

Consumer Confidence & Perceptions around the Impact of COVID-19

North West Research & Strategy are bringing you regular updates on the key points coming out of the COVID-19 pandemic through our weekly review of research and intelligence. This week, we have used BVA BDRC's [ClearSight report on Recovery & COVID-19](#) and the [results of the Cut Tourism VAT Campaign's survey](#) in late December 2020 and January 2021. We hope these consumer and business insights help assist with your current business resilience and planning for recovery post-COVID-19. Don't forget, you can also get further information on Government support and [sector specific advice](#) on the [Growth Platform website](#).

Highlights from the ClearSight report on Recovery & COVID-19 include:

- The discovery of additional strains of the virus and restrictions over the Christmas period have caused a sharp increase in the proportion of UK adults who believe that 'the worst is still to come' (from 33% in the last report, which had decreased after the announcement of the first vaccine, to 61% in this report).
- In December, 17% of the population fell into ClearSight's most cautious segment, 'Cautious but Content', compared to 13% in November. 35% fell into the two most COVID confident segments, 'Less to Lose' and 'Life Goes On' in December, compared to 39% in November. (See page 11 of the report for full segment descriptions).
- While those in the 'Life Goes On' segment are the most optimistic about the situation (just 50% believing that the worst is still to come), tightening restrictions mean that they record a low average mood (6.3/10). Contrastingly, although 77% of the 'Cautious but Content' segment believe that 'the worst is still to come', their mood is relatively positive (7.2/10).

- Although the lifting of the second lockdown in November resulted in a modest uptick in the incidence of accommodation and UK booking activity, the international holiday and aviation sectors recorded their weakest participation figures since last spring (with just 0.5% of the population booking an overseas holiday, 0.6% booking a flight and 0.7% booking paid-for accommodation in December).
- In December, there was a significant decline in the proportion of people feeling comfortable about the prospect of staying in a hotel in the next month or so (from 46% in November to 37% in December – compared to the pre-COVID level of 80%).
- Restaurants, pubs, gyms and attractions all recorded a slight recovery in participation in December relative to November. Boosted by the Christmas period, the incidence of those who reported going on a shopping trip doubled in a month (from 9% in November to 19% in December), but this is still lower than August, September and October.
- Comfort with the prospect of visiting indoor attractions has remained significantly lower than normal, but fairly consistent throughout the pandemic. However, in November there has been a significant decrease in levels of comfortability for visiting an indoor attraction, for example, just 33% of respondents said they would feel comfortable visiting a museum or art gallery in December, compared to 41% in November.
- The restaurant dining sector, in particular, records a larger comfort gap than previously recorded, with just 37% saying they would feel comfortable going to a restaurant in December (compared to 49% in November and 76% pre-COVID).

Key points from the Cut Tourism VAT report include:

- Over 90% of respondents said that the VAT cut in July 2020 was 'important', 'very important' or 'crucial' to their business, with over 75% stating that they may not have been able to continue trading without it.
- Most businesses (88%) used some of the VAT reduction to meet the additional costs of COVID-19 health and safety compliance. The next most important uses made of the cut were to pay wages (68%) and suppliers (57%).
- If the VAT rate reverts to 20% from April 2021, the overwhelming majority of businesses responded that it would lead to further cutbacks and job losses. Almost 5% of businesses said that they might be forced to close. 21% said it would force them to cut over 20% of their workforce and a further 44% said it would force workforce cuts of between 5% and 20%.
- These responses suggest that a further 310,000 jobs could be lost, in addition to those already lost by December 2020.
- If the VAT cut were to continue beyond March 2021, most operators would use it to continue to meet the addition costs of COVID-19 compliance (73%), but also to rebuild their businesses through investment (72%) and price reductions (54%).
- 32% of businesses not currently VAT-registered responded that continued VAT at 5% would remove a significant constraint on business growth, with 10% stating that they would register for VAT, potentially boosting the sector.

The North West Research Service team have been monitoring the impact of COVID-19 on the Visitor Economy sector in the Liverpool City Region. Key points from their research include:

- Hotel occupancy recovered slightly in December to 35% (compared to 24% in December), although this is still lower than the 53% recorded in August and 48% in December, and much lower than last year's figures (find the report [here](#)).
- Footfall at the LCR's major attractions increased slightly in December following November's lockdown, although footfall still remains 80% lower than August's peak and 84% lower than December 2019 figures.
- Footfall in Liverpool City Centre in December increased by 114% from November and by 33% from October, likely bolstered by the Christmas period. However, December's figures remain 33% lower than December 2019's figures.

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01 February 2021

