

DESTINATION RACES: ATTRACTING RUNNERS IN TOUGH ECONOMIC TIMES

O’Roark, J. Brian
Robert Morris University

ABSTRACT

In recent years all entertainment ventures have been forced to become more creative in attracting a clientele. Running is no different. Entry fees for races of all distances have been rising due to increased management costs be they traffic control, timing services or prize money to attract racers. One approach to drawing a participant base is to create a race weekend. This includes pre and post race events at enticing locations along with providing a theme for the race. These so-called “destination races” are typically more expensive than your average race, but include many more perks. This case study will examine the efforts of Destination Races, a Sonoma, California based company, as a way to successfully package a race in difficult economic times, and in an extremely crowded market.

INTRODUCTION

Mile ten was fast approaching. The race thus far had been as advertised, and the weather had been remarkably accommodating. Virginia in June had the potential of being oppressively humid, but a welcomed cool spell was just what the race-doctor ordered. Even so, after ten miles of running James was beginning to question his decision to enter this race. At the start, well over an hour ago, the rumor was spread that there would be a wine stop around this distance. It sounded like a good idea at the time, after all, this was the Virginia Wine Country half marathon, but with three miles still to go, stopping for a small paper cup, half full of one of the local vintner’s potables was not remotely appealing.

Then he saw it. It looked like a lemonade stand sans the kids. Three women in their early forties were busily filling cups, smiling, and yelling encouragement to the crowds of runners who were filing by. The early participants, those who were there trying to set a personal best in the race had ignored the stand entirely. As the majority of the pack came into view though, there were more takers. Laughter and light conversation replaced the Zen-like focus of the front-runners and the volunteers struggled to keep up with the requests for “vino!”

James succumbed to the joviality surrounding him. He accepted a cup as it was thrust into his hand, turned and toasted three miles to go with a stranger who despite the effort of the event seemed entirely pleased with the circumstances in which she found herself. Groups of strangers and friends mixing racing and wine in the scenic hills of northern Virginia might sound absurd to most people. To James, the idea, planted in his head by a cousin during Thanksgiving, to run a half-marathon itself seemed preposterous at the time. But if all races were like, this, he would have to consider running again. The long months of training had been well worth it, and this destination race had certainly lived up to its billing.

DESTINATION RACES

When economic conditions started heading south in 2005, one of the sectors that was hardest hit was travel and tourism (Commerce, 2010). With less disposable income, it was understandable

that vacations and general trip-taking would suffer. Yet, a company called Destination Races, begun in 2004, determined that expansion was in the cards. Their slogan “Cool races in beautiful places” sets the tone for each weekend they organize.

Destination Races is based out of Sonoma California. Their objective is simple. Provide a race experience rather than a race in a place people might actually want to travel to rather than a local event. Destination Races explains their history on their website (destinationraces.com).

The Napa-to-Sonoma Wine Country Half Marathon was born on July 11, 2004 as 1,200 participants ran from Napa through the Carneros wine region into Sonoma Plaza before gathering for the post-race Wine & Music Festival. With that very first event our vision started to take shape. Today, our boutique-style events are revered by thousands of runners and wine enthusiasts from all over the world. We produce memorable destination running experiences that celebrate life. Each race has its own unique characteristics but all run through scenic wine regions and feature accompanying wine and food themed events showcasing the local bounty. At Destination Races it's about quality, not quantity. All our races have limited fields and sell out early, by design. We view our customers as our family and friends, and we look forward to each future gathering.

Cool Races in Beautiful Places. A slogan so simple, yet with layers so complex, as with a fine glass of wine.

However, making a long distance trip to run means that the race distance must be worth traveling for. Even the most slavish of runners is unlikely to spend hundreds of dollars for a five kilometer run (more commonly known as a 5K, this race is 3.1 miles). Thus, Destination Races targets a different running clientele. Races are of the half-marathon variety, 13.1 miles, and provide a weekend's worth of entertainment to participants and observers alike. In addition to the wine samples along the course, most Destination Race weekends include a variety of monetary awards and wine prizes for age group winners.¹ In addition to the individual races, team competitions are also held, where a team of three to five runners take their aggregate time to determine the fastest team. Some races even have prizes for the best costumes donned by a runner during a race.

Part of the draw of a destination race is that the races are built as events. There are post-race wine tastings from local wineries available to runners and spectators alike. For an additional fee, pre-race pasta dinners and after parties are held at local restaurants or wineries and made known to the runners through the registration process. Destination Races also organizes tours of the local area, sometimes through wine country sites, other times through historical areas near the race. Additionally, all-inclusive race packages are available for most events. This includes hotel accommodations, admission to pre and post race meals along with tours of the local landscape. These packages are available at a slight discount over the ala carte purchases and provide the added incentive of early registration.

Charity groups find a home in these races as well. Team discounts are offered for groups raising money for a variety of causes.

Of course, there is an extensive merchandising effort. Race specific and general Destination Races merchandise are ubiquitous not only on race weekend, but in the follow up emails after the event. They further market their brand by offering merchandise at their online store. Here customers can purchase men's and women's apparel decked out with the Destination Race logo

or particular race logos. Additionally, poster art and wine glasses emblazoned with race logos are available.

The website further provides access to a newsletter, along with a link to sign up for email announcements, where information about races – their openings, how quickly they are filling up, pictures and videos of past events – along with contest winners is provided.

Destination Races introduces the races as a series. Currently there are five races in the series, four of which are in the Pacific time-zone. Each race description provides insight for the potential runners with a scenery rating and fun factor along with a difficulty rating. These numbers are determined by polling previous runners, another reason to keep email addresses on file and keep the destination races in the minds of past participants. These races, along with their ratings and entry fees are shown in Table 1.

TABLE 1: Destination Race information

Location	Years	Entry fee	Scenery Rating	Difficulty Rating	Fun Factor	Field Limit
Santa Barbara	2007 - 2011	\$90-100	4.6	2.5	4.8	3000
Napa to Sonoma	2004 - 2011	\$125	4.6	2.4	5	3200
Oregon	2010 - 2011	\$90	4.7	2.8	4.9	2500
Healdsburg / Santa Rosa	2008 - 2011	\$115	4.9	2.6	5	2000
Virginia	2011	\$118-138	4.8	2.2	4.9	2200

*Entry fees depend on what is included. Some races include wine tasting others require an additional payment for this component.

The entry fees for these races are higher than the average \$62 entry fee for half marathons, (Stevenson, 2011) but the atmosphere encompassing the race, the event like aura, helps to make this more palatable for entrants. Each race is also capped at a few thousand participants that serves as a mechanism to drive early registration and add a cache factor.

Of course, as part of the marketing of races, Destination Races uses their position to connect with firms who wish to advertise to an active, higher income customer base. They state that:

Destination Races attracts a desirable demographic of “active-lifestylers” who travel and spend their discretionary income on products and services that support their ideals and passions. Our events have a relaxed wine country ambience that fosters customer interaction and positive results for our clients.

Our philosophy of “quality over quantity” holds true in every aspect of our business.

Destination Races is seeking partnerships with sponsors and suppliers that share our commitment to quality. Our loyal customers expect more from us....it’s our obligation and commitment to deliver.

RUNNING IN AMERICA

The first American running boom it is agreed began after Frank Shorter won the Olympic marathon in 1972. Millions of Americans began looking at running in a different light, as a

means of exercise and challenging oneself to go further and faster. In the 1980s, the fire began to dim and running shoes were replaced with cell-phones and video games.

Today, what some call the second great running boom has a much different feel. While there are more runners numerically, finishing more races, and filling out the openings in races from 5K through marathon at a record pace (most notably the 2010 Boston Marathon filled its nearly 30,000 openings in less than 24 hours), finishing times on average are slower than they were ten years ago, with the average male finishing in a time over two hours and the average female finishing in over two hours and nineteen minutes (Running USA, 2011). The New York Times reported on this phenomena noting that:

There may be twice as many runners now as in the 1970's, according to USA Track and Field, the sport's national governing body. But today's runners are older and slower than those in the earlier boom. The average age for male marathoners rose from 34 years old to 38 from 1980 to 1995, USA Track and Field says; for women, the average age increased from 31 to 35. The average finishing time in the 26.2-mile race has risen, too, from 3 hours 32 minutes to 3:54 for men and from 4:03 to 4:15 for women.

Although race participation has increased fourfold since the early 1980's, runners are now more concerned with overall fitness than with race performance. The goal of many runners is simply to finish a marathon, not to finish in under three, or even four, hours. Running is often incorporated as part of a cross-training regimen that might include two days a week on the roads and three in a gym. The aim is often not to run a personal best in a race, but to run for charitable causes or to take control of one's life by losing weight or reducing stress. (Longman)

Similarly, according to the runningusa.com State of the Sport report in 2010, and shown in Table 2, the number of people finishing half marathons has risen dramatically.

Table 2: Runner who completed a half-marathon.

Year	Participants
1990	303,000
1995	420,000
2000	482,000
2004	612,000
2005	658,000
2006	724,000
2007	796,000
2008	900,000
2009	1,113,000
2010	1,385,000 (record high)

The push to run half-marathons is reiterated by the 2009 National Runner Survey conducted by Running USA. After surveying more than 11,000 “core runners” nationwide they found

that 73% of them were interested in entering a half-marathon in 2010 and they ranked the half-marathon as their favorite race distance, by a long shot (35% vs. 19% for the 5K). In addition, those runners who had participated in the half-marathon in the last

two years ran approximately 4 days per week and trained over 27 miles per week. They also purchased approximately 3 pairs of running shoes each year. (Running USA)

This is the target audience of Destination Races. According to the National Runner Survey:

The Second Running Boom, despite the slow U.S. economy, continued in 2010 with an estimated 13 million [race] finishers nationwide, an all-time high, and the largest percent increase (10%) in road race finishers that Running USA has ever reported to-date. Fueling this growth is the increase in half-marathon, 5K and marathon finishers, female finishers, the increase in charity running and a growing interest in the sport from the general population.

Put simply, more and more Americans are finding that running is an inexpensive, convenient, social sport to help them stay healthy and to tackle a new challenge or goal. As Running USA's National Runner Survey reported, today's runners are motivated to stay in shape, stay healthy, have fun and relieve stress. As new and returning runners enter the sport and road races, we will continue to see a tremendous amount of growth in overall finisher totals, as experienced in the last two years.

For Destination Races, tapping into this growing boom has proved to be part of the success of the company. But in this crowded space, Destination Races has had to set itself apart from the significant competition.

COMPETITIVE ADVANTAGE

The market for races is extremely competitive. From early spring through late fall there are a myriad of options for runners from 5K through marathon distances. For those willing to travel there are races year round. This makes starting a race an issue of not only logistics – how to time a race, either hiring a timing company, using timing chips, or stop watches, traffic control, numbering of runners, prizes, post race refreshments, in-race water stops, tee-shirts for contestants – but also of marketing. Fund raising races for an infinite number of causes are the norm so the idea of running a 5K to raise money for the volunteer fire department or a marathon for cancer research (for instance the “26.2 with Donna” marathon in Jacksonville, Florida) are all competing for the attention of runners.

Determining the ability of a firm to set itself apart from the competition is a subject that has been intensely studied in the marketing literature. (See among many others McKercher 1998, Miller and Henthorne 2006, McKercher and Guillet 2011, Cox and Wray 2011, Shirazi and Som 2011, Trembath, Romaniuk, and Lockshin 2011).

Destination Races has sought to establish their product as different from all other race events. They have singled in on a particular distance with a significant interest. They have targeted a consumer group of higher income participants willing to travel. Perhaps most importantly, they have tied their races to a non-race identity – wine.

BRAND POSITIONING

Destination Races has also begun to establish its brand in the crowded space of race marketing. Keller (1993) says that positive consumer-based brand equity occurs when consumers “react more favorably to an element of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to ... an unnamed version” (p. 1). This is what Destination Races has done as word has spread about the kind of weekend they put together.

Lassen, Kunde, and Gioio (2008) propose that firms with limited budgets, like firms starting up and operating in uncertain economic times, must understand the reasons why a consumer would choose them over a competitor. The unique aspects of the packages sold by Destination Races as well as the clientele upon whom they focus their marketing efforts reveal an understanding of this proposal. Nandan (2005) notes that the brand must be perceived as “addressing consumer needs better than the competition” (p. 270). Apostolopoulou and Biggers (2010) also focus on the needs of the firm to position itself in a crowded market. The authors look at the strategy the New Orleans Hornets have adopted to position themselves in a city with plenty of alternatives and a spotty history of supporting professional sports teams. The need, they say, is for the team to create opportunities for teams to interact with fans to improve fan loyalty. The degree of interaction between race organizers and runners at Destination Races events, and the relatively small participation rate appear to follow this recommendation closely.

SUMMARY

Destination Races has found a successful formula for segmenting itself in a crowded market. By creating a race weekend with a boutique feel and limiting entry, they have been able to expand their business even in a sluggish economy. The feel of the race is more party and less competition. This attracts more casual runners, the kind of athlete who comprises the second U.S. running boom. The distance of the race also makes the setting something unique. Rather than a shorter event, the half-marathon is celebrated as a life accomplishment, a bucket-list check-off worth celebrating.

This business model is one where the firm understands the target audience. As interest in U.S. wine grows, Destination Races serves as a complimentary product for runners seeking an experience and a reason to run. As runners’ tee-shirts after races proudly boast “Will run for wine”.

NOTES

¹ Races typically break the participants into groups based on age. Therefore a twenty year old college runner is competing for an overall win, but also is competing against other twenty to twenty-five year olds. The fifty year old, mother of three can compete against the twenty year old, but is unlikely to win. Age grouping allows her to compete on a more equal footing with runners in her same demographic category. Prizes are often awarded for the overall race winners, male and female, along with winners of each age group.

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