

# Covid-19 – Online Tourism Business Survey

Prepared for: East Suffolk Council

May 2020

Prepared by:



On behalf of:



## Contents

Methodology and approach

Business profile

Staff and employment changes

Impact on bookings and performance

Business management and support

Other comments - All Party Parliamentary Group (APPG Inquiry)



## Introduction and Methodology and approach

This report evaluates the immediate and ongoing impacts of Covid- 19 to tourism business in the East Suffolk.

### **Methodology**

The results are based on an online survey to businesses in East Suffolk as part of a region-wide survey with responses from businesses based primarily in Norfolk and Suffolk but also in Essex, Cambridgeshire and a few based in Bedfordshire and Hertfordshire. The results are based on a ‘have your say’ online platform style survey, with personalised emails inviting businesses to fill in a structured online questionnaire. The survey was fully managed in-house by Destination Research using Typeform software package, which offers full online and mobile functionalities. The results of the survey are being used and distributed by East Suffolk Council.

### **Outputs**

This report reflects on the very latest industry sentiment across the region. This and subsequent reports will include a summary of immediate reactions as well as longer term recovery plan actions. This report is based on a sample of 186 responses.

### **Outcomes**

Ultimately, the research should allow East Suffolk Council to:

- Provide a forum for consistent and comprehensive analysis of the implications of the Coronavirus (COVID-19) pandemic on the local tourism industry.
- Act as the one-stop-shop communications channel for the local tourism industry in relation to Coronavirus (COVID-19).



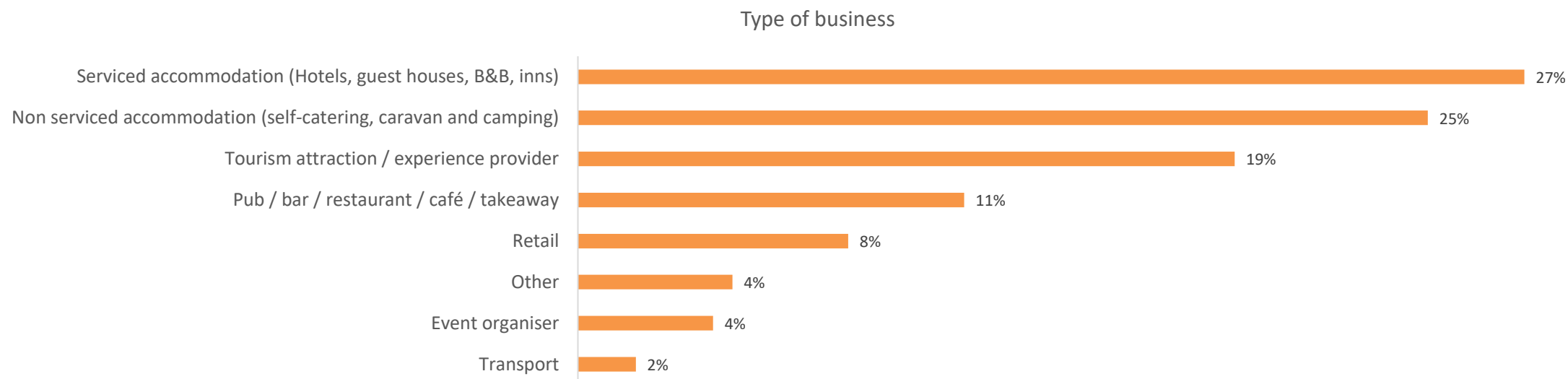
## Part I - Business Profile and overall impact of COVID-19

- Largest respondent groups are accommodation providers (non-serviced and serviced) and tourism attractions / experience providers.
- Majority are self employed, sole traders and micro businesses. A third report earnings of under £50K and most were expecting marginal year-on-year changes in turnover prior to Covid-19.
- A large majority of businesses closed temporarily. Half furloughed some of their staff. Very few report permanent business closures.



## Research Outputs – Business Profile

The largest groups of respondents were accommodation providers (non-serviced and serviced) and tourism attractions / experience providers.

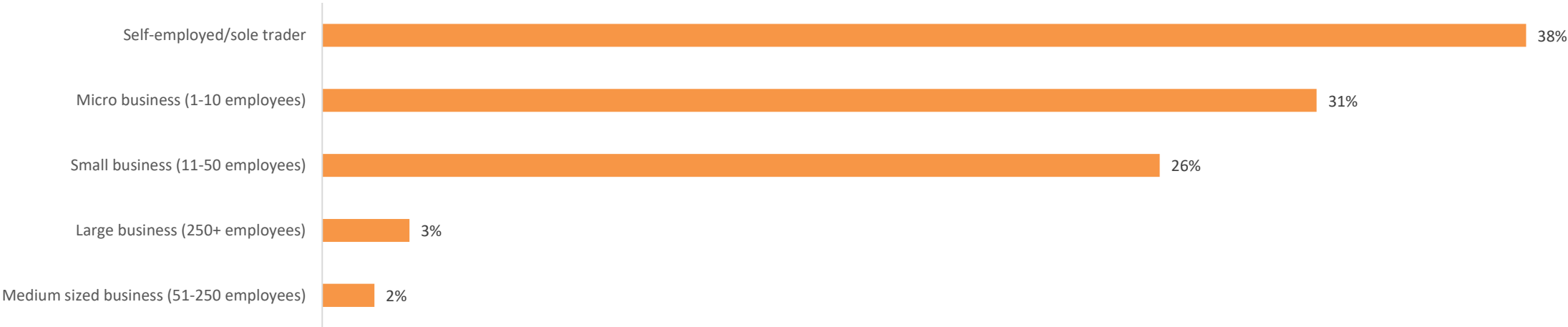


Q: What type of business do you run?

## Research Outputs – Business Profile

Self employed, sole traders and micro businesses (between 1 and 10 employees) account for two thirds of all respondents. A quarter of respondents were small businesses (11-25 employees).

Which of the following best describes your business?



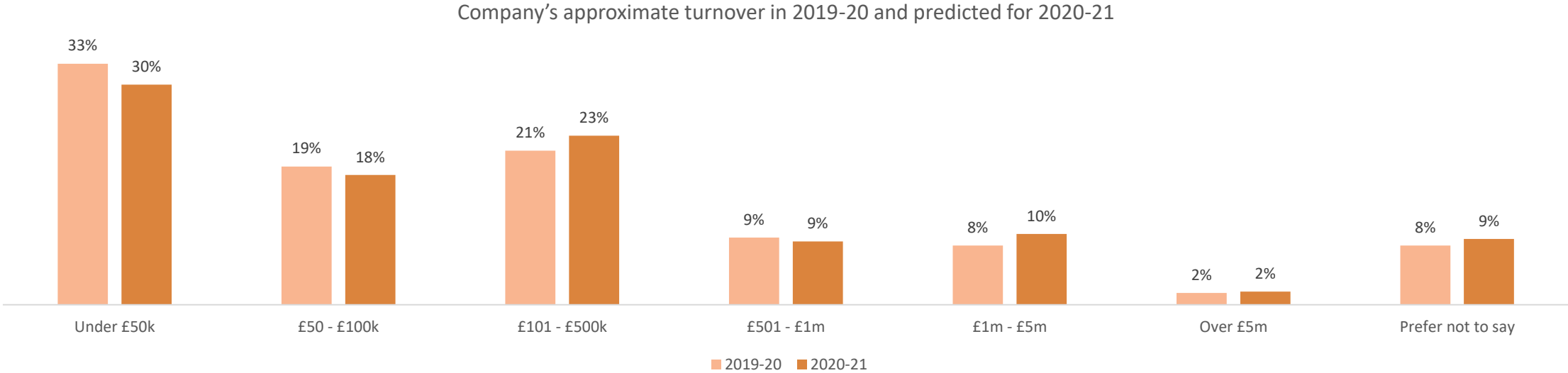
Q: Which of the following best describes your business?



## Research Outputs – Business Profile

As you would expect with the large proportion of small businesses taking part in the survey, three quarters claim annual turnover of below £500k, with a third reporting earnings of under £50K.

The majority of businesses were expecting marginal year-on-year changes in turnover prior to Covid-19.



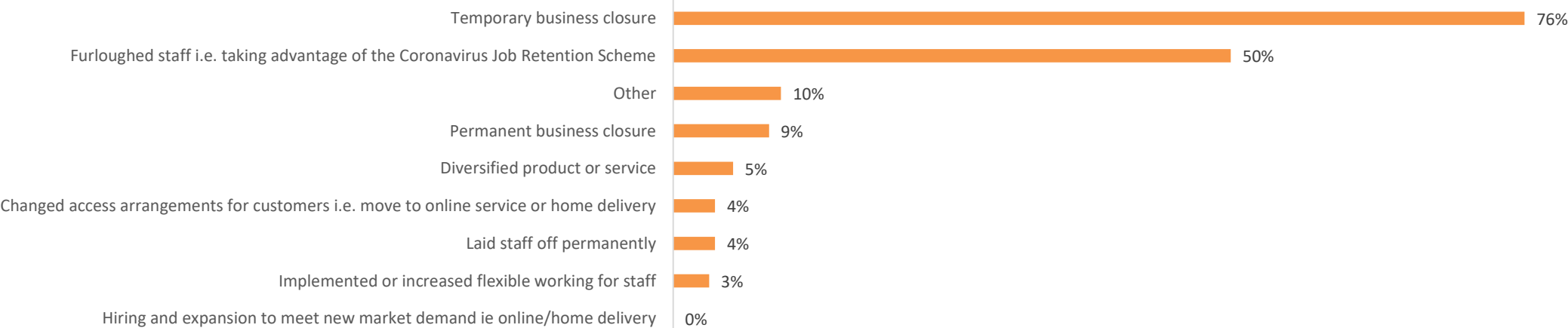
Q: What was your company's approximate turnover last year?  
Q: What was your company's projected turnover for 2020-21 prior to Covid-19

## Research Outputs – Business Profile

A large majority of businesses closed temporarily. Almost half took advantage of the Coronavirus Job Retention Scheme and furloughed some of their staff. As a result of these measures, only 6% reported permanent business closures.

Smaller proportions of businesses implemented put in place other contingency measures (flexible working, product diversification, etc.) in order to mitigate the impact of Covid-19 on their business.

Contingency measures to mitigate the impact of Covid-19



Q: Are you taking any contingency measures to mitigate the impact of Covid-19 on your business?





# Covid-19 – Online Business Survey – Research Results

## Part II - Staff and employment changes – Key findings

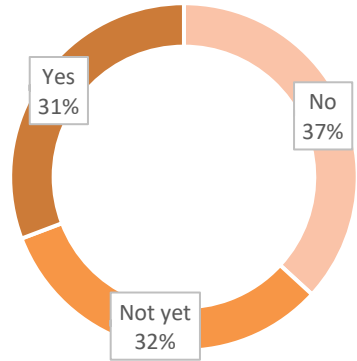
- Under a third report a decrease in staff numbers due to Covid-19.
- Two in five had to make changes to staffing levels due to the pandemic.
- In most cases staff changes affected 80% of the workforce.



# Covid-19 – Online Business Survey – Research Results

## Research Outputs – Staff and employment changes

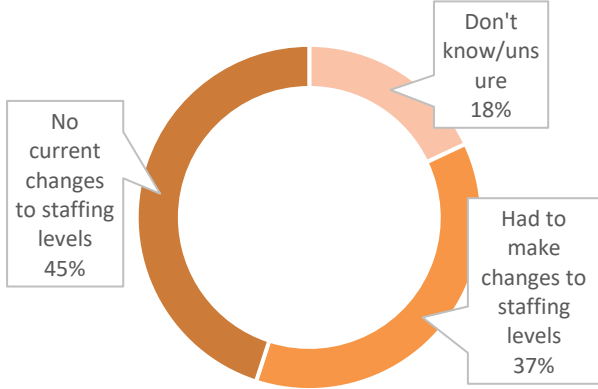
Decrease in staff numbers because Covid-19



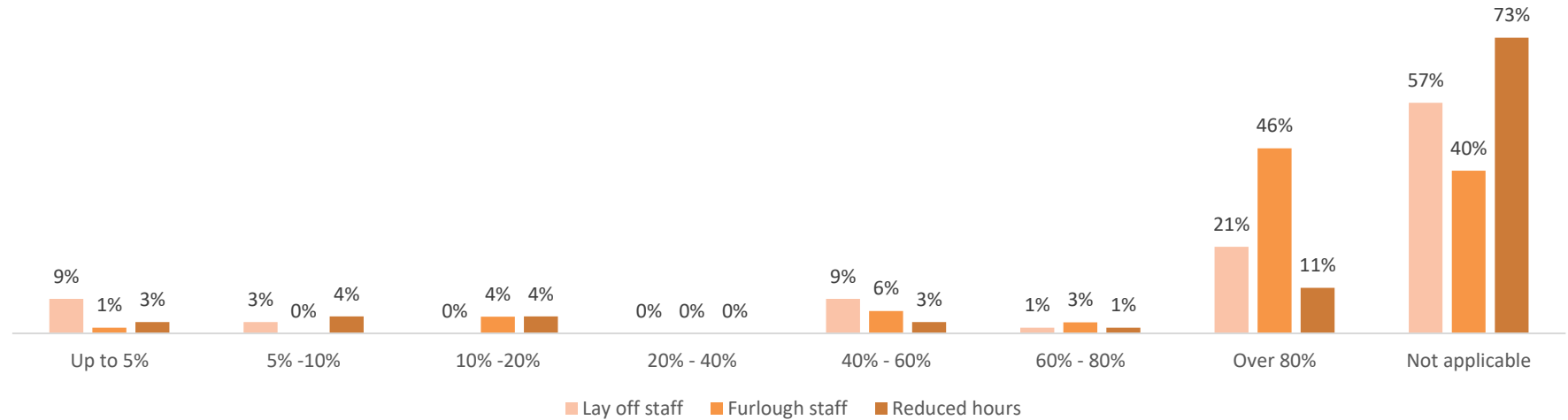
Under third report a decrease in staff numbers due to Covid-19

Almost two in five had to make changes to staffing levels due to the pandemic. In majority of cases staff changes affected 80% of the workforce.

Other effect of Covid-19 on staffing levels to date



Effects of Covid-19 on staffing levels to date



Q: Have you had to decrease you staff because of Covid 19?; Q: Have you had to decrease you staff because of Covid 19?; Q: Did you have to lay off staff?; Q: Did you have to furlough staff?; Q: Did you have to put staff on reduced hours?



### Part III - Impact on bookings and performance - Key findings

- Over half experienced widespread booking cancellations. Two in five report high levels of requests for refund. A third said most of their booking have been postponed to a future date.
- Most changes to bookings stretch up to September 2020 (more than half were for up to June 2020).
- Two thirds report trade losses of up to 80% but many reports even higher losses. For most, this equates to turnover losses of between £10k and £50k.
- Business survival rate high should Coronavirus restrictions were to be removed by end of June. But two in five are unlikely to survive should restrictions were to stay until the end of the year.
- Should recovery start straight away, about half of businesses would need up to 3 months to get back to normal levels of trading, within a quarter requiring between 6 and 12 months or even longer.

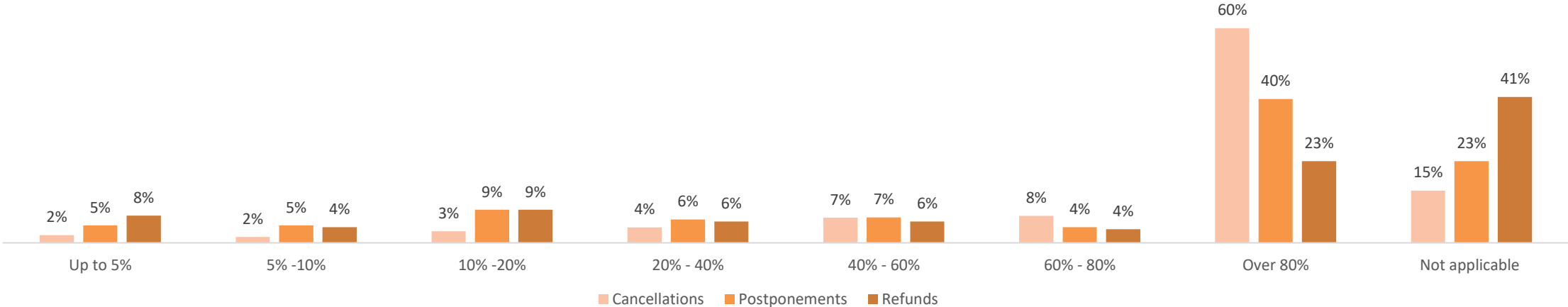


## Research Outputs – Impact on bookings and performance

Cancellations and request for refund of existing bookings pose a major threat to businesses due to a severe reduction in projected income and cash flow. Over half have experienced widespread booking cancellations. Two in five report that most of their customers requested a refund.

The postponement of existing bookings gives businesses more certainty about future income. However, only a third report that most of their existing booking prior to Covid-19 have been postponed to a future date.

Changes to bookings because of Covid-19



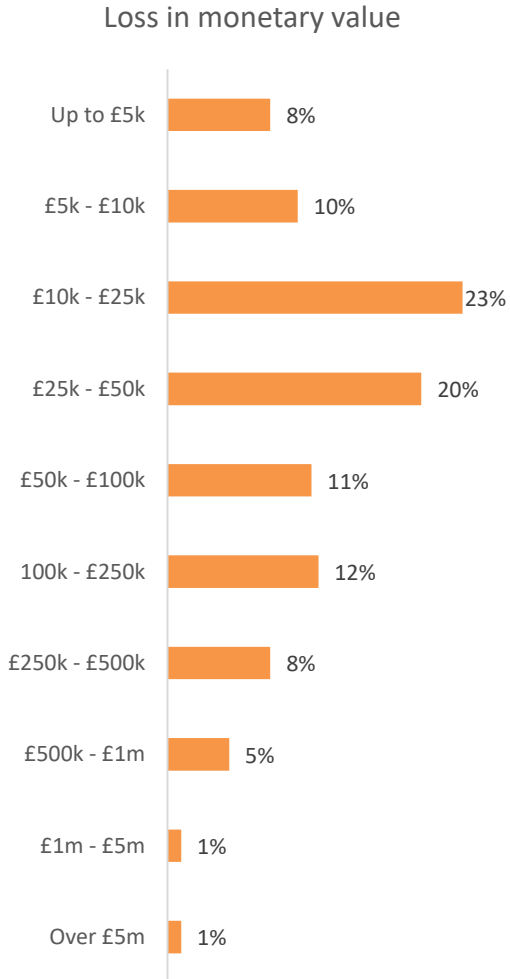
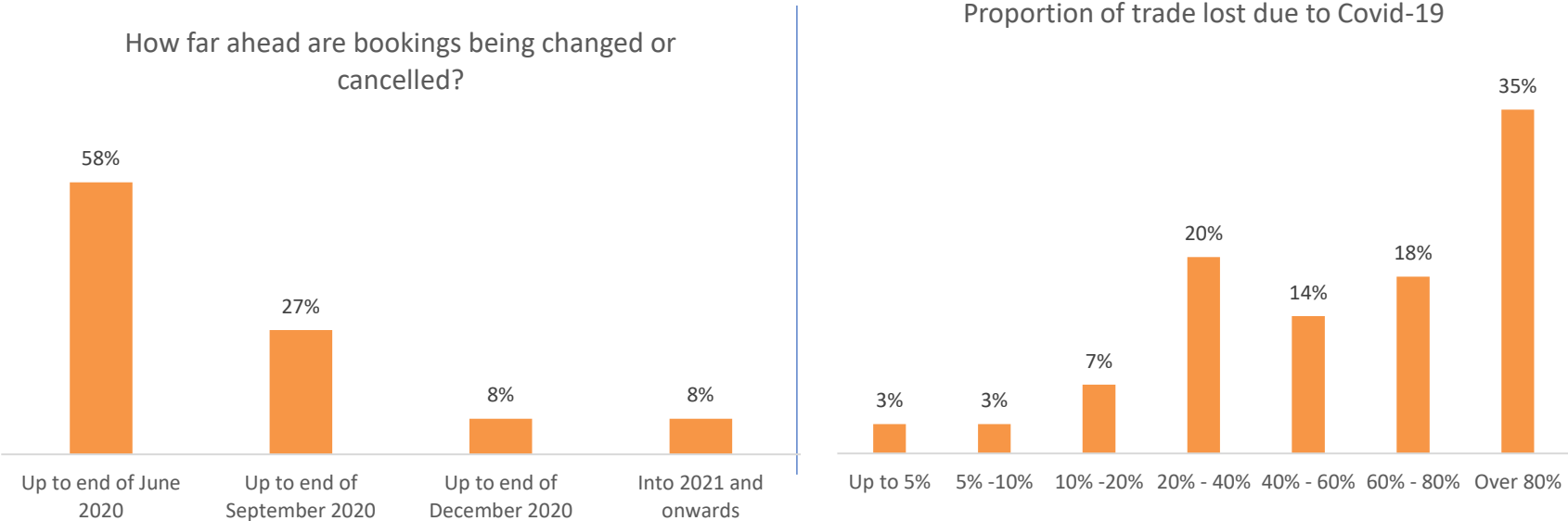
*Qs: What percentage of cancellations / postponements / refunds have there been to bookings because of Covid-19?*

## Research Outputs – Impact on bookings and performance

Most changes to bookings stretch up to September 2020 (more than half were for up to June 2020).

Two thirds report trade losses of up to 80% and for 35% losses are even higher (+80% of expected trade).

For most, this equates to turnover losses of between £10k and £50k.



*Qs: How far ahead are bookings being changed or cancelled?; Q: What percentage of trade would you say you have lost to date due to Coronavirus?; Q: Approximately how much could this mean in terms of lost turnover?*

# Covid-19 – Online Business Survey – Research Results

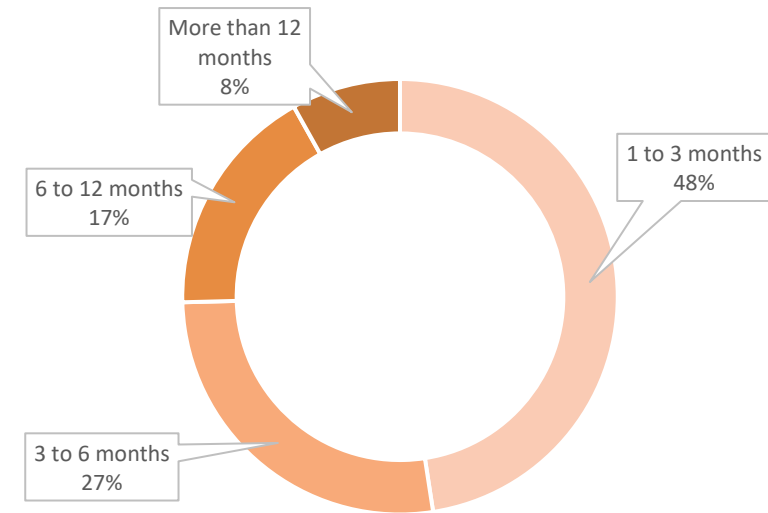
## Research Outputs – Impact on bookings and performance

Despite the predicted losses, business survival rate are generally optimistic should Coronavirus restrictions were to be removed by end of June – seven out of ten businesses are likely to survive.

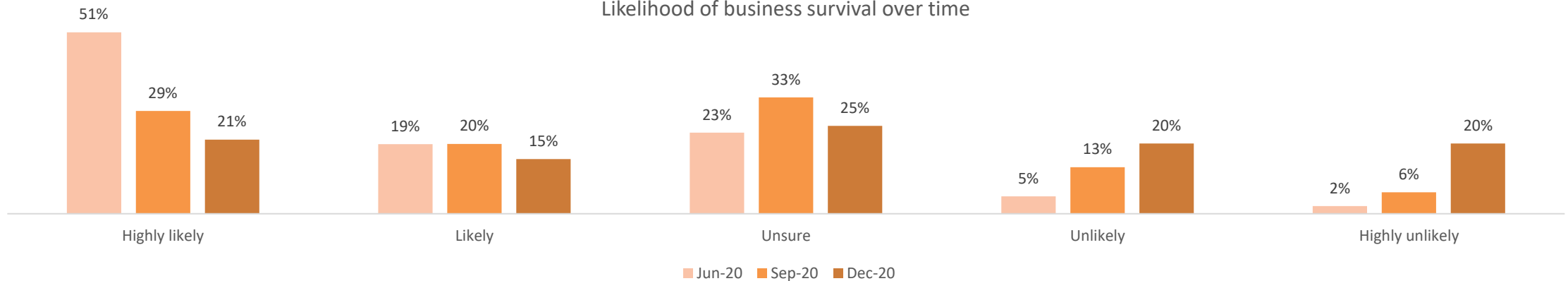
But two in five are unlikely to survive should restrictions were to stay until the end of the year.

Should recovery start straight away, about half of businesses would need up to 3 months to get back to normal levels of trading. However, for some the recovery period will take much longer, within a quarter requiring between 6 and 12 months or even longer.

Recovery time if Covid-19 were to end today



Likelihood of business survival over time



*Q: How likely is your business to survive and re-commence trading if Coronavirus restrictions are removed by End of June / September / December 2020. If Covid 19 were to end today, how long would you estimate it would take for your company to get back to business as usual?*



## Part IV – Business Management and Support - Key findings

- Immediate effect of Covid-19 include deferring or cancelling planned investments, developments and renovations and reducing expense levels to prevent unnecessary spending.
- Half report that these financial considerations together with the measures announced by the Government have help reduce any concerns they had about the future of your business and the visitor economy.
- Key Government support includes urgent access to grants (not just loans) and long-term relief on business rates, PAYE and VAT. Going forward, it will be beneficial if furloughed staff to be able to work in assisting preparing your business for recovery.
- The lack of income due to temporary closure means that almost four in five are unable to cover the ongoing fixed costs. A further challenge looking ahead will be the inability for many to sustain their business through the closed season.



## Part IV – Business Management and Support - Key findings

- Significant proportions of businesses have been able to access any of these Government support initiatives (e.g. Small Business Grant Fund and the Job Retention). Four out of five felt the support initiatives were OK or better.
- A third expect to survive after the introduction of business rates. However, half are unsure about it.
- Seven in ten believe that promoting the area would help build consume confidence. Two thirds would also welcome additional government support for their business.
- Examples of people working together to innovate:
  - Communication with others in similar position
  - Business partnerships
  - Operational changes
  - Social and community initiatives
  - Diversification of business functions and additional services.



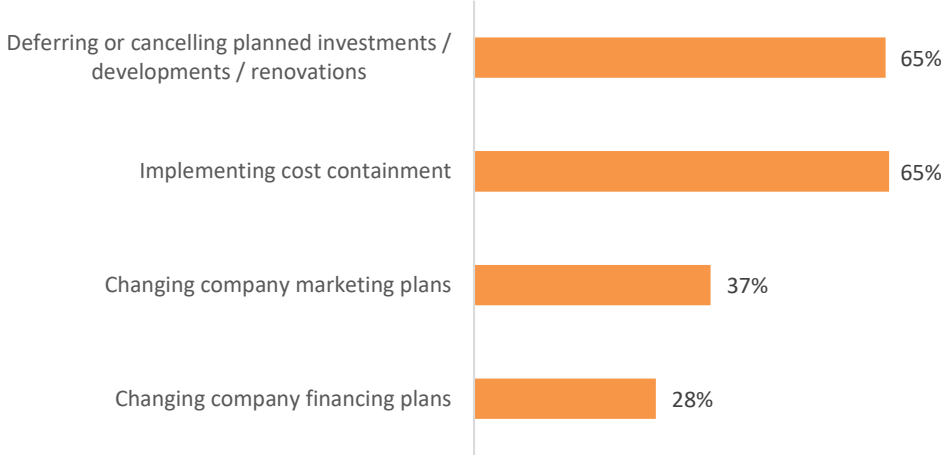


## Research Outputs – Business management and support

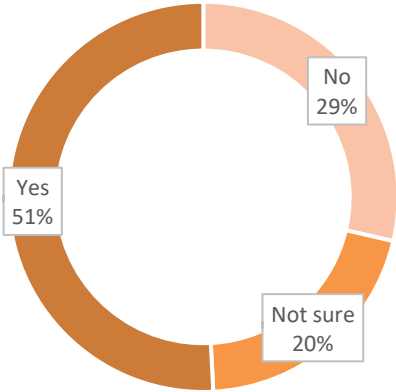
For two thirds of business, an immediate effect of Covid-19 has been deferring or cancelling planned investments, developments and renovations. Similarly, two thirds are reducing expense levels to prevent unnecessary spending.

Half report that these financial considerations together with the measures announced by the Government have help reduce any concerns they had about the future of your business and the visitor economy.

Financial actions being considered



Have the Government’s financial measures been helpful?

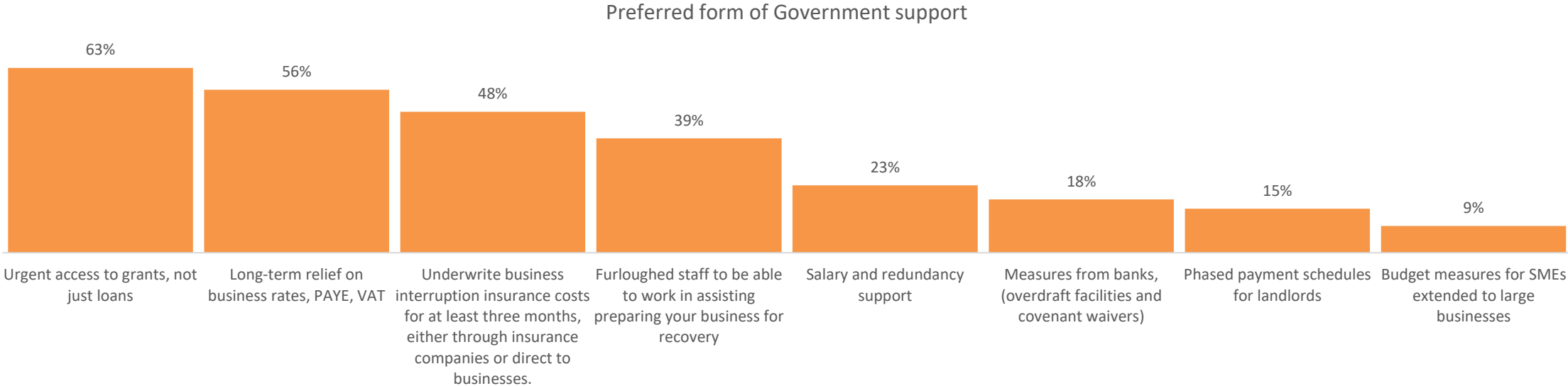


*Q: Which of the following financial actions is your company considering as a result of Covid-19? Q: The Government has unveiled a package of financial measures to assist the economy against the Covid-19 impact. Has this helped to reduce any concerns you had about the future of your business and the visitor economy?*

## Research Outputs – Business management and support

Above all, businesses require Government support in order to access to grants, not just loans. Just over half would welcome long-term relief on business rates, PAYE and VAT. Similarly, about half believe it is crucial that Government underwrites insurance costs for business interruption for a period of at least three months, either through insurance companies or direct to businesses.

Going forward, it will be beneficial if furloughed staff to be able to work in assisting preparing your business for recovery.

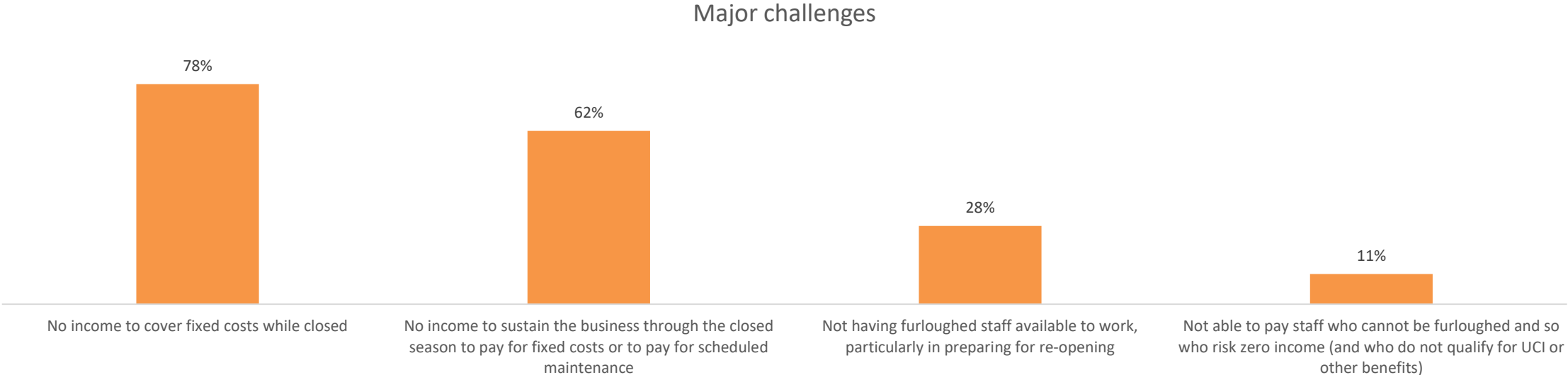


Q: What support from Government would be crucial for your business right now?



## Research Outputs – Business management and support

The lack of income due to temporary closure means that almost four in five are unable to cover the ongoing fixed costs. A further challenge looking ahead will be the inability for many to sustain their business through the closed season to pay for fixed costs or to fund scheduled maintenance.

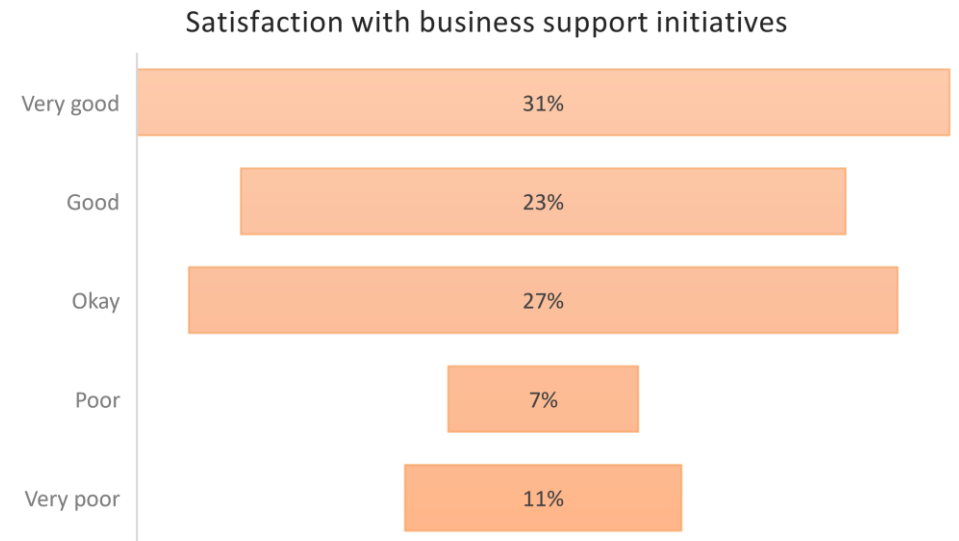
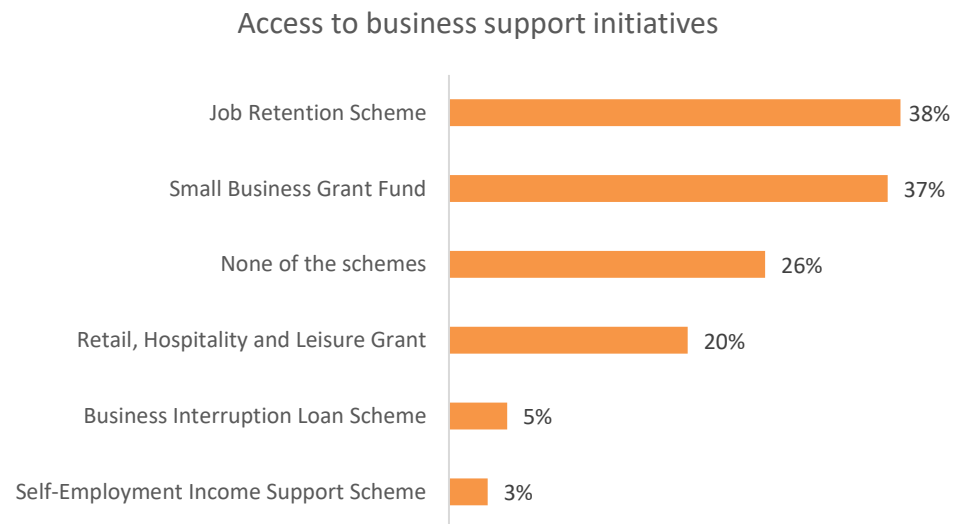


*Q: What are your major challenges short term and longer term?; Q: Have you been able to access any of these Government support initiatives?*

## Research Outputs – Business management and support

Significant proportions of businesses have been able to access any of these Government support initiatives. The most popular initiatives were the Small Business Grant Fund and the Job Retention Scheme (accessed by 38% and 37% of businesses respectively). Two in five applied for the Retail, Hospitality and Leisure Grant.

Four out of five felt the support initiatives were OK (27%) or better (54%), with many reporting a fast turnaround between application and receipt of financial support. Key concerns included lack of clarity, slow progress in receiving the money.



*Q: Have you been able to access any of these Government support initiatives?; Q: If you have accessed any of the support packages what has been your experience of the process.*

## Research Outputs – Business management and support

Examples of innovation

### Examples of people working together to innovate:

#### Communication with others in similar position

- Pub landlords meeting up and discussing solutions
- Local theatres having zoom meeting every week to help support each other with advice and practicalities.
- Artists working with galleries to get new works online

#### Business partnerships

- Businesses working together to deliver goods and offer a better service at a good cost.
- Communication with sector colleagues has improved

#### Operational changes

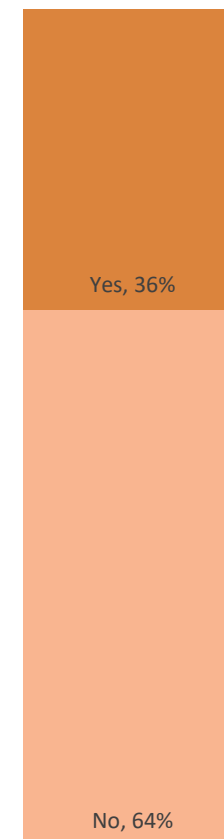
- Enable remote working and other digital options
- Increased use of social media and video conferencing platforms

#### Social and community initiatives

- Community groups getting together to offer a service to the local people who are vulnerable and are risk.
- Cafe providing meals to vulnerable.

#### Diversification of business functions and additional services

- Many businesses diversity to meet food demands by offering delivery services.
- Drive though farm shop

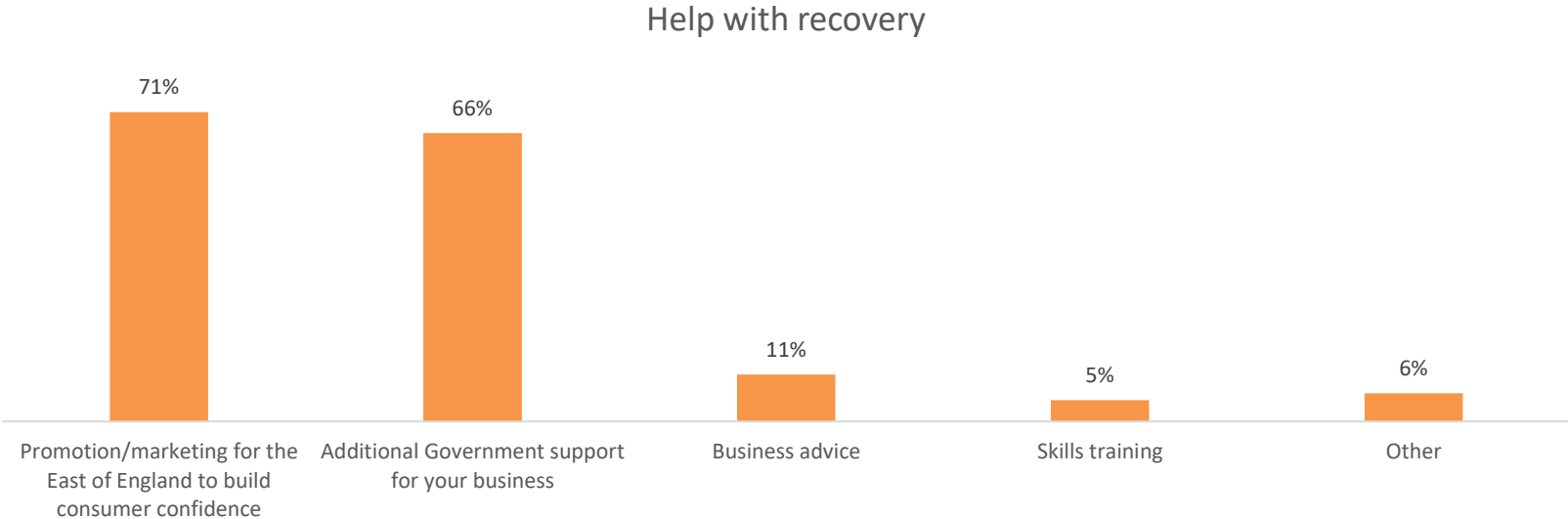
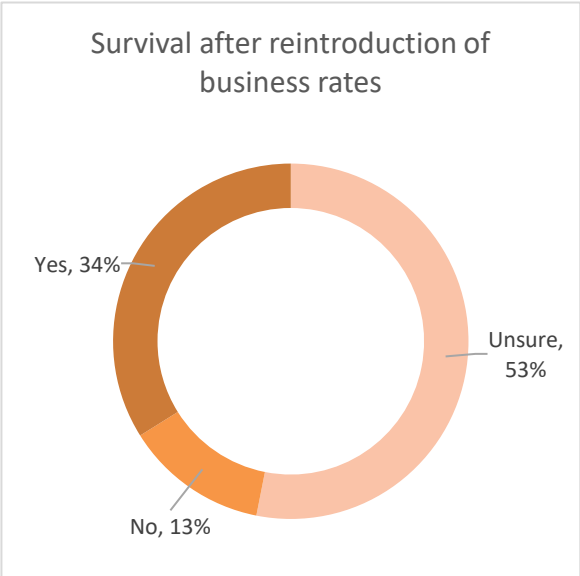


*Q: Have you come across examples of people working together to innovate which has had a positive impact?*

## Research Outputs – Business management and support

A third expect to survive after the introduction of business rates. However, half are unsure about it.

Seven in ten believe that promoting the area would help build consume confidence. Two thirds would also welcome additional government support for their business.

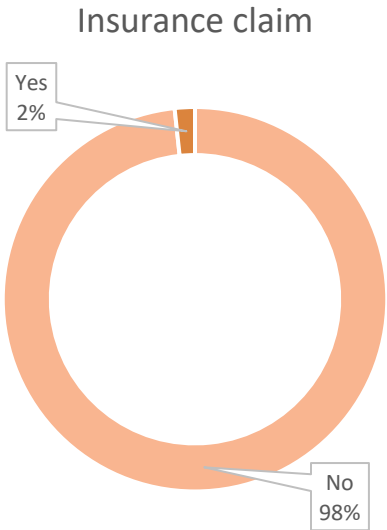


*Q: If business rates are reintroduced after 12 months will you be able to survive? Q: We are currently planning for when normal life resumes. What would help your business and help recovery?*



## Research Outputs – Business management and support

Only a very small proportion of businesses have been able to make an insurance claim.  
For many it's still too early to tell if the claim will be accepted. Some had their claims rejected.



“Put a claim in but cannot complete until we know the exit date in order to quantify the amount.”

“They are not responding just holding it”  
“Still waiting to see if covered”



Q: Have you been able to make an insurance claim?

## Part V – Other comments - All Party Parliamentary Group (APPG Inquiry)

### All Party Parliamentary Group for Hospitality and Tourism: Pathways to Recovery

Urgent inquiry into the measures that businesses in these two vital sectors of the UK's economy will need in order to successfully reopen, recover and thrive in the aftermath of the COVID-19 crisis.

The consultation questions look broadly at what support measures businesses would like to see from Government, while also looking at the internal and operational challenges that businesses face when looking to reopen. Questions are organised into four key themes:

- Government support
- Achieving business compliance
- Supply chain re-activation
- Stimulating demand for the sector

This report provides answers to six of the eight questions included in the consultation questions.





## Research Outputs – Further opinions

Are you planning to re-think or diversify your product and/or service to aid business recovery? Are you thinking of changing your business pattern? I.e. staying open later in the year, at weekends when you'd otherwise be closed? Are you planning ticket discounts or other promotions? **If yes, to any of these, please describe the changes you are planning?**

### Operational changes – adapting to 'new normal'

#### Long term changes

- Extending the season is seen as a way to minimizing risk in the future.
- Extending season- for campsites need to extend licence
- Increase online sales and ordering or move to online-only model
- Stop using / reduce dependency on high cost OTAs
- Change marketing to attract different type of visitors

#### Shorter term changes

- Offer option to rebook rather than cancelling
- Change cancellation policy, late balance payment
- Opening Longer hours
- Discounts, promotions
- Increase marketing and advertising
- Offer extra free admission days
- Reduce fixed costs and the size of business

### Business diversification – Increased flexibility and product offer

- Diversification Farm shop
- Reintroduce fishing holidays
- Introduction of take away service
- Cafe into self-service model
- Rearrangement tables for social distancing
- Offer accommodation
- Open farm shop

“Planning a big launch through the website and email to customer mailing list to let them know we are back and open for business!”

“We are completely re-looking at our business model and trying to imagine the opportunities which are available as a result of the hiatus. Trying not to return the old format is the challenge as nothing will be the same, either for our customers, suppliers or anyone.”



## Research Outputs – Further opinions

What further, or continued, financial measures do you envisage your business needing from Government in the recovery period when restrictions begin to be lifted?

### Changes to Business Charges

- Abolish or reduce level of VAT for tourism businesses at least 6-12 months - probably at 5%?
- Tax and business rate relief / temporary stop
- Council tax relief
- Reduced waste collection charges

### Other financial support

- Boosting the advertising budgets of DMOs and Visit England etc.
- Massive overhaul of business rates – rates suspended for at least 3 years

### Extend Grant Schemes

- Extra grants for positive communication and marketing
- Significant extension of £10K grant for retail, hospitality and leisure to continued survival
- Grants for cover loss of income (rather than loans)
- Extend the 80% Self Employment Grant until December 2020

### Job retention

- Continuation of the furlough arrangement so we can re-employ staff gradually
- Increase the length of the Job Retention Scheme

“Increase the length of the Job Retention Scheme, increase the terms of the loans, 12 months is too short, grants for the organisations that have fallen through the gaps.”

“Continuation of the furlough arrangement so we can re-employ staff gradually. Reduction in VAT rate going forward and the re think on business rates to make them more equitable. Possible extension of the interest free loan arrangements depending on how long it lasts.”



## Research Outputs – Further opinions

### What impact would a staggered reopening have on your businesses?

**Depending on social distancing rules the staggered reopening could affect some type of business more than others.**

- Devastating effects for pubs, bars, restaurants and cafés as well as the retail industry
- Some non-serviced accommodation likely to be able to accommodate changes and attract visitors

**Dependency on secondary spend means that in reality staggered reopening may end up affecting the whole industry.**

**Staggered reopening to work if financial and fiscal support remains in place over winter.**

“Staff would not want to undertake certain tasks, i.e. facility cleaning. Camping can be a very social event for friends and families so social distancing would be difficult.”

“Probably wouldn’t be worth reopening, same running costs but less customers and therefore less income.”

“Low positive impact - distancing measures very hard to implement & police without incurring extra & prohibitive costs.”

(Tourism attraction) “As long as social distancing is in place, we will not be able to operate. The events industry, specifically festivals and where large gatherings of people are expected, will not be able to continue until social distancing can be totally relaxed.

A cap on numbers would allow some smaller events to possibly take place, but again dependent on numbers and social distancing criteria as to whether they would be financially viable.”

(Transport operator) “We would operate a frustrating service for customers because they would turn up to the ferry and cant board due to reduced capacity and we would have less staff which means more strain on U Credits and the risk of losing qualified and trained staff with further loss of income in 2021.”

## Research Outputs – Further opinions

**What specific operational difficulties do you anticipate when looking to reopen your business and will you need Government assistance and guidance ahead of this?**

### **Government guidance to increase consume confidence**

- Social distancing rules and availability of PPE equipment
- Potential conflict between visitors, business owners and local residents.
- Spreading the message that it's all safe and giving the confidence to the customer that they can restart leisure activities

### **Safety of staff**

- Staff confidence in coming back to being with general public
- Need for ongoing deep cleaning of facilities (additional financial burden)
- Advice on cleaning protocols - Housekeeping, laundry and cleaning with minimum risk of possible infection.

### **Suppliers**

- Availability of a supplier network (cleaning , maintenance services, etc)
- Stock availability
- Increased competition with other tourism business

### **Ongoing support with cashflow to fund operational costs**

- A support package for the year ahead to reduce financial struggle.
- Having enough money to pay the bills and fixed costs before reopening.

“We will face the challenge of additional marketing expenditure to tell customers that we are re-opening - whilst, government advice will, no doubt, counter that argument and advise people not to attend large gatherings.

So, any marketing that we do will be grossly ineffective.

Probably better to stay closed until everything is back to normal. Therefore, financial support would be essential if we are to survive..”

“Not knowing when we are likely to reopen doesn't help us. Not knowing our customers are going to react doesn't help either.”

“Social distancing is the biggest obstacle and potential visitor limitations due to staffing costs and meeting points on the park.”

“Will need guidance asap on how to manage the production process e.g. casting and auditions, rehearsals.”



## Research Outputs – Further opinions

**PART I - Are there any other key areas of support that you feel either sector, or your individual business, require outside the scope of the above questions?**

### **Tourism promotion**

- Increased marketing to promote the area and to reduce seasonality
- Government endorsement of tourism and hospitality - Staycation marketing, we are open for business
- Government to encourage the public not to postpone UK holiday
- Mitigate potential anti-tourist sentiment by local residents (in need of safety assurance)

“More marketing support from local authorities considering the impact it will have on the holiday park trade.”

“Digital and all Marketing at sensible costs rather than the silly prices we have seen over the last few years.”

“Massive marketing by Councils etc to get visitors back”

“More marketing support from local authorities considering the impact it will have on the holiday park trade.”

“Yes, advertising is the key ... TV, cinema, theatres and the like. To try to change peoples habits, to stay at home and enjoy our beautiful countryside ... we have so much to offer!”



## Research Outputs – Further opinions

**PART II - Are there any other key areas of support that you feel either sector, or your individual business, require outside the scope of the above questions?**

### **Regulatory actions and policy**

- Ensure full support is provided by bank (loans and overdrafts) and insurance companies

### **Support with Health and Safety concerns**

- Help with paying suppliers
- Mental health support
- Availability of PPE equipment
- Clear guidance on social distancing rules
- Effective monitoring of Covid-19 infections, health checks and procedures

“Opening sectors need to make sense as a whole. If you open accommodation but not restaurants, entertainment etc then it may not be sufficient to encourage people to visit.”

“Insurance - what can be claimed and help to get insurance companies to honour business interruption insurance. Help to move business forward regarding planning permissions etc that stop growth and therefore block the employment of local people.

The cost of approaching planning or licencing is prohibitive, it is generally a difficult and unfriendly process that puts people off trying to expand or grow their business. Music and entertainment licencing is also a difficult and costly process.”

“Only cash. We will need a substantial package of cash aid, to re-open, to cover cancelled events and to support cash flow until confidence returns amongst the general population sufficient that they will attend packed theatres. We had enough cash in the bank to pay all of our overheads, and creditors, and were trading well.

Our ticket and restaurant sales stopped dead when the government told people to stay away from us. We have lost at least £200k in turnover already, in 6 weeks, at our busiest time of year.

This will put us completely out of business without a large injection of cash of at least £250k.” (Felixstowe Spa Pavilion Theatre)



## Research Outputs – Further opinions

What fiscal measures should be taken to boost business in the hospitality and tourism sectors in the immediate aftermath of COVID-19 restrictions being lifted?

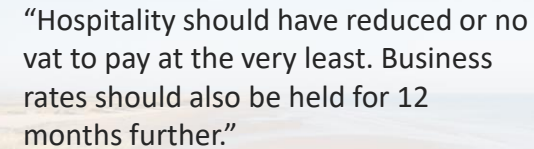
Two key priority areas were highlighted:

### Support with business rates and VAT relieve

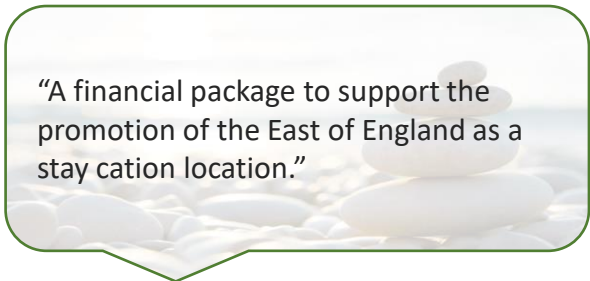
- There is strong support to a reduction in VAT, reduced Business rates for 2021.
- Ongoing grants and tax relief
- Reduce alcohol duty for hospitality - claiming back on tax return
- Free car parking

### Advertising and promotion of tourism

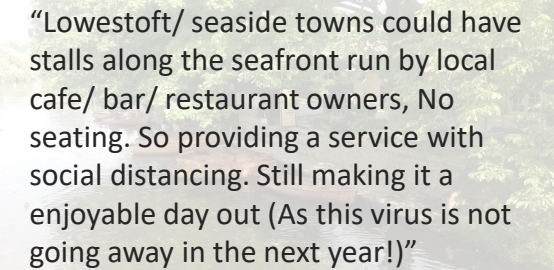
- Support with promoting tourism
- Help with marketing and advertising costs
- Giving consumer confidence it is safe to travel



“Hospitality should have reduced or no vat to pay at the very least. Business rates should also be held for 12 months further.”



“A financial package to support the promotion of the East of England as a stay cation location.”



“Lowestoft/ seaside towns could have stalls along the seafront run by local cafe/ bar/ restaurant owners, No seating. So providing a service with social distancing. Still making it a enjoyable day out (As this virus is not going away in the next year!)”

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delivering results : measuring what matters

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