Cairngorms Business Barometer | Quarter 4 (October to December) | 2017

78
PARTICIPANTS
Q4 2017

DASHBOARD SUMMARY

The distribution of visitors was broadly in line with the same quarter last year. Proportionally fewer visitors from Germany and US were recorded this quarter compared to Q4 2016. Visitors from London / South East continue to account for the majority of English visitors.

59% of accommodation providers recorded low occupancy of less than 50% whilst 15% achieved high occupancy of 70% or above. That said, proportion of accommodation providers achieving low occupancy decreased significantly compared to previous Q4s as well as the Q4 Average.

Customer numbers and turnover this quarter remain at a higher rate than the Q4 Average and Overall Average. The recorded outlook was more positive compared to the long term averages.

Short term business confidence continues to track at a higher rate than previous comparable quarters. Despite being rated lower compared to Q4 last year, medium and long term confidence were well above the Q4 Average and Overall 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 the tourism in the Park area.

This report was produced by STR for the Cairngorms Business Partnership
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KEY

VS LAST YEAR (LY)

Higher* ▲
Same ▬
Lower ▼

BUSINESS LEVELS

TURNOVER   £ **CUSTOMERS** 👤

	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q4 17	▲ 25%	▲ 45%	▬ 9%	▲ 40%
Q4 16	13%	29%	9%	27%
QTR AVG	0%	27%	-4%	25%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

"Overall we continue to see some encouraging trends from the business barometer. Whilst Q4 is always a quieter quarter for business in the National Park businesses reported improvements on Q4 2016 in relation to both turnover and number of customers.

From a tourism perspective it is encouraging to continue to see the growing influence of the National Park brand on attracting both first and returning customers. 62% of businesses stated that the National Park had a high influence on first time visitors compared to a long term average of 51%. It is also pleasing to see a continuation in the increase in businesses dealing with customers from London and the South East of England with 57% of businesses dealing with these customers compared to a Q4 average of 51%.

Staffing levels and bureaucracy continue to be sited as the biggest barriers to doing business. Staffing levels is a particular concern and a major contributor to this is the availability of housing for employees to live in."

BUSINESS CONFIDENCE

NEXT X MONTHS:

	3	12	24
Q4 17	▲ 5.79	▼ 6.68	▼ 6.59
Q4 16	5.68	6.69	6.84
QTR AVG	5.20	6.14	6.33

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

BARRIERS TO GROWTH

				AVG
Q4 17	◆ 5.62	◆ 5.50	◆ 5.33	● 4.98
Q4 16	5.47	5.47	6.02	5.21
QTR AVG	5.96	5.30	6.29	5.45

Bureaucracy, Staff Levels, Weather
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.

COST

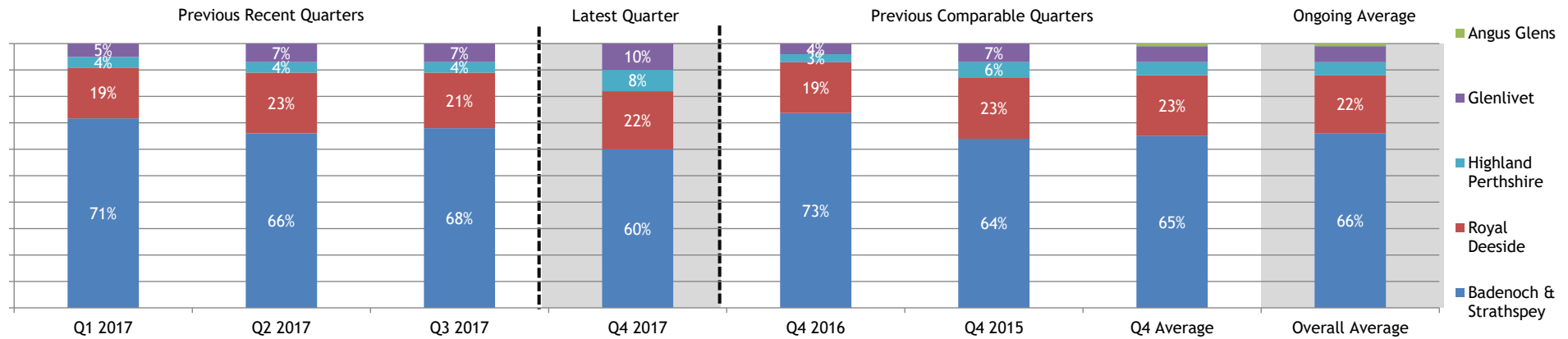|		Q4 17	Q4 16	QTR AVG
STAFF				
LAST 3 MONTHS	▼	32%	39%	27%
NEXT 12 MONTHS	▲	48%	46%	44%
SUPPLIER				
LAST 3 MONTHS	▼	48%	64%	61%
NEXT 12 MONTHS	▲	73%	69%	70%
ADMINISTRATION				
LAST 3 MONTHS	▼	28%	39%	36%
NEXT 12 MONTHS	▼	38%	48%	48%

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

ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q4 17	▬ 47%	▬ 31%	▲ 17%
Q4 16	47%	31%	16%
QTR AVG	52%	30%	11%

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

Area

Previous Recent Quarters | **Latest Quarter** | **Previous Comparable Quarters** | **Ongoing Average**

Legend: Angus Glens, Glenlivet, Highland Perthshire, Royal Deeside, Badenoch & Strathspey

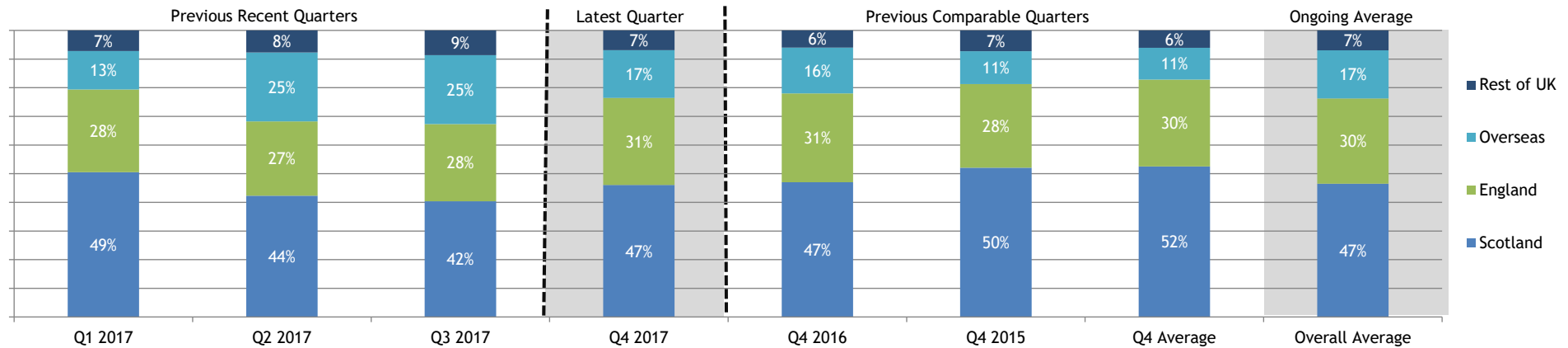|	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q4 2016	Q4 2015	Q4 Average	Overall Average
Glenlivet	5%	7%	7%	10%	4%	7%		
Highland Perthshire	4%	4%	4%	8%	3%	6%		
Royal Deeside	19%	23%	21%	22%	19%	23%	23%	22%
Badenoch & Strathspey	71%	66%	68%	60%	73%	64%	65%	66%

▶ The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (60%), Royal Deeside (22%), Highland Perthshire (8%), Glenlivet (10%) and Angus Glens (0%).

Sector

Previous Recent Quarters | **Latest Quarter** | **Previous Comparable Quarters** | **Ongoing Average**

Legend: Other, Attraction, Non-tourism business, Food / Beverage / Retail, Activities, Accommodation

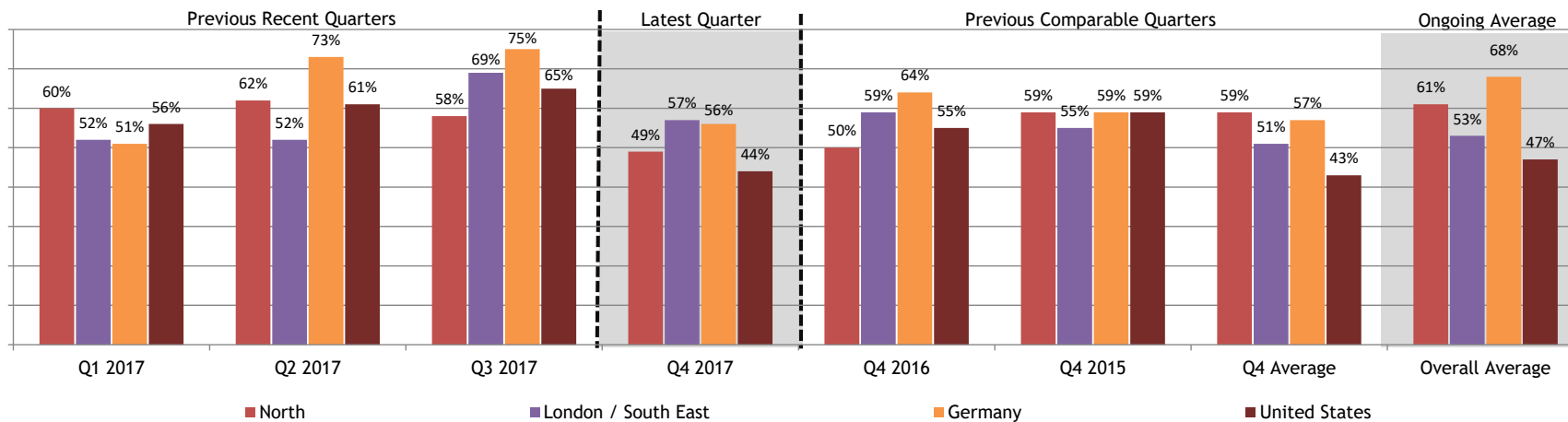|	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q4 2016	Q4 2015	Q4 Average	Overall Average
Attraction	6%	6%	3%	5%	3%	3%	3%	2%
Other			4%	4%		13%	8%	8%
Non-tourism business	9%	9%	3%	8%	9%	8%	9%	8%
Food / Beverage / Retail	10%	10%	12%	13%	7%	12%	13%	12%
Activities	10%	13%	16%	14%	16%	7%	10%	12%
Accommodation	64%	62%	62%	56%	58%	57%	57%	59%

▶ In terms of business sector, the sample was made up as follows: Accommodation provider (56%), Activity operator (14%), Food / Beverage / Retail business (13%), Non tourism (8%), Attraction (4%), Other (5%).

Origin

Previous Recent Quarters | **Latest Quarter** | **Previous Comparable Quarters** | **Ongoing Average**

Legend: Rest of UK, Overseas, England, Scotland

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q4 2016	Q4 2015	Q4 Average	Overall Average
Rest of UK	7%	8%	9%	7%	6%	7%	6%	7%
Overseas	13%	25%	25%	17%	16%	11%	11%	17%
England	28%	27%	28%	31%	31%	28%	30%	30%
Scotland	49%	44%	42%	47%	47%	50%	52%	47%

▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (47% of all customers), visitors from England (31%), Overseas visitors (17%), and visitors from the rest of the UK (7%).

▶ Visitors from Scotland continued to outnumber those from elsewhere, however comparing this quarter with the Q4 average, there was a significantly lower proportion of them. Overseas visitors made up 17% of the overall sample which was well above the Q4 Average.
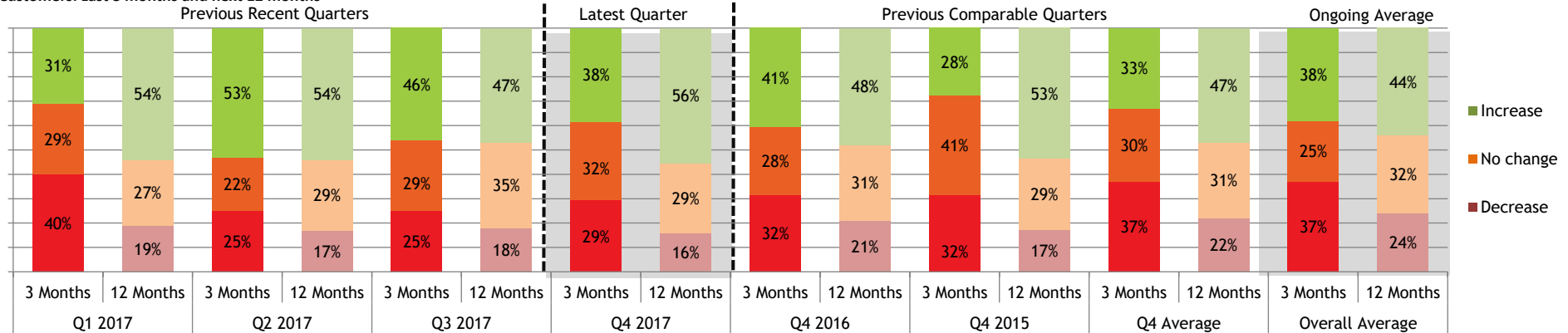
Origin - Top Source Markets England and Overseas

Previous Recent Quarters | **Latest Quarter** | **Previous Comparable Quarters** | **Ongoing Average**

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q4 2016	Q4 2015	Q4 Average	Overall Average
North	60%	62%	58%	49%	50%	59%	59%	61%
London / South East	52%	52%	69%	57%	59%	55%	51%	53%
Germany	51%	73%	75%	56%	64%	59%	57%	68%
United States	56%	61%	65%	44%	55%	59%	43%	47%

▶ The most common segment from England was visitors from London / South East (57% of businesses who engaged with visitors from England traded with customers from this area) followed by the North (49%). The proportion of visitors from London / South East is roughly on par with Q4 2016 and Q4 2015 but higher than the Q4 Average and Overall Average.

▶ The German market remains the most common segment from abroad (56%) despite decreasing by 8% on the same quarter last year. The proportion of visitors from the US (44%) also significantly dropped compared to previous Q4 periods.

Business Levels

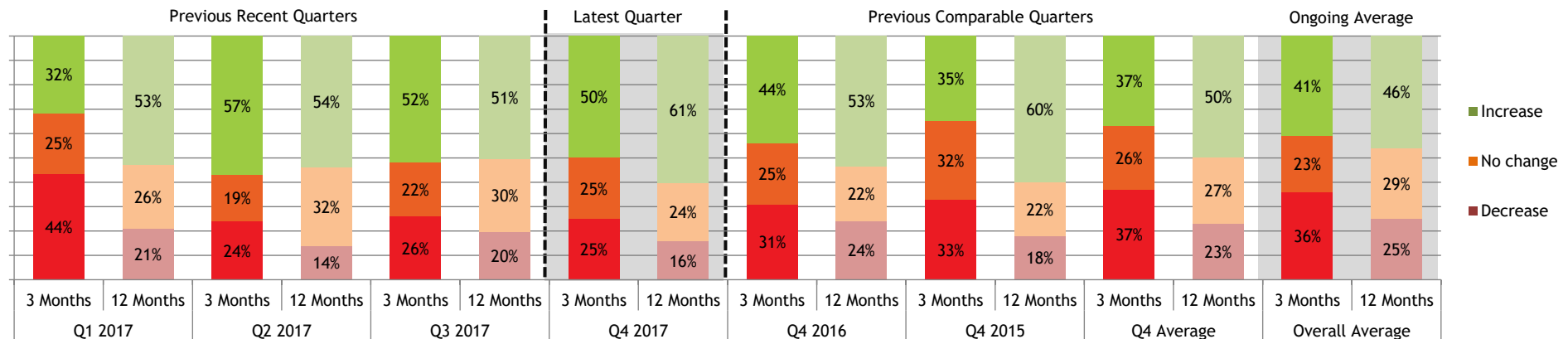**No. Of Customers: Last 3 months and next 12 months**

Chart: Previous Recent Quarters / Latest Quarter / Previous Comparable Quarters / Ongoing Average

	Q1 2017		Q2 2017		Q3 2017		Q4 2017		Q4 2016		Q4 2015		Q4 Average		Overall Average	
	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months
Increase	31%	54%	53%	54%	46%	47%	38%	56%	41%	48%	28%	53%	33%	47%	38%	44%
No change	29%	27%	22%	29%	29%	35%	32%	29%	28%	31%	41%	29%	30%	31%	25%	32%
Decrease	40%	19%	25%	17%	25%	18%	29%	16%	32%	21%	32%	17%	37%	22%	37%	24%

▶ There was an overall increase in customer numbers as more businesses increased their customer numbers than decreased (38% versus 29%). Customer number performance was better than the Q4 Average and Overall Average with higher proportion of businesses noting an increase in customer numbers compared to Q4 Average and significantly lower proportion of them indicating a drop in customer numbers compared to 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 (56% versus 16%). Encouragingly the overall outlook recorded this quarter was more positive than recent comparable quarters as well as the Q4 Average and Overall Average.

Business Levels

Turnover: Last 3 months and next 12 months

|	Q1 2017		Q2 2017		Q3 2017		Q4 2017		Q4 2016		Q4 2015		Q4 Average		Overall Average	
	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months
Increase	32%	53%	57%	54%	52%	51%	50%	61%	44%	53%	35%	60%	37%	50%	41%	46%
No change	25%	26%	19%	32%	22%	30%	25%	24%	25%	22%	32%	22%	26%	27%	23%	29%
Decrease	44%	21%	24%	14%	26%	20%	25%	16%	31%	24%	33%	18%	37%	23%	36%	25%

▶ This quarter more businesses increased their turnover than decreased (50% versus 25%). Turnover grew at a higher rate compared to the same quarter 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 (61% versus 16%). The results this quarter constituted a much more positive outlook compared to Q4 2016 as well as the Q4 Average and Overall Average.

Business Levels
Accommodation Occupancy: Last 3 months and next 12 months
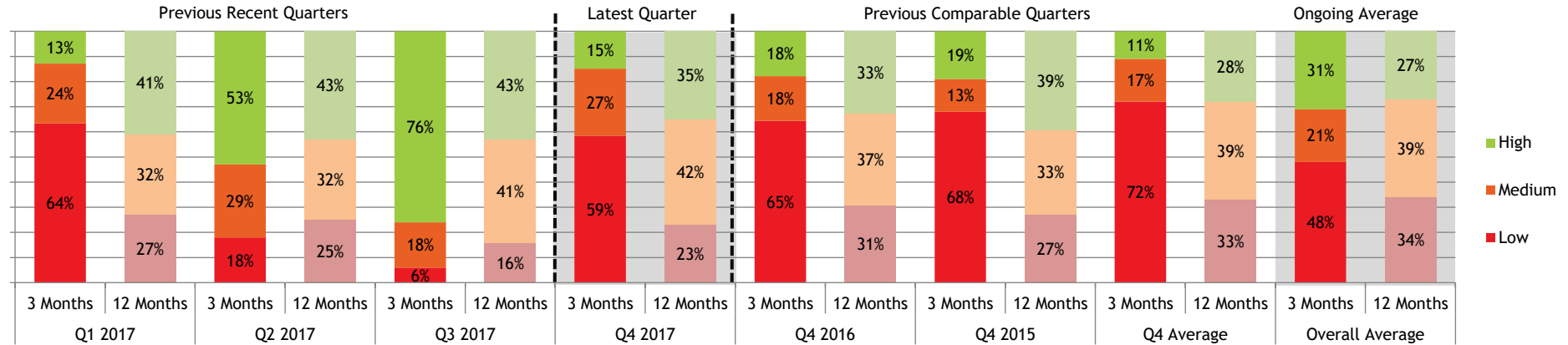
▶ 59% of accommodation providers recorded low occupancy of less than 50% whilst 15% achieved high occupancy of 70% or above during the quarter (which was lower than previous comparable quarters and the Overall Average).
Proportion of accommodation providers achieving low occupancy notably decreased in comparison to Q4 2016, Q4 2015 and it was also significantly below the level of the Q4 Average.

▶ 23% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 35% expect to achieve high occupancy of 70% or above (which is higher than the Q4 average).

Costs
Staff: Last 3 months and next 12 months
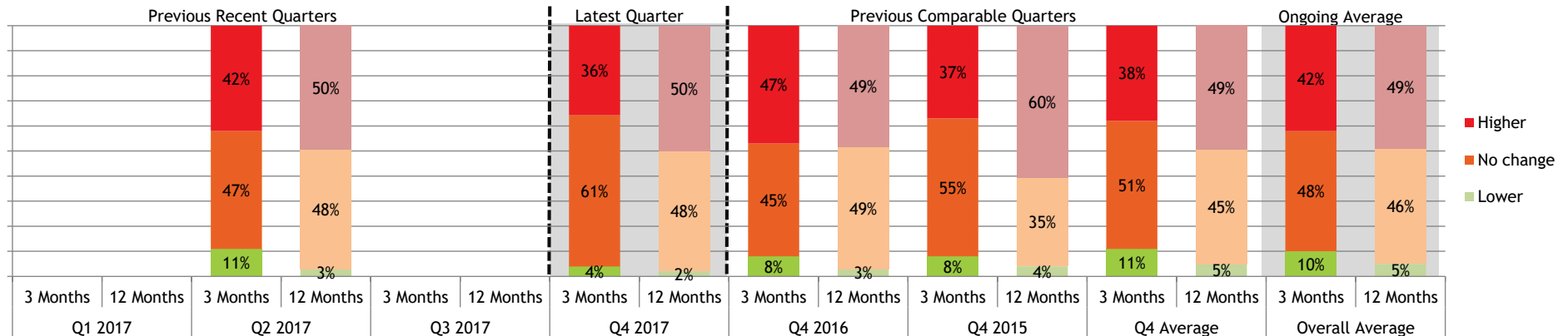
▶ Whilst most businesses (61%) noted no change in staff costs, 36% of businesses registered higher staff costs compared to just 4% who noted lower costs. These results indicate a significantly slower rate of change in staff costs compared to the same quarter last year.

▶ 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 2% expected them to decrease. These results imply that slightly steeper increases in supplier costs are expected compared to Q4 2016 as well as the Q4 Average and Overall Average.
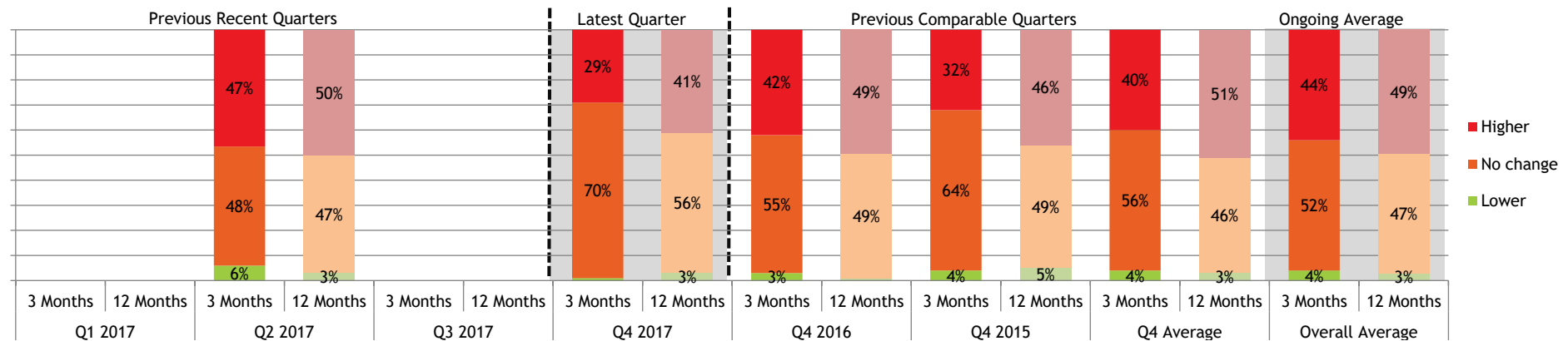
Costs

Supplier: Last 3 months and next 12 months

	Previous Recent Quarters						Latest Quarter		Previous Comparable Quarters						Ongoing Average	
Higher	66%	68%					51%	74%	67%	69%	46%	64%	66%	74%	70%	73%
No change	30%	29%					46%	24%	31%	31%	43%	31%	30%	23%	26%	24%
Lower	5%	2%					3%		3%		11%	5%	5%	4%	4%	3%
	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months
	Q1 2017		Q2 2017		Q3 2017		Q4 2017		Q4 2016		Q4 2015		Q4 Average		Overall Average	

- Higher
- No change
- Lower

▶ An overall increase in supplier costs was recorded as 51% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 3% noted lower costs. The overall results suggest a significantly less steep increase in supplier costs compared to Q4 2016 as well as the Q4 Average and Overall Average.

▶ Supplier costs overall were expected to increase at a much faster rate than currently as 74% of businesses expected these costs to increase in the year ahead and 1% expected these costs to decrease. In contrast to the findings over the last three months, these results implied that steeper increases in supplier costs were expected compared to previous Q4 periods.

Costs

Administration: Last 3 months and next 12 months

	Previous Recent Quarters						Latest Quarter		Previous Comparable Quarters						Ongoing Average	
Higher	47%	50%					29%	41%	42%	49%	32%	46%	40%	51%	44%	49%
No change	48%	47%					70%	56%	55%	49%	64%	49%	56%	46%	52%	47%
Lower	6%	3%						3%	3%		4%	5%	4%	3%	4%	3%
	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months	3 Months	12 Months
	Q1 2017		Q2 2017		Q3 2017		Q4 2017		Q4 2016		Q4 2015		Q4 Average		Overall Average	

- Higher
- No change
- Lower

▶ Whilst most businesses (70%) noted no change in admin costs, a small overall increase was recorded as 29% of businesses observed higher admin costs compared to just 1% who noted lower costs. The overall rate of change was significantly below that of Q4 2016, the Q4 Average and Overall Average.

▶ Administration costs were expected to increase at a higher rate than currently as 41% of businesses expected these costs to increase in the year ahead whilst 3% expected these costs to decrease. These results still implied less steep increases in administration costs were expected compared to previous comparable quarters.

Influences

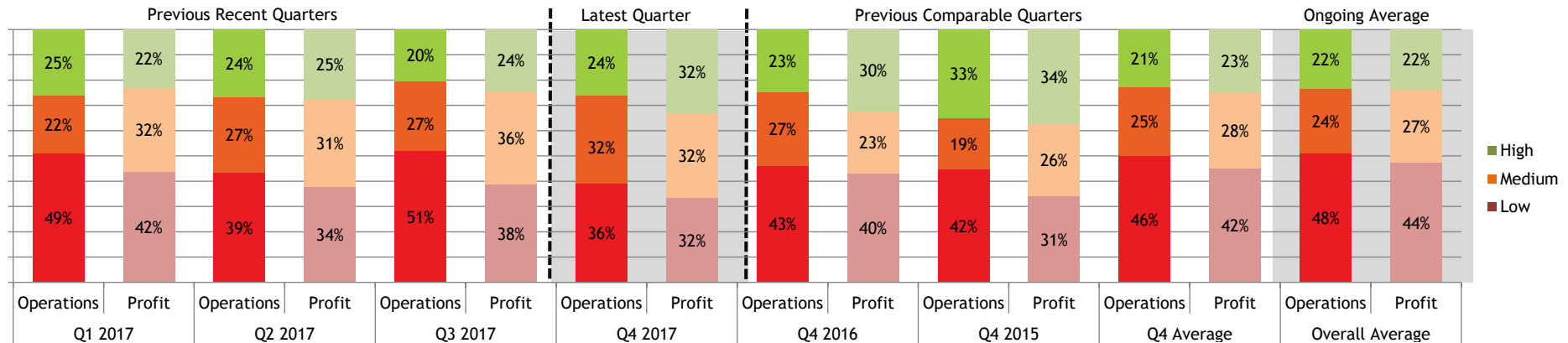**Influence of CNP - Attracting First time & Repeat Customers**
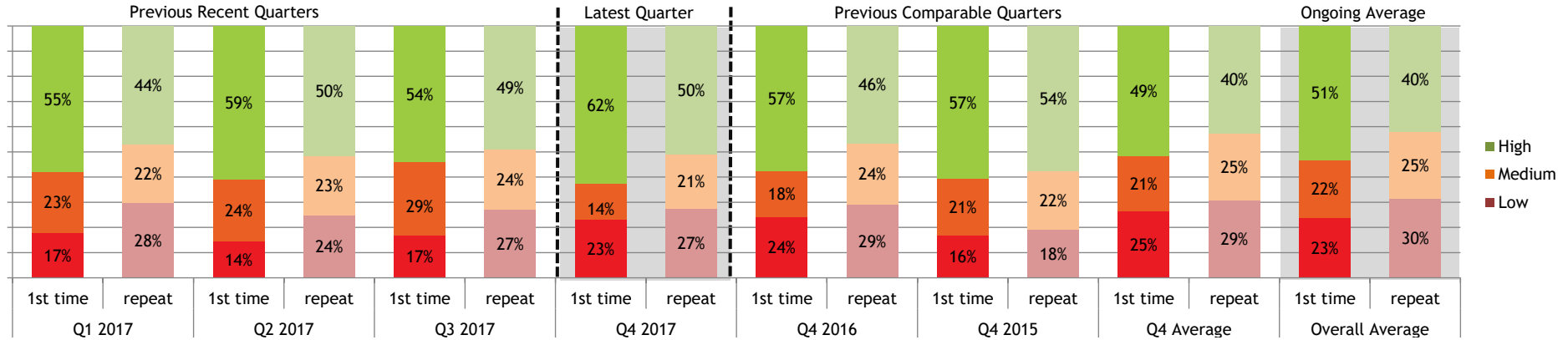
▶ 62% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 23% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting first time customers was above the Q4 Average and Overall Average.

▶ 50% 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 above the Q4 Average and Overall Average.

Influences

Influence of CNP - On Business Operations & Profitability

▶ 21% 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 36% 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 above Q4 2016 as well as the Q4 Average and Overall Average.

▶ 32% 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 32% 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 higher than Q4 2016, the Q4 Average and Overall Average.

Barriers
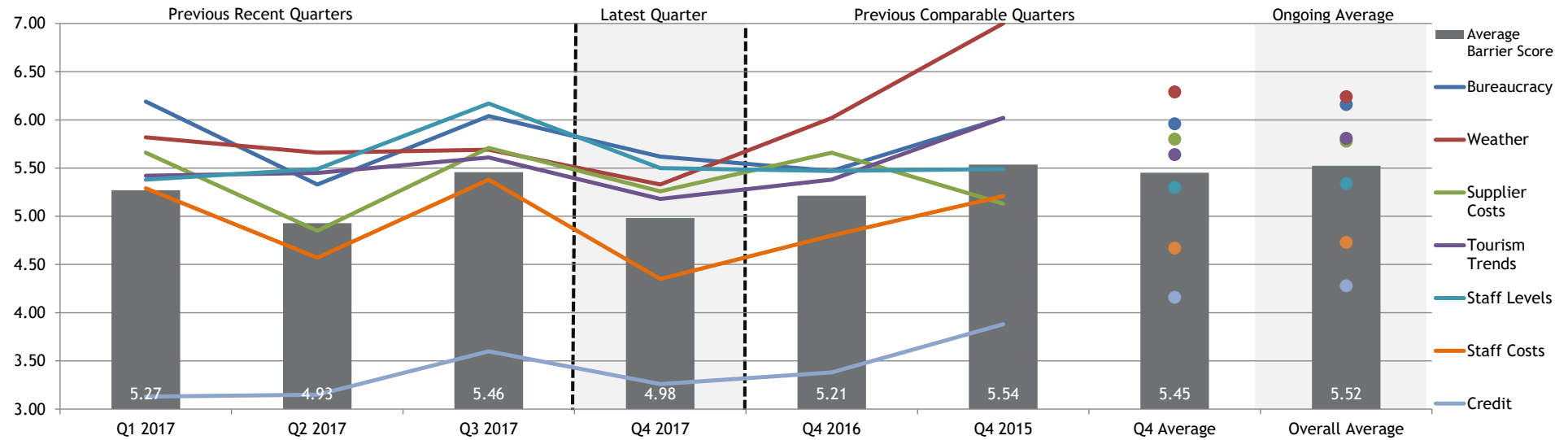
- ▶ The average barrier to growth score this quarter was 4.98 out of 10 which was significantly lower than last quarter and the Q4 Average and Overall Average.
- ▶ Bureaucracy (5.62), staff levels (5.50), and weather (5.33) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest decrease from last quarter was staff costs dropping from 5.38 in Q3 2017 to 4.35 in Q4 2017.

Business Confidence
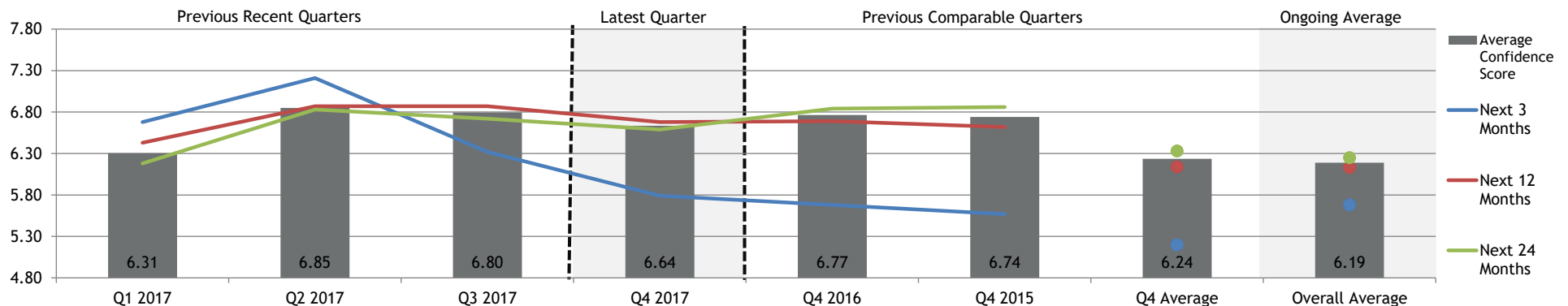
- ▶ Short term confidence (next 3 months) was rated at 5.79 out of 10 which was below recent quarters, but above recent Q4s, the Q4 Average and Overall Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.68 out of 10 which was on par with previous Q4 periods, and well above the Q4 Average and Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.59 out of 10 which was slightly lower than previous Q4s but higher than the Q4 Average and Overall Average.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.64 which is lower than last quarter but higher than the Q4 Average and Overall Average.

Support
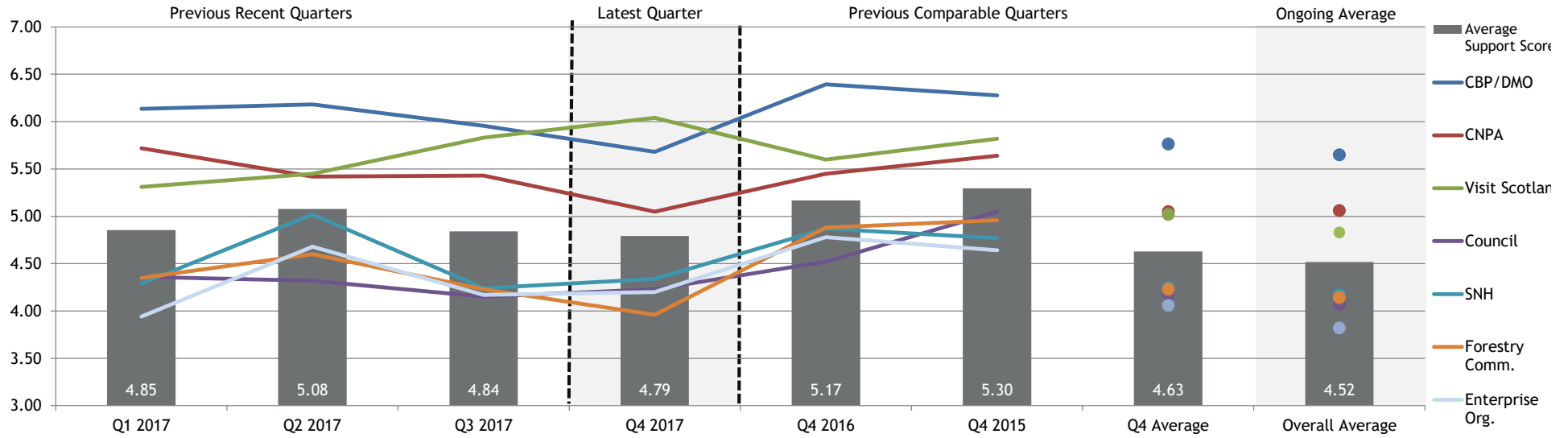
- The overall level of support / contribution provided by organisations was rated at 4.79 which was lower than recent quarters but above the Q4 Average and Overall Average.
- The contribution / support provided by Visit Scotland (6.04) was rated most positively whilst the opposite was true for Forestry Commission Scotland (3.96).
- The organisation which recorded the largest change in perception from last quarter was the CNPA as scores decreased from 5.43 in Q3 2017 to 5.05 in Q4 2017.