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**THE ECONOMIC IMPACT OF SIX MAJOR SPORTS EVENTS  
SUPPORTED BY THE WORLD CLASS EVENTS PROGRAMME IN 2005 & 2006**

**OVERVIEW OF FINDINGS**

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## MEASURING SUCCESS 3 THE ECONOMIC IMPACT OF SIX MAJOR SPORTS EVENTS

### EXECUTIVE SUMMARY

In early 2005 UK Sport commissioned the Sport Industry Research Centre at Sheffield Hallam University to undertake economic impact studies at six major sports events supported by the National Lottery funded World Class Events Programme.

At each event the standard UK Sport methodology was used to calculate the additional expenditure in the host economy which was directly attributable to an event being staged. The reports findings are based on the participation of the organisations involved in the following events:

1. Bearing Point Rowing World Cup, 26-28 May 2005 at Dorney Lake, Eton;
2. UEFA Under 19 Football Championships, 18-29 July 2005 in Northern Ireland;
3. UCI Women's World Cup Cycling Grand Prix of Wales, 20 August 2005 at Celtic Manor;
4. FEI Blenheim Pet Plan European Eventing Championships, 8-11 September 2005 at Blenheim.
5. Volvo ISAF World Youth Sailing Championships, 13-20 July 2006, in Weymouth/Portland;
6. World Rowing Championships, 20-27 August 2006 at Dorney Lake, Eton.

The overview is based on the results from the six events which are summarised in the following table.

	Rowing World Cup	UEFA U19 Football	Women's Cycling	Euro' Eventing	ISAF World Youth Sailing	World Rowing Championships
Event Days	3	12	1	4	7	8
Commercial Bed-Nights	4,867	6,160	673	25,744	5,585	29,072
Visitor Spend	£ 466,088	£ 560,131	£ 49,877	£ 1,914,498	£ 274,845	£ 2,680,070
Organisational Spend	£ 117,811	£ 192,645	£ 6,537	£ 202,201	£ 74,529	£ 588,633
Overall Impact	£ 583,899	£ 752,776	£ 56,413	£ 2,116,699	£ 349,374	£ 3,268,703
Impact per event day	£ 194,633	£ 62,731	£ 56,413	£ 529,175	£ 49,911	£ 408,588
Visitor impact/event day	£ 155,363	£ 46,678	£ 49,877	£ 478,624	£ 39,264	£ 335,009
Pre-event forecast	£ 763,865	£ 632,005	£ 132,235	£ 1,608,800	£ 533,800	£ 2,841,866

As a brief overview, Measuring Success 3 contains the following key findings:

1. The average return on £2.2m of World Class Events Programme support across the six events was £7.1m, equivalent to £3.20 for every £1 spent. Although the average return was bolstered by the Eventing (£16 : £1), the overall return also reflected two events (the Youth Sailing and Women's Cycling) where economic impact was secondary to development and legacy objectives including enthusing young people and encouraging women to take up the respective sports, and where there was no little or no financial return.
2. Consistent with previous studies reported in *Measuring Success 2* (UK Sport 2004), on aggregate delegations and spectators are the major sources of the economic impact because they are the groups with the

highest volume of people attending an event. The economic impact can be expressed along a continuum from 'spectator driven' to 'competitor driven' events.

3. Of the four major groups (spectators, delegations, officials and the media) connected with the six events, the average daily spend of spectators was the lowest at £38, mainly because in relative terms a smaller proportion stayed in commercial accommodation than in the three other groups. Officials spent the most per person per day at £87 across the six events.
4. Fluctuations in the average daily spend per person across the four main groups at each event serve to highlight the problems often faced in delivering accurate pre-event forecasts which in turn emphasises the ongoing importance of the primary data collection at events.
5. Without exception across the four groups, subsistence (accommodation plus food & drink) was the main category of expenditure.
6. The forecasting model achieved 87% and 84% accuracy at the World Rowing Championships and UEFA U19 Football though there was evidence of the two key components of the overall variance counterbalancing each other. As a general rule the major component of overall variance is 'volume' and not 'rate' variance whereby the forecasting model is more accurate at predicting how much members of the four key groups will spend per day than predicting their size, especially the spectator group. The variations in the accuracy of the model across the six events emphasises the unique characteristics of each and the continuing need for primary data collection at the venues.
7. The report provides a detailed overview of the factors affecting the pre-event forecast and argues that the model is only as reliable as the data informing it. The report cautions against inappropriate use of the model, given its sensitivity to changes in key variables, especially spectator numbers and the proportion 'eligible' for inclusion in the economic impact calculations.
8. Invisible exports attributable to the expenditure by people from overseas is 'new' money to the UK economy and amounted to £2.7m across the four events hosted in England, with the nations taking part in the World Rowing Championships accounting for £1.5m of the £2m attributable to the regatta.

Notwithstanding the points raised above, the six event study has confirmed that significant economic impact is inextricably linked to:

- The ability of an event to attract people from outside the host economy and thereby maximise the number 'eligible' for inclusion in the impact calculations;
- The event duration coupled with a host economy's ability to service the needs of an influx of event related visitors (mainly competitors and spectators) in order to maximise their dwell time;
- Desire and support of local partners to make an event a commercial success.

## INTRODUCTION

The Sport Industry Research Centre at Sheffield Hallam University was commissioned by UK Sport (in early 2005) to analyse the economic impact of six major events supported by the World Class Events Programme in 2005 and 2006. These events were:

### 2005

1. Bearing Point Rowing World Cup, 26-28 May at Dorney Lake, Eton;
2. UEFA Under 19 Football Championships, 18-29 July in Northern Ireland;
3. UCI Women's World Cup Cycling Grand Prix of Wales, 20 August at Celtic Manor;
4. FEI Blenheim Pet Plan European Eventing Championships, 8-11 September at Blenheim Palace.

### 2006

5. Volvo ISAF World Youth Sailing Championships, 13-20 July, Weymouth/Portland;
6. World Rowing Championships, 20-27 August, Dorney Lake, Eton.

This report summarises the findings from the six events and highlights salient points relative to the overall aims and objectives of the project which were:

- A methodological review;
- The pre-event forecasting model;
- The economic impact of each event;
- The return on the investment via the National Lottery supported World Class Events Programme;
- Future research directions.

This summary builds on the initial UK Sport research (conducted by SIRC) *Measuring Success* examining the economic impact of six major sports events in 1997 and subsequent research at three more events in 1999. These were then summarised in the review paper *Measuring Success 2* (MS2) published by UK Sport in 2004, which examined various aspects of such research across 16 events.

## METHODOLOGY

The strength of this review is that the six events are comparable in the sense that they employed broadly the same methodology which has been refined by SIRC for UK Sport over the last 10 years. In short, the methodology employed to calculate the direct economic impact (additional expenditure) associated with a sports event can be summarised in ten stages:

- Quantify the proportion of respondents who live in the host area 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 area and the proportion of these making use of commercial accommodation;
- Quantify how many nights those using commercial accommodation will stay in the host area 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 area on six standard expenditure categories;
- Quantify what people have budgeted to spend in the host area and for how many people such expenditure is for;
- Establish the proportion of people whose main reason for being in the host area 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.

In reporting the economic impact we refer only to first round expenditure made in the various host economies as defined thus:

- Rowing World Cup - Berkshire and Buckinghamshire;
- UCI Women's Cycling GP - Wales;
- UEFA U19 Football - Northern Ireland;
- European Eventing - Oxfordshire;
- ISAF World Youth Sailing - Weymouth/Portland;
- World Rowing Championships - Berkshire and Buckinghamshire.

Throughout the six studies we have not used 'multiplier analysis' which attempts to go beyond first round expenditure by estimating indirect and induced impacts. Economic impact estimates using multipliers are invariably higher than those based on first round expenditure only. The information required to derive an accurate multiplier is rarely immediately available for a given economy; consequently the choice is to go through a complex and often costly exercise in search of a multiplier, or to borrow one from other sectors of the economy and at best provide only a poor approximation of how many times money may re-

circulate around a specific economy. Because of these problems we present (only) the estimated first round expenditure in each host economy by non-residents who are in the area specifically to attend a given event. In addition, we also quantify the expenditure made by event organisers in the host economy (with local contractors/suppliers) linked to infrastructure costs associated with staging an event.

Consistent with the comments about multiplier analysis above and contained in *Measuring Success 2* the comparisons and results, focus on the additional direct expenditure in the host economies for each event (by visitors and the organisers). Moreover, because 'additionality' is the focus of the research it is necessary to filter out 'deadweight' expenditure i.e. expenditure which would have occurred in the host economies whether the events had taken place or not. It is widely assumed that people who live in the host economy would spend their money in that economy regardless of a sport event taking place. Thus the only people who have been included in the economic impact calculations are those residing *outside* the six host economies and who are there specifically to attend the events in question i.e. 'eligible' visitors.

## FIELDWORK

Fundamental to the success of the methodology outlined above is the research team's ability to engage with the key interest groups at each event in order to achieve a robust sample to inform the economic impact model. In the original tender document submitted to UK Sport to undertake the research, the stated aim was to interview at least 1,000 (preferably 1,500) personnel at each event.

In total 8,925 interviews were conducted across the six events and of these the key spectator group accounted for more than two-thirds. On occasions where there were only a few spectator responses (Cycling and Sailing) these reflect events which were held outside fixed seating arenas and which did not sell tickets.

**Table 1: Responses by key interest group at the six events**

	Rowing World Cup	UEFA U19 Football	Women's Cycling	Euro' Eventing	ISAF World Youth Sailing	World Rowing Championships	TOTAL
Delegations	136	95	31	87	382	397	<b>1,128</b>
Spectators	978	1,427	135	1,491	44	2,114	<b>6,189</b>
Media	54	36	16	167	9	170	<b>452</b>
Officials	18	29	45	45	151	32	<b>320</b>
Other	120	30	20	418	31	217	<b>836</b>
<b>Total</b>	<b>1,306</b>	<b>1,617</b>	<b>247</b>	<b>2,208</b>	<b>617</b>	<b>2,930</b>	<b>8,925</b>

## ECONOMIC IMPACT OVERVIEW OF THE SIX EVENTS

As illustrated in Table 2 the most significant event in economic impact terms was the World Rowing Championships in 2006 which generated close on £3.27m in additional expenditure in the Berkshire and Buckinghamshire economy. The majority of this expenditure (82%) was attributable to people who lived outside the host economy who were visiting specifically to attend the rowing, with the organisational spend on the event's infrastructure costs accounting for the remaining 18% of the impact.

The European Eventing (£2.12m), UEFA U19 Football (£0.75m), Rowing World Cup (£0.58m) and World Youth Sailing (£0.35m) all generated significant impacts on their respective host economies. In contrast the impact of the Women's Cycling GP was more modest at £56,413. However, economic impact was not a major aim when attempting to attract the event, rather UK Sport wanted to help promote women's Cycling in the UK and felt that this would be a reasonable vehicle to do so. Furthermore, it is important to note that the aggregate impact figures quoted to date do not allow for meaningful comparisons as they fail to take into account the relative duration of each event, which given its 1-day (three hour) status is another reason why the Cycling had little impact.

Given that as a general rule visitor expenditure is the major source of the economic impact (at least 74% in each of the six events), the visitor impact per day (which excludes organisational expenditure) is also presented. Examining the daily impact of visitors reveals that the European Eventing (£479,000) and not the World Rowing (£335,000) had the most significant impact per day. Using this measure the Women's Cycling (£50,000) appears to be more lucrative for its host economy than the U19 Football (£47,000) and the Youth Sailing (£39,000).

**Table 2: Economic impact summary by event and expenditure category**

	Rowing World Cup	UEFA U19 Football	Women's Cycling	Euro' Eventing	ISAF World Youth Sailing	World Rowing Championships
Event Days	3	12	1	4	7	8
Commercial Bed-Nights	4,867	6,160	673	25,744	5,585	29,072
Accommodation	£ 306,516	£ 324,497	£ 28,188	£ 797,479	£ 194,954	£ 1,708,947
Food & Drink	£ 85,943	£ 88,267	£ 10,527	£ 689,848	£ 68,039	£ 507,261
Entertainment	£ 10,521	£ 24,391	£ 980	£ 20,183	£ 1,537	£ 39,710
Programmes/Merchandise	£ 4,405	£ 5,522	£ 588	£ 73,797	£ 31	£ 52,500
Shopping/Souvenirs	£ 20,689	£ 77,829	£ 1,794	£ 176,454	£ 6,012	£ 220,058
Travel	£ 12,246	£ 28,798	£ 3,315	£ 52,630	£ 1,300	£ 76,272
Other	£ 25,769	£ 10,826	£ 4,485	£ 104,107	£ 2,972	£ 75,322
Visitor Spend	£ 446,088	£ 560,131	£ 49,877	£ 1,914,498	£ 274,845	£ 2,680,070
Organisational Spend	£ 117,811	£ 192,645	£ 6,537	£ 202,201	£ 74,529	£ 588,633
Overall Impact	£ 583,899	£ 752,776	£ 56,413	£ 2,116,699	£ 349,374	£ 3,268,703
Impact per event day	£ 194,633	£ 62,731	£ 56,413	£ 529,175	£ 49,911	£ 408,588
Visitor impact per event day	£ 155,363	£ 46,678	£ 49,877	£ 478,624	£ 39,264	£ 335,009
Visitor spend %	79.8%	74.4%	88.4%	90.4%	78.7%	82.0%
Organisational spend %	20.2%	25.6%	11.6%	9.6%	21.3%	18.0%

A consistent trend across all six events is the significance of the expenditure on subsistence (accommodation, plus food & drink as highlighted in Table 2) compared with the other categories. Clearly the expenditure on accommodation is attributable to people staying overnight in local hotels, guest houses and B&Bs (i.e. commercial stayers). Such people are responsible for the commercial bed-nights generated at each event, of which the Eventing and World Rowing

Championships generated the most (c. 26,000 and 29,000 respectively). At each event overnight stayers are predominantly spectators or the delegations (competitors and teams) taking part, plus media personnel and officials. The expenditure on food & drink and other items is attributable to people staying overnight (both commercially and non-commercially) as well as day visitors to the events.

**Table 3: Economic impact summary by event and key groups**

	<b>Delegations</b>	<b>Spectators</b>	<b>Media</b>	<b>Officials</b>	<b>Other</b>	<b>TOTAL</b>
Rowing World Cup	£ 254,016	£ 101,864	£ 24,339	£ 31,277	£ 54,592	<b>£ 466,088</b>
UEFA U19 Football	£ 236,878	£ 240,092	£ 14,387	£ 54,163	£ 14,610	<b>£ 560,130</b>
Women's Cycling	£ 15,361	£ 16,245	£ 1,819	£ 14,368	£ 2,084	<b>£ 49,877</b>
Euro' Eventing	£ 60,161	£ 1,592,907	£ 44,224	£ 22,330	£ 194,876	<b>£ 1,914,498</b>
ISAF World Youth Sailing	£ 171,058	£ 20,807	£ 4,091	£ 65,339	£ 13,550	<b>£ 274,845</b>
World Rowing Championships	£ 1,614,578	£ 726,804	£ 92,427	£ 57,987	£ 188,273	<b>£ 2,680,070</b>

## RETURN ON LOTTERY INVESTMENT

The six events in the project received support from the National Lottery funded World Class Events Programme (WCEP). The absolute economic impact relative to the investment made by the WCEP provides a financial indication of the return on investment (ROI) achieved as presented in Table 4. However, it is important to stress again that economic impact is but one of a range of measures that UK Sport engage in order to assess the success or otherwise of an event. For example, sport development effects, home advantage effects, place marketing and public profile effects. Notwithstanding these points the figures in Table 4 are noteworthy given the use of public funds and reveal that the aggregated ROI across the six events amounted to £3.20 for every £1 of WCEP support.

**Table 4: Return on Lottery Investment from WCEP**

	<b>Actual WCEP Funding at 18/01/07</b>	<b>Economic Impact</b>	<b>ROI per £1</b>
Rowing World Cup	£ 350,000	£ 583,899	1.7 : 1
UEFA U19 Football	£ 167,000	£ 752,776	4.5 : 1
Women's Cycling	£ 69,100	£ 56,413	0.8 : 1
Euro' Eventing	£ 132,555	£ 2,116,699	16.0 : 1
ISAF World Youth Sailing	£ 335,000	£ 349,374	1.0 : 1
World Rowing Championships	£ 1,150,000	£ 3,268,703	2.8 : 1
<b>TOTAL</b>	<b>£ 2,203,655</b>	<b>£ 7,127,864</b>	<b>3.2 : 1</b>

The major return on National Lottery investment is attributable to the Eventing with £16 being spent in the Oxfordshire economy for every £1 of support from the WCEP. This is an exceptional return, though the funding from WCEP is but part of the overall cost of staging the event. The support afforded to the UEFA U19 Championships in Northern Ireland helped to generate a return of £4.50 for every £1 invested from the WCEP.

The returns at the Rowing events were more modest, however, these two events were typical of events where economic impact was perhaps secondary to the aims of using Dorney Lake for the first time in major international regattas in preparation for London 2012. The experiences gained from staging the two regattas will prove invaluable in fine tuning how such events are managed in future to ensure that the Olympic regatta is the best that it can be.

The decision to host the Sailing was once again a function of running a major event at the venue for the Olympic regatta in 2012. In addition, hosting a youth event of this stature aimed to inspire the UK's youth to get involved in the sport in order to try and maximise the talent pool from which to choose the 2012 Olympic Sailing Squad. Similarly, the underlying reason for hosting the Women's Cycling GP was to help promote Cycling for women in the UK rather than for any potential economic benefits that might accrue, especially given that the investment from the WCEP exceeded the impact on Wales.

## FORECAST V ACTUAL IMPACT

Whilst generating economic impact is not UK Sport's sole rationale for attracting major events to the UK 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 it. 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).

For each of the six events in the project a pre-event forecast of the likely economic impact was undertaken. These forecasts were informed by desk research examining previous editions of each event. The information derived was triangulated alongside information from the major event case file and application form to the World Class Events Programme and that from interviews with key personnel linked to each event. The combined effects of the forecasts relating to visitor and organisational expenditure are illustrated in Table 5 which presents the variance from the forecast and the accuracy of the model.

**Table 5: Economic impact forecast model accuracy**

	<b>Actual Impact</b>	<b>Forecast</b>	<b>Variance</b>
Rowing World Cup	£ 583,899	£ 763,865	£ -179,966
UEFA U19 Football	£ 752,776	£ 632,005	£ 120,771
Women's Cycling	£ 56,714	£ 132,235	£ -75,521
Euro' Eventing	£ 2,116,699	£ 1,608,800	£ 507,899
ISAF World Youth Sailing	£ 349,374	£ 533,800	£ -184,426
World Rowing Championships	£ 3,268,703	£ 2,841,866	£ 426,837

Clearly the model had varying degrees of success with the most accurate forecast (87%) associated with the economic impact of the World Rowing Championships, which reflects the quality of the information provided by the LOC and that gleaned from the case file; not forgetting the invaluable experience garnered at the 2005 Rowing World Cup. The accuracy of the forecasts at the U19 Football (84%) and the Eventing (76%) were also commendable, once again as a result of the quality of the information the research team were able to gather in order to inform the model.

As a general rule across these six events and six more where forecasts have been undertaken, the economic impact forecasting model has been more accurate at predicting what people will spend per day, than the number of people in each group. Notwithstanding this comment, given the wealth of information contained within an event's case file, the size of the delegations and officials' groups should be relatively easy to estimate, alongside the average daily spend of someone from each group.

In contrast, the spectator group is the most difficult to predict relative to:

- Absolute size - i.e. number of spectator admissions;
- The percentage of people visiting from outside the host economy;
- The breakdown of day visitors to commercial stayers and their length of stay where applicable; the key to average daily spend.

All of the above are based on reasonable assumption in the absence of more reliable information. A combination of these factors often results in the spectator group contributing the most to the overall variance associated with economic impact forecasts, not least because (on aggregate) the spectator group is the largest of all those connected with an event and hence there is more margin for error.

## **IMPACT OF VISITORS FROM OVERSEAS**

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. Therefore, in addition to using the economic impact assessment, an event organiser might justify the staging of an event by making an estimate of the net export effect that an event might create.

The Cycling and the Youth Football examined the impact on Wales and Northern Ireland respectively based on what people from outside each country spent specific to their attendance at each event. In this respect the impact was national for each which for the purposes of this research negates the need for any additional analyses relative to economic impact from overseas.

The impact across the four events attributable to money originating from outside the UK was £2.65m, of which the spending by delegations (competitors and associated personnel) amounted to almost £2m. Moreover, subsistence was the major item of expenditure for visitors from overseas, with accommodation alone accounting for £1.91m of the impact and approaching 33,000 commercial bed nights. Visitors from overseas spent £0.44m on food & drink with shopping responsible for a further £0.20m of the additional expenditure in the UK economy. The prominence of delegations as the major contributors to the economic impact reflects the international flavour of the events in question, but at the same time it emphasises that these were not major spectator events.

The Rowing World Cup, the Eventing and the Youth Sailing between them brought in at least £0.67m to the UK economy from spending by visitors from overseas. The bulk of this expenditure (93%) was on subsistence (accommodation, plus food & drink) and was predominantly attributable to the spectator and delegation groups (89%).

The most striking example of an event bringing significant amounts of 'new' money to the UK was the World Rowing Championships at Dorney Lake. This event generated close on £2m in additional visitor expenditure by people from overseas (an invisible export), with more than three-quarters attributable to the 60 nations taking part.