Cairngorms Business Barometer | Quarter 1 (January to March) | 2019

79 PARTICIPANTS

Q1 2019

KEY

VS LAST YEAR (LY)

- Higher* ▲
- Same ▬
- Lower ▼

DASHBOARD SUMMARY

The mix of visitors in the park was broadly in line with the Q1 Average. That said, there was an above average proportion of overseas visitors and, in particular, visitors from the United States.

Customer numbers and turnover decreased this quarter at a more pronounced rate than recent Q1s or the Q1 Average. Predictions of performance for the next 12 months were also well below recent quarters and the Q1 Average.

Despite these challenging business levels, there were reduced perceptions of barriers compared to recent Q1 periods.

Business confidence was below recent quarters and recent Q1s, although short term (next 3 months) confidence tracked higher than Q1 2018.

10% of businesses currently resell products through the Travel Trade. A quarter (25%) of all businesses are interested in providing new offers and packages to attract customers through this channel.

Each quarter, the Cairngorms Business Barometer seeks feedback from business operators across the Cairngorms National Park (CNP) on a range of aspects including ongoing performance and confidence in the future which allows for a quarterly assessment of the 'health' of tourism in the Park area.

This report was produced by STR for the Cairngorms Business Partnership
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BUSINESS LEVELS

	TURNOVER Last 3 months	TURNOVER Next 12 months	CUSTOMERS Last 3 months	CUSTOMERS Next 12 months
Q1 19	▼ -20%	▼ 14%	▼ -23%	▼ 8%
Q1 18	-5%	18%	-11%	15%
QTR AVG	-11%	18%	-14%	17%

Net business level changes in last 3 months and next 12 months compared to LY and quarter AVG.

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

Winter was clearly a very difficult season across the National Park, very poor winter for snowsports conditions impacted all of our ski areas and this has repercussions across the local economies that rely on those visitors. The situation in Aviemore, Badenoch and Strathspey was exacerbated by continued operational challenges at Cairngorm Mountain.

Whilst business levels are lower than the Q1 average they are not unprecedented Q1 2015 showed a slightly shaper decline. Businesses are less optimistic in general about the future, except for the very short term, which is a continued concern even though the business environment appears to have improved as perceived barriers around, supplier and staff costs have subsided a little.

It is pleasing to note that 25% of businesses are keen to engage with the travel trade as part of our travel trade VisitScotland growth fund campaign. Please get in touch for more details if you want to be part of our campaign and promotion of the Cairngorms to potential visitors from France, Germany and North America.

BUSINESS CONFIDENCE

NEXT X MONTHS:

	3	12	24
Q1 19	▲ 6.49	▼ 6.33	▼ 6.32
Q1 18	6.42	6.50	6.41
QTR AVG	6.09	6.14	6.20

Business confidence over short, medium and long term compared to LY and quarter AVG. Rating score (1 to 10).

BARRIERS TO GROWTH

				AVG
Q1 19	◆ 6.22	◆ 5.95	◆ 5.83	● 5.37
Q1 18	5.37	5.98	5.82	5.51
QTR AVG	5.77	5.42	6.21	5.57

Tourism Trends, Staff Levels, Bureaucracy

Overall average and individual barrier to growth score for top 3 factors compared to LY and quarter AVG.

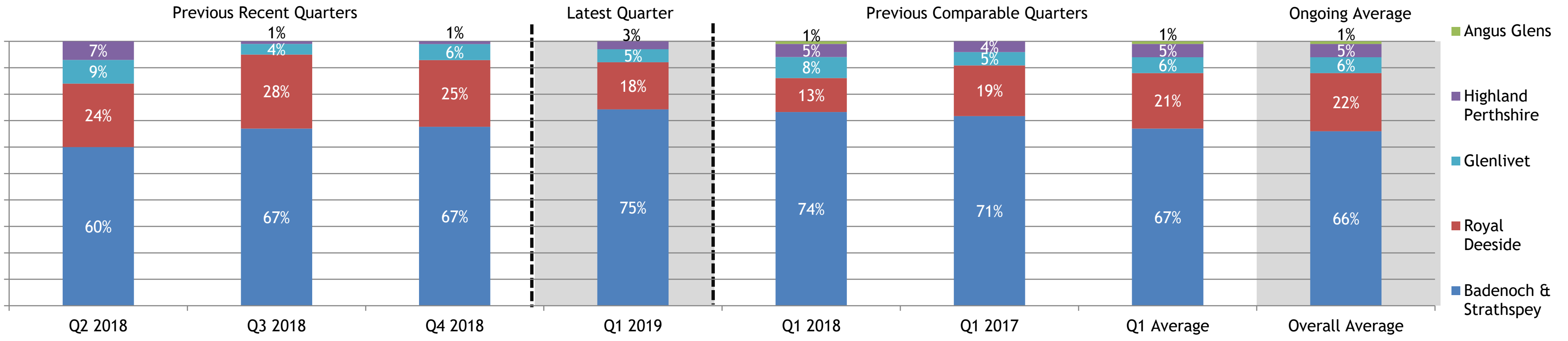
*Where barrier scores are higher than LY, this is a negative result and therefore highlighted in red.

ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q1 19	▲ 52%	▲ 31%	▼ 15%
Q1 18	50%	28%	16%
QTR AVG	49%	31%	12%

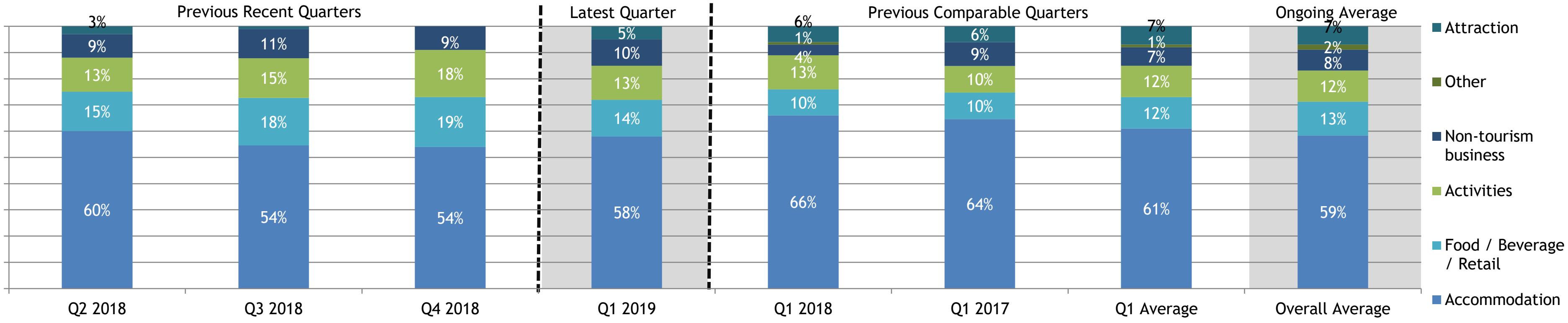
Mix of customers during quarter compared to LY and quarter AVG.

Area



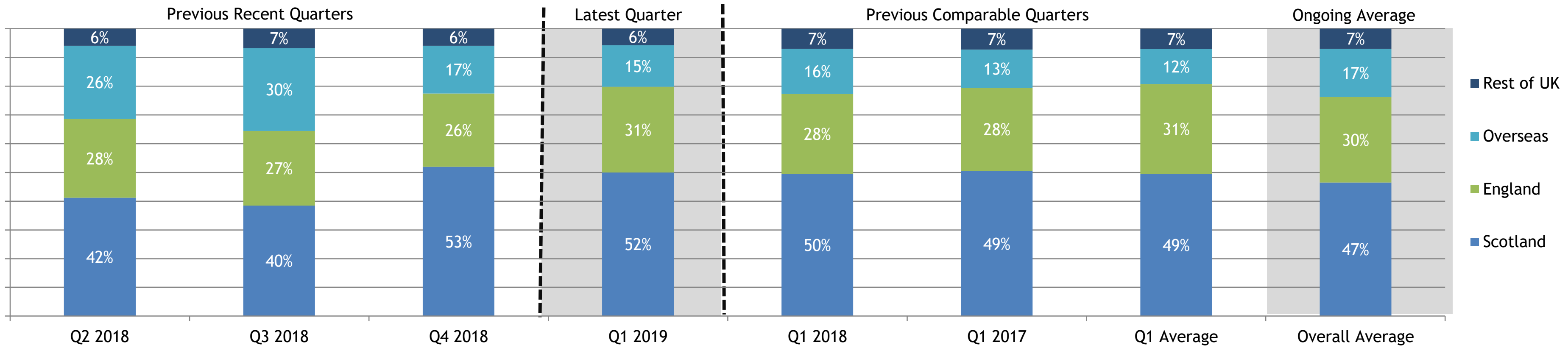
- The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (75%), Royal Deeside (18%), Glenlivet (5%), Highland Perthshire (3%) and Angus Glens (0%).

Sector



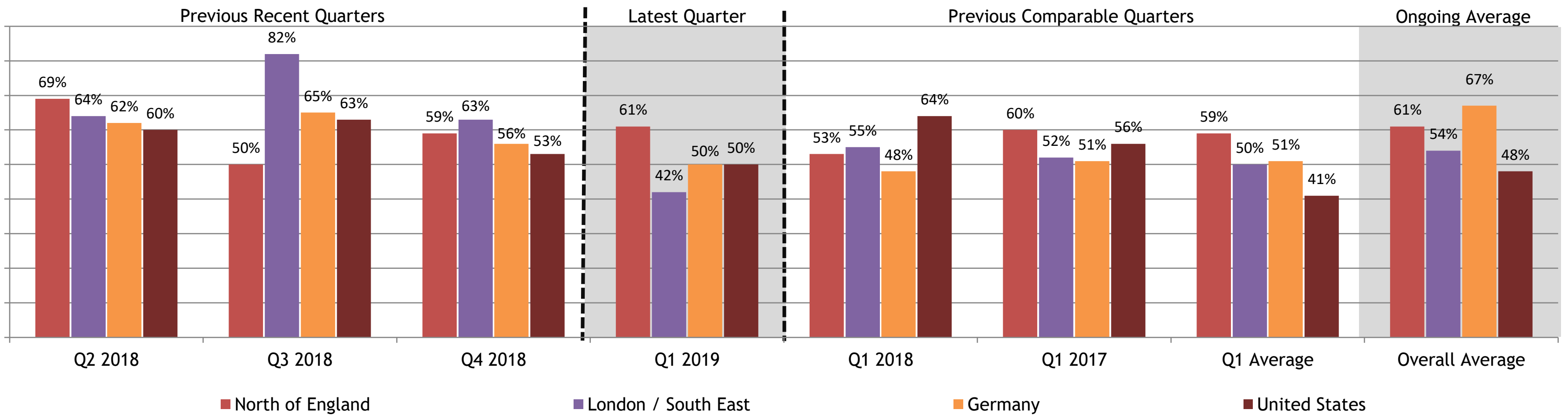
- In terms of business sector, the sample was made up as follows: Accommodation provider (58%), Food / Beverage / Retail business (14%), Activity operator (13%), Attraction (5%), Non tourism (10%).

Origin



- The mix of customers in the Park area during the quarter was as follows: Scotland customers (52% of all customers), visitors from England (31%), Overseas visitors (15%), and visitors from the rest of the UK (6%).
- As in previous quarters, the Scottish market continued to account for the largest share of visitors (52%). Overseas visitors made up 15% of the overall sample which was broadly in line with recent Q1s. Visitors from Egland were the second largest market (31%). They accounted for a greater proportion of visitors compared to recent Q1s although the rate recorded was on par with the Q1 Average.

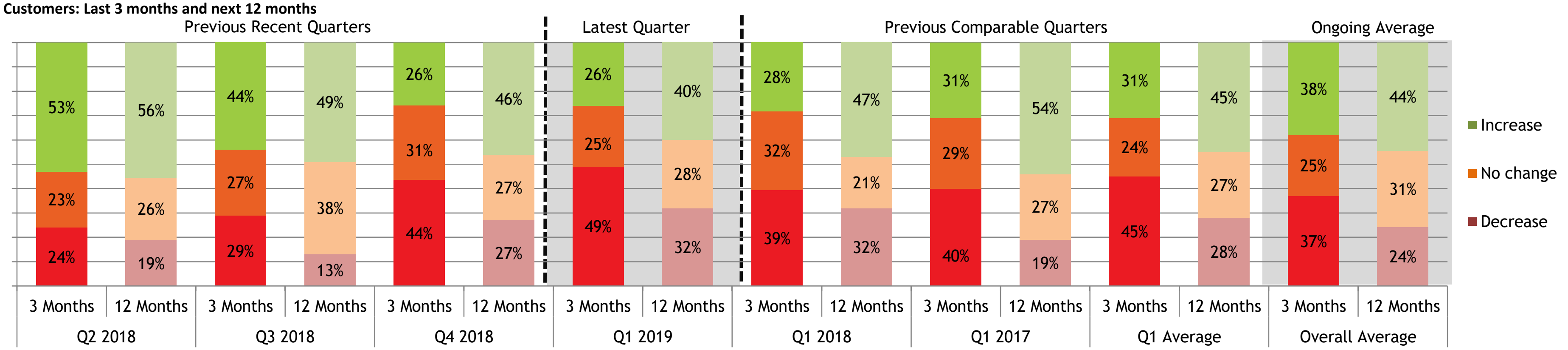
Origin - Top Source Markets England and Overseas



- The most common segment from England was visitors from North (61% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from the London and the South East (42%). The proportion of the visitors from London / South East was well below recent comparable quarters as well as the Q1 and the Overall Averages.
- The German and U.S. markets were the most common segments from abroad (50% each). The incidence of visitors from Germany was in line with recent Q1s and the Q1 Average. Meanwhile, although decreasing from recent quarters, the US market continued to perform above the Q1 Average.

Business Levels

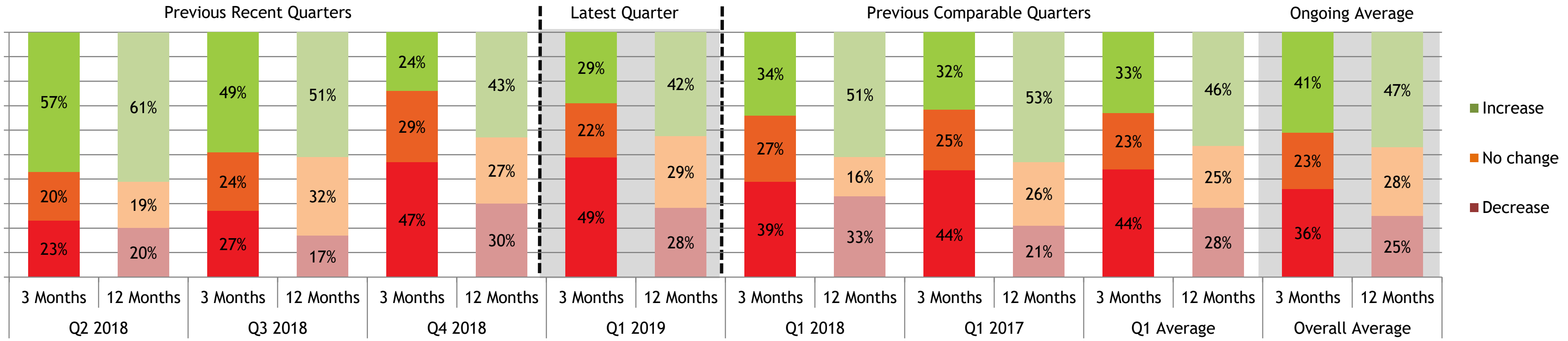
No. Of Customers: Last 3 months and next 12 months



- There was an overall decrease in customer numbers as more businesses decreased their customer numbers than increased (49% versus 26%). Customer number performance was below recent Q1s as well as the Q1 and Overall Averages.
- An overall increase in customer numbers was expected in the year ahead as more businesses expected to increase customer numbers from their current level in the next 12 months than decrease (40% versus 32%). The outlook recorded this quarter was less positive compared to recent Q1s as well as the Q1 and the Overall Averages.

Business Levels

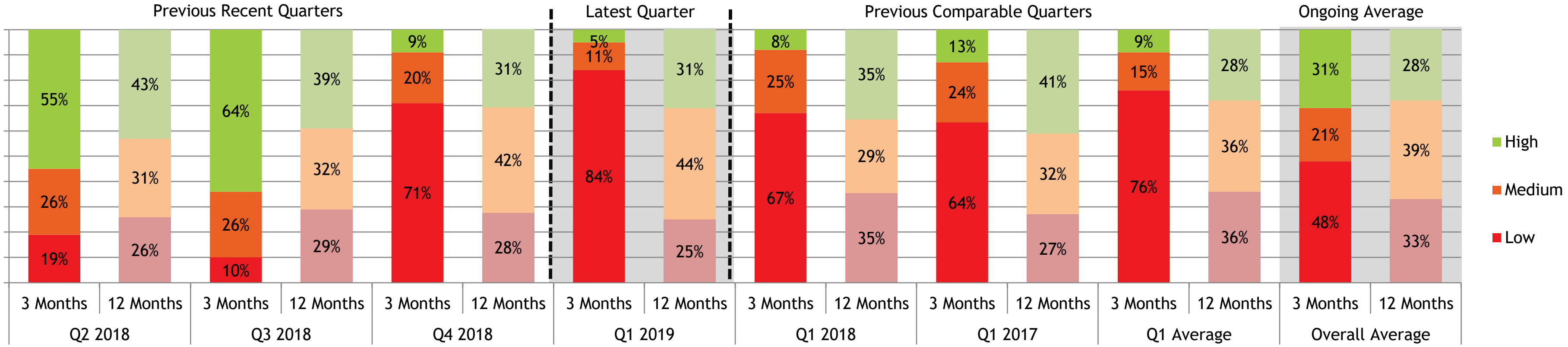
Turnover: Last 3 months and next 12 months



- There was an overall decrease in turnover this quarter as more businesses decreased their turnover than increased (49% versus 29%). This reduction in turnover was larger than recent Q1s and the Q1 average.
- A overall increase in turnover was expected in the year ahead as more businesses expected to increase their turnover from the current level in the next 12 months rather than decrease (42% versus 28%). The results this quarter were less optimistic than recent Q1s and were notably weaker than the Q1 and Overall Averages.

Business Levels

Accommodation Occupancy: Last 3 months and next 12 months

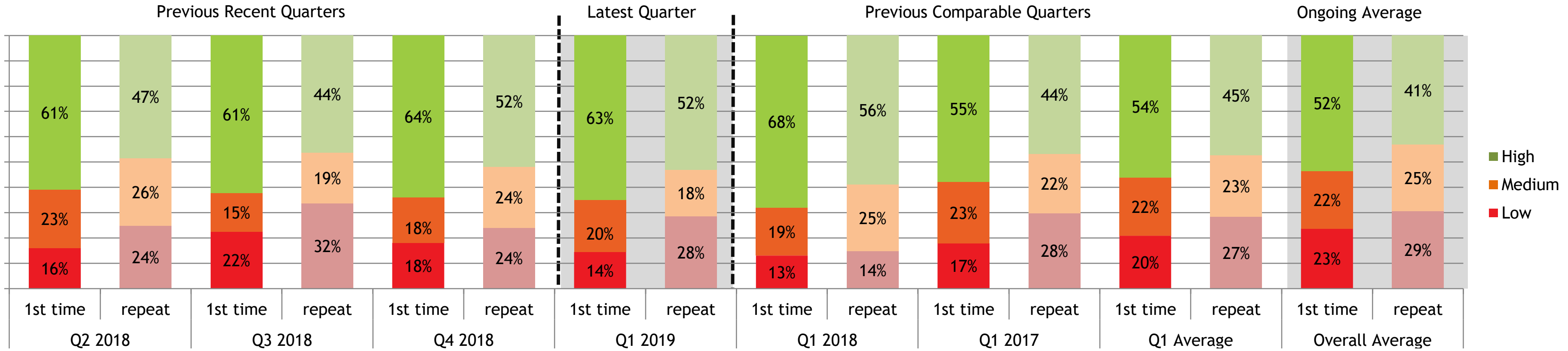


- 84% of accommodation providers recorded low occupancy of less than 50% whilst 5% achieved high occupancy of 70% or above during the quarter. As a result average occupancy overall was below recent Q1s and the Q1 Average.

- 25% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 31% expected to achieve high occupancy of 70% or above. Accommodation providers had lower expectations regarding future performance compared to recent Q1s. However, they had a more positive outlook compared to the Q1 and Overall Averages.

Influences

Influence of CNP - Attracting First time & Repeat Customers

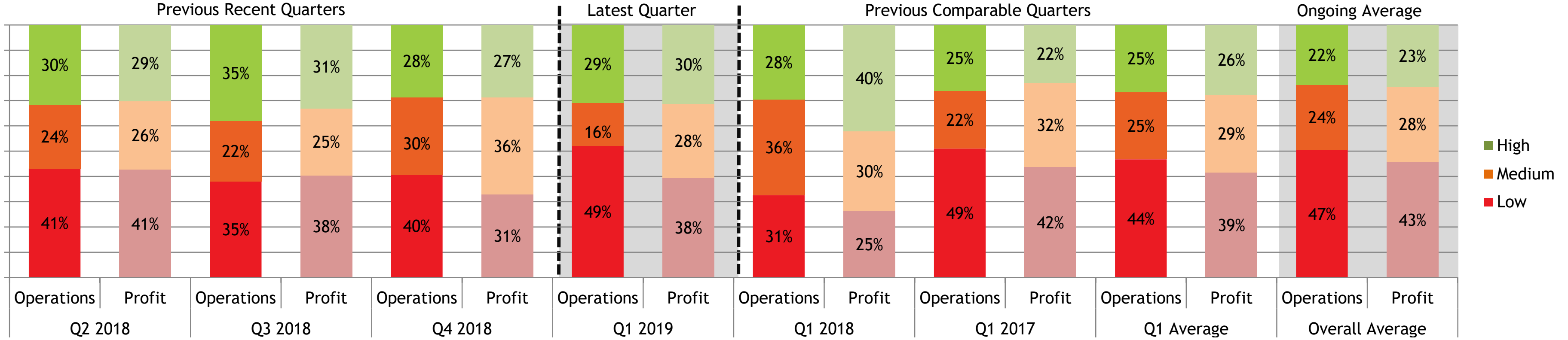


- 63% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst only 14% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting first time customers was below Q1 2018 but well above the Q1 and Overall Averages.

- 52% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting repeat customers whilst 28% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting repeat customers was below Q1 2018 but higher than the Q1 and Overall Averages.

Influences

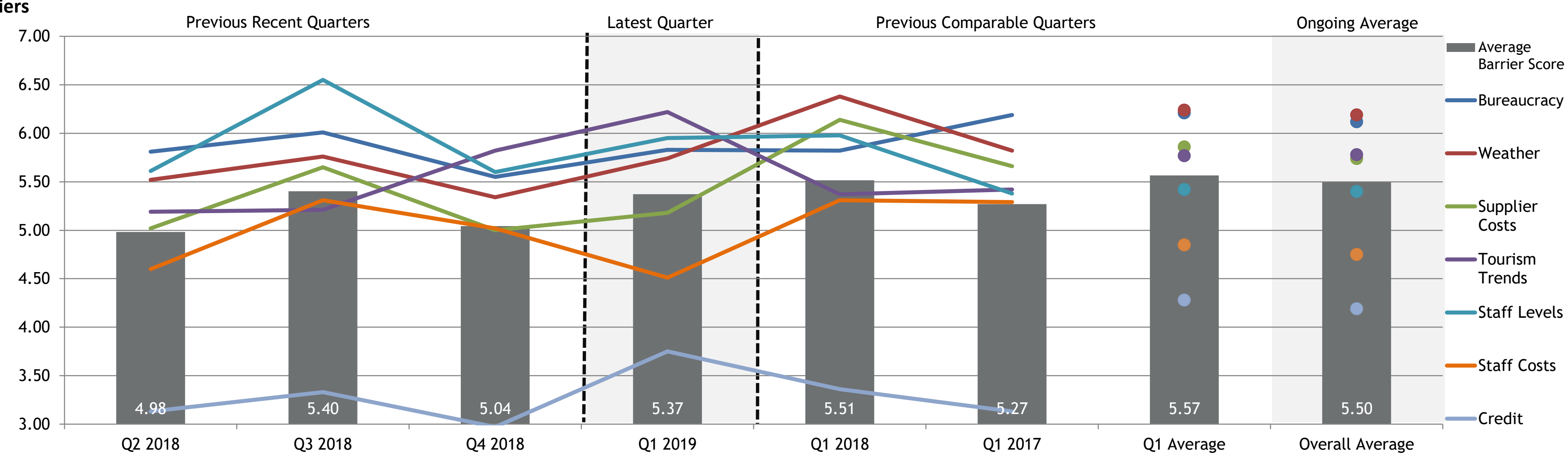
Influence of CNP - On Business Operations & Profitability



- 29% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 49% stated it had a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was below Q1 2018 but above the Q1 and Overall Averages.

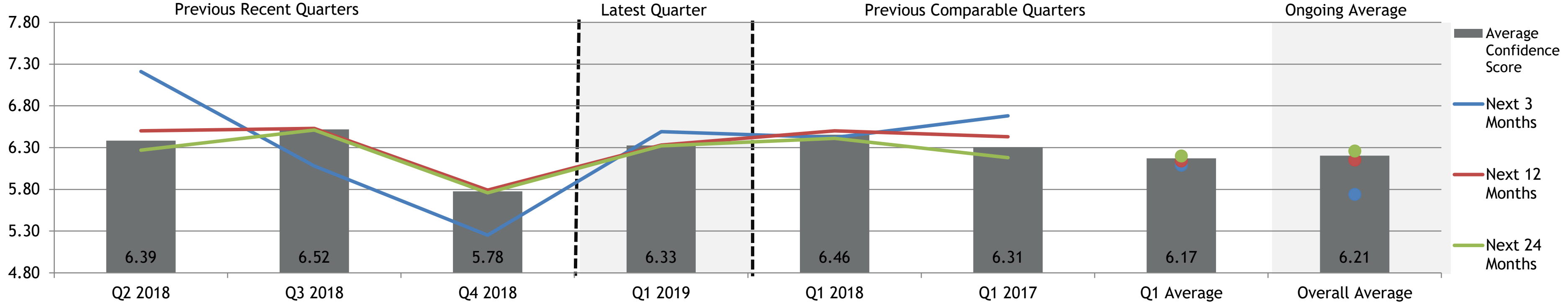
- 30% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their profitability whilst 38% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on profitability was below Q1 2018 but above the Q1 and Overall Averages.

Barriers



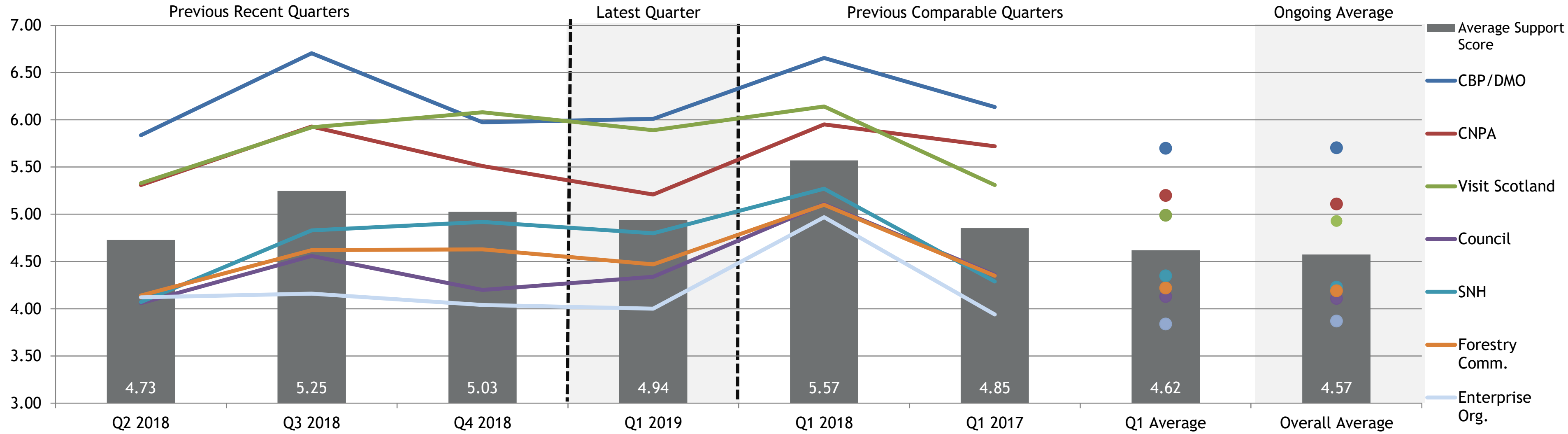
- The average barrier to growth score this quarter was 5.37 out of 10 which was below Q1 2018, the Q1 Average and the Overall Average.
- Tourism Trends (6.22), staff levels (5.95) and bureaucracy (5.83) were perceived to be the most significant barriers to growth for the second quarter in a row.
- The barrier which recorded the steepest increase from last quarter was credit levels going up from 2.97 in Q4 2018 to 3.75 in Q1 2019.

Business Confidence



- Short term confidence (next 3 months) was rated at 6.49 out of 10 which was higher than Q1 2018 and well above the Q1 and Overall Averages.
- Medium term confidence (next 12 months) was rated at 6.33 out of 10 which was below recent Q1s, but above the Q1 and Overall Average.
- Long term confidence (next 24 months) was rated at 6.32 out of 10 which was below Q1 2018 but slightly higher than the Q1 and Overall Averages.
- The Average Confidence Score - factoring in the medium and long term view - was 6.33 which is again lower than Q1 2018 but higher than the Q1 Average and the Overall Average.

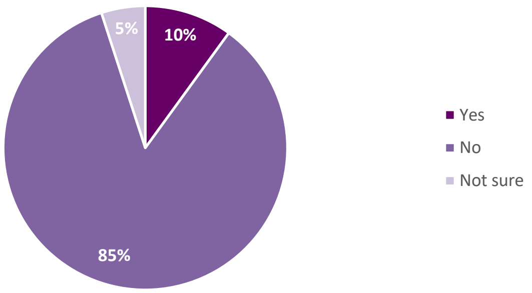
Support



- The overall level of support / contribution provided by organisations was rated at 4.94 which was lower than recent quarters and Q1 2018 but above the Q1 Average and the Overall Average.
- The contribution / support provided by CBP/DMO (6.01) was rated most positively whilst the opposite was true for the Enterprise Organisation (4.0 in Q1 2019).
- The organisation which recorded the largest change in perception from Q1 2018 was Enterprise Org. as scores decreased from 4.97 in Q1 2018 to 4.0 in Q1 2019.
- The support provided by every organisation was rated lower in Q1 2019 than in Q1 2018.

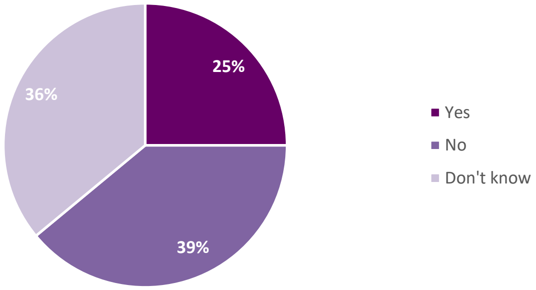
Quarterly Topical Questions:

***Q: Does your business currently resell products through the 'Travel Trade'?**



▶ Majority of the local businesses (85%) do not resell products through the Travel Trade.

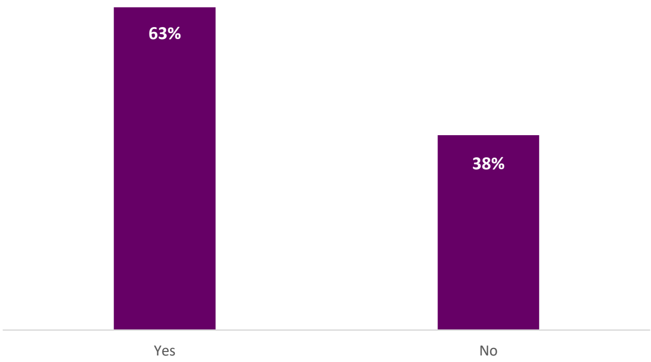
***Q: Would you be interested in offering Travel Trade terms to attract new customers?**



▶ A quarter of businesses would resell products through the Travel Trade to attract new customers.

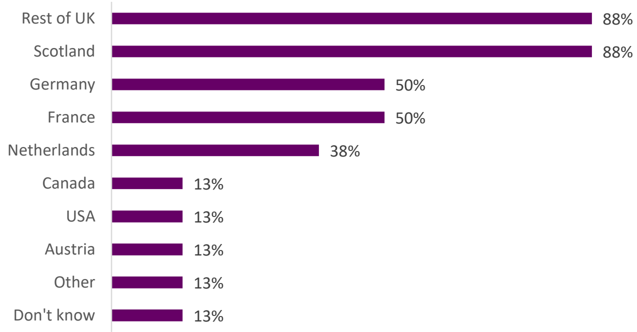
▶ The vast majority of businesses were either not sure about developing business with the Travel Trade or were not interested in the segment.

****Q: Do you offer Travel trade special pricing and terms?**



▶ Amongst businesses that resell products through the Travel Trade, 63% offer special pricing and terms.

****Q: Do you deal with Travel Trade in the following locations?**



▶ Travel trade clients based in the UK were the most common among the small percentage of businesses that resell products.

* Asked to all businesses
** Only asked to businesses that resell products through the travel trade