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Coastal Tourism Business Survey 2024 Spring Wave

Survey live between 25th February – 28th March 2024

NCTA Business Survey

2024 Wave 1 – Spring (survey was live between 25th February – 28th March 2024)

This wave reflects on performance over the previous year (2023) and forward to plans for 2024

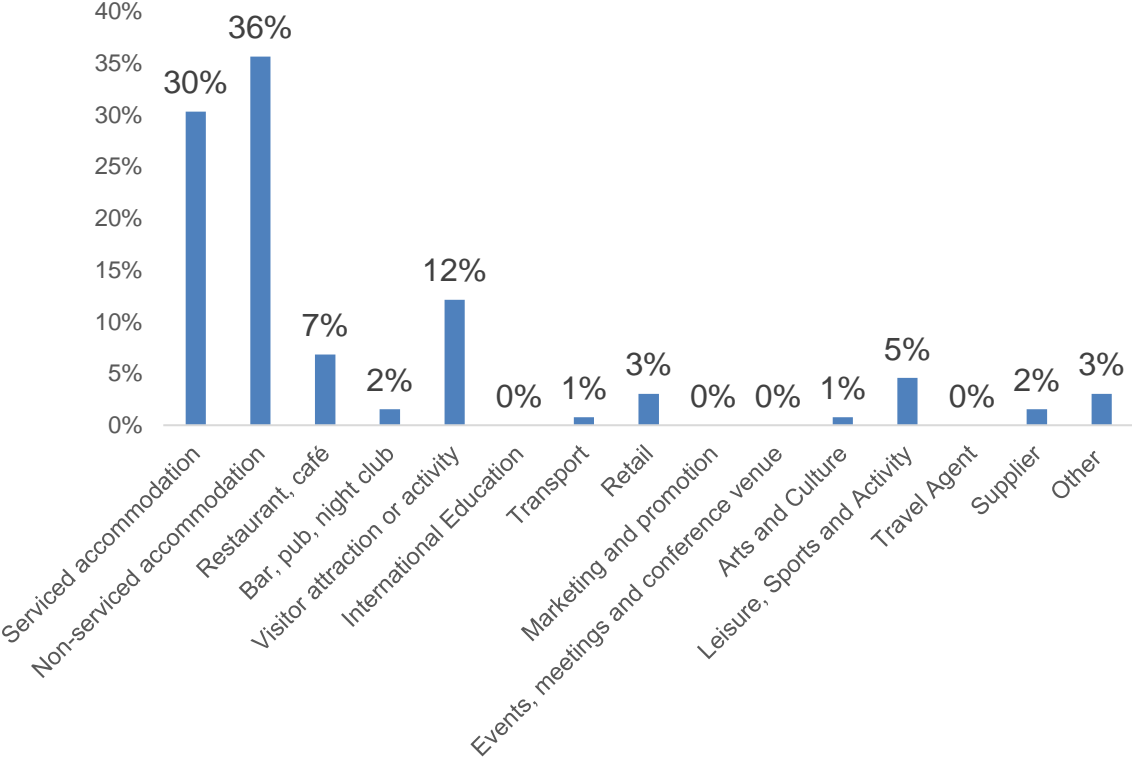
Key Headlines

- Over a third (37%) of businesses said that 2023 turnover was better than 2022 – which is positive news considering the previous wave had highlighted how poor the summer period had been. 31% of businesses though said that turnover was worse in 2023 than 2022.
- Confidence has increased since the previous wave – with 57% of businesses at least somewhat confident about the next 6 months of trading and 25% not confident.
- Forward bookings are low across all seasons and lower than the same point last year. Only 8% of businesses have sold the majority of their summer 2024 capacity.
- Businesses continue to see consumers booking much closer to departure, that consumers are looking for deals and that overall spend is lower.
- The top business priority continues to be reducing costs (95% of businesses) followed by increasing year-round business (87%) and improving sustainability (78%).
- A slight change in the factors influencing businesses sees the economic climate as the most influential factor (76%) and a slight decrease in the impact of energy costs, though still high at 68%. However, the cost of insurance premiums (42%) and the cost of finance (31%) have risen to now be included in the top 10 external factors influencing businesses.
- In response to the challenges facing businesses - 57% of businesses are increasing their prices in 2024, 31% are cutting costs by closing for more of the year or on certain days of the week or reducing their service offer, 39% are delaying investment and 18% are planning to reduce staff.
- There is continued strong support for a reduction in VAT for hospitality and tourism (61%) and support for energy costs (60%). **An increasing 53% would like to see greater investment in destination marketing – this is up +4pts on the previous wave**
- **UK overnight visitors are still the key priority market for the next 12 months** with 88% treating them as high priority. There is a continued growth in priority for both European and other International visitors.
- Interest is high in growing the following markets – walkers (75%), nature and wildlife (66%) and cycling (56%).

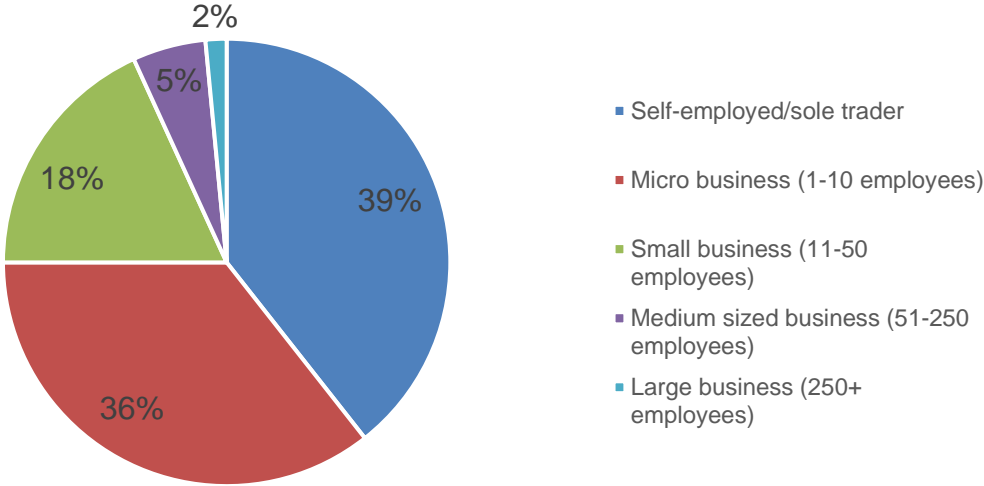
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About respondents

Main business function



Size of business



98% of businesses stated that they are independently owned, 1% are part of a local or regional chain and 1% part of a national chain

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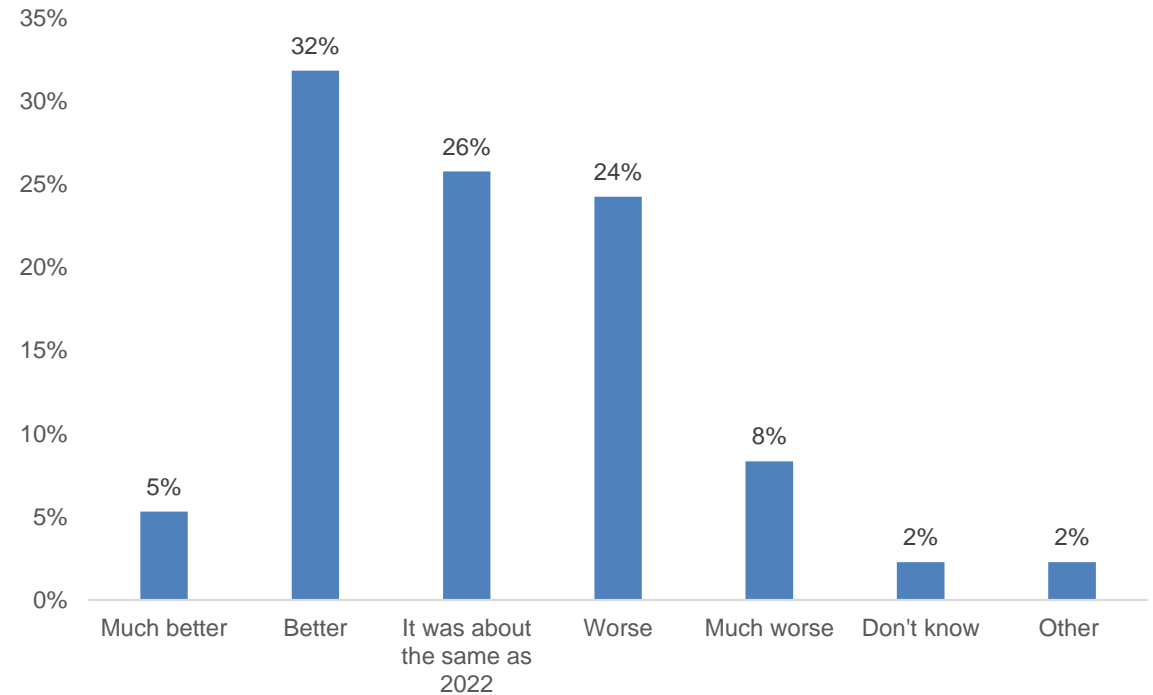
Turnover performance full year compared to 2022

Almost a third of businesses (31%) reflected that business turnover was worse in 2023 than in 2022, positively 37% said it was better – this is particularly good news considering the Autumn survey showed a poor summer performance in 2023.

Attractions were more likely to say that 2023 was better than 2022 (56%) although 25% still said it was worse – perhaps reflecting the performance of indoor versus outdoor attractions

38% of accommodation businesses said 2023 was worse than 2022, with only 28% saying it was better in 2023 than 2022.

Reflecting on your turnover in 2023 compared to 2022, how did your overall turnover position compare?



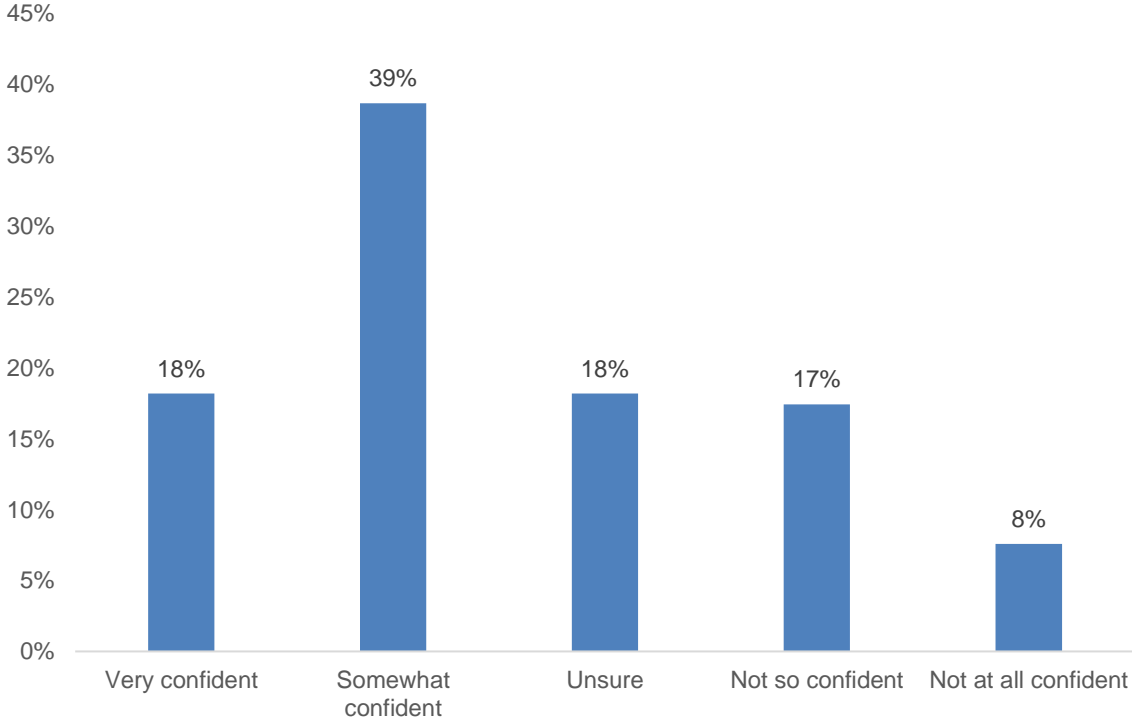
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Business Confidence

Confidence has increased since the previous wave – with 57% of businesses at least somewhat confident about the next 6 months of trading and 25% not confident.

The most confident businesses were the larger ones – 88% were very or somewhat confident.

How confident do you feel about your business trading over the next 6 months (to end September 2024)



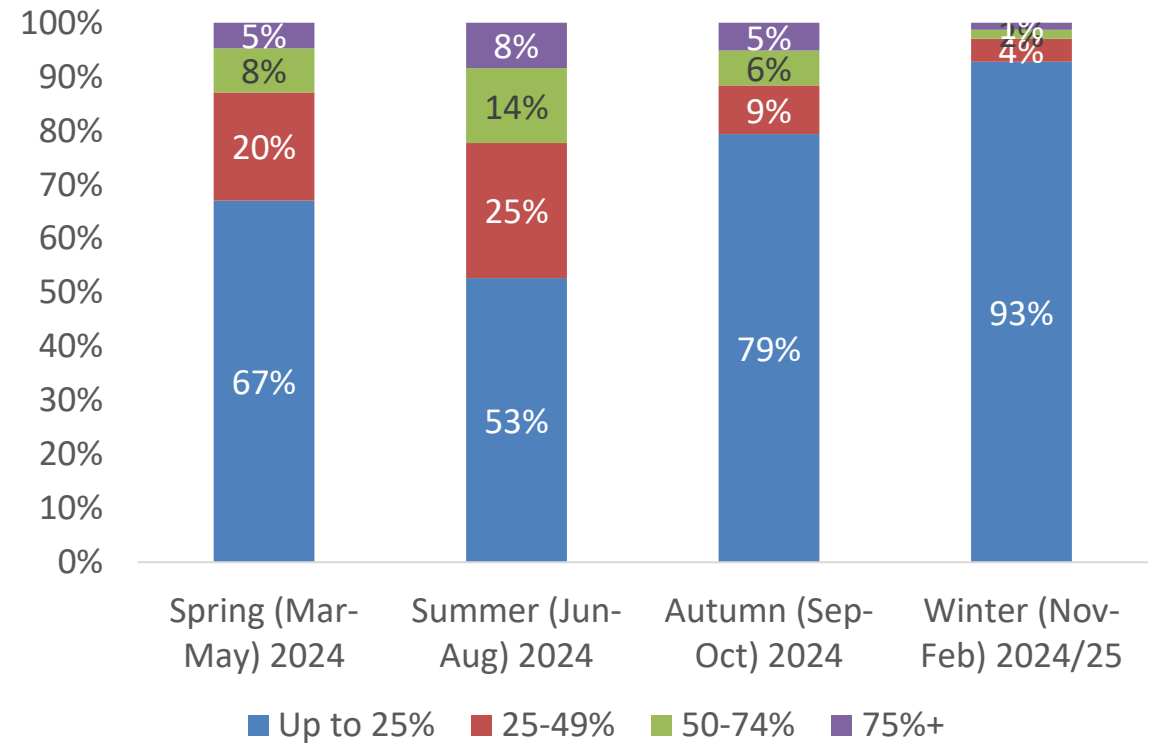
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Forward bookings

Forward bookings are generally low across all seasons and compared to the same time last year, bookings across all seasons are lower than 2023.

The best performing season is summer with 8% of businesses reporting they have sold the majority of their summer 2024 capacity. Though this was 11% of businesses at the same point last year.

Forward Bookings

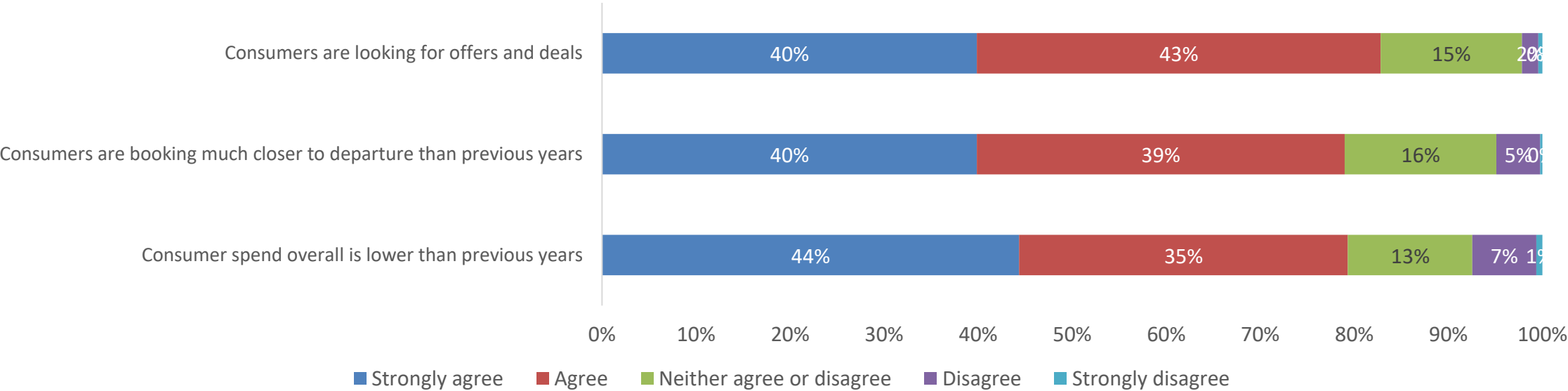


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Thoughts on current consumer behaviour

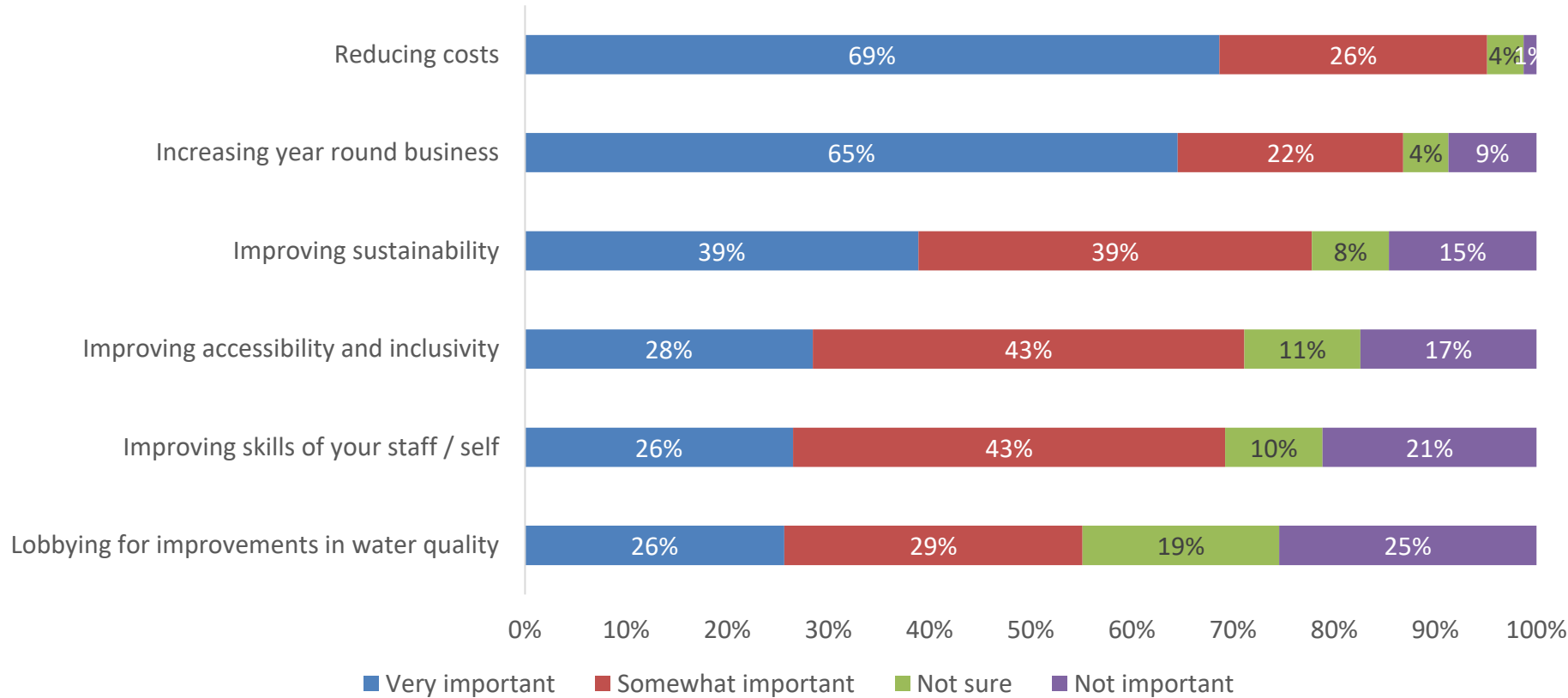
There is strong agreement that consumers are booking much closer to departure than in previous years, that consumers are looking for deals and that overall spend is lower. This is a continuing trend that we have seen in the last few waves of the survey.

To what extent do you agree with the following statements:



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Business priorities



Top business priorities are:
Reducing costs for 95% of businesses, Increasing year-round business (87%) and improving sustainability (78%)

These three results are relatively consistent over previous waves of the survey.

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Staff recruitment

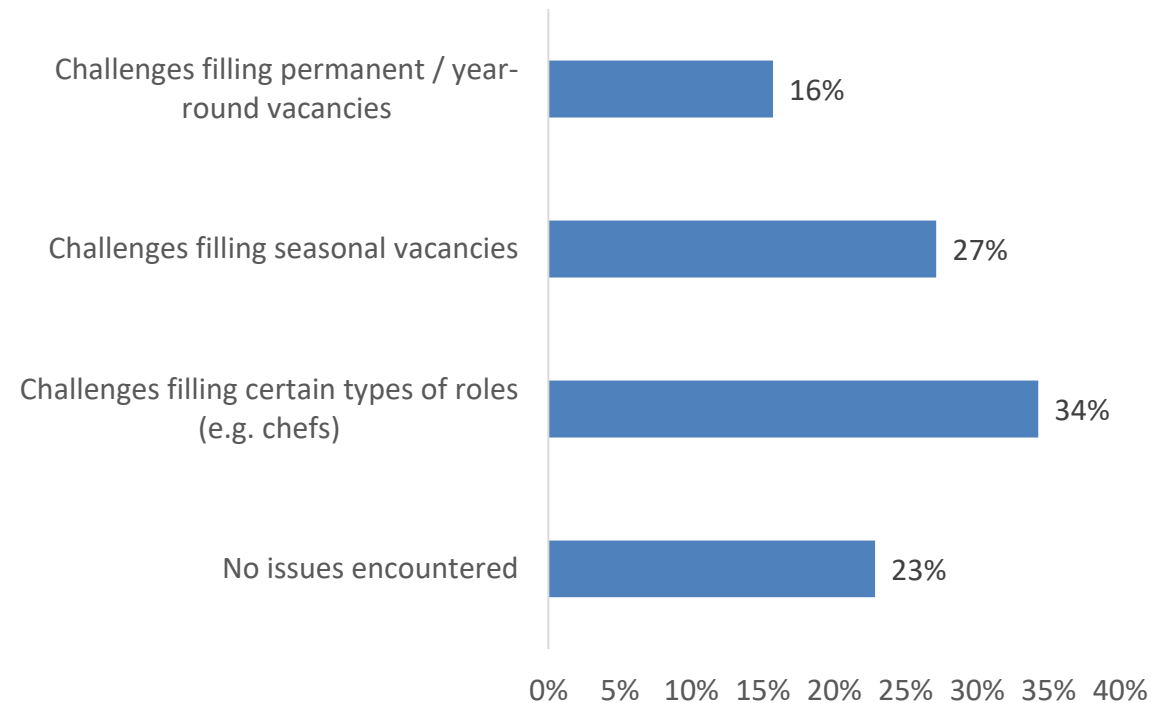
The number of businesses currently recruiting staff was relatively low in this wave.

For those that were recruiting staff, the key challenge is filling certain types of roles.

The key roles that are proving challenging are:

Cleaning and maintenance staff	31%
Chefs and kitchen staff	21%
Supervisors and management	15%
Front of house (eg receptionist)	10%
Waiting and bar staff	8%

Of those who employ staff and are currently recruiting, how would you describe the current recruitment process?



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External factors affecting business

The top external factor influencing businesses on the coast is now poor economic climate (76%) with a slight decrease in the number of businesses citing energy and fuel cost increases, perhaps indicating that whilst still high, most businesses have started to see some stability in energy costs.

Key changes in this wave are the appearance of **increases in insurance premium rises (42%)** and the **cost of finance / interest rates (31%)** which were previously affecting a much lower number of businesses.

In response to the challenges facing businesses:

- 57% of businesses are increasing their prices in 2024
- 31% are cutting costs by closing for more of the year or on certain days of the week or reducing their service offer
- 39% are delaying investment
- 18% are reducing staff

Top external factors affecting business:	
Poor UK economic climate / less money in consumer's pockets	76%
Increasing energy and fuel costs	68%
Poor / unpredictable weather	66%
Increasing supplier costs	63%
Seasonality of the destination	48%
Increase in insurance premiums	42%
Regulations and compliance	37%
Competition from overseas holidays	37%
Cost of finance / interest rates	31%
VAT threshold	31%

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Investment

As mentioned on the previous slide, 39% of businesses have indicated that they are intending to reduce the level of investment they are planning to put into their business in 2024.

A more detailed assessment shows that 29% of coastal businesses are not planning any investment in their business in 2024 and the majority (37%) planning to invest up to £10,000.

Very few businesses are planning a significant investment over £100,000 and these were all much larger organisations often part of a regional or national chain.

Investment levels planned for 2024	
Zero / no investment	29%
Up to £10,000	37%
£10,000 - £24,999	17%
£25,000 - £49,999	6%
£50,000 - £74,999	2%
£75,000 - £99,999	3%
£100,000 - £149,000	3%
£150,000 - £199,999	0%
£200,000 +	3%

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Business support

There is continued strong support for a reduction in VAT for hospitality and tourism (61%) and support for energy costs (60%)

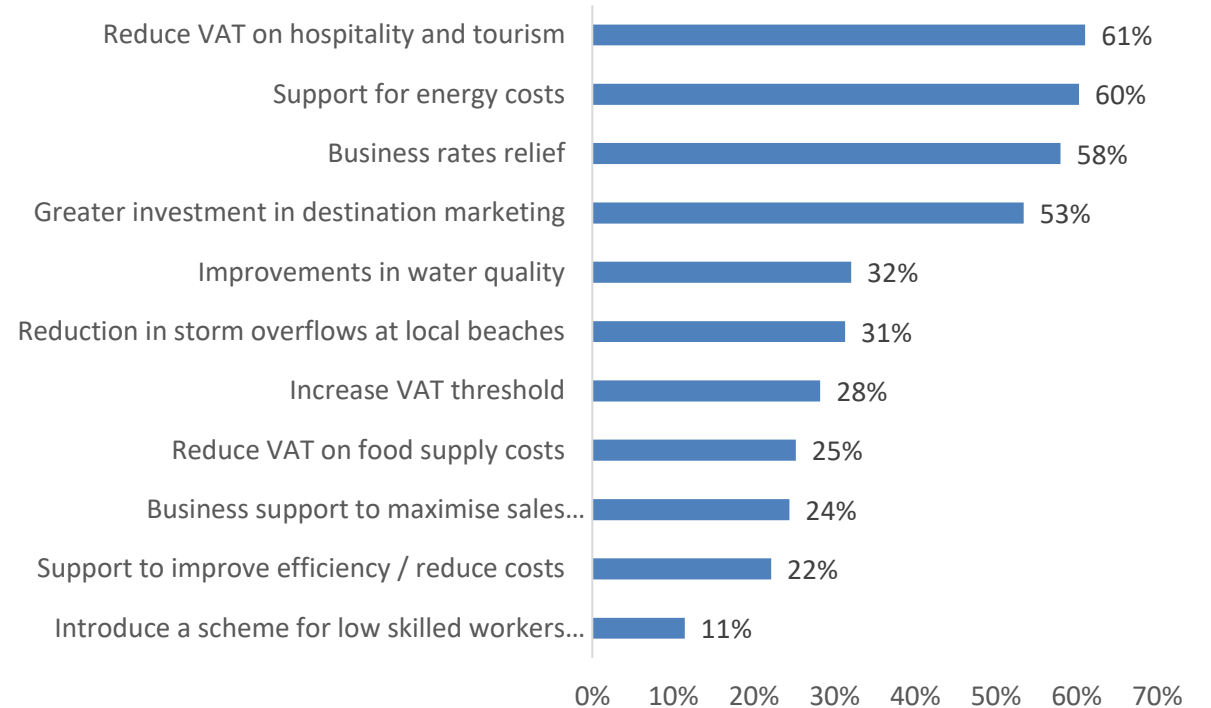
58% would like to see business rates relief

An increasing 53% would like to see greater investment in destination marketing – this is up +4pts on the previous wave

32% would like to see improvements in water quality

28% an increase in the VAT threshold

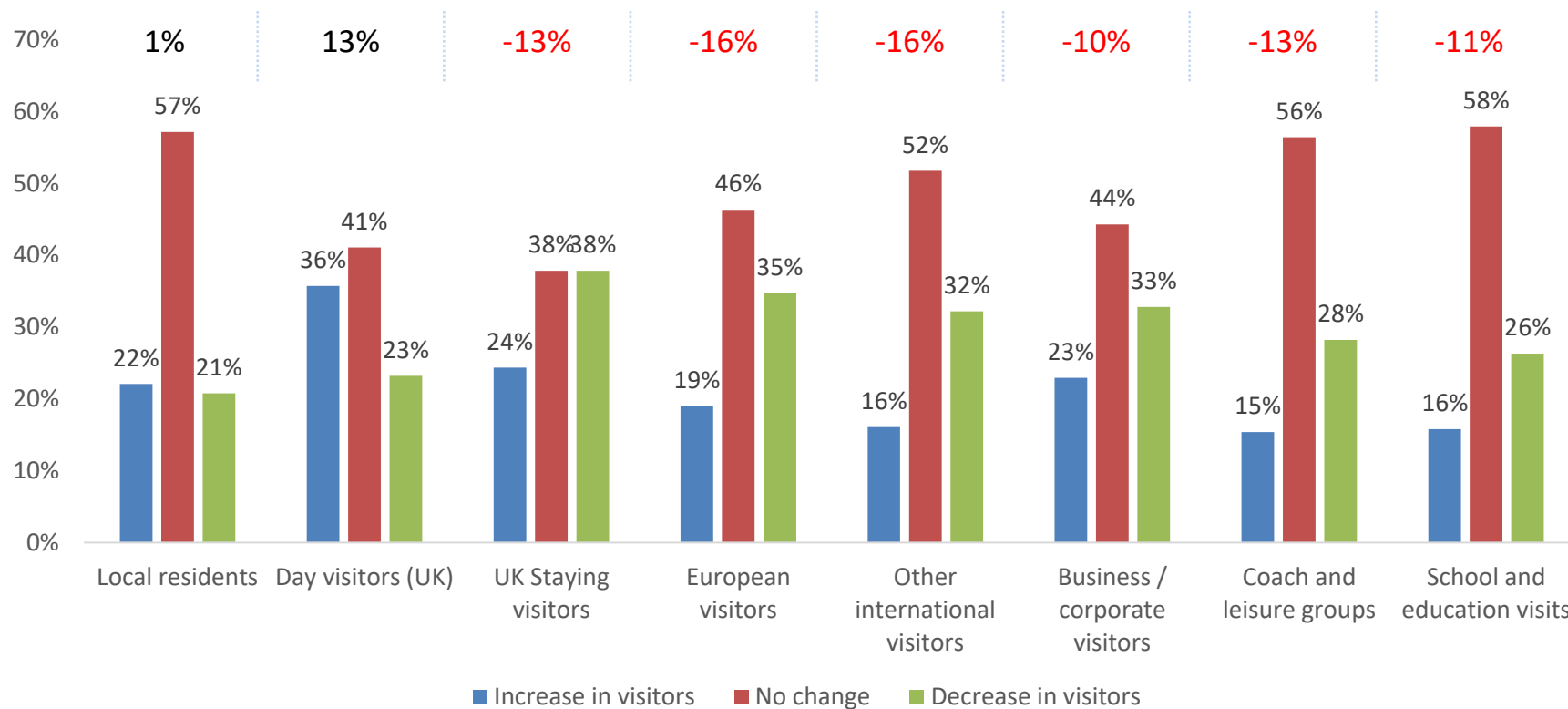
Which interventions would you like to see to support your business?



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How did your visitor types change in 2023?

Net variance per market

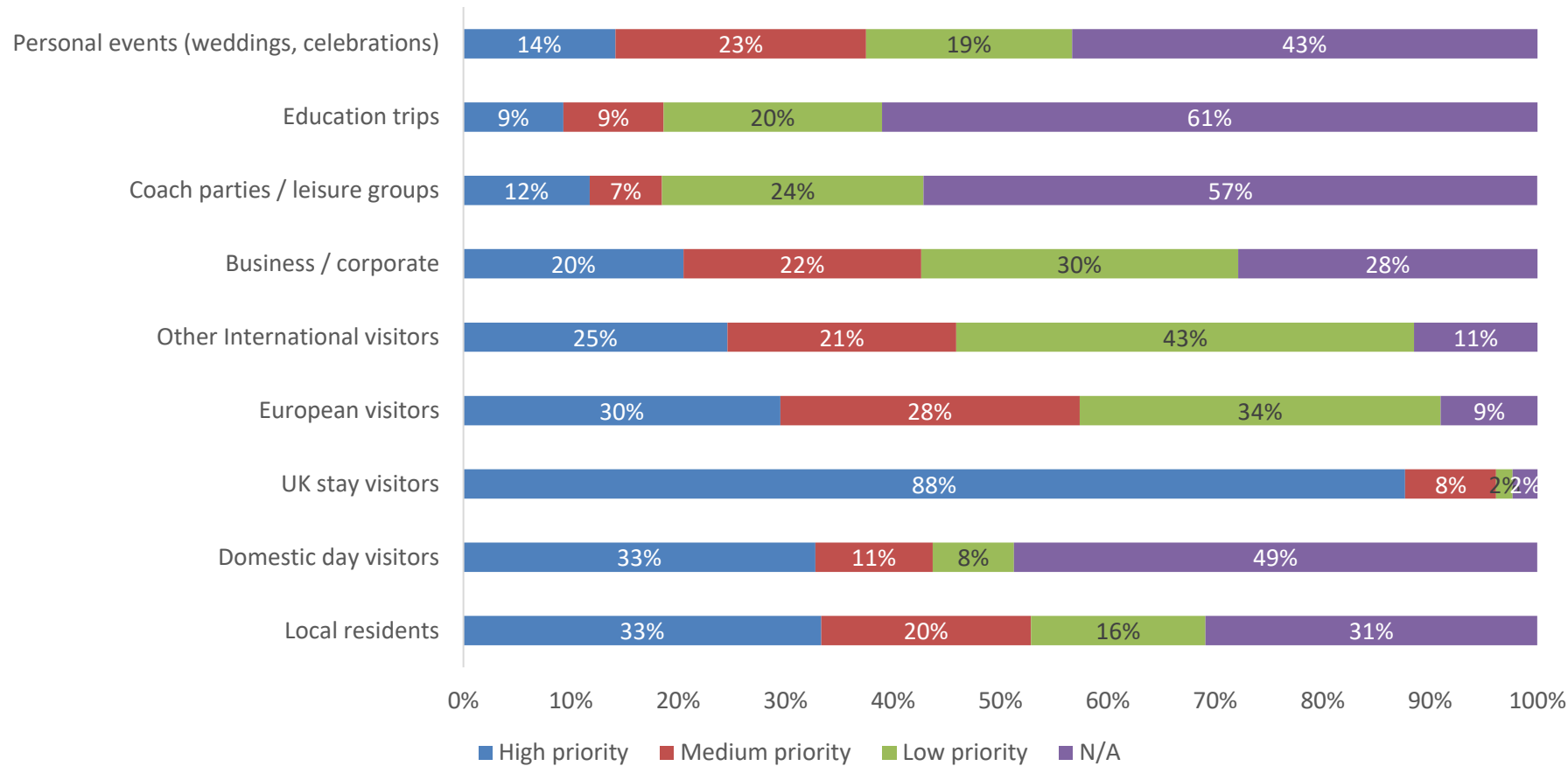


The day visit market has been the most consistent year on year – with more businesses saying they saw an increase than a decrease

A fifth of businesses noticed more European visitors (19%) and 16% an increase in other international visitors

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Key markets targeting over next 12 months



UK overnight visitors are still the key priority with 88% treating them as high priority

There is a continued growth in priority for both European and other International visitors. European Visitors are now the second most important market if combining high and medium priority to businesses.

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Product development opportunities

Which of the following are you interested in creating new products for in 2024?	
Walkers	75%
Nature and Wildlife	66%
Cyclists	56%
Heritage	53%
Activities and watersports	37%
Eco, green and sustainable	37%
Arts and Culture	36%
Business: meetings, incentive, conference and events	24%
Accessible	20%
Wellness and spa	13%

The continued growth in consumer interest for outdoor activities has been noticed by businesses with 75% saying they are interested in attracting more walkers, 66% considering developing nature and wildlife breaks and 56% considering the cycling market.

Almost a quarter are considering the business market (24%) and 20% the accessible market.



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