

Research on the Impact of Large-scale Sports Events on the Economy of the Host City

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Abstract. Nowadays, sports events are becoming increasingly popular with people, and large-scale sports events are often held all over the world. This study aims to explore the role of large-scale sports events in promoting host city's economic development, taking the FIFA world cup as an example. The research motivation stems from interest in the potential impact of sporting events on host countries' economies. This article adopts the method of literature review and collects primary and secondary materials to conduct an in-depth analysis of previous cases of holding large-scale sports events and their post-match utilization. Large-scale sports events can not only drive growth in various fields such as tourism, catering, and retail, but also enhance a city's image and popularity. However, these advantages often come with substantial financial risks, as cities may face budget overruns and underwhelming attendance. Furthermore, environmental considerations play a crucial role in shaping sustainable practices for future events. By analyzing both positive and negative outcomes, this study aims to provide a comprehensive understanding of how hosting major sports events can shape the economic landscape of cities and contribute to their long-term growth.

Keywords: Large-scale sports events, Economic development, Urban branding, Sustainability, FIFA World Cup.

1. Introduction

1.1. Research background and theme

Since the 20th century, with the development of media technology and the acceleration of globalization, the influence of events such as the Olympic Games and the FIFA World Cup has significantly increased, driving profound changes in the host countries in terms of economy, culture and society. It also serves as an important platform for showcasing national soft power and promoting international exchange. When a country or city chooses to bid for host of the event, it is driven by the potential yield and enduring benefits for both the local community and the whole nation through direct and indirect impacts.

Many studies have examined the economic impacts of these major sporting events from various perspectives. These events generate significant short-term economic stimuli through increased tourism, job creation, and local businesses activity, while also leaving long-term legacies of

infrastructure reshaping the urban development [1]. While studies by Flyvbjerg and Stewart shows the difficulty of precise calculation on expenses associated with hosting the Olympics [2]. There still are credible data shows that the 2012 London Olympics, for example, contributed approximately £9.9 Billion to the UK economy in the event year, and has since generated between an estimated £28 billion and £41 billion in Gross Value Added by 2020 [3]. However, the financial burden of hosting large – scale sport events like Olympics are significant, including general infrastructure such as housing and sports-specific facilities for competition venues, as well as operating expenses covering costs related to the administration, opening and closing ceremonies, and security [4].

1.2. Research purpose and significance

The main purpose of this study is to systematically analyze the multiple effects that major sporting events have on the host region, mostly focusing on branding, city image improvement, economic development dynamics and post-event effects. Through synthesizing existing literature and analyzing empirical cases from various international events, the research seeks to validate key impacts and discuss their implications for sustainable urban development. This objective aligns with the call for more rigorous evaluations of events - related outcomes to inform policy decisions.

This study will hold significant value for multiple stakeholders. For policymakers and urban planners, this study will provide insights into how to leverage sports events to enhance urban competitiveness, balance short - term gains with long - term sustainability and strategically manage brand image. For instance, during the COVID-19 period, they should make policy to ensure the safety and health of every athlete. Additionally, this study can serve as a reference for local communities, enabling them to better understand the potential transformative effects of hosting such events.

1.3. Research methods and structure

This study adopts a mixed - method approach combining systematic literature review and case study analysis, a methodology widely advocated in sports economic research. The systematic literature review involves searching across academic databases such as Web of Science, Scopus, and CNKI, selecting relevant peer - reviewed articles, conference proceedings, and official reports published between 2005 and 2024. Case study analysis focuses on diverse events including the 2008 Beijing Olympics, 2014 Brazil World Cup, 2016 Rio Olympics, 2020 Tokyo Olympics, and 2010 South Africa World Cup, to validate and illustrate the multifaceted impacts, following the comparative case study framework proposed by. This article will consist of three main parts. The first part mainly discusses the influence of the media in hosting large-scale sports events. The second part discusses the driving force of hosting large-scale sports events on the economy. Finally, the third part is about the long-term impact after holding the competition.

2. Brand cognition and urban image enhancement

2.1. The impact of sports events on urban branding

Large - scale sports events serve as powerful catalysts for shaping and elevating a city's brand identity. A city's brand, defined by its unique attributes, reputation, and perceived value, can be significantly enhanced through the global attention garnered by such events. Sports events provide a platform for host cities to showcase their cultural heritage, modern infrastructure, and quality of life, thereby redefining their brand image in the global consciousness. Hu stats that sport events have a

subtle influence on the development of a city's sports culture. They may unite the city, enhance its appeal and influence, and strengthen its cultural soft power and city brand image [5].

According to Allen, Knott and Swart's study on the 2010 FIFA World Cup in South Africa, mega-events can transcend national boundaries to promote continental identities through countering negative stereotypes like crime and underdevelopment, which largely boost tourism, foreign investment and national pride [6]. Along with this case, another study's examination of sports events underscores their correlation with GDP growth in urban area and brand equity, where events drive cultural cohesion, economic vitality, and modern infrastructure, further amplified by edge computing technologies that optimize data processing for real-time event management and audience engagement [7]. In the case of Dubai, the city has gained massive global competitiveness in the tourism industry by hosting sustainable sports events to build its city brand [8]. Complementing with Dubai, Qatar's efforts in building its nation branding through hosting large-scale sports events is also highlighted. Through events, for example, the FIFA World Cup, Qatar succeeded in enhancing its international visibility and cultural exchange, followed by an increasing in foreign investment [9]. However, Baade and Matheson provide a critical perspective that while events like the 1992 Barcelona Olympics elevated the city's global tourism profile, but the economic benefits of hosting the Olympics tend to be overstated due to high costs, substitution effects and crowding out of regular tourists [4]. It suggests that intangible assets like urban branding and long-term infrastructure gains must be carefully leveraged to justify expenditures.

Together with these cases, effective management and strategic planning are thus critical to ensuring that the branding effects brought from being hosts can be efficiently converted into a sustainable urban development and global competitiveness.

2.2. The promotion of urban image through media exposure

Various research studies have shown that Media Exposure plays a vital role in the promotion of urban image. As demonstrated by Avraham, the study highlights the success of cities like Holon in improving their image through targeted cultural events and media engagement. Large-scale sports events significantly enhance urban image by leveraging extensive media exposure to showcase a city's modern infrastructure and cultural vibrancy [10]. Through strategic media campaigns and implemented improvements, cities can reverse long-standing stereotypes and promote a positive narrative [11]. The study by Oldenboom also provide evidence through interviews during the event that sports event are an essential part of urban image marketing. For example, cities in the Netherlands demonstrated their transformation as leisure-oriented cities through Euro 2000, attempting to shake off the negative image of industrial decline [12].

With the development of technology and the advancement of media, in addition to traditional media, emerging media such as social platforms have also contributed a great deal to enhancing the image of cities. Large-scale sports events, as highly watched events, can enhance the visibility of the host city through viral spread on social media, such as fans sharing event moments or venue photos [13]. For the 2022 FIFA World Cup, a global sports event, the Qatari government interacted with global audiences on social media through Virtual Brand Communities (VBC) to promote the national brand. The event coverage focuses on Qatar's hospitality, modern urban landscapes and cultural heritage to downplay criticism of its political system or labour conditions. Relevant research has demonstrated that Qatar successfully enhanced its national image by hosting the 2022 FIFA World Cup, integrating traditional and social media strategies, effectively countering negative stereotypes, and promoting tourism and investment appeal [9].

3. Drivers of economic growth

3.1. Direct economic contributions

Direct economic contributions refer to the immediate financial inflows directly associated with the organization and execution of the event. These include:

Event - related revenues: Ticket sales, sponsorships, and broadcasting rights. For example, the 2008 Beijing Olympics generated 3.6 billion from sponsorship and 1.7 billion from broadcasting rights [14]. The 2014 Brazil World Cup secured significant sponsorship and broadcasting revenue, with total event revenues reaching approximately \$4.8 billion, including key contributions from these categories [15].

Visitor expenditures: Spending by tourists on accommodation, dining, transportation, and souvenirs. During the 2010 South Africa World Cup, international visitors spent an average of 1,200 per person contributing 3.7 billion to the local economy [16]. The 2020 Tokyo Olympics, despite reduced attendance due to the pandemic, still saw domestic visitors spend \$800 million on related activities [17].

Organizational expenditure: Investments by event organizers in staffing, logistics, and security. The London 2012 Olympics allocated \$2.1 billion to operational costs, including hiring 70,000 temporary staff and securing venues [3].

3.2. Indirect economic contributions

Indirect economic contributions stem from the ripple effects of direct spending, affecting sectors beyond the event itself. These include:

Supply chain impacts: Increased demand for goods and services from local businesses, such as construction materials, food supplies, and technology services. For the 2008 Beijing Olympics, infrastructure projects stimulated approximately \$14.3 billion in spending across local manufacturing and service sectors [14].

Job creation in related industries: Employment opportunities in sectors supporting the event, such as hospitality, retail, and transportation. The 2022 Beijing Winter Olympic Game led to an increase of GDP of 0.3% to Beijing and 5.48% to Zhangjiakou, and it created 1061.3 thousand jobs additionally [18].

Infrastructure legacy: Long-term economic benefits from improved infrastructure, such as upgraded airports, roads, and public transit. The 2014 Brazil World Cup's investment in ports and highways contributed to enhanced logistics, with airport projects achieving 94% execution and potentially reducing costs for businesses in host cities [19].

4. Economic impacts after the event

4.1. Impact on economic recovery

Large-scale sports events can play a critical role in driving economic recovery, particularly in regions facing economic downturns or crises. The influx of investment, tourism, and consumer spending during and immediately after the event can stimulate economic activity, creating momentum for recovery.

The 2008 Beijing Olympics, held amid the global financial crisis, injected \$70 billion into China's economy, helping offset the crisis's impact and contributing to a 9% GDP growth that year [14]. Similarly, the 2020 Tokyo Olympics, held during the COVID - 19 pandemic, provided a

psychological and economic boost, with post - event consumer confidence rising by 8% and tourism - related businesses reporting a 20% increase in revenue compared to pre - event levels [17]. These cases show that events can act as economic stimuli, reignite demand and encourage investment in sectors hit hard by crises.

4.2. Economic impacts in long-term

The long - term economic impacts of large - scale sports events depend on how effectively host regions leverage the event's legacy. Sustained impacts include:

Tourism growth: Continued increase in visitor numbers due to enhanced global recognition. Barcelona experienced a significant surge in annual tourists in the decade following the 1992 Olympics, with visitor numbers rising from approximately 1.7 million in 1990 to over 3.7 million by 2000, representing substantial growth [20]. Beijing's tourism revenue grew by an average of 12% annually in the five years after the 2008 Olympics, driven by increased global awareness [14].

Infrastructure utilization: Ongoing benefits from repurposed venues and improved transportation. London's 2012 Olympic Park was transformed into a mixed - use development with residential, commercial, and recreational spaces, generating \$2.3 billion in annual economic activity [3].

Business and investment attraction: Improved urban image and infrastructure making the region more appealing to businesses and investors. South Africa attracted \$5 billion in foreign direct investment in the three years after the 2010 World Cup, with companies citing improved logistics and global visibility as key factors [16].

5. Conclusion

Large-scale sports events are more than mere athletic competitions. They may be transformative forces that reshape their host regions from economic, social and cultural perspectives. This article discusses three interconnected dimensions of the hosting effect from enhancement of urban brand cognition, drivers of economic growth, and the long-term effects.

The findings reveal that the events serve as powerful tools for refining urban images by amplifying positive narratives and breaking the negative city or national stereotype. Economically, the impacts are both direct and far-reaching. Contributions from ticket sales, sponsorships, and tourism spending provide direct economic stimuli, and supply chains, labour markets and infrastructure development are benefited indirectly.

Despite various economic benefits, hosting large-scale events may be fiscally challenging for countries with a relatively small economic scale, especially that maintaining periodic sports events all along requires continuous investment. Both the national and local governments need to strike a balance between economic benefits and huge investments. Even with sufficient cost benefit analysis, one will still be exposed to various systemic risks

Overall, existing research also provides sufficient evidence to prove that hosting large-scale sports events is an event with both benefits and risks. Apart from the economic aspect, there can still be a great deal of cultural output and the display of soft power.

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