

The continued failure of Diversification Activities on Cairn Gorm

Description



The new children's play park with tube slide in the foreground at 13.30 on 13/07/25 Photo credit Nick Kempe

The CairnGorm Mountain [Scotland] Ltd [CMSL] accounts for the year ending 31 March 2025 were published in November 2025 ([see here](#)). They showed that the business recorded an operating loss of Â£2,833,280 for that financial year. That's the day-to-day operating loss and nothing to do with the Capital Expenditures associated with the Funicular Repairs or any of the diversification projects that have been undertaken on the mountain. The operating losses for the period 1 April 2020 to 31 March 2025 are now in excess of Â£11m.

This is not a case of market failure where a public subsidy is justified to provide an essential public service that would not be provided without that subsidy. Highlands and Islands Enterprise (HIE), the public body that owns CMSL, provides the operating subsidy, by using public money. Why? It isn't the job of Government or its agencies to subsidise every loss-making business.

Diversification

Many claims have been made of the business diversifying into activities other than snowsports. Over 20 years ago, in 2004, the then Board of Directors Chairman had this to say:

â??â??â??!offering a range of diverse products including evening Dining, corporate events and weddings. A rolling programme of projects on the site, some undertaken by the Cairngorm Mountain Trustâ??â?? [which still exists but is a moribund organisation that has done nothing much for years] â??â??were successfully implemented during the year. These included the Cairngorm Mountain Garden [subsequently allowed to significantly deteriorate until recent times] which allows visitors to see the natural plants of the Cairngorms without having to venture away from footpaths and onto the fragile plateau area. The creation of an art gallery facility in the Daylodge permitted the hosting of a summer exhibition of work by local artists residing within the Cairngorms National Park & new interpretative panels were added to the viewing terrace at the Ptarmigan. In addition, a new corporate meeting facility, the Aonach room was also opened within the base station in July 2003â??â??.

No information has been published about the success or failure of these diversifications but the fact that Sunset Dining and others have long since ceased to be offered speaks volumes. Some readers may also remember a Xmas Fayre which was equally unsuccessful and discontinued.



Paying ball track for children. The joiner who constructed this was highly skilled â?? letâ??s hope the wood is properly maintained â?? but how much did it cost compared to the income generated? Photo 13th July 2025.

Fast forward to 2025 and CMSL have been pursuing a range of different diversification activities as they try to reduce losses and make the hill business financially independent. Recent developments such as Karting, Mountain Biking, Tube Sliding and the Ciste Campervan Park were intended to make the Mountain Resort more of an annual destination with resultant upticks in revenues and help to reduce losses. Why then has a loss of >Â£2.8m been recorded in the last financial year?

In his report in the latest accounts the outgoing Chairman made reference to diversified activities:

“While the main focus was on the Funicular we made great strides in turning the resort into a year-round attraction!..the new Karting downhill ride proved popular attracting over 1500 customers!..mountain biking had over 3000 customers!..”

How then do these numbers relate to revenue and profitability?



If the resurfacing of the road up to the Ptarmigan was done to make it suitable for Karting (note the yellow crash mat between the fences), it was already in July 2025 eroding away.

Mountain Biking

In 2016, there was a scoping exercise undertaken to determine how Mountain Biking would fit into the Mountain Masterplan. However, nothing was progressed at that time although Mountain Biking was tried from the Ptarmigan to the Daylodge with uplift on the funicular. Participants had to prove that they could ride a Mountain Bike to a standard that would enable a successful descent from the Ptarmigan. That involved riding a bike from the upper Cas Carpark to the lower lower Cas carpark via a loose track at the side of the Tube Slides. This venture was subsequently abandoned.

When a subsequent planning application was made for the construction of Mountain Bike Trails the application stated:

“The vision of the project is to diversify the seasonal activities of CMSL by bringing a family-oriented mountain biking offering that is both complimentary to the surrounding tourism sector but attracts additional sustainable tourism and leisure usage of the CairnGorm Mountain Estate”

The question being asked...has the Mountain Bike offering achieved its objectives?

CMSL forecast the following user numbers:

Year 1: 10,408.

Year 2: 11,488.

Year 3: 13,738.

The previous CEO for CMSL would not release the actual user numbers for Year 1 (2024) but the new CEO, Mike Gifford, has eventually been more forthcoming and the numbers for Year 2 (2025) were released via an FOI request broken down by type of pass. The price structure provides for a small discount if tickets for the passes are booked online, with no discount at the ticket window, but at full price the maximum revenue that could have been generated is as follows:

Type of Ticket	Price	Number sold Year 2	Income
Pedal Pass u-16	£9	1135	£10,217
Pedal Pass 16+	£14	1242	£17,388
Uplift Pass u-16	£24	368	£8,832
Uplift Pass 16 +	£39	405	£15,795
Totals		3,150	£52,230

Note: Funicular uplift to mid station was only added in July 2025

With the total user numbers being 3,150 and revenue being £52,230 then the average revenue per ticket is £16.58. CMSL forecast user numbers of 11,488 and at an average of £16.58 per ticket then they would have expected a revenue of £190,471. It's clear that revenue of £52,230 being £138,241 less than forecast is disastrous. As a percentage of total business revenue £52,230 represents just 2.37% of revenue using the average revenues from 2024 and 2025

When we factor in the associated costs for trail construction and maintenance as well as Mountain Bike purchases/maintenance + associated equipment such as helmets, then it is very evident that Mountain Biking has been a costly financial failure on CairnGorm although it cannot be considered to be truly commercial as all upfront costs were provided for free.

Downhill Karting

With 1500 karting customers, as reported in the Annual Report, the revenue generated would be £32 [the cost to each customer] multiplied by 1500 = £48,000. That would represent just 2.18% of average revenue (or 3% of total revenue from sales (£1,699,215) in 2024/25).

By factoring in the costs of the Karts & their Maintenance + Protective equipment/clothing + track maintenance + driving them up the hill (as was happening for a time) + the wages for the guide then it becomes clear that this diversification is no money spinner and in fact will contribute very little if anything to profitability.



How much did this new section of track for Karting cost initially, and how much more to repair, compared to the income generated? Photo July 2025

CMSL should take heed of the advice offered to customers on their website:

â??â??Please note, this activity takes place in an exposed mountain environment and is highly weather dependent. It may be cancelled at short notice due to either poor conditions on the day or due to extreme weather forecasts for safety reasonsâ??â??

This shows why user numbers will always be constrained and why 1500 karting visits during the decent summer in 2025 is indicative of another diversification failure.

Discussion

The public are fully entitled to question how public money can be committed to projects at Cairn Gorm that would never be undertaken by private businesses that require a return on the investments made. When the Coire na Ciste campervan park was set up, the CEO at that time claimed that the costs of the wood used to build a fence around it did not need to be included in the overall project costs because â??â??the wood was already onsiteâ??â?? [intended for snow fencing]. That showed that CMSL does not use basic Management Accounting was absent and the return on the investment in the Campervan Park was not considered.

It appears that nothing has changed and returns on investments from Mountain Biking and Karting are unimportant. Operating in this way will not lead to financial success as evidenced by the paltry sums brought in from these two diversifications. In terms of the employment benefits created by the family oriented mountain bike trails and Karting, a few winter seasonally employed staff may now be offered

year round workâ?!.butâ?!.at what cost?



Wooden balls were being sold for Â£5 each â?? how much net income did that generate?

We should also question the costs and revenues associated with other diversification activities because the continued operational losses being incurred are indicating that nothing much in the way of a commercial revenue is being earned.

How are the losses to be stemmed and turned to profit? The present snowsports season will verify the fact that only snowsports brings significant revenues to the CMSL business. We might question why there is no non surface uplift from the Cas car park to the Ptarmigan despite the well-publicised disadvantages associated with having only the funicular for this journey. HIE could and should have planned, financed and installed appropriate chairlifts during the years when the funicular was out of service as Dave Morris recently argued in the Strathy ([see here](#)). Alas, they continue with their funicular obsession and snowsports enthusiasts are left with surface uplift that is all 40+ years old with the inbuilt inefficiencies due to age and the necessity to maintain uptrack fencing and piste the tracks too.

The CairnGorm Mountain business will simply continue to make losses and be an unnecessary burden to the public purse unless and until it focuses on the core business of snowsports, rather than the neglect that has been evident for many years.

Category

1. Cairngorms

Tags

1. Cairn Gorm
2. CNPA
3. HIE
4. planning

Date Created

February 2, 2026

Author

alan-bratney

default watermark