

Bike Virginia Tour: Economic Impact and Direct Spending

Executive Summary 2012

The annual Bike Virginia Tour draws up to 2,000 regional, national, and international visitors during a 6 day period each June. Participants enjoy 300-400 miles of bicycling in rural areas, enjoying the history, scenery, and geography. The event is a program of Bike Virginia, a 501(C)(3), non-profit that works to improve Virginia's health, environment, and economy through bicycling.

The tour generates considerable tourism spending for the region as riders enjoy lodging, dining, entertainment, and retail opportunities. Riders occupy up to 400 rooms for 5-6 nights in addition to up to 1,200 riders that camp at our headquarters.

The average age of our participants is 54, 60 percent are male, 40 percent are female. We have a large return ridership (60% or greater each year). The year 2012 will mark the 25th Anniversary of the tour.

Direct Spending and Economic Impact

- Total participant spending for 2,000 riders over six days is estimated at \$1,133,380 for lodging, food, drink, entertainment, transportation, and retail purchases.
- Calculation of the ripple effect, secondary spending by merchants and businesses, suggests that the Tour has an additional impact of \$725,363 in ripple spending in addition to \$1,133,380 direct spending by tour participants.
- Additional to rider spending our organization spends \$500,000 annually on services and materials to hold the event. Those dollars also generate an additional ripple of \$320,000 for the regional economy.
- Based on formulas provided in the US Travel Association's report for Virginia Tourism the Bike Virginia Tour generates up to \$76,000 in federal tax, \$45,000 in state tax, and \$31,000 in local tax receipts.
- In total, the event can generate up to \$2.8 Million each year in just 6 days.
- Riders also show a strong desire for return tourism. Last year 63 percent of surveyed riders reported a desire to revisit the host towns again.

Local participation in planning for the tour by Visitors Bureaus, Chambers of Commerce, Downtown associations, and other businesses is integral in making the event a success for all. Together we can provide a memorable and enjoyable experience that will generate return visits.

This Executive Summary provides a snapshot of data from a 2011 Direct Spending Survey.

Additional information is provided in the attached full report.

Bike Virginia Tour: Economic Impact and Direct Spending

2012 Report

Each year the Bike Virginia Tour, a 6 day event, hosts up to 2,000 tourists from across the country and international locations as they explore Virginia on bicycle. The event is a program of Bike Virginia, a 501(C)(3) focused on helping make Virginia healthier environmentally, economically, and physically by improving bicycling. The tour has 4 purposes: encourage riding, introduce communities to the benefits of bicycling, improve bicycling in our host localities, and to stimulate tourism.

The event is in the 25th year. The annual tour moves to a new location each year. Locations are selected based on safety, beauty, historical appeal, and services available to support event needs.

Factual Overview:

- Length: 5 days of bicycle touring (300-400 miles) plus one day of registration/check in.
- We occupy 350-400 hotel rooms for 6 days.
- Headquarters are located at a school or facility that can accommodate 1,200 campers.
- We have 2-3 headquarters locations each year, spending 2-3 days in each location.
- Average participant age is 54. Riders are 60% male, 40% female.
- Registration cap is 2,000 participants.
- Entry fees range from \$80 for one day to \$500 for the full tour with additional options.

The tour has a major financial impact on the communities that host the event through participant spending, event organizer spending, ripple effect, and tax generation.

Direct Spending

Lodging: Cyclists and event staff spend 6 days in the host region. Some riders camp with the event, but others lodge in hotels and inns. Based on a 2011 survey, the event generates up to \$419,000 in revenue for lodging establishments over the 6 days.

Food and Entertainment: While in the host community the 2,000 riders dine in local restaurants and purchase other food and drink items valued at \$364,000 based on average spending in 2011. They also enjoy entertainment and recreation, spending \$135,000 during the tour.

Transportation: Participants arrive by plane, train, and car from across the country reporting spending \$137,000 in the host region.

Retail: Riders also enjoy shopping. Based on 2011 data, as much as \$78,880 is spent in local businesses on retail purchases other than food and drink. Souvenirs, art, wine, and clothing are common purchases.

Total participant spending for 2,000 riders over six days is estimated at \$1,133,380 for lodging, food, drink, entertainment, transportation, and retail purchases.

Ripple Multiplier

When a dollar is spent in a local economy to purchase goods or services that money continues to impact other businesses through further spending. This is called a ripple effect. When a cyclist purchases food at a restaurant during the tour, that restaurant in turn purchases items and labor.

In the 2010 Economic Impact for Domestic Travel Study for Virginia a multiplier of 1.64 is described. “This indicates that one travel dollar generated an additional 64 cents in secondary sales for a total impact of \$1.64 (US Travel Association, 2011, Page 20).

Using this ratio multiplier, the Bike Virginia Tour has a ripple effect of \$725,363 in addition to \$1,133,380 direct spending.

Tax generation:

According to the 2011 US Travel Association report for Virginia, “each dollar spent by domestic travelers in Virginia produced 6.7 cents for federal tax coffers...on average, each domestic travel dollar produced 4.0 cents in state tax receipts,” and “each domestic travel dollar produced 2.8 cents for local tax coffers.”

Based on the Association’s estimates the Bike Virginia Tour generates \$76,000 in federal tax, \$45,000 in state tax, and \$31,000 in local tax receipts.

Event Services

In addition to direct spending by riders, our organization hires local service providers, purchases materials for event, and donates to civic groups that support operation of the event. We spend an average of \$500,000 annually on the many items and services needed to hold the event for services like catering, portable toilets, traffic control, and entertainment and buys fuel, food, ice, and other items in large quantities.

- Community civic groups are given an average of \$25,000 annually in return for hosting rest stops for the riders.
- Local school systems receive over \$10,000 for facility usage and volunteer support.
- School systems provide purchased services such as janitorial support and transportation assistance, totaling up to \$10,000 each year.

Fund Raising

The Bike Virginia tour is not only our largest outreach program it is our primary fundraising event. Proceeds from the event fund our educational activities across Virginia, outreach and awareness programs, grant match for Department of Motor Vehicles Safety grants, and operational costs of our non-profit organization. Each year we provide mini-grant opportunities

related to bicycling in hour tour host towns of up to \$5,000 as a legacy of improved bicycling in the communities we visit.

Return Tourism and Participation

Bike Virginia participants report a high desire to return to local host communities for additional cycling and other tourism opportunities. In 2011, sixty-three percent reported a desire to return or that they were already planning a return trip. This finding is consistent with past years indicating that the tour continues to impact economies of host towns well beyond the days of the event.

The tour also has a high rate of return participation. In our 2011 survey 64% of riders indicated they had ridden with the event 2 or more times, 23% percent had ridden 5-10 years.

Bike Virginia visits new locations to offer new cycling experiences each year, however our rotation typically results in returning to a region every 5 to 7 years.

Conclusion

For 25 years the Bike Virginia Tour has had significant financial impact on regional tourism. Each year the tour brings up to 2,000 riders from US and international locations to rural Virginia regions.

Based on a 2011 survey of participant spending, annual impact can reach \$1,133,380 for direct spending on lodging, food, entertainment, retail items, and transportation during the 6 days of the tour. The ripple effect for secondary spending, based on a multiplier ratio of .64 is estimated at \$725,363.

In addition to participant spending Bike Virginia spends \$500,000 on services and materials to hold the event. Those dollars also have the potential to generate a ripple of \$320,000 for the regional economy.

Localities, state, and federal tax dollars are gained when tourists buy goods and services. Direct spending from the event results in amounts from 2.8 to 6.7 cents of each dollar spent in tax receipts for local, state, and federal governments. The event has the potential to generate up \$152,000 annually including \$31,000 for local governments in host communities.

The tour also serves to increase the awareness of bicycling as a means to a healthier, cleaner Virginia in addition to helping rural economies develop bicycle related tourism for future economic effect.

Based on research in 2011, the total economic impact for the Bike Virginia Tour including direct spending, ripple, and tax receipts is estimated at \$2.8 Million.