

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 January 2017 and asked operators to consider their performance during the fourth quarter of the year (October to December 2016). 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 87 last quarter.

Executive Summary

- ▶ Proportionally fewer visitors from Scotland and more from overseas were recorded this quarter compared to the Q4 Average. Following successive quarters of below average representation, the proportion of visitors from England was on par with Q4 and Overall averages.
- ▶ Visitors from London / South East were most common among those from England whilst German and American visitors were most common among those from overseas with both international markets being above the Q4 Average.
- ▶ Customer numbers and turnover increased this quarter compared to last year. Growth was much more pronounced compared to previous Q4 periods.
- ▶ The majority of accommodation (65%) providers achieved low occupancy of 50% or below. However, Q4 performance was above that of the previous 3 years. In fact Q4 2016 marked the best ever Q4 occupancy level.
- ▶ Staff, supplier and administration costs saw quite steep increases compared to Q4 2015. Staff costs, in particular, increased compared to the longer term average during Q4.
- ▶ Overall barriers to growth were rated below last year and previous Q4 periods. Supplier costs was the only barrier to perceived to be more challenging compared to last year. That said, supplier costs was still rated below the Q4 Average.
- ▶ The contribution / support provided by CBP / DMO to local businesses continued to grow in Q4 2016 and was at its highest ever levels.
- ▶ Medium and long term business confidence continued to be at their highest ever levels since the Barometer began in Q3 2009.

Cairngorms Business Partnership Commentary

- ▶ "Overall business levels and sentiment were positive for the last quarter of 2016. It is pleasing to see an increasing proportion (of a greater volume) of visitors from outside of Scotland and particularly visitors from London and the South East of England and from overseas. These visitors are much less likely to be short term weather dependant, weather continues to be quoted as the most significant barrier to doing business. The influence of 'National Park' status on first time visitors continues to grow at 57% quoting a High Influence compared to a Q4 average of just 49%."

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

Dashboard Summary

Origin	Q4 2016	Q4 2015	Q4 Average
Scotland	47%	50%	53%
England	31%	28%	30%
Overseas	16%	11%	11%

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

Business Levels	Q4 2016	Q4 2015	Q4 Average
Customers - Last 3 months	9%	-4%	-7%
Customers - Next 12 months	27%	36%	25%
Turnover - Last 3 months	13%	2%	-4%
Turnover - Next 12 months	29%	42%	26%

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

Costs	Q4 2016	Q4 2015	Q4 Average
Staff - Last 3 months	39%	29%	28%
Staff - Next 12 months	46%	56%	45%
Supplier - Last 3 months	64%	35%	63%
Supplier - Next 12 months	69%	59%	70%
Administration - Last 3 months	39%	28%	38%
Administration - Next 12 months	48%	41%	49%

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

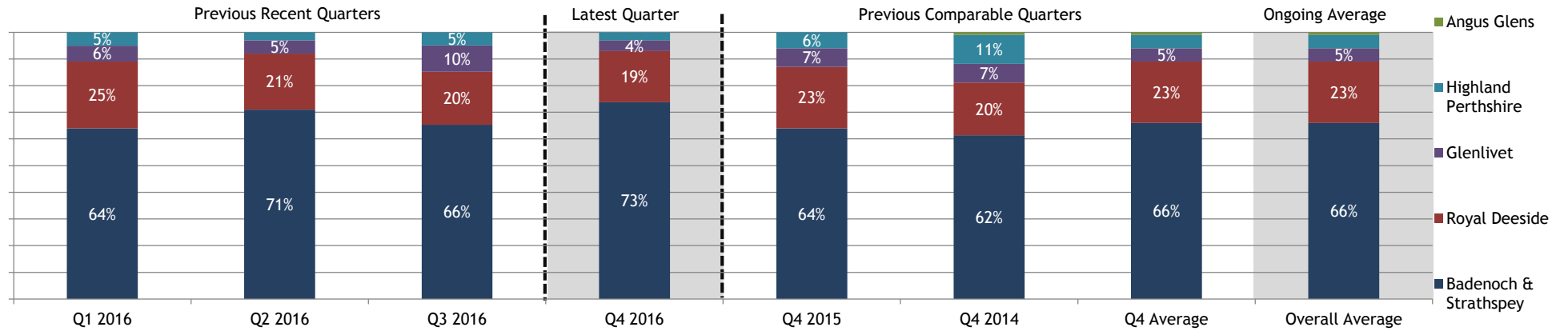
Barriers	Q4 2016	Q4 2015	Q4 Average
Average	5.19	5.59	5.53
Weather	6.02	7.00	6.36
Supplier Costs	5.66	5.13	5.85
Bureaucracy	5.47	6.02	6.11

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

Business Confidence	Q4 2016	Q4 2015	Q4 Average
Next 3 Months	5.68	5.57	5.10
Next 12 Months	6.69	6.62	6.08
Next 24 Months	6.84	6.86	6.31

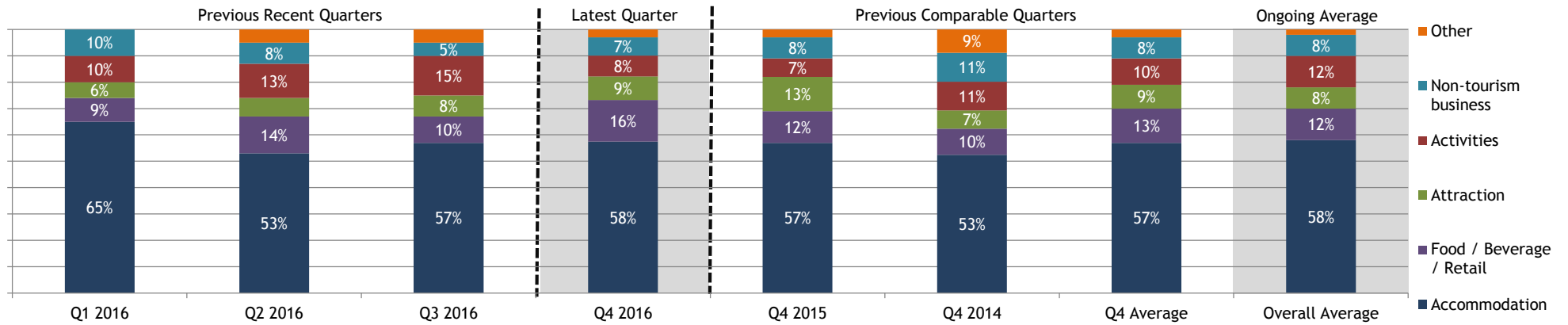
Business confidence over short, medium and long term compared to last year and quarter average.

Area



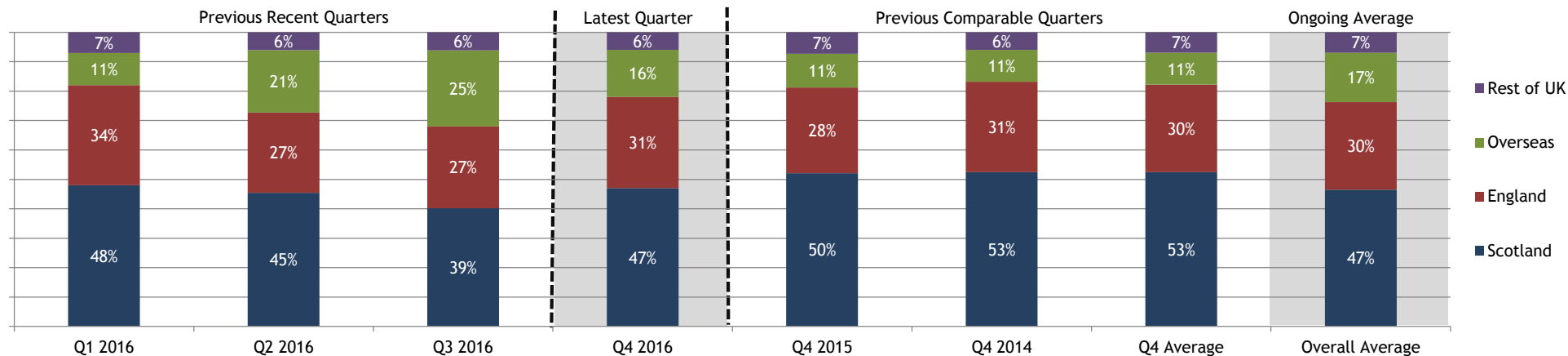
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (73%), Royal Deeside (19%), Glenlivet (4%), Highland Perthshire (3%) and Angus Glens (0%)

Sector



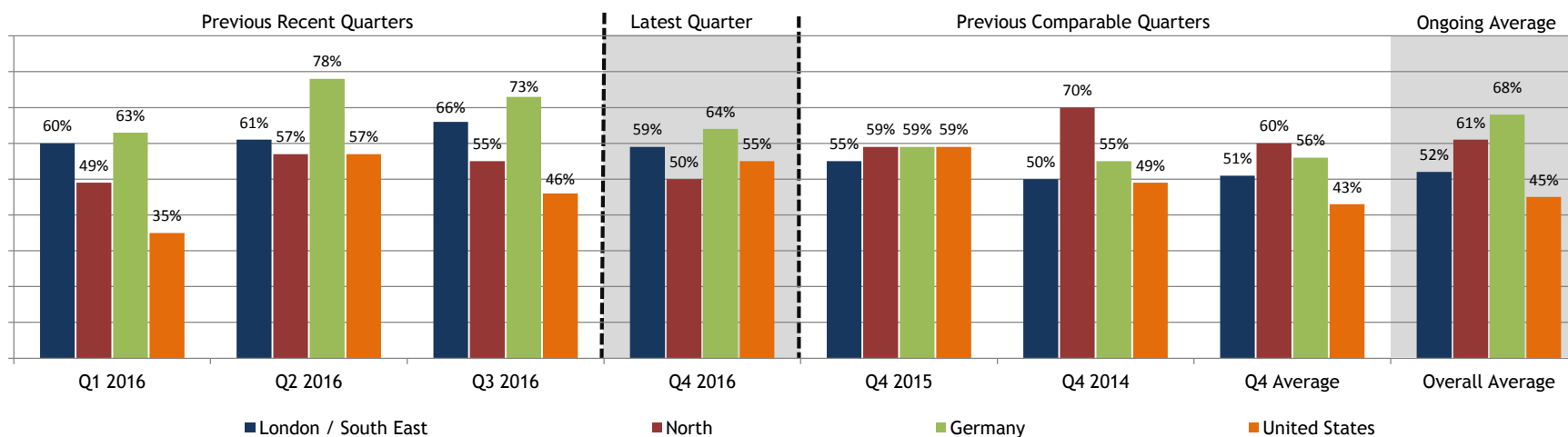
► In terms of business sector, the sample was made up as follows: Accommodation provider (58%), Food / Beverage / Retail business (16%), Attractions (9%), Activity operator (8%) and Non-tourism business (7%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (47% of all customers), visitors from England (31%), Overseas visitors (16%), and visitors from the rest of the UK (6%).
- ▶ Compared with previous Q4 periods there was an increase in Overseas visitors and a decrease in Scottish visitors. Additionally, following two consecutive quarters of below average representation, the proportion of visitors from England was on par with the Q4 Average and the Overall Average.

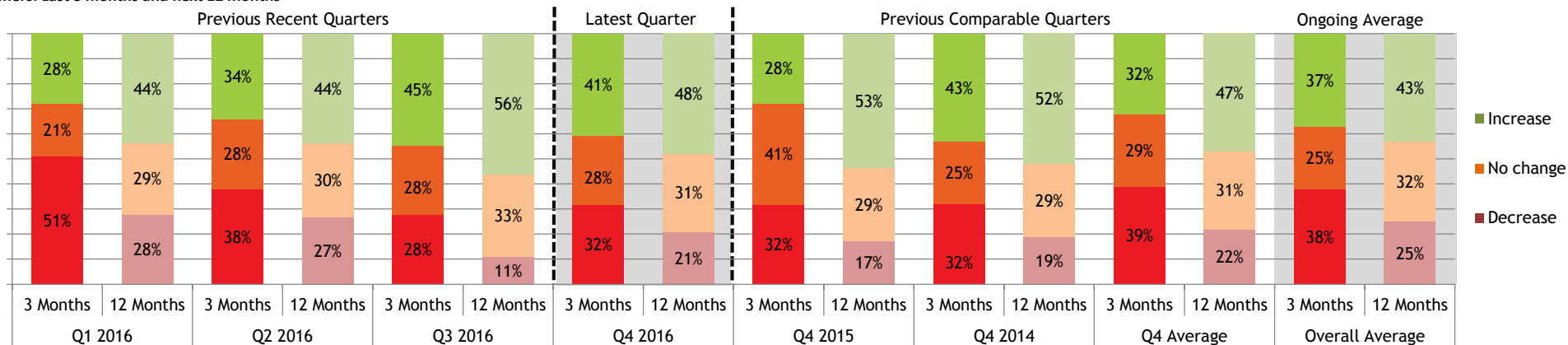
Origin - Top Source Markets England and Overseas



- ▶ The most common segment from England was visitors from London / South East (59% of businesses who engaged with visitors from England traded with customers from London / South East of England) followed by the North (50%). The proportion of visitors from London / South East was higher than in previous Q4 periods as well as the Overall Average.
- ▶ The German market remains the most common segment from abroad (64% which was an increase compared to previous Q4 periods). The next most significant market was the United States (55%) which saw a slight reduction compared to Q4 2015 but was well above the Q4 Average and the Overall Average.

Business Levels

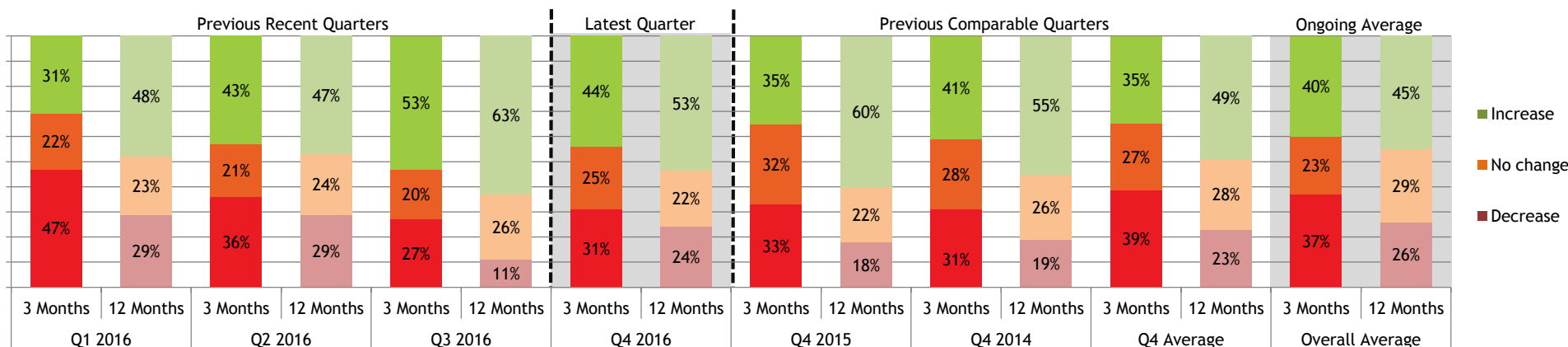
No. Of Customers: Last 3 months and next 12 months



- ▶ There was an overall increase in customer numbers as more businesses increased their customer numbers than decreased their customer numbers (41% versus 32%). Customer number performance was much more positive compared to the same period last year, on par with two years ago and well above the Q4 Average.
- ▶ 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 (48% versus 21%). The overall outlook recorded this quarter was slightly less positive than recent comparable quarters but overall was on par with the Q4 Average.

Business Levels

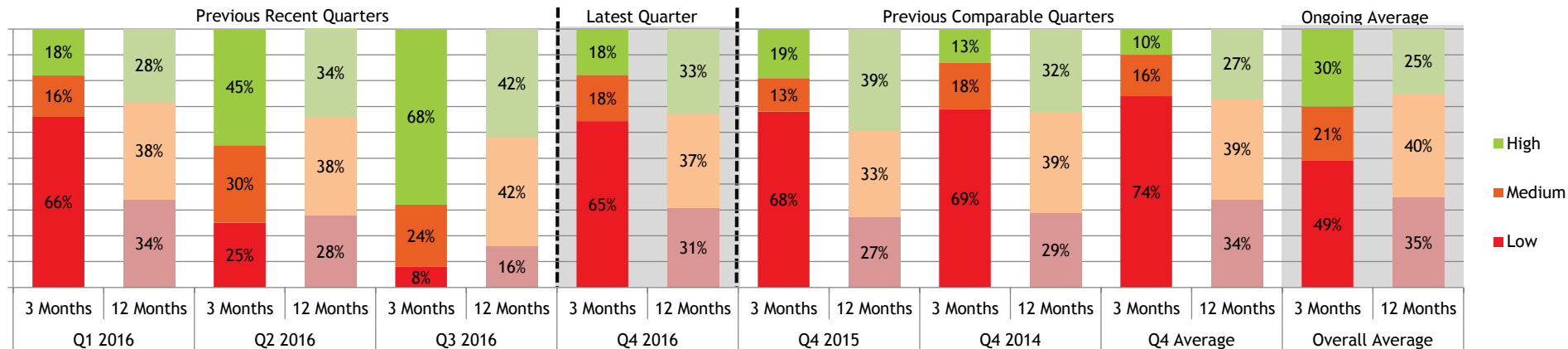
Turnover: Last 3 months and next 12 months



- ▶ There was a small overall increase in turnover this quarter as more businesses increased their turnover than decreased their turnover (44% versus 31%). Turnover grew at a faster rate than Q4 2015 and was also much more positive than the Q4 Average.
- ▶ 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 (53% versus 24%). The results this quarter constituted a less positive outlook compared to previous comparable quarters, but was slightly more positive compared to the Q4 Average.

Business Levels

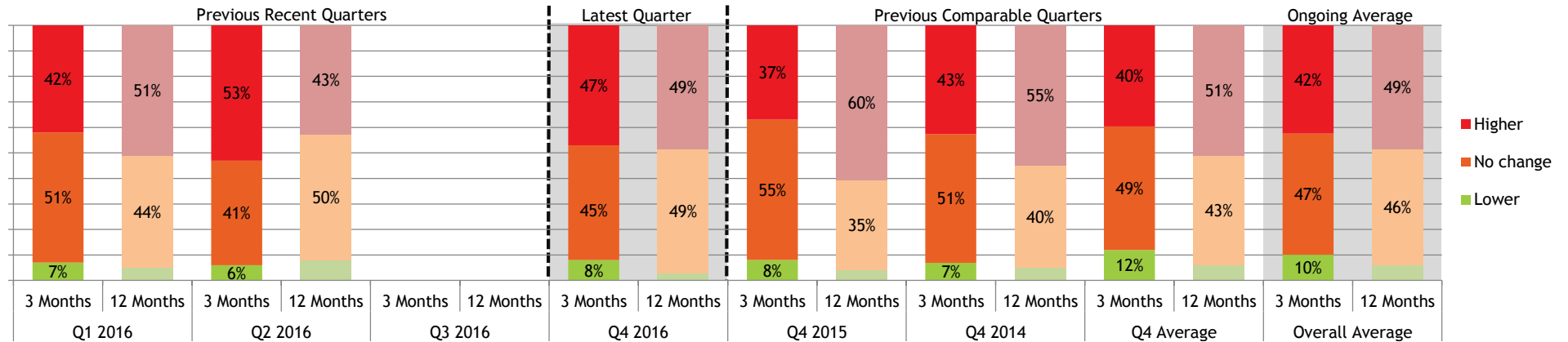
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 65% of accommodation providers recorded low occupancy of less than 50% whilst 18% achieved high occupancy of 70% or above during the quarter. Looking at the running Q4 Average, it is evident that over the years occupancy levels have been improving.
- ▶ 31% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 33% expected to achieve high occupancy of 70% or above. Similar to the achieved performance, accommodation providers' expectations regarding future occupancy performance was more positive than the Q4 Average.

Costs

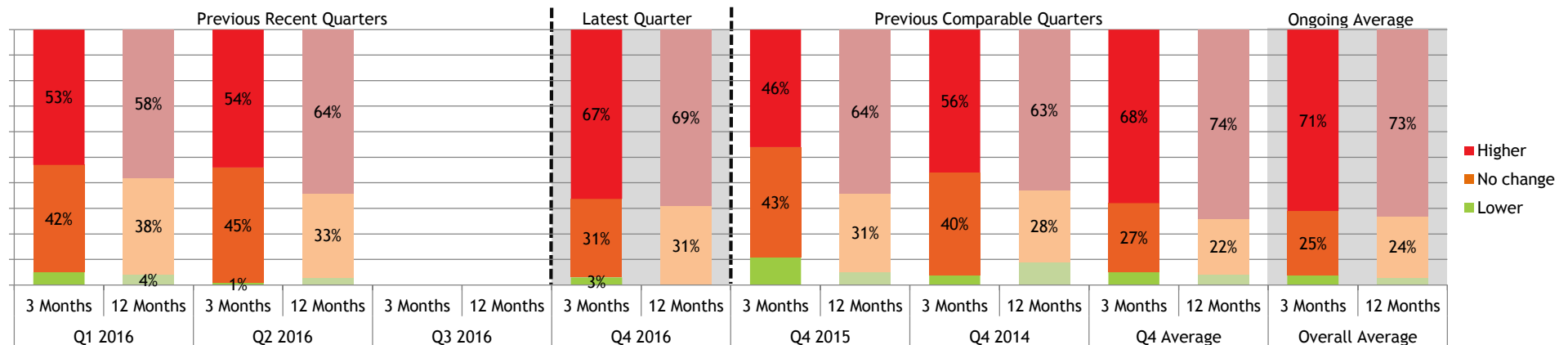
Staff: Last 3 months and next 12 months



- ▶ Whilst 45% of businesses noted no change in staff costs, a small overall increase was recorded as 47% of businesses registered higher staff costs compared to just 8% who noted lower costs. These results indicate a significantly faster rate of change in staff costs compared to previous comparable quarters and the Q4 Average.
- ▶ Staff costs were expected to increase at similar rate as currently as 49% of businesses expected these costs to increase in the year ahead whilst 4% expected them to decrease. These results imply that businesses expect staff costs to increase at a slower rate compared to Q4 2015 but quicker than the Q4 Average.

Costs

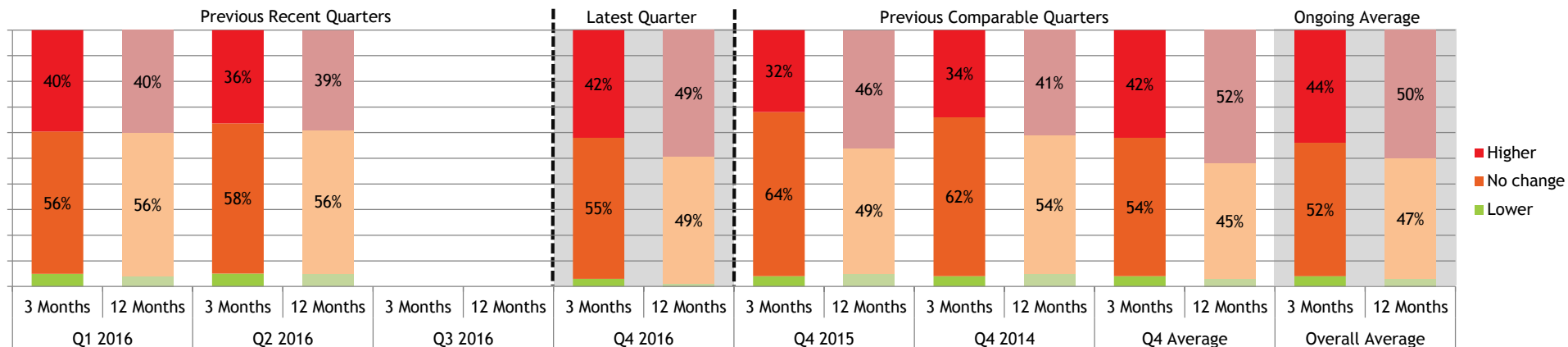
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was recorded as 67% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 3% noted lower costs. The overall results suggest a significantly steeper increase in supplier costs compared to this time last year, but a rate of change that is broadly on par with the Q4 Average.
- ▶ Supplier costs overall were expected to increase at a similar rate to currently as 69% of businesses expected these costs to increase in the year ahead and 0% expected these costs to decrease. These results imply that less steep increases in supplier costs were expected compared to the Q4 Average.

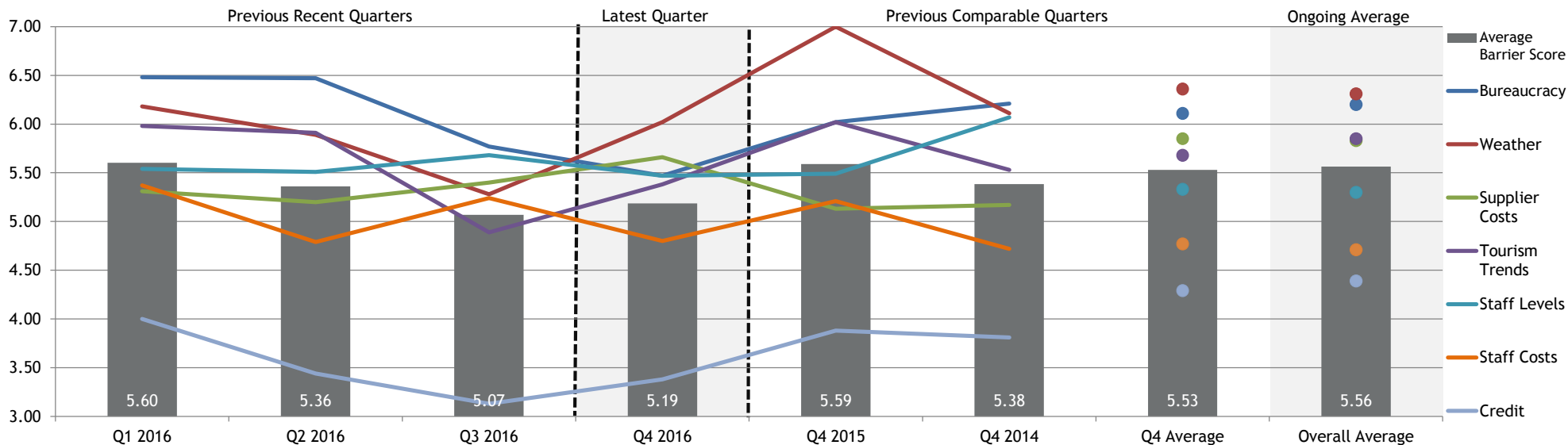
Costs

Administration: Last 3 months and next 12 months



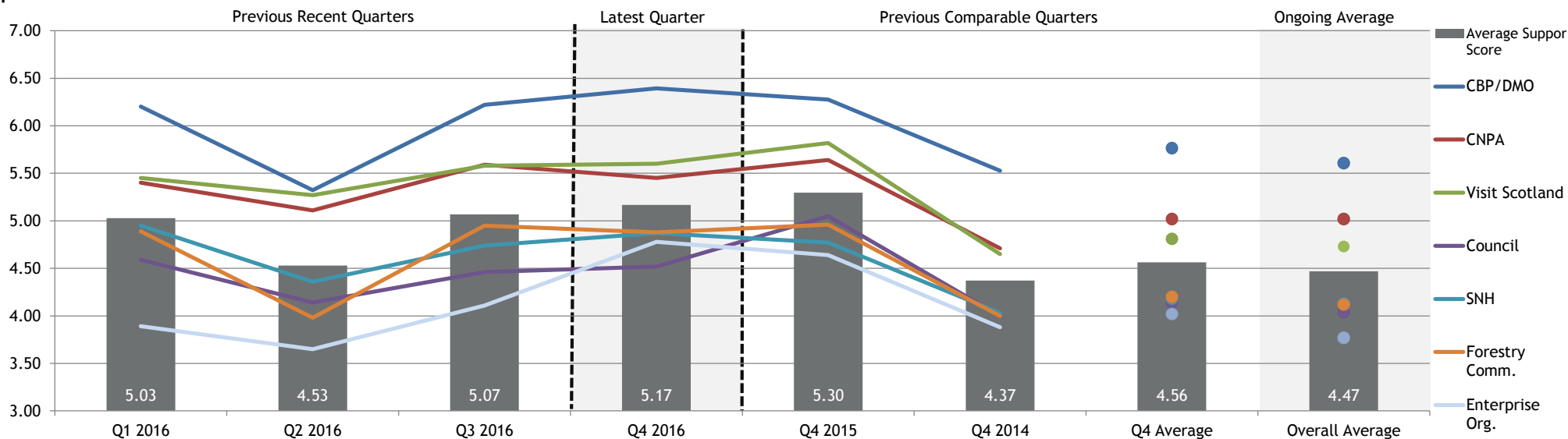
- ▶ Whilst most businesses (55%) noted no change in admin costs, an overall increase was recorded as 42% of businesses observed higher admin costs compared to just 3% who noted lower costs. The overall results marked a faster rate of change for admin costs compared Q4 2015 although this was on par with the Q4 and Overall Average.
- ▶ Administration costs were expected to increase at a higher rate than currently as 49% of businesses expected these costs to increase in the year ahead whilst 1% expected these costs to decrease. These results imply a similar increase in administration costs was expected compared to the Q4 Average.

Barriers



- ▶ The average barrier to growth score this quarter was 5.19 out of 10 which was slightly above last quarter but significantly below recent Q4 periods, the Q4 Average and the Overall Average.
- ▶ Weather (6.02), supplier costs (5.66) and staff levels and bureaucracy (both 5.47) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which recorded the steepest increase from last quarter was weather increasing from 5.28 in Q3 2016 to 6.02 in Q4 2016.
- ▶ Supplier costs was the only barrier which saw an increase compared to last year, going from 5.13 in Q4 2015 to 5.66 in Q4 2016.

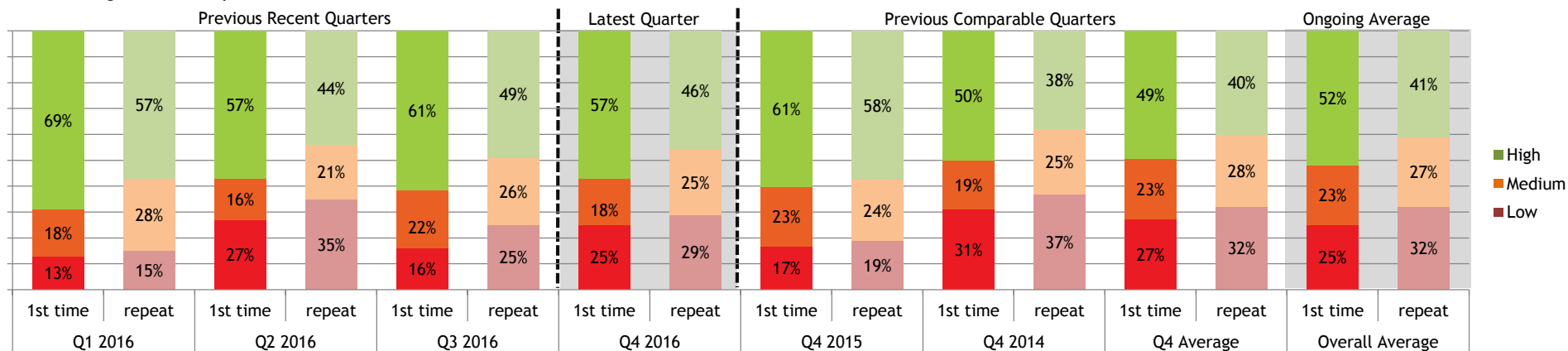
Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.17 which was below Q4 2015 but above recent quarters, the Q4 Average and the Overall Average.
- ▶ The contribution / support provided by CBP / DMO (6.39) was rated most positively whilst the opposite was true for local councils (4.52)
- ▶ The organisation which recorded the largest change in perception from last quarter were the Enterprise Organisations as scores increased from 4.11 in Q3 2016 to 4.78 in Q4 2016.
- ▶ The organisation which recorded the largest change in perception from last year was the Council: average support scores decreased from 5.05 in Q4 2015 to 4.52 in Q4 2016.

Influences

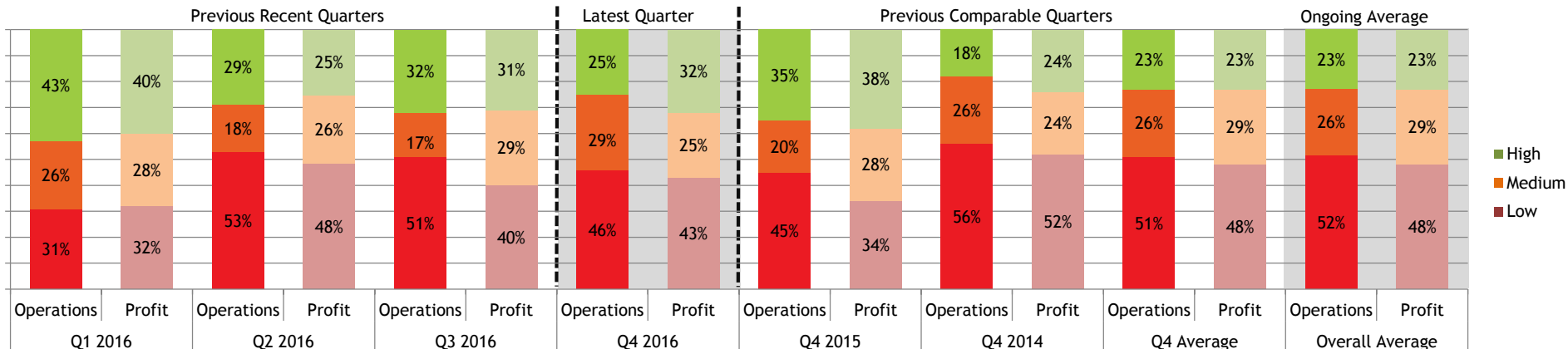
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 57% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 25% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting first time customers was below last quarter and Q4 2015 but above the Q4 and Overall Average.
- ▶ 46% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting repeat customers whilst 29% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting repeat customers was below last quarter and Q4 2015 but above the Q4 and the Overall Average.

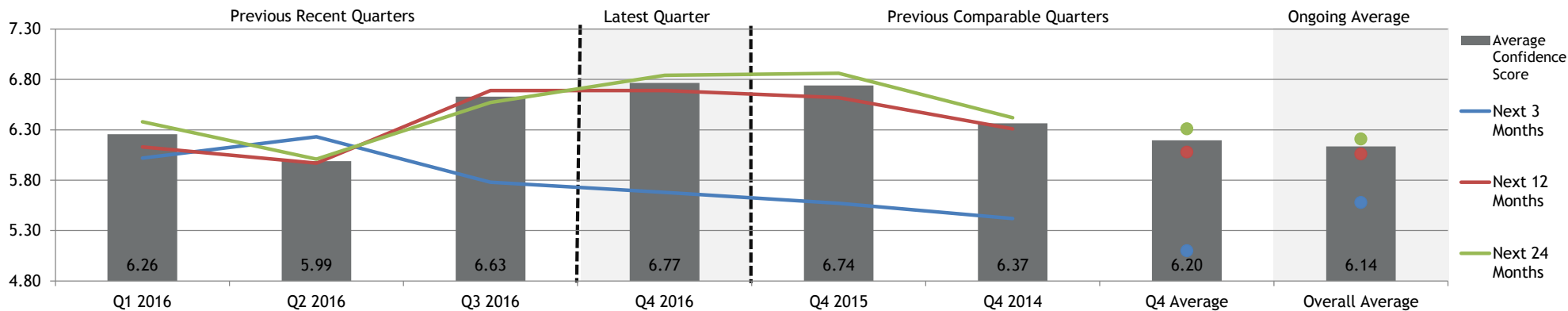
Influences

Influence of CNP - On Business Operations & Profitability



- ▶ 25% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 46% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was below Q4 2015 but above the Q4 Average and the Overall Average.
- ▶ 32% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their profitability whilst 43% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on profitability was below Q4 2015 but above the Q4 Average and the Overall Average.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 5.68 out of 10 which was below recent quarters, but above previous Q4s.
- ▶ Medium term confidence (next 12 months) was rated at 6.69 out of 10 which was on par with last quarter and Q4 2015, but was well above the Q4 Average.
- ▶ Long term confidence (next 24 months) was rated at 6.84 out of 10 which was the 2nd highest figure on record.
- ▶ The Average Confidence Score - factoring in the medium and long term view - was 6.77 which was the highest Average Confidence Score on record.