



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

# Economic Impact of the King of the Hammers – 2023

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# INTRODUCTION

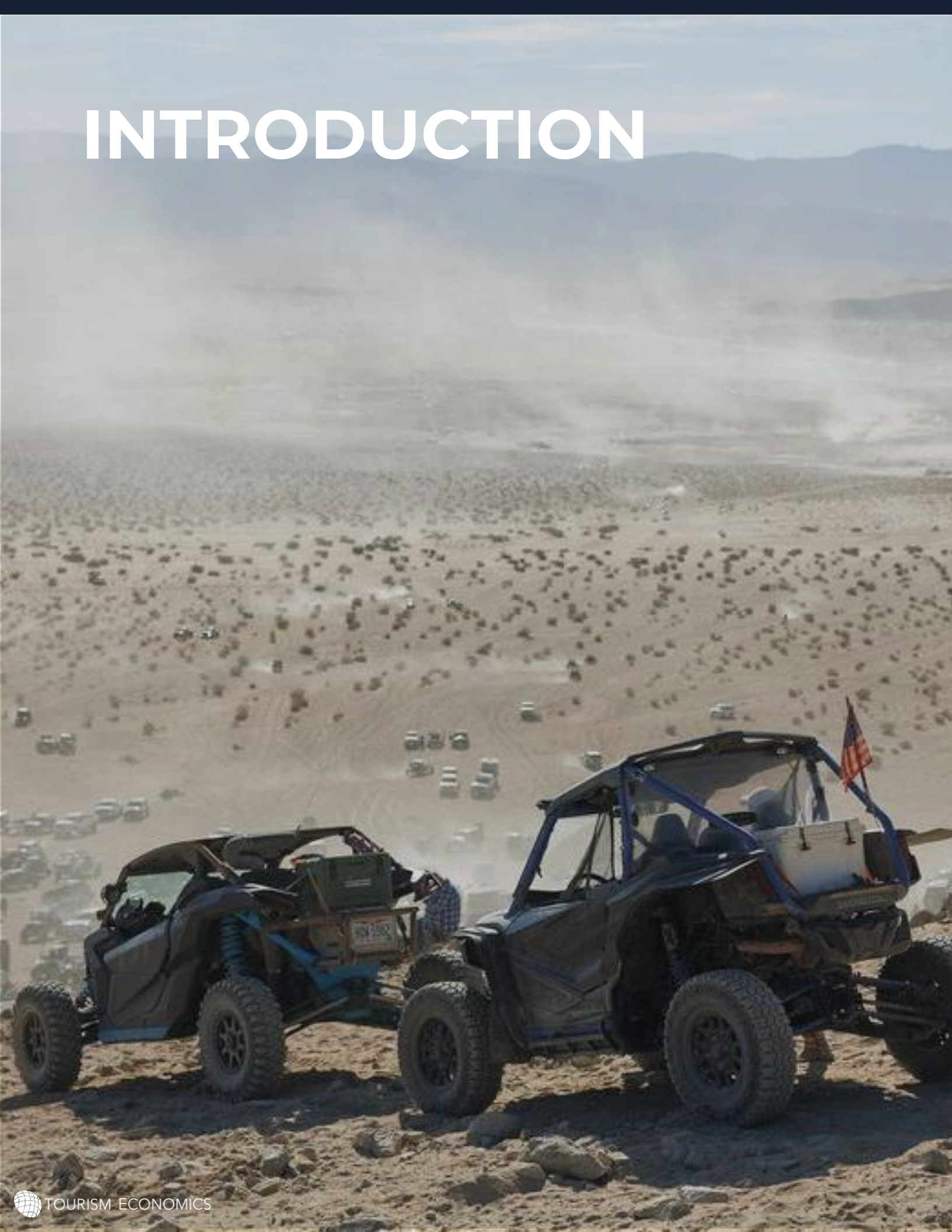
## Research Overview

King of the Hammers is an off-road race that combines desert racing and rock crawling that takes place each year at the end of January into the first week of February on public lands in Johnson Valley, California. The race has evolved from 12 teams racing to approximately 1,000 teams competing before 141,100 fans in person throughout the event.

Given the significant growth and success of the multi-day event, the King of the Hammers drives significant economic activity that supports businesses, households, and government finances in San Bernardino County.

To quantify the economic impact of the King of the Hammers, Tourism Economics prepared a comprehensive model using multiple primary and secondary data sources to quantify the impacts arising from the operations and visitor spending.

Impact modeling was based on an IMPLAN Input-Output (I-O) model for the San Bernardino County economy. The results of this study show the scope of the King of the Hammers impact in terms of direct visitor spending and operations, as well as total economic impacts, including employment, household income, and fiscal (tax) impacts.



# KEY FINDINGS



# Economic Impact of the King of the Hammers

## Key Findings

### Direct Spending Impacts

King of the Hammers in Johnson Valley, California generated significant economic impact as Hammering Productions and other stakeholders spent money in the local economy to sustain operations of the event including spending on event set up, media production, merchandise, advertising and promotion, and staffing.

In addition, out-of-town competitors, spectators, and media spent money while attending the King of the Hammers, and at off-site establishments during their stay in San Bernardino County, including local restaurants, hotels, retailers, and recreation/entertainment venues.

King of the Hammers generated an estimated \$24.9 million in direct spending in 2023.

### Summary Direct Impacts

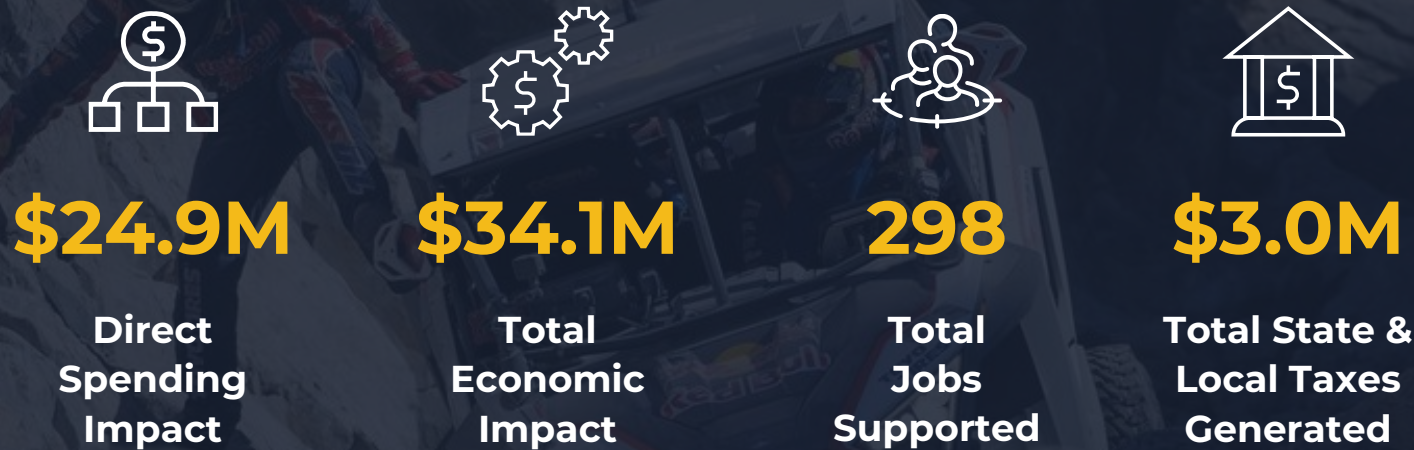


### Total Economic Impact

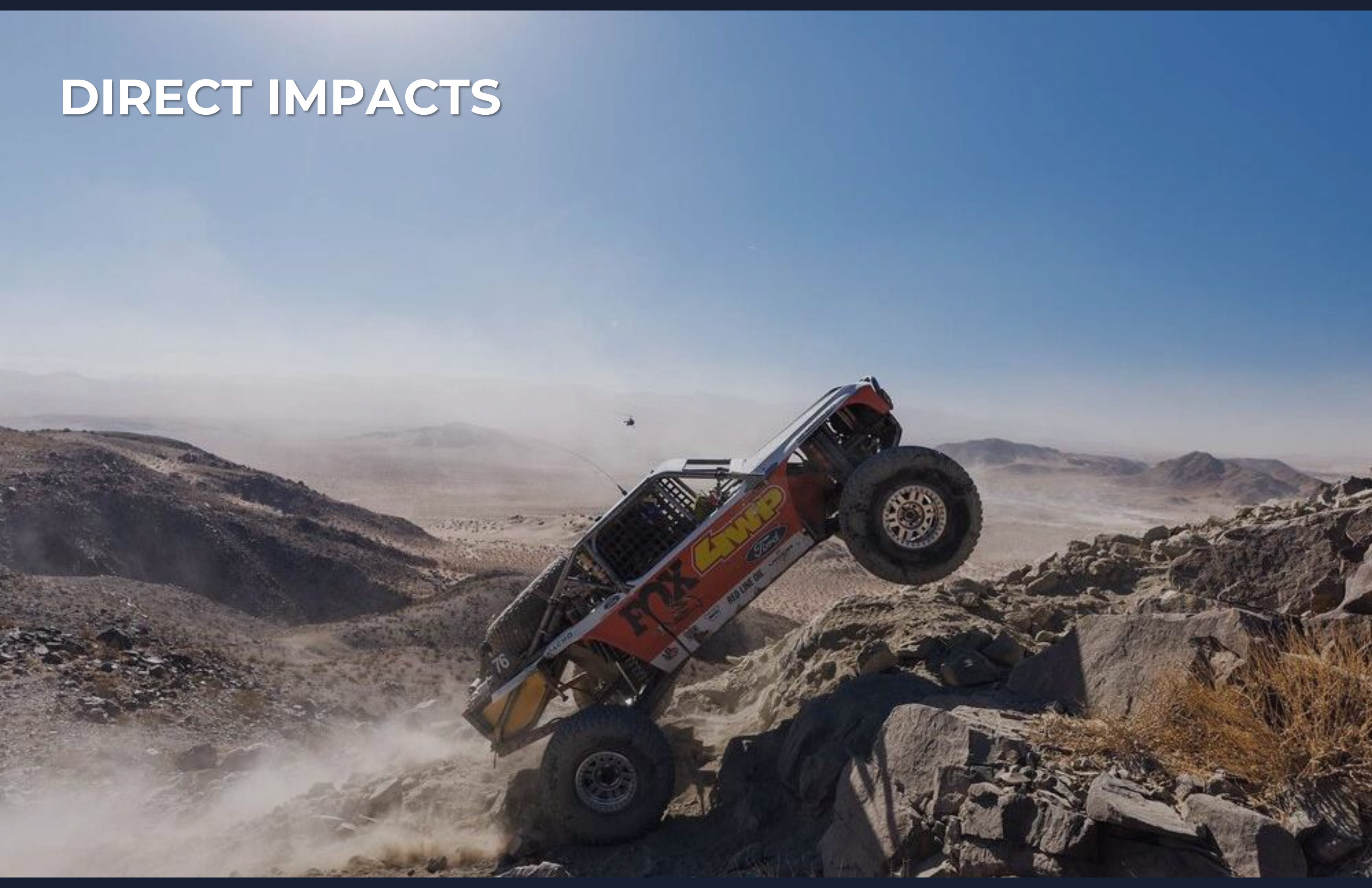
King of the Hammers' direct spending impact of \$24.9 million generated a total economic impact of \$34.1 million in the local economy, which supported 298 part-time and full-time jobs and generated \$3.0 million in state and local taxes.



### Summary Economic Impacts King of the Hammers (2023)



# DIRECT IMPACTS



# DIRECT IMPACTS

The King of the Hammers generated \$24.9 million in direct spending impacts in the local community.

This section outlines the King of the Hammers direct impacts, which ultimately serve as inputs for the economic impact model. The King of the Hammers direct impacts are separated into two spending categories:

- 1. King of the Hammers’ operational spending
- 2. Spending at off-site establishments in the local economy by competitors, spectators, and media

Details for each category are provided on the following pages.

## Direct Impacts – Operational Spending

Hammerking Productions spent \$6.6 million in operational expenditures in the local economy when it hosted the King of the Hammers in 2023. Expenses included event set up, media production, merchandise, advertising and promotion, and staffing, among others.

Expenses that leave the local economy, such as competitor prize money, are excluded from the analysis.

King of the Hammers Operational Spending (2023)  
(\$ millions)

Operating expenses	\$6.6
Event Set Up Expenses	\$3.7
Media Production	\$1.2
Advertising & Promotion	\$0.1
Other Expenses	\$1.5

Sources: Hammerking Productions

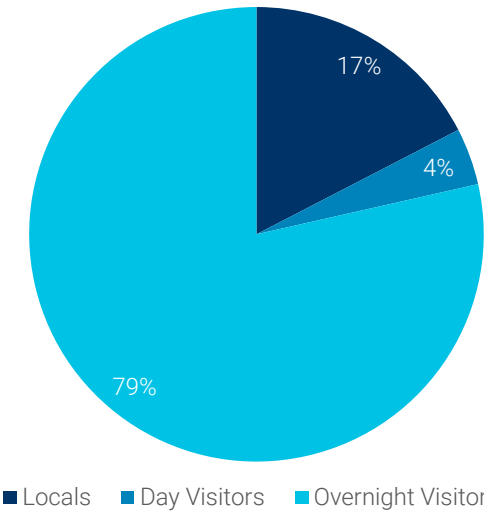
Note: totals may not sum due to rounding.

## Direct Impacts – Off-Site Participant and Spectator Spending

The King of the Hammers welcomed 141,100 competitors, spectators, and media throughout the 11-day event .

Approximately 83% (or 116,500) of the 141,100 King of the Hammers competitors, spectators, and media originated from outside San Bernardino County – 79% of all attendees stayed in the area overnight and 4% visited for the day.

King of the Hammers Competitor, Spectator, and Media Origin (2023)



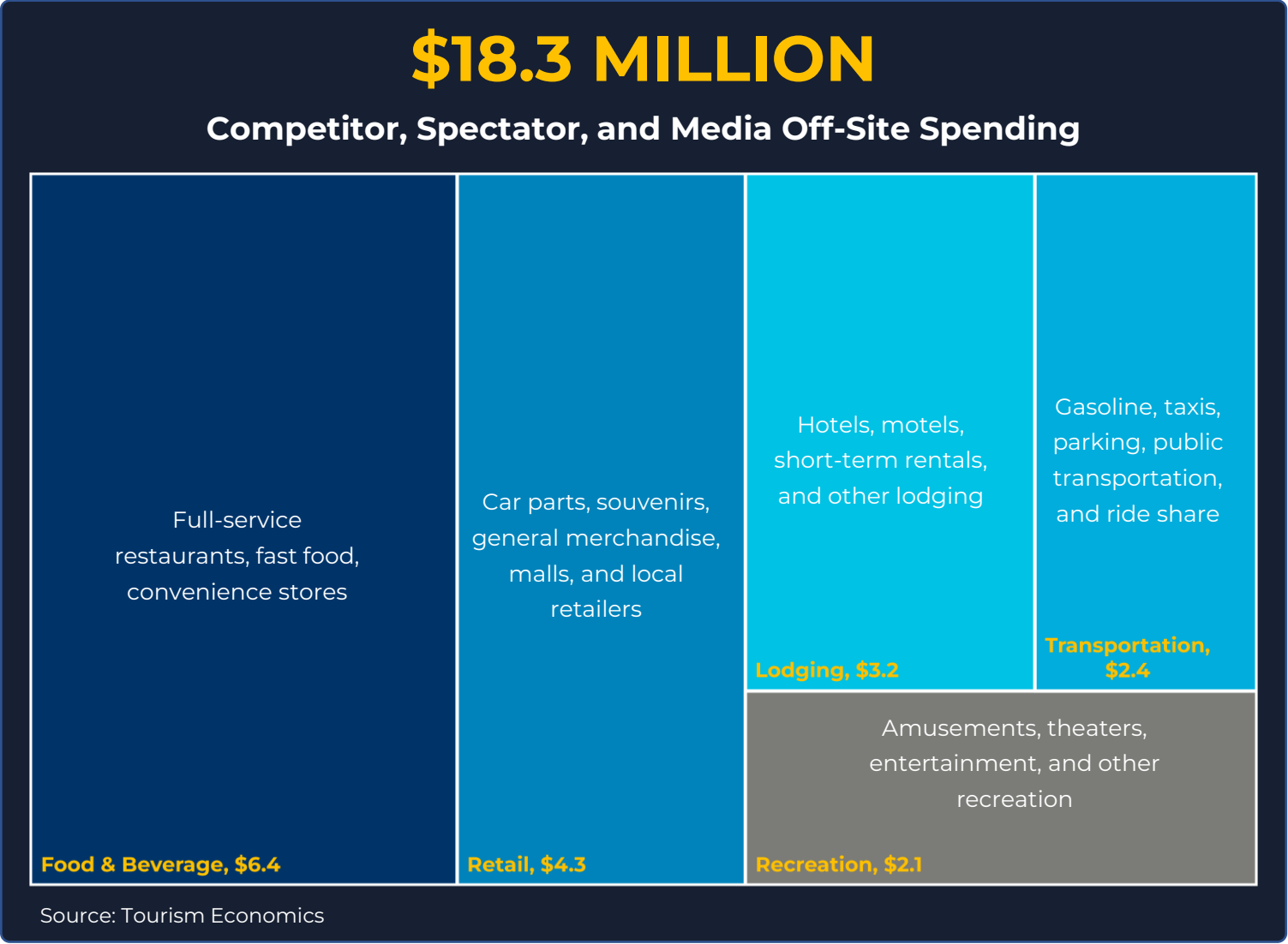
Sources: Hammerking Productions

Direct Impacts – Off-Site Participant and Spectator Spending

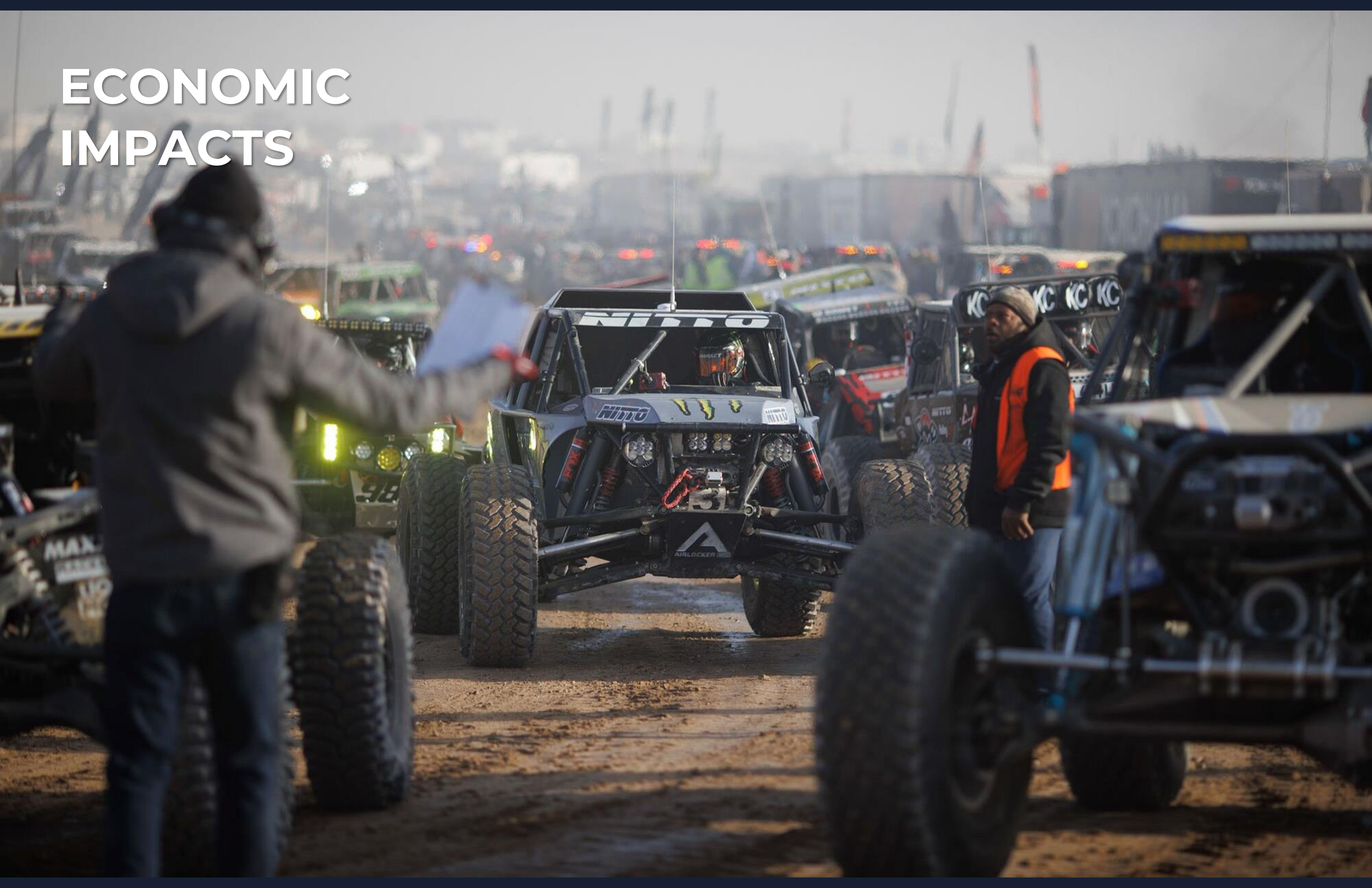
The 116,500 out-of-town competitors, spectators, and media spent \$18.3 million in the local economy during the King of the Hammers.

King of the Hammers competitors, spectators, and media spent \$18.3 million at off-site establishments in the local economy, including local restaurants, hotels, retailers, and recreation / entertainment venues.

Given the significant number of participants and spectators that camped during their stay in San Bernardino County, the amount of time participants and spectators spent on-site (either at the race or post event entertainment), and the variety of concessions and merchandise offered on-site at Hammertown, the off-site spending in the local economy by participants and spectators was somewhat limited.



# ECONOMIC IMPACTS



# Economic Impacts Methodology

Tourism Economics estimated the economic impacts of the King of the Hammers’ direct spending using regional Input-Output (I-O) model based on a customized IMPLAN (www.implan.com) model for the San Bernardino County economy. IMPLAN is recognized as an industry standard in local-level I-O models.

An I-O model represents a profile of an economy by measuring the relationships among industries and consumers to track the flow of industry revenue to wages, profits, capital, taxes and suppliers. The supply chain is traced as dollars flow through the economy, representing indirect impacts. The model also calculates the induced impacts of spending. Induced impacts represent benefits to the economy as incomes earned as a result of direct spending are spent in the local economy, generating additional sales, jobs, taxes, and income.

The modeling process begins with aligning the direct expenditure measurements with the related sectors in the model (e.g. hotels, restaurants, retail, and recreation). The model is then run to trace the flow of these expenditures through the economy. In this process, the inter-relationships between consumers and industries generate each level of impact.

IMPLAN calculates three levels of impact – direct, indirect, and induced – for a broad set of indicators.

These include the following:

- Business sales (also called gross output)
- Household income (including wages and benefits)
- Employment
- Federal taxes
- State and local taxes

## ECONOMIC IMPACTS FRAMEWORK

### DIRECT IMPACTS

King of the Hammers contribution measured by expenditures & off-site visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

### INDIRECT IMPACTS

Purchases of inputs from suppliers



SUPPLY CHAIN EFFECTS



B2B GOODS & SERVICES PURCHASED

### INDUCED IMPACTS

New consumption generated by household income impacts



INCOME EFFECT



HOUSEHOLD CONSUMPTION

### TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



GDP



JOBS



INCOME



TAXES

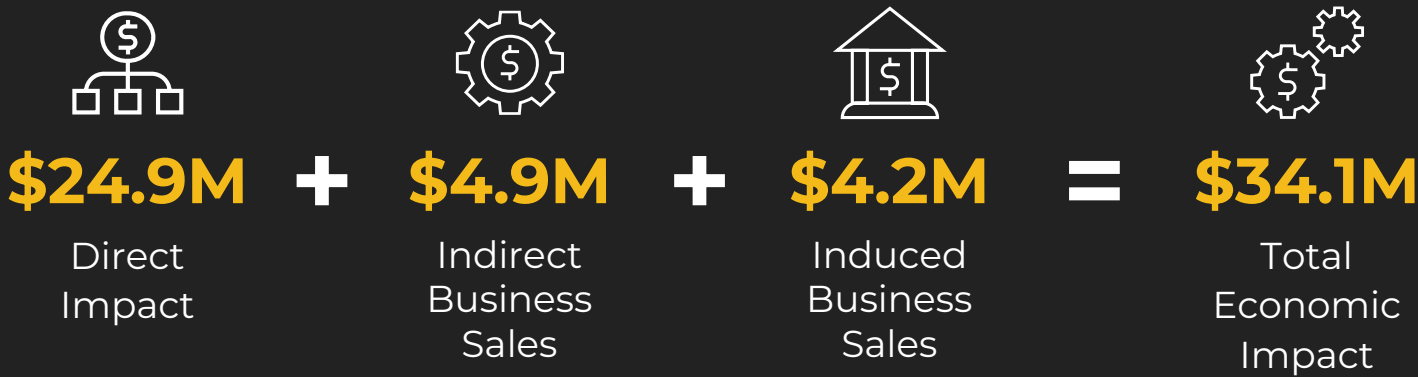
# Economic Impacts

## Business Sales by Industry

The King of the Hammers generated a total economic impact of \$34.1 million in San Bernardino County in 2023.

The \$24.9 million in operational spending and off-site spending by out-of-town competitors, spectators, and media generated \$4.9 million in indirect expenditures (purchases of inputs from suppliers) and \$4.2 million in induced expenditures (new consumption generated by household income impacts), resulting in a total economic impact of \$34.1 million.

### Business Sales Impacts (2023)



Note: totals may not sum due to rounding.

### ECONOMIC IMPACTS

#### BUSINESS SALES BY INDUSTRY (\$ MILLIONS), 2023

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$24.91	\$4.95	\$4.22	\$34.07
By industry				
Food & Beverage	\$6.61	\$0.22	\$0.41	\$7.24
Recreation and Entertainment	\$4.32	\$0.71	\$0.03	\$5.07
Retail Trade	\$4.31	\$0.09	\$0.41	\$4.81
Finance, Insurance and Real Estate	\$1.49	\$1.22	\$1.45	\$4.16
Business Services	\$1.95	\$1.16	\$0.22	\$3.33
Lodging	\$3.15	\$0.00	\$0.00	\$3.15
Other Transport	\$1.22	\$0.33	\$0.11	\$1.66
Education and Health Care	\$0.40	\$0.02	\$0.85	\$1.28
Wholesale Trade	\$0.63	\$0.22	\$0.12	\$0.97
Gasoline Stations	\$0.82	\$0.01	\$0.03	\$0.85
Personal Services		\$0.24	\$0.28	\$0.51
Communications		\$0.24	\$0.08	\$0.32
Construction and Utilities		\$0.22	\$0.09	\$0.31
Government		\$0.20	\$0.11	\$0.30
Manufacturing		\$0.07	\$0.02	\$0.09
Air Transport		\$0.00	\$0.01	\$0.01
Agriculture, Fishing, Mining		\$0.00	\$0.00	\$0.00

Source: Tourism Economics  
Note: totals may not sum due to rounding.

# Economic Impacts

## Employment Impacts by Industry

The King of the Hammers generated a total employment impact of 298 part-time and full-time jobs in San Bernardino County in 2023.

The King of the Hammers operational spending and off-site spending by out-of-town competitors, spectators, and media directly supported 230 full-time and part-time jobs. Indirect and induced impacts generated 39 indirect jobs and 29 induced jobs.

Economic Impacts  
Employment Impacts by Industry, 2023 (number of jobs)

	Direct Employment	Indirect Employment	Induced Employment	Total Employment
Total, all industries	230	39	29	298
By industry				
Food & Beverage	82	3	5	90
Recreation and Entertainment	63	10	1	73
Lodging	32	0	0	32
Business Services	15	11	2	28
Retail Trade	18	1	4	23
Other Transport	11	3	1	15
Finance, Insurance and Real Estate	5	6	2	12
Education and Health Care	4	0	8	12
Personal Services		2	4	6
Wholesale Trade	0	1	0	2
Government		1	0	1
Gasoline Stations	1	0	0	1
Construction and Utilities		1	0	1
Communications		0	0	0
Manufacturing		0	0	0
Air Transport		0	0	0
Agriculture, Fishing, Mining		0	0	0

Source: Tourism Economics  
Note: totals may not sum due to rounding.

# Economic Impacts

## Labor Income Impacts by Industry

The King of the Hammers generated \$10.5 million in total labor income in San Bernardino County in 2023.

The King of the Hammers operational spending and off-site spending by out-of-town competitors, spectators, and media generated \$7.5 million in direct personal income, \$1.7 million in indirect labor income, and \$1.3 million in induced personal income, resulting in \$10.5 million in total labor income in 2023.

Economic Impacts  
Labor Income Impacts by Industry, 2023 (\$ millions)

	Direct Personal Income	Indirect Personal Income	Induced Personal Income	Total Personal Income
Total, all industries	\$7.51	\$1.71	\$1.32	\$10.54
By industry				
Food & Beverage	\$2.27	\$0.10	\$0.16	\$2.53
Recreation and Entertainment	\$1.68	\$0.27	\$0.01	\$1.97
Lodging	\$1.36	\$0.00	\$0.00	\$1.36
Business Services	\$0.56	\$0.52	\$0.10	\$1.18
Education and Health Care	\$0.22	\$0.01	\$0.47	\$0.70
Other Transport	\$0.49	\$0.16	\$0.05	\$0.70
Retail Trade	\$0.52	\$0.03	\$0.15	\$0.69
Finance, Insurance and Real Estate	\$0.34	\$0.19	\$0.08	\$0.62
Personal Services		\$0.15	\$0.17	\$0.33
Government		\$0.10	\$0.04	\$0.14
Wholesale Trade	\$0.02	\$0.06	\$0.03	\$0.12
Construction and Utilities		\$0.05	\$0.02	\$0.07
Communications		\$0.05	\$0.01	\$0.06
Gasoline Stations	\$0.04	\$0.00	\$0.01	\$0.06
Manufacturing		\$0.01	\$0.00	\$0.02
Air Transport		\$0.00	\$0.00	\$0.00
Agriculture, Fishing, Mining		\$0.00	\$0.00	\$0.00

Source: Tourism Economics  
Note: totals may not sum due to rounding.

# Fiscal Impacts

## Tax Generation

The King of the Hammers generated \$5.1 million in federal, state, and local governmental revenue.

The King of the Hammers operational spending and off-site spending by out-of-town competitors, spectators, and media generated a total fiscal (tax) impact of \$5.1 million.

The State of California government collected \$2.0 million, and the local government collected \$1.0 million as a result of the King of the Hammers in 2023.

Fiscal Impacts  
State and Local Tax Revenue, 2023 (\$ millions)

	State	Local	Total
Total taxes	\$1.99	\$0.98	\$2.97
Sales	\$1.47	\$0.14	\$1.61
Bed Tax	\$0.01	\$0.28	\$0.28
Personal Income	\$0.30	\$0.00	\$0.30
Corporate	\$0.07	\$0.00	\$0.07
Social Insurance	\$0.05	\$0.00	\$0.05
Excise and Fees	\$0.07	\$0.09	\$0.17
Property	\$0.03	\$0.47	\$0.49

Source: Tourism Economics

Note: totals may not sum due to rounding.

FISCAL IMPACTS  
TOTAL TAX REVENUES (\$ MILLIONS), 2023

	Direct	Indirect / Induced	Total
Total Tax Revenues	\$3.76	\$1.35	\$5.11
Federal	\$1.51	\$0.62	\$2.14
Personal Income	\$0.56	\$0.23	\$0.78
Corporate	\$0.09	\$0.06	\$0.15
Indirect Business	\$0.10	\$0.04	\$0.14
Social Insurance	\$0.77	\$0.31	\$1.07
State and Local	\$2.25	\$0.72	\$2.97
Sales	\$1.19	\$0.43	\$1.61
Bed Tax	\$0.28	\$0.00	\$0.28
Personal Income	\$0.21	\$0.09	\$0.30
Corporate	\$0.04	\$0.02	\$0.07
Social Insurance	\$0.03	\$0.01	\$0.05
Excise and Fees	\$0.12	\$0.05	\$0.17
Property	\$0.37	\$0.12	\$0.49

Source: Tourism Economics

Note: totals may not sum due to rounding.

## About the Research Team



Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics employs 400 full-time staff, including 250 professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.

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