires visits, adds to enjoyment and additional spend. We will continue to grow and improve our secondary spend; retail and catering, looking not just at income but at profitability. We will continue to investigate new revenue streams such as filming agreements.

Whilst maximising our commercial income we will keep in mind that activity must be relevant to the sites, the National Park and the Authority.

Conclusion

Members are asked to note the report.

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Consulted/engaged with: Jenn Jones (Visitor Services Manager North) Richard Griffiths (Finance Manager), Gary Meopham (Estates Officer), Katie Withington (Admin and Events Assistant Oriel y Parc)