



## Cairngorms Business Barometer | Quarter 2 (April to June) | 2020

**97**  
PARTICIPANTS  
Q2 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
Q2 20	*	-40%	*	-36%
Q2 19	-16%	1%	-17%	0%
QTR AVG	5%	9%	0%	8%

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

\*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.

### BARRIERS TO GROWTH

				AVG
Q2 20	6.63	6.35	5.29	5.20
Q2 19	5.82	6.03	5.11	5.30
QTR AVG	6.05	5.94	5.56	5.39

**Bureaucracy, Tourism Trends, Supplier Costs**  
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.

### DASHBOARD SUMMARY

The results this quarter continued to be heavily impacted by the outbreak of Covid-19 and the travel restrictions and social distancing measures implemented by government. The majority of businesses (88%) utilised at least one of the Government Support initiatives, the most common ones being Business Support Grant Fund (46%), Business Rates Relief (34%) and the Coronavirus Job Retention Scheme (31%).

The vast majority of the businesses (90%) stated that they had seen signs of recovery for their business which may, in part, have contributed to a more positive outlook for the short, medium and long term compared to the previous quarter.

Despite businesses still demonstrating less confidence in the short and medium term compared to recent Q2s and the Q2 and Overall Averages, long term confidence was rated above recent Q2s and the Q2 and Overall Averages. Moreover, 62% of businesses stated that they feel confident in their ability to overcome the crisis.

That said, despite showing more optimism for future performance compared to Q1 2020, businesses expected an overall decrease in customer numbers and turnover in the next quarter and the year ahead.

As was the case in the previous quarter, CBP/DMO recorded the largest positive change in perception from last year and also 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.

### CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

There are, of course, no comparable quarters to Q2 2020, our economy has been severely impacted by the Covid-19 crisis with most businesses in the National Park simply unable to trade during this period.

Business confidence did improve from Q1 as businesses began to plan for a cautious return. Confidence in the short and medium term is still below the long term average whilst long term (2 years) confidence was actually stronger than the long term average, demonstrating the resilience and positivity of many businesses.

Questions relating specifically to the crisis demonstrate the severity of its impact on the Cairngorms economy with 51% of businesses expecting not to be able to retain all of their employees beyond the furlough scheme. Whilst 90% of respondents reported seeing some early signs of recovery (as at the beginning of July), it is clear that the impact of the crisis will be long lasting with an average confidence score of surviving the crisis of 3.82/5.

### COSTS

	Q2 2020	Q2 2019	QTR AVG
<b>SUPPLIER</b>			
LAST 3 MONTHS	-30%	59%	59%
NEXT 12 MONTHS	47%	65%	67%
<b>ADMINISTRATION</b>			
LAST 3 MONTHS	-10%	33%	38%
NEXT 12 MONTHS	26%	37%	43%
<b>STAFF</b>			
LAST 3 MONTHS	-37%	41%	32%
NEXT 12 MONTHS	20%	36%	37%

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

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 CONFIDENCE

NEXT X MONTHS:

	3	12	24
Q2 20	5.02	5.87	6.85
Q2 19	6.69	6.12	6.04
QTR AVG	6.33	6.04	6.18

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

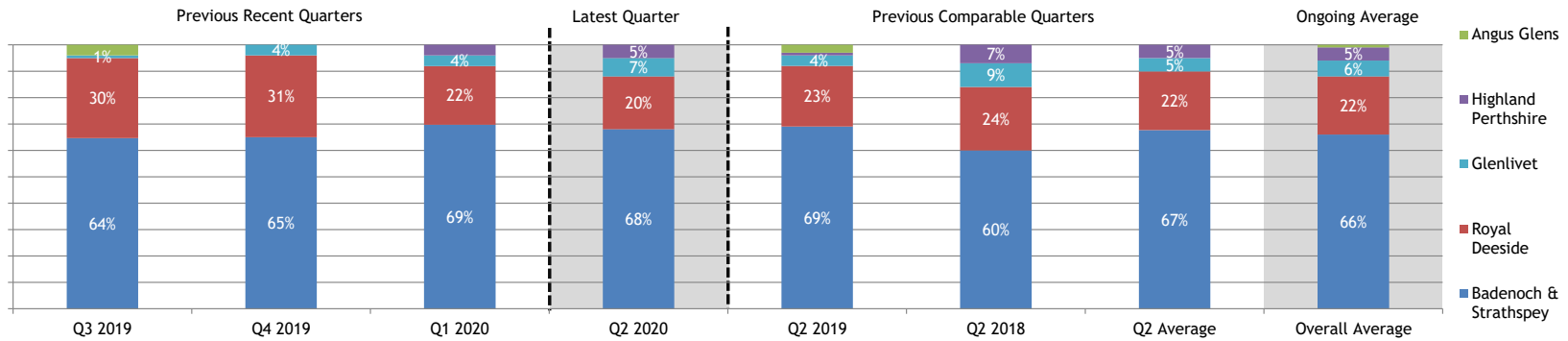
### ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q2 20	*	*	*
Q2 19	47%	24%	26%
QTR AVG	43%	29%	22%

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

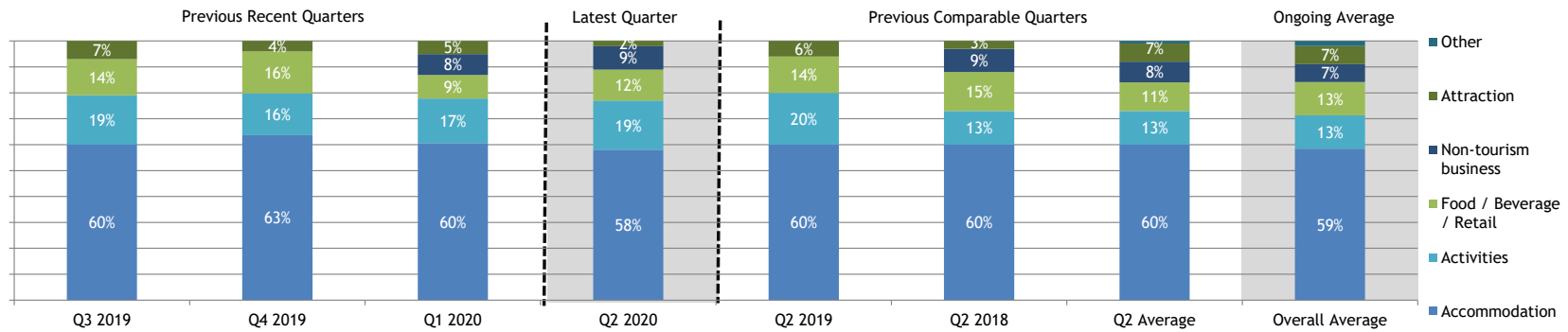
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**Area**



► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (68%), Royal Deeside (20%), Glenlivet (7%), and Highland Perthshire (5%).

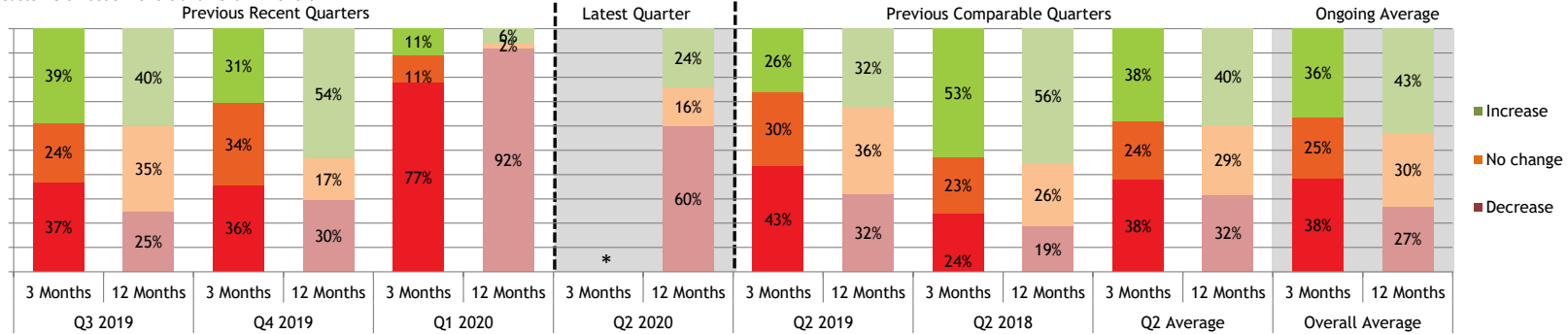
**Sector**



► In terms of business sector, the sample was made up as follows: Accommodation provider (58%), Activity operator (19%), Food / Beverage / Retail business (12%), Non-tourism business (9%) and Attraction (2%).

## Business Levels

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

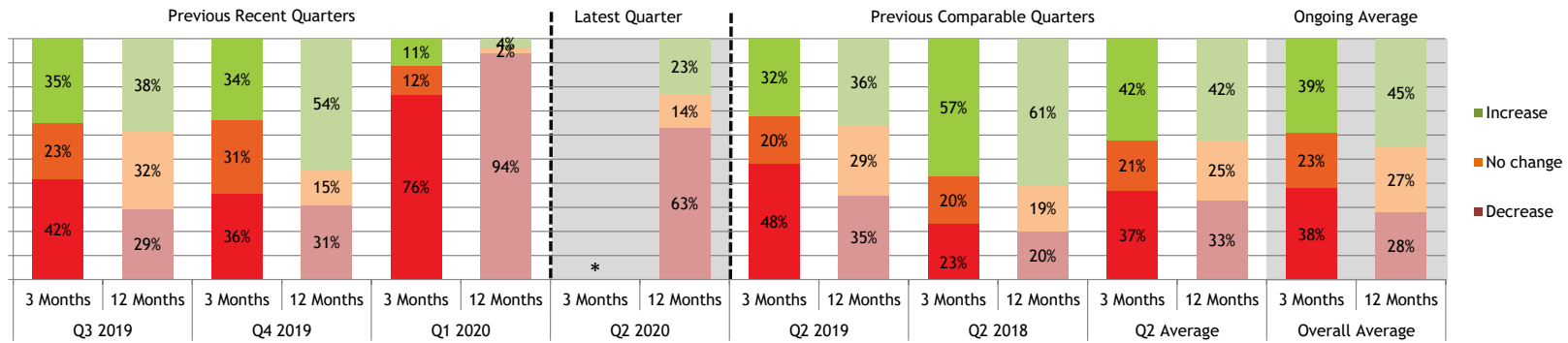


► An overall decrease in customer numbers was expected in the year ahead as significantly more businesses (60%) expected to decrease customer numbers than increase (24%) from their current level in the next 12 months. This signified a much more negative outlook compared to previous Q2s and the Overall Average but was a more optimistic assessment compared to Q1 2020.

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## Business Levels

Turnover: Last 3 months and next 12 months

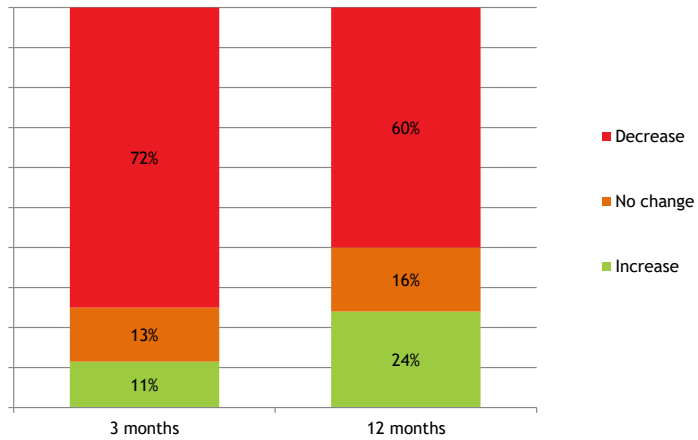


► An overall decrease in turnover was expected in the year ahead as significantly more businesses (63%) expected to decrease their turnover than increase (23%) from the current level in the next 12 months. Similar to above, these results constituted a much more negative outlook compared to previous Q2s and the Overall Average but were a more optimistic assessment compared to Q1 2020.

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## Business Levels

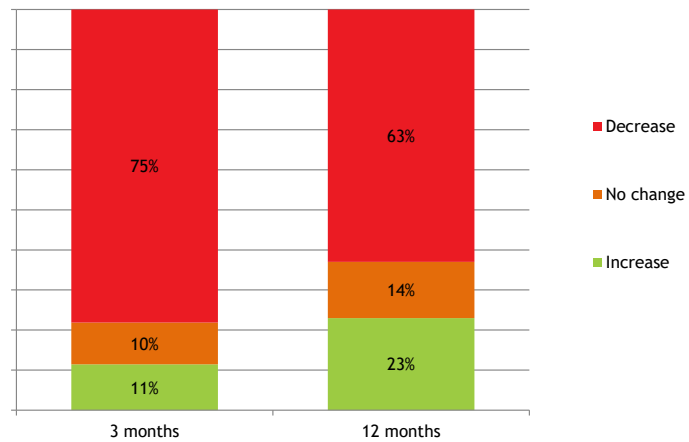
No. Of Customers: Next 3 months and next 12 months



- ▶ An overall decrease in customer numbers was expected in the next quarter as more businesses (72%) expected to decrease their customer numbers from the current level in the next 3 months than increase (11%).
- ▶ Businesses demonstrated less optimism in the short term compared to the long term, as a higher proportion of them (72%) expected a decrease in customer numbers in the next 3 months compared to those expecting a decrease in customer numbers in the next 12 months (60%).

## Business Levels

Turnover: Next 3 months and next 12 months

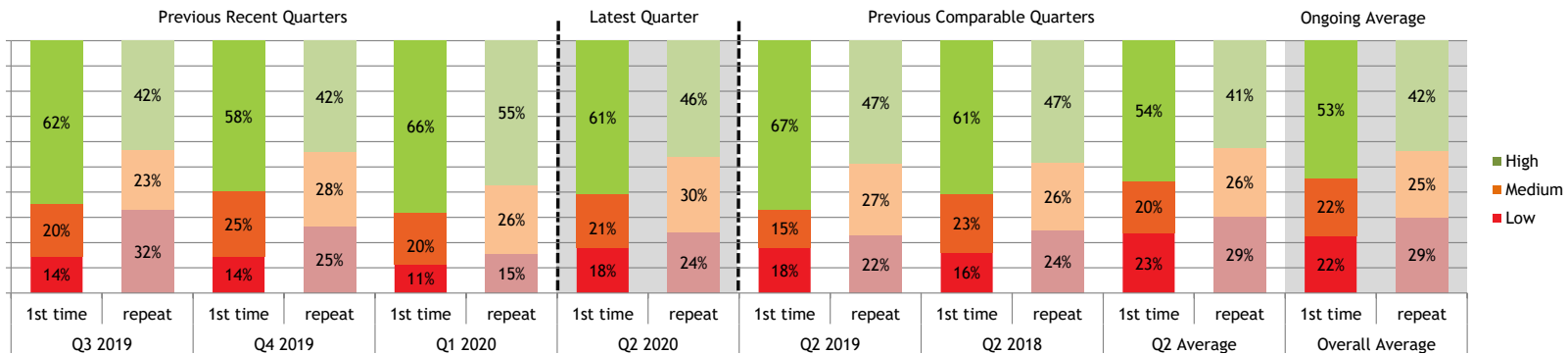


- ▶ An overall decrease in turnover was expected in the next quarter as more businesses (75%) expected to decrease their turnover from the current level in the next 3 months than increase (11%).
- ▶ Businesses demonstrated less optimism in the short term compared to the long term, as a higher proportion of them (75%) expected a decrease in turnover in the next 3 months compared to those expecting a decrease in turnover in the next 12 months (63%).



## Influences

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

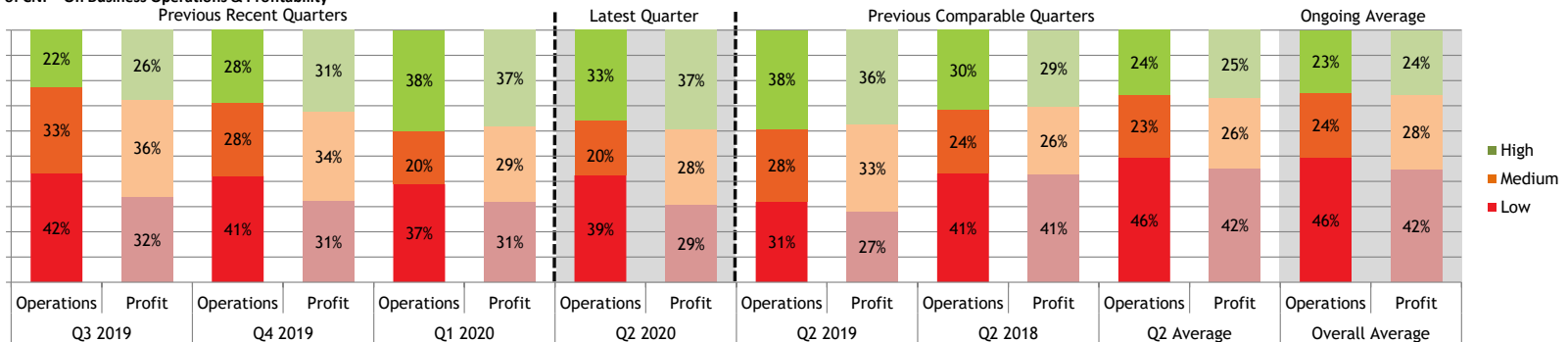


► 61% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 18% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting first time customers was lower compared to Q2 2019 but above the Q2 and Overall Averages.

► 46% 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 24% 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 2019 and above Q2 2018 and the Q2 and Overall Averages.

## Influences

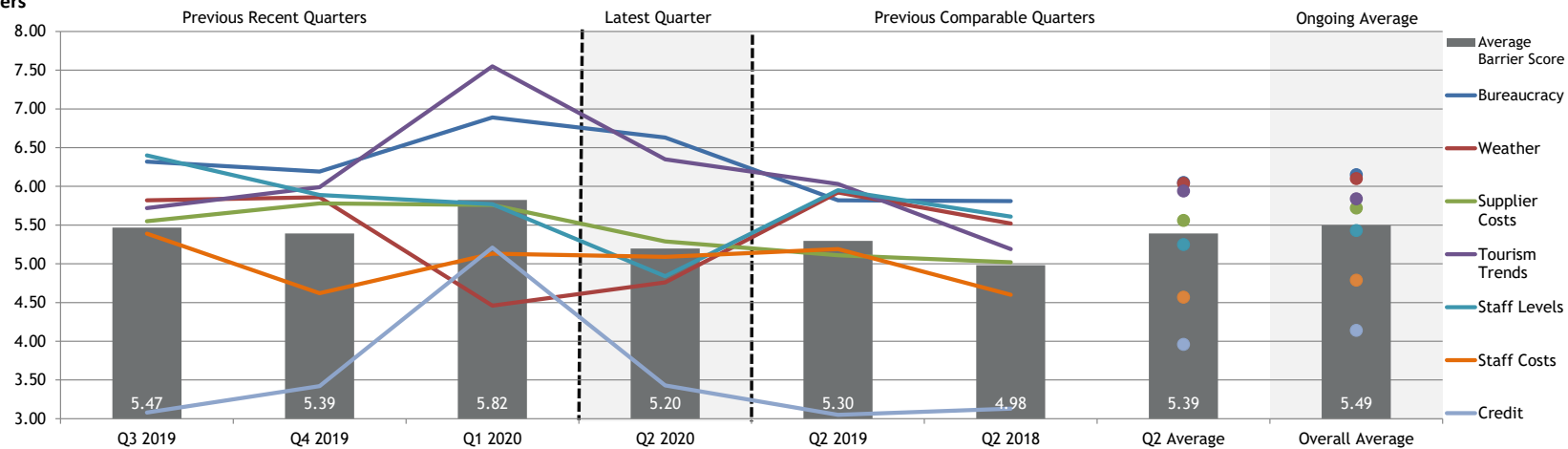
### Influence of CNP - On Business Operations & Profitability



► 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 business operations whilst 39% 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 lower compared to Q2 2019 but above Q2 2018 and the Q2 and Overall Averages.

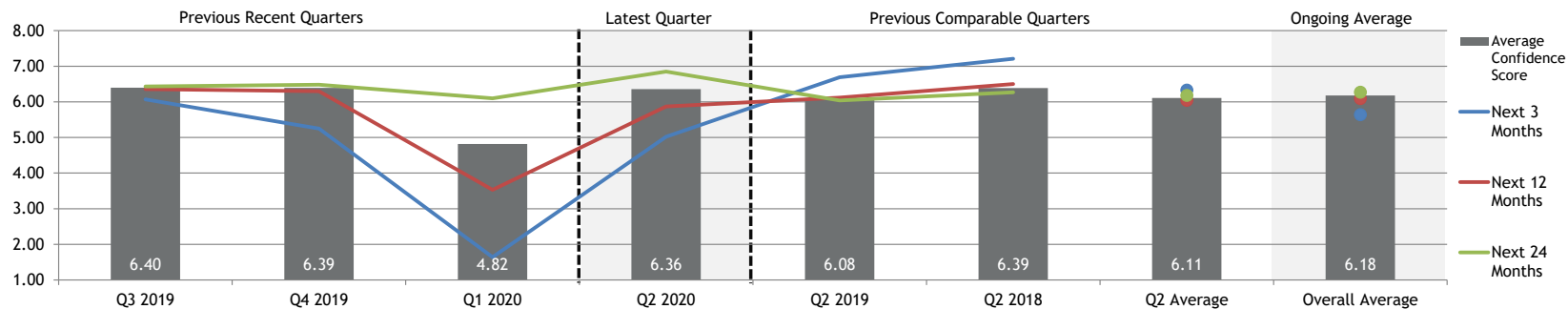
► 37% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their profitability whilst 29% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on profitability was on par with Q2 2019 but above Q2 2018 and the Q2 and Overall Averages.

## Barriers



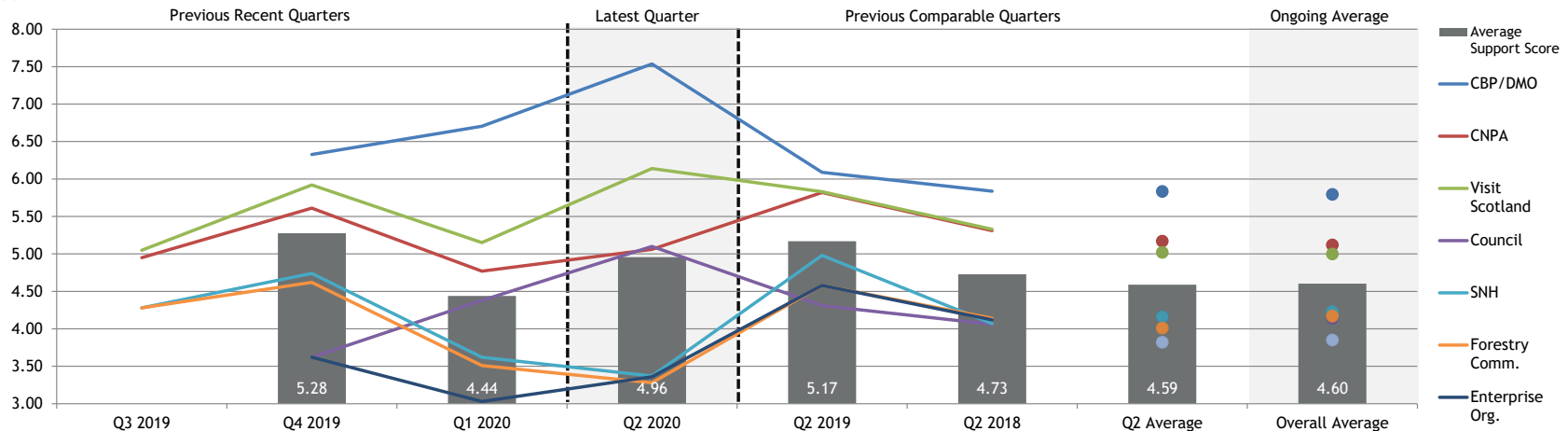
- ▶ The average barrier to growth score this quarter was 5.20 out of 10 which was below Q2 2019 and the Q2 and Overall Averages.
- ▶ Bureaucracy (6.63), tourism trends (6.35) and supplier costs (5.29) were perceived to be the most significant barriers to growth.
- ▶ The only barrier which recorded an increase from last quarter was weather going up from 4.46 in Q1 2020 to 4.76 in Q2 2020. The barriers recording the steepest decrease were available credit going down from 5.21 in Q1 2020 to 3.43 in Q2 2020 and tourism trends going down from 7.55 in Q1 2020 to 6.35 in Q2 2020.
- ▶ 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 5.02 out of 10 which was significantly higher compared to the previous quarter but still well below recent Q2s and the Q2 and Overall Averages.
- ▶ Medium term confidence (next 12 months) was rated at 5.87 out of 10 which although well above the previous quarter was slightly below recent Q2s as well as the Q2 and Overall Averages.
- ▶ Long term confidence (next 24 months) was rated at 6.85 out of 10 which signifies a significantly more positive outlook compared to the short and medium term confidence levels. Businesses were more confident in the long term compared to recent Q2s and the Q2 and Overall Averages.
- ▶ As a result, the Average Confidence Score - factoring in the medium and long term view - was 6.36 which was above Q2 2019 and the Q2 and Overall Averages.

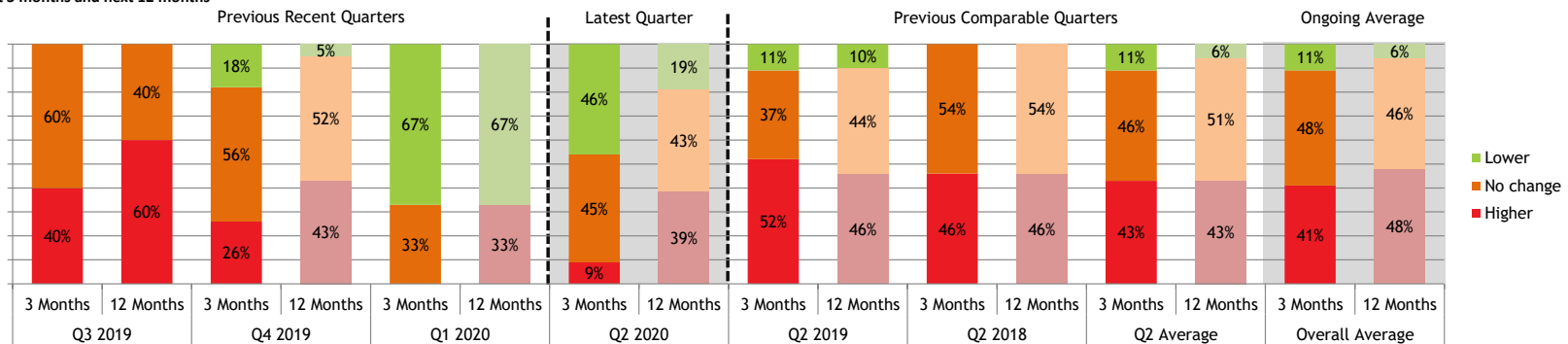
## Support



- ▶ The overall level of support / contribution provided by organisations was rated at 4.96 which was lower than Q2 2019 but above Q2 2018 and the Q2 and Overall Averages.
- ▶ The contribution / support provided by CBP/DMO (7.54) was rated most positively and at the highest ever level. Whilst the organisation recording the least positive perception was Forestry Commission (3.28).
- ▶ The organisation which recorded the largest change in perception from Q1 2020 was VisitScotland as scores increased from 5.15 in Q1 2020 to 6.14 in Q2 2020.
- ▶ The organisation which recorded the largest change in perception from last year was CBP/DMO: average support scores increased from 6.09 in Q2 2019 to 7.54 in Q2 2020.

## Costs - Staff

Staff: Last 3 months and next 12 months

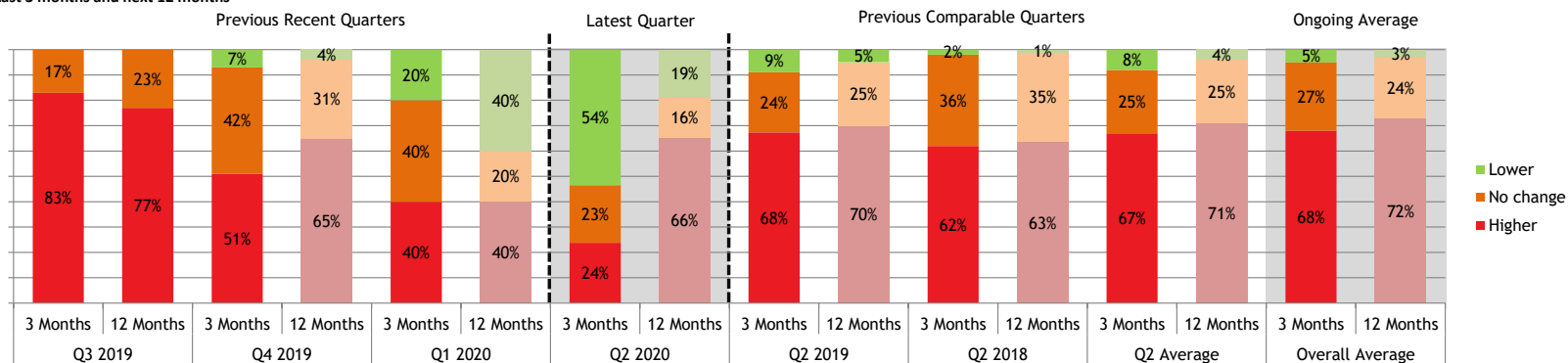


- ▶ 46% of businesses registered a decrease in staff costs whilst 9% recorded an increase. For the first time in the history of the barometer the overall net change in staff costs was positive. This is a reflection of staff being furloughed and a large proportion of businesses not trading during the quarter.
- ▶ Staff costs are expected to increase for 39% of businesses in the year ahead whilst 19% expected them to decrease. These results imply that staff costs are expected to rise less steeply compared to recent Q2 periods and the Q2 and Overall Averages.



## Costs - Supplier

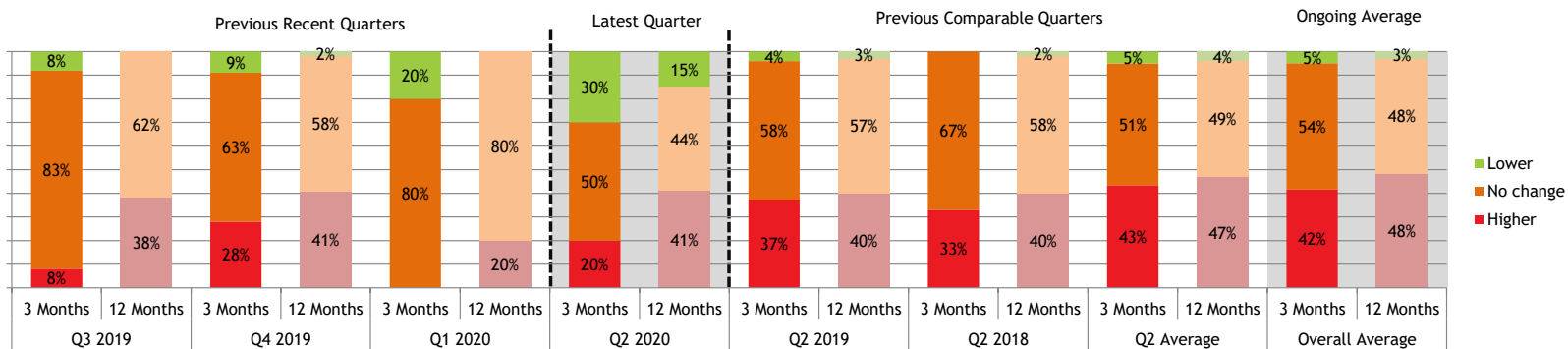
Supplier: Last 3 months and next 12 months



- ▶ An overall decrease in supplier costs was evident as 54% of businesses indicated that these costs had decreased compared to 24% who said supplier costs had increased. As was the case for staff costs, due to a large proportion of businesses not trading, the overall supplier costs decreased for the first time in the history of the barometer.
- ▶ Staff costs are expected to increase for 66% of businesses in the year ahead whilst 19% expected them to decrease. These results imply that staff costs are expected to rise less steeply compared to Q2 2019 as well as the Q2 and Overall Averages.

## Costs - Administration

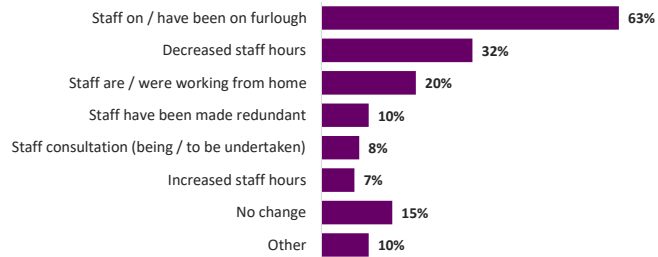
Administration: Last 3 months and next 12 months



- ▶ 30% of businesses registered a decrease in administration costs whilst 20% recorded an increase. For the first time in the history of the barometer, there was an overall reduction in administration costs.
- ▶ Administration costs were expected to rise in the year ahead by 41% of businesses whilst 15% expected a decline. These results imply that businesses expect administration costs to increase less steeply than recent Q2s and the Q2 and Overall Averages.

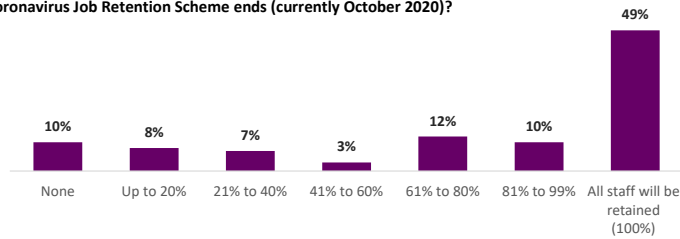
**Quarterly Topical Questions:**

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



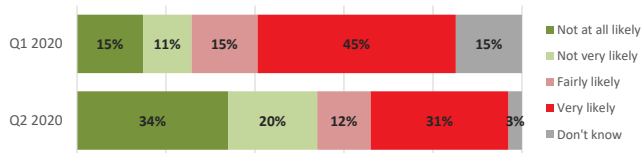
- ▶ The majority of the businesses (85%) claimed that the crisis has had an impact on their employees and staffing levels.
- ▶ Businesses were most likely to furlough staff (63%) or reduce staff hours (32%).

**Q: What percentage of your employees do you think you will be able to retain when the Coronavirus Job Retention Scheme ends (currently October 2020)?**



- ▶ Half of the businesses believed that they will be able to retain all of their staff beyond October 2020. On average, businesses thought that they would be able to retain 71% of their workforce.

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



- ▶ A lower proportion of businesses (31%) said they are very likely to reduce or further reduce staff numbers in the coming months compared to the last quarter (45%).

**Q: What challenges, if any, is your business experiencing in terms of accessing government support?**

“ It will be very complicated in the coming months when the furlough scheme changes. Hospitality is a difficult industry and in the summer months staff can work 60+ hours. Now with less staff we rely on staff working more but the government furlough scheme will not take this into account. The furlough payment is based on winter hours but from April onwards staff usually start working more every month. Many employees are seasonal and then come back so therefore furlough can not use an average of last year's hours: this is very unfair on these employees due to a break in their employment. ”

“ Delays, confusion over criteria, frustration due to lack of common approach, but ultimately the financial support received did not offset the losses and the increased costs going forward due to the additional requirements in terms of cleaning and reduced availability as a result of significant additional time needed to change over between guests. ”

“ The application process for grants is full of flaws and administration errors. Extremely poor communication and lack of continuity made this process very stressful at an already stressful time. ”

“ The SEISS scheme has proved disastrously unhelpful for a very seasonal business like mine. I make over 50% of my annual profit in April/May /June each year, but the scheme works out your profits over the entire year and divides it by 12. I often earn nothing at all in Nov/Dec/Jan/Feb. So I am living off my savings at the moment, in the hope that things can get back to normal soon. ”

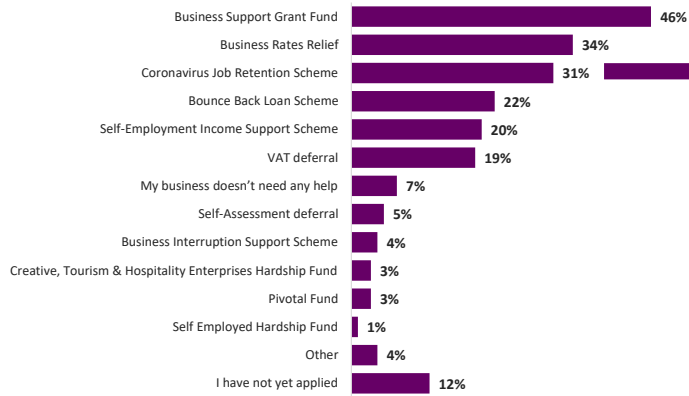
“ Some businesses have only been able to access the Pivotal Fund and rates relief. For many of these businesses there has been nothing suitable or applications have been rejected. ”

“ Dogmatic bureaucracy and slow responses in response to our application for assistance for the self-employed. ”

“ Have not been able to access a CBILS loan despite best efforts. Travel seems to be a sector they don't want to offer credit to. ”

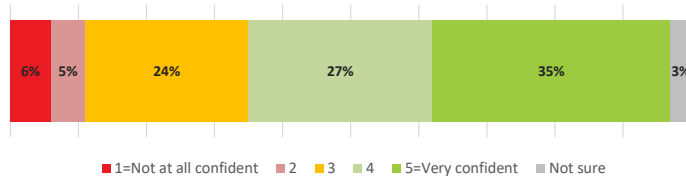
**Quarterly Topical Questions:**

**Q: What Government support initiatives has your business utilised to manage through this crisis?**



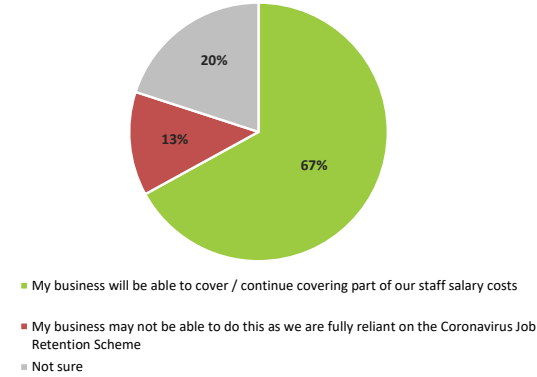
- ▶ The vast majority (88%) of businesses used at least one Government support initiative.
- ▶ Business Support Grant Fund (46%), Business Rates Relief (34%) and Coronavirus Job Retention Scheme (31%) were the key support mechanisms accessed by businesses in the Cairngorms National Park area.

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



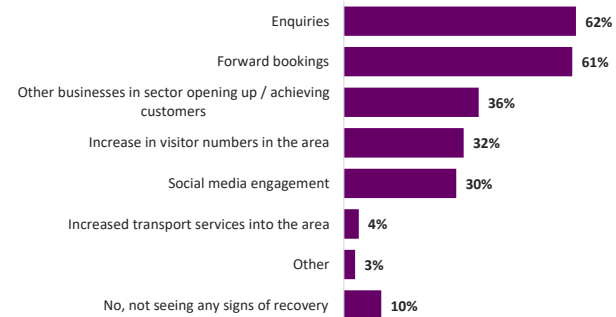
- ▶ There was a relatively healthy level of confidence to survive the crisis among businesses with 62% of them stating a positive level of confidence.
- ▶ Average confidence to survive the crisis was rated at 3.82 out of 5.

**Q: How will your business be impacted from 1st August 2020 when the Coronavirus Job Retention Scheme will require employers to pay all employer national insurance contributions (NICs) and pension contributions?**



- ▶ 67% of businesses that utilised the Coronavirus Job Retention Scheme stated that they will be able to cover part of their staff salary costs from 1st August. Meanwhile, 13% responded negatively and 20% were not sure.

**Q: Are you seeing any of the following 'green shoots' of recovery signs for your business?**



- ▶ Encouragingly, the vast majority (90%) of businesses stated that they had seen signs of recovery for their business. The two most commonly stated recovery signs were enquiries (62%) and forward bookings (61%).