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Coastal Tourism Business Survey 2022 Wave 3 results

Survey live between 20 September – 16 October 2022

NCTA Business Survey

2022 Wave 3 – Autumn (survey was live between 20 September – 16 October 2022)

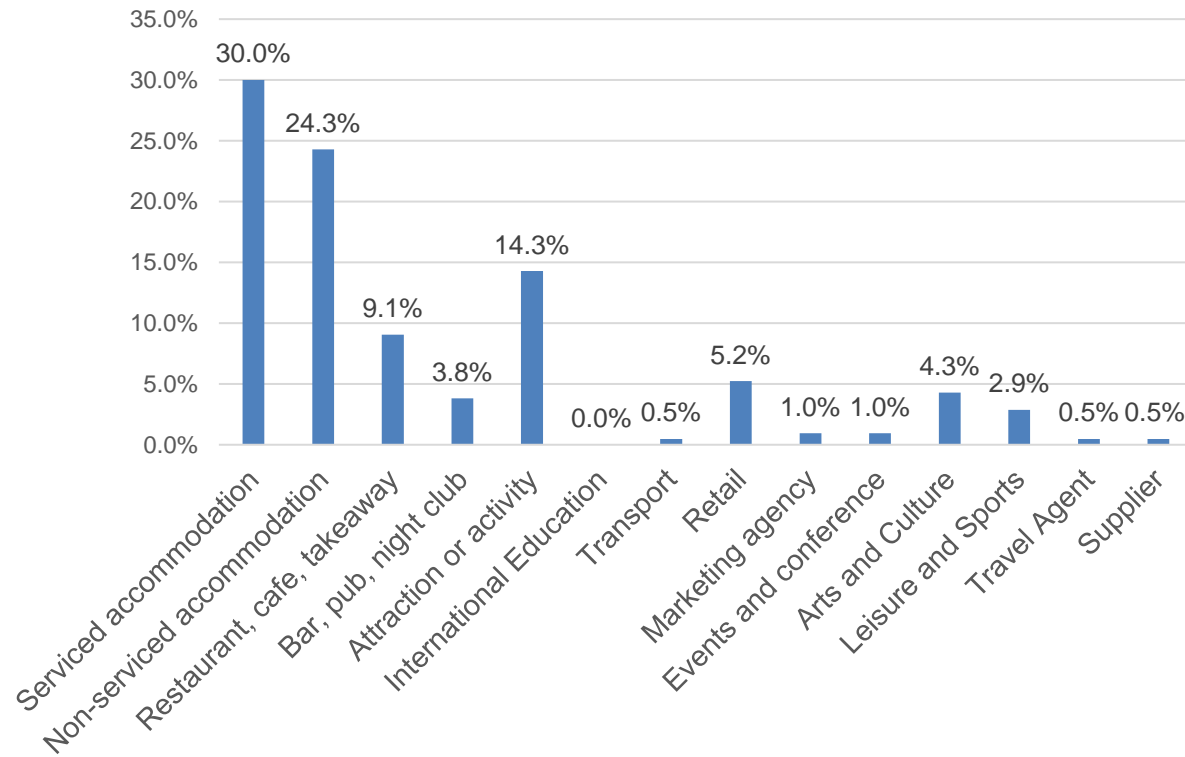
Key headlines

- **67% of businesses are back to profitability** (up from 46% in previous wave).
- **19% estimate it will be more than 12 months before they are profitable**
- Summer trading was a mixed picture with 28% of businesses saying summer trading in 2022 was better than last year and **44% of businesses saying trading compared to last summer was worse.**
- **Confidence has continued to drop since the previous wave, with the majority now** not confident about the next 6 months of trading (42%). Offset by 24.3% who are very or somewhat confident.
- **Forward bookings are lower than the same point last year**, with many businesses reporting capacity still available over the autumn and winter.
- **The vast majority of businesses agree that demand is very unpredictable this year** and consumers are booking much closer to departure.
- Poor economic climate is the biggest external impact affecting businesses, followed by rising energy and fuel costs, increasing supplier costs, the seasonality of the destination and increasing staffing costs.
- 48% of businesses have increased prices and **42% of businesses are either closing for the winter or reducing the days of the week they are open for the winter period.**
- A number of businesses have seen an increase in European and other international visitors this summer, but business and conference visitors remain low
- **Almost all businesses say reducing costs is very or somewhat important to them at the present time (97%) but positively 82% of businesses are still focused on improving sustainability**

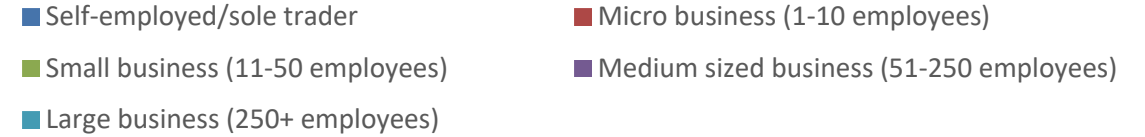
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About respondents

Main business function



TYPE OF BUSINESS



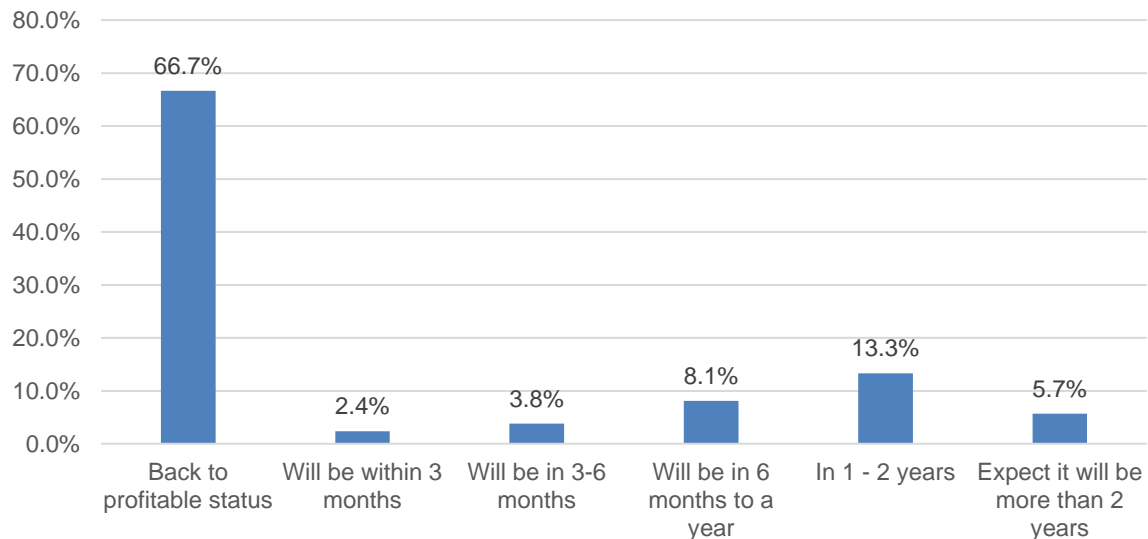
59% employ staff. 96.7% of businesses are independently owned

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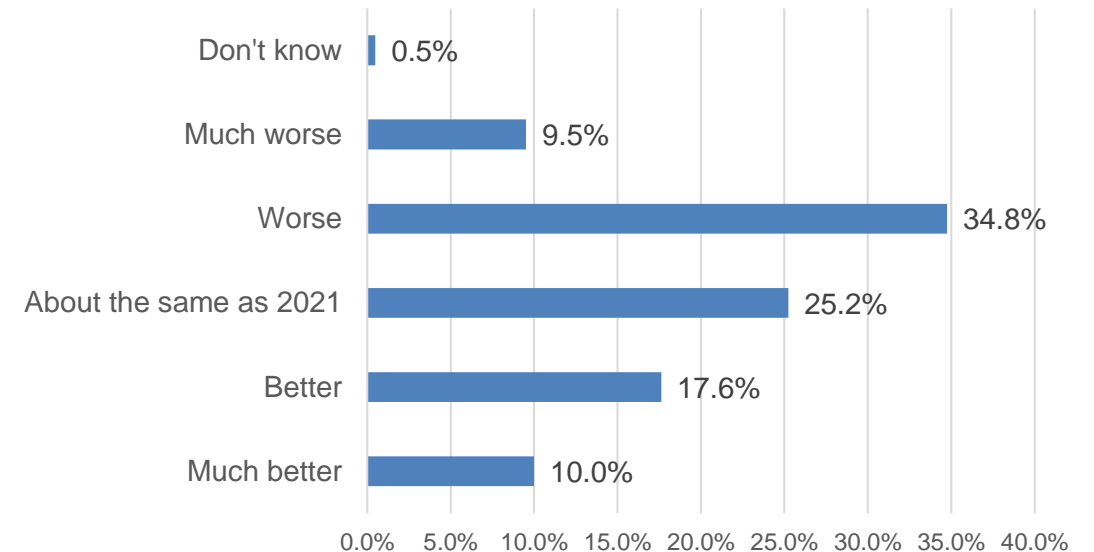
Business Performance

67% of businesses are back to profitability (up from 46% in previous wave).
19% estimate it will be more than 12 months before they are profitable

Length of time to return to profitability post Covid-19



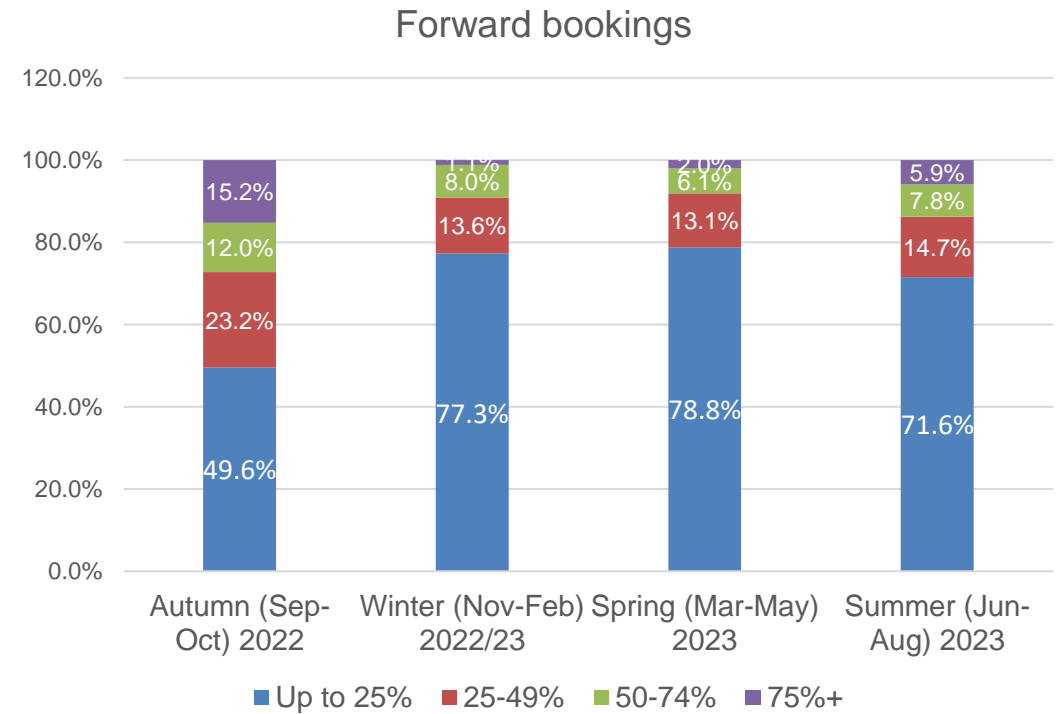
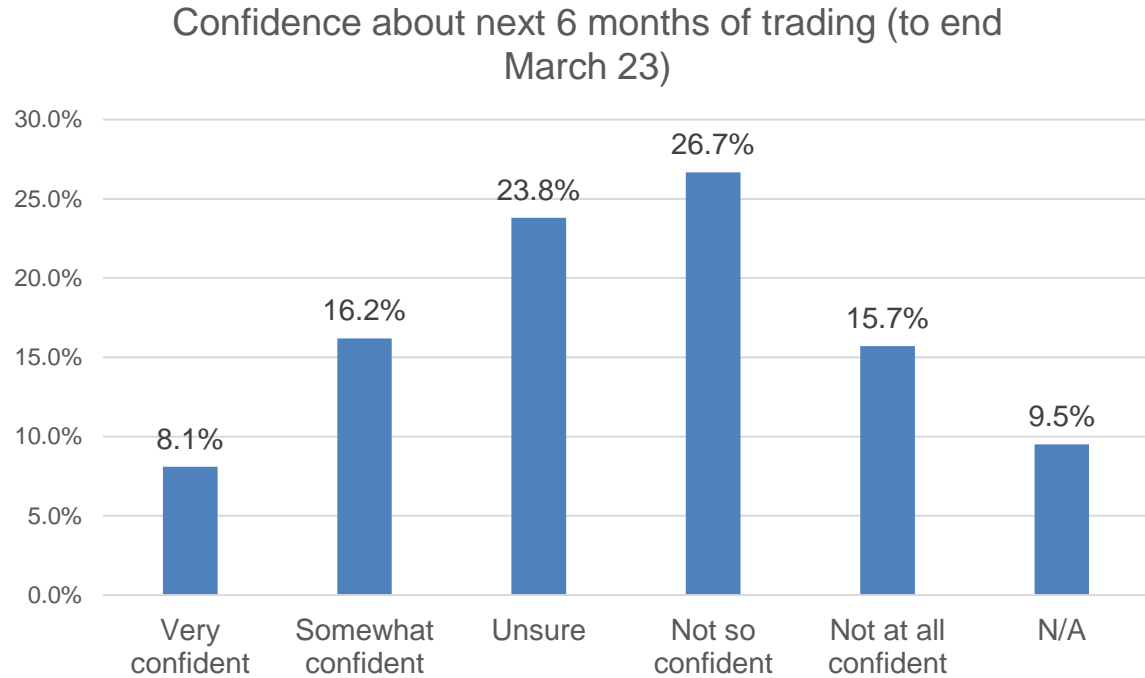
How does Summer (Jun-Aug) 2022 compare to last year (2021)?



27.6% of businesses say summer trading in 2022 was better than last year. 44.3% of businesses say trading compared to summer 2021 was worse.

NCTA Business Survey – 2022 wave 3

Majority are not confident about the next 6 months of trading. Offset by 24.3% who are very or somewhat confident.



Forward bookings remain low

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2022 Wave 3 – Autumn (survey was live between September – October 2022)

	Agree	Disagree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
Consumer spend overall is lower than previous years	58.6%	16.7%	22.4%	36.2%	21.9%	14.8%	1.9%
Demand is very unpredictable (busy one day, quiet the next with no real pattern)	72.1%	14.0%	38.0%	34.1%	9.1%	10.6%	3.4%
Consumers are booking closer to departure than previous years	63.9%	7.7%	26.9%	37.0%	8.7%	4.3%	3.4%
Secondary spend is higher this year	15.9%	32.2%	4.8%	11.1%	31.7%	21.6%	10.6%

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External impacts

Top 10 responses - **Which of the following external factors, if any, are affecting your business?**

1.	Poor UK economic climate / less money in consumer's pockets	85.7%
2.	Increasing energy and fuel costs	71.0%
3.	Increasing supplier costs	53.3%
4.	Seasonality of the destination	47.6%
5.	Increased staffing costs	31.9%
6.	Other supplier issues (delays, lack of stock, unreliable)	25.7%
7.	Competition from overseas holidays	24.8%
8.	VAT threshold	19.1%
9.	Poor / unpredictable weather	18.6%
10.	Competition from other parts of the UK	18.6%

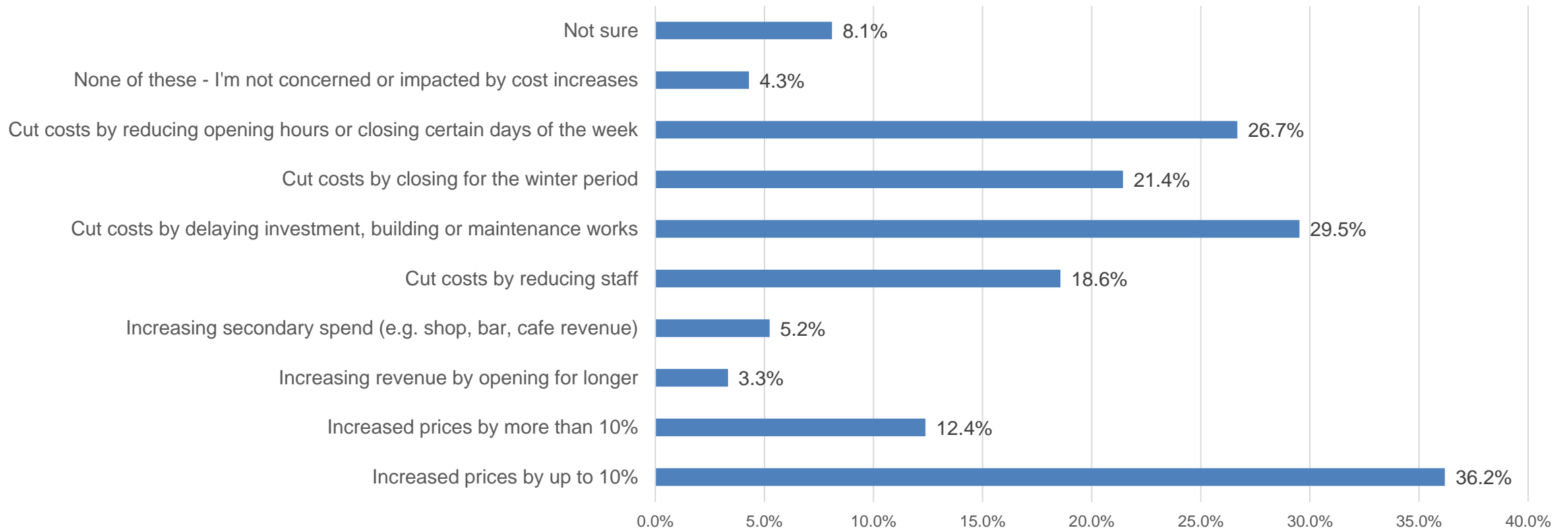
Which of the following interventions would you most like to see to help your business?

67% Energy Price Cap for businesses, 55% Reduce VAT on tourism, 50% Reduce VAT on Energy bills

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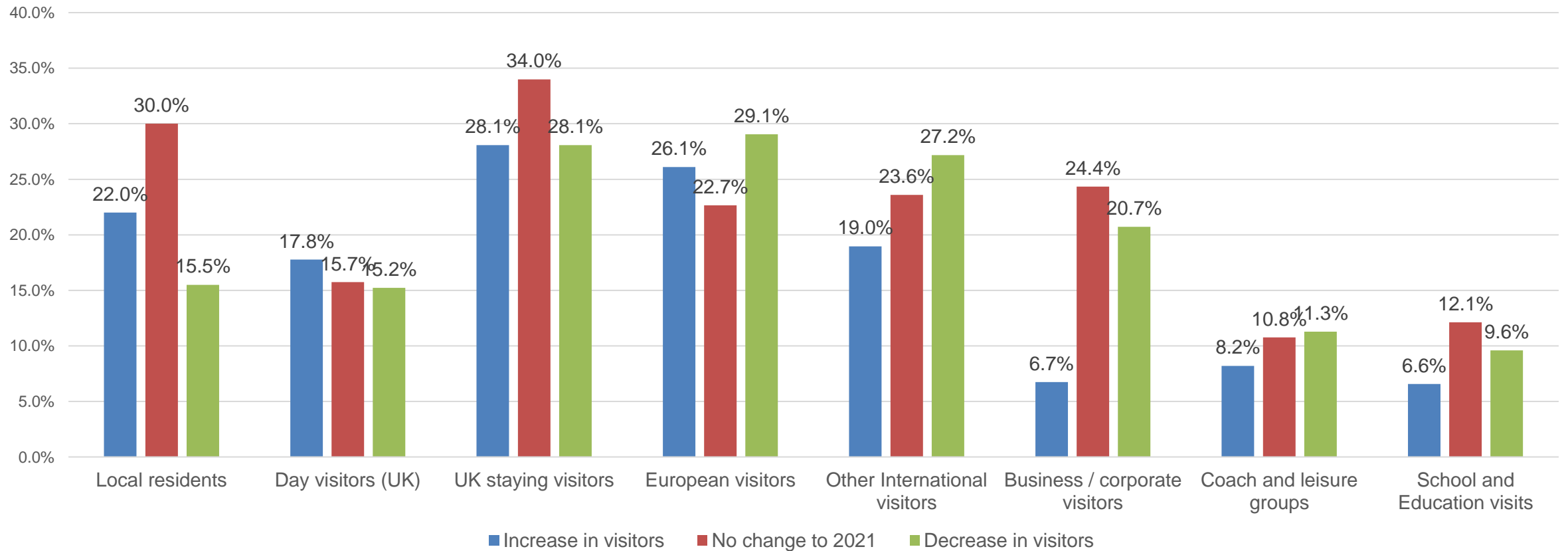
Net 42% of businesses are either closing for Winter or certain days of the week to reduce costs

How are you responding to increasing costs this winter?



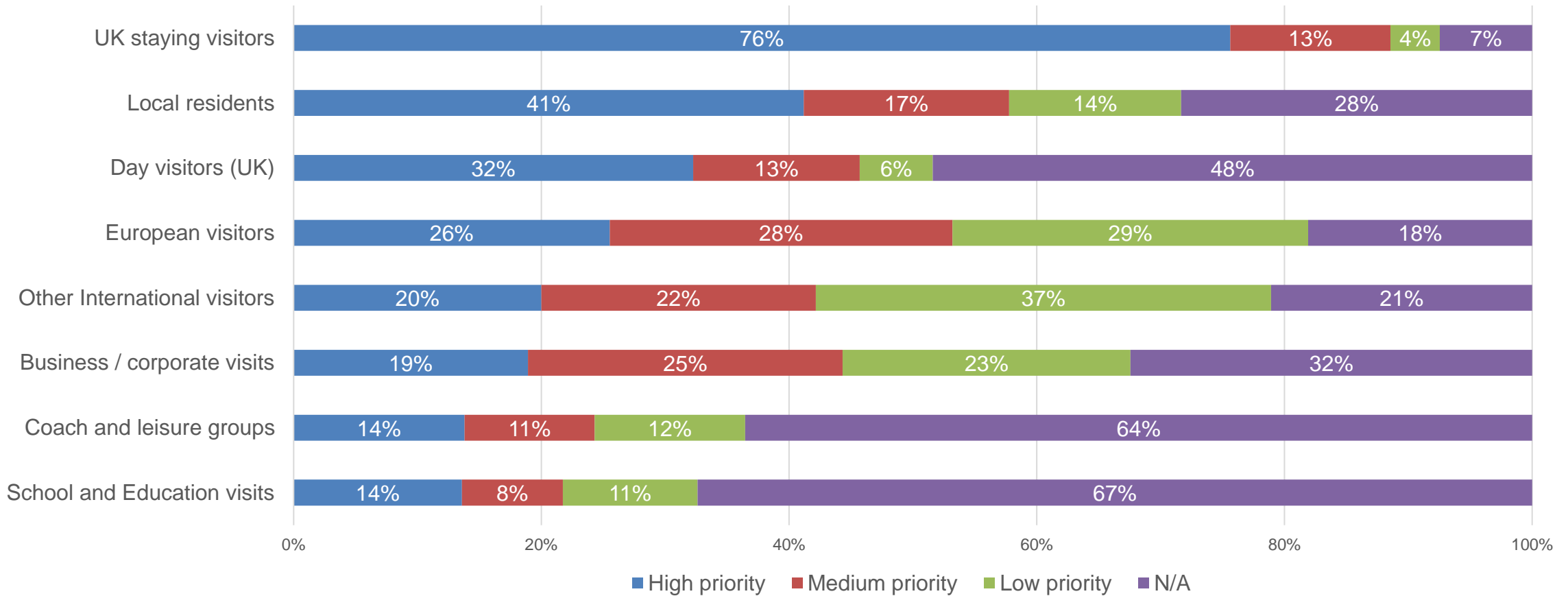
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Change to visitor types during 2022



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Key markets for 2023



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External impacts

	Very important	Somewhat important	Not sure	Not important
Improving sustainability (reducing environmental impact)	42%	40%	8%	10%
Improving accessibility for all visitors	31%	41%	12%	17%
Increasing year round business	63%	20%	5%	12%
Improving skills of your staff / self	33%	35%	7%	24%
Reducing costs	73%	23%	2%	1%

Not surprisingly in the current climate reducing costs is very important to three-quarters of businesses and only 1% say it's not important at the current time

Increasing year-round business, followed by sustainability and then skills and accessibility are also important to the majority of businesses



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Coastal Tourism Business Survey 2022 Wave 2 headline results

Survey live between May - June 2022

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2022 Wave 2 – early summer (survey was live between May – June 2022)

Overall performance

- **46% of businesses are back to profitability** (up from 37% in previous wave)
- **28.3% estimate it will be more than 12 months before they are profitable** (up 6pts since the last wave)
- Trading position has improved compared to 2019 for 24% of businesses. However, **41% are still reporting worse results than in 2019.**
- **Confidence has dropped since the previous wave, only 58% somewhat confident about trading over next 6 months** (down from 74% in previous wave) and 20% are not confident (an increase from 11% in Spring 2022)
- **Forward bookings are lower than the same point last year**, with many businesses reporting capacity still available over the summer.
- **The vast majority of businesses agree that demand is very unpredictable this year** and consumers are booking much closer to departure.
- Half of businesses that employ staff are still experiencing issues with recruitment
- Poor economic climate is the biggest external impact affecting businesses, followed by rising energy and fuel costs. Competition from overseas holidays has also risen into the top 5 issues for the first time since the start of the covid pandemic.
- 65% of businesses have increased prices this year.
- 47% of businesses are cutting costs including delaying planned investment.
- Two thirds of businesses would like a reduction of VAT on energy bills to help their business trade and recover from covid-19.



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Coastal Tourism Business Survey 2022 Wave 1 headline results

and responses to ad-hoc questions still relevant

Survey live between February – March 2022

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2022 Wave 1 – Spring (survey was live between February – March 2022)

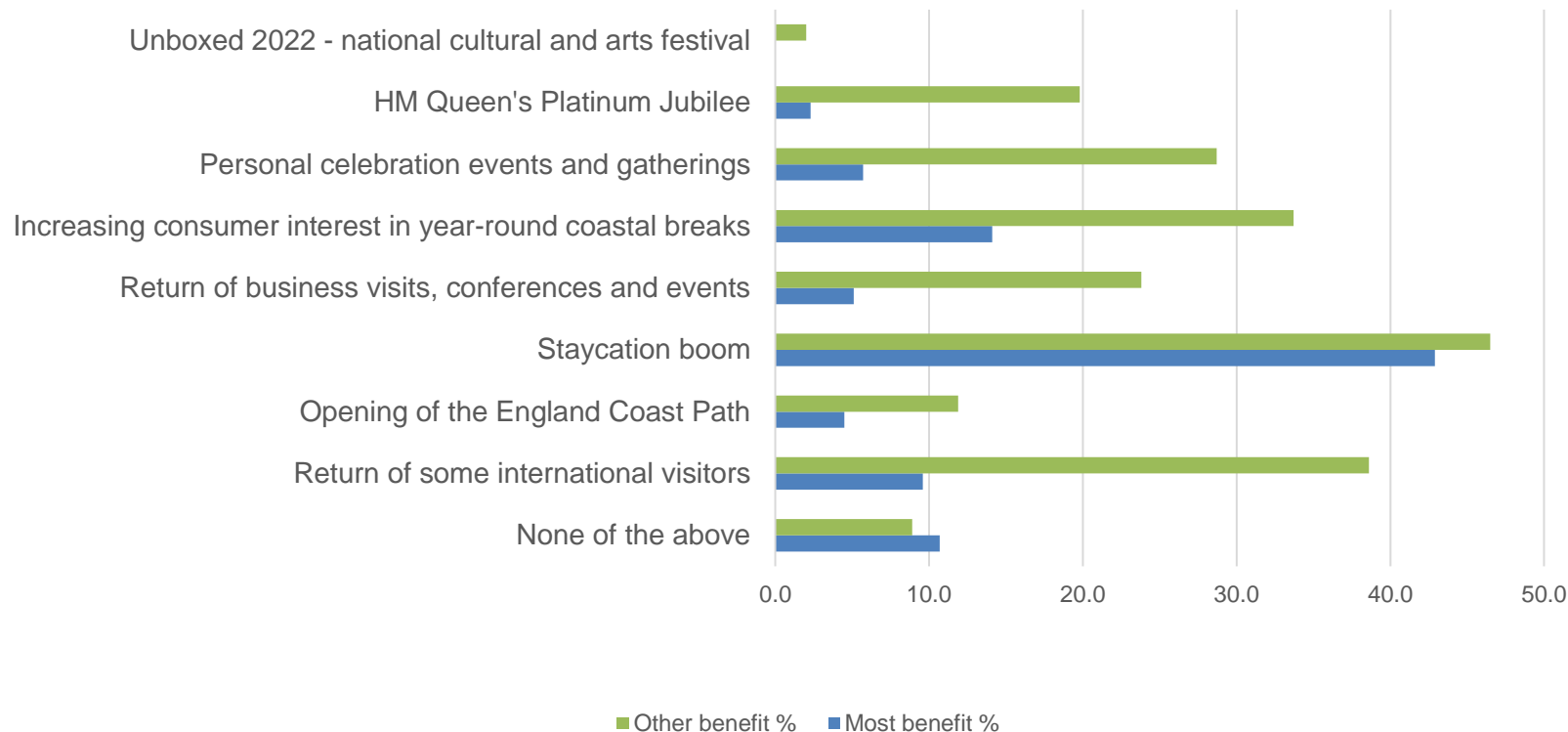
Headline results:

- **37% of businesses are back to profitability** (down from 47% in previous wave), **22% estimate it will be more than 12 months before they are profitable** (much lower than 39% in last wave)
- Trading position has improved compared to 2019 for 35% of businesses. However, **44% are still reporting worse results than in 2019.**
- **The majority (74%) are at least somewhat confident about trading over the next 6 months.** 11% are not confident but this is a significant improvement on the position in Autumn 2021 when 43% were not confident about the next few months
- Businesses expect the **Staycation boom to be the most significant opportunity in 2022** (mentioned by 43% as most likely to benefit). Other noted opportunities are increase in year- round coastal breaks, personal celebration events, return of some international visitors and return of business events
- The majority (more than 80%) are interested in being involved in Year of the Coast 2023 with creating new events and experiences the most popular way of getting involved
- Compared to the autumn, there is a notable change in key external factors impacting business (when seasonality was main consideration) **65% feel that increasing energy and fuel costs is their main concern and 59% have already seen increased gas and energy prices.** In response, nearly two thirds are expecting to increase prices
- Investment levels during the winter were slightly lower than usual pre-pandemic levels and notably lower than 2020-21 winter period with 24% of businesses (versus 10% in 2020-21) not investing anything this year.
- Most businesses are focussing on UK Stay visitors this summer with strong interest in new markets of walkers, cyclists, nature and heritage
- 40% of businesses who employ staff are still finding it difficult to recruit certain roles including chefs, waiting staff and maintenance

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Business Opportunities

WHICH OPPORTUNITIES DO YOU EXPECT TO BENEFIT YOUR BUSINESS IN 2022



43% of businesses expect the Staycation boom to be the most significant benefit to their business with 14% citing the increasing consumer interest in year-round coastal breaks

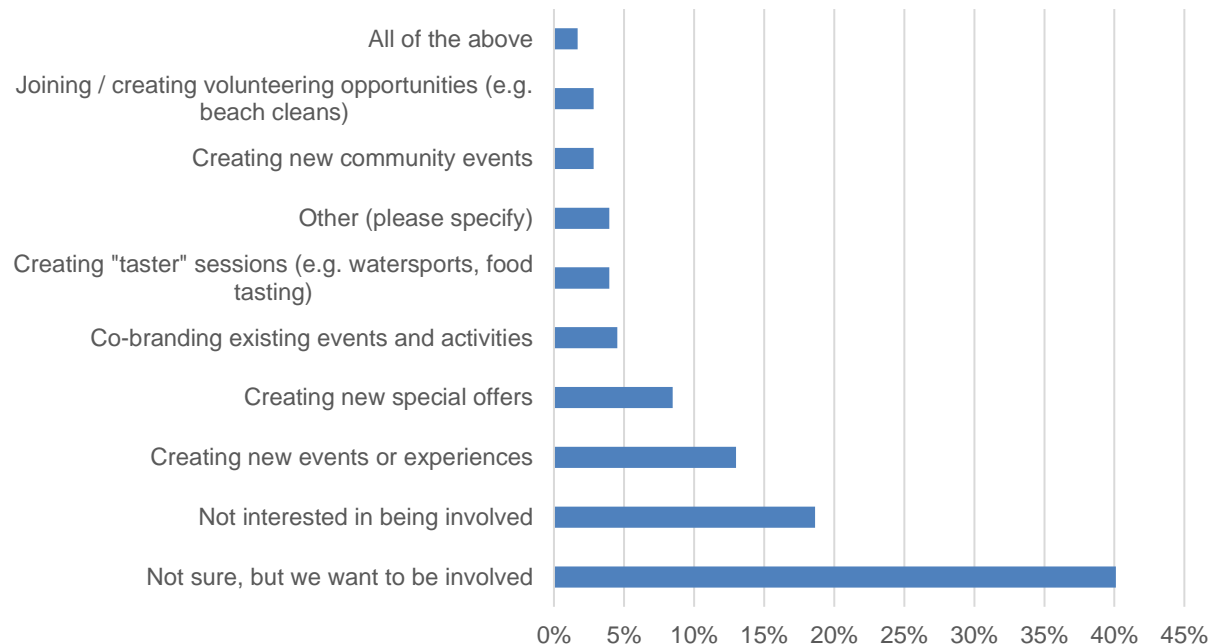
As well as the above, businesses also expect to benefit from:

- Return of some international visitors (38.6%)
- Personal celebration events and gatherings (28,7%)
- Return of business events (23.8%)
- Queens Platinum jubilee (19.8%)

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Year of the Coast

To celebrate the opening of the England Coast Path, 2023 is set to be designated as the Year of the Coast celebrating our coastline, its communities and heritage, and encouraging more people to visit and enjoy our coastline responsibly. Businesses would be interested in joining the activities by...



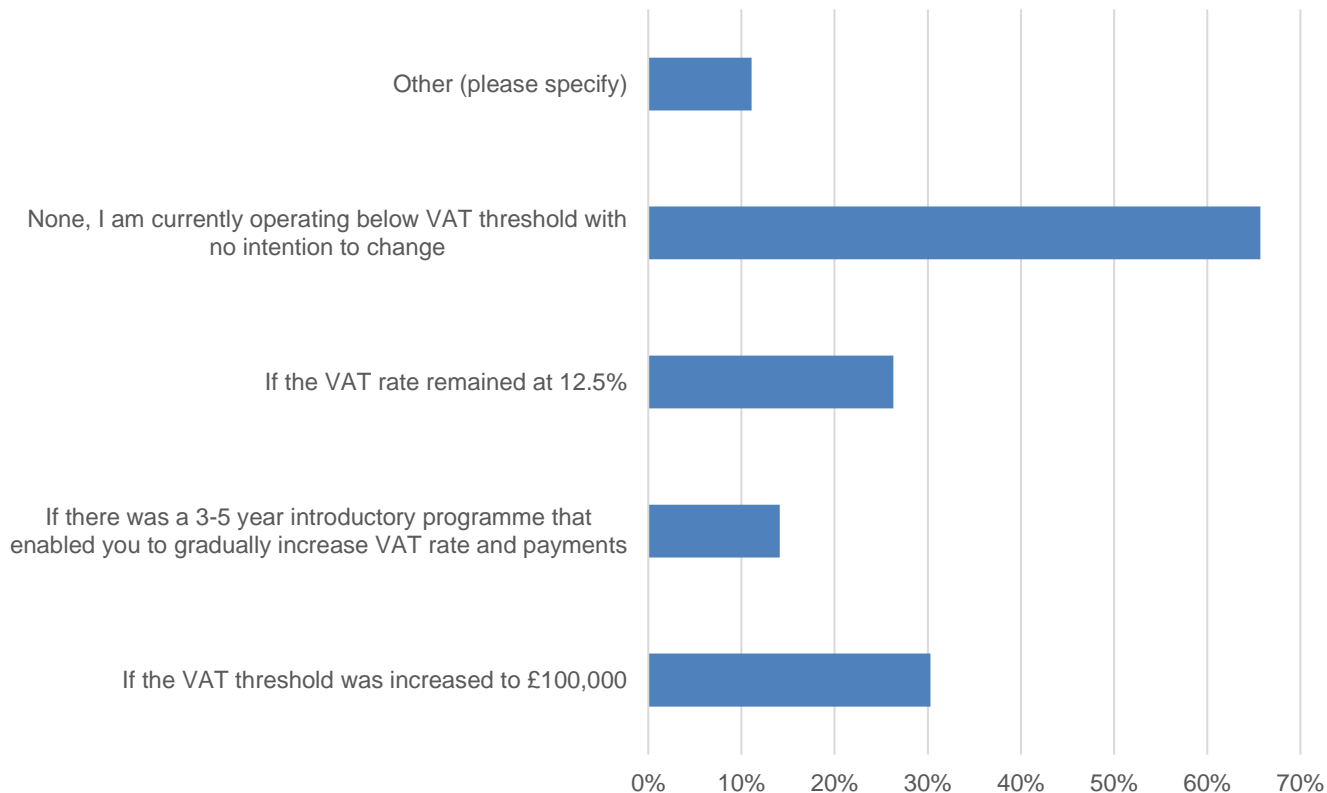
The majority (more than 80%) want to be involved in some way although 40% say they are not sure how.

Creating new events and experiences or special offers are the most popular ways of potentially getting involved

NCTA Business Survey – 2022 wave 1

VAT

WHAT WOULD ENCOURAGE YOU TO GROW YOUR BUSINESS BEYOND VAT THRESHOLD



55% of businesses are currently registered for VAT. Those who are not were asked what would encourage them to grow their business beyond the current VAT threshold (£85,000).

Two thirds have no intention of increasing their turnover

Increasing the VAT threshold to £100k was seen as the most popular way of creating business growth

26% would consider growing the business if VAT rate stayed at 12.5%