



Cumbria Tourism
At the heart of our visitor economy

**Lamont
Pridmore**

Cumbria Tourism

Business Tourism Tracker 2024

April 2024

lamontpridmore.co.uk

Chartered Accountants, Tax and Business Advisers

Ready to support you

A number of key challenges lie ahead for tourism in Cumbria, which are laid bare in this latest Business Tourism Tracker report.

Costs continue to be the biggest issue for most in the sector – affecting both businesses and customers alike.

Difficulties recruiting and retaining staff also continue to persist, with challenges related to accommodation, transport and wage costs remaining a particular concern for many of Cumbria’s tourism leaders.

Whilst many issues persist, there seems to be increased positivity and areas of significant improvement that suggest a light at the end of the tunnel for those who have struggled in recent years.

Times remain somewhat uncertain, not least because the nation may face major changes to Government in the next 12 months. As industry leaders, you must

understand what lies ahead and have the expertise at your side to address the next challenges that lay ahead.

Lamont Pridmore is delighted to sponsor this crucial study. It enables tourism enterprises to identify and address key challenges while providing industry advisers like us the opportunity to deliver precise support and guidance.

The insights garnered also inform and direct Cumbria Tourism’s initiatives. Our gratitude goes to all who participate in these vital surveys.

We remain committed and ready to assist the travel, tourism, and leisure sectors in Cumbria as they explore the possibilities and navigate the challenges of the upcoming year.

Graham Lamont, *Chief Executive, Lamont Pridmore*
Gill Haigh, *Managing Director, Cumbria Tourism*

Rising costs and bills

As we enter Spring 2024, the top concerns for businesses are still increasing costs, with:

- **87%** are concerned about all increased costs
- **71%** are concerned about rising energy bills
- **69%** worry about passing on costs to customers
- **68%** worry about the cost of living crisis
- **55%** worry about labour costs (up from 48%)
- **44%** are concerned about inflation

Inflation has had a big bearing on rising costs in the last year, driven by the energy crisis and fast-increasing food prices.

Thankfully, inflation is now dropping at a faster rate than previously predicted, but costs remain high, with income struggling to keep up.

One-third of businesses express concerns over the cost of raw materials, public transport accessibility for their workforce, and business rates.

When asked to identify their primary worry, **38%** said it is the overall increase in costs, down from **50%** of businesses in Spring 2023.

This is followed by the cost-of-living crisis, which has grown as a concern to **10%** of businesses, up from 8% in the previous autumn, and issues surrounding staff recruitment and retention, now at **9%**, an increase from **7%** in the autumn.

The concern over rising energy bills, which was previously in second place six months ago, has now fallen to ninth.



Visitors

The general public continues to feel the strain of the cost-of-living crisis. This is inevitably influencing the number of people choosing to visit Cumbria.

When businesses were surveyed regarding visitor numbers at the start of 2024 compared to the same period in 2023, the responses showed a varied landscape, with a larger number of businesses experiencing a drop in visitor numbers than those seeing an increase.

In January, the disparity was notable, with twice as many businesses reporting a decrease in visitor numbers. Specifically, **45%** of businesses noted a decrease in visitors compared to the previous January, whereas only **19%** reported an increase. Additionally, a quarter of businesses observed a significant decline in visitors during January.

February showed a somewhat improved scenario, though the number of businesses witnessing a decrease in visitors still outnumbered those reporting an increase. This month, **42%** of businesses indicated their visitor numbers were lower than in the previous February, while **27%** experienced an increase in visitor numbers.

Although there is variation in visitor numbers for individual businesses, on average international visitors made up a tenth of all visitors in Cumbria in this sample, with the most frequent visitors coming from Japan, the USA, China, the Netherlands, Australia, Canada and Germany.

January and February are typically quieter months, but the year-on-year comparison suggests that attracting visitors to Cumbria to spend money in the industry remains a challenge.



Bookings

Looking at advance reservations from Easter leading into the summer season the prevailing trend of last-minute bookings complicates forecasting, but for all periods except June, a greater number of businesses report a decrease in bookings compared to their usual numbers, as opposed to those experiencing an increase in bookings.

For Easter **49%** of businesses have reported a decrease in bookings, while **22%** reported an increase.

In comparison, **36%** of businesses reported a decrease in bookings in June, while **39%** recorded an increase. Analysing the data as a whole reveals a downturn for Easter and April. However, May and June appear to be more evenly matched.

The outlook for the summer holidays mirrors the situation at this point in 2023, with about half of the respondents indicating that bookings are below the usual levels.

Staffing issues

Finding and retaining the best talent continues to be a problem and is limiting to businesses' success.

To ensure that visitors receive the best experiences, tourism operators must have the best staff.

Unfortunately, **81%** of businesses report having problems with recruitment, of which **36%** say it is a significant problem.

This is a slight improvement on a year before when **86%** of businesses said they were struggling to recruit, with **59%** reporting it is a serious concern.

According to employers, the key challenges with the recruitment of staff are:

- **96%** increasing wage costs (up 5%)
- **77%** lack of applicants
- **72%** recruitment costs (down 5%)
- **61%** skills shortage (down 5%)

The Tracker has found that **13%** of roles in tourism businesses are currently vacant, down from **19%** compared to last year, suggesting that there are currently fewer roles on offer.

The primary reasons for staff shortages are:

- Lack of affordable housing and private rental properties
- Lack of on-site staff accommodation
- Cost of accommodation for employees
- Travel distances for employees
- Cost of travel for employees
- Public transport issues (timetables, frequency, coverage, connectivity)

These issues are also leading to **49%** of businesses struggling to retain staff, of which **9%** say it is a significant problem.

As a result of these challenges and staff shortages businesses believe that:

- **65.9%** limits business capacity
- **56.8%** impacts on profitability
- **36.4%** increases costs significantly
- **34.1%** reduces quality of visitor experience
- **31.8%** forces temporary/partial closure
- **27.3%** affects future business viability

Many of the figures above are a significant improvement on last year's figures, but the impact on profitability has risen to become the second main impact of staff shortages.



Business finances

Businesses were surveyed on various financial metrics for the past year compared to the year before. The Tracker found that:

- **43%** of businesses observed an increase in turnover
- **36%** experienced a decrease
- **28%** reported an increase in profits
- **57%** saw their profit levels decline
- **20%** of businesses reported debts had increased
- **12%** of businesses have successfully reduced their debt levels

This, however, represents an improvement from the previous business tracker in October 2023, when **70%** of Cumbria's tourism businesses reported a decrease in profit levels from the year before. Much of this is being driven by rising costs, with **87%** of businesses reporting an increase in costs over the last year – half of which said that costs had risen significantly.

Confidence and growth

Despite somewhat gloomy findings in previous Tracker reports, things appear to be improving. In fact, there have been notable improvements in growth compared to six months ago, with nearly a quarter (**24%**) of businesses now expecting to grow in the next six months.

This figure has doubled from the forecast six months earlier, and **38%** anticipate growth within the next year. Over the next five years, **61%** of all tourism businesses foresee growth.

In contrast, growth expectations last autumn were at:

- **11%** for the next six months
- **23%** for the next year
- **48%** for the next five years

Confidence levels have also seen an uplift. Currently, **93%** of tourism businesses feel confident about their survival over the next six months, an increase from **89%** six months earlier.

91% are confident up to the end of 2024, up from **80%**, while looking further ahead, **66%** are confident in their survival over the next five years, a rise from **59%** six months ago.





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Here to help

We know that Cumbria's tourism industry faces a tough time ahead of it and Lamont Pridmore are standing by to offer advice and support.

For decades we have been helping a wide range of companies in this sector – and their owners – find solutions to complex challenges and open new opportunities for growth and profitability.

Contact us to find out why working with us may be the best **next** decision you make.

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