



NatWest North of England Tourism Business Barometer

Fortnight 4

Fieldwork deadline: 01 September 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 01 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.

Metrics

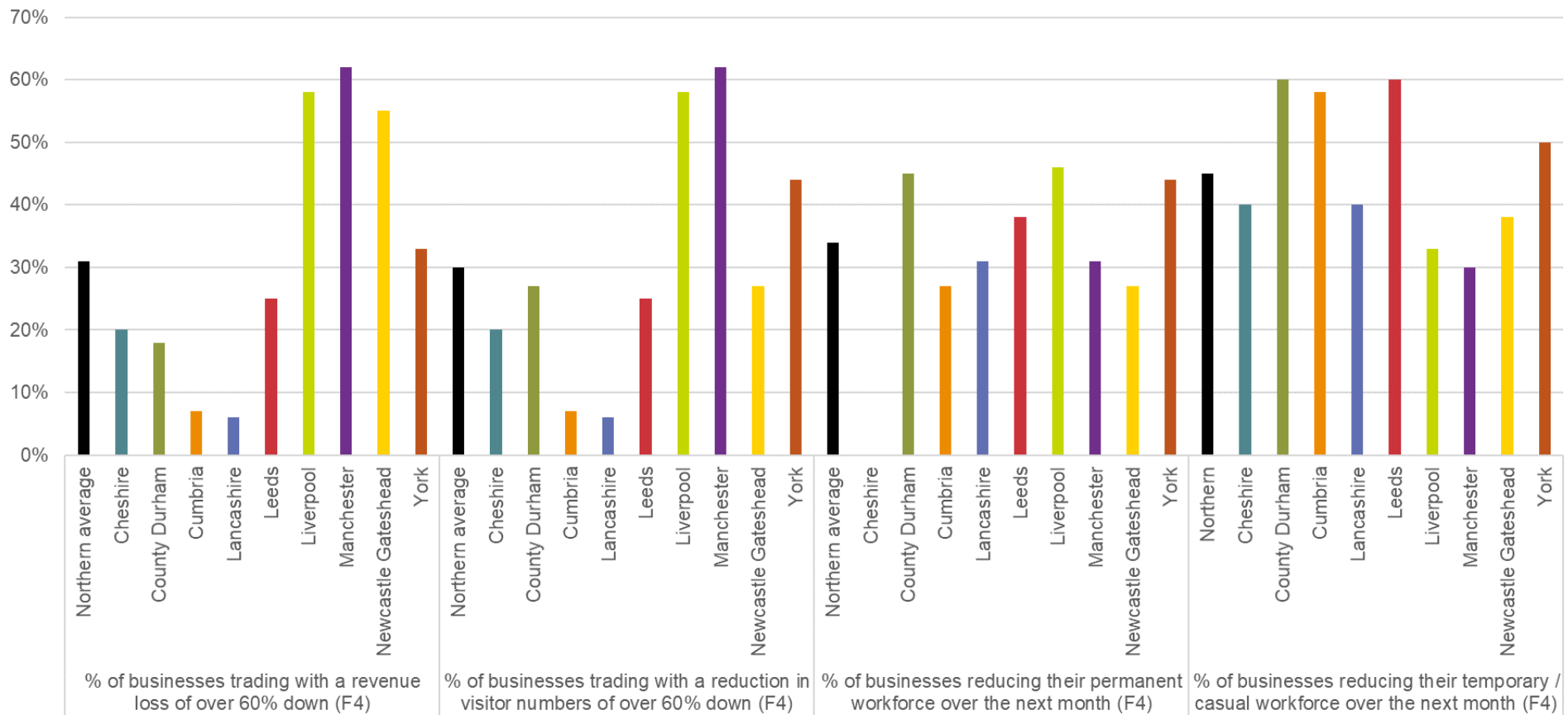
Theme	Metric	Post-lockdown (F1)	Previous wave (F3)	Current wave (F4)
Current revenue status	% of businesses trading with a revenue shortfall of over 60%.	58%	34%	31%
	% of businesses trading with a revenue shortfall of 0-59%.	33%	51%	43%
	% of businesses in a strong revenue position; higher or equivalent to last year.	9%	15%	26%
Current footfall status	% of businesses trading with a shortfall of customers of over 60%.	63%	36%	30%
	% of businesses trading with a shortfall of customers of 0-59%.	28%	47%	43%
	% of businesses trading with strong visitor numbers; higher or equivalent to last year.	9%	17%	27%
Employment loss	% of businesses reducing permanent positions over the next month.	42%	31%	34%
	% of businesses reducing their casual/temporary workforce over the next month.	35%	45%	45%
Advanced bookings	% of businesses with a 'significant' shortfall in advanced bookings for Oct-Dec 2020.	67%	64%	53%
	% of businesses with a 'significant' shortfall in advanced bookings for Jan-Mar 2021.	32%	47%	47%
Recovery expectations	Timescale for revenue recovery selected by the highest proportion of businesses.	Jul 2021	Jul 2021	Jul 2021
	Timescale for recovery to employment levels by the highest proportion of businesses.	Jan 2022	Jul 2021	Jan 2022
Business viability	% of businesses concerned over the financial viability of their business going forward.	Not asked	17%	22%

Note: for samples please see individual question slides

Key take-outs

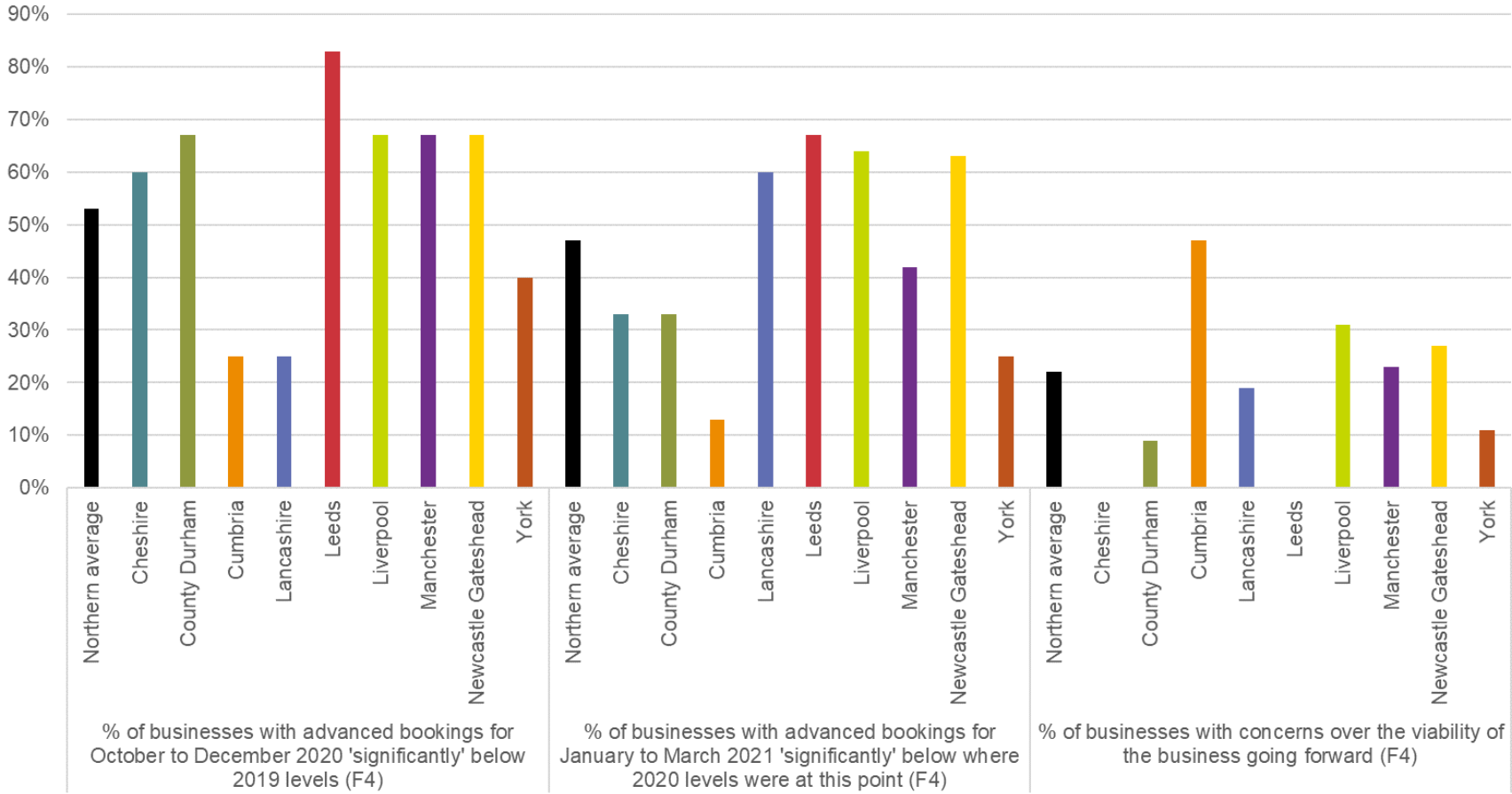
- Cities continue to see the greatest gap to revenue levels; with Manchester and Liverpool particularly serving far fewer visitors than they did prior to Covid-19.
- Businesses in Leeds are most likely to be seeing the greatest gap in advanced bookings over the next six months whilst Cumbria has the highest proportion of businesses concerned about business viability moving forward.
- Activity in the second half of August provided a much-needed boost to revenue and visitor footfall although revenue remains lower than 2019 levels for three quarters of businesses.
- Around a third of businesses look to reduce their permanent workforce during September and even more plan to reduce their casual workforce moving into the new season.
- Lower levels of advanced bookings are evident in 85% of businesses for the final quarter of 2020 and the first quarter of 2021.
- July 2021 remains the point at which the majority expect revenue to recover but January 2022 is when the majority expect employment to return to pre-Covid levels.
- 1 in 5 businesses are concerned over the viability of the business moving forward.

Regional variances – current status



Note: response options on consequent slides and area samples within specific slide deck for that area.

Regional variances – forward view

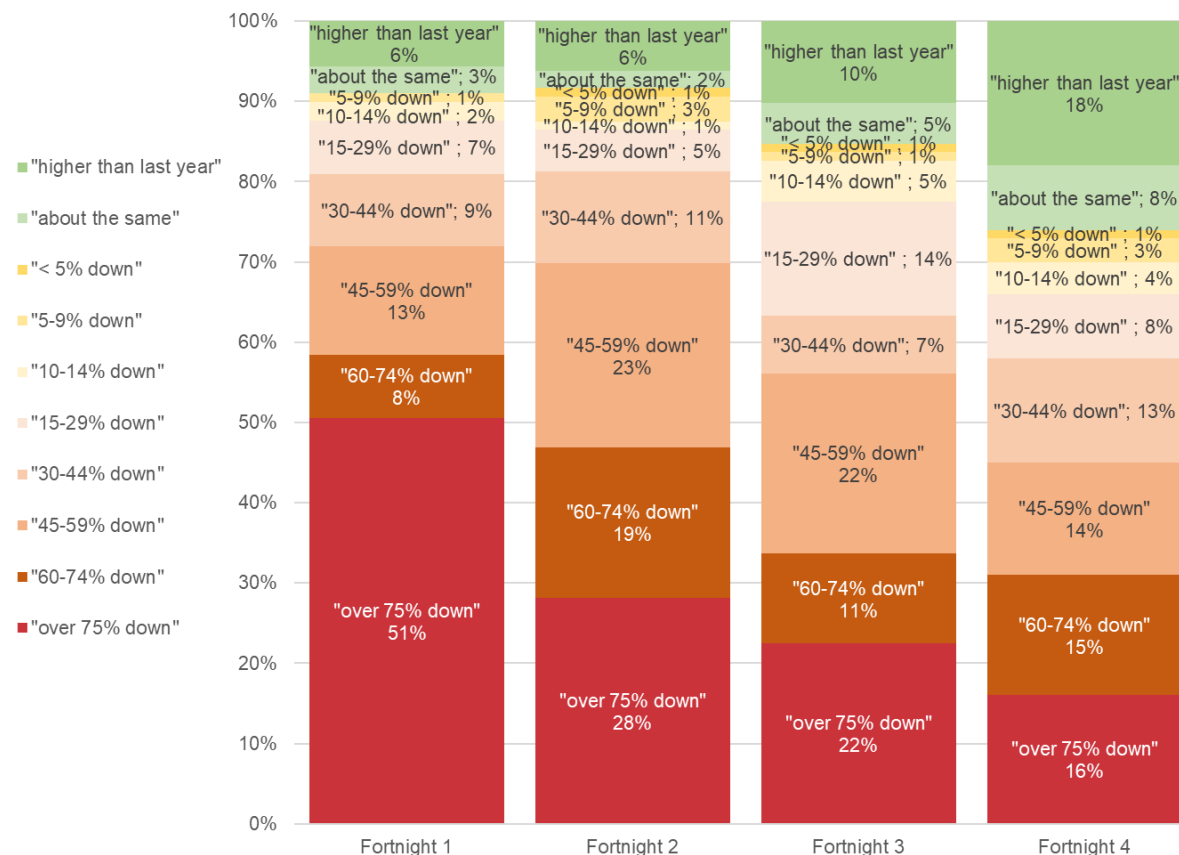


Note: response options on consequent slides and area samples within specific slide deck for that area.

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?

- Activity in the second half of August provided a much-needed revenue boost with around a quarter of businesses (26%) experiencing strong revenue streams; 18% of businesses reporting higher levels of revenue generated than the same period in 2019 and 8% reporting levels equivalent to 2019.
- Overall, there is a gradual reduction on the scale of the revenue loss with the proportion of businesses reporting a revenue drop of over 75% reducing further to 16%; down from 51%, 28% and 22% in the previous waves.
- However, almost three quarters of businesses (74%) report revenue losses despite it traditionally being a key time in the season for many.

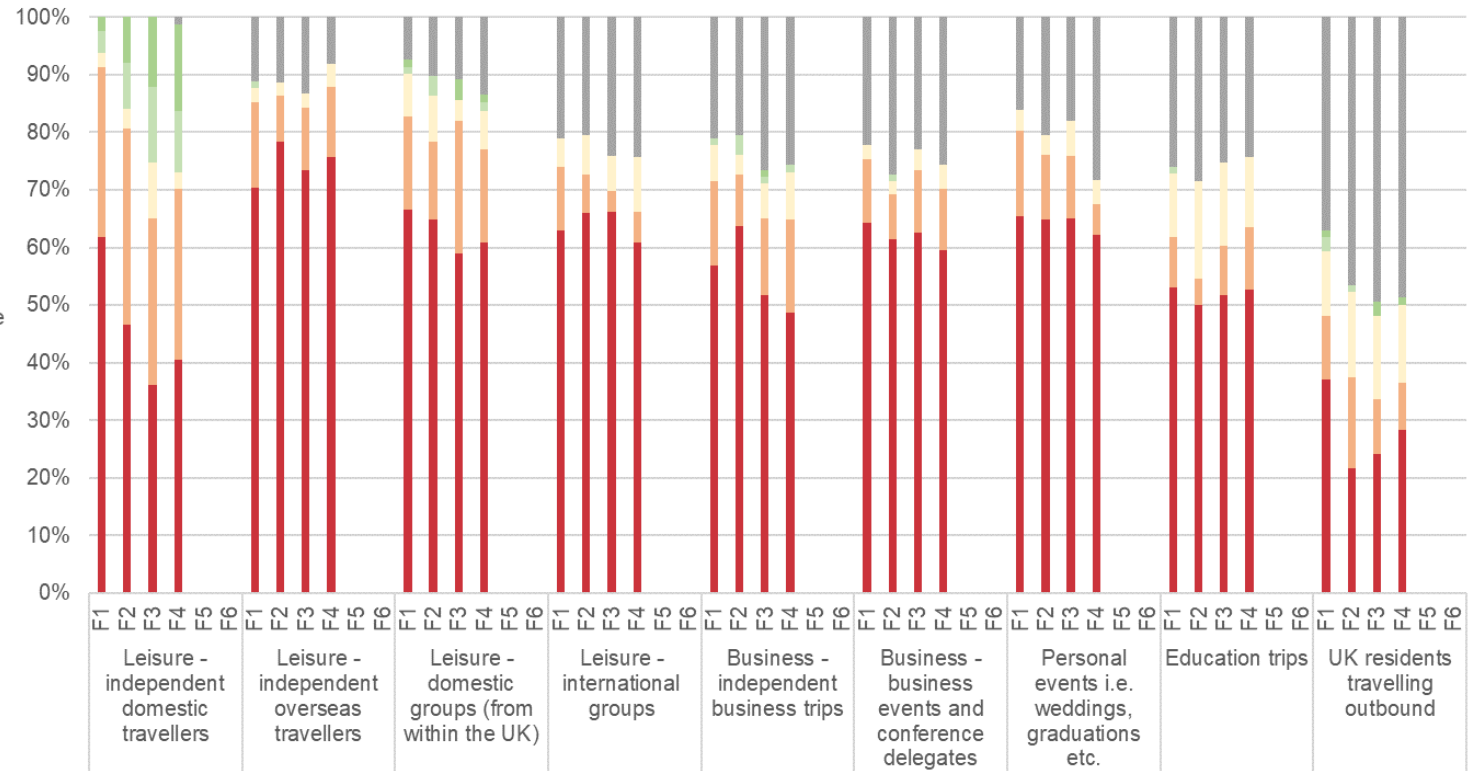
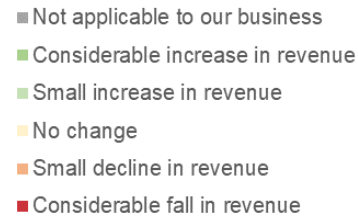


Samples: F1=89 | F2=96 | F3=98 | F100.
 Excluding businesses that were not open 12 months ago.

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.

- Over 70% of businesses continue to report considerable losses due to the reduced activity from the international independent traveller market.
- Around 60% of businesses report considerable losses due to the lack of activity in the groups market (international and domestic); business events market and personal events market.

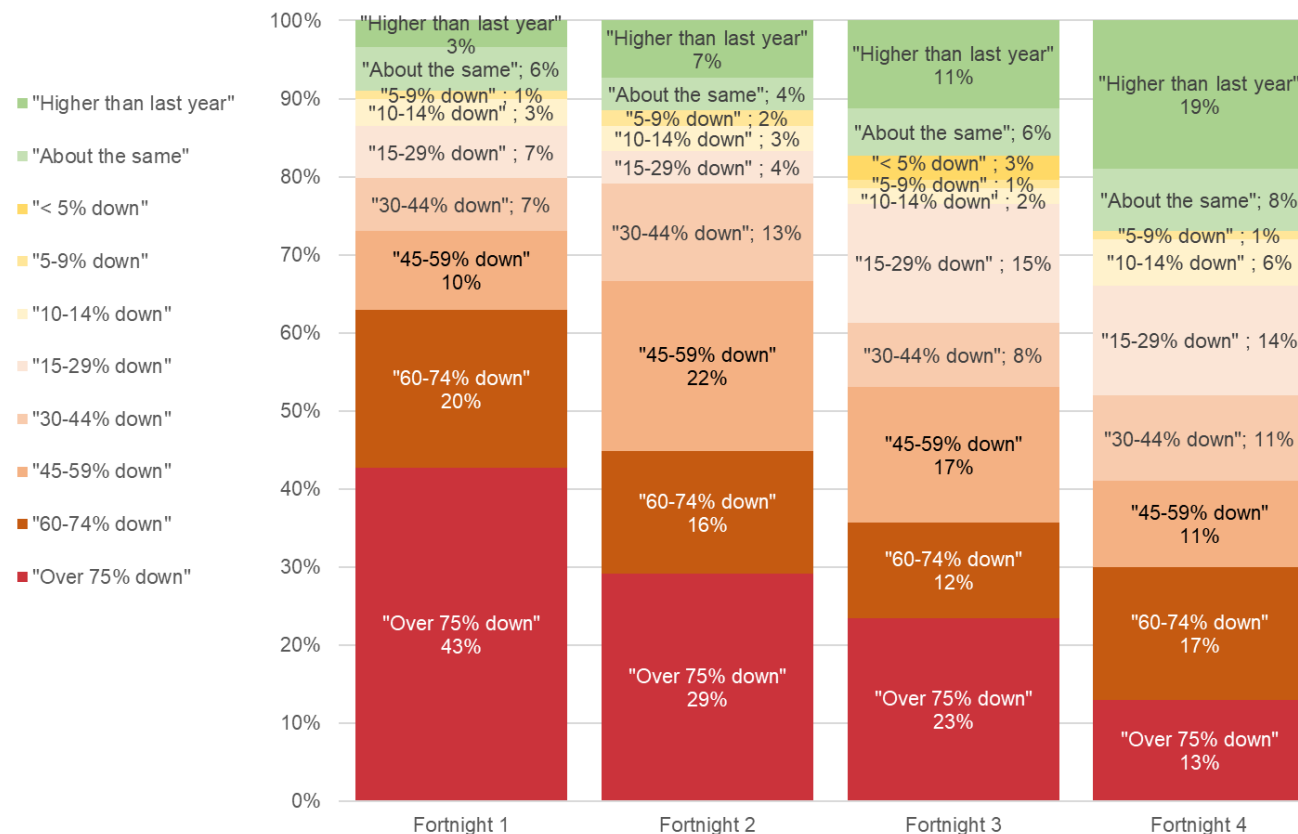


Samples: F1=81 | F2=88 | F3=83 | F4=74.
Businesses reporting a revenue gap.

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?

- Like with revenue, activity in the second half of August provided a much-needed boost with over a quarter of businesses (27%) experiencing strong visitor footfall; 19% of businesses reporting more visitors than the same period in 2019 and 8% reporting levels equivalent to 2019.
- The proportion of businesses reporting the most severe level of loss for footfall of 'over 75%' has further reduced with 13% of businesses reporting this in the current wave; down from 43%, 29% and 23% in previous waves.
- However, almost three quarters of businesses (73%) are serving a reduced number of customers and this is likely to be due to a combination of reduced footfall and reduced capacity to aid social distancing.

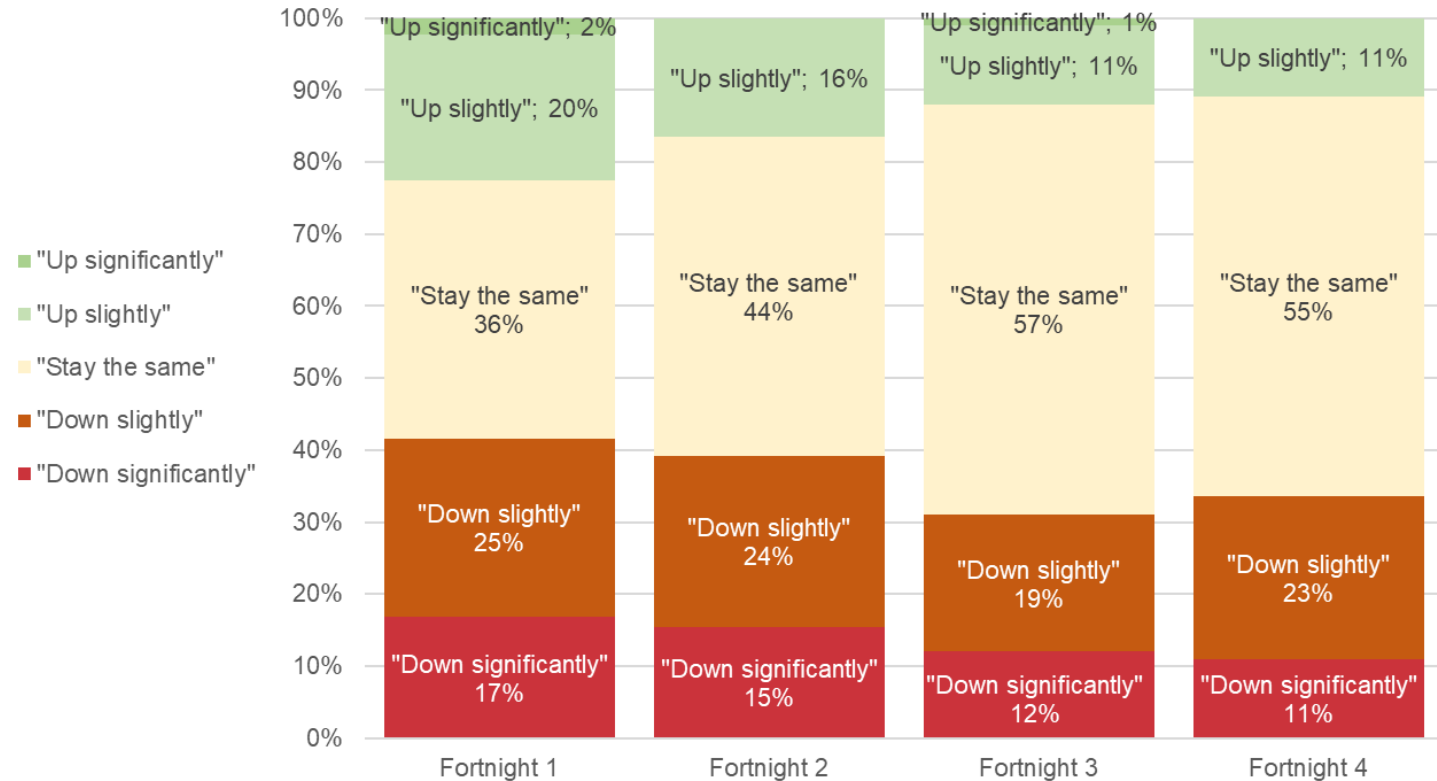


Samples: F1=89 | F2=96 | F3=98 | F4=100.
 Excluding businesses that were not open 12 months ago.

Employment shifts – permanent staff

Fig4: In a month's time how do you expect your permanent staff count to be, compared to now?

- This wave was the second consecutive wave where more businesses reported a stable level of permanent roles within their operations than those reporting changes.
- There remains a considerable proportion; around a third of businesses (34%) looking to reduce the number of permanent staff over the next month.
- The 11% of businesses planning to take on more permanent staff is a reduction on the 22%, 16% and 12% in previous waves.



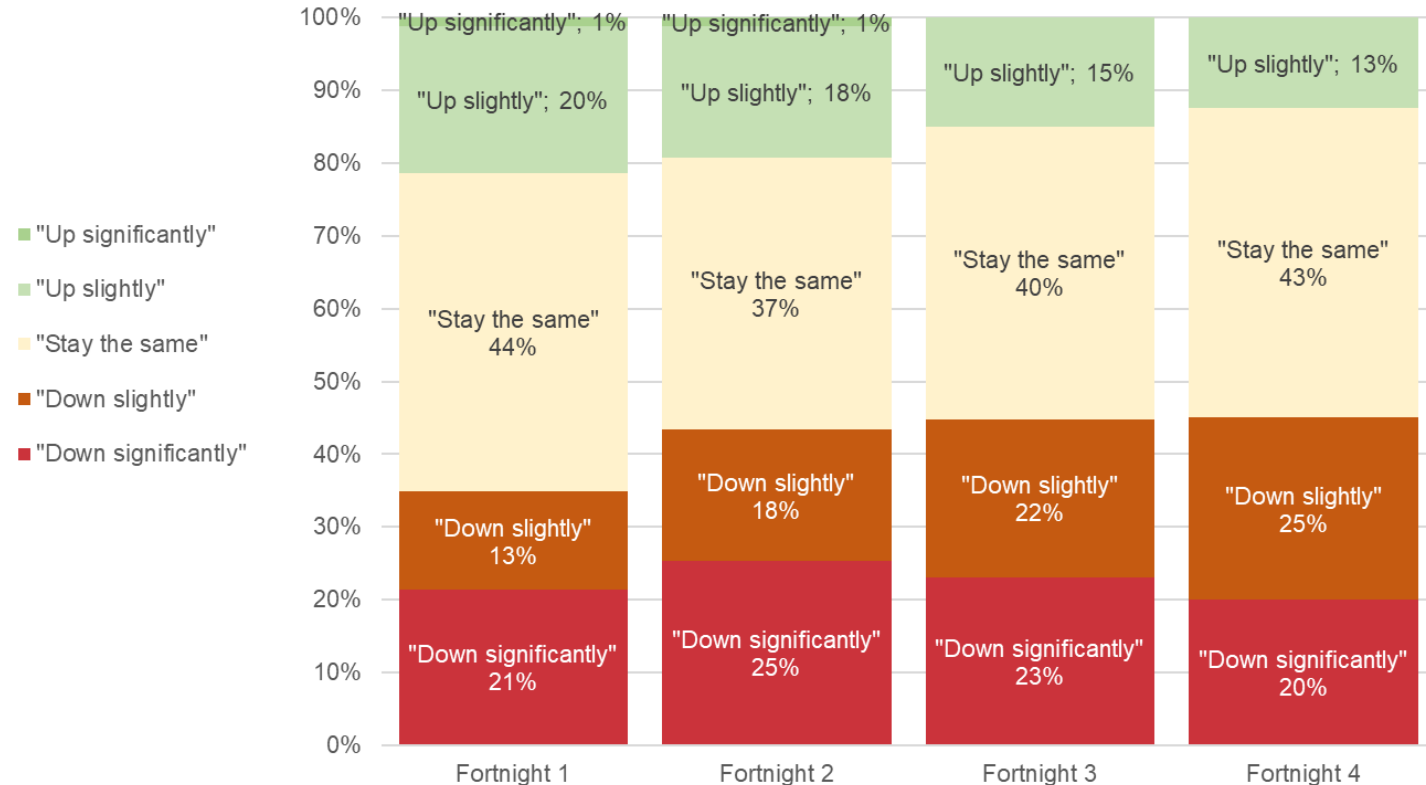
Samples: F1=89 | F2=97 | F3=100 | F4=101.

Businesses are asked to consider the number of roles on their payroll and treat staff returning from furlough as 'stay the same'.

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?

- 79% of businesses in the panel, for the latest wave, use casual or temporary staff within their operations.
- Like with the previous wave, 45% of businesses anticipate a reduction in their casual/temporary workforce over the next month. As with the previous wave, this may reflect some seasonal reductions in anticipated business levels as businesses move into September.
- However, 13% of businesses plan to increase their casual workforce over the next month.



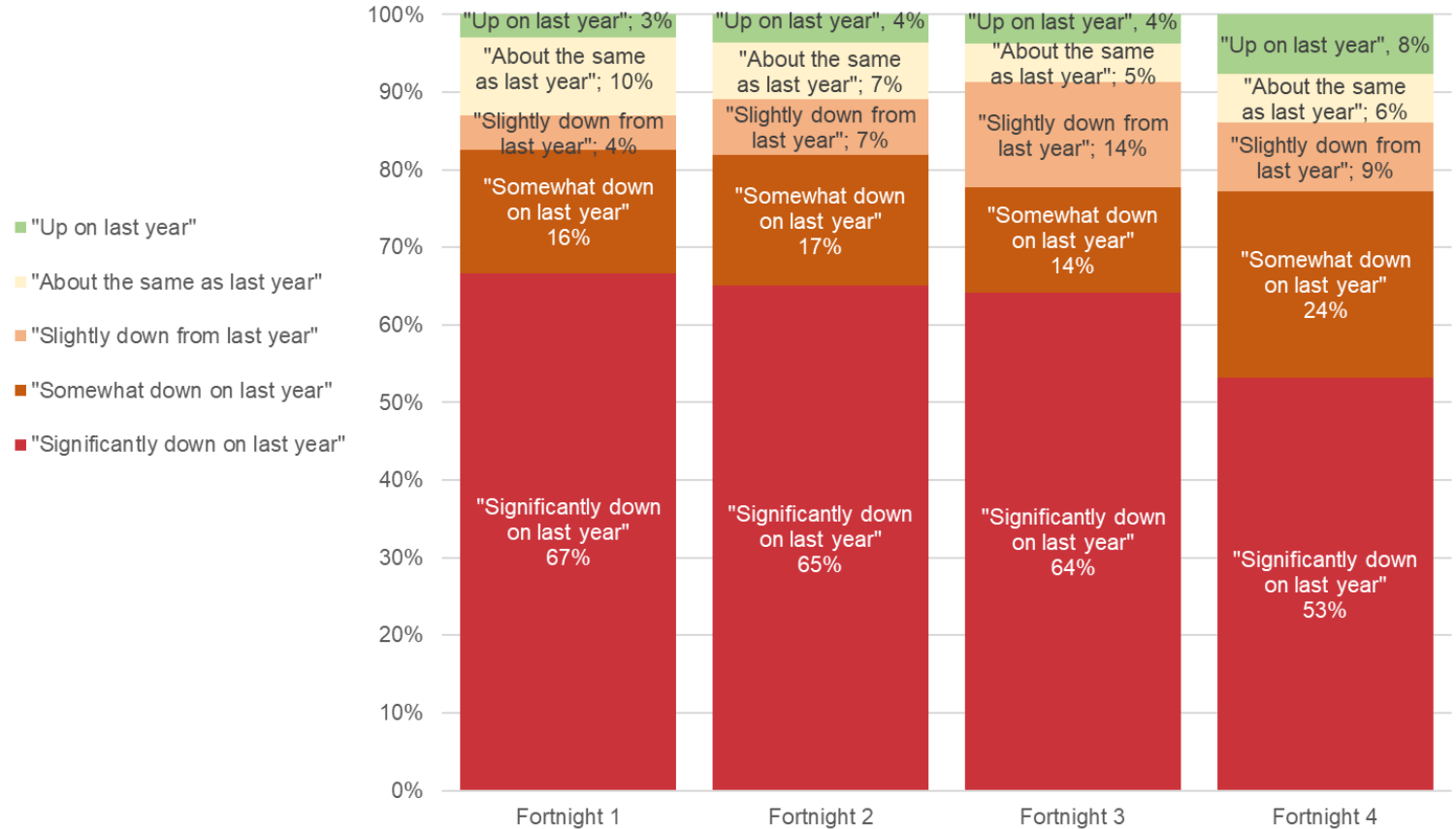
Samples: F1=89 | F2=83 | F3=87 | F4=80.

Excludes businesses that do not use casual or temporary staff from F2.

Advanced bookings October to December 2020

Fig6: How do your advanced bookings for October to December 2020 compare with the same period last year?

- Feedback on advanced bookings for October to December has improved on previous waves but continues to show bookings as significantly below what they should be. This will reflect a reduction in demand for some; for others this is likely to be a combination of reduced demand and a reduced capacity due to complying with social distancing requirements.
- There continues to be a relatively small proportion of businesses (8%) reporting that bookings are above where they would usually be at this point with a further 6% seeing levels around the same as they were in 2019.



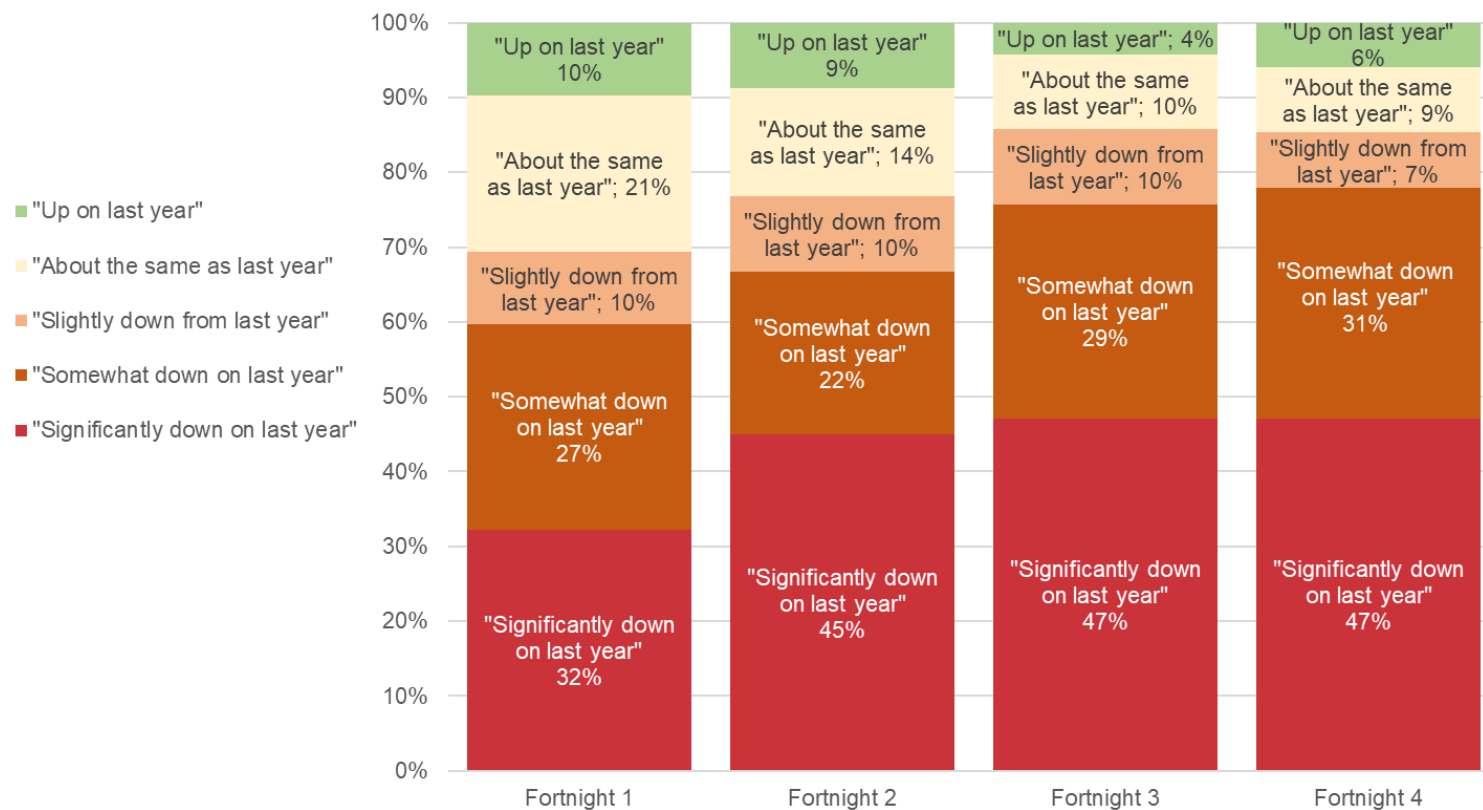
Samples: F1=69 | F2=83 | F3=81 | F4=79.

Excludes businesses that don't take advanced bookings, only currently taking advanced bookings due to managing capacities/social distancing or 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?

- In the latest wave, 86% of businesses are reporting lower advanced bookings for October to December (fig.6). 85% are also reporting this for January to March 2021. Therefore there are significant concerns for the six month period ahead amongst businesses.
- Like with the previous wave, just under half of businesses (47%) report that their advanced bookings for January to March 2021 are 'significantly' down.



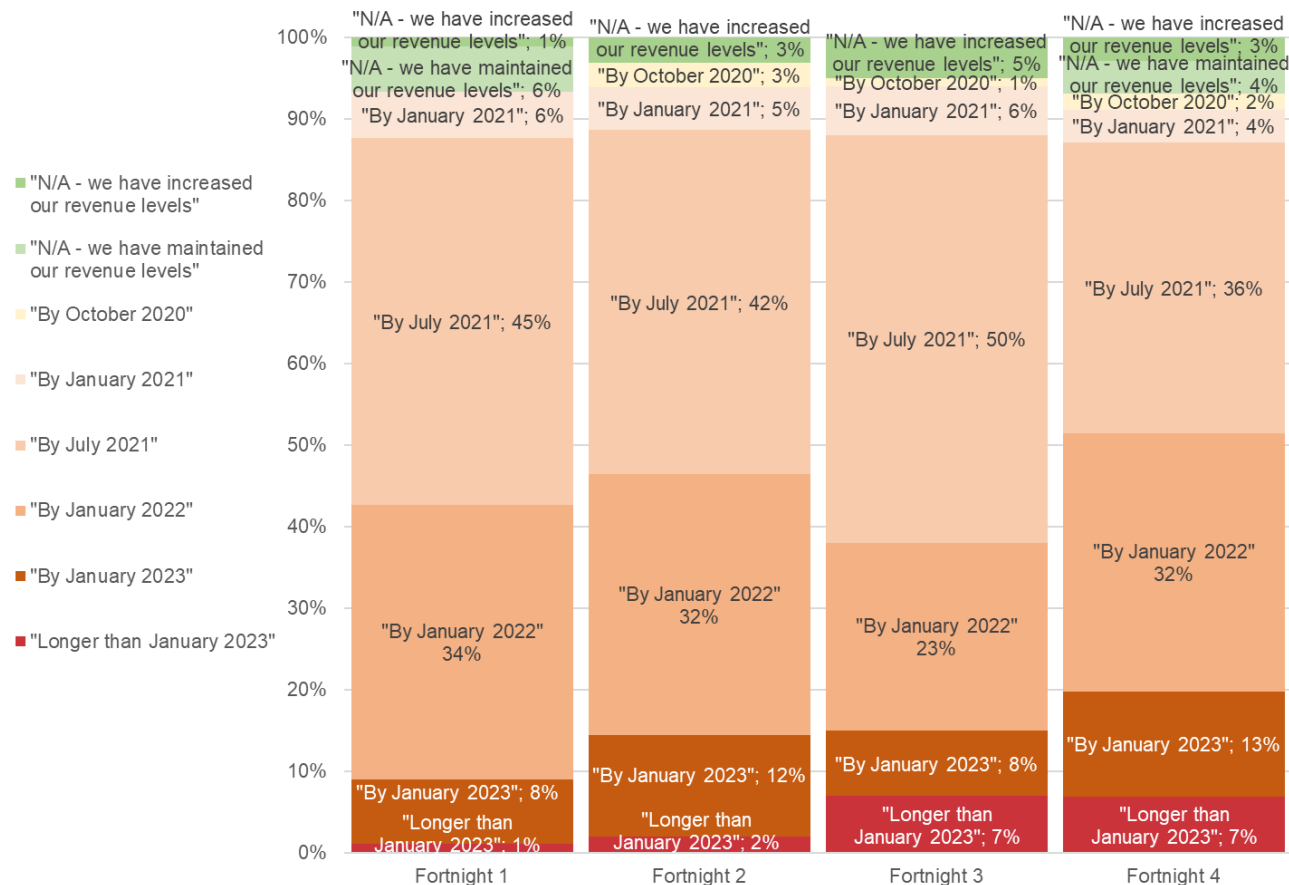
Samples: F1=62 | F2=69 | F3=70 | F4=68.

Excludes businesses that don't take advanced bookings, only currently taking advanced bookings due to managing capacities/social distancing or 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, has consistently been 'by July 2021' although an increasing number of businesses now expect it to take longer.

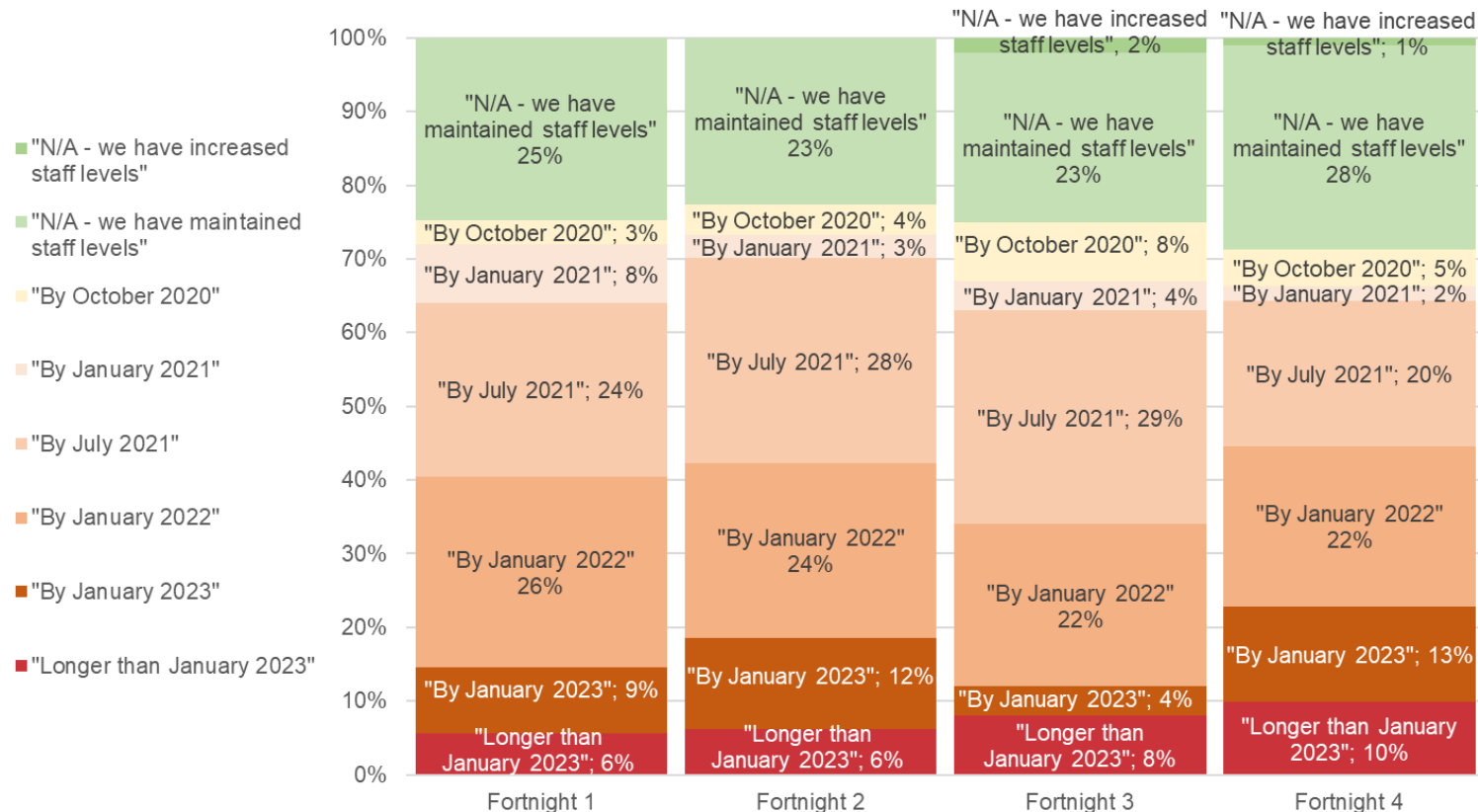


Samples: F1=89 | F2=97 | F3=100 | F4=101.

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?

- 1 in 10 businesses (10%) now think it could take longer than January 2023 for their headcount to reflect employee numbers prior to the pandemic; if they have reported that they have needed to reduce staffing levels.
- However, the most frequently selected timeframes were; 'by July 2021' and 'by January 2022'.
- As businesses re-open and join the panel, there is an increase in the overall proportion reporting that they have maintained the same levels of staff, including those still on the government's furlough scheme.

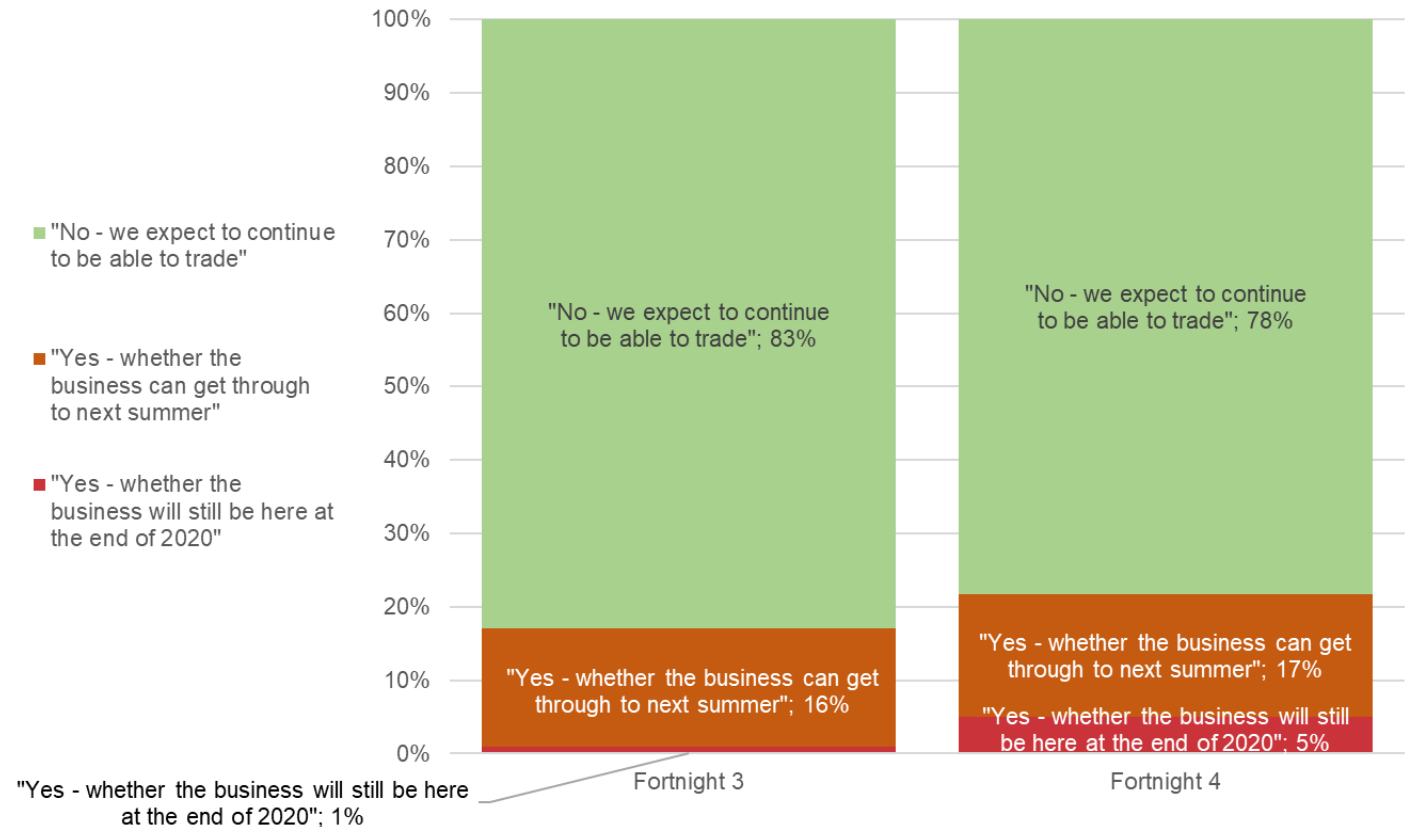


Samples: F1=89 | F2=97 | F3=100 | F4=101.

Business survival prospects

Fig10: Considering the current financial situation of your business, together with future business prospects, do you have any concerns around your business having the financial resources to continue to trade?

- 22% of businesses are concerned that the continuing consequences of the pandemic is threatening the viability of their business; an increase from 17% in the previous wave.
- 17% of businesses are concerned as to whether they will still be trading next summer and 5% of businesses concerned as to whether they would still be trading at the end of this year.
- Businesses concerned about survival were much more likely to have significantly lower advanced bookings for January to March 2021 than the average of the sample.



Samples: F3=100 | F4=101.
Question first asked at fortnight 3.

Verbatim comments from the Northern sample

- The Eat Out To Help Out scheme has been hugely successful... we have managed to have a full restaurant for every day it has ran. We are still struggling in terms of weddings (our main source of income) and we wonder what will happen when the scheme comes to an end.
- Eat Out To Help Out has helped us significantly in spite of local difficulties depressing the effects compared with national averages. One of our sites remains closed though so depressing consolidated figures.
- Although our revenue levels are currently up on last year, we expect levels will drop in September once the summer holidays are over and the Eat Out To Help Out scheme has ended.
- The new VAT rate for the hospitality industry has had a big impact on net sales levels.
- We have seen some occupancy growth over the last two weeks but all at the expense of average daily rates (ADR).
- The primary reason for the drop in revenue on 2019 is that we are only operating with 76% of our rooms available due to social distancing in areas like the restaurant.
- On our best days currently we are operating at just about a full customer capacity and so without social distancing capacities we would actually be serving more customers.
- Our forward bookings for the next two months are around 10-15% ahead of last year. In reality this is just people booking ahead sooner rather than extra business. There is definitely strong demand out there for accommodation, we are all but fully booked now until the end of October. As we are limited by capacity our eventual bookings income going forward is expected to be around level with last year.
- Our staffing levels are likely to remain the same for permanent team members as we made redundancies at the end of July.

Further information

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

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