

# **(SP) A REVIEW OF THE ECONOMIC IMPACT STUDIES DONE ON THE TOUR DE FRANCE: METHODOLOGICAL ASPECTS AND FIRST RESULTS**

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## **Introduction**

The aim of this paper is to use the theoretical studies that have been done on economic impact and apply them to the Tour de France.

The model consists in focusing on the work that was done since the eighties on this subject and to see how it fits with the TDF surveys. Concerning the data presented in this article, we will show three types of surveys: two of them were presented in the 2005 edition and the third one will be applied to the 2006 edition. This shows the new interest of researchers, organizers and politicians for this subject. This was already underlined by Baade and Zimbalist in the US with their work on professional leagues.

The results presented here urge us to improve the economic impact methods, for example by including Kesenne's (2005) model in our work.

Before presenting the three case studies (the two 2005 surveys and the 2006 planned one), we will start with the literature review to clarify what we mean by "economic impact" and "cost-benefit" analysis (Kesenne, 2005).

## **Project**

### *Different approaches of the economic impact studies*

Kesenne (2005) underlined that economic-impact studies should be done differently and sometimes be replaced by cost-benefit analysis. However, cost-benefit analysis is not easy to manipulate, particularly when an institution wants to obtain empirical data on a sport event. That is why we believe that economic-impact studies can be useful when researchers use adapted methods and questionnaires as a precaution.

Globally, there are two ways of interpreting the economic impact that depend on the fact we consider it on the demand- or on the offer-sides:

#### **1. Economic impact studies**

- Demand-approach
- Offer-approach.

**2. Cost-benefit analysis** (see Kesenne – 2005). This is a too difficult method to be implemented in an empirical study.

In the case of the Tour de France, it is important to integrate the cost of the event which is equivalent to the money paid to the organizer ASO, but also all the costs induced by the event (people who work on the event, renovated roads, new buildings...). For example, the city of Strasbourg paid about 0,5 million euros to host the departure of the 2006 edition but the global cost will be around 1,5 million euros. This is an amount that has to be covered by the economic impact.

For the Tour de France, we will keep this equation:

$$NEI = E_i + V_a - O_c$$

**Where NEI represents the net economic impact of the event**  
**E<sub>i</sub> represents the economic impact (measured by all the categories concerned)**  
**V<sub>a</sub> represents the value of appearance measured by its equivalent in advertising**  
**And O<sub>c</sub> represents organization cost for the city**

## **Methodology and Results**

Two surveys were conducted in 2005 on the topic of the economic impact of the Tour de France.

- *The city of Digne*

### *Methodology*

A demand-oriented approach was used to determine the economic impact of the event, but also a little offer-approach. Spectators (living and non living in Digne) and economic actors (mostly stores) were surveyed. This study was also completed with a qualitative study that dealt with media repercussions.

- *The ASO<sup>3</sup> 2005 study (DAFSA)*

### *Methodology*

The survey was an offer-approach: 300 traders were surveyed in the 3 cities. This quantitative study was completed by a qualitative study (25 interviews of sponsors, journalists, organizers, teams, and 10 interviews of people representing the communities).

## **Discussion**

Considering the weaknesses of the two previous surveys, a third one is going to be conducted for the 2006 Tour de France edition. It will be done in Strasbourg which hosts the departure of the race. The survey will be done by the Research Centre of Sport Science (EA 1342) of the University Marc Bloch of Strasbourg (France). The survey will be possible thanks to a research contract financed by the department of economic studies of the city of Strasbourg. Considering the work that was done in 2005, we will mix the two possible methodologies to integrate the best practices.

### *1. Analysis considering the side of the demand*

About 700 persons will be surveyed on site.

- This method will lead to the gross economic impact of the Tour de France. Readers should notice that we did not take into account the expenses of the organizer that are paid by the local community.
- After integrating the cost analysis provided by the city of Strasbourg, we will be able to calculate the net economic impact of the TDF.

### *2. Analysis considering the side of the offer*

This part will measure the economic impact through the supplement of turnover generated by the Tour de France among local traders. For example the 2003 survey conducted by the ministry of tourism estimates this represents +15 to +30% more attendance for the weeks after the TDF stage compared to a year without TDF.

### *Synthesis*

We will confront the two methods with the results, in order to determine the eventual spread.

### *Integration of the media repercussions*

We want to integrate the media repercussions of the event on a qualitative point of view. This part is not the main research area of our laboratory whose legitimacy focuses more on economics or marketing. Therefore, we will ask the city to gather the information among press agencies, or to mobilize the resources of the press-desk of the city. This will consist of measuring the gap between “normal” media repercussions and those who are connected to the Tour de France in June and July 2006.

### *Recommendations*

The laboratory will make some recommendations by comparing the economic impact generated in Strasbourg by the TDF and those that were analyzed through different previous surveys in the United States, Australia, United Kingdom or Germany (see the references in biography). The idea is to provide a strong methodology to the city in order to perpetuate this

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<sup>3</sup> Amaury Sport Organisation (ASO) is the company that organizes the Tour de France.

work and to make it recurrent (see above) because we believe this type of survey needs a long term engagement for better results.

*A permanent methodology for the city*

This survey conducted on a major sport event is the first step for the construction of a reusable methodology that could lead to a barometer that would focus on the economic impact of sport or cultural events. Indeed, the methodological frame provided to the city of Strasbourg can be used for evaluating music festivals, other “one-shot” sport events and “weekly” events (such as the basketball or football games played in Strasbourg).

**References**

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