

**Deloitte.**

**SAILGP™**

**SailGP Season 3**

**Rockwool Denmark**

**SailGP Event**

**Economic Impact Report**

November 2022

Private & Confidential to F50

League GB Limited



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# This report forms part of a wider engagement under which Deloitte will provide economic impact and stakeholder profile reports for ten SailGP Season 3 events



## Engagement Summary

Deloitte has been engaged to produce economic impact reports and spectator profile summaries for ten of the SailGP Season 3 events plus an end of season summary (outlined on p.5).

This report outlines how expenditure associated with the SailGP event resulted in increased economic activity in the host's local economy. A separate report has been prepared covering the spectator profile summaries for the event.

The economic activity associated with the event is stimulated directly by the expenditure of the event organisers, spectators, participants and other stakeholders, which then flows through the local economy to contribute to Gross Domestic Product ("GDP").

This economic impact report covers five distinct categories:

- **Gross Expenditure** – the total amount spent in the local economy in relation to the SailGP event.
- **Total Economic Impact** – the sum of direct, indirect and induced economic impact.
- **Direct Economic Impact** – additional expenditure entering the local economy as a result of the SailGP event.
- **Indirect Economic Impact** – Business-to-business transactions occurring as a result of the SailGP event (e.g. direct suppliers to the event making their own purchases).
- **Induced Economic Impact** – Consumer spending as a result of the SailGP event (e.g. event staff spending their wages).



## Report Structure

This report is comprised of the following sections:

- **Introduction** – summarising the event covered and the scope.
- **Economic Impact Report** – as detailed on p4.
- **Methodology** – detailing the way in which the impact reports are prepared.



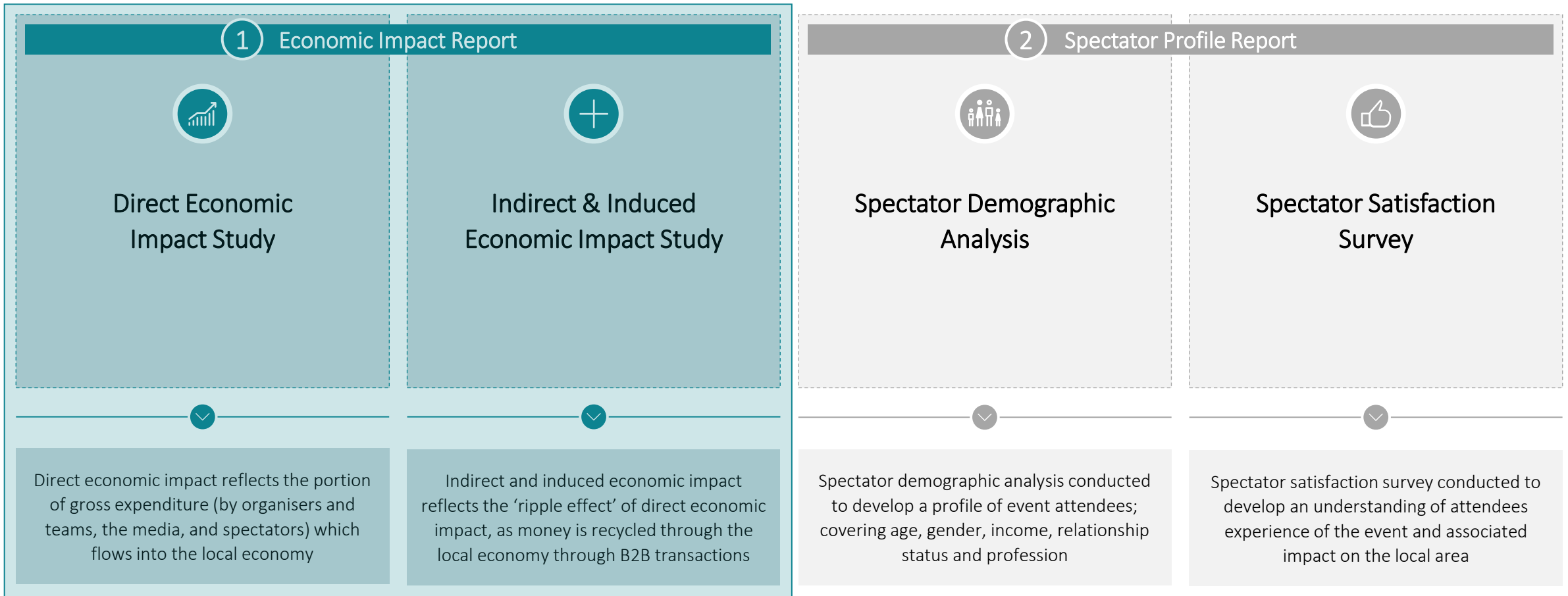
## Information Sources

Each report is developed using information from two sources:

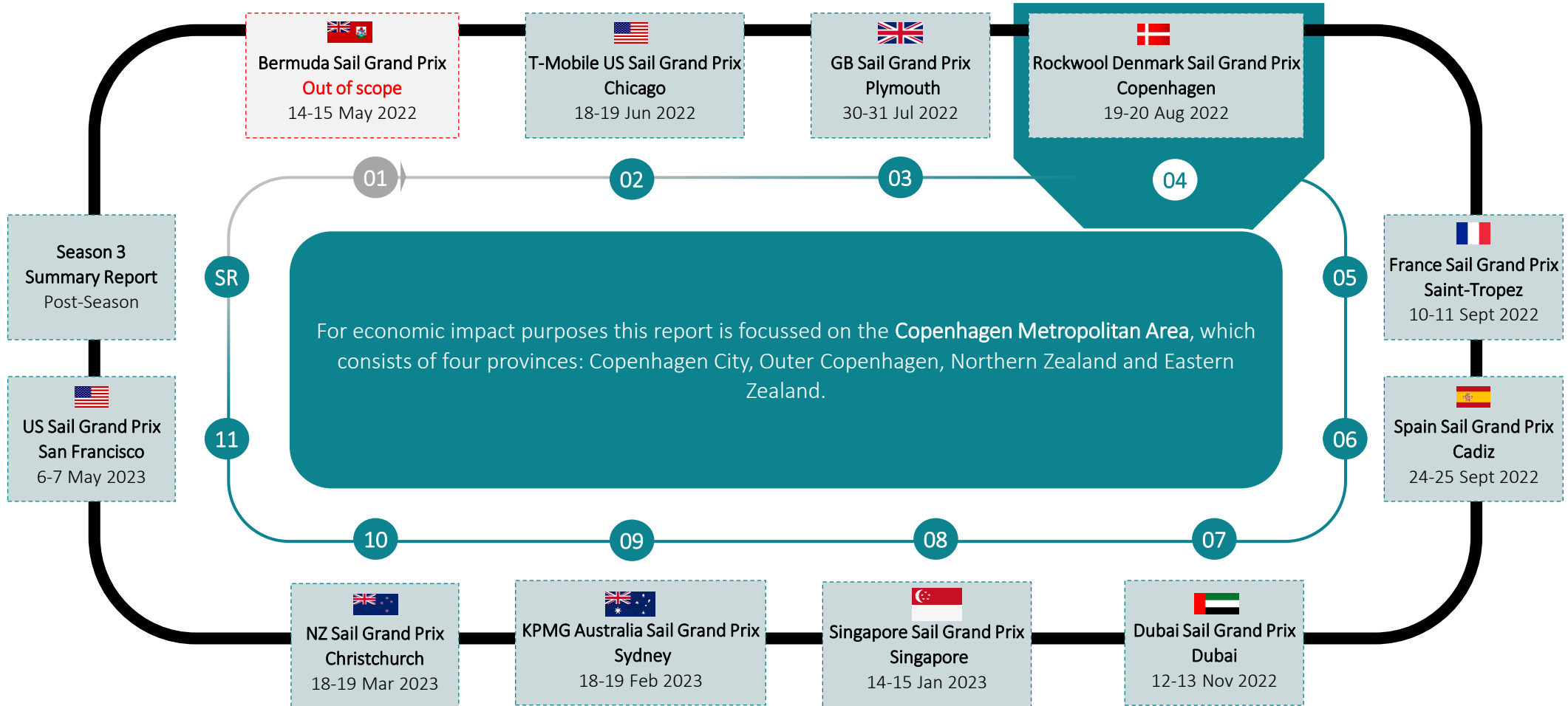
1. SailGP Management budgetary information for the event, which is used to calculate the expenditure of the Event organisers.
  2. Information associated with spectators and media attendees obtained from face-to-face interviews carried out by Aspect Market Research at the event.
- All information within this report is outlined in US Dollars. Expenditure in DKK was converted to USD at a rate of 0.135:1.

# This document contains the economic impact element of our collective event report, providing an overview of the direct, indirect and induced impact associated with the event

Our reporting on each event is outlined in two separate documents



# This report summarises the economic impact of the Denmark event that took place on 19-20 August 2022 – the fourth event in the Season 3 calendar





# Economic Impact Report



# Total gross expenditure amounted to \$11.2m, which drove \$7m in total economic impact

**\$11.2m**

## Gross Expenditure

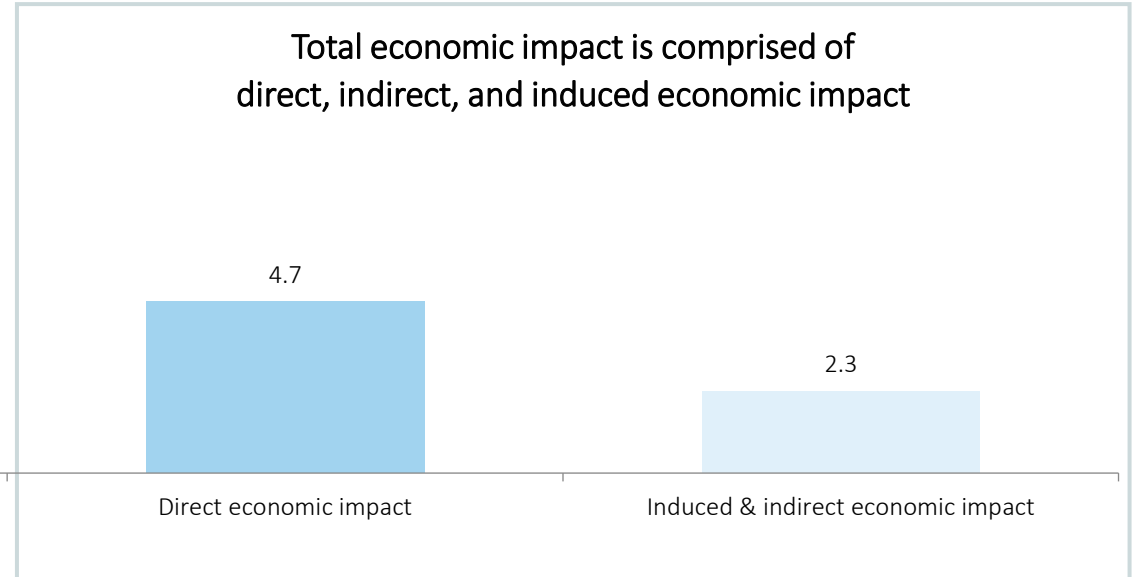
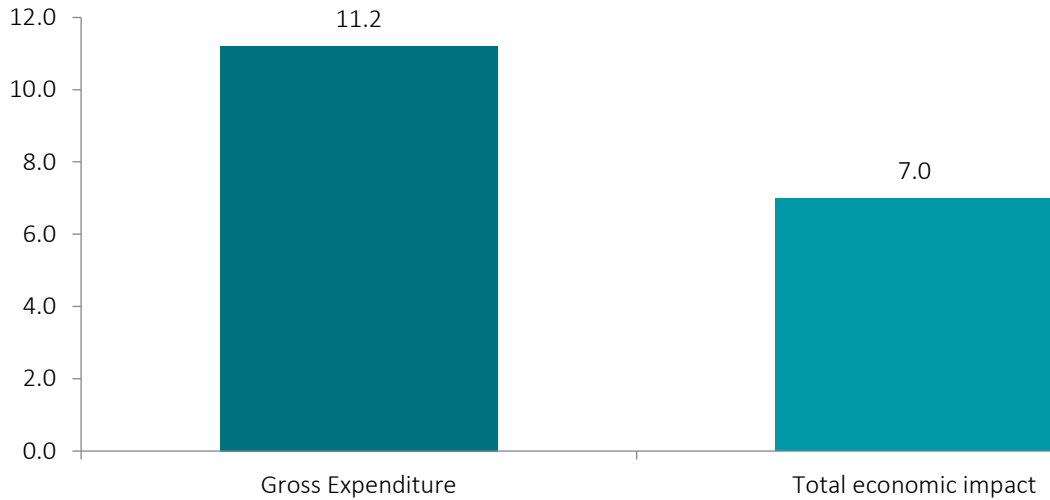
The total amount spent in host city / regions in relation to the SailGP event

**\$7m**

## Total Economic Impact

The additional expenditure entering the host city / regional economy due to the SailGP event, plus related B2B transactions and consumer spending

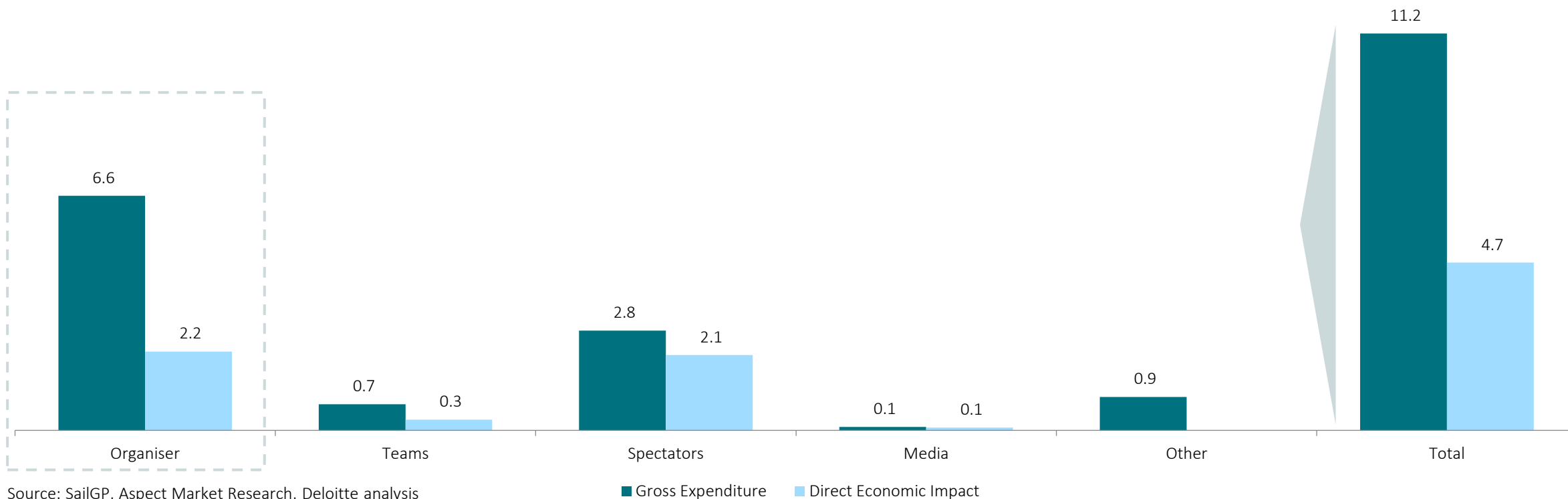
TOTAL GROSS EXPENDITURE & ECONOMIC IMPACT | \$M



Source: SailGP, Aspect Market Research, Deloitte analysis

# The organisers (SailGP) were responsible for 59% of total gross expenditure and 47% of direct economic impact, followed by spectators with 25% and 45% respectively

GROSS EXPENDITURE & ECONOMIC IMPACT BY STAKEHOLDER | \$M



Source: SailGP, Aspect Market Research, Deloitte analysis

Note: figures may not sum due to rounding

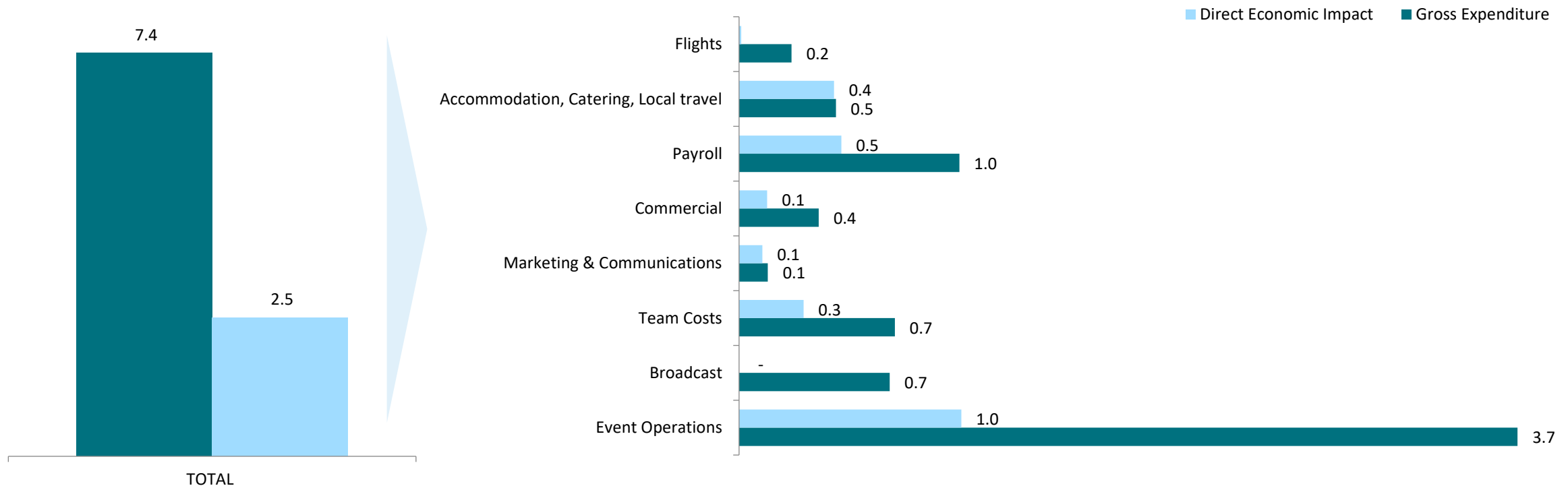
\* 'Teams' category artificially low due to new payroll categorisation, therefore now captured in 'Organiser' category. 'Other' category includes hosting & sponsorship fees as gross exp. (no economic impact).



# Event Organiser & Teams' gross expenditure amounted to \$7.4m, which drove \$2.5m of economic impact

## ORGANISER & TEAMS | GROSS EXPENDITURE & ECONOMIC IMPACT (\$M)

BY CATEGORY



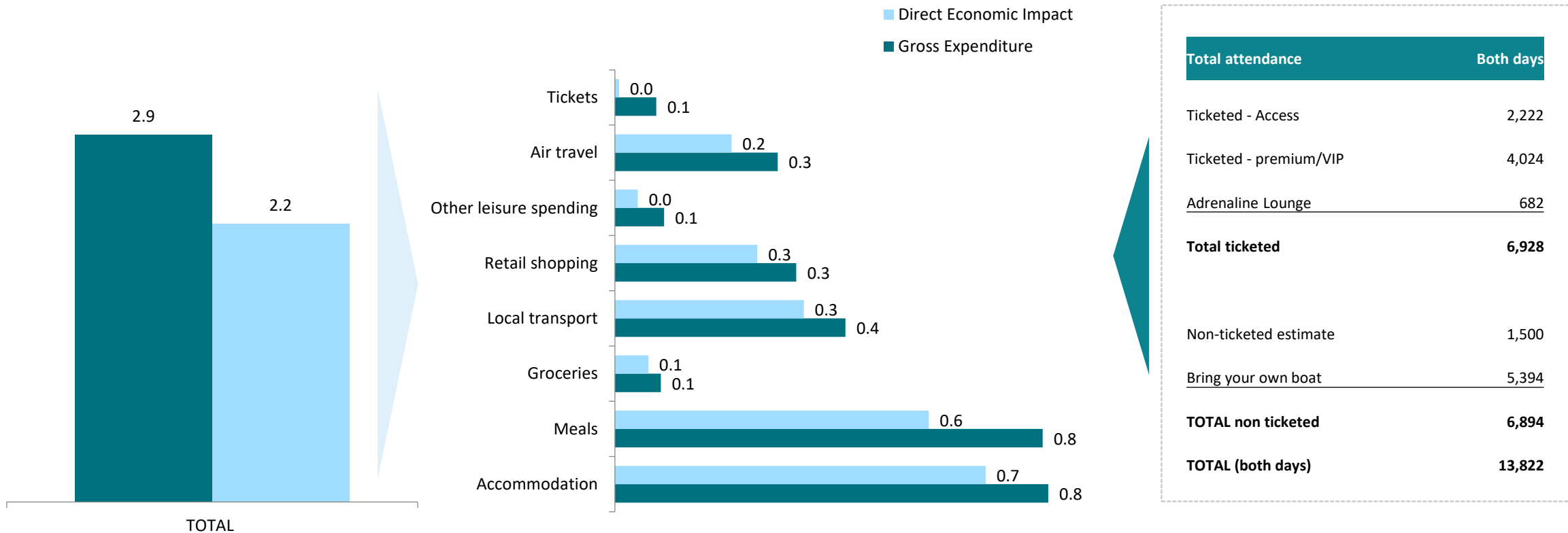
Source: Aspect Market Research, Deloitte analysis

Note: figures may not sum due to rounding

# Spectator & Media gross expenditure from c.13.8k attendees amounted to \$2.9m, which drove \$2.2m in economic impact

## SPECTATOR & MEDIA | GROSS EXPENDITURE & ECONOMIC IMPACT (\$'000)

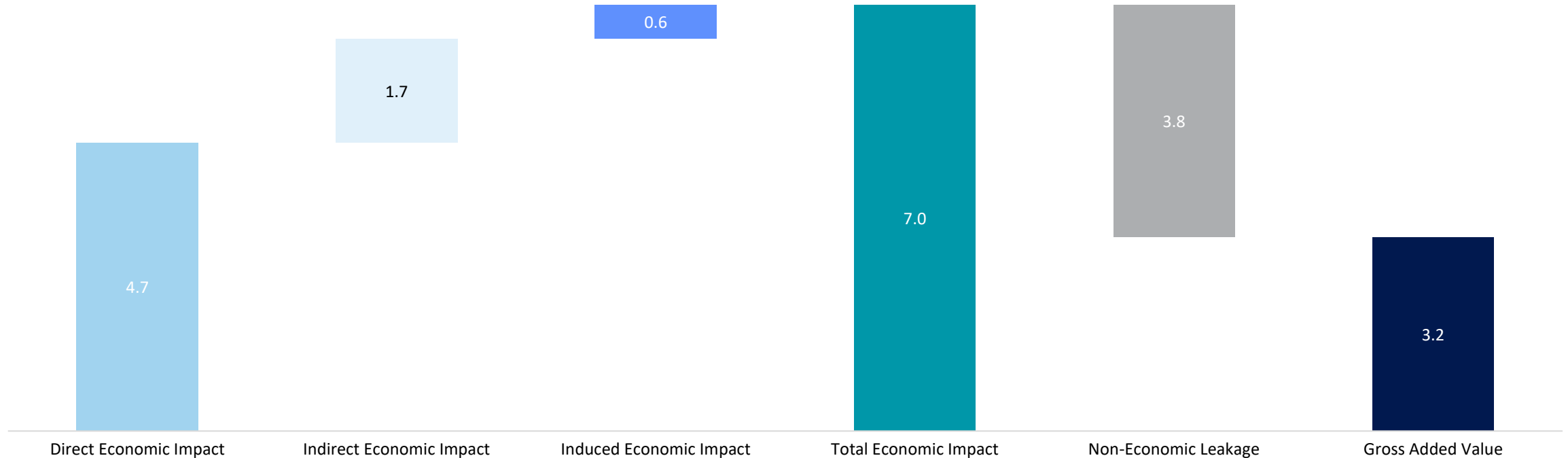
BY CATEGORY



Source: Aspect Market Research, Deloitte analysis  
 Base: 139 respondents (don't know responses excluded)  
 Note: figures may not sum due to rounding

# The induced & indirect economic impact amounted to \$2.3m, reflecting the 'ripple effect'\* as direct economic impact is recycled through the local economy

## INDUCED AND INDIRECT ECONOMIC IMPACT (\$M)



Source: Deloitte analysis

\*Note: ripple effect defined on p.15



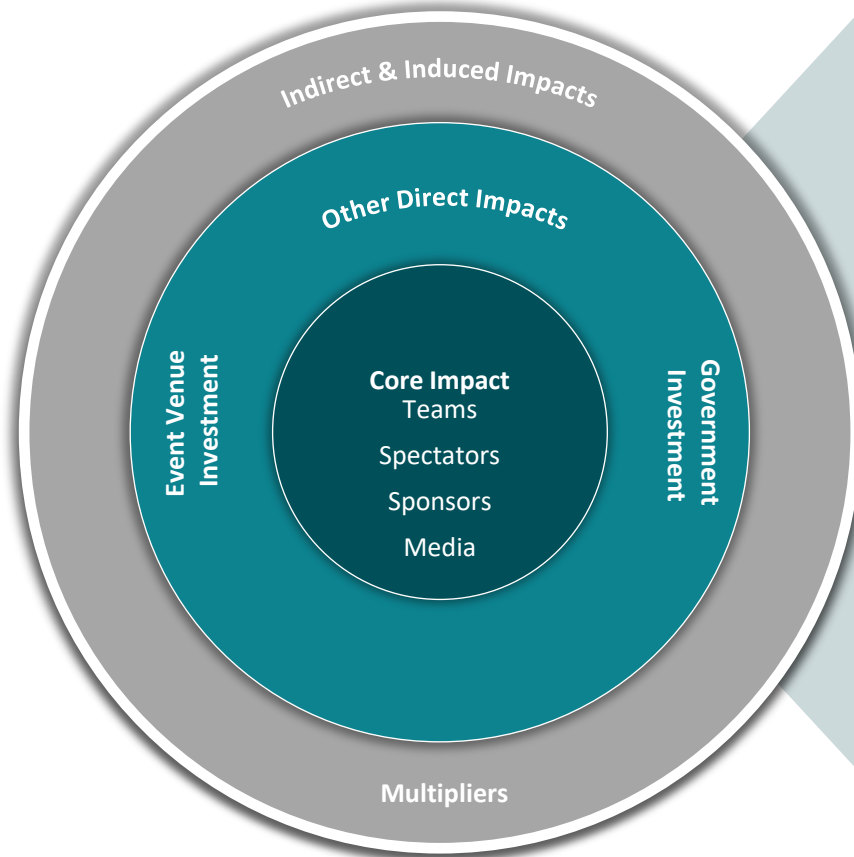
# Economic Impact Methodology

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# Three broad impact areas are assessed to evaluate total economic impact associated with the event

## Economic Impact Methodology



- The diagram illustrates the key components of economic impact.
- There are three broad areas in which impact will occur, as outlined below:

### Core impacts

Core impacts represent the direct impact from additional spending by teams, sponsors and other commercial partners, event organisers, visiting media and spending by spectators attending the event (including local residents and visitors from elsewhere).

### Other direct impacts

Other direct impacts may comprise a range of areas such as investment in infrastructure, marketing spend, government support etc.

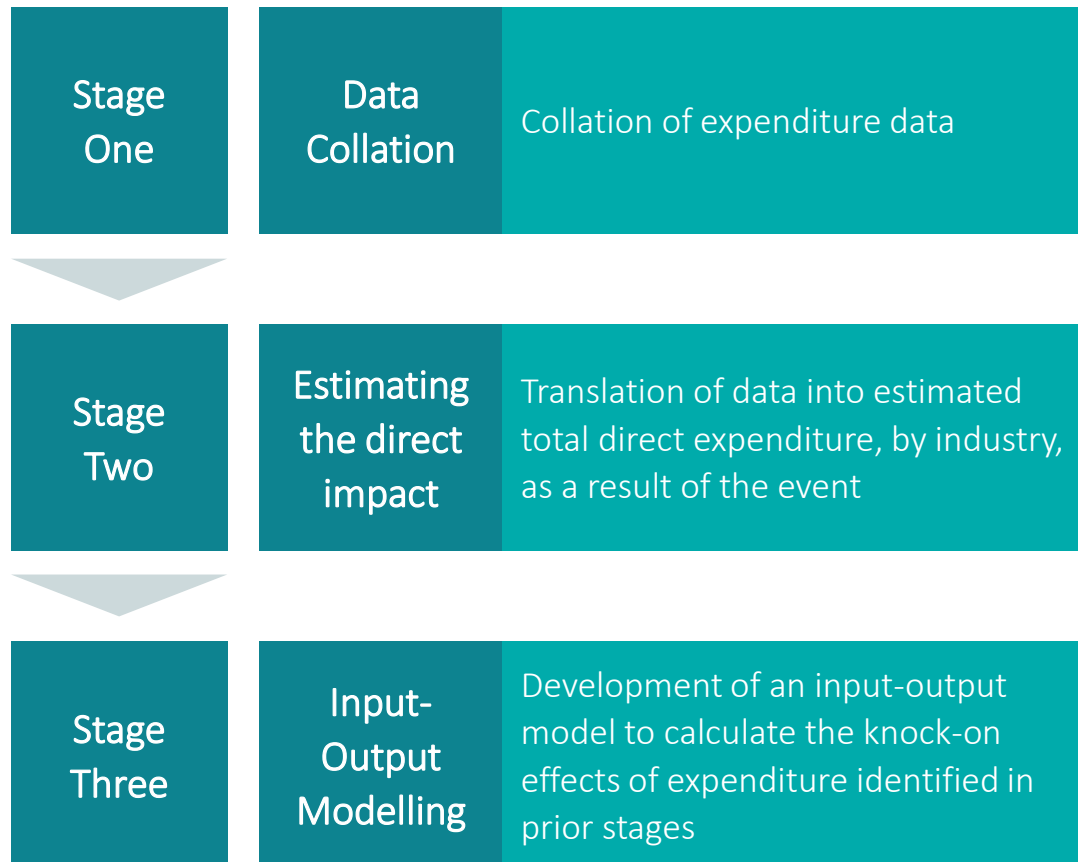
### Indirect and induced impacts

Indirect impacts quantify the 'ripple effect' (supply chain impact) in other sectors which stem from direct event expenditure. We develop a bespoke local economic model to estimate this for every event. In addition, we quantify the induced, consumer spend impacts, as wages paid from the direct activity are spent locally.



# The approach involves three stages – data collation, direct impact estimation and input-output modelling

## Economic Impact Methodology



- The input-output methodology involves approximating an input-output table for the host city / region. To achieve this adjustments are made to generic input-output tables to take into account key differences for the local economy using national employment data. These can be summarised as:
  - an adjustment for the relative national presence of an industry type using location quotients;
  - an adjustment for the relative presence of each industry with respect to all other industries using cross-location quotients; and
  - an adjustment for the size of the local economy relative to the national one.
- The input-output methodology recreates the local economy in terms of who might be expected to buy what from whom, who might be expected to pay whom for their work, and what is likely to leak outside the region because the necessary local suppliers are not available.
- A feature of the model is round effects - this means that for every dollar spent locally some proportion of it will go towards purchasing inputs from suppliers, some will go into people's pockets and some will leave the region. Of the proportion that remains in the region those suppliers who benefited from the initial spending will themselves have to source further inputs locally. Equally the people with additional money to spend will spend some of it on goods and services produced in the region.
- This process carries on until the effects have filtered out of the system, and are known as multiplier effects. The results from the model are given in expenditure terms, but can be related to Value Added by using industry average profitability.



# This report profiles the economic activity stimulated by the expenditure of various stakeholder groups that then flows into the local economy to contribute to Gross Domestic Product (GDP)



## Gross Expenditure

Gross expenditure captures the total amount spent in relation to the SailGP event



## Total Economic Impact

Total economic impact is comprised of direct, indirect, and induced economic impact, and represents the total value of additional spending created by the event



## Direct Economic Impact

Direct economic impact reflects all additional expenditure entering the host economy as a result of the event



## Indirect Economic Impact

Indirect economic impact reflects indirect business-to-business transactions occurring as a result of the SailGP event (e.g. direct suppliers to the event making their own purchases)



## Induced Economic Impact

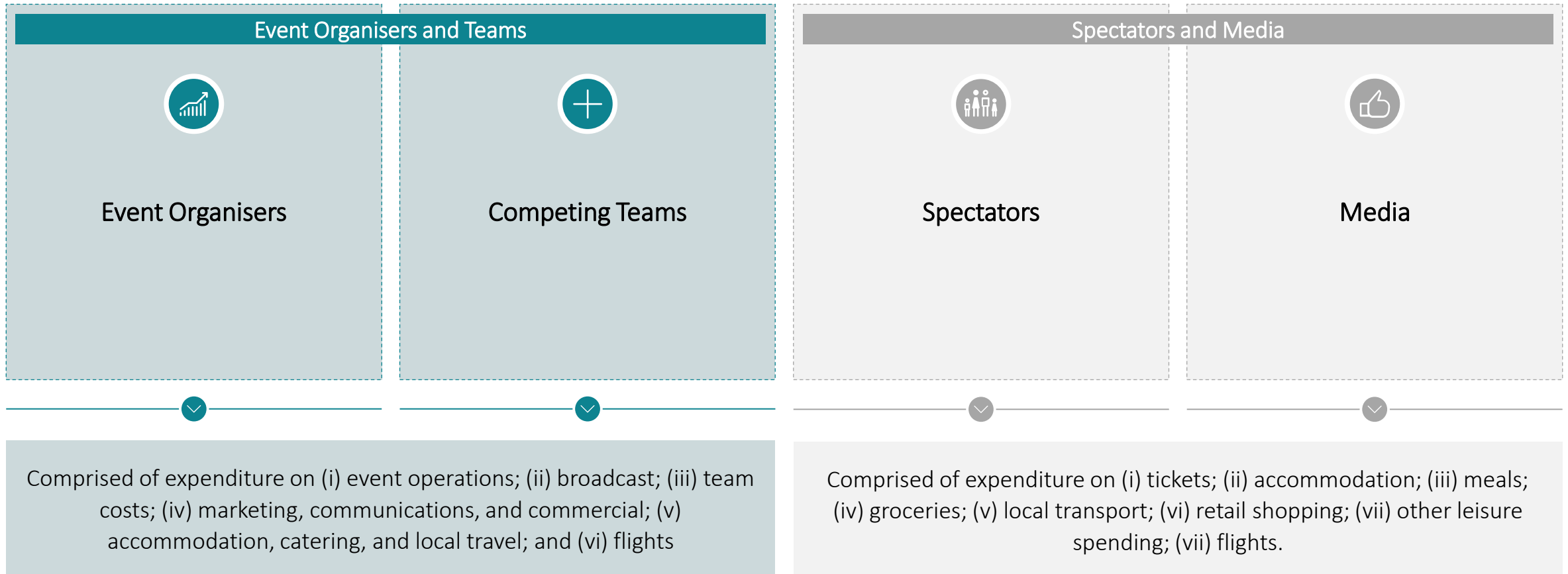
Induced economic impact reflects consumer spending as a result of the SailGP event (e.g. event staff spending their wages)



Indirect and induced economic impact reflect the 'ripple effect' as the direct economic impact is recycled through the local economy by its original local recipients

## Throughout the report, stakeholders are broadly split into two groups: (i) event organisers and teams; and (ii) spectators and media

### Two Core Stakeholder Groups



## Throughout the report, stakeholders are broadly split into two groups: (i) event organisers and teams and (ii) spectators and media – with each having slightly different expenditure profiles

Event Organisers and Teams	
<b>Event Operations</b>	Provision of numerous goods and services essential for the event to be staged and including ‘pure’ event operations costs such as Site fees/Permits and Security through to Venue Infrastructure, Hospitality and Branding and COVID precautions.
<b>Team Costs</b>	The direct costs of the teams, plus those attributable to the Shore Crew and the facilities and equipment they require to ensure the race infrastructure, including the cutting-edge F50 catamarans, is prepared to the highest standards.
<b>Broadcast</b>	Expenditure incurred in broadcasting the event – i.e. production and staffing costs.
<b>Marketing, Comms, and Commercial</b>	Expenditure incurred in marketing, communications, and commercial activity in respect of the event.
<b>Accommodation</b>	Expenditure on accommodation in the local economy – i.e. hotels.
<b>Catering</b>	Expenditure on catering within the local economy – i.e. restaurants and cafes.
<b>Local travel</b>	Expenditure on transport within the local economy – i.e. public transport or taxis.
<b>Air Travel</b>	Regarding air travel to the event, it is only the portion of that spent in the local economy (i.e. on locally based airlines and on airport taxes etc.) that can be said to comprise economic impact.

Spectators and Media	
<b>Tickets</b>	Expenditure on tickets for the SailGP event.
<b>Accommodation</b>	Expenditure on accommodation in the local economy – i.e. hotels, apartments, guesthouses, B&Bs etc.
<b>Meals</b>	Expenditure on meals in the local economy – i.e. restaurants, cafes, bars.
<b>Groceries</b>	Expenditure on groceries – i.e. goods purchased from a supermarket.
<b>Local Transport</b>	Expenditure on transport within the local economy – i.e. public transport or taxis.
<b>Retail Shopping</b>	Expenditure on retail shopping within the local economy – i.e. on clothes, mementos etc.
<b>Other Leisure</b>	Expenditure on other ticketed experiences in the local economy – i.e. museums, other sports or culture events
<b>Air Travel</b>	Regarding air travel to the event, it is only the portion of that spent in the local economy (i.e. on locally based airlines and on airport taxes etc.) that can be said to comprise economic impact.



# Limitations



# Limitations

- We refer you to the engagement letter dated 13 June 2022 for details of the scope and limitations of our work and other important terms of business agreed between us. Our work, which is summarised in this report, has been limited to matters which we have identified that would appear to us to be of significance within the context of our scope.
- This report is confidential to F50 League GB Limited and prepared solely for the purpose set out in our engagement letter. In preparing this report our only responsibility and duty of care is to F50 League GB Limited.
- Some of the matters covered in this report are by their nature technical. The intended recipient of the report, F50 League GB Limited, is familiar with the issues, facts and other matters addressed and the report was written with that in mind.
- We understand F50 League GB Limited may wish to make this report available to other parties. We have agreed to this on the following conditions:
  - The report may not be suitable for the use of any person other than F50 League GB Limited. Accordingly, publication of this report to persons other than F50 League GB Limited is for information purposes only and no person other than F50 League GB Limited should place any reliance on this report; and
  - We do not assume or accept or owe any responsibility or duty of care to any person other than F50 League GB Limited. Accordingly, any person other than F50 League GB Limited who, contrary to the above, chooses to rely on this report, does so at their own risk and we will not be responsible for any losses of any such persons caused by their reliance on this report.
- The report has been prepared principally from information supplied by and obtained from discussions with F50 League GB Limited Management, documents provided by F50 League GB Limited, from a survey of event spectators and media or from publicly available sources, pursuant to the scope of the work agreed in the engagement letter.
- As agreed in our engagement letter, unless otherwise stated in our report, we have not sought to verify the information contained herein nor to perform the procedures necessary to enable us to express an audit opinion on any of the financial or non-financial information contained in this report. Indeed, as you will appreciate, much of the additional, non-financial information contained in this report cannot be subjected to audit or otherwise independently verified.
- We have assumed that F50 League GB Limited has drawn to our attention all matters of which you are aware concerning the project and which may have an impact on our work and the report. Accordingly, we accept no liability howsoever arising, directly or indirectly, from any error or incompleteness of fact or opinion in this report to the extent caused by inaccuracies or incompleteness in the information on which we have relied.



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