



A Bureau of Business Economic Impact Analysis  
From the University of Nebraska–Lincoln

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# **Economic Impact Analysis: Market to Market Relay Nebraska 2012**

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The culture of running in the U.S. is big business. Main drivers for runners center on the desire for health and wellness, competitive spirit, achieving one's mental and physical best and the sense of community that a running event creates. Each year, throughout the U.S., hundreds of races are run, from small, community 5Ks to major annual races like the New York City Marathon (an estimated annual race revenue of \$30 million without economic impact<sup>1</sup>) or Atlanta's Peachtree Road Race (an estimated economic impact of over \$10 million<sup>2</sup>). These races provide local residents with an opportunity to run races without requiring them to travel to another city. Because of the sheer demands of producing such an event, it also presents an opportunity for the community to be involved, whether through running, volunteering or just cheering on the participants. Both factors increase the quality of life for local citizens, in much the same way that having more local shopping options raises the quality of life.

The Market to Market Relay Nebraska is a unique event within the state, definitely making good on Nebraska's promise of "the good life". Having just completed its fifth annual race, the Relay has now grown to include over 3,000 runners each year. The Relay is a 78-mile team run from Omaha's Memorial Park Old Market to Lincoln's Historic Haymarket. The course follows trails, paved streets and gravel back roads and culminates in an award ceremony and party in the Haymarket. With a growing number of participants traveling to Nebraska to participate, the Relay has become a tourist attraction which promotes new spending in the state. The economic impact that results is just another byproduct of the Relay, in addition to the quality-of-life benefits discussed above.

The economic impact estimate in this report focuses on the "tourism" impact of the most recent Market to Market Relay Nebraska in October 2012. This economic impact includes spending at area restaurants, lodging places, and retail outlets either by 1) tourists attracted to the area, or 2) local residents who would otherwise travel out of town to one of the other 25 races held the same weekend, or one of the almost 700 races run in

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<sup>1</sup> According to a New York Times article from October 31, 2012, "Marathon is set to go on, stirring debate": [http://www.nytimes.com/2012/11/01/sports/new-york-city-marathon-may-cancel-opening-ceremony-and-5k.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/11/01/sports/new-york-city-marathon-may-cancel-opening-ceremony-and-5k.html?pagewanted=all&_r=0)

<sup>2</sup> According to an Atlanta Business Chronicle article from July 21, 2003, "Cashing in on race day": <http://www.bizjournals.com/atlanta/stories/2003/07/21/smallb2.html?page=all>

the U.S. throughout the year.<sup>3</sup> The report uses **conservative** assumptions and focuses on the tourist impact.

The analysis does not consider any economic impact:

- 1) from Nebraskans who indicated they would have spent the same amount of money elsewhere within Nebraska, or
- 2) from out-of-state participants who indicated that their primary reason for coming to Nebraska that weekend was anything other than the Market to Market Relay.

Four steps were taken to estimate the spending by visitors or retained spending from local residents. Throughout the steps, we utilized **conservative** assumptions to estimate spending:

- 1) We surveyed the Market to Market Relay Nebraska 2012 participants via an online survey tool. (see Appendix) We gathered data about actual spending by category and share of spending done in Nebraska or outside of Nebraska. We differentiated between in-state and out-of-state participants.
- 2) We gathered data regarding motivations of Relay participants to choose this specific Market to Market Relay and focused on those whose primary motivation was the race itself, as opposed to other factors.
- 3) Based on survey responses, we estimated total spending for those visitors from outside the area to calculate total new “tourist” spending for the state of Nebraska due to the 2012 Relay.
- 4) Based on survey responses, we estimated total spending retained by local residents who indicated that if the Relay did not exist, they would have taken their spending outside of the state of Nebraska.

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<sup>3</sup> Race numbers found on [www.runningintheusa.com](http://www.runningintheusa.com), an online clearinghouse for races in the U.S.

### *Residence of Those in Attendance*

The survey that participants completed asked for the zip code of their primary residence. Using that data, we isolated survey data by residents of Nebraska and participants from outside of Nebraska.

In all cases, we multiplied the resulting data by the proportion of 2012 Relay participants from outside Nebraska and within Nebraska to estimate the actual total spending that occurred as a result of the Relay. This was the basis for our economic impact estimate.

### *Demographics of Participants*

Survey participants reported a few key pieces of demographic data. First, the gender of respondents was balanced with 52% women and 48% men. The average age of survey respondents was 36. Regarding financial capacity, 34% reported annual incomes of \$100,000 and above. Correlating with this figure, the education level attained by respondents was more advanced as one would expect, with 90.7% possessing at least a bachelor's degree.

### *Economic Impact*

#### *Direct Economic Impact*

The direct economic impact of Market to Market Relay Nebraska 2012 on Nebraska is the sum of the estimated spending by out-of-state visitors and retained in-state participants. As seen in Table 1, this sum is estimated to be \$219,186, with the majority of spending coming from event revenue, consisting of participant registration fees and sponsorship dollars. Direct in-state off-site spending was limited only to the percentage of participants estimated to be retained spending. Out-of-state direct spending was limited only to the percentage of participants estimated to have brought new revenue specifically attributed to the Relay.

Table 1: Visitors Bringing New Spending and Total Spending			
	Out of State	In-State	Total
Total Participants	325	2,699	3,024
Percentage "New" Nebraska Spenders	86.4%	5.6%	
"New" Spenders	281	150	431
Average Spending in Nebraska	\$44.13	\$45.34	
Total Off-Site Spending	\$12,388	\$6,798	\$19,186
Event Revenue			\$200,000
Total Spending			\$219,186

Source: 2012 Market to Market Participant Survey

### *Total Economic Impact*

In addition to this direct effect, there is an additional “multiplier effect” on the state economy. The multiplier effect occurs as money attracted to or retained in the area by the Relay “circulates” through the Nebraska state economy. For example, restaurants, lodging places, and retail stores that gain customers due to the Relay make additional purchases of supplies and services from other Nebraska businesses. Similarly, restaurant, hotel, or store employees also spend their paychecks at other Nebraska businesses. Both types of spending contribute to the multiplier effect.

Such multiplier effects are for tourism events are typically 50% to 100% as large as the direct effect. We calculated relevant economic multipliers for the state of Nebraska using the IMPLAN software and applied them to the direct economic impacts from Table 1. We then added the multiplier effect to the direct economic impact to yield an estimate of the total economic impact.

Our estimate of the total 2012 economic impact of Relay on the state of Nebraska, using our conservative approach, is provided in Table 2 below. The total impact for Nebraska is \$417,563, a significant tourism impact for the state.

Table 2: Direct and Total Economic Impact on Nebraska				
Spending Category			Economic Impact	
	Amount	% Direct Impact	Direct	Total
Event Revenue	\$200,000	100%	\$200,000	\$395,431
Off-Site Spending				
Food, drinks or meals	\$5,317	100%	\$5,317	\$8,964
Shopping and souvenirs	\$3,018	27%	\$824	\$1,352
Transportation, including gas and parking	\$7,247	43%	\$3,138	\$5,592
Other entertainment	\$333	100%	\$333	\$543
Lodging	\$2,166	100%	\$2,166	\$3,804
Other	\$1,105	100%	\$1,105	\$1,877
Total	\$219,186		\$212,883	\$417,563

Source: UNL Bureau of Business Research calculation and IMPLAN

In addition to spending, it is valuable to note that the Relay in Nebraska currently employs eight workers, some of whom work year-round on the event and others that are seasonal, working only the immediate time around the event. Labor income from these jobs was \$128,494, as shown in Table 3.

Table 3: Measures of Annual Economic Impact	
Economic Indicator	Economic Impact
Total Impact (i.e., sales)	\$417,563
Labor Income	\$128,494
Employment	8

Source: UNL Bureau of Business Research calculation

### *Full Annual Economic Impact Estimate*

Throughout the analysis we have utilized a conservative approach to estimating economic impact. It is possible that the Market to Market Relay Nebraska could have a much higher annual economic impact than we estimated in Tables 1 and 2.

Demographic data that survey participants self-reported reveal that the Relay attracts high-income earners with larger amounts of disposable income for associate off-site spending. Of survey respondents, 34% reported an annual income of \$100,000 or more, with 72% of participants reporting an annual income of at least \$50,000. These are promising figures because as the Relay grows in future years, it will presumably continue

to attract a similar demographic, increasing its economic impact more than if its core participant base was primarily lower wage earners. It also provides the Relay with an idea as to its target market, which enables it to encourage growth using communications specific to that market segment.

With the Relay being only in its fifth year, the opportunity for growth and additional impact is positive. The Relay is clearly an asset for Nebraska, both in economic impact and in enhancing quality of life.

## APPENDIX

### Market to Market Relay Nebraska Participant Survey Questions - 2012

1. What is the zip code of your primary residence? \_\_\_\_\_
2. For this year's Relay, how many people were in your immediate travel party? \_\_\_\_\_
3. On the following lines, please estimate the average amount of money that you and the members of your immediate travel party spent as a result of participating in the Market to Market Relay. Remember to include money spent before, during and after the event.
  - a. Food, drinks, or meals purchased before or after the Relay, i.e., at a restaurant  
\$ \_\_\_\_\_
  - b. Shopping, souvenirs, gifts, books, recordings, and/or clothing  
\$ \_\_\_\_\_
  - c. Transportation, including gasoline, parking, tolls, rental car, taxi, or bus fare  
\$ \_\_\_\_\_
  - d. Other Entertainment / Recreation  
\$ \_\_\_\_\_
  - e. Lodging and/or overnight accommodations because of the performance  
\$ \_\_\_\_\_
  - f. Childcare specifically to run the race  
\$ \_\_\_\_\_
  - g. Other, please specify: \_\_\_\_\_ \$ \_\_\_\_\_
4. On average, what share of that spending occurred in In Omaha? \_\_\_\_ In Nebraska? \_\_\_\_\_
5. If you do not live in the Omaha area, what is the primary factor that caused you to choose the Market to Market Relay over other races around the country this month?  
\_\_\_\_ Better experience for the cost  
\_\_\_\_ Shopping or other entertainment options besides the run  
\_\_\_\_ To visit friends or relatives  
\_\_\_\_ On vacation or holiday

To conduct business  
 Other (please specify) \_\_\_\_\_

6. If you do not live in the Omaha area, on average how many nights were you away from your primary residence? \_\_\_\_\_

7. If you could not run the Market to Market Race, what would you have most likely done instead? (please choose only one – the most likely option.)

- I would have run a different race in the Omaha area
- I would have spent the money on something else in the Omaha area
- I would have spent the money on a run in another part of Nebraska
- I would have spent the money on an event or something else in another state
- I would have stayed home
- Other (please specify) \_\_\_\_\_

**Demographic Questions**

8. What is your gender?  Male  Female

9. In what year were you born? \_\_\_\_\_

10. Which of the following categories best describes your total annual household income in 2010, before taxes (select one)?

- Under \$20,000       \$20,000 to \$29,999       \$30,000 to \$39,999
- \$40,000 to \$49,999       \$50,000 to \$69,999       \$70,000 to \$99,999
- \$100,000 or more

11. What is your highest level of education? \_\_\_\_\_