

Session: **Open session III.**

Abstract nr: **EASM-0132**

Signaling through Mega Sport Events - A Comparison between Beijing 2008 and Vancouver 2010

*C. Alfs*¹

¹*Institute of Sports Science, Johannes Gutenberg University, Mainz, Germany*

alfs@uni-mainz.de

Aim of paper and research questions

Staging mega sport events (MSE) like Olympic Games and FIFA Football Worldcups brings tangible and intangible effects for the host city or the host nation. While there is ongoing controversy whether the monetary impact is positive for the host (Matheson 2009; Heisey 2009; Baade & Matheson 2004; Késenne 1999; Crompton 1995; Getz 1994), a broader consensus seems to exist on the potential positive effects of intangible factors induced by staging an MSE (Szymanski, 2002, 9). The most prominent intangible effect is the free promotion for the location (Preuss 2007; Chalip & Costa 2006), which can be used as a signaling tool for the host as a business location or tourist destination, aiming at the reduction of informational deficiencies with regard to potential investors and visitors. Further, building up symbolic capital by using costly signaling can also be a goal of staging a MSE.

In contrast to most economic analyses, this paper will focus on MSEs being used to signal a host's economic power and display upgraded location factors of interest to tourists and business.

In a previous paper and presentation at the 2009 EASM Conference, news reports on the 2008 Beijing Olympic Games were analysed in the context of signaling theory, revealing differences in the emphasis on and judgement of signaling-related topics between news reports from different parts of the world.

The research question of this paper is whether there are differences between the foci of the signaling-related news reports of the 2008 Beijing Summer Olympics and the 2010 Vancouver Winter Olympics.

Literature review

Signaling is a way to bridge situations of asymmetric information between a better-informed sender and a less informed receiver by sending signals to convey not directly observable qualities or to produce symbolic capital with the receiver.

There are many disciplines using signaling theory such as information economics (Jensen & Meckling 1976; Rothschild & Stiglitz 1976; Akerlof 1970; Spence 1973), economics and marketing (Cai, Duxbury & Keasey 2007; Boulding & Kirmani 1993), anthropology, biology and evolutionary science (Palmer & Pomianek 2007; Bliege-Bird & Smith 2005; Getty 2002; Cronk

1994; Nur & Hasson 1984; Zahavi 1975) and philosophy (Veblen 1994; Bourdieu 1977; Mauss 1924).

In context of the signaling theory and the research question, the better-informed side is the host government and organizing committee, trying to convey unobservable qualities and information about the host to the rest of the world. They attempt to reduce information asymmetry, which equals the signaling approach used by the Principal-Agent-Theory (Jensen & Meckling 1976). Besides signaling information about the existing location factors the building up of symbolic capital by sending “costly signals” (Zahavi 1975; Veblen 1984; Bourdieu 1977) may be another goal of the host government and organizing committee.

In the context of mega sport events and in particular Olympic Games, signaling effects have not yet been measured in the way this study does.

Research design and data analysis

This study is based on a quantitative content analysis (Krippendorff, 2004; Berelson, 1971), in our case a quantitative analysis of Internet news reports using a coding frame.

The data collection was done using “Google Alerts”, sending daily E-mails with links to internet news reports on – in this case – the keywords “Beijing Olympic Games 2008” and “Vancouver Winter Olympics”. Google Alerts uses the Google StoryRank- algorithm to sort out those news reports on which the highest number of web pages link to. That way, the news reports most viewed and therefore with the highest subjective importance to and impact on the viewers are prioritized.

For the 2008 Beijing Games, 740 news reports were collected between 5 weeks before and 5 weeks after the Games. For Vancouver it was 266 news reports between 4 weeks before and 4 weeks after.

Results

Due to the early deadline for submission of the paper, only the results of the analysis of the news reports on the 2008 Beijing Games are available now. Out of the 740 news reports analysed, 183 were related to the signaling categories. For details see last years EASM presentation (Preuss & Alfs, 2009).

The analysis of the news reports on the Vancouver Winter Olympics is still under way but will be done way before the Conference in September.

The results will be presented backed by the different signaling theories, in particular “costly signaling” and the reduction of “information asymmetry” (Principal-Agent-Theory) in greater detail. The differences of the signaling-related news coverage between the 2008 Beijing and the 2010 Vancouver Games will be highlighted.

The results are important to learn more about intangible values of MSEs, here the ability to signal a particular image/information to a worldwide audience. So far host cities believe that the promotional effect of Olympics is a great free marketing opportunity, however, in the case of Beijing 2008 that must be qualified due to a number of negative news in most categories.

References

- Akerlof, G. (1970) The Market for „Lemons“: Quality Uncertainty and the Market Mechanism. *The Quarterly Journal of Economics*, 84, 488-500.
- Baade R. A., & Matheson V. A. (2004). The quest for the Cup: Assessing the economic impact of the World Cup. *Regional Studies*, 38(4), 343-54.
- Berelson, B. (1971). *Content analysis in communication research* (2nd ed.). Glencoe, Ill.: Free Press.
- Bliege Bird, R. & Smith, E. A. (2005). Signaling Theory, Strategic Interaction, and Symbolic Capital. *Current Anthropology*, 46 (2), 221-248.
- Boulding, W. & Kirmani, A. (1993). A Consumer-Side Experimental Examination of Signaling Theory: Do Consumers Perceive Warranties as Signals of Quality? *The Journal of Consumer Research*, 20, 111-123.
- Bourdieu, P. (1977). *Outline of a theory of practice*. Cambridge.
- Cai, C., Duxbury, D. & Keasey, K. (2007). A New Test of Signaling Theory. *Finance Letters*, 5 (2), 1-5.
- Cronk, L. (1994). Evolutionary theories of morality and the manipulative use of signals. *Zygon*, 29, 32-58.
- Chalip, L. & Costa, C. (2006). Building sport event tourism into the destination brand: Foundations for a general theory. In H. Gibson (Ed.) *Sport tourism: Paradigms and theories*. London: Routledge.
- Crompton, J. L. (1995). Economic analysis of sport facilities and events: Eleven sources of misapplication. *Journal of Sport Management*, 9 (1), 14-35.
- Getty, T. (2002) Signaling health versus parasites. *American Naturalist*, 159, 363-371.
- Getz, D. (1994). Event tourism: Evaluating the impacts. In J. R. B. Ritchie & C. R. Goeldner (Eds.), *Travel, tourism and hospitality research: A handbook for managers and researchers* (2. ed.) (pp. 437-450). New York a.o.: Wiley.

Heisey, K. (2009). *Estimating the intangible benefits of hosting the 2016 Olympic and Paralympic Games for potential bid cities: Berlin, Chicago and San Francisco*. Dissertation. German Sports University, Cologne.

Jensen, M., & Meckling, W. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3 (4), 305-360.

Késenne, S. (1999). Miscalculations and misinterpretations in economic impact analysis. In C. Jeanrenaud (Ed.), *The Economic Impact of Sport Events* (pp. 28-39). Neuchâtel: Editions CIES.

Krippendorff, K. (2004). *Content analysis - An introduction to its methodology* (2nd ed.). Thousand Oaks: Sage.

Matheson, V. (2009). Economic multipliers and mega-event analysis. *International Journal of Sport Finance*, 4(1), 63-70.

Mauss, M. (1924). *The gift: Forms and functions of exchange in archaic societies*. London.

Nur, N. & Hasson, O. (1984). Phenotypic plasticity and the handicap principle. *Journal of Theoretical Biology*, 100, 275-298.

Palmer, C.T. & Pomianek, C.N. (2007). Applying Signaling Theory to Traditional Cultural Rituals. *Human Nature*, 18, 295-312.

Preuss, H. (2007). Signaling growth – China's major benefit from staging the Olympics in Beijing 2008. *Harvard Asia Pacific Review*, 9(1), 45-49.

Rothschild, M. & Stiglitz, J. (1976). Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information. *The Quarterly Journal of Economics*, 90, 629-649.

Spence, A. M. (1973). Job Market Signaling. *The Quarterly Journal of Economics*, 87, 355-374.

Szymanski, S. (2002). The economic impact of the World Cup. *World Economics*, 3(1), 1–9.

Veblen, T. (1994). *The Theory of the Leisure Class*. New York (Original: 1899).

Zahavi, A. (1975). Mate selection: A selection for a handicap. *Journal of Theoretical Biology*, 53, 205