

MEASURING SUCCESS 2

THE ECONOMIC IMPACT OF
MAJOR SPORTS EVENTS



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UK Sport

UK Sport, the lead agency for high-performance sport, co-ordinates and participates in the UK's efforts to bid for and stage major events on home soil.

Working in partnership with national governing bodies, UK Sport distributes a significant amount of Lottery funding each year through the World Class Events Programme to support their bidding and staging costs, as well as providing specialist technical support.

UK Sport's overall Strategy for Major Events is aimed at securing events of strategic importance that deliver a range of lasting benefits:

- > **Sporting**
 - Improved performance by home athletes
 - Legacy of facilities, equipment and development initiatives
 - Visible role models encourage young to take up sport
 - Increased participation
- > **Economic**
 - Direct: increased spend in the local community, measurable through Economic Impact Studies
 - Indirect: increased tourism, subsequent investment
- > **Social/Cultural**
 - Enhanced people skills through volunteer programmes
 - Increased social inclusion
 - Schemes engaging the local community
 - Enhance the UK's international reputation



Background

Measuring Success 2: The Economic Impact of Major Sports Events presents an overview of the findings from 16 economic impact studies of major sports events staged in the UK since 1997.

Commissioned by UK Sport, this consolidated piece of research builds on the original *Measuring Success* document published by UK Sport in 1999, which recognised and demonstrated the potential of major sports events to achieve significant economic impacts for the towns and cities that host them.

Methodology

The definition of economic impact used throughout this report refers to;

- > **The total amount of additional expenditure generated within a host city (or area), which could be directly attributable to the staging of a particular event.**

The report indicates that only visitors to the host economy as a direct result of an event being staged are eligible for inclusion in the economic impact calculations. i.e. the expenditure by people resident in the host area is not included on the basis that they would spend money locally irrespective of whether an event is taking place.

The 16 studies featured in *Measuring Success 2: The Economic Impact of Major Sports Events* have been conducted using essentially the same methodology as published by UK Sport in 1999 (*Major Events: The economics – a guide*). This therefore provides a dataset in which the events are directly comparable and the report concentrates on these comparisons.

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01 // EXECUTIVE SUMMARY

Key findings

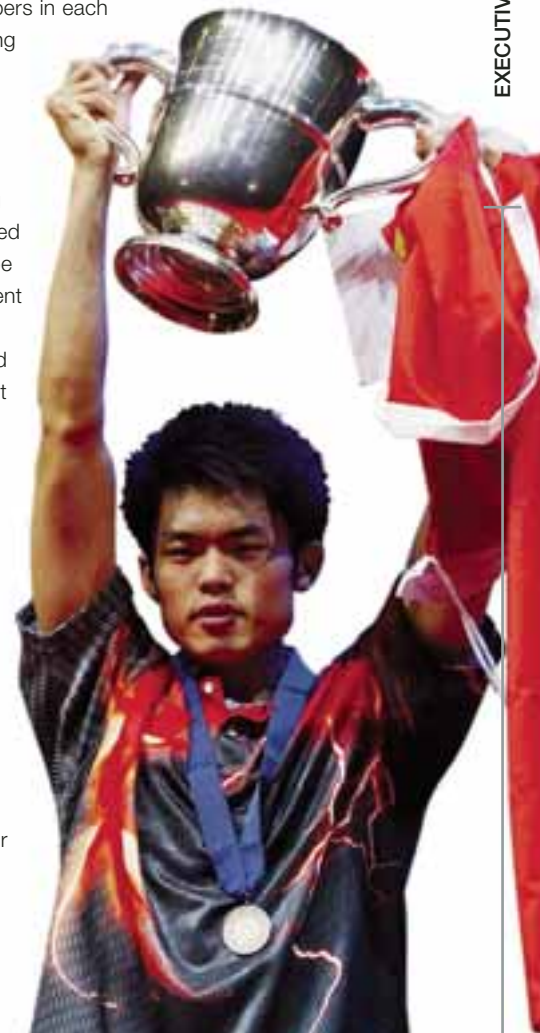
Key findings from the research are outlined below (commencing with the impact of each event) and these should be read in conjunction with the full report.

TABLE 1: THE EVENTS STUDIED

YEAR	EVENT	HOSTS	DAYS	IMPACT(£)	IMPACT/DAY(£)
1997	World Badminton	Glasgow	14	2.22m	0.16m
1997	European Junior Boxing	Birmingham	9	0.51m	0.06m
1997	1st Ashes Test - Cricket	Birmingham	5	5.06m	1.01m
1997	IAAF Grand Prix 1 Athletics	Sheffield	1	0.18m	0.18m
1997	European Junior Swimming	Glasgow	4	0.26m	0.06m
1997	Women's British Open Golf	Sunningdale	4	2.07m	0.52m
1998	European Short Course Swimming	Sheffield	3	0.31m	0.10m
1999	European Show Jumping	Hickstead	5	2.20m	0.44m
1999	World Judo	Birmingham	4	1.94m	0.49m
1999	World Indoor Climbing	Birmingham	3	0.40m	0.13m
2000	Flora London Marathon	London	1	25.46m	25.46m
2000	Spar Europa Cup - Athletics	Gateshead	2	0.97m	0.48m
2001	World Amateur Boxing	Belfast	8	1.49m	0.19m
2001	World Half Marathon	Bristol	1	0.58m	0.58m
2003	World Cup Triathlon	Manchester	1	1.67m	1.67m
2003	World Indoor Athletics	Birmingham	3	3.16m	1.05m

- Overall the findings confirm that major sports events can have significant economic impacts on host communities. These impacts ranged from the £0.18m of additional expenditure attributable to the half-day IAAF Grand Prix Athletics staged on a Sunday in Sheffield, to the £25.5m attributable to the Flora London Marathon. Moreover, other events, most notably the World Cup Triathlon, World Indoor Athletics and Test Cricket attracted additional expenditure per day in excess of £1m. Junior events (e.g. European Junior Swimming and Junior Boxing) had the least significant daily impacts, mainly because they rarely attract considerable numbers of spectators.
- Economic impact is not UK Sport's rationale for attracting major events to the UK but it is a useful device by which to justify funding an event in economic terms. To this end the report suggests that as a general rule it is the expenditure by visitors to an event which contributes the majority of any additional expenditure, rather than spending by the organisers of an event.
- Having disaggregated the expenditure of visitors, in percentage terms it was spectators who contributed the majority of the additional expenditure at 10 of the 16 events, and such events are termed 'spectator driven'. Further analyses revealed a strong correlation between the number of spectator admissions and the absolute economic impact of an event, which suggests that the absolute number of spectators is the key driver of economic impact.
- A typical competitor spends between £55 and £60 per day at an event, of which 82% is spent on subsistence (accommodation, food and drink). Cricketers at the Test Match spent the most per day of all the competitors (£113), compared to athletes at the World Half Marathon who spent the least (£42). Typical daily spend of an official was £70, of which 80% was attributable to expenditure on subsistence. Competitors spend relatively little on items other than subsistence, because their days are characterised by a cycle of preparation, competition and rest which leaves little time for interaction with the local economy. Similarly officials work long hours to ensure that events run smoothly and consequently they too have little time to get out and about locally. By contrast daily spend of a typical media representative was around £100 (and often much more for those on expenses), with 75% of this attributable to spending on subsistence (usually commercial accommodation). Moreover, daily expenditure by media personnel on other items (around £25) almost doubled that spent by the typical competitor or official. Hence, not only do events benefit from the value of media coverage but also from the relatively high additional daily expenditure of media representatives.

- › The daily spending of spectators varies considerably across events, ranging from £86 at the European Junior Swimming (where parents spent money on behalf of and supporting their children) to less than £10 per day at the IAAF Athletics Grand Prix. Despite suggesting the absolute number of spectators as the key driver of economic impact, the average spectator (at a little under £50) spends less per day than the other groups. This is because spectators are most likely to be day-visitors and least likely to make use of commercial accommodation (hotels and guest houses), as evidenced by only 59% of their daily expenditure being attributable to subsistence. However, average daily expenditure of spectators is a function of the proportion staying overnight in the host area i.e. the longer their dwell time the more they tend to spend.
- › Much of the economic impact referred to herein is actually a redistribution of money around the UK economy, which has no impact on overall GDP. However, expenditure by visitors from overseas is actually 'new' money to the UK economy in the form of invisible exports as exemplified by the Flora London Marathon which revealed a net export effect approaching £1.2m. Events that achieve this genuine inflow of funds arguably provide a better quality impact than those associated with the recirculation of money within the UK economy. Notwithstanding this, the Local Organising Committees of events such as the World Half Marathon or World Indoor Athletics are unlikely to worry from where any additional expenditure originates, as long as it is forthcoming. However, they may be interested in evidence suggesting that visitors from overseas stay longer and spend more than the average visitor.
- › The research has revealed high approval ratings from the public for continued support of events through the Lottery. Moreover, based on evidence from 10 of the 11 part Lottery funded events, for every £1 of Lottery support, additional expenditure in host economies amounted to £7.23.
- › Utilising the findings from the event evaluations referred to herein, an economic forecast model has been developed to predict the likely economic impact of sports events prior to them taking place. The model has been applied at six events and relies on the accuracy of information provided to the research team by event organisers. Forecast accuracy ranges from 64%-79% and the major discrepancies have been a result of 'volume variance' where organisers are inaccurate when predicting the numbers in each sub-group (e.g. spectators). The model is more accurate at assessing how much each sub-group will spend per day and hence this 'rate variance' is far more predictable.
- › Additional benefits have been monitored at more recent events, as organisers look beyond the direct economic impact when evaluating their events, especially when there may be a net cost involved. Indeed the 'HM Treasury Green Book' suggests that consideration should be given to as yet unvalued (additional) benefits that could make an event worthwhile despite the cost. Such benefits might include a notional value of exposure achieved from media coverage and the associated place marketing effects related to hosting and broadcasting an event which might encourage visitors to return in future, or alternatively an investigation into any sports development impacts, which may encourage young people to get more involved in sport. Collectively these additional benefits could be monitored using a more holistic 'Balanced Scorecard' approach to event evaluation.
- › The report concludes by suggesting that there is compelling evidence for UK Sport's World Class Events Programme to continue supporting major events in the UK, and that potential hosts should utilise the UK Sport database of previous event evaluations to choose those that they believe have the greatest potential to benefit the local community. The economic impact benefits are relatively easy to measure in cash terms with detailed audit trails, using a tried and trusted methodology to deliver value for money appraisals to UK Sport and Local Organising Committees. However, other potential benefits (e.g. linked to the value of media coverage and place marketing effects) are notional values which require a long-term approach to gauge whether 'value' equates with 'effectiveness' over time.





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03 INTRODUCTION

The purpose of this report is to consolidate the research undertaken to date on behalf of UK Sport, examining the economic impact of major sports events since 1997. During this time sixteen such analyses have been undertaken at a variety of events, and these have each attempted to establish the economic impact by calculating;

The total amount of additional expenditure generated within a host city (or area), which could be directly attributable to the staging of a particular event.

The information contained herein draws on the findings from the individual studies since 1997. Eleven of these events have been part funded via the Lottery under the auspices of the World Class Events Programme (WCEP), with commercially successful events such as Test Cricket and Women's Open Golf plus the Flora London Marathon also being included for general interest. The Marathon in particular provides an example of the potential there is for other cities across the UK to stage their own mass participation road races, and also as will become clearer, the event generated the most significant economic impact of all those evaluated. The events in question are detailed in Table 1.



TABLE 1: THE EVENTS STUDIED

YEAR	EVENT	ABBREVIATION	HOST CITY / AREA
1997	World Badminton Championships	WBC	Glasgow
1997	European Junior Boxing Championships	EJBC	Birmingham
1997	1st Ashes Test - Cricket		Birmingham
1997	IAAF Grand Prix 1 Athletics	IAAFGP	Sheffield
1997	European Junior Swimming Championships	EJSC	Glasgow
1997	Women's British Open Golf Championship	WBOG	Sunningdale
1998	European Short Course Swimming Championships	ESCSC	Sheffield
1999	European Show Jumping Championships	ESJC	Hickstead
1999	World Judo Championships	WJC	Birmingham
1999	World Indoor Climbing Championships	WICC	Birmingham
2000	Flora London Marathon*	FLM	London
2000	Spar Europa Cup - Athletics	SECA	Gateshead
2001	World Amateur Boxing Championships	WABC	Belfast
2001	World Half Marathon Championships	WHM	Bristol
2003	World Cup Triathlon	WCT	Manchester
2003	World Indoor Athletics Championships	WIAC	Birmingham

* **Note:** The FLM research was commissioned by the London Marathon Limited

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This consolidated piece of research builds on the original 'Measuring Success' in 1999 which was based on the premise that major sports events have the potential to achieve significant economic impacts for the host town, city or area, and which reported the findings from the initial six studies in 1997. The economic impact findings from the original research in 1997 strengthened the position of the WCEP and as a result the idea of trying to bid for and attract major events to the UK. Consequently, UK Sport has continued to monitor the economic impact on a range of major events that it has supported through the WCEP, in order to provide a value for money appraisal of its use of Sports Lottery funding and because economic impact is now one of the parameters upon which an event's success is measured.

This report collates the contents of the consultancy reports provided to UK Sport in order to present a detailed evaluation of some of the events that they have supported. Reanalysis of the data helps to demonstrate the success of the Lottery supported WCEP and the headline findings from particular events provide an online resource for practitioners and educationalists alike. Moreover, taking an holistic view of the events allows commonalities to be explored in order to inform the tendering process as UK Sport continues to try and attract further world class events in order to raise the UK's international profile by bringing the benefits of such events to our home based athletes, our sports system and the nation as a whole.

In addition to the sixteen economic impact studies outlined in Table 1, consultants have developed the research by undertaking wider evaluations of some of the events, for example, the 1998 European Short Course Swimming, 1999 European Show Jumping and the 2001 World Half Marathon Championships. Beyond the economic impact generated by an event, these wider evaluations have also examined the public profile achieved by the events and looked in particular at the media value associated with television coverage and place marketing effects linked to such coverage. This report examines the wider benefits that move beyond the economic impact and proffers the adoption of the 'balanced scorecard' approach to event evaluation. Moreover, the data from the first six economic impact studies carried out in 1997 were used to produce an economic impact forecasting model designed to predict the economic impact attributable to an event prior to it taking place. Since the 1998 European Short Course Swimming, consultants have made a number of pre-event forecasts of the likely economic impact attributable to an event on the basis of desk research and interviews with the event organisers. This report examines the accuracy of such forecasts based on the research to date.

The sixteen studies featured in this report have been conducted using essentially the same methodology. This therefore provides the added value of having a dataset in which the events are almost directly comparable. It is the results of cross event comparability and the issues arising from such comparisons upon which this report is primarily concerned. Where methodologies have been modified, reanalyses of the original datasets has been undertaken in order to allow for meaningful comparisons.

Using the data derived from sixteen previous projects; this report will present the following:

- The definition of economic impact, incorporating the event typology;
- Methodology section incorporating multiplier analysis;
- The economic impact attributable to each event with selected comparisons across the events;
- An analysis of the spending patterns of four key groups of participants at major events; competitors, officials, the media and spectators;
- A breakdown and comparison of the categories of expenditure amongst the key interest groups at the events;
- A comparison of the invisible exports associated with the spending of visitors to the events from overseas;
- An analysis of the return on the Lottery investment at the various events;
- An analysis of the predictive qualities of the economic impact forecasting model;
- A comparison of some of the wider benefits associated with certain events where data is available;
- Recommendations for a future research agenda.





ECONOMIC IMPACT



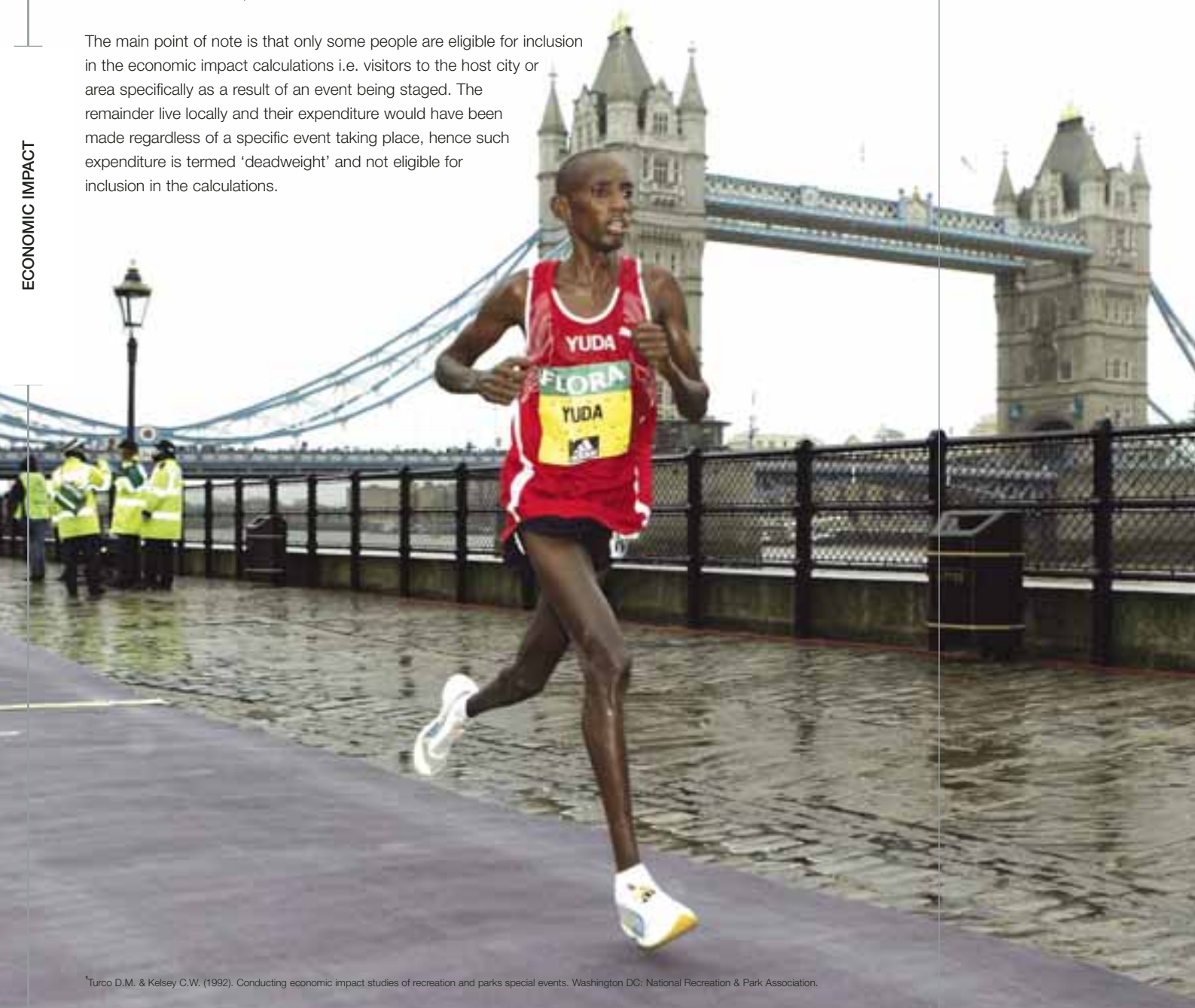
The term 'economic impact' used in isolation can be interpreted in different ways in both the short term and long term. Therefore, in order to be clear what is meant in the context of the sixteen events reviewed in this report, UK Sport has adopted the following definition within its major events strategy.

The net economic change in a host community that results from spending attributed to a sports event or facility.

Turco & Kelsey (1992)¹

The benefit in economic terms to a host economy is defined according to the additional expenditure by visitors to that economy which is directly attributable to the staging of the event. These visitors can come from elsewhere in the same country or from overseas. If the visitors come from elsewhere in the same country, any economic impact is actually a redistribution of money around that country's economy and is not necessarily 'new' money to the economy. Visitors from overseas actually provide 'new' money in the form of invisible exports and potentially a 'net export effect' on overall GDP (see page ??). One might argue that the quality of economic impact can be gauged according to the net export effect associated with an event, namely the extent of any 'new' money brought into the UK economy from overseas visitors (and other sources) as a result of staging an event. However, this may be of little concern to local organisers who do not care whether any additional expenditure is attributable to someone from for example the USA or elsewhere in the UK, hence redistribution is not an issue.

The main point of note is that only some people are eligible for inclusion in the economic impact calculations i.e. visitors to the host city or area specifically as a result of an event being staged. The remainder live locally and their expenditure would have been made regardless of a specific event taking place, hence such expenditure is termed 'deadweight' and not eligible for inclusion in the calculations.



¹Turco D.M. & Kelsey C.W. (1992). Conducting economic impact studies of recreation and parks special events. Washington DC: National Recreation & Park Association.

Event Typology

This typology was developed for UK Sport at the time of the original six event research in 1997. The idea being that it can be employed to estimate the likely impact of an event prior to the decision to bid or not. In so doing it allows for a more strategic approach to the hosting of events, as the typology makes clear that events which appear to be significant in World or European sporting terms are not necessarily so in economic terms. The event typology is detailed below

- > **Type A** – i.e. irregular major international spectator events generating significant economic activity and media interest such as the Olympic Games;
- > **Type B** – i.e. major spectator events generating significant economic activity, media interest and part of an annual domestic cycle such as the FA Cup Final;
- > **Type C** – i.e. irregular one-off major spectator/competitor events generating an uncertain level of economic activity such as Grand Prix Athletics;
- > **Type D** – i.e. major competitor events generating little economic activity and part of an annual cycle such as the national championships in most sports.

This typology coupled with the economic impact forecasting model (see page 27) provides a useful combination of tools upon which to base key decisions about whether to stage a particular event or not. Using the four typologies above, the sixteen events included in this research can be contextualised by identifying the broad category into which each event falls as detailed in Table 2.

TABLE 2: THE EVENTS ACCORDING TO TYPOLOGY

EVENT	CATEGORY
World Badminton Championships	Type C
European Junior Boxing Championships	Type C
1st Ashes Test - Cricket	Type B
IAAF Grand Prix 1 Athletics	Type C
European Junior Swimming Championships	Type C
Women's British Open Golf Championship	Type B
European Short Course Swimming Championships	Type C
European Show Jumping Championships	Type C
World Judo Championships	Type C
World Indoor Climbing Championships	Type C
Flora London Marathon	Type B
Spar Europa Cup - Athletics	Type C
World Amateur Boxing Championships	Type C
World Half Marathon Championships	Type C
World Cup Triathlon	Type C
World Indoor Athletics Championships	Type C

Table 2 shows that 13 out of the 16 events studied are Type C events. These are characterised by having uncertain economic impacts and predictions are therefore particularly difficult to make. Realistically, Type C events are the events that UK Sport is most likely to be able to attract to the UK.

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04 \\ ECONOMIC IMPACT

Type A events (e.g. Football World Cup, Olympic Games) are invariably subject to intense worldwide bidding and political factors are often as important as the quality of bids in determining “winners”. Notwithstanding these comments, the UK was successful in bidding for and staging the 2002 Commonwealth Games in Manchester which is arguably a Type A event, although the economic impact is uncalculated. The rights to Type B events are typically controlled and exploited by the governing body concerned, for example the Lawn Tennis Association and the Tennis Championships held at Wimbledon, or the England & Wales Cricket Board and Test Cricket. Similarly, the FLM would not be the London Marathon if it was not staged in London and is controlled and run by the London Marathon Limited.

ECONOMIC IMPACT





METHODOLOGY



For a detailed overview of the methodology adopted in economic impact calculations, please refer to information already in the public domain, published by UK Sport in 1999 (www.ukssport.gov.uk) entitled 'Major Events: The economics – a guide'. This outlines the methodology employed in the economic impact studies referred to herein and is essentially divided into ten stages, which are summarised as follows:

- › Quantify the proportion of respondents who live in the host city and those who are from elsewhere;
- › Group respondents by their role in the event, e.g. spectators, competitors, media, officials etc;
- › Establish basic characteristics of visitors e.g. where they live and composition of the party;
- › Determine the catchment area according to local, regional, national or international respondents;
- › Quantify the number of visitors staying overnight in the host city and the proportion of these making use of commercial accommodation;
- › Quantify how many nights those using commercial accommodation will stay in the host city and what this accommodation is costing per night;
- › Quantify for those staying overnight (commercially or otherwise) and day visitors, the daily spend in the host city on six standard expenditure categories;
- › Quantify what people have budgeted to spend in the host city and for how many people such expenditure is for;
- › Establish the proportion of people whose main reason for being in the host city is the event;
- › Determine if any spectators are combining their visit to an event with a holiday in order to estimate any wider economic impacts.

Much of this analysis is undertaken using a standard questionnaire survey to interview key interest groups at an event and the data collected is then analysed using a specialist statistical software package and spreadsheets to calculate the additional expenditure in the host economy.

Multipliers

It is the direct impact attributable to **additional expenditure** that this report concentrates upon, in order to allow for meaningful comparisons between events. That is to say the comparisons do not include induced impact derived from the application of multipliers to the additional expenditure calculations. To do so would be to compare host economies rather than specific events, as multipliers are specific to a given economy. Moreover, the information needed to establish a multiplier for a given local economy is not always readily available. As a result, historically, consultants have used highly technical and ambitious multipliers that are not empirically based and are often 'borrowed' from other sectors (e.g. construction), or other economies. This 'borrowed' type of multiplier analysis can be considered only a poor approximation at best and any findings are most likely to be erroneous. Not least because the multiplier is unique to the prevailing local economic conditions, and to reiterate, this type of research is about **comparing events and not economies**.





RESULTS AT MACRO LEVEL



06 RESULTS AT MACRO LEVEL

Absolute impact

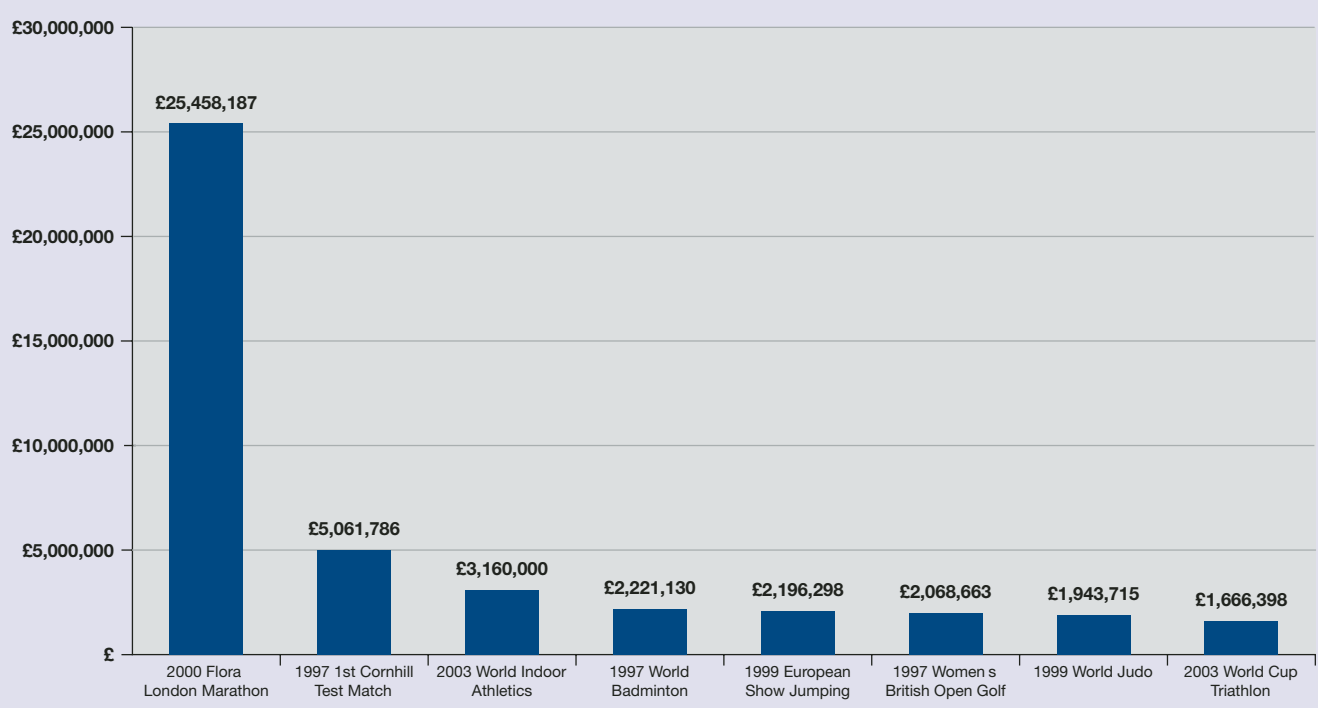
To commence the analysis, Graphs 1 and 2 detail the absolute additional expenditure directly attributable to staging each of the sixteen events. The most significant economic impact is attributable to the 2000 Flora London Marathon as shown in Graph 1. The FLM is an exceptional event in economic impact terms and generates five times the impact of the Test Match Cricket, which is an exceptional event in itself, generating more than £5m in additional expenditure in Birmingham. The FLM, World Cup Triathlon and the WHM (to a lesser extent) are different to the other events in the sense that they do not take place in stadia or fixed seating areas and as such there are no tickets sold for spectators. Consequently the crowds at these events have been estimated in conjunction with the local organising committees, city authorities and police. In the cases of the FLM and WHM, in the interests of prudence, conservative estimates of the number of spectators have been used to calculate the economic impact.

In nine of the sixteen events, the additional expenditure generated in the host economies exceeded £1.45m which might be termed a 'major' impact. However, although the majority of the events detailed in Graphs 1 and 2 could be described as 'major' in the sporting calendars of those who organise the events, closer inspection of the figures reveals that it does not follow that a 'major event' in sporting terms necessarily equates with having a 'major' economic impact. For example, the IAAF Grand Prix was the most prestigious athletics event held in the UK in 1997, yet the 16,000 spectators who attended the half day event made only a relatively small contribution to the Sheffield economy.

In a similar manner to the word 'major', the words 'world championships' do not necessarily mean that there will be a large downstream economic impact. The 2003 World Indoor Athletics and 1997 World Badminton generated economic impacts of £3.2m and £2.2m respectively, whereas the 2001 World Half Marathon and 1999 World Indoor Climbing generated more modest impacts of £584,000 and £398,000 respectively. Contrast these figures with the £25m of additional expenditure attributable to a mass participation event like the FLM, which is only 'major' in terms of its sporting outcome to the relatively small minority of elite runners competing, and this reemphasises that the extent of absolute economic impact need not necessarily correlate with the significance of the sporting outcome.

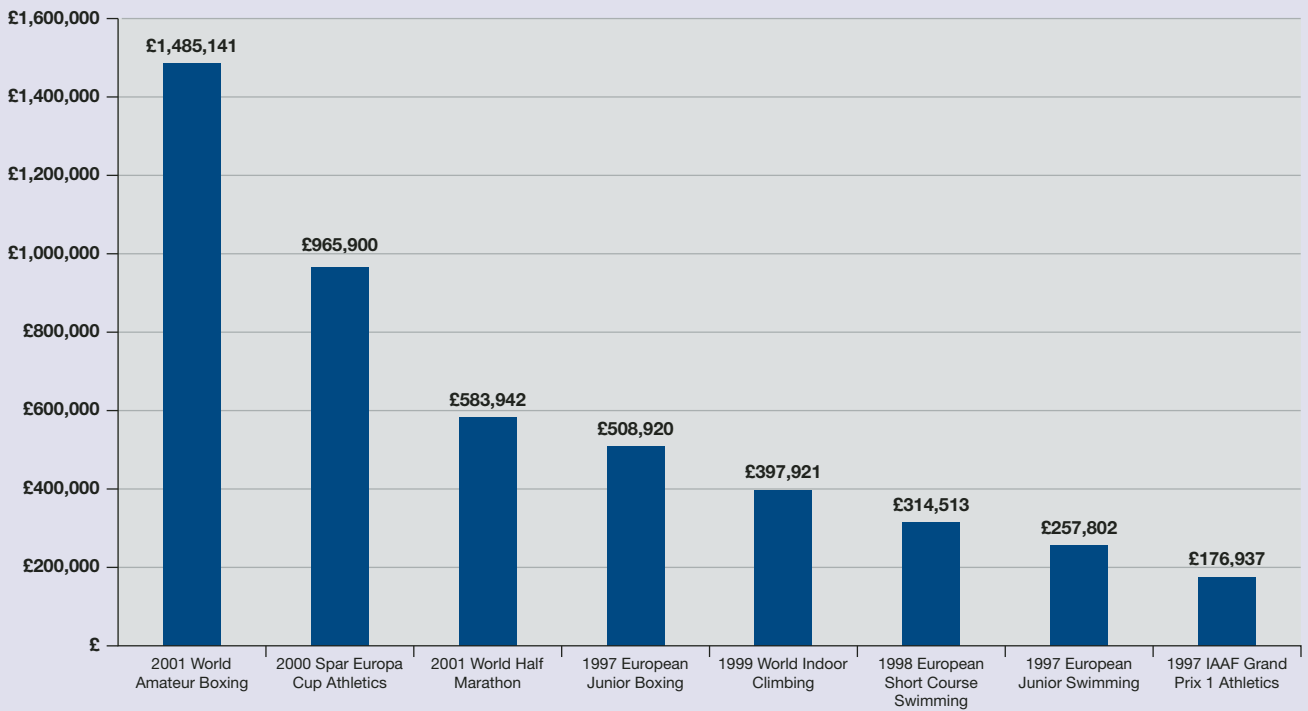


GRAPH 1: ECONOMIC IMPACT OF MAJOR ' SPORTS EVENTS (1-8)



RESULTS AT MACRO LEVEL

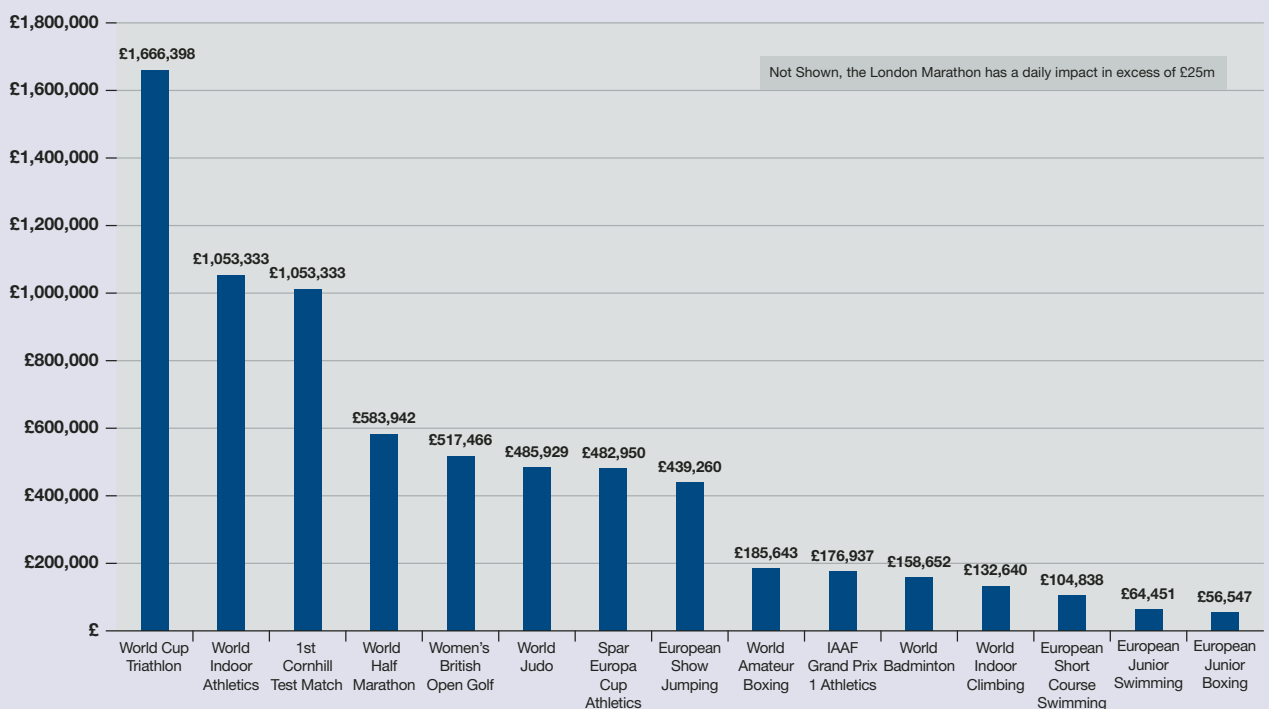
GRAPH 2: ECONOMIC IMPACT OF 'MAJOR' SPORTS EVENTS (9-16)



Impact per day

Although the absolute economic impact attributable to a given event is important in quantifying the overall benefit that an event might have, it is a somewhat flawed basis for comparison as the duration of events is invariably different. For example, a cricket Test Match can last for a maximum of 5 days, the World Badminton Championships took place over 14 days and the IAAF Grand Prix was over inside one day. Thus in order to make a standardised comparison of the economic impact attributable to events it is useful to examine the economic impact per day of competition. The results of this analysis are shown in Graph 3.

GRAPH 3: ECONOMIC IMPACT PER DAY (NOT INCLUDING FLM)



The FLM is a one-day event and as a result the economic impact per day is equivalent to the absolute impact of more than £25m. When one considers some of the statistics linked to the event it is easy to appreciate its magnitude and consequently its economic impact. For example, more than 32,000 runners took part and 300,000 spectators attended the event. A significant proportion of these were visitors to London, staying more than one night and making use of local hotels and restaurants. Mass participation events of this kind, while not necessarily significant in terms of the sporting outcome, represent arguably the greatest personal challenge an individual may face in a lifetime. Consequently, other people want to be part of the whole experience and enjoy the camaraderie to see if their family and friends can complete the 26 miles and 385 yards, as evidenced by the 81% of spectators who had a friend or relative taking part. Moreover, as the economic impact model is dependent upon both the spending and number of visitors from outside the host city, the pull of London as a venue and the premium people pay because it is the Capital city are immediately apparent in the exceptional economic impact figure.

Of all the daily impacts outlined in Graph 3, it is worth noting that the three Type B events (FLM, Test Cricket, and Women's Golf) appear in the top six. The cricket and the golf attracted 72,693 and 50,000 spectator admissions respectively. Of the remaining 13 Type C events in the sample, the highest attendance was at the 1999 European Show Jumping which attracted 40,000 spectator admissions and the lowest was the 1998 European Short Course Swimming which attracted 640 spectator admissions. Of the other events with impacts per day in excess of £1m, the World Triathlon and World Indoor Athletics attracted attendances of 31,000 and 15,000 respectively with visitors exceeding 81% in each instance. Notwithstanding the findings from these two events, as a general rule, the Type B events, because they are part of an annual calendar and as a result have a regular following of supporters are the most likely to attract significant levels of economic impact.

Visitor or organisational spend

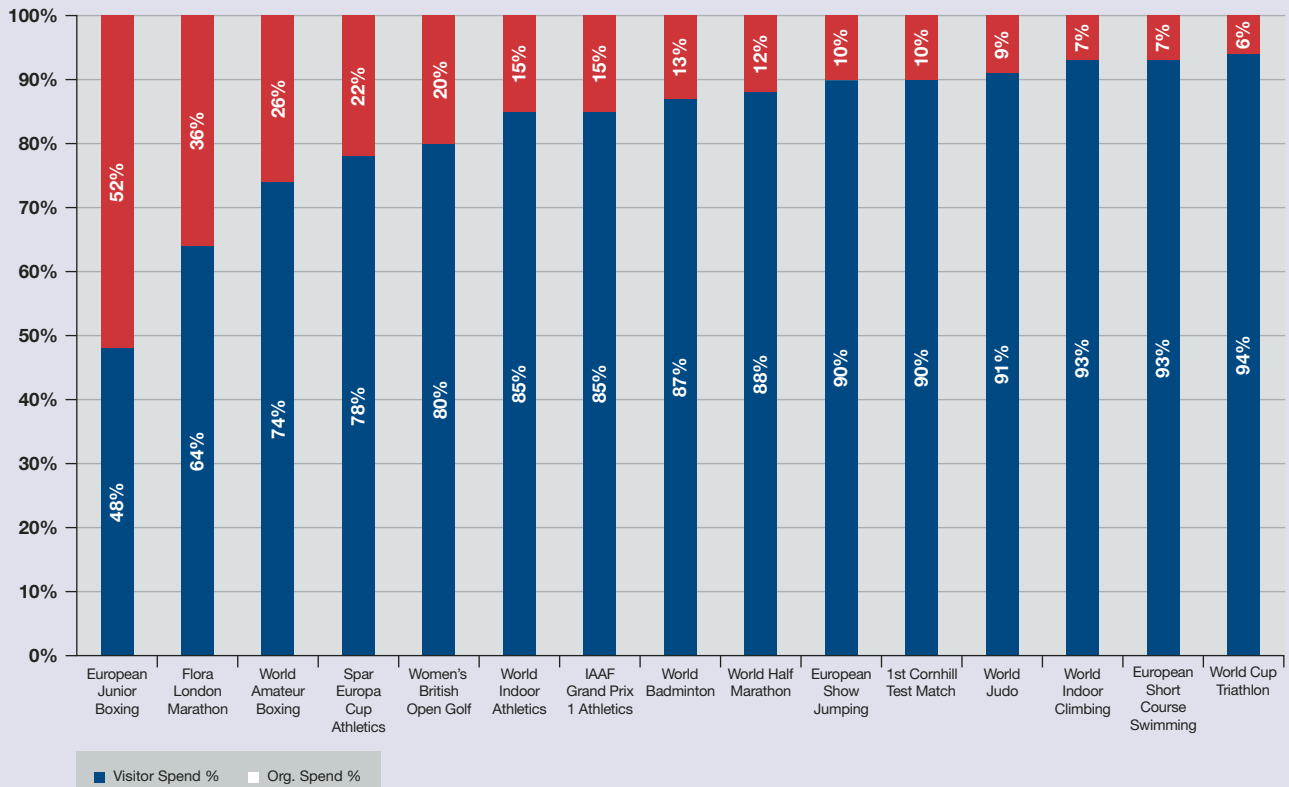
Whilst generating economic impact is not UK Sport's rationale for attracting major events to the UK; as suggested previously it is a useful device by which to justify the funding of an event in economic terms. Therefore in order to be able to forecast economic impact it is essential to understand the components that create economic impact. In broad terms these can be identified as:

- > **Organisational expenditure** i.e. expenditure made directly by the organisers of an event in the locality where the event is taking place.
- > **Competitor or delegation expenditure** i.e. expenditure made directly by those taking part in the event and their support staff in the locality where the event is taking place.
- > **Other visitor expenditure** i.e. expenditure made directly by those people involved with an event other than the organisers and delegations. Other visitor groups include officials, media representatives and spectators.



In the interest of simplicity the three types of expenditure can be collapsed into two categories i.e. organisational expenditure and visitor expenditure (delegation and other visitor expenditure combined). Using the sixteen events in the sample, the relative amounts of expenditure attributable to organisational and visitor expenditure can be seen in Graph 4.

GRAPH 4: THE RELATIVE PROPORTIONS OF VISITOR AND ORGANISATIONAL SPENDING



Graph 4 indicates that for all the events (apart from the European Junior Boxing), the economic impact attributable to organisational expenditure is a minority of the total economic impact with a highest percentage score of 36% (FLM) and a lowest percentage score of 0% in the European Junior Swimming (not illustrated). The sheer scale of the FLM with 99,000 applicants, 42,000 accepted entries and more than 32,000 finishers necessitates a more significant organisational spend than the other events. The European Junior Boxing was a relatively small event which did not attract significant numbers of spectators.

The median value is 13% organisational expenditure, and 87% visitor expenditure. The significance of this finding is that for the events included in this sample the vast majority of the economic impact (> 80%) is caused by visitors and therefore it is logical to concentrate the subsequent secondary analyses on visitor expenditure. The reason why the majority of events in this report have relatively low levels of organisational expenditure is because they were all events that took place within existing facilities and existing infrastructure. There was no need to build or upgrade existing facilities and therefore virtually all expenditure incurred by organisers was on revenue items necessary for the operational running of the event. This contrasts with Type A events where often facilities have to be built or upgraded specifically for a given event and organisational expenditure can be many millions of pounds. Generally for Type B and C events it is unlikely that there will be major infrastructural improvements and therefore on balance the majority of any economic impact will be generated by visitors.



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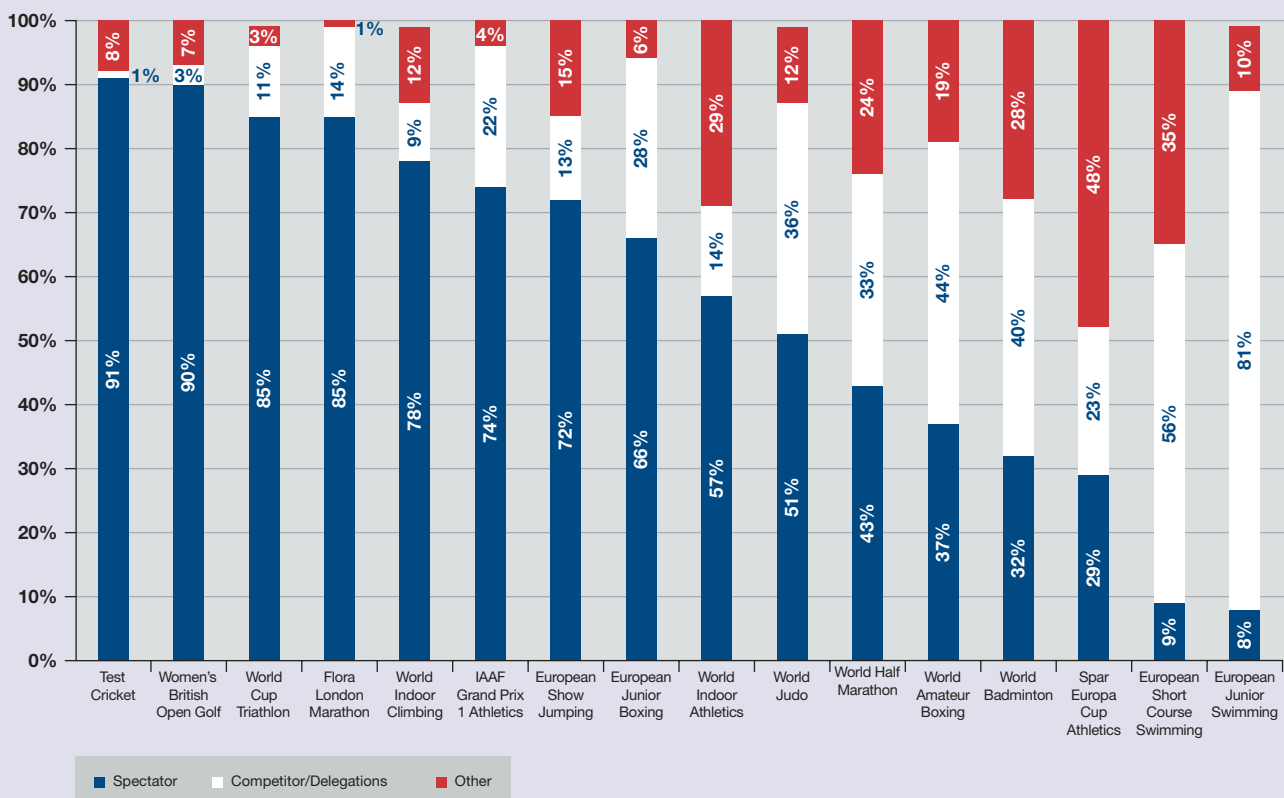
06 RESULTS AT MACRO LEVEL



Visitor expenditure

At this point it is worth disaggregating total visitor expenditure into its component parts of spectator, competitor (delegation) expenditure and other visitor expenditure. In 1997 the six events studied were illustrated along a continuum of 'spectator' to 'competitor and others'. Using the results of the ten events studied since 1997, this continuum can be upgraded to indicate the composition of visitor expenditure at an event. The revised continuum is shown in Graph 5 and this disaggregates the expenditure of 'others' from that of 'competitors'.

GRAPH 5: THE CONTINUUM BETWEEN SPECTATORS' AND OTHER VISITORS' EXPENDITURE



From Graph 5 it can be seen that at ten of the sixteen events featured, the majority (at least 51%) of the economic impact can be attributed to spectators and these would be categorised as 'spectator driven' events. The events at which the greatest percentage of economic impact was generated by spectators are the Test Match Cricket (91%), the Women's Golf (90%), the World Cup Triathlon and FLM (both 85%); three of which are Type B events. By contrast, at the remaining events the economic impact was driven by other groups (principally competitors), in particular the two swimming events. The Short Course and Junior Swimming events are characterised by having large numbers of competitors staying in commercial accommodation and relatively small numbers of spectators (990 and 640 admissions respectively) most of whom are either the friends or families of the competitors; such events are categorised as 'competitor driven'.

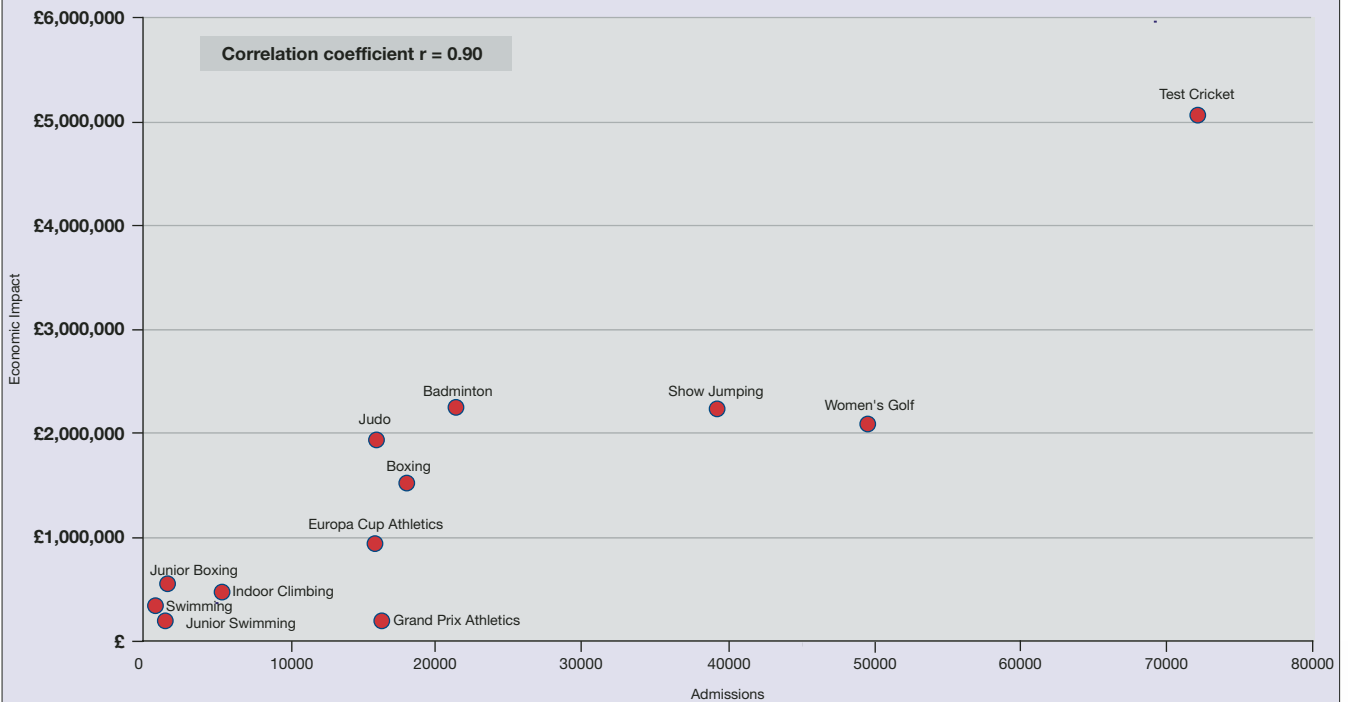
It is unlikely that UK Sport will be asked to support Type B events as they tend to be commercially successful events in their own right as is the case with the three events herein. From a commercial event promoter's perspective, economic impact is not an important issue. The most important issue to the commercial supplier is revenue, whether it is generated by local people, or visitors from outside the host town or city. Thus it can be argued that at Type B events, a high economic impact is incidental to the fact that the event enjoys favourable levels of public support. That is to say that one of the by-products of attracting large numbers of people to a sporting event is that they stimulate economic activity in the area in which the event is taking place. However, for Type C events, which because of their one-off nature are unpredictable in demand terms, the economic impact created by the event can be used as evidence to counter the lack of commercial success. All of the Type C events shown in Graph 5 either received financial support from the National Lottery, or made an operating deficit. However, all made positive contributions to the local economy in which an event took place, regardless of the level of public support.

RESULTS AT MACRO LEVEL

Key determinants of economic impact

The data shown in Graph 5 is shown in percentage terms and does not discriminate between the proportion of economic impact attributable to spectators or other groups and the absolute amount of economic impact. In order to investigate the relationship between the absolute scale of an economic impact and the number of people who generated it, the report now examines economic impact against the total number of spectator admissions as shown in Graph 6. This does not include events which were not staged in stadia and where the spectator admissions were approximations as there were no audience data available (e.g. FLM, WHM and World Cup Triathlon). This said, Graph 6 indicates that there is (in social science terms) a very high correlation ($r = 0.90$) between the number of spectator admissions at an event and the economic impact attributable to that event. Therefore it can be concluded that if economic impact is an important consideration in determining whether or not to support an event, then the number of spectators is the principal determinant of absolute economic impact. As a consequence of this finding it can be concluded that in elite level sport (i.e. the type of event likely to be supported by UK Sport), 'competitor driven' events are unlikely to generate as much economic impact in absolute terms compared with 'spectator driven' events.

GRAPH 6: THE RELATIONSHIP BETWEEN SPECTATOR ADMISSIONS AND ABSOLUTE ECONOMIC IMPACT



CONTINUED >>

06 RESULTS AT MACRO LEVEL

Notwithstanding the previous comments, it could be argued that if all or most of the spectators attending an event were local people, then the economic impact attributable to that event would be relatively small as there would be only a small net change in the economy i.e. most expenditure would be 'deadweight'. In order to investigate this possibility further, the report examines the relative proportions of local to non-local admissions as detailed in Table 3.

TABLE 3: THE RELATIVE PROPORTIONS OF NON-LOCAL AND LOCAL SPECTATORS AT EVENTS

EVENT	ADMISSIONS	NON-LOCAL	LOCAL
1997 World Badminton	21,702	62%	38%
1997 European Junior Boxing	1,690	73%	27%
1997 1st Cornhill Test Match	72,693	92%	8%
1997 IAAF Grand Prix 1	16,025	70%	30%
1997 European Junior Swimming	990	100%	0%
1997 Women's British Open Golf	50,000	99%	1%
1998 European Short Course Swimming	640	83%	17%
1999 European Show Jumping	40,000	55%	45%
1999 World Judo	16,000	87%	13%
1999 World Indoor Climbing	5,444	91%	9%
2000 Spar Europa Cup Athletics	16,478	20%	80%
2000 Flora London Marathon	300,000	57%	43%
2001 World Amateur Boxing	18,300	66%	34%
2001 World Half Marathon	15,000	45%	55%
2003 World Cup Triathlon	31,000	85%	15%
2003 World Indoor Athletics	15,000	81%	19%

According to Table 3, there are only two instances of local admissions exceeding those of non-local people; although these can be explained. The Europa Cup Athletics had 80% local spectators in attendance, however, for the purpose of this event, local was taken to be anywhere in the North East and included areas such as Northumberland, Tyne & Wear, Durham and Cleveland, hence the catchment area to be termed local was greatly increased. The WHM had 55% of local spectators; however this was a direct result of the Bristol Half Marathon running alongside the elite event, hence there were many people from Bristol (66% of spectators) supporting family and friends in their endeavours. Moreover, of the remaining events, the market conditions were interfered with by the event organisers at the European Show Jumping and the World Amateur Boxing, in that significant numbers of complimentary tickets were passed to local people in order to increase the attendance at the events. Hence it is reasonable to conclude that the majority of spectators to events (in particular Type C) come from outside the local area and this therefore confirms the earlier assertion that absolute economic impact is critically dependent on the number of spectators attending an event. A point emphasised still further when one considers that the correlation between non-local admissions and absolute impact while still high ($r = 0.87$), is not as high as the correlation using total spectator admissions.

The key points emerging from the initial results section can be summarised as follows:

- > Type B events are likely to have a greater economic impact than Type C events;
- > The most appropriate way to compare the economic impact attributable to various events is on an economic impact per day basis;
- > Spectator driven events are likely to have a higher economic impact than competitor driven events;
- > The key determinant of total economic impact is the number of spectators attending an event;
- > For most major sporting events, visitors from outside the immediate area are likely to account for the majority of admissions.

Having identified these outline points from the overall data, the report utilises more micro scale analyses of the expenditure levels and patterns exhibited by people involved in the events, namely delegations, officials, media representatives and spectators.





SPENDING LEVELS AND PATTERNS OF KEY GROUPS





07 SPENDING LEVELS AND PATTERNS OF KEY GROUPS

VACANCY

This section explores in detail the spending patterns of competitors, officials, media representatives and spectators across the various events. For each group the following data is presented:

- > Average daily expenditure (absolute);
- > The breakdown between expenditure on accommodation, food & drink compared with expenditure on other items (absolute);
- > The proportion of expenditure spent on accommodation, food & drink compared with expenditure on other items (relative).

Having identified spectators as the principal drivers of total economic impact, the results from the most recent economic impact studies are used to examine their spending in even greater depth by analysing spending habits of three sub groups of spectators, namely:

- > Those staying overnight and making use of commercial accommodation;
- > Those staying overnight and making use of non-commercial accommodation such as with family or friends;
- > Day visitors who attend an event and return home on the same day.

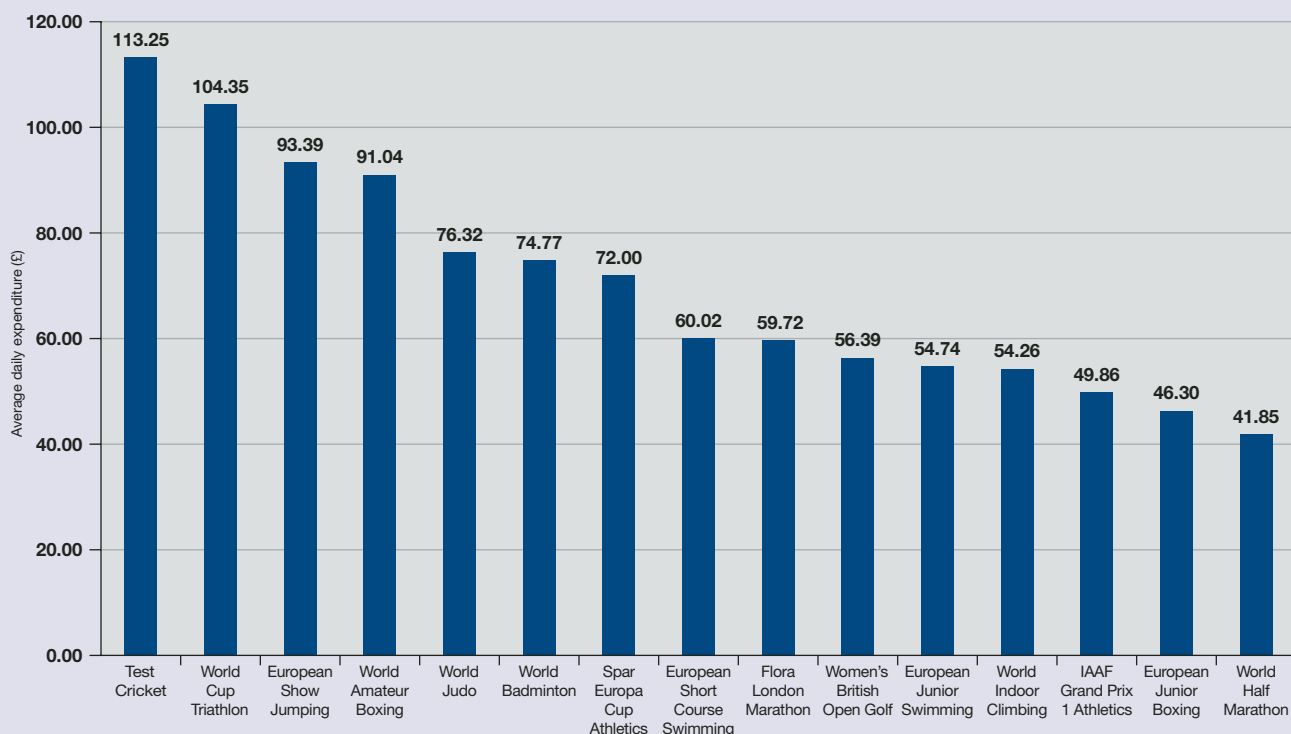
Finally, the median values from each of the four groups are analysed so that comparison can be made between the spending habits of, for example, spectators and competitors or media representatives and officials.

Competitors

All major sports events are characterised by having competitors and the evidence from previous research indicates that competitors and their support staff are likely to make use of commercial accommodation reasonably near the facility at which the event is due to take place. This observation is true even for events taking place on one day such as an athletics meeting. The total daily expenditure of competitors and team officials at the various events included in this research is shown in Graph 7.

The range of daily expenditures in Graph 7 varies from £113.25 (Cricket Test Match) to £41.85 (World Half Marathon) with a median score of £60.02. A typical total daily expenditure of around £60 per person per day indicates that competitors and support staff are generally not high spenders in the host town when compared to research by the British Tourist Authority which revealed that business travellers spend on average £160 per day. Even removing the expenditure of non-elite or fun runners from the FLM and WHM only raises the median figure to £72 per day.

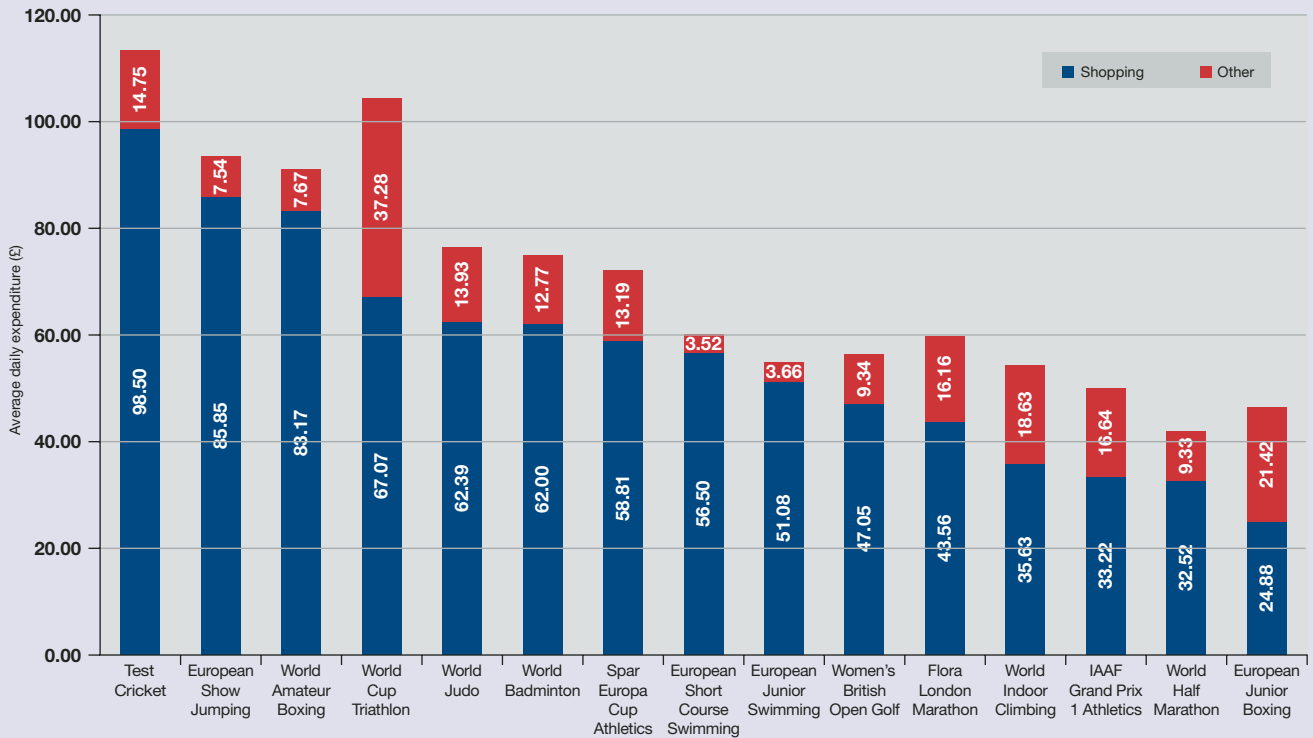
GRAPH 7: DAILY EXPENDITURE OF COMPETITORS AND DELEGATES WITH TEAMS



SPENDING LEVELS AND PATTERNS OF KEY GROUPS // 07

The research across the events herein has revealed that in many instances, organisers negotiate significant discounts with hoteliers in return for high occupancy levels in rooms, caused by competitors from the same team or nation sharing accommodation. In Birmingham (at the WICC) the average accommodation cost per night was as low as £24 per person in return for filling all of the beds available in a given hotel. Other techniques designed to reduce expenditure include negotiating full board tariffs thereby obviating the need to buy food for competitors elsewhere.

GRAPH 8: COMPETITORS' EXPENDITURE ON SUBSISTENCE AND OTHER ITEMS



SPENDING LEVELS AND PATTERNS OF KEY GROUPS



As far as event organisers and competitors are concerned their primary objective is to operate within the confines of their budget not to maximise their economic impact on the host town. The evidence to support this assertion can be seen in Graph 8 where the total daily expenditure shown in Graph 7 is sub divided into expenditure on accommodation, food and drink (hereafter referred to as 'subsistence'), and expenditure on other items such as shopping, travel and miscellaneous items (hereafter referred to as 'other'). The information detailed in Graph 8 confirms that at each event, competitors' expenditure on subsistence is always greater than their expenditure on other items. This enables the refining of the previous finding that competitors do not spend very much in the host town; such that, apart from their expenditure on subsistence it is unusual for competitors to spend any more than £20 per day on other items. The median value for expenditure on other items is £13.19 per day and thus as a rule of thumb one can conclude that typical expenditure by competitors comprises the cost of their hotel room and food plus about £13 per person per day.

In extreme examples, notably swimming events, daily expenditure on other items can be little more than £3.50 per day. This apparently low level of expenditure by swimmers can be explained by the cycle of training, resting, taking part in heats and finals, that tends to characterise elite swimming competitions.

The exceptional finding that competitors at the World Cup Triathlon spent more than £37 per day on other items is largely due to an anomaly, whereby the athletes spent more than £18 per day on travel in the local economy. This finding is unlike any revealed across the remainder of the events and according to the research consultants who analysed the Triathlon, this figure reflects the fact that the athletes made use of their own vehicles in order to carry cycles and equipment around with them rather than transport provided by the organisers.

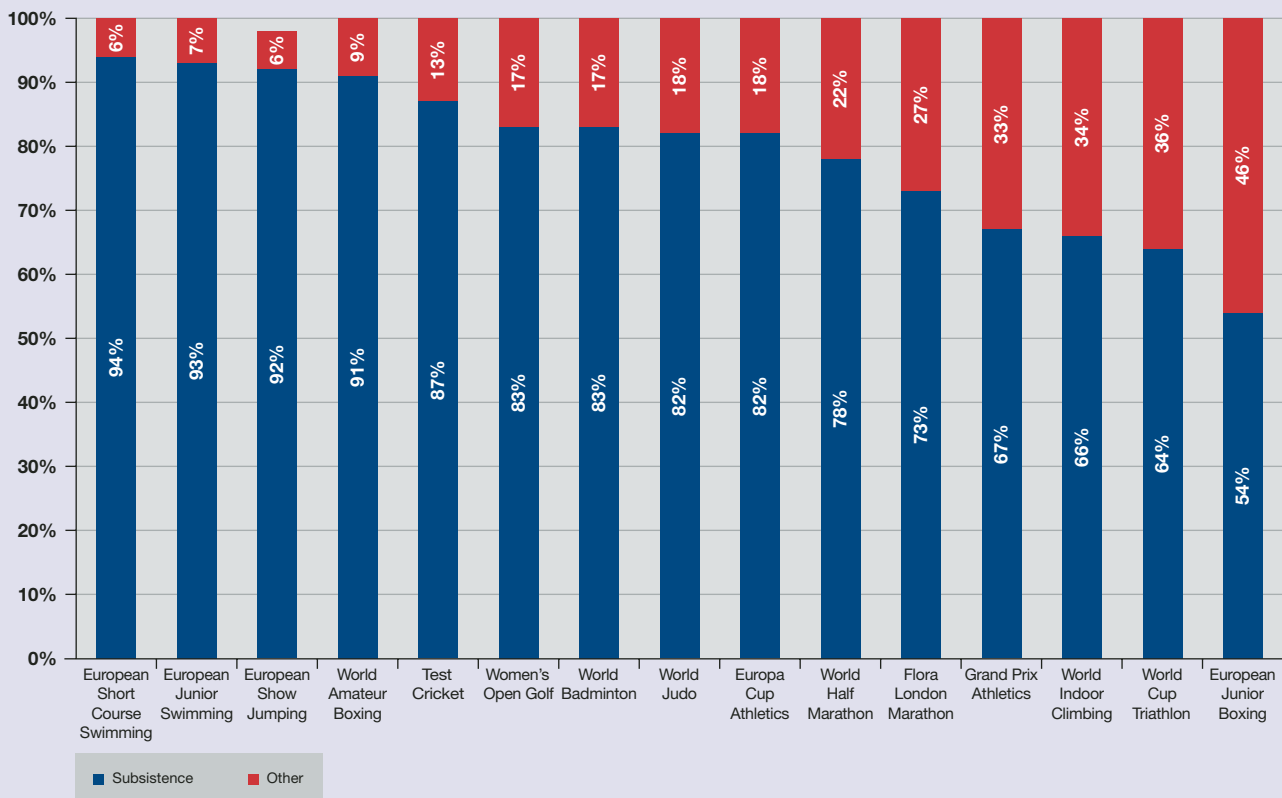
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07 // SPENDING LEVELS AND PATTERNS OF KEY GROUPS

VACANCY

The relative expenditure on subsistence and other items is shown in Graph 9, which confirms how any economic impact generated by competitors is crucially dependant on their expenditure on subsistence.

GRAPH 9: COMPETITORS' RELATIVE EXPENDITURE ON SUBSISTENCE AND OTHER ITEMS



In Graph 9 the median score for the balance between expenditure on subsistence and other items is 82% and 18% respectively. For the six events where the proportion of expenditure on other items exceeds 20% it should be noted that three of these have the lowest absolute levels of expenditure, and also the highest absolute expenditure on other items. In the case of the European Junior Boxing, once athletes were eliminated from the competition they had as many as six days during which time they were in Birmingham but no longer taking part in the event. Many boxers who were eliminated early on in the competition took the opportunity to shop in Birmingham city centre, thereby creating the highest spend per day on other items seen in the sample of events except for the World Cup Triathlon which as suggested previously is an anomaly given the local expenditure on travel. At the World Indoor Climbing Championships, the event was also an exhibition/fair at which mountaineering supplies were on sale at numerous trade stalls within the National Indoor Arena. Many competitors took advantage of buying specialist equipment at favourable prices and as a result increased their average expenditure per day on other items. The FLM and WHM (incorporating the Bristol Half) involved numerous fun runners who had to pay their own way and were likely to be on a budget, consequently they tried to keep accommodation costs to a minimum unlike elite athletes.

It is apparent from the research conducted to date that a competitor's main goal in taking part in an event is to excel in sporting terms rather than to enjoy local amenities. The striving for sporting excellence coupled with the need to rest before competition implies that athletes have neither the time nor the inclination to make a significant economic impact on a host town. This in turn reinforces the earlier point that absolute economic impact is a function of the number of spectators attending an event. Notwithstanding this generalisation, it is worth making the point that where an event has a large number of competitors, they have the potential to generate a significant amount of additional expenditure in a host economy. For example the 32,000+ fun runners at the FLM were responsible for more than £2.25m of additional expenditure plus entry fees of approaching £3.5m.



SPENDING LEVELS AND PATTERNS OF KEY GROUPS // 07

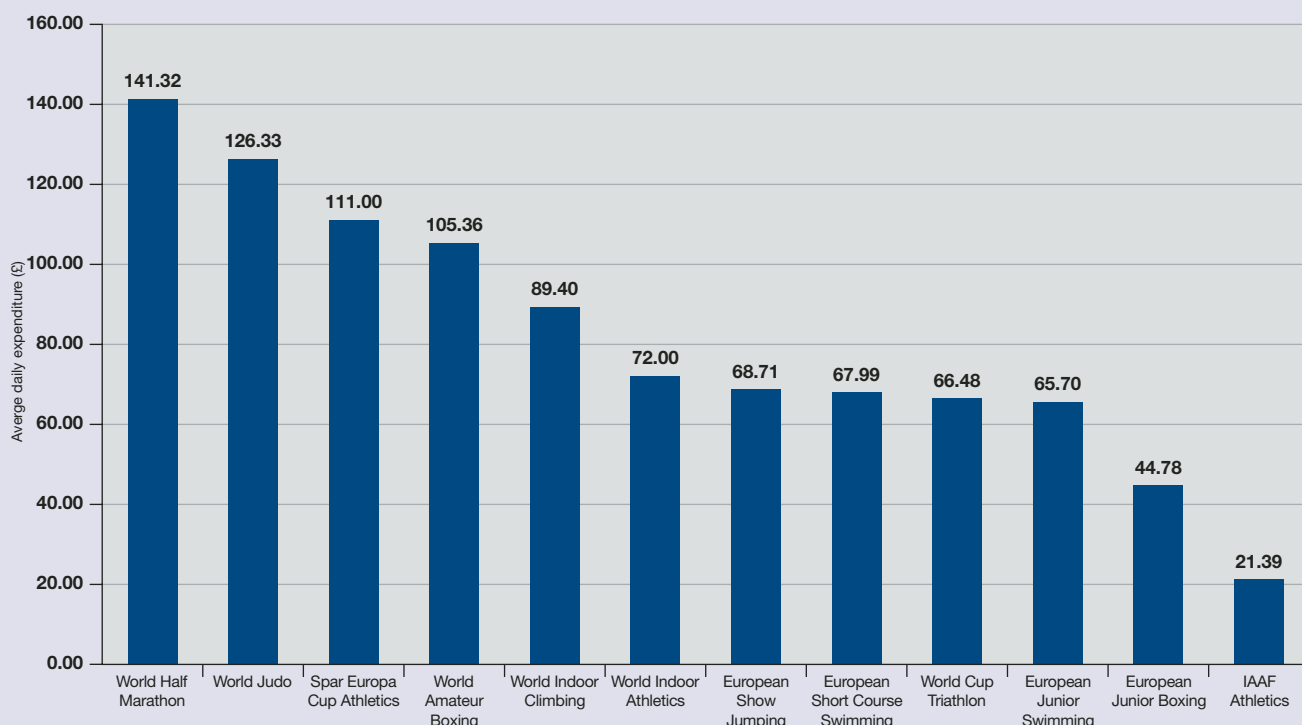
In summary according to the findings presented herein, the spending patterns and habits of competitors can be described as follows:

- On average total expenditure per person per day was £55-£60;
- Subsistence is by far the largest area of expenditure 82%;
- Expenditure on items other than subsistence is generally low with an average of only £13 per day.

Officials

Competitors are needed to create a major sporting event; however, an event would not be able to take place without the invaluable contribution of officials to the operational management of an event. The roles played by officials include running the organising committees, through to hands on tasks such as refereeing, time keeping, lane judging and other tasks. Many officials tend to be volunteers and their basic subsistence costs are usually met by the event organisers. Officials tend to have very high demands placed on them during an event and their days are characterised by early starts, late finishes and a very full timetable in between. Consequently, it might be expected that their expenditure habits and patterns are similar to those of competitors – albeit for slightly different reasons. In Graph 10 the absolute daily expenditure attributable to officials is shown for some of the events where the data is available and comparable.

GRAPH 10: DAILY EXPENDITURE LEVELS OF OFFICIALS



The range of average daily expenditure varies from £141.32 at the World Half Marathon and £126.33 at the World Judo Championships to £21.39 at the one-day IAAF Grand Prix Athletics meeting. The IAAF officials at the WHM and officials at the Judo were predominantly from overseas, and the respective international governing body contract stipulations indicated that they should be accommodated in high quality hotels and be given generous food and drink allowances. Moreover, despite the WHM lasting for less than half a day, the planning necessary for a road race and such a prestigious one at that, meant that officials stayed for at least 3 nights in Bristol. The IAAF Grand Prix also lasted less than one day, however, the vast majority of officials were not accommodated overnight and had food provided at the Stadium, which collectively helps to explain why the average daily expenditure was the lowest of all the events. The median score of £70.36 is typical of events that last a number of days and hence require officials to be accommodated in hotels. This observation is particularly true for officials who perform a skilled or technical role that cannot be filled by local volunteers. For events such as swimming, judo and climbing there are only limited numbers of officials in the country or indeed the world who are capable of performing certain roles – most notably judging world class standard performance.

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07 // SPENDING LEVELS AND PATTERNS OF KEY GROUPS

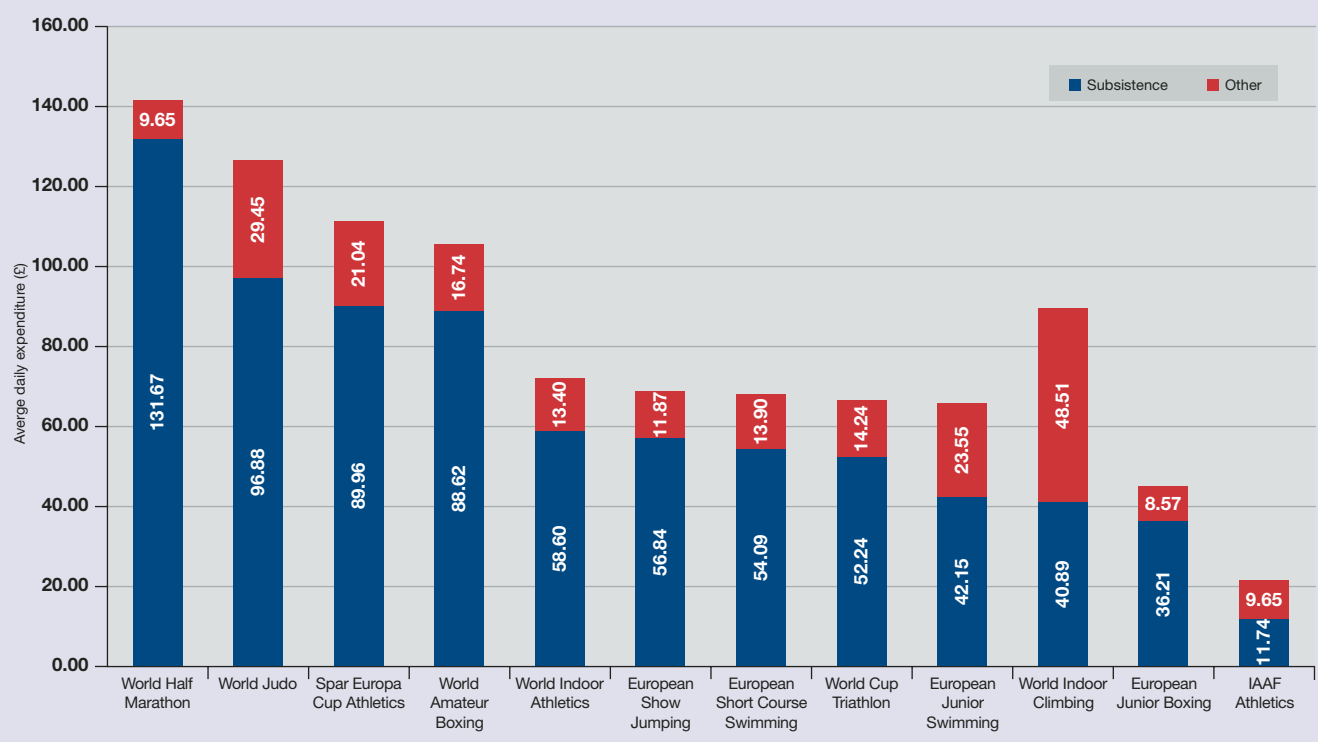
VACANCY

The typical spend per day by officials has been identified as around £70, and the breakdown of this expenditure is detailed in Graph 11. With the exception of the World Indoor Climbing Championships, expenditure on subsistence exceeds expenditure on other items. At the WICC the officials, who were all climbing and hill walking enthusiasts, spent considerable amounts of money on outdoor clothing and equipment from the trade stalls in the National Indoor Arena. There were breaks built into the day for officials and a staff rotation system was used so that not all of the officials were on duty simultaneously. Thus with more time free than officials at other events and the availability of competitively priced outdoor clothing and technical equipment on site, it is perhaps not surprising that their daily expenditure on other items was considerably higher than that found at other events. The lowest daily expenditure (£8.57) was found at the European Junior Boxing Championships where a limited number of officials oversaw 193 bouts and tended to spend their time in between sessions on site and in meetings. Similar to competitors (£13.19), the median score for expenditure on other items was found to be £14.07 per official per day. Typical expenditure by officials on subsistence is slightly lower than that of competitors not because officials are accommodated in lower grade hotels, but rather because a higher proportion of competitors tend to stay overnight than officials, who in some instances are categorised by volunteers who are day visitors and spend less.



SPENDING LEVELS AND PATTERNS OF KEY GROUPS

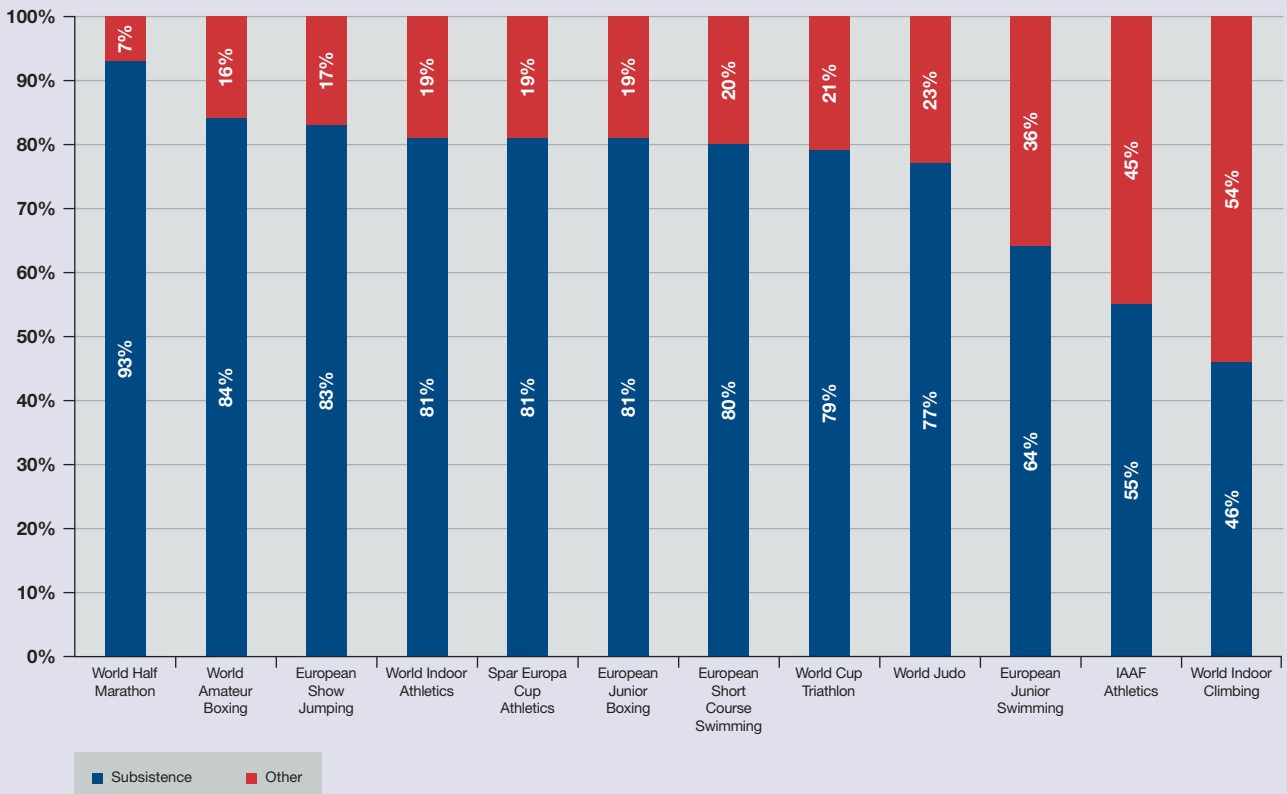
GRAPH 11: OFFICIALS' EXPENDITURE ON SUBSISTENCE AND OTHER ITEMS



SPENDING LEVELS AND PATTERNS OF KEY GROUPS // 07

The relative balance of expenditure by officials on subsistence and other items across the various events is presented in Graph 12. This indicates that the median scores for expenditure on subsistence and other items are 80% and 20% respectively. These are broadly comparable with competitors (82% and 18%) and indicate that apart from expenditure on subsistence it is unlikely that officials will make a significant economic impact on a host town.

GRAPH 12: OFFICIAL'S RELATIVE EXPENDITURE ON SUBSISTENCE AND OTHER ITEMS



SPENDING LEVELS AND PATTERNS OF KEY GROUPS

In summary the spending habits and patterns of officials can be described as follows:

- > Typical expenditure per person per day was £70;
- > Subsistence is by far the largest area of expenditure 80%;

Expenditure on items other than subsistence is generally low with an average of £14 per day – an amount which is highly comparable with competitors (£13 per day).



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07 // SPENDING LEVELS AND PATTERNS OF KEY GROUPS

VACANCY

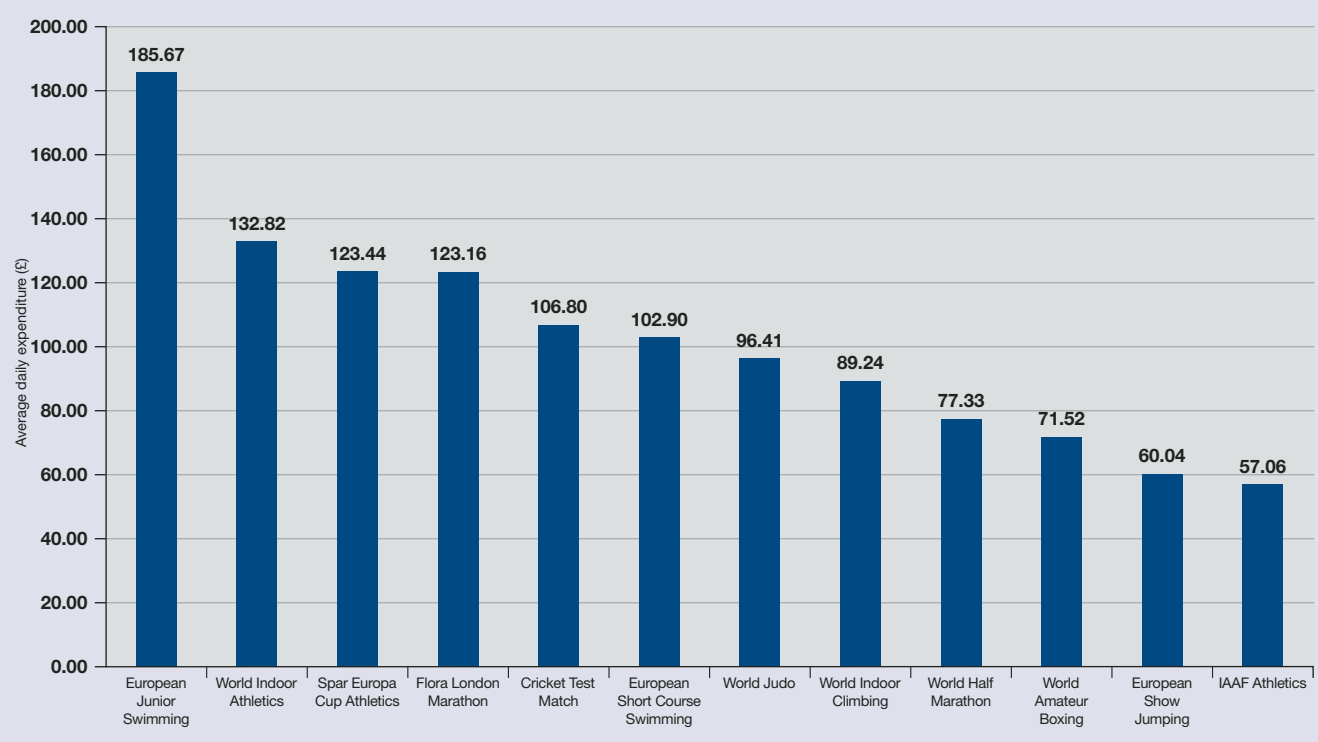
Media representatives

The expression 'media representative' encompasses a variety of different types of people such as newspaper journalists, radio and television journalists, television and radio crew members, photographers and magazine journalists as well as new media. Regardless of the medium in which they work and the jobs that they perform, media representatives tend to be accredited to events under the generic tag of 'media'. Unlike competitors and officials, media representatives are not integral to the staging of an event – i.e. technically it would be possible for the event to take place without them. However, the media has an important role to play in the reporting on and broadcasting of an event. Thus although media representatives might not be integral to an event, they attend in a professional capacity and are more likely to be genuine business travellers than competitors, officials or spectators. If this hypothesis is true, then it would be reasonable to expect that media representatives would have higher daily expenditure levels than other groups. Graph 13 shows the average daily expenditure levels at a variety of events from which data is available in a comparable form.

The highest daily expenditure recorded by media representatives was £185.67 per day at the 1997 European Junior Swimming Championships. This finding should be treated as being atypical because only seven media representatives attended the event. The lowest spend per day was £57.06 at the IAAF Athletics meeting in Sheffield which was a one-day event and thus most media representatives did not stay overnight. The median value, £99.66 is higher than the median value for both competitors (£60.02) and officials (£70.36). However, even at almost £100, typical expenditure by media representatives is lower than the £160 per day found by the BTA in its research on business travellers. Such variability in the expenditure levels of media representatives can be explained by variations in the type of media representative attending an event. For mainstream mass interest sports such as cricket it would be reasonable to expect the leading journalists from the national newspapers to attend the event and to stay in high quality hotels at their employer's expense. Evidence collected at less mainstream sports such as judo, climbing and show jumping has found a high proportion of freelance media representatives working on an 'at risk' basis and who consequently spend considerably less whilst covering an event than their counterparts whose expenses are being met by their employers.



GRAPH 13: DAILY EXPENDITURE LEVELS OF MEDIA REPRESENTATIVES

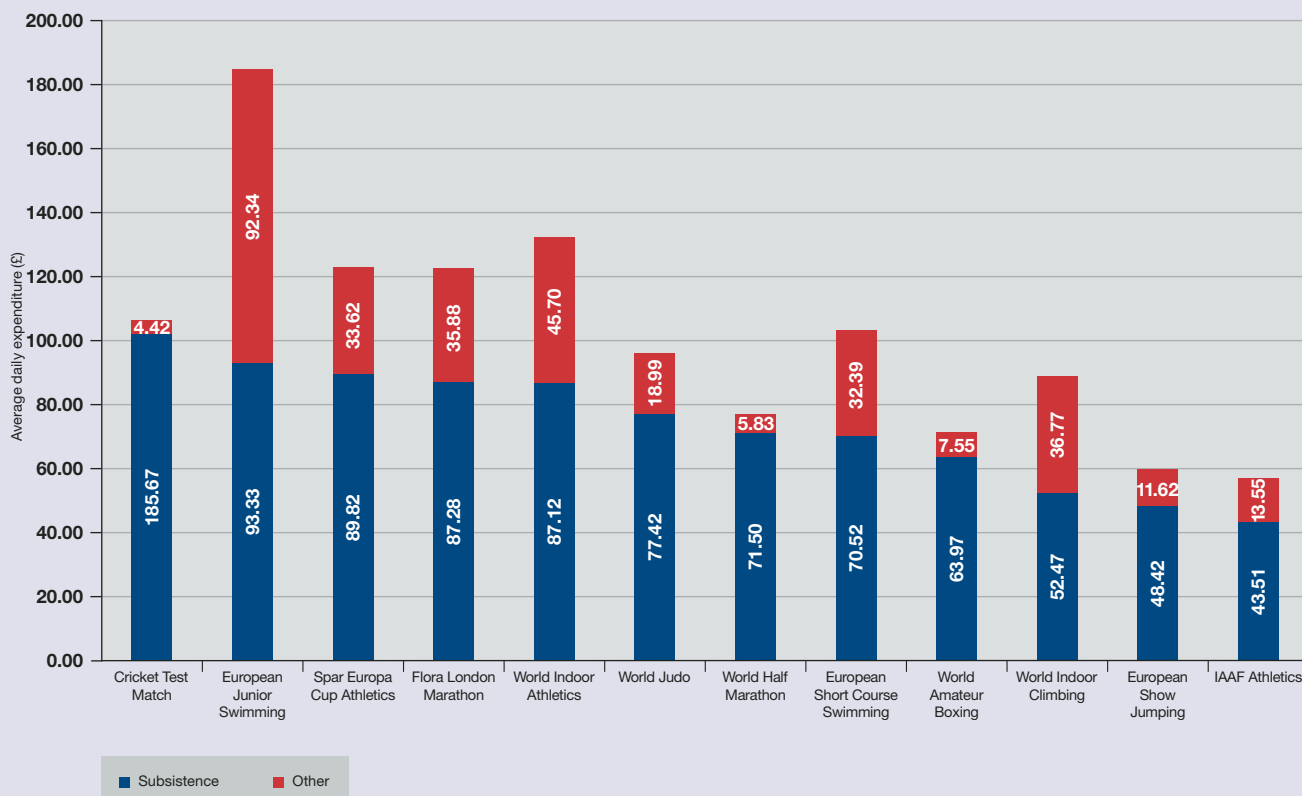


SPENDING LEVELS AND PATTERNS OF KEY GROUPS

SPENDING LEVELS AND PATTERNS OF KEY GROUPS // 07

The breakdown of media representatives' spending whilst in a host town is shown in Graph 14. This indicates that as per competitors and officials, the majority of expenditure made by media representatives is on subsistence, with a peak of £102.38 per day for a cricket Test Match through to £43.51 for a one-day athletics meeting. The median expenditure on subsistence by media representatives is £74.46 which is more than both competitors (£56.50) and officials (£55.47). This finding supports the hypothesis that media representatives as business travellers to events tend to spend more than other groups.

GRAPH 14: MEDIA REPRESENTATIVES' EXPENDITURE ON SUBSISTENCE AND OTHER ITEMS



Expenditure on other items varies from £92.34 per day at the European Junior Swimming Championships (EJSC) through to £4.42 at the Test Cricket. As explained earlier the findings at the EJSC were unusual. A small pool of seven journalists, mostly from Europe, spent considerable amounts of money entertaining governing body officials and team coaches in expensive restaurants. For some of these journalists the event was also doubling as their holiday and they spent more money on shopping in and around Glasgow than would be expected from journalists simply doing their normal jobs. The median expenditure on other items was £25.69 per day which would also suggest that in addition to spending more than competitors and officials on subsistence, media representatives also spend more on other items (£26 cf. £13-£14).

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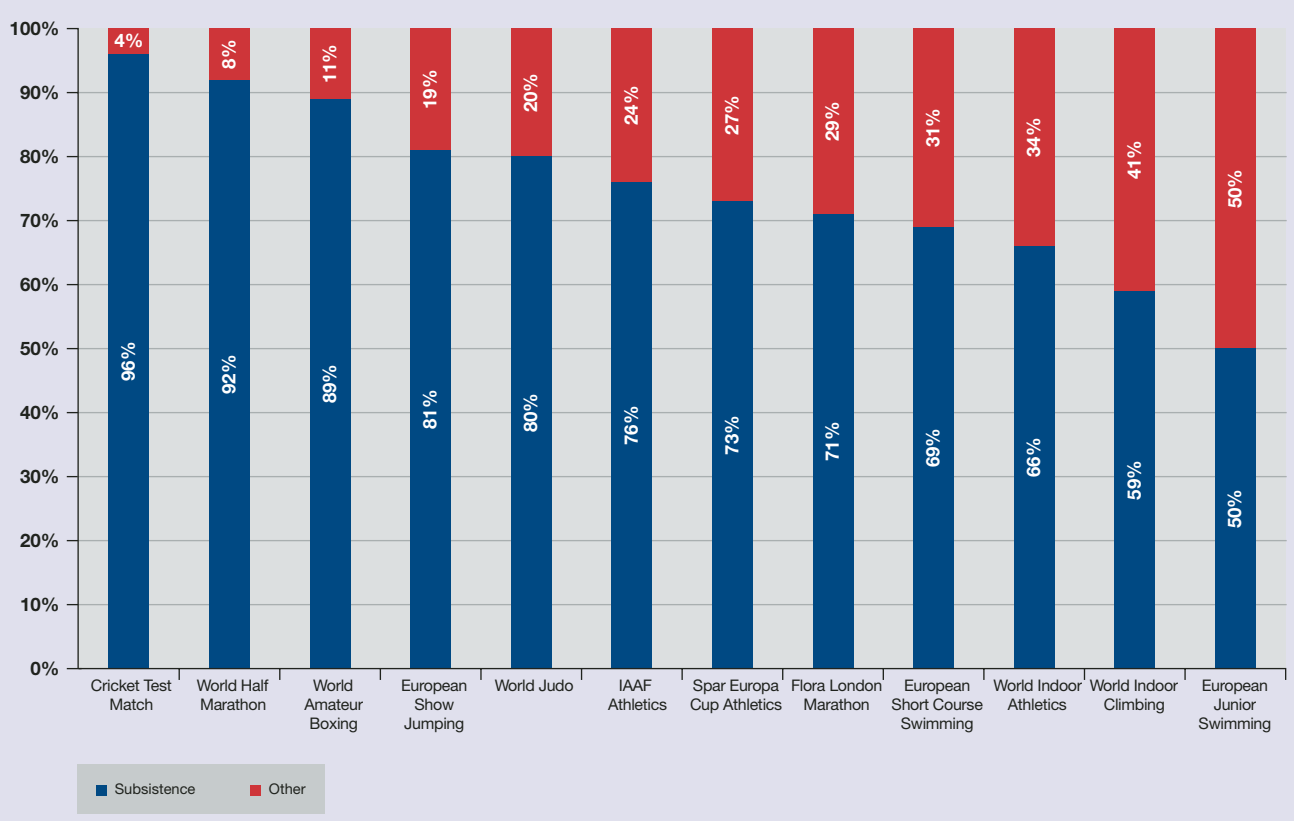


07 // SPENDING LEVELS AND PATTERNS OF KEY GROUPS

VACANCY

In Graph 15, the relative spending of media representatives on subsistence and other items is shown. In each instance the relative spending on subsistence exceeds that on other items. The median values for expenditure on subsistence and other items are 75% and 25% respectively, which suggests that not only do media representatives spend more than competitors and officials but also, they spend their money on different sorts of commodities than competitors and officials.

GRAPH 15: MEDIA REPRESENTATIVES' RELATIVE EXPENDITURE ON SUBSISTENCE AND OTHER ITEMS



SPENDING LEVELS AND PATTERNS OF KEY GROUPS

In summary the spending patterns and habits of media representatives can be described as follows:

- > On average total expenditure per person per day was £100;
- > Subsistence is the largest area of expenditure 75%;

Typical expenditure on items other than subsistence is more than that of competitors and officials and exceeds £25 per day.

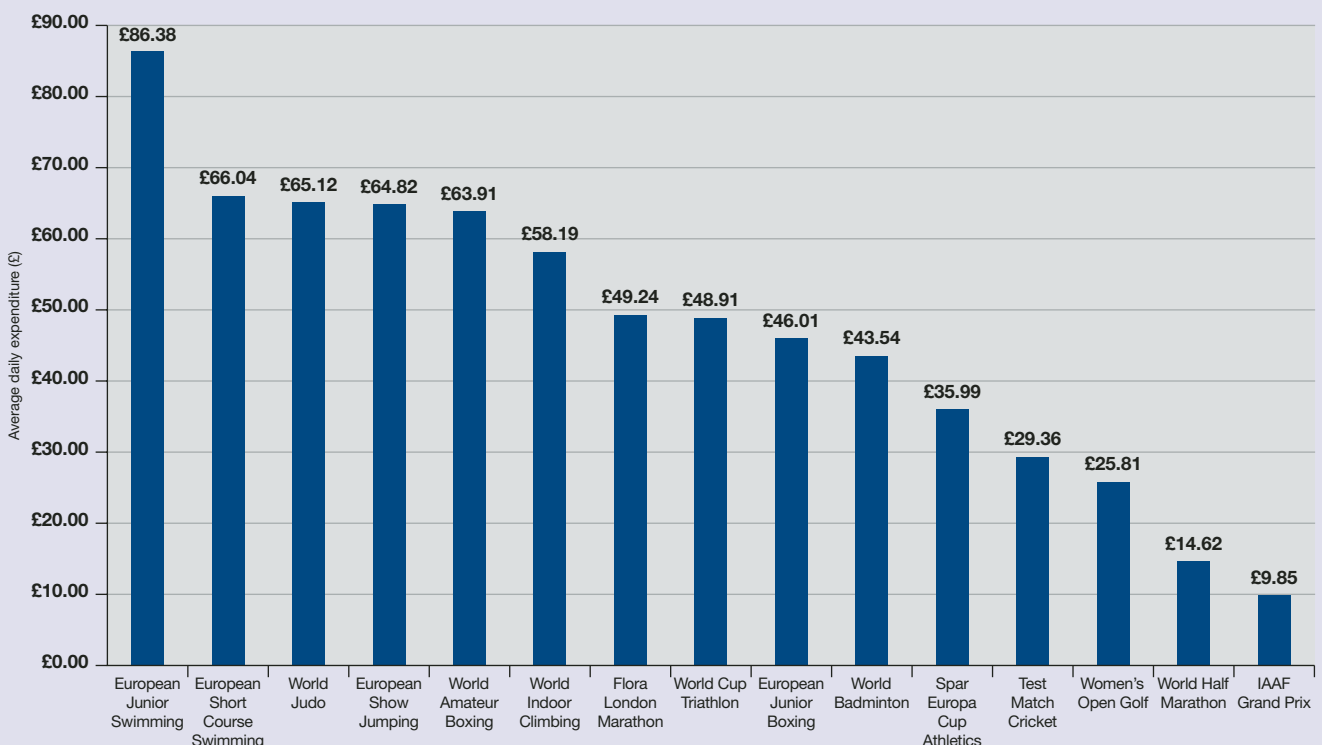




Spectators

Of all the key interest groups at major events, as has been demonstrated earlier in this report, it is the spectators who are the major determinants of economic impact. In recognition of this fact, spectator expenditure is analysed in greater detail than the preceding sections on competitors, officials and media representatives. However, initially a basic analysis of daily expenditure rates for spectators is shown in Graph 16. This highlights considerable variation in the spending habits of spectators per day (£86.38 to £9.85). At the EJSC it was discovered that all of the spectators were friends or family members of the competitors. Most (69%) were from Europe and the remaining 31% were from the United Kingdom. As the event lasted for four days virtually all spectators stayed overnight in commercial accommodation and ate and drank in Glasgow cafes and bars. However, as a result of watching all of the swimming heats and finals their expenditure on other items was low in absolute terms and the lowest in relative terms. For the same reasons, a similar result was obtained at the European Short Course Swimming Championships (£66.04). By contrast, the IAAF Athletics meeting, which from a spectator's perspective was a half day out (4.30pm – 8.30pm), was characterised by expenditure of £9.85 per person. At the event many spectators brought their own food and drink with them and there was very little opportunity inside and around the stadium for people to spend money on shopping, merchandise or other items. At the Women's Open Golf (£14.62 per day) and the Test Cricket (£29.36) the vast majority of spectators watched the events for one day only and also tended to bring their own food and drink with them, thereby contributing to a low expenditure rate per head.

GRAPH 16: DAILY EXPENDITURE LEVELS OF SPECTATORS

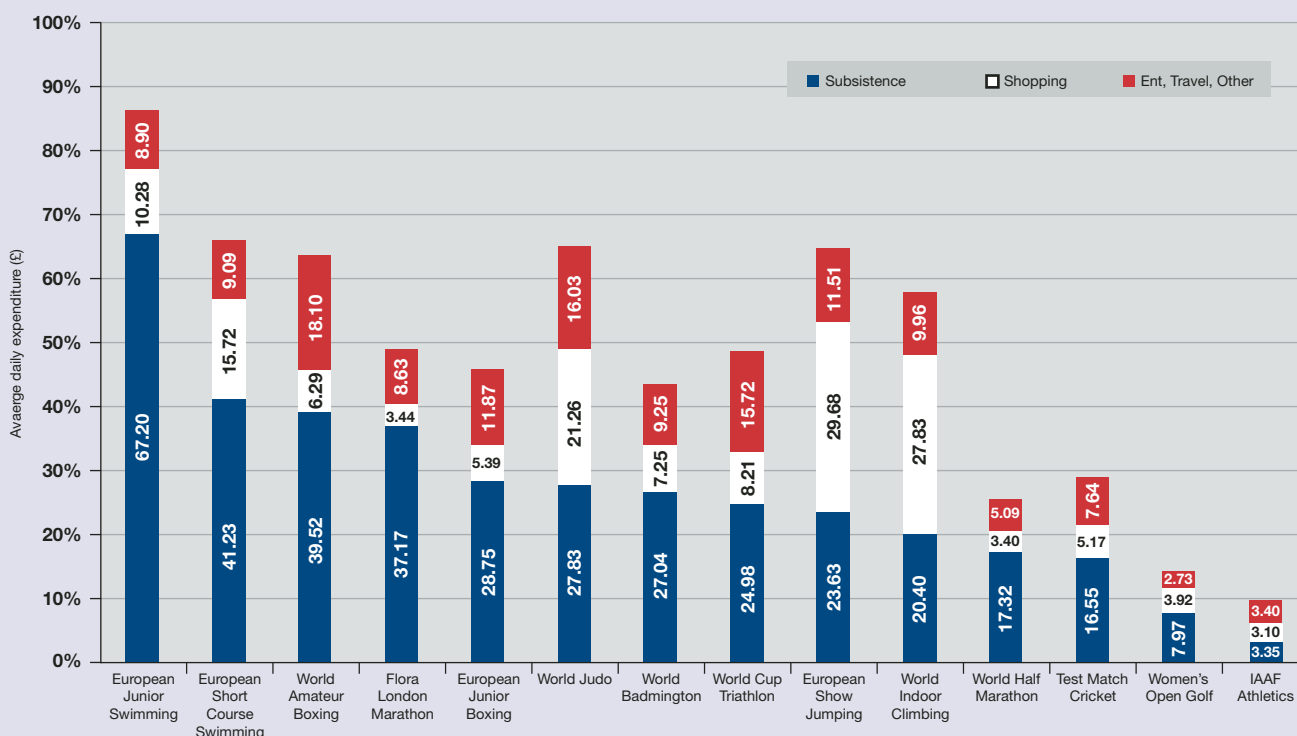


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07 // SPENDING LEVELS AND PATTERNS OF KEY GROUPS

The median expenditure per spectator per day was £48.91, which is lower than competitors, officials and media representatives. The explanation for this finding is that spectators are the group least likely to use commercial accommodation and the group most likely to be day visitors. This would therefore suggest that spectators' spending habits are likely to be different from those groups examined previously in this report. In order to test this theory the daily expenditure per spectator has been divided into three rather than two categories (subsistence; shopping and merchandise; and other items i.e. travel, entertainment etc.). The results of this analysis are shown in Graph 17.

GRAPH 17: SPECTATORS' EXPENDITURE ON SUBSISTENCE, SHOPPING/MERCHADISE AND OTHER ITEMS



Expenditure on accommodation and subsistence in Graph 17 is positively correlated with low numbers of spectators in absolute terms making relatively high use of commercial over-night accommodation – most notably friends and family members of competitive swimmers and boxers, or fun runners in the case of the FLM. Low expenditure on subsistence correlates highly with one-day events or events where the majority of spectators attend for one-day regardless of the duration of the event (e.g. cricket and golf).

The median score for subsistence is £26.01 per day which is the average of the expenditure levels found at the World Badminton and the World Cup Triathlon. At the World Badminton, considerable numbers of spectators from overseas, particularly from Asian countries where badminton is very popular, visited the event and made use of commercial accommodation. By contrast, at the World Triathlon and also at the European Show Jumping most of the expenditure on subsistence was spent on food and drink (£16.60 and £15.83 respectively) rather than on accommodation (£8.38 and £7.80 respectively). In the case of the World Triathlon the reason for this unusual finding is the 80% of spectators who were day visitors. In the case of the Show Jumping, around 1,800 spectators made use of free non-commercial accommodation on the Hickstead site – effectively free camping and caravanning. This reduced the average spend on accommodation while at the same time increasing the spend on food and drink because overnight stayers had to purchase their own food and drink from restaurants, fast food stands and licensed bars while on site.

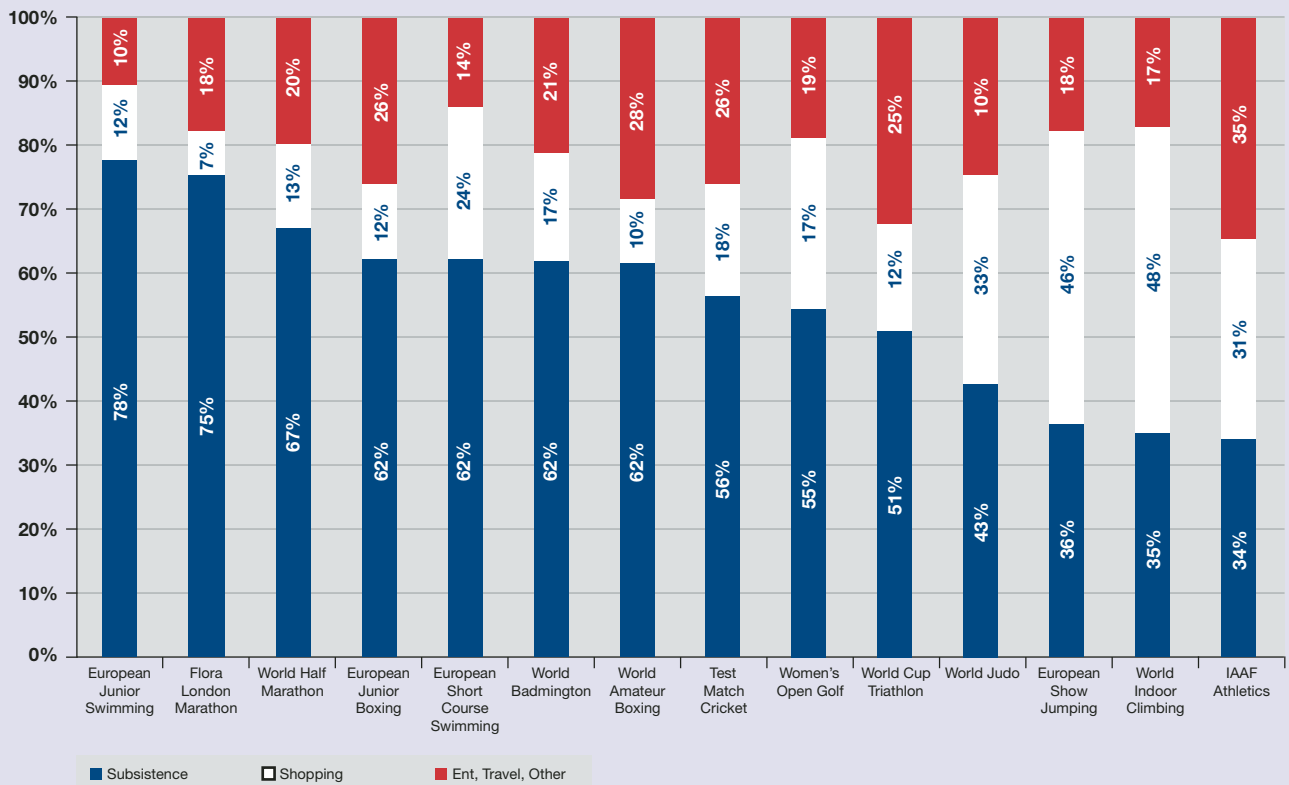
An increasingly common feature of major events is on site retailing to spectators. At Hickstead over 200 trade stands attended selling all types of equestrian supplies. At the World Indoor Climbing, the event was integral to a trade show and exhibition with a dozen retailers present. At these two events the highest levels of expenditure on shopping were revealed at £29.68 and £27.63 per person per day respectively. Although a trade show and exhibition takes place in the days preceding the London Marathon, this is mainly for those registering to take part (fun-runners) rather than for spectators.

SPENDING LEVELS AND PATTERNS OF KEY GROUPS // 07

As well as on site retailing, spectators often take the opportunity to shop in local amenities as part of their visit to the host town in which an event is taking place. At the European Short Course Swimming there was a two and a half hour break between the morning heats and the finals in late afternoon. As the event took place two weeks before Christmas, a high proportion of the spectators went shopping in Sheffield city centre and the nearby Meadowhall complex. At events such as Test cricket or golf championships, the event fills an entire day and there is little opportunity for shopping and as a result expenditure on shopping and merchandise is low. While the event may not quite have filled an entire day at the FLM and WHM/BHM, spectators were so concerned with watching friends and relatives meet the challenge of completing the course that they demonstrated little inclination to shop.

Expenditure on other items has a median value of £9.17, a highest value of £18.10 and a lowest value of £2.73. Expenditure on other items (entertainment, travel and miscellaneous) tends to be at its highest where there are significant numbers of spectators from overseas attending an event such as at the World Judo, World Amateur Boxing, European Show Jumping, World Badminton and Short Course Swimming. Low expenditure on other items is correlated with high levels of day visitors and time intensive sports such as cricket and golf.

GRAPH 18: SPECTATOR'S RELATIVE EXPENDITURE ON SUBSISTENCE, SHOPPING AND OTHER ITEMS

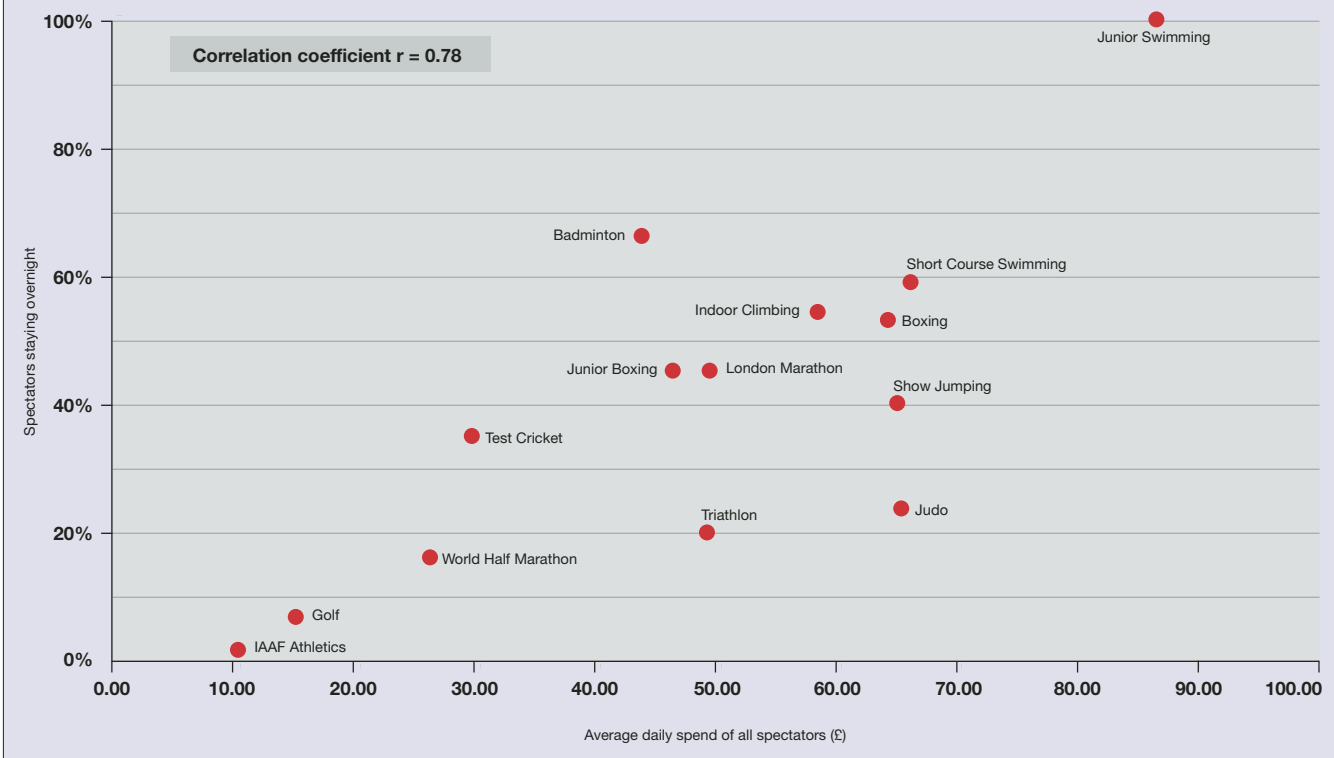


In relative terms, spectators spend the least on subsistence compared with competitors, officials and media representatives and the most on shopping and other items as highlighted clearly by Graph 18. The median score for relative expenditure on subsistence is 59%, which is considerably lower than for all other groups (82%, 80% and 75% respectively). Consequently in relative terms expenditure by spectators on shopping and other items is higher. Once again, the importance of retailing at major events can be appreciated by the findings at the European Show Jumping and the World Indoor Climbing, where spending on shopping and merchandise accounted for 46% and 48% of spectators' total daily expenditure.

CONTINUED >>>

07 // SPENDING LEVELS AND PATTERNS OF KEY GROUPS

GRAPH 19: RELATIONSHIP BETWEEN SPECTATORS' DAILY SPEND AND THE PROPORTION WHO STAY OVERNIGHT



Graph 19 suggests that the higher the proportion of spectators staying overnight (regardless of whether in commercial or non-commercial accommodation) the higher the average daily expenditure is likely to be. Generally, events with low proportions of spectators staying overnight have low expenditures per day and events with high percentages staying overnight tend to have relatively high expenditure levels per day. The correlation coefficient for this finding is 0.78, which is a moderate relationship in statistical terms, however, the practical explanation of this finding is well known in retail circles i.e. the longer people's dwell time in a given location the more they tend to spend.

In summary the spending patterns and habits of spectators can be described as follows:

- > On average total expenditure per day was £48.91 which was the lowest for all groups analysed in this report;
- > Normally subsistence is the largest area of expenditure but there are instances where expenditure on shopping and retail have been the biggest component of spectators' expenditure, in particular where there have been trade shows and retail opportunities running alongside an event;

Total expenditure per spectator per day appears to be a function of the proportion of spectators who stay overnight in the host town.





EXPORTS, IMPORTS AND NEW MONEY





08 // EXPORTS, IMPORTS AND NEW MONEY

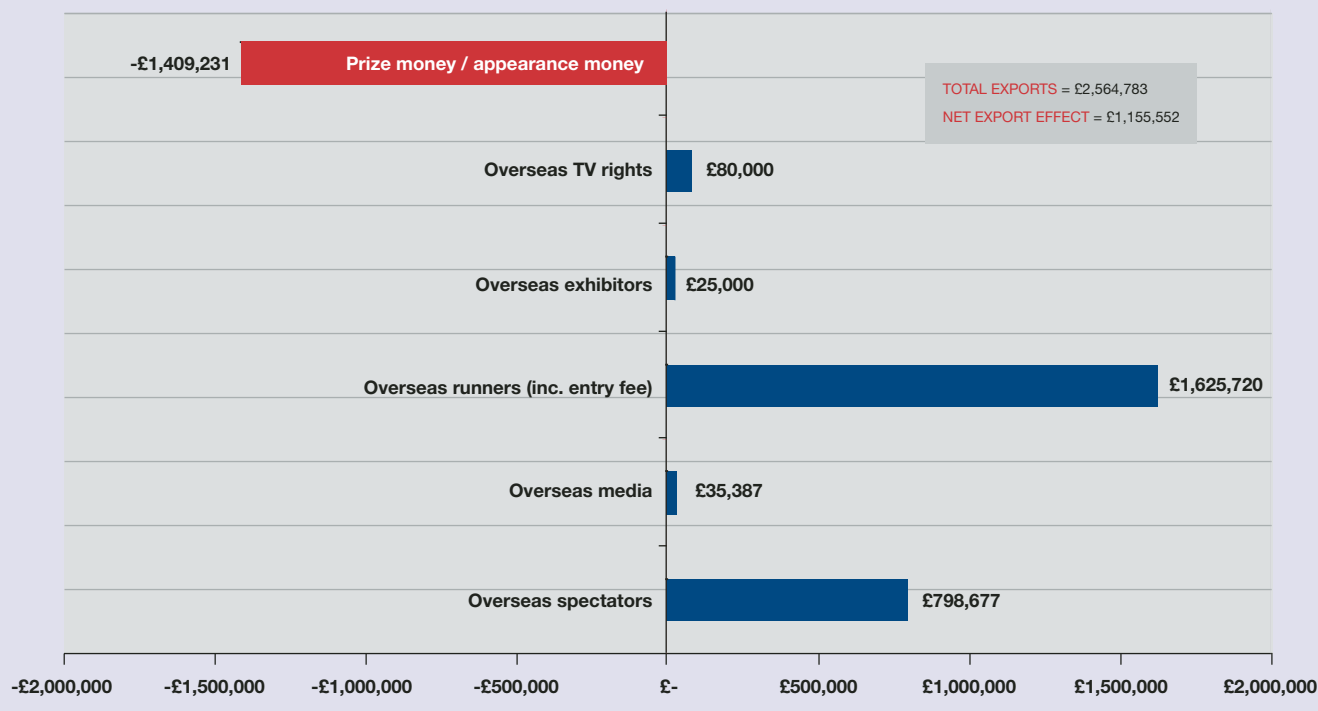
Major events involving either direct or indirect trade with other nations have an effect on the UK's balance of trade. In the context of the UK economy the effect will generally be insignificant, however the Euro '96 football championship is credited with adding 0.1% to GDP for the second quarter of 1996, which represents 25% of the total GDP growth in that quarter. One way in which event organisers bidding for funding from the WCEP can show 'added value' is by making an estimate of the net export effect that an event might create i.e. the balance of spending in the British economy by visitors from overseas, relative to money leaving the British economy by way of invisible imports in organising an event. While it would be problematic to reanalyse the data from sixteen events to investigate any potential net export effects; examples involving the Flora London Marathon and to a lesser extent the European Show Jumping provide evidence of what can be achieved. In addition, where net effects cannot be calculated due to a lack of data relating to organisational spend and hence invisible imports (i.e. money leaving the British economy), where possible invisible exports (i.e. injections to the British economy from overseas visitors) are reported.

The overall net export effect associated with the 2000 Flora London Marathon is detailed in Graph 20.



EXPORTS, IMPORTS AND NEW MONEY

GRAPH 20: THE NET EXPORT EFFECT OF THE 2000 FLORA LONDON MARATHON





In the case of the Flora London Marathon the imports attributable to the event are relatively few and are easily identifiable from the accounts and information provided by the organisers. These invisible imports are mainly payments to international runners in the form of prize money, appearance fees and air-fares, the sum total being £1,409,231. The invisible exports linked to the event, i.e. spending in Britain by people from overseas, have to be estimated from the data collected about each group involved (e.g. spectators, media, runners etc.) plus other expenditure identifiable from the accounts. The exports attributable to people from overseas as detailed in Graph 20, along with the invisible imports, collectively create a net economic change on London and hence Britain (i.e. net export effect) generated by people and organisations from overseas of £1,155,552. The total net exports are equivalent to 4.2% of the total economic impact (£27,449,910) on London.

It can be argued that because exports represent a genuine inflow of funds into the UK, the 'quality' of impacts that are driven by exports are higher than instances where the economic impact is generated solely within a given country. The reason for this assertion is that events that rely on domestic generation of economic impact do not affect GDP, they simply divert spending from one area of the country to another (as is the case with the majority of the economic activity attributable to the Marathon). Whilst this might be beneficial for a host town or city there is no benefit to the country as a whole. Therefore, the ability of an event to generate exports should also be seen as an indicator of 'added value'.

In contrast to the FLM, the European Show Jumping at Hickstead had a small net import effect on the balance of trade with a small deficit reported of -£1,784. The main reason why invisible imports (£288,746) and exports (£290,500) are almost identical is because British Show Jumping met the cost of accommodation for overseas riders, grooms and officials, which amounted to around £50,000. Had they not, there would have been a small positive impact on the balance of trade through expenditure on local hotels. The main event with which a comparison can be made is the 1998 European Short Course Swimming Championships at which the total net exports were approximately £214,000 (68%) of a total economic impact amounting to £315,000. The European Short Course Swimming was a 'competitor driven' event where the main economic impact was generated by the accommodation costs of the swimmers. As each nation was required to pay for its own hotel costs and there was negligible spending overseas (imports), there was a relatively high export effect.

CONTINUED >>



08 // EXPORTS, IMPORTS AND NEW MONEY

Of the limited data available from other events, invisible exports based on spending by visitors to the UK were as follows:

- £61,000 (10.4%) of an impact of almost £584,000 at the World Half Marathon. This was relatively low given that the event was less than a day in duration and was combined with the Bristol Half Marathon; hence most runners and spectators were British.
- £601,000 (40%) of an impact of £1.49m at the World Amateur Boxing. This was made up predominantly (74%) by the expenditure of boxers from overseas who stayed up to 9 nights in Belfast.
- Approximately £455,000 (14.4%) of an impact of £3.16m was spent by overseas competitors/team members and spectators at the World Indoor Athletics in Birmingham.

If anything these figures may well be on the conservative side as the average daily expenditure of people from overseas is generally higher than the average for all visitors, because they make greater use of commercial accommodation, stay longer and spend more. For example, once again using the FLM as an example:

- The average daily spend of spectators from overseas was £80.63 compared to £49.25 for all spectators, with 71% staying commercially for 5.1 nights compared to 14% for 2.5 nights overall;
- The average daily spend of fun runners from overseas was £121.59 compared to £59.72 for all fun runners, with 84% staying commercially for 3 nights compared to 34% for 1.6 nights overall.





LOTTERY FUNDING

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09 // LOTTERY FUNDING



Under the auspices of the World Class Events Programme (WCEP), the Sports Lottery Fund has been responsible for helping to attract eleven of the events analysed. UK Sport commissioned these evaluations in order to gauge people's perceptions to such investment and also to examine the monetary return (in additional expenditure terms). The reporting of the findings from a number of the studies undertaken to date plus additional analyses examining the total number of commercial bed-nights generated by (part) Lottery funded events, could contribute to the case for continued support of major events.

Spectators at some events were asked if they were in favour of Lottery support for major events. The data from the 5 events in Graph 21 suggests that there is considerable support for the policy adopted under the WCEP with positive feedback from each event. The lowest approval ratings from the World Judo, reflect the relatively high percentage of visitors from the rest of the world (38%).

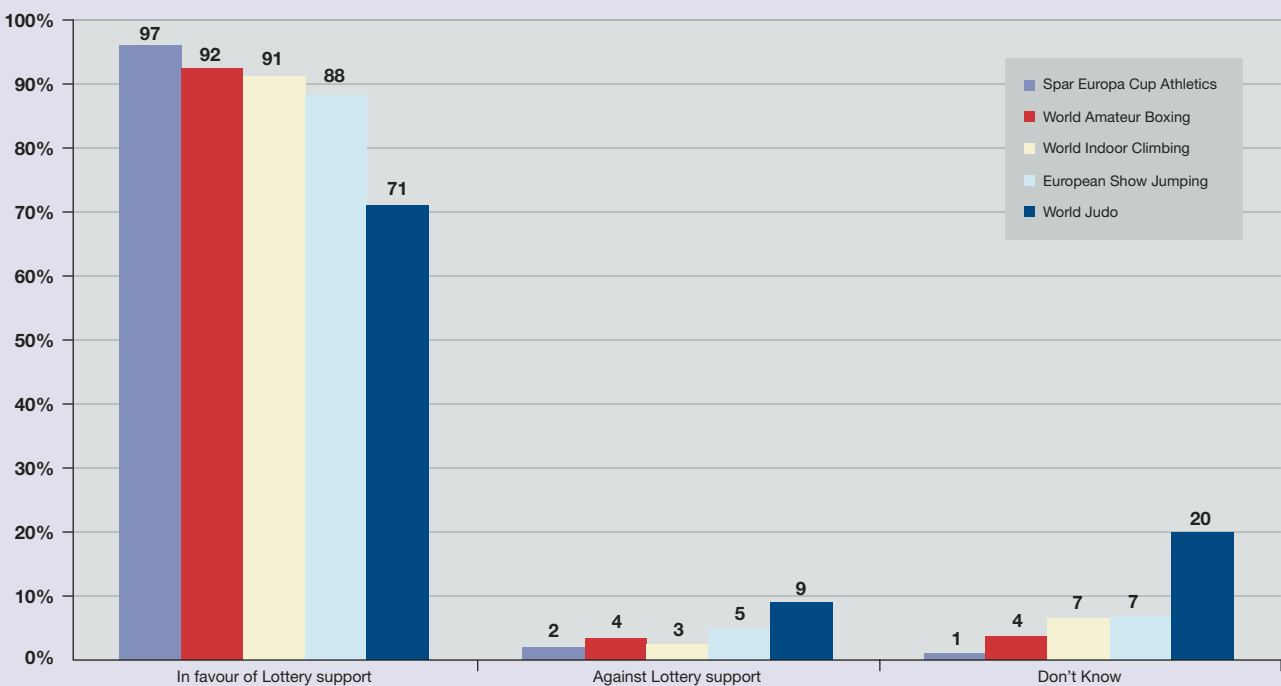
Although UK Sport's focus for supporting events is far broader than economic impact alone, a useful measure involves gauging the return on Lottery investment according to the absolute economic impact per £1 of Lottery support. A similar measure to this is adopted in Australia where there is evidence at state level that promoters of events using public funds do so on the understanding that there will be a quantified economic impact arising from the investment of such funds. The event promoters will not consider renewing the support for an event unless they achieve a return of AUS\$8 for every AUS\$1 invested in staging the event.

The return on Lottery investment is summarised in Graph 22 and this indicates that many of the eleven events referred to get close to or exceed the return ratio of 8:1, while other events such as the World Indoor Athletics do not. This highlights that there is more to staging events than monetary returns on investment; there are also issues such as international prestige, home advantage for our athletes and trying to encourage and enthuse our youngsters, to consider when staging such high profile events. The exceptional return at the World Cup Triathlon skews the results such that the average return per £1 of Lottery investment is perhaps overstated; mainly because the Lottery support is only 13% of the total event costs. Consequently, the median or mid point score is perhaps a more realistic estimate at £7.23 of the typical additional local expenditure for every £1 of Lottery money spent in support of an event.

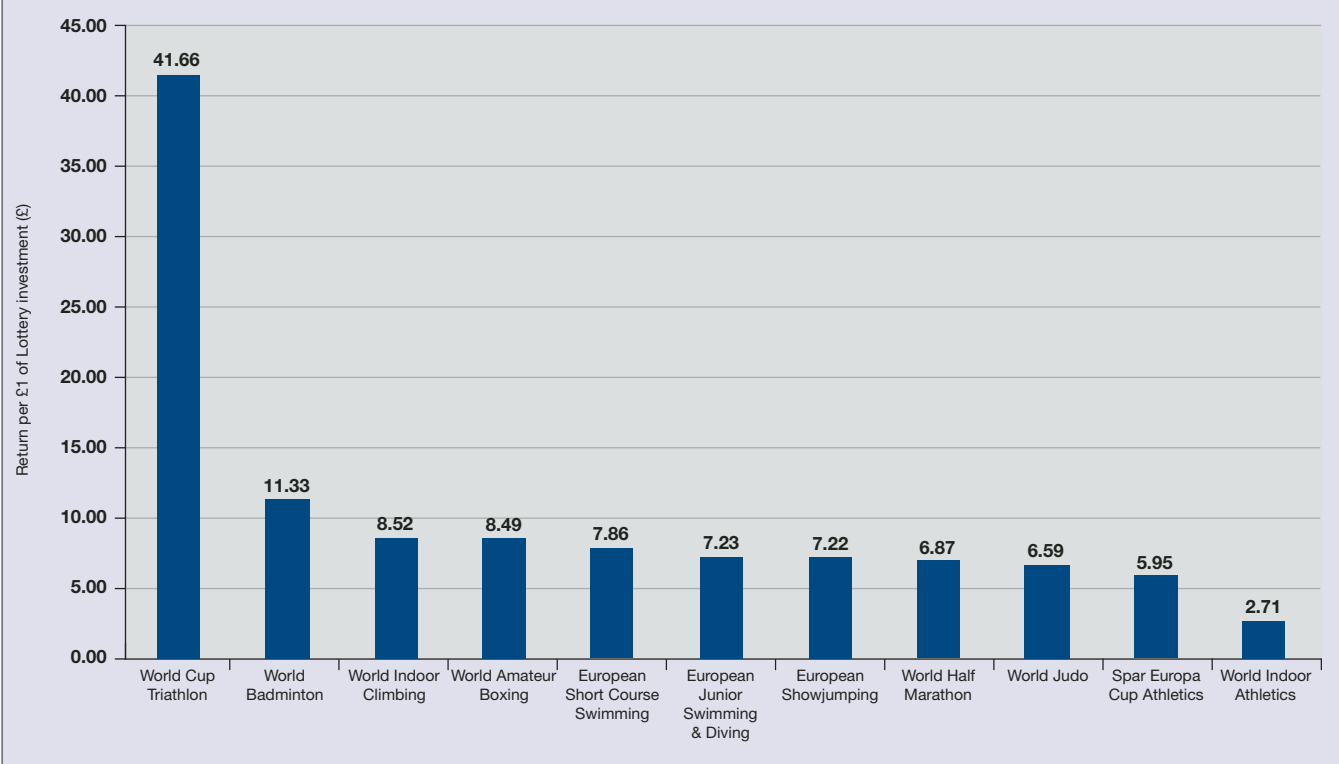


LOTTERY FUNDING

GRAPH 21: SPECTATORS' FEELINGS ON THE USE OF LOTTERY FUNDS TO SUPPORT MAJOR SPORTS EVENTS

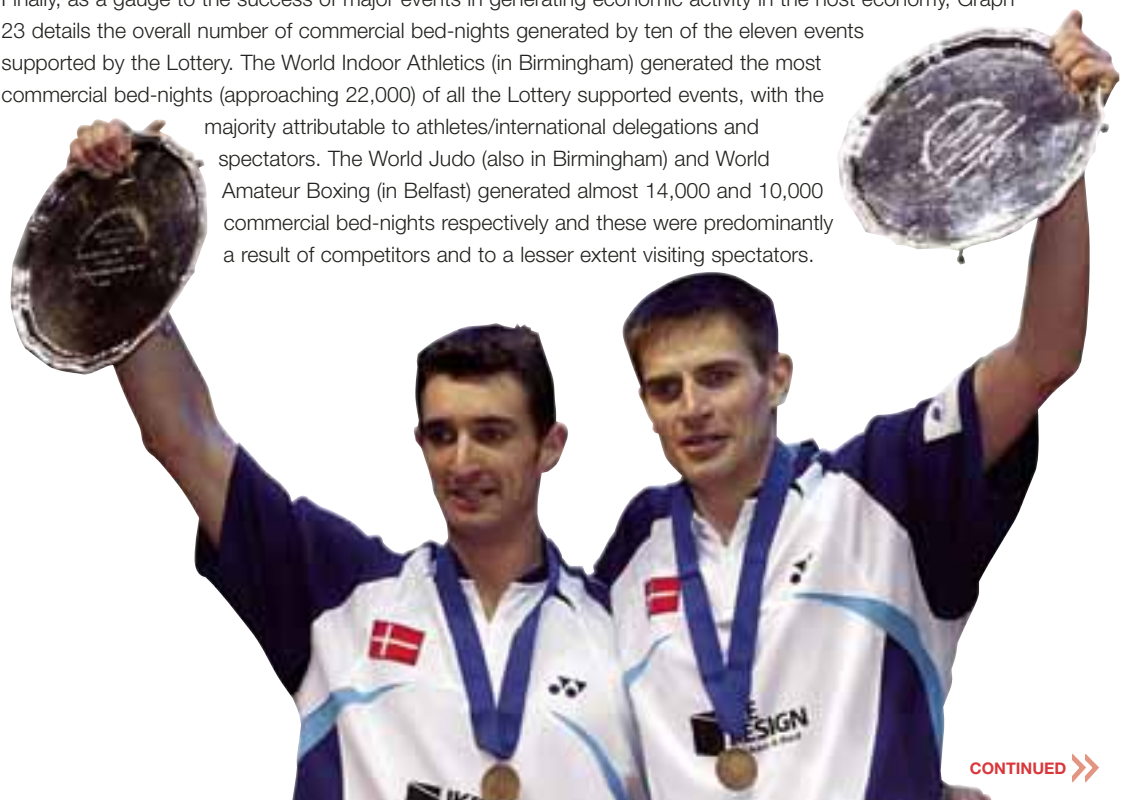


GRAPH 22: THE ADDITIONAL EXPENDITURE RETURN FOR EVERY £1 OF LOTTERY SUPPORT



Despite the comments in the previous paragraph, it is perhaps worth making the point that it takes considerable investment by governing bodies and local authorities as well as Lottery support in order to host major events. Hence, the data reported in Graph 22 provides only part of the story as it does not assess the return on the overall public funding cost of hosting an event, which, although beyond the scope of this research, by way of an example was £5.59 for every £1 of the £298,000 it cost to stage the World Cup Triathlon.

Finally, as a gauge to the success of major events in generating economic activity in the host economy, Graph 23 details the overall number of commercial bed-nights generated by ten of the eleven events supported by the Lottery. The World Indoor Athletics (in Birmingham) generated the most commercial bed-nights (approaching 22,000) of all the Lottery supported events, with the majority attributable to athletes/international delegations and spectators. The World Judo (also in Birmingham) and World Amateur Boxing (in Belfast) generated almost 14,000 and 10,000 commercial bed-nights respectively and these were predominantly a result of competitors and to a lesser extent visiting spectators.



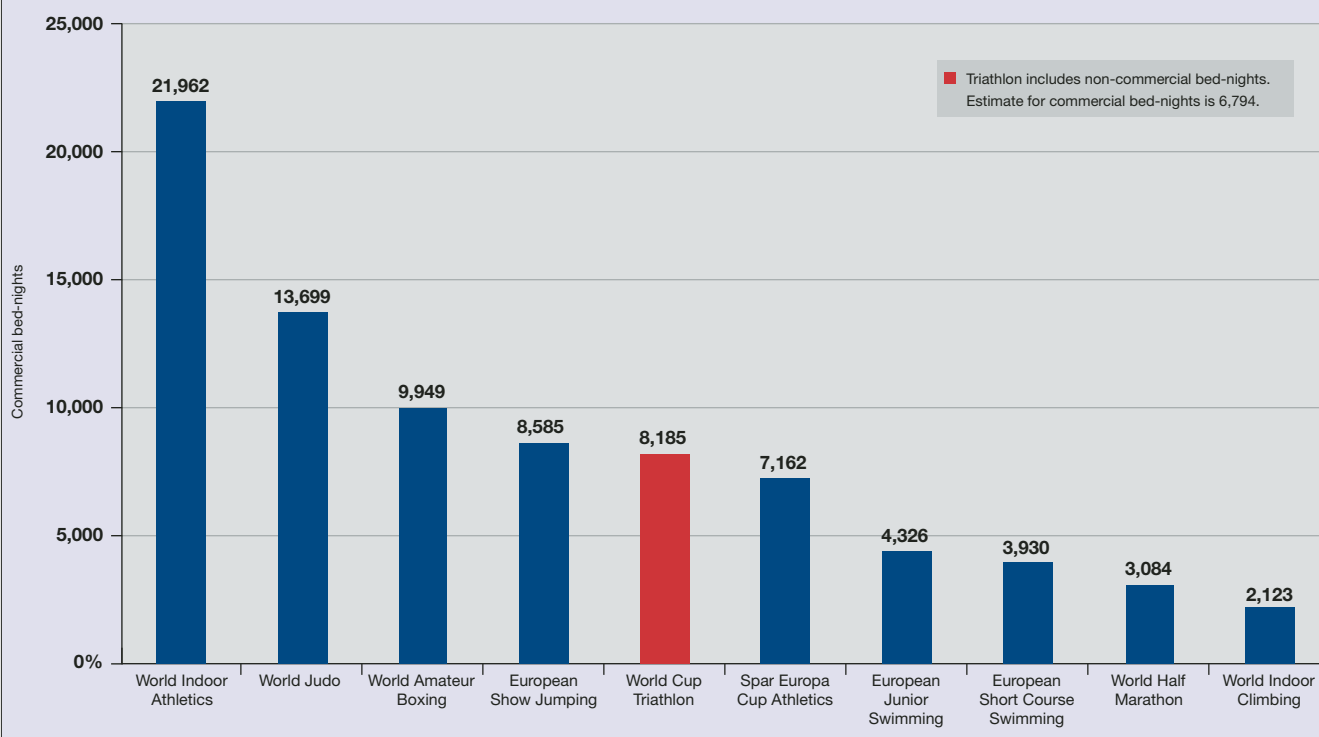
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09 // LOTTERY FUNDING



GRAPH 23: COMMERCIAL BEDS-NIGHTS AT (10 OF 11) LOTTERY SUPPORTED EVENTS



The figure for the World Cup Triathlon includes a relatively small number of non-commercial bed-nights. However, by removing the proportion of non-commercial stayers based on the percentage for this group at both the World Indoor Athletics and Spar Europa Cup (17%), this results in an estimate of 6,794 commercial bed-nights at the Triathlon.

The other events referred to in this report although not supported by the Lottery also generated numerous commercial bed-nights. In particular, the Flora London Marathon and 1st Ashes Test Match were responsible for 115,267 and 30,780 commercial bed-nights respectively in the London and Birmingham economies. Once again the figure for the FLM demonstrates the sheer scale of the event and the combined pull or attraction of London plus the ultimate physical challenge.

Using the estimated figure for commercial bed-nights at the Triathlon, the ten events detailed in Graph 23 have generated almost 82,000 commercial bed-nights between them from overall Lottery support of £2.36m. If one uses the average cost of a commercial bed-night across all Lottery supported events (£53.86); the overall additional expenditure attributable to accommodation in host economies amounts to £4.4m (34%) of the overall impact for all ten events of £13.1m.

In summary, relative to the use of public subsidies via the Lottery,

- > Investment in events from the Lottery supported WCEP has received high approval ratings from spectators.
- > typical return on the investment of £1 from the Lottery (excluding the findings from the Triathlon) is £7.23.





ACCURACY OF EI FORECASTING MODEL (6 EVENTS)



10 ACCURACY OF EI FORECASTING MODEL (6 EVENTS)

The findings from the initial studies of the six events in 1997 were used to develop a forecasting model capable of estimating (with reasonable accuracy) the economic impact attributable to an event prior to it actually taking place. This model would be:

- > **Helpful to UK Sport by informing decisions concerning the type of events that should be prioritised in terms of generating economic impact;**
- > **Helpful to case officers in assessing applications to the WCEP by providing the data (from previous events) with which to validate the accuracy of statements and estimates by governing bodies in their applications.**

To date, there have been six events at which interpretable pre-event forecasts have been conducted. The forecasts compared to actual expenditure at these events are summarised in Table 4.

TABLE 4: SUMMARY OF PRE-EVENT FORECASTS AND ACTUAL ECONOMIC IMPACTS

EVENT	FORECAST	ACTUAL	MODEL % ACCURACY
1998 European Short Course Swimming	£250,000	£314,513	79%
1999 European Show Jumping	£1,407,613	£2,196,298	64%
1999 World Judo	£1,250,000	£1,943,715	64%
1999 World Indoor Climbing	£286,000	£397,351	72%
2001 World Amateur Boxing	£988,785	£1,485,141	67%
2003 World Indoor Athletics	£1,863,000	£2,606,000	71%

Table 4 indicates that the accuracy achieved by pre-event forecasts ranges from 64% to 79%. The more accurate forecasts (72% and 79%) tend to be at the smaller events and the less accurate forecasts are common to larger events. There are two possible causes of forecasts being inaccurate:

- > **First, the daily spend figure may vary between the forecast and the actual; this is known as ‘rate variance’.** For example, spectators’ daily spend at the Judo was forecast to be £65.11, when following the research it was only actually £35.53;
- > **Second, the predicted number of competitors, officials, media and spectators may vary between the forecast and the actual; this is ‘volume variance’.** For example, the actual number of eligible admissions to the Judo was 13,900, or 5,900 more than the forecast of 8,000.

The success or otherwise of the forecast model is inextricably linked to the quality of the information provided by the organisers and entered into it. In the example of the Judo, the number of spectators, the percentage of spectators’ visiting and their average daily expenditure per person were the key drivers of economic impact and all had to be based on reasonable assumption in the absence of more reliable information. As the database upon which to base assumptions grows and the model develops, the additional expenditure forecasts are expected to become more accurate. However, based on the forecasts to date, at present the ‘volume variance’ is the major cause of discrepancy i.e. the variance caused by the actual and forecast numbers in each sub-group being different, is the largest component of total variance. This suggests that the model is more accurate at predicting how much each sub-group will spend per day, but not surprisingly, is less accurate at predicting how many people will be in each sub-group.

For some groups, especially competitors and officials, a considerable amount of information about spending patterns may be known prior to an event, because the organisers may well be responsible for making local arrangements on their behalf. Consequently, by booking hotels on a full board tariff there is less margin for error when predicting the total daily spend for such groups because the principal component (accommodation and subsistence), often upwards of 80%, is predetermined. To illustrate this point, at the World Indoor Athletics, the actual expenditure of competitors, officials and the media (who were all booked into accommodation by the LOC) were all within 10% of the forecast. However, where less information is available about a group such as spectators (as explained above), there are many variables to factor in to an estimate and as a result the greater the margin for error. In the case of the WIAC the forecast was only half of the actual spectator spend, and this was once again predominantly ‘volume variance’ with double the forecast number of overnight staying spectators and all of them staying for longer than forecast.



ADDITIONAL BENEFITS

10th IAAF World Half Marathon Championships BRISTOL

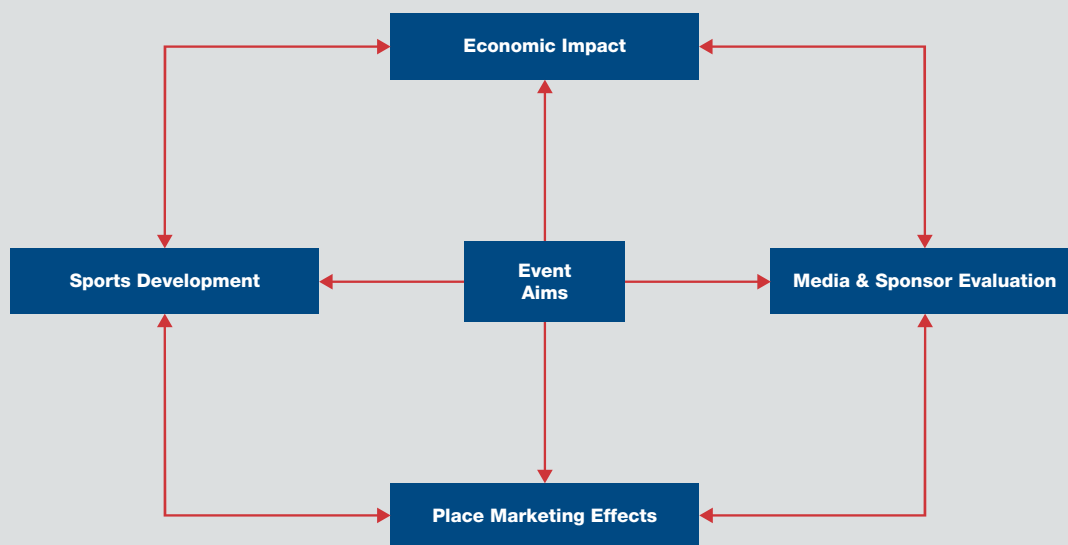


11 // ADDITIONAL BENEFITS

The Balanced Scorecard approach to event evaluation

This final section may be of interest to event organisers and practitioners alike, in that it acknowledges that the benefits associated with events are far reaching and not merely confined to economic impacts. This section uses the 'Balanced Scorecard' approach to event evaluation (see Figure 1) developed from original work at Harvard Business School.

FIGURE 1: THE 'BALANCED SCORECARD' APPROACH TO EVALUATING EVENTS



ADDITIONAL BENEFITS

Apart from an event's economic impact, additional aims and benefits might arise in the form of media value linked to coverage at home or internationally. Moreover, linked to such coverage may be place marketing benefits for key aspects of the host city or area, which could ultimately impact upon tourism by increasing the number of visitors to the area in future as a result of media coverage afforded to an event. Public perceptions of places can also improve as a result of people's experiences at major sports events, which in turn might lead to repeat visits as evidenced by qualitative feedback from spectators at some of the events. Furthermore, an immediate benefit of staging an event might involve some form of sports development impact which could encourage more people to take up a sport being showcased. The long term effect of any increase in participation could be tracked, although it may be difficult to prove causality.

To illustrate some of these points, examples are drawn from events such as the European Short Course Swimming, World Amateur Boxing, World Half Marathon and World Cup Triathlon.



Examples of additional benefits

Apart from revealing an economic impact on Sheffield of almost £315,000 the research into the European Short Course Swimming at the time also audited the public profile by analysing the television coverage of the event. In addition to the UK television coverage the event was also shown across Europe; in Germany, Finland, Italy and Croatia. Audience data and broadcasts were confirmed by the Broadcasters' Audience Research Board (BARB) and calculations using industry standard methodologies were made relative to:

- **Percentage Share** - The proportion of people watching a given programme expressed as a function of the total number of people watching television at that time.
- **Television Rating (TVR)** - This is the key performance indicator of the size of an audience for any given programme. TVR is expressed as the percentage of all the people in a country with access to a television actually watching the programme or programme segment in question.

Using the five countries from which the broadcast and audience data were available, the European Short Course Swimming Championships attracted a cumulative audience of 7,973,000 of which 5,451,000 were UK viewers as summarised in Table 5.

TABLE 5: THE TELEVISION COVERAGE OF THE EUROPEAN SHORT COURSE SWIMMING

INDICATOR	UK	OTHER EUROPEAN	TOTAL
Number of Programmes	6	12	18
Total Duration (Minutes)	369	718	1,087
Cumulative Audience (000s)	5,451	2,522	7,973
Highest Share Achieved	23.0%	9.8%	23.0%
Highest TVR Achieved	4.9%	9.0%	9.0%

The data has three practical applications for:

- **Event promoters**, in order to acquire a greater appreciation of the commercial value of the event in terms of related advertising and sponsorship sales. Commercial revenues contribute to the operating costs of an event and hence achieving value for money is the key when advertising and sponsorship sales are being made.
- **Host venues, advertisers and sponsors**, who can evaluate the return on their investment. For example, the total value of the Sheffield City Council support of the event was £25,000. This can be traded off against the value of the place marketing achieved. Using the data in Table 5 a degree of quantitative evaluation of place marketing can be made. A 'Sheffield National City of Sport' advertising board was on display at pool deck level alongside the main sponsor's (adidas) advertising board. Using sponsorship industry standard methodology it is relatively easy to calculate the proportion of the 1,087 broadcast minutes during which the board was on full view promoting the city of Sheffield.
- **Events supported by National Lottery funds via the WCEP** where the broadcast data has an important role in evaluating the public profile achieved by an event. As event promoters become more familiar with research reports such as this, clearer answers may be given on the WCEP application forms about the likely public profile an event will achieve. This in turn will provide further information with which to evaluate bids pre-event and to justify any investment post-event.

In order to illustrate these applications in more detail, examples from the event database are utilised, commencing with the World Amateur Boxing in Belfast. This achieved a total cumulative audience of 6.6m in the UK, which included 330,000 young people under the age of 16 (i.e. potential for a sports development impact). Across 13 programmes (mainly on BBC2), the event was screened for a total of 551 minutes (9 hours 11 minutes), with live feed and highlights screened to more than 20 countries. The UK viewing figures peaked at 2.06m with the audience share at this point being 22%.

Based on analyses of the television coverage using specialist sponsorship evaluations on clear and unclear exposure, estimates suggested that a major sponsor enjoyed media exposure worth £51,014 in the UK alone. Data such as this provides a sound baseline against which sponsors can assess the extent to which they have achieved a return on their

11 // ADDITIONAL BENEFITS

investment. In this instance the sponsor invested £63,000 and in return they received exposure that would have cost more than £51,000 to purchase in the commercial marketplace i.e. 81% of their total investment. In addition to UK television coverage, broadcasters from other countries also bought the rights to screen the event and thus there would be additional media value obtained for the sponsor from this worldwide exposure. Although the worldwide television exposure was not analysed in this instance, it is possible to access the audience data as demonstrated by the European Short Course Swimming example, or alternatively where this is not possible, sponsorship evaluation companies can apply a 'rate card' based on a flat rate for 30 seconds of advertising time on a particular channel.

A similar methodology can be adopted in order to estimate the place marketing effects associated with television coverage. However, rather than analysing the exposure achieved for a major sponsor, in this instance key elements linked to Belfast (for example tourist attractions) could be analysed relative to both their verbal mentions and visual exposure. Had this been undertaken at the World Amateur Boxing, Belfast City Council could have assessed the media value of promoting the city in return for its £150,000 investment in the event. Similarly, at the World Half Marathon, Bristol City Council was responsible for underwriting the event and for a significant proportion of the running costs. In return the place marketing benefits linked to the exposure of the 'Bristol' brand, amounted to a notional £42,000 of exposure.

In order to maximise any place marketing benefits for a particular location, event organisers should consider working closely with the host broadcaster in order to ensure the showcasing of key local attractions as the backdrop to human interest features around the event coverage. Although not reviewed herein, this point was not lost on a major City Council who used such human interest features (known as 'postcards') to great effect during a major snooker event in 2002; such that the combined place marketing effects for the city were a notional £3.2m, i.e. the commercial cost of the exposure created by the event, based on the cost/1000 viewers of a 30 second television commercial.

It is worth stating at this point that monitoring television coverage (UK or otherwise) does not give a full picture of the media exposure achieved by an event. Additional coverage will have been achieved (for example), in newspapers, on the Internet, and on the radio in markets outside the UK. These media are likely to have generated brand exposure and hence media value for sponsors and the host area (in place marketing terms). Thus the media value attributable to coverage of the events to date is only a sub-set of their total media value. However, before attempting more thorough media evaluation, this should be considered relative to the aims and objectives of an event and also the budget available for such evaluation. Furthermore, when using the current media evaluation data it is worth remembering that these are notional values based on the cost of such exposure in the commercial market. This cost does not necessarily equate with the value of such exposure in terms of its effectiveness in (for example) attracting tourists or inward investment, which should be measured over the longer term.



Apart from media value and place marketing, the 'Balanced Scorecard' also refers to sports development effects and these were analysed during the research at the World Amateur Boxing in Belfast. In the run up to and during the championships a community development programme with boxer Wayne McCulloch entitled 'Train with Wayne' provided young children, and potential future champions, with the opportunity to become involved in the sport of boxing. Up to 100 youngsters participated during the televised build up to the Championship. During the event 'Come and Try It' sessions were enhanced by concessionary tickets to the event, school visits and discount packages. Furthermore, training for potential young boxers was also strengthened through the involvement of 300 local volunteers in the event, training for technical officials, time-keepers, judges, medical personnel and competition managers. This event has therefore left a broad legacy of enhanced skills which maybe used to maintain the impetus provided by the staging of the event.

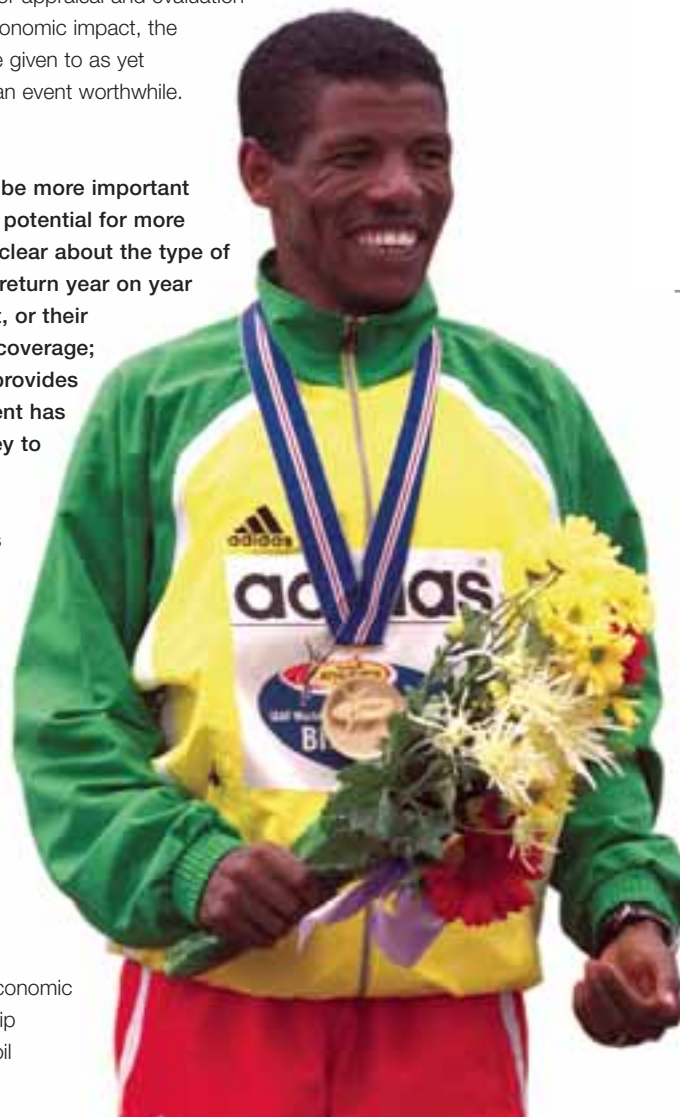
As well as the economic impact attributable to the World Amateur Boxing (£1.49m), the profile of Belfast as a city of world class sport was enhanced through the marketing of the event and the televisual exposure of the 'Belfast' brand throughout the world. Collectively, the boxing and the previous success of the World Cross Country Championships provided the catalyst to formulate an events strategy for Northern Ireland, designed to help re-image the Province through sport.

There has also been evidence collected about the public perceptions about a city or a host area. For example, at the World Cup Triathlon, 24% of spectators were making their first visit to Salford and of these 88% were enthusiastic about returning in future. Moreover, of all the spectators interviewed, a significant proportion (82%) felt that Salford was well placed to stage major events and the majority of spectators' (95%) felt that more international events should be attracted.

In summary, this section has attempted to demonstrate some of the broader benefits associated with major sports events as outlined in the 'Balanced Scorecard'. The research beyond economic impact, and undertaken at some of the more recent events has provided the evidence to enable UK Sport and local organising committees to respond to the 'HM Treasury Green Book' relative to the need for appraisal and evaluation when there is a net cost involved. Apart from the economic impact, the 'Green Book' suggests that consideration should be given to as yet unvalued (additional) benefits that could also make an event worthwhile. Based on the evidence herein, these could include:

- **Place marketing benefits, which may indeed be more important than the economic impact as these have the potential for more long term effects (assuming the host area is clear about the type of image it is trying to portray), as visitors may return year on year based on their initial experiences at an event, or their perceptions of the host area from television coverage;**
- **The value of the television exposure, which provides a notional measure of how successful an event has been in promoting a host city or area. The key to an event's appeal and hence value may be a function of how organisers dress the event rather than the event by itself. This reiterates the need to work closely with the host broadcaster in order to maximise value from such coverage;**
- **Any sports development impacts and their potential for associated benefits through healthier lifestyles which is also high on the Government agenda.**

Finally, given the complex aims and objectives increasingly associated with major sports events, in future more detailed analysis and evaluation will be necessary to satisfy the needs of different partners. Adopting a methodology linked to (for example) the 'Balanced Scorecard' could move beyond simple economic impact studies, to include TV, media and sponsorship evaluations as well as sports development, home soil advantage and other legacies.



12 CONCLUSION

This report has provided a detailed overview of sixteen economic impact studies undertaken at major sports events in the UK since 1997. Each study represents a value for money appraisal of an event, by quantifying the net change in the host economy that is directly attributable to the event and measurable in cash terms using detailed audit trails.

The evidence presented vindicates (in economic terms) the decisions made by UK Sport to use Lottery funding via the WCEP to attract many of the events. Moreover, the detailed database of event evaluations possessed by UK Sport provides the evidence to inform future strategic decisions relative to the type of events that the UK may consider bidding for in years to come. According to such evidence and in order to maximise potential economic impact, the following should be considered prior to bidding:

- > **The ability of the event to attract people from outside the host area and thereby reduce the 'deadweight' percentage of those attending;**
- > **Generally the greater the absolute number of spectators the more significant the economic impact and junior events are likely to have the smallest impacts as they rarely attract many spectators;**
- > **The economic impact is not necessarily a function of the status of an event in world sporting terms; mass participation events such as the FLM have the potential to attract significant numbers of visitors (both spectators and competitors);**
- > **The number of days of competition and the availability of local commercial accommodation to allow visitors to extend their dwell times in the host area;**
- > **Is there a local desire to make the event a commercial success? This will require a multi-agency approach by Local Organising Committees to encourage visitors to increase their dwell times.**

Beyond the development of the economic impact model, the report has demonstrated how the event evaluations have evolved and should continue to evolve in order to better understand the likely legacies of events long after any medals have been presented. These legacies could be in terms of media value, place marketing effects for the host area, as well as sports development impacts which may stimulate young people to get more involved in sport. However, such impacts need a more long term approach to their evaluation, whereas for the moment economic impact studies remain a relatively straightforward exercise using a tried and trusted generic economic model applied in a sports event context.





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