



Cairngorms Business Partnership

Cairngorms Business Barometer | Quarter 1 (January to March) | 2021

106
PARTICIPANTS
Q1 2021

KEY VS LAST YEAR (LY)
Higher* ▲
Same ▬
Lower ▼

DASHBOARD SUMMARY

As the country remained under national lockdown during the first three months of 2021, businesses continued to highlight downward trends as they recorded significant reductions in customers and turnover compared to recent Q1s and the Q1 and Overall averages. Moreover, for the first time in the barometer, but to be expected given the lockdown, all accommodation providers recorded low occupancy of less than 50% during the quarter.

However, with the Scottish government setting out the plan to ease lockdown restrictions and reopen the economy, businesses expressed significantly improved levels of optimism for their performance in the next 12 months. Despite providing only slightly positive feedback overall on the plan, this was the first time since the outbreak of Covid-19 that an overall increase in performance was expected.

Businesses also demonstrated significantly higher confidence in the short, medium and long term compared to recent quarters. Indeed, long-term confidence surpassed the pre-pandemic level recorded in Q1 2019. Furthermore, overall confidence to survive the crisis was rated at 4.19 out of 5 which was at the highest level since the pandemic began.

In addition, investment in staff training, marketing and infrastructure is expected to grow in the year ahead and, encouragingly, the results imply that businesses are more likely to invest in these areas compared to the Q1 and Overall averages.

Cairngorms National Park continues to play an important role in influencing and attracting business. The overall levels of influence of the park on attracting first time and repeat customers and influencing profitability were at their highest levels since the barometer began in 2009.

Each quarter, the Cairngorms Business Barometer 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 tourism in the Park area.

This report was produced by STR for the Cairngorms Business Partnership
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BUSINESS LEVELS

	TURNOVER (£)	CUSTOMERS		
	Last 3 months	Next 12 months	Last 3 months	Next 12 months
Q1 21	▼ -79%	▲ 33%	▼ -79%	▲ 31%
Q1 20	-65%	-90%	-66%	-86%
QTR AVG	-21%	10%	-24%	9%

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

CAIRNGORMS BUSINESS PARTNERSHIP COMMENTARY

Business performance was, as expected, disastrous in Q1 with the country in National Lockdown and 85% of respondents reporting a decrease in turnover and customer numbers reflecting the dominant role tourism, hospitality and retail businesses play in the economy of the National Park.

The results show a return of business confidence which supports the general level of optimism as we once again welcome back visitors and customers. The ability to attract staff remains one of the most significant barriers businesses face as they look to recover particularly as 48% of businesses are looking to increase staffing levels in the coming months.

Short term confidence has returned to close to the pre-pandemic average for the first time in over 12 months whilst medium and long term confidence returned to levels above their historic pre-Covid average.

A greater percentage of businesses than ever before stated that our status as a National Park had a high impact in attracting first time and repeat visitors. This will continue to be an important element of our marketing as we look to extend the season and build to welcoming back our important international visitors.

BUSINESS CONFIDENCE

NEXT X MONTHS:



	3	12	24
Q1 21	▲ 5.50	▲ 6.34	▲ 6.90
Q1 20	1.64	3.53	6.10
QTR AVG	5.66	5.94	6.25

Business confidence over short, medium and long term compared to last year and quarter AVG. Rating score (1 to 10).

BARRIERS TO GROWTH

	Bureaucracy	Staff Levels	Tourism Trends	Overall
Q1 21	● 6.44	● 5.57	● 5.51	● 5.07
Q1 20	6.89	5.77	7.55	5.82
QTR AVG	6.28	5.46	5.90	5.50

Bureaucracy, Staff Levels, Tourism Trends

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

*Where barrier scores are higher than last year, this is a negative result and therefore highlighted in red.

INVESTMENT

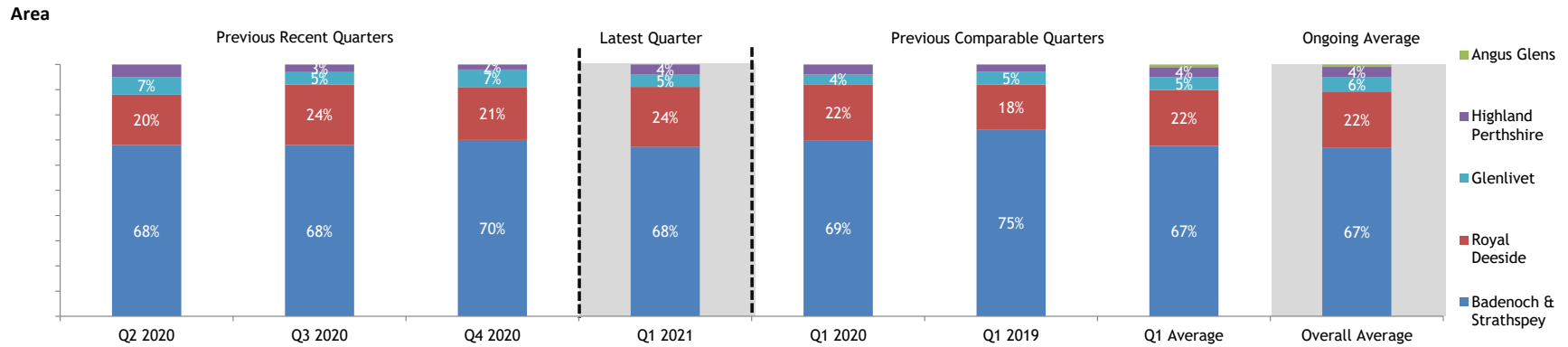
	Q1 21	Q1 20	QTR AVG
STAFF TRAINING			
LAST 3 MONTHS	▲ -7%	-35%	8%
NEXT 12 MONTHS	▲ 33%	-38%	22%
MARKETING			
LAST 3 MONTHS	▲ 1%	-26%	17%
NEXT 12 MONTHS	▲ 48%	-25%	29%
INFRASTRUCTURE			
LAST 3 MONTHS	▲ 37%	-14%	26%
NEXT 12 MONTHS	▲ 40%	-34%	30%

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

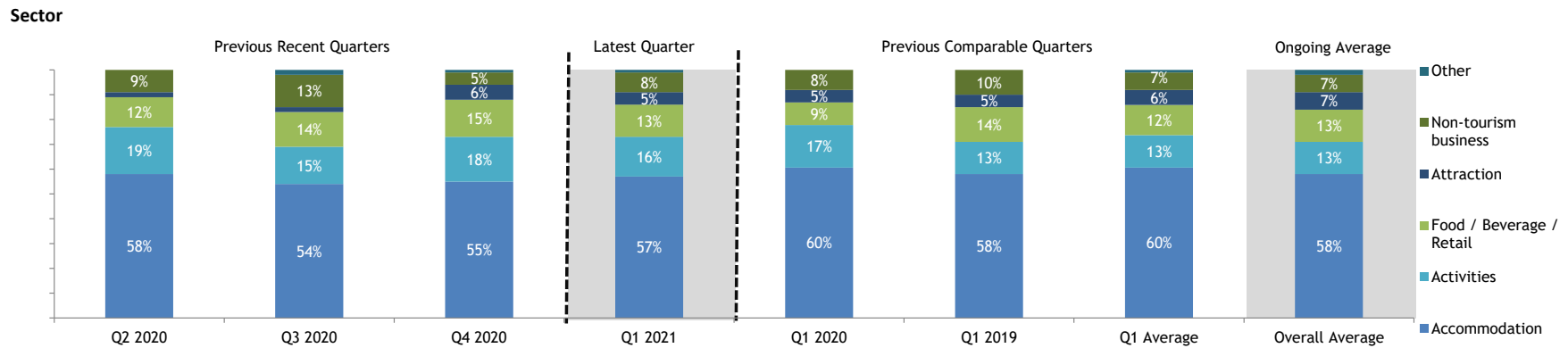
ORIGIN OF VISITORS

	SCOTLAND	ENGLAND	OVERSEAS
Q1 21	▲ 76%	▼ 19%	▼ 2%
Q1 20	54%	29%	12%
QTR AVG	49%	30%	11%

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

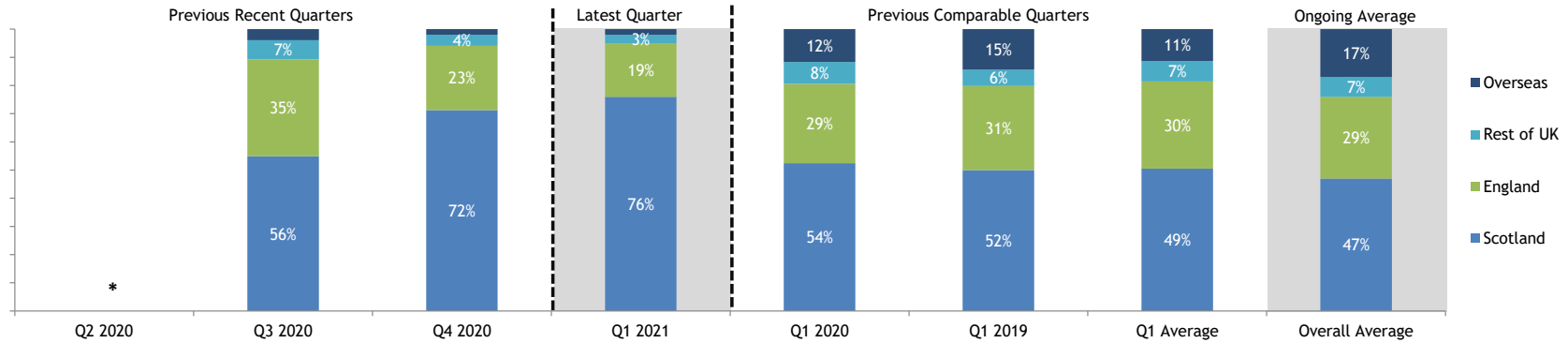


► The sample was comprised as follows this quarter: Badenoch & Strathspey businesses (68%), Royal Deeside (24%), Glenlivet (5%), and Highland Perthshire (4%).



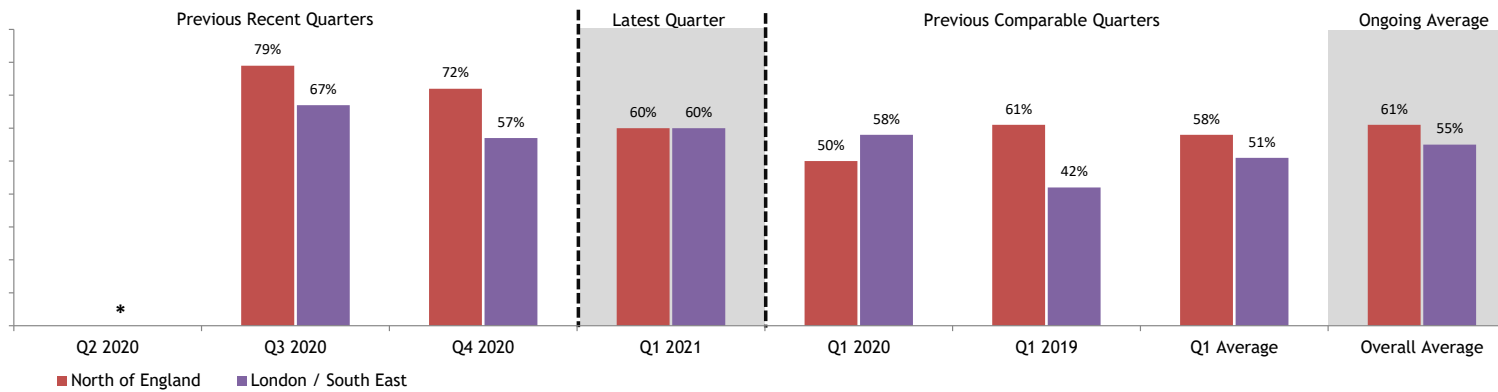
► In terms of business sector, the sample was made up as follows: Accommodation provider (57%), Activity operator (16%), Food / Beverage / Retail business (13%), Attraction (5%), Non-tourism business (8%) and Other business (1%).

Origin



- ▶ The mix of customers in the Park area during the quarter was as follows: Scotland customers (76% of all customers), visitors from England (19%), visitors from the rest of the UK (3%) and overseas visitors (2%).
- ▶ As in previous quarters, the Scottish market continued to account for the largest share of visitors (76%). Their representation was significantly higher compared to recent Q1s and the Q1 and Overall averages. In contrast, a significant decrease was evident among visitors from England (19%) and overseas (2%) compared to recent Q1s and the Q1 and Overall averages.

Origin - Top Source Markets England and Overseas



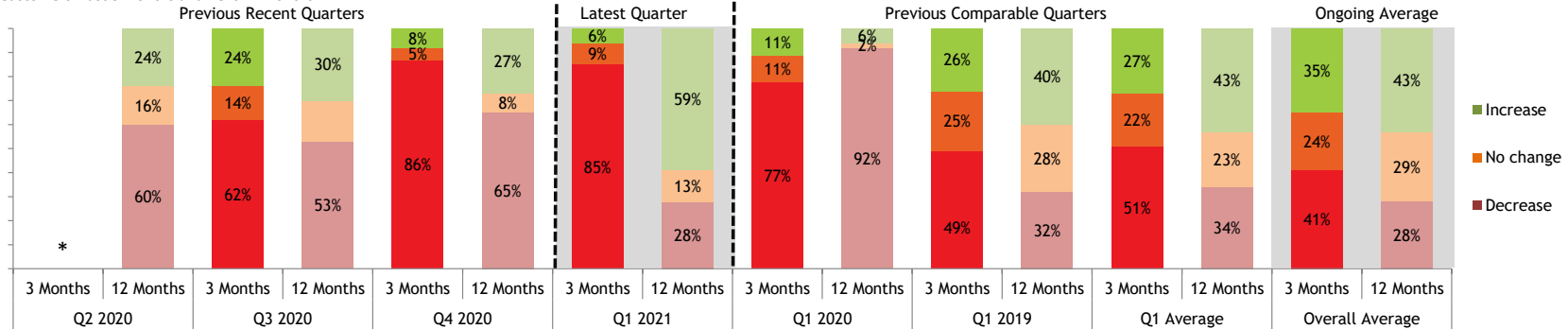
- ▶ The most common segments from England were visitors from the North of England and London / South East (60% of businesses who engaged with visitors from England traded with customers from these areas). Albeit below the previous two quarters, the proportion of visitors from the North of England was above Q1 2020 and on par with Q1 2019 and the Q1 and Overall averages. Moreover, the proportion of visitors from London / South East was higher compared to Q1 2019 and the Q1 and Overall averages.

- ▶ The proportion of overseas visitors was extremely low in Q1 2021. Therefore, analysis of overseas visitors is not available this quarter.

* Due to Covid-19, the Cairngorms National Park area saw an unprecedented number of businesses temporarily close their doors starting in March of 2020. Therefore for the Q2 2020 survey, STR and CBP made the decision to temporarily exclude these questions from the research.

Business Levels

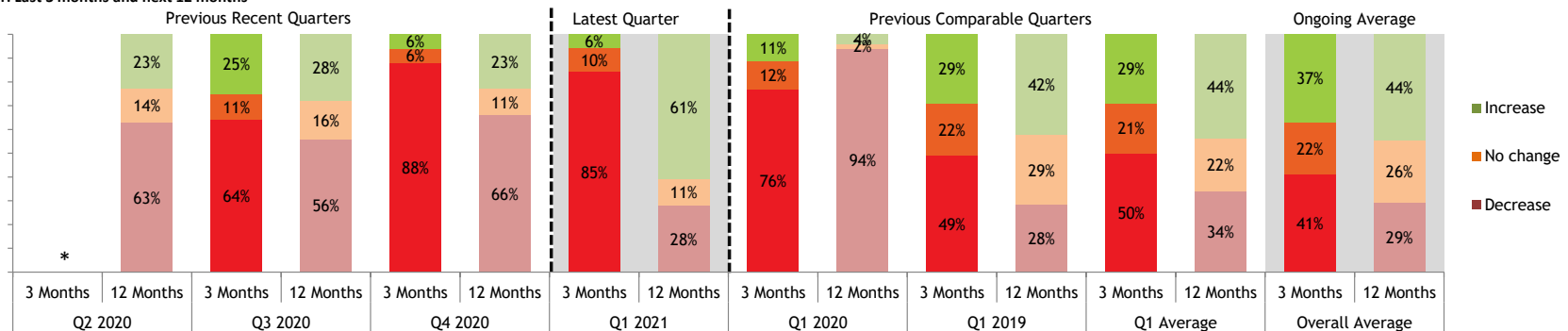
No. Of Customers: Last 3 months and next 12 months



- ▶ There was an overall decrease in customers as more businesses decreased their customer numbers than increased (85% versus 6%). Customer number performance was well below recent Q1s as well as the Q1 and Overall averages. However, customer numbers performance was on par with the levels recorded in the previous quarter.
- ▶ For the first time since the outbreak of Covid-19, an overall increase in customers was expected in the year ahead as significantly more businesses (59%) expected to increase customer numbers than decrease (28%) from their current level in the next 12 months. This constituted a significantly more positive outlook compared to recent Q1s and the Q1 and Overall averages.

Business Levels

Turnover: Last 3 months and next 12 months

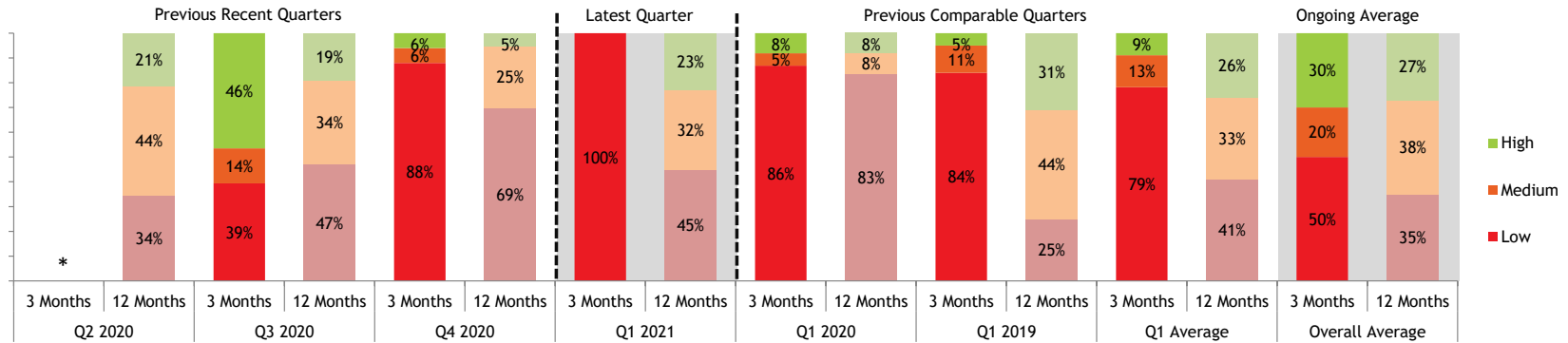


- ▶ There was an overall reduction in turnover this quarter as more businesses decreased their turnover than increased (85% versus 6%). On par with the previous quarter, this drop was much larger compared to recent Q1s and the Q1 and Overall averages.
- ▶ For the first time since the outbreak of Covid-19, an overall increase in turnover was expected in the year ahead as significantly more businesses (61%) expected to increase their turnover than decrease (28%) from the current level in the next 12 months. These results constituted a much more positive outlook compared to recent Q1s and the Q1 and Overall averages.

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Business Levels

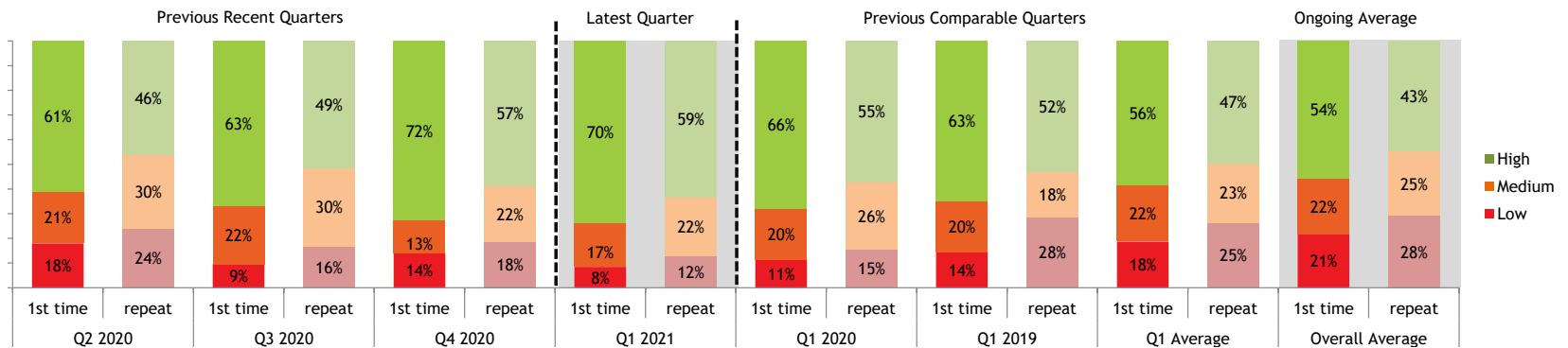
Accommodation Occupancy: Last 3 months and next 12 months



- ▶ For the first time in the history of the barometer all accommodation providers (100%) recorded low occupancy of less than 50% during the quarter. These results were well below any previously recorded levels.
- ▶ 45% of accommodation providers expected to achieve low occupancy of less than 50% for the year ahead whilst 23% expected to achieve high occupancy of 70% or above. Despite demonstrating stronger expectations regarding future performance compared to the previous quarter and the same quarter last year, accommodation providers were less optimistic compared to Q1 2019 and the Q1 and Overall averages.

Influences

Influence of CNP - Attracting First time & Repeat Customers

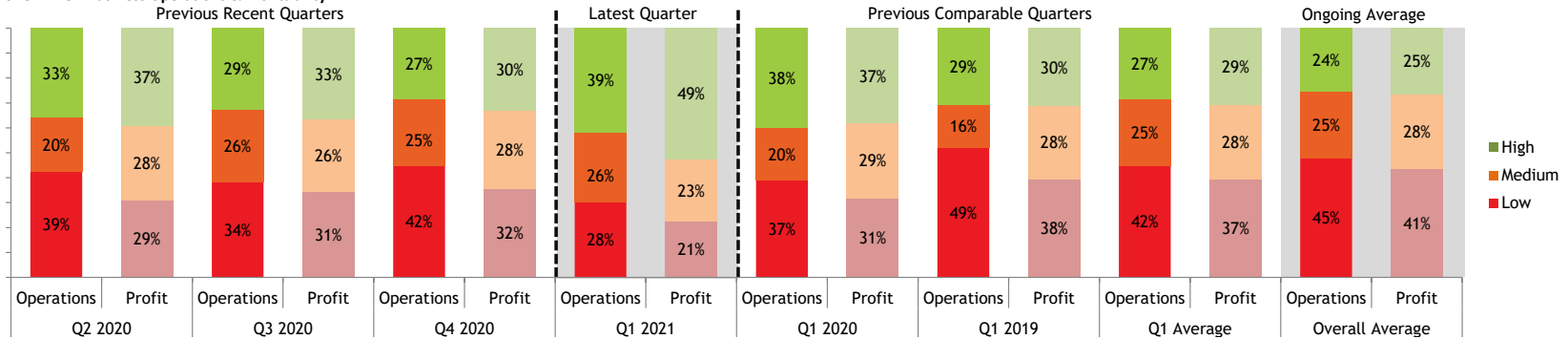


- ▶ 70% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) in attracting first time customers whilst 8% stated a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence in attracting first time customers was at the highest ever levels since the barometer began in 2009.
- ▶ 59% 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 12% 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 increased to a record high level.

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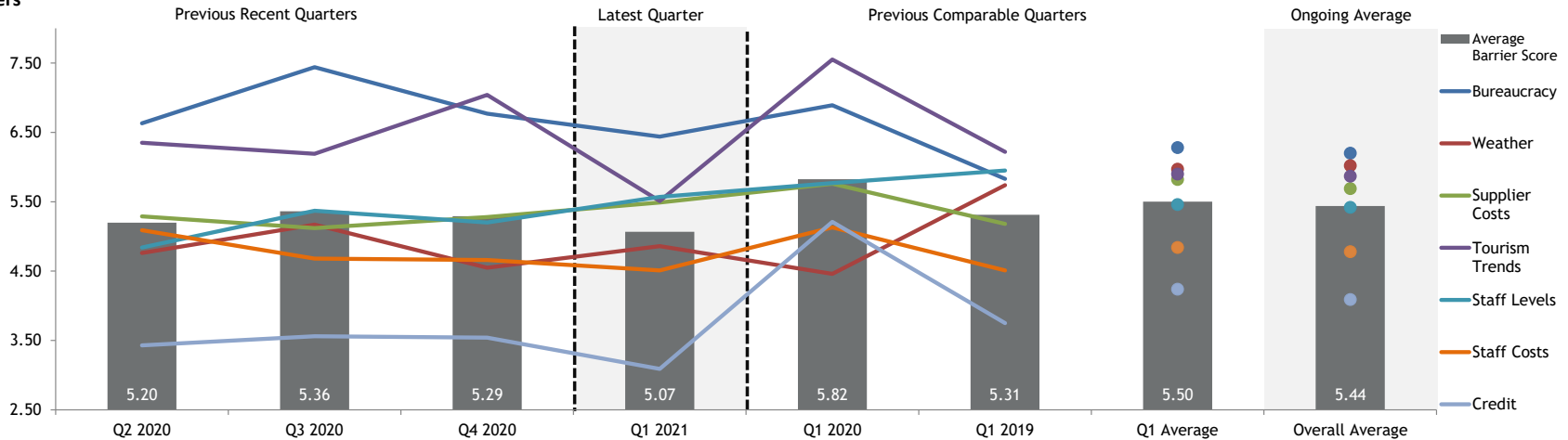
Influences

Influence of CNP - On Business Operations & Profitability



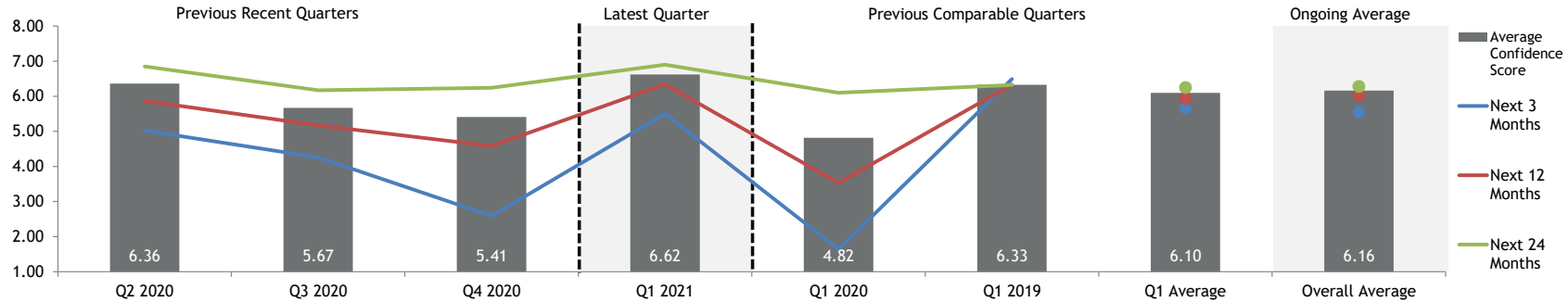
- ▶ 39% of businesses stated that the Park had a high level of influence (attributing a rating score from 7 to 10 out of 10) on their business operations whilst 28% stated it had a low level of influence (attributing a rating score from 1 to 4 out of 10). The overall level of influence on business operations was above recent quarters, recent Q1s and the Q1 and Overall averages.
- ▶ 49% 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 21% 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 at the highest ever levels since the barometer began in 2009.

Barriers



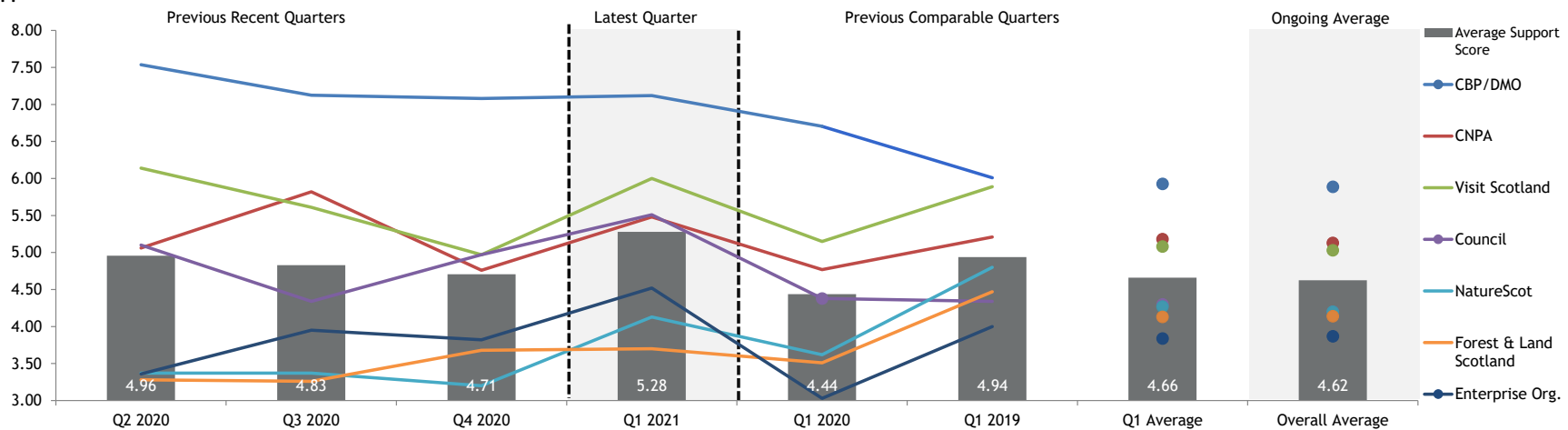
- ▶ The average barrier to growth score this quarter was 5.07 out of 10 which was below recent quarters, recent Q1s and the Q1 and Overall Averages.
- ▶ Bureaucracy (6.44), staff levels (5.57) and tourism trends (5.51) were perceived to be the three most significant barriers to growth.
- ▶ The barrier which recorded the steepest decrease from last quarter was tourism trends going down from 7.04 in Q4 2020 to 5.51 in Q1 2021. This barrier also saw the steepest decrease from Q1 2020.
- ▶ As expected, challenges and concerns relating to the Covid-19 outbreak were also cited as prominent barriers to growth during the quarter, although they are not evaluated in the above analysis.

Business Confidence



- ▶ Short term confidence (next 3 months) was rated at its highest level since the Covid-19 outbreak (5.50 out of 10). This was only slightly below the Q1 and Overall averages.
- ▶ Medium term confidence (next 12 months) was also rated at its highest level since the Covid-19 outbreak (6.34 out of 10). Furthermore, it was above the Q1 and Overall averages.
- ▶ Long term confidence (next 24 months) surpassed its pre-pandemic level being rated at 6.90. It was above all recent quarters, recent Q1s and the Q1 and Overall averages.
- ▶ As a result, the Average Confidence Score - factoring in the medium and long term view - was 6.62 which was above recent quarters, recent Q1s and the Q1 and Overall averages.

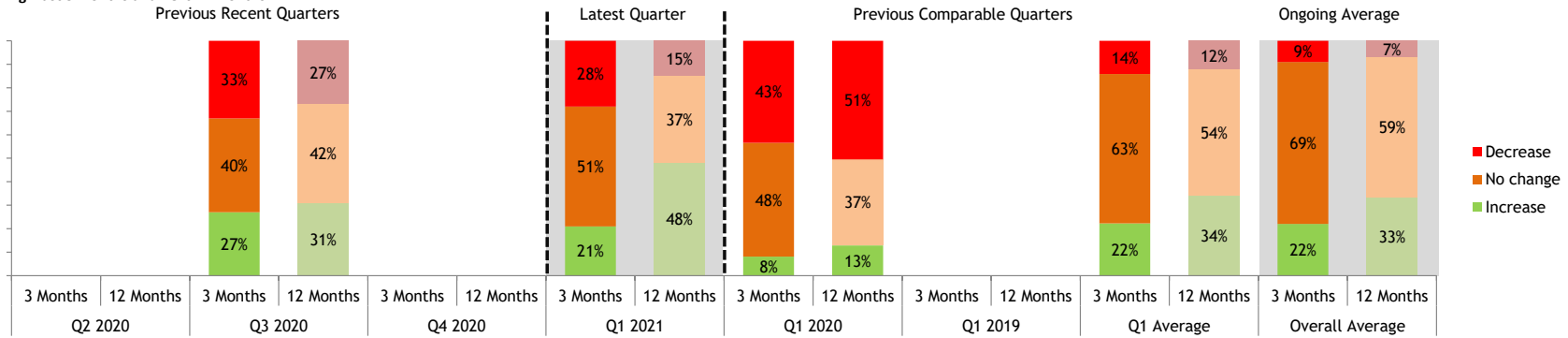
Support



- ▶ The overall level of support / contribution provided by organisations was rated at 5.28 which was higher than recent quarters, recent Q1s and the Q1 and Overall averages.
- ▶ The contribution / support provided by CBP/DMO (7.12) was rated most positively. Whilst the organisation recording the least positive perception was Forest & Land Scotland (3.70).
- ▶ The organisation which recorded the largest positive change in perception from Q4 2020 was Visit Scotland as scores increased from 4.97 in Q4 2020 to 6.00 in Q1 2021. The support provided by Enterprise Org. noted the highest increase compared to the same quarter last year (3.03 in Q1 2020 compared to 4.52 in Q1 2021).
- ▶ The contribution / support provided by all organisations was rated more positively compared to the previous quarter and Q1 2020.

Investment - Staff Training

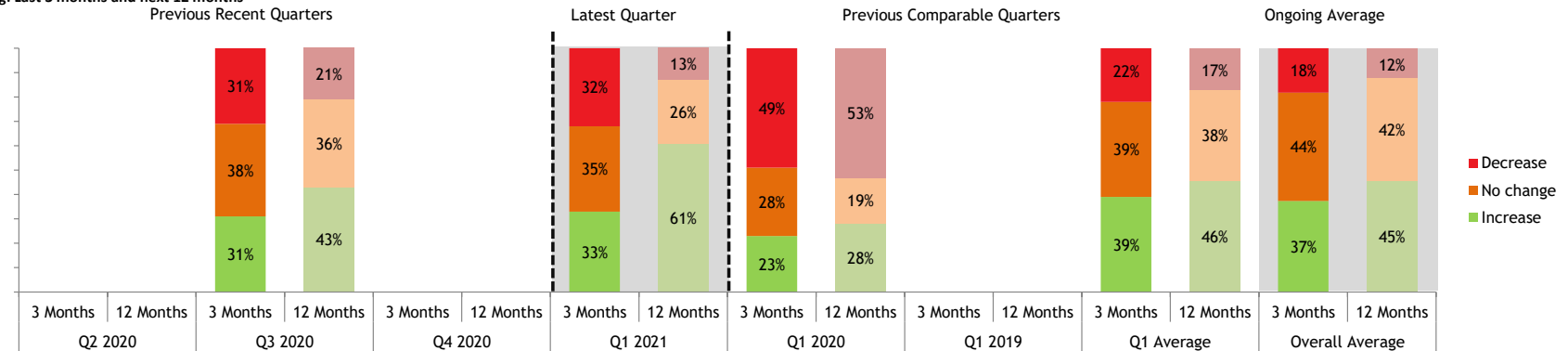
Staff Training: Last 3 months and next 12 months



- ▶ 28% of businesses registered a decrease in staff training investment whilst 21% recorded an increase. Overall, as a result, there was a net decrease in staff training investment. Whilst the overall net staff training investment amount remained negative, the decrease was less pronounced compared to Q1 2020.
- ▶ Staff training investment is expected to increase for 48% of businesses in the year ahead whilst 15% expected it to decrease. These results imply that businesses are more likely to invest in staff training compared to Q1 and Q3 2020 and the Q1 and Overall averages.

Investment - Marketing

Marketing: Last 3 months and next 12 months

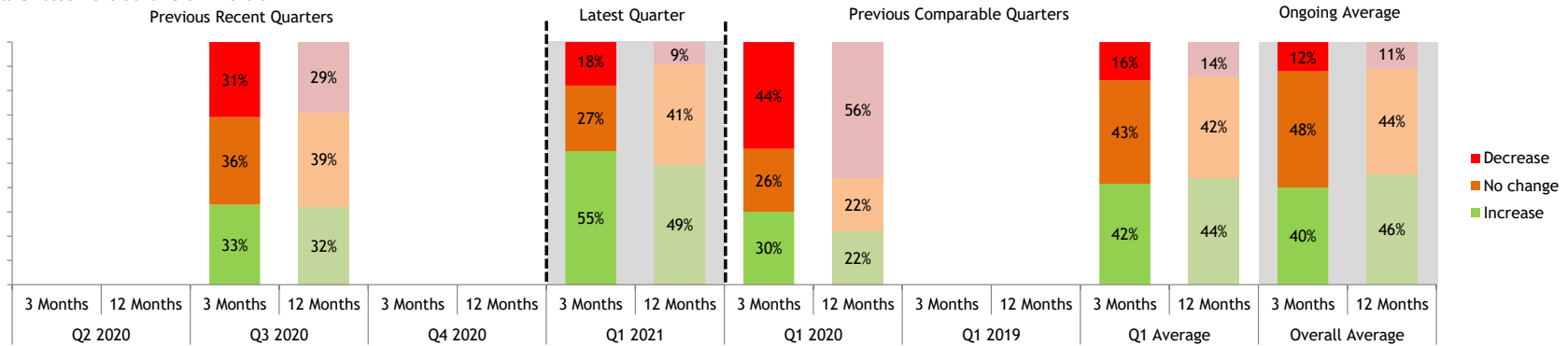


- ▶ Overall, there was no change in marketing investment as nearly the same proportion of businesses indicated an increase or decrease in this type of investment (33% and 32%, respectively). Albeit above Q1 2020, these results imply that there was a lower level of marketing investment compared to the Q1 and Overall averages. They also show the same intent to invest in marketing as in Q3 2020.
- ▶ Marketing investment is expected to increase for 61% of businesses in the year ahead compared to 13% who expected a decrease. These results imply that businesses are significantly more likely to invest in marketing compared to Q1 and Q3 2020 and the Q1 and Overall averages.

**Unfortunately, due to a technical error no investment data is available for Q1 2019.

Investment - Infrastructure

Infrastructure: Last 3 months and next 12 months

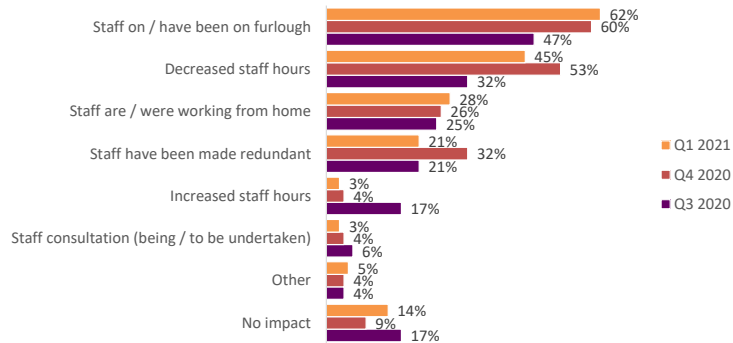


► An overall increase in buildings and infrastructure investment was recorded as 55% of businesses increased their investment in this aspect whilst 18% decreased investment. The overall increase in infrastructure investment was above Q1 and Q3 2020 and the Q1 and Overall averages.

► Infrastructure investment was expected to grow in the year ahead by 49% of businesses whilst 9% expected to decrease investment in this aspect. These results imply that businesses are more likely to invest in infrastructure compared to Q1 and Q3 2020 as well as the Q1 and Overall averages.

Quarterly Topical Questions:

Q: How has the crisis impacted on your employees and staffing levels?

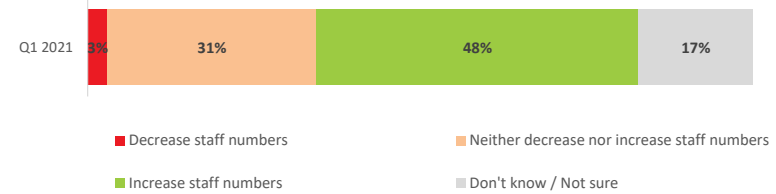


► The vast majority (86%) of businesses that employ staff claimed that the crisis has had an impact on their employees and staffing levels.

► Businesses were most likely to furlough staff (62%), reduce staff hours (45%) or have staff working from home (28%).

► They were significantly less likely to make staff redundant compared to the previous quarter.

Q: Considering your current employees and staffing levels, in the coming months are you likely to...

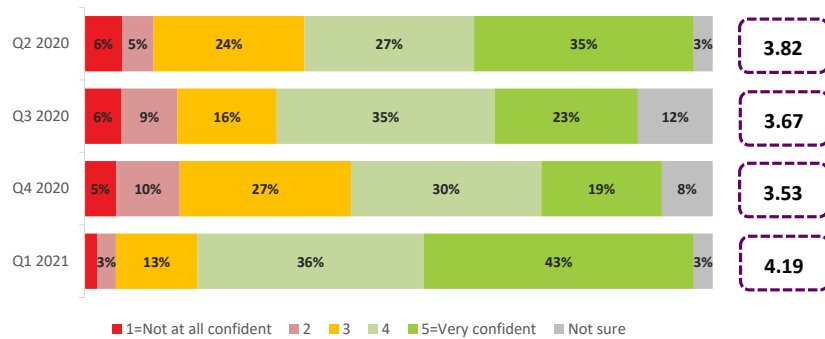


► Nearly a half of businesses (48%) stated that they are likely to increase staff numbers in the coming months.

► Only 3% of businesses are likely to reduce their staff numbers in the coming months.

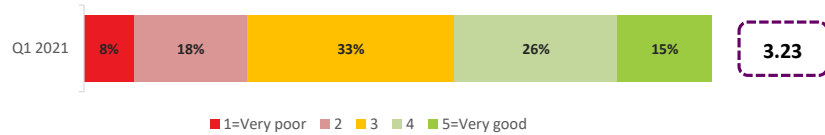
Quarterly Topical Questions:

Q: How confident are you of your business surviving the crisis?



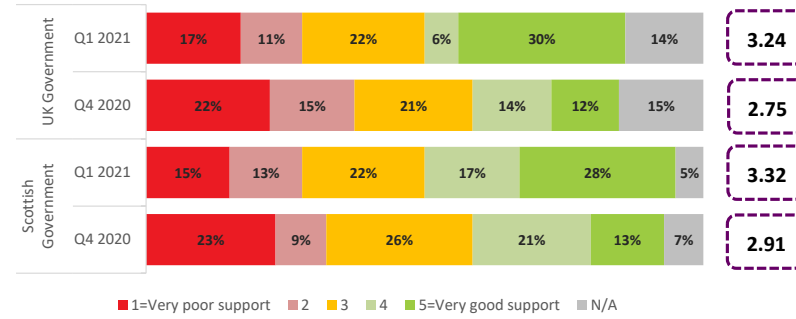
- ▶ The level of confidence to survive the crisis among businesses in the Cairngorms National Park area increased significantly with the vast majority of businesses (92%) stating a positive or neutral level of confidence.
- ▶ Overall confidence was at its highest level since the start of the pandemic (rated at 4.19 out of 5).
- ▶ Furthermore, more than 4 out of 10 businesses stated they were "very confident" to survive the crisis.

Q: Overall, how would you rate the Scottish Government's plan to ease lockdown restrictions and reopen the economy?



- ▶ The overall rating of the Scottish Government's plan to ease lockdown restrictions and reopen the economy was slightly positive overall (3.23 out of 5).
- ▶ 4 out of 10 businesses rated the plan as good or very good.

Q: Please rate the overall level of support that governments have provided to your business during the crisis.



- ▶ The overall level of support provided by Scottish Government during the crisis was rated slightly more positively than the support provided by UK Government.
- ▶ Overall, businesses expressed a slightly positive point of view regarding the support provided by both governments.
- ▶ Sentiment regarding the support provided by both governments increased compared to the previous quarter.

Q: You said you think the plan is {good/bad}. Why did you say that?

They have about the right balance of caution to stop the virus with allowing businesses to reopen.

Because we're going from nothing to everything overnight which is tough if they suddenly put back the restart date. Finding out info on accommodation from the government is bear on impossible. Very poor communication.

It has been clearly communicated, and has remained pretty consistent with fairly objective measures determining change.

Decisions made without apparent thinking it through or consulting industry. Too cautious, too afraid of being criticised for any deaths at all. Guidance/legislation inconsistent and confusing.