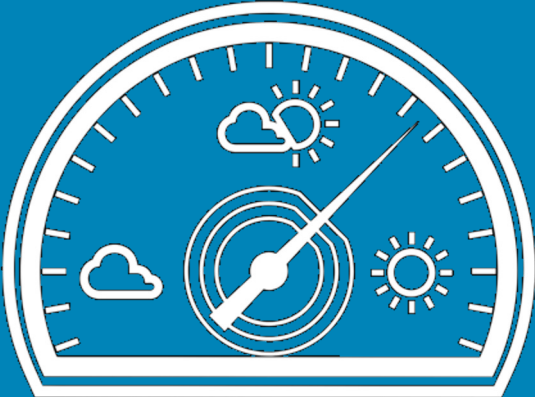


VISIT
MORAY
SPEYSIDE

MORAY SPEYSIDE



Business Barometer
2022

July to September 2022
Summary of key results

Published
October 2022

56°
DEGREE
INSIGHT





Summary Dashboard

July to September 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 third report covers the July to September 2022 period.

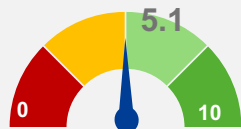
A total of 100 business took part in the Q3 2022 survey

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

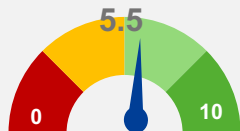
56degreeinsight@56degreeinsight.co.uk

BUSINESS CONFIDENCE

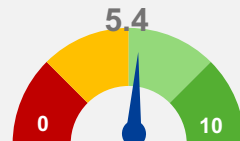
Short term (3 months):



Medium term (12 months):

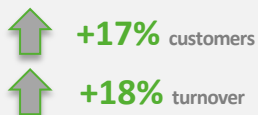


Long term (24 months):



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

April to June 2022 v 2021:



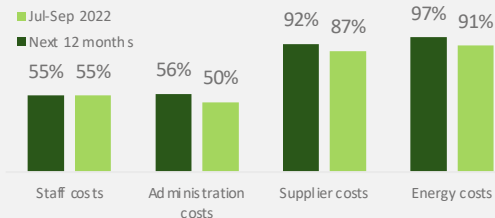
Expectations for next 12 months:



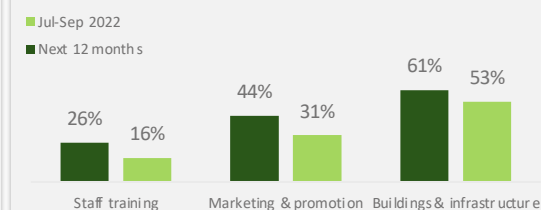
TOP 3 BARRIERS TO GROWTH (0-10 RATING):



COSTS (% EXPERIENCING/EXPECTING INCREASES):



INVESTMENTS (% MAKING/PLANNING INCREASES):



Summary Dashboard

July to September 2022 commentary



Visit Moray Speyside Commentary

Thank you to the 100 businesses who took time to complete the third quarter of the Moray Speyside Business Barometer.

Your time, contribution, insights and opinions continue to be exceptionally helpful and informative as we seek to chart the sentiment, challenges and health of region's tourism operators and wider business community over the next two years.

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 October – December 2022.

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 July to September 2022. This is the third wave of the barometer, and 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

July to September 2022 commentary

Visit Moray Speyside Commentary

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

Compared with summer 2021 majority of businesses have reported an increase in visitor numbers and turnover but are reporting a decrease from April – June 2022 which is showing that post covid recovery is slowing down.

Looking to the future and the next 12 months, 35% of businesses expected an increase in visitors and 37% of businesses expected an increase in turnover however, this is almost 10% lower than the response given in the previous survey (April – June) and almost 15% lower than the first survey (Jan – Mar).

Three in five accommodation businesses (60%) reported high levels of occupancy during the last three months, a higher percentage than in the previous two quarters which is normal for the seasonal patterns. However, looking to the next 12 months a more varied picture was predicted with an equal spread in predictions between high, medium and low levels. This varied picture is similar to that recorded in the previous two survey waves.

Looking at business costs, majority of businesses have reported an increase in staff costs, administration costs, supplier costs and energy costs over the last three months with energy costs being the highest increase along with supplier costs.

Just over half (53%) of businesses have indicated that they have increased their spend on buildings and infrastructure while just under a third had increased their marketing activity in the last three months. Compared to Q1 and Q2 of the survey where businesses expected to decrease in investment on buildings and marketing.

In this wave of the Barometer, our additional questions were focused on gauging interest in the support of the Local Visitor Levy, feedback on the Government Support package, impact from rising energy costs and recruitment issues and the benefit to your business if there was a reduction in VAT.

What's clear from these questions is that most business owners would be in opposition of the introduction of a Local Visitor Levy due to the effects it may have on visitor numbers. Points were made that if it were to be introduced and the income was spent on upgrading local infrastructure then it would be beneficial.

Recruitment has been a hot topic for a while with businesses across the sector struggling to recruit, the results were surprising with majority of businesses stating it is not a major issue for their business.

When asked if a VAT reduction would benefit businesses the majority of businesses would benefit from the reduction in some way. Looking at other UK and Scottish Government Support with the newly launched Energy Bill Relief Scheme, 71% of businesses feel there is more support required to help businesses through this difficult time, although 44% businesses did find the Energy Bill Relief Scheme helpful to their business. Sadly, due to the increase of business costs 16% of businesses are considering ceasing trading. This is very worrying but we want to thank you for being honest as this helps us present how serious and detrimental this is to our economy and that action needs to be taken.

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.

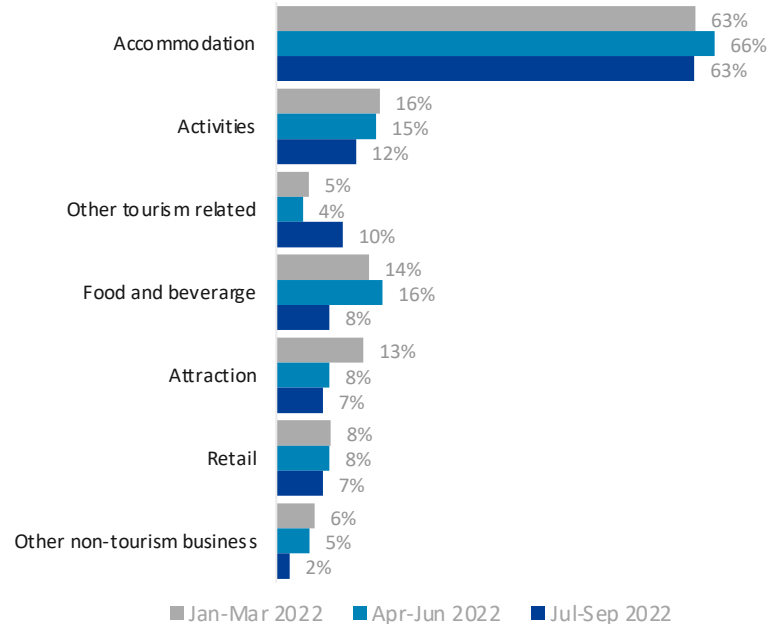
If there are questions, you'd like us to ask in the next Barometer, just get in touch.



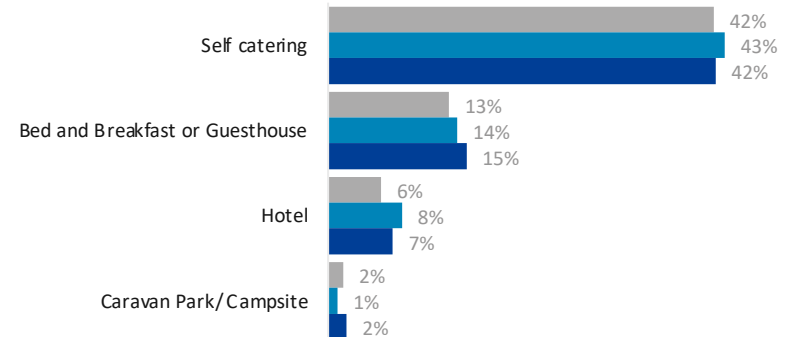
Sample profile by sector

The vast majority of the 100 businesses taking part in the Q3 2022 survey were in the tourism sector. Two thirds (63%) were accommodation businesses (mostly self catering), 11% were activity providers and 8% provide food and beverage. This profile is similar to that obtained in the previous two waves of the survey.

Survey participants by sector:



Survey participants by accommodation type:

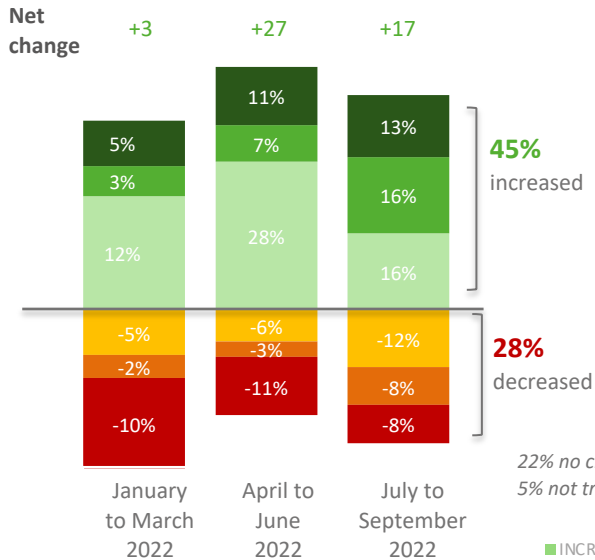




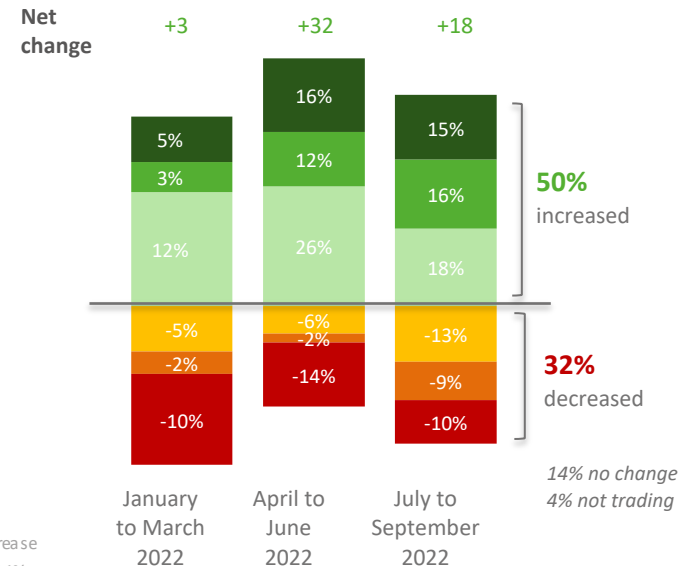
Business levels – last 3 months compared to Q3 2021

When asked to compare levels of business during July to September 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 lower than recorded for the April to June period, suggesting a some slow down in the post pandemic recovery.

Number of customers:



Turnover:



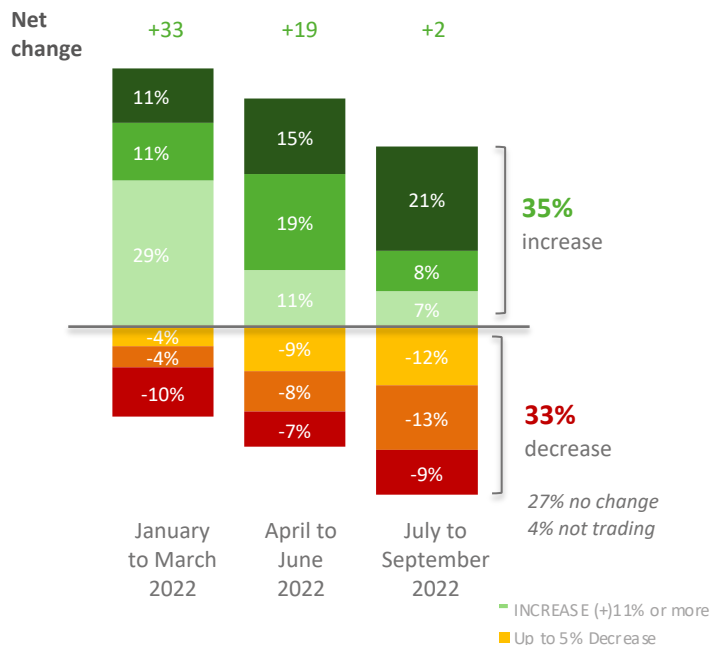
■ INCREASE (+11% or more)
 ■ Between 6% and 10 % Increase
 ■ Up to 5 % Increase
■ Up to 5% Decrease
 ■ Between 6% and 10% Decrease
 ■ DECREASE (-11% or more)



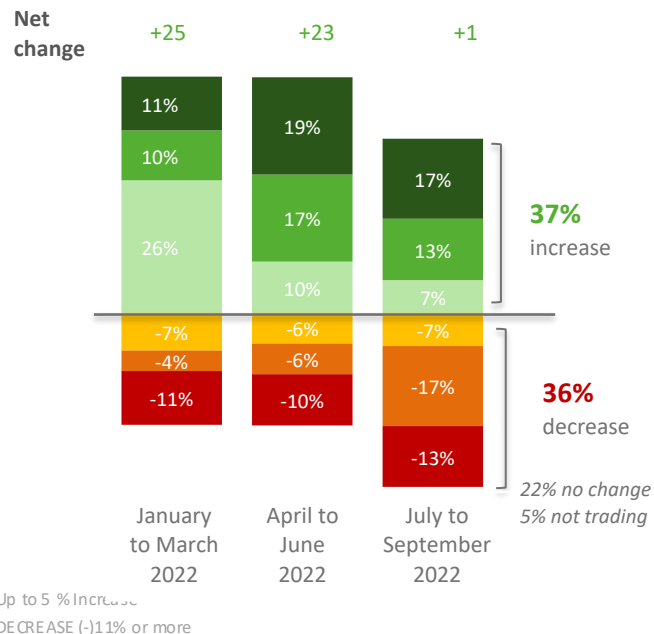
Business levels – looking ahead to the next 12 months

Looking to the future around 35% of businesses expected increased numbers of customers during the next 12 months and 37% expected increased turnover. However almost as many businesses expected a decrease in customer and turnover so the net change (% expecting increase - % expecting decrease) was much lower than recorded in the previous two survey waves.

Expected number of customers:



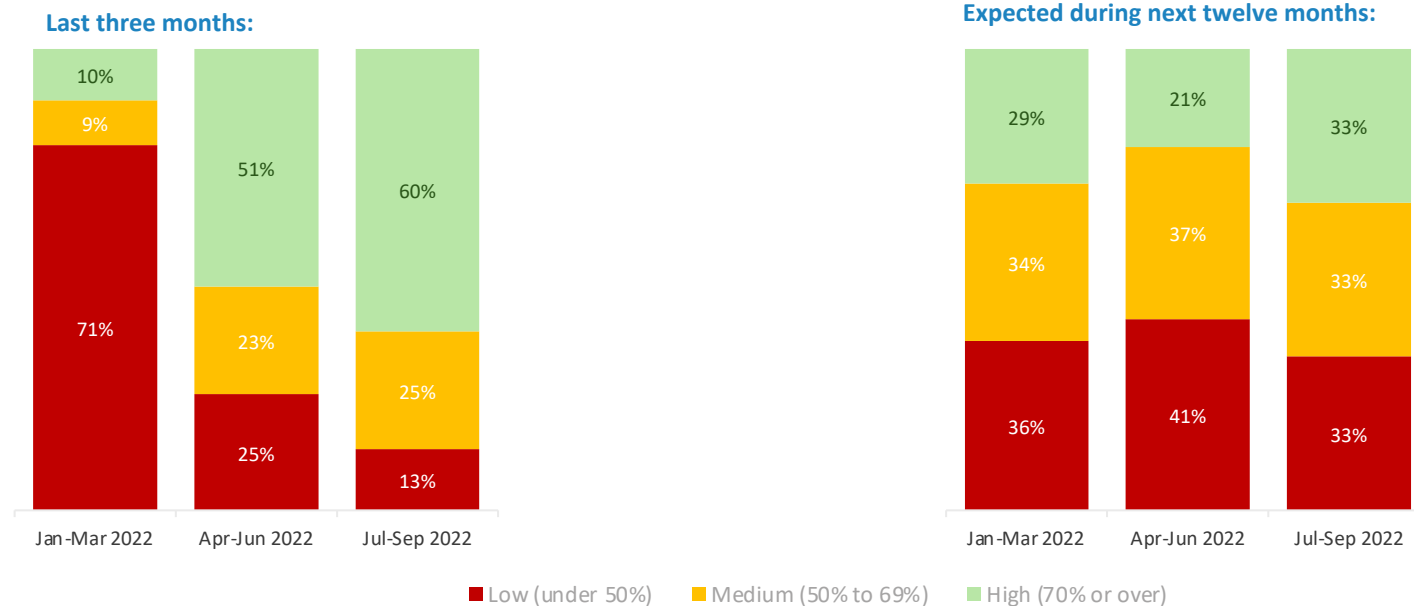
Expected turnover:





Business levels – accommodation occupancy levels

Three in five accommodation businesses (60%) reported high levels of occupancy during the last three months, a higher percentage than in the previous two quarters (reflecting normal seasonal patterns). However, looking to the next 12 months a more varied picture was predicted with an equal spread in predictions between high, medium and low levels. This varied picture is similar to that recorded in the previous two survey waves.



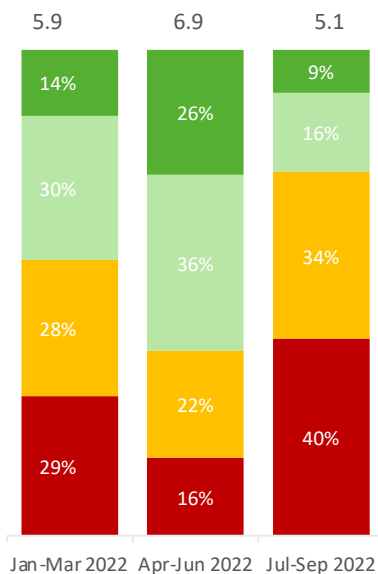


Business confidence

When asked to rate their overall business confidence for the short, medium and long term future, the most positive response was received in relation to the next 3 months responses provided for all of these time periods were less positive than recorded in the previous survey waves. The declined in confidence is most pronounced in relation to the next 12 months period.

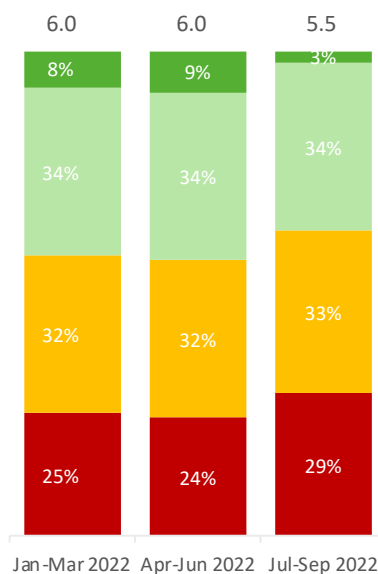
SHORT TERM (NEXT 3 MONTHS):

Average:



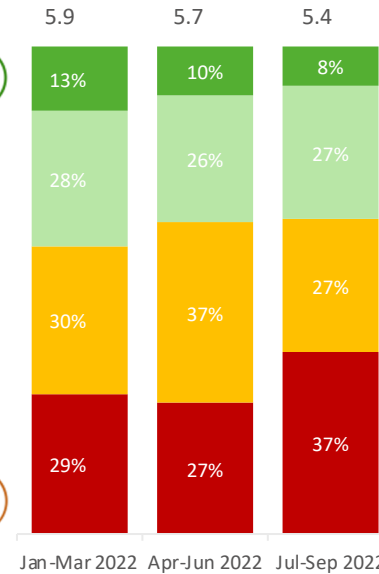
MEDIUM TERM (NEXT 12 MONTHS):

Average:



LONG TERM (NEXT 24 MONTHS):

Average:

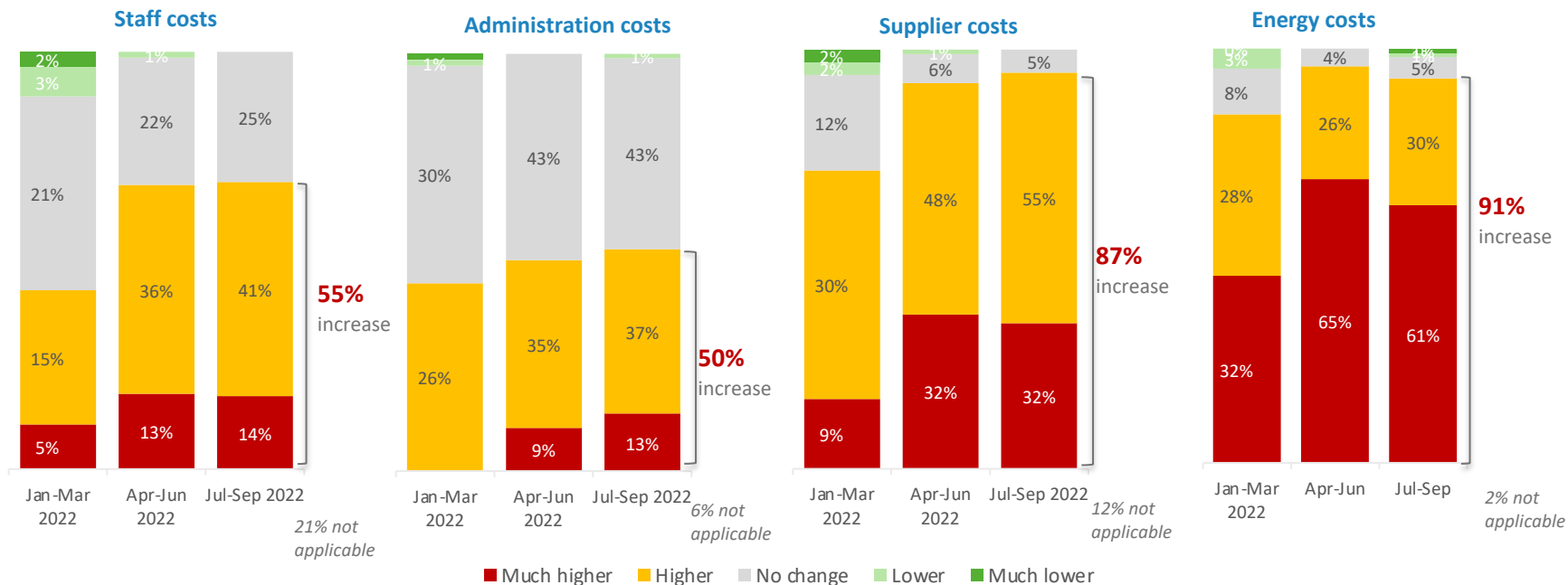


■ Less than 5 ■ 5 or 6 ■ 7 or 8 ■ 9 or 10



Costs of business - last 3 months

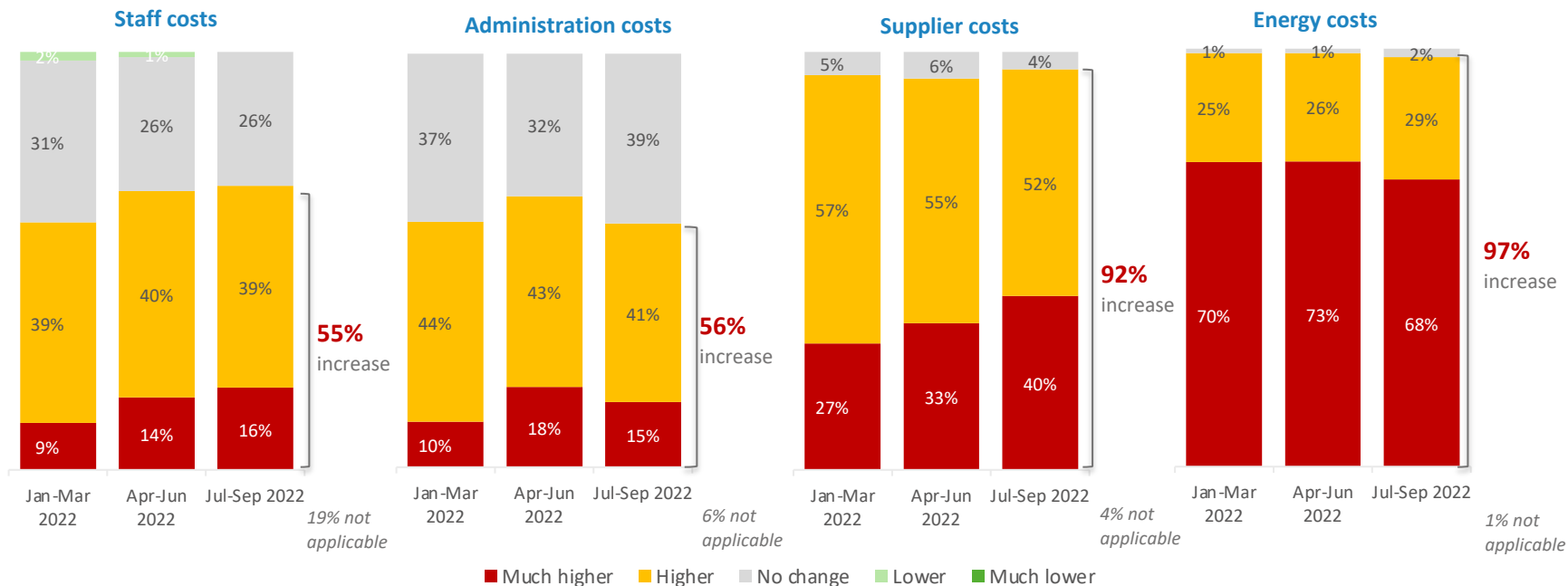
When asked how their business costs had changed during the last 3 months compared with the same period in 2021, the vast majority of businesses indicated that their energy and supplier costs had increased. Also just over half (55%) had experienced increased staff costs while half experienced increased administration costs.





Costs of business - expected for next 12 months

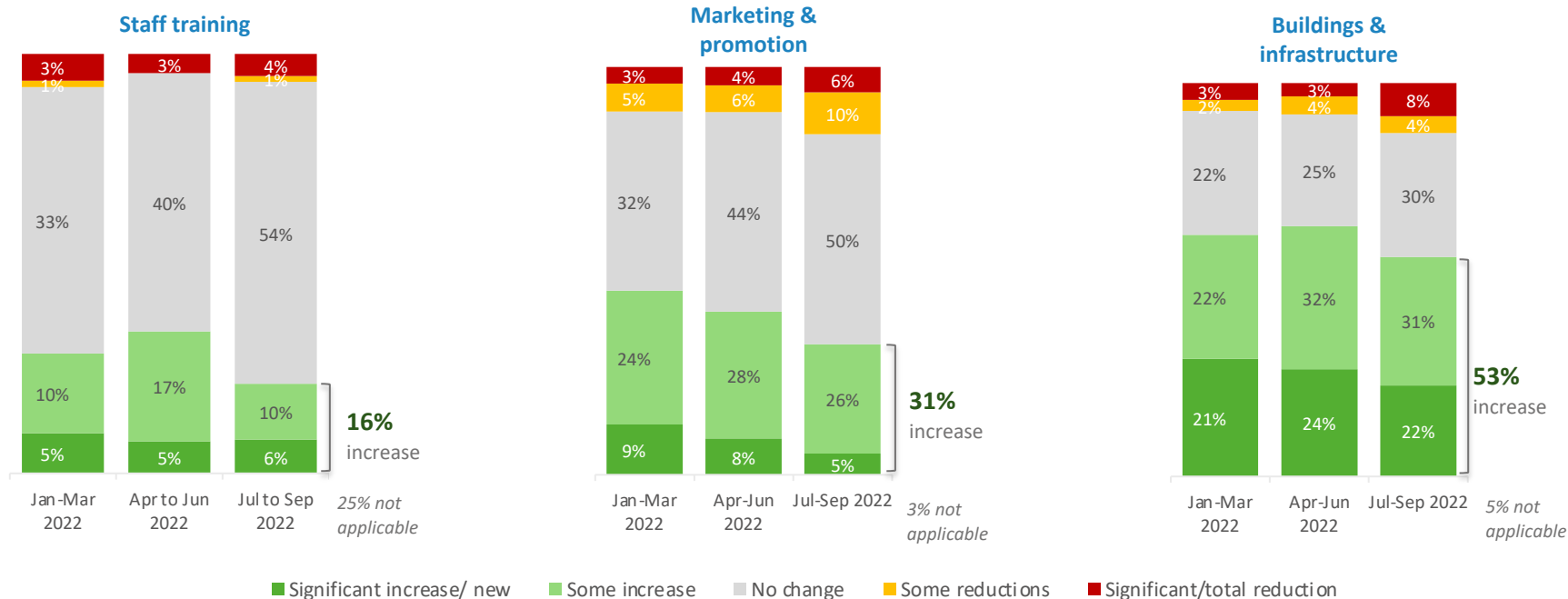
Looking to the next 12 months, the vast majority of businesses expect their supplier and energy costs to increase and just over half expect administration and staff costs to increase. The percentages expecting supplier costs and staff costs to be much higher has increased over the course of the year.





Investment in business - last 3 months

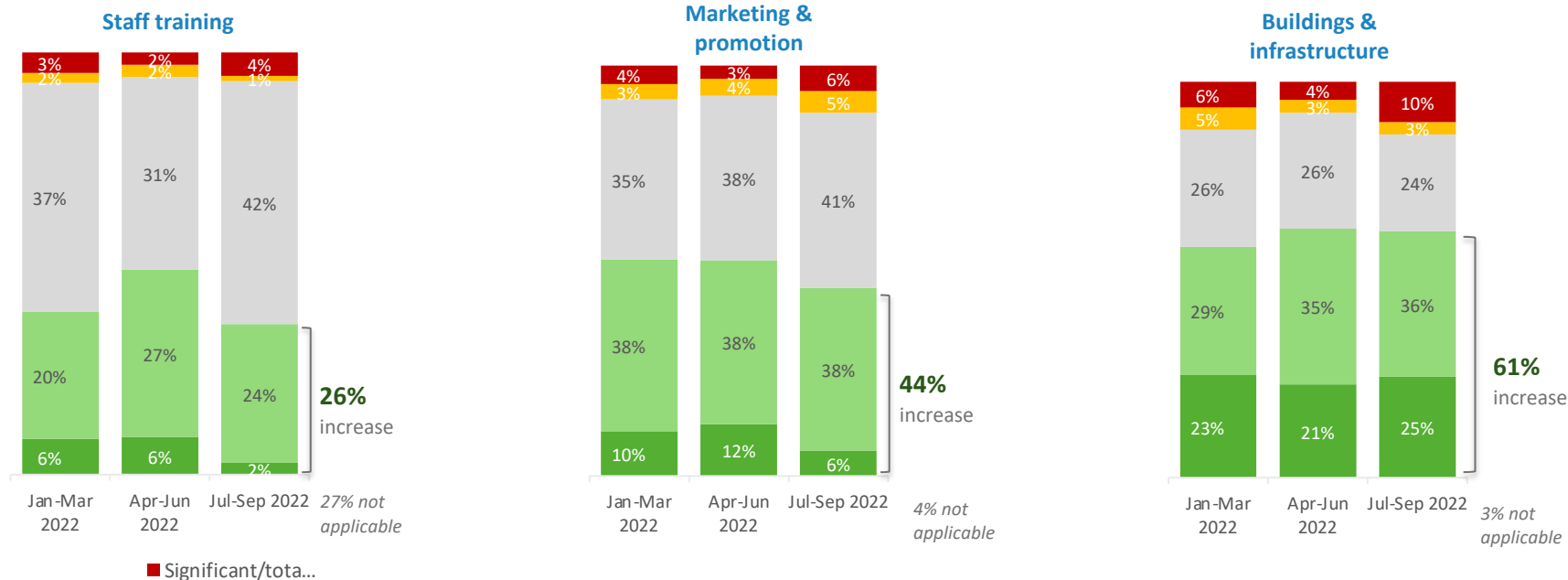
When asked about levels of investment in their businesses during the last 3 months in comparison to July to September 2021, just over half (53%) indicated that they had increased their spend on buildings and infrastructure while just under a third had increased investment in marketing and promotion. Compared to previous waves the percentages of businesses expecting to invest in marketing or buildings and infrastructure had decreased.





Investment in business - expected for next 12 months

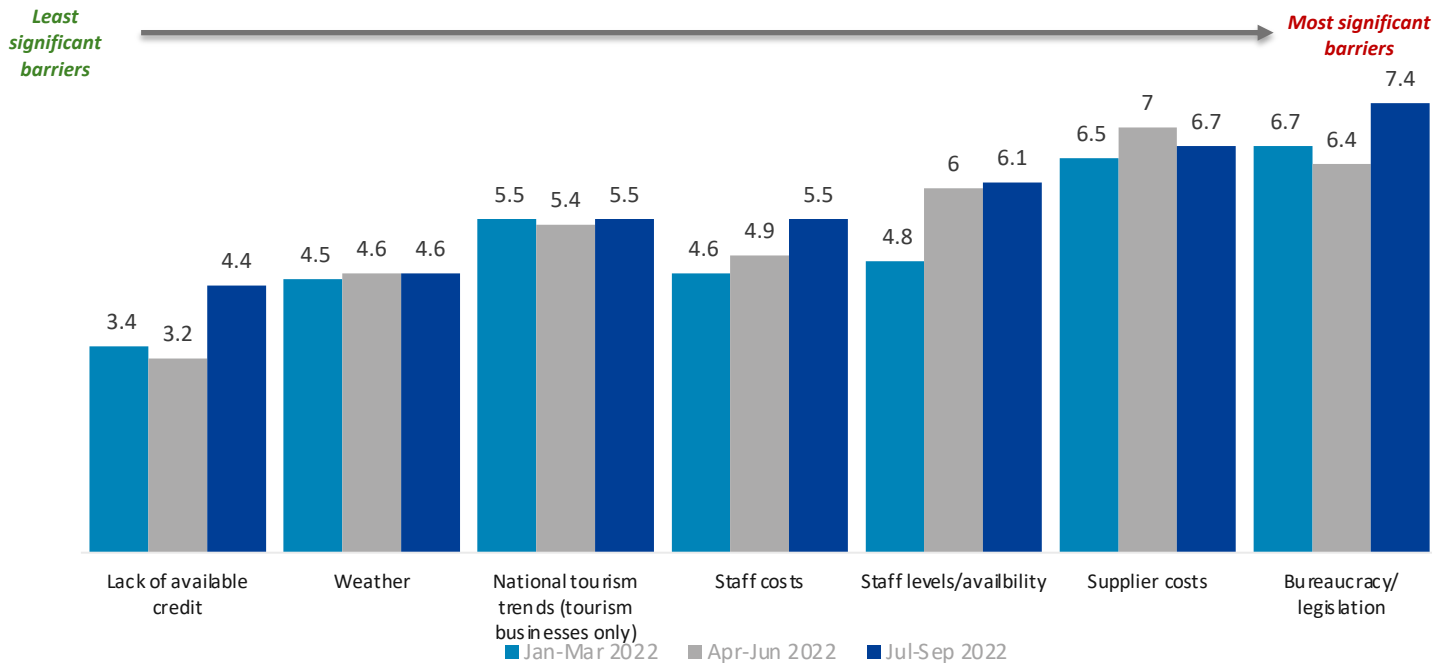
Looking to the future, 61% planned to increase their investment levels in buildings and infrastructure 44% expected to spend more on marketing and promotion and about a quarter were planning to spend more on staff training. Expectations for investment in training and marketing were lower than in the previous survey wave.





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) the areas rated as causing the greatest issues were, bureaucracy/legislation, supplier costs and staff levels/availability. Level of concern have increased for a number of areas, most notably bureaucracy, staff costs and credit availability. A selection of comments regarding other barriers are provided below.



"The new regulations governing short term rentals are a significant issue in terms of costs and bureaucracy."

"Disastrous UK government policies significantly impacting discretionary spending power."

"Cost of living increases plus the Short Term Licence Fee. All costs increasing significantly affecting customers being able to afford holidays. Already noticed people coming to stay for shorter periods of time."

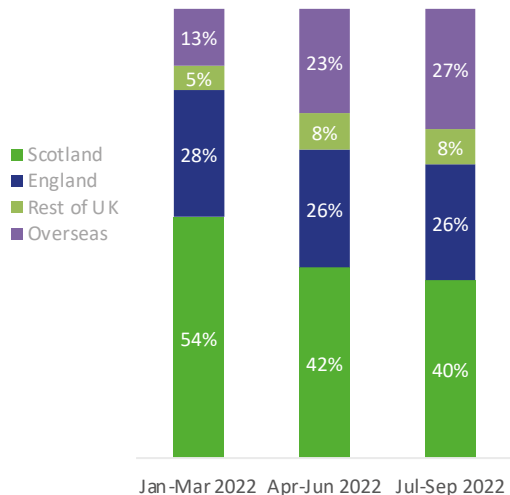
"VAT threshold not rising with inflation, our costs are rising but if we increase prices we will go over the VAT threshold but as we are trading at 90% and with little we can claim back on in VAT then."



Visitor profiles

Tourism sector businesses were asked to provide details on the typical profile of their customers during the July to September 2022 period in terms of place of origin and the mix of first time and repeat visitors. On average 66% of visitors were from the UK while 35% were from overseas, an increase from the percentages recorded in Q1 and Q2 2022. Also an average of 58% of customers were first time customers.

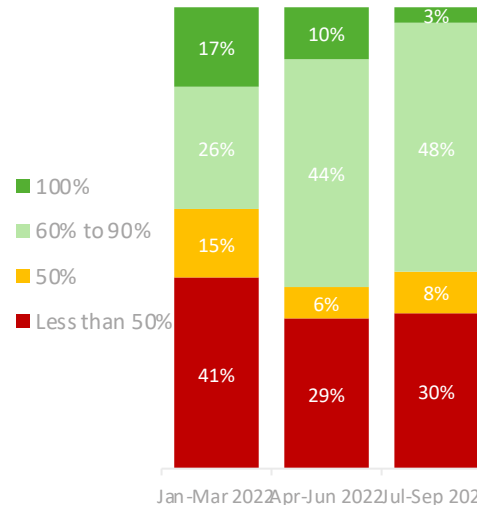
Origin of customers during last 3 months:



Top origin markets (% of businesses)

Top Scottish places of origin:	
Glasgow/ Strathclyde	44%
Edinburgh/ Lothians	41%
Aberdeenshire	34%
Moray	20%
Top other UK places of origin:	
London / South East	32%
North	20%
Top overseas countries of origin:	
USA	36%
Germany	35%
Netherlands	29%

Approximate percentage of first time customers over last 3 months



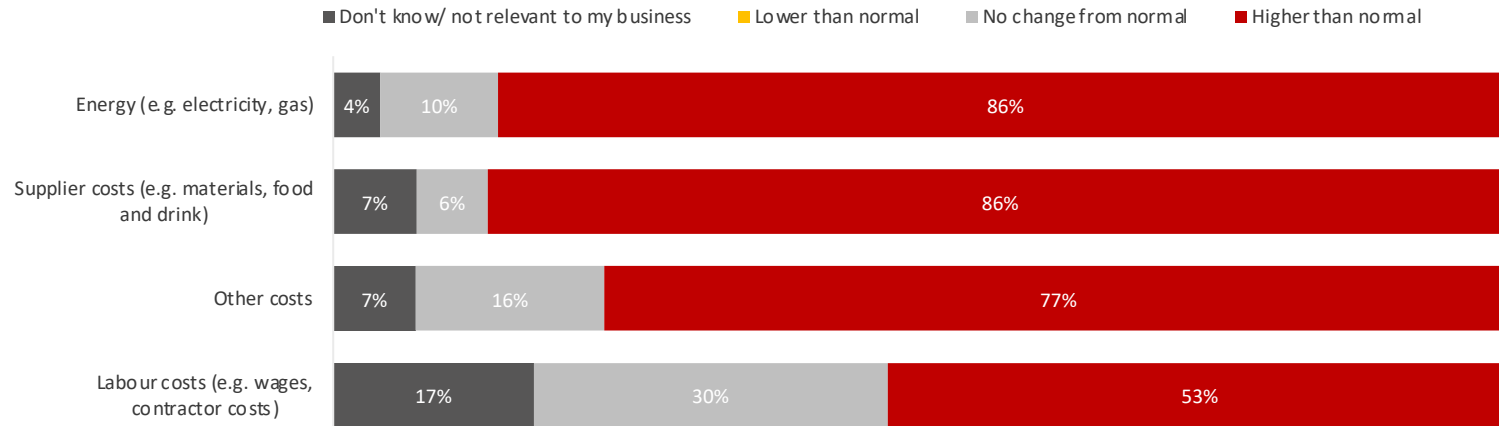
Average:
 Jan-Mar 2022 - 52%
 Apr-Jun 2022 - 56%
 Jul-Sep 2022 - 58%



Topical questions – impacts of rising costs

In this quarter the topical questions added focused upon the impacts of rising costs. As shown below, the vast majority of businesses reported higher energy (86%) and supplier (86%) costs than a year ago. Just over half (53%) reported increased labour costs and 77% reported other cost increases.

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?

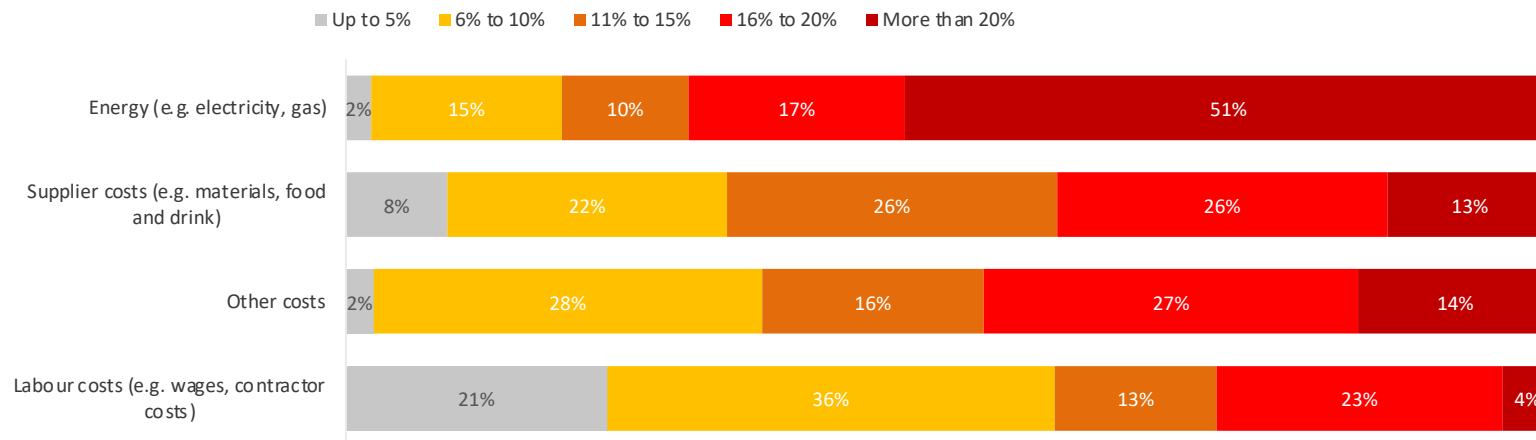




Topical questions – impacts of rising costs

Those who had experienced increased costs in each area were asked to specify by what percentage. Most notably around half stated that energy prices had increased by more than 20% -. The scale of increases for other items varied between businesses but the majority reported that supplier costs were at least 10% higher than a year ago.

By what percentage have your business costs increased in these areas? (based on those reporting any increase for each category)

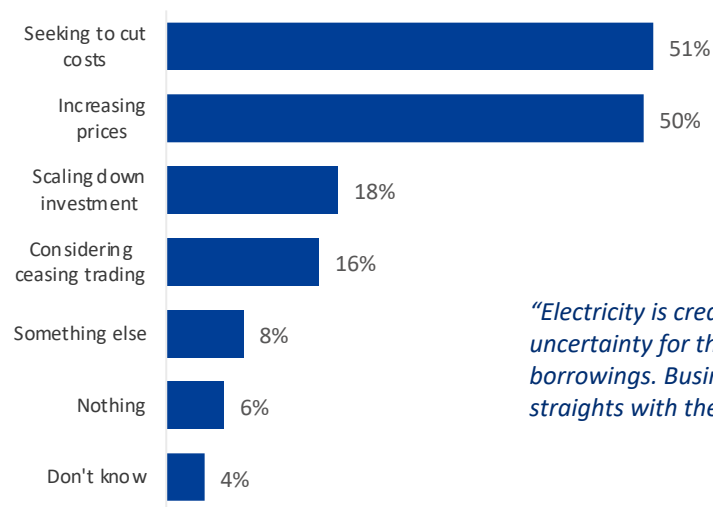




Topical questions – impacts of rising costs

Many reported that they were both seeking to cut costs and increasing prices as a response to the rising prices. Almost a fifth stated that they were scaling down their investment and 16% were considering ceasing trading. Some further comments provided on the impacts are included below.

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...

“Seriously considering whether or not it is worth the hassle for the small return.”

“If it all gets too costly, I cannot afford to keep going. I really want to continue it is my income.”

“Electricity is creating grave concern and a degree of uncertainty for this business where there are no borrowings. Businesses with loans will be in dire straights with the interest rates going up.”

“Increased cost of insurance, heating oil, electricity, travel for those undertaking work at our property, laundering, cost of materials when repairs are required.”

“Reduced cash flow. Looking to cut staff hours over winter..”

“Fuel Costs for machinery and plant are exceptionally high.”



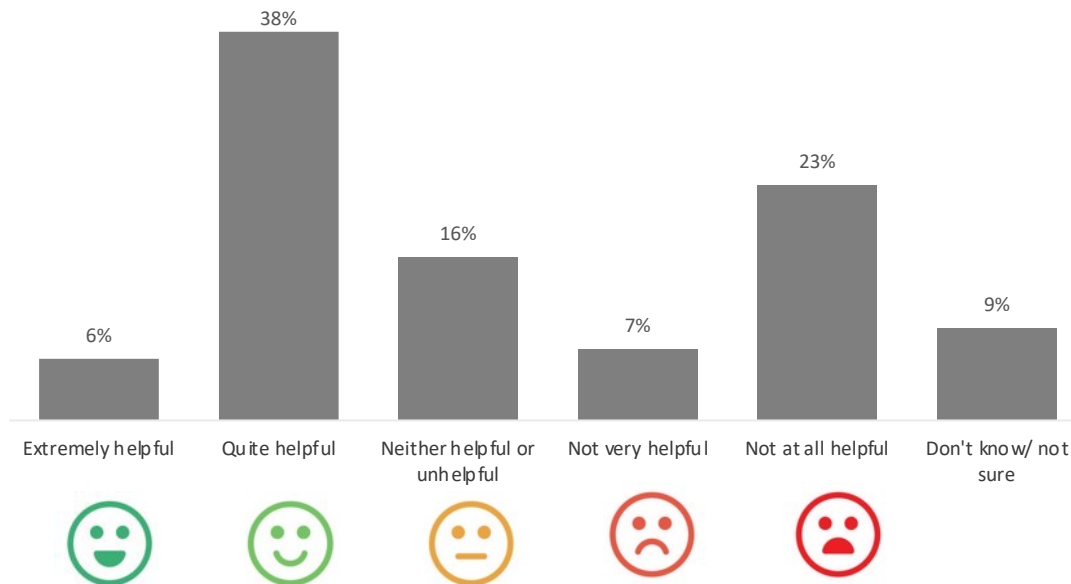
Topical questions – feedback on government support for energy bills

Respondents were shown the information below regarding the recently launched Energy Bill Relief Scheme together with a web link to further details. While just over 2 in 5 businesses felt that this support was helpful (44%) 30% rated it as unhelpful.

On 21st September, the UK Government launched the Energy Bill Relief Scheme.

- This scheme started on 1st October 2022 and ends on 31st March 2023 and will give discounted gas and electricity unit prices for those on non-domestic tariffs.
- The government supported prices will be £211 per MWh for electricity and £75 per MWh for gas (compared with predicted costs this winter of £600 per MWh for electricity and £180 per MWh for gas).
- Discounts will be applied automatically to energy bills

To what extent do you feel this support will help your business?





Topical questions – feedback on government support for energy bills

Over two-thirds of businesses feel that more support is needed from UK and the Scottish Government businesses given the rising costs they are facing (71%). A selection of related comments provided by businesses is provided below.

Do you feel that the level of support currently being provided by UK and Scottish Government is adequate given the rising costs businesses are facing?



13% Yes, feel the support is adequate



71% No, feel that more support is needed

17% Don't Know

"No business has recovered from covid, more financial support is needed to support businesses."

"Postponing the introduction of the Short Term Let Licence Support for Energy costs during the busy Spring/Summer seasons."

"We are currently in a fixed price contract for our electricity which expires in February 2023. At the moment it looks as if we can only benefit from one month of government support."

"For those people using non-mains gas the support situation is ambiguous at best. The falling pound makes everything more expensive for us."

"My electricity contract was renewed prior to 1 April, therefore do not qualify for any rebate."

"Increase VAT threshold to £150k to help small businesses be able to grow without the extra worry and expense of VAT."

"Reduction in VAT, reduction in fuel tax, reduction on business rates,"

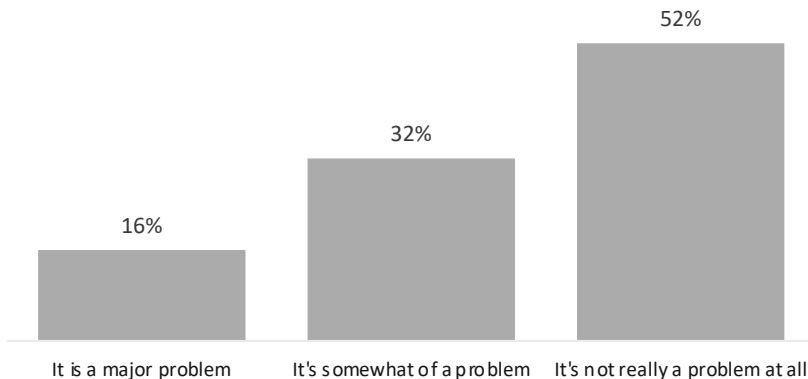
"We have made significant capital investments in renewable energy [solar panels and air source heat pump] and insulation yet our electricity costs are determined by the marginal price of imported gas."



Topical questions – Recruitment challenges

Around half of businesses are experiencing difficulties recruiting/ filling vacancies with 16% indicating that it is a major problem. A range of factors were seen as contributing to this issue including a lack of sufficient local people available to work, a lack of appeal working in the sector and issues relating to Brexit.

Next, thinking about issues around recruitment and filling vacancies. To what extent has your business been facing difficulties in terms of recruitment/filling vacancies?



In your opinion which of the following, if any, have contributed to problems recruiting new staff?

	%
Insufficient numbers of local people available to work	19%
A lack of suitably skilled/ qualified people living in local area	18%
Working in your sector does not appeal (e.g. pay, hours or conditions)	18%
Issues relating to the UK leaving the European Union	16%
Competition from other business sectors	11%
Competition from other places	11%
Transport issues (e.g. staff unable to access to transport to reach workplace)	11%
Staff unable to find accommodation or housing	9%
Issues related to Covid 19	9%



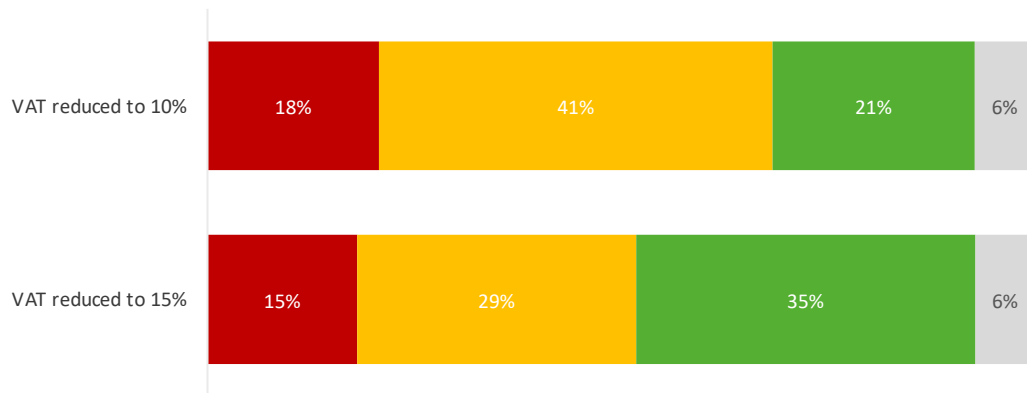
Topical questions – Changing the VAT rate

When asked to what extent if any a reduction in the standard VAT rate would help their business, while most businesses agreed that a reduction to either 10% or 15% would help, a fairly large percentage (15%) stated that these change would not be relevant to their businesses as they were below the VAT threshold. .

The current standard rate of VAT is 20% but there has been much discussion of the possibility of government reducing this to help businesses during the cost of living crisis. Possibilities include a cut in the rate to 15% or 10%.

If either of these changes were made to what extent, if any, do you think this would be beneficial to your business?

■ Unlikely to benefit my business at all
 ■ Likely to benefit my business a little
 ■ Likely to benefit my business a great deal
 ■ Not sure



“Would rather the threshold be increased but if VAT reduced to 10% then it may be worthwhile increasing our prices and entering the VAT area but the worry would be if the VAT was raised again at a later date.”

“Vital for the ongoing survival of the industry, independent operators cannot keep funding the government through tax increases.”

“Many self-catered properties are not registered for VAT, due to the size of the business, the fact that they are privately owned and that holiday makers don’t wish to pay VAT on weeks away.”

“If it were abolished in the industry that would be a great help as it is a tax on people taking holidays!”

“A vat reduction would be a bonus for expanding and upgrading the premises, and updating equipment.”

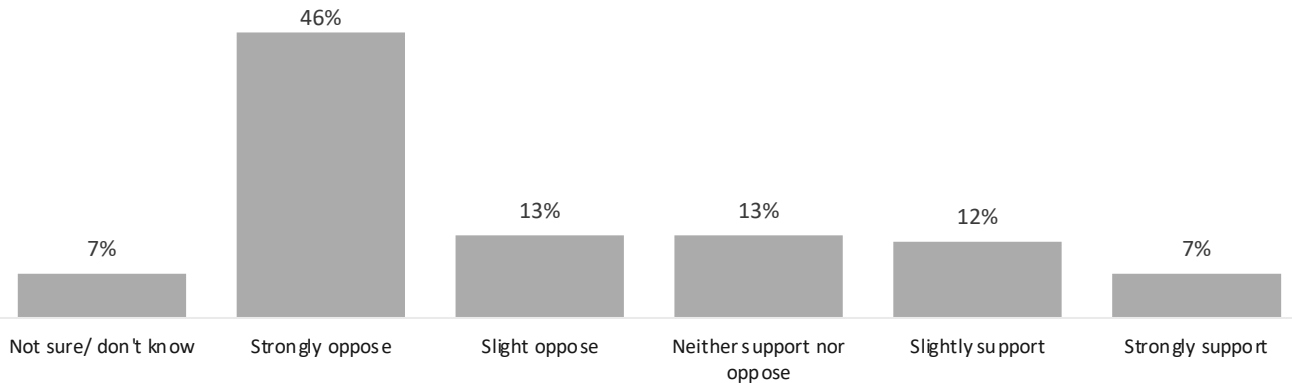


Topical questions – Visitor levy

Businesses were asked to read the text below and asked to what extent they would support or oppose the introduction of a Visitor Levy in their area. 59% opposed this idea with concerns raised that this would add a further burden on the industry and/or detract from the appeal of the area. 18% supported the idea with some stressing the importance of the money raised being reinvested in the local area.

Following a change in legislation local authorities will be able to introduce a Transient Visitor Levy – also known as a ‘Tourist Tax’. This is an additional contribution charged to people visiting a country or region as short-term visitors. The revenue generated would be reinvested into the local area’s tourism industry (e.g. to maintain infrastructure). It looks likely that Edinburgh City Council will be the first area to introduce this levy with visitors charged £2 per night, capped at 7 nights (i.e. the most they would pay per person is £14).

To what extent would you support or oppose the introduction of a similar levy in Moray and Speyside?



“I worry that it would stop people from visiting.”

“Don’t feel that it would benefit our organisation /attraction - already challenging to attract visitors, feel this would make it more so.”

“It’s another burden to tourism in Scotland. The further administration pressure on business just do not justify the impact for the public, simply nonsense.”

“This on top of everything else e.g. cost of Licencing, if this was instead of Licencing then yes, but not as well as..”

“If the money generated through the Tourism Tax was spent on things i.e. toilet facilities, transport, for tourists visiting the area along with other supported facilities this would be a great benefit.”

“It needs to be clearly communicated what the tax will be used for in Moray. How it will benefit visitors and local businesses.”



Any questions? A follow-up discussion?

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