



101
PARTICIPANTS
Q3 2020

KEY

VS LAST YEAR (LY)

Higher*

Same

Lower

Cairngorms Business Barometer | Quarter 3 (July to September) | 2020

DASHBOARD SUMMARY

Threats of a second Covid-19 wave impacted business confidence in the Cairngorms National Park area with short, medium and long term confidence all falling below the levels recorded last quarter (Q2 2020) and well below previous years. However, it is important to note, the confidence levels recorded this quarter were more positive compared to the start of the year (Q1 2020).

Businesses continued to highlight downward trends in Q3 2020 as they recorded significant reductions in customers and turnover compared to recent Q3s and the Q3 and Overall averages. Moreover, they expected performance to continue to drop in the year ahead. That said, they demonstrated higher levels of optimism for their performance in the next 12 months compared to the last two quarters (Q1 and Q2 2020).

Despite indications of a potential improvement in performance in the next 12 months compared to the Q2 2020 results, overall confidence to survive the crisis decreased slightly in Q3 2020 compared to Q2 2020.

Reflecting the challenging outlook, an overall decrease in staff numbers and profitability was expected in Q3 2021 compared to the levels recorded in Q3 2019.

The crisis continues to have an impact on employees and staffing levels. Broadly on par with last quarter, just over 40% of businesses thought that it was quite or very likely that they would reduce staff numbers in the coming months. However, the outlook was more positive compared to the start of the year (Q1 2020).







As was the case in the previous quarters, the support provided by CBP/DMO was rated most positively among the organisations evaluated. These findings suggest that businesses continue to largely value the support provided by CBP/DMO during these difficult times.

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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BUSINESS LEVELS

	TURNOVER 		CUSTOMERS 	
	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q3 20	 -39%	 -28%	 -38%	 -23%
Q3 19	-7%	9%	2%	15%
QTR AVG	12%	21%	10%	20%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

The past quarter represents one of the most challenging quarters in the history of the barometer. Whilst we have seen significant growth in visitor numbers in the National Park since reopening on 15th July, this has not translated to increases in customer numbers and turnover for businesses with both significantly down on previous summer quarters with very low levels of short and medium term confidence as we head into the winter months.

It is no surprise, therefore, that 45% of businesses expect to be employing fewer staff over the next few months than they would normally at this time of year. 70% of businesses say that the Job Support Scheme will not enable them to retain more employees.

We would like to thank business for completing the survey, whilst not great reading it does give us good data to present to the Government to help them understand the very precarious economic position the National Park and the communities within it face.

BUSINESS CONFIDENCE

NEXT X MONTHS:

	3	12	24
Q3 20	4.26	5.17	6.17
Q3 19	6.07	6.36	6.43
QTR AVG	5.31	6.18	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

	BUREAUCRACY	TOURISM TRENDS	STAFF LEVELS	AVG
Q3 20	7.44	6.19	5.37	5.36
Q3 19	6.32	5.72	6.40	5.47
QTR AVG	6.33	5.86	5.58	5.51

Bureaucracy, Tourism Trends, Staff Levels

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

*Where barrier scores are higher than last year, this is a negative result and therefore highlighted in red.

INVESTMENT

	Q3 20	Q3 19	QTR AVG
STAFF TRAINING			
LAST 3 MONTHS	-6%	19%	10%
NEXT 12 MONTHS	4%	34%	21%
MARKETING			
LAST 3 MONTHS	0%	27%	19%
NEXT 12 MONTHS	22%	38%	27%
INFRASTRUCTURE			
LAST 3 MONTHS	2%	27%	25%
NEXT 12 MONTHS	3%	36%	29%

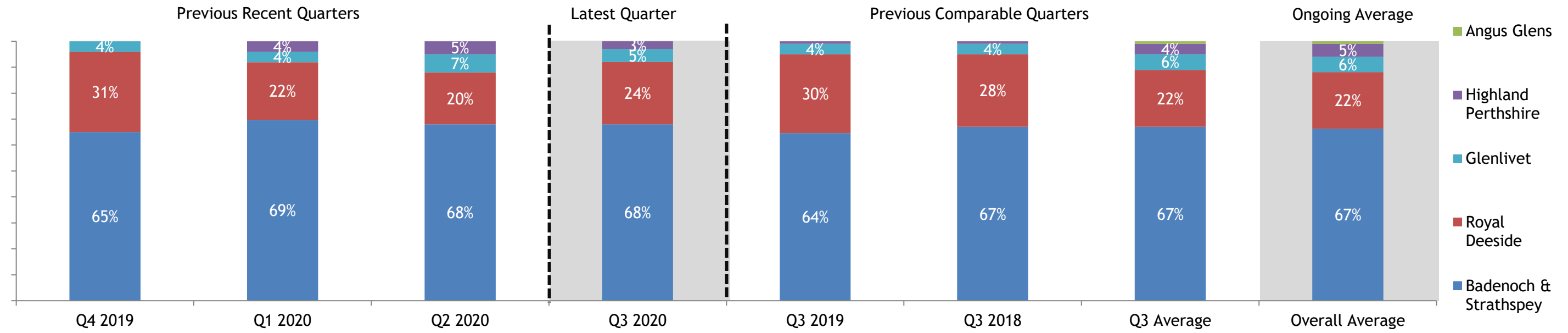
Net investment changes in last 3 months and in next 12 months compared to LY and quarter average

ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q3 20	56%	35%	4%
Q3 19	44%	26%	27%
QTR AVG	43%	29%	23%

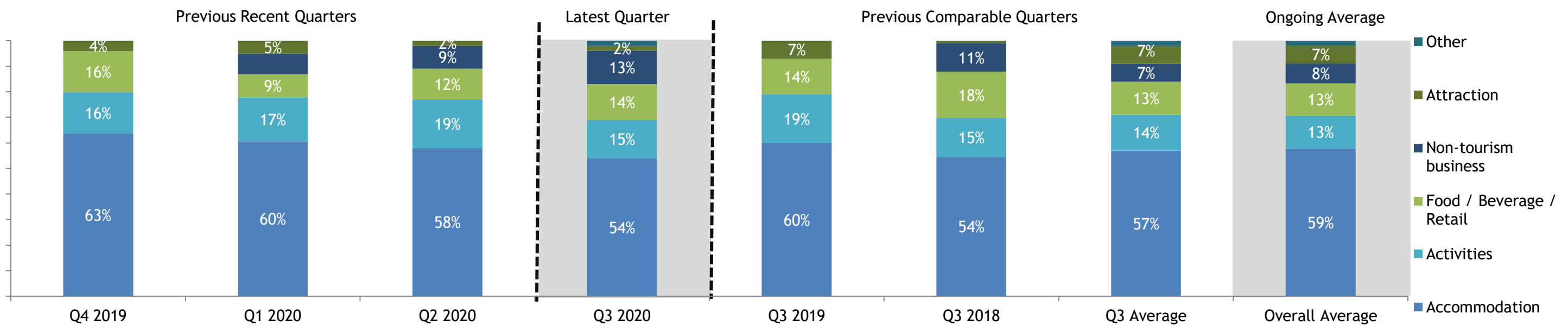
Mix of customers during quarter compared to last year and quarter AVG.

Area



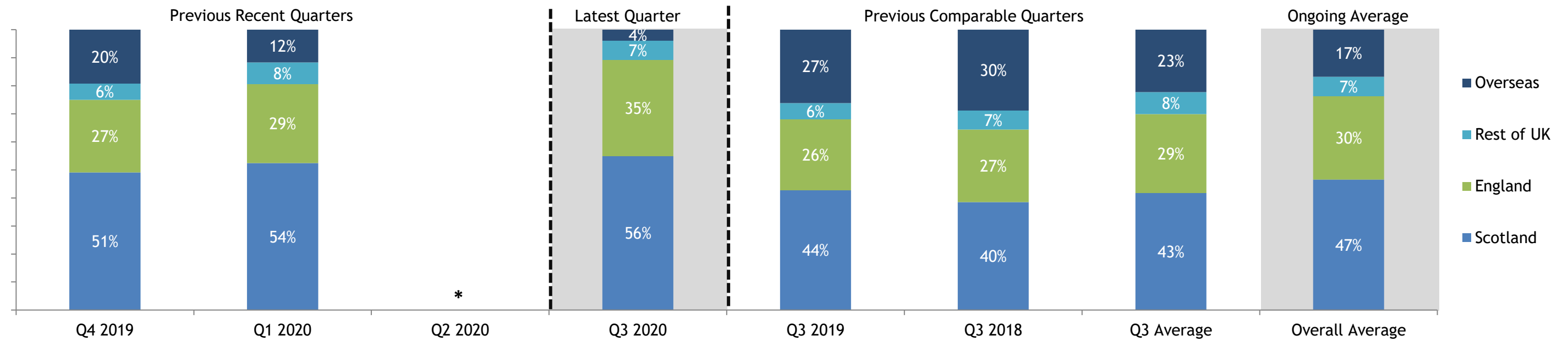
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (68%), Royal Deeside (24%), Glenlivet (5%), and Highland Perthshire (3%).

Sector



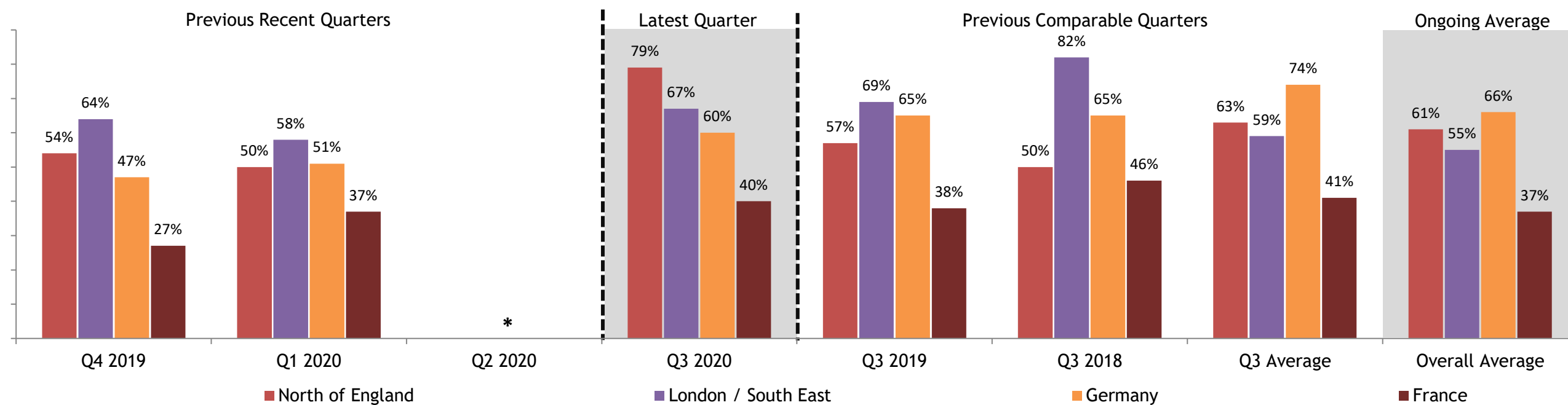
► In terms of business sector, the sample was made up as follows: Accommodation provider (54%), Activity operator (15%), Food / Beverage / Retail business (14%), Non-tourism business (13%) and Attraction (2%).

Origin



- The mix of customers in the Park area during the quarter was as follows: Scotland customers (56% of all customers), visitors from England (35%), visitors from the rest of the UK (7%) and Overseas visitors (4%).
- As in previous quarters, the Scottish market continued to account for the largest share of visitors (56%) followed by visitors from England (35%). Their representation was significantly higher compared to recent Q3s and the Q3 and the Overall averages. In contrast, a large decrease was noted in visitors from overseas (4%) compared to recent Q3s and the Q3 and Overall averages.

Origin - Top Source Markets England and Overseas

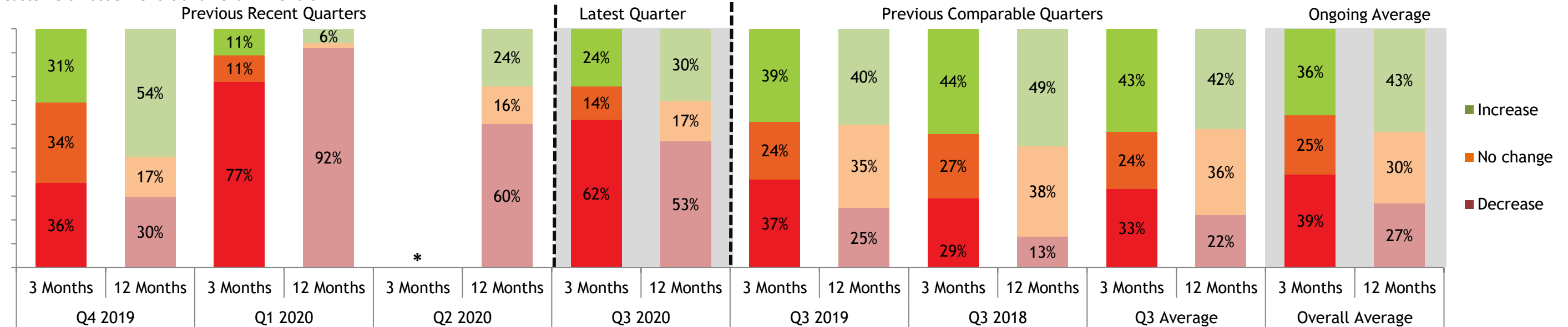


- The most common segment from England was visitors from the North of England (79% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from London/South East (67%). The proportion of visitors from the North of England was much higher compared to recent Q3s and the Q3 and Overall averages.
- The German and French markets were the most common segments from abroad accounting for 60% and 40%, respectively. However, as mentioned above, it is important to note that the proportion of overseas visitors was very low in Q3 2020.

* Due to Covid-19, the Cairngorms National Park area saw an unprecedented number of businesses temporarily close their doors starting in March of 2020. Therefore for the Q2 2020 survey, STR and CBP made the decision to temporarily exclude these questions from the research.

Business Levels

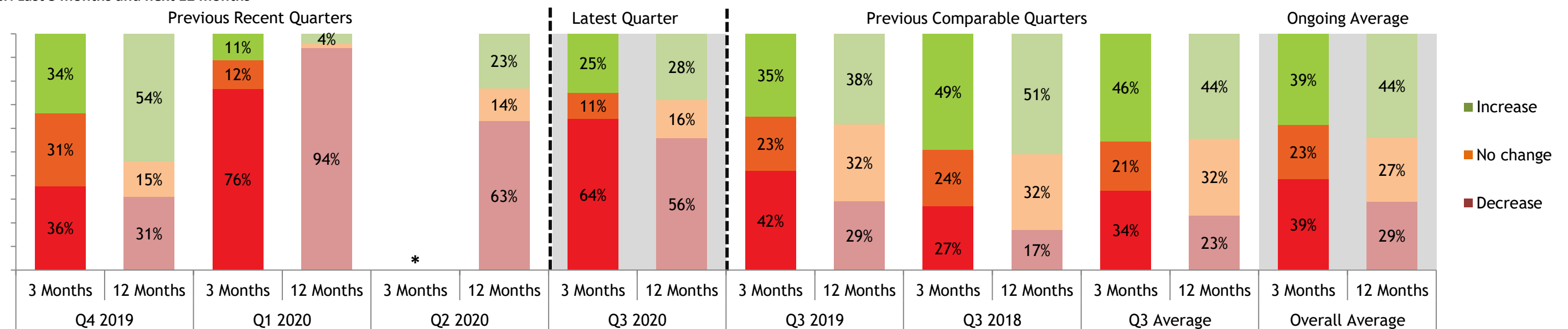
No. Of Customers: Last 3 months and next 12 months



- There was an overall decrease in customer numbers as more businesses decreased their customer numbers than increased (62% versus 24%). Customer number performance was well below recent Q3s as well as the Q3 and Overall averages. However, customer numbers performance was above the levels recorded in Q1 2020.
- An overall decrease in customer numbers was expected in the year ahead as significantly more businesses (53%) expected to decrease customer numbers than increase (30%) from their current level in the next 12 months. This signified a much more negative outlook compared to recent Q3s and the Q3 and Overall averages. That said, businesses showed higher levels of optimism for performance in the next 12 months compared to recent quarters (Q1 and Q2 2020).

Business Levels

Turnover: Last 3 months and next 12 months

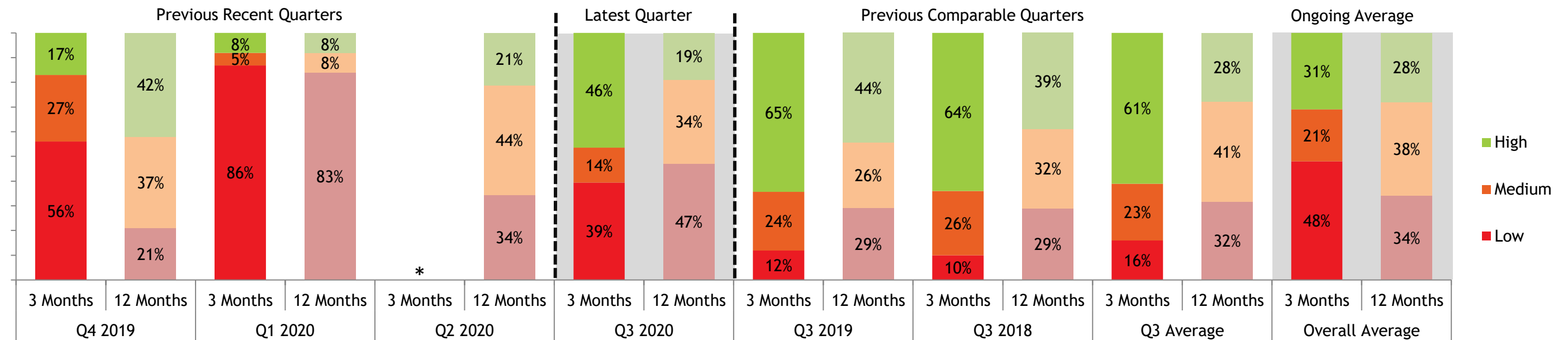


- There was an overall reduction in turnover this quarter as more businesses decreased their turnover than increased (64% versus 25%). This drop in turnover was much larger than recent Q3s and the Q3 and Overall averages. However, turnover performance was above the levels recorded in Q1 2020.
- An overall decrease in turnover was expected in the year ahead as significantly more businesses (56%) expected to decrease their turnover than increase (28%) from the current level in the next 12 months. Similar to above, these results constituted a much more negative outlook compared to recent Q3s and the Q3 and Overall averages but were a more optimistic assessment compared to recent quarters (Q1 and Q2 2020).

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Business Levels

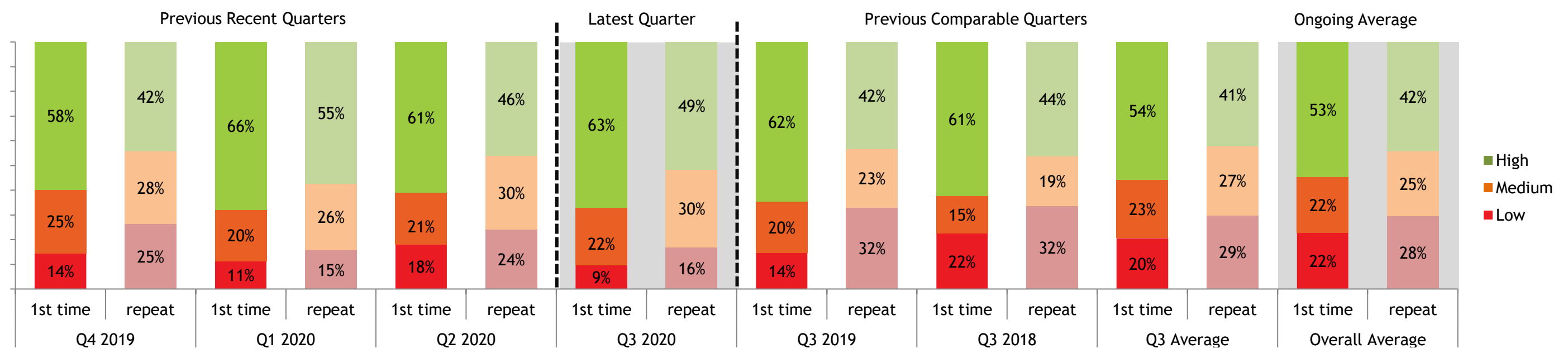
Accommodation Occupancy: Last 3 months and next 12 months



- 39% of accommodation providers recorded low occupancy of less than 50% whilst 46% achieved high occupancy of 70% or above during the quarter. Albeit higher compared to Q1 2020 and the Overall average, these results were well below recent Q3s and the Q3 average.
- 47% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 19% expected to achieve high occupancy of 70% or above. Accommodation providers demonstrated weaker expectations regarding future performance compared to Q2 2020, recent Q3s and the Q3 and Overall averages but they were significantly more optimistic about their future performance compared to Q1 2020.

Influences

Influence of CNP - Attracting First time & Repeat Customers

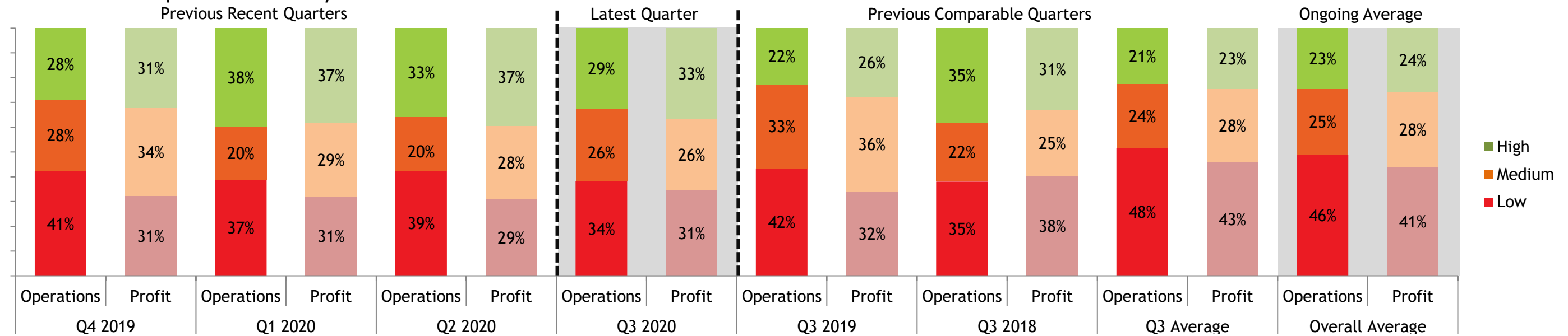


- 63% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 9% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting first time customers was above recent Q3s and the Q3 and Overall averages.
- 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 16% 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 above recent Q3s and the Q3 and Overall averages.

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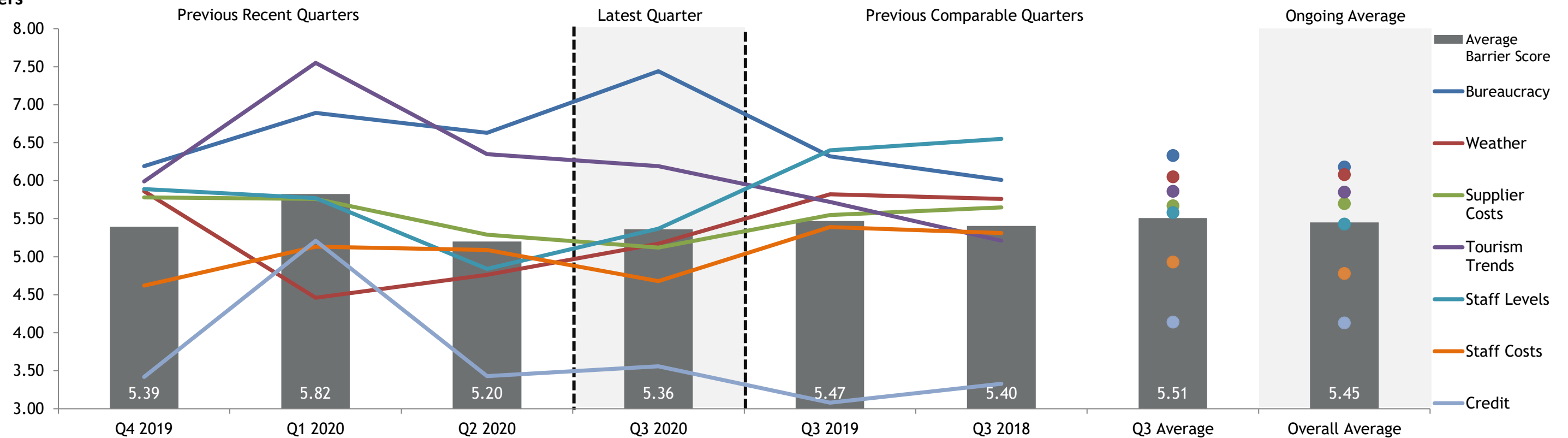
Influences

Influence of CNP - On Business Operations & Profitability



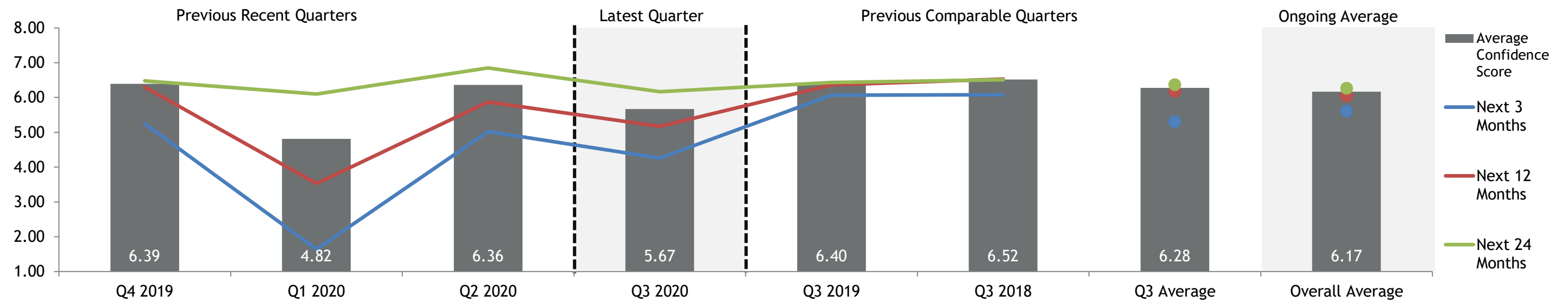
- 29% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 34% stated it had a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was above Q3 2019 and the Q3 and Overall averages.
- 33% 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 31% 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 recent Q3s and the Q3 and Overall averages.

Barriers



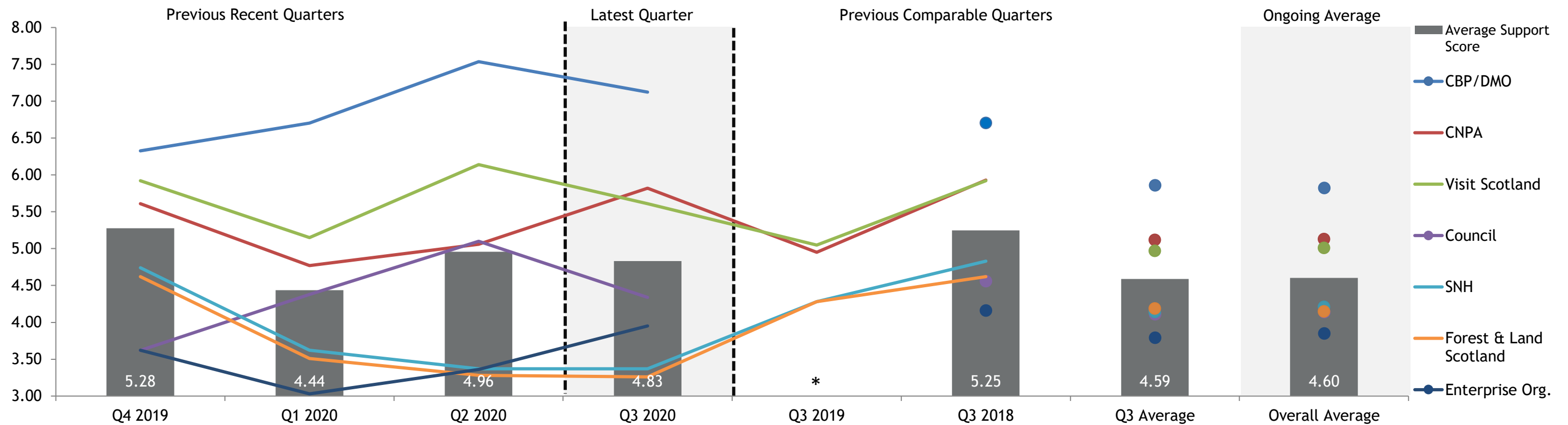
- The average barrier to growth score this quarter was 5.36 out of 10 which was below recent Q3s and the Q3 and Overall Averages.
- Bureaucracy (7.44), tourism trends (6.19) and staff levels (5.37) were perceived to be the most significant barriers to growth.
- The barriers which recorded the steepest increase from last quarter were bureaucracy going up from 6.63 in Q2 2020 to 7.44 in Q3 2020 and staff levels going up from 4.84 to 5.37.
- As expected, the concerns relating to Covid-19 outbreak were also considered to be a prominent barrier to growth during the quarter.

Business Confidence



- Short term confidence (next 3 months) was rated at 4.26 out of 10 which was well below recent Q3s and the Q3 and Overall Averages.
- Medium term confidence (next 12 months) was rated at 5.17 out of 10 which was well below recent Q3s as well as the Q3 and Overall averages. It was also below Q2 2020 but above Q1 2020 levels.
- Long term confidence (next 24 months) was rated at 6.17 out of 10 which signifies a significantly more positive outlook compared to the short and medium term confidence levels. Businesses were less confident in the long term compared to recent Q3s and the Q3 and Overall averages. Whilst broadly on par with Q1 2020, it was below Q2 2020 levels.
- As a result, the Average Confidence Score - factoring in the medium and long term view - was 5.67 which was well below recent Q3s and the Q3 and Overall averages. Whilst broadly on par with Q1 2020, it was also below Q2 2020 levels.

Support

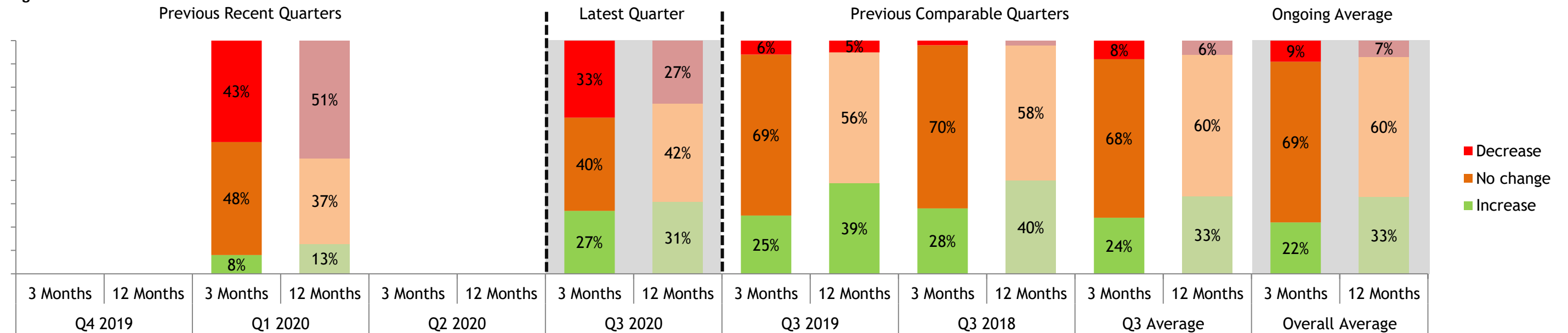


- The overall level of support / contribution provided by organisations was rated at 4.83 which was lower than Q3 2018 but above the Q3 and Overall averages.
- The contribution / support provided by CBP/DMO (7.12) was rated most positively. Whilst the organisation recording the least positive perception was Forest & Land Scotland (3.26).
- The organisation which recorded the largest positive change in perception from Q2 2020 was CNPA as scores increased from 5.06 in Q2 2020 to 5.82 in Q3 2020.
- The organisation which recorded the largest negative change in perception from Q2 2020 was the Council as scores decreased from 5.10 in Q2 2020 to 4.34 in Q3 2020.

* Unfortunately, due to a technical error no rating is available for CBP/DMO, Council, or Enterprise Org. in Q3 2019, thus no average support score can be provided.

Investment - Staff Training

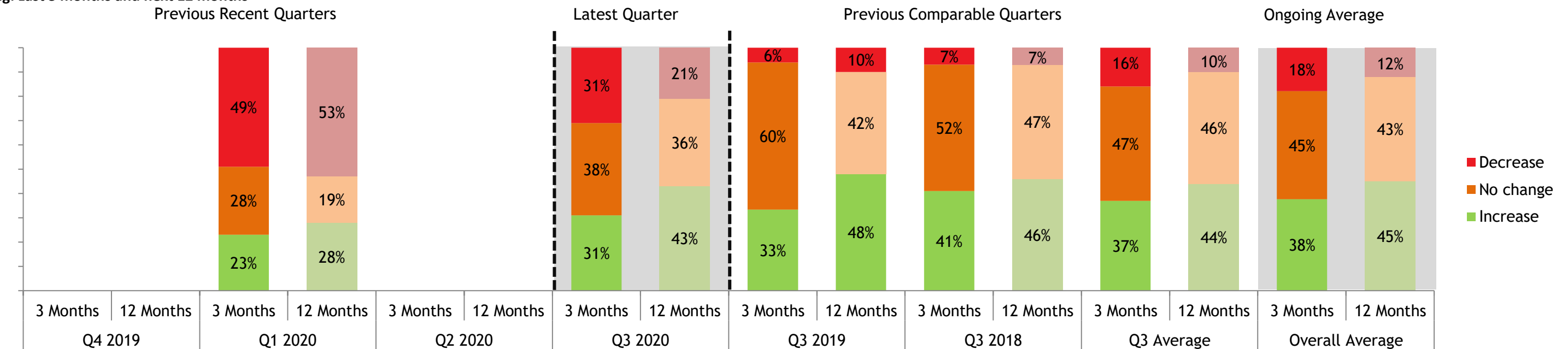
Staff Training: Last 3 months and next 12 months



- 33% of businesses registered a decrease in staff training investment whilst 27% recorded an increase. Overall, as a result, there was a net decrease in staff training investment. Whilst the overall net staff training investment amount remained negative, the decrease was less pronounced compared to Q1 2020.
- Staff training investment is expected to increase for 31% of businesses in the year ahead whilst 27% expected it to decrease. These results imply that businesses are less likely to invest in staff training compared to recent Q3s and the Q3 and Overall averages. They also show though more intent to invest in staff training compared to Q1 2020.

Investment - Marketing

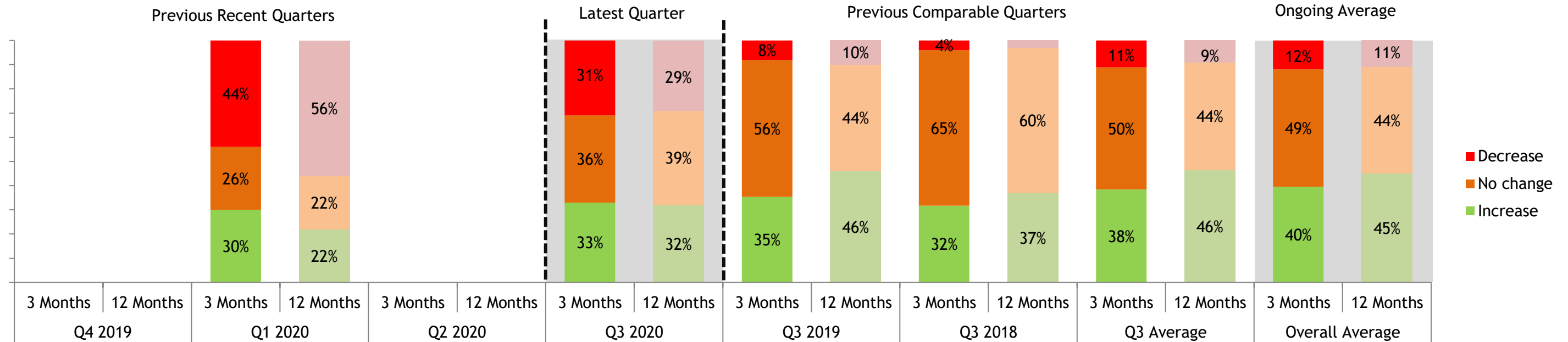
Marketing: Last 3 months and next 12 months



- Overall, there was no change in marketing investment as the same proportion of businesses (31%) indicated an increase or decrease in this type of investment. These results imply that there was a lower level of marketing investment compared to recent Q3s and the Q3 and Overall averages but they also highlight an increase compared to Q1 2020.
- Marketing investment is expected to increase for 43% of businesses in the year ahead compared to 21% who expected a decrease. These results imply that businesses are less likely to invest in marketing compared to recent Q3s and the Q3 and Overall averages. They also show though more intent to invest in marketing compared to Q1 2020.

Investment - Infrastructure

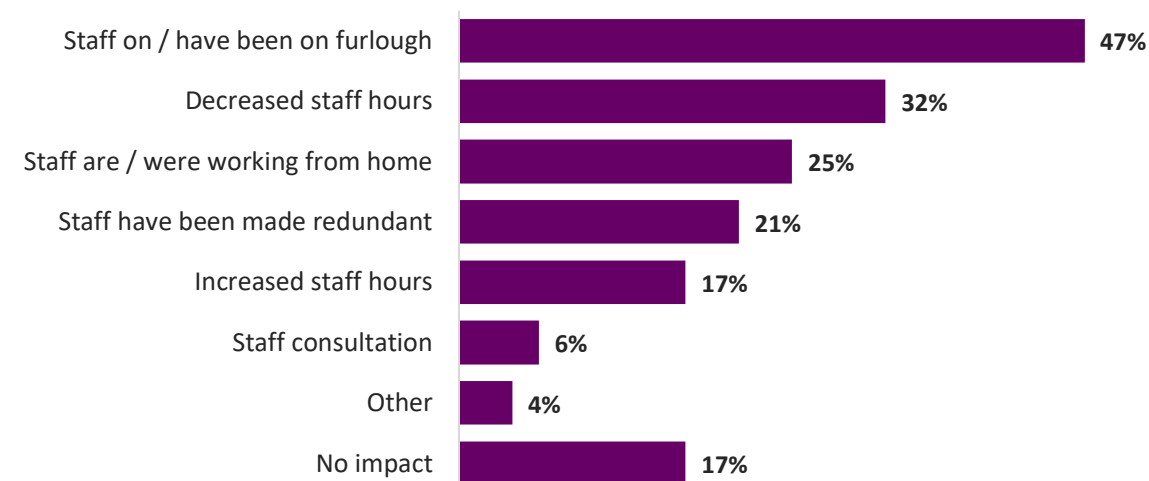
Infrastructure: Last 3 months and next 12 months



- A slight overall increase in buildings and infrastructure investment was recorded as 33% of businesses increased their investment in this aspect whilst 31% decreased investment. The overall increase in infrastructure investment was below recent Q3s and the Q3 and Overall averages. That said, the result was more positive compared to Q1 2020.
- Infrastructure investment was expected to drop in the year ahead by 29% of businesses whilst 32% expected to increase investment in this aspect. These results imply that businesses are less likely to invest in infrastructure compared to recent Q3s and the Q3 and Overall averages. Again, though, these results were more positive than that recorded in Q1 2020.

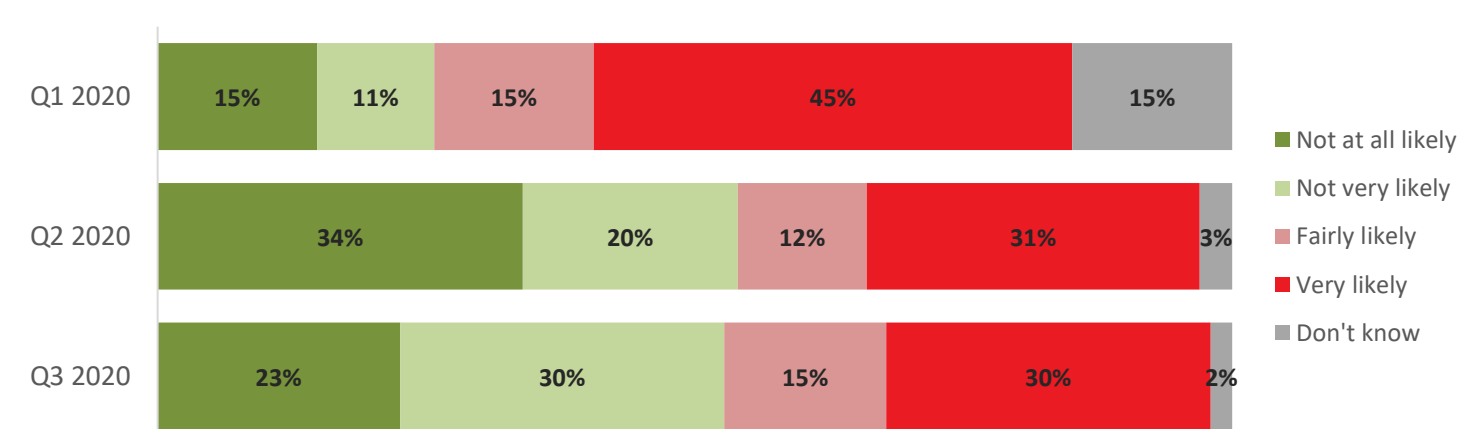
Quarterly Topical Questions:

Q: How has the crisis impacted on your employees and staffing levels?



- The vast majority (83%) of businesses that employ staff claimed that the crisis has had an impact on their employees and staffing levels.
- Businesses were most likely to furlough staff (47%), reduce staff hours (32%) or have staff working from home (25%).

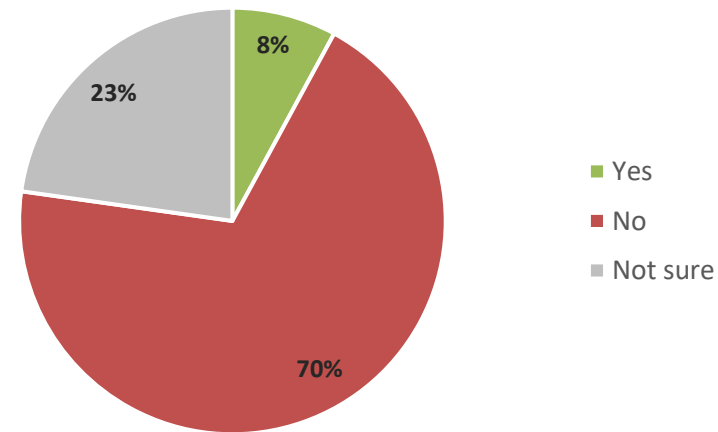
Q: How likely is it that you will have to reduce staff numbers from normal levels in the coming months?



- A similar proportion of businesses (45%) stated that they are likely to reduce or further reduce staff numbers in the coming months compared to last quarter (43%).
- Furthermore, the proportion of businesses which stated that they are 'very likely' to do so was on par with last quarter (30% in Q3 2020 compared to 31% in Q2 2020).
- However, when compared to Q1 2020, businesses demonstrated a more positive outlook.

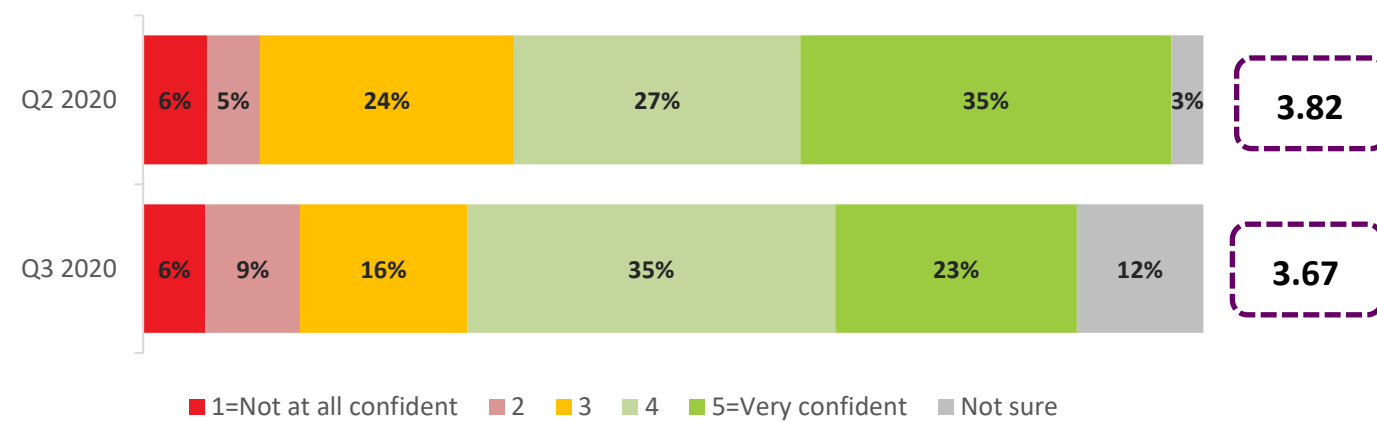
Quarterly Topical Questions:

Q: Will the Job Support Scheme, that comes into effect from 1st November, enable you to retain more employees?



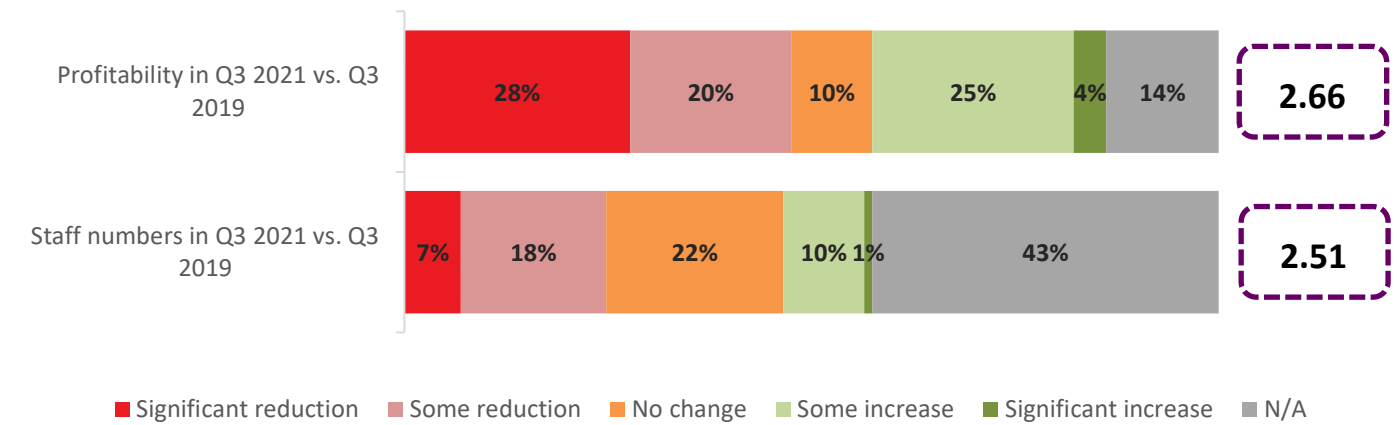
- 70% of businesses stated that the Job Support Scheme, coming into effect from 1st November, will not help them retain employees. Only 8% provided an affirmative answer and the remaining 23% were not sure.

Q: How confident are you of your business surviving the crisis?



- The level of confidence to survive the crisis among businesses in the Cairngorms National Park area remained moderately healthy with 74% of businesses stating a positive or neutral level of confidence.
- However, when compared to the previous quarter, overall confidence to survive the crisis decreased from 3.82 (out of 5) in Q2 2020 to 3.67 out of 5 in Q3 2020.
- Furthermore, a higher level of uncertainty was evident as 12% of businesses stated that they were unsure compared to only 3% in Q2 2020.

Q: When thinking about last year levels in Q3 2019 (i.e. pre COVID-19), how do you anticipate your business will change in terms of likely staff numbers you will have and profitability you will achieve next year in Q3 2021?



- An overall decrease in staff numbers and profitability was expected in Q3 2021 (July to September 2021) as more businesses expect to decrease their staff numbers (25%) and profitability (48%) from last year levels (in Q3 2019 (i.e. pre COVID-19)) than increase (11% and 29%, respectively).