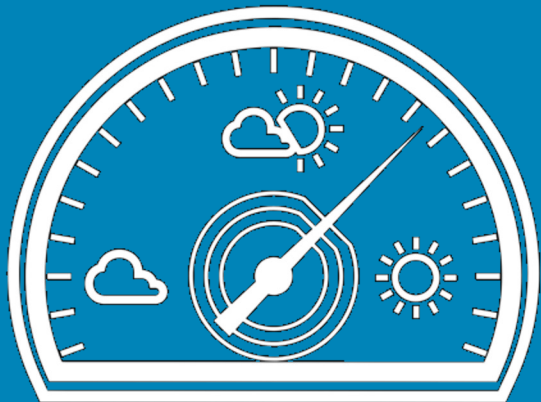


MORAY SPEYSIDE



Business Barometer 2022

October to December 2022
Summary of key results

Published
February 2022

56°
DEGREE
INSIGHT





Summary Dashboard

October to December 2022 results at a glance

The Moray Speyside Business Barometer is a new survey launched in early 2022 to obtain feedback from business operators across the region on a range of aspects including ongoing performance and confidence in the future. The survey will be undertaken on a quarterly basis to track trends in future.

This fourth report covers the October to December 2022 period.

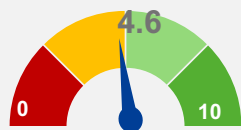
A total of **76** business took part in the Q4 2022 survey

This report is produced by 56 Degree Insight on behalf of Visit Moray Speyside Ltd, the Tourism BID Company for the Moray region,

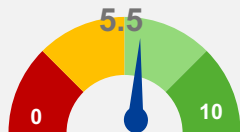
56degreeinsight@56degreeinsight.co.uk

BUSINESS CONFIDENCE

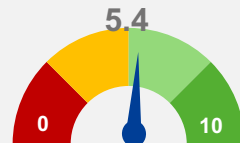
Short term (3 months):



Medium term (12 months):

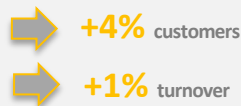


Long term (24 months):

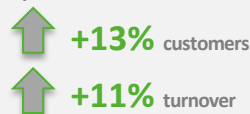


NET PERFORMANCE (NET= % INCREASED - % DECREASE):

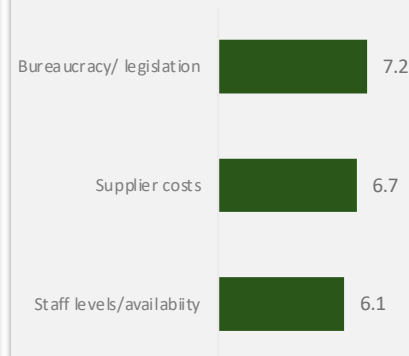
October to December 2022 v 2021:



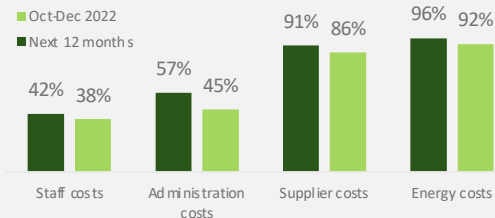
Expectations for next 12 months:



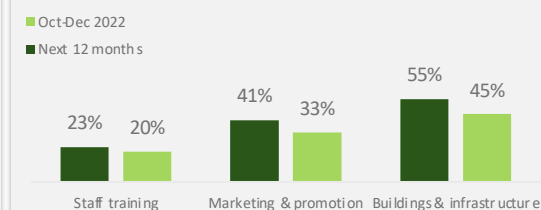
TOP 3 BARRIERS TO GROWTH (0-10 RATING):



COSTS (% EXPERIENCING/EXPECTING INCREASES):



INVESTMENTS (% MAKING/PLANNING INCREASES):





Summary Dashboard

October to December 2022 commentary

Visit Moray Speyside Commentary

Thank you to the 76 business that took part in our final wave of the Business Barometer for 2022. This now gives us a full year of insights to compare with going forward and to see the patterns/changes in business and trends. It is important that we keep momentum going with the surveys and encourage as many businesses to complete as possible as this gives us evidence when opposing/ supporting government legislation or when fighting the case that the tourism industry needs support.

If you did not take part in this wave of the Barometer, don't worry, please do keep a look out for an invite to complete the next wave, which will cover the period January 2023 – March 2023.

You can find out more about the Barometer, read the results, and sign up for future waves of the survey on our website at <https://morayspeyside.com/barometer>

This data set covers the period from October – December 2022. We can start to make some comparisons to previous quarters and gauge how business will be over the next three to six months. This information with the topical questions gives Visit Moray Speyside a good insight into what the biggest challenges are for businesses in order for us to lobby this on your behalf for change or support.





Summary Dashboard

October to December 2022 commentary

Visit Moray Speyside Commentary

A quick overview of the results from this survey compared to Q1, Q2 and Q3. (Jan – Mar , Apr – June and Jul - Sep).

Compared to Oct – Dec 2021 businesses are reporting more visitors and a higher turnover but compared to the last two quarters (Mar – Sep) businesses have reported the slowing down of business which is expected for normal seasonal patterns.

Business levels for the next 12 months is looking positive with majority of businesses expecting higher number of visitors and turnover, there is still a number of businesses that this is not looking so positive for.

Cost of business is still proving a challenge for most businesses with almost half reporting an increase in administration and staff costs while almost all businesses have seen a significant increase in energy and supplier costs compared to 2021. Looking to the next 12 months almost all businesses reported that they expect a further increase to all business costs with energy and supplier being the highest increased costs.

While businesses are continuing to invest this is becoming extremely challenging and the number is decreasing due to the obvious increase in business costs as businesses do not have the extra expenditure to invest. However, businesses are still looking to invest in their properties, marketing and staff training over the next 12 months but the percentage is lower than recorded in previous quarters.

Legislation that is coming into play is still the biggest barrier to growth for businesses. The Short Term Letting Legislation is having a huge impact on small businesses. 22% of businesses are considering ceasing trading.

In this wave of the Barometer, our additional questions were focused on impact of rising business costs, innovation and sustainability.

As expected majority of businesses have increased business costs and the impact is worrying that 22% of businesses are considering ceasing trading, a further 6% increase from the last quarter. To be able to cover costs, businesses are increasing prices which in turn decreases the amount or length of bookings so doesn't help with turnover.

Looking at innovation to increase income, when asked 55% of businesses are either making changes or plan to make changes to help increase income. Looking at introducing events, changing menus to cut costs, adding new products and looking at becoming more sustainable to save money.

Sustainability is a hot topic and a way that businesses can save money. When asked if businesses consider environmental sustainability when making decisions 69% said they do and looking at making improvements such as energy saving lightbulbs and solar panels, investment in heating systems such as biomass system, minimizing waste and sourcing produce locally to cut down travel costs. However, for some businesses environmental sustainability is not a high priority due to the current challenges they are facing and just trying to continue operating. 68% of businesses would like to make environmentally sustainable changes but do not have the funds, resource or knowledge to be able to do so. Businesses were asked which support would they likely use and benefit from to become more environmentally sustainable with 63% suggesting they would use a tourism business sustainability & policy guide and resource guides which will provide expert knowledge on where to make improvements. 52% would consider solar electricity but funding would need to be offered for majority of businesses to implement this change.

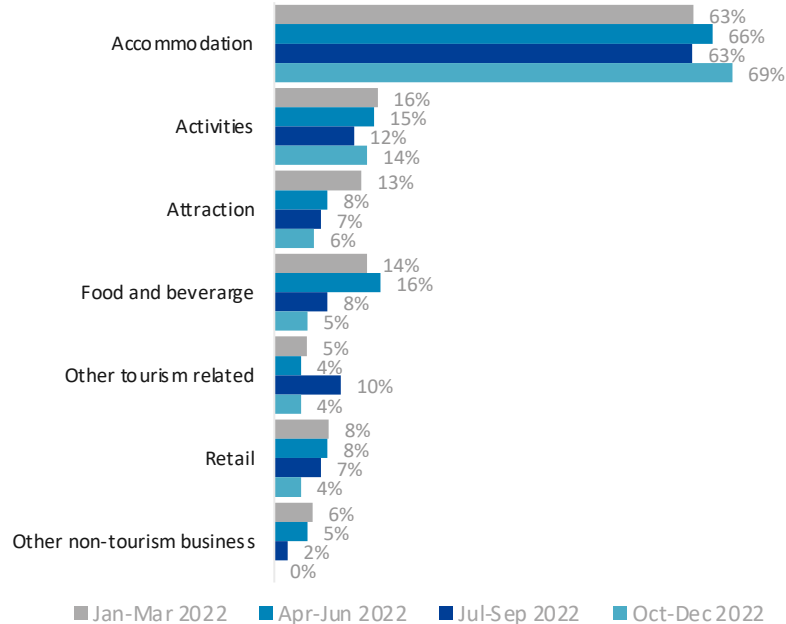
We are grateful for your input on these 'hot topic' questions – the answers to which will help us to present evidence to local elected representatives and industry leadership. If there are questions, you'd like us to ask in the next Barometer, just get in touch.



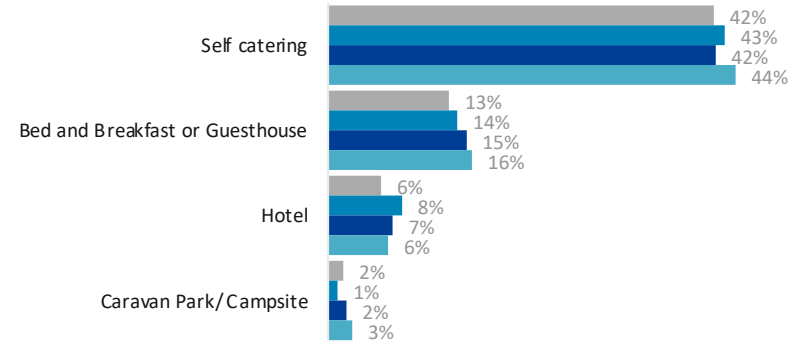
Sample profile by sector

The vast majority of the businesses taking part in the Q4 2022 survey were in the tourism sector. Over two thirds (69%) were accommodation businesses (largely self catering), 14% were activity providers and 6% were attractions. This profile is similar to that obtained in the previous waves of the survey.

Survey participants by sector:



Survey participants by accommodation type:

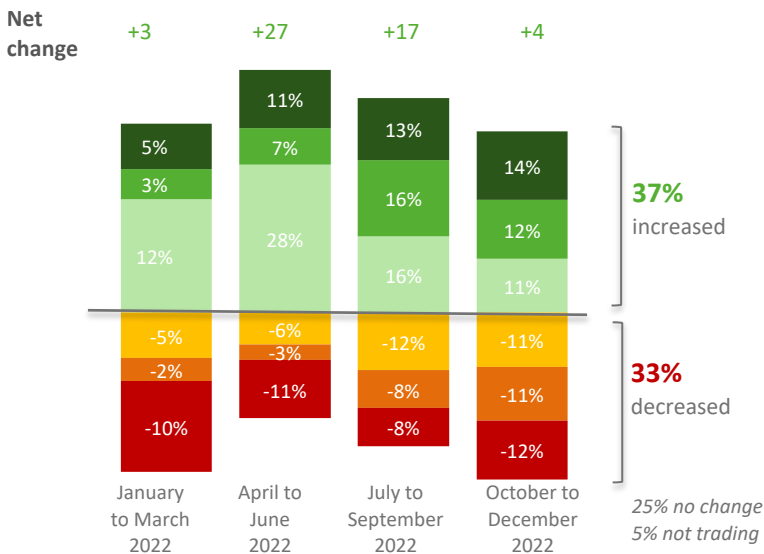




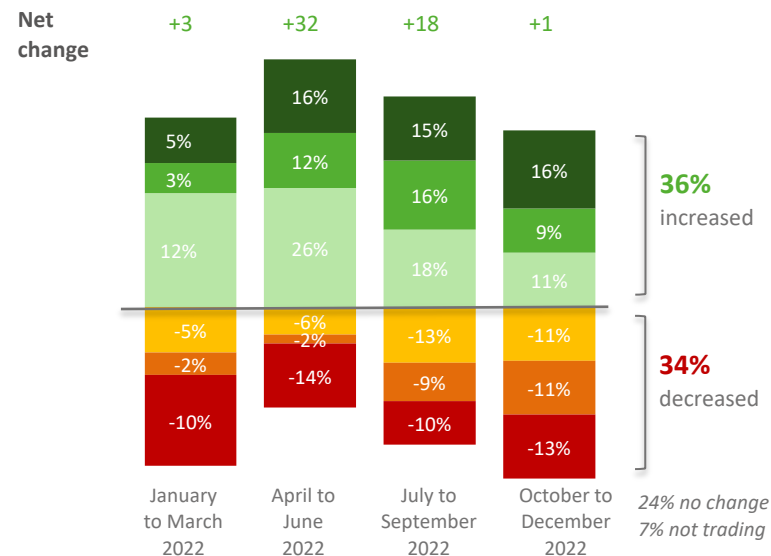
Business levels – last 3 months compared to 2021

When asked to compare levels of business during October to December 2022 with the same period in 2021, while the proportion reporting an increase in customers and turnover was higher than the proportion reporting a decrease, the net change (% experiencing increase – % experiencing decrease) was small and reduced in comparison to the last two quarters, suggesting a slowing in business over this period.

Number of customers:



Turnover:



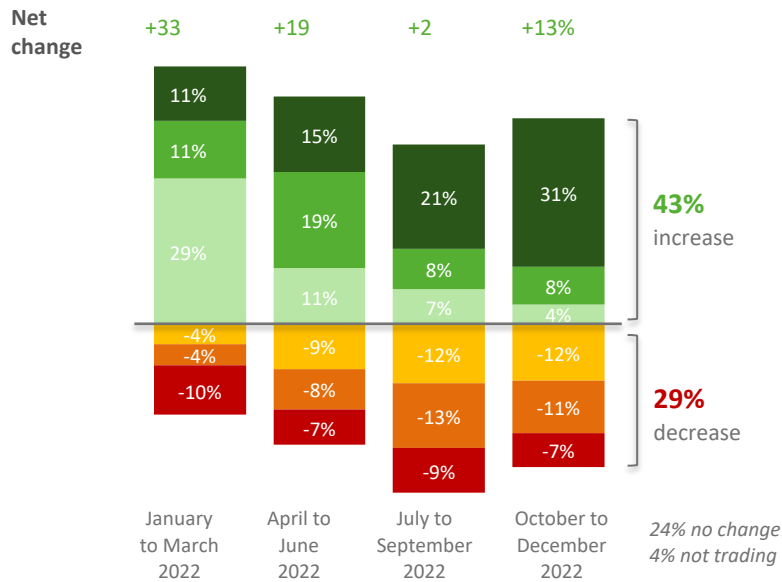
■ INCREASE (+)11% or more
■ Between 6% and 10% Increase
■ Up to 5% Increase
■ Up to 5% Decrease
■ Between 6% and 10% Decrease
■ DECREASE (-)11% or more



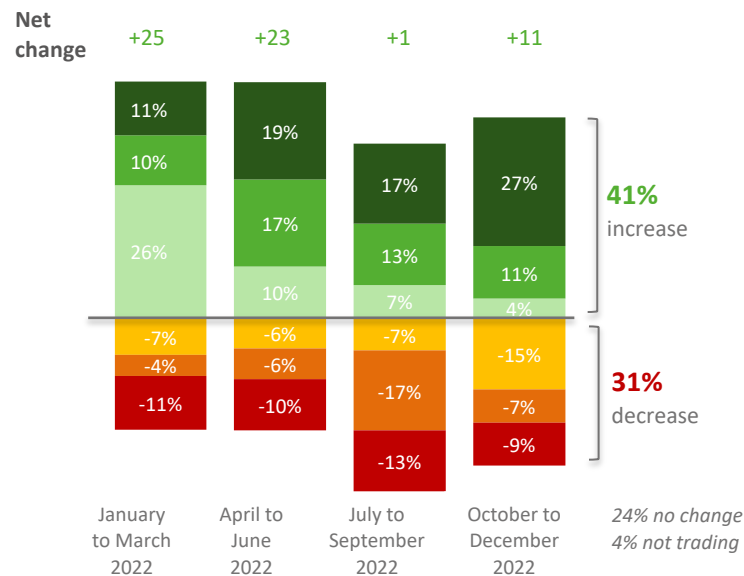
Business levels – looking ahead to the next 12 months

Looking to the future, the outlook was slightly more positive for the next 12 months with around 43% of businesses expecting increased numbers of customers during the next 12 months and 41% expecting increased turnover. However, a significant minority of businesses expected a decrease in both customer and turnover.

Expected number of customers:



Expected turnover:



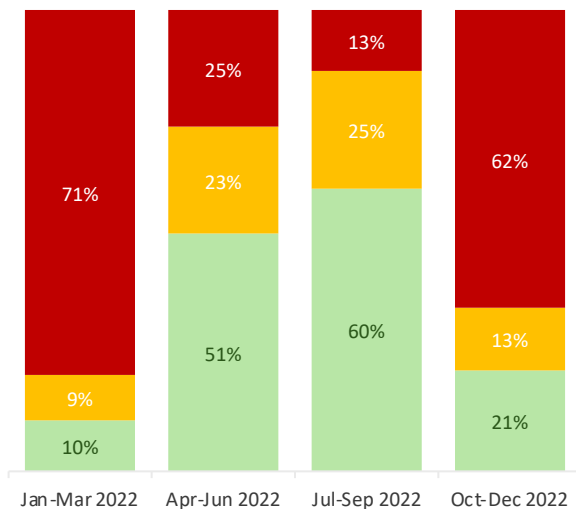
■ INCREASE (+)11% or more
 ■ Between 6% and 10% Increase
 ■ Up to 5 % Increase
■ Up to 5% Decrease
 ■ Between 6% and 10% Decrease
 ■ DECREASE (-)11% or more



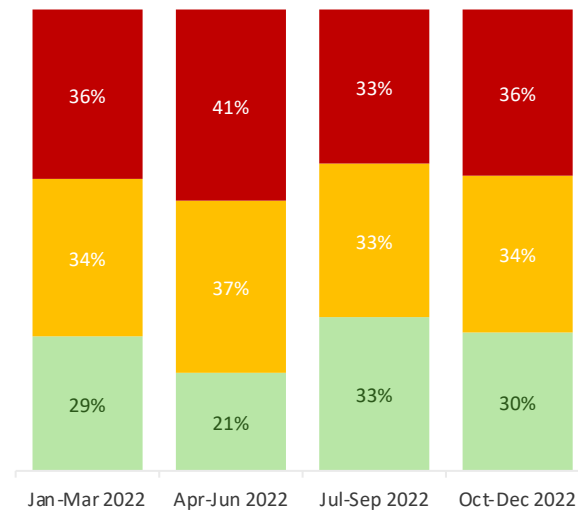
Business levels – accommodation occupancy levels

Three in five accommodation businesses (62%) reported low levels of occupancy during the last three months, a higher percentage than in the previous two quarters (reflecting normal seasonal patterns). Looking to the next 12 months a more varied picture is predicted with an equal spread in predictions between high, medium and low levels. This varied picture is similar to that recorded during the previous three survey waves.

Last three months:



Expected during next twelve months:



■ Low (under 50%) ■ Medium (50% to 69%) ■ High (70% or over)

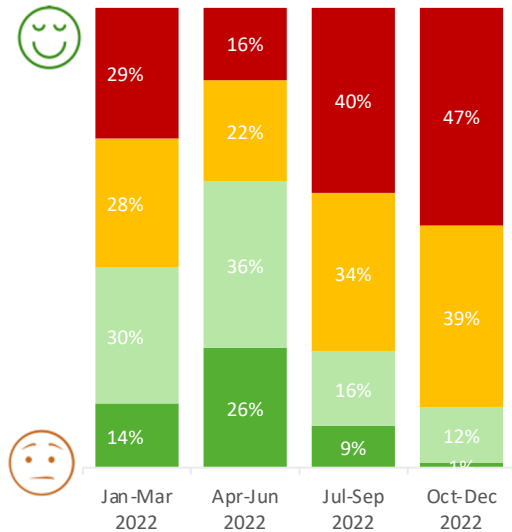


Business confidence

When asked to rate their overall business confidence for the short, medium and long term future, responses in relation to the next 3 months were lower than in the previous three quarters, possibly due to normal seasonal patterns. However medium and long term confidence levels remained at the relatively low levels recorded in the last survey wave.

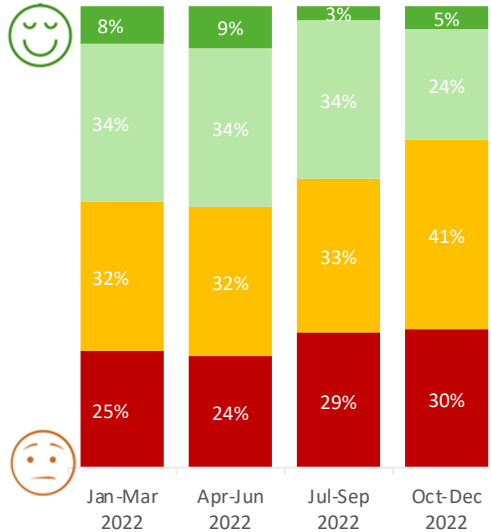
SHORT TERM (NEXT 3 MONTHS):

Average:



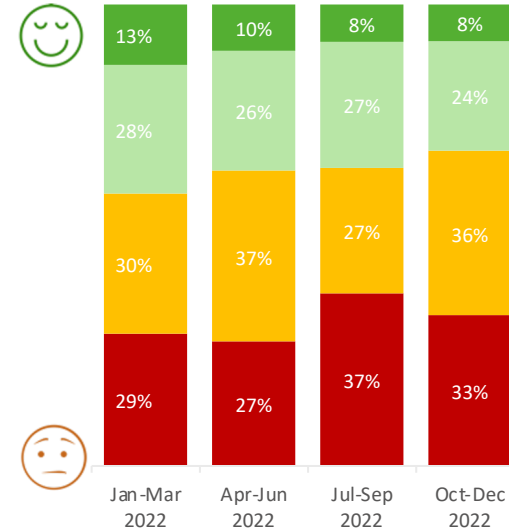
MEDIUM TERM (NEXT 12 MONTHS):

Average:



LONG TERM (NEXT 24 MONTHS):

Average:

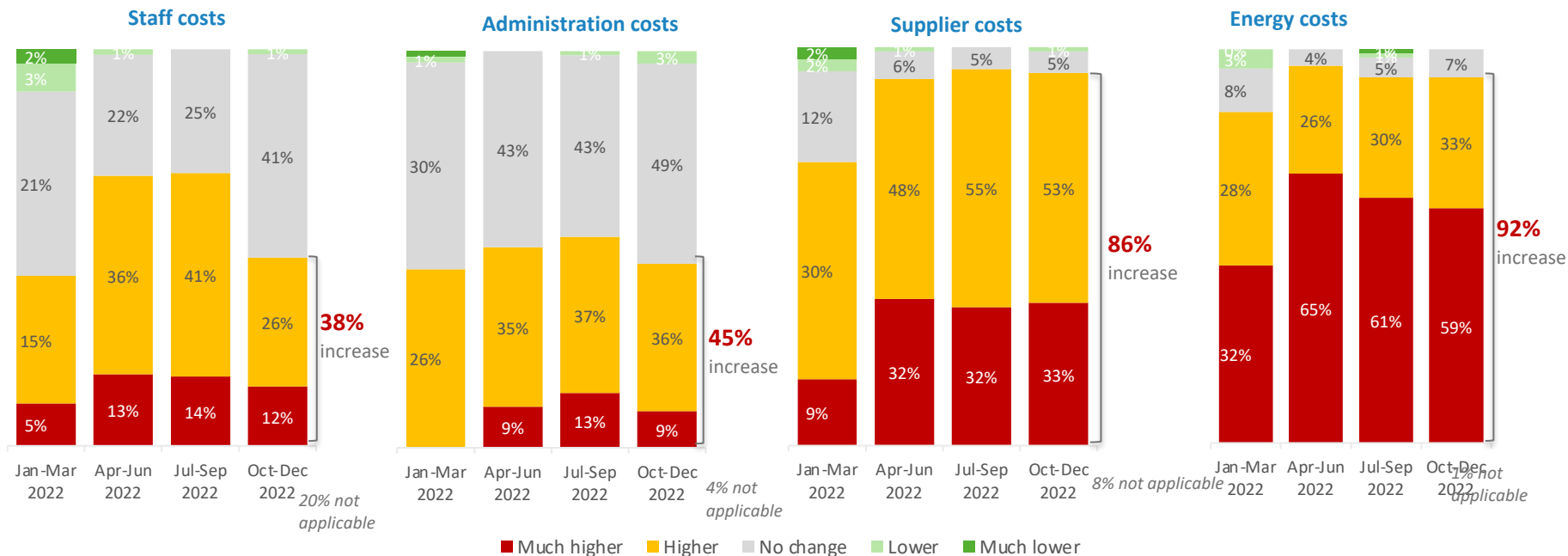


■ Less than 5 ■ 5 or 6 ■ 7 or 8 ■ 9 or 10



Costs of business - last 3 months

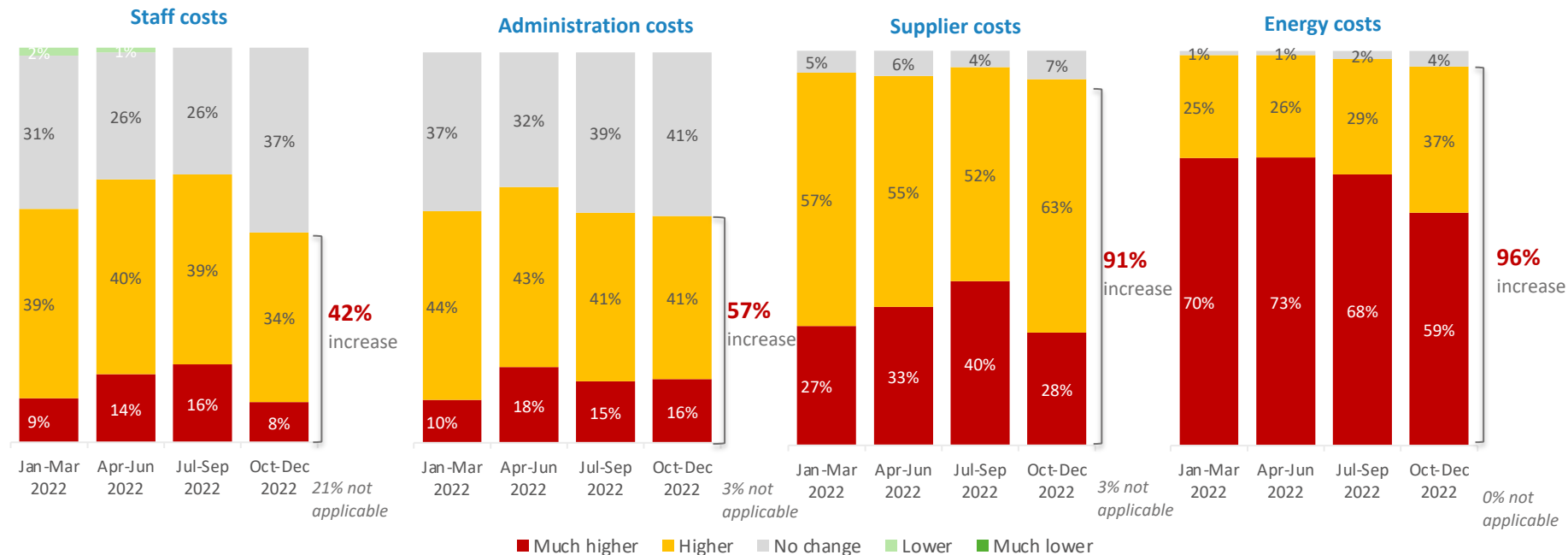
When asked how their business costs had changed during the last 3 months compared with the same period in 2021, the vast majority of businesses indicated that their energy and supplier costs had increased. Almost half (45%) had experienced increased staff costs while two in five experienced increased administration costs, lower percentages than in the last quarter.





Costs of business - expected for next 12 months

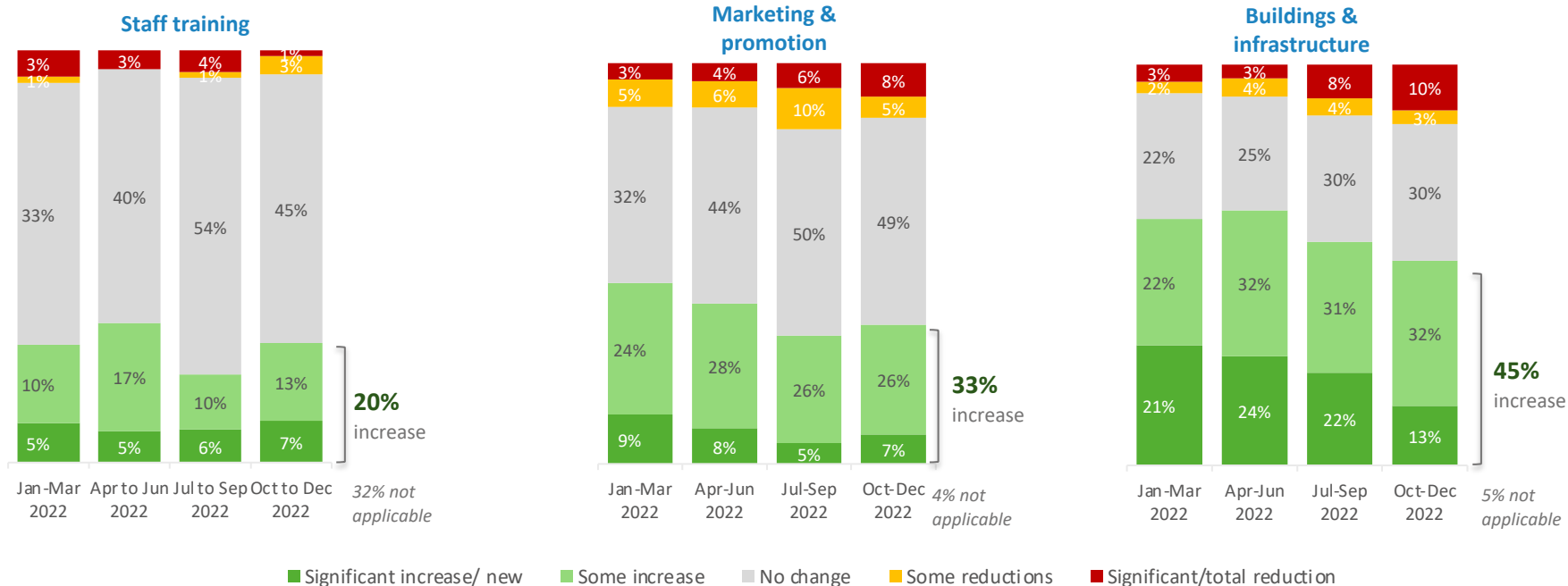
Looking to the next 12 months, the vast majority of businesses expect their supplier and energy costs to increase and just over half expect administration costs to increase. Expectations for increasing costs are slightly reduced on those recorded in the last survey wave.





Investment in business - last 3 months

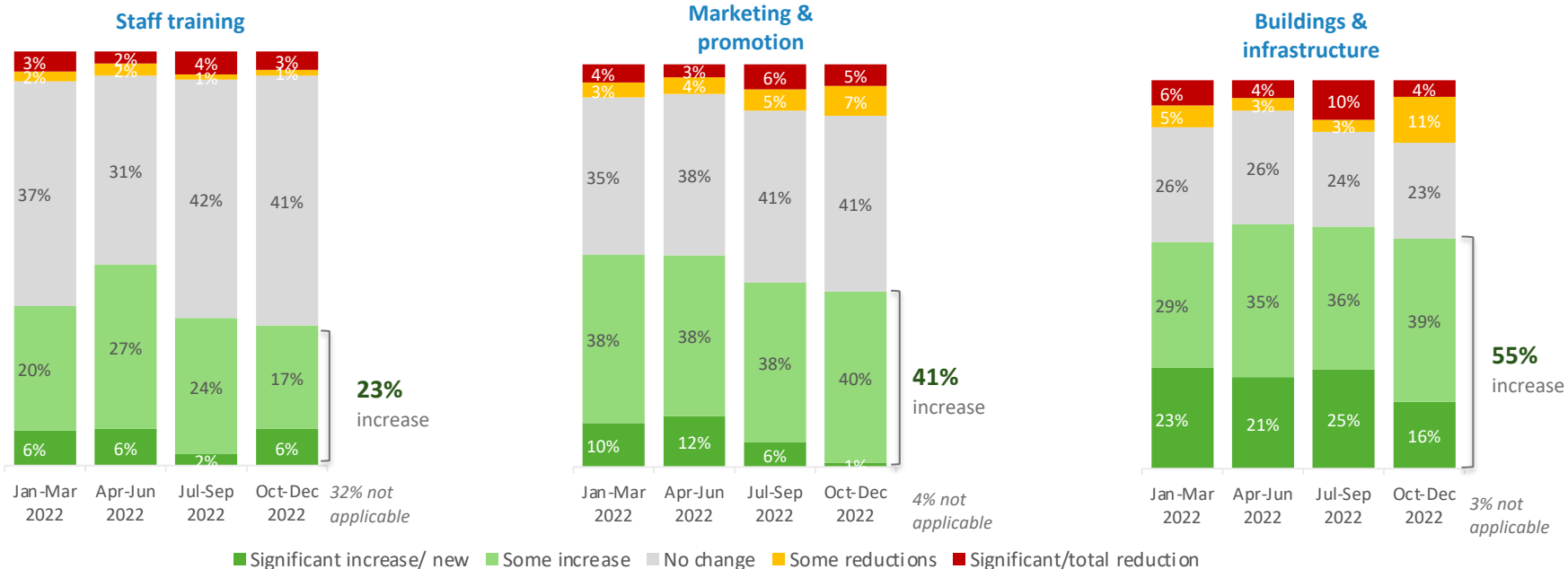
When asked about levels of investment in their businesses during the last 3 months in comparison to October to December 2021, 45% indicated that they had increased their spend on buildings and infrastructure while a third had increased investment in marketing and promotion. Compared to previous waves the percentages of businesses expecting to invest in buildings and infrastructure continued to decrease.





Investment in business - expected for next 12 months

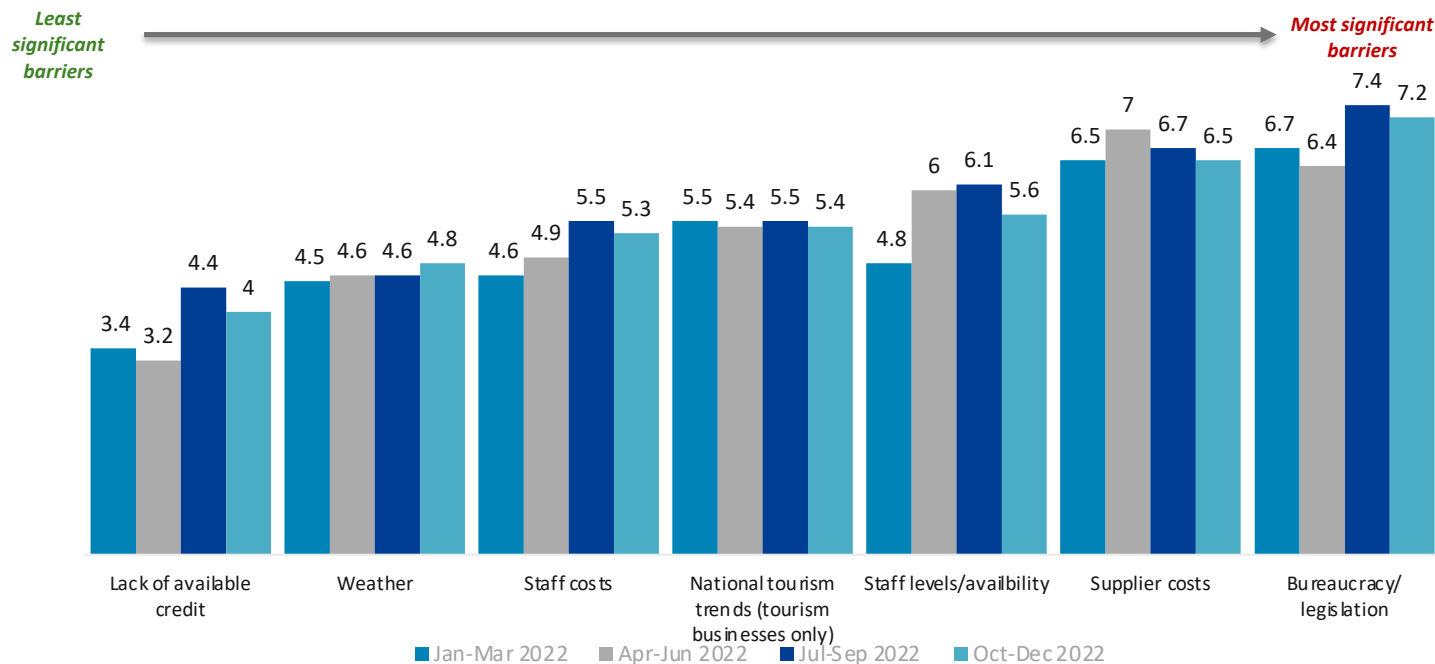
Looking to the future, 55% planned to increase their investment levels in buildings and infrastructure, 41% expected to spend more on marketing and promotion and 23% were planning to spend more on staff training. All of these percentages are lower than recorded in previous survey waves.





Barriers to business growth

When asked to rate the impact of various aspects to the growth of their business on a scale from 0 (not at all) to 10 (very much a barrier) as in previous waves the areas rated as causing the greatest issues were, bureaucracy/legislation, supplier costs and staff levels/availability. Comments provided highlighted particular concerns regarding Short Term Let legislation.



“The new Short Term Let legislation adopted by the council following the SG change in law. Massive hit on small business like mine. Am considering closing rather than paying over £3000 extra.”

“Overall charges per night have to increase in order to make it pay. The costs involved in applying for the short term let licence have to be absorbed too.”

“We had spent considerable time and money preparing to submit our application for the short term let license only to find that the timelines were pushed back.”

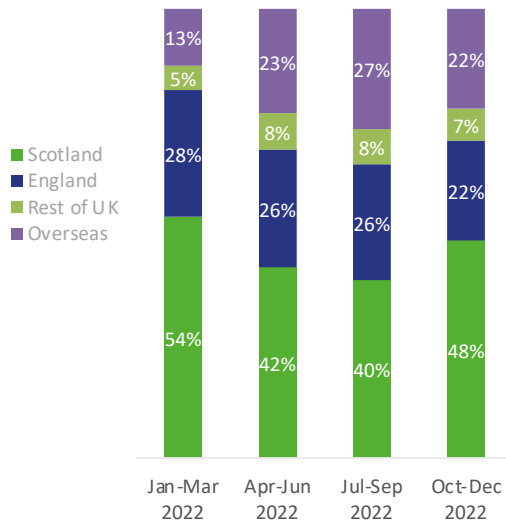
“Continued impact of Brexit, national inflation and taxation of whisky industry. Would welcome a speedy introduction of a tourism tax.”



Visitor profiles

Tourism sector businesses were asked to provide details on the typical profile of their customers during October to December 2022 period in terms of place of origin and the mix of first time and repeat visitors. Around half of visitors were from Scotland, 29% from the rest of the UK while 22% were from overseas. An average of 55% of customers were first time customers.

Origin of customers during last 3 months:



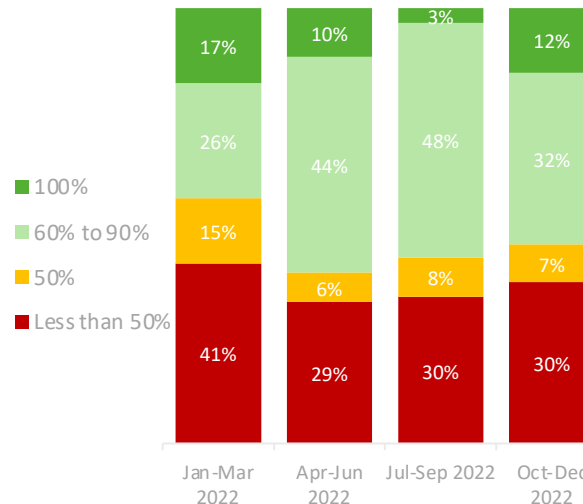
Top origin markets (% of businesses)

Top Scottish places of origin:	
Edinburgh/ Lothians	42%
Glasgow/ Strathclyde	40%
Aberdeenshire	32%
Moray	23%

Top other UK places of origin:	
London / South East	27%
North East	21%

Top overseas countries of origin:	
Germany	26%
USA	25%
Canada	10%
France	10%
Netherlands	10%

Approximate percentage of first time customers over last 3 months



Average:

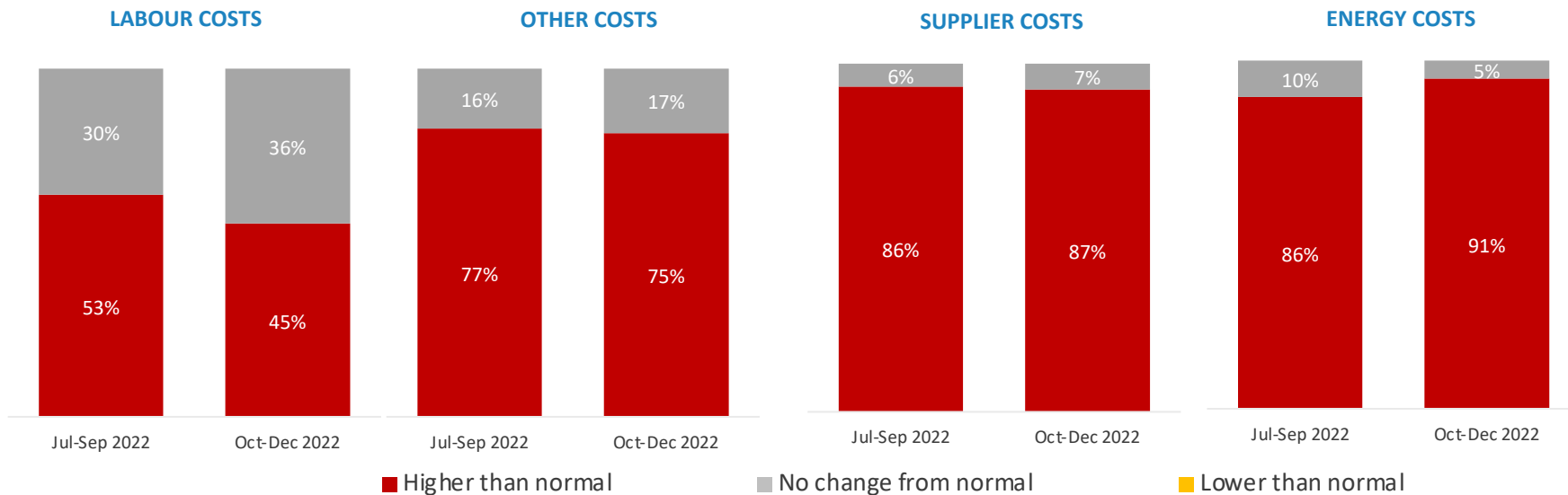
Jan-Mar 2022 - 52%
 Apr-Jun 2022 - 56%
 Jul-Sep 2022 - 58%
 Oct-Dec 2022 - 55%



Topical questions – impacts of rising costs

In this quarter topical questions relating to the impacts of rising costs were repeated. As in the previous quarter, the vast majority of businesses reported higher energy (91%) and supplier (87%) costs than a year ago. 45% reported increased labour costs a lower percentage than in the last survey wave.

Thinking about the last 3 months, compared to the same period in 2021, have your business costs been any higher or lower than the 'norm' for this time of year?

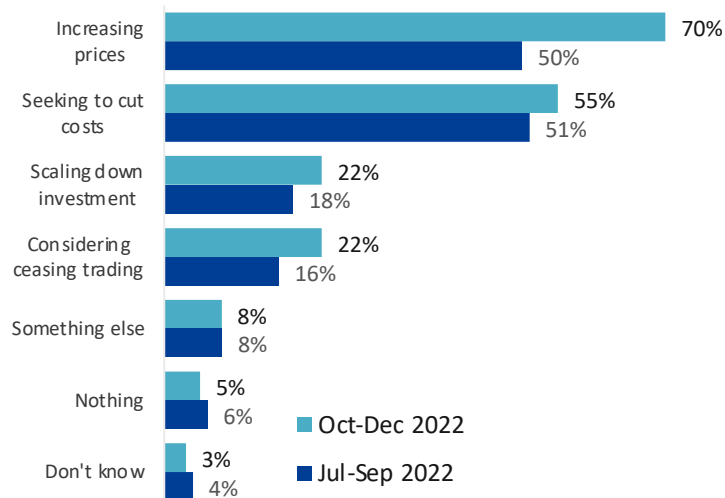




Topical questions – impacts of rising costs

Compared to the July to September percentage an increased percentage of businesses reported that they were increasing prices and seeking to cut costs. Notably more than a fifth (22%) reported that they are considering ceasing trading, an increase from 16%.

Which of the following, if any is your business doing in response to these rising costs?



Please type in further details on the impacts, if any, of increased costs on your business...

"In trying to contain costs to customers, our net return is reduced with increases in energy costs etc."

"Kerosene prices at three times the level of last year.. Electricity prices at five times the level of last year.."

"Short Term let legislation approx cost of £3000 per property. Massive financial and administrative stress."

"Increased charges to nightly stays means less bookings/shorter bookings."

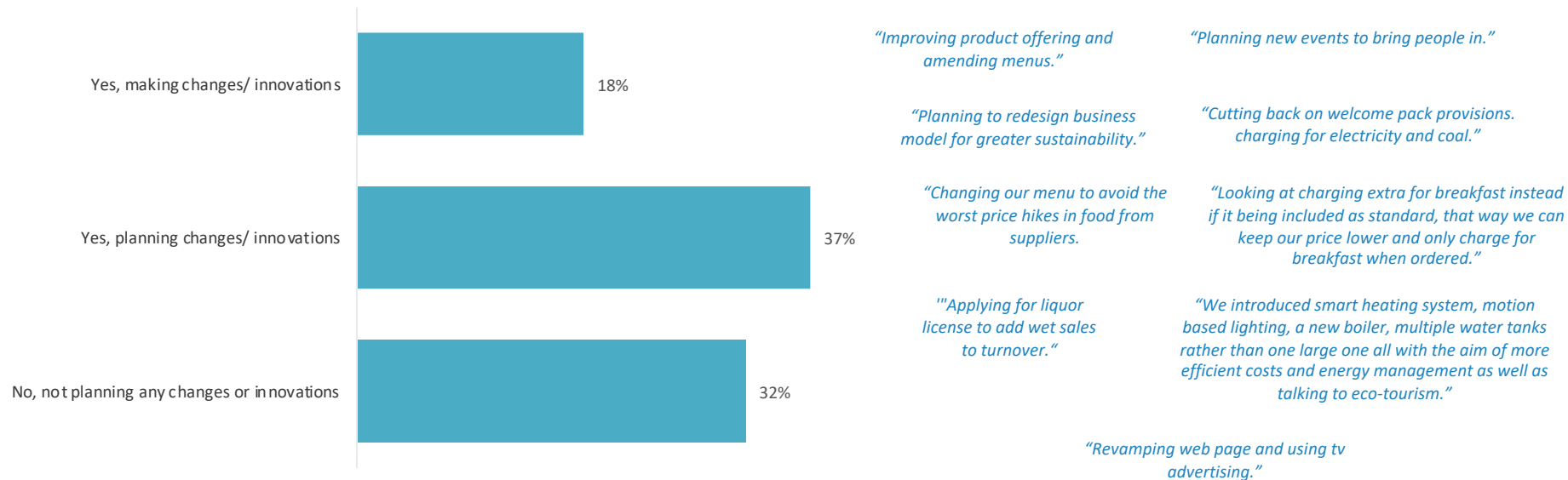
"Depending on energy market we may fully close over the winter months."



Topical questions – innovation

A set of questions was asked regarding innovation. Overall 55% were either making changes or innovations to their business or planning to do so. As shown below a wide range of types of innovations were being made, often to address rising cost issues.

Is your business making or planning to make any changes to how it operates, the products or services it offers, how you deal with customers or other innovation?

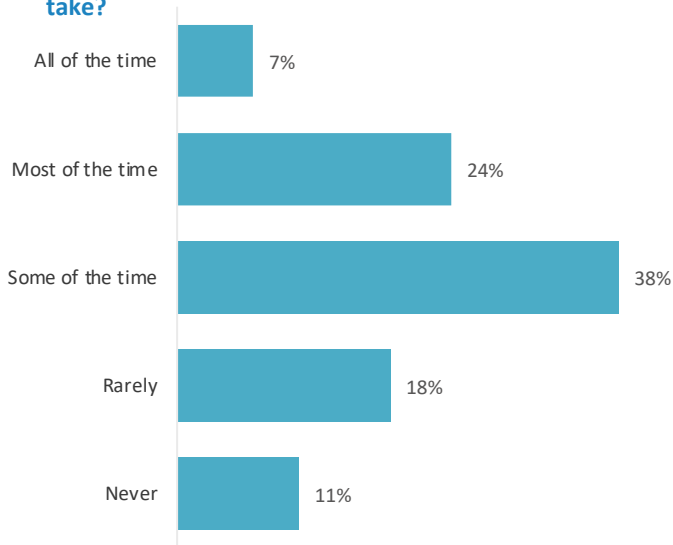




Topical questions – sustainability

Most businesses (69%) consider environmental sustainability at least some of the time when making business decisions. Often the actions taken are also aiming to reduce costs.

How often if ever does environmental sustainability impact upon the way your business operates and the business decisions you take?



Please type in details of how your business improves its environmental sustainability?

“Emphasis on recycling, heat conservation.”

“We have applied for the Green Tourism Award so every decision is now taken with a view to how this impacts environmentally.”

“Using locally sourced produce to reduce associated travel costs and environmental impact.”

“Lower heating temperatures. Recyclable packaging. Lower temperature washing.”

“Increased recycling, choosing suppliers with environmental sustainability, encouraging active travel.”

“We changed to biomass heating several years ago, we use low energy bulbs throughout, we use as little plastic as possible and try to buy local produce as much as possible. We also use a full electric car.”

“We try to minimise waste, recycle and buy eco products. Our principal energy use is heating which through a low carbon heat network. We minimise electricity use through low energy appliances and light fittings. We encourage our guests to recycle.”

“Solar panels, electric vehicle and charging point for customers, recycling, growing our own produce and shopping locally.”

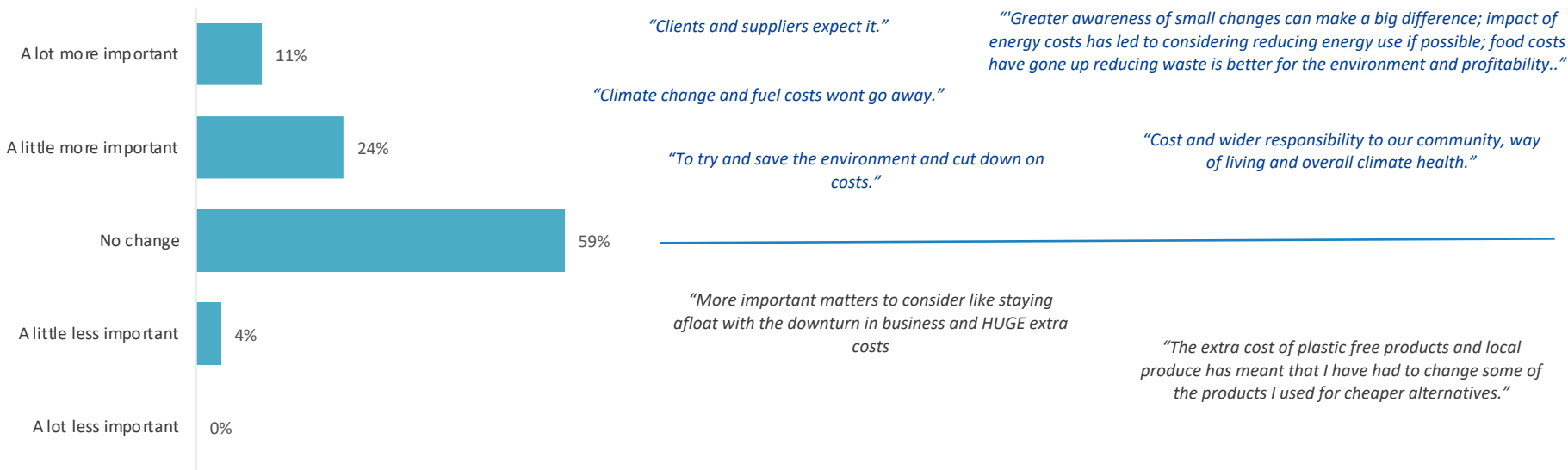


Topical questions – sustainability

While the importance of environmental sustainability has not changed for most business since a year ago (59%), it has become more important for around 1 in 3, for a range of reasons.

Compared to a year ago, has environmental sustainability become any more or less important to your business?

Why is that the case?

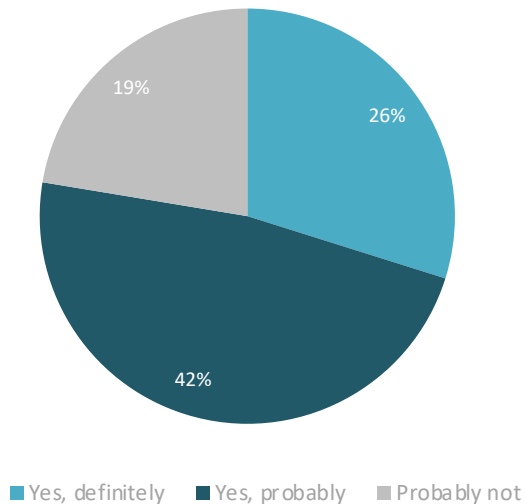




Topical questions – sustainability

Two thirds of businesses would definitely or probably like to do more in future to improve their environment credentials. While the most common barrier to making changes was t cost, a lack of time and knowledge was also mentioned by some.

Looking to the future would you like to do more to improve your businesses environmental sustainability ‘credentials’



What, if anything, makes it harder for your business to make the changes you would like to make to improve environmental sustainability?

“Lack of funds.”

“Cash involved to invest in greener things like heating.”

“No time!!!.”

“Most of the changes come with increased costs which I cannot justify at the moment

“Cost. Its very difficult to see if grants are available and applicable to the business.”

“Nature of the building - 19th century A listed.”

“Staff buy in to concept, limitations of national standards of materials that must be used.”

“Knowing where to go to find the resources and help to make any changes.”

“Cost of Implementation of significant enhancements to achieve sustainability.”

“Knowing where to start, Knowing where to look for help with grants to upgrade heating systems, windows etc..”

“Lack of funding. Would like to upgrade the air source system but no funding/incentive available.”

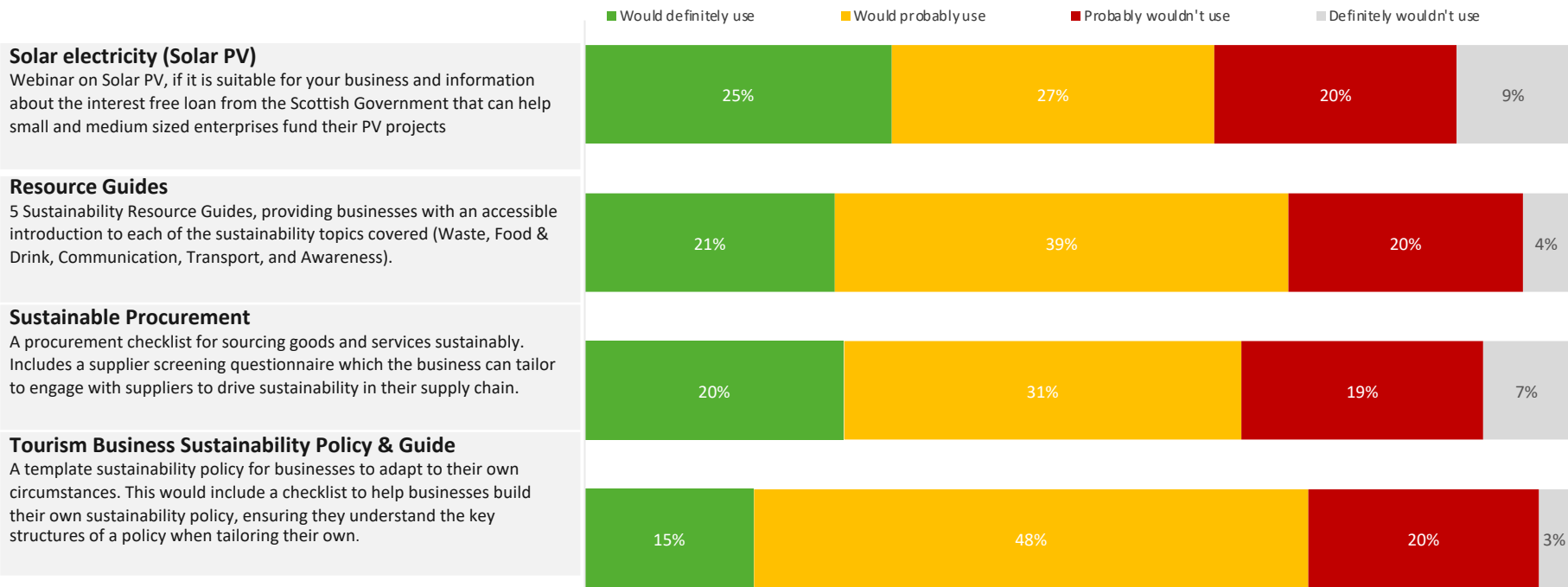
“I would like to offer an electric car charging point but currently there seems to be no easy way to set up a system where my customers pay for the electricity they use. I cant afford to provide them with free fuell!”



Topical questions – Sustainability

If offered, many businesses would be interested in the various types of support suggested.

How likely is it your business would use each of the following if they were offered in future?





Topical questions – Sustainability

A range of other types of support would also be welcomed, in particular more funding options.

What other support (if any) would you like to receive from organisations such as Visit Moray Speyside the local authority or other authorities to help your business to become more environmentally sustainable?

“Would like to understand Moray District Councils policy for sustainable tourism and what they are doing to help make the towns more accessible for those using electric vehicles.”

“Unless support is genuine, effective and practical, the bureaucracy added admin burden and costs are unsustainable.”

“Grant funding for solar energy.”

“Just keep sharing information with us and ensure that it goes to the full Moray Speyside mailing list.”

“More grants to help with Solar, insulation etc.”

“More electric charge points that are super fast!”

“Town centre recycling for all recyclables and compostable e.g no point in legislation for compostable take away receptacles if nowhere to compost..”

“Help in getting grants, knowing what is available.”

“I would like help finding and funding a suitable electric charge point for guests electric vehicles.”

“Sustainability think tank or workshop. What could we do as an area to stick out from the crowd, respectively, what is already there and would like to have more tourism businesses on board?”



Any questions? A follow-up discussion?

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