

Covid-19 – Online Tourism Business Survey

Prepared for: Suffolk partners

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Prepared by:

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Introduction and Methodology and approach

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

Methodology

The results are based on an online survey to businesses in 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 on behalf of Local Authorities in Suffolk.

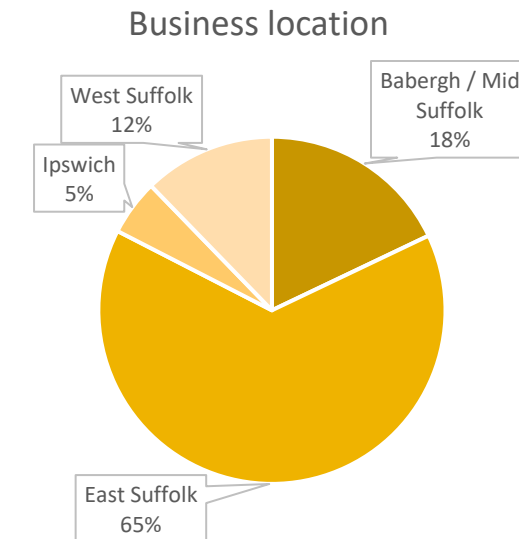
Outputs

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 276 responses.

Outcomes

Ultimately, the research should allow users 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).



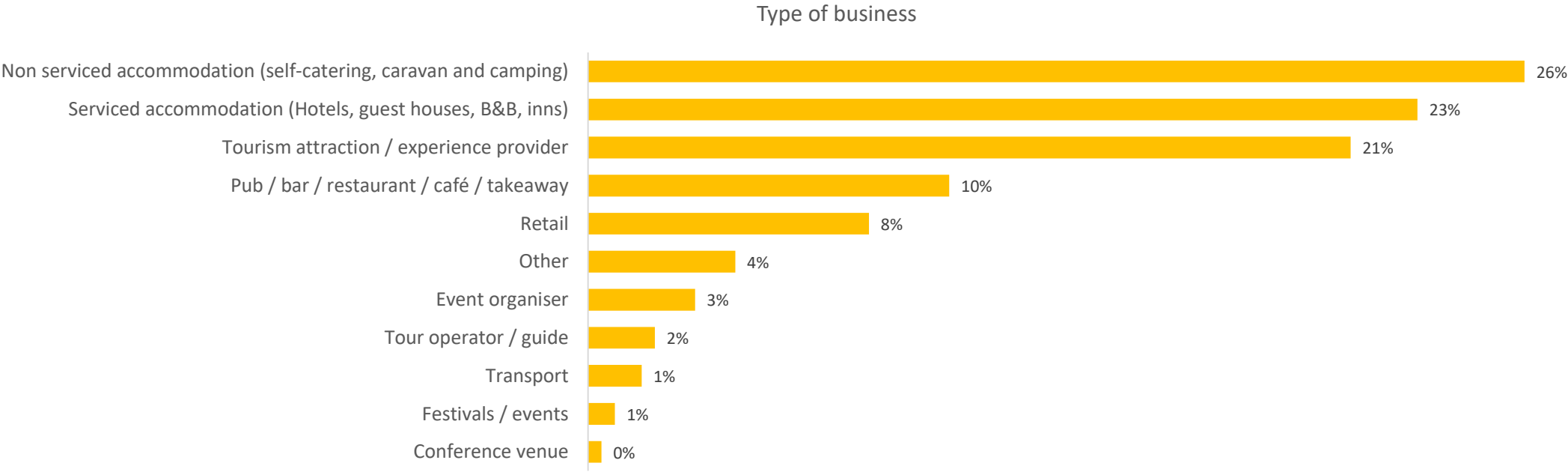
Part I - Business Profile and overall impact of COVID-19

- 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. Almost half furloughed some of their staff. Very few report permanent business closures.



Research Outputs – Business Profile

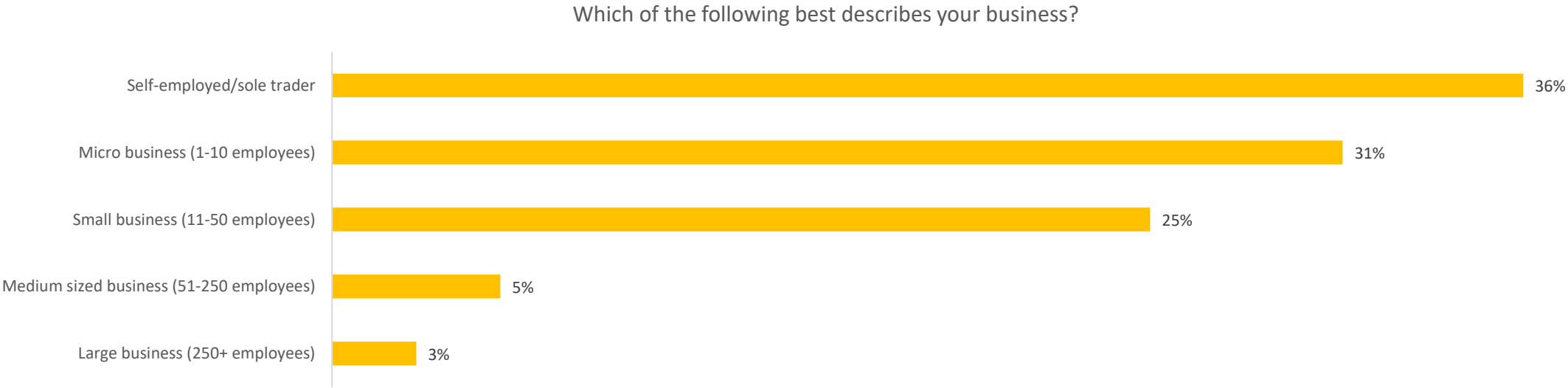
The largest groups of respondents were accommodation providers (non-serviced and serviced) and tourism attractions / experience providers.



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).

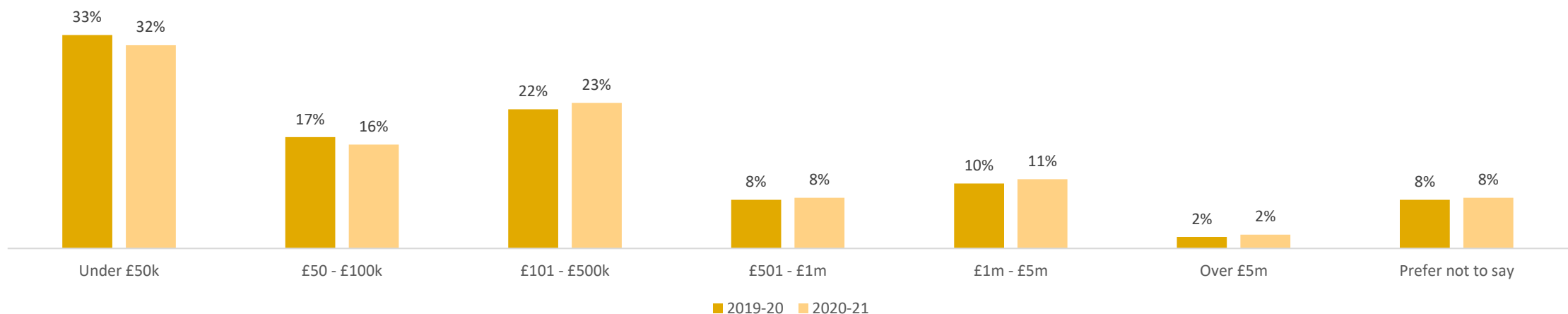


Research Outputs – Business Profile

As you would expect with the large proportion of small businesses taking part in the survey, just under 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 increases in turnover prior to Covid-19.

Company's approximate turnover in 2019-20 and predicted for 2020-21

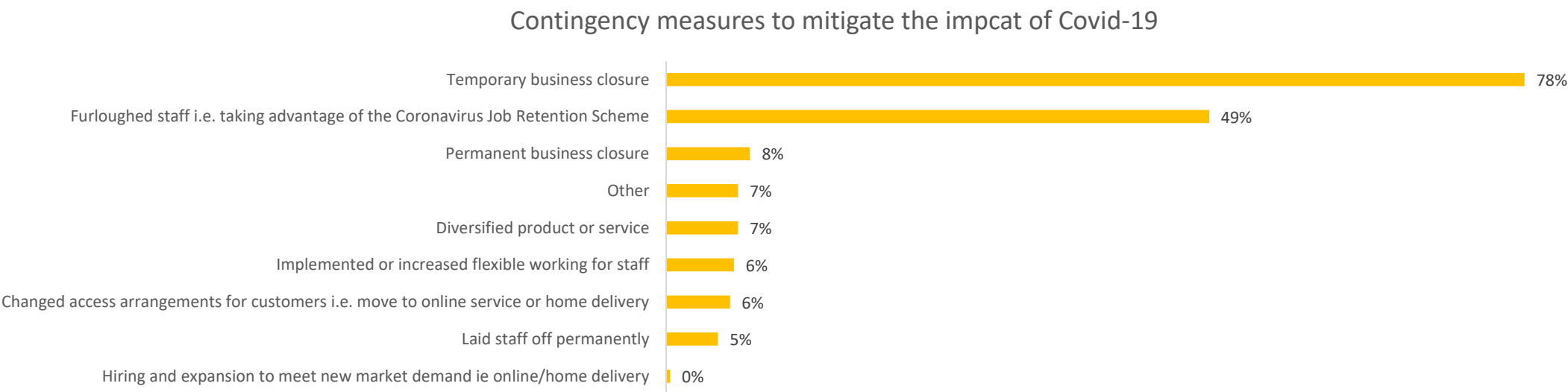


Q: What was your company's approximate turnover last year?
Q: What was your company's projected turnover for 2020-21 prior to Covid-19

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 8% 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.



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

Part II - Staff and employment changes – Key findings

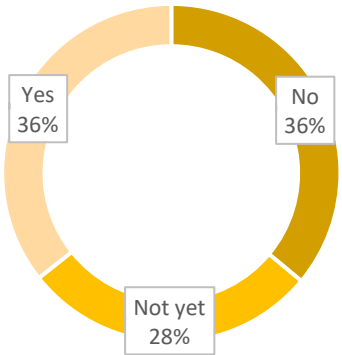
- Just over a third report a decrease in staff numbers due to Covid-19.
- Two in five had to make changes to staffing levels due to the pandemic.
- In most cases staff changes affected 80% of the workforce.



Research Outputs – Staff and employment changes

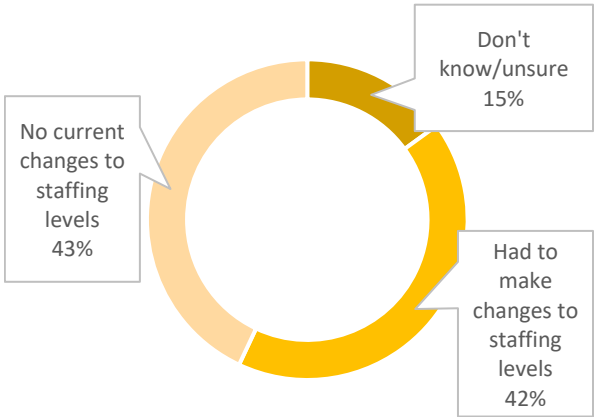
Decrease in staff numbers
because Covid-19

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

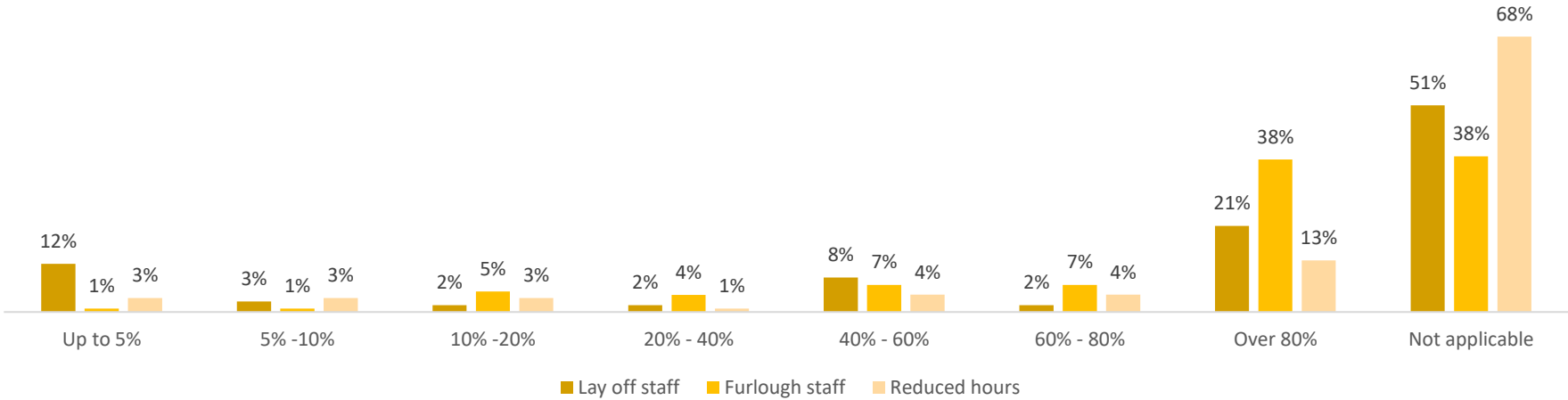


Two in five had to make changes to staffing levels due to the pandemic. In majority of cases staff changes affected 80% of the workforce.

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

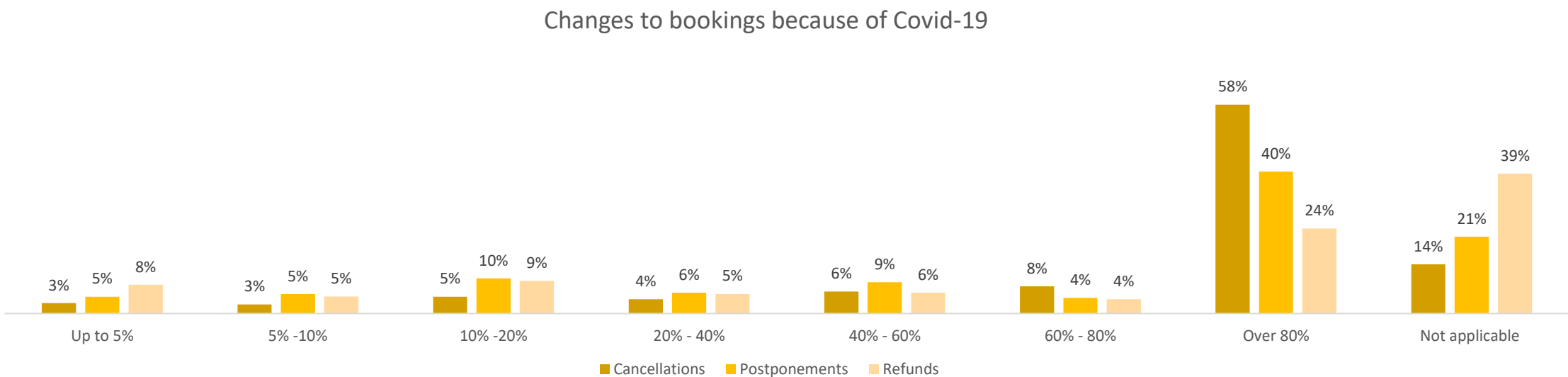
- Over half experienced widespread booking cancellations. A quarter report high levels of requests for refund. A quarter said most of their booking have been postponed to a future date.
- Most changes to bookings stretch up to September 2020 (more than half were for up to June 2020).
- About two thirds quarters report trade losses of up to 80% and for 36% losses are even higher.
- 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 just under two in five are unlikely to survive should restrictions were to stay until the end of the year.
- Should recovery start straight away, half of businesses would need up to 3 months to get back to normal levels of trading, with under 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. A quarter report that most of their customers requested a refund.

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



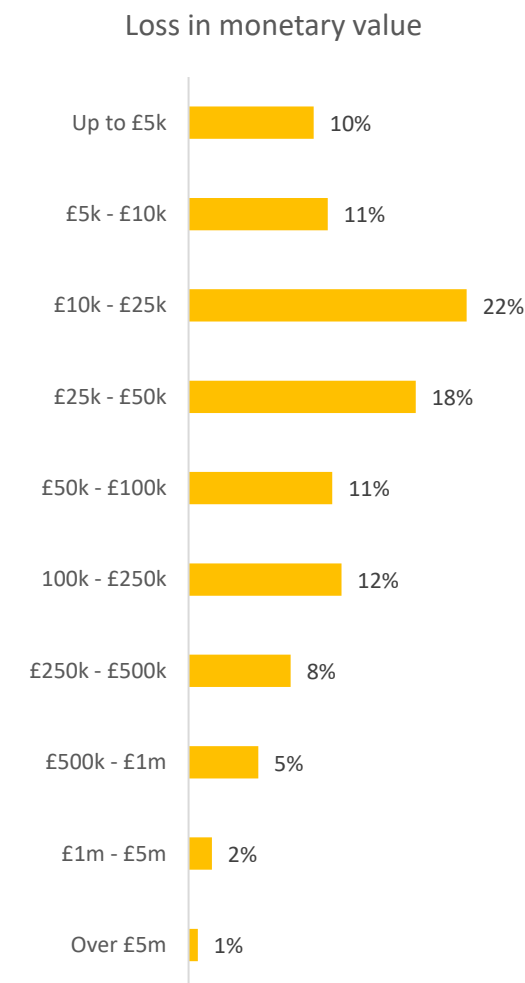
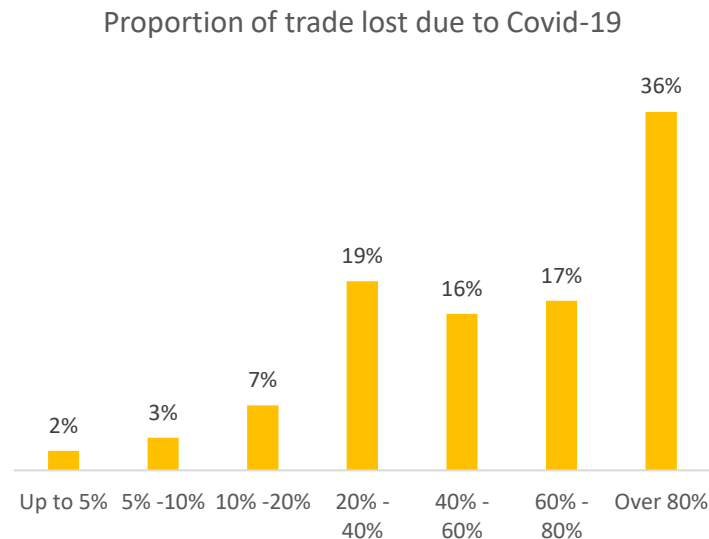
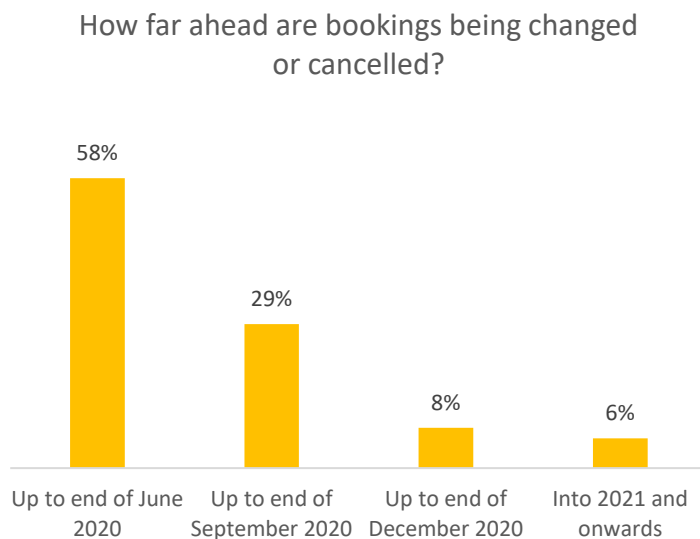
Qs: What percentage of cancellations / postponements / refunds have there been to bookings because of Covid-19?

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).

About two thirds quarters report trade losses of up to 80% and for 36% losses are even higher (+80% of expected trade).

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



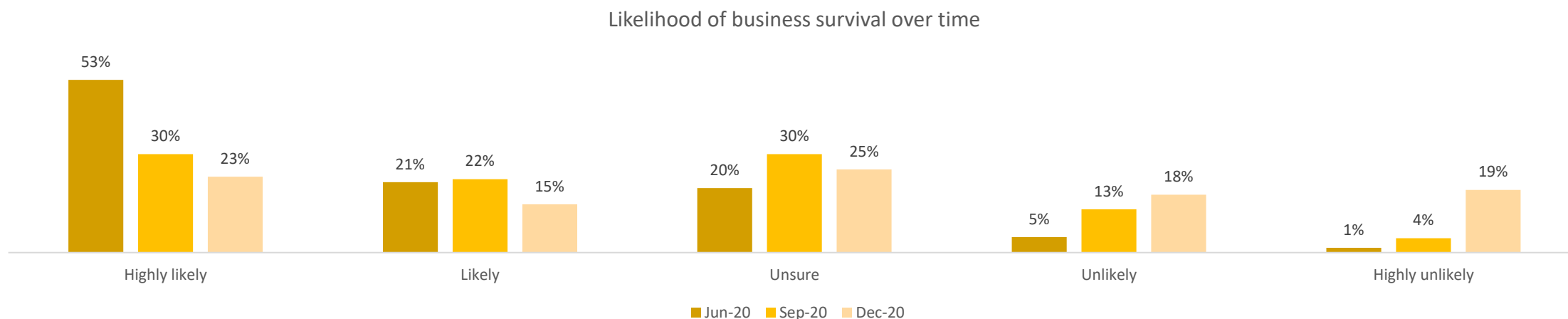
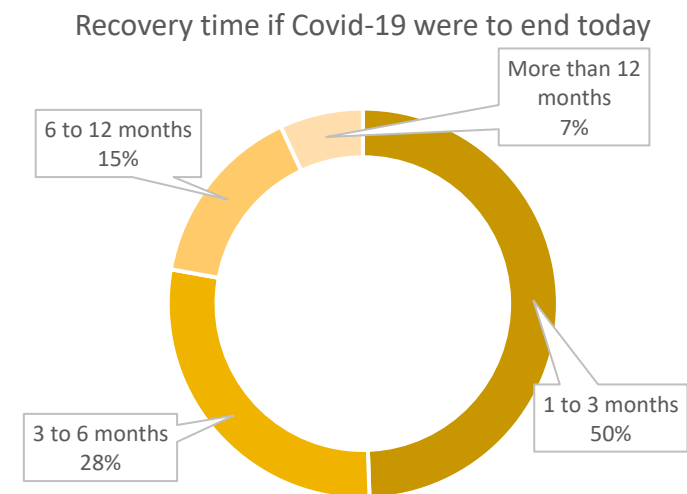
Qs: How far ahead are bookings being changed or cancelled?; Q: What percentage of trade would you say you have lost to date due to Coronavirus?; Q: Approximately how much could this mean in terms of lost turnover?

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 – three quarters are likely to survive.

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

Should recovery start straight away, 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, with just under a quarter requiring between 6 and 12 months or even longer.



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

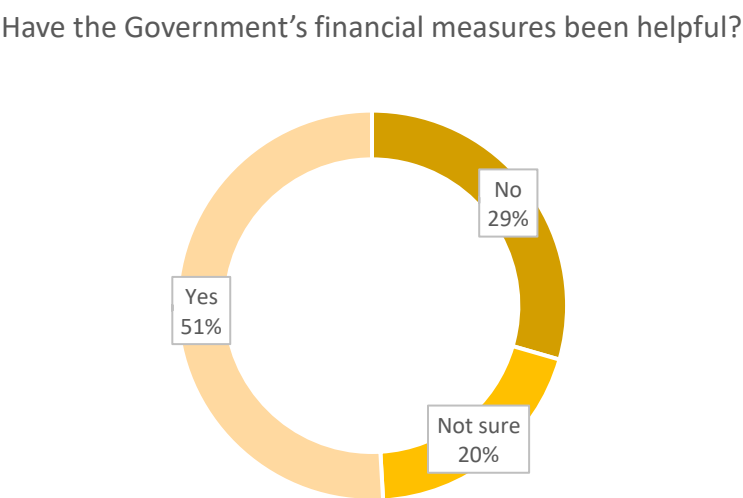
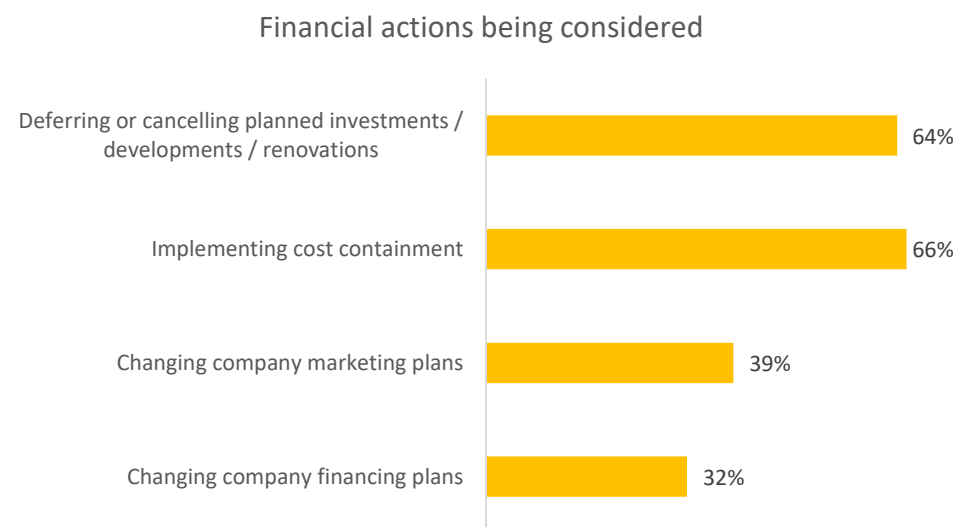
- Significant proportions of businesses have been able to access any of these Government support initiatives (e.g. Small Business Grant Fund and the Job Retention). Four in five felt the support initiatives were OK or better.
- Two in five are expected to survive after the introduction of business rates. However, half are unsure about it.
- Three quarters believe that promoting the area would help build consume confidence. Three in five 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 meant 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.

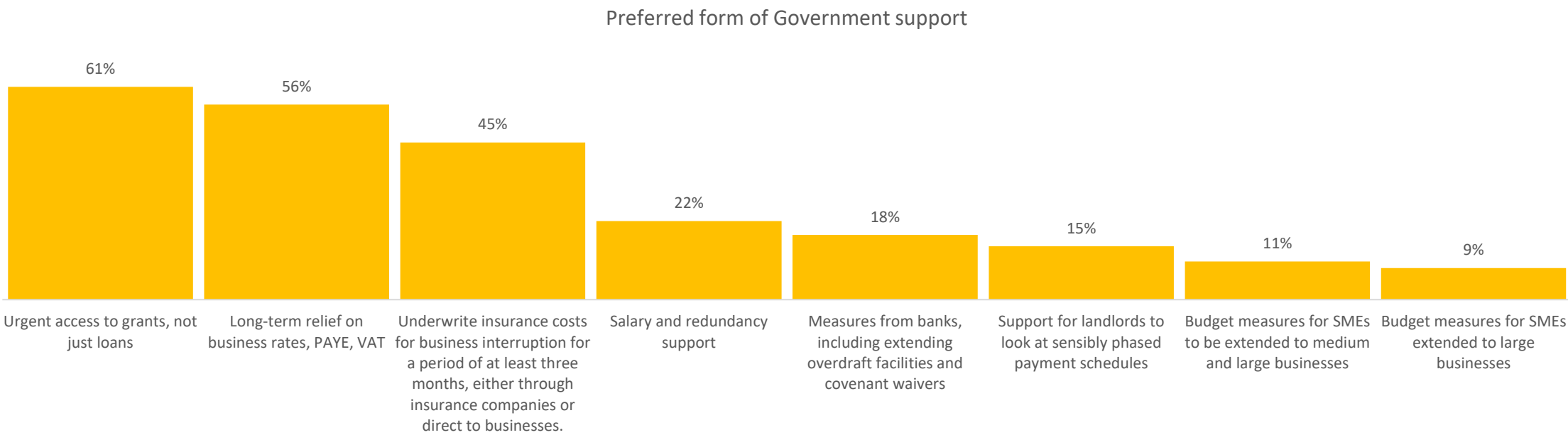


Q: Which of the following financial actions is your company considering as a result of Covid-19? Q: The Government has unveiled a package of financial measures to assist the economy against the Covid-19 impact. Has this helped to reduce any concerns you had about the future of your business and the visitor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

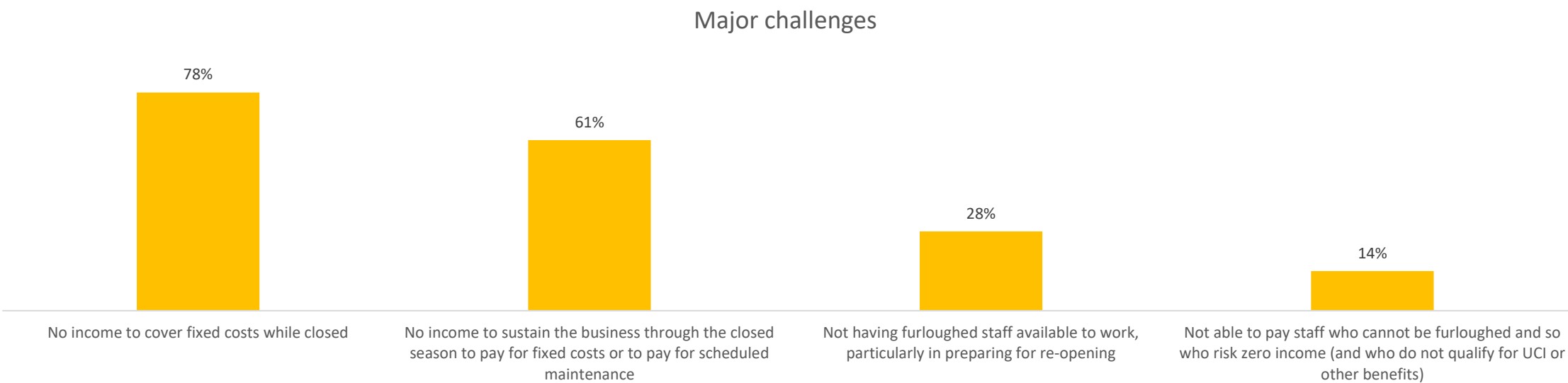
Going forward, it will be beneficial for furloughed staff to be able to work in assisting preparing your business for recovery.



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.

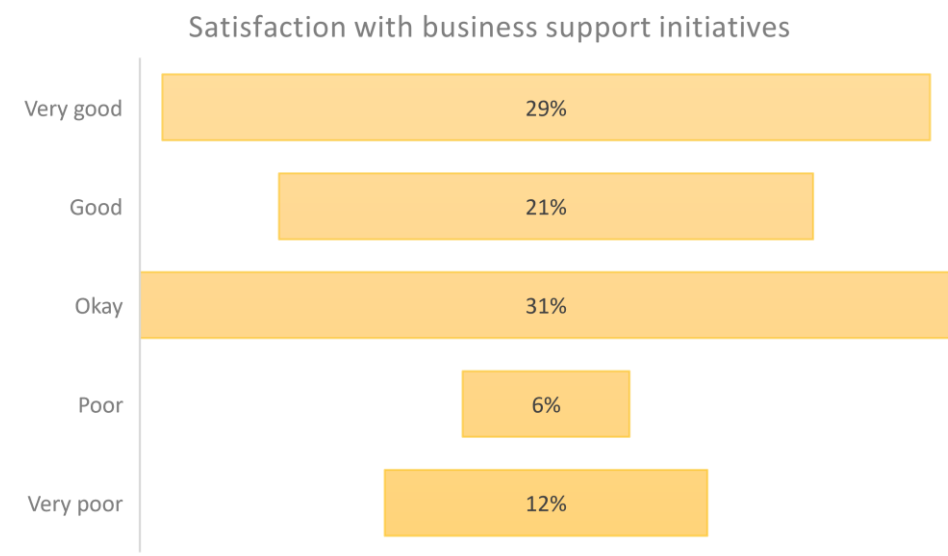
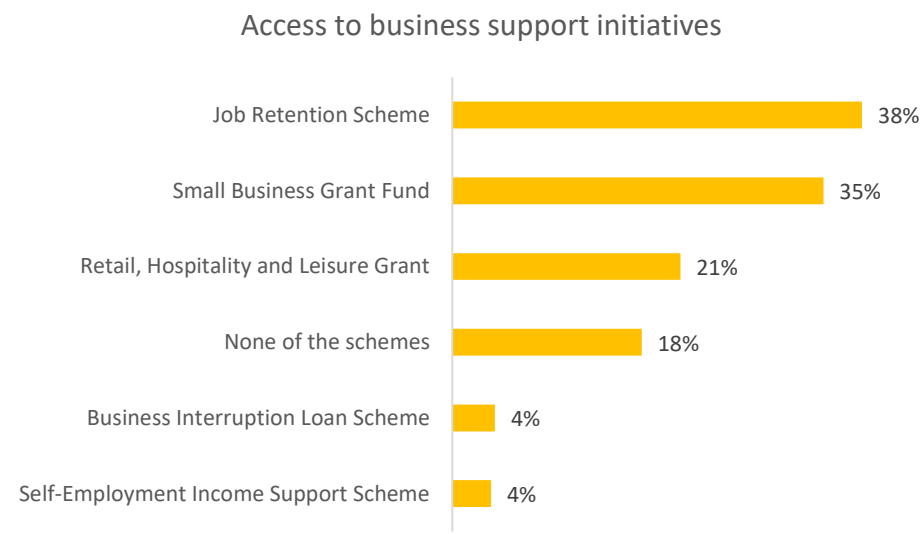


Q: What are your major challenges short term and longer term?; Q: Have you been able to access any of these Government support initiatives?

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 35% of businesses respectively). Almost two in five applied for the Retail, Hospitality and Leisure Grant.

Four in five felt the support initiatives were OK (31%) or better (50%), 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 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

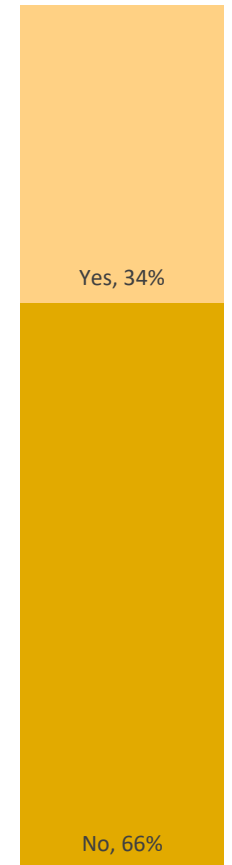
Social and community initiatives

- 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

Examples of innovation

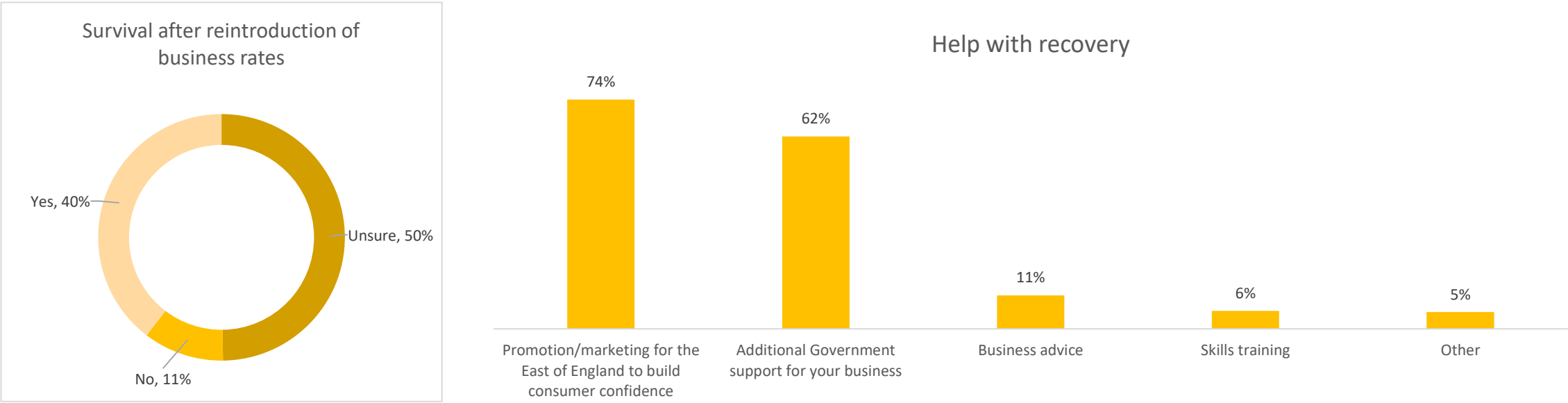


Q: Have you come across examples of people working together to innovate which has had a positive impact?

Research Outputs – Business management and support

Two in five are expected to survive after the introduction of business rates. However, half are unsure about it.

Three quarters believe that promoting the area would help build consume confidence. About three in five would also welcome additional government support for their business.

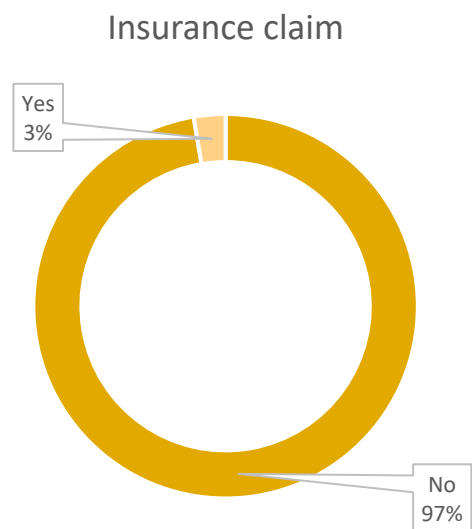


Q: If business rates are reintroduced after 12 months will you be able to survive? Q: We are currently planning for when normal life resumes. What would help your business and help recovery?

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.



"Rejected by Hiscox. Possible Group Court action."

"They are not recognising our claim it's bound up in insurers jargon"

"Only for a small amount of bookings in the lockdown period but not all."

A bit that helps but not all cancelled bookings. and nothing for lost revenue due to business interruptions due to the government's restrictions on guests being able to travel."



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

"Change opening times, reducing membership charges."

"Offering discounts and promotions of circa 30% to get trade back post crisis."

"Contactless collection service. Discounts don't significantly change customer habit. New offerings, well promoted, are being planned (subject to unlock)."

"I am currently building a new website taking my business onto an e-commerce site."



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

“If the restrictions are not lifted in June enabling us to welcome guests back in June we will run out of money.

Ideally we need a further non-repayable cash grant of at least £20,000 (and more if the restrictions go beyond June) as we are unlikely to be able to fund interest repayments for a CIBLs loan as we are not profitable enough.”

“Get rid of VAT for hotels. That would make a massive difference. How can it be that it is cheaper to own and run a hotel in socialist FRANCE than it is in the UK with a right wing government for 15 years.

We have the second highest VAT rate in Europe. The average in Europe is 10% for hotels. It's madness and a barrier/hurdle to expansion and growth.”



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.

“This would work fine for us as we are fully self catering, we only have 4 lodges enabling a total of 16 adults on site at any one time.

All our lodges are generously spaced apart (allowing for easy social distancing between parties of guests), we have no shared/communal facilities on site and we are set in a rural, isolated location.”

“As I am self-catered it would have less of an impact however if people coming to stay can not do the things in the area that they are wanting to do due to the staggered reopening then there would be no reason for them to visit Newmarket, thus they wouldn't need accommodation.”

“Probably, good! It would allow us to work on retaining custom from new offerings, whilst rebuilding previous custom; slowly, as a stampede would be problematic.”

“Our tours mostly include some form of refreshment so we would be limited if cafes and restaurants could not open at the same time as our tours.”

(Tourism attraction) “I am not sure how we can effectively socially distance with what we do, We will have to try by reducing capacity and stagger bookings”

“I anticipate significant problems with existing bookings if we are allowed to be open for visitors but some sections of society, e.g. the over-70s, are told not to travel.”



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

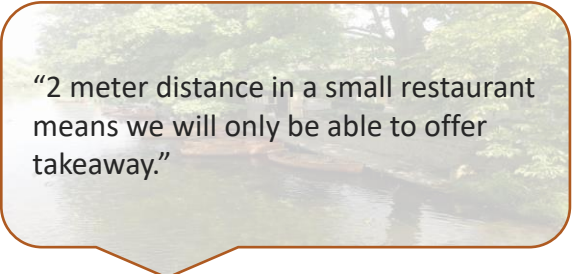
- Staff confidence in coming back to being with general public
- Need for ongoing deep cleaning of facilities (additional financial burden)
- Advice on cleaning protocols - Housekeeping, laundry and cleaning with minimum risk of possible infection.

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

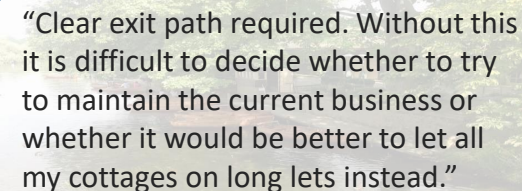
- A support package for the year ahead to reduce financial struggle.
- Having enough money to pay the bills and fixed costs before reopening.



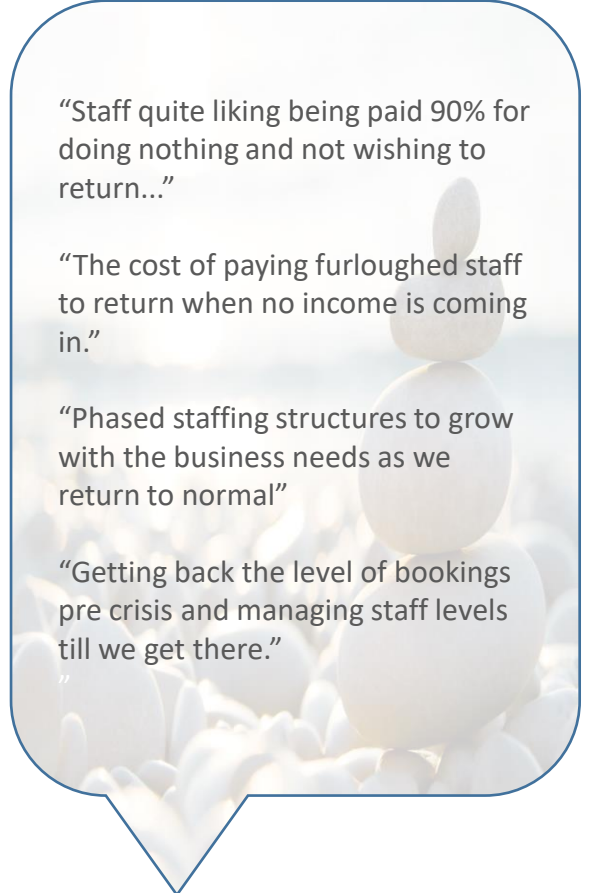
"2 meter distance in a small restaurant means we will only be able to offer takeaway."



"How to operate large events or weddings"



"Clear exit path required. Without this it is difficult to decide whether to try to maintain the current business or whether it would be better to let all my cottages on long lets instead."



"Staff quite liking being paid 90% for doing nothing and not wishing to return..."

"The cost of paying furloughed staff to return when no income is coming in."

"Phased staffing structures to grow with the business needs as we return to normal"

"Getting back the level of bookings pre crisis and managing staff levels till we get there."



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)

“Grants for remarketing of the sector post Covid.”

“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.”

(Tour operator): “There has never been a greater need for VB/VE to pull together and work with DMOs to assist the sector's recovery.

This is an excellent PR opportunity to raise the profile and demonstrate the support that can be offered.

Bizarrely, in the longer term, we may see individual tourism business once again value their DMOs and further partnership working can only lead to a stronger economy and a quicker recovery.

However, DMOs require the funds to be able to put new joint initiatives in place”



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

“Tourism must be actively encouraged as soon as it is safe to do so to mitigate the anti-tourist sentiment which has been circulating unchallenged on social media.”

“To be supplied with a commercial amount of hand sanitizer and anti-bacterial cleaning products for customers to use.”

“Action with the insurance industry and it's failure to perform during this crisis.”

“Action with Banks at their failure to make finance available to viable, profitable businesses”

“Banks are not very helpful with our type of businesses. Access to cheap loans/credit would be helpful so that businesses could refinance and get rid of high interest loans/credit.

Also commercial mortgage interest rates are ruinously high and difficult to switch.”



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

“Remove VAT on holidays to make us cheaper and encourage more people to holiday in UK.”

“Promotion of British countryside. Discounts for rail travel to access countryside.

Tax breaks for the industry. Vat exemption for renovation of old property.”

“Remove or reduce VAT for tourist accommodation and remove business rates. It is a particular problem for the self-catering sector because larger, professionally-operated places like mine are VAT-registered but we compete against individually-owned single cottages which are not VAT-registered and are sometimes poorly-run (lacking required public liability insurance etc).”



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