

## Introduction

- ▶ Each quarter, the Cairngorms Business Barometer (CBB) seeks feedback from business operators across the Cairngorms National Park (CNP) on a range of aspects including ongoing performance and confidence in the future which allows for a quarterly assessment of the 'health' of the tourism economy in the Park area.

Summarised below are the key findings from the latest CBB online survey which was distributed to businesses in October 2014 and asked operators to consider their performance during the third quarter of the year. The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

112 businesses from across the CNP area contributed their views this quarter - this compares to 101 last quarter.

## Executive Summary

- ▶ There was a slight decrease in overseas visitors and a stable mix of Scottish and English visitors compared to last year (Q3 2013). London and Northern England remain the most important English regions for visitors and Germany and The Netherlands continued to account for the highest proportion of overseas visitors.
- ▶ A much slower growth in business levels was apparent compared to Q3 2013 - although it should be borne in mind that Q3 2013 saw significant growth compared to Q3 2012. There was more optimism for future performance compared to previous Q3s and last quarter.
- ▶ Businesses increased their overall levels of investment compared to last year with marketing and promotion investments having increased the most - at a rate which outstripped previous Q3s. There was greater intent to invest in aspects in the coming 12 months than in previous Q3s, this was most apparent for marketing and promotion investment.
- ▶ Costs were higher overall for businesses compared to a year ago with supplier costs, again, having increased the most. However, there was a general sense that cost pressures had eased compared to previous quarters and, in particular, last year. Going forward businesses expected costs to continue increasing but at generally less steep rate than previously.
- ▶ The seven potential barriers to growth were perceived overall to be significantly less challenging compared to previous Q3s and, in particular, last year. The most formidable barriers to growth were perceived to be weather and tourism trends. There was a large fall in the perception of bureaucracy being a barrier to growth compared to last year and to a lesser extent last quarter.
- ▶ Short-term (next 3 months) confidence was on par with last year but was well above the Q3 Average. Although confidence in the medium term was slightly below last year, it was above last quarter and well above the Q3 Average. Looking 2 years out, confidence was higher than last year and well above the Q3 Average and last quarter, but was below the levels of Q4 2013 and Q1 2014.

## Cairngorms Business Partnership Commentary

- ▶ "Growth quarter on quarter despite a successful 2013. Confidence rising with continual growth. This is reflected with barriers to business being significantly lower. The area is generally doing well but needs to maintain level of investment in staff and infrastructure to keep growth. Confidence is higher medium to long term."

\* For an example of the quarterly questionnaire, [please click here](#).

## Dashboard Summary

Origin	Q3 2014	Q3 2013	Q3 Average
Scotland	41%	40%	43%
England	30%	29%	30%
Overseas	24%	27%	22%
Rest of UK	7%	7%	8%

*Mix of customers during quarter compared to last year and quarter average.*

Business Levels	Q3 2014	Q3 2013	Q3 Average	
Customers	- Last 3 months	20%	42%	14%
	- Next 12 months	32%	28%	20%
Turnover	- Last 3 months	21%	45%	16%
	- Next 12 months	33%	32%	21%

*Net business level changes in last 3 months and in next 12 months compared to last year and quarter average.*

Investment	Q3 2014	Q3 2013	Q3 Average	
Staff training	- Last 3 months	19%	19%	15%
	- Next 12 months	35%	31%	26%
Marketing	- Last 3 months	33%	19%	20%
	- Next 12 months	45%	36%	35%
Infrastructure	- Last 3 months	28%	29%	24%
	- Next 12 months	54%	47%	39%

*Net investment changes in last 3 months and in next 12 months compared to last year and quarter average.*

Costs	Q3 2014	Q3 2013	Q3 Average	
Staff	- Last 3 months	34%	46%	36%
	- Next 12 months	46%	46%	45%
Supplier	- Last 3 months	62%	78%	72%
	- Next 12 months	61%	72%	72%
Administration	- Last 3 months	40%	51%	42%
	- Next 12 months	44%	50%	48%

*Net cost changes in last 3 months and in next 12 months compared to last year and quarter average.*

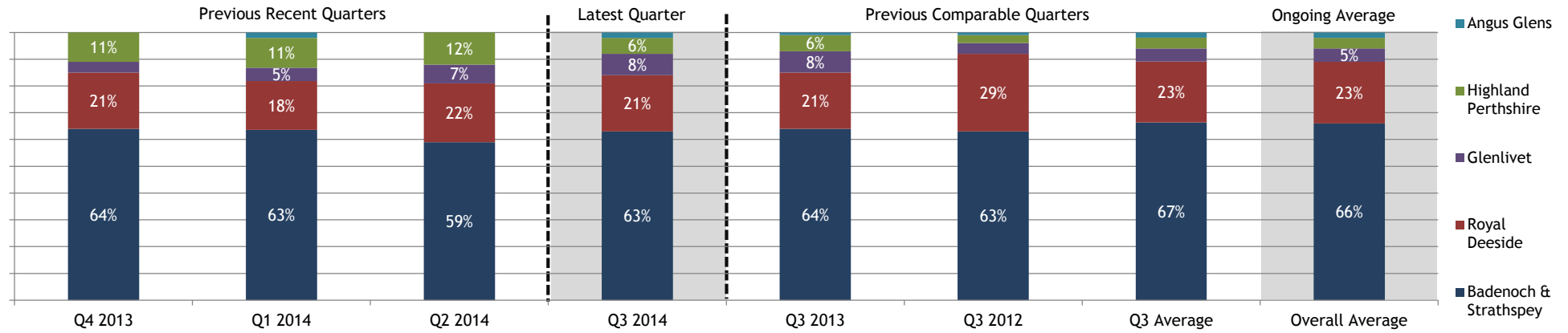
Barriers	Q3 2014	Q3 2013	Q3 Average
Average	5.47	5.83	5.69
Weather	6.63	6.54	6.34
Tourism Trends	6.03	6.15	6.07
Bureaucracy	5.80	6.81	6.40

*Overall average and individual barrier to growth scores for top 3 factors compared to last year and quarter average.*

Business Confidence	Q3 2014	Q3 2013	Q3 Average
Next 3 Months	5.27	5.29	5.04
Next 12 Months	6.29	6.38	6.03
Next 24 Months	6.48	6.40	6.24

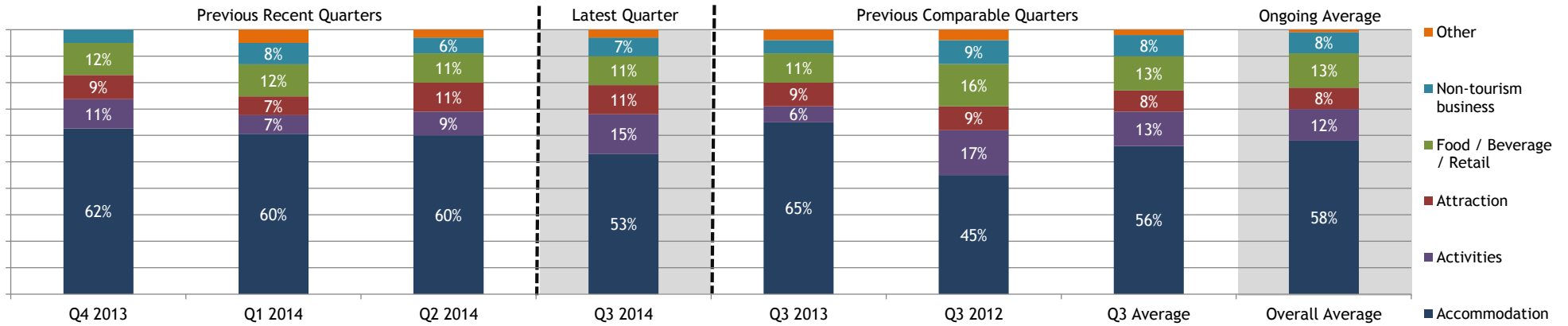
*Business confidence over short, medium and long term compared to last year and quarter average.*

## Area



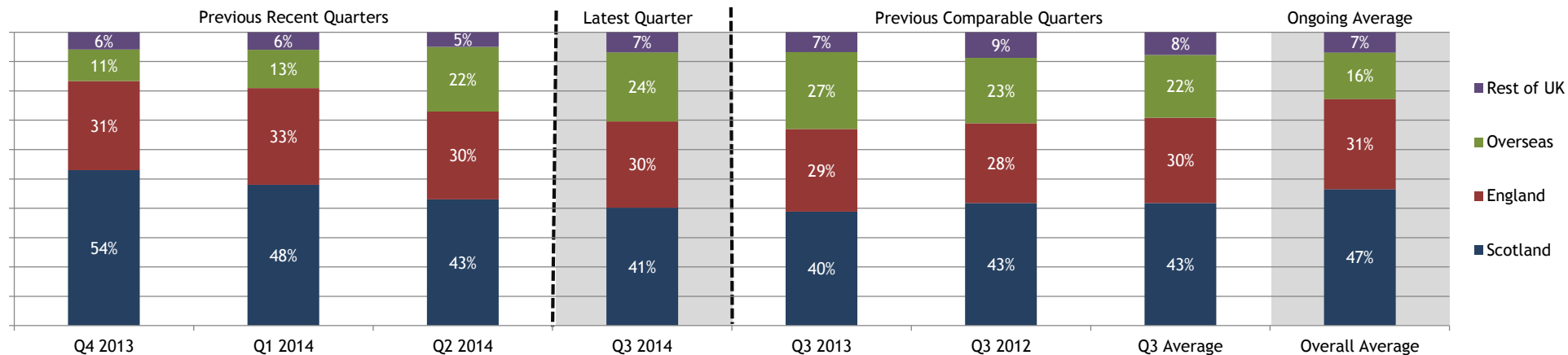
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (63%), Royal Deeside (21%), Glenlivet (8%), Highland Perthshire (6%) and Angus Glens (2%)

## Sector



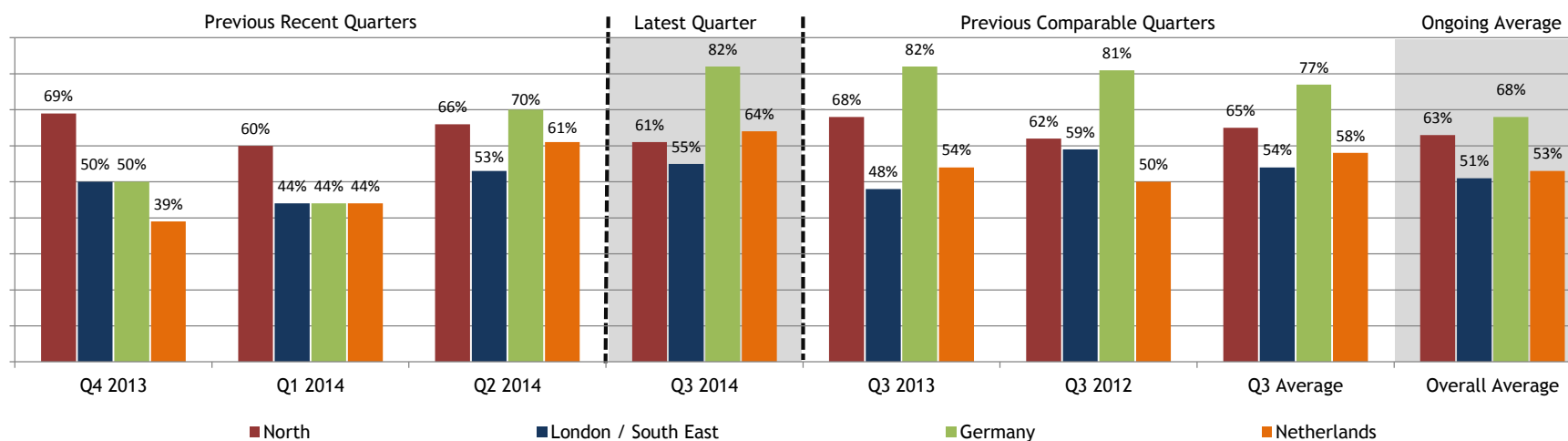
► In terms of business sector, the sample was made up as follows: Accommodation provider (53%), Activity operator (15%), Food / Beverage / Retail business (11%), Attraction (11%), Other tourism business (2%) and Non-tourism business (7%).

## Origin - UK vs Overseas



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (41% of all customers), visitors from England (30%), overseas visitors (24%) and visitors from the rest of the UK (7%).
- ▶ The mix of visitors was broadly similar to previous Q3 periods. An exception to an extent, however, was the overseas market which was slightly below last year (Q3 2013) and slightly above the Q3 average.

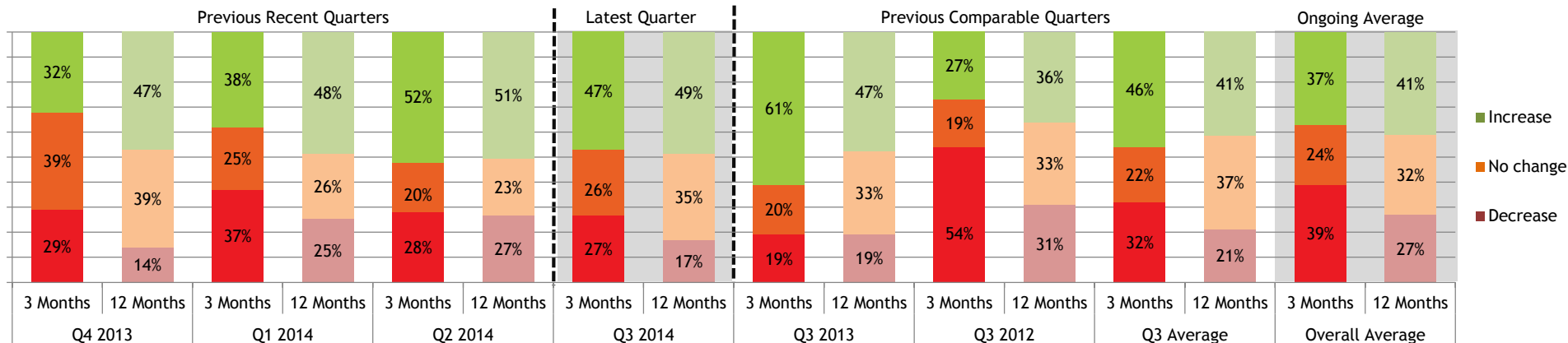
## Origin - England Regions & Overseas Countries



- ▶ The most common segment from England was visitors from the North (61% of businesses who engaged with visitors from England traded with customers from the North of England) followed by London / South East (55%). The proportion of visitors from the two key regions was broadly similar to the Q3 Average.
- ▶ The most common overseas market was Germany (82% of businesses who engaged with overseas visitors traded with German customers during the quarter), followed by Netherlands (64%). There were increases in both key overseas markets compared to the Q3 Average.

## Business Levels

No. Of Customers: Last 3 months and next 12 months

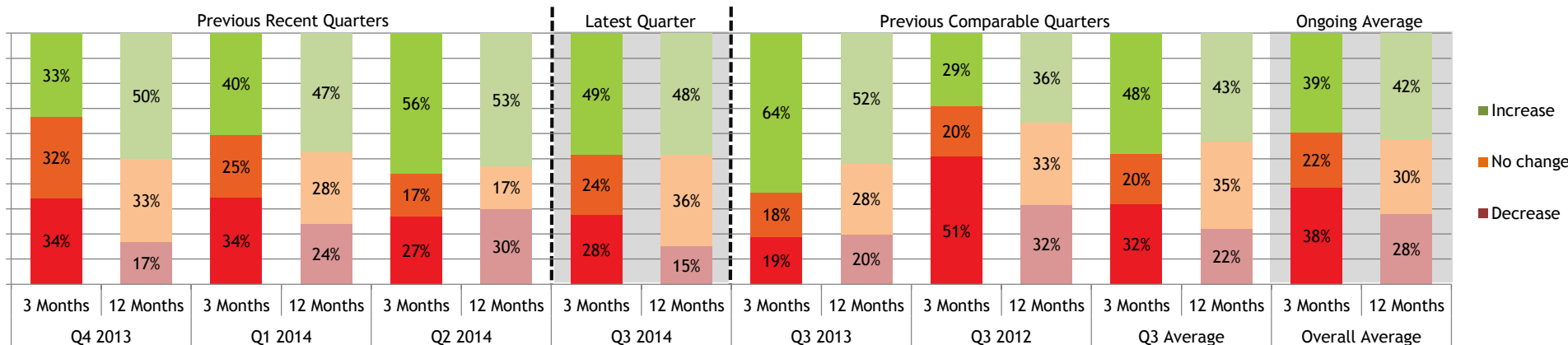


► There was an overall increase in customer numbers as more businesses increased their customer numbers than decreased their customer numbers (47% versus 27%). Whilst slightly above the Q3 Average, customer number performance was down slightly compared to last quarter and was well below Q3 2013.

► An overall increase in customer numbers was expected in the year ahead as more businesses expected to increase customer numbers from their current level in the next 12 months than decrease (49% versus 17%). The results this quarter implied a slightly more optimistic outlook compared to last quarter, Q3 2013 and the Q3 Average.

## Business Levels

Turnover: Last 3 months and next 12 months

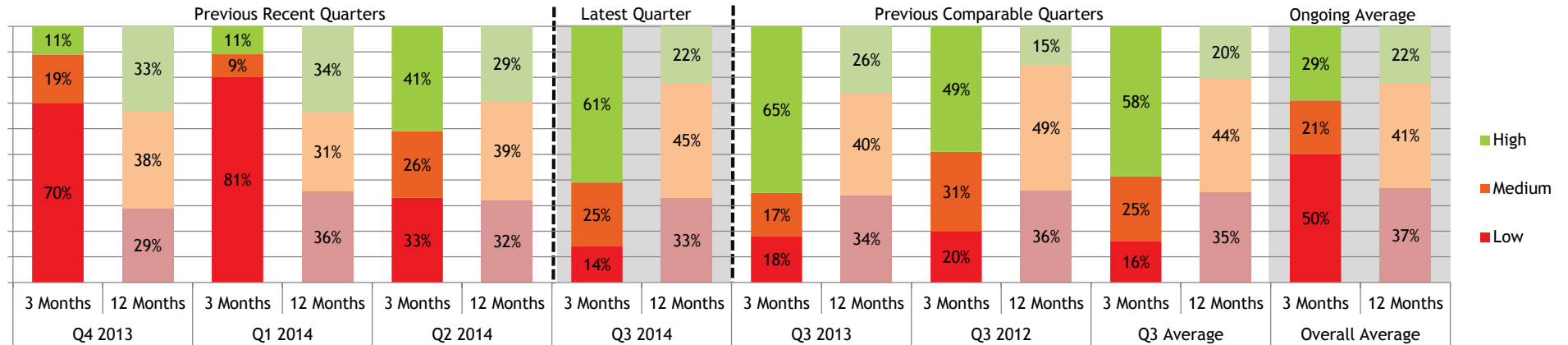


► There was an overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (49% versus 28%). Whilst similar to the Q3 Average, the growth in turnover this quarter was slightly below last quarter and well below Q3 2013.

► An overall increase in turnover was expected in the year ahead as more businesses expected to increase their turnover from the current level in the next 12 months rather than decrease (48% versus 15%). With fewer businesses anticipating a decrease in turnover, expectations for the year ahead were significantly more optimistic than previous comparable quarters.

## Business Levels

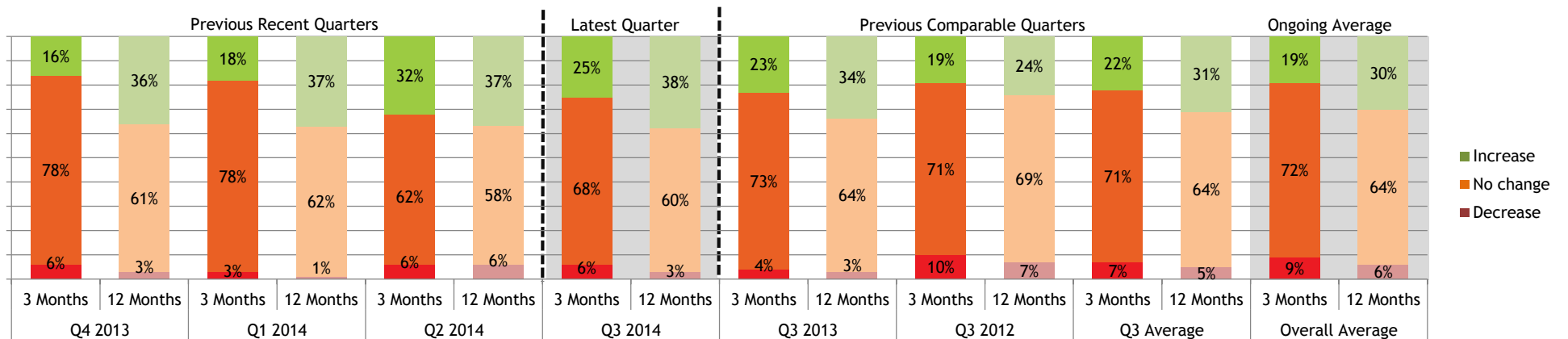
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 14% of accommodation providers recorded low occupancy of less than 50% whilst 61% achieved high occupancy of 70% or above during the quarter. The results this quarter signalled similar performance compared to Q3 2013 and the Q3 Average.
- ▶ 33% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 22% expect to achieve high occupancy of 70% or above. The overall results this quarter imply that accommodation providers had similar expectations regarding future performance compared to Q3 2013 and the Q3 Average.

## Investment Levels

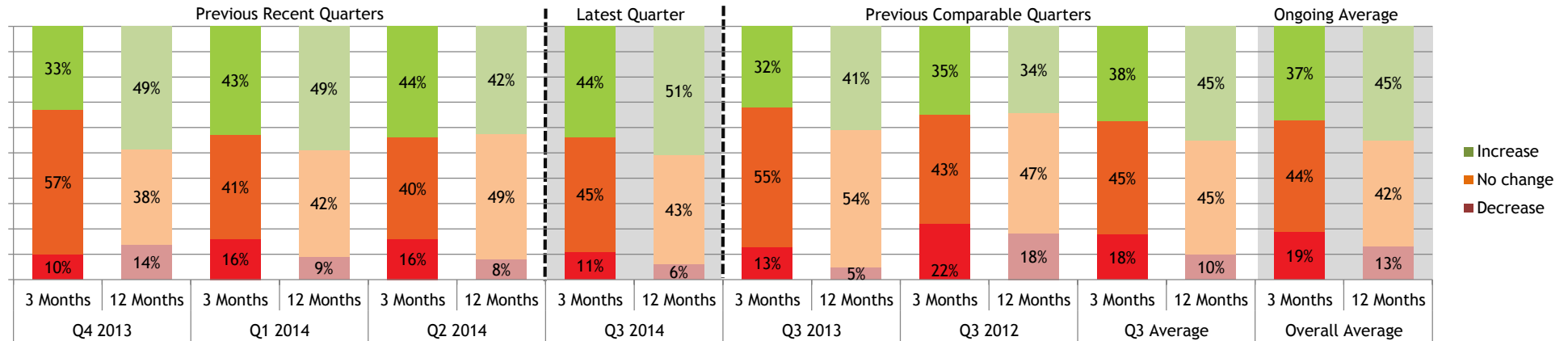
Staff Training: Last 3 months and next 12 months



- ▶ Although most businesses (68%) registered no change in staff training investment, a small overall increase in staff training investment was recorded as 25% increased their investment in this aspect compared to just 6% who decreased investment. Whilst the overall growth in staff training investment was above the Q3 Average it was slightly below last quarter and Q3 2013.
- ▶ Going forward businesses expected staff training investment to increase at a slightly faster rate overall than currently although most businesses expected this aspect to remain unchanged in the coming 12 months. Whilst a similar rate of change was apparent compared to Q3 2013, the results this quarter suggest more intent to invest in this aspect compared to last quarter and the Q3 Average.

## Investment Levels

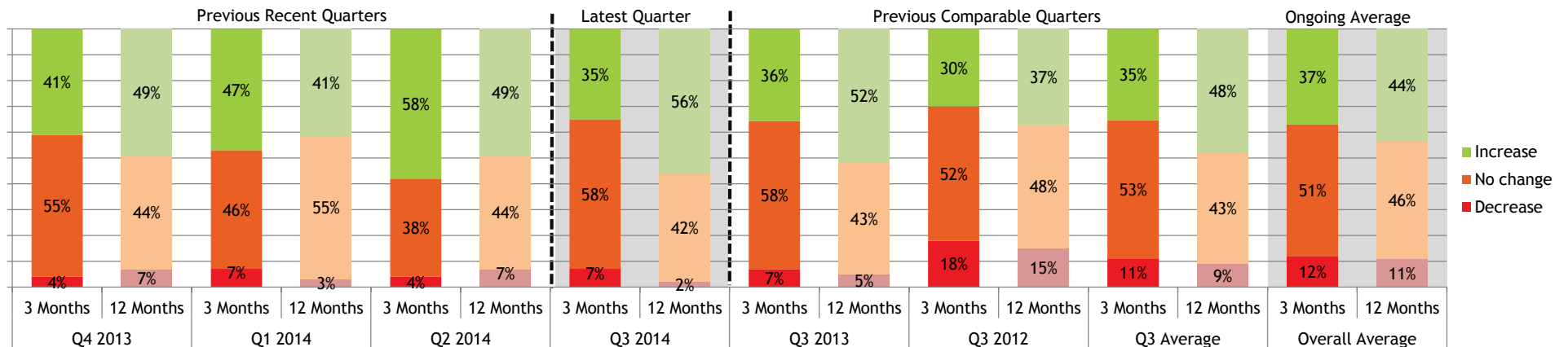
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 44% of businesses increased their investment in this aspect this quarter whilst 11% decreased investment. The overall growth in marketing and promotion investment this quarter was above previous quarters, including last quarter and Q3 2013, and was above the Q3 Average.
- ▶ Continued growth in marketing and promotion investment was expected as 51% of businesses expected to increase their investment in this aspect in the year ahead whilst 6% expected to decrease investment. Similar to performance over the last three months, the rate of change for marketing and promotion expenditure going forward was above previous quarters.

## Investment Levels

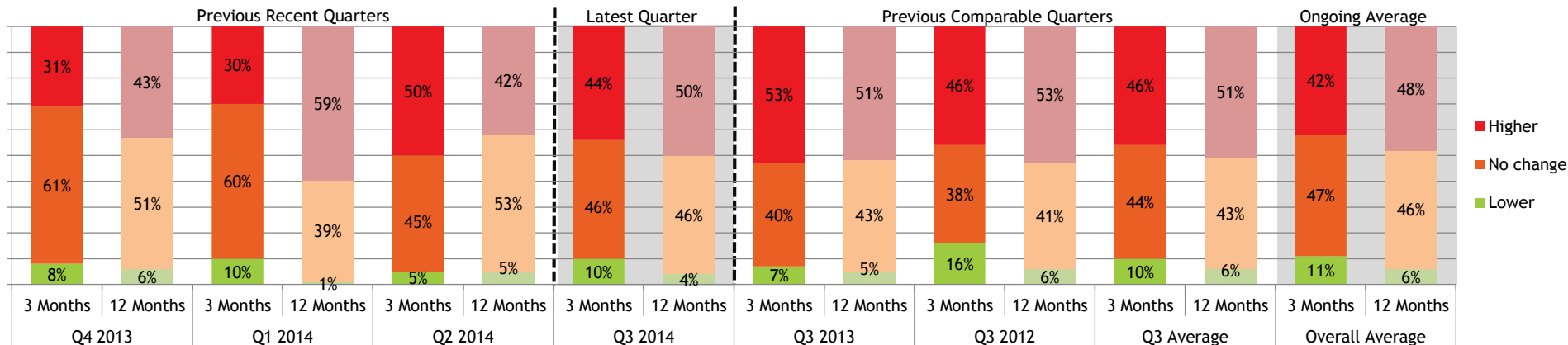
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 35% of businesses increased their investment in this aspect whilst 7% decreased investment. Whilst slightly above the Q3 Average, the overall growth in buildings and infrastructure investment this quarter was notably below Q2 2014 and slightly below Q3 2013.
- ▶ Businesses look set to continue spending more on buildings and infrastructure going forward as 56% expected to increase investment in this aspect in the year ahead whilst 2% expected to decrease investment. These results constituted a much sharper increase in expected buildings and infrastructure investment compared to the Q3 Average and to a lesser extent Q3 2013 and Q2 2014.

## Costs

Staff: Last 3 months and next 12 months

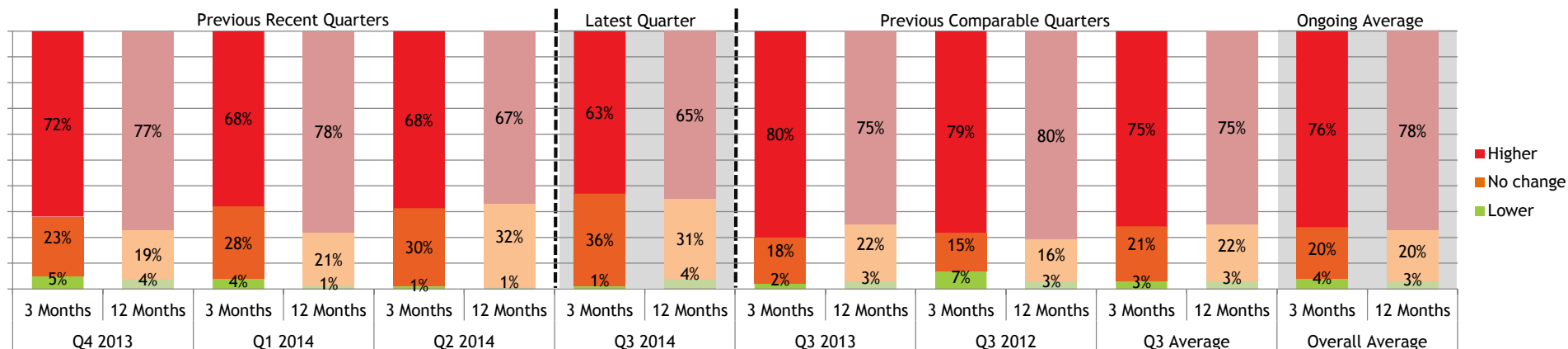


► An overall increase in staff costs was recorded as 44% of businesses registered higher staff costs this quarter compared to the same quarter a year ago whilst 10% registered lower costs. Although the rate of change was broadly on par with the Q3 Average, a slightly less steep increase in staff costs was apparent compared to Q3 2013.

► Staff costs were expected to increase at slightly faster rate than currently as 50% of businesses expected these costs to increase in the year ahead whilst 4% expected them to decrease. Whilst above Q2 2014, the expected rate of change of staff costs in the next 12 months was broadly on par with Q3 2013 and the Q3 Average.

## Costs

Supplier: Last 3 months and next 12 months

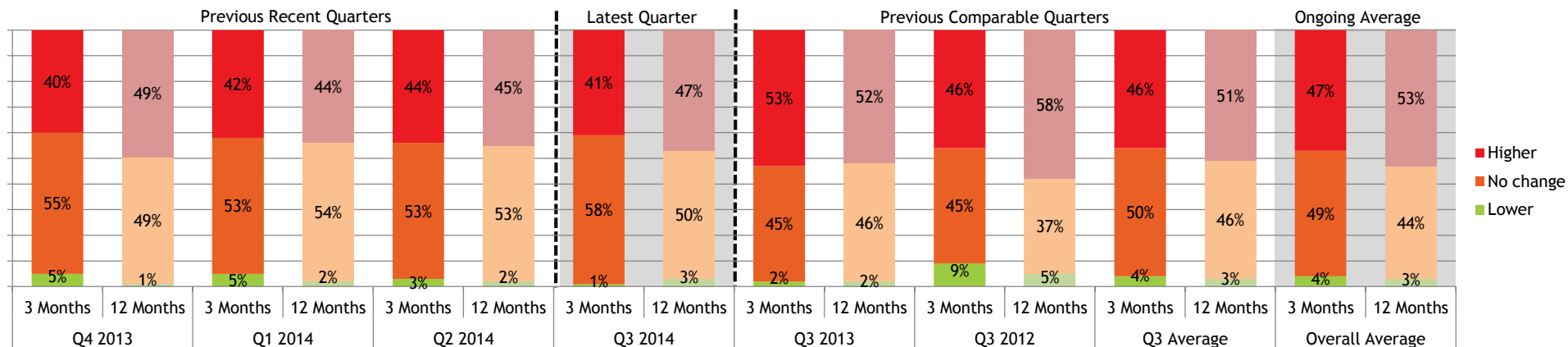


► A significant overall increase in supplier costs was recorded as 63% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 1% noted lower costs. The overall results this quarter showed a less steep increase in supplier costs compared to previous quarters and, in particular, previous Q3 periods.

► Supplier costs were expected to increase at a roughly similar rate to currently as 65% of businesses expected these costs to increase in the year ahead and 4% expected these costs to decrease. Similar to the last 3 months' performance, these results implied less steep increases in supplier costs were expected compared to recent quarters and previous Q3s.

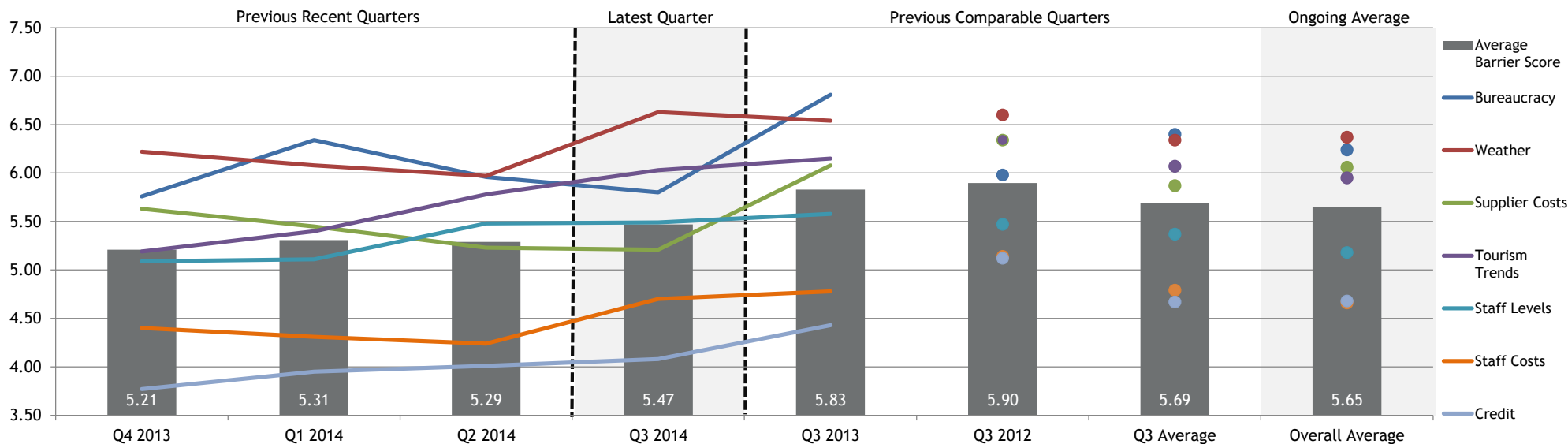
## Costs

Administration: Last 3 months and next 12 months



- ▶ An overall increase in administration costs was recorded as 41% of businesses observed higher administration costs this quarter compared to the same quarter a year ago whilst 1% observed lower costs. Whilst on par with the Q3 Average, the overall results this quarter showed a less steep increase in administration costs compared to Q3 2013.
- ▶ Administration costs are expected to increase at roughly the same rate as currently as 47% of businesses expected these costs to increase in the year ahead whilst 3% expected these costs to decrease. The results constituted a less steep expected increase in administration costs compared to Q3 2013 and the Q3 Average.

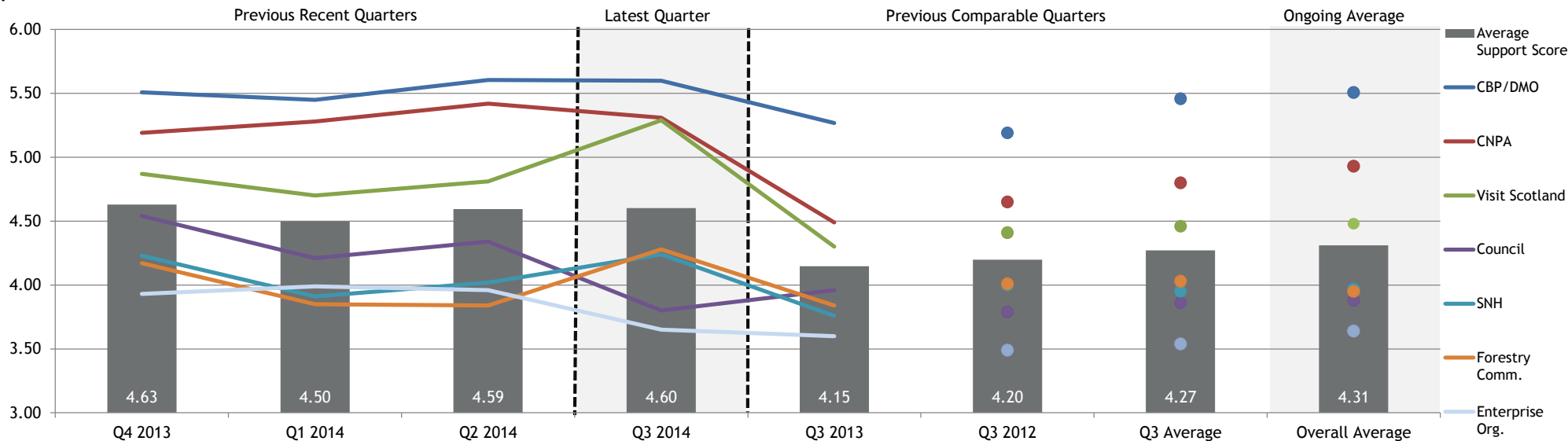
## Barriers



- ▶ The average barrier to growth score this quarter was 5.47 out of 10 which was higher than recent quarters, but below Q3 2013, Q3 2012, the Q3 Average and the Overall Average.
- ▶ Weather (6.63) and tourism trends (6.03) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter was weather which increased from 5.97 in Q2 2014 to 6.63 in Q3 2014.
- ▶ The barrier which recorded the only increase from last year was weather which increased from 6.54 in Q3 2013 to 6.63 in Q3 2014. Meanwhile, conversely, there was a large decrease for bureaucracy.



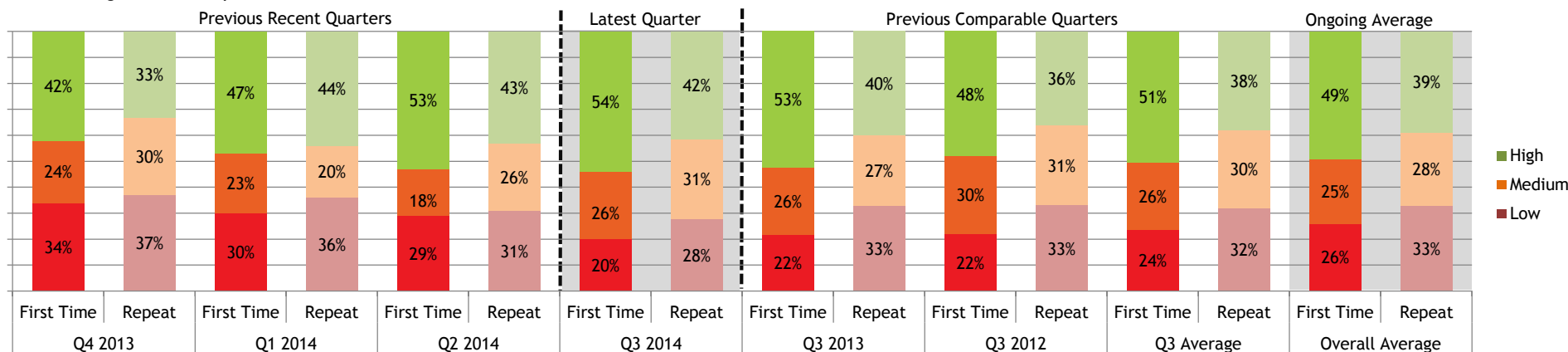
## Support



- ▶ The overall level of support / contribution provided by organisations playing a role in tourism was rated at 4.60 this quarter which was on par with Q2 2014 and above Q3 2014, the Q3 Average and the Overall Average.
- ▶ The contribution / support provided by CBP / DMO (5.60) was rated most positively whilst the opposite was true for the Enterprise Organisation
- ▶ The organisation which recorded the largest change in perception from last quarter was the Council; average support scores decreased from 4.34 in Q2 2014 to 3.80 in Q3 2014.
- ▶ The organisation which recorded the largest change in perception from last year was VisitScotland; average support scores increased from 4.30 in Q3 2013 to 5.29 in Q3 2014.

## Influences

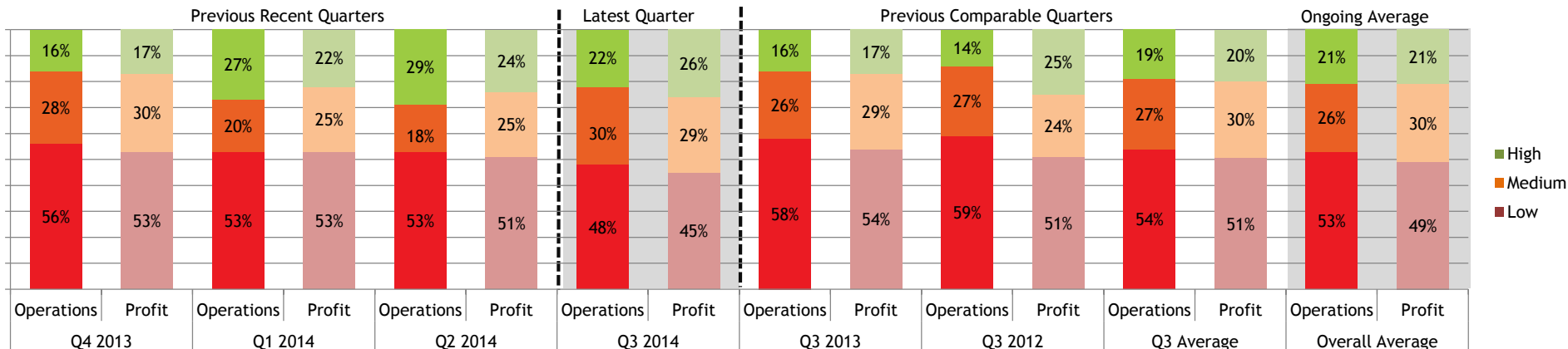
### Influence of CNP - Attracting First time & Repeat Customers



- ▶ 54% of businesses perceived the Park as having a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 20% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The average level of influence the Park was perceived to have in attracting first time customers was higher than in previous recent quarters, including Q2 2014 and Q3 2013, and was well above the Q3 Average and the Overall Average.
- ▶ 42% of businesses perceived the Park as having a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting repeat customers whilst 28% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The average level of influence the Park was perceived to have in attracting repeat customers was slightly above Q2 2014 and Q3 2013 and was further ahead of the Q3 Average and the Overall Average.

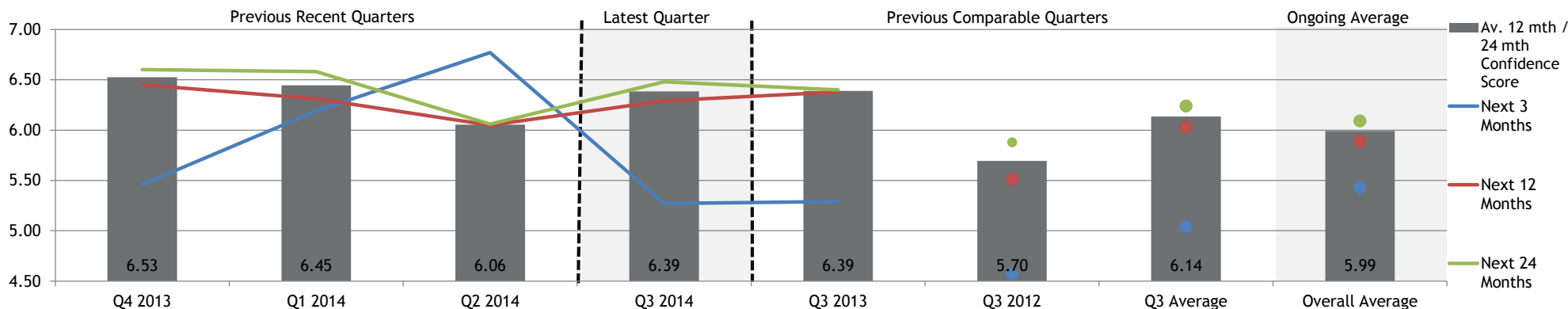
## Influences

### Influence of CNP - On Business Operations & Profitability



- ▶ 22% of businesses perceived the Park to have a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 48% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The average level of influence the Park was perceived to have on business operations was above the Q3 Average and recent comparable quarters but slightly below last quarter.
- ▶ 26% of businesses perceived the Park to have a high level of influence (attributing a rating score from 7 to 10 out of 10) on their profitability whilst 45% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The average level of influence the Park was perceived to have on profitability was well above the Q3 Average and recent comparable quarters and was slightly above Q2 2014.

## Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 5.27 out of 10 which was well below recent quarters but on par with Q3 2013 and above the Q3 Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.29 out of 10 which was above last quarter, the Q3 Average and the Overall Average, but slightly below Q3 2013. The score was, however, below Q4 2013 and Q1 2014 levels.
- ▶ Long term confidence (next 24 months) was rated at 6.48 out of 10 which was well above last quarter, the Q3 Average and the Overall Average and slightly above Q3 2013. The score was, however, below Q4 2013 and Q1 2014 levels.
- ▶ The Average Confidence Score for the medium and long term was 6.39 which was above Q2 2014, the Q3 Average and the Overall Average and on par with Q3 2013 but below Q4 2013 and Q1 2014.