

## **Project Title**

The Competitive Mountain Bike Events Industry in the UK

## **Keywords**

Mountain Biking, Racing, Events, Business, Marketing

## **Summary**

A comprehensive study of the industry for the organisation of competitive mountain bike racing events in the UK. The research shows strong growth in the number of participants in races throughout the UK across a range of mountain biking sub-disciplines (treated as market segments.) A demographic survey show distinct differences between individuals when grouped into these segments and raises important questions for governing bodies, race promoters and participants alike. Action research and interviews with industry professionals reinforce trends in quantitative data and provide an insight into key management issues of the moment.

## **Activities**

Given the wide-ranging, exploratory nature of this study, a variety of different research methods were employed in order to assess both the broad aspects of the market and its detailed nuances. The research design was intended to provide an indication of the overall value of the market and its volume as well as demographic information about the consumer base. Support from the Reinvention Centre enabled research to be conducted into the organisations within the industry and to discover current issues in the market. Finally, the practicalities of race event management were explored through action research.

## **Longitudinal Market Data Analysis**

Competitive mountain bike events have two elements in common; they all have an entry fee and the results from each event are always published. This provides an excellent indication of the volume and value of the market. Data is readily available from the websites of event promoters and specialist timing companies in addition to the data available from individual clubs.

Data was collected for all events which took place in 2004, 2005 and 2006, arranged by event and categorised by event type. This data was then used to estimate the total market size in terms of volume and value. Monetary values were indexed in real terms at 2004 prices to take into account changes in the RPI and the data was used to demonstrate trends in specific mountain bike sub-disciplines, market share by promoting organisation and provide indications for market forecasts.

## **Consumer Survey**

Initially I intended to gather consumer demographic information by surveying a sample of the UK mountain biking population using a self-administered postal questionnaire to be disseminated through popular monthly publications relating to the sport of mountain biking. Whilst the project gained support from magazine editors this method was rejected on the basis that the potential for contamination of respondents' answers by consultation with others is too high and the time taken to respond is too long (4-8 weeks) to warrant the financial and logistical resources required.

Instead, it is recognised that the UK mountain bike community is a computer-literate population (there are more than 10 major independent news websites and over 25 internet forums dedicated to the sport in the UK alone) and that the cost and logistical implications of a questionnaire administered online are more manageable than the postal system. Additionally, this type of questionnaire permits a geographically dispersed group of respondents to reply quickly and allows the sophisticated control, validation and automation of the results gathering process.

It was important to ensure that the data I collected was immediately suitable for analysis. This meant learning how to use the popular SPSS software package for data analysis in addition to PHP and MySQL website programming. The online form was designed and tested to provide data that was suitable for direct download into the statistical analysis package.

In order to administer the questionnaire to the largest possible audience a non-monetary incentive was used to encourage a high response rate (a method noted to increase response rate by 12%-15%.) The incentive took the form of a 'prize-draw' which could be entered by completing the questionnaire. In order to avoid contamination of the results by respondents from outside of the desired population (participants of mountain biking) the prize was of little worth to non-mountain bikers. The questionnaire (and accompanying website) was promoted through press releases sent to every major UK-based mountain bike related printed publication, news website and online specialist mountain bike forum.

### Interviews with Industry Professionals

In order to successfully profile the market it was necessary to gain an understanding of the key problems facing the industry, the organisations within the industry and the individuals working within those organisations. It was also necessary to identify key external bodies and the influence they have on the market. This was done by conducting semi-structured interviews with a range of industry professionals because the information required was too complex to be gathered by questionnaire and the questions too open-ended to permit any other approach. Furthermore, it has been shown that by establishing personal contact participants are more likely to respond well to the researcher's questions, especially where the subject is interesting and relevant to their work. This was certainly the case in this project and I have made a number of friends and useful contacts both through the interview and the dissemination processes.

In order to gain as much information as possible, the list of topics for discussion in each interview was flexible and adapted to the specific organisational context of each interviewee. The order of questions was also flexible and permitted the interviewee to talk at length on subjects which they find most pertinent. I found that by using a variety of open and probing questions and by demonstrating attentive listening skills, often deliberately holding-back my own thoughts I was best able to get interviewees to talk candidly about their organisation and the problems they face.

With the interviewee's permission the interviews were recorded using a small video camera and microphone attached to a laptop computer. This allowed me to focus on questioning and listening rather than taking notes during the interview and it also served to provide an unbiased account of the dialogue for future reference. It was clear in some interviews that there were adverse effects of overtly recording the individual during the interview (interviewees may feel unable to talk openly on certain subjects.) In response to this I began to create a false ending to the interviews at which point the video and audio recording equipment was switched off. This provided an opportunity to address any topics which were impeded by the presence of active recording equipment. With the interviewees permission a short edited clip of the interview was disseminated via the project website as part of the efforts made to attract visitors to the site and promote the online questionnaire.

Topics of discussion varied according to the organisation but followed a general pattern:

- Individual's background, both professional and sporting.
- Organisation's history.
- Current range and type of events offered.
- Methods of best practice.
- Marketing methods.
- Business risks.
- Interaction with sport governing bodies.
- Broad factors influencing activities (using PESTLE model.)

My initial plans for this section of the research were vastly ambitious, perhaps unnecessarily so. I had originally planned (and budgeted) for more than 20 interviews in the UK and one in France all arranged within tight schedules which failed to take into account the numerous situations which prohibit interviews from taking place. It soon became clear that it was going to be logistically impossible to complete every interview within my permitted budget and the allotted time. Often, not all of the identified interviewees within a particular geographic region would be available within the suitable date-range and some refused to be interviewed. Consequently, multi-day trips (originally planned with numerous interviews across a particular geographic region) became long journeys for just one or two interviews.

Nevertheless, the responses of interviewees varied very little in discussion of particular aspects of event organisation. It became apparent that the initially proposed number of interviews would add little to the value of the project findings. Instead it was decided that it would be more beneficial to spend the remaining budget on developing a more appropriate method of dissemination, this will be discussed further in the section on project outcomes.

### Action Research – Becoming an Event Organiser

To be able to fully comprehend the practicalities of event management there is little substitute for practical experience. By merging the roles of researcher and practitioner it was possible to achieve a more in-depth understanding of the issues facing managers in the industry and, where possible, suggest areas for improvement.

The race series consisted of 3 4X type events which attracted between 35 and 65 participants to each. Permission was given by the landowner, Warwick District Council, for the events to take place at the Campion Hill Bike Track in Royal Leamington Spa on the Sunday 28<sup>th</sup> January, Sunday 25<sup>th</sup> February and Sunday 11<sup>th</sup> March 2007 respectively. The purpose of this exercise was to determine the costs associated with organising and executing a competitive mountain bike event and to understand the practical problems experienced by managers of these events. In addition, I was able to provide low-cost events in an area of the UK which lacks regular accessible mountain bike racing.

### Outcomes

#### Supply

Table 1: Market Size

Year	Volume	Index	Value	Index*
2004	32,188	100	£739,918	100
2005	37,795	117	£950,559	125
2006	40,659	126	£1,106,180	141

\*Adjusted according to inflation with data from the National Statistics dataset.

The market for competitive mountain bike events shows signs of strong growth (Table 1.) This is evidenced by a consistent increase in both volume and value of participants throughout the research period. Furthermore, many industry professionals are optimistic for the future of the market and most are keen to introduce new events within the next two years.

Current trends indicate an overall growth rate of 10-15% per year in volume and 15-25% in value. This is based on trends in market data between 2004 and 2006 and indications of potential future interest in participation in competitive mountain bike events. New entrants to the market, new sponsors for large scale endurance/marathon events and opinion of industry professionals all display promising signs of continued growth.

Nevertheless, it is difficult to provide an accurate forecast for a market which relies heavily on the voluntary efforts of individuals and which is prone to the uncertain effects of changes in legislation, poor weather and outbreak of disease in addition to shifts in consumer opinion. A more conservative estimate is required, especially due to the relatively small size of the current consumer population. The market is growing but at an uncertain rate. Projections are given here as an estimate of future growth.

Table 2: Forecast Volume Growth by Segment

	2006		2007		2008		2009		% Change 06-09
	Volume	%	Volume	%	Volume	%	Volume	%	
<b>Downhill</b>	12281	30%	13263	30%	14324	30%	15470	31%	26%
<b>Cross Country</b>	9710	24%	9807	22%	10003	21%	10303	20%	6%
<b>Enduro/Marathon</b>	13272	33%	15263	35%	17095	36%	18805	37%	42%
<b>4X</b>	668	2%	721	2%	779	2%	841	2%	26%
<b>Dirt-Jump</b>	293	1%	308	1%	333	1%	366	1%	25%
<b>Trials</b>	1213	3%	1237	3%	1249	3%	1261	2%	4%

<b>Trailquest</b>	3222	8%	3319	8%	3419	7%	3522	7%	9%
<b>Total</b>	40659	100	43918	100	47202	1	50568	1	24%

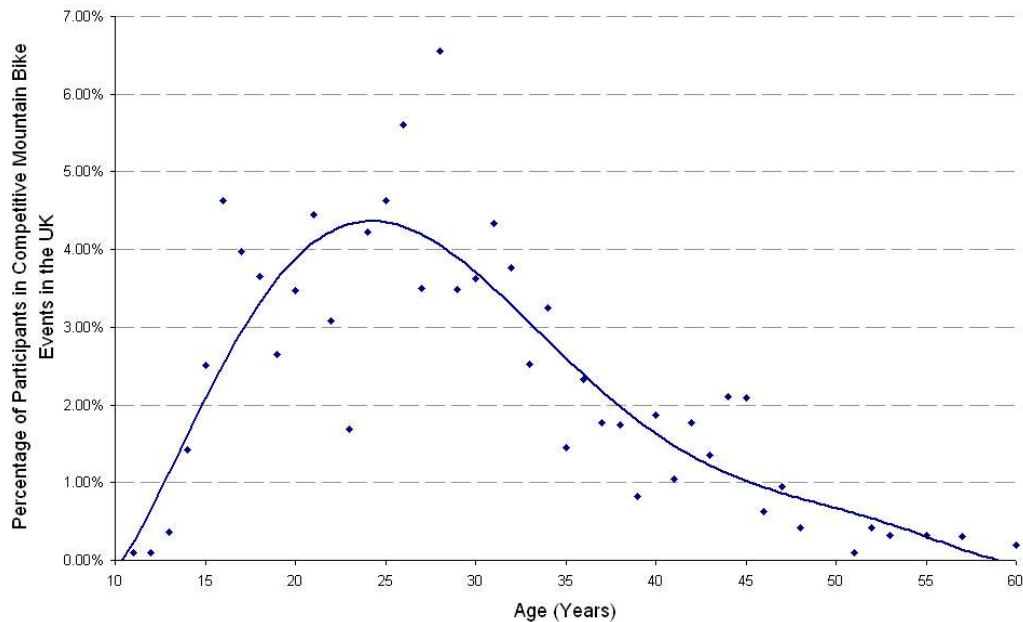
Growth in each segment requires a sustained consumer interest in the discipline and continued effective organisation of events by the current market leaders. Problems within the industry regarding the availability of venues in addition to changes to legislation regarding uplift facilities and their associated costs may impede growth. This is particularly relevant in the downhill segment which currently appears to be running at maximum capacity.

Broad economic factors, notably the projected increase in the UK population of males ages 20-24 and the continued growth in personal disposable income will facilitate growth<sup>1</sup>.

### Demand

882 questionnaire respondents (estimated to be approximately 10-15% of the desired population) provided a high quality dataset which displayed some interesting characteristics. Firstly (although unfortunately unsurprisingly) it is noted that female participation is very low at just 7%. Whilst many event organisers, governing body officials and participants express regret at this inadequacy it remains unclear what the best method of addressing this issue is.

Figure 1: Consumer Age Distribution in the UK Competitive Mountain Bike Event Market



The mean age of a consumer in the market is 26 years (S.D. = 9 years.) More than 50% of the market consumer population is between the ages of 18 and 30 years. Figure 1 shows a sharp uptake of consumption between the ages of 10 and 20 years before a levelling-off which occurs amongst consumers aged, on average, 24 years. This may be explained by the relative newness of the sport or the demanding physical nature of the activity.

Figure 3: Consumer Age Distribution by Segment (Data points removed for clarity.)

<sup>1</sup> Mintel (2005) **Extreme Sports – UK**. [Internet] Available from <<http://reports.mintel.com/>>

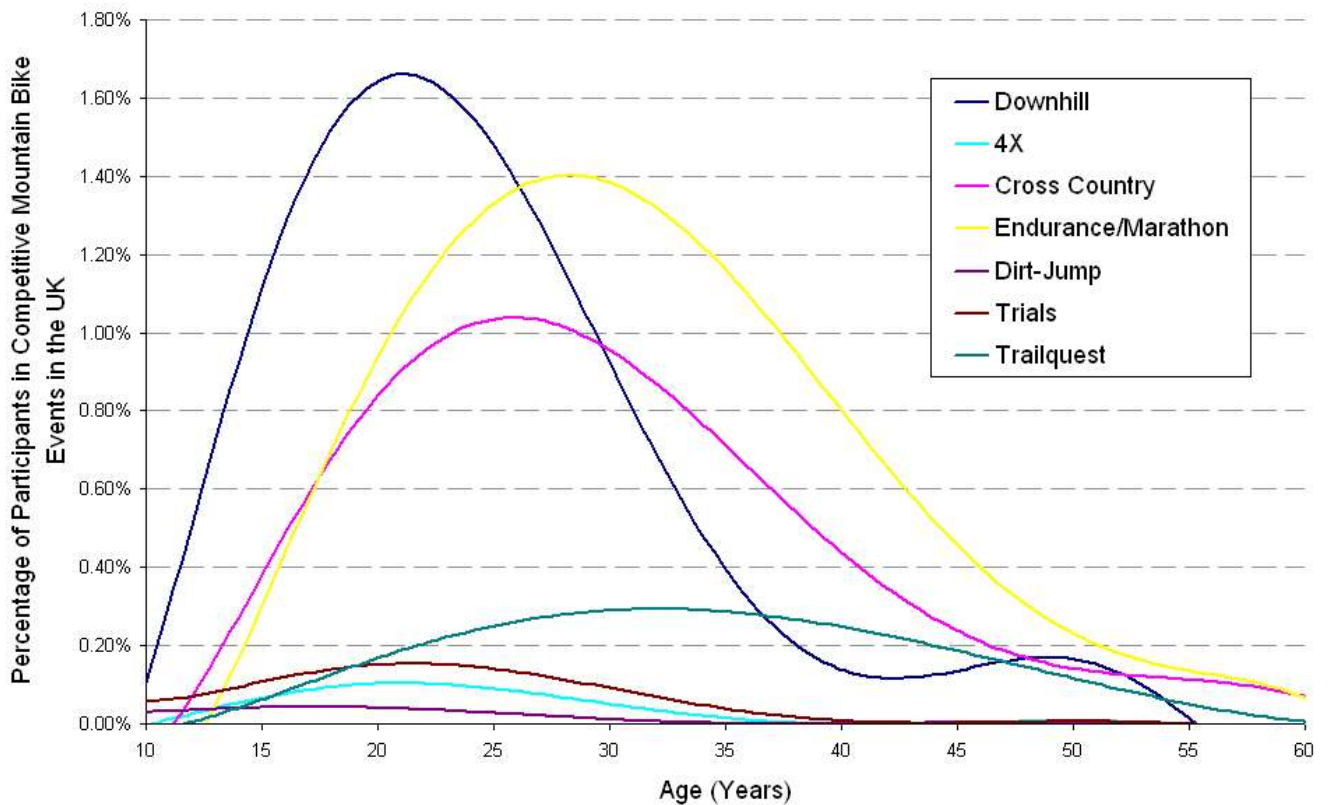
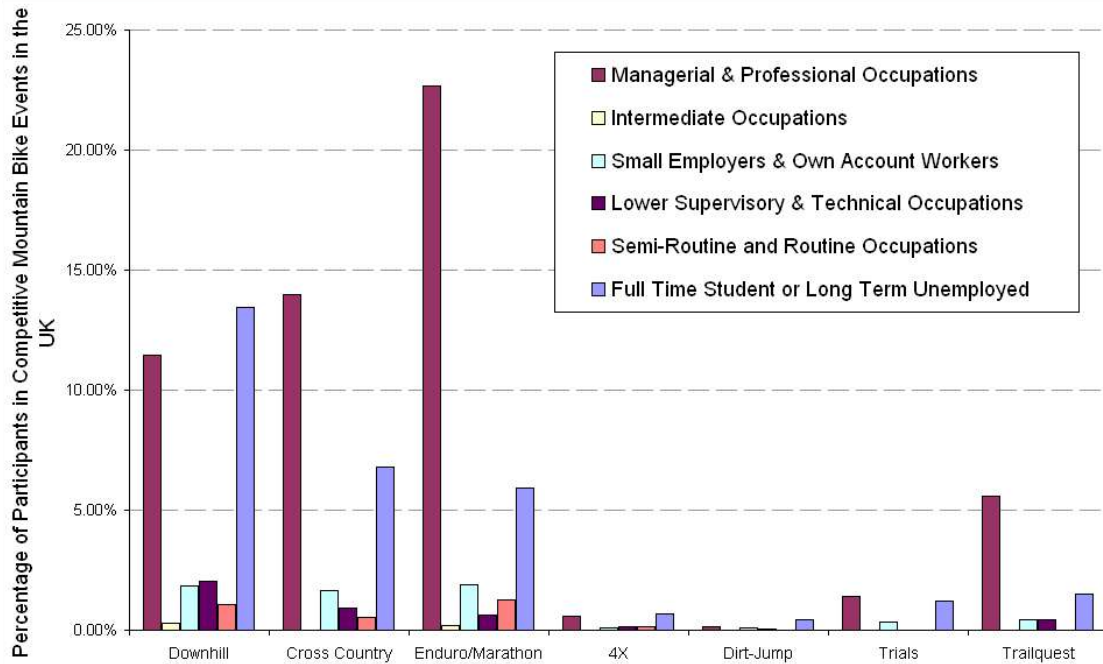


Figure 2 shows the difference in consumer age distribution between each market segment. The segment populations of downhill, 4X, dirt-jump and trials are notably younger M(24, 23, 19, 22) than those of cross country, endurance/marathon and trailquest M(29, 31, 33.)

The socioeconomic classification of consumers (figure 3) reveals further differences between consumer groups for each segment of the market. 30% of all consumers are full time students or long term unemployed. Given the age distribution for the population it is suggested that the majority of these are likely to be full time students. They constitute nearly half of all consumers in the downhill segment, around a quarter of the cross country segment and approximately one sixth of the endurance/marathon segment.

Figure 3: Consumers by Socio-Economic Category

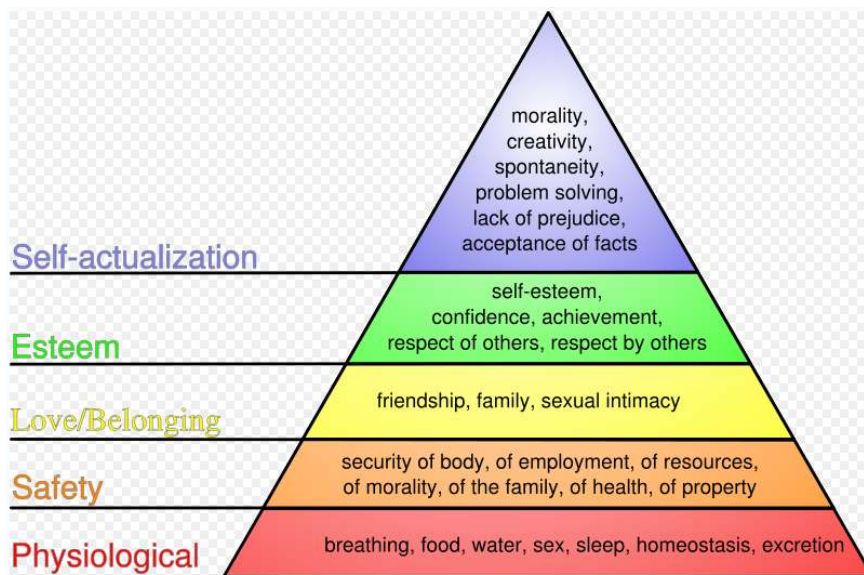


56% of consumers in the market occupy managerial or professional qualifications with around half of these participating in endurance/marathon type events. Two-thirds of the endurance/marathon segment is composed of consumers from this socioeconomic category who receive, on average, an annual gross personal income of between £25,000 and £34,999.

In a grouping akin to that evident in the age distribution of consumers by segment, the cross country, endurance/marathon and trailquest segments consist of 60-70% of consumers from managerial and professionally qualified occupations. Furthermore, 50-60% of consumers in each of these segments receive more than £25,000 in gross personal income per annum. In contrast, more than 40% of consumers in the downhill, 4X, dirt-jump and trials segments are full-time students or long term unemployed. In addition, more than 50-60% of the consumers in these segments have an annual gross personal income less than £15,000.

#### Key Management Issues

**Volunteer labour** is instrumental to the successful functioning of a competitive mountain bike event. Without it, many activities are not safely possible and paid labour in the UK is too costly for organisations in this market in the volumes required. There are a number of proven strategies for attracting volunteers and whilst they are technically unpaid labour it is common to pay a fixed *per diem* amount towards expenses. Effective management of volunteers (and ultimately, retention of this valuable resource) is crucial. A useful model to consult in dealing with volunteer workers is the popular Hierarchy of Needs (Maslow, 1943.)



According to Maslow's theory, humans will first seek to meet basic physiological needs before attempting to satisfy 'higher needs'. In the case of volunteer workers, particularly in the rugged outdoor environment in which most competitive mountain events take place, it is vital that event organisers tend to the basic physiological needs of these individuals. Only then may they feel they have attained higher needs such as the feeling of respect of others, friendship and achievement. To do this, organisers may require the appointment of a 'head volunteer' or paid individual to be responsible for ensuring volunteers' well-being. They may also implement a system of shift-working, job rotation or job-sharing to alleviate boredom. Attempting to pay volunteers can devalue the experience for them, especially where there is a wide range in age, socioeconomic category and income amongst the volunteer team. Top organisers negotiate trade prices or sponsorship arrangements on ostensibly valuable goods and provide them as gifts to volunteers who are then free to do as they please with the item(s.) Managing value in this manner whilst conserving the organisation's cash reserves allowing for greater overall flexibility.

**Landowner fees** vary greatly throughout the UK. A variety of different arrangements exist, including fixed-rates, rider levies, arrangements involving the right of the landowner to charge a car parking fee and the occasional benevolent landowner content to be paid in whiskey! The principle landowner, however, is the Forestry Commission (FC) which manages 722,000 hectares of forest in Scotland, England and Wales.<sup>2</sup> It is evident that the structure of the FC either does not lend itself to common policy nation wide or that individual forests are given freedom to set prices for recreational use of the land they manage as they see fit. Collective action on the part of competitive mountain bike event organisers could be used to seek and negotiate a single, uniform price or pricing equation to make basic savings on the costs of running an event. Furthermore, advocacy groups and national cycling bodies could do more to lobby for even greater provision for mountain bikers as part of the overall strategic requirements of this non-ministerial Governmental department.

**Strategy** is an important issue for all organisations currently engaged in the competitive mountain bike event market. There are a handful of firms who provide services to the industry but often organisations choose to keep every activity internal to their organisation (making, not buying.) The most common of these in the downhill segment, for example, is timing. Certain organisations (SDA and NACC in particular) operate this activity themselves but externalise other activities, notably uplift. The theory behind this is logical enough; it is a 'crucially important' part of the value chain in the service they provide so they choose to keep it internal. Critically, it is also feasible in terms of the working capital required. Uplifts are a more capital intensive activity and are, consequently, externalised.

In his chapter 'Strategy as Orchestrating Knowledge'<sup>3</sup> John McGee argues that the product value chain may be deconstructed and certain elements outsourced to permit the organisation to focus on its core competence. This strategy is adopted by the top organisations in the market for competitive mountain

<sup>2</sup> Forestry Commission (2007) **About Us**. [Internet] Available from: <<http://www.forestry.gov.uk>>

<sup>3</sup> McGee, J (2003) **Strategy as Orchestrating Knowledge**. In: Cummings, S. & Wilson, D. Eds (2003) **Images of Strategy**. Oxford, Blackwell. pp136-63

bike events. Knowledge is essential to the process, both in terms of a sound knowledge of organisations to outsource to and also knowledge of one's own core competence. This core competence may simply be the action of orchestrating the various sub-elements or may include some sub-elements such as handling sponsorship deals and marketing communications.

The use of the word 'top' in the previous paragraph does suggest a more successful (and therefore favoured) approach but there are negative aspects of the deconstruction model as well as its merits. Failure to deliver by a sub-contractor on an outsourced element of this model could result in failure to deliver the entire product. Furthermore, in the case of smaller events it could be considered that the added investment in outsourcing is not worth the return achieved through doing so and that a more traditional, internalised method of production is more appropriate. However, by focussing on a core competence and adopting a knowledge orchestration strategy organisations have far greater flexibility.

#### Disseminating the Knowledge Gained

Within the Warwick Business School (despite its good reputation for post-graduate research) it is uncommon for undergraduate students to complete any research outside of the confines of their taught modules. Fewer than 15 undergraduate students per year opt to complete a project of their choice in their final year and prior to this study no WBS student had applied for a research grant from the Reinvention Centre. The study attracted attention from the WBS communications office who ran a story on it which was featured on both the internal and external WBS websites as well as being used in the 2007/2008 undergraduate programme brochure.

The WBS article provided a direct link to the project website which was also publicised through press releases to every major mountain bike news website in the UK. In the 5 months the website has been live it has received over 90,000 hits from more than 5,000 individual visitors. The project has attracted attention from all over the UK, Ireland, France and the US.

Initially I intended to organise (with the help of the sport's governing body) a conference on the topic of event organisation in order to bring together race organisers from all over the UK but it emerged that even within this sentence there is a logistical problem which prohibits this. "All over the UK" quite accurately describes the vast geographical dispersion of everyone involved in this industry which makes it very difficult to stage a centralised event. Instead, working with Rob Jefferies from British Cycling and with assistance from publishers Coachwise, I am writing a book due for publication in Autumn 2008 on the subject of mountain bike race organisation. The knowledge I have gained from industry professionals throughout the UK will be combined with advice from the sport's governing body into a publication designed for those intending on organising events in the future and those seeking to improve the events they already manage.