

# Cairngorms Business Barometer: January to March 2014

## 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 2014 regarding the period **1st January to 31st March 2014**, hereafter referred to as **Q1 2014**. With the Park-wide barometer now in its fifth year reference is also made to results of previous quarters, in particular, Q1 2013 (the same quarter last year) as well as Q1 2012, Q1 2011 and Q1 2010 (the same quarter two, three and four years ago) which brings an additional level of insight to the figures reported this quarter.

## Executive Summary

- The mix of visitors across the Park area was similar to previous Q1 periods with Scottish visitors continuing to make up a large share of all customers. However, there was evidence of an increase in Scandinavian visitors.
- Overall business levels were on par with a year ago although trading was down during the February half-term school holidays. Looking to the next 12-months businesses expect to grow customers and turnover slightly.
- Occupancy levels were below that of Q1 2013. Accommodation providers were, however, as optimistic about their future performance as they were last year and were more optimistic than in Q1 2012, Q2011 or Q1 2010.
- Seven perceived barriers to growth were rated lower overall than in Q1 2013 (5.8 versus 5.3 this quarter).
- Businesses expect to invest more in the next 12 months on staff training, marketing and their buildings and infrastructure than in any of the previous four Q1 period since the Barometer began.
- Short-term business confidence was rated at 6.2 (the highest Q1 rate since 2010). Medium-term confidence was rated slightly higher at 6.3, however, this was below the Q4 2013 and Q3 2013 level. Long-term confidence was rated at 6.6 which is the equal highest long-term confidence score since the Barometer began.

## Cairngorms Business Partnership Commentary

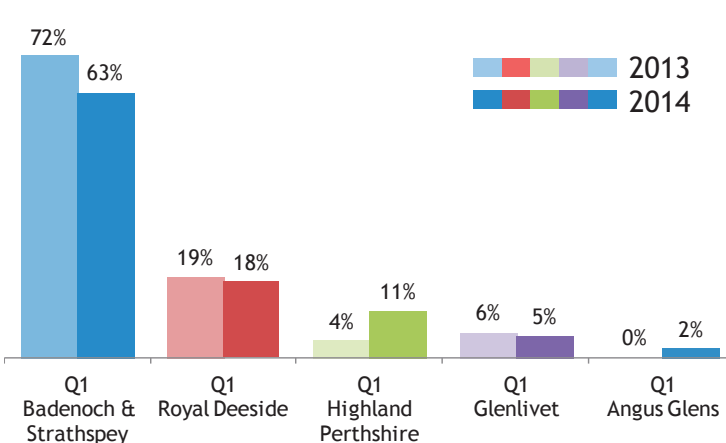
### Sample

98 businesses from across all five sub-areas of the Park responded to the survey this quarter.

As in previous quarters, the majority of responses were from Badenoch & Strathspey based businesses.

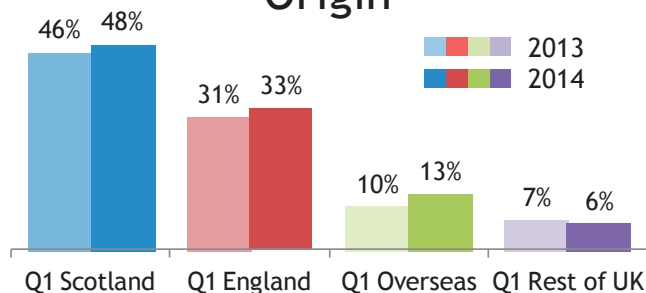
On par with the long-term average since the Barometer began in Q3 2009 and with last year (Q1 2013), accommodation providers made up 60% of the sample. The remainder of the sample was distributed fairly evenly among retail and catering establishments (12%), non-tourism based businesses (8%), activity operators (7%), attractions (7%) and other tourism businesses (5%).

### Area

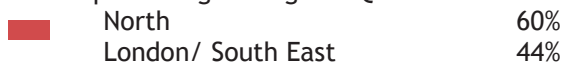


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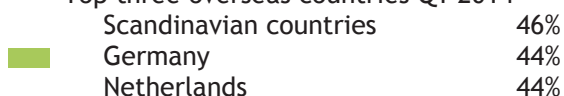
## Origin



### Top two English regions Q1 2014



### Top three overseas countries Q1 2014



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

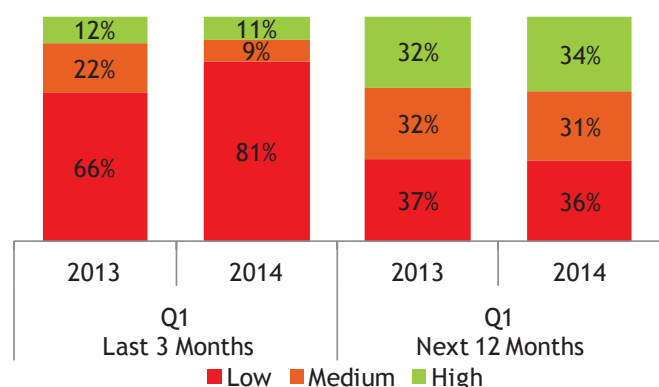
## Business Levels

Similar to last quarter (Q4 2013), overall levels of business were on par with a year ago. This quarter and the previous quarter follows a period of significant negative and positive changes in business levels, so there is suggestion that demand has now stabilised to an extent for many businesses.

Consistent with the trend over the last four quarters, businesses expect to moderately grow their business levels over the next 12 months. Compared to two years ago in Q1 2012, this marks a significant improvement as businesses then predicted a decline in trade for the next 12 months.

As in Q4 2013, despite trade for the quarter as a whole being broadly on par with last year, demand during the holiday period (February half-term break) was below last year.

## Occupancy



## Customer Profile

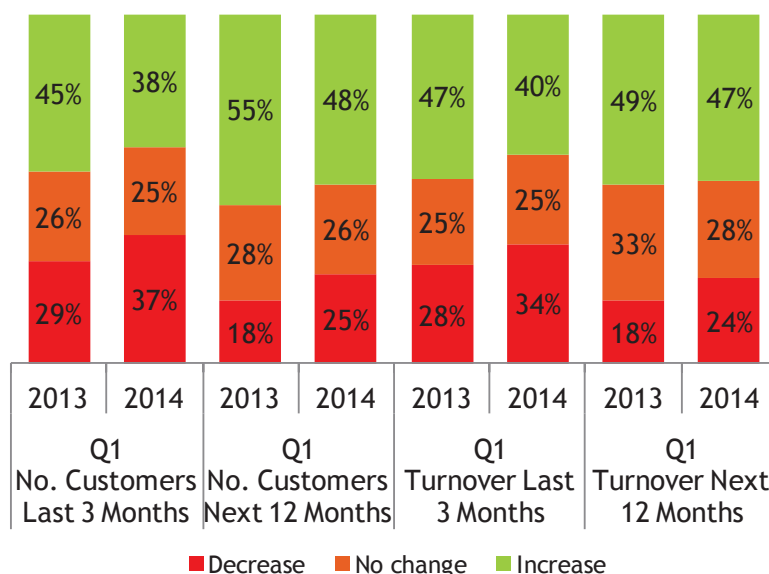
Below last quarter (Q4 2013) but broadly on par with previous Q1 periods, just under half of all customers businesses engaged with during the quarter were from Scotland. Visitors from England have consistently accounted for around 30% of overall footfall in the Park area and this result was repeated this quarter. Again, in line with the historical trend, overseas visitors made up just over 10% of all visitors.

Visitors from North of England continued to be most common whilst those from the South West were least common.

Among the businesses who engaged with international tourists, the three key international markets were Scandinavian countries, Germany and Netherlands - the former increasing to its equal second highest level ever (46%).

An increase in first time visitors compared to recent Q1s was evident with first timers making up nearly 60% of footfall compared to nearer 50% in Q1 2011, Q1 2012 and Q1 2013.

## Business Levels



## Accommodation

Occupancy levels have tended to be at their lowest during Q1 periods and this proved true again as 81% of accommodation providers achieved occupancy of less than 50%.

Whilst accommodation demand was broadly on par with the long-term Q1 average, it was notably below last year.

Accommodation businesses were, however, quite upbeat about future performance. Similar to last year, a third of businesses expect to achieve 70%+ occupancy in the next 12 months which was a more positive forecast than in Q1 2010, Q1 2011 and Q1 2012.

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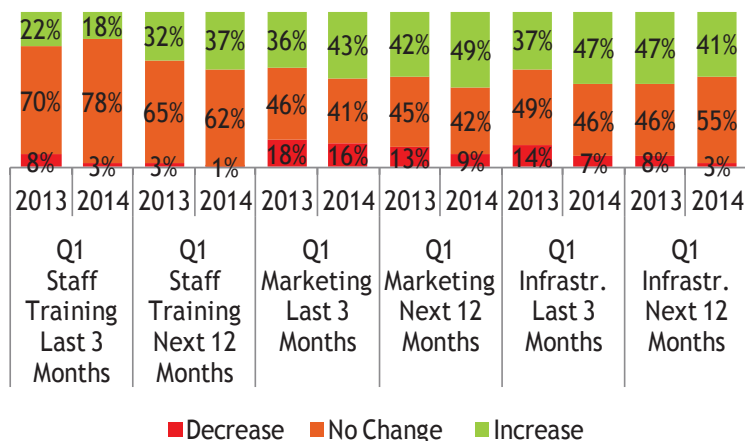
## Levels of Investment

As in previous quarters, there was little overall change in the level of staff training investment compared to a year ago. However, looking forward to the next 12 months, businesses expect to increase their staff training investment. Whilst the expected rate of change was consistent with recent quarters it was notably above 2010, 2011 and 2012 levels.

Consistent with the trend over the last four quarters but above previous periods, businesses indicated a small net increase in marketing compared to last year. Nearly a half of businesses expect to spend more than currently on marketing and promotion in the year ahead which was a more ambitious intention to invest in marketing than in any previous Q1 period.

Buildings and infrastructure investment increased at its steepest rate ever with just under a half of all businesses investing more and fewer than 10% investing less this quarter than a year ago. In the next 12 months businesses look set to continue increasing their building investment albeit at a slightly lesser rate compared to the current level.

## Levels of Investment



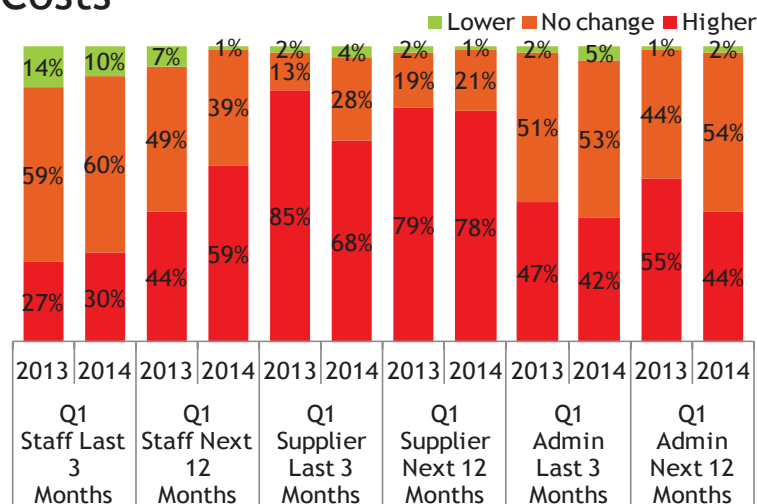
## Costs

Broadly consistent with the ongoing trend, staff costs increased slightly overall compared to a year ago. In the next 12 months businesses expect these costs to increase though at a faster pace than currently and at a rate of change which was above recent Q1 periods and last quarter.

On par with the rate of change last quarter but below previous Q1 periods, supplier costs were generally higher for businesses compared to a year ago. Over the next 12 months they are expected to increase at a slightly steeper rate than currently - a rate of change which was broadly consistent with previous quarters.

Administration costs increased for around 40% of businesses compared to a year ago which was fewer than in Q1 2013 and Q1 2012. For the year ahead, these costs look set to continue increasing at a similar rate (which is lower than previously predicted in Q1 2013 and Q1 2012).

## Costs



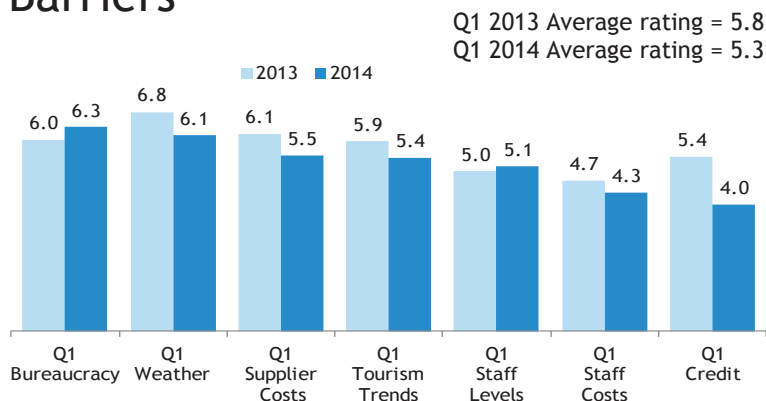
## Perceived Barriers to Growth

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'.

Seven potential barriers to growth were rated at 5.3 overall which was a slight increase from last quarter (5.2) and well below a year ago (5.8).

Improved perceptions of weather, supplier costs, tourism trends, staff costs and, in particular, the availability of credit were apparent compared to a year ago. Meanwhile, bureaucracy was considered a more formidable barrier to growth this year than in Q1 2013.

## Barriers



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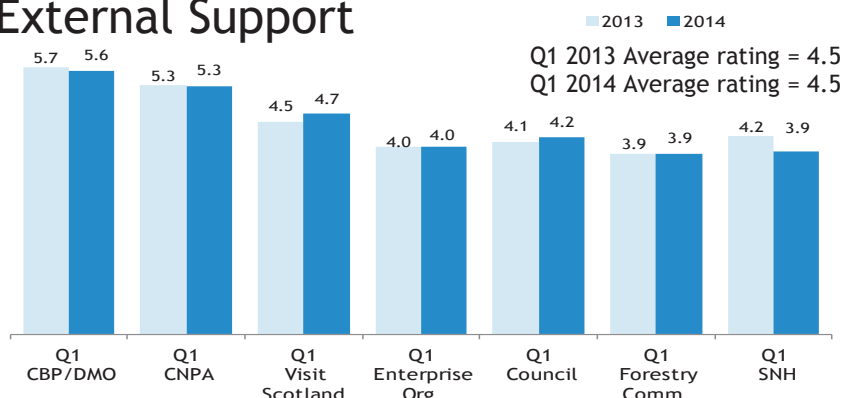
## External Support

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 organisations charged with a responsibility of developing tourism across the Park area was rated at 4.5 this quarter which was identical with last year and slightly below last quarter (4.6).

There were only relatively small differences in perceptions of the role of the organisations compared to last year. The perception of VisitScotland increased the most (from 4.5 to 4.7 this year) whilst the perceived contribution of SNH dropped the most from 4.2 to 3.9.

## External Support

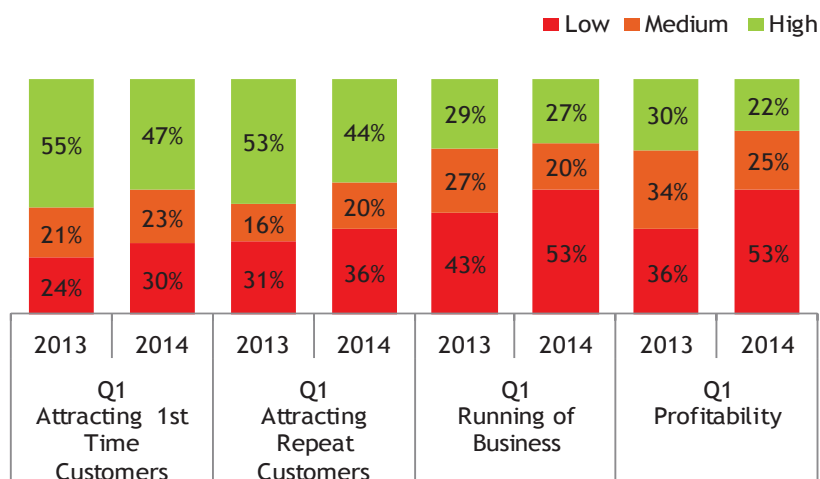


## Influence of CNP

Respondents were asked to rate the influence of the Park using a 1 to 10 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.

Consistent with the ongoing trend, the Park was considered to be more influential role in encouraging first time visitors to the area than repeat visitors. Repeating the trend of last quarter, businesses attributed lower influence to the role of the Park in attracting visitors compared to previous Q1 periods and, in particular, last year (Q1 2013).

## Influence of Cairngorms National Park



A similar result was apparent for the influence of the Park on business operations and profitability as businesses gave lower scores this quarter compared to previous Q1s and, in particular, Q1 2013.

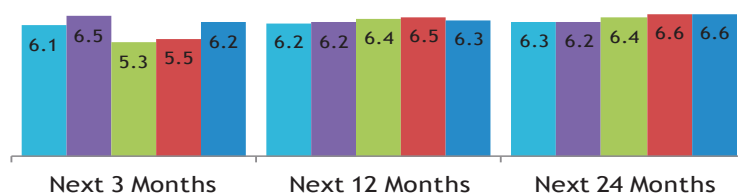
## Business Confidence

Short-term (next 3 months) business confidence was rated at 6.2 which was the highest Q1 short term confidence rate since Q1 2010.

Looking further out to the next 12 months, businesses attributed a slightly higher level of confidence of 6.3. This rate, however, was lower than that recorded in the previous two quarters and so resulted in the first fall in medium-term business confidence for eight quarters.

A sense that confidence is stabilising after a period of decline and increase was apparent as long-term business confidence was rated at 6.6 which was identical with last quarter and remains the equal highest long term confidence score.

## Business Confidence



- Q1 2013 = January to March 2013
- Q2 2013 = April to June 2013
- Q3 2013 = July to September 2013
- Q4 2013 = October to December 2013
- Q1 2014 = January to March 2014