

## 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 2014 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.

101 businesses from across the CNP area contributed their views this quarter - this compares to 98 last quarter.

## Executive Summary

- ▶ There was an increase in overseas visitors and a decrease in customers from Scotland compared to last year (Q2 2013). The mix of customers in the Park area was, however, similar to the Q2 Average.
- ▶ Overall levels of business increased compared to a year ago. A faster rate of growth was recorded compared to Q2 2013 and significant improvements were apparent compared to the Q2 Average - a period which has seen overall reductions in business levels. Expectations of future business levels were more optimistic than in Q2 2013 and, in particular, compared to the Q2 Average.
- ▶ Businesses increased their overall levels of investment compared to a year ago with buildings and infrastructure investment having increased the most. Although businesses demonstrated much higher intent to increase their investments compared to the Q2 Average, less steep increases were apparent compared to Q2 2013.
- ▶ Costs were higher overall for businesses compared to a year ago with supplier costs having increased the most. However, less steep increases in costs were apparent compared to Q2 2013 and the Q2 Average and going forward businesses expect these costs to increase at a slower pace than previously.
- ▶ The seven potential barriers to growth were perceived overall to be less challenging compared to last year and the Q2 Average but were on par with last quarter. The most formidable barriers to growth were perceived to be weather and bureaucracy.
- ▶ Short-term (next 3 months) confidence was well above last year and, in particular, the Q2 Average. Although above the Q2 Average, confidence in the medium term (next 12 months) and in the long term (next 24 months) was below Q2 2013 and previous recent quarters.

## Cairngorms Business Partnership Commentary

- ▶ It is very satisfying to see the growth in business levels in the Cairngorms National Park. Investment is increasing and barriers are generally reducing. This Barometer can only reassure Businesses in the Park that the future is positive, and that hard work and clever investment will pay dividends.

\* For an example of the quarterly questionnaire, [please click here](#).

## Dashboard Summary

Origin	Q2 2014	Q2 2013	Q2 Average
Scotland	43%	46%	42%
England	30%	30%	31%
Overseas	22%	18%	21%
Rest of UK	5%	6%	6%

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

Business Levels	Q2 2014	Q2 2013	Q2 Average	
Customers	- Last 3 months	24%	12%	-4%
	- Next 12 months	24%	19%	3%
Turnover	- Last 3 months	29%	11%	2%
	- Next 12 months	23%	18%	2%

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

Investment	Q2 2014	Q2 2013	Q2 Average	
Staff training	- Last 3 months	26%	17%	10%
	- Next 12 months	31%	35%	20%
Marketing	- Last 3 months	28%	25%	21%
	- Next 12 months	34%	43%	30%
Infrastructure	- Last 3 months	54%	36%	33%
	- Next 12 months	42%	37%	31%

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

Costs	Q2 2014	Q2 2013	Q2 Average	
Staff	- Last 3 months	45%	39%	37%
	- Next 12 months	37%	54%	39%
Supplier	- Last 3 months	67%	78%	76%
	- Next 12 months	66%	77%	75%
Administration	- Last 3 months	41%	52%	50%
	- Next 12 months	43%	49%	50%

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

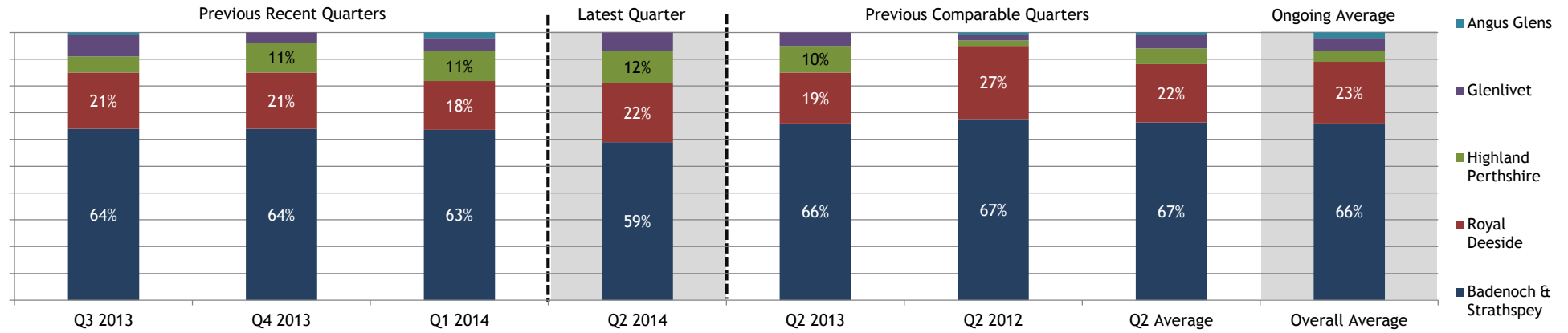
Barriers	Q2 2014	Q2 2013	Q2 Average
Average	5.29	5.69	5.57
Weather	5.97	6.46	6.44
Bureaucracy	5.96	5.67	6.04
Tourism Trends	5.78	6.35	6.12

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

Business Confidence	Q2 2014	Q2 2013	Q2 Average
Next 3 Months	6.77	6.47	6.18
Next 12 Months	6.05	6.20	5.76
Next 24 Months	6.06	6.21	5.91

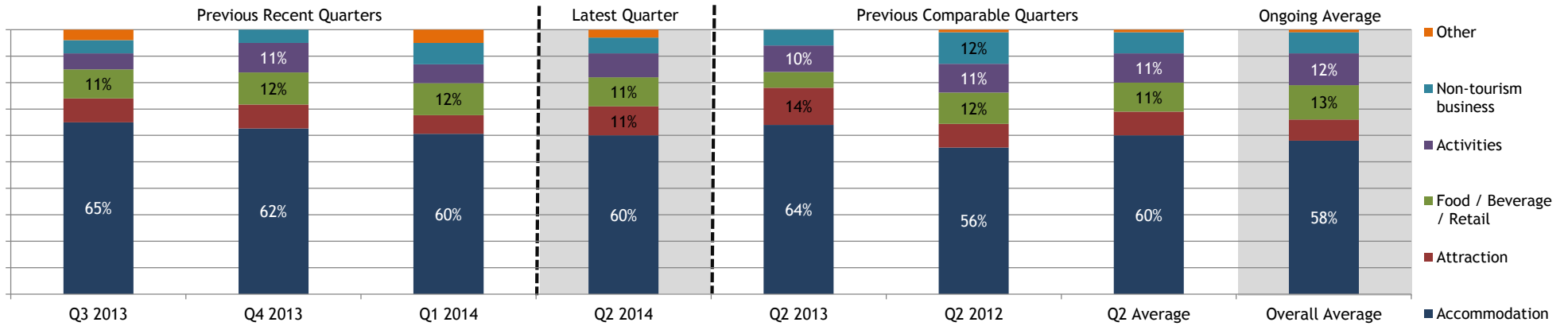
*Business confidence over short, medium and long term compared to last year and quarter average.*

## Area



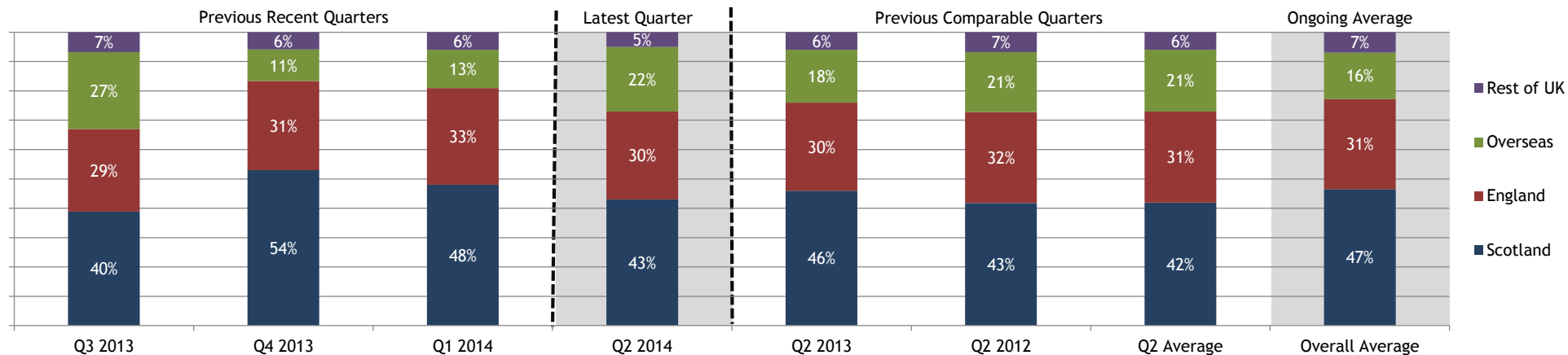
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (59%), Royal Deeside (22%), Highland Perthshire (12%) and Glenlivet (7%).

## Sector



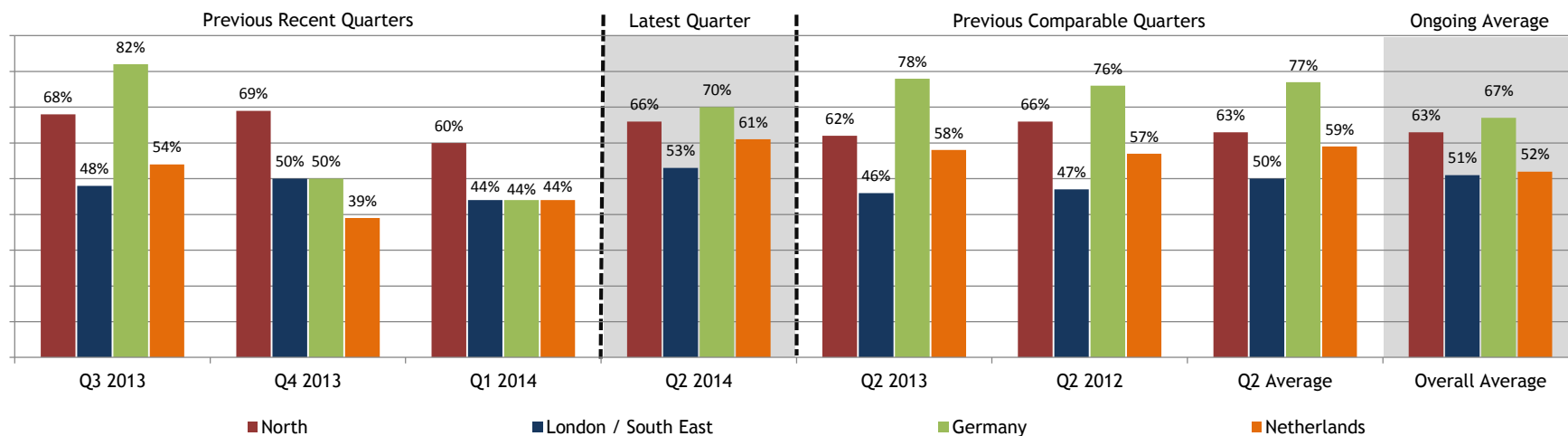
► In terms of business sector, the sample was made up as follows: Accommodation provider (60%), Food / Beverage / Retail business (11%), Attraction (11%), Activity operator (9%), Other tourism business (3%) and Non-tourism business (6%).

## Origin - UK vs Overseas



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (43% of all customers), visitors from England (30%), overseas visitors (22%) and visitors from the rest of the UK (5%).
- ▶ The mix of visitors this quarter was similar to the Q2 Average. Compared to Q2 2013 there was an increase in overseas customers and a decrease in Scotland customers.

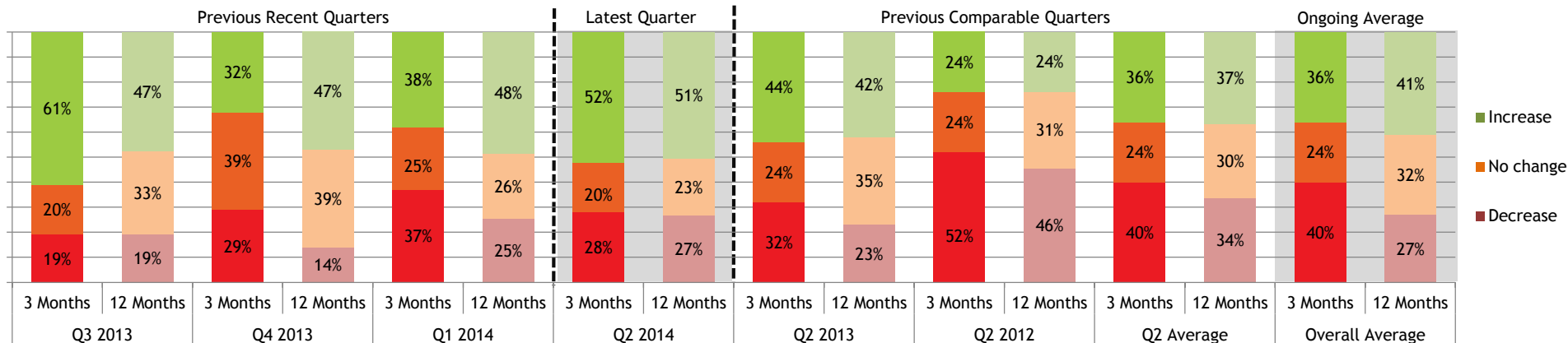
## Origin - England Regions & Overseas Countries



- ▶ The most common segment from England was visitors from the North (66% of businesses who engaged with visitors from England traded with customers from the North of England) followed by London / South East (53%). There was an increase in visitors from the North and London / South East compared to the Q2 Average.
- ▶ The most common overseas market was Germany (70% of businesses who engaged with overseas visitors traded with German customers during the quarter), followed by Netherlands (61%). There was a decrease in visitors from Germany compared to the Q2 Average.

## Business Levels

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

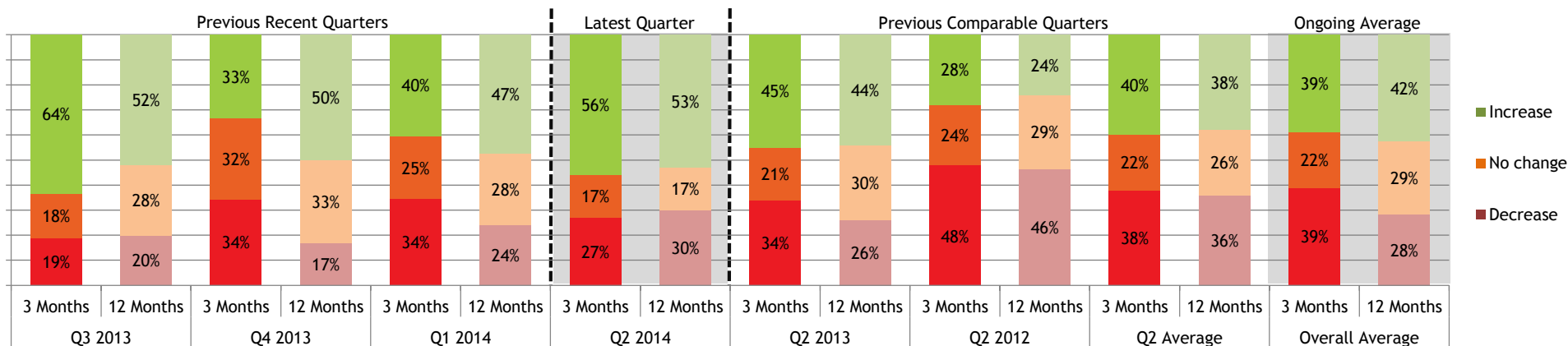


► There was an overall increase in customer numbers compared to the same quarter a year ago as more businesses increased their customer numbers than decreased their customer numbers (52% versus 28%). Customer number performance in Q2 2014 was well above Q2 2013 and the Q2 Average.

► An overall increase in customer numbers was expected in the year ahead as more businesses expected to increase the customer numbers from their current level in the next 12 months rather than decrease their customer numbers (51% versus 27%). Expectations of customer numbers for the year ahead in Q2 2014 were well above Q2 2013 and the Q2 Average.

## Business Levels

Turnover: Last 3 months and next 12 months

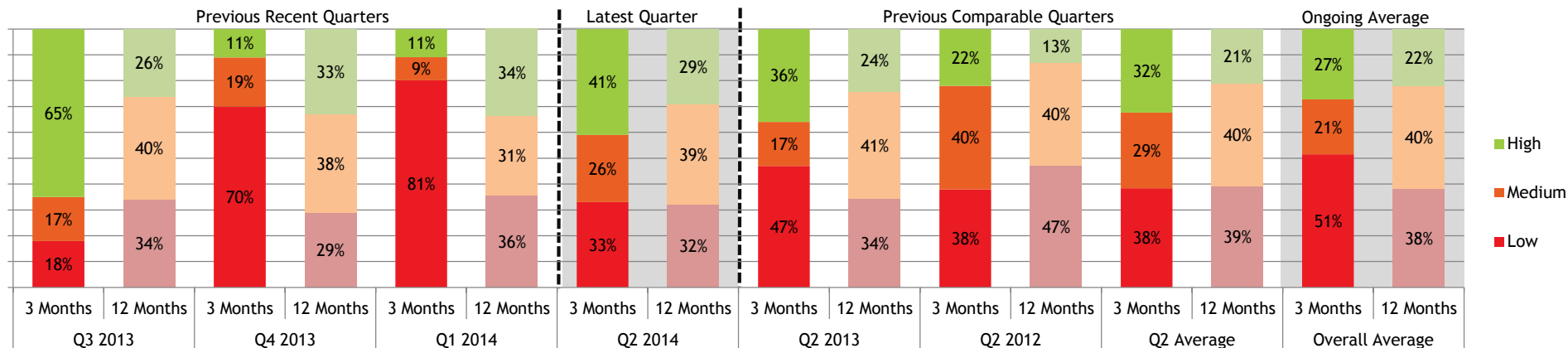


► There was an overall increase in turnover compared to the same quarter a year ago as more businesses increased their turnover than decreased their turnover (56% versus 27%). Turnover performance in Q2 2014 was well above Q2 2013 and the Q2 Average.

► 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 their turnover (53% versus 30%). Expectations of turnover for the year ahead in Q2 2014 were well above Q2 2013 and the Q2 Average.

## Business Levels

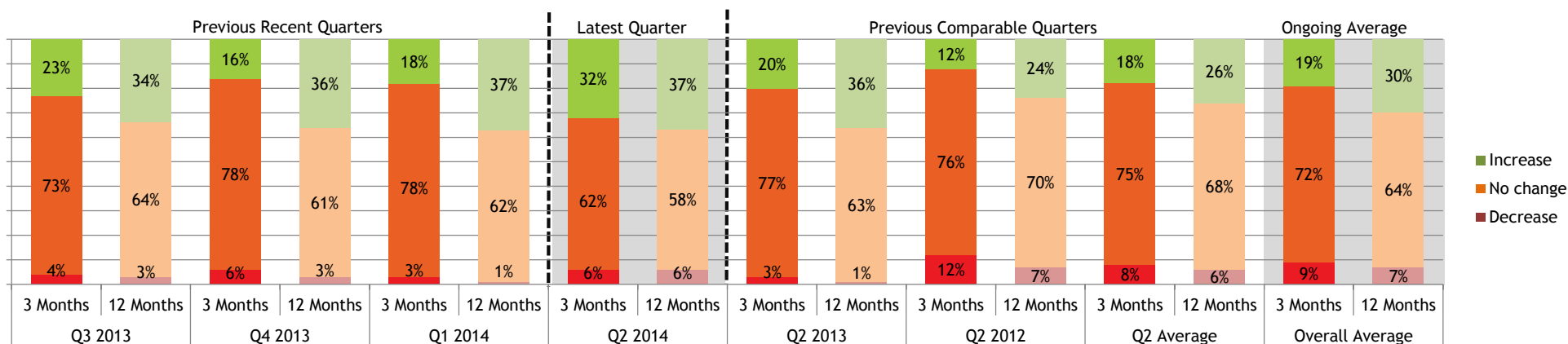
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 33% of accommodation providers recorded low occupancy of less than 50% whilst 41% achieved high occupancy of 70% or above during the quarter. The results this quarter signalled an increase in performance compared to the Q2 Average and compared to Q2 2013.
- ▶ 32% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 29% expect to achieve high occupancy of 70% or above. The results this quarter indicate that accommodation providers were more optimistic about future performance compared to the Q2 Average and Q2 2013.

## Investment Levels

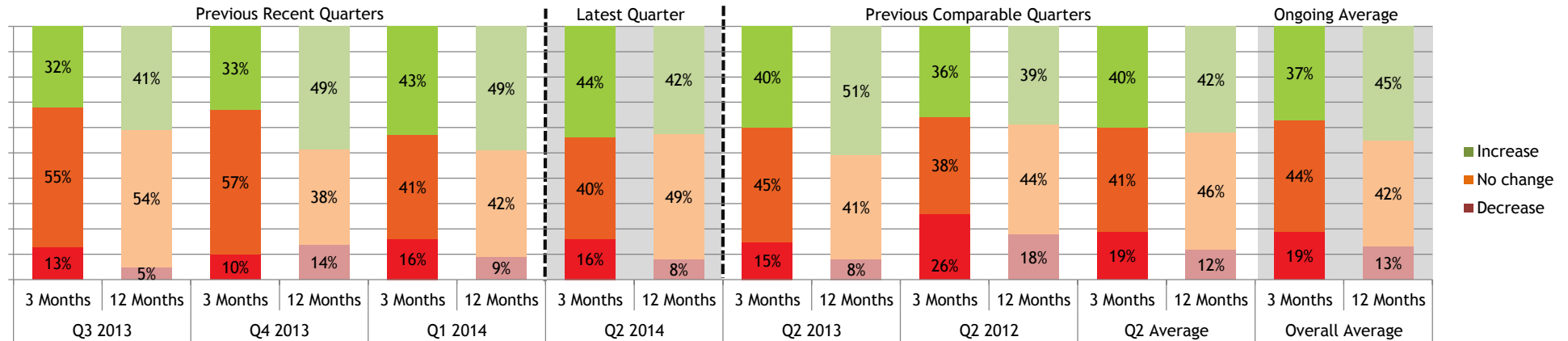
Staff Training: Last 3 months and next 12 months



- ▶ 32% of businesses increased their investment in staff training this quarter compared to the same quarter a year ago whilst 6% decreased investment in this aspect. A sharper increase in staff training investment was apparent this quarter compared to the Q2 Average and, in particular, Q2 2013.
- ▶ 37% of businesses expect to increase their investment in staff training in the year ahead compared to the current level whilst 6% expect to decrease investment in this aspect. A sharper increase in staff training investment was expected compared to the Q2 Average. However, the rate of increase was below the level expected in Q2 2013.

## Investment Levels

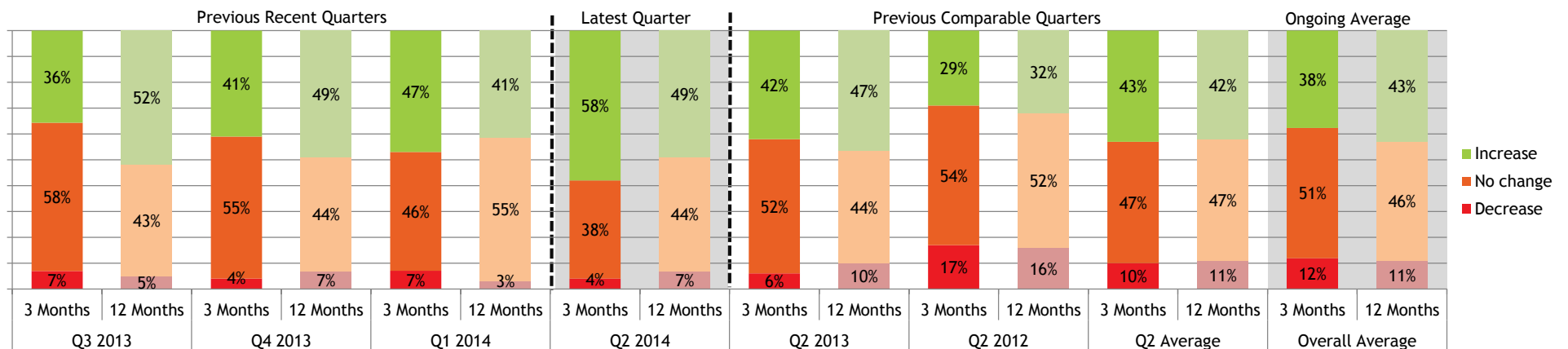
Marketing: Last 3 months and next 12 months



- ▶ 44% of businesses increased their investment in marketing and promotion this quarter compared to the same quarter a year ago whilst 16% decreased investment in this aspect. A sharper increase in marketing investment was apparent this quarter compared to the Q2 Average and to a lesser extent Q2 2013.
- ▶ 42% of businesses expect to increase their investment in marketing and promotion in the year ahead compared to the current level whilst 8% expect to decrease investment in this aspect. A sharper increase in marketing investment was expected compared to the Q2 Average. However, the rate of increase was below the level expected in Q2 2013.

## Investment Levels

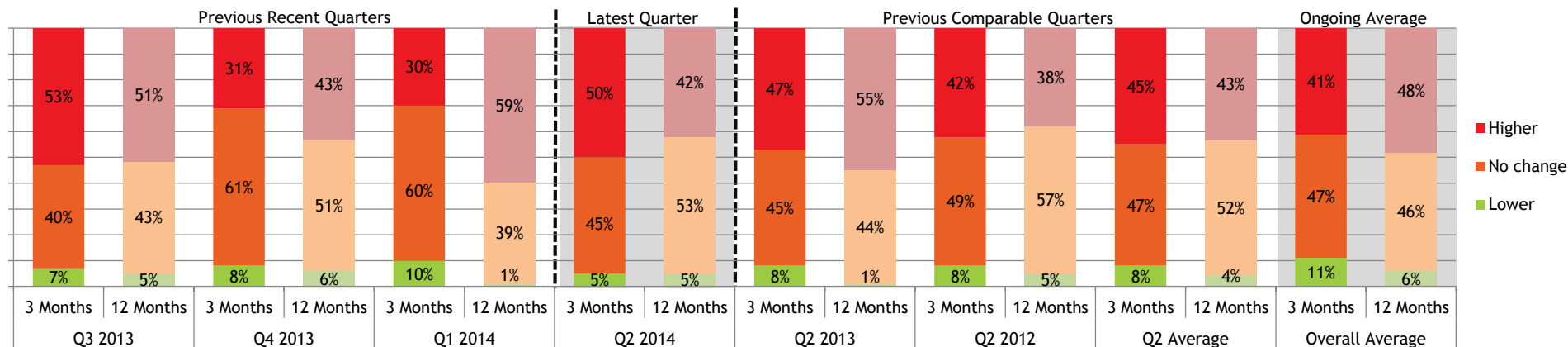
Infrastructure: Last 3 months and next 12 months



- ▶ 58% of businesses increased their investment in buildings and infrastructure this quarter compared to the same quarter a year ago whilst 4% decreased investment in this aspect. A sharper increase in infrastructure investment was apparent this quarter compared to the Q2 Average and Q2 2013.
- ▶ 49% of businesses expect to increase their investment in buildings and infrastructure in the year ahead compared to the current level whilst 7% expect to decrease investment in this aspect. A sharper increase in infrastructure investment was expected compared to the Q2 Average and to a lesser extent Q2 2013.

## Costs

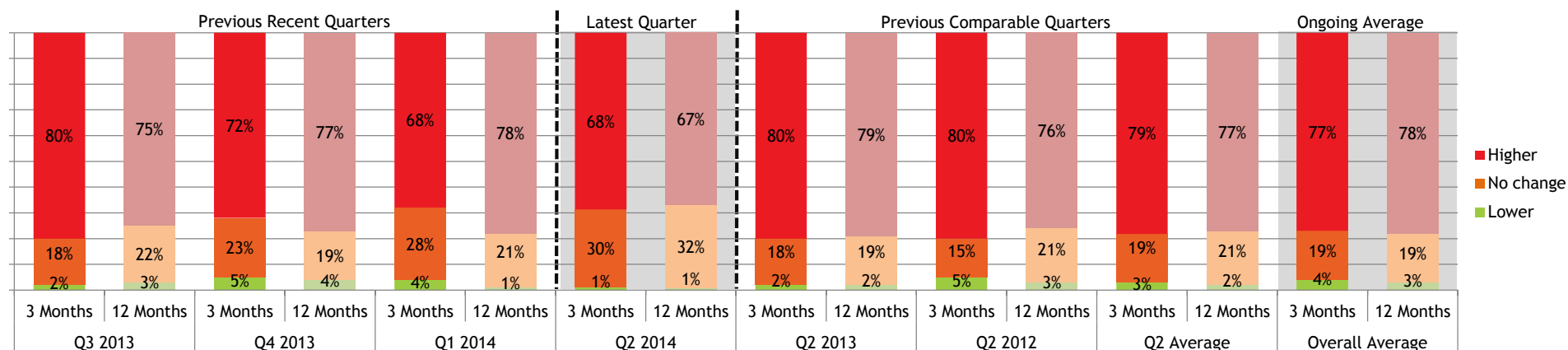
Staff: Last 3 months and next 12 months



- ▶ 50% of businesses recorded higher staff costs this quarter compared to the same quarter a year ago whilst 5% recorded lower costs. A steeper increase in staff costs was apparent compared to the Q2 Average and Q2 2013.
- ▶ 42% of businesses expect staff costs to increase from their current level in the year ahead whilst 5% expect this cost aspect to decrease. A less steep increase in staff costs was expected compared to Q2 2013. However, the rate of change was broadly on par with the Q2 Average.

## Costs

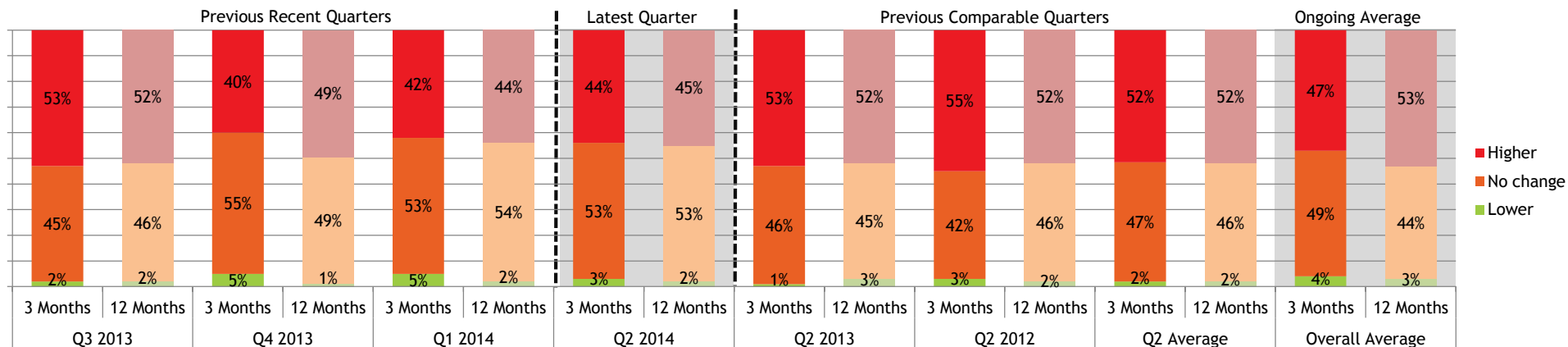
Supplier: Last 3 months and next 12 months



- ▶ 68% of businesses recorded higher supplier costs this quarter compared to the same quarter a year ago whilst 1% recorded lower costs. A less steep increase in supplier costs was apparent compared to the Q2 Average and Q2 2013.
- ▶ 67% of businesses expect supplier costs to increase from their current level in the year ahead whilst 1% expects this cost aspect to decrease. A less steep increase in supplier costs was expected compared to the Q2 Average and Q2 2013.

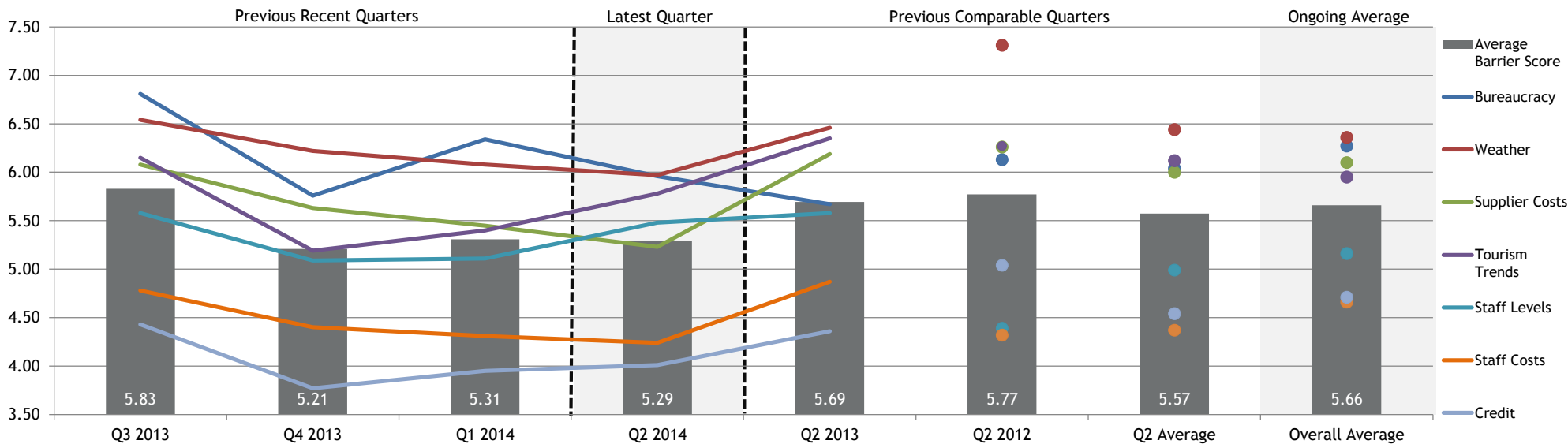
## Costs

Administration: Last 3 months and next 12 months



- ▶ 44% of businesses recorded higher administration costs this quarter compared to the same quarter a year ago whilst 3% recorded lower costs. A less steep increase in administration costs was apparent compared to the Q2 Average and Q2 2013.
- ▶ 45% of businesses expect administration costs to increase from their current level in the year ahead whilst 2% expect this cost aspect to decrease. A less steep increase in administration costs was expected compared to the Q2 Average and Q2 2013.

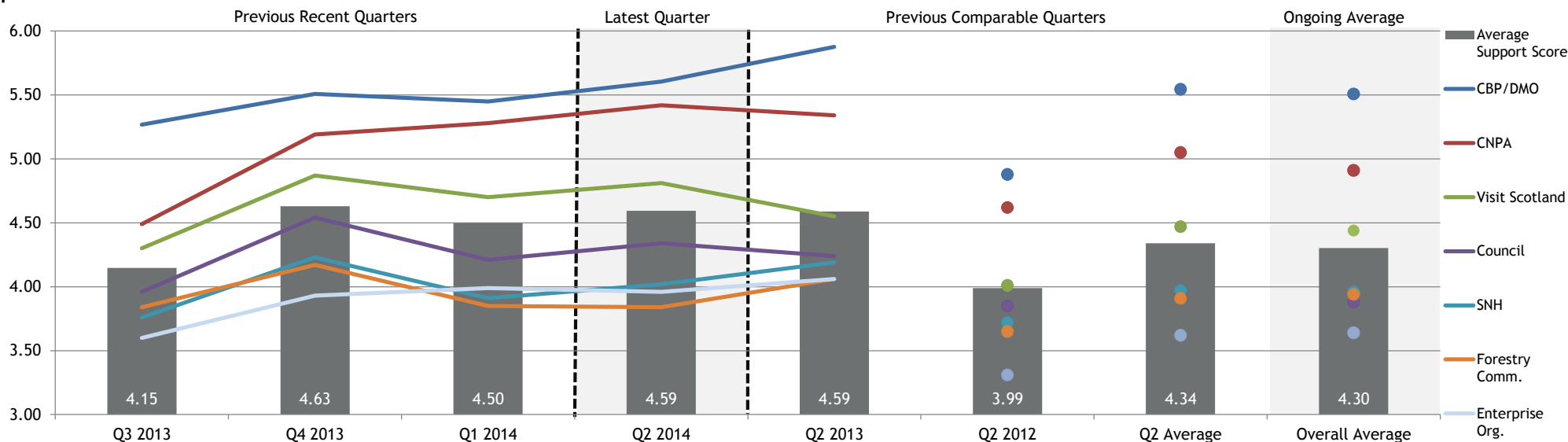
## Barriers



- ▶ The average barrier to growth score this quarter was 5.29 out of 10 which was on par with Q1 2014, below the Q2 Average and the Overall Average.
- ▶ Weather (5.97) and bureaucracy (5.96) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter was tourism trends which increased from 5.40 in Q1 2014 to 5.78 in Q2 2014.
- ▶ The barrier which recorded the steepest increase from last year was bureaucracy which increased from 5.67 in Q2 2013 to 5.96 in Q2 2014.



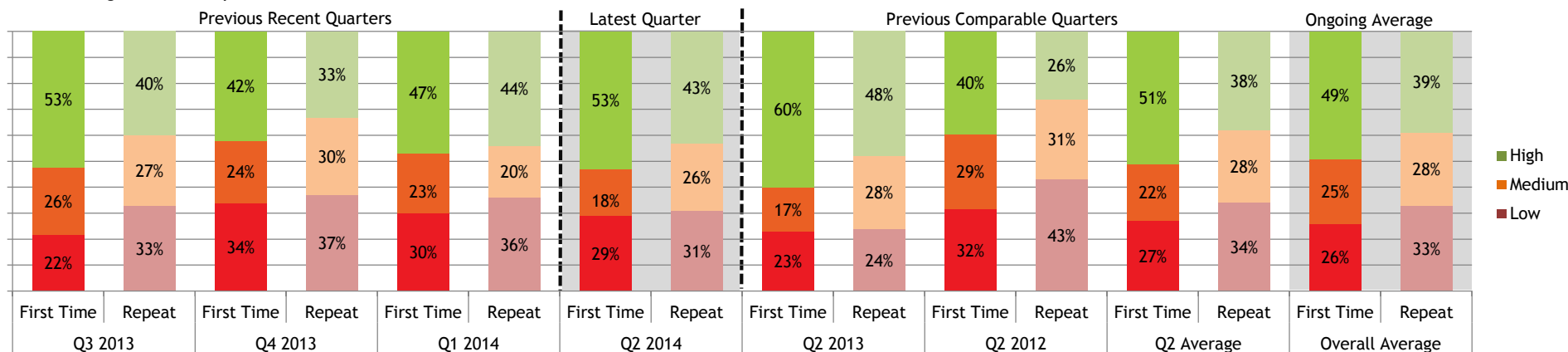
## Support



- ▶ The overall level of support / contribution provided by organisations playing a role in tourism was rated at 4.59 this quarter which was on par with Q2 2013 and above Q1 2014, the Q2 Average and the Overall Average.
- ▶ The contribution / support provided by CBP / DMO (5.61) was rated most positively whilst the opposite was true for Forestry Commission Scotland.
- ▶ The organisation which recorded the largest change in perception from last quarter was CBP / DMO which increased from 5.45 in Q1 2014 to 5.61 in Q2 2014.
- ▶ The organisation which recorded the largest change in perception from last year was CBP / DMO which decreased from 5.88 in Q2 2013 to 5.61 in Q2 2014.

## Influences

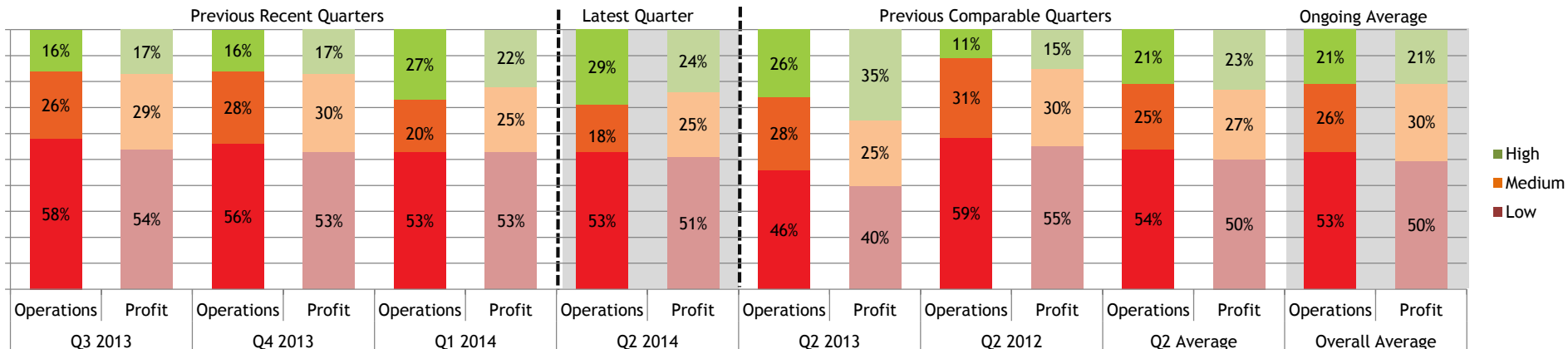
### Influence of CNP - Attracting First time & Repeat Customers



- ▶ 53% of businesses perceived the Park to have a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 29% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The level of influence the Park was perceived to have in attracting first time customers was on par with the Q2 Average but below Q2 2013.
- ▶ 43% of businesses perceived the Park to have a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting repeat customers whilst 31% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The level of influence the Park was perceived to have in attracting repeat customers was above the Q2 Average but below Q2 2013.

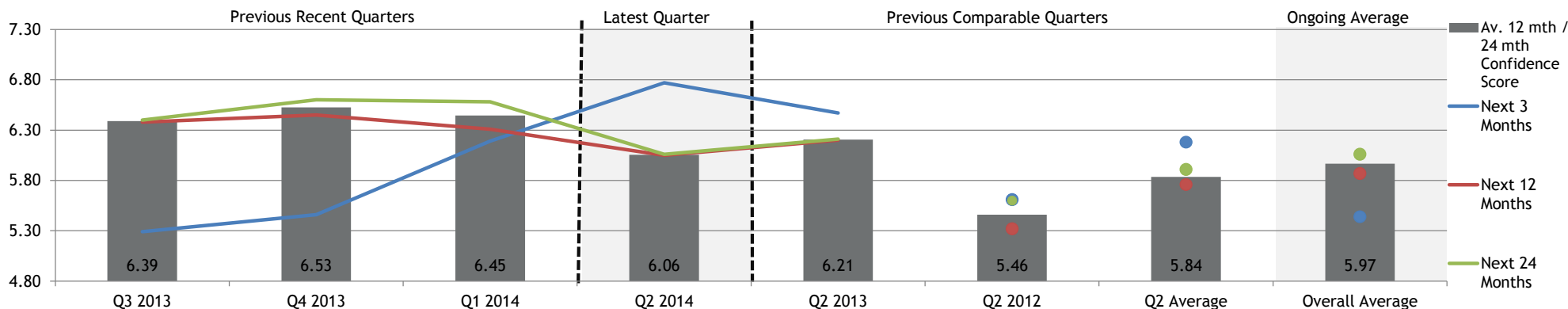
## Influences

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



- ▶ 29% of businesses perceived the Park to have a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 53% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The level of influence the Park was perceived to have on business operations was above the Q2 Average but below Q2 2013.
- ▶ 24% of businesses perceived the Park to have a high level of influence (attributing a rating score from 7 to 10 out of 10) on their profitability whilst 51% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The level of influence the Park was perceived to have on profitability was on par with the Q2 Average but below Q2 2013.

## Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.77 out of 10 which was above previous recent quarters, previous comparable quarters and the Ongoing Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.05 out of 10 which was below previous recent quarters and Q2 2013 and above the Q2 Average and the Ongoing Average.
- ▶ Long term confidence (next 24 months) was rated at 6.06 out of 10 which was below previous recent quarters and Q2 2013 and above the Q2 Average and the Ongoing Average.
- ▶ The Average Confidence Score for the medium and long term was 6.06 which was below previous recent quarters and Q2 2013 and above the Q2 Average and the Ongoing Average.