

# IMPACT



**“OUTSTANDING PERFORMANCES  
NOT TO BE MISSED”**

**MOTORPOINT ARENA CARDIFF  
AN ECONOMIC ASSESSMENT**

prepared by  
Cardiff Metropolitan University and Mandix

March 2015



**SINCE OPENING IN SEPTEMBER 1993  
MOTORPOINT ARENA CARDIFF HAS STAGED  
PERFORMANCES BY MANY GLOBAL STARS.  
OFTEN PERFORMANCES HAVE SOLD-OUT  
AND, ON AVERAGE, MOTORPOINT ARENA  
CARDIFF ATTRACTS AUDIENCES OF  
AROUND 450,000 PEOPLE EACH YEAR AND  
GENERATES ABOUT £20M IN TURNOVER.**

# 21 YEARS NINE MILLION PEOPLE 3,000 EVENTS

## EXECUTIVE SUMMARY

In over 21 years Motorpoint Arena Cardiff has welcomed an audience of nearly 9 million people to 3,000 events. The economic impact on the Cardiff Capital Region has been considerable:

- The economic value (GVA) from on-site activity is around £14.0m p.a.
  - About £10.0m is generated directly and sustains an estimated 160 jobs
  - A further £4.0m is generated along the supply chain and wage spending by employees – sustaining an estimated additional 50 jobs
- In addition, around £30m is likely from off-site activity, resulting in a contribution to GVA of around £15m and employment effects of 300 jobs.

Consequently the total economic impact of Motorpoint Arena Cardiff is about £29.0m p.a. (GVA) and around 510 FTE (Full Time Equivalent) jobs, most of them in the Cardiff Capital Region.

The total depends crucially on the types of visitors and on the proportions from the rest of the UK and overseas. The evidence is that the average Cardiff Capital Region resident might spend £30 to £45 on local hospitality whereas an overseas visitor typically will spend over £300 a day.

Motorpoint Arena Cardiff estimate that 27% of their audience come from outside Cardiff. So, assuming that half stay overnight then 13.5% of the typical annual number of attendees (450,000) will spend £300 on off-site activities whilst 86.5% are local and spending £30.

Given the large volume of visitors Motorpoint Arena Cardiff has played a significant role in the development of Cardiff's hospitality infrastructure and continues to have a big impact on its hotels, restaurants and retail outlets as activity rises during the staging of well attended events.

A major economic impact is being achieved with Motorpoint Arena Cardiff that can host events involving audiences of up to 7,500. If this were to be raised significantly in a customised, flexible facility the economic impact is likely to be much more than pro-rata.

Not only would there be greater opportunities to use events to raise the international visibility of the Cardiff Capital Region but the strategic opportunity to establish a coherent pattern of major venues and events that are well connected by world class transport infrastructure that facilitates access for local people and visitors alike.

**A major economic impact is being achieved with Motorpoint Arena Cardiff that can host events involving audiences of up to 7,500**

# INTRODUCTION

This report has been prepared by Professor Brian Morgan of Cardiff Metropolitan University and Don Snow, Partner in the Cardiff based mandix consultancy.

The purpose is to provide Live Nation UK with an independent, expert analysis of the economic impact of Motorpoint Arena Cardiff to coincide with their celebration of its 21 years of operation to September 2014 and hosting of its 3,000th event on 14th March 2015.

We have used proven economic techniques to assess the degree to which primary expenditure by the operators and by visitors has impacted the local economy. We have not included an assessment of the economic impact of the original construction programme prior to 1993.

However, we briefly discuss the potential for Motorpoint Arena Cardiff to help project and benefit from a value proposition towards attracting people and investors to Cardiff Capital Region in line with the recently published vision and economic strategy.

## METHOD

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In this report we have attempted to measure the total economic contribution of Motorpoint Arena Cardiff to the Cardiff Capital Region when both on-site and off-site expenditures are accounted for and the impact along the supply chain is also taken into account.

To measure the economic impact we have used the input-output multipliers for Wales (1) and the Tourism Satellite Accounts for Wales. Also, we have compared our analysis with other studies of the economic impact of major events in Wales such as the Welsh Ashes and the Ryder Cup.

It is important to capture supply chain impacts because, as one business expands in response to a demand stimulus it will generate further indirect and induced income and output effects on its suppliers and their employees – especially at the regional level – and these changes in supply will also impact employment.

In the context of an important visitor attraction like Motorpoint Arena Cardiff the main economic impact at the regional level comes from the additional spending off-site by people attending events and conferences at Motorpoint Arena Cardiff.

Because of the broad appeal of Motorpoint Arena Cardiff's events and the widely dispersed audience they attract it is necessary to distinguish between local (mostly Welsh) visitors and non-local visitors. In this sense the original place of residence of members of the audience has a significant impact on the amount of expenditure that is defrayed locally.



March 2015, Katherine Jenkins getting ready for the venue's 3,000th event.

The evidence suggests that overnight visitors to the capital spend over four times as much as local day visitors. Utilising earlier reports of major events and the input-output multipliers for Wales we have produced objective estimates of spending related to Motorpoint Arena Cardiff events that are in line with other impact studies.

Through desk research and detailed discussions with the managers at Motorpoint Arena Cardiff we have profiled Motorpoint Arena Cardiff events as the basis to estimate both the gross expenditure at each event and identify the leakages from the income stream that flow out of Wales. For example, it is necessary to recognise that a large but variable percentage of the gross amount paid to performers goes to tour organisers outside Wales.

A key element of the analysis underpinning this report has been to identify the direct, indirect and induced benefits of its operation in terms of their contributions to the local economy. It is the net expenditure remaining in the Cardiff Capital Region that benefits the economy.

Consistent with good practice in economic impact assessments, the results of desk research and analysis are reported using the Key Performance Indicators (KPIs) of GVA (Gross Value Added) and Full Time Equivalent (FTE) jobs.

In addition to primary data provided by Motorpoint Arena Cardiff we have referenced documentation that has enabled benchmarking of its economic performance against published data for other major entertainment and sports venues in the Cardiff Capital Region and the UK.

Qualitative as well as quantitative analysis has been used to develop data that provides reasonable estimates of the direct and indirect benefits arising at the local (Cardiff City Region) level. Initial profiling of the venue is in terms of its capital and revenue aspects and the related staging of events.

### **2.1 Quantitative Analysis**

Outputs include the amount of expenditure in the local economy as well as the number of jobs created in the local economy as a result of supply chain linkages and sourcing.

The primary data provided by Motorpoint Arena Cardiff has been analysed using robust analytical tools to derive the outputs. These identify economic benefits in terms of expenditures (£s), employment (gross and FTE); and contribution to GDP / GVA (£s)

### **2.2 Qualitative Analysis**

Qualitative information is focused on validating the assumptions made to derive:

- the impact of Motorpoint Arena Cardiff on the local and Welsh economies in terms of the supply chains and sourcing options pertaining to both capital and revenue expenditures:
- the impact of Motorpoint Arena Cardiff on other characteristics of the local and Welsh economies.

The profile of Motorpoint Arena Cardiff provides information and data concerning:

- 1) visitor numbers, the split between local visitors, UK and overseas visitors.  
Key categories of expenditure and broad data on profit.
- 2) broad information about expenditures with suppliers of goods and services in relation to both capital and revenue expenditures.
- 3) broad information about the timing of expenditures on goods and services and the locations of suppliers.

## EXPENDITURES PROFILE

Since the opening concert by Shirley Bassey on 10 September 1993, Motorpoint Arena Cardiff has staged performances by many other global stars including Take That, Celine Dion, Kylie Minogue, Girls Aloud, Beyonce, Rihanna, Katy Perry, Iron Maiden, Lady Gaga and One Direction.

Initially called the Cardiff International Arena and Convention Centre, the venue was renamed the Cardiff International Arena from 2000 and since 1st March 2011 has been called Motorpoint Arena Cardiff after the eponymous car sales company with a branch in Newport acquired the naming rights for the ensuing five years.

The main arena offers 4,500 square metres of exhibition space. It can accommodate 7,500 people when laid out for standing and 5,000 people for a fully seated event. There are 30 additional areas, including a conference suite that can accommodate groups of up to 460, and 4 executive boardrooms.

In addition to live music and comedy shows Motorpoint Arena Cardiff hosts major boxing and snooker events and premier league darts. It has accommodated high profile banquets, conferences and exhibitions in the main arena and smaller events in other function rooms. These events include meetings, smaller conferences and exhibitions, weddings and parties.

Performances have often been sell-outs and on average they generate around £20m in turnover p.a. and attract audiences of around 450 thousand people each year.

In 21 years of operation Motorpoint Arena Cardiff has welcomed through its doors an audience of nearly 9 million people. On Saturday March 14th it welcomed Katherine Jenkins as the star of its 3,000th event.

As the figures below confirm, over the last ten years Motorpoint Arena Cardiff has generated around £200m in turnover and attracted audience numbers of nearly 4.5m.

These figures have been analysed in a research report undertaken by Cardiff Metropolitan University and the Mandix consultancy. The study was commissioned to coincide with Motorpoint Arena Cardiff's 3,000th event and is focused on assessing the economic impact of the Motorpoint Arena Cardiff on the Cardiff City Region.

	2005	2006	2007	2008	2009	
Number of Events	138	117	147	133	163	
Annual turnover	£19,100,000	£18,309,000	£21,660,000	£18,980,000	£19,814,000	
Operational expenditure	£4,022,000	£3,831,000	£4,335,000	£4,016,000	£4,076,000	
Capital expenditure	£102,000	£187,000	£68,000	£25,000	£40,000	
Exhibitor expenditure	£412,000	£285,000	£643,000	£481,000	£562,000	
Audience numbers	406,000	326,000	451,000	389,000	402,000	
Delegate numbers	41,000	24,000	64,000	43,000	45,000	

This versatility generates a varying requirement for different categories of staff to provide the management, security, catering and stewarding as well as medical services and merchandising the venue requires in welcoming up to 500,000 people through its doors every year – enough for capacity crowds at more than six rugby internationals at the Wales Millennium Stadium.

The economic benefit of the original £25m construction project (1993 prices) has not been included in the analysis of the ongoing impact of the operational facility whilst average capital expenditure at £140,000 p.a. (current prices) makes up a small part of supply chain expenditure.

Important is the total annual income from ticket sales and entrance payments. In 2014 this was £16.3m from 497,000 people. 425,000 tickets were sold in connection with 99 shows whilst 72,000 people attended 44 other non-ticketed events. On average 4,292 people attended each show and paid an average ticket price of £32.

Motorpoint Arena Cardiff estimates that 73% of attendees were local, 26% from the rest of the UK and 1% from abroad. The implication is that from a total of 497,000 attending ticketed and non-ticketed shows/events 362,810 originated in the Cardiff City Region whilst 129,220 arrive from other parts of Wales and the UK and 4,970 from abroad.

Headline financial statistics provided by Motorpoint Arena Cardiff are that, during 2014, gross annual turnover was £22.2m with £16.3m spent on tickets and £5.9m in the venue. In addition a further £520,000 was spent by touring productions with local crew companies and an estimated £2m per annum is spent by touring productions on factors such as:

- Equipment hired from local suppliers
- Hotel nights and associated spends
- Tour catering from local suppliers
- Travel, fuel and ancillaries

Motorpoint Arena Cardiff estimates that of an annual turnover of £22.2m about £12.15m leaks out into the wider UK economy and beyond. This leaves about £10m in the Cardiff City Region.

Other commercial information supplied by Motorpoint Arena Cardiff points to the fact that they spend over £3.0m per annum with suppliers with 68% going to local companies who are paid within 30 days. This includes pay for 160 non-venue, but event related, staff who have regular show and event work. The venue itself employs 22 full time staff, and a further 250 casual staff who work mostly on the events.

	2010	2011	2012	2013	2014	TOTAL
	143	140	142	128	143	1394
	£17,556,000	£22,012,000	£20,085,000	£17,754,000	£22,200,000	£197,470,000
	£3,758,000	£4,000,000	£3,784,000	£3,896,000	£4,100,000	£39,818,000
	£150,000	£242,000	£96,000	£131,000	£141,000	£1,182,000
	£508,000	£326,000	£228,000	£353,788	£423,000	£4,221,788
	358,000	443,000	414,000	361,000	425,000	3,975,000
	68,000	37,000	17,500	50,000	72,000	461,500



TICKET SALES  
**8,500**  
OVER 2 DATES





# KYLIE 2011

In 2011, Motorpoint Arena Cardiff hosted 2 dates of one of the biggest and most extravagant international tours of that year. Kylie Minogue has long been renowned for her spectacular stage shows and productions and the Aphrodite les Folies tour really pushed the adaptability of Motorpoint Arena Cardiff.

The production involved an enormous water feature as part of the floor plan, requiring the use of 42 thousand litres of water in total. The logistics required were exceptional in order to get the show built with a total of 27 Trucks employed in the transportation along with, 3 Tour Buses, 6 locally hired Fork trucks and 2 Cherry Pickers.

On top of plant and transportation the show employed 80 local crew to build the stage, and the touring party of over 120 people stayed in local hotels for 3 nights.

Other costs to the promoter were more typical and included towels, drapes, extra staging/AV cables, medical cover and off-site parking. All of these were locally sourced by the Venue.

With ticket sales of nearly 8,500 over the 2 dates Motorpoint Arena Cardiff employed upwards of 150 local casual stewards and bar staff, as well as 70 locally employed Showsec Security staff.

# THE HEADLINE STATISTICS WE HAVE IDENTIFIED FOR THE PURPOSES OF ASSESSING ITS ECONOMIC IMPACT IS THAT MOTORPOINT ARENA CARDIFF GENERATES AROUND £22M IN TURNOVER AND ATTRACTS AROUND 500 THOUSAND PEOPLE EACH YEAR.

## ECONOMIC IMPACT

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We estimate that such a level of activity would directly and indirectly add about £14m to the Welsh economy each year, mostly within the Cardiff Capital Region:

- This is made up of around £10.0m of the economic benefit being generated directly by Motorpoint Arena Cardiff after leakages in expenditure are taken into account. This on-site expenditure sustains an estimated 162 jobs.
- Through the supply chain and wage spending by employees – an additional £4.0m is estimated to be generated – sustaining an additional 50 jobs, most of them in the Cardiff region.
- So as well as having an impact in terms of income generation we estimate that a total of 212 FTE jobs are created or safeguarded by the operation of Motorpoint Arena Cardiff, and of these about 150 of them are in Cardiff.
- In addition to on-site activity, Motorpoint Arena Cardiff's attractions bring a large number of visitors to Cardiff. Around 27% of these visitors come from outside the Cardiff Capital Region and roughly half of these staying overnight. Through this off-site expenditure in hotels and restaurants, a further outlay of £30m is estimated to come from off-site activity, in the city's hospitality venues. This generates a contribution to GVA of around £15m and employment effects of 300 jobs.

In this way Motorpoint Arena Cardiff directly generates employment for around 160 people and it is estimated that induced expenditure through the supply chain supports a further 50 full-time jobs. However, the biggest impact is the spill-over effect of visitor spending which sustains a further 300 jobs. So, in total the regional impact is to create about 510 jobs, with most of those being generated in the City Region.

It is clear that the annual volume of attendees has a big impact on the city's hotels and restaurants – many of whom enjoy increased activity during the staging of events. This analysis indicates that the direct economic value created by Motorpoint Arena Cardiff at £10m has significant spill-over effects in terms of both spending and job creation. This spill-over benefit is the indirect result of Motorpoint Arena Cardiff being the main focus of these visits to the capital city. Much of the value added to the economy is generated as a result of spending by visitors from outside the Cardiff Capital Region, with an interesting sub-set of these being international visitors.

It is certainly the case that, as a result of Motorpoint Arena Cardiff's activities in terms of events, performances and conferences, there are significantly more meetings in Cardiff and more expenditure on related activities. Wherever possible these expenditure effects have to be separated into those related to on-site activity in Motorpoint Arena Cardiff and those off-site spending by the audience in local commercial outlets.

Having identified the audience numbers to Motorpoint Arena Cardiff over the last ten years we then estimated the total regional expenditure associated with these performances and then calculated the direct, indirect and induced expenditure related to these events. An important aspect of the study was to estimate the proportion of visitors to each event according to their original place of residence and then assess the net expenditure patterns associated with different visitor categories. This is not a simple task because of displacement effects and the various different ways in which the hospitality sector responds to an increase in demand. For example, hotels can respond by employing more staff or inviting existing staff to work longer hours. We have also sought to avoid double counting by eliminating receipts that flow out of the region. Thus we have not included:

- purchases inside Motorpoint Arena Cardiff because these are accounted for in the revenue streams reported by Motorpoint Arena Cardiff.
- travelling costs for local or non-local visitors because much of this expenditure will flow directly out of Wales to coach and train operators.

In this way we have accounted for leakages and displacement effects and produced clear estimates of the net additional expenditure that visitors to Motorpoint Arena Cardiff events generate within the Cardiff Capital Region. And because of the possibility for wide margins for error in these calculations, we have erred on the side of caution in these estimates.

Although the impact of the off-site spending is marginally more important and is perhaps the most noticeable, it must be emphasised that the on-site impact of Motorpoint Arena Cardiff itself through its own wage payments to employees and the purchase of local goods and services, also significantly impacts the economy. The underlying methodology on the economic impact of both on-site and off-site expenditure is summarised in the Annex.

**As a result of Motorpoint Arena Cardiff's activities in terms of events, performances and conferences, there are significantly more meetings in Cardiff and more expenditure on related activities.**



Tom Jones image  
© Jenny Potter 2009

## STRATEGIC IMPACT

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In order to assess the strategic impact of Motorpoint Arena Cardiff we have considered the context provided by the recently published vision and economic strategy for the Cardiff Capital Region.

We conclude that Motorpoint Arena Cardiff and its operations have the potential to help project (and benefit from) a value proposition towards attracting investors as well as visitors.

Whilst one-off major events in a region (like the Ryder Cup) can have significant impact it is also the case that investment in a major venue opens up the opportunity for repeated events and serial direct, indirect and induced economic benefits. This encourages investment in sustainable supply chains and the growth of local supplier businesses.

The probability of commercial success will be enhanced by the capacity of the venue to maximise attendances and ticket value. The inference is that, other things being equal, a larger venue with more flexible spaces will achieve a better commercial performance and have a better economic impact.

Motorpoint Arena Cardiff has the capacity to host events with an audience up to 7,500 and some events and performances help to engage global audiences with the Cardiff City Region and enhance its appeal as a tourism venue, place to live and investment location.

The venue plays a key part in the current tourism offering that in the context of the vision for Cardiff City Region provides a platform for strategic impact as part of a cluster of major venues and events.

In this context, if a new building was proposed, Live Nation UK's position as the current provider in the city region, with its already existing partnership with Ticketmaster, its operational efficiencies, and its diary management which secures and attracts acts to the city region, would play a major role in ensuring a venue of this size would be a success.

Ticketmaster is the leading global ticket provider and is a member of the Live Nation UK family. Ticketmaster gives weight and exposure to artists with greater access to customers. In essence, this allows anyone in the world to visit Cardiff for an event.

Also, the clustering of venues and visitor attractions can be expected to have a greater than pro rata effect as they would tend to reinforce the UK and international visibility of the Cardiff Capital Region.

Investors in the regional hospitality infrastructure and creative industries would gain confidence – particularly if successful visitor attractions located on transport nodes and simultaneously supported the development of the creative industries sector in the Cardiff City Region.

In this regard we note the recent announcement of a Great Western Cities campaign by the Cardiff, Newport and Bristol city authorities alongside the comparative lack of major entertainment venues in Newport and Bristol.

**The probability of commercial success will be enhanced by the capacity of the venue to maximise attendances and ticket value.**



**OUR CONCLUSION IS THAT CO-ORDINATION OF THE EMERGING CARDIFF CAPITAL REGION'S MARKETING SHOULD ENSURE THE INCLUSION OF MOTORPOINT ARENA CARDIFF WITH THAT OF OTHER MAJOR SPORTS AND ENTERTAINMENT VENUES. THIS PROMOTES FOR EXAMPLE, THE POTENTIAL FOR FUTURE ECONOMIC BENEFITS PARTICULARLY IN THE CONTEXT OF PROPOSALS TO ELECTRIFY THE MAIN RAILWAY LINKAGES AND CREATE A METRO FOR THE CARDIFF CAPITAL REGION.**

## ANNEX ONE

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The total economic impact was analysed using a 22 sector Input Output table of multipliers and these have been summarised and aggregated into the 5 sectors in **Table 1** and then converted into expenditure estimates in **Table 2** for on-site activities. A similar set of tables was developed for the employment impact from on-site activities. The total impact from the activities generated on-site at Motorpoint Arena Cardiff is then summarised in **Table 3**.

**Table 3** shows the additional income and employment that will be generated on average in the (broadly defined) Cardiff area from an initial £9.8 million of expenditure. The multiplier process will initially generate an additional £2.1 million increase in income which will induce further expenditure. Not all of this expenditure and related income will remain in the regional economy but the input-output model and tables give an indication of the leakages that are likely to take place. When the total multiplier effect is added to the initial expenditure this gives a total increase in expenditure of £4.08 million from both indirect and induced effects leading to a total GVA impact from on-site activities of £13.88m.

Similarly the employment impact can be assessed. The multiplier process will initially generate an additional 27 jobs which have further impacts along the supply chain which will induce further expenditure and eventually the additional jobs in terms of direct and induced expenditures will increase by a further 50 FTEs. So from the 162 direct jobs created by Motorpoint Arena Cardiff activities the final impact rises to an estimated 212 FTEs in the Cardiff Capital Region.

The same methodology was then applied to estimate the total economic impact of the off-site expenditure in hospitality venues across the city. This expenditure leads to a further contribution of £15 million to GVA and 300 jobs.

**Table 1**  
Expenditure Multipliers

5 Sector Breakdown	Initial	First round	Indirect	Induced	Total
Manufacturing, energy and others		0.0440	0.0105	0.0217	0.0763
Distribution and retail	....	0.0138	0.0028	0.0378	0.0543
Hotels, restaurants, venues	£9.80	0.1005	0.0350	0.0220	0.1575
Transport and other private services		0.0504	0.0305	0.0246	0.1055
Recreation and other public services		0.0054	0.0034	0.0138	0.0226
<b>Total</b>		<b>£0.21</b>	<b>£0.08</b>	<b>£0.12</b>	<b>£0.42</b>

**Table 2**  
Estimated Expenditure

5 Sector Breakdown	Initial	First round	Indirect	Induced	Total
Manufacturing, energy and others		£0.43	£0.10	£0.21	£0.75
Distribution and retail	....	£0.13	£0.03	£0.37	£0.53
Hotels, restaurants, venues	£9.80	£0.98	£0.34	£0.22	£11.34
Transport and other private services		£0.49	£0.30	£0.24	£1.03
Recreation and other public services		£0.05	£0.03	£0.13	£0.22
<b>Total</b>		<b>£2.10</b>	<b>£0.81</b>	<b>£1.17</b>	<b>£13.88</b>

**Table 3**  
Multiplier Effects:  
£9.8 million of Expenditure

	Initial	First round	Indirect	Induced	Total
Increase in Expenditure	£9.80m	£2.10m	£0.81m	£0.17m	£13.88m
Increase in Jobs (FTEs)	162	26.9	6.5	16.7	212

**IMPACT**