

June events to pump millions into local economy

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By Dean Calbreath
STAFF WRITER

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A poet once described June as the “month of leaves and roses.”

But in San Diego, this June is also the month of a marathon, a convention, a golf tournament and a fair that will bring tens of thousands of visitors and millions of dollars into the local economy.

Today's Rock 'n' Roll Marathon will be followed in short order by the U.S. Open golf tournament, from June 9 to 15; the BIO International Convention, from June 17 to 20; and the San Diego County Fair, from June 14 to July 6.

Promoters say the four events will inject a total of more than \$250 million into the local economy. Although some economists say that figure is unrealistically high, during a summer in which high gasoline prices and the national economic slowdown will eat into tourist spending, any infusion of cash into the economy will be welcome.

When people come here for conferences, conventions, even major sporting events, a good number of them extend their stay because San Diego's such a juicy-great place to spend a lot of time in,” said Stephen Zolezzi, executive vice president of the Food & Beverage Association of San Diego County.

In addition, events such as the U.S. Open and BIO attract an upscale audience with the means to spend.

“When you're talking about an event like the U.S. Open, you're talking about people who make an average of \$220,000 a year,” said Kathleen Davis, executive director of the Sports Management Research Institute in Florida. “These people could be spending \$600 to \$900 per day, including their hotel rooms. The more you make, the more you spend.”

Besides the immediate impact of tourist spending, there's also an additional benefit to having the free advertising that comes from high-profile events, whether it's the word-of-mouth recommendations from the conventioners at BIO or the flow of international news stories emanating from the U.S. Open.

“The Open is going to be broadcast by NBC, and you'll see the name San Diego in print and broadcast media, repeated again and again during the event,” said Sal Giametta, vice president of communications at the San Diego Convention and Visitors Bureau. “You can't put a number to the value of that kind of publicity.”

The economic impact an event can provide generally depends on how many of the visitors come from outside the area. People from San Diego or Orange counties who drive to the county fair in Del Mar don't have the same effect on the economy as visitors flying to the U.S. Open from New York or Japan.

The U.S. Open is expected to draw 50,000 spectators per day during its run at Torrey Pines, not including representatives from 3,500 media outlets. According to a study provided by the U.S. Professional Golfers Association, the U.S. Open in Pinehurst, N.C., in 2005 brought \$75 million in direct economic benefit from hotel stays, restaurant visits and retail spending and nearly \$50 million in indirect benefits, such as the salaries of the vendors, waiters and other people who make money from the event.

Many economists say that such calculations are far too optimistic. The indirect benefits, they say, are based on debatable economic assumptions about how much money spills over from the event into the local economy. And the direct benefits of hotel and restaurant traffic don't take into account how many tourists San Diego normally would attract. In other words, if the U.S. Open weren't held here, not all the hotel rooms would go empty.

Victor Matheson, a specialist in sports economics at Williams College in Massachusetts, estimated that the real impact could be 75 percent to 90 percent below what the PGA predicts.

“A typical rule of thumb that most economists use with sports promoters' estimates is to move the prediction one decimal point to the right,” he said, meaning that the PGA's \$100 million prediction may end up being more like \$10 million and the marathon's impact could be more like \$5 million.

Andrew Zimbalist, a sports economist at Smith College in

Massachusetts, said sports promoters generally use unrealistic calculations to produce upbeat estimates. “If you just look at the impacts of past Super Bowls, Olympics and golf tournaments, they have varying impacts: Some are positive, some are negative, and some have no impact at all,” he said.

But Jerry Morrison, a hospitality industry consultant in La Jolla, said the U.S. Open will unquestionably have a positive effect on the local economy, especially since it takes place before the summer rush of families starting their summer vacations.

“The beginning of June is a very good time, since most schools don't close until later in the month, so demand is still relatively low,” he said.

The same could be true of the timing of BIO, which will bring 20,000 scientists and entrepreneurs to the San Diego Convention Center to hear speakers such as former Secretary of State Colin Powell, Gov. Arnold Schwarzenegger and genomics pioneer Craig Venter. Because 75 percent of the attendees will come from outside the county, that translates into thousands of hotel rooms and restaurant meals. The Convention Center estimates they will spend \$35 million during BIO's four-day run.

Because the marathon and county fair attract a high proportion of locals, they probably won't create as much of an impact on the economy, analysts say.

The locals – including visitors from Orange County or Los Angeles – are often day-trippers who return home once their participation in a particular event is over. In contrast, the out-of-state golf fans or biotech conventioners generally pump money into the economy when they splurge at local hotels and restaurants or buy souvenirs from local vendors.

“I don't want to knock the fair,” said Skip Hull, vice president of CIC Research in San Diego, which monitors the tourism industry. “We all enjoy the fair. I have a great time whenever I go. But to have an economic impact, the dollars have to be derived from outside the local economy. So yes, it probably has less impact.”

Nevertheless, the fair's organizers say the event contributes more than \$100 million to the economy, mostly by providing employment to a small army of 3,000 temporary vendors and staffers, at least half of whom come from the San Diego area.

The Rock 'n' Roll Marathon also has a heavy local contingent, but it manages to draw thousands of runners from elsewhere in the country and the world. Last year, roughly 15,000 of the 21,000 runners in the marathon came from outside the county, according to a study done by George Washington University.

Assuming – perhaps optimistically – that these visitors spent an

average of 2½ nights at local hotels and went to restaurants for most of their meals, the GWU study estimated that they would have spent more than \$48 million in the county.

But some economists cast doubt on those figures.

“The research that I've read suggests that the main way marathons might help the local economy is that if you have local runners who are interested in marathons, it keeps them in town rather than going somewhere else with their running shoes and wallets,” said Matheson, the Williams College specialist in sports economics.

He said that even if a marathon brings in visitors from outside the area, it also disrupts traffic patterns, causes transportation delays and keeps some crowd-averse locals away from the route of the race.

“Some people come in a couple days early from outside the area and eat very well at local restaurants, which brings in some money,” Matheson said. “On the other hand, when I ran the Boston Marathon, I went home and collapsed and didn't do anything for 48 hours, so it can have that kind of effect as well.”