MANAGING SPORT MEGA-EVENTS

EDITED BY

STEPHEN FRAWLEY
Managing Sport Mega-Events

Managing Sport Mega-Events explores global developments in the management of sport mega-events. Sport mega-events such as the Olympic Games and the Football World Cup have been examined from a number of academic perspectives including history, sociology, politics, urban planning and economics. What is lacking, however, is a book which identifies and evaluates the current issues and complexities faced by those charged with the responsibility of managing these sport mega-events. This book fills the gap.

The book addresses three broad but interconnected themes. First, strategic matters are explored focusing on the rise of sport mega-events, the management of stakeholders and governance issues. Second, how organisers can best ensure the sustainable management of sport mega-events is considered. Third, operational matters and related issues are examined including media management, broadcast management, venue management, risk management, marketing and sponsorship management.

The book draws on leading international sport management scholars, each of whom has expertise in the organisation of sport mega-events. It makes a valuable contribution to the existing literature.

Stephen Frawley is Director of the Australian Centre for Olympic Studies, located at the University of Technology Sydney (UTS) Business School, Sydney, Australia. Prior to joining academia, Stephen worked in the Sport Division for the Organising Committee for the 2000 Sydney Olympic and Paralympic Games.
This page intentionally left blank
Managing Sport
Mega-Events

Edited by Stephen Frawley
This book is dedicated to my three beautiful girls, Alanna, Tara and Tanya.
Contents

List of figures ix
List of tables x
List of contributors xi

1 Sport mega-events: managerial dimensions 1
   STEPHEN FRAWLEY

2 What makes an event a mega-event?
   Definitions and sizes 8
   MARTIN MÜLLER

3 Theorizing the governance of sport mega-events:
   a Principal–Agent perspective 24
   ARNOUT GEERAERT

4 Risk management for the Olympics and Football
   World Cup 37
   WILL JENNINGS

5 The hosting of sport mega-events: a cost efficient
   perspective 54
   HARRY ARNE SOLBERG, EVA LECHNER AND JENS ALM

6 Managing the finances of sport mega-events 73
   PAUL KITCHIN AND ROBERT WILSON

7 Broadcasting sport mega-events 89
   HUNTER FUJAK, STEPHEN FRAWLEY AND ASHLEE MORGAN
8 Sponsorship and sport mega-events 105
ASHLEE MORGAN, STEPHEN FRAWLEY, HUNTER FUJAK AND SARAH COBOURN

9 New media development and strategies for sport mega-events: the Olympic Games and the Football World Cup 121
ADAM KARG AND DANIEL LOCK

10 Event leverage and sport mega-events 139
NICO SCHULENKORF, KATIE SCHLENKER AND ALANA THOMSON

11 The social and environmental consequences of hosting sport mega-events 150
ALANA THOMSON, KATIE SCHLENKER, NICO SCHULENKORF AND ELIZABETH BROOKING

12 Legacy and sustainability aims and outcomes at the Olympic Games and the Football World Cup 165
RICHARD CASHMAN

Index 178
Figures

5.1 Stakeholders involved in major sports events 56
6.1 Budget planning process 77
7.1 Historical FIFA World Cup broadcast rights fees 93
7.2 FIFA World Cup versus Olympic Games broadcast rights 93
7.3 Olympic audiences versus population proportion 96
7.4 Total broadcast hours of coverage 100
7.5 Share of broadcast rights fees 102
7.6 Historical Olympic broadcast rights fees paid outside of North America and Europe 102
Tables

2.1 Definitions of mega-events 10
2.2 Size indicators of recent large events 2010 to 2013 12
2.3 Scoring matrix for event classes according to size 18
2.4 Size classification of selected events 19
3.1 Agency problems and control in the governance of sport mega-events 30
4.1 Risk environments 43
4.2 Tools of risk management at FIFA World Cups and Olympic Games 48
5.1 Capacity utilization of sport mega-events 60
5.2 Average attendance at football matches in former World Cup host countries 61
5.3 Venues planned for FIFA World Cup 2006 in Germany 61
5.4 2010 FIFA World Cup, South Africa 62
5.5 UEFA Euro Championship, Portugal 2004 62
6.1 Income sources for the London 2012 Summer Olympic and Paralympic Games 79
6.2 Expenditure sources for the London 2012 Summer Olympic and Paralympic Games 80
6.3 Composition of the Public Sector Finance Package for the London 2012 Summer Olympic and Paralympic Games 81
6.4 Expenditure items for staging the London 2012 Summer Olympic and Paralympic Games 82
6.5 Detailed breakdown of the ODA AFC as at 30 September 2012 83
7.1 Historical Olympic broadcast rights fees (USD) 91
7.2 FIFA World Cup share of viewership by region 98
7.3 2010 FIFA World Cup engagement by region 98
7.4 2010 FIFA World Cup viewership ranked by individual country 99
9.1 FIFA and IOC organisational networks 126
11.1 Sport mega-event urban regeneration and displacement effects 154
Jens Alm is a doctoral scholar at the Department of Sport Sciences, Malmö University, Sweden and an analyst at the Danish Institute for Sports Studies. His research interests include local facility policy, standardisations, stadiums and major events.

Elizabeth Brooking received her BA in History with Honours at the University of New South Wales, Australia. Her research was focused on the use of sport as a propaganda tool in Australia in World War One. Her interests in this area include the socio-economic origins and impact of sport, sport for development and using sport to leverage social issues. Elizabeth has worked on a number of research projects with colleagues at UTS. She is currently a Masters of Museum and Heritage Studies student at the University of Sydney, Australia.

Richard Cashman is Adjunct Professor at the UTS Business School, Sydney, Australia. Richard is a world-leading researcher in Olympic Studies and sport mega-event legacy.

Sarah Cobourn is the Senior Officer of Corporate Social Responsibility at Hitachi. Sarah completed her PhD examining the creation of shared value in professional sport at UTS, Australia. She is continuing her research through the Australian Centre for Olympic Studies at the UTS Business School.

Stephen Frawley is Director of the Australian Centre for Olympic Studies, located at the UTS Business School, Sydney, Australia. Prior to joining academia, Stephen worked in the Sport Division for the Organising Committee for the Sydney 2000 Olympic and Paralympic Games.

Hunter Fujak is trained in the fields of accounting and sport management. Hunter has consulted across the sport sector working with Fox Sports Australia, the National Rugby League and Sportsbet. Hunter is quantitatively orientated with a research focus in sport broadcasting and strategy.

Arnout Geeraert is Post-Doctoral Fellow at Leuven International and European Studies, University of Leuven, Belgium. He has been developing the Sports Governance Observer benchmarking tool for Play the Game and the Danish Institute for Sports Studies. His current work explores the role of the European
Union in international sport through different theoretical lenses and looks into elements of good governance in sport organisations in general.

**Will Jennings** is Professor of Political Science and Public Policy at the University of Southampton, UK. Will is the Co-Director of the UK Policy Agendas Project, Research Associate at the Centre for Analysis of Risk and Regulation at the London School of Economics and Political Science, UK and Vice-Convenor of the Executive Politics and Governance Specialist Group of the UK Political Studies Association. His book, *Olympic Risks*, about governance of the Olympic Games and the Olympic movement, was published in 2012.

**Adam Karg** is Senior Lecturer in Sport Management at Deakin University, Melbourne, Australia. He teaches and researches marketing strategy and consumer behaviour with a focus on sport organisations and consumers.

**Paul Kitchin** is Lecturer in Sport Management at Ulster University, Northern Ireland. Paul researches across the fields of sport management and event management.

**Eva Lechner** is a doctoral student at Trondheim Business School, Norway. Her main research interest is management accounting and control of sports and cultural events. This interest is the driving force for her doctoral dissertation that explores the management and control of the mid-sized cultural festivals as well as the event legacy creation and measurement of the 2016 Youth Olympic Games.

**Daniel Lock** is Senior Lecturer at Bournemouth University, UK. He researches the social psychology of sport consumption and participation with a focus on identity and cognition.

**Ashlee Morgan** is a lecturer in the Management Group at the UTS Business School, Sydney, Australia. Ashlee is an early career academic, recently completing her PhD in sport management, examining the governance of corporate sport sponsorship alliances. Her research interests are in strategic alliances, inter-organisational partnerships, business-to-business relationships and sport sponsorship.

**Martin Müller** is Swiss National Science Foundation Professor at the University of Zurich, Switzerland and Senior Research Fellow at the University of Birmingham, UK. He studies the planning and impacts of mega-events. As an expert on Russia, he has examined the preparation and outcomes of the Sochi 2014 Winter Games and the 2018 Football World Cup. Among his publications is ‘The Mega-Event Syndrome’, a much-discussed piece in the *Journal of the American Planning Association* on the challenges of hosting mega-events.

**Katie Schlenker** is Senior Lecturer in the Management Group at the UTS Business School, Sydney, Australia. Katie teaches in the Event Management programs at both the undergraduate and postgraduate levels. Her research interests and publications are in the areas of event evaluation, particularly the
Contributors

social impacts of events on host communities; sport event legacies; event leveraging strategies; and the impacts of business events.

**Nico Schulenkorf** is Senior Lecturer for Sport Management at UTS, Sydney, Australia. His research focuses on the social, cultural and health-related outcomes of sport-for-development and event management projects. Nico is Co-Founder and Editor of the *Journal of Sport for Development* and serves on the editorial board of the *European Journal for Sport and Society* and *Sport and Entertainment Review*.

**Harry Arne Solberg** is Professor of Sport Management and Sports Economics at Trondheim Business School at the Norwegian University of Science and Technology, Norway. He also holds a 20 per cent position at Molde University College. His research interests have centred on the economic impacts of sporting events, sport and the media and team sport economics. He wrote *The Economics of Sport Broadcasting* with Professor Chris Gratton, and has published more than 50 articles in scientific journals and books.

**Alana Thomson** is currently working with the State Government of Queensland, Australia to maximise legacies from the Gold Coast 2018 Commonwealth Games. She recently completed her PhD in event management, at the UTS Business School, Sydney, Australia, investigating the network of relationships involved in the staging of an international sport event. Alana’s interests include sport development policy, inter-organisational networks, event leverage and social outcomes from sport events.

**Robert Wilson** is External Relations Lead and Principal Lecturer in Sport Business Management, Department of Sport Academy of Sport and Physical Activity, Sheffield Hallam University, UK.
This page intentionally left blank
1 Sport mega-events
Managerial dimensions

Stephen Frawley

Sport mega-events
The two biggest sport events in the world today, by any measure, are the Summer Olympic Games and the Football World Cup (Frawley & Adair, 2013, 2014). Both events are held every four years and given the global media impact and attention these two events achieve they can be truly classified as sport mega-events. Cities and nations bid aggressively for the right to stage these events and through doing so seek to accrue a range of (potential) benefits (Baade & Matheson, 2002).

The main advantages often sought by bidding cities and nations include: generating increased economic activity arising through international tourism, infrastructure development and interconnected financial investment (Barney, Wenn & Martyn, 2002); the chance to position, brand or re-brand a city or nation (Hall, 2006); the ability to generate national pride and identity derived from staging a successful event (Tomlinson, 2005); and helping the national team achieve better results by competing on familiar territory, leading to further positive social outcomes (Bloomfield, 2003).

While the benefits of hosting a sport mega-event at first seem attractive, the staging of such large events requires extensive and detailed planning and multifarious stakeholder management across local, national and international institutions (Guttmann, 2002). The cost of failure, both financially and politically, can therefore be significant (Searle, 2002). The complexity of sport mega-events is highlighted by the number of groups and networks that become involved and engaged (Young & Wamsley, 2005).

In the Olympic context, for example, some of these groups and institutions include: the international sports federations, who are regarded as the peak governing bodies for the sports represented at the Games and who have responsibility for the conduct of their sport at the Games; the National Olympic Committees; the Organizing Committees for the Olympic Games (Chappelet & Bayle, 2005); the media and broadcasters of the Games (Jackson & McPhail, 1989; Kidd, 1989; Lenskyj, 1999; Rowe, 1999, 2000; Whitson, 1998); the sponsors of the Olympic Movement (Brown, 2000; Burton, 2003); the local, state and national governments that support the staging of the Olympics in their
countries (Houlihan, 2005; Whitson & Macintosh, 1996); and most importantly, the athletes (Toohey, 1990; Frawley & Adair, 2013).

Central characteristics of sport mega-events

According to Malfás, Theodoraki and Houlihan (2004), sport mega-events display two central characteristics. First, these events are shaped by external organizational factors such as: extensive global media coverage; international tourists attracted to attend the events; and the types of impacts that result from hosting such events (Cashman, 2006). Second, sport mega-events are influenced by the complexity of internal organizational factors such as: the scale and scope of the event; the event duration and preparation time; and the number of athletes, officials, fans and media that attend the event (Chappelet & Bayle, 2005).

A number of sport-event management researchers have also commented and discussed the internal and external characteristics that impact the management of sport mega-events (Frawley & Adair, 2013, 2014). Horne and Manzenreiter (2006) have described sport mega-events, for instance, as events that are large enough in size to impact national economies in addition to generating wide international media coverage. Roche (2000) has also argued that sport mega-events have “a dramatic character, mass popular appeal and international significance” (p. 1), while Waitt (2001), citing the important work of Harvey (1989), suggests that sport mega-events “generate a euphoric mass consciousness through the excitement, civic achievement and party syndrome associated with the occasion” (p. 251).

Mega-events/mega-projects

Not only are the Summer Olympic Games and the Football World Cup regarded as sport mega-events, but it can be argued that they should also be considered ‘mega-projects’. For instance, Leonardsen (2007), drawing on the Olympic Games in particular, has stated that these events “have become an illustrative case for what have become known as the terms ‘mega-event’ or ‘mega-project’” (p. 11). While the project management and sport-event management areas of study are viewed as largely separate and distinct fields, more recently both categories are informing each other (Frawley & Adair, 2013). Projects can be described as having: organizational activity that is shaped by a specific and finite task; being temporally bound by once only activity and clearly established goals and objectives; divided into component tasks that must be completed for the project to be finished (Meredith & Mantel, 1989). As presented by Lowendahl (1995), projects “are typically time constrained, resource constrained, oriented towards a specific and predefined goal, and involve a complex or interdependent set of activities” (p. 347).

The management of a sport mega-event from this viewpoint can be regarded as a typical project in that it is time constrained with a non-negotiable delivery time frame, resource constrained (including economic and human capital), goal
focused, extremely complex, multi-stakeholder and multi-functional (Lowendahl, 1995). The successful management of mega-projects is influenced by a number of characteristics. These include: clear leadership and direction provided by project managers; well considered performance measures and indicators; strong and effective management that achieves the stated performance measures and indicators; and project coordination that is focused on timing, cost and quality (Lowendahl, 1995; Flyvbjerg et al., 2003). With reference to project timing, mega-events and mega-projects are shaped by their time-dependent operating cycle which includes: a starting phase, a growing phase, a declining phase and a termination phase (Meredith & Mantel, 1989).

While mega-events and mega-projects have their own organizational lifecycle it is easy to forget that this unfolds interdependently with related organizations who continue to operate post-project (Frawley & Adair, 2013). Many projects for instance are managed under the auspices of a parent institution that may be managing multiple projects at any given point in time (Meredith & Mantel, 1989). The owner of the Olympic Games, the International Olympic Committee (IOC), is responsible for overseeing the organization of Summer, Winter and Youth Olympic Games at any one point in time. The complexity of managing a number of projects at one time can create significant organizational challenges and conflicts (Flyvbjerg, 1998). As stated by Lowendahl (1995), sport mega-events like the Olympic Games (and the Football World Cup) are often characterized by “conflict over project resources and leadership roles when it comes to solving project problems” (p. 348).

In summary, the mega-event and the project management literature suggests that sport mega-events are shaped and influenced by a range of internal and external organizational characteristics. These characteristics include external elements such as media exposure, tourism attraction and event impacts and legacies (i.e. social, economic and environmental). Internal organizational features include the size and scale of the event (i.e. number of athletes, fans, employees, etc.), the event duration, the available event resources, the goals and objectives of the event, the effectiveness and leadership of the event management team, and the interdependence between the event organizers and other stakeholders. These features and their relevance to the planning, management and delivery of sport mega-events are thoroughly explored throughout this book. In order to provide further contextual detail, the next section of this chapter outlines the aim of the book and the chapter structure.

**Aim and structure**

The explicit aim of this book is to explore the key themes and debates that have shaped and that are currently shaping sport mega-event research. The book is particularly focused on matters relating to the staging and management of sport mega-events. Key themes such as: defining the scope and scale of sport mega-events; event governance and risk management; financial management and cost overruns; commercial revenue generation through broadcast rights and
Stephen Frawley

Chapter 2 by Martin Müller examines how sport mega-events can be defined. Drawing on recent debates within the sport mega-event literature, Müller argues that such events can be separated into three distinct categories: major, mega- and giga-events. In developing such a schema Müller notes that large sport events are multidimensional and that when examining their scale and size a range of indicators need to be analyzed.

Chapter 3 by Arnout Geeraert explores the conflicts of interest and the information asymmetries that shape the governance, and therefore the organization, of sport mega-events. Drawing on agency theory, Geeraert discusses the value of adopting control mechanisms before and after major contracts are signed between host cities and nations with sport mega-event owners, such as the IOC.

Chapter 4 by Will Jennings analyses the risk management consequences that impact the management of the sport mega-events. Jennings argues that sport mega-events share organizational elements such as infrastructure and facility development, resource constraints and operational characteristics, and are influenced by both local and global political forces. Jennings also suggests that optimism bias, especially in the bidding phase, can lead to an overestimation of mega-event benefits and an underestimation of mega-event risks.

Chapter 5 by Harry Arne Solberg and colleagues explores the cost overruns that often result from the construction of new venues associated with the hosting of sport mega-events. This chapter, in particular, examines how much use these venues achieve post-event and whether the notion of a ‘white elephant’ venue is a fair descriptor for many bespoke sport mega-event venue developments.

Chapter 6 by Paul Kitchin and Robert Wilson examines the economic and financial consequences that emerge through the staging of sport mega-events. Kitchin and Wilson specifically investigate the financial management practices of mega-event organizers. The authors explore the impact of cost overruns, financial irregularities and the general lack of accountability that has been a hallmark for many recently staged sport mega-events.

Chapter 7 by Hunter Fujak and colleagues investigates the important role of broadcast rights as a revenue generator for sport mega-event organizers. Over the past three decades the amount of money generated by the sale of broadcast rights for events like the Olympic Games and the Football World Cup has been enormous. The authors explore this growth with a particular emphasis on the changing audience size and reach of sport mega-event broadcasts.

Chapter 8 by Ashlee Morgan and colleagues explores the role of sponsorship as a valuable commercial tool for sport mega-event organizers. The growth of sponsorship revenue has been closely aligned with that of broadcast rights providing critical income for event organizing committees. Furthermore, the chapter examines how sponsors today develop sophisticated leverage and activation strategies to maximize their sponsorship investment.

Chapter 9 by Adam Karg and Daniel Lock analyses the development of fan engagement strategies for sport mega-events with a particular focus on the
emergence of new media technologies. Karg and Lock explore how event organizers and event owners can maximize and leverage new media technologies to engage with not only consumers, but also critical event stakeholders.

Chapter 10 by Nico Schullenkorf and Katie Schlenker examines the importance of event leverage strategies to maximize the social and economic benefits that can potentially emerge from staging sport mega-events. Drawing on the work of Chalip (2004) and others, the authors argue that more focus is required in early planning to generate more sustainable long-term outcomes for host cities and nations.

Chapter 11 by Alana Thomson and colleagues explores the social and environmental consequences of hosting sport mega-events. The authors argue that the most common method of evaluating sport mega-event impacts in the past has been via economic outcomes or ‘hard legacies’. More recently, though, a much greater emphasis has been placed on understanding the social and environmental impact these types of events have for the host communities.

Chapter 12 by Richard Cashman investigates the legacy and sustainability aims and outcomes that can arrive through hosting the Olympic Games and the Football World Cup. Cashman argues that while the benefits of staging sport mega-events may have increased in recent years so have the costs. Given the vocal criticism often faced by sport mega-event organizers, due to reported scandals and mismanagement, the term ‘legacy’ has been used as a way of countering this negative feedback by promoting the future benefits to emerge from event hosting. As a consequence the terms legacy and sustainability are now clearly etched in sport mega-event discourse.

References


References

1 Sport mega-events: managerial dimensions


2 What makes an event a mega-event?
Definitions and sizes


IOC. (2014). Olympic marketing fact file. Lausanne, Switzerland: IOC.


Müller, M. (2014). Event seizure: the World Cup 2018 and


Theorizing the governance of sport mega-events: a Principal-Agent perspective


Guardian, The (2014). Death toll among Qatar’s 2022 World Cup workers revealed. Available at


4 Risk management for the Olympics and Football World Cup


Olympic Games Study Commission. (2002). Olympic Games Study Commission - interim report to the 114th IOC session. Lausanne: IOC.


5 The hosting of sport mega-events: a cost efficient perspective


City of Cape Town (2007). 2010 Football World Cup. Strategic plan for the provincial government of the Western Cape and the city of Cape Town. Available at https://


6 Managing the finances of sport mega-events


7 Broadcasting sport mega-events


FIFA. (2011b). 2010 FIFA World Cup South Africa television audience report: Data sources and methodology used in the compilation of TV audiences. Zurich: FIFA.


FIFA. (2014b). FIFA World Cup™ group stages break new
ground in TV viewing. Available at


Harris, N. (2007, 01/03/2007). Why Fifa’s claim of one billion TV viewers was a quarter right, The Independent. Available at http://www.independent.co.uk/


8 Sponsorship and sport mega-events


Buchner, A. (2014, July 18). Who won the FIFA World Cup sponsorship value game? Available at


O’Reilly, L. (2014, November 24). World Cup sponsors are coming out and criticising FIFA’s disastrous corruption investigation. Business Insider Australia. Available at


9 New media development and strategies for sport mega-events: the Olympic Games and the Football World Cup


10 Event leverage and sport mega-events


11 The social and environmental consequences of hosting sport mega-events


12 Legacy and sustainability aims and outcomes at the Olympic Games and the Football World Cup


FIFA (2014b). FIFA and the CBF sign MoU for Brazil 2014 Legacy Fund. Available at


