

# UNDERESTIMATING ECONOMIC IMPACT: AN ANALYSIS OF OVERLOOKED EVENT ATTENDEES

Author:  
Matthew Brown

email:  
matt.brown@sc.edu

Co-authors:  
Andy Gillentine, John Grady

University:  
University of South Carolina

Faculty:  
Department of Sport and Entertainment Management

## Abstract

Economic impact studies provide only an estimate of the true impact of a sporting event because analysts must make assumptions while performing these studies. While the assumptions can be kept to a minimum and the validity of the assumptions can be tested, controversy often surrounds sport economic impact analyses because researchers do not avoid common mistakes. These mistakes can cause either overestimation or underestimation of an event's true economic impact (Brown et al., 2010).

There are many reasons why an estimate of a sporting event's economic impact may be low (Brown et al. 2010). One noted reason is that some events produce an economic impact from visitors who come to a region for an event but do not attend the actual event itself. For example, research on tailgaters in the United States has shown that more than ten percent actually miss the event preferring instead to continue tailgating (Gillentine, 2003). Brown et al. noted that most economic impact studies fail to measure impacts like this. While anecdotal evidence exists to indicate that underestimation occurs, little has been done to empirically measure the degree to which studies have underestimated true impact.

Tailgating involves crowds of fans gathering to eat, drink and socialize prior to, during, and after a competition (Drozda, 1996). Event organizers embrace the tailgating ritual to fit their needs and desires (Cahn, 2003; James, Breezeel, & Ross, 2001). They see tailgating as an attractive promotion that can be implemented with little or no additional cost to the event itself (Fredrick, 1999; Hart, 1984). As Gillentine (2003) noted, little is known about fans' practices while tailgating. Research conducted has focused on risk management and safety issues surrounding tailgating (Gillentine & Miller, 2006; Gillentine, Miller, & Crow, 2010; Miller & Gillentine, 2006) and

consumer behaviors and motivations. James, Breezeel, & Ross (2001) identified two primary motives for which individuals continue tailgating: 1) escaping normal routines and 2) enjoying social interaction. Further, research findings suggest that a desire for social interaction, togetherness, excitement and escape serve as fan motives for participating in tailgating events (Gillentine, 2003; James, Breezeel, & Ross, 2001). Drenton, Peters, & Hollenbeck (2009) have also studied the influence of tailgating on ritual commitment.

Missing is research on the economic impact of tailgating. If, as noted by Gillentine (2003), 10 percent of tailgaters do not attend the event itself, the economic impact from the tailgating only group would be significant. Therefore, impact studies of only the event itself may severely underestimate its true impact. The purpose of this study was to measure the additional economic impact of those who attended a sporting event as tailgaters only in order to estimate the degree to which economic impact studies may underestimate the true impact of those events.

A survey instrument was developed to collect the direct spending data of tailgaters at two randomly selected home games during a team's 2010 season. The survey was designed based on the methods outlined by Brown et al. (2010). As recommended by Zikmund (2009), a random sample framework was employed to collect the data. Data was collected from approximately 350 subjects at each event with a total of 713 surveys completed. IMPLAN multipliers were used to measure the indirect and induced effects of the direct spending on the region's economy. These multipliers were built based upon the region's input/output tables which measure the flow of goods and services among industries within the region.

An analysis of the data revealed that the average attendance at the two games was 77,238 with an average total event attendance of 121,696. Those tailgating only and not attending the game itself averaged 44,459. Incremental tailgating only visitors averaged 15,444 per game while remaining in the region for 1.78 days. Direct spending by these visitors was \$1.74 million, with a total sales (output) impact of \$2.79 million. Further, the tax impact of these visitors was \$245,000 while the earnings impact was \$1.01 million. Finally, the employment impact was 48.8.

The results indicate that those who only attended the event to tailgate added \$2.79 million in total sales (output) to the region's economy. Taken over the course of a season, the impact would be \$19.53 million. Therefore, in this case if only game attendees were measured the economic impact of the game on the region would underestimate the true impact by at least \$2.79 million per game or \$19.53 million per season.

References:

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