

## 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 April 2016 and asked operators to consider their performance during the first quarter of the year (January to March).

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 90 last quarter.

## Executive Summary

- ▶ The distribution of visitor origin remained largely unchanged in Q1 2016 compared to previous Q1 periods. However, bucking previous quarters' trends, there was evidence of a slight increase in customers from England compared to last year.
- ▶ Overall customer numbers and turnover decreased significantly this quarter with customer number reductions being at their highest levels since Q3 2012. The outlook for business levels in the next 12 months was much less upbeat than in previous Q1's.
- ▶ Accommodation providers had an atypical start of the year with the highest ever proportion of businesses (18%) indicating they had high occupancy of 70% or above.
- ▶ Marketing investment achieved its highest ever levels since the barometer began in Q3 2009 and infrastructure investment also saw significant increases compared to previous Q1 periods.
- ▶ Perhaps an indication of the new national living wage coming into effect soon, staff costs were perceived to go up much more steeply compared to last year and the Q1 Average.
- ▶ The influence of the status of the Cairngorms National Park continued to be of above average importance in Q1 2016 surpassing last quarter's record breaking figures in terms of attracting first time and repeat visitors as well as its influence on business operations and profitability.
- ▶ Medium and long term levels of business confidence were below that of last year but were above the Q1 Average.

## Cairngorms Business Partnership Commentary

- ▶ "It is excellent to see the continued growth in the influence of National Park status in attracting first time visitors. This along with increased visitor numbers from England and London and the South East in particular give us comfort that our marketing campaign for 2016 focussing on the Market in London and the South East will yield great results. The survey also demonstrates record levels of marketing investment by business in the Park which will really support and get maximum value from this campaign."

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

## Dashboard Summary

Origin	Q1 2016	Q1 2015	Q1 Average
Scotland	48%	50%	49%
England	34%	30%	32%
Overseas	11%	13%	10%

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

Business Levels	Q1 2016	Q1 2015	Q1 Average
Customers - last 3 months	-23%	-10%	-14%
Customers - Next 12 months	16%	28%	15%
Turnover - Last 3 months	-16%	-11%	-11%
Turnover - Next 12 months	19%	29%	16%

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

Investment	Q1 2016	Q1 2015	Q1 Average
Staff training - Last 3 months	18%	26%	11%
Staff training - Next 12 months	36%	40%	25%
Marketing - last 3 months	33%	26%	20%
Marketing - Next 12 months	42%	33%	30%
Infrastructure Last 3 months	43%	33%	27%
Infrastructure - Next 12 months	50%	38%	34%

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

Costs	Q1 2016	Q1 2015	Q1 Average
Staff - Last 3 months	35%	26%	24%
Staff - Next 12 months	46%	42%	43%
Supplier - Last 3 months	48%	46%	67%
Supplier - Next 12 months	54%	55%	71%
Administration - Last 3 months	35%	30%	39%
Administration - Next 12 months	36%	35%	44%

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

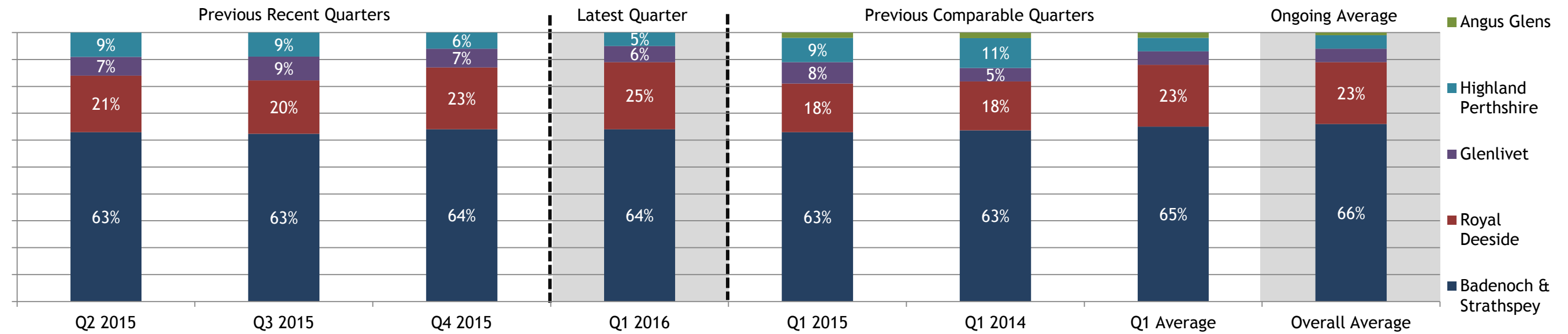
Barriers	Q1 2016	Q1 2015	Q1 Average
Average	5.60	5.27	5.63
Bureaucracy	6.48	6.24	6.30
Weather	6.18	6.35	6.34
Tourism Trends	5.98	5.34	5.81

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

Business Confidence	Q1 2016	Q1 2015	Q1 Average
Next 3 Months	6.02	6.38	5.93
Next 12 Months	6.13	6.61	6.04
Next 24 Months	6.38	6.50	6.16

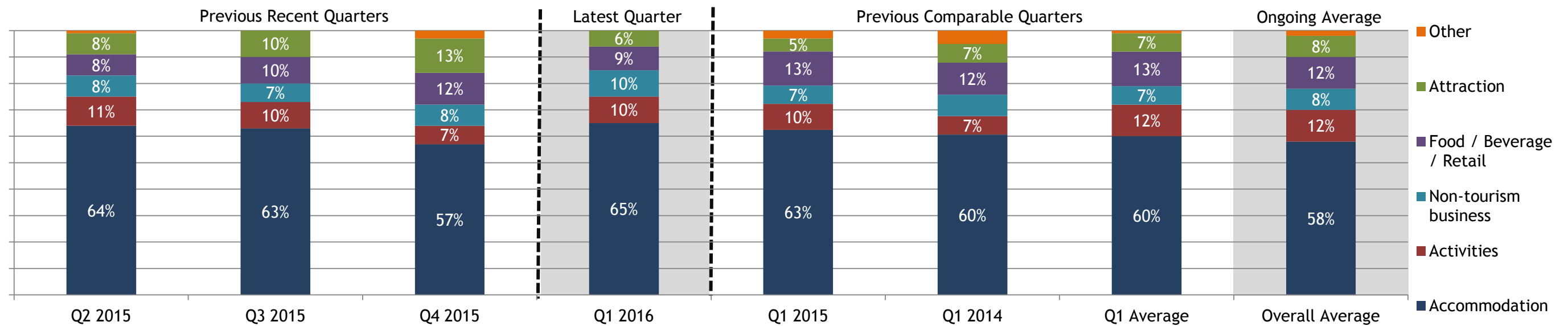
*Business confidence over short, medium and long term compared to last year and quarter average.*

## Area



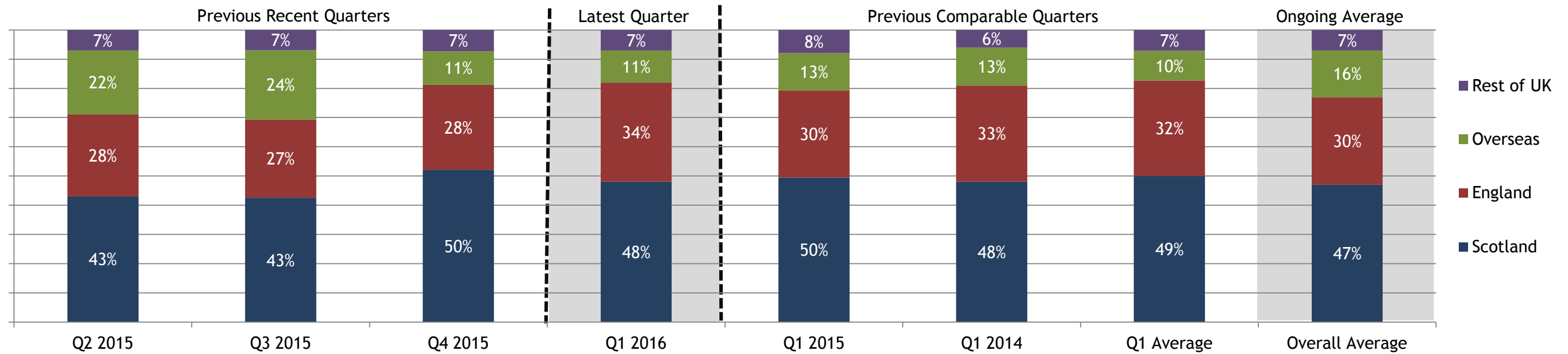
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (64%), Royal Deeside (25%), Glenlivet (6%), Highland Perthshire (5%) and Angus Glens (0%)

## Sector



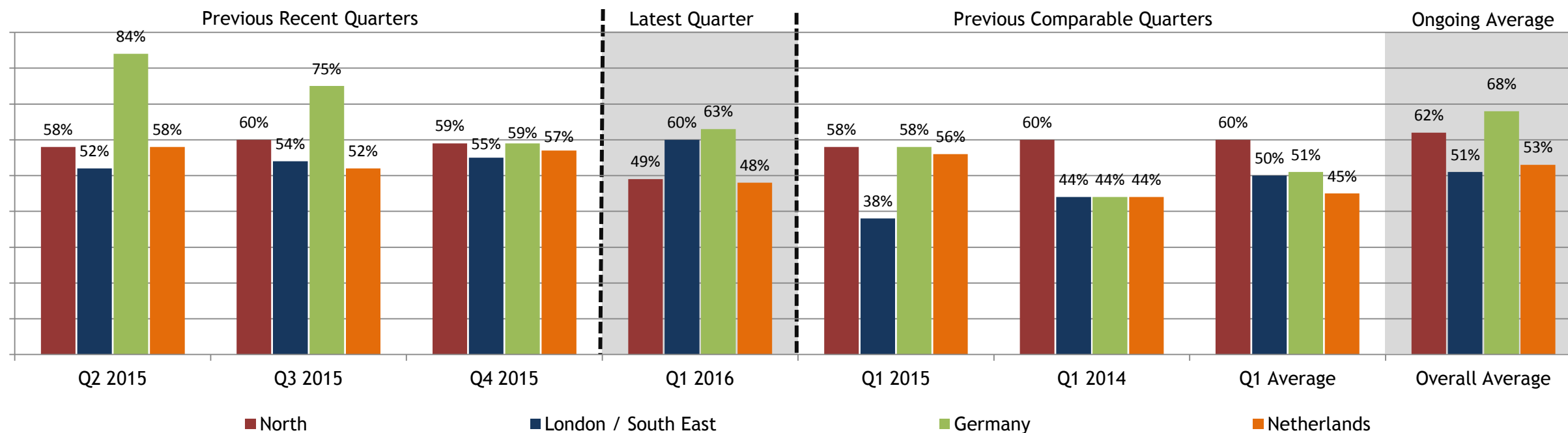
► In terms of business sector, the sample was made up as follows: Accommodation provider (65%), Activity operator (10%), Non-tourism business (10%), Food / Beverage / Retail business (9%) and Attractions (6%)

## Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (48% of all customers), visitors from England (34%), overseas visitors (11%) and visitors from the rest of the UK ( 7%).
- ▶ The results recorded this quarter were broadly similar to previous Q1 periods with the Scottish market continuing to account for the largest share of visitors. Bucking the trend from previous recent quarters and Q1 2015, a slight increase in visitors from England was observed. This was however broadly in line with the Q1 Average.

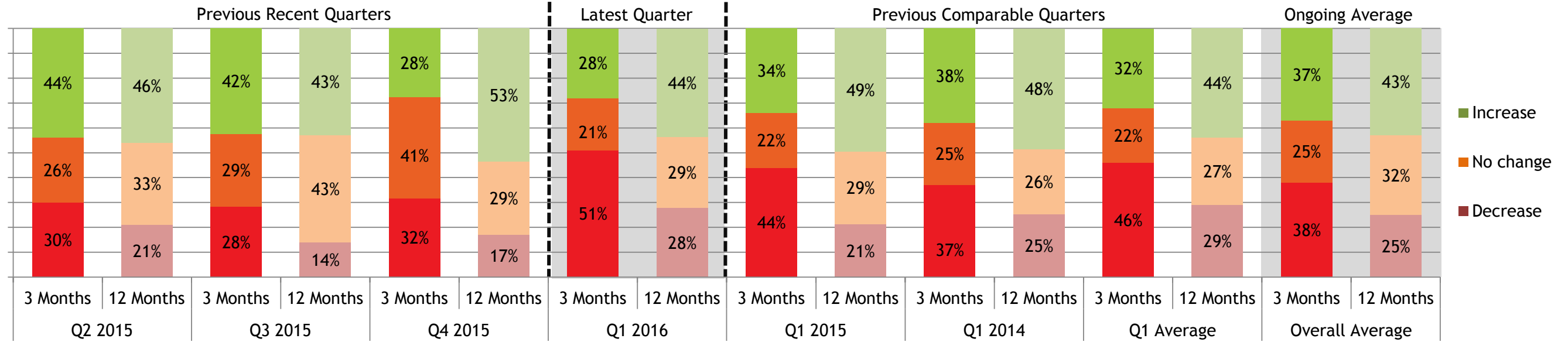
## Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from London / Sout East (60% of businesses who engaged with visitors from England traded with customers from this area) followed by the North (49%). Opposing trends were observed as the proportion of visitors from London / South East grew and those from the North decreased compared to previous comparable quarters and the Q1 Average.
- ▶ The German and Dutch markets were the two most comment segments from abroad with 63% of businesses stating they traded with customers from Germany and 48% trading with those from The Netherlands. The most notable change was an increase in German visitors compared to previous comparable quarters and the Q1 Average.

## Business Levels

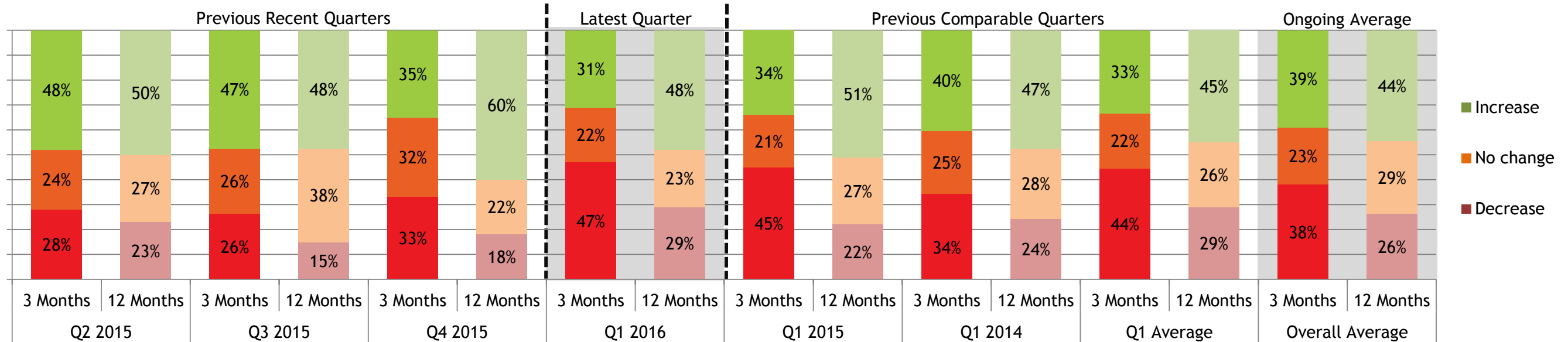
No. Of Customers: Last 3 months and next 12 months



- ▶ There was a significant overall decrease in customer numbers as more businesses decreased their customer numbers than increased their customer numbers (51% versus 28%). This constituted poorer customer number performance compared to previous comparable quarters and the Q1 Average. In fact, this was the largest decrease in customer numbers since Q3 2012.
- ▶ 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 (44% versus 28%). The overall outlook recorded this quarter was less optimistic than this time last year but was on par with the Q1 Average.

## Business Levels

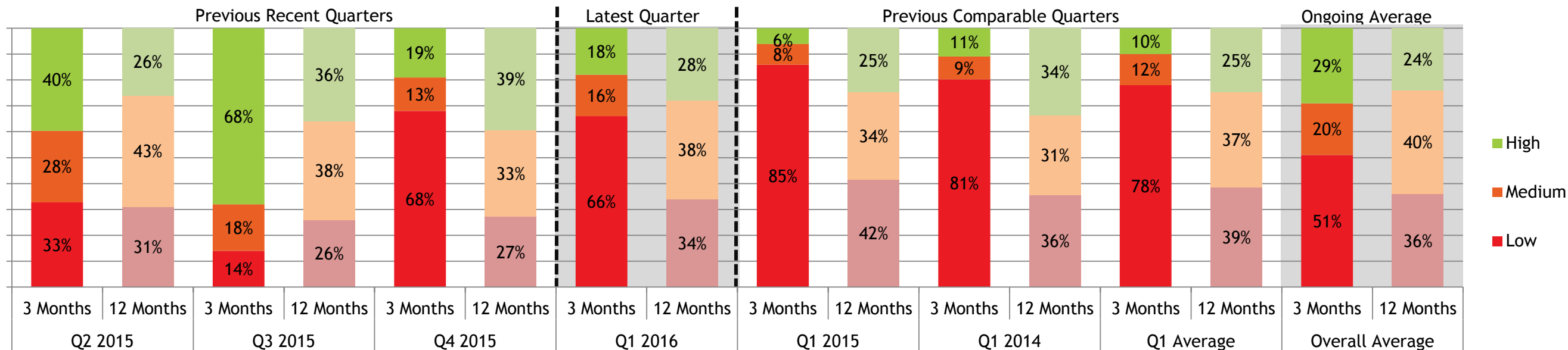
Turnover: Last 3 months and next 12 months



- ▶ There was an overall decrease in turnover this quarter as more businesses decreased their turnover than increased their turnover (47% versus 31%). Turnover contracted at a quicker rate than that of Q1 2015 and 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 (48% versus 29%). The results this quarter constituted a more muted outlook compared to previous Q1 periods, but was slightly more positive compared to the Q1 Average.

## Business Levels

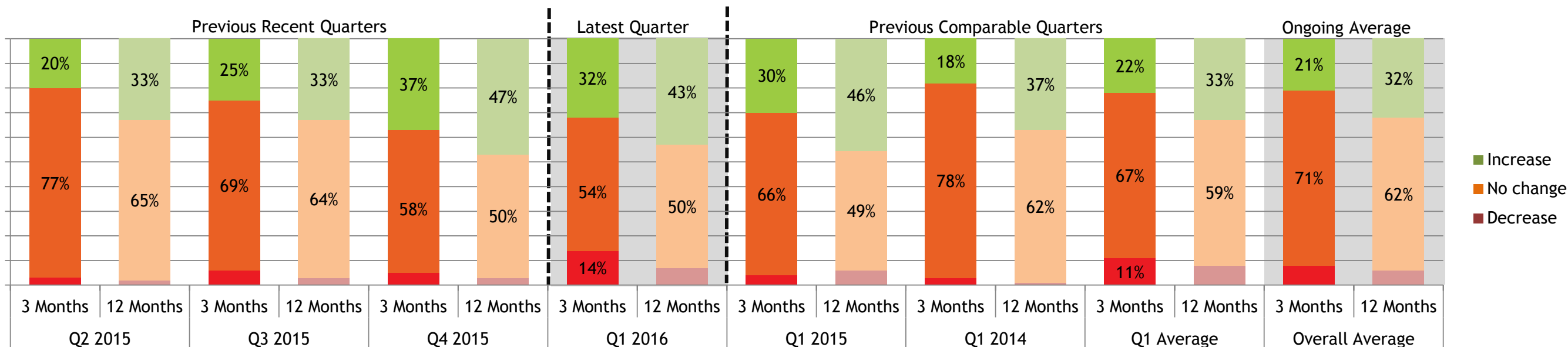
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 66% of accommodation providers recorded low occupancy of less than 50% whilst 18% achieved high occupancy of 70% or above during the quarter. The trend of improving occupancy observed last quarter continued into Q1 2016 when comparing performance to previous comparable quarters and the Q1 Average.
- ▶ 34% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 28% expect to achieve high occupancy of 70% or above. The outlook for future accommodation performance was more positive than this time last year and the Q1 Average.

## Investment Levels

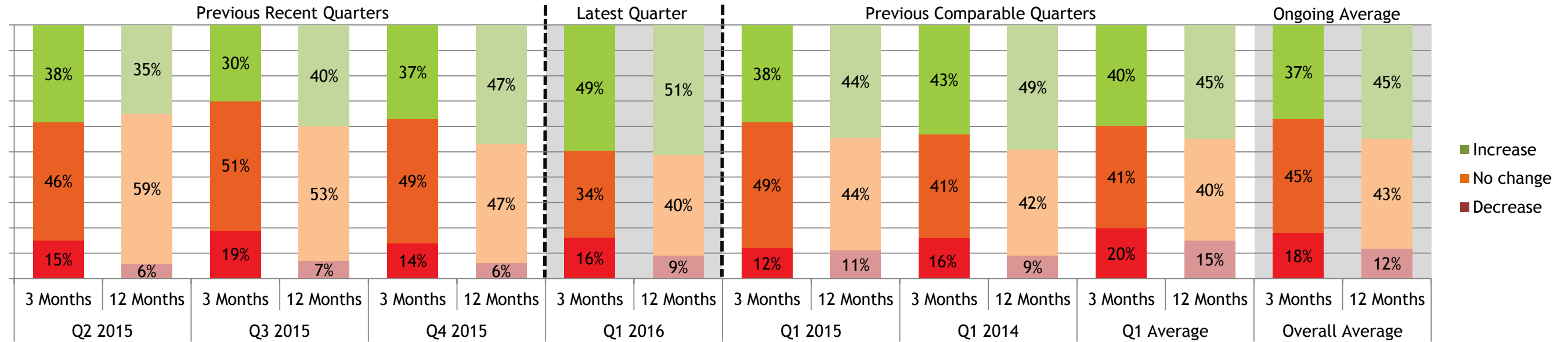
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (54%) noted no change in staff training investment, an overall increase in staff training investment was recorded as 32% increased their investment in this aspect compared to just 14% who decreased investment. The overall growth in staff training investment was below last quarter and Q1 2015 but above the Q1 Average.
- ▶ Going forward businesses continued to expect a faster rate of change in staff training investment compared to current levels. That said, half of businesses (50%) thought that staff training investment would be unchanged in the coming 12 months. These results implied similar intent to invest in staff training in the next 12 months compared to last year and greater intent than the Q1 Average.

## Investment Levels

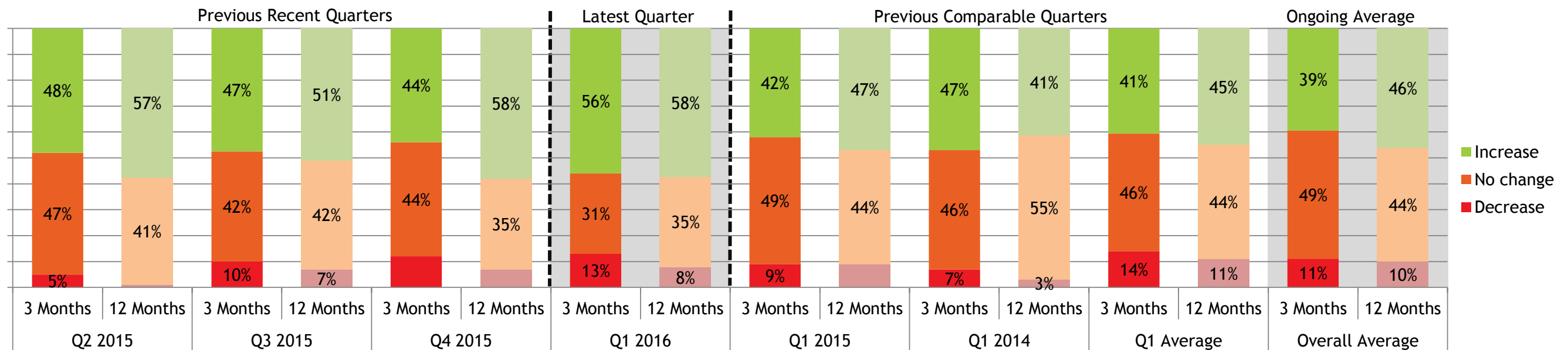
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 49% of businesses increased their investment in this aspect this quarter whilst 16% decreased investment. The overall growth in marketing and promotion investment this quarter was the highest since the beginning of the barometer in Q3 2009.
- ▶ Continued growth in marketing and promotion investment was again expected as 51% of businesses expected to increase their investment in this aspect in the year ahead whilst only 9% expected to decrease investment. These results indicated greater marketing investment intent than previous comparable quarters and the Q1 Average.

## Investment Levels

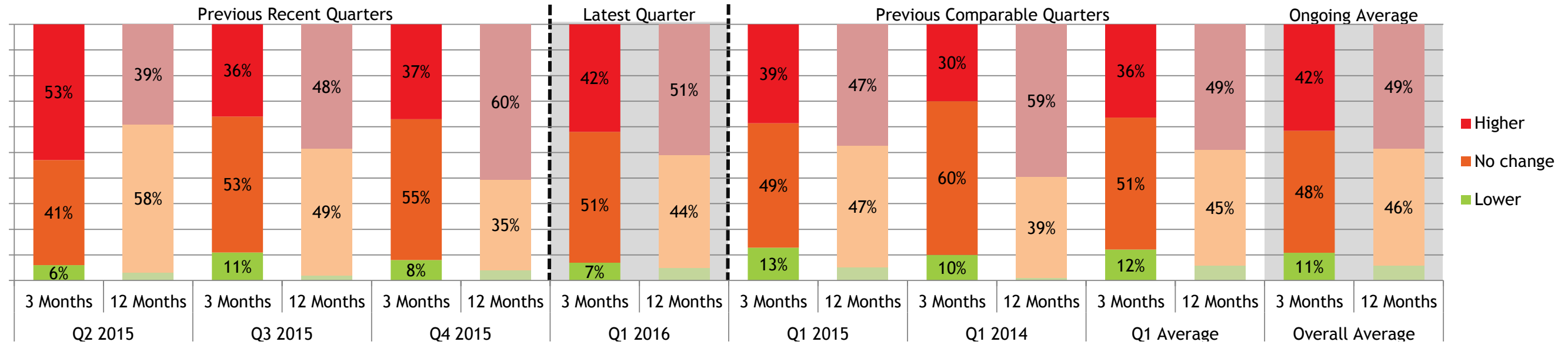
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 56% of businesses increased their investment in this aspect whilst 13% decreased investment. The overall growth in buildings and infrastructure investment this quarter was one of the highest ever and was well above the Q1 Average.
- ▶ Going forward there are strong expectations to increase buildings and infrastructure investment - 58% expected to increase investment in this aspect in the year ahead whilst 8% expected to decrease investment. These results implied much higher levels of confidence to invest in buildings and infrastructure compared to previous comparable quarters and the Q1 Average.

### Costs

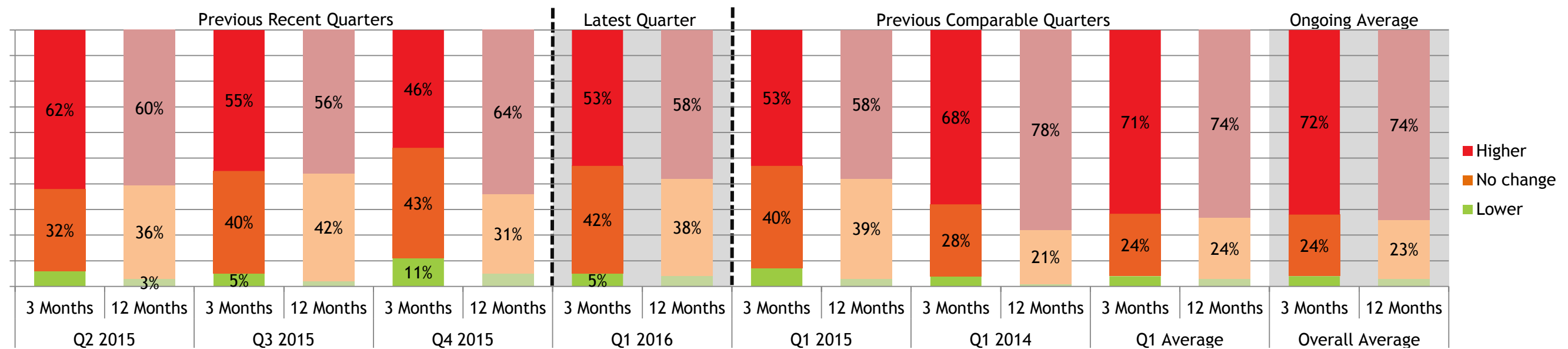
Staff: Last 3 months and next 12 months



- ▶ Whilst most businesses (51%) noted no change in staff costs, a small overall increase was recorded as 42% of businesses registered higher staff costs compared to just 7% who noted lower costs. These results indicate a steeper rate of change in staff costs compared to previous comparable quarters and the Q1 Average.
- ▶ Staff costs were expected to increase at faster rate than currently as 51% of businesses expected these costs to increase in the year ahead whilst 5% expected them to decrease. These results implied that businesses expect staff costs to increase at a slightly faster rate compared to last year and the Q1 Average.

### Costs

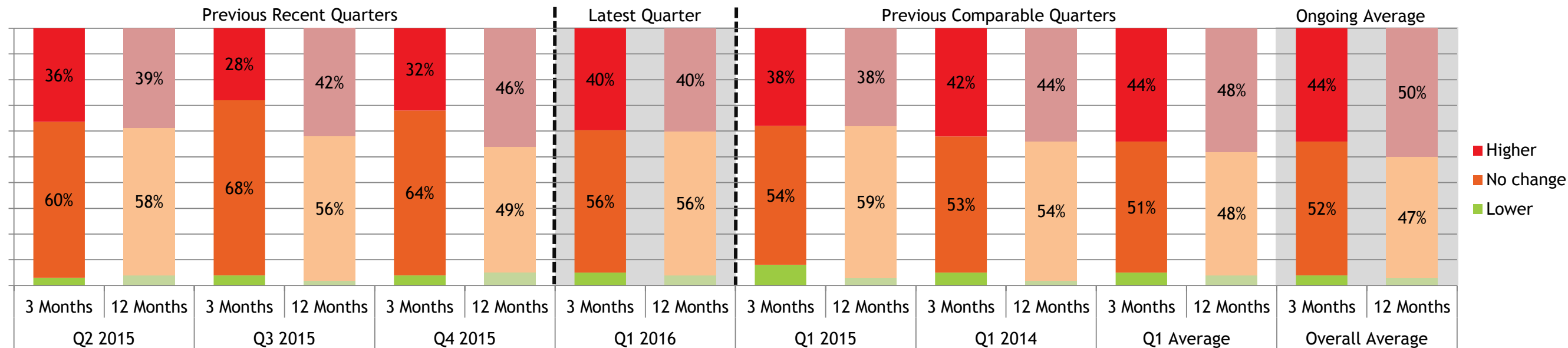
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was recorded as 53% 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 the Q1 Average, but a rate of change that was on par with this time last year.
- ▶ Supplier costs overall were expected to increase as 58% of businesses expected these costs to increase in the year ahead and 4% expected these costs to decrease. These results implied that similar increases in supplier costs were expected compared to Q1 2015 but much lower increases were expected compared to the Q1 Average.

## Costs

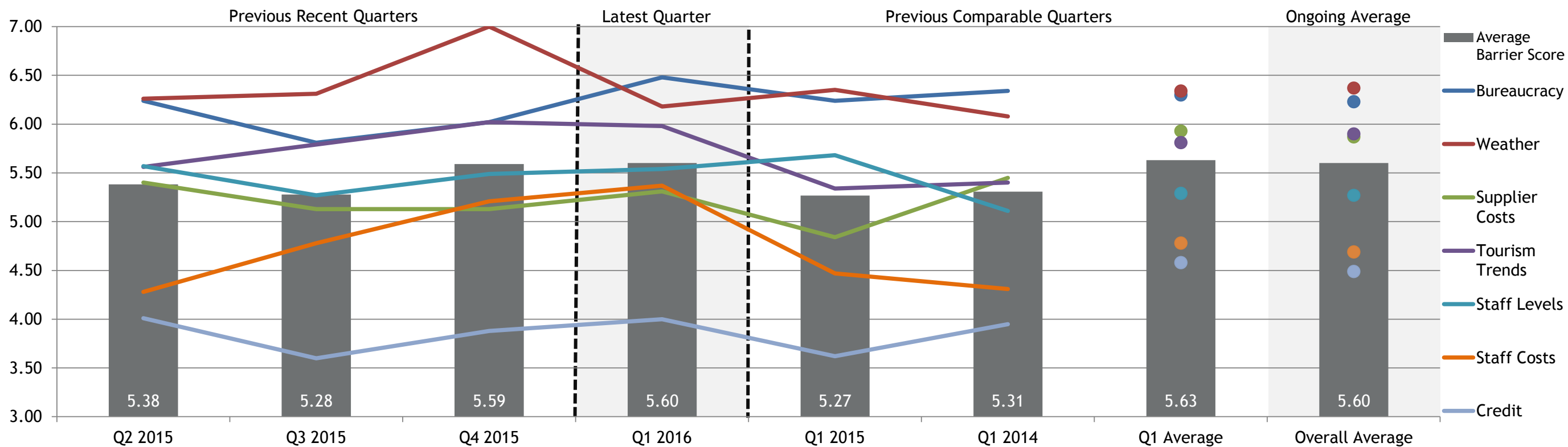
Administration: Last 3 months and next 12 months



► Whilst most businesses (56%) noted no change in admin costs, a small overall increase was recorded as 40% of businesses observed higher admin costs compared to just 5% who noted lower costs. The overall results showed less steep increases compared to the Q1 Average and a similar rate of change compared to last year.

► Administration costs were expected to increase at a similar rate to current changes as 40% of businesses expected these costs to increase in the year ahead whilst 5% expected these costs to decrease. These results indicate a similar rate of change in administration costs compared to Q1 2015 and imply less steep increases were expected compared to the Q1 Average.

## Barriers



► The average barrier to growth score this quarter was 5.60 out of 10 which was higher than recent and previous comparable quarters but on par with the Q1 Average and the Overall Average.

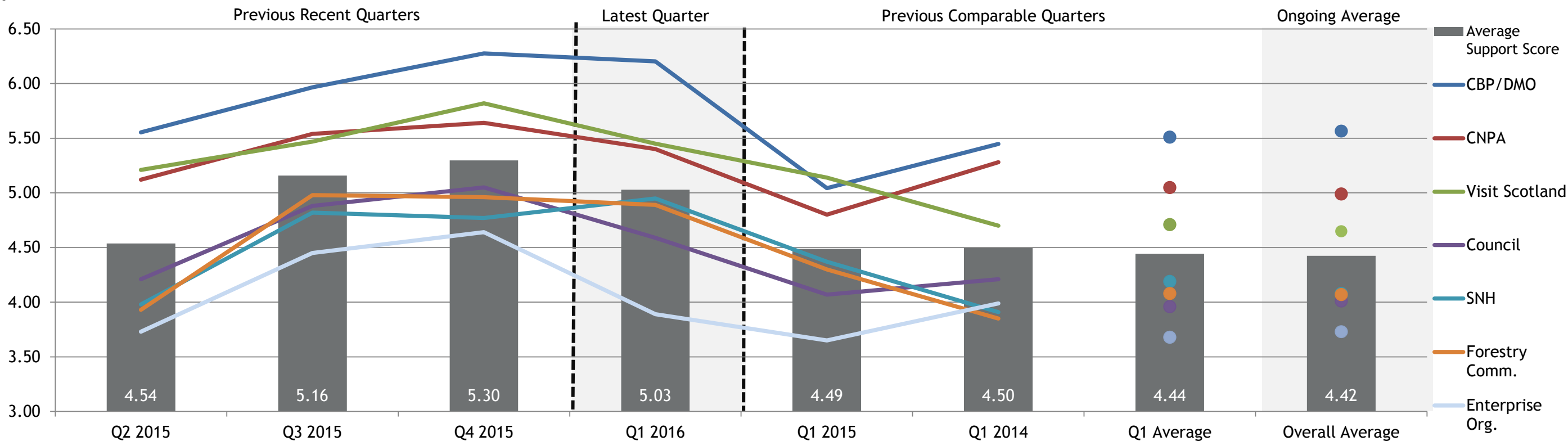
► Bureaucracy (6.48), weather (6.18) and tourism trends (5.98) were perceived to be the most significant barriers to growth this quarter.

► The barrier which recorded the steepest increase from last quarter was bureaucracy increasing from 6.02 in Q4 2015 to 6.48 in Q1 2016.

► Staff costs were considered to be a much more significant barrier this year compared to last year (5.37 vs. 4.47 in Q1 2015).



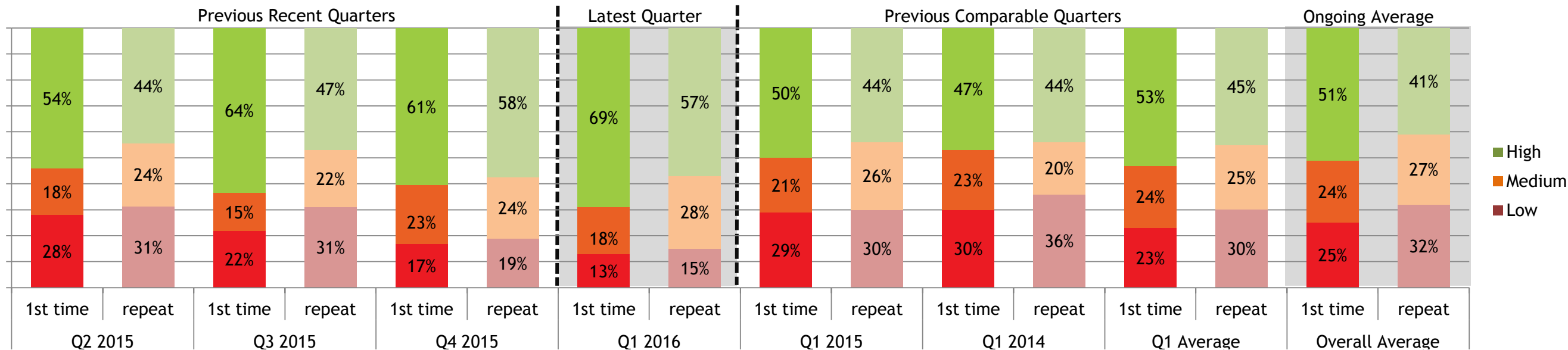
## Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.03 which was below recent quarters, but above previous comparable quarters, the Q4 Average and the Overall Average.
- ▶ The contribution / support provided by CBP / DMO (6.20) was rated most positively whilst the opposite was true for Enterprise Organisations (3.89)
- ▶ The organisation which recorded the largest change in perception from last quarter was the Enterprise Org. as scores decreased from 4.64 in Q4 2015 to 3.89 in Q1 2016.
- ▶ The organisation which recorded the largest change in perception from last year was the CBP/ DMO: average support scores increased from 5.04 in Q1 2015 to 6.20 in Q1 2016.

## Influences

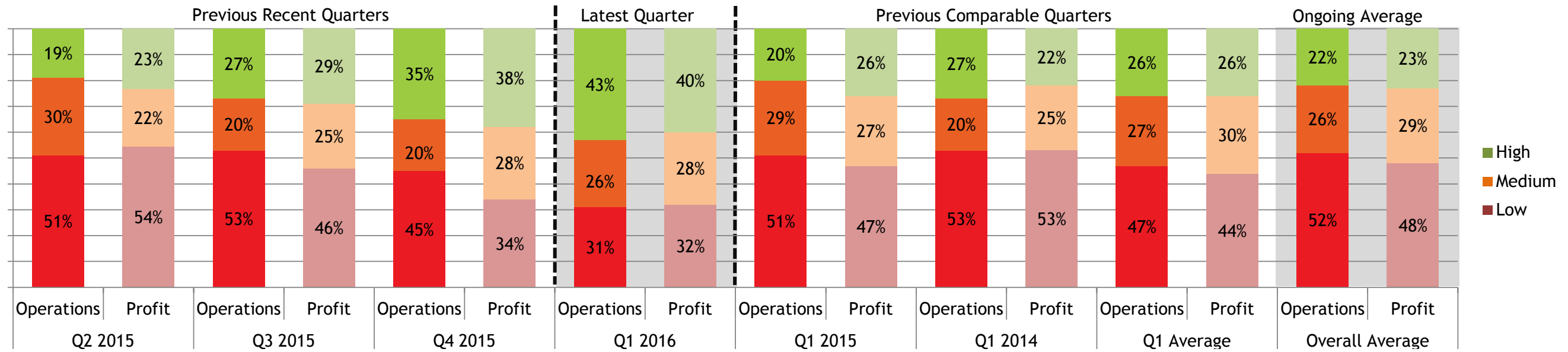
### Influence of CNP - Attracting First time & Repeat Customers



- ▶ 69% 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 13% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The results this quarter constituted the highest level of influence in attracting first time customers on record.
- ▶ 57% 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 15% 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 at its highest level on record this quarter.

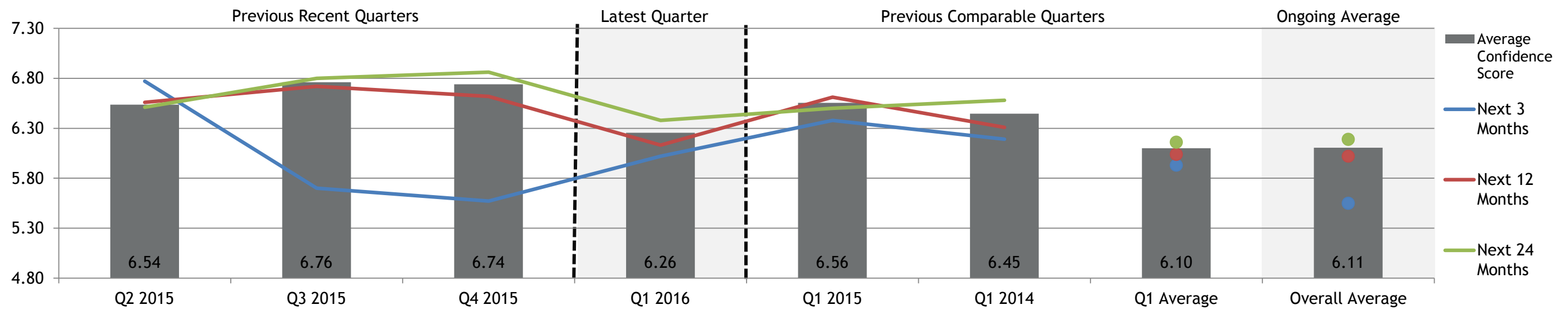
## Influences

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



- ▶ 43% 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 influence of the Park is increasing as the overall level of influence on business operations was at its highest ever level on record this quarter.
- ▶ 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 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 also at its highest ever level on record this quarter.

## Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.02 out of 10 which was below Q1 2015 and Q1 2015, but above last quarter, the Q1 and the Overall Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.13 out of 10 which was below last quarter, Q1 2015 and Q1 2014, but on par with the Q1 and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.38 out of 10 which was below levels from last quarter and previous comparable quarters, but above the Q1 and overall Average.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.26 which was below previous recent and comparable quarters, but above the Q1 and the Overall Average.