Cairngorms Business Partnership

Cairngorms Business Barometer

Quarter 2 (April to June) 2017 Summary Report

Introduction

- Each quarter, the Cairngorms Business Barometer (CBB) 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 the tourism economy in the Park area.

  Summarised below are the key findings from the latest CBB online survey which was distributed to businesses in July 2017 and asked operators to consider their performance during the second quarter of the year (April to June).
  The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

  100 businesses from across the CNP area contributed their views this quarter - this compares to 93 last quarter.

Executive Summary

- The distribution of visitor origin is broadly in line with the Ongoing Average. Visitors from the North continue to account for the majority of English visitors.There was a notable increase in German visitors vs last quarter but a lower proportion vs previous comparable quarters.
- As per last quarter, businesses are continuing to see an increase in visitors from the US.
- Both customer numbers and turnover have increased this quarter and both have done so at a rate higher than the Ongoing Average.
- Accomodation providers achieved a much higher average occupancy compared to the same time last year and also vs the Ongoing Average.
- Both long and short term business confidence continue to be the highest on record.
- 78% of businesses are aware of the Snow Roads inititiative and 87% say they are generally supportive. However only 28% believe they will see an increase in business levels.

Cairngorms Business Partnership Commentary

- *It is great to see such strong support for our Snow Roads project, the project will deliver an authentic and immersive experience for our visitors, driven by digital. When, over the next 18 months, we move from development to promotion phase we will demonstrate how the project will increase business levels for tourism businesses across the National Park.*

  It is also pleasing to see that both turnover and customer numbers are increasing. The influence of the 'National Park' brand in attracting first time visitors continues to increase and is at an all time high.

  Whilst confidence is at an all time high supplier costs are rising and with 68% of businesses expecting costs to rise in the year ahead, this is a concern for many businesses.

* For an example of the quarterly questionnaire please click here.

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Dashboard Summary

Origin	Q2 2017	Q2 2016		Q2 Average	
Scotland	44%	45%	▼	43%	▲
England	27%	27%	↔	30%	▼
Overseas	25%	21%	▲	21%	▲

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

Business Levels		Q2 2017	Q2 2016		Q2 Average	
Customers	- Last 3 months	28%	-4%	▲	2%	▲
	- Next 12 months	37%	17%	▲	12%	▲
Turnover	- Last 3 months	33%	7%	▲	8%	▲
	- Next 12 months	40%	18%	▲	12%	▲

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

Costs		Q2 2017	Q2 2016		Q2 Average	
Staff	- Last 3 months	31%	47%	▼	38%	▼
	- Next 12 months	47%	35%	▲	40%	▲
Supplier	- Last 3 months	61%	53%	▲	69%	▼
	- Next 12 months	66%	61%	▲	71%	▼
Administration	- Last 3 months	41%	31%	▲	44%	▼
	- Next 12 months	47%	34%	▲	46%	▲

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

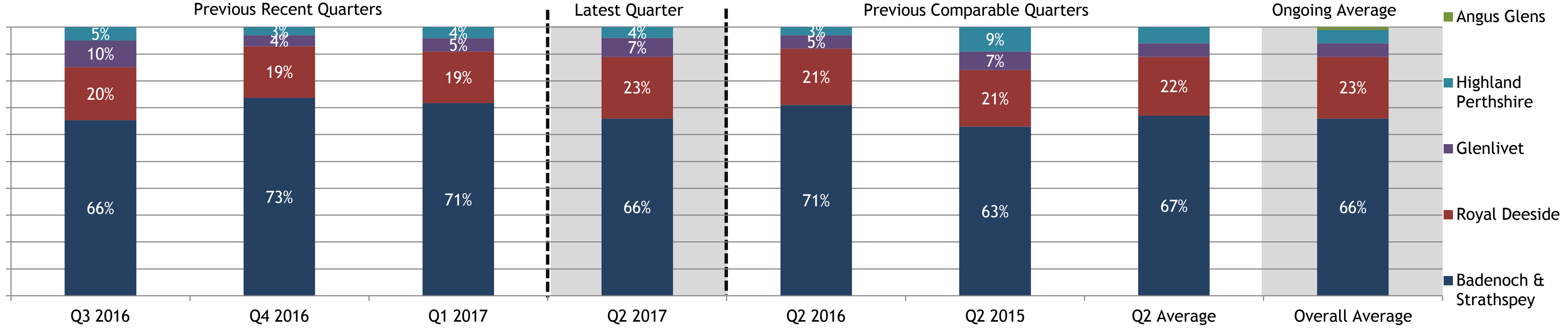
Barriers	Q2 2017	Q2 2016		Q2 Average	
Average	**4.95**	**5.36**	▼	**5.45**	▼
Weather	5.66	5.89	▼	6.25	▼
Staff Levels	5.49	5.51	▼	5.20	▲
Tourism Trends	5.45	5.91	▼	5.95	▼

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

Business Confidence	Q2 2017	Q2 2016		Q2 Average	
Next 3 Months	7.21	6.23	▲	6.38	▲
Next 12 Months	6.87	5.97	▲	6.02	▲
Next 24 Months	6.83	6.01	▲	6.10	▲

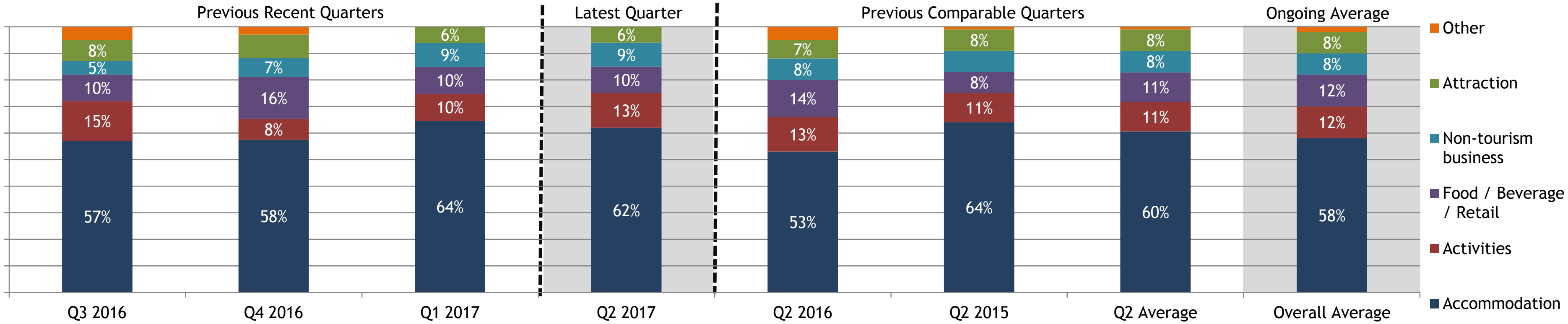
Business confidence over short, medium and long term compared to last year and quarter average.

Area



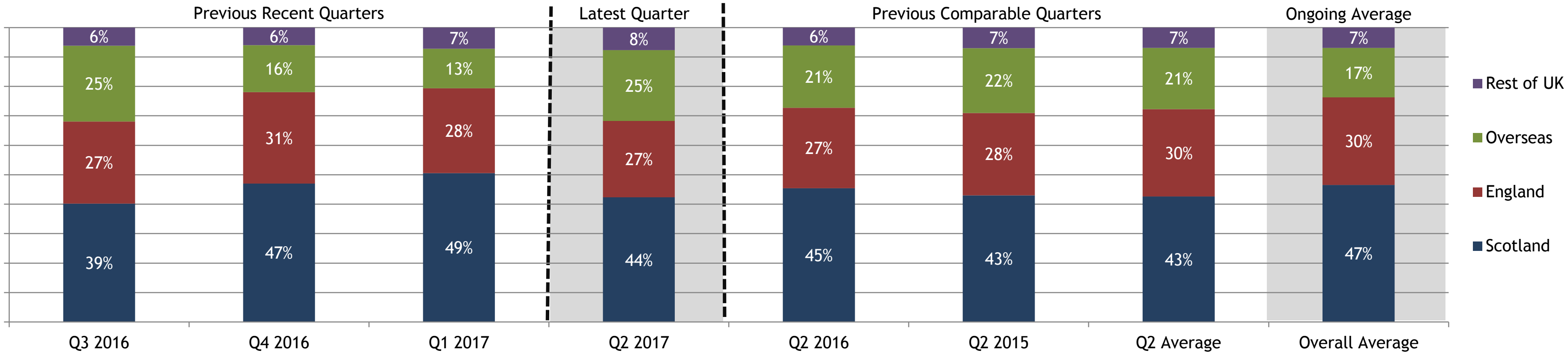
▶ The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (66%), Royal Deeside (23%), Glenlivet (7%), Highland Perthshire (4%) and Angus Glens (0%)

Sector



▶ In terms of business sector, the sample was made up as follows: Accommodation provider (62%), Activity operator (13%), Food / Beverage / Retail business (10%), Non-tourism business (9%) and Attractions (6%).

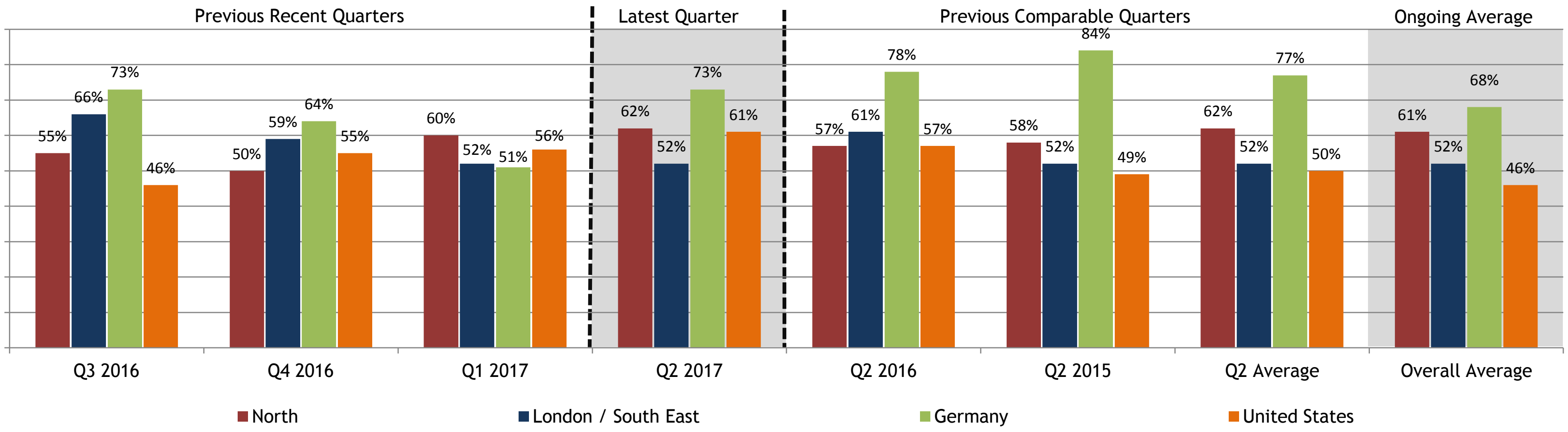
Origin



- The mix of customers in the Park area during the quarter was as follows: Scotland customers (44% of all customers), visitors from England (27%), Overseas visitors (25%), and visitors from the rest of the UK (8%).

- The results recorded this quarter were similar to previous comparable Q2 periods with the Scottish market continuing to account for the largest share of visitors and a fairly high concentration of overseas visitors was apparent.

Origin - Top Source Markets England and Overseas

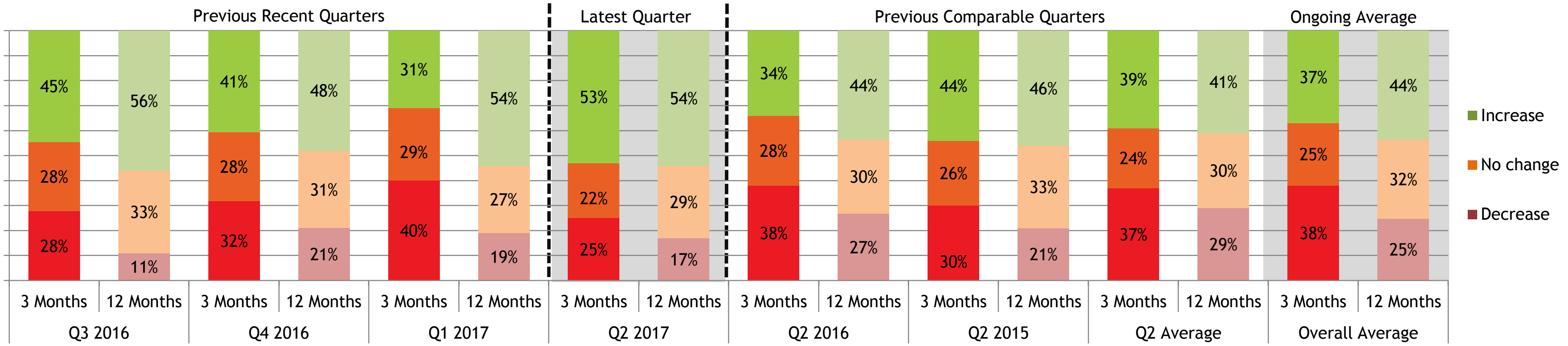


- The most common segment from England was visitors from the North (62% of businesses who engaged with visitors from England traded with customers from the North of England) followed by London / South East (52%). The proportion of visitors from the North was on par with the Ongoing Average.

- The German market remains the most comment segment from abroad (73% and this has increased significantly vs Q1 2017 and vs on-going average (albeit lower than comparable quarters).

Business Levels

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

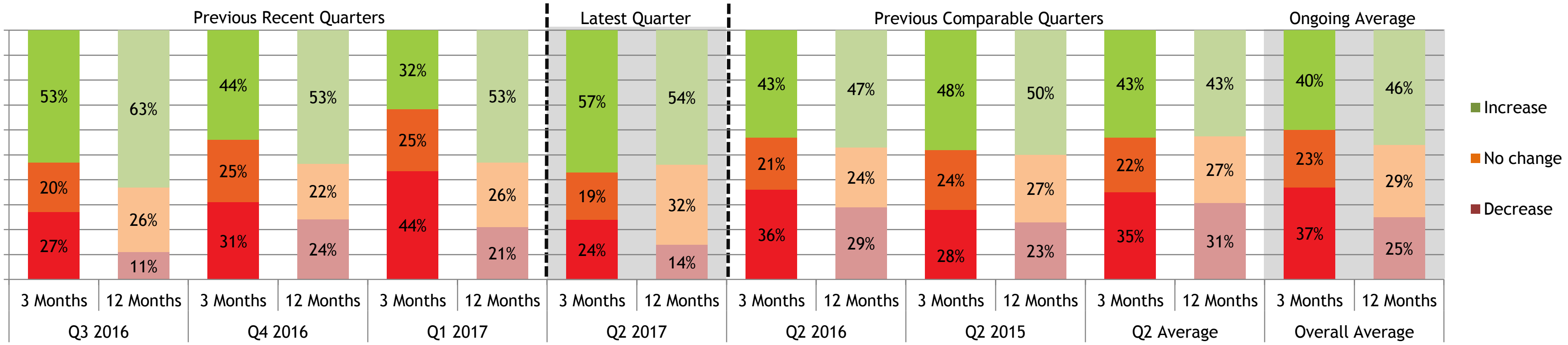


- There was a significant increase in customer numbers this quarter (53% increase versus 25% that claimed numbers had decreased) and this is an improvement on both the Ongoing Average and the same time last year.

- 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 14%). The results this quarter constituted a more positive outlook compared to Q2 2016, the Q2 Average and the Ongoing Average.

Business Levels

Turnover: Last 3 months and next 12 months

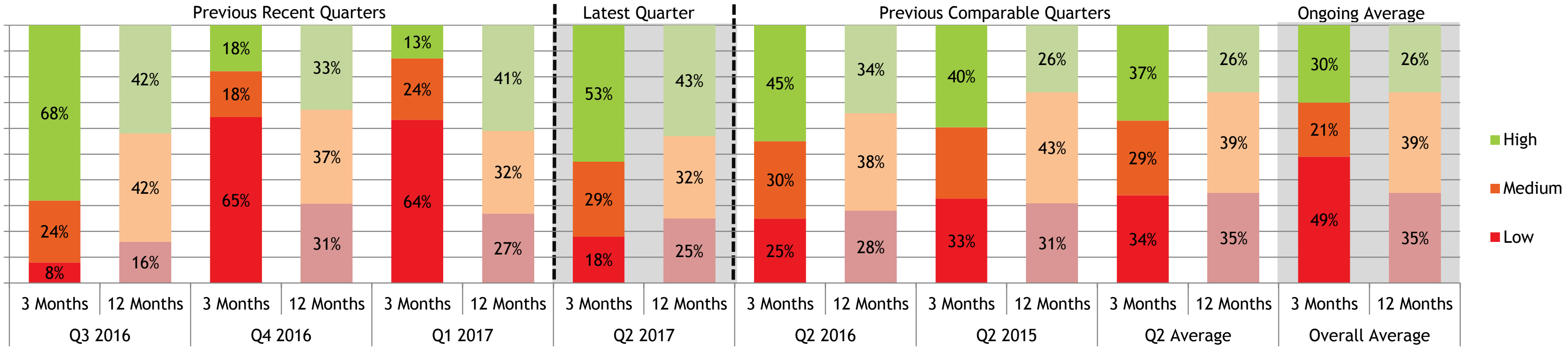


- There was an overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (57% versus 24%). Turnover has grown at a much higher rate than both the same time last year and vs the Ongoing Average.

- 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 (54% versus 14%). The results this quarter constituted a more positive outlook compared to Q2 2016 and overall a more positive outlook.

Business Levels

Accommodation Occupancy: Last 3 months and next 12 months

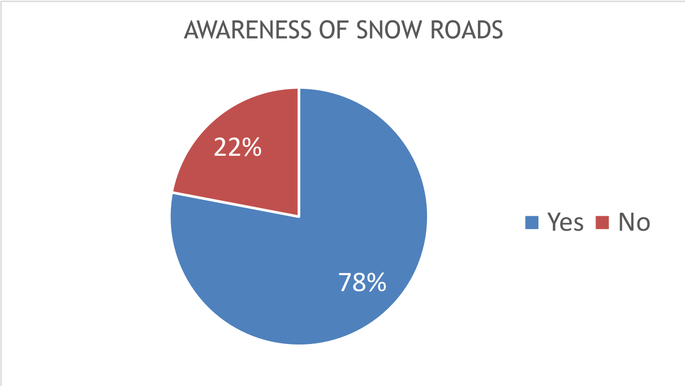


- 18% of accommodation providers recorded low occupancy of less than 50% whilst a very positive 53% achieved high occupancy of 70% or above during the quarter.

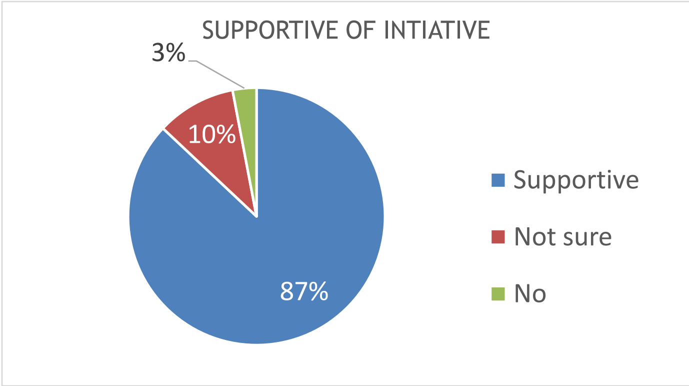
- 25% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 43% expect to achieve high occupancy of 70% or above. Accommodation providers had much higher expectations regarding future performance compared to previous comparable quarters and the Ongoing Average.

Quarterly Topical Questions : The Snow Roads initiative

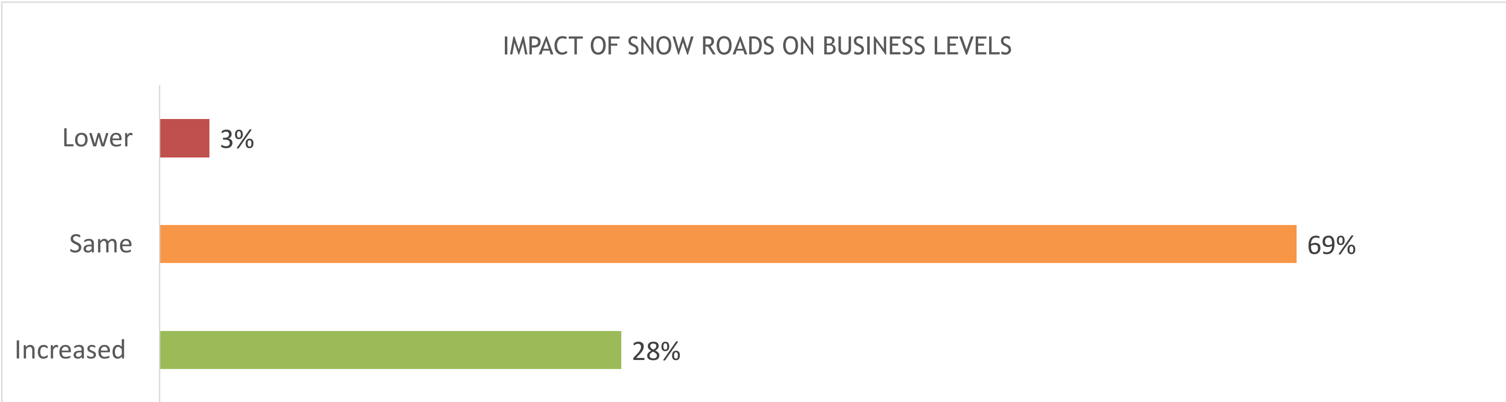
Are you aware of the Snow Roads intiative currently underway in the park?



Are you generally supportive of this intiative?



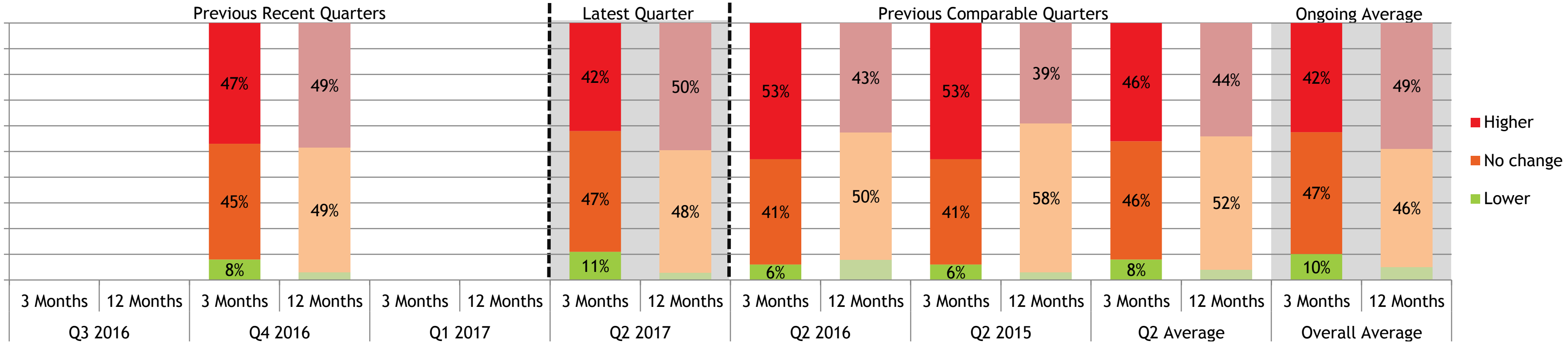
What effect will the Snow Roads have on your business?



- 78% of businesses are aware of the intiative and 87% are supportive (vs 3% that say they are not). 10% say they are unsure.
- Despite the level of support, the majority (69%) believe the initiative will not impact business levels. 28% of businesses believe they will see an increased level of business.

Costs

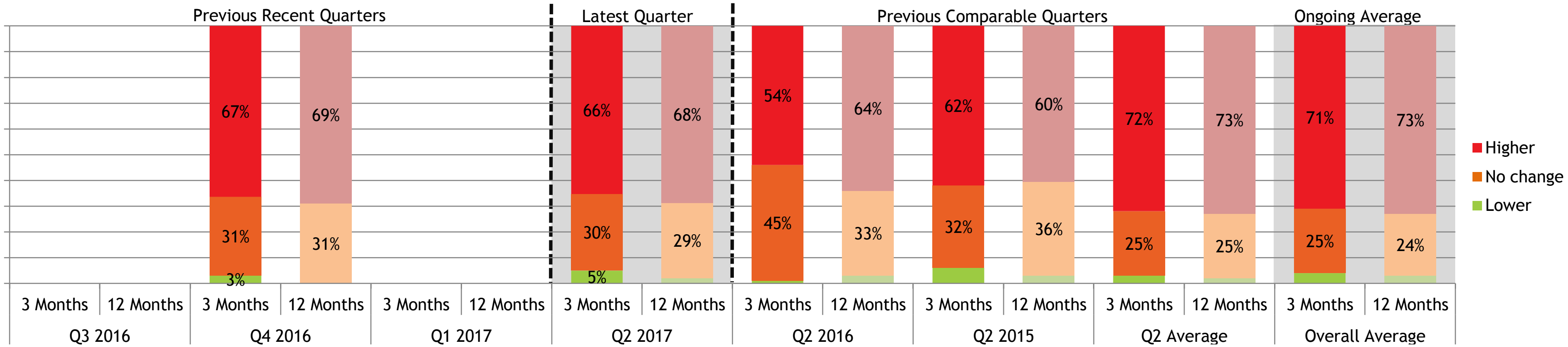
Staff: Last 3 months and next 12 months



- Whilst most businesses (47%) noted no change in staff costs, 42% of businesses registered higher staff costs compared to just 11% who noted lower costs. The increase in staff costs is lower than all previous comparable quarters but in-line with the Ongoing Average.
- Staff costs were expected to increase at faster rate than currently as 50% of businesses expected these costs to increase in the year ahead whilst 3% expected them to decrease. These results implied that businesses expect staff costs to increase at a higher rate than in previous Q2 periods.

Costs

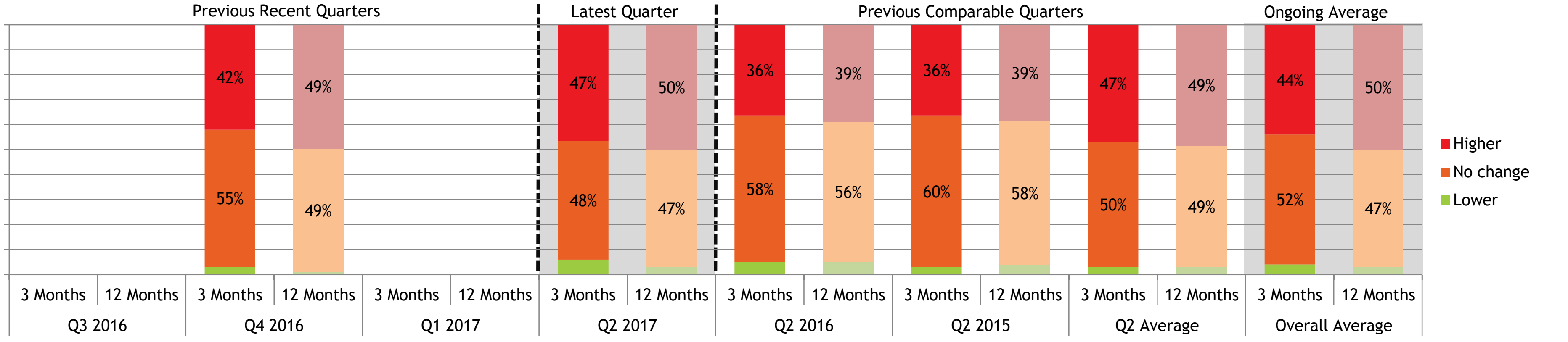
Supplier: Last 3 months and next 12 months



- An overall increase in supplier costs was recorded as 66% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 5% noted lower costs.
- This is in line with expectations for the year ahead as 68% of businesses expected these costs to increase in the year ahead and 2% expected these costs to decrease. These results implied that less steep increases in supplier costs was expected compared to the Q2 Average and on-going average.

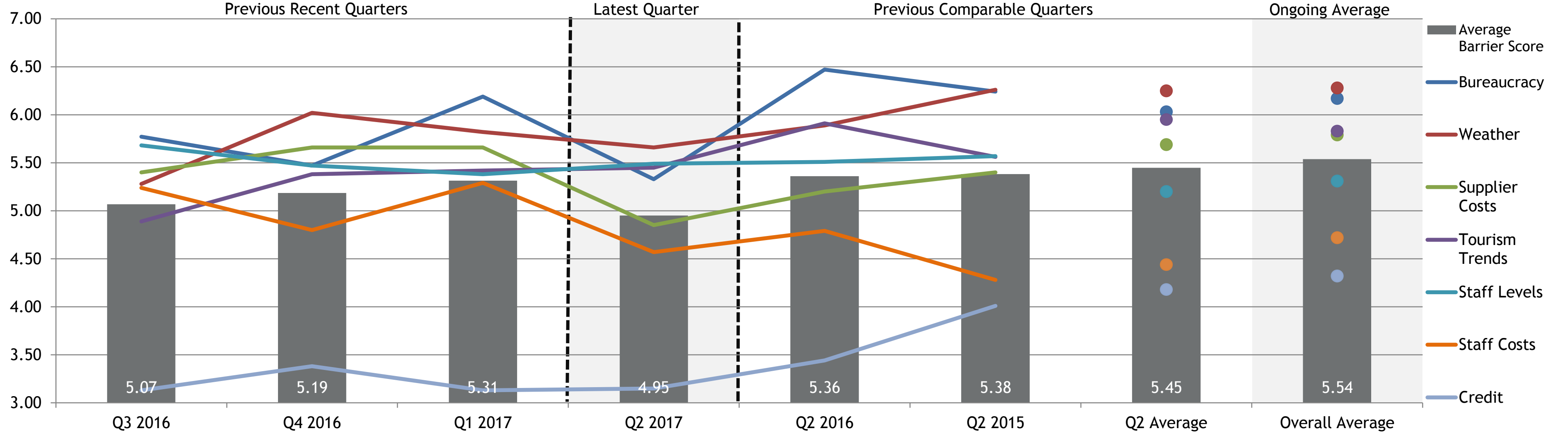
Costs

Administration: Last 3 months and next 12 months



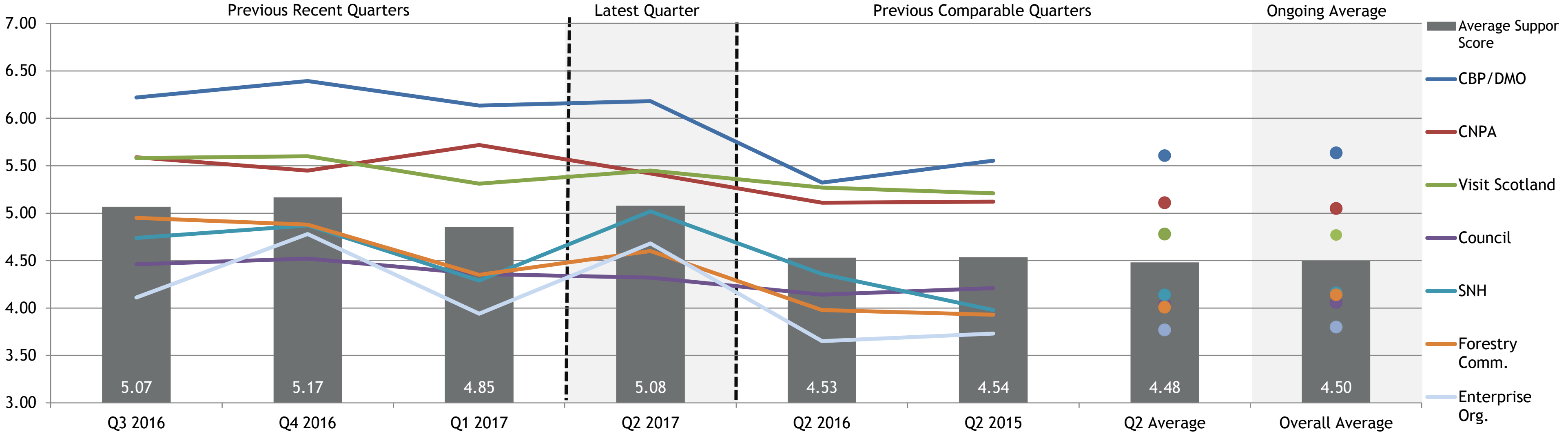
- Whilst almost half of businesses (48%) noted no change in admin costs, an overall increase was recorded as 47% of businesses observed higher admin costs compared to just 6% who noted lower costs. The overall results are in line with Q2 average.
- Administration costs were expected to increase at a higher rate than currently as 50% of businesses expected these costs to increase in the year ahead whilst 3% expected these costs to decrease. This was broadly on par with the Q2 Average and the Ongoing Average.

Barriers



- The average barrier to growth score this quarter was 4.95 out of 10 which was lower than last quarter and significantly below recent Q2 periods, the Q2 Average and the Ongoing Average.
- Weather (5.66), staff levels (5.49), and tourism trends (5.45) were perceived to be the most significant barriers to growth this quarter.
- The barrier which recorded the steepest decrease from last quarter (and also vs same time last year) was bureaucracy decreasing from 6.19 in Q1 2017 to 5.33 in Q2 2017.
- Weather has become less of a barrier over time (5.66 in Q1 2017 vs 5.89 in Q2 2016 and 6.26 in Q2 2015)

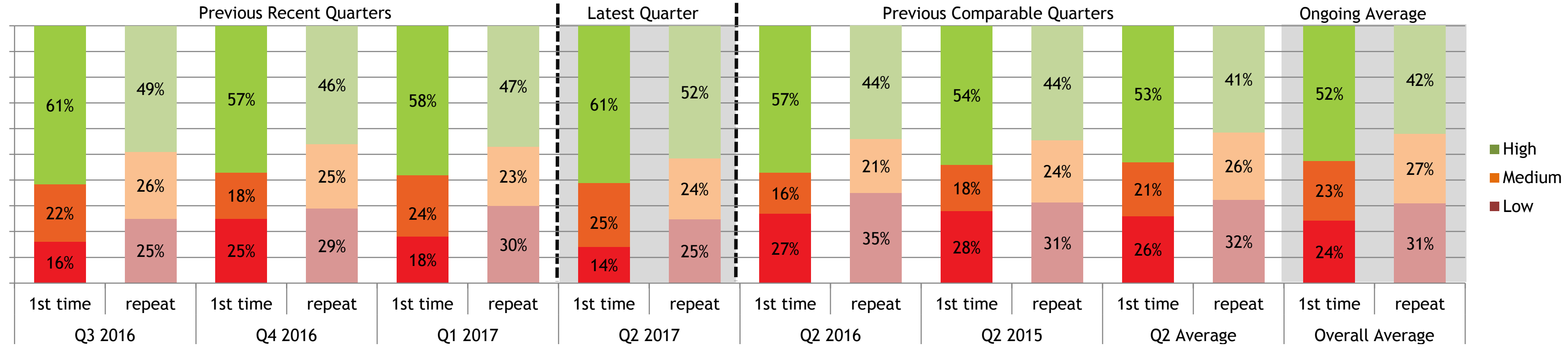
Support



- The overall level of support / contribution provided by organisations was rated at 5.08 which was above last quarter, previous comparable quarters, the Q2 Average and the Ongoing Average.
- The contribution / support provided by CBP / DMO (6.18) was rated the most positively whilst the opposite was true for the council (4.32).
- The organisation which recorded the largest change in perception from last quarter was the Enterprise Organisation as scores increased from 3.94 in Q1 2017 to 4.68 in Q2 2017. It is worth noting that all organisations benefitted from an increase in ratings compared to last quarter apart from the council and the CNPA.
- The organisation which recorded the largest change in perception from last year was the Enterprise Organisation: average support scores increased from 3.65 in Q1 2017 to 4.68 in Q2 2017.

Influences

Influence of CNP - Attracting First time & Repeat Customers

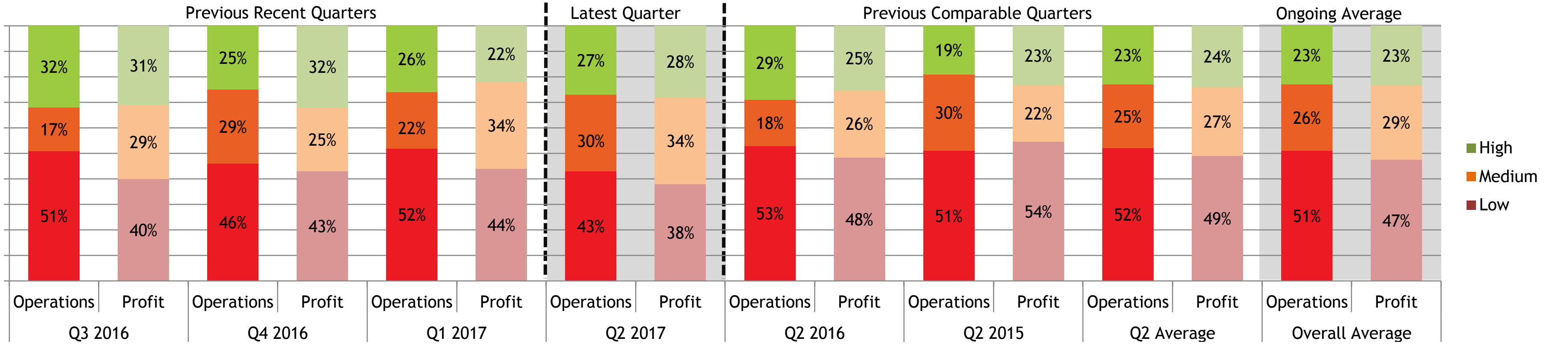


- 61% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 14% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The highest level of influence in attracting first time customers on record was evident this quarter.

- 52% 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 higher than recent quarters, the Q2 Average and the Overall Average.

Influences

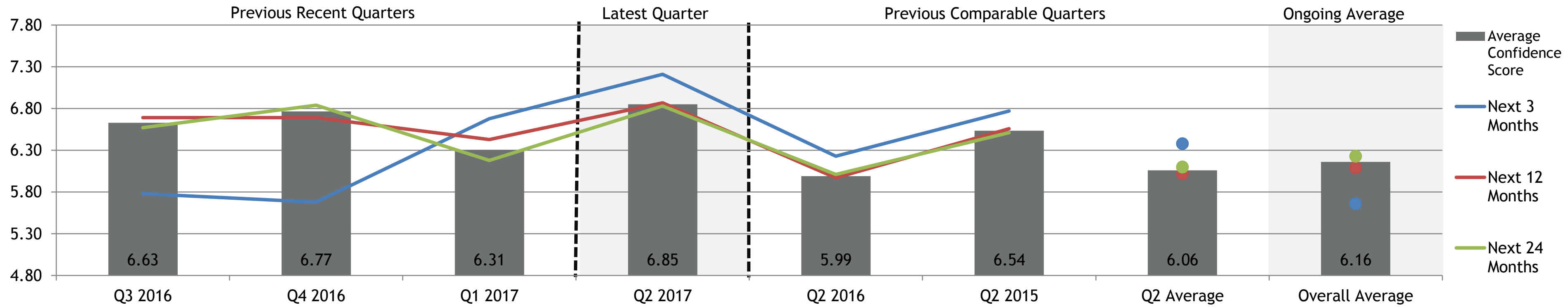
Influence of CNP - On Business Operations & Profitability



- 27% 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 43% stated a low level of influence (attributing a rating score from 1 to 4 out of 10).

- 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 profitability whilst 38% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The proportion of those stating that the Park had a high level of influence on profitability has increased vs last year and is also higher than the Overall Average.

Business Confidence



- Short term confidence (next 3 months) was rated at 7.21 out of 10 which was well above recent quarters, and the Overall Average.
- Medium term confidence (next 12 months) was rated at 6.87 out of 10 which, being the highest medium term score on record, was above last quarter, and well above previous Q2s and the Overall Average.
- Long term confidence (next 24 months) was rated at 6.83 out of 10 which like the medium term confidence was the highest figure on record.
- The Average Confidence Score - factoring in the medium and long term view - was 6.85 which was the highest Average Confidence Score on record.