



NUI Galway
OÉ Gaillimh



VOLVO OCEAN RACE FINALE: Galway 2012

An Economic Impact Assessment

Report compiled by the
J.E. Cairnes School of Business and Economics
and the Whitaker Institute at NUI Galway
on behalf of Let's Do It Global.



Groupama Sailing Team, skipper Franck Cammas from France, is interviewed, after winning the Volvo Ocean Race 2011-12 (Ian Roman, Volvo Ocean Race ©)

THE VOLVO OCEAN RACE FINALE

From 30 June – 8 July 2012, the Volvo Ocean Race Finale took place in Galway City. For nine days and nights, the City became the focal point of one the most highly-regarded international sporting events supported by over 275 free events around the city. The magnitude of the event in terms of the relatively small economy of the Galway area was exceptional.

Groupama Sailing Team, skipper Franck Cammas from France, lifts the Volvo Ocean Race trophy, claiming first place overall in the Volvo Ocean Race 2011-12, at the final public prize giving, in Galway, Ireland, during the Volvo Ocean Race 2011-12. (Credit: IAN ROMAN/Volvo Ocean Race)



THE KEY QUESTIONS

How much was the Volvo Ocean Race (VOR) finale worth?

€60.5 million

How many people attended the events?

Over 500,000

How many of those were international visits? 100,800

How much did they spend? On average €87 each a day

How much did Irish people spend?

On average €69 each a day

But how much was spent by local organisers / the city?

€7.6 million

Did everyone enjoy it? 97% of race attendees rated their experience as positive or very positive

What about local businesses? Yes, but a quarter found that their business was negatively affected by the Race.

Why? Displacement. Most of the positive economic benefit was located in the areas surrounding the event and particularly by the hospitality industries (food, accommodation and public houses).

What else did the VOR do for Galway? Increased jobs, 21% of businesses either increased the amount of shifts or hired new employees for the event.

What did people like most about the event? 45% of those surveyed on the street cited the atmosphere, 17% cited community spirit.

What did people say they liked least? Weather and traffic

Positive Impacts? Increased spend in the local economy, very positive image of Galway cast nationally and internationally. Morale boost for the city.

Negative Impacts? Uneven spread of economic boost, some negative feelings regarding the fiscal health of the organisers.

A huge spectator crowd turns out for the finish of leg 9 from Lorient, France to Galway, Ireland, during the Volvo Ocean Race 2011-12. (Credit: Marc Bow/Volvo Ocean Race)

THE VOLVO OCEAN RACE & GALWAY

CONTEXT:

THE RACE

The 2011-2012 Volvo Ocean Race lasted for nine months and covered 39,270 nautical miles. The boats circumnavigated the globe, visiting eight stopover ports before finishing in Galway, Ireland.

The Volvo Ocean Race (VOR) started with the In-Port Race on 29 October 2011 in Alicante, Spain. The yacht race route then visited Cape Town, Abu Dhabi, Sanya, Auckland, Itajaí, Miami, Lisbon, Lorient and finally Galway.

The participants sailed through four oceans and visited ports in five continents, making it the toughest sailing event in the world.

Hundreds of thousands of spectators visited the race villages in the participating ports, while millions tuned in via numerous media channels.

GALWAY CITY

2012 saw the return of the Volvo Ocean Race to Galway following the successful staging of 2009 stopover.

The city and the race again proved a natural fit with the 2012 event bringing €60.5 million into the city. For nine days the harbour area of the city was once again transformed into a hub of activity in both the commercial and entertainment spheres. The addition of the 'Global Village', a unique expo highlighting the best of Irish business, education and craft, brought a new feel and focus to the event. The hosting of showcases under the pillars of marine, innovation, green and food, was a platform for the city and the region to display its unique strengths.

More than 1,500 volunteers took part in the successful organisation of the Volvo Ocean Race finale in Galway. They contributed thousands of hours to cater for more than 500,000 visitors to the nine-day event.

While the commercial emphasis was obvious, the event did not lose the key element which was held most precious during the 2009 stopover, the family friendly community spirit.

The following report will depict both the economic and the extra-economic benefits of the VOR finale 2012.

Team Telefonica cross the line first at the start of leg 9 of the Volvo Ocean Race 2011-12, from Lorient, France to Galway, Ireland.
(Credit: IAN ROMAN/Volvo Ocean Race)

MID RACE REPORT

In April 2012, Volvo published a Mid Race Report to its stakeholders outlining the most important figures in comparison with previous years and indicating the key audience profiles. The most important findings of the report were the increase in media coverage and television audience. Media coverage hours increased by 15%, causing a 90% growth in audience figures. The boost in popularity was also indicated by the increasing views and subscribers of the YouTube channel and followers of Twitter feeds.

The report also gave a brief overview of the economic impact of the Volvo Ocean Race on Alicante and the Comunidad Valenciana, showing direct impacts of approximately €47 million in the area.

A huge spectator crowd turns out for the finish of leg 9 from Lorient, France to Galway, Ireland, during the Volvo Ocean Race 2011-12.
(Credit: Marc Bow/Volvo Ocean Race)

Team Sanya, skippered by Mike Sanderson from New Zealand, rounding Fastnet Rock, on leg 9 of the Volvo Ocean Race 2011-12, from Lorient, France to Galway, Ireland.
(Credit: IAN ROMAN/Volvo Ocean Race)

THE SURVEY METHODOLOGY:

There were approximately 800,000 recorded visits to the Race Village and the Global Village over the entire duration of the Volvo Ocean Race festival. Race attendances were measured by monitoring entrances and exits, clicking visitors into the Villages during busy periods. A survey was carried out of 600 attendees at the event, to examine their reasons for attending the event, length of stay in Galway and associated festival expenditure. Other questions related to visitors perceptions of the event and other tourist related activity in Ireland were also asked.

HOW MUCH THEY SPENT?:

The average visitor to the VOR spent €71 per day. The highest daily expenditure was by attendees from Great Britain or Northern Ireland, followed by attendees from elsewhere in the Republic of Ireland. As expected, residents of Galway city and county spend the least amount of all attendees at the festival. On average, across all attendees, food and drink was the highest category of expense per day followed by accommodation and retail expenditure. As expected, for international visitors accommodation represented a higher share of total expenditure per day (36%).

HOW MUCH IT COST?:

Let's Do It Global invested more than €3m locally. Galway City Council provided direct or in-kind support to the stopover totaling €677,000 comprising infrastructure and other local works, and the operation of a Park and Ride scheme on the outskirts of the city. Fáilte Ireland's primary contribution to the event was the provision of grant aid to the local organisers to the tune of €2m. They spent a further €213,000 on media and promotional activities.

AN ECONOMIC IMPACT OF €60.5 MILLION

SPENDING BOOST FOR THE GALWAY CITY REGION

THE RACE ATTENDEES: WHERE THEY CAME FROM

Galway city/County	29%
West of Ireland	28%
Rest of Republic of Ireland	27%
International	16%

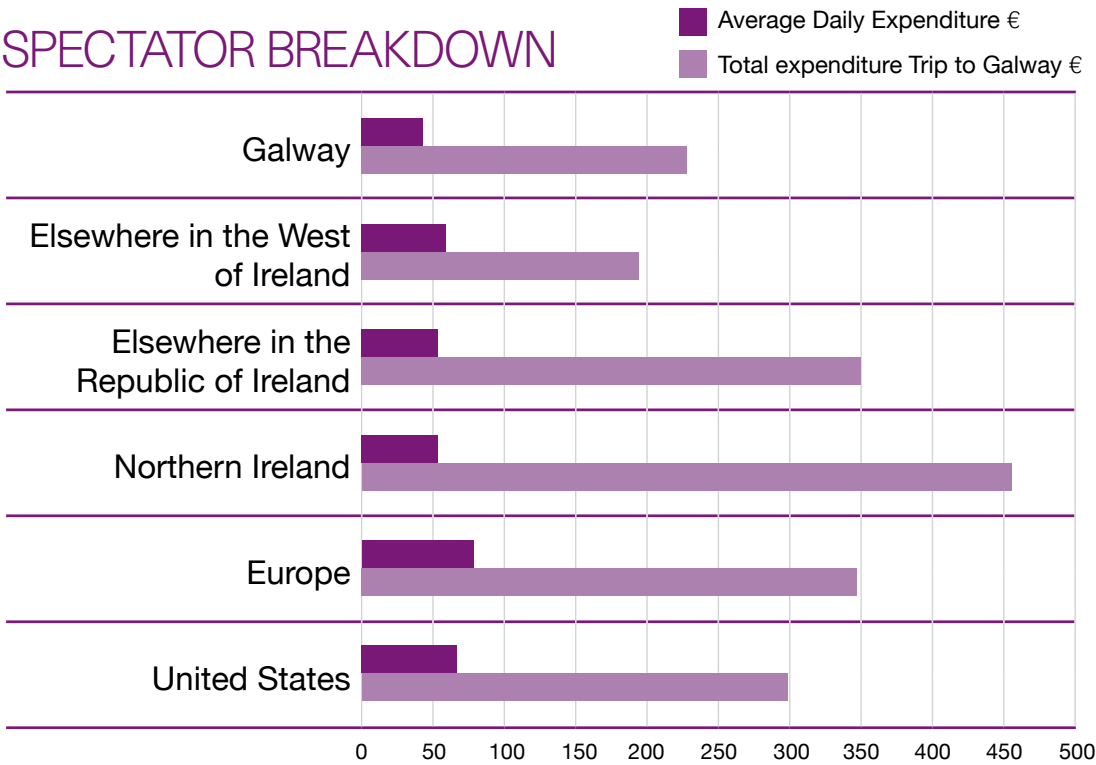
Groupama Sailing Team, skippered by Franck Cammas from France, celebrate winning the Volvo Ocean Race 2011-12, after securing second place on leg 9 from Lorient, France to Galway, Ireland.
(Credit: Marc Bow/Volvo Ocean Race)

Visitor daily spend averaged €71 per person per day

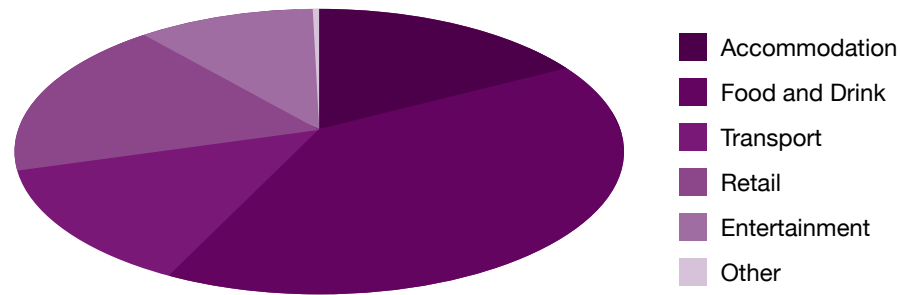
Benefitting the hospitality industries

Local organiser expenditure breakdown

SPECTATOR BREAKDOWN



DAILY EXPENDITURE BREAKDOWN



LOCAL ORGANISERS EXPENDITURE

(GALWAY COUNCIL, LET'S DO IT GALWAY, GALWAY HARBOUR COMPANY)

Expenditure Items	Expenditure made in:		
	County Galway	Rest of Ireland	Total Ireland
Construction	19,260	40,052	59,312
Accommodation	28,482		28,482
Food and Catering	11,852		11,852
Advertising	45,000	86,000	131,000
Park & Ride & Traffic management, Parks dept.-floral displays and additional maintenance, Grant to LDIG re Entertainment, Civic Reception	570,403		570,403
Personnel costs for employees with residence in Ireland hired because of the VOR	641,370		641,370
Offices, Technology, Equipment	1,402,233	896,567	2,298,891
Benefit in Kind			3,900,000
Total			7,641,310

IMPACT AND MULTIPLIER:

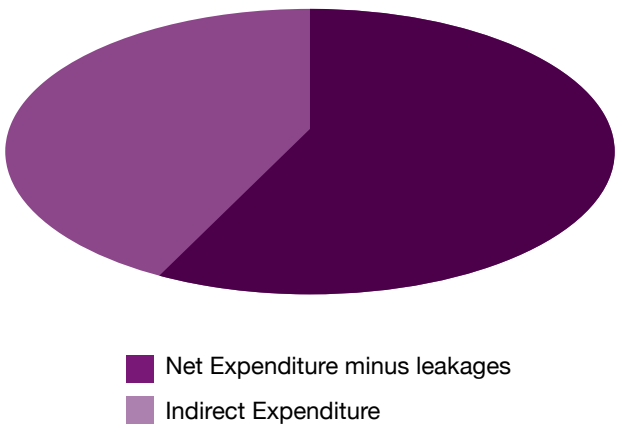
When estimating the total direct impact of the Volvo Ocean Race festival in Galway expenditure by local residents has been included in our calculations, since we assume this expenditure would not have taken place in another form had the VOR not been present. We do allow for some displacement in terms of local expenditure but this is assumed to be low. Total gross expenditure for all visitors (both national and international was estimated to be €36,493,632). Adding the expenditure by the teams and the expenditure by local organisers, city council, Galway Harbour Company and Fáilte Ireland total gross expenditure increases to €44,463,723.

However, some of this spend is lost outside of the local economy. Also some of the expenditure, especially by local visitors, would have occurred even if the event had not taken place. Adjusting for these leakages and displacement effects we estimate a net expenditure of €35,570,978.

A composite multiplier was used to show the further economic value associated with additional local income and local supplier purchases. This composite multiplier accounts for the Indirect impact of the expenditure during the Volvo Ocean Race event in Galway (i.e. supply linkage multiplier due to purchases made as a result of the race taking place and further purchases associated with linked firms and individuals along the supply chain) and the induced impact associated with local expenditure as a result of those who derive incomes from the direct and supply linkage impacts of the event. We estimate this composite multiplier to be 1.70.

ECONOMIC IMPACT:
DIRECT & INDIRECT EXPENDITURE

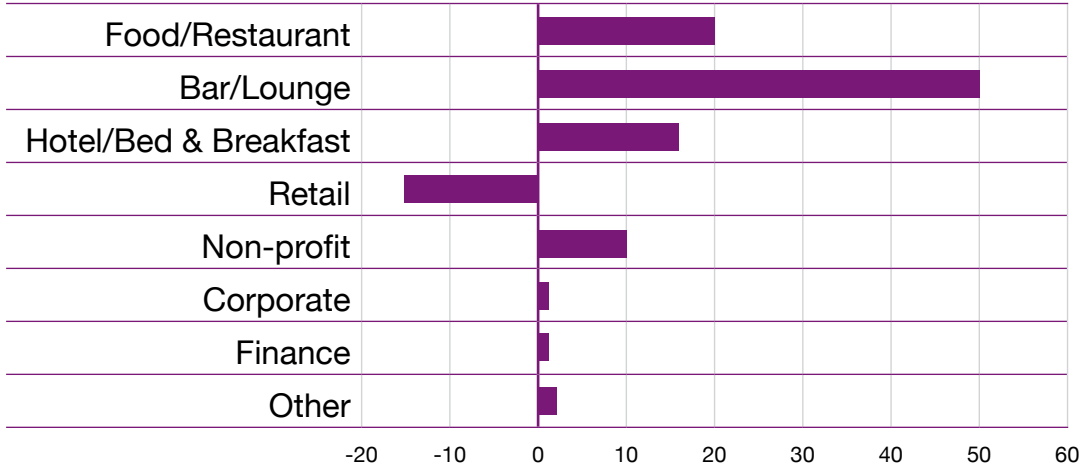
DIRECT & INDIRECT EXPENDITURE €65.5M



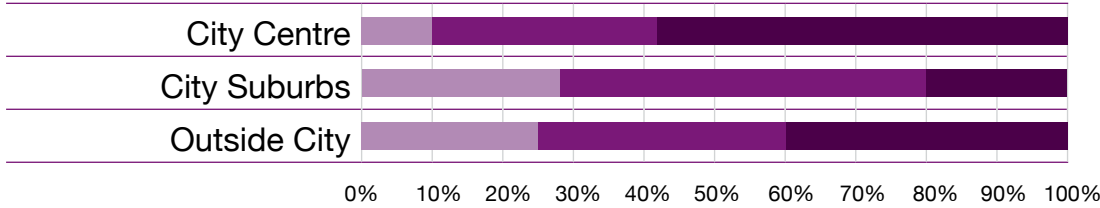
Crowds line the dock for the finish of leg 9 of the Volvo Ocean Race 2011-12, from Lorient, France to Galway, Ireland. (Credit: IAN ROMAN/Volvo Ocean Race)



PERCENTAGE CHANGE IN TURNOVER
COMPARED TO THIS TIME LAST YEAR



PERCEIVED IMPACT OF THE VOR
ON YOUR BUSINESS



- Positive
- Neither
- Negative

Groupama Sailing Team crew dive into the water, after arriving into the dock for the public prize giving, in Galway, Ireland, during the Volvo Ocean Race 2011-12. (Credit: PAUL TODD/Volvo Ocean Race)



SECTORAL AND
SPATIAL IMPACTS:

To gain a better insight into what this impact means for Galway, NUI Galway in conjunction with the Galway Chamber of Commerce surveyed companies based in the region. A total of 155 businesses responded to questions relating to relative impact of the festival on their business.

In terms of the sector that experienced the greatest increase, the hospitality industries gained the most in terms of relative increase in revenue. In particular, the Bar / Lounge sector enjoyed a significant boost over the course of the event with turnover showing a 50% increase across the sector (though this is not uniform across the city, see below). Food and restaurants also showed a healthy impact, as did hotels and B&Bs. The relative increase in turnover from the non-profit sector is slightly skewed by one large non-profit reporting increased turnover. On the other hand, the retail sector in the city showed a relative decrease over the course of the event.

What becomes immediately obvious when we look at the relative change in turnover spatially is the tight geography of benefit. What might be termed the ‘honey-pot’ effect of the Race and Global Village are obvious in terms of their spillover effects on city centre businesses, with an average increase per business of less than 10%. We also note that the hospitality sector is more concentrated in the city centre thus accounting for the geography of positive revenue impacts. The biggest disparity in terms of benefit and negative effects on turnover were seen outside the city centre, with many respondents in the city suburbs citing more negative than positive effects on turnover. However, the presence of hotels on the outskirts of the city brought the overall figure towards the positive figure above.

Race Village during the final Pro-Am Race day in Galway, during the Volvo Ocean Race 2011-12. (Credit: PAUL TODD/Volvo Ocean Race)



BUSINESS
IMPACT:
ECONOMIC IMPACTS
ARE RARELY UNIFORM



Galway Harbour under moonlight during the Volvo Ocean Race 2011-12. (Credit: TIM STONTON/Volvo Ocean Race)

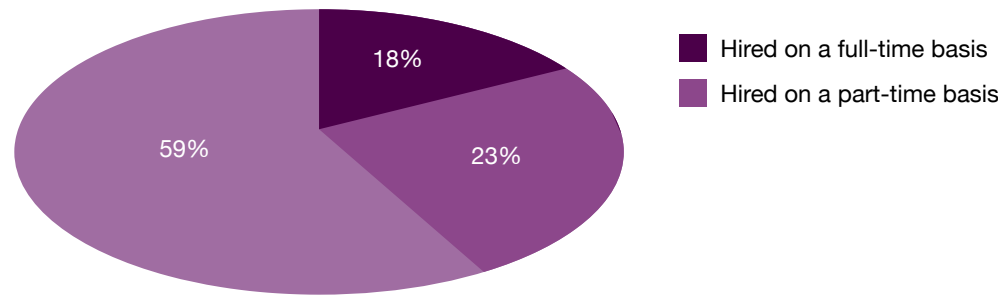
Opposite: President Michael D. Higgins is interviewed during his tour of the Volvo Ocean Race Village in Galway, Ireland during the Volvo Ocean Race 2011-12. (Credit: IAN ROMAN/Volvo Ocean Race)

BUSINESS IMPACT:

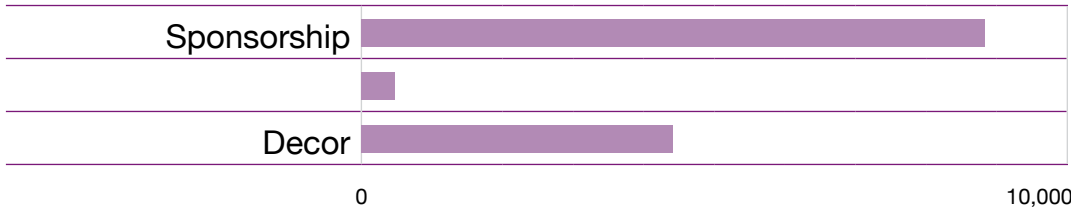
INCREASED EMPLOYMENT
ALONGSIDE INCREASED COSTS...



INCREASED EMPLOYMENT TYPE (%)



AVERAGE COSTS INCURRED BY TYPE (€)



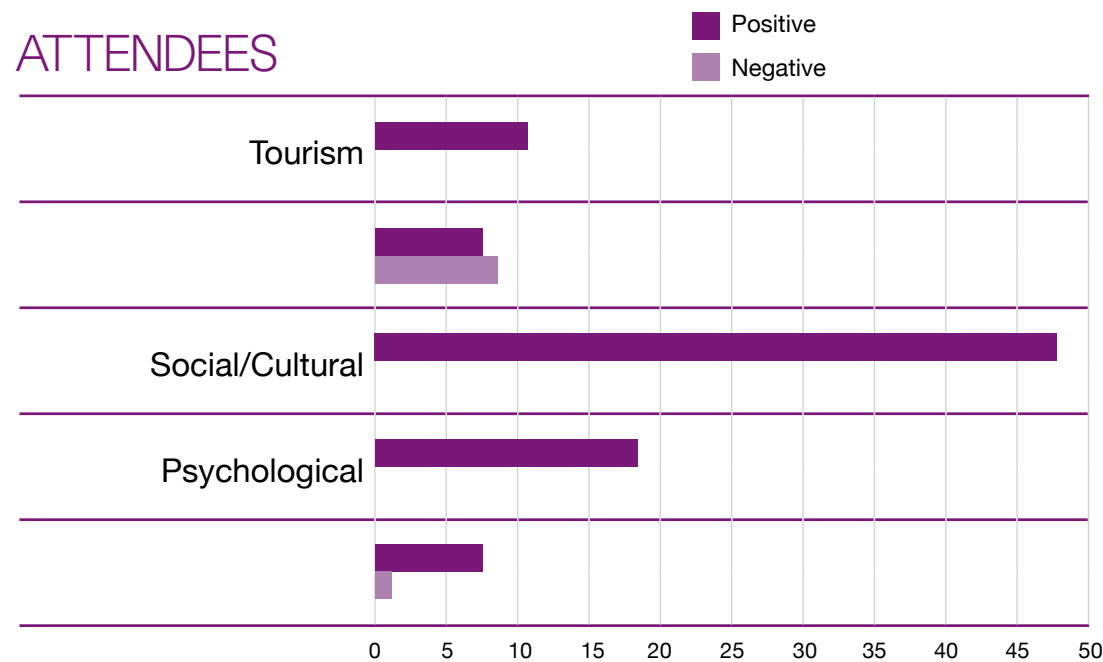
EMPLOYMENT IMPACTS AND COSTS INCURRED:

In all, 21% of business respondents increased employment to cope with the increased volume of work over the course of the VOR finale. As would be expected for an event of this type, over 70% of the increased employment was in the hospitality industries. Geographically, this increased employment is concentrated in the city centre with more than 80% of respondents with increased employment located in Galway city centre.

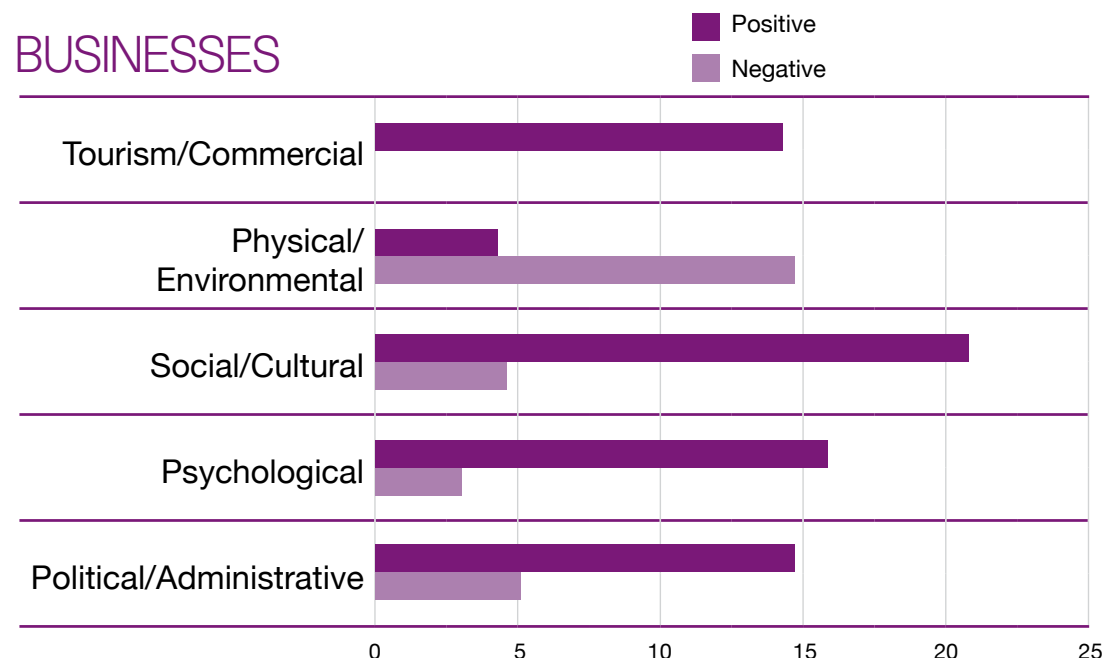
From the above graph it is clear that the nature of the employment gains for Galway was temporary with the vast majority of increased employment accounted for by additional shifts offered to employees already in place within the business. Of those hired on a full or part-time basis, 42% of these jobs were for the duration of the festival only, with only 7% of the new employees lasting beyond a three month period.

Costs incurred directly as a result of the VOR finale also need to be taken into account when attempting to gauge the impact of the event on local business. Of the respondents a small but significant percentage (14%) incurred direct costs as a result of Galway hosting the finale of the VOR. These costs are not ancillary but directly and willingly incurred by members of Galway's business community. The Volvo Ocean Race finale focused the attention of a global audience of over one billion on the city for the duration of the event. This kind of attention brings with it massive opportunities for the promotion of the city and its businesses. To this end, the potential has yet to be fully realised by the respondents to this survey. While 39% of businesses used the event for marketing purposes, the vast majority did not avail of this opportunity.

ATTENDEES



BUSINESSES



LOOKING BEYOND THE ECONOMIC HELPS US IDENTIFY THE ANCILLARY BENEFITS AND COSTS OF HOSTING AN INTERNATIONAL EVENT OF THIS SCALE FOR GALWAY CITY AND THE SURROUNDING REGION.

EXTRA-ECONOMIC IMPACTS:

WHAT WAS IT THAT MADE THE GREATEST IMPACT ON YOU?

Both our business and on-street surveys dedicated questions that related to the extra-economic impacts of the VOR finale. In line with Hall (1992) we found that respondents (both business and attendees) placed the greatest emphasis on non-economic factors. In posing these questions we attempted to account for the ephemeral / non-tangible aspects of the VOR finale. Economic impact events of this magnitude are significant but it is incumbent on any assessment to incorporate the extra economic impacts such as the boost of morale for the host city and the upsurge of community spirit experienced by all.

SOCIAL AND CULTURAL IMPACTS:

Perhaps the most ephemeral of all measures is the term 'atmosphere'. The term itself was independently cited by over half of all respondents. To unpack the term slightly, the biggest contributing factors to a positive atmosphere were 'the family friendly nature of the event', and the positive demeanor of the 'volunteers'.

"Atmosphere, music, food, drinks great family day out" (Respondent A: Global Village)

"Our business did not benefit directly, but I went and my staff went and the positive atmosphere spilled over" Respondent B: City Suburbs)

POINTERS FOR A NEW DIRECTION:

Negative comments provide insight for future planning. Primary among these was the feeling that the event's positive spillovers (in terms of community spirit and recognition for the maritime sector in Galway) are only temporary and that action needs to be taken to sustain these ancillary effects. Comments regarding exclusionary aspects and event management featured among the negative, but were generally outweighed by the positive.

PSYCHOLOGICAL IMPACTS:

Festivals like the finale of the VOR can be a very important platform for the location to express its own unique identity. This is very much noted for Galway over the course of the VOR festival. Festivals and special events reinforce social and cultural identity by building strong ties within a community. They also provide social incentives for residents to get actively involved in community activities (1,500 volunteers contributing thousands of unpaid hours to the event). Respondents felt that the VOR finale provided an opportunity for the local community to build social cohesion and trust by reinforcing ties within a community. The success of the nine day event should thus be judged on the opportunity seized by the Galway City region to place its identity centre stage. For visitors and (of equal importance) its citizens, this will have a long lasting positive impact.

Bowman Daryl Wislang from New Zealand on board Camper with Emirates team New Zealand during the Volvo Ocean Race 2011-2012.
(Credit: IAN ROMAN/Volvo Ocean Race)

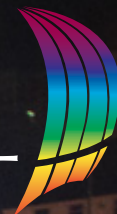




NUI Galway
OÉ Gaillimh

LET'S DO IT

GLOBAL



CAMPER with Emirates Team New Zealand, skippered by Chris Nicholson from Australia, celebrate winning leg 9 of the Volvo Ocean Race 2011-12, from Lorient, France to Galway, Ireland.
(Credit: IAN ROMAN/Volvo Ocean Race)

Special Thanks to

All those who partook in our surveys, our surveyors and our summer interns.

Thanks also to the Galway Chamber of Commerce for facilitation.

Full report available on request.

Dr. Patrick Collins, NUI Galway

Dr. Stephen Hynes, NUI Galway

Dr. Emer Mulligan, NUI Galway

Special Thanks to

The Galway Chamber of Commerce,

Galway Harbour Company,

Let's Do It Global,

and our students at NUI Galway