

Economic impacts: The British Grand Prix, Silverstone, England

Factbox

The British Grand Prix, held at Silverstone.
116,000 spectators.
Contribution to regional economy about: €30 million.
An average spend of €60 per person per day on and off site.
The circuit employs an extra 5,600 paid staff during race week.

Background

The British Grand Prix held at the circuit at Silverstone is a major international sporting event with significant economic impacts for the south midlands region. It is one of the most popular international events of the year, attracting some 116,000 people and putting it in the top rank of British events. For comparison, the French Grand Prix at Nevers attracted some 185,000 people in about the same period, and the European Grand Prix itself attracted about 275,000 people.

A study, carried out by Lilley and DeFranco, which looked at the British Grand Prix, concluded that the event at Silverstone resulted in very significant impacts indeed. The visitors to the event came not only from Britain, but also from other parts of the EU and further afield. This resulted in some very high average spending patterns, as many visitors not only attended the race days but also stayed overnight in local hotels, or at nearby campsites, spent money in local bars and restaurants, used local transport services including taxis and coaches, and spent money in shops and retail outlets in the surrounding area as well as at the facilities at the circuit at Silverstone itself. The contribution to the local economy amounted to some €30 million. This can be broken down into several elements: money spent at the circuit; at food and drink outlets; at retail outlets; at hotels and other accommodation; on local transport and related services.

Visitor spend

On average, a visitor to the Grand Prix spent about €60 per person per day on and off the site. The data was identified from a range of sources, including ticket sales. The businesses that benefited from the 116,000 visitors included restaurants and bars; accommodation providers; newsagents; petrol stations; pharmacies; photo shops; gift shops; booking and travel agents. Although it is less the case at Silverstone (because of its location) some European Grands Prix venues (e.g. Monaco) also provide major business for local night-clubs and discos, and local specialist retailers (e.g. clothes and designer shops), as well as food shops and supermarkets.

Questions based on this case:

1. Can you identify both the direct economic benefits and the indirect benefits?
2. Why are they important?
3. Can the local economy be sustained without them?
4. Can any local economy survive without special events?
5. What are the alternatives?
6. Why are some locations better suited to events as an economic activity than others?
7. Does an event of this type displace income from other activities (e.g. might local hotels be full anyway, and might this existing business be displaced, and if so, will it return)?

Websites:

Related website for those interested in the economic impact of the event:

www.motorsportresearch.com/reports.asp

Silverstone Circuit:

www.silverstone.co.uk

For more pictures of the F1 races see:

www.flickr.com

Case Notes

Look for economic impact studies, such as the ones on the case study website. These deal with a range of issues from how much money people spend at an event and in the surrounding area, to what employment and other benefits the event provides. As for time period, many events are short lived and so the impact is also short lived, but some have important long term impacts because they may recur annually over a long period of time. Direct and indirect benefits can also be seen when comparing this case to Case 12 "Liverpool European Capital of Culture: economic implications of events" in the main text. The local economy of any given area can be sustained without events providing there is some other economic base being used (e.g. manufacturing or other service industries).

The alternatives might be infrastructure projects such as new railways or new facilities such as hospitals or schools which may bring employment and thus money into a local economy. Displacement is about what else might be going on if the event isn't - so, if you were a resort and an event was being held in the summer season, the removal or

closure of the event might not impact too badly if other seasonal demand (for example tourism) takes up the vacated space or facilities. On the other hand, if there is little to fill the gap of a big event not taking place, then this might have a serious effect on the economy of a smaller town or resort.

See also, the EventIMPACT online resource, of UK Sport: <http://www.eventimpacts.com/>