

# Impact of International Running Events on the Economy and the Society

Markus Hermann  
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# Agenda

1. Investment case running
2. Direct Economic Value Creation
3. Case study RunCzech.com Economic Impact
4. Contribution to Longterm Economic Value Basis – Image Creation
5. Contribution to the society

## Phenomenal figures

- Honolulu 2008 USD 101m – pure impact from visitor spending
- New York USD XXXm
- London 2010 GBP 110m (incl. GBP 50m charity fund raising!)
- Berlin EUR XXXm
- Boston 2011 USD 137.5m (incl. USD 16m charity fundraising)
- Salzburg EUR 2,5m

**What is behind these numbers?**

**Are these numbers comparable?**

**Why are those numbers published?**

## Investment in Running Events – Cost and Return

- Infrastructure: Existing infrastructure like roads, squares, exhibition centers, stadiums get additional use. No extra cost.
- Accessories like barriers, traffic signs, movable toilets, cars, moto bikes exist and get additional use
- >> very low fixed cost
- >> very low equity required
- **Variable investment cost can be designed in accordance with the demand and financial participation of the stakeholders**
- **Most cost are variable and depend on**
  - Numbers of participants
  - Desired quality of the event
  - **Ability of the Organizer to use the available resources economically**

## Stakeholders – essential to understand needs and concerns

- Running events may have multiple stakeholders who have different requirements and benefit :
  1. Runners
  2. Family and friends of runners
  3. Hosting Country
  4. Hosting cities
  5. Technical partners of the organizer
  6. Sports wear Industry
  7. Tourism Industry
  8. Media
  9. Charities
  10. Race Organizer

# Running Events – what is in for the stakeholders?

What has a race organizer to offer to the stake holders?

- Excitement
- Better health and lifestyle
- Belonging to a good cause
- Visibility
- Promotion
- Image
- Prestige
- Increased probability to make money
- Increase of direct sales

# Running Events are stakeholder driven

Basic local running events need close cooperation of two essential stakeholders

1. The runners that are the subject and the object of the whole exercise
2. The entity that controls the essential basic asset: roads

The Organizer is part of stakeholder 1 or 2

With this, the most important need of the runners can be satisfied: running as contribution to a healthy lifestyle.

Direct economic impact is small.

Higher economic impact is being generated by involving incoming runners from other areas and more stakeholders.

# Running, a global Phenomenon: 10%+ annual growth

Running is one of the important revenue drivers in sport industry

190 m

**Pairs branded running shoes sold p.a.**

Increasing popularity of running events

500+

**Marathons in Europe**

Running has the highest ratio of participants to viewers

50/50

**Participants to viewers**

Running is a mass participatory sport taking place year-round

365

**days a year**

Increasing number of runners, 10 % every year in Europe and USA

18 m+

**Runners in Europe**



# Phenomenon Marathon Tourism

- Runners combine running a race with vacation.
- **Marathon Tourism** is on the rise in spite of the world economic crisis
- A high percentage of the incoming sport tourists belong to the upper education and upper income segments
- The RunCzech.com league of world class city road races attracts runners **who ‘collect’ well known races** all over the world
- The IAAF labelled races in Prague are on the “to go list”

## Image impact – Czech Republic: a destination of choice

- RunCzech.com **creates an icon for world class running** in Central Europe
- RunCzech.com promotes the Czech Republic as a **dynamic country** with attractive, **high quality sport events** and with exceptional historical roots
- RunCzech.com **shapes the international image** of cities outside of Prague as dynamic regional centers worthwhile to visit
- RunCzech.com creates the image of a **destination of choice** for active and interesting holidays.

# Sport events shape the image of cities

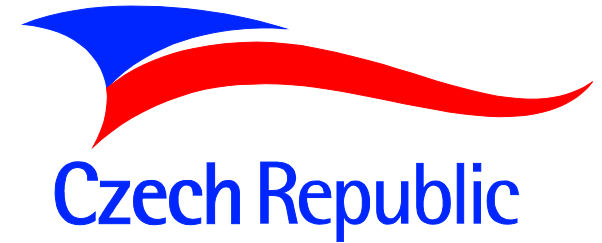


## Create strong international brands

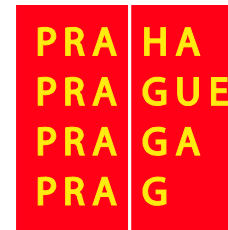


# Image impact – Power of Branding

RUNCZECH.COM



- Creation of an internationally recognized brand for **RUNCZECH.COM** contributes to **the positive brand value** of the **Czech Republic** and the **hosting cities**
- **IAAF Labels and AIMS membership** – communicate **high quality** and international standards
- New 26 minute TV Magazine shown in 90 countries radiates excitement, quality, lifestyle and deep historical roots



# Promotion of Czech Republic as an attractive tourist destination

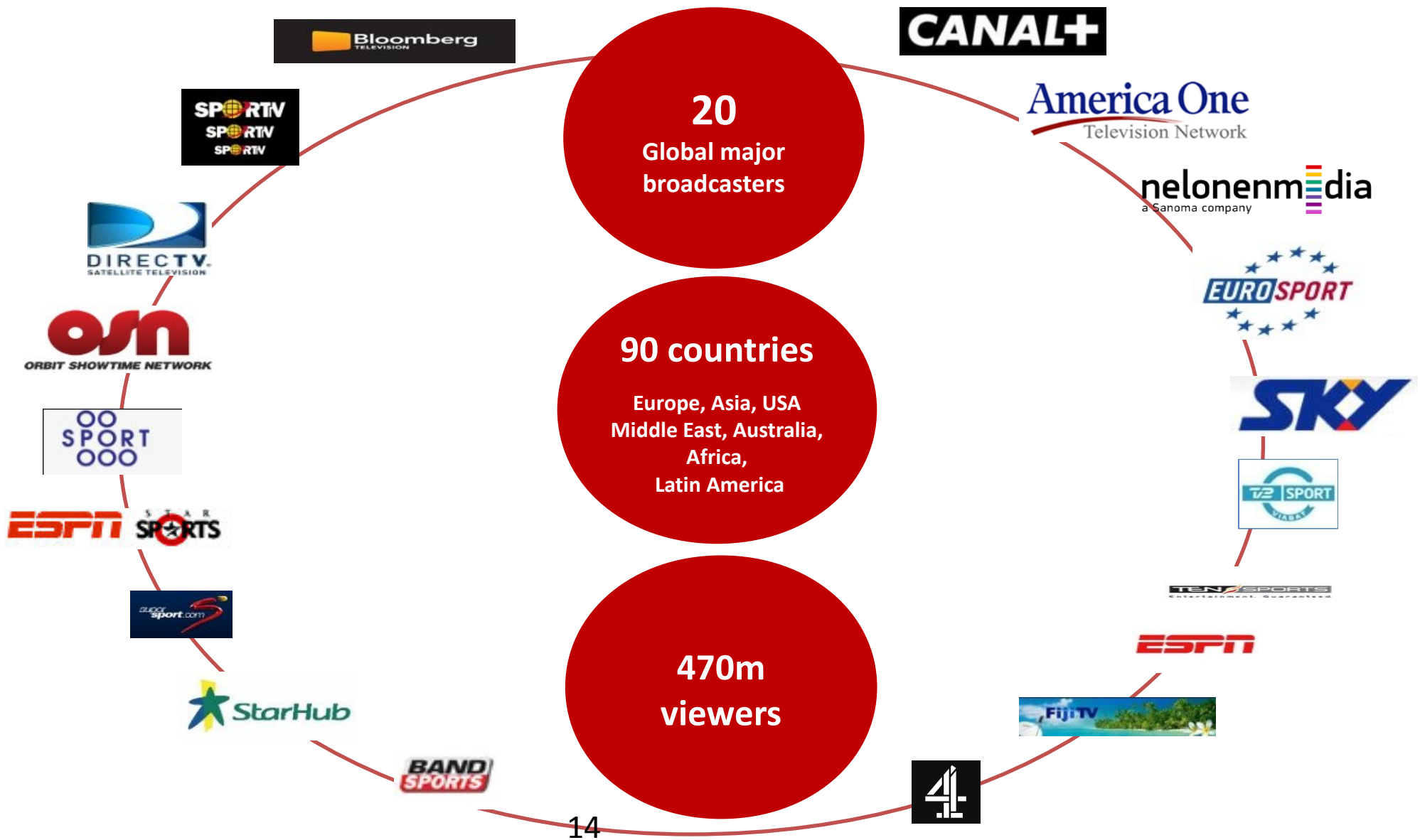
**RUNCZECH.COM**  
BĚŽECKÝ SERIÁL

**Mass-participation  
running circuit**

**...me  
the Czech Republic  
as an attractive  
tourist destination**



# TV promotion in 90 countries



# RUNCZECH.COM Running Circuit 2012

**ÚSTÍ Half Marathon**  
16 September



**OLOMOUC Half Marathon**  
23 June



**PRAGUE Half Marathon**  
31 March



**PRAGUE Marathon**  
13 May



**PRAGUE Grand Prix**  
8 September



**ČESKÉ BUDĚJOVICE Half Marathon**  
9 June



- Current races
- Candidate cities (Brno, Hradec Králové, Karlovy Vary, Ostrava, Pardubice, Plzeň)

## RUNCZECH.COM and Sport Tourism

- **All RunCzech.com cities with Prague as a flagship** are very attractive places **due to their** cultural heritage and beautiful nature
- This combination attracts not only runners but also their families and partners
- The RunCzech.com series of races generates already increasing **levels of** domestic travel
- The RunCzech.com series spread into the other towns of the Czech Republic, which **stimulate tourism to less famous places** in the Czech Republic
- The pictures of the historic centres filled with happy people are being broadcasted on international TV channels like BBC and Eurosport watched by millions of people



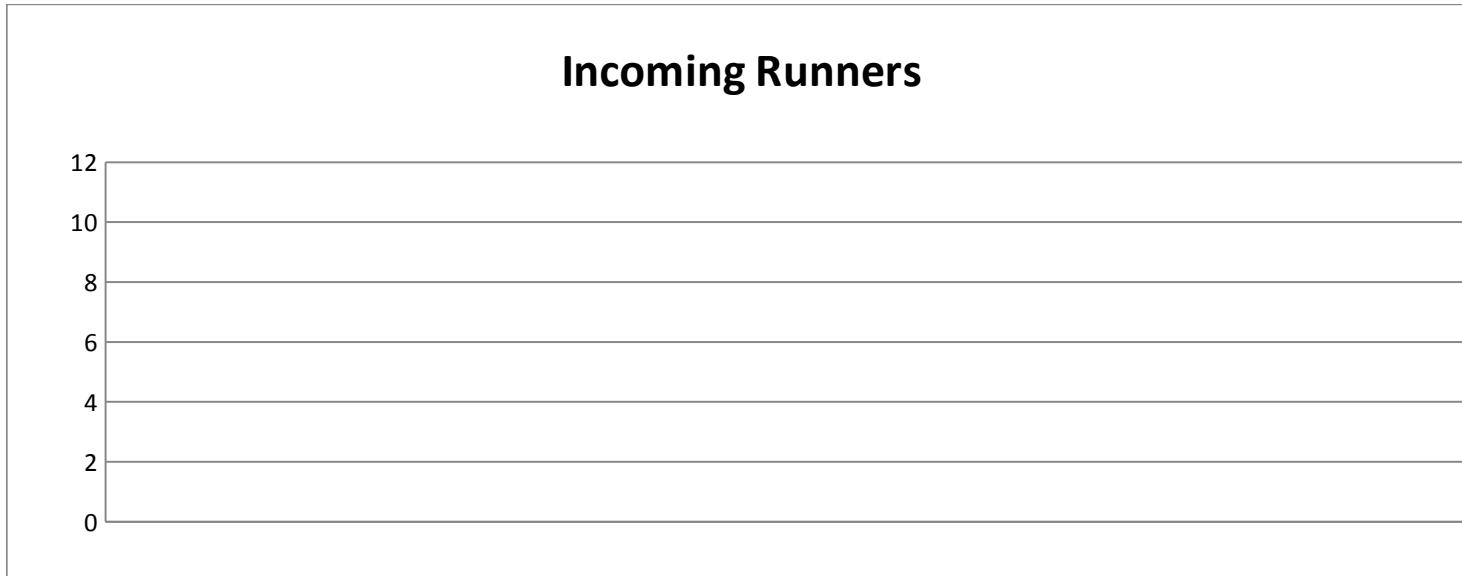
# Participation in competitive races doubles in 3 years !

Total number of runners 2007 – 2011 and plan 2012



# RunCzech.com competitive races

## Incoming runners to RunCzech.com races



Less than 10% of foreign runners come so far more than one time.

Therefore, permanent investment in marketing and promotion is necessary

Target: increase number of repeating visitors via the RunCzech.com league

# Number of visitors

Event	Runners	Escorts	Total
HERVIS 1/2maraton Praha	9 614	19 782	29 396
VOLKSWAGEN maraton Praha	8 338	17 626	25 964
MATTONI Grand Prix Praha	5 288	10 624	15 912
1/2 maraton Olomouc	2 100	4 233	6 333
1/2 maraton Ústí nad Labem	1 195	2 393	3 588
<b>Celkem</b>	<b>26 535</b>	<b>54 659</b>	<b>81 194</b>

Runners and Escorts  
come from:

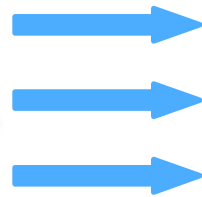
# Visitor expenditures 2011

Visitors	Visitors	Expenditure / day	Days	Total expenditure (mEUR)
Residents in hosting city	28 366	10.80 EUR	1	0.56
Incomers from Czech Republic	31 177	36.60 EUR	2	2.56
Incomers from other countries	21 651	27.30 – 91.70 EUR	4	5.52 – 19.85
<b>Total</b>	<b>81 194</b>	<b>-</b>	<b>-</b>	<b>8.64 – 22.97</b>

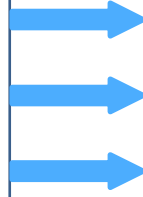
- Averages and ranges based on official reports of Czech Tourism
- Significant variety of spending of different nationalities
- Potentially more accurate results can be achieved by undertaking 3000 plus direct surveys with runners.
- For further calculation, the lowest value in the range was used.

# Methodology

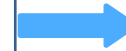
*Input data:*



deducting VAT...



input-output  
multipliers  
coefficients



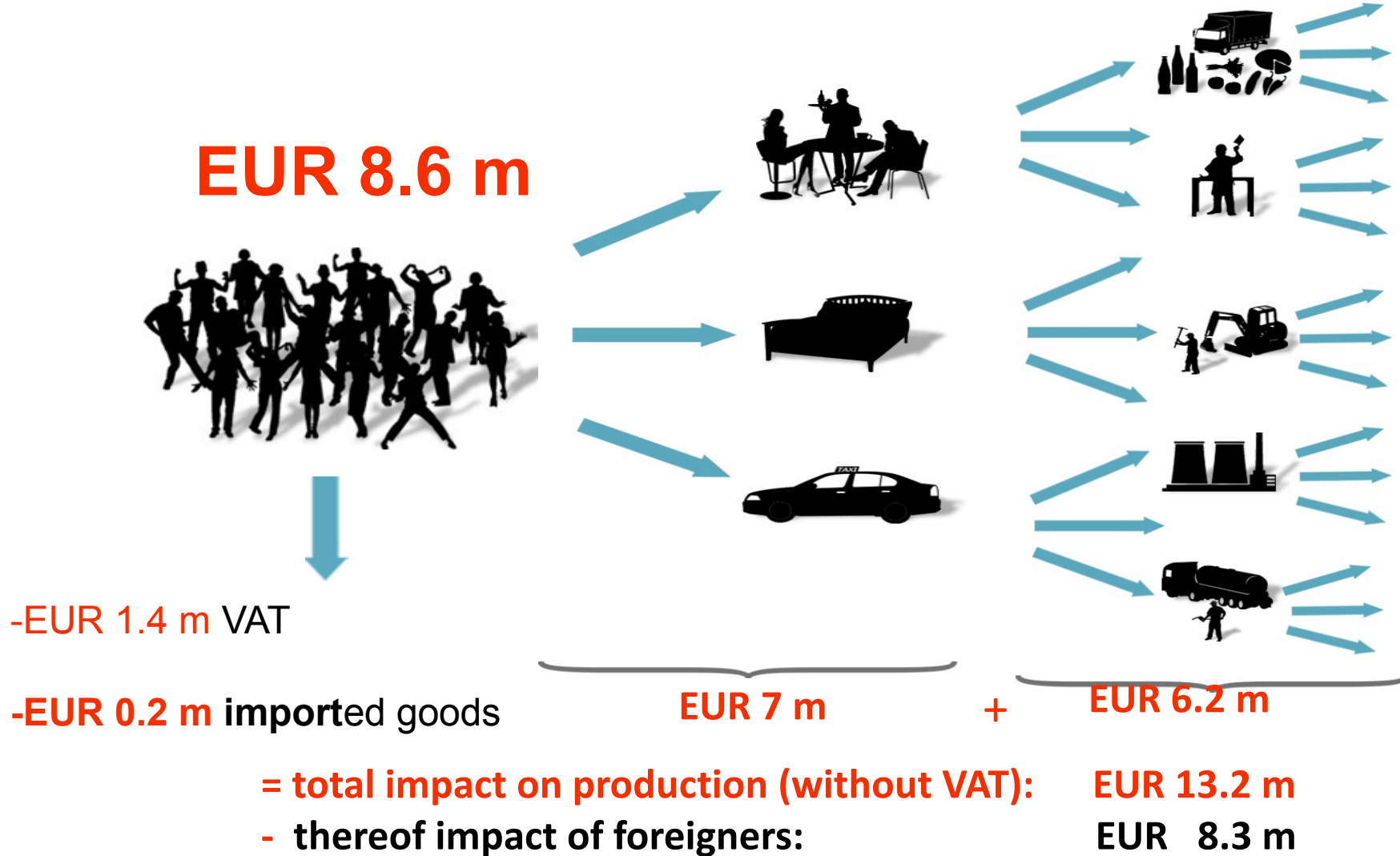
Economic  
impact of  
visitors

*Results:*

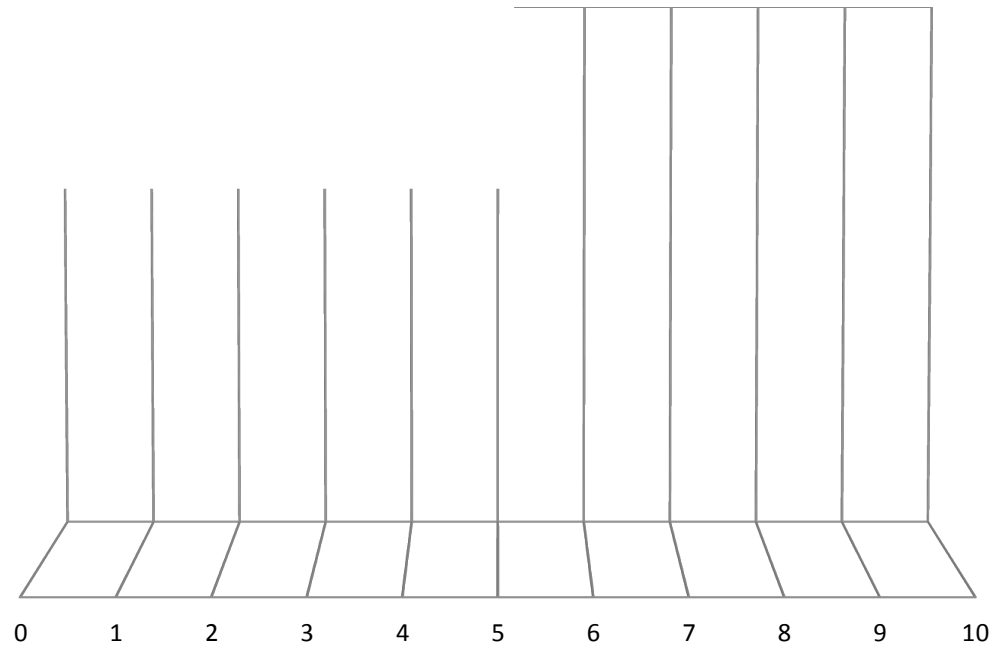
Official data  
from  
Statistical  
Office



# Total impact on the Czech economy



# Impacts of all visitors and benefits from foreign visitors

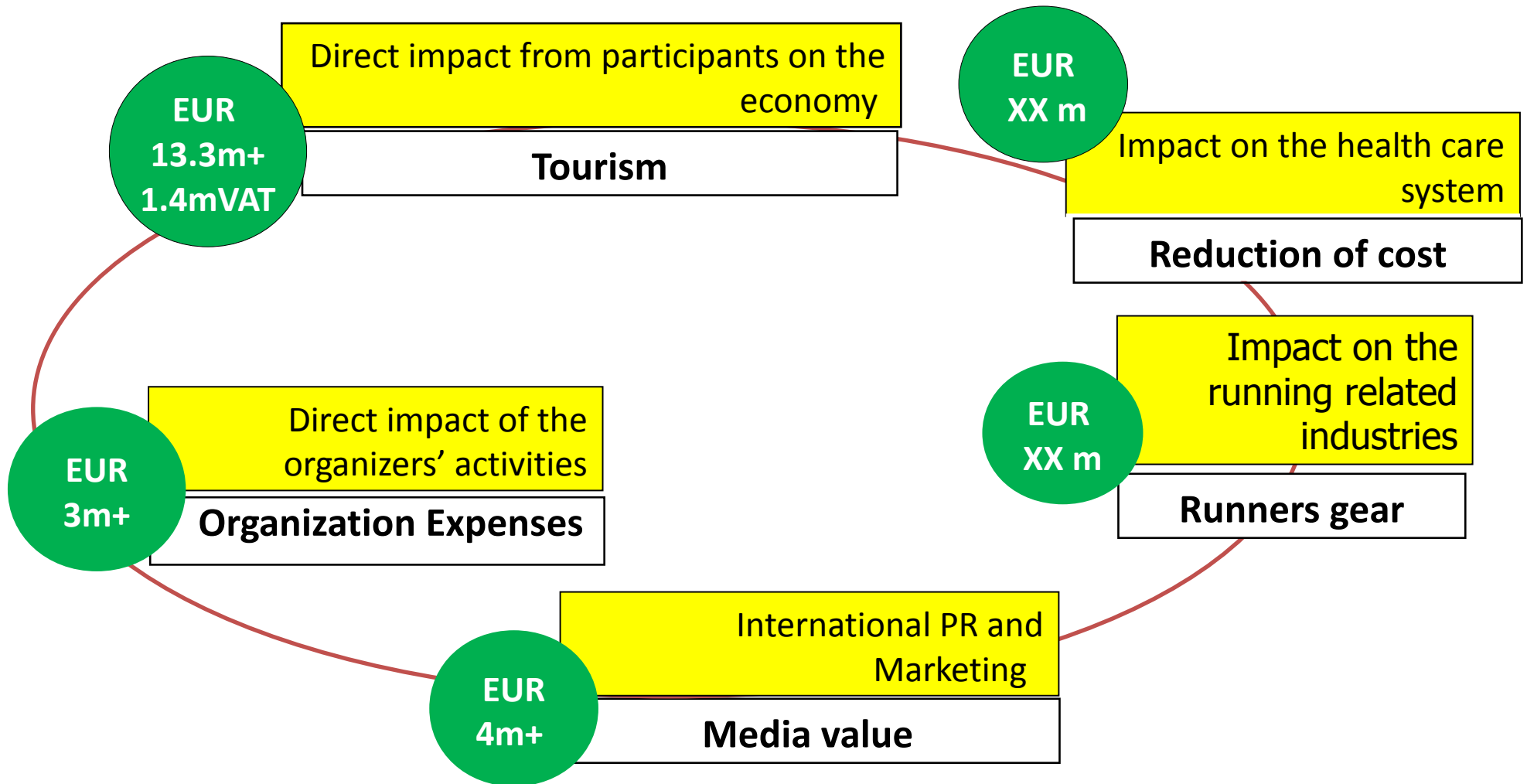


Impacts for the whole Czech Republic

**The contribution of foreign incomers is essential**

Domestic incomers would have spend similar amounts at home in the CR, therefore output increase from domestic vistors potentially a zero game for the national accounts

# Running events contribute directly to the economy





## Society: Global Trend of deterioration of values

- Societies all over the world suffer from the waning value basis of the individuals caused by:
  - Lack of positive, balanced role models for the young generation
  - Loss of personal freedom through uncontrolled consumerism causing life long debt traps for a high percentage of the population
  - Loss of connection to the nature
  - Loss of self confidence of the individuals
  - Deteriorating corporate cultures due to collective irresponsibility of the management bodies

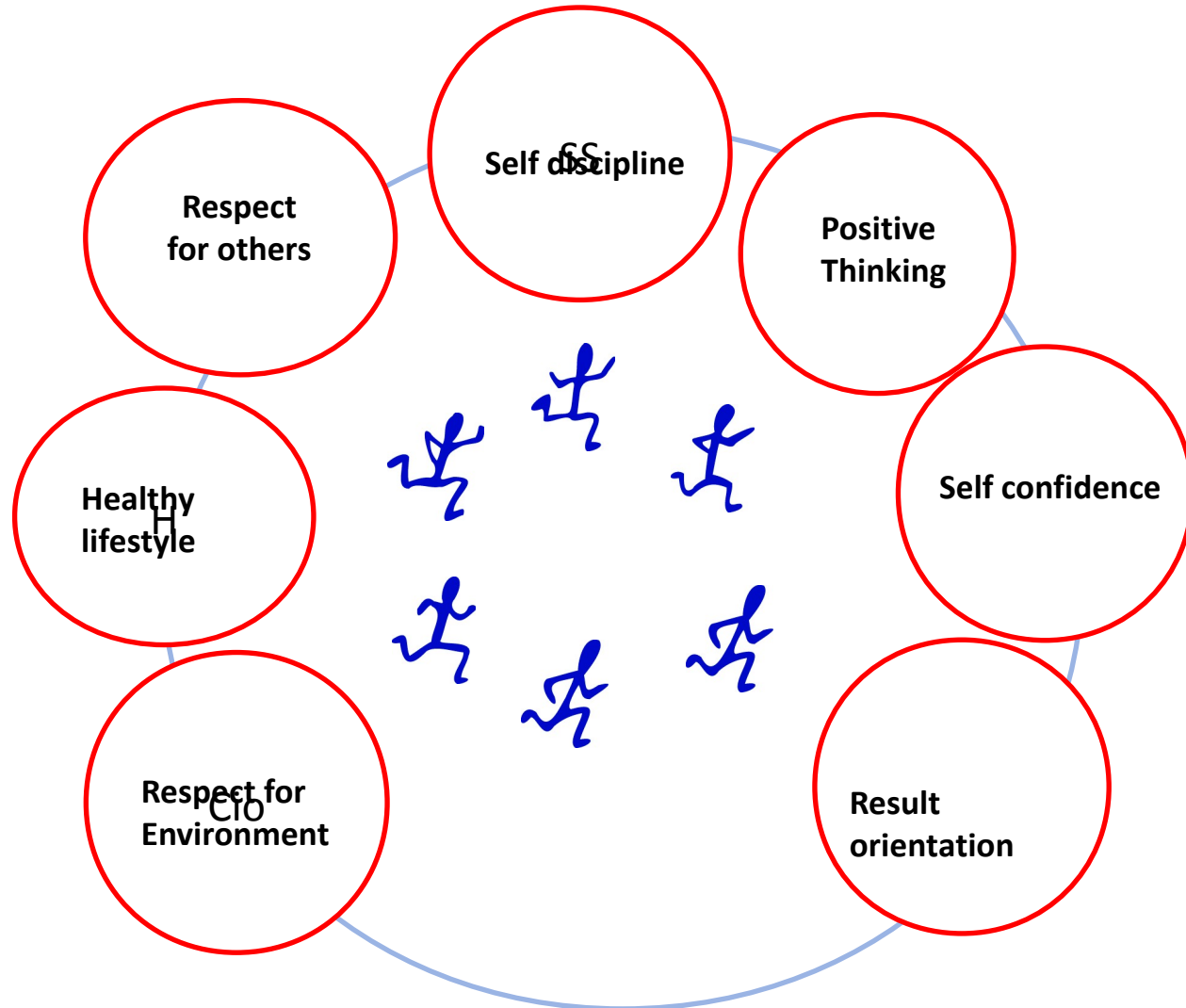
## Society: Groups for which running can be especially effective

- Children from early age on
- High School and University students
- Women above 35
- The 'Heavy Metal Generation' – 'Active ageing'
- People responsible for the well-being of other people:  
managers, politicians, Teachers

# Running stimulate positive personal and social values

Emil  
Zatopek:

"Great is the  
victory, but  
friendship is  
all the  
greater."



## Running – a remedy for growing health care costs?

- Healthcare costs are skyrocketing also due to the fast growing number of chronic disease of the cardio vascular system that are very expensive to treat.
- Promoting running and the related necessary healthy lifestyle is an inexpensive preventive activity for those diseases
- Promoting running in schools helps to limit the number of future patients
- Promoting running among adults above forty reduces the risks of disease for that high risk group.
- Running, if practiced properly, has a relatively low risk of injury

# Investment in running events – does it pay off?

## International Running Events

- ✓ Have a **positive direct return for the economy**
- ✓ Have a **strong positive impact on the well being** of the individuals and the society
- ✓ Have **very good return regarding international image creation**
  - For the Czech Republic
  - For the hosting cities
  - For commercial enterprises



Thank you for your attention!