

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 January 2015 and asked operators to consider their performance during the fourth quarter of the year (October to December 2014). The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

120 businesses from across the CNP area contributed their views this quarter - this compares to 112 last quarter.

Executive Summary

- ▶ The mix of visitors to the Park area was on par with previous Q4 periods. The findings show again that the Park relies heavily on custom from local visitors during the final quarter of the year.
- ▶ The quarter as a whole saw overall growth in customer numbers and turnover which marked a significant improvement compared to last year and previous Q4 periods overall. That said, the growth recorded this quarter was weaker than that of recent quarters (Q2 2014 and Q3 2014).
- ▶ Positive expectations of trading for the year ahead were evident as businesses expected to grow customer numbers and, in particular, turnover in the next 12 months at a faster rate than in previous Q4 periods or in recent quarters.
- ▶ Higher levels of staff training, marketing and infrastructure investment were evident compared to previous Q4 periods. A stronger appetite to invest in these aspects in the year ahead was also apparent. This finding was particularly pronounced for infrastructure investment.
- ▶ Trading conditions were perceived to be broadly on par with recent quarters but slightly harder than a year ago. Staffing and bureaucracy were two factors that stifled growth more this quarter than in Q4 2013. The opposite was true, however, for supplier costs.
- ▶ Overall levels of business confidence were well above the Q4 Average and the Overall Average but were slightly below the levels recorded last year (Q4 2013).

Cairngorms Business Partnership Commentary

- ▶ It is pleasing to report for the third consecutive quarter overall growth in customer numbers and turnover. This combined with strong expectations of future performance and above average levels of business confidence bodes well for a continuation of positive trends through 2015. Barriers to growth, however, have been more marked than a year ago with staffing (both cost and availability of) highlighted as a more challenging aspect in particular. Thank you for your feedback this quarter.

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

Dashboard Summary

Origin	Q4 2014	Q4 2013	Q4 Average
Scotland	53%	54%	54%
England	31%	31%	30%
Overseas	11%	11%	10%

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

Business Levels	Q4 2014	Q4 2013	Q4 Average
Customers - Last 3 months	11%	3%	-9%
Customers - Next 12 months	33%	33%	22%
Turnover - Last 3 months	10%	-1%	-6%
Turnover - Next 12 months	36%	33%	23%

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

Investment	Q4 2014	Q4 2013	Q4 Average
Staff training - Last 3 months	22%	10%	11%
Staff training - Next 12 months	41%	33%	30%
Marketing - Last 3 months	30%	23%	18%
Marketing - Next 12 months	54%	35%	39%
Infrastructure - Last 3 months	38%	37%	28%
Infrastructure - Next 12 months	57%	42%	36%

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

Costs	Q4 2014	Q4 2013	Q4 Average
Staff - Last 3 months	36%	23%	26%
Staff - Next 12 months	50%	37%	44%
Supplier - Last 3 months	52%	67%	66%
Supplier - Next 12 months	54%	73%	72%
Administration - Last 3 months	30%	35%	39%
Administration - Next 12 months	36%	48%	51%

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

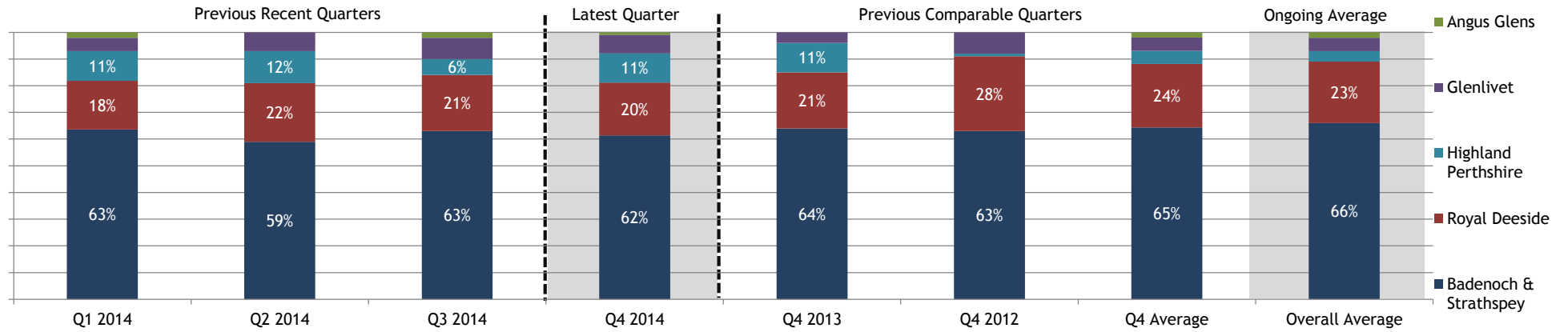
Barriers	Q4 2014	Q4 2013	Q4 Average
Average	5.38	5.21	5.57
Bureaucracy	6.21	5.76	6.21
Weather	6.11	6.22	6.31
Staff Levels	6.07	5.09	5.29

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

Business Confidence	Q4 2014	Q4 2013	Q4 Average
Next 3 Months	5.42	5.46	4.95
Next 12 Months	6.31	6.45	5.91
Next 24 Months	6.42	6.60	6.15

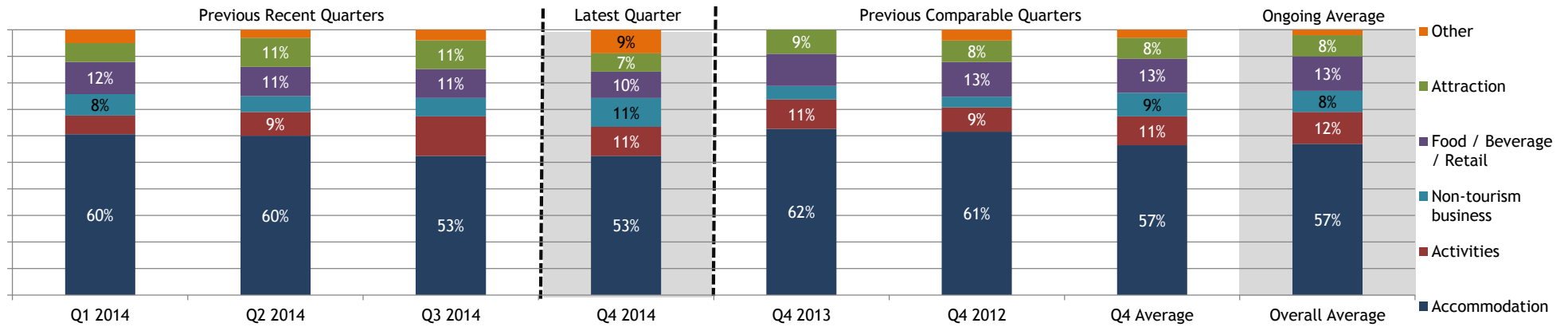
Business confidence over short, medium and long term compared to last year and quarter average.

Area



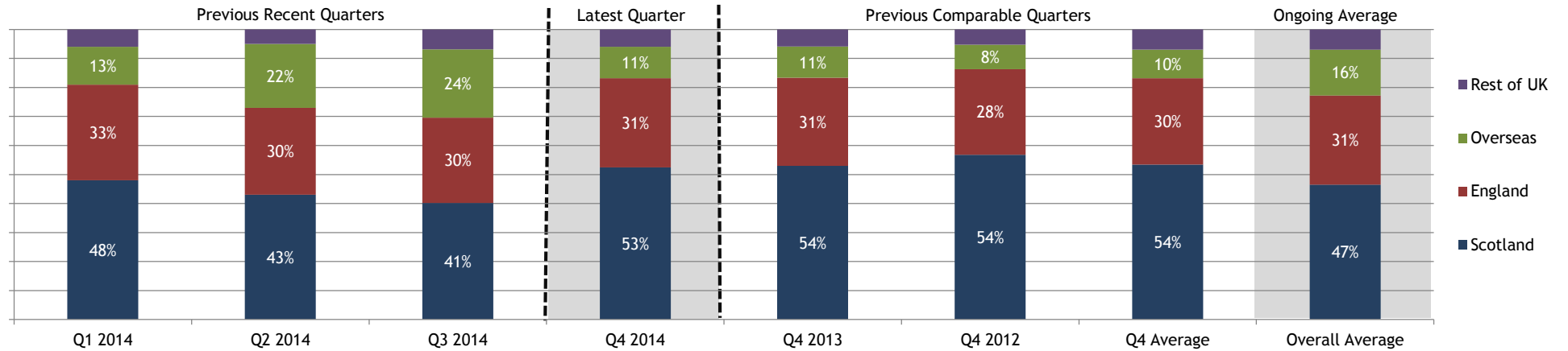
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (62%), Royal Deeside (20%), Highland Perthshire (11%), Glenlivet (7%) and Angus Glens (1%)

Sector



► In terms of business sector, the sample was made up as follows: Accommodation provider (53%), Activity operator (11%), Food / Beverage / Retail business (10%), Other tourism business (9%), Attraction (7%) and Non-tourism business (11%).

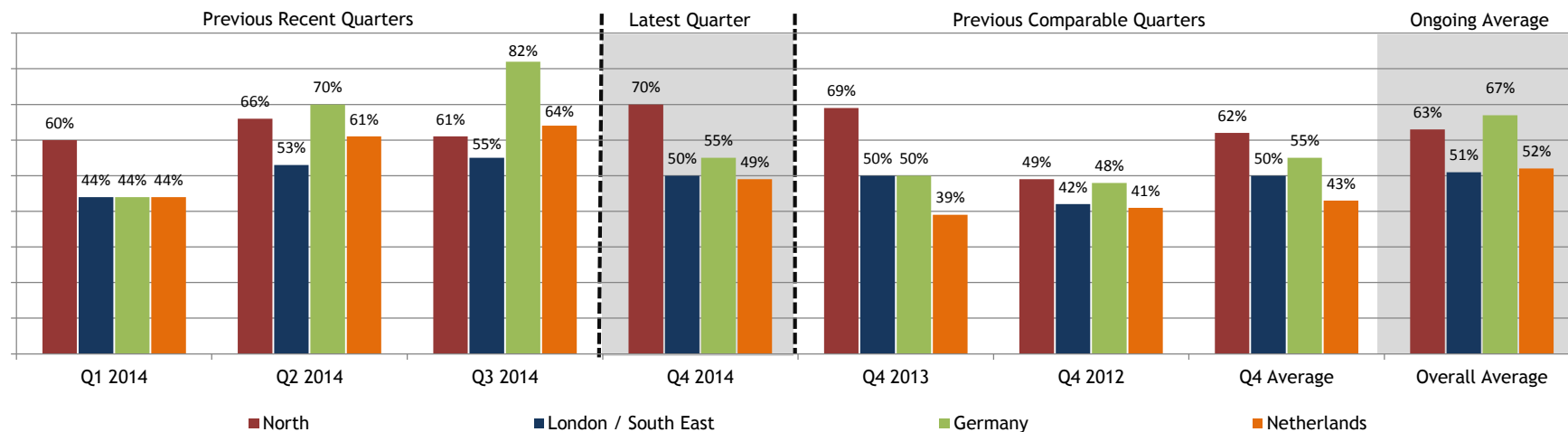
Origin



► The mix of customers in the Park area during the quarter was as follows: Scotland customers (53% of all customers), visitors from England (31%), Overseas visitors (11%), and visitors from the rest of the UK (6%).

► The results recorded this quarter were similar to previous Q4 periods with more Scottish visitors recorded in the Park area and fewer overseas visitors compared to other times of the year.

Origin - Top Source Markets England and Overseas

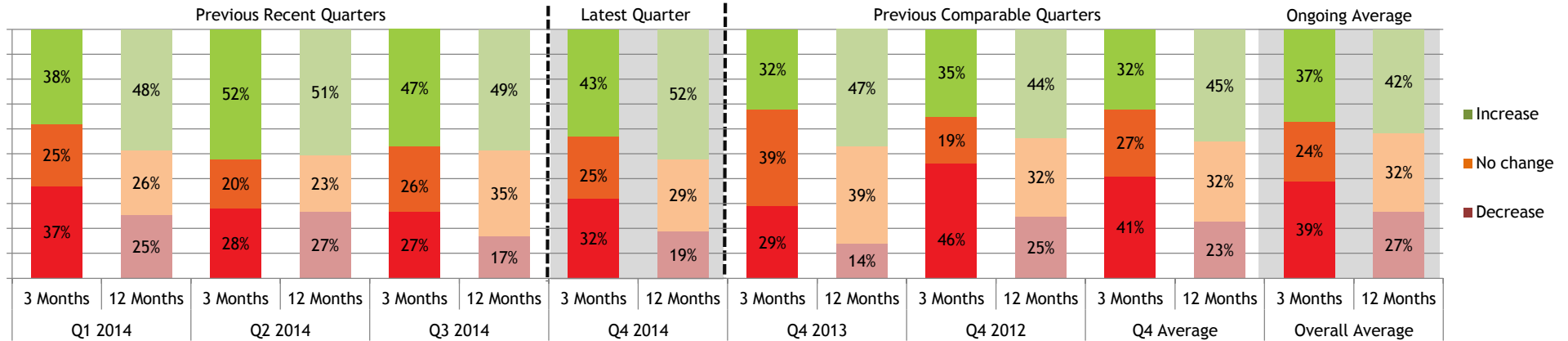


► The most common segment from England was visitors from the North (70% of businesses who engaged with visitors from England traded with customers from the North of England) followed by London / South East (50%). The proportion of visitors from the North is on par with Q4 2013 but has seen a significant increase compared to the Q4 average.

► The German market remains the most common segment from abroad (55% and on par with the Q4 Average). The next most significant international markets were Netherlands and US (both 49%) with both markets experiencing growth compared to the Q4 Average.

Business Levels

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

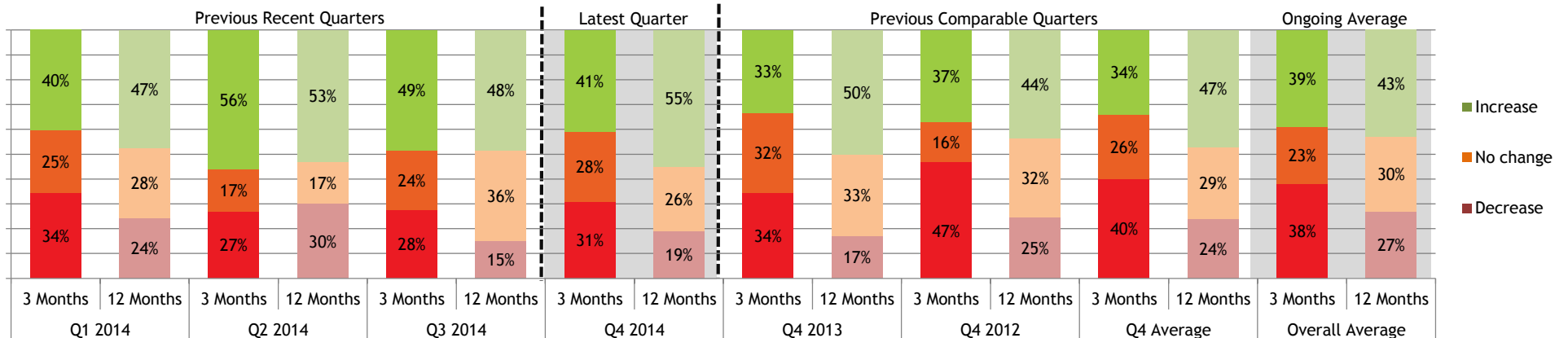


► There was a small overall increase in customer numbers as more businesses increased their customer numbers than decreased their customer numbers (43% versus 32%). Whilst slightly below last quarter (Q3 2014), customer number performance experienced significant growth compared to comparable quarters and the Q4 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 (52% versus 19%). The overall outlook recorded this quarter was more positive than the Q4 Average but was broadly on par with a year ago (Q4 2013).

Business Levels

Turnover: Last 3 months and next 12 months

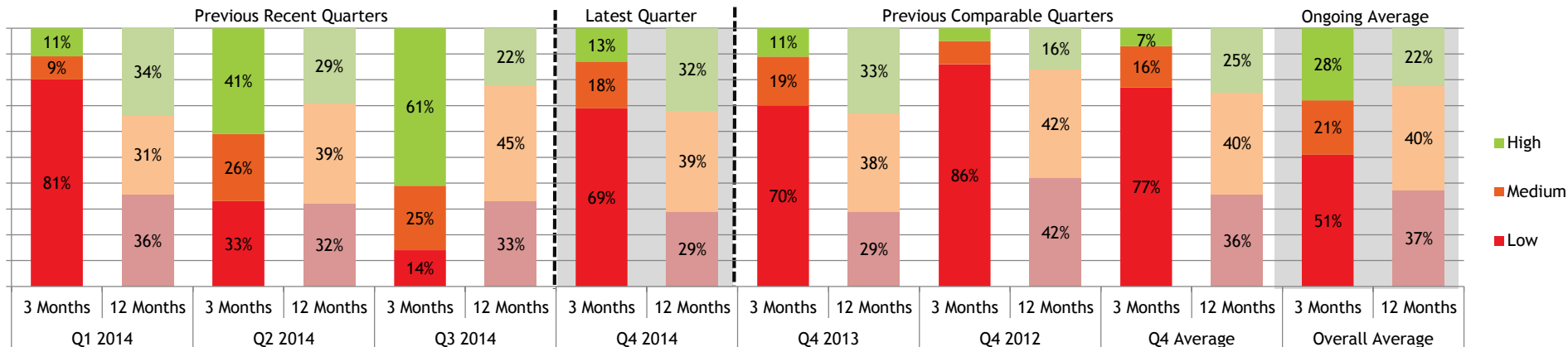


► There was a small overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (41% versus 31%). In line with the customer number trend, turnover grew significantly compared to previous comparable quarters and the Q4 Average but was below the level recorded last quarter.

► 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 (55% versus 19%). The results this quarter constituted a much more positive outlook compared to the Q4 Average and were slightly more optimistic than that recorded last quarter and a year ago.

Business Levels

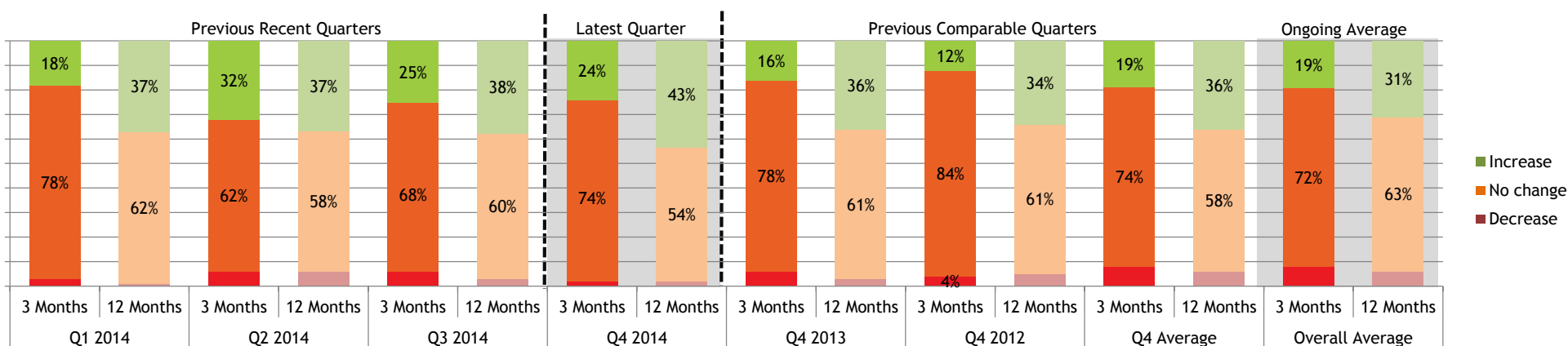
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 69% of accommodation providers recorded low occupancy of less than 50% whilst 13% achieved high occupancy of 70% or above during the quarter. Occupancy overall was broadly on par with last year (Q4 2013) and well above previous Q4 periods.
- ▶ 29% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 32% expect to achieve high occupancy of 70% or above. The overall results implied that accommodation providers had similar expectations regarding future performance compared to Q4 2013 and a more optimistic view compared to previous Q4 periods.

Investment Levels

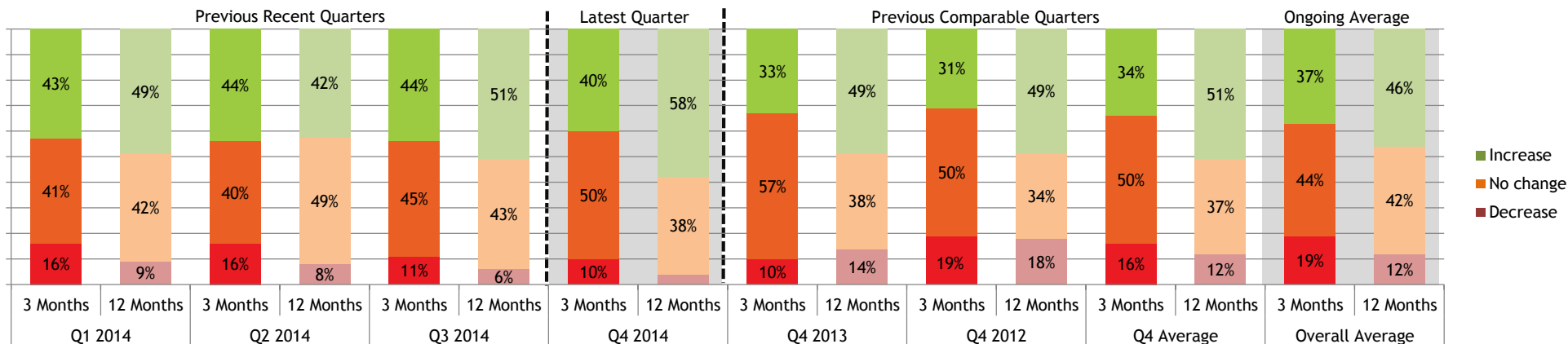
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (74%) noted no change in staff training investment, a small overall increase in staff training investment was recorded as 24% increased their investment in this aspect compared to just 2% who decreased investment. The overall growth in staff training investment was above previous comparable quarters and the Q4 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 (54%) thought that staff training investment would remain unchanged in the coming 12 months. These results overall suggested more intent to invest in staff training compared to recent quarters and the Q4 Average.

Investment Levels

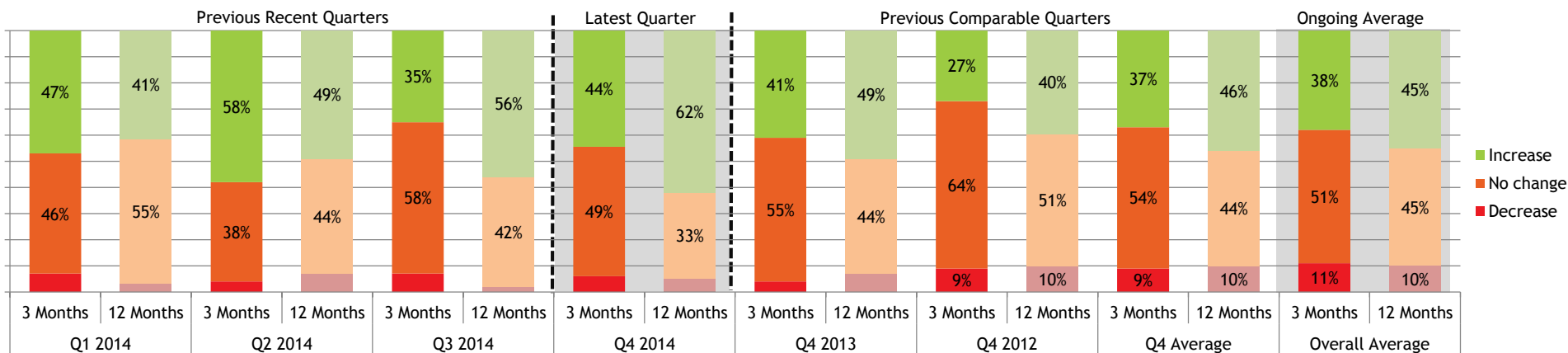
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 40% 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 on par with last quarter but well above the Q4 Average.
- ▶ Continued growth in marketing and promotion investment was again expected as 58% of businesses expected to increase their investment in this aspect in the year ahead whilst only 4% expected to decrease investment. These results marked a significant increase in terms of marketing and promotion investment for the year ahead compared to previous comparable quarters and the Q4 Average.

Investment Levels

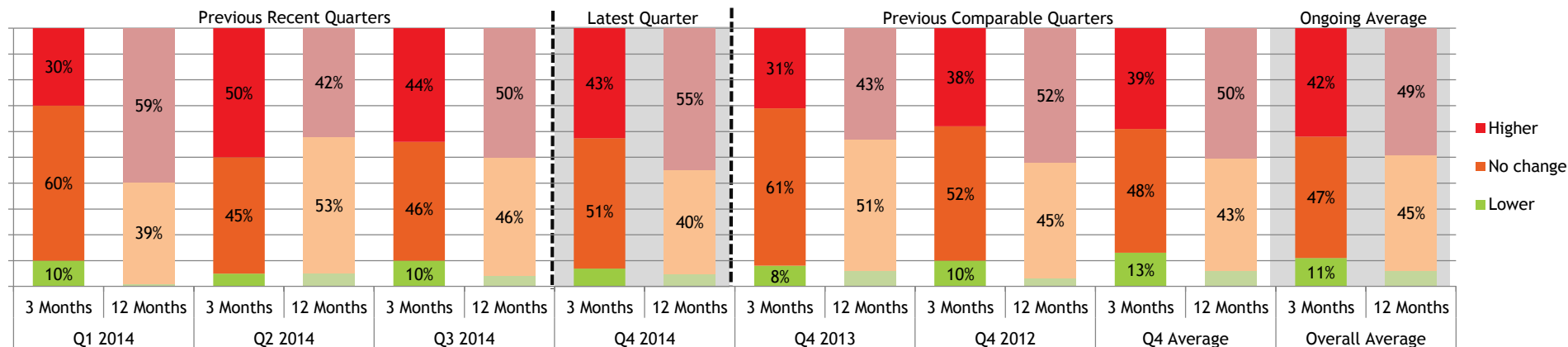
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 44% of businesses increased their investment in this aspect whilst 6% decreased investment. The overall growth in buildings and infrastructure investment this quarter was notably higher than Q3 2014 and the Q4 Average, but was broadly on par with Q3 2013.
- ▶ Going forward there are strong expectations to increase buildings and infrastructure investment - 62% expected to increase investment in this aspect in the year ahead whilst 5% expected to decrease investment. These results implied significantly higher levels of confidence to invest in buildings and infrastructure compared to both recent quarters and previous comparable quarters.

Costs

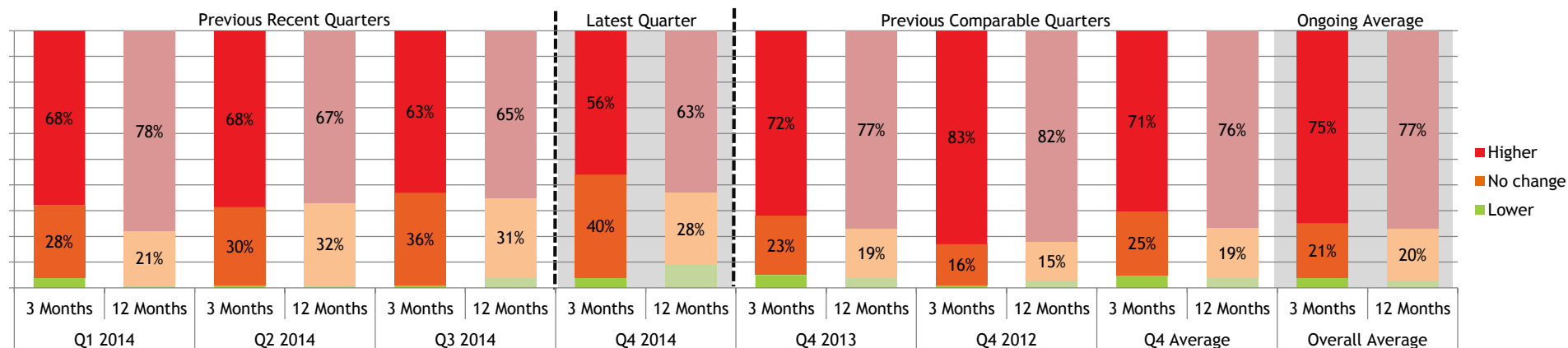
Staff: Last 3 months and next 12 months



- ▶ An overall increase in staff costs was recorded as 43% of businesses registered higher staff costs this quarter compared to the same quarter a year ago whilst 7% registered lower costs. These results indicate a slightly steeper increase in staff costs compared to last year and the Q4 Average.
- ▶ Staff costs were expected to increase at slightly faster rate than currently as 55% of businesses expected these costs to increase in the year ahead whilst 5% expected them to decrease. Consistent with the findings over the past 3 months, these results implied that businesses expect staff costs to increase comparatively more in the year ahead than in previous Q4 periods.

Costs

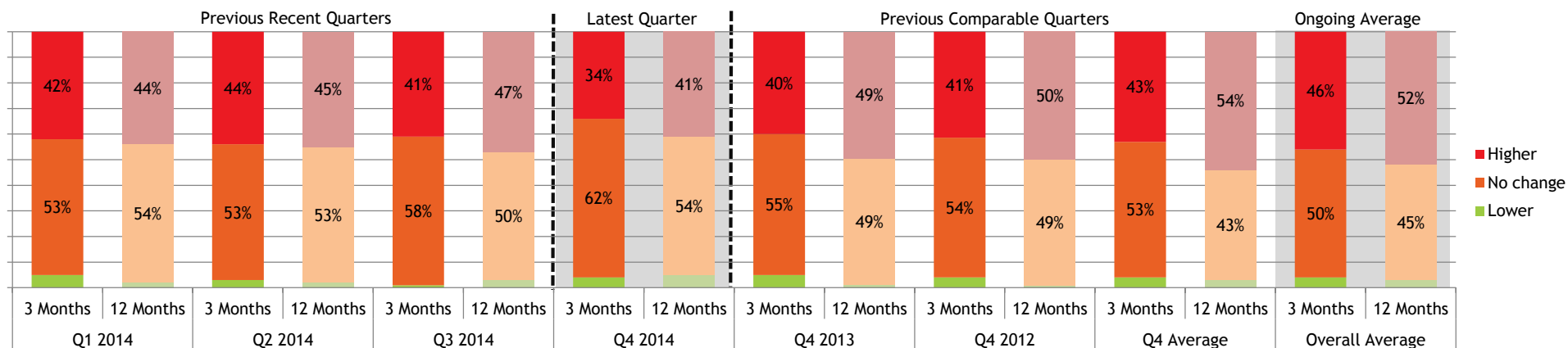
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was recorded as 56% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 4% noted lower costs. On a positive note, the overall results this quarter showed a less steep increase in supplier costs compared to previous quarters and, in particular, previous Q4 periods.
- ▶ Supplier costs overall were expected to increase at a similar rate to currently as 63% of businesses expected these costs to increase in the year ahead and 9% expected these costs to decrease. Similar to the findings over the last three months, these results implied less steep increases in supplier costs were expected compared to recent quarters and, in particular, previous Q4s.

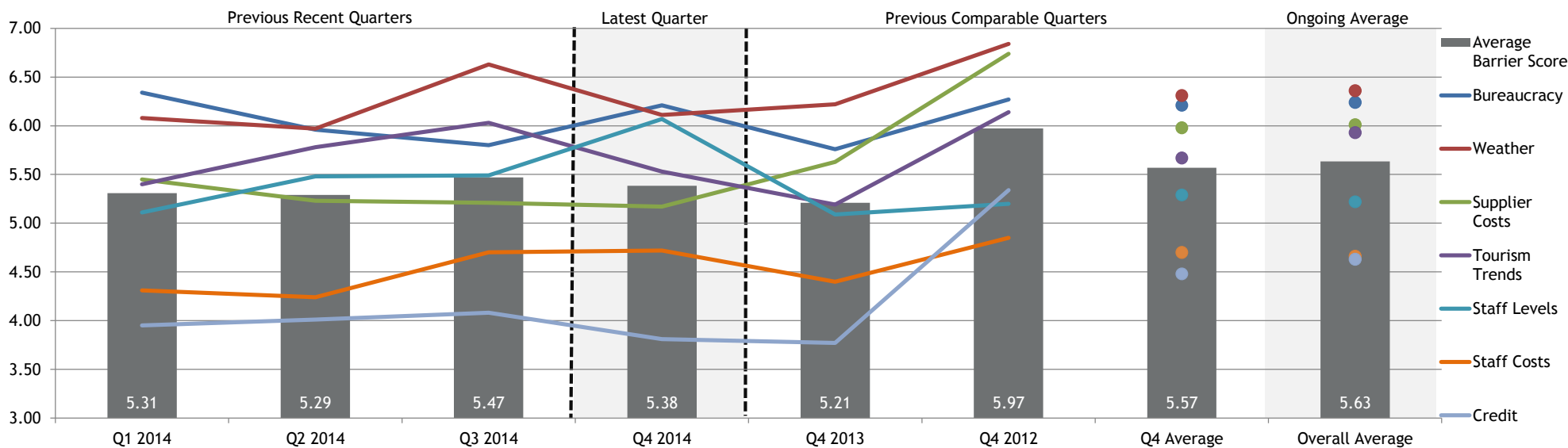
Costs

Administration: Last 3 months and next 12 months



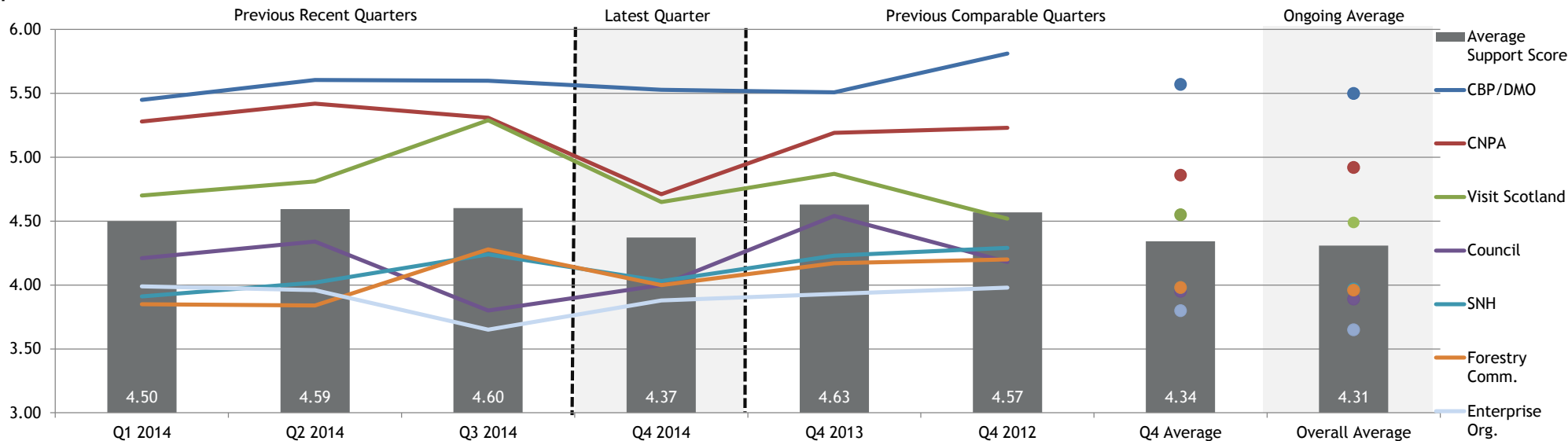
- ▶ An overall increase in administration costs was recorded as 34% of businesses observed higher administration costs this quarter compared to the same quarter a year ago whilst 4% observed lower costs. The overall results this quarter showed a less steep increase in administration costs compared to recent quarters and previous Q4 periods.
- ▶ Administration costs were again expected to increase at a similar rate as currently as 41% of businesses expected these costs to increase in the year ahead whilst 5% expected these costs to decrease. These results implied less steep increases in administration costs were expected compared to recent quarters and previous Q4s.

Barriers



- ▶ The average barrier to growth score this quarter was 5.38 out of 10 which was higher than Q4 2013, but below Q3 2014, the Q4 Average and the Overall Average.
- ▶ Bureaucracy (6.21), weather (6.11) and staff levels (6.07) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter was staff levels increasing from 5.94 in Q3 2014 to 6.07 in Q4 2014. This factor also increased the most compared to last year (5.09).
- ▶ Consistent with earlier analysis, supplier costs were considered to be a much less significant barrier this year compared to last year and the year before (5.17 vs. 5.63 in Q4 2013 and 6.74 in Q4 2012).

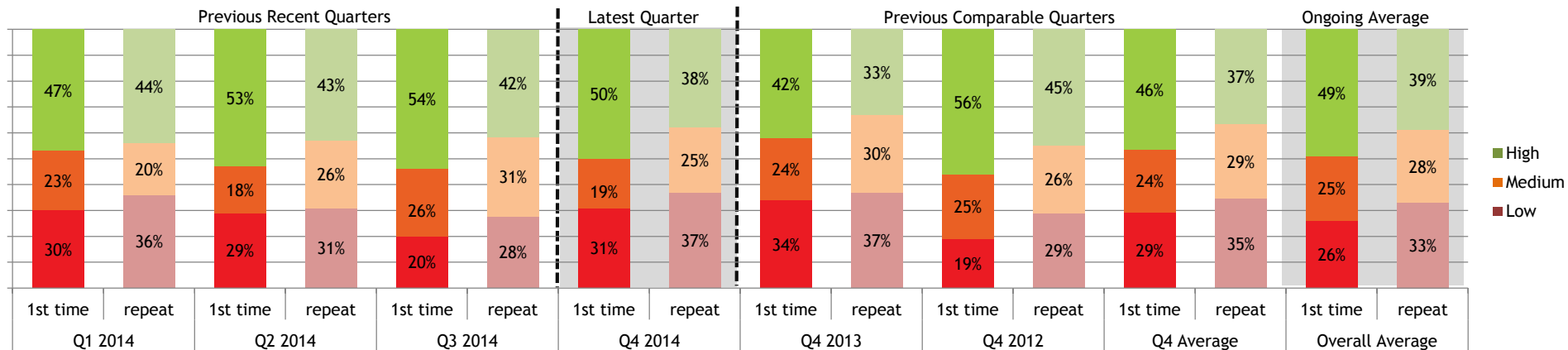
Support



- ▶ The overall level of support / contribution provided by organisations was rated at 4.37 this quarter which was below recent quarters and last year but on par with the Q4 and Overall Average.
- ▶ The contribution / support provided by CBP / DMO (5.53) was rated most positively whilst the opposite was true for the Enterprise Organisation (3.88)
- ▶ The organisation which recorded the largest change in perception from last quarter was VisitScotland: average support scores decreased from 5.29 in Q3 2014 to 4.65 in Q4 2014. A significant fall was also recorded for CNPA (5.31 in Q3 2014 to 4.71 in Q4 2014).
- ▶ The organisation which recorded the largest change in perception from last year was the Council: average support scores decreased from 4.54 in Q4 2013 to 4.00 in Q4 2014.

Influences

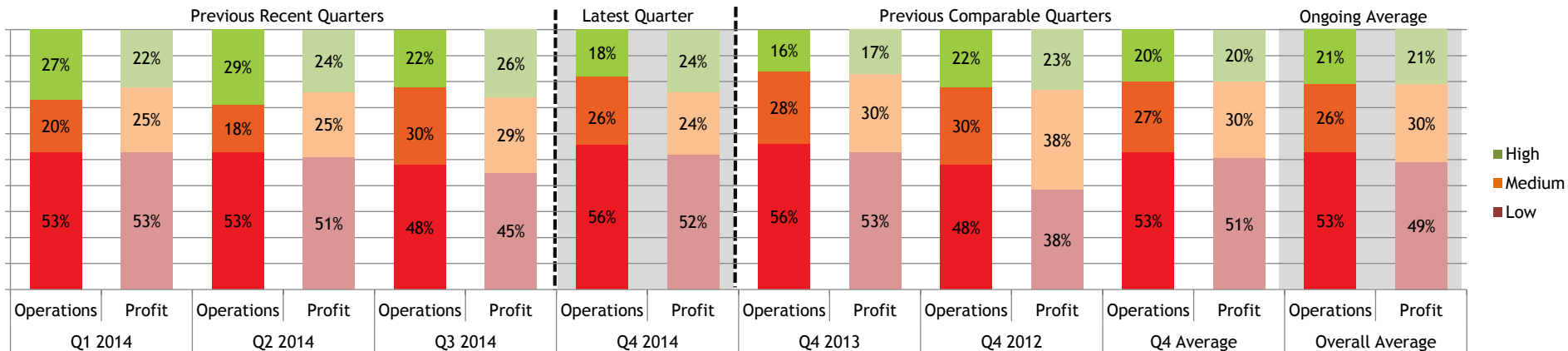
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 50% of businesses perceived the Park as having a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time 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 overall level of influence the Park was perceived to have in attracting first time customers was below previous recent quarters, but higher than in Q4 2013 and on par with the Q4 Average and Overall Average.
- ▶ 38% of businesses perceived the Park as having a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting repeat customers whilst 37% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence the Park was perceived to have in attracting repeat customers was below previous recent quarters and the Overall Average but roughly on par with Q4 2013 and the Q4 Average.

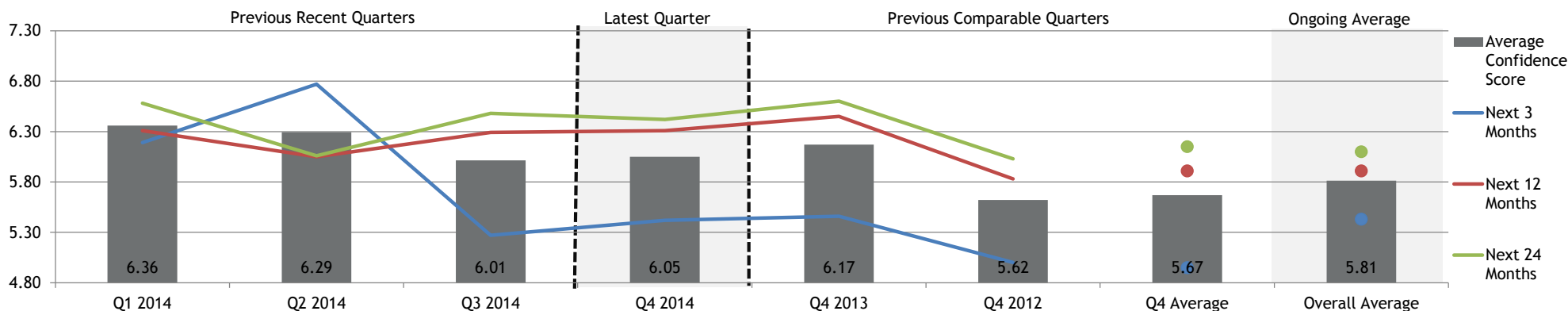
Influences

Influence of CNP - On Business Operations & Profitability



- ▶ 18% 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 56% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence the Park was perceived to have on business operations was on par with Q4 2013 but below the Q4 Average and well below recent quarters.
- ▶ 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 52% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence the Park was perceived to have on profitability was slightly above the Q4 Average and Q4 2013 but below recent quarters.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 5.42 out of 10 which was above the Q4 Average but slightly below below Q4 2013.
- ▶ Medium term confidence (next 12 months) was rated at 6.31 out of 10 which was on par with last quarter and well above the Q4 Average and the Overall Average. The score was, however, below Q4 2013.
- ▶ Long term confidence (next 24 months) was rated at 6.42 out of 10 which was above the Q4 Average and the Overall Average but below last quarter and Q4 2013.
- ▶ The Average Confidence Score for the medium and long term was 6.05 which was above the Q4 Average and the Overall Average, but slightly below Q4 2013.