

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 January 2016 and asked operators to consider their performance during the fourth quarter of the year (October to December 2015).

The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

90 businesses from across the CNP area contributed their views this quarter - this compares to 105 last quarter.

Executive Summary

- ▶ The distribution of visitor origin remained largely unchanged in Q4 2015 compared to previous Q4 periods. However, as observed last quarter, there was another slight decrease in customers from England.
- ▶ Overall customer numbers decreased this quarter and the growth of turnover was far less pronounced compared to last year. That said, the outlook for business levels in the next 12 months was upbeat and well above the Q4 Average.
- ▶ Overall levels of investment in staff training saw continued growth and were well above last year and the Q4 Average. There was slowing of infrastructure and marketing spend compared to last year although rates of change were above the Q4 Ave.
- ▶ Staff, supplier and administration costs demonstrated similar trends of less steep increases compared to Q4 2014 and the Q4 Average. In fact supplier cost increases were at their lowest ever recorded level.
- ▶ Overall barriers to growth were rated slightly above last year and were on par with the Q4 Average. Weather was perceived to be more of a barrier compared to last year whilst the opposite was true for staff levels.
- ▶ The overall level of support / contribution provided by organisations has steadily been increasing with businesses rating them higher than last year and well above Q4 Average levels. This was particularly evident for CBP / DMO and VisitScotland.
- ▶ Regardless of a varied performance in Q4 2015, business confidence still increased compared to last year. With long term business confidence being at its highest ever levels since the Barometer began in Q3 2009.

Cairngorms Business Partnership Commentary

- ▶ "Unsurprisingly the weather has been identified as one of the greatest barriers facing business in the quarter with high levels of rainfall, the late arrival of snow and severe flooding. In this context overall business volumes are flat compared to previous quarters which, in context, is positive. There remains strong levels of business confidence in both the medium and long term. Slowing cost increases, most notably supplier costs due, at least in part to cheaper fuel, is also helping to drive up future confidence. The influence of the National Park brand in attracting 1st time customers is the highest on record at 61%."

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

Dashboard Summary

Origin	Q4 2015	Q4 2014		Q4 Average	
Scotland	52%	53%	▼	54%	▼
England	28%	31%	▼	30%	▼
Overseas	11%	11%	↔	10%	▲

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

Business Levels	Q4 2015	Q4 2014		Q4 Average		
Customers	- Last 3 months	-4%	11%	▼	-9%	▲
	- Next 12 months	36%	33%	▲	24%	▲
Turnover	- Last 3 months	2%	10%	▼	-6%	▲
	- Next 12 months	42%	36%	▲	26%	▲

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

Investment	Q4 2015	Q4 2014		Q4 Average		
Staff training	- Last 3 months	32%	22%	▲	14%	▲
	- Next 12 months	44%	41%	▲	33%	▲
Marketing	- Last 3 months	23%	30%	▼	18%	▲
	- Next 12 months	41%	54%	▼	39%	▲
Infrastructure	- Last 3 months	32%	38%	▼	27%	▲
	- Next 12 months	51%	57%	▼	39%	▲

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

Costs	Q4 2015	Q4 2014		Q4 Average		
Staff	- Last 3 months	29%	36%	▼	27%	▲
	- Next 12 months	56%	50%	▲	46%	▲
Supplier	- Last 3 months	35%	52%	▼	63%	▼
	- Next 12 months	59%	54%	▲	71%	▼
Administration	- Last 3 months	28%	30%	▼	38%	▼
	- Next 12 months	41%	36%	▲	50%	▼

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

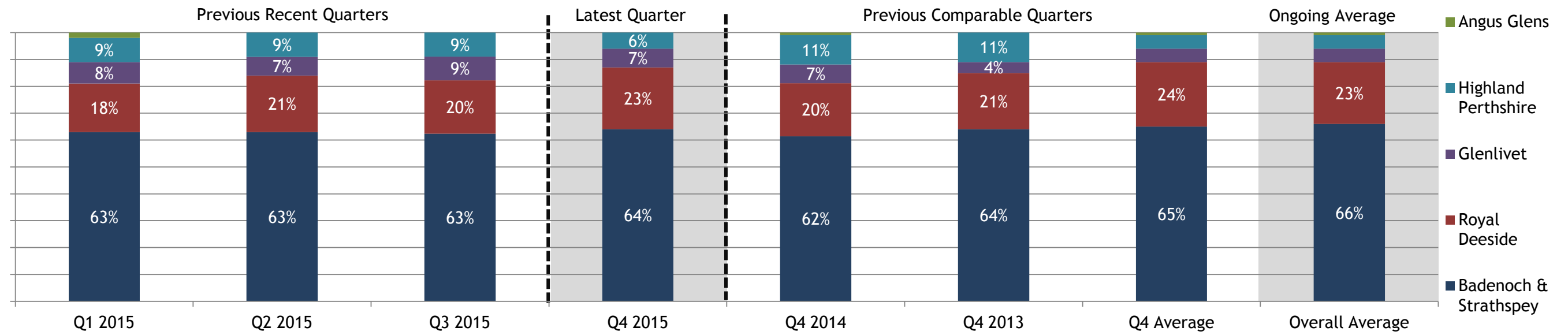
Barriers	Q4 2015	Q4 2014		Q4 Average	
Average	5.59	5.38	▲	5.57	▲
Weather	7.00	6.11	▲	6.40	▲
Tourism Trends	6.02	5.53	▲	5.72	▲
Bureaucracy	6.02	6.21	▼	6.19	▼

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

Business Confidence	Q4 2015	Q4 2014		Q4 Average	
Next 3 Months	5.57	5.42	▲	5.03	▲
Next 12 Months	6.62	6.31	▲	6.00	▲
Next 24 Months	6.86	6.42	▲	6.24	▲

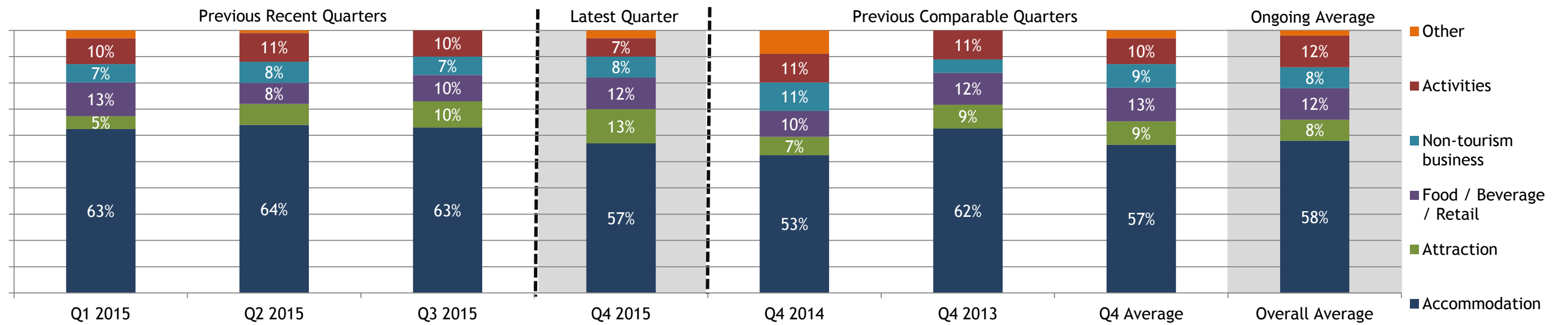
Business confidence over short, medium and long term compared to last year and quarter average.

Area



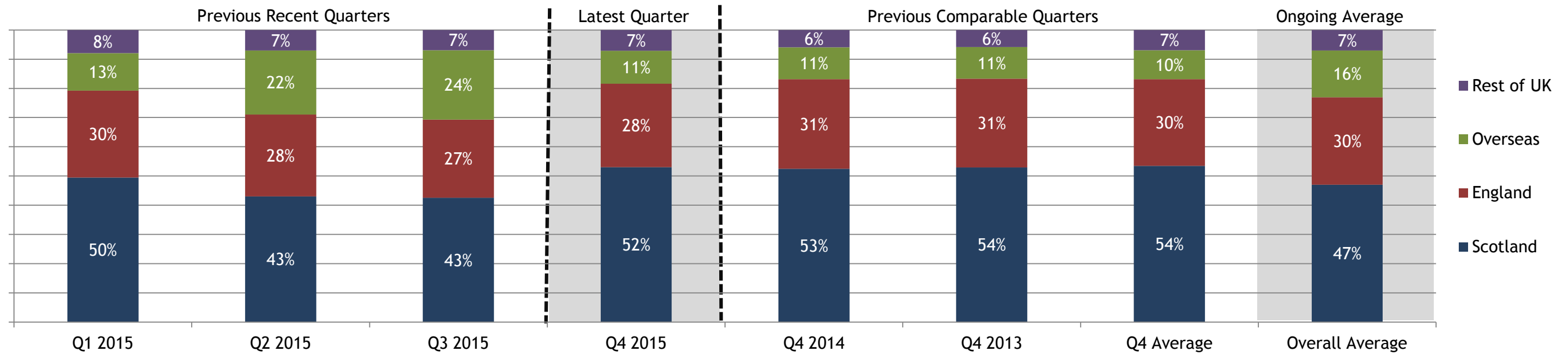
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (64%), Royal Deeside (23%), Glenlivet (7%), Highland Perthshire (6%) and Angus Glens (0%)

Sector



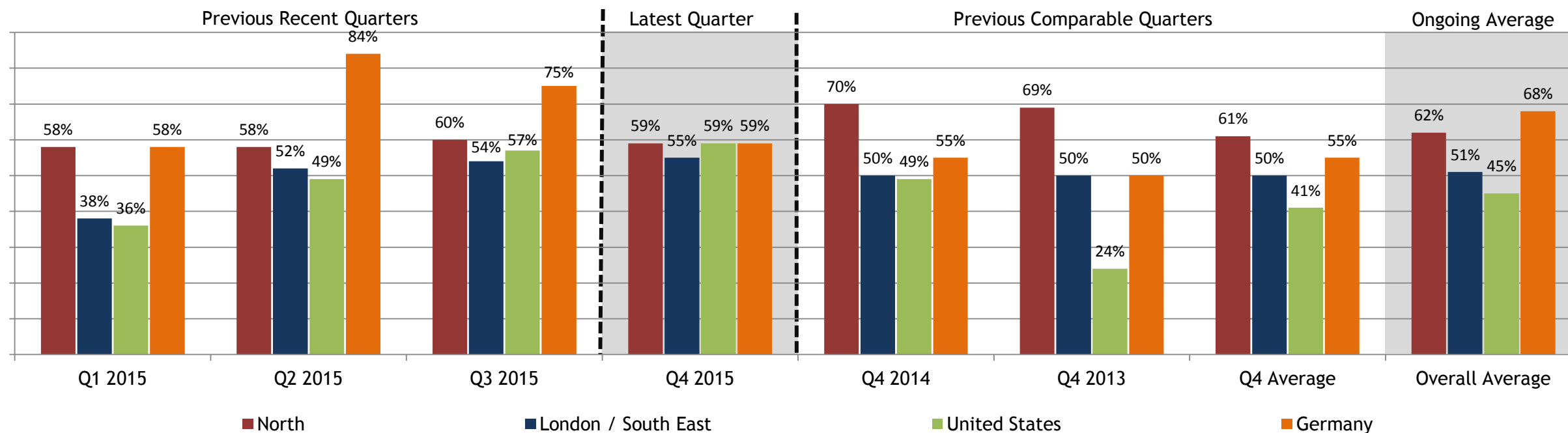
► In terms of business sector, the sample was made up as follows: Accommodation provider (57%), Attractions (13%), Food / Beverage / Retail business (12%), Non-tourism business (8%) and Activity operator (7%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (52% of all customers), visitors from England (28%), Overseas visitors (11%), and visitors from the rest of the UK (7%).
- ▶ The results recorded this quarter were broadly similar to previous Q4 periods with the Scottish market continuing to account for the largest share of visitors. Consistent with last quarter, there was a slight reduction of visitors from England compared to the previous comparable quarters, the Q4 Average and the Overall Average.

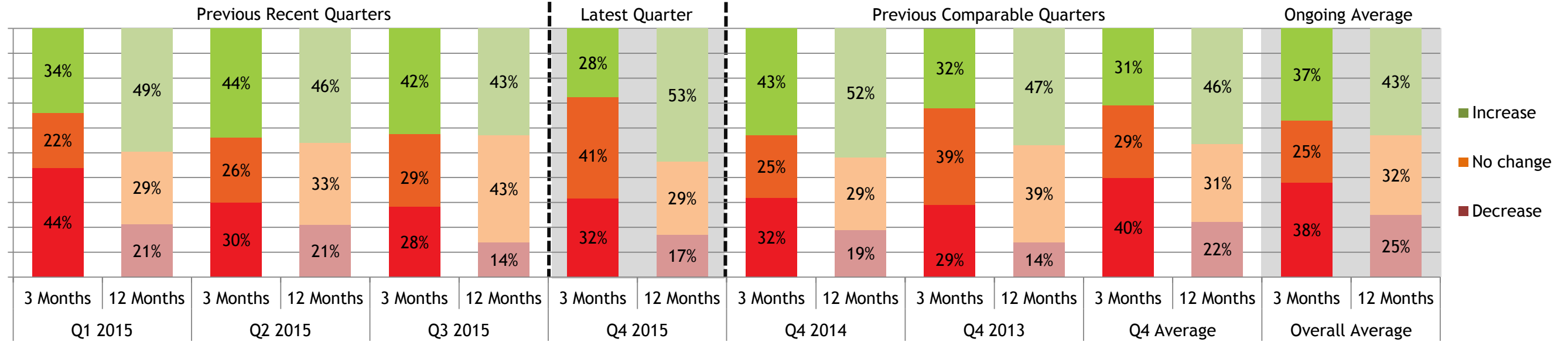
Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from the North (59% of businesses who engaged with visitors from England traded with customers from the North of England) followed by London / South East (55%). The proportion of visitors from the North was on par with Q3 2015 but decreased significantly compared to Q4 2014 and Q4 2013.
- ▶ The German and United States markets were the two most common segments from abroad with 59% of businesses stating they traded with customers from either country. The most notable change was the stark increase in Q4 2015 of the United States market compared to previous comparable quarters.

Business Levels

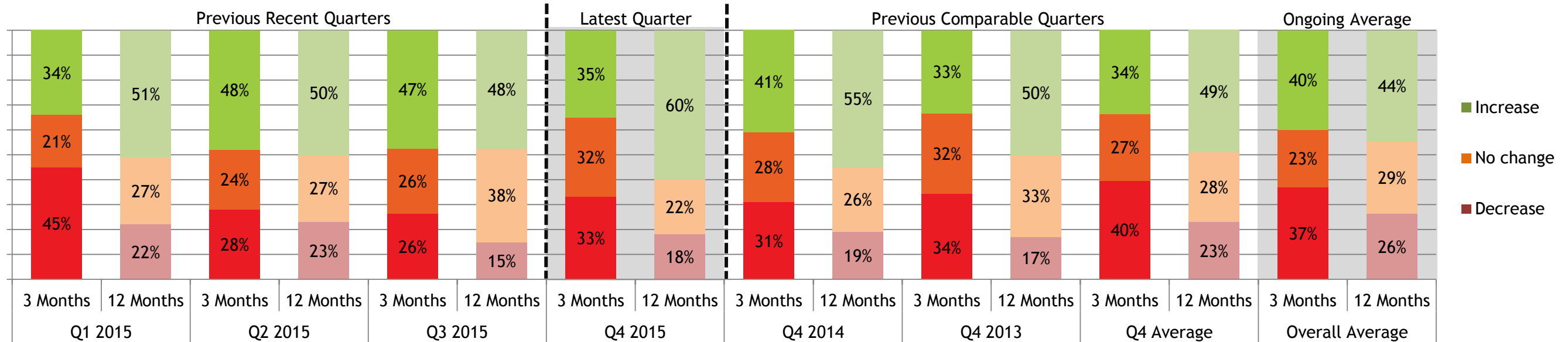
No. Of Customers: Last 3 months and next 12 months



- ▶ There was a small overall decrease in customer numbers as more businesses decreased their customer numbers than increased their customer numbers (28% versus 32%). Compared to last year and Q4 2013, this constituted poorer customer number performance. However, compared to the long term Q4 average this was a better level of performance.
- ▶ 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 (53% versus 17%). The overall outlook recorded this quarter was on par with this time last year and was more positive than Q4 2013 and the Q4 Average.

Business Levels

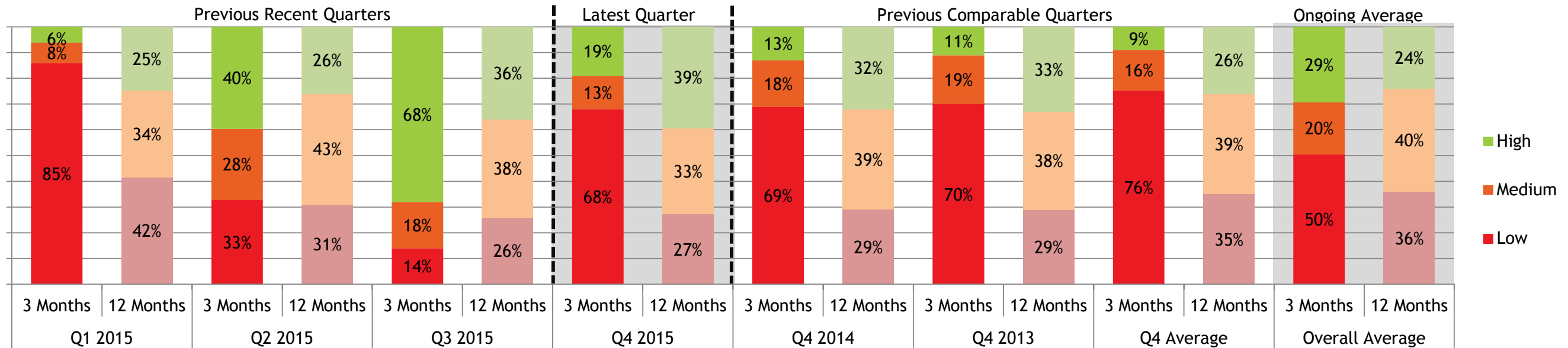
Turnover: Last 3 months and next 12 months



- ▶ There was a small overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (35% versus 33%). Turnover grew at a slower rate than that of Q4 2014 but was above the Q4 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 (60% versus 18%). The results this quarter constituted a much more positive outlook compared to previous Q4 periods.

Business Levels

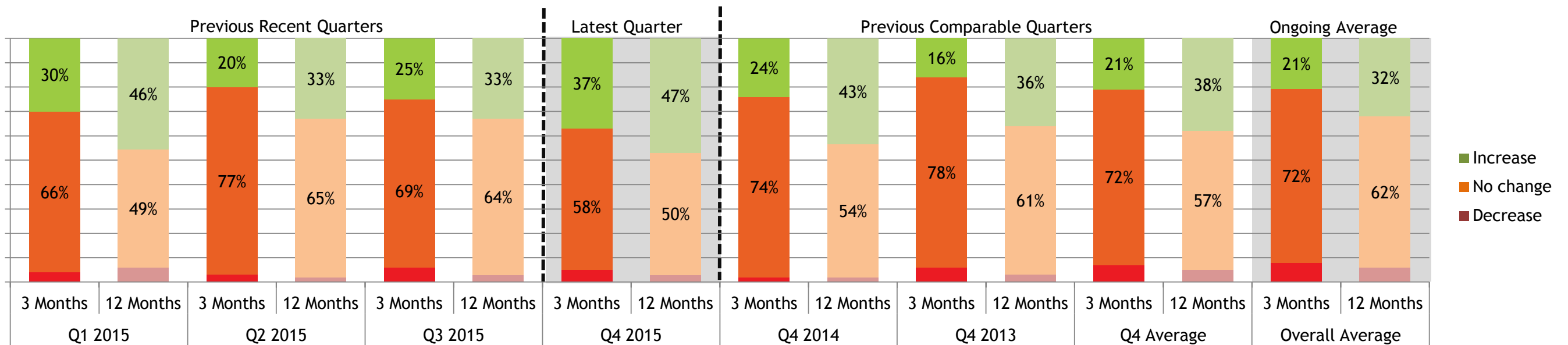
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 68% of accommodation providers recorded low occupancy of less than 50% whilst 19% achieved high occupancy of 70% or above during the quarter. The trend of improving occupancy observed last quarter continued in Q4 2015 when comparing performance to previous comparable quarters and the Q4 Average.
- ▶ 27% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 39% expect to achieve high occupancy of 70% or above. Similar to the latest quarter performance, accommodation providers stated a more positive level of performance compared to previous comparable quarters and the Q4 Average.

Investment Levels

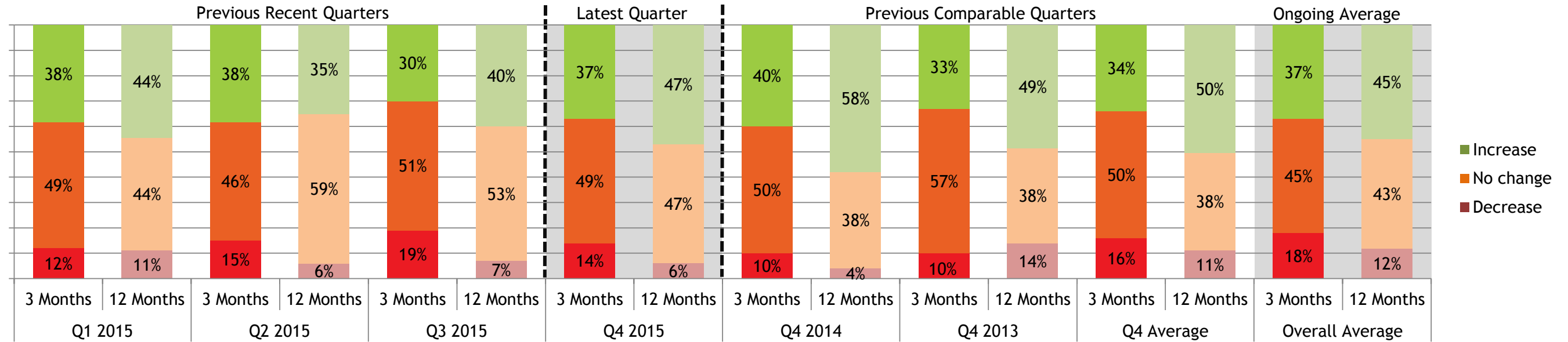
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (58%) noted no change in staff training investment, an overall increase in staff training investment was recorded as 37% increased their investment in this aspect compared to just 5% who decreased investment. The overall growth in staff training investment was well above previous recent and comparable quarters, as well as the Q4 Average.
- ▶ Going forward businesses continued to expect a faster rate of change in staff training investment compared to current levels. That said, half of businesses (50%) thought that staff training investment would be unchanged in the coming 12 months. These results implied more intent to invest in staff training in the next 12 months compared to previous Q4s.

Investment Levels

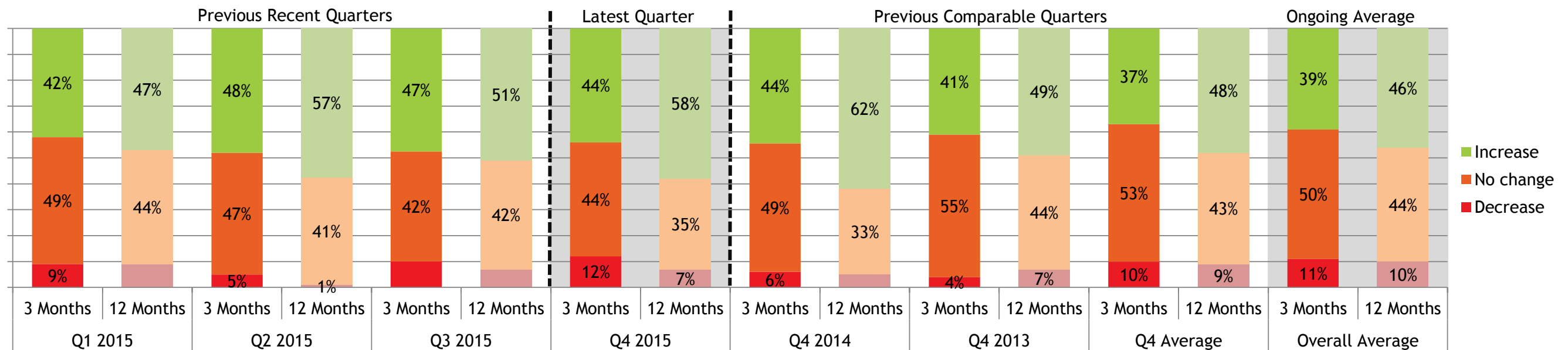
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 37% of businesses increased their investment in this aspect this quarter whilst 14% decreased investment. The overall growth in marketing and promotion investment this quarter was slightly below Q4 2014 but above the Q4 Average.
- ▶ Continued growth in marketing and promotion investment was again expected as 47% of businesses expected to increase their investment in this aspect in the year ahead whilst only 6% expected to decrease investment. These results marked a significant decrease in marketing and promotion investment for the year ahead compared to Q4 2014, but were slightly better than the Q4 Average.

Investment Levels

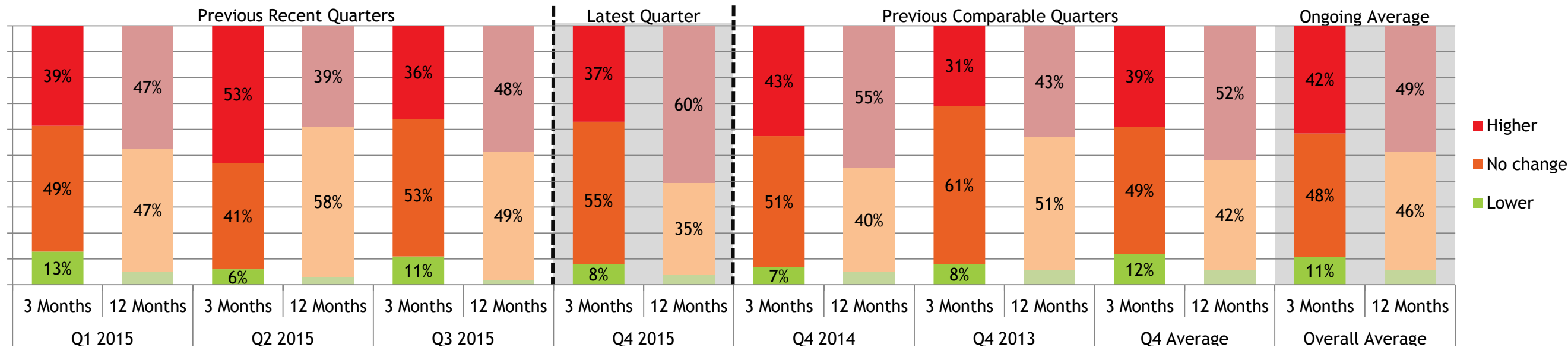
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 44% of businesses increased their investment in this aspect whilst 12% decreased investment. The overall growth in buildings and infrastructure investment this quarter was slightly below Q4 2014 and Q4 2013 but was above the Q4 Average.
- ▶ Going forward there are strong expectations to increase buildings and infrastructure investment - 58% expected to increase investment in this aspect in the year ahead whilst 7% expected to decrease investment. These results implied lower levels of confidence to invest in buildings and infrastructure compared to Q4 2014 but a more optimistic assessment compared to the Q4 Average.

Costs

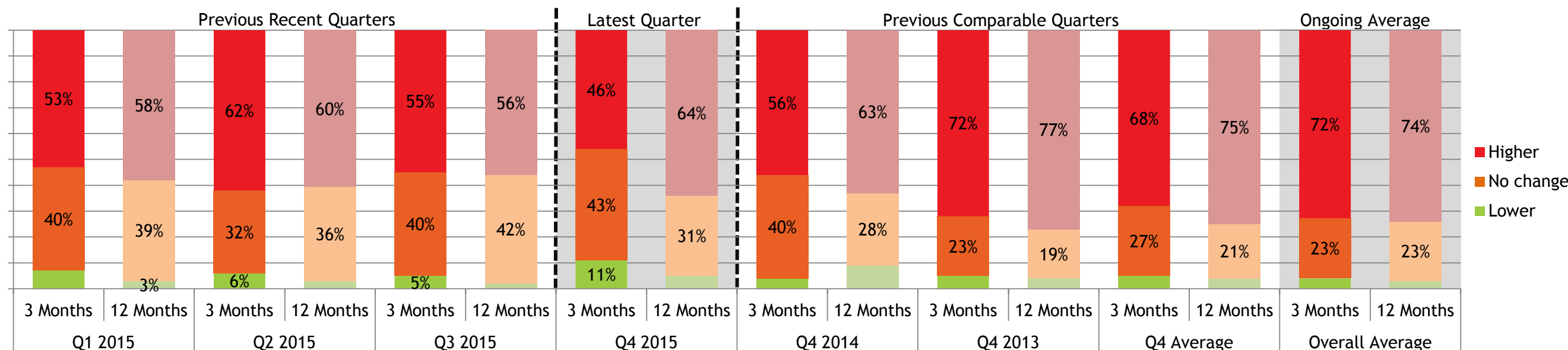
Staff: Last 3 months and next 12 months



- ▶ Whilst most businesses (55%) noted no change in staff costs, a small overall increase was recorded as 37% of businesses registered higher staff costs compared to just 8% who noted lower costs. These results indicate a less steep rate of change in staff costs compared to Q4 2014, but a similar level compared to the Q4 Average.
- ▶ Staff costs were expected to increase at faster rate than currently as 60% of businesses expected these costs to increase in the year ahead whilst 4% expected them to decrease. These results implied that businesses expect staff costs to increase at a faster rate compared to previous Q4 periods.

Costs

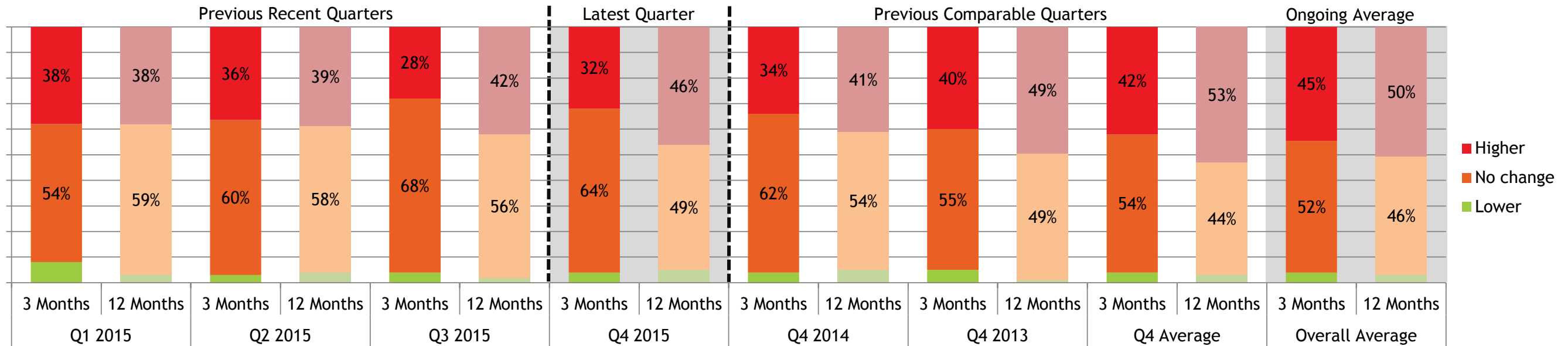
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was recorded as 46% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 11% noted lower costs. The overall results suggest a significantly less steep increase in supplier costs compared to recent Q4 periods and the Q4 Average. In fact, the overall increase in supplier costs is at its lowest ever recorded level.
- ▶ Supplier costs overall were expected to increase as 64% of businesses expected these costs to increase in the year ahead and 5% expected these costs to decrease. These results implied that slightly higher increases in supplier costs were expected compared to Q4 2014 but much lower increases were expected compared to the Q4 Average.

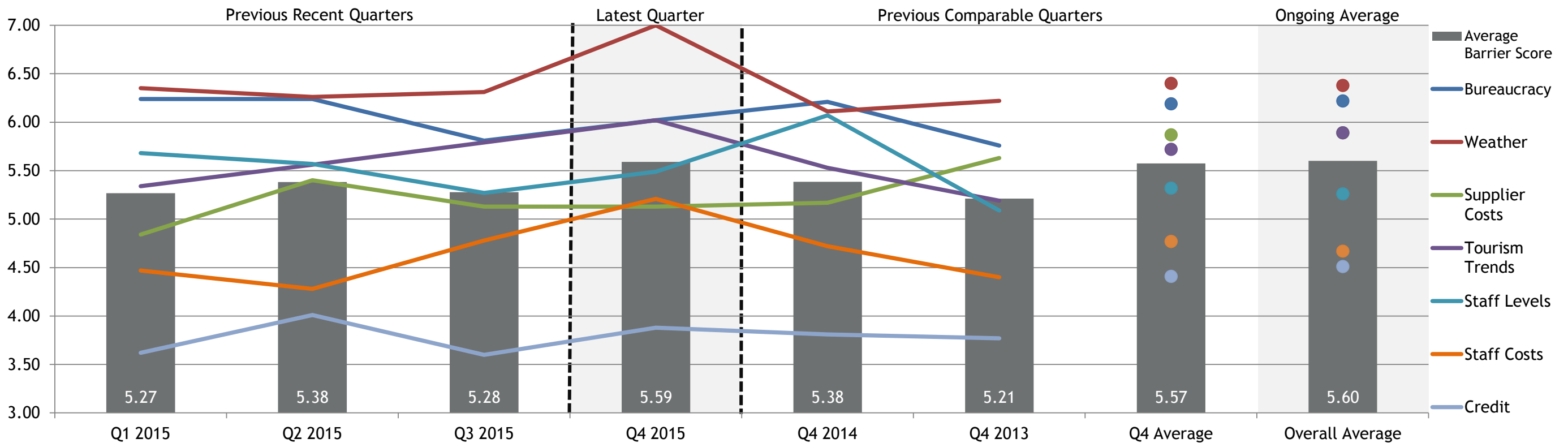
Costs

Administration: Last 3 months and next 12 months



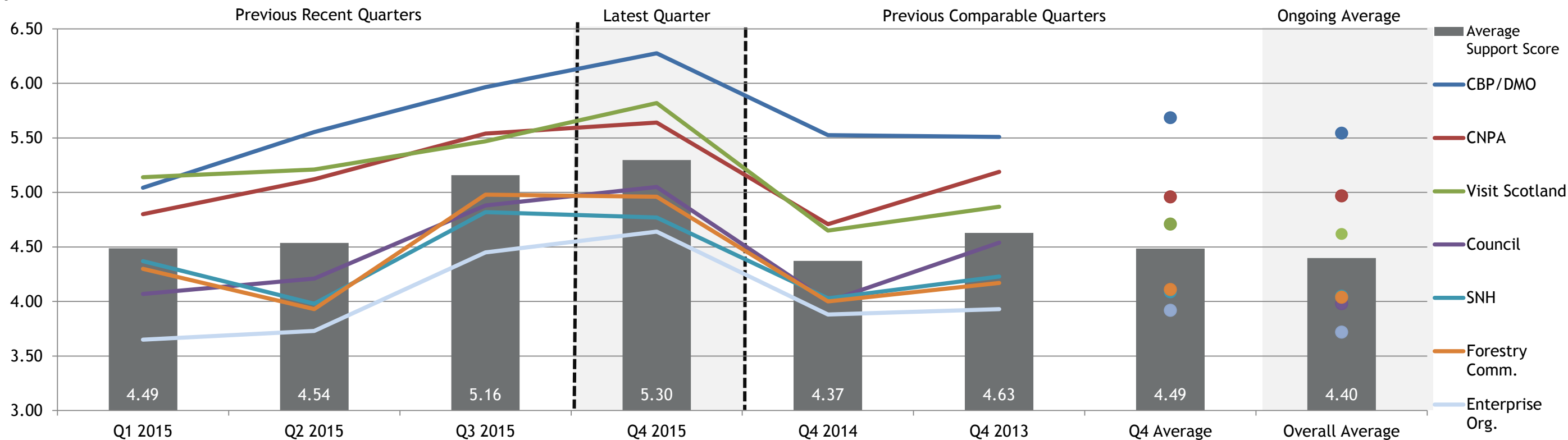
- ▶ Whilst most businesses (64%) noted no change in admin costs, a small overall increase was recorded as 32% of businesses observed higher admin costs compared to just 4% who noted lower costs. The overall results showed significantly less steep increases compared to the Q4 Average, but similar levels compared to Q4 2014.
- ▶ Administration costs were expected to increase at a higher rate than currently as 46% of businesses expected these costs to increase in the year ahead whilst 5% expected these costs to decrease. These results show a slight increase in administration costs compared to Q4 2014 but implied less steep increases in administration costs were expected compared to the Q4 Average.

Barriers



- ▶ The average barrier to growth score this quarter was 5.59 out of 10 which was higher than recent and previous comparable quarters but on par with the Q4 Average and the Overall Average.
- ▶ Weather (7.00), tourism trends (6.02) and bureaucracy (6.02) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter was weather increasing from 6.31 in Q3 2015 to 7.00 in Q4 2015. It was also well above the level of a year ago (6.11).
- ▶ Staff levels were considered to be a much less significant barrier this year compared to last year (5.49 vs. 6.07 in Q4 2014).

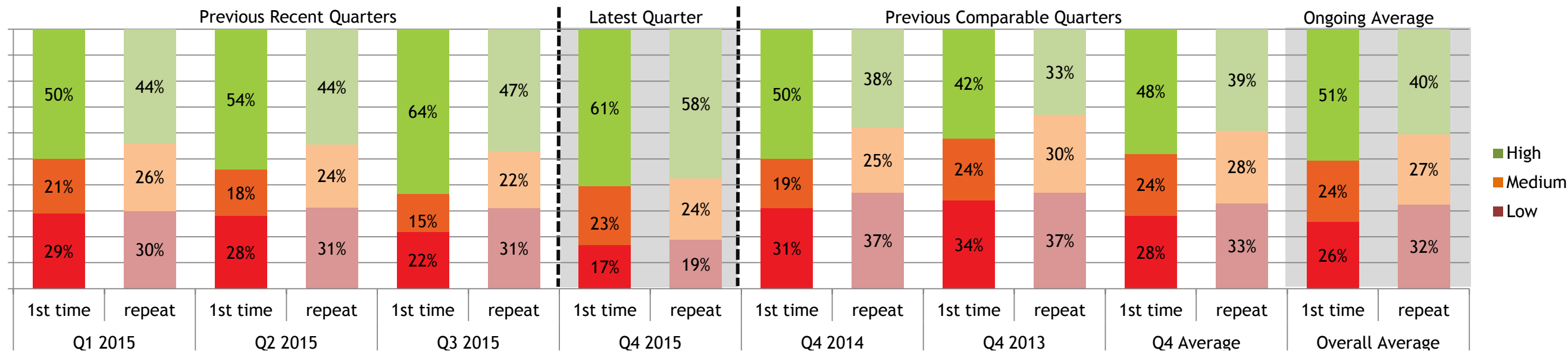
Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.30 which was above recent quarters, previous comparable quarters, the Q4 Average and the Overall Average.
- ▶ The contribution / support provided by CBP / DMO (6.28) was rated most positively whilst the opposite was true for Enterprise Organisations (4.64)
- ▶ The organisation which recorded the largest change in perception from last quarter was VisitScotland as scores increased from 5.47 in Q3 2015 to 5.82 in Q4 2015. It is worth noting that all organisations benefitted from an increase in ratings compared to Q4 2014 and most recorded an increase compared to last quarter.
- ▶ The organisation which recorded the largest change in perception from last year was VisitScotland: average support scores increased from 4.65 in Q4 2014 to 5.82 in Q4 2015.

Influences

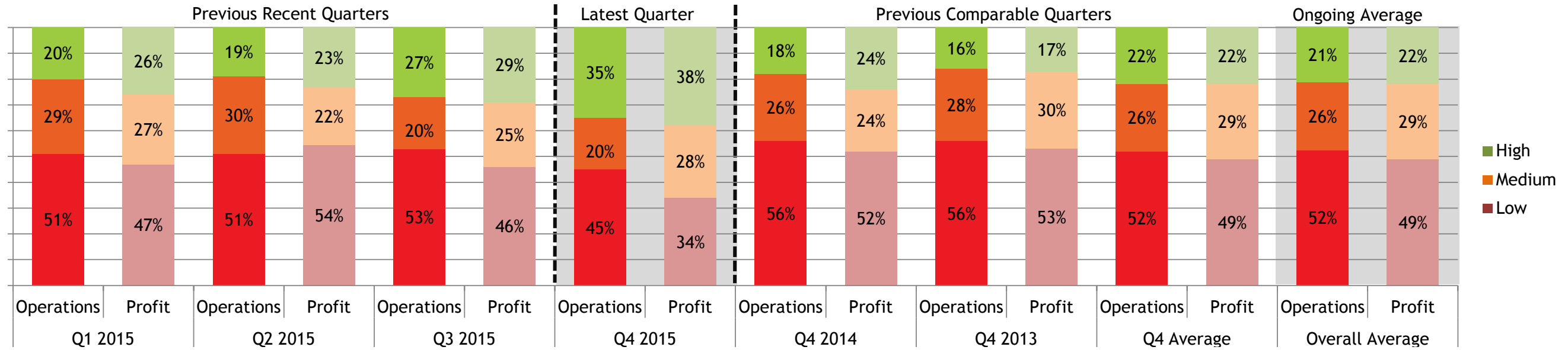
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 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 17% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The results this quarter constituted the highest level of influence in attracting first time customers on record.
- ▶ 58% 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 19% 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 at its highest level on record this quarter.

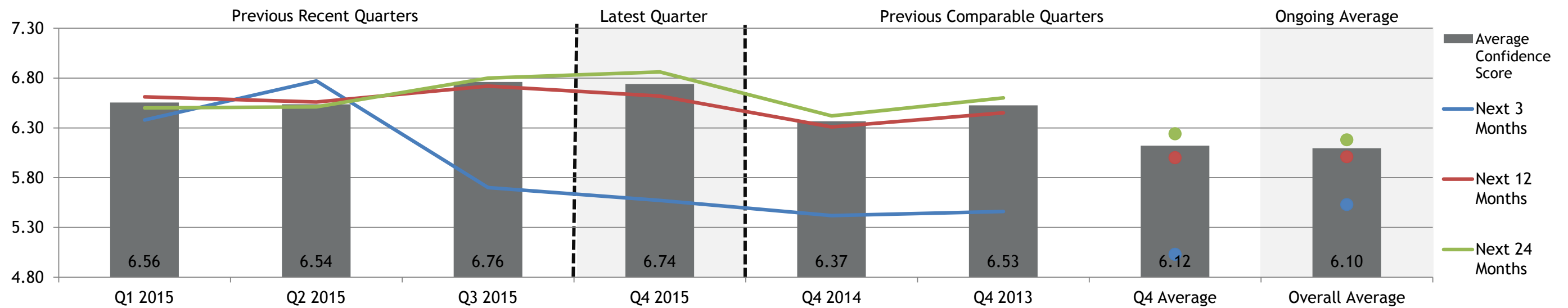
Influences

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 whilst 45% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The influence of the Park is increasing as the overall level of influence on business operations was at its highest ever level on record this quarter.
- ▶ 38% 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 34% 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 at its highest ever level on record this quarter.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 5.57 out of 10 which was only slightly below last quarter but above last year, Q4 2013 and well above the Q4 Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.62 out of 10 which was also slightly below last quarter but well above previous Q4s and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.86 out of 10 which surpassed last quarter to be the highest figure on record.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.74 which was well above the previous comparable quarters, the Q4 Average and the Overall Average.