



MODULE 2

Part 1: Event role players



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**Disclaimer:**

These notes are adapted from the University of Cape Town and GetSmarter's course notes for Module 1 of the Events Management elective offered as part of the blended version of the UCT Postgraduate Diploma in Management and Marketing.

Learning Outcomes:

LO1: Outline the relationship between role players in events management.

LO2: Demonstrate an understanding of the roles of important role players involved in events.

1. Introduction

The event industry comprises a complex, highly-interconnected network of role players that can be divided into the following groups:

- Buyers
- Producers
- Suppliers
- Event agencies (and other intermediaries)
- Partners
- Sponsors

These role players all fulfil a specific function, and while not every event will have the exact same group of role players, the role players are all linked together and support each other on an event.

This module provides a comprehensive theoretical grounding of the role players involved in an event. You will learn about the relationship between various event role players, including the audience, event owner or client, suppliers, staff, agencies and intermediaries, partners, and sponsors, and the different types of event buyers. Event managers need to have a clear understanding of their own role and they should also be aware of the responsibilities of all the other role players involved in the management of an event. At larger events, there will be many more role players than at smaller private events. It is the event manager's job to make sure that the lines of communication are open between all of the role players and that everyone understands and accepts their responsibility within the event.

2. Relationships between role players

Events never take place in isolation, but can rather be described as an open system comprising multiple interacting and mutually-dependent elements. Each role player has a specific function within the system, and should that role player not function optimally, the system fails to function and ultimately the success of the event could be compromised. Figure 1 illustrates the multiple role players that can be involved at any given event.

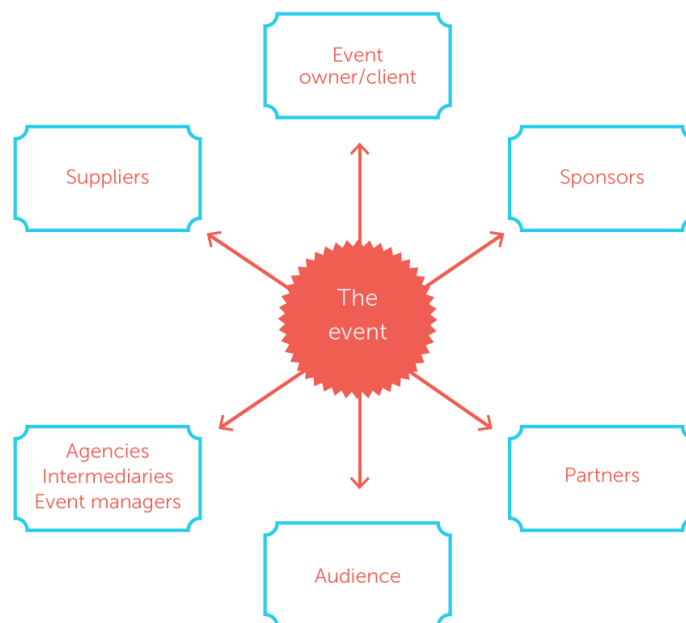


Figure 1: Matrix of the relationship between role players.

It is important to understand that no single role player exists in isolation; each one is important to the event outcome. Role players are like cogs in a machine; each one needs the other to get the event operational and moving forward. In the following sections, each of these role players will be considered in more detail.

2.1 The audience

The audience is probably the most crucial role player as, without an audience, there is no event. The audience affects the:

- Type of event and concept;
- Location;
- Duration;
- Style;



- Pricing;
- Entertainment options;
- Marketing; and
- Sponsors and partners on board.

Event managers need to know the best way to communicate with the audience, market to them and engage with them. Every event has an audience and they are a very important part of the planning. The audience will determine the type of event being staged and, ultimately, the outcome of the event (their subjective opinion determines whether the event was successful or not). Whether it is guests at a wedding or delegates at a conference, the audience is key, and tailoring the event to the audience is therefore essential. Understanding the demographic and target market is the first step in the planning phase of the event. Ask yourself the following questions:

- What does the audience want?
- What is the best way to communicate with them?
- How can they be engaged?

2.2 The event owner and client

The event owner is often the event manager's client. Owners are the individuals or organisations that have been commissioned to come up with the idea for an event or have the rights to host the event. They have key objectives that need to be met, and it is the event manager's job to help meet these objectives. The event manager needs to establish upfront what the event owner or client's motivations for hosting the event are, and what they expect to gain from the event. Obtaining a detailed brief from the client is very important.

Keeping the client up to date on the planning stages is also essential, as it makes them feel as though they are a part of the planning process. Event managers also need to ensure that all financial decisions are in writing and that contracts are in place. This will minimise the likelihood of misunderstandings and disagreements throughout the planning stages and after the event.

Managing the client relationship can be tricky, and with increased competition in the market place keeping clients happy and adding value is even more important than ever. The following blog post highlights how to give your client the value they are looking for. Access the resource [here](#).

2.3 The suppliers

The event manager generally appoints the suppliers. They supply hired equipment such as furniture, décor and linen, or offer specialised services such as cleaning and waste management. Some are dedicated exclusively to the events industry.

The suppliers need to be committed to the success of the event. They need to understand their role within the event and complete all their deliveries within the given timeframes. There should be written contracts or signed-off purchase orders between the event manager and the various suppliers to ensure both parties are on the same page. Using reputable suppliers that can be trusted to deliver on time and provide quality products is key. An event manager is only as good as their suppliers on an event, because without the necessary equipment, the event cannot be executed successfully. Building good relationships with suppliers over time will ensure an easier planning process and also higher profit margins, as long-term suppliers are more likely to offer discounted rates to their loyal customers.



Video 1: An interview with Angela Zaltsman, founder of A to Z Management Inc., about some of the challenges related to the supplier and event manager relationship and how to navigate this complex relationship successfully. (Source: <https://www.youtube.com/watch?v=qeDI3crlsI8>)

In the following sections, two larger suppliers to the events industry – destinations and venues – will be discussed in more detail.

2.3.1 Destinations

Destination (in which country or city an event will be held) is paramount to the success of an event, and the event manager will devote a considerable amount of time to selecting the appropriate destination for an event. Each destination should have its own set of venues, facilities, attractions, services and infrastructure to assist in attracting event business. The client will often approach the event manager with a destination in mind, and sometimes



they will ask the event manager for suggestions. When working on social and sporting events, the destination is generally already decided upon by the time the event manager starts working with the client. However, for business events such as conferences, the event manager will often have to conduct research on suitable destinations on behalf of the client.

Not all event hosts are privileged enough to have big budgets that allow them to choose a destination. Sometimes events have to be held in practical destinations and at venues that are cost effective. Destination management can also include conducting research on land permits, zoning rights, and business and tourism initiatives in the area.

According to Cooper et al. (1999, cited in Tassiopoulos, 2010:78), favourable destinations rank highly on the following “four As”:

1. **Attractions:** Natural and man-made offerings.
2. **Amenities:** Accommodation, entertainment, and food and beverage facilities.
3. **Access:** Local transport infrastructure and easy access to information.
4. **Ancillary services:** Local service organisations, including health, safety, and security services.

The abovementioned factors will shape an event manager’s perception of a destination, and can be used as a tool to narrow down the list of potential suitable venue choices.

Destinations often also have a destination organisation (DMO), such as a tourism council, that provides comprehensive services to event managers regarding everything they need to know about the destination (Tassiopoulos, 2010:78). A DMO is any organisation that promotes a destination to potential visitors, representing its stakeholders in the tourism industry. Examples in Cape Town would be Wesgro (Cape Town Routes Unlimited), Cape Town Tourism, and even City of Cape Town. DMOs are generally government organisations.

Internationally, the terms National Tourism Organisation (NTO) and destination marketing organisation (DMO) tend to be used interchangeably. In South Africa, however, there is a tendency to use the term destination management organisation for an organisation marketing a region (for example, Cape Winelands Regional Tourism), a province (for example, Gauteng Tourism Authority), or a city or town (for example, Sutherland Tourism in the Northern Cape). The terms national tourism organisation (NTO) or national tourism authority (NTA) are used for organisations marketing a country as a whole. South African Tourism (SA Tourism) is South Africa’s national tourism organisation. It is considered to be the marketing arm of the South African government. Provincial tourism authorities or organisations (PTAs/PTOs) have the task of marketing and branding their provinces to international and domestic visitors.

Certain destinations have developed their offerings around the event market; for example, Cape Town and Johannesburg are well equipped to host small to large-scale events on a regular basis. Smaller cities and towns are realising the economic potential of events and are starting to gear up their offerings to support events.



Considerations in managing destinations

Destination management is not always a simple task, because any given destination may potentially include a number of national, regional, and local municipalities and authorities, provinces, or governmental institutions to deal with (Tassiopoulos, 2010: 78).

Building relationships with multiple domestic tourism and event businesses (including hotels, transportation services, tourist attractions, and service providers) also forms part of destination management, as these players fulfil a vital role in the local event and tourism industry in the chosen region. It is the DMO's responsibility to conduct research on these aspects and provide a comprehensive breakdown to the event organiser of what the destination has to offer. DMOs can also offer services related to event product development by identifying strengths and weaknesses in venues, infrastructure, facilities, and other aspects that could negatively impact the event, and suggesting ways to overcome these challenges (Tassiopoulos, 2010:78). Additionally, managing tourism destinations also involves considerations around the social, economic, and environmental impacts that the planned event will have on the destination, whilst simultaneously ensuring a reasonable return on investment (ROI) on the event.

On the local front, SASCOC (South African Sports Confederation and Olympic Committee) is planning to bid for a number of key sporting events until 2030 (SouthAfrica.info, 2012). The infrastructural investment from the 2010 FIFA World Cup will provide a framework for successful bidding for other mega-events.

Case study: 2010 FIFA World Cup infrastructure development in South Africa

For the South African government, some of the main intended economic and social impacts of the World Cup were improved infrastructure, logistics, communications and security. Between 2006 and 2010 the South African government invested more than R400 billion in the country's infrastructure, which included rail, freight services and energy production, communications, airports and ports of entry. By 2008, the South African government's total contribution to infrastructure and stadia amounted to R17.4 billion, which included the following:

- R9 billion for the improvement of transport and supporting infrastructure.
- R8.4 billion for the construction of five stadia and the upgrading of another five.

For this, the South African government completed the National Transport Operational Plan (NTOP) in 2007. Each host city received funding to develop its own transport plan. In addition to the NTOP, the Public Transport Infrastructure and Systems Grant (PTIS) for the 2010 FIFA World Cup was increased from R9.2 billion to R13.6 billion. By October 2008, revised PTIS allocations to host cities amounted to the following:

- Johannesburg – R2.832 billion
- Tshwane – R2.069 billion
- Ethekwini – R1.691 billion



- Cape Town – R1.030 billion
- Nelson Mandela Bay– R586 million
- Mangaung – R425 million
- Mbombela – R421 million
- Rustenburg – R324 million
- Intercity buses – R500 million
- Non-host cities – R414million

(Adapted from: Tassiopoulos, 2010:75-76)

2.3.2 Venues

South Africa's moderate climate and natural beauty ensure that event managers have a wide variety of outdoor venues to choose from. However, outdoor venues are not always appropriate or cost effective for all types of events. Sporting events and social events will often utilise outdoor venues and bring in temporary infrastructure, but educational and business events are more suited to indoor venues.

Research indicates that hotels and conference centres make up a large proportion of event venues, especially for corporate events. The types of hotels that are most frequently used in the corporate meeting market include city centre hotels and hotels close to infrastructure (such as airports and game ranches) (Tassiopoulos, 2010:74).

Hotels that are located close to large event venues also benefit when a major event is held in the venue. Large association events generally choose one big hotel and, in return for good rates, the hotel can potentially enjoy some international media exposure.

Conference centres host not only conferences, but are also ideal for exhibitions, fairs, trade shows, product launches and even weddings and gala dinners. Large conference centres offer rooms of varying sizes to suit each event type. The rooms can be decorated according to the theme of each event. The loading in and out of equipment is made easy as the logistical infrastructure already exists, which saves time and money in comparison to an outdoor venue that may pose many logistical issues.

Besides hotels and conference centres, other popular event venues are:

- Civic centres (town halls, committee rooms);
- Academic venues (universities);
- Purpose-built venues (including temporary venues, for example marquees);
- Open sports fields and racecourses; and
- Unusual venues (from beaches and theme parks to art galleries and many others).

Although events generally take place in destinations with the best standard of venues, authorities do sometimes use events strategically in order to boost venue development in regions that may have been peripheral to the event economy of the country. Therefore, an

event may be held in a venue that was not first choice, but was used in order to fulfil a political agenda or to aid development in the area. This is always tricky for the event manager as the venue may not be ideal for the event or offer the same facilities as more established destinations. It is, however, a double-edged sword because, in order for the destination to grow and establish itself as an events destination, it needs to attract and host events. However, companies may be hesitant to host events in an unknown destination or venue.

As an event manager, it is imperative that you are able to interpret your venue, whether it is a city hall or a marquee on an isolated beach. The venue adds to the ambience of the event and contributes to the intangible event experience. Figure 2 outlines some key steps that an event manager should take to ensure that they select the correct venue for their purposes.

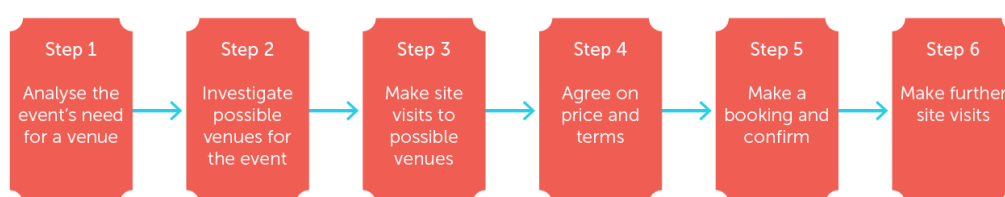


Figure 2: The steps involved in determining venue choice. (Adapted from <http://www.leoisaac.com/evt/top086.htm>)

Smart tips:

The choice of an event venue is highly important and should be carefully considered. The following article by Event Planning Blueprint lists 7 important points to consider before securing a venue for your event. Access the article [here](#).

It is vital to conduct a SWOT analysis (strengths, weaknesses, opportunities and threats) of the venue before making a final decision. Always shortlist and then research each venue. When choosing a venue, always take into account the desired design for the event, time of year, budget and the demographic of the guests.

2.4 Staffing an event

Deciding on the number of staff, as well as what kind of staff (volunteer vs specialised staff for instance) are needed at an event, can be a challenging decision. Factors influencing the number and type of staff are the following:

- Size of the event (for example, the Olympic Games in 2012 employed over 176,000 staff, a large proportion of which were volunteers).
- Number of attendees and venue capacity.
- Balance between staff types (paid, full-time, part-time, or skilled).



- Layout and structure of the event.
- The number of functions that are carried out in-house vs outsourced.
- Demands and scheduling of staff.
- The expertise required for the event.
- Timings of the event (for example, knowing when there may be a rush or maximum capacity).
- The location of event.

2.4.1 Jobs that require staff

The following jobs require staff:

- Parking and shuttle services
- Guiding people to seats (ushering)
- Information stands
- Selling programmes and merchandise
- Handing out site maps and informational services
- Hosts and hostesses to welcome guests
- VIP liaison and handicap assistant
- Registration or ticket sales
- Goody bags and promotions
- Time-keeping and marshalling at sports events
- Logistics and handling
- Bathroom attendants

Tip:

When managing an event, there is a fine line between knowing when to delegate and when to be controlling. Recognising this and achieving the balance comes with experience, and event managers need to learn how to be good delegators and good controllers simultaneously.



2.4.2 Briefing staff

Staff are only valuable if they have been briefed properly. They should know as much as they can about the event. The following is a guideline on what they should be briefed on:

- Responsibilities for the health and safety of visitors. This includes the reporting structure, emergency evacuation procedure, and medical emergency areas.
- The layout of the site. It is best to take them on a tour and give them a map as they must be familiar with entrance and exit points, assembly points, toilets, parking, and catering.
- Issues involving crowd management. This includes anticipating and managing crowds.
- How to direct the public.
- Dealing with violence, drugs or unruly behaviour.
- What to do in event of a fire, and where the fire equipment can be located.
- Know where the venue operations centre (VOC) is situated.

2.5 Event agencies and intermediaries

Event agencies supply services to the event industry. Intermediaries may act on behalf of the client or event owner on bigger events. Agencies and intermediaries can be regarded as third-party players, and their role it is to negotiate and manage the relationship between the client or owner and every other role player related to the production of the event.

“Agencies” is a broad term used to describe a variety of different organisations that are involved in supplying services to the event industry or to event managers (Tassiopoulos, 2010:79). They may act as buyers on behalf of their clients, they may be suppliers, or they may act as intermediaries contracted to assist with the planning of an event.

Clients often use these agencies as intermediaries on large events where multiple venues and many contractors need managing. Intermediaries are also often used in political and civic fundraising events where they are brought in to solicit financial support and ticket sales. Fundraising events such as fashion shows, charity auctions and art events are often organised and implemented by professional intermediaries (Tassiopoulos, 2010:79).

Intermediaries have the reputation of being perceptive buyers, and they are experienced negotiators; they often want more involvement in an event than most event service providers are willing to grant them (Tassiopoulos, 2010:79). The intermediary may be the one appointing the event manager to an event.

Misunderstandings may arise when an intermediary is involved, as the service providers and the clients are usually not in direct contact. There is the possibility of miscommunication of



the client's wishes, as the client is going through a third party. Problems can also arise if clients decide to talk directly to service providers, especially when it comes to budgets, as intermediaries often place a mark up on their services on top of their management fee (which is usually 10%). This places service providers in a difficult position when talking directly to the client.

There are many different kinds of event agents. The principal agents, as outlined by Tassiopoulos (2010:79-84), are listed below.

2.5.1 Business travel agencies

These agencies focus on the business sector of the events market and are in charge of finding and managing the venues for these events. A recent industry trend has been the merging of travel agencies and professional conference organisers (PCOs), as each party brings different skills to the table. The travel agent provides destination and travel knowledge while the PCO provides event management and planning experience. This gives the buyer a one-stop service, which can save time and money. For example, Rennies Travel has an incentive and conference division, which handles potential domestic or inbound business events.

2.5.2 Convention and visitor bureaus (CVBs)

They promote the long-term development and marketing of a destination. They market to event organisers, business travellers, tour operators and individual visitors. They promote the attractions and services of a destination, from hotels and event facilities to restaurants. They are mostly non-profit organisations and do not actually organise events, but can generally provide the following information and services:

- Encourage visitors to enjoy the tourism offering of the destination pre- or post-event.
- Assist with event preparation and implementation at times.
- Promote attendance at an event.
- Help with event housing services, especially when events take place across multiple properties (venues).
- Assist with on-site registration (including staffing) and information.

CVBs can be useful contacts for event managers, as they have information that allows for better decision-making regarding event venues and destinations. Therefore, the event manager saves a lot of time on research. CVBs require a post-event analysis from the event manager in order to improve their service for the next event. A good example is the Cape Town Convention Bureau.



2.5.3 Corporate hospitality companies (CHCs)

These companies are largely involved in big sporting and cultural events where there is the potential for financial gain through marketing to the corporate market and selling hospitality packages. For example, Keith Prowse is a UK-based hospitality company that provides official hospitality at all the major sporting and cultural events in the UK. At these events, corporate hospitality marquees allow companies to entertain their own staff or customers, current and potential. CHCs also organise company events such as gala dinners, drinks receptions and dances. They may also organise team-building events for their corporate clients, such as golf days.

2.5.4 Destination management companies (DMCs)

DMCs are professional services companies that have extensive local knowledge, expertise and resources and that specialise in event, activity and tour design and implementation. DMCs have considerable local knowledge and often assist in logistics and venue sourcing for their clients, as they have unique access to places the general public would not have. DMCs are usually employed by the client to source a venue, arrange accommodation, assist with transport arrangements and plan itineraries. Some DMCs specialise in providing a full service to their clients, which includes planning events. The Destination Management Company helps an organisation with its site selection, convention registration, ground transportation, sight-seeing, convention temporary staff, spouse programs, dining, entertainment and speakers, linens, floral arrangements, photographers, et cetera. In essence, it does almost anything and everything.

DMCs generally work through agents such as tour operators and very seldom deal with the end client directly. Many out-of-town clients are willing to employ DMCs to provide insider knowledge and guidance on a destination that the client has no information about with regard to venues, suppliers and infrastructure. An example of a DMC that also organises events is Dragonfly Africa.

Every event planner is not necessarily a destination manager; neither is every destination manager necessarily an event planner. But they do have much in common and can utilise each other's skills, resources, and knowledge.

2.5.5 Event production houses

These companies specialise in the actual production of the event. They handle the design and build of the event, including bringing in all the sets, lighting and staging if necessary, depending on the needs of the event. These companies contribute their creative and theatrical skills to the event and are employed either directly by the end client or by an intermediary. For example, Gearhouse South Africa has produced hundreds of small to large-scale events in South Africa from a staging, design and audio-visual perspective. Event Producers are trained to handle and integrate the creative as well as technical production elements of your large event.



2.5.6 Exhibition organisers

Exhibition organisers specialise in the exhibition sector of the events market. There are quite a few large exhibitions that take place in South Africa that require a specialist exhibition company to organise them. An example is Expo Solutions, which organises the Travel Indaba in Durban and many other successful exhibitions around the country each year.

2.5.7 Ground transportation

These companies specialise in transportation and the handling of baggage. They can be hired by event companies to transport luggage around the country. They can also be responsible for transporting guests to and from events and accommodation establishments during an event.

2.5.8 Incentive travel houses

Incentive travel is an international management tool used by the corporate sector to motivate or recognise increased staff performance through offering travel incentives. The organisations in charge of organising these trips are called incentive travel houses. Incentive travel programmes often involve international travel. There is always pressure on these types of companies to come up with more memorable and exciting trips each year. Incentive travel houses generally charge a fee for their work, usually a percentage relative to the scale of the trip. An example is Fairfield Tours, a travel house with strong ties to international incentive houses and years of experience in incentive travel within South Africa.

2.5.9 Professional conference organisers (PCOs)

PCOs are companies specialising in the organisation of conferences (congresses), seminars and meetings. The PCO is employed to assist in the organisation of meetings of varying scales, researching and recommending suitable venues, planning the meeting programme, booking accommodation for delegates, handling financial arrangements and registration of delegates. Therefore, their role does not include event management as such, but their focus is more on the administrative side of a conference or meeting. These types of events are not heavy on décor and creative elements; an event manager is therefore not often needed and the events are handled by a PCO and possibly a DMC. However, some larger conferences may have events as part of their conference programmes and these events are more than likely outsourced to specialist event companies. An example is Global Conferences, a leading South African conference facilitator.

2.5.10 Special event planners

The event manager could be an individual or an event management company. It could also be a PCO. There are various names for event managers, from event coordinators to event project managers. The event manager is responsible for the delivery of the event and making sure each role player plays their part and understands their involvement. The event manager is in many ways the glue holding the event together. Building relationships with all the key role players is crucial as the event industry is very much a relationship-based industry.



A special event planning company will be employed or contracted when the event is large in scale and requires operations and logistics management as well as creative elements. Corporate companies contract event planning companies for business events, but they tend to specialise more in social and private events as well as large entertainment and sporting events. An example is Red Hot Events, a dynamic Cape Town based event company that handles a wide variety of events.

As the event industry matures, it increasingly requires the establishment of and adherence to a code of conduct. Below is a list of various organisations outlined by Tassiopoulos (2010:84) that play a supporting role within the events industry:

- **Consultants:** They work on a freelance basis and may be brought in to assess a wide variety of event aspects (for example, feasibility studies and venues), and to assess the target market. These could be marketing consultants or engineering firms brought in to survey event sites.
- **Educational institutions:** These are institutions that provide training to the event industry. Training is becoming more essential in the competitive world of events.
- **National, regional and local tourism organisations:** These organisations help to promote event tourism within their destination.
- **Trade associations:** They work for their members, establishing codes of practice and providing relevant information. They are the watchdogs of the industry.
- **Trade media:** These are primarily magazines about the industry, published on a regular basis and offering articles on interesting event topics and current news.

For example, a publication called The Event is a trade magazine distributed to approximately 8,500 industry players each month.

2.6 Partners

Partners are usually associated with large-scale public events and their level of involvement in each event may differ. They generally offer their services, either free of charge or at discounted rates in exchange for their own ROI, which may be publicity or brand alignment with the event. Partners play a supportive role and can be essential to the success of an event.

Partners on events are as follows:

- **Media partners:** These could be newspapers, magazines, TV or radio that would offer media exposure for the event, which would aid marketing and ticket sales and increase awareness. For example, the Cape Argus newspaper partners with the Cape Town Cycle Tour to promote the event and gain exposure.
- **City or municipal partners:** The host city will often become a partner to an event, especially on an event that comprises part of the city's tourism offering. They may at

times offer a financial contribution, and more often than not they will supply infrastructure and services such as electricity, water, waste management or traffic control at no or low cost. Their partnership also authenticates the event, which is beneficial. For example, the City of Cape Town is very involved in events in the city.

- **Promotional partners:** This may be a PR or marketing company that will market and publicise the event free of charge in exchange for exposure. For example, Eddy Cassar PR has been involved in several large events, from the SUN Met to the Cape Town Cycle Tour.
- **Logistics partners:** A freight company, for example, may be involved in an event that has complex logistical operations. For example, Schenker Logistics partnered with the Volvo Ocean Race, moving event freight around the world and in and out of Cape Town.
- **Research or academic partners:** These types of partners may help large events with research, conducting environmental impact studies, feasibility studies and similar research. For example, UCT and other South African universities partner with big events from a research perspective.

2.7 Sponsors

Sponsors provide companies with access to a variety of promotional packages, including all forms of media advertising, licensing rights, and event promotions such as giveaways, sampling, VIP hospitality, merchandising and signage boards.

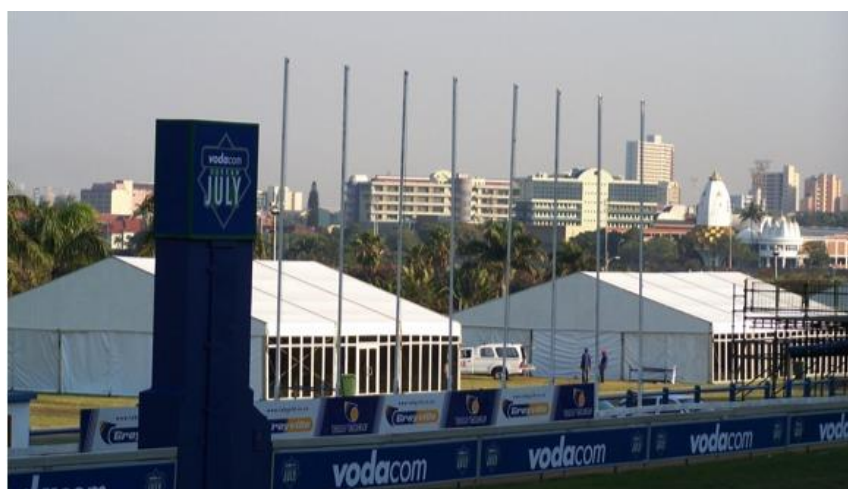


Figure 3: An example of the sponsor role player – Vodacom at the Vodacom Durban July. (Source: Courtesy of Mandy Mulder)



Figure 4: Another sponsorship example – Heineken at the Knysna Oyster Festival. (Source: Courtesy of Mandy Mulder)

There is not always an external sponsor providing all the capital; the event organiser finances some events. For example, when an event company decides to host an event, they may provide the capital and also benefit from 100 per cent of the profit. These types of events would have to be public events where tickets are sold, as the event company would need to realise a return on investment (ROI). ROI is a measurement used to evaluate the performance of an investment (refer to the calculation formula below).

2.7.1 Calculating the ROI of an event

To calculate ROI, the gain of an investment (i.e. the expected revenue the event can generate), less the cost of the investment (i.e. the cost of the event), provides an estimated profit figure, which is divided by the cost of the investment; the result is expressed as a percentage or a ratio (Investopedia, LLC., 2015).

Percentage ROI = (Gain from investment - Cost of investment) ÷ Cost of investment x 100

Example:

R10 000 - Revenue Figure (Gain from investment)

R8 000 - Costs (Cost of investment)

R2 000 - Profit

$10\,000 - 8\,000 = 2\,000 / 8\,000 \times 100 = 25\% \text{ ROI}$

In other words, the profit is divided by the cost to get the ROI percentage.

The gain from an investment from an event perspective could be merchandising revenue, ticket sales and sponsorship capital, and the costs would include elements such as infrastructure, food and beverage, décor, and staffing.



ROI is a very popular metric because of its versatility and simplicity. If an investment does not have a positive ROI, then the investment should not be undertaken. Alternatively, if there are other opportunities that indicate a higher ROI, these should be explored (Investopedia, LLC., 2015).

Is a positive ROI always an indicator of a successful event?

Once-off events should always show a positive ROI, otherwise they are not worth pursuing. However, large-scale annual events should be considered long-term investments. In other words, they may not show a positive ROI in year one, but by year two and three, they may show considerable returns. Decisions regarding long-term ROI will be dependent on the risk-propensity of the event host or financial investor.

In some cases, the end clients themselves fund events. They may or may not look for an immediate return on their investment; it all depends on the goal of the event. If it is a product launch, for example, the financial return from the event itself may not be realised, but the spin-off effects of the product being marketed through the event ought to increase product sales.

What is the difference between sponsors and partners?

Sponsors, supporting agencies and partners very seldom provide funding for the whole event. They may fund a portion of it, depending on the level of sponsorship and the sponsorship agreement. The sponsors also weigh up the return on investment from their financial contribution, and their financial contribution is often proportionate to the ROI they expect. Their ROI would be related to the extent to which they are able to communicate with their target demographic through an event. Sponsorship will be discussed in more detail in Module 10.

Partners generally provide services either at a subsidised rate or for free, for example, media partners who give free advertising space, promotional partners who offer publicity, logistics partners who transport goods from one place to another for the event, and municipal partners who offer municipal services. Partners are often very important to events, especially large-scale events that require large infrastructure and capital.

The event organisers often need partners to help contribute goods and services to reduce the financial burden. Government and municipalities are often partners on events that benefit the various host destinations. In other words, they are seen as promotional tools for the destination and its tourism products. Municipalities can provide services such as electricity and water, or traffic services and waste management at no cost.

An event provides a vehicle to attain specific goals and planned outcomes, such as social and economic benefits. A ROI of some sort is always expected by each of the role players. Each role player will have their expectations for the event and it is the event manager's job to make sure all the expectations are met and, preferably, exceeded.



How do you effectively measure event ROI?

Kissmetrics Blog has written an insightful article on effective ways to measure event ROI. The article lists social media monitoring, in-event surveys, and gamification, among others, as means to measure event ROI. Access the article [here](#).

2.7.2 Motivations for producing an event

Role players are motivated to produce and contribute to events for a variety of reasons. Governments and non-profit organisations are producing festivals at an ever-increasing rate. Profit-motivated organisations organise events for clients who require economic development through events tourism, such as tourism agencies, hotels and resorts, and venue managers. Entrepreneurs aim to make a profit from events, normally through admission charges, merchandising, sponsorship, and media revenue. These types of events are generally from the following sectors:

- Meeting planning
- Entertainment and concerts
- Hospitality and tourism

These entrepreneurs compete and bid for as many events as possible.

Table 1: The different types of production, distribution, venue and ancillary services.

Common services used in event production	
Production	Distribution
<ul style="list-style-type: none"> Event management companies Events catering companies Party planning Production companies Exhibition companies Technical services Voluntary bodies/charities Multimedia companies 	<ul style="list-style-type: none"> Event and conference agencies Venues Trade media Traditional media Trade exhibition Tourism bodies Ticketing agencies Visitor and convention bureaus Incentive travel houses
Venue services	Ancillary services
<ul style="list-style-type: none"> Room Catering and kitchen facilities Accommodation Food and beverage services Business support services Medical services Security Waste disposal and clearance Parking Toilets Information and customer service Technical support 	<ul style="list-style-type: none"> Photographers/videographers Décor and design specialists Infrastructure companies Logistic companies Translators Music and entertainment Travel companies Florists and landscapers Specialised security companies Marketing agencies Handlers

Smart tip:

It can often prove challenging for event managers to deal with the needs of various role players at the same time. Before an event starts, it is important for the event manager to sit down with each role player and detail their objectives for the event. This will ensure that while the event is running, they have a list of objectives for each role player and that they are able to make sure that these objectives are met. Event managers have to be consistently diplomatic in their dealings, as often the objectives of role players may clash and the event manager will have to ensure that a suitable compromise is reached.



3. Conclusion

The event industry comprises a multiplicity of interconnected role players, some more involved than others. Each role player contributes in a slightly different way, but they all add value when involved. The buyers and suppliers, along with the agencies, intermediaries and partners, are the most common role players. Large events tend to have more role players than smaller events. Role players aid the event manager to gain community support, publicise the event, attract sponsorship, conduct research, achieve sustainability and cut costs.

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