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YACHTING MALTA

MINISTRY FOR TRANSPORT,
INFRASTRUCTURE AND CAPITAL PROJECTS

Yachting Malta

Economic impact assessment of the 2019 Rolex Middle Sea Race on the Maltese Economy

January 2020

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8668

George Vella
Partner
Advisory services
T +356 2093 1801
M +356 9982 3402
E george.vella@mt.gt.com

Yachting Malta

An economic impact assessment of the 2019 Rolex Middle Sea Race

The scope of this report is to conduct an independent analysis of the contribution of the 2019 Rolex Middle Sea Race to the Maltese economy.

In preparing our report, our primary data source has been an online survey carried out after the event specifically for the purpose of this study. Details of our principal information sources are set out throughout the report.

This report is confidential and has been prepared exclusively for Yachting Malta. It should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent, such consent will only be given after full consideration of the circumstances at the time.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Yachting Malta for our work, our report and other communications, or for any opinions we have formed.

We do not accept any responsibility for any loss or damages arising out of the use of the report by the addressee for any purpose other than in connection with the policy proposals that are to be tabled, if tabled, as a result of this report.

George Vella
Partner

Rolex/Kurt Arrigo

Executive summary

A high-level summary of the report

Executive Summary

The event

The Rolex Middle Sea Race (henceforth ‘Race’ or "RMSR") was established in 1968, following a sailing rivalry between two members of the Royal Ocean Racing Club, Alan Green and Jimmy White, and members of the Royal Malta Yacht Club (henceforth RMYC) including Paul and John Ripard. Since its inception, the Race – which is organised by RMYC and sponsored by Rolex SA, represented in Malta by Edwards Lowell (henceforth the Organisers or Project Promoters)- has been attracting an increasing number of entries with each passing event. By 2006 the number of participants had already reached 68 boats. This has now almost doubled, reaching a record fleet of 130 yachts in 2018 and 113 yachts in 2019.

Scope of the study

Yachting Malta has commissioned Grant Thornton (Malta) as an independent third party to assess the event’s contribution to the Maltese economy.

We were able to obtain an accurate estimate of the incremental benefits of the event by identifying and quantifying:

- the expenditure of those foreign participants who visited Malta specifically for the event and any persons that accompanied them;
- the wider economic impact of their direct expenditure by applying sectorial multipliers to the figures; and
- the benefit from international exposure as a result of the various news articles, advertisements and TV features relating to the Race.

The detailed disaggregation and distinction of event-goers is based on an online survey which Race participants, both yacht owners and their crew, were asked to fill out following their stay in Malta. The survey was key to enable the estimation of the economic impact of the Race and was designed in collaboration with the Yachting Malta.

113

boats (entrants) took part in the 2019 edition of the Race

c.830

Non-residents participated in the race, consisting of captains and crew members

c.940

people visited Malta specifically for the race, including Race participants and their family or friends

Executive Summary

The following is a summary of the key information that emerged from the report:

€2.3m

expenditure by people that visited Malta specifically for the Race and by the Royal Malta Yacht Club

€2.1m

the economic impact of the Race after allowing for import leakages and applying value-added multipliers

€2.6m

the PR value of media exposure that the Race received, from online articles and TV features

€193

the average daily expenditure of the participants and their family - €81 more than that of the average tourist

€4.7m

the economic impact of the Race on the Maltese economy

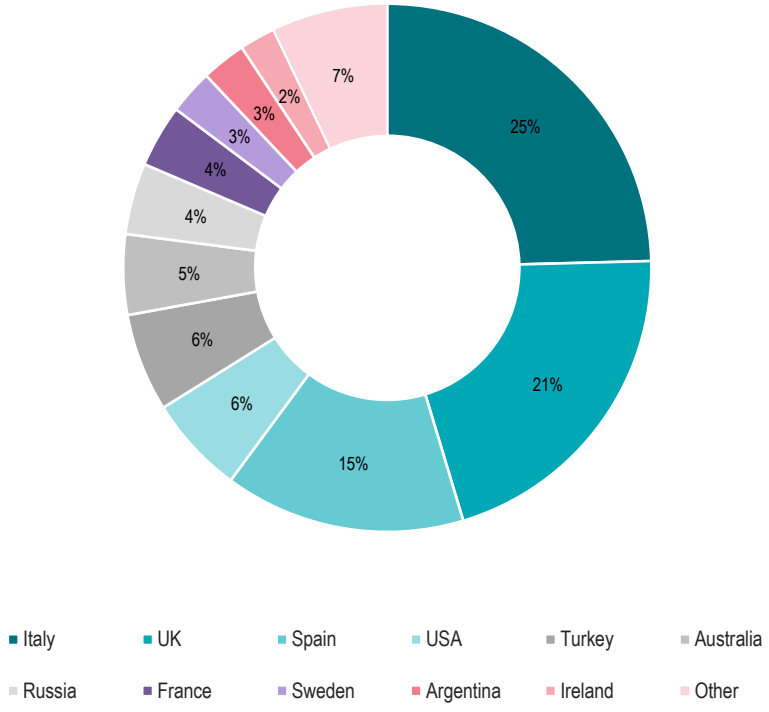
94%

of people who visited Malta specifically for the Race stated that they will be visiting Malta again

Executive Summary

Media coverage in the run up to the Race was widespread, with at least 190 online articles published in over 18 languages

Online articles by country



General social media statistics – growth since 2018

51%

increase in social media post engagements, from 96k to 145k

20%

increase in viral impressions – a total of 1.19m viral impressions

69%

increase in comments on social media posts

68%

increase in repeat online video views

Executive Summary

During the month of the Race, the Rolex Middle Sea Race Facebook page garnered over 1m unique impressions.

Social media performance by platform – 5th October to 5th November 2019

	Page impressions	Unique page impressions	Video views on page	Viral page impressions	Repeat page video views	Viral post impressions
	2.01m	1.00m	191k	1.19m	42k	1.11m
	11k	192k	624k	-	-	-

Executive Summary

The Race was responsible for attracting 62% of the annual visitors of the RMSR Facebook page, as well as 93% of the annual video views on the page

Social media performance by platform – 25th May to 5th November 2019

	Page impressions	Unique page impressions	Video views on page	Viral page impressions	Repeat page video views	Viral post impressions
	3.23m	1.81m	205k	2.46m	43k	2.13m
of which occurred during the month of the Race	62%	55%	93%	48%	98%	52%
	11k	414k	965k	-	-	-
of which occurred during the month of the Race	N/A	46%	65%	-	-	-

Executive Summary

Unquantifiable benefits:

Offering a unique experience

Events like Rolex Middle Sea Race, which offer a unique and spectacular experience, aid the local events scene. The level of organisation and co-ordination required to hold such an event is particularly unique and costly. Events that go steps beyond the current benchmarks, such as the Race, continue to bolster the local events scene and help Malta to establish itself as a hub for such events of grandeur.

Establishing Malta as a hub for yachting events

The hosting of such events has put Malta on the map as a potential destination for a series of nautical sporting events, particularly yachting. As the Rolex Middle Sea Race enters its 51st year since yachting professionals and enthusiasts from all round the world first competed against one another in this race, Malta's reputation as a hub for such events is further consolidated.

Attracting tourism and economic activity in off-peak months

Since the Rolex Middle Sea Race is held in October, which is in the shoulder season in terms of Malta's tourism cycle, the Race provides an added boost to economic activity during a time when tourism starts to wane. This injection of economic activity does not place a stress on the local infrastructure during peak months, making it all the more welcome.

Repeat visits

Since the market of yachting enthusiasts is rather niche, and such grand events are few and far between, as long as the organisation of the RMSR is well-maintained and the quality is consistently improved then participants are likely to keep returning to Malta. In fact, 94% of survey respondents stated that they intend on visiting Malta again. When asked if participants had previously visited Malta in between races, 47% responded positively.

Rolex/Kurt Arrigo

Introduction

The event and its history

Scope of the report

Provide

a brief overview of the Race, it's inception and history

Identify

and analyse the demographic makeup of the persons attending the Event

Design

and apply a methodology that will capture the economic impact of the Race on the Maltese Islands

Quantify

in monetary terms the total economic contribution of the Race

Produce

A judgement on whether the event generates sizeable economic externalities

Provide a brief overview of the event's scene in Malta

In order to set this report in context, we provide a brief overview and description of the Race (Rolex Middle Sea Race) Yachting Malta and the Royal Malta Yacht Club.

Identify and analyse the demographic makeup of the persons participating in the Event

A crucial part of this report is obtaining a basic understanding of the demographics of those persons that participated in the Race in 2019. This was made possible by means of an online survey disseminated to participants, carried out after the Race. The most pertinent demographic factor for the purposes of our study is whether or not the attendees are resident in Malta. The reason for this will be explained later in the report.

Design and apply a methodology that will capture the economic impact of the Event on the Maltese Islands

We were entrusted, based on past experience, with designing a suitable methodology that would accurately capture the contribution of the Race to the Maltese economy. Once this was designed and determined to be an effective means of capturing the economic effect of the Race, we then applied the methodology to the data sample gathered from the survey.

Quantify in monetary terms the total economic contribution of the Race

The central focus of this report is the monetisation of the economic impact of the event on the Maltese economy and the effect on local GDP. This figure was quantified using a mix of desktop research, first-hand research in the form of the aforementioned survey and information provided by RMYC themselves. We also sought to identify and discuss the various unquantifiable economic benefits that the Race generates, such as international exposure for Malta.

Produce a judgement on whether the event generates sizeable economic externalities

Once we have quantified all identifiable and measurable economic benefits, we will pass a judgement on whether the economic effect is in fact sizeable and thus beneficial to the local economy or whether the wider impact is negligible.

Introduction

"*The Rolex Middle Sea Race must be the most beautiful race course in the world. What other event has an active volcano as a mark of the course*?"

- Ted Turner, founder of Turner Communications

The Rolex Middle Sea Race

The RMSR was established in 1968, following a sailing rivalry between two members of the Royal Ocean Racing Club, Alan Green and Jimmy White and members of the Royal Malta Yacht Club including Paul and John Ripard. The intention was to design a race which offered thrilling conditions for its participants. Thereby it was decided that the race should take place in autumn rather than in calmer, summer conditions. Despite it being initially suggested that the race should start in Malta and finish in Syracuse, it was later agreed that Malta should be made the main focus and therefore the race should start and finish in Malta.

Since its inception, the RMSR has been attracting an increasing number of entries with each passing event, with 2006 reaching the first record in terms of number participants – 68 boats. This has now almost doubled, reaching a record fleet of 130 yachts in 2018 and 113 yachts in the latest edition. Amongst these entries, the race has attracted a number of highly esteemed individuals in yachting amongst whom being Raul Gardini and Eric Tabarly. Similarly, renowned names such as Sir Francis Chichester, Sir Robin Knox Johnston and the likes have been part of its guest list.

It is organised by the Royal Malta Yacht Club, in association with the Royal Ocean Racing Club, under the auspices of the Maltese and Italian sailing federations. It is also part of the IMA Mediterranean Maxi offshore challenge. In 2001, a search for a new sponsor was initiated by the committee and during the following year, Rolex SA was engaged as the title sponsor. Since then, the race has expanded significantly both in its entries and quality of entries. However, it still wasn't until 2007 that the course record was broken, establishing a record of 47 hours 55 minutes and 3 seconds which has remained unbeaten to date.

ROYAL MALTA YACHT CLUB

ROLEX
MIDDLE SEA RACE
2019
40th EDITION

Introduction

Yachting Malta was founded with the aim of identifying and attracting high profile yachting events to the Maltese Islands

About the Royal Malta Yacht Club

The Royal Malta Yacht Club (RMYC) was founded in 1835 and is the only yacht club in Malta. Its chief focus is yachting and is thereby engaged in the organisation of a full programme of racing and other social activities throughout the year. Undoubtedly its most renowned race is the RMSR, however other well-known races include the Malta-Syracuse race amongst others. Its commitment to yachting has prevailed throughout the years, leading to the formation of the Malta Sailing Federation, of which the RMYC is a founding member.

It is located at the Ta' Xbiex Marina and hosts a number of facilities including a lounge bar, dining area, a roof top terrace, conference rooms and a fitness room. It also provides waterfront facilities for small boats and a seasonal marina for larger boats. The club is run by a committee elected by its full members at the Annual General Meeting. At present, the club committee is made up of 9 members, with Mr Godwin Zammit currently holding the title of commodore. In addition, Mr John Ripard Sr is the Honorary President of the club and the President of Malta, H.E. Dr. George Vella is the Club's Patron.

About Yachting Malta

Yachting Malta is a public private partnership between the Government of Malta and the Royal Malta Yacht Club. Yachting Malta is run by a Board of Directors composed of 8 directors, with John A Huber as Chairman and Paul Muscat as Deputy Chairman. It presently falls under the portfolio of Hon. Dr Ian Borg as part of the Ministry for Infrastructure, Transport and Projects.

Launched in April 2015, the organisation's primary role is to identify and attract high profile yachting events to the Maltese Islands, including sailing regattas, power racing, boat shows, yachting awards and conferences. Yachting Malta also aims to enhance the quality and growth of already established events.

Another role is to foster and promote yachting and associated international activities with an emphasis on the young. This includes education and training in the fundamentals of sailing, powerboat racing and water safety. The organisation also serves as a consultative voice to the relevant authorities vis a vis infrastructural yachting projects such as new breakwaters, yacht services and marinas. One of Yachting Malta's goals is to support an increase in range and volume of berthing facilities and yacht services in Malta and Gozo.

Rolex/Kurt Arrigo

Methodology

Capturing the economic impact of the Race

Methodology

The methodology ensures that only *incremental* expenditure directly attributable to the Race is considered when measuring its total economic impact

Overview

Our approach to estimating the total impact of the event on the Maltese economy begins with an analysis of the participants and sorting them into pre-defined categories. The most pertinent and relevant categorisation for the purpose of this study was whether the attendees were foreign visitors or locals/residents. Our survey was designed in such a way that if a respondent indicated that he/she was a Maltese resident, the survey would end immediately and thus their expenditure was not considered in our final results.

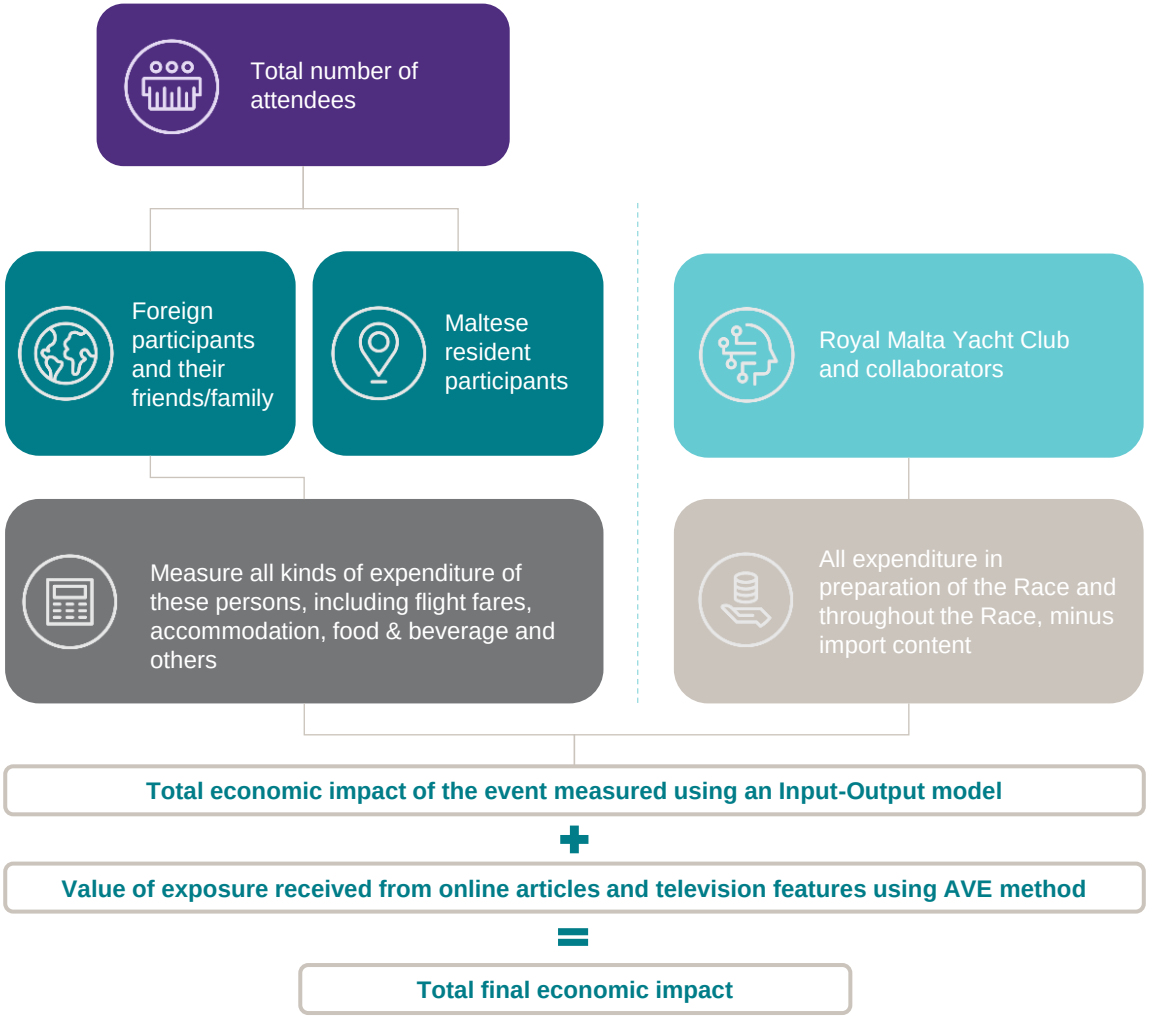
An important concept to the validity of economic impact assessments is that of incrementalism. This refers to the idea that when measuring the economic benefits of a given event or project, one must ascertain that only those benefits that accrue directly as a result of the event under analysis are captured. This is normally done by comparing a scenario in which the event or project would not happen against the scenario in which the event/project occurs. The outcomes of both scenarios are compared and contrasted in order to derive the incremental benefits as a result of the project or event.

Rather than modelling these two scenarios, we were able to obtain an accurate estimate of the incremental benefits of the event by identifying and quantifying:

- The expenditure of those foreign participants who visited Malta specifically for the event and any persons that accompanied them;
- The wider economic impact of their direct expenditure by applying sectorial multipliers to the figures; and
- The value of the exposure received from various online articles and television features.

We were able to make such detailed disaggregation and distinctions of event-goers thanks to an online survey which participants of the Race, both yacht owners and their crew, were asked to fill out following their stay in Malta. The survey was designed in collaboration with Yachting Malta, which played a central role in our estimation of the economic impact of the 2019 Rolex Middle Sea Race. Once the total direct expenditure was disaggregated, relevant multipliers were applied in order to monetise the degree to which such expenditure would have further reverberations around the island.

Methodology



Step 1: The total number of attendees was given to us by the Royal Malta Yacht Club.

Step 2: The costs incurred by RMYC in relation to the Race were provided to us

Step 3: A survey was used in order to distinguish between Maltese resident participants and foreign attendees. The survey would only continue to ask for expenditure figures if respondents indicated that they were not Maltese

Step 4: The survey results were used to obtain an estimate of the total expenditure of the foreign participants, who were asked to quantify a wide range of expenses incurred, including flight fares and spending on accommodation. The costs of the RMYC were also disaggregated into various categories.

Step 5: Multipliers were applied to the expenditure values to derive the total economic impact

Step 6: The value of exposure received from online articles and TV features was monetised using the AVE method

Step 7: The economic impact of expenditure was added to the value of exposure to derive the final impact figure

Methodology

The economic impact of the event was estimated using multipliers for the Maltese economy published by the National Statistics Office

Our approach towards estimating economic externalities of the event

We were able to estimate the implications for the rest of the economy, in monetary terms, on the basis of the estimated incremental expenditure. As this new expenditure moves along the "supply chain" of the Maltese economy, numerous other related and unrelated sectors also reap a financial benefit. The conventional method of estimating this economic dissemination is that of input-output analysis using economic multipliers. These so called wider economic effects can be classified into three groups:

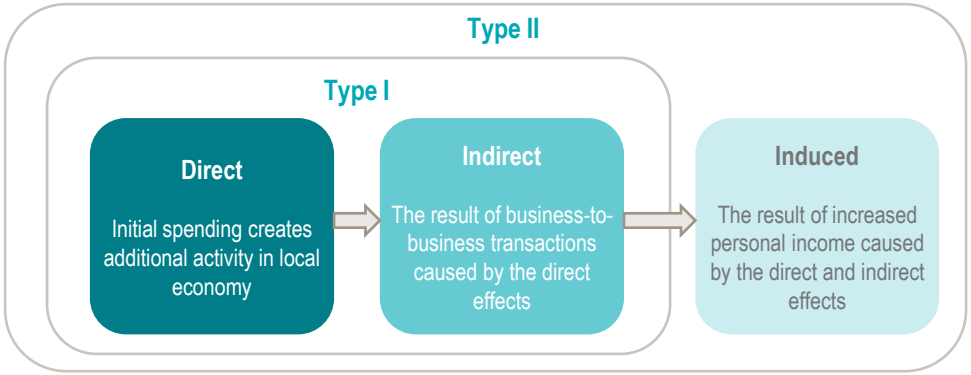
- **Direct effect**: the economic impacts in different economic sectors that result directly from 'additional' expenditure attributed to the Event (i.e. the incremental expenditure).
- **Indirect effect**: the results of business-to-business transactions indirectly caused by the direct effects.
- **Induced effect**: the impact of spending by the people employed in the project. For instance, they spend the money they earn on local goods and services, thereby providing a boost to the local economy.

The final economic impact of the incremental revenue as a result of the Event is the sum of the above three effects. Estimates of the direct effect are based on the 'new' expenditure estimates, while the indirect and induced effects are estimated by using sector-specific multipliers.

We use two types of multipliers:

- **Type I multiplier** - used to measure the impact on economic activity derived from both the direct effect and the indirect effect.
- **Type II multiplier** - used to measure the economic impact that results from the three effects combined, i.e. including the induced effect.

The multipliers we use are based on data published by the National Statistics Office.



Methodology

The media exposure received by the Race was estimated using the Advertising Value Equivalence methodology and an exposure value multiplier

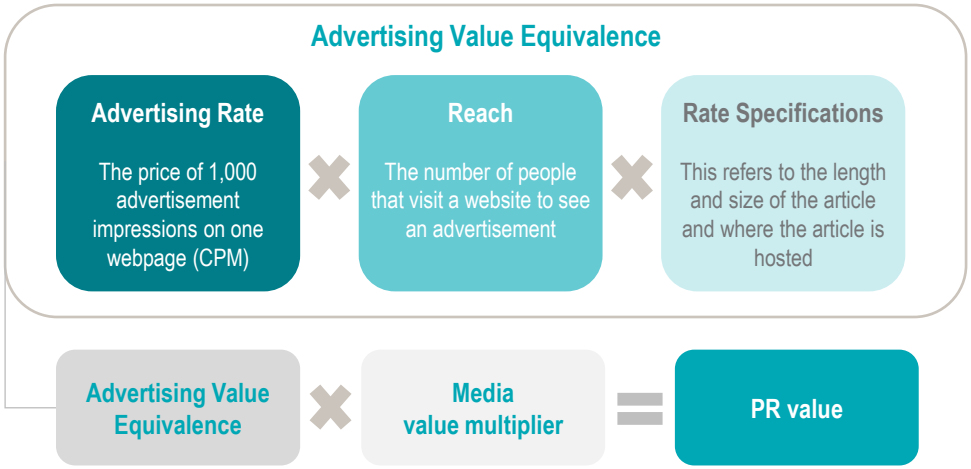
The approach adopted in estimating the media exposure of the Race

There are a number of ways of estimating the value of media exposure that any given event receives, however many are criticised on various grounds. The most common methodology used by media monitoring agencies is the Advertising Value Equivalency method (AVE). AVE refers to the cost of buying the space taken up by a particular article, had the article been an advertisement. This value, which represents a cost, is then multiplied by a carefully chosen multiplier in order to estimate the value of the media exposure, often referred to as PR value, received from these same articles. An independent media monitoring agency was engaged to calculate this value based on the online articles and TV features that went live in 2019 that focused on the Rolex Middle Sea Race.

The methodology applied depended on the availability of information. The appointed media monitoring agency have a vast database available to them, but if this was not sufficient they used information from the websites such as clicks per mille/thousand (CPM) itself and/or Alexa pageviews (Reach).

The value of the television feature exposure was calculated in the same way, but with slightly different variables. For example, the duration of the video was used instead of the length of the article and the price per time slot was taken instead of Clicks Per Mille.

The multiplier of PR value applied to the AVE may vary slightly per item, depending on variables such as the sentiment and branding of the article. This typically ranges between 1 and 13 (editorial coverage). To err on the side of caution, a multiplier of 3 was applied. Given Rolex SA's strong brand reputation and global popularity, this multiplier can be confidently justified.



Methodology

The limitations of our methodology, although present, are not expected to significantly affect the outcome of the study

Limitations of multiplier method

One of the major limitations of input-output models is that they are based on historical inter-industry relationships. Thus, these multipliers do not account for recent shifts in inter-industry relationships that may have resulted from recent changes in the structure of the economy. However, since the expenditure resulting from the Race is likely to affect traditional sectors of the economy (such as accommodation and food services, retail trade, transport, etc.), we do not expect this limitation to affect our estimates of the economic contribution because these sectors' inter-industry relationships should not have changed significantly since the publication of the 2015 report on which the multipliers are based.

Oosterhaven, Peik and Stedler (1986) stated that the true effect on the economy lies between type I and type II multipliers. This is due to type I multipliers' tendency of underestimating economic impacts, given that they omit household and factor income activities, coupled with type II multipliers tending to overestimate these impacts due to the rigid assumptions regarding the behaviour of household income-expenditure patterns. For this reason, we have estimated the economic contribution by calculating both type I and type II multipliers, and our interpretation is that the true effect lies somewhere in between.

Rolex/Kurt Arrigo

Estimating the expenditure

Our approach to estimating the *incremental* expenditure related to the Race

Estimating the expenditure

Rolex Middle Sea Race has seen participation grow by 45% over the last 12 years

Attendees overview

The Rolex Middle Sea Race has seen unabated growth in terms of participation and attention ever since the first edition was held in 1968. Although the number of entrants fluctuates slightly from one year to another, there is a clear upward trend in attendance and interest. Comparing attendance in 2008 with that of 2019 shows an absolute growth of 45%, with the number of entrants rising from 78 boats to 113. The record for highest number of participants was set in 2018, which saw 130 boats take part in the race..

The bottom panel in the adjacent table shows a breakdown of the participants for this year's edition of the Race. Of the 113 boats that registered for the race, 9 were Maltese owned and manned by Maltese crew members. These 9 boats were manned by 72 participants, which comprise both owners and crew. The remaining 104 boats were all foreign owned and manned by foreign crew members, yielding a total of 828 foreign race participants. Entrants were asked whether they were accompanied by friends and/or family for the race, to which 38% responded positively. The average number of accompanying friends or family members was around 2. Thus, applying this to the wider sample of owners yields a total of 109 accompanying family members. This brings the total tally of event attendees to 1,009, of which 72 are Maltese and 937 are foreigners, all of whom visited Malta specifically for the Race.

Rolex Middle Sea Race Entrants over the years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Entrants	78	70	75	70	82	99	122	111	107	104	130	113

2019 Rolex Middle Sea Race Attendees

	Total	Maltese	Foreign
Participants			
Entrants/owners	113	9	104
Crew members	787	63	724
Total participants	**900**	**72**	**828**
Accompanying family members	109	N/A	109
Total event attendees	**1,009**	**72**	**937**

Estimating the expenditure

The total spend of foreign attendees during their stay in Malta was €2.1m, made up of flight fares, accommodation, food and beverages, and other items of expenditure

Estimating the incremental expenditure

In order to calculate the incremental expenditure brought about by the organisation and hosting of the Rolex Middle Sea Race, it is crucial to ensure that only the expenditure of foreign attendees and participants (who would otherwise not have visited Malta) is taken into consideration. Other tranches of expenditure cannot be considered as incremental expenditure to the economy. We were able to obtain a reliable measure of the expenditure of foreign attendees by means of a survey which we disseminated among RMSR Entrants after the Race, for which we had a response rate of 35%. We were able to extrapolate the results of this survey to the wider population in order to quantify the total incremental expenditure of the Race.

Respondents were asked to indicate their expenditure, from a selection of ranges, during their stay in Malta on various different items, such as flight fares, accommodation, food and beverage and others. Entrants were asked to indicate separately their expenditure on:

- themselves and their family
- their crew

The results are shown in the adjacent tables. The total expenditure by Entrants amounted to €1.2m. Besides this expenditure, foreign crew members still spent money on a day to day basis. However, due to a lack of responses, we were unable to accurately measure this spend. Instead, adopting a conservative approach, it was assumed that they spend as much as the average tourist, which is €112 per day (NSO, 2019). The average stay of participants of the 2019 Race was 11.5 days. This yields an additional expenditure by crew members of €932k, shown in the adjacent table. Therefore, the total expenditure of the Race participants is **€2.09m**

Total incremental expenditure by entrants (€)

Type of expenditure	On crew	On self and family	Total
Accommodation	154,375	65,000	219,375
Docking/birthing fees	78,000	-	78,000
Boat maintenance	126,750	-	126,750
Food & drinks	166,563	66,625	233,188
Entertainment	59,313	46,313	105,625
Air travel	150,313	59,313	209,625
Local transport	65,000	39,813	104,813
Other	59,313	21,938	81,250
Total	**859,625**	**299,000**	**1,158,625**

Total incremental expenditure by crew

	Total
Average daily expenditure of tourist in 2019 (€)	112
Number of foreign crew members	724
Average number of days spent in Malta by Race participants	11.5
Additonal crew expenditure (€)	**932,512**

Estimating the expenditure

The total spend by the Organisers of the Race was estimated to be c.€284k, which falls to €240k when adjusting for expenditure on foreign sources

Estimating the incremental expenditure (contd.)

Apart from the expenditure by non-Maltese residents and the additional spending they leave in Malta, economic activity is also generated by the Organisers of the Race during the preparations for the Event and during the Event. The costs incurred in preparation for and during the Event were given to us by the RMYC, and they were disaggregated by tranche of expenditure (e.g. F&B expenses, entertainment hire, printing and promotion and others). Much of this expenditure incurred by the RMYC was funded through sponsorships received from Rolex SA. These are presented in the adjacent table.

The total nominal expenditure in this regard is c.€284k. However, a portion of this figure was spent on the services of foreign companies or goods imported from abroad. Therefore, the total nominal expenditure was corrected for the import content, with the results displayed in the column showing local expenditure. Furthermore, as shown in the table, only a portion (60%) of the local expenditure on food and beverage was taken into consideration. The 40% that was eliminated was removed due to the overlap between the expenditure incurred by Participants on F&B. Therefore, only F&B that was provided to Participants by the RMYC at no cost was included as incremental expenditure, to avoid double counting issues. This yields a total incremental expenditure of €240k by the RMYC. Adding to this figure the incremental expenditure of the Race participants, produces a total incremental expenditure directly attributable to the Event of €2.3m.

Total incremental expenditure generated by the Event: **€2.3m**

Total expenditure by RMYC (€)

Type of expenditure	Spent locally	Spent abroad	Incremental to event
Food and beverage	60,276	-	36,166
Entertainers at events	22,615	-	22,615
Tentage	57,513	-	57,513
Communications & PR	619	12,125	619
Race management software	35,185	-	35,185
Printing & stationery	19,025	-	19,025
Trophies	8,712	-	8,712
Race expenses (committee boats & trackers)	13,963	7,532	13,963
Berthing fees at marinas	14,088	-	14,088
Staffing outsourced extra to regulars	1,003	-	1,003
Transport	2,917	-	2,917
RMYC Race organisation clothing	9,234	-	9,234
Volunteer refreshment expenses	3,337	-	3,337
Accomodation Jury/RORC/VIP	15,567	-	15,567
Total	**264,053**	**19,657**	**239,943**

Estimating the expenditure

The average daily spend per person who visited specifically for the Race was €193.40

Estimating the expenditure per visitor

The adjacent table illustrates our calculation in deriving the average daily expenditure per participant and visitor of the Race. The total expenditure generated by the event, excluding that of the RMYC was approximately €2.1m. This was attributable to just 940 people, which comprised entrants, participants and accompanying family members. The average stay in Malta of these persons was found to be 11.5 nights. Dividing the aforementioned expenditure by the number of persons and by their average stay in Malta yields an average daily expenditure of €193.40.

Daily expenditure per visitor

Expenditure of participants and accompanying family (€)	A	2,091,137
Number of foreign participants and accompanying family (€)	B	940
Average stay per person	C	11.5
Daily expenditure per visitor	**A ÷ B ÷ C**	**193.4**

Rolex/Kurt Arrigo

Wider economic effects

Using multipliers to estimate the wider economic impact of the Race

Wider economic effects

The different categories of expenditure were mapped to corresponding multipliers

Selecting appropriate multipliers

Having classified the expenditure of event-goers and the costs of the RMYC by type of activity, each category was then matched with an appropriate class of value-added multipliers. These multipliers are shown in the adjacent table, which shows the value of both Type I and Type II multipliers.

The first column shows the type of expenditure of event-goers and the Project Promoter (as identified in this study) to which each multiplier will apply. In this column we indicated whether the expenditure which we considered for each line item was that of:

(a) the participants, their crew and accompanying family/friends, and

(b) Royal Malta Yacht Club.

The only line items which include the expenditure of both groups is F&B and accommodation. The second column titled 'Multiplier' shows the type of multiplier. For the non-Maltese resident participants, their entire expenditure during their stay was included whereas for the RMYC, all their expenses minus the relevant import content was included.

Type I and Type II value-added output multipliers

Type of expenditure	Multiplier applied	Type I	Type II
Accommodation (a) + (b)	Accommodation and food service activities	0.65	0.93
Docking/birthing fees (a) + (b)	Sports activities and amusement and...	0.77	1.08
Boat maintenance (a)	Repair and installation of machinery	0.70	1.18
Food & drinks (a) + (b)	Accommodation and food service activities	0.65	0.93
Entertainment (a) + (b)	Creative, arts and entertainment activities;	0.77	1.08
Air travel (a)	Air transport	0.46	0.74
Local transport (a) + (b)	Land transport and transport via pipelines	0.69	0.88
Other (a)	Creative, arts and entertainment activities;	0.49	0.58
Tentage (b)	Creative, arts and entertainment activities;	0.49	0.58
Communications & PR (b)	Publishing activites	0.63	0.92
Website (b)	Computer programming, consultancy and...	0.65	0.87
Printing & stationery (b)	Publishing activites	0.63	0.92
Trophies (b)	Sports activities and amusement and...	0.77	1.08

Source: Central Bank of Malta, Ian Cassar

Wider economic effects

The different categories of expenditure were mapped to corresponding multipliers (contd.)

Type I and Type II value-added output multipliers

Type of expenditure	Multiplier applied	Type I	Type II
Race expenses (b)	Sports activities and amusement and...	0.77	1.08
Staffing outsourced (b)	Employment activities	0.90	1.53
Transport (b)	Land transport and transport via pipelines	0.69	0.88
RMYC Clothing (b)	Retail trade, except of motor vehicles	0.81	1.11
Volunteer refreshments (b)	Accommodation and food service activities	0.65	0.93

Source: Central Bank of Malta, Ian Cassar

Wider economic effects

The Race participants alone contributed a total of €1.89m to the Maltese economy, in terms of direct, indirect and induced effects

Direct, indirect and induced value added by the Participants

The adjacent table shows the items of expenditure identified in this report, the applicable Type I and Type II multipliers along with the result of applying the multiplier to each relevant expenditure item. The result of applying the Type I multiplier to the identified expenditure is the direct and indirect effect of that spending. Applying the Type II multiplier to that same figure yields the direct, indirect and induced effect of the spending – which is the total economic impact in which we are interested. Thus, the incremental expenditure of the participants and accompanying persons of €2.09m yields a total direct and indirect economic effect of c. **€1.89m**.

Indirect effect of RMYC expenditure

Type of expenditure	Expenditure (€)	Type I value-added multiplier	Direct + indirect effect (€)	Type II value-added multiplier	Direct, indirect + induced effect (€)
Food and beverage	36,166	0.65	23,508	0.93	33,634
Entertainers at events	22,615	0.49	11,081	0.58	13,117
Tentage	57,513	0.49	28,181	0.58	33,357
Communications & PR	619	0.63	390	0.92	569
Website	35,185	0.65	22,870	0.87	30,611
Printing & stationery	19,025	0.63	11,986	0.92	17,503
Trophies	8,712	0.77	6,709	1.08	9,409
Race expenses	13,963	0.77	10,752	1.08	15,080
Berthing fees	14,088	0.77	10,847	1.08	15,215
Staffing outsourced	1,003	0.90	902	1.53	1,534
Transport	2,917	0.69	2,013	0.88	2,567
RMYC clothing	9,234	0.81	7,479	1.11	10,250
Volunteer refreshments	3,337	0.65	2,169	0.93	3,103
Accomodation	15,567	0.65	10,119	0.93	14,478
Total	**239,943**	**-**	**149,006**	**-**	**200,427**

Wider economic effects

The Royal Malta Yacht Club, with the aid of Rolex SA sponsorship, contributed a total of €200k to the Maltese economy, in terms of direct, indirect and induced effects

Direct, indirect and induced value added by the Royal Malta Yacht Club

Similar to the exercise carried out on the expenditure of the Race participants, the same was done with the expenditure of RMYC. The expenditure that was incurred specifically in relation to the Race was identified, and the relevant multipliers were attached to each tranche of expenditure in order to measure the wider effects on the economy. The results of this exercise are shown in the adjacent table.

Applying only Type I value-added multipliers yields a direct and indirect effect of €149k, with the largest contribution being attributed to the erection of tents, followed by food and beverage expenses. Including also the induced effects of this expenditure by means of Type II multipliers, yields a total contribution of **€200k** attributable to RMYC's spend.

Adding this economic impact to that generated by the participants of the Race yields a total economic contribution of **€2.1m**.

Total economic contribution generated by the Event: **€2.1m**

Indirect effect of RMYC expenditure

Type of expenditure	Expenditure (€)	Type I value-added multiplier	Direct + indirect effect (€)	Type II value-added multiplier	Direct, indirect + induced effect (€)
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Accomodation	15,567	0.65	10,119	0.93	14,478
Total	**239,943**	**-**	**149,006**	**-**	**200,427**

Wider economic effects

Media coverage in the run up to the Race was widespread, with at least 190 online articles published in over 18 languages. The total value of exposure received was €2.6m.

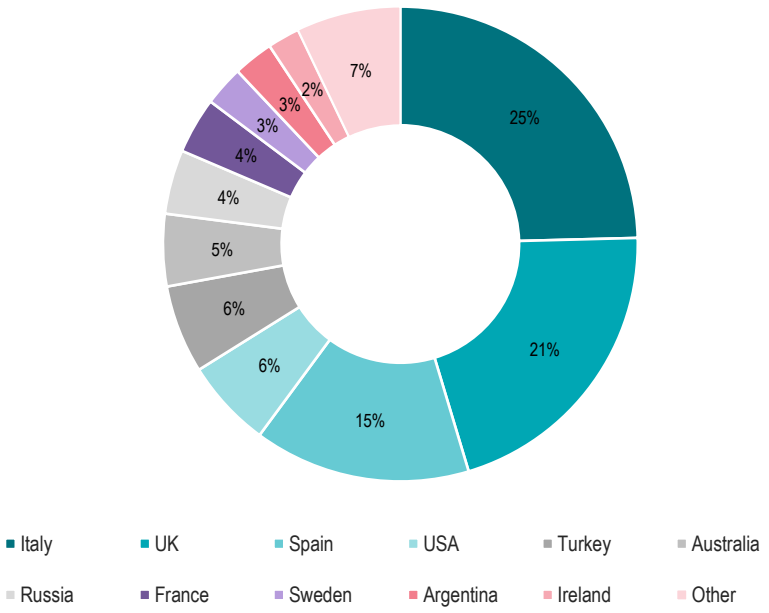
Exposure through the brand

Thanks to collaboration with Rolex SA, the local edition of the race is heavily advertised through the marketing channels of Rolex SA, which have a strong global presence and wide reach. Their marketing material is viewed by hundreds of thousands of people every year, and is picked up by household names such as CNN and the BBC. Media coverage relating to the event either took the form of online articles (including video) posted on sailing enthusiast websites/news sites or television features on rather large news networks.

At least 190 different articles were published around the world (excluding Malta) in over 18 different languages. A disaggregation of the articles by country (i.e. country that hosts the website on which the article featured) is provided in the adjacent graph. A lot of online content was published in Italy, which accounted for 25% of all online media coverage for the RMSR, followed by the UK which accounted for a further 21% of the coverage. In terms of non-EU markets, the RMSR received the most coverage in the USA and Turkey, reflecting the RMSR's global reputation. After having analysed the articles published in 2019 regarding the RMSR, the PR exposure received from these articles was estimated to be €2.1m.

Further to the articles, on the 23rd and 24th of November, BBC World News aired a 23 minute feature titled 'The Spirit of Yachting: The Rolex Middle Sea Race', at 13:30 and 20:30 respectively. This video is part of a broader series 'The Spirit of Yachting', which covers other similar races such as the Rolex Sydney Hobart Yacht Race. The PR value generated by the two separate airings of the video is estimated to have generated €472k. This brings the net value of exposure received by RMSR to €2.6m.

Online articles by country



Wider economic effects

The event generated several non-quantifiable but significant economic benefits

Other benefits not considered

This study assesses the contribution of the Race attributable to:

- All expenditure of those visiting Malta for the Event;
- Expenditure incurred by the Project Promoter before and during the event; and
- The value of the exposure received from various online articles and television features.

While this provides a fair representation of the economic contribution of the Event, it does not capture all the relevant contribution. Other expenditure attributable to the event has been ignored due to a lack of information and/or an inability to quantify and monetise.

Offering a unique experience

Events like the Rolex Middle Sea Race, which offer such a unique and spectacular experience, aid the local entertainment scene and the event industry to up the benchmark. The degree of organisation, experience and expertise required to successfully hold such an event is very particular, unique and costly. Events that go steps beyond the current benchmarks continue to bolster the local entertainment scene and continue to put Malta on the map.

Establishing Malta as a hub for yachting events

The hosting of such events has helped to make Malta a serious contender as a destination for a series of nautical sporting events, particularly yachting. As the Rolex Middle Sea Race enters its 51st year of hosting yachting professionals and enthusiasts from all round the world to compete against one another, Malta's reputation as a hub for such events is further consolidated.

Repeat visits

Since the RMSR is held on an annual basis, participants are very likely to return to Malta for the Race year after year. Since the market of Yachting enthusiasts is rather niche, and such grand events are few and far between, as long as the Race continues to be well-organised and the quality is consistently improved then Participants are likely to keep returning to Malta. In fact, 94% of survey respondents stated that they intend on visiting Malta again. When asked if participants had previously visited Malta in between races, 47% responded positively. However, to attribute the entirety of these repeat visits to the Race alone would be incorrect without more detailed information.

Off-peak economic activity

Since the Rolex Middle Sea Race is held in October, which is in the shoulder season in terms of Malta's tourism cycle, the Race provides an added boost to economic activity during a time when tourism starts to wane. This injection of economic activity does not place a stress on the local infrastructure during peak months, making it all the more welcome with no additional burden.

Wider economic effects

Social media posts saw a significant increase in interaction and engagement during 2019 when compared with the previous year

Social media exposure and growth

The Royal Malta Yacht Club engaged Quinag Sàrl, a communications firm that works primarily with brands, events and organisations engaged in the outdoor world, to analyse and track the social media engagement of Rolex Middle Sea Race throughout 2019, with particular focus on the month of October – the month that the Race takes place.

The results of this analysis are presented in this slide and the ones that follow. Overall user interaction and engagement with RMSR social media posts increased substantially in 2019. The most notable growth was experienced in the number of comments left on social media posts, which rose by 69% in 2019 when compared to i 2018. General social media engagement, which encompasses likes, comments, shares and other interactions, increased by 51% this year. These figures serve as further testament to the Race's growing popularity, and the Organisers' ability to maintain and improve the online presence and reach of the Race.

51%

increase in social media post engagements, from 96k to 145k

20%

increase in viral impressions – a total of 1.19m viral impressions

69%

increase in comments on social media posts

68%

increase in repeat online video views

Wider economic effects

During the month of the Race, the Rolex Middle Sea Race Facebook page garnered over 1m unique impressions.

Social media performance by platform – 5th October to 5th November 2019

	Page impressions	Unique page impressions	Video views on page	Viral page impressions	Repeat page video views	Viral post impressions
	2.01m	1.00m	191k	1.19m	42k	1.11m
	11k	192k	624k	-	-	-

Wider economic effects

The RMSR was responsible for attracting 62% of the annual visitors of the RMSR Facebook page, as well as 93% of the annual video views on the page

Social media performance by platform – 25th May to 5th November 2019

	Page impressions	Unique page impressions	Video views on page	Viral page impressions	Repeat page video views	Viral post impressions
	3.23m	1.81m	205k	2.46m	43k	2.13m
of which occurred during the month of the Race	62%	55%	93%	48%	98%	52%
	11k	414k	965k	-	-	-
of which occurred during the month of the Race	N/A	46%	65%	-	-	-

Rolex/Kurt Arrigo

Conclusion

Concluding remarks

Conclusion

The RMSR generates a significant economic contribution, especially when taking into consideration that this spend is attributable to only c.940 persons

Concluding remarks

Considering the total effect of the Event on the local economy, our analysis shows a contribution of €2.1m – shown in the top panel of the adjacent table. These may be interpreted as wages and profits accruing to employees and investors in various sectors of the Maltese economy that would not have materialised had the Event not taken place.

A salient point that emerged from this report is the quality of the tourist that is visiting Malta for the purpose of this Race. The average daily spend of the Owners of the participating boats is €216, which is €104 more than the average daily spend of tourists during 2019 (according to NSO data). This expenditure encompasses what the Owner of the boat spent on food and beverage, accommodation, entertainment and transport for himself, his family and his crew.

As part of this exercise, an independent media monitoring agency was engaged to monetise the exposure that the Rolex Middle Sea Race received from various online news outlets, TV stations and sporting and yachting enthusiast websites. The online articles were found to have generated media exposure worth €2.1m, while the television feature generated €472k. This brings the value of the media exposure the Race received to a total of €2.6m, which results in a total economic impact of €4.7m.

Indirect effect of the identified expenditure

Type of expenditure	Expenditure (€)	Total contribution (€)
Participants and accompanying family	2,091,137	1,886,846
Organisers	239,943	200,427
Total	**2,331,080**	**2,087,273**

Value of media exposure

Type of media exposure	Value of exposure (€)
Online articles	2,102,277
Television feature	471,960
Total	**2,574,237**

Total impact of the Race:

€4,661,510

Appendices

Conclusion

Appendix A - Glossary

Contributors	Attendees who's decision to visit Malta was heavily motivated by the Event
the Event	Rolex Middle Sea Race
F&B	Food and beverage
NSO	National Statistics Office
OECD	Organisation for Economic Co-operation and Development
Project Promoter	Royal Malta Yacht Club / Rolex SA

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