



**ANALYSIS OF THE ECONOMIC IMPACT OF THE:
2014 TCS NEW YORK CITY MARATHON**
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History and Description:

The New York City Marathon was first run in 1970 by only a handful of people and consisted of four laps around Central Park. 55 men finished and received various cheap prizes, including secondhand watches and bowling trophies. Since the races inception it has grown by leaps and bound and now spans New York City's five boroughs. Hosted on the first Sunday of every November, race-related events start the Monday before and run the length of the week. In 2014 the expanded three-day Fitness Expo was hosted at the Jacob K. Javits Center and allowed participants and vendors to intermingle.

In 2014, the TCS New York City Marathon had a record 50,530 people, or 99.2% of the participants, cross the finish line in Central Park. The marathon brought in around 258,100 guests to the city, including those who participate and family. To become a participant, you can apply one of three ways. The first way is to run a qualifying time and pay an entry fee of \$255 (US Citizens). The second way is to join the lottery with a non-refundable \$11 deposit and take the 20% chance that you will get a spot. The last way is to join a partnered charity's running team. When doing this last way, the person will fundraise for their charity of choice. These last two ways are popular for non-experienced runners to join one of the six marathon majors in the world. In 2014 the NYCM raised \$34.5 million for various charities.

The sponsor of the 2014 marathon is Tata Consultancy Services who began their role as the title sponsor in 2013 (Belson and Pilon, 2013). While in this role TCS will be responsible for connecting with both marathon runners and the other associated events such as the 5k, 10k, Midnight Run, and various youth programs. This partnership will

last until 2020 or longer should TCS wish to continue. The NYCM also has held a TV contract with ESPN since 2012 and is exclusively broadcast on the ESPN networks the day of the race. New York Road Runners, established 1958, organizes all associated events with the marathon and the marathon itself. NYRR is one of the largest running clubs in the world and founded the New York City Marathon.

Estimated Economic Impact:

Both Forbes and New York Road Runners report that the estimated economic impact of the 2014 TCS New York City Marathons was \$415 million. This number was generated by AECOM, a global leader in business planning. Of this \$415 million, \$73 million was revenue for the New York Road Runners and \$4 million in police salaries. In addition to the \$415 million, \$22.2 million sales and occupancy taxes were generated. The estimated cost to put on the 2014 marathon was \$35 million.

Mechanisms of Economic Impact:

Economic impact is the monetary measure of how an event financially impacts its community. This is measured by looking at new money injected into the local economy by outside sources (Howard & Crompton, 2014). Key areas of impact include direct job creation, spending in the community and indirect job growth, attraction of tourist and relocation, and the multiplier effect.

The NYC Marathon does create a few direct jobs. The New York Road Runners club has employees in the front office who work specifically work the marathon and the associated events but rely heavily on their volunteer force of 10,000 people. The volunteers who work the race set up, line the course, organize the VIP tent, and do take

down. NYRR has less than 200 full time employees who work with event planning, partnerships, youth programming, running services, media specialists, apparel, finance, and HR.

The NYC Marathon in 2014 brought in approximately 258,100 guests and had approximately two million spectators. During the marathon guests and spectators were lined up across the 26.2 mile course throughout the city, but could only be in certain areas. Certain NYC areas were cut off from spectators because of how the course ran and because of safety reasons.

The approximately 258,100 guests who came to New York City the weekend of the marathon generated about an additional \$22.2 million in sales and occupancy taxes according to AECOM. Many of these guests stayed in hotels, ate at local restaurants, and shopped around NYC and its five boroughs and that is what generated the influx of these guest related taxes. While taxes are not attributable to direct economic impact, these additional figures can show that there was indeed an influx of spending the weekend of the marathon.

Critical Analysis of Economic Impact Assessment:

While the sources used to determine what the economic impact was in NYC for the marathon were credible, I could not find all the information they used to come up with this figure. Forbes is an internationally accredited company, New York Road Runners is the club that hosts the event year in and year out, and AECOM is a management firm that is listed as a Fortune 500 company. AECOM based their findings on the economic impact of the race on participant, sponsor and vendor surveys, a review of NYRR

expenditures in New York City, and the overall impact of New York City-based charitable funding (NYRR). While this all contributes to the economic impact, AECOM does not report what the impact was at the local income level, direct jobs created, and how they use the multiplier effect.

While Forbes does report that the New York Road Runners spent an estimated \$35 million to stage the marathon, they do not address whether all \$35 million stayed within the community. Leakage was never reported, only a small ripple effect was mentioned in the New York Road Runners press release. The lack of specific information on what is exactly attributable to the total amount of economic impact leads me to believe that the \$415 million has many irrelevant dollars associated. This could be because only New York Road Runners is the only primary source of information for the economic impact totals. AECOM did not publish their findings; therefore NYRR could have used total revenue generated as their economic impact, which is not the same.

AECOM factors that they did use however do greatly attribute to the correct number for economic impact. One of the best ways to collect data on economic impact is by intercept surveys of visitors and participants (Howard & Crompton, 2014). By surveying this population, AECOM could determine who was relevant to economic impact and who may have been time-switchers or casuals. Another positive factor for AECOM was the fact that they specifically said they measured for expenditures solely in New York City. This may not include the \$35 million reported by Forbes above since a specific number was never released by neither AECOM nor New York Road Runners.

The Chicago Marathon in 2014 produced more than \$254 million in economic impact, producing nearly \$86 million in salary and wages, with about 40,800 finishers. While there were about 10,000 less runners, \$415 million is still an incredibly high number compared to Chicago's (Dalek). Bank of America also produces an incredibly in-depth infographic that shows the exact breakdown of where all the money attributed to economic impact comes from, something AECOM should replicate.

Conclusion:

Though not all of the money reported can be outright contributed to the economic impact, the economic impact of this race could be considered important to the city. A compelling reason why the marathon would be beneficial to continue would be that the 2014 New York City Marathon had a significant impact in the charitable community. In 2014 nearly \$34.5 million was raised for roughly 8,500 charities across the United States. Many of these charities are either bronze, silver, or gold level partners and can "sell" their spots at a premium fundraising cost. Average fundraising minimum for these spots is around \$2,500 and is guaranteed to the charity once a participant signs up. Overall, the 2014 New York City Marathon did have a significant impact on parts of the local economy.

Resources:

(Oct 26, 2015) *NYC Sees Significant Economic Impact From TCS NYC Marathon*

Retrieved From: <http://www.nyrr.org/media-center/press-releases/new-york-city-sees-significant-economic-impact-from-tcs-new-york-city-marathon>

Badenhausen (Nov 1, 2015) *NYC Marathon: By the Numbers* Retrieved From:

<http://www.forbes.com/sites/kurtbadenhausen/2015/11/01/new-york-city-marathon-by-the-numbers/#ba43a2039080>

Dalek (Nov 3, 2016) *2014 NYC Marathon Breaks Record for Most Finishers*

<http://www.runnersworld.com/newswire/2014-new-york-city-marathon-breaks-record-for-most-finishers>

Belson and Pilon (Oct 23, 2013) *Technology Firm in India Will be NYC Marathon Title*

Sponsor Retrieved from: http://www.nytimes.com/2013/10/03/sports/tcs-to-replace-ing-as-marathons-title-sponsor.html?_r=0

(Sept 2, 2015) *Study Finds BOA Chicago Marathon delivers more the 254 Million to*

Chicago Economy Retrieved From: <http://newsroom.bankofamerica.com/press-releases/community/study-finds-bank-america-chicago-marathon-delivers-more-254-million-chicago>

Howard & Crompton (2014) *Sport Finance* Retrieved From: [https://moodle-](https://moodle-courses1617.wolfware.ncsu.edu/pluginfile.php/387728/mod_label/intro/The%20Principles%20of%20Economic%20Impact%20Analysis.pdf)

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