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Coastal Tourism Business Survey 2024 Summer Wave

Survey live between 24th May – 30th June 2024

NCTA Business Survey

2024 Wave 2 – Summer (survey was live between 24th May – 30th June 2024)

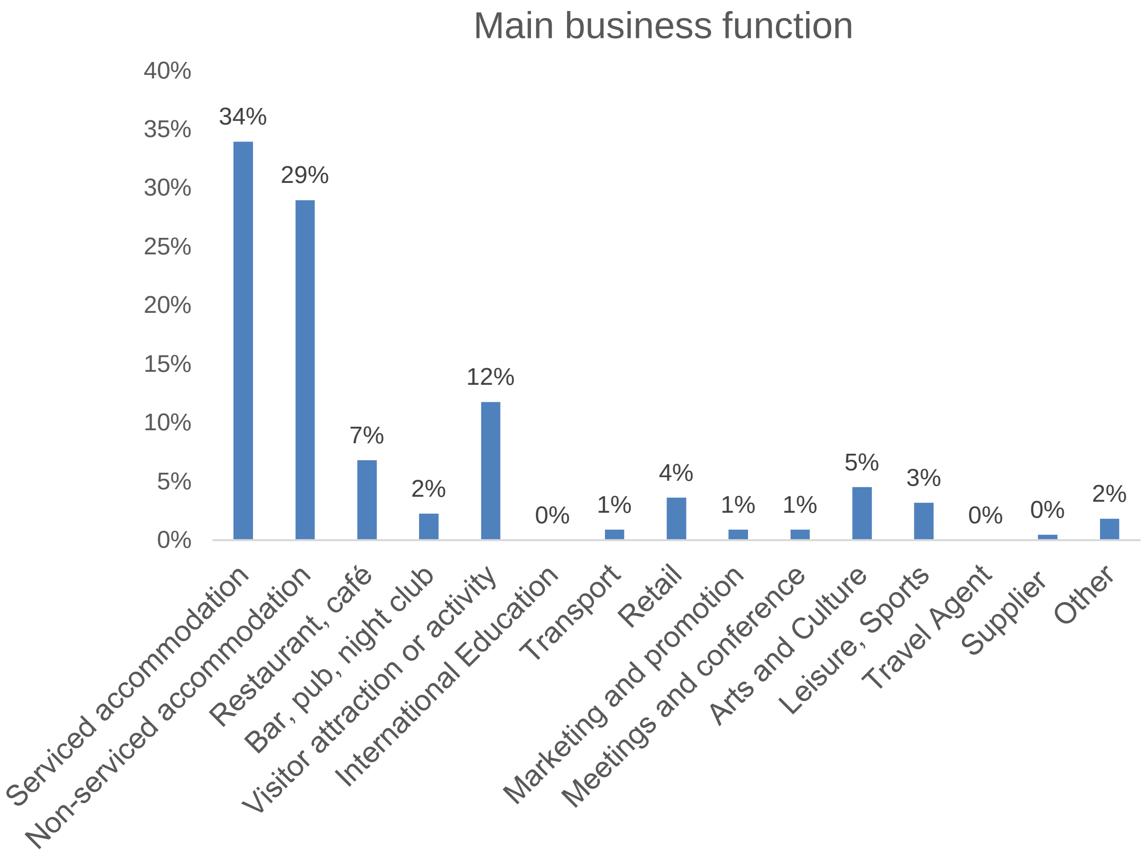
This wave reflects on performance since the start of 2024 and looking forward to summer 2024

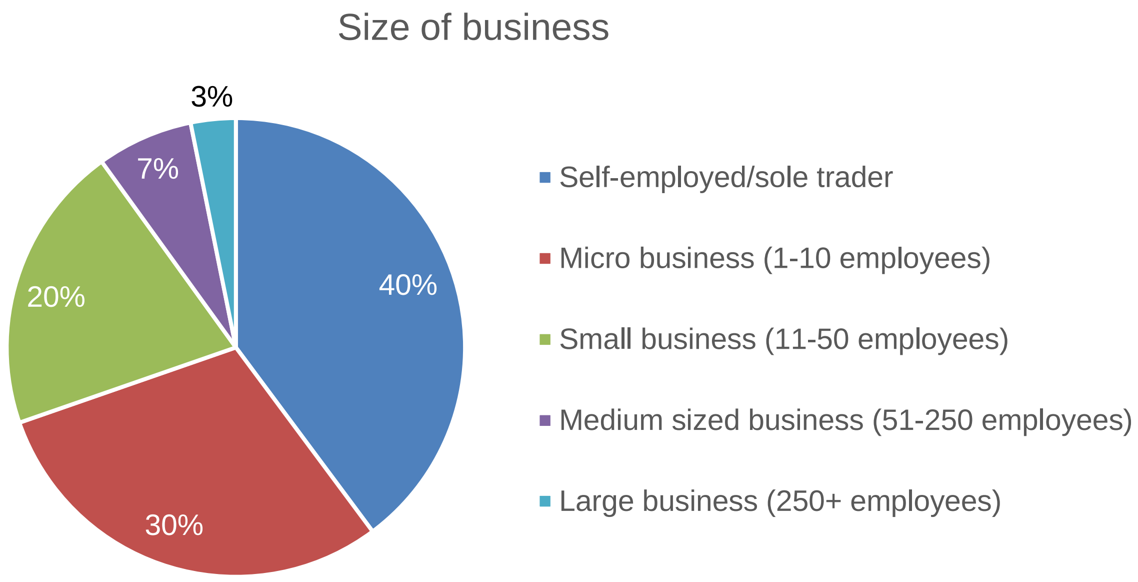
Key Headlines

- **More than half of businesses (53%) said that 2024 turnover to date was worse than the same period in 2023 – just 16% of businesses said that so far 2024 had been better than 2023.**
- **Confidence has decreased since the previous wave** – with just 43% of businesses at least somewhat confident about the next 6 months of trading and 37% not confident.
- Forward bookings for the summer have improved over the previous wave but remain behind the same period last year.
- Businesses continue to see consumers booking much closer to departure, that consumers are looking for deals and that overall spend is lower.
- The key external factors influencing businesses are the economic climate (73%) and **the impact of poor and unpredictable weather is now the second highest external influence at 71%.**
- In response to the challenges facing businesses **51% 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, 37% are delaying investment and 19% 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 (54%). 48% would like to see greater investment in destination marketing
- **UK overnight visitors are still the key priority market for the next 12 months** with 82% 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 (66%), nature and wildlife (63%) and cycling (56%).

NCTA Business Survey – 2024 wave 2

About respondents





93% of businesses stated that they are independently owned, 1.5% are part of a local or regional chain, 5% part of a national chain and 0.5% part of a charity or not-for-profit organisation

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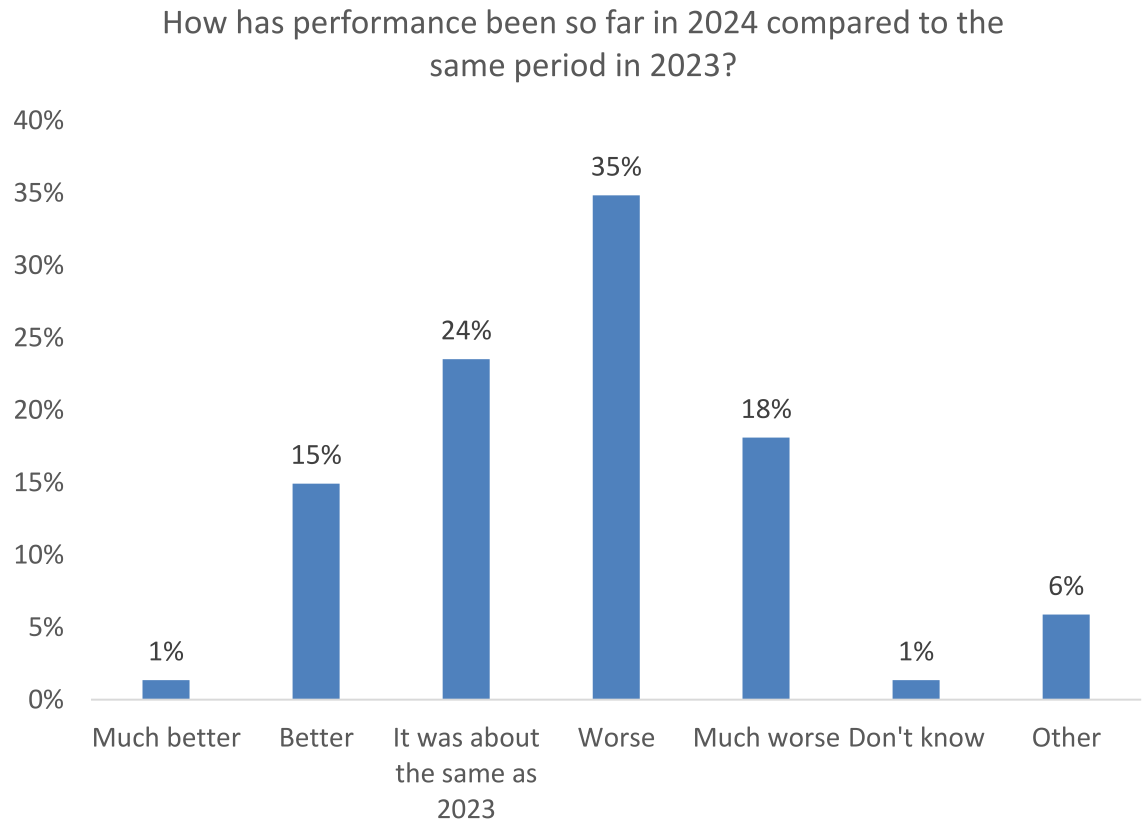
Turnover performance year to date compared to same period in 2023

More than half of businesses (35% worse + 18% much worse) reflected that business turnover was worse so far in 2024 compared to the same period in 2023. Just under a quarter (24%) felt it was the same and only 16% thought 2024 was better than 2023 so far.

Attractions were slightly more likely to say that 2024 had been the same (26%) or slightly better than 2023 (23%) although 46% still said it was worse.

60% of accommodation businesses said 2024 was worse than the same period in 2023, with only 11.5% saying it was better.



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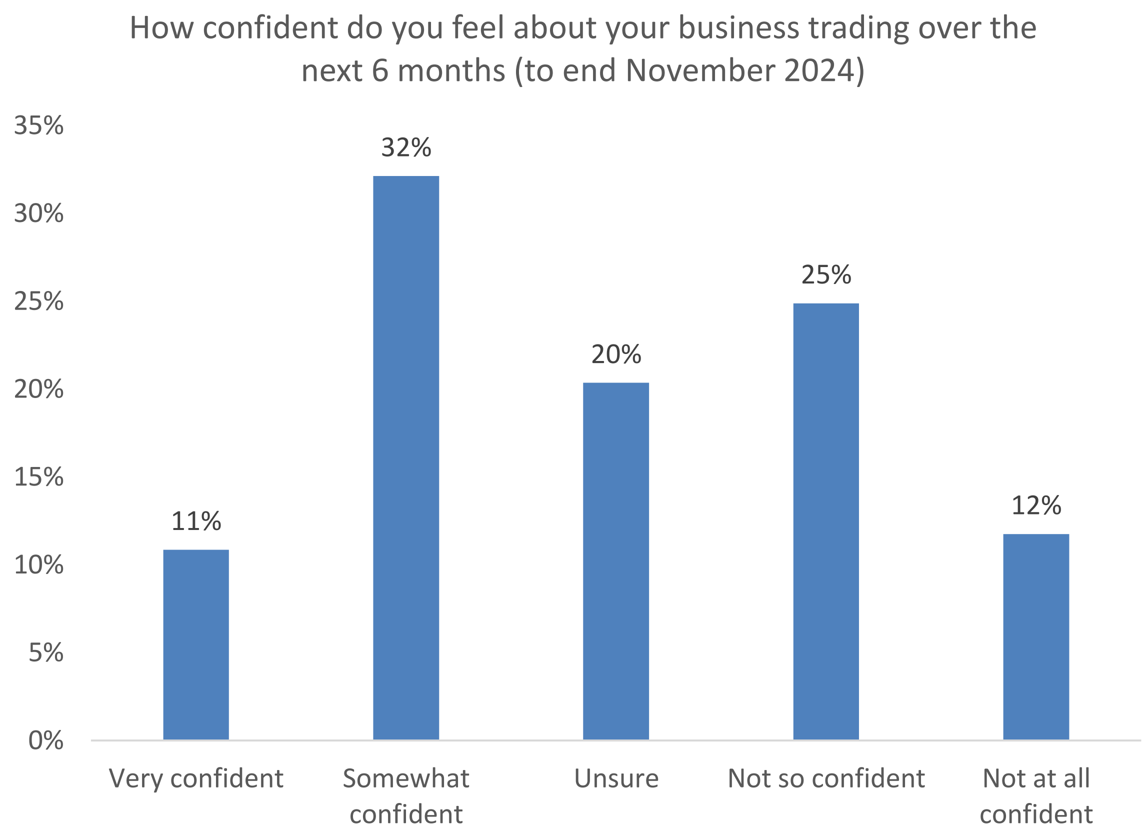
Business Confidence

Confidence has dropped since the previous wave – with 43% of businesses at least somewhat confident about the next 6 months of trading and 37% not confident.

Attractions were more likely to be confident compared to accommodation businesses.

The most confident businesses were the larger ones – 73% were very or somewhat confident.



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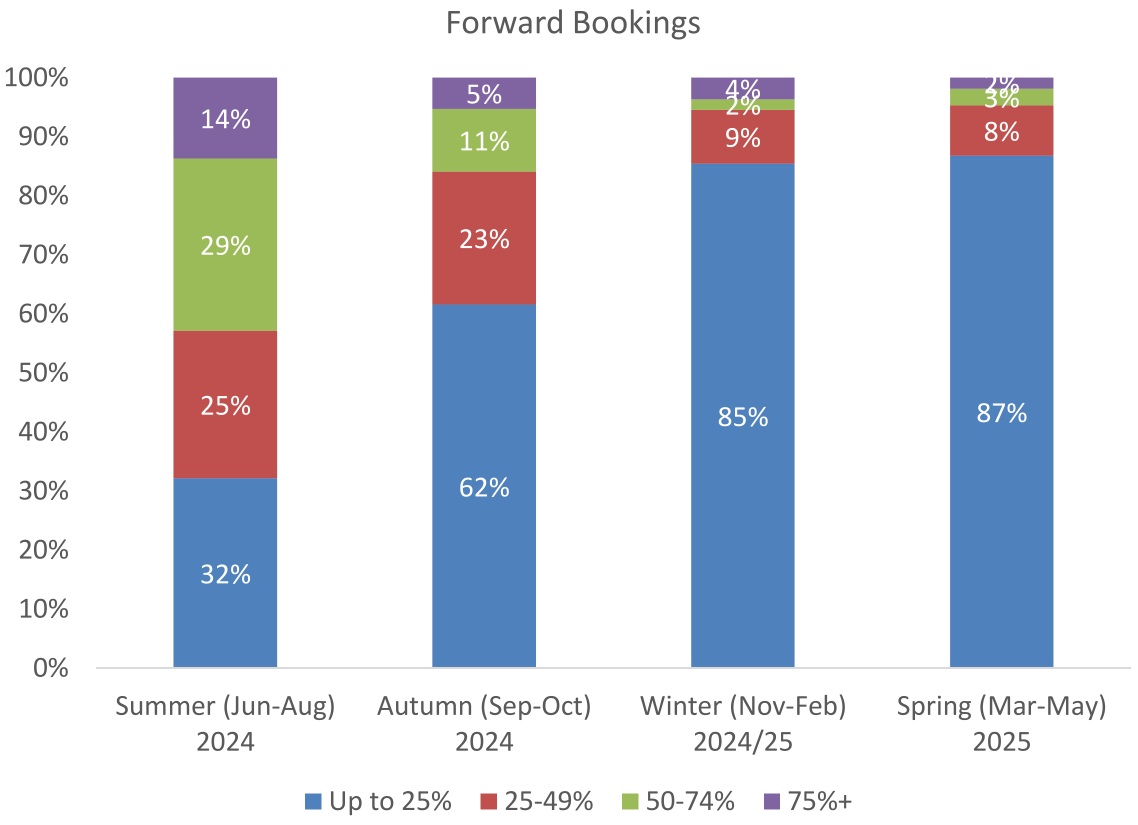
Forward bookings

Forward bookings have improved over the last survey wave with summer now looking stronger, but the majority of businesses that take forward bookings still have more than half their capacity to sell.

Forward bookings are slightly lower than the same point last year.



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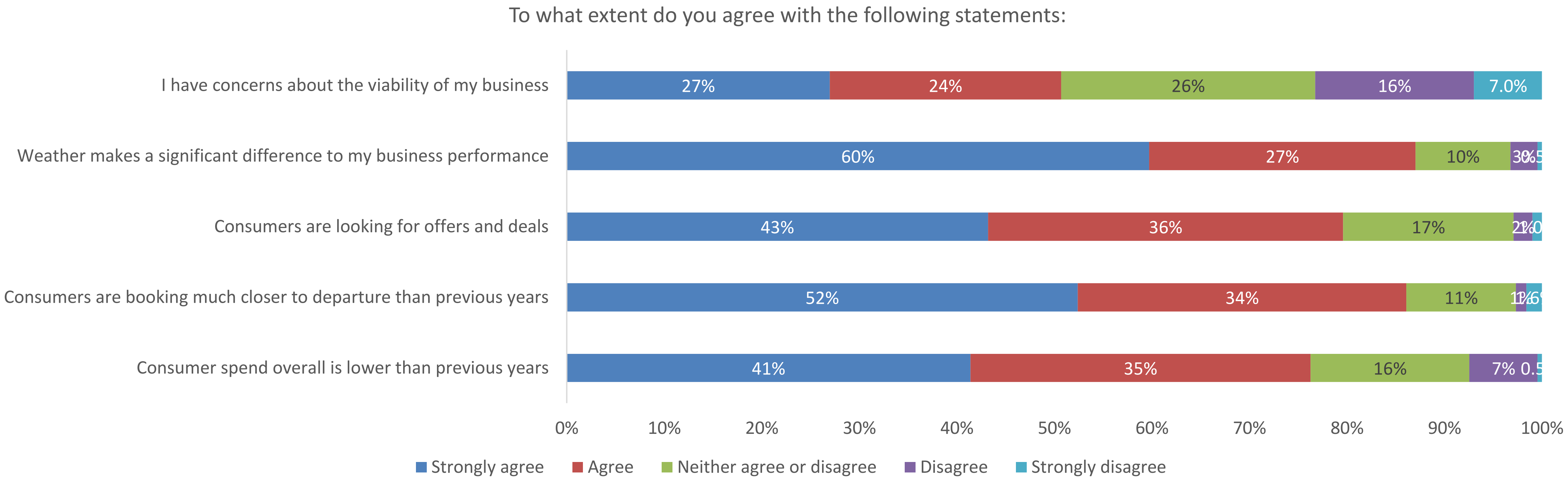
Thoughts on current consumer behaviour

There is continued 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 with relatively consistent scores over the last few waves of the survey.



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Staff recruitment

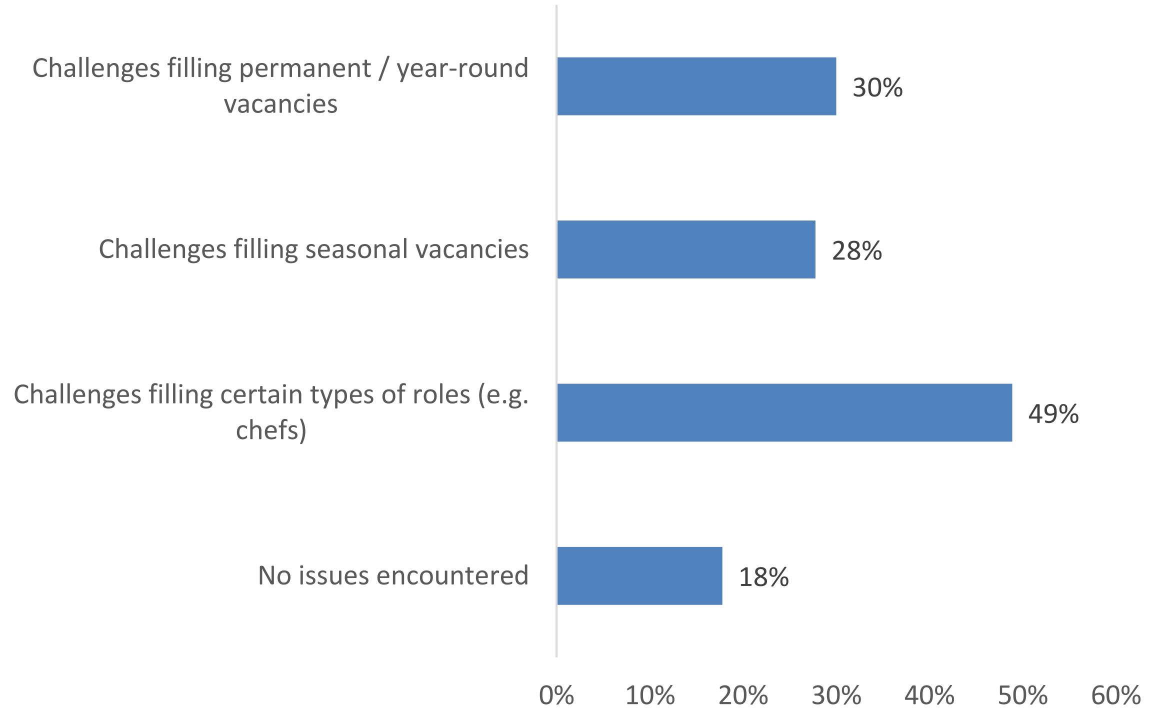
About 50% of businesses are currently recruiting staff, an increase on the previous wave. For those that were recruiting staff, the key challenge is filling certain types of roles. Those businesses reporting no issues recruiting dropped in this wave over the previous wave.

The key roles that are proving challenging are:

Cleaning and maintenance staff	34%
Chefs and kitchen staff	33%
Supervisors and management	17%
Waiting and bar staff	17%
Front of house (e.g. receptionist)	10%

There was a significant rise in the percentage of businesses experiencing issues recruiting chefs and kitchen staff in this wave of the survey

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



NCTA Business Survey – 2024 wave 2

External factors affecting business

The top external factor influencing businesses on the coast continues to be the poor economic climate (73%), poor or unpredictable weather has risen to the second highest external impact on businesses (71%) and there has been a further slight decrease in the number of businesses citing energy and fuel cost increases (65%), perhaps indicating that whilst still high, most businesses have started to see some stability in energy costs.

Most other values remain relatively constant.

In response to the challenges facing businesses:

- **52% of businesses are increasing their prices in 2024**
- 37% are delaying investment
- 31% are cutting costs by closing for more of the year or on certain days of the week or reducing their service offer
- 19% are reducing staff

Top 10 external factors affecting business:	
Poor UK economic climate / less money in consumer's pockets	73%
Poor / unpredictable weather	71%
Increasing energy and fuel costs	65%
Increasing supplier costs	60%
Seasonality of the destination	40%
Competition from overseas holidays	37%
Increase in insurance premiums	35%
Competition from other local businesses	29%
VAT threshold	28%
Cost of finance / interest rates	24%

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Business support

The top 5 interventions businesses would like to see to help their business remain the same as the previous wave.

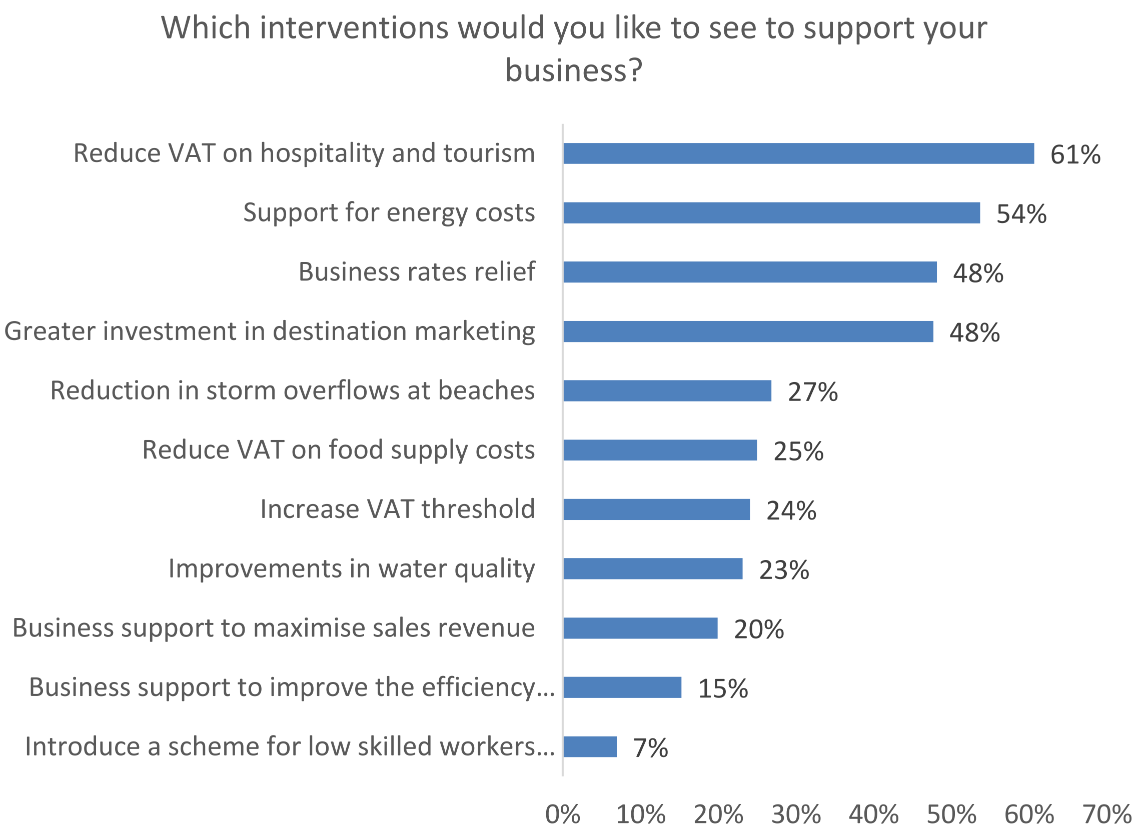
There is continued strong support for a reduction in VAT for hospitality and tourism (61%) and support for energy costs (54%)

48% would like to see business rates relief

48% would like to see greater investment in destination marketing

27% would like to see a reduction in storm overflows at local beaches

25% would like to see a reduction on VAT on food supply costs



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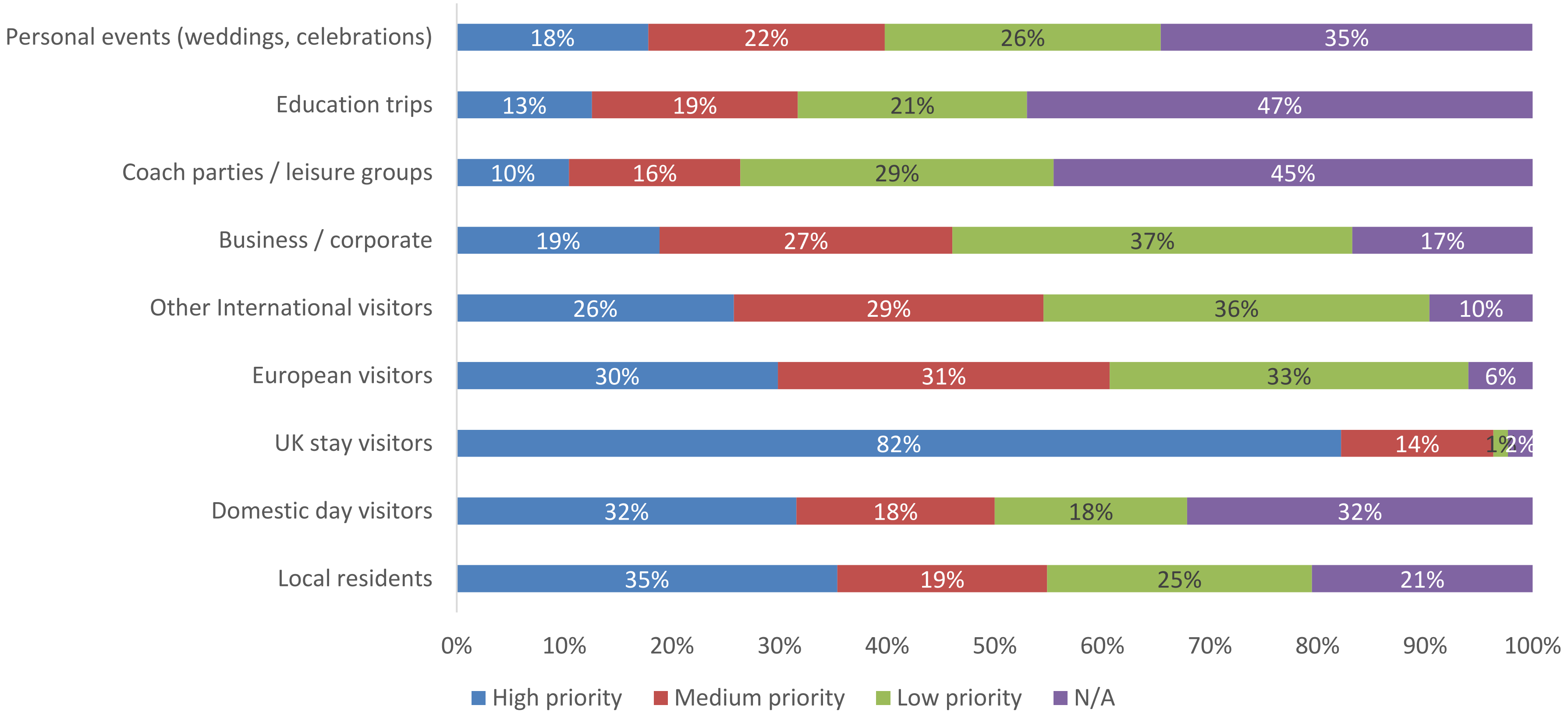
Key markets targeting over next 12 months



UK overnight visitors are still the key priority with 82% treating them as high priority

There is a further growth in priority for both European, other International visitors and business / corporate visitors over this wave, representing an increase in priority every wave for the last three waves.

European Visitors are the second most important market if combining high and medium priority to businesses.

NCTA Business Survey – 2024 wave 2

Product development opportunities

Which of the following are you interested in creating new products for in 2024?	
Walkers	66%
Nature and Wildlife	63%
Cyclists	56%
Heritage	44%
Arts and Culture	39%
Activities and watersports	35%
Eco, green and sustainable	35%
Business: meetings, incentive, conference and events	25%
Accessible	21%
Wellness and spa	12%

The continued growth in consumer interest for outdoor activities has been noticed by businesses with 66% saying they are interested in attracting more walkers, 63% considering developing nature and wildlife breaks and 56% considering the cycling market.

A quarter are considering the business market (25%) and 21% the accessible market.

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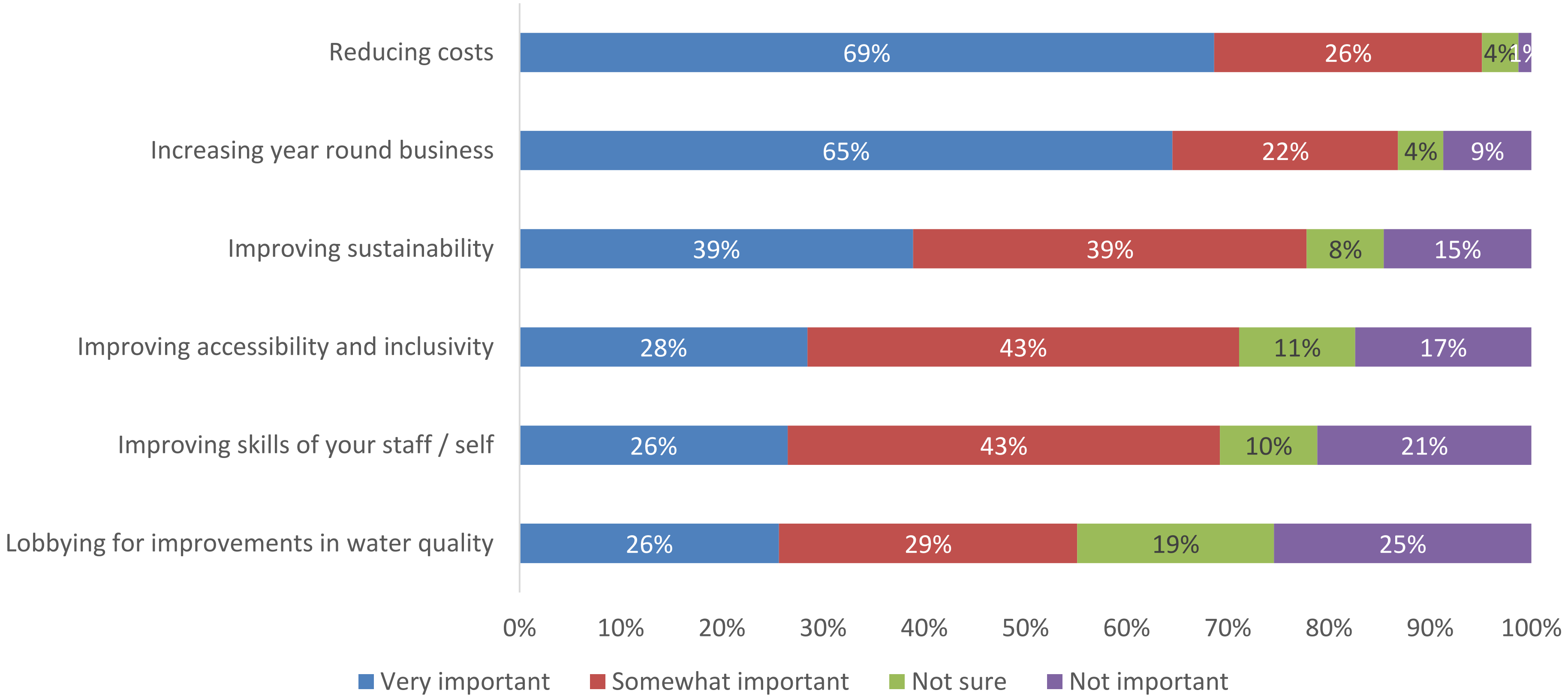
Results from wave 1
(not updated in wave 2)

NCTA Business Survey – 2024 wave 1

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.

Increased sample includes results from South West business survey undertaken at same time, survey methodology and question were identical across the two surveys – total sample size for this Q is 473 businesses

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NCTA Business Survey – 2024 wave 1

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.

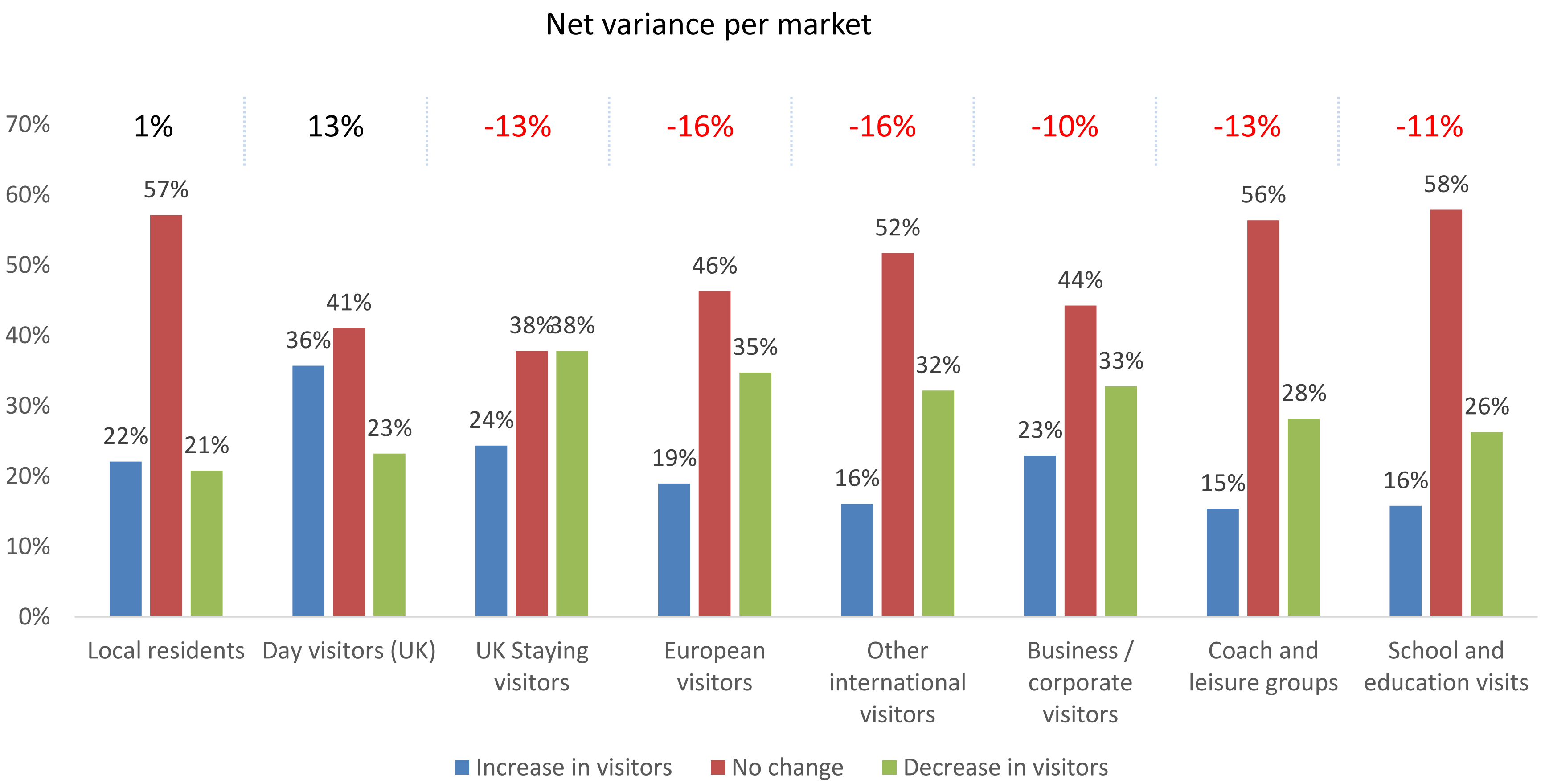
A more detailed assessment shows that 29% of coastal businesses are not planning any investment in their business in 2024 and the majority (37%) planning to invest up to £10,000.

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%

NCTA Business Survey – 2024 wave 1

How did your visitor types change in 2023?



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