

Introduction

- ▶ Each quarter, the Cairngorms Business Barometer (CBB) 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 the tourism economy in the Park area.

Summarised below are the key findings from the latest CBB online survey which was distributed to businesses in October 2016 and asked operators to consider their performance during the third quarter of the year (July to September). The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

87 businesses from across the CNP area contributed their views this quarter - this compares to 101 last quarter.

Executive Summary

- ▶ Proportionally fewer visitors from the UK and more from overseas were recorded by businesses this quarter compared to previous comparable quarters.
- ▶ Achieved and future expectations of levels of business were positive. In particular, forecasted customer numbers and turnover were well above the levels recorded last quarter and previous comparable quarters.
- ▶ Businesses invested more in staff training, marketing and infrastructure compared to last year and the Q3 Average and indicated greater intent to increase investment in these aspects going forward over the next 12 months.
- ▶ Barriers to growth were considered less significant this quarter compared to recent quarters and previous comparable quarters. Whilst staffing was rated more challenging than normal, weather, tourism trends and credit were less of an issue.
- ▶ There was evidence of overall satisfaction with the approach to and management of tourism development in the Park. That said, a high proportion (43%) stated a neutral response which suggests low awareness of tourism initiatives.
- ▶ Among eight themes evaluated, walking tourism was considered to be the most authentic and beneficial theme for growing tourism in the Park area. Cycling and wildlife tourism were the next most popular themes.
- ▶ Business confidence for the next 3 months was rated above average and was slightly above last year. For the medium and longer term, confidence was again above average levels but was slightly below Q3 2015.

Cairngorms Business Partnership Commentary

- ▶ *"It is great to see confidence return after a slight decline in the first couple of quarters, this reflect the anecdotal evidence from business owners across the park who have reported a strong summer season.*

It is particularly pleasing to see an increase in visitors from London and The South East of England. We have been working hard to target this market through our Visit Scotland Growth Fund Campaign and working with the Caledonian Sleeper.

Staffing levels remain a challenge for businesses, housing for staff will play an important part in this along with ensuring our young people leave school with the right skills. We, at the CBP, will continue to work with our partners to help improve this."

- * For an example of the quarterly questionnaire, [please click here](#).

Dashboard Summary

Origin	Q3 2016	Q3 2015	Q3 Average
Scotland	40%	43%	43%
England	27%	27%	29%
Overseas	25%	24%	23%

Mix of customers during quarter compared to last year and quarter average.

Business Levels

Business Levels	Q3 2016	Q3 2015	Q3 Average
Customers - Last 3 months	17%	14%	14%
Customers - Next 12 months	45%	29%	23%
Turnover - Last 3 months	26%	21%	17%
Turnover - Next 12 months	52%	33%	25%

Net business level changes in last 3 months and in next 12 months compared to last year and quarter average.

Investment	Q3 2016	Q3 2015	Q3 Average
Staff training - Last 3 months	30%	19%	17%
Staff training - Next 12 months	34%	30%	27%
Marketing - Last 3 months	28%	11%	20%
Marketing - Next 12 months	34%	33%	34%
Infrastructure - Last 3 months	43%	37%	27%
Infrastructure - Next 12 months	55%	44%	41%

Net investment changes in last 3 months and in next 12 months compared to last year and quarter average.

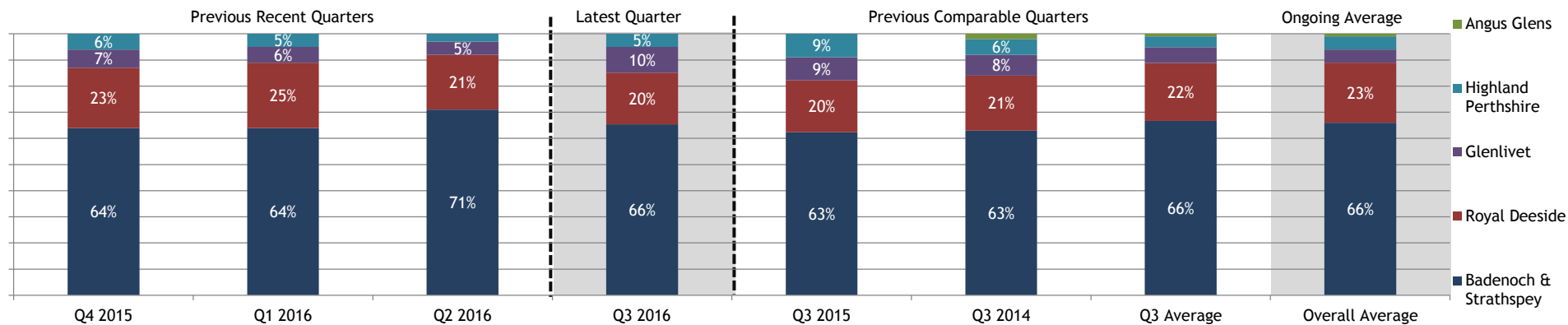
Barriers	Q3 2016	Q3 2015	Q3 Average
Average	5.07	5.28	5.58
Bureaucracy	5.77	5.81	6.26
Staff Levels	5.68	5.27	5.39
Supplier Costs	5.40	5.13	5.73

Overall average and individual barrier to growth scores for top 3 factors compared to last year and quarter average.

Business Confidence	Q3 2016	Q3 2015	Q3 Average
Next 3 Months	5.78	5.70	5.20
Next 12 Months	6.69	6.72	6.18
Next 24 Months	6.57	6.80	6.34

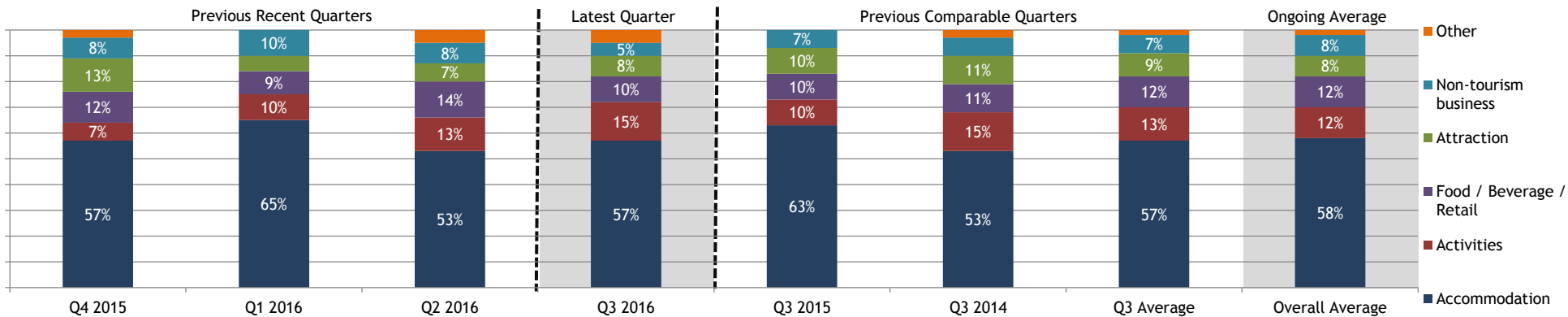
Business confidence over short, medium and long term compared to last year and quarter average.

Area



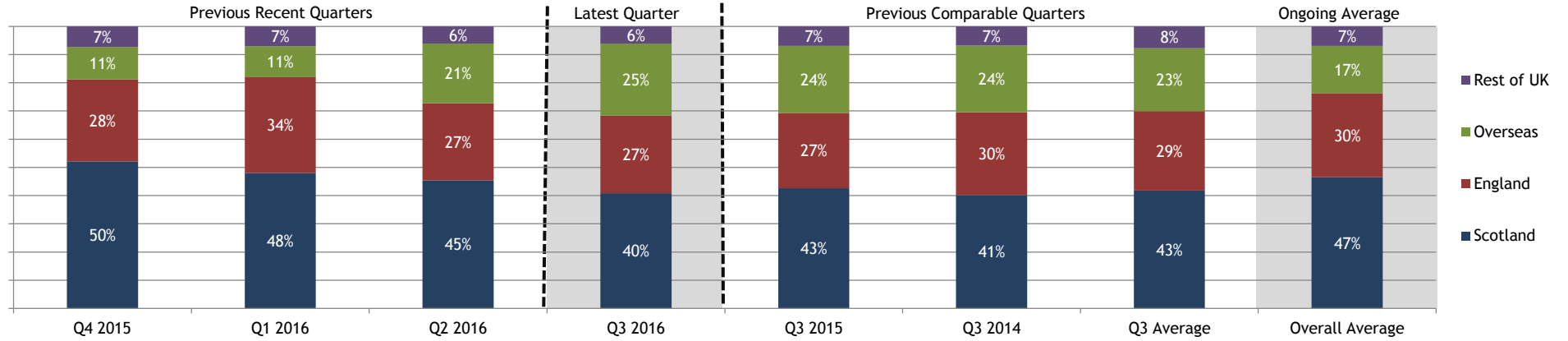
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (66%), Royal Deeside (20%), Glenlivet (10%) and Highland Perthshire (5%).

Sector



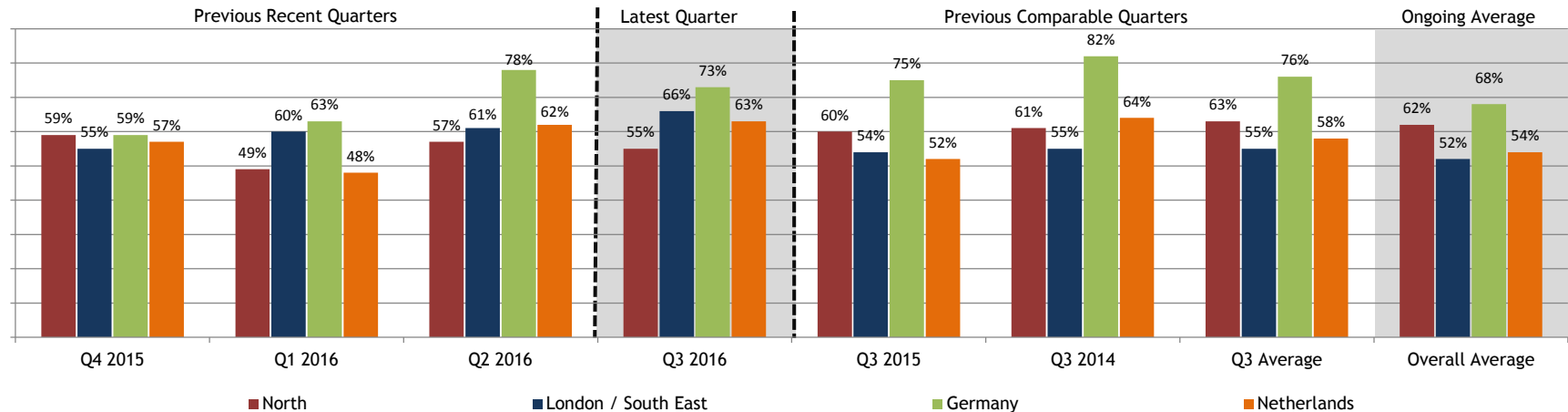
► In terms of business sector, the sample was made up as follows: Accommodation provider (57%), Activity operator (15%), Food / Beverage / Retail business (10%), Attractions (8%), Non-tourism business (5%) and Other businesses (5%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (40% of all customers), visitors from England (27%), Overseas visitors (25%), and visitors from the rest of the UK (6%).
- ▶ The results recorded this quarter showed a slight decrease in the UK market compared to previous Q3 periods and a slight increase in those coming from overseas. As is the norm, the Park area attracted more overseas visitors and less visitors from Scotland during this Q3 period compared to other quarters of the year.

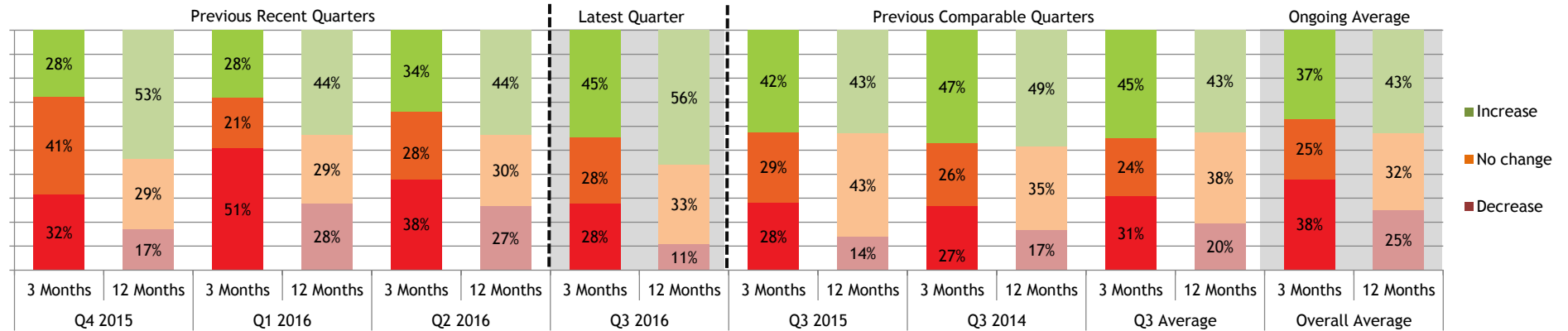
Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from the London / South East (66% of businesses who engaged with visitors from England traded with customers from London / South East) followed by the North of England (55%). An increase in the proportion of visitors from London / South East was noted compared to previous comparable quarters and the Q3 Average.
- ▶ The German market remains the most common segment from abroad (73% which is slightly below recent comparable quarters). The next most significant market was The Netherlands (63%) which was above Q3 2015 and the Q3 Average.

Business Levels

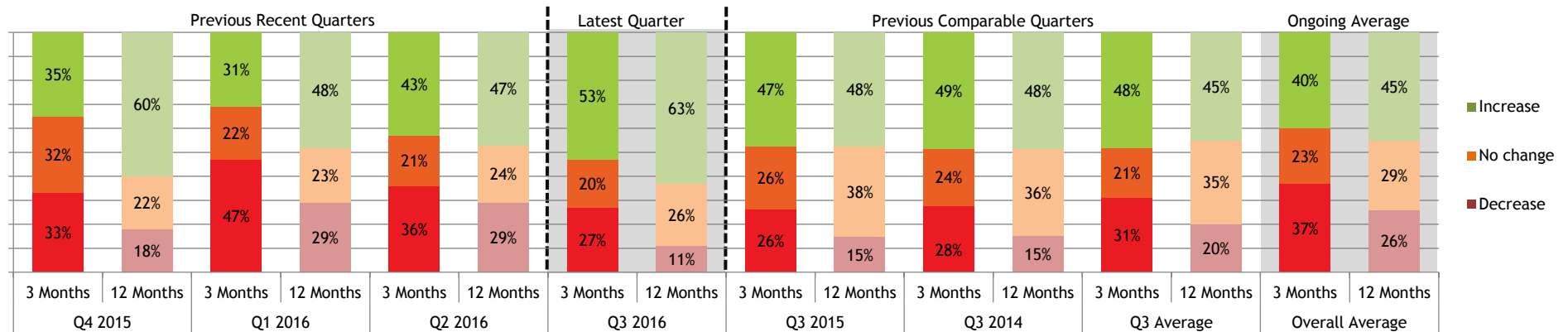
No. Of Customers: Last 3 months and next 12 months



- There was a small overall increase in customer numbers as more businesses increased their customer numbers than decreased their customer numbers (45% versus 28%). The results constituted a notable up turn in performance compared to Q2 2016 (a period in which customer numbers contracted) and were more positive than recent Q3 periods and the Q3 Average.
- 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 (56% versus 11%). This again signalled improved sentiment compared to Q2 2016, previous Q3 periods and the Overall Average.

Business Levels

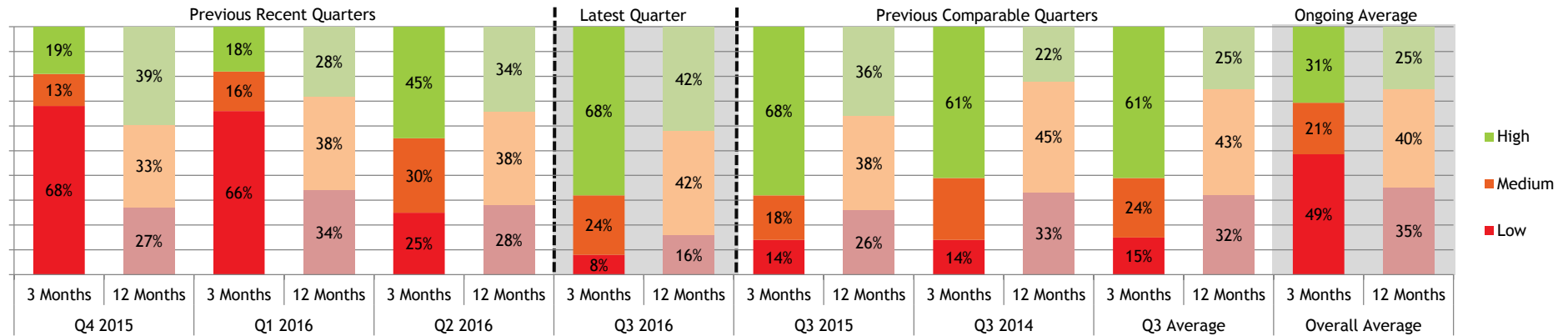
Turnover: Last 3 months and next 12 months



- There was a small overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (53% versus 27%). Similar to the trend observed for customer numbers, turnover performance was much more positive than last quarter and slightly more positive than recent Q3s and the Q3 Average.
- An 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 (63% versus 11%). Similar to other findings, these results indicated significantly more optimism compared to last quarter, previous Q3 periods and the Overall Average.

Business Levels

Accommodation Occupancy: Last 3 months and next 12 months

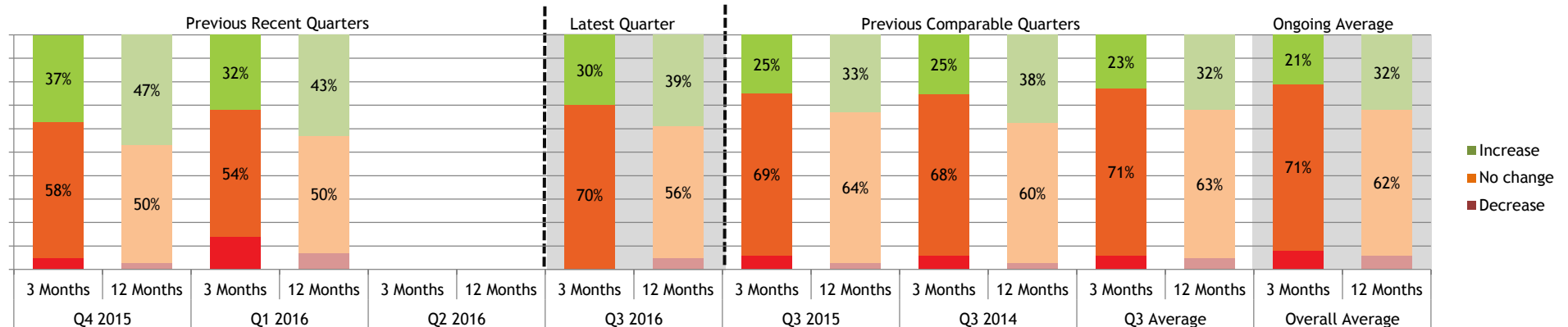


► 8% of accommodation providers recorded low occupancy of less than 50% whilst a very positive 68% achieved high occupancy of 70% or above during the quarter. Consistent with the trend recorded for business levels, accommodation providers performed notably better than last quarter and performed slightly better compared to recent Q3 periods.

► 16% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 42% expect to achieve high occupancy of 70% or above. These results again marked a more positive attitude to future performance compared to Q2 2016, previous Q3 periods and the Overall Average.

Investment Levels

Staff Training: Last 3 months and next 12 months

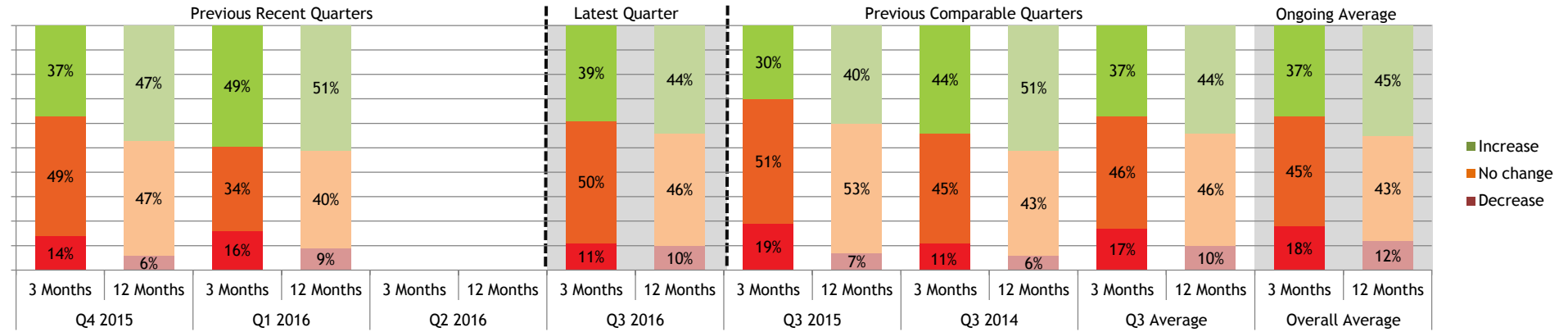


► Most businesses (70%) noted no change in staff training investment during the quarter compared to a year ago. Of those who indicated a change, all (30% of the sample) increased their investment in this aspect. As a result, the overall growth in staff training investment was above recent Q3 quarters and the Overall Average.

► Going forward businesses continued to expect a faster rate of change in staff training investment compared to current levels. That said, most (56%) thought that staff training investment would be static. However, more businesses than usual indicated potential increases (39%). Greater staff training investment intent was, therefore, apparent compared to the Q3 Average.

Investment Levels

Marketing: Last 3 months and next 12 months

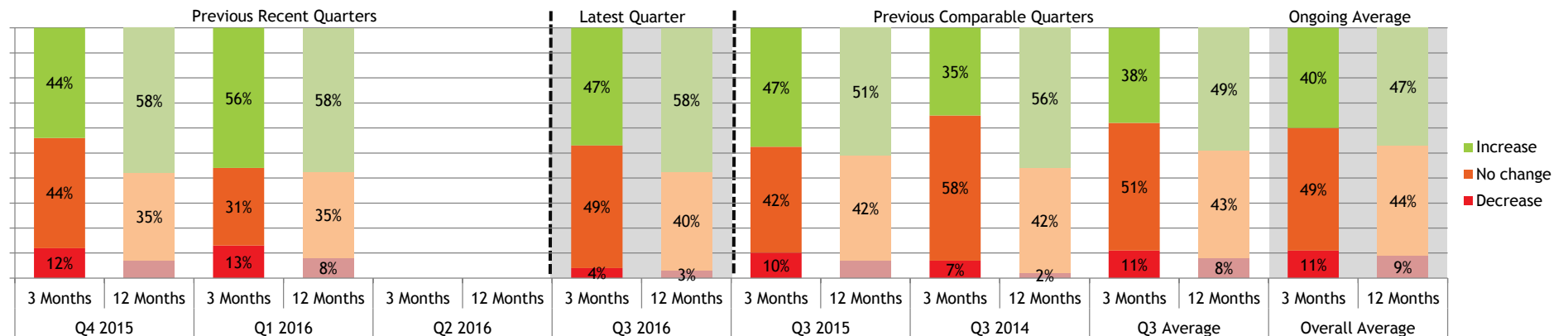


► An overall increase in marketing and promotion investment was recorded as 39% of businesses increased their investment in this aspect compared to 11% that decreased investment. The overall results suggested more marketing investment compared to Q3 2015 and the Q3 Average but a broadly similar level compared to Q3 2014.

► Businesses again expected to further increase marketing and promotion investment in the future - 44% expected to increase their investment in the year ahead whilst only 10% expected to decrease. Overall, the results signalled greater interest to invest in marketing compared to last year, less interest compared to Q3 2014 and similar interest to the Q3 Average.

Investment Levels

Infrastructure: Last 3 months and next 12 months

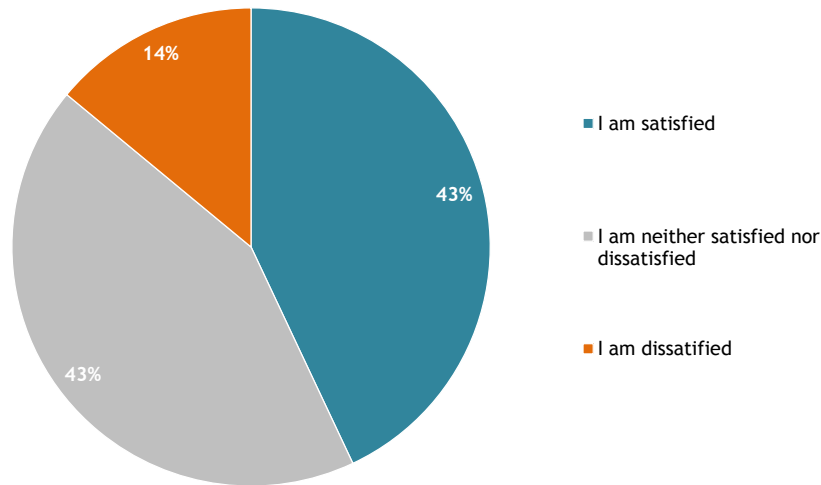


► An overall increase in buildings and infrastructure investment was recorded as 47% of businesses increased their investment in this aspect whilst only 4% decreased investment. The overall growth in buildings and infrastructure investment this quarter was notably higher than previous Q3 periods.

► Overall growth was evident for future buildings and infrastructure investment as 58% expected to increase investment in this aspect in the year ahead compared to just 3% that expected to decrease investment. Similar to the achieved investment result, the overall results implied healthier appetite to invest in infrastructure and buildings compared to previous Q3 periods.

Quarterly Topical Question: Tourism Development

What is your general view on the overall management of and approach to tourism development in the Cairngorms National Park?

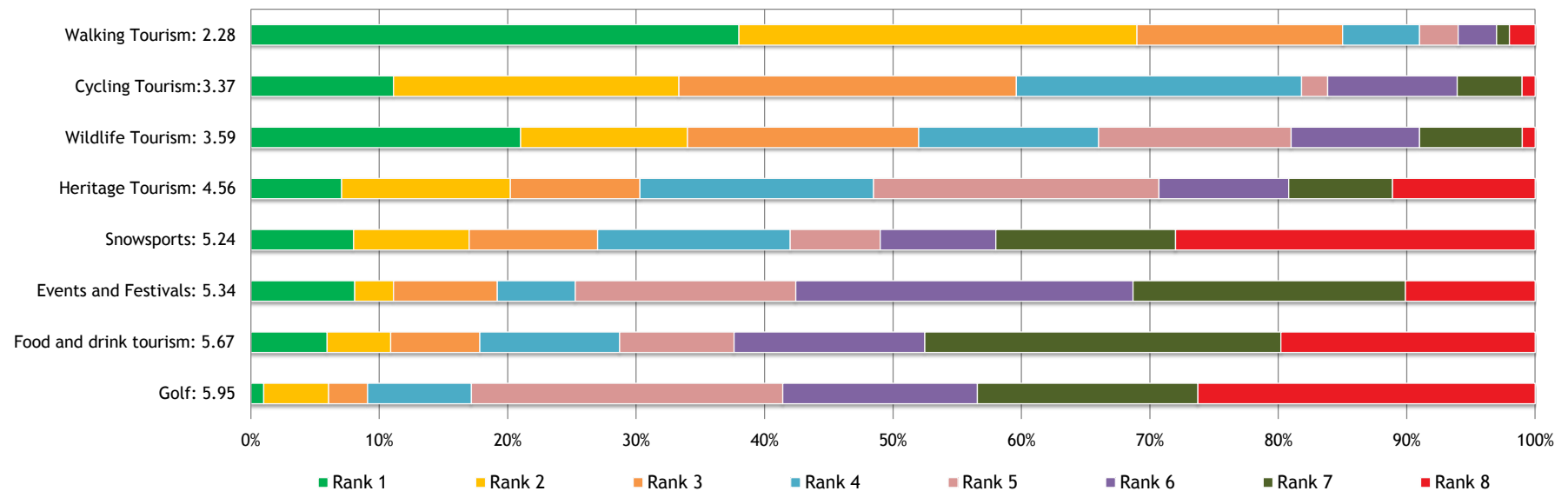


- ▶ 8% of respondents were unable to provide an opinion as they stated they "Didn't know / Weren't sure" of the overall management of and approach to tourism development.
- ▶ 43% of businesses indicated they were satisfied with the overall management of and approach to tourism development compared to 14% of businesses who indicated they were dissatisfied. The remainder, 43% of businesses, were indifferent stating they were neither satisfied nor dissatisfied.
- ▶ There was evidence of greater satisfaction with the overall management of and approach to tourism development in the Park among accommodation providers compared to non-accommodation businesses.
- ▶ By geographical area, it was apparent that businesses from Badenoch and Strathspey demonstrated lower satisfaction with tourism development initiatives compared to those from elsewhere in the Park.

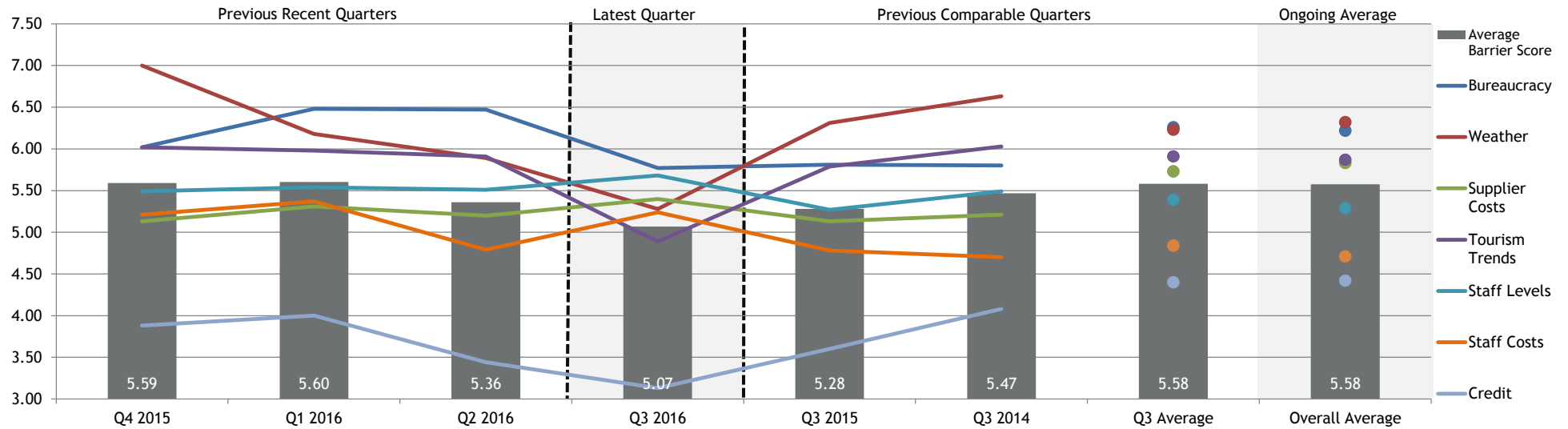
Quarterly Topical Question: Tourism Development

Please rank which theme is best placed to provide an authentic experience and generate more tourism in the Cairngorms National Park?

- ▶ The chart below presents how each of the 8 themes were rated and includes an average rank for each theme (the lower the rank, the more popular the theme).
- ▶ Walking tourism was by far the most popular tourism theme - it was ranked 1st or 2nd by nearly 70% of all businesses. Cycling and wildlife tourism were the next most popular themes.

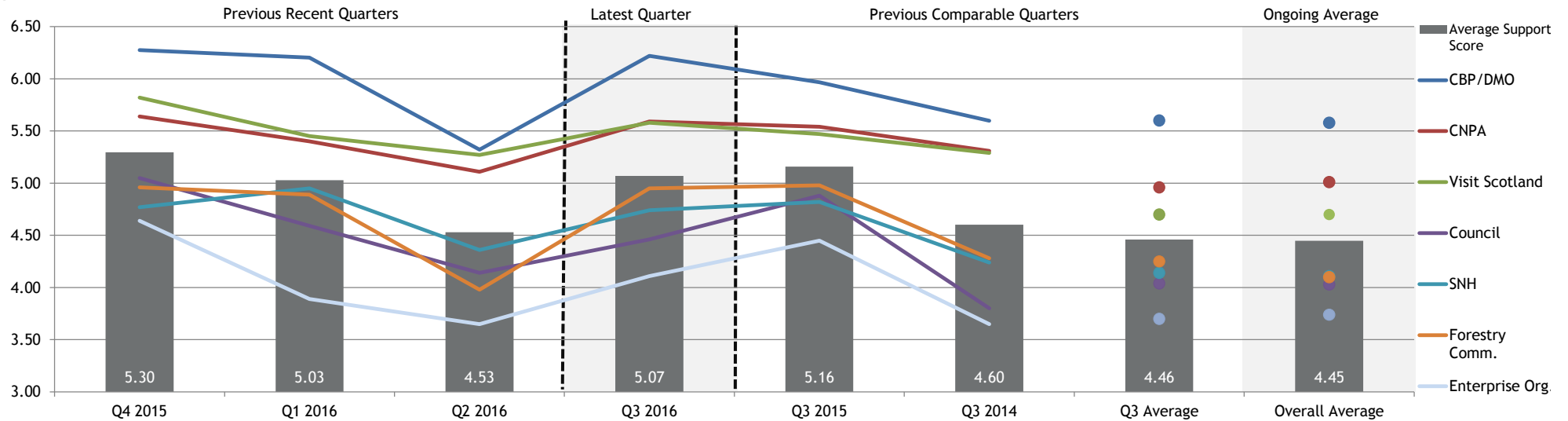


Barriers



- ▶ The average barrier to growth score this quarter was 5.07 out of 10 which was lower than last quarter and significantly below recent Q3 periods, the Q3 Average and the Overall Average.
- ▶ Bureaucracy (5.77), staff levels (5.68) and supplier costs (5.40) were considered to be the most challenging barriers to growth this quarter.
- ▶ Three barriers recorded increases from last quarter and from Q3 2015 they were: supplier costs, staff costs and staff levels.
- ▶ Tourism trends, weather and availability of credit were all perceived to be less challenging this quarter compared to last quarter and Q3 2015.

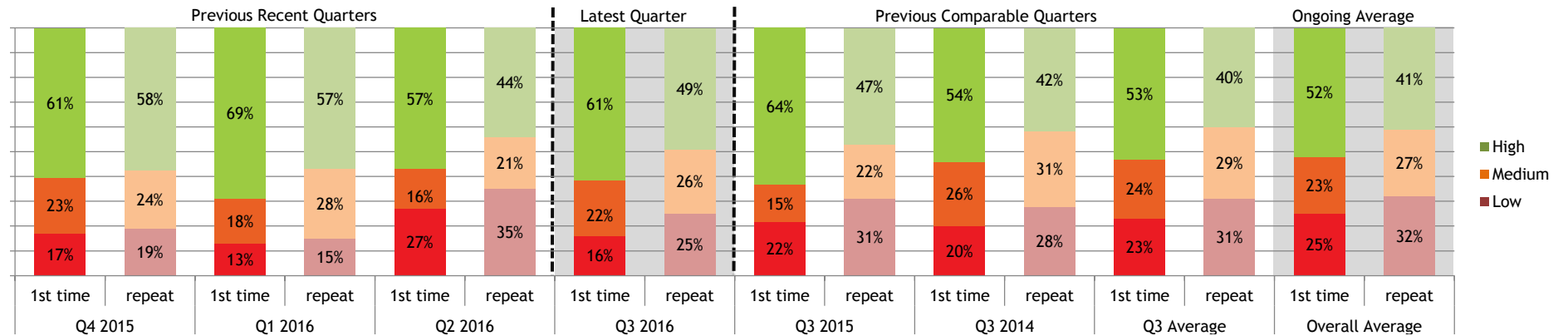
Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.07 which was well above Q2 2016, the Q3 Average and the Overall Average but slightly below Q3 2015.
- ▶ The contribution / support provided by CBP / DMO (6.22) was rated most positively whilst the opposite was true for Enterprise Organisations (4.11).
- ▶ The organisation which recorded the largest change in perception from last quarter was the Forestry Commission as scores increased from 3.98 in Q2 2016 to 4.95 in Q3 2016. It is worth noting that all organisations were rated more positively overall compared to Q2 2016.
- ▶ The organisation which recorded the largest change in perception from last year was Council: average support scores decreased from 4.88 in Q3 2015 to 4.46 in Q3 2016.

Influences

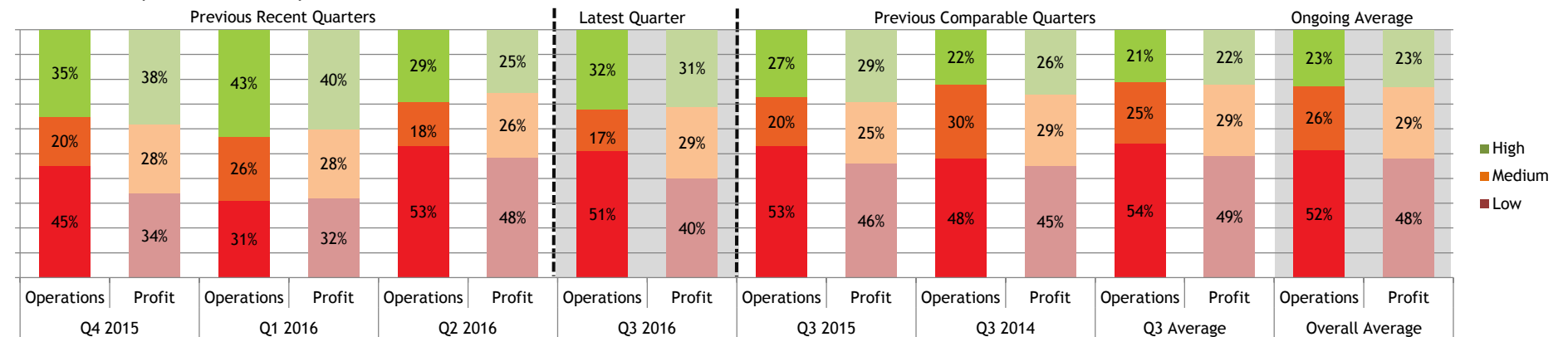
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 61% 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 16% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall results indicate similar Park influence compared to Q3 2015 and greater Park influence compared to the Q3 Average.
- ▶ 49% 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 25% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall results indicate greater Park influence compared to recent Q3 periods and the Q3 Average.

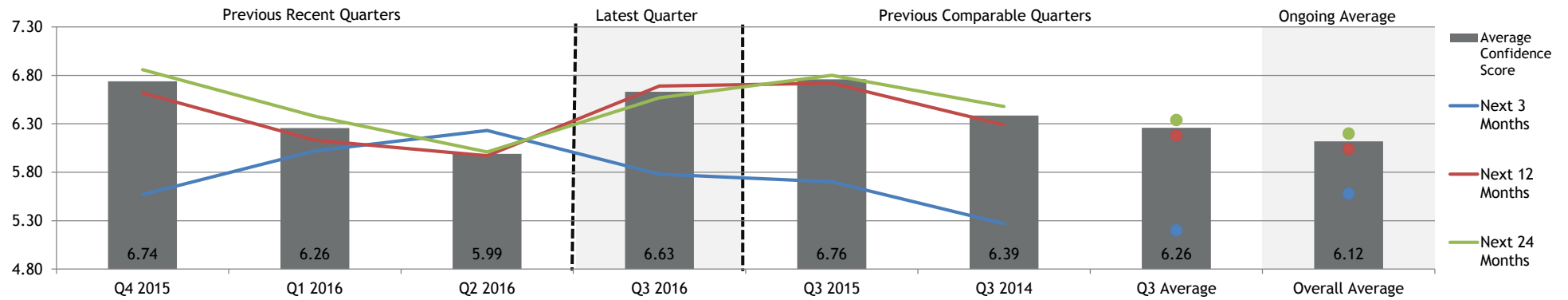
Influences

Influence of CNP - On Business Operations & Profitability



- ▶ 32% 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 51% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The Park's overall perceived level of influence on business operations was above recent Q3 periods and the Q3 Average.
- ▶ 31% 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 40% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The Park's overall perceived level of influence on profitability was above recent Q3 periods and the Q3 Average.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 5.78 out of 10 which was, as to be expected, below Q2 2016 and Q1 2016. Compared to previous Q3 periods, the result was slightly above Q3 2015 and well above Q3 2014 and the Q3 Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.69. This was more positive than recent quarters and, whilst similar to Q3 2015, was also well above Q3 2014, the Q3 Average and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.57. This was above the last two quarters, Q3 2014, the Q3 Average and the Overall Average but was below Q4 2015 and Q3 2016.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.63 which indicates the same, relatively positive, outlook as long term confidence (above).