



Cairngorms
Business
Partnership

Cairngorms Business Barometer | Quarter 1 (January to March) | 2018

DASHBOARD SUMMARY

The mix of visitors in the Park area was broadly on par with the Overall Average. However, there is some evidence to suggest that the Park attracted more overseas visitors in Q1 2018 compared to the Q1 Average. Businesses, in particular, recorded a higher prevalence of visitors from the US and the Netherlands.

Although customer numbers and turnover decreased this quarter, the decline was less pronounced compared to the Q1 Average. The outlook for the year ahead was less optimistic compared to last year. That said, business sentiment for performance over the next 12 months was broadly on par with the Q1 Average.

Levels of business investment in staff training, marketing and buildings / infrastructure were generally above last year and the Q1 Average. Meanwhile, intent to invest in these aspects was on par with previous trends.

Despite being rated lower compared to Q1 last year, short term confidence was well above the Q1 Average. Medium and long term business confidence were tracked at a higher rate than previous comparable quarters and the Q1 Average.

Nearly half of businesses cited a negative impact associated with the closure of local bank branches. The most common impact was making business operations difficult (mentioned by 92% of those stated a negative impact).

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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80
PARTICIPANTS

Q1 2018

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 18	-5%	18%	-11%	15%
Q1 17	-12%	32%	-9%	35%
QTR AVG	-11%	18%	-13%	17%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

Our quarterly topical questions last quarter were around bank closures and the impact on businesses. It is not surprising that 92% of businesses who have been impacted by a closure stated that it had made operational aspects of their business more difficult and many of the comments reflected the anecdotal comments we had been receiving. Business is tough enough in a rural environment and we are calling on banks and politicians to find a better solution as those in place are clearly not good enough.

On a positive note business confidence is high and it is great to see the continuing strong influence of the National Park brand in attracting both first time and repeat visitors.

BUSINESS CONFIDENCE

NEXT X MONTHS:



	3	12	24
Q1 18	6.42	6.50	6.41
Q1 17	6.68	6.43	6.18
QTR AVG	6.05	6.12	6.19

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

BARRIERS TO GROWTH

	Weather	Supplier Costs	Staff Levels	AVG
Q1 18	6.38	6.14	5.98	5.53
Q1 17	5.82	5.66	5.38	5.32
QTR AVG	6.29	5.92	5.37	5.59

Weather, Supplier Costs, Staff Levels
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

	Q1 2018	Q1 2017	QTR AVG
STAFF TRAINING			
LAST 3 MONTHS	34%	25%	14%
NEXT 12 MONTHS	41%	37%	27%
MARKETING			
LAST 3 MONTHS	42%	37%	23%
NEXT 12 MONTHS	44%	38%	33%
INFRASTRUCTURE			
LAST 3 MONTHS	41%	35%	29%
NEXT 12 MONTHS	39%	45%	36%

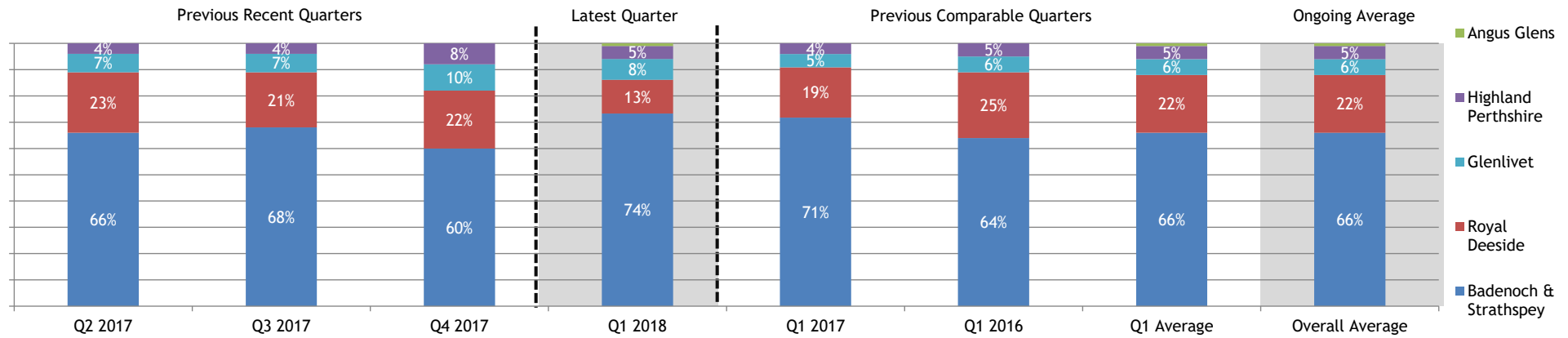
Net investment changes in last 3 months and in next 12 months compared to LY and quarter AVG.

ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q1 18	50%	28%	16%
Q1 17	49%	28%	13%
QTR AVG	49%	31%	11%

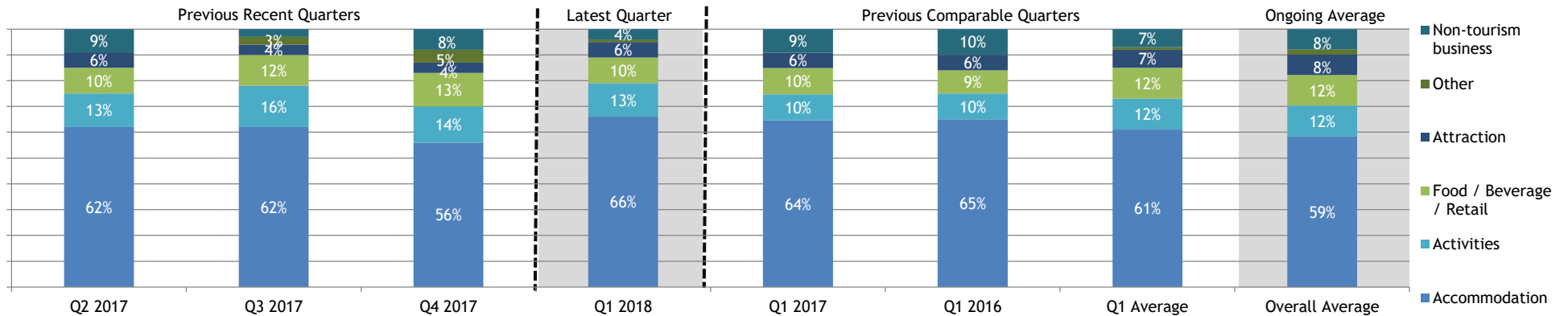
Mix of customers during quarter compared to LY and quarter AVG.

Area



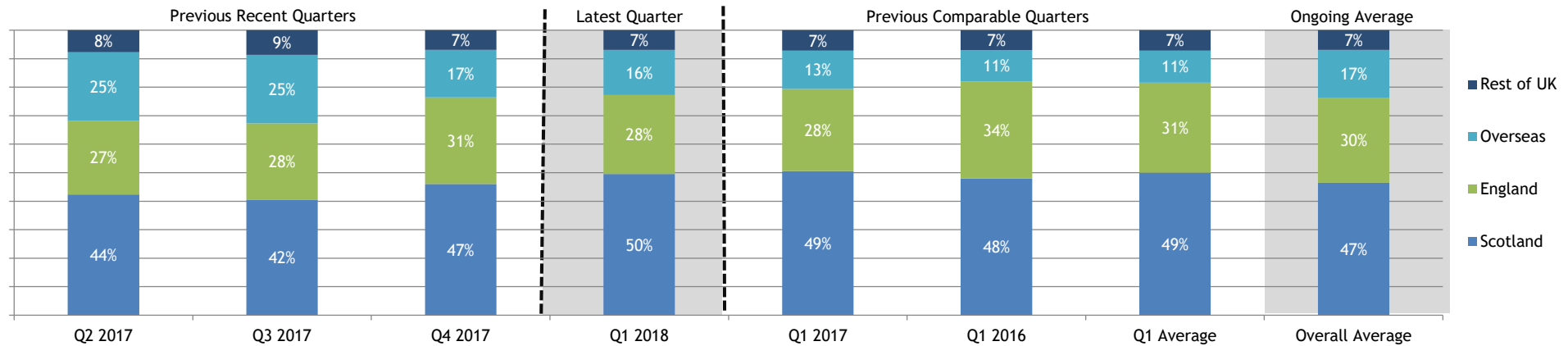
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (74%), Royal Deeside (13%), Glenlivet (8%), Highland Perthshire (5%) and Angus Glens (1%).

Sector



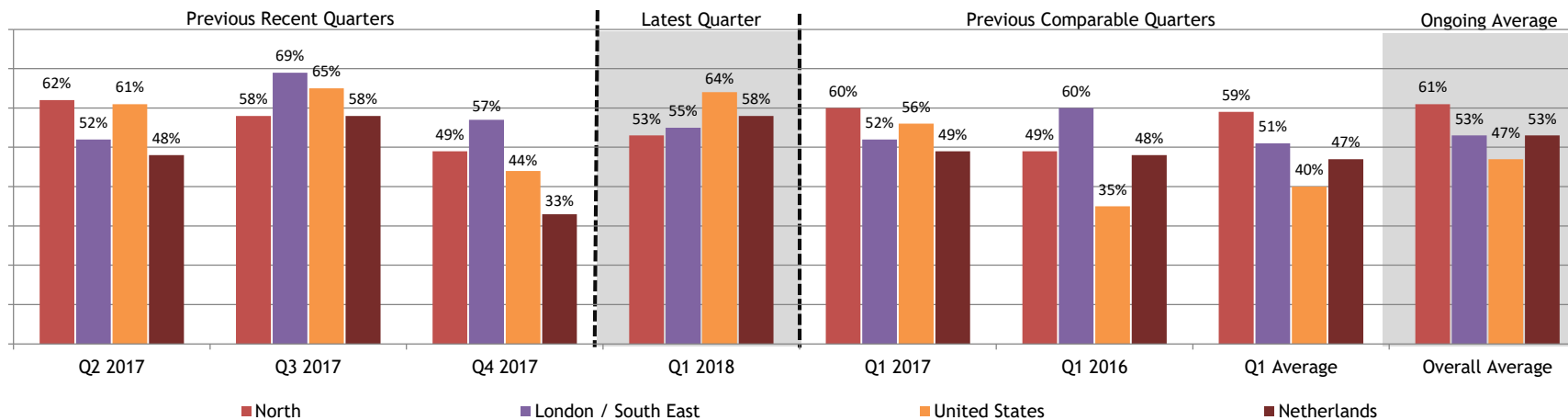
► In terms of business sector, the sample was made up as follows: Accommodation provider (66%), Activity operator (13%), Food / Beverage / Retail business (10%), Attraction (6%), Non tourism (4%), Other (1%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (50% of all customers), visitors from England (28%), Overseas visitors (16%), and visitors from the rest of the UK (7%).
- ▶ As in previous quarters, visitors from Scotland continued to outnumber those from elsewhere. Compared to Q1 2016 and the Q1 Average and to a lesser extent Q1 2017 an increase was noted in visitors from Overseas.

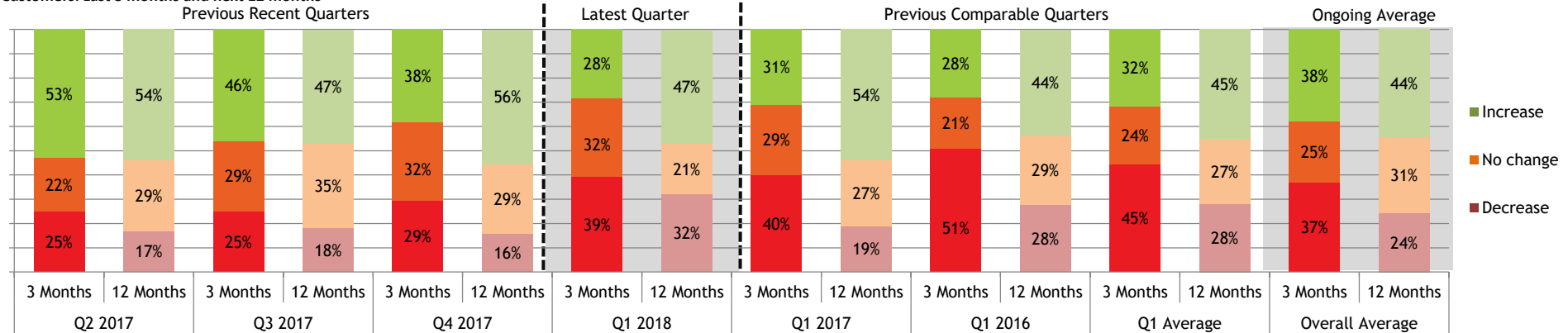
Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from London / South East (55% of businesses who engaged with visitors from England traded with customers from this area) followed by visitors from the North (53%). The proportion of the visitors from the North was lower compared to Q1 2017 as well as the Q1 Average and the Overall Average.
- ▶ As in the previous comparable quarter (Q1 2017), the US market was the most common segment from abroad (64%) increasing by an additional 8% on the same quarter last year and remained significantly above the Q1 Average and the Overall Average. The next most significant market was Netherlands noting an increase compared to previous comparable quarters and the Q1 and the Overall Averages.

Business Levels

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

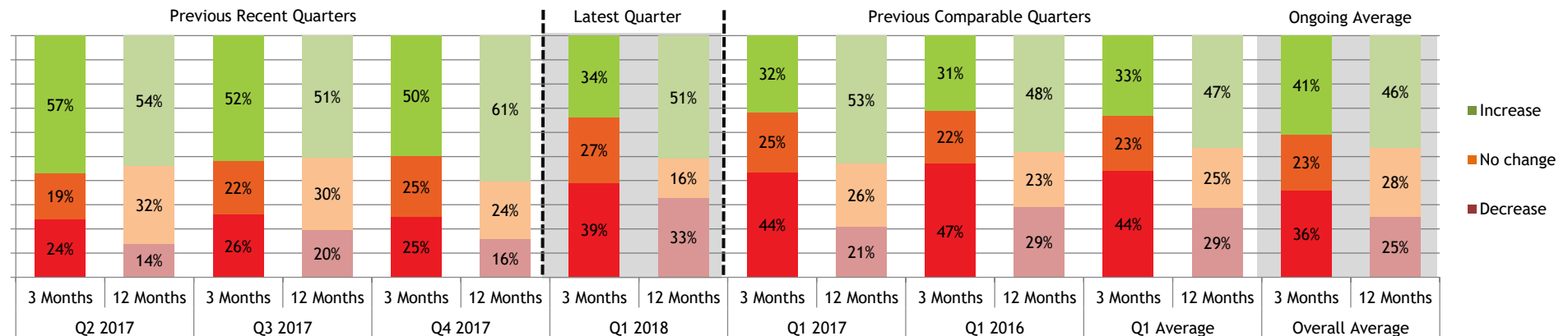


► There was an overall decrease in customer numbers as more businesses decreased their customer numbers than increased (39% versus 28%). Whilst a decline, it is important to note that the rate of decline was on par with Q1 2017 and less pronounced than Q1 2016 and the Q1 Average.

► 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 32%). The outlook recorded this quarter was slightly less positive compared to the previous comparable quarter but broadly on par with the Q1 Average.

Business Levels

Turnover: Last 3 months and next 12 months

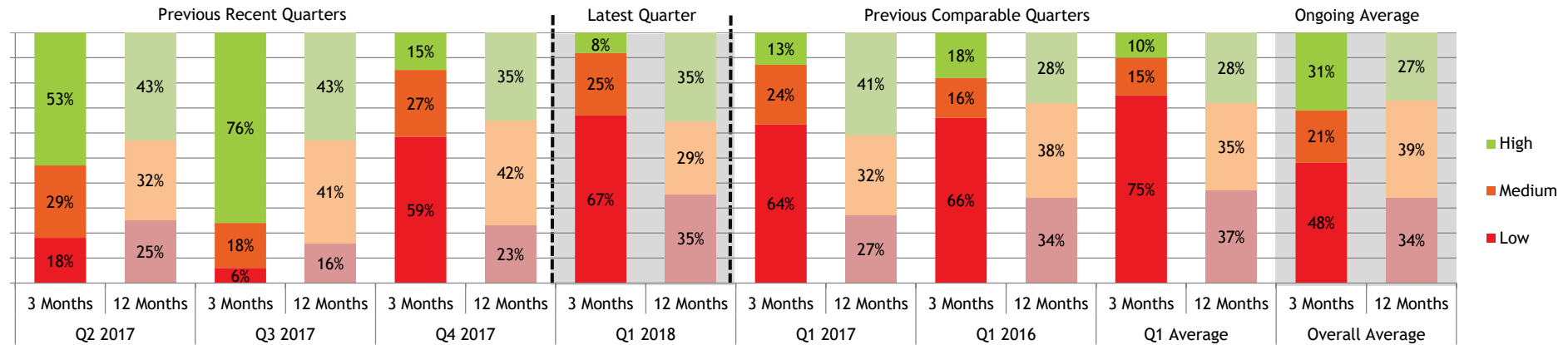


► There was an overall decrease in turnover this quarter as slightly more businesses decreased their turnover than increased (39% versus 34%). However, turnover fell at a slower rate than previous comparable quarters as well as the Q1 Average.

► 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 (51% versus 33%). The results this quarter constituted a less positive outlook compared to Q1 2017. However, they were roughly on par with Q1 2016 and the Q1 Average.

Business Levels

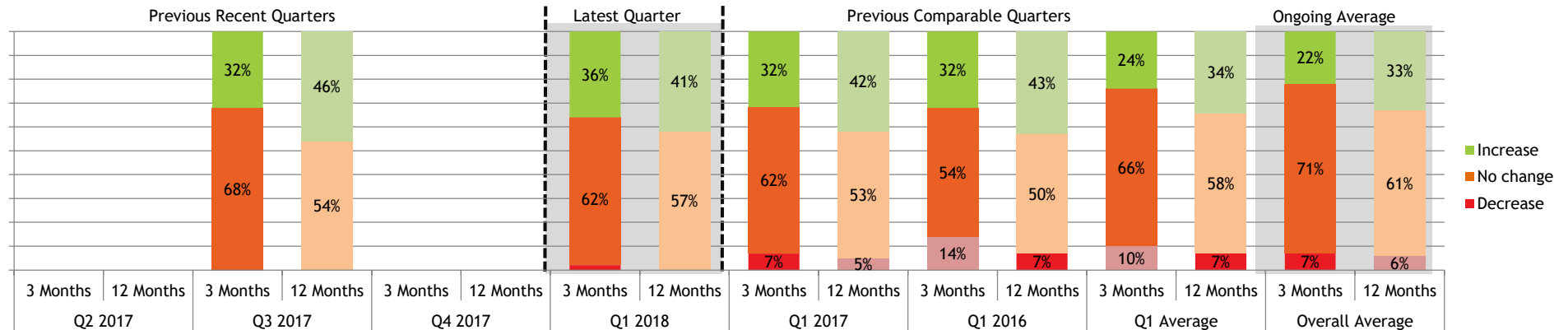
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 67% of accommodation providers recorded low occupancy of less than 50% whilst 8% achieved high occupancy of 70% or above during the quarter. The latter result was lower than the two previous comparable quarters. Although the majority of accommodation providers observed low occupancy, average occupancy was overall on par with the Q1 Average.
- ▶ 35% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst the same proportion expected to achieve high occupancy of 70% or above. Accommodation providers had lower expectations regarding future performance compared to the same quarter last year. However, they had a more positive outlook compared to Q1 2016 and the Q1 Average.

Investment Levels

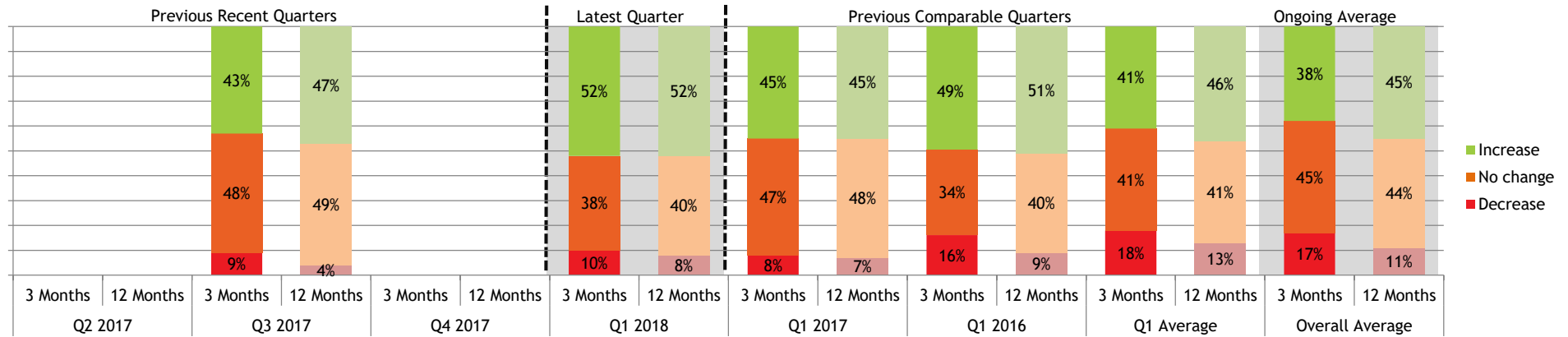
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (62%) noted no change in staff training investment, a small overall increase in staff training investment was recorded as 36% increased their investment in this aspect. The overall growth in staff training investment was higher than recent comparable quarters, and was well above the Q1 Average.
- ▶ Going forward businesses expected a faster rate of change in staff training investment compared to current levels. That said, more than half of businesses (57%) thought that staff training investment would be unchanged in the coming 12 months. Overall these results suggest a similar intent to invest compared to recent Q1s.

Investment Levels

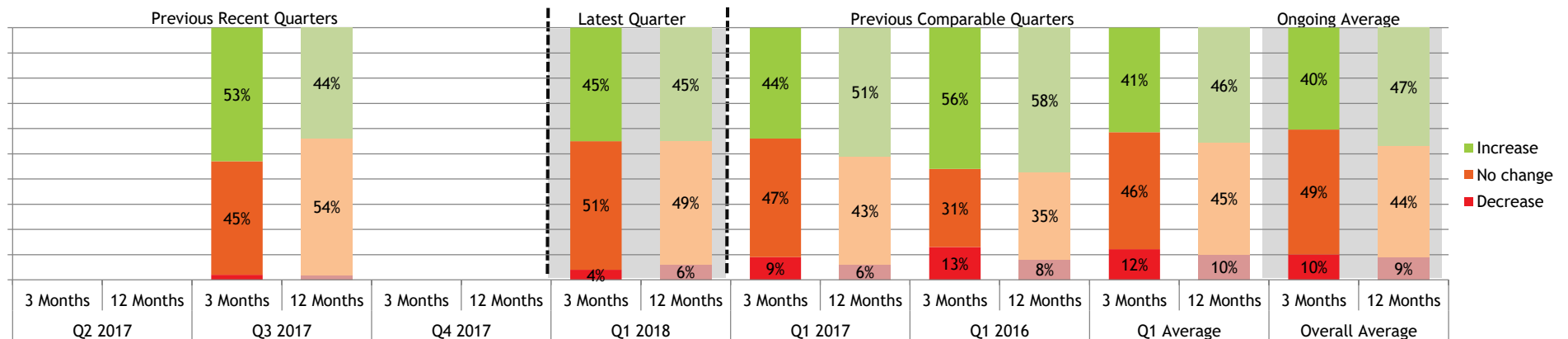
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 52% of businesses increased their investment in this aspect this quarter whilst 10% decreased investment. The overall growth in marketing and promotion investment this quarter was higher than previous comparable quarters and the Q1 Average.
- ▶ Continued growth in marketing and promotion investment was again expected as 52% of businesses expected to increase their investment in this aspect in the year ahead whilst only 8% expected to decrease investment. These results are more positive than the two previous comparable quarters as well as the Q1 Average.

Investment Levels

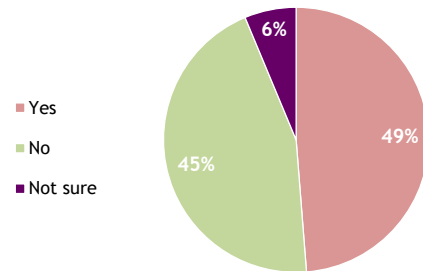
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 45% of businesses increased their investment in this aspect whilst 4% decreased investment. The overall growth in buildings and infrastructure investment this quarter was higher compared to Q1 2017 and the Q1 Average.
- ▶ Going forward there are expectations to keep the same levels of buildings and infrastructure investment - 45% expected to increase investment in this aspect in the year ahead whilst 6% expected to decrease investment. These results implied lower levels of confidence to invest in buildings and infrastructure compared to Q1 2017 and Q1 2016 but were on par with the Q1 Average.

Quarterly Topical Questions: Closure of local bank branches and the potential impact on businesses

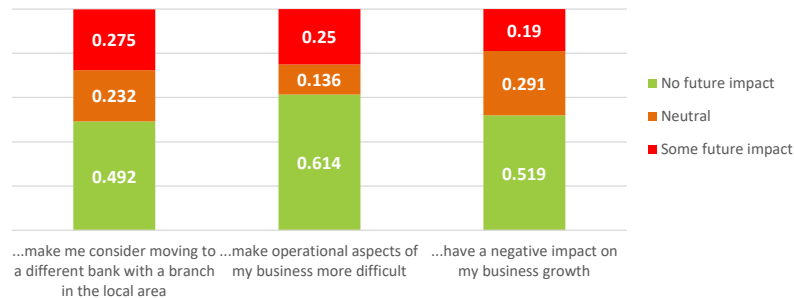
Q: Has a local bank branch closure impacted your business?



Impacted business

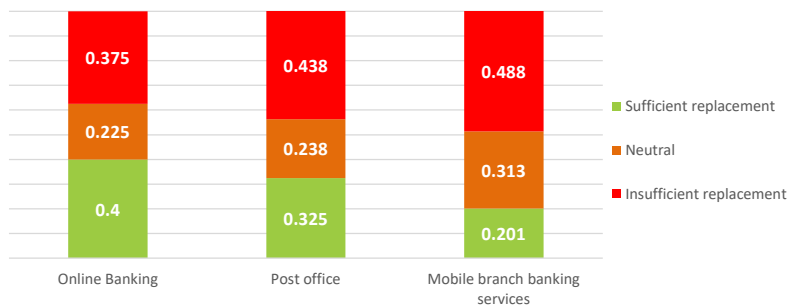
- Nearly half of the businesses stated that closure of local bank branches impacted their business whilst 45% stated the opposite.

Q: Attitude to the following statements: Closure of local branches will...



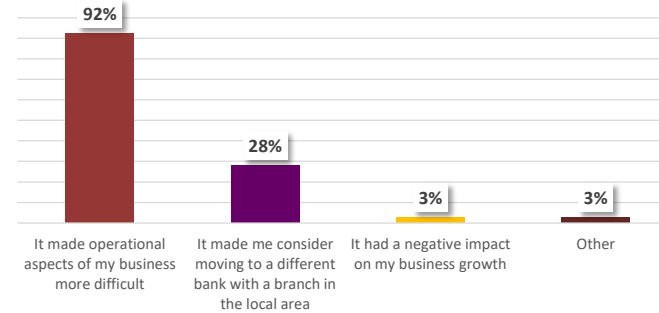
- Overall, 26% indicated a potential future impact on their business as a result of bank closures. The most likely impact is changing banks (28%) followed by a continuation of more difficult business operations.

Q: Attitudes to local bank branch alternatives:



- Online banking was perceived to be the most suitable replacement (as 40% stated that it was a sufficient replacement), followed post office (33%).

Q: What impact did the closure(s) have on your business?



- The vast majority (92%) of businesses who were impacted by a bank closure stated that the closure(s) made business operations more difficult. Over a quarter (28% of businesses impacted by a closure), stated that the impact made them consider changing banks.

Q: Do you have any comments regarding the impact of local bank branch closures on your business?

“ ATMs must not be taken away, mobile facilities must be accessible for all, protect privacy and be available regularly and Post Offices must have the ability for express pay-ins to protect privacy of businesses. ”

“ I often make same day transfers that exceed the daily amount for faster payment facility and require me to attend at a branch. This cannot be done in the mobile van and will require a trip to Inverness. It is no easy matter to move all the business banking to another bank since I operate client bank accounts and have significant compliance procedures already in place. ”

“ It is not only businesses it impacts on, it also impacts on tourists looking to access local banks. Also, it is ridiculous that the RBS mobile bank is considering only being in Kingussie for around 20 minutes. It is not only businesses who need to access the bank, what about pensioners who don't use the internet who rely on the bank? Too much business can only be done via the internet which is a disaster waiting to happen. Tourists visiting the area are now commenting that it looks like the area is going back in time, not forward. ”

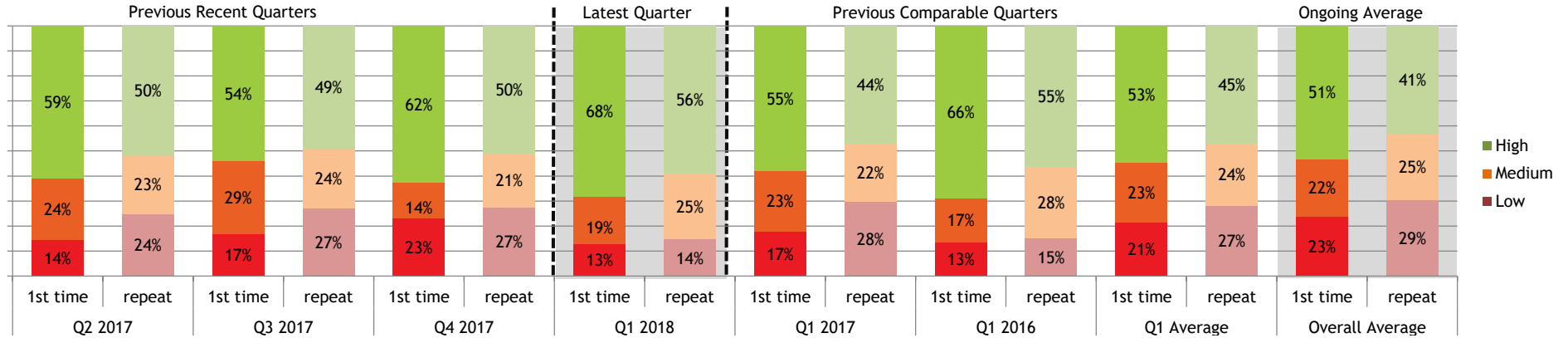
“ It is the time aspect of having to travel elsewhere to make payments in to the account which are annoying. ”

“ Cheque payments have to wait to be paid into our account until we can travel to nearest branch. ”

“ Extremely time consuming and inconvenient. It also makes holding money on the premises risky. It also affects insurance in relation to the holding of money on the premises. ”

Influences

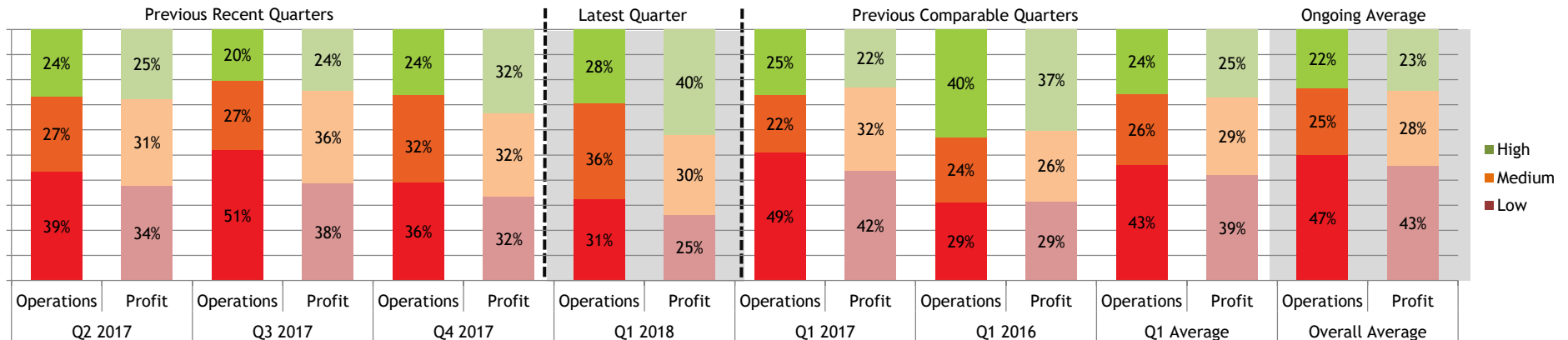
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 68% 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 only 13% 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 previous Q1 periods as well as the Q1 Average and the Overall Average.
- ▶ 56% 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 14% 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 Q1 2017 as well as the Q1 Average and the Overall Average.

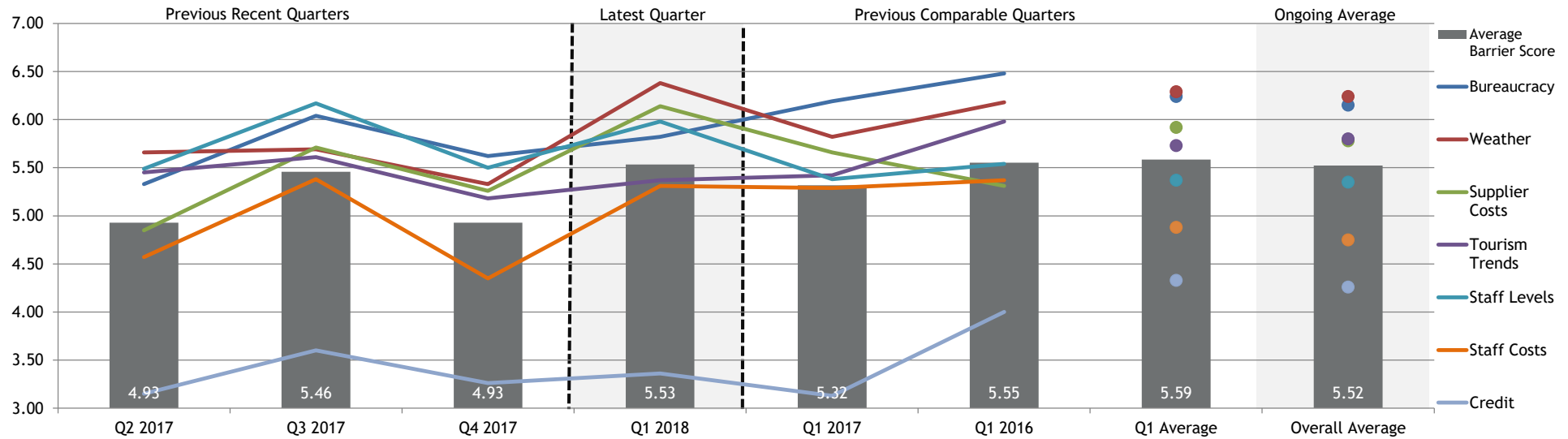
Influences

Influence of CNP - On Business Operations & Profitability



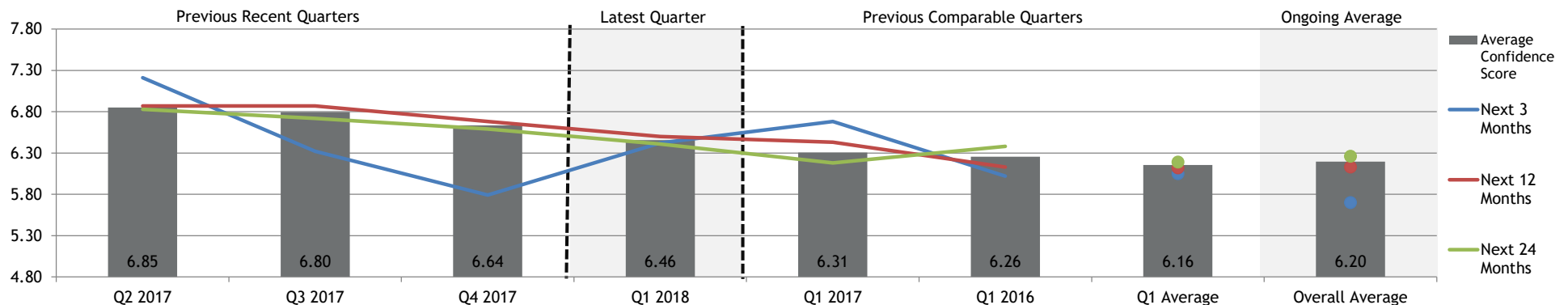
- ▶ 28% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 31% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was above Q1 2017 as well as the Q1 Average and the Overall Average.
- ▶ 40% 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 25% 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 previous comparable quarters as well as the Q1 Average and the Overall Average.

Barriers



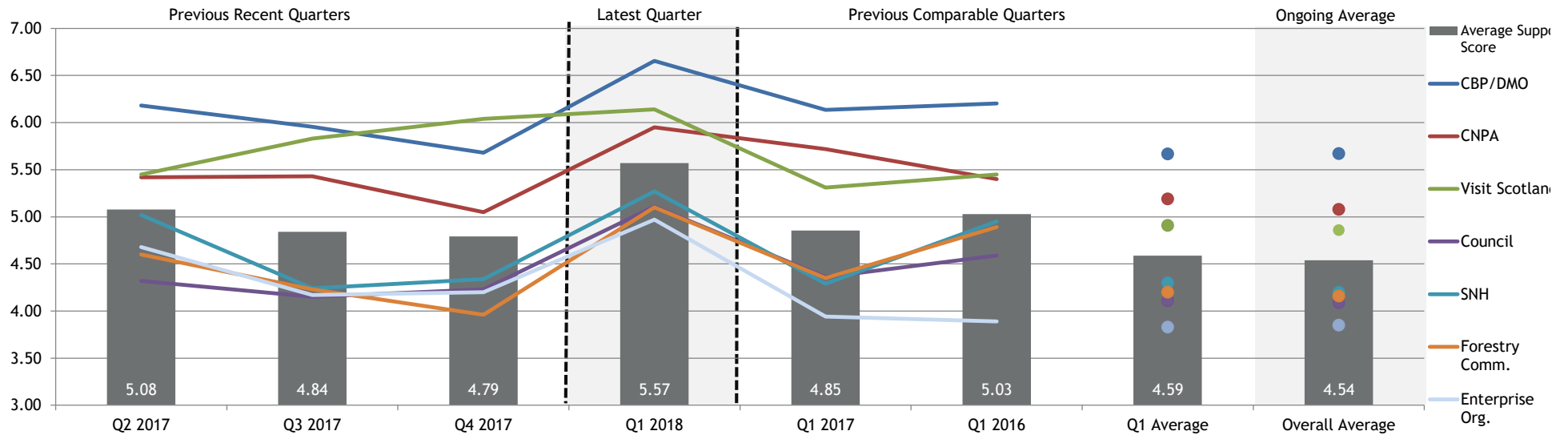
- ▶ The average barrier to growth score this quarter was 5.53 out of 10 which was higher than higher than Q1 2017 and roughly on par with Q1 2016, the Q1 Average and the Overall Average.
- ▶ Weather (6.38), supplier costs (6.14), and staff levels (5.98) were perceived to be the most significant barriers to growth this quarter.
- ▶ A reflection of the severe weather conditions during Q1 2018, weather recorded the steepest increase from last quarter and also Q1 2017. Staff levels and supplier costs also increased notably compared to Q1 2017.
- ▶ Bureaucracy was considered to be a much less significant barrier this year compared to last year (5.82 vs. 6.19 in Q1 2017).

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.42 out of 10 which was below Q1 2017, but above the Q1 Average and the Overall Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.50 out of 10 which was roughly on par with the same quarter last year, and well above the Q1 Average and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.41 out of 10 which was higher than Q1 2017 as well as the Q1 Average and the Overall Average.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.46 which was higher than previous comparable quarters as well as the Q1 Average and the Overall Average.

Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.57 which was significantly higher than recent comparable quarters and the Q1 and Overall Averages.
- ▶ The contribution / support provided by CBP/DMO (6.66) was rated most positively whilst the opposite was true for Enterprise Organisation (4.97).
- ▶ The organisation which recorded the largest change in perception from last quarter was Forestry Commission as scores increased from 3.96 in Q4 2017 to 5.10 in Q1 2018.
- ▶ The organisation which recorded the largest change in perception from last year was SNH: average support scores increased from 5.27 in Q1 2017 to 4.29 in Q1 2018.