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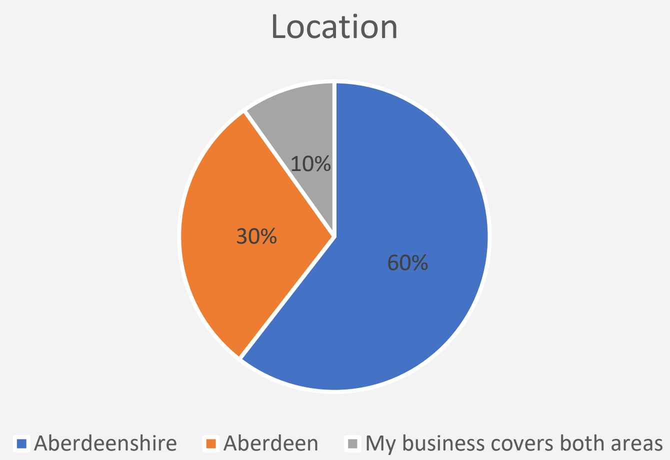
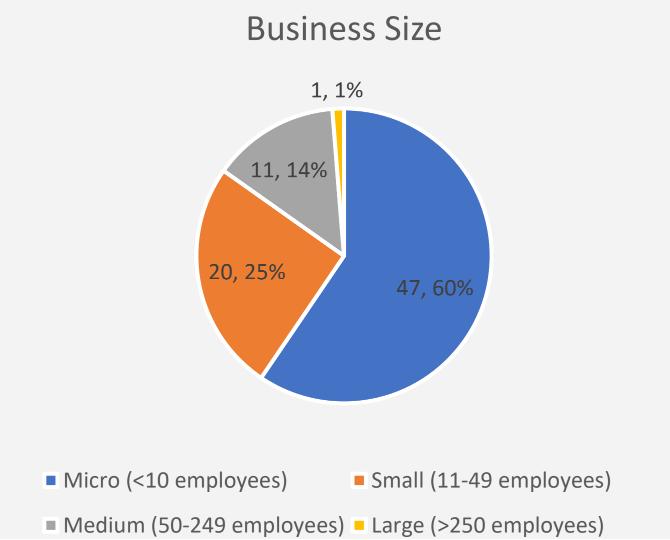
Aberdeen and Aberdeenshire: Quarterly Business Monitor #8

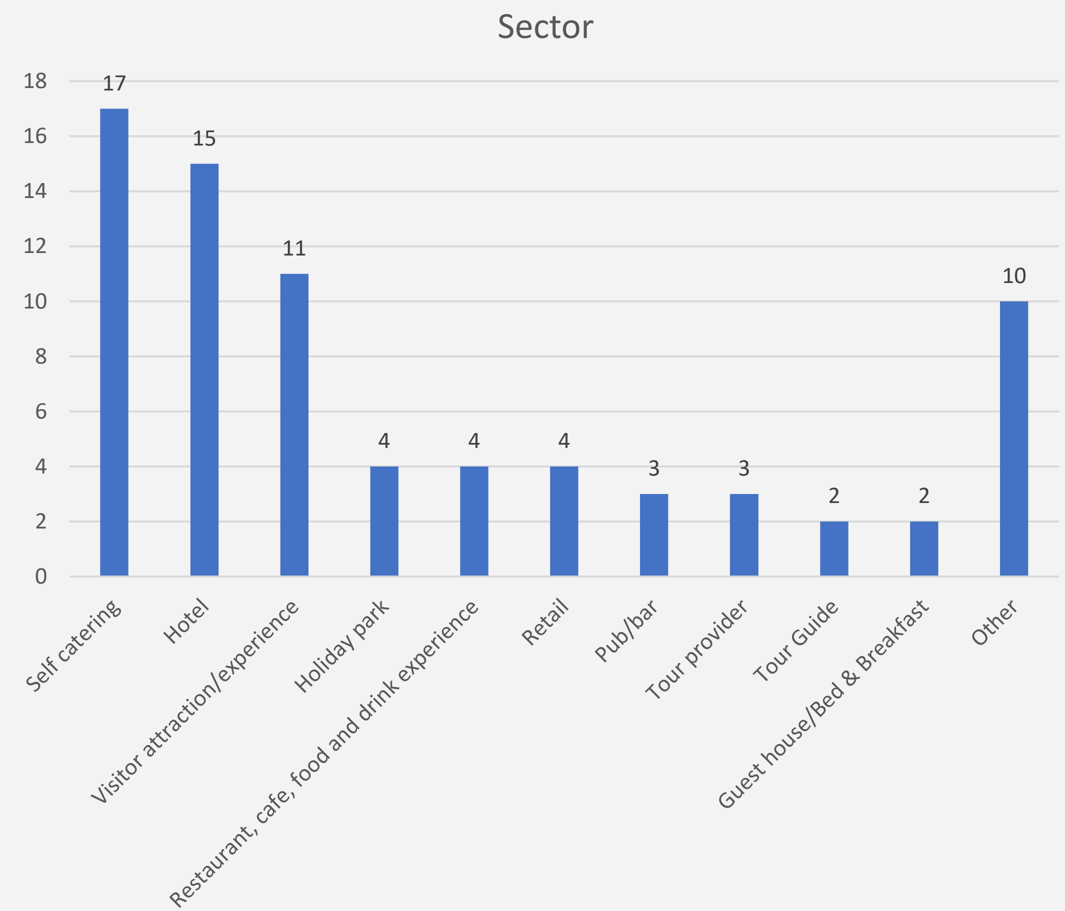
July 2023

Response Profiles

60% of responding businesses were Aberdeenshire based. **5 in 10** were from the accommodation sector. Once again, self-catering was the most represented sector, it was very positive to see increased responses from other key industry sectors this quarter. **6** in **10** responses were from micro businesses. Do bear these profiles in mind when reviewing the results.







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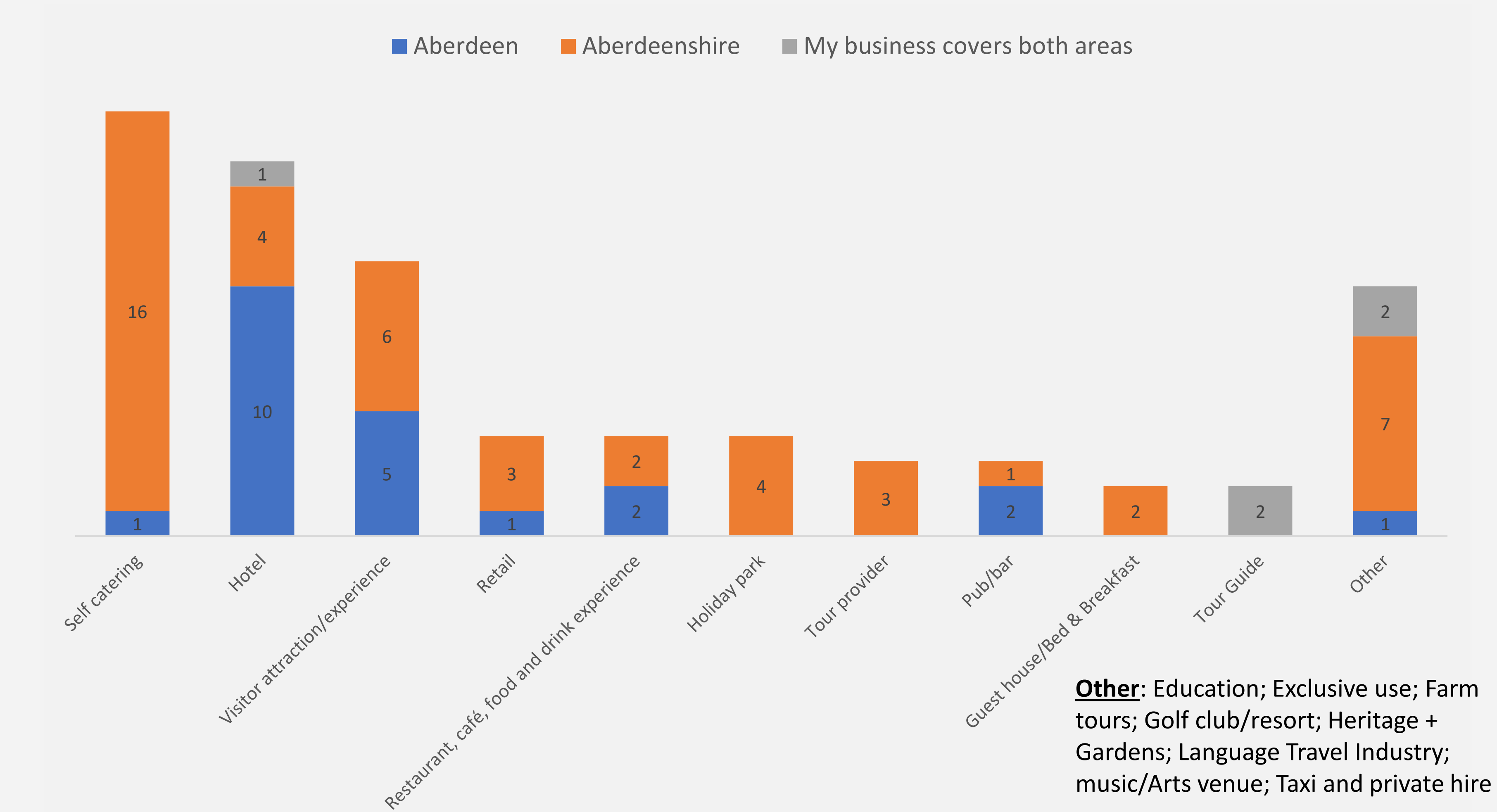
Sector by Location

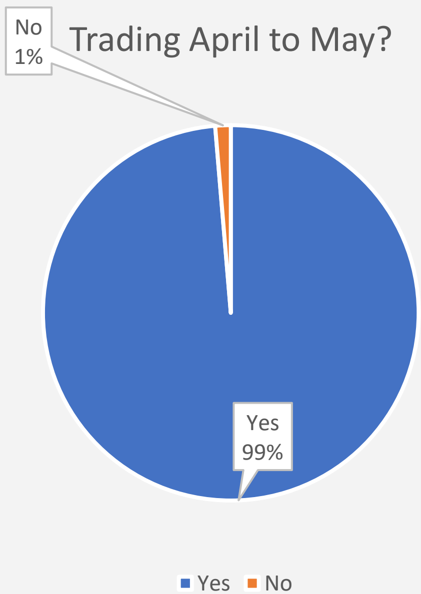
The increase in response rates this quarter allowed for some additional analysis, including reviewing sector responses by location, providing further context when looking at the other results. The **vast majority** of responding **self-catering** businesses were **Shire-based**. **Two-thirds** of the responding **hotels** were **city-based**. **Visitor attraction** responses were split almost **50:50**.

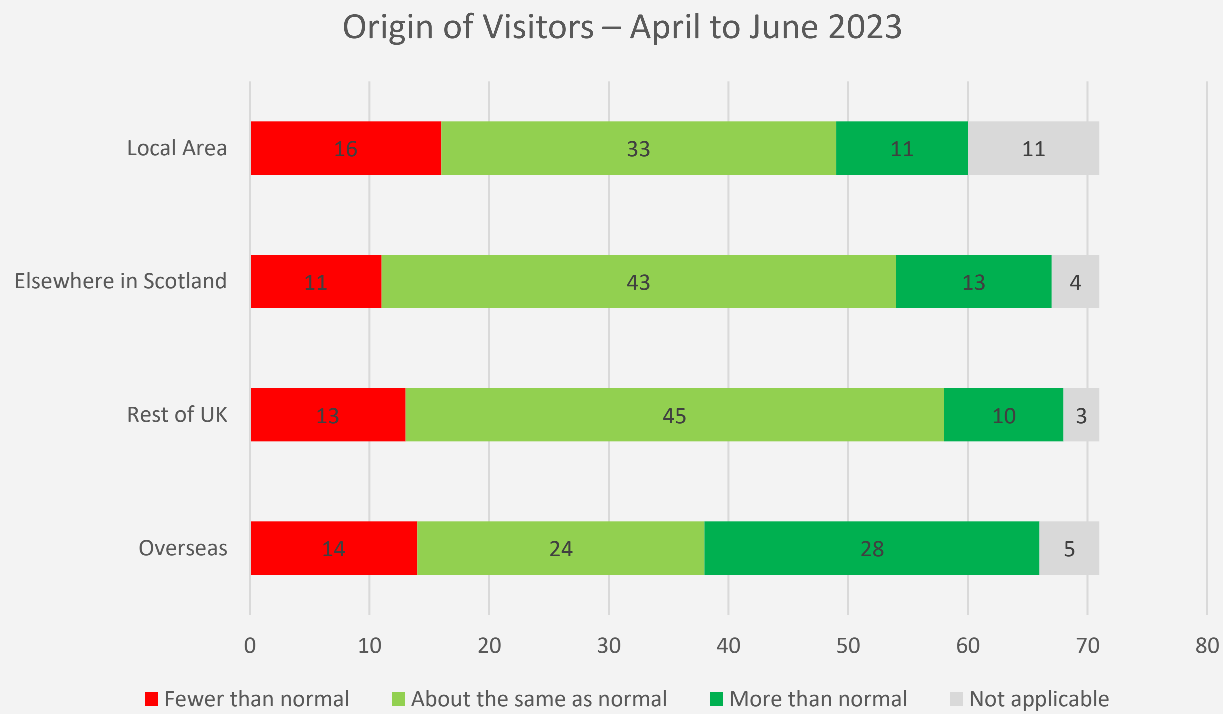


Other: Education; Exclusive use; Farm tours; Golf club/resort; Heritage + Gardens; Language Travel Industry; music/Arts venue; Taxi and private hire

April to June 2023: Trading Overview

Practically all responding businesses were trading April to June. 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?” Results indicate that visitor numbers from the local area, elsewhere in Scotland, and the rest of the UK were, predominantly, “about the same as normal”, reflecting a relatively positive start to the season. Overseas visitors bucking the trend, with “more than normal” selected by 40% of responding businesses.





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April to June 2023 Highlights

- 42% of the sample gave a response to this open-ended question
- Emerging themes:
  - Healthy, strong demand, with several mentioning return of international visitors
  - Good weather and impact on business
  - Healthy bookings for group tours and trips

Highlight	*Sector & Location*
Good level of sales compared to previous pre COVID years	Restaurant, café, food and drink experience, Aberdeen
I am a driver guide who plans itineraries for 1 to 20 plus people. I have seen a very positive increase in visitors this past 6 months. Visitors are amazed at the range of activities and variety of scenery we have in Aberdeenshire	Tour Guiding, Aberdeenshire (including Aberdeen)
Strong Easter with volumes returning to pre-pandemic levels. Good growth overall year on year. Overseas visits continue to build/recover.	Heritage + Gardens, Aberdeenshire
85% occupancy across all holiday cottages	Self-catering, Aberdeenshire
Getting busier with golfing visitors – both accommodation and food/drinks. Last minute one night bookings showing strong performance. Weather definitely affecting day-to-day trading	Small hotel, Aberdeenshire
A feeling in some areas we are almost reaching 2019 levels of business. April to June felt this way, but Summer may look less at present	Visitor attraction/experience, Aberdeen

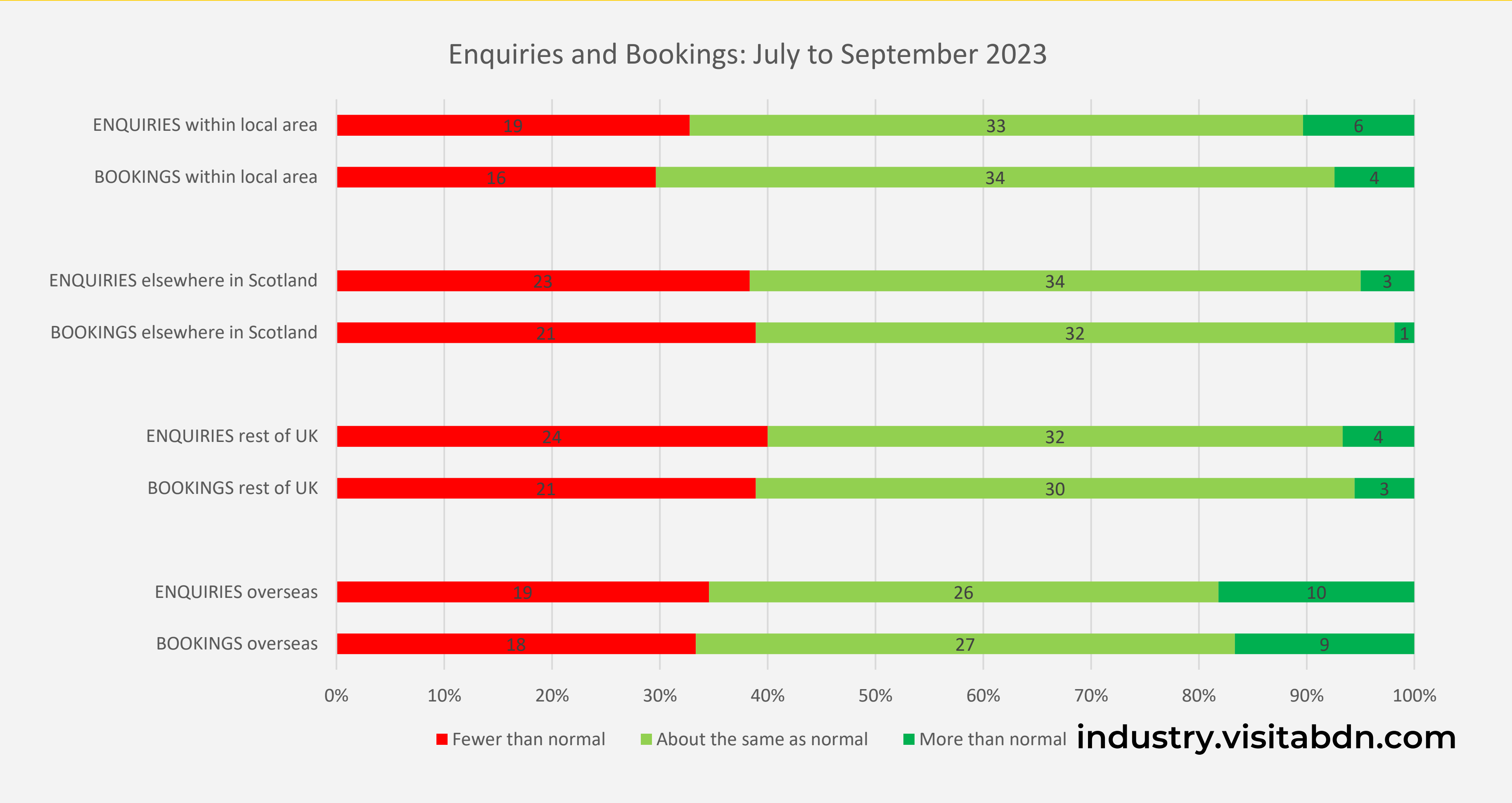
April – June 2023 Barriers

- 40% of the sample responded to this open-ended question
- Key themes:
  - Increasing business costs
  - Staff shortages
  - Short term lets legislation

Barrier	*Sector & Location*
Catering recruitment remains a challenge particularly in rural areas of Aberdeenshire	Heritage + Gardens, Aberdeenshire
Increased costs in energy and food, customers reluctance to pay anymore	Medium hotel, Aberdeen
Public price/rate sensitive due to current financial climate (UK domestic market)	Golf club/resort, Aberdeenshire
Supply chain is getting back to normal regards supply/delivery but prices are always on the up	Visitor attraction/experience, Aberdeen
Short term letting license standards requiring extra spending	Self catering, Aberdeenshire

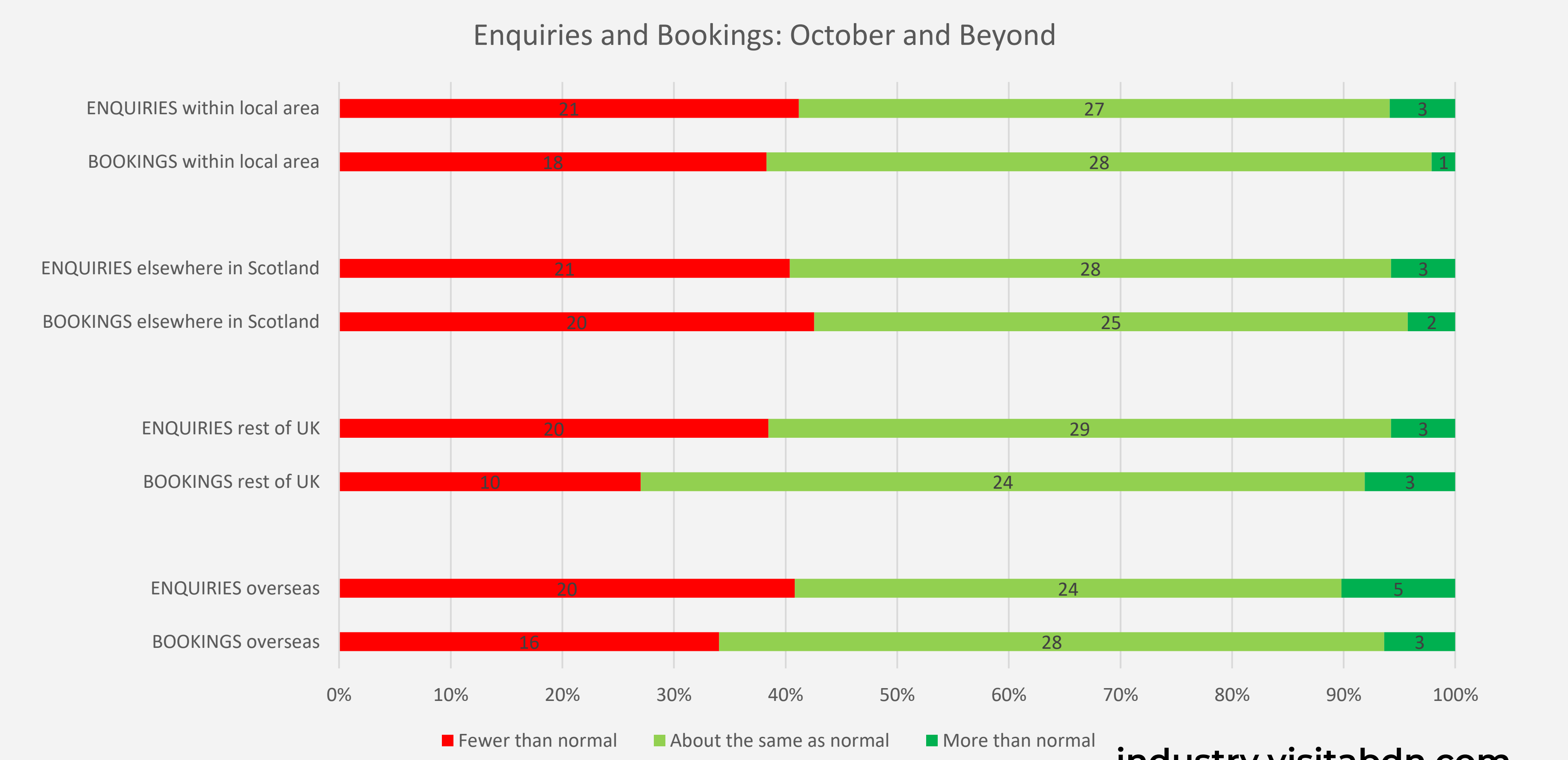
Enquiries and Bookings – July to September 2023

"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 the dominant chunk for all markets is "about the same as normal", there continues to be significant amounts of red in the chart below, disappointing for peak season, a reflection perhaps of the ongoing impact of cost of living together with the shortened booking window as indicated in some responses.



Enquiries and Booking – October 2023 onwards

A similar chart, but this time looking past the next 3 months into Autumn 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. 2019 levels). The period in question coincides with the winter, typically off-season period for some sectors of the industry, which undoubtedly impacts on decision making, together with the uncertainty associated with cost of living and other economic considerations.



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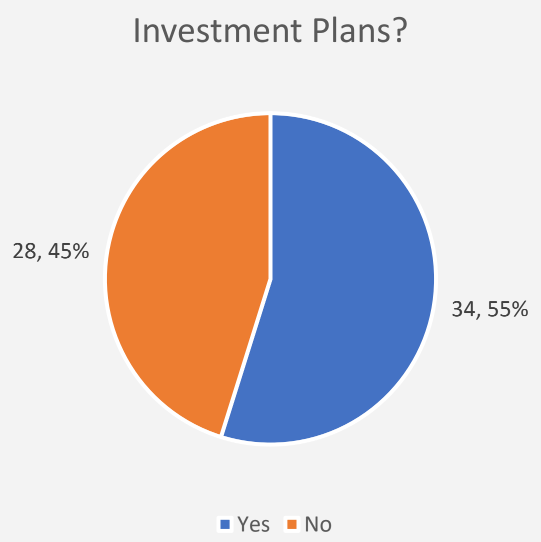
Enquiries and Bookings Comments

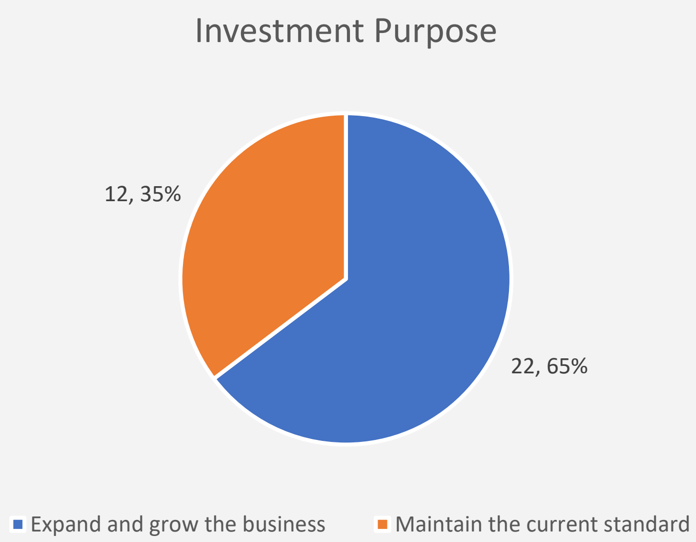
- 38% of the sample provided qualitative feedback relating to future enquiries and bookings
- Key emerging themes:
  - Shortened booking windows, last minute bookings
  - Short term lets legislation

Comment	*Sector & Location*
Booking has been very last minute this year and we have had visitors taking houses for a month and working from home which is a new thing for us. Overall slow to book and not much forward booking	Self-catering, Aberdeenshire
Concerns that mortgage rate rises will squeeze personal income for staycations	Restaurant, café, food and drink experience, Aberdeen
Wondering if its worthwhile paying the new licence or just close down as the cost could make us unprofitable	Self-catering, Aberdeenshire
Our bookings for future enquiries seem encouraging at the moment	Small hotel, Aberdeenshire
These are coming in thick and fast	Language Travel Industry, Aberdeenshire
We find it difficult to have accurate predictions regards future months as all our bookings are on an exceedingly short term basis which seems to be a post Covid/Brexit thing…..	Visitor attraction/experience, Aberdeen

Investment plans in the near future

Just over **5 in 10** respondents have plans to significantly invest in their business in the near future. Of those who replied positively to investment (34), **almost two-thirds** stated this was investment to expand and grow rather than maintain the current standard. Do note smaller numbers.



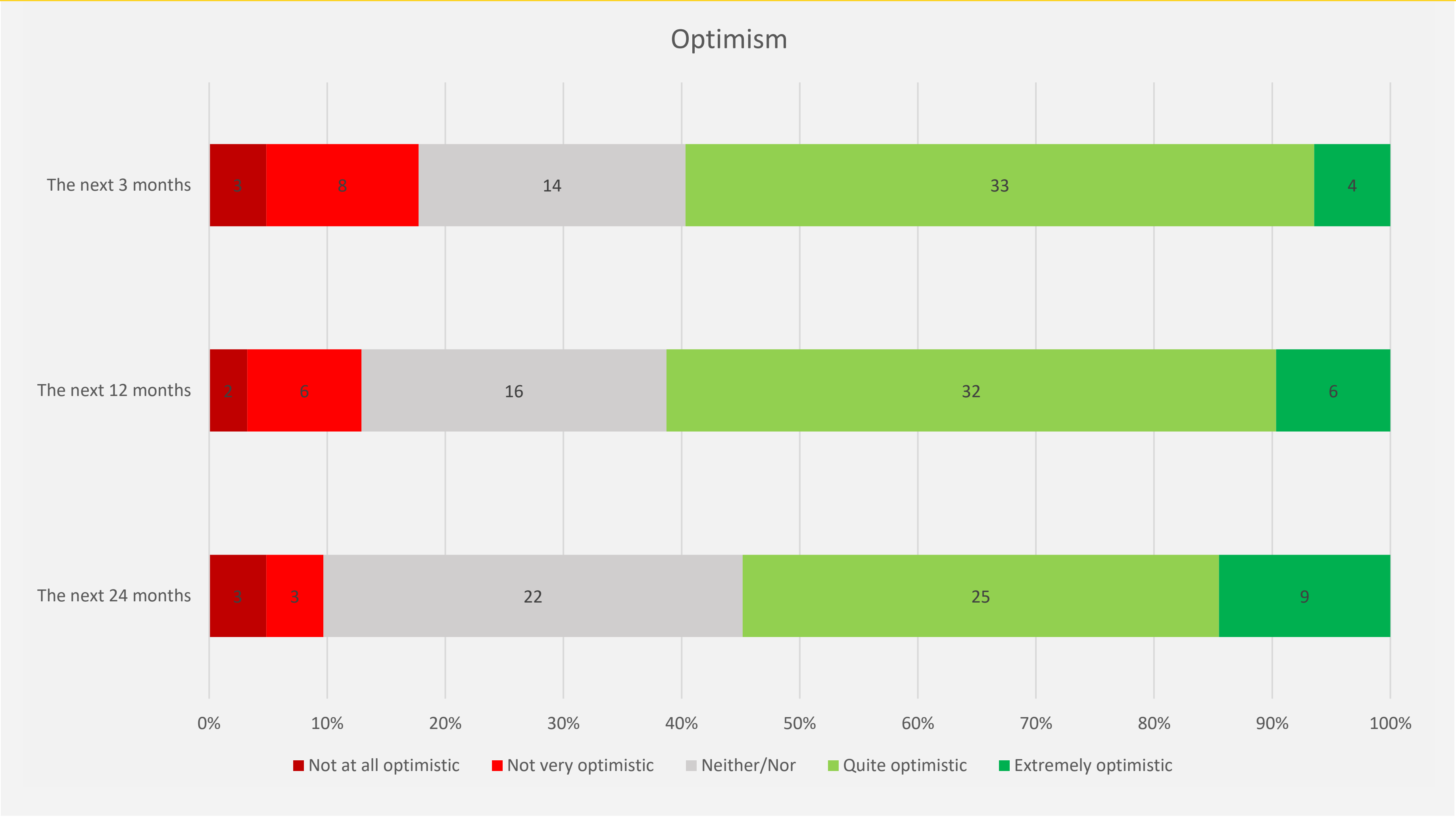


Reasons for no investment in near future included:

- Rising costs
- Impact of short-term lets legislation
- Lack of market certainty
- Refurbishment/Investment recently undertaken

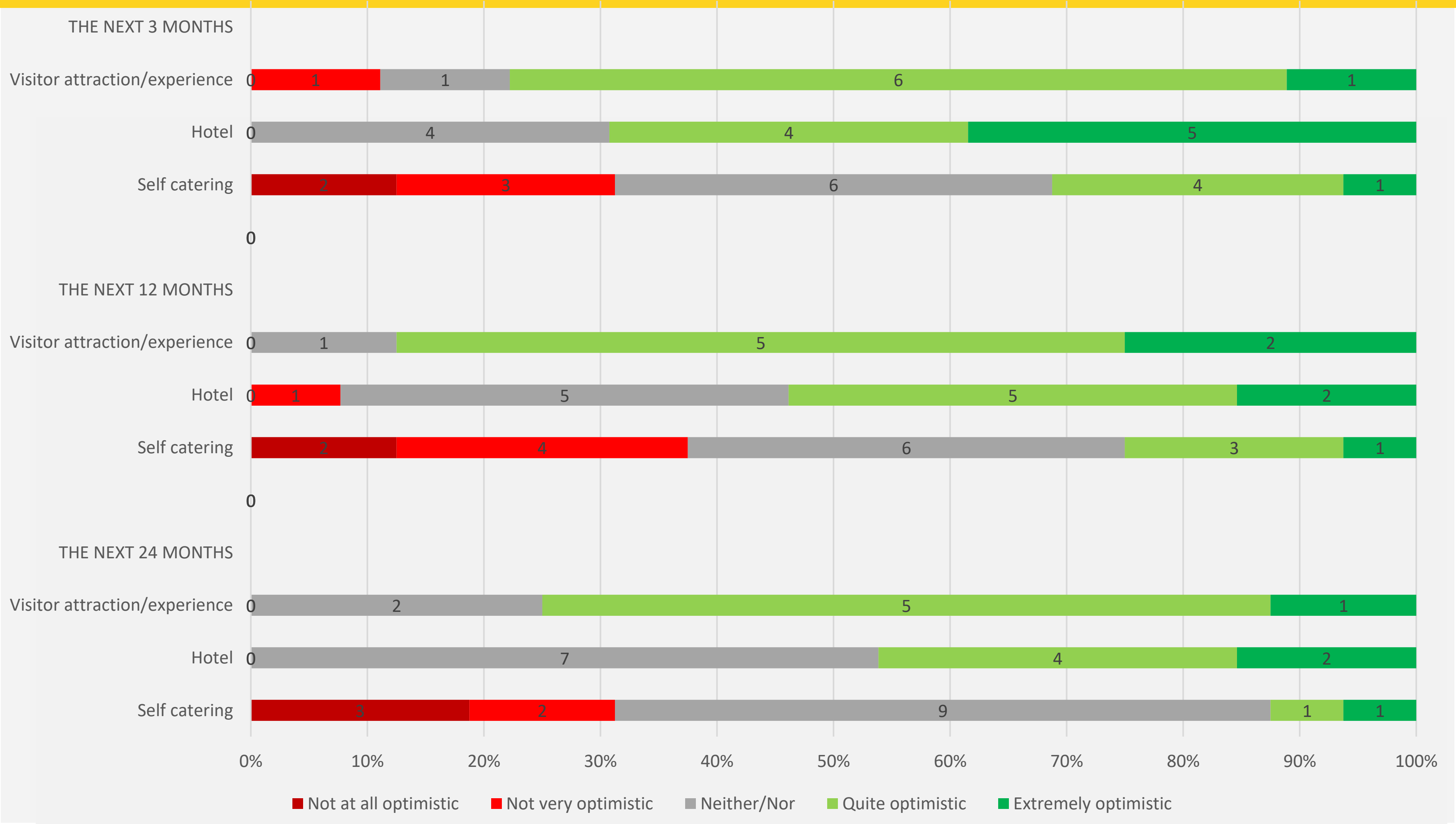
Levels of optimism: short, medium and longer-term

Whilst a number of businesses selected neither/nor, indicating ongoing uncertainty, it is no longer the dominant section on the chart. Businesses were feeling optimistic about the next 3 months, perhaps unsurprising given it referred to the peak summer period, and also optimistic about the next 12 months. "The next 24 months" was the period businesses were most unsure about, resulting in a slight squeeze on the net optimistic ratings.



Optimism levels by sector

The increased response rate this quarter enabled analysis of optimism levels across some of the sectors where there was a critical mass of responses. Perhaps unsurprisingly given earlier findings, the self-catering sector was less optimistic when compared to the visitor attraction/experience and hotel sectors, with clear uncertainty when looking to the short, medium and longer term. Do note the smaller numbers being analysed within this chart.



Survey Background

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- 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 3rd to 10th April 2023
- Distributed to 1633 individuals via standalone newsletter
- Supported with direct distribution to key stakeholders and business groups
- 86 eligible responses received, a response rate of **4%**
- Distribution widened to include LinkedIn

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To discuss these results or sourcing insights in general, please contact:

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