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Coastal Tourism Business Survey 2021 Wave 3 results

Survey live between 16th June – 2nd July 2021

NCTA Business Survey

Wave 3 – June 2021 (survey was live between 16th June – 2nd July 2021)

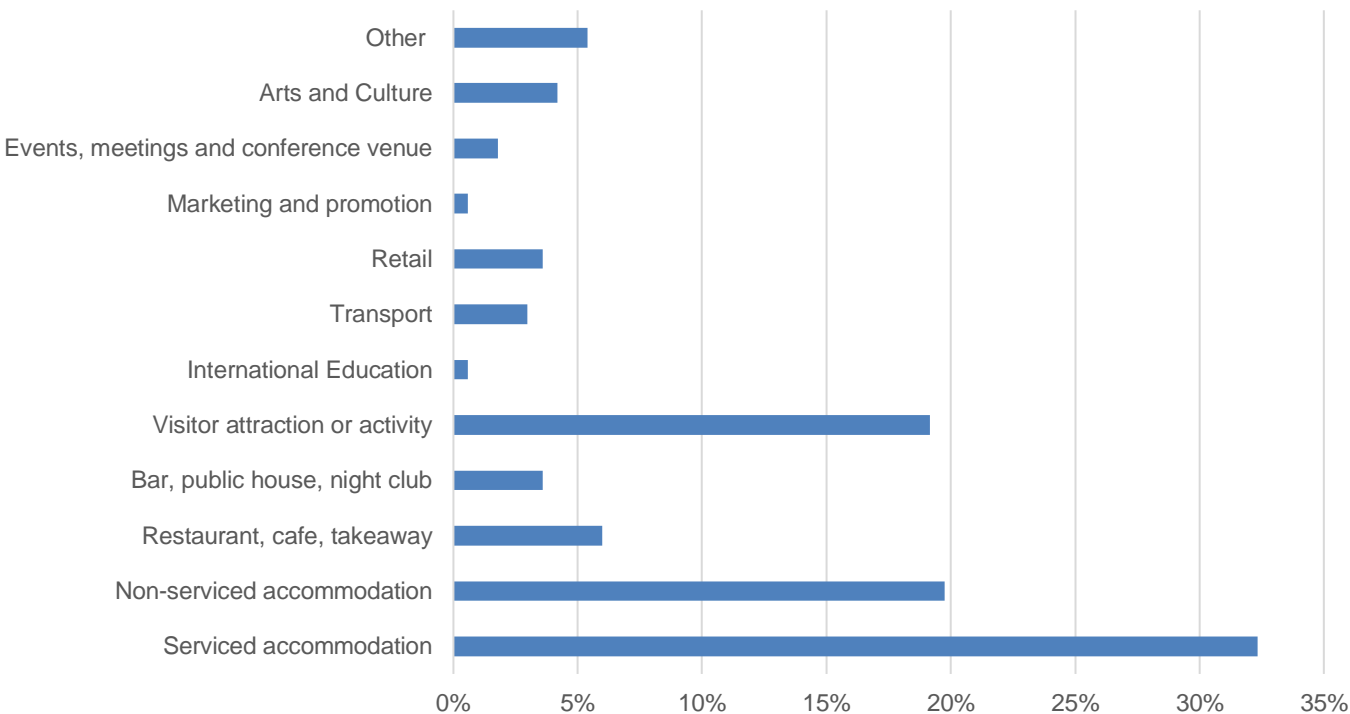
Headline results:

- **A third of businesses are still only partially reopen (33.5%)**
- **Half of businesses will be operating at less than 75% capacity when they reopen**, 25% now able to operate at 100% capacity.
- Forward bookings have improved further however **47% of businesses still have more than half their capacity available in the summer period** and bookings in Autumn have improved but 2/3rds of businesses still have more than half their capacity available. **46% of accommodation saying they are more than 75% booked for summer period.**
- **22% of those with staff will increase staffing levels this summer**, 45% of those with staff will not change staffing levels, 32.8% of those with staff will decrease staffing levels this summer
- **52.7% of businesses say it will be more than a year before their business returns to a profit.**
- **67% of businesses with staff have issues recruiting staff this year, with most common issue being type of role** – Cleaning and maintenance staff (25%), Chefs and Kitchen Staff (20%) and Waiter and Bar Staff (19%) the most difficult roles to recruit.
- The majority of businesses increasingly looking to UK stay and day visitors this year across wide range of ages. 43% net increase in businesses offering outdoor products and experiences and 39% considering improving sustainability. With **67.7% of all businesses saying sustainability improvements are important or very important at the moment** (higher among attractions 84%).
- **63% still saying ongoing government support “will make a significant difference between survival and collapse”** (down 13pts on last survey) – with business rates relief the top ask of support needed, Support Grants and then permanent change to 12.5% VAT (46% of businesses) top 3 asks – furlough scheme more important for attractions.

NCTA Business Survey – wave 3

About respondents

Main function of the business

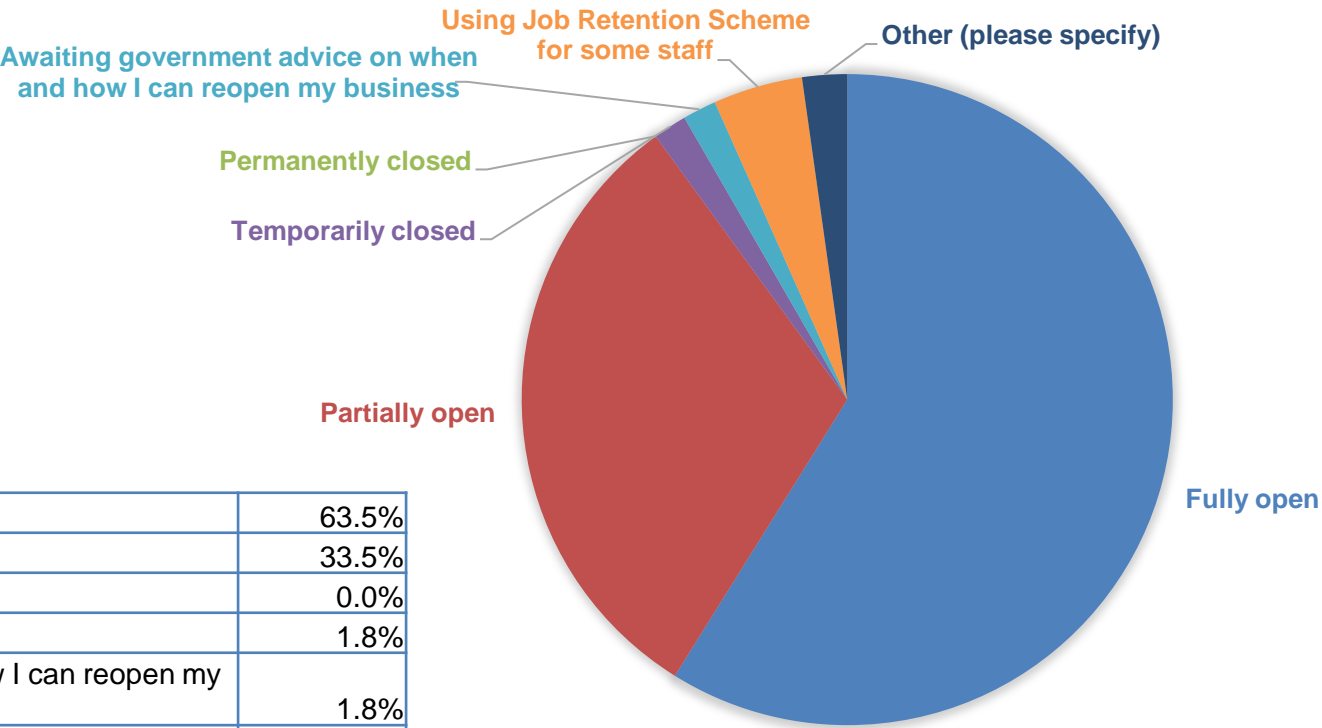


Self-employed/sole trader	43%
Micro business (1-10 employees)	26%
Small business (11-50 employees)	14%
Medium sized business (51-250 employees)	11%
Large business (250+ employees)	5%

Independent	93.4%
Part of a regional or local chain	3.0%
Part of a national chain	3.6%

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Current state of business



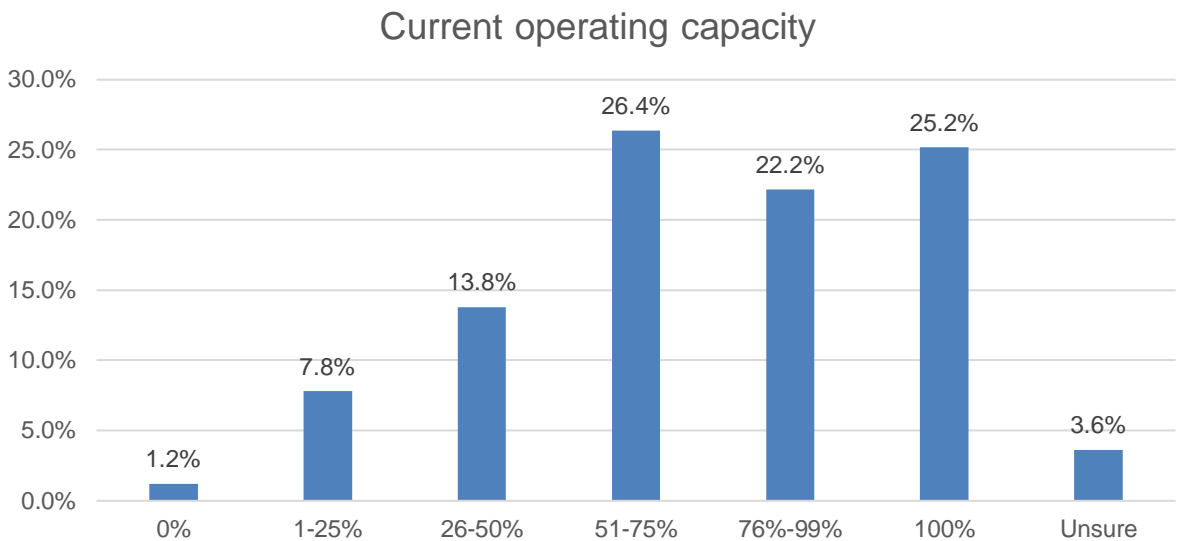
Fully open	63.5%
Partially open	33.5%
Permanently closed	0.0%
Temporarily closed	1.8%
Awaiting government advice on when and how I can reopen my business	1.8%
Using Job Retention Scheme for some staff	4.8%
Other (please specify)	2.4%

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Current capacity and staffing

Just over 50% of businesses are operating at less than 75% capacity

22% of those with staff are increasing staffing levels
45% of those with staff will not change staffing levels
32.8% of those with staff will decrease staffing levels



How are your staff employment levels compared to last year?	
Staffing levels increased by more than 25%	6.0%
Staffing levels increased by up to 25%	10.8%
Staffing levels not changed	34.7%
Staffing levels decreased by up to 25%	16.2%
Staffing levels decreased by more than 25%	9.0%
Non-applicable / Self-employed	23.4%

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Staffing issues

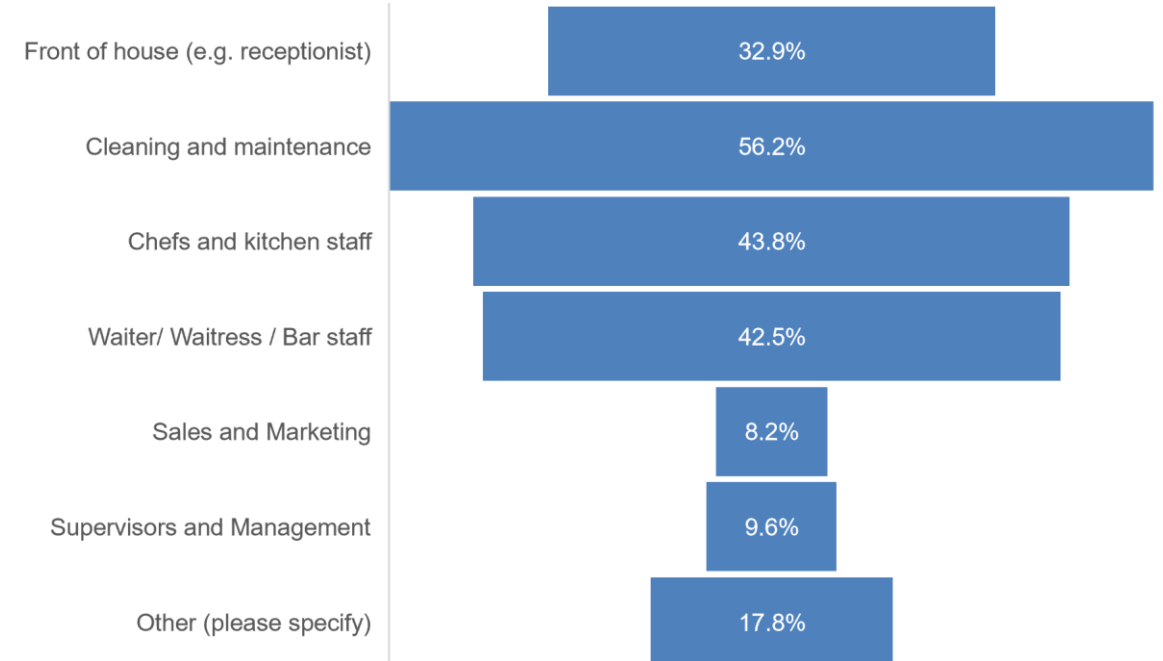
Pre-Covid-19 nearly a quarter of businesses had more than 50% of staff employed on a seasonal contract, with local residents, EU migrant workers (8%) and Students (8%) the top options for sourcing employees

This year, 58% of businesses employing staff are looking to recruit seasonal workers and 18% of businesses expect more than half their staffing allocation to be seasonally employed.

67% of businesses are having recruitment issues

Cleaning and maintenance roles (56%), followed by Chef and Kitchen Staff (44%) and Waiter and Bar Staff (43%) are key challenges

Roles struggling to recruit



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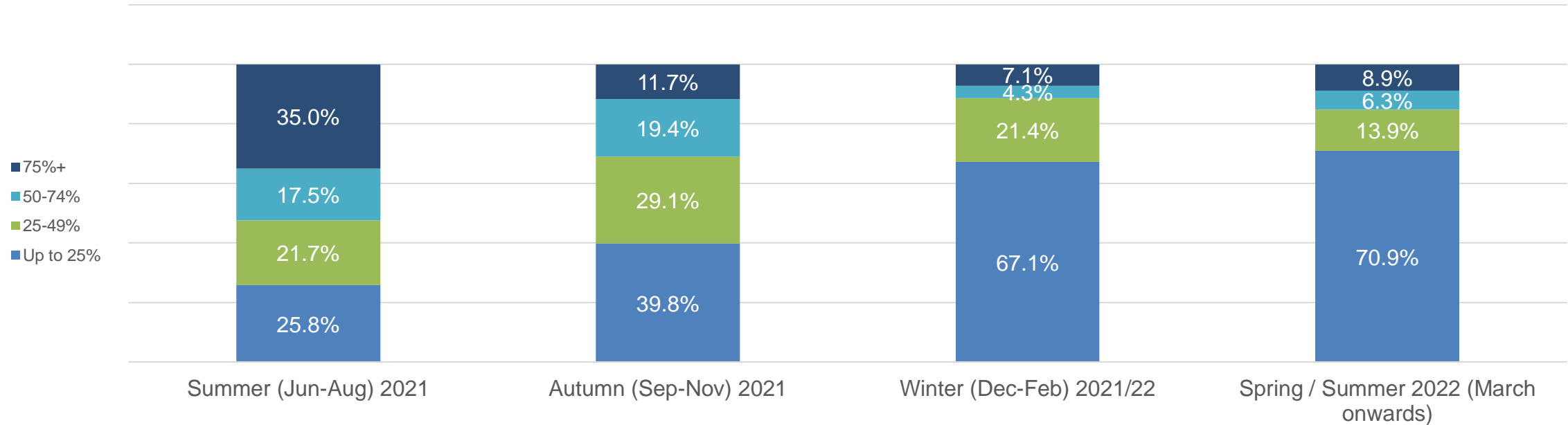
Forward Bookings

Forward bookings have improved since the last wave of research, however there is still a significant amount of availability even for the summer with almost half of businesses reporting that they have less than 50% capacity sold.

Bookings in Autumn have improved but 2/3rds of businesses still have more than half their capacity available.

Positively 46% of accommodation state they are more than 75% booked for summer period.

Current forward booking levels



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Business recovery

67% of businesses feel that making sustainability improvements to their business at the moment is important or very important, with just 3% stating they feel it will never be important for their business

Most businesses are understandably concentrating on local residents and UK Stay visitors to boost recovery.

Product development priorities are creating / adapting outdoor products and experiences (46%), sustainability improvements (41%) followed by a wide range of products

Businesses increasing focus on the following product developments	
Sustainability / carbon footprint	40.8%
Accessibility	27%
Outdoor products / experiences	46%
Activity / adventure products (e.g. watersports, walking, cycling)	33%
Food and drink experiences (e.g. tasting, cooking)	36.3%
Health, wellness and spirituality experiences (e.g Yoga, mindfulness, spa)	37.8%
Nature based experiences (e.g. bird watching)	38.4%
Cultural / Art experiences	35.8%
Themed activities and events	28.1%
"behind the scenes" experience	12.2%

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Ongoing support

Still more than half of businesses (52.7%) say it will be more than 12 months before their business is profitable again, with 15% saying it will take more than 2 years to recover the losses to date.

63% say ongoing government support “will make a significant difference between survival and collapse”

Support needed includes Rate Relief, Grants and almost half of businesses wish to see a permanent change to VAT rate.

Attractions also noted a high dependence on the Furlough scheme too and wish for it to be extended.

Small Business Rate Relief (SBRR) and Rural Rate Relief (RRR)	60.6%
Local Restrictions Support Grants (Rate payers grant)	50.0%
Permanent change to 12.5% VAT	46.3%
Additional Restrictions (Discretionary) Grant	36.9%
Self-Employed Income Support Scheme (SEISS)	26.9%
Coronavirus Job Retention Scheme (CJRS - furlough scheme)	23.1%
Bounce Back Loan	16.9%
VAT deferral	14.4%
Coronavirus Business Interruption Loan Scheme (CBILS)	13.1%
Statutory Sick Pay (SSP)	11.9%
Other (please specify)	10.0%
Eat out to help out	9.4%
Job Support Scheme	8.8%
Rent Relief from landlords	8.8%
Time to Pay (TTP)	6.9%
Increase Gift Aid percentage	5.0%

2021 Wave 2 results

Summary of wave 2 results and results of ad-hoc questions on investment levels

NCTA Business Survey

Wave 2 – March 2021 (survey was live between 17th March – 5th April 2021)

Headline results:

- **Half of businesses will be operating at less than 75% capacity when they reopen**, with a further 13% awaiting further guidance before they can determine their operating capacity.
- Forward bookings have improved following the publication of the roadmap however **45% of businesses still have the majority of their capacity available in the summer period** and booking across the other seasons remains very low.
- **28% of those with staff will increase staffing levels in 2021**, 55% of those with staff will not change staffing levels, 16.5% of those with staff will decrease staffing levels in 2021
- **53.5% of businesses say it will take more than a year before they return to a profit.**
- **65% of businesses are planning to rethink their product or marketing to aid recovery, of which:**
 - Product developments being planned include creating new outdoor products (38%), improving sustainability (38%) and developing new food and drink based experiences (31%)
 - UK overnight visitors remain the core audience focus for most businesses (69%) although a third are now beginning to reconsider targeting groups and a quarter focused on rebuilding international visitors
- The pandemic has had a significant impact on the investment levels on the coast, pre-pandemic the average investment was £22,000 per year. In 2020 the average investment (if investment was made) was £12,900. 10% of businesses could not afford to invest at all in 2020.
- **76% say ongoing government support “will make a significant difference between survival and collapse”** – with business rates relief the top ask of support needed, 39% would like to see a permanent change to 12.5% VAT rate

NCTA Business Survey – wave 2

Investment levels

The pandemic has had a significant impact on the investment levels on the coast, with all businesses reducing the annual investment made into the business.

- **Pre-pandemic the average investment was £22,000 per year**
- **In 2020 the average investment (if investment was made) was £12,900**
- **10% of businesses could not afford to invest at all in 2020.**
- In a pre-Covid year 13% of coastal businesses would make an annual investment of over £100k and this dropped to just 3% of businesses still able to invest at this level in 2020.

Investment levels in coastal tourism businesses	Average pre-covid-19	In 2020
None		9.77%
Up to £10,000	23.56%	29.89%
£10,000-£24,999	20.69%	12.07%
£25,000-£49,999	8.62%	6.32%
£50,000-£74,999	8.62%	5.75%
£75,000-£99,999	4.60%	2.30%
£100,000-£149,999	3.45%	0.57%
£150,000-£199,999	4.60%	0.57%
£200,000 - £249,999	1.72%	0.00%
£250,000 +	3.45%	2.30%
N/A	6.90%	8.62%

2021 Wave 1 results

Summary of wave 1 results and results of ad-hoc questions on overall 2020 performance and support needed

NCTA Business Survey

Wave 1 – January 2021 (survey was live between 18th January – 7th February 2021)

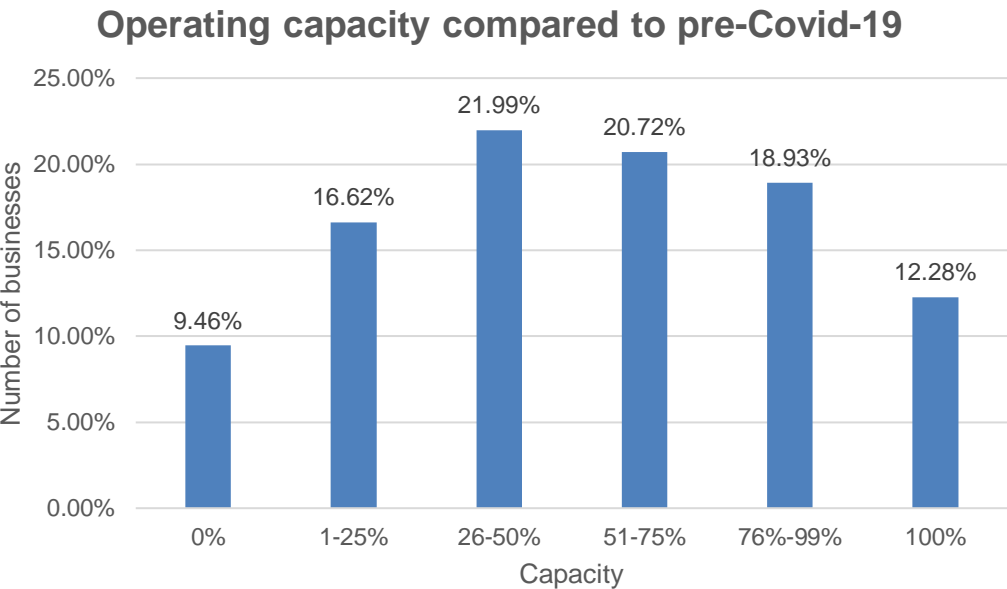
Headline results:

- **86.7% of businesses saw a decrease in turnover in 2020** with 54.2% of all businesses seeing decrease of more than half their annual turnover and the average decrease in turnover -54%
- **84.65% say ongoing government support “will make a significant difference between survival and collapse”** – with grants, and extensions to the Business Rates relief, Job Retention scheme and VAT reduction most popular requests
- 53.7% of businesses say it will take more than a year before they return to a profit.
- 54.9% have decreased staffing levels
- Prior to the latest lockdown two thirds of businesses were operating at less than 75% capacity
- The vast majority of businesses (over two thirds) say less than 25% of capacity is booked across all seasons – Summer 2021 is the most booked season
- **59% of businesses are planning to rethink their product or marketing to aid recovery, of which:** 57% want to target new audience; 44.7% want to create new experiences for visitors and 34% want to alter the existing consumer experience
- Targeting new audiences, improving digital presence and increasing repeat visits were top areas of business support requested by businesses, in terms of specific digital support improving social media was the most popular request

National sample was statistically valid to 95% confidence level

NCTA Business Survey – wave 1

Reflections on 2020 performance



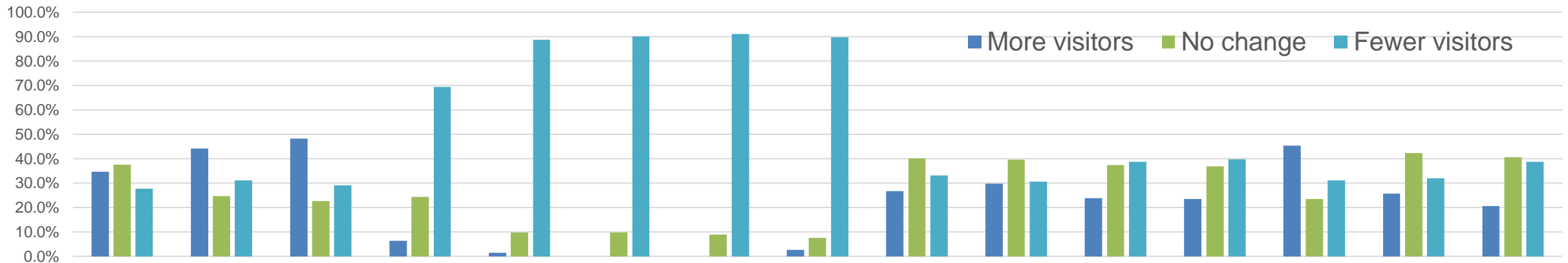
Overall turnover position change in 2020 compared to 2019	
Increased by 25% or more	2.30%
Increased by 1-24%	2.56%
It was the same as 2019	2.05%
Decreased by 1-24%	8.44%
Decreased by 25-49%	24.04%
Decreased by 50-74%	30.69%
Decreased by 75% or more	23.53%
Don't know	6.39%

68.79% of businesses operating at less than 75% capacity
86.7% of businesses saw a decrease in turnover in 2020 with 54.2% of businesses seeing decrease of more than 50%
Average decrease in turnover -54%

NCTA Business Survey – wave 1

Change to consumer types in 2020

The vast majority of businesses reported significant declines in Business visits, International Visitors, Groups, Education trips and Personal Events
48% of businesses saw increase in Domestic staying visitors, 45% increase in first time visitors and 44% increase in domestic day visitors



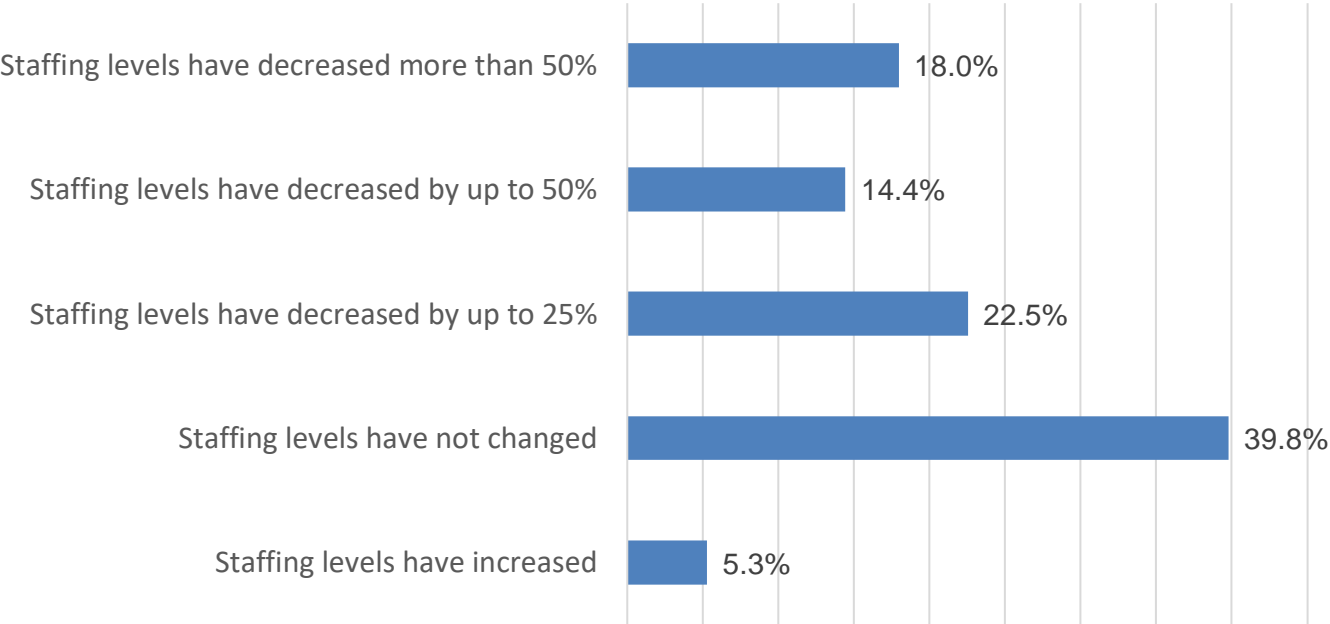
	Local residents	Domestic day visitors	UK stay visitors	Business/corporate	International visitors	Coach / leisure groups	Education trips	Personal events	Millennials (under 35s)	Generation X (35-55 yrs)	Empty Nesters (55+)	Young families	First time visitors	Repeat visitors	Key workers
Net Change	7%	13%	19%	-63%	-87%	-90%	-91%	-87%	-6%	-1%	-15%	-16%	14%	-6%	-18%

NCTA Business Survey – wave 1

Staffing, profitability

53.71% of businesses say it will take more than a year before they return to a profit.
17.9% of businesses say its not commercially viable to open with social distancing measures in place, 72.6% say they can operate

Change to staffing levels for businesses that employ staff



How long will your business take to return to a profit?	
Less than 3 months	6.14%
3-6 months	13.04%
6 months to a year	27.11%
1 - 2 years	37.85%
More than 2 years	15.86%

NCTA Business Survey – wave 1

Business support and digital support requested

Targeting new audiences, improving digital presence and increasing repeat visits were top areas of business support requested by businesses, in terms of specific digital support improving social media

Which of the following areas of business support would you be interested in?

Targeting new audiences	55.50%
Improving digital presence of my business	48.85%
Increasing repeat visitors and upselling	48.08%
Understanding tourism trends and performance	39.39%
Improving green / sustainability credentials	26.85%
Developing new products or experiences	23.53%
Improving customer service	15.35%
None of the above	14.58%
Revenue management (flexible pricing)	12.53%
Understanding accessibility needs	11.00%
Other (please specify)	3.07%

Which areas of digital support would you be interested in?

Improving social media presence and performance	28.64%
How to use data effectively to target new customers and improve performance	13.30%
Developing digital marketing strategy / advertising campaigns	8.70%
Adding online booking to my website	6.14%
Implementing revenue management (flexible pricing)	5.88%
Improving use of technology in day-to-day operation (e-check-in, food ordering etc.)	5.63%
Creating a website	5.12%
Other (please specify)	2.30%



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Coastal Tourism Forecast

2021 forecast - Impact of COVID-19

Pre-COVID spend £13.7bn in England and £17.1bn GB

2021 England – coastal impact of COVID-19

Based on closure Jan-Mar, partial April reopening, very limited international travel and reduced capacity due to social distancing

- £5.23bn loss in tourism spend
- 46m trips and day visits
- -38% on pre-Covid spend / 39% increase on 2020

2021 GB – coastal impact of COVID-19

Based on closure Jan-Mar, partial April reopening, very limited international travel and reduced capacity due to social distancing

- £6.6bn loss in tourism spend
- 60m trips and day visits
- -39% on pre-Covid spend / 40% increase on 2020



2021 forecast - Impact of COVID-19

How forecast is calculated

The forecast is made using 2019 GBTS, GBDVS and IPS data, 2020 Business survey data and VisitBritain forecast

2019 data is apportioned to each month of the year, using 2019 seasonality pattern for overnight and day visits to the “seaside” or “coast” according to classification in the data

Model for 2021 assumes –

Jan, Feb, Mar – no visitor income due to lockdown

April – 50% domestic o/n, 25% decrease in day visit, no international

May, June, July - 25% reduction in domestic o/n, day visit pre-covid level, 75% decrease in international

August – 15% reduction in domestic o/n, 75% decrease in international

September, October , November, December – 25% reduction in domestic o/n, 75% decrease in international income



2020 forecast - Impact of COVID-19

Pre-COVID spend £13.7bn in England and £17.1bn GB

2020 England – coastal impact of COVID-19

Based on July re-opening, loss of international travel and reduced capacity due to social distancing, November lockdown

Verified with National Business Survey data on capacity and revenue

- £7.64bn loss in tourism spend
- 95m trips and day visits
- circa 131,000 jobs

2020 GB – coastal impact of COVID-19

Based on July re-opening, loss of international travel and reduced capacity due to social distancing, November lockdown

Verified with National Business Survey data on capacity and revenue

- £9.7bn loss in tourism spend
- 121m trips and day visits
- circa 166,000 jobs



2020 forecast - Impact of COVID-19

How forecast is calculated

The forecast is made using 2019 GBTS, GBDVS and IPS data, 2020 Business survey data and VisitBritain forecast

2019 data is apportioned to each month of the year, using 2019 seasonality pattern for overnight and day visits to the “seaside” or “coast” according to classification in the data

Model assumes –

March - 25% decline across all income

April, May, June - no visitor income due to lockdown

July – 25% reduction in domestic o/n, no international income

August – 15% reduction in domestic o/n, no international income

September – 25% reduction in domestic o/n and day, no international income

October – 15% drop in day visits, 25% drop in domestic overnight, no international

November – no income due to lockdown

December – 25% drop in day visits, 35% reduction in domestic o/n, no international

