

Economic Impact Analysis of Events

Objectives. A local organizing committee in a major municipality had been successful in bringing a number of well-known sports events to its locality. It had secured a Men's NCAA Final Four Basketball tournament, and was interested in determining the economic impact of the event and how it compared to other locations which had previously hosted the event.

Challenges & Methodologies. Finding a suitable method for measuring net economic impact can be challenging given the many difficulties in measuring costs and benefits for events. Additionally, other factors such as free media advertising and its effect on future tourism are difficult to measure yet very important.

A survey instrument was developed and implemented to determine net visitor spending apart from local and other spending that would have occurred anyway. Data on sponsor and corporate spending and other satellite events were collected. Dollar measures for media coverage and impacts from capacity constraints were also accounted for.

An analysis of similar events in the host city and the particular event in other cities was completed. Controls for differences across events and across cities were accounted for, as were capacity constraints and other cost differences. The analysis determined city, county, MSA, and state fiscal/tax impacts of the event.

Outcomes. Following our presentation to the client, they held a follow-up press conference which included local politicians and SportsEconomics. The economic effects of the event received wide press coverage.

The study results were presented to the State Comptroller, who noted was the most comprehensive he had seen, in an effort to secure State funding for the event. As a result, the local organizing committee received approximately \$4 million to host the event – an allocation from a State Fund to ensure such events are properly managed. The client has subsequently hired the researchers for other sports projects. Additionally, other cities have used the findings in forecasts of their own events.