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The economic importance of major sports events: a case-study of six events

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This paper reports the results of an economic impact assessment of six major sports events held in the UK in 1997. Major sports events are now regarded by many cities as a significant part of their tourism strategy. However, staging a major sports event normally involves the host city making a contribution to the costs. Whether such a contribution is justified depends on the economic benefits generated in the local economy. The results reported in this paper indicate the wide variability in such benefits as well as the difficulty sometimes encountered in predicting what these benefits will be prior to the staging of the event. An attempt is made to develop a typology of major sports events in terms of their potential to generate significant economic impact.

INTRODUCTION

Up until the 1980s, hosting major sporting events such as the Olympics was thought of as a financial and administrative burden to the organizing city and country. This view was confirmed by the loss of £692 million made by Montreal in the staging of the 1976 summer Olympics. The previous summer Olympics in Munich in 1972 made a loss of £178 million.

Following these escalating losses, it seemed as if any host city would have to accept such a financial burden if it were to stage the Olympic Games or any other major sports event. However, the 1984 Los Angeles Olympics changed the economics of major sports events. These games made a surplus of \$215 million. The financial success of the Los Angeles Olympics changed the way cities and governments regarded the hosting of major sports events. Partly as a result of this, but also because there developed a greater understanding of the broader economic benefits to a city and country that could result from the staging of a major sports event, cities started to compete fiercely to host

major World and European championships across a wide range of sports.

This article concentrates on the economic importance of major sports events using data from six major sports events staged in England and Scotland in 1997. Five of the six events were held in Britain's 'National Cities of Sport', Sheffield, Birmingham and Glasgow. The sixth, the Women's British Open Golf Championship, was held in Sunningdale. These six events were part of a study carried out for the UK, English and Scottish Sports Councils. This article attempts to draw some general conclusions for the economic benefits of sports events and therefore puts these six events in the context of other studies that have been carried out over recent years. Before we move on to consider the details of the six events, we first of all review the developing literature on major sports events.

THE ECONOMIC IMPORTANCE OF MAJOR EVENTS

The study of hallmark events or mega-events became an important area of the tourism and leisure literature in the 1980s. The economic

Table 1 Financial costs and economic impact of various events

Event	Financial loss (A\$ million)	Impact on GSP (A\$ million)
1985 Adelaide Grand Prix	2.6	23.6
1992 Adelaide Grand Prix	4.0	37.4
1991 Eastern Creek Motor Cycle Grand Prix	4.8	13.6
1994 Brisbane World Masters Games	2.8	50.6

Source: Mules and Faulkner (1996)

benefits of such events has been the main focus of such literature, although broader based multidisciplinary approaches have been suggested (Hall, 1992; Getz, 1991). Within the area of mega-events, sports events have attracted a significant amount of attention.

One of the first major studies in this area was the study of the impact of the 1985 Adelaide Grand Prix (Burns *et al.*, 1986). This was followed by an in-depth study of the 1988 Calgary Winter Olympics (Richie, 1984; Richie and Aitken, 1984, 1985; Richie and Lyons 1987, 1990; Richie and Smith, 1991).

Mules and Faulkner (1996) point out that even with such mega-events as F1 Grand Prix races and the Olympics, it is not always an unequivocal economic benefit to the cities that host the event. They emphasize that, in general, staging major sports events often results in the city authorities losing money even though the city itself benefits greatly in terms of additional spending in the city. Table 1 shows the losses made by Australian cities hosting major sporting events, at the same time as indicating the increase in Gross State Product (GSP) generated as a direct result of the event. Thus the 1994 Brisbane World Masters Games cost A\$2.8 million to put on but generated a massive A\$50.6 million of additional economic activity in the State economy. Mules and Faulkner's basic point is that it normally requires the public sector to be in the role of staging the event and incurring these losses in order to generate the benefits to the local economy:

This financial structure is common to many special events, and results in the losses alluded to above. It seems unlikely that private operators would be willing to take on the running of such events because of their low chance of breaking even let alone turning a profit. The reason why governments host such events and lose taxpayers' money in the process lies in spillover effects or externalities.

It is not a straightforward job, however, to establish a profit and loss account for a specific event. Major sports events require investment in new sports facilities and often this is paid for in part by central government or even international sports bodies. Thus some of this investment expenditure represents a net addition to the local economy since the money comes in from outside. Also such facilities remain after the event has finished acting as a platform for future activities that can generate additional tourist expenditure. (Mules and Faulkner, 1996).

Increasingly, sports events are part of a broader strategy aimed at raising the profile of a city and therefore success cannot be judged simply on profit and loss.

Often the attraction of events is linked to a re-imaging process, and in the case of many UK cities, is invariably linked to strategies of urban regeneration and tourism development (Bianchini and Schwengel, 1991; Bramwell, 1995; Loftman and Spirou, 1996; Roche, 1994). Major events, if successful, have the ability to project a new image and identity for a city. The hosting of major sports events is often justified by the host city in terms

of long-term economic and social consequences, directly or indirectly resulting from the staging of the event (Mules and Faulkner, 1996). These effects are primarily justified in economic terms, by estimating the additional expenditure generated in the local economy as the result of the event, in terms of the benefits injected from tourism related activity and the subsequent re-imaging of the city following the success of the event (Roche 1992).

Cities staging major sports events have a unique opportunity to market themselves to the world. Increasing competition between broadcasters to secure broadcasting rights to major sports events has led to a massive escalation in fees for such rights, which in turn means broadcasters give blanket coverage at peak times for such events, enhancing the marketing benefits to the cities that stage them.

MEASURING THE ECONOMIC IMPACT OF MAJOR SPORTS EVENTS

The economic impact of major sports events is normally assessed using multiplier analysis. Multiplier analysis converts the total amount of additional expenditure in the host city to a net amount of income retained within the city after allowing for 'leakages' from the local economy. As an example, the total amount of money spent in a hotel will not necessarily all be re-circulated within a given city. Some of the money will be spent on wages, food suppliers, beverage suppliers, etc, the recipients of which may well be outside the city. Thus the multiplier is a device which converts total additional expenditure into the amount of local income retained within the local economy.

The ultimate purpose of multiplier calculations is that they can be used as the basis for further economic analysis such as making estimates of job creation attributable to a given inflow of income into a local economy. Sustained additional income into a local

economy will lead to the creation of additional jobs within that economy.

There are many different multipliers, but the one used most commonly for studies of events is called the proportional multiplier. The proportional income multiplier is expressed as:

$$\frac{\text{Direct} + \text{Indirect} + \text{Induced Income}}{\text{Initial Visitor Expenditure}}$$

Once the initial visitor expenditure has been measured, economic impact in terms of additional local income can be estimated by multiplying this initial expenditure by the local multiplier.

Direct income is the first round effect of outside visitor spending. It represents additional wages, salaries, and profits to local residents working in businesses that were the direct recipients of the additional visitor expenditures. Indirect income is the income to other businesses and individuals within the local economy as a result of the additional expenditures of the visitors but who were not the direct recipients of this visitor expenditure (e.g. local suppliers to the shops, restaurants, hotels, etc., that were the recipients of visitor expenditures). Induced income is the income resulting from the re-spending of additional income earned directly or indirectly on locally produced goods and services.

In practice, the value of the local multiplier is 'borrowed' from other studies in related cities since it is both complicated and costly to estimate the value directly. In Sheffield, for instance, which is the venue for one of the six events in this study, a local proportional multiplier of 0.2 (meaning that only 20% of the additional visitor expenditure is retained in the city as additional local income) has been used for several previous economic impact studies. The larger the city, the less the leakages, and, in general, the higher the value of the multiplier. For the six events specifically referred to in this article, a

multiplier value of 0.2 was used for the events held in Sheffield, Glasgow and Birmingham, and 0.1 for the golf championships in Sunningdale, as the leakages from the local economy in this case of a rural economy would be substantial.

By dividing additional local income by an average annual full-time wage for the sector where the income is received (e.g. hotel and catering), then the additional jobs created can be obtained and this is expressed in full-time equivalent job years. One full-time equivalent job year is the employment equivalent of one full-time job for one year. In reality, few, if any, full-time jobs lasting as long as one year are generated by any single, one-off, sports event. Most of the employment effect is normally seen in short-term and part-time employment. The average annual income figure that is used in such calculations, therefore, is normally lower than the national average wage to reflect this employment structure. In the UK studies referred to below, a figure of £12 500 was used.

Although this is the formal multiplier study approach to the calculation of economic impact, for comparison across the six events in this study it is useful to compare the additional expenditure generated in the host city by the event and the source of that additional expenditure. This will be the approach taken when discussing the results.

MAJOR SPORTS EVENTS IN THE UK

In the UK there has been a recent acknowledgement of the economic and social benefits that major events can have upon the host city, region or country. The setting up of the Major Events Support Group, now the Major Events Steering Group (MESG), in 1994, by the Sports Council was an attempt to assist governing bodies and local authorities in bidding for, and staging, major sports events. A report by the former National Heritage Committee (1995) entitled 'Bids to Stage

International Sports Events' provided a framework for a co-ordinated approach to attracting events. The report indicated that the UK had started to fall behind other countries in its approach to attracting major sports events and that the UK had lacked a consistent approach for bidding for events. One of the principal objectives in setting up the UK Sports Council was to rationalize the system. The UK Sports Council has since adopted a Policy and Strategy for Major Events and funding is now available from the National Lottery to support major sports events.

The National Heritage Committee (1995) report stated:

It is clear that bids to stage major sporting events ... can operate as a catalyst to stimulate economic regeneration even if they do not ultimately prove successful.

The report used the case of Sheffield and Manchester to highlight the regenerative impact of sports events in the UK:

... once the initial redevelopment has taken place, the existence of high quality facilities means that the cities concerned are able to attract other sports events. The impact however does not stop there. Many of the facilities are suitable for other uses such as conferences and concerts. In addition the favourable publicity which can follow from a successful event may increase the attractiveness of a city, raise its profile overseas, and enable it to attract an increasing number of tourists.

The economic importance of major sports events became an increasingly important issue in Britain following the economic success of the Euro 96 football championships, which attracted 280 000 overseas visiting supporters, spending around £120 million in the eight host cities and surrounding regions (Dobson *et al.*, 1997). If we include the impact of spending by domestic visitors not resident in the host cities, the total economic impact generated in the host cities by all spectators

and media/officials to Euro 96 was £195 million.

Euro 96 was estimated to have increased Britain's net earnings from travel and tourism in the second quarter of 1996 by 3% and generated an extra 0.25% of UK exports of goods and services. The impact on the whole economy was estimated at an added 0.1% on British Gross Domestic Product (GDP), in the period from April to June, a quarter of the total growth of 0.4%. The tourist boom during the championships helped push Britain's trade balance into its first surplus since the beginning of 1995.

According to estimates from Deloitte and Touche the government also experienced \$64 million gains as a result of England hosting the tournament: \$40m from the tournament through VAT on ticket sales, merchandising, corporate hospitality and other Euro 96 spending; \$5 million from betting tax from the \$80 million wagers on Euro 96 matches; \$3 million from taxation on the incomes of competition organizers; and \$16 million from companies paying corporation tax on commercial profit (Investors Chronicle, 1996). The government received this revenue boost while contributing only relatively small amounts through National Heritage Department grants. The costs of organizing, promoting, and policing the tournament and associated cultural events were borne by local authorities, private companies and the Football Association.

The tournament itself made a record profit of \$69 million for UEFA (Europe's governing body of football), \$49 million of which was given as prize money to the competing countries. Although the FA made an operating loss of \$1.7 million on the tournament, a \$2.5 million overall surplus was made after taking account of England's prize money as a result of reaching the semi-finals.

Euro 96 had a significant impact on the UK hotel industry. Outside London average room occupancies and average room rates were up by 14 and 22% respectively in June

1996 over their level in June 1995 (Greene Belfield-Smith, 1996). In Manchester, there was a 57% increase in room yield and room occupancy directly attributable to Euro 96. However, the displacement of business and conference trade did dampen the impact in some areas of the country.

Euro 96 was the largest sports event to be held in Britain since the 1966 World Cup. The evidence discussed above shows that it was an economic success story for the host cities and the British tourism industry. It has also led to an increased demand for more major sports events to be staged in Britain in the future, most notably the bids to stage the 2006 soccer World Cup Finals and the 2012 Olympic Games. The UK also hosted the 1999 Rugby Union and Cricket World Cups, and will host the 2002 Commonwealth Games.

However, every year in the UK there is a rolling programme of major sports events, some of which are of global significance. The Sports Council's Calendar of Major Sporting Events lists 291 major sports events that took place in Great Britain in 1997. Out of the 291 events listed, 46 would attract major television coverage outside, as well as inside, Britain. These would include the Six Nations Rugby Tournament, Wimbledon, the Open Golf Championship, the FA Cup Final, the Boat Race, and the Grand National. Britain probably has the broadest portfolio of annual major sports events in relation to its population size of any country in the world. This gives an expertise and experience that represents a competitive advantage in this rapidly growing global market. It also signals a need to more fully understand how sports events can generate benefits to the cities that host them.

In the UK, three cities, Sheffield, Glasgow and Birmingham, have adopted an economic strategy based on attracting major sports events to their area as a catalyst to stimulate economic regeneration. These three cities have been designated 'National Cities of

Sport’ and two of these, Sheffield and Birmingham, were also host cities in Euro 96. Five of the six events that are the focus of this study took place in these ‘National Cities of Sport’.

The economic importance of major sports events: a study of six events

This section reports the results of a study of six major sports events held in the United Kingdom between May and August 1997. The research was carried out on behalf of the UK, English and Scottish Sports Councils by the Leisure Industries Research Centre. The study aimed to evaluate the economic impact of these events on the local economies of host cities and towns as well as to investigate the complicated economics of staging major sports events.

In total, 4306 questionnaires were completed by visitors to the six events. In addition to the social survey information, additional information was collected from local authorities in the host cities, governing bodies involved in staging the event, and hotels in the host cities. The sample survey information, together with ticket sales data, was used to provide estimates of additional expenditure by visitors from outside the local economy. Estimates of additional local income generated and additional jobs created were provided using a proportional income multiplier approach. A summary of results, on an event by event basis, is provided below.

The six events studied were:

1 19 May – 1 June	World Badminton Championships and Sudirman Cup, Glasgow
2 31 May – 8 June	European Junior Boxing Championships, Birmingham
3 5–9 June	1st Cornhill Test Match England / Australia, Edgbaston

4 29 June	International Amateur Athletics Federation Grand Prix, Sheffield
5 31 July – 3 August	European Junior Swimming Championships, Glasgow
6 14–17 August	Weetabix Women’s British Open Golf Championship, Sunningdale

This study showed the wide variety in the economic impact generated by the six events. The two junior events (boxing and swimming) generated a relatively small economic impact on the host city given that one (boxing) lasted nine days and the other (swimming) for four. Athletics also generated a small impact, but this event lasted less than five hours. Cricket generated by far the highest level (\$4.6 million) of additional expenditure in the host city, and also attracted the highest number of spectators. Badminton and golf generated a similar level of additional expenditure but badminton lasted for 14 days and golf for four days.

Table 2 compares the overall additional visitor spending, additional local income, and additional employment generated by each of the six events and breaks down the total additional expenditure in the host city by the source of this spending. The table shows that the events differ in the relative share of total additional spending generated by visiting spectators on the one hand, and competitors, officials, and media representatives on the other. The cricket and golf stand out as spectator-driven in the economic impact with 91% and 90% respectively of the additional expenditure generated by visiting spectators. Athletics is also spectator-driven with 75% of total additional expenditure generated by visiting spectators. In the case of athletics, most of the spectators were day visitors, whereas the much smaller number of competitors and officials had a higher

Table 2 Source of additional visitor spending in host city

	Badminton	Boxing	Cricket	Athletics	Swimming	Golf
Visiting Spectators (%)	31	65	91	75	8	90
Officials, competitors, and media (%)	69	35	9	25	92	10
Total additional spend (£)	1 926 692	244 374	4 571 225	150 936	257 802	1 645 244
Additional local income (£)	385 338	48 875	914 245	30 187	51 560	164 524
Additional local employment (in full time equivalents (FTEs))	31	4	73	2	4	13

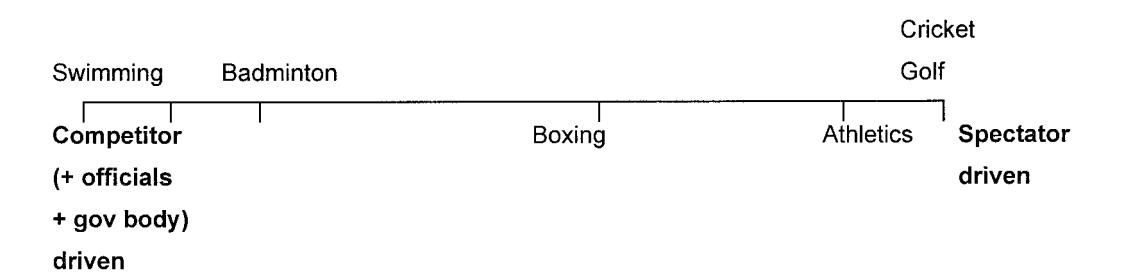


Fig. 1 The spectrum from competitor-driven to spectator-driven

proportion of them staying overnight, and spending considerably more in the host city. Consequently, the percentage contributed by spectators is less than in the cricket and golf events.

At the other extreme, at the swimming in Glasgow, 92% of the additional expenditure generated resulted from the spending of competitors, officials, and media representatives. For badminton around one-third of the additional spending was due to spectators, with most of the other two-thirds due to competitors, officials and media representatives. For boxing, the proportions were reversed with around two-thirds of the additional spend being due to visiting spectators.

Overall then if we consider a spectrum from spectator-driven to competitor-driven then cricket and golf are at the spectator-driven end of this, and swimming at the other, competitor-driven end. The other three events lie in between with athletics and boxing on the spectator-driven side and badminton on the competitor-driven side (as in Fig. 1).

The level of additional expenditure generated by competitors, officials, and media should be relatively easy to forecast in advance since it depends on the numbers of competitors and officials visiting and the number of event days. Hence, forecasting the economic impact of competitor-driven events is not a major problem. In Glasgow, it

Table 3 Predicted and actual spectator attendance

Sport	Predicted total attendance	Actual total attendance
Badminton	35 000 – 40 000	21 642
Boxing	35 000 – 40 000	1 690
Cricket	63 000 – 70 000	72 693
Athletics	25 000	16 025
Swimming	1 500 – 2 000	990
Golf	63 000 – 40 000	50 000

was possible to build up a profile of expenditure on the main items of accommodation and food by investigating the terms offered by the hotels to the visiting teams and officials. Since this was a junior event, there was little expenditure in addition to that on accommodation and food. In such circumstances it is possible to build up a very accurate forecast of the economic impact of the event prior to bidding for the event by investigating the number of competitors, officials and media present at previous stagings of the same championships and the number of days for which the championships ran.

Predicting the impact of spectators is much more difficult. Table 3 shows the predicted attendance at each of the events as estimated at the beginning of the study and prior to the events, and the actual total spectator attendance at the events.

The boxing and badminton estimates of the likely attendances were considerable overestimates of the actual attendances. The athletics event in Sheffield also attracted many fewer than expected, even after tickets were distributed to Sheffield residents and schools at a heavily discounted price. Only in the case of the two main spectator events, cricket and golf, were the forecasts of attendances relatively close to the actuals. Both these events are annual events, and therefore easier to predict. However, both are susceptible to the weather, and in the case of cricket, the way the match develops. Test matches sometimes finish in three days,

considerably reducing the economic impact. In the case of the golf championships, very good weather in August increased attendances above expectations.

This illustrates a principal danger of staging special 'one-off' events. Projected attendances have a high error margin, which can have a dramatic effect on the final budget out-turn as well as on the economic impact of the event in the local economy.

Table 2 shows that, overall, the cricket generated the highest level of economic impact followed by badminton and golf. However, the impact of the badminton was to a large extent due to the fact it was by far the longest event with 14 event days. Table 4 shows average additional spend per day. Cricket has by far the highest visitor expenditure per day, over twice the level of the next highest spend, golf, and 42 times the spend per day of the lowest, boxing. Badminton slips to fourth out of the six on this measure behind cricket, golf and athletics. The table shows more clearly the distinction between

Table 4 Average additional visitor expenditure per event day

Sport	Average additional expenditure (£) per day
Badminton	137 621
Boxing	27 153
Cricket	1 142 806
Athletics	176 937
Swimming	64 451
Golf	411 311

Table 5 Percentage expenditure on various items of expenditure

Item	Badminton	Boxing	Cricket	Athletics	Swimming	Golf
Accommodation	52	31	25	21	82	55
Food and drink	21	26	35	24	7	23
Entertainment	5	7	15	5	2	2
Programmes and merchandise	1	3	7	12	1	6
Shopping and souvenirs	11	19	5	18	6	7
Travel	6	8	8	14	1	4
Other	3	6	4	7	1	2
Total	100%	100%	100%	100%	100%	100%

those events that generate significant economic impacts and those that generate little.

Table 5 shows the distribution of additional expenditure due to the event over the different items of expenditure. Swimming has by far the highest proportionate expenditure on accommodation. This is not surprising since additional expenditure due to this event is almost totally generated by competitors and officials staying in full-board accommodation for the duration of the competition. In general, the more competitor-driven the event is, the higher the proportion of expenditure that will go on accommodation. Thus, we see that badminton also has a high proportion of total expenditure on accommodation. The exception is golf, which is a spectator-driven event but has a high proportion of expenditure on accommodation. This is because a higher proportion of spectators stayed overnight than in the other spectator-driven events. Also, there was a large absolute number of competitors, officials, and media representatives staying for relatively long periods even though this number was small in relation to the total number of spectators. A final factor pushing up accommodation expenditure was the relatively high cost of accommodation in the Sunningdale area.

Athletics showed the smallest percentage spend on accommodation due to the high proportion of day-visiting spectators. Cricket showed by far the highest percentage spend on food and drink, again not surprising given the nature of the event. Overall, Table 5 shows a large degree of variability in the percentage breakdown of expenditure but is broadly consistent in that most events have more than 60% of total expenditure on accommodation and food and drink, the main exception being athletics where programmes, shopping and travel took up a higher than normal proportion of total spend.

Implications for the economic importance of sports events in the UK

Of the six events studied in this project, two were part of the normal annual cycle of sports events in Great Britain and three were special 'one-off' or irregular events that would not normally take place in Britain, and the final one (the athletics Grand Prix) normally takes place in Britain, but not in Sheffield. If we add to this the extent to which the event is capable of generating significant economic impact (either on a per day basis or overall), then it is possible to consider the following typology for major sports events:

- Type A: Irregular, one-off, major international spectator events generating significant economic activity and media interest (e.g. Olympics, Football World Cup, European Football Championship)
- Type B: Major spectator events, generating significant economic activity, media interest and part of an annual domestic cycle of sports events (e.g. FA Cup Final, Six Nations Rugby Union Internationals, Test Match Cricket, Open Golf, Wimbledon)
- Type C: Irregular, one-off, major international spectator/competitor events generating limited economic activity (e.g. European Junior Boxing Championships, European Junior Swimming Championships, World Badminton Championships, IAAF Grand Prix)
- Type D: Major competitor events generating limited economic activity and part of an annual cycle of sports events (e.g. National Championships in most sports)

Use of the word 'major' in each of these categories is to signify the importance of sporting outcomes of such events (e.g. national, European, or World Championships) rather than the economic importance. The typology is relevant to indicate that not all events that are 'major' in sporting terms are important in economic terms.

The majority of sports events in any one year are of Types C and D, and this balance is also reflected in the six case studies of this project. However, in terms of economic impact it is the Type A and B events that dominate the contribution to economic impact in any one year.

Type D events, though of limited economic significance, also have limited additional costs of staging, since they are annual events

and the governing bodies have long-term experience of putting on such events.

Type C however, are special events that take place on a one-off or irregular basis. Even if they take place regularly, from any one country's point of view they will be irregular since they move from country to country. Such events have to be planned and managed from scratch, and potentially pose a major organizational problem for the governing bodies and the cities in which they take place, since they will not have had the experience in hosting that particular event. Mega-events such as the Olympics and the World Cup, which also pose a similar problem, have proved that the costs of staging such events are easily matched by the economic benefits generated. However, for smaller events such as the World Badminton Championships the true costs of the organization and staging of the event are probably greater than or equivalent to the economic benefits. In addition, it is very difficult to predict the level of spectator interest in such an event. Whereas the World Badminton Championships attract huge interest in Asia, it would have been difficult to forecast the level of spectator demand in Glasgow. The more competitor-driven the event then the easier it is to forecast the economic impact, but also the less the impact is likely to be.

For Type D events, the benefits do not cover the costs in economic terms and the rationale for bidding for such events must lie outside the purely economic domain.

Type A and B events will generate the largest economic benefits to the cities that host them. This is already well known for Type A events, hence the fierce competition between cities to host them. The majority of Type B events either do not move venues from year to year (e.g. Wimbledon) or if they do, cities are not able to bid to host them. What is not generally realized, however, is that Britain is unusual in having a very high number of such events. This means that the

sports event business is a significant industry in Britain and Britain has a competitive advantage over most other nations in having considerable expertise and experience in staging major sports events.

Type B events are a low-risk investment for any hosting city since spectator demand is relatively easy to predict. However, for cities trying to follow an event-led tourism strategy, such events are not normally 'on the market'. The result is that cities compete to stage Type C events, which is the most uncertain category in terms of economic impact. The results of this study, together with previous event impact studies, allow us to make certain generalizations about Type C events:

- (1) the economic impact of competitor-driven events is relatively easy to forecast in advance;
- (2) in general, junior competitor-driven events generate small impacts;
- (3) the more senior the event and the longer the event, then the larger the economic impact, with World Masters events, in particular, generating significant impacts as large numbers of relatively affluent competitors stay in the host city for several weeks;
- (4) spectator forecasts for Type C events are subject to large error margins and there is a tendency to make highly optimistic forecasts that rarely materialize, with the result that higher than expected losses are made on the event.

As more and more economic impact studies of sports events are carried out it will be possible to identify with more certainty the parameters of events that categorize their economic significance. Twenty years ago little was known about the economic significance of Type A and B events. The challenge for the next 10 years is to understand more about the economics of Type C events.

CONCLUSIONS

Major sports events are now a significant part of Britain's tourism industry. Britain has, partly by historical accident rather than by design, become the global market leader in the staging of major sports events because many of our annual domestic sporting competitions such as the FA Cup Final and Wimbledon attract a large number of overseas visitors and a global television audience. Major sports events held in Britain are a crucial ingredient in the creation of the tourist image of Britain. The evidence presented indicates that some major sports events also have the potential to generate significant economic impact. This is most recognized in the USA and Australia, but has been less so in Britain. The Australian Tourist Commission estimates that major events contribute 5% of Australia's total tourism income each year.

This article has shown that there is a wide variation across sports events in their ability to generate economic impact in the host city. Just because the event is a World or European Championship does not guarantee that it will be important in economic terms. We are only just beginning to understand the parameters of the economics of staging major sports events. We hope that the evidence presented in this article enhances that understanding.

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