

# Ekonomický přehled hlavních sportovních akcí v České republice v roce 2015

## Economic Overview of Major Sporting Events in the Czech Republic in 2015

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### Abstrakt

*V roce 2015 se v České republice konají dvě velké sportovní události. Mistrovství světa IIHF v ledním hokeji 2015 se bude konat za účasti šestnácti týmů od 1. do 17. května 2015. V České republice jako hostitelské zemi se budou hrát zápasy v Praze a Ostravě. Na Mistrovství Evropy ve fotbale hráčů do 21 let bude závěrečný turnaj hostit Česká republika od 17. do 30. června 2015. Turnajové zápasy se odehrají v Praze, Olomouci a Uherském Hradišti. Podle teorií mají velké sportovní události hospodářský dopad na místní ekonomiku. Sportovní události vytvářejí nová pracovní místa pro lidi, kteří turnaj organizují. Sportovní akce přilákají mnoho turistů, kteří vydají peníze na ubytování, dopravu, pohostinství, vstupenky a útraty v maloobchodě. Uvádíme několik studií ekonomického dopadu, které byly provedeny k takovým akcím v předcházejících letech a zemích. Mezinárodní sportovní události přitahují sponzorskou osvětu a pozornost médií, což je také velmi důležité pro propagaci České republiky jako turistické destinace. Práce se zaměřuje na přehled hospodářských dopadů těchto sportovních akcí, které se konají v roce 2015 v České republice. Ekonomické dopady se dělí do tří kategorií. Předně jde o hospodářské dopady pro sportovní svazy – Českou federaci ledního hokeje (ČSLH) and Fotbalovou asociaci České republiky (FAČR). Dále se jedná o ekonomické dopady pro hostitelská města – Prahu, Ostravu, Olomouc a Uherské Hradiště. Konečně jsou to dopady pro celou Českou republiku. Na straně nákladů jsou výdaje z veřejných rozpočtů na investice do fotbalových stadionů a infrastruktury, náklady na organizaci akce – nábor pracovníků, pronájem budov, zabezpečení, logistika, marketing, činnost médií a další náklady. Na straně výnosů akce jsou televizní práva, mezinárodní a místní sponzoři, příspěvek mezinárodních sportovních svazů, příspěvek z místního nebo státního veřejného rozpočtu, prodej vstupenek a další příjmy.*

### Abstract

*In 2015 two major sporting events take place in the Czech Republic. 2015 IIHF World Championship will take place with the participation of sixteen teams from 1<sup>st</sup> to 17<sup>th</sup> May 2015. Czech Republic will host the event with games will be played in Prague and Ostrava. UEFA European Under-21 Championship the final tournament will be hosted in the Czech Republic from 17<sup>th</sup> to 30<sup>th</sup> June 2015. The matches of the tournament will be played in Prague, Olomouc and Uherské Hradiště. According to the theories major sporting events leave economic impacts on local economies. Sporting events make new job positions for people who organize the tournament. Sporting events attract lot of tourists, who spend money for accommodation, transportation, entertainment, tickets and retail. There are presented several economical impact studies which there made for such events in previous years and countries. International sporting events attract sponsor awareness and media attention which is also very important in promoting the Czech Republic as the touristic destination. The research paper focuses on overview of economic impacts of these sporting events which take part in the Czech Republic in 2015. The economic impacts are divided into three categories. Firstly there are economic impacts for sports federations – Czech Ice Hockey Federation (ČSLH) and Football Association of the Czech Republic (FAČR). Secondly there are economic impacts for hosting cities – Prague, Ostrava, Olomouc and Uherské Hradiště. Finally there are impacts for the whole Czech Republic. On the side of the costs there are expenditures of public budgets on football stadium investment and infrastructure, costs of organization of the event – staffing, renting the facilities, security, logistic, marketing, media operations and other costs. On the side of revenues*

*of the event there are TV rights, international and local sponsors, contribution of international sports federations, contribution of local or state public budgets, ticket sales and other revenues.*

**Klíčová slova:** *sportovní akce, Česká republika, IIHF, UEFA, ekonomika.*

**Key words:** *Sport Event, Czech Republic, IIHF, UEFA, Economics.*

## **INTRODUCTION AND LITERATURE REVIEW**

### **Sport event management process and stakeholders**

According to the Desbordes (Chapalet & Aquilina 2012) there is four/stage process required to organize a sport event:

1. Design
2. Planning services
3. Operational stage
4. Debriefing

Stakeholders of a sport event in general are:

- commercial businesses;
- federations/associations;
- local authorities;
- the spectators;
- the television audience;
- the media (including new media);
- the participants (players, teams, backroom staff).

### **Impacts of a sport event**

According to the Masterman (2009) sport events have impact and legacies in following areas:

- land regeneration;
- facilities and services;
- social regeneration;
- political development;
- cultural development;
- sport development;
- environmental development;
- economic development.

Economic development can be measured by many factors in article by Porter and Chin (Maenning and Zimbalist, 2012). These factors are mentioned in different studies of measuring economic impact and are following:

- rate of employment
- hotel stays (occupancy)
- retail sales
- economic activity
- intangible benefits
- tax revenues
- housing rental prices

Economic development can be measured e. g. by Kesene (Maenning and Zimbalist, 2012) by both Economic impact study (EIS) and cost-benefit analysis (CBA). Economic impact study measure net economic change in incomes of local people in particular city, region or country where the sport event is held. On the other hand cost-benefit analysis measure even opportunity costs and also opportunity costs, displacement costs and impact costs. Often happens that economic impact study have positive results to support organizing the sport event but the results of cost benefit analysis are negative.

As many studies show e. g. Szymanski (Szymanski 2010) even such events as World Cups (Football) and Summer Olympic Games don't work as accelerator of local economies measured by annual percentage change of GDP.

### **Aim of the Paper and Methods**

The aim of the paper is not provide detailed economic impact studies or cost-benefit analyses of both events IIHF World Championship and UEFA EURO U21 Championship. The paper shows overview of several factors which can final economic impact influence of the events.

For the methods, there is used comparative analysis. Firstly the events are introduced. And there are compared several factors of previous volumes of the sport events. The first factor is attendance of the event and touristic impact in each country. Secondly there are financial aspects of both events take into consideration and finally there is focus on the media attention which show mostly international interest for the event.

### **Tournaments Facts**

#### **UEFA European Under-21 Championship**

The final tournament is held every two years. Previous tournament were held in 2009 in Sweden, 2011 in Denmark and 2013 in Israel. The model of the tournament is that eight national teams are divided into two groups where they play against each other. Two best teams from group stage promote to semifinals. The winners of semifinal matches plays final match of the tournament. Tournament lasts usually 14 days. There are 15 matches played during the tournament. The 2015 tournament will held the Czech Republic from 17<sup>th</sup> to 30<sup>th</sup> June 2015 in Prague, Olomouc and Uherské Hradiště.

#### **IIHF World Championship**

The final tournament is held every year. Previous tournaments were held in Belarus in 2014. In 2013 and 2012 there was system of co-hosting. The tournament were played in two countries in Sweden and Finland and they shifted only final phase of the tournament. In 2012 final stage (semifinals and further were played in Finland and in 2013 in Sweden. The system of the tournament is still developing. Tournament lasts usually 16 days. During this period there are played 64 matches. In 2015 final tournament is hosted by Czech Republic in Prague and Ostrava from 1st to 17<sup>th</sup> May.

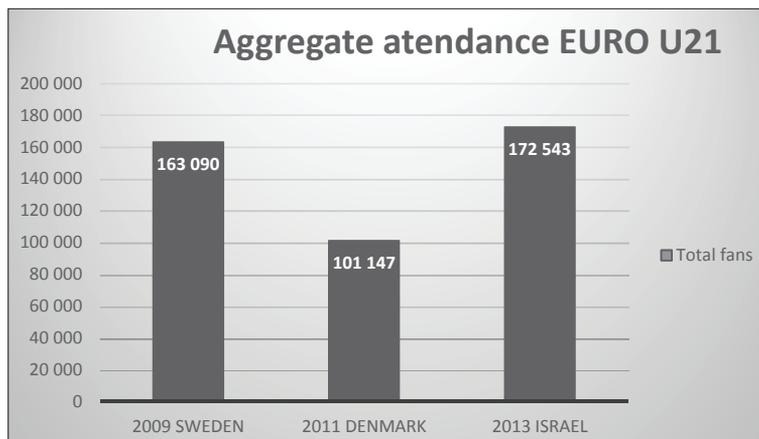
## **RESULTS**

### **Attendance of the event and touristic impact**

The most significant factor that can be measured in case of sport events is its attendance. In following figures there is captured overall attendance. Foreign attendance boosts economic impacts which are very important from economical point of view and are also presented.

#### **UEFA European Championship U21**

Aggregate attendance of three previous final tournaments is captured in figure no. 1



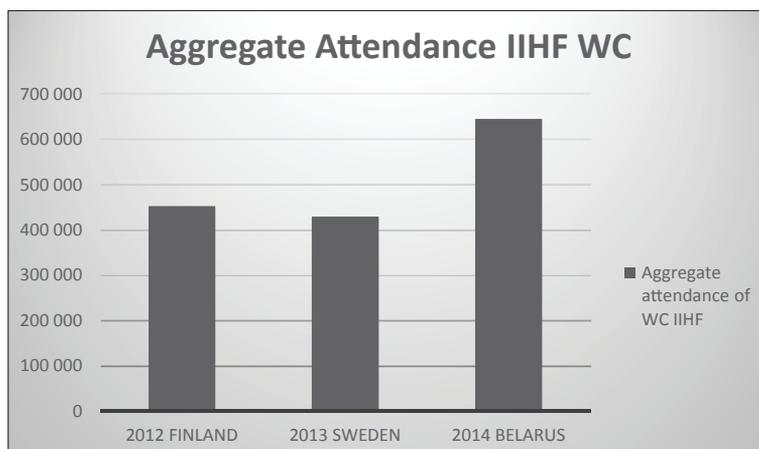
**Figure 1:** Attendances at UEFA European Under-21 Championship

Source: Author

According to the TOURIST ECONOMIC IMPACT ANALYSIS AND EVALUATION made by Sport Event Denmark: At UEFA European Championship U21 2011 7 % overall fans were international. Most fans changed their opinion about the 2011 UEFA U21 Championship, UEFA, Denmark, the 4 host cities and the sponsors, in a positive direction that is especially regarding Denmark, Aarhus and the UEFA U/21 event itself. The event generated a tourism turnover of 61 mio. DKK (Euro 8.1 mio.), of which 41% was international. The many event visitors generated a total of 81,760 bednights. The interregional fans, staying overnight, stayed on average 3.3 days and nights and spend 77 Euro a day. In total, the event generated a public revenue of approx. DKK 10.2 mio. (€ 1.36 mio.) The 2009 UEFA European Championship U21 generated overall higher tourism turnover 11.7 mio. Eur but only 16 % was international. There are no available studies concerning economic impacts 2013 UEFA European Championship U21 in Israel.

**IIHF World Championship**

Last three years aggregate attendances at the event are shown at figure no. 2.



**Figure 2:** Attendances at IIHF World Championship

Source: Author

According to the study made by PWC. Economic Impact of IIHF World Championship in 2012 was 53.8 mio. Euro. The figure is isolated only for the Helsinki Metropolitan region (Finish part of the tournament). There are no available similar studies for 2013 and 2014. But In Belarus 2014, which made a record in attendance in history IIHF World Championships, over 70,000 tickets were sold to foreign fans. 2/3 of this number were bought by Russians. Latvia is second on this list (aprox. 8,000). These people surely had their stays in local appartments or hotels.

### **Financial aspects of the sport events**

Financial aspects of the sport events cover cost and revenue streams of organizing the sport event. The following information does not take into account costs for construction or modernizing of sport facilities which are needed for hosting the event.

### **UEFA European Championship U21**

Financial aspects of UEFA European Championship U21 are not so clearly to found. In 2011 the Danish funding of the event amounted to 8.4 mio. Euro – DBU (Danish Football Union) alone had an event budget of approx. 4.7 mio. Euro.

UEFA European Under-21 Championship final tournament played in June 2013 in Israel accounts for around 7 mio. Euro of the total revenue.

Expectations in 2015: UEFA European Under-21 Championship should have budget 140 mio. CZK (approx. 5 mio. Euro). The major revenue stream should be UEFA organization. Organizing committee could raise money from gate income and presenting local sponsors which are authorized by UEFA organization (they are not direct competitors of official UEFA partners).

### **IIHF World Championship**

According to the above mentioned PWC study the financial result of 2012 IIHF World Championship in Finland the The revenues for the organiser mainly comprise of the ticket sales, income from sponsorship and some other income. Organisers received 23.3 million euro as ticket sales revenue, 2.6 million euro as marketing and sponsorship revenue and 1.4 million euro as hospitality and other income. Total revenue were 27.3 mio. Euro. Total cost were 19.1 mio. Euro. The net profit of the event were 8.2 mio. Euro.

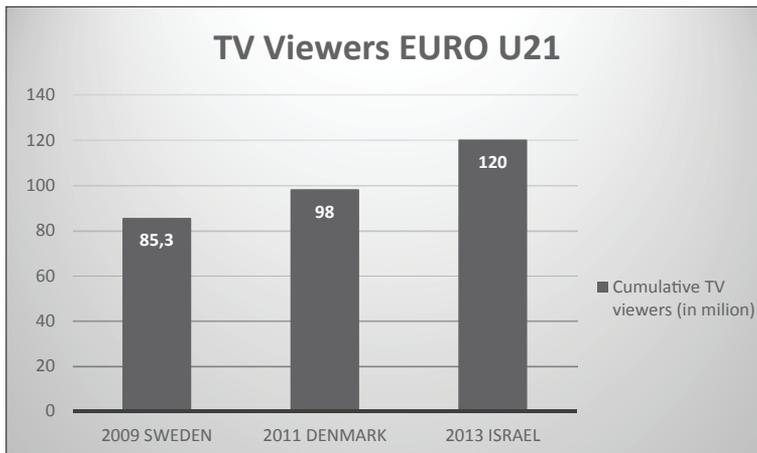
Organizers in Sweden were not so successful and by hosting two tournaments in 2012 and 2013 organizing committee recorded losses 2.9 mio Euro.

The declared budget of the championship in 2014 in Belarus was around 16.4 mio. US dollars (approx. 13 mio. Euro). However, this number does not take into account the cost of construction of the infrastructure facilities. The “Chy Zhouka-Arena” alone was worth \$200 million (approx. 158 mio. Euro). But the final result is not available to public.

Expectations in 2015: Organizing committee plan to have total costs of the event 380 mio. CZK (approx. 13.5 mio. Euro). The budget is balanced and approximately ¼ of revenues should raised from public sources donations of municipalities – Prague and Ostrava and from grant from Ministry of Education Youth and Sports.

### **Media attention**

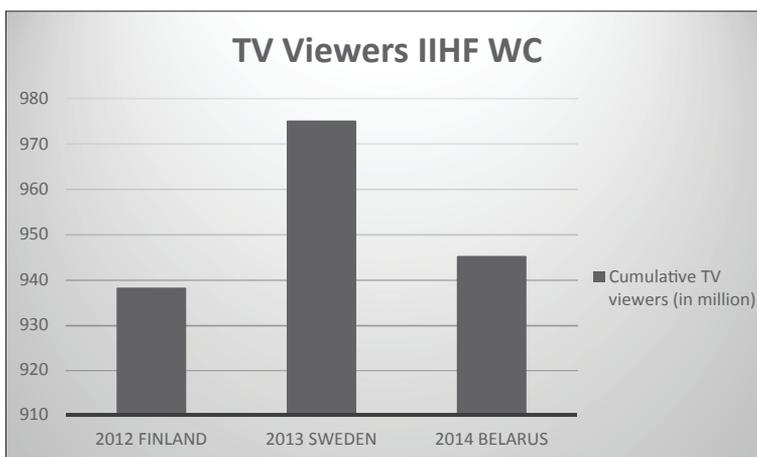
Media attention of sport events show interest of foreign fans mostly, especially at small market as Czech Republic is. The media attention also affects one of the most important revenue stream which is selling TV rights.



**Figure 3:** TV Viewers UEFA European Under-21 Championships

Source: Author

The UEFA European Under-21 Championship has established itself as a major global football event and millions of fans worldwide tuned in to the action at Israel 2013. Overall, a cumulative audience of more than 120 million viewers followed the championship. The previous championship in 2011 in Denmark had 98 million cumulative TV-viewers. From the financial point of view



**Figure 4:** TV Viewers IIHF World Championships

Source: Author

IIHF World Championships have very stable media attention. 2014 in Belarus even though there were FIFA World Cup or Winter Olympic Games in 2014 media attention of the IIHF World Championship was very high and all matches were followed by more than 900 mio. viewers.

## DISCUSSIONS AND CONCLUSIONS

In 2015 Czech Republic hosts two major international sport events (IIHF World Championship in May and UEFA European Under-21 Championship in June) which are very important from economical point of view. It is expected that there will be sold more than 700 000 tickets for attendees. Likely significant share of the attendance will be foreign fans who will surely spend money not only for tickets but also for the accommodation and at retailers that will cause significant economic impacts. According to the fact that last volumes of both events were located at the edge of “Europe” (Belarus and Israel) lot of fans from central European countries and Scandinavia are really looking forward to visit the events because Czech Republic is closer and have higher touristic attractiveness. Financial perspectives of both events are for the organizers hopeful. Organizing committee should take the example of Finnish hosting the IIHF World Championship where organizers were really effective and made significant profit even though it is not the main aim of the event. The main problem in case of financial aspects can be in costs for modernizing the stadiums which can make the both events very costly but these costs are solved in cooperation with clubs as owners of stadiums, government and local authorities that are mostly responsible for renovating sport facilities in the Czech Republic. At last both events will serve as very good advertisement for the Czech Republic (if the events are well-organized) because it is expected more than 1 billion cumulative TV viewers will follow the events vicariously through the media – most of them will be foreigners who can decide to visit the Czech Republic in future.

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