Skier Spend & Financial Implications of the decline of CairnGorm Mountain

Skier Spend on CairnGorm Mountain

Base figures for the 2009/10 season are from the HIE Strategic Review on Scottish Snowsports published in autumn 2011 and are updated by means of the Retail Prices Index to 2018 prices.

Spend per skier day on-mountain (average across all five areas):

- 2009/10 £22.85 *[TRC Research - referenced in Executive Summary XVII]*
- 2017/18 £29.83 (RPI adjustment)
- 2017/18 £28.45 (CPI adjustment for comparison)

CairnGorm Mountain Market Share Decline

The winter of 2002/03 was the first full winter season that saw both the CairnGorm Funicular and new Ptarmigan Restaurant fully open for the whole season (The top station facilities came onstream gradually during 2002, with the Ptarmigan Restaurant opening late March 2002).

Over the following 10 year period CairnGorm Mountain Ltd achieved a 40.6% averaged annual share of the Scottish Snowsports market .

- The 2015/16 snowsports season saw CairnGorm Mountain Ltd record their then lowest market share since 2004.

- Winters 13/14, 14/15 and 15/16 saw CairnGorm Mountain experience it's 3 lowest market share figures since 2004.

- A very poor snow season for all five areas in 2016/17 so a rebound to match the 40.6% share - but this was notably less than CairnGorm's share in other poor snow years such as 2007 (49%) and 2012 (50%).

- The last season under Natural Retreats control before CML was placed in administration late in 2018 was a very good snow season, but **saw CairnGorm Mountain record the lowest market share on record at 23.6%. An irrefutable collapse in market share.**

- Analysis of skier days relationship to the number of days of skiable snow to the Coire Cas Carpark indicate winter 2017/18 should have been around 100,000 skier days, a figure that would have been achieved had the 10 year market share from 2003 been maintained.

  The analysis of skiable days to the Cas Carpark corroborates the scale of the collapse in visitation to CairnGorm Mountain in winter 2017/18.

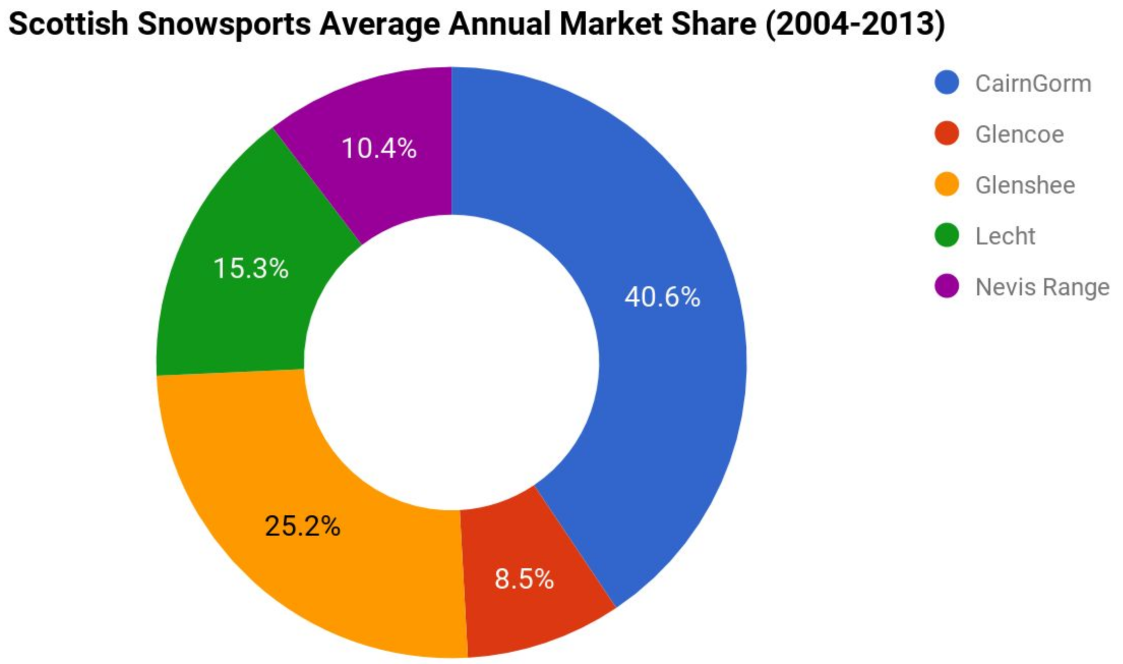
It is possible to calculate the number of skier days lost to CairnGorm Mountain over the past 3 seasons compared to if the 10 year average market share had been maintained.

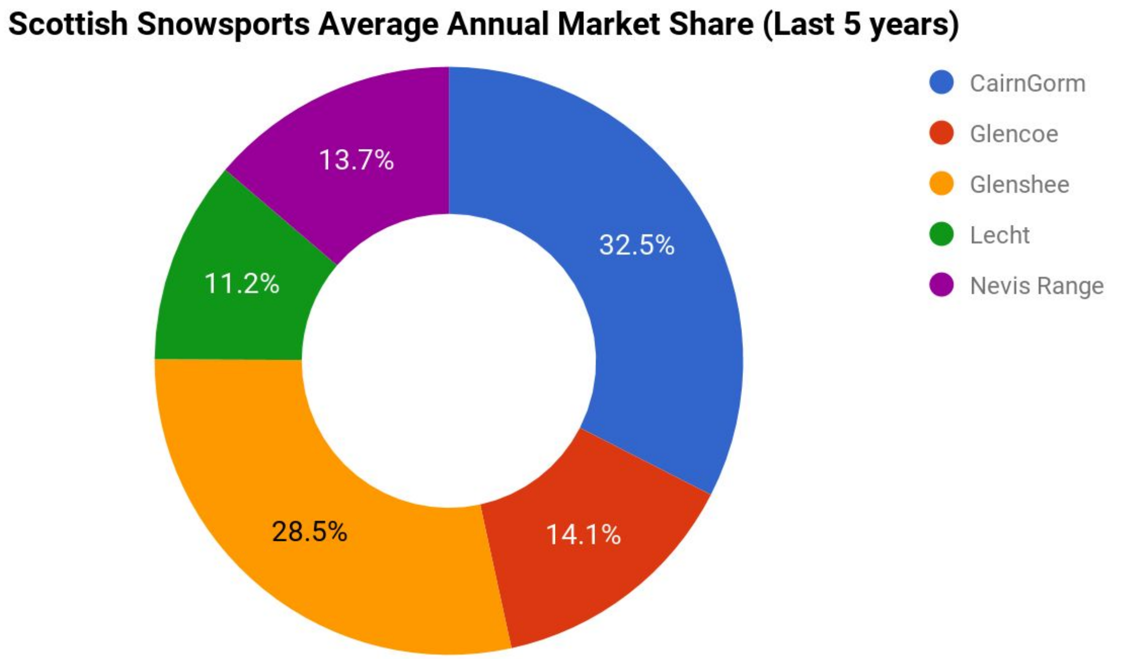
Year	CairnGorm Mountain Scottish Market Share	Skier Days lost compared to if 10 year market share from 2002/3 was maintained
2018	23.6%	42,428
2017	40.6%	7
2016	32.3%	17,264
2015	33.2%	17,049
2014	32.9%	18,058

Calculated CairnGorm Mountain Ltd three year revenue loss from market share decline in 2018 prices (calculated at £30 per skier day by applying RPI inflation to the 2010 figure):

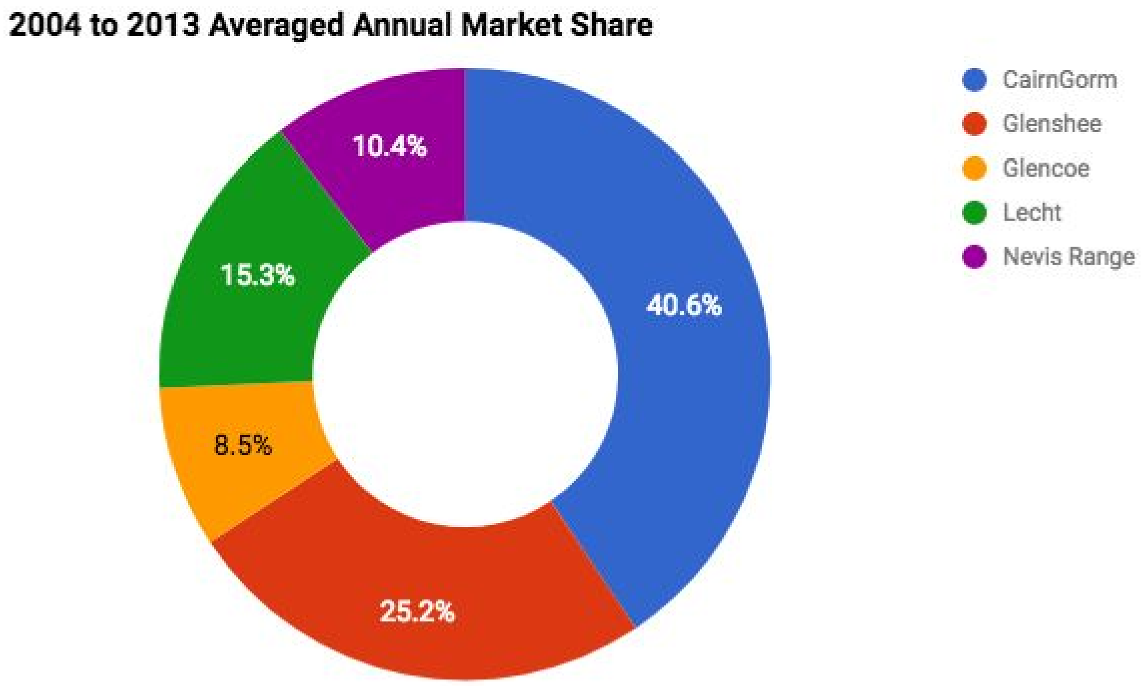
£2,844,180

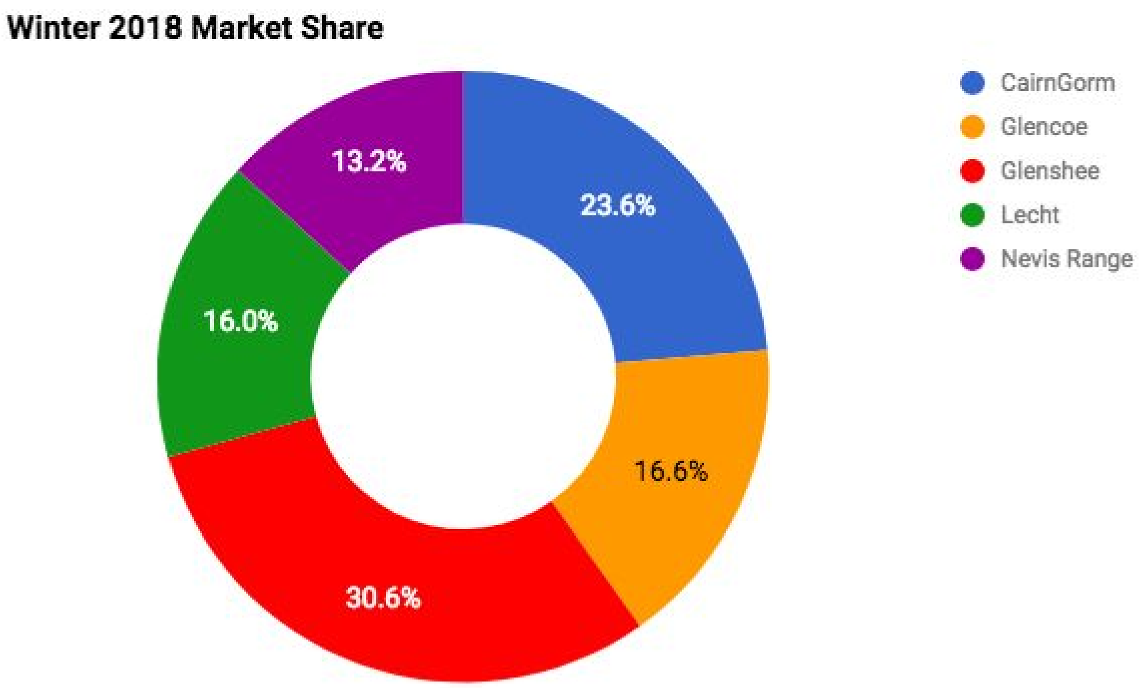
Market Share 10 year Average vs 2014 to 2018





Market Share 10 year Average vs Winter 2017/18





Off-site Spend per Skier (average across all areas):

Strategic Review Figures	2009/10 Base Price	2018 RPI
Day Trip	£35 to £45	£44 to £57
Overnight visitor	£80 to £85	£102 to £109

- CairnGorm Mountain visits were specified as split 55% day and 45% overnight in the HIE Strategic Review (we are not aware of up to date data on whether the decline in market share has been uniform across both day trip and overnight visitors).

This allows calculation of the loss of day trip and overnight visits for each of the past 3 seasons compared to if the long term average market share of 40.6% was maintained.

Season	Skier Day decline by loss of market share	Day Trip Loss	Overnight Loss
2018	42,428	23,335	19,093
2017	7	4	3
2016	17,264	9495	7,769
2015	17,049	9377	7,672
2014	18,058	9932	8,126

By combining the loss of day trip and overnight stay visits compared to if CairnGorm had maintained market share achieved over the first 10 full seasons of the Funicular and Top Station facilities it is possible to calculate the financial loss to the Strathspey economy from the decline of CairnGorm Mountain.

Both the low and high 2010 base figures in the HIE Strategic Review are adjusted to 2018 prices by RPI:

- 5 season off mountain revenue loss to Strathspey is in the range of £6,645,918 to £7,622,418.

- The combined direct **loss** to the Strathspey economy from combined on and off mountain spend is in the range of **£9.5million** to **£10.5million** since appointment of Natural Retreats as mountain operator

The ‘Do Nothing’ - Managed Decline Scenario

HIE’s 2011 Strategic Review modelled a ‘do nothing’ scenario that predicted a 20% decline in skier days over a 10 year period to 2021.

- CairnGorm Mountain had lost of 7.8% of the Scottish market share over the 3 season period spanning 2013/14 to 2015/16 compared with the 10 year period to 2013.

- Over those three winter seasons the loss of Skier Days on CairnGorm compared to if market share had been maintained is a decline of 19.6% matching the worst case do-nothing projection for 2021 five years early by 2021.

- For the 2017/18 winter season CairnGorm Mountain’s loss of skier days compared to if market share had been maintained is a staggering **42%** decline1

The decline in CairnGorm Mountain Ltd’s snowsports business is now by the end of the 2017/18 season twice as bad as the worst case scenario in the Strategic Review predicted for 2021.

We made a prediction in 2016 that if there was not a significant change of approach on CairnGorm Mountain and the 2014-16 seasons trend would continue and CairnGorm Mountain’s market share would drop further with a profoundly negative impact on the sustainability of 12 month a year tourism in Strathspey.

Not only has CairnGorm Mountain recorded a historic low market share of 23.6% representing a loss of millions of pounds to the local economy in the past 12 months alone, the collapse of CairnGorm Mountain Ltd into administration and the condition of the Funicular raise grave concerns that the market share has declined so severely that there is not currently a viable business on the mountain that could sustain the operating costs of the Funicular Railway.

CairnGorm Mountain and Scottish Snowsports

While Nevis Range, Glenshee and Glencoe have picked up market share at CairnGorm's expense over the 3 season period of 2014 to 2016 , the overall size of the Scottish market has shrunk successively and the Lecht also lost market share.

The more modest decline at the Lecht maybe a direct result of the decline on CairnGorm Mountain with fewer people being in the Strathspey area to divert to the Lecht. However continued investment in the Lecht's beginner offering including for 2018 the Penguin Park and new Robin Magic Carpet, coupled with a successful spring trial of a TechnAlpin SnowFactory have seen the Lecht rebound to achieve a market share above their historical 10 year average.

Though the 2016 season was a late start, the critical February half term period had good conditions and largely decent weather conditions and was reported by Ski Scotland as one of the best February Half Terms for many years.

The winters of 2014 and 2015 were big snow winters of historical proportions, thus the year on year drop in overall size of the Scottish market in each of the past 4 winters can not be attributed to snow conditions alone.

To many skiers in the UK, Aviemore / CairnGorm is Scottish Snowsports and CairnGorm Mountain self proclaims itself as “Scotland's Premier Ski Area”. If visitors less familiar with the Scottish Snowsports scene (and they are more likely to be the higher spending overnight visitors) have a poor experience at the ‘premier’ area, they are even less like to return to try one of the other 4. So while the decline of snowsports on CairnGorm Mountain is a major issue for Strathspey, it is also increasingly of concern to the other four Scottish snowsports areas.

Skier Day & Market Share Tables

Skier Days by Area							
Season	CairnGorm	Glencoe	Glenshee	Lecht	Nevis Range		Scotland
2018	59,003	41,413	76,367	40,047	33,000		**249,830**
2017	22,102	5,941	12,111	4,002	10,300		**54,456**
2016	67,000	29,488	59,126	25,129	26,760		**207,503**
2015	76,588	35,046	58,407	31,218	29,375		**230,634**
2014	77,430	31,578	84,397	16,075	25,711		**235,191**
2013	113,000	*24,000*	92,899	44,209	16,668		**290,776**
2012	66,463	10,614	33,947	10,856	9,788		**131,668**
2011	121,420	14,037	95,571	40,678	18,289		**289,995**
2010	145,007	26,135	116,614	52,147	34,686		**374,589**
2009	65,000	16,889	43,000	19,110	15,876		**159,875**
2008	62,000	23,000	39,007	18,061	23,021		**165,089**
2007	38,553	7,623	8,521	13,200	11,149		**79,046**
2006	55,000	16,623	42,460	22,303	18,430		**154,816**
2005	55,586	12,000	36,000	25,252	18,338		**147,176**
2004	58,500	7,000	27,471	50,636	20,855		**164,462**

Area Share of the Scottish Market					
Season	CairnGorm	Glencoe	Glenshee	Lecht	Nevis Range
2018	23.62%	16.58%	30.57%	16.03%	13.21%
2017	40.59%	10.91%	22.24%	7.35%	18.91%
2016	32.29%	14.21%	28.49%	12.11%	12.90%
2015	33.21%	15.20%	25.32%	13.54%	12.74%
2014	32.92%	13.43%	35.88%	6.83%	10.93%
2013	38.86%	8.25%	31.95%	15.20%	5.73%
2012	50.48%	8.06%	25.78%	8.24%	7.43%
2011	41.87%	4.84%	32.96%	14.03%	6.31%
2010	38.71%	6.98%	31.13%	13.92%	9.26%
2009	40.66%	10.56%	26.90%	11.95%	9.93%
2008	37.56%	13.93%	23.63%	10.94%	13.94%
2007	48.77%	9.64%	10.78%	16.70%	14.10%
2006	35.53%	10.74%	27.43%	14.41%	11.90%
2005	37.77%	8.15%	24.46%	17.16%	12.46%
2004	35.57%	4.26%	16.70%	30.79%	12.68%