

2010 Long Beach
INTERNATIONAL
CITY BANK ICB
Marathon & Half Marathon

Audience Research
and
Economic Impact Study

2010 Long Beach
International City Bank Marathon

Research conducted by
Forward Analytics, Inc.
www.forwardanalytics.com

Summary

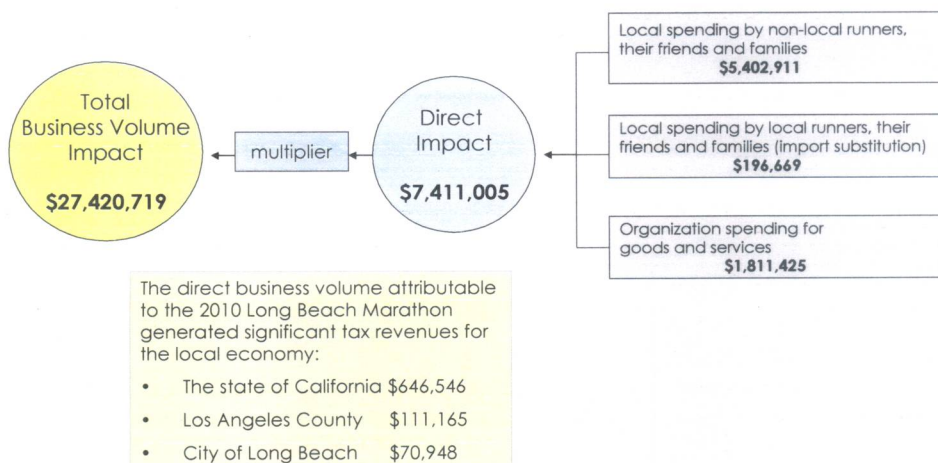
In support of more in-depth understanding the overall positive impact that the Long Beach Marathon has on the local Long Beach community and greater Los Angeles area, RUN Racing engaged Forward Analytics, Inc., based in Pittsburgh, PA to conduct an Economic Impact Study based upon the participation in the October, 2010 Long Beach Marathon event. The following summarizes the results of this study.

The Long Beach Marathon is a tremendous asset that enriches the regional quality of life, and draws national attention to the City of Long Beach triggering a positive economic impact for the region. The 2010 Long Beach Marathon attracted almost 85,000 people, both racers and spectators. While the marathon was well-supported by locals, many racers traveled from across the United States and from other countries, including Canada, Venezuela, Brazil, Austria, etc., to experience one of the most scenic marathon courses.

The 2010 Long Beach Marathon generated \$7.41 million in direct spending over race weekend. The re-spending of these dollars generated an additional \$20.01 million in the local economy (indirect impact). **Thus, the total impact of the 2010 Long Beach Marathon is \$27.42 million.** Direct spending by runners contributed to Long Beach restaurants and bars, as well as regional restaurants, with a \$2.39 million impact. 27.2% of runners stayed in area hotels generating an estimated \$591,232 in revenue. Regional retailers and entertainment venues also gained significant revenue as a result of the Long Beach Marathon.

The 2010 marathon produced an estimated \$828,659 in government tax revenues for the local and state governments. The State of California received an estimated \$646,546 in tax revenue from the economic activity generated by the 2010 Marathon. Los Angeles County gained \$111,165 in tax revenues and the City of Long Beach gained \$70,948.

Economic Impact Summary



Following the 2010 Marathon, Forward Analytics, Inc. conducted survey research with the runners of the 2010 Long Beach Marathon. The results of the survey generated an unbiased measure of the economic impact of the Long Beach Marathon, as well as an analysis of event satisfaction. Forward Analytics specializes in conducting economic impact studies for marathons, and has additionally performed such studies for major sporting events, American Bus Association's Top 100 events, and fairs and festival throughout the country. They have become the firm of choice for economic impact studies as their methodology is not a guess or estimated measure. The methodology utilizes survey research and event participants are asked to provide their *actual spending* in the region as a result of the event.

Post-event survey research among the runners was designed to calculate the economic impact of non-local participant spending in the local economy attributable to the 2010 Long Beach Marathon. This is known as the "fresh dollar" approach. The study is designed to also measure the effect of having a local marathon available for local runners.

Market research also surveyed runners participating in the 2010 race about their satisfaction regarding various aspects of the Marathon. When asked, "Overall, how satisfied are you with this year's Long Beach Marathon", an overwhelming 72.6% of runners indicated 'very satisfied' or 'satisfied'. 63.1% of runners anticipate running in the Long Beach Marathon again in the future! An additional, 29.2% are unsure.

The Economic Impact Assessment

This economic impact study employs a linear cash flow methodology first developed by Cafferty & Isaacs for the American Council on Education. The Cafferty & Isaacs methodology is the most widely used impact study tool and has been used throughout the United States in impact analyses for both for-profit and not-for-profit organizations, corporations, institutions, and events.

The impact study is conducted in two parts. The first part is designed to measure the economic impact of non-local participant spending in the local economy attributable to the 2010 Long Beach Marathon. This is known as the "fresh dollar" approach.

The second part of the study is designed to measure the effect of having a local marathon available to Long Beach runners. Our survey research shows that local (and non-local) runners are likely to travel to other cities to participate in a marathon(s) if Long Beach would not host the annual event. In fact, 73.3% of survey respondents would travel elsewhere to run a marathon (20.6% are unsure). Known as import substitution, this spending can be counted toward the economic impact of an event when it replaces spending that otherwise would have occurred outside of the area.

It should be noted that because there is no "admissions gate" to determine the full number of spectators, or how many of those in attendance came from outside of Long Beach and Los Angeles County, the economic impact study herein does not measure the impact of general spectators (those persons watching the event who are not friends and family of runners.) As such, the impact findings reported herein

constitute only part of the total impact the Long Beach Marathon has on the City and County and should be considered a conservative measure.

The linear cash flow model also takes into account the re-spending of money within the economy as a result of what professional economists term "the multiplier effect". The multiplier effect measures the circulation of dollars originally attributable to the 2010 Long Beach Marathon, and tracks their spending by successive recipients until the funds eventually leak out of the economy. This re-spending is often termed the "multiplier" or "indirect" effect. The sum of these direct and indirect expenditures represents the total impact of the Long Beach Marathon on the local business volume.

The following report focuses on these impact categories:

- Business Volume Impacts; direct and indirect, *and*
- Government Revenues Impacts.

Business Volume Impact

Direct and Indirect Expansion of the Long Beach Economy and Regional Economy Attributable to the 2010 Long Beach International City Bank Marathon and Half Marathon

The 2010 Long Beach Marathon has a total economic impact on the City of Long Beach and the greater area business volume of \$27.42 million, comprised of \$7.41 million in direct impact and a further \$20.01 million in indirect impacts. These findings are broken down by runner spending and organizational spending.

Spending by 2010 Long Beach Marathon runners, their friends and family

The 2010 Long Beach Marathon proves to be a major contributor to the success of local hotels, motels, eating and drinking establishments, retail operators and other area businesses. The total economic impact of an event is largely a function of the spending made by the attendees- *in this case runners*. Our analysis first examines the direct and indirect spending of the Long Beach Marathon runners (non-local then local) and the spending of other individuals in their party.

In 2010, the Long Beach Marathon attracted an estimated 25,000 runners. Market research determined that each runner was accompanied by a mean 2.37 friends and/or family. **The total impact of 2010 Long Beach Marathon runners, their friends and family, on the local economy is \$20,718,446.**

First, we measured the "fresh dollars" brought into the City by out-of-area runners. While only ten percent of runners were from Long Beach, an estimated 22,600 participants came from outside of the community to experience the marathon. *The direct impact of non-local participants in the Long Beach Marathon is \$5.40 million, while an additional \$14.59 million is generated through re-spending of these dollars (what is known as the multiplier effect.) Non-local runners and their accompanying parties have a total economic impact on the Long Beach economy of \$19.99 million*

Economic impact of Long Beach Marathon runners, their friends and family

Direct Spending Category	Spending by non-local runners	Spending by local runners
Food & alcohol at restaurants	\$2,302,202	\$91,350
Entertainment	\$565,148	\$10,913
Retail	\$562,034	\$23,183
Car rental	\$214,316	N/A
Ground transportation	\$63,352	\$6,257
Parking	\$544,462	\$35,599
Gasoline purchases	\$560,165	\$29,367
Lodging	\$591,232	N/A
Direct Impact	\$5,402,911	\$196,669

2.7 multiplier

Indirect Impact	\$14,587,860	\$531,006
Total Direct Impact	\$19,990,771	\$727,675

Per runner spending levels (including spending by accompanying party) varied by geographic spatial scale. Runners residing out-of-state were found to spend \$264 per visiting group during marathon weekend. Runners residing in-state but outside of Los Angeles County, spent \$141 per group.

Locals (those residing in the City of Long Beach) spent \$81 per runner and associated spectators, a total of \$196,669 in direct impact. The indirect impact generated from local runners and their accompanying friends and family is \$531,006. Known as import substitution, this spending is included in the total economic impact of the Long Beach Marathon since it is spending that may have occurred outside of the area of impact. In total, local runners have an economic impact of \$727,675 in the Long Beach economy attributable to the race.

We should recognize that runners preparing for the Long Beach Marathon also contribute year round to the local economy. For example, groups like A Running Experience Club, Sole Runners, and Team Runners High often meet for drinks, food, or entertainment before or after their training runs which in turn contributes to the local economy.

Direct Spending by RUN Racing for services, supplies, and wages

In 2010, RUN Racing (Long Beach Marathon organizers) contributed an estimated \$616,770 in direct impact to the City of Long Beach, and contributed \$1,194,655

elsewhere in Los Angeles County and Orange County. These direct expenditures moved through the local economy and generated an additional \$4,890,847 in indirect impact. The total local economic impact for organizational spending is \$6,702,272.

This category of economic impact includes the purchase of goods professional services from local businesses, office space, salaries, etc. with money from the organization's operating budget. To be more specific, the marathon's spending includes advertising, equipment rentals, direct mail, entertainment, policing, etc. (The study accounts for leakage that occurs when expenditures are made outside of the regional economy.)

We must mention that the marathon's operating budget is partially comprised of sponsor dollars, much of which comes from corporations and organizations headquartered in the City of Long Beach or Los Angeles County. But the marathon's budget also includes registration fees, which 90.4% comes from runners residing outside of Long Beach. This represents fresh dollars that, in turn, generate direct and indirect revenue for the City.

Government Revenue Impact

When an event such as the Long Beach Marathon brings people and money into the area, tax revenues are generated for local and state governments. Tax revenues are paid directly by the race participants and event management on purchases such as food and drinks, overnight lodging, advertising, products and services, etc.

The State of California received an estimated \$646,546 in tax revenue from the economic activity generated by the 2010 Marathon. Los Angeles County gained \$111,165 in tax revenues and the City of Long Beach gained \$70,948. The government revenue impacts comprise the following:

Sales Tax

As previously detailed, the Long Beach Marathon generates substantial revenue for businesses in the City of Long Beach and the greater area. Marathon-related direct spending generated \$611,408 in sales tax revenues for the State of California and \$111,165 for Los Angeles County.

Transient Occupancy Tax

As noted earlier, the Long Beach Marathon draws a significant portion (52.6%) of their attendees from outside of Los Angeles County. These 'tourists' generate income for the hotel community and also generate hotel room tax revenues for the local and state governments.

Survey research reveals that 27.7% of runners stayed locally in paid accommodations while participating in the marathon. Another 9.6% of runners stayed locally at the home of a friend or family member. Based on secondary research, we assume that 33% of runners shared a hotel room and associated costs with a fellow race participant. Measured by the average cost of hotel accommodations at \$128 and duration of the stay, the Long Beach Marathon is attributable for generating \$591,232 for the

regional hotel/motel economy. Based on this impact, we estimated Long Beach to gain \$70,948 from the transient occupancy tax.

State Gasoline Excise Tax

Participants of the Marathon spent an estimated \$589,532 in gasoline revenues while in Long Beach and the greater area. A gasoline excise tax generates \$35,138 for the State of California

Volunteers

Volunteers were an integral part of the 2010 Long Beach Marathon, as they are in many special events *and* facets of the community. Their involvement enhances the scale of the event and enables more activities to be undertaken. This in turn benefits the local businesses by helping draw visitors and dollars to the region.

An overwhelming 2,056 spirited volunteers helped make the 2010 Long Beach Marathon a success! Over three days of the race weekend, volunteers worked the Expo, Kids Run, start and finish lines, water stations, etc. They donated an estimated 10,280 volunteer hours.

Estimating the exact dollar amount is less critical than the notion that those who volunteered their time could have spent it in many ways, but decided this event was of key importance and worth donating their time. If the total of nearly 10,280 volunteer hours is calculated at the *government dollar value of a volunteer hour* (2008) an estimated \$240,758 in donated time to the marathon, the City of Long Beach and its' people.

Conclusion

The data collected, and impact modeling performed, indicates that the annual Long Beach Marathon is a valuable contributor to the Long Beach and greater area economy. The event has a particularly strong impact – an impact, for example, that compares favorably to national sporting events, shows and conventions. The large majority of runners and spectators come from outside of the City and County, and bring with them an influx of fresh dollars to the local economy. The event also adds to the vitality and image of the Long Beach with press coverage and publications that extend beyond the local area.

The Marathon garners a high level of runner satisfaction and as a result of this study, has detailed information that can help improve the event even further. Moreover, by commissioning this study, the Long Beach Marathon has demonstrated their commitment to the Region and the long-term success of this event.