

The Economic Impact of Endurance Events in San Diego

Executive Summary

Participatory endurance events such as marathons, open water swims, and triathlons are growing in popularity across the United States. They have come to drive an important segment of the travel industry, with participants, families and friends often traveling hundreds of miles and spending thousands of dollars to compete in events far from home. Gone are the days of a cheap t-shirt and a numbered bib marketed to local fitness enthusiasts.

The San Diego regions hosts dozens of these events each year and they cumulatively have a significant economic impact on the region. Using participant data from more than 60 endurance events held in 2013, the National University System Institute for Policy Research (NUSIPR) compiled a data base on more than 100,000 competitors.

Overall, we found that:

- **More than 134,000 participants registered for 66 endurance events.** Events held included marathons, triathlons, swims, cycling events, 5Ks, and mud runs. This dataset includes nearly all of the major events in San Diego County and many of the smaller ones. Estimates are that during 2013 there were a total of 90 separate endurance events held in the region.
- **More than 1 out of 3 (34%) participants were visitors from outside San Diego County.** Out-of-town attendees arrived from all 50 states and more than 22 countries. San Diego event organizers are leveraging the region's climate, beauty and large local market in ways that create an important "attractor" for the region's leisure travel industry.
- **San Diego endurance events generated \$64.1 million in total economic output in the region.** Events also facilitated \$21.3 million in wages and 583 direct, indirect and induced jobs.
- **Local investment in endurance events remains modest.** In 2014 the San Diego Tourism Marketing district invested just \$300,000 toward supporting one endurance event. This represented 1% of total TMD investment.

Endurance Events

Participatory endurance events are thriving in America. This is especially true of marathons. According to Running USA, the total number of estimated marathon finishers in the United States has risen 53% since 2000 (353,000 in 2000 vs. 541,000 in 2013). Overall, more than 1,100 marathons were held in America last year, compared to 300 marathons in 2000. Moreover, as interest in marathons has increased, the way in which these races are marketed and organized has fundamentally changed. In the past there were a handful of races, such as the Boston and New York marathons, that were targeted to national audiences and which attracted a significant number of “out-of-region” visitors. Now hundreds of events are marketed this way, with San Diego’s own Competitor Group Inc. successfully developing and marketing a series of “Rock ‘n’ Roll Marathons” throughout the world, appealing to a global audience which is willing to travel to distant locations to participate in unique endurance experiences. Disney Corporation has undertaken a major effort that markets endurance events to participants and their families considering a multi-day visit to the company’s theme parks.

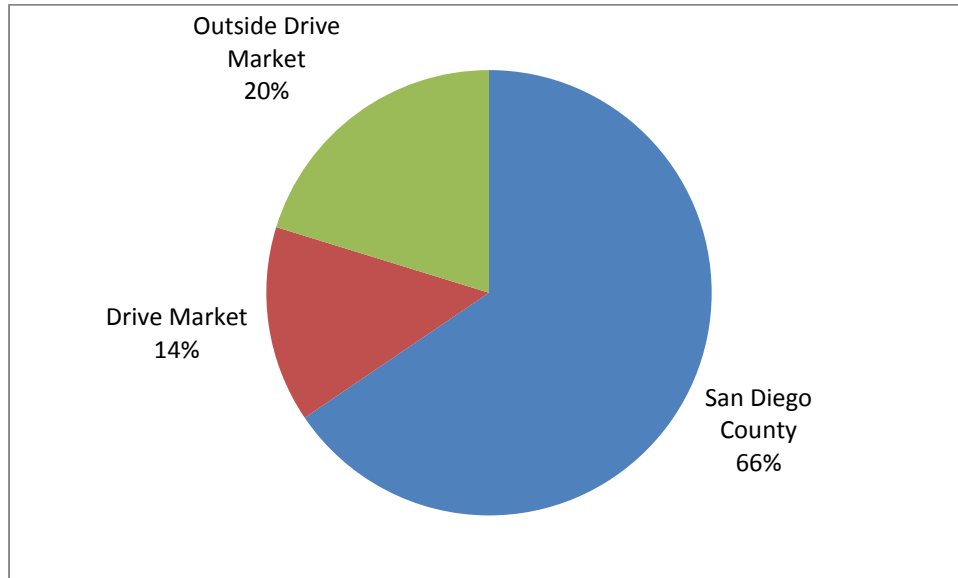
Interest in participatory cycling events is also increasing. USA Cycling issued 70,829 licensees in 2011, a 66% increase since 2002 (licenses are required in order to participate in USA Cycling-sanctioned races). The number of sanctioned cycling races also increased from 1,969 in 2002 to 3,041 in 2011. Triathlons and “mud runs” have also gotten in on the act, leveraging the visibility of the original Iron Man to build a following that is willing to travel “out of region” to participate in these sorts of events.

Event Attendance

To learn more about the types of events and event participants held in San Diego County, NUSIPR conducted extensive data mining. Over a three month period, NUSIPR collected participant data from all publicly listed San Diego endurance events held in 2013. For these events we were able to match a unique competitor with a unique home city. This sample comprised 89,972 participants at 40 endurance events in San Diego. We further identified an additional 26 events with 44,584 participants that were held during 2013 but for which there was no detailed home city listed for the registrants.

We found that most participants were local as 2 out of 3 (58,943) resided in San Diego County. Southern California “drive market” residents comprised a significant share of all out-of-town participants – 12,822 out of 31,029 live in bordering or nearby counties (Los Angeles, Imperial, Riverside, San Bernardino, and Orange).

Chart 1: San Diego Endurance Event Participants, by Area of Residence, 2013



However, among non-San Diegan participants the Southern Californians were outnumbered (14% of all participants vs. 20%) by those coming from outside of the drive market. Common areas of residence were Phoenix, Las Vegas, and the San Francisco Bay Area. All 50 states and more than 22 nations are represented within this sample. Among foreign nationals, Mexico is the most common area of residence, followed by Canada.

A handful of events generate large attendance. As illustrated in the following table, the event with the greatest number of participants was the Rock 'n' Roll Marathon (24,642 participants), followed by the World Famous Mud Run (20,000) and Father Joe's Villages Thanksgiving Day 5K (10,000). Most endurance events had fewer than 5,000 participants.

One notable exception to this pattern of participation was the region's largest endurance event. The Rock 'n' Roll Marathon had, by far, the largest percentage of out-of-town participants of any event held in 2013 – six out of ten (59.9%) were from outside San Diego County and 40% were from outside the greater Southern California area.

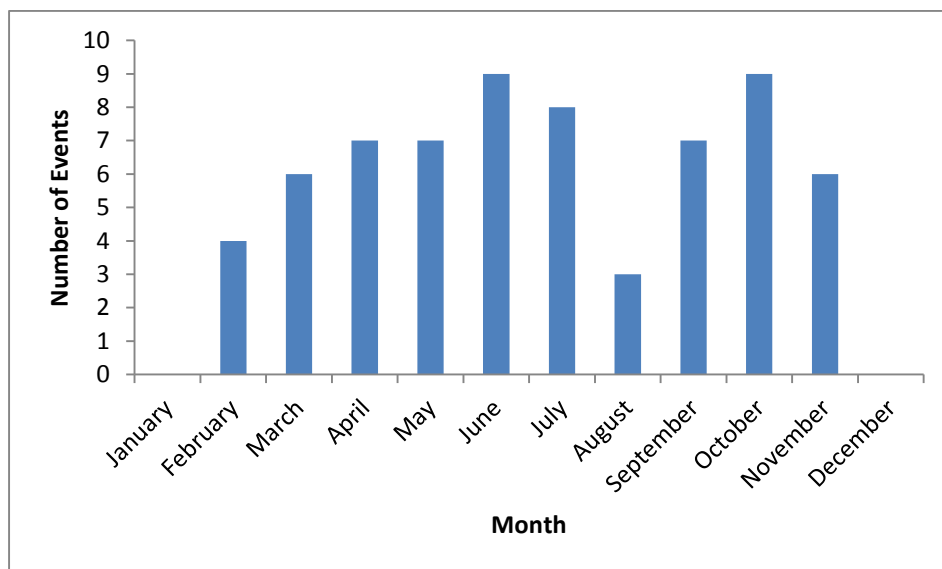
Table 1: Largest Top 10 San Diego Endurance Events, 2013

Event Name	Total # of Participants
Rock 'n' Roll Marathon	24,642
World Famous Mud Run	20,000
Father Joe's Villages Thanksgiving Day 5K	10,000
Tri-City Medical Center Carlsbad Marathon	8,472
America's Finest City 5k and Half Marathon	7,604
Oceanside Turkey Trot- Kinane Events	7,313
Carlsbad 5000	6,877
San Diego Half Marathon	5,711
La Jolla Half Marathon	5,392
Del Mar Mud Run	4,556

A clear pattern also emerged as to where endurance events are hosted. Geographically, most events were centered in northern coastal communities, Mission Bay, Balboa Park and downtown San Diego. NUSIPR identified only one event hosted in the South Bay, the Jump Aquathlon in Chula Vista.

Unlike seasonal attractions, endurance events are held throughout the year, not just during the peak tourist season. June and October were equally the most popular months to hold events. This compliments efforts by the lodging and hospitality industries to put “heads in bed” year-round.

Chart 2: San Diego Endurance Events by Month, 2013



Economic Impact

Of interest to NUSIPR were the economic effects of endurance events in the regional economy. Americans spend millions of dollars on athletic gear, apparel and training facilities each year. We also found that endurance event participants are largely older, educated, and top income earners. According to RunningUSA, 73.3% of surveyed race participants reported a household income of \$75,000 or more and 75.8% have earned a bachelor's degree. USA Swimming, the national swimmers association, has over 292,000 members, of which 47% have an income of over \$100,000 and 25% have an income of over \$125,000. Appendix A provides detailed information on other works measuring the economic impact of endurance events.

For our analysis, we focused only on spending by participants from outside San Diego County. These participants bring new "new" spending into the region, increasing overall economic activity in San Diego County. In contrast, spending by San Diego County residents should be considered simply "shifted" spending that provides no net new economic activity to the region.

We assumed that visitor spending closely matched leisure visitor spending patterns identified in the San Diego Tourism Authority's San Diego County Visitors Profile Study. For "drive market" and "non-drive market" participants, we referenced the study's average daily visitor spending figure to estimate \$80 in daily spending for transportation, meals, and retail purchases. For lodging expenses, we used the average daily rate (ADR) for lodging in San Diego County (\$134). Following the study, we assumed the length of stay for "drive market" visitors was 1.5 days and 3.5 days for "non-drive market" visitors. The average group size for "drive market" participants was 1.0 and for "non-drive market" participants the average group size was 2.4. We assumed that 80% of drive-market participants paid for lodging, and 90% of non-drive market participants paid for lodging. As part of our impact analysis we also included the estimated event registration costs (\$3.1 million) for all participants in 2013. (For a detailed explanation of our methodology, see Appendix B.)

To estimate how this spending by out of region visitors circulates through the economy, NUSPIR uses IMPLAN, a leading regional input/output model. Input/output models are an econometric technique used to explore economic relationships within a designated geography. They track how an initial dollar of spending circulates as the original entity buys goods and services from firms which, in turn, buy goods and services themselves.

Overall, we found that San Diego endurance events generated \$64.1 million in total regional economic output. Events also facilitated \$21.3 million in wages and 583 direct, indirect and induced jobs.

Table 2: Total Economic Impact of Endurance Events in San Diego, 2013

	Direct	Indirect	Induced	Total
Employment	404	84	95	583
Wages (millions)	\$ 12.3	\$ 4.5	\$ 4.4	\$ 21.3
Output (millions)	\$ 38.2	\$ 12.8	\$ 12.9	\$ 64.1

Tourism Marketing District

The San Diego Tourism Marketing District (TMD) works to increase the demand for hotel room stays through major tourism marketing and advertising initiatives. A two percent hotel room surcharge funds the TMD programs, staff and operations, all of which are managed by the San Diego Tourism Authority.

TMD support for endurance events has been modest. For the Fiscal Year 2014-15, the Rock ‘n’ Roll Marathon was the only endurance event recipient of TMD funding through a general competitive annual application process. They received \$300,000, which represents 1% of total TMD investment for the fiscal year. TMD funding for the Rock ‘n’ Roll Marathon in prior fiscal years has been provided at similar levels.

Conclusion

Endurance events are an economic contributor, drawing visitors from around the world to San Diego, and increasing economic activity in the region. These events support hundreds of local jobs and enhance San Diego’s brand among thousands of would-be visitors. As the endurance event industry has changed, stronger partnerships between the hospitality industry and event organizers could generate even more visits to San Diego and further boost attendance. With warm weather year-round, and home to scores of hotels, restaurants, and venue options, San Diego is in a unique position to become a leader in sports tourism.

NUSIPR found few events hosted in East County and the South Bay. This is a missed opportunity to showcase to outsiders some of the sights and amenities that dot their urban landscape. Local leaders should consider exploring why more events aren’t held within their boundaries, and open a new dialogue with event organizers on the routes and areas that work well for 5Ks, swims and triathlons.

About the National University System Institute for Policy Research

The National University System Institute for Policy Research (NUSIPR) is a non-partisan, non-profit organization that formulates and promotes high quality economic policy, and public opinion research so as to improve the efficiency and effectiveness of local governments in San Diego County and to improve the quality of life enjoyed by the region’s residents.

NUSIPR publishes regular independent research and analysis for the public on a range of topics, including unemployment, business growth, and the San Diego housing market. The Institute also works collaboratively with clients to develop high quality research products that are tailored to their policy needs.

Appendix A: Literature Review

To better understand the economic dynamics of endurance events, NUSIPR reviewed a number of published journal articles and economic studies from outside markets.

Blueridge Marathon

The Blueridge Marathon was held on April 20, 2013 in Roanoke Virginia. A smaller event, it was host to 1,684 participants. This study was prepared by the Roanoke Valley- Alleghany Regional Commission and Roanoke Regional Partnership. It provided a survey to participants in the following week of the event and had 45.8% of the total number of participants respond (Roanoke Commission). They found that the average travel party to the event 2.1 for those within an hour and a half to the race and 0.9 for those outside the area. For these travel parties, the average costs per overnight from outside area participants' were as follows: \$96.55 for lodging, \$64.12 for meals, \$33.93 for gas, \$21.47 for miscellaneous retail, and \$1.93 for admissions (Roanoke Commission). The report concludes that the event raised new direct sales activity of \$295,678.20 which led to indirect and induced sales activity of \$180,691.00 (Roanoke Commission). This output also affects the local job market as it supports 5.7 jobs in that period.

New York City Marathon

The New York City Marathon is one of the largest, if not, the largest marathon in the United States. Road Runners conducted a survey of 1,012 participants out of about 45,000. They found that the average runner pays about \$1,778 each on hotels, transportation, and food and beverages. Overall, the study concludes that the event produces between \$304 million and \$378 million (Belson, Ken). Summarized by the *New York Times*, Ken Belson states that the event raises \$17 million in tax revenue for the region.

Market to Market Relay Nebraska

The University of Nebraska- Lincoln conducted an economic impact analysis of the Market to Market relay event. Dr. Eric Thompson and Shannon McClure claim the event has become a tourist attraction that involves paved roads, trails, and an award ceremony in the Haymarket (Thompson, 1). The authors analyze three variables: spending at restaurants and lodging, tourists attracted to the event, and local residents traveling to the event (Thompson, 1). With over 3,000 participants, the event brings a direct impact of \$219,186 which mainly is produced by registration fees. With the indirect impact, such as spending on lodging and food, the total impact is \$417,563. The methodology for this study was an online survey completed by endurance participants.

2013 Los Angeles Marathon

According to Los Angeles Marathon Inc. (LAM), the marathon attracted 23,018 participants and its 5k attracted 3,603 participants. The reports also states that there was a total 2,316 room nights and \$3.09 million raised for charities (LAM, 1). In more detail, the Official Charity Program reports that there 81 charities total, which is an 8% increase from 2012. During this event, downtown LA has seen a rise in room nights from 1,415 in 2010 to 2,316 in 2013, and 4,335 total rooms for 2013 (LAM, 14). In addition, participants spent an average 1.88 nights/stay (LAM, 14). In conclusion, the report states that the economic impact is based on \$374 per room, which includes; hotel charges, meals, transportation, and shopping, resulting in a total \$866,184 (2,316 x 374) downtown impact for 2013.

2012 Bank of America Chicago Marathon

The 2012 event attracted 41,360 participants which produced a total impact of \$243.46 million (Bank of America, UIC). The University of Illinois at Urbana-Champaign's Regional Economics Application Laboratory used the Chicago Region Econometric Input-Output model to estimate the impact the event had on the region including the tourism industry such as hotels, restaurants, and entertainment. The executive summary includes data that shows the direct and indirect impact the participants had as well as the operations impact and charity impact. These three categories help narrow down the data. Participants had a direct impact (tourism industry) of \$68.31 million and an indirect impact of \$87.79 million. The event produced a total of 1,685 jobs (1,147 direct jobs, 538 indirect). The summary concludes that for each dollar spent by a race participant, it generated \$1.29 worth of activity in the economy (Bank of America, UIC).

Sport Research Industry Center- Temple University

Temple University's SIRC has conducted studies on marathons in a market similar to San Diego's. Their data has been collected over the past five years the event has been held. The methodology used was a survey. Their study separates non-local domestic and international participants into two categories. In 2014, non-local domestic participants spent \$171.12 on food and beverage, and \$301.69 on lodging (SIRC). The previous year had slightly smaller figures with food and beverage at \$164.51 and lodging at \$259.83 (SIRC). Total spending by these participants includes: food and beverage, lodging, local transportation, retail shopping, tourist attractions, entertainment, race registration, and miscellaneous expenses. Non-local domestic participants spent a total average of \$803.56 and international participants spent a total average of \$2,659.71. 2013 saw less total averages for non-local participants with \$752.17 and a slightly higher average for international participants at \$2,852.44.

However, in 2010 the total average spent by international participants was only \$603.24 and for non-local participants it was \$958.34.

Appendix B: Methodology

(1) Events. Using Internet research techniques and professional recommendations, NUSIPR searched for every endurance event held in San Diego County in 2013. The year was chosen to provide the most current data on the topic. While searching for events, NUSIPR made certain the events held in cities were indeed located within the county. In order to obtain the data needed, the events had to have an updated list of results for 2013 via website. So, the data examined is from a list of events that had an available list of 2013 results. Many of the results were available from Gemini Timing and Cadence.

(2) Participants. The areas of residence (city) for participants were listed and counted for each event. To help organize identification, we made a category for San Diego County residents, “drive-market” residents (those in Orange County, Los Angeles County, Imperial County, Riverside County, and San Bernardino County), and “non-drive market” participants (those outside of San Diego County and the drive market). We then totaled all of the numbers appropriately for each category for each event. To estimate the area of residence when residence data was not publicly unavailable, we used the same ratio of San Diego resident :: Drive Market :: Non-Drive Market for all known races except the Rock ‘n’ Roll Marathon. This ratio is 75% :: 12% :: 13%.

(3) Economic Impact. To determine the economic impact of these events and the spending of participants, we referenced the San Diego Tourism Authority’s 2011 San Diego County Visitors Profile Study. The study contains separate spending categories for leisure and business visitors. For the purposes of our project, we utilized spending data for leisure visitors. For “drive market” and “non-drive market” participants, we referenced the study’s average daily spending per visitor amount in estimating \$80 in daily spending for transportation, meals, and retail purchases. For lodging expenses, we used the San Diego Tourism Authority’s 2013 average daily rate (ADR) for lodging in San Diego County (\$134). The length of stay for “drive market” visitors was 1.5 days and for “non-drive market” visitors it was 3.5 days. The average group size for “drive market” participants was 1.0 and for “non-drive market” participants the average group size was 2.4. We also estimated that 80% of drive-market participants paid for lodging, and 90% of non-drive market participants paid for lodging. In order to determine the spending for drive market and non-drive market participants we multiplied the total amount of participants by the average daily amount spent, group size, and the length of stay. To calculate total lodging spending for both drive market and non-drive market participants we multiplied the estimated percentage of participants paying for lodging, the ADR, the group size, and the length of stay. As part of our impact analysis we also included the estimated event registration costs (\$3.1 million) for all participants in 2013.

Appendix C: Works Cited

A Bureau of Business Economic Impact Analysis From the University of Nebraska–Lincoln, December 14, 2012

Belson, Ken. "Race Organizers Highlight City's Economic Gain." *New York Times* 27 Apr. 2011. Web. 7 May 2014. <http://www.nytimes.com/2011/04/28/sports/28marathon.html?_r=0>

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University of Illinois at Urbana-Champaign, Regional Economics Applications Laboratory. Bank of America