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Coastal Tourism Business Survey 2022 Wave 1 results

Survey live between February – March 2022

NCTA Business Survey

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

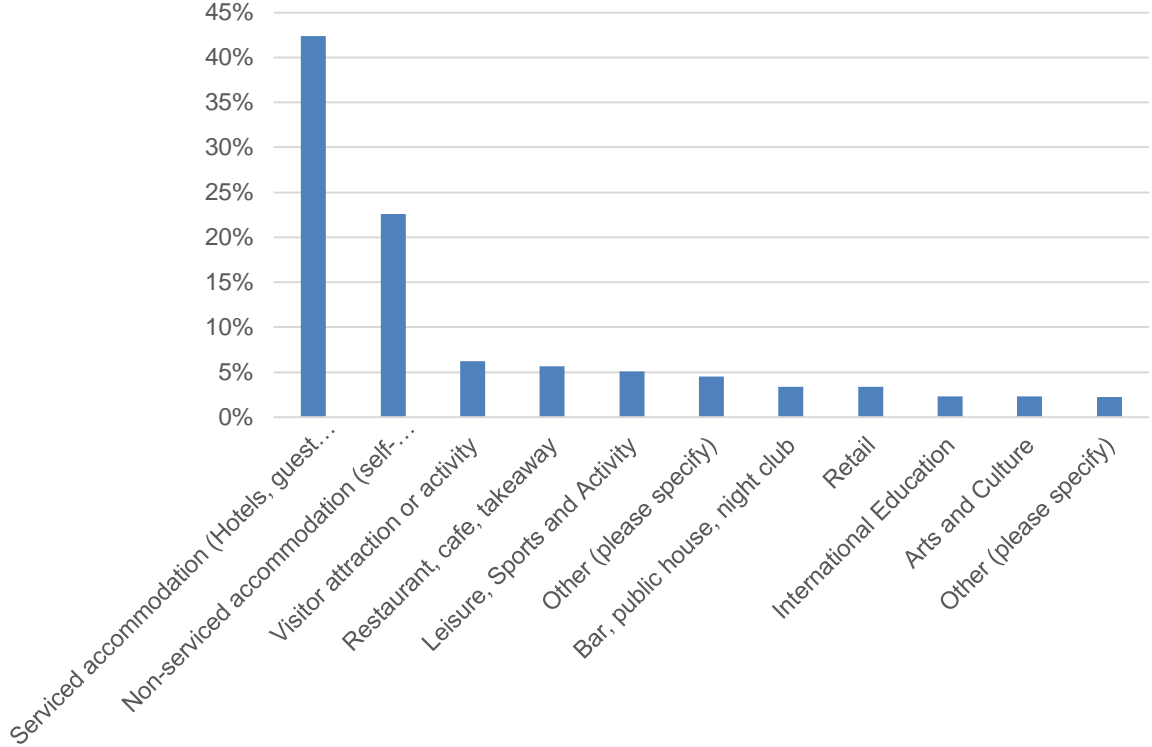
Headline results:

- **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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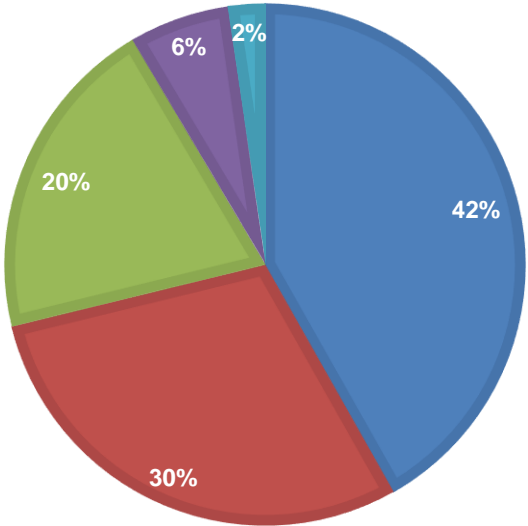
About respondents

MAIN FUNCTION OF BUSINESS



TYPE OF BUSINESS

- Self-employed/sole trader
- Small business (11-50 emp)
- Large business (250+ emp)
- Micro business (1-10 emp)
- Medium sized business (51-250 emp)



58% employ staff. 98% of businesses are independently owned

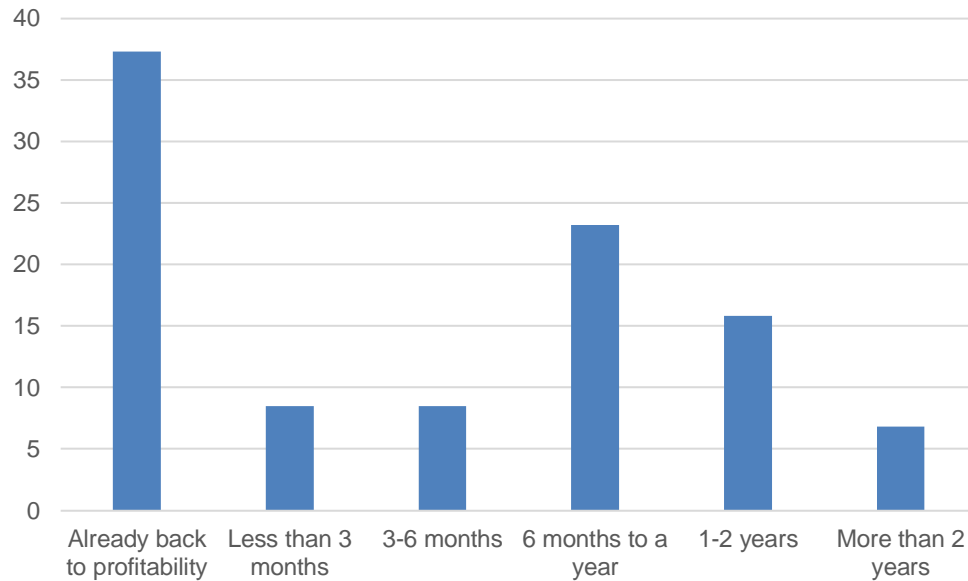
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Business Performance

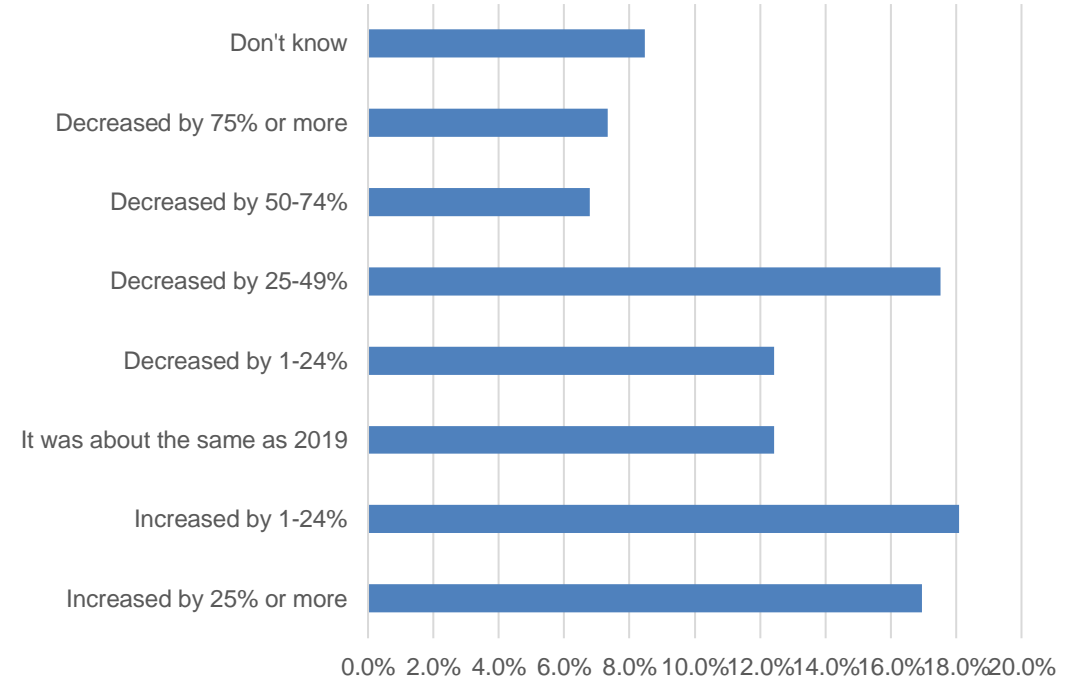
37% of businesses are back to profitability. 22% estimate it will more than 12 months before they are profitable, but this is less than in the autumn survey when figure was 39%

35% say turnover has improved compared to 2019 – but 44% say turnover has decreased compared with pre-pandemic levels

LENGTH OF TIME TO RETURN TO PROFITABILITY



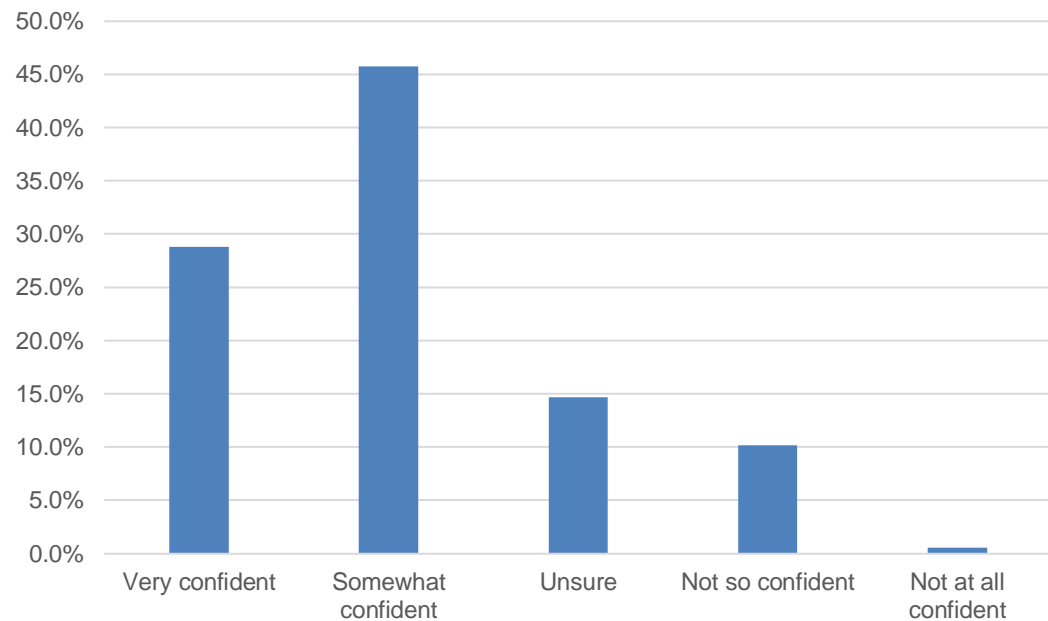
TURNOVER COMPARED TO 2019



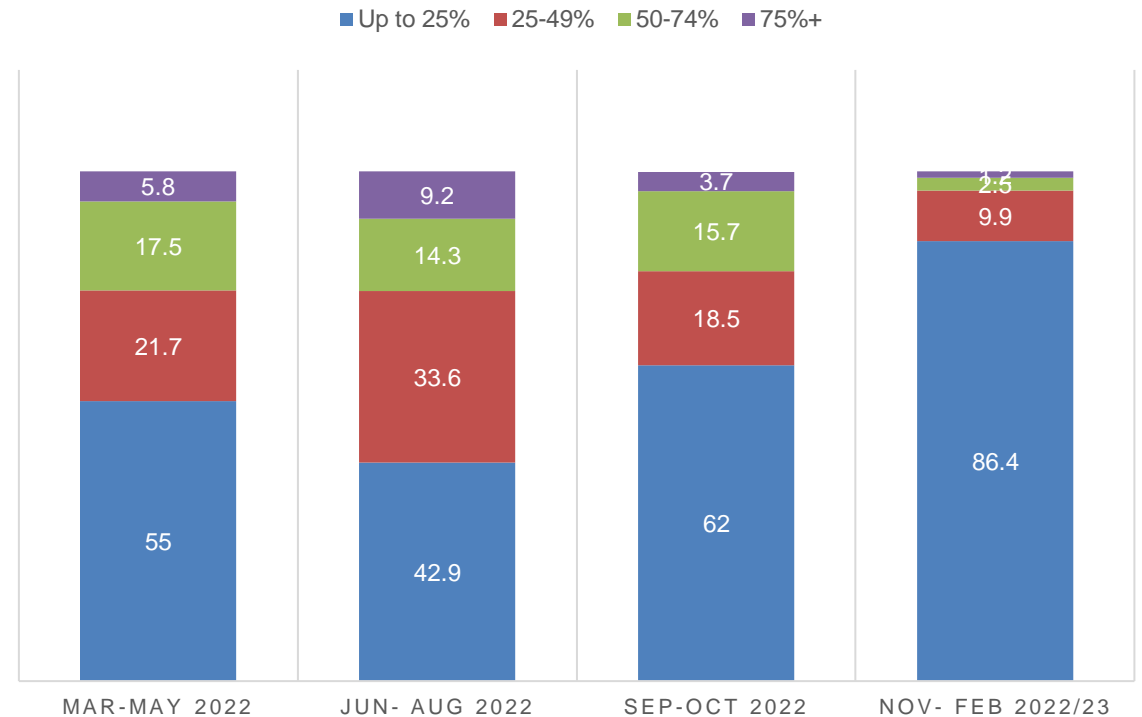
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Majority are at least somewhat confident about the next 6 months of trading with only 10.8% not confident. This is a significant improvement on the position last autumn when 43% were not confident – although businesses are now looking towards the main season

CONFIDENCE ABOUT NEXT SIX MONTHS OF TRADING



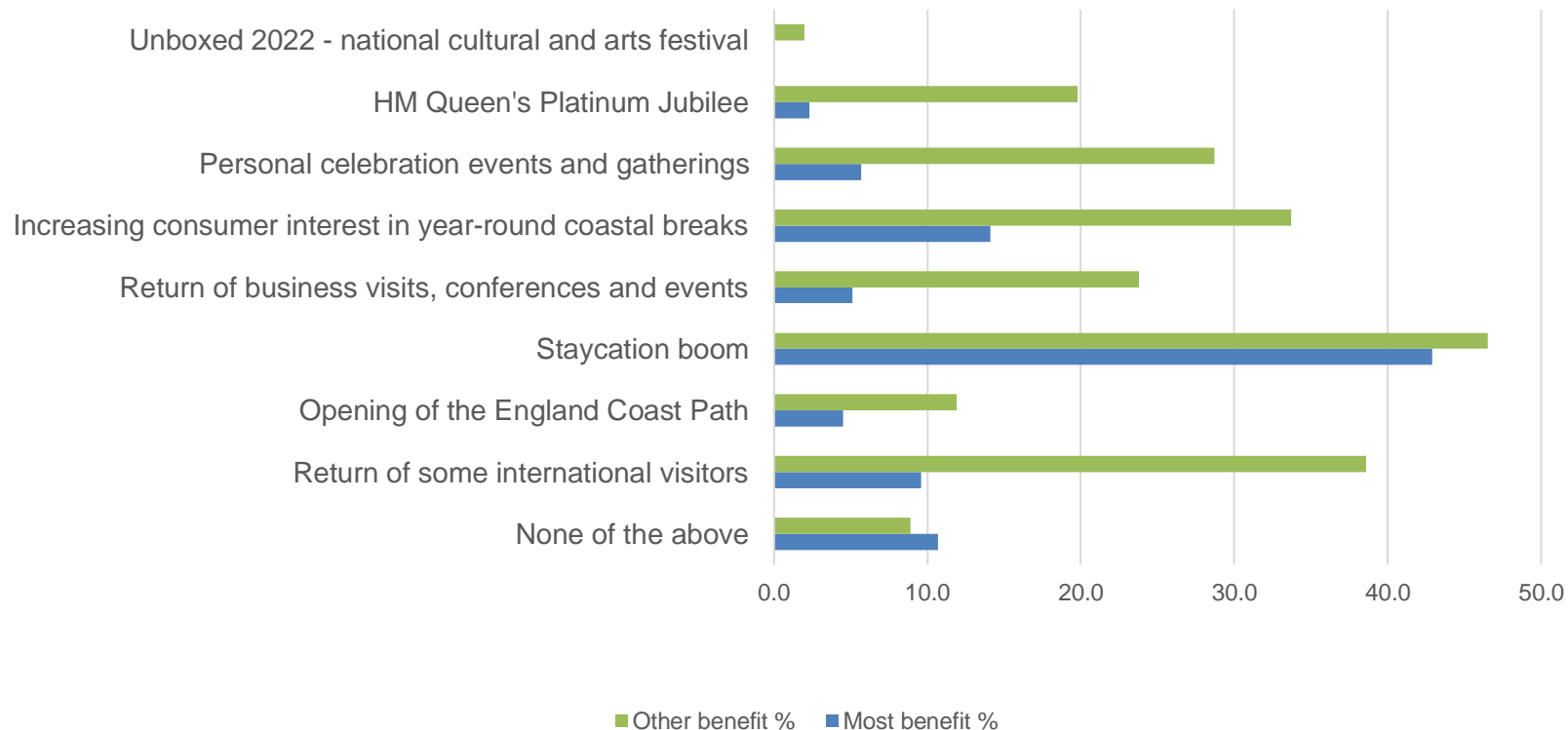
CURRENT LEVELS OF FORWARD BOOKINGS



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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

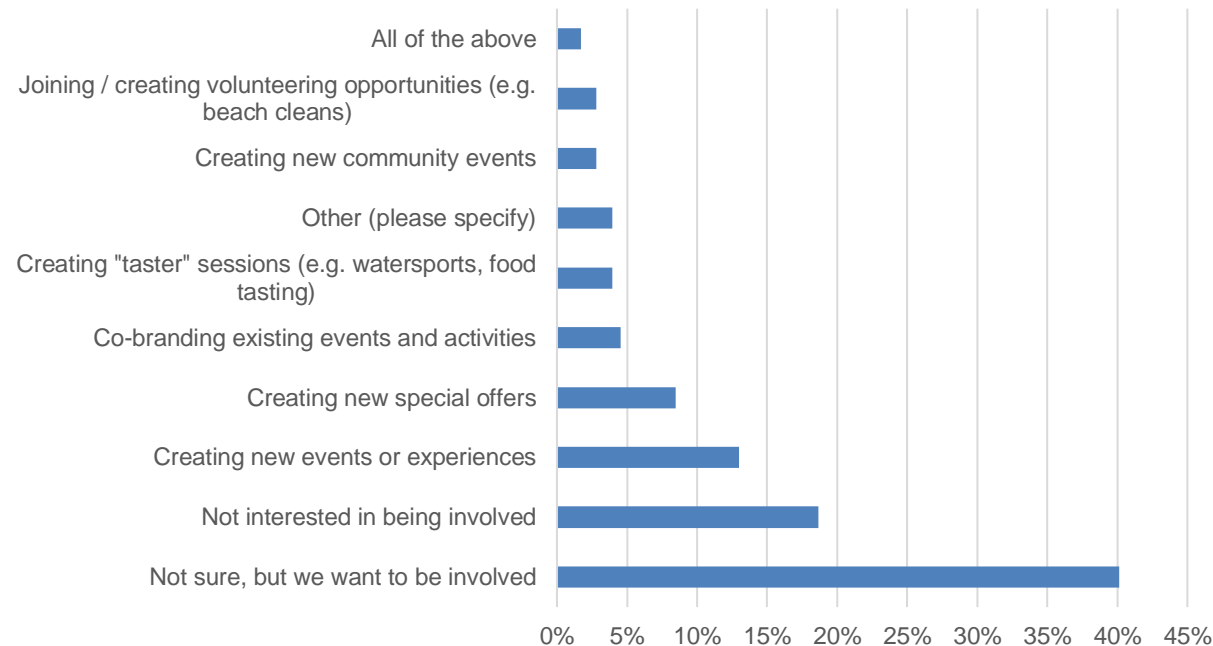
As well as the above, businesses also expect to benefit from:

- 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...



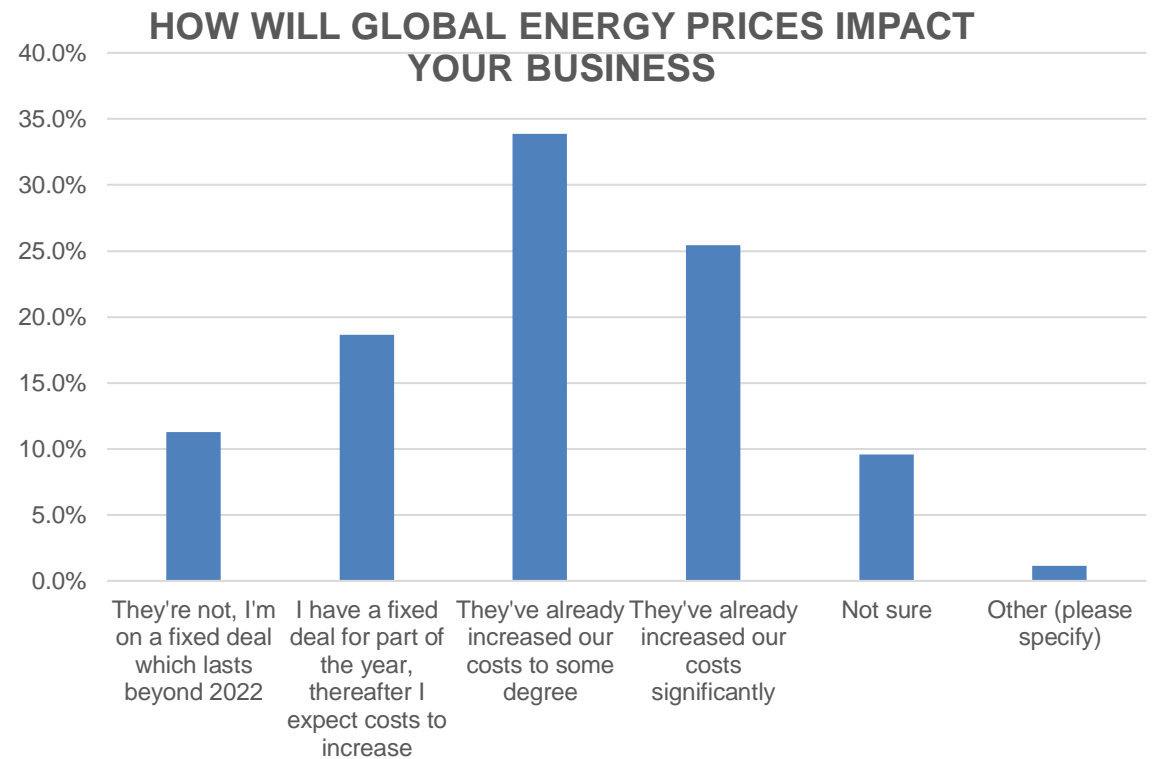
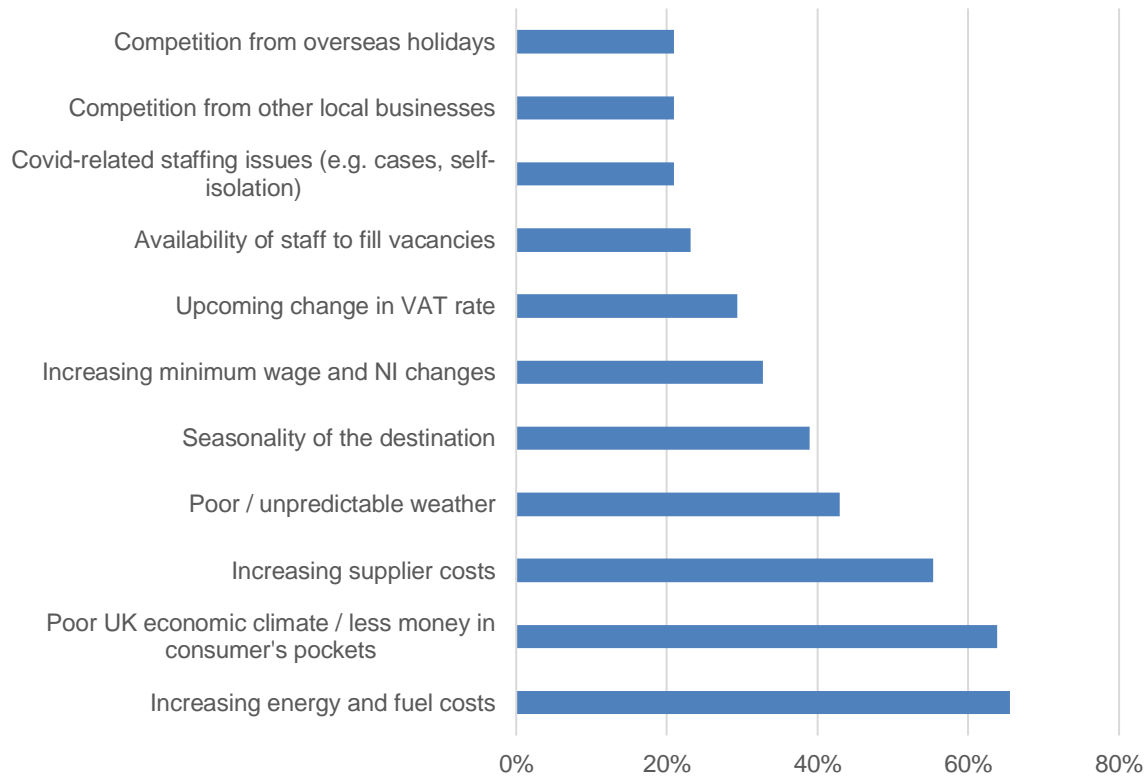
The majority (more than 80%) want to be involved in some way although 40% say they are not sure how.

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

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External factors impacting business

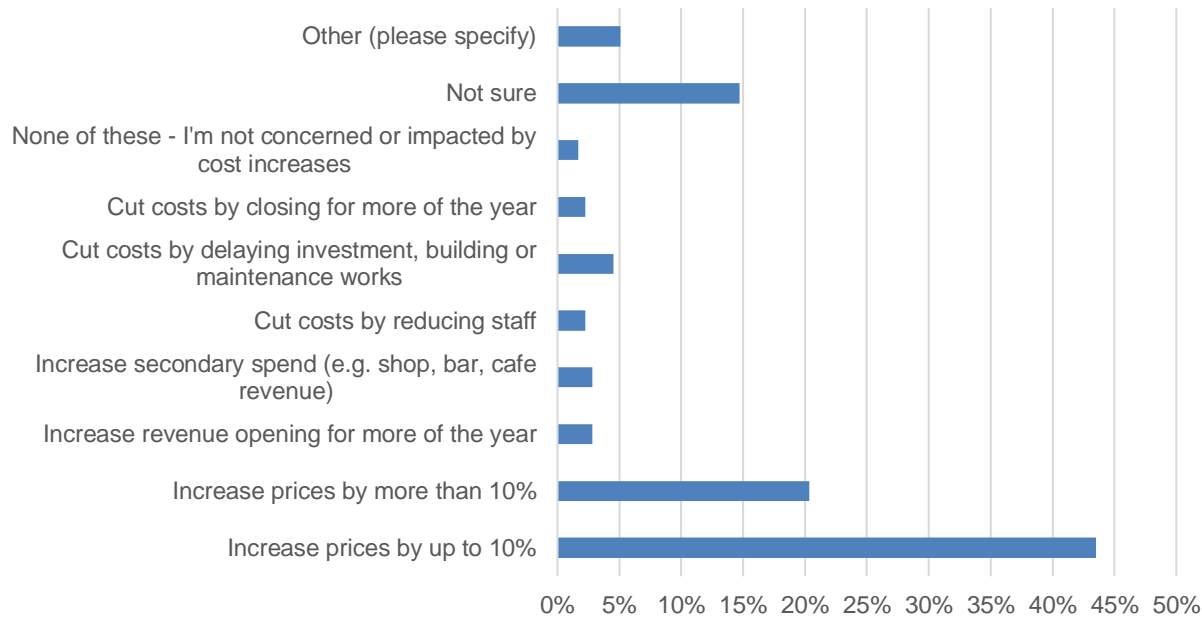
Increasing energy and fuel costs plus the UK economic climate are by far the key issues concerning businesses currently. 59% have already seen an increase in gas and energy prices and a further 18% expect to see an increase soon



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Response to increasing costs and pandemic

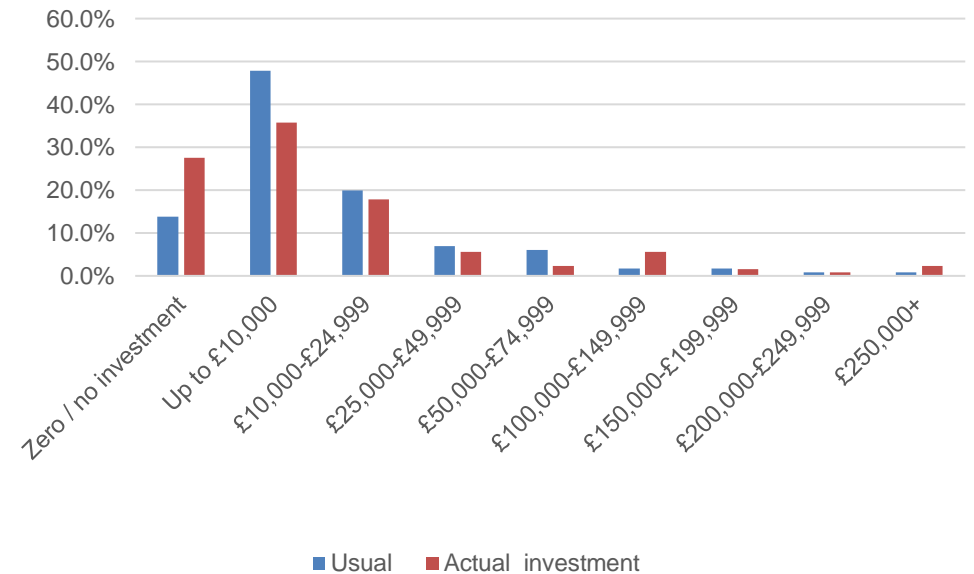
HOW WILL YOUR BUSINESS RESPOND TO INCREASING COSTS



The majority (64%) are planning to increase prices although two thirds of these only plan to increase by up to 10%

There is little change in investment levels for those spending more than £20,000 but for those investing smaller amounts investment is lower than usual. 24% haven't invested at all this winter (normally 14%) and fewer have invested up to £10,000

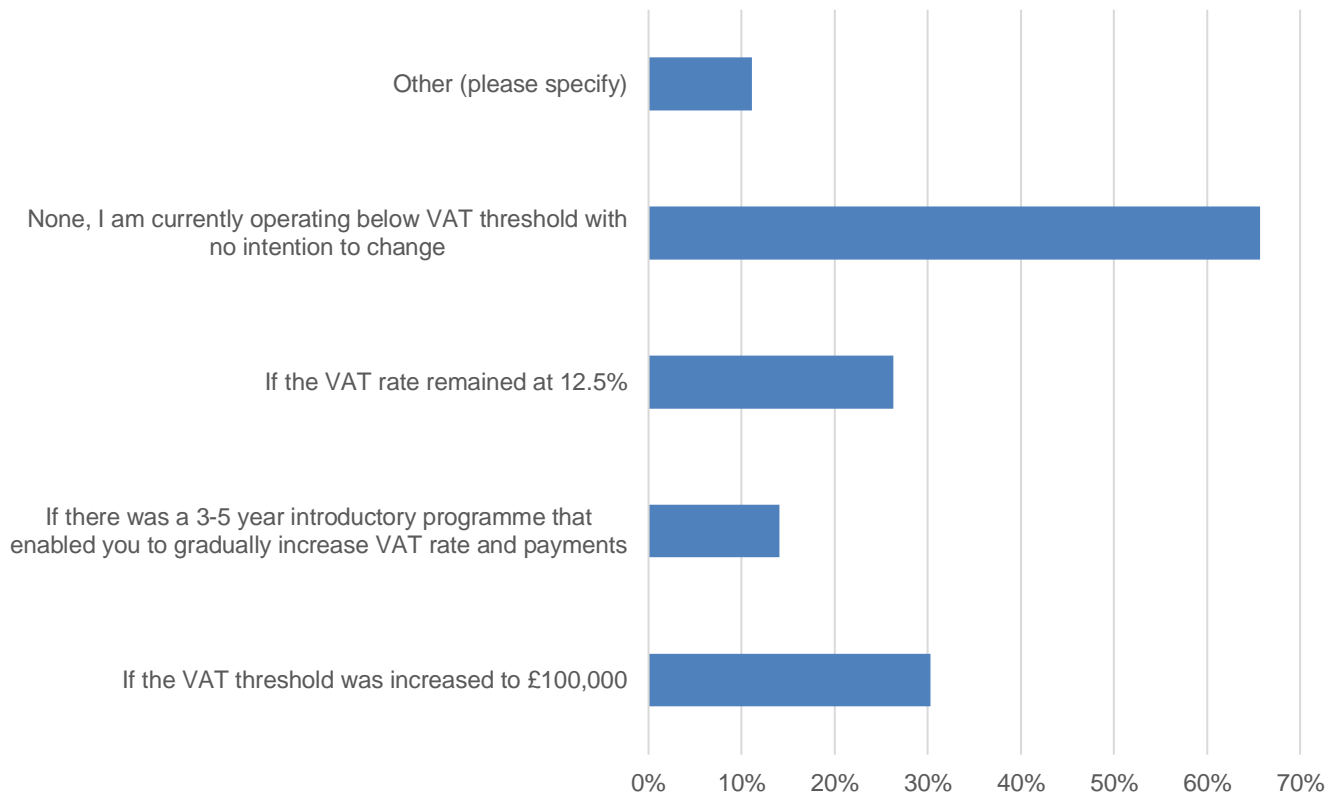
IMPACT OF PANDEMIC AND COSTS ON INVESTMENT



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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

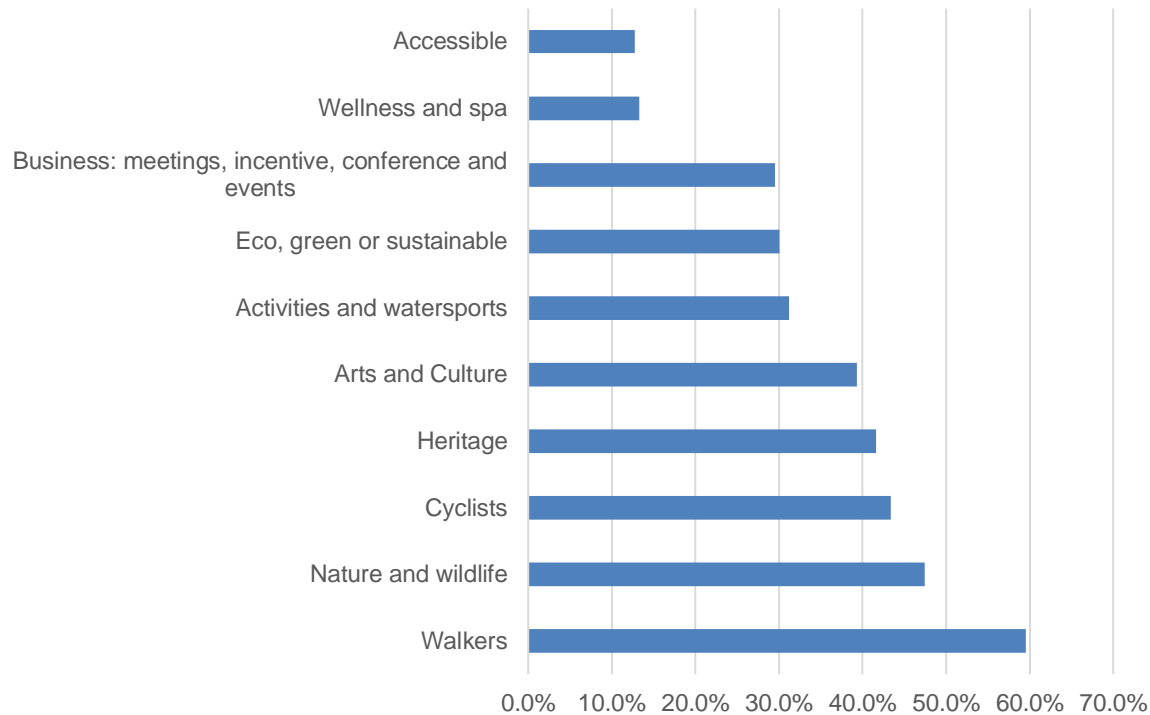
Increasing the VAT threshold to £100k was seen as the most popular way of creating business growth

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

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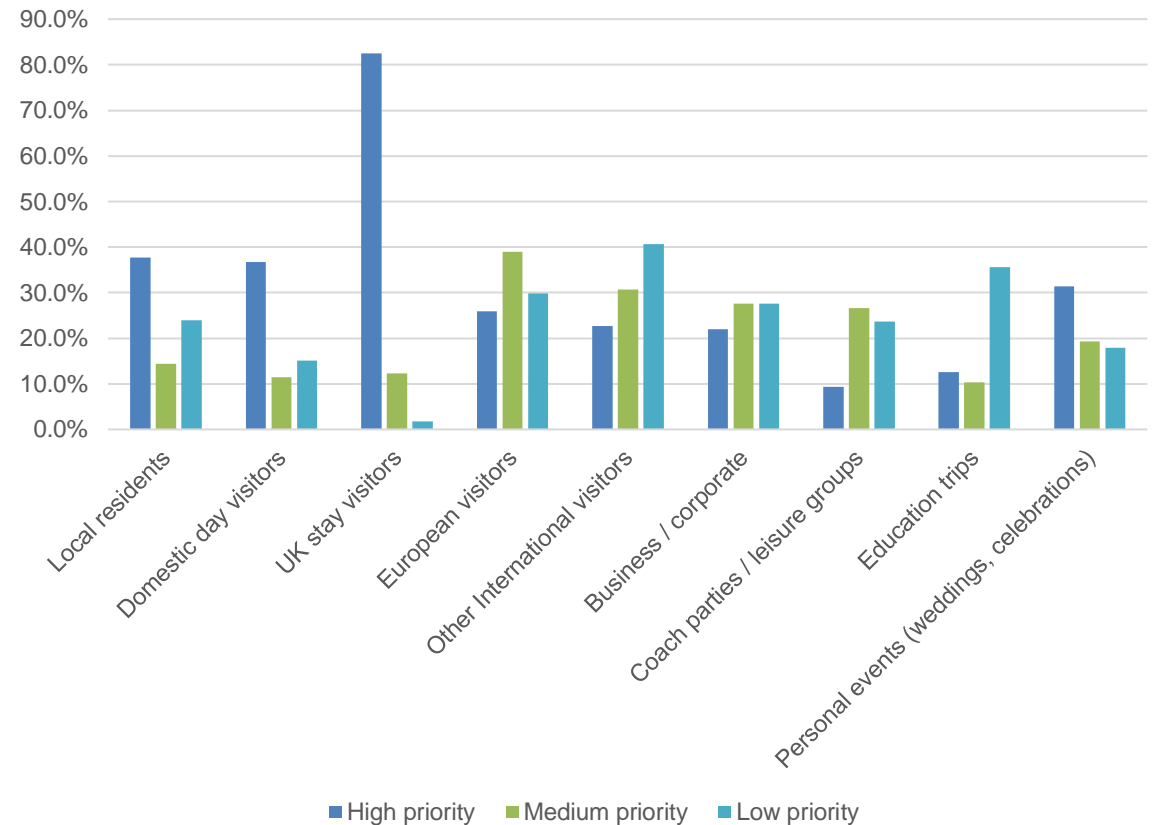
Products and Markets

WHICH MARKETS/PRODUCTS WOULD YOU BE INTERESTED IN FOR 2022



UK Stay Visitors are a high priority market for 82% of businesses

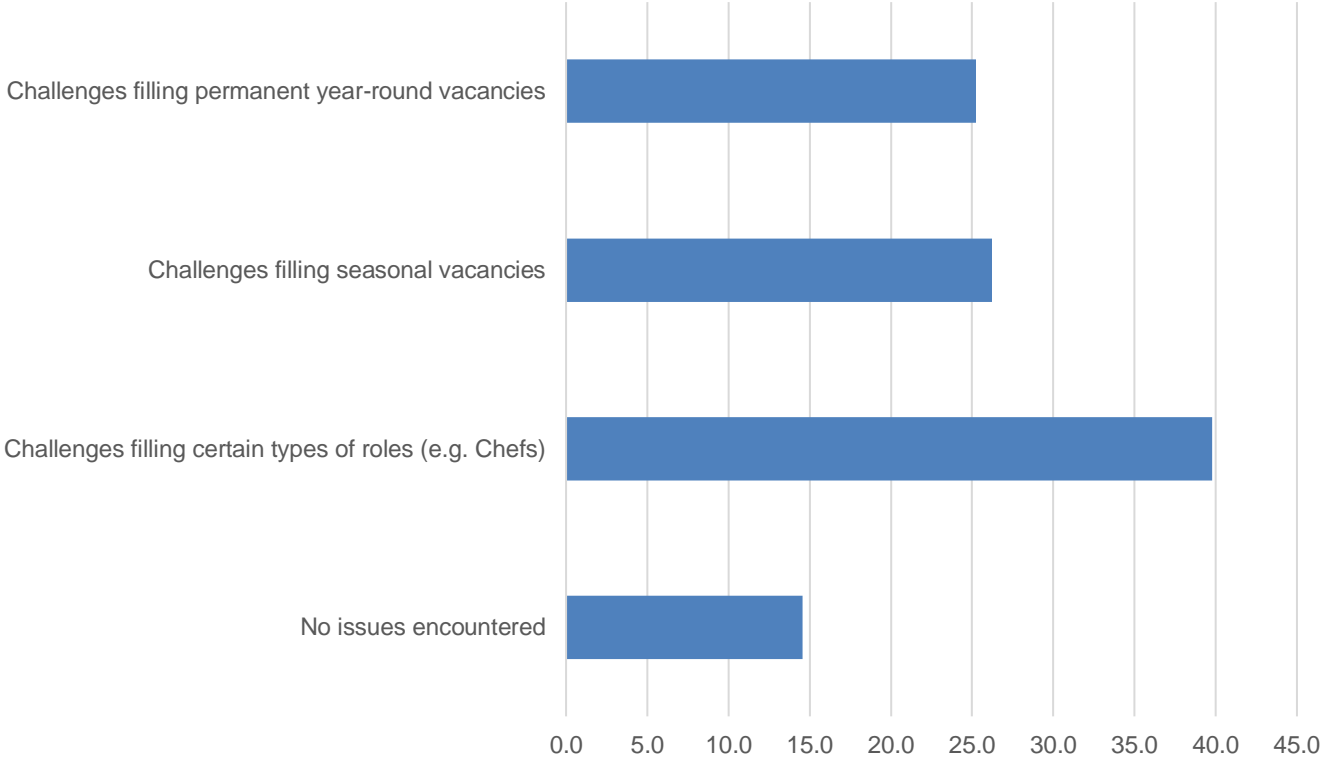
PRIORITY MARKETS FOR 2022



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Staffing Challenges

STAFFING CHALLENGES



The key challenge (40%) for those who employ staff is filling certain types of roles – particularly chefs and kitchen staff, waiting staff and maintenance and cleaning staff