

Local economic and social impact of multi-cities mega-sport events: case of the 2007 Rugby World Cup (RWC) in Paris region

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The evaluation of the economic effects of mega sport events is one of the main streams in the field of sport economics. Since the 50's, many international researches have been published by Andreff, Szymanski (2006), Baade (1996) Baade, Matheson (2001), Coates, Humphreys (2002), Crompton (1995), Noll, Zimbalist (1997), Kurscheidt, Rahman (2002), Szymanski (2002), etc. Several points are discussed: - the reality of the economic effects : private institutes (Pricewaterhouse-Coopers (2000), BCG (2005)) usually show that this impact is real ; academics are more sceptics - the kind of survey : ex ante or ex post - the question of multiplier effects : which is the most appropriate ? - the legitimacy of the public subsidies invested in sport events and the fact to take or not into account these subsidies in the study of economic impact (Baade, Dye, 1998 ; Chema (1996), Porter, 1999) In 2007, France organized one of the most important sport events in the world: the IRB Rugby World Cup (20 teams from all over the world, 4,5 billions of cumulated TV spectators). Such as the 2006 World Football Cup organized in Germany or the 2008 European Football Championship in Switzerland/Austria, the Rugby World Cup is a multi-cities sport event. Thus, 10 French towns took part to this event by organizing some of the matches of the competition. Paris was in charge of 12 matches: some matches of the pool stage, the two semi-finals and the final. The purpose of this communication is to present the results of this survey in terms of local economic and social effects for Paris region ; ii) to take the RWC case to discuss the model of economic impact of sport events observed in literature.

10 French towns have organized some matches of the competition. A specific study has been conducted in each of these towns (then aggregated). A quantitative survey has been performed with a total of 11.500 questionnaires (the most important quantitative survey ever conducted for a sport event organized in France). In Paris area, 1.638 questionnaires were gathered among 5 specific groups (face to face or phoning). The sample is presented in the table below.

Table 1 – Details on sample

- GROUP1 - French spectators watching the matches inside the stadium (n=366)
- GROUP 2 - Foreign spectators watching the matches inside the stadium (n=222)
- GROUP 3 - French spectator watching the matches on a giant screen (n=228)
- GROUP 4 - Foreign spectator watching the matches on a giant screen(n=53)
- GROUP 5 - People living in the neighborhood of the 2 stadiums of Paris and its region (n=204)
- GROUP 6 - People playing rugby in one the clubs located in Paris and its region (n=197)
- GROUP 7 - People living in Paris and its region (n=368)

Part of women	.221	.261	.245	.209	.600	NC	NC
Part of high school degree and more	.881	.91	.789	.887	.686	.756	.791
Part of Athlete	.642	.626	.658	.642	.56	.731	.609
Rugby player	.134	.171	.101	.151	.15	.604	.30

For groups 1 and 2, 6 of the 12 matches organized in Paris were studied. Questionnaires related to the spectators lead to estimate the gross and net revenue of the RWC for Paris and its region. This also permitted to measure the global revenue of the RWC after adding the multiplier effects. Groups 3, 4 and 5 have been used to evaluate the social impact of the RWC. Social impact has been evaluated on the inclination of people to pay tax revenues to finance the RWC. This was the main postulate.

The net revenue of the RWC (including French government and local authorities subsidies, spectators and teams expenses) in Paris area is equal to 107 997 000 euros (\$ 135.420.000) and 235 792 000 euros (\$ 295.415.000) with the multiplier effects (rate multiplier=2.35). (NB: the national economic impact of the RWC is about \$ 688 874 000) The social impact of the RWC corresponds to 44 551 000 euros (\$ 52 000 000). This total is the financial estimation of the interest of people investigated.

Literature is often sceptics about the reality of the economic effects of mega-sport events. Survey conducted with RWC underlines the existence of an impact but several points have to be discussed. First of all, if many sources of revenue connected to RWC exist, two of them correspond to the main part of the economic impact: 50% are the spectators expenses, 42% are the

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expenses of the organizing committee. Indeed, this one is located in Paris. This localisation drives to an overestimation of the local impact in Paris area. Otherwise, others sources of revenue have a minor importance. If the organizing committee expenses were taken into account in a different way, the global impact would be much less important. Second, this kind of studies only estimates the economic impact of the event. The social effect of the RWC has been integrated to the survey. This gives an additional value to usual studies observed in literature. Nevertheless, the option to make a financial transformation of the social impact can be discussed. One can think that the social impact can not be only estimated thanks to the inclination of people to pay tax revenue. Third, this ex post study gives some very different results from the ex ante survey (Essec, 2007 estimated that the RWC would generate a 4 billions of euros economic impact in the French territory). The difference between ex ante and ex post results is a common point mentioned in the literature. Last, as mentioned above, the multiplier rate is a very traditional point of discussion. On this point, the survey on the RWC is not an exception and does not lead to close the debate. The option picked was to estimate this multiplier rate with a model including different variables (active population rate, structure of local economy, structure of the population...). The question of the multiplier rate is very central because the multiplier effects are equal to 63% of the global impact.