



# Cairngorms Business Barometer | Quarter 3 (July to September) | 2018

## DASHBOARD SUMMARY

This quarter, businesses saw a higher concentration of overseas visitors compared to the same quarter last year as well as the Q3 Average. The German market was the most common segment from abroad despite decreasing significantly compared to previous Q3 periods as well as the Q3 Average.

Customer numbers and turnover were not as positive as recorded in Q3 2017. However, the outlook for the year ahead was more optimistic compared to last year and the Q3 Average.

Despite below the high levels recorded last year, short, medium and long term confidence were well above the Q3 Average.

Staff levels were perceived to be the most significant barrier to growth this quarter. Over half of local businesses stated that they found it difficult to attract suitable staff in the past 12 months and felt that it was harder to do so compared to 2017. The availability of affordable local housing was considered to be a contributing factor to staff level challenges (46% of businesses believed it had a negative impact on their ability to recruit).

Encouragingly, the support provided by CBP/DMO was rated most positively, increasing significantly compared to last quarter and the same quarter a year ago.

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  
Email: [rimplach@str.com](mailto:rimplach@str.com)



**72**  
PARTICIPANTS  
Q3 2018

KEY VS LAST YEAR (LY)  
Higher\*   
Same   
Lower

## BUSINESS LEVELS

	TURNOVER	CUSTOMERS		
	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q3 18	22%	34%	15%	36%
Q3 17	26%	31%	21%	29%
QTR AVG	18%	26%	15%	25%

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

## CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

It is pleasing to see continued growth in international visitors as well as a significant increase in visitors from London and the South East of England which has been a targeted area for growth.

Whilst there was a slight fall back in customer numbers and turnover growth both remain overwhelmingly positive and confidence remains high.

Again staffing levels was seen as the number one barrier to growth and the guest question this quarter was designed to dig deeper into this. The majority (61%) of local businesses employ staff and over half of businesses stated they had found it difficult to attract staff in the past 12 months citing housing, lack of transport and a more competitive environment as key reasons along with Brexit uncertainty. These are all issues the forthcoming Economic Strategy (led by the National Park Authority) needs to address.

## BUSINESS CONFIDENCE

NEXT X MONTHS:



Q3 18	6.08	6.53	6.51
Q3 17	6.32	6.87	6.72
QTR AVG	5.36	6.27	6.39

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

## BARRIERS TO GROWTH

	Staff Levels	Bureaucracy	Weather	AVG
Q3 18	6.55	6.01	5.76	5.43
Q3 17	6.17	6.04	5.69	5.48
QTR AVG	5.54	6.22	6.14	5.56

### Staff Levels, Bureaucracy, Weather

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.

## INVESTMENT

	Q3 18	Q3 17	QTR AVG
<b>STAFF TRAINING</b>			
LAST 3 MONTHS	26%	32%	18%
NEXT 12 MONTHS	40%	46%	29%
<b>MARKETING</b>			
LAST 3 MONTHS	34%	34%	22%
NEXT 12 MONTHS	39%	43%	35%
<b>INFRASTRUCTURE</b>			
LAST 3 MONTHS	28%	51%	30%
NEXT 12 MONTHS	34%	42%	41%

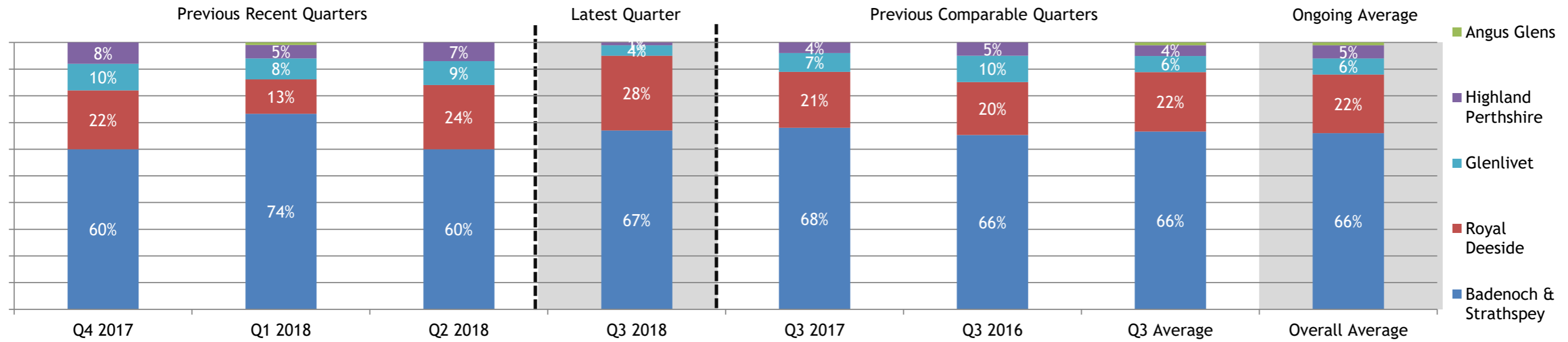
Net investment changes in last 3 months and in next 12 months compared to LY and quarter average.

## ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q3 18	40%	27%	30%
Q3 17	42%	28%	25%
QTR AVG	42%	29%	24%

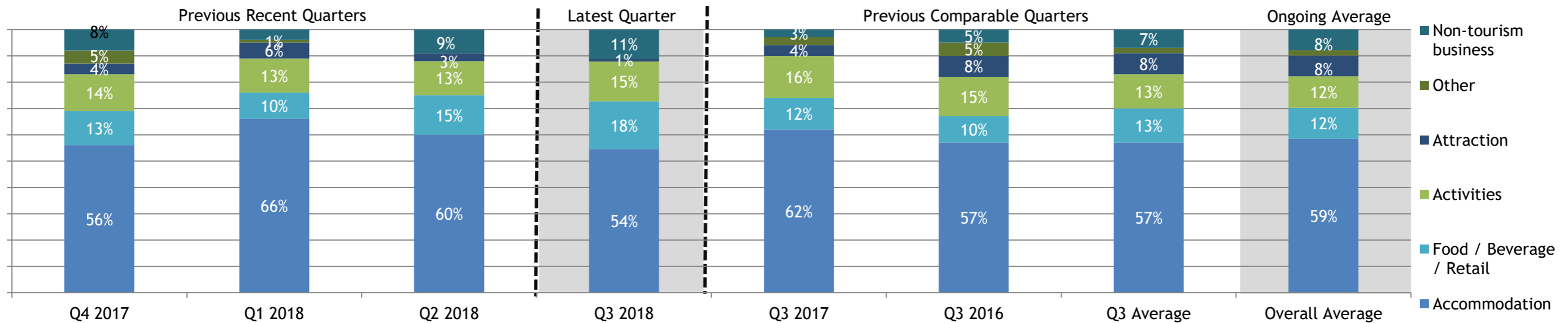
Mix of customers during quarter compared to LY and quarter AVG.

## Area



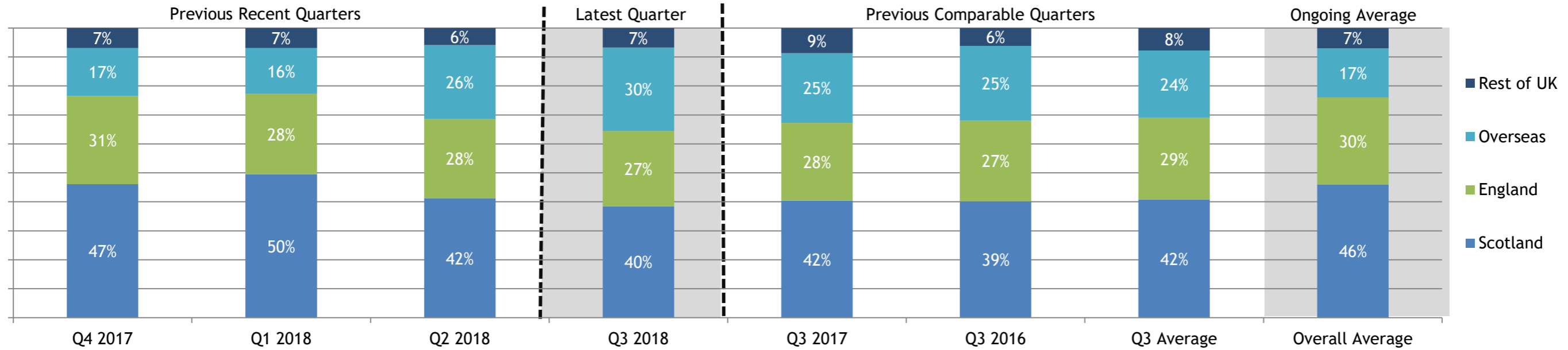
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (67%), Royal Deeside (28%), Glenlivet (4%), Highland Perthshire (1%) and Angus Glens (0%).

## Sector



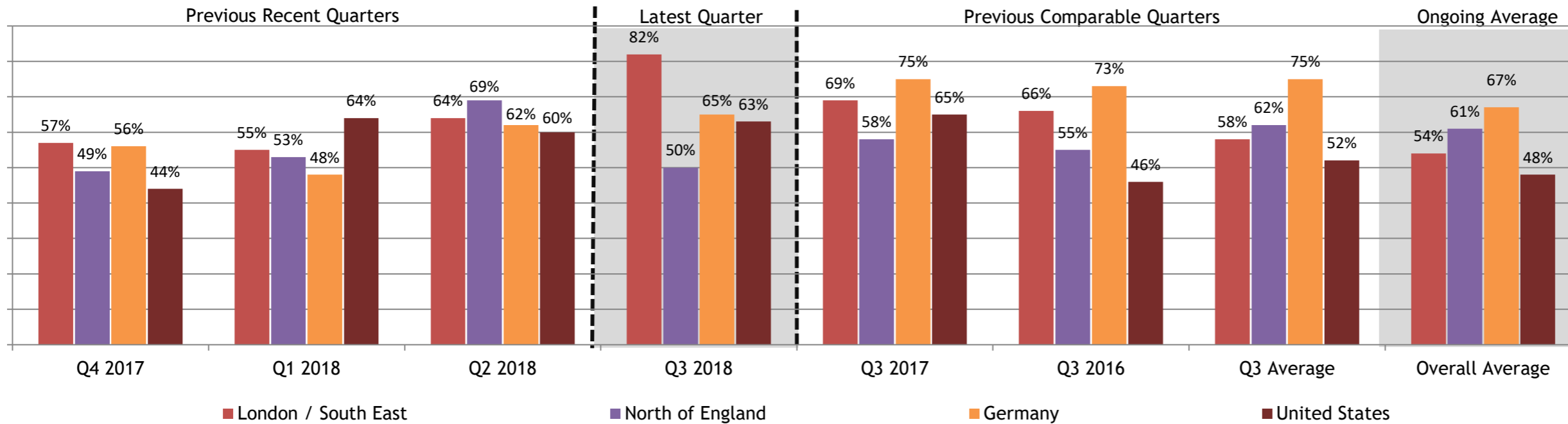
► In terms of business sector, the sample was made up as follows: Accommodation provider (54%), Food / Beverage / Retail business (18%), Activity operator (15%), Attraction (1%), Non tourism (11%), Other (1%).

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 (30%), and visitors from the rest of the UK (7%).
- ▶ As in previous quarters, the Scottish market continued to account for the largest share of visitors (40%). Overseas visitors made up 30% of the overall sample which was well above recent Q3s and the Q3 and the Overall Averages.

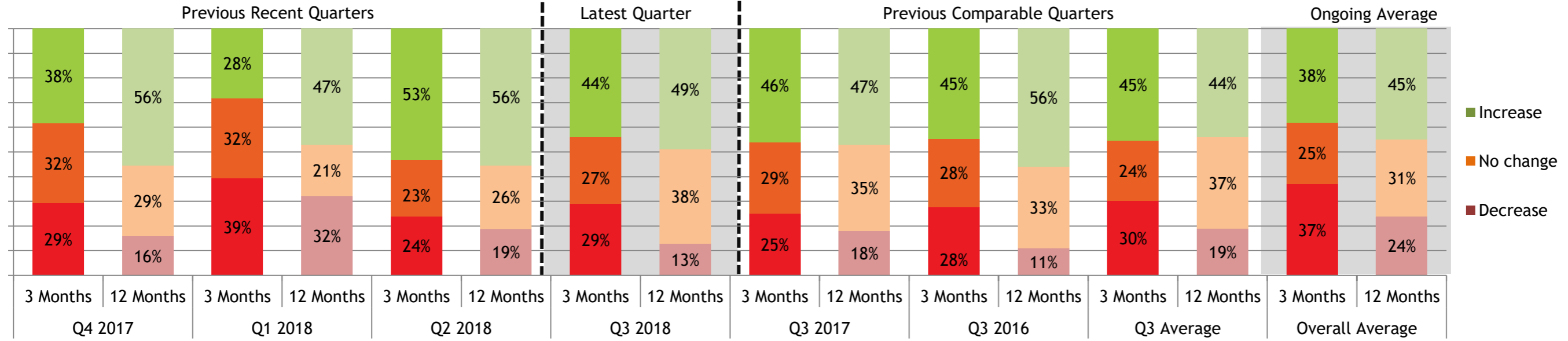
Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from London / South East (82% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from the North (50%). The proportion of the visitors from London / South East was well above recent comparable quarters as well as the Q3 and the Overall Averages.
- ▶ The German market was the most common segment from abroad (65%) despite decreasing compared to previous Q3 periods as well as the Q3 average. The next most significant market was the United States which was on par with Q3 2017.

### Business Levels

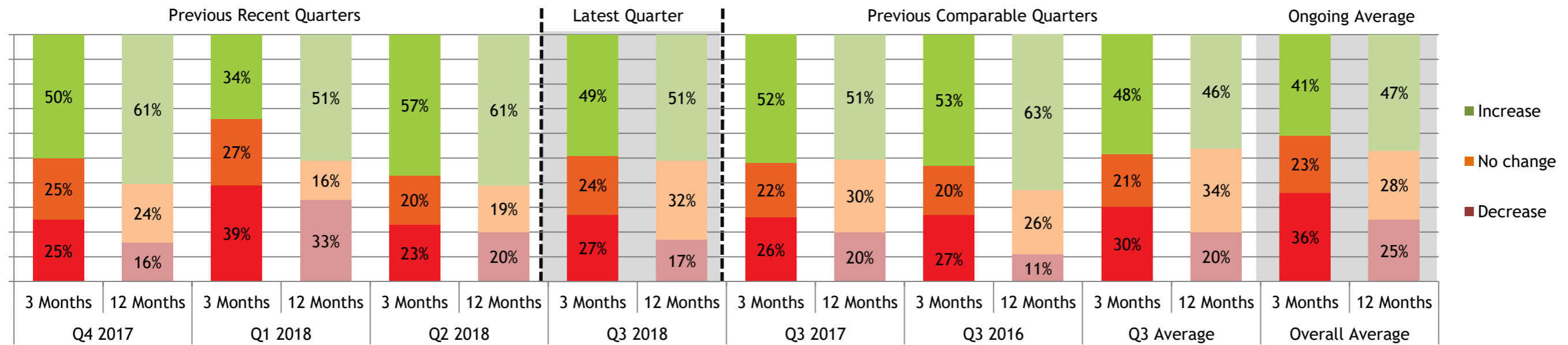
No. Of Customers: Last 3 months and next 12 months



- There was an overall increase in customer numbers as more businesses increased their customer numbers than decreased (44% versus 29%). Customer number performance was on par with recent Q3s but above the levels of the Q3 and the 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 (49% versus 13%). The outlook recorded this quarter was more positive compared to Q3 2017 as well as the Q3 and the Overall Averages.

### Business Levels

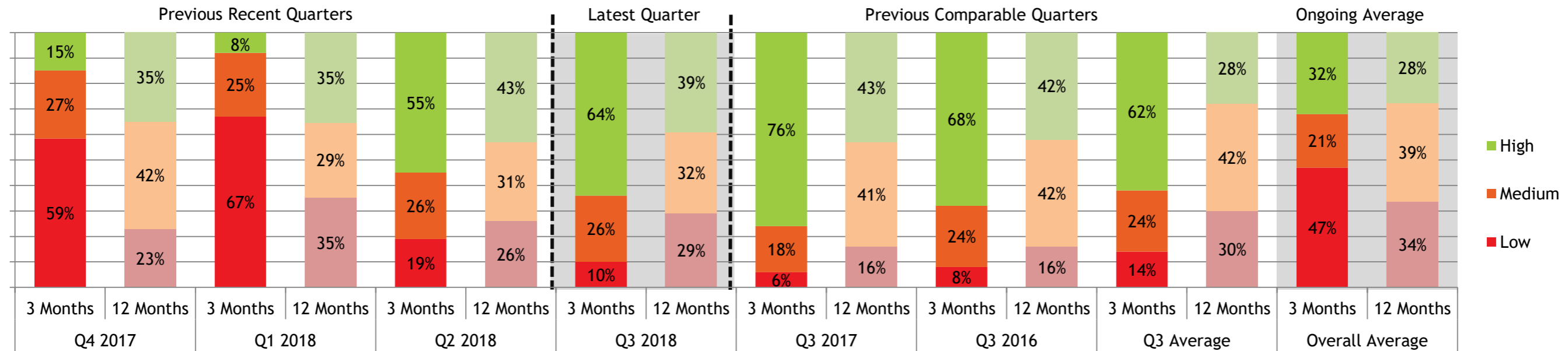
Turnover: Last 3 months and next 12 months



- There was an overall increase in turnover this quarter as more businesses increased their turnover than decreased (49% versus 27%). Turnover has grown at the same rate as in Q3 2017 but at a higher rate compared to the Q3 and the Overall Averages.
- A higher 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 (51% versus 17%). The results this quarter were on par with Q3 2017 but constituted a more positive outlook compared to the Q3 and the Overall Averages.

## Business Levels

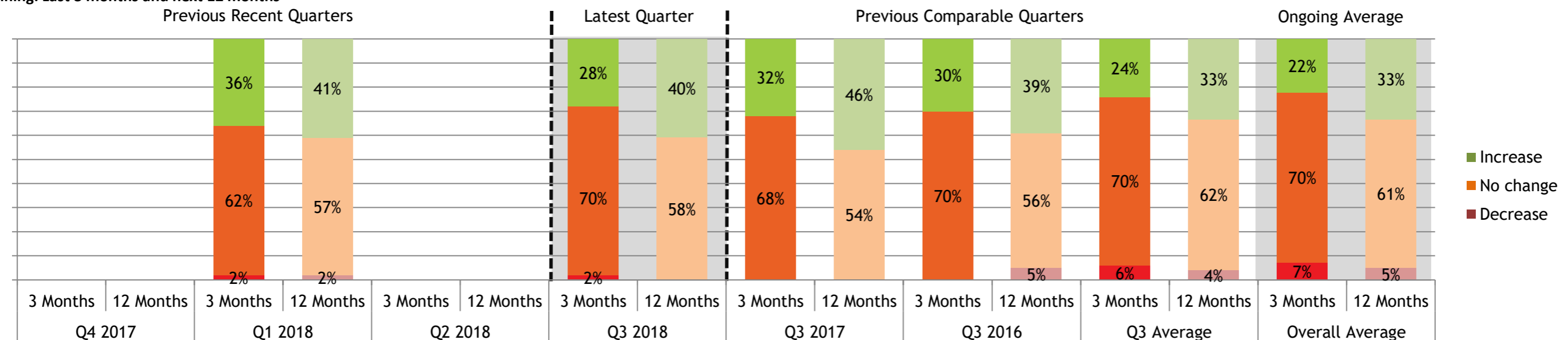
### Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 10% of accommodation providers recorded low occupancy of less than 50% whilst 64% achieved high occupancy of 70% or above during the quarter. The latter result was below recent Q3s and on par with the Q3 Average although significantly above the levels of the Overall Average.
- ▶ 29% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 39% expected to achieve high occupancy of 70% or above. Accommodation providers had slightly lower expectations regarding future performance compared to recent Q3s. However, they had a more positive outlook compared to the Q3 and the Overall Averages.

## Investment Levels

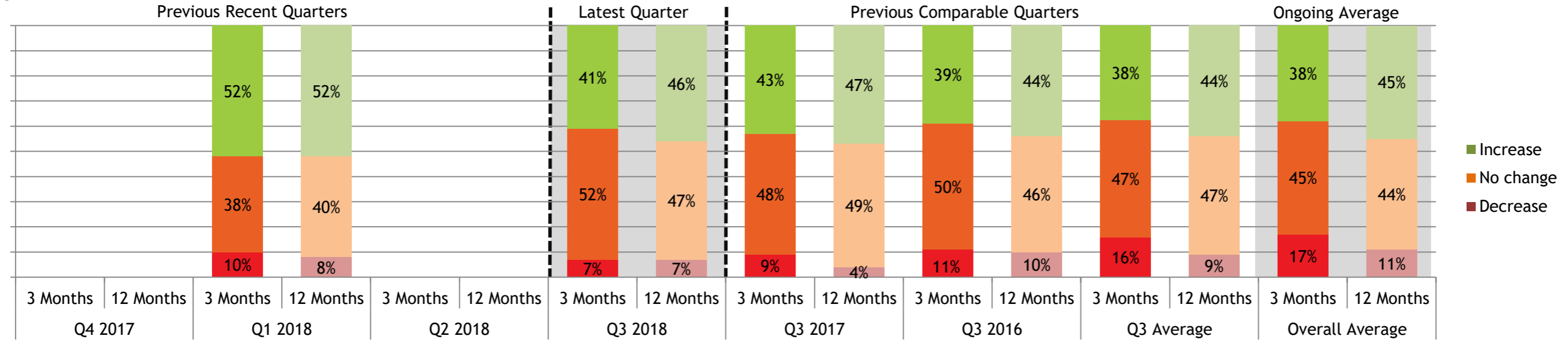
### Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (70%) noted no change in staff training investment, a small overall increase in staff training investment was recorded as 28% increased their investment in this aspect compared to just 2% who decreased investment. The overall growth in staff training investment was slightly below recent comparable quarters, but above the Q3 and the Overall Averages.
- ▶ Going forward businesses continued to expect a faster rate of change in staff training investment compared to current levels. That said, more than half of businesses (58%) thought that staff training investment would be unchanged in the coming 12 months. These results suggest a higher intent to invest compared compared to the Q3 and the Overall Averages. However, compared to Q3 2017 the results suggest less future staff training investment.

## Investment Levels

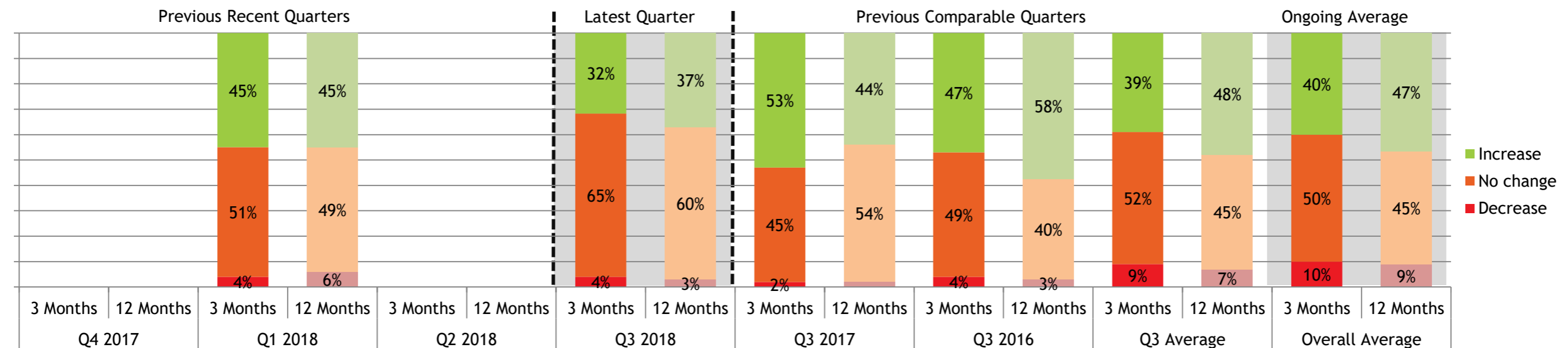
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 41% of businesses increased their investment in this aspect this quarter whilst only 7% decreased investment. The overall growth in marketing and promotion investment this quarter was on par with previous comparable quarters and above the Q3 and the Overall Averages.
- ▶ Continued growth in marketing and promotion investment was again expected as 46% of businesses expected to increase their investment in this aspect in the year ahead whilst only 7% expected to decrease investment. These results marked a decrease in marketing and promotion investment for the year ahead compared to Q3 2017 but overall were roughly on par with Q3 2016 as well as the Q3 and the Overall Averages.

## Investment Levels

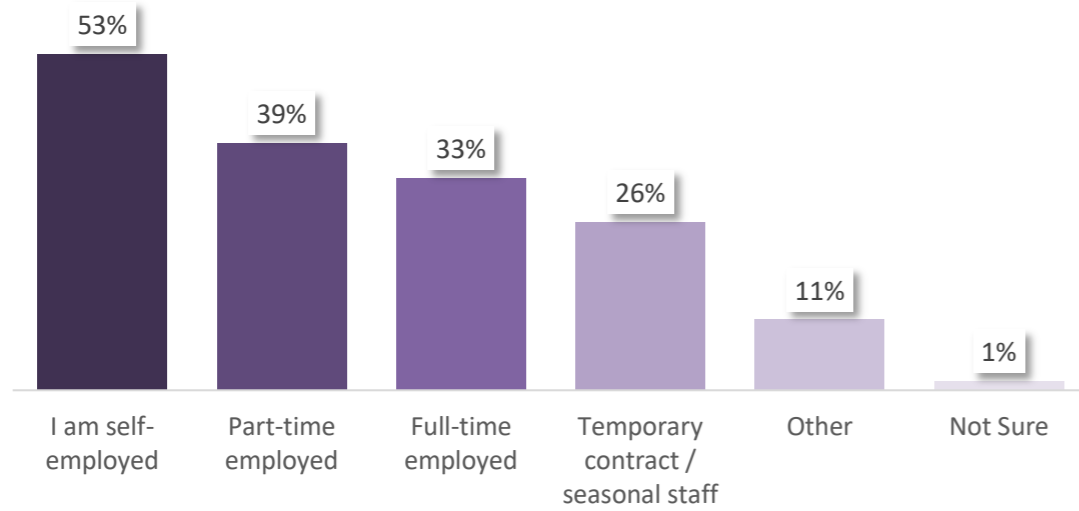
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 32% of businesses increased their investment in this aspect whilst 4% decreased investment. The overall growth in buildings and infrastructure investment this quarter was notably lower than recent comparable quarters although on par with the Q3 and the Overall Averages.
- ▶ Going forward there are strong expectations to increase buildings and infrastructure investment - 37% expected to increase investment in this aspect in the year ahead whilst 3% expected to decrease investment. These results implied lower levels of confidence to invest in buildings and infrastructure compared to Q3 2016 although the results were broadly similar to Q3 2017 as well as the Q3 Average and the Overall Average.

**Quarterly Topical Questions:**

**Q: Thinking of the last 12 months, what type(s) of employees work / have worked within your business?**



► The majority of the local businesses (61%) employ staff (part-time, full-time, seasonal or other type of employment).

**Q: To what extent do you agree or disagree with the following:**

*(1=Disagree Strongly, 5=Agree Strongly)*

**It has been difficult for my business to attract suitable employees in the last 12 months.**



**It has been harder to attract suitable employees in 2018 compared to 2017.**



► A slight majority of local businesses (55%) agree that it's been difficult to attract suitable employees in the last 12 months.

► For 51% of local businesses it's proven to be harder to attract suitable employees in 2018 compared to 2017.

**Q: What impact has the availability of affordable housing for employees in the Cairngorms area had on your ability to recruit suitable staff in the past 12 months?**

*(1=Extremely negative impact, 2=Somewhat negative impact, 3=No impact, 4=Somewhat positive impact, 5=Extremely positive impact)*



► A moderately negative impact of availability of affordable housing for employees on ability to recruit suitable staff was reported by local businesses with 46% stating a negative impact, 43% stating no impact and 11% stating a positive impact.

**Q: Are there any other barriers to your business profitability not mentioned above?**

“ Lack of available staff in the required areas. ”

“ Travelling for potential employees with various skills due to lack of low cost housing ”

“ With a number of new businesses opening within Aviemore opening this year recruitment has been challenging. ”

“ The lack of accommodation for staff has not been a problem as we have provided staff accommodation. However, going forwards it is likely that the staff accommodation will not be available this will have a significant impact on getting staff. ”

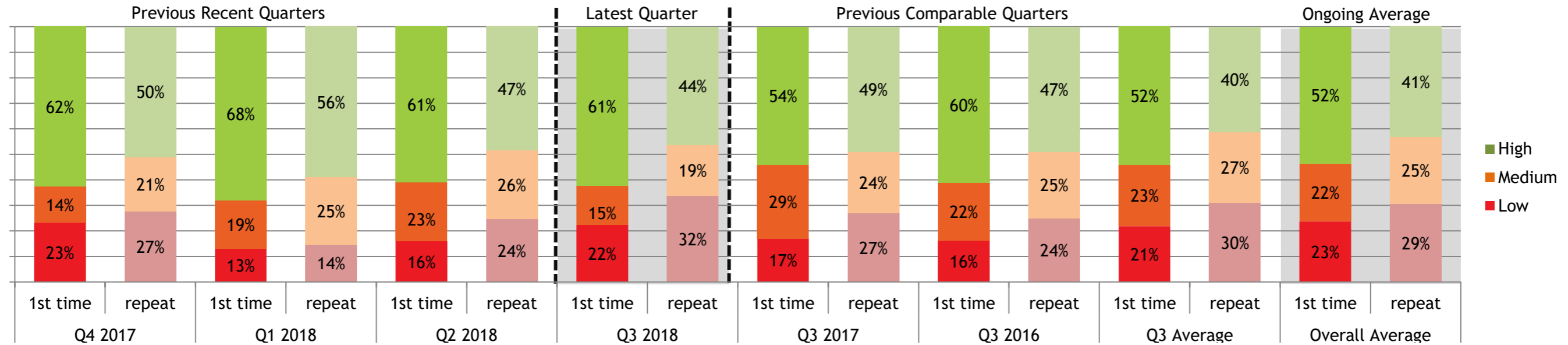
“ Lack of Brexit clarity for after March 2019 - Europeans are unclear as to their status and scared to come over due to that insecure status - we need the extra workforce from Europe - CNP has low unemployment, high house prices and a disproportionate level of low youth in its demographic - the projections are that by 2039 there will be 10 percent less working age within the CNP and a staggering level of 21 percent fewer children. The bed tax is also an issue for the value brands and may well have a negative affect reinvestment - we already pay one of the highest rates of VAT in Europe within our sector - it is also unfair to ask customers for contributions to support key infrastructure twice and affect business profit along with investment - folk are not daft the price for a stay is the total price including any bed tax. ”

“ It's not just housing. Poor transport from outlying villages to enable staff to get to work is an issue When accommodation is available - it's very expensive. £100 per week for shared accommodation is not unusual. ”

“ There is no affordable housing in Braemar so new staff cannot move here. ”

## Influences

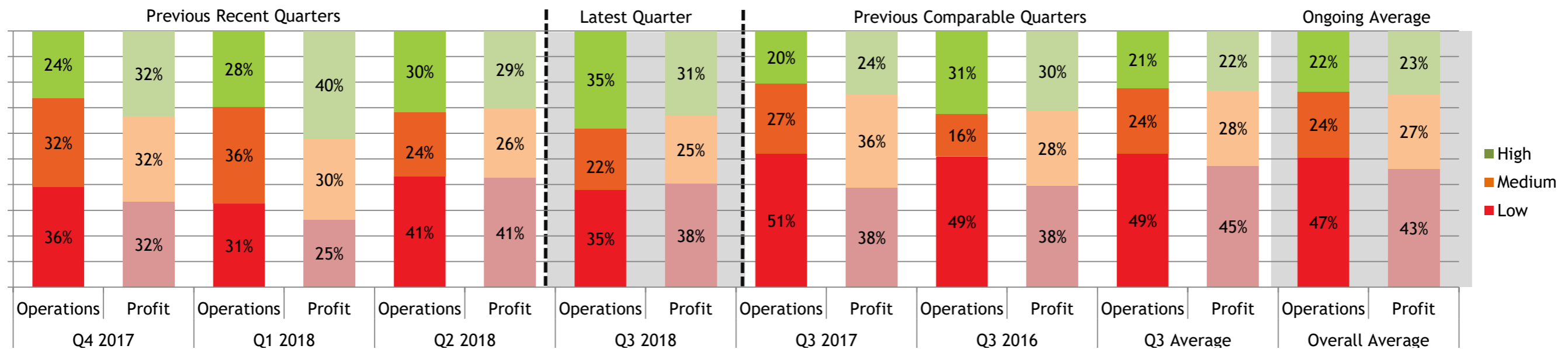
### Influence of CNP - Attracting First time & Repeat Customers



- ▶ 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 only 22% 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 above Q3 2017 as well as the Q3 Average and the Overall Average.
- ▶ 44% 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 32% 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 on par with Q3 2017 but was slightly higher than the Q3 Average and the Overall Average.

## Influences

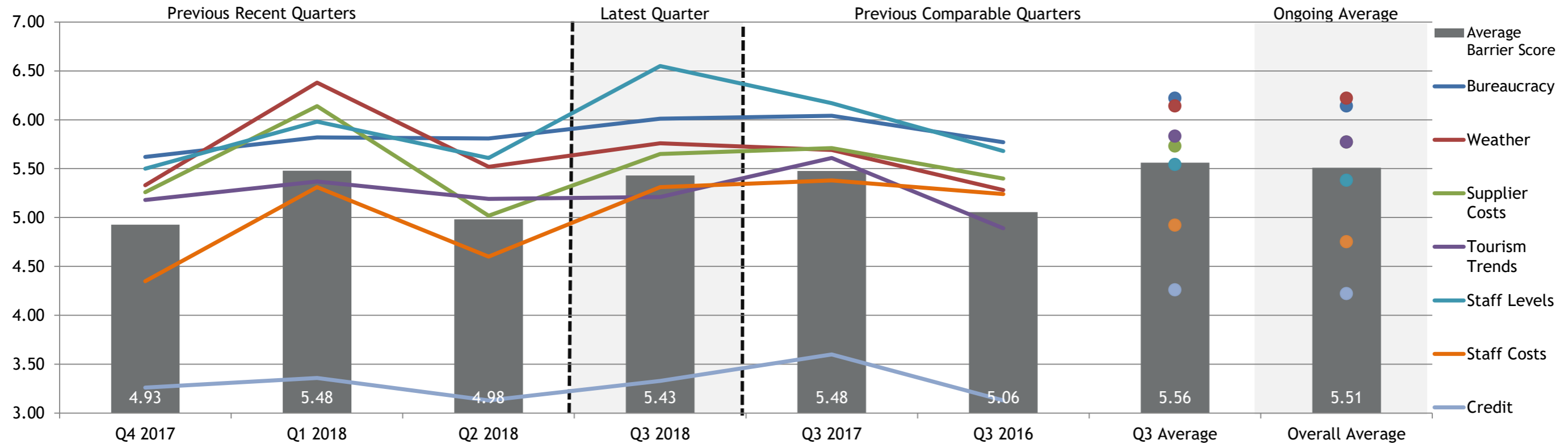
### Influence of CNP - On Business Operations & Profitability



- ▶ 35% 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 and the same proportion stated 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 well above recent Q3s as well as the Q3 and the Overall Averages.
- ▶ 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 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 also higher compared to recent Q3s as well as the Q3 Average and the Overall Average.

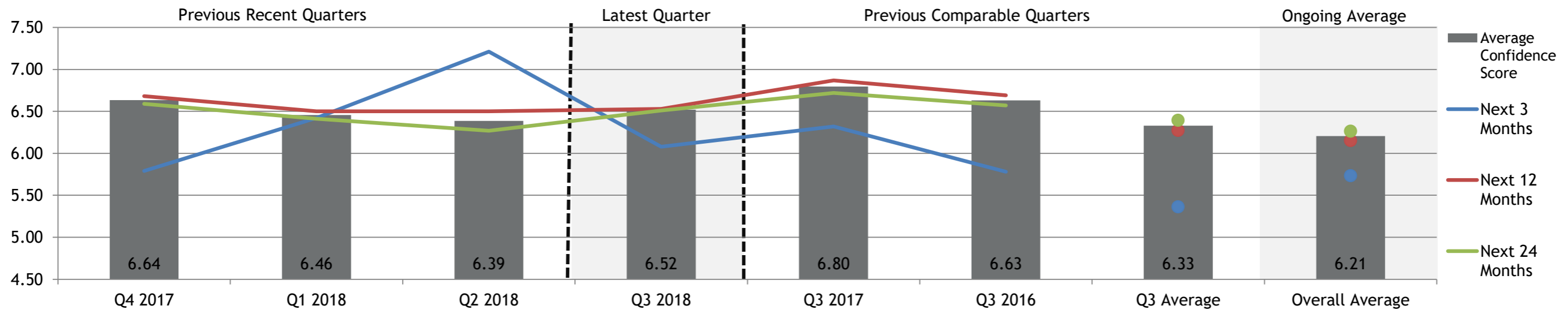


### Barriers



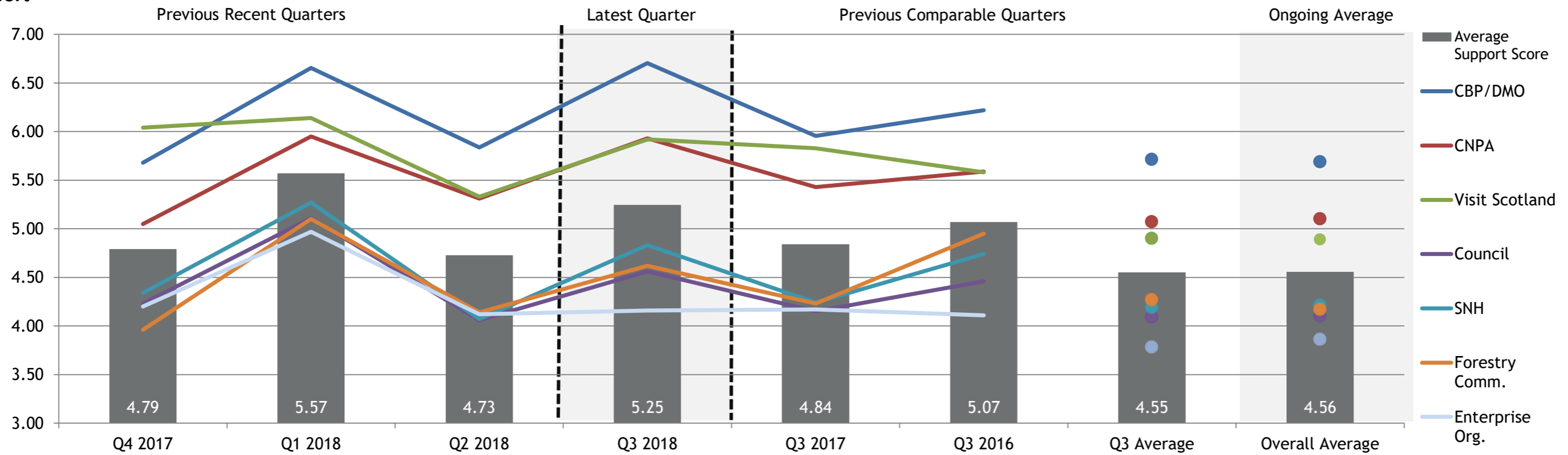
- ▶ The average barrier to growth score this quarter was 5.43 out of 10 which was roughly on par with Q3 2017 but below the Q3 Average and the Overall Average.
- ▶ Staff levels (6.55), bureaucracy (6.01) and weather (5.76) were again perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter as well as Q3 2017 was staff levels going up from 5.61 in Q2 2018 and 6.17 in Q3 2017 to 6.55 in Q3 2018.

### Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.08 out of 10 which was lower than Q3 2017 but well above Q3 2016, and the Q3 and the Overall Averages.
- ▶ Medium term confidence (next 12 months) was rated at 6.53 out of 10 which was below the recent Q3s, but well above the Q3 Average and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.51 out of 10 which was the highest level recorded so far this year, however it was lower than recent Q3s.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.52 which is again lower than recent Q3s but higher than the Q3 Average and the Overall Average.

## Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.25 which was well above recent Q3s and the Q3 Average and the Overall Average.
- ▶ The contribution / support provided by CBP/DMO (6.70) was again rated most positively whilst the opposite was true for the Enterprise Organisation (4.16).
- ▶ The organisation which recorded the largest change in perception from last quarter and the same quarter a year ago (i.e. Q3 2017) was CBP/DMO as scores increased from 5.95 in Q3 2017 and 5.84 in Q2 2018 to 6.70 in Q3 2018.