

Cairngorms Business Barometer: July to September 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 October 2013 regarding the period **1st July to 30th September 2013**, hereafter referred to as **Q3 2013**. With the Park-wide barometer now in its fifth year reference is also made to results of previous quarters, in particular, Q3 2012 (the same quarter last year) as well as Q3 2011, Q3 2010 and Q3 2009 (the same quarter two, three and four years ago) which brings an additional level of insight to the figures reported this quarter.

Executive Summary

- Overseas visitors accounted for the highest proportion (28%) of footfall in the Cairngorms area since the survey began in Q3 2009. Visitors from the Netherlands, the US and, in particular, Germany were especially common. There were suggestions that fewer Italian and Spanish visitors were in the area compared to previous years.
- Business levels were higher than a year ago and the rate of increase was steeper than in any previous quarter. Expectations for the year ahead were more upbeat than last year or two years ago but similar to last quarter.
- Accommodation providers fared well during the quarter as occupancy was higher than in any previous quarter. A rosier assessment of accommodation demand for the year ahead was evident compared to previous Q3s.
- Levels of investment were similar to last quarter and were higher than that recorded in Q3 2012 and Q3 2011. Businesses expect to increase their investments further in the next 12 months.
- Costs were relatively consistent with recent quarters and previous Q3 periods although staff costs were higher than a year and two years ago but this was probably due to increased business during the quarter.
- Medium and long term confidence was at a three and a half year high rated at 6.4 out of 10.

Cairngorms Business Partnership Commentary

It is heartening to see overall business confidence levels at their highest for three years. The economy of the CNP is in a positive position to move forward and to maximise the potential and fully realise an all year round tourism economy. Every effort must be made to arrest the growing concerns relating to the negative impact of bureaucracy so freeing up businesses to invest for future growth.

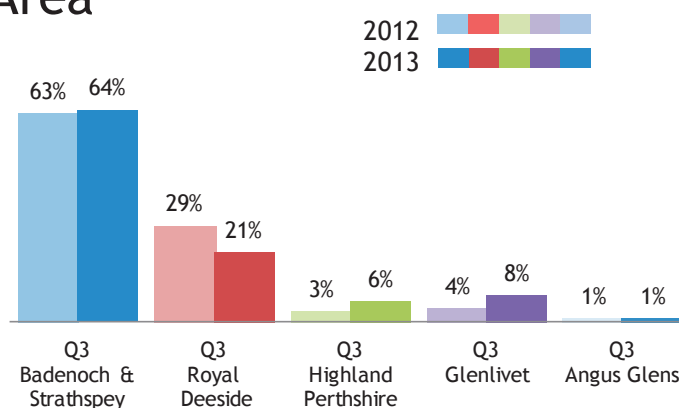
Sample

The Cairngorms Business Barometer canvassed opinion from 101 businesses across the Park area this quarter.

As in previous quarters, most businesses responding to the survey were based in Badenoch & Strathspey (64%). Broadly on par with the long-term average, Royal Deeside businesses made up 21% of the sample. The remaining responses were from businesses in Angus Glens, Glenlivet and Highland Perthshire with the latter two areas achieving more responses compared to average this quarter.

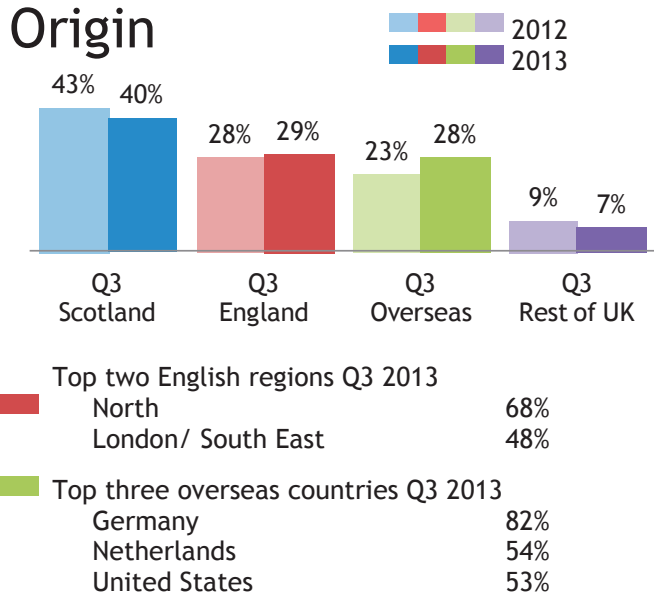
The mix of responses by business type was similar to previous quarters as accommodation providers (65%) again notably outnumbered other types of businesses. Food / beverage / retail businesses were the next most common business type making up 11% of the sample.

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.

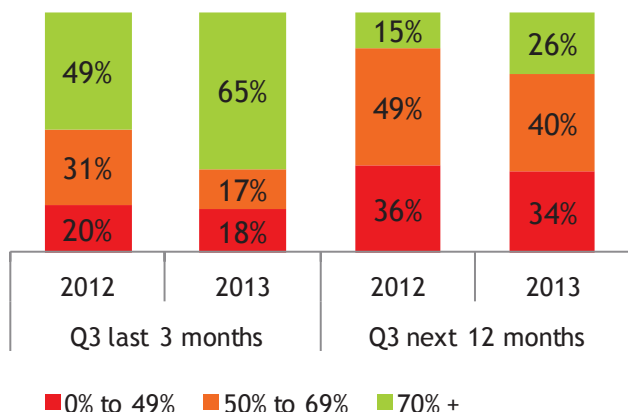
Business Levels

Growing levels of business were again apparent this quarter following increased customers and turnover in the previous two quarters. Some 60% of businesses grew customer volumes and turnover compared to the same period a year ago. This constituted the biggest increase in business levels since the survey began over 4 years ago.

Whilst slightly below the business levels of the quarter as a whole, demand during the summer school holiday period was also well above last year's level: just over 50% of businesses increased customers and turnover.

Similar to last quarter, business levels were expected to grow moderately in the coming year. Whilst below the expected growth recorded in Q1 2013 this was a significant improvement on the last two years (Q3 2012 and Q3 2011) when businesses forecasted static demand in the year ahead.

Occupancy



Customer Profile

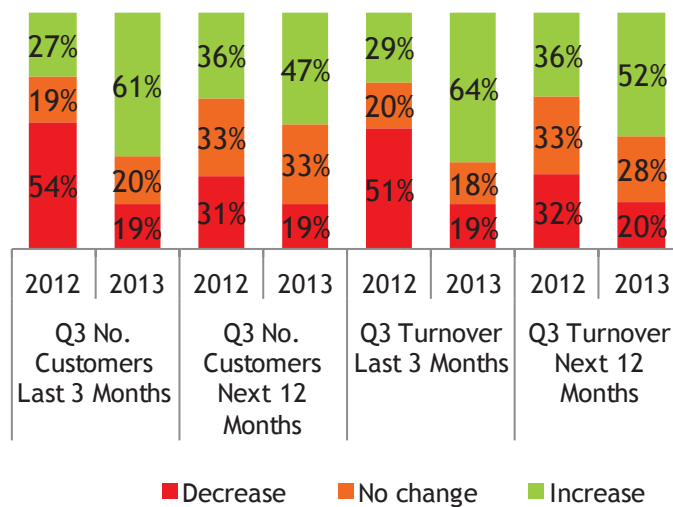
Fewer visitors from Scotland than average were in the Park area this quarter. However, the Scottish market continued to account for the largest share of footfall (40%).

The English market consistently accounts for around 30% of customers and this finding was apparent again this quarter. Visitors from North England were more likely than visitors from elsewhere in England to visit as has been the trend in recent quarters and in comparable quarters in the past.

Higher than in any previous quarter since the CBB began in Q3 2009, overseas visitors made up 28% of customers. The key overseas market continues to be Germany. Businesses reported notably fewer Spanish and Italian visitors this quarter compared to the same quarters in 2009, 2010 and 2011.

The mix of first and repeat customers was similar to previous Q3 periods with first time customers accounting for 60% of trade.

Business Levels



Accommodation

Accommodation performance was on par with the overall trend as accommodation providers recorded their strongest demand since the survey began. 65% of establishments achieved 70% or more occupancy during the quarter compared to 56% who achieved this threshold in the previous four Q3 periods.

The outlook among accommodation providers for the year ahead was similar to last quarter but more buoyant than in any of the previous Q3 periods. 26% of businesses forecasted high occupancy of 70% or more for the coming year compared to 19% who did so in previous Q3 periods.

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Levels of Investment

Similar to last quarter but slightly more pronounced than in previous Q3 periods, staff training investment increased from a year ago. In the next 12 months businesses expect to invest slightly more than currently on training. This was, again, comparable with last quarter and was a more positive outlook than in previous Q3s.

Marketing and promotion investment was slightly higher than a year ago. The rate of change this quarter was similar to previous quarters in 2013 and was slightly higher than in previous Q3 periods. In the coming year, marketing is expected to increase further beyond the current rate of change but is still likely to be below the levels forecasted 3 or 4 years ago.

Whilst slightly below last quarter, buildings and infrastructure investment returned to the strong Q3 2010 and Q3 2009 levels as around 40% of businesses increased this investment compared to a year ago. Looking to the next 12 months, businesses demonstrated stronger appetite to invest in buildings and infrastructure compared to last quarter or recent Q3 periods (Q3 2012 and Q3 2011).

Costs

Staff costs were higher than a year ago and the rate of change was steeper than last quarter or in any previous Q3 periods. Looking ahead, businesses expect staff costs to continue increasing at a similar rate. This was broadly similar to previous Q3 periods but slightly below the high increases forecasted last quarter.

Supplier costs increases have consistently outstripped staff and administration costs in the past and this was again the case in Q3 2013. The rate of change was similar to last quarter and on par with the average Q3 change. In the next 12 months, businesses expect supplier costs to increase at a slightly less severe rate compared to this quarter signalling a more positive outlook than in recent quarters.

Steeper administration cost increases were apparent compared to previous Q3 periods. As in Q2 2013 and in previous Q3 periods, businesses expect these costs to continue increasing at a similar rate in the next 12 months.

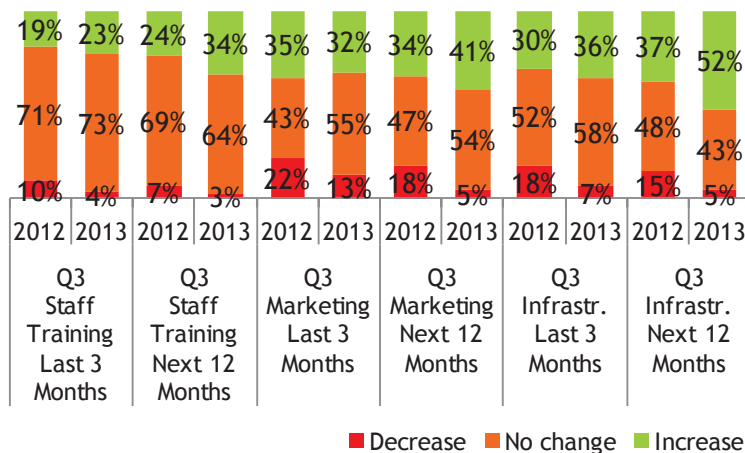
Perceived Barriers to Growth

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'.

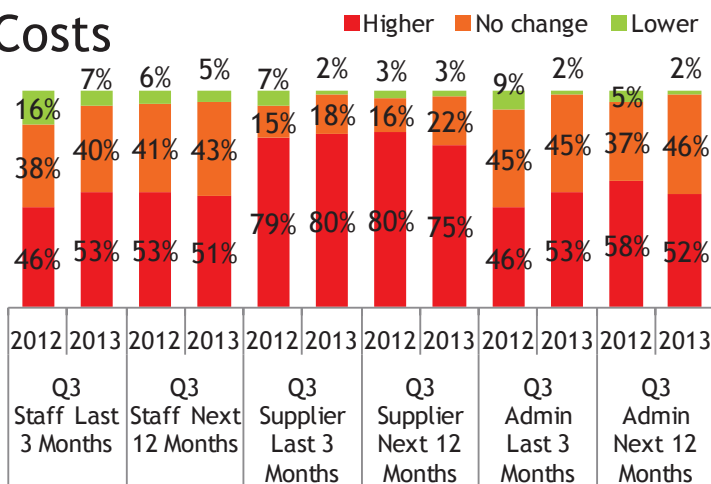
The seven potential barriers to trade were rated overall at 5.8 which was above last quarter (5.7) but below Q3 2012 and Q3 2011 (both 5.9).

The most formidable barrier was bureaucracy and legislation (6.8) which increased notably compared to last quarter and Q3 2012 (when it ranked as the fourth greatest barrier). Weather remained a major challenge whilst access to credit was again rated as the least challenging aspect (rated at 4.4 which was lower than the 5.1 recorded last year).

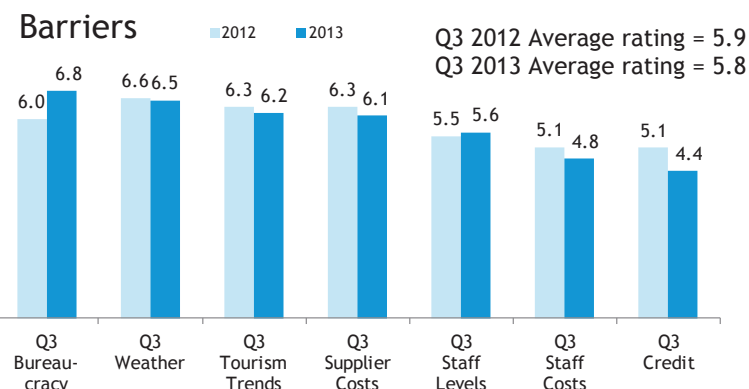
Levels of Investment



Costs



Barriers



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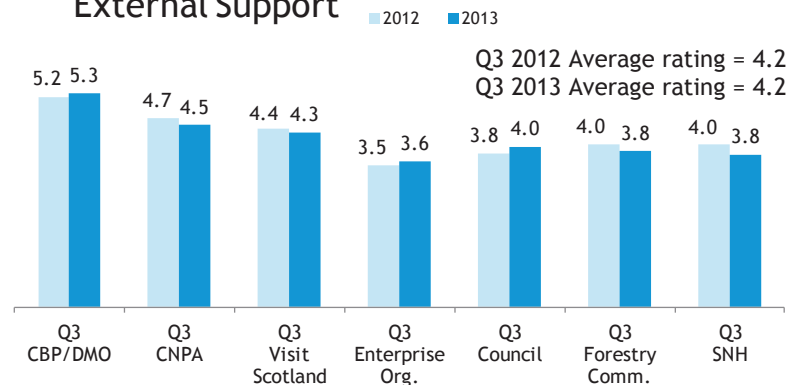
External Support

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 provided by organisations playing a role in developing tourism across the Park area was rated at 4.2. This was the same as last year but well below Q2 2013 (4.6) and slightly below the rolling average (4.3).

Consistent with last quarter and a year ago, the contribution of CBP / DMOs was rated most positively (5.3) followed by CNPA (4.5) and VisitScotland (4.3). However, CBP / DMOs and CNPA were rated comparatively lower than in the previous quarter (5.3 vs. 5.9 and 4.5 vs. 5.3, respectively).

External Support

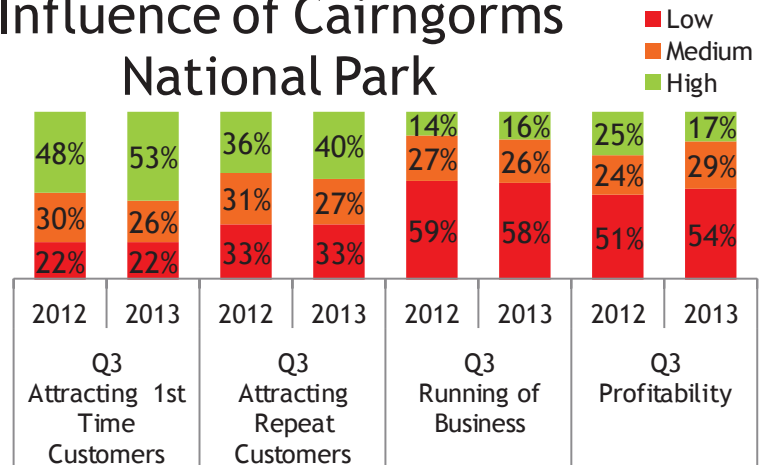


Influence of CNP

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.

More recognition was given to the role of the Park in attracting first and repeat customers compared to previous Q3 periods and, in particular, Q3 2009 when the lowest levels of influence were attributed by businesses. Whilst the results were positive in the context of previous Q3 periods, businesses perceived the Park to be less influential in generating first and repeat trade compared to the previous three quarters.

Influence of Cairngorms National Park



The influence of CNP on business operations and profitability continued to be rated less important compared to the role of the Park in attracting customers. Businesses gave below average scores on the influence of the Park on operations and profits although the overall scores were broadly similar to previous Q3 periods.

Business Confidence

Short-term (next three months) confidence was rated at 5.3 which was the highest Q3 rate since 2009. Q2 tends to record the highest levels of short-term confidence so it was not surprising to see a fall this quarter compared to last quarter.

Confidence in the next 12 months (medium-term) was well above the overall average and, with the exception of Q3 2009, was above previous Q3 levels. The medium-term confidence score (6.4) was the third highest score since the CBB began in Q3 2009.

Rated at 6.4 (the same as the medium-term level), confidence in the next two years (long-term) was well above average and, again with the exception of Q3 2009, was above previous Q3 levels. The results this quarter amounted to the most positive outlook for three and a half years (i.e. since Q1 2010).

Business Confidence



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