

The Role and Impact of Mega-Events and Attractions on Tourism Development in Europe: A Micro Perspective

by Prof. Anthony S. Travis (Birmingham) and
Prof. Jean-Claude Croizé (Paris)

1.0 The Aims and Objectives of the Paper:

1.1 Introduction

Since the middle of the Nineteenth century in Europe it is most notable that there has been both an enormous increase in the number, size, and type of major new tourist attractions created, and also of the very large scale events based at them. Armstrong's monumental doctoral thesis (Ref. 1) has revealed that the growth of major tourist events has gone together with the growth of giant 'Contemporary prestige centres', some built primarily for art and culture purposes, some for exhibitions, conferences and conventions, others for major sports events (such as Summer or Winter Olympics). Such facilities and the major events based at them have, he indicates, often been conceived and nurtured essentially for the promotion of prestige, image, and identity of cities, by their politicians and regimes. The beneficial economic impacts of such events, whether in terms of net additional tourism spend, or of jobs generated, has been shown to be from the provider's viewpoint (until very recently) a consideration of secondary significance. Only in the second half of the 1980s has a great boost been given to the sponsoring of such mega-events, with their great economic impacts, and 'easy formulas for capital assembly' - based on the much publicized financing and impacts of the Los Angeles Olympic Games of 1984.

1.2 The Problem of Evidence

Whilst in the last thirty years a very large number of major sports, arts and other events occurring in Europe, have given rise to their economic impacts, and have been given their objectives and roles by their organisers, governments etc., only a very limited number of such events have been the subject of pre- and post-event follow-up studies of the economic, political and social appraisal types. Furthermore, the studies which have been done have used a range of model approaches and varied techniques. A further constraint in preparing a paper such as this, is that keyword computerised searches of University Library sources in Paris and Birmingham have provided few key references in the French and English languages. Belated information obtained about relevant studies published in the German, Italian, Spanish, Serbo-Croat and Czech languages, did not leave sufficient time to obtain the documents, let alone adequately translate and evaluate comparatively their contents and approaches. The subject of this paper is one which merits a new research programme in its own right!

This paper, therefore, in addressing the given title, can only be applied to a limited sample of published European studies, mainly in English and in French. It does, however, draw upon some essential relevant evidence from outside the confines of Europe, especially where such materials are critical for their conceptual, or methodological contributions. Thus reference is made to the writings of Ritchie and Beliveau (Ref. 2) in Canada, and that of Burns, Hatch and Mules (Ref. 3) in Australia.

As it is understood that a parallel basic-report to this one is being prepared by Prof. Socher, of Austria, upon studies that have taken a 'macroperspective' in Europe, this paper restricts itself to microperspectives, deliberately.

1.3 The MicroPerspective

This joint Anglo-French paper, a product of the new 'Entente Cordiale', focusses upon the microperspective in two alternative senses:

- a) that of the impacts of a major event upon the 'local economy', as opposed to the National Economy, and
- b) that view of the micro-economic in the classical sense, whereby it refers to costs and benefits for the firm, or the single enterprise, as opposed to aggregated interests.

Many of the existing relevant studies in this field, have themselves been realised or carried through in a deliberately skewed way, i.e. with a view of convincing politicians, governments or government agencies, of the desirability of releasing the necessary public funds to enable the event to take place. In such circumstances, as the justification relates to community benefits, and governmental interests, one cannot be sure that the impacts or effects upon firms have been adequately addressed or appreciated.

The central/local government dialogue has also been critical in this area. As Armstrong (pp. 47 - Ref. 1) indicates re events, and long term returns:

"More recently the Olympic Games are seen by host cities as an opportunity to release resources for city improvements. Munich, for example, not only gained new sports facilities, but new housing, motorways, an underground, and airport development. Three quarters of the investment in the 1972 Olympics was for civic improvements that would have been needed sooner or later. In short, the Olympics enabled the Bavarian capital to jump ten years ahead in its development programme and at less expense. For since the Games were considered a matter of national interest, the federal state undertook 50 % of the investment, and the Bavarian State financed another 25 %, leaving only a quarter of the bill to be met by the City itself."

"Similarly the Winter Olympic Games in Sapporo (Japan), on which \$ 400 million U.S. was spent on capital improvements, saw

less than 5 % of that amount spent on Sports Facilities".
(Ref. 1)

Nevertheless the high initial capital costs of facilities for mega-events put off many cities from considering such proposals, until the 'Los Angeles Effect' started to operate. There - re-use of earlier physical plant, primary income from sponsorship, and sales of media rights, plus image, prestige and long term indirect and even direct economic benefits were to change the picture. The explosion of competing 1992 Olympic bids were partly predicated on such micro economic assumptions.

In dealing with the micro economic, a subsidiary question which also needs to be raised, arises from the differences between local firms affected, and other firms of a non-local type whether they be branch organisations of national firms or multinational bodies whose key interests may be in another country, rather than in another region.

2.0 Clarification and Interpretation of Terminology

In tackling this Basic Report, it is first essential to clarify the meaning given here to several key terms employed. The first of these terms is 'mega-events'.

2.1 Mega-Events may first be differentiated in terms of the scale of visitor-numbers. French studies, such as those of the Le Mans 24 Hours Race, or the Festival of Avignon (Refs. 4 & 5) draw a line between 'big events' which may involve 100 - 200,000 participants, and 'mega-events' which may involve 500,000 or more people.

2.2 Visitor-spend. Perhaps just as critical as visitors' numbers and influence, is the level of spend per capita, and direct, involved and indirect effects, if economic impact is a prime concern. Thus if 100,000 visitors/participants is the lower limit or minimal requirement for consideration (or 500,000 if one adopts the French view) it has been suggested that a direct spend of £ 1 million sterling (or equivalent) should also be a minimum requirement.

2.3 Economic Criteria for a Mega-Event?

In their important 1986 Study on the Adelaide Grand Prix (Ref. 3) the authors define a major Special Event as: -

"a one-off occurrence, or, by extension an infrequent occurrence, with a few key characteristics. These include:

1. The major demand generated by the Special Event is, for the most part, not the demand for the event itself, but demand for a range of related services - typically accommodation, food, transport and entertainment.
2. This demand is condensed into a relatively short period of time, from a single day to a few weeks, and as services cannot be produced ahead of time and stored, this leads to typical 'peaking' problems experienced in the main industries mentioned.

3. 'Peaking' influences both the level and the distribution of benefits received.

4. The net impact of redirecting local funds towards Special Events is relatively small; the major benefits arise from the attraction of new funds from outside the region by way of the export of goods and services, especially services."

"These (above) characteristics of Special Events distinguish them from non-Special Event type proposals which normally involve large initial capital costs and generate ongoing flows of net benefits."

2.4 Timing and Net Benefits from Events

The sophisticated criteria used in the Australian study, are barely recognised in many of the European studies, where, especially in regard to Summer and Winter Olympic Games, or British Commonwealth Games Studies, the mega-events relate to very high capital costs, but returns are often related to the very short-term, rather than the more logical returns (costs and benefits) over the physical life of the major stadia, pools, halls, ski jumps oft created for the mega-event, but having a life beyond that.

It is noteworthy that the idea of the 'Hallmark Event' written about by Ritchie and Beliveau (Ref. 2) and other North American writers, have not only scale but also timing implications, and may be seen as a 'strategic response to the seasonality problem'. It is illogical, in economic terms, that many cities wish to host mega-events in their peak-seasons, which thus generate losses and displacement of existing demand - though some new or substitute demand may occur. It is thus critical in assessing impacts, to know how far it is direct net economic gains, or political image, reputation and indirect economic gains which are the key objective in hosting mega-events!

These questions are echoed in French (Refs. 6 & 7) and Australian Studies (Ref. 3) where in looking at evidence from Arts as well as sports events, it is considered that net additional benefits may be exaggerated because:

- 1) of the switching nature of expenditure by local residents
- 2) and because of the disaffection of regular clients and their substitution by new visitors.

Choice of non-peak times for major events, and their scale are thus both critical.

With regard to the duration of a mega-event, such events seem to group into some 3 characteristic time-bands: -

- a) very short events - 1 to 4 days
e.g. Coronations, Royal Weddings, car racing Grand Prix events, Jazz Festivals etc.

- b) short-span of an event series - 2 to 3 weeks
e.g. Summer and Winter Olympic Games, Commonwealth Games, Major Arts Festivals (e.g. Edinburgh, Salzburg, Avignon). Many of these sorts of events may launch or re-use major new attractions - stadia, pools, theatres etc. - which have a long physical life.
- c) medium span events - 3 to 6 1/2 months
e.g. including events like the Americas Cup in W. Australia, and U.S.A., the International Garden Festival in Liverpool, German and Dutch Festivals, Expo events (as in Vancouver). Such events may generate both transitory assets, as well as longlife development components.

With regards to benefits or losses associated with such events, if - as suggested by Ritchie (Ref. 2), off season Mega-events extend or spread the season, or creates a new season, and adds clientele without any special high infrastructure costs first needing to be overcome, then the immediate net gains may be of a notable order.

If events are the start of new longlife use of major new capital investments, then impact assessment should be over the life of the investment. If the capital investment is underwritten, longrun revenue accounting of the new tourist destination facilities are still required. An economic evaluation of the longrun prestige or image changes of a city or a political regime, may be relevant to Event evaluation, for the image may give rise to economic development funding inflows, and help the economic regeneration of an old city. Armstrong suggests this maybe of much more significance than the short-run returns of a single, or even an occasional repeat event.

2.5 Tourism Development, used in the title, relates both to the short-term and longer term attraction of tourists to a destination, which has hosted a mega-event. Investment in a mega-event may be used and consumed during an event (e.g. Royal Wedding temporary decorations, temporary barriers for a Grand Prix), or may be used during and after the event (majorstructures - such as Stadia, Galleries, Exhibition Halls etc.), regardless of whether these are private or public - they are development/infrastructure or super-structure investments. In this sense too, it is necessary to differentiate between the investment of provider agencies in capital developments, or new infrastructure, with the expenditure of visitors on services and goods during a Mega-event, or after it, but induced by it.

Mega developments, and the mega-events associated with them, often affect infrastructure. An analysis of 30 schemes worldwide (Ref. 1) suggest that on average their real costs are twice the planned estimates and continuing operational plant costs (after the events) are significant - about 12 % of the capital cost annually, and on average half of this is met by ratepayers. However, such mega-events based on mega developments generate big domestic tourism impacts (though lesser impacts from international tourism). The statistical evidence assembled by Armstrong, suggest that resulting visitor-spend annually in such destination cities, averages out at about 50 % of the capital costs of the projects concerned!

04
2.6 The term 'Micro Perspective' - is, as already indicated, being used in the two senses of

- a) related to the local economy, and local interests, or
- b) the classical economic definition of perspectives of and in relation to the firm, or the individual economic enterprise.

2.7 Attractions in the field of tourism are normally related either to permanent built-attractions, some of which were constructed for Mega-events, but became longlife tourist attractions subsequently (e.g. The Eiffel Tower, Paris; the South Kensington Museums, London; the Olympic Stadiums of Helsinki and Berlin) or facilities built for their longrun returns rather than for an event - e.g. Tivoli in Copenhagen, Disneylands, Centre Parc or Sporthuiscentrum villages in Holland. Equally an accessible natural feature - the Rhinefalls, or the Matterhorn - may become a tourist attraction. New and induced 'Folk festivals', pop festivals, grand prix events are characteristic of a new range of European events, involving low initial capital assembly or special infrastructure investment, and whose occasional nature make them into major events on a tourist calendar.

As already indicated the manifold political, economic and social roles of mega-events has already been alluded to, and variable weights have been applied to these different categories, as may be seen throughout this paper.

2.8 Impacts of mega-events and mega attractions may be of several types: firstly related to image, prestige and reputation of a place, as suggested by Armstrong, (and this subuses in primarily socio-political perspective), or economic impacts - where investments, consumption, and measures of net additional spending boosting the local economy may be a prime concern, to environmental impacts where infrastructural changes, landuse changes, quantitative and qualitative changes in the physical environment occur, as opposed to impacts of the sociocultural and linguistic types. Writers such as Mathieson and Wall (Ref. 8) have summarily reviewed the whole field of impacts, though it is noteworthy that the impact of events as such, is not dealt with in this work.

2.9 The range of techniques available for evaluating economic impacts in general, and with specific application to events, is dealt with by a number of writers. Now classical studies by Archer, Shea and Vane (Ref. 9) of 1974, examining the impact of tourism on a region, have used regional income multipliers, supplemented by the use of local income coefficients, for different sectors. Using such means, enables direct, indirect and induced expenditure to be examined.

Vaughan's studies of the Edinburgh Festivals (which are four festivals in one) (Refs. 10; 11) borrow the model from TRRU, a techniques from Archer et al, whose approach is also one of those examined by Vanhove, in his expert paper on this subject. (Ref. 12). Gratton and Taylor (Ref. 13), in turn have borrowed from Vaughan in this field.

The range of models and techniques, do not necessarily have to provide sets of alternatives in this field, and may be combined with care - as indicated by Vanhove (Ref. 12) and the Adelaide team (Ref. 3). Cost benefit analysis or input-output analysis, or a combination of them, may be drawn upon in this field. Keynesian multiplier analyses are based on input-output analysis. Both McCann (Ref. 13) and Taylor (Ref. 14) qualify the use of each of these techniques in the measuring of tourism's economic impacts.

Of very considerable relevance and interest to this Congress is Schulmeister's writings of 1976 (Ref. 15) where examining 'Olympic Games and Tourism' he particularly focusses upon the net effect, and the structural or substitutional effects. Against the yardstick of his views one may criticise Vaughan's studies in the U.K. (Refs. 10; 11) as they do not give before and after effects, and must, despite their sophistication in the use of Local Income Coefficients, be questioned. With Edinburgh Festivals functioning annually from 1947 onwards, one cannot simply do a study in a year such as 1976 or '77 and assume that all of the 'spend' is 'a net additional spend' if one has no measure of an Edinburgh in that season, without such events. By comparison, the ab initio development of a new and one-off International Garden Festival in Liverpool (Ref. 16) enabled before and after measurements, and the quantification of economic impacts of a major event, and minor events piggy-backing upon it.

3.0 A Review of Evidence from a Sample of European Studies.

Vaughan's Studies of 1977 and 1979, (Refs. 10; 11) give a clear quantified indication of what the Edinburgh Festival (or rather the 4 Festivals combined to form it) mean in economic impact terms, though his assessments are unable to provide us with a measure of net additional value, as the Festival had been longrunning on an annual basis at the time of study. The cost of the 4 Festivals was given at £ 205,900 sterling whilst the measured net benefit, in terms of cash inflow to the local economy was of the order of £ 3,7000,000 in 1975, and of this total, allowing for leakages, some £ 960,000 stayed in the region. Visitor-spending outside festival events was estimated at £ 2,500,000 and a noteworthy feature of the study was the unexpectedly high participation levels of local residents. The infrastructural costs of the Edinburgh Festival, are of a very low order, and this makes it differ notably from capital-development intensive sports events elsewhere.

Vanhove has suggested (Ref. 12) that one may identify four groups of beneficiaries of the economic effects of tourism:

- a) the individual firm
- b) the resort, region or country
- c) the public authorities
- d) the consumer and population of the tourist generating countries.

Evidence in several of the studies looked at, focussed on (b) and (c), giving aggregate data for economic sectors, instead of (a) and ignoring (d). Birmingham City's bid for the 1992 Summer Olympics, is estimated to have involved under £ 5 million in direct costs. The bid failed, but it is

estimated that the publicity and favourable exposure of the city, will not only have indirect effects, but is leading to economic development investments which would not otherwise have taken place. It has been suggested that advertising time on world media, equivalent to £ 25 million sterling was gained by the £ 5 million bid. Cynics are suggesting that mega-event bids, without the event, give a greater weight of net benefits!

Direct costs and returns to sponsors of major and mega-events have also changed as a result of the downgrading of the ticket sales components of income, and the great upgrading of the sales of licenses, the sales of media rights, and sponsorship income. The Edinburgh Commonwealth Games in 1986 sold their media rights to the BBC for £ 500,000. It is understood that the BBC gained £ 12 - 13 million from its relayed sales overseas, and to overseas organisations. In the Guide to the Barcelona Olympics 1992 (Ref. 17) - it is of much interest to see expected Receipts/Income for the Organising Committee of

some	\$ 667 million U.S. in total
only	\$ 18.1 million U.S. will come from entry tickets
but	
	\$ 93.7 million U.S. from licences
*	\$ 293.1 million U.S. from TV and Radio Receipts
	\$ 129.4 million U.S. from Shares
	\$ 43.7 million U.S. from lotteries

In this way the 'funding game' of events is radically changed even before one examines the direct, indirect and induced income generation, arising from the circulation of the tourist dollar, payment to regional factors of production, purchases from regional firms, (factors, goods and services) and payments for imported factors, goods and services, to get a measure of leakages from the local economy.

Studies of the Liverpool International Garden Festival (Ref. 16) show that a 6 1/2 month event in 1984 generated 3.4 million visits, some 48,000 extra tourist bednights, a net value added of £ 6.5 million to the local economy, and a 25 % boost for a whole season to hotel occupancy. By comparison it is astounding to see that the 4 day Adelaide event could generate directly a net value added of \$ 8.3 million Australian.

In comparative data assembled by Armstrong (Ref. 1) short-term capital costs and returns, and longterm revenues/operational costs have been examined for a range of 30 casestudies worldwide, over 1/3 of which are European. Several of the key studies relate to major tourism facilities, which were built for major or mega-events (e.g. Festival Hall, London, Munich Olympia Park, Commonwealth Games facilities, Edinburgh etc.). Longrun induced tourism expenditure data is given, for a range of the facilities, showing annual tourist expenditure returns which range from an equivalent of 1/5 to nearly 3 times the value of initial capital expenditure! Few of the studies examined by Armstrong, or of the recent studies by the authors convert the value of net additional spend, via conversion factors into equivalent job generation.

4.0 Micro Perspective: related to the Local Economy and to Local Interests

In most of the available studies, dealing with the capital costs of major facilities for tourist events has not proved a fundamental constraint. Opposition to proposals that involve wrong timing i.e. conflicts and substitution are notable for Winter Olympic destinations where activities are already established (Refs. 18; 6), with the welcome and enthusiasm locally for such events when they launch a new destination and new products - such as Sarajevo in Yugoslavia, or Calgary in Canada. Similarly local interests, and government may enthusiastically back events which can aid local economy regeneration (vide the Liverpool International Garden Festival). (Ref. 16). A minor event like the Hayfield International Jazz Festival, lasting a weekend in a village, involved costs of £ 18,700 in 1986, and £ 50,000 net additional expenditure resulting from the event, of which £ 10,000 was calculated to be additional income to local residents (Ref. 13) - a very significant boost to the immediate vicinity in this instance.

Impacts considered in the studies attempt to get both costs and benefits re the gross value, based on visitor spend, and thus getting to net value - added by direct, indirect and induced effects. Effects have to be examined in the lead-up to events, during events, plus the short and longer-term after-effects of events, varying between the one-off events, and those repeated annually.

4.1 Methodologies re Impacts. As earlier reviewed in the text, the mega-events referred to may vary in length from 1 day to 6 1/2 months in duration. We are dealing not only with variation in the event duration, but in its scale, in its levels of initial capital costs, and longterm costs and returns, and whether it is a once-off, or a repeat event. Methodologically the Adelaide Study (Ref. 3) is without doubt, the most sophisticated study found. Other Australian Studies (vide Ref. 19) were referred to in documentation - but not obtained in time, whereas standard works such as Vanhove's (Ref. 12) have long been available. Standard works on input/output models such as O'Connor and Henry (Ref. 20), however, are not as useful as applied works such as Laventhol and Horwath (Ref. 21) which reveal how even in successful events like the Los Angeles Olympics - forecasts of returns and beneficial economic impacts in the hotel and catering sectors were over-optimistic!! Zehnder's work on longlife returns of a major attraction (a true mega attraction!) such as Disney World Florida, is rich in relevant data, though the use is continuous - not event-related (Ref. 22). It is of significance to us that Armstrong (Ref. 1) chose not to use Cost Benefit Analysis, nor Input Output Analysis, but borrowed from applied management-process models, which could integrate both quantitative and qualitative data.

4.2 The Means of Assessing Changes in the Local Economy, and especially job generation within the host community, resulting from the economic impacts of tourism, have best been handled in a range of local studies in England, and in Wales by Archer et al, and by Duffield, Henderson et al in Scottish studies. Notably these studies (with the exception of Vaughan's works) were not related to events, but to the general economic impacts of tourism, over time. Net value added, local income coefficients by sectors, and conversion factors to

achieve job generation equivalents have been notable features of these studies.

4.3 Cost-threshold to organisers of Mega-Events.

The growth of mega-events that involve capital plant, and thresholds of high initial capital costs is well demonstrated in the modern Olympic movement. The Athens Games of 1896 involved 295 competitors, and one stadium of 66,000 seats. By the time of the Munich Games in 1972, 123 nations were participating, 10,088 competitors and sports facilities seating 185,000 in all. Confidence, political clout and know-how are also needed to launch such a venture, even if evidence such community longterm gains from plant use, as well as the direct, indirect and induced economic effects of the Mega-event. Post event use-rates, recovery rates and long term costs per user (discovered by Armstrong) are of equal relevance:

5 European Long life Facilities / 3 generated by Mega-Events

Name	level of utilisation	Recovery Rate	Net cost per user
Centre Pompidou Paris	85 %	7 %	\$ 10.9 U.S.
Festival Hall London	30 %	46 %	\$ 5.8 U.S.
Comm. Games Edinburgh	80 %	26 %	\$ 2.9 U.S.
Munich Olympiapark	60 %	87 %	\$ 0.4 U.S.
Olympia, London	75 %	100 %	\$ 0.0 U.S.

Source: Armstrong (Ref. 1)

Armstrong's research relating to 1980 data, showed that in a sample of 30 major facilities, that \$ 146 million U.S. was the average initial threshold capital cost of such assets.

4.4 Benefits; The Shortrun and Longrun returns

General evidence from a range of studies, shows the notable returns on shortterm sales of goods and services. The medium term tourism impacts, and medium term prestige and resultant economic development/investment impacts, as well as the longterm prestige/image, political enhancement returns, which may or may not lead to further tourist-related investments.

Sadly the weight of most valuable studies found relate to Australian, Canadian and Asian examples, and to use these further would be poaching unreasonably! Summary points from them include:

- A C.B.A. Ratio of 3.1 : 1 in Adelaide (Ref. 3)
- A Value Added Multiplier of 1.192 in Adelaide (Ref. 3)
- An Added Value earned, equivalent to 63,100 person-year jobs in Vancouver Expo
- A net value added of \$ 1.117 million Australian in Perth America's Cup (Ref. 19)
- and in Hong Kong (non Event related) Ref. 14): -
- High Value added in the hotels sector, high profitability in tourist shop sales, and high profitability in entertainment.

Here, however, it is essential to turn from the aggregate and the local economy, to the viewpoint of the firms themselves.

5.0 The viewpoint of the firm, and of private enterprise

5.1 A general approach

The contribution which companies have to make in the development of tourism bears direct relation to the increasing complexity of what they have to offer; thus helping to provide non-residents on a given site with a range of opportunities, efficiently run and in the most pleasant conditions.

It is well known that the development of tourism is dependent on a mixture of services involving a variety of skills and materials either in the processes of manufacture or in the form of benefits made available to the customer. Companies associated with the development of tourism are either directly, because they aim to provide services for the tourist (accommodation, catering, transport, tourist communication lines and goods) or indirectly, providing intermediary services which are essential to the tourist industry (supplies and materials of various sorts; maintenance or construction of transport, and communication networks).

To what extent does a mega-event, by its very nature limited in terms of time, invite a quantitative or qualitative improvement in the output of companies working towards growth in tourism?

First of all let us consider companies indirectly linked with tourism. For some of them (public construction works, printers) preparations for the event, spread over several years, can represent orders of work of several months' or even a year's or more's duration. If we suppose a delay of between two and four years in the return of invested capital for the different sectors involved, such orders will not generally be sufficient to justify the creation or expansion of firms; but they remain a considerable incentive. It must however be emphasised that the companies which benefit are not necessarily local. In fact, whether the capital investment and building programme are a local initiative or otherwise will depend on a series of factors, including the following:

- the nature of the organisation and financing of the event
- the type of service or product in question
- the vigour of the local economy

Let us now consider the companies directly linked with tourism. In this area it would be impossible to claim that the immediate implications of the event, i.e. between two and twenty days' work activity in most cases, could lead to any significant or lasting development in the quantitative value of a company's tender, because it would be virtually impossible to attract long term investment for a project involving a very limited period of peak demand. For example, as far as investment in accommodation is concerned, we can reckon that the delay in capital return is between fifteen and thirty years, depending on type and location. The key factor is whether it is possible to let 150 to 250 nights per tourist bed per year. It thus becomes clear that the guarantee of a full season of between two and twenty days is in itself but a small incentive for investment in hotels and similar accommodation, even allowing for the fact that it might be an annual event. Rather than inviting growth in permanent tourist facilities, the event would promote the creation of organisations specialising in temporary accommodation, with mobile or pre-fabricated homes, as witnessed by the initiatives taken by the Youth Chamber of Commerce at the "Le Mans 24 Hours Event".

While it fails to justify numerous expensive capital investments, a big event can stimulate innovations in the realms of operative efficiency. Tour operators and the service industry generally find in the mega-event an opportunity to work either on an uncustomary scale or with an uncustomary class of client. In both cases this can be translated into improvements in operational efficiency and into the diversification of the range of services available, two elements which precipitate a qualitative improvement of the company's offering.

Such a review of the benefits may lead to investment in real-estate already in existence. Thus the Archival evidence at Grenoble testifies to a significant preoccupation with the installations of small independent hotels in the years 1964-8. At a time when these establishments were supposed to be participating in the provision of accommodation for the spectators of the Xth Winter Olympics, people who were more demanding than their traditional class or clientele, the organizers realised that their heating systems were still extremely crude. Helped by public funding, the hoteliers made a determined effort to ensure the widespread installation of central heating within the space of a few years.

We may thus conclude that the major or mega event can play a decisive role in improving the features of an existing facility. A more recent example of the same phenomenon can be cited at Crans-Montana (Switzerland) where the prospect of the 1987 World Skiing Championships in February persuaded the ski lift companies to invest in a modernization programme to the tune of \$ 38 million, which represented more than half of the public and private investment at this occasion. (Ref. 23)

But that is not all: the major event also creates an environment which is particularly favourable for launching new products.

5.2 The stimulating effects of mega-events

Certain major events are intrinsically linked to the development of particular forms of tourism. Big fairs and exhibitions are one such example with respect to business tourism. But even when the acknowledged aim is not business, the big event still functions like a giant exhibition or market place of merchandise and ideas. In fact, even if it is a cultural or sporting event, the gathering together in one place of hundreds of thousands of people corresponds to the physical definition of a market, especially if we recall that the crowds of organisers and spectators include a good number of managers and executives from all corners of the globe.

Such an environment encourages all the local firms to intensify their commercial effort, particularly with regard to clients from far afield attracted to the town by the pull of the event. For example, many firms at Le Mans make a free gift of the "24 heures" to the clients they hope to meet, and comparable opportunities can be seized by local manufacturers at events such as the Olympic Games or World Championships.

What holds true for industry in general, applies a fortiori to tourist companies. However, it is not only the people on the spot who count: the repercussions of media sales accounts as a consequence of the big event must also be taken into account. In this respect, research carried out into the widest variety of cases reveals that the deficits incurred in town councils' or sponsors' expenditure are tantamount to investment, the returns of which are in ratio to the prominence accorded to the event by the media, often the front page of the press or at peak viewing times (news, weekend sports programmes) for television and for radio. The town of Avignon budgeted approximately \$ 700,000 U.S. for its Theatre Festival in 1985 but, in the same year, the total number of mentions Avignon (Ref. 5) notched up in the media (newspapers, T.V.), was the equivalent of a publicity campaign that would have cost something of the order of \$ 1.3 million U.S. (Ref. 24). At Crans-Montana, where the World Skiing Championships of 1987 left an overall deficit of \$ 2.7 million U.S., it is estimated that the reverberations due to the action of the sponsors alone represent an investment value of about \$ 16 million, or forty times the resort's annual publicity budget. (Ref. 23).

In these circumstances, the mega-event constitutes an exceptional opportunity for:

- the launch of a new product. This opportunity was profitably used by the resort of Autrans during the Grenoble Olympics and should be again by the resort of Col des Saisies during the Albertville Olympics.

- the renewal of existing facilities. On this point we have already mentioned the renovation of the ski lifts, turned to good account by the Championships at Crans-Montana. In the same way,

the 'Snow products' which the Savoie region will offer for the Albertville Games should benefit from the renewed attractive qualities, thanks to distinct improvements in general accessibility, to a replanned transport network between the resort and the slopes (a rapid funicular railway has been installed), and to better access routes between the resorts and the valley towns. Thus it is hoped that a growing proportion of the international clientele will be attracted to the resort, justifying extensions to the accommodation which it is destined to have.

If the big event creates a stir and has wide implications, it must also be emphasised that it provides the opportunity for some in-depth work aiming at alerting the population to the demands of tourist expansion. On one hand there is a general process of passing on information, and organising public debate; on the other, there is a living apprenticeship in the basic practices of welcoming tourists for a sizeable proportion of the local residents. In fact, taking into account the exceptional needs created by the event, the organizers are forced to rely on a large number of sponsors of temporary services (either on a voluntary or paid basis).

At Le Mans, Le Touquet (a Channel resort where there is a big motorcycle event), at Avignon, etc., much emphasis is placed on the role of voluntary initiatives and on the importance of lodgings (and occasionally restaurants) in private homes in welcoming both spectators and participants in the event.

5.3 Drawbacks and limitations

Setting aside the obvious risks involved because of unforeseen incidents, errors of organisation or unpropitious weather conditions; setting aside the damaging economic repercussions for companies not participating in the event (temporary saturation of transport and communication networks for example), it must be recognized that the direct benefits for local firms are limited.

First of all, a sizeable proportion of the activities which go to make up the event is the domain of 'nomads', people who travel from one big show to the next with no particular commitment to an area's development. They include members of the media, sportsmen, actors, professional organizers, interpreters and hostesses. Little of their financial reward is spent on-site, and afterwards there is scant trace of their passage in the form of useful facilities. The scale of this aspect of the phenomenon depends on the context and nature of the event, but it inevitably increases with international involvement and widespread public interest. (Ref. 5) (Ref. 7)

A similar point can be made with respect to business returns for the construction of infrastructure, and buildings expressly for the event.

As far as the hoteliers themselves are concerned, an event which takes place in the middle of a major resort's peak season may necessitate disappointing their regular customers. They, in turn, may discover the charms of a rival resort. This is a typical risk of big events in Winter Sports resorts. When Olympic Games or World Skiing

Championships are being organized in Western Europe, consideration of the limited number of daylight hours, and the quality of the snow generally leads to the competition dates being fixed for the month of February. And this is the best or peak Winter month for hotels in mountain areas; when there are usually no vacancies.

In these circumstances providing accommodation for the competitors, their companions and members of the press, places the hoteliers in an awkward position with regard to their regular customers, a situation which is further aggravated by the effects of necessary security measures, and by the fact that part of the snowfield will temporarily be reserved for the competitions.

Finally, an event with a strong positive image may open the way to a rush of land speculation, with all the building contractors trying to exploit the event to bring about a substantial increase in property prices. Certainly developments of this kind bring immediate advantages which are greatly appreciated by the owners of prime building sites. They add nothing, however, to the qualities of the area as a tourist attraction and an unreasonable level of inflation can jeopardise conditions for development in the longer term.

6.0 Conclusions

6.1 Conclusions from the Community viewpoint: how to optimise benefits, and minimise disbenefits.

There's a need to have a clarification of the roles and objectives, of any given major or mega-event, before one can evaluate impacts against the criteria of those objectives.

The nature of both mega-events and mega attractions, have first to be defined and agreed. Some offers of definitions are given in this paper.

How do we maximise upon benefits, from the viewpoint of the local economy, and the host community? Suggestions made in this text include:

- a) The use of mega-events, in order to launch new mega-facilities/attractions - such as at new tourist destinations offering new products, e.g. Sarajevo Winter Olympics, or Calgary Winter Olympics.
- b) The use of mega-events with new infrastructure/super-structure, for a long-event season (3 - 6 1/2 months). If possible this should also be at new tourist destinations, e.g. Liverpool and the International Garden Festival.
- c) Use the political/financial backing from levels of government to get mega-events (e.g. Summer Olympics) which will provide longterm community-use facilities (not otherwise there), with good occupancy rates, generating city prestige and image (with shopping and new investment and tourism returns - middleterm) and continuity of use for big events.

If mega-facilities involve some short-term losses, consider them, if long-term net returns justify them.

- d) Use the government backing for big events, to cover infrastructure costs, and use media sales, sponsorship and bonding to cover at least 50 % of direct costs to organisers. These elements are key fiscal components now for sports, arts and other events.

How do we minimise costs/disbenefits to host communities?

- (i) Choose events that may have minimal infrastructural, or superstructure development thresholds, but give maximum returns and high multipliers. Events such as the Adelaide Grand Prix, the Le Mans 24 Hours, the Birmingham Super Prix give big net returns, relative to very short time spans, and minimal outlay.
- (ii) Do not put on major events, if they fundamentally conflict with existing peak season use, and have long-term resultant disbenefits.

When then should mega-events be timed?

Ideally they should viably be offseason, extend the shoulder season or create a 'new season' for a destination that is developed - e.g. add a new winter season, to an existing summer season. Create new seasonal foci or peaks, for places previously under or undeveloped.

What then is to be avoided?

Do not put new mega-events into existing peak summer or peak winter seasons, where major conflict results with harmful switching/substitution effects and losses of local users, and of past regular clientele. Location is thus dealt with implicitly here rather than explicitly.

The entrepreneurs/initiators of major events must be clear about who is doing what, with which means, for whom and why? Which objectives do they want to realise and which effects/impacts are intended?

Methodologically, pre-event base data is required, plus monitoring during the event, plus post event appraisals. Data monitoring systems for mega-event planning, marketing and management, have to have several inbuilt safeguards.

In conclusion, may the authors reiterate one of the Canadian researcher - Armstrong's - conclusions: -

"Contemporary prestige projects are intended to enhance local identify and national or international esteem. They are symbols consciously constructed to display local attitudes, to improve the reputation of a locality, to demonstrate civic pride, and initiative, and to attract tourists."

Of the thirty developments reviewed by Armstrong, with characteristically high cost thresholds, \$ 146 million U.S. was the average development cost, and a high percentage of the schemes were built for a major or mega-event. Though the providers use social and economic arguments, the hard evidence is of a prestige factor, being the key to the political decisionmaking re mega attractions, launched with mega-events, in all the continents reviewed.

6.2 Conclusions from the point of view of the firm, and of private enterprise.

If it seems indisputable that the mega-event acts as a powerful catalyst on collective effort, it is nevertheless generally insufficient grounds for justifying substantial investments from industry with respect to the peak in demand which is initially generated. Moreover, major events often give rise to various negative impacts, to the detriment of local firms. Apart from the above mentioned saturation of communication networks, we must consider the possible financial implications for town councils. For example, the desire to give Avignon the status of a cultural centre led to exceptional expenditure in the cultural domain (18 % of the community's budget) which in turn produced a particularly high level of local rates. Taking into account that fact that a large part of the work associated with the big attraction, benefits 'nomads' who suffer from few of these drawbacks, it is understandable that, from time to time, mega-events have left local people and business with bitter memories. (Ref. 5)

For all that, we should not lose sight of the positive aspects, which are essentially abstract in nature: enriched business contacts, increased experience and skill, and the boost to image and publicity. On the contrary, those concerned with regional development should forearm themselves against the drawbacks and disappointments by fighting to diminish the negative effects, and increase those effects which are positive.

6.3 Reducing the negative effects

A reduction of the negative effects could be brought about by:

- a) a wise choice of date. This is the case at Avignon where the chosen period (four weeks in July and the beginning of August) corresponds to a relatively lean time for the town's hotels, allowing them to attract tourists for a few days, who would otherwise pass straight through on their way to the Mediterranean coast. (Ref. 5)

When the date unavoidably coincides with the high season, every effort can be made to alter the factors which usually determine the peak period. Thus the organisers of the Albertville Olympic Games hope to obtain an alteration in the dates of the 1992 School holidays, which usually bring a massive influx of families in February.

- b) Giving preference to long or annual events so as to maximise the marginal utility of the show for firms involved in providing a welcome.

It is possible to sponsor one event per year, like the Savoie region hoping to strengthen its sporting image with the prospect of the 1992 Olympics in mind. It is organising a series of World Championships: Canoeing in 1987, cycling in 1989 and cross-country in 1990.

Equally, it is possible, like Le Touquet, to envisage events for the four seasons, by scheduling through the year a varied series of attractions - (motor cycle races, a regional flower festival ...).

- c) The existence, a long time in advance of exceptional events, of a major landbank, i.e. of vast reserves of public land which would counter-balance any excessive fluctuations in the price of property.

6.4 Increasing the positive effects

In general terms, the aim will be to achieve a synergy between the mega-event and all the local firms so that the latter can benefit from the stimulating effects of media coverage and profit from the presence of the crowds to heighten their commercial efforts. (Ref. 5)

As far as tourist development is specifically concerned, the big event should precipitate a new stage of development, tending most often to include the renewal of infrastructure, particularly of communication-networks. In a region which has benefitted from a new image, the tourist industry can widen or modify its range of products to win new customers, using the events as a launching pad.

However, no lasting tourist development is possible without the spread, through all levels of society of a propitiously welcoming attitude. In this respect, it is hoped that a general mobilisation, such as is planned for the Albertville games, will pave the way for improved public participation in meeting the demands of tourist services.

The usefulness of big events is often judged in relation to the development of the physical infrastructure to which it gives rise, built with the aid of the state and various organisations.

But whether we consider the range of products or the attitudes of the local population, it is clear that public or private material operations should be prepared, supported and accompanied by a series of commercial enterprises and a full programme of training and information with the aim of developing skills and attitudes.

Without the accumulation of these invisible assets, which must be fostered long in advance, the mega-event would remain a festival without a future.

7.0 Bibliography

References

1. Armstrong J.L. (1984) Contemporary Prestige Centres for Art and Culture, Exhibitions, Sports and Conferences: An International Survey. Doctoral Thesis of the Centre for Urban and Regional Studies, University of Birmingham, Birmingham, England.
2. Ritchie J.R.B. and Beliveau D. (1974). 'Hall Mark Events: An Evaluation of a Strategic Response to Seasonality in the Travel Market' in Journal of Travel Research. Vol. XIII, Number 2, Fall 1974. Boulder, Colorado, U.S.A.
3. Burns J.P.A., Hatch J.H., Mules T.J. (1986). The Adelaide Grand Prix - the Impact of a Special Event. The Centre for South Australian Economic Studies, Adelaide, Australia.
4. B.I.P.E. (1986). Festival d'Avignon. B.I.P.E., Paris, France.
5. Société Générale de Recherche et de Programmation (1969). Impact du Festival d'Avignon sur l'économie de la Ville. S.G.R.E.P. Marseille, France.
6. Allanios R. et Gaudron D. (1985). Impact Economique potentiel des Jeux Olympiques d'hiver de 1992 en Tarentaise. C.E.F.O.R.E. Lyon, France.
7. (1982) "Pour trouver de nouveaux clients, créez l'événement". Action Commerciale. No. 5. Nov. 1982. Paris, France.
8. Mathieson A. and Wall G. (1982). Tourism: economic, physical and social impacts. Longman. London, England.
9. Archer B., Shea S. and de Vane R. (1974). Tourism in Gwynedd, an Economic Study. Cardiff, Wales.
10. Vaughan D.R. (1977). The Economic Impact of the Edinburgh Festival. 1976. Scottish Tourist Board. Edingburgh, Scotland.
11. Vaughan D.R. (1979). Does a Festival Pay? A Case Study of the Edinburgh Festival in 1976. Working Paper 5. T.R.R.U. Edinburgh, Scotland.
12. Vanhove N. (1982). 'Interrelation between benefits and costs of tourist resources - an economic approach' in Interrelation between Benefits and Costs of Tourist Resources. Vol. 23. Editions AIEST, St. Gallen, Switzerland.
13. Gratton C. and Taylor P. (1986). "Economic Impact Study - Hayfield International Jazz Festival" in Leisure Management October 1986. London, England.

14. Taylor D.F. (1983). 'Economic Impact of Tourism in Hong Kong' in Workshop on Measuring the Impacts of Tourism Report. P.A.T.A., San Francisco, U.S.A.
15. Schulmeister (1976). 'Olympic Games and Tourism' in Monatsberichte des Oesterreichischen Instituts für Wirtschaftsforschung. Vol. 8, Vienna, Austria.
16. N.O.P. Market Research Ltd., and B.T.A./E.T.B. Research Services (1985). "Liverpool '84" Promotion and the International Garden Festival. N.O.P. and B.T.A./E.T.B. London, England.
17. Oficina Olimpica Barcelona 92 (1985). Guide to the Barcelona '92 Games. Olympic Office, Barcelona, Spain.
18. C.O.J.O. (1969). Rapport officiel des Jeux Olympiques d'Hiver de 1968 à Grenoble. Service de presse du C.O.J.O. Grenoble, France.
19. Centre for Applied and Business Research (1986). Report on the America's Cup. University of Western Australia, Perth, W. Australia.
20. O'Connor R. and Henry E.W. (1975). Input-Output Analysis and its Applications. Charles Griffin, London, England.
21. Laventhol and Horwath (1985). The Impact of the 1984 Summer Olympic Games on the Lodging and Restaurant Industry in Southern California - Los Angeles. Horwath & Horwath, Sydney, Australia.
22. Zehnder L.E. (1982). 'The Costs and Benefits of Tourism - An Analysis of Florida's Disney World' in AIEST vol. 23. St. Gallen, Switzerland.
23. Praplan G. (1987). "Le sport du ski et ses effets du point de vue économique et de l'environnement" XV SKILEX, SESTO (ITALIA).