

## 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 October 2015 and asked operators to consider their performance during the third quarter of the year (July to September).

The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

105 businesses from across the CNP area contributed their views this quarter - this compares to 90 last quarter.

## Executive Summary

- ▶ The distribution of visitor origin remained largely unchanged in Q3 2015 compared to previous Q3 periods. There was, however, another slight decrease in customers from England dropping to the lowest recorded level.
- ▶ Although customer numbers and turnover figures increased this quarter, growth was far less pronounced compared to last year and, in particular, two years ago.
- ▶ Accommodation providers achieved the highest average occupancy on record and, looking to the next 12 months, demonstrated the most positive expectations regarding future performance on record as well.
- ▶ Overall levels of investment in staff training and infrastructure were above the Q3 average. Meanwhile, there was a marked slowing of marketing spend. In fact this was at its lowest level for over 3 and a half years.
- ▶ Staff, supplier and administration costs showed similar trends of less steep increases compared to Q3 2014 and the Q3 Average. In particular, administration costs increased at the slowest rate on record.
- ▶ Overall barriers to growth were rated slightly below last quarter and were well below last year and previous Q3 periods. Weather was perceived to be less of a barrier compared to last year whilst the opposite was true for staff costs.
- ▶ Medium and long term business confidence were at their highest ever levels since the Barometer began in Q3 2009.

## Cairngorms Business Partnership Commentary

- ▶ "It is pleasing to see for the second consecutive quarter growing levels of business across the Park area. This trend coupled with growing (and record high) levels of business confidence and diminishing perceptions of barriers makes for positive reading.

That said, it is worrying to observe a steep reduction in marketing spend this quarter and less emphasis on this aspect in the next 12 months. Tourism is an increasingly competitive industry so it is critical that businesses sufficiently invest to promote their services to local, national and international markets."

## Dashboard Summary

Origin	Q3 2015	Q3 2014	Q3 Average
Scotland	43%	41%	43%
England	27%	30%	29%
Overseas	24%	24%	23%

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

Business Levels	Q3 2015	Q3 2014	Q3 Average
Customers - Last 3 months	14%	20%	15%
Customers - Next 12 months	29%	32%	21%
Turnover - Last 3 months	21%	21%	17%
Turnover - Next 12 months	33%	33%	22%

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

Investment	Q3 2015	Q3 2014	Q3 Average
Staff training - Last 3 months	19%	19%	15%
Staff training - Next 12 months	30%	35%	26%
Marketing - Last 3 months	11%	33%	19%
Marketing - Next 12 months	33%	45%	34%
Infrastructure - Last 3 months	37%	28%	26%
Infrastructure - Next 12 months	44%	54%	39%

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

Costs	Q3 2015	Q3 2014	Q3 Average
Staff - Last 3 months	25%	34%	35%
Staff - Next 12 months	46%	46%	46%
Supplier - Last 3 months	50%	62%	70%
Supplier - Next 12 months	54%	61%	69%
Administration - Last 3 months	24%	40%	40%
Administration - Next 12 months	40%	44%	47%

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

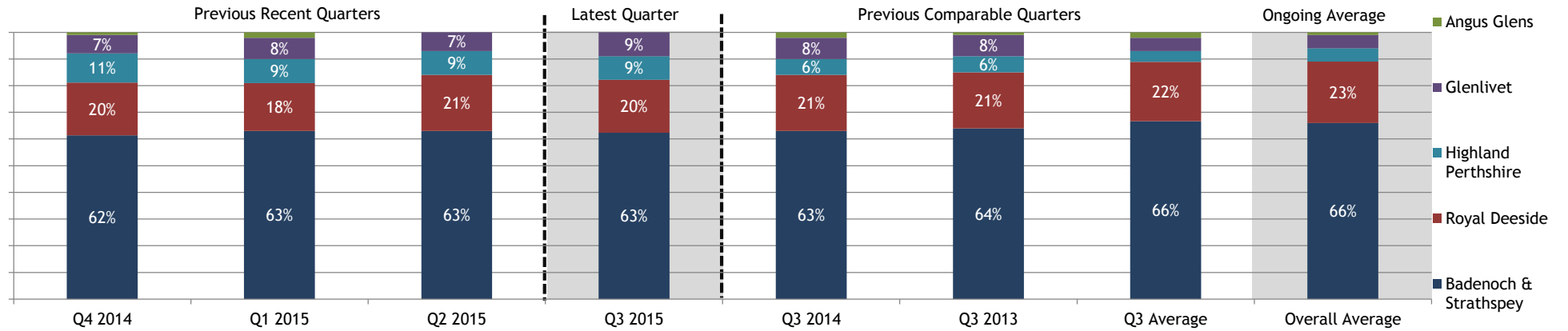
Barriers	Q3 2015	Q3 2014	Q3 Average
Average	5.28	5.47	5.64
Weather	6.31	6.63	6.33
Bureaucracy	5.81	5.80	6.32
Tourism Trends	5.79	6.03	6.03

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

Business Confidence	Q3 2015	Q3 2014	Q3 Average
Next 3 Months	5.70	5.27	5.13
Next 12 Months	6.72	6.29	6.12
Next 24 Months	6.80	6.48	6.32

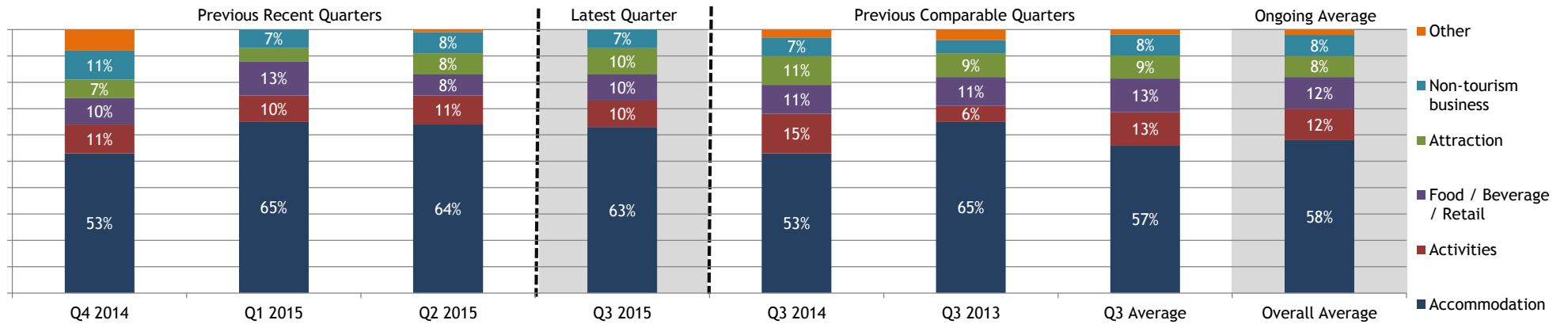
Business confidence over short, medium and long term compared to last year and quarter average.

## Area



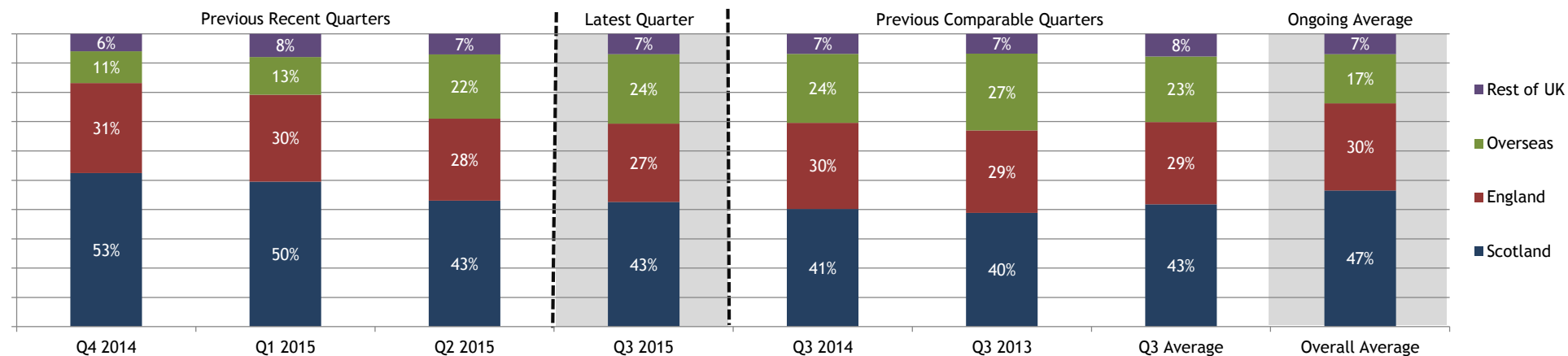
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (63%), Royal Deeside (20%), Highland Perthshire (9%), Glenlivet (9%) and Angus Glens (0%)

## Sector



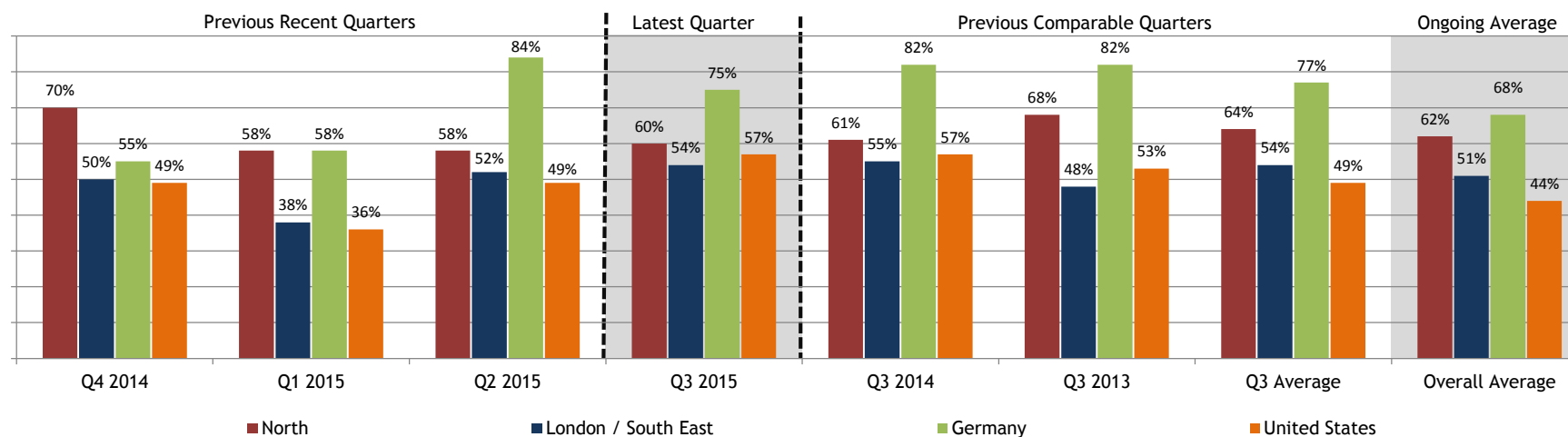
► In terms of business sector, the sample was made up as follows: Accommodation provider (63%), Activity operator (10%), Food / Beverage / Retail business (10%), Attractions (10%) and Non-tourism business (7%).

## Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (43% of all customers), visitors from England (27%), Overseas visitors (24%), and visitors from the rest of the UK (7%).
- ▶ 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 was apparent.

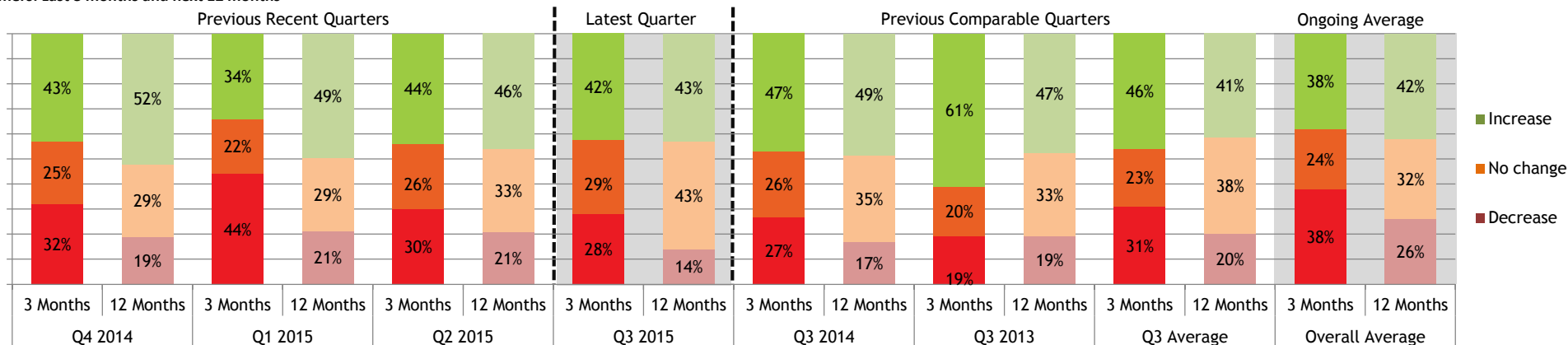
## Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from the North (60% of businesses who engaged with visitors from England traded with customers from the North of England) followed by London / South East (54%). The proportion of visitors from the North was on par with Q3 2014 but decreased slightly compared to the Q3 average.
- ▶ The German market remains the most common segment from abroad (75% and on par with the Q3 Average, but down compared to recent comparable quarters). The next most significant market was the United States (57%) which was on par with Q3 2014 but above the rolling Q3 Average.

## Business Levels

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

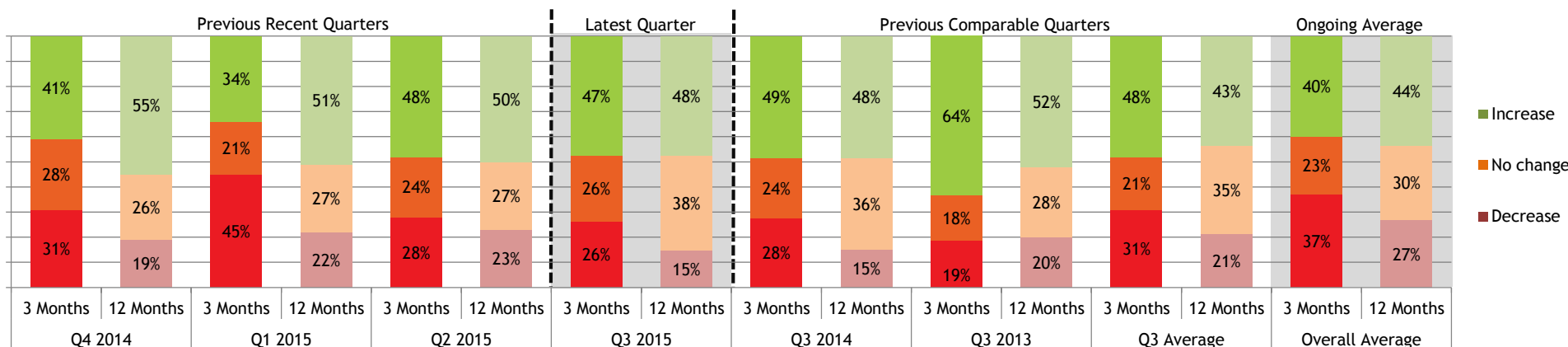


► There was a small overall increase in customer numbers as more businesses increased their customer numbers than decreased their customer numbers (42% versus 28%). Whilst roughly on par with last quarter (Q2 2015), customer number performance was below that of recent comparable quarters and the Q3 Average.

► 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 (43% versus 14%). The overall outlook recorded this quarter was less positive than recent comparable quarters but overall was on par with the Q3 Average.

## Business Levels

Turnover: Last 3 months and next 12 months

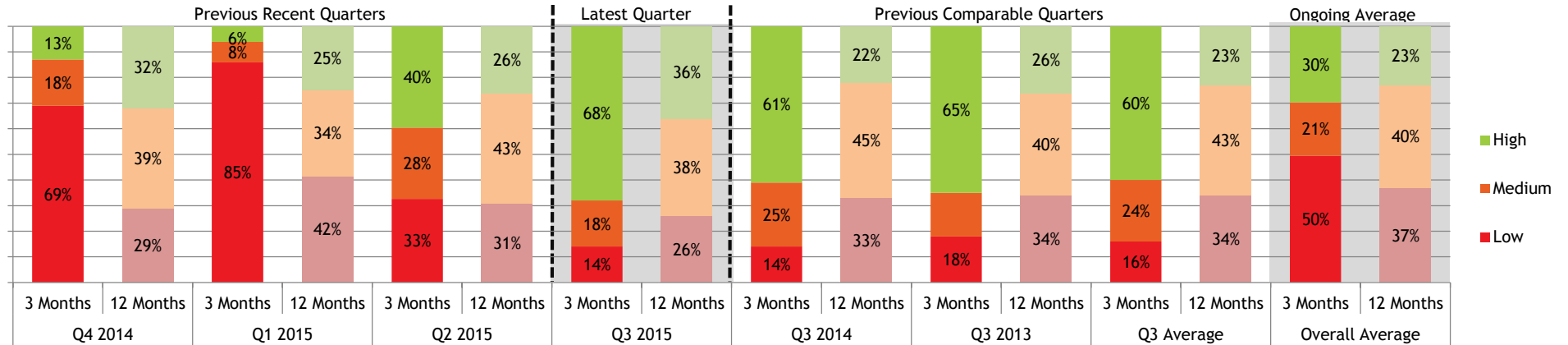


► There was a small overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (47% versus 26%). Turnover grew roughly at the same rate as observed last quarter and in Q3 2014 and was on par with the Q3 Average.

► 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 (48% versus 15%). The results this quarter constituted a less positive outlook compared to Q3 2014 but overall compared to all previous Q3 periods a slightly more positive outlook.

## Business Levels

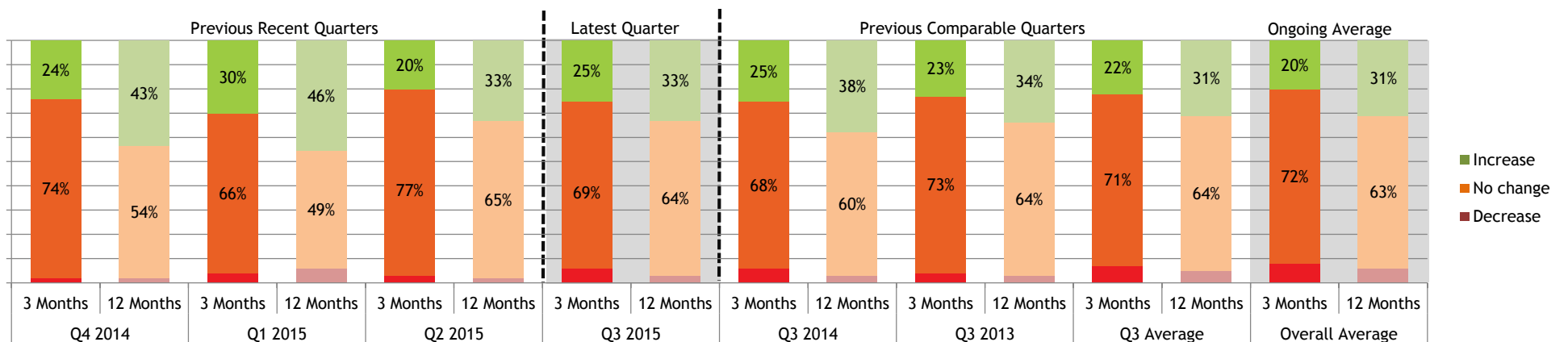
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 14% of accommodation providers recorded low occupancy of less than 50% whilst a very positive 68% achieved high occupancy of 70% or above during the quarter. In contrast with the modest growth in customer numbers and turnover, average occupancy was at its highest ever level since the barometer began.
- ▶ 26% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 36% expect to achieve high occupancy of 70% or above. Similar to the latest quarter performance, accommodation providers had much higher expectations regarding future performance compared to all previous comparable quarters.

## Investment Levels

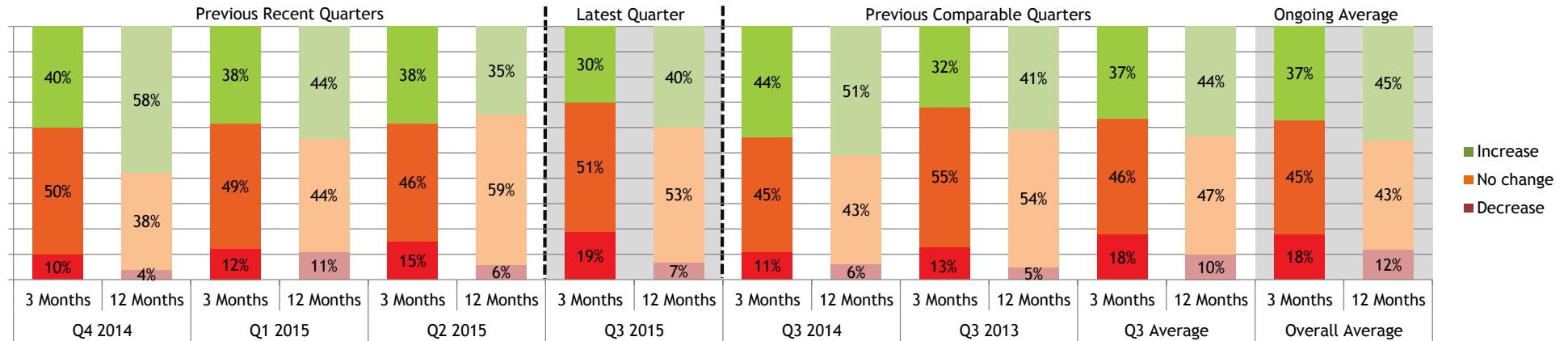
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (69%) noted no change in staff training investment, a small overall increase in staff training investment was recorded as 25% increased their investment in this aspect compared to just 6% who decreased investment. The overall growth in staff training investment was slightly below recent comparable quarters, but slightly above the Q3 Average.
- ▶ Going forward businesses continued to expect a faster rate of change in staff training investment compared to current levels. That said, more than half of businesses (64%) thought that staff training investment would be unchanged in the coming 12 months. These results suggest less intent to invest compared to recent Q3s but an overall similar level of intent compared to all previous Q3s.

## Investment Levels

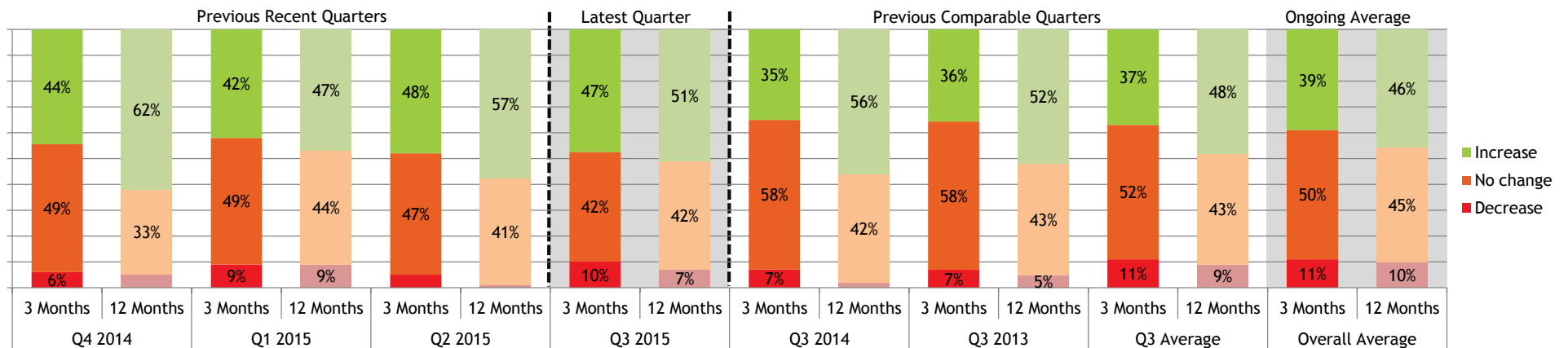
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 30% of businesses increased their investment in this aspect this quarter whilst 19% decreased investment. However, the overall growth in marketing and promotion investment this quarter was at its lowest level since Q2 2012 and, hence, was well below recent and comparable quarters.
- ▶ Continued growth in marketing and promotion investment was again expected as 40% of businesses expected to increase their investment in this aspect in the year ahead whilst only 7% expected to decrease investment. These results marked a significant decrease in marketing and promotion investment for the year ahead compared to Q3 2014, but overall were roughly on par with previous Q3s.

## Investment Levels

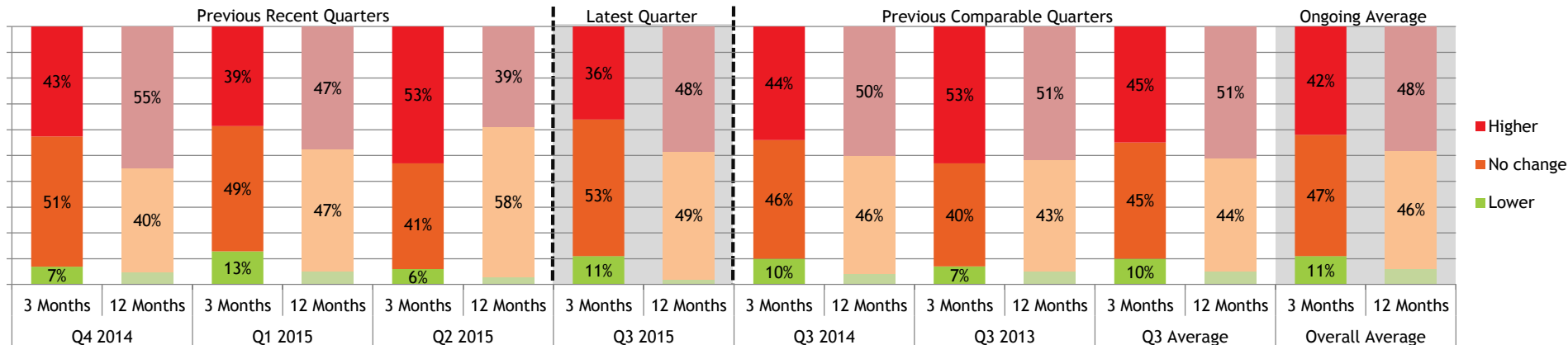
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 47% of businesses increased their investment in this aspect whilst 10% decreased investment. The overall growth in buildings and infrastructure investment this quarter was notably higher than Q3 2014 and the Q3 Average.
- ▶ Going forward there are strong expectations to increase buildings and infrastructure investment - 51% expected to increase investment in this aspect in the year ahead whilst 7% expected to decrease investment. These results implied lower levels of confidence to invest in buildings and infrastructure compared to Q3 2014 but a slightly more optimistic assessment compared to the Q3 Average.

## Costs

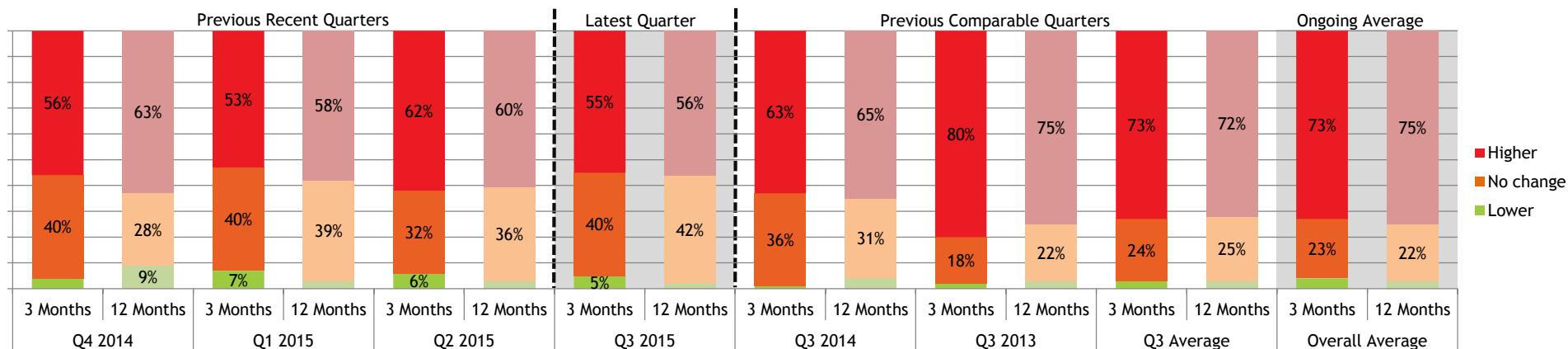
Staff: Last 3 months and next 12 months



- ▶ Whilst most businesses (53%) noted no change in staff costs, a small overall increase was recorded as 36% of businesses registered higher staff costs compared to just 11% who noted lower costs. These results indicate a significantly slower rate of change in staff costs compared to last quarter, recent comparable quarters and the Q3 Average.
- ▶ Staff costs were expected to increase at faster rate than currently as 48% of businesses expected these costs to increase in the year ahead whilst 2% expected them to decrease. These results implied that businesses expect staff costs to increase at the same rate as in previous Q3 periods.

## Costs

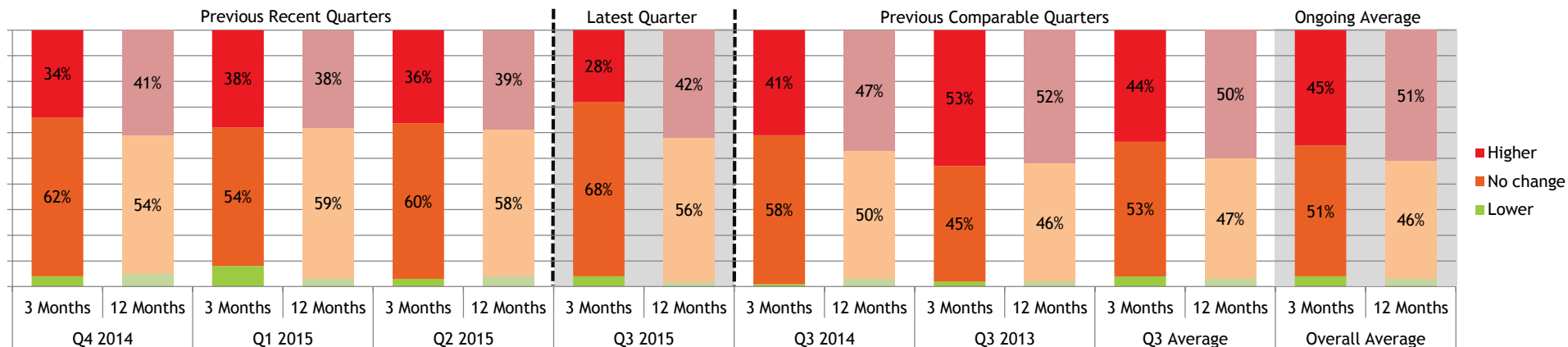
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was recorded as 55% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 5% noted lower costs. The overall results suggest a significantly less steep increase in supplier costs compared to recent Q3 periods and the Q3 Average.
- ▶ Supplier costs overall were expected to increase at a similar rate to currently as 56% of businesses expected these costs to increase in the year ahead and 2% expected these costs to decrease. Similar to the findings over the last three months, these results implied that less steep increases in supplier costs were expected compared to previous Q3s.

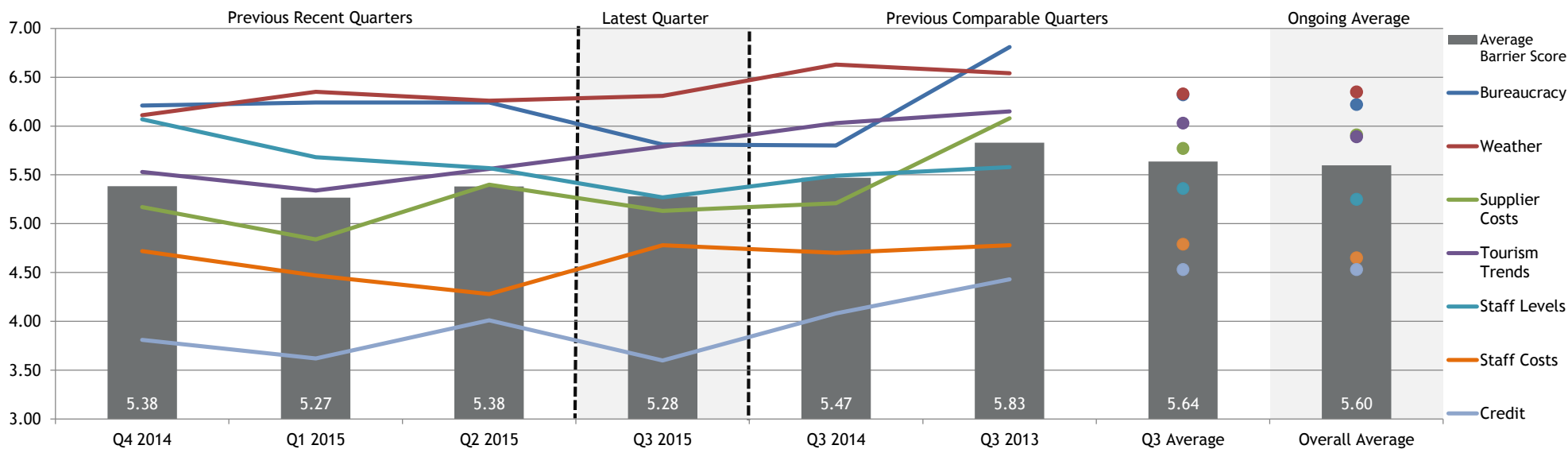
## Costs

Administration: Last 3 months and next 12 months



- ▶ Whilst most businesses (68%) noted no change in admin costs, a small overall increase was recorded as 28% of businesses observed higher admin costs compared to just 4% who noted lower costs. The overall results marked the flattest rate of change for admin costs on record and, hence, showed significantly less steep increases compared to previous Q3 periods.
- ▶ Administration costs were expected to increase at a higher rate than currently as 42% of businesses expected these costs to increase in the year ahead whilst 2% expected these costs to decrease. These results still implied less steep increases in administration costs were expected compared to previous Q3s.

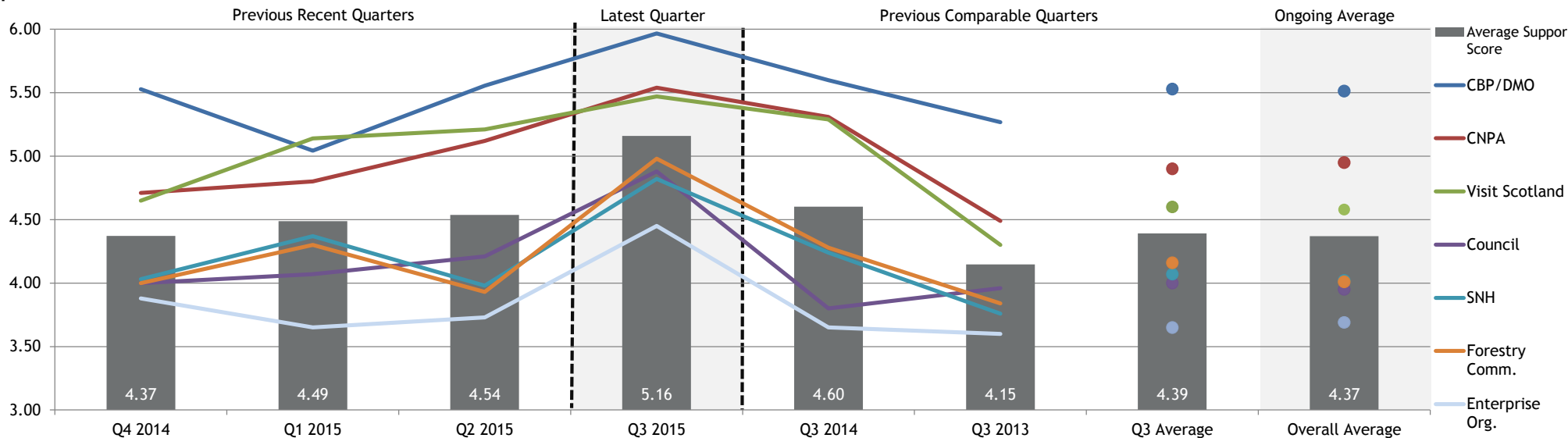
## Barriers



- ▶ The average barrier to growth score this quarter was 5.28 out of 10 which was lower than last quarter and significantly below recent Q3 periods, the Q3 Average and the Overall Average.
- ▶ Weather (6.31), bureaucracy (5.81), and tourism trends (5.79) 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 4.28 in Q2 2015 to 4.78 in Q3 2015.
- ▶ Weather was considered to be a much less significant barrier this year compared to last year and the year before (6.31 vs. 6.63 in Q3 2014 and 6.54 in Q3 2013).



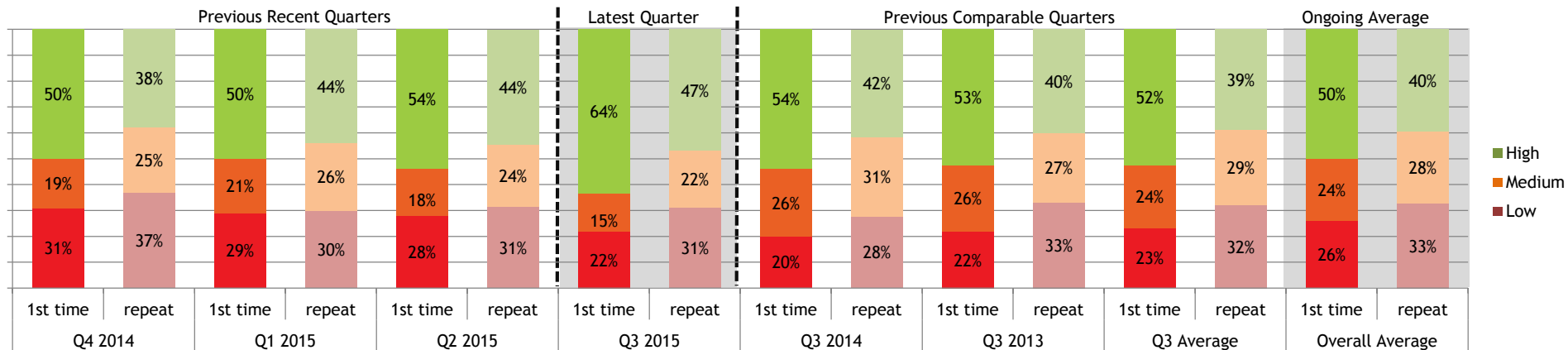
## Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.16 which was well above recent quarters, previous comparable quarters, the Q3 Average and the Overall Average.
- ▶ The contribution / support provided by CBP / DMO (5.97) was rated most positively whilst the opposite was true for Enterprise Organisations (4.45)
- ▶ The organisation which recorded the largest change in perception from last quarter was the Forestry Commission as scores increased from 3.93 in Q2 2015 to 4.98 in Q3 2015. It is worth noting that all organisations benefitted from an increase in ratings compared to last quarter and Q3 2014.
- ▶ The organisation which recorded the largest change in perception from last year was the Council: average support scores increased from 3.80 in Q3 2014 to 4.88 in Q3 2015.

## Influences

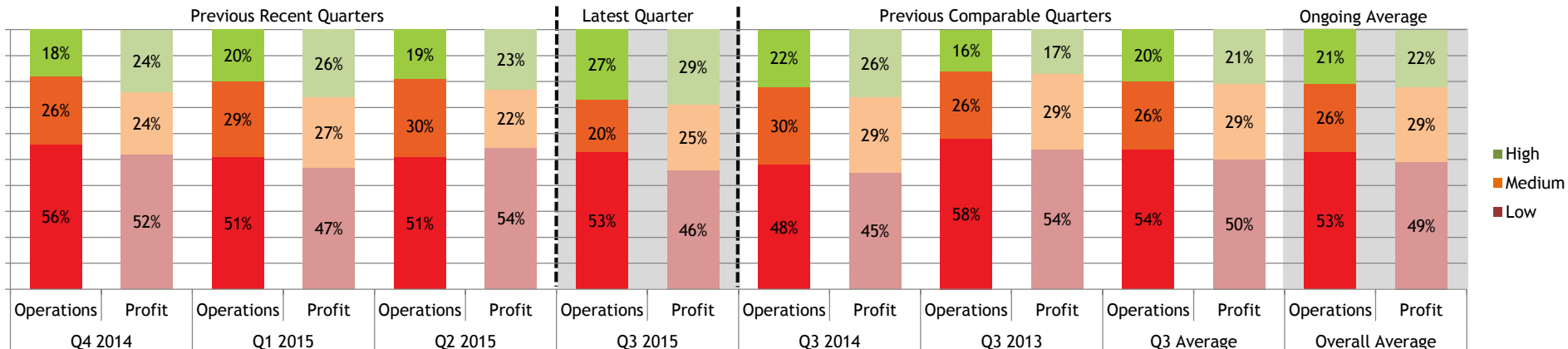
### Influence of CNP - Attracting First time & Repeat Customers



- ▶ 64% 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 22% 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.
- ▶ 47% 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 31% 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 2014 but above recent quarters, the Q3 Average and the Overall Average.

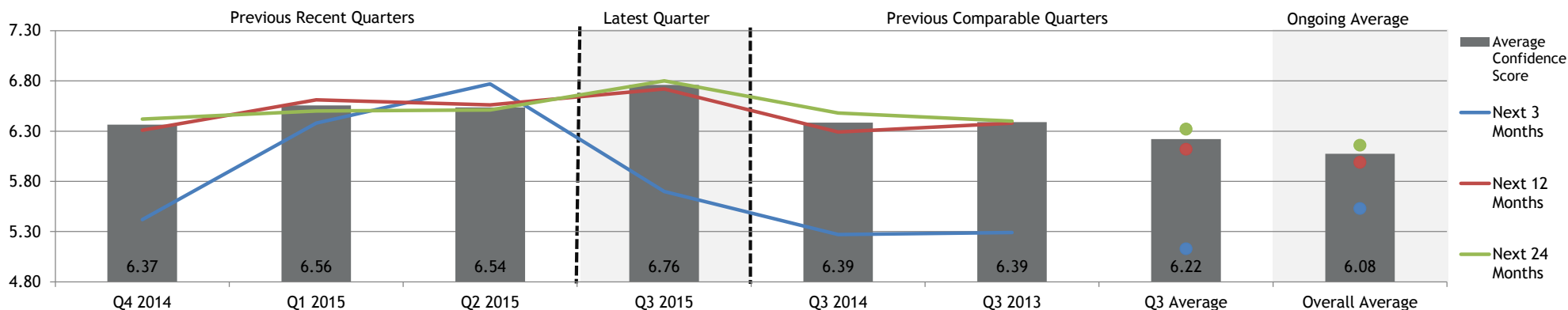
## Influences

### 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 53% 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 on par with recent quarters, below Q3 2014 but above the Q3 Average and the Overall Average.
- ▶ 29% 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 46% 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 last year but above recent quarters, the Q3 Average and the Overall Average.

## Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 5.70 out of 10 which was, as to be expected, well below recent quarters, but above previous Q3s.
- ▶ Medium term confidence (next 12 months) was rated at 6.72 out of 10 which, being the highest medium term score on record, was above last quarter, and well above previous Q3s and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.80 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 6.76 which was the highest Average Confidence Score on record.