THE BUSINESS OF
EVENTS MANAGEMENT

Edited by
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ALWAYS LEARNING

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The Business of Events Management provides an engaging and accessible introduction to the practice of managing a sport, cultural, business or society event. Written by a team of international experts, the book incorporates the most up-to-date thinking in events management and highlights key theories, concepts and models by using a wide range of case studies and examples.

This book will provide you with the skills to:

- **understand all aspects of events management within the context of the event life-cycle**
- **manage the financial, marketing and operational aspects and demands of events management**
- **differentiate the impact of events on both built and natural environments**
- **create and produce a range of events, from place to mobile**
- **reflect on the key issues involved in planning and designing a suitable event venue.**

Each chapter features a real case study to illustrate central concepts and place theory in a practical context, and prepares students to tackle any challenges they may encounter in managing events. Case studies include the Olympic Winter Games, European Capitals of Culture and many more.

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COVER PHOTO: SPINNING AT THE CALGARY STAMPEDE © JAMES BOUD, FLICKR VISION

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measurement of the impacts and financial indirect returns is not possible. The discussion about positive or negative legacies gets even more complicated when talking about intangible effects – those which cannot be measured in pounds, euros or dollars at all. Some argue that via indirect return (almost) every host destination of mega (sports) events benefits from the global attention, from shift of image and the renewed reputation fostering economic prosperity while others argue that forecasts of the benefits are nearly always wrong (Horne and Manzenreiter, 2006).

Both sides present empirical evidence. Barcelona 1992 is cited as an example of an Olympic Games that attracted public investment to a city and region that needed to be redeveloped. There were improvements in transportation; the coast was opened up to the city in a way that had not occurred before; unemployment rates in Barcelona fell compared with the rest of Spain; and a permanent employment effect of 20,000 extra jobs was estimated. The citizens of Barcelona took advantage of the newly built sports infrastructure. Nevertheless, there has been discussion about the costs and the distribution of the social and economic benefits of hosting the Games (Horne and Manzenreiter, 2006).

Innsbruck, which hosted the Winter Olympic Games in 1964 and 1972, is still suffering from the costs of those events: the infrastructure that was built for the Games still generates costs. The former Olympic Village has become a place of social problems. The Olympia World sports infrastructure poses a dilemma for regional government: either politicians seek a higher degree of utilisation (with extra costs) or the infrastructure is not used – which generates (albeit lower) costs as well. In 2008, the Tyrolean audit court stated that the expenses for the Olympia World had reached almost €25 million within six years. Nevertheless, Innsbruck continues to bid to host sports events in order to maintain its image as a sports city. In 2012, Innsbruck hosted the first Youth Olympic Games, which, again, probably were more expensive than the forecasts predicted. Innsbruck wanted to host another Olympic Winter Games, but the citizens turned those plans down (Fasser, 2010).

In the same way as between events and sponsors, the image transfer theory is valid for destinations and events as well: *the event's image rubs off on the destination's image and vice versa*. The image congruity between the event and the destination significantly moderates the event–destination image transfer model (Deng Qiang, 2011): the better the event's image and the destination's image match, the more both images benefit from the transfer.

The destination's image is dependent on the competitive identity of the destination, which in turn relates to the various individual identities of the destination's stakeholders. If those stakeholders do not agree with the DMOs or the government's plans to host a mega event, the event either is not likely to take place or will not be successfully conducted. Consider the case of Austria's capital, Vienna, wanting to bid to host the Olympic Summer Games. It never got the chance to bid as this fell through following a public opinion poll in spring 2013: the Viennese disliked the idea of hosting the Olympic Games (Gantner, 2013).

Summing up, in our modern entertainment-seeking society, events are an effective way to get attention and influence a destination's image. The larger the event, the higher the possible benefits and risks. Therefore it is of importance to inform and integrate the local individuals and companies as partners quite early in the process of planning a mega event, to calculate the risks and to try to be aware of possible issues and problems.

Implementation experience

The second section of this chapter deals with mega events such as the Olympic Games which grab the attention of millions. If the competitive identity of the destination and the brand of the sports organisation fit, conducting the mega event might help the destination and the sports organisation. The word 'might' was chosen carefully as there are certain risks related to using mega events as a marketing tool for destinations.

Short history of mega sports events and destinations

The idea of combining mega sports events and destinations is quite old. The earliest known example of sport or gaming is possibly Egyptian 'Senet', a marble-type game which dates to 3000 BC. For a book published in the 21st century, that means organised competition has been around for more than 5,000 years. That is a significant length of time and, of course, during those five millennia, sport has evolved in many varied forms and to fit many unique forums.

Interestingly, as was the case in antiquity (and still is today), the most significant sports event has been either the ancient Olympic Games or the modern version of the Olympics – specific sporting events that have traditionally gathered city-states or nations together to compete in a wide range of sports. This creation, the Olympics, by the ancient Greeks, has provided arguably the greatest sports legacy of all time.

We know (with relative certainty) that the ancient Olympic Games can be traced to Olympia, Greece in 776 BC and that this first version of the Olympics would last, in varying formats, until 393 AD. The modern Olympics did not appear for another 1,503 years (not until April 1896) when a French nobleman named Pierre de Coubertin, building on the work of the Greek philanthropist Evangelos Zappas, brought the Olympic movement back to life in Athens, where athletes from 14 countries competed in nine different sports. At roughly the same time (23 June 1894), de Coubertin created the umbrella brand for this sporting institution and named it the International Olympic Committee: a non-governmental international body that would supervise quadrennial gatherings of international athletes.

Mega sports events and destinations

Combining the interests of sports organisations and destinations suggests itself as both have parallel interests.

Destination-branding consultancy TSE Consulting (2009) suggests that sport organisations develop into brands by combining three core elements: the organisation, the sport form and the product the sport organisation offers. In this way, sport organisations, be they committees (like the IOC), leagues (like the NFL or La Liga), teams (e.g. Manchester United), host city organising committees (such as those at Sochi or Rio), sport federations (like FIFA) or events (e.g. the Formula 1 race at Monaco), consistently seek 'to become relevant to members and other stakeholders [by] building and promoting a brand which is constantly nurtured and developed'. These sport organisations, sometimes incorporating only one sport (e.g. football) and sometimes involving multiple sports (e.g. The Olympics, Asian Games or Commonwealth Games), must 'view external partners as an integral part of its activities' (TSE Consulting, 2009).

DMOs too have to view external partners as an integral part of their activities. DMOs and sport organisations need another partner to achieve their main goal of improving customer relationships: sport organisations need a hosting destination for their sports events; DMOs need unique services to get the attention of possible visitors.

Tied to the interests of the sport organisation and the destination management organisation are what might be identified as the five elements which Kotler (1984) suggests constitute a consumer's evaluation of product choices (see Table 7.2):

The consumers must decide if they are interested in sport, which class (or type) of sport they might follow or invest in, which teams or athletes from that specific sport are most compelling, and which events they might wish to attend or watch via TV or online. The same continuum of choices is valid for destinations and their potential customers.

Table 7.2 Applying Kotler's five elements

Kotler's five elements	From a DMO's perspective	From an SO's perspective
Product family	Destination	Sports (rather than music, films or museums)
Product class	Tourism destination	Internationally competed sport competitions held every four years such as the Olympics, FIFA World Cup or Rugby World Cup
Product line	City	The Summer Olympics (or Winter Olympics)
Product type	Trip in a South American city with special offers in mega sports events	The contested sports of the Summer Olympics such as swimming, athletics, judo or gymnastics
Product brand	The Rio de Janeiro 2016 Summer Olympics	The Rio de Janeiro 2016 Summer Olympics

Source: Kotler (1984)

For the concept of destination branding to take hold (as in the example in Table 7.2 where Rio de Janeiro sits as the product brand), we will see that thousands of other brands go to work seeking to connect their product or services to the Rio 2016 Games. This can include countries (e.g. the German Olympic Committee), sports (e.g. the International Equestrian Federation – FEI), athletes, sponsors, advertisers, suppliers and sports marketing agencies. The collision of all of these brands can produce unwanted clutter, but even so the city brand (in this case Rio de Janeiro) hopes to benefit because all of those brands will focus their energies on associating the best attributes of their brands with the best attributes of Rio de Janeiro. Those brands can be split up into major types of consumer-focused (or business-to-business) companies:

Sports properties or entities

These organisations (e.g. FIFA's World Cup) are the essence of sport because they manufacture the organised sport experience for athletes, coaches, suppliers and fans. They are also, in most cases, the owner of the content they produce (which can be sold to broadcast networks, sponsors, licensees, concessionaires and merchandisers). But to survive as a business, they must market to and attract customers – so they have the same main goal as the DMOs.

Companies that make products or equipment for sports entities or athletes

These sporting companies (e.g. Nike or Puma) would not exist without sports events or sports activities and their business is driven by a need for equipment or products beneficial to participating in the sports experience. In this case, we can talk about the manufacturers of balls, sticks, clubs, uniforms, shoes, goals and nets, but we can also refer to stadium architects, stadium operators and concessionaires. These groups must market themselves to sports organisations or athletes in order to survive.

Companies that sponsor sports or use well-known athletes as endorsers to tie in with sports via advertising, sales promotions or employee enhancements

These companies (e.g. Heineken, Visa) are not, in essence, sporting companies but often use an alignment with sport via advertising or sponsorships to help sell more of their products and grow their businesses. Even if they don't need sports per se, they have a vivid interest in supporting mega sports events.

Companies that market sport relationships or work to help bring sports events to countries, regions, provinces, states and cities

These companies (e.g. TSE Consulting) are often identified as sports marketing firms and, like advertising agencies, they seek clients that wish to leverage sport for the benefit of their business model. TSE, for instance, is known for its engagement of cities, states, regions and countries as it seeks to bring global sports events into a fixed location.

Companies that have nothing to do with sport

Sometimes these organisations end up connected to sport when they purchase tickets for their employees or clients, or use values drawn from sport (most notably the concept of 'winning') in their marketing materials. For students who live in competitive capitalistic economies, the concept of growing one's business is often equated with (or compared to) the competitive nature of sports. In many instances, net profitability is equated with victory or winning.

By identifying these five types of company sectors above, it becomes apparent that:

1. sport is a major global business (thought by some estimates to now approach US$300 billion worldwide); and
2. sport, as a vehicle or marketing tactic (or lever), can be used as a foundational aspect of an organisation's strategic orientation, its consumer or business-facing communications, and its revenue-generating positioning strategies.

Reasons for using mega sports events as a destination marketing tool

Sport grabs the attention of millions of people

Mullin et al. (1993) suggest that sport holds 'an almost universal appeal and pervades all elements of life'. It does so geographically (sport is played, in some form, in every nation on the earth), demographically (sport appeals to all ages, races, genders and incomes), and socio-culturally (sport holds notable value as an element of leisure, recreation, physical discipline and mental motivation).

Mullin et al. (1993) then cited Harry Edwards, a sports psychologist, who went so far as to suggest that, from his research of copious media coverage, he had found that sport represents a type of creed because it supplies seven value themes that people generally accept and embrace. To Edwards, sport (as revealed through the media) provides:

- character building;
- discipline;
- competition;
- physical fitness;
- mental fitness;
- religiosity;
- nationalism.

Today, sport is such a defining activity of most international cultures that it is thought that every country in the world incorporates sport (in some fashion) into its national fabric. This was certainly the case in 2008 at the Beijing Summer Olympic Games when 204 nations[1] sent nearly 11,000 athletes to participate in 28 sports (302 events) in China's capital city. Notably, these athletes were followed, it is claimed, by an estimated 4 billion people, roughly two-thirds of the world's population, who viewed or read about some portion of the Olympic Games on a TV, laptop, newspaper, magazine or mobile phone.

The Olympic Games are not the only big sporting circus on this planet; the world's football/soccer federation (FIFA) stages a massive World Cup every four years generating billions of viewers and millions of game attendees. The most recent World Cups were staged in Germany (2006), South Africa (2010) and Brazil (2014). What makes the

1 The IOC allows 'nations' such as Hong Kong, Macedonia, Bermuda, Puerto Rico and the British Virgin Islands to compete even though they are not recognised as members of the United Nations. This means disputed areas, protectorates, territories and/or dependencies may field Olympic teams even if the competitors coming from these 'nations' also hold citizenship in another country.

World Cup so amazing is that it is a sporting event that features, in its finals stage, only 32 countries (not 200+) and only two of them make the actual Final. Still, more than 3 billion cumulative viewers (nearly 50% of the world's population) were engaged in watching at least one minute of the 2010 South African World Cup, with an estimated 620 million witnessing Spain's first-ever world championship in Johannesburg (FIFA, 2011). In Spain, it was thought that 86% of that country's population watched the Cup Final, making it the most watched television show ever in Spanish TV history.

Advertisers are interested in the possibility of promoting their offers to millions of people

In another form of football, this time the American version, The National Football League's (NFL) 47th annual Super Bowl, was held on 3 February 2013 in New Orleans and featured a victory by the Baltimore Ravens over the San Francisco 49ers. According to CBS, the official broadcast partner for the NFL, the telecast reached nearly 114 million Americans and became the third-most watched American TV programme ever. Hype surrounding the game made the broadcast so valuable as an advertising platform that a single 30-second commercial on CBS reportedly cost companies like Doritos, Mercedes-Benz, Volkswagen, Coca-Cola and Budweiser in the range of US$3.8 million for the advertising time, and many advertisers spent more than US$2 million to produce each commercial they aired. At nearly $6 million in total to produce and air commercials, advertisers were spending approximately $200,000 per second during the Super Bowl. The biggest ad spender of the Super Bowl was the brewery Anheuser-Busch InBev, which spent US$239.1 million on advertisements from 2002 to 2011 (CNBC, undated).

Destinations are interested in publicity to strengthen their competitive identity

The economic impact for New Orleans, where the big game was played for the 10th time, was estimated to be US$432 million spent by an estimated 150,000 tourists on airfares, hotels, meals, rental cars and souvenirs, and by the more than 71,000 that attended the game.

Beyond the advertisers and city planners, there were also musicians who performed at the Super Bowl and built their brands. Singer Beyoncé played at halftime (re-uniting for part of the show with her old band, Destiny's Child) and experts expected that, like Madonna and the Black Eyed Peas before her, Beyoncé's music catalogue would enjoy a significant increase in purchases via downloads or at retail stores. Similarly, pre-game singers Jennifer Hudson and Alicia Keys were also expected to benefit from the huge visibility associated with performing at this event. Their fame and visibility at the event helps the destination strengthen its competitive image.

The intent in winning the bid to host mega sports events is usually to stimulate a country's economy, often through sustainable tourism, or to bring the world's media and/or opinion leaders to a country or city that they might not normally have visited. Australia's Tourism Board invested heavily in the staging of the Sydney 2000 Summer Games and tried to make sure that the entire country, not just one city, benefited from the winning bid.

In Sochi's case, in 2014, it is believed that the Russian leaders have long wanted to showcase a 'new' Russia and that hosting the Winter Olympics would provide such a global platform.

Table 7.3 lists the hosts selected for the Summer Olympic Games.

Risks using mega sports events as a destination marketing tool

Financial risks

In the Olympic world, the production stakes can be even higher than a Super Bowl because instead of staging one game on one day, the IOC must sustain the world's inspection for 17 days, with not only massive opening and closing ceremonies but also multisport competition spread across numerous venues for the days in between.

Table 7.3 Cities that have hosted the IOC's modern Summer Olympic Games

1896	Athens, Greece
1900	Paris, France
1904	St Louis, USA
1908	London, England
1912	Stockholm, Sweden
1920	Antwerp, Belgium
1924	Paris, France
1928	Amsterdam, Netherlands
1932	Los Angeles, USA
1936	Berlin, Germany
1948	London, England
1952	Helsinki, Finland
1956	Melbourne, Australia
1960	Rome, Italy
1964	Tokyo, Japan
1968	Mexico City, Mexico
1972	Munich, West Germany
1976	Montreal, Canada
1980	Moscow, Soviet Union
1984	Los Angeles, USA
1988	Seoul, South Korea
1992	Barcelona, Spain
1996	Atlanta, USA
2000	Sydney, Australia
2004	Athens, Greece
2008	Beijing, China
2012	London, England
2016	Rio de Janeiro, Brazil
2020	Tokyo, Japan

Note: London (1908, 1948, 2012) has hosted the greatest number of times with Paris (1900, 1924), Los Angeles (1932, 1984) and Tokyo (1964, 2020) also hosting on multiple occasions. Rio de Janeiro (2016) will be the first time the Olympic Games have been held in South America. They have never been held in Africa or the Middle East; however, a victory by Istanbul in September 2013 (for 2020) would have addressed that omission. The Summer Olympics will be held in Tokyo in 2020.

Building those stadiums and arenas is one thing, but just reaching that point takes an enormous appetite for risk. In fact, the average cost for a city (or country) to bid for the right to host the Olympics now runs into the hundreds of millions. Persistent rumours suggest that Sochi, Russia, may have spent as much as US$500 million just to win the 2014 Olympic Winter Games and the Russian government will spend $60 billion between 2006 and 2014 to stage these Games. In fact, one report by the UK's BBC suggested Sochi would become the most expensive Olympic Games ever staged (exceeding US$50 billion) and cost more than three times what was needed to deliver London 2012.

The financial risks may be a reason why destinations in the western democratic world do not pursue the chances of hosting mega events as much as they used to. In fact, nowadays it is mostly developing societies or authoritarian societies joining the bidding wars to host Olympic Games (Fritsch, 2013).