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The economic impact of sporting events : A stakeholders perspective

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Background :

According to Chappelet (2006) public authorities at a local, regional or national level are implementing mega-events hosting public policies. Numerous stakeholders are involved in these sporting events, and the relationship they establish is sometime complex Parent (2008), Parent, M., Deephouse, D.L. (2007). The calculations of the sporting event economic impact that has been done in the past have looked at the main inflows of money on the territory, and outflows of money from this regional space. These regional macro-economic analysis rely on a very global view of the event which is reduced to a black box with money going in and out. The aim of this paper is to demonstrate that it is necessary to analyse the relationships that are established around the tournament prior to an economic impact calculation. The impact that is estimated would be at the same time more precise and more detailed. The theoretical background therefore is twofold: the stakeholders theory on one hand, and the regional science valuation tools on the other hand.

Objectives :

The objective is first to precisely analyse the relationships established or reinforced during a special event, between stakeholders (organizing committee, spectators, partners, suppliers, institutions participating in associated programs...). A medium size event, the Moselle Tennis Open which is an ATP 250 tournament, was chosen as a case study. The second objective is, on the basis of a distinction between stakeholders from the territory in question (the county of Moselle in the East of France) and stakeholders from outside this territory, to calculate the tennis tournament economic impact of relations according to their nature or goal: economic, social, and environmental.

Methods :

The networking built by the tournament was described on the basis of interviews administered to partners, suppliers and other stakeholders. The nature and the strength of the relations had to be described, and the financial resources allocated had to be given. A survey was completed with stadium spectators; more than 800 of them were interviewed. Data were then computed using a model coming from regional science which is the base theory. The issue was to determine whether the Moselle Tennis Open tournament was a basic activity attracting new financial flows. A multiplier was calculated and the economic impact of the event determined.

Results :

The tournament is very well appreciated by the various stakeholders, and particularly by the sponsors that want to continue their partnership with the event. The tournament is a place where public relations and business are done. Conversely, there is a lack of interest from the public, and the tournament does not appear to be a very popular event. The economic impact is quite low (650,000€) in comparison with the size of the organizing committee budget (about 2m€). It is because only 25% of the financing is coming from stakeholders located outside of the county, while only 33% of the expenditure benefits local societies and workers. The low number of people attending the event (14,000), associated with a weak proportion of them coming from outside of the county (21%), and a limited amount of expenditure (43€ on average) contributes to lower the total economic impact. Moreover, only a few partners (three of them) spend money outside of the stadium for public relations (a kind of expenditure usually forgotten in classical economic impact studies), lowering again the inflow of money in the Moselle County.

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