

# Cairngorms Business Barometer: October to December 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 January 2014 regarding the period **1st October to 31st December 2013**, hereafter referred to as **Q4 2013**. With the Park-wide barometer now in its fifth year reference is also made to results of previous quarters, in particular, Q4 2012 (the same quarter last year) as well as Q4 2011, Q4 2010 and Q4 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

- The mix of visitors in the Cairngorms National Park area was comparable to previous Q4s. Local visitors from Scotland accounted for over 50% of the overall footfall.
- Following four years of consecutive decline, overall business levels compared to the same quarter last year were static although the Christmas and New Year period was considered to be less busy than last year.
- Customer numbers and turnover were expected to increase over the next 12 months and the predicted rate of increase was higher than in any of the previous Q4s since the Barometer began in 2009.
- Demand for accommodation was above previous Q4 levels and the outlook amongst accommodation businesses was rosier than ever previously recorded.
- A marked rise in buildings and infrastructure investment was apparent compared to previous equivalent periods. Intent to invest in this area in the future was also more pronounced than in comparable previous periods.
- Confidence in the next two years was rated at its highest level for three and a half years at 6.6 out of 10.

## Cairngorms Business Partnership Commentary

The Business Barometer continues to be a very valuable business tool regularly monitoring the opinions of the Business Community in the Cairngorms National Park.

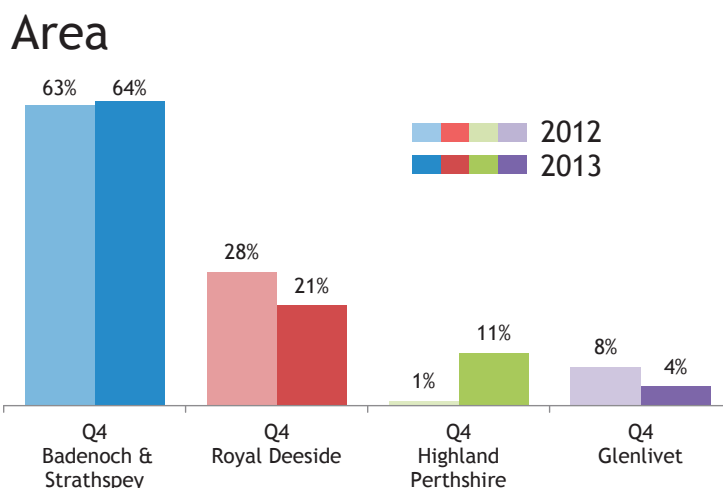
It is extremely encouraging to see the barriers to business dropping this quarter and confidence building each quarter. It's exciting for businesses to know that this aspect is expanding and that view is shared by our colleagues.

## Sample

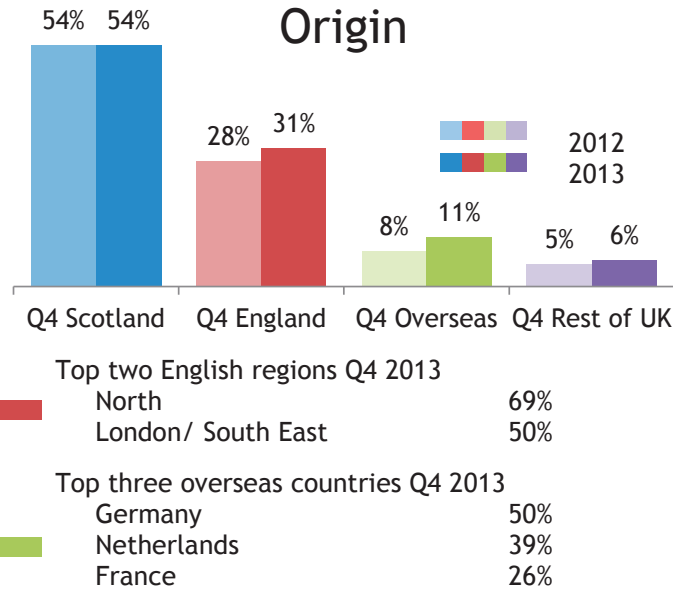
The Barometer captured the views of 97 businesses from across the Park area this quarter.

Similar to previous quarters, around two-thirds of responses were from Badenoch & Strathspey businesses with the remainder coming from Royal Deeside (21%), Highland Perthshire (11%) and Glenlivet (4%).

Accommodation providers continued to account for the majority of responses (62%). Again similar to previous quarters, there was a fairly even share of responses from activity operators, attractions / museums and retail / catering businesses (each accounting for around 10% of the sample). A handful of non-tourism businesses (5 in total) also contributed their views to the survey this quarter.



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

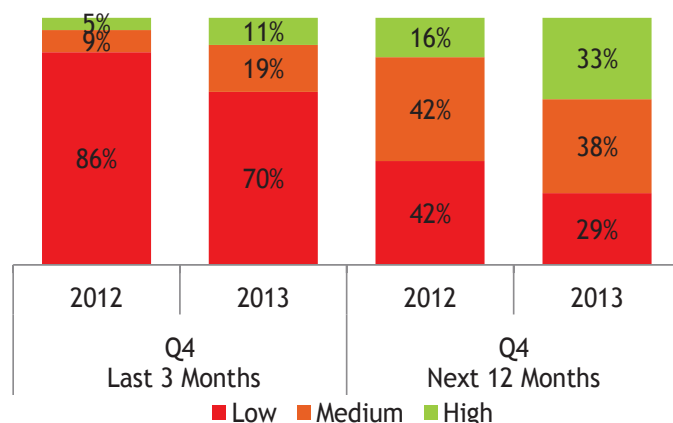
## Business Levels

Businesses registered no significant net change in customer numbers and turnover from a year ago. Whilst this constituted a decline in performance compared to last quarter (Q3 2013) when businesses recorded significant growth, the overall business levels achieved this quarter are encouraging as a trend of declining trade in the previous four Q4 periods was finally halted.

However, performance during the Christmas and New Year holiday period was down compared to last year as businesses recorded a small net reduction in trade.

Overall, businesses expected to increase their trade by a higher amount than predicted in any of the previous Q4s with around half expecting growth and less than 20% expecting reductions in trade in the year ahead.

## Occupancy



## Customer Profile

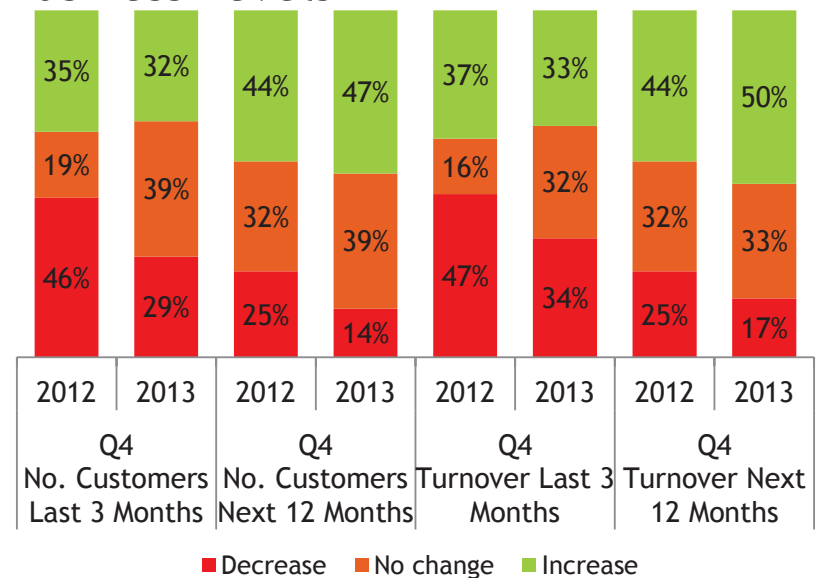
Consistent with previous Q4 periods, businesses indicated that over half of all visitors to the Park area were from Scotland.

Also in line with previous comparable quarters, visitors from England accounted for around 30% of footfall and those from overseas around 10%.

Visitors from northern England were again identified as the key English visitor segment whilst German visitors continued to make up the largest share of overseas visitors in the Park area (50% this quarter which was comparable with the Q4 average). A notable reduction in American visitors was apparent - they accounted for only a quarter of overseas visitors compared to the Q4 average of 40%.

On par with the trend recorded in previous Q4s, there was an even share of first time and repeat visitors in the Park area during the period.

## Business Levels



## Accommodation

Reflective of improved trading observed by all businesses during the quarter, accommodation providers registered higher occupancy compared to previous Q4s, although the majority achieved relatively low occupancy of less than 50%.

For the coming 12 months, accommodation providers forecasted the highest demand since the Barometer began with over 30% expecting to achieve high occupancy (of 70% or above) and less than 30% expecting to achieve low occupancy (of less than 50%).

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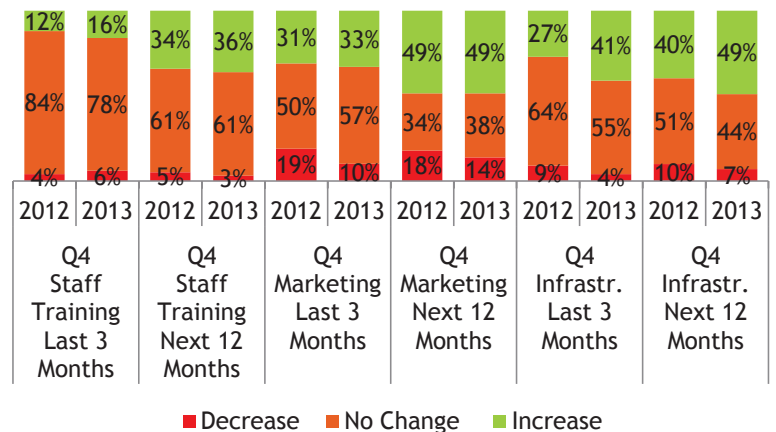
## Levels of Investment

As in previous quarters, only small changes in staff training investment were apparent as most businesses underwent no change in investment compared to a year ago. However, staff training was again highlighted as an aspect that businesses plan to increase investment into in the future.

Whilst many businesses maintained marketing investment at last year's level, overall marketing spend increased and the rate of increase was steeper than in the previous three Q4s. Businesses continue to expect to increase marketing investment in the future and overall intent to invest in this area was comparable with last quarter but greater than last year (Q4 2012).

Buildings and infrastructure investment increased significantly compared to a year ago and the rate of change was well above the previous three Q4s. In the next 12 months buildings and infrastructure investment is expected to increase even further - a rate of change which was on par with last quarter but well above Q4 2010, Q4 2011 and Q4 2012.

## Levels of Investment



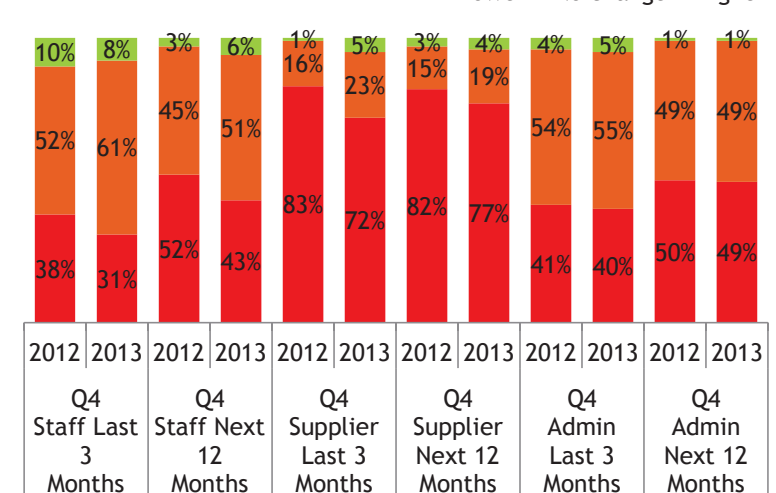
## Costs

Staff costs were roughly on par with previous comparable quarters but below Q2 and Q3 levels. For the year ahead these costs were expected to be higher than currently but were expected to be slightly below previous Q4 predictions as only around 40% expected increases compared to around 50% in previous Q4s.

Supplier costs increased from last year for around 70% which constituted a slight reduction in the rate of increase recorded in previous quarters. Whilst supplier costs were expected to increase at a slightly steeper rate in the year ahead (compared to the current of rate of change), the overall outlook for supplier costs was more positive than in any previous Q4 period.

Business administration costs increased at a rate that was consistent with last year and slightly below that of Q4 2011 and Q4 2010. In the next 12 months these costs are expected to increase at a faster rate than currently, but the overall rate of change was on par with previous predictions over the last two years.

## Costs



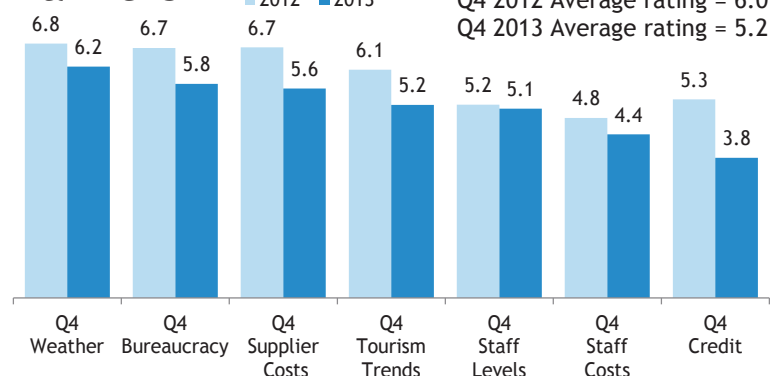
## Perceived Barriers to Growth

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'.

An overall barrier to growth score of 5.2 was recorded - the second lowest overall barrier to growth score since the survey began in Q3 2009 - which was well below last quarter and previous Q4 periods.

All seven factors were rated lower than last year (i.e. there was an improved perception) with the largest fall in terms of availability of credit. As in Q4 2012 and Q4 2011, weather was perceived to be the most formidable barrier.

## Barriers



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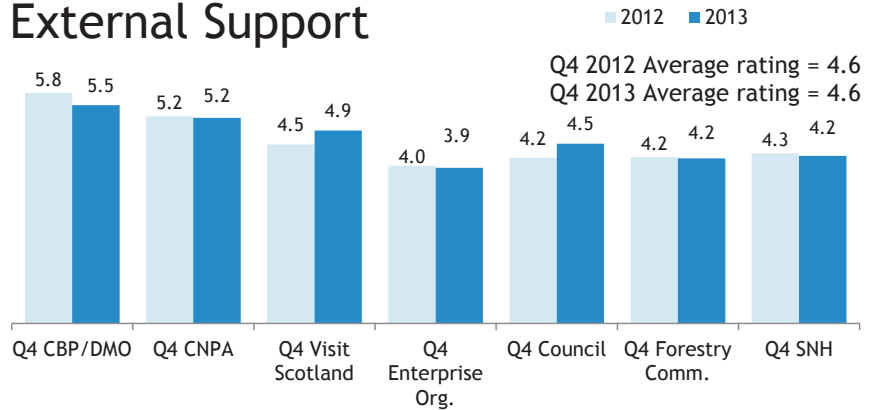
## External Support

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 playing a role in developing tourism in the Park area was rated at 4.6 which was comparable with last year and was the equal highest overall score since the survey began.

As in previous quarters, the contribution of CBP / DMO was rated most positively although the score was slightly below last year. The biggest increases in perceived contribution from last year were for VisitScotland and Council with each rated nearly 10% higher this quarter.

## External Support

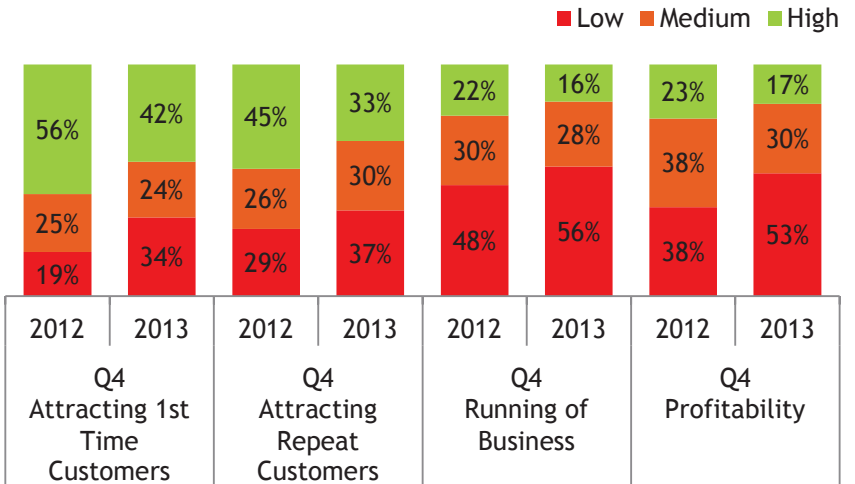


## Influence of CNP

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.

Businesses identified the Park as having a weaker level of influence in attracting first and repeat customers compared to recent quarters and the last three Q4s. As in previous quarters, there was greater recognition of the role of the Park in bringing new custom (rather than repeat custom) to the area.

## Influence of Cairngorms National Park



The influence of the Park on business operations and profits continued to be rated relatively low with over 50% of businesses scoring these aspects less than 5 out of 10. The overall scores attributed to these factors were similar with last quarter but were well below last year.

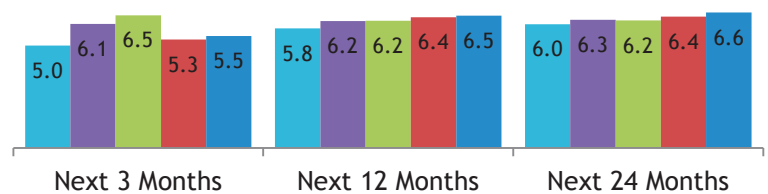
## Business Confidence

Short-term (next three months) confidence was rated at 5.5 out of 10 which was notably higher than any other previous Q4 period - the previous highest being in Q4 2012 (5.0).

When asked to consider the next 12 months, businesses attributed an upbeat overall confidence score of 6.5 - the second highest medium-term confidence figure since the survey began and the highest score for over three and a half years since Q1 2010.

Looking further out to the next two years, an overall business confidence score of 6.6 was achieved which was the equal highest score ever and the highest since Q1 2010.

## Business Confidence



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