

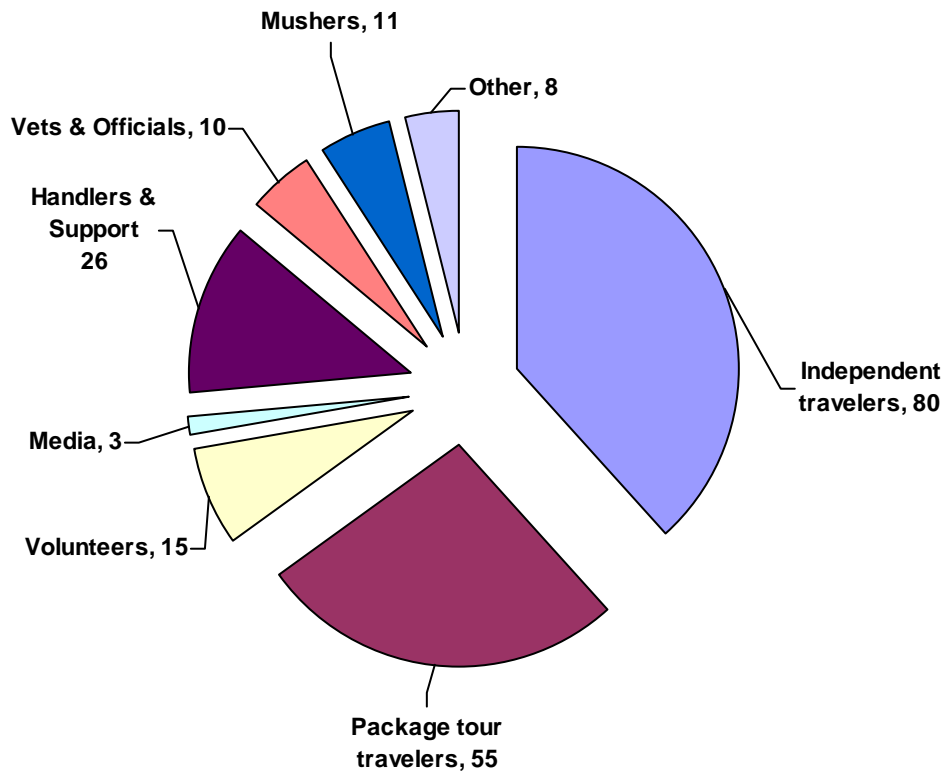
2006 Yukon Quest Economic Impact Analysis

November 2006

The 2006 Yukon Quest event led to an estimated increase in spending of \$1.16 million and an increase in Yukon gross domestic product estimated at \$666 thousand. Additional business activity resulting from the event contributed 10 full-time equivalent jobs to the Yukon economy. Economic impacts were less than what was recorded for the 2005 Yukon Quest partially or wholly on account of a Fairbanks race start, a snowstorm in Alaska and inadequate snow cover in Yukon. In conclusion, the Yukon Quest contributes substantially and measurably to the territory's economy in addition to perceived benefits to our northern culture and diversity.

The 2006 Yukon Quest Economic Impact Study was conducted from late January to late June 2006. The purpose of this study was to determine the economic impact of the 2006 race on the Yukon economy based on the visitor expenditures, spending by the Yukon Quest International Association and contributions from Yukon businesses.

Chart 1. Visitors to Yukon by Category



The 2006 Yukon Quest proved to be a highly unusual race with few mushers crossing the finish line that was moved from Whitehorse to Dawson City on account of unseasonably warm weather and thin snow cover. From a field of 22 mushers, eleven pulled out or were eliminated; nine of the eleven never entered Yukon as race participants.

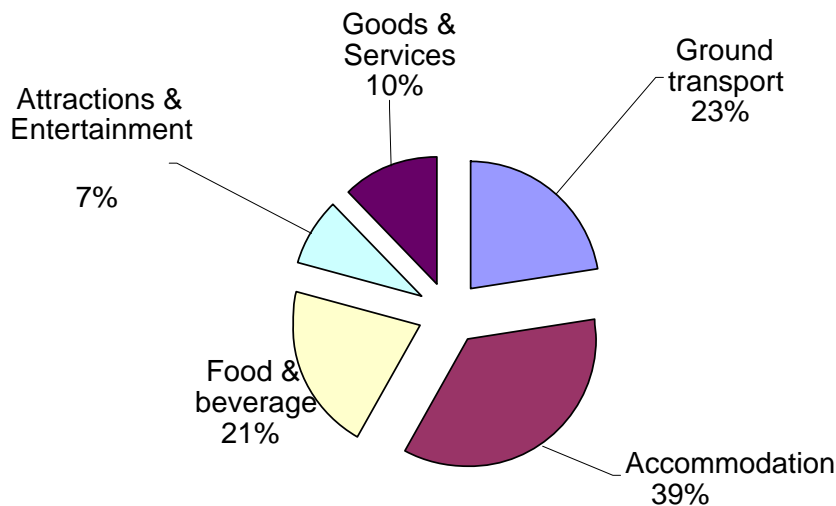
Visitors and Visitor Spending Impacts

Yukon Quest-related visitor spending (in Yukon) in 2006 amounted to \$342 thousand, down over \$200 thousand from estimated 2005 Yukon Quest visitor spending. Reduced visitation and spending is believed to be the result of events such as the Eagle summit snowstorm that resulted in the withdrawal of six dog teams and the mild Yukon winter that forced the shifting of the finish line from Whitehorse to Dawson City. The economic impact of starting the race in Fairbanks rather than Whitehorse is difficult to interpret as the 2006 Yukon Quest was affected by these unusual events.¹ Table 1 breaks down a spending total of \$342,100 by category of visitor.

Table 1. Visitor Spending by Group

<i>Visitors</i>	<i>Estimate</i>
<i>Package Tour Travelers</i>	<i>\$144,830</i>
<i>Independent Travelers</i>	<i>\$114,990</i>
<i>Mushers</i>	<i>\$26,530</i>
<i>Handlers and Support</i>	<i>\$26,150</i>
<i>Volunteers</i>	<i>\$9,810</i>
<i>Media</i>	<i>\$3,600</i>
<i>Vets and Officials</i>	<i>\$9,500</i>
<i>Other</i>	<i>\$6,690</i>
<i>Total Spending</i>	<i>\$342,100</i>

Chart 2. Visitor Spending by Expenditure Category



¹ General observations suggests that a Whitehorse start draws more tourists to the Yukon.

Yukon Quest International Association Spending and In-Kind Contributions

Yukon Quest International Association spends money in the Whitehorse community and beyond on items such as administration, advertising, food and accommodation, travel etc. Total fiscal 2005-2006 YQIA spending amounted to \$548,850, up \$90 thousand from previous year spending.

Table 2. 2006 Yukon Quest International Spending

Cash Spending	Expenditure
Equipment, Retail and Rental	\$ 169,890
Advertising	\$ 160,620
Contracting	\$ 60,810
Accommodation, Food and Beverage	\$ 50,000
Transportation	\$ 46,510
Administration & Office Support	\$ 31,850
Other	\$ 29,170
Total	\$ 548,850

Each year, several Yukon businesses contribute to the Yukon Quest in various ways. Contributions include items such as complimentary ground and air travel, accommodation, food, clothing, advertising space, etc. At \$118,360, these in-kind contributions are significant and signal broad support from the business community for the annual Yukon Quest event.²

Table 3. 2006 Yukon Quest In-Kind Contributions

In-Kind Contribution	Expenditure
Advertising	\$ 36,000
Retail	\$ 22,100
Transportation	\$ 20,940
Admin. And Support Services	\$ 15,120
Accommodation, Food and Beverage	\$ 15,600
Other	\$ 8,600
Total	\$ 118,360

² Goods and services that are contributed to the event reduce inventories and capacity and are treated, with a degree of caution, as items of economic impact.

The total economic impact of the Yukon Quest is presented in Table 4. The Yukon Quest event led to total direct and indirect spending of \$1.16 million,³ down from 1.64 million in 2005. Total impact of the 2006 event on Yukon GDP was \$666 thousand compared to \$815 thousand in 2005. Total employment created through the spending of Yukon Quest visitors, the YOIA office, and contributions from the business community was estimated at 10 full-time job equivalents.

Table 4. Overall Economic Impact

Category	Spending ⁴	GDP ⁵	FTE Employment
Visitor Spending	\$ 431,900	\$ 231,860	4.1
YQ International	\$ 625,940	\$ 353,820	5.9
In-Kind	\$ 103,400	\$ 80,720	0.1
Total	\$ 1,161,240	\$ 666,400	10.1

Concluding Remarks

The 2006 Yukon Quest that started in Fairbanks, Alaska on February 11 with 22 mushers proved to be an odd and calamitous event with the finish line set in Dawson City rather than Whitehorse on account of thin snow cover. A storm at Eagle Summit put a quick end to the race for six dog teams. These factors reduced the impact of the event and forced organizers to develop rapid action plans to complete the event.

As a result of the multiplier effect in the Yukon economy, the event led to an estimated increase in spending (or output value) in the territory of \$1,161,240. This figure includes direct and indirect spending that resulted from visitor spending, direct expenditures of the Yukon Quest International Association and the in-kind contributions of sponsors.

The resulting increase in gross domestic product for Yukon was estimated at \$666,400. Furthermore, the Yukon Quest generated additional business activity that would lead to an estimated increase in employment equivalent to 10 full-time jobs. In conclusion, the Yukon Quest is a key cultural and economic event for Yukon that has measurable impacts on the territorial economy.

Links:

Yukon Quest International

➤ <http://www.yukonquest.org>

Yukon Department of Economic Development

➤ <http://www.economicdevelopment.gov.yk.ca>

³ Figure refers to direct and indirect spending.

⁴ The 'Spending' category represents both the direct spending made by visitors, the Yukon Quest International Association and in-kind contributions, as well as the indirect spending arising from these expenditures. Indirect spending arises, for example, when a restaurant owner purchases supplies on account of a direct spending item such as a visitor meal. Including indirect spending impacts with direct spending is often termed 'multiplier analysis'.

⁵ 'GDP' is gross domestic product, a measure of the value-added that occurs in the Yukon to supply goods and services arising from the Yukon Quest event. GDP subtracts the inputs that come from outside of the Yukon from the output estimate. GDP is a common measure of economic activity and of economic impact.