

Cairngorms Business Barometer: April to June 2013

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 April 2013 regarding the period **1st April to 30th June 2013**, hereafter referred to as **Q2 2013**. With the Park-wide barometer now in its fourth year reference is also made to results of previous quarters, in particular, Q2 2012 (the same quarter last year) as well as Q2 2011 and Q2 2010 (the same quarter two and three years ago) which brings an additional level of insight to the figures reported this quarter.

Executive Summary

- There were slightly more customers from Scotland and slightly fewer from overseas than usual. Despite attracting a more local audience, businesses engaged with more first time customers than previously.
- Overall growth in turnover and customer numbers compared to the same period a year ago was achieved for the second consecutive quarter following five previous quarters of declining business levels.
- Despite some variations in performance, accommodation providers fared well overall. Like other businesses, they anticipated stronger performance in the year ahead compared to the same time a year or two years ago.
- Business investment increased overall compared to a year ago and there were signals that businesses look set to increase their investments further in the year ahead, especially in marketing and infrastructure.
- Staff costs increased more than previously and look set to continue increasing in the year ahead. Meanwhile, supplier cost and administration cost increases were on par with last year.
- The upbeat business confidence scores posted last quarter were again apparent this quarter. Above the levels of Q2 2012 and Q2 2011, medium and long term confidence were rated the same at 6.2 (out of 10).

Cairngorms Business Partnership Commentary

The development of our local economy is reliant on private sector confidence that will lead to further investment in the area so it is heartening to see overall business confidence increasing again this quarter. That is supported by an increasing willingness to invest in staff, marketing and infrastructure. It is also interesting to note that businesses are more positive to the support from both the private and public sector support bodies underlining the fact that economic development is a partnership between the public and private sectors.

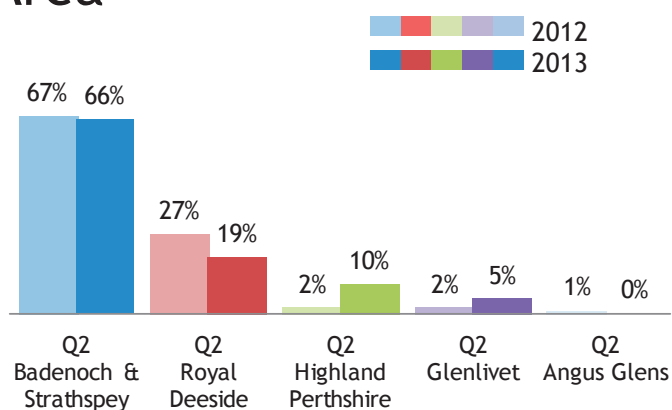
Sample

The sample this quarter was comprised of 109 responses from business owners and operators across the Cairngorms National Park (CNP) area.

Consistent with the long-term average, two-thirds of the responses were from businesses in the Badenoch & Strathspey area. The majority of the remaining responses were from Royal Deeside based businesses although there were more responses from Highland Perthshire businesses than usual this quarter.

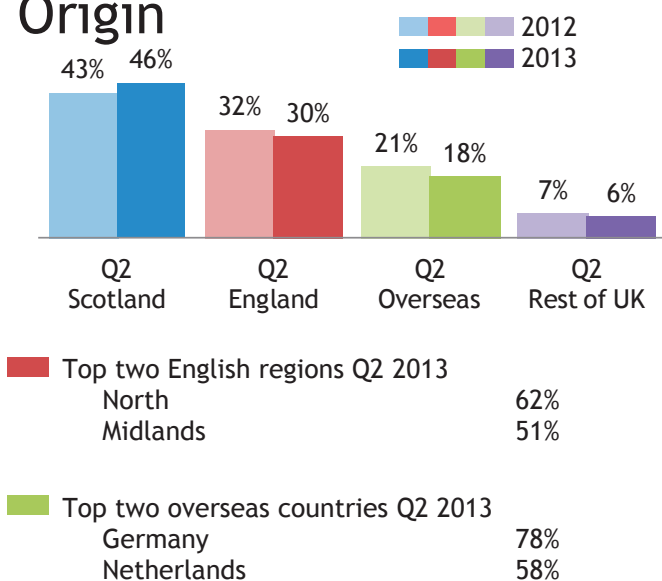
Similar to previous quarters, accommodation providers made up the largest share of responses by business sector (64% this quarter) whilst there were lightly more attractions and slightly fewer retail and catering establishments.

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

Those from Scotland continued to be a key market. There were slightly more visitors from Scotland and slightly fewer international visitors compared to the previous two corresponding quarters (Q2 2012 and Q2 2011).

For the fifth consecutive quarter those from the North West were the main English market. Notably above recent quarters and last year (Q2 2012), visitors from the Midlands were the second most common group from England.

As in all three previous Q2 periods, the key international market was Germany. Consistent with last year and the overall long-term trend, the Netherlands was the second most common overseas market followed by the US.

As we tend to see in Q2 and Q3, there were more first time customers than average. However, this quarter businesses engaged with more first timers than in any previous Q2 period as they accounted for 64% of all customers.

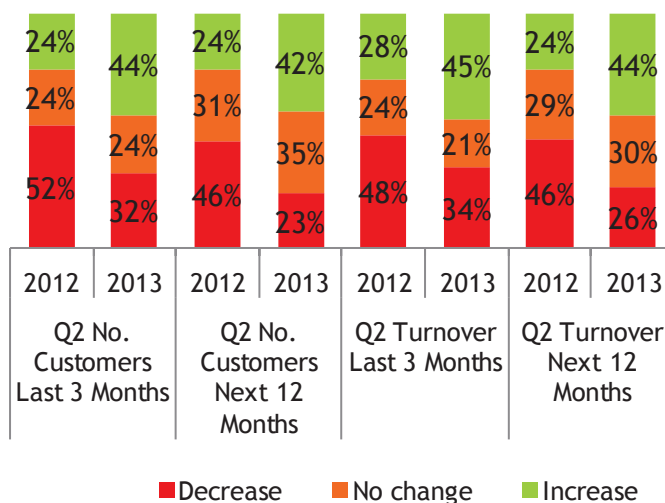
Business Levels

The upturn in fortunes that many businesses indicated last quarter was apparent again this quarter. Overall customer numbers and turnover increased significantly compared to a year ago (in contrast to Q2 2012 when businesses reported significant decreases in business levels from a year previously).

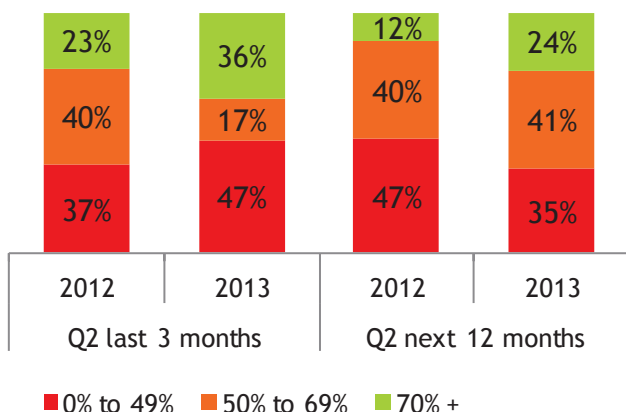
Looking ahead to the next 12 months, businesses expected trading conditions to continue improving overall with over 40% expecting to grow turnover and customer numbers. Whilst these figures were slightly below the buoyant estimations of Q1 2013, they represented a significant change in view compared to a year ago and, to lesser of an extent, two years ago when businesses forecasted net reductions in trade for the coming year.

The quarter as a whole was busier than a year ago, however, trade during the two May bank holiday weekends was on par with last year as businesses registered no overall change in terms of turnover and customer numbers.

Business Levels



Occupancy



Accommodation

As with other businesses across the area, accommodation providers generally posted stronger performance figures compared to a year ago. Over a third achieved average occupancy of 70% or more during the quarter which was higher than any of the three previous Q2 periods. However, there was more variability in performance across the sector this quarter as more businesses than in the past achieved low average occupancy of 50% or less.

Consistent with the overall trend, accommodation providers were more optimistic about performance for the year ahead compared to Q2 2012 and Q2 2011 although expectations were slightly lower compared to last quarter.

Levels of Investment

Staff training investment was comparable with last year for most businesses. However, there was a small net increase overall which resulted in a continuation of the positive trend started last quarter. In the next 12 months businesses seem set to spend more overall than currently and more than a year ago on training up their staff.

An overall increase in marketing and promotion expenditure compared to a year ago was apparent. Fewer businesses, in particular, spent less on marketing this quarter compared to Q2 2012 which helped to generate a more positive overall result. The trend for the year ahead was to continue increasing expenditure at a rate which was steeper than in the previous 3 years.

Overall buildings and infrastructure spend was notably above the level of a year ago as this quarter saw the biggest year-on-year infrastructure investment increase since the survey began in Q3 2009. Going forward, building investment is anticipated to continue increasing at a healthy rate which was comparable with last quarter but above the previous three Q2 periods.

Costs

Staff costs were generally higher than a year ago and the rate of increase was higher than in previous Q2 periods and well above the long-term average. A continuation of accelerating costs was expected in the coming 12 months as notably more businesses than in previous Q2 periods anticipated higher staff costs.

Supplier costs continued to increase rapidly although the rate of change was similar to Q2 2012 and notably below Q2 2011. A continuation of the current steep increases were expected in the next 12 months.

Consistent with previous Q2 quarters, administration costs increased fairly rapidly as just over a half of businesses suffered an increase compared to the same period a year ago. Similar to previous comparable results, businesses expected these costs to continue increasing at the same rate over the coming 12 months.

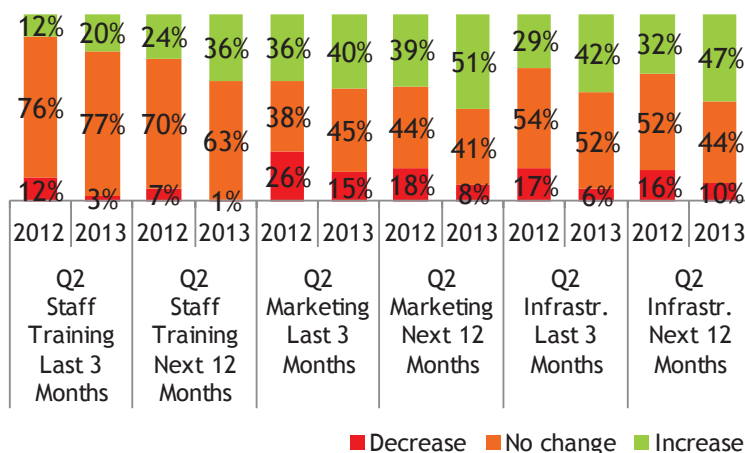
Perceived Barriers to Growth

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'.

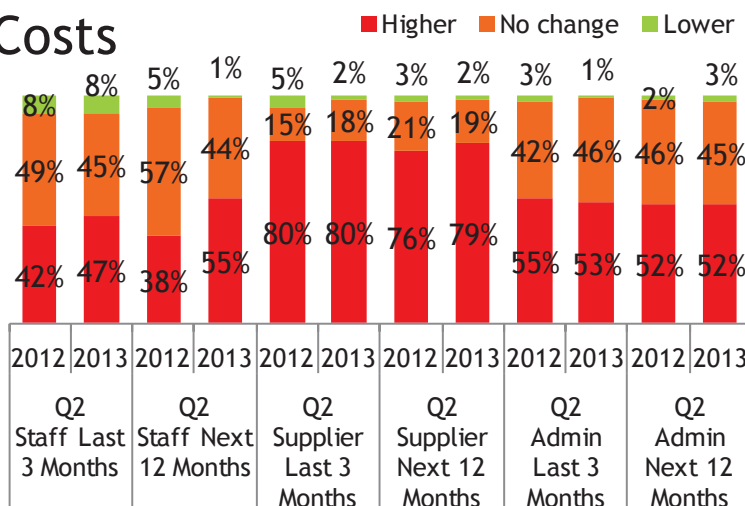
The average barrier to growth score was 5.7 which was the lowest score for over a year and suggests that there is improving optimism across the sector.

As in recent quarters, weather was perceived to be the greatest barrier to growth, although it was rated much lower than in Q2 2012 - a quarter which was marred by above average rainfall. As in Q2 2012, the next two most common concerns were tourism trends and supplier costs. Consistent with earlier analysis, staffing was perceived to be more of an issue this quarter compared to a year ago.

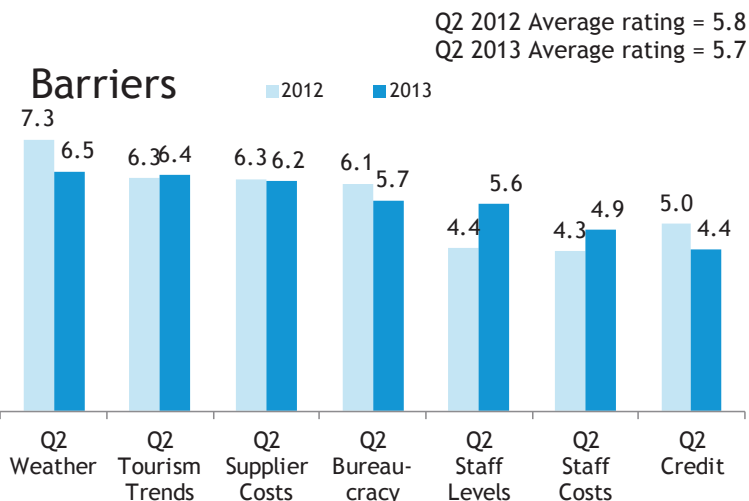
Levels of Investment



Costs



Barriers



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External Support

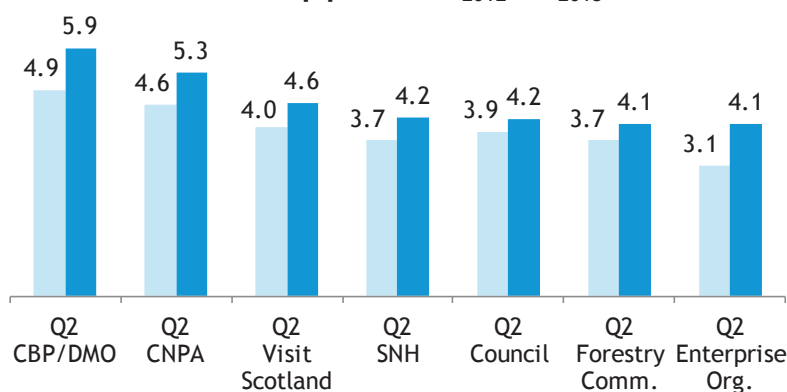
The adjacent chart displays contribution scores, using a 1 to 10 rating scale where 1 is 'very poor contribution' and 10 is 'very good contribution'.

The overall contribution of the listed organisations which have an impact on tourism across the CNP area was rated more positively than average and was significantly higher than a year ago at 4.6 compared to 4.0 in Q2 2012 and 4.3 long-term average.

The role of CBP and DMOs in the Park area continues to be valued the most and the support they provided this quarter was much more positively received than a year ago. CNPA also achieved a notably higher score compared to Q2 2012 and for the fifth consecutive quarter their contribution was rated second highest.

External Support

Q2 2012 Average rating = 4.0
Q2 2013 Average rating = 4.6
2012 2013



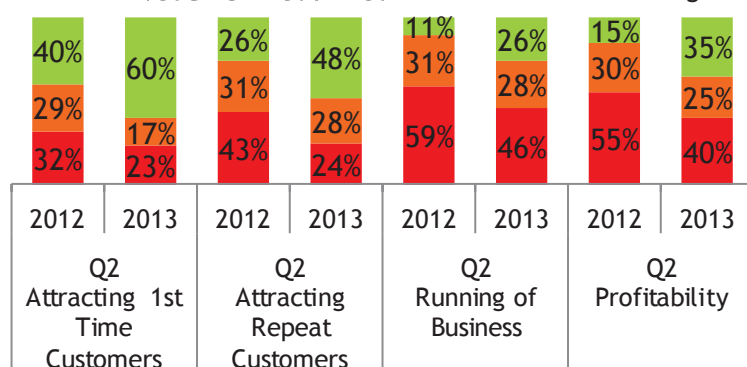
Influence of CNP

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.

As in previous quarters, businesses attributed more importance to the role of the Park in generating new customers compared to repeat customers. Above average scores were given to the level of influence the Park has on these aspects this quarter and, in particular, the scores were notably higher than in Q2 2012.

Influence of Cairngorms National Park

Low
Medium
High



Whilst the Park was recognised to have an overall medium level of influence in terms of attracting customers, businesses considered the Park to have a relatively low level of influence on profitability and operations. The scores attributed this quarter were, however, well above last year and were well above the long-term average which highlights greater recognition of the role of the National Park than typically evident in the past.

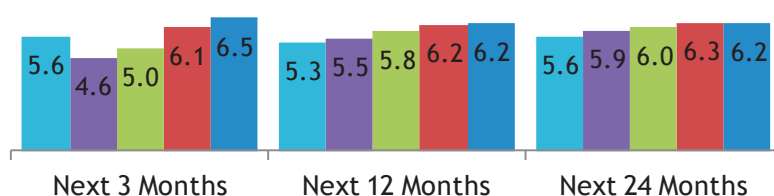
Business Confidence

Above previous Q2 periods (6.2 in Q2 2010, 6.0 in Q2 2011 and 5.6 in Q2 2012) confidence in the short-term (next 3 months) was rated at 6.5 (out of 10).

Business confidence for the year ahead was lower than the short-term rate but was again higher than in previous comparable quarters and higher than average (rated at 6.2 this quarter versus 6.0 average).

Long-term confidence (the next two years) was rated the same as the medium-term rate at 6.2. Whilst this was a small drop from last quarter (6.3), businesses were generally more upbeat about the long-term future than they were at the same time a year or two years ago.

Business Confidence



Q2 2012 = April to June 2012
Q3 2012 = July to September 2012
Q4 2012 = October to December 2012
Q1 2013 = January to March 2013
Q2 2013 = April to June 2013