



Cairngorms Business Barometer | Quarter 1 (January to March) | 2020

DASHBOARD SUMMARY

The results this quarter were heavily impacted by the outbreak of Covid-19 and the travel restrictions and social distancing measures implemented by government. The majority of businesses stated losses of up to £100,000 so far and the vast majority stated that they require government support now and/or in the future. Long term relief from paying business related taxes (45%), help with covering salaries (38%) and mortgage / rent payments (33%) were the key support mechanisms required by businesses.

Businesses recorded significant reductions in customers and turnover this quarter compared to previous quarters and they expected performance to drop even further in the year ahead.

Short and medium term business confidence were at their lowest ever levels since the barometer began in 2009. Suggesting a more positive outlook for the long term, long term confidence was only slightly below recent and comparable previous quarters.

Levels of business investment in staff training, marketing and buildings / infrastructure were below the Q1 and Overall Averages. Furthermore, businesses were more cautious with regard to their investment plans for the next 12 months than seen previously.

CBP/DMO recorded the largest positive change in perception from last year and also achieved an increase in their perceived contribution compared to Q4 2019. These findings suggest that businesses have largely valued 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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PARTICIPANTS
Q1 2020

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

BUSINESS LEVELS

	TURNOVER	CUSTOMERS		
	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q1 20	▼ -65%	▼ -90%	▼ -66%	▼ -86%
Q1 19	-20%	14%	-23%	8%
QTR AVG	-16%	7%	-19%	7%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

Whilst this is the quickest turnaround time for the quarterly report we have had for some time, the report itself has never felt more dated.

Business confidence levels, both short and medium term, at the end of Q1 were, of course, at an 11 year low. It is testament to and reflective of the positive, entrepreneurial, solutions driven nature of Cairngorms businesses, that long term confidence remained relatively strong.

Answers to the Covid-19 related questions demonstrated the devastating impact for our whole Cairngorms community, with 82% of businesses (compared to 52% across Scotland) having already reduced staff numbers as at 22nd April 2020 and 60% anticipating to reduce staff numbers further in the coming months.

The need for longer term support, so businesses can rebuild and recover, is very evident.

BUSINESS CONFIDENCE

NEXT X MONTHS:



Q1 20	▼ 1.64	▼ 3.53	▼ 6.10
Q1 19	6.49	6.33	6.32
QTR AVG	5.67	5.89	6.19

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

BARRIERS TO GROWTH

				AVG
Q1 20	◆ 7.55	◆ 6.89	● 5.77	◆ 5.82
Q1 19	6.22	5.83	5.95	5.31
QTR AVG	5.94	6.27	5.45	5.59

Tourism Trends, Bureaucracy, 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

	Q1 20	Q1 19*	QTR AVG
STAFF			
LAST 3 MONTHS	-35%		10%
NEXT 12 MONTHS	-38%		21%
MARKETING			
LAST 3 MONTHS	-26%		19%
NEXT 12 MONTHS	-25%		27%
INFRASTRUCTURE			
LAST 3 MONTHS	-14%		25%
NEXT 12 MONTHS	-34%		29%

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

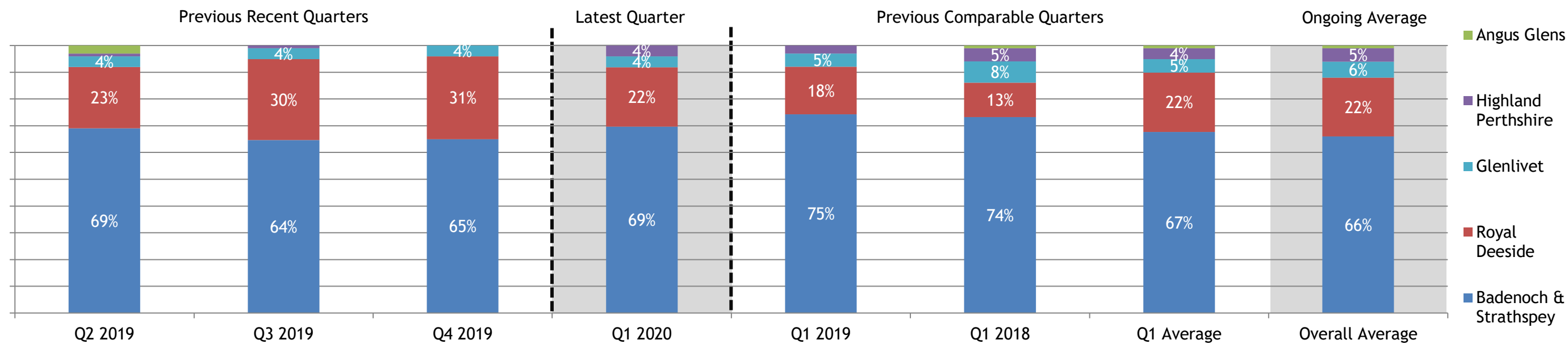
*Unfortunately, due to a technical error no investment data is available for Q1 2019.

ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q1 20	▲ 54%	▼ 29%	▼ 12%
Q1 19	52%	31%	15%
QTR AVG	50%	31%	12%

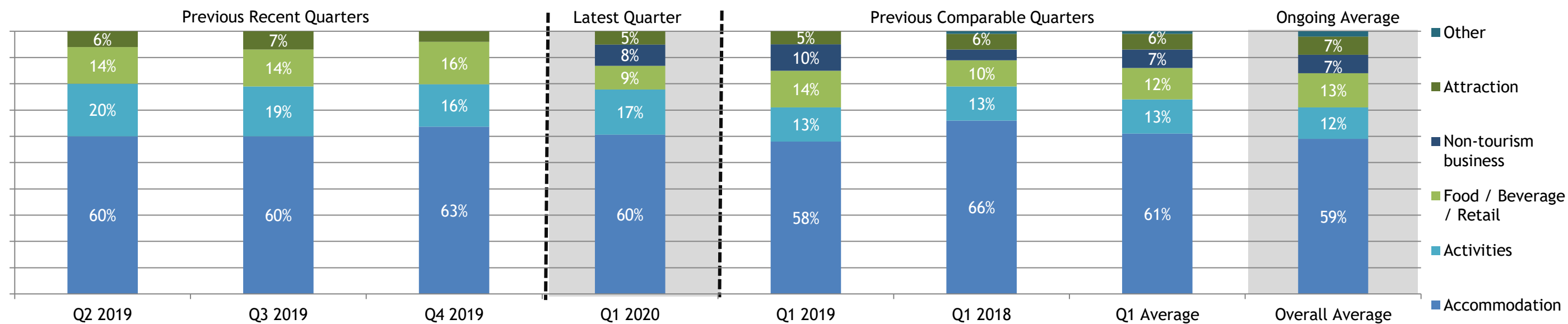
Mix of customers during quarter compared to last year and quarter AVG.

Area



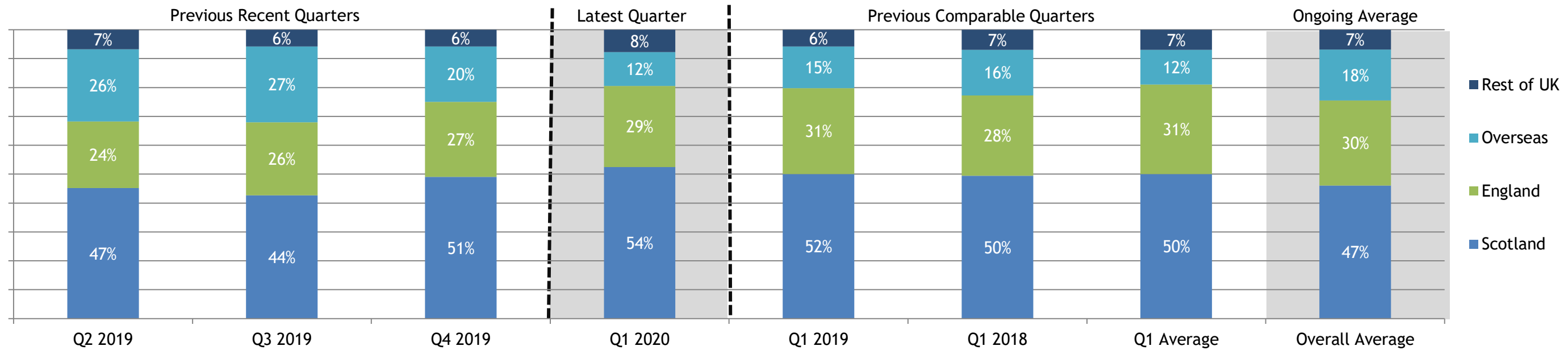
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (69%), Royal Deeside (22%), Glenlivet (4%), and Highland Perthshire (4%).

Sector



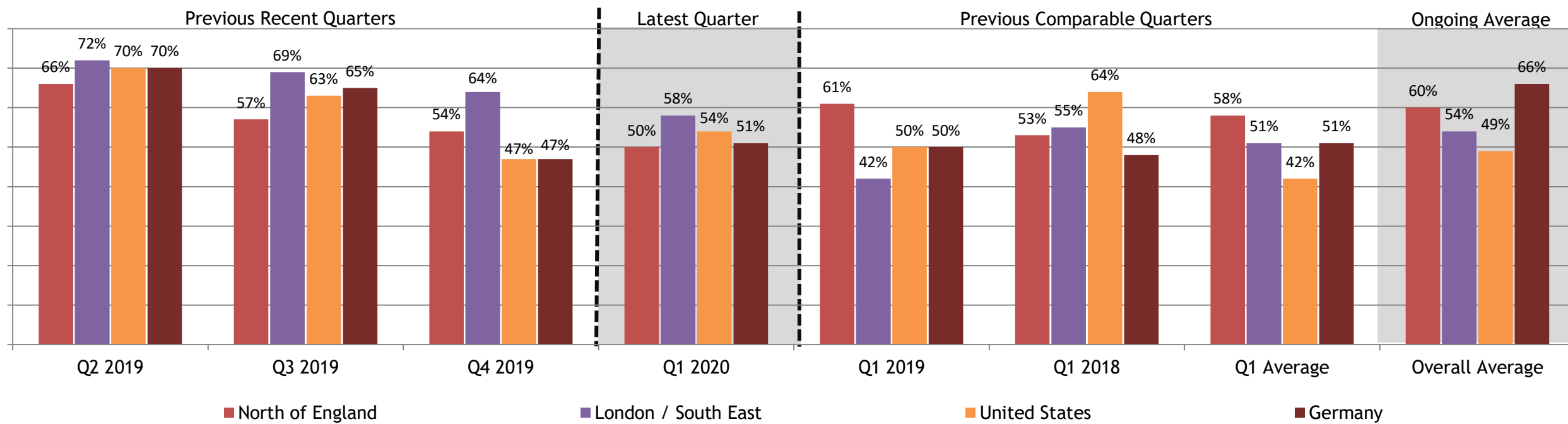
► In terms of business sector, the sample was made up as follows: Accommodation provider (60%), Activity operator (17%), Food / Beverage / Retail business (9%), Non-tourism business (8%), Attraction (5%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (54% of all customers), visitors from England (29%), Overseas visitors (12%), and visitors from the rest of the UK (8%).
- ▶ As in previous quarters, the Scottish market continued to account for the largest share of visitors (54%). Visitors from England were the second largest market (29%). Their representation was broadly in line with recent Q1s and the Q1 and the Overall Averages. A slight decrease was noted in visitors from overseas (12%) compared to recent Q1s.

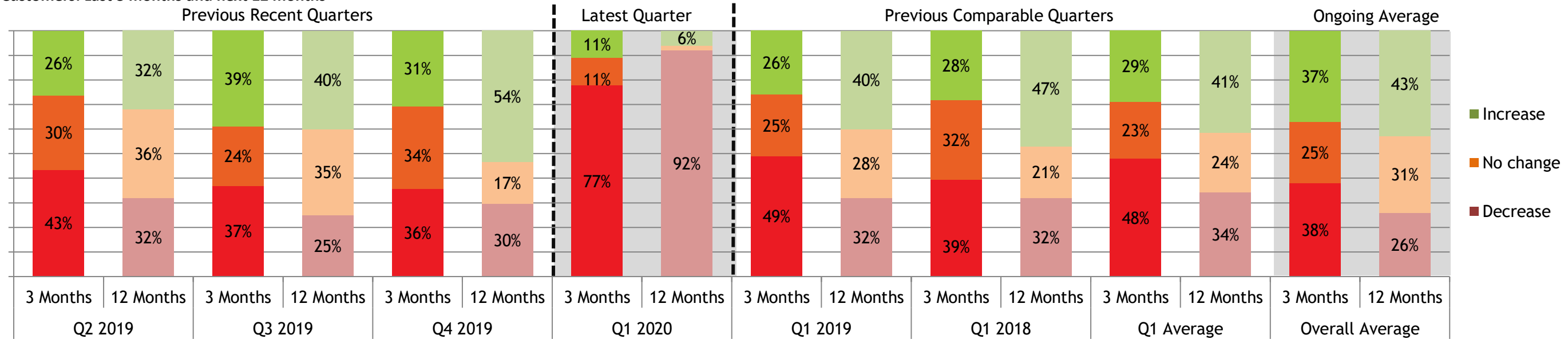
Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from London/South East (58% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from the North of England (50%). The proportion of visitors from London/South East was higher compared to recent Q1s and the Q1 and Overall Averages. Meanwhile, the opposite trend was apparent for visitors from North of England.
- ▶ The U.S. and German markets were the most common segments from abroad accounting for 54% and 51%, respectively. The incidence of visitors from the U.S. was above Q1 2019 and the Q1 and the Overall Averages. The incidence of visitors from Germany was in line with Q1 2019 and the Q1 Average.

Business Levels

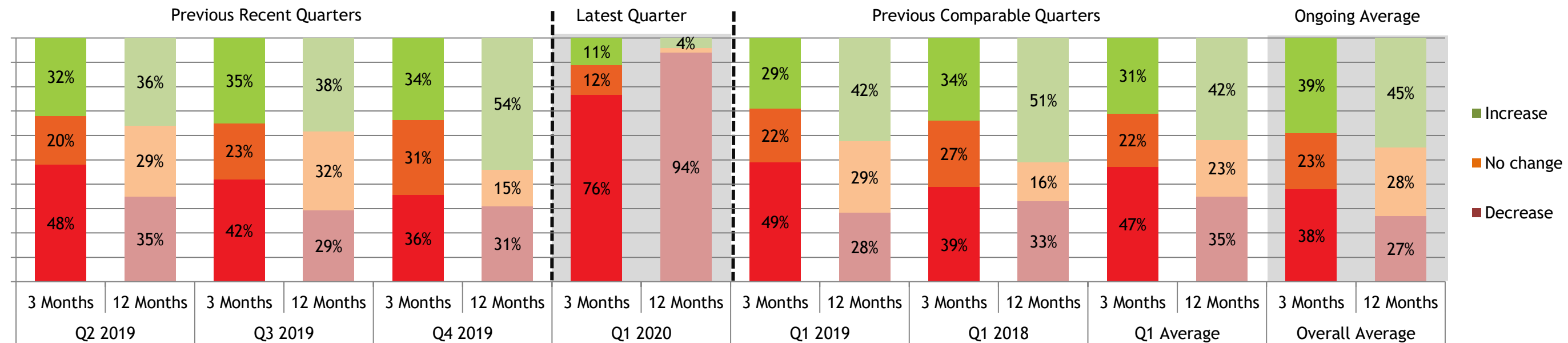
No. Of Customers: Last 3 months and next 12 months



- There was an overall decrease in customer numbers as more businesses decreased their customer numbers than increased (77% versus 11%). Customer number performance was well below recent Q1s as well as the Q1 and Overall Averages.
- Overall an even larger drop in customer numbers was expected in the year ahead as significantly more businesses expected to decrease customer numbers from their current level in the next 12 months compared to recent Q1s and the Q1 and Overall Averages.

Business Levels

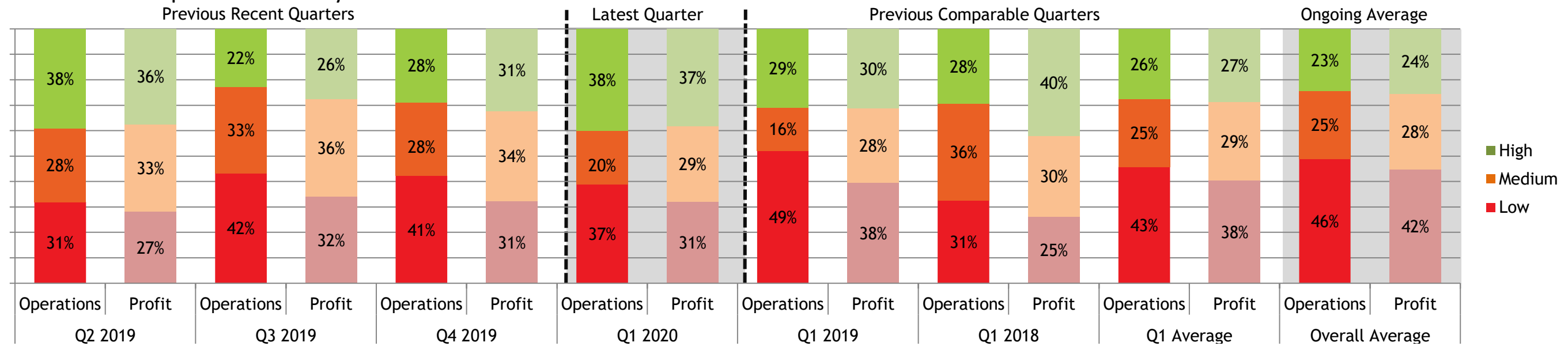
Turnover: Last 3 months and next 12 months



- There was an overall reduction in turnover this quarter as more businesses decreased their turnover than increased (76% versus 11%). This drop in turnover was much larger than recent Q1s and the Q1 and Overall Averages.
- An overall decrease in turnover was expected in the year ahead as significantly more businesses expected to decrease their turnover from the current level in the next 12 months compared to recent Q1s and the Q1 and Overall Averages. Consistent with other findings, the results this quarter showed less optimism for future performance compared to recent Q1s and the Q1 and Overall Averages.

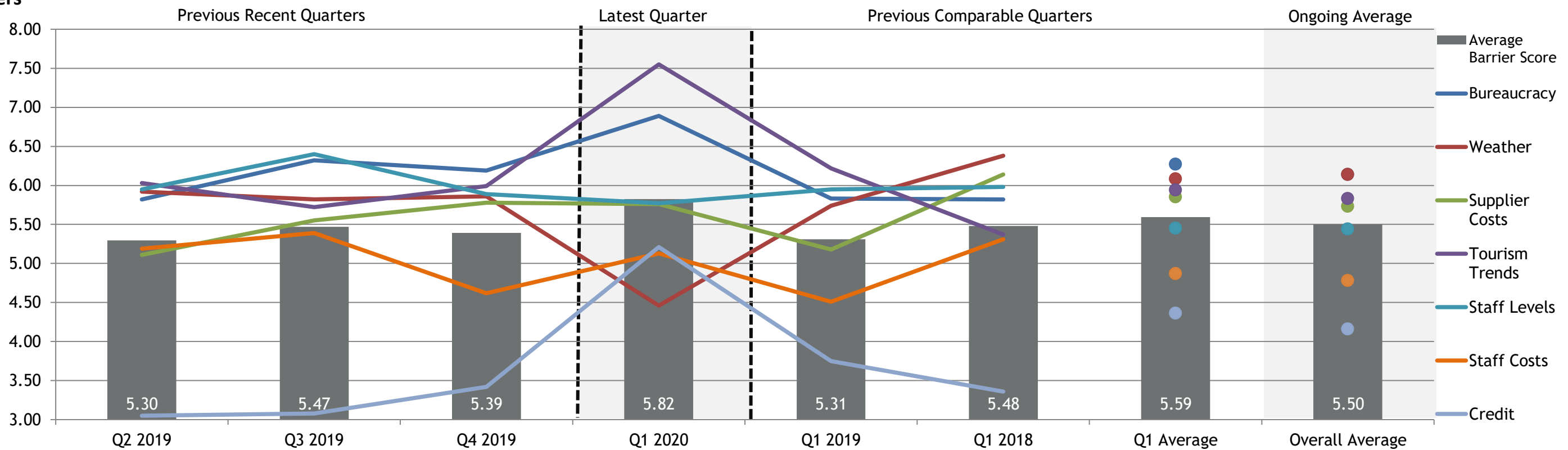
Influences

Influence of CNP - On Business Operations & Profitability



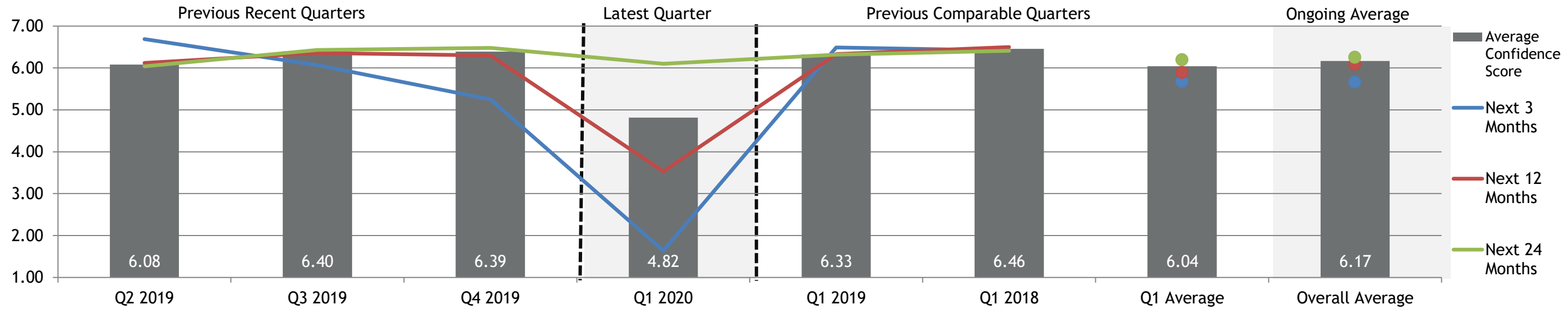
- ▶ 38% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 37% stated it had a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was above Q1 2019 and the Q1 and Overall Averages.
- ▶ 37% 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 Q1 2019 and the Q1 and Overall Averages.

Barriers



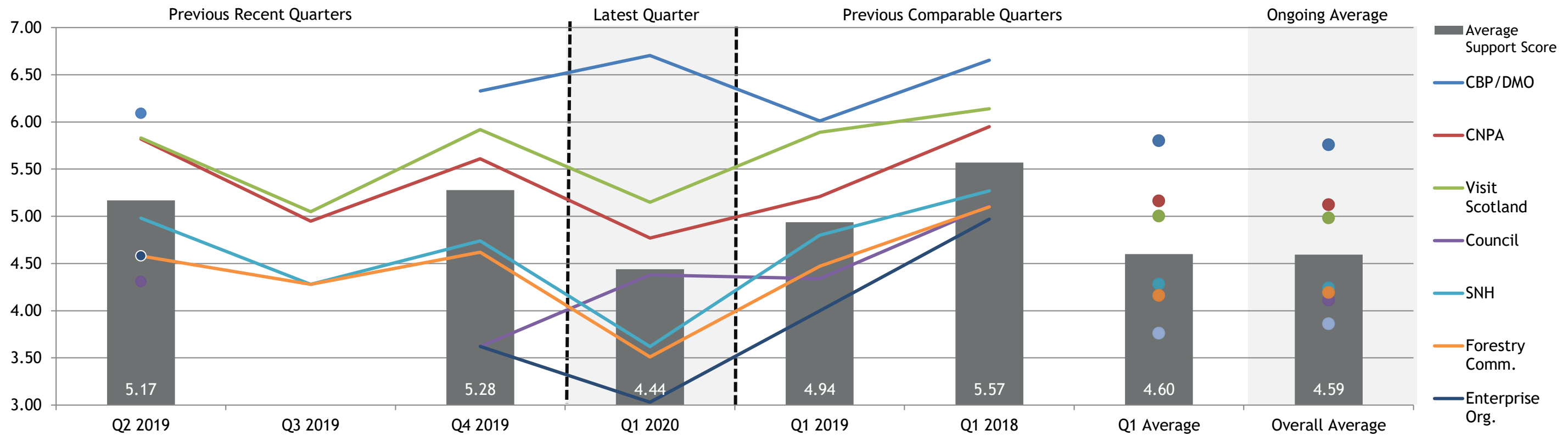
- ▶ The average barrier to growth score this quarter was 5.82 out of 10 which was above recent Q1s and the Q1 and Overall Averages.
- ▶ Tourism Trends (7.55), bureaucracy (6.89) and staff levels (5.77) were perceived to be the most significant barriers to growth.
- ▶ The barriers which recorded the steepest increases from last quarter were tourism trends going up from 5.99 in Q4 2019 to 7.55 in Q1 2020 and access to credit going up from 3.42 to 5.21.
- ▶ As expected, the Covid-19 outbreak was also considered to be a prominent barrier to growth during the quarter.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 1.64 out of 10 which was at its lowest ever level since the barometer was launched in Q3 2009.
- ▶ Medium term confidence (next 12 months) also dropped to a record low level of 3.53 out of 10.
- ▶ Long term confidence (next 24 months) was rated at 6.10 out of 10 which signifies a much more positive outlook compared to the short and medium term confidence levels. However, long term confidence was still slightly below recent Q1s and the Q1 and Overall Averages.
- ▶ As a result, the Average Confidence Score - factoring in the medium and long term view - was 4.82 which was well below all previously recorded quarters.

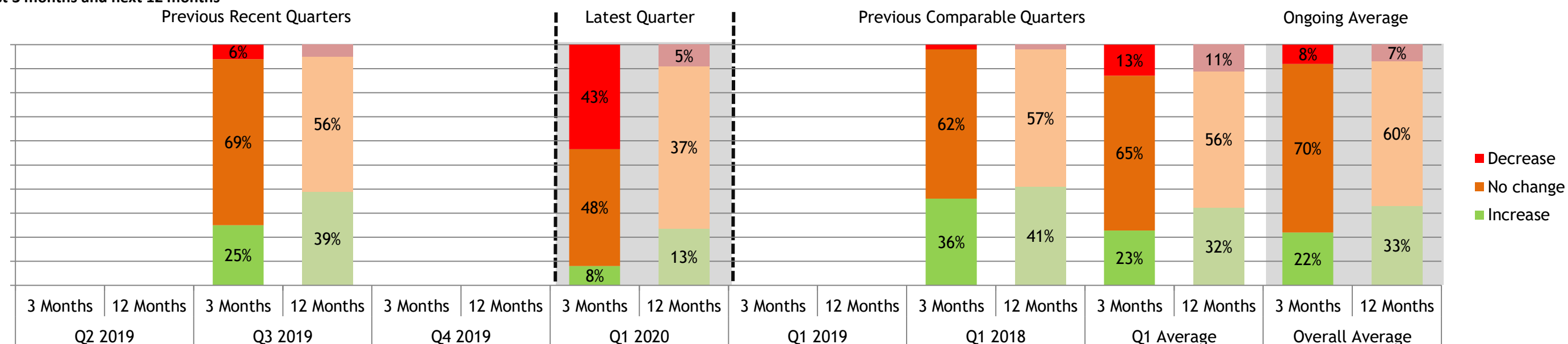
Support



- ▶ The overall level of support / contribution provided by organisations was rated at 4.44 which was lower than recent Q1s and the Q1 and Overall Averages.
- ▶ The contribution / support provided by CBP/DMO (6.70) was rated most positively whilst the opposite was true for the Enterprise Organisation (3.03).
- ▶ The organisation which recorded the largest change in perception from Q4 2019 was the Council as scores increased from 3.62 in Q4 2019 to 4.38 in Q1 2020.
- ▶ The organisation which recorded the largest change in perception from last year was CBP/DMO: average support scores increased from 6.01 in Q1 2019 to 6.70 in Q1 2020.

Investment - Staff

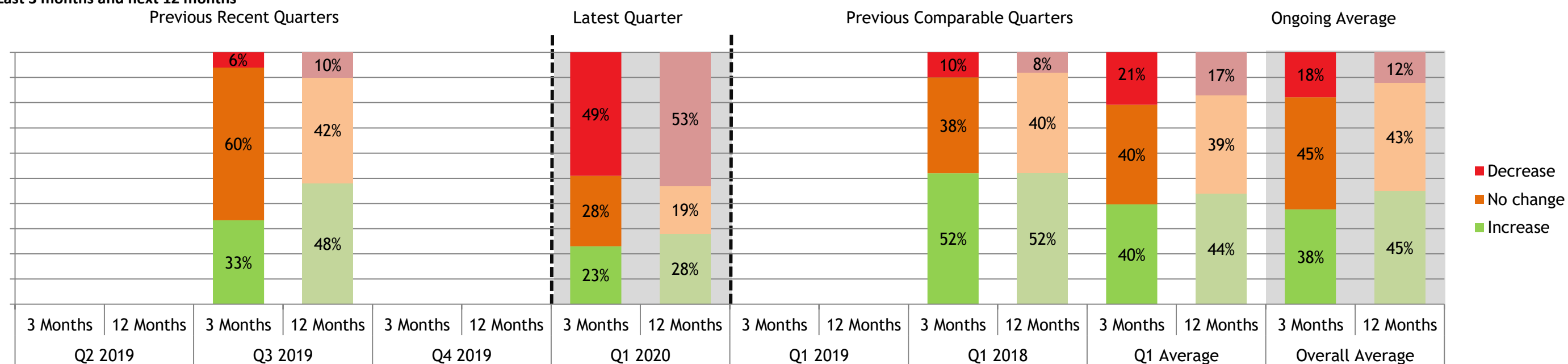
Staff: Last 3 months and next 12 months



- ▶ 43% of businesses registered a decrease in staff investment whilst 8% recorded an increase. Overall, therefore, there was a net decrease in staff investment. This was the first time in the history of the barometer that the overall net staff investment amount was negative.
- ▶ Staff investment is expected to increase for 13% of businesses in the year ahead whilst only 5% expected them to decrease. However, these results imply that staff investments are expected to rise less steeply compared to Q1 2018 and the Q1 and Overall Averages.

Investment - Marketing

Supplier: Last 3 months and next 12 months

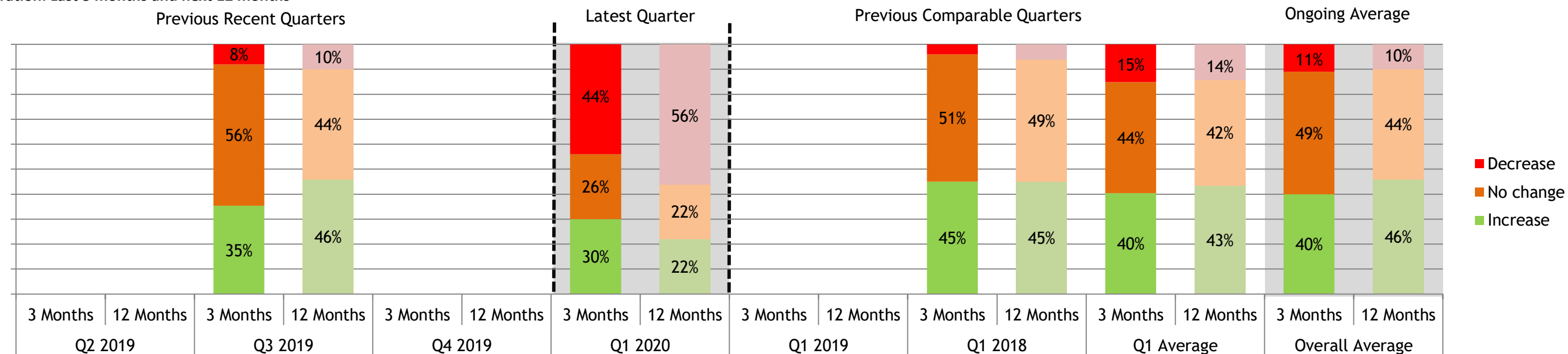


- ▶ An overall decrease in marketing investment was also evident as 23% of businesses indicated that these investments had increased compared to 49% who said marketing investment had decreased. This was the first time in the history of the barometer that the overall net marketing investment amount was negative.
- ▶ Marketing investment is expected to increase for 28% of businesses in the year ahead compared to 53% who expected a decrease. These results imply that businesses are less likely to invest in marketing compared to Q1 2018 and the Q1 and Overall Averages.

**Unfortunately, due to a technical error no investment data is available for Q1 2019.

Investment - Infrastructure

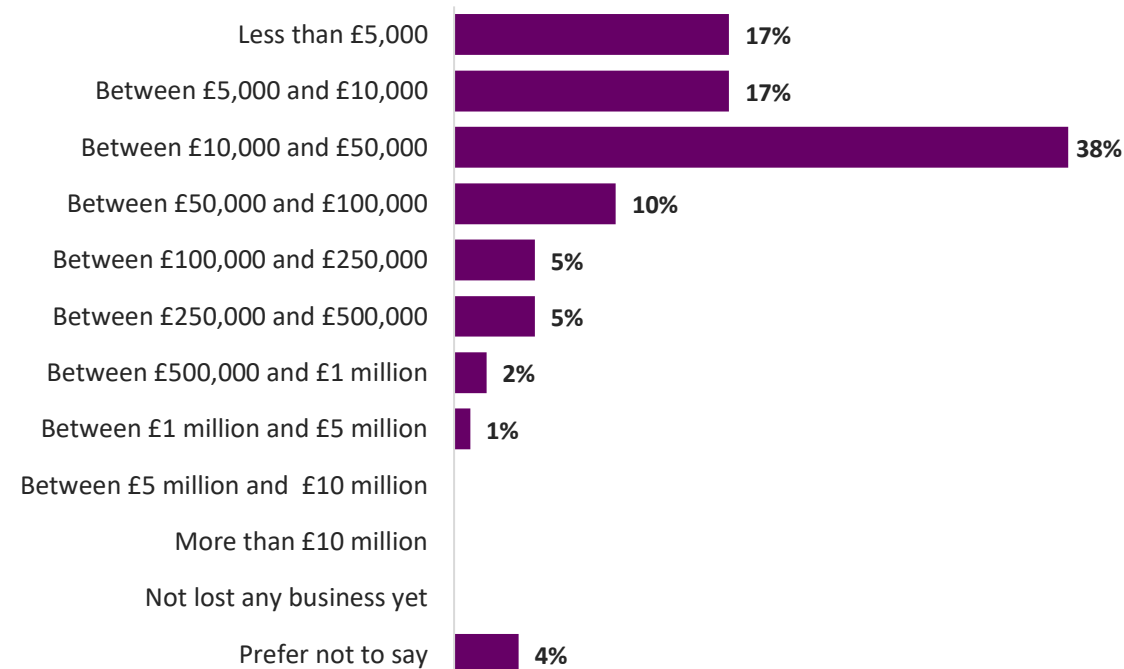
Administration: Last 3 months and next 12 months



- ▶ An overall decrease in buildings and infrastructure investment was recorded as 30% of businesses increased their investment in this aspect whilst 44% decreased investment. This was the first time in the history of the barometer that the overall net infrastructure investment amount was negative.
- ▶ Infrastructure investment was expected to drop in the year ahead by 56% of businesses whilst 22% expected to increase investment in this aspect. These results imply that businesses expect a continued (and steeper) decline in infrastructure investment compared to the current level and historic levels.

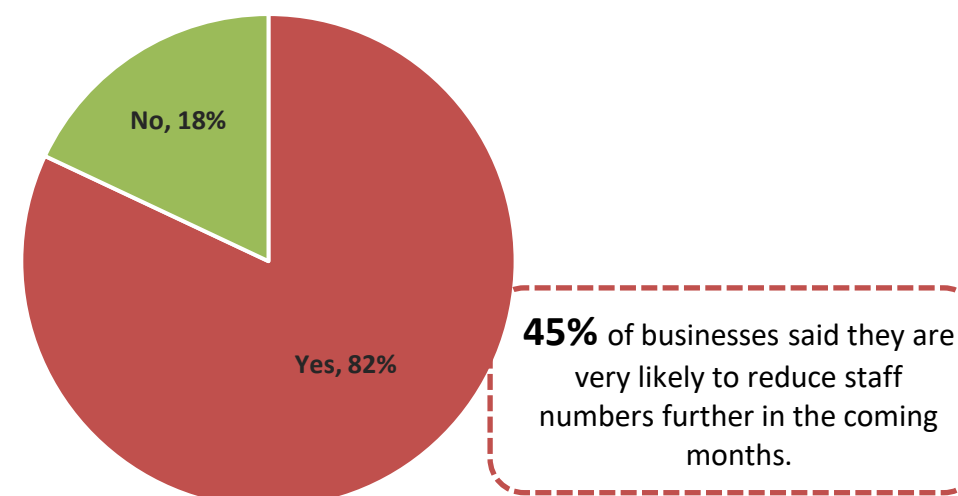
Quarterly Topical Questions:

****Q: How much revenue has your business lost to date because of Covid-19?**



- ▶ The majority of businesses (82%) claimed to have lost up to £100,000 so far.

****Q: Have you had to reduce staff numbers?**

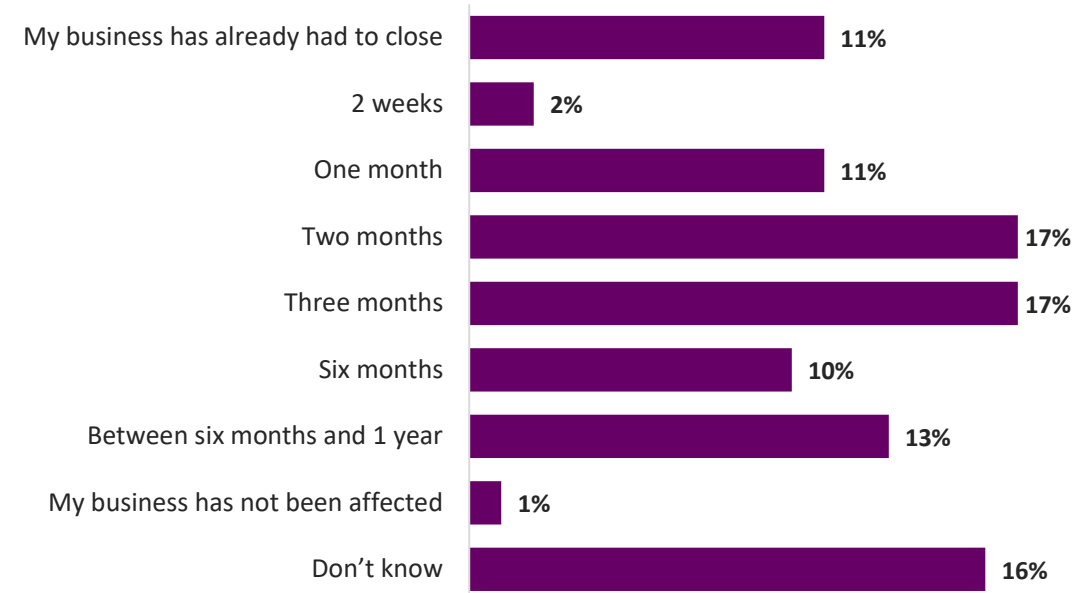


- ▶ The majority of businesses (82%) claimed to have reduced staff. 45% of these businesses stated that they are very likely to reduce staff numbers further.
- ▶ There was a higher proportion of businesses in the Cairngorms National Park area that have had to reduce their staff numbers compared to Scotland overall (82% vs. 52%).

**The Scotland tourism business comparison data is taken from the Scottish Tourism Industry survey: Monitoring the effect of Covid-19 on the Scottish Tourism Industry which was carried out by VisitScotland between 20th and 30th March 2020.

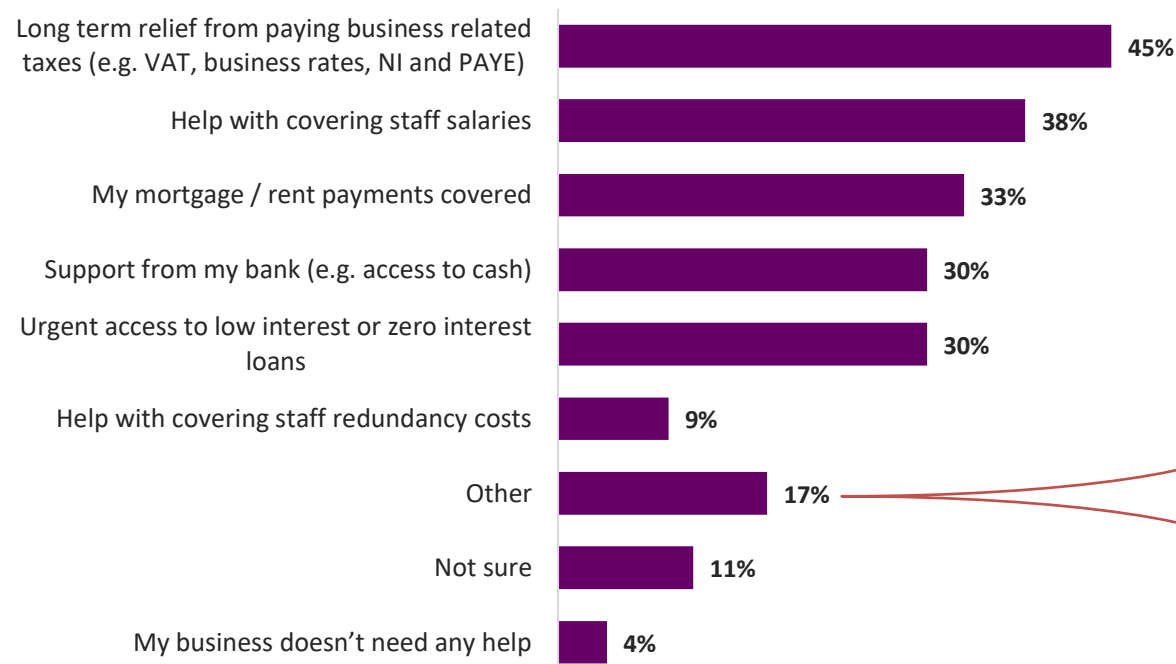
Quarterly Topical Questions:

****Q: How long can your business survive without public sector support?**



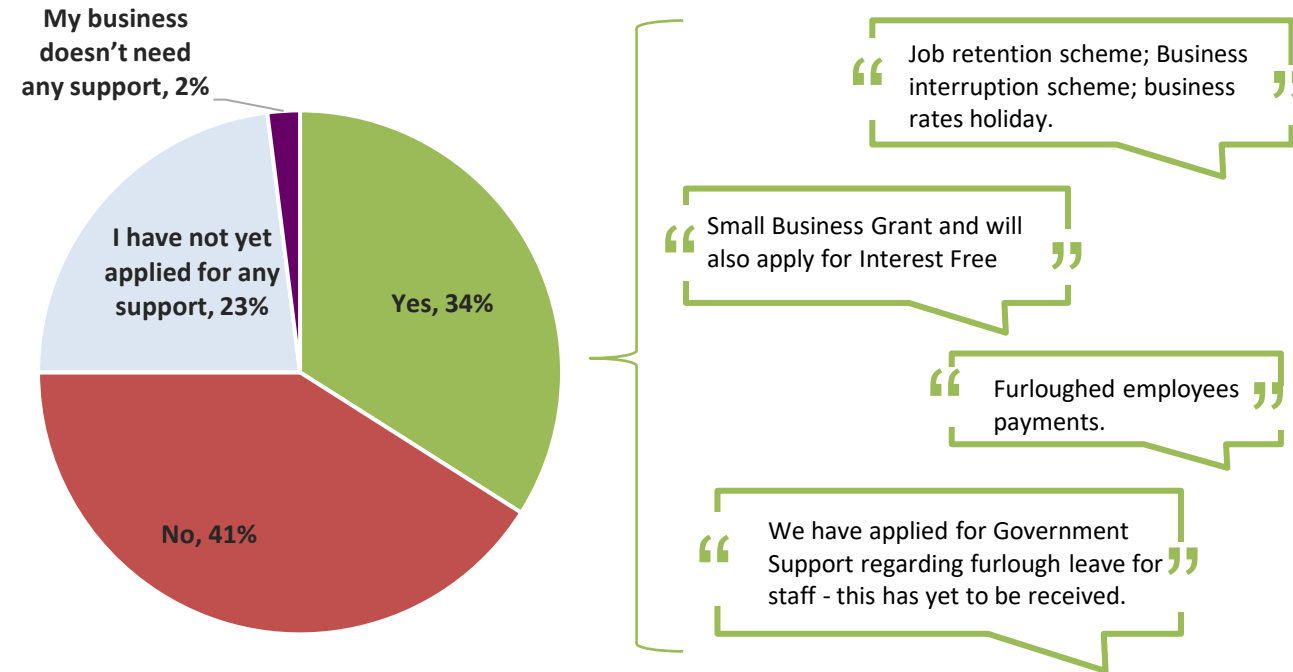
► Businesses in the Cairngorms National Park area indicated, on average, that they can survive roughly 4 months without public sector support. This compares to c. 2 months among businesses from across Scotland.

****Q: Ideally, what support or help do you need currently or going forward?**



► Long term relief from paying business related taxes (45%), help with covering salaries (38%) and mortgage / rent payments assistance (33%) were the key support mechanisms required by businesses in the Cairngorms National Park area. These were also the three most common support measures stated by tourism businesses from across Scotland.

****Q: Have you been able to access any aid for your business from the Government Support Package?**



► Around a third of businesses had accessed aid from the Government support package whilst 23% had not yet applied.
 ► The most common support measures that businesses had applied for / accessed were small business grants, furlough schemes and business rates holidays.

**The Scotland tourism business comparison data is taken from the Scottish Tourism Industry survey: Monitoring the effect of Covid-19 on the Scottish Tourism Industry which was carried out by VisitScotland between 20th and 30th March 2020.