

Economic and Tourism Impacts for Host Communities: Comparing Non-Mega with Mega Sport Events

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Events require investments of human, financial and physical resources from communities that stage them, and these investments are extremely costly for mega sport events (e.g., Horne & Manzenreiter, 2006; Preuss, 2009). Local residents are directly affected by the event (be it positive or negative), and should be concerned about the impacts that hosting major sport events has on their personal lives (e.g., Briedenhann, 2011). While events can affect host communities in multiple ways (e.g., socially, urban regeneration, sport participation impacts; e.g., Brown & Massey, 2001; Ritchie, 1984), this contribution focuses on economic and tourism impacts. Tourism impacts are included based on the premise that tourism opportunities, stimulated by these events, are often identified as a form of sustainable economic benefit for the host city (e.g., Mules & Dwyer, 2005; Preuss, 2005; Weed 2008). While most research in this area has focused on large and/or mega sport events (MSE), this contribution will give specific attention to smaller/medium sized non-mega sport events (NMSE), and compare and contrast their potential economic and tourism impacts and outcomes for local communities with that of MSE. The question whether smaller and medium sized, non-mega sport events (NMSE) might be more likely to create positive economic outcomes for host communities compared to large/mega sport events (MSE) has scarcely been addressed (e.g., Mondello & Rishe, 2004; Matheson, 2006a). Agha and Rascher (2012) researched why smaller sport leagues might have bigger economic impacts as compared to major leagues in cities in North America. In a similar way, the current paper addresses the following research questions: What makes NMSE, usually hosted in smaller cities, different from MSE in the context of their economic and tourism impacts? Is it the inherent features of the types of events and/or the characteristics of the smaller towns and cities in which they are hosted? Based on an overview of the literature on economic impacts and tourism opportunities of both, NMSE and MSE, this paper theorizes why these impacts are different, and thus affect host communities in a different manner. The emphasis is on spectator sport events, and does not pertain to participant sport events. First different characteristics of NMSE and MSE are outlined, taking into account that there is no consensus in the event management literature on typologies and/or definitions of different types of sport events (e.g., Bladen, Kenwell, Abson & Wilde, 2012; Foley, McGillivray & McPherson, 2012; Getz, 2012; Hayes & Karamichas, 2012). For now, we accept that NMSE are generally smaller in size, scale, scope and reach than their mega counterparts.

The tendency to overestimate the benefits and underestimate the cost of hosting MSE, particularly during the bidding phase, has been illustrated by many researchers (e.g., Baade & Matheson, 2001, 2006; Gratton & Taylor, 2000; Hachleitner & Manzenreiter, 2010; Késenne, 2005, 2012; Leeds, Mirikitani, & Tang, 2009; Matheson, 2005, 2009; Porter & Fletcher, 2008). While these types of MSE generate significant revenues for their organizations (Foley et al., 2012), the host communities are often left with significant debts (e.g., Késenne, 2005, 2012). A different picture is assumed for NMSE. The economic impact of MSE and NMSE on local communities is discussed by contrasting and comparing revenue streams, expenditure patterns, tax returns, government subsidies, and currency exchange rate effects for both types of events (e.g., Dwyer et al. 2006; Mondello and Rishe, 2004). Furthermore, an analysis of crowding out effects (e.g., Késenne, 2012; Preuss, 2005), price of skilled labour, (un)employment effects, accommodation capacity (e.g., Dwyer et al., 2006; Maennig & Zimbalist, 2012), facility upgrading, construction and post-event usage (e.g., Gibson et al, 2012; Horne & Manzenreiter, 2006), as well as the consumer surplus for local citizens (e.g., Késenne, 2012; Mules & Dwyer, 2005; Willig, 1976) are illustrated. It will be shown that, overall, local citizens are less likely to be harmed economically from NMSE compared to MSE.

Boosting tourism and city branding through publicity are also common objectives for cities to host MSE, all with the purpose of creating some form of sustainable economic benefit from hosting the event (e.g., Chalip & Costa, 2005; Horne 2007; Sollberg & Preuss, 2007). The enhanced tourism image of an area may attract future visitors, which Mules & Dwyer (2005) identify as the “background” economic benefit attributed to events. The potential to have a long-term effect on tourism is expected to be stronger for MSE compared to NMSE because of the global media attention for MSE (e.g., Horne, 2007; Thibault, 2009). However, except for the 1992 Olympic Games in Barcelona,

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there is no evidence that MSE have created sustainable tourism outcomes for host cities (e.g., Foley et al., 2012; Jago, Chalip, Brown, Mules & Ali, 2003; Sollberg & Preuss, 2007). Flow-on tourism opportunities, on the other hand, exist for both types of events (e.g., Baumann, Matheson & Muroi, 2009; Hritz & Ross, 2010; Gibson, Willming, & Holdnak, 2003; Taks et al., 2009). Like MSE, NMSE attract visitors – albeit drastically lower in number – offering opportunities to visit the host destination. Studies on sport-tourism related to small scale events clearly indicate that NMSE create tourism opportunities at the time of event itself (i.e., Gibson, Kaplanidou & Kang, 2012; Kaplanidou & Gibson, 2012). However, the effect of NMSE on future visitation is equally unclear (e.g., Foley et al., 2012; Jago et al., 2003; Taks et al., 2009).

Evidence is beginning to show that NMSE may be more successful in generating positive economic outcomes for host communities compared to MSE (e.g., Agha & Rascher, 2012; Dwyer et al., 2006; Matheson, 2006 a&b; Veltri, Miller, & Harris, 2009). Both types of events will create (some) winners (e.g., perhaps the organizing committee, the hospitality industry, some businesses; e.g., Karadakis, Kaplanidou & Karlis, 2010). However, negative economic impacts of MSE (e.g., tax payers debt) is dramatically higher for MSE than for NMSE, mainly because of the large infrastructure requirements as well as the high security costs they generate. The enormous influx of tourist for MSE may disturb the lives of the local population, and/or crowd out regular tourists or even local residents (e.g., Preuss, 2005), which is probably not the case for NMSE. In addition, increased number of tourists may avoid partaking in certain tourism activities (e.g., at capacity).

Overall, the economic and tourism impacts of NMSE seem to have better positive prospects for host communities compared to MSE. However, measuring impacts of events remains a complex endeavor (e.g., Dwyer et al., 2006; Preuss, 2007). Starting to understand how these impacts vary according to the types of events and the types of communities that host these events, is a first step in increasing our understanding of what these types of events actually mean for cities, and for their residents who are most directly affected by these events. While most of the research so far has focused on MSE, more research on NMSE is warranted, particularly focusing on leveraging NMSE to maximize their potential ability of generating positive economic and tourism outcomes.