

# Cairngorms Business Barometer: April to June 2012

## Introduction

The Cairngorms Business Barometer (CBB) gathers data each quarter on a range of aspects, including levels of business performance and investment, from mostly tourism related businesses in and around the Cairngorms National Park (CNP). The results give insight into how the tourism sector is performing overall and help monitor any changes over time providing critical information for those running tourism businesses as well as those charged with the responsibility of developing tourism across the area.

This report summarises the key findings from the results of the recent online survey issued to businesses in July 2012 regarding the period **1st April to 30th June 2012**, hereafter referred to as **Q2 2012**. With the Park-wide barometer now in its third year reference is also made to results of previous quarters, in particular, Q2 2011 (the same quarter last year) and Q2 2010 (the same quarter two years ago), which brings an additional level of insight to the figures reported this quarter.

## Executive Summary

- The proportion of overseas visitors amongst the overall base of customers doubled compared to the previous two quarters. However, visitors from Scotland continued to outnumber those from elsewhere.
- Business levels were, again, below that of a year ago as around a half of businesses noting less customers and turnover. Future performance was expected to be at its lowest level since the barometer began in Q3 2009.
- Marketing and product investment was not as buoyant as previous corresponding quarters. Looking ahead businesses continued to indicate some likely increases but this quarter saw general reductions in investment plans.
- Costs increased broadly in line with previous quarters and are expected to continue increasing at existing rates, with supplier costs likely to increase the most.
- The weather was cited as a significant barrier to growth during the quarter although the overall barrier to growth score was on par with that of Q2 2011.
- Medium and long-term confidence was on par with the record low levels recorded last quarter and was generally slightly below that of Q2 2011.

## Cairngorms Business Partnership Commentary

The economy continues to stumble and such uncertainty has again been reflected in the levels of business confidence. Businesses are hurting with lower turnover and occupancy expected to continue in the coming year. As a result confidence levels flat line from the current low levels.

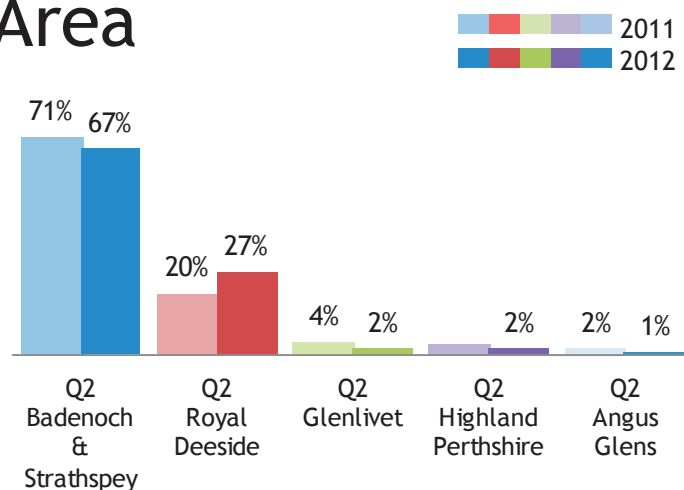
## Sample

The sample this quarter comprised 129 businesses from across the five sub-areas of the National Park.

Consistent with the long-term average around two-thirds of businesses responding to the survey were from Badenoch & Strathspey. The bulk of the remaining responses were from those representing businesses in Royal Deeside (27% of the sample) whilst around 5% of the sample was made up of businesses in the Glenlivet, Angus Glens and Highland Perthshire areas.

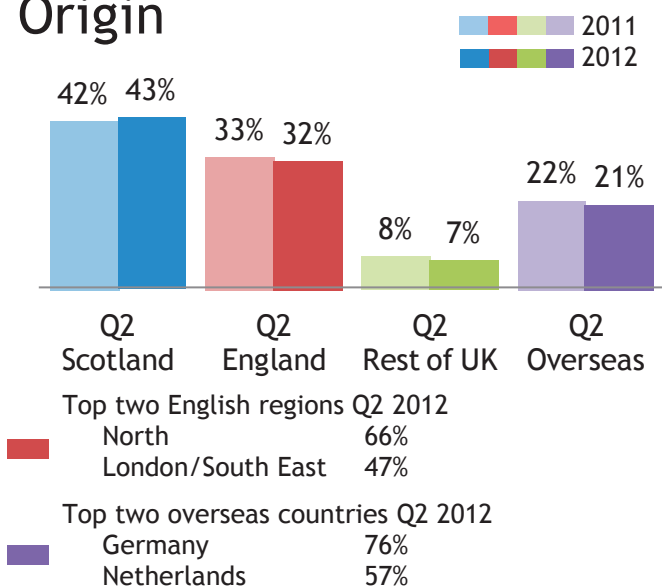
As in previous quarters, most of the sample were accommodation providers (56%). A fairly even share of responses from the four other business sectors was achieved with retail and catering and non-tourism businesses each accounting for 12% of the sample followed by activity operators (11%) and attractions (9%).

## Area



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## Origin



Please note: percentages above are based on the aggregation of businesses' estimations of their customer mix during the quarter.

## Customer Profile

Consistent with the long-term trend, a smaller proportion of customers were from Scotland during the quarter compared to the previous two quarters. Whilst still accounting for the largest share of customers, those from Scotland made up 43% of the base this quarter (compared to 52% in Q1 2012).

The shifting profile is explained by an increase in overseas visitors: they made up a fifth of all visitors during the quarter compared to 10% in the previous two quarters. The key overseas markets were Germany and the Netherlands.

The remainder of the market mix continues to be relatively stable with those the rest of the UK accounting for just under 40% of customers. Visitors from the North of England, in particular, continue to be an important source of income.

As is to be expected with a greater mix of overseas visitors, a higher proportion of first time visitors than in Q1 2012 and Q4 2011 were reported but the level was consistent with previous comparable quarters.

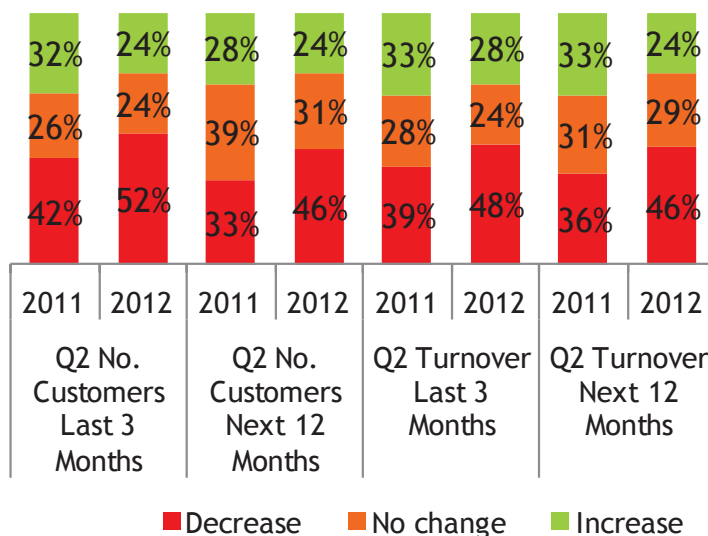
## Business Levels

Whilst a slight improvement on last quarter, a downward trend in customer numbers and turnover continued this quarter with around a half of the sample noting reduced levels of business compared to the same quarter a year ago (i.e. Q2 2011). Amongst the small sample of retail and catering establishments business levels were reported to be down the most.

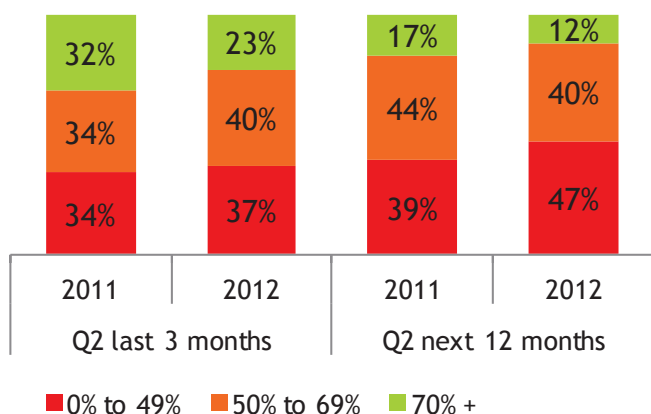
The most downbeat assessment of future performance since the barometer began was recorded this quarter, following last quarter's previous record low. Just under half of all businesses expected customer and turnover levels to decrease over the next 12 months and fewer than a quarter expected their business to grow.

Despite the impact of two additional public holidays during the first full week of June 2012 for the Queen's Diamond Jubilee, businesses indicated that performance was still generally slightly below that of a year ago.

## Business Levels



## Occupancy



## Accommodation

In line with the general trend this quarter, accommodation providers also cited reduced levels of business in Q2 2012 compared to the past. In previous comparable quarters around a third of the sample achieved occupancy of 70% or more during the April to June period, however, this quarter only 22% achieved this level of performance.

Looking to the next 12 months accommodation businesses forecasted weaker levels of performance compared to any previous quarter with 47% expecting sub 50% average occupancy.

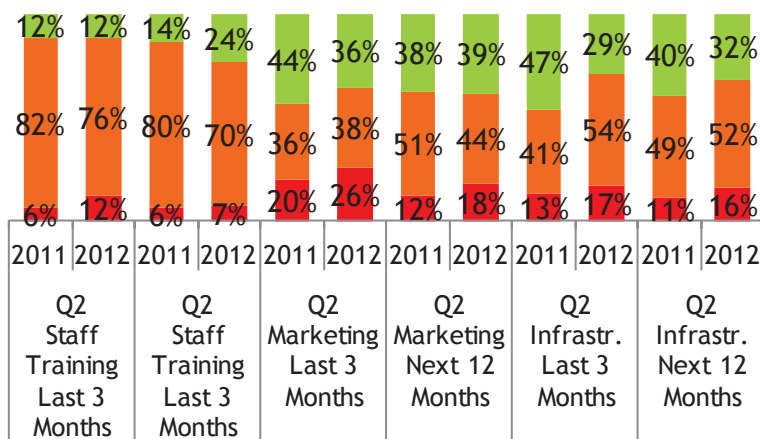
## Levels of Investment

Staff training expenditure was broadly on par with the previous two years as most businesses maintained investment at previous levels. Going forward some businesses seem likely to increase staff training very slightly but, in general, spending continued to be relatively flat.

Compared to last year businesses spent similar amounts on marketing. However, marketing spend has tended to increase slightly year-on-year in the second quarter so this constituted a reduced rate of change. Marketing and promotion was predicted to increase marginally from current levels over the next 12 months but by slightly less than estimated in previous comparable quarters.

A small net increase from last year was registered for buildings and infrastructure investment. However, as in marketing spend, the rate of change was below that recorded in comparable quarters. This trend continued when businesses were asked about investment over the next 12 months with increases in expenditure being likely but by less than expected in previous quarters.

## Levels of Investment



Decrease No change Increase

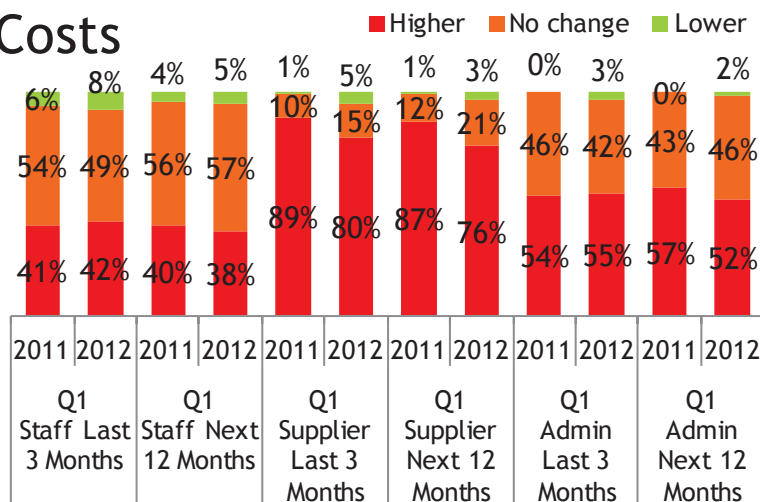
## Costs

Staff costs were generally slightly higher than a year ago and increased at a consistent rate compared with Q2 2011 and Q2 2010. Over the coming 12 months staff costs are expected to continue increasing but there was a suggestion these costs may not increase by quite as much as in the past.

The trend of higher supplier costs continued as 80% of the sample noted increases compared to a year ago, although this was fewer than in Q2 2011 (89%) which shortly followed sharp increases in oil prices due to the Libyan uprising. Looking ahead businesses expect supplier costs to continue increasing broadly at the current (fairly rapid) rate.

Administration costs were stated regularly as being higher than a year ago which was roughly on par with previous quarters. The costs of doing business over the next 12 months are expected to continue increasing steadily at the existing rate which was, again, in line with the general trend.

## Costs



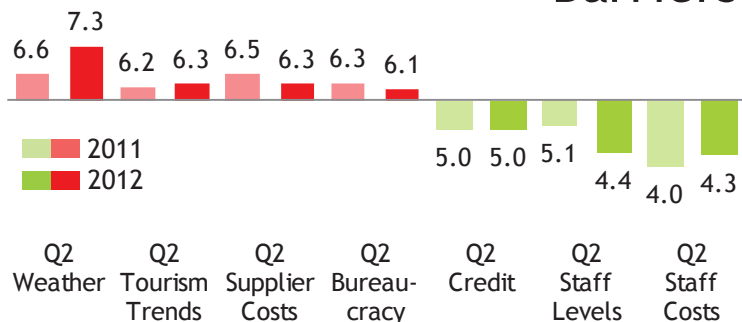
## Perceived Barriers to Growth

The adjacent chart displays barrier to growth scores using a 1 to 10 rating scale where 1 is 'not at all a barrier' and 10 is 'very much a barrier'.

Whilst significantly greater than in Q2 2010, the role of potential barriers on business growth was comparable with that of last year as the overall average barrier to growth score was 5.8.

After a quarter which saw extended periods of rainfall it is not surprising to report that weather was cited as the greatest barrier to growth rated at 7.3 (compared to 6.6 in Q2 2011). Notably, the availability of staff was perceived to be less of a barrier: the average score fell from 5.1 in Q2 2011 to 4.4 this quarter.

## Barriers



Q2 2011 Average rating = 5.8  
Q2 2012 Average rating = 5.8

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## External Support

The adjacent chart displays contribution scores, using a 1 to 10 rating scale where 1 is 'very poor contribution' and 10 is 'very good contribution'.

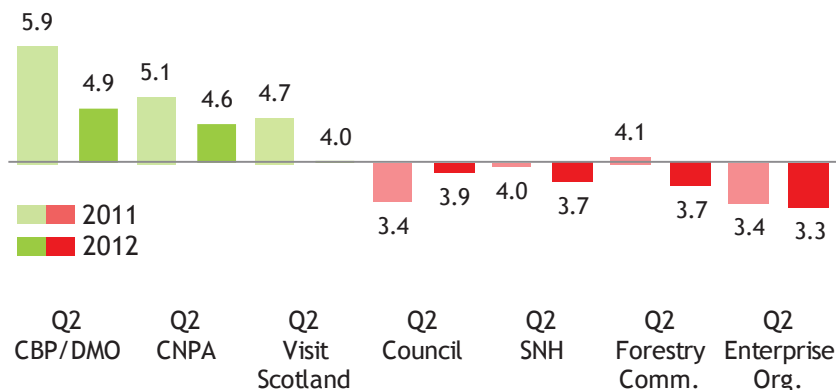
The perceived overall contribution of organisations impacting on tourism was rated below previous corresponding quarters at 4.0 (4.3 in Q2 2011 and 4.2 in Q 2010) which was marginally above the record low score of last quarter (3.9).

The role of the Cairngorms Business Partnership and Destination Management Organisations was, as in previous quarters, rated most favourably; however, a notable fall was apparent from 5.9 in Q2 2011 to 4.9 this quarter.

The contribution of the Forestry Commission was perceived to be significantly lower compared to this quarter last year, whilst the opposite was evident for local councils.

## External Support

Q2 2011 Average rating = 4.3  
Q2 2012 Average rating = 4.0

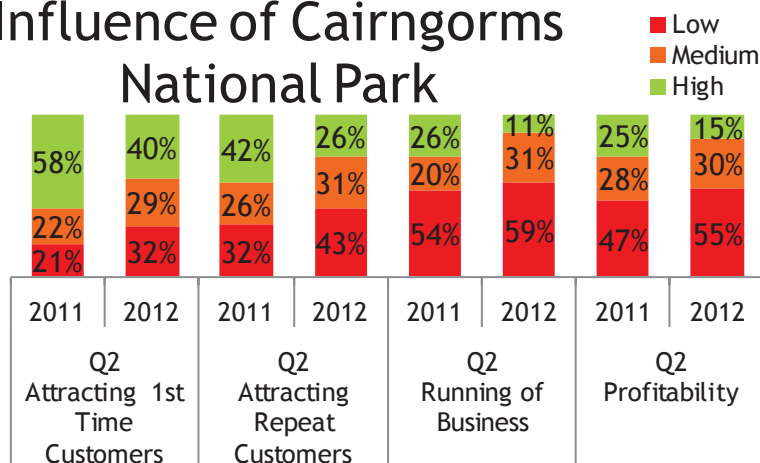


## Influence of CNP

Respondents were asked to rate the influence of the Park using a 1 to 10 rating scale where 1 is 'not at all an influence' and 10 is 'very much an influence'. These responses are grouped by Low (scores of 1 to 4), Medium (scores of 5 to 6) and High (scores of 7 to 10) in the adjacent chart.

Businesses indicated that the area's designation as a National Park played a more minor role in generating trade compared to previous comparable quarters and, in particular, Q2 2011. In general, the scores attributed by businesses in relation to the role of the Park in attracting customers were notably below average this quarter.

## Influence of Cairngorms National Park



Low levels of influence which were, again, below the longer-term average were attributed when respondents were asked about the influence of the Park in terms of how they run their business and in terms of profitability.

## Business Confidence

Above the rolling average but notably below Q2 2011 (6.0) and Q2 2010 (6.2) business confidence in the next three months was rated at 5.6.

On par with last quarter, which registered the lowest medium-term score since the barometer began in Q3 2009, confidence in the next 12 months was rated at 5.3 compared to 5.4 in Q2 2011 and 6.0 in Q2 2010.

Roughly comparable with last quarter and the same quarter a year ago but, again, well below the rolling average, long-term confidence was scored at 5.6. Businesses based in Badenoch & Strathspey were more optimistic about the long-term than those in Royal Deeside (5.8 versus 5.4).

## Business Confidence



- Q2 2011 = April to June 2011
- Q3 2011 = July to September 2011
- Q4 2011 = October to December 2011
- Q1 2012 = January to March 2012
- Q2 2012 = April to June 2012