

Covid-19 – Online Tourism Business Survey Wave 2

Prepared for: Visit East of England

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Prepared by:



On behalf of:

VISIT EAST OF ENGLAND

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Introduction and Methodology and approach

The second Visit East of England's Tourism Business Covid-19 Survey, supported by local Destination Marketing Organisations and local authorities, evaluates the 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.

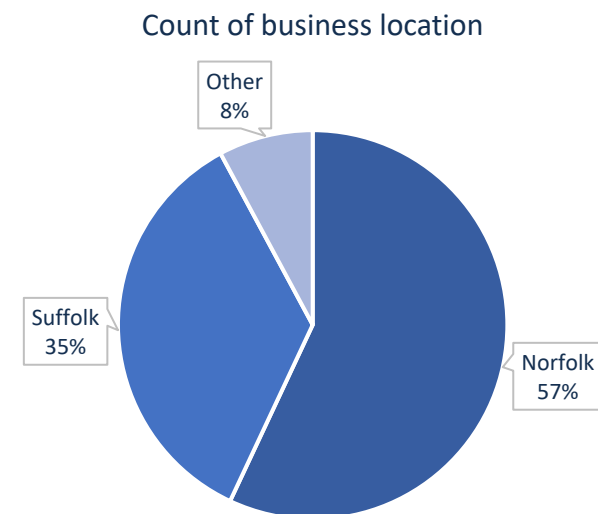
Outputs

This report reflects on the very latest industry sentiment across the region. This second report includes a summary of immediate reactions as well as longer term recovery plan actions. This report is based on a sample of 344 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).



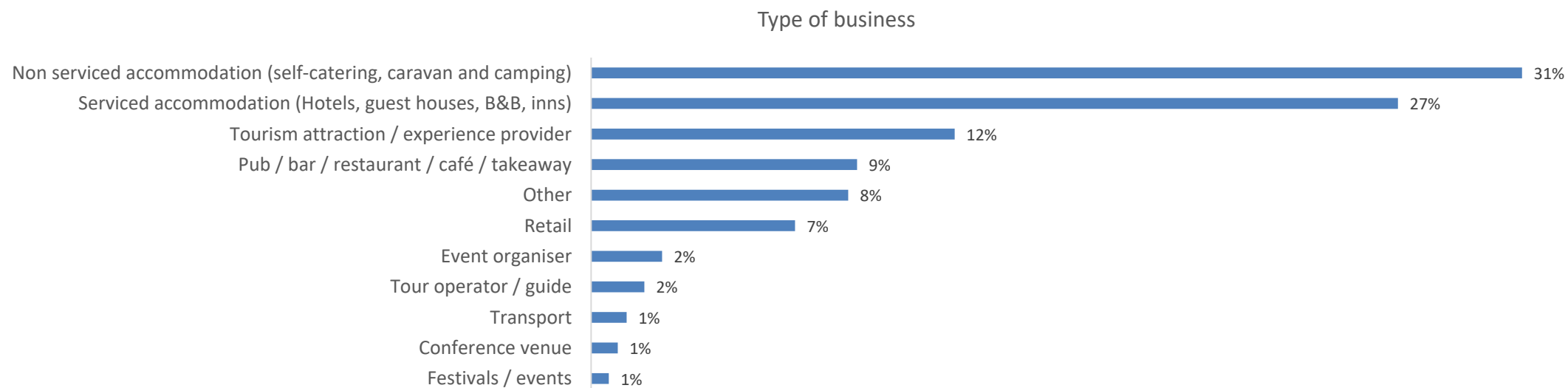
Part I - Business Profile and overall impact of COVID-19

- 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 (3%) report permanent business closures.



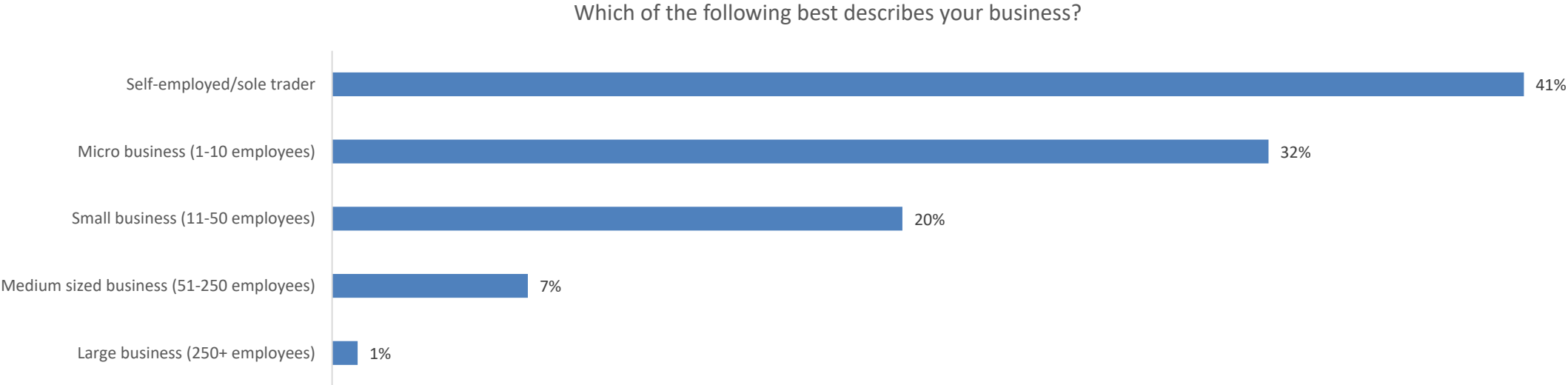
Research Outputs – Business Profile

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 (73%) of all respondents.



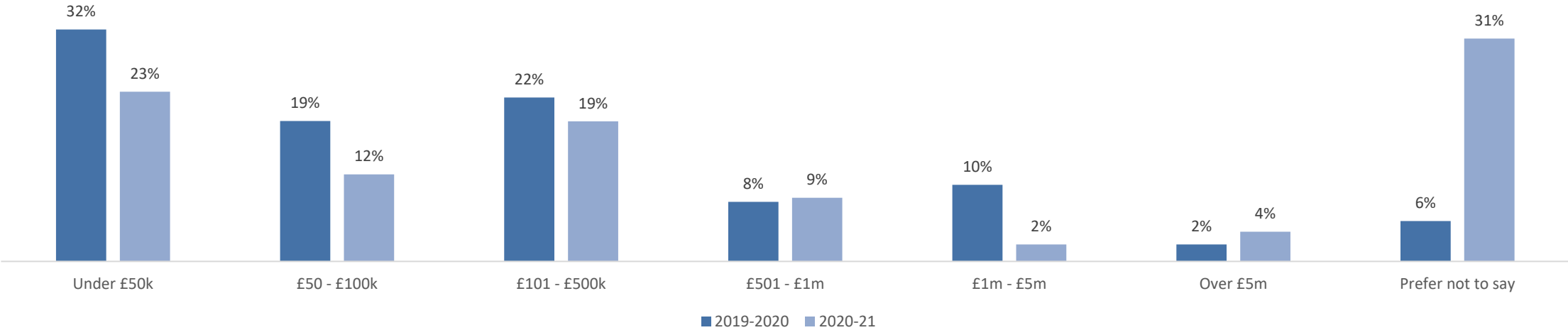
Q: Which of the following best describes your business? (Sample: 342)

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.

As expected, many are expecting to achieve a lower turnover for 2020-21. Interestingly, almost a third of respondents prefer not to say, possibly because they still find it difficult to predict the impact that Covid-19 will have on their performance.

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



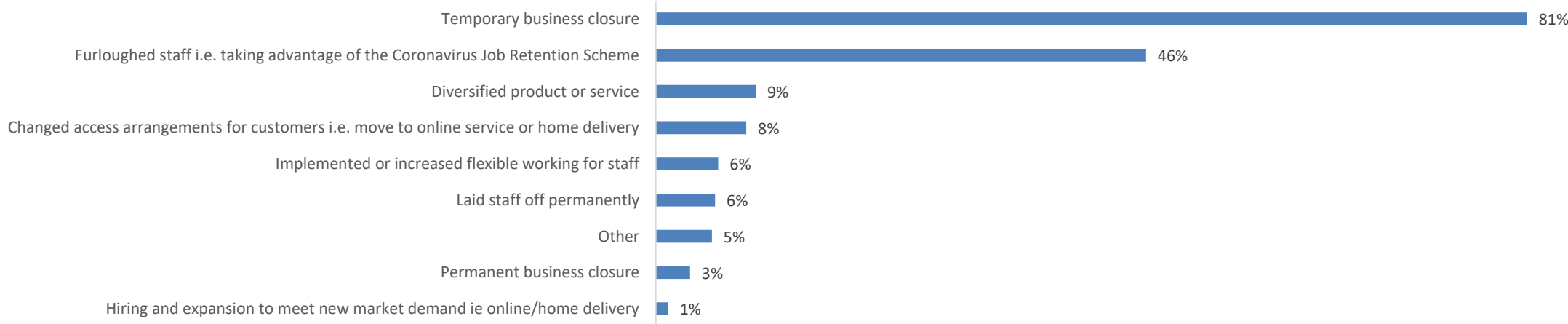
Q: What was your company's approximate turnover last year? (Sample: 341)
Q: What was your company's projected turnover for 2020-21 prior to Covid-19 (Sample: 342)

Research Outputs – Business Profile

A large majority of businesses (four out of five) 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 3% 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: 344)

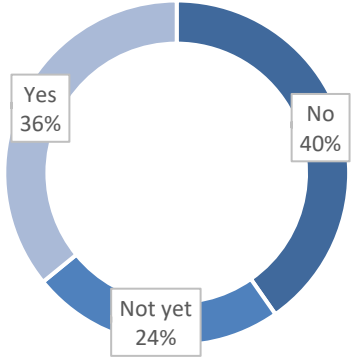
Part II - Staff and employment changes – Key findings

- Over a third (36%) report a decrease in staff numbers due to Covid-19.
- About two in five (39%) 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

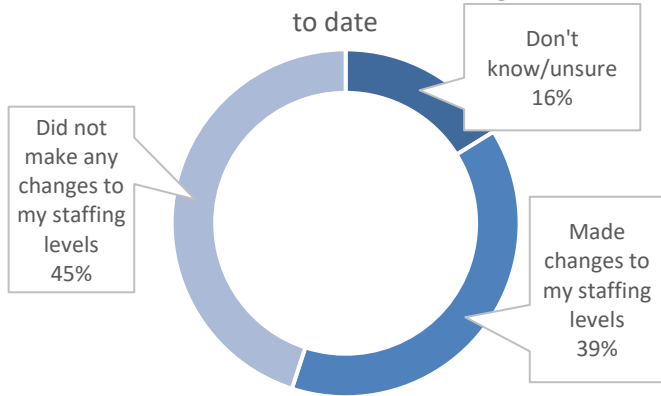
Decrease in staff numbers because Covid-19



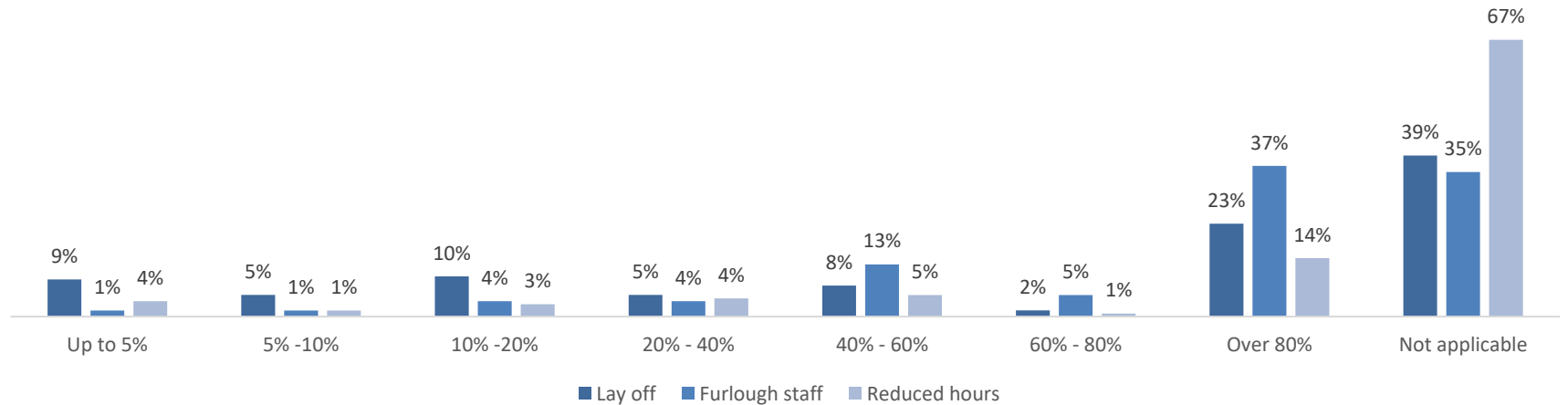
Over a third (36%) report a decrease in staff numbers due to Covid-19

About two in five (39%) had to make changes to staffing levels due to the pandemic (particularly laying off and furloughing staff, which affected over 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. One in five report high levels of requests for refund. Just under 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 a third were for up to June 2020).
- Three in five report trade losses of up to 80% but many reports even higher losses. For most, this equates to turnover losses of between £10k and £100k.
- Business survival rate high should Coronavirus restrictions were to be removed by end of June. But under a third (29%) are unlikely to survive should restrictions were to stay until the end of the year.
- Should recovery start straight away, about two in five businesses would need up to 3 months to get back to normal levels of trading, with a further two in five requiring between 6 and 12 months or even longer.

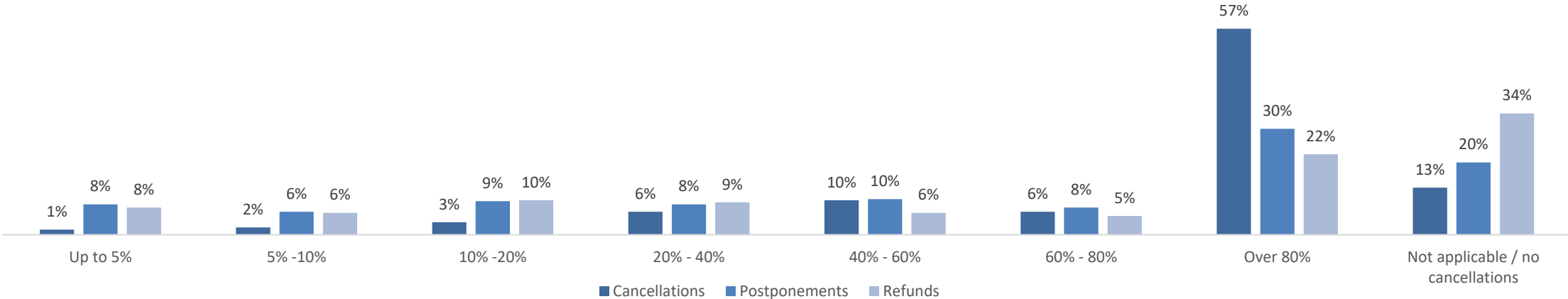


Research Outputs – Impact on bookings and performance

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. One 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 just under 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



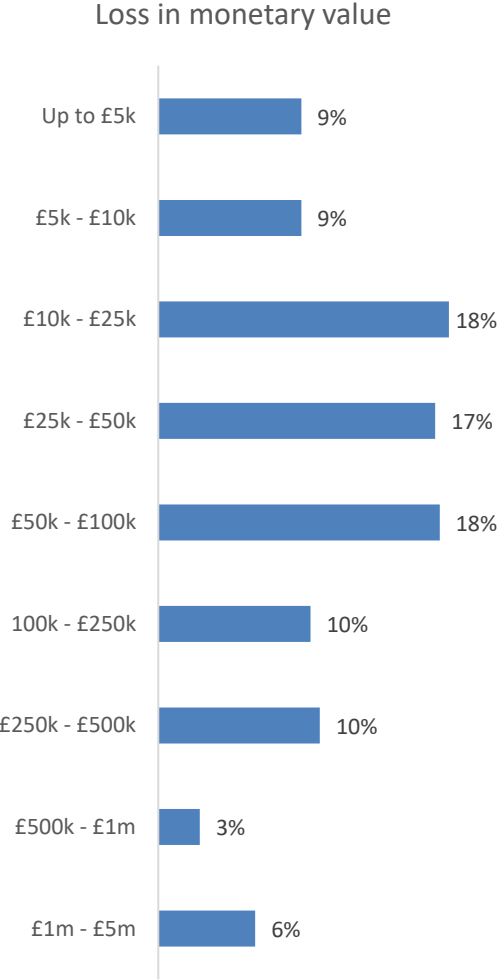
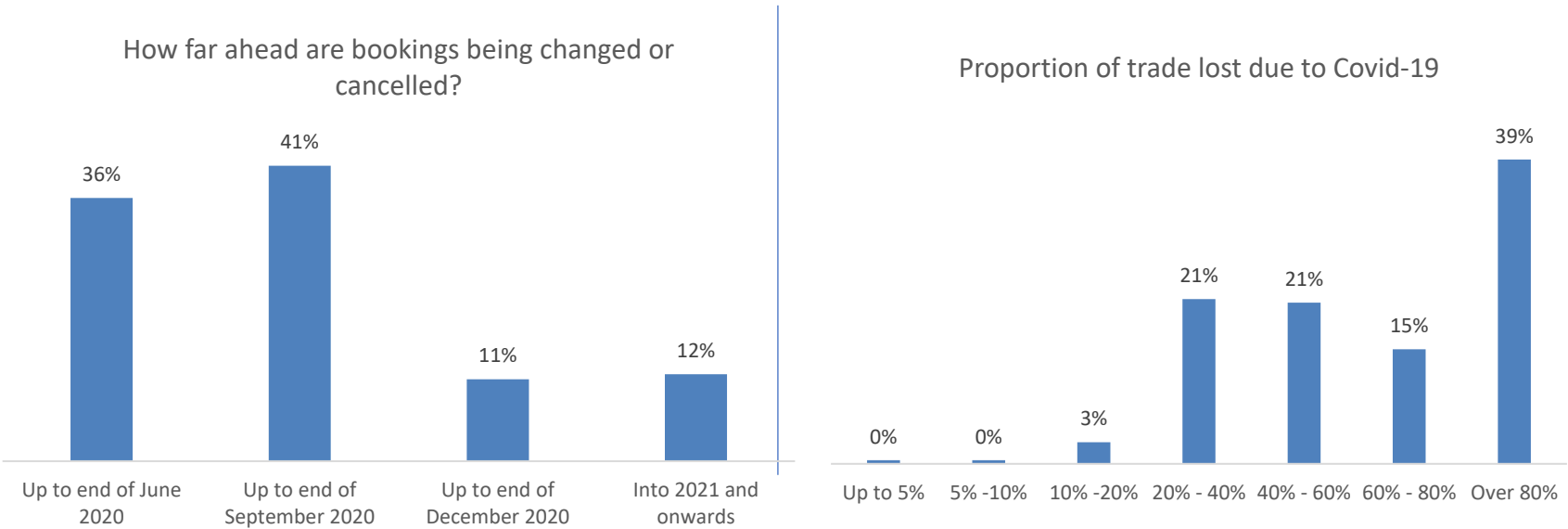
Qs: What percentage of cancellations / postponements / refunds have there been to bookings because of Covid-19? (Sample: 344/342/342)

Research Outputs – Impact on bookings and performance

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

Three in five report trade losses of up to 80% and for 39% losses are even higher (+80% of expected trade).

For most, this equates to turnover losses of between £10k and £100k.



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: 344/344/343)

Covid-19 – Online Business Survey – Research Results

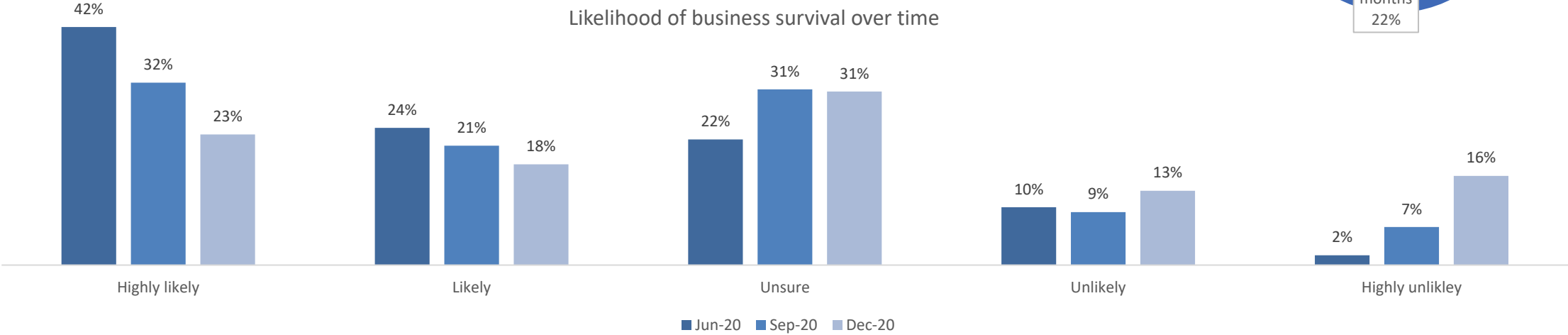
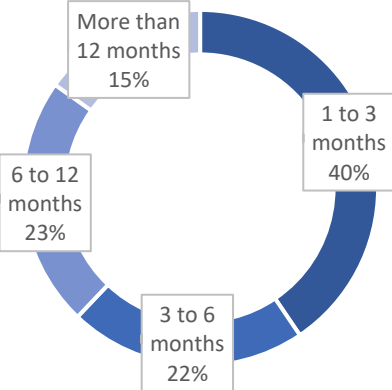
Research Outputs – Impact on bookings and performance

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

But 29% are unlikely to survive should restrictions were to stay until the end of the year.

Should recovery start straight away, two in five 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 a further two in five requiring between 6 and 12 months or even longer.

Recovery time if Covid-19 were to end today



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: 344/344/343) 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: 344)



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.
- Just over 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). Four in five 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 and support
 - Business partnerships and diversification
 - Social and community initiatives

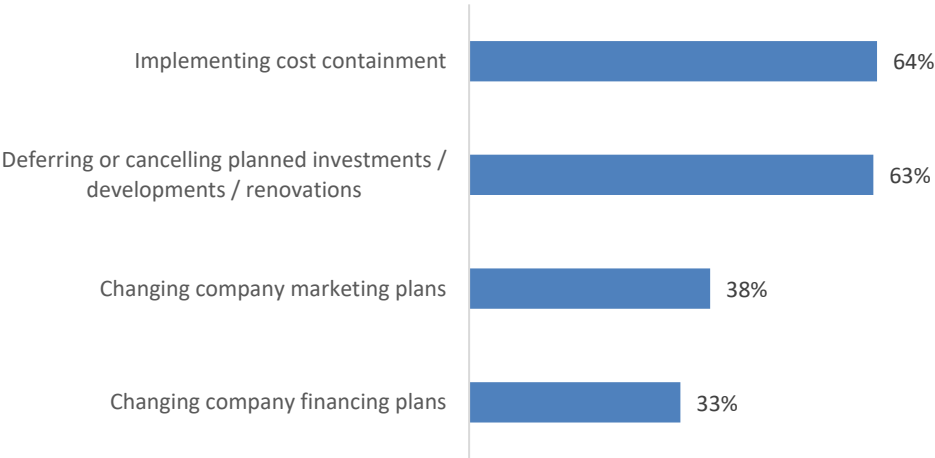


Research Outputs – Business management and support

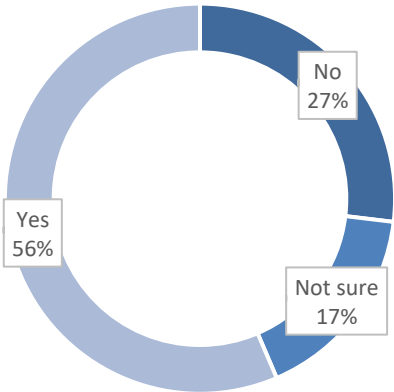
For two thirds of business, an immediate effect of Covid-19 has been deferring or cancelling planned investments, developments and renovations. Similarly, two thirds are reducing expense levels to prevent unnecessary spending.

Just over 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?

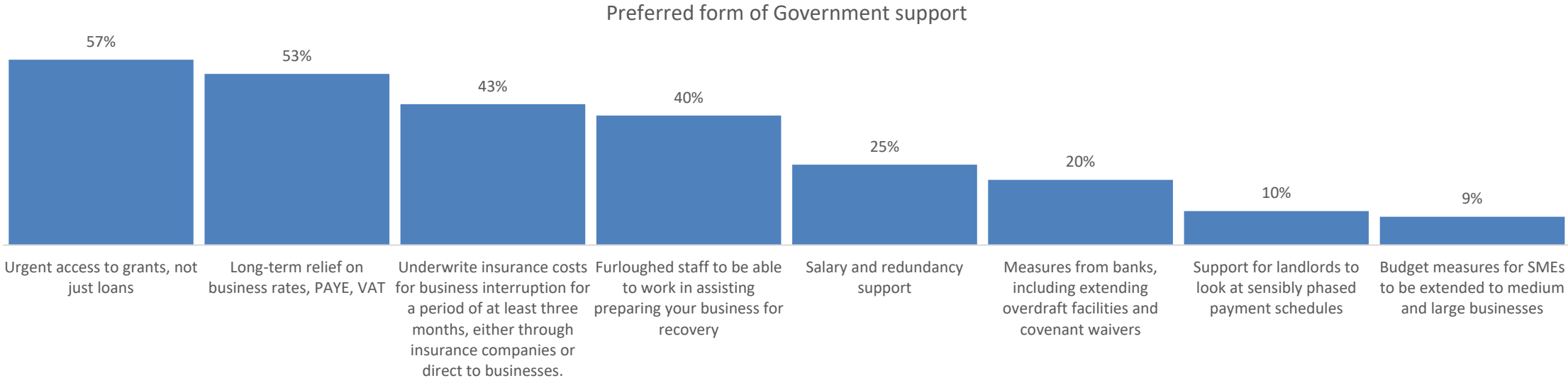


Q: Which of the following financial actions is your company considering as a result of Covid-19? (Sample: 344)
Q: The Government has unveiled a package of financial measures to assist the economy against the Covid-19 impact. Has this helped to reduce any concerns you had about the future of your business and the visitor economy? (Sample: 342)

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. About two in five 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.

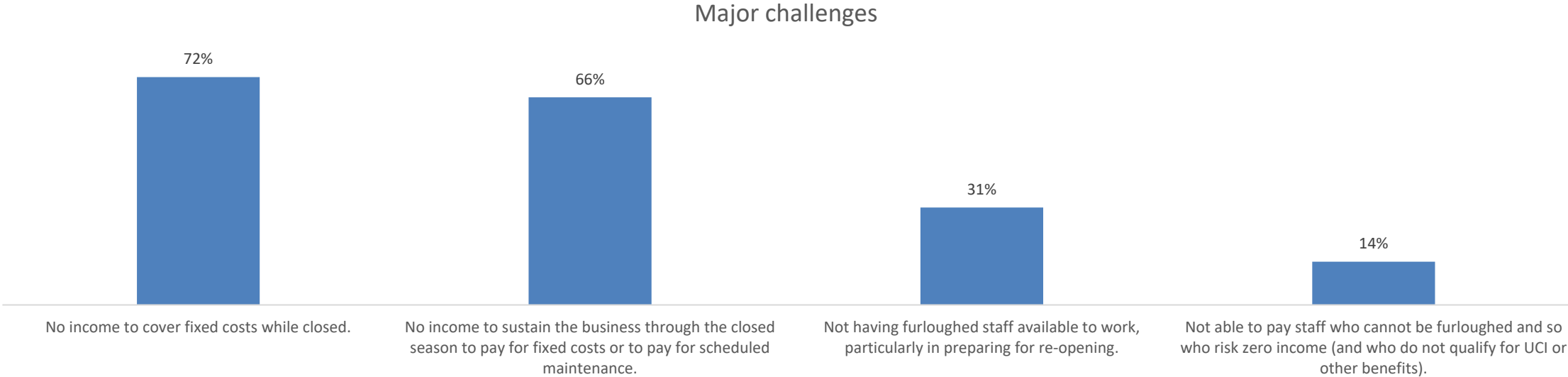


Q: What support from Government would be crucial for your business right now? (Sample: 340)

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Research Outputs – Business management and support

The lack of income due to temporary closure means that almost three quarters 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.

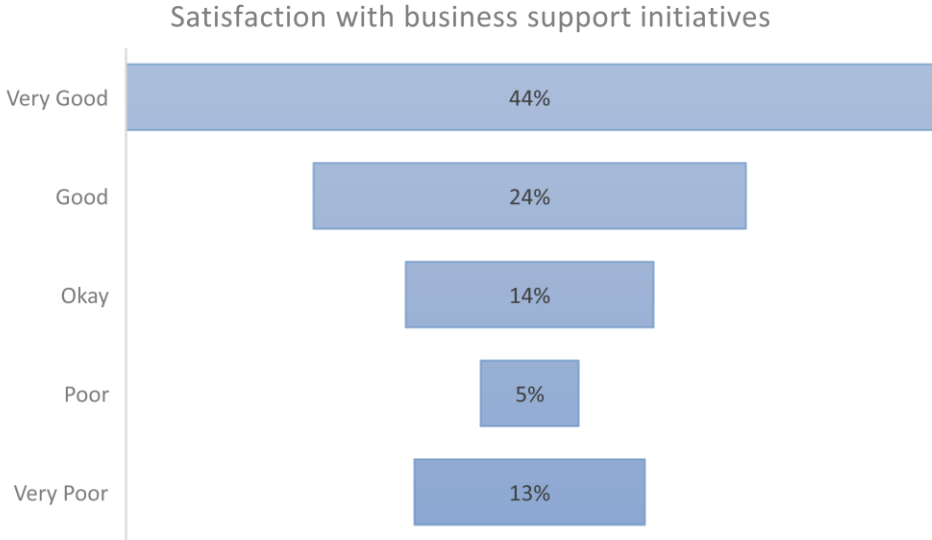
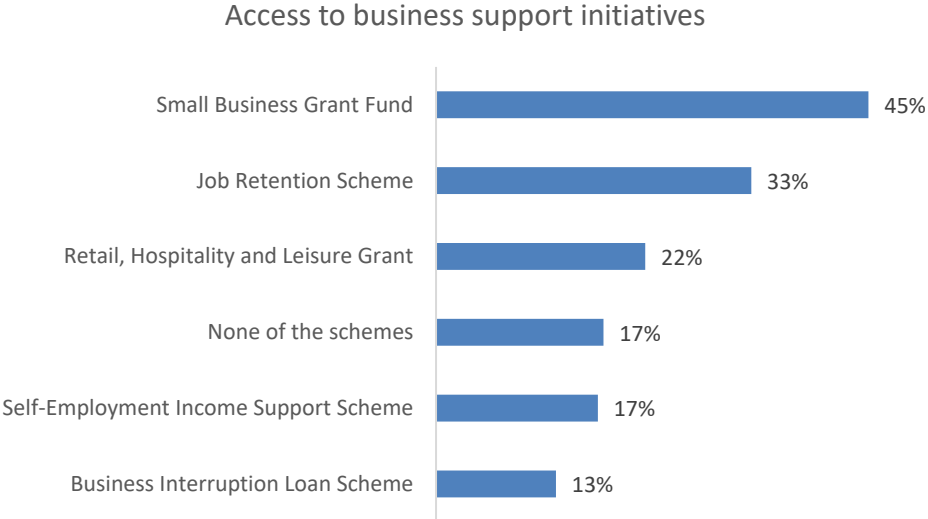


Q: What are your major challenges short term and longer term? (Sample: 341); Q: Have you been able to access any of these Government support initiatives? (Sample: 341)

Research Outputs – Business management and support

Significant proportions of businesses have been able to access some of the Government’s support initiatives. The most popular initiatives were the Small Business Grant Fund and the Job Retention Scheme (accessed by 45% and 33% of businesses respectively). One in five applied for the Retail, Hospitality and Leisure Grant.

Four in five felt the support initiatives were OK (14%) or better (68%), 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? (Sample(340); Q: If you have accessed any of the support packages what has been your experience of the process. (Sample: 341)

Research Outputs – Business management and support

Examples of people working together to innovate:

Increase in the number of respondents reporting business partnerships, social and community initiatives (e.g. volunteering) and a recognition of the help and support provided by tourism-related organisations and associations.

Communication and support

- Tourism infrastructure is less fractured, tourism organisations are working together better
- The Tourist Board and Borough Council understand the challenges and have been very helpful in keeping us up to date
- Local and regional DMO's (NSTA)
- NSTA support members with re-opening plans, VNN cascading information, National Farm Attractions Zoom meetings
- The Museums Association has been most helpful with ideas and advice
- Our local Tourism Group in constant contact.

Business partnerships and diversification

- Working with other producers from Proudly Norfolk
- We are working with our local village pub and expanded my small farm shop with their suppliers
- Temporary “take out” service from pubs and restaurants.
- Sharing of knowledge and understanding in a very competitive industry - Tech and event companies working together to be able to deliver the new normal of virtual & hybrid events
- Teamed up with local taxi firms for deliveries
- Skill swapping especially around creative & marketing prep for return to work

Examples of innovation

Yes,
38%

No,
62%

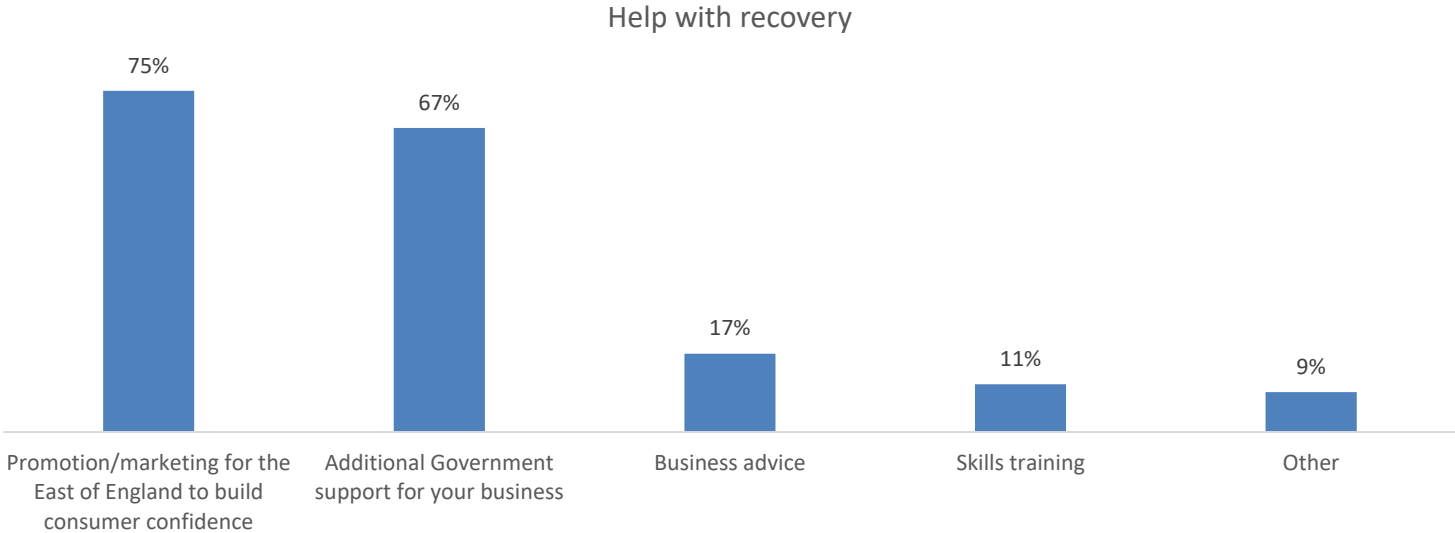
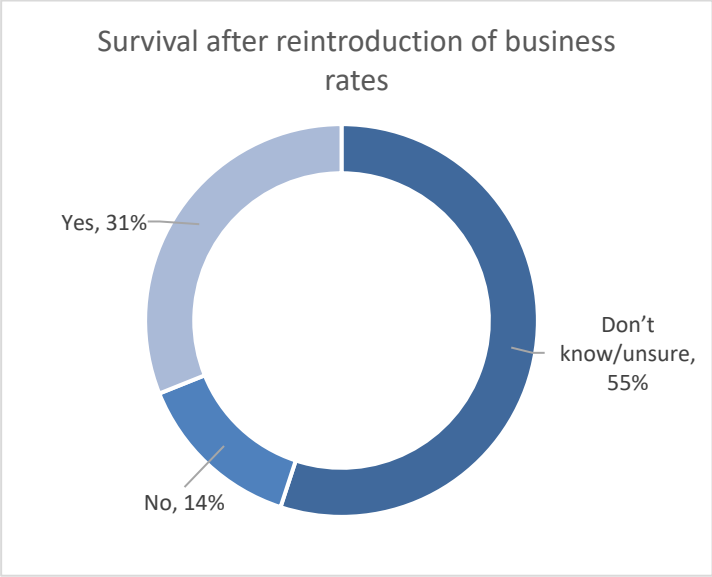


*Q: Have you come across examples of people working together to innovate which has had a positive impact?
(Sample: 339)*

Research Outputs – Business management and support

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

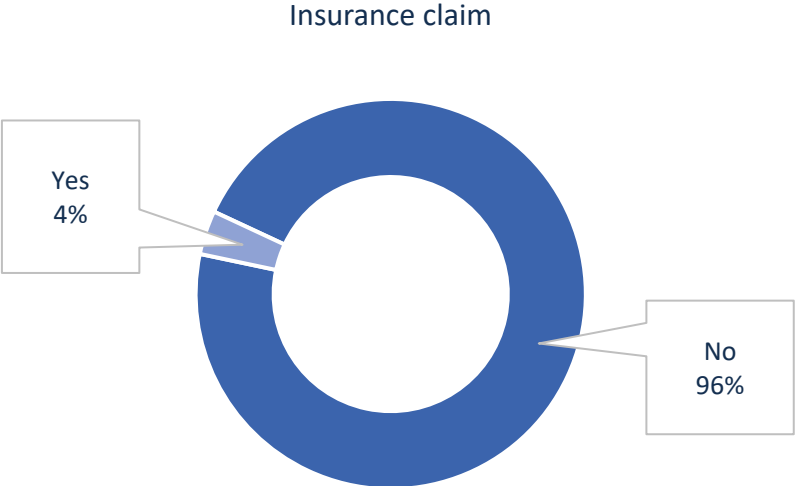
The quarters believe that promoting the area would help build consume confidence. Two thirds would also welcome additional government support for their business.



Q: If business rates are reintroduced after 12 months will you be able to survive? (Sample: 339)
Q: We are currently planning for when normal life resumes. What would help your business and help recovery? (Sample: 338)

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.



“We are participating in BI test case with the FCA.”
“I am participating in the FCA, BI test case.”

“By good chance I took out an extra insurance to cover lost bookings last year. To begin with, I was told it didn't cover covid-19. Then I was told they would consider it and they have. However, I have only had one quite small claim for the end of March when bookings stopped. I am not sure how easy it will be for each month since



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'

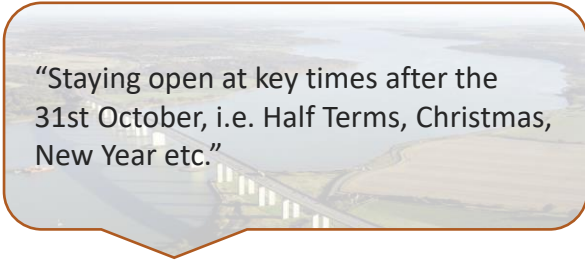
There's a marked increase in the number of businesses planning to open longer hours and extending the season into winter months

Long term changes


- Extending the season, opening over winter month
- Increase online sales and ordering or move to online-only model
- Change marketing to attract different type of visitors
- Increased flexibility with accommodation booking options

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



"Staying open at key times after the 31st October, i.e. Half Terms, Christmas, New Year etc."



"We are adapted some of our tours so that we do not need to use our tour buses and trying to add value to maintain the appeal rather than offer discounts."

Our season usually winds up at the end of October but we will be featuring Winter/Christmas Tours for the first time."



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?

Key messages are that it's still too early to tell and all will depend on when recovery begins. Flexible furlough until Easter 2021 would minimise redundancies over winter months

Changes to Business Charges

- Abolish or reduce level of VAT for tourism businesses
- Tax and business rate relief / temporary stop

Job retention

- Continuation of the furlough arrangement so we can re-employ staff gradually
- Match financial support for staff costs with business recovery to avoid redundancies over winter

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
- Grants for cover loss of income (rather than loans)
- Extend the 80% Self Employment Grant until December 2020

“We don't know yet - so much depends on when lockdown ends”

“We desperately need help with staff wages, in particular to enable staff to work part time until reverting to business as normal. Without this there will have to be significant redundancies”

“Whilst customer confidence builds, we expect our hotels and holiday properties to operate at 50% of their usual turnover. It would be beneficial if the government would allow businesses in hospitality to continue the JRS supporting employees at 50%, decreasing as trade improves.

This will prevent lay-offs and redundancies. Being a coastal business the main earning months have been lost and we face a long and expensive winter which will be difficult to recover from without some support.”



Research Outputs – Further opinions

What impact would a staggered reopening have on your businesses?

- Income loss to date, ongoing fixed costs and reduced income over the coming months make business viability difficult for most.
- 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.

“Reduction in revenue up to 50% increase in housekeeping costs.”

“That would end our business. We could still socially distance people here, but where would they eat out in the evening as we are a B&B. People will just choose self catering Airbnb instead.”

“The planned social distancing measures for Bar & Restaurant provision would mean a 60% reduction in capacity at peak time therefore the overall viability of the business is in question.”

“There would be reduced income but overheads and running costs would be the same or more. For example having to employ more cleaning time and spend money on safe distancing and staff protection measures.”

“Staggered re-opening is viable financially only if the Government assists with staff wages while building slowly back to normal operations in the clubhouse over perhaps 12 months”



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

- Need for detailed guidance on social distancing rules

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.

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.

“The biggest unknowns are how low consumer confidence will be and how rigidly customers and government will want to enforce 2m social distancing for shops and restaurants. 1m with a face covering is far more achievable.”

“Making the gallery "Covid-secure" for staff and customers is a challenge and liability. Having health and safety advice on site before re-opening would be very reassuring.”

“It’s easier to shut things down - much harder to change the perception once things start opening.

Having heard/been subject to local vitriol, I am worried how guests will be perceived when we open up.”



Research Outputs – Further opinions

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

- Guidance from Government about health and safety rules

Support with Health and Safety concerns

- Financial support
- Flexible furlough

Tourism promotion

- Increased marketing to promote the area
- Take advantage of the Staycation pin-up demand Mitigate potential anti-tourist sentiment by local residents and politicians

“I think an advice line would be helpful. It seems that some of the measures can be open for interpretation and I do not want to do anything wrong.”

“Major promotions for UK staycations this year and into 2021”

“Marketing of region both to domestic and overseas markets”

“Powerful regional marketing to take advantage of a potentially huge staycation movement.”

“I would like all similar premises to be provided with official signage - such as that which we received when the no smoking legislation was introduced. If visitors are getting the same information wherever they go it will be easier to enforce.

It would be useful also if we could have any likely instructions and restrictions as soon as possible so that we can take steps to put them in place while we have time on our hands.”



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

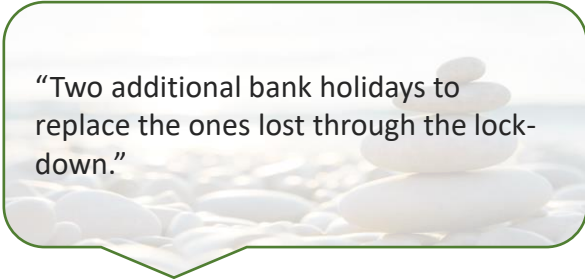
- There is strong and increasing demand for a reduction in VAT (*mentioned by a quarter of respondents*)
- Reduced Business rates for 2021.
- Ongoing grants and tax relief

Advertising and promotion of tourism

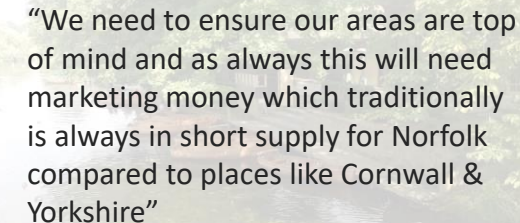
- Support with promoting tourism
- Help with marketing and advertising costs
- Giving consumer confidence it is safe to travel



“Reductions in VAT, extension of VAT payments holiday.”



“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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