

# ECONOMIC IMPACT STUDY

## THE EVENT

2011 CANADIAN CROSS COUNTRY SKI CHAMPIONSHIPS

MARCH 11-19, 2011



## THE SPORT

CROSS COUNTRY SKIING

## THE LOCATION

CANMORE, ALBERTA

## THE VENUE

CANMORE NORDIC CENTRE

## THE HOST ORGANIZATION

CANMORE NORDIC SKI CLUB

**Survey and Data Management Consultant**  
infact Research and Consulting Inc.

## Software

S.I.M.A. (Sport Impact Model – Alberta)  
Developed by: Econometric Research Limited

*Release Date: June 6, 2013*



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## SECTION A: GENERAL OVERVIEW OF ECONOMIC IMPACT ANALYSIS

### 1. INTRODUCTION TO ECONOMIC IMPACT ANALYSIS

An economic impact study conducted around a sport event can provide a snapshot of the current and residual economic value an event may impart on local, provincial and national economies.

An economic impact study is used to report on the change in the economy resulting from hosting a sporting event. In general terms, this is done through calculations and modeling of all visitor expenditures, event operations revenues and expenses, and related capital projects undertaken as a result of hosting an event. More specifically, an economic impact analysis is a mathematical application that quantifies patterns and magnitudes of interdependence among a wide variety of sectors and activities and is predicated on two fundamental propositions:

- a) Regardless of the inherent value of primary activities such as recreation or tourism, to the extent that activity involves the use of resources, they generate economic returns that can be measured and compared.
- b) Economic impacts are only partially captured by assessing *direct* expenditures. All economies are complex with their own interdependent and interacting activities. Consequently, there are some *indirect* and *induced* impacts associated with all direct expenditures. These indirect and induced impacts can be larger than the direct impacts and are necessary to assess in order to capture a more accurate measure of the overall economic impact of an event.

### 2. SPORT IMPACT MODEL FOR ALBERTA (SIMA)

The model used for these studies is a “Sport” application of a generic model developed by Econometric Research Limited in conjunction with Alberta’s Ministry of Tourism, Parks and Recreation. It is a unique model that captures the economic impact of sport-related expenditures at the local level (counties or economic regions) and the provincial level (Alberta). The underlying system used for this model has previously been applied in economic impact studies of tourism in Alberta and several other Alberta economic development and tourism projects.

The model is based on technology that integrates input-output analysis and location theory. It utilizes economic and technical databases that are published by Statistics Canada. A short list includes the inter-provincial input and output tables, employment by sector, taxes by type of tax and the level of government collecting it, prices of products, energy used in physical and energy units, etc.



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### 3. METHODOLOGY

The input data used were specifically derived to reflect exclusively the incremental expenditures of the event and the visitors to the event.

The input data were all adjusted to net out expenditures that would otherwise be made in the economy in the absence of the event and/or to net out expenditures that are likely to not be re-circulated through either the local or provincial economy. This was accomplished by concentrating on the expenditures that can exclusively be attributed to the event and that represent “new” money to the economy.

For example, *all visitors* from outside the local region create incremental tourism impact in the local region; whereas *other Alberta visitors* do not create incremental province-wide impacts. The only visitor expenditures that are incremental to both the local region and to the province as a whole are those by other Canadian, USA and international visitors.

The economic impacts of incremental tourism from operational expenditures, capital projects and visitor expenditures were estimated separately and then rolled together to identify the total impacts of the event on the local, provincial and national economies.

### 4. GENERAL ASSUMPTIONS

A best-efforts basis has been employed to ensure estimates in this report are conservative in nature in order to avoid overstating results.

The simulation model applied in these studies may create a theoretical picture of the future through the application of a series of assumptions, which may or may not hold true over time.

To the extent that attendees at an event spend their money on that event instead of on other activities in the local economy, the event results in reallocation of expenditures in the economy, rather than in a real net increase in economic activity. The methods used in these studies were designed to account for and remove to the greatest extent possible the influence of this *substitution effect* on the results of the analysis.

Impacts and new costs associated with traffic congestion, vandalism, environmental degradation and disruption of local resident lifestyles are not measured.

Impact benefits are not always expressed in monetary terms. For example, social, cultural, and sport development benefits and costs are often not easily measured. This report does not attempt to capture or measure these benefits.



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## SECTION B: EVENT OVERVIEW & ECONOMIC IMPACT REPORT

### 1. BACKGROUND

The first Senior Canadian National Cross Country Ski Championship was hosted in Montreal in 1921; in 1951 a Canadian Junior Cross Country Ski Championships was initiated; and in 2002 the Junior and Senior Championships were combined into one Canadian National Cross Country Ski Championship. It is now the largest annual competition sanctioned by Cross Country Canada (the National sport organization for cross country skiing) and involves athletes, coaches, officials, volunteers, and parents from across Canada and the United States.

The following table highlights Alberta's history in hosting Canadian National Cross Country Ski Championships:

Years	Location
1937, 1940, 1948, 1950, 1963	Banff
1961	Jasper
1969	Camrose
1972	Devon
1982	Edmonton
1984	Hinton
1987	Mt. Shark (Kananaskis area)
1992, 1994, 1998, 2000, 2002, 2011	Canmore

### 2. VENUE OVERVIEW

Originally developed for the 1988 Winter Olympic Games Nordic events, the Canmore Nordic Centre Provincial Park was designed to be a world class cross country ski centre. Between 1988 and 1997 the Centre was host to several international events but by the early 2000's the Centre no longer met international competition standards. In 2004 the Alberta Government re-invested \$25.6 million into refurbishing the Canmore Nordic Centre to once again be a world leading competition and training facility for Nordic sports. Since upgrades, the centre has since hosted 6 international Nordic sport events and is currently recognized as one of the top facilities of its kind in the world.

### 3. EVENT OVERVIEW

a. **EVENT DATES:** March 11-19, 2011

b. **PARTICIPATION SUMMARY**

This event is designed for the top Junior and Senior level athletes from across Canada. Athletes, coaches, support personnel and families from across Canada attended this event and due to the high calibre of competition it also attracts numerous teams from the United States. See section "3.d." below for more detailed breakdown of attendance.



### c. MEDIA & MARKETING INFORMATION

This event was not televised so most of the coverage was based on local paper and radio media.

Marketing was done in conjunction with Canmore National Community Celebrations which supported the delivery of 450 posters, 5,000 Souvenir Tickets, Newspaper Ads and Public Service Announcements on local radio stations. There were also 2 different radio spots with CBC Radio. Local, Regional and national media agencies contributed regularly in delivering event results and interview information throughout the event.

### d. ATTENDANCE

It is estimated that 2,320 people attended the event over the final 2 races of the competition, which coincided with a weekend. As the whole event began 8 days previous to the final two days where counts and surveys were conducted, it is reasonable to assume that the overall attendance for the event was higher; and, therefore, the findings of this report can be considered a conservative representation.

Note: See *Appendix B* for the findings of a secondary, non-economic, analysis of this event.

The following table contains a breakdown of the attendees first “by Type” and then “by Origin”:

<b>By Type</b>	<b>2,320</b>
<b>Total Participants</b>	<b>1,040</b>
Volunteers	266
Athletes	592
Teams and members, competition officials	149
VIPs/sponsors/vendors/media	33
<b>Total Spectators</b>	<b>1,280</b>
Day pass & Season pass recreational skiers (influenced)	521
Spectators not related to a participating athlete	525
Parents (family/friends) - spectators	112
Parents (family/friends) - providing team support	122
<b>By Origin</b>	<b>2,319</b>
Local	875
Other Alberta	698
Other Canada	697
Other Country (Mostly USA)	48

*Figures have been rounded.*



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**e. EVENT OPERATIONAL REVENUES SUMMARY**

Source	Amount	Percentage
Athlete Registration Fees	\$98,325	50.55%
Sponsorships	\$30,000	15.42%
Trail Passes	\$29,350	15.09%
Banquet Tickets	\$24,829	12.76%
ASRPWF Grant	\$7,500	3.86%
Merchandise-Sales	\$3,100	1.59%
Other Grants	\$1,000	0.51%
Miscellaneous	\$408	0.21%

*Note: Figures are rounded to nearest thousand.*

**f. EVENT OPERATIONAL EXPENSES SUMMARY**

Expenditure Area	Amount	Percentage
Venue & Facility Related Costs	\$39,723	24.61%
Banquet	\$34,096	21.12%
Competition Operations	\$25,913	16.05%
Volunteers	\$24,931	15.44%
Athlete Support & Recognition	\$23,350	14.47%
Administration	\$8,130	5.04%
Marketing	\$3,780	2.34%
Sponsorship Activation Costs	\$1,500	0.93%

*Note: Figures are rounded to nearest thousand.*



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## 5. EVENT ECONOMIC IMPACTS

### a. ECONOMIC IMPACTS PROVINCE-WIDE

- Direct visitor spending and event operations expenditures attributed to hosting the 2011 Canadian National Cross Country Ski Championships was approximately \$880,304 in 2011 dollars
- These expenditures resulted in an economic impact value-added of just over \$1 million province-wide
- A total of 18 person years of employment equivalent were generated province-wide by expenditures attributed to the event
- Approximately \$369,778 in total taxation revenues accrued to all three levels of government as a result of provincial-wide impacts. Of this, there was:
  - \$246,566 to the federal government
  - \$100,342 to the provincial government
  - \$22,880 to local\* governments, province-wide.

*\* see glossary (Appendix A) for detailed explanation of tax impacts*

### b. ECONOMIC IMPACTS REGION-ONLY (CANMORE AREA/BANFF-LAKE LOUISE)

NOTE: REGIONAL ONLY IMPACTS ARE A SUBSET OF PROVINCE-WIDE IMPACTS

- Direct visitor spending and event operations expenditures attributed to hosting the 2011 Canadian National Cross Country Ski Championships was approximately \$880,304 in 2011 dollars
- These expenditures resulted in an economic impact (value-added) of \$566,424 in the Canmore/Banff Region
- A total of 13 person years of employment equivalent were generated in Calgary region only by expenditures attributed to the event
- Approximately \$227,946 in total taxation revenues accrued to all three levels of government as a result of the Calgary region only Impacts. Of this, there was:
  - \$147,748 to the federal government
  - \$65,307 to the provincial government
  - \$14,891 to local governments, province-wide

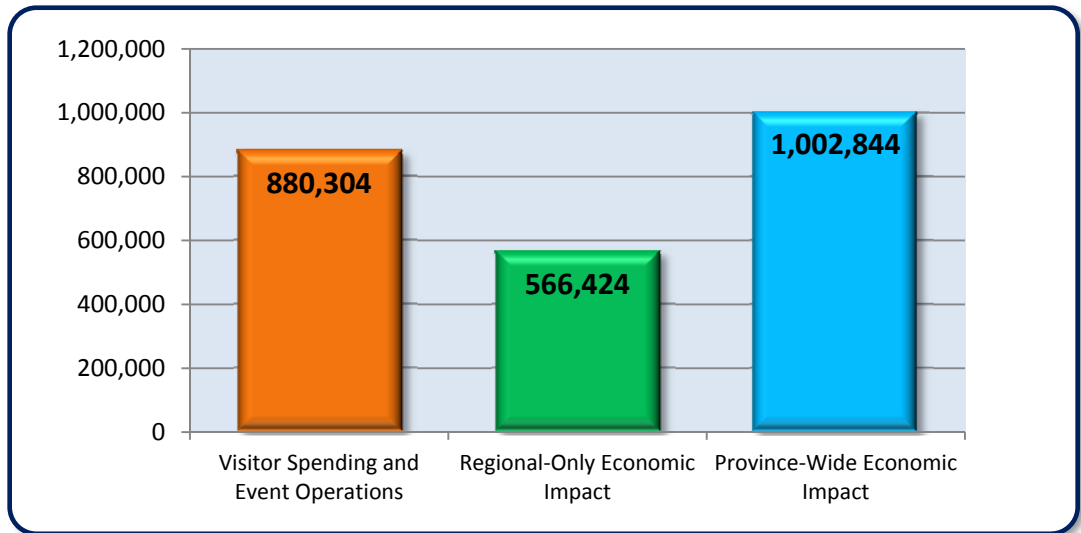
*\* see glossary (Appendix A) for detailed explanation of tax impacts*





**c. GRAPH #1: ATTRIBUTED EXPENDITURES AND VALUE-ADDED ECONOMIC IMPACTS**

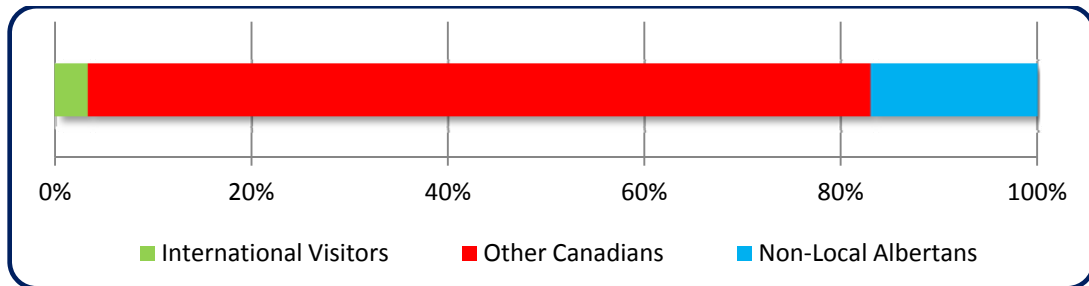
The graph shows the direct spending and event operational expenditures attributed to hosting this event and the related *value-added economic impact*, both “Regional-Only” and “Province-Wide”



NOTE: REGIONAL-ONLY IMPACTS ARE A SUBSET OF PROVINCE-WIDE IMPACTS

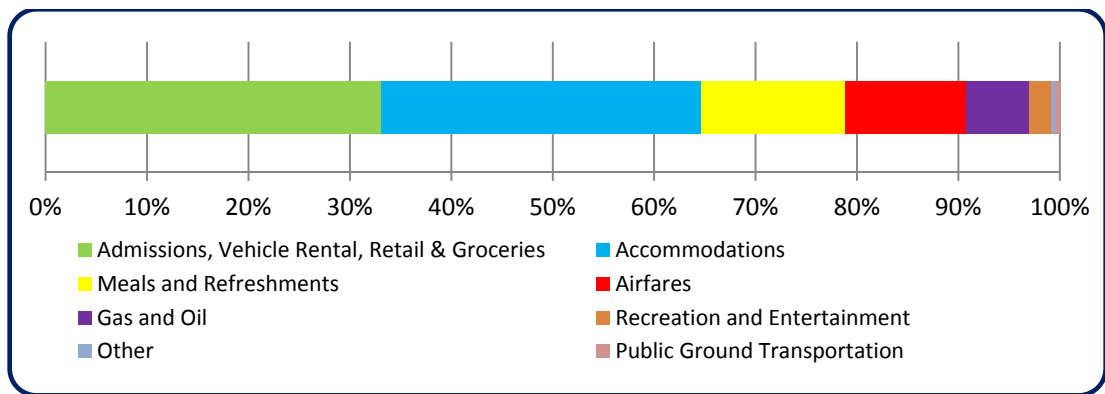
**d. GRAPH #2: TOTAL VISITOR EXPENDITURES BY PERCENTAGE OF ORIGIN**

The graph shows the total direct visitor spending attributed to hosting this event as broken down by the percentage of expenditures and by origin of visitor.

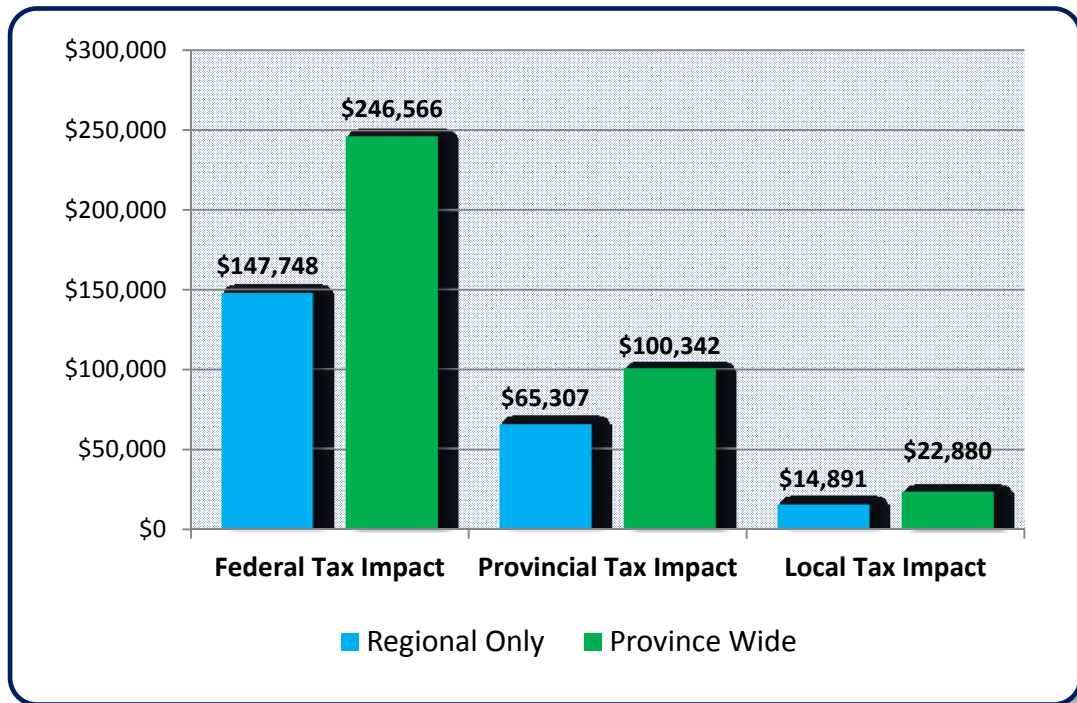


**e. GRAPH #3: VISITOR EXPENDITURES BY PERCENTAGE OF TYPE**

The graph shows the direct visitor spending attributed to hosting this event as broken down by the percentage of each type of expense; and the largest expenditure amounts have been identified as reference. Categories are associated with visitor expenditures during their entire time visiting Alberta or the region as can be attributed to the event. “Admissions”, for instance, does not necessarily mean admissions to the event but rather admission expenses in general incurred during their trip.

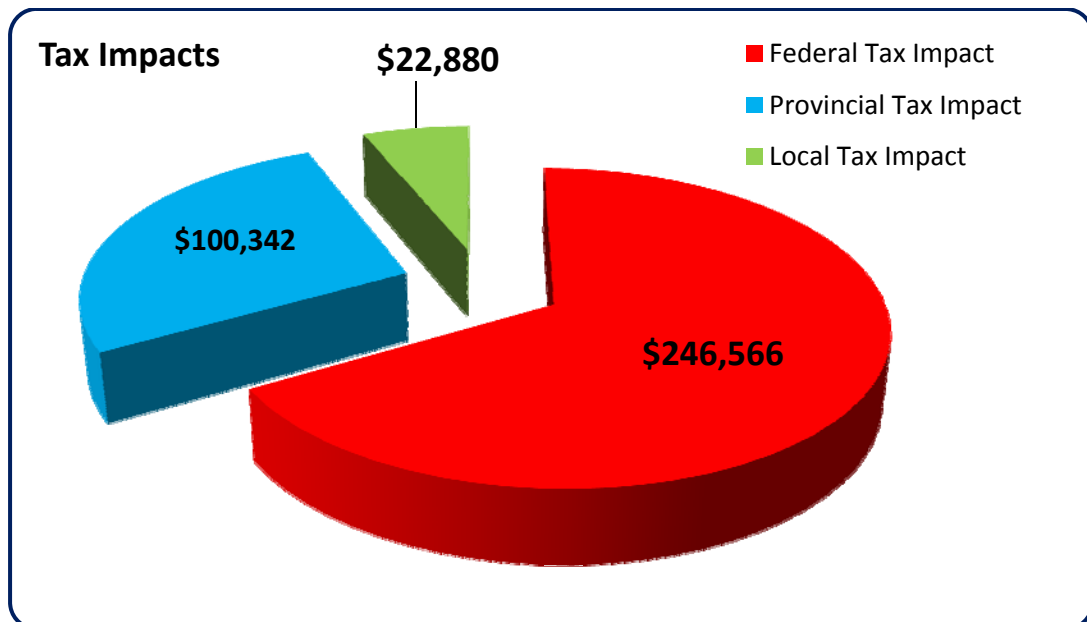


f. **GRAPH #4: TAX IMPACTS: REGIONAL-ONLY AND PROVINCE-WIDE**



\* see glossary (Appendix B) for detailed explanation of tax impacts

g. **GRAPH #5: TAX IMPACTS, PROVINCE-WIDE, BY RECEIVING LEVEL OF GOVERNMENT**



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## APPENDIX A: GLOSSARY

**Direct and Indirect Effects** - The initial expenditures of the visitors on food, beverage and accommodations are generally referred to as the **initial (direct) effects**. Subsequent purchases by suppliers of materials and services to sustain the original and derivative expenditures are called the **indirect effects**. These indirect effects are the ripple effect of additional rounds of re-circulating initial visitor's spending.

**Induced Effects** - The increase in employment and household income that result from the economic activity fueled by the direct and indirect effects and emerge when workers in the sectors, stimulated by initial and indirect expenditures, spend their additional incomes on consumer goods and services including such things as household expenditures.

**Multipliers** - These are summary measures that represent the division of the total impacts (direct, indirect and induced) by the initial expenditures. For example, the income multiplier associated with incremental tourism expenditures is calculated by dividing the total income (value added) impact by the initial incremental tourism expenditures. The only exception is in employment multiplier where total employment is divided by direct employment in order to preserve the common units.

**Initial Expenditures** - This figure indicates the amount of expenditures directly made by the administrators running the event and by the visitors. It is these expenditures that drive the results.

**Value Added (Gross Provincial Income)** - This figure represents net output generated by the initial expenditures in the community, province or nation. It is typically the sum of wages, rent, interest and profits in addition to indirect business taxes and depreciation minus subsidies.

**Employment** - This refers to the total person years that can be attributed to an event's impact.

**Taxes** - This impact system examines a variety of taxes (income taxes, GST, liquor and tobacco taxes, room tax, etc.) that are attributed to a given event, each of which is linked with the various levels of government. For example, the Federal government receives the proceeds from the GST tax and income taxes; the Provincial government receives the hotel room tax; whereas local tax impacts\* are not necessarily representative of the amount of money received directly by the local government.

\* Impacts are generated in the economy on account of the expenditures of sport events (incomes, jobs, etc). These incomes translate into higher property values. The impact linkage to "local government" is based on a statistical relationship between income and property values. Given a mill rate, this implicit value increase occasioned by the impacts of sport related events and activities is translated into additional property and business taxes. Calculations of the local tax benefits are, therefore, predominantly based on the indirect and induced impacts.

**Imports** - These represent the goods and services acquired from outside the province to sustain the event and the expenditures of their visitors. They essentially represent leakages from the province.



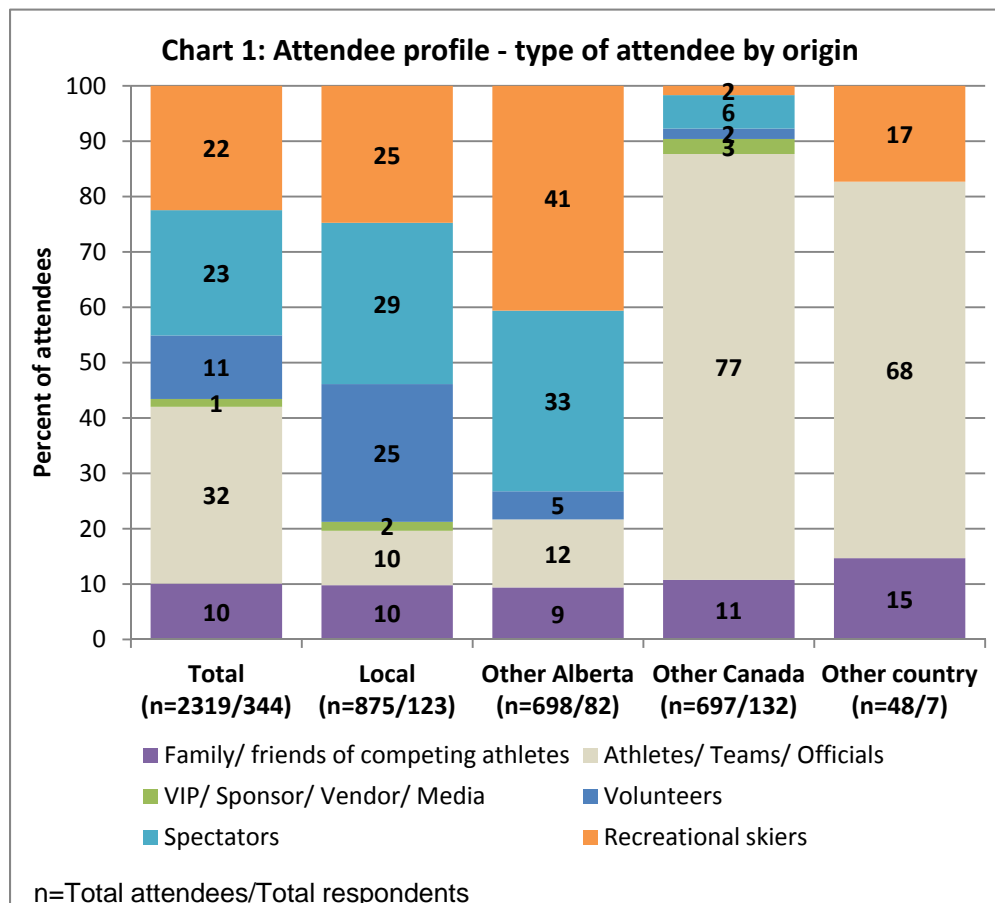
## APPENDIX B: ATTENDEE MOTIVATIONS SURVEY FINDINGS (NON-ECONOMIC)

The following report provides some information and analysis as a result of surveys that were conducted at the 2011 Canadian Cross Country Championships. The intent of this work was aimed at gaining a better understand attendee motivations, the importance of the community celebration in increasing spectator attendance and whether the event was likely to encourage future visits to the facility and area.

The results are based on completing 76 interviews (23% of the intercept sample of 335).

### ATTENDEE PROFILE

When considering the responses to the questions, it is helpful to understand something about the attendees at the event. The information on attendees available in the survey covers attendee type (role or purpose) and their origin. This information is shown in Chart 1.



The chart shows that most Albertans at the event were there as recreational skiers (particularly Other Albertans), spectators and, among Locals, as volunteers. In contrast, most non-Albertans were participating in the event as athletes, team members and competition officials. It should be noted that the survey base for international attendees was extremely small, so apparent differences should be regarded as directional or indicative rather than accurate.

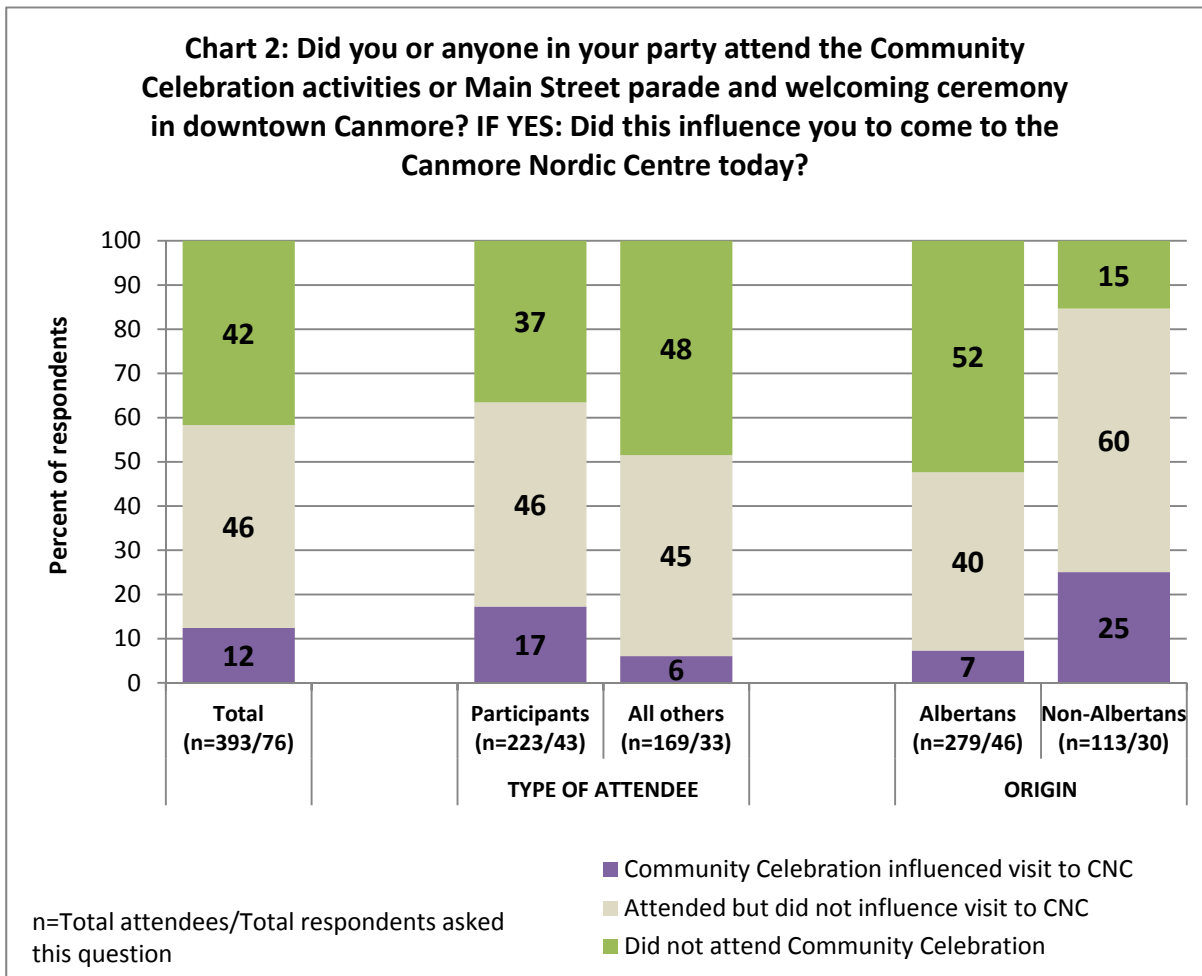


**THE COMMUNITY CELEBRATION**

The results suggest more than half the attendees at the event had been at the Community Celebration and about 10% of non-participants in the event, such as non-athletes, teams and officials who attended the Celebration, were influenced to attend the Nationals as a result.

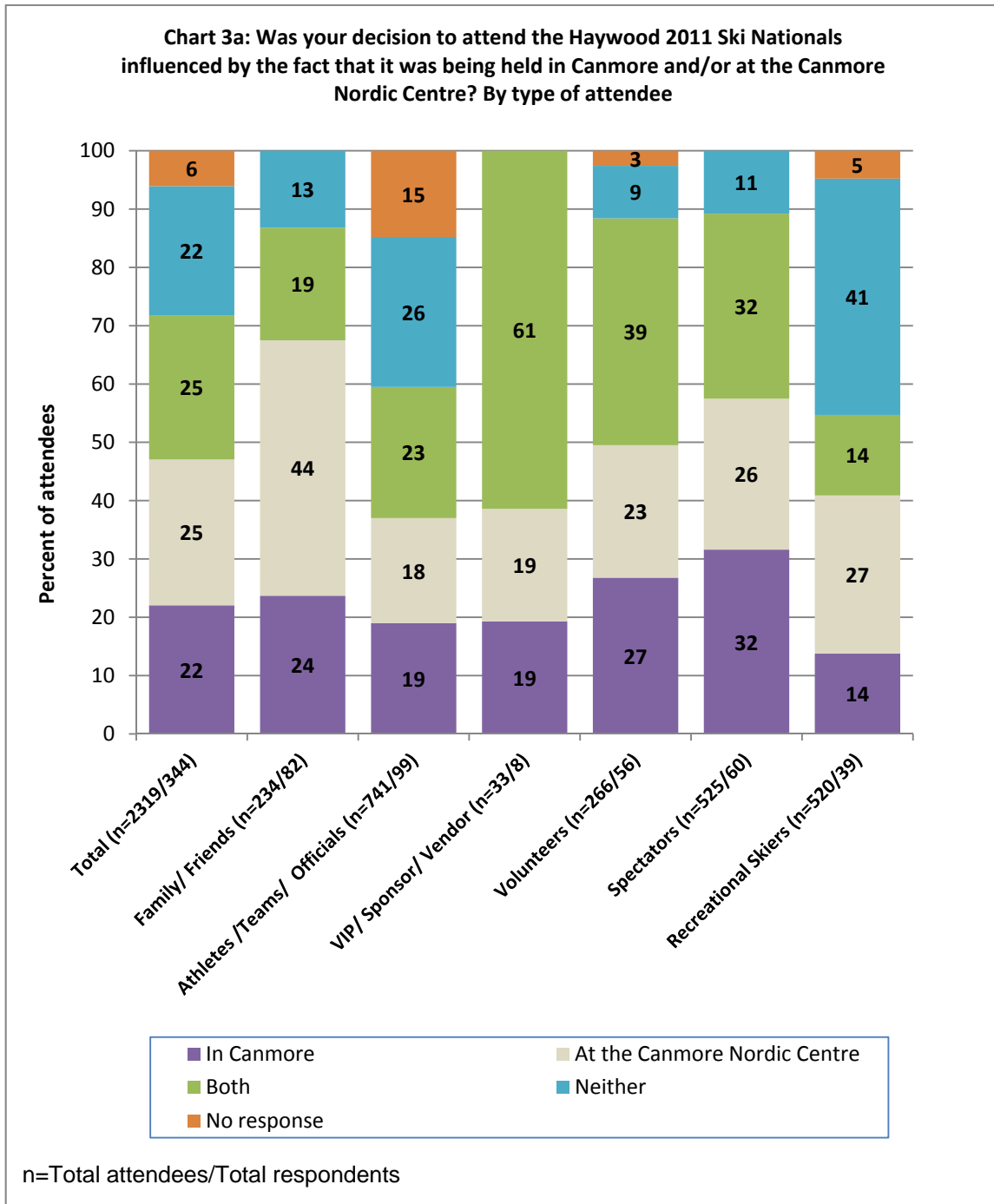
Also of interest is that an even higher proportion of competition participants (27%) indicated that the Community Celebration influenced their decision to attend, suggesting that pre-event publicity had played a role in attracting this group too, although this influence was not measured.

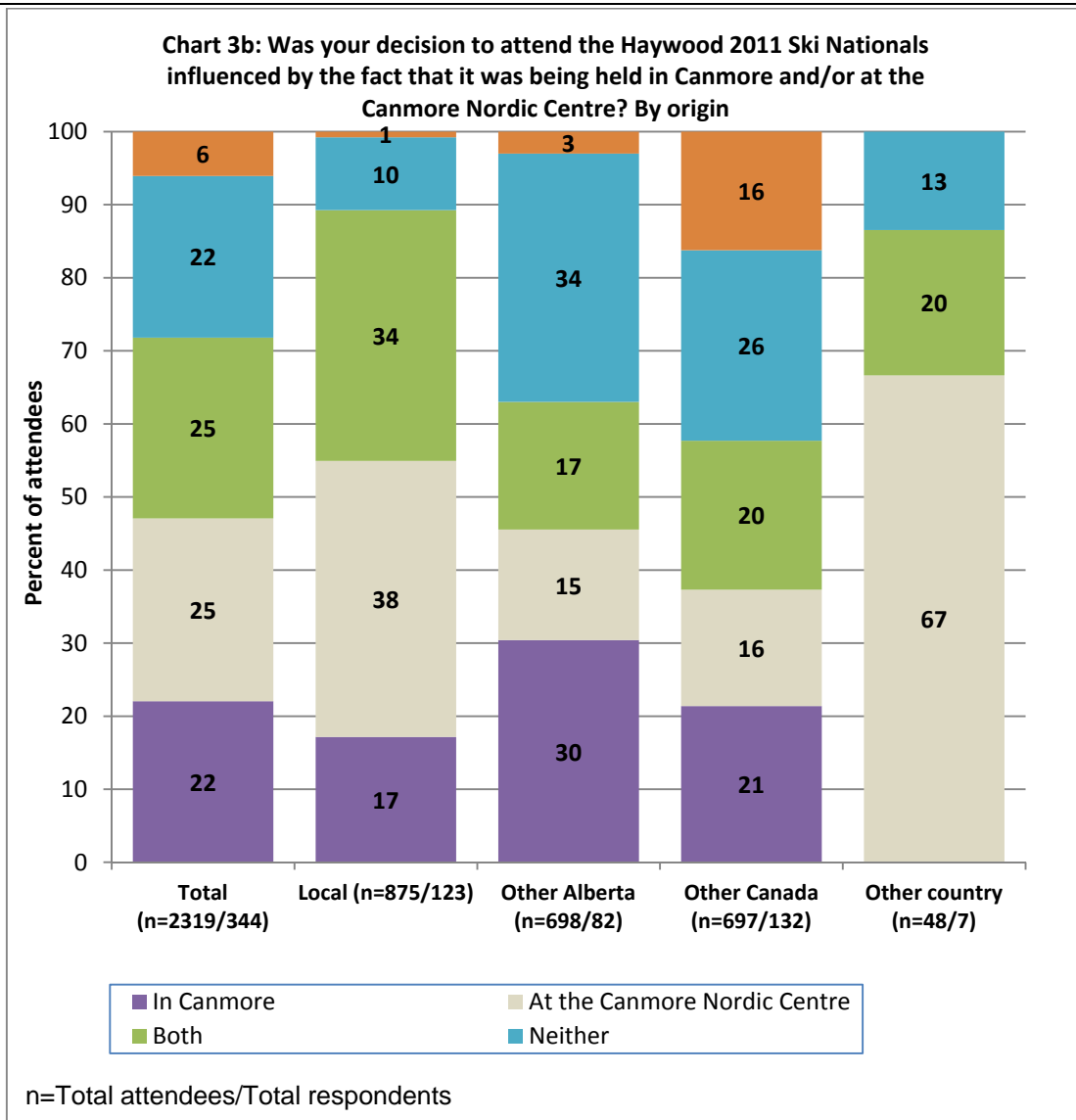
Confirming the draw of the Community Celebrations relative to competition participants found that most non-Albertans attended (85%), compared to about half the Alberta attendees (47%).



**LOCATION AS A MOTIVE FOR ATTENDING**

Charts 3a and 3b show the distribution of responses when attendees were asked whether the location of the event and/or the Canmore Nordic Centre influenced their decision to attend.





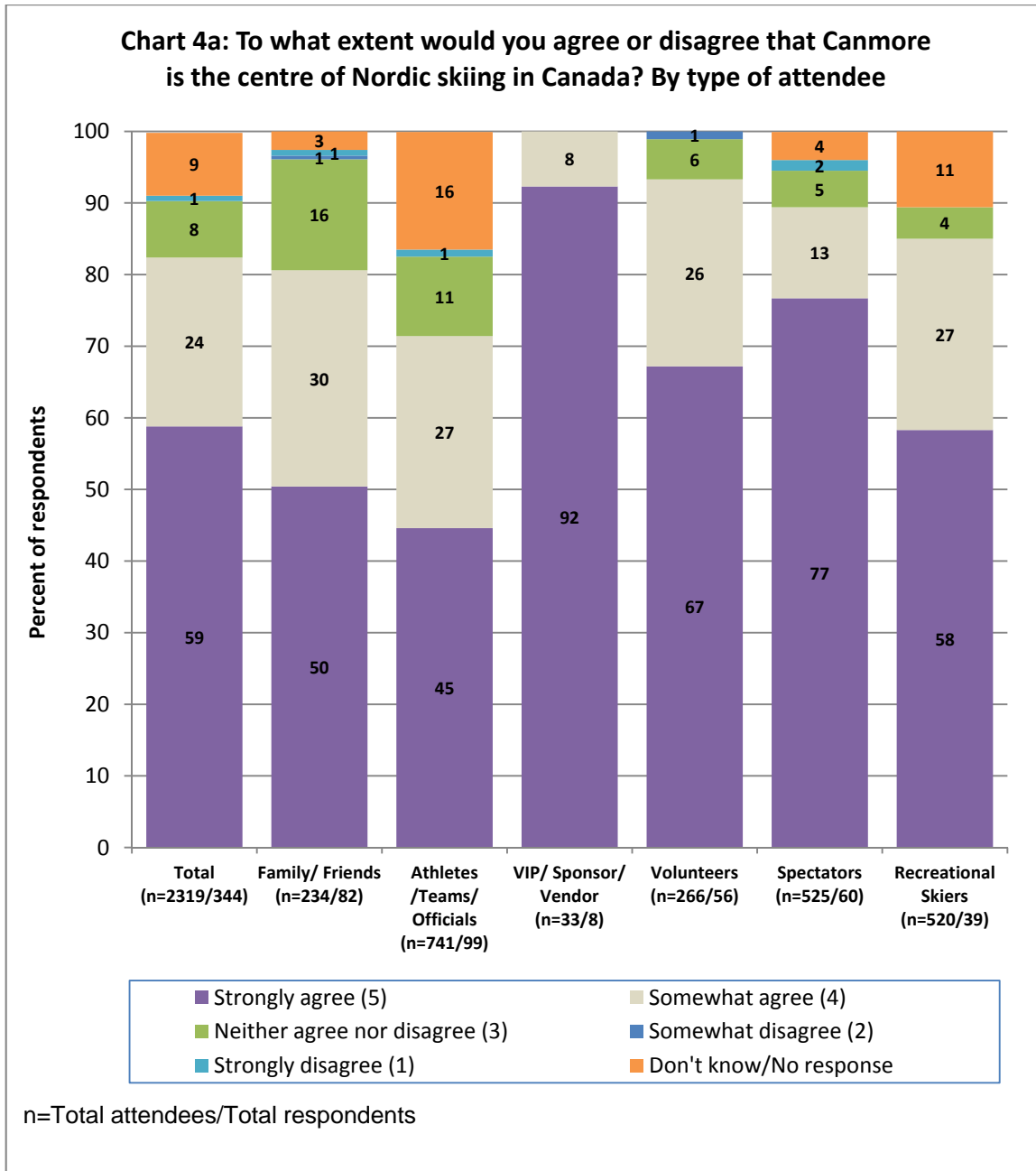
The results show the following:

- The ability to compete at the CNC was apparently a major draw for international attendees. In addition, local residents and family/friends of athletes were far more likely than average to be influenced by the facility.
- Being located in Canmore was the more important attractor among Other Albertans, spectators and volunteers.
- The combined attraction presented by both the town and the facility as a close and convenient location was more influential in the VIPs/sponsor/vendor/media group and also among volunteers and Local residents.
- A large proportion in some of the groups thought that location was not an influence on their decision to attend, particularly recreational skiers and Other Albertans.
- The result suggests that over 40% of participants were not influenced by location – it is the event itself that is the draw, no matter where it takes place.



### Canmore Nordic Centre's Standing

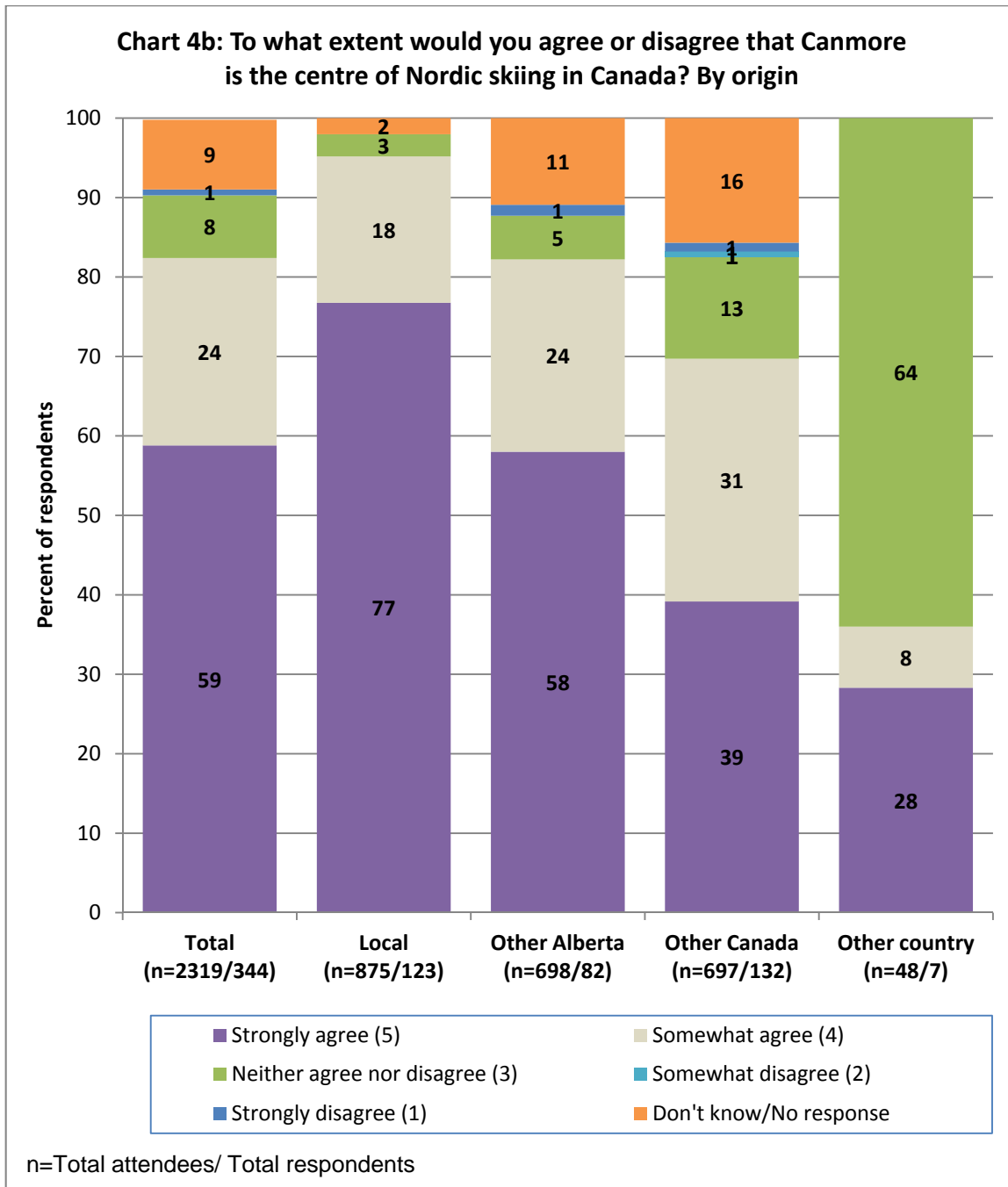
Respondents were asked whether they considered CNC to be the “centre of Nordic skiing in Canada”. Regional loyalties – particularly among Albertans – may have been in play when answering this question as may be seen in Charts 4a and 4b.



83% of attendees agreed, with the high proportion of 59% “strongly” agreeing that CNC is the centre of Nordic skiing in Canada. The strongest proponents of this point of view were the small VIP/sponsor/vendor/media group and locals, including spectators and volunteers. Next highest in agreement were Other Albertans and recreational skiers.







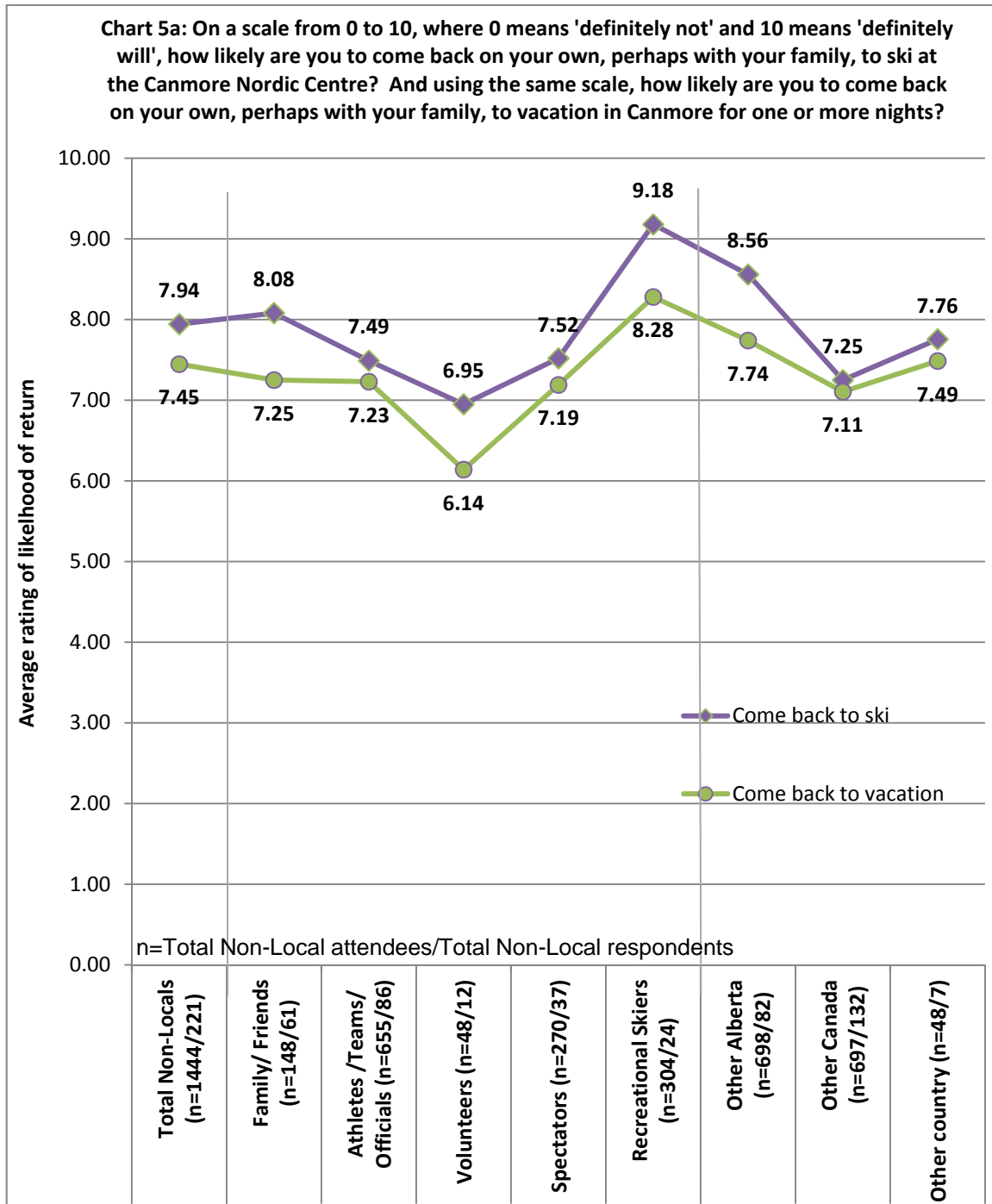
While almost no one actively disagreed (1%), a neutral response was received from 8% (“neither agree nor disagree”) and 9% did not answer the question. These responses were received more often from international participants, Other Canadians and competition participants. Nevertheless, 70% of Other Canadians did agree, 39% strongly.



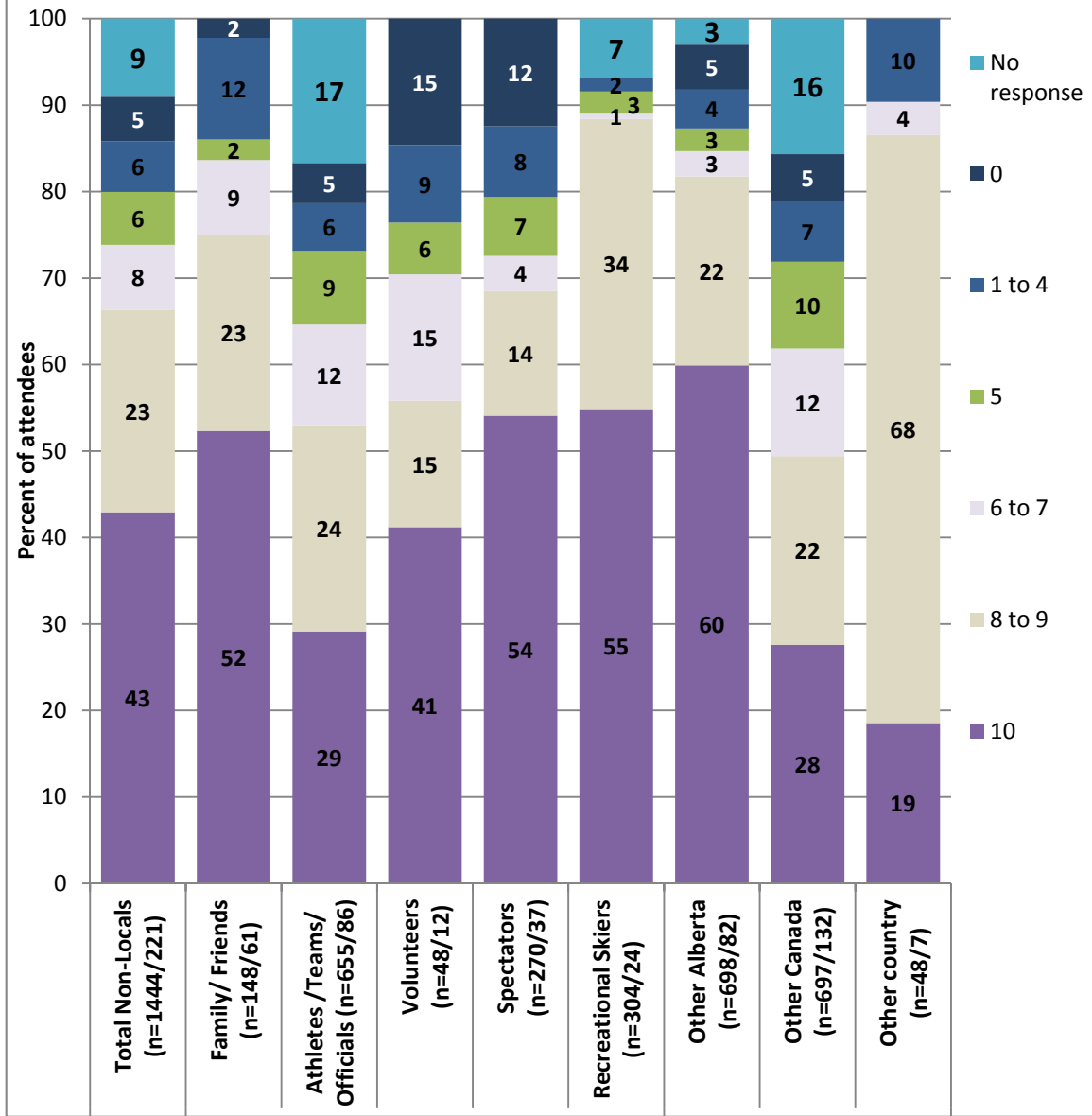
**POTENTIAL TO ATTRACT REPEAT VISITS**

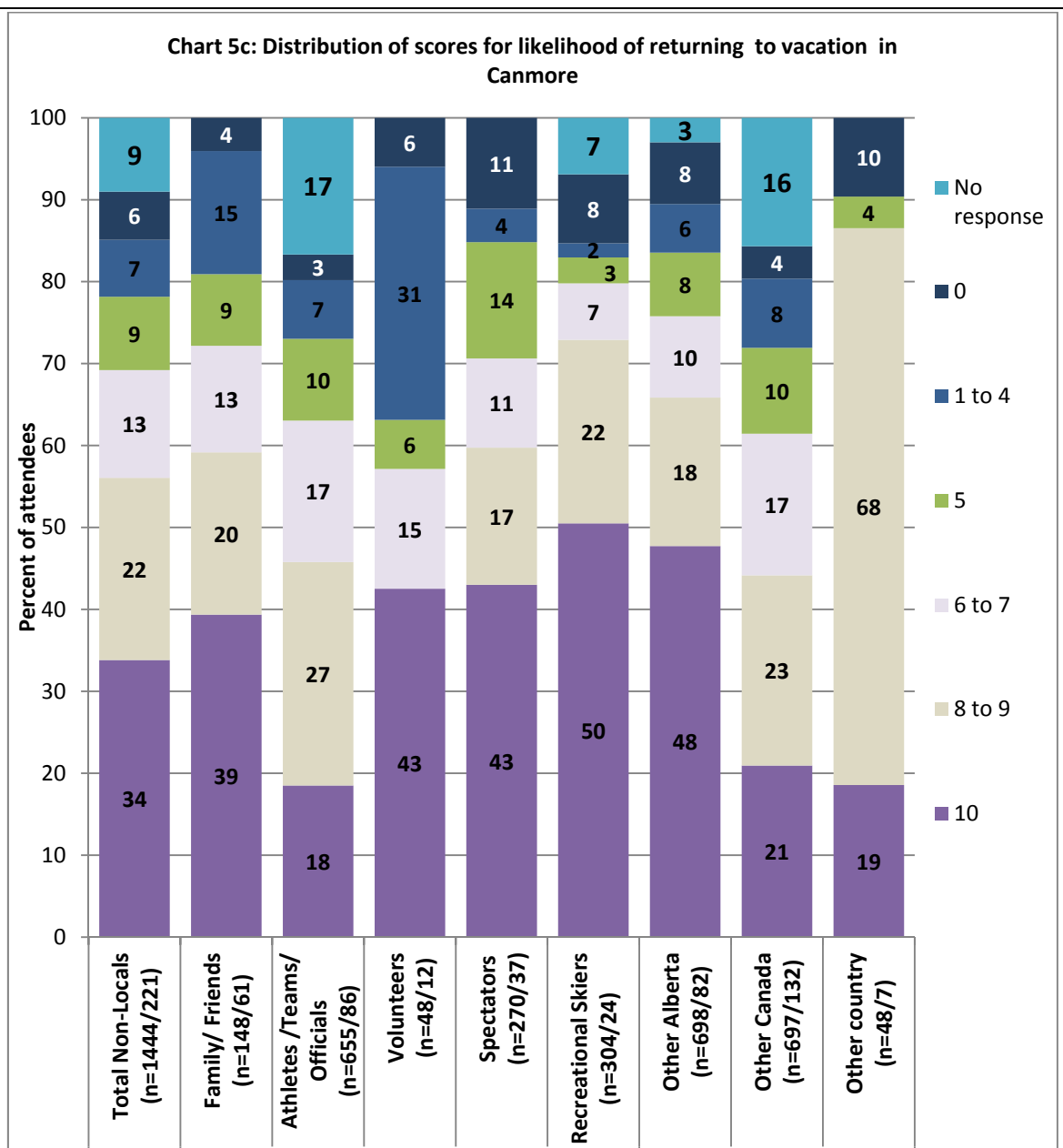
To investigate whether this taste of Canmore and the CNC would generate future visits, non-Locals were asked to rate their likelihood of returning with their family to ski or to vacation. Charts 5a to 5c show the results.

The overall response was very enthusiastic, with an average rating of 7.94 to return to ski. 43% gave a rating of 10 out of 10, and 66% rated their potential to ski at CNC for pleasure at 8 or higher.



**Chart 5b: Distribution of scores for likelihood of returning to the Canmore Nordic Centre to ski**





The overall response to the likelihood of returning for a vacation was rated a little lower, at 7.45 on average. 34% rated their chance of vacationing in Canmore at 10 out of 10 and 56% at 8 or more.

Potential to return, for either reason, was highest among recreational skiers, followed by Other Albertans. Family/friends of athletes provided higher than average ratings for skiing.

