

Covid-19 – Online Tourism Business Survey

Prepared for: Visit East of England

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Prepared by:



On behalf of:

VISIT EAST OF ENGLAND

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 of England.

Methodology

The results are based on an online survey to businesses in the region, 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 Visit East of England.

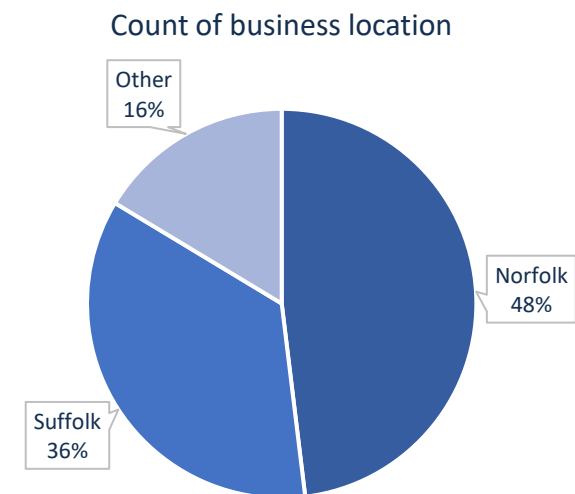
Outputs

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 776 responses.

Outcomes

Ultimately, the research should allow Visit East of England 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).



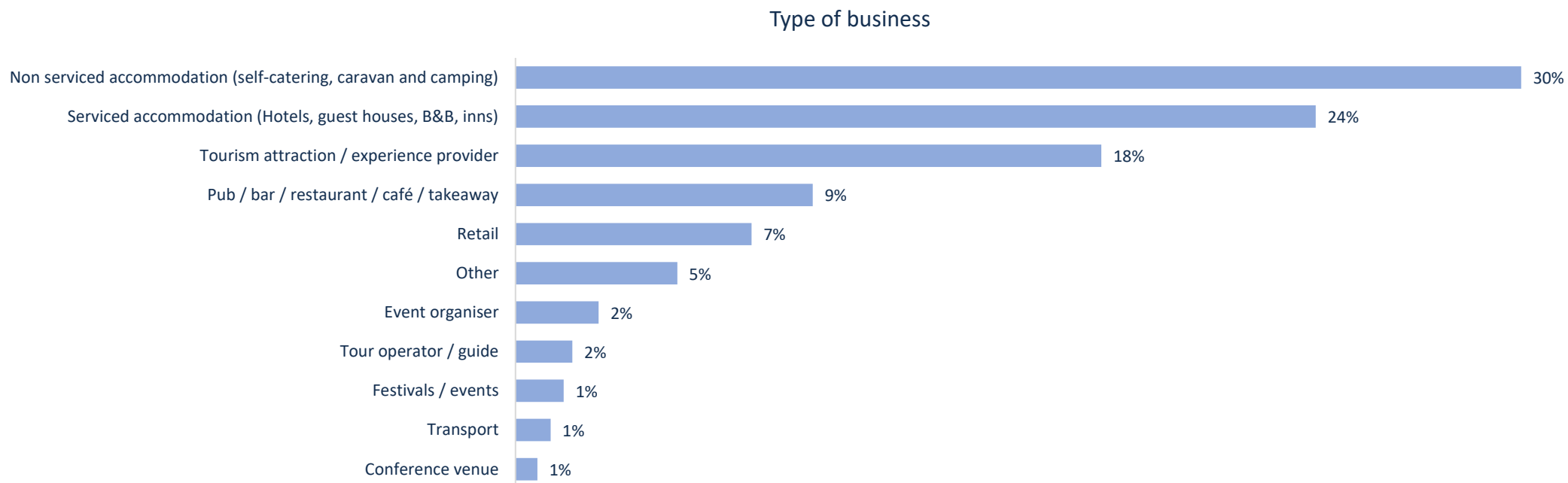
Part I - Business Profile and overall impact of COVID-19

- 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.



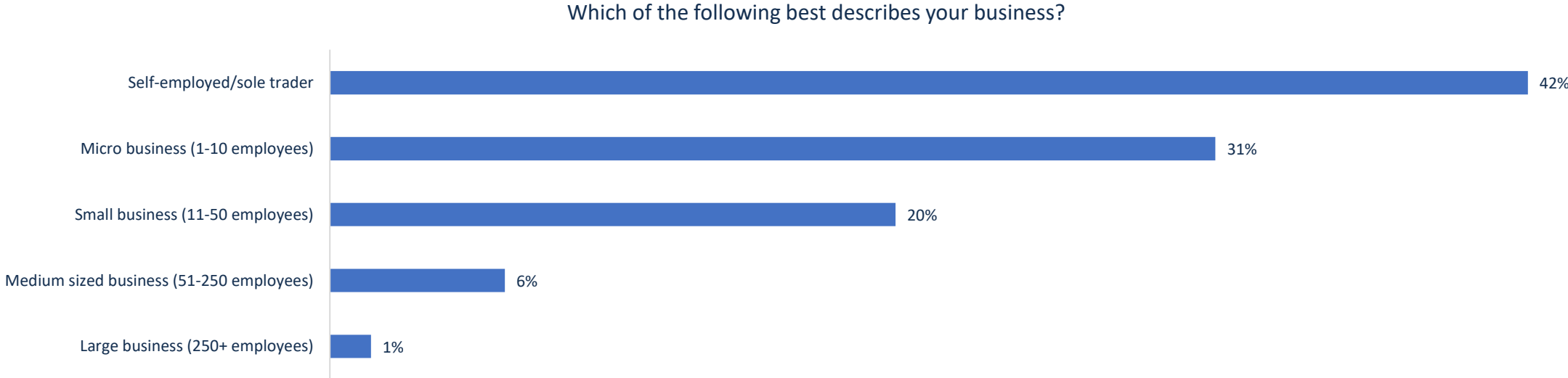
Research Outputs – Business Profile

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



Research Outputs – Business Profile

Self employed, sole traders and micro businesses (between 1 and 10 employees) account for three quarters of all respondents.

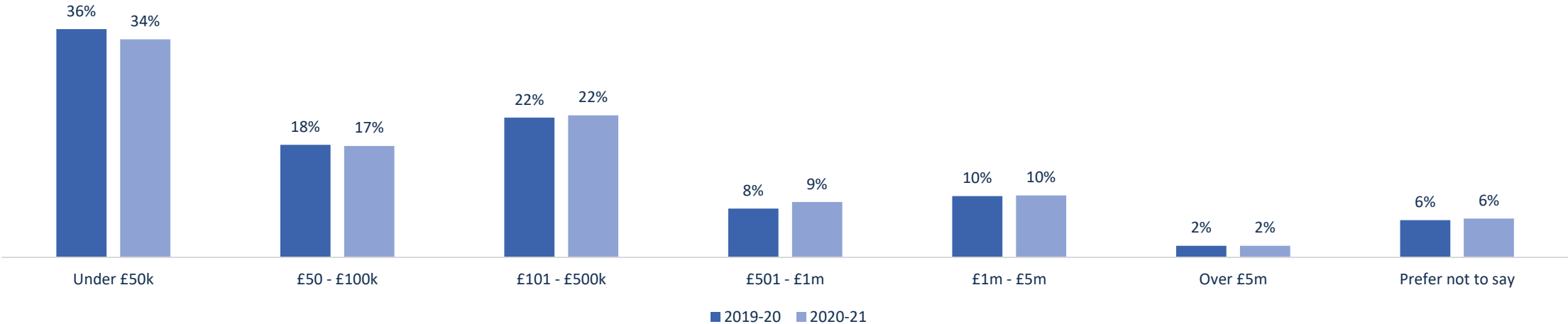


Research Outputs – Business Profile

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.

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



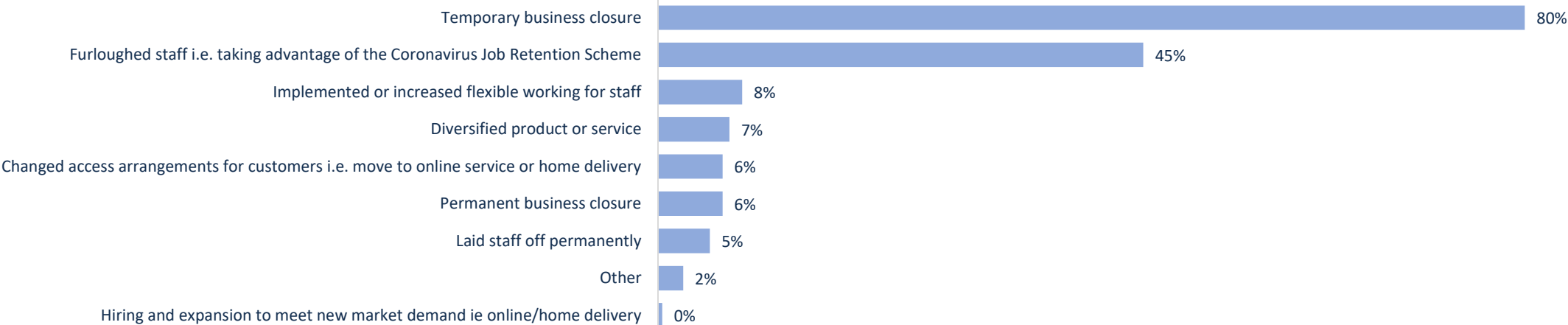
Q: What was your company’s approximate turnover last year? (Sample: 773)
Q: What was your company’s projected turnover for 2020-21 prior to Covid-19 (Sample: 773)

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? (Sample: 776)

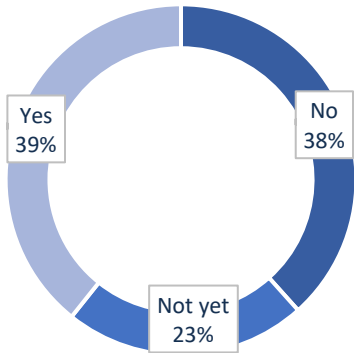
Part II - Staff and employment changes – Key findings

- Two in five report a decrease in staff numbers due to Covid-19.
- Similar proportions 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

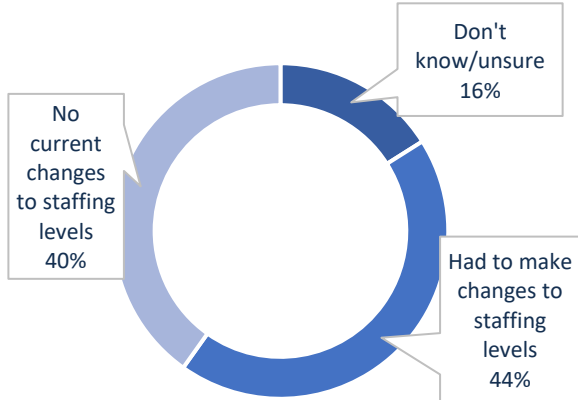
Decrease in staff numbers because Covid-19



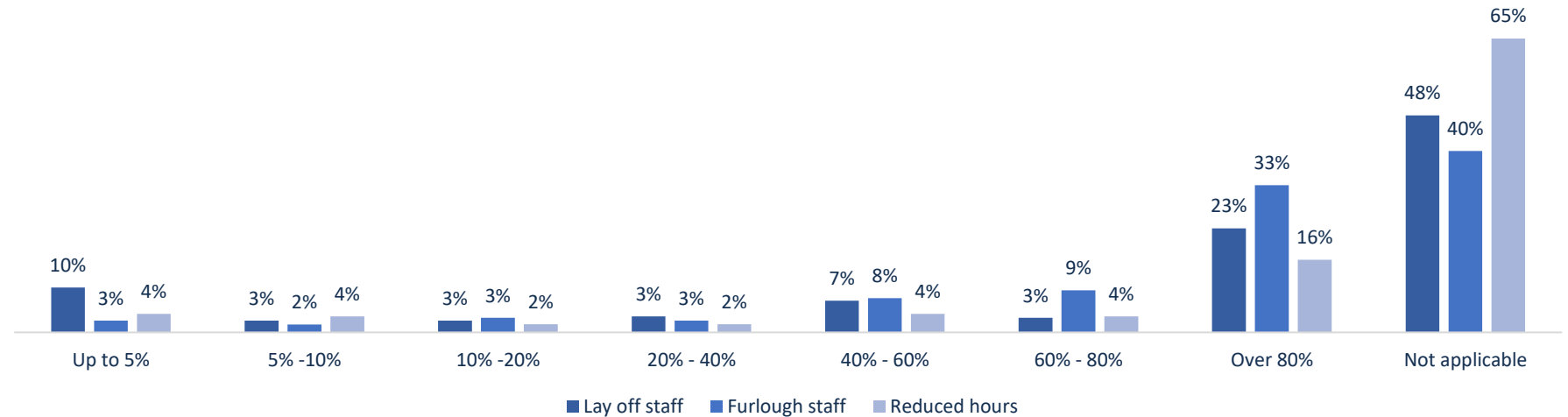
Two in five report a decrease in staff numbers due to Covid-19

Similar proportions 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? (Sample: 769); Q: Have you had to decrease you staff because of Covid 19? (Sample: 769); 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? (Sample: 343)

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).
- About half 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.

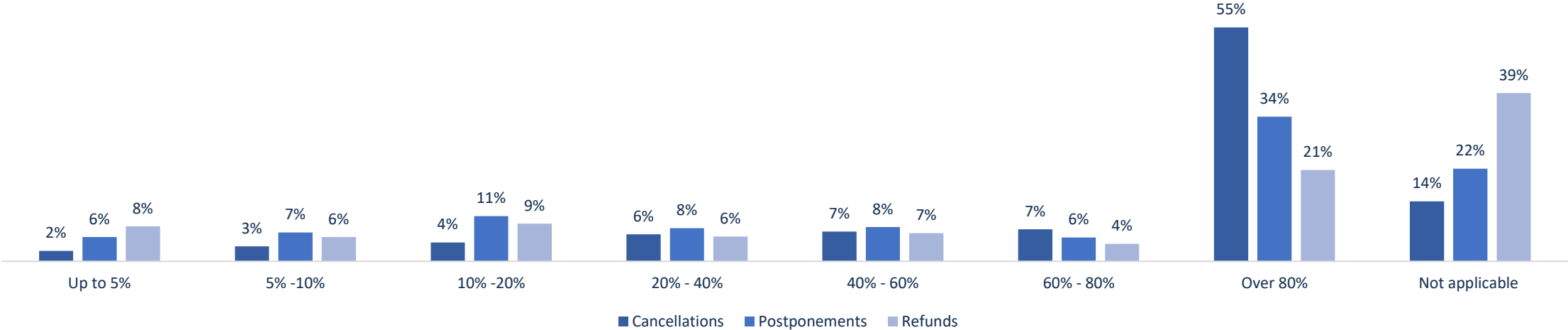


Research Outputs – Impact on bookings and performance

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



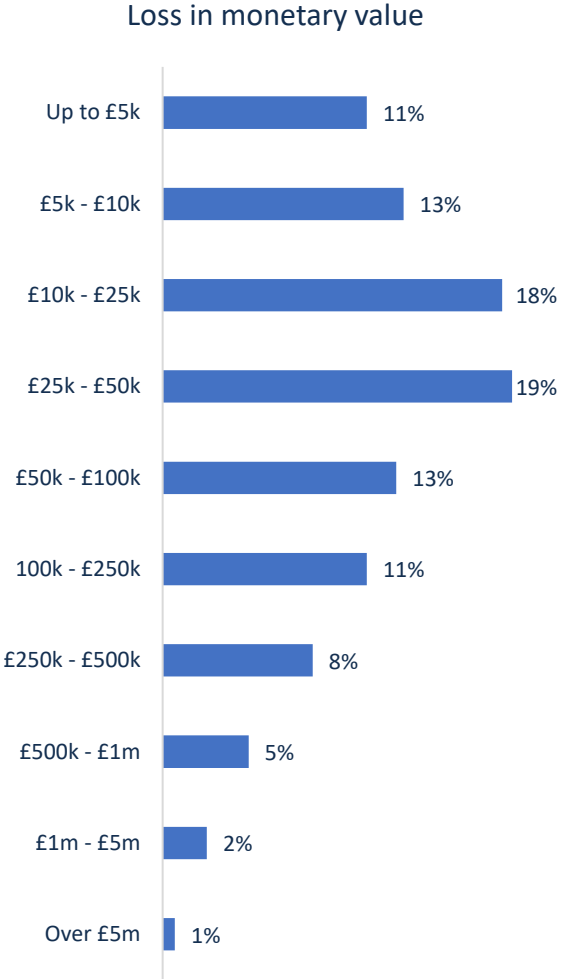
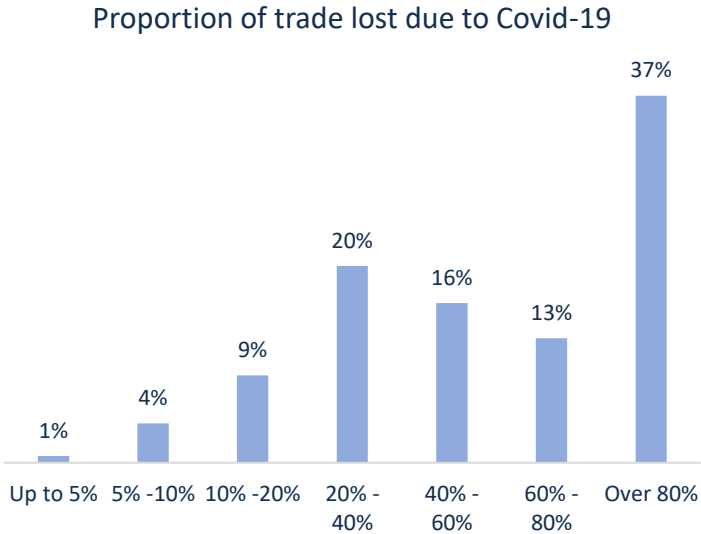
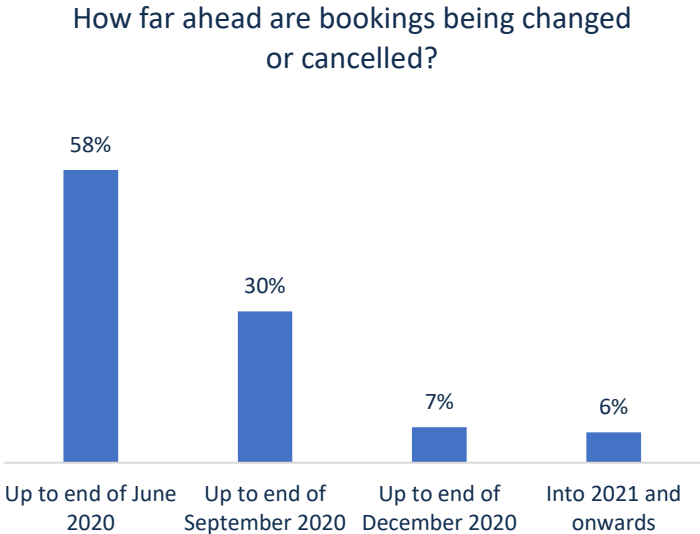
Qs: What percentage of cancellations / postponements / refunds have there been to bookings because of Covid-19? (Sample: 775/773/772)

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 half report trade losses of up to 80% and for 37% 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? (Sample: 775/773/772)

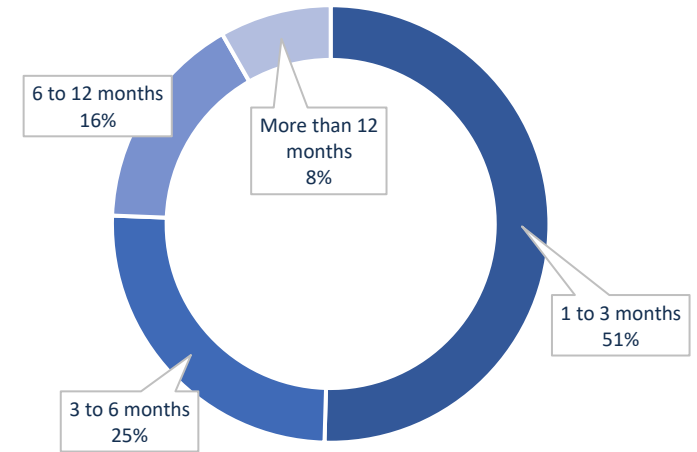
Research Outputs – Impact on bookings and performance

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.

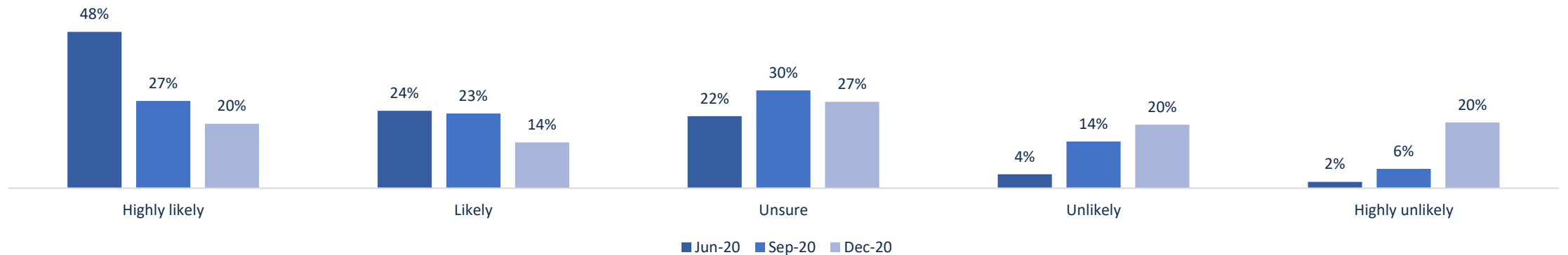
But two in five are unlikely to survive should restrictions were to stay until the end of the year.

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. (Sample: 774/773/769) 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? (Sample: 775)



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 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). Three quarters felt the support initiatives were OK or better.
- Just over a third expect to survive after the introduction of business rates. However, over half are unsure about it.
- Three quarters 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.

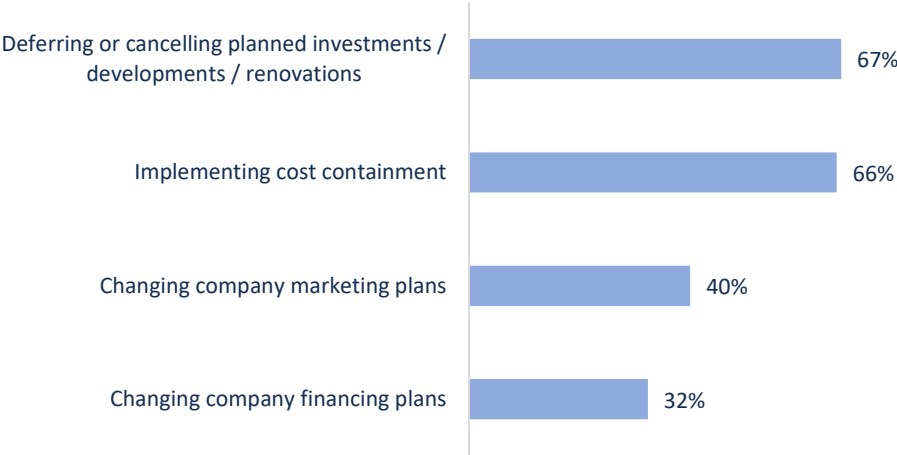


Research Outputs – Business management and support

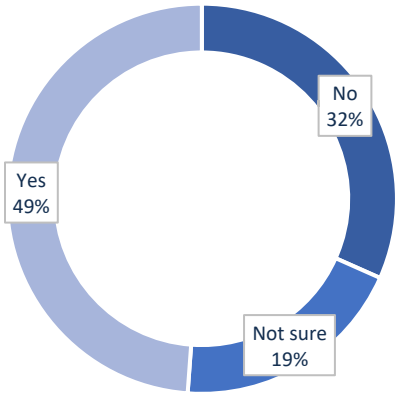
For two thirds of business, an immediate effect of Covid-19 has been deferring or cancelling planned investments, developments and renovations. Similarly, two thirds are reducing expense levels to prevent unnecessary spending.

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?

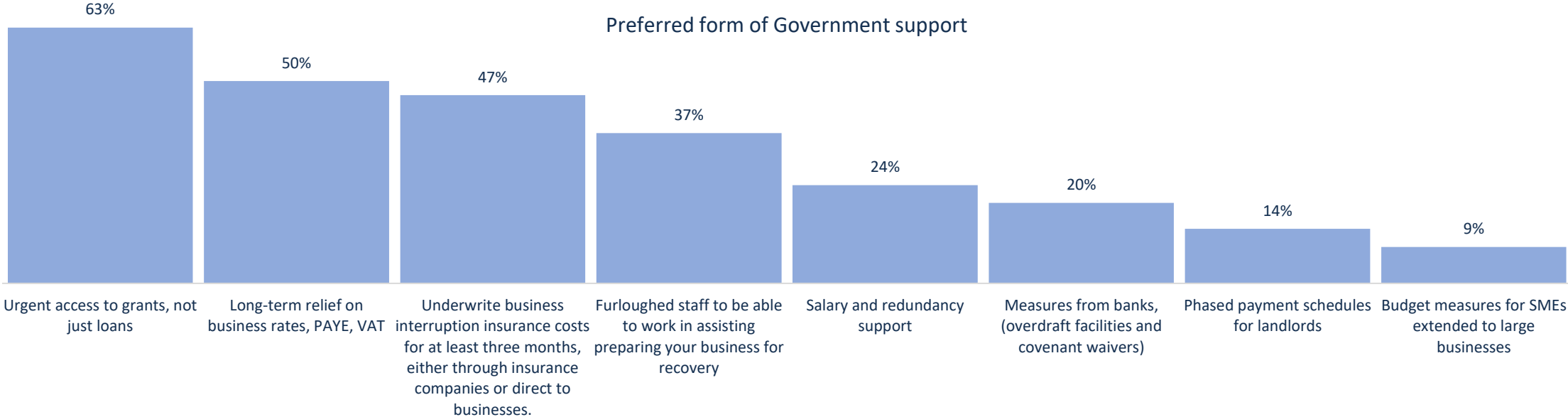


Q: Which of the following financial actions is your company considering as a result of Covid-19? (Sample: 775)
Q: The Government has unveiled a package of financial measures to assist the economy against the Covid-19 impact. Has this helped to reduce any concerns you had about the future of your business and the visitor economy? (Sample: 774)

Research Outputs – Business management and support

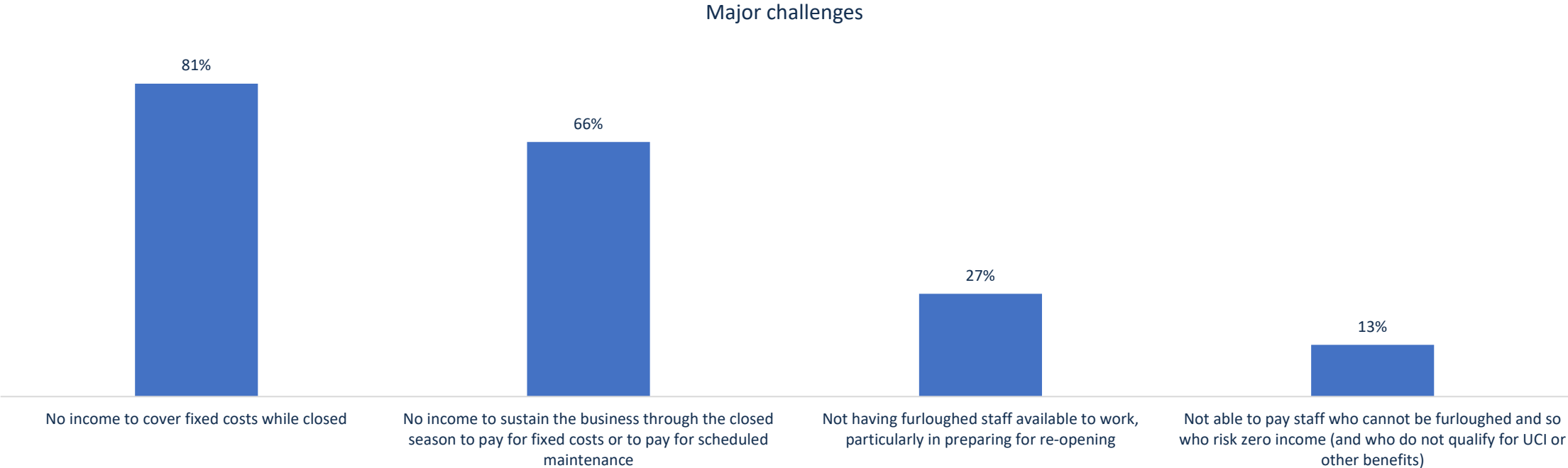
Above all, businesses require Government support in order to access to grants, not just loans. About half would welcome long-term relief on business rates, PAYE and VAT. Similar proportions believe it is crucial that Government underwrites insurance costs for business interruption for a period of at 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.



Research Outputs – Business management and support

The lack of income due to temporary closure means that 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.



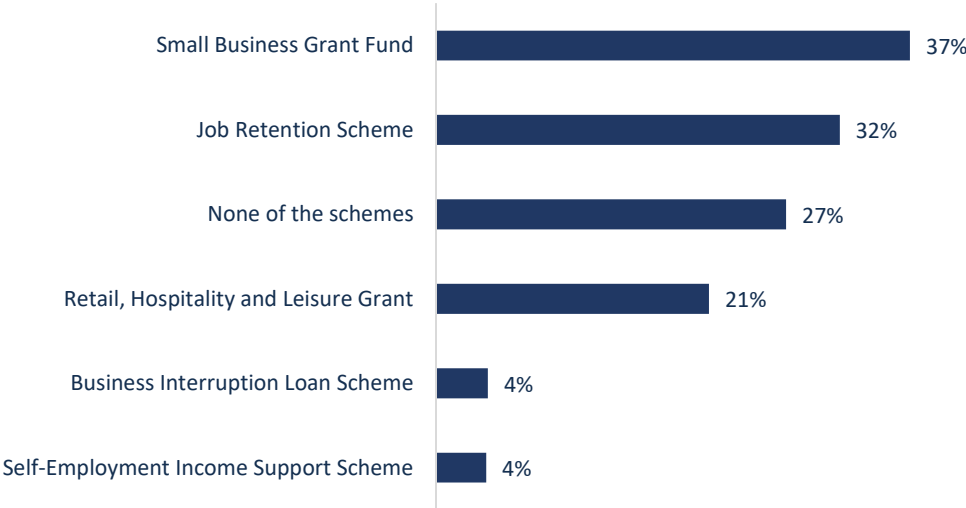
Q: What are your major challenges short term and longer term? (Sample: 755); Q: Have you been able to access any of these Government support initiatives? (Sample: 764)

Research Outputs – Business management and support

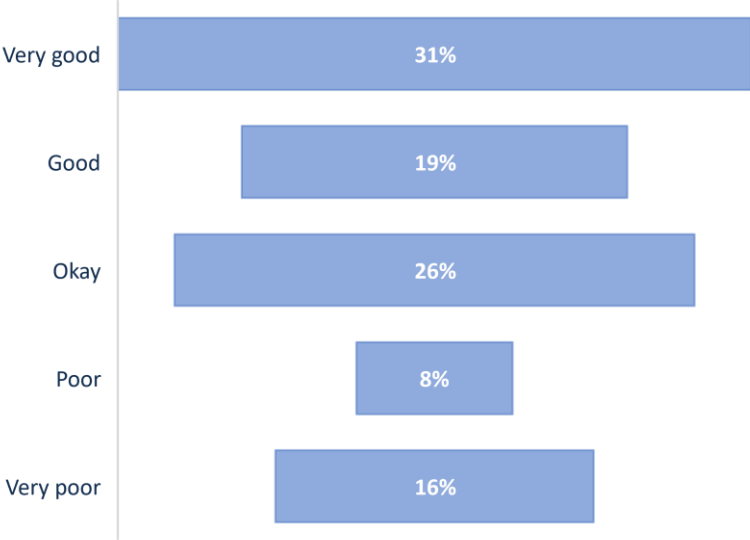
Significant proportions of businesses have been able to access any of these Government support initiatives. The most popular initiatives were the Small Business Grant Fund and the Job Retention Scheme (accessed by 37% and 32% of businesses respectively). Two in five applied for the Retail, Hospitality and Leisure Grant.

Three quarters felt the support initiatives were OK (26%) 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.

Access to business support initiatives



Satisfaction with business support initiatives



Q: Have you been able to access any of these Government support initiatives? (Sample 764); Q: If you have accessed any of the support packages what has been your experience of the process. (Sample: 762)

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 through farm shop

Examples of innovation

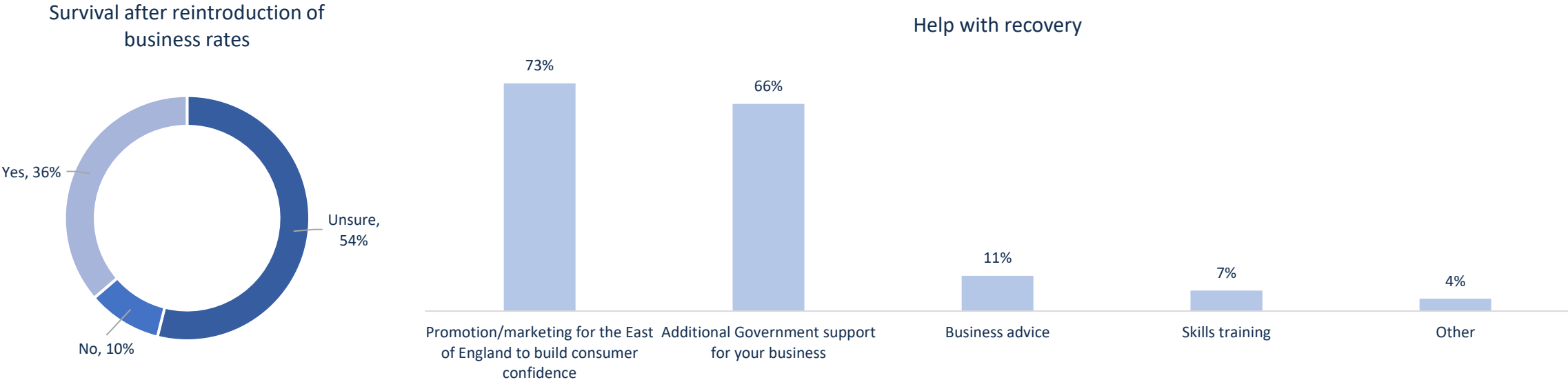


*Q: Have you come across examples of people working together to innovate which has had a positive impact?
(Sample: 762)*

Research Outputs – Business management and support

Just over a third are expected to survive after the introduction of business rates. However, over half are unsure about it.

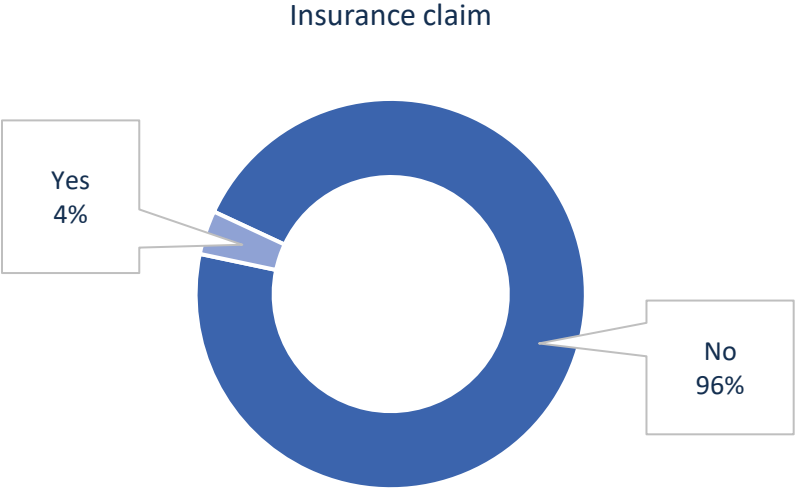
The quarters believe that promoting the area would help build consume confidence. Two thirds would also welcome additional government support for their business.



Q: If business rates are reintroduced after 12 months will you be able to survive? (Sample: 759)
Q: We are currently planning for when normal life resumes. What would help your business and help recovery? (Sample: 763)

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.



“Very hard going as being told my specialist Cover which included "notifiable human diseases" is not being covered.”

“We need them to force the hand of the insurance companies, they are wriggling out of paying for business interruption claims due to small technicalities....and this is a necessary payment - for insurances that we thought we had covered!”



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!”

“Yes. We are considering how to reduce the fixed cost base of our business going forwards. We will also have to try and extend the season to try and make back some of our losses.”

“Switching to online advance bookings to ensure manageable visitor volumes to help social distancing. Moving to self service catering to enable faster turnround and fewer tables.”



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

“No business rates for 3 years. Grants for 3 years. Breaks on PAYE. I believe that people will be reluctant to book anything ahead of time after this, and it will take some time to recover.”

“We need long term relief on taxes (VAT, beer duty, PAYE) & rates. Financial support for loss of income and cost of raw materials/goods wasted”

Removing tourism from the scope of VAT. More flexibility in the furlough scheme. Lighter touch planning regime.

“Depends on how long social distancing is continued. Promotion of UK holidays and UK travel essential.”

“Further grants to enable extra marketing + price incentives”



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.

“Secondary spend is critical, especially where booking values are influenced by heavy discounting.”

(Self catering provider) “With no facilities available it would have a severe impact on attracting holidaymakers.”

“Depends on how staggered. Holiday cottages that can offer social distancing but with no where to eat and drink may not be offering people the holiday they want.

Also cause unrest in the local community with people coming to the area.”

“People unlikely to come if they can't enjoy the full experience”

(Retail operator) “A big impact, it would not be worth us re-opening, in our business we cannot keep social distancing as we have to serve our customers.”

(Tourism attraction) “Challenging, result in reduced revenue and possibly increased staffing costs due to managing social distancing/additional cleaning. Maybe remove VAT for this staggered opening period?”

(Tourism attraction) “It will seriously limit our earning capacity but allow us to get some visibility and level of trade going. This would only work if the furlough scheme, or support financially to make redundancies, was prolonged as permanent staffing levels are based upon significantly reduced high season activity.”

“We are a rural glampsite with 18 acres and only 2 units so could easily open with social distancing measures in place, it's the ideal place to come for that.”



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.

“Public confidence and willingness to travel will be at an all-time low.”

“Public not feeling confident to travel and locals who are wary that visitors carry the virus being unwelcoming.”

Hope the cleaning and maintenance companies we use are still operational

“We will not be able to pay our staff straight away. They need to be allowed to work on furlough.”

“If social and business restrictions in place, primarily will people still come due to fear?

Will there be enough trade to justify sufficient staffing levels to operate. Will we have any money to buy stock to trade with?

Will there be sufficient supply of stock for everyone to trade?

Will we need to increase prices of everything?

“It is likely to take maybe 8 to 12 months to build up to pre CV19 booking levels, operating at marginal profit levels”



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)

“A realisation of the importance of tourism to the UK economy by politicians, who have in the past failed to properly consider the value.”

“Marketing of region boosted and linked in better with our little section of the leisure industry (attractions).”

“Good quality more innovative marketing. Not just usual.”

“All Tourism Platforms in the East getting behind”

“Put Norfolk on the map like the lake district & Cornwall”

(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

“Understanding whether my neighbours are infected with covid19 and then possibly in a situation to pass to my guests.

How to deal with guests who fall ill with covid19 during their stay.

Requirements on incoming and departing guests to inform about their own health state prior and after their stay..”

“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

“Giving a VAT holiday to these business, so that they can charge the same amount but not give 20% to the government until back on their feet.”

“Two additional bank holidays to replace the ones lost through the lock-down.”

“We need to ensure our areas are top of mind and as always this will need marketing money which traditionally is always in short supply for Norfolk compared to places like Cornwall & Yorkshire”



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