

# Long Beach

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## Start Your Engines Long Beach

City's Top Event In Its 37th Year



Jim Michaelian, president and CEO of the Grand Prix Association of Long Beach, is pictured with the Toyota pace car at the Aquarium of the Pacific, site of turns 2 and 3 of the race course. (Photograph by the Business Journal's Thomas McConville)

■ By **TIFFANY RIDER**  
Staff Writer

**N**o doubt it's fun and it's exciting. After all, it's a week-long party atmosphere throughout the downtown area that stretches to other parts of the city. But most importantly to city officials and business owners, the annual running of the Toyota Grand Prix of Long Beach makes the cash registers ring loudly.

"Right now, given the economic climate, it's probably even more important than it has been in some years in terms of what it does," says Jim Michaelian, president and CEO of the Grand Prix Association of Long Beach, says.

Throughout its 37 years, the race has waded through the ebb and flow of the economy as a flagship event for the city.

Previous reports have estimated the economic impact to the city from the race at about \$25 million, although Michaelian cites a recent news brief suggesting the impact to be in the \$30 million to \$35 million range. He says the Grand Prix Association is looking at commissioning another economic impact study in the next year

or two. "It's probably time now that the economy has gotten a little better," he says.

Factors in determining economic impact include hotel bookings, restaurant attendance and retail sales. Steve Goodling, president and CEO of the Long Beach Convention and Visitors Bureau (CVB), says Long Beach hotels, including those near the airport, are projecting a sold-out weekend, which hasn't happened in the past couple of years. "The Grand Prix weekend is an audience for us because they're race enthusiasts," Goodling says. "They love to spend money downtown."

The CVB directs race attendees to other areas of the city – Belmont Shore, Bixby Knolls and other neighborhoods – through its Web site. The Web address is to be painted along one of the racecourse turns, according to Goodling, with the idea that the broadcast of the race will highlight [www.visitlongbeach.com](http://www.visitlongbeach.com).

Another part of the city-race relationship is the representation of the city's image to attendees and the television audience, Michaelian says. Viewers get to see an iconic image of Long Beach on their home screens each year – the cars coming down



At last year's Toyota Grand Prix of Long Beach, Ryan Hunter-Reay, the newest member of the Andretti Autosport quartet, took the checkered flag and became the first American to win at Long Beach since Andretti in 2002. After the race, Hunter-Reay said, "This is the 'Indy 500' of street courses. I've been watching this race since I was a little kid. To do it right now – the timing is unreal. We've been working so hard on this IZOD car and on this team. (Photograph of the winning driver and team by the Business Journal's Thomas McConville)

Shoreline Drive with the Queen Mary, Rainbow Harbor and the Port of Long Beach as a backdrop. Race attendees who return year after year get to see how the city has evolved through continuing infrastructure improvements and attractions in the downtown area.

The CVB uses this concept to showcase the city to marketing executives from organizations, trade shows and conventions during race weekend. According to Goodling, the CVB is hosting a select group of 25 meeting planners representing potential clients from all over the U.S. to enjoy the races and to market the city as a great place to host events. "When they come into the city, they come in two days early. We take them around and show them the various hotels and things to do in our city, and then, of course, we go right into Grand Prix weekend. . . . It really is a great opportunity for us to showcase the city, and we have also used it to sell the city."

Michaelian calls the third element of the city-race relationship "esprit décor," meaning, the city's confidence to stage large events on a routine basis.

Because of the Grand Prix race, the annual Long Beach Marathon, the Olympic Swim Trials in 2004 and the New Year's Eve extravaganza with Travis Pastrana in 2009, Michaelian says the city has achieved that confidence. "It says to people who are looking for a place to conduct an event, that Long Beach is a city that gets it," he says. "The city has achieved a substantial reputation for being adaptive and assisting in putting on these kinds of events. I think every year when our event, as well as the marathon, comes back, it reinforces this whole idea."

### **Celebrating Longstanding Sponsorship**

A successful method of retaining sponsorship, Michaelian says, is by signing multi-year contracts with sponsors, thus bringing continuity to the race and preventing the Grand Prix Association from having to reenter the marketplace every year.

"When you run into situations like we had in '08 and '09 and, to a certain degree, '10, when the economy starts to turn down, the impact it has on us, from a sponsorship level, is minimal because you have agreements that extend over those periods of time. That was very beneficial to us."

On top of that, these extended contracts help the Grand Prix Association better understand the marketing needs of sponsors, what their objectives are and what the organization can deliver. "The result? Toyota has been here at this race for 37 years," Michaelian says. "It's the longest continuously running sports sponsorship on record. They've been the entitlement sponsor here since 1980. That, too, is the longest running entitlement sponsorship relationship on record. And then Firestone and Bridgestone have been here 25 or so years. Tecate has been here for 10 years. King Taco has been here for over 10 years.

"We didn't sign them originally for 37-year contracts. What happens is that as people begin to perceive the value of the relationship, then renewing them and turning those deals over, we can do that on a three- to five-year basis, and everybody understands that there's an actual benefit that accrues from doing that." And Michaelian says sponsors are happy not only with presence at the venue – signage and cars on display – but all of the pre-race promotions and marketing opportunities for selling products and providing services that allow sponsors to justify the level of financial support associated with the Toyota Grand Prix of Long Beach.

Sponsorship levels are determined by what assets are provided to the sponsor, and Michaelian says the Grand Prix Association's method for seeking a sponsor is to first ask sponsors what they're trying to accomplish, and then try to tailor each sponsorship package to fit what their particular objectives are in the market. Sponsorship levels can be as high as entitlement, such as Toyota, to a company looking for bridge signage and a pre-race

activation program to something smaller. “The key there is trying to understand exactly what their objectives are and seeing what we can do in terms of being able to fulfill those around the event,” Michaelian says.

### **Race Attendance Remains Steady**

Michaelian has been with the Grand Prix Association for all 37 years, from when it was in its humble beginnings as a six-person operation to now heading up the organization that produces what’s called the nation’s premier street race. This year, Michaelian says the Toyota Grand Prix is expected to draw about 175,000 people, a number comparable to last year’s event attendance.

There have been fluctuations over the years as far as the structure of the series, Michaelian says, with the race beginning as a Formula One event attracting more than 200,000 people, switching to IndyCar in 1984 with a reduced crowd and the eventual split of IndyCar and Champ Car. With IndyCar and Champ Car reuniting in 2008, attendance numbers are trending up again, he says, “and part of it is that the series is now unified and there’s no confusion between those guys that run in Indy and the other guys . . .”

Another factor is the growth of the Hispanic audience over the past decade, he says. According to the Grand Prix Association, the race’s audience in 2000 was six percent Hispanic. “That has been a very deliberate process that we’ve engaged in along with drivers of Hispanic background to try to attract the larger Hispanic audience,” Michaelian says. “Tecate came on board back in 2002 and has been a big asset in that regard. We have the Hispanic concerts on Friday, so Friday night has become Fiesta Friday, which is created a renewed interest in Hispanic music here. So as a consequence of that, we built that audience from virtually nil to nearly 30 percent.”

That same philosophy holds with drifting, which has a strong Asian American following, Michaelian says. “We went after drifting and said, ‘You know what? That’s an audience we don’t have. That’s an audience that we want,’” he says. “But you can’t sell them to come until you give them something they can relate to. It’s like the Hispanic drivers. When we didn’t have any Hispanic drivers, like Adrian Fernandez and Mario Dominguez, you could go to them and talk to them and run ads in Spanish newspapers, Spanish radio, but what do they relate to? What are they coming for?”

This year’s focus for the Toyota Grand Prix of Long Beach is family friendliness, catering beyond its younger generations to those who are becoming parents, Michaelian says. “What we have found . . . is the proliferation of family units. . . . Part of it is, obviously, the economic aspect, but simultaneous to that we’re looking to see what we can do in terms of enhancing their experience while they’re here for the kids, for mom, for dad [and] for everybody.” This year marks an expansion of the family fun zone in the Long Beach Arena, adding activities like rock climbing, a mini go-kart track, skateboarding and BMX biking demonstrations, along with a 200-foot indoor zip line, which is being introduced for the first time ever at a motorsports event.

In previous years, the Grand Prix Association was doing promotions with local radio station KROC to put younger bands on the Saturday night concert lineup. Last year the organization tied the concert to a different station, KLOS, catering to a broader audience with Cheap Trick headlining the Saturday show. The trend continues this year with John Kay & Steppenwolf. “It’s a part of that whole package of entertainment. It’s not that everybody’s going to come to the concert; hopefully people see that as added value. There’s no extra cost for it. As you’re walking out on Long Beach Boulevard, at the end of Friday or Saturday, there they are. Huge stage presentation, and if you want to stop and partake, go right ahead. But that’s just part of what this whole experience is all about.”

This year, ticket prices for the race increased about two percent across the board after remaining level for four years. “We anticipated in ’07, ’08, ’09 and ’10 that the economy probably couldn’t justify an increase. Fortunately for us, that supposition turned out to be correct. So this year, we looked at it and made some marginal increases.” The Grand Prix Association remains true to its policy allowing children under age 12 free admission with a ticketed adult, as well as the opportunity to roam the paddock area throughout race weekend.

“The story to be told [is] Long Beach is the city on the move, but we’re not just saying that,” Michaelian says. “Every year when you come back to the race, you see it. Another building is up, another restaurant is open, another activity is taking place. All of these are indications that this is not a stagnant city – this city is growing.” ■