

Cairngorms Business Barometer: January to March 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 January to 31st March 2013**, hereafter referred to as **Q1 2013**. With the Park-wide barometer now in its fourth year reference is also made to results of previous quarters, in particular, Q1 2012 (the same quarter last year) as well as Q1 2011 and Q1 2010 (the same quarter two and three years ago) which brings an additional level of insight to the figures reported this quarter.

Executive Summary

- Q1 2013 saw a broadly similar mix of visitors to previous Q1 periods as those from Scotland continued to account for the majority of the customer base.
- Significant improvements in trade were apparent compared to recent quarters and all previous Q1 periods as businesses reported an overall increase in customers and turnover. Predictions for the year ahead were also positive as businesses generally expected to grow business levels over the next 12 months.
- Increases in business investment were evident compared to last year and recent quarters as businesses signalled a higher inclination to retain or increase investment in staff training, marketing and their product.
- Staff and administration cost increases were lower than those seen a year ago whilst supplier cost increases were slightly higher than a year ago. Supplier costs continued to increase more than other costs and look set to continue increasing at a rapid rate.
- Business confidence projections were well above those recorded throughout 2011 and 2012 with businesses showing their highest levels of optimism for the future for 2 and a half years.

Cairngorms Business Partnership Commentary

The quarter has many positive indicators. Business levels are improving along with willingness to invest across staffing, infrastructure and marketing. It is interesting to note that the German market has fallen behind the North American market. The influence of the area being designated as a National Park continues to attract first time and repeat visitors. In overall terms, business confidence continues to improve and indicates a more positive outlook by local businesses.

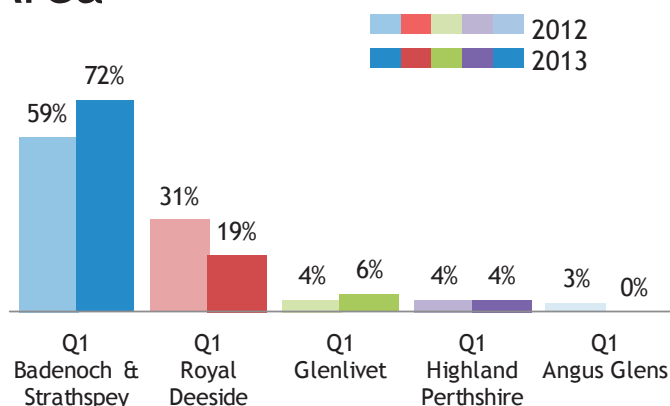
Sample

102 predominantly tourism related businesses from across the Cairngorms National Park (CNP) made up the sample.

As has been the case in previous quarters, the majority of businesses were from Badenoch & Strathspey (72%) and most of the remaining responses came from Royal Deeside based businesses. That said, there were fewer responses from Deeside businesses compared to last year (Q1 2012).

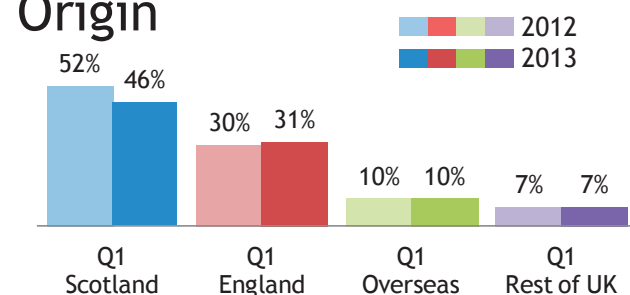
The mix of businesses that contributed to the survey this quarter was broadly similar to previous corresponding quarters (Q1 2012, Q1 2011 and Q1 2010). Accommodation businesses made up around 60% of the sample followed, some way behind, by activity operators (15%), food, beverage and retail providers (10%) and attractions (9%).

Area



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Origin



Top two English regions Q1 2013

North	51%
London / South East	49%

Top two overseas countries Q1 2013

United States	43%
Germany	38%

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

Customer Profile

In line with previous findings, the Park attracted proportionally more visitors from Scotland than from elsewhere with just under 50% of customers coming from Scotland. Visitors from England, the rest of the UK and overseas continued at levels consistent with their respective Q1 averages.

The North and London / South East were again identified as key English markets. It was interesting, however, to see proportionally fewer visitors from the North and, in particular, London / South East compared to last year (Q1 2012).

The United States was the most prominent overseas market, with the second most common market, Germany, falling to its lowest level since Q1 2010 (35%).

As has been the trend in previous Q1 periods there was a fairly even balance of first and repeat customers in the Park area.

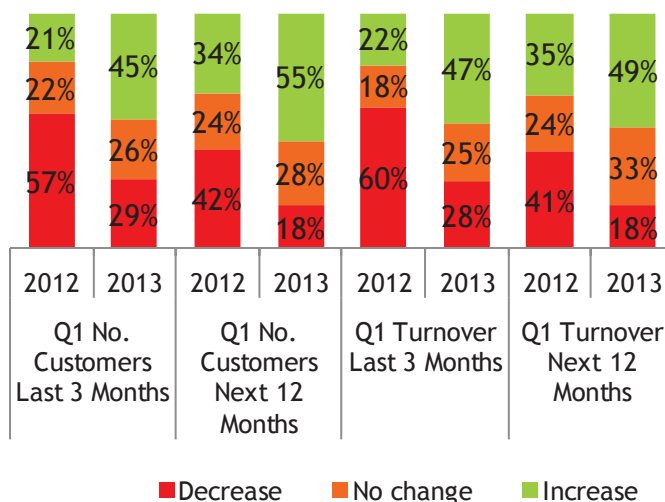
Business Levels

Bucking a trend of depressed customer numbers since Q4 2011 and declining trade in each of the last three Q1 periods, an increase in customers was apparent this quarter. A similar pattern emerged for turnover too which goes some way to justify last quarter's upbeat assessment for the 12 months ahead. 47% of businesses indicated turnover had increased from Q1 2012 which was the second strongest year-on-year change since the survey began in Q3 2009.

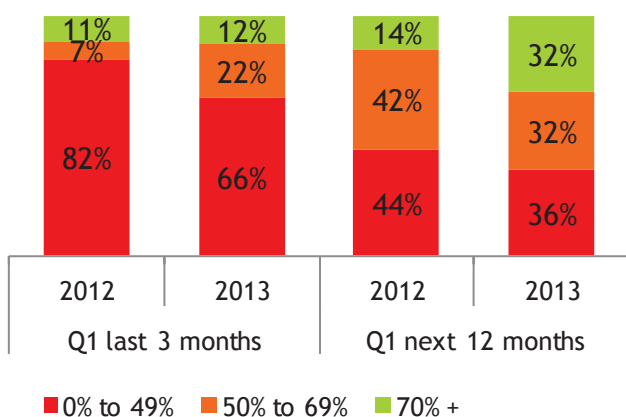
In contrast to the quarter as a whole, February half term holiday performance was below that of a year ago as businesses registered slightly fewer customers and less turnover. The reductions recorded this quarter were, however, notably smaller than seen in Q1 2012 and Q1 2011.

Anticipated turnover and customer numbers for the next 12 months were at their highest levels for over 3 years. Around a half of businesses this quarter expected an increase in levels of business for the year ahead which was more than in previous Q1 periods and notably higher than in Q1 2012 and Q1 2011.

Business Levels



Occupancy



Accommodation

Occupancy was above that of previous comparable quarters as notably fewer accommodation providers achieved average occupancy of 49% or less (66% this quarter versus 82% last year, 87% in Q1 2011 and 81% in Q1 2010).

Q1 2013 saw a rise in optimism among accommodation businesses. 32% of businesses expected high occupancy of 70% or above for the year ahead compared to less than 20% in previous Q1 periods.

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Levels of Investment

Businesses again demonstrated generally little change to a year ago in terms staff training investment. That said, there was a small overall increase in staff training as fewer businesses decreased investment compared to Q1 2012. Businesses showed more appetite than in both recent and comparable quarters to maintain or increase in investment in staff training over the next 12 months.

Comparatively more investment went into marketing and promotion compared to previous comparable quarters as fewer businesses reduced their marketing spend. A positive trend for future investment was also apparent as less businesses than in previous Q1 periods said they were likely to reduce marketing investment over the next 12-months.

Consistent with the trend observed above, businesses demonstrated higher levels of buildings and infrastructure investment compared to recent quarters as well Q1 2012 and Q1 2011. Looking to the next 12-months businesses also anticipated comparatively higher levels of product investment. Nearly 50% expected to spend more on infrastructure in the coming year compared to fewer than 40% in Q1 2012 and Q1 2011.

Costs

Staff costs increased less this quarter than in any previous quarter since the survey began in Q3 2009 as only 27% cited an increase compared to a year ago. Over the course of the next 12 months, businesses expect staff costs to rise at roughly the same rate as previously predicted in Q1 2012 and Q1 2011.

Supplier costs increased at a slightly higher rate than in previous Q1 periods. For the year ahead, however, they were expected to continue increasing at a rate broadly similar to that observed previously.

Administration costs increased at a slightly slower rate than recorded in Q1 2012 as more businesses indicated these costs had stayed the same from a year ago. Surprisingly, given the above, businesses expected administration costs to increase more than in Q1 2012 and in recent quarters.

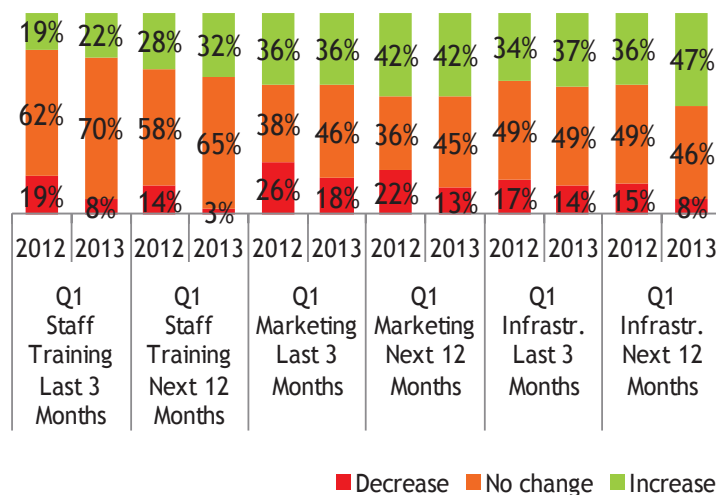
Perceived Barriers to Growth

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'.

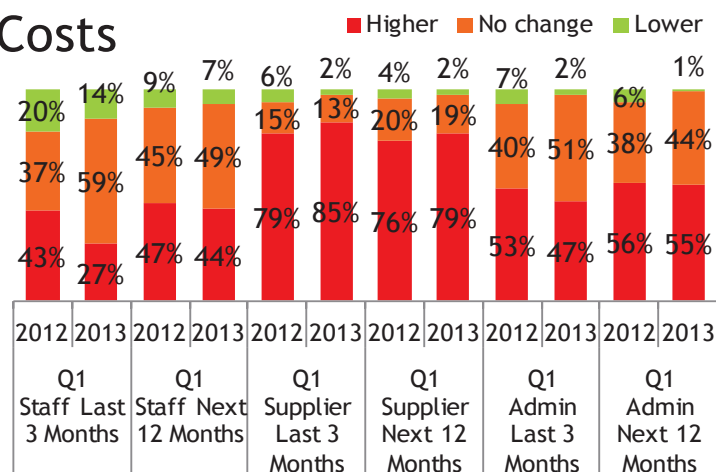
Potential barriers were perceived to be generally weaker than a year ago and last quarter. Broadly on par with the rolling average (5.7), the average barrier score was 5.8 compared to 6.0 in Q1 2012 and in Q4 2012.

Weather was considered to be the most significant barrier to growth and was rated more negatively this quarter than in any of the previous three Q1 periods. Meanwhile, supplier costs fell notably from recent quarters and previous Q1 periods. Bureaucracy and tourism trends were also considered to be notably less restrictive to growth than a year ago.

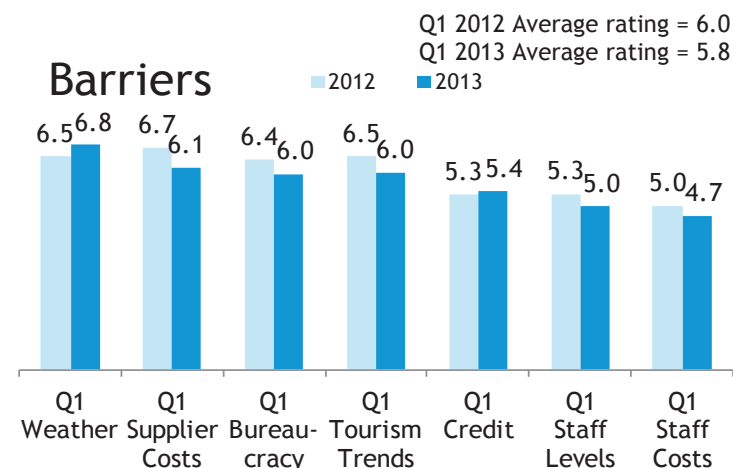
Levels of Investment



Costs



Barriers



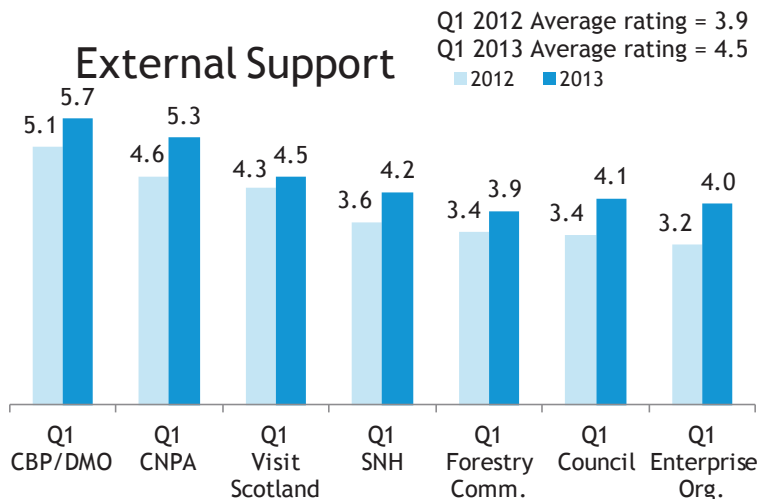
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External Support

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 level of support provided by organisations playing a role in tourism in the Park area was on par with last quarter and rated higher than in Q1 2012 and Q1 2011 at 4.5 overall.

The contributions of all 7 organisations were rated more positively this quarter than in Q1 2012. In particular, it was interesting to see notably higher levels of satisfaction towards the role of CBP / DMOs and CNPA with the latter achieving it's second highest contribution score since the survey began in Q3 2009.



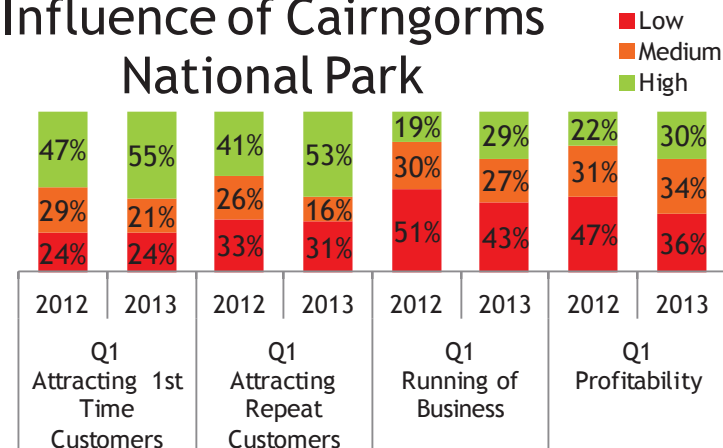
Q1 2012 Average rating = 3.9
Q1 2013 Average rating = 4.5

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.

In Q4 2012 businesses attributed the highest level of significance to the role of the Park in attracting first and repeat customers to the area. The trend was similar but slightly less pronounced this quarter as businesses gave above average scores to the role of the Park in attracting customers. The gap between the perception of the Park attracting new or repeat customers fell as the Park was considered to play only a slightly more important role in attracting first time rather than repeat customers to the area.

Influence of Cairngorms National Park



The levels of influence attributed to the role of the Park on business practice and profitability this quarter were the highest since the survey began and significantly above Q1 2012 and Q1 2011. That said, businesses generally considered the Park has having a medium (rather than a high) influence on these aspects.

Business Confidence

Higher than the previous Q1 average (5.7), short-term confidence was scored at 6.1 out of 10.

Business confidence for the year ahead was rated at 6.2 - the highest level since Q1 2010 - which continued a pattern of steady improvement seen over the last three quarters.

Steadily increasing optimism in the long-term was also apparent. Confidence for next 2 years was rated at 6.3 which was above the scores achieved throughout 2011 and 2012 but still below the scores of late 2009 and early 2010.

Business Confidence



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