

Impact of Weather Information on UK SMEs

This research was conducted by B2B International on behalf of the Public Weather Service Customer Group (PWSCG). It investigates how UK SMEs within Agriculture, Building/Construction, Hospitality/Tourism and Retail/Wholesale sectors are impacted by the weather, how they use weather forecasts and the related consequences for business.

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01

SECTION

Importance of Weather & Weather Information to SMEs



All SMEs believe they are impacted by the weather to some extent,

with **80%** believing weather has a moderate-significant impact on their business.



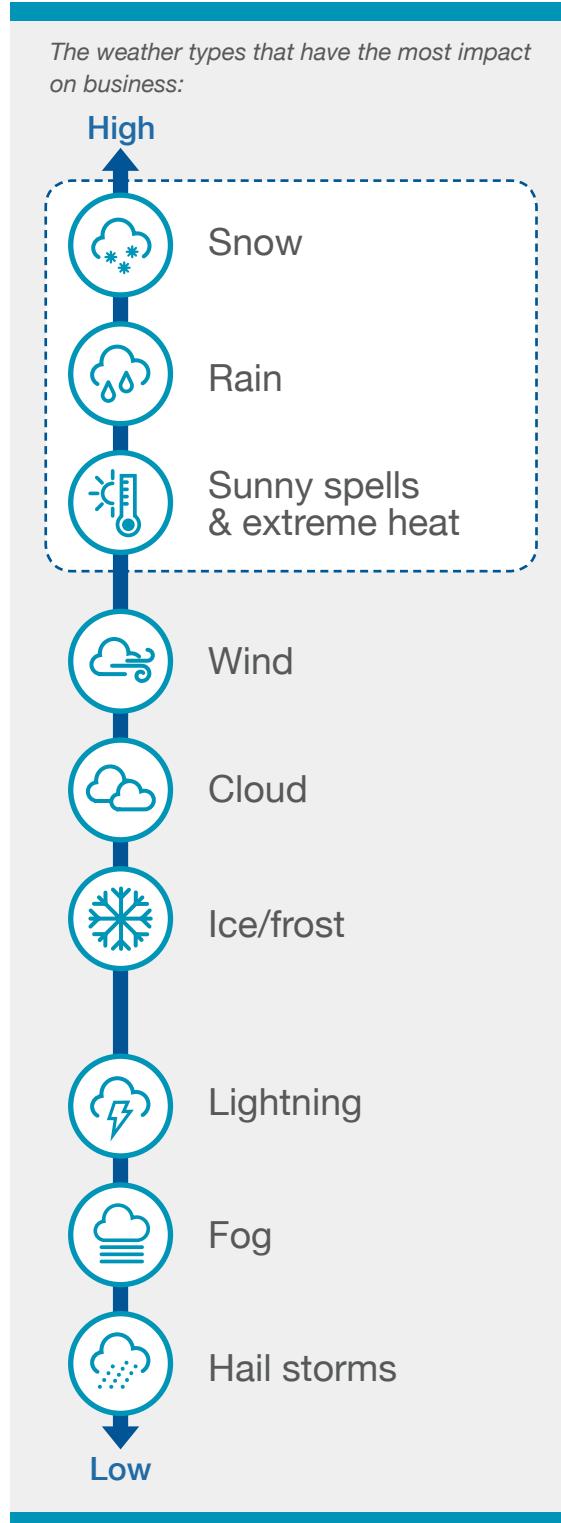
In addition, **85%** of SMEs find weather information useful. Industries most impacted by the weather, such as Agriculture and Building/Construction, are more likely to find value in forecasts than industries that perceive themselves to be less impacted, such as Retail/Wholesale.



Larger SMEs also find more value in weather forecasts compared to Small SMEs; however it is important to note that across all SME size brackets and industry sectors,

at least **79%** find forecasts useful.





Weather types have varying impacts on business, with SMEs reporting that snow/ice, rain and heat have the most direct business impact as they affect footfall and staffing, and can force businesses to close. Snow is rated as having the highest impact on business, mainly due to dangerous travelling conditions for staff, customers & supply chain. On the whole, sunshine and heat largely improves business, increasing footfall and business operations. However, it can be problematic for SMEs in Agriculture as crops can be damaged and/or killed in high temperatures.

Almost all SMEs (90%) check the weather with some level of frequency.

Overall satisfaction with current weather information is higher amongst SMEs that check the weather daily. This increased frequency of checking is further linked to the perceived accuracy of weather information, with weather information considered to be more accurate amongst SMEs in Agriculture and those that check the forecast more than once a day, whilst SMEs that check the weather less frequently perceive it to be less accurate.



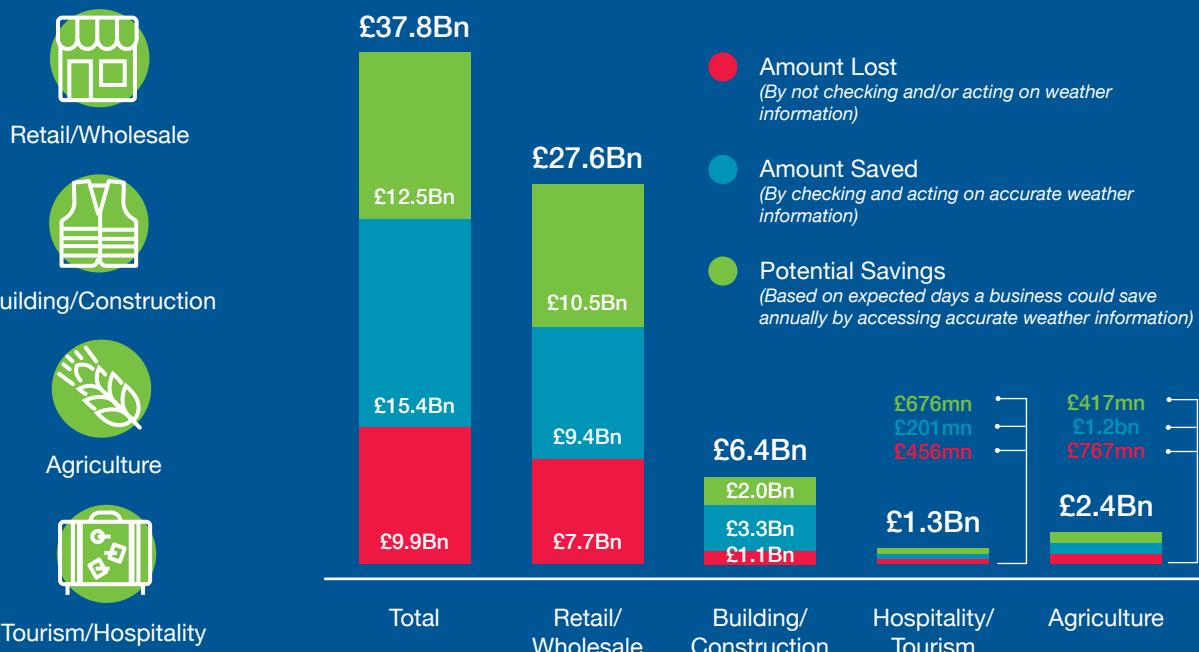
Planning day-to-day activities is considered the most beneficial reason for checking weather data, followed closely by planning in the event of severe weather. Further reasons include; anticipating customer demand/footfall, ensuring staff and customer safety, and planning site/facility maintenance/management.



For SMEs in the Hospitality/Tourism and Retail/Wholesale sectors, checking weather data is beneficial to ensure they can adequately anticipate and meet customer expectations and supply/demand.

02 | Importance Of Forecasts: Direct Impact & Potential Savings

65% of UK SMEs have been financially impacted as a direct result of their response – or indeed lack of response – to weather information. 25% of SMEs have lost money from not checking, or not acting on, weather forecast information, and 40% have checked weather information, acted on it, and prevented losing money. By combining research data with published annual UK turnover/hourly labour costs by sector, we can calculate the annual turnover across all sectors that could be impacted by weather, at an overall level. As demonstrated below, the sector with the most potential to save money is Retail/Wholesale.



UK SMEs take a wide range of actions taken in response to both day-to-day and severe weather.

90%
Severe weather

93%
Day-to-day weather

Overall, specific actions taken in response to weather information are consistent by day-to-day weather and severe weather types. Over 7 in 10 SMEs take actions relating to; communication (e.g. notifying staff and customers of expected weather), staff & customers (e.g. ensuring their safe journey to/from work) and business viability (e.g. extending/reducing business hours).



Agriculture SMEs make most use of day-to-day weather information relying on information across a broad range of weather types. This information is used to make decisions that span many areas of their business activity, from damage mitigation, to managing their supply chain, product offering and staff and customers. Day-to-day weather actions include taking precautions to protect products from physical damage and forecasting likely requirements to ensure they can source what is needed. In the event of severe weather, actions revolve around making alternative arrangements if supply chain needs cannot be met.



As in the Agriculture sector, SMEs in the Building/Construction sector make good use of day-to-day and severe weather information to inform a wide range of actions to support their business. In particular, their business decisions are focused on business viability, scheduling and planning, and communication. Directly from this, specific actions taken in response to weather information include; communicating expected weather to customers/staff, reorganising weekly business plans, precautions to protect the site from damage, and ensuring staff are able to travel to/from work.



In contrast to the Agriculture and Building/Construction sectors, SMEs in Hospitality/Tourism tend to use weather data to focus on specific areas of their business. Their focus is on communication, and their staff and customers and as such, actions taken in response include; notifying customers/staff of expected weather, communicating its impact, and determining whether staff/customers can safely travel to/from the premises. In cases of severe weather actions also involve damage mitigation (i.e. protecting the building & products from physical damage).



At an overall level, SMEs in the Retail/Wholesale sector currently make the least use day-to-day and severe weather information compared to the other sectors researched. Within this sector, business viability is a priority, and therefore actions taken in response to weather information largely relate to staff and customers and the supply chain, for example; forecasting likely requirements to ensure they can source what is needed and making alternative arrangements if not, extending/reducing business hours, and determining whether customers and staff can access the business.

Weather information and the actions these enable SMEs to take inform the development of business resilience plan. **57% of SMEs currently have a resilience plan and, most importantly, 52% of those with a resilience plan have used it**, demonstrating their value. Overall, 2 in 3 SMEs see the value of having a resilience plan – either having one in place or planning to in the near future.

The majority of SMEs in Agriculture and in Building/Construction have a resilience plan. **However in Hospitality/Tourism, nearly half are not planning or prioritising a resilience plan, yet 74% of those who do have one have implemented it.** These findings, along with the turnover impacted by responding to weather information, highlight the value of having a resilience plan in place, as the implementation rate amongst those who have them is high across all sectors.

03 | Towards the Future

SECTION



Overall, **99%** of SMEs will continue to value weather information in the future...



...with **44%** expecting an increase in future usage.

Usage is expected to increase largely due to expectations that seasons will become more extreme (linked to concerns around climate change) and to support business growth and forward planning (e.g. guiding what stock to purchase, informing when to harvest, etc.). Here, it is important to note the relationship between the frequency of checking the weather and expected future usage – as frequency increases, so too does expected future usage. For example; SMEs that check the weather several times a day are more likely to expect a large increase in usage (63%) than those who never check (17%).

04 | Summary

SECTION

76% of Agriculture SMEs have a severe weather resilience plan.



Weather impacts all SMEs in the UK, and the overwhelming majority of these businesses currently value weather information and will continue to use and rely on it in the future.

Overall, SMEs in Agriculture demonstrate a more sophisticated approach to accessing and acting on weather information as they have the highest frequency of checking the forecast and, with 76% having a

severe weather resilience plan, are the most prepared to respond to weather information. In comparison, the Retail/Wholesale sector currently checks and utilises weather information in a less advanced way than the other sectors researched, and is divided when it comes to recognising the value of a resilience plan. However, it is this sector that has the most potential to save money by responding to weather information.

This research has identified the multitude of ways in which weather information is used, and its importance in informing business decisions across all sectors researched. It has further highlighted the current – and potential – financial savings that access to accurate weather information can bring to these businesses, and therefore demonstrated the on-going importance of this information.



Retail & Wholesale have the most potential to save money by responding to weather information.



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