VisitAberdeenshire

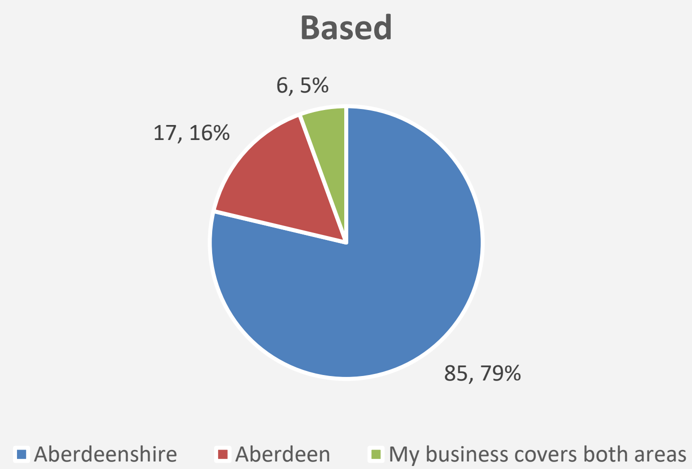
industry.visitabdn.com

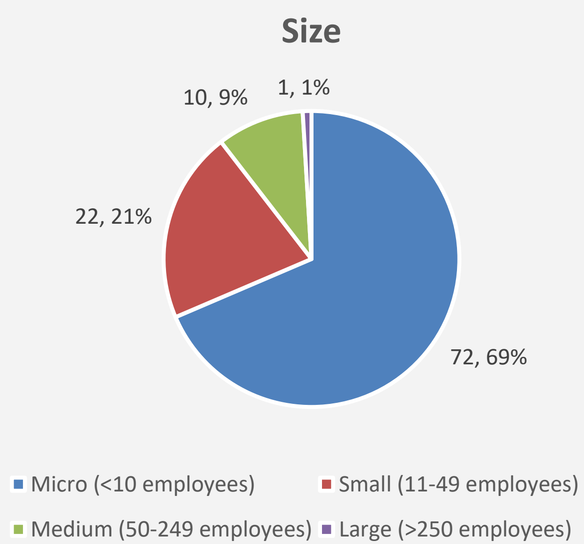
Aberdeen and Aberdeenshire: Quarterly Business Monitor #6

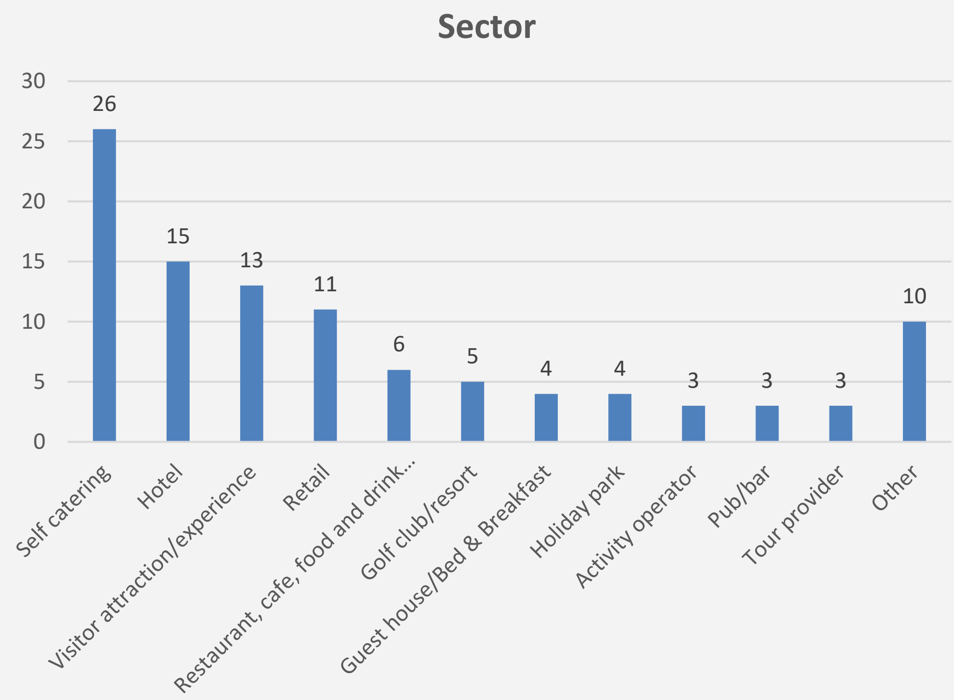
January 2023

Response Profiles

8 in **10** responding businesses were Aberdeenshire based**.** Almost **5 in 10** were from the accommodation sector, with self-catering being the most represented sector overall, mirroring previous monitor waves. Very positive to see an increase in responses from other key industry sectors this quarter. **7** in **10** responses were from micro businesses (those with less than 10 employees). Do bear these profiles in mind when reviewing the results.



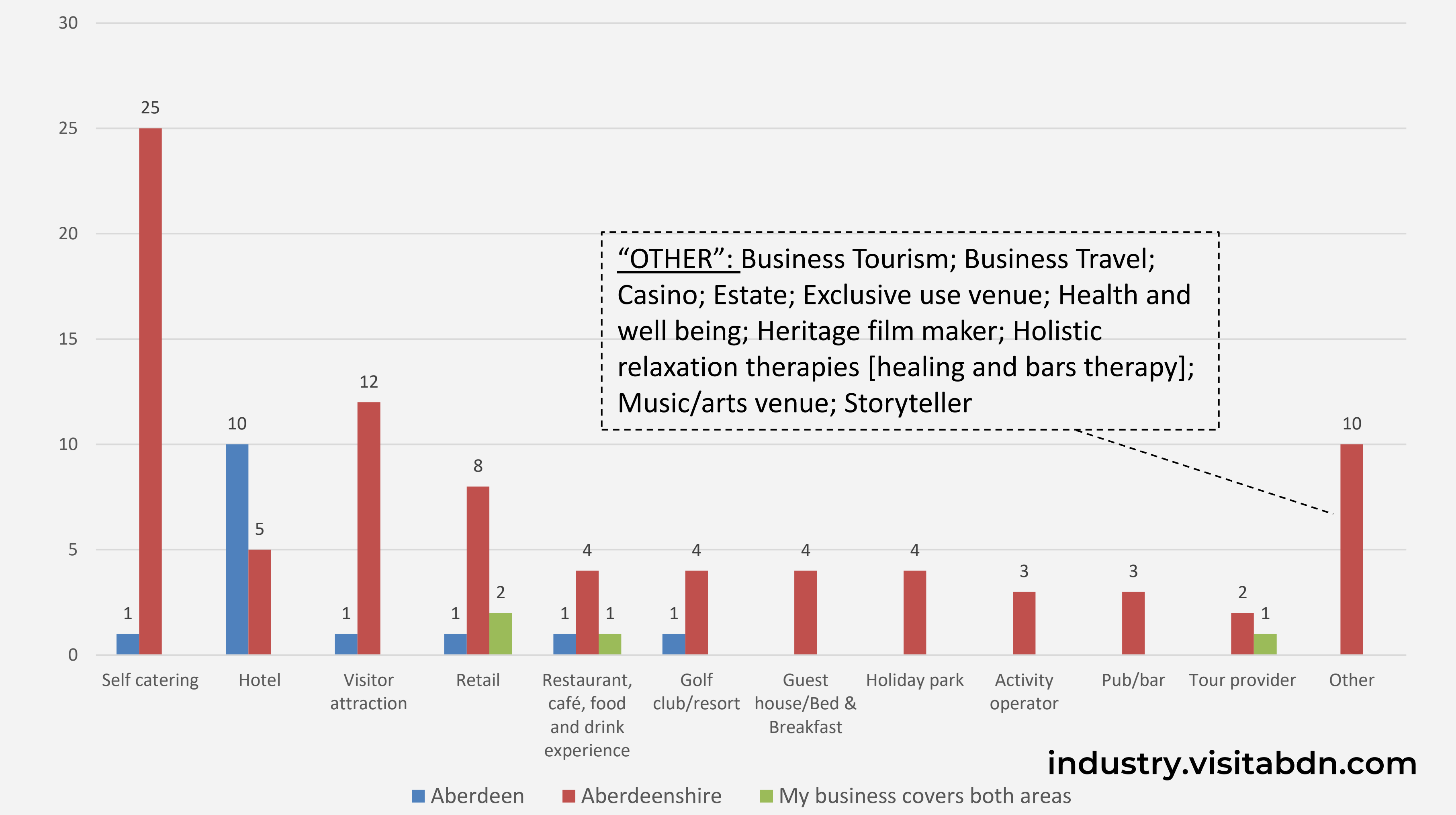




industry.visitabdn.com

Sector by Location

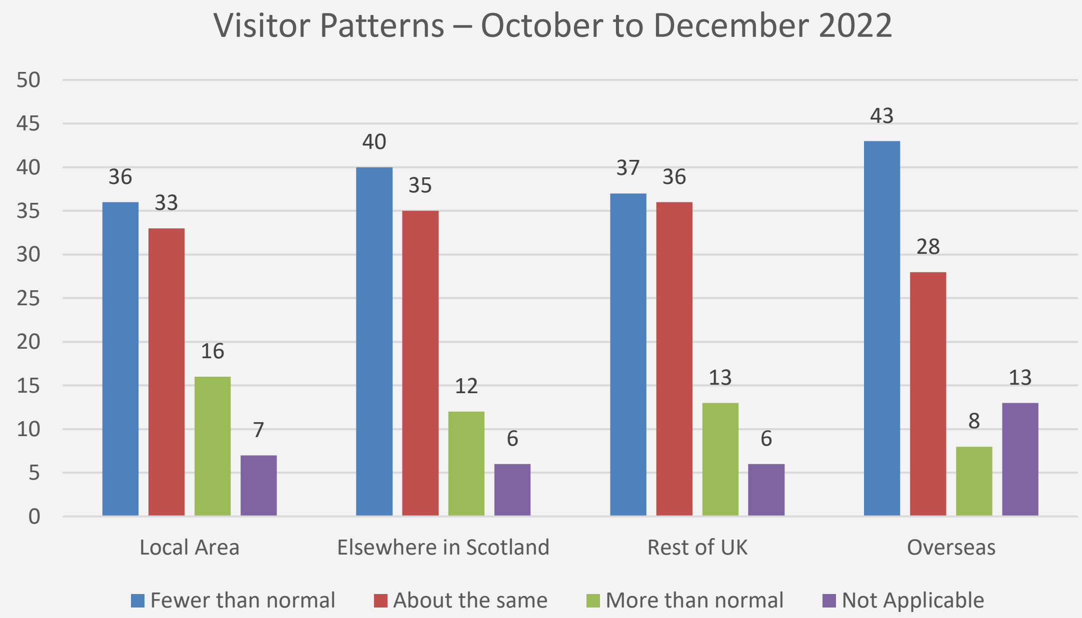
The increase in response rates this quarter (highest since the monitor launched in October 2021) allowed for some additional analysis, including reviewing sectors by location. The vast majority of responding self-catering businesses are Shire-based. A similar pattern with visitor attractions and retail. Two-thirds of the responding hotels were city-based. Perhaps unsurprising but again worth remembering when reviewing the results that follow.



industry.visitabdn.com

October – November 2022: Trading Overview

The vast majority of respondents were open for business October to December. Respondents were asked: "Compared to what you would normally expect at this time of year, did you see more, fewer or about the same number of visitors this past quarter from each of the following areas?" Unusually, all the geographical categories followed a similar pattern this quarter, with the most prominent column for each category being "Fewer than normal". Perhaps reflecting the uncertainty and constraints existing in the domestic market and the delay in return to "normal" business from the inbound market.



industry.visitabdn.com

October – December Highlights

- Almost 40% of the sample gave a response to this open-ended question
- Key themes:
  - [Some] return to pre-COVID market mix, eg. return of international visitors and corporate market
  - Strong Festive period [and in some cases whole of December]

Highlight	*Sector & Location*
Corporate oil and gas related business is growing again strongly	Medium hotel, Aberdeen
December was unusually busy outside the main festive period. Lots of fairly short notice short breaks, especially from booking.com	Self-catering business, Aberdeenshire
Exceeded 2019 revenues, which was last full complete year pre Covid. High corporate travel Oct/Nov, although 3 day week/WFH is still impacting. Conference business promising, and Xmas numbers were very good	Medium hotel, Aberdeen
Increased interest from golfers in Holland booking for the July 2023 RDGW event	Golf club/resort, Aberdeenshire
Seeing customers from many different countries for the first time and an increase in business were the highlights	Tour provider, Aberdeenshire
Visitor numbers over 100K for year for first time since 2019	Visitor attraction, Aberdeenshire
An excellent trading period leading up to Christmas	Retailer, Aberdeenshire

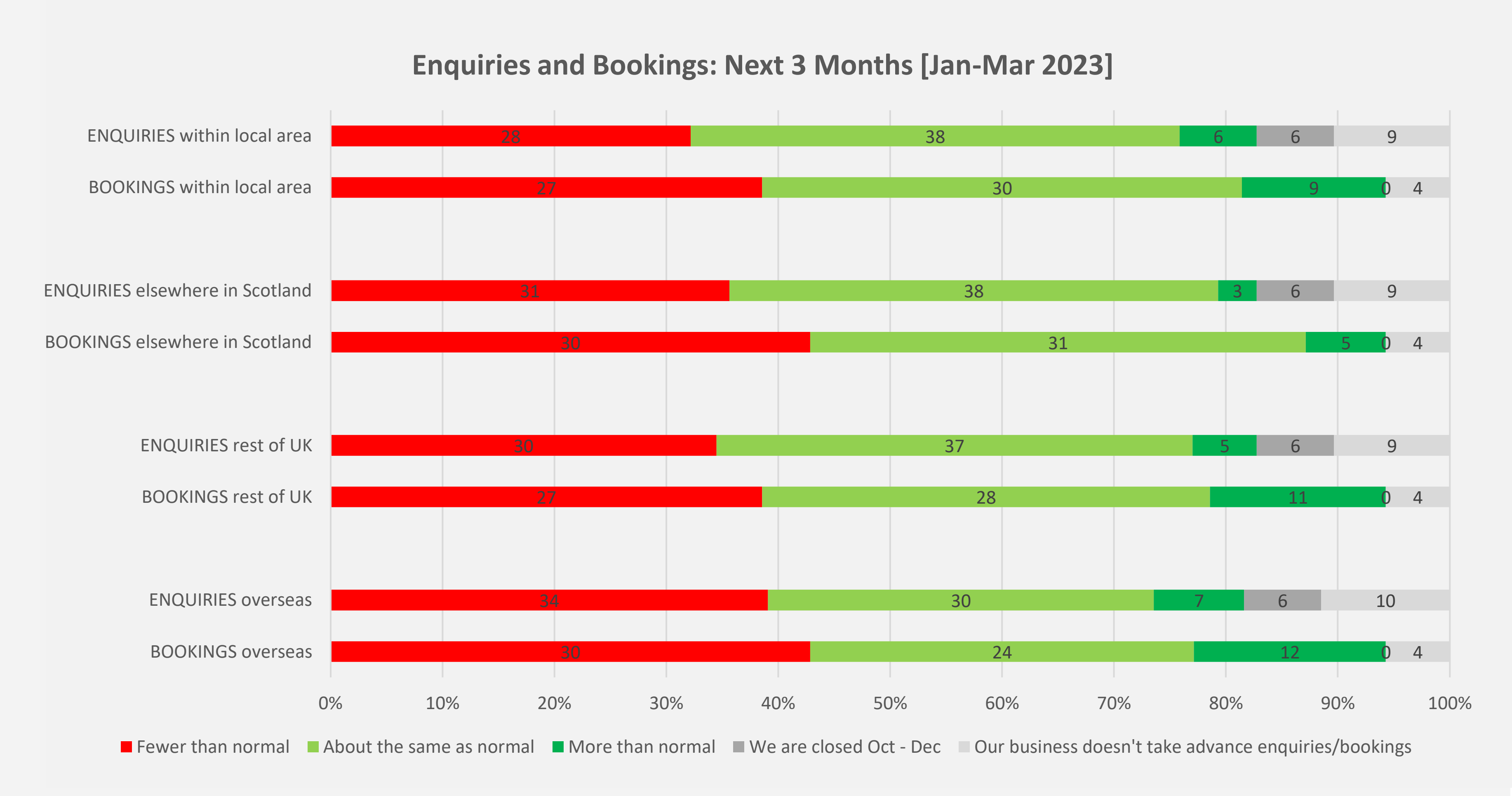
October – December Barriers

- 47% of the sample responded to this open-ended question
- Key themes:
  - Costs [cost of living; supplier/food costs; high rates; fuel prices; energy prices]
  - Staffing and Recruitment [shortages; lower applications than before]
  - Weather [floods; snow; slow removal of snow/ice]
  - Rail strikes

Barrier	*Sector & Location*
Cost of food/drink, aswell as the rising cost in Electric, which at Christmas time with lights, etc. it's hard to be festive when you're trying to cut back on these	Small hotel, Aberdeenshire
Energy prices; people not travelling, me not having the money to do essential upgrades. Not sure if my holiday let will survive another winter	Self-catering business, Aberdeenshire
Logistics into the city with strikes on rail	Small hotel, Aberdeenshire
We did try and encourage retailers to trade later, but I still feel that staffing levels in units are lower due to redundancies that occurred during COVID period	Retailer, Aberdeen
High fuel prices and cost of living crisis has curtailed tourists. The very bad weather and lack of road maintenance into the Country park put people off coming to park	Holiday park, Aberdeenshire
Weather – snow, ice. Road conditions. Rail strikes. Food costs	Guest house/Bed & Breakfast, Aberdeenshire

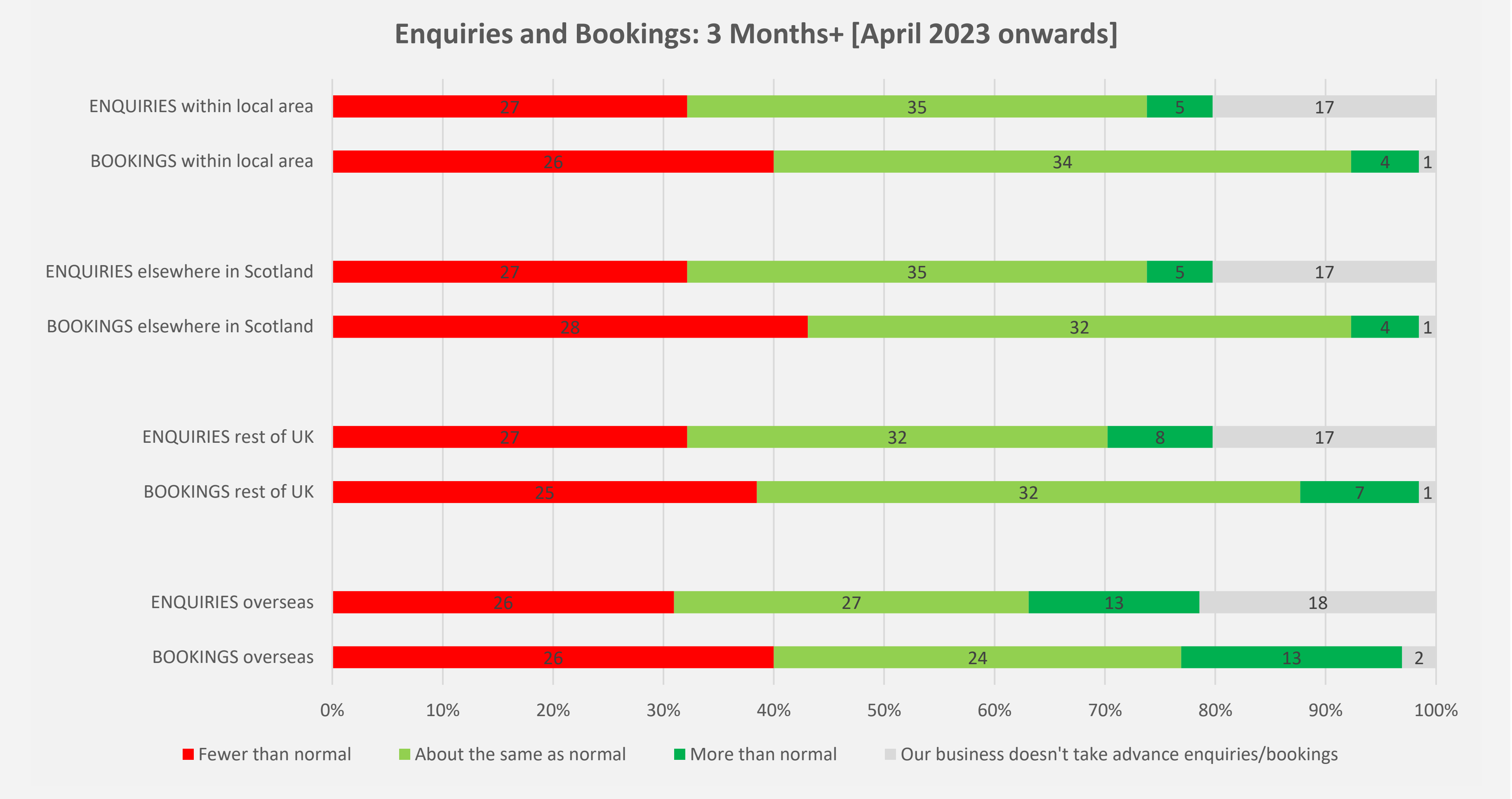
Enquiries and Bookings – January to March 2023

"Compared to what you would normally expect at this time of year, are you seeing more, fewer or about the same number of **enquiries** from each of the following areas?" A follow-on question asked about **bookings**. Whilst a good chunk of businesses are stating enquiries and bookings are "same as normal", there are still significant amounts of red in the chart below, most likely reflecting rising energy costs, the cost of living crisis and the impact these are having on confidence levels, discretionary income and decision making.



Enquiries and Booking – April 2023 onwards

A similar chart, but this time looking past the next 3 months into Spring and beyond. Whilst there are still significant chunks of red, it is positive to see the number of businesses stating enquiries and bookings are about the same as normal (ie. Pre-COVID levels). Of note is the number of businesses stating they are saying “more than normal” enquiries and bookings from the overseas market, possibly relating to strong exchange rate and therefore being seen to offer greater value for money.



Enquiries and Bookings Comments

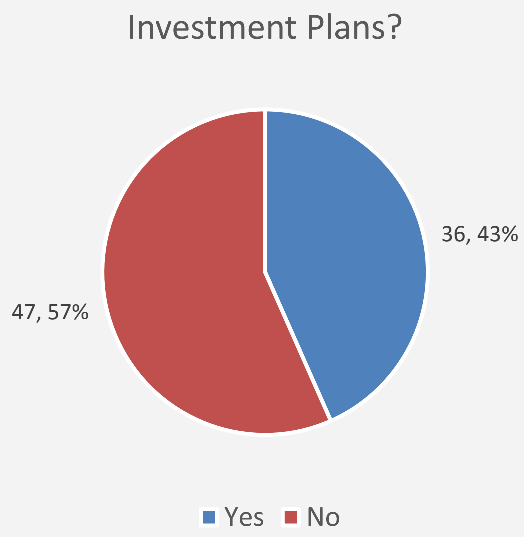
VisitAberdeenshire

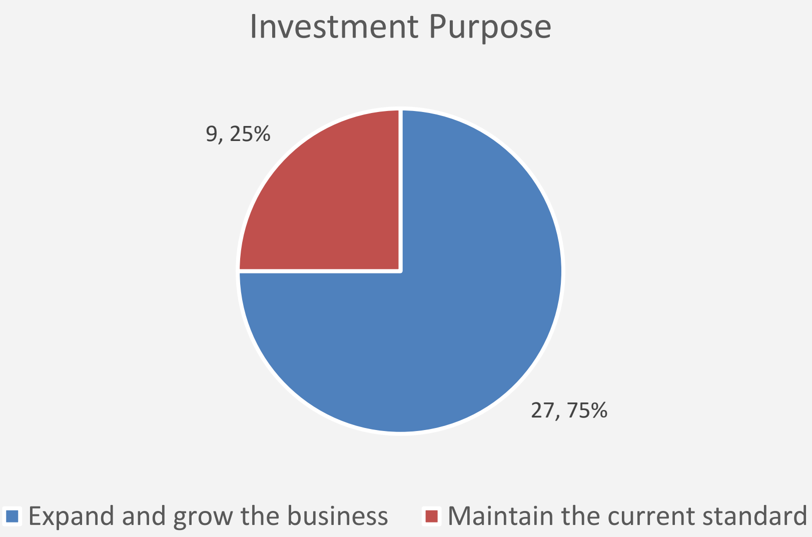
- Almost 46% of those who answered the enquiries/bookings question gave a follow-on comment
- Key themes:
  - Impact of short-term lets legislation
  - Reduced enquiries/booking windows
  - Uncertain times – impact on decision making/bookings

Comment	*Sector & Location*
I had a small B&B. I closed my business because of all the uncertainty regards STR legislation coming in. Basically I have been priced out of the market	Guest house/B&B, Aberdeenshire
I think people are being cautious and are waiting to see how the economy and travel delays will impact on their holidays. I am confident that bookings will come	Self-catering business, Aberdeenshire
Good to see more interest and new bookings from international guests	Self catering business, Aberdeenshire
We are naturally nervous with people being more aware of the cost of fuel, etc. to get to us and watching their budgets on what they spend	Restaurant, café, food and drink experience, Aberdeenshire
The new trend is that enquiry and booking windows are shortening. Lower Q2 enquiries and bookings not necessarily reflective of concerns……at the moment!	Small hotel, Aberdeen
Strong US golf business	Medium hotel, Aberdeen

Investment plans in the near future

Just over **4 in 10** respondents have plans to significantly invest in their business in the near future. Of those who replied positively to investment (36), **3 in 4** stated this was investment to expand and grow rather than maintain the current standard.





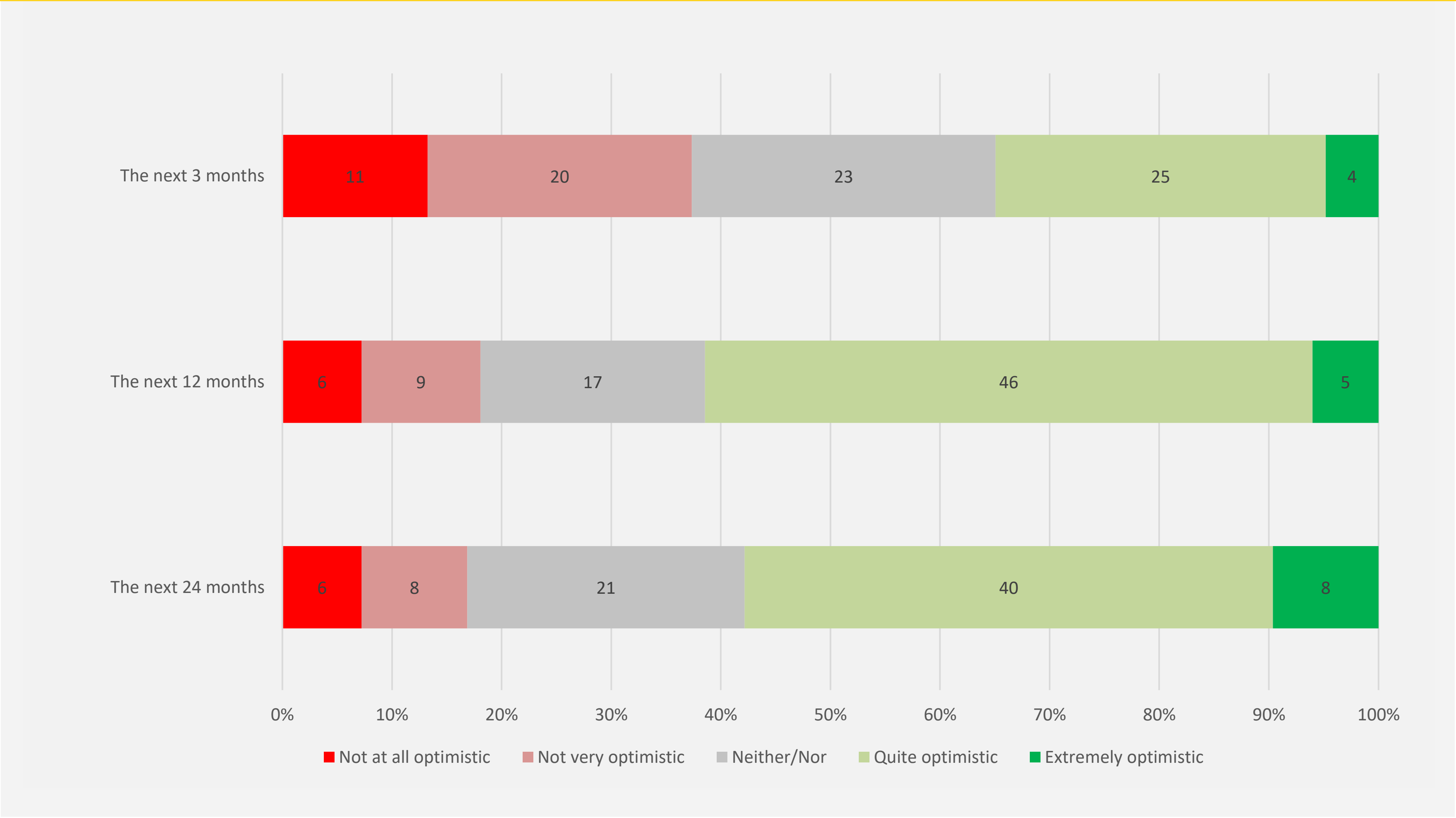
Reasons for no investment in near future included:

- Short term lets legislation
- Market uncertainty
- Rising costs
- Stability needs to return first
- Refurbishment/Investment recently undertaken [during COVID]

industry.visitabdn.com

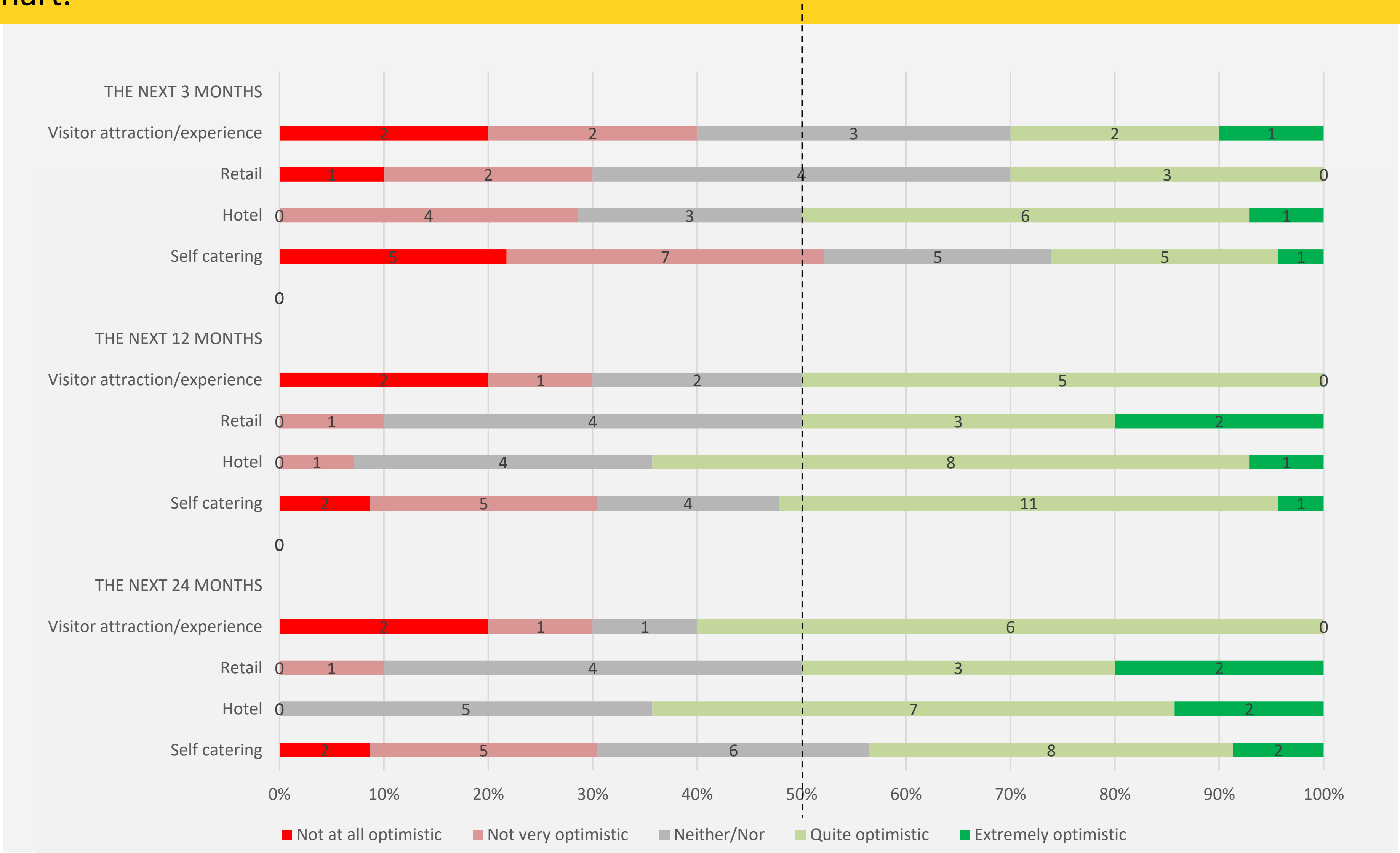
Levels of optimism: short, medium and longer-term

For the first time in several waves, there is a marked difference between the next 3 months and the medium to longer-term outlook. Whilst a number of businesses selected neither/nor, indicating ongoing uncertainty, particularly in the short-term, it is no longer the dominant section on the chart. It is positive to see the significant increase in businesses stating they feel somewhat optimistic about the medium to longer-term outlook.



Optimism levels by sector

The increased response rate this quarter enabled analysis of optimism levels across some of the sectors where we had a critical mass of responses. We can see that the hotel sector is most optimistic across all 3 time periods. Do note the smaller numbers being analysed within this chart.



Any final comments

- **A quarter** of the respondents chose to provide final comments
- Key themes, mainly extensions of previously stated barriers:
  - Impact of short-term lets legislation
  - Costs
  - Consumer confidence

Comment	*Sector & Location*
Tourists not confident in affordability of holiday. Will attractions be open?	Self catering business, Aberdeenshire
The impacts of the pandemic are still being felt and now the cost of living crisis. 2023 is going to be very challenging	Visitor attraction, Aberdeenshire
Future bookings appear to be stronger than before with England and European guests booking early	Self catering business, Aberdeenshire
Worries about: Business rates increasing; Tourism Tax; Costs associated with bottle return scheme implementation; Costs associated with property registration scheme	Self catering business, Aberdeenshire
Our turnover is good but it is very difficult to make any profit due to rising input and energy costs	Restaurant, café, food and drink experience, Aberdeenshire

Survey Background

VisitAberdeenshire

- Purpose of survey: quarterly monitor to gather industry feedback on business performance
- Key themes:
  - Business performance in most recent quarter
  - Enquiries and bookings status for next quarter and beyond
  - Investment activity
  - Levels of optimism in short, medium and longer term
- Survey live 9th – 16th January 2023
- Distributed to 1,624 individuals via standalone newsletter
- Supported with direct distribution to key stakeholders and business groups
- 103 eligible responses received
- Distribution widened to include LinkedIn

industry.visitabdn.com

industry.visitabdn.com

To discuss these results or Insights in general, please contact:

Deirdre O’Donnell
Insights & Evaluation Manager
deirdre.odonnell@visitabdn.com