



## Cairngorms Business Barometer | Quarter 2 (April to June) | 2019

### DASHBOARD SUMMARY

The mix of visitors in the park was broadly inline with the Q2 Average. That said, there was a below average proportion of overseas visitors and an increase of visitors from England.

Customer numbers and turnover decreased this quarter at a more pronounced rate than recent Q2s or the Q2 Average. However, predictions of turnover for the next 12 months are optimistic and above recent quarters.

Reflective of the challenging business levels, there were increased perceptions of barriers compared to recent Q2 periods.

Similarly, business confidence was below recent Q2s and the Q2 and Overall Averages. However, short term (next 3 months) confidence tracked higher than the previous quarter.

Both staff and suppliers costs have increased this quarter, and both are predicted to increase over the next 12 months. However, this increase is predicted to be less steep than previous Q2 predictions.

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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**78**  
PARTICIPANTS  
Q2 2019

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

### BUSINESS LEVELS

	TURNOVER		CUSTOMERS	
	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q2 19	-16%	1%	-17%	0%
Q2 18	34%	41%	29%	37%
QTR AVG	8%	13%	3%	12%

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

### CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

### BUSINESS CONFIDENCE

NEXT X MONTHS:



	3	12	24
Q2 19	6.69	6.12	6.04
Q2 18	7.21	6.50	6.27
QTR AVG	6.47	6.06	6.11

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

### BARRIERS TO GROWTH

				AVG
Q2 19	6.03	5.95	5.92	5.35
Q2 18	5.19	5.61	5.52	5.02
QTR AVG	5.90	5.29	6.17	5.41

#### Tourism Trends, Staff Levels, 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.

### COST

	Q2 19	Q2 18	QTR AVG
<b>STAFF</b>			
LAST 3 MONTHS	41%	46%	40%
NEXT 12 MONTHS	36%	46%	40%
<b>SUPPLIER</b>			
LAST 3 MONTHS	59%	60%	68%
NEXT 12 MONTHS	65%	63%	70%
<b>ADMINISTRATION</b>			
LAST 3 MONTHS	33%	33%	42%
NEXT 12 MONTHS	37%	38%	44%

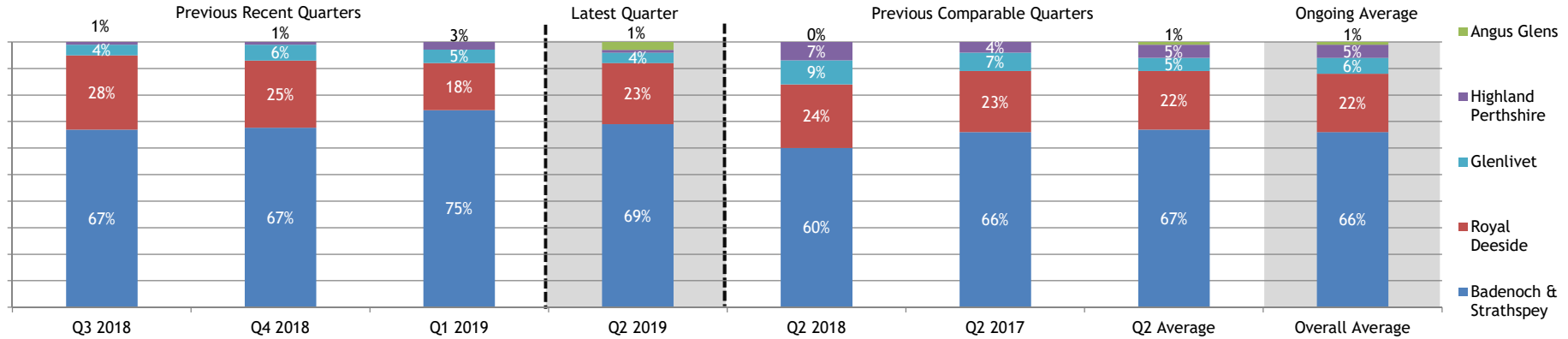
Net cost changes in last 3 months and in next 12 months compared to LY and quarter average.

### ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q2 19	47%	24%	26%
Q2 18	42%	28%	26%
QTR AVG	43%	29%	22%

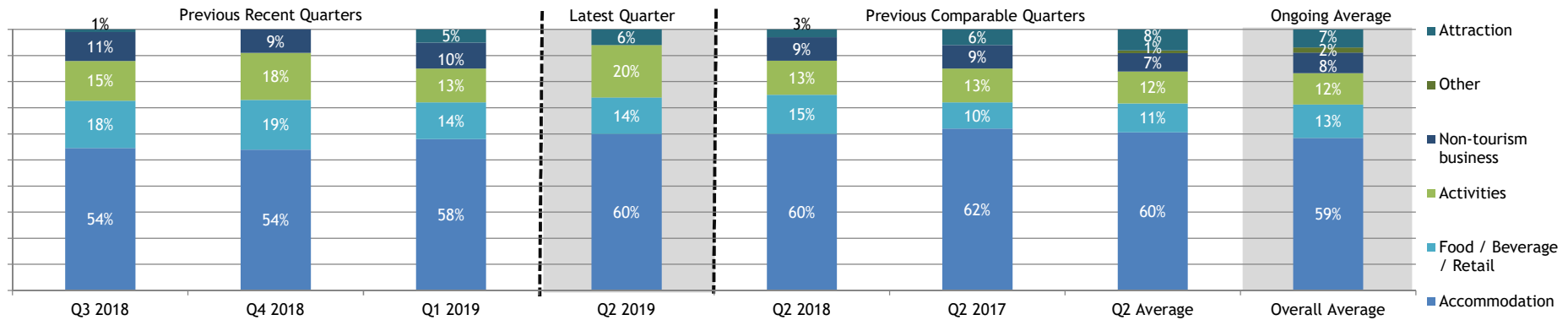
Mix of customers during quarter compared to LY and quarter AVG.

## Area



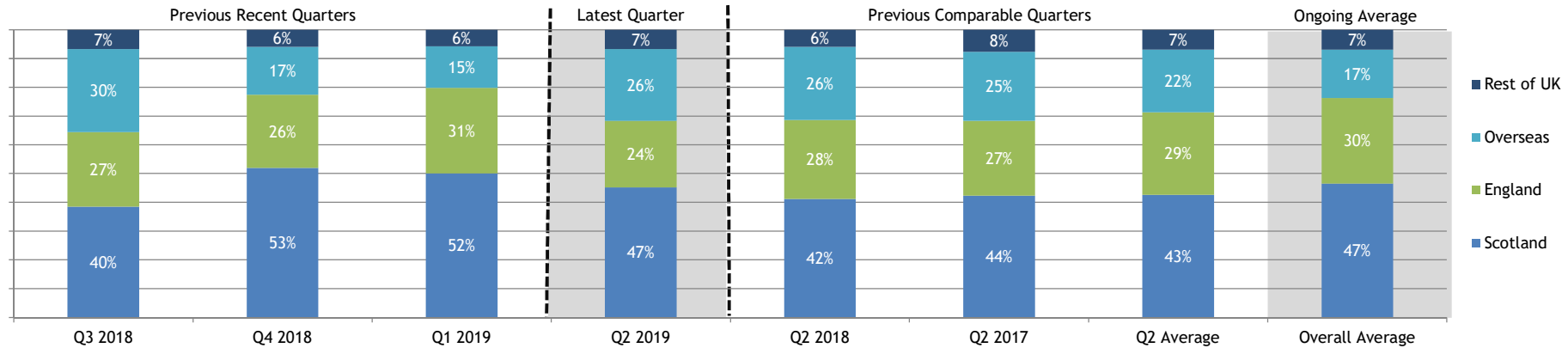
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (69%), Royal Deeside (23%), Glenlivet (4%), Highland Perthshire (<0%) and Angus Glens (1%).

## Sector



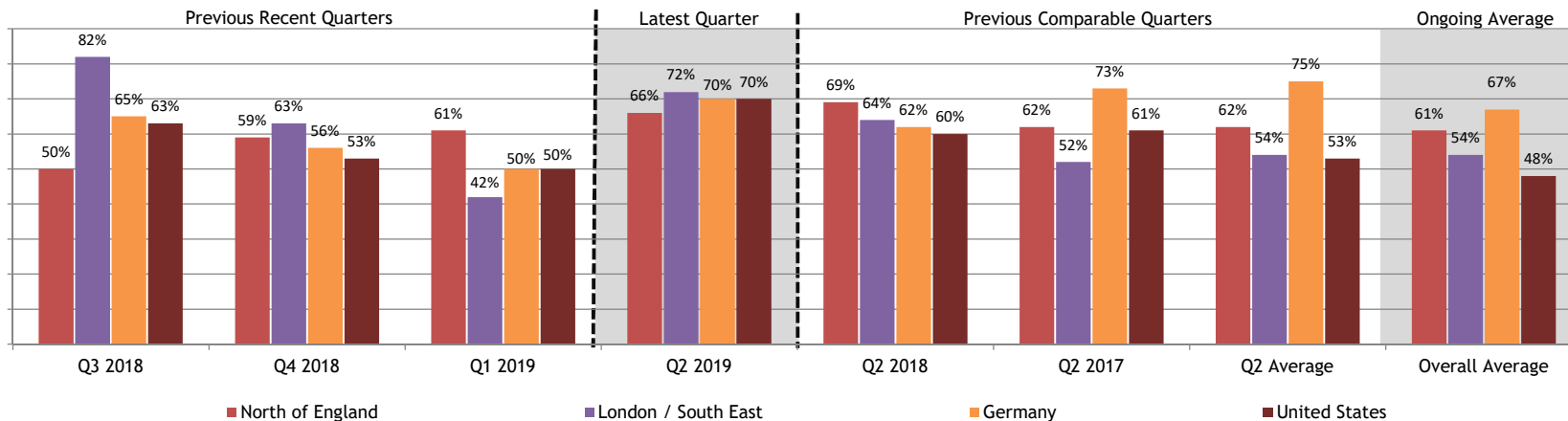
► In terms of business sector, the sample was made up as follows: Accommodation provider (60%), Food / Beverage / Retail business (14%), Activity operator (20%), Attraction (6%).

## Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (47% of all customers), visitors from England (24%), Overseas visitors (26%), 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 (47%). Overseas visitors made up 26% of the overall sample which was broadly in line with recent Q2s. Visitors from England were the second largest market (24%). They accounted for a lower proportion of visitors compared to recent Q2s and compared to the Overall (long term) Average.

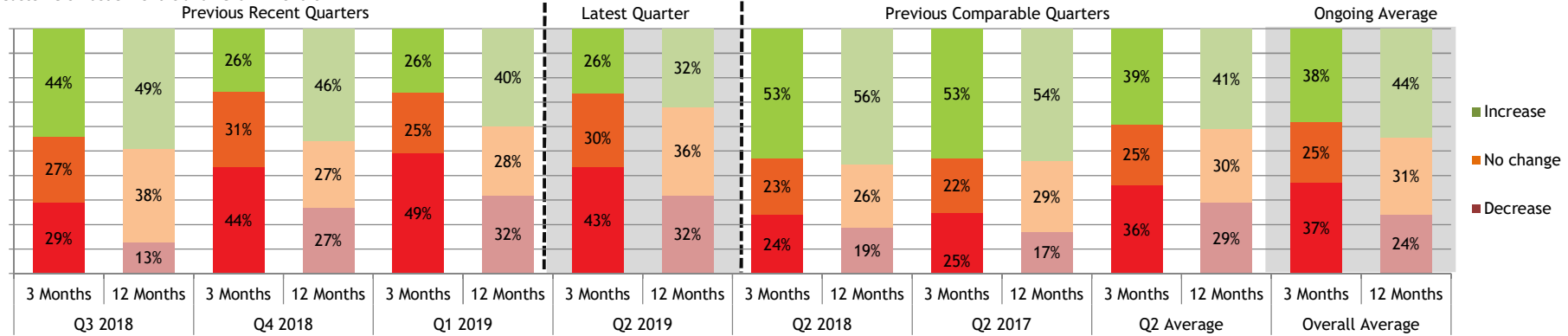
## Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from London/South East (72% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from the North of England (66%). The proportion of visitors from London / South East was significantly higher than recent comparable quarters as well as the Q2 and the Overall Averages.
- ▶ The German and U.S. markets were the most common segments from abroad (70% each). The incidence of visitors from the U.S. was higher than recent Q2s and the Q2 Average. The incidence of visitors from the U.S. was higher than recent Q2s, the Q2 Average and Overall Average. Furthermore, the US market increased compared to recent quarters, Q1 2019, and Q4 2018.

## Business Levels

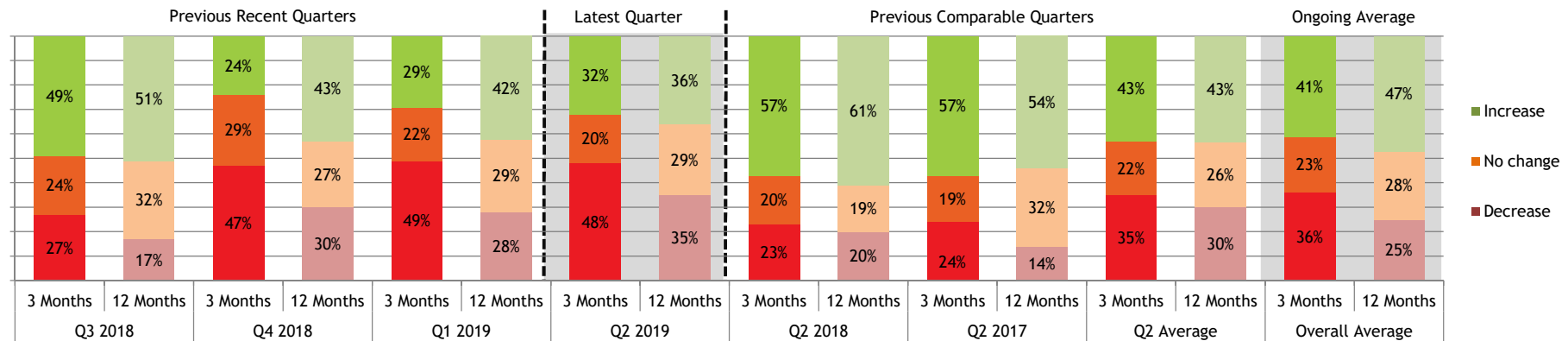
No. Of Customers: Last 3 months and next 12 months



- There was an overall decrease in customer numbers as more businesses decreased their customer numbers than increased (43% versus 26%). Customer number performance was below recent Q2s as well as the Q2 and Overall Averages.
- Overall no change in customer numbers was expected in the year ahead as an equal number of businesses expected to increase customer numbers from their current level in the next 12 months as expected to decrease them (32% versus 32%). The outlook recorded this quarter was less positive compared to recent Q2s as well as the Q2 and the Overall Averages.

## Business Levels

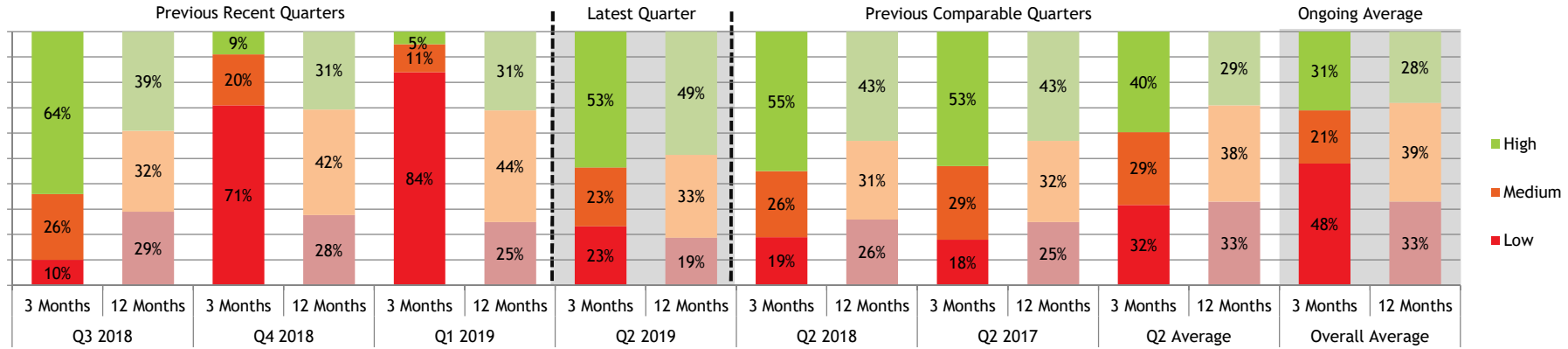
Turnover: Last 3 months and next 12 months



- There was an overall decrease in turnover this quarter as more businesses decreased their turnover than increased (48% versus 32%). This reduction in turnover was a contrast to the growth in turnover reported in previous Q2s and the seen in the Q2 average.
- A overall slight 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 (36% versus 35%). The results this quarter were less optimistic than recent Q2s and were notably weaker than the Q2 and Overall Averages.

### Business Levels

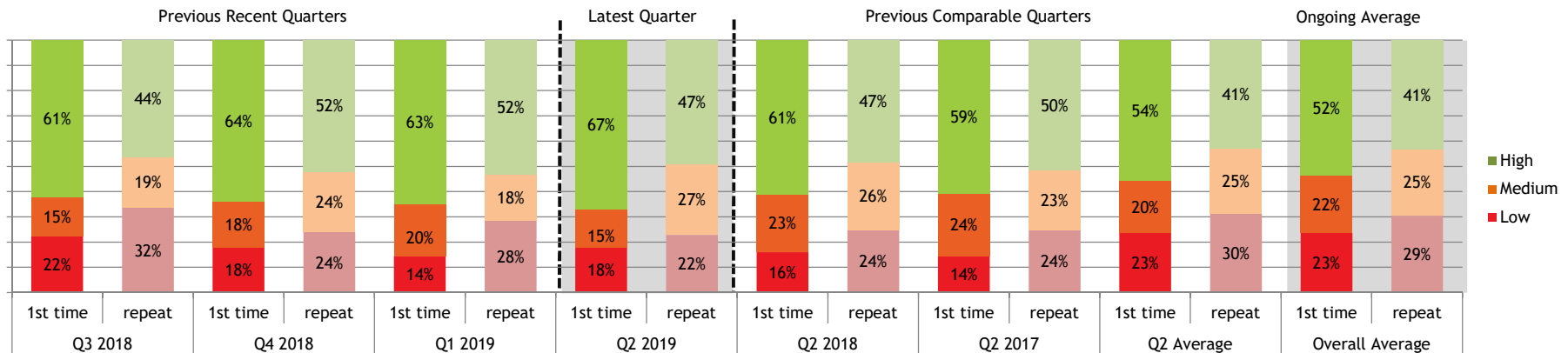
#### Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 23% of accommodation providers recorded low occupancy of less than 50% whilst 53% achieved high occupancy of 70% or above during the quarter. As a result average occupancy overall was marginally lower than recent Q2s and the Q2 Average.
- ▶ 19% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 49% expected to achieve high occupancy of 70% or above. Accommodation providers had higher expectations regarding future performance compared to recent Q2s, and demonstrated a more positive outlook compared to the Q2 and Overall Averages.

### Influences

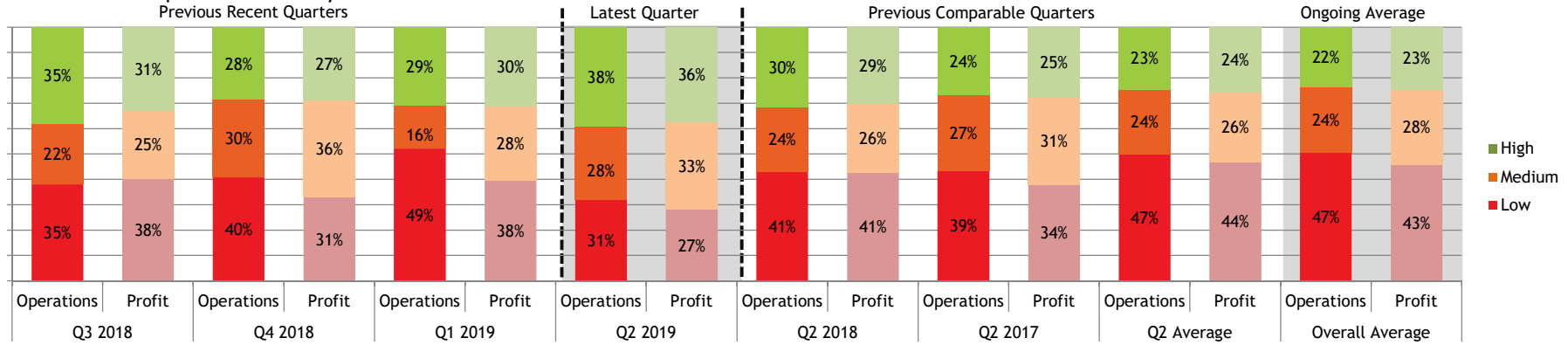
#### Influence of CNP - Attracting First time & Repeat Customers



- ▶ 67% 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 18% 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 Q2 2018 and above the Q2 and Overall Averages.
- ▶ 47% 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 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 repeat customers was on par with Q2 2018 but higher than the Q2 and Overall Averages.

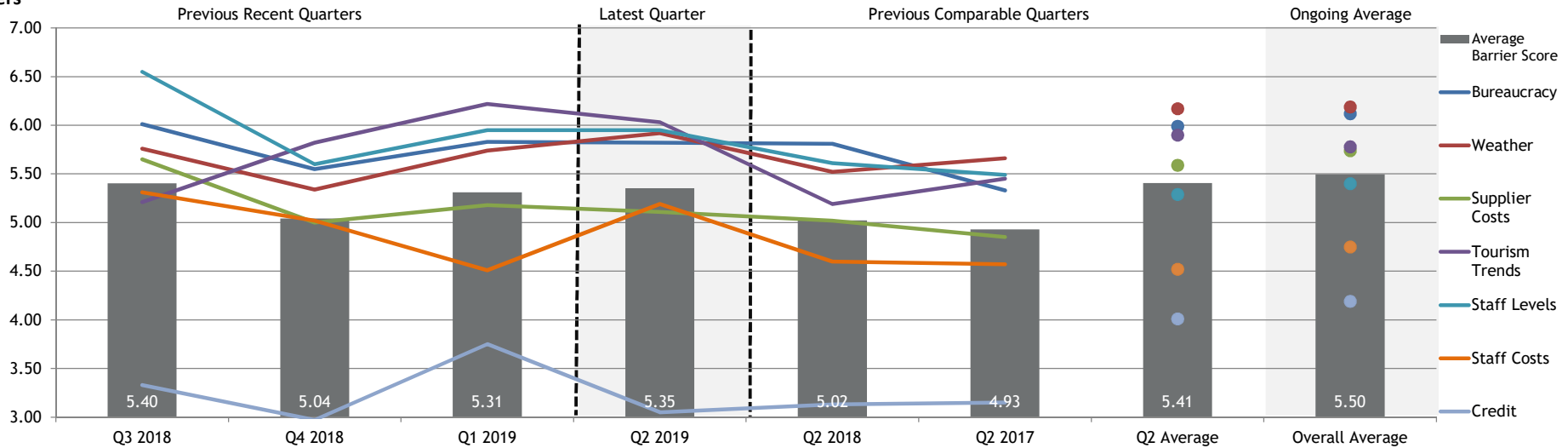
### Influences

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



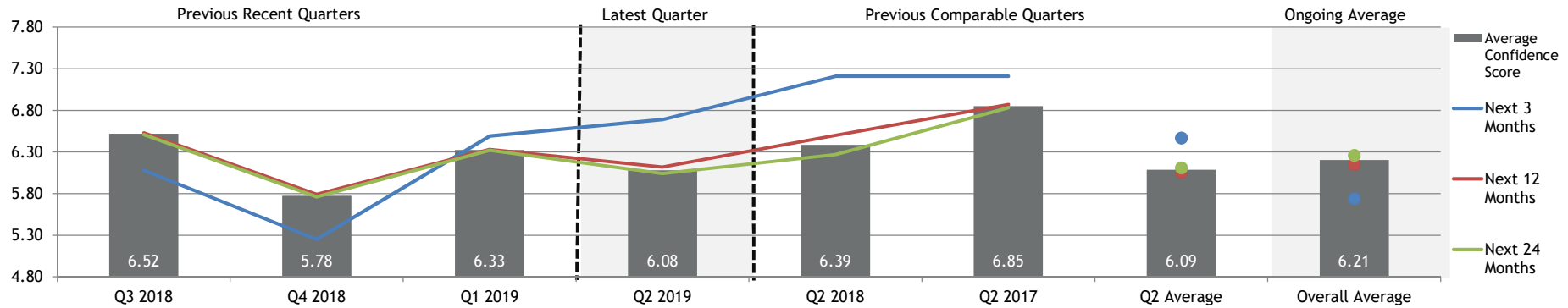
- ▶ 38% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 31% stated it had a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was above Q2 2018 and above the Q2 and Overall Averages.
- ▶ 36% 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 27% 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 above Q2 2018 and above the Q2 and Overall Averages.

### Barriers



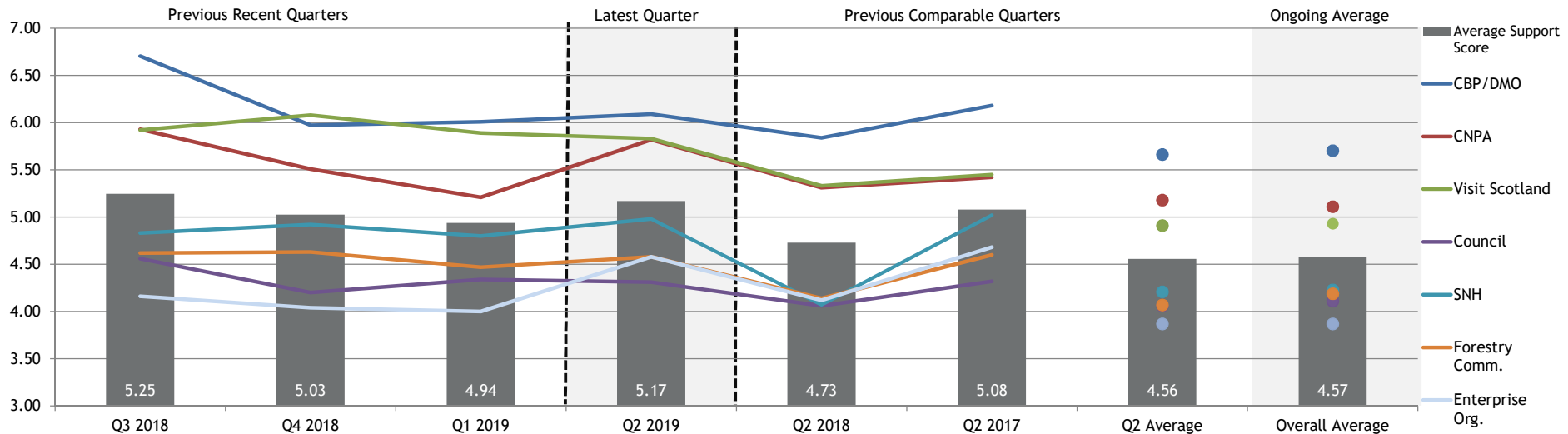
- ▶ The average barrier to growth score this quarter was 5.35 out of 10 which was above Q2 2018, but below the Q2 Average and the Overall Average.
- ▶ Tourism Trends (6.03), staff levels (5.95) and weather (5.92) were perceived to be the most significant barriers to growth.
- ▶ The barrier which recorded the steepest increase from last quarter was staff costs going up from 4.51 in Q1 2019 to 5.19 in Q2 2019.

## Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.69 out of 10 which was lower than Q2 2018 but above the Q2 and Overall Averages.
- ▶ Medium term confidence (next 12 months) was rated at 6.12 out of 10 which was below recent Q2s, but approximately in line with the Q2 and Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.04 out of 10 which was below Q2 2018 and the Q2 and Overall Averages.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.08 which is again lower than Q2 2018 and the Q2 Average and the Overall Average.

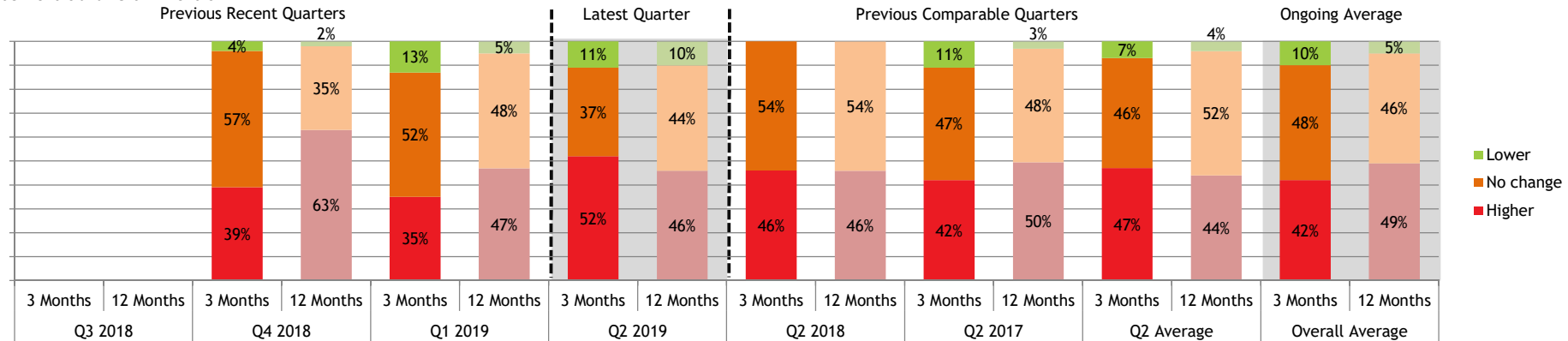
## Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.17 which was higher than recent quarters, Q2 2018 and the Q2 Average and the Overall Average.
- ▶ The contribution / support provided by CBP/DMO (6.09) was rated most positively whilst the opposite was true for the Council (4.31).
- ▶ The organisation which recorded the largest change in perception from Q1 2019 to Q2 2019 was CNPA as scores increased from 5.21 in Q1 2019 to 5.82 in Q2 2019.
- ▶ The support provided by every organisation was rated higher in Q2 2019 than in Q2 2018.

## Costs - Staff

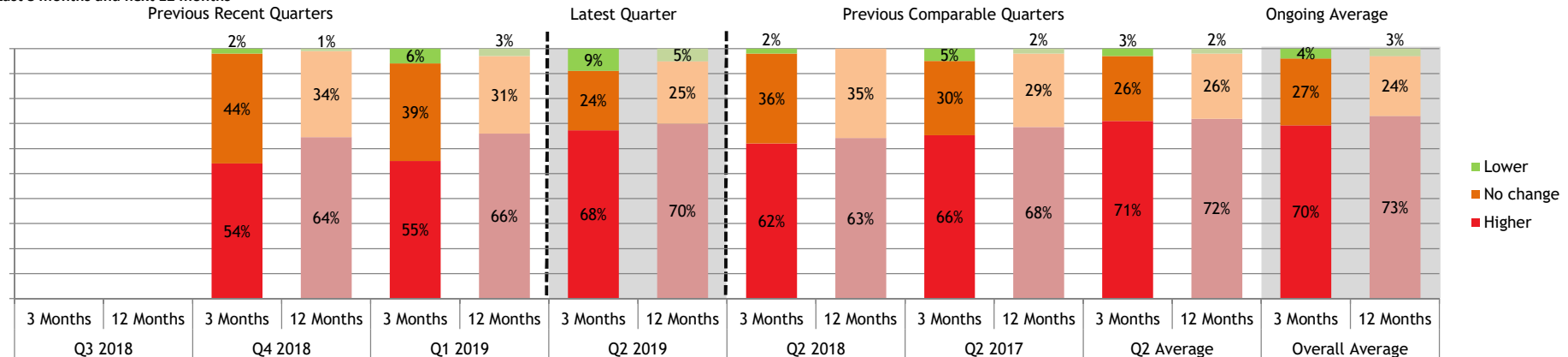
Staff: Last 3 months and next 12 months



- 52% of businesses registered an increase in staff costs whilst 11% recorded a decrease. Overall, therefore, there was a net increase in staff costs. The overall increase in staff costs was higher than in previous 2 quarters, Q2 2018, the Q2 Average, and the Overall Average.
- Staff costs are expected to increase for 46% of businesses in the year ahead whilst only 10% expected them to decrease. These results imply that staff costs are expected to rise less steeply compared to recent Q2 periods, the Q2 Average and the Overall Average.

## Costs - Suppliers

Supplier: Last 3 months and next 12 months

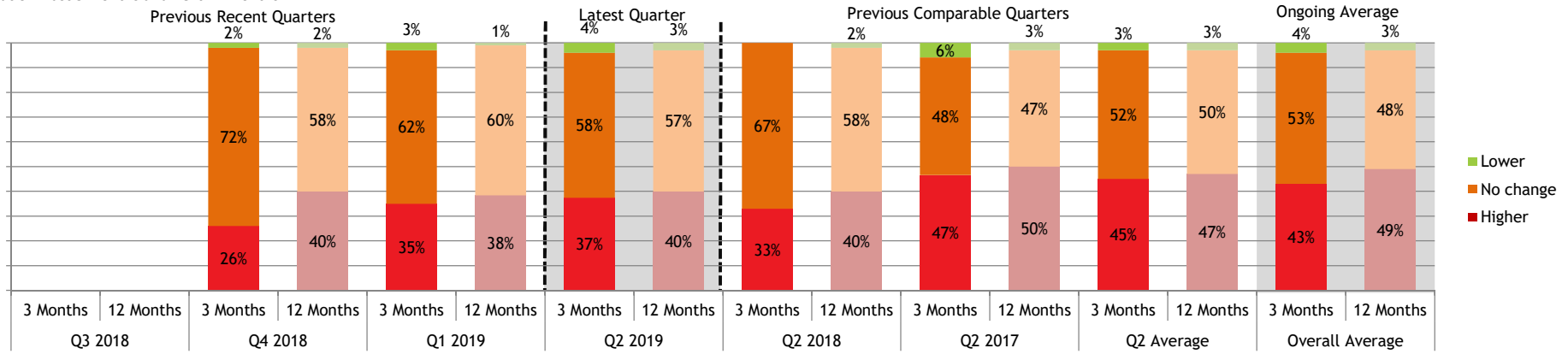


- An overall increase in supplier costs was evident as 68% of businesses indicated that these costs had increased compared to only 9% who said supplier costs had decreased. These results imply that supplier costs increased more compared to Q2 2018 but increased less compared to the Q2 Average and the Overall Average.
- Supplier costs are expected to increase for 70% of businesses in the year ahead compared to just 5% who expected a decrease. These results imply that businesses expect less steep increases in supplier costs compared to the Q2 Average and the Overall Average.



## Costs - Administration

Administration: Last 3 months and next 12 months



- ▶ The majority of businesses (58%) noted no change in admin costs. However, an overall increase was recorded as 37% stated that these costs had increased whilst 4% said these costs had decreased. These results imply that admin costs increased inline with Q2 2018, but less steeply than the Q2 Average and the Overall Average.
- ▶ Administration costs were expected to rise in the year ahead by 40% of businesses whilst only 3% expected a decline. These results imply that businesses expect admin costs to continue increasing but less steeply compared to the Q2 Average and Overall Average.