



Cairngorms Business Barometer | Quarter 3 (July to September) | 2019

DASHBOARD SUMMARY

The mix of visitors in the park was broadly in line with the Q3 Average. That said, there was an above average proportion of Scotland and Overseas visitors and a decrease of visitors from England and the rest of the UK.

Customer numbers increased slightly this quarter while turnover decreased. Predictions of turnover for the next 12 months are, however, optimistic, but less optimistic than recent quarters.

Reflective of the challenging business levels, there were increased perceptions of barriers compared to recent Q3 periods.

Similarly, short term (next 3 months) confidence tracked lower than the previous quarter. However, medium and long-term confidence (12 months and 24 months, respectively) were more optimistic than recent quarters and were above the Q3 and Overall Averages.

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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69
PARTICIPANTS
Q3 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
Q3 19	▼ -7%	▼ 9%	▼ 2%	▼ 15%
Q3 18	22%	34%	15%	36%
QTR AVG	14%	23%	11%	23%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

In terms of number of customers and turnover we continue to see relatively subdued numbers, both in terms of Q3 and forecasts for the next 12 months, when compared to the long term average. Confidence levels have improved slightly against previous quarters for all but very short term (3 months). This no doubt reflects increased levels of economic uncertainty during Q3. In terms of visitors we continue to see growth in international and visitors from London and the South East of England.

Staffing levels in Q3 was the biggest barrier to doing business and we know that the availability of local labour is a major concern for businesses and this barrier is consistently in the top 3. A lack of affordable housing plays a big role in that challenge.

With regard to our guest questions it is interesting to not that 45% of businesses think that their own environmental sustainability is an important consideration for their customers

BUSINESS CONFIDENCE

NEXT X MONTHS:



Q3 19	▼ 6.07	▼ 6.36	▼ 6.43
Q3 18	6.08	6.53	6.51
QTR AVG	5.40	6.26	6.37

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

BARRIERS TO GROWTH

	👤	👩	☁️	AVG
Q3 19	● 6.40	◆ 6.32	◆ 5.82	◆ 5.52
Q3 18	6.55	6.01	5.76	5.41
QTR AVG	5.63	6.20	6.19	5.59

Staff Levels, Bureaucracy, Weather

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

*Where barrier

Investment

	Q3 19	Q3 18	QTR AVG
STAFF			
LAST 3 MONTHS	▼ 19%	26%	19%
NEXT 12 MONTHS	▼ 34%	38%	29%
MARKETING			
LAST 3 MONTHS	▼ 27%	34%	23%
NEXT 12 MONTHS	▼ 38%	39%	34%
INFRASTRUCTURE			
LAST 3 MONTHS	▼ 27%	28%	29%
NEXT 12 MONTHS	▲ 36%	34%	41%

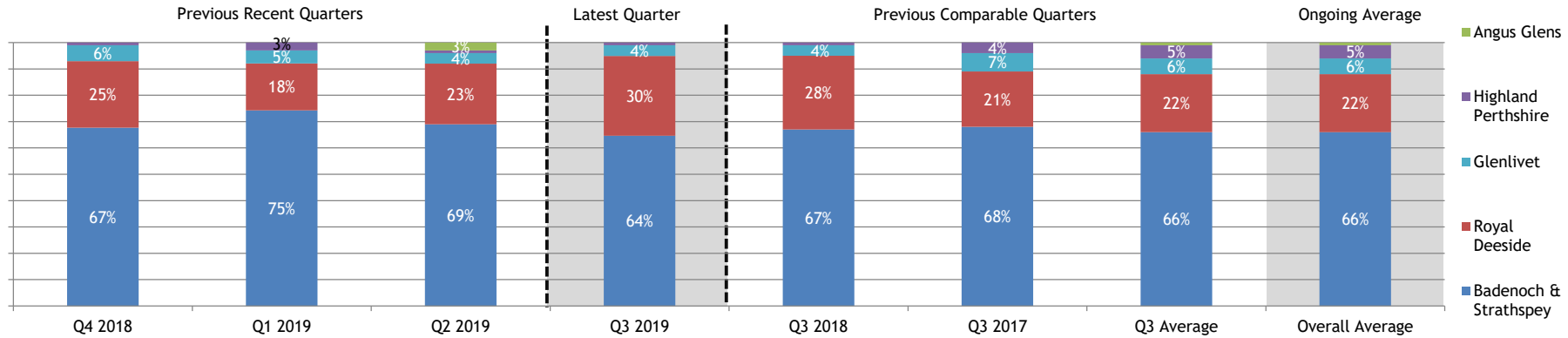
Net cost changes in

ORIGIN OF VISITORS

	🇪🇸	🇬🇧	🌍
	SCOTLAND	ENGLAND	OVERSEAS
Q3 19	▲ 44%	▼ 26%	▼ 27%
Q3 18	40%	27%	30%
QTR AVG	42%	29%	24%

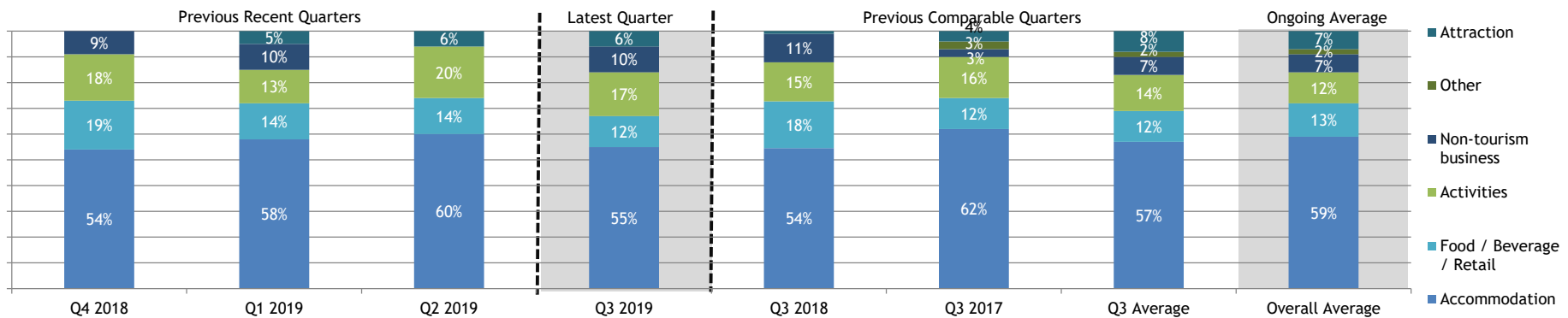
Mix of customers during quarter compared to last year and quarter AVG.

Area



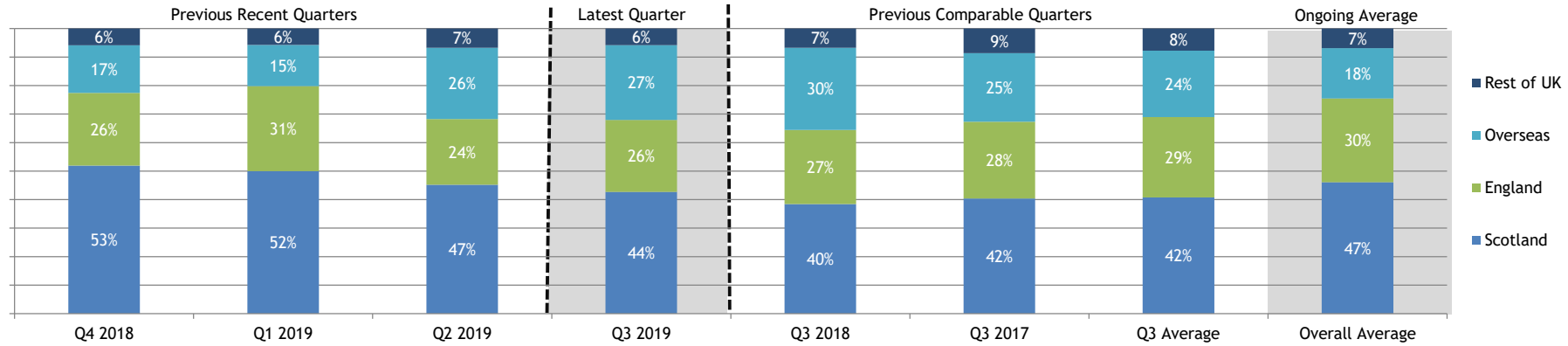
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (64%), Royal Deeside (30%), Glenlivet (4%), and Highland Perthshire (1%).

Sector



► In terms of business sector, the sample was made up as follows: Accommodation provider (55%), Activity operator (17%), Food / Beverage / Retail business (12%), Attraction (6%).

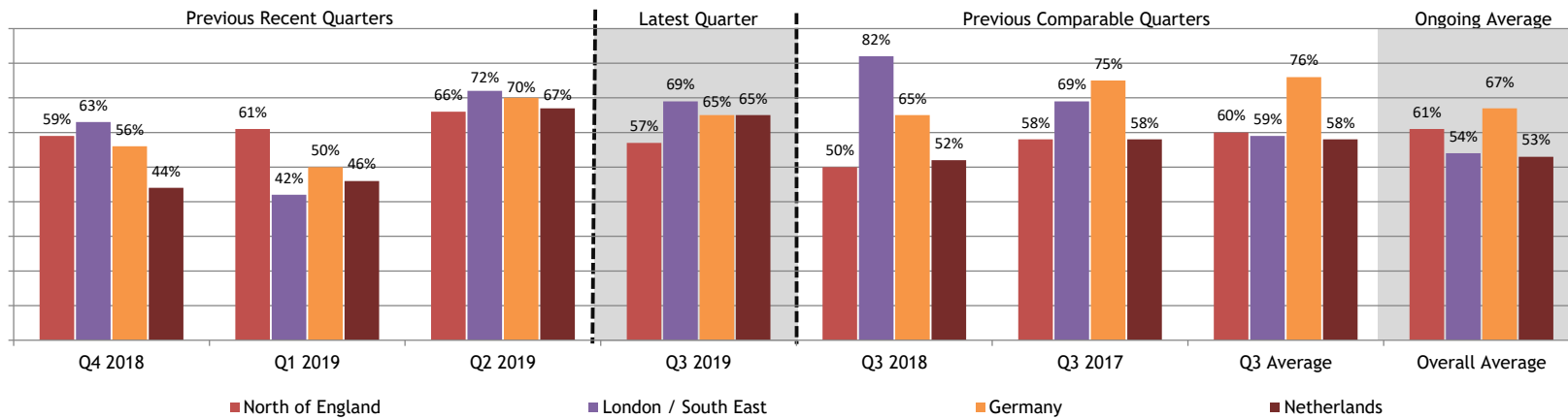
Origin



► The mix of customers in the Park area during the quarter was as follows: Scotland customers (44% of all customers), Overseas visitors (27%), visitors from England (26%), 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. Overseas visitor representation was broadly in line with recent Q3s but above the Q3 Average and Overall (long term) Average. Visitors from England accounted for a slightly lower proportion of visitors compared to recent Q3s, the Q3 Average and the Overall Average.

Origin - Top Source Markets England and Overseas

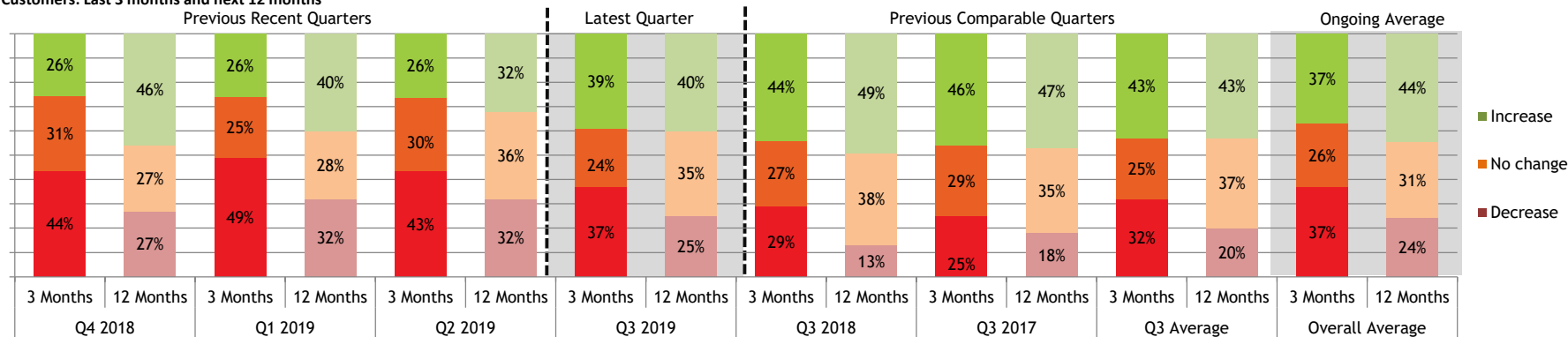


► The most common segment from England was visitors from London/South East (69% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from the North of England (57%). The proportion of visitors from London / South East was lower than the previous Q3, but higher than the Q3 and Overall Averages.

► The German and Netherlands markets were the most common segments from abroad (65% each). The incidence of visitors from the Netherlands was higher than recent Q3s and the Q3 Average. The incidence of visitors from Germany was inline with Q3 2018 but lower than Q3 2017 and the Q3 Average.

Business Levels

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

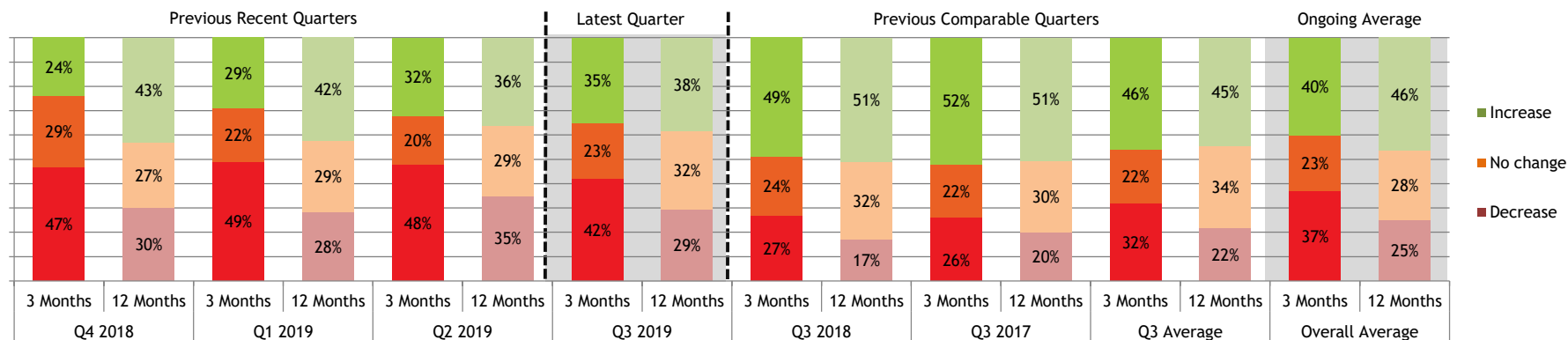


► There was a small overall increase in customer numbers as more businesses increased their customer numbers than decreased (39% versus 37%). However, customer number performance was below recent Q3s as well as the Q3 Average.

► Overall an 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 them (40% versus 25%). The outlook recorded this quarter was less positive compared to recent Q3s as well as the Q3 and the Overall Averages.

Business Levels

Turnover: Last 3 months and next 12 months

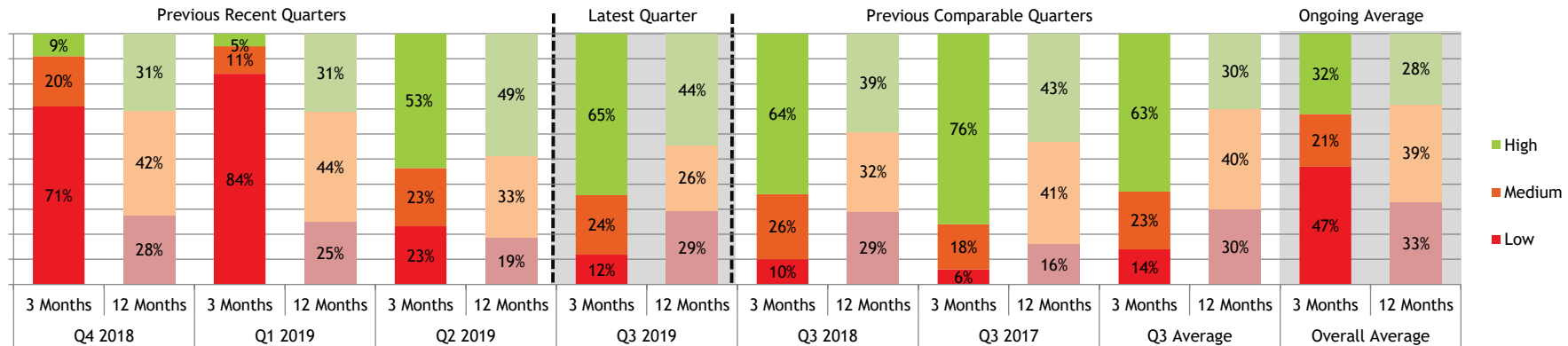


► There was an overall decrease in turnover this quarter as more businesses decreased their turnover than increased (42% versus 35%). This reduction in turnover was in contrast to the growth in turnover reported in previous Q3s and seen in the Q3 Average.

► 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 (38% versus 29%). The results this quarter were less optimistic than recent Q3s and were notably weaker than the Q3 and Overall Averages.

Business Levels

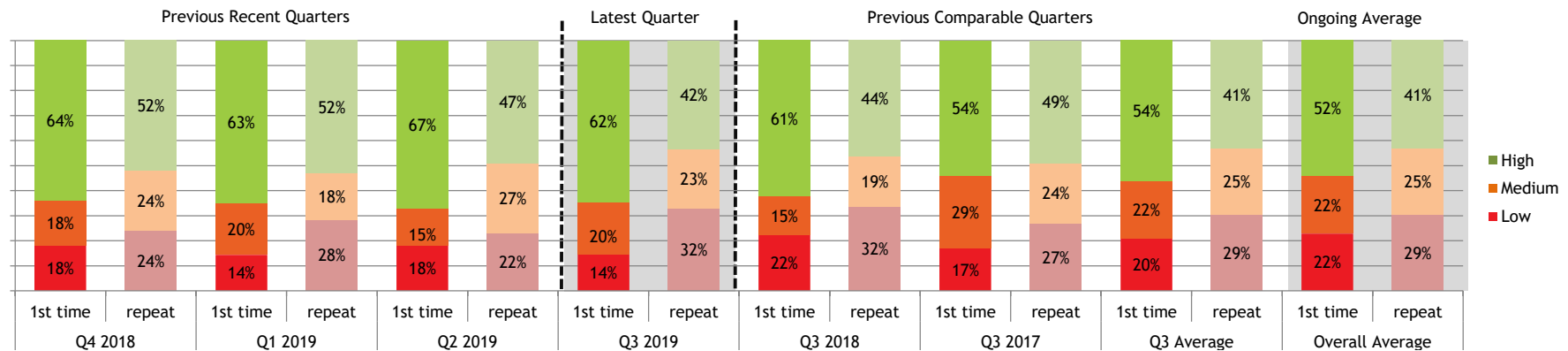
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 12% of accommodation providers recorded low occupancy of less than 50% whilst 65% achieved high occupancy of 70% or above during the quarter. As a result average occupancy overall was marginally higher than Q3 2018 and the Q3 Average.
- ▶ 29% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 44% expected to achieve high occupancy of 70% or above. Accommodation providers had higher expectations regarding future performance compared to Q3 2018 and to the Q3 and Overall Averages.

Influences

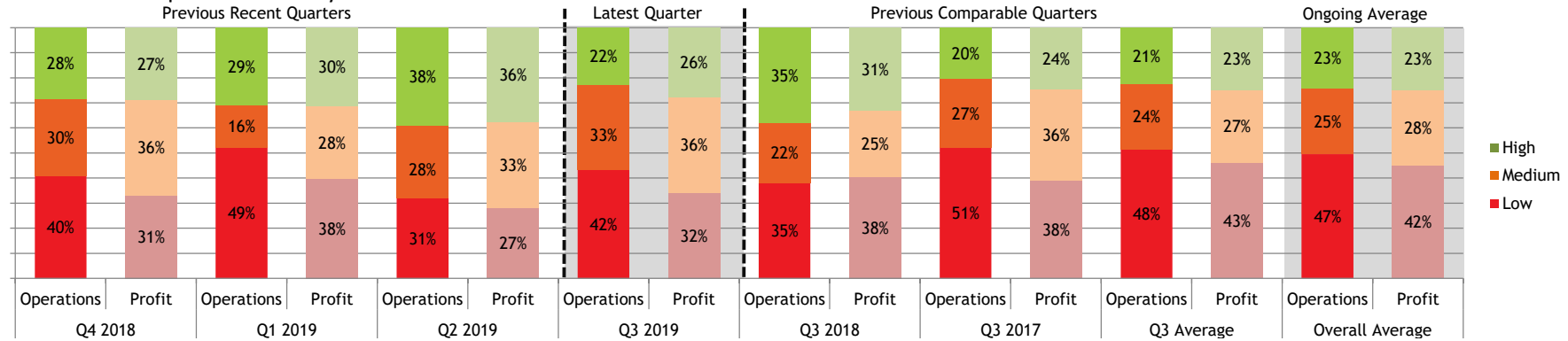
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 62% 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 above Q3 2018 but above the Q3 and Overall Averages.
- ▶ 42% 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 broadly inline with Q3 2018 and the Q3 and Overall Averages.

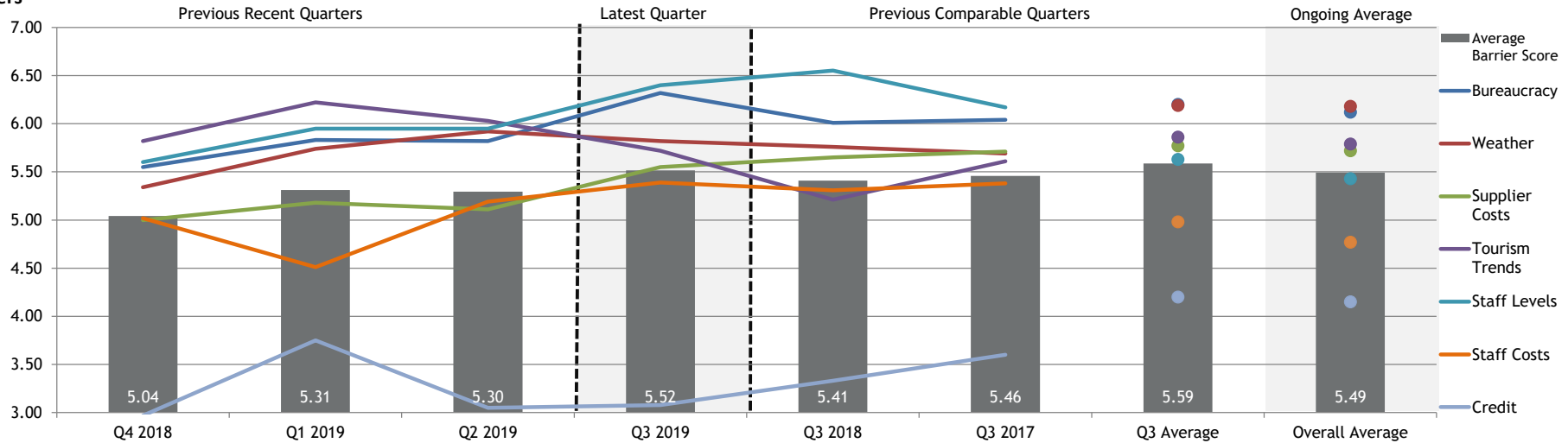
Influences

Influence of CNP - On Business Operations & Profitability



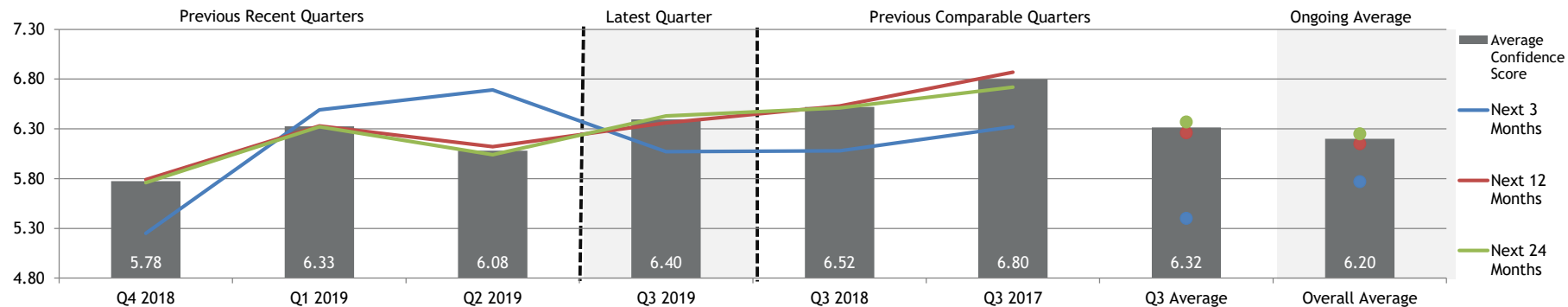
- ▶ 22% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 42% stated it had a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was below Q3 2018 and above the Q3 and Overall Averages.
- ▶ 26% 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 32% 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 broadly similar to Q3 2018 and above the Q3 and Overall Averages.

Barriers



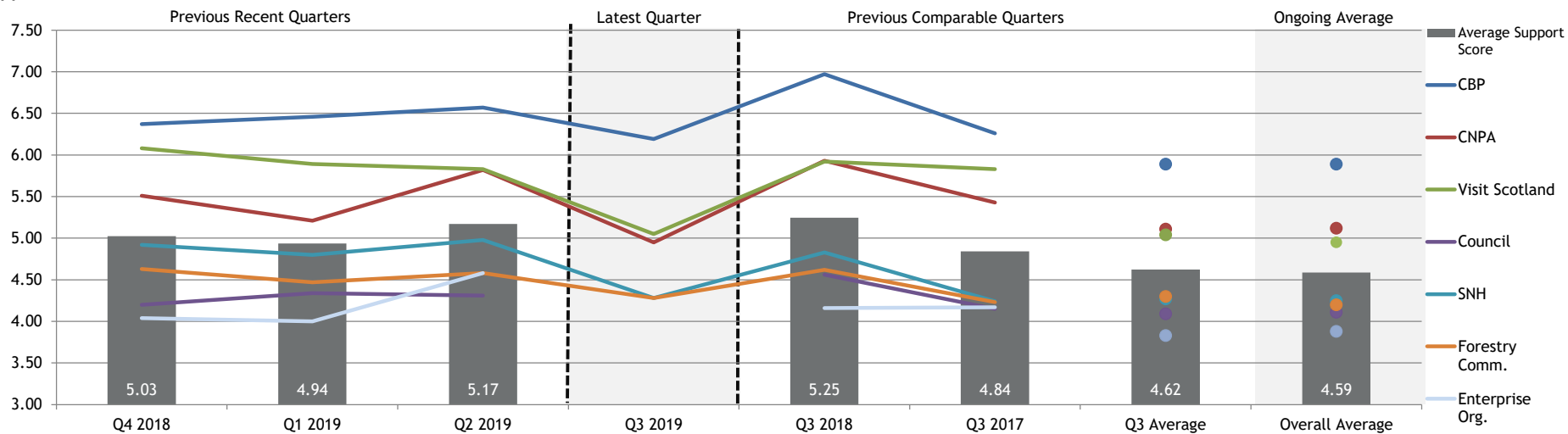
- ▶ The average barrier to growth score this quarter was 5.52 out of 10 which was above Q3 2018, but below the Q3 Average.
- ▶ Staff Levels (6.4), bureaucracy (6.3) and weather (5.8) were perceived to be the most significant barriers to growth.
- ▶ The barrier which recorded the steepest decrease from last quarter was tourism trends going down from 6.0 in Q2 2019 to 5.7 in Q3 2019.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.07 out of 10 which was lower than Q2 2019 but above the Q3 and Overall Averages.
- ▶ Medium term confidence (next 12 months) was rated at 6.36 out of 10 which was below recent Q3s, but approximately in line with the Q3 and Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.43 out of 10 which was on par with Q3 2018 and the Q3 Average but above the Overall Average.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.40 which was lower than Q3 2018 but above the Q3 Average and the Overall Average.

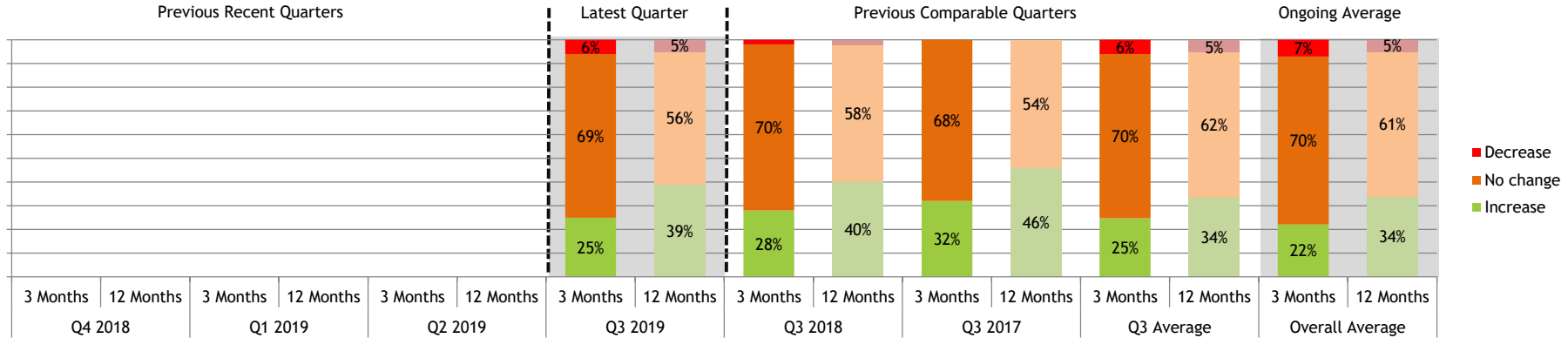
Support



- ▶ **Unfortunately, due to a data error no rating is available for CBP/DMO, Council, or Enterprise Org., thus no average support score can be provided. The CBP average score has been provided separately instead of combined with the DMO as usual.
- ▶ The organisation which recorded the largest change in perception from Q3 2019 was CNPA as scores decreased from 5.82 in Q3 2019 to 4.95 in Q3 2019 (excluding CBP/DMO, Council, or Enterprise Org).
- ▶ The support provided by every organisation was rated lower in Q3 2019 than in Q2 2019 and in Q3 2018 (excluding CBP/DMO, Council, or Enterprise Org).

Investment - Staff

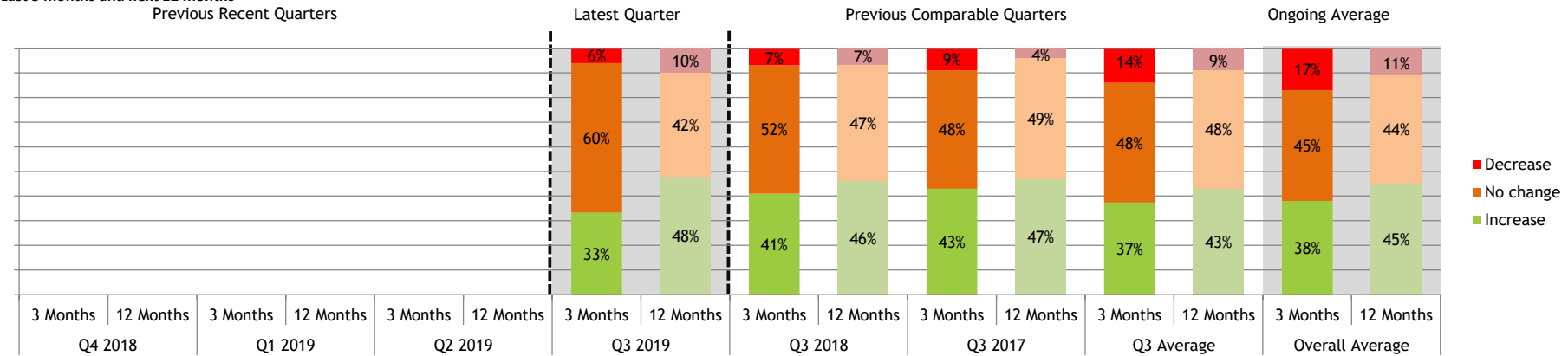
Staff: Last 3 months and next 12 months



- ▶ 6% of businesses registered a decrease in staff investment whilst 25% recorded an increase. Overall, therefore, there was a net increase in staff investment. The overall increase in staff investment was inline with recent Q3s and the Q3 and Overall Averages.
- ▶ Staff investment is expected to increase for 39% of businesses in the year ahead whilst only 5% expected them to decrease. These results imply that staff costs are expected to rise less steeply compared to recent Q3 periods, but more steeply than the Q3 Average and the Overall Average.

Investment - Marketing

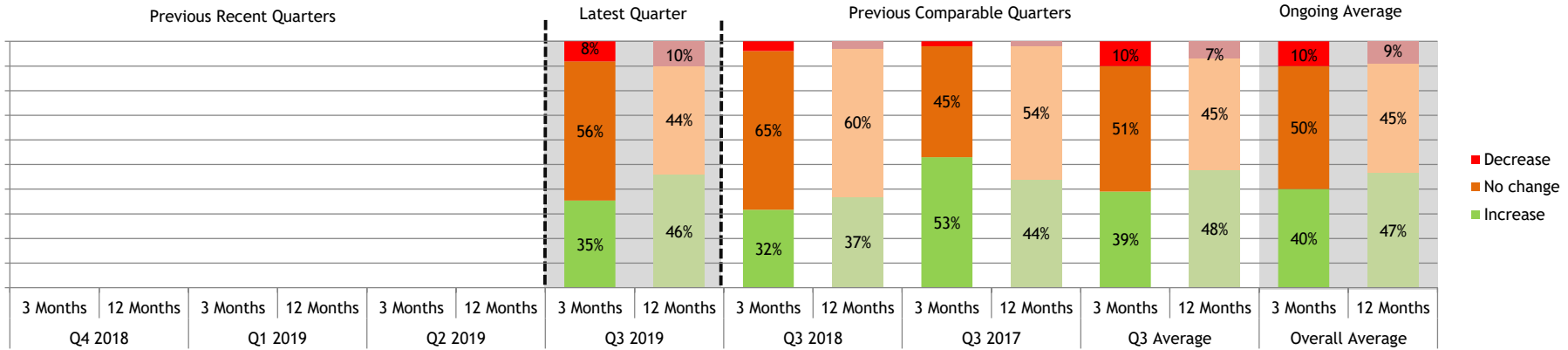
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in marketing investment was evident as 33% of businesses indicated that these investments had increased compared to only 6% who said marketing investment had decreased. This increase in investment was lower than investment reported in Q3 2018 and broadly similar to the Q3 Average and the Overall Average.
- ▶ Marketing investment is expected to increase for 48% of businesses in the year ahead compared to just 10% who expected a decrease. These results imply that businesses expect marketing investment to increase slightly steeper than the Q3 Average and the Overall Average.

Investment - Infrastructure

Administration: Last 3 months and next 12 months



- ▶ The majority of businesses (56%) noted no change in infrastructure investment. However, an overall increase was recorded as 35% stated that these investments had increased whilst 8% said these investments had decreased. These results imply that infrastructure investment increased slightly, although less steeply than the Q3 Average and Overall Average.
- ▶ Infrastructure investment was expected to rise in the year ahead by 46% of businesses whilst only 10% expected a decline. These results imply that businesses expect infrastructure investment to continue increasing inline with the Q3 Average and Overall Average.

Quarterly Topical Questions:

Q: What would help to make your business more economically and environmentally sustainable?

“ Change the culture from the focus on short term crisis, to the co-ordinated delivery of long term economic strategies and support to enable people and businesses who are based in the CBP to invest for the long term not just the short term. ”

“ Free brown bin collection, more frequent recycling collections, glass recycling collections, raising vat threshold significantly. ”

“ It's educating guests in relation to being more green, and how to do that without offending them ”

“ Surcharge on postage to Highlands and Islands. Improved wifi so that video conferencing becomes more usable ”

“ Realistic appreciation based on evidence of what it takes to deliver for the environment, visitors and the local community. ”

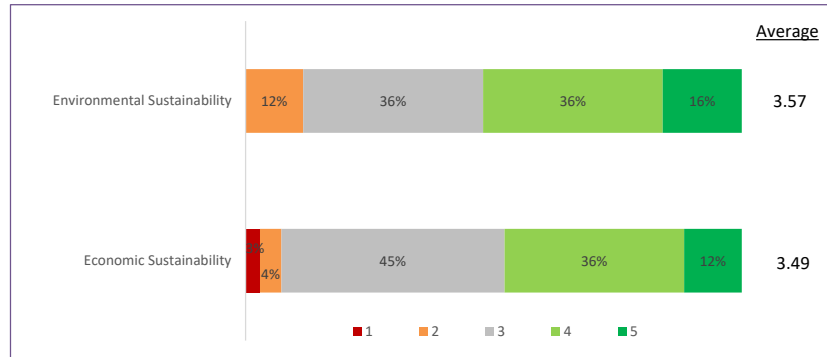
“ Continued assistance with promotion and marketing, completion of the current refurbishment/development programme and availability and affordability of staff. Completion of current installation of smart heating controls, reversal of the unreasonable reluctance of the planning authority to understand that solar panels would improve our renewable energy contribution, and completion of the replacement of lighting with energy efficient LED fixtures. ”

“ Help with installing sustainable central heating and electric car charging. ”

“ Environmental sustainability is difficult in our world as quality of materials is paramount, so only recycling of unwanted packaging, reuse of wrapping and bags etc is all that can be achieved, which we practice already. ”

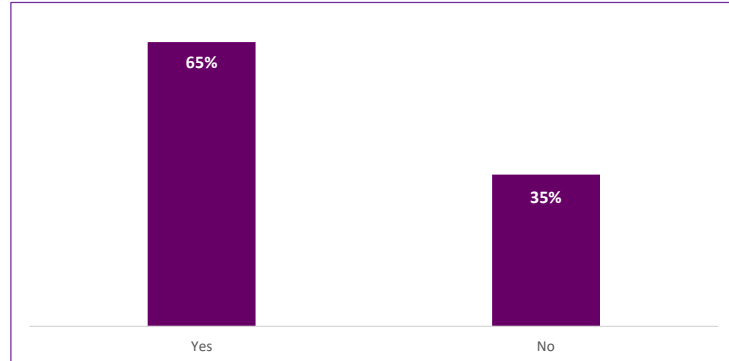
Quarterly Topical Questions:

Q: How would you rate the sustainability of your business in relation to...
(1 = not at all sustainable, 5 = very sustainable)



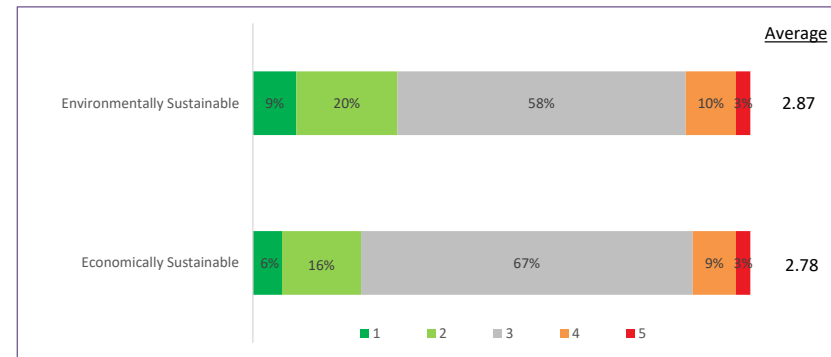
- ▶ Over half of businesses rate themselves as environmentally sustainable (with 16% selecting 5/5 and 36% selecting 4/5).
- ▶ Just under half rate themselves as economically sustainable (with 12% selecting 5/5 and 36% selecting 4/5).

Q: Would you be interested in learning more about how you could make your businesses more environmentally sustainable?



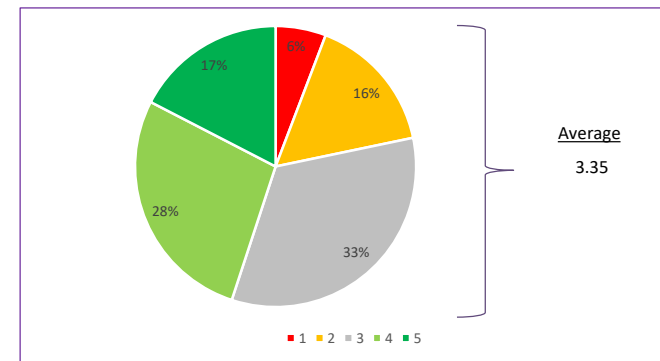
- ▶ Approximately 2/3 of businesses would be interested in learning more about how they could make their businesses more environmentally sustainable.

Q: Does operating within a National Park make it more or less challenging to be...
(1 = significantly less challenging, 5 = significantly more challenging)



- ▶ 29% of businesses think operating within a National Park makes it easier to be environmentally sustainable (with 9% selecting 1/5 and 20% selecting 2/5).
- ▶ 22% of businesses think operating within a National Park makes it easier to be economically sustainable (with 6% selecting 1/5 and 16% selecting 2/5).

Q: How important do you think the environmental sustainability of your business is to your customers?
(1 = not at all important, 5 = very important)



- ▶ 45% of businesses say that their customers think the environmental sustainability of their business is important (with 17% selecting 5/5 and 28% selecting 4/5).