

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 April 2015 and asked operators to consider their performance during the first quarter of the year (January to March). The results from previous surveys are also shown to enable year-on-year comparisons and an understanding of ongoing trends.

104 businesses from across the CNP area contributed their views this quarter - this compares to 120 last quarter and 98 a year ago.

Executive Summary

- ▶ As is the norm at the start of the year, the Park heavily relied on visitors from across Scotland. Among those coming to the Park from outside Scotland, a decline in visitors from London / South East and an increase in German and Dutch visitors was evident.
- ▶ The first notable decrease in achieved business was apparent for over 2 years (since Q4 2012). Looking to the next 12 months, however, businesses were upbeat expecting growth, albeit less growth than last year and Q1 2013.
- ▶ Overall business investment in staff training, marketing and infrastructure was above the Q1 Average and above Q1 2013 levels but below Q1 2014. Compared to previous recent and comparable quarters, there was an increase in incurred and anticipated staff training investments.
- ▶ With the exception of staff costs, cost increases were lower compared to a year ago and the Q1 Average. This was especially pronounced for supplier costs which increased at its slowest rate. Businesses expect costs to increase more slowly than previously in the next 12 months.
- ▶ Overall barriers to growth were rated slightly below last year and well below Q1 2013 and the Q1 Average. Compared to last year, staff levels were seen as a significantly greater barrier whilst the opposite was true for supplier costs.
- ▶ Business confidence for the medium and long term was well above the Q1 Average and above recent quarters. The average confidence score, which combines 12 month and 24 month confidence, was at its highest level for 5 years.

Cairngorms Business Partnership Commentary

- ▶ It is very pleasing to see upbeat expectations of performance for the year ahead and beyond in the Cairngorms. The report has identified trading challenges during the quarter and earmarked issues affecting business growth which CBP and our partners can concentrate on and work more closely with our members to assist with. Helping businesses to train and develop their workforce is one such area, in particular, that CBP offers support.

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

Dashboard Summary

Origin	Q1 2015	Q1 2014	Q1 Average
Scotland	50%	48%	49%
England	30%	33%	32%
Overseas	13%	13%	10%

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

Business Levels	Q1 2015	Q1 2014	Q1 Average
Customers - Last 3 months	-10%	1%	-12%
Customers - Next 12 months	28%	23%	15%
Turnover - Last 3 months	-11%	6%	-10%
Turnover - Next 12 months	29%	23%	16%

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

Investment	Q1 2015	Q1 2014	Q1 Average
Staff training - Last 3 months	26%	15%	10%
Staff training - Next 12 months	40%	36%	23%
Marketing - Last 3 months	26%	27%	18%
Marketing - Next 12 months	33%	40%	28%
Infrastructure - Last 3 months	33%	40%	24%
Infrastructure - Next 12 months	38%	38%	32%

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

Costs	Q1 2015	Q1 2014	Q1 Average
Staff - Last 3 months	26%	20%	23%
Staff - Next 12 months	42%	58%	42%
Supplier - Last 3 months	46%	64%	70%
Supplier - Next 12 months	55%	77%	73%
Administration - Last 3 months	30%	37%	39%
Administration - Next 12 months	35%	42%	45%

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

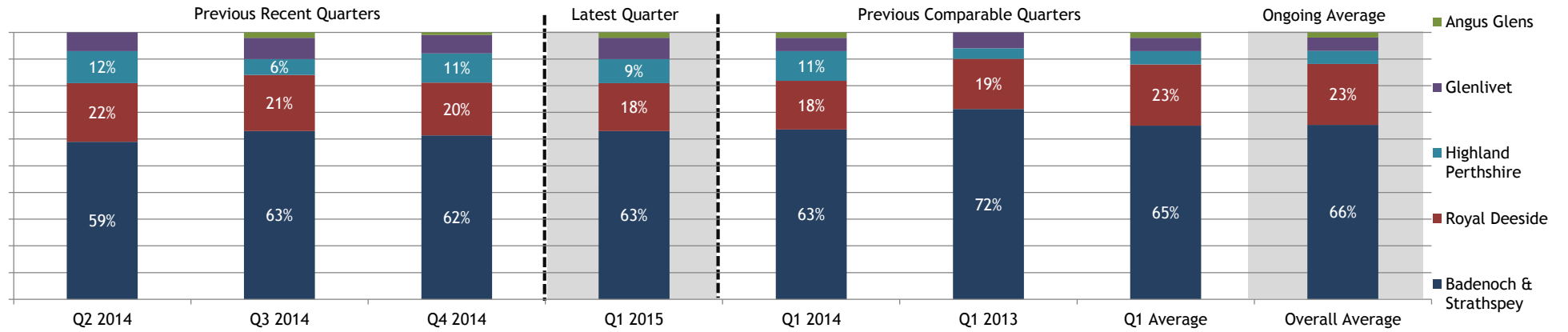
Barriers	Q1 2015	Q1 2014	Q1 Average
Average	5.27	5.31	5.64
Weather	6.35	6.08	6.37
Bureaucracy	6.24	6.34	6.27
Staff Levels	5.68	5.11	5.25

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

Business Confidence	Q1 2015	Q1 2014	Q1 Average
Next 3 Months	6.38	6.19	5.91
Next 12 Months	6.61	6.31	6.02
Next 24 Months	6.50	6.58	6.12

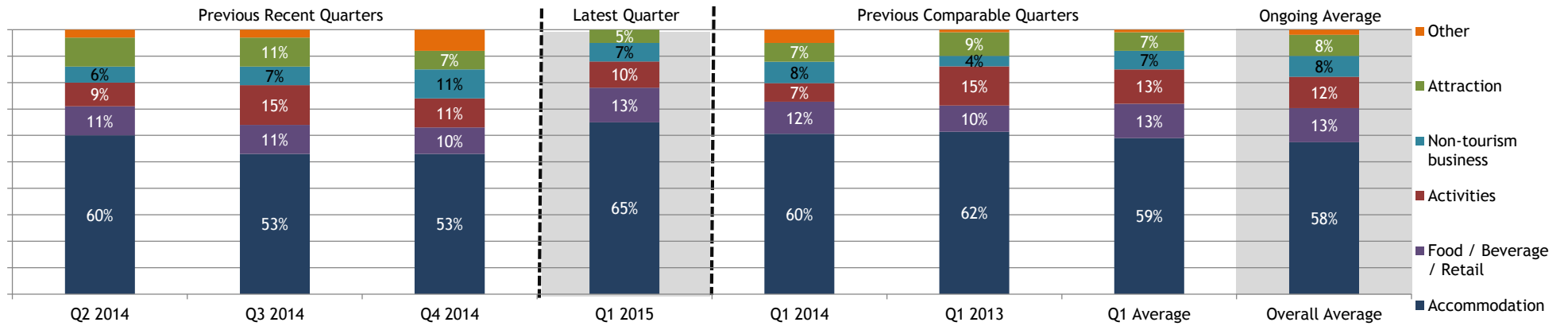
Business confidence over short, medium and long term compared to last year and quarter average.

Area



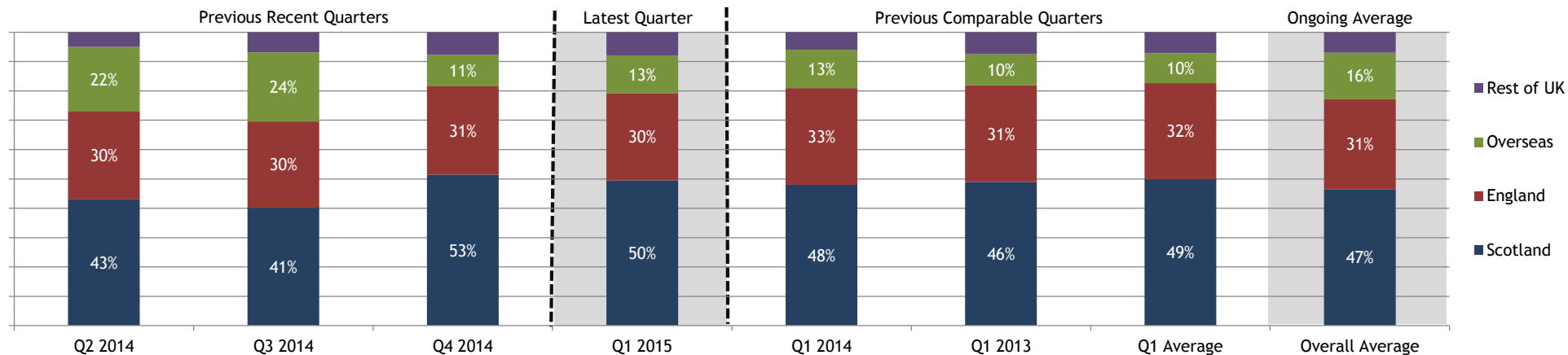
► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (63%), Royal Deeside (18%), Highland Perthshire (9%), Glenlivet (8%) and Angus Glens (2%)

Sector



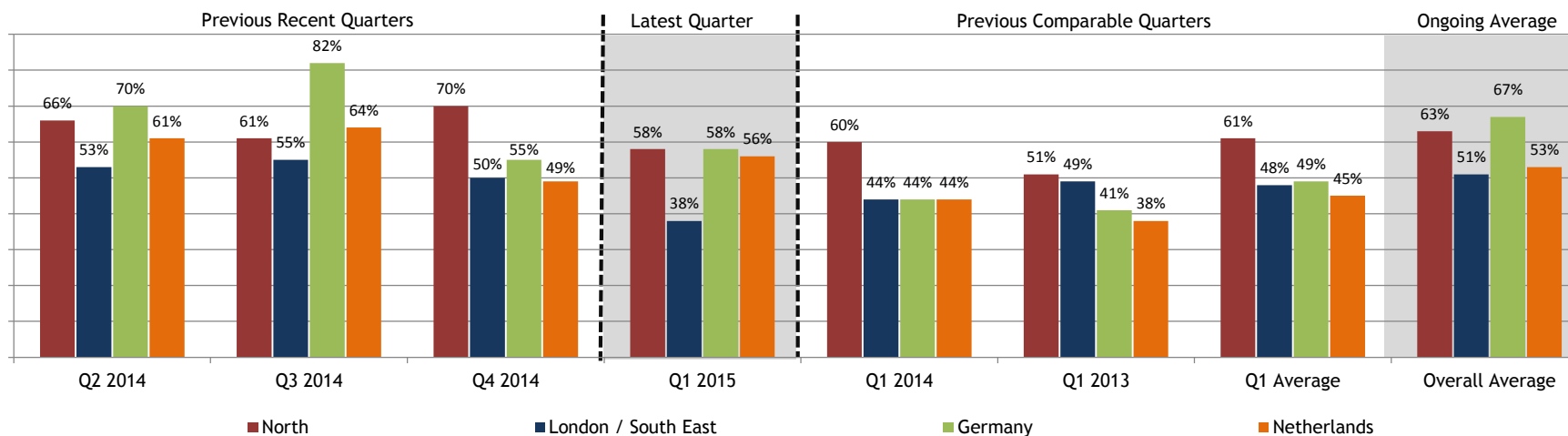
► In terms of business sector, the sample was made up as follows: Accommodation provider (65%), Food / Beverage / Retail business (13%), Activity operator (10%), Attraction (5%) and Non-tourism business (7%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (50% of all customers), visitors from England (30%), Overseas visitors (13%), and visitors from the rest of the UK (8%).
- ▶ Consistent with previous Q1 periods, the results show that Scotland-based customers were the key market and are notably more important in Q1 (and Q4) compared to the Q2 and Q3 periods.

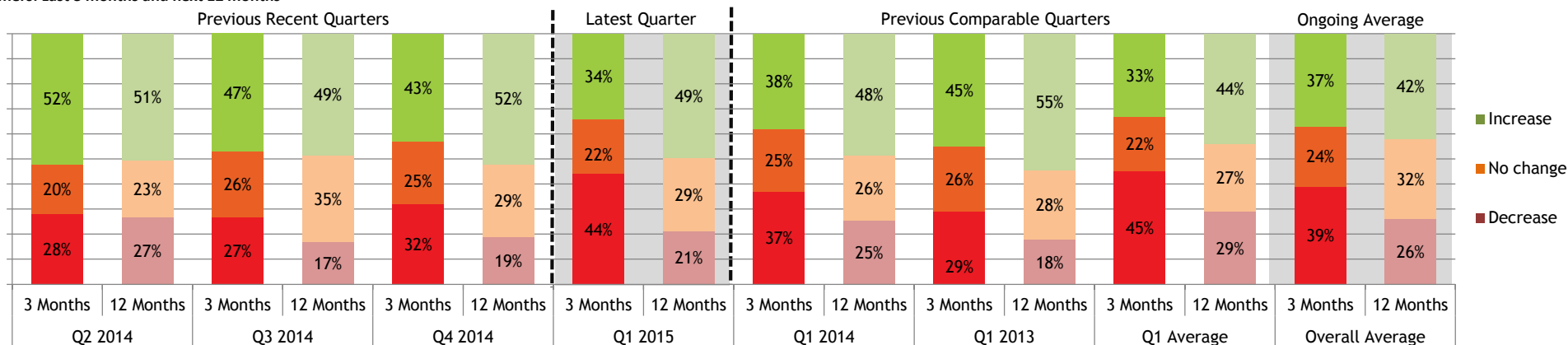
Origin - Top Source Markets England and Overseas



- ▶ 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 (38%). The proportion of visitors from London / South East dropped to an all time low (since the survey began in Q3 2009) and was well below previous comparable quarters.
- ▶ The most common foreign markets are Germany and The Netherlands (58% and 56%, respectively). Both of these segments have experienced continued growth across the Q1 periods and, hence, were at their highest ever levels in Q1.

Business Levels

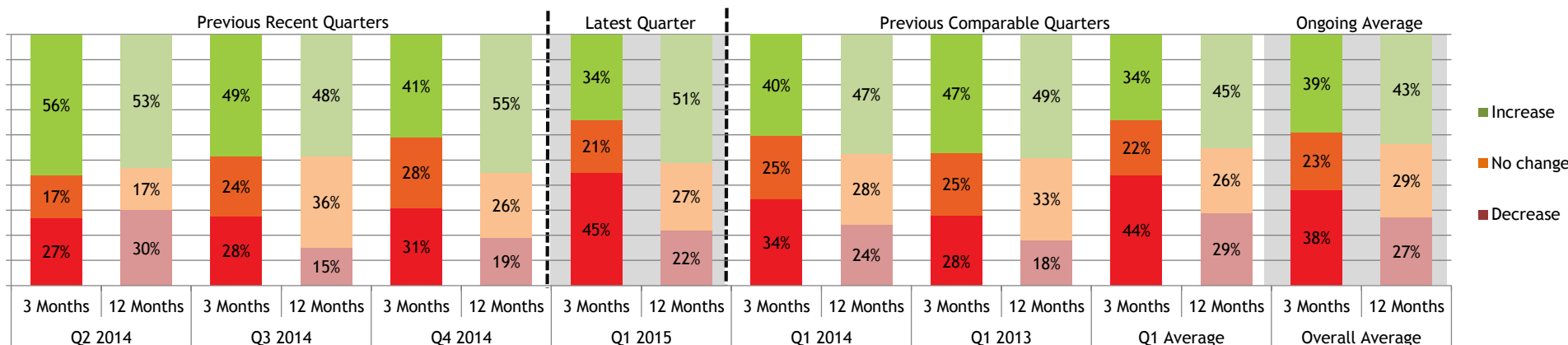
No. Of Customers: Last 3 months and next 12 months



- ▶ There was an overall decrease in customer numbers as more businesses decreased their customer numbers than increased their customer numbers (34% versus 44%). Although well below last year (Q1 2014) and two years ago (Q1 2013), customer number performance overall was slightly above the Q1 Average.
- ▶ An overall increase in customer numbers was expected for the year ahead as more businesses expected to increase customer numbers from their current level in the next 12 months than decrease (49% versus 21%). The overall outlook recorded this quarter was more positive than the Q1 Average but slightly below a year ago (Q1 2014) and even further below Q1 2013.

Business Levels

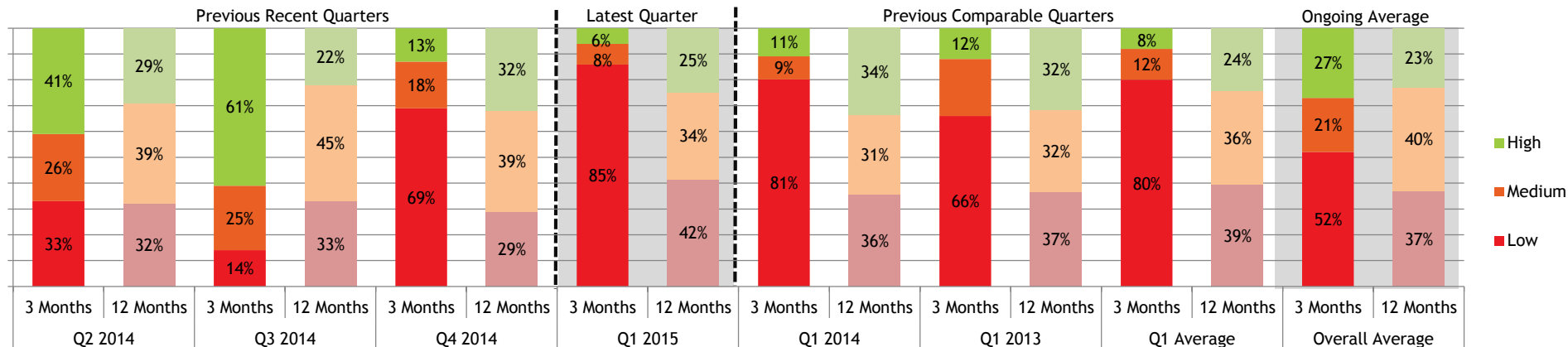
Turnover: Last 3 months and next 12 months



- ▶ There was an overall decrease in turnover this quarter as more businesses decreased their turnover than increased their turnover (45% versus 34%). In line with the customer number trend, turnover shrunk significantly compared to recent quarters and previous comparable quarters. That said, turnover performance was broadly on par with the Q1 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 (51% versus 22%). The overall results this quarter were similar to last year which marked a much more positive outlook compared to the Q1 Average but a lower level of growth compared to Q1 2013.

Business Levels

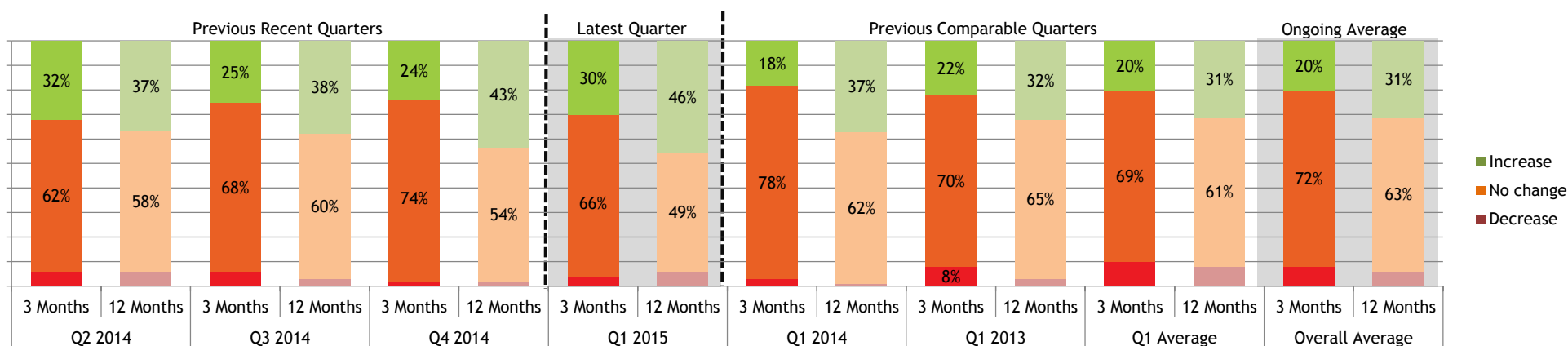
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ 85% of accommodation providers recorded low occupancy of less than 50% whilst 6% achieved high occupancy of 70% or above during the quarter. Occupancy overall was down compared to recent Q1 periods and was below the Q1 Average.
- ▶ 42% of accommodation providers expect to achieve low occupancy of less than 50% for the year ahead whilst 25% expect to achieve high occupancy of 70% or above. The overall results imply that accommodation providers had lower expectations of future performance compared to Q1 2014 and Q1 2013 but broadly the same expectations compared to the Q1 Average.

Investment Levels

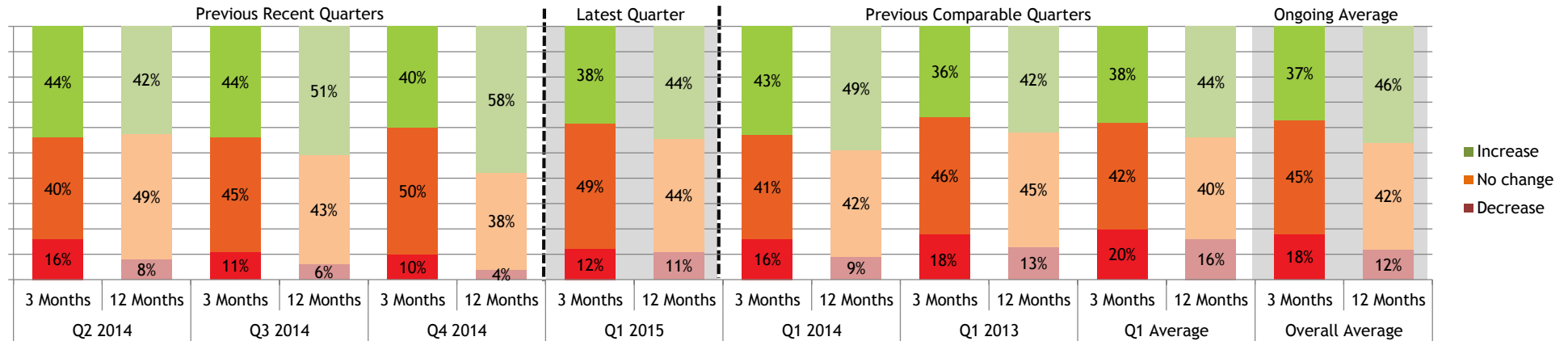
Staff Training: Last 3 months and next 12 months



- ▶ Whilst most businesses (66%) noted no change in staff training investment, a significant overall increase in staff training compared to previous comparable quarters was recorded: 30% increased their investment in this aspect whilst just 4% decreased investment. The overall growth in staff training investment was, therefore, well above previous comparable quarters and the Q1 Average.
- ▶ Going forward businesses continued to expect a faster positive rate of change in staff training investment compared to current levels although most (49%) thought that staff training investment would remain unchanged in the coming 12 months. The results overall suggested greater intent to invest in staff training compared to previous recent and comparable quarters.

Investment Levels

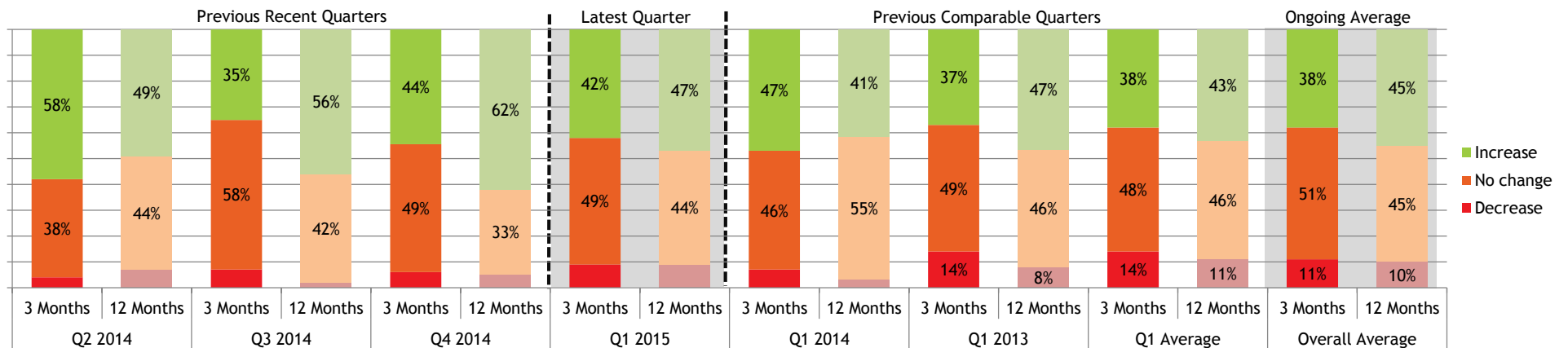
Marketing: Last 3 months and next 12 months



- ▶ An overall increase in marketing and promotion investment was recorded as 38% of businesses increased their investment in this aspect this quarter whilst 12% decreased investment. The overall growth in marketing and promotion investment this quarter was down from last quarter and Q1 2014 but above Q1 2013 and the Q1 Average.
- ▶ Continued growth in marketing and promotion investment was expected as 44% of businesses expected to increase their investment in this aspect in the year ahead whilst only 11% expected to decrease investment. These results marked a decrease in marketing and promotion investment for the year ahead compared to last year but an increase compared to Q1 2013 and the Q1 Average.

Investment Levels

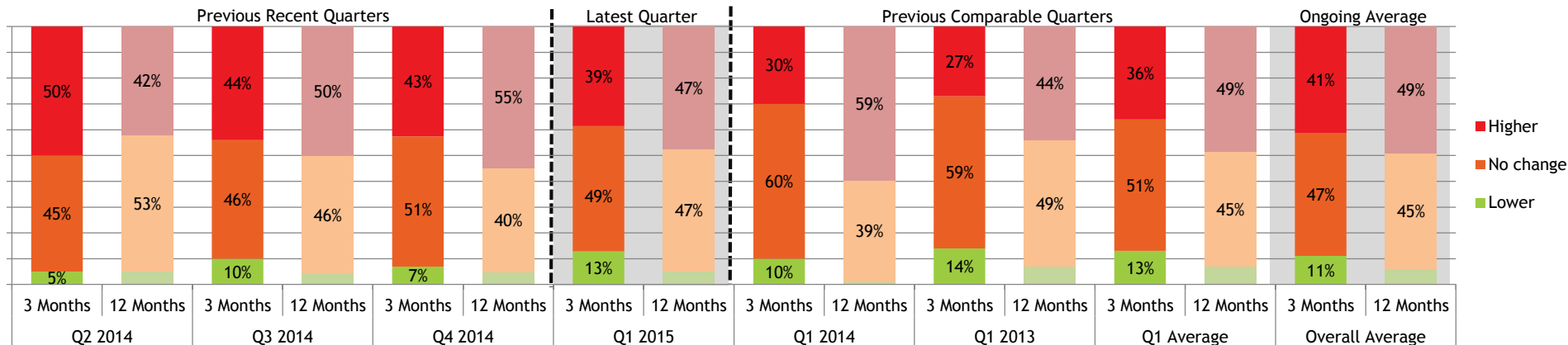
Infrastructure: Last 3 months and next 12 months



- ▶ An overall increase in buildings and infrastructure investment was recorded as 42% of businesses increased their investment in this aspect whilst 9% decreased investment. The overall growth in buildings and infrastructure investment this quarter was slightly below Q1 2014, but was higher than two years ago and the Q1 Average.
- ▶ Going forward there are strong expectations to increase buildings and infrastructure investment, 47% expected to increase investment in this aspect in the year ahead whilst 9% expected to decrease investment. Overall, these results imply lower levels of confidence to invest in buildings and infrastructure compared to recent quarters but similar levels to those of recent comparable quarters.

Costs

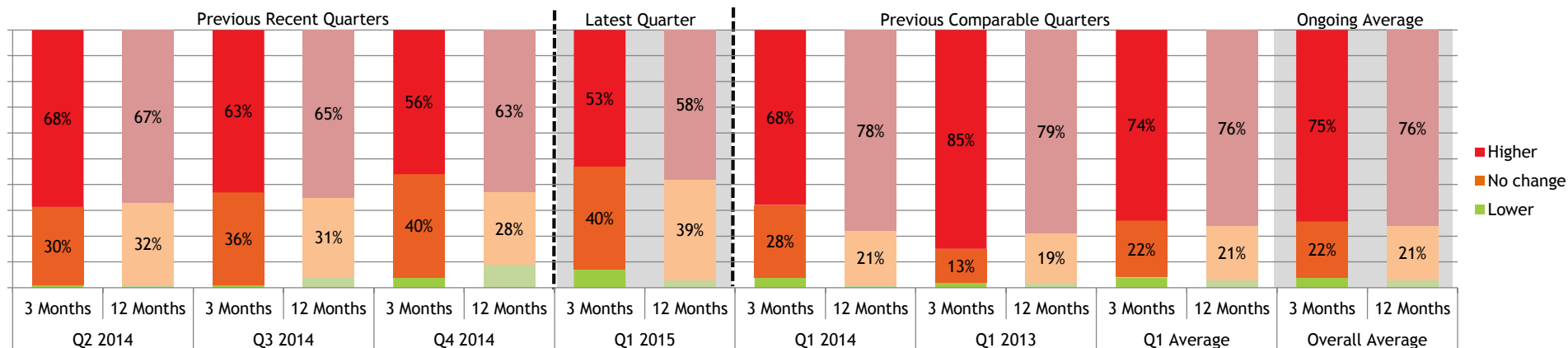
Staff: Last 3 months and next 12 months



- ▶ An overall increase in staff costs was recorded as 39% of businesses registered higher staff costs this quarter compared to the same quarter a year ago whilst 13% registered lower costs. These results indicate a steeper overall increase in staff costs compared to last year, Q1 2013 and the Q1 Average.
- ▶ Staff costs were expected to increase at a slightly faster rate than currently as 47% of businesses expected these costs to increase in the year ahead whilst 5% expected them to decrease. In contrast with the findings over the past 3 months, these results imply that businesses overall expect staff costs to increase comparatively less in the year ahead than a year ago.

Costs

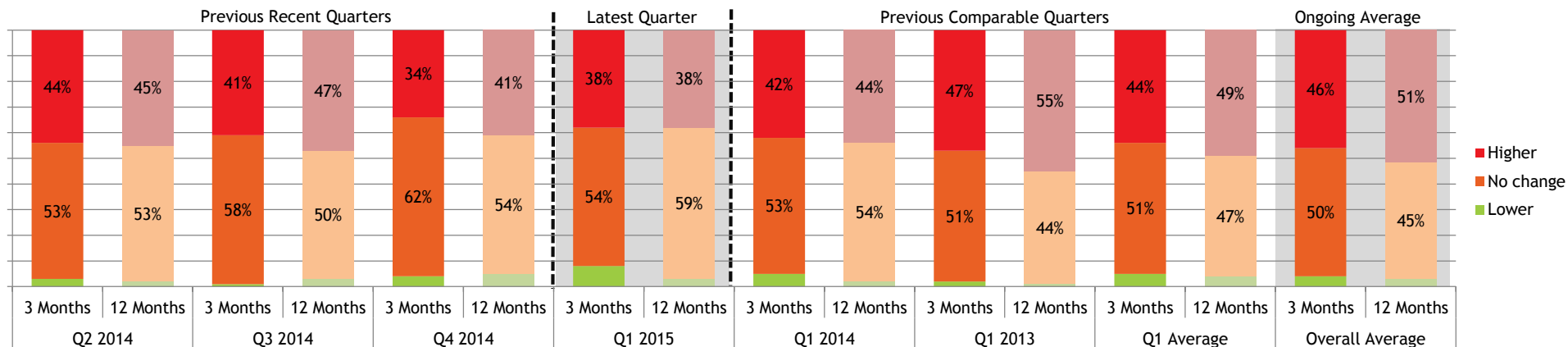
Supplier: Last 3 months and next 12 months



- ▶ An overall increase in supplier costs was recorded as 53% of businesses noted higher supplier costs this quarter compared to the same quarter a year ago whilst 7% noted lower costs. The overall results continued the trend of slowing increases in supplier costs. A reflection of low fuel prices during Q1 2015, the lowest year-on-year change in supplier costs were recorded since the survey began in Q3 2009.
- ▶ Supplier costs overall were expected to increase at a slightly faster rate than currently as 58% 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 in the year ahead compared to all previous quarters.

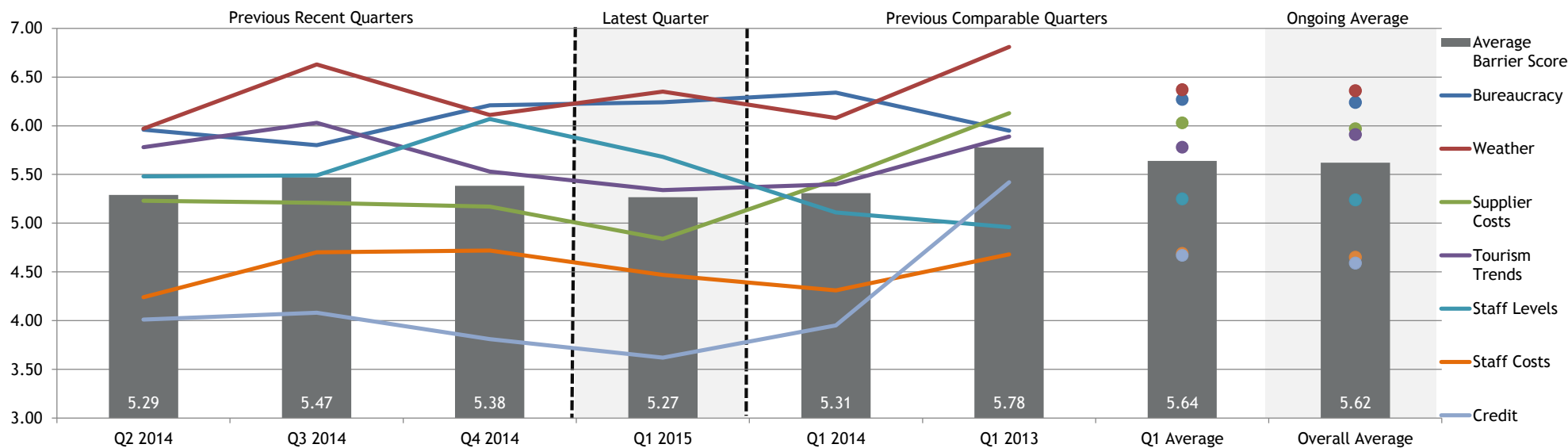
Costs

Administration: Last 3 months and next 12 months



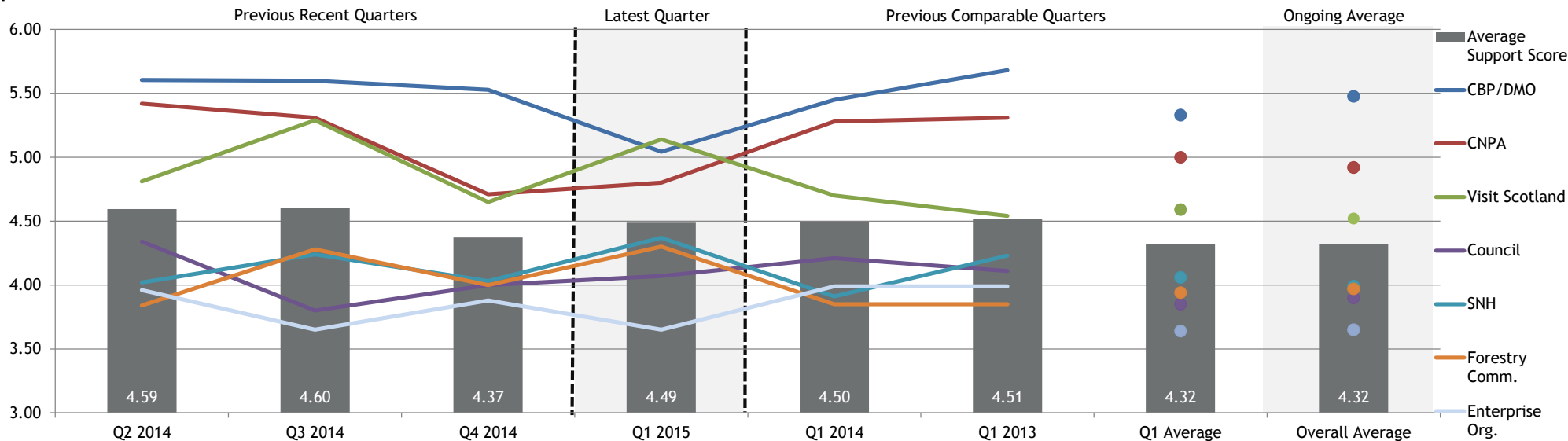
- ▶ An overall increase in administration costs was recorded as 38% of businesses observed higher administration costs this quarter compared to the same quarter a year ago whilst 8% observed lower costs. Similar to the supplier costs result, the results overall this quarter marked a less steep increase in administration costs compared to all previous quarters.
- ▶ Administration costs were again expected to increase at a similar rate as currently as 38% of businesses expected these costs to increase in the year ahead whilst 3% expected these costs to decrease. In line with the achieved trend, these results imply a less steep increase in administration costs were expected compared to all previous quarters since the survey began in Q3 2009.

Barriers



- ▶ The average barrier to growth score this quarter was 5.27 out of 10 which was below last year (albeit slightly), the Q1 Average and recent previous quarters.
- ▶ As last quarter, weather (6.35), bureaucracy (6.24) and staff levels (5.68) were perceived to be the most significant barriers to growth this quarter.
- ▶ The barrier which increased the most from last quarter was weather increasing from 6.11 in Q4 2014 to 6.35 in Q1 2015. The steepest increase from a year ago was staff levels (5.68 vs 5.11 in Q1 2014).
- ▶ Consistent with earlier analysis, supplier costs were considered to be a much less significant barrier compared to all previous quarters.

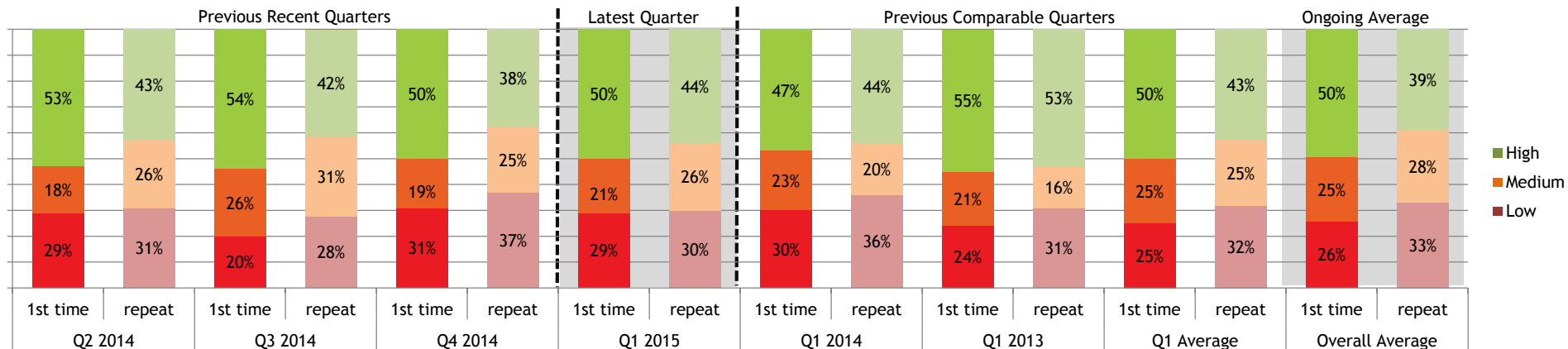
Support



- ▶ The overall level of support provided by organisations was rated at 4.49 which was on par with recent comparable quarters but above Q4 2014, the Q1 Average and the Overall Average.
- ▶ For the first time since the survey began, the contribution of VisitScotland (5.14) was rated most positively as the role of CBP / DMO fell to its lowest ever level (5.04).
- ▶ The organisation which recorded the largest change in perception from last quarter was CBP/DMO: average support scores decreased from 5.53 in Q4 2014 to 5.04 in Q1 2015.
- ▶ The organisation which recorded the largest change in perception from last year was the CNPA: average support scores decreased from 5.28 in Q1 2014 to 4.80 in Q1 2015.

Influences

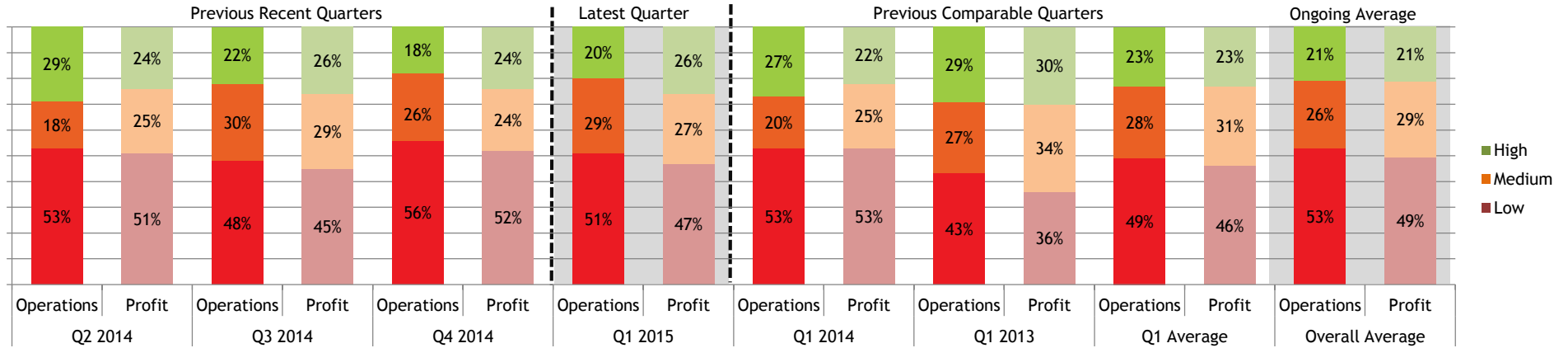
Influence of CNP - Attracting First time & Repeat Customers



- ▶ 50% 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 29% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall perceived role of the Park in attracting first time customers was on par with the Q1 Average but slightly above last quarter and Q1 2014.
- ▶ 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 30% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). Consistent with the first time customer analysis, the overall perceived role of the Park in attracting repeat customers was on par with the Q1 Average but slightly above last quarter and Q1 2014.

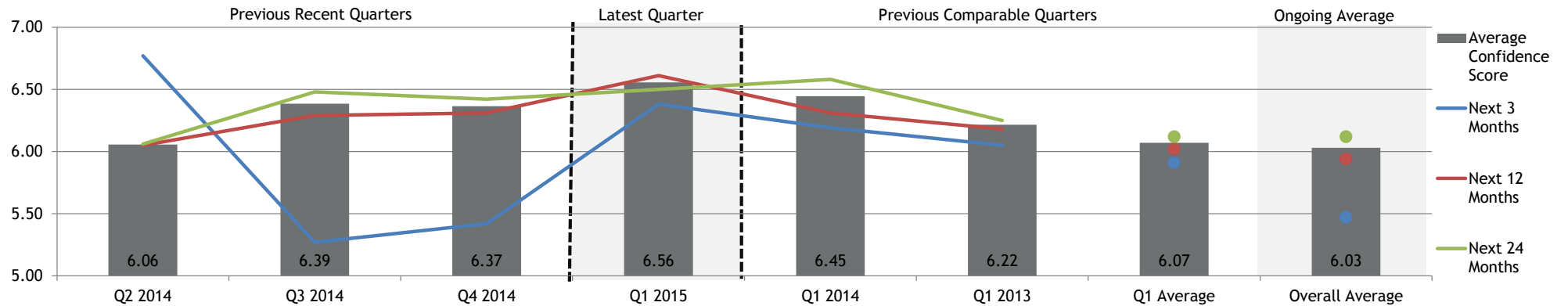
Influences

Influence of CNP - On Business Operations & Profitability



- ▶ 20% 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). Overall, the Park was perceived to have a lower level of influence on business operations compared to the Q1 Average.
- ▶ 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 47% perceived the Park as having a low level of influence (attributing a rating score from 1 to 4 out of 10). Overall, the Park was perceived to have a slightly lower level of influence on profitability compared to the Q1 Average but a greater role compared to Q1 2014.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at 6.38 out of 10 which was above recent comparable quarters and well above the Q1 Average. As to be expected, it was also well above last quarter.
- ▶ Medium term confidence (next 12 months) was rated at 6.61 out of 10 which was above recent quarters and recent comparable quarters and well above the Q1 Average and the Overall Average.
- ▶ Long term confidence (next 24 months) was rated at 6.50 out of 10 which was well above the Q1 Average and the Overall Average but slightly below Q1 2014.
- ▶ The Average Confidence Score for the medium and long term was 6.56 which was the highest score for five years (since Q1 2010).