

# **The Economic Impact of Major Cricket Matches at Lord's**

**Report for**



**Marylebone Cricket Club**

**Prepared by**

**London Economics**

**September 2007**



**Action from England v Sri Lanka at Lord's, 2006**

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## Executive Summary

### Background

Marylebone Cricket Club (MCC) commissioned London Economics to undertake a study of the economic impact of major fixtures at 'The Home of Cricket'. This study aims to produce a robust piece of evidence identifying the economic value of major matches at Lord's within the local economy (defined as within half a mile of Lord's) and London as a whole.

This report is based on the largest ever survey of spectators' expenditure at a major English cricket fixture - the npower Test match, England v West Indies, at Lord's in May 2007. In addition to being based in the largest collection of survey data at a cricket match in the United Kingdom, this report benefits from data provided by MCC. It is also the first major economic study of a Test match in England for ten years.

### Key findings

#### Spectator expenditure

- The average expenditure per spectator per day associated with attending the West Indies Test match was estimated to be approximately **£79**, excluding ticket costs.
- On average, spectators spent **£29** inside Lords (37%), **£12** within half a mile of Lord's (15%), **£22** in the wider London region (27%) and **£17** elsewhere (21%).
- 18% of spectators incorporated an overnight stay as part of their attendance at the West Indies Test match. Of these overnight attendees, MCC Members spent **£108** per day on average per day of attendance, while non-Members spent approximately **£190** per day. For spectators not staying overnight, MCC Members spent approximately **£59** per day, while non-Members spent **£65** per day.

#### Gross expenditure and economic impact

- The gross expenditure associated with the West Indies Test match was estimated to be between **£13.6 million** and **£15.4 million**. Of this amount, between **£10.1 million** and **£11.3 million** occurred within the local economy.
- The economic impact on the local economy associated with hosting the West Indies Test match at Lord's was estimated to be between **£9.5 million** and **£10.8 million**. This supports between 133 and 151 Full-Time Equivalent jobs. Comparing like with like, this is approximately twice the estimate of the economic impact associated with the 1997 Edgbaston Test versus Australia on the Birmingham economy.

- Assuming that there are fourteen<sup>1</sup> major matchdays of cricket at Lord's each year, the findings indicate that the annual economic impact on the local economy of hosting major matches at Lord's is between **£26.6 million** and **£30.2 million**.
- Looking in detail at the region of residence of attendees and the location of their expenditure, we estimated the economic impact of the West Indies Test match on the London economy as a whole to be between **£8.9 million** and **£10.5 million**. Assuming fourteen major matchdays each year, this implies that the economic impact on the London economy of major matches at Lord's is between **£25.0 million** and **£29.5 million** per annum.

### **Capacity analysis**

London Economics concludes that there remains scope to increase the local economic impact of major matches at Lord's - by further raising the proportion of seat-occupancy in the short and medium term, and by increasing the ground's capacity in the longer term:

- There was 12.5% spare capacity at Lord's over the first four days of the West Indies Test match (equivalent to approximately 14,000 seats). Filling these seats with public spectators would lead to an additional economic impact associated with this Test match on the local area of approximately **£0.75 million**.
- Increases in the ground's capacity could be expected to generate additional local economic impacts of (i) up to **£3.86 million** per annum in the case of 5,000 additional public seats and (ii) up to **£7.72 million** per annum in the case of a 10,000 rise.

London Economics notes, too, that there is growing competition among grounds, many of which have been increasing their capacities, for the right to host major matches. Based on the evidence gathered during the Test match in May, it calculates that the removal of any major match from Lord's would have an adverse economic impact on the local economy of between **£1.90 million** and **£2.16 million** per day.

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<sup>1</sup> This is based on the assumption that the two Twenty20 evening matches can be regarded, together, as one major matchday.

# 1 Introduction and Context

*"I was given my ticket as a birthday present by a Member. Unbelievably, it is 51 years since I last visited Lord's! Then I watched Lindwall and Miller in their last Test series against England. In 1956 I think I paid 7 shillings and 6 pence to sit in what is now the Compton Stand.*

*The years pass but the atmosphere remains unchanged. Your stewards yesterday were extremely kind and helpful. The service in the shops and bar was excellent.*

*Thank you for giving me a birthday to remember."*

## Response to spectator survey

Lord's remains 'The Home of Cricket' and major matches held there are not only important sporting occasions, but also significant economic and social events. Marylebone Cricket Club ("MCC"), the owner of Lord's, continues to look to improve the ground in order to maintain its world-class facilities but also to ensure that it continues to maximise the number of major matches held at the ground. This report looks at the economic impact of major games at Lord's.

Currently, there are approximately twelve to fifteen days of cricket a year that are likely to attract sell-out crowds. This incorporates four international matches a year (two Test matches, each lasting up to five days, and two one-day internationals), as well as the major domestic cricket trophy final and two Twenty20 cricket matches hosted on behalf of Middlesex County Cricket Club. The international games are the most important both in terms of their significance as sporting occasions but also in a financial sense (as the games most likely to attract full capacity). The current Staging Agreement with the England and Wales Cricket Board (ECB), which guarantees Lord's two Test matches and two one-day internationals a year, expires in 2009.

Lord's continues to be redeveloped to ensure that its facilities remain amongst the best in the world. Expenditure has already exceeded £50 million since 1987, and has included the construction of the Investec Media Centre and the installation of a fast-draining outfield. Recently, MCC announced major initiatives to further refurbish the Mound Stand and install state-of-the-art combined scoreboards and replay screens. More ambitious proposals are also under examination, including further improvements to the Mound Stand and changes in capacity levels (up to 40,000).

As part of this ongoing commitment to improve the facilities at Lord's and to maintain the ground's current share of major matches, MCC commissioned London Economics to undertake a study of the economic impact of major fixtures at Lord's. The study aims to produce a robust piece of evidence identifying the economic value of major matches at Lord's within the local economy (defined as within half a mile of Lord's).

This study is based on an estimation of the economic impact of the first npower Test match against the West Indies, held at Lord's on May 17-21, 2007. A major spectator survey was carried out over the first three days of the Test. The results of this survey have been analysed, in combination with centrally generated MCC data, to estimate the gross expenditure and economic impact associated with the staging of a major match at Lord's.

The report is organised as follows. Section 2 discusses some of the background on major cricket matches at Lord's, and the economic impact of major sporting events. Section 3 sets out the methodology used in the report. Sections 4 and 5 lay out the findings from the spectator survey and provide estimates of the gross expenditure at the Test match. Section 6 analyses the economic impact of the match. Section 7 provides some estimates of the possible economic impact of changes in capacity and seat occupancy. Section 8 summarises and discusses some of the implications of the findings.



## 2 Background

### 2.1 Major Cricket Matches at Lord's

Lord's holds dozens of cricket matches a year, but the majority of these attract a limited number of paying spectators. The most important matches (in both sporting and financial terms) are the four international matches. International matches at Lord's are subject to a Staging Agreement between MCC and the England and Wales Cricket Board ("ECB"). The current Staging Agreement includes two Test matches (scheduled to last up to five days each) and two one-day international ("ODI") matches per annum. The current agreement expires in 2009.

In addition to the four international games, some games at domestic level also attract substantial crowds. These include the final of the major domestic cup competition (The Friend's Provident Trophy) and two Twenty20 Cup group matches held at Lord's (on behalf of Middlesex County Cricket Club).

Information on attendances at the international matches played at Lord's over the past ten years is displayed in Table 1 and Table 2 below.

**Table 1: Test matches at Lord's, 2001-2007**

Year	Opposition	Days	Result	Attendance	% capacity
2001	Pakistan	4*	England win		
2001	Australia	4	Australia win		
2002	Sri Lanka	5	Draw		
2002	India	5	England win		
2003	Zimbabwe	3	England win		
2003	South Africa	4	South Africa win		
2004	New Zealand	5	England win	125,890	89.3%
2004	West Indies	5	England win	141,967	100.7%
2005	Bangladesh	3	England win	62,394	73.8%
2005	Australia	4	Australia win	116,072	102.9%
2006	Sri Lanka	5	Draw	96,890	68.7%
2006	Pakistan	5	Draw	121,928	86.5%
2007	West Indies	5	Draw	103,958	73.7%

Source: MCC

Note: Assuming capacity of 28,200 per day. On some occasions temporary seated is added, leading to attendances greater than the official capacity.

\* Includes first day where no play was possible due to rain.

The attendance data indicates the wide range in attendances in recent years, from just 62,394 for the 2005 Bangladesh Test to 141,967 for the 2004 West Indies Test match. A large part of this variation, however, can be explained by the varying length of the matches, with the Bangladesh match lasting just three days, whereas several matches have lasted the full five days.

Although per day comparisons can be misleading<sup>2</sup>, these do show variations in attendances. In particular, the average daily attendance for Test matches ranges between 19,378 for the 2006 Sri Lanka match (just 68% of capacity) and 29,018 for the 2005 Australia match (above the usual ground capacity, due to additional temporary seating). A number of factors are likely to influence these variations in attendance.

The largest influence appears to be the opposition faced. The Australians, who are officially the best team in the world, at both Test and one-day cricket, drew the highest per day attendances and could have filled the ground several times over. On the other hand, teams that have joined Test cricket more recently, such as Bangladesh, have attracted fewer spectators.

While the weather may be an important influence on attendances at cricket matches, this may be less true of Test matches than other games. This is because it is usually necessary to purchase tickets in advance, which commit spectators to attend except in the direst conditions (when there is likely to be no play possible). Despite this, however, as MCC Members (who pay an annual subscription rather than purchase tickets for each match-day) comprise a sizeable proportion of the crowd at Lord's, the weather may have a larger influence than at some other Test grounds.

Attendances in one-day internationals at Lord's, displayed in Table 2, also indicate the importance of the opposition in attracting spectators. Since 2004, the two largest crowds have been to see England play Australia. The lowest crowd on the other hand, occurred for a Pakistan versus Australia match, clearly suggesting that the England team is a major attraction for the domestic audience.

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<sup>2</sup> Attendances can be very low particularly on the fifth day (for which tickets have not historically been sold in advance by MCC). There is often little prospect for play (either due to weather or the overnight match score). This can then skew the per-day average attendance figures. For instance, for the 2007 West Indies Test match the average attendance over the first four days was 26,063. However, there was an attendance of only 4,896 on the final day (when little play was possible due to weather conditions). This leads to a much lower average attendance of 21,829 per day.

**Table 2: One-day internationals at Lord's, 2000-2007**

Year	Team 1	Team 2	Result	Attendance	% capacity
2001	England	Pakistan	Pakistan win		
2001	Australia	Pakistan	Australia win		
2002	England	India	India win		
2002	England	India	India win		
2003	England	Pakistan	England win		
2003	England	South Africa	England win		
2004	England	West Indies	West Indies win	27,829	98.7%
2004	New Zealand	West Indies	New Zealand win	25,988	92.2%
2004	Australia	Pakistan	Australia win	20,285	71.9%
2004	England	India	India win	25,529	90.5%
2005	England	Australia	Match tied	27,362	97.0%
2005	England	Australia	Australia win	28,604	101.4%
2006	England	Sri Lanka	Sri Lanka win	26,385	93.6%
2006	England	Pakistan	Pakistan win	25,974	92.1%
2007	England	West Indies	England win	24,028	85.2%

Source: MCC

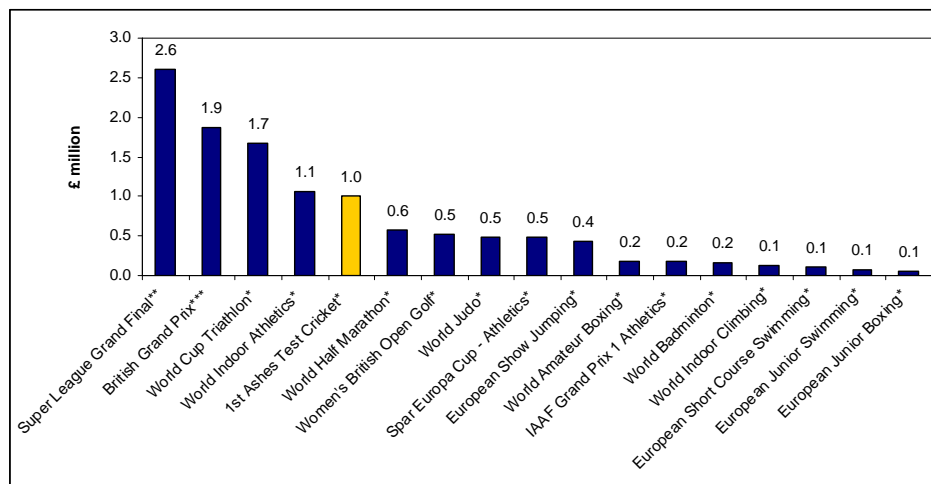
Note: Assuming capacity of 28,200 per day. On some occasions temporary seating is added, leading to attendances greater than the official capacity.

## 2.2 The Economic Impact of Cricket Matches

In general, sporting events can have significant positive effects on regional economies through attracting spectators who would not otherwise have visited that area. The expenditure undertaken by these spectators has further knock-on effects, as those firms that are recipients of the initial expenditure then spend more within the local economy (for instance on suppliers).

Several studies have investigated the economic impact of various sporting events within the United Kingdom. Figure A summarises some of this evidence.

**Figure A: Economic impact per day of UK sports events  
(excluding Flora London Marathon)**



\* UK Sport, *Measuring Success: The Economics of Major Events 2*, 1997.

\*\* Deloitte, *Rugby League in England's Northwest: Economic Impact Assessment*, March 2007.

\*\*\* Motorsport Industry Association, *The Economic Impact of the 2002 FIA Foster's British Grand Prix*, July 2003.

Note: The Flora London Marathon is a one-day event, with an estimated economic impact of £25.5 million. It is excluded from Figure A for presentational purposes only. The economic impact for the British Grand Prix includes regional impact only (for comparability). The economic impact for the Super League Grand Final includes the effect on the Greater Manchester economy.

The estimate of the economic impact associated with the first 1997 Ashes Test match in Edgbaston stands at approximately £1.0 million per day – assuming that the game lasted a full five days. In reality, the game lasted four days, implying that the average per day economic impact associated with the game was £1.25 million.

As Figure A illustrates, sporting events can have a significant economic impact on the surrounding area. The only previous economic impact study of a cricket match held in the United Kingdom of which London Economics is aware is the study of the first Ashes Test in 1997, staged at Edgbaston (Birmingham). The estimate of net expenditure associated with this Test match stood at £4.6 million (which incorporated the expenditure of spectators, hospitality, media, officials and teams). In addition to this, there was an additional £500,000 in costs associated with staging the event, giving a total economic impact of £5.1 million. This resulted in a Test match surplus of £0.9 million payable to the ECB<sup>3</sup>.

<sup>3</sup> UK Sport, *Measuring Success: The Economics of Major Events*, 1997. As no multiplier was used in the study, the £500,000 costs can be included in the economic impact as part of the recycling of spectator expenditure in the local economy.

As Figure A shows, on a per diem basis, Test matches produce a significant economic impact in comparison to most other sporting events within the United Kingdom. However, over the duration of the contest, the effect is even greater than for many other sporting events, as a Test match may last up to five days. At an aggregate level, the economic impact of the first Ashes Test match in 1997 ranks third, behind only the British Grand Prix and the Flora London Marathon.

The potential economic impact of major cricket matches is also illustrated by two studies that have been carried out in Australia.

The first study, carried out by the South Australian Government and the South Australian Cricket Association, assessed the economic impact of the 1998 Adelaide Ashes Test match. This estimated that the total expenditure by overseas and interstate spectators to the Test match was AUS\$2.8 million (equivalent to £1.4 million in 2006 prices<sup>4</sup>). This estimate includes accommodation, food and drink and entertainment, transport within South Australia and souvenirs etc. In total, the estimated effect on the State's economy was AUS\$4.0 million (£1.9 million in 2006 prices<sup>3</sup>).

More recently, an economic impact assessment of the entire 2006-07 Ashes Test series and Commonwealth Bank ODI series in Australia was undertaken. This involved spectator surveys being carried out on at least one day of each of the five Ashes Tests. The estimates for direct and indirect economic impact from the Test matches and ODIs for each State are set out in Table 3 below.

**Table 3: Economic impact of 2006-07 Ashes Test matches (£ million)**

State	Ashes direct expenditure	ODI direct expenditure	Value economic impact
Queensland	26.6	2.5	3.7
South Australia	19.8	1.9	3.3
Western Australia	8.4	1.5	1.3
Victoria	32.0	7.2	6.6
New South Wales	27.7	5.0	5.3
Australia – Total	98.1	19.3	20.0

Source: URS, *Ashes Economic Impact, June 2007*

Note: Only States hosting Test matches included. GBP:AUS\$ exchange rate of 2.7 used.

<sup>4</sup> The average exchange rate between the Australian Dollar and British Pound during the 1998 Adelaide Test match was AUS\$ 2.709 = £1. We have converted the economic impact associated with the 1998 Test match using this exchange rate and inflated the result using an index of Consumer Prices to achieve an estimate of the economic impact of the Test in 2006 prices for comparability purposes.

The studies above provide estimates of both additional direct expenditure (from international and interstate attendees), as well as an estimate of the value added economic impact. The value added impact takes into the costs involved in the staging of the game, and so is lower than the estimate of direct expenditure (which is calculated at market prices).

As the table illustrates, significant economic impacts were found in each of the states hosting a Test match. Interestingly, the estimated expenditure resulting from the Adelaide Test match in report (£3.3 million) is much higher than the £1.9 million estimated in 1998.

The first, second and third Tests all lasted the full five days, while the fourth Test lasted three days and the final Test lasted four days. This implies that the average per diem economic impact associated with the five Test matches stood at £0.74 million (Queensland), £0.66 million (South Australia), £0.26 million (Western Australia), £2.20 million (Victoria) and £1.32 million (New South Wales). These estimates compare to the estimate of £1.25 million per day economic impact associated with the first Ashes Test in 1997 held at Edgbaston.

## 3 Methodology

### 3.1 Introduction

The major objective of the study was to determine the additional economic activity generated by a major match at Lord's. This was achieved through estimating the economic impact of one match – the first npower Test match against the West Indies, held on May 17-21, 2007. The economic impact was assessed primarily in reference to the local economy (defined as inside the Lord's ground and within a half mile radius of Lord's). In addition, an estimate of the economic impact on the broader London economy was calculated.

### 3.2 The Economic Impact of a Major Match at Lord's

#### 3.2.1 Spectator Expenditure

The study involved the collection of data relating to the expenditure resulting from the Test match at Lord's. While several groups<sup>5</sup> are involved in spending at the Test match, this study focussed on spending by spectators, the most significant group.

Data on spectator expenditure was collected from two major sources:

- a spectator survey carried out over the first three days (Thursday, Friday and Saturday) of the Test match; and
- consultations and aggregate revenue data collected from MCC.

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<sup>5</sup> Other groups include participants (i.e. competing teams, their entourages and officials), the media and the organisers/ service providers (e.g. MCC). No data was available for spending by these groups, and so it was not included in the analysis (it is likely to be small in size in comparison to spectator expenditure). In addition, it is often the case that expenditure by one group acts as income or revenue for another group (e.g. ticket costs are expenditure for spectators, but revenue for the MCC).

### 3.2.2 Defining the economic impact of a major match at Lord's

The expenditure generated by those attending a match at Lord's is likely to have substantial benefits on a range of businesses in the local area, including caterers, hotels, shops and other firms<sup>6</sup>.

In calculating the economic impact of the Test match, it is important to distinguish between *gross expenditure* (i.e. all spending by spectators attending the Test match) and *additional expenditure* (expenditure that would not have occurred in the relevant economy in the absence of the Test match). These are not identical measures and our analysis depends on identifying the appropriate measure of expenditure.

We assumed that all spectator expenditure in and around Lord's was additional to the local economy. This implicitly assumes that no spectators would have spent money in the area if the Test match had not occurred<sup>7</sup>.

### 3.2.3 Calculating the economic impact of a major match at Lord's

The first stage in estimating the economic impact is to calculate the additional expenditure resulting from the Test match, as outlined above. For this, the findings of the spectator survey and MCC revenue data were used.

The additional expenditure resulting from the Test provides an estimate of the *direct* impact on firms.

In addition, there are also further 'knock-on' effects as the initial boost to the revenues generated by individual businesses spreads throughout the local economy. These effects on the wider economy can be categorised into two main types:

- **indirect effects:** business-to-business expenditure (such as payments to suppliers); and
- **induced effects:** increased consumer expenditure as a result of the event (e.g. from the wages paid during and as a result of the match).

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<sup>6</sup> Information collected from local businesses (restaurants) indicates that the average turnover on match days is more than double that achieved on normal trading days.

<sup>7</sup> Previous economic studies have used place of residence as a criterion to establish whether spending is additional. We do not do this for two reasons. First, only very few spectators are likely to live in the local economy, and so will not have a major effect on the analysis. Second, given the small nature of the area, it is likely that even those people who live in the local economy will spend only a small proportion of their expenditure in the area. Place of residence is used in the calculation of the economic impact of the Test on the London economy.



The size of these various effects will depend on the nature of the economic environment under consideration. The stronger local linkages between firms, the greater the induced effect within the local economy. For instance, if firms source significant volumes of goods and services from local suppliers, then it is more likely that the additional revenues generated by firms will remain within the local economy thereby increasing the total economic impact.

To estimate the size of these knock-on effects, we used a multiplier concept. In economic terms, the size of a multiplier is dependent on a number of factors, but most importantly the extent to which there are leakages from the (local) economy following the initial increase in expenditure. The multiplier that might be associated with a small geographic location (such as a half mile radius of Lord's) is relatively small. Therefore, based on other similar research work, we have adopted a conservative approach to our analysis and assumed that in the local economy:

- the expenditure multiplier is 1.1 (i.e. for every £1 spent in the local economy an extra 10p would be produced by knock-on effects)<sup>8</sup>; and
- one annual Full-Time Equivalent (FTE) job is supported by every £65,000 of additional expenditure in the local area<sup>9</sup>.

### 3.3 Spectator Survey

The main source of information on the spending patterns on attendees was the spectator survey carried out at the Test match. The survey was carried out at Lord's over the first three days of the match (a copy of the questionnaire is attached in Annex 1 of this report). As far as we are aware, it is the largest data collection exercise to have taken place at a major cricket match in the United Kingdom.

The survey gathered information on a number of areas, including:

- spectator characteristics;
- spectators' trip to Lord's; and
- spectator expenditure patterns.

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<sup>8</sup> Based on English Partnerships, *Additionality Guide*, September 2004.

<sup>9</sup> Full-time equivalency provides an estimate of activity over a full employment year. It is likely that the number of actual jobs resulting from the Test match will be greater than the number of FTE jobs, as a number may be part-time or temporary. The FTE job multiplier is based on estimates of the impact of tourism in London. (e.g. London Development Agency, *Evidence from the Local Area Tourism Impact Model: Camden*, 2006).

This first element of the survey instrument (spectator characteristics) included questions relating to gender, age, postcode of normal residence, MCC Membership and the frequency of trips to Lord's.

This second element of the survey (spectators' trip to Lord's) included questions relating to how spectators travelled to the game, whether the trip to Lord's involved an overnight stay, how many people were included in the respondent's group and who was in their group.

The final element of the questionnaire included a section asking about attendees' spending on a number of items<sup>10</sup> during their trip to Lord's categorised by where the expenditure took place (inside Lord's, within half a mile of Lord's, elsewhere in London or outside Greater London).

A team of London Economics' researchers inside Lord's administered the survey, predominantly while play was not in progress. Respondents, chosen at random, were asked if they were willing to fill out a self-completion questionnaire. An incentive was provided in the form of the chance to win one of ten pairs of tickets to The Friends Provident Trophy Final. Sampling typically took place in the stands before and during breaks in play, as well as in other areas of Lord's during play (such as the Nursery Ground)<sup>11</sup>. Spectators were asked to return the questionnaires by one of three methods: directly to the research team, by drop-off at a number of points around the ground, or by post. The vast majority of chosen spectators were willing to fill out a survey.

A total of 2,816 useable responses were obtained (in addition to which six were not useable)<sup>12</sup>. A breakdown of responses on each of the first three days of play is presented in Table 5.

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<sup>10</sup> The areas included accommodation, travel, parking, food, drink, newspapers / magazines, merchandising / sportswear, the MCC Museum, scorecards / programmes, tourist attractions and other.

<sup>11</sup> On the first day of the survey, questionnaires were also distributed via the scorecard and programme sales points around the ground. However, it became apparent that the programme vendors were unhappy with this arrangement, and it was discontinued.

<sup>12</sup> Includes all surveys received until June 22<sup>nd</sup>, 2007. The majority of surveys were collected directly by the research team, although 79 were returned by post. A small number were also dropped off by spectators at points around Lord's.

**Table 4: Surveys collected by day of West Indies Test match**

	Number	% total	% attendance
Thursday	1,023	36	4.0
Friday	1,001	36	3.5
Saturday	792	28	3.3
<b>Total</b>	2,816	100	2.7*

Sources: *London Economics spectator survey; MCC match report*

\* As a proportion of attendance over all five days of the Test.

The total number of surveys collected compares favourably with other surveys of sporting events, and opinion polls more generally<sup>13</sup>. The 1997 study of the Edgbaston Test match achieved 1,060 responses over four days<sup>14</sup>. The total number of surveys (representing 3.5% of the total attendance across the three days, and 2.7% across the entire match)<sup>15</sup> is sufficiently large to allow reasonably strong conclusions to be drawn. In technical terms, the relatively large sample size allows us to be 95% confident that the average response provided by the sample is within 1.81 percentage points of the mean response of all attendees (or the 'true' mean)<sup>16</sup>.

<sup>13</sup> For instance, political opinion polls, which seek to estimate the voting intentions of the entire electoral, tend to gather 1,000 responses. A review of the final opinion polls for the 2001 General Election indicated a range of sample sizes from 1,005 – 2,399 (Source: [www.electoralcalculus.co.uk](http://www.electoralcalculus.co.uk)).

<sup>14</sup> UK Sport, *Measuring Success: The Economics of Major Events*, 1997.

<sup>15</sup> This assumes that each person only attended on one day of the Test match. In reality, a number of people stayed overnight and attended more than one day. As such the proportion of spectators covered will be higher.

<sup>16</sup> Based on a dichotomous variable with 50% of the population choosing each option.

## 4 Spectator Survey Findings

### 4.1 The Sample

A total of 2,816 responses to the spectator survey were achieved over the three days. Out of these two major groups of attendee were identified: MCC Members and other spectators from the general public. MCC Members are likely to have significantly different personal characteristics from other spectators, due to the criteria over eligibility for membership, and the probability that there are substantial differences in Members and non-Members' interest in cricket<sup>17</sup>. To account for these differences, the following tables split the sample into "Members of public" and "MCC Members".

Around 27% of the responses to the survey were provided by MCC Members in comparison to an estimated 12.9% of the total number of attendees (over the five days) at the match. Part of this difference is explained by the fact that children under the age of sixteen and (largely) hospitality guests were not interviewed as part of this exercise. Excluding these groups, the proportion of MCC Members in the crowd was approximately 15%. The remainder is likely to be explained by the fact that more time was available to question MCC Members as they tend to arrive in the ground earlier than other spectators (as they do not have allocated seats).

We provide details on the sample in Tables 6 to 8 with some additional commentary below.

**Gender:** Approximately 89% of survey respondents were male. Breaking this figure down, 98% of MCC Members were male, with the corresponding estimate for the general public standing at 86%.

**Age:** For the sample of respondents as a whole, there was a fairly even spread across age groups, with the majority of respondents aged between 30 and 60. Across all respondents, the average age of attendee was 47. For MCC Members, however, the mean age was ten years older than for the sample as a whole and more than thirteen years older than for members of the general public.

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<sup>17</sup> To become a member of MCC, apart from through the playing or umpiring route, requires nomination by a current Member, and involves a significant waiting list (currently eighteen years to become a Full Member, although Associate membership is offered sooner). Female Members were only admitted in 1999.

Table 5: Spectator characteristics

	Members of public	MCC Members	Unknown	Total
<b>Respondents</b>				
Number	2,011	752	53	2,816
% Total	71%	27%	2%	100%
<b>Gender</b>				
Female	14%	2%	17%	11%
Male	86%	98%	83%	89%
<b>Age</b>				
Mean age	43.7	57.0	48.9	47.3
Median age	42.0	58.5	51.5	47.0
16-30	21%	3%	20%	17%
31-45	37%	17%	22%	31%
46-60	27%	38%	30%	30%
>60	15%	42%	28%	22%
<b>Region of residence</b>				
East Midlands	2%	2%	6%	2%
East of England	19%	16%	16%	18%
London	40%	38%	30%	39%
North East	1%	1%	0%	1%
North West	2%	1%	4%	2%
South East	21%	24%	26%	22%
South West	6%	11%	10%	7%
West Midlands	3%	3%	2%	3%
Yorkshire & Humber	1%	1%	0%	1%
Northern Ireland	0%	0%	0%	1%
Scotland	1%	1%	2%	1%
Wales	1%	1%	0%	1%
Other UK regions*	0%	0%	0%	1%
Non-UK	1%	1%	4%	1%

Source: London Economics spectator survey

Note: Regions based on government office regions. Percentages based on those answering each question (i.e. missing values excluded).

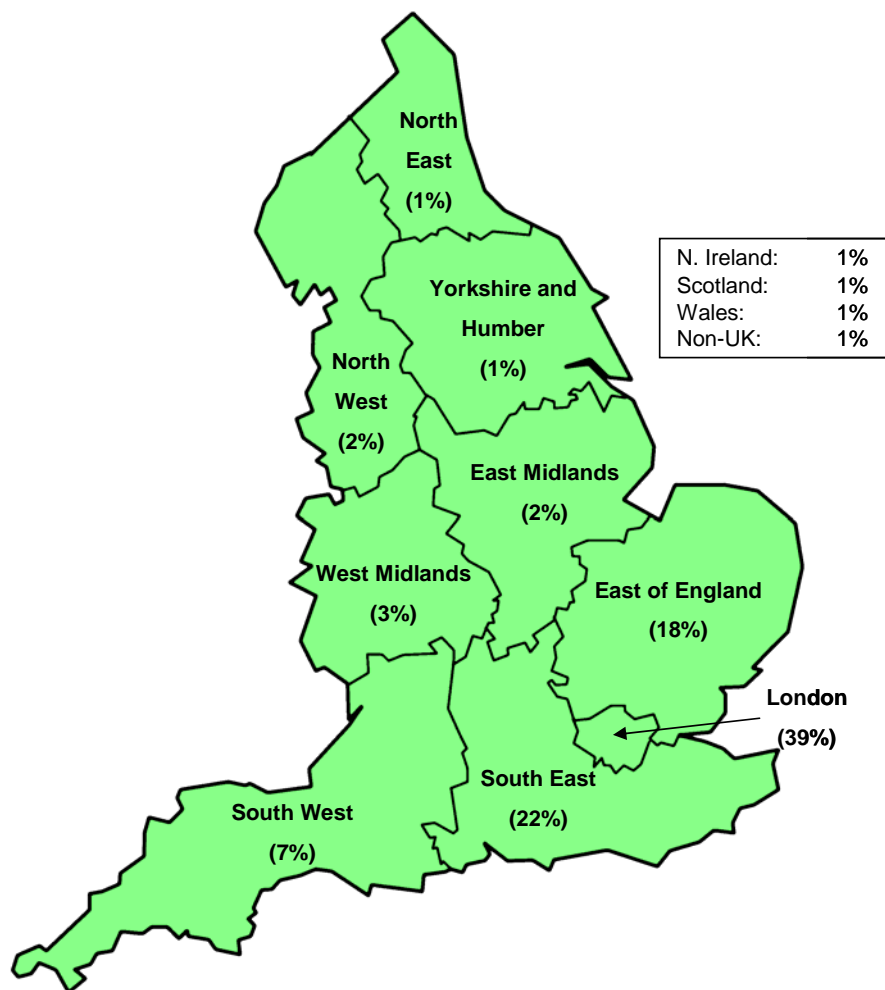
\* Includes Guernsey, Jersey and the Isle of Man.

**Region of residence:** Respondents' region of permanent residence was determined using information from respondents' postcodes and is displayed in Figure B. The Test match attracted spectators from all over the United Kingdom, including Scotland, Wales and Northern Ireland.

As would be expected, the majority of respondents are based in London (39%), the South East of England (22%) and the East of England (18%). A small proportion of spectators (1%) travelled from outside the United Kingdom.

There was little difference between MCC Members and non-Members in terms of their region of permanent residence. Table 6 displays details relating to spectators' attendance at Lord's.

**Figure B: Residence of Spectators**



Source: London Economics spectator survey

Note: Percentages based on those answering each question (i.e. missing values excluded).

**Visits to Lord's per year:** The majority of both the general public and MCC Members attend Lord's more than once per year. 53% of the general public attend between two and five days a year, with 10% visiting more often. As expected, given the admission rights involved in membership, MCC Members attend more frequently, with only 2% visiting for just one day a year. The majority visit either two to five (43%) or six to ten days (37%) a year, with 19% attending more than ten days a year.

**Number of days of the Test match attended:** Many spectators attend more than one day of the Test match. This is most true of MCC Members, of whom 71% attend more than one day. Only 18% of the general public planned to attend the game on multiple days<sup>18</sup>.

**Table 6: Attendance at Lord's**

	Members of public	MCC Members	Unknown	Total
<b>Visits to Lord's per year</b>				
1	37%	2%	27%	28%
2-5	53%	43%	51%	50%
6-10	6%	37%	5%	14%
>10	4%	19%	17%	8%
<b>No. of days at Test match*</b>				
1	82%	29%	63%	68%
2	13%	34%	18%	19%
3	3%	24%	10%	9%
4	1%	9%	2%	3%
5	1%	5%	8%	2%
<b>Location within Lord's**</b>				
Allen Stand	2%	12%	10%	5%
Compton Stand	16%	2%	8%	12%
Edrich Stand	17%	3%	13%	13%
Grand Stand	21%	3%	25%	17%
Mound Stand	9%	1%	3%	7%
Pavilion	0%	5%	3%	1%
Tavern Stand	17%	31%	15%	20%
Warner Stand	18%	44%	25%	25%

*Source: London Economics spectator survey*

Note: Percentages based on those answering each question (i.e. missing values excluded).

\* Where spectators indicated they were unsure whether they would attend a day, it was assumed they would not attend.

\*\* Where more than one stand was indicated, the first stand only was used.

<sup>18</sup> These numbers may be under-estimated, as when spectators suggested they were unsure whether they would attend the later days of the match, it was assumed they would not attend. Given that there was a full day's play on the Sunday (and some play on the Monday) many may have in fact attended. This is likely to be a larger factor for MCC Members, who are assured free entry on any day.

**Location within Lord's:** The responses received were collected from the stands around the ground. The MCC Members surveyed were concentrated in the Warner (44%), Tavern (31%) and Allen stands (12%). Members of the public were split fairly evenly between several stands. The Grand Stand was the most common location of respondents (21%) followed by the Edrich, Warner, Compton and Tavern stands (each accounting for 16-18% of the total number of responses).

## 4.2 Travelling to Lord's and Overnight Stays

**Mode of transport:** The Tube and train (each used by 52% of respondents) were the most common methods of transport used to get to the West Indies Test match. A reasonably large proportion (19%) of spectators used a car as part of their trip to the ground, despite MCC's efforts to encourage all match-goers to use public transport for their journeys to and from St John's Wood. MCC Members and members of the general public used broadly similar means of transport in their trips to Lord's.

**Overnight stay:** Of the entire sample, 18% of spectators reported staying overnight as part of their trip to Lord's. On average, these spectators spent 2.5 nights as part of their trip<sup>19</sup>. Significantly, more MCC Members reported staying overnight in London as part of their trip to Lord's in comparison to other spectators (28% versus 14%).

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<sup>19</sup> The number of nights for each individual was limited to the number of days of the Test attended plus one. For instance, one respondent stated that they were staying for 28 nights but only attending one day of the Test. In this case, the number of nights was allocated as two.



Table 7: Trip to Lord's				
	Members of public	MCC Members	Unknown	Total
<b>Mode of transport*</b>				
Car	17%	22%	29%	19%
Taxi	16%	23%	13%	18%
Train	53%	48%	42%	52%
Tube	55%	44%	52%	52%
Walk	22%	23%	25%	22%
Cycle	1%	1%	0%	1%
Plane	1%	1%	0%	1%
Bus	4%	8%	2%	5%
<b>Overnight stay</b>				
No	86%	72%	75%	82%
Yes	14%	28%	25%	18%
<b>Group size</b>				
1	3%	7%	4%	4%
2	47%	30%	49%	43%
3-6	36%	49%	38%	40%
>6	13%	14%	9%	13%
<b>Members of group</b>				
Colleagues	13%	13%	8%	13%
Friends	60%	70%	69%	63%
Spouse	12%	12%	10%	12%
Partner	6%	2%	4%	5%
Children	6%	14%	12%	8%
Other family	18%	18%	12%	18%
<b>Quality of Facilities (10=max)</b>	8.3	8.1	8.5	8.2

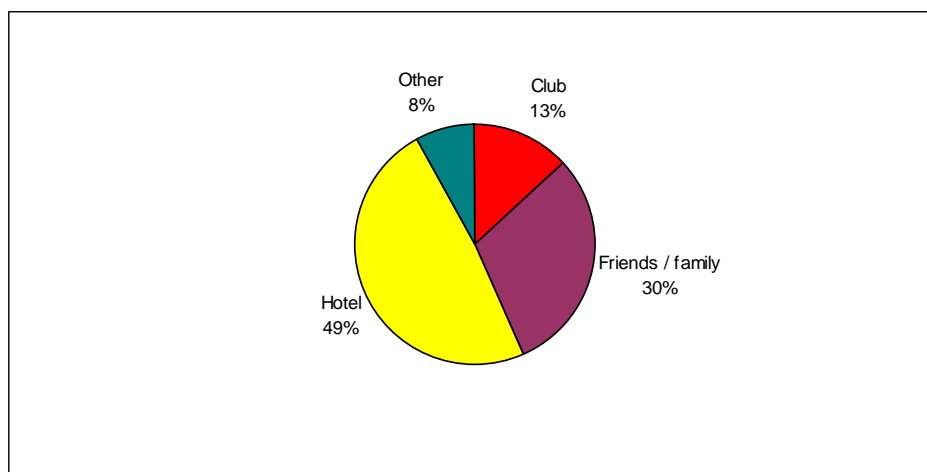
Source: London Economics spectator survey

Note: Percentages based on those answering each question (i.e. missing values excluded).

\* Bus was not included in the survey options, but was added due to spectator responses.

Figure C indicates which type of accommodation was used by spectators who stayed overnight.

**Figure C: Type of accommodation**



*Source: London Economics spectator survey*

Note: Excluding responses where the type of accommodation was unknown or not stated. "Other" largely refers to individuals staying in their own property (e.g. a second home).

**Group size:** The most common group size across the entire sample consisted of two people (43%), with a further 40% of respondents coming to the game in groups of three to six people. A greater proportion of MCC Members came alone (7% versus 3%) and in groups of three to six people (49% versus 36%) in comparison to members of the general public. Members of the general public were more likely to come to the Test match in groups of just two people (47% versus 30%).

**Members of group:** Friends were the most common choice of companion to the game (reported by 63% of all respondents), followed by other members of family (18%) and (work) colleagues (13%). There were no substantial differences between MCC Members and members of the general public regarding the composition of their groups.

**Quality of facilities:** Spectators were asked to rate the quality of the facilities at Lord's during their trip on a scale of 1-10 (10 being high). The rating was consistently high, with a mean rating of 8.2 across the sample.

### 4.3 Spectator Expenditure Patterns

The survey examined expenditure by spectators on a number of items during their trips to Lord's. This included spending patterns within Lord's; within half a mile of Lord's; elsewhere in London; and elsewhere (outside London). As well as being a fundamental part of the economic impact analysis, this is also of interest in itself, as there is little information available relating to the spending behaviour of Test match attendees.

The expenditure analysis was estimated on an *expenditure-per-spectator-per-day* basis. This represents the average spend of each spectator, adjusted for those attending multiple days<sup>20</sup>. In addition, in order to ensure that the results were not biased in any way by some very high spenders, any spectator who spent more than £500 in any category (e.g. food inside Lord's) was excluded from the analysis<sup>21</sup>.

The average expenditure per spectator per day is shown in Table 8 below.

<b>Table 8: Average expenditure per spectator per day (£)</b>					
	<b>Inside Lord's</b>	<b>Within half a mile</b>	<b>Elsewhere in London</b>	<b>Elsewhere</b>	<b>Total</b>
Accommodation	-	2	6	0	<b>8</b>
Travel	-	2	5	11	<b>18</b>
Parking	-	1	0	0	<b>1</b>
Food	9	4	5	2	<b>20</b>
Drink	14	3	4	2	<b>23</b>
Newspapers / magazines	0	0	0	0	<b>1</b>
Merchandise / sportswear	4	0	0	0	<b>5</b>
MCC Museum	0	-	-	-	<b>0</b>
Scorecards / programmes	1	0	0	0	<b>2</b>
Tourist attractions	0	0	0	0	<b>1</b>
Other expenditure	0	0	0	0	<b>1</b>
<b>Total</b>	<b>£29</b>	<b>£12</b>	<b>£22</b>	<b>£17</b>	<b>£79</b>

Source: *London Economics spectator survey*

Note: Results rounded to nearest pound. Totals may not add due to rounding.

<sup>20</sup> As the survey asked individuals for their total spend between leaving home and returning to their place of residence, reported expenditure by those staying overnight and attending multiple days of the Test match will include spending over several days.

<sup>21</sup> This led to ten responses being excluded.

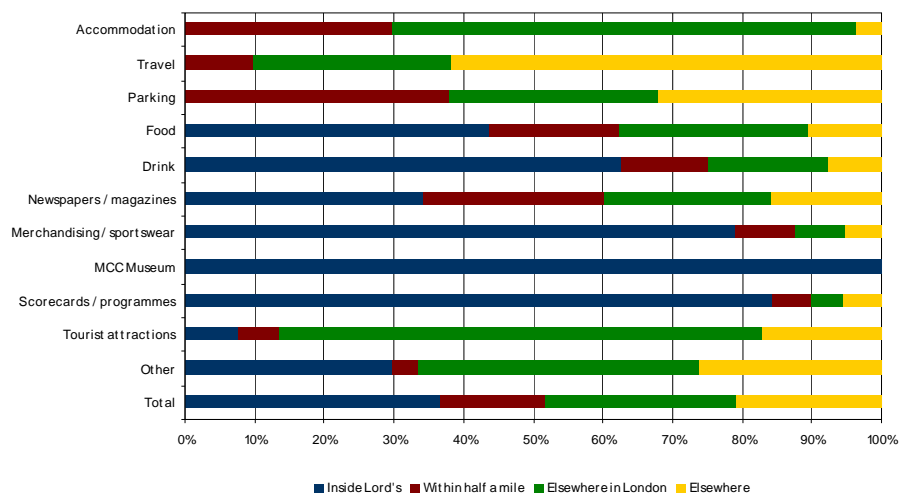
As the table shows, spectators spent on average £79 per day as part of their trip to Lord's. This excludes ticket costs of between £50 and £70 for non-Members (Members generally gain free entrance). The major components of this were identified as relating to drink (£23), food (£20), travel (£18) and accommodation (£8).

As discussed above this does not represent the average expenditure per spectator attending the match as a whole, as a sizeable proportion of spectators attend multiple days of the Test match that involves expenditure on overnight accommodation (which needs to be appropriately allocated across more than one day's attendance at the match). On average, each spectator spends £92, excluding tickets, as part of their trip to Lord's.

Figure D illustrates how the spending was split between different locations. Around 37% of all expenditure occurs within Lord's; 15% within a half mile radius of Lord's; 28% elsewhere in London; and 20% elsewhere (outside Greater London).

The estimate of the proportion of expenditure spent inside Lord's to total expenditure is slightly misleading as there are some categories of major expenditure (such as accommodation and travel) that do not occur within Lord's. A higher than average proportion of some forms of expenditure - such as food (44%) and drink (63%) - occurs within Lord's.

**Figure D: Breakdown of spectator expenditure by location**



Source: London Economics spectator survey

Note: Based on average spend in each category and location.

The spectator expenditure figures indicate that MCC foregoes substantial revenue by allowing spectators to bring food and drink into Lord's. On average, spectators spend £20 on food and drink outside the ground each day, including £7 within half a mile of Lord's. It is likely that, if spectators were banned from bringing food and drinks into Lord's (as happens, in the case of alcoholic beverages, at all other grounds, worldwide, which host Test and ODI matches), a substantial proportion of this expenditure would instead take place inside the ground, and hence benefit MCC<sup>22</sup>.

The profit foregone by MCC during the West Indies Test as a result of this policy is estimated below, based on achieving varying profit margins and differing amount of expenditure "lost" to external vendors.

Table 9: Foregone MCC profit, West Indies Test match 2007 (£)						
Food and drink expenditure "lost" per spectator						
		£5.00	£7.50	£10.00	£12.50	£15.00
MCC profit margin	20%	98,702	148,053	197,404	246,755	296,106
	30%	148,053	222,080	296,106	370,133	444,159
	40%	197,404	296,106	394,808	493,510	592,212

Source: London Economics

Note: Based on 98,702 spectators for the first four days of the 2007 West Indies Test match at Lord's.

As Table 9 indicates, the policy of allowing spectators to bring food and drink into Lord's led to the MCC missing out on between **£148,053** and **£444,159** in profit during the 2007 West Indies Test (assuming an average 30% profit margin on food and drink within Lord's).

However, London Economics notes that MCC has no intention of changing its current policy.

## 4.4 Expenditure by Spectator Type

While Table 8 shows the overall spending per day by spectators, it may be that different types of spectator groups have different spending patterns. It is important to identify these different groups to be able to accurately scale up spectator expenditure-per-head to mimic the overall characteristics of match attendees.

<sup>22</sup> Currently spectators are only limited as to the amount of alcohol they can take into Lord's.

In particular, we might expect that MCC Members spend less than other spectators, as they may see the game as less of an occasion (as they travel to Lord's more often) and may be more focused on watching the cricket (and hence spend less time around the ground). Within each group, we would clearly expect that those spectators staying overnight would incur a greater aggregate level of expenditure. This particularly applies to travel, as well as to accommodation itself, but may also apply to other items.

The summary spending information for each of these groups is shown overleaf.

<b>Table 10: Average expenditure per day - by MCC membership and overnight stay (£)</b>					
	<b>Members of public</b>		<b>MCC Members</b>		<b>All spectators</b>
	<b>Not overnight</b>	<b>Overnight</b>	<b>Not overnight</b>	<b>Overnight</b>	
<b>Spending by category</b>					
Accommodation	0	59	0	34	8
Travel	15	45	14	20	18
Parking	1	2	1	3	1
Food	16	37	21	28	20
Drink	24	30	17	17	23
Newspapers / magazines	1	1	1	1	1
Merchandise/ sportswear	5	8	3	3	5
MCC Museum	0	0	0	0	0
Scorecards / programmes	2	2	1	1	2
Tourist attractions	0	4	0	0	1
Other expenditure	1	1	1	1	1
<b>Total</b>	<b>65</b>	<b>190</b>	<b>59</b>	<b>108</b>	<b>79</b>
<b>Spending by location</b>					
Inside Lord's	31	28	28	18	29
Within half a mile	9	33	6	28	12
Elsewhere in London	10	96	9	50	22
Elsewhere	15	34	15	11	17
<b>Total</b>	<b>65</b>	<b>190</b>	<b>59</b>	<b>108</b>	<b>79</b>

Source: London Economics spectator survey

Note: Results rounded to nearest pound. Totals may not add due to rounding

As expected, MCC Members spend **less** than other spectators, both where staying overnight and otherwise. The average expenditure per MCC Member who attended the Test match stood at approximately £108 compared to £59 per MCC Member not incorporating an overnight stay, while members of the general public staying overnight incurred expenditure of approximately £190 per person compared to £65 per person not incorporating an overnight stay.

We can also see, again as expected, that members of the general public staying overnight spend significantly more than other spectators. This is not limited to items such as accommodation and travel (which are likely to automatically increase with distance) but also merchandise (in the case of non-Members). Interestingly, however, those staying overnight spend less inside Lord's than day visitors (£28 vs. £31 for non-Members and £18 vs. £28 for other spectators).

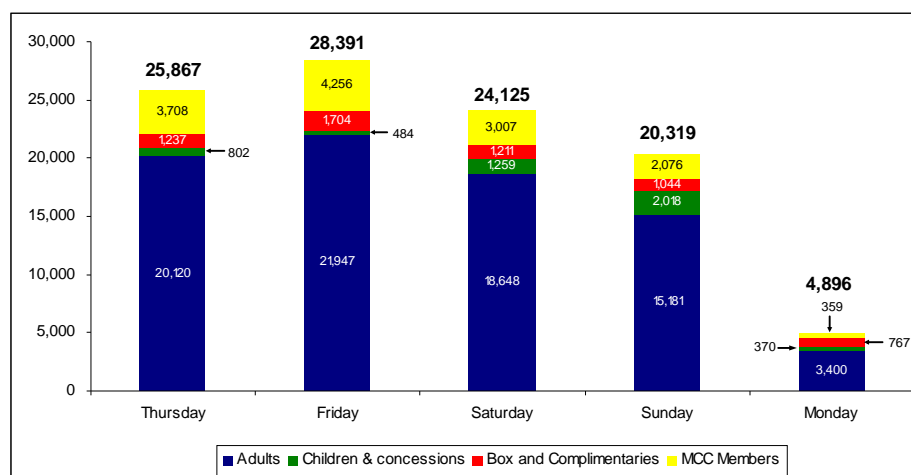
## 5 Gross Expenditure

In this section we estimate the gross expenditure associated with the West Indies Test match at Lord's. This includes all expenditure spent by all spectators as part of their trip to the Test.

### 5.1 Spectators

A total of 103,958 people attended the West Indies Test match, including 13,406 MCC Members and 5,963 in boxes or in receipt of complimentary tickets. Members of the public consisted of 79,296 adults and 4,933 children<sup>23</sup>. This is broken down by day in Figure E below.

**Figure E: Attendance by day, 2007 West Indies Test match**



Source: MCC financial report

<sup>23</sup> Several of these people will have attended multiple days. However, this data was not available from MCC.



## 5.2 Gross Expenditure

The spectator survey, MCC financial data and the attendance data were used to estimate the gross expenditure at Lord's over the course of the Test match. This includes all spending at Lord's – both additional and otherwise. It is important to reiterate that gross expenditure is not equivalent to the economic impact associated with a major match as some of the expenditure that occurred (and is described in this section) would be likely to have occurred anyway in the absence of the Test match.

Using the spectator survey data, we developed two different cases to calculate the gross expenditure associated with the Test match:

- **Base Case:** In this base scenario, we include the information from all spectator responses (as in Table 8).
- **Adjustment Case:** In this alternative scenario, we adjust the sample of respondents to take into account possible errors in completing the questionnaires. Specifically, we have assumed that, in the Adjustment Case, all those spectators attending in groups that included spouses, partners or children provided expenditure information on behalf of their *whole* group. As such, for these individuals, spending was divided by group size.

In both cases, the aggregate spend per day estimates were calculated, split by membership status and the day of attendance<sup>24</sup>. These were then combined with the total spectator numbers for each day to estimate gross expenditure<sup>25</sup>.

The range of estimates in relation to gross expenditure by spectators during the trip to Lord's is shown overleaf.

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<sup>24</sup> As questionnaires were only collected on the Saturday, spend per person on Sunday was assumed to be the same as on Saturday, and Monday the same as on Thursday.

<sup>25</sup> In determining the crowd size, hospitality guests were assumed not to spend any money inside Lord's (as it would have been provided for them by relevant box-holders). However, outside Lord's it is likely that they would have needed to pay for items such as transport.

**Table 11: Gross expenditure – spectator survey base case (£ million)**

	Inside Lord's	Within half a mile	Elsewhere in London	Elsewhere	Total
Accommodation	-	0.23	0.50	0.03	<b>0.75</b>
Travel	-	0.17	0.51	1.15	<b>1.83</b>
Parking	-	0.05	0.04	0.04	<b>0.13</b>
Food	0.82	0.35	0.52	0.21	<b>1.90</b>
Drink	1.38	0.30	0.39	0.18	<b>2.25</b>
Newspapers / magazines	0.03	0.03	0.03	0.02	<b>0.10</b>
Merchandise / sportswear	0.38	0.04	0.03	0.03	<b>0.48</b>
MCC Museum	0.02	-	-	-	<b>0.02</b>
Scorecards / programmes	0.13	0.01	0.01	0.01	<b>0.16</b>
Tourist attractions	0.01	0.00	0.03	0.01	<b>0.05</b>
Other	0.02	0.00	0.03	0.02	<b>0.06</b>
<b>Total</b>	<b>2.80</b>	<b>1.17</b>	<b>2.09</b>	<b>1.69</b>	<b>7.74</b>

Source: London Economics spectator survey

Note: Totals may not add due to rounding.

**Table 12: Gross expenditure – spectator survey adjustment case (£ million)**

	Inside Lord's	Within half a mile	Elsewhere in London	Elsewhere	Total
Accommodation	-	0.16	0.39	0.02	<b>0.57</b>
Travel	-	0.14	0.44	0.96	<b>1.55</b>
Parking	-	0.03	0.03	0.04	<b>0.10</b>
Food	0.70	0.30	0.43	0.17	<b>1.60</b>
Drink	1.22	0.26	0.34	0.15	<b>1.97</b>
Newspapers / magazines	0.03	0.02	0.02	0.01	<b>0.09</b>
Merchandise / sportswear	0.30	0.02	0.02	0.02	<b>0.37</b>
MCC Museum	0.02	-	-	-	<b>0.02</b>
Scorecards / programmes	0.11	0.01	0.01	0.01	<b>0.13</b>
Tourist attractions	0.00	0.00	0.02	0.01	<b>0.03</b>
Other expenditure	0.02	0.00	0.02	0.01	<b>0.05</b>
<b>Total</b>	<b>2.40</b>	<b>0.96</b>	<b>1.71</b>	<b>1.41</b>	<b>6.48</b>

Source: London Economics spectator survey

Note: Totals may not add due to rounding.

Using the alternative methodological approaches, the spectator survey therefore indicates that the gross expenditure was between **£6.5 million** and **£7.7 million**. Gross expenditure within Lord's amounted to between **£2.4 million** and **£2.8 million**, with around an additional **£1.0 million** spent within half a mile radius of Lord's. Approximately **£1.7 million** to **£2.1 million** further gross expenditure took place in the London region more than half a mile from Lord's.

It should be remembered that in both scenarios this excludes ticket costs, and any other revenue provided directly to MCC (i.e. advertising and corporate expenditure).

### MCC Database

In addition to the information from the spectator survey, information was provided by MCC relating to the revenue received inside Lord's over the five days of the Test match. In aggregate, MCC gross revenues from the Test match amounted to **£9.56 million**<sup>26</sup>. **£9.1 million** of this was due to spectator spending inside Lord's. This included approximately **£5.0 million** associated with ticketing revenue<sup>27</sup>, and **£2.3 million** associated with hospitality / boxes. In addition, a further **£420,000** of advertising revenue can be allocated to the Test match. The full schedule is set out in Table 13 below, in comparison to the spectator survey data.

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<sup>26</sup> A number of items were provided as net revenues (including ticketing, food / drink, hospitality / boxes and retail). These were grossed up to account for VAT at 17.5%.

<sup>27</sup> Under the current Staging Agreement, MCC receives 12.5% of all ticket revenues, as well as a staging fee of £1.4 million, and reimbursement for the costs of staging the Test match (approximately £0.8 million). The remainder is received by the ECB. Gross expenditure includes all ticket revenue from spectators as well as £480,000 received from the ECB as part of the MCC Seating Scheme.

**Table 13: Gross expenditure inside Lord's - MCC revenue and spectator survey data (£ million)**

	MCC	Survey - base case	Diff.	Survey - adjustment case	Diff.
Ticketing*	4.96	4.96	0.0%	4.96	0.0%
Food / drink	1.46	2.21	52.2%	1.92	31.9%
Hospitality / boxes*	2.33	2.33	0.0%	2.33	0.0%
Retail	0.34	0.41	29.1%	0.33	(0.7%)
MCC Museum	0.00	0.02	318.4%	0.02	230.1%
Scorecards / programmes	0.04	0.13	198.3%	0.11	147.1%
Other	0.01	0.02	396.9%	0.02	367.9%
<b>Total spectator expenditure</b>	<b>9.14</b>	<b>10.08</b>	<b>10.8%</b>	<b>9.68</b>	<b>6.2%</b>
Advertising*	0.42	0.42	0.0%	0.42	0.0%
<b>Total</b>	<b>9.56</b>	<b>10.50</b>	<b>10.4%</b>	<b>10.10</b>	<b>5.9%</b>

Sources: *London Economics spectator survey; MCC financial report*

Note: For the spectator survey, "Retail" includes "Merchandise / sportswear" and "Newspapers / magazines" and "Other" includes "Other" and "Tourist attractions".

\* Not included in spectator survey.

As Table 13 shows, the results of the spectator survey are not a perfect match for the data received from the MCC; however at an aggregate level, the estimates of total gross expenditure are only between 5 and 10% higher than those presented by the MCC.

The discrepancies in the data are particularly true of food and drink expenditure, which the survey estimates as significantly higher than the data from MCC. Given the different methods of estimating the data, these differences are not surprising. A number of specific reasons for the differences can be identified.

First, the categorisation of different items does not match exactly across the two data sources. In particular, it is possible that some expenditure recorded by spectators under 'food and drink', was recorded by MCC as hospitality revenue.

In addition, it is also important that the survey was only carried out over the first three days of the Test match. The spending patterns of attendees associated with the fourth and fifth days' play may be significantly different from those associated with the first three days' play. This is especially the case with the final day's play, which was affected by adverse weather conditions. This could have resulted in the fact for those individuals who did attend the game on the final day, the likelihood of remaining in the ground with no prospect of play was significantly reduced (resulting in lower per capita expenditure on the final day). In comparing the information from the spectator survey to the MCC data (which was aggregated over five days) there may be some distortion as a result of this and it may be necessary to adjust the gross expenditure estimates derived from the spectator survey accordingly.

Second, some of the discrepancy between the data sources is likely to have been caused by errors in filling out the questionnaire. This could take a number of forms:

- **Rounding:**

As part of the survey, spectators were asked to provide estimates to the nearest pound. This will lead to a discrepancy from the true values, and will be particularly large (proportionally) for low-cost items (e.g. scorecards, newspapers). This in part explains the fact that for some of these items the spectator survey over-estimates the centrally collected MCC data by a substantial factor.

- **Expenditure estimation:**

Spectators were asked to forecast their expenditure over their whole trip to Lord's. As much of this would not have occurred at the time of the survey, this necessitated estimation over some items. In addition, such estimation is likely to lead to several answers of "convenient" amounts such as £5 or £10, whereas the actual spending was £4 or £11. These problems are likely to occur for items such as food and drink, where spending occurs throughout the day, and is more discretionary (i.e. harder to accurately predict).

- **Self completion and other errors:**

Other errors may have occurred due to people misunderstanding the questionnaire, having some difficulties in completing the questionnaire or providing inadequate information. The data analysis process has sought to identify these discrepancies where possible and to adjust the data to account for them where possible (for instance, extremely high spends have been excluded, as previously indicated).

## 5.3 Summary

Combining the information from the MCC report and the spectator survey, we are able to estimate the gross expenditure as a result of the West Indies Test match as **£13.64 million to £15.45 million**.

**Table 14: Gross expenditure (£ million)**

Location	Base Case	Adjustment Case
Inside Lord's	9.14 - 10.08	9.14 - 9.68
Half a mile of Lord's	1.17	0.96
Elsewhere in London	2.09	1.71
Elsewhere	1.69	1.41
Advertising	0.42	0.42
<b>Total</b>	<b>£14.50m - £15.45m</b>	<b>£13.64m - £14.19m</b>

Sources: MCC financial report; London Economics spectator survey.

Note: Totals may not add due to rounding.

Approximately **63%** of this expenditure takes place inside Lord's, with a further **8%** occurring within half a mile radius of Lord's; **14%** occurs elsewhere in Greater London and **12%** outside Greater London. A further **2%** is generated from advertising revenue.

In estimating gross expenditure, we have not included expenditure by either the teams or the media as part of the game, as we do not have sufficient data. During the 1997 Test match at Edgbaston, this was estimated as around £125,000, and so is likely to be reasonably substantial, although still modest in relation to spectator spending as a whole<sup>28</sup>.

In addition, we have not included any spending by the MCC or other service providers. This is because it is financed by spectator expenditure (particularly tickets), and so would lead to double counting.

<sup>28</sup> UK Sport, *Measuring Success: The Economics of Major Events*, 1997.

## 6 The Economic Impact of the West Indies Test Match

### 6.1 Introduction

In this section, we estimate the economic impact of the expenditure generated by the Test match. As discussed in the methodology, we assume that all expenditure within the local economy is *additional* (i.e. would not have occurred in the absence of the Test match).

### 6.2 Estimating the Economic Impact on the Local Economy

In estimating the impact of expenditure upon the local economy, it is important to estimate (i) which spending is additional to the local economy and (ii) how much of the spending affects the local economy.

As discussed in the methodology section, it is assumed that all spending, by spectators (irrespective of their region of residence), inside Lord's and within half a mile of Lord's directly affects the local economy, with the exception of the payment made to the ECB as part of the Staging Agreement.

It should also be noted that any spending directly by MCC (e.g. on wages, cleaning costs etc.) associated with the hosting of the game is *not* included in the economic impact analysis, as we have assumed that this is paid for out of the revenues (notably ticket income) from the game.

As indicated in the previous section, the Test match generates gross expenditure of between **£10.1 million** and **£11.3 million** in the local economy (within Lord's or within half a mile of Lord's). This direct expenditure needs to be adjusted upwards to include advertising as a result of the game, and downwards to account for the fact that some of the revenue of the Test match is passed on directly to the ECB. This latter figure amounts to **£1.87 million** (VAT adjusted).

The *direct* economic impact on the local economy is estimated to be between **£8.65 million** and **£9.81 million**, as shown in Table 15 below.

**Table 15: Economic impact – local economy (£ million)**

	Base case	Adjustment case
<b>Additional expenditure</b>		
Inside Lord's	9.14 - 10.08	9.14 - 9.68
Half a mile of Lord's	1.17	0.96
<b>Spectator expenditure</b>	<b>10.31 - 11.25</b>	<b>10.10 - 10.64</b>
Advertising	0.42	0.42
ECB payment	(1.87)	(1.87)
<b>Direct economic impact</b>	<b>8.86 - 9.81</b>	<b>8.65 - 9.20</b>
Indirect economic impact	0.88-0.98	0.86-0.92
<b>Total economic impact</b>	<b>9.66-10.79</b>	<b>9.51-10.12</b>

Sources: MCC financial report; London Economics spectator survey.

Note: Totals may not add due to rounding.

Based on these estimates, and assuming a multiplier of 1.1 to account for indirect and induced effects, it was estimated that the Test match had the following effects on the local economy:

- a total economic impact of between **£9.51m** and **£10.79m**
- an economic impact of between **£1.90m** and **£2.16m** per day of the Test
- directly supported 133 to 151 Full-Time Equivalent jobs.

### 6.3 Estimating the Economic Impact on the London Economy

A similar process was used to estimate the effects on the wider London economy. Compared to the analysis relating to the local economy, the major differences are that (i) a broader location of spending is included (i.e. including spending “elsewhere in London”) and (ii) only expenditure of those resident **outside** London was included (as only this is additional to the London economy). A multiplier of **1.5** was used, to account for the stronger linkages within the London economy.

Based on these calculations, and making the same adjustments associated with advertising revenues and the ECB payment, the Test's economic impact is calculated as between **£8.94 million** and **£10.53 million**<sup>29</sup>.

<sup>29</sup> Further details of the methodology used are available on request. It should be noted that these effects are separate to the economic impact on the local economy (i.e. one cannot be added to the other to give a total economic impact).



## 7 Capacity Analysis

In this section we analyse the potential effects on the economic impact as a result of attracting more spectators to Lord's for major cricket matches. This could take the form of filling existing seats, or expanding the capacity of Lord's.

### 7.1 Economic Impact of Increasing Attendances

Increasing the number of spectators has the potential to substantially increase the economic impact of a major match at Lord's. This increase could be achieved in two ways. First, the existing capacity of Lord's could be more fully utilised. As Table 1 has illustrated, the ground is rarely entirely full, with only Australia attracting an average crowd of over 29,000 per day (compared to the ground capacity of 28,200, excluding temporary additional seating). The 2007 West Indies Test, for instance, was only 87.5% full over the first four days.

The second method would be to extend the capacity of Lord's. While these two options clearly have very different, and important, ramifications for the ongoing nature of Test matches at Lord's, for the purposes of this further economic analysis they are equivalent.

The total economic effect on the local economy of increasing the number of spectators to Lord's is indicated in Table 16, based on the same methodology as presented above (i.e. including expenditure on both tickets and other items). The figures are based on filling the additional seats for fourteen major matchdays a year<sup>30</sup>. The size of the impact varies depending on the size of the increase in attendance and the proportion of the spare capacity filled by Members (based on their different spending patterns). We have assumed that MCC Members are allowed free entry and non-Members would pay the average ticket cost of £57 to attend a match.

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<sup>30</sup> Implicitly this assumes that spectator spending patterns are the same during all major matches at Lord's. In reality, spending patterns may vary both between different days of Test matches (e.g. Thursday compared to Saturday) and between Test matches and one-day internationals.

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**Table 16: Additional local economic impact per annum associated with an increase in the capacity of / attendance at Lord's (£ million)**

		Proportion of seats allocated to MCC Members				
		0%	25%	50%	75%	100%
Number of additional spectators	2,500	1.93	1.82	1.72	1.61	1.50
	5,000	3.86	3.65	3.43	3.22	3.00
	7,500	5.79	5.47	5.15	4.83	4.50
	10,000	7.72	7.29	6.86	6.43	6.01

Source: London Economics

Note: Based on selling all additional seats for fourteen days per annum. Additional expenditure based on London Economics' spectator survey and assuming £57 ticket costs for non-Members, of which 12.5% remains within the local economy.

The analysis indicates the large potential economic impact of increasing attendances at Lord's. With an additional 5,000 public (i.e. for non-Members) spectators, our modelling estimates that an additional **£3.86 million** total economic impact (including direct and indirect effects) on the local economy could be generated per annum, rising to **£7.72 million** per annum for 10,000 extra seats.

To place these findings in the context of one match, if the West Indies Test match had attracted crowds which filled Lord's to its current capacity, the economic impact in the local area would have increased by approximately **£0.75 million**<sup>31</sup>.

This impact in the local economy would be reduced, however, if the seats were instead allocated to MCC Members. Specifically, we estimate that there would be an additional economic impact of **£3.00 million** on the local economy associated with 5,000 additional seats and **£6.01 million** for 10,000 additional seats. This difference in the economic impact associated with different allocations between Members and non-Members is largely due to difference in ticket costs and the fact that MCC Members spend marginally less within Lord's and the local area (per spectator per day) than non-Members.

<sup>31</sup> Assuming all additional spectators were non-Members, and a ground capacity of 28,200.

In addition to this impact on the local economy, increasing the attendance would also increase the economic impact to the London economy. The economic impact would increase by **£4.92 million** for 5,000 additional public spectators and **£9.84 million** for 10,000 additional spectators<sup>32</sup>.

It should be noted that these economic impact assessments assume that only 12.5% of the additional ticket revenue remains with MCC, with the remainder being paid to ECB as per the terms of the current Staging Agreement. Under a future Staging Agreement, in which 100% of the additional ticket revenue accrued to MCC, the *incremental* economic impact within Lord's and the local community of increasing attendances would be much greater.

## 7.2 Incremental Profit from Increasing Attendances

In addition to the increased economic impact on the local and London economies from increasing attendances at Lord's, there would also be a substantial benefit to MCC. If a capacity crowd had been attracted to each day of the West Indies Test, MCC would have received an additional **£0.10 million** in ticket revenue (12.5% of total ticket revenues). In addition, assuming a profit margin of 30%, commercial revenue would also have been increased by a further **£0.13 million**.

MCC profits could also be increased by an expansion in the ground capacity. As shown in Table 17 below, the additional profit to MCC from an additional 10,000 seats being filled would be **£2.3 million** per annum, if a 30% profit margin were achieved on sales inside Lord's.

This estimate includes both incremental ticket revenues, and profits made on spectator spending inside Lord's.

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<sup>32</sup> Assuming all additional spectators are non-Members, 60% of whom reside outside of London.

**Table 17: Incremental MCC profit per annum associated with an increase in the capacity of / attendance at Lord's (£ million)**

<b>Profit margin</b>	<b>Additional ticket revenue</b>	<b>Commercial profit</b>	<b>Incremental MCC profit</b>
20%	1.0	0.9	1.9
30%	1.0	1.3	2.3
40%	1.0	1.7	2.7

*Source: London Economics*

Note: Based on selling 10,000 additional seats for fourteen days per annum to members of the public. Additional expenditure based on London Economics spectator survey and assuming average adult ticket prices of £57, of which MCC receives 12.5%.

## 8 Summary and Conclusions

In this section we discuss the results of the economic impact of the West Indies Test, assessing their robustness and how they can be applied to major matches at Lord's more generally. The implications for future major matches at Lord's are also discussed.

### 8.1 Economic Impact

#### Economic impact of the West Indies Test match

Our analysis of the 2007 West Indies Test match at Lord's has shown that there are substantial effects on the surrounding economy. This impact equates to an aggregate economic impact of between **£9.5 million** and **£10.8 million** on the local economy

We also found that the economic impact on the London economy resulting from the West Indies Test (based on expenditure by attendees not normally resident in the London region) equates to between **£8.9 million** and **£10.5 million**.

#### Comparison with previous studies

The findings compare favourably with the estimated impact of the 1997 Ashes Test at Edgbaston. The Edgbaston analysis indicated that the match generated an additional economic impact of **£5.1 million** on the Birmingham economy (which is equivalent to approximately **£6.0 million** in today's money terms). This compares to approximately **£10.0 million** at Lord's in 2007 for the Test against the West Indies who, as previously noted, attract smaller crowds than Australia.

#### Annual effects

The extent of the economic impact associated with the hosting of major matches at Lord's can be assessed more broadly in terms of the economic impact of games at Lord's over a year. Given that there are approximately fourteen major matchdays at Lord's each year, and assuming that the spending patterns witnessed in May are replicated for all other major matches held at Lord's, the aggregate economic impact on the local economy is estimated to be between **£26.6 million** and **£30.2 million** per annum. The annual effect of hosting major matches at Lord's on the London economy stands at between **£25.0 million** and **£29.5 million** per annum.

## Filling spare capacity

Increasing attendances at Lord's, either by filling existing capacity or expanding the ground, could increase these estimates significantly. Attracting 10,000 more spectators each day over the fourteen major matchdays each year could increase the aggregate economic impact on the local area by between **£6.01 million** and **£7.72 million**. This would be substantially increased if MCC should ever receive the full additional ticket revenue from selling more seats, rather than 12.5% under the current Staging Agreement.

In addition to the increased economic impact on the local and London economies from increasing attendances at Lord's, there would also be a substantial benefit to MCC. The additional profit to MCC from an additional 10,000 seats would be **£2.3 million** per annum, if a 30% profit margin were achieved on sales inside Lord's.

### 8.1.1 Caveats and considerations

A number of important factors will affect the economic impact of each game at Lord's, which should be considered in forecasting the likely impact of future matches. First, the opposition will clearly be of crucial importance. The more attractive the opponents, the higher will be attendance and the resulting economic impact. For the West Indies Test, the ground was on average 87.5% full over the first four days of the Test<sup>33</sup>. This suggests scope for a larger crowd if there were sufficient demand and/or adequate marketing of the availability of tickets.

A second important factor is the weather during the game. This may have an effect on attendance, but given that the majority of tickets are sold in advance, it is likely that most spectators will attend (at least partially) except in the case of dire weather forecasts. However, this will also determine spending during the game on food, drink and merchandise.

The type of match may also make a difference. Test cricket and one-day cricket are likely to draw different crowds that may have different spending patterns. In particular, given that one-day games are, by definition, much shorter in length, they may draw fewer spectators from outside London (who tend to spend more than other spectators) than Test matches.

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<sup>33</sup> Based on a ground capacity of 28,200.

## Annex 1 Spectator Survey



### SPECTATOR SURVEY: ENGLAND v WEST INDIES, MAY 2007

Marylebone Cricket Club has asked London Economics to conduct a major spectator survey at Lord's during this npower Test Match.

Thank you for agreeing to take part; this survey form should take you just a few minutes to complete.

In return for your time, you could win one of ten pairs of tickets to The Friends Provident Trophy Final at Lord's, on Saturday 18th August. In the process, you will be helping the Club to plan future investments, and improvements, at 'The Home of Cricket'.

MCC and London Economics

Some information about you	
Sex	M / F
Age	
Postcode in UK (or country if outside UK)	
Are you currently a member of MCC?	Yes/No
How many days a year do you come to Lord's?	1/ 2-5/ 6-10/ >10

Your trip to Lord's	
Which days of this game are you attending?	Thursday / Friday / Saturday / Sunday / Monday
How did you come to the game today? (circle all)	Car / Taxi / Train / Tube / Walk / Cycle / Plane
Where in the ground are you sitting?	
Does your attendance involve an overnight stay?	Yes/No
If yes, how many nights are you staying?	
Whereabouts are you staying?	
How many people are in your group today?	
Who is in your group today?	Colleagues / Friends / Spouse / Partner / Children / Other family

In this section, we would like to know about your spending during this trip to Lord's. This involves all your expenditure from when you leave your usual residence until you return.

To the nearest POUND, how much do you expect to spend on...	Inside Lord's	Within 1/2 a mile of Lord's	Elsewhere in London	Elsewhere
Accommodation (per person in your group)	-	£	£	£
Travel (Train, Tube, Bus, Taxi, Plane etc)	-	£	£	£
Parking	-	£	£	£
Food	£	£	£	£
Drink	£	£	£	£
Newspapers / Magazines etc	£	£	£	£
Merchandising / Sportswear	£	£	£	£
MCC Museum	£	-	-	-
Scorecards / Programmes	£	£	£	£
Tourist Attractions	£	£	£	£
Other (please specify)	£	£	£	£

We appreciate the time taken to complete this questionnaire. There are ten pairs of tickets available for the Friends Provident Final at Lord's. To enter a draw to win one of these pairs, please provide your name and contact details below. NONE of this information will be passed on to any Third Party for any reason.

Name:  
Telephone:  
e-mail:

On a scale of 1 (low) to 10 (high), how would you rate the overall quality and management of the facilities at Lord's so far today?

Thank you for completing the questionnaire. Please return it to one of the London Economics team around the ground. You can also leave your questionnaire at any of the Information Points around Lord's or MCC Reception behind the Pavilion. Alternatively you can post the questionnaire to London Economics, 11-15 Betterton Street, London WC2H 9BP.

## Annex 2 Spectator Survey Methodology

### *Spectator Survey Assumptions*

In order to analyse the spectator survey effectively, it was necessary to make some assumptions over spectators' intended responses. The assumptions made are detailed in Table 18 below.

Table 18: Spectator survey assumptions		
Question	Issue	Assumption
Age	Range provided	Midpoint or, where necessary (e.g. 65+), low point used
Visits to Lord's per year	Multiple selections	Highest value taken
Days attended at Lord's	Attendance on some days identified as uncertain	Uncertain days were not attended
Travel to Lord's	"Bus" not provided as an option on questionnaire	"Bus" added to data analysis
Expenditure (general)	Range provided	Midpoint taken
Accommodation expenditure	Spending provided for stay of longer than Test match	Spending adjusted to include only days of Test match attended*
Accommodation expenditure	Spending inside Lord's identified, or where respondents had stated they were not staying overnight	Assumed to be an error and not included
Travel expenditure	Spending inside Lord's identified	Assumed to occur elsewhere in London
Parking expenditure	Spending inside Lord's identified	Assumed to occur within half a mile of Lord's

\* This was not reassigned to other categories (as were travel and parking) because it appeared that respondents had entered their total expenditure into the accommodation line (which was first in the questionnaire).





**Action from Pakistan v Australia at Lord's, 2004**

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11-15 Betterton Street  
London WC2H 9BP  
Tel: +44 20 7866 8185  
Fax: +44 20 7866 8186  
Email: [info@londecon.co.uk](mailto:info@londecon.co.uk)

London | Brussels | Dublin | Paris | Budapest | Valletta.