

# **Economic Impact of the 2010 X Games 16 on Los Angeles County**

---

**By Roy Weinstein, Jeremy DeGracia and Edna Lin**

**Micronomics, Inc.  
777 S. Figueroa Street, Suite 4600  
Los Angeles, CA 90017  
[www.micronomics.com](http://www.micronomics.com)**

**September 2010**

## *Executive Summary*

---

Micronomics, Inc. was asked to determine the economic impact of the recently completed 2010 X Games 16 on Los Angeles County. Based on our analysis, we have concluded that X Games 16 produced up to \$50 million in identifiable benefits to Los Angeles. This figure includes increased expenditures and economic activity for the Los Angeles market, as well as significant benefits associated with exposure of the Los Angeles market through ESPN's broadcast of the X Games to millions of homes throughout the world.

The benefits quantified in this report include approximately \$12 million associated with increased tourism (reflecting as many as 58,000 additional visitor days spent in Los Angeles), around \$6 million associated with the setting up, staging and television broadcast production of X Games events, and roughly \$12 million in multiplier effects flowing from direct spending associated with the X Games. In addition, the value to Los Angeles of having 27.5 original hours of X Games broadcast live and in HD to all 50 states, 175 countries and more than 380 million homes is approximately \$20 million.

These estimates are conservative since they do not include incremental expenditures by local residents on X Game activities, i.e. expenditures by local residents in connection with the X Games over and above their normal levels of spending on food and entertainment while the X Games were taking place. They also do not include measures of the value of corporate sponsorship or community outreach programs associated with the X Games.

## *Background*

---

Los Angeles hosted the 16<sup>th</sup> annual X Games from July 29 through August 1, 2010. Competitions in Skateboarding, BMX (Bicycle Motocross), Moto X (Motocross) and Rally Car Racing were held at STAPLES Center, the Event Deck at LA Live, Nokia Theatre and the Los Angeles Memorial Coliseum.<sup>1</sup> These venues were chosen in order to concentrate X Games events in downtown Los Angeles.<sup>2</sup> Related events such as X Fest, an action sports festival featuring interactive skate parks, autograph signings by X Games athletes and sale of X Games related merchandise, also took place in the immediate area of the STAPLES Center, LA Live and

---

<sup>1</sup> "ESPN's X Games Takes Over Downtown Los Angeles," STAPLES Center Press Release, April 26, 2010.

<sup>2</sup> "A New View Of The X Games," Los Angeles Times, August 2, 2010.

Nokia Theatre.<sup>3</sup> As in previous years, X Games 16 content was broadcast to millions of fans in the United States and around the world via ESPN and its various international networks and global platforms.<sup>4</sup> ESPN provided 27.5 hours of live coverage to 175 countries and more than 380 million homes.

The X Games have been held in Los Angeles every year since 2003.<sup>5</sup> In 2009, X Games 15 attracted an estimated 111,200 spectators to live events held at STAPLES Center and The Home Depot Center over four days.<sup>6</sup> X Games 16 attracted larger crowds, with reported attendance at 138,525.<sup>7</sup> ESPN Senior Vice President Scott Guglielmino cited the decision to focus X Games 16 events in downtown Los Angeles as the reason for the increase in attendance.<sup>8</sup>

### *Economic Impact of Hosting X Games 16*

---

Our analysis considers three components of the economic impact associated with Los Angeles' hosting of X Games 16. The first is direct spending by visitors to Los Angeles attracted by the X Games and related events. This direct spending includes expenditures on transportation, accommodations, food and beverage, entertainment and shopping, as well as spending on X Games events.

The second is direct spending by X Games 16 organizers associated with setting up and staging the various X Games events, as well as filming and other production efforts required to broadcast the X Games on television. This includes spending on venue rentals, scaffolding and other materials required to build competition ramps, as well as expenditures associated with the rental of other equipment necessary for hosting and broadcasting the X Games.<sup>9</sup> Staffing costs by ESPN also have been accounted for in our analysis (in our computations of visitor spending).

The third is the multiplier effect understood by economists to reflect the circulation of incremental spending within the local economy. X Games events provide increased income for taxi and airport shuttle operators, ticket takers, restaurateurs, hotel employees, etc. Recipients of this income use at least a portion to make purchases that they otherwise would not have made,

---

<sup>3</sup> "X Games Sixteen, Los Angeles: X Games 16 - Also At X," ESPN website ([www.espn.go.com](http://www.espn.go.com)).

<sup>4</sup> Information from X Games 16 organizers.

<sup>5</sup> "ESPN's X Games Takes Over Downtown Los Angeles," STAPLES Center Press Release, April 26, 2010.

<sup>6</sup> "X Games Fifteen, Los Angeles: About X Games Fifteen - Highlights," ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)).

<sup>7</sup> Mickle, Tripp, "A New View Of The X Games," Los Angeles Times, August 2, 2010.

<sup>8</sup> "X Games See Attendance Jump 24% From '09, But Viewership Drop 49%," Street & Smith's Sports Business Journal ([www.sportsbusinessjournal.com](http://www.sportsbusinessjournal.com)), August 11, 2010.

<sup>9</sup> Information from X Games 16 organizers.

thereby producing another round of beneficiaries. These multiplier impacts are directly attributable to the X Games since they would not occur if the event was held elsewhere.

We did not include an estimate of direct spending by local residents in our analysis despite the fact that as many as 75 percent of X Game spectators are likely to have come from the Los Angeles metropolitan area. The reason for excluding this spending from our computations is that many local residents who went to the X Games would have attended other local sporting events, movies, concerts, etc. had the X Games been unavailable.<sup>10</sup> As a result, the impact of the X Games on total food and entertainment expenditures by local residents is difficult to quantify. To the extent this impact is positive (and our belief is that it is), our estimates are conservative and understate the economic benefit of the X Games to the local economy.

### Methodology for Calculating Visitor Direct Spending

We used reported attendance figures for X Games 16, information provided by X Games 16 organizers, on-site survey research data and other information from past X Games as the starting point for calculating direct spending by visitors.<sup>11</sup>

We looked at three categories of visitors: a) Spectators; b) Athletes; and c) Staff. For each category, we calculated the number of visitor days spent in Los Angeles associated with X Games 16 and used tourism statistics compiled by the Los Angeles Convention and Visitors Bureau to determine average daily expenditures for each category of visitor.<sup>12</sup> The sum of visitor expenditures for all three categories represents the amount of direct visitor spending associated with X Games 16.

Spectators comprised the largest category of visitors to Los Angeles for X Games 16, with a total of 138,525 spectators attending X Games 16 events over the four-day period.<sup>13</sup> However, since X Games events were held at multiple venues at various times throughout each day, many spectators likely attended more than one event.<sup>14</sup> In order to account for this possibility, we assumed that the *minimum* number of individuals attending events each day could be represented by the number of spectators at the venue with the largest attendance that day. This produced a minimum attendance estimate of 83,550 spectators. The actual number of spectators for the

---

<sup>10</sup> X Games competition event ticket prices range from \$9 - \$40. There also are free related events such as X Fest. Accordingly, the cost of attending the X Games is in line with food and entertainment costs of attending other local sporting events, movies, concerts, etc. "X Games Sixteen, Los Angeles: X Games 16 Ticketing Info," ESPN website ([www.espn.go.com](http://www.espn.go.com)).

<sup>11</sup> "A New View Of The X Games," Los Angeles Times, August 2, 2010. "LA Travel Stats 2007," "X Games Fifteen, Los Angeles: About X Games 15 - Highlights," ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)). "X Games Fifteen, On-Site Research, September 2009," ESPN Research + Analytics, ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)). Information from X Games 16 organizers.

<sup>12</sup> "LA Travel Stats 2007," LA Inc. The Convention and Visitors Bureau, February 2008.

<sup>13</sup> "A New View Of The X Games," Los Angeles Times, August 2, 2010.

<sup>14</sup> "X Games Sixteen, Los Angeles: X Games 16: X Games 16 Competition Schedule," ESPN website ([www.espn.go.com](http://www.espn.go.com)).

four-day period, therefore, is between 83,550 and 138,525, and probably closer to the larger figure.

Based on this range, we estimated the number of spectators who were visitors to Los Angeles (as opposed to local residents). According to ESPN's On-Site Research Report, 26 percent of spectators travelled 60 miles or more to attend the X Games in 2009.<sup>15</sup> On the basis of this estimate, we determined that between 22,000 and 36,000 visitor days were generated by out-of-town spectators.<sup>16</sup> Using data from the Los Angeles Convention and Visitors Bureau, we determined that each out-of-town spectator would spend approximately \$153 per day in Los Angeles.<sup>17</sup> Accordingly, visitor expenditures associated with spectators attending X Games 16 were estimated to be between \$3.3 million and \$5.5 million.

The second visitor category comprised athletes competing in the X Games. According to X Games 16 organizers, 261 athletes competed at X Games 16.<sup>18</sup> We assumed that these athletes arrived at least two days before the X Games began in order to prepare for the competition and stayed throughout the four days of X Games events. We also assumed that each athlete had an average of six support people, e.g., family members, sponsors and team managers.<sup>19</sup> This generated a total of 10,962 visitor days associated with athletes and their support teams. Using data from the Los Angeles Convention and Visitors Bureau, we determined that visitor expenditures associated with athletes and their support teams were approximately \$3.1 million.<sup>20</sup>

The last visitor category comprised staff working at X Games 16. According to X Games 16 organizers, a total of 8,908 room nights were associated with ESPN staff in connection with X Games 16.<sup>21</sup> Based on typical Los Angeles visitor profiles, 8,908 room nights are equivalent to 10,690 visitor days.<sup>22</sup> X Games 16 organizers also provided information regarding staff brought

---

<sup>15</sup> "X Games Fifteen, On-Site Research, September 2009," ESPN Research + Analytics, ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)).

<sup>16</sup> Taking into account the size of LA County, we regarded spectators who travelled over 60 miles as out-of-town visitors. According to LA County's official website, LA County has a land area of 4,084 square miles, with a mainland coastline of 75 miles. "Statistics – Geography," LA County website (<http://portal.lacounty.gov>).

<sup>17</sup> According to the 2006 Trip Characteristics of LA Domestic Overnight Visitors, average daily expenditure per leisure visitor was approximately \$143. Adjusted to current prices, average daily expenditure per visitor is approximately \$153. "LA Travel Stats 2007," LA Inc. The Convention and Visitors Bureau, February 2008. "Consumer Price Index – All Urban Consumers, Los Angeles- Riverside-Orange County Area, 2000 – June 2010," U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)).

<sup>18</sup> Information from X Games 16 organizers.

<sup>19</sup> Information from X Games 16 organizers.

<sup>20</sup> According to the 2006 Trip Characteristics of LA Domestic Overnight Visitors, average daily expenditure per business visitor was approximately \$261. Adjusted to current prices, average daily expenditure per visitor is approximately \$280. We used the profile of a business visitor (rather than leisure) for this category because it was a closer match for the spending and behavioral patterns of athletes coming to Los Angeles. Like business visitors, the X Games athletes visit Los Angeles for a specific reason and have a full schedule while they are here. They are more likely to stay in hotels (rather than private homes), spending more on accommodations and other expenses that facilitate their busy schedules, e.g. local transportation and food. "LA Travel Stats 2007," LA Inc. The Convention and Visitors Bureau, February 2008. "Consumer Price Index – All Urban Consumers, Los Angeles- Riverside-Orange County Area, 2000 – June 2010," U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)).

<sup>21</sup> Information from X Games 16 organizers.

<sup>22</sup> According to the Los Angeles Convention and Visitors Bureau, the average group size for visitors on business trips is 1.2 people per party. Assuming that the average group occupied each hotel room sold, 8,908 room nights would correspond with 10,690 visitor days. "LA Travel Stats 2007," LA Inc. The Convention and Visitors Bureau, February 2008.

in by sponsor companies to run the various sponsor and partner booths set up at X Games events. This accounted for an additional 360 visitor days.<sup>23</sup> Using data from the Los Angeles Convention and Visitors Bureau, we determined that visitor expenditures associated with staff working at X Games 16 were approximately \$3.1 million.<sup>24</sup>

Altogether, direct spending by visitors attracted to Los Angeles by X Games 16 is estimated at between approximately \$9 million and \$12 million.

### **Direct Spending by X Games 16 Organizers**

X Games 16 featured action sports competitions such as rally car racing and skateboarding that require wide open spaces and large competition ramps. In order to accommodate these events and the crowds attracted by them, X Games 16 organizers incurred significant set up and staging costs. These included the rental of venues to accommodate the different X Games events, as well as the rental of fences, portable bathrooms, temporary office space for on-site staff, shuttles and rental cars to travel between X Games venues, etc. Scaffolding and other building materials also were required for the competition ramps and skate parks constructed at the different venues.

The television broadcast production of X Games 16 was another component of expenditures by X Games 16 organizers. Action sports competitions over the four-day period were broadcast live around the world via ESPN and its global distribution platforms. Filming and producing these events required special equipment and supplies, e.g. editing and lighting gear.<sup>25</sup>

Based on information from X Games 16 organizers, direct spending associated with the set up, staging and television broadcast production of X Games 16 was approximately \$6.4 million.<sup>26</sup> Together with visitor expenditures noted above, total direct spending associated with X Games 16 is estimated at between approximately \$16 million and \$18 million.

### **Multiplier effect**

Economic multiplier models are used customarily to estimate the additional impact from the circulation of direct spending through the local economy. These models reflect the relationship between inputs and resulting economic outputs, and recognize the impact that an increase or

---

<sup>23</sup> Information from X Games 16 organizers.

<sup>24</sup> According to the 2006 Trip Characteristics of LA Domestic Overnight Visitors, average daily expenditure per business visitor was approximately \$261. Adjusted to current prices, average daily expenditure per visitor is approximately \$280. "LA Travel Stats 2007," LA Inc. The Convention and Visitors Bureau, February 2008. "Consumer Price Index – All Urban Consumers, Los Angeles- Riverside-Orange County Area, 2000 – June 2010," U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)).

<sup>25</sup> Information from X Games 16 organizers.

<sup>26</sup> Information from X Games 16 organizers.

decrease in economic activity in one sector of the economy can have on economic activity in other sectors.

The Minnesota IMPLAN Group, Inc. compiles data that provide the framework for an economic multiplier model used to measure output gains resulting from increased spending in sectors such as transportation, accommodations, food and beverage, entertainment and shopping, etc. Based on the estimated incremental visitor and organizers spending noted above, total direct spending associated with X Games 16 would result in a secondary economic impact of between \$10 million and \$12 million. Altogether, the economic effect is estimated to be between approximately \$26 million and \$30 million.

### *Other Considerations*

---

Aside from the direct and immediate economic impact, other factors contributed to the economic consequences of hosting X Games 16. Since these benefits have not been fully quantified in this report, the true economic impact on Los Angeles County has been understated.

### **Visibility**

The X Games has an increasingly global reach. This provides valuable publicity for the host city.<sup>27</sup> Even Los Angeles, which regularly hosts popular, widely-broadcast Hollywood and sporting events, benefits from additional publicity arising from the X Games. For instance, an Anschutz Entertainment Group (AEG) official noted that X Games 16 was “the biggest event in the history of LA Live.”<sup>28</sup> Furthermore, publicity relating to the X Games likely is concentrated among a relatively young audience since this demographic comprises most X Games viewership. Such publicity can translate into significant long-term economic benefits.<sup>29</sup> According to estimates provided by ESPN, the value to Los Angeles of having 27.5 hours of live X Games broadcast in HD to all 50 states and throughout the world is approximately \$20 million – a reflection of mentions and scenes of iconic venues (STAPLES Center, the Los Angeles Memorial Coliseum, Nokia Theatre at LA Live) and the surrounding environs.

---

<sup>27</sup> 35.4 million people from the United States watched X Games 16 on television during the four-day event. Outside of the United States, X Games 16 was delivered to more than 380 million homes and broadcast live to 175 countries and territories around the world. Social networking websites such as Facebook and Twitter also experienced significant increases in X Games related traffic. Information from X Games 16 organizers.

<sup>28</sup> “A New View Of The X Games,” Los Angeles Times, August 2, 2010.

<sup>29</sup> Mickle, Tripp, “X Turns 15,” Street & Smith’s Sports Business Journal ([www.sportsbusinessjournal.com](http://www.sportsbusinessjournal.com)), July 20, 2009.

Also pertaining to the longer term, Los Angeles' consistent hosting of such events can bolster its reputation as an attractive place to visit and live.

### Corporate Sponsorship

The appeal of the X Games to younger audiences, particularly the 12 to 24 year old demographic, has attracted the participation of corporate sponsors.<sup>30</sup> Marketing opportunities for corporate sponsors have included advertising at X Games venues and media broadcasts, as well as promotions and giveaways that tie in with the X Games (e.g., Samsung sponsored interactive skate parks and related activities at X Fest).<sup>31</sup> While the bulk of sponsorship funds are paid to ESPN, some of this economic activity spills over and impacts the local economy.

### Community Outreach

Charity events have been organized in conjunction with the X Games to benefit the STAPLES Center Foundation and the V Foundation for Cancer Research. An annual opening night event featuring exclusive meet-and-greets with X Games athletes and celebrities, as well as a silent auction of sports memorabilia, is usually held in connection with the X Games.<sup>32</sup> These efforts benefit Los Angeles since the STAPLES Center Foundation helps raise funds and awareness for local charity organizations, with a special emphasis on low-income neighborhoods surrounding the arena. The social impact of such philanthropic activities is clear. The economic benefits, though difficult to quantify, may be significant over the long run.

### Conclusion

---

X Games 16 produced significant benefit to Los Angeles County. We have estimated an impact of up to \$50 million in identifiable benefits. This includes:

- Approximately \$12 million in expenditures associated with increased tourism, including as many as 58,000 additional visitor days. This comprises incremental expenditures on accommodations, transportation, food and beverage, entertainment and shopping.

<sup>30</sup> Mickle, Tripp, "X Turns 15," Street & Smith's Sports Business Journal ([www.sportsbusinessjournal.com](http://www.sportsbusinessjournal.com)), July 20, 2009.

<sup>31</sup> "Special Events, LA Live – X Games 16," LA Live website ([www.lalive.com](http://www.lalive.com)).

<sup>32</sup> "X Games Fifteen, Los Angeles: About X Games 15 – Behind the Big Air Benefit Kicks Off X Games 15," ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)). "X Games Sixteen, Los Angeles: X Games 16 - Also At X," ESPN website ([www.espn.go.com](http://www.espn.go.com)).

- Approximately \$6 million spent on the setting up, staging, and television broadcast production of X Games events.
- Approximately \$12 million from multiplier effects flowing from direct spending associated with the X Games.
- Approximately \$20 million in benefits to Los Angeles associated with the exposure provided by ESPN's broadcast of event venues and the surrounding environs.

These estimates are conservative since they do not include incremental expenditures by local residents on X Game activities. We also have not attempted to quantify other positive impacts of the X Games (corporate recognition and sponsorship, community outreach, etc.).

## Sources

---

1. “A New View Of The X Games,” Los Angeles Times, August 2, 2010.
2. “Consumer Price Index – All Urban Consumers, Los Angeles- Riverside-Orange County Area, 2000 – June 2010,” U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)).
3. “ESPN’s X Games Takes Over Downtown Los Angeles,” STAPLES Center Press Release, April 26, 2010.
4. “LA Travel Stats 2007,” LA Inc. The Convention and Visitors Bureau, February 2008.
5. “Special Events, LA Live – X Games 16,” LA Live website ([www.lalive.com](http://www.lalive.com)).
6. “Statistics – Geography,” LA County website (<http://portal.lacounty.gov>).
7. “X Games Fifteen, Los Angeles: About X Games 15 – Behind the Big Air Benefit Kicks Off X Games 15,” ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)).
8. “X Games Fifteen, Los Angeles: About X Games 15 - Highlights,” ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)).
9. “X Games Fifteen, Los Angeles: About X Games 15 - Overview,” ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)).
10. “X Games Fifteen, Los Angeles: Sponsor Marketing & Media Metrics,” ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)).
11. “X Games Fifteen, On-Site Research, September 2009,” ESPN Research + Analytics, ESPN Event Wrap Up website ([www.espneventwrapups.com](http://www.espneventwrapups.com)).
12. “X Games Sixteen, Los Angeles: X Games 16 - Also At X,” ESPN website ([www.espn.go.com](http://www.espn.go.com)).
13. “X Games Sixteen, Los Angeles: X Games 16: Invited Riders – X Games 16,” ESPN website ([www.espn.go.com](http://www.espn.go.com)).
14. “X Games Sixteen, Los Angeles: X Games 16 Ticketing Info,” ESPN website ([www.espn.go.com](http://www.espn.go.com)).
15. “X Games Sixteen, Los Angeles: X Games 16: X Games 16 Competition Schedule,” ESPN website ([www.espn.go.com](http://www.espn.go.com)).
16. Information from X Games 16 organizers.

17. Mickle, Tripp, "X Turns 15," Street & Smith's Sports Business Journal ([www.sportsbusinessjournal.com](http://www.sportsbusinessjournal.com)), July 20, 2009.
18. Mickle, Tripp, "A New View Of The X Games," Los Angeles Times, August 2, 2010.
19. Mickle, Tripp, "X Games See Attendance Jump 24% From '09, But Viewership Drop 49%," Street & Smith's Sports Business Journal ([www.sportsbusinessjournal.com](http://www.sportsbusinessjournal.com)), August 11, 2010.

## *About Micronomics*

---

**Micronomics** is an economic research and consulting firm founded in 1988. It is engaged in antitrust analysis, the valuation of intellectual property, the calculation of economic damages, wage and hour litigation, sports and entertainment economics, statistics and econometrics, and the collection, tabulation and analysis of economic, financial and statistical data. Clients include law firms, publicly and privately held businesses, and government agencies.

## *About the Authors*

---

**Roy Weinstein** is an economist and President of Micronomics. Mr. Weinstein has been engaged in economic research and consulting since 1969. Areas of expertise include industrial organization, antitrust economics, the valuation of intellectual property, wage and hour litigation, statistics, econometrics, and the calculation of economic damages. He has testified as an economic expert in numerous jurisdictions and has spoken before the American Bar Association, the National Association of Attorneys General, the National Association of Business Economists, and the Los Angeles County Bar Association. Mr. Weinstein's articles have been published in the *Journal of the Patent and Trademark Office Society*, *The Journal of Law and Technology*, and the *Antitrust Bulletin*. Mr. Weinstein received his Bachelor of Business Administration degree *cum laude* with honors in Economics from City College New York and his Master of Arts degree in Economics from the University of Chicago. He is a recent recipient of the Career Achievement Award from the Business and Economics Alumni Society of the Baruch School at City College.

**Jeremy DeGracia** is a Consultant and Director of Information Resources at Micronomics. Mr. DeGracia has thirteen years of experience in economic research and consulting. He has worked on projects involving anticompetitive conduct, intellectual property, securities fraud, and business failure. His industry expertise includes computer hardware and software, sports, entertainment, pharmaceuticals, and food processing. Mr. DeGracia received his Bachelor of Arts degree in Sociology and Asian American Studies from the University of California, Los Angeles and his Master of Library and Information Science degree from San José State University. He is a former Southern California Association of Law Libraries scholarship recipient and a current member of Beta Phi Mu, the library and information studies honor society.

**Edna Lin** is an Analyst at Micronomics. Her work has involved economic research and consulting in patent infringement issues and employment class action disputes. Prior to Micronomics, Ms Lin worked for the Singapore Foreign Service, representing Singapore at the United Nations in New York. She received her Bachelor of Arts degree in Economics from the University of California, Berkeley and her Master of Arts degree in East Asian Studies from Stanford University.