

Where Are „White Elephants” Living? Impacts of International and Domestic Sport Events

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Introduction: It is with international sports events that sports economics really comes into its own. Sports programmes and sports events comprise the central product of professional sport (András, 2011). From a sports economics point of view, important international sports events (Olympic Games, world cups) impact all sport markets (András, 2003). These international sports events have significant impacts not only on their own markets, but also on the economy of their host country / city. Furthermore, in many cases, there are also impacts that are not primarily of an economic nature but are still closely economy related. Methodology: online questionnaire survey of the organisation experiences of 21 sports associations about international and domestic sports events held in 2013 and 2014, including the events' impacts on sport and on the associations, also using professional literature. Result: The results give the answer to how the organisation of an international sports event impacts the development of sport, the motivation of sportspeople, employment, infrastructure development, financing, tourism, after growth and recruitment. Summary: The topic deserves special attention as a number of international sport events have been held Hungary in recent years and will be organised in the years ahead, which will have both economic and non-economic impacts in the short and long term. Just to mention the most important ones: 2017 European Youth Olympiad (Győr), 2020 Football European Championships (Budapest), 2021 Water World Championship (Budapest). This short list shows that Hungary represents world-class standard in the organisation of international sports events.

Keywords: sport, sports economy, international sports events, white elephants

This study is the written version of a presentation to be delivered at the 2nd IRI Economics Conference held between 26-28 January 2015. It discusses international sports events, their economic impacts, international sports events organised in Hungary, the experience of the responsible associations and the organisers about them and their impacts. The research topic of my PhD study is the economic impacts of domestic sports events (i.e. those organised in Hungary) and international ones. I carried out an online survey about this topic in November-December 2014, which examined the economic and other impacts of international competitions organised in Hungary in 2013 and 2014.

International Sports Events

It is with international sports events that sports economics really comes into its own. Sports programmes and sports events comprise the central product of professional sport (András, 2011). From a sports economics point of view, international sports events (Olympic Games, world cups, Champions' League finals) impact all sports markets (András, 2003).

For the *consumer market*, sports events create a product of a special nature: its creation and consumption are simultaneous. Consumption can take two forms: on the spot or through the media. To the consumer, a sports event is a passive form of sport and viewing the event is the subject of exchange, which offers the viewer an experience. The key values of sports events are the uncertain outcome and the resulting excitement. On the *player market*, playing at an international sports event may have a huge influence on the given sportsperson's career – major player transfers may take place based on how a player performs. A specific example is the 2014 world cup in Brazil, after which Real Madrid purchased James Rodriguez for EUR 80 million, Keylor Navas for EUR 10 million and Toni Kroos for EUR 30 million. (www.transfermarkt.com). On the market of *broadcasting rights*, programme providers pay huge amounts to the rightholders of key sports events like the Olympic Games. "*It is the economic importance of sports events arousing keen interest that created the market of domestic and international broadcasting rights.*" (András, 2011) International sports events play a key role also on the *sponsoring and merchandising markets*: events can be separately sponsored and each has an image of its own. Capitalising on the increased media attention, sponsoring becomes the most active when there is an actual sports event.

These international sports events have significant impacts not only on their own markets but also on the economy of their host country / city. Furthermore, in many cases, there are also impacts that are not primarily of an economic nature but are still closely economy related. Based on their occurrence in time, these impacts can be divided into three categories: those before, those during and those after the given event. Another grouping of impacts is short and long term ones (Preuss, 2004). During the *planning, preparation and construction phase*, the biggest impact is in the area of facility and infrastructure development. During this phase, the key areas of growth are the revenues and investments of the construction industry and the related job opportunities. *During the events*, direct consumption grows, due primarily to the rescheduling of internal consumption and tourism: during the event, many sportspeople, other participants and supporters arrive at the venue (cities or country). Direct consumption can grow locally, in the given city and region, as well as internationally. At the local level, economic growth is boosted by transportation, accommodation letting, catering and other services related to the event (security service, sale of merchandise and advertising services).

In the long term, tangible economic impacts appear in the form of sustainable jobs, easy-to-utilise facilities and infrastructure deployment. Besides, impacts that are not economic in their nature yet indirectly influence the economy of the

host country / city are also experienced. Examples include the increased amateur sports activities of the host country's population as a result of a sports event – which later leads to a decrease of *healthcare* expenses. Impacts can also be seen in *politics*: the new relations made may have an effect on the country's commercial activities and the implementation of projects requires a political consensus within the country.

When and where an international sports event is organised, the host country/city gets a huge media opportunity to raise awareness of and create a positive image about itself. If the efforts made to this end are successful, tourism will later become busier. Another impact, which is less tangible yet can be confirmed to occur in the long term, is that an international sports event creates a complex set of relations between the image of the host country, the national identities of participants and the attitude of the population and volunteers. Such an event represents a number of values – like self-discipline, tolerance, cooperation, multiculturalism, solidarity, team spirit and team play – which are parts and cornerstones of national identity and pride (Szóts, 2012). As a result, the key long-term impacts include national pride and the strengthening of the host country's image and the volunteer movement.

The organisation of international sports events always also creates *new jobs*. These can be grouped along different aspects. There is a major demand for workforce in projects connected to the event, mainly in the construction industry, for the construction of stadiums and other facilities. This demand is there during the 4-5 years that precede the event, due to the increased need for labour, but is temporary and does not continue in the long term. Further jobs are created owing to increased tourism, in accommodations and catering units. The third area of labour demand is in the organisation and management of the given event: the organiser and management staff may have a headcount of thousands of people – excluding volunteers.

The jobs that survive in the long term are connected to the operation and management of the infrastructure projects implemented for these events.

Where Are White Elephants Living?

The provocative question in the title is related to the infrastructure developed and the facilities constructed for particular sports events but not needed in the long term.

Professional literature and the international press both use the expression “white elephants” to refer to stadiums, sports halls and, in a broader sense, all venues and areas which remain unutilised after an international sports event, sometimes in the middle of nowhere, and are badly dilapidated. They are expensive to maintain and there is no solution for their utilisation.

Of economic impacts, I want to focus on infrastructure development projects, with special respect to the construction and development of facilities: white elephants are the negative footprints of international sports events, in the form of infrastructure projects.

The key success points of infrastructure projects are timing and complex long-term planning. In practical terms, this means that in case the home town of

an event would have implemented the project even without the event, the wisest decision is to align the time of project implementation to the time of the event, and use grants to finance the project. In Hungary, a good example is the construction of the AUDI Arena in the city of Győr. There are two scenarios for timing: either the project is implemented in advance or organisers wait for some sports event to which they can assign the project.

White elephants are prestige projects, which are unnecessary and cannot be utilised in the future. They are unavoidable with major sports events, for which the construction of stadiums with large capacities is a requirement. White elephants most often appear after Olympic Games and football world championships, especially if the right to organise the event is a matter of prestige, to show off and to demonstrate power. This is what happened in Russia (Sochi) and China (Beijing), but the examples most often mentioned are Athens and South Africa. By contrast, the modernisation of Barcelona in connection with the Olympic Games is referred to as the positive example.

Is this phenomenon a real threat in 2015? The problem that needs to be solved is how such facilities could be planned and used in a sensible manner. Architect John Barrow has a vision for „prefabricated stadiums”, which are easy to take apart and even be moved. The goals are to have 100% future utilisation and to reduce the immense costs. If these were achieved, it would also be possible to expand the group of candidate countries and even Hungary could bid for the right to organise Olympic Games. In December 2014, the International Olympic Committee approved its reform programme called “Agenda 2020”, which supports Olympic Games that are economical, profitable, cheaper and smaller – giving a historic chance to cities of a size like that of Budapest, as the Agenda 2020 allows the joint organisation of Olympic Games by several countries.

A positive example to the 100% post-utilisation of facilities is the set of plans for the construction of stadiums for the 2022 Qatar football world cup. Qatar has allocated a budget of USD 4 billion to the implementation of the facilities themselves, and another USD 42.9 billion to infrastructure development. According to the plans, the capacities of all the sports facilities with only one exception could be later reduced through reconstruction, and the unneeded stadium elements would be used to support the development of the stadium infrastructures of smaller countries in Asia and Africa. The Doha Port stadium, which is planned to have a capacity of 44,950, would be completely pulled down after the world championship. This makes sense as the total population of the country is 400,000. A total of 12 stadiums will be built for this particular sports event, even the smallest one with a capacity of 30,000. This means that the whole country could be housed in the new stadiums – this is why an integral part of the concept is to pull down and give away the stadiums.

International Sports Events in Hungary

The list of sports events organised in 2013 and 2014 clearly shows that Hungary is heading towards organising a number of major sports events. The question is why so many world competitions are being organised. Is it mere

coincidence, a government strategy or are there other benefits which this tendency is aiming at achieving? The answer is a complex one. *As regards the intents of politicians*, the strategic objective is to fortify Hungary's status as a sports superpower (István Simicskó, Hungarian Parliamentary Under Secretary of State for Sport, 2013). The turning point was in 2012: according to the results of my research, 42 world events have been organised in the course of the past 2 years in Hungary, by 21 associations. Associations display long-term, complex, strategic thinking. Sport associations assume the role of bidders and the government undertakes state guarantee and provides financial support. If a world championship is organised in a particular country there are always emotions involved (András, 2013), on both sides. To *competitors*, competing in their home country is a unique feeling and provides additional motivation. As for *supporters*, they can personally feel the experience, catharsis or disappointment, on the venue. The success of domestic sportspeople at these competitions is of key importance as supporters can fully identify with the success of the team they support.

Taking a complex approach, domestic competitions also set an example to children, both for the love for sport and for doing it. One key objective in Hungary is to improve active sport – and these events support the achievement of this objective through their appeal. The current concept in the world of sports contains the aim of bringing world competitions closer to supporters. As a consequence of this concept, an increasing number of events „become obtainable” – also to countries like Hungary. World championships are organised every 2 years and a European championship annually in more and more fields of sport. Associations have recognised that there is a need for an increasing number of „awardable” world championships, through which they can get closer to supporters and introduce less known and less popular fields of sport to the general public. Hungarian domestic associations organise world championships not only for adults but also for juniors. Examples include the U16 Chess Olympiad, the U19 Football European Championship or the U19 Men's Handball World Championship, during which young handball players played 100 international matches, all before a full house. These events have a different message as supporters do not see the well-known stars on the court. The gist of the message is “come and watch the stars of the future”! Juniors' events are excellent opportunities to prove organisation skills and the ability to make achievements, which come in handy when bids are submitted to host adult world competitions later. They are also useful to have something in case the required infrastructure is not available for an adult competition. Sports events can also be used to address and include the business sector, and sports associations can also make use of them as opportunities to get sponsoring. The SOFT impacts of international sports events include their internal PR value and the improvement of the country's image.

In summary, when an international sports event is organised, complex, long-term, strategic thinking is important (András, 2013). Complexity is required since amateur sport and professional sport cannot be separated and the role of facilities is not only to house world competitions but also to broaden the sportspeople base. Long-term thinking is necessary as these processes need time to yield fruit, for new generations to grow up. And a strategic approach is

required since such events must be a part of the country's sports concept (András, 2013).

International sports events are not simple events but complex sets of services, and, in each case, one has to look how much profit one invested Euro will bring.

The Research

As the starting point for my research, I collected the international sports events organised in Hungary in the years 2013 and 2014. For this purpose, I used the annual sports calendar on the homepage of the Hungarian Olympic Committee and the information available on the homepages of the associations. The database thus prepared and used as the basis of my research contains 42 different sports events, organised by 21 different associations. As a second step, I prepared a questionnaire with 44 questions, which was divided into four parts and put on an online platform. As a result of these efforts, I had 15 completed questionnaires, which corresponds to a response rate of 71.42%. This was achieved through 50 emails sent out and nearly 100 phone calls made. The 15 associations that completed the questionnaire and the sports events about which their answers were given are contained in Table 1. I have highlighted those research results which most strongly shaped the overall picture – thus answering the very question in the title of this study.

To be able to understand the impacts of sports events in the proper context, one must examine the antecedents. Of these, I wish to focus on the following: (i) what was the aim of the sports event for the associations, (ii) why they bid for the organisation rights and (iii) what they think was the key to the success of their bid. Where questions were raised, predefined answers had to be ranked. According to the actual answers, the primary aims of the bids submitted to win the right to organise the event were to popularise the given sport, to give sportspeople the opportunity to play before their domestic audience, to increase their level of motivation and, ranked last, to improve the development of junior players. I identified these as "SOFT" aims – to me, the achievement of these aims is difficult to accurately measure. The aims categorised as "HARD" ones, which were mainly of a financial nature, like getting state support, arranging a financial base for the given sport and infrastructure development, ended in the last three places in the ranking of aims (Figure 1.) These results may be surprising at first sight: when talking about international sports events, the primary associations in many people's minds are the Olympiad and the related large-scale construction projects. Hungary can organise international sports events mostly in individual sports, for which the infrastructure is already available. As regards team sports, those stand a chance of having an international event in Hungary for which the 10,000 capacity of Budapest Arena satisfies organisation requirements (ice hockey, women's handball). As bidding for and winning the organisation of an international sports event is a complex issue and process, I also asked the associations what they thought was the key to their success with their bid. In this case, answers were more divided: the key aspect is the level of achievement of the given sport in Hungary. In other words,

for Hungary to win the right to organise a sports event in a particular sport, outstanding international results in that sport are needed. (Figure 2)

In 53.33% of the cases, organisers assessed the impacts of the event both before and after it. In 6.66%, i.e. in one single case, impacts were assessed only preliminarily, in 38% of the cases no assessment was made either before or after the event, and in another case (6.66%), impacts were assessed only subsequently.

Only 33% (one third) of the associations that completed the questionnaire had provided increased support for their sportspeople for the very reason that these events were organised in Hungary. 93.33% of these events, i.e. all but one, received financial support from the Government. For less than half of the events (40%), a domestic naming sponsor also joined the sports event and 73.33% of the events gave rise to new sponsorship contracts because of the domestic venue. Supporters' result expectations increased in 86.66% of the cases.

Of the aims of organisation, the most important ones included giving sportspeople the opportunity to play before their domestic audience and increasing their level of motivation. According to the questionnaire answers, these aims proved to have been achieved: 80% of the respondents (12 associations) stated that, owing to the fact that the venue was in Hungary, Hungarian sportspeople achieved better-than-average results at these competitions. At two of the events organised by the respondents, the Hungarian participants won no medals (football and equestrian sports) but, on average, nearly 4 (3.785) medals went to Hungarian participants at domestic sports events. This clearly shows that the aims of the organisers have been achieved and that organising a sports event in the home country provides additional motivation.

As regards social impacts, a domestically organised sports event can also activate areas that are connected to sports. The number of supporters of 60% of the responding associations increased, 46.66% experienced better opportunities for recruiting juniors for the given sport (i.e. more children applied to begin the sport) and also 46.66% of the associations saw an increase in the sport's social base (an increasing number of people began to do that sport as amateurs or pros). 20% of the respondents experienced all these three positive impacts: for these, we can say that an international sports event gave full impetus to that sport (water polo, chess, ice hockey) (Figure 3).

It is at this point that we can answer the question in the title of this presentation for Hungary. The vast majority of the events organised in Hungary are competitions for individual sports. To the question regarding the antecedents of events, we received the answer that 73.33% of the responding associations that had bid for the right to organise the event already had the necessary infrastructure. This is why the answers to the question regarding infrastructure related impacts come as no surprise. In 67% of the cases, no infrastructure development was carried out, a town district was renewed in 1 case (Tiszaújváros, triathlon), in 3 cases a particular sports facility was renewed (water polo, dragon boat, handball) and in 1 case a new sports facility was built (football, Pancho Arena). No new facility has been built for any of the sports events organised in the course of the past 2 years that would stand empty and

abandoned since the event. We can, therefore, make the statement that no white elephants have been born in Hungary as a result of international sports events (Figure 4).

Furthermore, we can also say that 40% of the responding associations made a financial profit on the event (Figure 5).

Summary

Besides markets directly related to sports, international sports events also have positive impacts on financial and not directly financial areas if the opportunities and difficulties are properly assessed during the bidding and planning phases. A successful sports event begins with appropriate preparation and requires complex, strategic, long-term thinking. Indispensable success factors of international competitions organised in Hungary are the successfulness of the domestic team and arousing supporter activeness and interest: it is through these channels that social impacts flow on. The level of financial impacts is influenced by the status of the given sport on the imaginary popularity list of sports, the number of event participants and the type of the event. International competitions for one single sport and those housing several sports have impacts of different orders of magnitude. Hungary offers world-class standard in the organisation of international competitions for one single sport, which is typically an individual sport.

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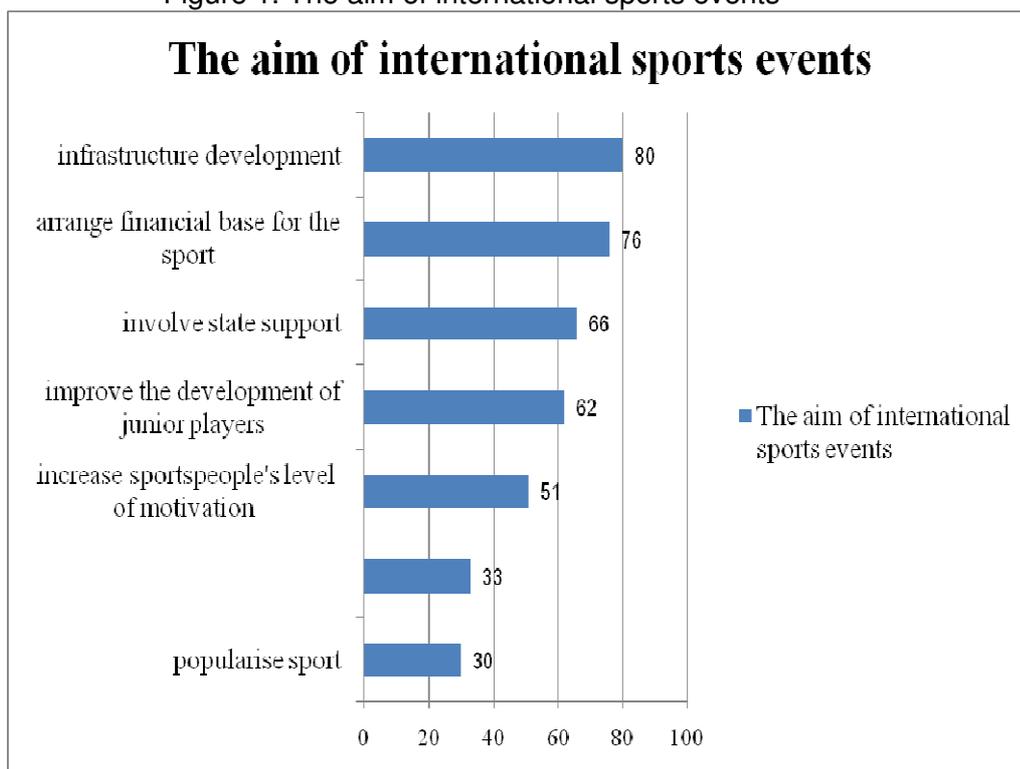
Appendix

Table 1. The 15 associations that completed the questionnaire and their sport events

<i>Sport</i>	<i>Sport events</i>	<i>Location</i>	<i>Date</i>
Chess	FIDE U-16 World Youth Under-16 Chess Olympiad	Győr	12.-22 December, 2014.
Dragonboat	11. IDBF Dragonboat World Championships	Szeged	23-28. July, 2013.
Equestrian sports	CSIO***Budapest 2014 13th competition Grand Prix Budapest	Budapest	3-6. July, 2014.
Pentathlon	Bericap Senior European Championships	Székesfehérvár	10-15. July, 2014.
Football	UEFA European Under-19 Championship	Budapest, Győr, Pápa, Felcsút	19.-31. July, 2014.
Athletics	Gyulai István Memorial - Hungarian Athletics Grand Prix	Székesfehérvár	8. July, 2014.
Wrestling	Wrestling World Championship	Budapest, László Papp Budapest Sports Arena	16-22. September, 2013.
Fencing	MOL Word Fencing Championships	Budapest, Syma Sport & Event Center	5-12. August, 2013.
Karate	EKF/WKF European Championships	Budapest	5-12. May, 2013.
Triathlon	ITU TVK Triathlon Word Cup	Tiszaújváros	9-10. August, 2014.
Swimming	2nd FINA Word Junior Open Water Swimming Championships	Balatonfüred	5-7. September, 2014.
Water Polo	European Water Polo Championships Budapest 2014	Budapest	14-27. July, 2014
Handball	Women's EHF Champions League FINAL4	Budapest, László Papp Budapest Sports Arena	3-4. May, 2014.
Bowling	V. National Team's Bowling World CHAMPIONSHIP	Zalaegerszeg	10-26. May, 2013.
Ice Hockey	IIHF Men's World Ice Hockey Championships Division I	Budapest, László Papp Budapest Sports Arena	13 - 20. April, 2013.

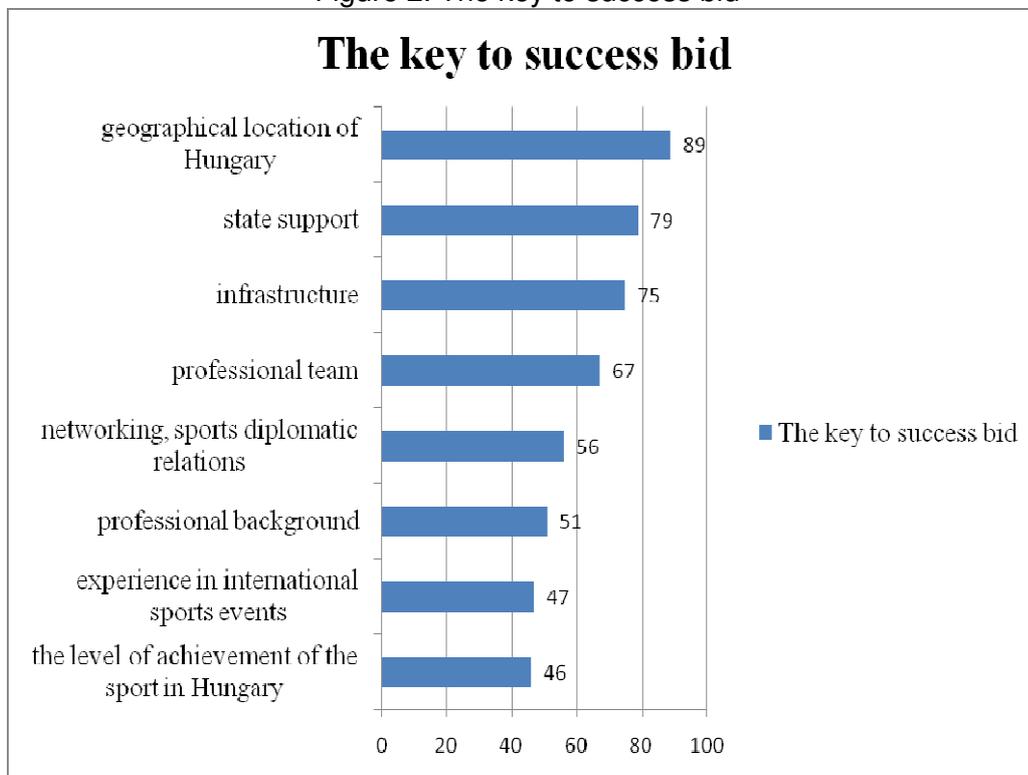
Source: Tünde Máté, own research, December, 2014

Figure 1. The aim of international sports events



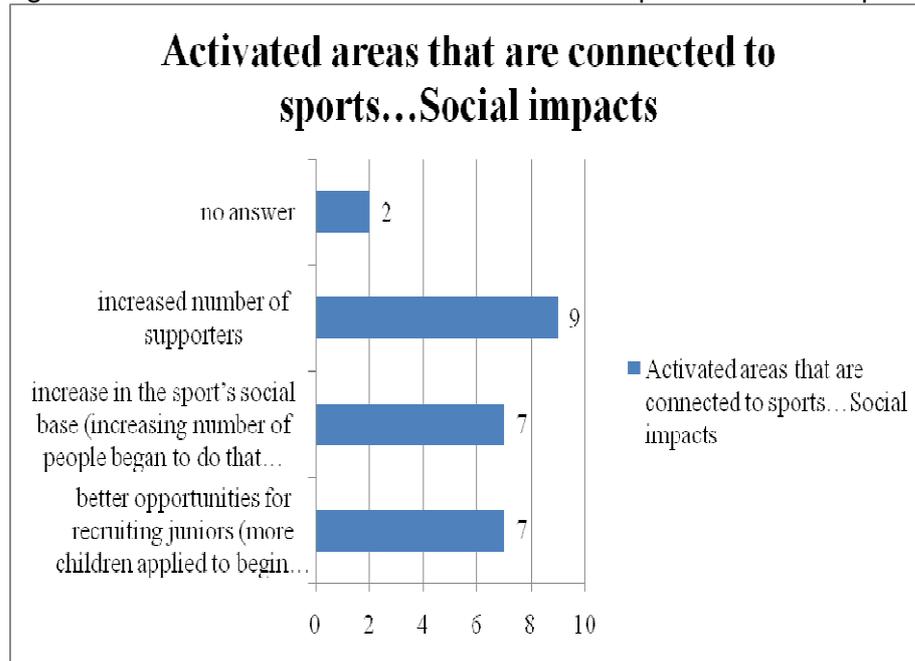
Source: Tünde Máté, own research, December, 2014

Figure 2. The key to success bid



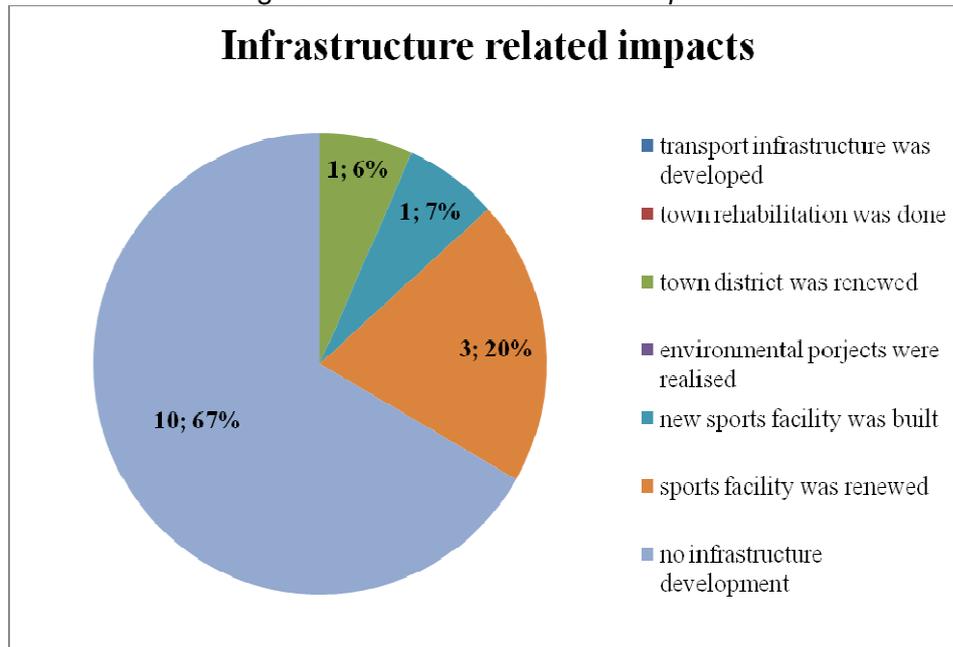
Source: Tünde Máté, own research, December, 2014

Figure 3. Activated areas that are connected to sports... Social impacts



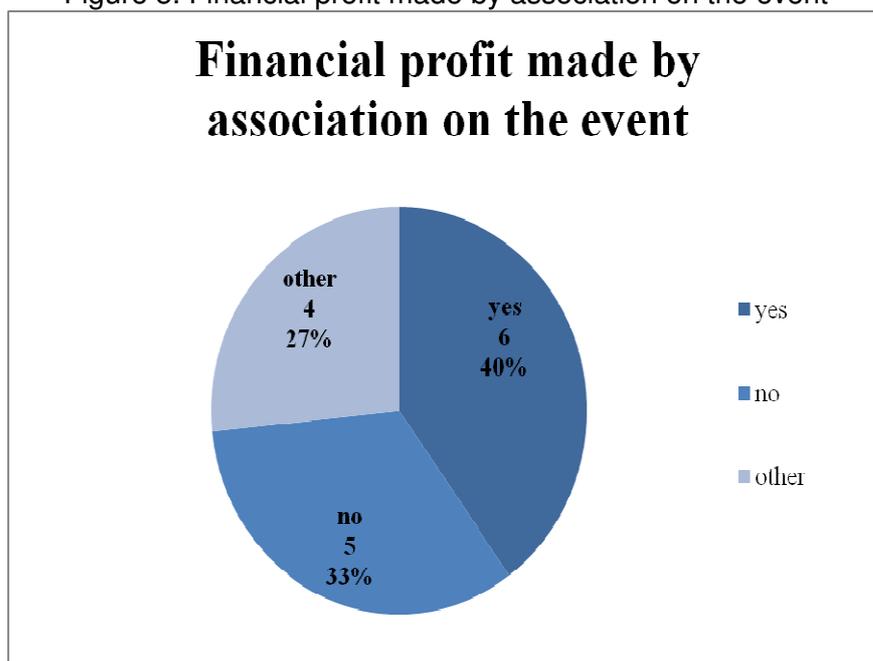
Source: Tünde Máté, own research, December, 2014

Figure 4. Infrastructure related impacts



Source: Tünde Máté, own research, December, 2014

Figure 5. Financial profit made by association on the event



Source: Tünde Máté, own research, December, 2014