

Measuring the Economic Contribution of Events to Auckland

Prepared for

Auckland City Council

Authorship

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Executive Summary

Background

The Auckland region hosts a large number of events each year ranging from small community gatherings to major international events. A limited number of events have been formally evaluated in the past to determine the economic benefits they confer on the region, but the economic contribution of Auckland's entire events portfolio has never been assessed.

The intention of this research is to develop a better understanding of the ways in which events, in aggregate, contributed to the economic wellbeing of Auckland residents and businesses in calendar year 2008.

For the purposes of this study an event is defined as:

An activity held for the benefit of multiple people occurring outside the normal range of activities and excluding personal celebrations. The activity must be accessible to members of the public - either free of charge or through the payment of an entry fee.

There is no domestic or international precedent for an economic event evaluation at this level of aggregation; hence a key component of the study has been the development and implementation of research methods that enable the entire events economy to be measured and valued.

Economic Contribution

The economic results in this study are based on 160 responses to an economic survey of event organisers as well as discussions with event professionals and the results of past event evaluations.

In aggregate, at least \$479 million of consumption in the Auckland economy in 2008 can be directly attributed to events held in the region. This includes:

- \$138 million spent by event organisers on local goods and services required to deliver events in Auckland. The most common expenses for event organisers in Auckland are operational expenses including venue hire, equipment hire, and transport. Wages and salaries are another large cost area, along with marketing and advertising expenses.
- \$80 million of discretionary consumption at events in addition to mandatory expenses such as ticket purchases. This includes discretionary expenditure on food & beverage at the event, merchandise, and any other consumption within the confines of the event. It expressly excludes consumption before or after the event such as transport, dining out and entertainment.
- \$75 million of pre and post-event consumption by Auckland residents. This includes expenditure on activities for which events are the main catalyst such as transport to/from the event, parking, dining out, and pre/post event entertainment.

- \$150 million of consumption by people visiting Auckland specifically to attend an event. This excludes mandatory event expenses (e.g. ticket purchases) and expenditure on discretionary items at events, as these forms of consumption are both captured in the figures above. The expenditure by visitors to Auckland accrued mainly to the accommodation, food & beverage, transport, entertainment and retail sectors.
- \$23 million spent by sponsors on event leveraging. The most common forms of leveraging were advertising/promotional activities and corporate hospitality.
- \$13 million spent by local agencies that support the organisation and delivery of events in Auckland e.g. territorial local authorities, New Zealand Transport Agency, St John New Zealand, Tourism Auckland and New Zealand Police.

The figures above represent consumption, which is equivalent to gross output in economic terms. The contribution of events to GDP can be calculated by applying standard GDP multipliers to these gross output figures.

In aggregate, events contributed at least \$440 million to Auckland's GDP in 2008 and sustained at least 7,227 full-time equivalent employees. This represents 0.7% of regional GDP and a similar share of regional employment.

Figure 1 The Contribution of Events to Auckland's GDP in 2008 (\$ million)



The GDP contribution of the events portfolio sits just below the contribution of the screen production industry which was estimated at \$526 million in 2007. Other comparators are the accommodation, restaurants & bars sector at \$807 million, and printing, publishing & recorded media at \$771 million (2006 figures).

Annual Variation and Exclusions

The events portfolio in 2008 did not include any major outliers in economic terms. While economic outliers occur relatively infrequently in Auckland, they do have a profound impact on the contribution that events make to the economy. Examples include:

- \$473 million of additional GDP generated by the Americas Cup in 1999-2000, and a further \$450 million in 2001-2003. However, large percentages of these impacts were generated by super yacht construction and activity over relatively long periods of time.
- \$53 million of additional output generated by the DHL Lions Series in 2005, which created a regional GDP impact of \$43 million.
- \$16 million of additional output generated by the Louis Vuitton Pacific Series in 2009, which created a regional GDP impact of \$12 million.

These impacts only measure additional GDP, and would therefore be considerably higher on an economic contribution basis (which includes spend by Auckland residents).

The events portfolio in 2008 also excluded some large biennial events such as the Auckland Festival and Auckland Arts Fair.

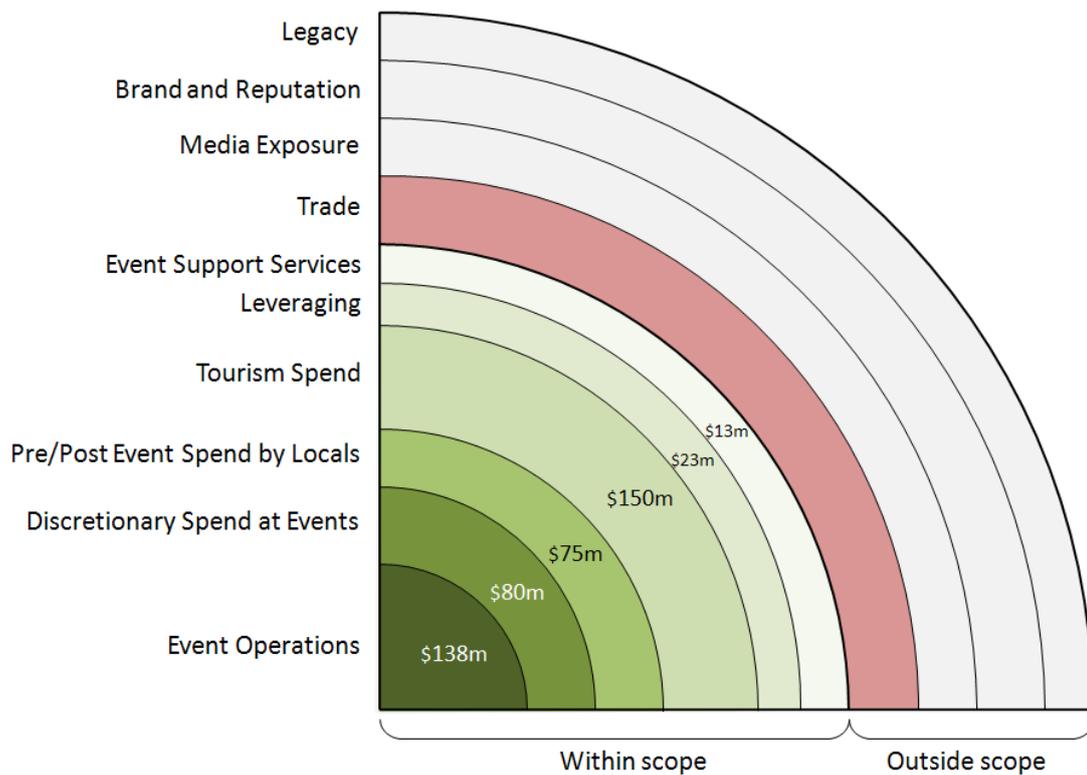
An important contribution that cannot be measured in this study relates to business transactions (trade impacts) facilitated by events. These impacts are very difficult to measure because business transactions are usually concluded confidentially beyond the event. Previous research suggests that some events have the potential to generate significant trade impacts:

- The Louis Vuitton Pacific Series 2009 generated at least \$9 million of business for the local marine industry that would not have existed in the absence of the event.
- Air New Zealand Fashion Week plays a key role in connecting New Zealand fashion designers with international buyers. A study of Air New Zealand Fashion Week 2004 estimated that participating designers expected the event to increase their foreign exchange earnings by at least \$13 million.
- Hosting the Americas Cup conferred significant benefits on the local marine industry through purchases of super yachts and other marine products.

In-kind contributions have not been considered in this study because they represent non-cash transactions and do not fit within the traditional economic contribution framework.

Events can also generate significant exposure and reputation benefits for the host city. These benefits do not have an immediate impact on economic activity, but in the long-term they play a key role in driving awareness of the region as a place to live, work, visit and invest.

Figure 2 Summary of Contribution of Events to Auckland in 2008



Event Characteristics

A database of events held in Auckland in 2008 has been compiled using information provided by Auckland's seven territorial authorities and all of the region's large private venues. This database, while not exhaustive, contains the vast majority of public and private events held in the Auckland region in 2008, and all of the large events.

Analysis of the 2008 event population reveals the following characteristics of Auckland's event portfolio:

- Auckland hosted at least 1,674 events in 2008, ranging from the New Zealand Frisbee Golf Championships to the Auckland Food and Wine Festival to the Farmers Santa Parade.
- Total attendance at these events (participants and spectators) is estimated at 5.82 million. Around 14% (788,000) of these attendances were generated by visitors to Auckland, although not all of these visitors came to Auckland specifically to attend an event.

- Around 40% (664) of all events were sport & recreation events. A total of 1.49 million people were present at these events as participants or spectators, representing 26% of all event attendees in 2008.
- 2.39 million people attended cultural and community events in 2008 (41% of all event attendees). The 20 largest cultural and community events in Auckland attracted a total of 1.60 million people.
- 86% of events involved fewer than five thousand people and 78% were single day events.
- A total of 486,000 people were attracted to Auckland specifically by events in 2008, comprising 452,000 domestic visitors and 34,000 international visitors.
- Domestic visitors generated 474,000 visitor nights and 244,000 day visits, and international visitors generated 245,000 visitor nights. In total, local events generated 719,000 visitor nights in Auckland in 2008.
- The organisers of events held in Auckland managed budgets totalling \$195 million (excluding in-kind contributions) in 2008, of which 71% (\$138 million) accrued to the local economy. The remaining \$56 million accrued to other parts of New Zealand or to other countries.
- 90-95% of the budgets for business, cultural & community, and lifestyle & social events were spent in Auckland (including event surpluses). Budget retention for sport & recreation events was lower at 79%, and even lower for visual & performing arts events at 51%.
- The retention rate for visual & performing arts events was low because a large percentage of major concert income accrued to international performers and concert promoters.

Table 1 Number of Events and Attendance Level by Type in 2008

Event Type	Number of Events	Percent	Attendance ('000s)	Percent
Sports & Recreation	664	40%	1,492	26%
Visual & Performing Arts	465	28%	1,289	22%
Cultural & Community	384	23%	2,387	41%
Lifestyle & Social	91	5%	462	8%
Business	70	4%	187	3%
Total	1,674	100%	5,816	100%