



# The Economic Impact of the 2013 Breeders' Cup at Santa Anita Park

March 2014



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# Introduction and definitions

- This study measures the economic impact of the 2013 Breeders' Cup Classic horse race events in Arcadia, Los Angeles County, held in Nov. 2013.
- Visitors are defined as non-residents of Los Angeles County who came for the day or stayed in overnight accommodations.
- The impact of tourism includes direct spending, the indirect (supply-chain) effects, and induced (income) effects.
- Impacts were measured in terms of employment, income, business sales, and tax revenues.





# Headline results

- Total attendance over the two days was 94,600, with 64,800 unique attendees, of whom 42,600 (or 65.7%) were visitors from outside LA County.
- Total direct spending tallied \$39.5 million, including \$31.3 million in visitor spending, \$4.6 million by the host organization, and \$3.6 million by the media, race participants, and air transportation.
- The total economic impact was \$64.9 million in business sales, 532 full-time equivalent jobs, and \$25.9 million in labor income, including indirect and induced impacts.



# Visitor Profile and Spending

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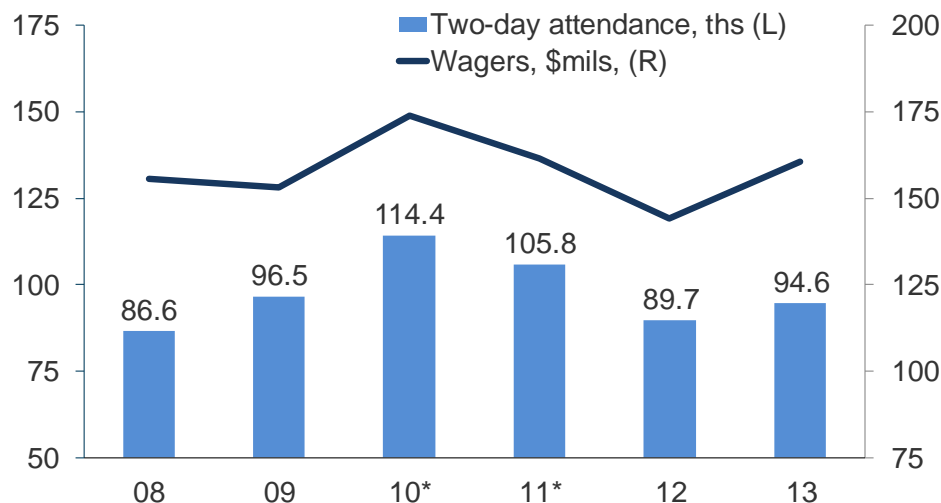
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# Attendance and wagering

- Nearly 95,000 attendees came to Santa Anita Park over the two-day event, a 5.4% increase from the 2012 event.
- Total wagers for the 2013 Breeders' Cup amounted to \$160.7 million, of which \$21 million was bet at the track. Wagering was up 11.4% over 2012.

**Breeders' Cup Attendance and Total Wagers**



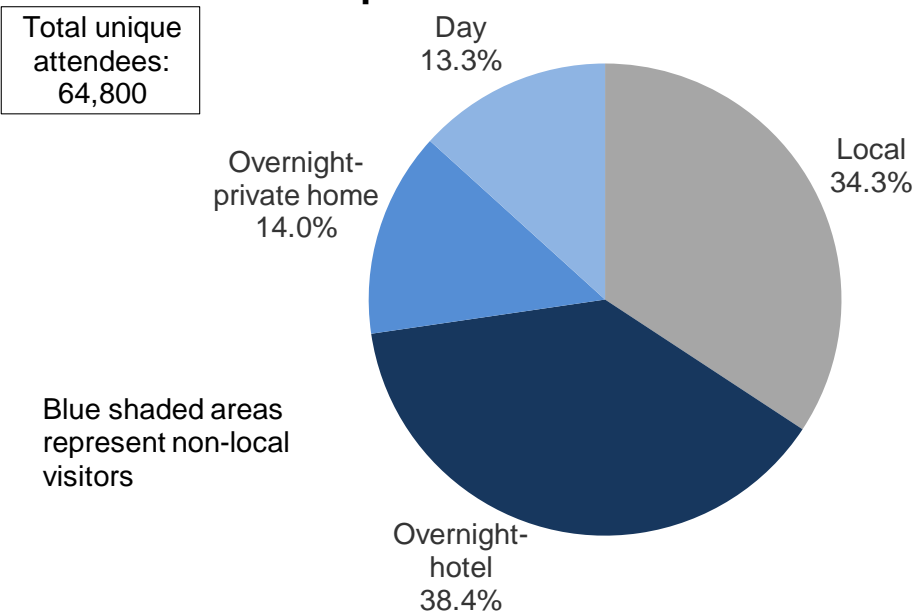
Sources: Breeders' Cup, Tourism Economics

\* Events took place at Churchill Downs, KY

# Unique attendees

- Most attendees, 65.7% of the total, came from outside LA County and were considered visitors for the purposes of economic impact.

## 2013 Breeders' Cup Attendee Breakdown



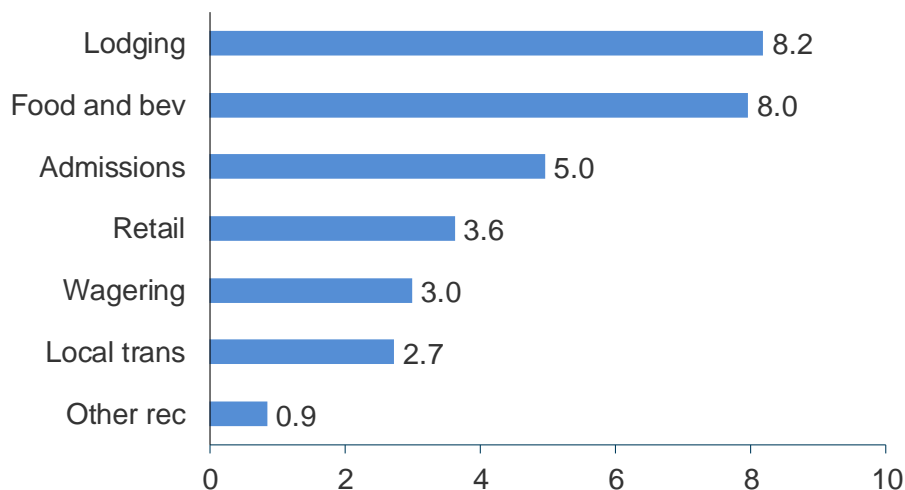
Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

# Visitor spending

- Visitors who came for the Breeders' Cup spent an average of \$169 per person per day (excluding wagering and admissions).
- The largest share of visitor spending was lodging, followed by food & beverage, admissions to the park, retail, and wagering.

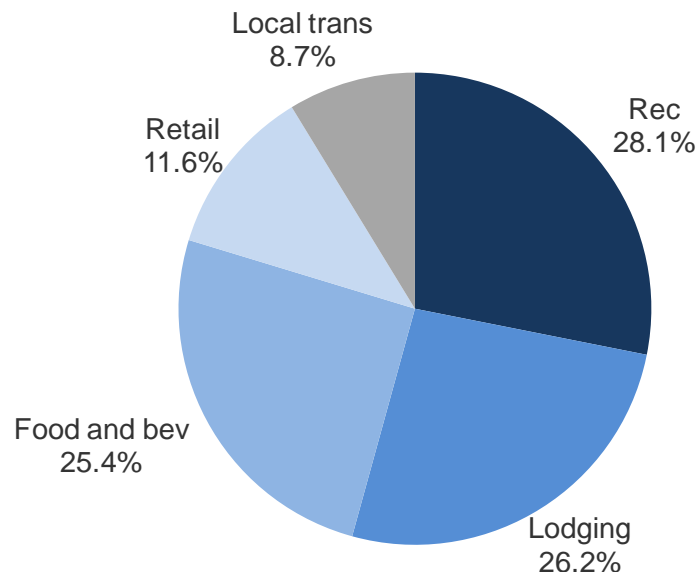
**Breeders' Cup Visitor Spending by Category**

\$ million



Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

**2013 Breeders' Cup Visitor Spending Profile**



Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

# Total spending by source

- Direct spending totaled \$39.5 million.
- Visitors accounted for \$31.3 million, including on-track spending. This amounted to 79.2% of total direct spending.
- The remaining \$8.2 million was spent by the host organization, members of the media, and race participants. The estimated local portion of air transportation was also included as direct spending.

Direct Spending by Source							
(\$Millions)	Visitor Spending	On Track Spending	Air Trans	Host Organization	Media	Race Participants	Total
Lodging	8.2	0.0	0.0	0.7	0.4	0.9	10.2
Food and Bev	8.0	0.0	0.0	0.0	0.3	0.3	8.6
Retail	3.6	0.0	0.0	0.0	0.0	0.1	3.7
Recreation	0.9	8.0	0.0	0.0	0.0	0.0	8.8
Local Trans	2.7	0.0	0.0	0.0	0.1	0.0	2.8
Air Trans (local portion)	0.0	0.0	1.5	0.0	0.0	0.0	1.5
General Event Operations	0.0	0.0	0.0	2.7	0.0	0.0	2.7
Marketing	0.0	0.0	0.0	1.2	0.0	0.0	1.2
<b>Total</b>	<b>23.4</b>	<b>8.0</b>	<b>1.5</b>	<b>4.6</b>	<b>0.8</b>	<b>1.3</b>	<b>39.5</b>

Note: On track spending includes visitors' portion of total wagering and admissions



# Economic Impacts

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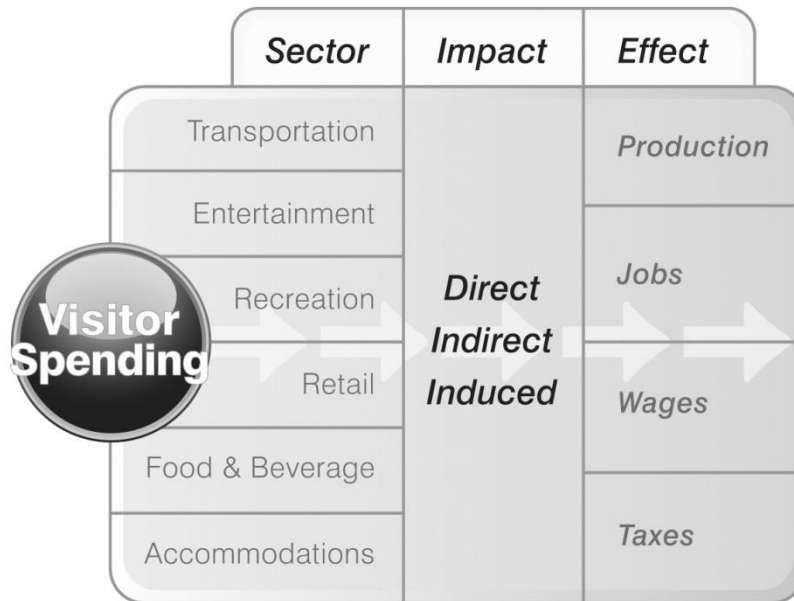


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# How visitor spending generates impact

- Direct impact: Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Indirect impact: Each directly affected sector also purchases goods and services as inputs into production. These impacts are called indirect impacts.



- Induced impact: Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the Los Angeles County economy.

# Total business sales

- Including indirect and induced business sales, the Breeders' Cup generated \$64.9 million in total business sales.

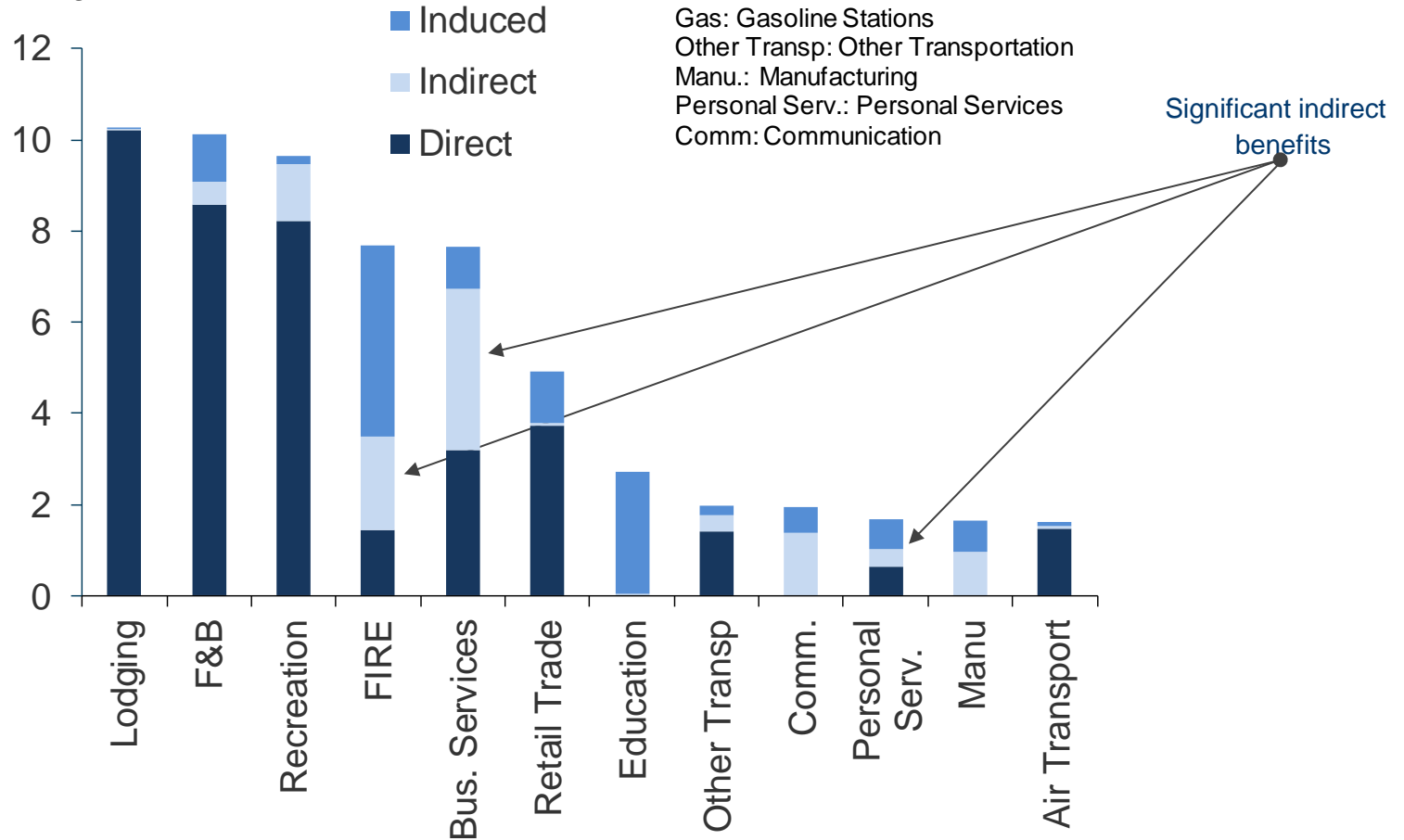
<b>Business Sales</b>				
(\$Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	0.0	0.1	0.1	0.2
Construction and Utilities	0.0	0.6	0.2	0.8
Manufacturing	0.0	0.9	0.7	1.7
Wholesale Trade	0.0	0.2	0.5	0.7
Air Transport	1.5	0.1	0.1	1.6
Other Transport	1.4	0.4	0.2	2.0
Retail Trade	3.7	0.0	1.1	4.9
Gasoline Stations	0.7	0.0	0.1	0.7
Communications	0.0	1.4	0.6	1.9
Finance, Insurance and Real Estate	1.4	2.1	4.2	7.7
Business Services	3.2	3.5	0.9	7.7
Education and Health Care	0.0	0.0	2.7	2.7
Recreation and Entertainment	8.2	1.2	0.2	9.7
Lodging	10.2	0.0	0.0	10.2
Food & Beverage	8.6	0.5	1.0	10.1
Personal Services	0.6	0.4	0.7	1.7
Government	0.0	0.3	0.2	0.5
<b>TOTAL</b>	<b>39.5</b>	<b>11.8</b>	<b>13.5</b>	<b>64.9</b>

\* Direct sales include cost of goods sold for retail sectors

# Business sales by type of impact

## Business Sales

\$ million



\* Direct sales include cost of goods sold for retail

# Employment impact details

Employment Impacts				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	0	0	0	0
Construction and Utilities	0	2	1	3
Manufacturing	0	1	1	2
Wholesale Trade	0	1	2	3
Air Transport	4	0	0	4
Other Transport	13	3	2	18
Retail Trade	17	0	11	29
Gasoline Stations	0	0	0	1
Communications	0	3	1	5
Finance, Insurance and Real Estate	7	8	10	25
Business Services	43	29	8	81
Education and Health Care	0	0	24	24
Recreation and Entertainment	99	17	2	118
Lodging	76	0	0	76
Food & Beverage	101	6	12	120
Personal Services	8	4	8	19
Government	0	2	1	3
<b>TOTAL</b>	<b>368</b>	<b>80</b>	<b>85</b>	<b>532</b>

- The Breeders' Cup supported 532 full-time equivalent, annualized jobs in LA County, including indirect and induced impacts.



# Income generation details

<b>Labor Income (Compensation)</b>				
(\$Millions)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	0.0	0.0	0.0	0.0
Construction and Utilities	0.0	0.2	0.1	0.3
Manufacturing	0.0	0.1	0.1	0.1
Wholesale Trade	0.0	0.1	0.2	0.3
Air Transport	0.4	0.0	0.0	0.4
Other Transport	0.7	0.2	0.1	1.0
Retail Trade	0.7	0.0	0.5	1.2
Gasoline Stations	0.0	0.0	0.0	0.1
Communications	0.0	0.6	0.2	0.7
Finance, Insurance and Real Estate	0.4	0.5	0.6	1.5
Business Services	2.0	1.9	0.5	4.4
Education and Health Care	0.0	0.0	1.6	1.6
Recreation and Entertainment	4.3	0.8	0.1	5.1
Lodging	3.5	0.0	0.0	3.6
Food & Beverage	3.6	0.2	0.5	4.2
Personal Services	0.4	0.3	0.4	1.1
Government	0.0	0.2	0.1	0.3
<b>TOTAL</b>	<b>15.9</b>	<b>5.0</b>	<b>5.0</b>	<b>25.9</b>

- The jobs sustained by the Breeders' Cup race generated \$25.9 million in income for employees in Los Angeles County.

# Breeders' Cup generation of tax revenues

<b>State and Local Tax Revenues</b>	
<b>\$Millions</b>	
	<b>Amount</b>
<b>State</b>	<b>1.9</b>
Personal Income	0.7
Corporate	0.1
Sales	0.9
Social Security	0.1
Other Taxes and Fees	0.2
<b>Local</b>	<b>2.9</b>
Sales	0.3
Lodging	1.3
Property	1.1
Other Taxes and Fees	0.1
<b>TOTAL</b>	<b>4.8</b>

- The Breeders' Cup at Santa Anita Park generated state and local tax proceeds of \$4.8 million.
- Local taxes generated included property, sales, and lodging tax revenues, and amounted to \$2.9 million in 2013.

# Visitor Profile Details

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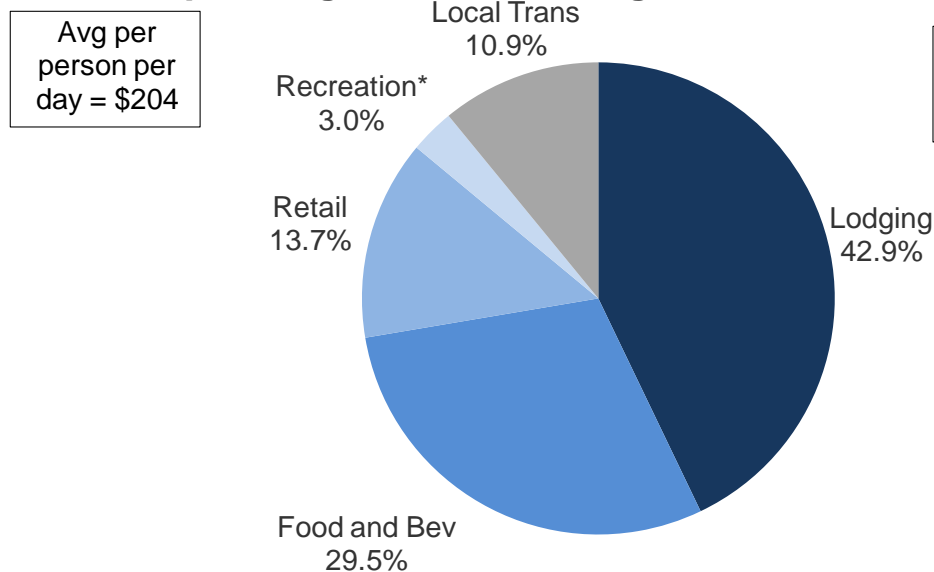
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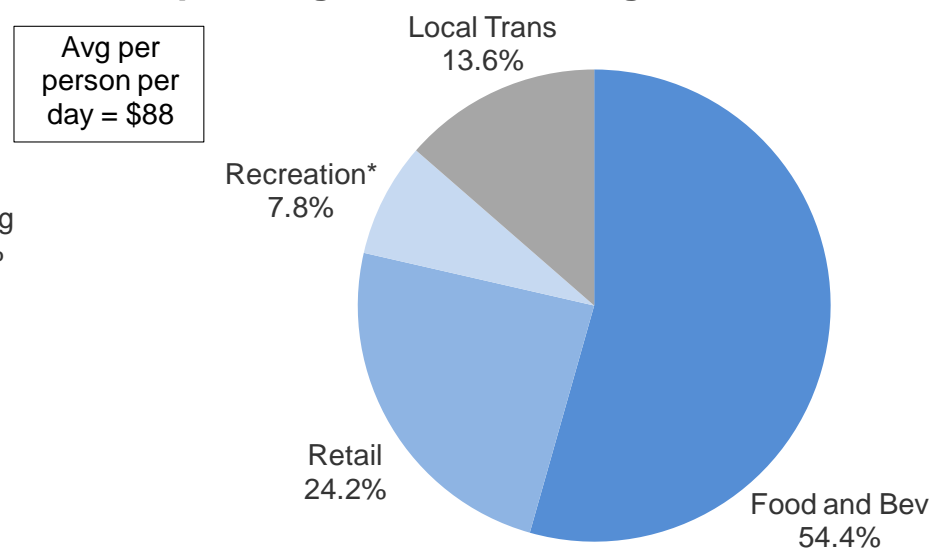
# Visitor spending details: overnight visitors

- Overnight visitors staying in hotels spent \$204 per person per day, with lodging and food & beverage accounting for nearly three-quarters of their spending.
- Overnight visitors staying in private residences spent an average of \$88 per person per day.

**Visitor Spending Profile: Overnight in Hotel**



**Visitor Spending Profile: Overnight in Priv. Res.**



Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

\*Excludes on-track wagering and admissions spending

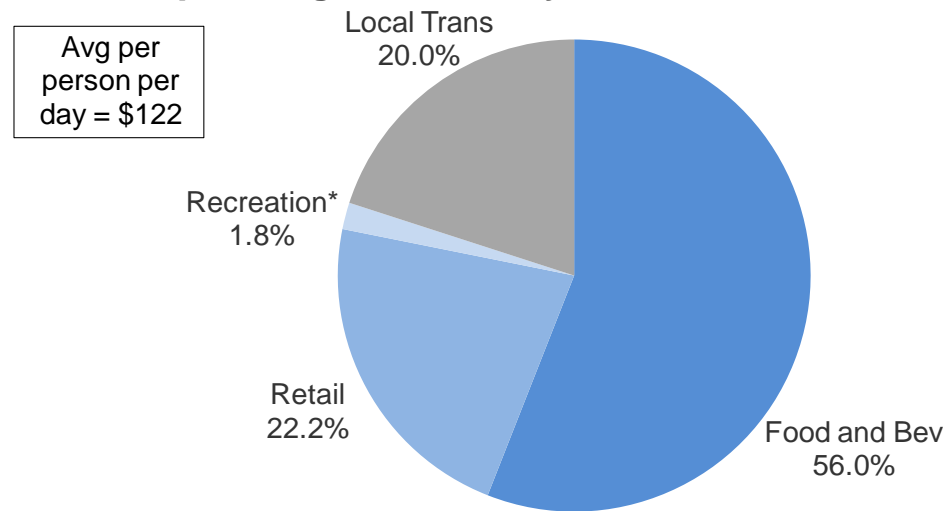
Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

\*Excludes on-track wagering and admissions spending

# Visitor spending details: day visitors

- Day visitors spent an average of \$122 per person per day.
- Food & beverage spending accounted for 56% of the total, followed by retail, local transportation, and off-site recreation spending.

**Visitor Spending Profile: Day Visitors**



Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

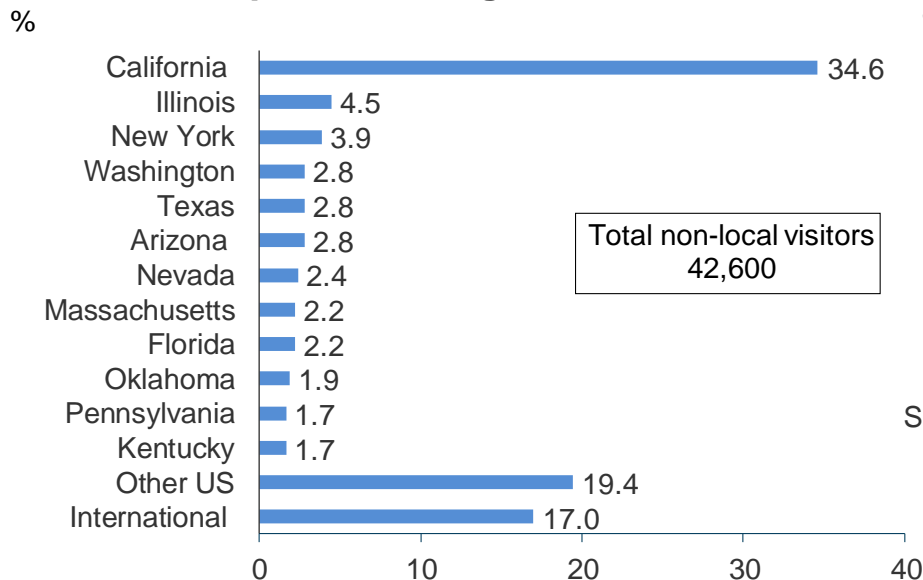
\*Excludes on-track wagering and admissions spending



# Visitor origins

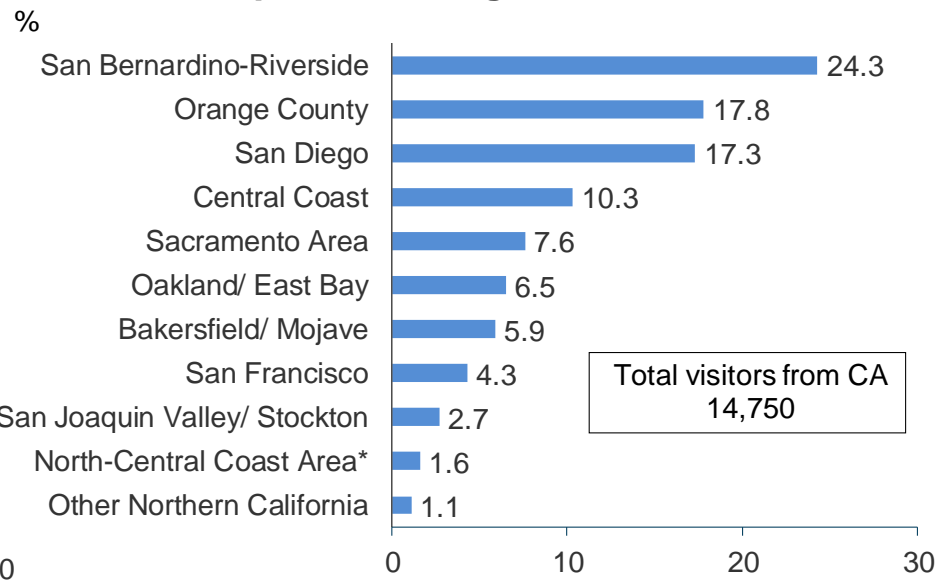
- Most visitors to the Breeders' Cup came from outside of California, including international visitors.
- More than a third of visitors came from within California; San Bernardino-Riverside, Orange County, and San Diego were key source markets.

## Breeders' Cup Visitor Origin Markets



Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

## Breeders' Cup Visitor Origin: CA Details



Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

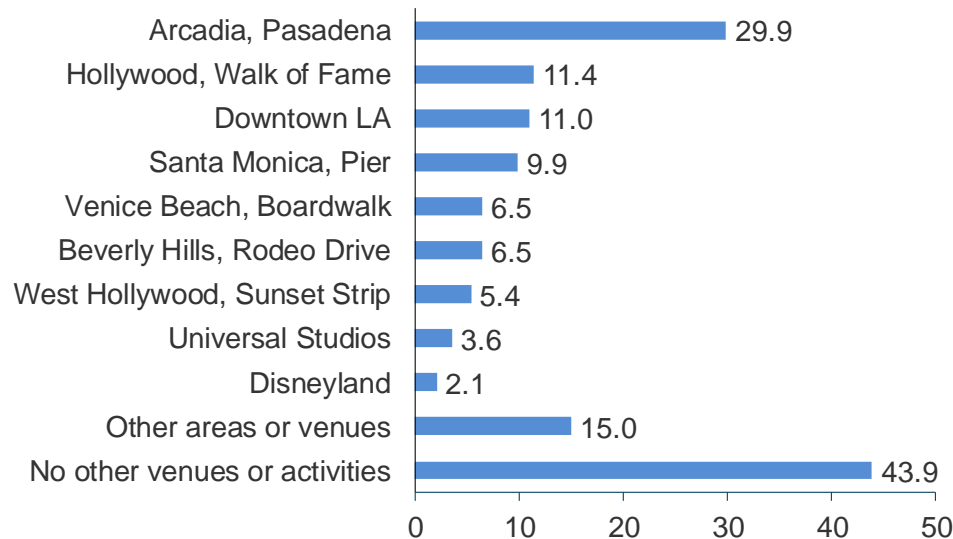
\*Includes Monterey, Santa Cruz, San Jose, and Palo Alto

# Visitor activities

- More than half of visitors to the Breeders' Cup engaged in other activities while in LA County.
- Arcadia, Pasadena, Hollywood, and Downtown LA were the most popular supplementary destinations.

## Supplemental Activities in the LA County

Other places visited, %



Sources: Breeders' Cup Visitor Profile Study conducted by Laruen Schlaue Consulting, Tourism Economics

# Length of stay

- On average, overnight visitors stayed in LA County 3.8 days, and those staying in private residences stayed longer at 4.0 days.
- International visitors stayed longer than domestic visitors, at 4.4 days versus 2.8 days and 4.0 days, for California and other US residents, respectively.

Length of Stay by Type of Visitor						
	Overnight Visitors Total	Lodging (in LA County)		Residence		
		Private	Hotel	Cal	Other	Int'l
1 day	2.1%	3.5%	1.6%	4.0%	2.0%	0.0%
2 days	25.1%	28.1%	24.0%	45.5%	18.4%	20.5%
3 days	25.8%	27.2%	25.2%	29.3%	25.3%	22.9%
4 days	22.5%	14.9%	25.2%	15.2%	26.9%	18.1%
5 days	11.9%	10.5%	12.5%	3.0%	14.3%	15.7%
6 days	4.9%	4.4%	5.1%	1.0%	4.5%	10.8%
7 days	2.6%	2.6%	2.6%	1.0%	3.3%	2.4%
8-10 days	4.0%	6.1%	3.2%	0.0%	4.1%	8.4%
11-14 days	0.5%	0.9%	0.3%	1.0%	0.4%	0.0%
14+ days	0.7%	1.8%	0.3%	0.0%	0.8%	1.2%
<b>Median days:</b>	<b>3.4</b>	<b>3.2</b>	<b>3.5</b>	<b>2.5</b>	<b>3.7</b>	<b>3.9</b>
<b>Mean days:</b>	<b>3.8</b>	<b>4.0</b>	<b>3.8</b>	<b>2.8</b>	<b>4.0</b>	<b>4.4</b>

Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlaug Consulting, Tourism Economics

# Party size

- The average party size of visitors to the Breeders' Cup was 2.7.
- Overnight visitors' party size averaged 2.8, compared with day visitors at 2.4.
- International visitors came in slightly larger groups, averaging 3.1 persons.

Party Size by Type of Visitor							
	Total	Lodging (in LA County)			Residence		
		Day	Private	Hotel/	Cal	Other	Int'l
1 person	16.6%	25.0%	14.9%	14.4%	20.5%	15.1%	13.2%
2 people	44.5%	44.4%	40.4%	46.0%	46.5%	47.1%	33.0%
3 people	15.0%	13.0%	19.3%	14.1%	15.7%	12.0%	22.0%
4 people	12.3%	7.4%	14.9%	13.1%	10.8%	12.7%	14.3%
5 people	3.4%	3.7%	0.9%	4.2%	2.2%	3.9%	4.4%
6+ people	8.0%	6.5%	8.8%	8.3%	4.3%	9.3%	12.1%
No answer	0.2%	0.0%	0.9%	0.0%	0.0%	0.0%	1.1%
<b>Median party size:</b>	<b>2.3</b>	<b>2.1</b>	<b>2.4</b>	<b>2.3</b>	<b>2.1</b>	<b>2.2</b>	<b>2.7</b>
<b>Mean party size:</b>	<b>2.7</b>	<b>2.4</b>	<b>2.8</b>	<b>2.8</b>	<b>2.4</b>	<b>2.8</b>	<b>3.1</b>

Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting, Tourism Economics

# Lodging Details

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# Room night demand

- The Breeders' Cup visitors generated an estimated 37,600 room nights in Los Angeles County including 11,300 in Arcadia/Monrovia/Pasadena hotels.
- The remaining 26,300 room nights (69%) were booked elsewhere within Los Angeles County.

Room Night Demand					
	Visitors (a)	Persons per room (b)	hotel rooms $c = (a/b)$	Mean # Nights (d)	Room Nights (c*d)
L.A. County total					
Hotel/Motel Visitors	24,900	2.1	11,860	3.17	37,600
Arcadia/Monrovia/Pasadena					
Hotel/Motel Visitors	7,490	2.08	3,600	3.13	11,300

Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting

# Choice of lodging location

- Over half of hotel/motel visitors stayed in the three areas closest to the Santa Anita Park, and 30% stayed in Arcadia/Monrovia/Pasadena.

Hotel Location	
	Total
Arcadia/Monrovia/Pasadena area*	30.0%
San Gabriel Valley	13.7%
Glendale/ Eagle Rock/ Burbank	8.9%
Hollywood	5.9%
Downtown Los Angeles	5.4%
Beverly Hills	4.9%
Santa Monica/ Marina del Rey/ Venice Beach	4.9%
LAX Airport area	4.5%
West Hollywood	1.5%
LA Westside	1.5%
Long Beach/ South Bay	1.5%
San Fernando Valley	0.9%
Other LA County area not listed	16.2%

Areas closest to Santa Anita Park

Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting

\*Arcadia/Monrovia/Pasadena area results based on inventory supply and hotel furnished occupancy rates

# Choice of local hotels

- Six hotels listed in the table below were promoted on the Breeders' Cup website.
- Of those staying in the Arcadia/Monrovia/Pasadena area, 10.1% stayed at the Langham Pasadena, 9.3% at the Westin Pasadena and 5.1% at the Embassy Suites.

Local Room Nights by Hotel		
	Share of Visitors Staying Locally	Estimated Room Nights
Langham-Huntington Hotel	10.1%	1,140
Westin Pasadena	9.3%	1,050
Embassy Suites	5.1%	580
Courtyard Marriott Monrovia	4.1%	460
Hilton Garden Inn	3.3%	370
Springfield Suites	2.3%	260
Other local hotels not listed	65.8%	7,440
<b>Total Room Nights</b>		<b>11,300</b>

Sources: Breeders' Cup Visitor Profile Study conducted by Lauren Schlau Consulting

# The Breeders' Cup impact on lodging

- Comparing 2013 to 2011, when the Breeders' Cup was not in Los Angeles, shows significant increased hotel occupancy and ADR for Friday and Saturday nights in 2013.

Lodging Metrics With and Without The Breeders' Cup					
Without Breeders' Cup 2011		Los Angeles County		Pasadena/Arcadia/Monrovia	
Day	Date	Occ	ADR	Occ	ADR
Wed	2-Nov	75.4%	\$133.92	73.8%	\$120.04
Thu	3-Nov	75.8%	\$132.04	65.7%	\$109.39
<b>Fri</b>	<b>4-Nov</b>	<b>76.3%</b>	<b>\$125.30</b>	<b>72.1%</b>	<b>\$105.59</b>
<b>Sat</b>	<b>5-Nov</b>	<b>78.7%</b>	<b>\$122.78</b>	<b>83.6%</b>	<b>\$106.61</b>
Sun	6-Nov	59.1%	\$122.54	56.6%	\$112.92
Mon	7-Nov	68.4%	\$128.94	71.7%	\$122.80
With Breeders' Cup 2013		Los Angeles County		Pasadena/Arcadia/Monrovia	
Day	Date	Occ	ADR	Occ	ADR
Weds	30-Oct	68.3%	\$137.12	81.4%	\$159.91
Thu	31-Oct	70.6%	\$141.09	91.5%	\$236.23
<b>Fri</b>	<b>1-Nov</b>	<b>84.5%</b>	<b>\$144.41</b>	<b>96.4%</b>	<b>\$239.42</b>
<b>Sat</b>	<b>2-Nov</b>	<b>87.9%</b>	<b>\$142.19</b>	<b>95.5%</b>	<b>\$239.08</b>
Sun	3-Nov	66.2%	\$134.48	60.0%	\$133.71
Mon	4-Nov	76.1%	\$144.54	82.4%	\$133.75

Sources: STR and Lauren Schlau Consulting

# Methodology and Background

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# Methods: visitor profile

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- The visitor profile study was conducted by Lauren Schlau Consulting on behalf of the Los Angeles Tourism and Convention Board.
- For the purposes of this study, a “visitor” is anyone over the age of 18 who lives outside Los Angeles County and attended at least one of the two days of Breeders’ Cup races.
- The visitor profile study was conducted to meet the following objectives:
  - (1) Provide LATCB with a profile of 2013 Breeders’ Cup visitors to LA County in terms of their event and trip behaviors, residence area, lodging type, spending and demographics.
  - (2) To quantify “local” versus “visitor” attendees

# Methods: visitor profile

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- On November 1 and 2, 2013, fifteen professional interviewers randomly intercepted attendees throughout the Santa Anita Park to:
  - Track incidence of Los Angeles County residents versus non-county visitors
  - Determine the lodging type among visitors
  - Administer a paper survey among visitors to capture the specified data (see page 31 for specific survey questions )
- Over the two days, a total of 4,394 attendees completed a short survey to identify their residence.
  - 1,515 or 35% were L A County residents
  - 2,879 or 65% were non-L A County residents, and therefore considered visitors and the focus of this research
  - Given the number of attendees surveyed we believe this is highly representative of the actual attendee composition by residence.
- A total of 535 visitors completed a longer survey generating information about their visit and spending. The sample error factor is 4.2% at the 95% confidence level.

# Methods: visitor profile

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The specific survey questions included:

- Attendee residence area (U.S. zip code or country)
- Specific Breeders' Cup events attended
- Number of days/nights in Los Angeles County
- Lodging type (or day visitor only)
- Lodging location
- Daily per person spending within Los Angeles County area by category: lodging, meals, beverages, retail/ shopping, transportation, personal services, attractions (tickets), groceries/ incidentals, and other
- Breeders' Cup admission type
- LA areas/venues visited (beside Breeders' Cup events)
- Specific Los Angeles area venues visited on the trip
- Sources of information for event
- Overall satisfaction with event
- Attendee party size/composition/ minors present
- Mode of arrival into Los Angeles
- Breeders' Cup perceptions & ratings
- Personal/household demographics (age, gender, racial, income)



# Methods: economic impact

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- Estimates of visitor volume and expenditures in Los Angeles County were based on the on-site survey and visitor profile conducted by Lauren Schlau Consulting.
- Media and race participants' expenditures were estimated by Tourism Economics in conjunction with the host organization.
- Estimates of visitor on-track spending, including admissions and wagering, were developed from the host organization's financial pro-forma.
- Estimates of the host organization's local spending were developed from financial pro-forma.
- An IMPLAN input-output model was constructed for Los Angeles County. The model traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of incremental direct spending.
- Only the visitor portion of admissions and the visitor portion of the "house win" from on-track wagering were included for economic impact modeling purposes. Modeled as recreation spending, these amounts were deducted from the host organization's operational spending in order to avoid double counting of money flowing through the local economy.
- Annual full-time equivalent (FTE) jobs were calculated from a full-time and part-time employment concept using IMPLAN's conversion table, which is based on industry output and wages.

# Methods: economic impact

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- The visitor profile included the spending category “Other” and this category was treated as retail spending for economic impact modeling purposes. This step makes the impact modeling conservative since retail spending is heavily margined and generates less of a jobs and income impact.
- Based on the visitor survey and profile study, visitor spending was categorized in the groups displayed in the table below.

Spend Category	Description
Lodging	Includes visitor spending on overnight accommodations.
Recreation	Includes visitor spending within the arts, entertainment and recreation sub-sector, such as theme parks and spas.
Local transport	Includes all costs associated with local transportation such as taxis, limos, trains, rental cars, buses, and spending on gasoline and parking.
Shopping	Includes visitor spending in all retail sub-sectors within the Los Angeles County economy.
Food and beverage	Includes all visitor spending at restaurants, bars, and on groceries.



# TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

For more information:

[info@tourismeconomics.com](mailto:info@tourismeconomics.com)