



NatWest North of England Tourism Business Barometer

Fortnight 1

Fieldwork deadline: 21 July 2020

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Overview

- NatWest Group is supporting a fortnightly business barometer of tourism businesses across the North of England that will measure the UK post-lockdown business environment. It will measure shifts in employment, trends in revenue and business confidence.
- Marketing Manchester is co-ordinating the barometer and working with northern Destination Management Organisations who have agreed to recruit panel members through their own business networks and encourage participation of the fortnightly panel.
- The methodology is through an on-line panel survey of businesses who will participate for the three-month period - rather than an open survey - to ensure that changes reflect the business environment rather than changing samples. However, the sample is expected to grow as more businesses re-open to the public.
- The criteria for panel members is that they must be offering an on-site service to the public, even if not all previous services have re-opened.
- The panel is due to run each fortnight from the first panel's deadline of 21 July to the end of October.

Destination Management Organisations

The following Destination Management Organisation's are participating in this barometer:

- Cumbria Tourism
- Make It York
- Marketing Cheshire
- Marketing Lancashire
- Marketing Liverpool
- Marketing Manchester
- NewcastleGateshead Initiative
- Visit County Durham
- Visit Leeds

Fieldwork schedule

Panel Edition	Deadline for responses
Fortnight 1 (F1)	Tuesday 21 July
Fortnight 2 (F2)	Tuesday 04 August
Fortnight 3 (F3)	Tuesday 18 August
Fortnight 4 (F4)	Tuesday 02 September
Fortnight 5 (F5)	Tuesday 15 September
Fortnight 6 (F6)	Tuesday 29 September
Fortnight 7 (F7)	Tuesday 13 October
Fortnight 8 (F8)	Tuesday 27 October

The above shows the deadline for responses. The standard data collection period starts the morning before (on a Monday) but where destination management organisation staff are not due to work that day due to flexible-furlough arrangements or annual leave they will remind businesses at the end of the previous week to complete in time for the Tuesday deadline.

Key take-outs

- Approximately 9 in 10 businesses (91%) reported that they were trading with a revenue loss on 2019, with over half of businesses (51%) reporting a revenue loss of more than 75%.
- Approximately 9 in 10 businesses (91%) reported that they were trading with a reduced customer base on 2019 with over 43% of businesses reporting a reduced demand level of more than 75%. This compares with the 51% reporting revenue losses to this extent (as above) so potentially identifies the economic significance of the more inactive markets.
- 42% of businesses reported that in a month's time they expect to be operating with fewer permanent staff than they are now and 34% of businesses reported that in a month's time they expect to be operating with a smaller casual / temporary workforce than they are now.
- 87% of businesses reported a reduced level of advanced bookings for October to December on what they had on the books at this point in 2019. 69% of businesses reported a reduced level of advanced bookings for January to March 2021.
- 45% of businesses (the most frequent response) expect their revenue levels to return to pre-Covid levels by next summer (July 2021).
- A quarter of businesses (25%) reported that they have maintained employment levels but as revenue losses are evident within many of these businesses these jobs could potentially be at risk, later down the line, dependent on the scale and speed of recovery.

Key take-outs – regional variances

- City-based businesses are more likely to report revenue losses of 'over 75%' with 75% of businesses from Newcastle Gateshead reporting this, followed by; Leeds (70%), Manchester (69%) and Liverpool (63%) all reporting significantly higher levels than the average for the North of 51%.
- Business confidence in returning to pre-Covid revenue levels is lowest in Liverpool with 38% of businesses reporting that they expect their pre-Covid revenue levels not to be reached until 'January 2023' or 'beyond'. In contrast, businesses from County Durham, Cumbria and Lancashire all expect revenue recovery to come sooner.
- Employment forecasts for permanent roles for the next month showed a higher proportion reporting a downward trend from Liverpool where 63% of businesses reported that they expected to downsize their permanent workforce over the next month. This was followed by the North East, with 55% of businesses from County Durham reporting a loss of permanent roles over the next month and half of businesses (50%) in Newcastle & Gateshead. Cheshire also showed an indication that employment forecasts for the next month was less favourable than the Northern average (42%) but the sample is too small at this stage to be reliable.
- Green shoots can be seen for advanced bookings for trips due to take place January-March 2021 but as these could be a mix of postponed bookings that could go ahead and long-standing bookings that may not go ahead it is unclear as to the extent this will materialise. Businesses in four areas showed bookings for early 2021 to be higher than they would usually be, with a quarter of County Durham's businesses (25%) reporting increased bookings for that period; 18% of Manchester's businesses and 13% of businesses in Leeds. This was followed by Lancashire (9%).

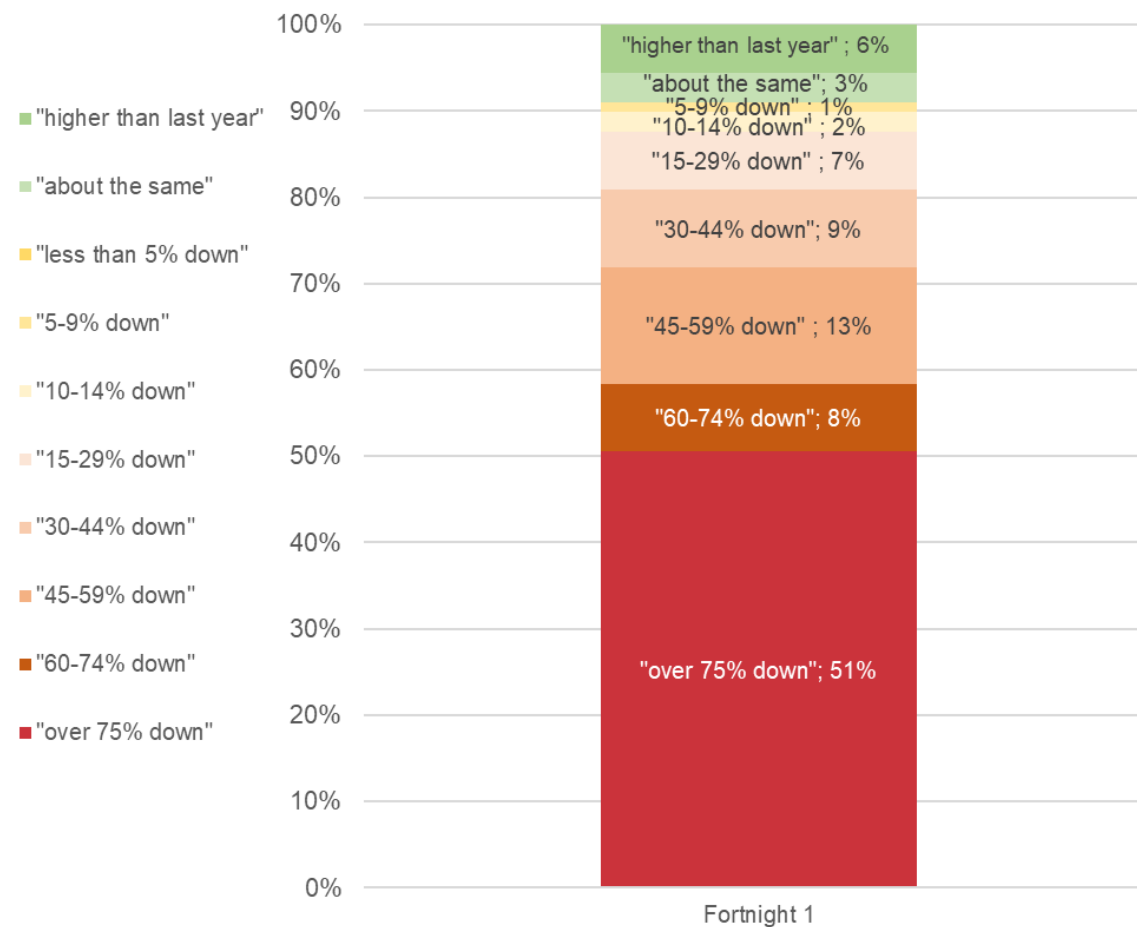
Caveat: some Destination Management Organisation areas report glimpses of more positive feedback but samples are relatively low and therefore less reliable until the samples develop.

Revenue levels compared to business as usual

Fig1.

Looking back over the past two weeks, how does your total revenue from all business areas compare to the same period in 2019?

- Approximately 9 in 10 businesses (91%) reported that they were trading with a revenue loss on 2019.
- Over half of businesses (51%) reported that they were trading with revenue losses of more than 75%, on 2019.
- Approximately 1 in 10 businesses (9%) reported that their business wasn't experiencing adverse effects; 6% reporting revenue was higher than 2019 and 3% reporting they were operating at similar levels to 2019.



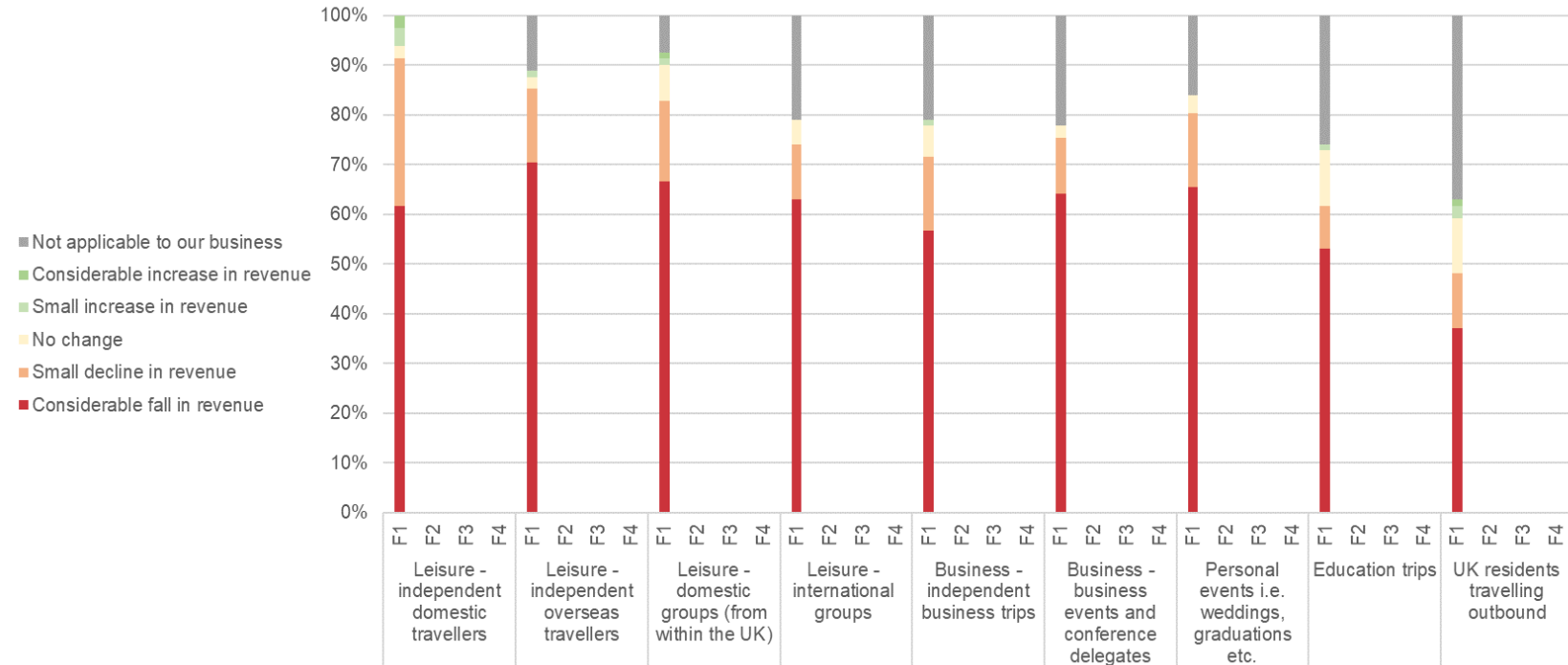
Samples: F1=89.

Markets leading to revenue gaps

Fig2:

We would like to understand which of the following markets are causing the biggest gaps in revenue for your business, compared to your usual revenue streams. For each market please select the most relevant of the six answer options provided.

- Each business reporting a loss served the leisure independent domestic traveller market and this was were the highest frequency of decreased revenues was reported.
- However, businesses that served other markets were more likely to report a scale of revenue loss greater in some of the other markets served.



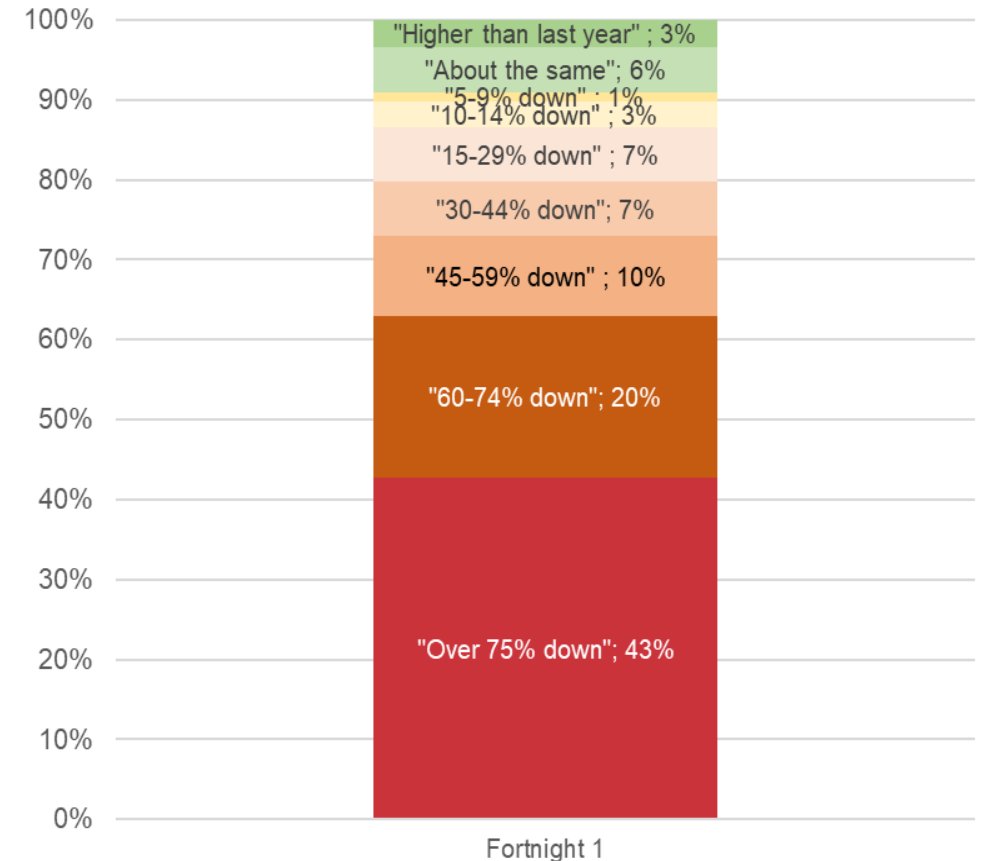
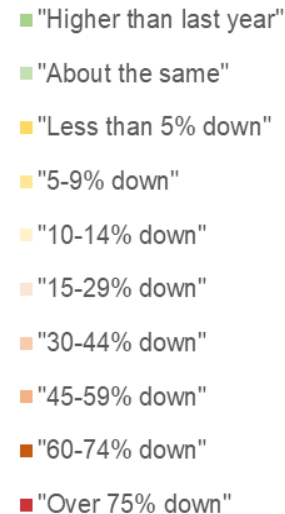
Samples: F1=81:
Businesses reporting a revenue gap.

Visitor numbers compared to business as usual

Fig3:

Looking back over the past two weeks, how do visitor numbers/footfall compare to the same period in 2019?

- Approximately 9 in 10 businesses (91%) reported that they were trading with a reduced customer base on 2019.
- 43% of businesses reported that they were trading with a reduced demand level of more than 75%, on 2019. This compares with 51% reporting revenue losses to this extent (fig.1) so potentially identifies the economic significance of the more inactive markets.
- Approximately 1 in 10 businesses (9%) reported that their business wasn't experiencing adverse effects; 3% reporting visitor numbers were higher than 2019 and 6% reporting they were similar to 2019.

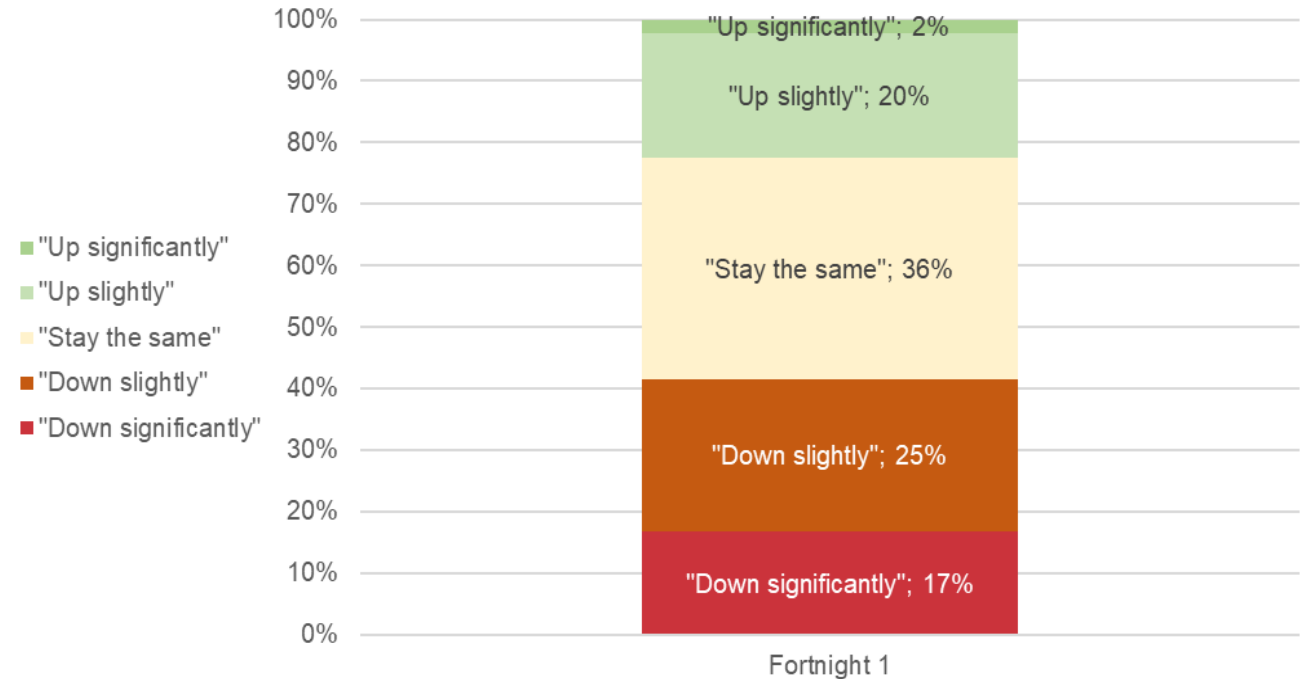


Employment shifts – permanent staff

Fig4:

In a month's time how do you expect your permanent staff count to be, compared to now?

- 42% of businesses reported that in a month's time they expect to be operating with fewer permanent staff than they are now.
- 17% reported that the number of permanent positions were expected to decrease 'significantly'.
- There were though 22% of businesses that reported that they expect the number of permanent staff employed to increase from the current level within the next month.

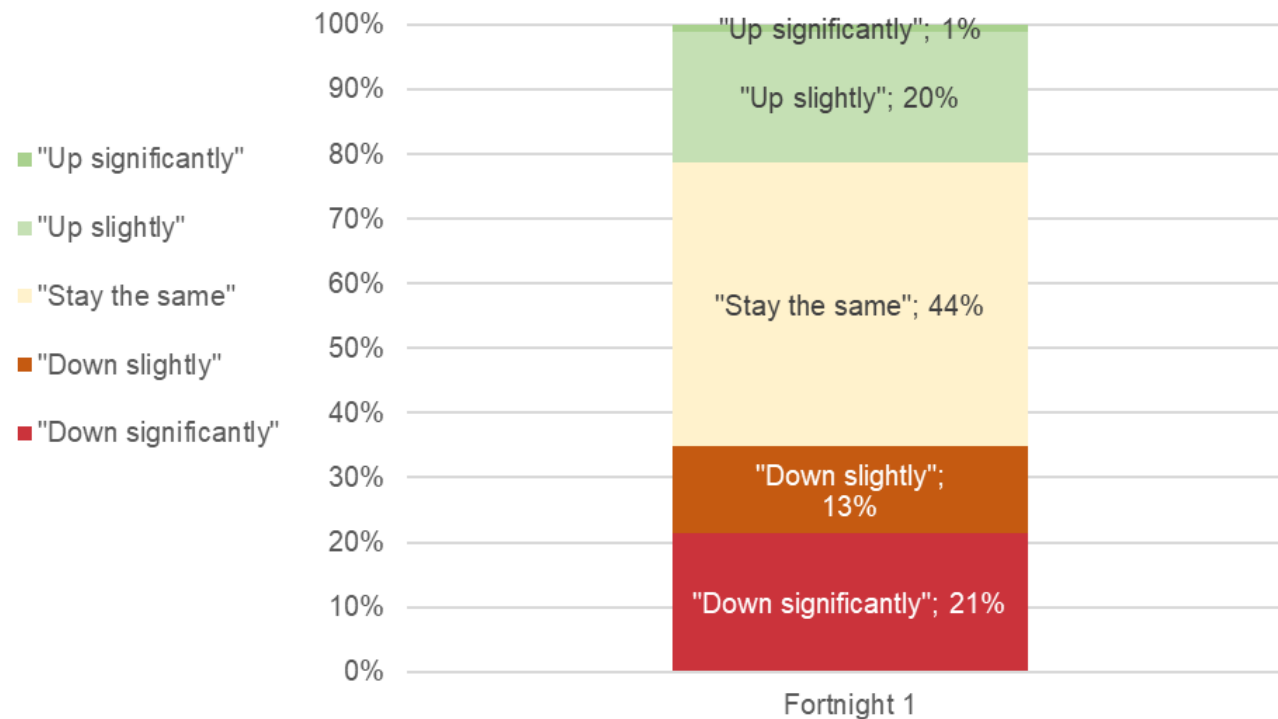


Employment shifts – casual / temporary staff

Fig5:

In a month's time how do you expect your casual/temporary staff count to be, compared to now?

- 34% of businesses reported that in a month's time they expect to be operating with fewer casual staff than they are now.
- 21% reported that their casual / temporary workforce was expected to decrease 'significantly'.
- There were though 21% of businesses that reported that they expect to take on additional casual / temporary staff within the next month.

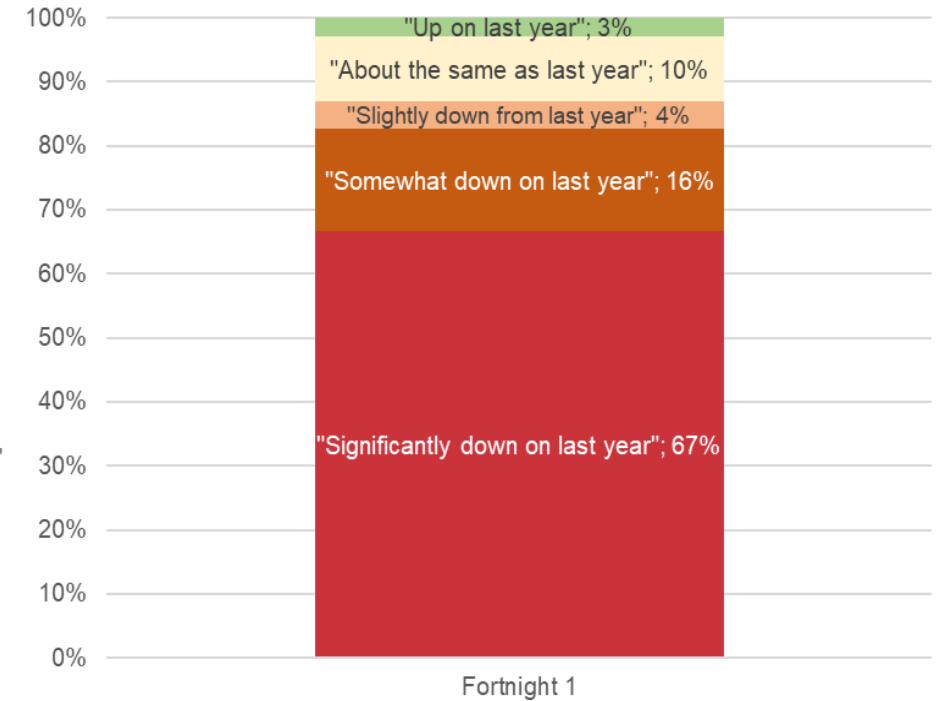


Advanced bookings October to December 2020

Fig6:

How do your advanced bookings for October to December 2020 compare with the same period last year?

- 87% of businesses reported a reduced level of advanced bookings for October to December on what they had on the books at this point in 2019.
- Two thirds of businesses (67%) reported that advanced bookings for October to December were 'significantly' down on 2019 levels, at this point in time.
- 1 in 10 businesses (10%) reported that advanced bookings were similar to 2019 levels with a further 3% reporting an increased level of advanced bookings on 2019.



Samples: F1=69.

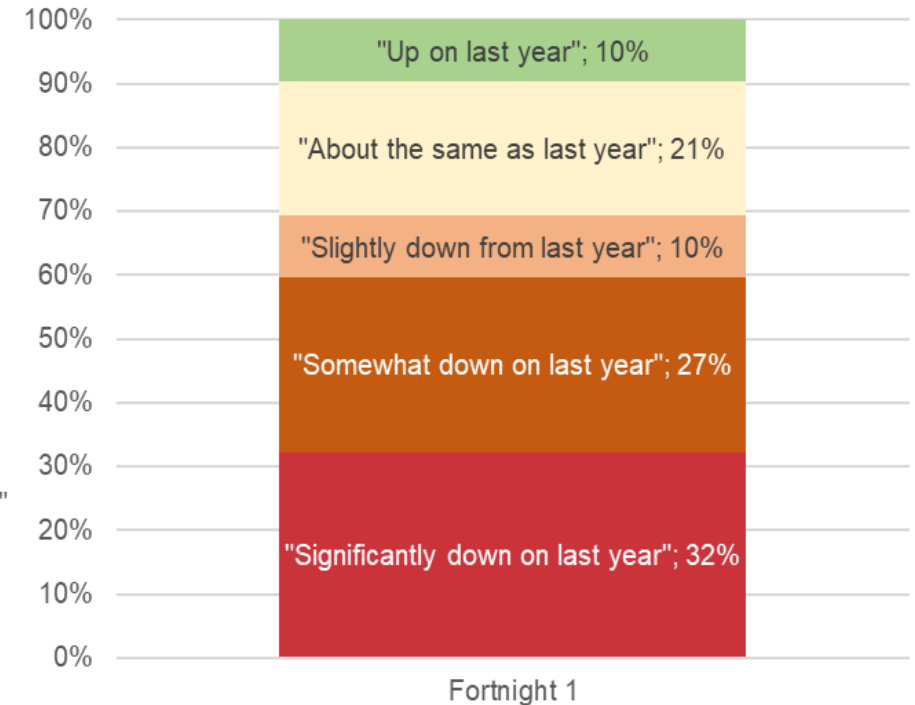
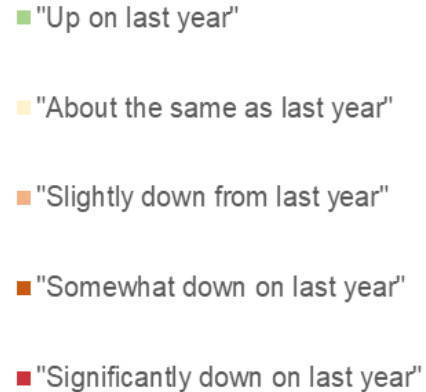
Excludes businesses that don't take advanced bookings or that reported it was too early to say.

Advanced bookings January to March 2021

Fig7:

How do your advanced bookings for January to March 2021 compare with the same period last year?

- 69% of businesses reported a reduced level of advanced bookings for early 2021 on what they would usually experience.
- Almost a third of businesses (32%) reported that advanced bookings for early 2021 were 'significantly' down.
- Forward bookings for early 2021 showed some green shoots with 21% of businesses reporting that forward bookings are level with what they would usually be and a further 10% reporting an increase.



Samples: F1=62.

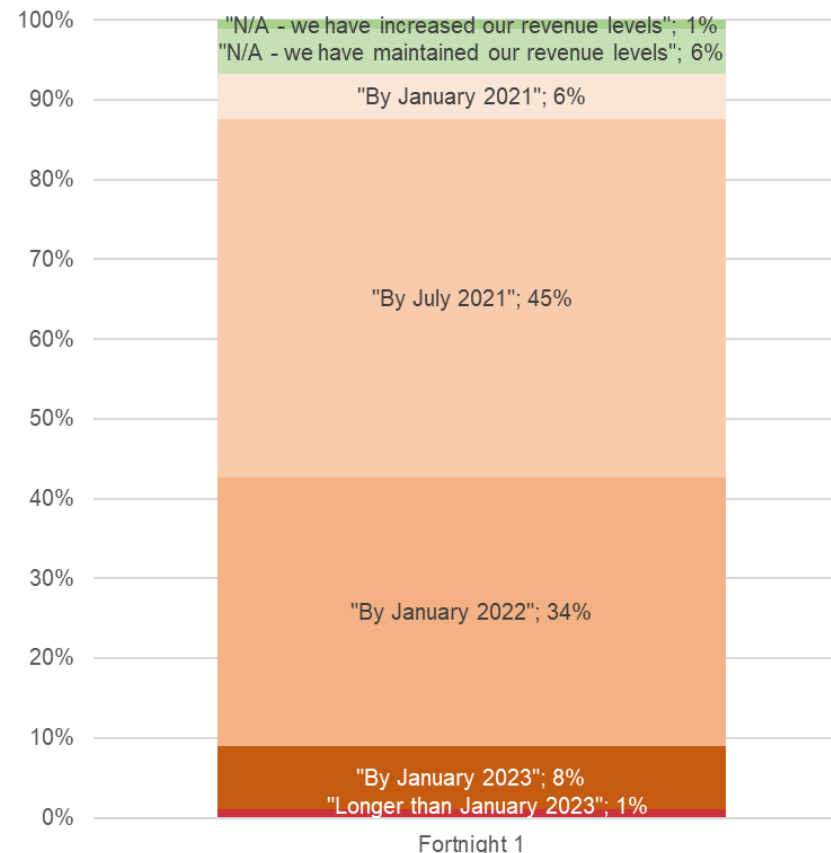
Excludes businesses that don't take advanced bookings or that reported it was too early to say.

Business confidence – revenue levels

Fig8:

At this stage, when would you estimate that your business will be generating the same levels of revenue as you did prior to the pandemic?

- The most frequent response, out of the range of options provided, was that 45% of businesses expect their revenue levels to return to pre-Covid levels by next summer (July 2021).
- However there was a further third of businesses (34%) who felt that this was too early and opted for the next option of 'by January 2022'.
- Almost every business (99%) expects full recovery to revenue levels at some point by January 2023.



Business confidence – employment levels

Fig9:

At this stage, when would you estimate that your business will be employing the same headcount as you did prior to the pandemic?

- A quarter of businesses (25%) reported that they have maintained employment levels. As revenue losses are evident within many of these businesses (as identified in previous questions) these jobs could be potentially at risk later down the line, dependent on a number of factors and the scale and speed of recovery.
- A further quarter of businesses had experienced a reduction in their workforce and expect their headcount to return to pre-Covid levels by July 2021 (24%) and a further quarter by January 2022 (26%).



Verbatim comments from the Northern sample

- For the hospitality industry, furlough scheme needs to be extended under current July Guide. Mass redundancies and no casual work will follow with huge unemployment into 2021 as the industry slowly recovers. No employer is wanting to pay for the NI / Tax part furlough.
- It is difficult to estimate when our business levels will return to "normal" as we are mainly a wedding venue and until we are able to host these events for larger numbers of guests (higher than the 30 allowed from August) our couples will continue to postpone and business levels will be down. We need a clear roadmap of recovery to help plan and secure our current business and new business.
- Revenue is currently up, however whether this remains the case once all other local restaurants/pubs open is questionable.
- There is considerable demand from tourism visitors to come and stay on overnight holidays but our capacity is restricted due to having to impose social distancing measures and hence we are operating at around 80% capacity.
- We lost £600,000 worth of self-catering cottage bookings during the months of lockdown. This has been mitigated by 100% full occupancy since with higher than usual autumn bookings. We also have a lot of deposit paid bookings for 2021 postponed from this year.
- The question returning to business levels prior to the pandemic depends on if a vaccine is found, and when regulations can be lifted and businesses allow staff to travel and meet for work. 2021 or 2023?

Further information

For more information on the NatWest North of England Tourism Business Barometer please contact:

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