

## 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 July 2015 and asked operators to consider their performance during the second quarter of the year (April to June).

The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

90 businesses from across the CNP area contributed their views this quarter - this compares to 104 last quarter.

## Executive Summary

- ▶ The distribution of visitor origin remained largely unchanged in Q2 2015. There was, however, a slight decrease in customers from England dropping to a similar level as observed in Q4 2012. A decline in visitors from the North of England and an increase in visitors from Germany was observed compared to last year.
- ▶ Although customer numbers and turnover figures increased this quarter, growth was far less pronounced compared to previous quarters. Looking to the next 12 months, however, businesses were upbeat expecting growth, more so than the Q2 Average.
- ▶ Overall business investment in staff training, marketing and infrastructure was above the Q2 average. There was, in particular, positive intent to invest in infrastructure in the next 12 months. That said, less investment was incurred this quarter compared to last year.
- ▶ A continued trend of slowing increases in costs (except staff costs) was observed. Both supplier costs and administration costs saw significant slowing compared to Q2 2014.
- ▶ Overall barriers to growth were rated slightly above last year but below the Q2 Average. The weather played more of a role in Q2 2015 compared to last year, whilst the opposite is true for the influence of tourism trends.
- ▶ Medium and long term business confidence was well above last year's scores and the Q2 Average. The average confidence score, which combines 12 month and 24 month confidence, was on par with last quarter, which constituted a record high level of confidence.

## Cairngorms Business Partnership Commentary

- ▶ The Barometer has highlighted again the importance of local visitors during the second quarter of the year as visitors from Scotland made up 43% of Park footfall. The longer term trends of increasing business investment coupled with slowing cost increases make for positive reading. That said, there is a sense that the growth seen in 2014 is more muted this year as businesses demonstrated less buoyant trading figures compared to a year ago. Despite this, medium and long term business confidence was again at an all time high.

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

## Dashboard Summary

Origin	Q2 2015	Q2 2014	Q2 Average
Scotland	43%	43%	↔ 43%
England	28%	30%	▼ 31%
Overseas	22%	22%	↔ 21%

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

Business Levels	Q2 2015	Q2 2014	Q2 Average	
Customers	- Last 3 months	14%	24%	▼ -1%
	- Next 12 months	25%	24%	▲ 6%
Turnover	- Last 3 months	20%	29%	▼ 5%
	- Next 12 months	27%	23%	▲ 6%

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

Investment	Q2 2015	Q2 2014	Q2 Average	
Staff training	- Last 3 months	17%	26%	▼ 11%
	- Next 12 months	31%	31%	↔ 22%
Marketing	- Last 3 months	23%	28%	▼ 21%
	- Next 12 months	29%	34%	▼ 30%
Infrastructure	- Last 3 months	43%	54%	▼ 35%
	- Next 12 months	56%	42%	▲ 34%

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

Costs	Q2 2015	Q2 2014	Q2 Average	
Staff	- Last 3 months	47%	45%	▲ 39%
	- Next 12 months	36%	37%	▼ 39%
Supplier	- Last 3 months	56%	67%	▼ 73%
	- Next 12 months	57%	66%	▼ 73%
Administration	- Last 3 months	33%	41%	▼ 47%
	- Next 12 months	35%	43%	▼ 48%

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

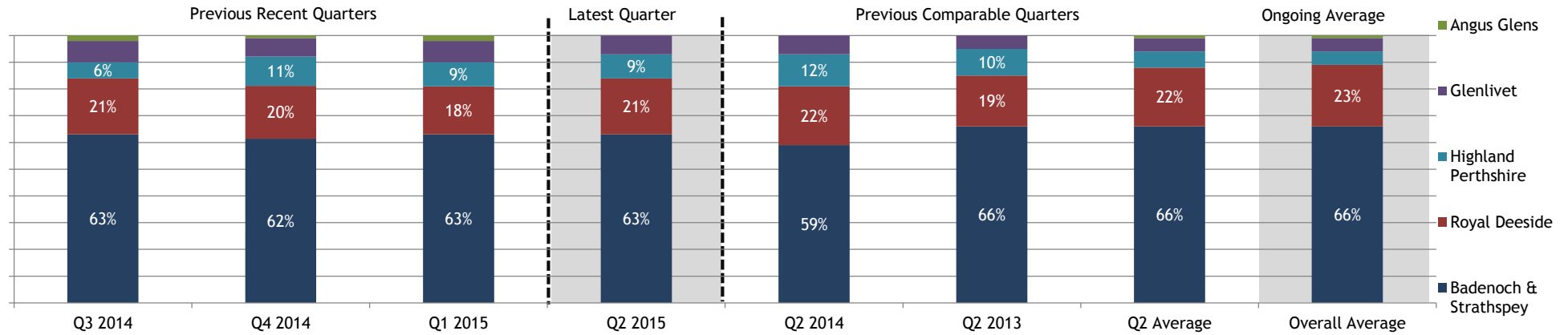
Barriers	Q2 2015	Q2 2014	Q2 Average
Average	5.38	5.29	▲ 5.54
Weather	6.26	5.97	▲ 6.41
Bureaucracy	6.24	5.96	▲ 6.07
Staff Levels	5.57	5.48	▲ 5.08

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

Business Confidence	Q2 2015	Q2 2014	Q2 Average
Next 3 Months	6.77	6.77	↔ 6.27
Next 12 Months	6.56	6.05	▲ 5.88
Next 24 Months	6.51	6.06	▲ 6.00

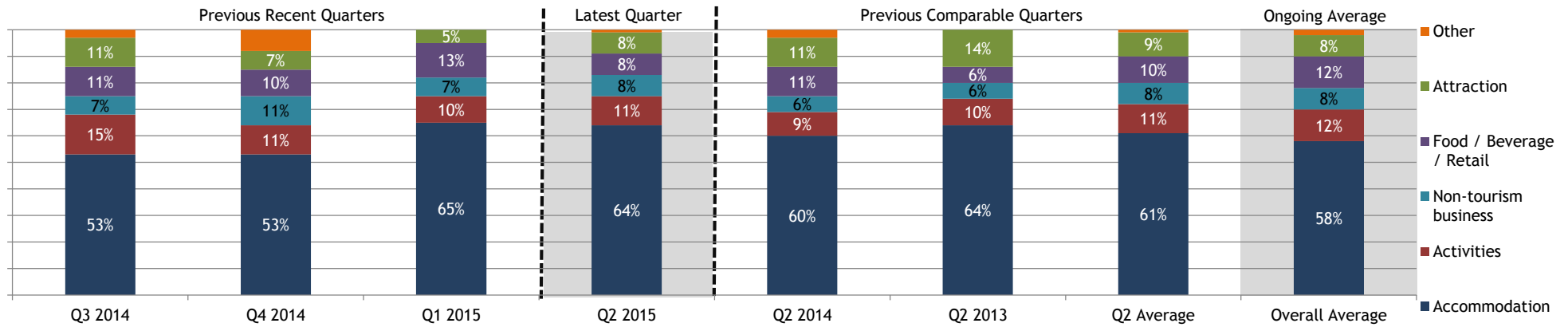
*Business confidence over short, medium and long term compared to last year and quarter average.*

## Area



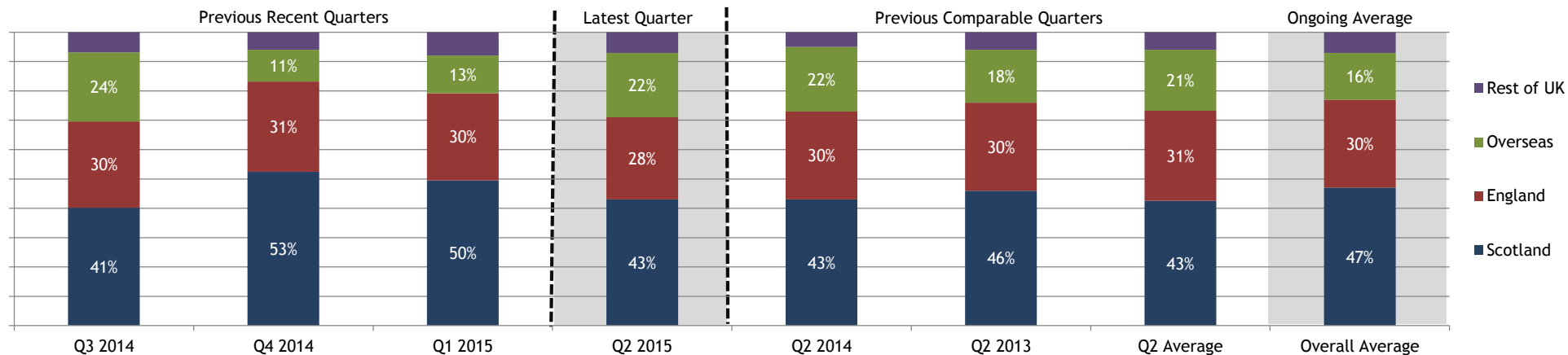
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (63%), Royal Deeside (21%), Highland Perthshire (9%) and Glenlivet (7%).

## Sector



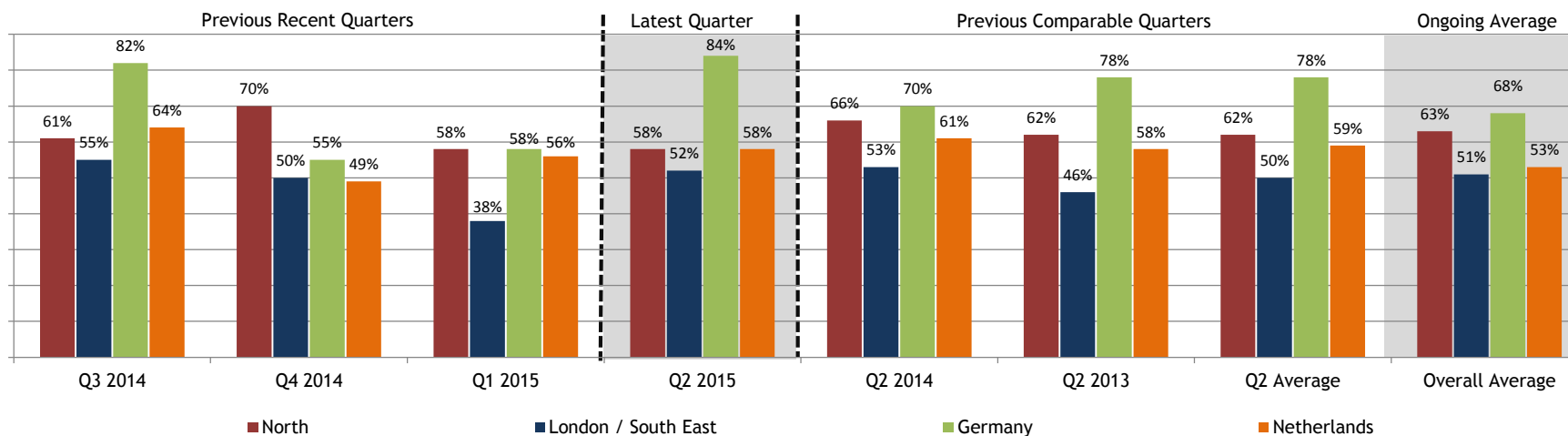
► In terms of business sector, the sample was made up as follows: Accommodation provider (64%), Activity operator (11%), Food / Beverage / Retail business (8%), Attraction (8%), Other tourism business (1%) and Non-tourism business (8%).

## Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (43% of all customers), visitors from England (28%), Overseas visitors (22%), and visitors from the rest of the UK (7%).
- ▶ The results recorded this quarter were similar to previous Q2 periods, however there was an indication of a slight reduction of English visitors compared to previous quarters.

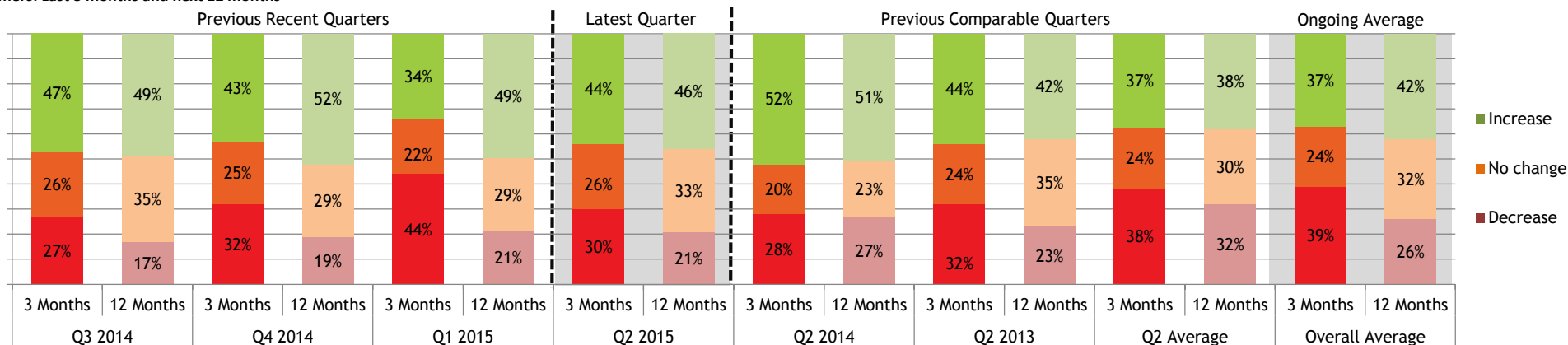
## Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from the North (58% of businesses who engaged with visitors from England traded with customers from the North of England) followed by London / South East (52%). The proportion of visitors from the North is on par with last quarter but was below recent comparable quarters, the Q2 Average and the Overall Average.
- ▶ The German market remains the most common segment from abroad (84% and well above the Q2 Average). The next most significant international market was The Netherlands at 58% which was broadly on par with the the Q2 Average.

## Business Levels

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

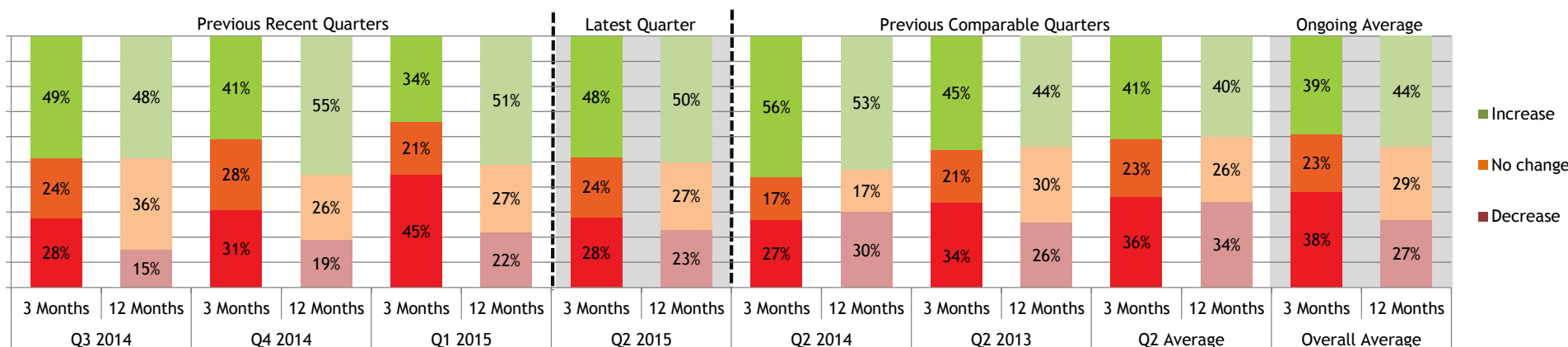


► There was a small overall increase in customer numbers as more businesses increased their customer numbers than decreased their customer numbers (44% versus 30%). Whilst well above last quarter (Q1 2015) and the Q2 Average, customer number performance was notably below last year's level.

► 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 (46% versus 21%). The overall outlook recorded this quarter was more positive than the Q2 Average but was broadly on par with a year ago (Q2 2014).

## Business Levels

Turnover: Last 3 months and next 12 months

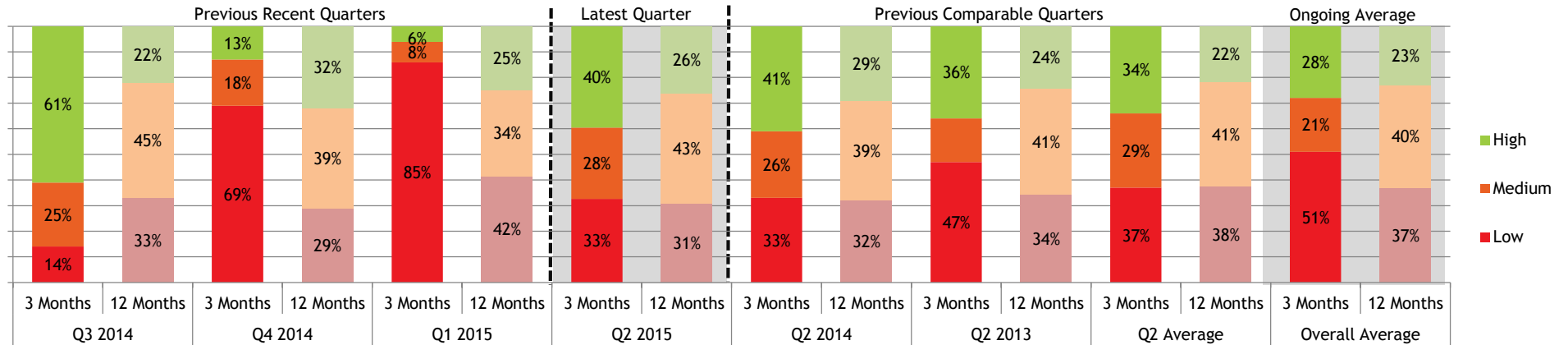


► There was a small overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (48% versus 28%). In line with the customer number trend, turnover grew significantly compared last quarter (Q1 2015) and the Q2 Average, but was below the level of Q2 2014.

► 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 (50% versus 23%). The results this quarter constituted a much more positive outlook compared to the Q2 Average and overall were slightly more optimistic than that recorded a year ago.

## Business Levels

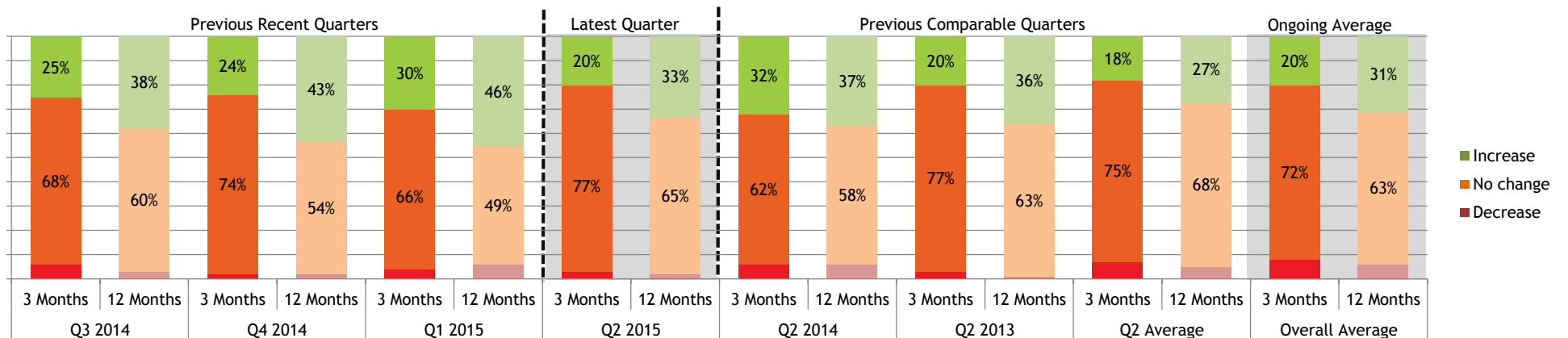
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 33% of accommodation providers recorded low occupancy of less than 50% whilst 40% achieved high occupancy of 70% or above during the quarter. The start of the tourist season shows tremendous occupancy growth compared to last quarter. Occupancy overall was broadly on par with last year (Q2 2014) and slightly above previous Q2 periods.
- ▶ 31% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 26% expect to achieve high occupancy of 70% or above. Accommodation providers had similar expectations regarding future performance compared to Q2 2014 and Q2 2013 and a slightly more optimistic view compared to the Q2 Average.

## Investment Levels

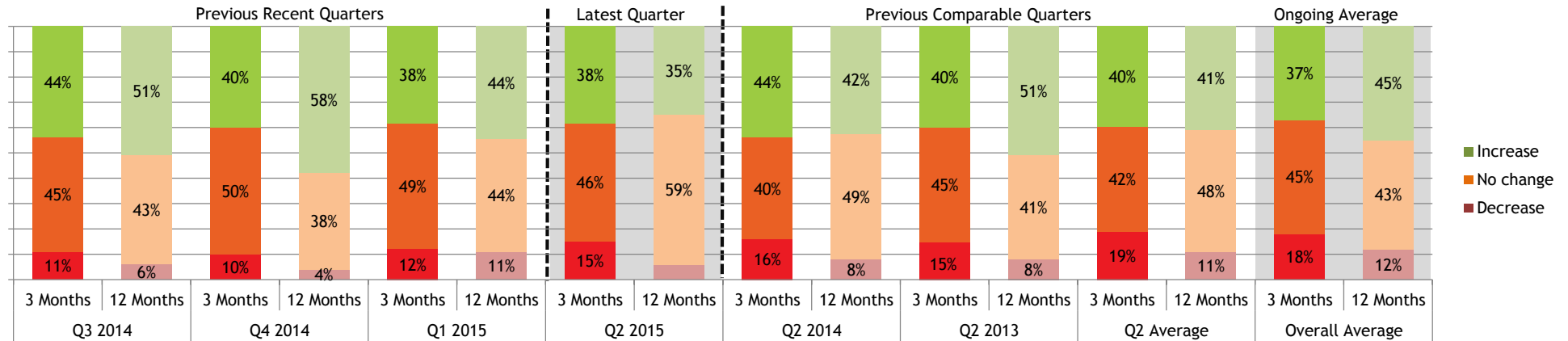
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (77%) noted no change in staff training investment, a small overall increase in staff training investment was recorded as 20% increased their investment in this aspect compared to just 3% who decreased investment. The overall growth in staff training investment was below Q2 2014 but above the Q2 Average and the Overall Average.
- ▶ Going forward businesses continued to expect a faster rate of change in staff training investment compared to current levels. That said, more than half of businesses (65%) thought that staff training investment would remain unchanged in the coming 12 months. These results overall suggested more intent to invest in staff training compared to Q2 2014 and the Q2 Average.

## Investment Levels

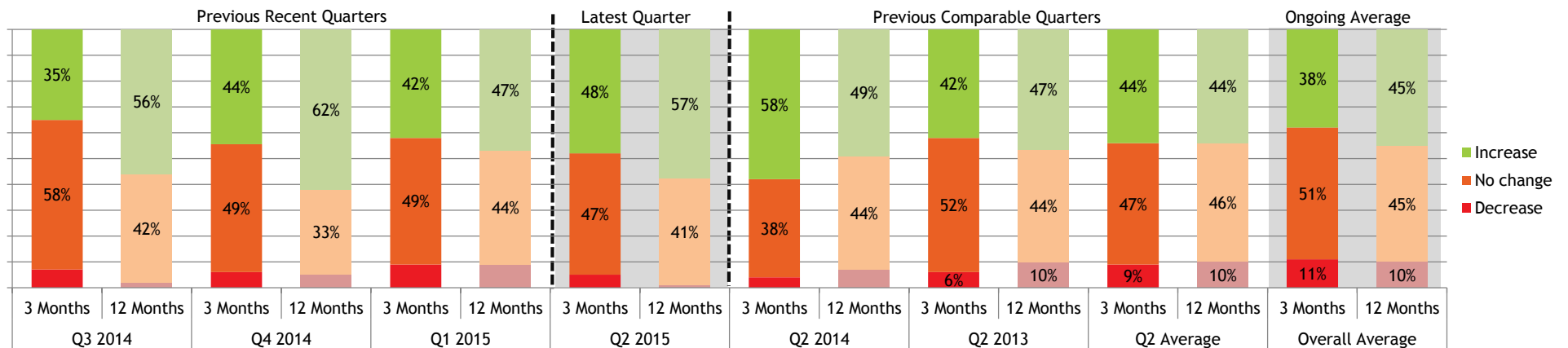
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 38% of businesses increased their investment in this aspect this quarter whilst 15% decreased investment. The overall growth in marketing and promotion investment this quarter was slightly down on previous recent quarters, on par with Q2 2014 but well above the Q2 Average.
- ▶ Continued growth in marketing and promotion investment was again expected as 35% of businesses expected to increase their investment in this aspect in the year ahead whilst only 5% expected to decrease investment. Although an overall increase was noted for the year ahead, the anticipated growth was not as high as in recent quarters, previous comparable quarters or the Overall Average.

## Investment Levels

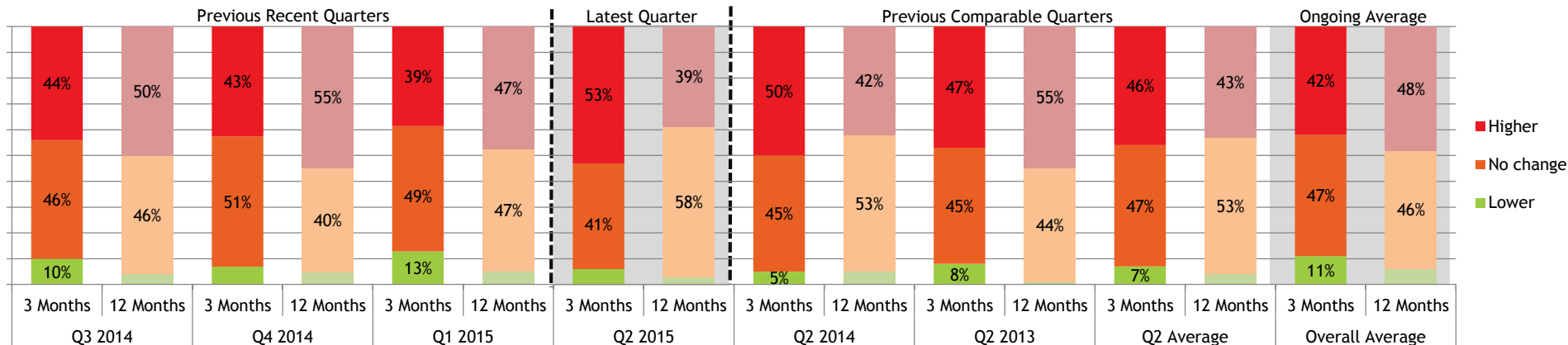
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 48% of businesses increased their investment in this aspect whilst 5% decreased investment. The overall growth in buildings and infrastructure investment this quarter was notably higher than Q1 2015 and the Q2 Average, but well below Q2 2014.
- ▶ Going forward there are strong expectations to increase buildings and infrastructure investment - 57% expected to increase investment in this aspect in the year ahead whilst only 1% expected to decrease investment. These results implied significantly higher levels of confidence to invest in buildings and infrastructure compared to last quarter, previous comparable quarters and the Overall Average.

## Costs

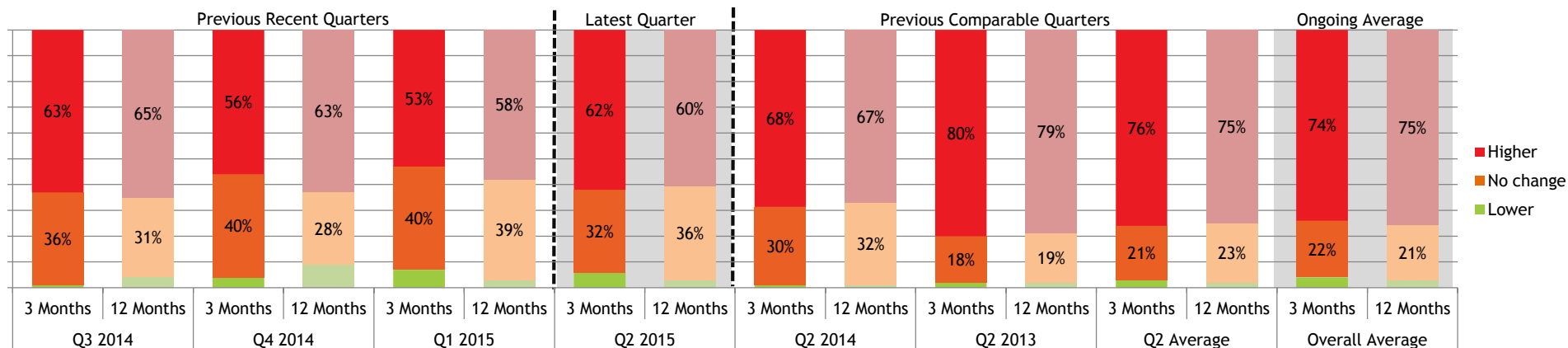
Staff: Last 3 months and next 12 months



- ▶ An overall increase in staff costs was recorded as 53% of businesses registered higher staff costs this quarter compared to the same quarter a year ago whilst 6% registered lower costs. Although broadly on par with Q2 2014, these results indicate a much steeper increase in staff costs compared to last quarter and the Q2 Average.
- ▶ Staff costs were expected to increase at slightly slower rate than currently as 39% of businesses expected these costs to increase in the year ahead whilst 3% expected them to decrease. These results implied that businesses expect staff costs to increase comparatively less in the year ahead than in previous Q2 periods.

## Costs

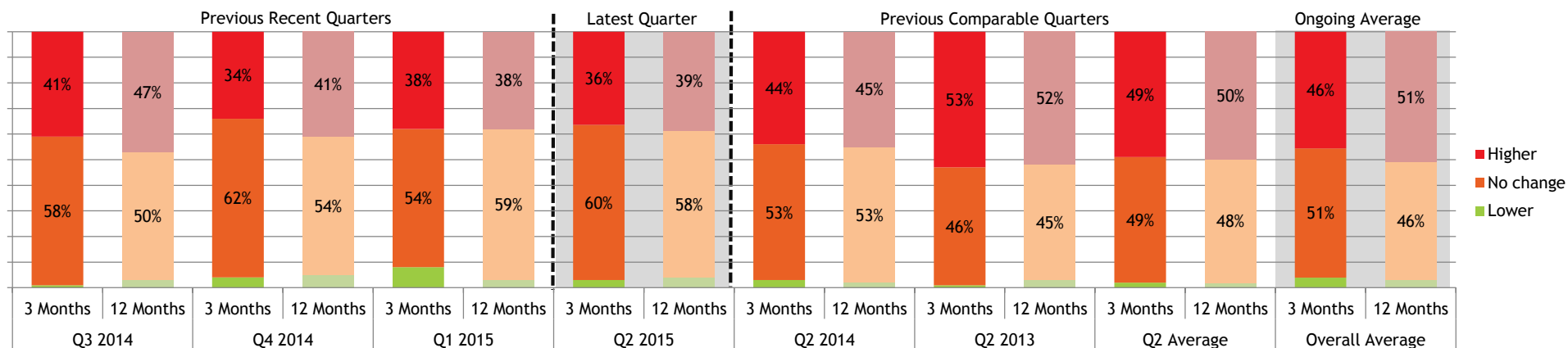
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was recorded as 62% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 6% noted lower costs. On a positive note, the overall results this quarter showed a less steep increase in supplier costs compared to comparable quarters, the Q2 Average and the Overall Average.
- ▶ Supplier costs overall were expected to increase at a similar rate to currently as 60% of businesses expected these costs to increase in the year ahead and 3% expected these costs to decrease. Similar to the findings over the last three months, these results implied less steep increases in supplier costs were expected compared to comparable quarters, the Q2 Average and the Overall Average.

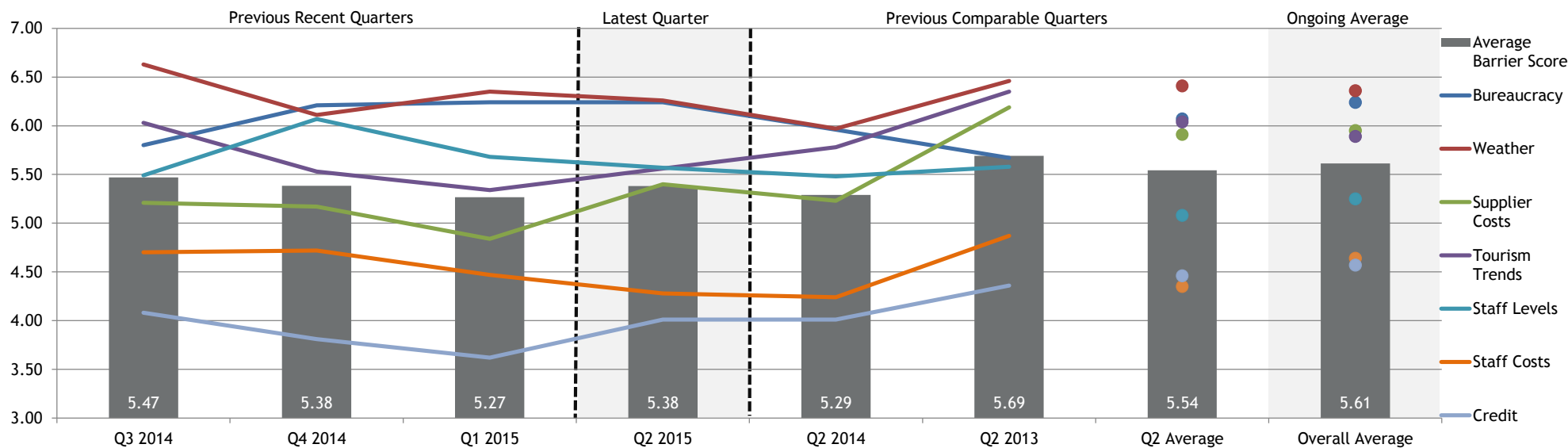
## Costs

Administration: Last 3 months and next 12 months



- ▶ An overall increase in administration costs was recorded as 36% of businesses observed higher administration costs this quarter compared to the same quarter a year ago whilst 3% observed lower costs. The overall results this quarter showed a less steep increase in administration costs compared to comparable quarters, the Q2 Average and the Overall Average.
- ▶ Administration costs were again expected to increase at a similar rate as currently as 39% of businesses expected these costs to increase in the year ahead whilst 3% expected these costs to decrease. Similar to the findings over the last three months, these results implied less steep increases in administration costs were expected compared to comparable quarters, the Q2 Average and the Overall Average.

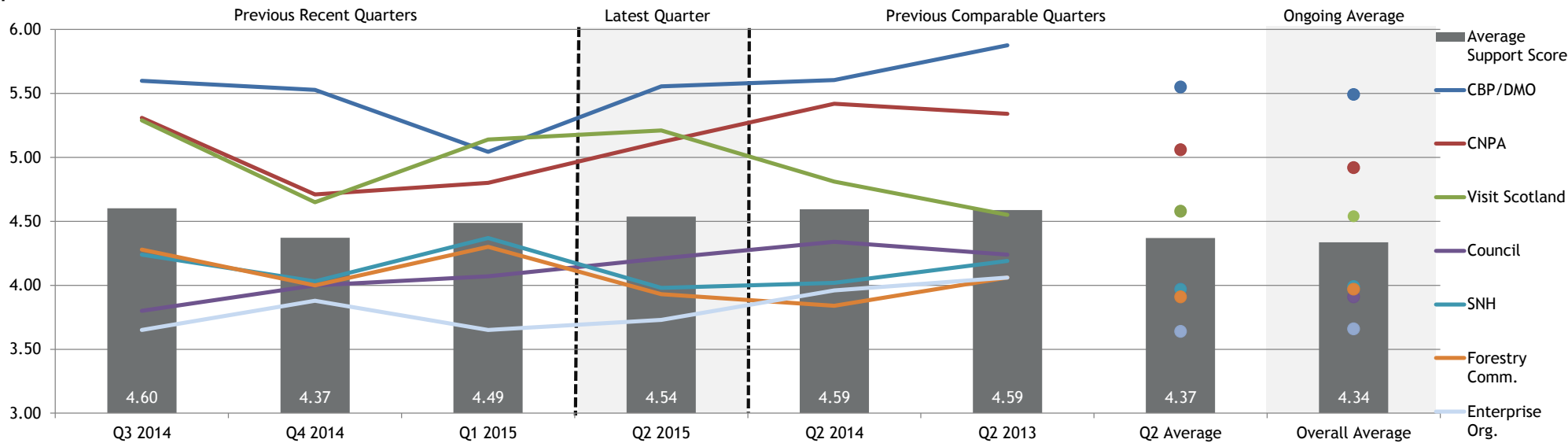
## Barriers



- ▶ The average barrier to growth score this quarter was 5.38 out of 10 which was higher than last quarter and Q2 2014, but below the Q2 Average and the Overall Average.
- ▶ Weather (6.26), bureaucracy (6.24) and staff levels (5.57) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter was supplier costs increasing from 4.84 in Q1 2015 to 5.4 in Q2 2015.
- ▶ Tourism trends were considered to be a much less significant barrier this year compared to last year and the year before (5.56 vs. 5.78 in Q2 2014 and 6.35 in Q2 2013).



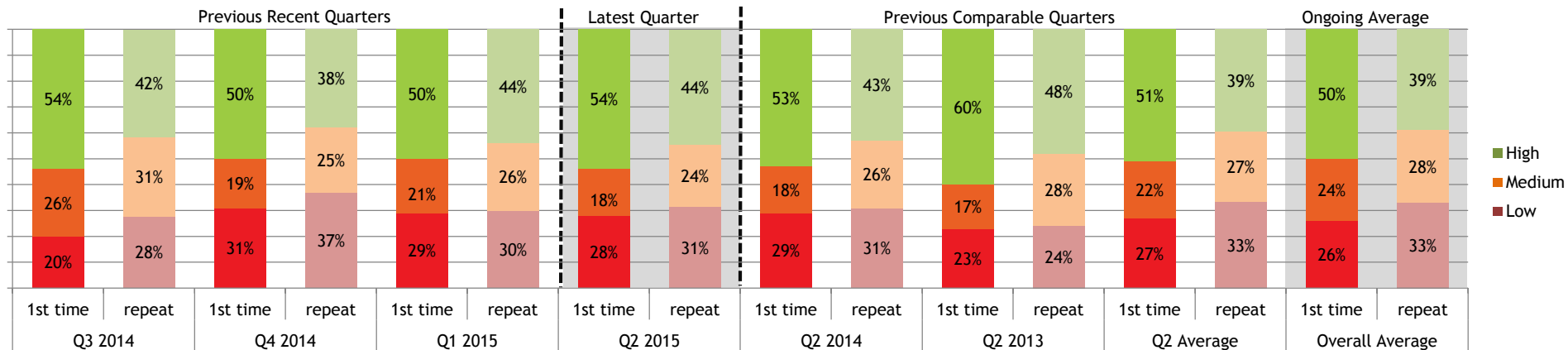
## Support



- ▶ The overall level of support / contribution provided by organisations was rated at 4.54 this quarter which was broadly on par with comparable quarters but above the Q2 and Overall Average.
- ▶ The contribution / support provided by CBP / DMO (5.55) was rated most positively whilst the opposite was true for the Enterprise Organisation (3.73)
- ▶ The organisation which recorded the largest change in perception from last quarter was CBP/DMO: average support scores increased from 5.04 in Q1 2015 to 5.55 in Q2 2015. A significant fall was recorded for SNH (4.37 in Q1 2015 to 3.98 in Q2 2015).
- ▶ The organisation which recorded the largest change in perception from last year was VisitScotland: average support scores increased from 4.81 in Q2 2014 to 5.21 in Q2 2015.

## Influences

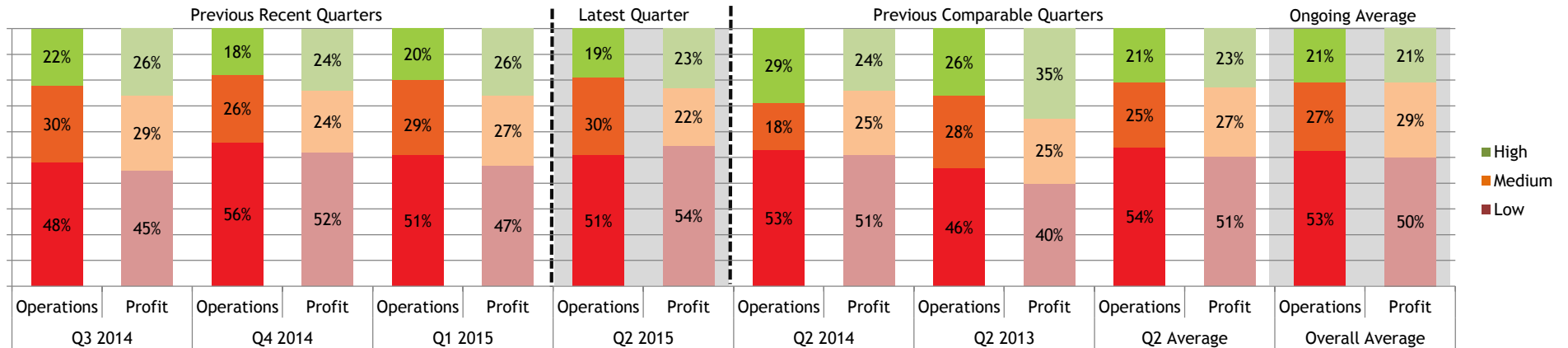
### Influence of CNP - Attracting First time & Repeat Customers



- ▶ 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 28% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence the Park was perceived to have in attracting first time customers was on par with last quarter, but higher than in Q2 2014, the Q2 Average and Overall Average.
- ▶ 44% 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 31% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence the Park was perceived to have in attracting repeat customers was slightly below last quarter and previous comparable quarters, but on par with the Overall Average.

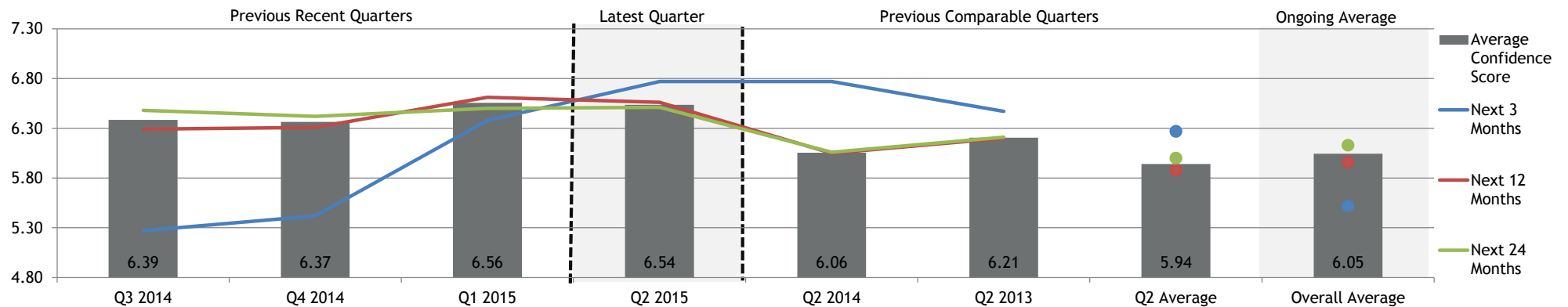
## Influences

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



- ▶ 19% 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 51% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence the Park was perceived to have on business operations was on par with last quarter and the Overall Average, but below previous comparable quarters.
- ▶ 23% 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 54% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence the Park was perceived to have on profitability was at it's lowest level, below all recent quarters, previous comparable quarters, the Q2 and Overall Average.

## Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.77 out of 10 which was on par with last year but above the Q2 Average.
- ▶ Medium term confidence (next 12 months) was rated at 6.56 out of 10 which was on par with last quarter and well above previous comparable quarters, the Q2 Average and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.51 out of 10 which was also on par with last quarter and well above previous comparable quarters, the Q2 Average and the Overall Average.
- ▶ The Average Confidence Score for the medium and long term was 6.54 which on par with last quarter but well above the Q2 Average and the Overall Average.