

COVID-19 Impact on Tourism

Key Issues

• Revenue

- Visit Wales research showed 97% of businesses closed, and 99% of businesses anticipated a negative impact from the coronavirus and distancing measures (VWTB)
- This was supported by results from the BBTS which found that 82% of businesses did not think they could survive until September 2020
- Pembrokeshire Tourism results were slightly more positive, around 2 in 3 were confident about business recovery.
- The second FOR Cardiff survey, covering all sectors not just Tourism, found 41% of businesses to be at risk of permanent closure. Compared to their first survey, more businesses were concerned about cash flow and loss of income
- Across all surveys, financial challenges specific to tourism were highlighted, including seasonal workers, reliance on peak season income to pay off debts accrued over winter, and high moth-balling costs.

• Staffing

- The VWTB found that 50% had asked staff to take paid leave, 35% to take unpaid leave, 4% had made redundancies
- Similarly, the BBTS found 77% of respondents had reduced their staffing levels by between 10% - 100%. Of these, 39% had reduced staff by 100%.
- FOR Cardiff reported 21% of businesses having made or intending to make redundancies.

• Insurance

- 61% of VWTB respondents said business losses would not be covered by their insurance.
- Many BBTS and PTS open responses mentioned insurance companies refusing to pay out for business interruptions claims

Government Financial Support

- Barriers to financial support
 - VWTB: many had difficulties accessing bank loans, and failing eligibility criteria for government support
 - Open responses from the PTS and BBTS supported this finding and included some additional examples of businesses falling between the funding eligibility gaps, which helped form feedback for finance colleagues

Where Visit Wales can help

- Clarification on financial support
 - Respondents were often unclear on the financial packages available and eligibility criteria (VWTB and PTS)
- Rules on trading
 - FOR Cardiff reported 15% of businesses confused about whether they could open, mirrored in several spontaneous responses in the VWTB.
- Marketing for the future
 - Many businesses called for a strong marketing plan for Wales, with the anticipation that the domestic market will be key to recovery (VWTB & PTS)
- Satisfaction
 - The PTS showed low industry satisfaction with UK banks and insurance companies, and slightly higher satisfaction with Visit Wales and Welsh Government

Sources:

- Visit Wales Tourism Barometer - Wave 2 (VW TB)
- Pembrokeshire Tourism Survey (PTS)
- Brecon Beacons Tourism Survey (BB TS)
- FOR Cardiff surveys (FCS)

Visit Wales Tourism Barometers: Covid 19 surveys

- **Visit Wales conducted its first Covid 19 Tourism Barometer telephone survey** among the tourism industry on 12 and 13 March 2020, with 205 tourism businesses covering serviced accommodation, self-catering, caravan & campsites, hostels, attractions, activity providers, restaurants, pubs and cafes. The second wave was conducted between 26 and 31st March with 402 businesses.
- The first wave showed some impact, but the majority of businesses were not yet affected. Two thirds (67%) of Welsh tourism businesses interviewed said they had so far experienced no impact from the COVID-19 outbreak, or that it was too early to tell.
- The second wave mainly asked about staffing and access to finance. Up to 86% had experienced some form of impact of staff such as paid/unpaid leave and redundancies. The research showed uncertainty and confusion regarding the access to potential government financial support with many business not knowing whether they would be eligible.
- Nearly all (96%) businesses expect the future impact of the outbreak to be 'significantly negative'.
- Businesses reported taking actions to mitigate impacts including minimizing costs, transferring rather than cancelling bookings, providing alternative services e.g. takeaways.
- Only 3% of businesses thought their insurance would cover 'some' or 'most' of their losses (none said 'all' losses were covered). The majority (61%) said they were not covered at all, and the remaining third were unsure.

Visit Wales is currently running an online version of the Barometer, which was launched on the 26th March to offer an opportunity for businesses not on the Barometer panel to feed back.

- Responses to the online survey show results mostly consistent with the telephone survey, with some additional insights:
- It was suggested that some survival measures may cause long-term harm in the industry: delaying paying suppliers, and businesses not investing in their product
- Some showed concern that in dissuading travel to Wales in the short term, encouraging visitors back when safe would be more challenging.

You can participate in our survey here:

<http://www.walesbarometer2020.co.uk/>
<http://www.baromedrcymru2020.co.uk/>

Wave 3 of the telephone survey launched on the 22nd April and will include 800 businesses. A parallel online survey is also running.

Published Reports:

Wave 1: <https://gov.wales/tourism-barometer-covid-19-impact-survey-wave-1-2020-html>

Wave 2: <https://gov.wales/tourism-barometer-coronavirus-covid-19-impact-survey-wave-2-2020-0>

Brecon Beacons Tourism Survey

- The survey was conducted among tourism operators by Brecon Beacons Tourism with 525 responses in the weeks leading up to 3rd April 2020.
- 82% did not think that their business can survive until September 2020, and 86% did not think that their business would survive until Easter 2021.
- 77% of respondents had been forced to reduce their staffing levels with between 10% - 100%. Of these 39% had reduced staff by 100%.
- Businesses were waiting for the Welsh Government grant aid criteria to be clarified, and a number of businesses were concerned that their insurance companies were refusing to pay out business interruption insurance payments

Published Report:

<https://www.facebook.com/breconbeaconstourism/> (posted on 6th April at 7.14pm)

FOR Cardiff run a weekly business impact survey (all sectors – not just Tourism, Cardiff only)

Press release (posted 24th March, n=149):
<https://www.forcardiff.com/53-of-cardiff-businesses-at-risk-of-permanent-closure-due-to-covid-19/>

- 53% of Cardiff businesses at risk of permanent closure due to COVID-19
- 21% of businesses had already made / were going to make staff redundancies, and 51% were concerned about the prospect of staff redundancies

Press release (posted 30th March):
<https://www.forcardiff.com/support-for-cardiff-businesses-could-mean-fewer-closures/>

- The number of businesses worried about permanent closure due to COVID-19 had reduced to 41%
- 12% increase in the number of business owners concerned about cash flow and loss of income, demonstrating that businesses were a long way from breathing a sigh of relief following recent announcements of financial support

Many expressed growing frustration at the lack of clarity on accessing financial support and guidance given to the public on restrictions. 15% were unsure whether they were allowed to be open or not.

Pembrokeshire Tourism Survey

- The online survey was conducted among tourism operators by Pembrokeshire Tourism from 26th March until 3rd April and included 98 responses, 90 of whom were members of Pembrokeshire Tourism.
- 3 in 10 were Confident or Very Confident about business recovery, and a further third were Somewhat Confident. Only 6% were Doubtful or Very Doubtful.
- Whilst around three quarters were Very Satisfied or Satisfied with Pembrokeshire Tourism, around 4 in 10 felt the same about Visit Wales, Business Wales and Welsh Government – similar to satisfaction levels for UK Government. All were higher than satisfaction with UK Banks and Insurance Companies (at around 15% and 0% respectively).
- Businesses also fed back details on specific challenges and funding / support.