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**Travel Manitoba  
Economic Evaluation of Manitoba's Hunting and  
Fishing Industry – Final Report  
February 1, 2012**

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## Executive summary

In 2011, Travel Manitoba hired **kisquared** to undertake an economic evaluation of Manitoba's hunting and fishing industry, including both outfitted and non-outfitted activities. This report provides an overview and analysis of the study findings, based on the input of 133 operators, 429 licence holders and numerous industry stakeholders. The result is a comprehensive profile of the industry in 2010, including economic effects for the province of Manitoba.

## Study findings

### Hunting and fishing in Manitoba

The hunting and fishing industry in Manitoba is vibrant with approximately 258 lodges and outfitters and over 250,000 licence holders pursuing hunting and fishing in the province in 2010. The resident market is especially healthy, with over 214,000 licences sold in 2010.

Of all licences sold, only around 85% are used (i.e., rights conferred by the licences exercised) with resident fishing licences making up the vast majority of the unused. In actual numbers, we estimate 179,405 hunters and anglers who, on average, each purchase 1.2 different licences. An overview of those who travel within Manitoba to hunt or fish:

- 81% are Manitoba residents, 7% are non-resident Canadians (esp. from Saskatchewan, Alberta and Ontario), and 12% are from the US (esp. from Minnesota and Wisconsin).
- Ten percent hunt and fish, while 66% only fish and 24% only hunt. Non-resident Canadians are the least likely to hunt.
- Three out of four have been fishing or hunting for more than ten years.
- Four in ten are aged 55-plus while 11% are under age 35. US residents are skewed much more toward older ages. Around 88% are male (including 97% of US residents).
- Most hunters and anglers – and particularly Manitoba residents – do not spend their trip dollars with lodges and outfitters. Licence holder demographics are similar for operator customers and non-customers. Two out of three operator customers are repeat visitors.

### Fishing and hunting trips

Hunters and anglers took an average of 8.25 trips to Manitoba in 2010, with Manitoba residents taking the most (9.5) and US residents taking 1.9 on average. The net is 1.47 million trips taken in 2010 that include fishing and hunting.

Hunting and fishing travel parties that consist of friends are the most common, with families a close second among Manitoba residents and a far distant second among US residents. 23% of parties include a child under age 16. Party sizes of two to four are most common.

Satisfaction with Manitoba fishing (8.51 out of 10), hunting (7.97) and licence and regulation management (7.91) is high, with US residents expressing the greatest satisfaction. Reasons for licence and regulation management dissatisfaction are varied, though tend to concentrate around the licence purchase process and the relative stringency of regulations and enforcement.

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Manitoba fishing/hunting trip satisfaction compares strongly against that of its competitors. For reasons not explained in this study, Saskatchewan generates notably low satisfaction for its licence and regulation management.

Only 28% of hunters/anglers fished or hunted at destinations outside Manitoba in 2010. Those who did tended to go to Saskatchewan or Ontario where they spent relatively little money (70% spent \$1,000 or less). The Manitoba share of wallet (the share of in-Manitoba expenditures as a percentage of all fishing/hunting trip expenditures) is approximately 90%.

### **Economic flows in the sector**

Hunter and angler trip expenditures in 2010 were significant: \$469.1 million. Travel and transportation expenditures, including vehicle purchase, rental and leasing and fuel costs, make up 54% of these expenditures. These are followed by food, beverage and like expenditures at 21% and equipment and supply expenditures at 20%.

The share of total licence holder expenditures that is received by operators is \$34.6 million or 7%. Operators receive an average of 74% of their earnings from the sale of packaged hunting and fishing trips and 16% from guided hunting or fishing sold to hunters and anglers.

Manitoba residents account for 88% of all expenditures. US residents account for 8% and make up the majority of expenditures on packages and a significant share on professional services.

Hunters and anglers' in-Manitoba expenditures generated \$312.2 million in Manitoba GDP (0.58%) and 7,499 jobs (equal to 1.2% of Manitoba employment and 6,180 full-time equivalent positions) in 2010. The share that went to lodges and outfitters generated \$25.8 million in GDP and 674 jobs (543 full-time equivalents). Government revenues (all levels together net of subsidies and taxes) are estimated at \$70.1 million.

### **Operator business profile**

While operators primarily provide accommodations and guided and non-guided fishing/hunting, their services extend well beyond these core functions to include such services as photography, taxidermy, meat and fish processing, equipment rental/services, restaurants and gift shops, professional and consumer training seminars and massage or spa services.

The package deal is an essential component of the operator business model, as two thirds offer them. Accommodations, food and guided hunting are the most common package elements. The typical package sells for \$2,669, though the price varies widely based on what is included.

Most operators are very small enterprises, with 42% earning revenues of under \$25,000 annually and 72% earning under \$100,000 annually. Perhaps because almost all operate exclusively in Manitoba, operators spend an average of 95% of their expenditures in the province.

Including owner-operators where applicable, 56% of operators employ the equivalent of less than one full position for an entire year. Together, operators employ 755 person-years of labour. Of their employees, 97% are Manitoba residents and 27% are Aboriginal, including 78% of guides.

Lodges and outfitters operate for an average of 5.1 months of the year. This includes 3.75 months in the high season and 1.4 months in the low season (seasons defined by individual operators). Fifteen percent operate year round.

Half of operators have a lodge capacity of 20 or fewer, while another one in four have no formal lodge capacity (no or non-lodge accommodations). Manitoba operators have a combined lodge capacity of 2,239. While in operation, lodges typically operate at two thirds' capacity.

### **Business outlook and marketing**

Half of all operators had 24 or fewer customers in 2010, while one in four captured the bulk of customers by serving over 80 each. In 2010, 27% saw more customers than in 2009, while 35% saw fewer. Their outlook for 2011 was slightly more pessimistic, with 22% expecting more customers and 38% expecting fewer.

Despite some decline in customers, operators remain optimistic, with 48% expecting to grow their businesses in the next five years. Forty five percent will maintain their present size, while 7% expect to sell or go out of business. The vast majority who predict growth for themselves expect to increase the number of customers they serve, while 30% will offer new products.

Operators are spending money to grow – 85% have made capital expenditures in the past two years, with vehicles, including boats, and new facilities, expansions or upgrades the most common. As well, two in five operators only entered the industry within the last ten years, which suggests renewal. The average tenure is 16.7 years.

While 30% have been in business for more than 20 years, there are signs of diversity that may make it resilient against economic challenges: 18% of operators are Aboriginal-owned, 65% are between ages 40 and 59, and 21% are female.

Operators report facing many challenges, including some not readily overcome. Economic challenges, such as fuel costs and the value of the Canadian dollar, lead the list. Regulatory challenges also appear; these include issues with the tag allocation system and working with government and regulatory bodies in general. Environmental challenges, such as reductions in fish and/or wildlife populations and low or fluctuating water levels, also affect many.

Beyond the challenges described above, operators point to a series of business challenges they face that are especially characteristic of small and medium-sized enterprises, including:

- Reaching a new customer base;
- Maintaining day-to-day cash flow;
- Recruiting knowledgeable and experience staff (i.e., guides);
- Obtaining and paying for liability insurance; and
- Meeting customers' technological demands (i.e., Internet and cellular access).

Asked specifically about areas they might need assistance with, operators are most likely to cite building and maintaining a website, marketing their business, developing a brand image, packaging their product with other tourism-related businesses and financing a new product area.

In 2010, one in four spent no money on marketing at all, with those who did spending \$1.9 million combined, a reinvestment of around 5.5% of total operator revenues. Advertising in trade publications and building and maintaining a website are the most common marketing expenses.

There are few marketing tools that are universal for operators beyond word of mouth marketing, which 91% cite as a source of new customers. Websites generate customers for 61%, and all other marketing efforts generate customers for no more than a 1-in-6 share of operators.

## SWOT analysis and marketing recommendations

A SWOT analysis was conducted to categorize conclusions into strengths, weaknesses, opportunities and threats. Figure 1 provides a summary while the following pages provide more detail and evidence to support each item. Many of the items under "Opportunities" reflect marketing recommendations supported by this study's findings.

Figure 1 SUMMARY: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS



## Strengths

- **Significant local market:** There are over 145,000 Manitoba residents who engage in hunting and fishing. While most expenditures of this home-grown market do not directly support operators, it nevertheless provides some stability in the wake of economic fluctuations such as the changing dollar and US economic downturn.
- **Natural geography:** There is a significant near-US market – 9% of licences are purchased by US residents and, of this total, 77% are residents of the 12 nearest US states. With its abundant natural resources, including lakes, rivers and parks, Manitoba's geography provides a natural advantage that attracts hunters and anglers from these regions.
- **Product diversification:** The industry provides a wide variety of services to customers beyond guiding and accommodations, including photography, meat and fish processing, training, taxidermy, rafting and spa services – there is clearly the flexibility among some operators to adapt their offerings to customer needs.
- **Experienced, reputable operators:** Manitoba operators have wealth of knowledge, built through their average tenure of 16.7 in the business and with many who have over 30 years of experience. This has enabled them to build loyal customers, generate high satisfaction through such things as appropriate use of equipment, strong safety records, value-added offerings and reliance on experienced guides.
- **Home-grown industry:** Manitoba operators have extensive roots in the province and are almost exclusively based here – only around 1% even operate in other jurisdictions.
- **Customer satisfaction:** Hunters and anglers who visit Manitoba provide strong satisfaction scores when asked about their experience in Manitoba. This is truest among US residents, 70% of whom offer a 9 or 10 (out of 10) for fishing and 67% of whom offer the same for hunting.
- **Customer loyalty:** Repeat visitation is strong, representing 66% of operators' customers. Hunters and anglers took an average of 8 hunting and fishing trips in Manitoba in 2010, with even US residents taking 1.9 hunting and fishing trips to Manitoba on average.
- **Strong share of wallet:** Manitoba has a strong share of wallet among those who visit it for hunting and fishing – only 28% of these hunters and anglers hunted or fished anywhere else in addition to Manitoba. Of all hunting and fishing trip expenditures made by this population, 90% was spent in Manitoba and only 10% was spent elsewhere.
- **Optimistic outlook:** While 38% of operators predict their final customer count for 2011 will be below that of 2010, 48% expect to grow their business over the next five years, most by increasing their customer count. Only 7% plan to close their doors or sell their businesses within five years. Most operators are not just optimistic – 85% have made capital expenditures for their business in the past two years.

## Weaknesses

- **Small operations:** Manitoba operators are mostly small-to-medium-sized enterprises (SMEs), with little income (72% earn under \$100,000 annually) and few employees (56% employed less than one full-time equivalent position over the 2010 year). The industry also faces some of the same challenges common to SMEs in general. These include reaching new customer bases, maintaining day-to-day cash flow, attracting and retaining staff and meeting customer technological demands. This lack of business infrastructure may inhibit the industry's ability to adapt to and take advantage of shifts in the marketplace.
- **Small share to operators:** Operators suffer from receiving a relatively small share of the local market's expenditure on fishing and hunting. As a result, it disproportionately relies on non-resident hunters and anglers as customers whose numbers are more susceptible to fluctuations such as those caused by economic downturns, fuel costs and security regulations.
- **Insurance costs.** Although the Marine Liability Act was amended in 2009 to exclude adventure tourism operators, the ability to obtain and pay for mandatory liability insurance remains a major challenge for some operators.
- **Lack of Marketing:** This remains a weakness for the industry, as 24% did not marketing at all in 2010. Overall, 26% say they need help designing a website and 21% need help with marketing their business. Packaging products with other tourism-related businesses and financing new products areas are also major challenges. Possibly consistent with this is that many operators say they would or could never engage in many of the marketing activities proposed.
- **Limited offerings / resistance to change:** There is an inability and/or resistance to adapting the industry to changing customer demands that may hinder the industry's ability to take advantage of new opportunities and customer trends. For example, 70% say they would or could never develop products for the shoulder season, 50% would/could never develop an online reservation or booking system, 47% would/could never package their product with those of other tourism-related business, and 43% would/could never develop products to address changing customer expectations.
- **Vulnerability to external changes:** The industry continues to be susceptible to economic changes that impede the ability of US residents to visit Manitoba – these include the value of the Canadian dollar, fuel costs and airline security, border control and firearm regulations. These are all factors over which Manitoba has little or no influence.
- **Conflicting regulation management expectations:** Satisfaction with licence and regulation management is somewhat modest, with improvement suggestions reflecting the diversity of expectations and opinions of hunters and anglers (e.g., hunters/anglers simultaneously calling for increased and decreased regulations).
- **Remote locations and lack of infrastructure:** The cost of paying for passengers and goods to remote locations is a challenge for many operators. Similarly, customer demand for technology (e.g., cellular telephone service, Internet connections) is also a challenge for some operators.

## Opportunities

- **Upsell to Manitobans:** The relative expenditure on non-operator services likely means there is room for increase in operator-provided hunting and fishing experiences to residents. The large number who already hunt and fish is evidence in favour of Manitoba resident support for the industry. The key will be how to better engage them. Operators also report relatively small proportions of revenue on such things as food sales and merchandise and souvenir sales – there may be value in pursuing further development of these products.
- **Increase operator share:** There are significant dollars (\$469 million) being spent on trips that include fishing and hunting. Only a small share of approximately 7%, however, go to operators, as much is spent on travel and transportation, food and beverages, and other expenditures that operators never see. Finding a way for operators to capture a greater share of fishing and hunting trip-related dollars is one route to potential growth.
- **New markets:** The vast majority of hunters and anglers are working age males. This may mean there is considerable opportunity for expansion among women, young persons and retirees. The changing demographics of Canada may also present opportunities for marketing to new Canadians.
- **US market:** As the US market rebounds and as the Canadian dollar stabilizes, there may be a renewed opportunity to market to the US, including to Americans who have never hunted or fished before.
- **Leverage leadership:** The large number of veterans in the industry represents a wealth of accumulated knowledge that can be applied to promote the industry and train younger entrants into the market. Currently, 23% of fishing and hunting travel parties include children under the age of 16.
- **Aboriginal tourism:** There is growing interest in Aboriginal tourism worldwide and Manitoba may be poised to capitalize on this given that 18% are Aboriginal-owned, 27% of its total staff and 78% of its guides are Aboriginal. An Aboriginal tourism strategy could increase tourism expenditures, strengthen Aboriginal communities, and generate new employment and economic development opportunities.
- **Continued product diversification:** There is clearly the flexibility among some operators to adapt their offerings to customer needs, as evidence by the diversity of services offered by some operators. Flexibly capitalizing on new customer demands may provide opportunities for upselling and attracting new customers.
- **Fill capacity:** Lodge operators have considerable extra capacity to grow both in “width” (expanding increasingly into the shoulder season) and “depth” (taking on a greater number of customers during their existing operating season) – operators currently operate an average of 5.1 months of the year and, during that time, take on 65% of their current customer capacity. Strategically focusing on filling capacity may represent one opportunity.
- **Champion those ready for growth:** More than one third (35%) of operators plan to grow their business in the next five years, largely by offering new locations and new products. These expanding operators represent the face of the industry in coming years and may lead to a larger, more professionalized industry in the coming years.
- **Expand online marketing:** The majority of the industry (61%) has a website, which is one of the first steps of online marketing – this represents a significant base of the industry from which additional online marketing, perhaps through social media, can come.

- **Use technology to meet customer needs:** Changing technology had led to changing customer demands, many of which have been cited as challenges by operators in this study. Examples include allowing for online bookings and offering satellite-based Internet, cellular telephone and GPS access in remote locations. While these may be costly, they also represent opportunities for additional revenue generation.
- **Leverage loyalty:** There is an opportunity to leverage the loyalty of those who take hunting and fishing trips to Manitoba, given the data that show strong repeat visitation and a strong preference for spending in Manitoba among those who travel to more than one jurisdiction for fishing and hunting. Video recommendations, customer rating systems, forums and other means of “spreading the word” will expand on one marketing technique (i.e., word of mouth) that has already proven successful for the Manitoba industry.
- **Make licence purchase easy:** There is an opportunity to ease the process by which licence holders obtain their licences. Suggestions include having an option to renew or pay for multiple years, the option of registering/purchasing online, offering licences for shorter terms than one year and offering a formal licence card as opposed to a paper document.
- **Special events:** Media activities or events that come to Manitoba provide an opportunity to publicize the industry and embed it into visitor perceptions of the Manitoba experience.
- **Internet marketing:** Evolving Internet technologies and online marketing techniques represent important marketing opportunities. These include open customer ratings/forums, social networking presences and use of videos.
- **Canadian and international partnerships:** There is potential for partnership with neighbouring jurisdictions, such as Saskatchewan and Ontario in promoting fishing and hunting nationally and internationally. Partnering with operators in non-competitive markets (e.g., South America) may lead to mutual recommendations and generate referral fee revenues in the off-season.

## Threats

- **Aging industry and customer base:** 60% of operators are aged 50 or over, meaning that younger operators will be required in the coming years to carry on the industry. Similarly, 74% of hunters and anglers have been hunting and fishing for more than ten years, though US residents are the newest customers.
- **Reliance on word of mouth:** Word of mouth is the central marketing tool of the industry and there is risk associated with this as marketing techniques and use of technology evolves. As current customers age, there is also danger that word of mouth will not supply the same number of customers to the industry as in the past.
- **Limited labour supply.** Some operators have reported challenges finding guides and lodge staff. These challenges may become more acute in coming years as the economy recovers.
- **Fuel costs.** There is widespread agreement among operators that rising fuel costs continue to be a challenge. This affects not just driving, aircraft and boating, but also affects operators' food and supply costs. There is an ongoing risk of increased fuel costs due to political and economic instability in oil supplying-regions of the world.
- **Intensified competition:** Saskatchewan and Ontario represent Manitoba's greatest competition and these regions face many of the same challenges as Manitoba. There is an ongoing of increased competition for the same markets.