The Positive and Negative Economic Contributions of Mega-sporting Events to Local Communities

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The positive and negative economic contributions of mega-sporting events to local communities

by

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A professional paper submitted in partial fulfillment of the requirements for the

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THE POSITIVE AND NEGATIVE ECONOMIC CONTRIBUTIONS OF MEGA-SPORTING EVENTS TO LOCAL COMMUNITIES

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The positive and negative economic contributions of mega-sporting events to local communities

PART ONE

Introduction

Sport Tourism is the fastest growing sector in the global travel industry. It is considered a new, green, flourishing and promising industry. Although many previous researchers have studied the effects of sporting events, such as effects on the destination brand, travelers’ intentions, and so forth, Turco (1998) believed that among the reasons to have a sporting event, the economic impact is the essential and most desired aspect to conduct further study. The economic impact of mega-sporting events attracts numerous investors and cities to pursue the hosting rights; new venues are even built up or refurbished just for one specific major sporting event. The massive investment into the hosting of sporting events and the influence on the hospitality industry has drawn considerable attention.

Sporting events, especially the mega sporting events, such as Olympic Games are viewed as valuable opportunities for the host nations and communities to stimulate the local economy, improve the local sports recreation and leisure facilities, increase the brand recognition and enhance the communities’ self-esteem. Economic impact is the primary motive, and it also has the most direct influence on the host destinations (Balogu, Brown, & Busser, 2010). The merit of hosting a sporting event is much more than the event itself. Returning visitors, and the sustainable urban development generate enduring benefits due to the brand-effect. Additionally, it calls attention to event legacy of the hosting communities such as the vacancies of 2004 Anthem Olympics venues. Obviously, to implement a comprehensive benefit-cost analysis in advance is essential to understanding the meaning of hosting sporting events to the local communities.
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Purpose Statement

The purpose of this paper is to identify and examine the factors of mega-sporting events that contribute to positive economic impact as well as the factors that may negatively impact a community. Based on reviewing existing literature and data, the positive and negative contributions, a community may have through hosting a sporting event, will be discussed. The objective of this paper is focused on the economic impact that happened to the local communities.

Justification

At present, either the researchers or the industrial businessmen are more willing to consider the positive impact of mega-sporting events on economics, such as profits, travel expenditure, retail revenue and ticket sales. Large numbers of visitors flow into the town to attend mega-sporting event. These visitors can bring an immense amount of expenditures to the host communities and can produce astonishing economic impacts.

However, there are still issues and negative impacts on the host communities. Examples include the damage to the normal tourism industry during the event period, the costs of impact, displacement, opportunities and infrastructures. In this study, both sides of economic impact will be discussed based upon recent literature and news resources. Thus, this paper seeks to identify economic impacts generated by mega-sporting events.

Constraints

There is considerable debate on the methodologies used to measure the economic impact study of mega-sporting event. In spite of this, the results of the studies are used in this paper. Thus, some data may result in doubts such as the gross economic impact of the Super Bowl or the Olympic Games. Because the focus of this paper is to examine the positive and negative factors that produce economic impact to the local
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communities, factors such as political purpose and communities’ prestige that are closely intertwined with mega-sporting events are not discussed in the same depth.
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PART TWO

Literature Review

The contemporary growth of sporting-event tourism has gained the attention of the masses. Each and every stage of sporting events can reveal positive or negative influences, from the competitive bidding process for the hosting rights, to the enthusiasm for the construction or refurbishment and to the post-event effects. Both academic and industry fields have many studies and research on this fast growing segment, from macro to micro, from sports tourism as a general concept to mega-sporting event tourism as specific case analysis. The previous outcomes and experiences assist in better understanding the nature of mega-sporting event tourism, and more accurately scrutinize the factors that contribute to the economy of hosting communities.

Sport Tourism, Sport Event Tourism and Mega Sporting-event Tourism

In previous studies, sport events tourism has been given a number of definitions and most of the studies admitted that there exist variances between sport tourism and sporting events tourism (Gibson, 1998; Deery, Jago & Fredline, 2004). The conception of sport tourism has been defined by a number of studies and researches. One of the noteworthy theories is from Gibson (1998), who explained that the sport tourism is leisure-based travel that moves from their homes to “participate in physical activities, to watch physical activities, or to venerate attractions associated with physical activities” (p. 62). It embraces both the characteristics of sports participation and traveling. Gammon & Robinso (1997) gave the definition of sports tourism, that is, people who participate in competitive or recreational sport in an active or passive way, whilst travelling from their home residences. The primary motivation of this kind of tourism is the intention of spectating or joining the sports activities. The visitors’ itineraries are strongly associated with a sporting-event or sporting-activity. Depending to various motives and behaviors, Gibson (1998) divided these sports-related
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visitors into three categories: active sport tourism, event sport tourism and nostalgia sport tourism. Weed and Bull (2004) clarified the features of sport tourism including social, economic and cultural experiences as well as the unique interaction among activity, people and place.

Sport event tourism is derived from the theory of sport tourism (Gibson, 1998); in his research, it is called event sport tourism. Typically, it is spectating-motivated sport tourism. To watch the sporting-event is the principal motivation and behavior. Turco, Riley and Swart (2002) added that the purpose of join in a sport tourism event contained both participating in and viewing of sport.

As times goes by, the sport event tourism becomes international and global. The crossed-nation sporting events are usually supported by the governments in funding and facilities (Dwyer, Forsyth, & Spur, 2005). However, not every international sporting event can be called mega-sporting event. Roche (2000) identified the mega-sporting events as large-scale cultural events with “a dramatic character, mass popular appeal and international significance” in terms of various combinations such as national governmental and international non-governmental organizations. This definition is backed up by Matheson (2006), who considers the mega sporting event from to major American sporting events, such as National Football League (NFL), Major League Baseball (MLB), and National Collegiate Athletic Association (NCAA), to the international sporting events, such as Olympics and soccer’s World Cup. Chen (2008) elaborated that the mega-sporting events had two critical features: one is that the apparent effects on the host cities or nations, and another one is the large-scale worldwide media attention and broadcasting, for instance, since 1996 Atlanta Olympic Games, Olympic started to be broadcasted in over 200 counties, while 215 countries broadcasted 2008 NBA All-Star Game and Super Bowl XLII was watched in 232 countries (International Olympic Committee, 2012; NBA, 2008; NFL, 2007). This is agreed in the
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study of Balogu et al. (2010), world championships and multisport festivals are taken into the consideration of mega-sporting events.

The investigated objective, mega-sporting events, in this paper is based on above definitions, which refers to the major large-scale sporting events, nationally or internationally. It consists of significant economic contribution, mass popularity, and worldwide appeal.

Thanks to the eye-catching features of mega-sporting events, the zenith of pursuing the hosting rights seldom cools down. Nevertheless, the contributions of mega-sporting events are likely to be either a catalyst or a counteraction to the hosting communities if without thorough examination on the benefits and costs of having a mega-sporting event in town.

The government plays an essential role in the mega-sporting event from bidding the mega-sporting event to the hosting till the infrastructures management in the post-event (Dwyer, Forsyth, & Spur, 2005). Supports in the form of government grants results in credits to the hosting communities, and it generates more funding incentives and evokes stronger community pride. In the meantime, it is obvious to observe the boosts in tourism during the sporting events, which can bring tremendous expenditures (Balogu et al., 2010). Countless studies and researches have discussed the potential economic impacts and benefits that hosting communities could gain from mega-sporting events. However, issues among the proper methodologies of measuring economic impact study of mega-sporting events, and the doubts surrounding whether or not the reported revenue is accurate and sufficient to justify the costs are never ending. The support from government, the prosperity during the event, and the increasing awareness of communities, tend not to guarantee positive net benefits (Matheson, 2008). Prior to conducting a feasibility study or making a decision, it is necessary and inevitable to identify these factors and measure the gains and losses.
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The Positive Contributions

The positive effects allied with the mega-sporting events are convincingly shown in the economy. Balogu et al. (2010) claimed that enormous amounts of visitors, players, spectators and media were involved in mega-sporting events. Because of the large numbers of tourist from out-town, some sports tournaments even contribute more substantial positive effects on economics. The foremost economic benefits from mega-sporting events comprise direct and indirect expenditures from visitors, for example, large traveling expenditures on accommodations, food and beverages, tickets, entertainments and shopping, increasing employment, revenue from new or refurbished infrastructure, and future development of hosting communities.

Gross Economic Impact

The impressive extent of gross economic impact from a mega-sporting event is easy to be found in the media, industry reports and academic studies. Super Bowl 2008, hosted by Phoenix, generated $500.6 million in direct and indirect spending by visiting fans and organizations (KnowWPC, 2008). According to the W. P. Carey School of Business at Arizona State University, “the gross impact of a half billion dollars in the Arizona marketplace brings rejuvenation to an economy that has been weakened by a recession”. Halkias, Robinson-Jacobs and Case (2011) cited the data from Legends Hospitality that, during the Super Bowl XLV 2009 in the Cowboy Stadium, game-day spending on food and drink was $89 per capita with total attendance of 103,219 spectators. Therefore, the on-site sale of food and beverage reached $9 million. Regarding to the Super Bowl XLVI 2011, accounting firm, PricewaterhouseCoopers projected the direct spending could amount to approximately $200 million, whilst others estimated that the total economic impact, including multiplier effects as well as direct spending, could surpass $600 million.
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A study on the Olympic Games from 1972 through 2008 by Preuss (2004) showed that the Games from 1972 to 2008 all had revenues that outweighed the costs, particularly, in Barcelona in 1992 when growth on revenues achieved a level of forty percent. A study conducted by the Japan’s Dentsu Institute for Human Studies regarding the 2002 World Cup, estimated a $24.8 billion positive impact for Japan and an $8.9 billion positive impact for South Korea (Finer, 2002). The gross economic impact is dramatically positive to the hosting communities, especially in the quotes of leagues and sport boosters, which is prevailingly considered by the economists that the numbers are exaggerated. However, most of mega-sporting events created positive economic impact to the hosting communities (Chen, 2008; Balogu et al., 2010; Preuss, 2004). The economic impact study from Marheson and Baade (2004) admitted that the National Collegiate Athletic Association (NCAA) basketball tournament for Women’s Final Four was inclined to produce a positive economic impact, up to $100 million.

Accommodation

Balogu et al. (2010) proved that the major sporting events engaged more out-of-town visitors, and the extending length of stay resulted in more gaming and non-gaming expenditures in Las Vegas. NASCAR in Las Vegas where visitors had an average 4.2 nights staying in 2011 (GLS Research, 2011) is a two-week event, combined with Winston Cup and UAE Daimler Chrysler 400. It catered for 142,000 spectators and reached $160 million economic impact on average. Brickyard 400 NARCAR 1996 produced significant economic impact on the hosting community, Indianapolis, with a direct impact of $31.5 million and $60 million in total impact (Balogu et al., 2010). In the 2008 Sydney Olympics, the average occupancy of hotels increased to 93 percent attributed to 94,700 foreigner visitors and 368,000 domestic visitors (ETOA, 2010).
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Julian Dugas, the director of sports and events in Las Vegas Convention and Visitors Authority (LVCVA), said that the major sporting events generated more hotel room revenue to the city. According to the data displayed in Table 1, the NASCAR attendees paid higher room rate from 2008 to 2010, and stayed significantly longer than the average visitors. In 2011, the average daily room rate during the event was lower than the average monthly room rate, however, the average length of nights stayed was approximately three nights more than the monthly average length of nights stayed. It showed that the visitors with the purpose of attending a sporting event spent significantly higher on the accommodation.

Table 1
Accommodation Spending of Average Visitors and NASCAR Attendees in Las Vegas

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>March ADR</td>
<td>$135.11</td>
<td>$92.46</td>
<td>$93.23</td>
<td>$111.13</td>
</tr>
<tr>
<td>ADR Paid by NASCAR Attendees</td>
<td>$144.29</td>
<td>$112.60</td>
<td>$106.13</td>
<td>$99.03</td>
</tr>
<tr>
<td>Annually Average Length of Nights Stayed</td>
<td>3.5</td>
<td>3.6</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Average Length of Nights Stayed of NASCAR Attendees</td>
<td>4</td>
<td>3.9</td>
<td>3.8</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Note. ADR = Average Daily Room Rate. Adapted from “2008-2011 Las Vegas Visitor Profile” by Las Vegas Convention and Visitors Authority (LVCVA).

Opportunity of Funding

Noticeably, the widespread exposure of mega-sporting events via mass media has seized public’s attention, so do the investors. It is appealing for almost every corporation to take the opportunity to promote itself throughout the world in terms of sponsoring, advertising, issuing sports lottery or any other ways of participating in the mega-sporting events. The persistence of this trend is striking, and to fully utilize this opportunity will bring massive funds to the hosting communities.

One of the main resources is from public, the local and national governments, which accounts for more than 80 percent in Beijing Olympic and more than 60 percent in Barcelona, Sydney and London Olympic (Chen, 2008; Preuss, 2004). Till February 2012, London Olympic Lottery Distributor has announced that they have funded up to £1.8 billion for the
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Olympic infrastructure and facilities across the U.K. and up to £66 million for the London Organizing Committee of the Olympic and Paralympic Games (LCOG) (Olympic Lottery Distributor, 2012).

Furthermore, the revenues from sponsorships, broadcasting and licensing are also the main sources of the funding. The incomparable high exposure of mega-sporting events has strong appeal to the investors who want to promote their products to the world. 2002 FIFA World Cup in Japan and Korea attracted 26.4 billion in-home viewers, and in 2006, there were 26.29 billion cumulative television audiences in total including in-home viewers and out-of-home viewers (FIFA). There are few events that companies can get this kind of international exposure. Therefore, the sponsorship in the mega-sporting events is very compelling, and it is also an efficient way for the event organizers and hosting communities to raise funds for the events. For instance, Beijing Olympic gained $1 billion sponsorship revenue consisting of $260 million revenue from IOC's worldwide TOP sponsorship program and $740 million from the domestic sponsorship. Regarding to the broadcasting rights, Beijing gained $1,738 millions revenues totally, which was shared with IOC. The licensing program contributed $163 million to BOCOG and IOC (International Olympic Committee, 2012).

The wide exposure also encourages advertising revenue. It is known to all that Super Bowl generates tremendous revenue on advertising. For some extent, the advertisement revenue determines the extent of economic impact or value of Super Bowl. Based on the viewership of over 100 millions in 2010 to 2012 (Nielsen Media Research, 2012), Super Bowl reached a new record of advertising revenue with total amount of $250 million for NBC, the broadcasting company (Rosenberg, 2012).
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Employment

As a mega-sporting event is happened in town, it is prone to create more jobs and business opportunities. This positive effect might cause to growth in per capital personal income. Daniela, Norman and Henry (2002) implied that the job positions created by the mega-sporting events were predominantly service-oriented employment such as sales, maintenance, and personal care and the salary range is between $15,000 and $40,000. Chen (2008) organized the data from previous studies and indicated that the massive increasing job positions almost occurred in every hosting communities, particularly in Los Angeles Olympic Games 1984 and South Africa World Cup 2010, where total created nearly 210,000 jobs and 300,000 jobs respectively. A report from InterVISTAS Consulting (2002) predicted that 99,000 employment opportunities in Winter Olympic 2010 would be created in Vancouver, which might lead to a $4.1 billion total contribution to the GDP.

Infrastructure Development and Urban Growth

Most mega-sporting events such as Olympic games, FIFA World Cup and Super Bowl have specific requirements on the facilities. It stimulates the hosting cities to develop their sports facilities and improve the public infrastructures in order to win the hosting rights in bidding and have a successful sporting event. For example, FIFA requires that the World Cup host country provide at least 8 and preferably 10 modern stadiums capable of seating 40,000 to 60,000 spectators (Manzenreiter, 2008).

Howard and Cromptom (2004) defined that constructing a new infrastructure would engage in new facility honeymoon effect. According to the data from 1995 to 2002 that major league teams moved into new venues, Howard and Cromptom (2004) claimed that an 22 percent average increase of attendance happened in the initial year after a new venue is completed; among the 10 inspected teams, 9 of them persisted higher attendance in the fifth
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year, which illustrated that the surge had a continuing tendency. Undoubtedly, the construction and refurbishment of infrastructures would create numerous jobs.

The benefits are not only limited on the new sports facilities; it also fosters the urban growth. In World Cup 2002, Japan invested $4 billion to build up and refurbish the game venues, which drove its boost of sports infrastructures and tended to be improved more ten years. The opportunity of hosting a mega-sporting event simulates the communities to invest and foster the infrastructures significantly including social well-being facilities, public transportation and environmental improvement (Lakshman, 2008). The new Wembley Stadium brought $1.50 million investment on the general infrastructures such as new road and underground station renovation (Matheson, 2008).

The Losses from Hosting Mega-sporting Events

Regardless of the benefits gained from mega-sporting events, hosting such a large-scale sporting event brings troubles to the hosting communities, whilst prompt the developments. Abundant amount of studies from economics and cross-disciplines are against to the predictions and estimations from sports organizations and events promoters (Finer, 2002; Manzenreiter, 2008; Marheson & Baade, 2004; Matheson, 2006). Sport boosters usually claimed attractive revenue numbers, which would occur due to the mega-sporting events. Additionally, the news on media is likely to use dramatic benefits data to gaze public’s attention. It seems like the outcomes from economic impact studies and finance analysis barely agree with the pre-event anticipations.

Howard and Cromptom (2004) pointed out three primary costs might be encountered in hosting the mega-sporting events; they are impact costs, displacements costs and opportunity costs. Due to the difficulties of measuring the substantial economic impact, this paper aims to identify the factors that negatively contribute to the communities in economic terms; therefore, the study is based on the principles of Howard and Cromptom (2004).
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Impact Costs

According to Howard and Cromptom (2004), the impact costs comprise on-site and off-site costs. More specifically, on-site costs refer to the additional equipment or supplies, labors, and time associated with hosting the mega-sporting events. Humphreys and Prokopowicz (2007) pointed out in their assessment of the EURO 2012 Soccer Games’ impacts in Poland and Ukraine that the hidden stadium costs including construction and renovation expenses were significant.

Off-site impact costs are resulted in the surge numbers of tourists getting into the communities. Associated with their arrival, communities’ services and hospitality industry encountered a large amount of demands, at the same time it might sacrifice the social lives of local residents. Traffic problem, environment degradation and increased prices in retail and restaurant expansion are the concerns taken into account by Howard and Cromptom (2004) as off-site costs. A report from European Tour Operators Association (ETOC) claimed that the Beijing Olympic 2008 added 9,739 up-scale hotel rooms to accommodate the expected visitors (ETOA, 2010). Tilley (2006) indicated that due to the mega events effects, a significant number of migrants were prone to move to the hosting communities seeking for the jobs, which may cause more competitive job-hunting environment. It is foreseeable to have price increased on food, transportation and other public services during the events (ETOA, 2010).

Displacement Costs

Sports fans are attracted by the mega-sporting events but other travelers probably prefer to avoid the peak season created by the events and feel hesitated to visit the hosting destinations. That is the reason why there is voice that opposite the mega-sporting event and announce that it would damage the traditional tourism industry. Depending on the statistic
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data from Olympic Sydney, Athens, and Beijing, ETOA (2010) elaborated that the fear of crowds, disruption and high prices blocked normal traveler’s intention.

This type of costs should be especially cautious when it comes to the saturated tourism markets, such as Las Vegas, Beijing and London. The 2007 NBA All-Star Game was not a completely pleasant experience to both the hotel operators and its traditional visitors. The time of the game was overlapped with the Chinese New Year, which always brings numerous Asian visitors in town, particularly the high-rollers who are the VIPs for the casinos. The crowd on the strip, the terrible traffic jam as well as the rowdy behavior happened during the All-Star Game weekend were a somehow nightmare for most visitors. Terry Lanni, MGM Mirage Inc.’s chief executive, whose company confronted earnings shortfall partially because of the NBA All-Star Weekend, said that she did not want it to return to Las Vegas (ESPN.com, 2007).

In the Olympic Beijing, during the period of Olympic, the overseas visitor decrease 25 percent than the same month in 2007; moreover, in July 2008, the decline of the number of overseas visitors is significant, that is 30 percent drop (ETOA, 2010). London, where is going to have the next Olympic games in 2012, is trapped in the panic of losing more visitors than usual. As like London and Beijing, the tourism market is well developed, matured and somehow saturated, a sudden mega-sporting event is not likely to be catalyst of tourism industry, instead, it might be a toxic. Alcantara (2012) reported that the large amount of blocked hotel rooms by London Olympics Organizing Committee (LOCOG) and overpriced room rates interrupt the tour operators’ business. The expectation of high visitors’ arrivals makes the room rate in London staying in an insane price. Furthermore, he is also skeptical about if the visitors who are coming aimed at the games would have same amount of expenditures as the normal visitors do.
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Humphreys and Prokopowicz (2007) also admitted that the consideration about traffic congestion, lack of ticket availability, and higher expenses on accommodations and transportations hampered the tourists' desires and motivation to visit the event-hosting cities, which is called crowding out costs in their study.

Opportunity Costs

In the theory of Howard and Crompton (2004), even the hosting community earns a positive net economic impact but it is still possible to possess a very high opportunity cost. This type of costs has an essential role on how to make the right investment for the communities. For example, one of a typical concern is that what if put the investment costs directly on the health, education and productive industry. In a study of the Union of European Football Associations (UEFA) 2012 Football Championship, Humphreys and Prokopowicz (2007) revealed that the $1 billion costs in stadium construction and renovation could also be utilized to prompt small business, enhance technology and nurture education. The alternative utilization of the costs may even result in better return, since both of the hosting countries, Poland and Ukraine, do not embrace high demands and needs of event industry.

Hosting a mega-sporting event has immense consuming of time, money, and labor. More importantly, it is a wise challenge for the decision-makers. Most of researchers believe that the income from mega-sporting event is hard to justify the costs, however, different study methodologies and different standing points come up different outcomes. As for the decision-makers, they should keep sanity, sober-minded and prudent when evaluate whether or not their communities need a mega-sporting event. Furthermore, the immaterial effects such as prestige enhancement, image improvement, world of mouth effect and political purposes are beyond estimation and assessment.
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Other Societal Problems

Although sudden boom in the amount of sporting events’ tourists creates unlimitedly potential business to the local communities, simultaneously it also generates several societal troubles such as traffic congestion, increased crime and cultural conflicts between local residents and visitors (ESPN.com, 2007; Gursoy, Kim, & Lee, 2006). Tosun (2002) indicated that the disparities between hosts and guests such as welfare, distribution of tourism income, socioculture, and level of participation might lead to conflicts so that damaged the positive interaction between locals and tourists.

PART THREE

Introduction

Merely depending on the analysis of benefits and costs of hosting a mega-sporting event, it is not sufficient to guarantee a profitable event. The criterions of how to judge a mega-sporting event is various. Owing to the insubstantial effects such as brand effect, community exposures and the repeating visit, it is impossible to have general standards to criticize if the mega-sporting events are beneficial to the communities. However, there still have some criterions that widely accepted by most researchers that should be taken into consideration. Furthermore, to discover and define the expectations and capability of hosting communities as well as the residents’ support are the premises of bringing mega-sporting event in town. Factors such as the brand and timing of mega-sporting events aid to increase the adaptability and sustainability of hosting these events.

The Criterions of Evaluating Mega-sporting Events

The consistently pursuing for the rights of hosting a mega-sporting event is convincible evidence that how compelling and magic to have a mega-sporting event in town. Gursoy and Kendall (2006) believed that support for a mega-sporting event was predominately depended on the perceived benefits instead of costs. More importantly, for
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Most hosting communities, they have already known the advantages of hosting the mega-sporting events are outweighed those disadvantages before they start to strive for it. Gursoy and Kendall (2006) pointed out five factors that significantly determine the winning of supports from locals, regions and nations. The five factors are: the level of community concern, ecocentric values, community attachment, perceived benefits, and perceived costs.

How to evaluate a mega-sporting event is beneficial or not? Due to the features of mega-sporting events, it is hard to judge the short-term events with long-term consequences (Roche, 1994). However, there is still bottom line to evaluate the factors of contributions that are generated from mega-sporting events, that is, whether the outcomes meet with the demands. Gursoy, Kim, and Lee (2006) illustrated that in 2002 World Cup Games, the South Korean residents possessed high expectations about the positive economic impact and cultural benefits. Albeit, their altitude towards the games dramatically changed after the games. The benefits produced by the games failed to meet their expectations, particularly the economic benefits.

As to optimally minimize the legacy left by hosting mega-sporting events, despite of the benefi-cost analysis of mega-sporting events, the following factors should also be taken into consideration.

The Expectations of Hosting Communities

Regarding to the criterions of mega-sporting events, it is crucial to understand the expectations from hosting communities. It is not only limited in the economic impacts such as travel expenditures, increasing employment opportunities, infrastructure development and urban growth, and fundraising, but it also include the positive social impacts such as international awareness and community pride, which are perceived as or more important than positive economic benefits of the events by several researches (Gursoy, Kim, & Lee, 2006; Mihalik & Simonette, 1998). Dolles and Soderman (2008) mentioned that “different motives
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prompt nations and cities to bid for the rights to host such events” (p. 154). The motives
range from perceived benefits, in particular referring to the economic benefits, to a broader
meaning containing social, cultural, environmental and political factors.

It is worth noting that political purpose sometimes plays essential role in the decision
of hosting a mega-sporting event. Presently, mega-sporting events is converted to be
foremost stages where professional athletes represent their nations competing for excellence.
In addition, it is also a stage offering host communities an internationally-focused platform to
present and promote their national identities and cultures (Dolles & Soderman, 2008; Roche,
2000). Successfully hosting a mega-sporting event would be viewed as a great achievement
in political career, which come with foreign currency earnings for the industrialization
program. That is why some policymakers choose to be blind about the negative impacts but
keep eager to win the hosting rights (Tosun, 2002).

Self-measurement of Hosting Communities

In the stage of planning a mega-event, the communities should have a clear mind
about the cities’ existing and potential capabilities, for example, the maximum amount of
catering, transportation capabilities and venues capabilities. Also, consideration about if the
transition system and infrastructure is in the need of improvement is critical to determine the
costs of hosting a mega-sporting event. The investment of improving the transition system is
always one of the main expenses due to satisfy the big transportation demand during the
event, but if the city is already has advanced transition system, there is no need to extend it
just because of one temporary boom of visitors. Infrastructures construction and
refurbishment is another preminate cost. Prior to start a new project, the decision-makers
should recognize if the communities need a magnificent venue or if there is sufficient market
to make a full utilization.
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Additionally, mega-sporting events cannot be successful without the resident’s
support. According to Gursoy and Kendall (2006), the five determinants of the level of
community concern, ecocentric values, community attachment, perceived benefits, and
perceived costs directly and/or indirectly affected the support from community that is
preparing for the mega-sporting event. Underestimating the power of public debate and
support may turn the local community into the danger of time-consuming and income
decrease.

Sustainability in Hosting Mega-sporting Events

The spur of mega-sporting events could encourage the development of hosting
communities but simultaneously it might also bring troubles and legacies hampering the
growth. For instance, Rio de Janeiro, the hosting city of 2016 Olympic Games won the right
with a $15 billion bid, a sum equal to over $2,000 per citizen—more than two months of
GDP per capita. Substantially, the cost is on improving the transportation system for a short-
term event (Rose & Spiegel, 2011). Is this a proper decision for the local communities or
excessive development? The answer is not inclined to be positive, instead, some economists or
researchers would plausibly believe that hosting this Olympic might be a burden to the local
community. When Athens successfully held the 2004 Olympic Games, many of the venues
are vacant four years later, promised parks never materialized, and new transportation
infrastructure has caused problems like flooding and increased traffic (Itano, 2008). The
legacy left by hosting the event hurts the local economics more than the benefits generated in
the event time.

The utilization of venues is one of the main issues from the pre-event planning till the
post-event management. Does it really necessary to construct new venues or refurbish the
existing ones? How to utilize or manage the venues after the event? Theses kind of basic
questions should be solved before hosting the mega-sporting events. If it is necessary to
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construct or refurbish some new venues, a related professional team should continue the promoting of future events in order to fully use the infrastructures in the post-event. For example, Beijing Bird’s Nest, as one of the main venues for 2008 Summer Olympic Games, established in the purpose of becoming national stadium, possesses 80,000 seats. Despite of the millions of annual maintenance expenses, it is hard to find a proper event which is able to afford the expensive cost as well as fill up the 80,000 seats. However, with the assistance from government, there were couple of events hosted in the stadium such as concerts and sports games. Moreover, the stadium is also a popular visiting spot in Beijing where has attracted over thousands of visitors daily to purchase the tickets and souvenirs (The Associated Press, 2009). By 2010, the stadium has reported that $54.2 million revenues were generated from the income was generated by visitor tours and a series of commercial events (Xinhua, 2010). As to avoid the Bird’s Nest becoming white elephant, both the operation company and Beijing government are making efforts. Beijing Municipal Committee, Beijing municipal government, and National Stadium Co., Ltd. conducted comprehensive exploration and innovation in operation mode. One remarkable dedication is the “Happy Snow Season in Bird’s Nest” in winter, which brought over 100,000 visitors and well offset the operating costs (People’s Daily, 2011).

In addition, the opportunity of hosting a mega-sporting event brings tremendous funds in. The mismanagement of public funds by organizers is likely to deepen the negative economic impacts (Deccio & Baloglu, 2002). Without sustainable planning, mega-sporting events may turn out to be the poison to the local economies. In order to optimize the advantage, the hosting community should have a long-term, enduring and insightful strategy. Since Athens learned its lesson from underestimating the legacy problems, no hosting communities need to repeat it.
Clear Recognition about Actual Impacts

Since the first mega-sporting event, Summer Olympic Games, was held in 1896, there are plenty of successful examples or unsuccessful lessons. As face to the alluring estimated economic impact of mega-sporting events, the decision-makers should particularly keep their prudent mind and wise. Prior to strive for the hosting right, precise cost-benefit analysis and appropriate strategy is indeed necessary; moreover, combining the results from various methodologies of estimating the economic impact, excluding the illusive exaggeration from sports boosters and accurately measuring the hosting communities’ current capabilities and potential abilities can justify the demands of mega-sporting events. The communities should be fully aware of and caution about the huge gap between estimated and substantial economic impact.

Additionally, the intangible effects such as prestige increase and political purpose is difficult to be measured in economic impact studies or finance analysis (Dolles & Soderman, 2008; Tosun, 2002). The mental achievement and satisfaction obtained from hosting a successful mega-sporting event, as well as establish a favorable image of community are implausible to be measured and expressed by numbers and data. Gursoy et al. (2006) implied that for some hosting communities, such intangible effects are more attractive than the economic benefits.

Adaptability of Mega-sporting Events

How to select the most valuable mega-sporting event? In the process, these questions are frequently occurred. Hosting a proper sporting-event is more essential than merely pursuing the scale of the events. Basically, the hosting communities should considerate that if the brand of mega-sporting event is adapted to the community image. A proper sports brand could easily connect with the local image and gain more residents’ support. In contrast, with the regard of Europe soccer games, Poland and Ukraine are not the first name appeared
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in the fans' mind. Hence, it is difficult to attain the local support and it may diminish the positive impact of the mega-sporting events.

Timing is another important concern of choosing the adaptable mega-sporting events. Particularly to the traditional getaway destinations, although they have sufficient rooms and mature transportation system to support the events, it is crucial to avoid the mega events in their peak season. The time of mega-sporting event is also an essential element to determine the success. In 2007, the NBA All-Star Game met the time conflict with Chinese New Year holiday. An unexpected massive amount of visitors boomed in Las Vegas, the town was filled with the attendees for the game, the traditional visitors and some high rollers who came during the Chinese New Year holiday. Traffic congestion, and high densities in restaurants, casinos, clubs and shows largely harm all the visitors' travel experiences, which gave Las Vegas an important lesson.

Conclusion and Recommendations

Mega-sporting event is a double-edged sword; if it could be used in the right way, it would bring magnificent benefits, otherwise the destructions associated with the abuse of mega-sporting event opportunity would be costly and unlimited. The contributions of mega-sporting events are still in debates among the economists and sports boosters, mainly because of their different positions and measurements as well as the difficulties in data collection. The decision-makers, organizers and investors are ought to have their independent thoughts neither excessively being driven by the magnified version from sport booster nor having fear of the costs and risks mentioned by the economists. The positive and negative contributions are just the crucial factors associated with mega-sporting events. There is no doubt that hosting a mega-sporting event would generate economic boost in a short term, however, from long term aspect, it is hard to foresee the event is a beneficial element or a heavy burden to the hosting communities.
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Prior to pursue for a mega-sporting event, to figure out if the local community need to
invest it to stimulate its economic growth and development is very essential to avoid the
unnecessary waste of resources and aimless investment. Whilst to correctly measure whether
the capabilities of local communities could satisfy the requirements of hosting a mega-
sporting event and thoroughly consider about the impact costs, displacement costs and
opportunity costs is also important to prevent unendurable taxes burden and the against from
the local community. Due to the unsettle debates between economics and sport boosters, the
decision-makers should have clear mind to scrutinize the information from both sides and
make the best decision for the local communities. Without comprehensive economic concern,
or just with the aim of politics and mental achievement would increase the risks and costs of
mega-sporting events.

Hosting a mega-sporting event is likely to construct a renowned visiting attraction. It
heavily involved supports from all local residents and even the national side. The positive
benefits are always exaggerated and disproportionately emphasized by the sports boosters
and promoters, nevertheless, it does not equal that the decision-makers should overlook the
costs. Reversely, the negative costs should be paid more attentions and respective solutions
should be prepared to resolve or minimize the costs. Hosting a mega-sporting event is an
opportunity as well as a risk. It is an impetus of development, however, it is not adapted to
every community.

Future researches should be more specifically focused on the discovery of
determinates that may result in the success of mega-sporting events, and the factors lead to
generate more benefits than the negatives costs. This is more substantial for decision-makers,
organizers and investors in terms of providing the insight of risks and the previous
experiences or solutions. Furthermore, the methodologies used in the researches should be
consistent from the pre-event estimation throughout to the post-event analysis. By doing so,
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the researches would be more convincible and objective in providing the underpinning of looking for the most optimal solutions.
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