

SPORTS EVENT TOURISM: AN EVOLVING BUSINESS OPPORTUNITY FOR THE HOTEL INDUSTRY

Professional paper

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Abstract

The growth of sport tourism shows no sign of slowing down. It is now believed to be the fastest-growing segment within the tourism industry. A decade ago, attending a sporting event, could have meant buying a baseball season ticket and a parking pass. Perhaps some food and drinks. But nowadays the sports event industry has undergone a massive transformation. Sports event tourism is faced with the need to create new sports products typical for the destination as more people get involved in sports — not play, but to cheer for their teams, transforming the visit to the event into an inspiring travel experience. Business opportunities will continue to rise as sports has been a unifying force for every country, whether they are competing locally or abroad with every year; more and more sports events are happening across the globe. With such an opportunity in place, accommodation providers have been quick to cater to the needs of the sport tourists. Hoteliers tend to please their guests on sports holidays to every particular need, dependent on the hospitality package they choose, but overall, all hospitality guests can expect the finest high-quality dining and drinks selection, plus unique entertainment such as sporting guest speakers and live music. To upper the competition, some hotels even provide access via the VIP entrance and limited-edition souvenirs from the sports events. The main focus of this study is therefore to establish if sports events can accrue positive hospitality outcomes for the host destination city or country, by analyzing the worth of sports event tourism and its challenges and demands as a rapidly expanding business worldwide.

Keywords: *hotel business, sport event tourism*

INTRODUCTION

Sports tourism is one of the fastest-growing sectors in tourism. More and more tourists are interested in sports activities during their holidays, whether sports are the main objective of travel or not. Events are a major area within sports tourism, as they create a significant economic impact through the consumption of touristic products which are inherent to the arrival of thousands of participants associated with these sports events. Sports events of various kinds and sizes attract tourists as participants or spectators and destinations try to add local flavors to them to distinguish themselves and provide authentic local experiences. Many sports events are now a part of wider entertainment delivery. Larger events that cover a range of leisure and recreational activities may have sports as one element, but with accommodation, food, and other socially integrating elements alongside. As a result, the hospitality industry around the world is realizing that sports events are a vital component in attracting tourists. Hospitality provides the ultimate experience, where tourists have the feeling that no expense or effort has been spared. Every detail from the location, accommodation, reception, catering, and the experience has to feel right for tourists to enjoy their holiday in overall, but mostly the primary reason for taking the holiday – attending a sporting event.

SPORTS EVENT TOURISM INDUSTRY

Sports events assume major importance in tourism. This relevance results particularly, from the fact that numerous disciplines can be practiced and nowadays tourists are traveling around the world to participate in multiple sports events (Palrão & Filipe, 2017). Sports event tourism refers to the tourists as participants or spectators who visit a city to watch events (Hall, 2012). Sports events are organized throughout the world for able and disabled bodied men and/or women of all ages. There are single and multi-sport formats, some of which are universally available and others that are specific to only one region of one country. In a time, dimension, there are various competition formats from one-day tournaments to year-round championships (Masterman, 2009). With this in mind, one can define sports events as those that are characterized by a

creative and complex content of sports-like, recreational activities, of entertaining character, performed by a particular predetermined program, and that achieve touristic effects and have a serious social and economic importance of the place or region in which they are held (Bjelac & Radovanovic, 2003).

The very first sports events that were promoted as tourist attractions were both the World Cup in 1994 the Olympic games held in Atlanta in 1996. During the buildup to World Cup 1994, it was estimated that the event would attract 50 million foreign visitors to the United States who would spend 100 billion (U.S.) dollars (Gibson, 1995). Back in 1994 in Los Angeles, the World Cup generated a total economic profit of 623 million dollars (U.S.) alone during the final that went directly into the metropolitan economy (Vierhaus, 2018). Nowadays, major sporting events, such as the Olympic Games, Rugby World Cup, Cricket World Cup, Super Bowl, and other championships have become powerful tourism attractions in themselves – making a very positive contribution to the tourism image of the host destination. As such, Rugby World Cup has become one of the most popular major sporting events in the world. From total ticket sales to attendance at a single Rugby World Cup game, RWC 2015 in England broke many of records. A total of 2.47 million tickets were sold across 13 venues in 11 host cities, making RWC 2015 was the most successful Rugby tournament ever held. International and domestic tourists traveled far and wide across England, bringing significant benefits to the host cities and beyond. 774,000 tickets were purchased by international visitors, 1,036,000 tickets were purchased by domestic visitors and 668,000 tickets were purchased by local fans (Ernst & Young LLP, 2016).

Sports as a global business has changed significantly in recent years. Countries and cities compete for major sports events to showcase themselves on an ever more crowded international stage and, at the same time, to secure maximum economic and social benefits. Statista's Digital Market Outlook (2019) publication "Event tickets" shows us that revenue in the sports events segment amounts to 25,418 million (U.S.) dollars in 2019 and that the sports events segment is expected to show a revenue growth of 10.6% in 2020. Revenue is expected to show an annual growth rate (CAGR 2019-

Table 1. Descriptive features of Behavioural Regulation in Sport Questionnaire

Year	2017	2018	2019	2020	2021	2022	2023
Revenue	21075.1	22987.6	25418.3	28112.4	30765.5	33125.7	35055.8
Revenue growth		9.07%	10.50%	10.60%	9.44%	7.67%	5.83%

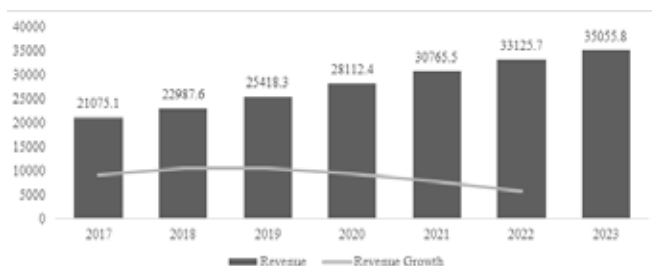


Chart 1. Sports events worldwide (2017 - 2023) in millions

Table 2. Global Comparison – Revenue in millions

Country (Top 20)	Revenue
United States	11,974
United Kingdom	1,468
China	1,166
Canada	1,069
Germany	932
Italy	813
Japan	793,8
Brazil	641,3
France	620,8
Russia	610,9
India	523,1
Australia	413,5
Spain	371,3
Mexico	335
South Korea	320,7
Netherlands	320,1
Sweden	208,9
Turkey	172,6
Norway	139,9
Argentina	135,6
Macedonia	0.6

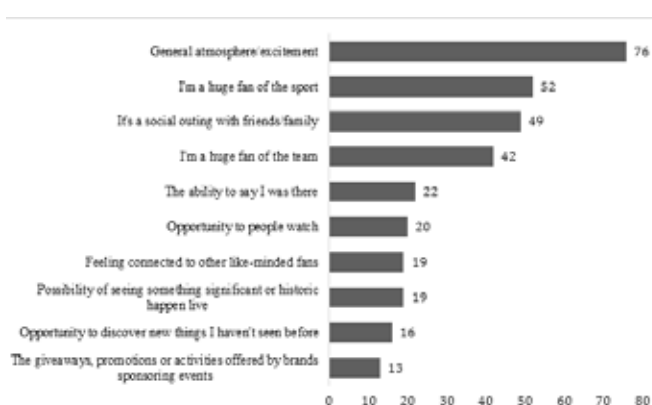


Chart 2. Why do you enjoy attending live sporting events?

2023) of 8.4%, resulting in a market volume of 35,056 million (U.S.) dollars by 2023. User penetration is 3.8% in 2019 and is expected to hit 4.2% by 2023. The average revenue per user (ARPU) currently amounts to 89.91 million (U.S.) dollars. In global comparison, most revenue is generated in the United States 11,974 million (U.S.) dollars in 2019. Macedonia is listed as a country with revenue of 0.6 million (U.S.) dollars in 2019.

Sports events will continue to increase economic prosperity, provide employment opportunities, and contribute to the overall

development of the host country. There is considerable evidence of sports events' role in delivering a wide variety of benefits to communities and individuals. A study of the sports event impact on Portugal showed results that in the country, there is an increase in the number of sports events, which firstly began by being a "lifestyle" trend, combined with healthy eating, but has come to stay because it is considered as an option to a parallel stressed life (Palrão & Filipe, 2017). To determine the success of the industry, GMR Marketing (2018) asked the question "Why do you enjoy attending live sporting events?" at 15 sports events and with 2,000 research participants around the United States of America and later elaborate the emotional need states and experience territories answers.

Results show that whether to come to forget work stress, politics, responsibilities, and the pressures of "the real world", individuals come to get lost in the moment as well. To eat, drink, and raise a primal cheer. Individuals want to feel the excitement of the big play and the thundering energy of the crowd. Individuals may participate in a specific sports event such as running in the Boston Marathon, for reasons as being motivated to win prizes offered by the organizers or motivated to attend by the status and prestige associated with the event. Participants at a specific location sport event travel to specific destinations renowned for the facility in a given sport. Individuals from around the world may travel to resorts in Switzerland to attend skiing competitions to cheer, but also feel renowned for the scenic beauty and challenging slopes (Yusof et al., 2010).

BUSINESS OPPORTUNITY FOR THE HOTEL INDUSTRY

The fact that sports events can provide people with extraordinary adventures and experiences is not surprising. Therefore, in the experience lies the business opportunity for the hotel industry of benefiting from the sports event tourism, hence, the hospitality business its main goal is the guest experience.

Hotels offer customized sporting hospitality that aims at combining international sports events experiences with great locations and unique travel experiences, whereas hotels guarantee entry for most events (help individuals to secure VIP tickets in the best locations as well as enabling valuable face time with players during a reception or pre-match dining occasion), offer various accommodation travel packages, airport transfers, coordination of flights and vehicle hire for group travel along with adventure & dining experience. At Rugby World Cup 2019 in Japan, hospitality tourists were granted Category A tickets, the top tier of tickets on offer. Category A tickets are placed in the middle of the pitch, so the seat gives a perfect view as the action unfolds. The hospitality options as platinum package located inside the rugby stadium itself allowed easy access and the opportunity to relax in the private hospitality space before, during, and after the match (Rugby World Cup, 2018).

The business opportunity may arise in the hotel industry, where they can simply be included in the travel package. Instead of appearing as an organizer, they can be contacted by a travel partner who will perform the booking functions, even with online booking. The travel partner will negotiate with hotels and reserve a block of rooms around the event date(s). Gala hospitality one of the UK's leading sports corporate hospitality and events firms. They aim to provide the very best available hospitality and events packages in

Table 3. Sports hospitality event: Monaco Grand Prix

MONACO GRAND PRIX: Three-Night Trip – May 22-25, 2020	
✓ Exclusive return charter flight from Luton	✓ Your choice of ticket or viewing options
✓ Light snack on the outbound flight	✓ Luxury coach transfers (Airport/ Hotel & Race day)
✓ Complimentary drinks (bucks fizz only on the outbound flight)	✓ Free car parking at Luton Airport (1 pass per 4 guests)
✓ Light snack served on the return flight	✓ Your choice of ticket or viewing options
✓ 3-night stay at 4* Mercure Notre Dame including breakfast	✓ Hostess & Management services, throughout (on race-day local guides walk guests to their relevant Grandstand, Terrace, etc.)
✓ Exclusive return charter flight from Luton	
RACE VIEWING OPTION	PRICE
Sunday: Sector Rocher	£1595
Sunday: Grandstand K	£2075
Sunday: Beau Rivage	£2995
ADDITIONAL EXTRA	
Friday Night Yacht Party	£625
Saturday Yacht Viewing	£1,075
Sunday Yacht Viewing	£2,195
Amber Lounge Monaco	Prices from £495

the United Kingdom and throughout the sports and entertainment world. Gala Hospitality creates personalized hospitality packages, and pride themselves on wowing the clients with VIP access to off-limits venues, exclusive entertainment, and sporting legends (Gala Hospitality, n.d.).

CHANGING HOSPITALITY PATTERNS

As we established major sports events certainly attract thousands of sports fans and spectators. But they may disrupt established tourist flows and end up driving traffic away from popular sites and attractions. As to whether these tournaments boost overall tourist numbers, the evidence may be proved. Hosting a major sports event such as the World Cup or the Olympic Games is a big deal for a host country and can result in improved infrastructure, more investment, and increased tourism.

Doggrell (2018) evaluated how the World Cup has impacted on the hotel business. She states that during the FIFA World Cup Occupancy in Moscow in 2018 grew between 8 percent and 10 percent just under 80 percent during the World Cup months, with an average daily rate up between 15 percent and 20 percent. Through the first four months of 2018, Moscow saw occupancy grow 6.7 percent year-on-year to 65.8 percent. In contrast, in Rio de Janeiro, in 2014, occupancy rose by 12.6 percent on the year to 81.6 percent in June and by 18.3 percent to 80 percent in July. At the same time, ADR increased 72.8 percent and 64.4 percent during the two months, respectively, driving RevPAR increases of 94.5 percent. In Johannesburg, in 2010, occupancy rose by 27.7 percent in June to 78.5 percent and grew to a lesser degree—7.4 percent—in July to 63.7 percent. ADR increased 56.3 percent and 44.5 percent during the two months, respectively, driving RevPAR increases of 99.6 percent and 55.1 percent.

Olympic Games also attract a huge number of fans, spectators, and tourists. Obviously, the Olympic Games are a complex sports event to host and plan. To host the Olympic Games, the demands are very high and many different fields have to address one of which hospitality. With an average of 88.5 percent hotel occupancy and a 90 percent increase in profits during August, the Olympic Games in London, were officially named “Saviour of 2012”. London hotels

have an ADR rate increasing by 40.6 percent to 150.28 British pounds and Total RevPAR increasing by 39.8 percent. This boost lifted London’s annual 12 months to August GOPPAR by 4.6 percent (Taylor, 2012). At Beijing Olympic in 2008, there were 5,790 accommodation units with a capacity of 339,000 guest rooms and 665,000 beds and 816 star rated hotels that were offering 129,000 rooms with 227 beds at that time. Among them, 119 hotels signed the contracts with BOCOG (Beijing Organizing Committee for the Olympic Games) to become Olympic Games official reception hotels to receive accredited and registered visitors during the games, where around 30,000 people were expected. At that time, 5-star hotels average reservation reached 77.6 percent and 4-star hotel’s average reservation reached 45.5 percent. Besides the star-rated hotels, Beijing’s offer additionally included 4,978 hotels with altogether 210,000 rooms or 438,000 beds (Chen, 2008). Tsitsou & Gouri (2010) evaluated the effect of the Olympic Games on the tourism industry of the host country, where three Olympic Games are analyzed: Athens 2004, Sydney 2000, and Atlanta 1996. Despite the major crisis that tourism went through in the period 2001-2004, Greece has finally succeeded in taking advantage of the positive exposure due to the Olympic Games. In terms of hotel development, there was an increase in supply with an increase in rooms’ capacity of 8 percent in the city of Athens. The Olympic Games provided enormous benefits to Australia’s tourism sector. In terms of hotel development there was an increase in supply, with an increase in room capacity of 12.5 percent in Sydney. The 1996 Olympic Games provided a number of unique opportunities for the City of Atlanta, with the tourism sector being one of the beneficiaries, although strategically this was not the principal goal of the local organizing committee. In terms of hotel development, there was an increase in supply. During 1990 - 1996, 7,500 rooms were built representing an increase in rooms’ capacity of 9.1 percent. Chen (2008), states that Athens faced the problem of lacking enough hotel rooms for the expected visitors. Greece solved the problem by partially subsidizing the renovation of nearly 100 hotels. With the abolishment of governmental regulation of hotel development, 500 beds were available for newly build four and five-star hotels. The total number of hotels rented houses and rooms reached approximately 154,500 beds. The occupancy rate in Athens increases 6.5 percent in the Olympic year and the percent of change of ADR in the Olympic year is most significant because it increases 42.3 percent, making the ADR in the Olympic year worth 205.33 dollars. The RevPAR in the Olympic year is higher for 51.5 percent or 124.70 dollars (Li, 2014). Ignatis (2003), stated that hotel accommodation in Sydney before the Games was approximately 25,000 hotel rooms. By the year of 2000, the construction of new four and five-star hotels raised the number by 10,000. In terms of hotel development, the Olympic Games in Atlanta served as a telling case of the negative social impacts of a sports event, because 15,000 residents were evicted from public housing projects that were demolished to build Olympic lodgings. Many shelters were converted into lodgings during the games. Financial incentives were offered to social service organizations to convert their facilities into tourist accommodation for two weeks instead of accommodating low-income people (Ferreira et al., 2018).

CONCLUSION

Having access to the best seats on the court is one of the best. Getting tickets for major sporting events can be extremely difficult and accessing the best seats is often impossible, especially for individuals who relish the VIP lifestyle or are huge fans of the sport. Yearning for the excitement of attending a sports event, has open

a business window in the hotel industry, guaranteeing the guests the very best match or event ticket through hospitality packages to witness the event in the finest possible way. Meeting with the needs of this multi-million worth industry has proven to be a prospecting business opportunity due to the industry's close connection with the hotel industry, which reflects not only the economic and social benefit for the hospitality but as for the city and country as well.

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