Rally of Scotland 2011 Economic Impact Assessment

Report for EventScotland

November 2011

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1. Introduction

This report provides an economic impact assessment of the RACMSA Rally of Scotland 2011.

1.1 Background

The RACMSA Rally of Scotland is one of Scotland's (and the UK's) top sporting spectacles of the year. This year it was the penultimate round of the high-profile Intercontinental Rally Challenge that is contested by some of the world's top motor rallying teams, drivers and cars.

1.2 Objectives

The overall aim of the study was to assess the economic impact of the event on the local (Perth & Kinross/Stirling – combined) and Scottish economies. The study also provides an analysis of:

- visitor origin;
- the spend of visitors during their stay;
- length of visitors' stay;
- quality of visitor experience at the event and suggested improvements;
- motivation for attending the event and if they would attend in future years;
- how they heard of the event; and
- basic information about visitors including age, gender and residence.

1.3 Report Structure

The remainder of this report is structured as follows:

- Chapter 2 presents a description of the event;
- Chapter 3 presents the results from the spectator survey;
- Chapter 4 presents the economic impact analysis; and
- Chapter 5 presents a brief set of conclusions.

2. RACMSA Rally of Scotland

2.1 Introduction

In this Chapter we present a brief overview of the 2011 RACMSA Rally of Scotland in terms of the event and funding.

2.2 The Event

After rounds in South America and mainland Europe, the Rally of Scotland event was held over three days (Friday 7th - Sunday 9th October 2011) through stunning and highly spectacular forest stages – all open to the public – in Stirlingshire and Perthshire.

The 2011's Rally of Scotland began with a ceremonial start at Stirling Castle on the Friday afternoon. It then included competitive stages in Stirling and, Perth & Kinross on the Friday, Saturday and Sunday. The Rally finished late afternoon on the Sunday with two short final stages through the majestic grounds of Scone Palace near Perth - also the scene for this year's ceremonial finish.

2.3 Funding

Public sector funding was provided by the following organisations:

- EventScotland: £250,000; and
- Stirling and Perth & Kinross Councils: £50,000.

Stirling Council and Perth & Kinross Council also provided in-kind support to the value of £22,750.

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3. Spectator Survey

3.1 Introduction

This Chapter presents an analysis of the survey of spectators attending The Rally of Scotland.

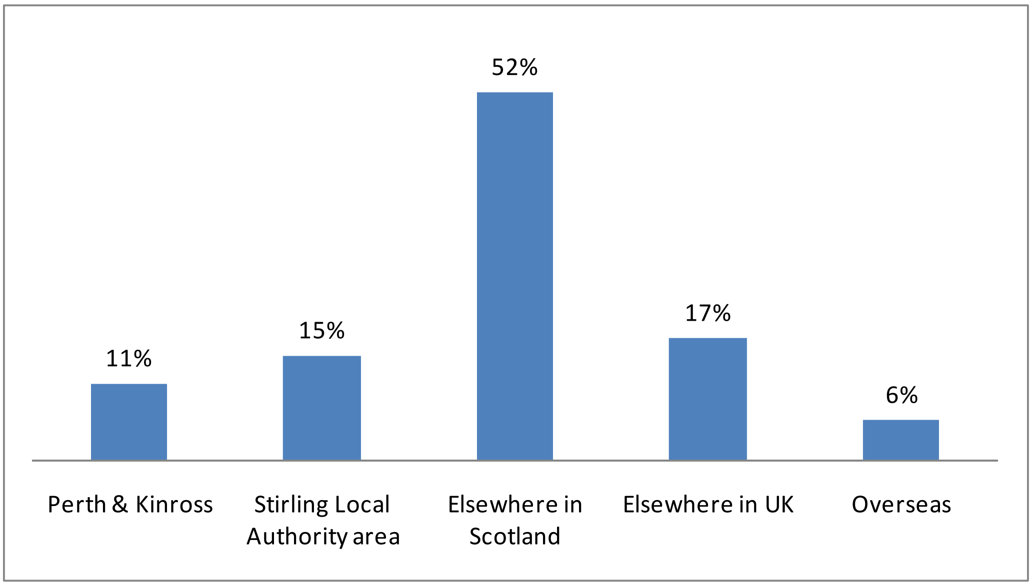
3.2 Background to the Survey

A face-to-face survey of the spectators was conducted to collect information from individuals over the duration of the event. In total 408 questionnaires were completed.

3.3 Visitor Origin

The visitor origin for those attending the event is set out in **Figure 3.1.**

Figure 3.1: Visitor Origin



3.4 Visitor Profile

The visitors surveyed were split across the age groups as shown in **Table 3.1**[1]. The survey sample was predominantly male (85%).

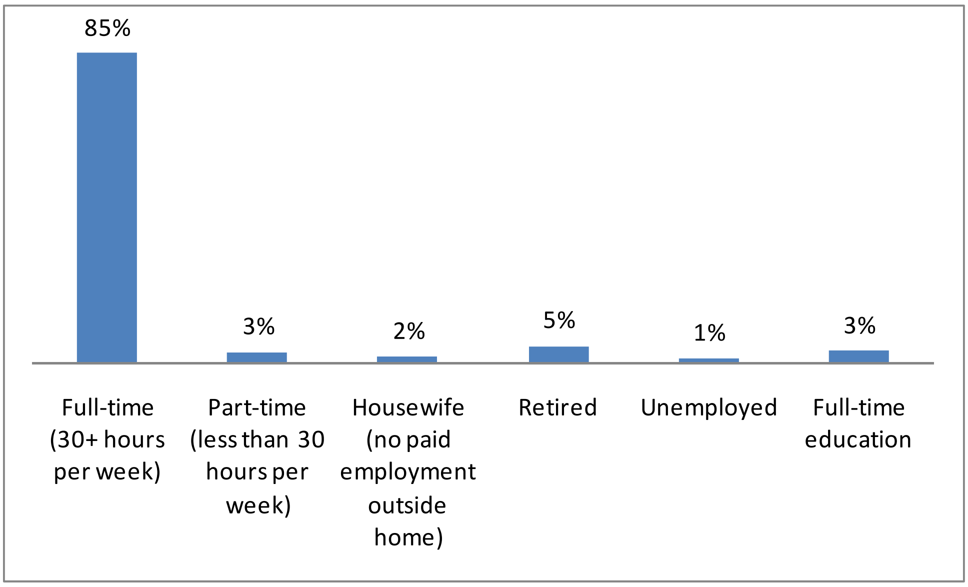
Table 3.1: Respondent Age Groups

	%
16-24	15%
25-34	23%
35-44	30%
45-54	20%
55-64	10%
65+	3%
Total	**100%**

The largest age group was 35-44 followed by 25-34 and 45-54 who between them accounted for 73% of the total. The average party size had 2.7 persons and 23% of respondents came with children.

Figure 3.2 identifies the current employment status of respondents.

Figure 3.2: Working Status



Over four fifths of the visitors were in full-time employment (85%), followed by those who were retired (5%).

[1] Only those aged over 16 were interviewed.

Based on survey responses to questions about the occupation and industry of the chief wage earner in the interviewee's immediate family, the following social class categories were identified[2]:

- AB: 12%;
- C1: 39%;
- C2: 40%;
- D: 6%; and
- E: 2%.

The survey suggests that The Rally of Scotland drew the majority of its audience from the C1 and C2 social groups (79%).

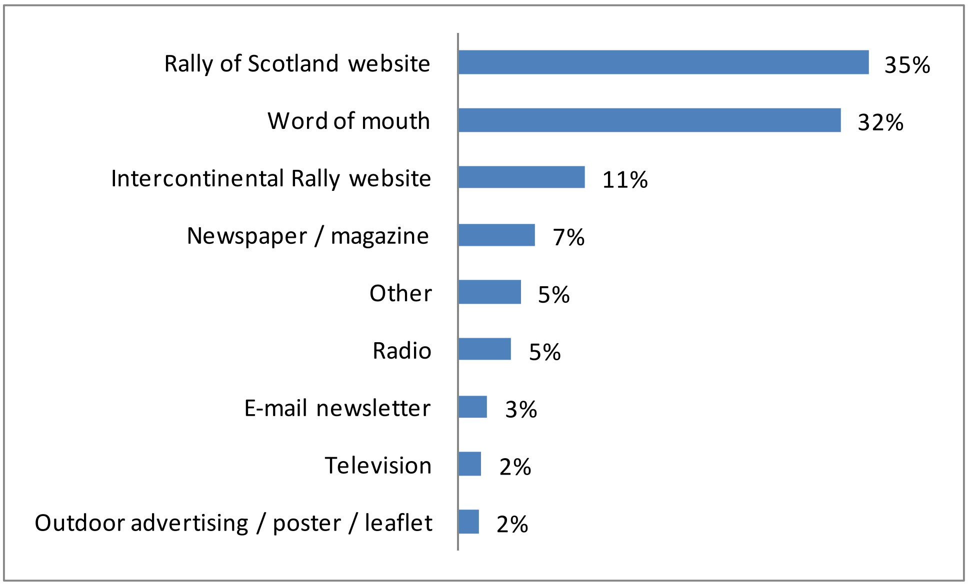
A total of 83% of visitors from outwith Scotland had visited the country prior to this trip. Over four fifths of respondents (87%), (excluding Perth & Kinross and Stirling residents) had visited Perth and Kinross/Stirling prior to this trip.

3.5 Awareness of Event

Figure 3.3 shows how visitors became aware of the event.

[2] AB is defined as upper middle/middle class (higher managerial, administrative or professional/intermediate managerial, administrative or professional)
C1 is defined as lower middle class (supervisory or clerical, junior managerial, administrative or professional)
C2 is defined as skilled working class (skilled manual workers)
D is defined as working class (semi and unskilled manual workers)
E is defined as those who are unemployed/on benefits

Figure 3.3: Awareness of the Rally of Scotland



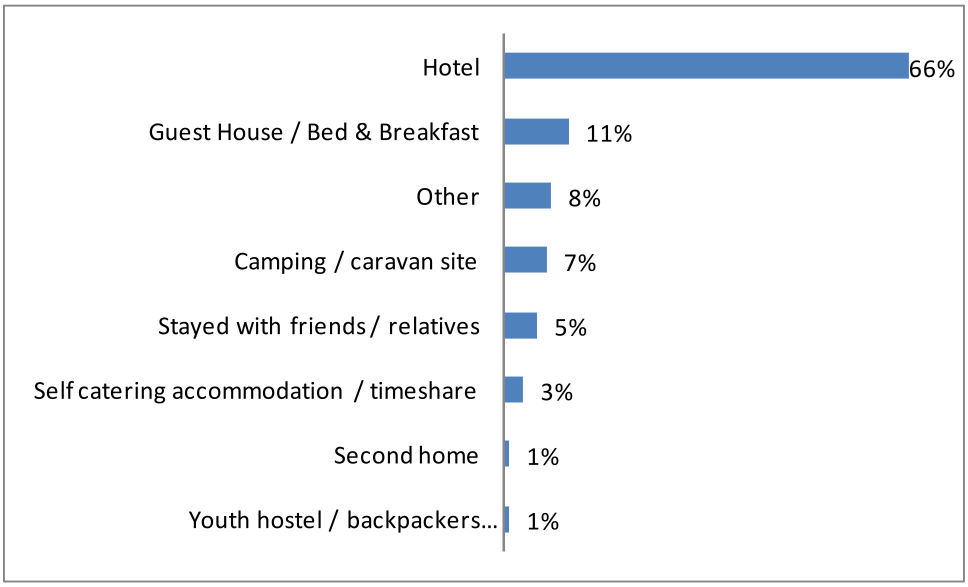
The most common ways in which visitors found out about the event were through The Rally of Scotland website (35%), word of mouth (32%), and the Intercontinental Rally website (11%). A further 7% found out through a newspaper/magazine and the most common newspaper identified was The Sun.

3.6 Accommodation

A total of 35% reported spending at least one night away from home to attend the event.

As shown in **Figure 3.4** over, the most popular type of accommodation for visitors staying overnight was a hotel (66%), with 11% staying in a guest house/bed and breakfast.

Figure 3.4: Types of Accommodation



In total 15 (11%) of overnight visitors reported using an agency to book their accommodation. Late Rooms was the most common agency used (4).

Two thirds of visitors stayed in Perth & Kinross for some time during their trips whilst 24% stayed in Stirling.

3.7 Highlights & Suggested Improvements

Respondents were asked what their top three highlights were at the event. The most popular highlights reported were the[3]:

- cars: (32%);
- drivers (21%);
- atmosphere (13%);
- stages (9%); and
- scenery (6%).

Respondents were asked if they had any suggestions as to how the event could be further improved and in total 42% provided comments. The most commonly cited responses included[4]:

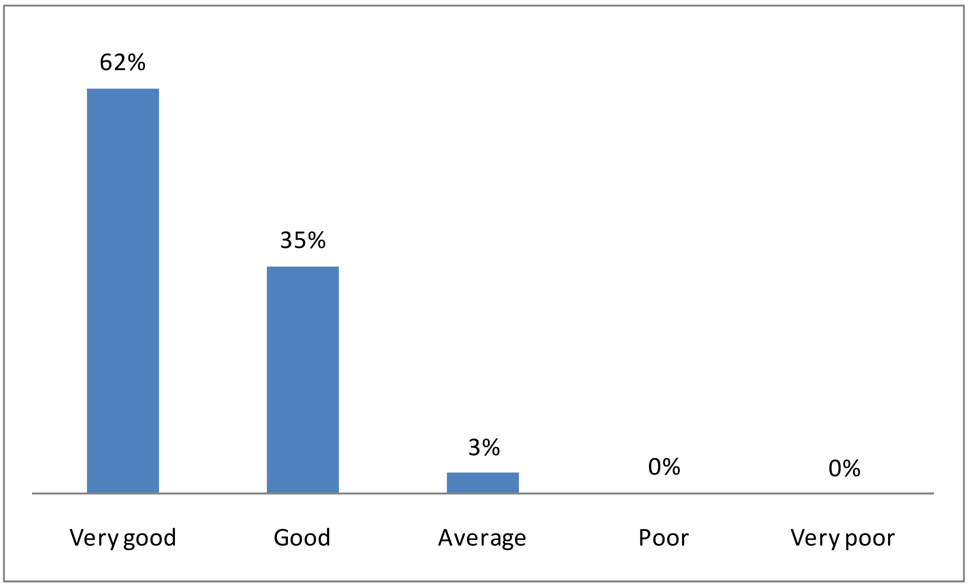
[3] Multiple responses possible.

- cheaper ticket prices (11%);
- more entries (8%);
- better signage (8%); and
- better advertising (6%).

3.8 Quality of Visit

Respondents were asked to rate the overall quality of their experience at the event. **Figure 3.5** details the responses.

Figure 3.5: Rating of Overall Quality of Experience at The Rally of Scotland



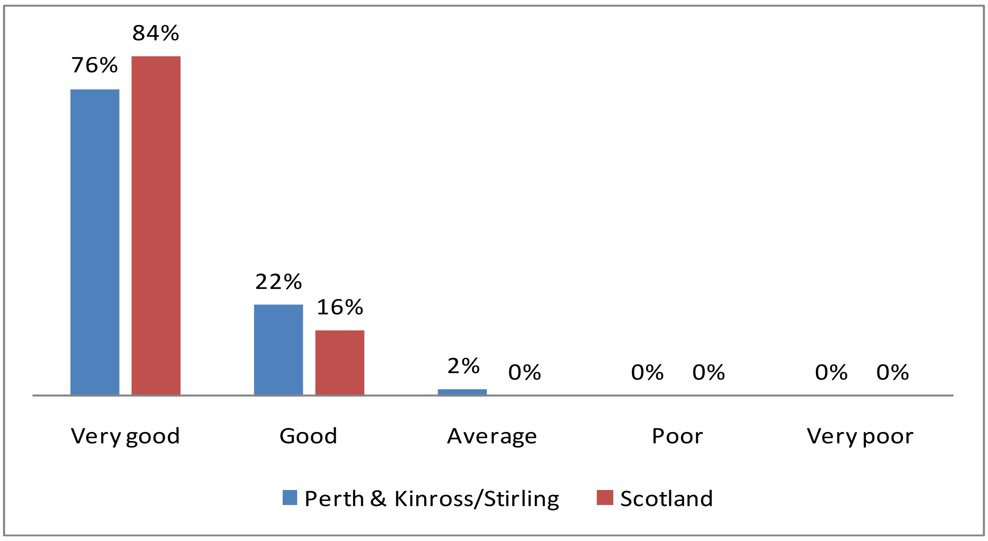
The overall quality of the event was rated highly, with 97% rating their overall experience as very good/good. The respondents were asked to provide reasons for their ratings, and the most commonly cited reasons for the positive ratings included:

- enjoyable event/good day out (23%);
- love/like cars/rallies (10%); and
- top rally event/competition (5%).

[4] As a percentage of all respondents.

Visitors from outside Perth and Kinross/Stirling were asked to rate the overall quality of their visitor experience to the area and those from outwith Scotland were also asked to rate their visit to Scotland. **Figure 3.6** reports the responses.

Figure 3.6: Rating of Visit to Perth and Kinross/Stirling and Scotland

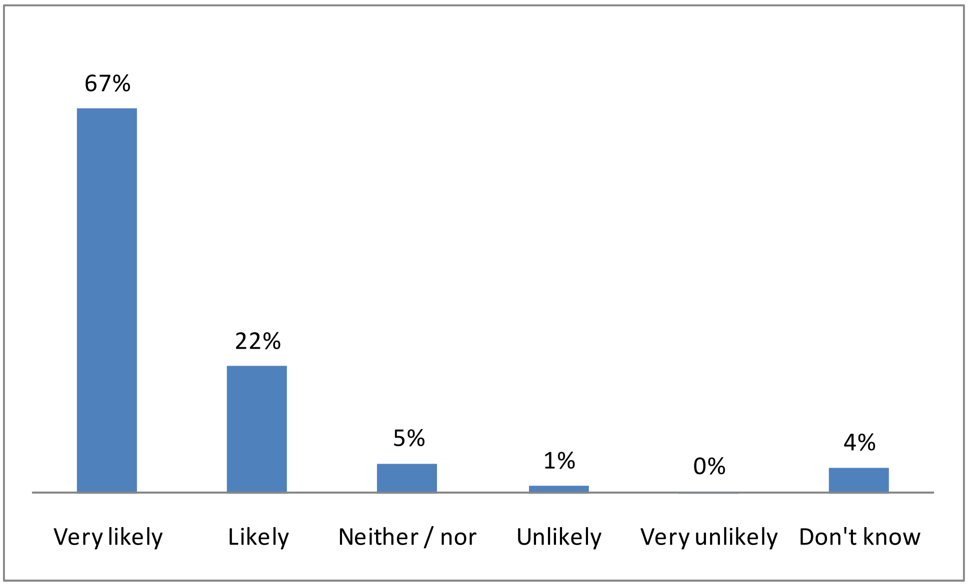


Overall respondents rated the quality of their visit to both the local area and Scotland very highly, with the vast majority of visitors rating it as very good/good (98% and 100%, respectively).

3.9 Likelihood of Re-visiting

Figure 3.7 details how likely the visitors would be to attend the Rally of Scotland if it were to take place again next year.

Figure 3.7: Likelihood of attending the Rally of Scotland again



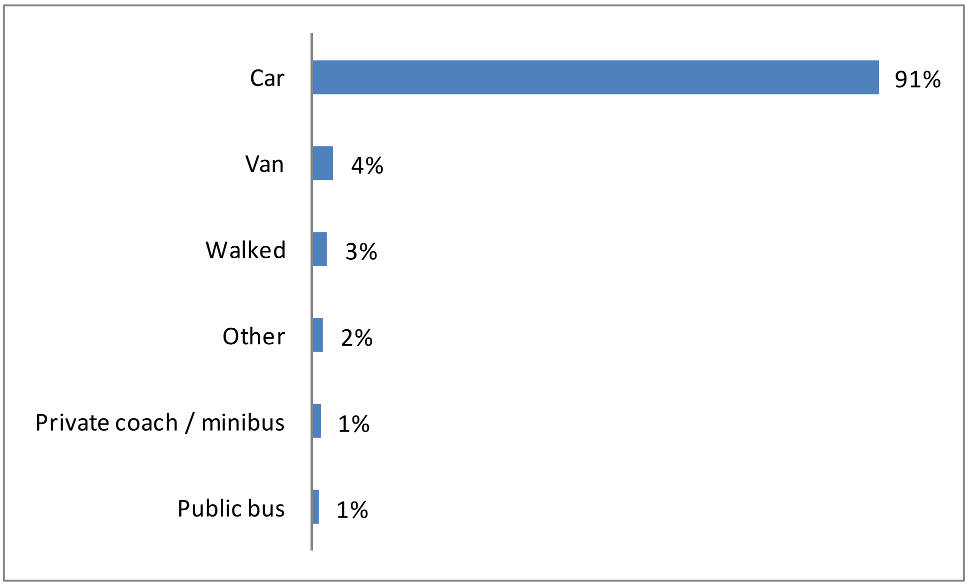
Overall, high numbers of visitors said that they would be very likely/likely to visit the Rally of Scotland if it were to take place again next year (92%).

When asked why they said this, 57% of respondents gave their reasons. The most commonly reported reason was that they were rally enthusiasts (15%). The other main reason was the enjoyable experience that spectators had at this year's event (9%).

3.10 Travel to the Event

Finally visitors were asked how they had travelled to the event. The results are given in **Figure 3.8**. The majority of visitors travelled to the event by car.

Figure 3.8: How the spectators travelled to the event



3.11 Summary

The most common age groups were 25-34 and 35-44 who accounted for 53% of the total. The average party size had 2.7 persons and 23% of respondents came with children.

The most common way of finding out about the event was through The Rally of Scotland website followed by word of mouth and then the Intercontinental Rally website. The most common way they travelled to the event was by car.

Some 83% of visitors from outwith Scotland had visited the country prior to the event and 87% of non-residents had visited Stirling/Perth and Kinross before.

The most popular type of accommodation used by those visitors staying overnight was a hotel, followed by a guest house/bed and breakfast.

The top highlights for visitors were the chance to see the cars, the drivers and the overall atmosphere.

Suggested improvements to the event by spectators included cheaper tickets for spectators, more entries, better signage and better advertising.

Visitors rated the overall quality of the event very highly, with 97% rating it as very good/good and 92% commented that they would be very likely/likely to visit the Rally of Scotland again next year.

Visitors also rated the quality of their visit to Stirling/Perth & Kinross and Scotland very highly, with 98% and 100%, respectively, rating it as very good/good.

4. Economic Impact Assessment

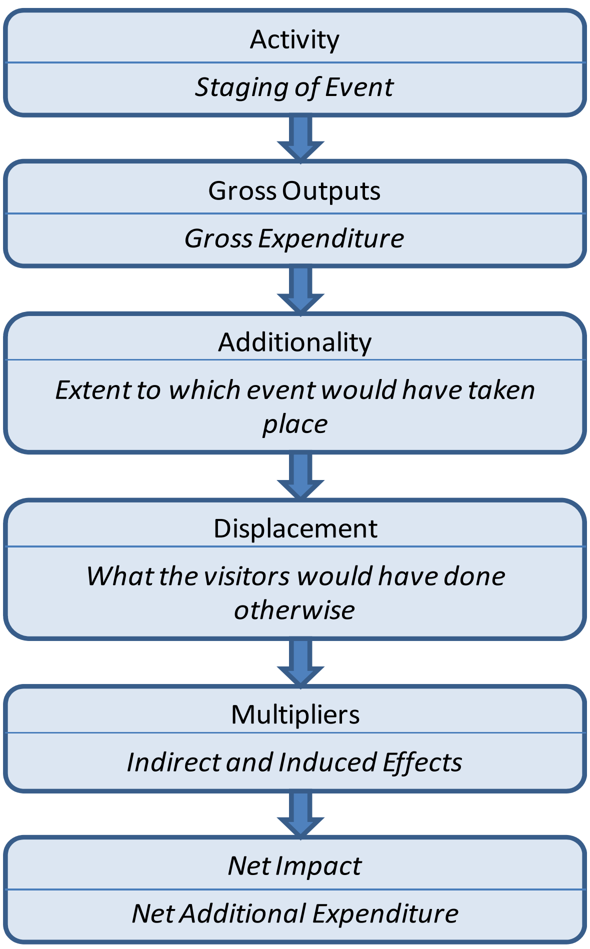
4.1 Introduction

This Chapter provides an assessment of the economic impact of the event utilising data from the survey work and from the event organisers. The economic impact has been assessed at the local (Perth & Kinross/Stirling) and Scottish levels.

4.2 Economic Impact Assessment Method

Our approach to the economic impact assessment is given in **Figure 4.1**, over and is consistent with the Post Event Economic Impact Assessment Framework developed for EventScotland *et al* by EKOS.

Figure 4.1: Economic Impact Assessment Method



4.3 Visitor Expenditure

4.3.1 Visitor Numbers and Origin

The total number of visits to the event was 4,279 based on data provided by the organisers[5]. The number was down on last year and the event organisers have highlighted that this may be due, in part, to a change in the ticketing system which did not allow them to make any advance ticket sales. **Table 4.1** shows visits, split by day and overnight.

Table 4.1: Type of Visitors

Type of Visit	Number	%
Day Visitor	2,825	66%
Overnight	1,454	34%
Total	4,279	100%

A total of 34% of visits were from those staying overnight as part of their trip to the event.

The pattern of visitor behaviour varies by origin and type of visit i.e. day and overnight, therefore, these have been analysed separately in order to derive the economic impact. **Table 4.2** gives a breakdown of type of visit by origin.

Table 4.2: Visit by type and origin

Origin of visitor	Day	Overnight	Total
Perth & Kinross/Stirling	24%	1%	26%
Elsewhere in Scotland	42%	10%	51%
Elsewhere in UK	0%	18%	18%
Overseas	0%	5%	5%
Total	66%	34%	100%

4.3.2 Expenditure

The level of expenditure also varies by origin, and day and overnight visitors. The average daily expenditure for visitors is shown in **Table 4.3, over.**

[5] This excludes guests of the teams which are included as part of the teams, officials and guests calculations later in the chapter.

Table 4.3: Average Daily Expenditure[6]

Origin of visitor	Day	Overnight
Perth & Kinross/Stirling	£12.10	£34.77
Elsewhere in Scotland	£16.36	£50.84
Elsewhere in UK	-	£74.17
Overseas	-	£79.70

The average length of stay for overnight visitors is given in **Table 4.4**.

Table 4.4: Average Length of Stay[7]

	Perth& Kinross/Stirling	Scotland
Perth & Kinross/Stirling	2.6	2.6
Elsewhere in Scotland	2.9	3.1
Elsewhere in UK	2.6	3.9
Overseas	3.5	5.2

Gross expenditure is calculated as follows:

$$GE = dv.ndv + ov.l.nov$$

Where GE		gross expenditure
	dv	average daily expenditure of day visitors
	ndv	number of day visitors
	ov	average daily expenditure of overnight visitors
	l	average length of stay
	nov	number of overnight visitors

Applying the formula gives gross expenditure figures as detailed in **Table 4.5**[8].

Table 4.5: Gross Spend

	Perth & Kinross/Stirling	Scotland
Day	£41,760	£41,760
Overnight	£107,986	£139,870
Total	£149,746	£181,629

[6] Excludes ticket expenditure as this has already been accounted for through the event organiser's expenditure. Ticket expenditure was used to help stage the event.
[7] Scotland figures include the Perth & Kinross/Stirling figures. For those only attending Perth City Centre or Stirling Castle we have only applied one night stay.
[8] Visitors were disaggregated by visitor type before the formula was applied. Allowance has been made for overnight visitors visiting on more than one day to avoid double-counting.

4.3.3 Gross to Net

To calculate the net impact of the event, which is the true measure of the economic benefit to Perth & Kinross/Stirling and Scotland, it is necessary to take account of additionality i.e. the additional expenditure brought into Perth & Kinross/Stirling and Scotland by the event. The process for calculating the level of additionality is by applying:

- deadweight;
- displacement; and
- multiplier effects.

4.3.4 Deadweight

Deadweight is a measure of the extent to which public sector support was required for the event to take place. The event would not have taken place without public sector support so the level of deadweight is zero.

4.3.5 Displacement

Displacement is a measure of the extent to which the event has simply moved expenditure from one part of the economy to another. So for example if a visitor would have been in Perth & Kinross/Stirling anyway their expenditure would not be additional expenditure that is brought in so is displaced. Similarly where someone would have been in Scotland anyway their expenditure would be displaced at the Scottish level.

Displacement levels have been assessed using information from the survey on:

- visitor origin;
- importance of the event in the decision to visit the area; and
- counterfactual i.e. what visitors would have done in the absence of the event.

Table 4.6: Displacement (%)[9]

	Perth & Kinross/Stirling	Scotland
Day		
Perth & Kinross/Stirling	98	100
Elsewhere in Scotland	1	100
Overnight		
Perth & Kinross/Stirling	100	100
Elsewhere in Scotland	7	98
Elsewhere in UK	2	5
Overseas	5	5

Taking account of displacement gives net direct additional expenditure of £108,631 at the Perth & Kinross/Stirling level and £86,013 at the Scottish level.

4.3.6 Multipliers

The expenditure on staging the event will also have had two types of wider impact on the economy:

- supplier effect: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this 'knock-on' effect will benefit suppliers in the local and national economies; and
- income effect: an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed. A proportion of these increased incomes will be re-spent in the local and national economies.

The Scottish Tourism Multiplier Study (STMS) provides standard supplier and income multipliers for the tourism sector[10]. This estimates that the combined supplier and income multiplier for a rural location is:

- 1.32 at the local level; and

[9] For those that only visited Perth City Centre or Stirling Castle the displacement levels were higher - 20% and 100% at the local and Scottish levels for day visitors from outwith the local area. They were 80% and 100% at the local and Scottish levels for overnight visitors from outwith the local area.
[10] The concept of the multiplier is based on recognition that the various sectors within an economy are interdependent. This means that each sector purchases goods and services produced by other sectors within the local economy.

- 1.57 at the Scottish level.

4.3.7 Net Additional Expenditure (Visitor Expenditure)

Applying the multipliers gives net additional expenditure resulting from visitors, as set out in **Table 4.7.**

Table 4.7: Net Additional Expenditure

	Perth & Kinross/Stirling	Scotland
Gross spend	£149,746	£181,629
Displacement	£41,115	£95,616
Net Direct	£108,631	£86,013
Multipliers	1.32	1.57
Net Additional	£143,392	£135,041

4.4 Teams, Officials and Marshals

The event organisers have also provided us with information on the teams (and their guests), officials and marshals. The number of members of the teams is set out in **Table 4.8**.

Table 4.8: Teams

	Number	%
Perth & Kinross/Stirling	9	1%
Elsewhere in Scotland	194	29%
Elsewhere in UK	148	22%
Overseas	327	48%
Total	678	100%

4.4.1 Expenditure and Length of Stay

The event organisers have indicated the length of stay for each of the teams. Analysis of this gives average length of stay as set out in **Table 4.9**.

Table 4.9: Average length of stay

	Teams
Perth & Kinross/Stirling	3.0
Elsewhere in Scotland	3.8
Elsewhere in UK	5.3
Overseas	6.0

We have assumed that they have similar spend levels to the visitors to the event.

4.4.2 Displacement and Multipliers

We have assumed that the expenditure of those from Perth & Kinross/Stirling have been displaced at that level and similarly for those from Scotland. For those from outwith the local area and Scotland we have assumed that they were only in these respective areas because of the event.

We have applied the same multipliers as set out earlier in Section 4.3.6.

4.4.3 Net Additional Expenditure

Applying the multipliers gives net additional expenditure resulting from the teams of £332,692 at the Perth & Kinross/Stirling level and £336,861 at the Scottish level.

However in addition to this there were also marshals, officials and guests of the teams. The event organisers have provided us with the total number of days at the event for these groups. Combining this with the average daily spend and allowing for displacement and multipliers gives net additional expenditure of £178,451 at the Perth & Kinross/Stirling level and £191,578 at the Scottish level.

4.5 Media

4.5.1 Numbers and Origin

The staging of the event generated press and media attention. The event organisers have identified attendance by journalists and other media personnel. This is shown in **Table 4.10**.

Table 4.10: Number of Media Representatives and their origin

	Number	%
Perth & Kinross/Stirling	13	13%
Elsewhere in Scotland	26	25%
Elsewhere in UK	28	27%
Overseas	35	34%
Total	102	100%

4.5.2 Gross to Net

After accounting for length of stay and average daily expenditure of £30 for those from Perth & Kinross/Stirling, and £90 for those outwith, gross expenditure is estimated to be £22,470 at the local and national level. After accounting for displacement and multiplier effects, net expenditure generated is £28,631 at the Perth & Kinross/Stirling level and £26,706 at the Scottish level.

4.6 Event Organisers Expenditure

4.6.1 Direct Expenditure

Expenditure was made by the event organisers as part of the delivery of the event. The amount spent in Perth & Kinross/Stirling and Scotland is set out in **Table 4.11.**

Table 4.11: Event Organisers Expenditure

Area	Expenditure
Perth & Kinross/Stirling	£115,176
Scotland	£262,769

4.6.2 Multipliers

The economic activity as a result of the organiser's expenditure will also have had two types of wider impact on the economy in terms of the supplier and income multiplier effects (as discussed earlier in **Section 3.3.6**).

4.6.3 Net Additional Expenditure

Applying the multipliers gives net additional expenditure from the event organisers of £152,032 in Perth & Kinross/Stirling and £412,547 in Scotland.

4.7 Total Net Additional Expenditure

Combining the net additional expenditure from the event organisers, visitors', teams (and their guests), marshals, officials and media representatives gives total net additional expenditure as set out in **Table 4.12**.

Table 4.12: Net Additional Expenditure

	Perth and Kinross/Stirling	Scotland
Event Organiser's spend	£152,032	£412,547
Visitor Expenditure	£143,392	£135,041
Teams, guests and marshals	£511,143	£528,619
Media Representatives	£28,631	£26,706
Total	£835,199	£1,102,913

5. Conclusions

5.1 Introduction

This Chapter provides conclusions for the study covering:

- visitor profile;
- views on the event and local area; and
- economic impact.

5.2 Visitor Profile

Key findings in terms of the profile of visitors to The Rally of Scotland were:

- 26% from Stirling and Perth & Kinross, 52% from elsewhere in Scotland, 17% from elsewhere in the UK and 6% from overseas;
- attendees were predominantly male (85%) and most were economically active (88%);
- there largest ages groups were 35-44 and 25-34 accounting for 53% of the visitors;
- an average party size of 2.7 and 23% attended with children;
- the most common ways of finding out about the event were through The Rally of Scotland website (35%), word of mouth (32%), and Intercontinental Rally website (11%); and
- some 35% of visitors stayed overnight, with the most common forms of accommodation being hotels (66%) and guest house/bed and breakfasts (11%).

5.3 Views on the Event & Local Area

The event received a high overall rating with 97% rating it very good/good. The aspects of the event that visitors liked the most (in rank order) were the opportunity to see the cars, the drivers and the overall atmosphere of the event. A high proportion (92%) said that they were very likely/likely to visit The Rally of Scotland again if it took place next year.

Two fifths of respondents suggested improvements for the future including cheaper tickets for spectators (11%), more entries (8%), better signage (8%) and better advertising (6%).

Ratings on the visitor experience to Stirling/Perth & Kinross and Scotland were also very positive, with 98% and 100% of respondents, respectively rating their stay in both as very good or good.

5.4 Economic Impact

The key findings from the economic impact assessment were:

- 74% of visitors were from outwith Perth & Kinross/Stirling and 23% from outwith Scotland;
- 35% of visitors stayed overnight;
- daily expenditure of £12-17 for day visitors and £35-80 for overnight visitors;
- length of stay for visitors ranging from 2.6-3.5 nights in Perth & Kinross/Stirling and 2.6-5.2 nights in Scotland; and
- Perth & Kinross/Stirling level:
    - £683,166 of net additional expenditure from visitors
    - £152,032 from organiser's expenditure; and
- Scottish level:
    - £690,366 of net additional expenditure from visitors
    - £412,547 from organiser's expenditure.