



CARIBOO MOUNTAIN BIKE CONSORTIUM

**ECONOMIC IMPACT ASSESSMENT AND
PHASE 2 IMPLEMENTATION REPORT**

Prepared By:
Justin Calof, Executive Director
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EXECUTIVE SUMMARY

Mountain biking is now widely regarded as a viable and effective economic diversification strategy for the Cariboo Region. As communities within the Cariboo adjust to changes in the forest sector, this new economic activity will improve the livability of the area and support regional employment and retention. Moreover, mountain biking is now one of the fastest growing tourism sectors in the Cariboo.

The Cariboo-Chilcotin Beetle Action Coalition, Northern Development Trust, the Province of BC along with Williams Lake, 100 Mile House, Quesnel and Wells have formed a strategic alliance with the Cariboo Mountain Bike Consortium to promote the mountain bike sector and enhance its contribution to the economic diversification of the region.

The implementation of the Consortium initiative has resulted in an 11.5% increase in the economic impact of mountain biking within the Cariboo region since this assessment began in 2010.

This latest assessment shows that since 2010 there has been an average 30% increase trail system usage. The 2012 estimates for direct mountain bike visitor spending are estimated at \$294,538 annually. Total indirect mountain bike visitor spending impact is estimated at \$427,081 annually. The 2012 data indicates a 21% increase in mountain bike visitor spending impact since 2010.

Activity at regional mountain bike businesses has increased by 8% to \$1.61 million annually. The 2012 total FTE estimate associated with direct mountain bike activity has increased by 20% to a total of 21.8 FTE. New infrastructure projects have resulted in an additional \$140,000 of new activity.

In 2012, the total value of the mountain bike sector in the Cariboo region is estimated to be over \$2.2 million annually.

The Consortium is planing Phase 2 implementation of the initiative with additional investments in marketing, trail infrastructure and partnerships. As part of its ongoing sustainable funding strategy, the Consortium will be engaging with all levels of government in the Cariboo Region to seek a more permanent funding model that will sustain and increase the growth achieved to date.

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Introduction and Methods

The Cariboo Mountain Bike Consortium is obligated to track and assess the ongoing economic impact of mountain biking in the Cariboo Region as part of its implementation. It is also committed to the principal of adaptive management to ensure the initiative is achieving the economic diversification goals it is committed to through its funding partnerships.

In 2010 a baseline assessment was carried out which estimated the total economic impact from the sector at \$1.9 million annually¹. Since that time, the Consortium has refined its assessment with new data and improved accuracy. A number of data sources have been drawn upon to assemble this assessment. In 2010 three components were used to build the baseline assessment (data from bike businesses, data from regional events, estimates on ridership). Since the 2010 assessment, trail counting devices, specific surveys of regional event impacts, comprehensive web monitoring and updated economic impact information generated through the Western Canada Mountain Bike Tourism Association have been utilized to improve the accuracy of the assessment.

A second component of this report is a forward looking assessment at emerging trends and needs to sustain the growth achieved to date. This will also report on the tracking of specific marketing tactics implemented through the initiative including ridethecariboo.ca. Part of this assessment is contained within the Phase 2 Strategy for the Consortium (Appendix A), which undertook a SWOT (Strengths, Weaknesses Opportunity, Threat) assessment of all participating communities. In addition, a series of performance management tactics were developed in the Phase 2 Strategy which have influenced the discussion in this report.

Part 1 - Economic Assessment

Trail Counter Component

The Cariboo Mountain Bike Consortium has collaborated with the Ministry of Forests, Lands and Natural Resource Operations to install trail counting devices throughout the region in attempts to estimate the ridership on each of the trail networks. In combination with trail counting devices or in some areas as an alternative, the Consortium has also conducted random trail surveys to determine ridership, rider origin and spending patterns. Of the seven trail networks in the region, three have trail counting devices. Estimates for the balance of the networks have been extrapolated from this data, and further calibrated with local knowledge. The non-highlighted cells are those with actual trail counts completed.

¹ Cariboo Tourism Strategy, 2010 Cariboo Mountain Bike Consortium

Table 1 - Trail Count Data for Region

Trail Network	2010	2011	2012	% Change from 2010
Fox Mountain	2,650	3,540	3,700	28%
Westsyde	1,460	1,750	2,750	47%
Southside	1,980	1,960	2,140	7%
Desous	370	520	545	32%
108 Mile	75	80	310	76%
Dragon Mountain	440	475	510	14%
Wells	130	140	205	37%
Total	7,105	8,465	10,160	30%

Since 2010 when this economic assessment was initiated, there are strong indications that trail usage by mountain bikers has increased substantially. Based on the feedback collected through trail surveys, the main driver for this increase is driven by two dominate factors. First, the growth of regional events has increased interest in the sport of mountain biking regionally and more people are entering the sport. Secondly, the website presence established through ridethecariboo.ca has increased awareness of the region and more riders are visiting the area. On average since 2010 there has been a 30% increase in trail usage across the region.

Rider Origin Profile

Based on a series of random samples conducted in 2012 throughout the region in combination with specific surveys conducted during regional events, an estimate for the proportion of Williams Lake riders to regional riders to out-of region riders was determined at a ratio of 57:23:20. In other words, 57% of the riders surveyed were from Williams Lake; 23% of the riders were from the communities of 100 Mile House, Quesnel or Wells; and, 20% of riders were from outside of the Cariboo Region. The number of riders from outside the region further increases during the peak months of July and August.

This ratio is an increase over the baseline assessment conducted in 2010 which estimated a rider origin ratio of 65:25:10. In 2012, out-of-region riders have increased by 10% which equates to an overall increase in economic impacts driven by higher daily expenditures and overnight stays.

Average Expenditures from Rider Groups

The Western Mountain Bike Tourism Association conducted a specific mountain bike economic impact study which calculated average daily expenditures of mountain bikers². While this provides a good guide to apply to the Cariboo, such expenditures must also reflect the specific conditions of the region. Generally riders in the Cariboo spend less, are less inclined to stay at hotels, and rather camp or stay with friends when overnighing.

In the Sea to Sky study riders averaged between \$53 and \$92 for daily expenditures in the smaller communities. We estimate daily expenditures at between \$19 and \$77 for daily and overnight riders respectively. Of the rider origin group, we estimate 22.3% of the total stay overnight (accounts for all non-regional riders and 10% of regional riders). The majority of these riders camp or stay with friends at private accommodations. Typical services relied on by out-of-city riders included grocery stores, liquor stores, restaurants, bike shops, campsites, gas and arts studios.

Impacts from General Ridership (April - October)

The summary of economic activity from general ridership during the 2012 season has some limitations. First, it relies on trail counter data from only a portion of the trail networks in the region, therefore the total amounts are estimates extrapolated from actual data. Second, it estimates direct spending from riders and assumes that spending occurs within the Cariboo Region. For out of region riders, which represent 20% of the total a portion of their spending may occur outside of the Cariboo which diminishes the regional impact. Third, the spending does not account for indirect impacts. In a 2008 report, BC Stats produced a series of multipliers for various sectors of the BC economy to enable this type of assessment³. There are no specific tourism multipliers cited in that report, rather a methodology that combines accommodation and food services; transportation; arts, entertainment and recreation services; and retail trade.

Despite these methodological limitations, the data below indicates general trends in mountain bike tourism in the region. The following table summarizes the trail count data, with the survey information collected that indicates rider origin with estimated spending patters to generate an overall summary of impacts from mountain bike riders during the 2012 season. We caution the reader that indirect impacts are based on limited data derived from the STEAM model used by the City of Williams Lake and informed by the BC Stats report cited below.

² See http://www.mbta.ca/assets/pdfs/S2S_E_I_Study.pdf Western Canada Mountain Bike Tourism Association

³ 2004 British Columbia Provincial Economic Multipliers and How To Use Them, Gary Horn, BC Stats, 2008

Table 2 - Estimate of Economic Impact from Mountain Bike Visits to the Cariboo During the 2012 Season⁴

	Williams Lake Resident Riders	Cariboo Resident Riders	Non-Cariboo Riders	Total 2012
Estimated Number of Riders	5,791.2	2,336.8	2,032	10,160
Estimated Direct Daily Impacts	\$110,033	\$28,042	\$156,464	\$294,538
Estimated Indirect Daily Impacts	\$159,548	\$40,660	\$226,873	\$427,081

The 2012 estimates for mountain bike visitor impacts are estimated at \$294,538 in direct spending. If the same multipliers that are used for regional event through the STEAM model (~0.45), the total direct and indirect estimate from mountain biking grows to \$427,081 annually.

In 2010 and 2011, estimated ridership impacts were \$340,000 and \$375,000 respectively. The 2012 data indicates a 21% increase in general mountain bike rider impacts.

Regional Events Impacts

The Consortium has tracked three regional events since 2010, all of which have experienced growth since the baseline assessment. Most significantly, is the growth in non-resident participation which has had a corresponding increase in economic activity associated with the events.

Pedal By The Puddle

The Pedal by the Puddle is a 6 hour enduro style event that has attracted visiting riders from all around the Province. Participation in the event has increased by 32% over its five years and continues to grow in popularity. Since 2008, our of region participation has grown by 57% which is a reflection of the effectiveness of the Consortium's web based marketing.

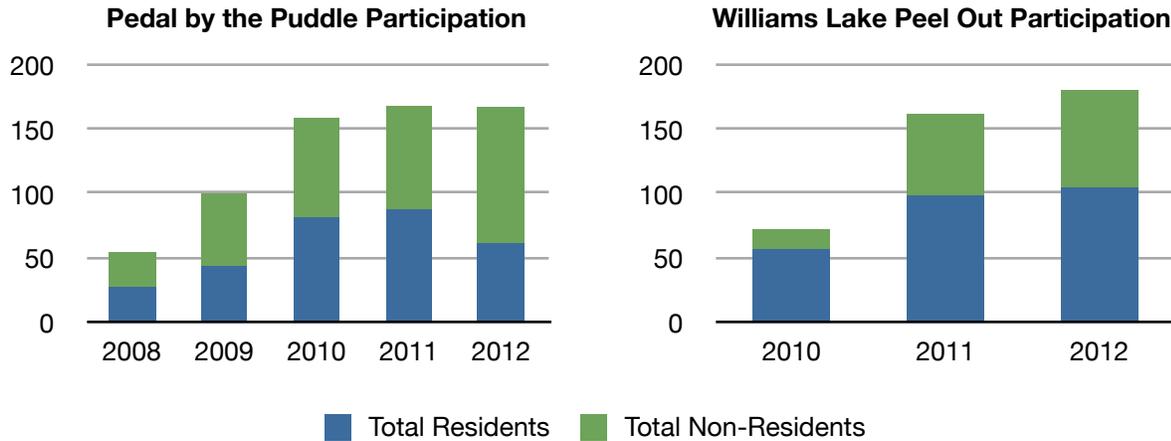
Williams Lake Peel Out

In May of 2012 the Williams Lake Peel Out was held for the third year. In 2011, the event grew by 45% from 2010. In 2012, the event grew an additional 39% with over 180 riders participating. More importantly, the event drew an additional estimated 200 mountain bikers to Williams Lake. Spending for the Williams Lake Peel Out is generally less than other events due to the proportion of younger riders.

⁴ Cariboo region ridership is divided between 12.5% from Williams Lake and 12.5% from elsewhere in the region. The associated economic impacts are divided along the same ratio and use the \$19 and 77% per day respectively.

Seven Summits Race

The Seven Summits race is truly an epic event that occurs in the fall near Wells. It involves stunning alpine riding and high levels of endurance. The race is entering its fifth year in 2012 with participation steadily increasing. In 2009 a similar spending analysis was undertaken which shows that of the 65 participants, 85% were non-residents. The event grew substantially in 2011 to over 140 participants.



In 2010 and again in 2011 a spending analysis for regional events was undertaken as part of the registration. Average spending per person was \$57 per day. This is reflective of other jurisdictions and includes both accommodation and service sector. Resident spending is on average \$34 a day and non-resident spending is estimated at \$80 a day for events. Events spending is generally higher than non-event riders, a trend consistent across the Province.

Table 3- Summary of Direct Regional Events Spending 2012

	Pedal By The Puddle		Peel Out		7 Summits (2011)		Total
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	
Number of Resident Non-resident Riders	61	106	104	76	16	124	487
Estimated Direct Spending Impacts from Residents Non-residents	\$2,074	\$8,480	\$3,536	\$6,080	\$544	\$9,920	\$30,634
Estimated number of spectators	45		65		35		145
Estimated Direct Spending Impacts from Spectators	\$855		\$1,235		\$655		\$2745
Total Indirect Estimate	\$22,247.55		\$21,159.45		\$21,682.05		\$65,089.05

In addition to these direct impacts, we have also estimated total impacts from events, which include indirect GDP inputs. Thanks to the support of the City of Williams Lake, the Consortium gained access to the (Sports Tourism Economic Assessment Model) STEAM model for comprehensive assessment of both Williams Lake events. The total economic impact of these two events is approximately \$45,000⁵. This total indicates a multiplier effect of nearly 1.95 to estimate indirect impact from events. With the additional impact from the Stormrider event in 100 Mile House, the Consortium is estimating total economic activity generated from events to be ~\$85,000 for 2012⁶.

Generally, the competition around mountain bike events has increased dramatically since 2009. When examining the mountain bike event calendar for the Pacific Northwest, there is not a single free weekend from mid-May to September. Mountain bike events as a economic ‘tactic’ are being implemented across the Province. The fact that Cariboo events have maintained their participant levels amidst this competition is an achievement by the Consortium. Regional events will continue to be an important element of the Consortium strategy, but an increased focus on general ridership growth as indicated in the section previous will become a more prominent focus in Phase 2 implementation.

Direct Spending on Mountain Bike Equipment

In 2010, we surveyed each bike business in the region to assess the total value of bike related sales. From 2010 to 2011, this figure increased by 5% to \$1.47 million annually. This reflects the activity of the four major bike shops in the region. In general, mountain biking is growing across the pacific northwest as a sector as new people enter the sport. This is especially the case in the Cariboo where one of the bike shops is ranked 2nd in western Canada for the highest growth rate for the major brand of Specialized.

In 2012, revised estimates from direct bike related sales has increased to \$1.61 million annually. This equates to a 8% increase since 2010. Employment levels in MTB specific businesses has been maintained at 17.5 FTE since 2010. This FTE level is restricted to direct employment, and does not account for support service FTE, which is estimated to double that level. As regional infrastructure continue to grow, so will opportunities for new riders to enter the sport. We expect these sales will continue to increase with the ongoing implementation of the Consortium initiative.

⁵ City of Williams Lake, 2012

⁶ In the Phase 1 assessment, regional events accounted for \$157,000 and \$169,000 of activity in 2010 and 2011 respectively. These estimates were generated from data collected at the events, but were based on a limited sample size. The 2012 data is based on the STEAM model and a larger sample size. The 2012 and 2011 estimates are a reflection of data available at the time.

Investments in Trail Infrastructure

Since the initiative began, a number of trail infrastructure projects have been undertaken in the region, which contributes to regional employment and overall economic activity. The table below summarizes the total activity and associated impacts.

Table 4 - Infrastructure Investments

	Snakes and Ladders	Quesnel Flow Trails	Wells Trail Enhancements	Total 2012
Protect Total	\$95,000	\$30,000	\$15,000	\$140,000
Total FTE Estimates	3.5	0.6	0.2	4.3

Summary

Based on the data above, the total contribution of mountain biking in the Cariboo region in 2012 is estimated at \$2.17 million dollars annually which is 13% higher than the 2010 assessment. The table below summarizes this assessments findings.

Table 5- Summary of Economic Impact of Mountain Biking in Cariboo, 2012

2012 Assessment Area	2012 Estimates (Total)	% Growth since 2010
General Ridership Impacts	\$427,081	+21%
Regional Event Impacts	\$85,000	-15%
Direct MTB Equipment Spending	\$1,610,000	+8%
Regional Infrastructure Spending	\$140,000	+100%
Regional FTE Growth	21.8	+20%
Total	\$2,262,081	11.1%

Part 2 - Analysis of Growth and Phase 2 Implementation

As the Consortium realizes its goals of growing the mountain bike sector in the Cariboo, it is critical to analyze the sources of growth to enable adaptive management and effective planning for future marketing efforts.

Ridethecariboo.ca

The primary marketing vehicle that the Consortium has invested in is the ridethecariboo.ca website. In general, feedback from both public and professional sources has been overwhelmingly positive on the structure and usability of the site. In 2011 when the site was launched, the number of visits peaked at 2,547 with 17,000 page views during the active riding season. Since that time, the Consortium has partnered with the City of Williams Lake, Northern Development Initiative Trust and the Community Tourism Opportunities program of the Ministry of Jobs Tourism and Innovation to invest in a concerted Pinkbike.com advertising strategy. Pinkbike.com is the largest mountain bike website in the world and receives over 1.5 million visits per month. A series of ads that focus on regional events and the general Cariboo riding experience was initiated in April of 2012. In addition, through the Northern Development partnership, strategic billboards were placed on the Sea-to-Sky corridor to drive traffic to the website. These tactics, in combination with general visitor feedback and word of mouth marketing through events and other activities, have generated a substantial increase in website traffic.

Compared to 2011, the 2012 ridethecariboo.ca activity has increased by 207% to over 7,800 visits at mid-point in the 2012 season. The number of page views has risen to 34,145 with a constant 30-50% new visitor trend. This indicates the ridethecariboo.ca web initiative is proving to be one of the most successful of the Consortium strategies to increase visitors to the area.

New Trail Infrastructure

Another important tactic to increase visitor numbers is the creation of new trail infrastructure that is appropriately marketed. These tactics have been used in Smithers and Squamish successfully in the past few years. These 'signature' trails are ones that are unique to the region, and create a specific riding experience that can be profiled to motivate travel to the region.

In 2012, the Consortium and Williams Lake Cycling Club partnered with the Province of BC and Northern Development Trust to construct a new trail in one of the legalized trail networks. This trail will be subject to intense marketing in 2013 in an effort to test this 'signature' trail tactic. Trail counting devices will be used to track the success of this initiative. In Quesnel and Wells similar tactics have been employed in 2012 for marketing efforts in 2013.

Comparison of 2011 to 2012 Activity on ridethecariboo.ca

Visitors Overview

May 1, 2012 - Aug 17, 2012
Compare to: May 1, 2011 - Aug 17, 2011

Advanced Segments | Email | Export | Add to Dashboard

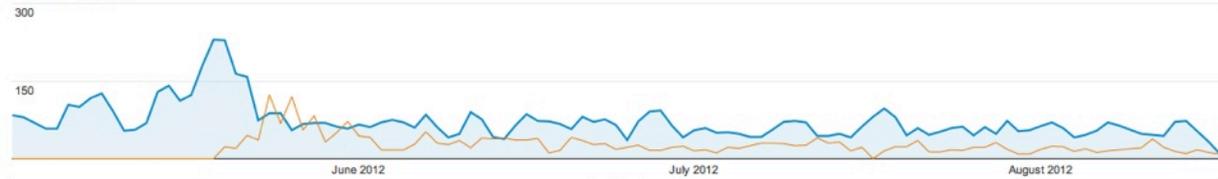
change in % of visits: +0.00%

Overview

Visits vs. Select a metric

Hourly | Day | Week | Month

Visits | Visits



4,066 people visited this site



Visits: 207.34%

7,828 vs 2,547



Unique Visitors: 342.92%

4,066 vs 918



Pageviews: 96.89%

34,145 vs 17,342



Pages / Visit: -35.94%

4.36 vs 6.81



Avg. Visit Duration: -48.96%

00:03:52 vs 00:07:35



Bounce Rate: 0.49%

41.94% vs 41.74%



% New Visits: 36.07%

48.99% vs 36.00%



50.96% Returning Visitor

3,989 Visits

49.04% New Visitor

3,839 Visits

Phase 2 Implementation and Sustainability

The Consortium has relied on both government and non-government funding sources as its primary operating funding. The Cariboo-Chilcotin Beetle Action Coalition has been the main driver behind the initiative, with the Northern Development Trust and Province supporting. As part of its Phase 1 implementation, the Consortium also engaged with service businesses that were directly involved in the mountain bike sector in an effort to create mutually beneficial partnerships that secured funding for the Consortium to operate, while providing marketing services to these businesses. While this tactic generated approximately \$5,000 since 2010, it is unlikely to generate the level of operating funds that will be required to sustain the Consortium and maintain its competitiveness in the future.

The Consortium has been strategizing on a sustainable funding model at the direction of the CCBAC and its own board of directors. One of the primary tactics the Consortium is beginning to explore is to work with the Cariboo Regional District to create a dedicated funding stream that is generated off a proportion of the CRD tax base. Such a fund would provide ongoing marketing for mountain biking through the Consortium, as well as support for regional trail infrastructure. Such a tax is currently in place in regards to Art Council funding, junior hockey and other recreation sectors. In the Sea-to-Sky area, a specific hotel tax was implemented to

create a permanent FTE who would be dedicated to mountain biking and trail related marketing on behalf of the district, which has been operating for over 7 years. In Fernie, BC a similar model works under the Fernie Trails Alliance.

The Consortium believes that a dedicated annual funding allocation of \$120,000 - \$140,000 will enable a permanent FTE to be in place to carry out the Consortium mandate at the direction of the Board of Directors. In addition to permanent capacity, this level of funding would allow for ongoing leveraging of infrastructure and strategic marketing funds that would maintain the growth achieved in the past two years of implementation. While this strategy is engaged on with the relevant stakeholders, the Phase 2 funding approved by CCBAC will sustain the initiative into 2014.

CONCLUSION

In 2010, the Consortium committed to 25% growth in the mountain bike sector in the Cariboo region. At this point, we have achieved nearly half of that goal with the implementation effort thus far. Key to our success has been our partnership with the City of Williams Lake, the Cariboo-Chilcotin Beetle Action Coalition and Northern Development Trust.

The Consortium formed its own independent Society in 2012 and is poised for ongoing implementation of this economic diversification strategy. It has a stable Board structure and is focused on Phase 2 implementation into 2014.

Looking forward, if the Consortium can successfully secure a stable funding platform with permanent executive capacity, it plans to enhance its integration with local and regional governments to make mountain biking an integral part of the Cariboo region's future.