

# COVID-19 Business Impact Survey Jersey

## Tourism & Hospitality Results

May 2020



# Summary of results

Grant Thornton, in association with the Jersey Chamber of Commerce have conducted a survey to identify the true business impact of the outbreak of COVID-19 in Jersey. They sought to identify how businesses have adapted in the face of the crisis, what they have learnt from these new approaches and which they may even maintain post crisis.

We enjoyed a particularly high response from two key sectors, both of which are facing extreme difficulties in this pandemic; construction and tourism & hospitality. This report offers focus on how tourism & hospitality are managing in the crisis and their vision for the future.

## Strong representation from small to medium sized hoteliers and tourist operators

Nearly **80%** of those who replied to the survey appeared to run small to medium sized enterprises, employing fewer than 25 people.

## Businesses remain cautious in reopening and trading

Compared to the total survey's results of **80%**, only **60%** of those who responded to the survey from tourism & hospitality felt confident that they could operate safely if allowed to, under the current social distancing guidelines.

### Key issues facing businesses amid the COVID-19 breakout

Business uncertainty, an inability to operate and a fall in customer demand are cited as the key issues facing those working in tourism & hospitality in Jersey today.

- Inability to operate
- Reduced operations
- Reduction in demand
- Remote working
- Access to finance (e.g. loans)
- Business uncertainty
- Cost base reduction



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## Nearly all believe their turnover has decreased by more than half since the outbreak

**96%** of all those surveyed have said they believe their turnover has reduced by more than **50%**. Aligned to this figure, nearly all believed their profit and cash flow have also reduced by the same amount. Debt has also increased by **50%** for more than **40%** of those surveyed.

## 90% believe redundancy is the only option to help their business survive

Nearly everyone who responded to this survey from the tourism & hospitality sector has considered the option of staff redundancies as a means to secure their potential future. Nearly a third believe they will have to cut their workforce by up to half while nearly **60%** believe they will have to cut their workforce by more than half.

As hospitality remains a very human focused industry that requires less computerisation and automation than other industries, less than half of those employed in this industry have resorted to remote working.

## All hoteliers and tourist operators are actively seeking financial support from the Government

**100%** of those who responded to the survey in this sector, have said they have already applied for financial support through Phase 1 of the Government's Co-Funded Payroll Scheme. So far, nearly **90%** have received the financial support they so desperately need. Nearly all of those who have applied for Phase 1 of the Co-Funded Payroll Scheme will continue to seek support and apply for Phase 2 of the scheme.

None have applied for the Jersey COVID-19 Special Situations Fund (formerly the Jersey Recovery Fund) and only a handful have applied to the Business Disruption Loan Guarantee Scheme. None of those who have applied for the loan guarantee scheme have yet received any support from this scheme.

### What does the future of work look like post pandemic?

It's encouraging to see that those in this sector recognise the importance of a better work life balance and will actively work towards better working policies that encourage this. Flexibility is the key trend in these results, with many in tourism & hospitality agreeing that they will offer their employees greater flexibility in when they choose to work.

For those selling products, many are now looking to shift merchandise from their shelves and online to widen their reach and potential customer base to outside of Jersey.

- Remote working
- Better work / life balance
- Offer staff the option to work remotely
- Offer staff more choice on flexible working hours
- Using third parties to sell / distribute
- Move products and services online









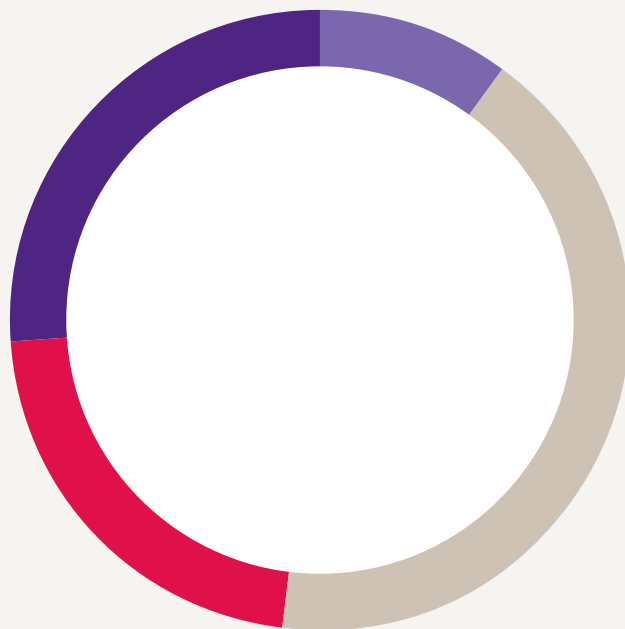
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## Bonuses, promotions and salaries are likely to be frozen

Nearly three quarters of those surveyed said they will impose salary reductions or freezes in the coming months.

Equally, any promotions and bonuses are likely to be postponed while they consider their future in the current climate.

-  No change, our business will continue, but staff will work remotely
-  We will impose salary reductions / freezes
-  We will limit bonuses / promotions
-  We will actively work to reduce our headcount



## Nearly all their staff's wellbeing has been negatively impacted by COVID-19

While the main survey stated that **70%** of those who responded believed their staff's wellbeing had been affected negatively by the pandemic. **90%** of those working in tourism & hospitality said their staff's wellbeing had been affected.

They have cited difficulties in the overall uncertainty for the industry and their employer, caused by the crisis, the risk of redundancy and a fall in wages as being the main reasons why their mental health has been so poorly affected.

## What does the Government need to focus on in order to relax restrictions?

Social distancing remains incredibly important for those working in tourism & hospitality and the safety of their staff. Yet they remain compromised on the desire to recommence work while reducing lockdown measures, but doing so in a way that ensures the safety of their staff and customers.

Many who replied to the survey said they were keen to recommence trading, for borders to open and for social distancing and lockdown measures to reduce. They seek confidence and an upturn in their sector.

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## Keep it local - Buy Jersey

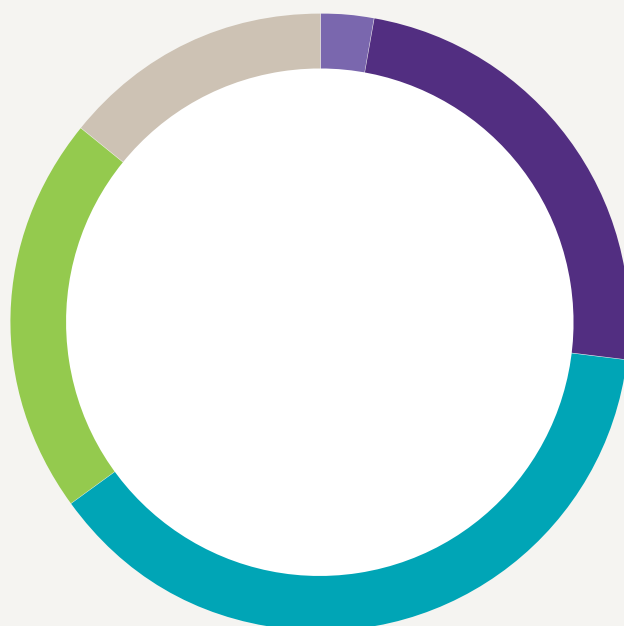
Nearly everyone who responded to the survey from tourism & hospitality said they would commit to spending locally wherever possible and will support other local businesses by buying locally over exporting goods from outside of the Channel Islands.

## Many businesses fear for their future

As you might expect, for this industry, many of those who responded to the survey are doubtful of their future.

Less than a third were feeling positive and confident of their future.

- Extremely confident
- Confident
- Neutral
- Not confident
- Extremely doubtful



## How will business models change?

Business owners have accepted that they will need to change the way they operate in the future, and this is even more prevalent in those in the tourism & hospitality sector. **70%** have said they will need to change their business model to ensure recovery. Here are some key observations that have been drawn from the responses, the main of which are as follows:

- Many will reduce their operating hours to become a more leaner operating model
- In keeping with reduced hours, they will also reduce their entire operation including staff and stock
- Many are using this moment of pause to reconsider some policies like accepting cash and many are contacting their customer base to better understand their needs in the current climate, so they can serve them better in the future.



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