

# Cumbria Tourism

## Tourism Business Performance Survey March 2016



**Cumbria Tourism**  
At the heart of our visitor economy

## Summary

- Severe weather and flooding during December 2015 affected many parts of Cumbria. This survey also included questions about the ongoing nature and level of impact post-floods, building on research carried out immediately after the floods occurred. 282 businesses completed the survey.
- After more than two years of strong performance, and positive upward trends in profits and visitor numbers, this situation is now reversed. Three quarters (76%) of tourism businesses are reporting profits down and the same proportion report visitor numbers down.
- All visitor markets have been affected by the downturn, and in particular domestic visitors (74% of businesses report decreases), and new visitor groups (61% report decreases). Even overseas markets have been affected, with more than half of Cumbria's tourism businesses (57%) reporting reduced numbers of international visitors.
- Four months on, businesses continue to be badly affected by the floods. More than three quarters (77%) are suffering from reduced bookings and enquiries.
- 59% are still being affected by road or bridge closures, and 52% specifically affected by the ongoing closure of the A591 north of Grasmere. Almost half have had cancellations from pre-booked visitors.
- 45% of tourism businesses have had to reduce staff hours, and are suffering from recruitment problems. 27% find lack of staff accommodation a problem, a fifth are having trouble retaining staff, and 17% have actually lost jobs.
- Businesses were asked to estimate the cost of loss of business since the floods. On average, each enterprise has lost £25,000.
- 56% have had to undertake additional marketing activity as a result of the floods, and this has cost an additional £3,000 per business on average.
- 82% of tourism businesses in Cumbria say they need positive PR and marketing to build consumer confidence.
- Repeat business in the form of returning customers is a critical factor in the success of many tourism businesses. However, even repeat business has been affected. 82% cited this as a positive factor six months ago, and 78% did so this time last year – this has now fallen to 52%.
- Weather can have a mixed impact depending on business type, but 82% report a negative impact over the last six months. Weather aside, problems for visitors accessing Cumbria, and getting around once here, are significantly impacting trade, and 57% of businesses are having to offer price reductions.
- When asked about business performance expectations in 2016 overall compared to 2015, just over half (52%) of businesses are pessimistic. A third think it will be about the same. Just 15% believe 2016 will be better than 2015. This is a complete reversal of expectations six months ago.
- Forward bookings do not necessarily make for good forecasts, bearing in mind the ongoing trend towards last minute bookings from consumers seeking the best deals and keeping an eye on the weather. The picture for the next six months is that approximately 10% are up on advance bookings compared to last year, 30% are level, and 60% are down.

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## 1. Introduction

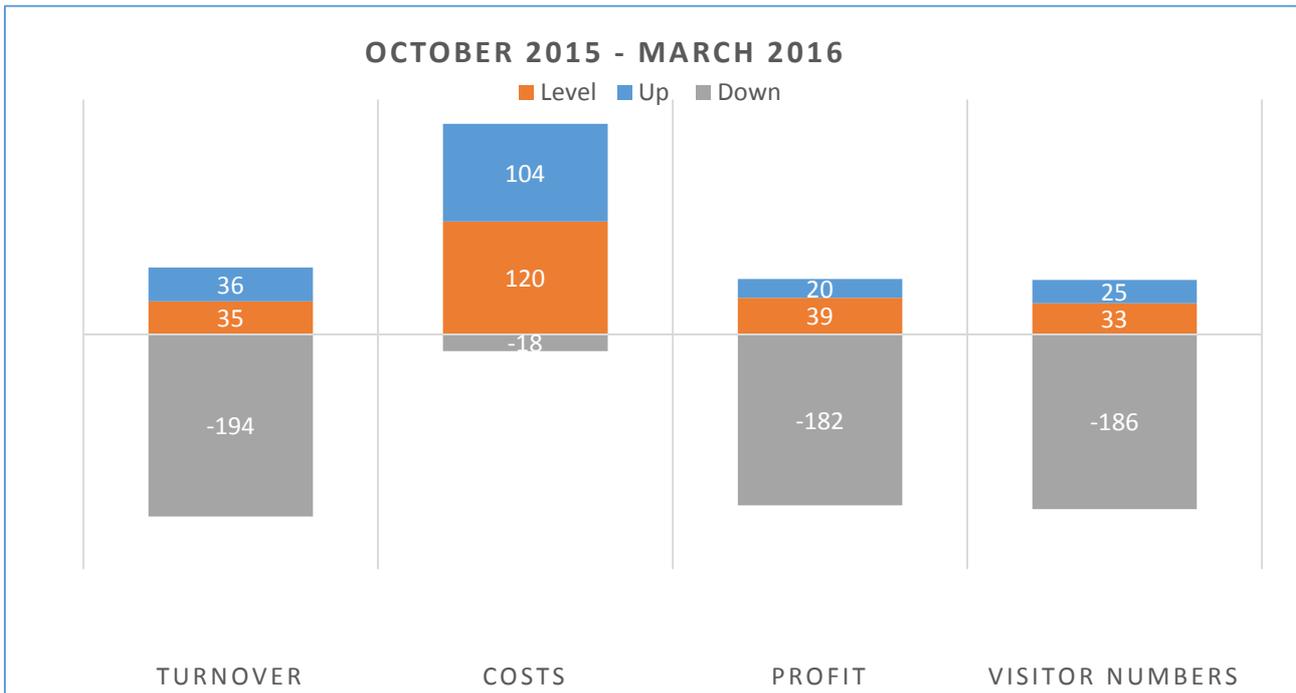
Cumbria Tourism's DMS database was used to generate the sample for this survey. It is made up of all known tourism businesses (accommodation providers, visitor attractions, retailers etc) whether members of Cumbria Tourism or not.

2,736 tourism businesses were sent an email at the end of March 2016, inviting them to complete an online survey, followed by reminder emails, and posts were put on social media. 282 businesses completed the survey - a 10.3% response rate.

The survey covered the six month period October 2015 to the end of March 2016. It also looks ahead to the rest of 2016. It is six months since this survey has been carried out.

Severe weather and flooding during December 2015 affected many parts of Cumbria. This survey also included questions about the ongoing nature and level of impact post-floods, building on research carried out immediately after the floods occurred.

## 2. Last Six Months



After more than two years of strong performance, and positive upward trends in profits and visitor numbers, this situation is now reversed. Six months ago, just over half of all Cumbria's tourism businesses (51%) reported profits up, and in total 75% reported profits level or up on the previous year. Now three quarters (76%) are reporting profits down. The same proportion report visitor numbers down, and 73% are suffering from reduced turnover.

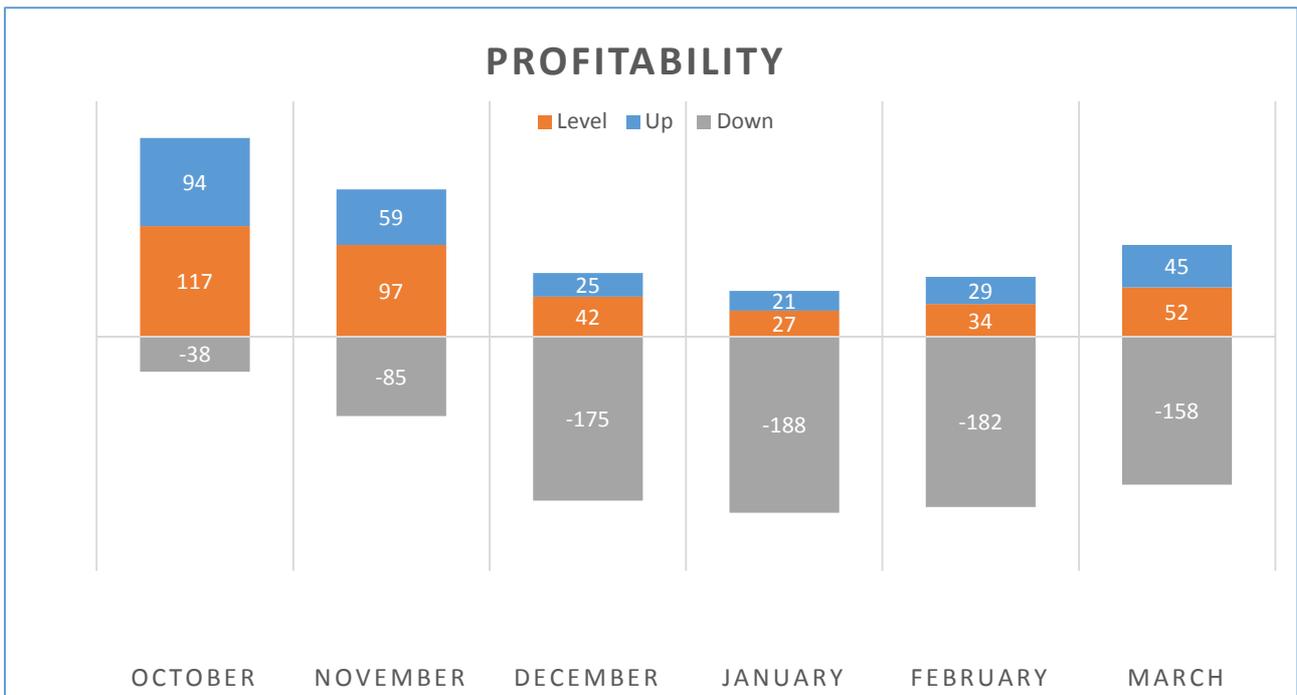
The graph below shows this dramatic drop. It shows the percentage of businesses reporting profits up compared to the previous year - which had grown to a high of 51% six months ago and has now fallen to 8%.



### 3. Profitability

The graph below shows profitability by month. It is quite clear to see the devastating impact following the severe weather and flooding events during December. Since then, profits have been badly affected. 72% were down in December, 80% in January, 74% in February, and 62% in March.

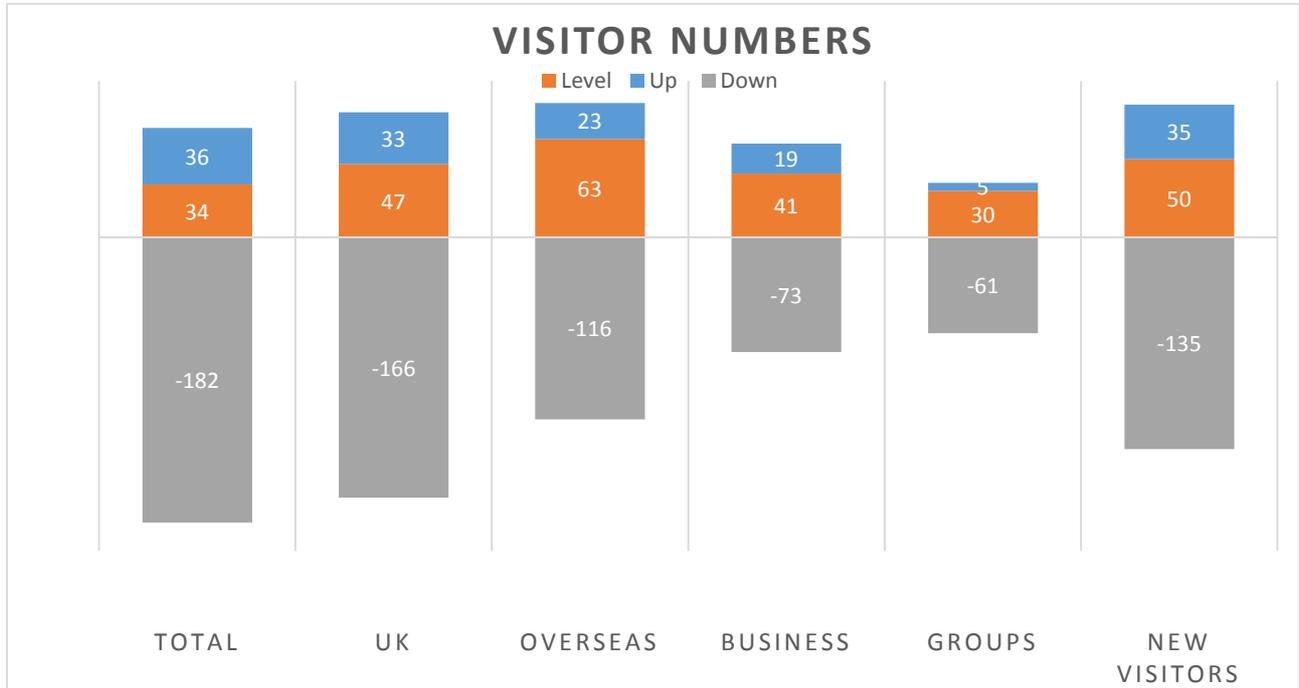
Although there has been some small improvement in March, March this year included the Easter holidays, which was in April in 2015 and will affect year on year comparisons for these months (the same will be true for comparisons of April 2016 with April 2015).



Businesses were also asked about profitability for the key holiday periods of February half term and Easter. 65% reported profits down during half term, and 61% during Easter.

## 4. Visitor Numbers

Businesses were asked in more detail about visitor numbers. Not all markets were relevant to all businesses, and some businesses were unable to identify in detail.

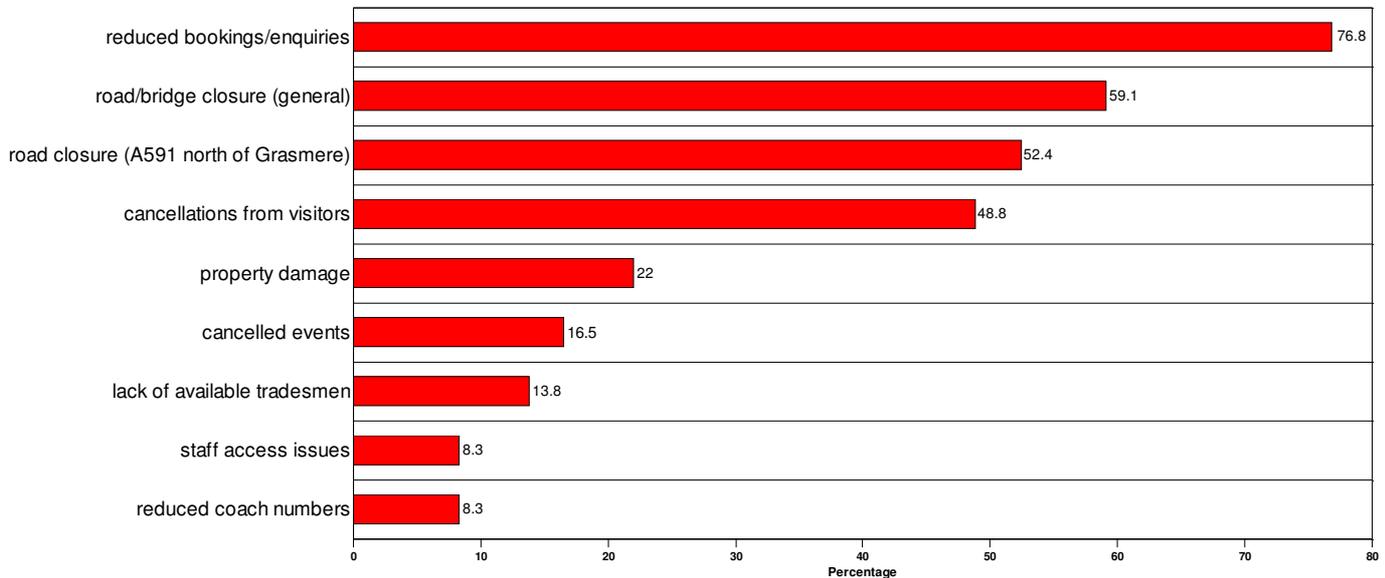


All visitor markets have been affected by the downturn, and in particular domestic visitors (74% of businesses report decreases), and new visitor groups (61% report decreases). Even overseas markets have been affected, with more than half of Cumbria's tourism businesses (57%) reporting reduced numbers of international visitors.

## 5. Factors Affecting Business – Post Floods

Four months on from when the flooding occurred, businesses continue to be badly affected. More than three quarters (77%) are suffering from reduced bookings and enquiries.

59% are still being affected by road or bridge closures, and 52% specifically affected by the ongoing closure of the A591 north of Grasmere. Almost half have had cancellations from pre-booked visitors.



Comments included:

*"just too much negative publicity about the storm damage in the Lakes. Public still think that the area isn't accessible."*

*"Increase in Insurance costs despite being nowhere near flooded properties"*

*"An early Easter can probably account for our fluctuations"*

*"We had to spend a great deal of time dealing with many enquiries from people already booked with us wondering whether it was OK for them still to visit the area."*

*"General information on the media showing badly affected areas and not enough positive coverage of areas which are functioning normally."*

*"Disappointed guests had a circuitous route to the Lakes"*

*"Awful PR and dreadful weather November to February"*

*"We're a Leasehold property so no sense of urgency from the Freeholder. Environment Agency inhibit future proof repairs."*

*"Just very poor PR for the Lakes. Guests/potential guests assume that because the road is closed, the whole district is closed too. Need some positive stories to come out (but that doesn't sell papers or make good news for TV)"*

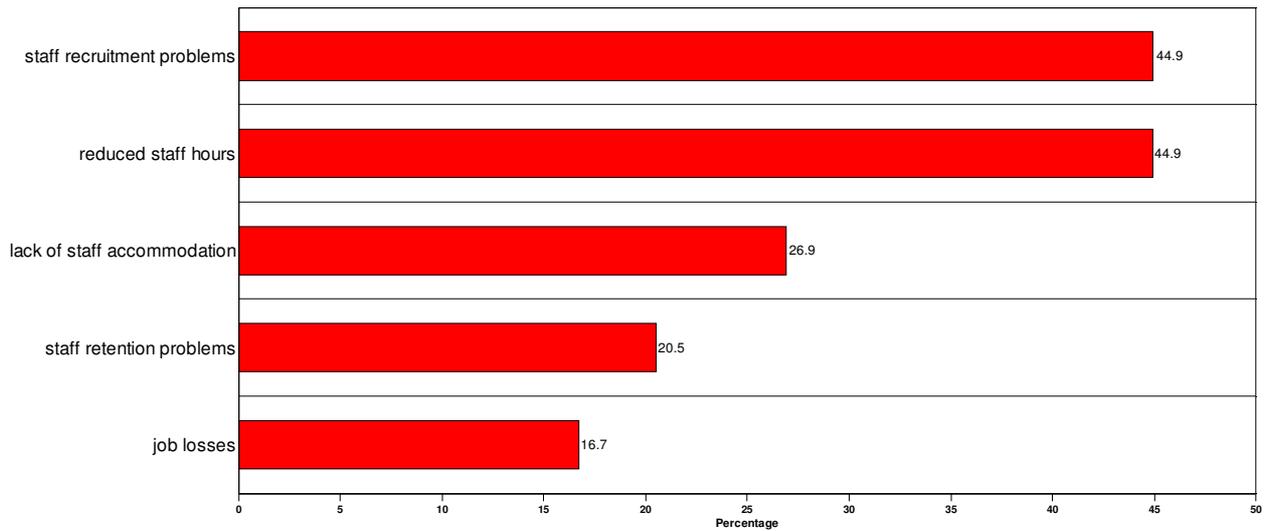
*"Additional time spent reassuring guests that all is ok and they will have a good time. Media still show very negative images."*

*"As a food distribution company we have seen a drastic decrease in orders from cafes and pubs compared to last year. We're not specifically a tourism business but a service business for the tourism industry."*

*"It is the first time we have had guests just not show up, this has not happened before in five years of welcoming guests. The news is all about the flooded areas and should spend some time showing that not all of Cumbria is flooded."*

*"It's been the worst year since foot and mouth in 2001. The floods in 2009 whilst bad still didn't keep people away and we held steady that year. This year has been horrendous."*

## 6. Employment Issues – Post Floods



45% of tourism businesses have had to reduce staff hours, and are suffering from recruitment problems. 27% find lack of staff accommodation a problem, a fifth are having trouble retaining staff, and 17% have actually lost jobs.

## 7. Costs – Post Floods

Businesses were asked to estimate the cost of loss of business since the floods, including any cancelled bookings. Losses can be felt even in areas that have suffered no physical impact, as consumer confidence falls and visitors change their plans:

Average Loss	Maximum Loss for Single Site	Total Loss for Sample	Sample
£25,300	£1,000,000	£3,643,247	144

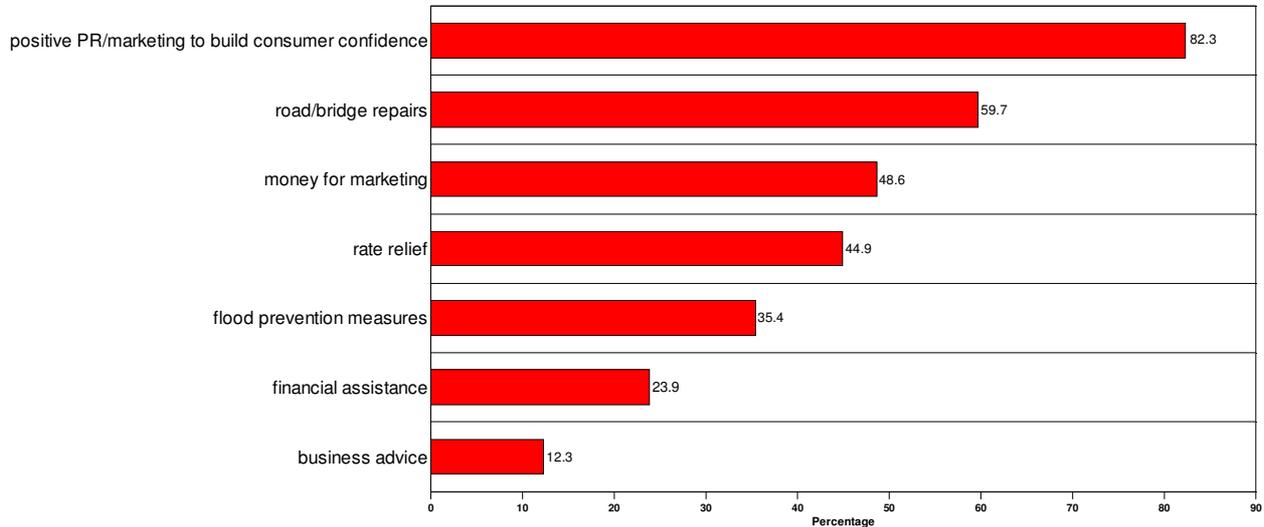
On average, each enterprise has lost £25,000.

56% have had to undertake additional marketing activity as a result of the floods, and this has cost an additional £3,000 per business on average.

## 8. Assistance Required – Post Floods

82% of tourism businesses in Cumbria say they need positive PR and marketing to build consumer confidence.

60% still need road or bridge repairs, 49% want marketing money, and 45% are requesting rate relief.



## 9. Factors Affecting Business – Positive Impact

Repeat business in the form of returning customers is a critical factor in the success of many tourism businesses. However, even repeat business has been affected. 82% cited this as a positive factor six months ago, and 78% did so this time last year – this has now fallen to 52%.

32% of businesses have seen positive results from offering discounts and special offers, though this can impact on profitability.

Respondents were given the opportunity to say what other factors, if any, positively affected their business. Comments included:

*"Lakedistrict PR needs to engage better with individual hotels and guest houses across the range ..not just the chosen few or those who can afford a big PR company ...and help celebrate individuals achievement to raise standards"*

*"Without our 63% repeat & referral business, we would have suffered much worse as there was no new business enquiries/bookings"*

*"The only good thing that has happened to us since we flooded is the support we have received from Social Media. People have been very supportive and kind."*

*"We have tried all avenues to try and increase trade, nothing is working as people still think we are knee deep in water everywhere, a comment often heard by the guests when they do arrive. We need to 'flood' the media attention and stop them showing Cumbria covered in water, instead concentrate on accentuating the positive, how many bridges have been opened, how many paths are still walkable."*

*"Developing a stronger relationship with customers through social media - but this has taken more of our time!"*

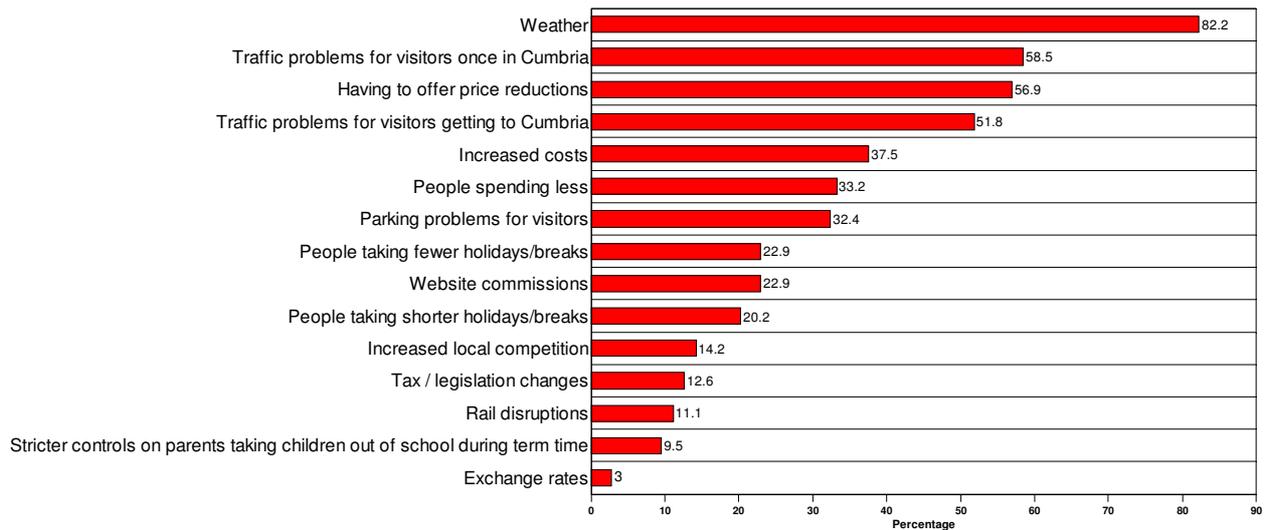
*"555 shuttle bus service!"*

"Positive TV coverage such as Secret Britain: The Lake District drew a positive response. The Place to Be Campaign is lovely but not high enough profile to counteract the negativity of recent months. More should be invested in this."

"I am hoping that the increased TV coverage of poor flooded Cumbria encourages more Staycation business, also (unfortunately) the affect on the overseas market due to ISIS and the perceived threat of bombings might encourage more Staycations also."

"more people exploring West Cumbria due to reduced access from North to South Lakes"

## 10. Factors Affecting Business – Negative Impact



Weather can have a mixed impact depending on business type, but 82% report a negative impact over the last six months. Weather aside, problems for visitors accessing Cumbria, and getting around once here, are significantly impacting trade, and 57% of businesses are having to offer price reductions.

Some respondents suggested other factors that may be having a negative impact on business and took the opportunity to make general comments. These included:

"have seen fewer overseas bookings that this time last year but the exchange rates are just changing and the bookings from Australia and the USA are starting to come in again."

"Environment Agency requirements delay repairs, incurring further costs, and prevent future proofing against any more floods."

"Streets full of skips (makes parking harder) and scaffolding detracts from environment"

"The Highways department have let us down badly. The signage for prospective guests arriving from the north via Penrith/Jctn 40 is virtually non-existent. There is nothing to tell guests that there is no access to South Lakes via A66/Keswick. Surely, at Jctn 40/A66 and after Rheged there should be a sign stating "No access to Grasmere, Ambleside, Windermere""

"Village shops, restaurants closed creates dull atmosphere."

"People believing that they cannot get to the area at all. Many actually believe that all roads and bridges are closed and so they would not be able to do anything if they managed to get here"

"I think the publicity around the weather has resulted in people "giving the lakes a miss this year". Also more and more holiday lets are coming on the market as people use buy to let as an investment scheme. This results in an oversupply, particularly in the shoulder/low season periods."

"The increased parking charges proposed for Keswick are ludicrous and will not help provide a friendly image for the County. Towns which have reduced parking charges gain much greater footfall to the benefit of all local tourism businesses and sales to visitors."

*"People phoning to ask if roads are or are likely to be clear by April. Much coverage of floods and disruption but very little to say when problems are resolved"*

*"Sensationalist reporting by all forms of media, including the BBC, emphasising road closures, bridge closures, footpath closures, business closures, rather than realistically reporting on how quickly the area has recovered and how the areas now affected are limited. We are still hearing of people phoning accommodation asking if they can get there or not."*

*"Guests who have cancelled say they will wait till Cumbria's infrastructure is up and running and maybe return next year."*

## 11. Market Trends

Businesses were given the opportunity to comment on any other trends they have noticed, such as changing customer types, or behaviour. Many remarked on the continuation of last minute bookings, and high customer expectations, alongside a desire for the cheapest rates, and also on people reducing their additional spend.

Examples of some of the comments are shown here:

*"We are seeing lots more Chinese guests, less Japanese. The short break is king; we rarely have 7 night stays any longer."*

*"Negative -3 day breaks dominating at the expense of week long bookings. Positive - more UK asian guests visiting than a few years ago."*

*"Customers book later and later, none of them realise that using eg booking.com is just co-operating with a legalised protection racket."*

*"More last minute bookings than ever before"*

*"Exceptionally late booking... weather watching"*

*"More people on foot"*

*"More focus on shorter breaks"*

*"More general "tourists" than specialist walkers/sports people"*

*"Much later bookings, and trend towards short breaks"*

*"No where near as much "Easter money" being spent by children"*

*"Guests expectations are higher seem to want more facilities and choice for same money. Guests have no knowledge of how the floods affected the area and the continued impact or if they do have knowledge they don't care."*

*"More demanding customers with higher expectations but wanting bargain prices."*

*"More people looking for discounts - being offered by other businesses in area."*

*"A lot of people want special deals, but when trade is already down 40%, it is hard to offer reduced rates, especially as we are now into peak season. We did do lots of special offers during Jan, Feb, and March, but they never made much difference."*

*"Increasing demand for very short breaks - 2-nights over a weekend. Fewer advance bookings, more last minute enquiries. More bargain hunting."*

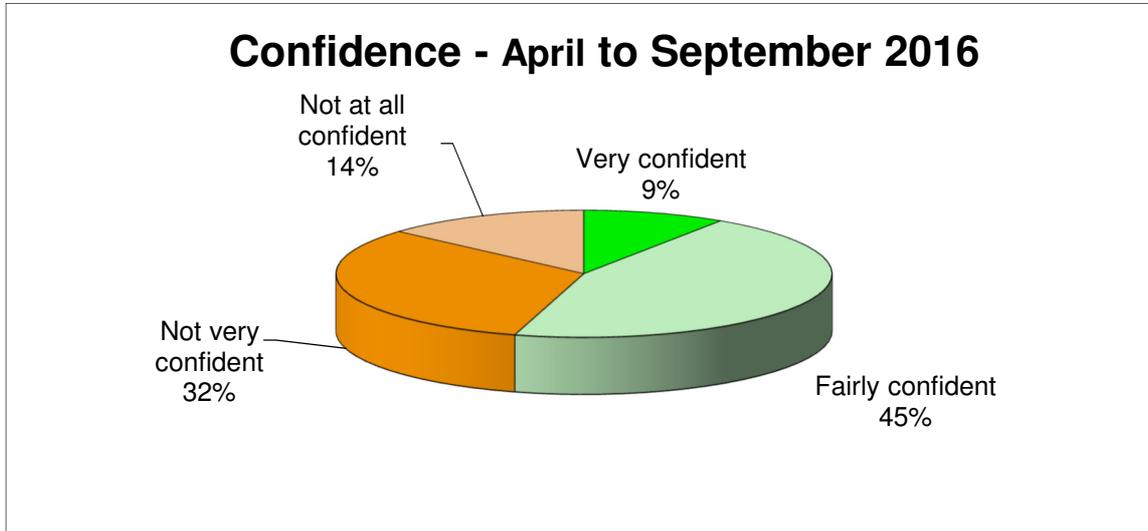
*"People cutting out any extra costs so more eating in rather than going out, driving instead of taking transport etc"*

*"Yes: as already remarked, we saw a much more sophisticated set of visitors, people who love the Lakes & want to offer support to businesses & attractions, and who have more discretionary spend at their disposal, and who expect quality, were/have been/ still are prominent from mid-March and over Easter. Just as in FMD in 2001, and post the 2009 floods."*

*"Still many customers finding financial difficulties. Have had more this year than ever before asking if they can book but delay paying deposit (sometimes as little as £60 ) until they get paid."*

## 12. Expectations and Forecasts

Just over half (54%) of businesses feel confident about the next six months.



When asked about business performance expectations in 2016 overall compared to 2015, just over half (52%) of businesses are pessimistic. A third think it will be about the same. Just 15% believe 2016 will be better than 2015. This is a reversal of expectations six months ago.



Forward bookings do not necessarily make for good forecasts, bearing in mind the ongoing trend towards last minute bookings from consumers seeking the best deals and keeping an eye on the weather. The picture for the next six months is that approximately 10% are up on advance bookings compared to last year, 30% are level, and 60% are down.

Businesses were given the opportunity to comment on future expectations. Examples of some of the comments are shown here:

*"We expect a lot of positive advertising from the Cumbria Tourist Board, especially on North West tonight news!!!"*

*"Hoping bookings will pick up again once potential visitors know they can get to the whole area from Keswick"*

*"Don't think things will get back to normal till next year at the earliest"*

*"Brexit will be a disaster for tourism - it can only make it more difficult for visitors to get to UK. Terrorism in mainland Europe will dissuade some short stayers from going there."*

*"In the short term some of the physical connectivity issues will be resolved with the re-opening of strategic transport links but the damage to the reputation of the area will take much longer to restore. Funding for other post flood recovery has been too slow to appear - Rights of Way restoration for instance."*

*"Fix all the problems caused by the floods, including the clean up. We now need positive coverage in the press and on T.V. in the same way they showed the damage. Good weather!"*

*"Educate the public to book direct, and support local; and to differentiate between a hotel/guesthouse/B&B for service, standards and value for money."*

*"I believe once the A591 is reopened things will improve, but the impact of the closure for the start of the season will and is having a massive impact on tourist numbers. Maybe with more PR once the links are restored it is possible that the season could in fact end up better than the previous year, but I believe that heavy advertising and marketing will be the key, along with maybe reduced commission rates on Cumbria tourism platform on a temporary basis to help accommodation providers to get back on their feet"*

*"A lot of effort and money needs to be invested in our infrastructure to bring it back to pre flood state in order for guests to want to come back the whole county is currently a mess and the councils are just arguing amongst themselves over who is responsible instead of getting on with the job. They are also relying too much on volunteers and making the process of claiming grants too onerous."*

*"We need long lasting investment in a) flood prevention for the future, environmental, sustainable solutions, b) we need to market Cumbria as the environmental county who leads the way in sustainable development and ecologically sound holidays c) we need to show Cumbrians can turn a disaster into something really positive d) we need all the roads and bridges repairing as soon as possible!!!! We need money investing and a brains 'think tank' to think things through for the long term good of all the inhabitants."*

*"All depends on the weather - if we have a very good spring/summer, positive stories will abound and people will return. Many now book last minute."*

*"The sooner Glenridding is sorted (It's STILL a bombsite) the better, the poor state of our local village has definitely had an impact on repeat bookings. We need the floods to become a distant memory and for the press to stop reporting it every time we have rain in Cumbria!"*

*"Going to be all forgotten by visitors in 6 months time, the guests that are coming now are having a brilliant time!"*

*"I think that overall my business year on year will be about 5-10% down - it will hinge on how well we can attract customers in the winter (November/December)"*

*"Hopefully more people will holiday here due to the unrest abroad"*

*"Much more needs to be done in building flood defences and communicating what is to be done to give businesses and visitors more confidence. Much stronger and more visible marketing please."*

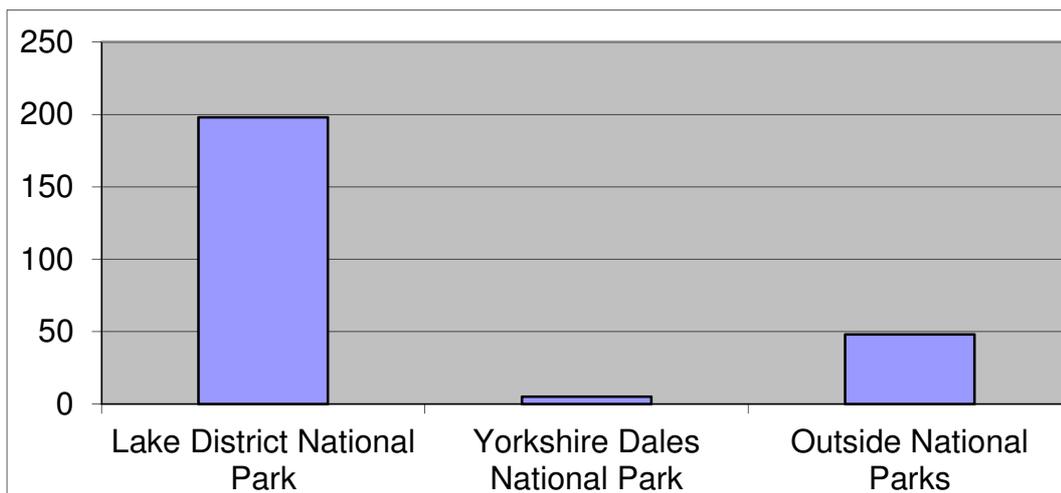
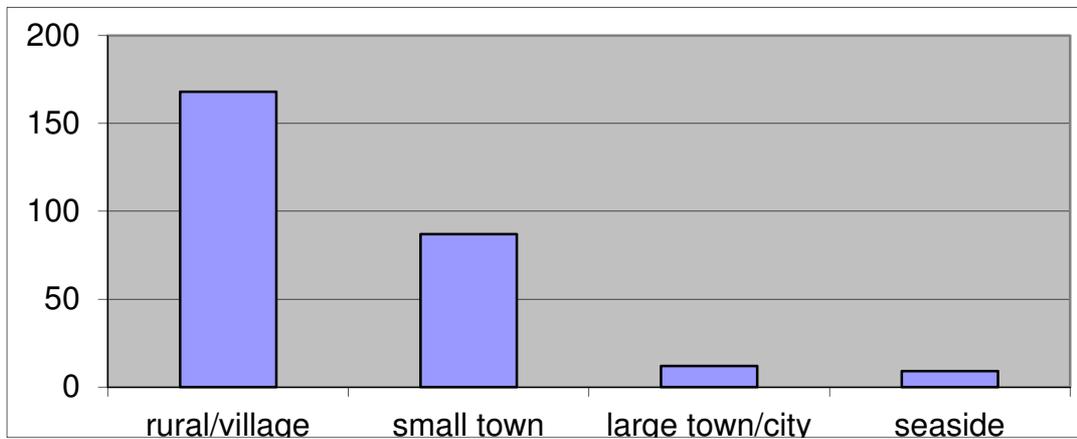
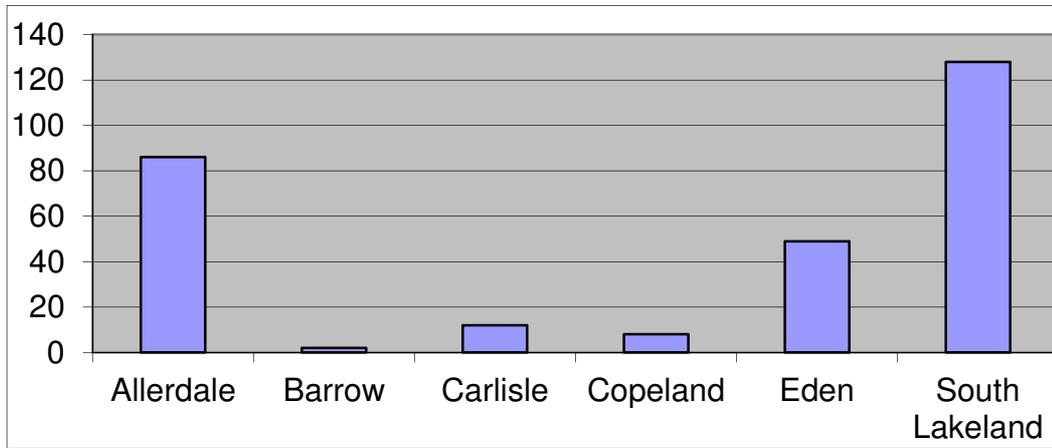
*"We've decided to close at end of April. Too many price reductions on travel sites to compete with and Cumbria being cut in half having detrimental effect on bookings."*

*"Very concerned about the prospect of further flooding and impossibility to get flood cover insurance. The flood defences pushed the river back up to our property which in 120 years has never flooded before."*

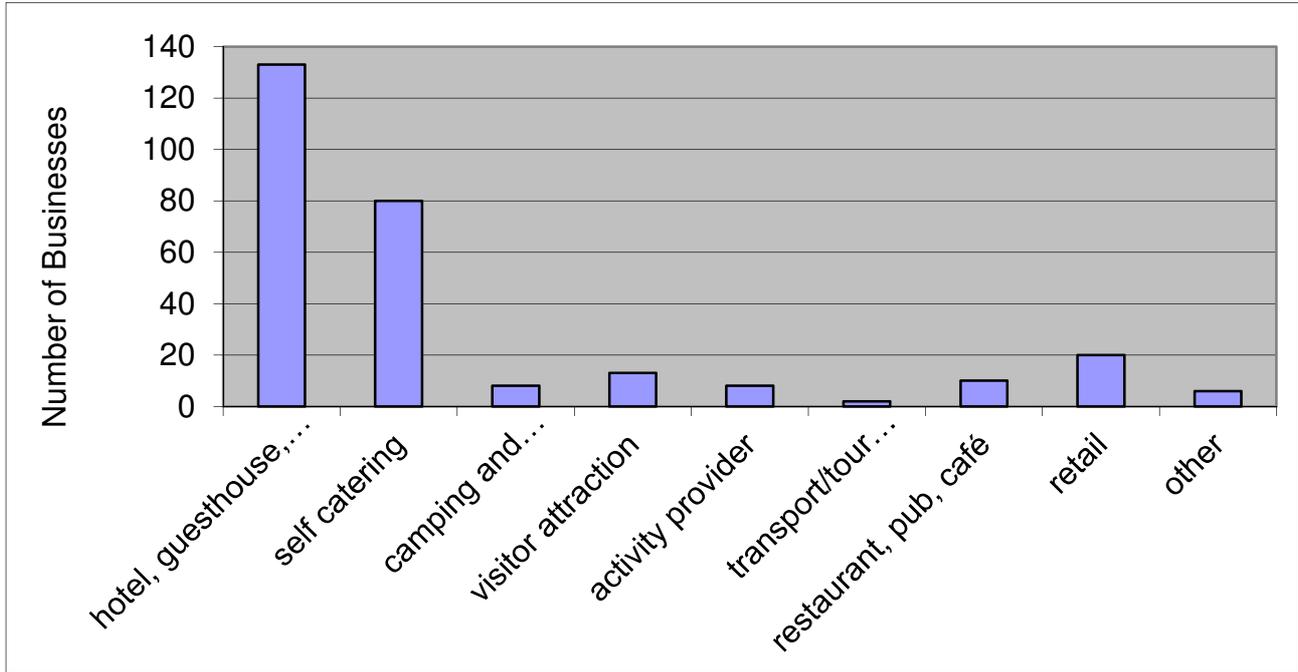
*"Hoping that from Aug 16 being able to say we are in YD National Park will start to increase bookings"*

## Appendix – Profile of Respondents

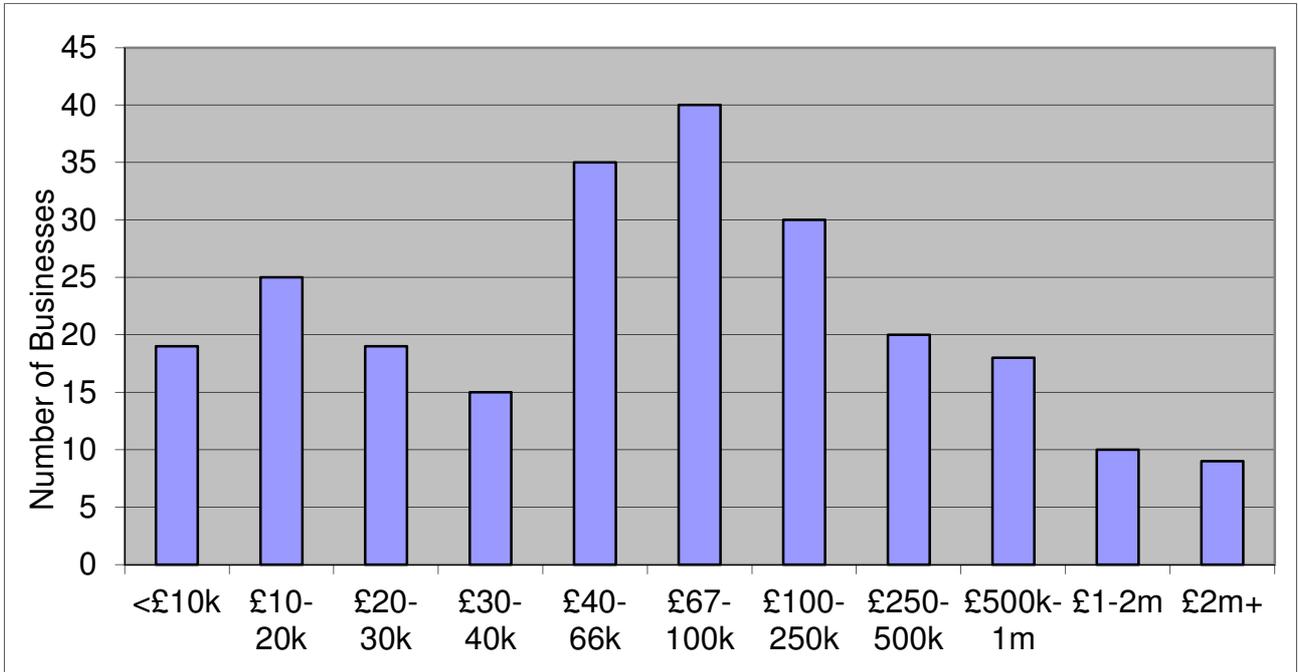
### *Business Location (number of businesses)*



**Business Activity**



**Turnover**



**Staffing**

