



FISE world Series

ECONOMIC IMPACT ASSESSMENT

FISE WORLD MONTPELLIER 2014



FISE WORLD SERIES CONTRIBUTES POSITIVELY TO TOURISM AND ECONOMIC DEVELOPMENT STRATEGY

EXECUTIVE SUMMARY

HURRICANE ACTION SPORTS commissioned LR SET to undertake an Economic Impact Assessment of the FISE World Montpellier 2014.

The purpose of this study was to provide an independent estimate of the economic impact of one the most prestigious cross-over event in Europe, Festival International Sport Extrême (also referred to as FISE), on the local economy.

The 18th edition of FISE, and World Series premiere, drew 1,500 international competitors (Pro & Amateur categories) and poured in 510,000 spectators from May 28th to June 1st 2014 to Montpellier according to the local police department.

The analysis revealed that FISE implies an economic and social impact in Montpellier Metropolitan Area. The total expenditure generated by the event attendees in 2014 reached €15 million with the largest beneficiary being the hospitality industry sector representing half of the total economic impact.

LR SET has been purposely conservative with this study, as this estimate does not include value of local sponsorship and media exposure.

With substantial number of visitors: 1,500 athletes, 510,000 spectators and 250 media accredited, this report is intended to help local communities and future host cities recognize sporting event as a tourism and economic development strategy.

The financial contribution by the city of Montpellier amounted to €650,000; by each invested €1 there is a positive effect of €23 in the city

This positive flow of revenue locally assesses the success of the FISE World Montpellier from an economic standpoint. However regions and countries across the world hosting the event, benefit from the prestige and media coverage of the FISE World Series.



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INTRODUCTION

Festival and Event is one of the fastest growing forms of tourism, drawing hundreds of thousands of spectators in one place for the enjoyment, atmosphere and performance. A major sporting event such as FISE injects extra revenue into the city/region and therefore plays an important role in tourism development. It not only brings in visitors for the event but also helps keep visitors in the region longer.

2014 marks a turning point in FISE history with the emergence of a World Series outside its home country.

The first edition of the Series will make 4 stops: France, Andorra, China and Malaysia and continue its worldwide expansion in 2015 and beyond.

FISE World Montpellier is a world famous action sports event that was staged over five days between May 28 and June 1, 2014 in Montpellier, south of France.

During 3 days, an extensive surveying of event attendees was conducted by LR SET¹ to gain insights into the visitors' profile and to understand the spending patterns of tourists in the host community. The survey gathered data on key features of their visit (activity, age, average expenditure...).

This report, broken down into 5 key sections, presents the findings from LR SET study.

Section 1: describes the data and information collection methods used for the Economic Impact Assessment (EIA)

Section 2: presents the setting with background information about the city of Montpellier

Section 3: analyses the visitor profile and his expenditure behavior

Section 4: looks at the primary economic impacts produced by visitor spending and the event organization

Section 5: deals with the secondary economic impacts and assesses the overall economic impact of FISE in the local economy

¹LR SET - Languedoc Roussillon Sport Emploi Tourisme - a regional association specialized in Sports, Leisure and Sport Tourism who conducted several EIA.



ECONOMIC IMPACT ASSESSMENT METHODOLOGY



LR SET - Languedoc Roussillon Sport Emploi Tourisme - a regional association specialized in Sports, Leisure and Sport Tourism conducted in 2014 an Economic Impact Assessment (EIA) in partnership with the FISE organizers.

The methods and concepts behind the assessment follow Atout France - France Tourism Development Agency - and DGCIS - General Directorate for Competitiveness, Industry and Services - guidelines.

Previous EIA carried out by LR SET include Open Sud de France Tennis championship (2013), Montpellier Rugby Club (season 2012-2013) and the European Judo championships (2014).

DATA & INFORMATION COLLECTION

The scope of this assessment is to understand FISE spectators' consumption and thereby measure tourism's economic impacts in the local economy. The survey conducted by LRSET in collaboration with Montpellier Business Schools (IDRAC & Sup de Co) is based on face-to-face on site interviews to a representative sample of attendees (spectators, contractors, competitors...). 698 interviews were undertaken over 3 days: Thursday 29th, Friday 30th and Saturday 31st of May 2014. This broad sample allows reliable estimates of visitor's spending to be produced.

CALCULATION METHOD

The impacts of FISE on the local economy are categorized into primary and secondary economic impacts.

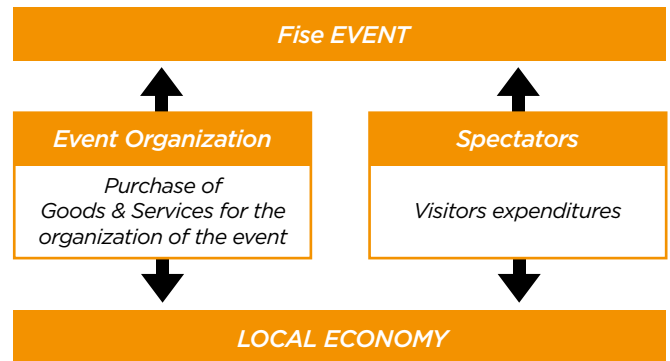
Primary Impact

The primary impact is the direct economy impact of the event measured by surveying event attendees and therefore working out their incremental expenditures as a direct consequence of the event and which would not have occurred in the event's absence.

The short-term primary impact is made up of 2 different components (see fig.1):

- Visitors' spending because of the FISE World Montpellier (accommodation, catering, shopping, transportation expenditures...)
- Budget associated with the organization of FISE which is injected into the territory, therefore stimulating and boosting local businesses

Fig 1: Primary Impact principle

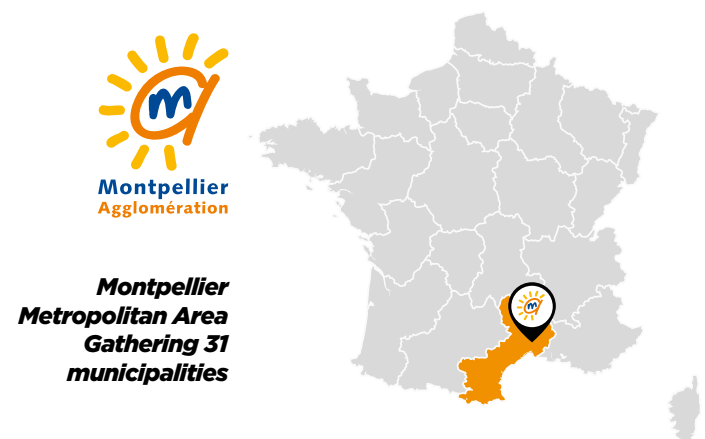


Source: Maurence E(2010) Socio economic impact of event tourism on territories

With regards to the budget associated with the organization of FISE, LR SET worked closely with the event organizers to identify the main spending streams injected and retained into the territory after leakages. The leaks represent the spending of money on products and services not sources from the local region. Only the financial flows directly related to the organization of FISE, and coming from agents located outside the territory of analysis were considered as "injection", those expenditures being redistributed within the host territory and therefore to the local economy.

It should be noted that even though FISE World Montpellier attracts tens of thousands of Montpellier residents, this research study does not include the direct spending generated by local residents as we consider that those expenditures (food and other retails sectors) would have taken place regardless of whether the FISE was staged or not.

As a result, LRSET defined one territory of analysis so that the direct economic impact of FISE is not overestimated:



FOR EACH INVESTED €1
THERE IS A POSITIVE EFFECT
OF €23 IN THE CITY



Secondary impact

When event visitors spend money in a host community, their initial direct expenditures stimulates economic activity, hence creating additional business turnover through the cascading effect of money being spent. To reflect these successive rounds of expenditure, a multiplier factor of 2,02¹ is applied to the direct spending to measure the total economic benefits generated by FISE World Montpellier (see fig.2).

SAMPLING

LR SET completed on-site personal interviews and identified 4 categories of visitors.

- Spectators (general public)
- Actors (competitors, judges, master of ceremony)
- Contractors (FISE organizers, service providers, volunteers)
- Others (media, press, partners, sponsors, officials)

Public attendance figures (510,000 spectators over 5 days) were provided by the local police department of Montpellier. The derivation of spectator numbers was underpinned by the following assumptions:

- Visitors spent about 1,5 hours on-site (at FISE)
- FISE lasts 8 hours a day, during 5 days

Based on the assumptions stated above and the observation of the crowd densities, the local police estimated that they were 5 "waves of 20,400 people" per day for a daily attendance of 102,000 spectators.

It should be noted that 'Out-of-town' visitors are defined as visitors living outside Montpellier Metropolitan Area whereas 'Non locals' visitors are defined as visitors living outside the Languedoc Roussillon region.

QUESTIONNAIRE DESIGN

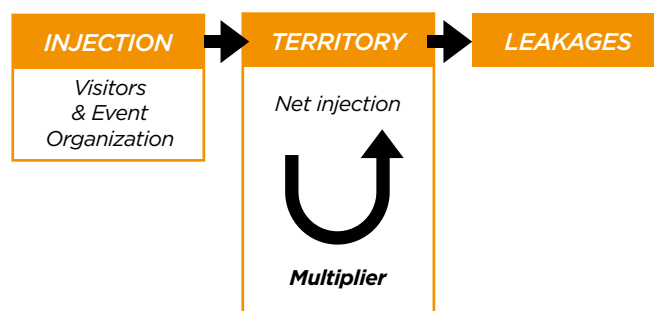
The questionnaire specifically designed and administered by LR SET enquired about the spectator's profile (place of residence, accompanying persons, length of stay, relationship with the FISE event), and focused on his spending behavior. This includes accommodation, food & beverage, retail, public and private transportation, and Montpellier's entertainment, historical & cultural attractions. The questionnaire was available in French and English.

LIMITATIONS OF THE METHOD

The research mainly focused on expenditures of event visitors and participants. However to truly assess the success of a FISE World Series event, and the benefits it can bring to the host city, others factors which have not been considered in this study should be kept in mind:

- Value of Media exposure improving destination awareness (broadcasting rights...)
- Local interest and participation in action sports raised
- Civic pride and community solidarity through volunteering program

Fig 2: Overview of the economic impact calculation



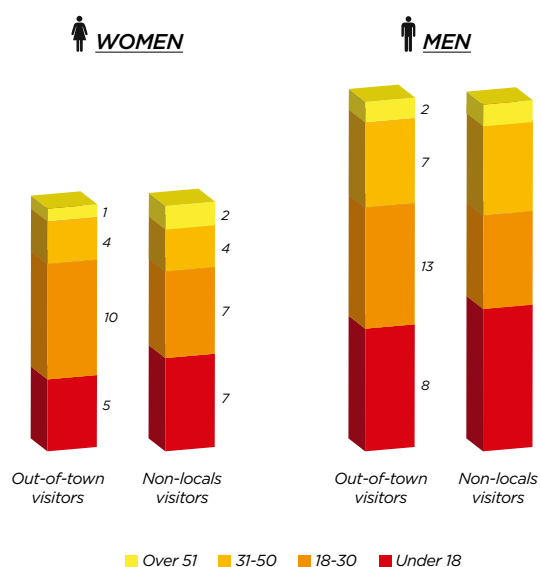
$$\text{Economic benefits} = \text{Net injection} \times \text{Multiplier} - \text{Leakages}$$

Source: Barget Eric and Gouguet Jean-Jacques. The Importance of foreign spectators' expenditures in the tourism impact of mega-sporting events.

Table 1 : Representative sample

	Sampling (# of person)	%
Actors	16	2
Others	22	3
Contractors	25	4
Spectators	635	91
TOTAL	698	100

Fig 3: Age profile of public interviewed (%)



¹2007 Rugby World Cup multiplier factor (Languedoc Roussillon). Source: Barget Eric and Gouguet Jean-Jacques. The Importance of foreign spectators' expenditures in the tourism impact of mega-sporting events. Source : INSEE 01/01/2012





TURNING SPECTATORS LOYALTY INTO CUSTOMERS LOYALTY

THE SETTING

THE CITY OF MONTPELLIER...

Capital of the Languedoc-Roussillon region, Montpellier is the 8th largest city in France with 419,291 inhabitants² in Montpellier Metropolitan area and ranked 3rd on the Mediterranean coast after Marseille and Nice. Montpellier has the biggest national demographic growth with over 300 new inhabitants each month.

Home to 70,000 university students, Montpellier is a young and vibrant city with half of its population being under 34.

....FAITHFUL HOST SINCE 1997

First stop of the inaugural World Series, this year FISE World Montpellier celebrated its 18th anniversary with 5 days of intense action sports competition featuring the cream of the crop of international and locals' riders in BMX, Inline Skating, Skateboard, Wakeboard and Mountain Bike Slopestyle. With an overall audience of 510,000 spectators, the 2014 edition was once again a tremendous success.

Hurricane Action Sports truly appreciates these years of unconditional support from Montpellier city authorities, local community (Montpellier Metropolitan Area) and Languedoc-Roussillon regional representatives and is certain that it has contributed to the great success and recognition of this unique event in France and worldwide.

"The image of sports and youth given by the FISE is in total accordance with Montpellier image and lifestyle. It's undeniably a great support for the promotion of our city. Furthermore, it represents one of the busiest week of the year in terms of hotel occupancy."

Fabrice CAVILLON, Director of Montpellier Tourism Office

²Source : INSEE 01/01/2012



HEADLINE FIGURES

**OVER 510,000
SPECTATORS IN 2014**

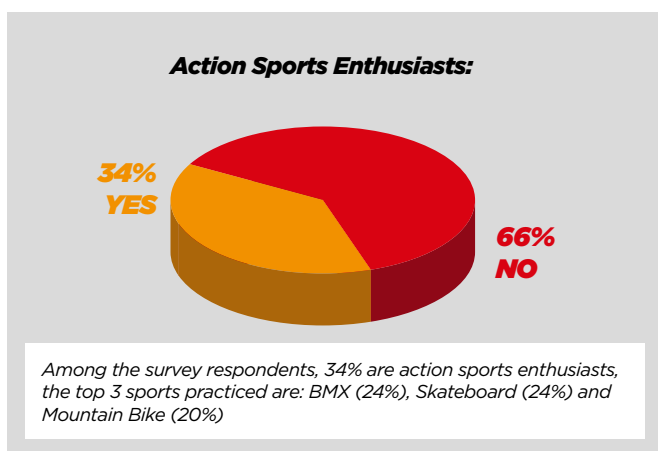
**+ 170,000 FANS ON
SOCIAL NETWORKS**

**+ 1,500 RIDERS
51 NATIONALITIES
REPRESENTED**

250 JOURNALISTS

+ 560 PRESS REPORTS

**+ 2,000 HOURS OF TV
BROADCASTING**

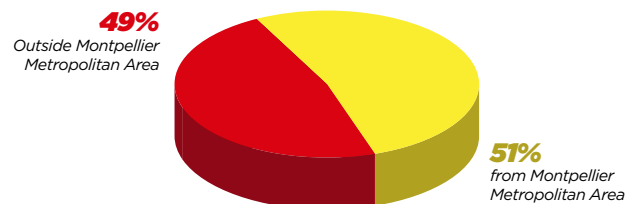


FISE VISITOR PROFILE & BEHAVIOR

The first step in assessing the economic impact of FISE is to draw up a visitor profile with travel, visit information and lifestyle characteristics to understand his spending behavior.

For the purpose of this study, LR SET gathered information from nearly 700 individuals

AN INTERNATIONAL PUBLIC



According to the survey, 49% of the spectators were non-local visitors. The results reveal that the visitor market is mainly domestic with 96% of FISE visitors being French residents and 4% from overseas.

These findings demonstrate that FISE not only welcomes worldwide competitors (20%), but is also attracting overseas tourists.

INTERGENERATIONAL

The survey data shows that FISE attracts a young audience with 71 % of the spectators being under 30, and only 8% over 51 with the most dominant age group being 18-30. The majority of the respondents were males (60% of all spectators). These results reflect the action sports competitors' profile, predominantly men (95%) aged between 12 and 30. To continue develop action sports further, FISE has introduced in the last few years Girls Contests in BMX, In-line Skating, Skateboard and Wakeboard. To date, women competitors represent 5%.

Fig 4: Visitor age profile

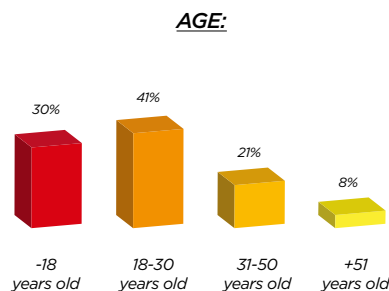
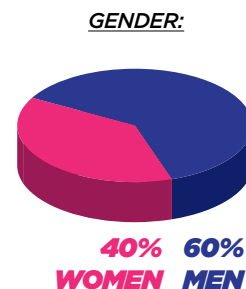
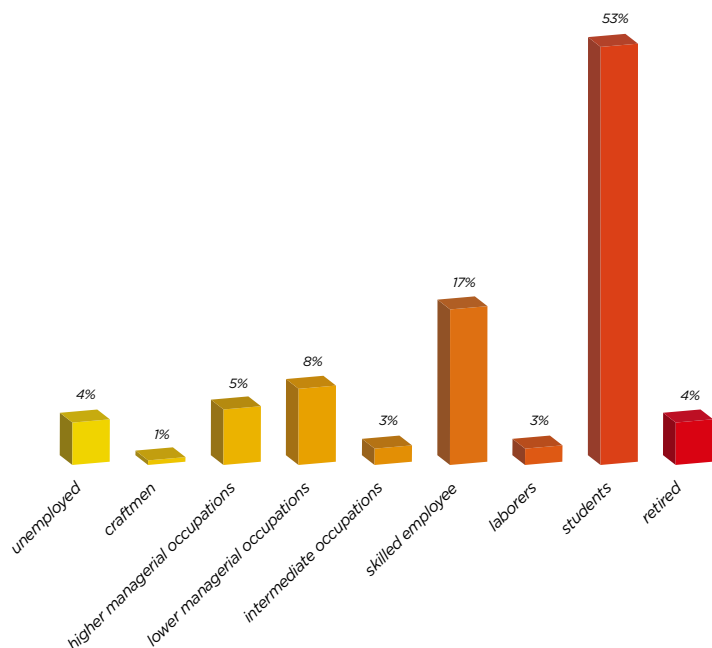


Fig 5: Demographics of respondents



A MASS PUBLIC & SOCIAL EVENT



FISE is particularly attractive to students and skilled employee representing 53 % and 17% respectively followed by Managerial occupations (13%). This field survey outlines that the event lures a broad audience, with no social class exclusion. The concepts of FISE, based on a free public and non-ticketed event, also back-up these findings.

Accompanying persons

The survey shows that 93% of the spectators came to FISE with an accompanying person (fig.7) and half of them are visiting with a group of friends (fig.6).

Fig 6: Group Composition

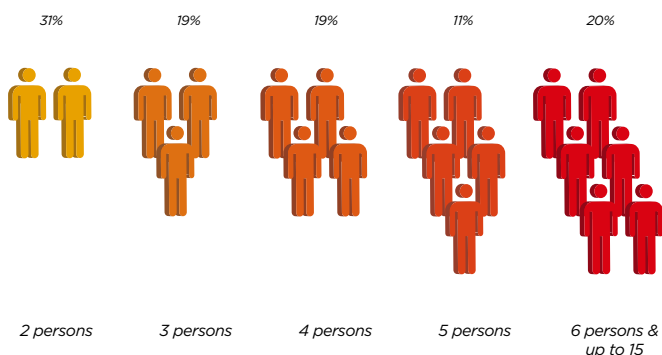
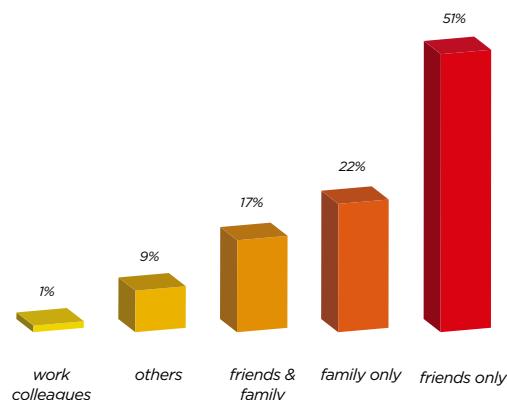


Fig 7: Accompanying persons categories



ATTENDANCE

When looking at the spectators' attendance, it is interesting to assess whether FISE spectators return each year to enjoy the event or whether it's a one-off experience. The results show that spectators are faithful to the event (66 %) and 91% of spectators want to come back next year. Nearly seventy percent of FISE visitors (69%) spend between 2 and 5 days at FISE Montpellier which truly highlights the incredible crowd atmosphere leading to tourism spending. Fig.9 indicates that a huge part of the spectators (96%) are willing to return to Montpellier outside FISE.

Fig 8: FISE First-time attendee

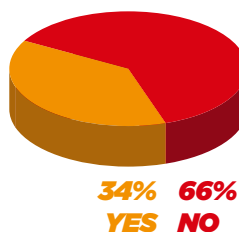


Fig 9: Likelihood of returning to Montpellier in the future (outside FISE)

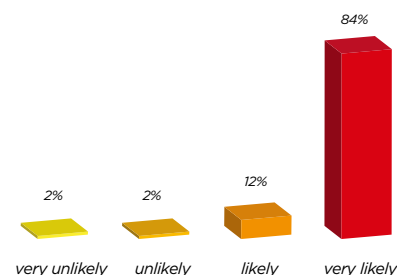
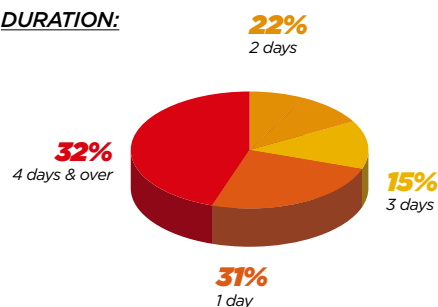


Fig 10: FISE Montpellier attendance

DURATION:



REASON OF THE VISIT

The findings show that the primary purpose for 75% of spectators was to attend FISE World Montpellier. This high figure demonstrates the success of the effective communication of the FISE Montpellier event where visitors plan their trip to specifically take part in this event.

OVERNIGHT STAY

Nearly a quarter of the FISE spectators (24%) spent at least one night in Montpellier. Among overnight visitors, nearly half of them (48%) stayed in commercial accommodation while 29 % stayed in non-commercial accommodation.

VISITORS MOBILITY

Just over half of all visitors (53%) had travelled to FISE Montpellier by private motor vehicle while 36% used a sustainable mode of transport (tram, bicycle, walking). These are in line with the FISE aspiration to promote eco-mobility but there is still room for improvement.

The community bike sharing scheme 'Velomag' implemented by the city of Montpellier plays an active role in the green transport. The program includes 59 bike stations for short and long-term rental, coupled with tram/bus/car sharing services (optional).

Fig 11: Is FISE the main reason of your visit to Montpellier?

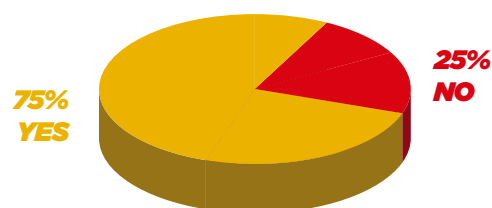


Fig 12: Accommodation type

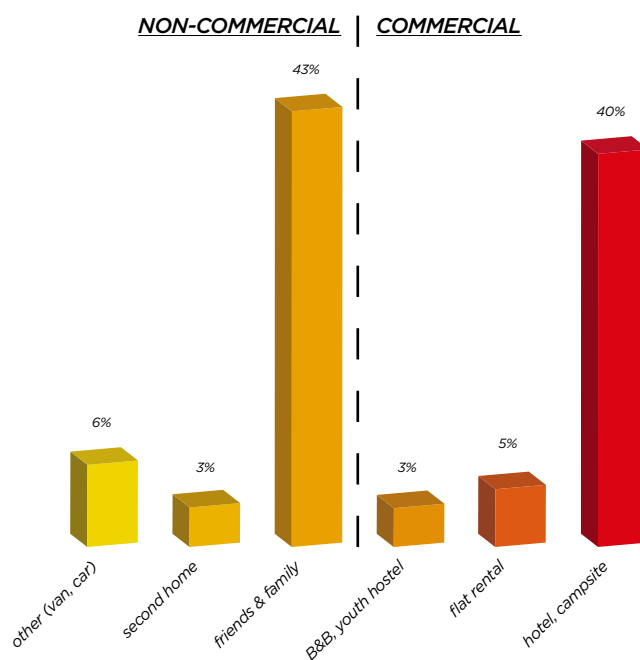
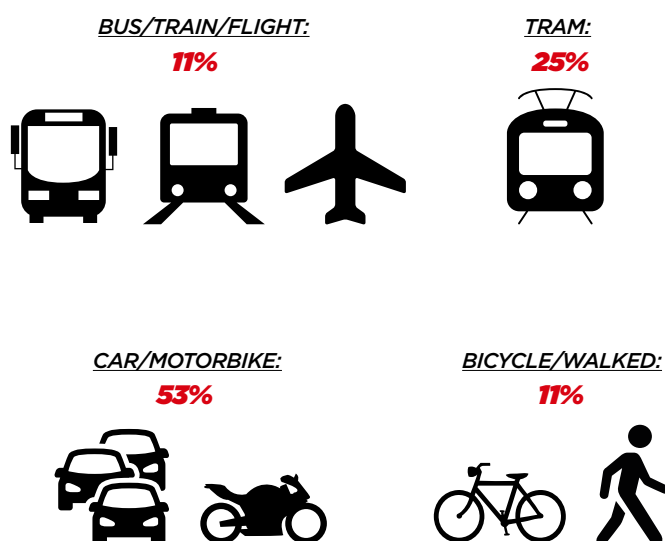


Fig 13: Mode of transport used





PRIMARY ECONOMIC IMPACT

EVENT VISITORS SPENDING

After profiling FISE visitors and identifying features that attract them to Montpellier, the next step is to estimate their spending and determine the direct economic impact generated on the local economy.

The direct visitor expenditure is based on the data collected through the questionnaire in which the following segments of tourist spending were analyzed:

-‘On-site’ spending at FISE (food & beverage, shopping, equipment/other items)

-‘Off-site’ spending by FISE visitors (accommodation, cultural/entertainment/recreation/sports activities...)

Event attendees spent money in 3 main sectors of the local tourism economy: accommodation, catering and transportation. The results obtained through the study are shown in table 2.

Accommodation

FISE visitors booked a total of 54,220 nights over the five-day period, resulting in nearly €2,5 million (€2,394,919) for the accommodation industry only with an average daily room rate/person of €44,20.

Catering

Restaurants and other eating places reached just over 2 million in total (€2,087,993). This figure accounts for the ‘on-site’ food & beverage expenditures (€683,167) and ‘off-site’ catering spending (€1,404,826 with 95,727 meals sold to FISE visitors over the event timeframe, that averages to about €14,68 per meal per person).

Transportation

Ground transportation accounted for just over €1 million. Figure 14 shows that public transportation are widely used (average of 22%) however a large number of person still rely on their own individual transport to come to the event.

Retail and shopping

FISE visitors spent nearly €1 million in shopping (€951,856) with €515,203 clothing expenditures and another €436,653 in retail and grocery shops.

Montpellier city attractions

Event attendees spent €3,814 in sports-related activities and €48,321 in leisure/recreation/cultural attraction.

Total visitor expenditure

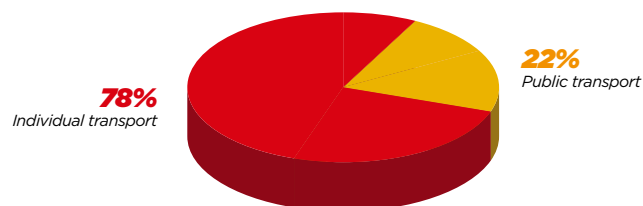
The total direct expenditure generated by FISE visitors in 2014 is estimated to be just over €7 million.

Table 2: Visitors expenditures breakdown

	Visitor's spending €
Commercial Accommodation	2,394,919
Catering	2,087,993
Transportation	1,129,312
Shopping/retail/grocery shops	951,856
Sports	3,814
Leisure/Recreation/Cultural attraction	48,321
Bars	384,821
Others	12,526
TOTAL	7,013,562

Fig 14: Transportation

OUT-OF-TOWN VISITORS



Transportation expenditure of FISE visitors totaled €1,129,312:
-individual transport: €881,053
-public transport: €248,258

Table 3: Summary of direct expenditure by FISE visitors

	FISE Visitor's spending €
At FISE	1,198,370
Outside FISE	5,815,192
TOTAL visitors expenditure	7,013,562

ORGANIZATION EXPENDITURES

FISE World Montpellier featured 7 action sports and over 70 competitions throughout 5 days, requiring significant set up and staging costs. Figure 15 shows the operational costs incurred by the organization of the FISE World Montpellier and contributing to the economic development of the area. The spending within Montpellier Metropolitan Area reached €428,625.

Drawing on results from the face-to-face interviews and the event budget provided by FISE organizers, LRSET has calculated the total direct economic impact generated by the FISE World Montpellier in 2014.



FISE World Montpellier 2014 brought in an estimated €7,4 million of direct economic impact within Montpellier Metropolitan Area (see Table 4).

Fig 15: Spending injected into Montpellier Metropolitan Area

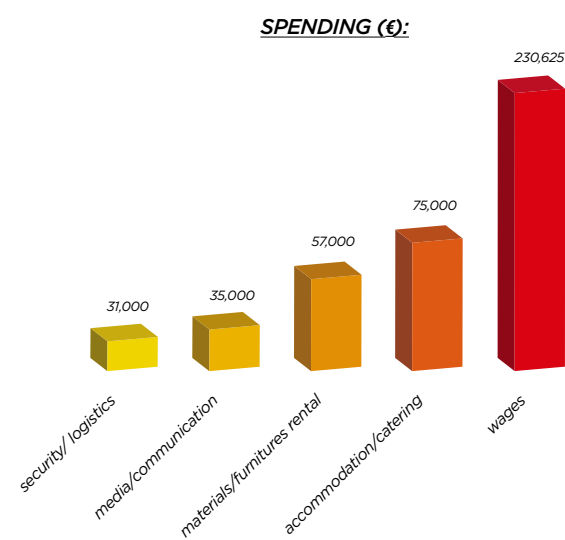


Table 4: Summary of total direct economic impact

	Montpellier Metropolitan Area €
Visitors spending	7,013,563
Organization spending	428,625
TOTAL	7,442,188

SECONDARY ECONOMIC IMPACT

As explained in section 1 of this report, the secondary economic impact is obtained by multiplying the visitors direct economic impact by a multiplier factor of 2,02.



The total economic impact generated by FISE World Montpellier 2014 reached an estimated €15 million within Montpellier Metropolitan Area.

Table 5 below summarizes the secondary economic impact within Montpellier and its region.

Table 5: Summary of secondary economic impact

	Montpellier Metropolitan Area €
Primary economy impact	7,442,188
Multiplier factor	2.02
Secondary economic impact	15,033,220

EIA KEY FIGURES FISE WORLD MONTPELLIER 2014

TOURISM IMPACT

Overnight stays in Montpellier Metropolitan Area	55,000
Meals	96,000
Total economic impact	+€15,000,000

By each invested €1, there is a positive effect of €23 in the city

NOTORIETY & IMAGE

Competitors (pro & am)	+1,500
Spectators	+500,000
Volunteers	+175

MEDIA

Media reports	+560 pages
TV broadcasting	+2,000 hours
Web video & live webcast	1,030,000 views
Followers & fans on social network	+170,000 persons



