Snowsports in Scotland

Progress update - December 2016

Economic and Social Development

Scottish Enterprise

HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

CONTENTS

1. INTRODUCTION

This report provides a strategic review of progress in the Snowsports Sector in Scotland since the 2011 study – *Scottish Snowsports Strategic Review*[1].

1.1 Background

There are five key snowsports centres in Scotland – Cairngorm Mountain; Nevis Range; Glencoe; The Lecht and Glenshee. In 2011, Highlands and Island Enterprise (HIE) and Scottish Enterprise (SE) commissioned a strategic review of Scottish Snowsports. This provided an overview of the scale of the snowsports sector in Scotland, and key challenges and opportunities for the sector. It highlighted the importance of the sector to Scotland's rural economy, identifying that the centres,along with their associated expenditure and employment, contribute £30 million per annum to the economy and help support regional equity. The review set out a range of actions expected to provide stability for the sector and the centres, allowing them to increase their cash reserves to lay the foundations for longer term development. These findings helped to drive the growth of the sector and informed the context for public sector activities and interventions in the last five years.

HIE and partners now wish to take stock of the current performance of the sector, including progress made in addressing the key actions outlined in the 2011 study.

1.2 Objectives

The objectives of the study were to:

- provide an overview of the Scottish snowsports market and key sectoral trends since 2011, including related non-snowsports and other diversification activity;
- assess the current economic impact of the snowsports sector in Scotland. This should include updating and comparing outputs such as on-site visitor spend, and direct impact and multipliers;
- review the progress made towards the actions set out in the 2011 study, including anoverview of any relevant Scottish or UK Government policy and views from the five centres onhow the recommendations have been delivered;
- explore the short term (next three years) and longer term aspirations of the five key snowsports centres, exploring the nature and value of any capital expenditure, timescales and the anticipated broad economic benefits;
- outline the barriers and challenges for the sector, outlining how these have changed since 2011, if at all; and

[1] TRC and EKOS (2011) *Scottish Snowsports Strategic Review*

- identify opportunities and areas of future activity that could help support the sector's sustainability and growth, matching these against the actions from the 2011 study. This should include consideration of how the sector may contribute to wider health and educationalbenefits, aligning this with Scottish Government policy in these areas.

1.3 Methodology

The methodology for the study comprised:

- Stage 1: Inception Discussion;
- Stage 2: Desk-based Review and Consultations; and
- Stage 3: Analysis and Reporting.

The desk-based review comprised an assessment of information on key trends and strategy / policy documents. Consultations were undertaken with the five snowsports centres (Cairngorm Mountain, Nevis Range, Glencoe, The Lecht and Glenshee) and key stakeholders – HIE, SE, Snowsports Scotland, Scottish Snowsports Marketing Group / Ski Scotland, Scottish Government andVisitScotland. Data was also accessed from the five snowsports centres.

1.4 Report Structure

The remainder of this report is structured as follows:

- **Chapter 2** sets out the context for the study, including consideration of the strategic context as well as the findings and recommendations of the 2011 review work and details of the five main snowsports centres in Scotland;
- **Chapter 3** reviews the wider market for snowsports and highlights global and UK trends;
- **Chapter 4** analyses the Scottish snowsports market and the performance of the five centres;
- **Chapter 5** discusses in more detail the progress that has been made since 2011 against the review's recommendations, and reports on the benefits of that work to date;
- **Chapter 6** provides an assessment of the economic impacts of the five centres, comparing this to 2011 data to assess progress;
- **Chapter 7** identifies areas for future development to support the growth of the centres and the snowsports and related markets in Scotland; and
- **Chapter 8** presents the overall conclusions of the study.

2. CONTEXT

2.1 Strategic Context

Introduction

The development of the snowsports industry in Scotland takes place within the context of existing strategic guidance on economic development and tourism, as well as wider priorities for physical activity and health. Here we consider the key priorities and the ways in which the sector can make a contribution to achieving strategic objectives. In particular, we focus on:

- Scotland's Economic Strategy, 2015;
- Tourism Scotland 2020, Mid-Term Review 2016; and
- Active Scotland Outcomes Framework.

Scotland's Economic Strategy, 2015

Scotland's Economic Strategy, which has been in place since 2007, sets out the Government's ambition to:

> *"create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth".*

The latest iteration of the strategy places considerable emphasis on achieving inclusive growth.

Investment in the snowsports sector will help contribute to two of the four priorities outlined in the strategy:

- **Priority – investing in our people, infrastructure and assets:**

  The snowsports centres are key employers within their respective local areas. They also provide facilities which offer people the opportunity to be physically active especially in the winter period when it may be more difficult to encourage people outdoors to undertake physical activity.

- **Priority – promoting inclusive growth:**

  The snowsports centres are important economic assets for rural areas, and have a key role in supporting economic growth, especially during the winter season.

The second of these is particularly important. The centres are in rural locations with fragile economies, and the income and economic activity that they create is vital to the sustainability of local communities. While other areas of the economy will make a considerably larger overall contribution, it is this local importance that makes the sustainability of the sector a key policy goal.

Tourism Scotland 2020, Mid-Term Review 2016

Tourism Scotland 2020 was developed through cross-partner consultation and engagement and is the industry strategy setting out how the Scottish Tourism Alliance (STA) and partners will work together to make Scotland:

> *"a destination of first choice for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people".*

Scotland's tourist offer is broad and diverse, but tourism to rural areas in particular can suffer in the winter months. Snowsports can make an important contribution here by providing a counterbalance and throughput of visitors during the wider off season. It can also be a means of introducing visitors to Scotland's impressive natural landscape and to the outdoor activities on offer, thereby encouraging repeat visits.

A mid-term review of the tourism strategy was undertaken earlier in 2016 and refreshed the priorities which the strategy is working towards to help grow the industry regionally and nationally. The revised priorities, which snowsports centres can help achieve are:

- **digital – strengthen digital capabilities:**

  The snowsports centres are becoming more active, where possible, in the use of digital technology to help consumers, including developing a presence on social media to help provide information on weather and snow conditions;

- **leadership – strengthen industry leadership:**

  The five centres together with key stakeholders have adopted a more strategic approach to the overall development of the sector;

- **influence investment:**

  The centres have a proven track record of working to improve both the natural and built assets at their locations; and

- **quality of the visitor experience – enhance the quality of the visitor experience**:

  The centres have been undertaking changes to the customer service they provide through improved facilities (both those directly related to skiing and ancillary).

The activities of the centre are therefore aligned with national priorities for the growth of the tourism industry, and the sector itself has an important role to play in Scotland's overall tourist offer.

Active Scotland Outcomes Framework

The Active Scotland Outcomes Framework sets out Scotland's ambitions for sport and physical activity, to help achieve the Scottish Government's overarching aim of creating a more successful country with opportunities for all to flourish. The underlying vision is:

> *"of a Scotland where more people are more active, more often…being physically active contributes to our personal, community and national wellbeing."*

Snowsports can help contribute to four (of the six) outcomes:

- **improve our active infrastructure – people and places:**

  Snowsports centres provide infrastructure which allows people to participate in physical activity and thus help lower the risk of obesity, heart and lung disease and increase positive mental health benefits;

- **encourage and enable the active to stay active throughout life:** Snowsports as a developed skill means that people often participate for a number of years and it can often bea group and family activity; this encourages people to remain physically active;

- **develop physical confidence and competence from the earliest age:**

  School and club trips are a means of introducing children and young people to snowsports, potentially encouraging them to participate further; and

- **improve opportunities to participate, progress and achieve in sport:**

  Activities through Snowsports Scotland (including events and competitions) allow people to progress through the sport to higher performance levels.

While perhaps not as 'mainstream' as some other sporting activities, snowsports nonetheless has an important role in providing opportunities for people in Scotland to live healthy, outdoor lives.

Contribution to Health and Education

The ways in which snowsports can and do contribute to the health and education agendas should also be considered, and this includes:

Health

- being a 'fun' sport activity so likely to be a greater motivator; physically demanding (half / full day rather than short burst of activity);
- increasing the options for children to encourage them into sport and improved food offers i.e. healthier options is helping to improve diets; and
- getting people outdoors during the winter.

Ways that it could contribute further in the future are:

- encouraging new entrants to take part;
- focusing on promotion of the ‘fun’ aspect of snowsports rather than the ‘health benefits’; and
- providing healthier options in the food and drink offer.

Education

There are elements of education, that take place at present e.g. Mountain Discovery Centre (Nevis Range), exhibition space (Cairngorm). There may be potential to develop this further through diversification activity and opportunities to educate in terms of a number of issues – changing weather, environmental protection, competing land uses, rural, etc. However, the centres do not have money to invest where this is simply about education. Rather new product would need to focus on what would act as a main driver of ‘visitation’ that may also serve an educational purpose.

2.2 The 2011 Snowsports Report

The 2011 report highlighted the key role of the snowsports industry to Scotland’s rural economy, but also highlighted some challenges. Most significantly, the analysis found that demand has been falling for some time, driven by inconsistent weather conditions, fewer young people entering the sport; fewer schools taking part; more competition from cheap deals overseas; and an uncompetitiveScottish ski product with old equipment and outdated support facilities. The key issues however, were found to be the unreliable weather patterns and competitive deals abroad offering a better skiing experience for consumers.

The study also identified a range of other issues that the industry was facing:

- growing consumer expectations of product quality driven by overseas skiing experiences. The Scottish ski product was found to be poor by comparison, hampered by a lack of funding / investment;
- a need to increase entry into the sport, attract schools, family and beginner markets with greater average spend potential;
- limited destination marketing;
- issues with the provision of real time / up to date, accurate and consistent information (weather, slope conditions transport, road etc.) particularly when people are on the move or have no access to online information;
- inconsistent snow at 2,000ft (610 metres) and a need to develop, where possible, the snowsports experience at higher altitudes and improve access to higher snow fields;

- undercapitalisation and precarious financial circumstances in ski sports businesses in Scotland, and difficulties in securing bank debt, not only due to the recession / but also due touncertainty of the climatic conditions and the long-term fragile nature of ski businesses in Scotland;
- rising maintenance costs and increasingly frequent breakdowns due to ageing equipment and infrastructure;
- higher levels of VAT on lifts and tows in Scotland relative to European counterparts, and some specific regulatory issues (e.g. authorising aerial rope and cableways); and
- limited new innovative ideas for diversification that are less weather dependent and that have mass market - rather than niche - appeal.

These findings then led to a series of recommended actions aimed at improving the competitive position of the Scottish snowsports sector. These can be summarised as follows:

- Snowsports Sector Working Group: including regular meetings, strengthened communication between the stakeholders and development of sub groups as appropriate;
- snow and ski conditions: the need to acquire snow making facilities and rationalise the resorts (to manage / boost snow fall);
- information: improve the information that was being provided to customers e.g. BBC ski report, CITRAC signs (so customers are kept up to date);
- demographics: developing more beginner initiatives, strengthening links with artificial slopes, meeting needs of 55+ market, being part of VisitScotland campaigns (to encourage new entrants and meet needs of existing);
- access: improvements to the A82 (as a key route for Glencoe and Nevis Range) and public transport (more environmentally friendly);
- visitor experience: improve visitor flow / queue management (to improve the customer experience) and broadband connections (to meet growing need / demands);
- business planning: development plans, and maintenance and capital reserves (to allow longer term planning);
- funding and VAT: the need for alternative funding sources and a reduction in the VAT rate (to allow investment in infrastructure);
- cable authorisation: the need for more than one person to be authorised (to increase flexibility / options);
- food and drink: the need for improvements to the food and drink offer e.g. range, type, quality (to increase onsite expenditure);

- diversification: diversify further to provide alternative income streams and to mitigate somewhat against fluctuations in the snow seasons; and
- destination approach: develop stronger links with the wider destination (to encourage longer stays).

2.3 The Snowsports Centres

Overview

There are five snowsports centres in Scotland – Cairngorm Mountain, Nevis Range, Glencoe, The Lecht and Glenshee. In addition to snowsports facilities they each provide:

- **Cairngorm Mountain:** (11 lifts and 30km of ski runs), ski and snowboard school, ski hire, funicular railway, guided walks, guided mountain biking, food & drink (Storehouse), retail (Outfitters; Christmas Market);
- **Nevis Range:** (12 lifts and 35 runs), snowsports school, ski hire, mountain gondola (both for transporting skiers and climbers and an attraction in its own right), zoom trax, high wire adventure, summer ceilidh nights, scenic chair ride, mountain biking, family cycling, walks, mountain discovery centre, winter climbing, paragliding, retail (Nevis Sport), food & drink (Snowgoose restaurant, Pinemartin café bar, Cameron's café, Goose T-hut);
- **Glencoe:** (8 lifts and 20 runs), snowsports school, ski hire, mountain biking, tubing, accommodation, café, chairlift rides, specific snowsports and summer activity events / festivals / races;
- **The Lecht:** (12 lifts and 21 runs), ski school, ski hire, mountain biking and skills park, café, retail and conference facilities; and
- **Glenshee:** (22 lifts and 36 runs), ski hire, cafes (Base, Cairnwell and Meall Odhar), retail.

Three are located in the Cairngorm Mountains – Cairngorm Mountain, Glenshee and the Lecht and two on the west coast – Nevis Range and Glencoe.

For some of the centres, the vast majority of their visitors are snowsports related – the Lecht and Glenshee (approximately 96% and 99%, respectively). For others, (Cairngorm and Glencoe) it is more evenly split between snowsports and other recreational activities / sightseeing (50% and 46%) and for Nevis Range, snowsports only forms a small proportion (15%) of total visitors.

Snowsports Scotland is the national governing body for the sector. It supports performance in the sport, encourages participation, and supports the club structure and the five ski centres. Ski Scotland and Scottish Snowsports Marketing Group are responsible for marketing and promotion of the snowsports sector in conjunction with VisitScotland (the national tourist organisation).

Infrastructure Development and Investment

There is currently a £7.2m (£5.8m public sector contribution) infrastructure investment programme underway to install new and upgrade existing lifts and supporting infrastructure (see more detailed list later in this section). It comprises a £5.5m investment at Glencoe, the Lecht, Nevis Range and Glenshee (this investment was announced in February 2015). The public sector funds are being distributed through HIE and SE (in the case of Glenshee). The public contribution is 75% with the remaining 25% coming from the five snowsports centres. There has also been spend of £1.7m at Cairngorm by HIE. The total spend for the infrastructure programme is set out in **Table 2.1**.

Table 2.1: Infrastructure Programme Expenditure

Ski Centre	Spend to Date (June 2016)	To be Spent	Project Cost	% Spend to Date
Glencoe	£934,940	£955,060	£1,890,000	49%
Lecht	£292,800	£163,300	£456,100	64%
Nevis Range	£650,201	£57,599	£707,800	92%
Glenshee	£500,000	£1,340,000	£2,453,300	20%
Cairngorm	£1,700,000	-	£1,700,000	100%
Total	**£4,077,941**	**2,515,959**	**£7,207,200**	**57%**

Source: HIE and SE

The programme is still underway and a total of 57% has been spent to date. The investment at Cairngorm is complete and there are only small amounts remaining at the Lecht and Nevis Range. The major investments still to be completed are at Glencoe and Glenshee. In both cases this is installation of a new lift. At Glencoe it was due to go in this year but issues with planning means thatit is now delayed to 2017. At Glenshee the project is due to be completed in 2017 (but may be subject to change depending on the weather as the work is at 2,500ft).

The infrastructure projects have allowed the centres to replace and refurbish dated lift infrastructure and acquire equipment to improve their management of the snow fall (e.g. groomers, snow canons, etc. – see detailed list below). The scale of this investment has the potential to bring about a step change in the sector (once completed), and to help ensure its future sustainability.

The centres have also undertaken a number of other changes outwith the infrastructure works. The infrastructure works and other changes, over the period since the previous review, are summarised below:

- **Cairngorm:** ski lift infrastructure (including removal of Shieling ski tow, replacement with a modern tow, extension to west wall ski tow, and work on building dilapidations), snow management (25km of fencing - 25km still to be completed), improvements to food and retail (internal renovations to storehouse and retail, improvements to Ptarmigan restaurant are ongoing), introduced guided mountain biking, increased internet speed, new ticketing system, review of operations (fresh look at maintenance programme to ensure it is focusing on the right places, currently working with a designer to look at exhibition space, have commissioned work for overhaul of website);

- **Nevis Range:** uplift infrastructure improvements (braveheart chairclamps, home run access bridge, lighting suppression, gondola electrics, top gondola station), snow management (two new groomers, new garage for piste machines), extension to mountain bike offer (trails in forest and skills play area), food & drink (new café, upgraded restaurant windows for view);
- **Glencoe:** uplift infrastructure (wiring, wall towers, and generator for chairlift, upgrade of tow huts, replacement and installation of beginners lift; electrification of access chairlift, plateau chairlift - still to be installed), snow management (two new groomers, two snow canons), dry ski slope, accommodation (10 lodges, campervan hook-ups, toilet block), extended ticket office, water and septic tank;
- **Lecht:** uplift infrastructure (chairlift upgrade, Eagle 1 poma tow upgrade, Eagle 2 poma tow upgrade, nursery run uplift - Robin, Wren and Travelator, Osprey tow upgrade), bully snow groomer, children's fun park (Penguin Park) with secure area with own lift and rondell, new kids Burton snowboard Riglet system, improved broadband (linked into improvements made by Aberdeenshire Council); and
- **Glenshee:** uplift infrastructure (replacement chairlift – Tiger / Cairnwell and replacement of the Meall Odhar poma -still to be undertaken), snow management (snow groomers), food & drink (upgraded toilets and new kitchen at base cafe), re-sited the retail offer, improved broadband (but still rely on radio link).

VAT Reduction

The UK Government reduced the 20% rate of VAT on ski lifts to just 5% in 2013. The new rate applies to small cable-operated transport systems – which covers ski lifts in the five sites in Scotland - and brought VAT on ski lift passes into line with the rest of Europe. The new rate was introduced for a trial period of three years at which point it would be reviewed by HM Treasury.

3. MARKET OVERVIEW

3.1 Worldwide Ski Market Trends

As noted in the *2016 International Report on Snow and Mountain Tourism*[2], nearly everywhere the industry is facing challenges in creating longer term growth. Recent years have been characterised by stagnation and / or decline in skier numbers. In 2013-14 there was dip in **all** the major markets, even those that had been experiencing transfers from other destinations (e.g. switching from Switzerland to Austria or France), and the winter of 2014-15 did not change this trend. However, for the period prior to this (from 2006-07) key markets in Europe had been experiencing growth – France, Austria, and Italy.

This challenging picture can be attributed to a number of factors.

First there is the demographics of the skiing market. Baby boomers represent the majority of the current participants, and they will progressively exit the market without being replaced by the next generation of enthusiastic skiers. This younger generation has a range of competing demands fortheir time and money, and the process of learning to ski is lengthy and potentially expensive. The sector thus needs to make the "tedious learning process into a great time" in order to attract thesenew entrants.

The tourism market more generally has expanded the range of travel opportunities (driven also by lower cost flights) and snowsports need to work harder to compete.

At the same time, consumer expectations are increasing, particularly in respect to accommodation, leisure and recreational facilities and services. Thus, innovation and customer relationship management are identified as key areas for focus by the industry, not only in terms of improving the standard of lifts but also accommodation and restaurants (so that people have an appropriate standard of facilities when they are not on the slopes).

Technology is also having an impact. The internet and social media can be used to enhance communication, make bookings easier, and provide information updates on travel and snow conditions for skiers. This provides both opportunities (more direct communication and promotional opportunities) and challenges for the sector in terms of meeting customers' increasing expectations where new technology is concerned. Broadband access (including reliable Wi-Fi) can be challenging due to the location of ski centres, but this is an area in which consumer expectations have grown significantly in recent years.

It is also striking that international ski tourism is dominated by a relatively small number of locations (the Alps still account for more than 40% of total business), of which Scotland is not one. Instead, the

[2] Laurent Vanat (2016) *2016 International Report on Snow and Mountain Tourism*

Scottish snowsports market is dominated by the UK visitor market (i.e. accounts for 99%). It is therefore important to consider trends within the UK in greater detail.

3.2 UK Ski Market Trends

According to the Ski Club of Great Britain, based on their annual 2015 consumer survey report[3] (15,000 responses), the UK ski market has shrunk in the last few years and this has also been reflected in the fall in sales in the high street ski retail market. This leaves a smaller base of customers and, consequently, a greater need for a better understanding of the people who go skiing on the part of snowsports businesses.

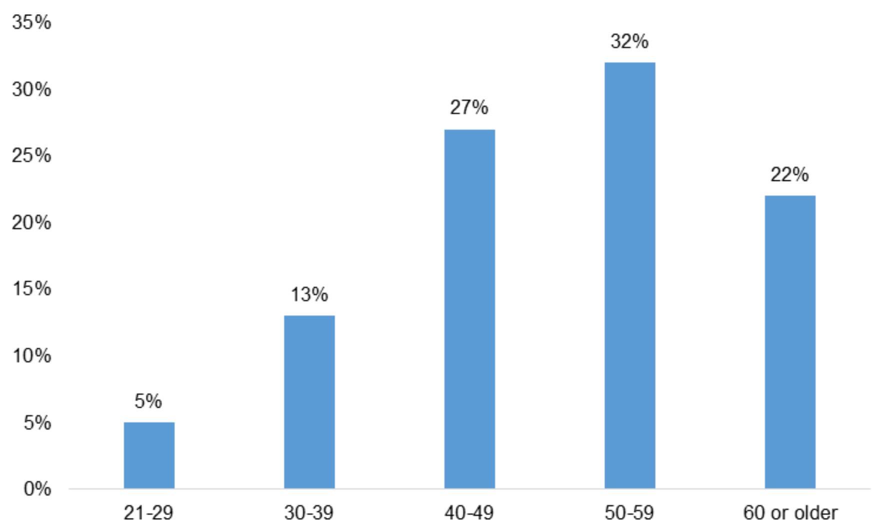
The current ski market in the UK is mainly driven by people who have already been skiing (40% of people had previous ski experience of 30 weeks or more) and 91% of respondents were repeat visitors.

Of the UK population who go on snowsports holidays (mainly outbound) more than 90% participate in skiing and only 15% in snowboarding. The UK market is thus considered to be more traditional than its European counterpart.

Demographics

There are more male (62%) than female (38%) skiers and the age profile is shown in **Figure 3.1**. This is consistent with global trends towards older demographics (81% are over 40 years), and reinforces the need to bring through a new generation of customers. When questioned, there was a strong intent amongst people who have never skied to do so in the future, particularly amongst 21 to 29 year olds. This suggests a possible market for development.

Figure 3.1: Age Groups



[3] Ski Club Great Britain (2015) *Consumer Survey 2015*

Skiing is a sociable and family friendly activity. Some 40% of respondents skied with their own and other families on their last ski break, 30% had skied with friends, and a further 20% as a couple.

The industry in Scotland, understandably, has a strong focus on the peak weeks of Christmas, New Year, February half term and Easter, and also weekends. The older and younger markets have greater flexibility, and can visit midweek out with these periods, however many adults aged 30-49 are likely to have school-age children, and therefore have to consider planning their holidays around the school year.

Expectations

While it may sound obvious, the most important decision factor by far in choosing a resort for skiing is the likelihood of good snow, a persistent challenge in Scotland given the inconsistencies in the weather. The next most important factor is the size of the ski area, with consumers increasingly seeking a variety at different levels of difficulty. Price comes third followed by the quality of the accommodation and how busy the slopes are. Interestingly, the opportunity to participate in non- snowsports activities is considered to be a low priority - but this is taken from a survey of skiers, ratherthan general tourists.

Of course, technology also has an impact with a growing proportion of bookings made online. Effective online booking systems are an obvious requirement but, as noted earlier, the use of online and social media to communicate information regarding the slops is also growing in importance. Of equal importance is the availability of reliable broadband connections - an ongoing challenge in parts of rural Scotland.

Indoor centres

Indoor skiing has grown in recent years, and the survey revealed that 48% of respondents had used indoor snow slope centres in the UK (such as Snow Factor). The frequency of use for the indoor sector however is a challenge for this part of the industry. A total 76% of the responders who used a snow centre have only done so once, or have a frequency of once a year or less.

Entry into Snowsports

There are some widely recognised barriers to entry into snowsports. Most obviously, it is an expensive pastime - in terms of ski passes, ski lessons, purchase of specialised equipment and clothing, and getting to the slopes. There are also the technical barriers – you need to learn or be taught to ski / snowboard – which in turn requires investment of both time and money. Finally, locationalso matters, as many of the population in Scotland are not located near to the ski centres (whilstthere are dry ski slopes / Snow Factor which are closer, they do not compare to outdoor centres).

There are, of course, ways to reduce the costs e.g. hiring of equipment and school / beginners initiatives that offer discounted skiing which can help to offset many of the costs. This then allows people to get a 'taster' to see if the sport is for them, and many of the centres in Scotland offer these options.

There is also a popular belief that skiing is 'elitist', driven in no small part by the costs. Unfortunately, there is no real information on the social make up of those visiting the Scottish snowsports centres (or indeed of those skiing elsewhere) so we are not able to comment on the extent to which this perception has changed.

3.3 Summary

Scotland clearly has a very small share of the international snowsports market - instead, the Scottish market is firmly targeted at UK customers - and this is dominated by high quality locations with a far stronger guarantee of good snow (and a high quality of supporting infrastructure).

Beyond the reliability of the weather, other drivers affecting location choice amongst customers include the size of the piste and the variety of runs on offer, as well as price and the quality of accommodation.

The ageing demographic picture is a concern, and points to a need for active development of a new generation of participants, but there is also evidence to suggest that school trips have become a less important driver of first skiing experiences of young people[4] (perhaps due to the cost of such trips and/or competing opportunities).

3.4 Wider and Related Markets

General Tourist Trends

The number of tourists visiting Scotland and their expenditure is given in **Table 3.1**[5].

Table 3.1: Tourism in Scotland

Year	Trips (m)	Nights (m)	Expenditure (£m)
2011	15.71	63.20	4,508
2012	15.31	61.97	4,380
2013	14.79	62.78	4,624
2014	15.52	64.29	4,871
2015	14.86	63.77	5,071

Source: VisitScotland

The number of tourist trips in 2015 was down (-5%) on the 2011 level but the number of nights was up slightly (1%). Overall expenditure was also up (12.5%). After a small dip in 2012 (-2.8%), expenditure has been increasing year on year since.

[4] Ski Club Great Britain (2014) *Consumer Survey 2014*
[5] VisitScotland (2016) *Tourism in Scotland 2011-2015*

In terms of the target markets that VisitScotland[6] has identified, two offer strong opportunities for the snowsports centres:

- *Adventure Seekers*: they have a strong fit with the offer of the snowsports centres. They are active in their leisure time, have an adventurous outlook, some are real thrill seekers, and have an interest in sporting activity; and
- *Engaged Sightseers*: in relation to the sightseeing aspects offered by the snowsports centres. They have an interest in scenery, nature and wildlife. Breathtaking scenery and landscape are a key factor in choosing a holiday.

Adventure Tourism

Adventure Tourism comprises a range of activities including walking / climbing, cycling / mountain biking, river / marine activities, wildlife / nature watching and snow activities. Scotland's landscapes provide the ideal backdrop for the adventure tourism sector. According to Tourism Intelligence Scotland (TIS) the forecast was that the market would be worth £848 million to the Scottish economy by 2015 up from £759 million in 2008[7].

TIS notes that adventure holidays can be categorised into two types:

- *Discovery & Special interest – cultural 'discovery' tours, wildlife watching, walking and trekking, cycling, active winter holidays; and*
- *Active Adventure: trekking, mountaineering, kite surfing, sea kayaking, 'adrenaline' activities.*

The snowsports centres are well suited for this growing sector and have a role to play in both of these broad markets.

Mountain Biking

Some of the centres already offer, or have aspirations to offer, mountain biking. According to the Centre for Recreation and Tourism Research, mountain biking grew by 7-10% between 2009 and 2012 and at that point was worth £49.5m per year to the Scottish economy[8].

The report highlights that mountain biking is a Scottish success story. "*With our fantastic purpose built centres, from the 7stanes in the South to Golspie in the North, our amazing access legislation which allows mountain bikers to responsibly create their own adventures, and our world class events - Scotland is regarded as one of the best biking destinations in the world*".

[6] VisitScotland (2014) *An Overview of Our Target Segments*
[7] Tourism Intelligence Scotland, *Adventure Travel in Scotland*
[8] Centre for Recreation and Tourism Research (2013) *Review of Mountain Biking Developments and Potential Opportunities*

The key recommendations in the report to build on this success included: all Scottish cities to have accessible mountain bike trails; development of purpose-built trail centres which link into other activities in key tourism destinations; improvements in the marketing and promotion of mountain biking, particularly on sustainable 'natural' trails; and continued support for the DMBinS project.

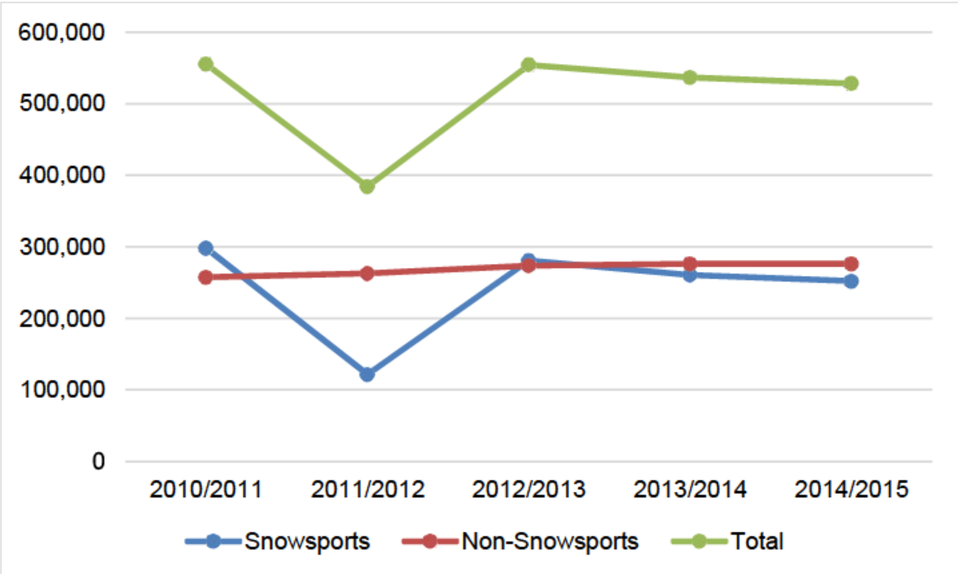
It also estimated that there would potentially be further economic growth in the sector of £26m by 2015. However, there has not been any subsequent work to establish if this has actually transpired.

4. SCOTTISH SNOWSPORTS MARKET

4.1 Visitor Numbers in Scotland[9]

In 2010-11 the total number of visitors was just under 556,000. Since 2010, the level of visitor numbers to the five snowsports centres in Scotland has shown a slight decline (-5%) over the period with the exception of 2011-12 when they dipped below 400,000. This was due to the large decline in snowsports numbers in that season – a result of particularly poor weather conditions (see **Figure 4.1**).

Figure 4.1: Visitor Numbers (seasons)



Source: The Five Snowsports Centres

Excluding 2011-12, there has been a decline in snowsports numbers over the period, down from just over 298,000 in 2010/11 to just over 252,000 in 2014/15. The non-snowsports numbers have showna slow but steady increase (up from approximately 257,000 to 276,000). The details are shown in **Tables 4.1** and **4.2**, over.

The current split between day and overnight visitors is 38% and 62%, respectively (compared with 36% and 64% at the time of the previous review).

[9] Visitor numbers are based on figures provided by the five centres in 2016. They may vary slightly from those previously published by Ski Scotland due to changes in recording practices across the years e.g. how skier days are attributed to ski pass holders etc.

Table 4.1: Visitor Numbers (seasons)[10]

	Snowsports	Non-Snowsports	Total
2010/2011	298,373	257,354	555,727
2011/2012	121,523	262,876	384,399
2012/2013	280,537	273,688	554,225
2013/2014	260,663	276,175	536,838
2014/2015	252,151	276,083	528,234

Source: The Five Snowsports Centres

Table 4.2: Visitor Numbers Percentage Changes (year on year)

	Snowsports	Non-Snowsports	Total
2011/2012	-57.7%	2.1%	-29.2%
2012/2013	121.5%	4.1%	40.9%
2013/2014	-1.9%	0.9%	-0.5%
2014/2015	-3.3%	0.0%	-1.6%
2010/11 to 2014/15	**-15.5%**	**7.3%**	**-4.9%**

Source: The Five Snowsports Centres

The visitor numbers by individual centre are shown in **Table 4.3**, over. There have been varying experiences at the individual centres year on year over the period since 2010-11. It is important to sound a note of caution when trying to compare year on year, particularly given that snowsports can fluctuate considerably on the vagaries of the weather. Also the centres are located in different parts of Scotland and different parts of mountain ranges. Therefore, the weather can vary between locations not only in terms of snow fall but also wind which can affect the operation of the lifts. When we asked the centres why they had experienced fluctuations across the different seasons, theresponse was always the same – the weather.

From the numbers it is clear that all of the centres experienced a significant drop in 2011/12 (down 59%) followed by a significant increase in 2012/13 (up 131%). Over the period 2010/11 to 2014/15 there has been an overall drop of 15% in snowsports numbers. Even allowing for 2010/11 being a very good year there has still been a decline of 10% over the last few years from 2012/13 to 2014/15. It should be noted that this is consistent with decline in the UK snowsports market and in the global picture (see Section 3).

[10] Figures gathered in 2016 from the five snowsports centres.

Table 4.3: Visitor Numbers by Centre (seasons)[1]

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	% change 2010/11 - 2014/15
Lecht						
Snowsports	40,678	10,386	44,648	16,187	31,780	-22%
Non-Snowsports	1,500	500	1,500	500	1,500	0%
Total	**42,178**	**10,886**	**46,148**	**16,687**	**33,280**	**-21%**
Glencoe						
Snowsports	14,037	9,272	23,157	31,578	34,484	146%
Non-Snowsports	30,000	32,000	34,000	36,000	34,000	13%
Total	**44,037**	**41,272**	**57,157**	**67,578**	**68,484**	**56%**
Glenshee						
Snowsports	95,571	33,947	92,898	84,397	58,407	-39%
Non-Snowsports[2]	1,466	1,420	1,286	1,446	-	n/a
Total	**97,037**	**35,367**	**94,184**	**85,843**	**58,407**	**-40%**
Nevis Range						
Snowsports	18,289	9,788	16,668	25,715	29,442	61%
Non-Snowsports	122,356	125,583	130,549	134,717	141,149	15%
Total	**140,645**	**135,371**	**147,217**	**160,432**	**170,591**	**21%**
Cairngorm[3]						
Snowsports	129,798	58,130	103,166	102,786	98,038	-24%
Non-Snowsports	102,032	103,373	106,353	103,512	99,434	-3%
Total	**231,830**	**161,503**	**209,519**	**206,298**	**197,472**	**-15%**
All Centres						
Snowsports	298,373	121,523	280,537	260,663	252,151	-15%
Non-Snowsports	257,354	262,876	273,688	276,175	276,083	7%
Overall Total	**555,727**	**384,399**	**554,225**	**536,838**	**528,234**	**-5%**

Source: The Five Snowsports Centres

[1] Reflects the respective ski season so cuts across calendar years

[2] Glenshee - no figure for Non-Snowsports in 2014/15 (lift installation). However, using the other years as a guide it is unlikely it would have been substantial (in the region of 1,500) so would have little effect on the overall numbers

[3] Cairngorm – Funicular visitor numbers are included in snowsports figures during winter months (ski season)

As shown, the overall fall in snowsports numbers has been driven by sharp falls at the Lecht, Glenshee and Cairngorm (22%, 39% and 24% respectively) which the centres attributed to weather conditions. This has been largely offset by strong growth at the other two centres, again attributed to more benign weather and, to a lesser extent, to infrastructure improvements.

The non-snowsports numbers have shown a steady increase over the period up by 7%. For non-snowsports, numbers have tended to fluctuate around similar levels at the Lecht, Glenshee and Cairngorm whilst there have been increases at Nevis Range and Glencoe – **Table 4.3**. Nevis Range is the most diversified location and it has continued to invest in these non-snowsports facilities e.g. café, mountain biking. Their non-snowsports visitor numbers have grown steadily over the period, up

15%. At Glencoe, improvements in the lift infrastructure have increased the numbers going up the hill by 13%.

An important point to note here is that the snowsports infrastructure improvements are still currently underway so the full impacts from this investment will not have been realised at this stage.

4.2 Market Trends and Drivers in Scotland

Weather

The snowsports market is still dependent on the vagaries of the weather and the quality of the seasons fluctuate from year to year, and from location to location. Investment by the centres has included equipment for snow making and management e.g. snow canons, groomers, fencing, etc. This helps the centres to make improvements to the snow that they have, this mitigating some of the impacts of unreliable weather.

The last couple of seasons have been relatively good for snow conditions so they have not had much need for this new equipment yet. The view, however, is that this equipment will be very important in the future when they have a season that is not so good.

Late Season Tail Off

A couple of centres highlighted the tailing off of snowsports visitor numbers towards the end of the season. Even when snow is still available there is a significant drop off in numbers.

There is a need to promote the latter part of the season. This would require targeted marketing at particular groups to encourage a return visit later in the season.

Day Market

Outwith the mid-term / holiday periods it is still predominantly a day visitor market. However, some centres have seen a recent increase in the mid-week trade. Those coming during the week are much less likely to have to queue and have more space to themselves – key attractors.

Social Media

There has been an increasing use of social media to get the latest information on snow conditions, snow centre closures, road closures, etc. Its increasing popularity is linked to its greater immediacy than the methods that have traditionally been used e.g. television, radio, etc.

Participation

Snowsports Scotland is not able to directly measure participation in the sport and they rely on visitor numbers from the five snowsports centres. However, they do have club membership figures, and these have been static over the last six or seven years (approximately 6,700 in 2014-15).

A pilot ‘Learn to Ski’ programme, led by Snowsports Scotland and Sportscotland, was launched in 2013, and ran over three successive winters (2013-14 – 2015/16). The programme initially involved schools in Stirling but was then extended to schools in Clackmannanshire. The purpose was to give more children access to the slopes so that they can learn to ski. This ties in strongly with aims elsewhere around increased participation in sporting / physical activity, in particular the Active Scotland Outcomes Framework (set out earlier in Section 2.4).

In the first two years, all the children received a full day ski instruction at a dry ski slope (Polmont in year 1 only and Firpark) and a full day on snow (at Glencoe). In the third year, participating schools could choose which mountain resort to use for the second day of instruction. They also received two further one-hour lessons at a local dry ski slope and a one-day lift pass at Glencoe, as well as discounts on ski clothing, boots, and equipment from Trespass. The pilot scheme was free of charge and supported by the Scottish Government, Active Stirling, Stirling Council, Sportscotland and Trespass. It has also been adopted by Snowsports Scotland.

Annual reports assessing the performance of the programme indicated that it had been a success, providing more than 3,500 children with the opportunity to experience skiing. These outcomes are being used to inform a proposal for a national programme to help encourage more school children in Scotland to take up the sport.

Learn to ski / schools programmes are seen as very important in encouraging beginners into the sport. In this respect, Snowsports Scotland suggested that some of the centres would benefit from artificial mats (Nevis Range, Lecht and Cairngorm) as these facilities would help to ensure that the beginner initiatives are continuous even if snow conditions are poor.

Events / Competitions

The centres all host a varied calendar of events ranging from schools skiing competitions and snowboarding events to national events and festivals focussed both on snowsports and on non-snowsports activities (e.g. mountain biking). Detailed information on these events is limited, but a review of online information identified a diverse programme across the centres as follows:

- **Glencoe***:* lists a range of events including Coe Cup Freeride World Tour Qualifier, MacAvalanche downhill bike race on the snow, Scottish Downhill Association (SDA) mountain bike races, Alpine ski races, freestyle ski/snowboard, regular ‘club’ days (e. g. Saturday Shredders), training events and clinics, children’s holiday camps, schools competitions and national events such as the Skimo Scotland ski mountaineering race (also at The Lecht, Nevis Range and Glencoe);
- **Nevis Range**: lists a very wide range of snowsports and non snowsports events ranging from clubs, training days and clinics to skiing and freeride competitions (e.g. Scottish Downhill Association Race), mountain biking (e.g. UCI Mountain Biking World Cup) and running (Ben

Nevis Marathon). There are also family and fun events focussed on snowsports (e.g. Ski-Scotland's SnowFest) or other activities (ceilidhs, Highland Haggis Festival); and

- **Cairngorm**: lists events including schools competitions, festivals (e.g. Groove Cairngorm), alpine races and freestyle events.

Although both Glenshee and The Lecht also hold regular events such as World Ski Day (Glenshee), club days, snowboard jams and racing events, these are not listed on their websites.

Snowsports Scotland highlighted that the number of events declined sharply in the 1990s and 2000s, but since 2010 they have been on the increase again[11].

Snowsports Scotland also noted that typically events can attract the following participant numbers – Alpine races (100-200 competitors), freestyle events park and pipe (60), Ski Mo (mountaineering with skiing - 80); free riding events (200-300). In addition, these events also attract spectators[12], with the potential for further economic impact through local spend on catering, retail and accommodation.

The preferred place that high level freestyle events could be undertaken is at Cairngorm. There are issues with terrain, weather and general topography. Freestyle events need terrain parks and it is better if these can be constructed in soil with earth moving equipment, rather than being fullyconstructed from snow each event. There is a small park at the Lecht that can be used for minor events.

Snowsports Scotland feel that setting up a low level competition structure for schools competition training would be beneficial. The new Chief Executive has met with all of the centres and is looking at ways to work with them to increase participation and competitions / events.

There are also non-snowsports events such as mountain biking e.g. UCI Mountain Bike World Cup at Nevis Range.

Other Trends in Activities

The kinds of events and facilities offered by the centres also reflects wider trends in the market, in both snowsports and non snowsports. In addition to the growth in activities such as mountain biking and adventure tourism referred to earlier (Section 3.4) the snowsports market has diversified with growth in areas such as free-riding (on natural, un-groomed terrain) and back country skiing (off piste i.e. in unmarked or unpatrolled areas).

4.3 Marketing

Scottish Snowsports Marketing Group (SSMG), Ski Scotland and VisitScotland are involved in marketing for the sector.

[11] Anecdotally from Snowsports Scotland.
[12] Spectator numbers are not available.

Season Passes Income

Season passes providing access to all five centres are sold by SSMG/Ski Scotland on a first come first served basis and are limited (by SSMG/Ski Scotland) to 100 each year. The income from these season passes is used for marketing purposes, and last year provided a budget of £44,000. Over the period, the number sold has risen from 77 to the maximum of 100 (they have been at this level for the last three seasons). This was supplemented by in-kind support from Nevis Range, Ski Scotland and VisitScotland. In addition, Snow Factor[13] contributes a small amount of money.

Marketing Channels

The key marketing channels have changed little since 2010-11 and include:

- website development and web marketing: There was previously a separate SSMG/SkiScotland website but it was brought back into the VisitScotland website. This was to provide the customer with a consistent image and content, and to open it up to those who may come into the VisitScotland site for a different reason and discover the snowsports pages;
- social media and twitter (SSMG is planning to employ someone this year to manage this and harvest ski centre websites for comments);
- email database (held by VisitScotland on behalf of Ski Scotland), they send out snow alerts about 20 times a years (about one a week in the high season);
- press releases via a PR consultant;
- branded merchandise (including at events); and
- Snow Festival – organise and sponsor.

Target Markets

The focus of the marketing activity of SSMG / Ski Scotland is on snowsports - it does not undertake marketing for non-snowsports users. The key target markets include:

- children and families;
- beginners;
- schools; and
- geographic – Central Belt, West Coast and North of England.

Activity geared towards beginners includes the Schools Pilot Programme, Mat to Mountain links with dry ski slopes and family lessons.

[13] Indoor snowsports centre.

The target markets above are the most appropriate given the sector's reliance on the domestic market and the need to encourage new entrants to the sport.

Monitoring

There is no monitoring of the impact of marketing activity. As the website platform has changed it is not possible to really compare web hits. However, this will change in the future as there will be data / analytics from the new platform.

Anecdotally there was a feeling that there is an increased awareness of the Ski Scotland brand. Also SSMG is planning to employ someone to utilise useful data from social media, which makes sense given their increasing prominence.

5. PROGRESS SINCE 2011

5.1 Introduction

The 2011 report set out a number of recommendations and proposed actions for the future based on the key issues identified as a result of that study (see earlier Section 2.2). We have structured the review of progress around the areas covered by these recommendations.

It should be noted that while we have been commissioned by the public sector to undertake this review, it should not be construed that the future actions that we have identified are a list of actions forthe public sector. Rather these are for the consideration of the sector as a whole. We have assessed the market trends and progress to date in order to establish a set of future actions that, in our opinion, would bring improvements to the sector. This detailed analysis is provided in Appendix 1. This analysis suggests:

- *good progress* in the areas of: Snowsports Sector Working Group engagement, business planning, encouraging the schools market (through the introduction of a pilot project), infrastructure investment (to address the issue of aging infrastructure), investment to better manage snow and ski conditions (although some still need to invest further in this), customer experience, VAT reduction (and the money this has freed up for reinvestment) and the food and drink offer;
- *more mixed progress* in terms of: information provision (although social media may be superseding this anyway and the centres have picked up on this), broadband / mobile signal improvements, establishing stronger links with artificial slopes, diversification (although some have made good progress with this), and establishing stronger links with the wider destination;
- *little progress* with: access (road and public), cable authorisation.

We discuss some of the key findings in more detail in the reminder of this chapter.

5.2 Progress since 2011

Industry Cohesion

The snowsports centres did meet prior to 2011 but at that time it was felt that there could be a more strategic approach, and improved linkages and communication with the public sector. In the intervening period these improvements have taken place. There is now a much clearer strategic focus and this has led to a targeted investment in uplift infrastructure (with substantial support from the public sector) and a reduction in the VAT rate (for a trial period). It also provides the opportunity to discuss a range of issues and opportunities within the sector. Existing groups (i.e. pre-dating 2011) feed into this approach (e.g. Association of Scottish Ski Areas and the Scottish Snowsports Marketing

Group), as well as new groups set up in the intervening period (e.g. Working Group for the School Snowsports Programme). The centres reported this to be beneficial, and the approach should continue in the future but be led by the five snowsports centres who would engage with public sector stakeholders, as appropriate.

Infrastructure

In 2011 the snowsports centres had significant concerns over their ageing infrastructure and the impact this was having in terms of efficiency and capacity within their operations, and the potential for lifts to become inoperable in the future. [redacted]

As detailed earlier, a public sector led programme has supported significant improvements in the infrastructure at the centres. This programme of work is ongoing, with most of the work at Cairngorm, the Nevis Range and the Lecht now done, and two major lift projects at Glencoe and Glenshee due to be completed in 2017. For some of the locations, projects have ended up costing more than first anticipated, meaning that the centres had to find additional funds to complete the works or have not yet been able to complete certain aspects (e.g. Cairngorm, Lecht).

All of the centres highlighted the value and importance of the recent infrastructure funding in allowing them to update their ageing facilities and to increase the sustainability of the snowsports component of their business.

Although the infrastructure projects are still underway, the centres are starting to experience some benefits in terms of equipment being more reliable and cheaper to maintain, faster and more efficient, and providing increased capacity.

There has also been a reported improvement in the **customer experience** through improved efficiency. This has included improvement to lifts which has reduced queuing and allowed the centres to get people up the hills in a more efficient manner.

It is encouraging that even at this stage in the process, the centres are already seeing improvements and this bodes well for further benefits in the future. There is no doubt that the centres could identify other aspects of their infrastructure that they would replace if more funds were available beyond this programme. However, this should be a consideration for much further in the future e.g. outwith the 10 year period that the current programme was designed to cover.

VAT Reduction

In 2010 the centres had to pay the full rate of VAT (then 17.5%) on uplift tickets as they were considered part of a visitor attraction rather than transport systems (which attract VAT relief). In 2013 this was changed to 5% (down from what was then 20%) for a trial period of three years (to be reviewed by HM Treasury in 2016). Feedback from the centres suggests that this change has been very positive and has improved cashflow and freed up cash to reinvest in the businesses. This has included undertaking projects and purchasing equipment for snow making and management e.g.snow canons, groomers, etc. that would otherwise have been delayed.

The last few seasons have been relatively good in terms of snow conditions, so they have not really had to use them to any great extent. However, the centres are now in a much stronger position to maximise the snowfall that they do receive, particularly in a poor season. Given that the reliable availability of snow is the number one driver of business, this is a cause for some optimism.

The VAT reduction should continue in the future to allow the centres to further reinvest in their businesses.

Diversification

The vagaries of the weather and the uncertainties that this can create in the snowsports market meant that diversification was a key consideration back in 2011.

At that time, some centres were more diversified than others. Nevis Range and Cairngorm were already offering alternatives to snowsports, and this was reflected in the number of non-snowsports visitors that they were receiving. Although much of the focus since 2011 has been on developing the uplift facilities to support the snowsports business, there have also been aspects of diversification (some of which crossover both markets). These include:

- accommodation provision (Glencoe);
- development of the food and drink offer (Cairngorm, Glenshee, Glencoe, Nevis Range);
- development of the retail offer (Cairngorm, Glenshee);
- increased weddings / functions trade (Nevis Range); and
- hydro scheme (Nevis Range).

Also improvements to uplift facilities at Glenshee has resulted in an increase in non-snowsports visitors (e.g. climbers and sightseers) going up the hill.

For those that have managed to achieve increased diversification this has brought benefits in three key respects: increased sustainability; income; and improved customer experience. The vagaries of the weather mean that income from the snowsports component can vary quite substantially from year to year. Increased diversification helps to smooth out these variations, at least to some extent, and allow for greater certainty in terms of planning for the future.

Diversification should be a key focus going forward in order to increase existing and develop new income streams.

Information Provision for Customers

There was concern in 2011 that the traditional methods of communicating information on openings, snow conditions, etc. had tailed off somewhat (e.g. BBC, radio, etc.), and was slow to be updated by others. In the period since, these traditional methods have been overtaken by social media.

This gives the centres more direct and timely communication routes to the customer so that they do not miss potential customers due to delays in information provision.

Social media should be the focus going forward as it allows much more direct and timely communication with the customer.

Broadband / Mobile Signals

In 2011, there were issues with broadband connections and the previous review identified a need to improve these at the centres.

In the intervening period the importance of good broadband / mobile signals has increased further. Smartphones, tablets and other connected devices are now ubiquitous and consumers now expect online access at resorts and to be able to make bookings online. There have been some improvements in the intervening period but for others there are still issues to be addressed. The centres all recognise the importance of good broadband / mobile signals and both the opportunities it presents and the growing expectations of their customers. Those that have been able to improve their broadband to a much better level (Cairngorm, Lecht) have experienced benefits in terms of increased efficiency in transactions and in meeting the customer's digital expectations e.g. Wi-Fi in cafes, etc. For others, whilst there may have been some improvements, it is still not at the level required for current customer expectations. The issues around broadband / mobile signals are infrastructural i.e. the centres do not have access to the quality required. If they had access to this they would be able - and more than willing - to implement a range of improvements.

Consideration should be given to how feasible individual solutions may be, or whether this would need to be addressed as part of broader broadband / mobile signal improvement projects.

New Entrants to the Market

In 2011, it was highlighted that there was a need to attract new entrants to the market in order to ensure its longer term sustainability. This remains an important challenge today as the demographic profile of the customer base continue to age.

Since 2011 there has been the introduction of the pilot Learn to Ski schools programme, the focus of which has been Glencoe. This is currently being reviewed and anecdotally it seems that it has achieved positive results.

It provides potential new entrants to the sector (a key issue) and also provides mid-week business for the centres when they are less busy. The pilot should be rolled out further and include the other centres.

It is also important that connections are made between the outdoor centres and indoor ski facilities to provide a pathway into the sport.

In addition to the national pilot scheme, the individual centres also have their own schemes where they engage with schools**.**

Increased Average Onsite Expenditure

Developments in the period between 2011 and the present day have led to a rise in the average onsite expenditure up from £17.08 in 2010 to £20.69 in 2015. If we set these in constant prices (i.e. adjusting for inflation) it is up from £19.19, a real increase of 8%.

Outstanding Issues

There are other aspects that should also be addressed (further detail on these is given in Appendix 1). These include:

- **access:** improvements to access to Glencoe from A82 (currently a single track road) and public transport (where practicable);
- **cable authorisation:** have another person qualified to approve cableways / lifts (to provide greater flexibility in this function); and
- **wider destination:** continue to strengthen the links with the wider destination (to encourage longer stays).

5.3 Summary

Feedback suggests that progress since 2011 has been good, even if market conditions remain challenging, not least as a result of Scotland's uncertain weather. The centres have taken advantage of both the infrastructure investment made available to them and the VAT reduction to invest in improving key infrastructure and supporting diversification of their offer to visitors.

There is more to do, particularly in relation to wider infrastructure such as broadband and road connectivity, but these are issues beyond the control of the centres. In Section 7 we consider opportunities for further development, but first we assess the economic impact of the sector now, and how this has changed since 2011.

6. CURRENT ECONOMIC IMPACT

6.1 Introduction

This Chapter provides an estimate of the economic impact of the centres broken down into the snowsports and non-snowsports market. This has been based on a three-year average (2013-2015).

6.2 Visitor Numbers

The total number of visitors on average was just under 540,000 – **Table 6.1**. There is a relatively even balance between snowsports and non-snowsports.

Table 6.1: Visitor Numbers (three year average 2013-15 seasons)[1]

	Visitor Numbers
Snowsports	264,450
Non-Snowsports	275,315
Total	**539,766**

[1] Respective seasons so average across 2012-13, 2013-14 and 2014-15
Source: The Five Snowsports Centres

The number of visitors at each centre is given in **Table 6.2**. Cairngorm accounts for 38% of the total followed by Nevis Range at 30%.

Table 6.2: Visitor Numbers by Centre (three year average 2013-15 seasons)

	Snowsports	Non-Snowsports	Total
Cairngorm	101,330	103,100	204,430
Nevis Range	23,942	135,472	159,413
Glencoe	29,740	34,667	64,406
Glenshee	78,567	911	79,478
Lecht	30,872	1,167	32,038
Total	**264,450**	**275,315**	**539,766**

Source: The Five Snowsports Centres

Cairngorm has a relatively even split (compared with a larger proportion in non-snowsports at the time of the previous review i.e. 64%). Nevis Range still has a high proportion of non-snowsports as was previously the case.

Glenshee and the Lecht continue to have high proportions from snowsports. For Glencoe there has been a shift in the balance from snowsports to non-snowsports (previously 43% non-snowsports, now 54%).

6.3 Average Expenditure

The average daily expenditures for the snowsports and non-snowsports visitors are given in **Table 6.3**.

Table 6.3: Average Daily Spends (£)

	Day	Overnight
Snowsports	£40-50	£90-95
Non-Snowsports[1]	£21-23	£37

Source: VisitScotland

[1] The non-snowsports expenditure relates to three quarters of the day and half of the overnight as not all of their expenditure would be attributed to the ski centre

6.4 Economic Impact

Direct Expenditure

The direct expenditure is given in **Table 6.4**. Total visitor numbers have been split into day and overnight visitors for each centre (using data provided by the centres) and direct expenditure then calculated using the average daily spend figures (above). The summarised results are shown in **Table 6.4**, below, and further details of this calculation are provided in **Appendix 2**.

Table 6.4: Direct Expenditure

	Snowsports		Non-Snowsports		Total	
	Local	Scotland	Local	Scotland	Local	Scotland
Cairngorm	£6.4	£6.9	£3.6	£3.6	£10.0	£10.5
Nevis Range	£1.3	£1.4	£4.9	£5.0	£6.3	£6.4
Glencoe	£1.5	£1.8	£1.4	£1.4	£2.9	£3.2
Glenshee	£3.8	£4.3	£0.2	£0.2	£4.0	£4.5
Lecht	£1.6	£1.8	£0.04	£0.04	£1.7	£1.9
Total	**£14.6**	**£16.2**	**£10.2**	**£10.2**	**£24.8**	**£26.4**

Source: EKOS Calculations

Direct expenditure is £24.8 million at the local level and £26.4 million at the Scotland level. Snowsports account for 59% at the local level and 61% at the Scotland level.

Multipliers

The economic activity as a result of the ski centres will also have had two types of wider impact on the economy:

- *Supplier (indirect) effect*: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this 'knock-on' effect will benefit suppliers in the local and national economies; and

- *Income (induced) effect:* an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed. A proportion of these increased incomes will be re-spent in the local and national economies.

The multipliers are 1.42 at the local level and 1.68 at the Scotland level[14].

Total Economic Output

Applying the multipliers gives total output of £35.2m at the local level and £44.4m at the Scotland level.

Table 6.5: Total Output (direct, indirect and induced; £m) – three year average

	Snowsports		Non-Snowsports		Total	
	Local	Scotland	Local	Scotland	Local	Scotland
Cairngorm	£9.1	£11.6	£5.1	£6.1	£14.2	£17.7
Nevis Range	£1.9	£2.4	£7.0	£8.3	£8.9	£10.7
Glencoe	£2.1	£2.9	£2.0	£2.4	£4.1	£5.3
Glenshee	£5.4	£7.2	£0.3	£0.3	£5.6	£7.5
Lecht	£2.3	£3.1	£0.1	£0.1	£2.4	£3.1
Total	**£20.8**	**£27.2**	**£14.4**	**£17.2**	**£35.2**	**£44.4**

Source: EKOS Calculations

Gross Value Added (GVA)

The gross value added is calculated using a GVA to output ratio for the tourism sector (52%) as provide in Scottish Annual Business Statistics (SABS). The GVA totals are shown in **Table 6.6**.

Table 6.6: GVA – three year average

	Snowsports		Non-Snowsports		Total	
	Local	Scotland	Local	Scotland	Local	Scotland
Cairngorm	£4.7	£6.0	£2.7	£3.2	£7.4	£9.2
Nevis Range	£1.0	£1.3	£3.6	£4.3	£4.6	£5.6
Glencoe	£1.1	£1.5	£1.0	£1.2	£2.2	£2.8
Glenshee	£2.8	£3.7	£0.1	£0.2	£2.9	£3.9
Lecht	£1.2	£1.6	£0.03	£0.04	£1.2	£1.6
Total	**£10.8**	**£14.2**	**£7.5**	**£8.9**	**£18.3**	**£23.1**

Source: EKOS Calculations

As shown, snowsports make a larger contribution to GVA than non snowsports, with the total average annual contribution of the five centres equivalent to £18.3m at the local level and £23.1m at the Scotland level.

[14] Multipliers sourced from Scottish Input-Output Tables data for tourism sector

Employment

The total employment supported is given in **Table 6.7**. As noted above, this is expressed as averages across a three year period (2013 – 2015).

Table 6.7: Employment (Three Year Average FTEs)[1, 2]

	Onsite	Offsite		Total	
	Onsite	**Local**	**Scotland**	**Local**	**Scotland**
Cairngorm	90	199	269	289	360
Nevis Range	80	138	182	218	262
Glencoe	33	56	80	89	114
Glenshee	48	67	105	115	153
Lecht	16	29	44	45	60
Total	**267**	**489**	**681**	**755**	**948**

[1] Based on onsite employment and a conversion factor for offsite of output per employee of £50,000 (SABS).

[2] Local and Scotland totals include direct, indirect and induced jobs

Source: EKOS Calculations

The number of FTEs jobs supported by the sector was 755 at the local level and 948 at the Scotland level (this includes onsite - 267 and offsite employment – 489 at the local level and 681 at the Scotland level).

6.5 Changes since Previous Report

The changes since the previous report in 2011 are given in **Table 6.8**. We have assessed these on the basis of constant prices to remove the effects of inflation

Table 6.8: Changes from 2011 to 2016 (constant prices; £m)

	2013-15 (average)		2008-2010 (average)	
	Local	**Scotland**	**Local**	**Scotland**
Direct expenditure	£24.8	£26.4	£21.3	£22.9
Output	£35.2	£44.4	£30.3	£38.5
Employment	755	948	653	825
GVA	£18.3	£23.1	£15.7	£20.0

Source: EKOS Calculations

All four measures have improved since 2011. Direct expenditure is up from £21.3m at the local level to £24.8m, output up from £30.3m to £35.2m, employment from 653 to 755 and GVA from £15.7m to £18.3m. At the Scotland level, direct expenditure is up from £22.9m to £26.4m, output from £38.5m to £44.4m, employment from 825 to 948 and GVA from £20m to £23.1m.

This growth in impact is encouraging, despite the fluctuations and slight decline in the numbers participating in snowsports, and may suggest that the improvements made by the centres have helped to drive up spend per head. This improved performance helps to provide greater sustainabilityin terms of local expenditure and employment. This is particularly important in the rural areas in which they are located where a number of businesses have a heavy reliance on the centres. However, as noted earlier and discussed later, there is still a need to work to boost the total numbers of visitors in both snowsports and non-snowsports activities at the five centres.

7. FUTURE OPPORTUNITIES

7.1 Introduction

This chapter considers the challenges and barriers that the sector still faces and what the future opportunities and plans are. These are based on discussions with the five snowsports centres, key stakeholders and a review of the more general trends.

7.2 Challenges and Barriers

Much progress has been made since the previous review in 2011 and some of this is still underway (most notably the ski infrastructure improvements). However, there are still a number of issues / challenges facing the sector, including:

- **climate change** – there is much debate about the drivers of climate change and the nature and timing of its impact in different parts of the world, but the consequences of changes in the weather are of key importance to the snowsports centres;
- **weather** – the vagaries of the weather will continue to be an issue for the sector in Scotland. A number of interventions e.g. lift infrastructure, snow making / management equipment, getting alerts out quicker (social media), and dry ski slopes have helped to mitigate this issue,at least to some extent. However, there is still likely to be some further investment required inthe future;
- **diversification** – given the issue with the weather there is need for further diversification in order to create more sustainable businesses. However, some locations (The Lecht and Glenshee) are unsure about the scope for diversification. This is an issue that will need to be addressed individually by each resort as an over reliance on snowsports could contribute to an increasingly precarious future for some of the centres;
- **ageing infrastructure** – the funding made available for lift infrastructure has been a major boost for the sector. However, there will still a need to continue with further investment and replacement at some point in the future as other aspects of the lift infrastructure are still old and outdated;
- **access to funding** – still an issue because the nature of their business makes it very difficult to be able to access commercial funding. Each centre is heavily reliant on good seasons providing reserved capital for infrastructure improvements and refurbishment;
- **broadband / mobile signals** – broadband / mobile signals is still an issue for some of the centres. For those without sufficient broadband / mobile signals it is an increasing issue as peoples' reliance on technology increases. Customers expect to pay by credit card and have access to Wi-Fi in cafes and network connectivity on the slopes. It also has implications for those that have diversified into other areas e.g. mountain biking – those running events

expect a certain level of broadband access and a lack of this may affect the staging of future events;

- **access** – there are still some reported issues over access. In particular, access to Glencoe from the A82 is constrained by that fact that access is via a single track road with passing places, which creates occasional blockages. The centre reported a need to put in more passing places or dual the road to the centre. Public transport possibilities vary between centres, some already have access, others are investigating possibilities and some areunsure that much could be done given their rural location;
- **planning process** – there tends to be broad support for ways to improve the centres but it may make sense to bring stakeholders in earlier so that there are less contentious issues at the backend of the process;
- **cheap flights to Europe** – there is strong competition from snow centres in Europe, especially where they can offer better snow conditions. However in the short term, a good snow year with a weak pound could result in demand levels being boosted for the home ski centres;
- **Brexit** – the resulting change in the Euro exchange rate has made purchasing equipment and spares more expensive. However, the lower pound and increased tendency towards 'staycations' may offset this;
- **cable authorisation**: have another person qualified to approve cableways / lifts (to provide greater flexibility in this function); and
- **wider destination**: continue to strengthen the links with the wider destination (to encourage longer stays); and
- **litigation** – the potential threat of litigation has been highlighted as an area of increasing concern. Indeed, one of the centres has removed part of their existing diversification offer due to concerns over misuse, rising insurance costs and concerns over people's increasing tendency towards litigation.

7.3 Opportunities and Future Plans

Opportunities

Whilst there are still a number of issues facing the sector, there are also opportunities, including:

- **further improvement to the facilities** - so that they continue to meet the expectations of the snowsports market thus retaining the existing market by offering an improved customer experience;
- **encouraging the next generation** - of skiers through schools and clubs, including:

    - roll out of schools programme pilot to other parts of Scotland and other ski centres
    - developing stronger links with dry ski slopes as entry points to the sport;
- **continuation of the VAT reduction** – the reduction in VAT has been a successful policy for the centres, enabling maintenance and improvements that would otherwise be delayed. Reintroducing the higher VAT rate would be a backward step for the industry and would reduce capacity for future investment;
- **further diversification** – further diversification is a key opportunity for the future as it can provide greater stability, helping to offset the fluctuations in the snow seasons. There are opportunities related to growth in adventure tourism and mountain biking, and in tapping into the more general tourism market through an improved offer for sightseeing, accommodation and food and drink. Some of the centres have diversification plans which are discussed in greater detail later in this section;
- **linking into existing uplift improvements** - uplift improvements have been undertaken primarily for the snowsports market but some centres are already getting a spinoff benefit into their summer market. There is a need to consider further diversification that can link into the improved uplift facilities e.g. zip lines, mountain biking, sightseeing, etc.;
- **procurement** – working together to secure better prices and bulk purchases;
- **marketing** – promotion of snowsports opportunities later in the season to reduce tailing off, potential of developing something targeted at the 21-29 market who are keen to learn to ski (as identified in the Ski Club of Great Britain report). This could potentially be linked to some sort of discounted offer to get them into the centres;
- **adoption of technology** – to improve the visitor experience and to understand more about the type of people that are visiting (although this is strongly linked to the need for improved broadband / mobile signals at certain centres);
- **events** – Snowsports Scotland see potential in developing events in the future and are keen to work with the centres on this;
- **continuing with meetings and knowledge sharing** - between the five centres and public agencies, as appropriate, to share best practice and discuss issues and solutions;
- **weak pound** – may encourage more people to stay at home, greater ‘staycation’; and
- **energy cost reduction** – possibility of schemes to reduce costs e.g. recently completed hydro scheme at Nevis Range.

Future Plans

The centres have a number of plans / aspirations for the future. We were asked to gather information on these in terms of short term (next three years) and longer term (although assessments of these individual projects was outwith the scope of this study as this would require detailed feasibility work). These are set out in Table 7.1.

Table 7.1: Future Plans

Centre	Short Term	Longer Term
Cairngorm	• Uplift infrastructure • Artificial ski slope • Ptarmigan – food offer and outside walkway • Towers for snow canons • Track for maintenance • Develop the exhibition space • Overhaul of website • Improved ticketing	• Stabilise the business – so can reinvest • Redevelop day lodge • Further infrastructure improvements (after they have completed a review of this)
Glencoe	• Uplift infrastructure [redacted] • More accommodation • Forestry access track • New garage for groomers • Eagles Rest and Plateau café put back into use	[redacted] • Replace one man chair with two man chair • Base station café – larger area, new toilets • [redacted]
Glenshee	• [redacted]	[redacted] • [redacted]
Lecht	• Uplift infrastructure (finish travelator, chairlift electrical drive, new Grouse motor, new hangers) • Upgrade fencing • New garage for groomers • New Kabouta tracked vehicle • Website upgrade • Electrical hook ups and water for campervans/caravans • [redacted]	• [redacted]
Nevis Range	• Uplift infrastructure • New viewing deck at restaurant at top • Budget accommodation in car park • Dry ski slope	[redacted] • Create better base station – hub retail
Across all Five Centres	• [redacted]	

For longer term investment in infrastructure **Cairngorm** currently have an asset replacement fund as a percentage of turnover. A planning application has been submitted for the snow canon towers but there is currently a planning issue with the track for maintenance. They are currently working with an interior design company on the exhibition space, have commissioned an overhaul of the website and are also currently looking at the ticketing system.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

8. CONCLUSIONS

This chapter summarises the main findings and conclusions from the study grouped around the study objectives.

8.1 Strategic Review

There is a clear strategic context for the development of the snowsports sector in Scotland. The sector has an important role to play in helping to achieve the key aims and objectives of Scotland's Economic Strategy, Tourism Scotland 2020 and the Active Scotland Outcomes Framework. In particular, through:

- providing employment in rural areas, particularly in the winter period (traditionally the low season for the tourism sector);
- providing high quality tourist facilities and the level of customer service expected by modern day tourists;
- providing the facilities and enjoyment factor that allows people to be physically active (particularly during the winter period) and has the appeal to encourage children into increased physical activity; and
- the associated benefits that come through increased physical activity e.g. lower risk of obesity, heart and lung disease and an increase in positive mental benefits.

8.2 Snowsports Sector Trends

At a global level, snowsports continue to be an important driver of tourism, but concerns are growing about stagnating or declining numbers, together with the ageing demographic profile of the customer base and increased competition for customer time and money (other recreational activities).

The international market remains dominated by a few countries (the Alps still account for more than 40% of total business) and Scotland is not a significant player. Instead, the Scottish snowsports market is UK led, and faces similar challenges to those felt elsewhere with an ageing customer base and too few new entrants.

Nevertheless, the analysis shows some improvements since the 2011 review, particularly in terms of the economic impacts of the five main snowsports centres. The level of output is currently estimated at £44.4m, employment of 948 FTEs and GVA of £23.1m. These are up (in real terms) on the three year period prior to the previous review when it was £38.5m, 825 FTEs and £20.0m. This equates to an increase of 15% across these indicators.

The snowsports market therefore remains an important component of Scotland's rural economy and tourist offer, particularly as it brings visitors and income through the winter months.

However, business is volatile and still largely at the mercy of the Scottish weather. This, and the availability of snow, remain the primary drivers of visitor numbers at the five centres, and thefluctuations between seasons can be substantial.

Therefore, it would seem prudent to be proactive in encouraging a new generation of snowsports enthusiasts so that the sector does not become reliant on an existing market which, if not replaced, will decline over time. In so doing it will be important to address perceptions about the technical requirements, costs and location associated with snowsports being seen as barriers to entry.

There does seem to be interest, particularly amongst 21 to 29 year olds to learn to ski, and the development of a 'Learn to Ski' pilot for schoolchildren has also been a very encouraging innovation.

As discussed below, public sector investment has been an important catalyst for improvements in the centres' infrastructure, helping to improve the customer experience and support diversification of the offer. [redacted] It is however critically important that the centres continue to enhance their offer to retain existing customers, while working to grow the overall market through new entrants.

Diversification into other activities is an important component of this and is discussed below.

The snowsports centres not only contribute in economic terms but also deliver important health benefits through a mix of snowsports and non-snowsports activities.

As a 'fun' but physically demanding sport activity the fitness benefits are obvious; and it encourages people to get outdoors especially in winter. Ways that it could contribute further in the future are: roll out of the Learn to Ski schools programme; promoting snowsports to those aged in their 20s; focusing on promotion of the 'fun' aspect of snowsports rather than the 'health benefits'; and providing healthier options at food outlets.

Education is also a feature, and while there is existing activity here, the centres do not have money to invest further for purely educational goals. Rather, new investment must be driven by the need tobuild future business and encourage more visitors and participants.

8.3 Progress since Previous Review

The previous review in 2011 set out a number of recommendations / actions, and there has been considerable progress against these in the intervening period (see Appendix 1). The level of progress varies somewhat, with:

- *good progress in the areas of*: Snowsports Sector Working Group engagement, business planning, encouraging the schools market (through the introduction of a pilot project), infrastructure investment (to address the issue of aging infrastructure), investment to better manage snow and ski conditions (although some still need to invest further in this), customer experience, VAT reduction (and the money this has freed up for reinvestment) and the food and drink offer,

- *more mixed progress in terms of*: information provision (although social media may be superseding this anyway and the centres have picked up on this), broadband / mobile signal improvements, establishing stronger links with artificial slopes, diversification (although some have made good progress with this), and establishing stronger links with the wider destination;

- *little progress with*: access (road and public), cable authorisation.

This progress to date has brought a number of benefits for the snowsports centres, including:

- **increased sustainability**: all of the centres highlighted the importance that the recent infrastructure funding has had in allowing them to update their ageing facilities and improve the sustainability of their business;

- **increased average onsite expenditure**: up 8% (in real terms) from £19.19 in 2010 to £20.69 in 2015;

- **improved customer experience**: the improvement to the lifts together with other improvements (such as diversification) has allowed the centres to provide a significantly improved customer experience;

- **improved efficiency**: the investment in infrastructure has allowed them to get people up the hills in a more efficient manner. The new infrastructure is more reliable and cheaper to maintain, faster and more efficient, and provides increased capacity; and

- **increased diversification**: increased diversification, including new accommodation, improvements to the food and drink offer, and retail have brought increased income and increased sustainability. Also the investment in the uplift infrastructure opens up opportunities to utilise this for further diversification activity e.g. sightseeing, mountain biking, zip line.

As noted, the infrastructure projects are ongoing and therefore the full benefit have not yet been realised. In particular, it will be instructive to observe the extent to which the new snow making and management equipment can make up for poor weather over the next bad season.

8.4 Future Opportunities

It is difficult to identify a 'silver bullet' solution (or set of solutions) that can offer any guarantee of long term growth. Instead, the direction of travel since 2011 remains broadly right, with some appropriate shifts in emphasis and focus.

The main priority since 2011 has been on the infrastructure works. This was appropriate and will help support longer term sustainability. However, in order to ensure that the full benefits from this investment can be realised, there will be a number of key future priorities:

- **infrastructure**: completion of the infrastructure projects. These are designed to cover the next ten year period and much of this work is complete or underway. There will be an ongoingneed to maintain existing infrastructure and this is a cost for which the centres should allow. The focus of additional investment should then shift to supporting diversification activity;

- **encouraging the next generation**: roll out of the 'Learn to Ski' schools pilot would be a useful development together with further development of promotional activity and offers for beginners in their 20s (where there is evidence of some latent demand). Growth in indoor facilities and usage should offer opportunities to build stronger links between the outdoor centres and the indoor sector. Outdoor artificial slopes may also offer opportunities for the centres;

- **diversification**: further diversification into adventure and outdoor tourism activities include opportunities to link this to the uplift improvements that have / are being made in order to realise the full potential. Mountain biking, climbing and walking, sightseeing and more niche activities such as zip wires and tubing can all help to bring more visitors to the centres, particularly at times when there is little snow. The centres have been making progress in these areas and the nature and scale of the diversification potential will vary with location. However, each centre should consider as part of its ongoing business planning work, the potential areas of further diversification and how these can be developed and promoted;

- **customer experience**: continuing to enhance the customer experience through quality of service, online booking and ticketing (including a common ticketing system across the five centres), efficient queuing and visitor management, and high quality supporting infrastructure (accommodation, catering and retail) is critical to retaining the current customer base and encouraging repeat visits. In today's online world (e.g. Trip Advisor) word of poor (or good) customer experience is quickly spread – maintaining a high quality standard has never been more important;

- **development of events**: competitions and events can bring additional visitors both as participants or spectators and the centres should investigate the opportunities for developing the events sector further (Snowsports Scotland is already working on this). This should also extend beyond snowsports into supporting the wider diversification offer at the centres (e.g. mountain biking events);

- **broadband / mobile signal solutions**: consider the feasibility of a solution for individual centres or whether it will need to be addressed as part of wider broadband / mobile signal improvement schemes. This is a key area and one which will require further work and discussion with infrastructure partners;

- **social media**: direct customers to social media as the best source of update date information on snow conditions, etc. The more regular the centres can be with these updates during the snow season the better but they do not need to be complicated rather just conveying key information e.g. they are open, snow conditions, etc. Social media is also an increasingly important marketing channel and regular, high quality content and communication will drive uptake with potential to convert in time to visits; and

- **VAT reduction**: continue the VAT reduction measures such that the centres can continue to reinvest in their business. This has helped to address some of the cashflow issues facing the centres and will continue to improve their investment capacity.

8.5 Summary

In terms of the position in 2011, progress in the intervening period and the position now, this can be summarised as a need:

- for a more strategic approach - this has been achieved;

- to address the issue of ageing infrastructure - a major refurbishment project is currently underway. Early benefits are being achieved – faster, more efficient, easier to maintain, increased capacity and improved customer experience, which bodes well for the future;

- for a VAT reduction - this has been achieved and allowed the centres to reinvest in their businesses (although it is due for review by the Treasury in 2016);

- further diversification was required to increase sustainability – while some has taken place with positive results this should be a main focus for the future;

- timely provision of information to the customer - social media has made this much more achievable and should be the main focus for information sharing in the future;

- new entrants to the market - Learn to Ski is a very encouraging initiative and its roll out will spread the benefits further, but further work in this area is required, including the development of stronger links with the indoor centres;

- further actions to be delivered in terms of access, cable authorisation and developing further links with the wider destination; and
- to improve the economic performance - key economic indicators are up:
    - average onsite expenditure up 8%
    - output and employment both up 15%.

APPENDIX 1: Review of Progress on Actions, Benefits and Future Actions

Proposed Action (from 2011)	Progress	Benefits	Future Actions
Snowsports Sector Working Group: regular meetings, communication plan, secretariat, sub groups	• Regular meetings with Minister • Improved communication between key stakeholders • Association of Scottish Ski Areas group (ongoing since pre 2011) • Scottish Snowsports Marketing Group (ongoing since pre 2011) • Working group for Schools Snowsports Programme	• Regular meeting very beneficial in understanding challenges and opportunities • Improved communication has been beneficial • Improved links with public sector • Sub groups focusing on certain aspects	• Regular meetings between the snowsports centres should continue – engaging key stakeholders as appropriate • Maintain communication between stakeholders • Relevant sub groups should continue
Snow and ski conditions: snow making facilities, rationalisation / mini resorts	Developments since 2011 include: • Snow making facilities (e.g. canons) • Groomers (machines that allow them to manage / shape the snow) • Snow fencing	• Can make 'snow' when weather conditions are right • Allows the centres to manage the snow that they have • Piste can be kept in better condition • Last three seasons have been good so haven't realised the full benefit of these investments yet • Will have a much greater effect when they have poor seasons	• Those that still require snow making / management equipment (CM [redacted] should invest in this when funds allow
Information: BBC ski report, road closures, CITRAC signs	• some improvement in television coverage • Traditional methods too slow • Traditional usurped by social media	• Social media allows them to get the information out quicker and in a timely fashion • Timely information allows them to get people on the slopes when the conditions are good	• Social media should be focus going forward for communication of snow conditions • Consumers should be directed towards the social media for the best respective centre as the best source of up to date information

Proposed Action	Progress	Benefits	Future Actions
Demographics: beginner initiatives (schools / clubs / etc.), packages, 55+ market, larger tour operators, links to artificial slopes, part of VisitScotland campaigns	• Pilot schools 'Learn to Ski' project (Stirling & Clackmannanshire) – current focus Glencoe • Schools initiatives at centres with varying offers e.g. discounted mid-week • Growing schools market • Glenshee Performance Squad (GPS) - formed by group of local clubs • Older market – it is about providing good facilities to keep them coming • Some links with dry ski slopes • Marketing through Ski Scotland	• Children develop an interest in the sport – next generation of customers • Children return with their parents • Schools provide mid-week business • Pilot schools project easier to manage and resource (e.g. instructors) • GPS – previously race focused but now broader – free riding (e.g. on natural, ungroomed terrain), snowboarding, etc. • Artificial slopes to start can then progress onto snow	• Those without dry sky slopes investigate the feasibility of adding these. However, this may not be suitable for all • Further improve links with dry ski slopes – act as feeder for future generation • Learn to Ski should be rolled out more broadly (assuming that the findings of the evaluation into the pilot are positive as have been anecdotally indicated to us) • Introduce a promotion to beginners in their 20s • Develop more events / competitions to increase numbers at the centres

Access: improvements to A82 and A93, improved public transport	• CM is currently looking at transport options. They are also looking at the possibility of a ski bus
	• CM is establishing links with the sleeper train
	• GC currently in discussions with Council about improvements to road (as council owned road)
	• Still some access issues with access to Glencoe from A82 on occasions
	• May be limitations about what can be achieved in public transport at some centres
		• Any improvements to public transport would:
		  ○ reduce pressure on car parks
		  ○ have environmental benefits
			• Address issues with access to Glencoe centre from A82 via single track road (e.g. more passing places or dual the road)
			• Make improvements to public transport where feasible (there needs to be an element of pragmatism attached to this)

Proposed Action	Progress	Benefits	Future Actions

Visitor Experience: improved visitor flow / queue management, customer service training, improved broadband connections	• Infrastructure (uplift) investment
	• Some have been able to improve their broadband / mobile signal connections
	• Improvements to cafes, retail, toilets, etc. (discussed under Food and drink and diversification below)
		• Can now get people up the hills in a more efficient manner
		• Reducing queuing at lifts
		• Improved visitor flow
		• Improved visitor experience
		• Easier to get lifts operational at start of season
		• Has ensured continued operation of lifts / replacement of aging infrastructure – sustainability
		• For those with improved broadband / mobile signals
		  o Can process credit card transactions
		  o Reduced queuing at transaction points
		  o Reduced telephone costs
		  o Meets customer expectations
			• There should be longer term planning for further infrastructure improvements required beyond the 10 year period that the current infrastructure projects are designed to cover
			• Discussion should take place about the feasibility of individual solutions to broadband / mobile signals or whether this will be reliant on broader schemes / projects in this area. Broadband / mobile is very important in terms of service provision, keeping people informed about snow conditions and meeting customers' expectations
			• [redacted]

Business Planning: development plans, maintenance and capital reserve	• All centres have maintenance plans but the extent to which they can be implemented depends on the success of the winter season • All have development plans / aspirations • All have current infrastructure plans to varying degrees	• Funding has allowed them to replace aging infrastructure • VAT reduction has allowed then to invest in improvements / maintenance • Some recent good seasons have allowed them to invest in maintenance	• See point above about longer term planning for infrastructure improvements • Continue with ongoing maintenance • Some centres have diversification plans. Where this is seeking public sector funding then the public sector should ensure that feasibility studies are in place to justify these developments

Proposed Action	Progress	Benefits	Future Actions

Funding and VAT: funding sources and VAT removal	• Funding has allowed for significant investment
	• VAT reduction (trial period)
		• Funding has been very beneficial - has provided a number of benefits, including:
		  ○ Helping ensure future sustainability
		  ○ Improved visitor flow
		  ○ Improved customer experience
		• VAT reduction has provided additional income so that the centres have reinvested in their facilities
			• Infrastructure programme to be completed
			• VAT reduction to continue on permanent basis

Cable Authorisation (i.e. approval of chairlift / uplift facilities): timely approval	• Little progress – still only one person allowed to approve lifts / cableways		• Another person should be authorised for approvals

Food and drink: improvements to offer	Range of activities have taken place at different centres, including a mix of:
	  ○ New cafes
	  ○ Refurbishment of existing cafes
	  ○ New menus
	  ○ More fresh produce
	  ○ New kitchen equipment
		• For those implementing changes they noted a mix of:
		  ○ Increase in income
		  ○ Increase in dwell time
		  ○ Improved customer experience
		  ○ Reduction in costs
			• Those with plans to develop the offer further should proceed with these as they are clearly bringing benefits
			• Others – should investigate potential ways to improve their offer as they would also reap the benefits from doing so

Proposed Action	Progress	Benefits	Future Actions
Diversification: developed to date and success	A range of activities have been undertaken at different centres: ○ Dry ski slope ○ Mountain bike trails ○ More social functions – weddings / ceilidh ○ Improved cafés / food offer ○ Changes to retail ○ Campervan / camping infrastructure ○ Lodges	• Dry ski slope offers alternative when snow not good, protects schools market • Mountain bike trails – mixed ○ some beneficial ○ some not great success ○ one tried guided mountain bike trails but not very successful • Increased spends in cafe • Increased summer trade in cafe • Increased spend in retail • Increased income through social functions • Accommodation has brought increased income directly and indirectly through cafes/other facilities onsite • Development of uplift has had knock-on effect for non-snowsports trade for some centres	• Some of the centres have identified the need to diversify further in order to mitigate against fluctuations in snow seasons (discussed in greater detail later under future plans) • Recent focus has been on snowsports. In future a greater focus should be placed on diversification opportunities
Destination approach	• There have been stronger links developed with the wider destination • Links include – DMOs, local estates, National Park, local hotels, local events	• Strengthening links to wider destination makes the overall offer stronger	• Further strengthen the links with local destinations

APPENDIX 2: Economic Calculations

Table A: Snowsports Direct Expenditure

Centre	Type	Number	Average Spend		Expenditure (£m)	
			Local	Scotland	Local	Scotland
Cairngorm	Day	54,212	£40	£45	£2.2	£2.4
	Overnight	47,118	£90	£95	£4.2	£4.5
	Total	101,330			£6.4	£6.9
Nevis Range	Day	16,520	£40	£44	£0.7	£0.7
	Overnight	7,422	£90	£95	£0.7	£0.7
	Total	23,942			£1.3	£1.4
Glencoe	Day	23,447	£40	£49	£0.9	£1.2
	Overnight	6,293	£90	£95	£0.6	£0.6
	Total	29,740			£1.5	£1.8
Glenshee	Day	65,997	£40	£47	£2.6	£3.1
	Overnight	12,571	£90	£95	£1.1	£1.2
	Total	78,567			£3.8	£4.3
Lecht	Day	23,083	£40	£47	£0.9	£1.1
	Overnight	7,789	£90	£95	£0.7	£0.7
	Total	30,872			£1.6	£1.8
Total	Day	183,257	£40	£46	£7.3	£8.5
	Overnight	81,193	£90	£95	£7.3	£7.7
	Total	264,450			£14.6	£16.2

Table B: Non-Snowsports Direct Expenditure

Centre	Type	Number	Average Spend		Expenditure (£m)	
			Local	Scotland	Local	Scotland
Cairngorm	Day	15,156	£21	£22	£0.3	£0.3
	Overnight	87,944	£37	£37	£3.3	£3.3
	Total	103,100			£3.6	£3.6
Nevis Range	Day	5,419	£21	£23	£0.1	£0.1
	Overnight	130,053	£37	£37	£4.8	£4.8
	Total	135,472			£4.9	£4.9
Glencoe	Day	1,387	£21	£23	£0.0	£0.0
	Overnight	33,280	£37	£37	£1.2	£1.2
	Total	34,667			£1.3	£1.3
Glenshee	Day	255	£21	£23	£0.01	£0.01
	Overnight	656	£37	£37	£0.02	£0.02
	Total	911			£0.03	£0.03
Lecht	Day	353	£21	£23	£0.01	£0.01
	Overnight	814	£37	£37	£0.03	£0.03
	Total	1,167			£0.04	£0.04
Total	Day	22,569	£21	£23	£0.5	£0.5
	Overnight	252,746	£37	£37	£9.4	£9.4
	Total	275,315			£9.8	£9.9

Table C: Other Direct Expenditure

Centre	Expenditure (£m)
Cairngorm	£0.02
Nevis Range	£0.02
Glencoe	£0.16
Glenshee	£0.15
Lecht	£0.003
Total	£0.35

Expenditure from Tables A, B and C sum to provide total in Table D.

Table D: Total Direct Expenditure

	Snowsports		Non-Snowsports		Total	
	Local	Scotland	Local	Scotland	Local	Scotland
Cairngorm	£6.4	£6.9	£3.6	£3.6	£10.0	£10.5
Nevis Range	£1.3	£1.4	£4.9	£5.0	£6.3	£6.4
Glencoe	£1.5	£1.8	£1.4	£1.4	£2.9	£3.2
Glenshee	£3.8	£4.3	£0.2	£0.2	£4.0	£4.5
Lecht	£1.6	£1.8	£0.04	£0.04	£1.7	£1.9
Total	**£14.6**	**£16.2**	**£10.2**	**£10.2**	**£24.8**	**£26.4**

Totals in Tables D multiplied by the multipliers of 1.42 (local) and 1.68 (Scotland) gives output in Table E.

Table E: Total Output (direct, indirect and induced; £m)

	Snowsports		Non-Snowsports		Total	
	Local	Scotland	Local	Scotland	Local	Scotland
Cairngorm	£9.1	£11.6	£5.1	£6.1	£14.2	£17.7
Nevis Range	£1.9	£2.4	£7.0	£8.3	£8.9	£10.7
Glencoe	£2.1	£2.9	£2.0	£2.4	£4.1	£5.3
Glenshee	£5.4	£7.2	£0.3	£0.3	£5.6	£7.5
Lecht	£2.3	£3.1	£0.1	£0.1	£2.4	£3.1
Total	**£20.8**	**£27.2**	**£14.4**	**£17.2**	**£35.2**	**£44.4**

GVA as a ratio of 52% of output is shown in Table F.

Table F: GVA

	Snowsports		Non-Snowsports		Total	
	Local	Scotland	Local	Scotland	Local	Scotland
Cairngorm	£4.7	£6.0	£2.7	£3.2	£7.4	£9.2
Nevis Range	£1.0	£1.3	£3.6	£4.3	£4.6	£5.6
Glencoe	£1.1	£1.5	£1.0	£1.2	£2.2	£2.8
Glenshee	£2.8	£3.7	£0.1	£0.2	£2.9	£3.9
Lecht	£1.2	£1.6	£0.03	£0.04	£1.2	£1.6
Total	**£10.8**	**£14.2**	**£7.5**	**£8.9**	**£18.3**	**£23.1**

Table G: Employment (FTEs)

	Onsite	Offsite		Total	
	Onsite	**Local**	**Scotland**	**Local**	**Scotland**
Cairngorm	90	199	269	289	360
Nevis Range	80	138	182	218	262
Glencoe	33	56	80	89	114
Glenshee	48	67	105	115	153
Lecht	16	29	44	45	60
Total	**267**	**489**	**681**	**755**	**948**

[1] Based on onsite employment and a conversion factor for offsite of output per employee of £50,000 (SABS).

[2] Local and Scotland totals include direct, indirect and induced jobs

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