AN ECONOMIC IMPACT STUDY
OF ROUND 15 OF THE
WORLD RALLY CHAMPIONSHIP 2007:
RALLY IRELAND
RALLY IRELAND 2007:

ACKNOWLEDGEMENTS
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1.1 EXECUTIVE SUMMARY

We report on a series of findings arising from spectator responses to a questionnaire issued at the Rally Ireland event of 15-18 November 2007. In so doing we develop a spectator profile, travel patterns, and the expenditure of spectators at the event.

An assessment is made of the Rally’s overall economic impact, taking into account all of the expenditures generated which could be identified. Estimates of media impact are also reported.

The total number of useable responses was 178, with spectators selected at random on Friday November 16, at Special Stages 6, 7, and 8, and on Saturday November 17, at Special Stages 13, 14, and 15.

The sample was overwhelmingly male, 87.6%, and 56.2% of respondents fell into the 20-35 age group. The impression of young males travelling in groups is confirmed by the striking proportion, 83.7%, which attended in numbers of three or more.

Fully 92.7% of those surveyed came from Ireland, 54.5% from Northern Ireland, and 38.2% from the Republic of Ireland; those who travelled to the region for the sole purpose of attending the rally were 81.4% of those surveyed.

We estimate that the number of spectators at the event was between 100,000 and 150,000; these figures are based on police and organisers’ assessments, adjusted to take account of different lengths of stay by respondents. These figures, as upper and lower bounds to the actual figure, provide a means of estimating the economic impact of the Rally Ireland event.

Estimating the total or exact numbers of people attending events, such as this one, where there is no clear method of tracking such movements is problematical. Inevitably some degree of estimation is used, albeit in this case the cumulative attendance is based on relatively precise figures provided by police forces present in both jurisdictions on the island and, on this basis, we are very confident about the methods we have used to arrive at a total unique attendance figure for the event, which in turn provides the basis for our economic analysis.

Only 32.8% of those surveyed paid for their accommodation, a total demand for between 32,800 and 49,200 commercial beds. The estimated accommodation available in the region in 2003 (the latest date for which figures are available) was estimated at 21,035, and it seems unlikely to have increased substantially over the past four years. It is probable that at least some of those who said they would be paying for their accommodation did not find a bed for the night in question.

We estimate that the total spending attributable to the Rally, based on the accepted sports industry assumptions, lies between €39.1m and €58.7m. These figures are in line with those estimated from previous research into the economic impact of this event carried out in 2005 and 2006 (University of Ulster).

The data suggest that about 135,000 cross-border nights resulted from the Rally; this is the number of people from the Republic spending nights in Northern Ireland plus the number of people from Northern Ireland spending nights in the Republic.

The economic impact of non-spectator spending (media, sponsors, teams) is not usually measured; we report over €650,000 of such expenditure, and itemise other areas of impact which make a difference to the local economy.

Rally Ireland 2007 was a success; it generated at least €39.1 million of additional spending, which was a further and valuable stimulus to the economy of the North-West of the island at a difficult time of year for the tourism sector.
2.1 INTRODUCTION

An important feature of this event is that it took place across an international border, shortly after a peace agreement in Northern Ireland which brought to an end nearly forty years of civil unrest and violence in which that border was an important issue. In what follows, “Ireland” and “Irish” refer to the 26-county Republic of Ireland, while “Northern Ireland” refers to the 6-county portion of the United Kingdom on the island of Ireland.

Using broadly the same questionnaire as several other authors (e.g. those who worked on Rallye Deutschland and Rally New Zealand3), we analyse the data to determine the spectator profile of those who attended the event, including their spending patterns, and to compare the profiles of respondents from Northern Ireland and the Republic of Ireland. A further section on corporate-related aspects of the event estimates the non-spectator spending occasioned by the Rally, and assesses media impacts. In our conclusion, we assess the overall economic impact of the Rally, and indicate future possibilities for obtaining spectator and corporate feedback.

(Note: The currency used throughout is the Euro; the exchange rate used to convert sterling amounts into Euro was €0.74 to £1 sterling as accurate at the close of 2007).

2.2.1 QUESTIONNAIRE RESULTS

2.2.2 DATA COLLECTION

A two-page questionnaire was administered to spectators selected at random on Friday November 16 2007 (Special Stages 6, 7 and 8), in the Republic of Ireland, and on Saturday November 17 2007 (Special Stages 13, 14, and 15), in Northern Ireland, by a total of 16 trained researchers from the University of Ulster. This procedure was overseen by one of the authors on this report (Dr David Hassan, Sport and Exercise Sciences Research Institute), and the number of valid responses obtained was 178. The assumption was made that this procedure would allow a broadly similar sample to be surveyed from both jurisdictions on the island.

2.3.1 QUESTIONNAIRE RESULTS: SPECTATOR PROFILE

2.3.2 HOW MANY SPECTATORS?

Because of the nature of rally events, calculating the numbers who attend is always problematical, but some estimate is essential for the calculation of economic impacts. Before the event, the number was estimated at 150,000 individuals; in practice, An Garda Siochana (Ireland’s national police service) estimate that 75,000 attended the first full day (Friday November 16 2007)4, and that about 70,000 individuals were present on Sunday November 18 2007 to view the stages in Mullaghmore, County Sligo and Donegal Bay5. The Police Service of Northern Ireland (pSNI) estimated that some 80,000 spectators viewed the Rally in Northern Ireland on Friday November 16 20076 and Saturday November 17 2007.

An additional 15,000 spectators attended the event on Sunday November 18 2007 during those stages held in Northern Ireland. The first Super Special Stage, which took place in the grounds of parliament Buildings, Belfast, attracted a sell-out attendance of 11,500 spectators whilst a further 6000 people paid an admission fee to the Rally Ireland Service park, situated in the Institute of Technology, Sligo. This provides a cumulative attendance of 257,500 spectators. Of course it would be naive to suggest that the total attendance at the rally was 257,500 as spectators attended more than one stage on particular days and were present at the rally over several days, whilst estimating attendances of this nature is an inexact science at the best of times. Notwithstanding these reservations it is necessary to provide a sound rationale for the attendance figures used to calculate the event's economic impact, a process that is itself the product of differing perspectives and formulas. Whilst recognising the merits of other approaches the one used in this report is robust and based on a conservative and commonsense approach. As such

3 The following rallies and collaborating institutions have been included in the 2007 WRC Economic Impact study report: Rallye Deutschland (Peter Bothor, ADAC Sportmarketing/Eventmanagement); RAAC (Espana) (Dr Juan Luis Paramio, Universidade Autonoma de Madrid); Rally New Zealand (Dr Geoff Dickson, Auckland University of Technology); Rally Ireland (Dr David Hassan and Dr Douglas McCulloch, University of Ulster at Jordanstown); Rally de Portugal (Dr Fernando Perna, University of Algarve); Rally de France (2005) (Anne Theas and Steven Scrive, EESSEC Solutions Enterprise). Copies of this report, which brings together figures from a total of six rallies (five from the 2007 WRC season) are available for download from the Rally Ireland homepage with hard copies on request.

4 This figure is provided by Mr Kieran Kenny, Chief Superintendent, An Garda Siochana

5 Ibid.

6 These figures are provided by Mr Alywin Barton, Chief Inspector: Operations, Police Service of Northern Ireland.
the gross total of 257,500 has to be adjusted for the fact that 23.0% of our respondents intended to spend only one day at the Rally, while nearly half or 47.7% intended to spend either 2 or 3 days viewing the event. It seems reasonable to suppose that the original estimate of 150,000 spectators is probably in the right region; in what follows, we use 100,000 and 150,000 to calculate the economic impact of Rally Ireland, as upper and lower bounds to the actual figure, in the appreciable absence of more accurate data.

2.3.3 MODE OF TRAVEL

Of those surveyed, some 83.2% arrived at the event by private car; including campervans and motorcycles increases the proportion of independent road users to 88.9%. Almost all of the remainder arrived by bus or hired coach.

2.3.4 SOCIAL CHARACTERISTICS: AGE, GENDER, GROUPINGS, AND ORIGINS

FIGURE 1: AGE DISTRIBUTION

<table>
<thead>
<tr>
<th>Age Group</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-20</td>
<td>5</td>
</tr>
<tr>
<td>21-25</td>
<td>10</td>
</tr>
<tr>
<td>26-30</td>
<td>15</td>
</tr>
<tr>
<td>31-35</td>
<td>20</td>
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<tr>
<td>36-40</td>
<td>15</td>
</tr>
<tr>
<td>41-45</td>
<td>10</td>
</tr>
<tr>
<td>46-50</td>
<td>5</td>
</tr>
<tr>
<td>51+</td>
<td>5</td>
</tr>
</tbody>
</table>

The “young adult” age group, from 21 to 35, made up 61%; as regards gender, 67.6% were male, and respondents were grouped accordingly. Of those surveyed, therefore, 83.7% attended in a group of three or more. These results support the view reported from other countries (New Zealand and Germany) that supporters attend in young adult male groups. In the case of Ireland, only 18% of respondents stated that children (under 16) were members of their group.

FIGURE 2: PERCENTAGE OF ATTENDEES WHO TRAVELLED IN GROUP SIZES:

<table>
<thead>
<tr>
<th>Group size</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>10</td>
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<tr>
<td>3</td>
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<td>4</td>
<td>20</td>
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<td>5</td>
<td>15</td>
</tr>
<tr>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>7+</td>
<td>5</td>
</tr>
</tbody>
</table>

Fully 92.7% of those surveyed came from Ireland, 54.5% from Northern Ireland, and 38.2% from the Republic of Ireland. The split between the two jurisdictions varies over time; in 2005, there were 38% from Northern Ireland, and 59% from the Republic, while in 2006, 67% came from Northern Ireland, and 30% from the Republic\(^7\). As one might have expected, the other country of origin represented was Britain, at 4.5%; the only other countries represented were Poland (no. 2) and Spain (no. 1). Currently, and in common with other rallies, this event attracts primarily those who live in the host country.

Most spectators (88.9%) were there only for the rally; only 18.5% were staying on after it finished. Visitors to the region were 88.2% of those who responded to our survey; only 15.2% came from a town which was less than 75km from Sligo, whilst the average distance between the home place and Sligo was 121km. Since Sligo is 50km from Enniskillen, the other rally centre, the distances actually travelled by respondents may have been less, but an average distance of even 71km (121 - 50) is still quite significant.

Of the visitors, 56.7% had been to the region on at least one previous occasion, mostly for leisure pursuits; of the 68 who had not been before, 57 said they would be coming again soon. This looks like a good marketing effect for local tourism. Only 4.4% disagreed that the North-West was a suitable venue for Rally Ireland, despite the long distances they had to travel to get there.

\(^7\) These figures relate to previous research studies carried out on Rally Ireland 2005 (University of Ulster/ Institute of Technology, Sligo) and Rally Ireland 2006 (University of Ulster). Copies of both of these reports are available for download from the Rally Ireland homepage or copies are available upon request.
2.4.1 QUESTIONNAIRE RESULTS: SPECTATOR EXPENDITURES

2.4.2 ACCOMMODATION

Only 32.8% of those surveyed paid for their accommodation; the remainder were staying at home, or with friends or family. This figure, plus our attendance estimates (150,000 and 100,000) imply that between 49,200 and 32,800 bed-nights were required for this event. Failte Ireland\(^8\) (the Irish Tourism Authority) estimated the number of beds in the North-West region of the Republic of Ireland in 2003 at 15,795\(^9\). The estimate for the number of beds in the whole of Northern Ireland is 15,719\(^10\), so that if we generously estimate that one-third of these are available in the North-West market, Rally spectators have available a further (estimated) 5,240 beds. As such the total number of beds available can be estimated as 15,795 (ROI) + 5,240 (NI) = 21,035 bed nights.

The construction boom in both parts of Ireland has probably added some additional capacity since the Failte Ireland figures were published, but it seems fairly certain that there was a substantial shortage of accommodation for this event. Further evidence comes from the number of respondents who intended to stay overnight in their vehicles, which is not a comfortable choice in North-West Ireland in November, and anecdotal evidence from people at the rally certainly confirmed a scarcity of commercial accommodation. It seems likely that many respondents may have arrived at the Rally hoping to find accommodation but were unable to do so; future events might include pre-booked package deals for rally supporters which included accommodation. Indeed the full economic impact of the Rally will only be realised when all spectators who need commercial accommodation and are prepared to pay for it can find it.

It follows that the responses to the question, “How much are you spending on accommodation per night per person?” probably give a measure of the potential spend, rather than the actual amount; the average spending figure is €27.45. The mean number of nights to be spent in the Republic at the rally was 0.87, and in Northern Ireland was 0.7, making an overall average number of nights = 1.57, and an average spend per spectator of €27.45 x 1.57 = €43.10. The potential accommodation spend therefore appears to lie between 100,000 x €43.10, or €4.3 million, and 150,000 x €43.10, or €6.5 million.

\(^8\) This organisation has since changed its name to Failte Ireland, though where reference is made to publications and statistics produced by the organisation prior to its rebranding its title at that time (Bord Failte) is used to ensure accuracy and traceability.


2.4.4 THE TOTAL ECONOMIC IMPACT

Since the total accommodation spend is estimated to lie between €4.3 million and €6.5 million, the estimate of the total spend overall lies between €39.1 and €58.7m. These are large figures; however, the total holiday expenditure by Irish domestic tourists in 2005 was £706.8m (Failte Ireland (2006), Table 7), and, according to the Failte Ireland End of Year Review for 2007 (source: finfacts.com/irelandbusinessnews, January 8th 2008), “expenditure by Irish people holidaying at home is now estimated to be at least £1 billion”. Also, the total output of the Northern Ireland Hospitality industry in 2003 was £912.9m (Cogentsi (2007) Table 32, £604m converted at £1 = £0.74). It follows that the estimate of between €39.1m and €58.7m may not be overstated; bearing in mind the capacity limitations that may exist. Rally Ireland is a spectator-driven event, the types which have the greatest economic impact (Sports UK (2007)).

2.5.1 QUESTIONNAIRE RESULTS: SPECTATOR CROSS-BORDER CONTACTS

Of those who attended the rally 54.4% were from Northern Ireland (NI) and 38.2% originated from the Republic of Ireland (ROI). In the following section we consider “Travel”, “Demographics” and “visiting and Staying”.

2.5.2 TRAVEL

About 10% more attendees from NI came by car compared to their equivalents in ROI, 88.7% versus 77.9%. The mean distance from ‘home’ to Sligo was 101 miles for NI respondents against 109 miles for ROI respondents, implying that despite their relative closeness to the rally, NI respondents travelled almost as far as ROI spectators. As far as locating the rally is concerned, it may be an attraction for its clientele that getting to it requires a long journey by car. About the same proportions said that the venue was suitable for the event, 88.2% (ROI) and 86.6% (NI), whilst 83.8% (ROI) and 80.4% (NI) were coming only for the Rally, about the same, both of which tend to confirm the view that remoteness may be an asset.

2.5.3 DEMOGRAPHICS

The mean ages are interesting, 33.3 years for ROI and 29.1 years for NI respondents; there are more males in the NI sample, 89.7%, compared to 84.6% in ROI.

2.5.4 VISITING AND STAYING

The most striking statistic is the contrast between the proportions staying either at home or with friends or family: 47.1% (ROI) compared with 72.1% (NI). Spectators from the Republic of Ireland are clearly more valuable in terms of their demand for accommodation. For Northern Ireland, this good news is tempered by the contrast between the average number of days spent visiting Northern Ireland by Irish spectators, 1.13 days, and the average number of days spent visiting the Republic by spectators from Northern Ireland, 2.32 days. The average number of nights spent in NI by Irish spectators was 0.97 nights, compared with 1.81 nights spent in the Republic by NI spectators.

If we assume that the number of spectators was 100,000, it would appear that about 38% of 100,000 spectators spent 0.97 nights across the border from the Republic, or 36,860 nights, and 54.4% of 100,000 spent 1.81 nights, or 98,464 nights, across the border from Northern Ireland. This is a total of 135,324 cross-border nights between Northern Ireland and the Republic of Ireland. There was a time when such figures would not have been in the realms of possibility; now, they are both evidence of and encouragement to the continuing peace process in Northern Ireland.
2.5.5 SPENDING

FIGURE 5: MEAN SPENDING BY CATEGORY

Adding up these amounts, the totals are €329.80 (ROI) and €201.20 (NI). By contrast, the average expected total expenditures which respondents expected to make were €383.60 (ROI), and €173.00 (NI).

It is striking that ROI spectators underestimated their spending in categories, compared to the total, while NI spectators over-estimated it, but it is difficult to interpret this outcome without more data. However, we can suggest that the greater spending of the RoI group might be the outcome of higher earnings, which tend to increase with age, because the RoI group are on average 4.2 years older.

2.5.6 CONCLUSIONS

Rally Ireland is evidently making a serious contribution to the development of cross-border links; the two cohorts (NI and ROI) seem to differ in quite significant ways, for example in ages, and in their spending patterns.

3.0 CORPORATE ASPECTS

Rally Ireland is not just a sporting event; it has an important role in the strategies of both sponsors (including governments) and participants. The expenditure of about €1m on the entry of a car into a rally\textsuperscript{11} is not undertaken lightly, and some recognition must be made of factors which affect the involvement of corporate stakeholders. So varied are the requirements and viewpoints, however, that a few key dimensions only can be considered. This kind of information is only rarely collected on a systematic basis, and has not been gathered at Rally Ireland 2007; the discussion which follows is intended to explain the importance of these factors, and to sketch in potential values. The key dimensions are: social capital, road safety/corporate social responsibility, and the economic impact of non-spectator Rally spending.

3.1 SOCIAL CAPITAL

If the overall success of Rally Ireland, as well as the informal atmosphere which seems to attract so many young men, is to be maintained, volunteer support is essential. In 2006, Rally Ireland had the benefit of 1531 volunteers; by the time of the 2007 event this figure had doubled (3000) and indeed this aspect of the event was oversubscribed. Rally Ireland organisers have confirmed that they had 1200 additional volunteers working at the event beyond the number which was considered necessary. This support base is an important factor in the Rally's future success, and its health should be systematically measured, for example, with reference to the numbers of members of auto sport clubs, and the number of events organised. If we were to apply a reasonable cost to this volunteer support, or social capital to use a more prevalent term, then we could say that 3,000 volunteers gave an average contribution of 3.5 working days at 8 hours per day during the course of the event. This may be on the upper limits of any estimation but it does provide a ‘ball park’ figure when one considers the amount of preparation stewards and other volunteers gave in advance of the event (e.g. for training) and which are not included in this calculation. Thus this gives a total of 84,000 hours over the course of the event. If each of these individuals were to receive only the minimum wage in the Republic of Ireland at the time of the event (€8.65 per hour) for their work, which they gave free of charge, this would amount of a volunteer wage bill of some €726,600 or £542,171 sterling. This saving is remarkable and thus the value of the event becomes clearer. Social capital, and its critical role in modern day Ireland, is central to the Irish administration’s current Programme for Government and receives personal endorsement by the current Irish Prime Minister, Mr Bertie Ahern TD.

\textsuperscript{11} This figure is for factory teams. So-called ‘privateers’ can expect to pay in the region of €15,000 to enter the event.
3.2 ROAD SAFETY

Rally Ireland, in conjunction with the Department of Environment (DOE) Northern Ireland and the Road Safety Authority (RSA) in the Republic of Ireland, ran a very high profile road safety campaign entitled ‘Keep the Race in its Place’ in the weeks immediately preceding the staging of the event. It was reflective of a sense of corporate responsibility on the part of the organisers in recognising the potential difficulty of bringing together sizeable numbers of young men, in the context of a motor sport event, and ensuring that the high levels of road traffic accidents in that part of Ireland did not increase. Not one road death was recorded in the North West of Ireland over the course of the event, a remarkable testimony to the strength of the campaign and affirmation of the role motor sport can play in accessing this vulnerable social grouping. Whilst it would be improper to attach a monetary value to this campaign on the part of the DOE/RSA, unquestionably this partnership with Rally Ireland had a positive impact on road safety and it is quite possible that the qualities displayed by the professional drivers at the event had an affect upon its spectators who recognised the priority attached to skilful, safe and a disciplined approach to driving.

3.3 TEAM, MEDIA AND SPONSOR SPENDING

The typical spectator survey will not capture this spending, and particular procedures to do so are desirable. At Rally Ireland 2007, the estimated corporate ‘Rally’ hotel spend for Belfast alone was over £500,000 (€675,676), and the sixty three helicopters which were in action throughout the rally will have added considerably to the economic impact. Moreover there was ‘live’ television coverage of the event’s two super special stages (Parliament Buildings, Belfast and Mullaghmore, County Sligo), which were broadcast to 46 countries worldwide. Substantial print and radio media coverage of the event also served to provide a very positive image of the host countries, which is likely to derive added benefit in the time ahead. It follows that, for most rallies, including Rally Ireland, there are substantial economic impacts which are outside the normal measurement procedures but which nevertheless carry significant weight both socially and economically for those staging the event.

4.0 CONCLUSION

Rally Ireland 2007 was a success; it generated a large number of cross-border contacts, and it generated millions of Euro of spending. Despite some problems of limited capacity, it seems to us that at least €39.1 million of spending resulted, an additional and valuable stimulus to the economy of the North-West at a difficult time of year for the tourism-related trades.

Significant opportunities for future research into WRC events exist and there is a general impression that a number of potential avenues of investigation can only add to our understanding of the overall WRC product. Of these work into the exact impact that global media coverage of rally events create for those hosting a round of the WRC represents an obvious avenue for future study. Similarly, as high level sport appears to rely evermore on the impact of corporate investment and support, there is a requirement to better understand the needs and aspirations of the corporate sector regarding sports events. This process can begin by establishing the full extent of its present involvement in the WRC and engaging with the corporate sector in a mutually beneficial way going forward.
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