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Coastal Tourism Business Survey 2024 Winter Wave

Survey live between 4th November – 16th December 2024

NCTA Business Survey

2024 Wave 3 – Winter (survey was live between 4th November – 16th December 2024)

This wave reflects on 2024 performance compared to 2023, looking forward to 2025 and the impact of the UK Government Budget in October 2024

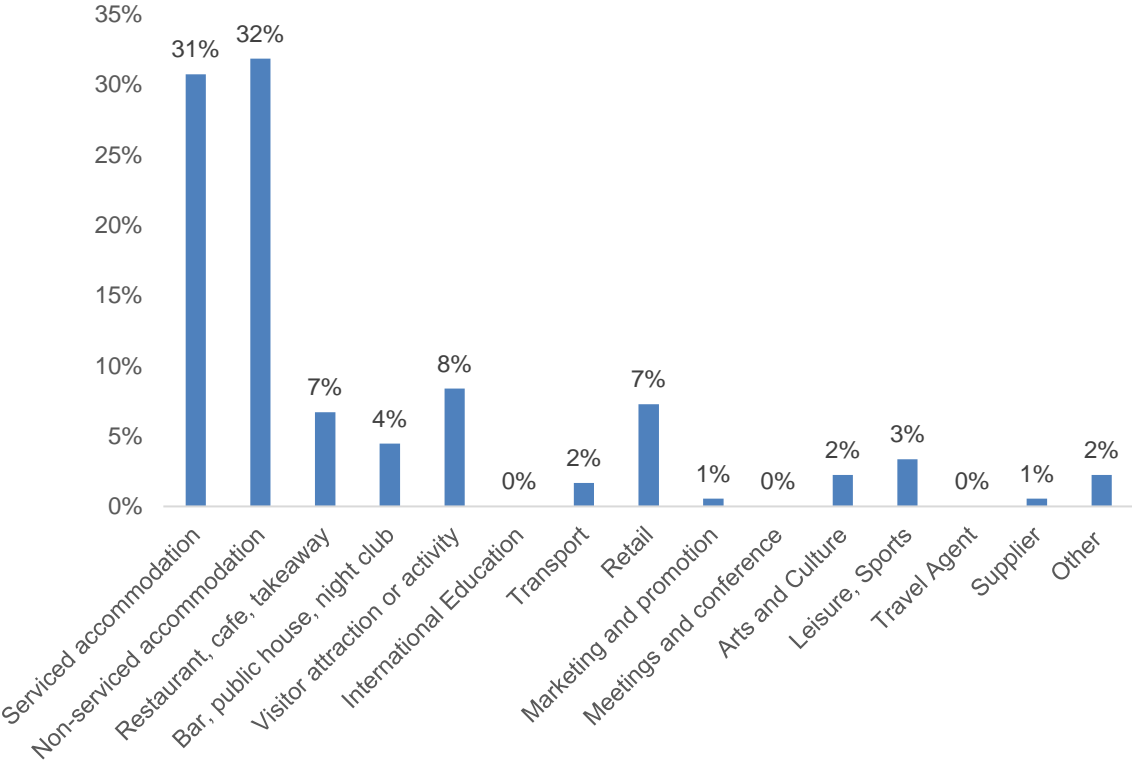
Key Headlines

- **Two-thirds of business (66%) said that profitability in 2024 was down on 2023, with a third stating it was significantly lower and only 14% saying their profitability had improved over 2023**
- **The impact of the UK Government budget on businesses that employ staff is significant with 59% saying the rise in employers National Insurance contributions will have a significant negative impact on their business and further 21% expecting a moderate negative impact.**
- **Confidence remains relatively static over the last few waves** – with 45% of businesses at least somewhat confident about the next 6 months of trading.
- Forward bookings are low but comparable to the level of forward bookings for the same point last year.
- **The top external factors influencing businesses are the economic climate (81%),** increasing costs (79% and the impact of poor and unpredictable weather (60%).
- In response to the challenges facing businesses **58% of businesses are increasing their prices in 2025**, 51% are going to delay investment, building or maintenance work with 37% stating they will not invest in their business in 2025. **Almost a third (31%) are planning to reduce staffing.**
- **The top priority for almost all businesses (94%) is reducing costs,** followed by increasing year round business (87%).
- Businesses would like support through an increased investment in destination marketing (67%), support reducing costs and improving efficiency (45%) or increasing sales (40%). They would also appreciate training focused on digital marketing, increasing sales and innovation to lower costs.
- Interest remains high in growing the following markets – walkers (78%), nature and wildlife (65%) and cycling (56%).

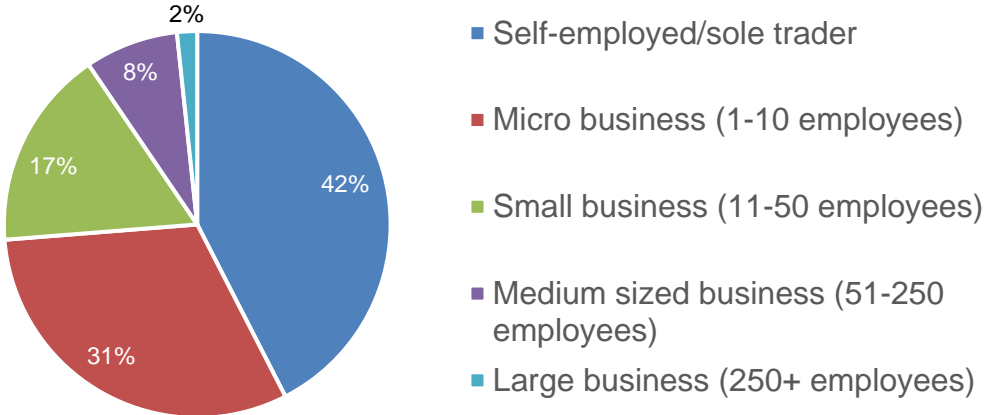
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About respondents

Main Business Function



Size of business



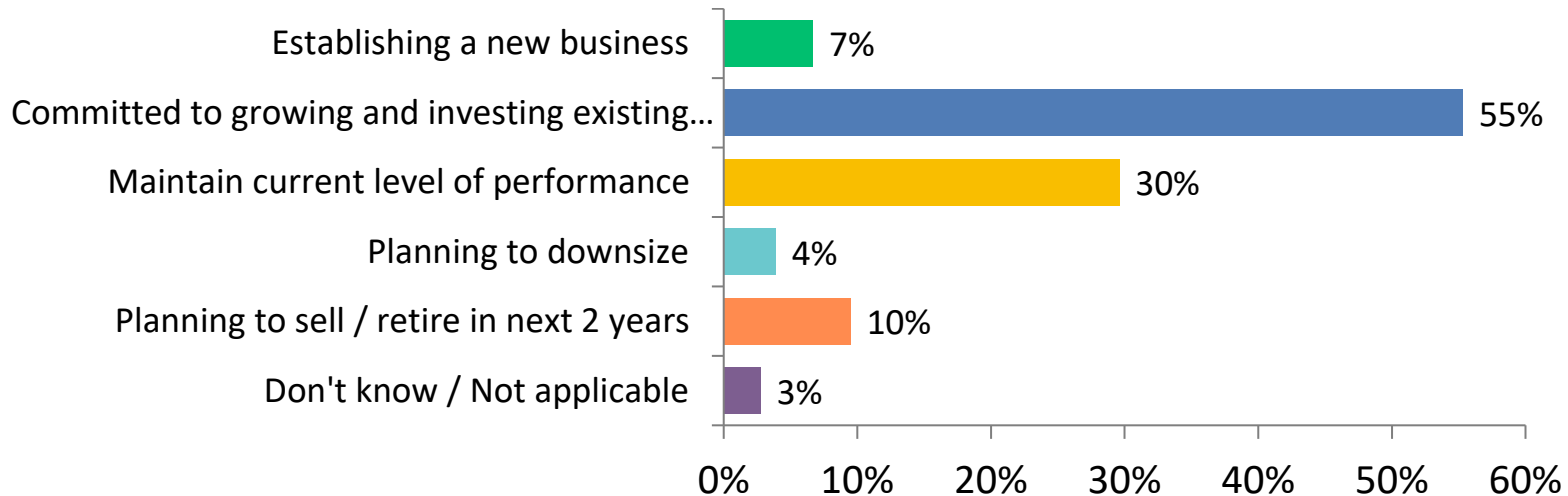
97% of businesses stated that they are independently owned, 1.5% are part of a local or regional chain, 1.5% part of a national chain

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Future aspirations

In this wave we explored attitudes to growth and aspirations of the business. The majority of businesses stated that they are committed to growing and investing in the existing business, 30% are trying to maintain current performance and 10% planning to sell or retire in the next 2 years.

Which of these statements best describes your business aspirations at this point?



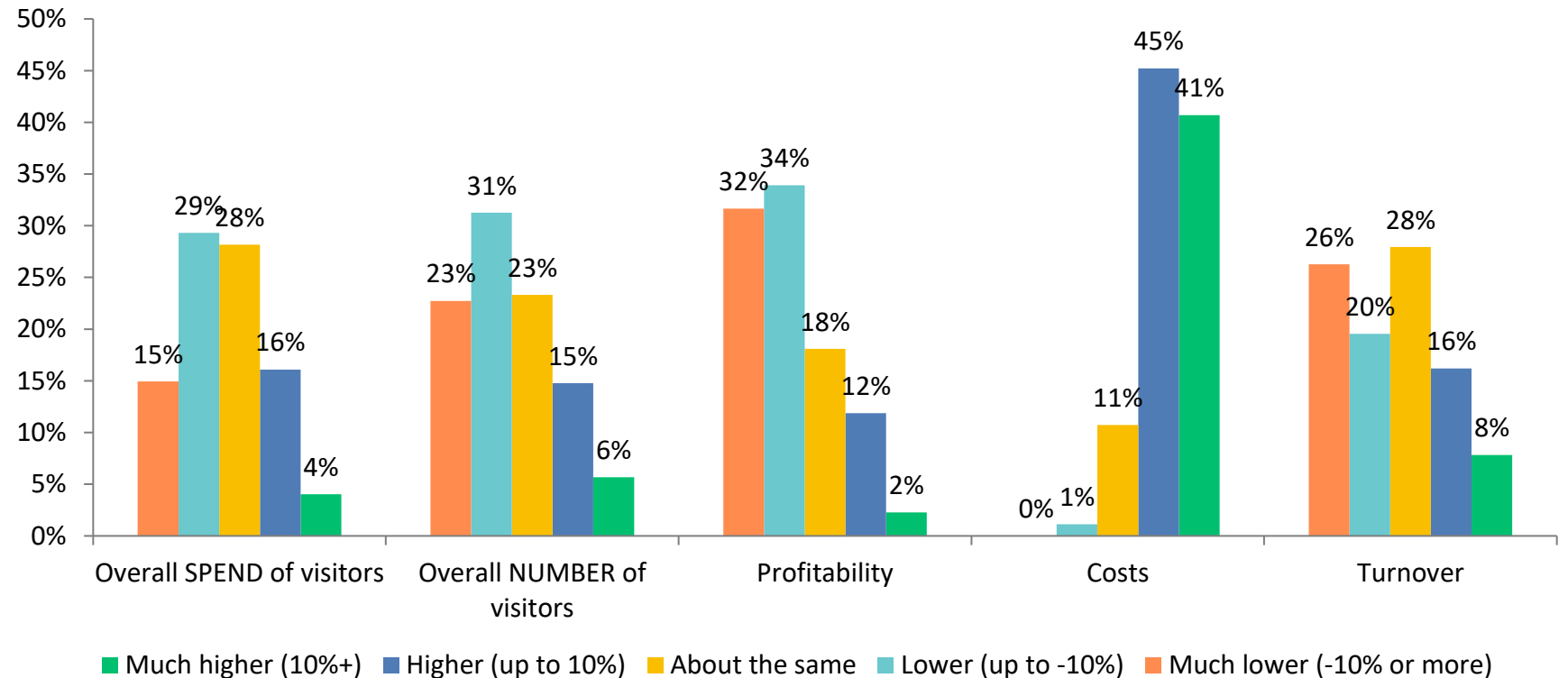
Pre-covid responses:

- Establishing a new business (7%)
- Growing existing business (28%)
- Content with level of performance (32%)
- Sell / retire in next 5 years (28%)
- Unsure (5%)

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Business performance compared to 2023

Whilst the results show mixed performance amongst businesses of turnover during 2024, the vast majority of businesses reported an increase in costs (86%) which meant that majority of businesses showed a reduction in profit (66%).

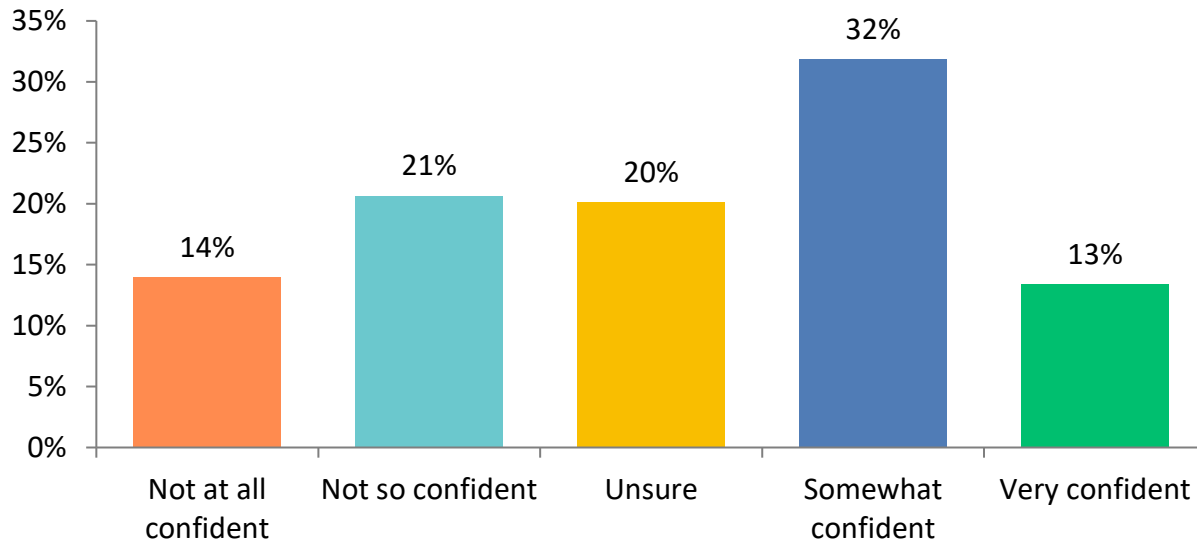


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Business Confidence and external business factors

Confidence is relatively consistent with the previous wave – with 45% of businesses at least somewhat confident about the next 6 months of trading and 35% not confident. The top five external factors impacting on businesses remain relatively static though there has been an increase in the number of businesses stating the impact of the economy and increasing costs has risen in this wave and a drop in the number of businesses stating poor or unpredictable weather in impacting their business. The threat of overseas holidays has risen in importance for many businesses in this wave (31%).

How confident do you feel about your business trading over the next 6 months (to end May 2025)?



Top external impacts:

- Economic climate 81%
- Increasing costs 79%
- Poor / unpredictable weather 60%
- Seasonality of the destination 48%
- Competition from overseas holidays 31%

Other notable responses:

- VAT threshold 28%
- Water quality 10%

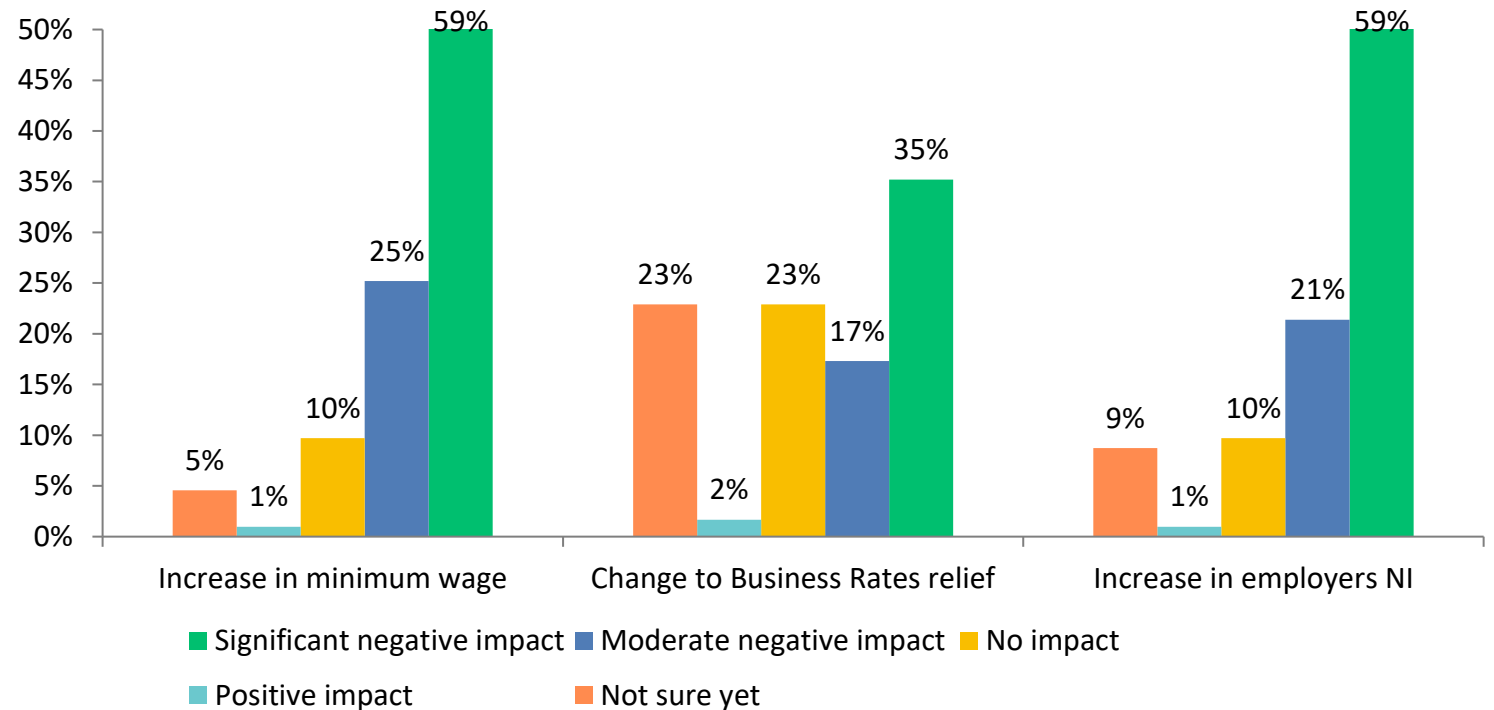
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UK Government - Budget impact

In this wave we asked businesses what they expect the impact will be on their business from various announcements in the recent UK Government Budget (October 2024).

For those businesses that employ staff they are predicting a significant negative impact from the increase in minimum wage and increase in employers National Insurance contributions.

What impact do you expect the following recent budget measures to have on your business?



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Responding to increasing costs and pressures

Businesses were asked how they plan to respond to the increasing costs and pressures that are facing their business.

The majority (58%) said that they plan to increase their pricing and more than half (51%) said they plan to delay investment or building and maintenance work. Almost a third (31%) were also considering reducing their levels of staff.

37% of businesses said they are not planning any investment this year

Price changes:

- 50% of businesses increasing prices by up to 10%
- 8% increasing prices by more than 10%
- 28% retaining same pricing
- 13% unsure
- 2% plan to reduce pricing

Cost control or changes to operating model:

- 51% delaying investment, building or maintenance work
- 31% reducing staff
- 12% closing certain days of the week
- 12% reducing their services (e.g. no longer serving lunch)
- 8% closing for up to a month
- 8% closing for 1-3 months
- 5% closing for more than 3 months
- 32% none of these measures

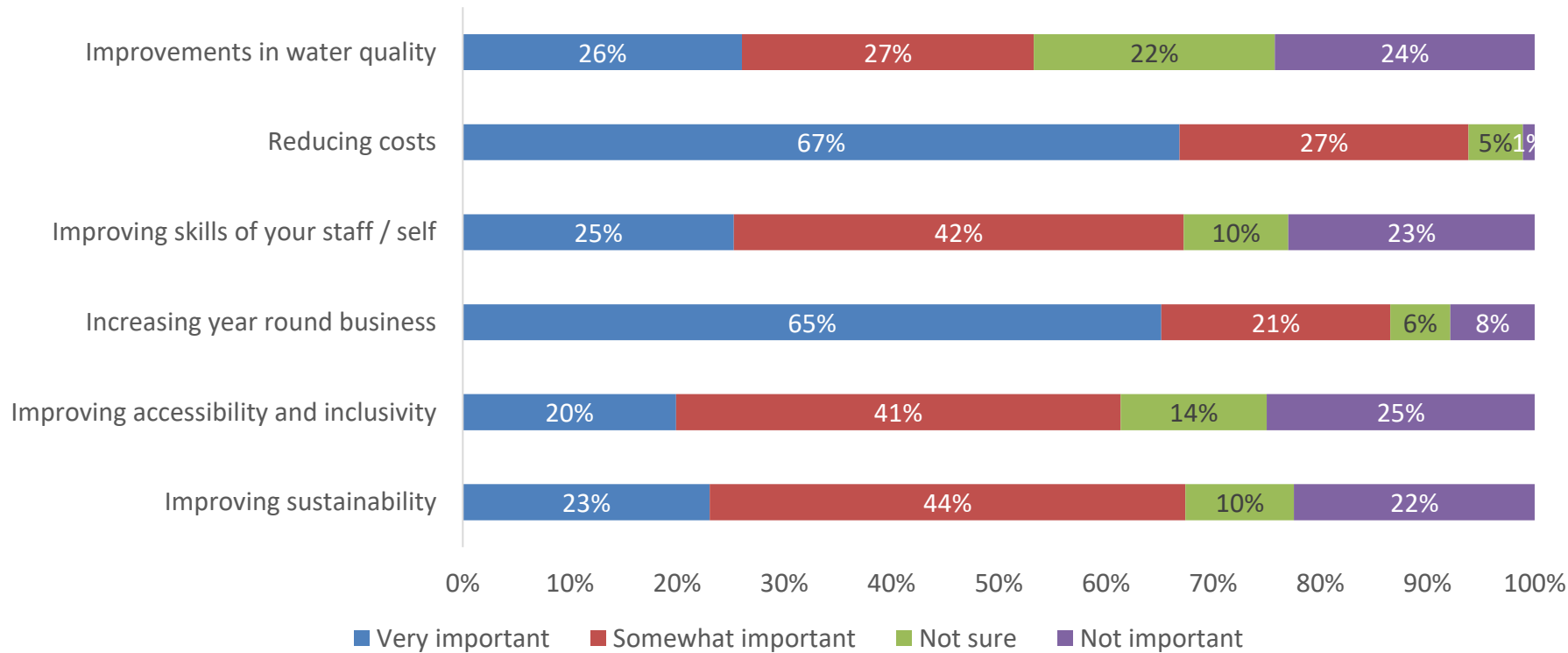
Mondays and Tuesdays the most popular days to close, closely followed by Wednesdays

37% planning no investment this year

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Business priorities

How important are the following to your business?



Top priorities:

- #1 Reducing costs 94%
- #2 Increasing year round business 87%
- #3 increasing skills 67%
- #3 Improving sustainability 67%

Reducing costs is the top priority for almost all businesses but an increasing number of businesses are also now recognising the importance of increasing year round business.

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Business support

When asked what non-fiscal support businesses would most like to see, two-thirds state they would like to see a greater investment in destination marketing (67%), followed by support to reduce costs or maximise sales.

What non-fiscal measures would help your business most?

- Greater investment in destination marketing (67%)
- Business support to improve the efficiency / reduce costs in your business (45%)
- Business support to maximise sales opportunities and revenue (40%)
- Reduction in storm overflows (31%)
- Improvements in water quality (27%)

Which (if any) Business support, training and webinars would you be interested in:

- Digital marketing 54%
- Increasing sales 49%
- Innovation to lower costs 36%
- Using AI in your business 34%
- Research and latest trends 33%
- Sustainability 28%
- Customer service 23%
- Management 19%
- Product or experience development 19%
- Accessibility 13%

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Product development opportunities

Which of the following are you interested in creating new products for in 2025?	
Walkers	78%
Nature and Wildlife	65%
Cyclists	56%
Heritage	48%
Activities and watersports	41%
Arts and Culture	37%
Business: meetings, incentive, conference and events	28%
Eco, green and sustainable	26%
Accessible	19%
Wellness and spa	13%

The continued growth in consumer interest for walking, nature and outdoor activities has been noticed by businesses with 78% saying they are interested in attracting more walkers, 65% considering developing nature and wildlife breaks and 56% considering the cycling market.

Just over a quarter are considering the business market (28%) and 19% the accessible market.

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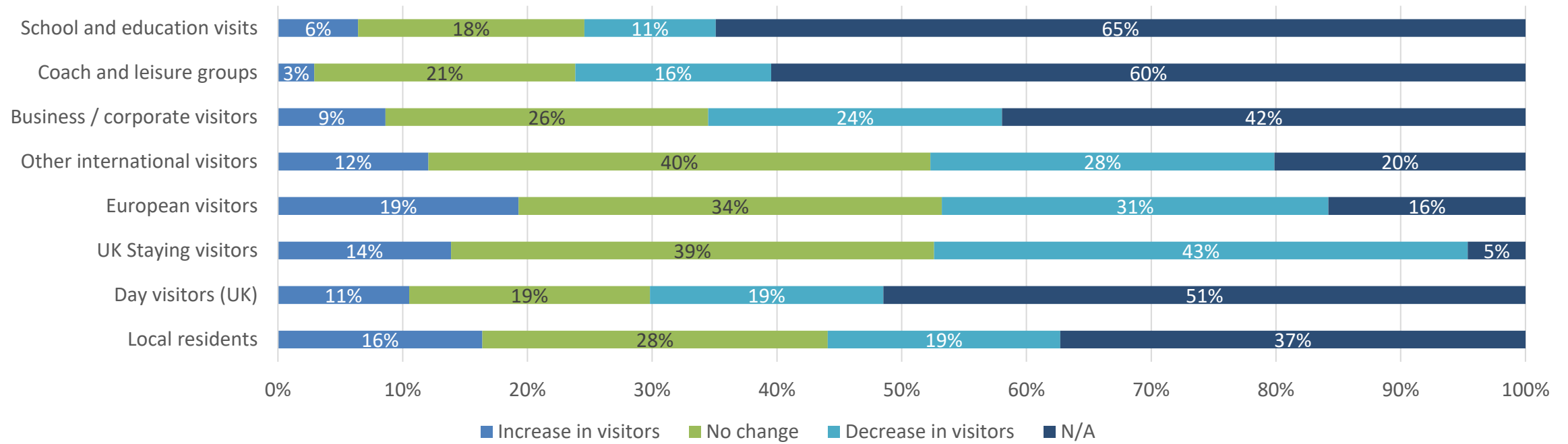
Visitor types

There was a net reported decrease in many visitor types but particularly UK Day visitors and UK staying visitors amongst respondents, though many businesses reported no significant change in visitor types during 2024.

The percentage of businesses reporting an increase in European visitors continues to rise with each wave.

Please note The number of businesses targeting groups (school, leisure or business) was lower in this wave than previous waves of the survey.

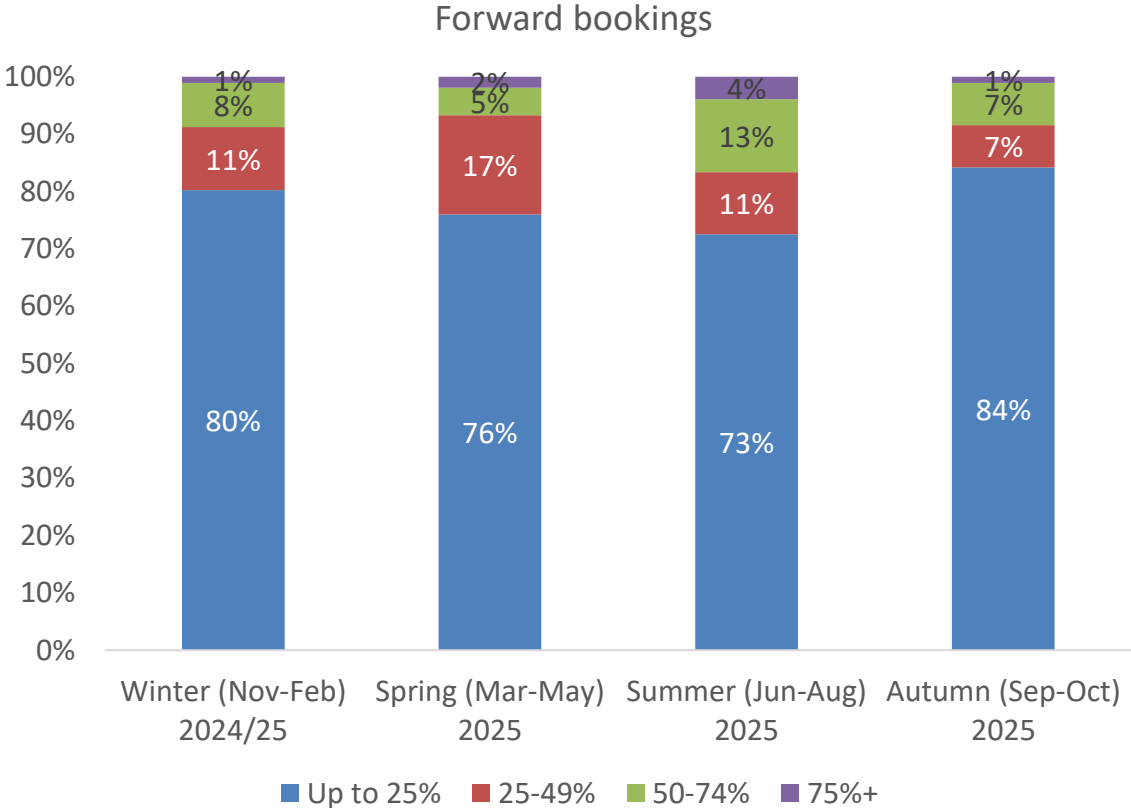
Change in visitor types in 2024



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Forward bookings

Forward bookings are incredibly low across all businesses that can be booked in advance. However, it is relatively similar position to the same time last year, with a very slight improvement on the summer booking position compared to the same time last year.





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