



The Goodwood Estate

Socioeconomic Contribution: 2022

Dr Alexander Grous
Department of Media and Communications

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Academic Lead: Dr Alexander Grous, LSE Department of Media and Communications



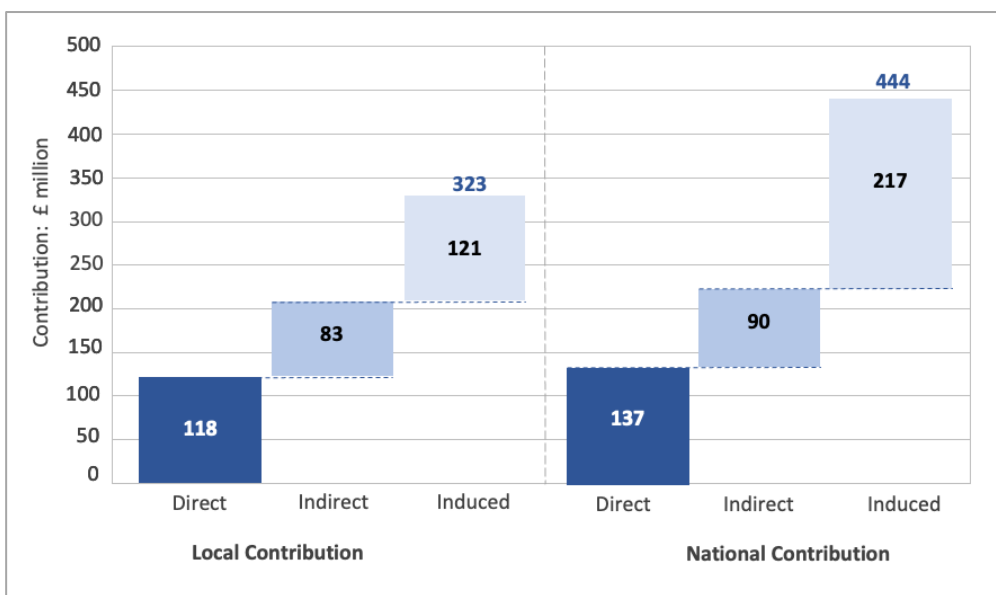
Dr Alexander Grous is attached to the Department of Media and Communications at the LSE. Over the past 12 years he has also been engaged in the Department of Management and the Centre for Economic Performance, one of Europe's leading economic research centers. He has undertaken multiple high profile socioeconomic and economic impact studies including the three-report series over three years on the impact of connectivity on air transport, [Sky High Economics](#), considered an industry benchmark in valuing the contribution of connectivity in the Sector. This resulted in international awards for their original contribution and validation of the results by banking analysts. In addition, Dr Grous has undertaken socioeconomic analysis across many sectors such as leisure and events, including studies of 6-12 month duration for complex interconnected operations at a regional and national level including defining the contribution of Warner Brothers to the UK economy with a [headline of £1bn p.a. released](#). This also includes defining [Rolls-Royce Motor Cars'](#) economic contribution to the UK economy and for non-publicly released complex businesses including Microsoft, Abertis, BskyB, Amazon, Vodafone, Amadeus, Adobe, the UK Space Agency and others.

Dr Grous has produced additional high profile reports on economic contribution that include quantifying the value of cycling to the UK economy, ['Gross Cycling Report'](#) that remains one of LSE's most downloaded reports with over 21,000 downloads to date. In addition, Dr Grous' [socioeconomic impact of road traffic accidents with child victims](#) was launched with UNICEF and HM Queen Letizia in Spain in 2019 and is the most detailed and complex assessment of its kind undertaken to date quantify the socioeconomic impact by global region of road injuries and fatalities to children. Many economic impact contribution studies undertaken by Dr Grous are not public domain with only a limited press release occurring, as these are often utilised by multinationals to assist with Government engagement. These also include a widely cited international economic and socioeconomic impact assessment on the value of [mission critical mobile applications for public safety](#) in the UK and the EU for Motorola utilised widely both by Government, Emergency Services and cited in Parliament. Many economic impact assessments don't involve publicly available reports and include. Dr Grous brings both quantitative and qualitative skills and experience to economic impact analysis that combine to deliver sound granular-defined assumptions that provide both consolidated metrics and results for specific activities and workstreams.

In addition, Dr Grous has been part of the LSE Team engaged with McKinsey and Co since 2009 in the world's largest ongoing assessment of management practices with the team undertaking over 20,000 interviews to date in 35 countries with a core focus on manufacturing productivity including automotive and aerospace. Dr Grous brings a commercial career to the LSE encompassing production and manufacturing including Lean, in addition to high technology, FMCG and other sectors. Dr Grous teaches in management practices, innovation, digitalisation including in international management programmes in the EU, Asia Pacific, and North America.

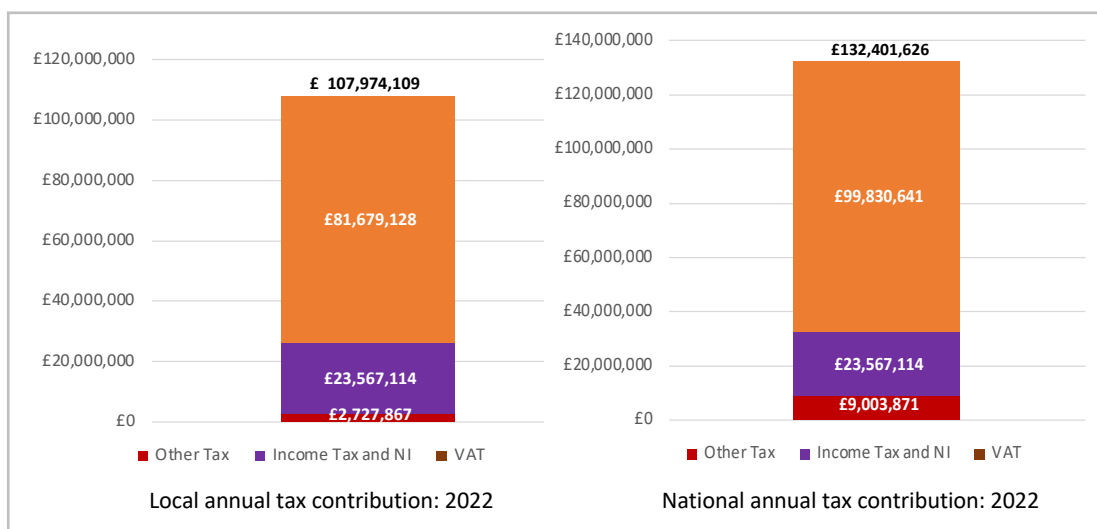
1. Executive Summary

The Goodwood Estate ('Goodwood') makes an estimated economic contribution of £323m annually in 2022 into its local economy through a direct (£118m) indirect (£83m), and induced mode (£121m). This contribution increases to £444m at a national level, reflecting expenditure made wider in the UK by visitors, exhibitors, suppliers. A local and UK contribution estimate has been calculated to reflect Goodwood's unique position as an international destination for motor and horse racing hallmark events that creates spillage both locally and nationally. *The Festival of Speed, Goodwood Revival, Members Meetings* are amongst the biggest historic motorsport events in the world, and combined with the *Qatar Goodwood Horse Racing Festival*, draw over 60% of the annual one million visitors to the Estate, with the majority of attendees originating from outside of the local region, including over 100,000 overseas visitors:



Goodwood' local and national (UK) annual economic contribution: 2022

In addition to this contribution, the Estate makes an annual tax contribution of £107m and £133m encompassing VAT, income tax, local and other taxes:



Goodwood' local and national (UK) annual tax contribution: 2022

Goodwood's revenue has risen from £67m in 2013 to £128m in 2022, despite the impact of the pandemic. The continued successful development of the Estate has underpinned its economic contribution and local employment that peaks at over 1,000 during major events including permanent and casual resources in addition to staff utilised by suppliers. The successful development of Goodwood as an international Motor Racing marque with a strategic location for international access attracted Rolls-Royce Motor Vehicles (RRMC) as a tenant and the development of the Company's global head office and manufacturing facilities in 2003. This reflects Goodwood's continued growth as an integrated ecosystem with geographically cohesive operations and a presence that dates from the 1500's, underpinned by an experienced management team and the Duke of Richmond's vision for its long term positioning.

This research is the most comprehensive impact analysis undertaken of Goodwood and occurred over 14 months. It was facilitated by access to information, the management team, staff, and the Duke of Richmond. The work encompassed considerable on-site engagement to data, financial information engage with the management team, staff, suppliers, contractors, exhibitors, and to undertake sampling of visitors during Hallmark Events. The subsequent economic contribution analysis utilised generally adopted industry methodology to estimate direct, indirect, and induced contributions that define the total economic contribution made. This encompassed Hallmark Events, 14 additional operations and facilities, sustainability from forestry (through the sequestering of an estimated 165,000 tonnes of CO₂) and other activities and social benefits generated including through *The Goodwood Education Trust* for students. As the Estate continues to grow, its contribution will also increase both economically and socially. This analysis presents a snapshot of the economic contribution made in 2022 with a considerable rebound observed following the impact of the pandemic in the period immediately preceding this.

2. The Goodwood Estate and the Local Economy

“We are a collection of small businesses connected through a common location, a passion to deliver excellence, and in the desire to make a contribution to our society, while preserving the Goodwood legacy for future generations.”

Duke of Richmond.

The Goodwood Estate is a leading English sporting estate located in the County of West Sussex in the UK and has been the Seat of the Dukes of Richmond for over three centuries. It is an integrated leisure, sport, farming and forestry facility, set in 12,000 acres, employing 1,000 resources at a peak during major events. The Estate includes a Battle of Britain airfield, a racecourse and motor circuit, two golf courses and one of the oldest cricket grounds in the country, one of the largest lowland organic farms in England at 4,000 acres, and the Goodwood House. The Estate also includes a 92-room hotel and other accommodation, a gym and spa facilities, and numerous restaurants and bars. It is bordered by a number of major roads including the A27, which links the nearby towns of Brighton, Chichester, Portsmouth, Southampton, and is the primary east-west road along the south coast. The Estate is also the location for RRM’s head office and global manufacturing plant established in 2003, occupying 43 acres of leased land and employing over 2,000 people. The site reflects locational requirements by the Company for privacy, security, a test track and nearby infrastructure, with 90% of Rolls-Royce cars exported.

In 2022, the Estate celebrated the 29th anniversary of its ‘car culture’ event, *The Festival of Speed* (FOS), that attracts 208,000 UK and international visitors and drivers over four days and is depicted as ‘the world’s largest automotive garden party.’¹ It is also the largest green-field site-build in the world. Goodwood also hosts the annual *Goodwood Revival*, arguably the most historic motor race meeting in the world, attracting 150,000 international and local visitors over three days, and *Members Meeting*, a further motor racing event. Goodwood also hosts 19 horse racing fixtures including *Glorious Goodwood*, attracting around 211,000 international and local visitors. In 2022, a new dog event was introduced at Goodwood, ‘Goodwoof’ which is positioned as ‘a grand celebration of all things dog’, with the inaugural event attracting 13,000 visitors. In addition to these events, Goodwood attracts around 400,000 other visitors annually across its venues, resulting in over one million visitors annually, and revenue of £128m p.a., in 2022, up from £105m in 2018. Total attendance includes over 100,000 international visitors who otherwise would not have visited the UK, with 60% of these attending hallmark events. These visitors generate an estimated direct expenditure of £70M in the UK economy with a further £122M generated downstream.² The Estate’s management continues to develop a sustainability strategy that encompasses one of the largest tree planting schemes in the south of England, with around 80,000 trees to be planted in 40 hectares of new woodland, adding to the existing 727 hectares of forestry. This research assesses Goodwood’s contribution within an approximate 15-mile radius from Goodwood House that incorporates Chichester and the surrounding area.

¹ <https://britishairshows.com/goodwood-festival-of-speed.html>

² Utilising hospitality multiplier: Morrison, A., et al. (2009). *Entrepreneurship in the Hospitality, Tourism and Leisure Industries*. Routledge.

3. Direct Contribution Elements

Goodwood generates revenue that is utilised to fund the costs of events and day-to-day operations for the Estate including staff, infrastructure, maintenance, central functions, and facilities encompassing the Farm, Forestry, and others. These costs drive a direct contribution (£118m).

3.1 Revenue Streams

Goodwood generates multiple revenue streams. It is an integrated Estate reflecting cross-supplying between businesses including the sustainable supply of fuel to the Hotel and other facilities from Forestry, and the supply of produce to on-site restaurants from the Farm. The primary revenue sources for the Estate are numerous and encompass:

- Ticket sales for hallmark events: FOS, Goodwood Revival, Members Meetings, Horse Racing;
- Sponsorship and Hospitality income;
- Income from track day tickets and packages;
- Vendor income from on-site temporary Event product stalls in particular;
- Catering Income from events and food and beverages from restaurants and bars;
- Aviation activities including Flying School, aerodrome, and aircraft maintenance;
- Rental income from various tenants, both commercial and residential using land and property across the estate including 100 acres utilised for Rolls Royce's headquarters and manufacturing facility.
- Ticket sales from special events held on the Estate;
- Ticket sales from visitors to Goodwood House;
- Income from Goodwood Hotel including lodging, food, and beverage income;
- Accommodation income from businesses operating all-year and during hallmark events including temporary camping sites;
- Membership income from the Spa, Gym, two golf courses, GRRC and Racecourse; Special events held at the Estate including corporate functions, wedding receptions, others;
- Memorabilia and other merchandising sales.

The revenue for the Estate was £128m in 2022. This figure is underpinned by over one million annual visitors, with the hallmark events accounting for 60% of this attendance. The remaining 40% of visitors are distributed across Goodwood's other services and functions, with no further distribution of visitor numbers provided due to confidentiality. Major businesses include the 90-room hotel that displays strong occupancy rates with the potential for further utilisation outside of hallmark events; the Spa, Gym and Golf, that are operating at levels that are believed by the management team to provide optimal visitor and member enjoyment without compromising the quality of the experience. These are unlikely to increase capacity further in the near-term. Additional revenue areas include the development of the aircraft servicing business and the continued monetisation of Motoring Members through existing and new opportunities including digital. Figure 1 depicts the segmentation of Goodwood's revenue into a number of streams of activities. Rolls-Royce is a contributor to the overall impact Goodwood makes but this has not been quantified within the scope of this study. The Company makes a significant local contribution through its employment of 2,000 people in its global manufacturing facility and head office on Goodwood, in addition to sourcing some materials locally

and leaking other expenditure into both the local and national economy. For the purpose of this analysis, it is excluded but it is recognised that it makes a significant contribution locally and nationally.

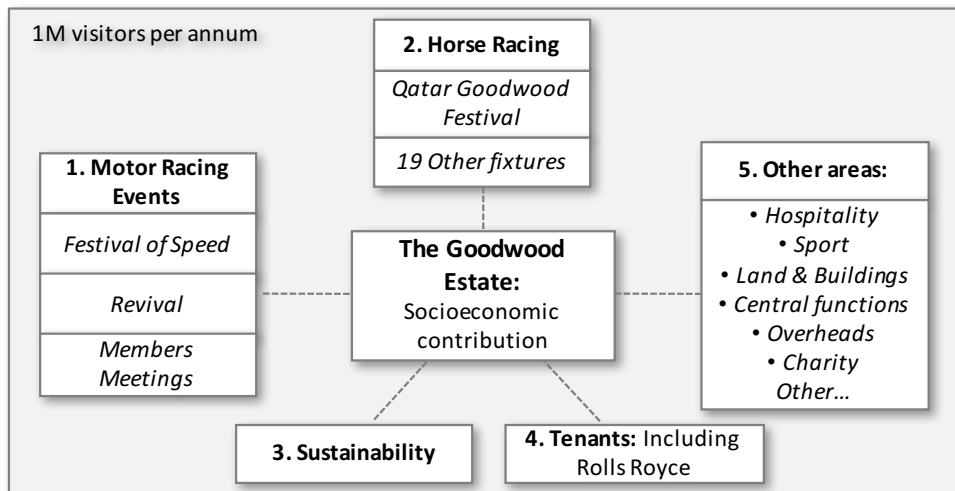


Figure 1: Goodwood’s revenue stream by category

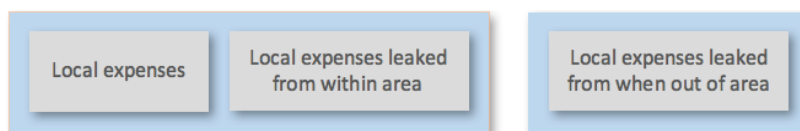
The five areas include: (1) ‘Motor Racing Events’; (2) ‘Horse Racing Events’; (3) ‘Sustainability’; (4) ‘Tenants’, including Rolls Royce, and; (5) ‘Other Areas’ that represent the Estate’s other facilities in addition to the majority of direct costs and overheads required to deliver day-to-day operations.

3.2 Primary Expense Streams

Goodwood’s direct expenditure is distributed between a number of major streams:

- Purchases for Cost of Sales;
- Staff costs with the majority of these paid to in-area employees;
- Infrastructure costs including land, buildings, maintenance of these;
- Travel, accommodation, and other overheads;
- Catering costs;
- Third parties including contractors for facilities;
- Taxes and other costs.

The majority of Goodwood’s costs are incurred locally. A smaller proportion spill wider in the UK from visitor spending and suppliers located elsewhere that supply the Estate:



Leakage is minimised by the Estate through the selection of local suppliers and the majority of employees who reside within the West Sussex area or in adjacent countries

3.3 Direct Employment

Goodwood’s total full-time employees (FTE) number around 750, with an additional 300 staff employed throughout the year to complement permanent staff in the Goodwood Hotel, Kennels, special events, functions, hallmark events, and other activities, excluding any contractor, vendor, or sponsor employees. These employees comprise the direct labour force employed by Goodwood with the majority siding locally within the target local region.

3.4 Revenue and Employment Trend

Goodwood has grown both revenue and staffing over time. Revenue has grown by 83% between 2013-2022 from £67m to £128 respectively. Over this period, staffing has tripled, with direct income tax and NI contributions reaching £25m in 2022. Through a multiplier effect,³ the extra 600 FTEs employed in the Estate over this growth period equates to around 1,200 additional jobs being created elsewhere in the economy. In addition to these, around 12,000 people are employed during major hallmark events such as FOS, with this both contributing to an uplift in the room night stays generated locally and in the surrounding areas in addition to visitor room night stays, and the commensurate expenditure injected into the local area by those working on FOS and other major events.

4. Defining Contribution: Direct, Indirect, and Induced

At the macroeconomic level, economic activity and contribution is measured in terms of ‘output’, or gross domestic product (GDP). This reflects the goods and services that are produced in a country and is the sum of personal consumption expenditure plus business investment, and government spending plus exports minus imports.⁴ In addition, other measures of economic activity are utilised to highlight the most significant components of national expenditure including employment, salaries and wages and government tax revenues.⁵ The notion of *socioeconomic contribution* incorporates a number of these components but also assesses their wider *spill-over* effects. This includes the use of expenditure at the company and personal consumption level. The mapping of the expenditure journey commences with the number of individuals being assessed and incrementally incorporates components to define total expenditure. This process underpins economic contribution analysis and focuses expenditure generating activity within the area being assessed. The approach to defining Goodwood’s socioeconomic contribution follows generally adopted practices including defining *direct*, *indirect*, and *induced contribution*:

Direct (primary impact): This captures the expenditure associated with the general running of the Estate including labour, materials, supplies, capital, and other activities. This category also includes a contribution made by the significant sustainability and forestry activities including the largest forest plantation undertaken in the south of England encompassing around 80,000 trees.

Indirect (secondary impact): This category captures the expenditure incurred by the suppliers to Goodwood with activities that would only have occurred to service the Estate. This is a ‘second round’ impact that includes suppliers purchasing goods, services, supplies, hiring labour to meet obligations for Goodwood. Government indicates that that indirect impacts on GDP are, in nearly all cases, twice as high as direct impacts indicating that these activities are significant due to the links they foster between economic activities and other sectors of the economy, with direct spill-over into other productive sectors.⁶

³Utilising the Office of National Statistics’ (ONS) multiplier of 2.044 for the applicable sector of *Sports Activities and Amusement and Recreation Activities*

<https://www.ons.gov.uk/file?uri=%2feconomy%2fnationalaccounts%2fsupplyandusetables%2fdatasets%2fukinputoutputanalyticaltables%2fdetailed%2f2015detailed/2015detailedioatsbb18.xls>

⁴ <http://www.oecd.org/berlin/44681640.pdf>

⁵ ONS. (2018). UK national Accounts: The Blue Book.

<http://www.evaluationonline.org.uk/evaluations/Documents.do?action=download&id=802>

⁶https://assets.publishing.service.gov.uk/media/57a089f2ed915d622c000495/Tourism_Impacts_employment_gender_income_A_Lemma.pdf

Induced (secondary impact): This category captures expenditure normally incurred by employees at the household level and reflects the proportion of income that is available for spending. Induced contribution occurs from spending by both direct and indirect employees, but can include wider contribution with government highlighting, *“In-country tourist expenditure will have both direct and indirect impacts as the money follows the tourism supply chain.. [and] Represents the wider contribution of tourism through the expenditures of those who are directly or indirectly employed by the tourism sector.”* Hallmark events in particular result in considerable local and to a lesser degree wider induced contribution from including food and beverage spend, recreation spend, and the expenditure of income by direct and indirect employees and households in the economy.⁷

This research has captured expenditure by visitors, suppliers and contractors that would not have been incurred without the Estate’s activities utilising ‘ground-up’ primary and secondary research and engagement including the quantification of:

- Cost of travel to visit the Estate segmented by distance band including public and private transport, segmented by mode of transport including fuel and/or tickets;
- Food and beverages bought on route to visit the Estate;
- Tourism spend in the local area including for additional food and beverages, accommodation.

Goodwood’s business reflects a considerable facilitation of indirect and induced contribution. Its major sporting events are *hallmark events* defined as: *“Tourist events [that] are major fairs, expositions, cultural and sporting events of international status which are held on either a regular or a one-off basis. A primary function of the hallmark event is to provide the host community with an opportunity to secure high prominence in the tourism market place.”*⁸ FOS, Revival, Members Meetings, Glorious Goodwood can be included within this as they reflect defined attributes including: *“[they] continue to be a mainstay of tourism marketing, ensuring the success one of the major reasons for conducting hallmark events - the creation of a sustained and viable tourist industry in the host community.”*⁹ These events account for 60% of the Estate’s annual visitors and almost 70% of the revenue generated that funds direct and indirect activities and downstream induced activities.

5. Drivers of Contribution - Goodwood ‘Stickiness’ and Visitors

Goodwood reflects a number of unique attributes that contribute to the generation of socioeconomic contribution across a wide array of activities. These differentiate the Estate from many other hallmark event hosts including leisure facilities that can be utilised all-year round, with close local-linkages. This business model is not evident in many event management organisations or UK country estates that are often event-specific. Goodwood’s events promote local recurring contributions including:

- A reliance on external suppliers for the design and construction of high-cost event infrastructure such as fixtures, with local suppliers utilised wherever possible, supplemented by others;
- Considerable travel and extended accommodation periods for contractor labour that assembles and dis-assembles fixtures and is often retained on-site throughout an event. This occurs before and after an event respectively over a 4–6-week period;

⁷ Ibid

⁸ Hall, C.M. (1989). The definition and analysis of hallmark tourist events. *Geo Journal*. V(19)3; pp:263-268.

<https://doi.org/10.1007/BF00454570>

⁹ Ibid.

- The use of skilled and unskilled labour to construct fixtures;
- The construction of temporary facilities for festivals, with motor-racing in particular resulting in significant temporary expenditure both directly and by contractors and 3rd parties.
- The internationally leading position of Goodwood's hallmark events and the Estate's leading position in staging a number of the largest and motor racing events in the world;¹⁰
- Over one million annual visitors with leakage of expenditure reflecting local, regional, national, and international travel to the Estate, local accommodation, and leisure spending;
- A loyal base of motor-racing and horse-racing enthusiasts with lower price elasticity of demand. This contrasts general tourism that traditionally has a higher price elasticity;¹¹
- Non-local national and international visitors allocating additional leisure time before and after their event or visit to the Estate to visit the local area and make expenditure on food, beverages, accommodation, other attractions, car rental, transport, and other areas of activity.

These factors enhance the contribution Goodwood's 60,000 international and other national (out-of-region) visitors make to the local and UK economy through a number of incremental factors:¹²

1. Increasing *the number of people* who visit West Sussex and Chichester;
2. Increasing *visitor expenditure* in the region;
3. Improving *destination awareness* of Goodwood and in turn Chichester and West Sussex;
4. Increasing *civic pride* locally and creating additional employment in the local community.

These factors drive socioeconomic analysis encompassing quantitative and qualitative elements:^{13,14}

- *Economic Impact*: Increased expenditure; creation of employment; increase in the standard of living; increase in the labour supply.
- *Physical/Environmental*: Construction of new facilities; preservation of heritage; sustainability.
- *Tourism/Commercial*: Increased awareness of the region as a travel tourism/destination; creation of new accommodation and tourist attractions; increased knowledge on the potential for investment and community activity in the region.
- *Social/Cultural*: Increase in permanent level of local interest and participation in types of activity associated with event.
- *Political/Administrative*: Enhanced international recognition of region and values.

The integration of Goodwood with local road networks and supplier networks is a key strategic value-generator that has been developed over decades and optimises just-in-time efficiency with suppliers while also optimising visitor flows in and out of the Estate. This ecosystem is also utilised by RRMC, and the considerable logistical activities undertaken including between Goodwood and materials and parts hubs in nearby Bognor Regis, and other national and international shipping modes.

¹⁰ Excluding specific racing events such as Formula One and comparable races.

¹¹ Myer., N and Myer, D. (2015). The role and impact of tourism on local economic development: A comparative study. African Journal for Physical Health Education, Recreation and Dance. V(21): 197; pp:197-201.

¹² Janezko, B., et al. (2002). Estimating the Economic Impact of Festivals and Events: A Research Guide. CRC Sustainable Tourism. https://sustain.pata.org/wp-content/uploads/2015/02/Mules_EcolmpactsFestivals_v6.pdf

¹³ Hall, C.M. (1992). Op cit.

¹⁴ Morrison, A. (2009). Op cit.

6. Methodology - Primary and Secondary Data

6.1 Data Acquisition

This research is a longitudinal study of Goodwood spanning 14-months and is the most detailed analysis undertaken to date of the Estate's operations. This time period permitted an assessment of the annual calendar of events with both primary and secondary research undertaken:

- (a) Primary research: Frequent on site visits and residential stays occurred for a duration of 1-2 days with access to information and the Estate's Executive Team including the CEO, CFO; the Duke of Richmond; Board Members; Heads of Departments including Marketing, Operations, Facilities, Forestry, the Farm, Motorsport, Events, Leisure Facilities, and other areas. In addition, visits and stays occurred during major sporting events to observe, research and sample attendees to obtain further information on purchasing, travel, and consumption patterns, and to participate in planning and logistical activities with Goodwood Teams.
- Reviewing financial data with the CFO and the Management Team.
 - Reviewing previously undertaken visitor research on expenditure and travel patterns.
 - Undertaking additional primary research during events to update and enhance visitor travel, expenditure, and other data, and engaging with suppliers to capture key data.

Engagement provided detailed 'ground-up' data across Goodwood's primary operations including costs, with extensive engagement with the CFO and the Finance Team. Data utilised included financial statements (P&L, Balance Sheet, Management Summary). Additional data were sourced from Department Heads and teams from Marketing, Communications, Facilities Management, Executive functions, Motor and Horse Racing and others. This encompassed event costs and logistics; facility and resource utilisation; visitor numbers (local and international); vendor costs and resources utilised to support Goodwood events including:

- 12 miles of track laid for the Event;
- The building of over 200 temporary structures;
- Over 300 Exhibitors establishing sites;
- Using 4,500 bales of hay to define the hill climb and off-road areas and 3,800 bales to line the track;
- Erecting 2,000 signs;
- Transporting an additional 1000 benches for Event use.

- (b) Secondary research: Considerable secondary research was undertaken to obtain additional information. The key data encompassed Goodwood attendance, costs, travel data (visitors and suppliers) and accommodation metrics for hallmark events. This information was acquired through engagement with the Estate's Marketing and other teams directly and complemented by secondary sources including previous more limited studies assessing Goodwood visitors.¹⁵ Other secondary data encompassed national road traffic agency plans for possible future local road changes (A27); national and local tourist data; public transport data including costs for rail, bus, taxis, and other data sources.

¹⁵Frost, P., et al (2015). Economic Impact of the Goodwood festival of Speed. University of Brighton. <http://eprints.brighton.ac.uk/17645/1/HVRI-FOS%202015-report.pdf>

6.2 Robustness and Avoiding Pitfalls

This research utilises a granular and robust approach to defining contribution:

- (a) *Defining key expenditure*: Event impact studies are most often undertaken at a distance and utilise less detailed and consolidated expenditure data, relying on multipliers to define contribution with higher level data.¹⁶ This can limit the contribution defined due to incomplete data, in contrast to expenditure captured ground-up across direct, indirect, and induced areas with exhibitors and vendors may contribute significant expenditures. These groups, especially the suppliers, often do not receive visitor expenditures but make significant investment in the local economy, to deliver products, food and drinks and services sought by visitors with the ONS highlighting: “Visitor impact refers to all of the direct, indirect and induced economic, environmental and sociocultural effects arising from visitor activities and the supply of goods and services to visitors that take place within a defined economy.”¹⁷
- (b) *Adjusting for local visit flow*: Economic impact studies recommend the removal of local visitors to a region’s contribution calculations as they are not perceived as making an incremental contribution,¹⁸ although differing views exist on the extent that this should occur.¹⁹ Hallmark events attract expenditure from other regions, with Goodwood hosting internationally recognised events that draw visitors from within the UK, the EU and overseas. Around 10% of all visitors arrive from either the EU or overseas, while out-of-area visitors comprise the majority of remaining attendees. An event can however have a positive tourism impact even in the absence of visitors from outside the region if the resident spectators would have travelled outside the region to attend this or a similar event: the local event prevents a loss of local expenditure with this flow retained locally as a result.²⁰ This study identifies a proportion of local visitors for each event, facility and removes them in the calculation of *local* contribution. This proportion has been defined through direct engagement with Goodwood Management and varies between the target activity: it is higher for the use of general facilities and while in others such as hallmark events, it is a lower figure with few ‘deadweight visitors’ attending.²¹ Goodwood’s hallmark events include a high proportion of visitors who attend due to the staging of these events.
- (c) *Identify leakages*: Goodwood is an integrated ecosystem that minimises leakage. This includes the utilisation of its own farm to supply produce to its hotel, restaurants, and events, complemented by local sourcing where possible, and the use of on-site accommodation and leisure facilities. The requirement for visitors to have access to Goodwood during hallmark events results in a concentration of accommodation in close proximity including a high proportion of locally owned and operated accommodation. This analysis incorporates local

¹⁶ Murphy, P. E., and Carmichael, B. A. (1991). Assessing the Tourism Benefits of an Open Access Sports Tournament: The 1989 B.C. Winter Games. *Journal of Travel Research*. V(29): pp:32-36.

¹⁷ <https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/methodologies/economicvalueoftourismguidance/note1definitionsoftourismversion22012>

¹⁸ Gasparino, U., et al. (2008). Measuring the Impact of Tourism Upon Urban Economies: A Review of Literature. The Fondazione Eni Enrico Matte. <http://www.feem.it/Feem/Pub/Publications/WPapers/default.htm>

¹⁹ Ibid.

²⁰ Tyrrell, Y., and Johnston, R. J., op cit

²¹ Defined as visitors who would have arrived regardless of an event being staged.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/638888/Local_economic_impacts_from_cultural_sector_investments.pdf

expenditure in the narrower geographical contribution estimate and segments wider expenditure in a national estimate.²² Research highlights: *“The magnitude of indirect and induced effects depends on the share of capital, land and labour that is locally owned. For instance, small family-owned hotels and restaurants are more likely to buy local intermediate inputs than chain hotels and tourist villages. If factors are locally owned, their remunerations – profits, rent and wages – will stay locally and local community will strongly benefit from them.”*²³ A number of Goodwood’s other businesses and facilities minimise leakage on goods and services ‘manufactured’ outside of the region including the Aviation Division that has recently invested in aircraft maintenance and servicing facilities and the recruitment of skilled full-time engineers. This will spill expenditure in the local area.

7. Methodology

7.1 Approach

The approach utilised by this research follows generally accepted economic analysis practices to define Direct, Indirect and Induced expenditure.²⁴²⁵ This research captured data that were utilised to denote direct expenditure that was subsequently utilised to define indirect and induced expenditure utilising research results and applicable sector multipliers.²⁶²⁷ This longitudinal study permitted the granular detailed analysis and mapping of expenditure by multiple participants at Goodwood encompassing the Estate, visitors, exhibitors, sponsors, contractors, other partners, households, and the detailed mapping of the downstream and upstream activities of these businesses. This also avoids common pitfalls in the estimation of socioeconomic contribution such as the inclusion of sales.²⁸

The first stage of this research undertook a cross-sectional analysis of Goodwood utilising standard economic contribution methodology, *“analysing multiple variables at a given instance, but providing no information with regards to the influence of time on the variables.”*²⁹ This extended over around 8 weeks to define and acquire the appropriate assessment variables, data requirements, preliminary cursory indicators, and to scope the study in greater detail. This was followed by a longitudinal study that can be defined as: *“In longitudinal or panel studies, repeated observations of the same constructs over several points in time are considered.”*³⁰ This stage occurred over 12-months from ground-up data and information including consumer behaviour and expenditure data for Goodwood and its ecosystem of downstream and upstream suppliers, sponsors and contractors engaged throughout the

²² Crompton, J.L., op cit

²³ Gasparino, U., Bellini, E., Del Corpo, B., Malizia, W. (2008). Effects of Tourism Upon the Economy of Small and Medium-Sized European Cities: Cultural Tourists and 'The Others'. FEEM Working Paper No. 44. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1140611

²⁴ Peric, M. (2018). Estimating the Perceived Socio-Economic Impacts of Hosting Large-Scale Sport Tourism Events. *Social Sciences*. V(7)176; pp1-18. doi:10.3390/socsci7100176

²⁵ Ahmed, T.S.A. (2017) A triple bottom line analysis of the impacts of the Hail International Rally in Saudi Arabia. *Managing Sport and Leisure*. V(22); pp:276–309.

²⁶ Frechtling, D. (1999). Estimating the multiplier effects of tourism expenditures on a local economy through a regional input–output model. *Journal of Travel Research*. V(37)4; pp:324–332.

²⁷ Kumara, J., and Hussain, K. (2014). Op cit.

²⁸ Crompton, J.L. (1995). Economic Impact Analysis of Sports Facilities and Events: Eleven Sources of Misapplication. V(9)1; pp: 14-35. <https://doi.org/10.1123/jsm.9.1.14>

²⁹ Caruana, E et al. (2015). Longitudinal studies. *Journal of thoracic disease*. V(7). E537-540. DOI: 10.3978/j.issn.2072-1439.2015.10.63.

³⁰ Pielsticker, D., and Hiebl, M. (2019). Survey Response Rates in Family Business Research. *European Management Review*. 10.1111/emre.12375.

calendar year to deliver events and other services. This process estimated the direct contribution made by the Estate and the indirect and induced contributions facilitated in addition to tax revenue. Induced spending encompassed additional expenditure from visitors on route, located on the Estate, and when circulating locally in the target region that is not adequately captured elsewhere but would not have occurred otherwise i.e. Goodwood was the sole reason for this expenditure occurring. The following three figures depict the methodology utilised in successively greater detail. Figure 2 provides an overarching view of the approach, followed by Figure 3 that depicts the downstream impact of expenditure. Figure 4 extends this, depicting the model utilised to define relevant costs and expenditure.

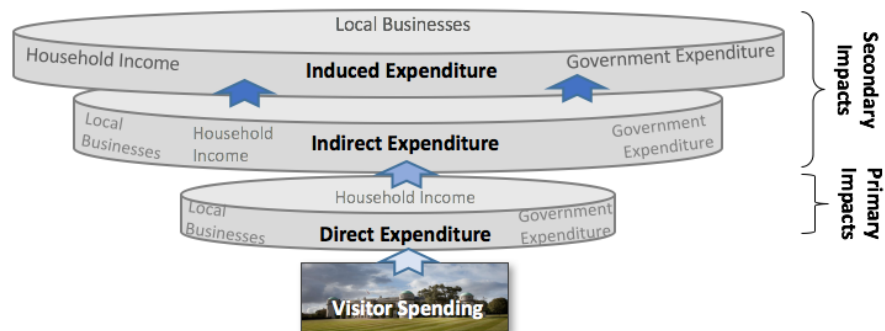


Figure 2: Research approach, expenditure source and type defined

The estimation of Goodwood's economic contribution utilises visitor spending as the initial mode of analysis. Visitor attendance defines the direct expenditure of the Estate (Primary Impact) that spills locally and to other businesses, suppliers, contractors, and partners, and creates household income for employee. This also results in government expenditure through taxation incurred or generated in multiple forms (Income Tax, VAT, Business Rates, and others). Figure 3 depicts the Direct, Indirect and Induced Expenditure driven by visitor spending at the Estate for events and facilities. Figure 3 reflects how expenditure is channelled into the economy when sales are converted into expenditure including Direct Expenditure when a business such as Goodwood utilises income to pay suppliers, 3rd parties, employees and generate tax contributions in the process; indirect expenditure that is incurred when business engage with Goodwood, and induced expenditure that occurs through the spending of household income from employees of these organisations,³¹ with multipliers utilised to calculate indirect and induced contribution.

³¹ Preuss, H. (2006). Impact & Evaluation of Major Sporting Events. *European Sport Management Quarterly* V(6)4; pp:313–16.

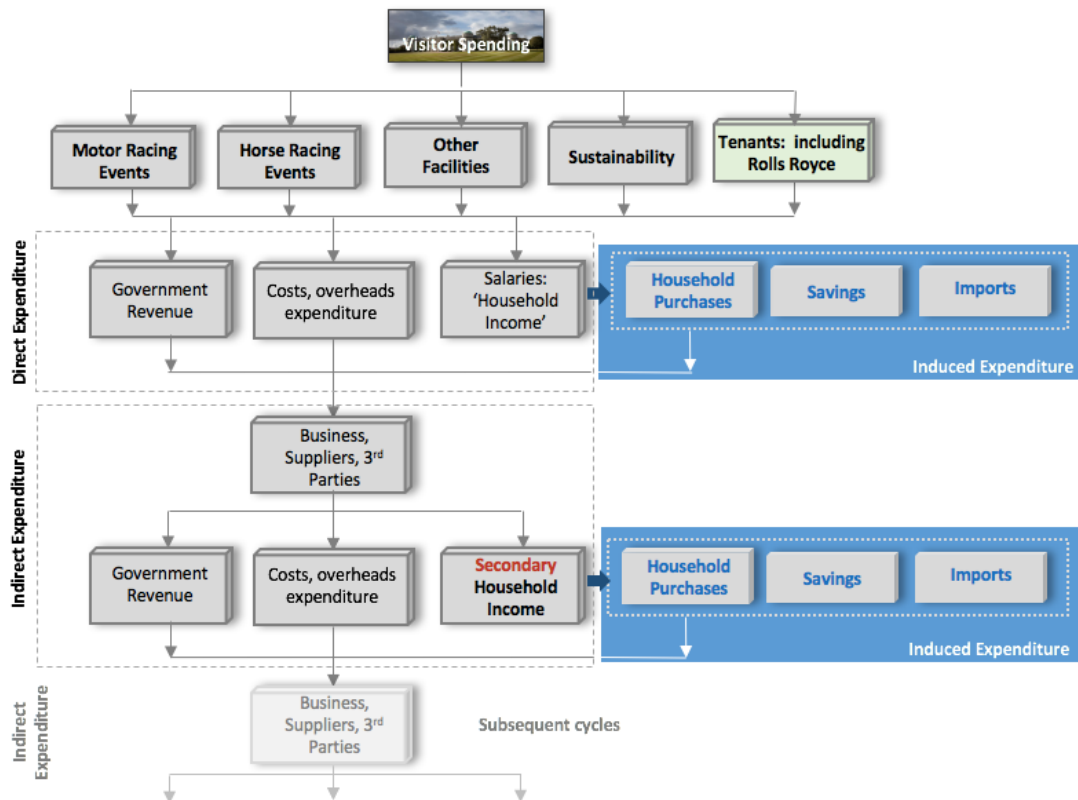


Figure 3: Research methodology defining contribution

7.2 Direct, Indirect and Induced Expenditure

The Office of National Statistics (ONS) provides guidance on measuring the direct spending associated with an event. This includes defining the host economy and measuring the spending of three groups: spectators, sponsors/businesses and third parties, and the event organiser.³² The host economy has been defined as comprising 15-mile radius originating from Goodwood that incorporates Greater Chichester. The research process nested Goodwood as the 'Contribution Source', with a number of 'Contribution Activities' depicted in Figure 4. Multiple sub-activities were defined within each of these, grouped into three areas for analysis: (i) *visitor-driven expenditure*, defined by unique visitor numbers; (ii) *non-visitor driven overheads* that comprise expenses required to maintain Goodwood's operations, and; (iii) *tax* generated from income, VAT, Corporate Tax, Business Rates, Air Passenger Duty (on the applicable component of domestic and international travel). During this stage of the research process, considerable on-site attendance and workshops with Goodwood's Management Team and the Finance Department: (a) mapped the flow of activities within the Estate; (b) mapped activities occurring upstream and downstream with suppliers, contractors, sponsors and others; (c) identified key visitor metrics; (d) incorporated considerable data across the activity chain including visitor attendance; expenditure; accommodation costs, occupancy rates, and other factors. These were segmented across the three contribution generators to create three deep silos of activities from which expenditure could subsequently be categorised ('Contribution Type').

³² Office of National Statistics (ONS). (2011). Measuring Tourism Locally. Guidance Note 6: Event Analysis and Evaluation. <https://www.ons.gov.uk/file?uri=/economy/nationalaccounts/satelliteaccounts/methodologies/measuringtourismlocally2011/measuringtourism6tcm77248621.pdf>

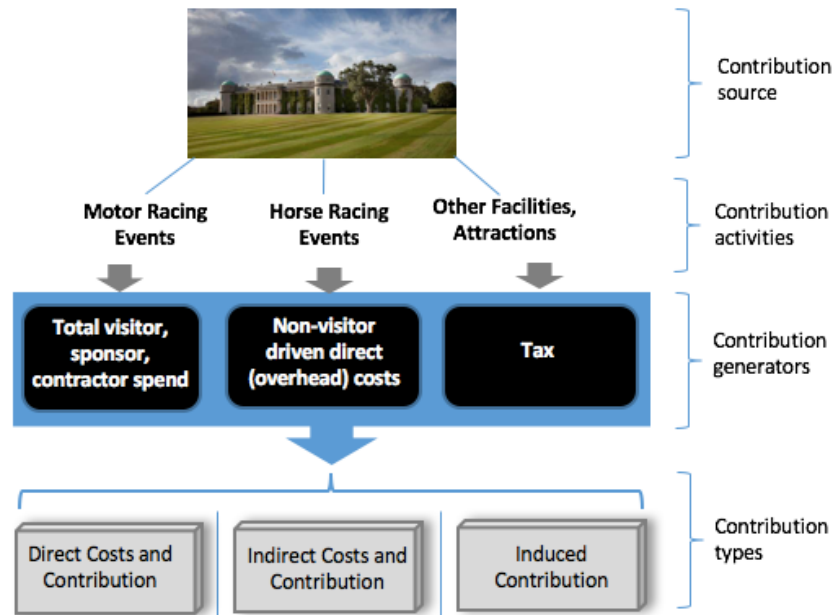


Figure 4: Goodwood's core facilitative role in generating direct, indirect, and induced contribution

7.3 Expenditure Capture Approach by Contribution Generator

The generators of Goodwood's contribution include visitor and contractor spend, overhead costs, and the tax generated by the business as a separate indication of contribution, with this not incorporated into a Direct Expenditure. Goodwood's environmental contribution has been estimated in addition to the economic contribution reflecting the CO2 sequestered from the Estate's Forest through sustainability initiatives. The applicable data were utilised to define *Direct*, *Indirect* and *Induced Expenditure* following the generally accepted approach for economic contribution analysis.

7.3.1 Visitor-Driven Expenditure

Total visitor, sponsor, contractor spend

This category encompasses the majority of the primary research effort with attendance numbers defined by events and the use of the Estate's facilities. Research on the economic analysis of events highlights: *"In addition to individual categories of expenditure, it is good practice to find out how much visitors are planning to spend on their entire trip to the Host Economy."*³³ This longitudinal study 'peels the layers of expenditure and visitor spending to define this and other granular detail that drives contribution.

Spend/visitor by travel mode and on-route

Attendance data for unique visitors were obtained and segmented by event-type or facility visited in the first instance. Primary research from previous Goodwood studies provided additional data, further supplemented by ticket sales data and visitor numbers from the Goodwood Marketing and Events Team.

Unique visitors attendance data

Each visitor was categorised into a segment reflecting individuals, couples, large group, private and organised tours, and others. These categories were utilised to define travel mode and average vehicle/travel occupants with further analysis defining travel distance and origin including regional, national, and international by transport mode utilising questionnaire data obtained to date or information held by the Marketing and Events Teams at Goodwood, and other visitor categories:

³³ <http://www.eventimpacts.com/~media/event-impacts/downloadable-resources/economic/economic toolkit.pdf?la=en>

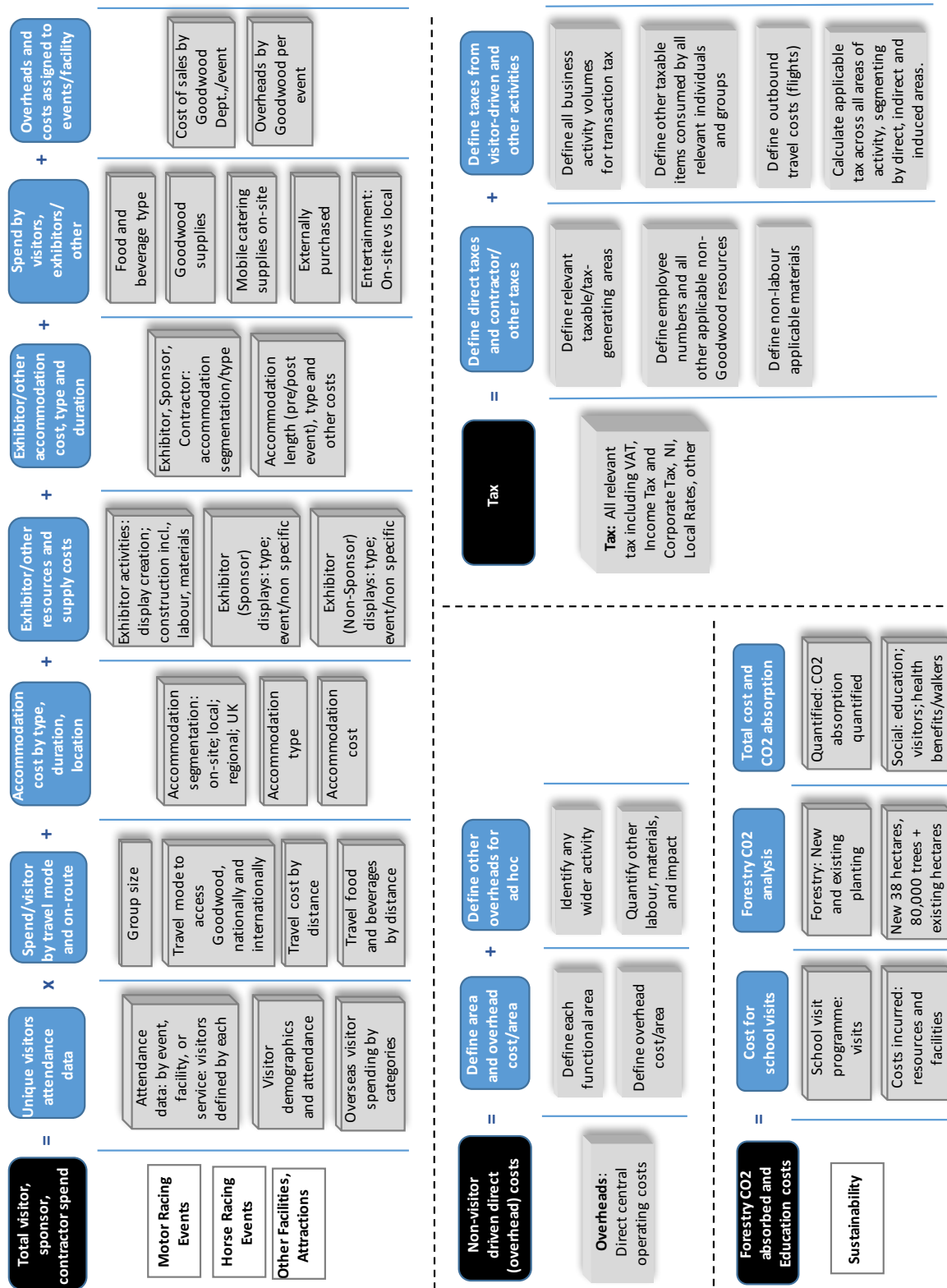


Figure 5: Expenditure model defining contribution

Government statistics provided additional data on UK tourist expenditure that complemented primary research to define expenditure profiles by each segment of traveller to Goodwood by event encompassing the cost of travel; mode; ancillary spend such as food, beverage, accommodation on-route, segmented by distance. This defined a travel profile by visitor and costs including the VAT generated on items purchased on route and accommodation across: Food and Drink; Entertainment; Local Travel (e.g. Bus, Taxi); Merchandise; Shopping/Souvenirs; Other (e.g. Petrol, Parking).

Accommodation
cost by type,
duration,
location

The highest expenditure generated by visitors to Goodwood is on accommodation and food and drinks. Extensive data capture and analysis occurred to complement previously captured visitor data from questionnaires and interviews at events including FOS. A detailed profile was established of accommodation utilisation, occupancy, duration, and ancillary spend. Accommodation included both Goodwood on-site facilities across multiple camp sites, the Goodwood Hotel and other lodges, and local camp sites and other lodging types. Detailed data were also obtained on rates for these across the longitudinal study period to reflect a true calendar year of operation with rates fluctuating by seasons and when major events were held at Goodwood or other surrounding locations.

Exhibitor/other
resources and
supply costs

A further major cost and spillage captured is event-driven and reflects exhibitor, sponsor, supplier, and contractor investment in servicing Goodwood. These businesses construct significant stands and displays that in some cases are specific to Goodwood or have been constructed for Goodwood and re-utilised at a cost of £3-4m each. In addition, the FOS, Goodwood Revival, Members Meetings, Glorious Goodwood, require significant track construction, grandstands, crowd facilities including temporary catering stands, toilets, display areas, that involve both permanent and temporary skilled and unskilled labour, materials, and other activities. The Estate utilises local suppliers wherever possible, maximising expenditure within the target region.

Exhibitor/other
accommodation
cost, type and
duration

Exhibitors, suppliers, and contractors are also responsible for considerable accommodation and food and beverage expenditure in addition to their primary expenditure preparing Goodwood for events and general use. This expenditure reflects the unique nature of Goodwood's hallmark events that requires pre and post on-site engagement by a supplier and sponsor base. Motor racing events are also 'showcase opportunities' for motoring brands attracting large international teams. The construction of stands and facilities provides the opportunity to generate sales or leads and are an integral component of sponsorship. Larger complicated stands also provide 'showroom' space for multiple vehicle display in addition to seating and light-catering areas. Analysis quantified the considerable exhibitor and sponsor costs that include teams attending before major events to construct these and to re-attend to dismantle them after event conclusion. This generates pre and post-event accommodation spanning weeks in many cases and the additional generation of income and taxes for labour. These costs were defined by event, with a low incidence of out-of-area leakage observed due to the utilisation of local suppliers and resources wherever possible.

Spend by
visitors,
exhibitors/
other

All non-accommodation costs incurred by visitors to Goodwood were quantified both on-route and while staying at the Estate or in alternative accommodation. This included those visiting the Estate for its attractions in addition to exhibitors, suppliers, and contractors. Purchase and consumption patterns were defined utilising detailed data available from Goodwood, sub-contractors, surveys, and other sources to define food and beverage expenditure related to accommodation type including the recipient (e.g. Goodwood catering versus local off-site hotel), and any additional expenditure made locally while visiting Goodwood by a visitor, exhibitor, supplier, or contractor that otherwise would not have been incurred.³⁴

³⁴ Brida, J.G., et al., op cit.

Overheads and costs assigned to events/facility

The delivery of Goodwood's events and management of its facilities entails the maintenance of both central overheads and others that are dependent on specific events or facilities. This includes activities undertaken by teams to stage an event for example including travel and accommodation, or the purchase of services and materials. These were identified and separated from other overheads.

7.3.2 Visitor-Driven Expenditure

Non-visitor driven direct (overhead) costs

This category represents a high proportion of the Estate's central running costs that comprise a direct contribution and includes its employees and functional area costs that are required to manage its services across its facilities.

Define area and overhead cost/area

Each functional area was identified, and overheads acquired. This excluded any event-specific overheads already assigned. The major overheads identified comprised a large proportion of the Estate's costs covering cost of sales, marketing, finance, maintenance, and other categories.

Define other overheads for ad hoc

A small number of overheads were identified as ad hoc with the majority of the Estate's non-overhead expenses known and incurred by specific events.

7.3.3 Tax Contribution

Tax

A range of tax types and generation modes have been identified and calculated. These have been defined at various stages of the research including revenue identification and expenditure across activities.

Define direct taxes and contractor/ other taxes

All tax types were identified at stages of the research with a segmentation between visitor-driven *transactional* taxes and those generated by Goodwood as an entity and by the activities of its suppliers related to tax on materials purchases, services provided, and in the payment of salaries or contractor invoices.

Define taxes from visitor-driven and other activities

Transactional and visitor-driven taxes are a key component of the tax revenue forecast. Value-added taxes in particular related to purchases made on on-route contribute to Government revenue, encompassing accommodation, ticket sales, material costs, supplies, Air Passenger Duty on UK-applicable portions and other areas.

7.3.4 Forestry CO2 and Education

Forestry CO2 absorbed and Education costs

Goodwood makes an environmental contribution to its local region and in a wider capacity through its forestry programme. CO2 absorption has been quantified to estimate the CO2 sequestered, and the potential value this has utilising international data on health benefit savings of CO2 removed from the atmosphere.

Cost for school visits

The costs associated with 'Goodwood Education' were defined and captured, that provide educational visits for schools at various age groups. This encompasses staff and facilities provided by Goodwood to provide the service.

Forestry CO2 analysis

Analysis was undertaken on Goodwood's forestry to define the data required to estimate the CO2 that is absorbed as a contribution by both the current Estate's forestry and the new planting scheme for an additional 40,000 trees.

Total cost and CO2 absorption

CO2 absorption was calculated over a long-term horizon accounting for significant time required for new trees to mature and maximise their CO2 absorption, complemented by estimates of existing tree CO2 absorption. This figure reflects a non-monetary contribution defined in conjunction with costs from the education programme.

7.4 Capturing Expenditure 'That Would Not Have Occurred Otherwise'

A key test cited in the assessment of major events for economic contribution is: *"Would event visitors have spent the same quantity of money in a community with or without a given tourist event?"*³⁵ Goodwood's hallmark events and general facilities are the catalysts for expenditure by businesses (sponsors, contractors, suppliers) and visitors to the Estate, the local region and nationally. Four expenditure-related considerations were utilised to assess this contribution: (1) the source of the expenditure; (2) the geographic starting point of the expenditure; (3) the destination of the expenditure, and; (4) the reason for the expenditure. The research indicates that the flow from non-local sources to Goodwood and the surrounding local region occurred due to the events hosted. The absence of Goodwood's hallmark events would not have resulted in the same influx of visitors.³⁶ Goodwood's hallmark event visitors also display a lower price elasticity of demand: they will make purchases and expenditure to visit the events and the Estate even if the cost is 'high' or increased as 'enthusiasts' of the events.³⁷ This behaviour is observed by fans of other hallmark events such as Formula One Grand Prix, World Cup Rugby, and others.³⁸

The physical location of an event's management team is cited as a factor that can affect the degree of contribution possible: *"the location of expenditures of the event committee or festival management frequently determines the greatest share of destinations."*³⁹ Goodwood's management team is located within the Estate and includes the use of owned-facilities to supply products and services to events. In addition, experience has been gained in hosting hallmark events. Research highlights that successful event contribution, *"includes [the] total amount of additional expenditure generated within a defined area, as a direct consequence of staging the event. For most events, spending by visitors in the local area (and in particular on accommodation) is the biggest factor in generating economic impact; however, spending by event organisers is another important consideration."*⁴⁰

8. Expenditure Incurred by Contribution Generators

The contribution generator categories summarised in Figure 5 have been assessed and quantified utilising both publicly available data; questionnaire-sourced data; forecasting and estimation where data are unavailable; Goodwood data; other primary and secondary sources. Any data are presented

³⁵ Ibid

³⁶ Primary research undertaken between 2017-2019.

³⁷ Tyrrell, T. J., and Johnston, R. J. (2001). A Framework for Assessing Direct Economic Impacts of Tourist Events: Distinguishing Origins, Destinations, and Causes of Expenditures. *Journal of Travel Research*. V40(1); pp: 94–100. <https://doi.org/10.1177/004728750104000112>

³⁸ Henderson, J.C., et al. (2010). Sports events and tourism: the Singapore Formula One Grand Prix. *International Journal of Event and Festival Management*. V(1)1; pp: 60-73.

³⁹ Tyrrel, T.J., and Johnston, R.J., op cit.

⁴⁰ <http://www.eventimpacts.com/~media/event-impacts/downloadable-resources/economic/economic toolkit.pdf?la=en>

in a consolidated manner due to commercial sensitivity. Estimated contribution encompassed the key categories defined in Figure 5 and includes unique visitor attendance; visitor segmentation, travel mode and spend (on-route and in-area); accommodation; labour; materials; food, drink, and entertainment; overheads; inbound tourists, and charity .

8.1.1 Unique Visitor Attendance

Total annual visitor numbers for Goodwood exceed 1 million. The four hallmark events of FOS, Goodwood Revival, Member's Meetings and Horse Racing ('Glorious Goodwood'), account for 600,000 visitors, with the remaining 400,000 distributed across 14 other areas that comprise the Estate's facilities and attractions. Visitor numbers are not disclosed publicly by Goodwood for many of these areas, with this report adhering to consolidated figures. Local visitors have been estimated and removed from attendee figures. This aligns with economic contribution theory, reflecting the notion that their expenditure 'does not equate to incremental income' for the target area.⁴¹ The average reduction to overall visitor numbers was around 20% with some areas reduced to a greater degree including Gym/Spa and golf visitors reduced by around 40%, while hallmark event local visitor reduction was under 10%. The 'Other Areas' Category encompassed 14 facilities and services with reductions varying between them. Facilities such as Hound Lodge (the premium lodging experience) attract almost 100% out-of-area visitors, while other areas such as Golf, Gym and Spa attract a higher proportion of local visitors than hallmark events. Around one-third of Horse Racing visitors have been removed reflecting the propensity of local visitors to attend the 19 fixtures on a more casual and repeated basis. A mix of reductions occurred for the visitors utilising the remaining 14 areas in the Estate consultation with Goodwood resources. A net annual visitor figure estimate of around 840,000 was defined. This is segmented by local visitors (752,600); 9% EU visitors (79,000); 1% visitors from other international locations (8,400).

8.1.2 Visitor Segmentation, Travel Mode and Spend: On-Route and In-Region

Visitor segmentation commenced with the breakdown of Goodwood's visitors into 'Couples', 'Individuals' and 'Groups'. The ratio of visitors between these categories varies by event, facility, and service, including between days for a specific event, e.g. FOS displays a 70% predominance of 'Couples'⁴² on some days while for Horse Racing, this reduces, with 'Groups' increasing in prevalence. Visitor distribution is Event and attraction-specific, while in other cases it is dependent on the season or a special occasion booking. The travel mode to Goodwood was subsequently defined as the secondary filter encompassing *Private Transport* that included Modern Car, Historic Car, Motorcycle, Cycle, Walking, while *Public Transport* was also utilised to segment visitors by cost to capture multiple modes including train and bus transport. Following the definition of visitor numbers and travel mode, expenditure by each was defined based on distance in-region and out-of-region with additional modes assessed including air transport (outbound components in particular to reflect Air Passenger Duty generated); tube; national rail. For private transport, fuel cost was the primary cost captured while for public transport, this included the cost of travel (ticket expenditure). The key parameters across these categories varied by event and Facility visited and included the following assumptions, with some elements consolidated due to data sensitivity and confidentiality:

⁴¹ Crompton, J.L. op cit

⁴² The term denotes a range of attendees where two tickets are purchased together and can denote friends, colleagues, family, or others. This constitutes a broader definition of a 'couple'.

- Average group size for modern car transport was 2.16, while for classic cars this was 1.0;
- For FOS, modern cars transport accounted for around 82% of total journeys, with classic cars accounting for around 5%; public transport accounting for 10% and other modes (motorcycle, cycle, walking) accounting for 3%, with motorcycles accounting for 60% of this category.
- For other events such as Horse Racing, modern cars accounted for over half of all journeys, with public transport accounting the next largest share and less than 5% accounted for by other modes. Less than 1% of Goodwood's visits are also accounted for by fly-in visits from aircraft and helicopters either through charters at hallmark events or from joy-flights, experience days or flight training;
- For other events, modern cars dominated transport at around 87% of all trips, with public transport accounting for 7% and other modes accounting for the remainder of trips;
- The average cost for longer trips by public transport varied by each event and within the 14 Other Category and included £350 longer trips greater than 2 hours that encompassed a mix of trains, bus, taxi for major events: this reflects peak-pricing charged on routes that significantly increased over hallmark events period by 200-400% for some sectors, with some degree of advance-purchase occurring by around 40% of attendees. For medium-length and short trips (out-of region) a cost of £120 and £15 respectively.
- The most expensive transport cost was observed for hallmark events or special occasions where a cost of £500-800 per person was incurred for private charter for aircraft or helicopter.
- Multiple-day event attendance was factored with motor events such as FOS reflecting in some cases a marginally lower attendance on the first day (16% of total 4-day attendance) with this increasing and averaging a similar proportion over the remaining days;
- Fuel costs for private vehicles varied from £140 for a longer trip greater than 2 hours, to £20 for a shorter trip. Longer trips often included larger vehicles with multiple occupants and were particularly relevant for hallmark events. This also took account of considerably slower progress and higher fuel consumption for sectors of the route including congestion on route and closer in and around A Roads in Chichester irrespective of the origination for the latter.
- Food and beverages consumed on the journey and within the area while travelling were defined and varied with 75%, 50% and 15% of long distance, medium distance and shorter distance trips including purchases. A respective cost of £50, £35, and £20 was captured with the non-local expenditure component removed for the local-expenditure calculation.

8.1.3 Accommodation

Goodwood and nearby accommodation venues provide considerable capacity during event and throughout the year. Event spikes contribute to high demand, higher rates and the full-occupancy of accommodation including Goodwood's Hotel and Camping facilities, and for local accommodation within the target region. Analysis occurred of visitor and supplier arrivals and accommodation selections including for pre and post event assembly of temporary facilities. This includes track seating construction, stands, displays, and other structures. In addition, major events such as FOS, Goodwood Revival and Members Meetings are multi-day events spanning from four to two days and attracting over 360,000 visitors (excluding local visitors) including 37,000 overseas visitors, with an additional 155,000 visitors attending Horse Racing fixtures including 9,000 overseas visitors. Accommodation encompasses room nights stayed during events and in visiting Goodwood, and around 11% extra nights added on average by visitors within the target area when attending a hallmark event. During

these events, room rates are significantly higher than at many other times of the year, contributing to a high degree of visitor spending. This analysis acquired data on local and regional costs across accommodation types; analysis of the proportion of bookings made in advance to estimate the seasonal and overall expenditure profile (advance vs later bookings); the proportion of stays within the area, and other factors. A ground-up development of visitor arrival utilised multiple elements to define expenditure:

Visitor numbers (local vs non-local) and *Exhibitor, Sponsor, Contractor numbers* x
 % utilising accommodation (local vs non-local) x
 % type of accommodation (*Hotel* (X Star Hotel, B&B, Friends and Family, Self-Catering)) or *Caravan and Camping* (Camping non-electric, Camping electric, Pre-pitched camping, Glamping, Other non-Goodwood camping) x
 Number of accommodation days utilised (pre, during, post-event and for other facilities) x
 Cost of each (varying by a seasonal profile)

8.1.4 Labour

Labour cost is incurred by both Goodwood and its partners in the delivery of hallmark events and the running of the Estate's other facilities, services, attractions, and the delivery of core support services to support these. The core categories for labour include: labour expense incurred by exhibitors, sponsors and non-sponsors, stalls in delivering the displays, stands and other temporary structures in the target region; additional labour utilised by Goodwood in the cost of sales to deliver its events and other services and attractions; labour utilised by Goodwood related to capital projects related to the maintenance and investment in the Estate's facilities including replacement items, grounds and other areas; labour cost for Goodwood's 1,000 employees.

8.1.5 Materials

Three primary categories comprise Materials: inputs into the construction of stands, facilities and temporary structures erected by sponsors and contracts. This includes both materials specific for stand construction on a temporary basis in addition to the purchase of other materials required in the construction of new stands. These categories include materials that require replacement and encompass around 90 sponsors engaged in the delivery of branded exhibitor stands. Additional material and supplies are required for grandstands; temporary track development; spectator barriers, crew areas, and others, and materials that encompass cost of sales for the Estate in addition to those required for capital projects on the Estate that complement labour related to this category. A further expenditure category for exhibitors and sponsors includes additional specialist services required to deliver requirements for Goodwood hallmark events, and other costs incurred by these providers that are not captured by the above categories.

8.1.6 Food, Drink and Entertainment

Expenditure on food and drink represents a recurring cost across Goodwood's restaurants, bars, events, and other areas in addition to being generated from incremental sales that occur in the target area from visitors. Primary research defining the purchase and expenditure pattern of visitors has defined that on average around 30% purchase additional food and drink from venues outside of Goodwood with an average spend of £30 on food and £10 on drinks across venue types (including

restaurants, bars, take-away venues, and others). The core categories encompassed in this expenditure include primary expenditure in events on food and drink through Goodwood's catering facilities; the distribution of Goodwood's mobile catering throughout areas of the Estate and for special events; additional food and drink expenditure incurred in Goodwood's other non-Event facilities including the Hotel, restaurants, and bars. Around 10% of visitors to Goodwood are estimated to attend additional activities around the Estate including special event-related entertainment; entertainment that forms part of the Estate's other offerings; entertainment that occurs within the local target areas by visitors go Goodwood including visiting other attractions, attending concerts, other events, and related activities, with an average spend of around £30 by 10% and £10 by 20% of visitors for hallmark events. Around 5% of visitors to Goodwood's other facilities spend around £50 on additional Goodwood entertainment with 10% spending around £20 per visit locally in the target area on other entertainment.

8.1.7 Inbound Tourists: Initial and Additional Spend

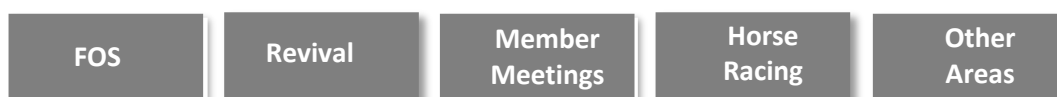
An estimated 91,000 EU visitors and 15,000 international visitors attend Goodwood each year with many drawn by the hallmark events. These visitors spend an average of £600 during their visit across all expenditure categories with around 30% adding additional holiday time pre or post their visit to Goodwood in the local target area, accounting for an estimated additional £181 per international visitor.

8.1.8 Charity

Goodwood supports a mix of charities. Some are local while others are national. Almost £0.5m per annum is raised for charities. For the purpose of this analysis, charity contributions are treated as local, accepting that a mix of contribution is likely to occur between local and non-local retention.

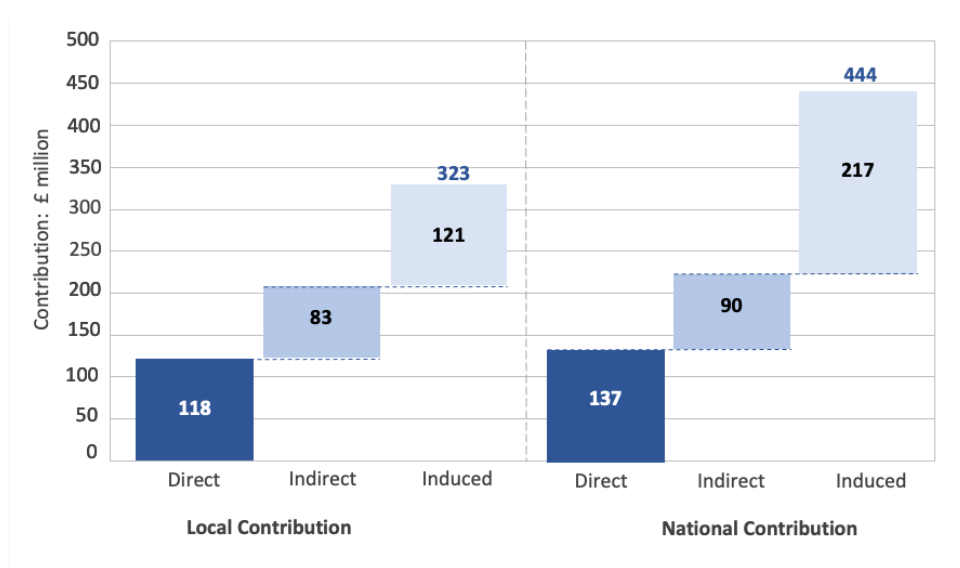
9. Goodwood's Socioeconomic Contribution

Goodwood's economic contribution encompasses three hallmark motor racing events, a hallmark horse racing event (with 19 fixtures), and activities from 14 facilities and attractions:



The Estate's socioeconomic contribution is estimated to be £323m annually in 2022 into the local economy through a direct (£118m), indirect (£83m), and induced (£121m) mode. These contributions increase to £444m at a national level encompassing expenditure made wider in the UK by visitors, exhibitors, and suppliers.⁴³ In addition to this contribution, the Estate makes an annual estimated local and national tax contribution of £107m and £133m respectively in 2022 encompassing VAT, income tax, local taxes, and other taxes. The *direct contribution* category reflects Goodwood's expenditure in managing the Estate and providing the facilities that enable event to be staged and for visitors to be supported including cost of sales; central overhead functions; expenditure for salaries, suppliers, vendors, maintenance, and all other functions that comprise the direct costs required to deliver the range of events, facilities, and services that Goodwood provides.

⁴³ Utilising multipliers sourced from the ONS for the category of *Sports Activities and Amusement and Recreation Activities* to define Indirect Contribution (Type I multiplier) and for the calculation of Induced Contribution (Type II multiplier).



Goodwood' local and national (UK) annual economic contribution: 2022

This includes utilising a sustainable Estate-supplied food supply chain and local suppliers wherever possible that creates an integrated contribution framework that maximises both local expenditure and contribution. Goodwood's indirect contribution represents a strategically significant area of activity for Goodwood that is less dependent on traveller behaviour and expenditure. As depicted in Figures 2 and 3, Goodwood's direct expenditure is utilised as an input by a number of businesses including vendors and contractors. In addition, sponsors and non-sponsors pay sponsorship fees to Goodwood in addition to incurring considerable expenditure in some cases to erect stands, displays, 'showrooms' for motor vehicles and other items. This occurs on a significant scale, with around 90 major sponsors engaged for hallmark events including attendance on-site considerable earlier than an event to construct facilities, utilising local resources on many occasions in addition to core teams, and departing weeks after the conclusion of an event in some cases following the dismantling and packing of stands and displays. These indirect activities include over 100,000 accommodation nights for FOS and an estimated 225,000 for all hallmark events encompassing Goodwood Revival, Members Meetings, and the 19 Horse Racing Fixtures, with the majority of these located within the target area.

The final contributing category is *induced contribution*. This category encompasses contribution from employee income into the local economy (after accounting for tax, savings, and any leakage into imports). The nature of Goodwood's hallmark events draws visitors from across the UK and internationally who generate expenditure across their journey and includes food and beverages purchased when travelling within the target area, fuel, public travel costs, additional tourist spending locally, and some other expenditure driven by traveller numbers and travel pattern. Table 2 depicts a summary analysis of Goodwood's visitor engagement with vendors. Analysis on spend by Goodwood visitors with vendors is depicted on the right-hand side. The percentages reflect the distribution of expenditure per category and the estimated impact of each. Through the selection of local vendors wherever possible, Goodwood minimises leakages occurring out of the local region. An optimal scenario occurs when out-of-region visitor spend occurs with local vendors (green). A neutral effect occurs when this expenditure is recycled within the local economy by local visitors (amber), and a negative effect on local contribution occurs when expenditure 'leaks' to non-local vendors. No major event is likely to completely mitigate the utilisation of some non-local vendors.

Spend Category	General Impact				% observed at Goodwood		
	Positive	Neutral	Negative		Positive	Neutral	Negative
Visitor spending with local vendors				➔	70%	10%	20%
Non-local vendors' spend in the host economy					90%	5%	5%
Local residents' spend with local vendors					50%	50%	
Visitor spending with non-local vendors					70%	20%	10%
Spending by local vendors in the host economy					20%	80%	
Vendors' spend with organisers					10%	90%	
Local residents' spend with non-local vendor					60%	10%	30%

Table 2: Strategic analysis on vendor spend⁴⁴

10. Summary

This research reflects a multi-layered review of the Goodwood Estate's operations to estimate local and national economic contribution. This occurred through primary research over a 14 month-period that assessed the Estate, comprising a longitudinal study with unrestricted on-site access to individuals and information, complemented by additional off-site secondary research and analysis. The process utilised economic contribution analysis methodology including the use of local visitor numbers to define activities and expenditure and the use of detailed supplier and contractor information to assess additional expenditure. The longitudinal study permitted the acquisition of very granular data over repeated visits that distinguishes this study from many economic impact assessments: data and information were utilised to map the activity chain of the Estate followed by the quantification and modelling of upstream and downstream activities and employee household expenditure. This estimated both a local and national economic contribution. The latter was undertaken to estimate the contribution that hallmark events in particular have in the UK, with these attracting a significant international base of visitors who otherwise would not have visited the Country.

The 'stickiness' of hallmark events reflects the successful development and positioning of Goodwood as an internationally recognised marque that differentiates the Estate with the overwhelming majority of other English country estates. These events draw visitors who otherwise would not have travelled to the UK, or those travelling from within the Country, and are complemented by Goodwood's other facilities that operate year-round in parallel with environmental, sustainability and forestry programmes. Concomitant to, or as a result of this, contribution is created through an integrated geographic and economic ecosystem of assets, partners, employees, facilities, and resource that generate value that is likely to be greater than the sum of its parts with revenue that has been growing year-on-year and has almost reached its pre pandemic level. Hallmark events such as FOS are 'the face of Goodwood' and transform the Estate into the largest greenfield site-build in the world, accommodating 200,000 visitors, 11,000 staff, and hundreds of partner organisations. In combination with other events, assets and facilities, Goodwood generates a significant local and national contribution that extends beyond the staging of a number of festivals or horse racing fixtures: the Estate has developed into an integrated ecosystem with deep local linkages and historical roots. This creates value that is likely to be in excess of the figure that can be quantified.

⁴⁴ <http://www.bha.org.uk/wordpress/wp-content/uploads/2015/09/Economic-contribution-of-the-UK-hospitality-industry.pdf>