



Louis Vuitton America's Cup World Series Bermuda

Economic Impact Highlights

ACBDA Limited
25 February 2016





Estimated Impact Highlights

\$8.6m
Total Economic
Impact

- Aggregated total economic impact in Bermuda generated by the Louis Vuitton America's Cup World Series ("LVACWS") was approximately \$8.6 million.

\$6.1m
Visitors'
Spending

- Overseas visitors' spending in Bermuda (included in the Total Economic Impact) was \$6.1 million.

1,499
Visitors

- LVACWS brought approximately 1,499 visitors to Bermuda, including spectators, teams, sponsors and media.

\$0.6m
Net cost to
Bermuda

- The net cost to Bermuda Public Bodies of hosting LVACWS was approximately \$0.6 million.

8.1 million
TV Media
reach

- Worldwide, 8.1 million television viewers were reached, either through live or tape-delayed broadcast coverage of the LVACWS races, or through LVACWS coverage on other news or sporting programs.



Introduction

- From 16 to 18 October 2015, Bermuda experienced its first real taste of America's Cup racing, with the Louis Vuitton America's Cup World Series Event ("LVACWS") taking place on the waters of the Great Sound and in the Event Village along Front Street in Hamilton.
- The event saw thousands of Bermuda residents attend, with friends, families and colleagues to take part in the event on land and sea, along with a significant number of overseas visitors.
- The ACBDA has sought to capture some of the economic data from the event, in order to give a high level indication of the benefit of hosting LVACWS to Bermuda as a whole.
- It should be clearly understood that this report looks solely at LVACWS in Bermuda – it does not take account of any other America's Cup related economic impacts on Bermuda over the past 12 months, such as:
 - The America's Cup Event Authority ("ACEA"), ORACLE TEAM USA ("OTUSA"), Artemis Racing and SoftBank Team Japan setting up their permanent bases in Bermuda, and their employees living and working in Bermuda;
 - The Royal Naval Dockyard infrastructure being built for the AC finals in 2017; or
 - Other events and business conducted in Bermuda.
- The overall impact of the America's Cup will be captured as part of a wider study into the economic benefits of hosting the America's Cup which will be conducted subsequent to the conclusion of the main events in 2017.
- This report is not designed, nor intended, to be a full economic impact assessment – it is intended to highlight the data which ACBDA was able to capture, or assimilate from multiple sources, in order to evaluate the success for Bermuda as a standalone event. Where we refer to Total Economic Impact, we define this specifically as a measure of the direct spending generated by LVACWS. We have not considered the onward indirect economic benefits accruing, due to difficulties in measurement of this metric.
- The majority of our information is based on data received from relevant stakeholders in relation to the LVACWS event. In some of our calculations, we were required to make various estimates and assumptions where certain data was unavailable - on a best guess, reasonably prudent basis. Accordingly, it is possible that the actual results may vary from those calculated in our report.
- There are certain confidentiality obligations which prohibit us from fully detailing individual spending amounts, however, where possible we have aggregated information by spending source, in order to provide the reader as much information as possible as to the source and type of spending. Certain data sources are listed in Appendix A.



Key parties and obligations

Below is a high level summary of the key parties involved in staging LVACWS, in order to ensure that the reader understands the key roles and responsibilities of each of these parties.

- **America's Cup Bermuda ("ACBDA")** is the company limited by guarantee established by the Bermuda Government to deliver Bermuda's key America's Cup obligations. The Host Venue Agreement, the contract which the Bermuda Government entered into with the ACEA for hosting of the America's Cup, details those responsibilities. ACBDA is a publicly funded body, similar in nature to a Quango, and receives funding from the Bermuda Government in order to deliver its mandate.
 - In respect of LVACWS, ACBDA's key obligations included:
 - Delivery of the land and infrastructure for the AC Village to be constructed on, delivery of the land and infrastructure for the Team Bases, and delivery of the exclusive use of the race course area in the Great Sound;
 - Executing a public safety and security program, on land and sea; and
 - Execution of a transport plan for the event, on land and sea.
- **ORACLE TEAM USA** is the defending champion of the America's Cup. As defending champion, they hold the rights to decide the host venue for the America's Cup, as well as many other factors in the organization of the event, such as the type of boats. ORACLE TEAM USA was established by, and is owned by entities controlled by, Mr Larry Ellison. ORACLE TEAM USA are based in Dockyard land as their focus is on designing, building and racing the yachts, ORACLE TEAM USA established the ACEA (see below) to deal with all other aspects of organization of the America's Cup. ORACLE TEAM USA is a privately funded body.
- **America's Cup Event Authority ("ACEA")** is a Bermuda incorporated private limited company, which, ultimately, is also owned by Mr Larry Ellison. The ACEA is a commercial enterprise, tasked with the organization of all of the AC events, including LVACWS in Bermuda. ACEA also has extensive roles in relating to commercial sponsorship and broadcasting of the event, seeking to grow the sporting and commercial potential of the AC.



Key parties and obligations (continued)

- **Corporation of Hamilton (“COH”)**: As the AC Village was in the City of Hamilton, the COH partnered with the ACBDA to ensure that Bermuda met its obligations in delivering the venues for LVACWS. COH also carried out significant works in preparing the AC Village and Team Base areas to ensure they were ready for the ACEA and Teams.
- **Bermuda Government and Public Bodies**: Various departments across the Bermuda Government were key to the ACBDA’s planning and execution of its responsibilities, including: Immigration, Marine & Ports, Department of Public Transport, Transport Control Department, Customs, Civil Aviation, Bermuda Fire & Rescue Services, Communication and Information, Parks, Bermuda Police Service, Bermuda Hospitals Board and the Royal Bermuda Regiment.
- **America’s Cup Race Management (“ACRM”)** is an independent body, which is set up to control the racing area, and run the racing during all AC races. ACRM set the race course, and rule on any incidents during the racing (such as penalties). In order to ensure impartiality, ACRM is funded equally by all Teams. ACRM is led by Regatta Director Iain Murray, who oversees a team of umpires and other regatta officials.
- **The Competitor Teams**: The six competitor teams challenging for LVACWS were responsible for the construction of their own temporary team bases at the Team Zone area on the commercial docks in Hamilton. Since ORACLE TEAM USA already had their full base constructed at the Royal Naval Dockyard, they operated from there, as did Softbank Team Japan which had a temporary base already erected for training purposes.





Estimated Spending Generated

- The economic impacts from LVACWS came from a variety of sources, including spending by:
 - Visitors to Bermuda
 - Competitor Teams visiting Bermuda
 - AC Commercial Partners visiting Bermuda
 - Media visiting Bermuda
 - The ACEA in organising the event
 - The ACBDA in hosting the event
 - The Bermuda Government and other taxpayer funded entities in hosting the event
 - Bermuda residents

- In total, we estimate that LVACWS generated approximately **\$6.1 million** of spending from overseas sources into Bermuda, principally through overseas visitors, ACEA and the Competitor Teams. This represents direct investment into the Bermuda economy.

- The figures included in the Total Economic Impact only include spending in Bermuda.

- The event also generated spending by Bermuda parties for:
 - The staging of the AC Concert incurred by the local promoter
 - Infrastructure investment by telecommunications bodies
 - Spending by the Government of Bermuda, the ACBDA, the Bermuda Tourism Authority, the Bermuda Police Service, Bermuda Hospitals Board and the Corporation of Hamilton (together “the Bermuda Public Bodies”)

- Combined with spending from overseas parties, this generated **\$7.3 million** spending in Bermuda, which otherwise would not have occurred.

(continued)

LVACWS – Summary of Total Economic Impact	
	\$000
Visitors’ Accommodation spending (inc F&B)	2,177
Other Visitor Spending	1,064
ACEA & Teams	2,871
Total spending from overseas	6,112
Concert	187
Local Telecoms investment	285
Public Bodies	742
Directly related LVACWS spending	7,326
Additional Bermuda public spending	1,300
Aggregated Total	8,626



Estimated Spending Generated

- It is more difficult to measure the local expenditure generated by the general public in relation to LVACWS, as we do not have the benefit of a comprehensive survey to capture this data, and it is more difficult to assess whether spending by the general public in Bermuda was specifically due to the LVACWS events, or if this spending may have occurred in any event.
- In order to assess the spending of the general public, we obtained data on spending on debit and credit cards within Bermuda from local banks. Based on this data, the Bermuda public spent an additional **\$4.7 million during the LVACWS week**, as compared to an average October week.
- However, we cannot be certain that of that \$4.7 million:
 - A) all of this additional spend was due to the LVACWS (i.e. it may include coincidental increases, or increased spending attributable to some other factor); or
 - B) this spending would not have occurred in Bermuda at another point in time in any event. Therefore, this spending may have been displaced from another time, which means it has no overall net increase in economic activity in Bermuda.
- Based on our research, we have considered data from various spending sectors, to identify areas where significant spending occurred. From these survey results, we have identified an estimated \$2.6 million of additional spending by locals which was generated by LVACWS. This spending occurred across Bermuda retail outlets, the AC village vendors, the AC concert, restaurants, transport, gas and other marine related expenditure.
- In order to take account of displaced spending, we have reduced this figure by 50% to \$1.3 million, which we feel is a prudent level to present a fair picture of the net additional spend generated by LVACWS.
- Accordingly, we estimate the total economic impact generated by LVACWS in Bermuda was approximately **\$8.6 million**.

LVACWS – Summary of spending generated in Bermuda	
	\$000
Visitors Accommodation spending (inc F&B)	2,177
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Bermuda Public Bodies costs

- We have considered the costs incurred by Bermuda Public bodies in staging the LVACWS event. We have also looked at certain known, directly generated revenue these public bodies received as a result of the visitors to Bermuda generated by the event, which offset some of these costs.
- We estimate that approximately **\$281,000** direct revenue was generated by the LVACWS events, principally from airport taxes, hotel occupancy taxes and the tourism levy. For simplicity, this figure does not include any allowance for indirect revenues, such as payroll taxes generated or duty on goods sold – therefore the actual income will be higher than this figure.
- Bermuda Public Bodies costs incurred included:
 - ACBDA costs, including security, cost to clear Hamilton docks, staging, telecoms, floating docks
 - City of Hamilton costs of delivering infrastructure for the events (set up and clearance of the Event village, utilities, waste management, equipment rental).
 - Security, including private security, Royal Bermuda Regiment, and Bermuda Police Service.
 - Safety, through Bermuda Fire and Rescue, St John’s Ambulance, a KEM Hospital staffed Advance Medical Post, and on water medical support (many of which were volunteers).
 - Activation and marketing for the event, and hospitality with key stakeholders.
- In total, we estimate **\$916,000** was incurred by public bodies in relation to the LVACWS events.
- This resulted in an estimated net cost to the Bermuda Public Bodies of staging the LVACWS Events of **\$635,000**.
- **The ACEA incurred the majority of the total costs to stage the LVACWS in Bermuda – ACEA's costs (\$2.1 million) are in addition to those costs incurred by the Bermuda Public Bodies.**

Bermuda costs of hosting LVACWS	
	\$000
Direct Revenues	281
Direct Costs	
Marketing & Hospitality	(325)
AC Village set up	(151)
AC Team Zone set up costs	(139)
Security & Safety	(121)
IT	(55)
Other	(74)
Insurance	(51)
Total Direct Costs	(916)
Estimated Net Cost	(635)



Results vs Original Estimates

Category	Original Budget (\$m)	Actual Estimate (\$m)	Increase (\$m)	Increase (%)
Total Economic Impact	1.7	8.6	6.9	406%
Total Public Bodies net costs	0.5	0.6	0.1	20%

- The original budgeted figures for the Potential Economic Impact, as reported to the public, included total costs of \$77 million to the Bermuda Public Bodies, which was estimated to generate a Potential Economic Benefit of approximately \$242 million.
- These figures included an allowance for the costs and impacts of the LVACWS event, therefore, we have compared these results to those original forecasts.
- **Economic Impact:** included in the figure of \$242 million, we had allowed for \$1.7 million of impact from the LVACWS event. The actual impact of \$8.6 million was \$6.9 million (405%) more than originally forecast, largely due to the increased scale and magnitude of the event, and significantly more visitors being attracted to Bermuda than anticipated.
- **Costs:** In the original budget, we allowed for \$0.5 million of additional costs relating to LVACWS. As illustrated, the actual net cost was approximately \$0.6 million, therefore the events costs approximately \$100K extra to stage for the Bermuda Public Bodies. These additional costs were largely attributable to the increased scale of the event, which in turn generated the additional economic impact.
- **In sum, an additional \$100K in costs was spent and an additional \$6.9 million was generated.**



Volunteer Value

- Volunteers played a vital role in both the planning and execution of the ACBDA's obligations in relation to LVACWS. The ACBDA established a number of dedicated committees to oversee each specific area of its key planning areas, such as Health & Safety, Security, Transport and On Water Operations.
- In addition, throughout the LVACWS weekend, ACBDA was responsible for ensuring the Race Zone was kept clear of all marine traffic, through a comprehensive marshalling program. This included dedicated resources from the Bermuda Police Service and the Royal Bermuda Regiment. This was supplemented by a significant number of volunteer marshals who also provided their own boats. There was also significant volunteer hours from the on-water medical team.
- In addition, other entities waived fees which would ordinarily be payable for services. These included the Royal Bermuda Yacht Club and Stevedoring Services Limited.
- We estimate that in total, volunteers donated approximately **4,000 hours** of time to assist ACBDA in planning and staging LVACWS.
- We estimate the value of the contribution from volunteers and the value of waived fees, including equipment rental, fuel and other charges to be approximately \$600,000, taking into account the labour hours and the services rendered.
- The costs incurred by entities such as the Bermuda Public Bodies could have been significantly higher, had it not been for the many volunteers who donated their time and assets to assist with staging of the events. Please note, the ACEA also had a team of volunteers from the Bermuda public, and their contribution, whilst no less important, is not included in the above figures as we have focused on the ACBDA contribution.
- Clearly, volunteers played a vital role in staging the events, and through their efforts and generosity the ACBDA were able to offset significant costs which otherwise would have been funded by the Bermuda taxpayers. The ACBDA sincerely thanks this dedicated body of volunteers.

4,000
Volunteer
Hours

\$600,000
Volunteered
Value



Visitor numbers

- We estimate a total number of non-work permitted visitors to Bermuda for ACWS at **1,186**, based on the BTA results from the Passenger Arrivals Forms for the America's Cup related visitors for October. These comprised:
 - 768 America's Cup Vacationers
 - 409 America's Cup Business related travelers
 - 9 visiting America's Cup Friends & Family.
- In addition to the above, there were also arrivals who, due to being pre-cleared to work in Bermuda during LVACWS, did not have to complete the Passenger Arrivals Forms. Based on information submitted to immigration, we understand these include:
 - 57 Media for ACTV
 - 122 other media, including Land Rover BAR, SoftBank Team Japan, Artemis Racing, BTA partners and other independent media
 - 35 concert related individuals
 - 99 Team members
- This yields a total of approximately 1,415 visitors to Bermuda for LVACWS.
- This does not include those individuals already resident in Bermuda at the time of LVACWS, including members of ORACLE TEAM USA, SoftBank Team Japan, Artemis Racing and the ACEA.

Hotels Impact

- We estimate that the Bermuda Hotel industry benefitted from approximately **\$2.6 million** of additional revenue from spending by visitors related to the America's Cup.
- Hotel Occupancy increased by 18% for the LVACWS week, compared to a typical October week
- Hotel Revenue increased by 43% as compared to a typical October week.

1,499
Visitors to
Bermuda

\$2.6m
Revenue for
Hotels

3,730
Room
Nights

Hotel
Revenue
+43%



Attendance / crowds

- Approximately 550 boats watched the LVACWS racing on Sunday afternoon. Over 1,000 boats had pre-registered with the ACEA.
- Based on anecdotal evidence of those on the water, and figures from charter operators, these boats had a total crowd of approximately 4,000 to 5,000 spectators onboard.
- We estimate that local charter boats experienced a significant boost in revenues, generating revenues of approximately \$300,000.
- It is estimated that Saturday had a larger on water turnout than Sunday, despite there being no competitive racing due to the lack of sufficient breeze. However, we do not have aerial footage with which to confirm more accurate numbers.
- In the AC Village on Front Street, as this was an open, public area with no ticketing in place, we do not have definitive visitor numbers, but in collaboration with the ACEA, we estimate that there were between 10,000 and 12,000 visitors to the AC Village over the weekend.
- The AC Concert on Saturday evening sold 2,549 tickets, a sell out.

**4,000 - 5,000
on-water
spectators**

**\$300,000
charter boat
revenues**

**Est. 10,000 to
12,000 in AC
Village**



Media Coverage

Media Coverage

A key benefit to Bermuda hosting the America's Cup is the international media exposure it generates, creating positive impact to Bermuda's economy through increased tourism and inward investment. The global media attention the event receives is vital to this aim. The ACEA commissioned an independent report into the media impact of LVACWS in Bermuda, and some of the highlights are included below.

TV Coverage

- Coverage of LVACWS was broadcast in the US on NBC Sports, and on BT Sport and BBC Red Button in the UK.
- Broadcast in 108 other countries around the world, including France, Germany, Portugal, Japan, Sweden, Brazil, China and India.
- 1.4 million people either watched the LVACWS Bermuda live (0.47 million) or watched full recorded coverage (0.92 million), including 320,000 in the UK, 240,000 in France, and 220,000 in the USA.
- A further 6.7 million people received coverage of LVACWS through either non specific News programming (4.0 million) or Sports Magazine programming (2.7 million), which gives a total of 8.1m viewers reached by TV media.
- A total of 1.92 million viewers were reached in the UK. Across Europe (not including the UK), 3.82 million viewers were reached. 350,000 total viewers were reached in the US.
- The media coverage of Bermuda had an Equivalent Advertising Value (that is, the value that Bermuda would have had to pay in order to get the marketing exposure that the LVACWS generated) of \$14.1 million.

Media Presence

- 138 Accredited media personnel were in Bermuda, representing 97 media outlets from 14 countries (Australia, Austria, Bermuda, Canada, France, Germany, Hong Kong, Italy, Japan, New Zealand, Slovenia, Sweden, United Kingdom, United States)

Social Media Reach

- 258,970 total fans reached through Facebook
- 403,000 views of most popular video upload, reaching 1,276,191 people.
- Videos of the event generated over 2 million views on Facebook and YouTube.

1.4 million
Race Viewers

8.1 million
Total viewers
reached

\$14.1 million
Equivalent
Advertising
Value

100 media
outlets



Key Sponsor Exposure

The ACEA and each of the Competitor Teams have numerous commercial sponsors and partners.

These sponsors are largely international blue chip corporations, spread across a wide range of industries and sectors. As a result of the LVACWS event, many of these sponsors took the opportunity to visit Bermuda, with various sponsor activations and corporate hospitality.

The below is not an exhaustive list, but these international commercial partners and sponsors included:

- Airbus
- BMW – BMW carried out a photo shoot on island for the launch of its electric car range
- Bremont – invested in a launch event at a local retail store
- Emirates
- Gosling's – international exposure for a Bermuda Brand
- Groupama
- Hamilton Princess – international exposure for a Bermuda tourism property
- Land Rover
- Louis Vuitton – shot a new product launch in Bermuda
- Moët – had a product launch for its new rose champagne, on Bermuda's pink sand beaches
- NBC Sports
- NetSuite
- Omega
- ORACLE
- Red Bull
- Sail Racing – had a photo shoot on island after the event
- NetSuite
- Safety Kleen
- SoftBank
- Sperry
- Ulysses Nardin
- Vineyard Vines
- WISEKey
- XL Catlin
- Yanmar

These sponsor exposures in turn enhance the prospects of further inward investment into Bermuda and the prospect of increased visitation.



Other Impacts

AC VILLAGE RETAILERS

- Based on a sample survey, we estimate that the local vendors in the AC Village generated approximately \$320,000 in revenue over the course of the LVACWS weekend.

SHIPPING

- Specifically due to the LVACWS event, there were an additional **130 containers** carried by the Bermuda shipping lines.

IT/Telecommunications

- Various Bermuda IT and Telecommunication companies invested a total of approximately **\$880,000** across improvements to Wi-Fi, Cellular and data capabilities, the majority of which holds lasting legacy benefits. Of this figure, an estimated \$285,000 of expenditure was in Bermuda.

RESTAURANTS

- We estimate that LVACWS generated approximately **\$400,000** of additional revenues for Bermuda's restaurant sector during the LVACWS week, over and above a normal October week.

RETAILERS

- Based on the October Retail Sales Index survey returns, it is estimated that approximately **\$1.5 million** of October retail sales were specifically attributed to the LVACWS. This figure includes spending by both locals and visitors.

TAXI / Transport

- Unfortunately, it is not possible to quantify the total benefit to the taxi sector, given the large number of operators, and the cash nature of the transactions involved. However, from anecdotal evidence, it was clear that the taxi rank on Front Street at the entrance to the AC Village was busy throughout the weekend, generating significant business for the local industry.



Other Impacts

In addition to the direct impacts of the America's Cup events, there are also additional indirect benefits already being felt, and which will continue to generate economic benefit for Bermuda. Many of these are more attributable to Bermuda's status of host of the America's Cup in 2017, rather than the LVACWS event, but it is worth noting some of these impacts which are already having effect, which was heightened by the LVACWS.

SAILING EVENTS

- In particular, Bermuda has experienced a significant increase in other sailing events being held in Bermuda. These include:
 - The Moth regatta, held in December 2015, and expected to return in 2016.
 - The RC44 Championship Tour Regatta, scheduled for March 2016.
 - The M32 North American Series.
- Each of these events will bring visitors to Bermuda, generating additional spending into the local economy, particularly tourism sector.

TOURISM EXPOSURE

- The international exposure for Bermuda through the media coverage of the event, combined with the influx of visitors for the event, is hoped to continue to generate additional benefits for Bermuda as these generate additional tourism visitors.

INTERNATIONAL BUSINESS & MEDIA EXPOSURE

- The media coverage of Bermuda, combined with the visitors from international corporate sponsors, increases the awareness of Bermuda as a premier business destination, and increases the prospect of increased inward investment to Bermuda.

SOCIAL IMPACTS

- No extensive study has been performed in relation to the social impacts of LVACWS, however, anecdotal evidence and press coverage contained reports of the "feel good" factor which is often attributed to large scale sporting events. This was particularly evident in the Event Village on Front Street, where there was a strong sense of civic pride in Bermuda and its staging a world class event.
- There was also significant youth exposure to the sailing environment, including most notably the ACEA's Endeavour Sailing Program on Front Street, which has the potential to bring lasting legacy benefits to Bermuda's youth.
- The ACEA provided over 500 school children with free viewing of the races, through hire of the Bermuda Government ferries.



Thank you

- In collating the data for this report, we have relied on the generosity and goodwill of a large number of individuals, businesses and Government departments across Bermuda and from the America's Cup teams and ACEA, who provided us with their confidential financial information.
- The ACBDA wish to take this opportunity to thank each of you for your cooperation and assistance, as without your time and effort, this process would not have been possible.



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AMERICA'S CUP

Enquiries

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Appendix A: Sources of Data

- **Visitor Accommodation:** is comprised of spending by various visitor categories visiting Bermuda for the LVACWS event, including tourist spectators, media, business spectators, sponsors and friends and family. These values are derived from the results reported from the Hotels to the BTA.
- **Other Visitor Spending:** includes a derived anticipated overall spend by the number of visitors to the island, based upon information collated by the BTA surveys for AC related visitors.
- **ACEA & Teams:** information drawn from actual spending by ACEA, and from estimates provided by the majority of the competitor teams. It should be clearly understood that these values exclude any overseas expenditure required for staging the events.
- **Concert:** includes the local spending in staging the AC Concerts on Front Street. This excludes certain overseas expenditure, most notably in respect of artist fees.
- **Telecoms Investment:** There was a significant investment in upgrading IT infrastructure in Bermuda by local telecoms companies. Whilst a significant amount of spend was in importing technology from overseas, this represents the estimated spend in Bermuda.
- **Public Bodies:** includes spending by all entities which are funded by the public, therefore, includes the Bermuda Government, the ACBDA, the BTA and the Corporation of Hamilton, based on reported figures.