



Cairngorms
Business
Partnership

Cairngorms Business Barometer | Quarter 4 (October to December) | 2019

71
PARTICIPANTS
Q4 2019

KEY VS LAST YEAR (LY)
Higher* ▲
Same ▬
Lower ▼

DASHBOARD SUMMARY

Consistent with the trend of the last few years, there were more overseas visitors and fewer visitors from England than average in the park during Q4 2019.

Although customer numbers and turnover decreased slightly this quarter, they improved significantly compared to Q4 2018. Predictions of turnover and customer numbers for the next 12 months were fairly optimistic as they were broadly consistent with the Q4 trend.

Perceptions of barriers were consistent with the Q4 trend. With the exception of staff costs, all of the listed barriers were considered more challenging this quarter compared to Q4 2018 which highlights increased concerns with the trading landscape.

There was an indication that cost pressures were easing for businesses as they anticipated less steep increases in staff, supplier costs and administration costs compared to the Q4 Average.

Levels of business confidence were generally higher than in Q4 2018 and were above the Q4 Average suggesting increased optimism in future performance.

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: rryce@str.com



BUSINESS LEVELS

	TURNOVER £	CUSTOMERS 👤		
	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q4 19	▲ -2%	▲ 23%	▲ -5%	▲ 24%
Q4 18	-23%	13%	-18%	19%
QTR AVG	-3%	26%	-6%	25%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

We continue to see a general and steady trend of an increasing number of visitors from overseas to the National Park. Through VisitCairngorms we have been targeting visitors from France, Germany and North America and whilst this increase is too early to claim as a result of that campaign work we would expect it to continue. More generally, across all sectors, we have witnessed a return to more buoyant turnover and customer levels compared to a relatively poor Q4 last year.

We have also witnessed a slight upturn in confidence levels against Q4 2018 in the medium and long term.

Staffing levels remain in the top three barriers to growth, for the hospitality sector particularly the recently published immigration policy will cause businesses further concern.

BUSINESS CONFIDENCE

NEXT X MONTHS:



	3	12	24
Q4 19	▬ 5.25	▲ 6.30	▲ 6.48
Q4 18	5.25	5.79	5.76
QTR AVG	5.17	6.12	6.30

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

BARRIERS TO GROWTH

	👤	📁	👥	AVG
Q4 19	◆ 6.19	◆ 5.99	◆ 5.89	◆ 5.47
Q4 18	5.55	5.82	5.60	5.08
QTR AVG	6.04	5.67	5.41	5.45

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.

COST

	Q4 19	Q4 18	QTR AVG
STAFF			
LAST 3 MONTHS	● 8%	39%	27%
NEXT 12 MONTHS	● 38%	61%	46%
SUPPLIER			
LAST 3 MONTHS	● 44%	52%	59%
NEXT 12 MONTHS	● 61%	64%	70%
ADMINISTRATION			
LAST 3 MONTHS	● 19%	24%	35%
NEXT 12 MONTHS	◆ 39%	38%	47%

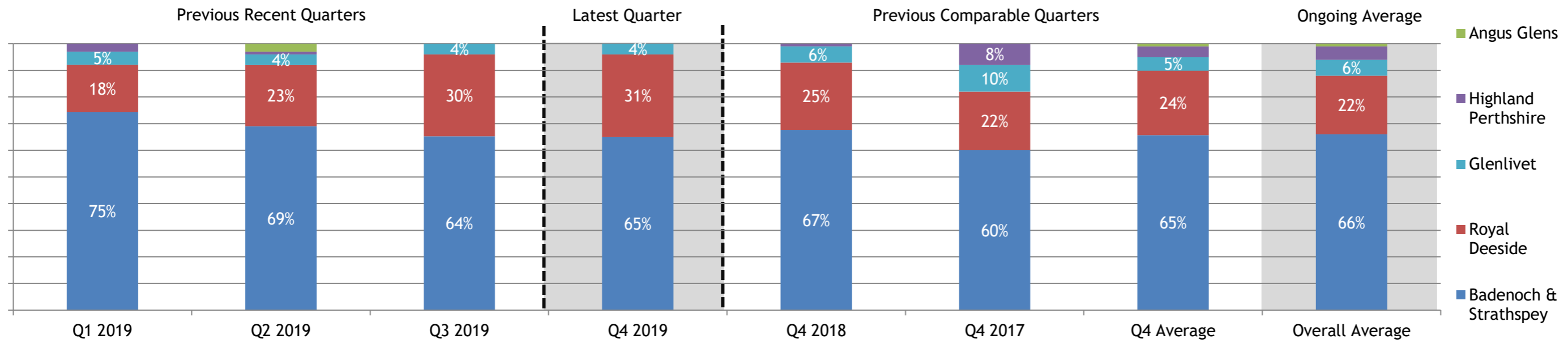
Net cost changes in last 3 months and in next 12 months compared to last year and quarter average.

ORIGIN OF VISITORS

	🇪🇸	🇬🇧	✈️
Q4 19	▼ 51%	▲ 27%	▲ 20%
Q4 18	53%	26%	17%
QTR AVG	52%	30%	12%

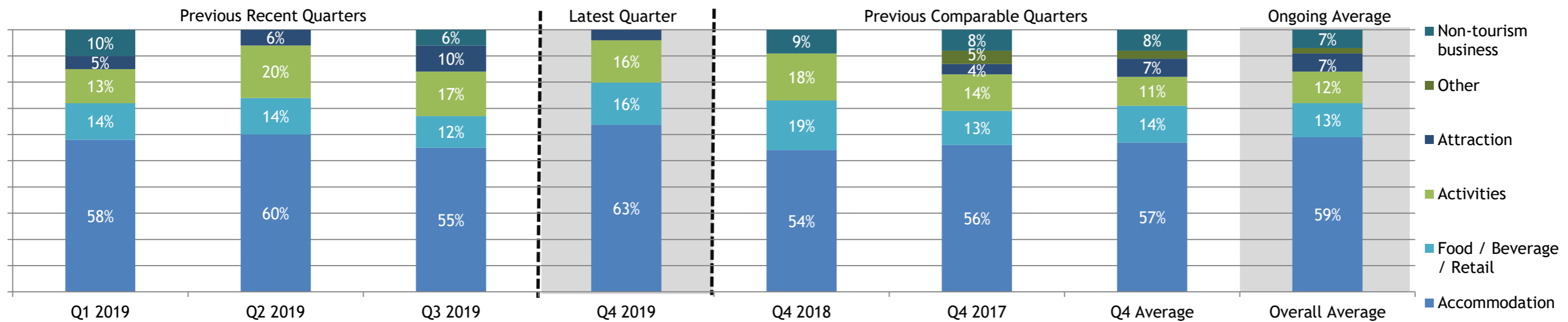
Mix of customers during quarter compared to last year and quarter AVG.

Area



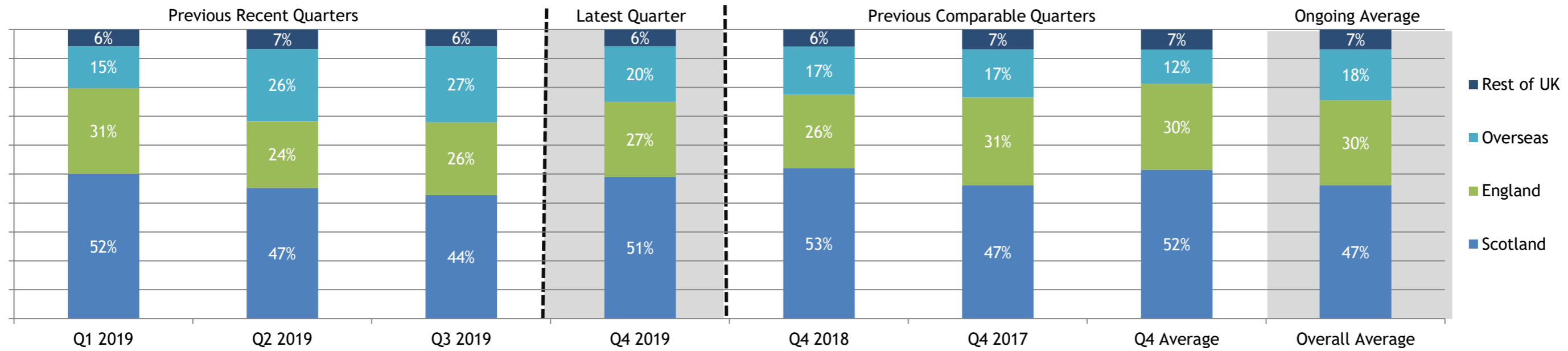
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (65%), Royal Deeside (31%), Glenlivet (4%), and Highland Perthshire (1%).

Sector



► In terms of business sector, the sample was made up as follows: Accommodation provider (63%), Food / Beverage / Retail business (16%), Activity operator (16%), Attraction (4%).

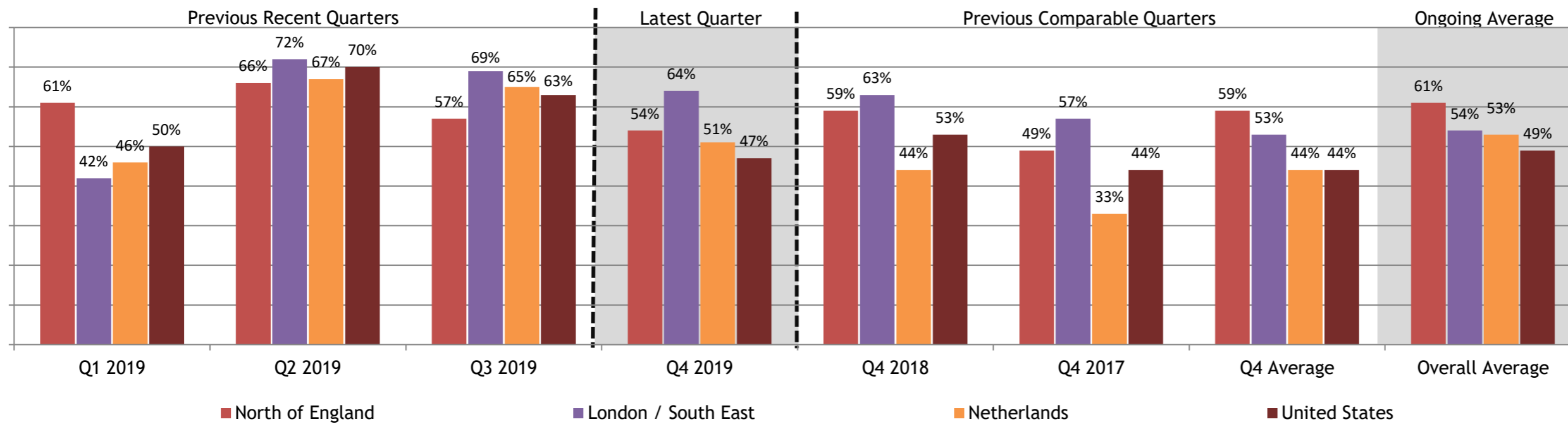
Origin



► The mix of customers in the Park area during the quarter was as follows: Scotland customers (51% of all customers), visitors from England (27%), Overseas visitors (20%), and visitors from the rest of the UK (6%).

► The results this quarter showed a similar proportion of visitors from Scotland, fewer visitors from England and more from overseas compared to the Q4 Average.

Origin - Top Source Markets England and Overseas

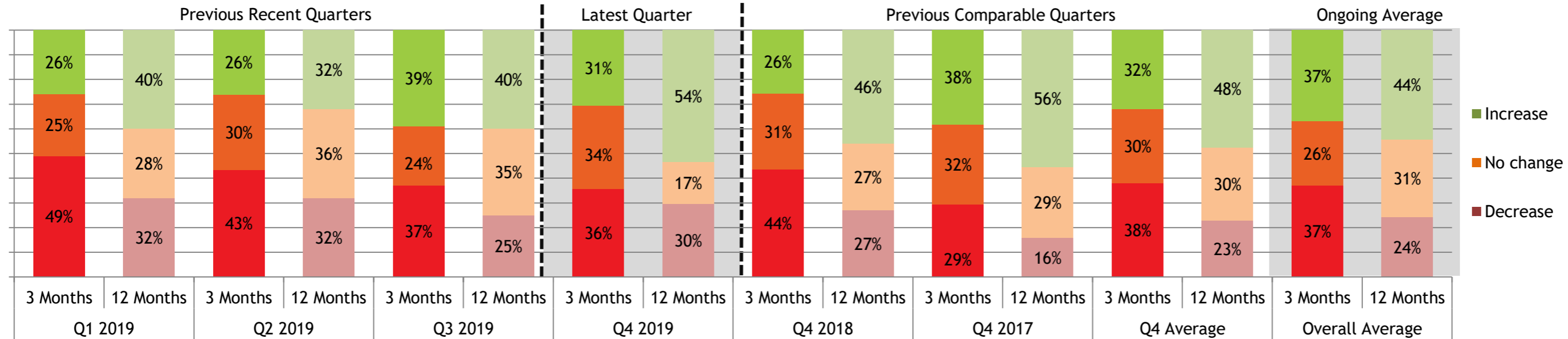


► The most common segment from England was visitors from London/South East (64% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from the North of England (54%). There were fewer visitors from the North of England and more from London / South East compared to the Q4 Average.

► The Netherlands and U.S. markets were the most common segments from abroad (51% and 47%, respectively). The incidence of visitors from the Netherlands was higher than recent Q4s, and higher than the Q4 Average. The incidence of visitors from the U.S. was slightly higher than the Q4 Average but lower than the Overall Average.

Business Levels

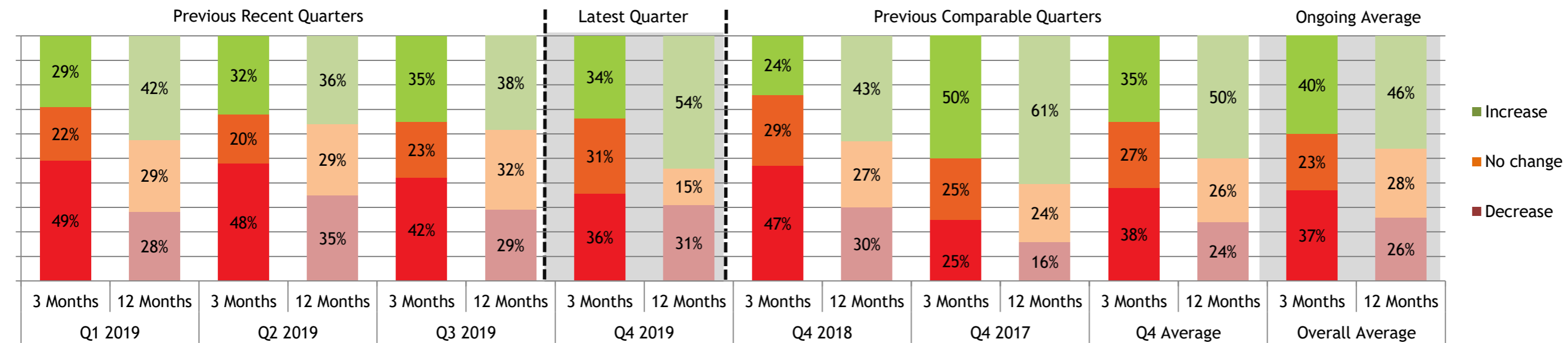
No. Of Customers: Last 3 months and next 12 months



- There was a small overall decrease in customer numbers as more businesses decreased their customer numbers than increased (36% versus 31%). Customer number performance was higher than the previous Q4 but broadly inline with the Q4 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 the number that expected to decrease them (54% versus 30%). The outlook recorded this quarter was more positive than the previous Q4 and the Overall Average.

Business Levels

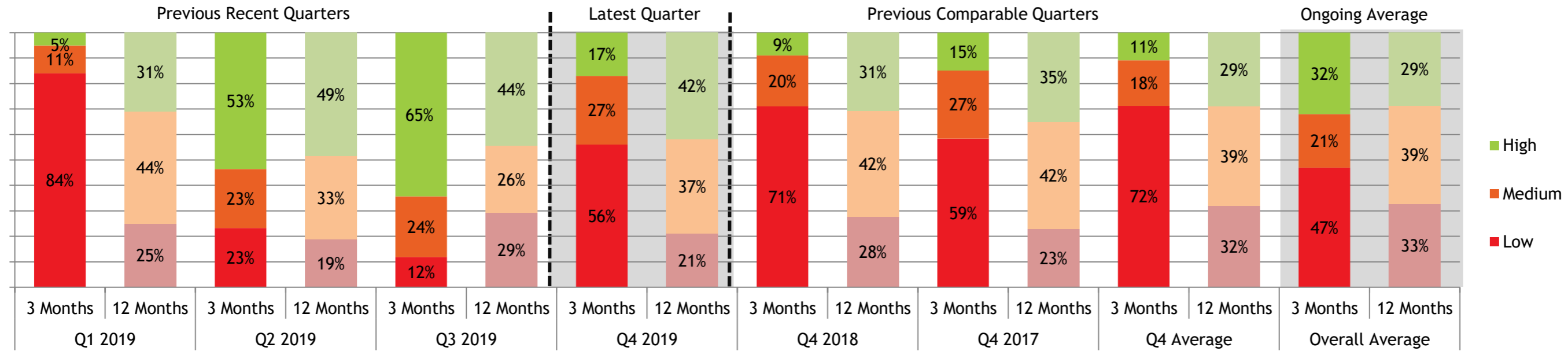
Turnover: Last 3 months and next 12 months



- There was an overall decrease in turnover this quarter as more businesses decreased their turnover than increased (36% versus 34%). However, this reduction in turnover was significantly lower than the decrease in turnover reported in the previous Q4. The results this quarter were as a result broadly inline with previous Q4s.
- 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 (54% versus 31%). The results this quarter were more optimistic than the previous Q4, but were weaker than the Overall Average.

Business Levels

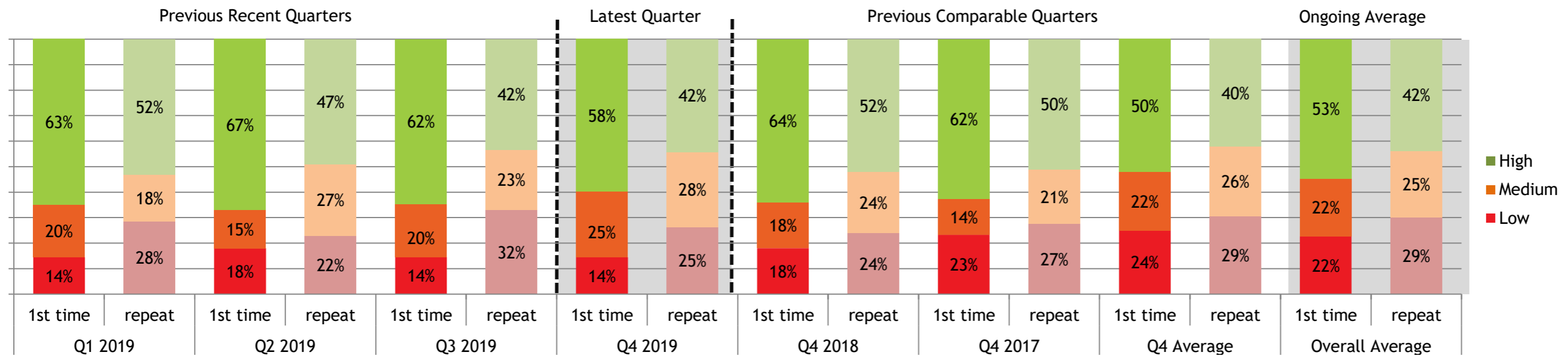
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 56% of accommodation providers recorded low occupancy of less than 50% whilst 17% achieved high occupancy of 70% or above during the quarter. As a result average occupancy overall was higher than the previous Q4 and the Q4 Average.
- ▶ 21% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 42% expected to achieve high occupancy of 70% or above. Accommodation providers had higher expectations regarding future performance compared to the previous Q4, and demonstrated a more positive outlook compared to the Q4 and Overall Averages.

Influences

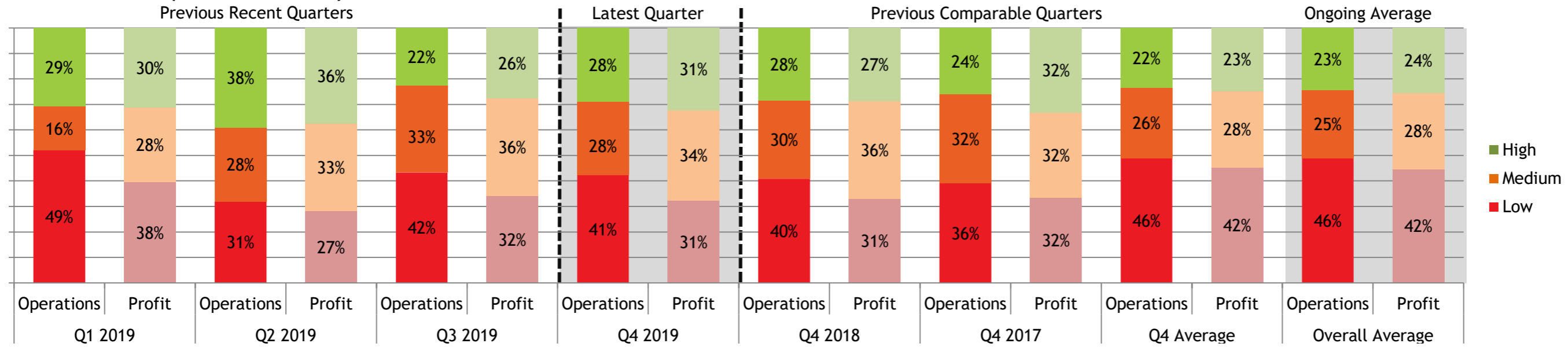
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 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 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 below Q4 2018 but above the Q4 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 25% 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 lower than Q4 2018 but slightly above the Q4 and Overall Averages.

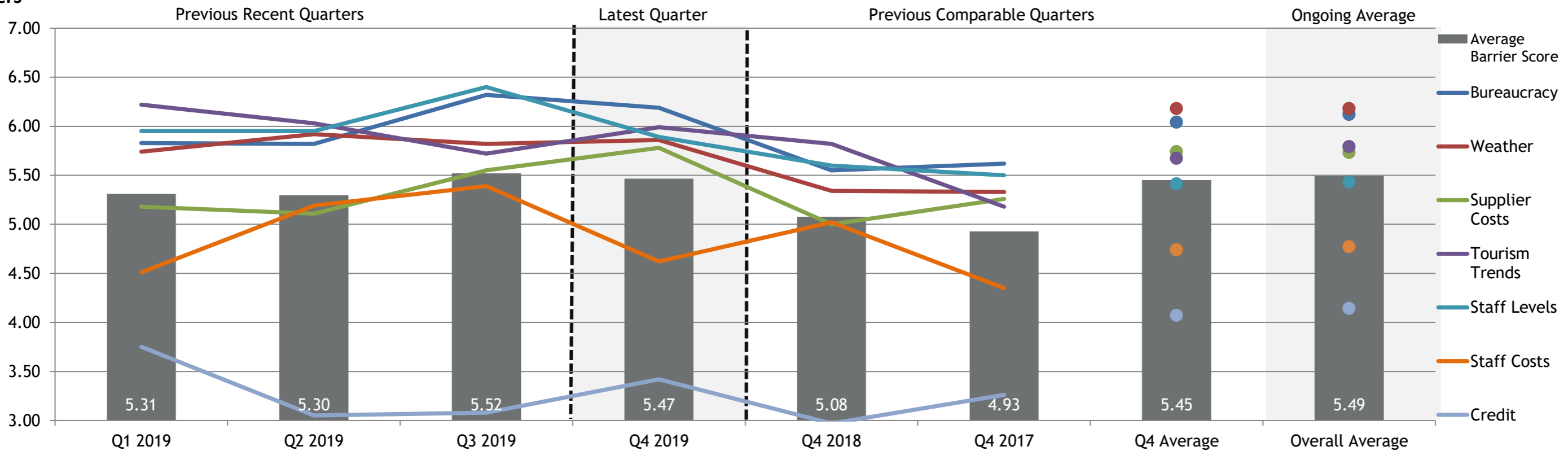
Influences

Influence of CNP - On Business Operations & Profitability



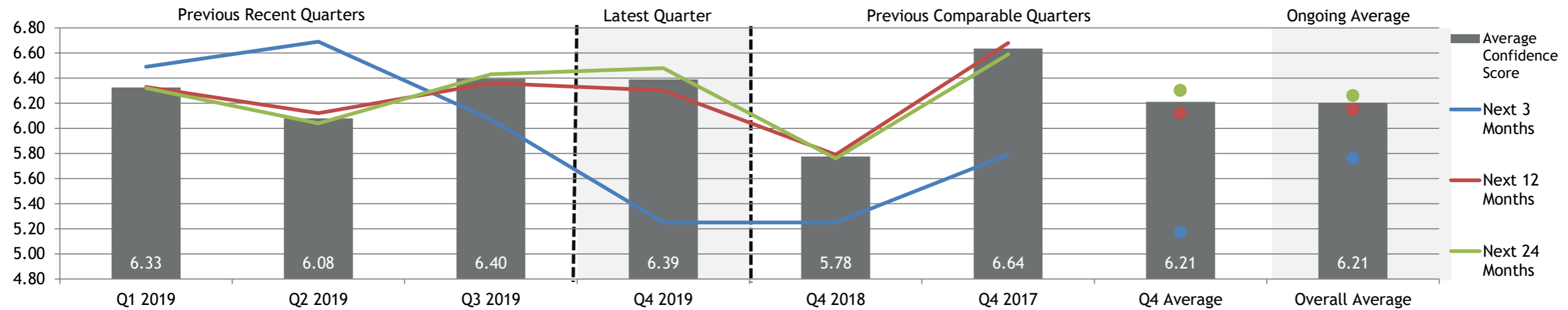
- ▶ 28% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 41% stated it had a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was inline with Q4 2018 and above the Q4 and 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 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 slightly above Q4 2018 and above the Q4 and Overall Averages.

Barriers



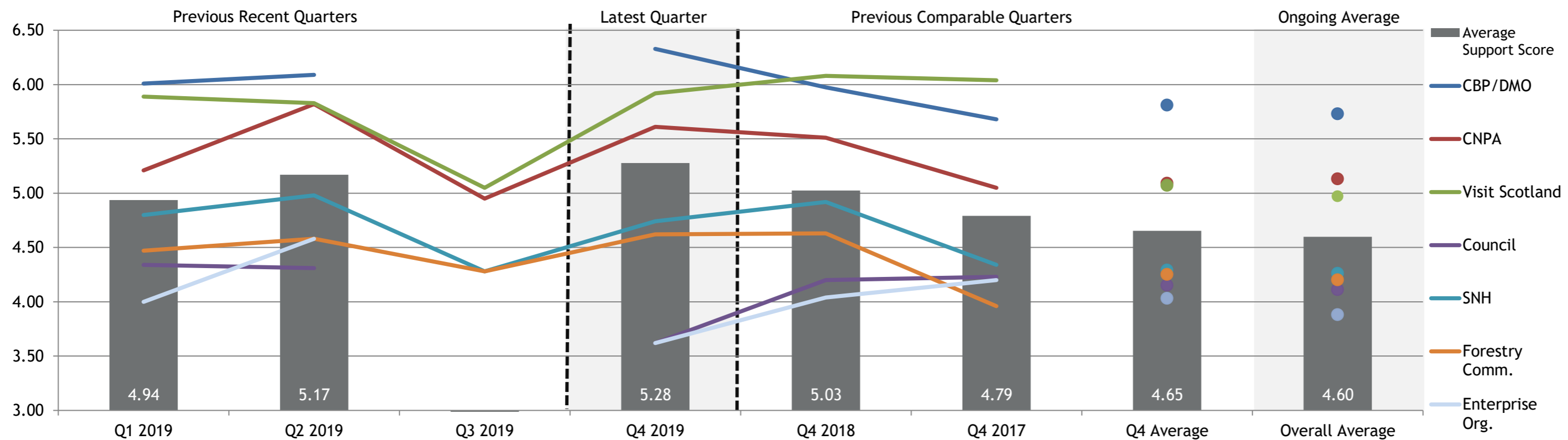
- ▶ The average barrier to growth score this quarter was 5.47 out of 10 which was above Q4 2018 and broadly on par with the Q4 Average and Overall Average.
- ▶ Bureaucracy (6.2), tourism trends (6.0) along with weather and staff levels (both 5.9) were perceived to be the most significant barriers to growth.
- ▶ The barrier which recorded the steepest change from last quarter was staff costs decreasing from 5.4 in Q3 2019 to 4.6 in Q4 2019.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 5.25 out of 10 which was lower than Q3 2019 but on par with Q4 2018 and above the Q4 Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.30 out of 10 which although below Q3 2019 was above the previous Q4, as well as the Q4 Average and Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.48 out of 10 which was on par with Q3 2019 but above Q4 2018, the Q4 Average and the Overall Average.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.39 which is again on par with Q3 2019 but above Q4 2018, the Q4 Average and the Overall Average.

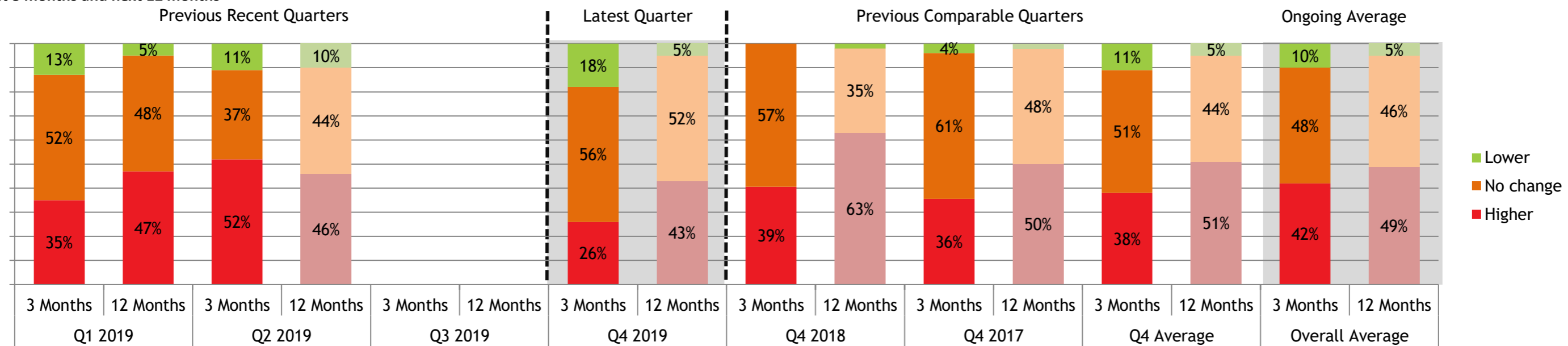
Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.28 which was higher than recent quarters, Q4 2018 and the Q4 Average and the Overall Average.
- ▶ The contribution / support provided by CBP/DMO (6.33) was rated most positively whilst the opposite was true for Councils and Enterprise Organisations (both 3.62).
- ▶ Excluding CBP/DMO, Council and Enterprise Orgs, the organisation which recorded the largest change in perception from Q3 2019 was VisitScotland as scores increased from 5.05 in Q3 2019 to 5.92 in Q4 2019.
- ▶ Excluding CBP/DMO, Council and Enterprise Orgs., the support provided by every organisation was rated higher in Q4 2019 than in Q3 2019.

Costs - Staff

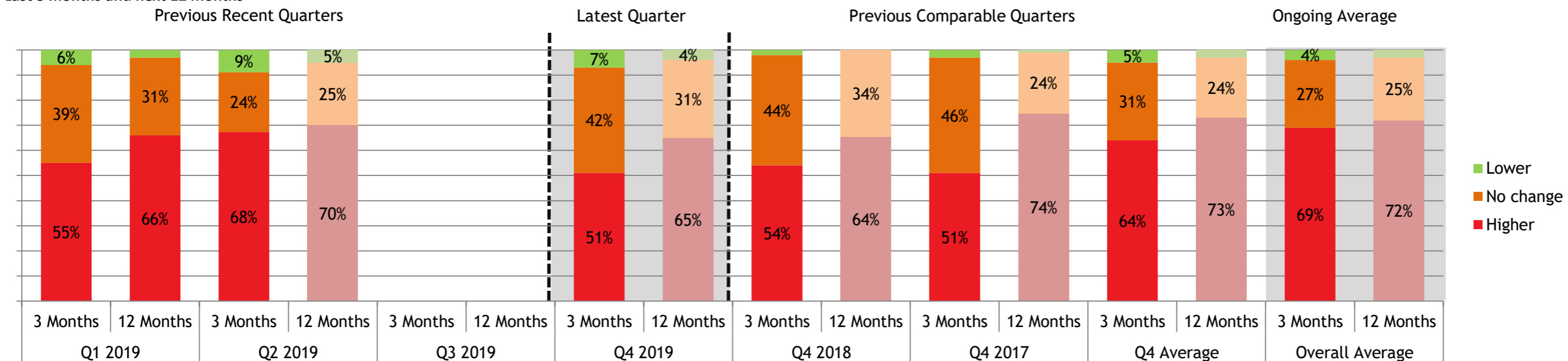
Staff: Last 3 months and next 12 months



- ▶ 18% of businesses registered a decrease in staff costs whilst 26% recorded an increase. Overall, therefore, there was a net increase in staff costs. The overall increase in staff costs was lower than previous Q4s and the Q4 and Overall Averages.
- ▶ Staff costs are expected to increase for 43% 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 Q4 periods, as well as the Q4 Average and the Overall Average.

Costs - Supplier

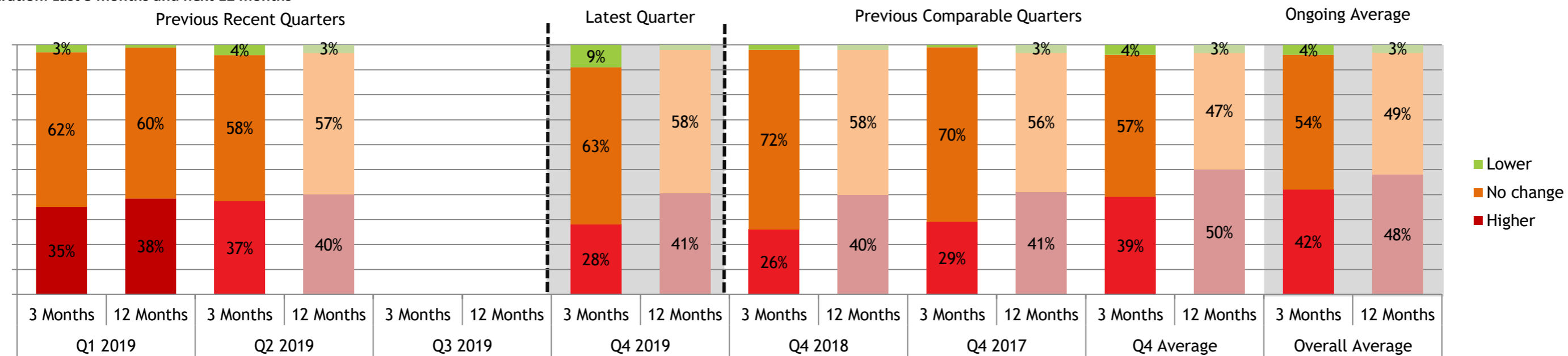
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was evident as 51% of businesses indicated that these costs had increased compared to only 7% who said supplier costs had decreased. This increase in costs was lower than the costs reported in Q4 2018 and lower than the Q4 Average and the Overall Average.
- ▶ Supplier costs are expected to increase for 65% of businesses in the year ahead compared to just 4% who expected a decrease. These results imply that businesses expect supplier costs to increase inline with the previous Q4, but less steeply than the Q4 Average and the Overall Average.

Costs - Administration

Administration: Last 3 months and next 12 months



- ▶ The majority of businesses (63%) noted no change in administration costs. However, an overall increase was recorded as 28% stated that these costs had increased whilst 9% said these costs had decreased. These results imply that administration costs increased less steeply than Q4 2018, the Q4 Average and the Overall Average.
- ▶ Administration costs were expected to rise in the year ahead by 41% of businesses whilst only 2% expected a decline. These results imply that businesses expect administration costs to continue increasing less steeply than the Q4 Average and the Overall Average.