



Cairngorms Business Barometer | Quarter 3 | 2017

100
PARTICIPANTS
Q3 2017

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

DASHBOARD SUMMARY

This quarter, businesses are continuing to see an increase in visitors from the US. As per last year, the majority of visitors from England were from London / South East.

6% of accommodation providers recorded low occupancy of less than 50% whilst a very positive 76% achieved high occupancy of 70% or above.

Customer numbers and turnover this quarter remain at a higher rate than the Q3 Average and Overall Average.

Short and medium term business confidence continues to track at a higher rate than previous comparable quarters.

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 the tourism in the Park area.

This report was produced by STR for the Cairngorms Business Partnership

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BUSINESS LEVELS

	TURNOVER	CUSTOMERS		
	£	PERSON		
	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q3 17	▲ 26%	▼ 31%	▲ 21%	▼ 29%
Q3 16	26%	52%	17%	45%
QTR AVG	15%	24%	12%	21%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

Anecdotal evidence from our members suggested that the summer months for 2017 have been mixed. Whilst business overall was good it appears to have been less predictable in previous years.

This appears to be reflected in some of the Barometer results. Whilst many more businesses reported both customer numbers and turnover as being up than down the increase was not as marked as the increase from 2015 to 2016 though still ahead of the ongoing average.

In terms of barriers to doing business, supplier costs showed a sharp rise from 5th place to 3rd over the previous quarter perhaps reflecting increasing inflationary pressures though staffing levels (the ability to find staff) was the biggest barrier.

At the CBP we have done a lot of work targeting new visitors from London and the South East, working with Caledonian Sleeper and Visit Scotland, and it is good to see this source market continue to show significant increases.

BUSINESS CONFIDENCE

NEXT X MONTHS:

	3	12	24
Q3 17	▲ 6.32	▲ 6.87	▲ 6.72
Q3 16	5.78	6.69	6.57
QTR AVG	5.28	6.23	6.35

Business confidence over short, medium and long term compared to LY and quarter AVG.

BARRIERS TO GROWTH

	STAFF LEVELS	BUREAUCRACY	SUPPLIER COSTS	AVG
Q3 17	◆ 6.17	◆ 6.04	◆ 5.71	◆ 5.49
Q3 16	5.68	5.77	5.40	5.07
QTR AVG	5.48	6.21	5.80	5.61

Staff Levels, Bureaucracy, Supplier Costs

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

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

INVESTMENT

	Q3 17	Q3 16	QTR AVG
STAFF TRAINING			
LAST 3 MONTHS	▲ 32%	30%	18%
NEXT 12 MONTHS	▲ 46%	34%	28%
MARKETING			
LAST 3 MONTHS	▲ 34%	28%	21%
NEXT 12 MONTHS	▲ 43%	34%	34%
INFRASTRUCTURE			
LAST 3 MONTHS	▲ 51%	43%	29%
NEXT 12 MONTHS	▼ 42%	55%	40%

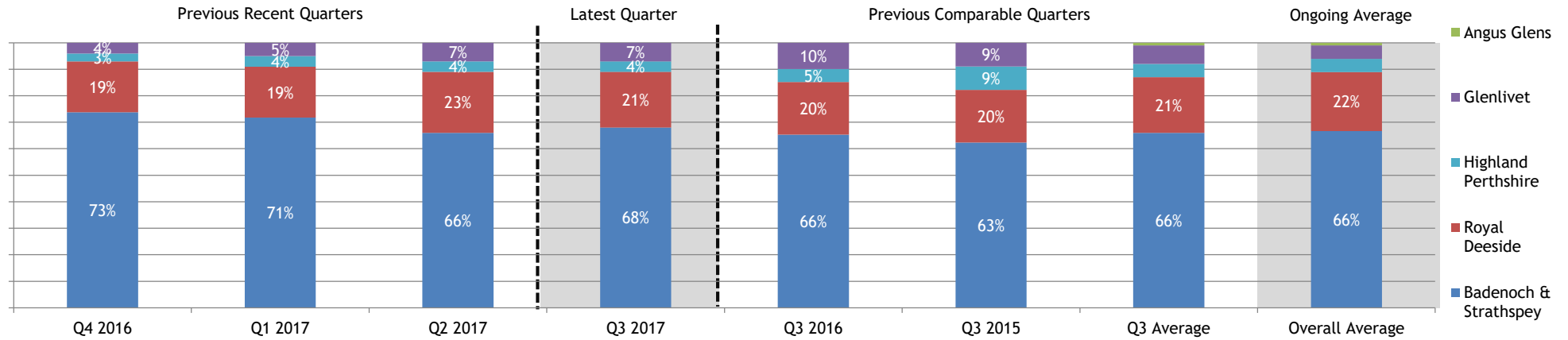
Net investment changes in last 3 months and in next 12 months compared to LY and quarter AVG.

ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q3 17	▲ 42%	■ 27%	■ 25%
Q3 16	39%	27%	25%
QTR AVG	42%	29%	24%

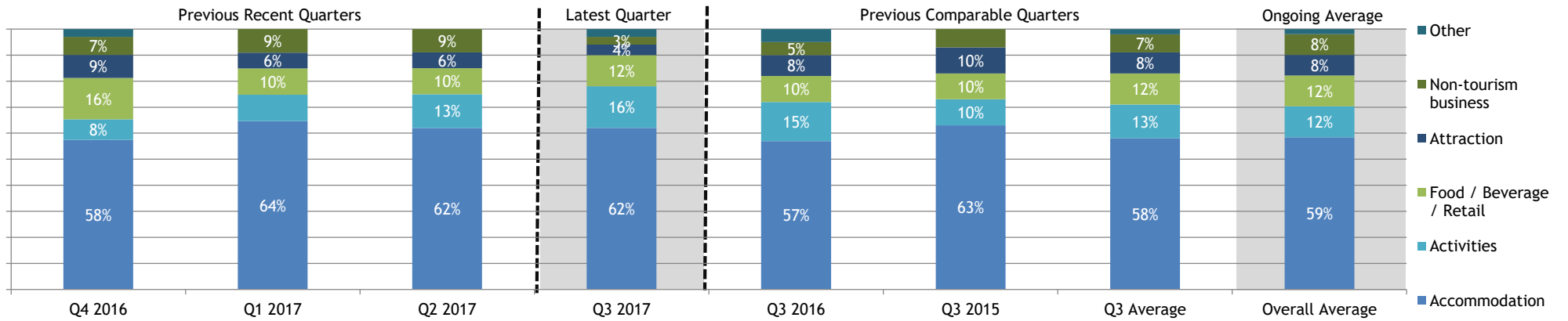
Mix of customers during quarter compared to LY and quarter AVG.

Area



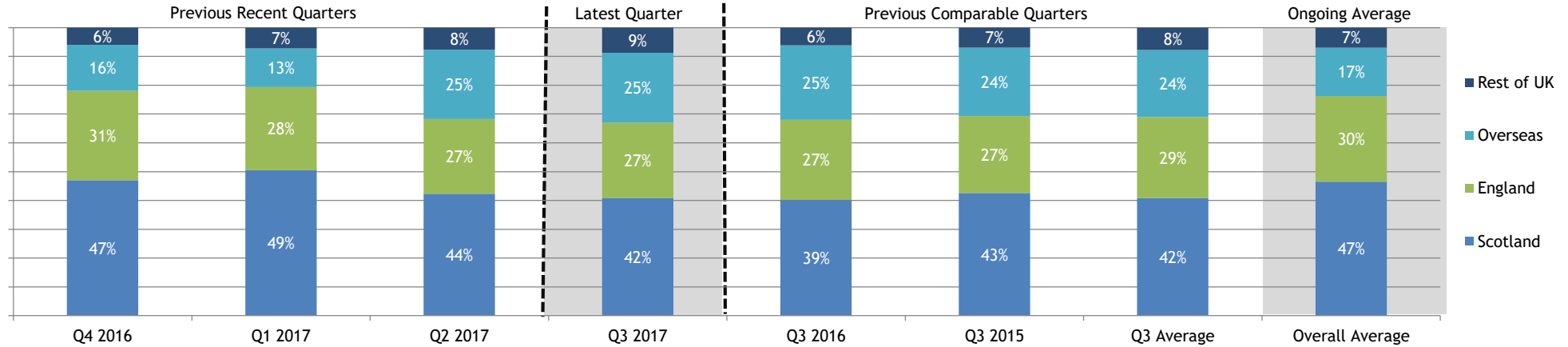
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (68%), Royal Deeside (21%), Highland Perthshire (4%), Glenlivet (7%) and Angus Glens (0%).

Sector



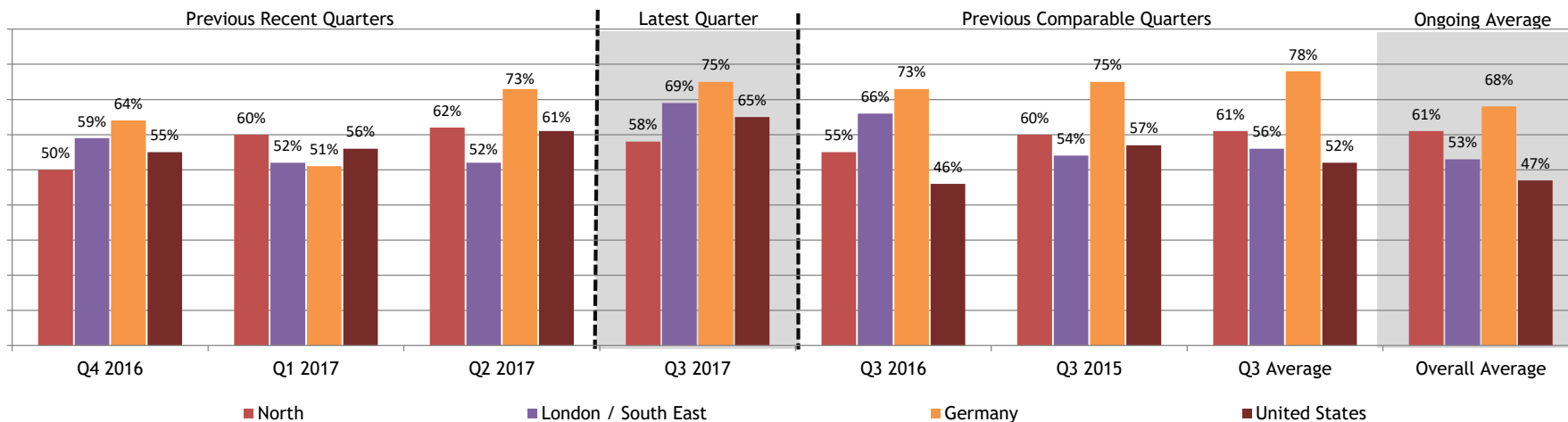
► In terms of business sector, the sample was made up as follows: Accommodation provider (62%), Food / Beverage / Retail business (12%), Attraction (4%), Activity operator (16%), Non tourism (3%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (42% of all customers), visitors from England (27%), Overseas visitors (25%), and visitors from the rest of the UK (9%).
- ▶ The results recorded this quarter were similar to previous Q3 periods with the Scottish market continuing to account for the largest share of visitors and a fairly high concentration of overseas visitors also apparent.

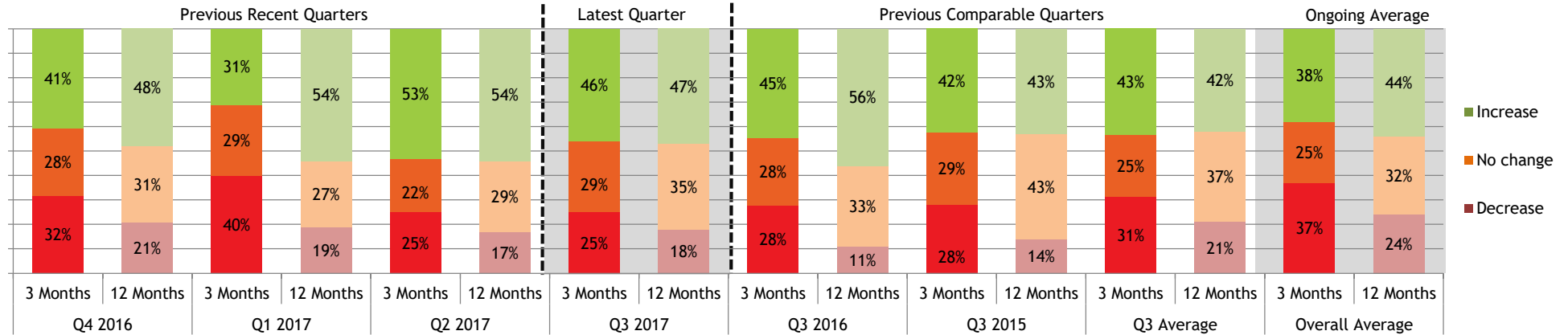
Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from London /South East (69% of businesses who engaged with visitors from England traded with customers from this area) followed by the North (58%). The proportion of visitors from London / South East is on par with Q3 2016 but higher than the Q3 Average and Overall Average.
- ▶ The German market remains the most common segment from abroad (75% and on par with recent comparable quarters). The proportion of visitors from the US (65%) continues to increase.

Business Levels

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

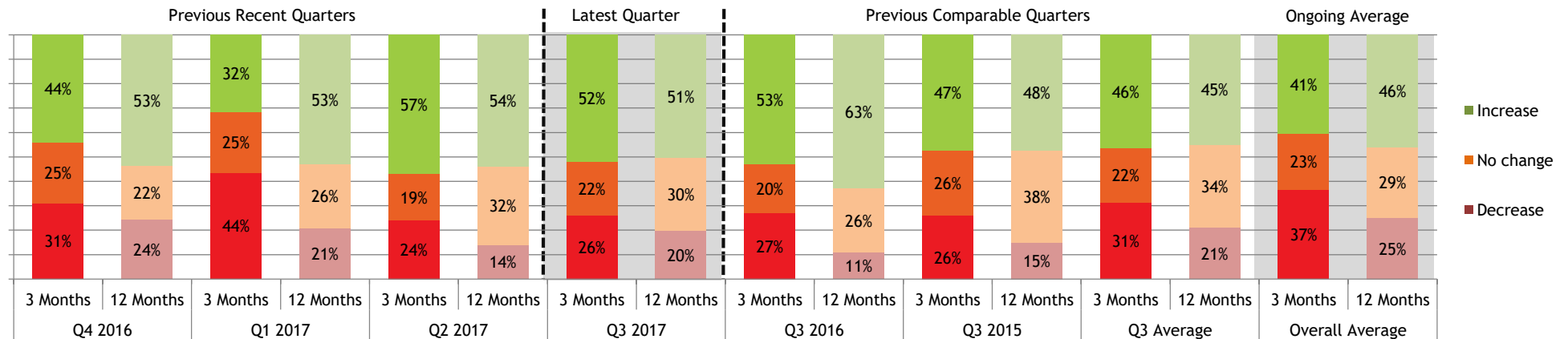


► Customer numbers were on par with last year as more businesses increased their customer numbers than decreased their customer numbers (46% versus 25%). Customer number performance was in line with the Q3 Average and higher than the Overall Average.

► An overall 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 decrease (47% versus 18%). The overall outlook recorded this quarter was less positive than last year but more positive than the Q3 Average and Overall Average.

Business Levels

Turnover: Last 3 months and next 12 months

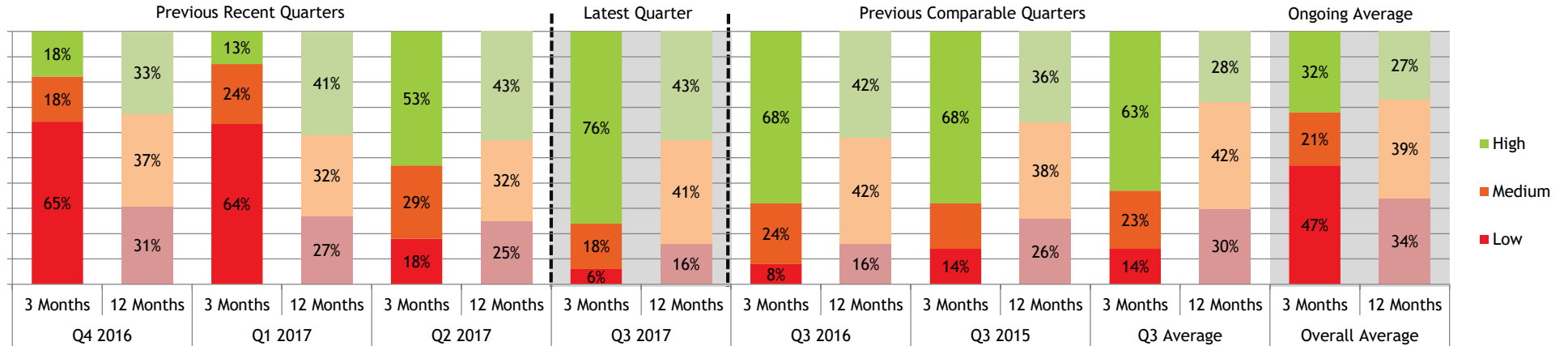


► This quarter more businesses increased their turnover than decreased their turnover (52% versus 26%). Turnover grew roughly at the same rate as last year.

► 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 (51% versus 20%). The results this quarter constituted a less positive outlook compared to Q3 2016 but were more positive compared to the Q3 Average and Overall Average.

Business Levels

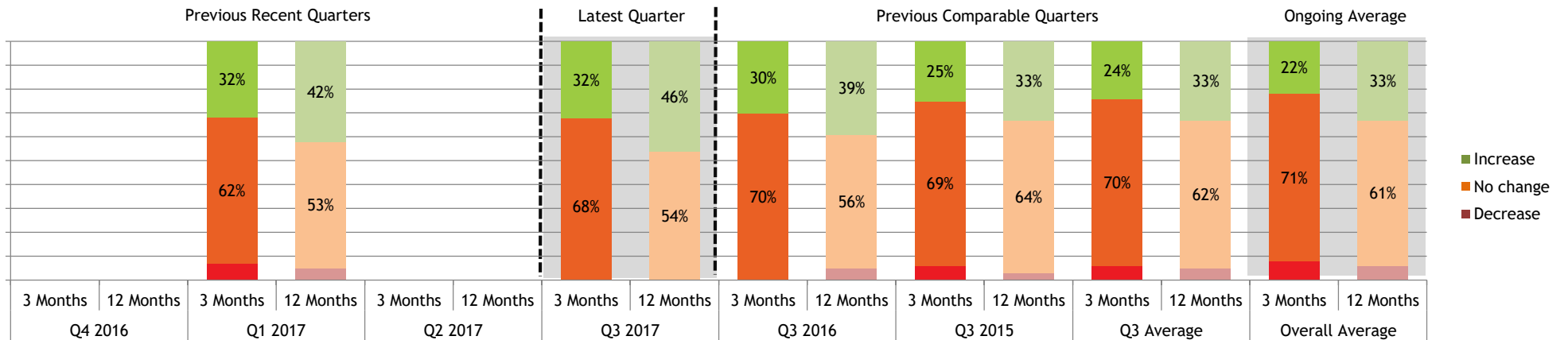
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 6% of accommodation providers recorded low occupancy of less than 50% whilst a very positive 76% achieved high occupancy of 70% or above during the quarter (higher than all previous comparable quarters and the Overall Average).
- ▶ 16% 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 (which is on par with last year).

Investment Levels

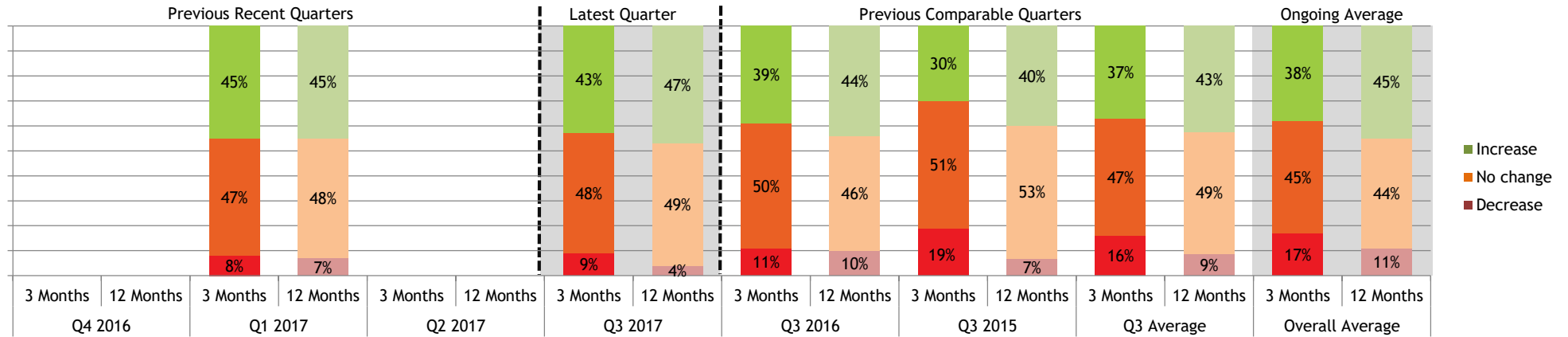
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (68%) noted no change in staff training investment, a small overall increase in staff training investment was recorded as 32%. The overall growth in staff training investment is slightly higher than recent comparable quarters, and in line with the Q3 Average.
- ▶ Going forward businesses expected a faster rate of change in staff training investment compared to current levels (46% vs 54%). That said, more than half of businesses (54%) thought that staff training investment would be unchanged in the coming 12 months. Overall these results suggest a higher intent to invest compared to recent Q3s.

Investment Levels

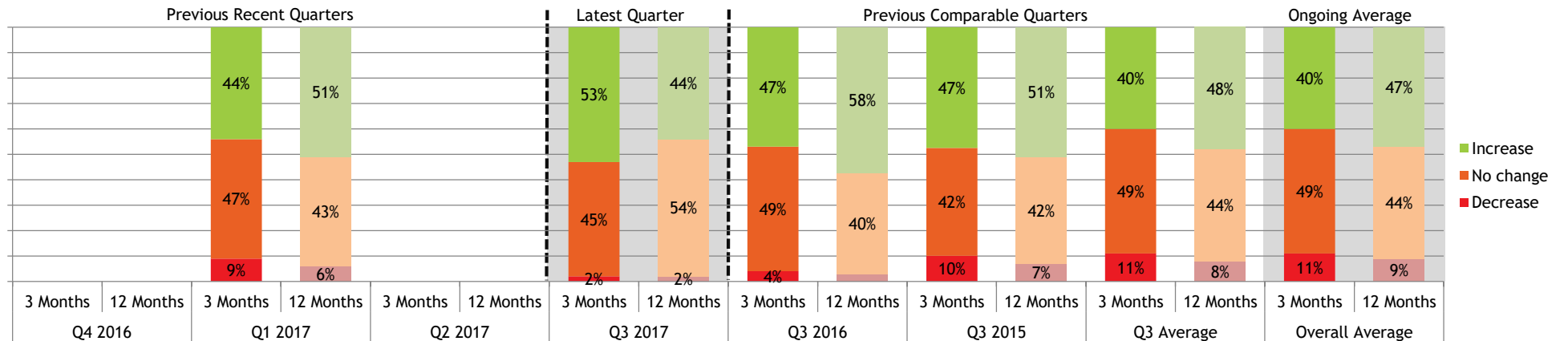
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 43% of businesses increased their investment in this aspect this quarter whilst 9% decreased investment. The overall growth in marketing and promotion investment this quarter was higher than previous comparable quarters.
- ▶ Continued growth in marketing and promotion investment was again expected as 47% of businesses expected to increase their investment in this aspect in the year ahead whilst only 4% expected to decrease investment. These results are more positive than the Q3 Average and Overall Average.

Investment Levels

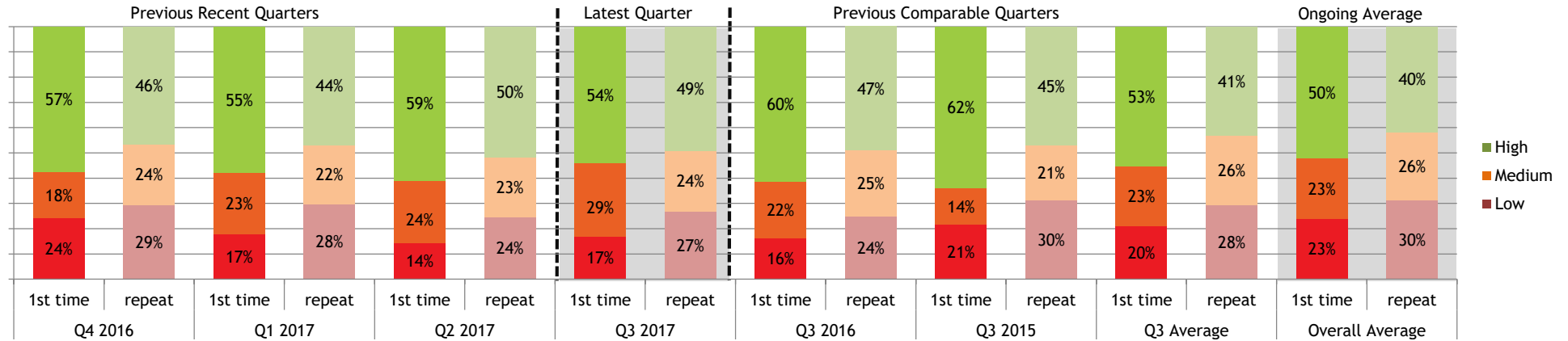
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 53% of businesses increased their investment in this aspect whilst 2% decreased investment. The overall growth in buildings and infrastructure investment this quarter was notably higher than Q3 2016 and the Q3 Average.
- ▶ Going forward there are expectations to decrease buildings and infrastructure investment - 44% expected to increase investment in this aspect in the year ahead whilst 2% expected to decrease investment. These results implied lower levels of confidence to invest in buildings and infrastructure compared to Q3 2016 but were above the Q3 Average.

Influences

Influence of CNP - Attracting First time & Repeat Customers

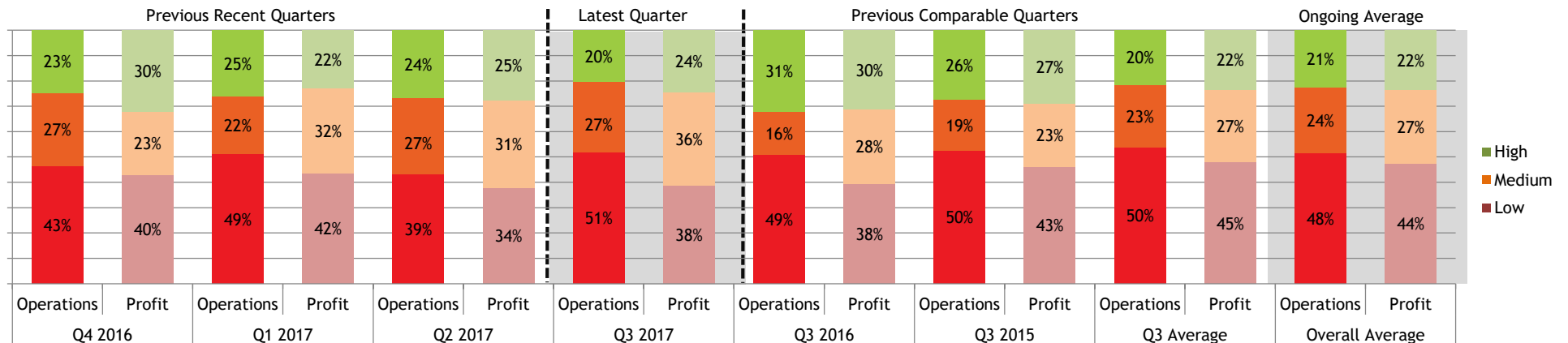


► 54% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 17% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting first time customers was below Q3 2016 but above the Q3 Average and Overall Average.

► 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 27% 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 similar to Q3 2016 but above the Q3 Average and Overall Average.

Influences

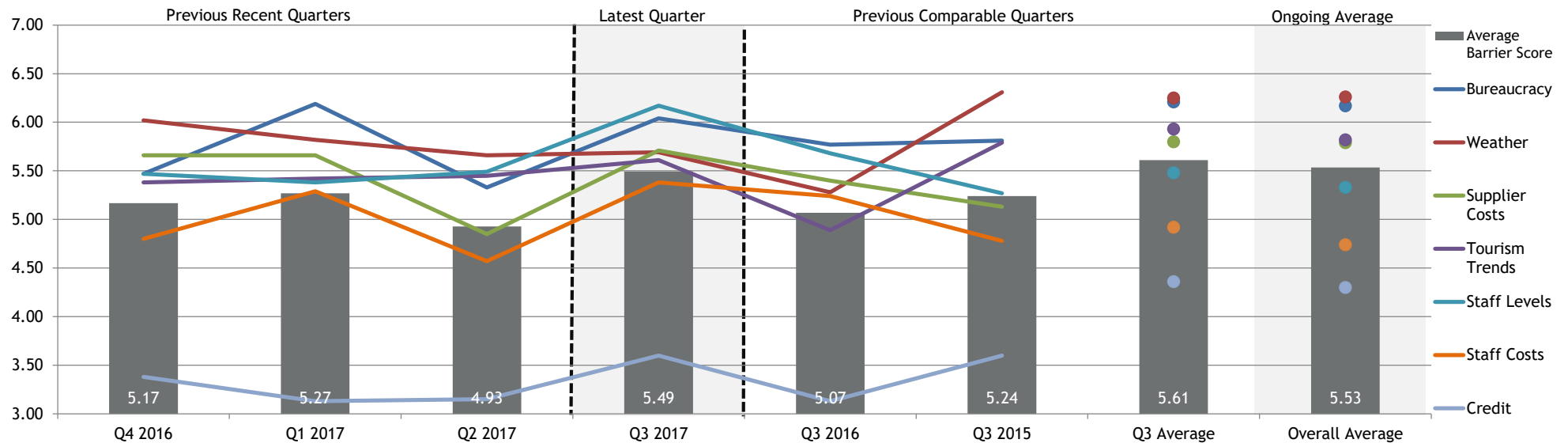
Influence of CNP - On Business Operations & Profitability



► 20% 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 51% stated 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 below Q3 2016 but inline with the Q3 Average.

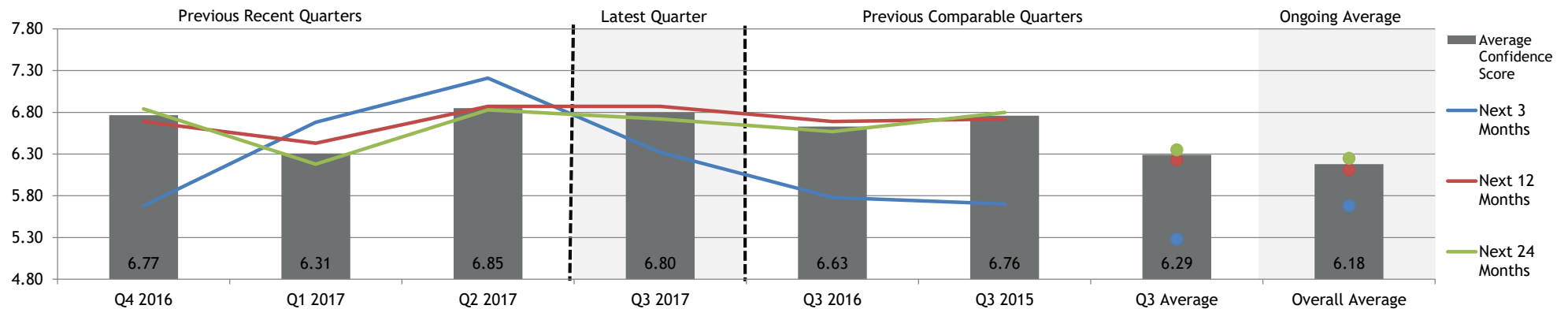
► 24% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their profitability whilst 38% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on profitability was on par with the Q3 Average.

Barriers



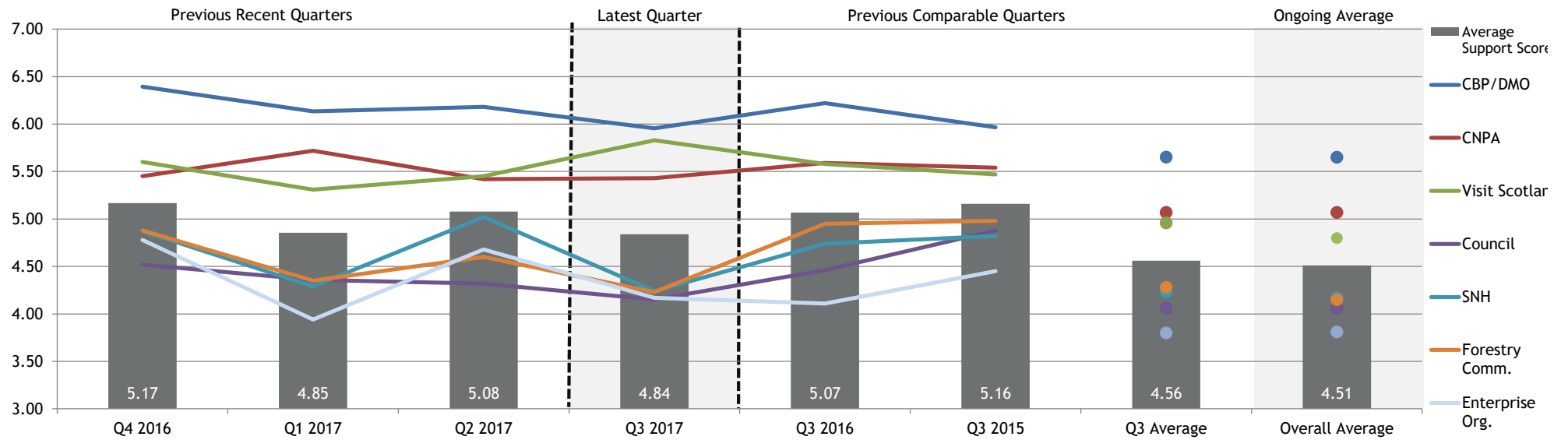
- ▶ The average barrier to growth score this quarter was 5.49 out of 10 which was higher than last quarter and recent comparable quarters but below the Q3 Average and Overall Average.
- ▶ Staff levels (6.17), bureaucracy (6.04), and supplier costs (5.71) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter was staff costs increasing from 4.57 in Q2 2017 to 5.38 in Q3 2017.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.32 out of 10 which was below recent quarters, but above recent Q3s, the Q3 Average and Overall Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.87 out of 10 which was on par with last quarter, and well above the Q3 Average and Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.72 out of 10 which was slightly lower than last quarter but higher than last year, the Q3 Average and Overall Average.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.80 which is slightly lower than last quarter but higher than the Q3 Average and Overall Average.

Support



- ▶ The overall level of support / contribution provided by organisations was rated at 4.84 which was lower than recent quarters but above the Q3 Average and Overall Average.
- ▶ The contribution / support provided by CBP / DMO (5.95) was rated most positively whilst the opposite was true for the Council (4.15).
- ▶ The organisation which recorded the largest change in perception from last quarter was the SNH as scores decreased from 5.02 in Q2 2017 to 4.24 in Q3 2017.