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Coastal Tourism Business Survey 2022 Wave 2 results

Survey live between May - June 2022

NCTA Business Survey

2022 Wave 2 – early summer (survey was live between May – June 2022)

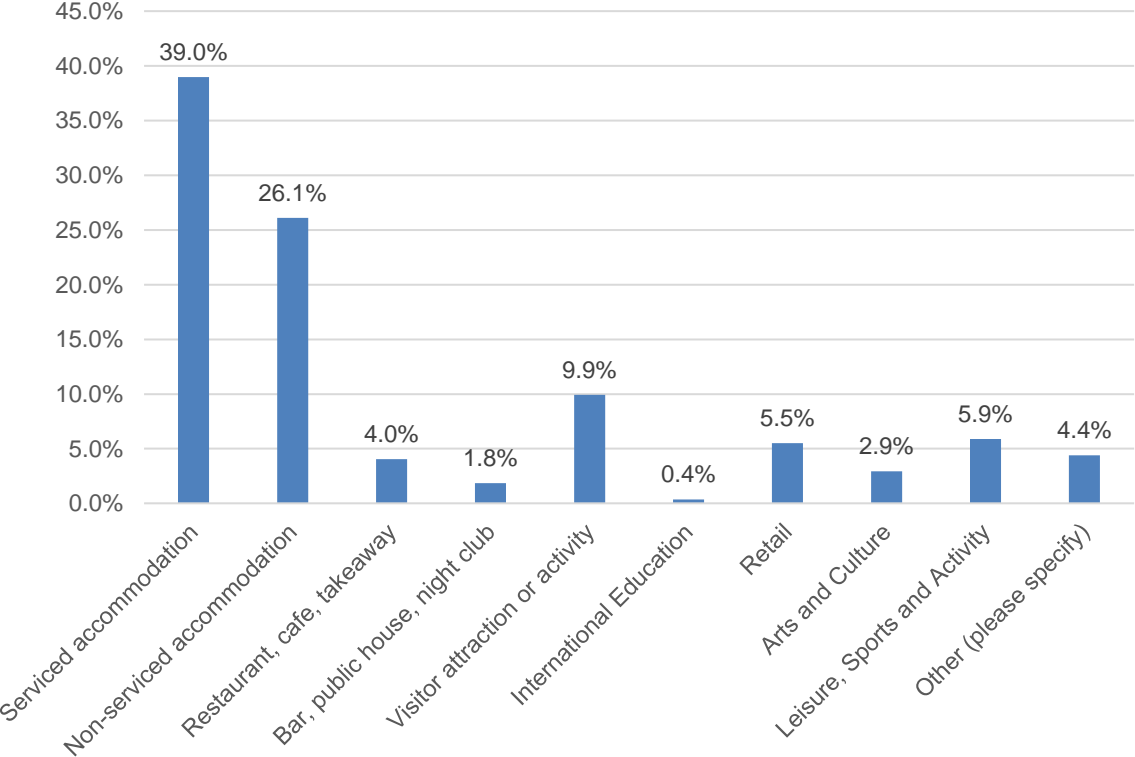
Overall performance

- **46% of businesses are back to profitability** (up from 37% in previous wave)
- **28.3% estimate it will be more than 12 months before they are profitable** (up 6pts since the last wave)
- Trading position has improved compared to 2019 for 24% of businesses. However, **41% are still reporting worse results than in 2019.**
- **Confidence has dropped since the previous wave, only 58% somewhat confident about trading over next 6 months** (down from 74% in previous wave) and 20% are not confident (an increase from 11% in Spring 2022)
- **Forward bookings are lower than the same point last year**, with many businesses reporting capacity still available over the summer.
- **The vast majority of businesses agree that demand is very unpredictable this year** and consumers are booking much closer to departure.
- Half of businesses that employ staff are still experiencing issues with recruitment
- Poor economic climate is the biggest external impact affecting businesses, followed by rising energy and fuel costs. Competition from overseas holidays has also risen into the top 5 issues for the first time since the start of the covid pandemic.
- 65% of businesses have increased prices this year.
- 47% of businesses are cutting costs including delaying planned investment.
- Two thirds of businesses would like a reduction of VAT on energy bills to help their business trade and recover from covid-19.

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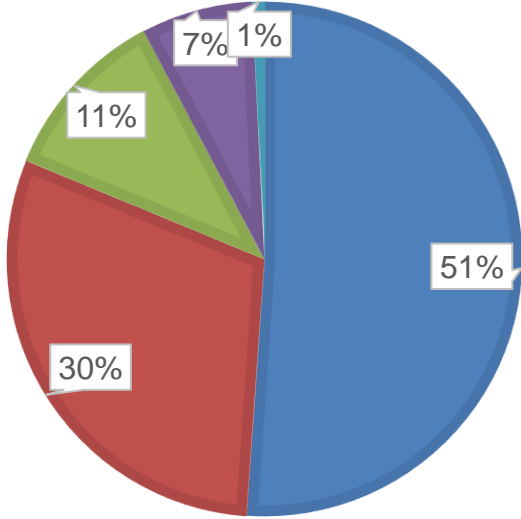
About respondents

Main function of business



TYPE OF BUSINESS

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



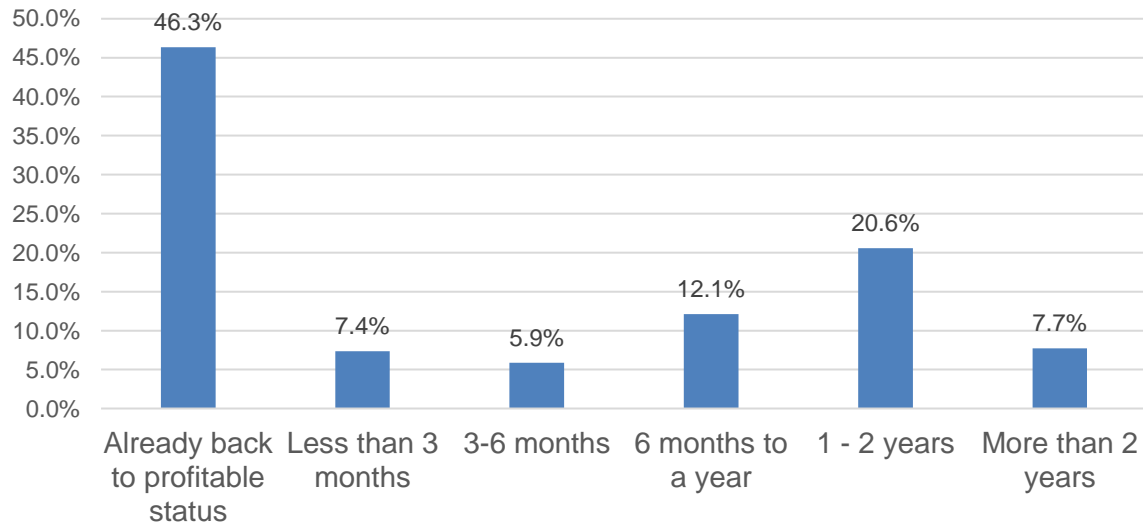
49% employ staff. 96.3% of businesses are independently owned

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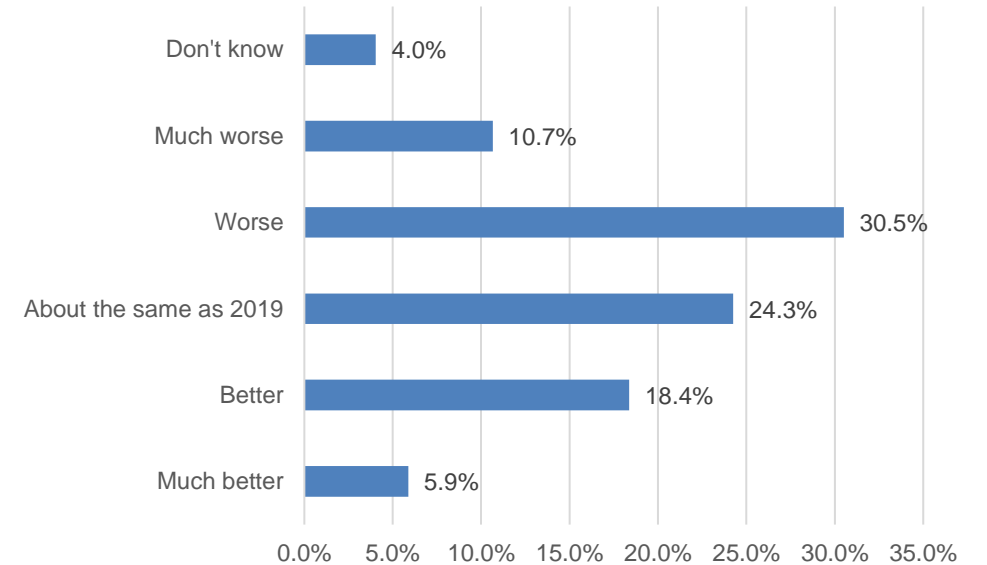
Business Performance

46% of businesses are back to profitability (up from 37% in previous wave).
28.3% estimate it will be more than 12 months before they are profitable
(up 6% since in last wave)

Length of time to return to profitability



Reflecting on your business so far in 2022, how does trading compare to pre-pandemic?

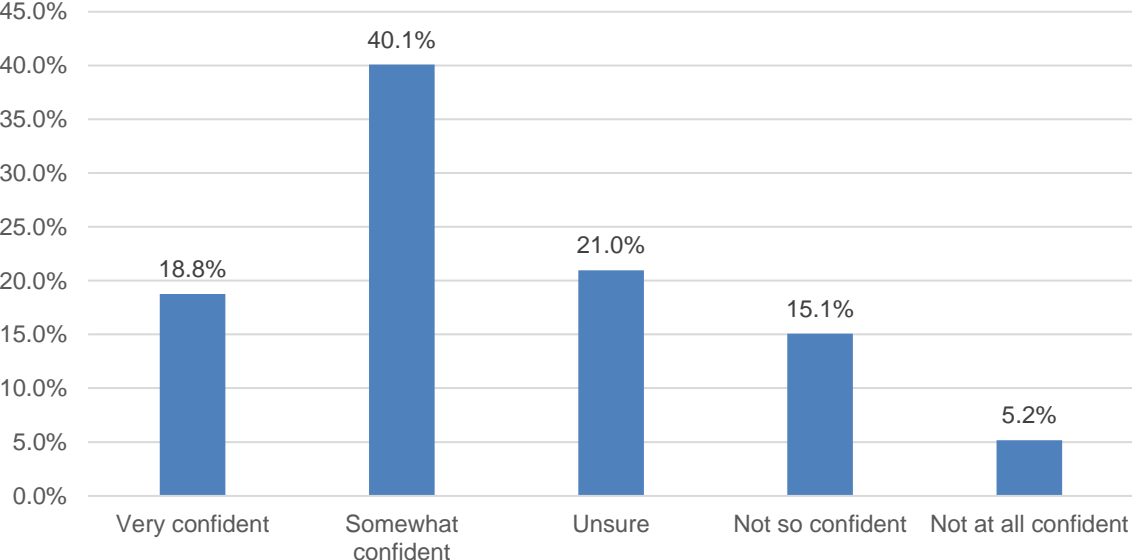


24.3% of businesses say trading to date in 2022 is better than pre-pandemic. 41.2% of businesses say trading compared to pre-pandemic is worse.

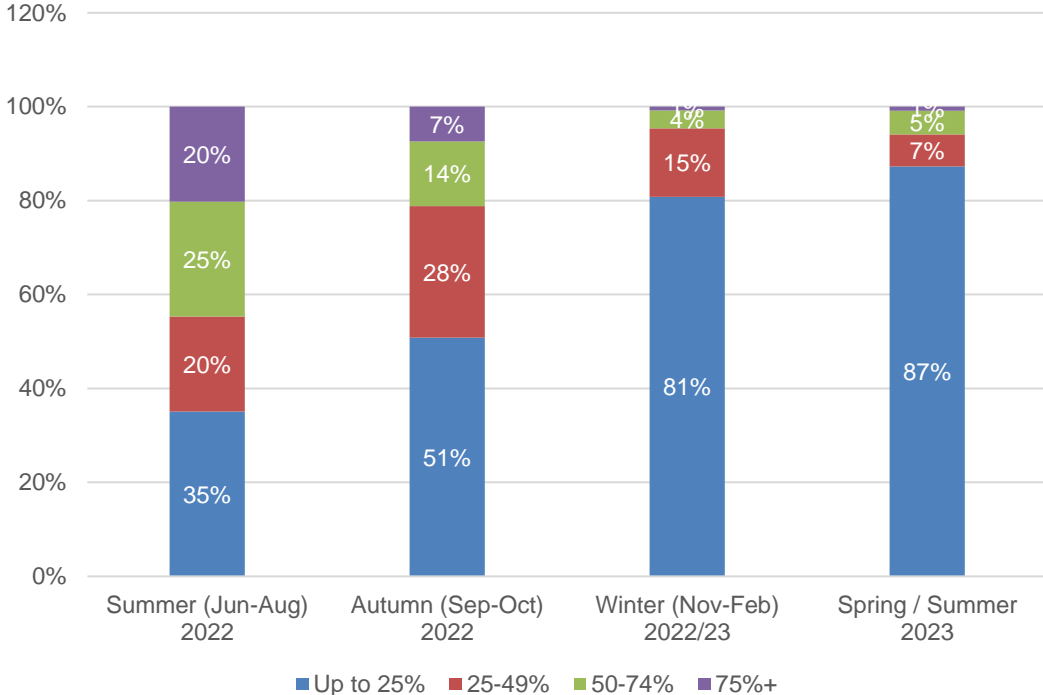
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Majority are at least somewhat confident about the next 6 months of trading. Offset by 20.2% who are not confident (up from 10% in last wave).

Confidence about the next six months of trading



Forward booking levels



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2022 Wave 2 – early summer (survey was live between May – June 2022)

	Total that Agree	Total that Disagree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
Consumer spend overall is lower than previous years	56%	21%	20%	37%	23%	19%	2%
Demand is very unpredictable this year (busy one day, quiet the next with no real pattern)	78%	12%	40%	38%	10%	11%	2%
Consumers are demanding flexibility when booking	61%	13%	20%	41%	26%	12%	1%
Consumers are booking closer to departure than previous years	77%	10%	33%	43%	13%	9%	1%
Secondary spend is higher this year	17%	36%	4%	13%	47%	25%	12%
Consumers are still looking for covid protocols to be in place	21%	50%	3%	18%	29%	38%	12%

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Recruitment issues

- 36% of businesses with staff not currently recruiting
- 10% no issues
- 54% struggling to recruit

Key challenges

Cleaning and maintenance (incl ground maintenance)	47%
Waiter/ Waitress / Bar staff	38%
Front of house (e.g. receptionist)	32%
Kitchen staff	30%
Chefs	28%
Supervisors and Management	18%
Leisure and Activity (e.g. lifeguards, instructors)	8%
Sales and Marketing	5%
Entertainment	1%



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External impacts

Top 10 responses - **Which of the following external factors, if any, are affecting your business?**

1. Poor UK economic climate / less money in consumer's pockets	76%
2. Increasing energy and fuel costs	69%
3. Increasing supplier costs	57%
4. Seasonality of the destination	32%
5. Competition from overseas holidays	30%
6. Poor / unpredictable weather	29%
7. Other supplier issues (delays, lack of stock, unreliable)	29%
8. Increased minimum wage and NI costs	26%
9. VAT threshold	21%
10. Availability of staff to fill vacancies	21%

65% of businesses have increased their prices (15% of businesses increasing prices by more than 10%)

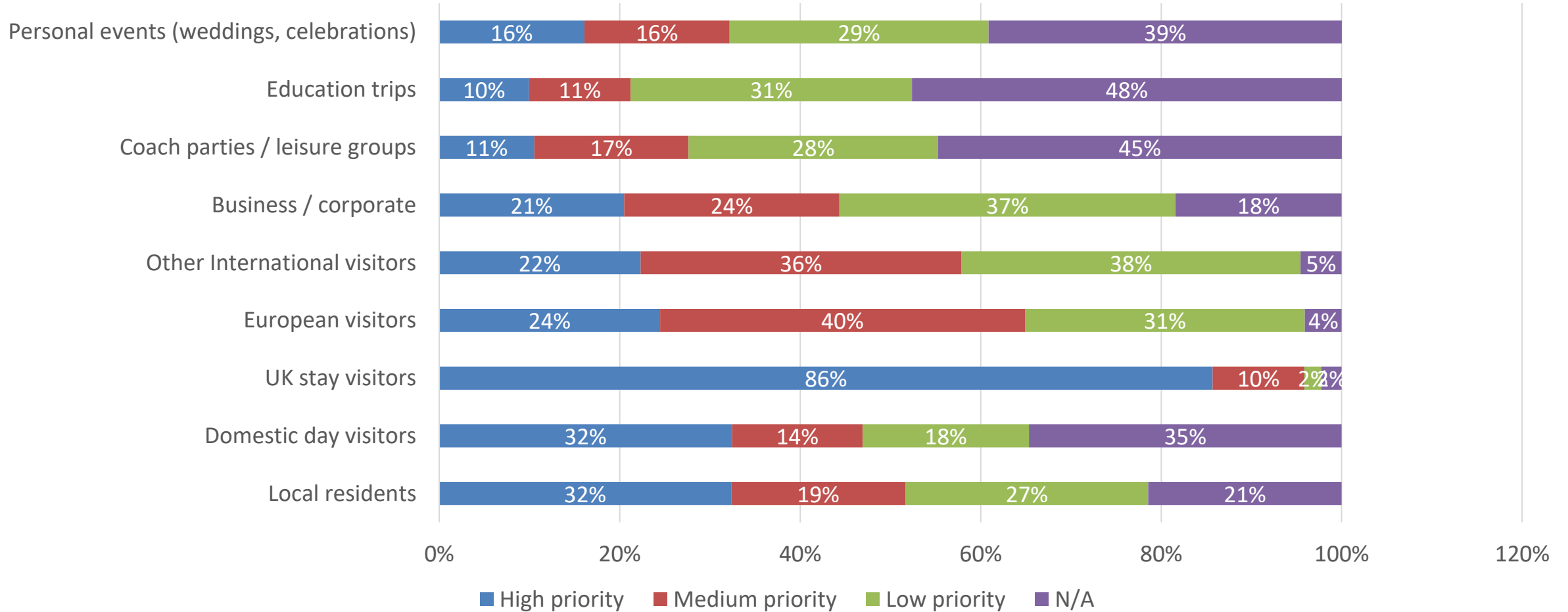
47% are cutting costs

Which of the following interventions would you most like to see to help your business?

66% reduce VAT on energy bills

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Key markets





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2022 Wave 1 headline results

and responses to ad-hoc questions still relevant

Survey live between February – March 2022

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

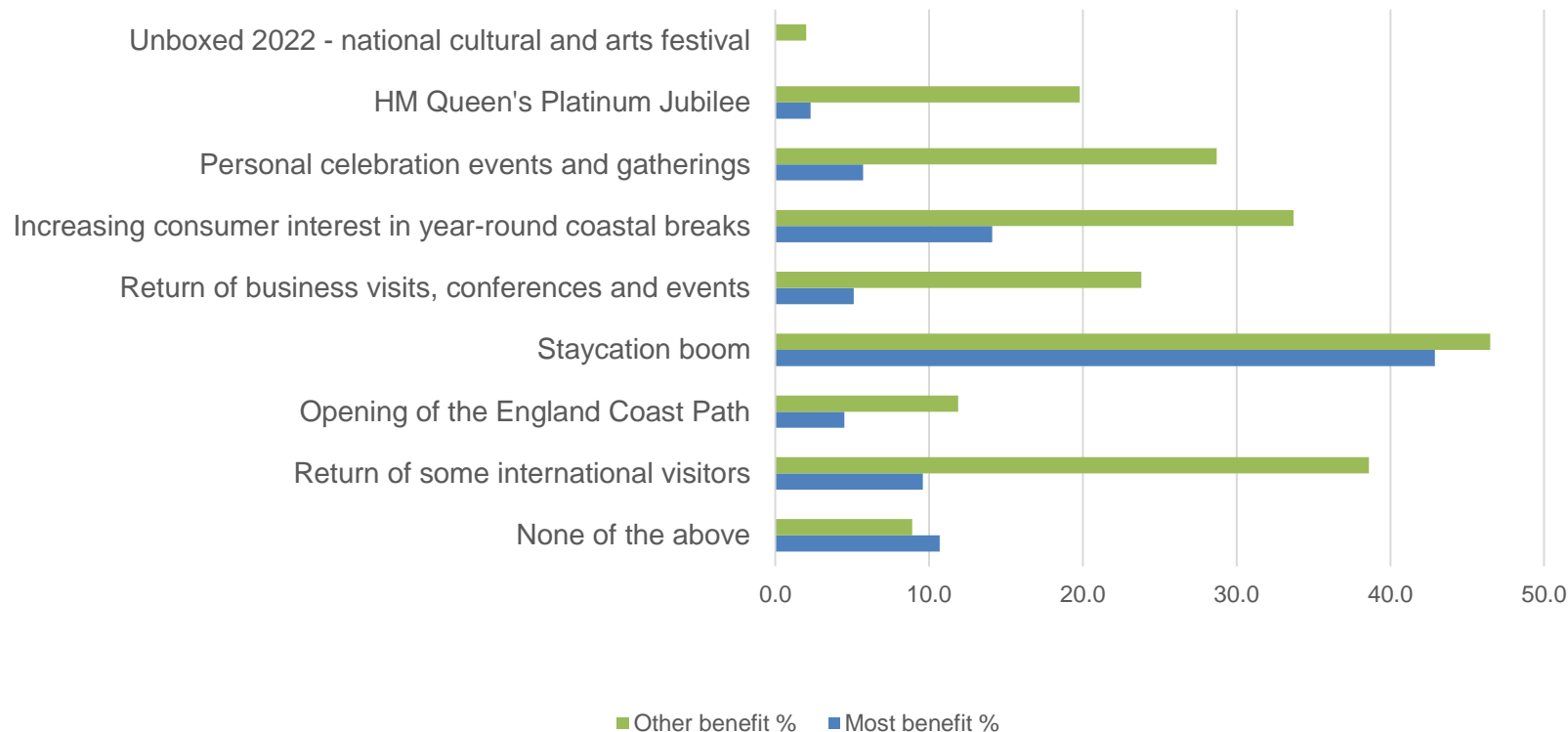
Headline results:

- **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

NCTA Business Survey – 2022 wave 1

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

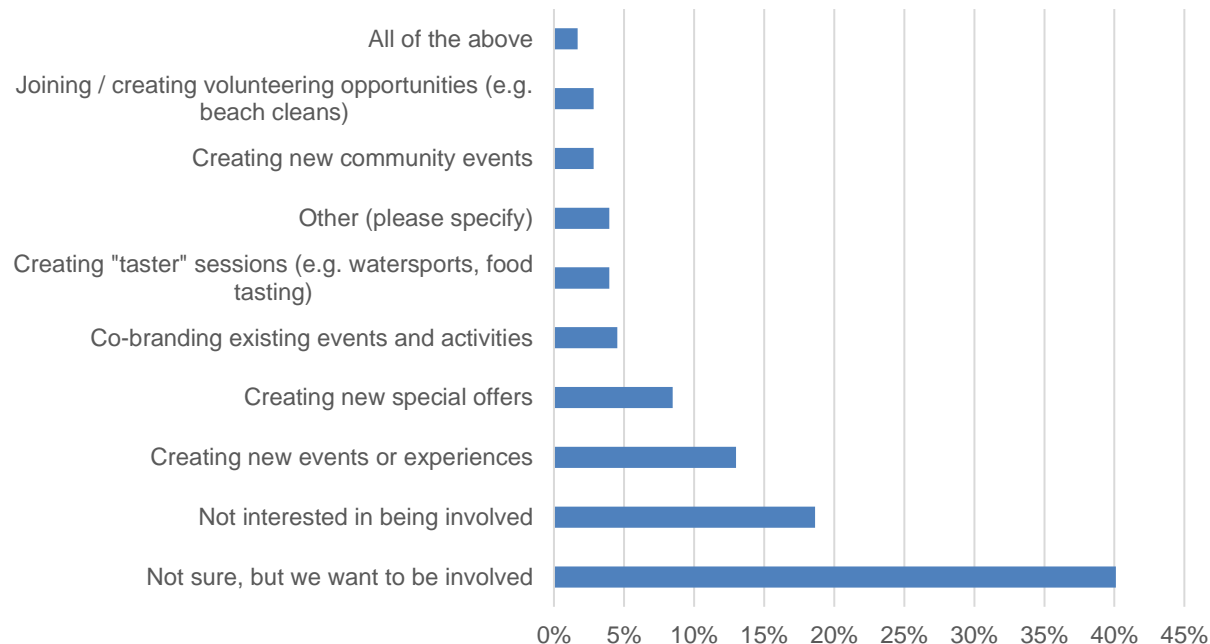
As well as the above, businesses also expect to benefit from:

- 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...



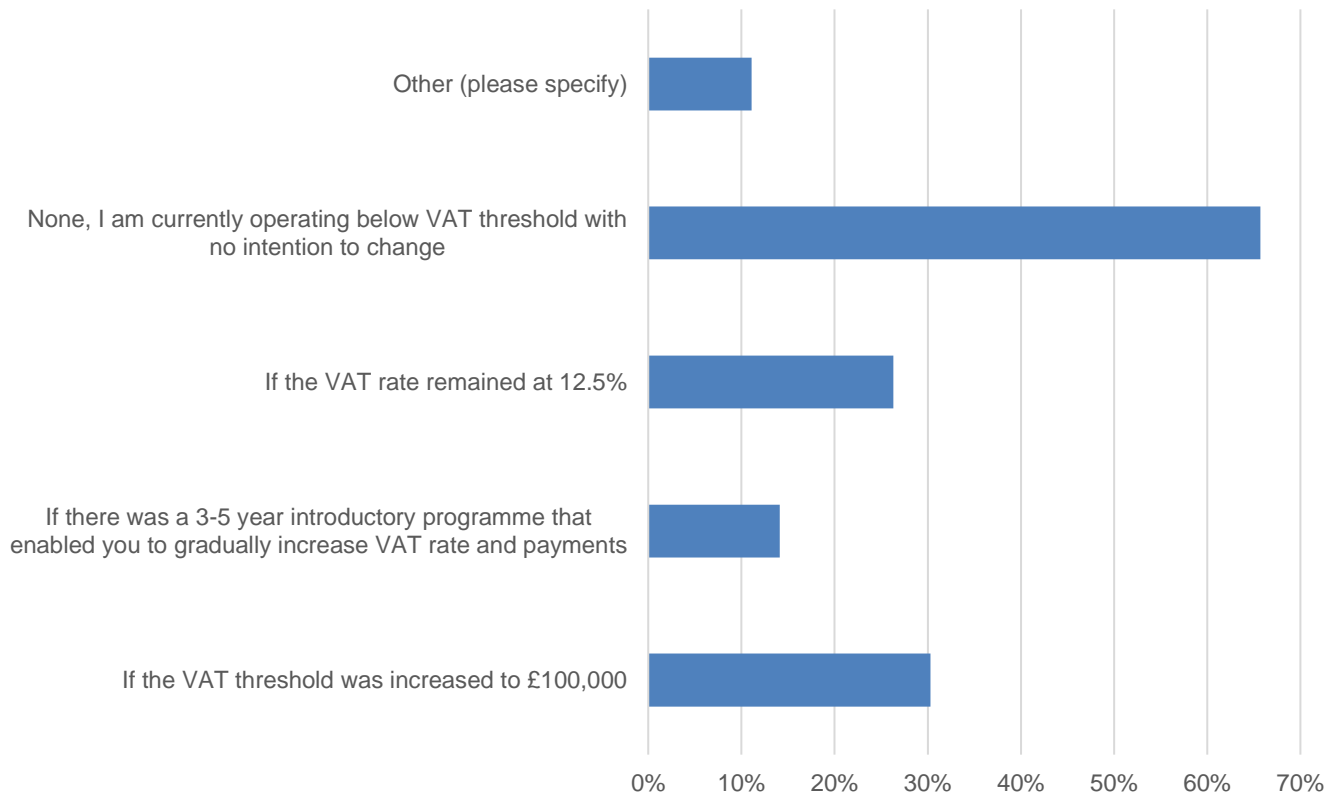
The majority (more than 80%) want to be involved in some way although 40% say they are not sure how.

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

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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%