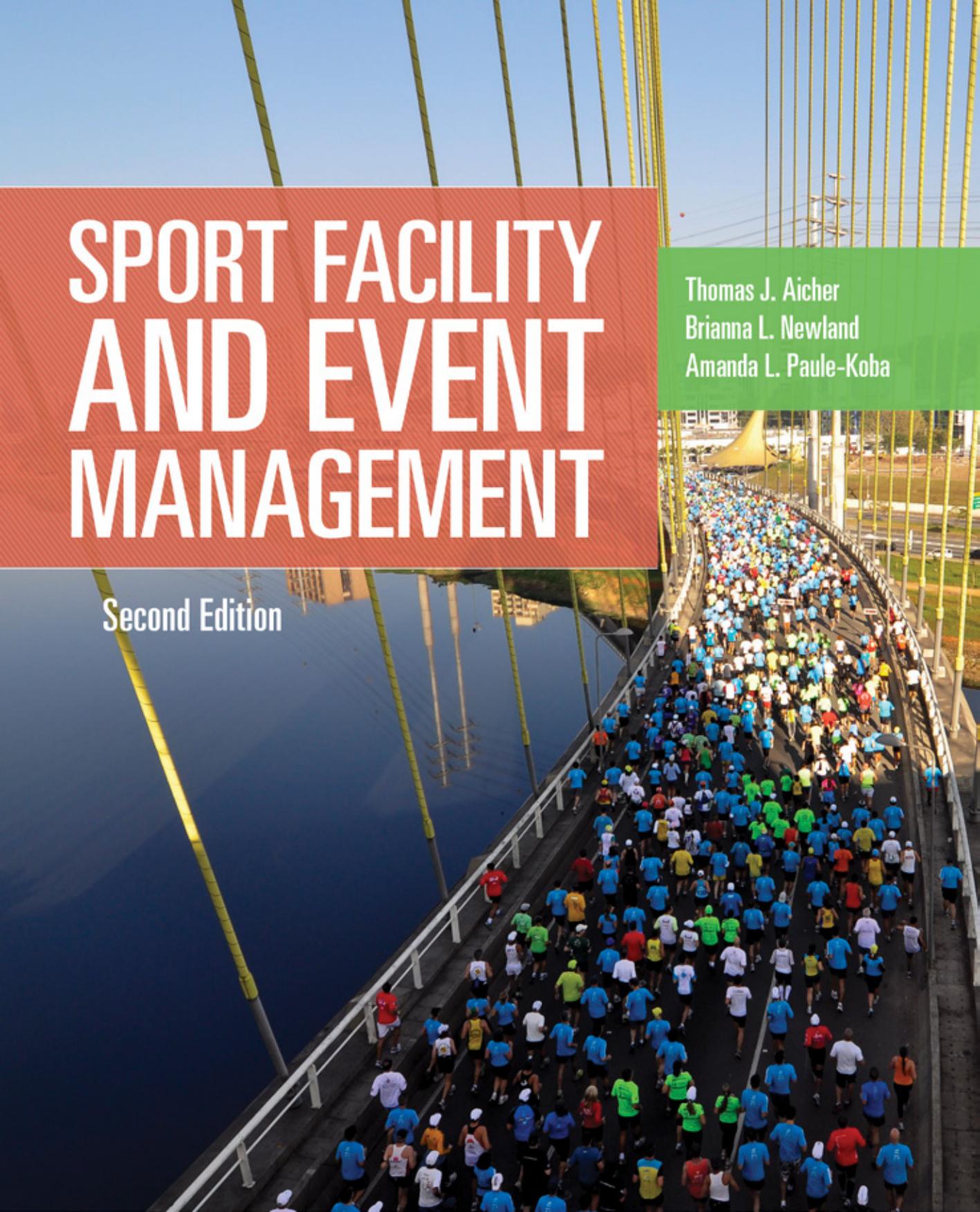


# SPORT FACILITY AND EVENT MANAGEMENT

Second Edition

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*Sport Facility and Event Management, Second Edition* focuses on the major components of both facility and event management: Planning, financing, marketing, implementation, and evaluation. The text integrates timely theoretical insights with real-world practicality and application to afford the reader a strong foundation in facility and event management. It focuses on a broad range of facilities and events to demonstrate the diversity of the industry, touching on various topics relating to recreation, leisure, health, and fitness.

The objective of this text is to provide a working knowledge of how to manage sport facilities and how to plan, manage, implement, and evaluate sport events. As such, the chapters are designed to focus on various components of the sport facility and event management structures to provide a primer for effectively managing sport, recreation, and leisure facilities and events.

Each chapter begins with an Industry Voice feature, in which a person from the sport industry describes how the chapter topic impacts his or her daily routines. This glimpse into the everyday operations of the sport industry orients readers to the content that follows. As the chapter proceeds, both theoretical and practical considerations relating to the topic are explored. Discussions are backed by current research, and real-world examples and tips are provided to engage readers. The chapter concludes with a Case Study and Discussion Questions to help students apply the content and to assess their comprehension.

## Chapter Overview

Each chapter contains various features intended to enhance student learning, including Chapter Objectives, Industry Voices, Vignettes, Case Studies,

Discussion Questions, and Tips. A major selling point of this text is that it includes actual examples from the industries covered in the text. No other text on the market successfully employs this strategy.

**Chapter 1, *Introduction and History*,** provides an overview of the industry and reviews its history. From this foundation, readers will build an understanding of facility and event management as they read the chapters that follow.

**Chapter 2, *Project Management and Event Planning*,** explores the elements of staging and implementing a sport event. This chapter introduces the five phases of project management (initiation, planning, implementation, monitoring, and shutdown) and the concepts and tools to assist the sport event manager in planning and implementing the event. Concepts such as the work breakdown structure, Gantt charts, and other project management tools will be introduced.

**Chapter 3, *Facility Design and Construction*,** starts with a blueprint, which is a set of plans to develop a facility, and progresses through a series of inter-related steps until the product is completed and the ribbon is cut in the grand opening ceremony. The importance of site selection and evaluation, planning and design, construction costs, and the bidding process is discussed. Furthermore, an examination about green building and how it has increased over the past 10 years is included in the chapter.

**Chapter 4, *Risk Management*,** discusses the process of examining the uncertainty or chance of loss—usually accidental loss, which is sudden, unusual, or unforeseen—and creating a plan to attempt to reduce any risks to all involved in the event. Implementing a comprehensive risk management plan is vital to a facility and/or event. In today's litigious society, understanding how to mitigate financial loss and negligence should be front and center in minimizing risk and potential lawsuits. The growth of new and renovated sport facilities and the creation of diverse events has made this area of the industry much more difficult for managers.

**Chapter 5, *Finance and Budgeting*,** discusses the basic concepts of financing sport facilities. A capital project is a long-term investment that will increase the organization's assets. If an organization wants to build a new facility

(or renovate an existing facility), there are many upfront costs, including costs associated with land acquisition, construction, and infrastructure development. Thus, it is important that the project manager(s) understands financial statements and how they can be utilized to develop a budget as a forecasting measure.

**Chapter 6, *Bidding and Planning for Different Events*,** explains the five main types of events: Mega-events, recurring events, traveling events, ancillary events, and community events. When creating an event, the managers need to identify goals and objectives. These will guide all of the forthcoming decisions. When setting goals, the managers should follow the SMART (specific, measurable, attainable, relevant, and time-based) principle. It is important to remember that when creating a new event, in addition to your goals for the event, you must assess where it fits in the current marketplace. Being unique is crucial to attracting sponsors, event participants, spectators, and/or media.

If you are submitting a bid to run an event for a national or international sporting event, you need to follow the bid process provided by the event's rights holder. The criteria of the bid will vary depending on the event, but, in most cases, it is not a solitary process. A multitude of individuals (the organizing committee) will need to come together to gather and present the required information in the most cohesive manner possible.

**Chapter 7, *Designing the Event Experience*,** outlines the elements of designing the event experience, such as understanding experience characteristics, designing the event concept, co-creating event experiences, and attaching meaning. This process will include identifying unique elements of events; developing a concept, theme, and subsequent experience; and finding ways to tie these elements together to create meaning at the event. Experiences are highly subjective in that two people can have completely different experiences at the same event. Thus, it is imperative that event managers create an event experience that will appeal to a wide range of individuals.

**Chapter 8, *Marketing the Facility and Events*,** discusses the elements of a marketing plan. The discussion starts with conducting a feasibility study to determine if the facility has the capacity to host the event and that market demands are well matched. Next it reviews developing a marketing strategy and plan. It outlines the value, mission, vision, and goals of the event as offered in the marketing plan and explains how these considerations can help

identify the ancillary opportunities associated with the event. These aspects provide sport facility and event managers the information they need to conduct proper segmentation.

The chapter introduces the four common ways that segmentation occurs: Demographics, psychographics, media preferences, and purchasing behaviors. It examines the value of relationship marketing and the use of customer relationships and data-based management systems to improve customer relations. The chapter then outlines how events can utilize the marketing mix (price, product, place, and promotion) to position themselves in the marketplace. Finally, the chapter covers the different strategies that events may pursue to communicate their message to consumers. These strategies include traditional marketing techniques as well as some innovative methods (e.g., guerilla and viral marketing).

**Chapter 9, *Consumer Behavior*,** outlines three major components of how and why people attend or participate in sport events. First, it develops how people are socialized into sport from three different levels: Socialization, involvement, and commitment. Next, it provides several motivational forces that act upon individuals as they select the types of events they would like to either spectate or in which they would like to participate. Finally, it outlines the seven steps in the decision-making process and highlights how both event owners and participants make their purchase decisions.

**Chapter 10, *Managing People in Facilities and Events*,** discusses the management of people in sport by looking at some unique characteristics of the people and organizations involved in facility and event management. The chapter will explain that event managers must be cognizant of the need to create an attractive work environment and create systems that will allow them to respond effectively to the needs of a diverse workforce in terms of motivation and expectations.

**Chapter 11, *Customer Service*,** reviews the various aspects involved with customer service in the sport marketplace. Customer service is a sequence of activities designed to enhance the level of customer satisfaction. Understanding why customers attend events provides information that allows for the tailoring of an experience to best suit the customers' needs and wants. Being familiar with alternative ways of measuring service quality will not only set an organization apart from competition but it will also save the organization

valuable resources in targeting external firms to provide those services. This chapter also discusses various ways to measure and better understand how an organization is attending to customer service. It examines the consequences of customer service and why they are so vital in maintaining a competitive edge in an already saturated marketplace.

**Chapter 12, *Sponsorship*,** describes an incredibly important and often necessary part of creating an event. The importance of sponsorship in producing successful events and providing revenue for a facility cannot be ignored. This chapter discusses ways in which an event manager can find potential sponsors, the process for creating a sponsorship agreement, and the sponsorship agreement itself. The event manager must understand the process of identifying and targeting potential sponsors and ways of proposing the sponsorship relationship to the company.

**Chapter 13, *Traditional Revenue Generation in Sport and Recreation*,** reviews the various techniques used to generate revenue through sport and recreation organizations and facilities. Sport facilities and associated events provide owners, operators, managers, and other connected stakeholders with the opportunity to generate revenue through numerous forms of creative planning. Techniques and principles of revenue generation from sport, participatory, and recreation facilities and events are categorized and summarized. Furthermore, categories of sources of revenue include venue-related revenue such as ticket sales, concessions, merchandise, event fees, and participatory event monies, such as exposition-related income and registration fees.

**Chapter 14, *Sustainability and Legacy*,** outlines the strategies and techniques that organizations employ to create sustainable facilities and events that have a positive impact on the facility, event, and community. It discusses the economic, environmental, and social impacts that facilities and events generate in their host community, the common methodologies utilized to measure each, and strategies to enhance the positive while minimizing the negative impacts. Positive impacts of hosting events can include new and updated roads, entertainment venues, and other infrastructures, as well as increased tourism revenue, media exposure, commercial appeal, and civic pride. Negative impacts can include overcrowding and increased travel concerns, disruption to the local environment, the building or renovating of uneconomical

and unsustainable infrastructures, and unfavorable perceptions of the host community. Further, facilities often are left empty or are underutilized, and events sometimes do not make it past the inaugural year.

**Chapter 15, *Measurement and Evaluation*,** reviews the various techniques to measure the performance of the event or facility from a multi-stakeholder perspective. The facility and event industry faces many challenges and serves a variety of stakeholders who each play a significant role in the success of the organization. It is, therefore, very important that facility and event organizations measure success based on the organization objectives they have put into place. First, the chapter establishes the importance of continuous evaluation of the organization and its performance from pre-event to post-event to ensure that all stakeholder expectations were met. The chapter then outlines the major components of SERVQUAL, economic, environmental, and social, among other, methods of evaluating the organization's performance.

## New to the Second Edition

In crafting the *Second Edition*, each chapter has been revised to reflect the latest developments and research impacting sport facility and event management. This includes updated Industry Voice features in every chapter that spotlight new people from the sport industry, as well as updated references throughout the text. Chapter-specific updates are detailed below.

Chapter 1 includes updated examples and highlights new trends in facilities and events.

Chapter 2 now features information on managing the planning process, as well as a discussion of developing new events and how to create an event plan.

Chapter 3 includes a discussion of conducting feasibility studies, including SWOT, PEST, and Porters. The green design section has been enhanced.

Chapter 4 now reviews emerging trends in security and safety, and the chapter boasts updated examples.

Chapter 5 includes more event and facility examples.

Chapter 6 now discusses the importance of a bid committee, as well as the role of tourism in bid selection. This chapter includes an example of an evaluation form.

Chapter 7 includes a focus on how event design is impacted by the experience. The liminal and liminoid zone sections have been increased.

Chapter 8 considers emerging trends in marketing and now includes a section on social media.

Chapter 9 features an updated section on motivation and discusses constraints on participation.

Chapter 10 incorporates a brief overview of the functions of management within facility and event organizations. This chapter also discusses volunteer recruitment and management.

Chapter 11 considers how to train people in order to activate the customer service plan, as well as how to manage game-day employees to ensure customer satisfaction. The consumer behavior section was eliminated as this content is covered elsewhere in the text.

Chapter 12 details how to create a sponsorship agreement for new and smaller events, and it includes examples of sponsorship agreements. It also discusses activation strategies for events and facilities, and it provides unique sponsorship examples.

Chapter 13 discusses packaging of events and includes reward-based ticketing.

Chapter 14 includes discussions about leveraging events and sustainability, and its examples are focused on local outcomes.

Chapter 15 outlines emerging methodologies for measurement and evaluation, and it also features updated examples.

## Instructor Resources

Several resources have been developed to help the instructor organize the course's content and assess student learning. They include the following:

- Test Bank, containing more than 450 questions
- Slides in PowerPoint format, valuable for use as lecture talking points or student study guides
- Image Bank, including the photographs and illustrations featured in this text
- Sample syllabus, demonstrating how this text can be deployed in a course



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*Thomas J. Aicher*

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*Brianna L. Newland*

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**Jen Jorgensen**

Director of Quant

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**Alexandra (Alexx) Klein**

Senior Studio Production Coordinator

Big Ten Network

**Franzter LeBlanc**

Director of Events and Operations

University of Maryland Baltimore County (UMBC) Event Center

**Nick Michaels**

Account Executive, Corporate Partnerships

Philadelphia Eagles

**Lisa Murray**

Global Chief Marketing Officer

Octagon Sports and Entertainment Network

**C.J. O'Leary**

Special Event and Game Day Presentation Coordinator  
Toledo Mud Hens and Toledo Walleye

**Chris Pierce**

Senior Director—Fan Commerce  
New York Jets

**Brad Timberlake**

Vice President, Event Marketing and Sales Southeast  
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# Introduction and History

Thomas J. Aicher and Amanda L. Paule-Koba

## CHAPTER OBJECTIVES

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Upon completion of this chapter, the reader will be able to:

1. Outline the origins of sport facilities and events.
2. Explain the evolution of facilities in terms of design, financing, and use.
3. Define the main components of the sport facility and event management and main content areas discussed in detail throughout this text.

## CHAPTER OVERVIEW

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This chapter will outline the evolution of facilities and events from the Greek and Roman eras to modern day. It will outline the trends in facility construction, financing, and design over the past few centuries to develop a strong understanding of the evolution to modern facilities. Finally, it will give a brief outline of the entire text to establish an understanding of how to properly navigate the text.

## IndustryVOICE

Alexandra (Alexx) Klein, Senior Studio Production Coordinator—Big Ten Network



As the studio production coordinator, it is my responsibility to be the conduit between the network and 1) the universities' public relations departments, 2) the universities' video services departments, 3) the conference, and 4) bowl games and major tournaments. To prepare for this role, I advanced my education by obtaining a master's degree in Sport Administration. While completing this degree, I worked as a Sports Information Director dealing with facility operations and event managers on a day-to-day basis, through public relations (PR) and communications. When I was hired at Big Ten Network (BTN) after graduation, I was able to combine my experiences with PR and event management and used those skills as a foundation for success.

The biggest challenge that I believe is facing this segment of the sport industry is "cord cutting." This is when an individual chooses to drop his or her cable TV subscription in favor of streaming over the Internet. The biggest reason that people seem to be making this switch is rising cable bills. Over the past few years, streaming video services have skyrocketed in popularity; however, there is one major flaw with the model: No live programming, which is great news for the staff of BTN because live events are such a major part of the day-to-day operation. The goal is maintaining the current cable TV model, while appeasing the cord cutters and getting the fans to become content through over-the-top (OTT) platforms.

In the future, I believe that there will be an increase on the emphasis of digital media. Specifically, real-time interactions with fans through digital platforms. The success of these interactions affect distribution

strategy, advertising, and the broadcasts themselves. Social media is also becoming more and more integrated into the overall fan experience. To capitalize on these trends, BTN created a position called Multi-Video Platform Editor (MVPE). There is one MVPE on each school's campus, which allows the network to leverage access to create new ways to connect with fans through school-specific content. Fans want to feel like they're getting to know their favorite teams and athletes, so this position allows us to accomplish that. An increased presence on digital media platforms leads to better sponsorship opportunities, which ultimately helps offset monetary losses from cord cutting.

When hiring someone for an entry-level position, I look for someone with skills that will contribute to the company, along with the confidence to know that they can. We seek individuals who are eager to learn, are curious, and are team players. These characteristics make for a successful entry-level employee. There are also skills commonly missing among new graduates. The two most significant missing skills that I've seen are an understanding of how organizations work and how to navigate complexity, as well as a struggle to deal with ambiguity. To be better prepared for the workforce, I recommend that students get field experience outside of the classroom. The combination of a good education plus outside experience will set a candidate apart from a student who only focused on one of those things. For example, my current position is unique in that it involves multiple departments. Because of this, it requires an employee to come into the company with previous experience in multiple fields. Students should participate in, and volunteer for, a variety of opportunities throughout their undergraduate careers in order to be best prepared for the workforce.

## Introduction

Throughout history, sport, sport events, and sport facilities have been a major cultural component of our societies. Dating as far back as 30,000 years, there is evidence to suggest the enjoyment of sport and sport for leisure, as supported by the prehistoric cave art found in France, Africa, and Australia (Masterman, 2009). The common sports displayed in these renderings are wrestling, running, swimming, and archery. While these renderings do not truly depict sport in a manner in which it is consumed and participated in today, cave paintings in Mongolia dating back to 7000 BC display wrestling matches with crowds of spectators. Combined, these portrayals demonstrate the continued importance of sport participation and consumption within our societies.

This rich history of sport events was largely associated with ceremonies created to honor either religious gods or leaders of the civilization. For example, drawings found on pharaonic monuments depicted individuals participating in various sporting activities (e.g., swimming, boxing, wrestling, running, handball), believed to be designed and governed by ancient kings, princes, and statesmen. In addition, some argue that these events were the first in which basic rules, officials, and uniforms were used during the sport events. While some argue that England is the birthplace of football (commonly known as soccer in the United States), the ancient game of Cuju was played from 206 BC to 220 AD in China, Korea, Japan, and Vietnam. This game was very similar to football: Players were not allowed to use their hands, points were scored when the ball was passed into a net, and two teams would compete against one another. The games were designed as a method of military training in which the two teams would strive to control the ball to demonstrate their dominance over their opponent. In the United States, lacrosse is considered the country's oldest sporting activity on record. According to records, the game was designed and participated in by Native American men located in the western Great Lakes region. Rules during that time are very similar to the rules of the current version of the sport.



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The modern Olympic Games are also rooted in a rich tradition. Originating sometime in the tenth or ninth century BC, the events that would become the Olympic Games were a component of a much larger religious ceremony to honor Zeus, the god of the sky and ruler of the Olympic gods. These ceremonies were held every 4 years, similar to today's Olympics, and included the discus and javelin throws, a foot race, and the long jump. Along with the Olympic Games, these events included the Hera Games, Pythian Games, Isthmian Games, and Nemea Games (Toohey & Veal, 2000), and they are largely considered the first instance of mega-events in which multiple regions participated in and spectated the event. In 393 AD, these events were discontinued by Theodosius I, a Christian Roman Emperor, because of their affiliation with the Greek god. They were revitalized in 1896 AD.

The stadiums that hosted the ancient events were located in the Peloponnese region of southern Greece and were combined with religious

facilities. It is widely believed that the first Olympic Games were held in 776 BC; however, recent archeological evidence suggests that the original Olympic stadium and hippodrome were constructed after 700 BC. The stadium held an estimated 40,000 people, and the design was not very different from the U-shaped style commonly used today. The hippodrome, which originally hosted chariot and horse racing events, could host hundreds, or even thousands, of spectators, depending on the event. The Roman Empire continued to follow a similar design and style of the facilities constructed during the Greek Empire.

The Roman Colosseum, originally named the Flavian Amphitheater after the Flavian Dynasty, was constructed in 80 AD under the order of Emperor Vespasian as a gift to the people of Rome. For those who have seen the movie *Gladiator*, the truth behind the story is that Titus, the son of Vespasian, did, in fact, host 100 days of games, including the gladiatorial contests; however, it was to celebrate the opening of the Colosseum. Other events that took place during this time included venationes, or wild beast hunts, which placed humans and animals in the Colosseum in a fight to the death, and naumachiae, also called sea battles, in which the arena was flooded and two fleets of ships fought in a portrayal of previous naval battles. The Romans during this time provided us with some of the same tools we use today to build stadiums. For example, they used one of the first known cranes, consisting

## TIP

The History Channel provides several videos discussing the construction of the ancient and modern Olympic Games. Visit <https://www.history.com/topics/olympic-games> to learn more about the Olympic movement.

of rope, wooden wheels, and a long wooden arm that would lift items to the higher levels. The Colosseum was one of the first structures made from a concrete-type material, and the arched design is still modeled in many modern stadiums. Archeological evidence also shows that the Romans used tickets, numbered gates, and reserved seating during their events. Finally, one of the most impressive features of the Roman Colosseum was that the design allowed for 50,000-plus people to exit the stadium in less than 5 minutes—something most modern facilities are unable to achieve.



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## Evolution of Facilities

The revival of the Olympic Games in 1896, the addition of collegiate sports in the United States, and the early growth of professional baseball fueled the development of sport facilities in the modern era. From an international perspective, the revival of the Olympic movement facilitated the construction of facilities in Greece, London, and Los Angeles, as these cities hosted the first three editions of the modern Olympic Games. The Panathenaic Stadium was constructed from the remains of an ancient Greek stadium and is the only stadium in the world constructed of white marble. Recently, the Panathenaic Stadium was renovated to host various events associated with the Olympic Games in 2004, and it is still in use for national and regional events. The White City Stadium in London was constructed to host the 1900 Olympic Games and went through several renovations until it was demolished in 1985. During its time, it housed varying sporting events but was most recently known for greyhound and auto racing. Los Angeles Memorial Coliseum is the only stadium to host two Olympic Games (1932 and 1984). It has also hosted two National Football League Super Bowls (I and VII) and a Major League Baseball World Series (1959, when the Dodgers hosted three home games). In addition, the Coliseum holds attendance records in international soccer (92,650 spectators during

**TIP**

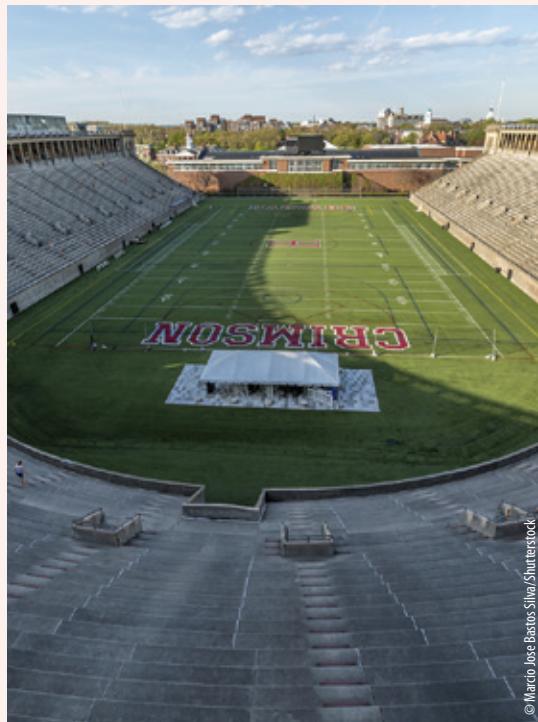
You can view photos of the transformation of these two facilities. For a timeline and photos of Fenway Park, visit [mlb.mlb.com/bos/fenwaypark100/timeline.jsp](http://mlb.mlb.com/bos/fenwaypark100/timeline.jsp). For Wrigley Field, visit [www.chicagotribune.com/videogallery/76640826/](http://www.chicagotribune.com/videogallery/76640826/).

a Chivas vs. Barcelona match in 2006), baseball (115,300 spectators during a Dodgers vs. Red Sox exhibition game in 2008), and special events (134,254 spectators during a Billy Graham event in 1963). In 1984, the Coliseum became a registered landmark, and recently, the University of Southern California signed a lease agreement through 2054, which should guarantee its maintenance and upkeep.

Within intercollegiate athletics, Franklin Field in Philadelphia, Pennsylvania is recognized by the National Collegiate Athletic Association as the oldest university stadium used to host an intercollegiate event. Originally constructed in 1895 for \$100,000, the facility hosted the first Penn Relays (the oldest and largest track and field competition in the United States) and

**VIGNETTE 1-1****Practice Facilities Are the New Arms Race in Intercollegiate Athletics**

The facility arms race is not a new phenomenon in inter-collegiate athletics; however, the stadium and arena build has slowed to give way to other capital spending. For example, the University of Illinois recently announced plans to spend more than \$200 million for a newly constructed football performance center; upgrades to the basketball practice facility, soccer facility, and track facilities; and an indoor practice space for baseball and softball. This is in addition to a multisport facility being constructed to host hockey, volleyball, wrestling, and gymnastics. Not to be outdone, the University of Notre Dame announced that it is constructing a 114,000 square foot, indoor practice facility, price tag unknown, to house the football, men's soccer, and women's soccer teams. Even lower level conferences at schools such as University of Nevada, Las Vegas (UNLV) are joining in the race. UNLV recently announced that it will spend \$22.5 million on a football training complex complete with a 9,000-square-foot, weight-lifting area, a full kitchen, study areas, coaches' offices, locker rooms, and a barbershop. Columbia University of the Ivy League is also adding a bubble to the soccer facility on campus to create an indoor facility for training and practice during the winter months.



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the University of Pennsylvania (Penn) football team, with a capacity of approximately 30,000 seats. Since then, the facility has gone through several renovations and has been home to other Penn intercollegiate teams and even the Philadelphia Eagles. Currently, Franklin Field is the home of Penn's football and lacrosse teams, with a capacity of more than 50,000 seats. Even in the early years of intercollegiate athletics, universities participated in what is known as the **arms race**, in which they compete with one another to have the biggest or best facilities and amenities associated with their athletic programs. Review the vignette for more information about the arms races as well as early and modern examples.

The oldest Major League Baseball (MLB) facility still in use in the United States is Fenway Park (1912), home of the Boston Red Sox, followed closely by Wrigley Field (1914), home of the Chicago Cubs. These two facilities are staples in the sport facility landscape but have gone through several renovations since their inception. Both facilities followed what is known as the jewel box design, which is characterized by the two-tier grandstand; steel, wood, or concrete support beams left exposed and incorporated into the design; seats that are traditionally green; and an unconventionally shaped outfield, as most stadiums in this era were built to fit within one square city block. During this early era of baseball, several facilities were constructed across the country to host teams. In fact, between 1880 and 1920, the MLB lists more than 60 stadiums that were built. The growth in the number of teams and stadiums became a part of the American landscape during this era and was part of the great migration toward the city centers and away from the farmlands during that time.

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**arms race** As it relates to the sport event industry, the competition among sport organizations to have the best facilities, resources, revenue-generating amenities, and other event features to ensure an advantage in the marketplace.

## Trends in Sport Facilities

From this early part of the modern era until the early 1990s, stadiums were constructed and continuously maintained and renovated to remain competitive on the sport facility landscape. However, with changes in the way stadiums were funded, an increase in demand for suites and luxury seating and a rise in sport-specific stadiums, an estimated 84 percent of professional sport facilities underwent either major renovations or brand new construction since 1980 (Fried, 2010). The recent construction of Levi's Stadium in Santa Clara, California, the home of the San Francisco 49ers, may be the best example of the various reasons for the changes in sport facilities and will be used as an example throughout the following discussion to highlight these changes.

Brown, Rascher, Nagel, and McEvoy (2017) outlined the five phases of facility financing and the evolution of funding over time. Phase one was the original construction era (1880s–1910s) and all stadiums were 100 percent financed by the ownership of the sport team. Wrigley Field is the only remaining structure from this era. The transition occurred when the previously mentioned LA Coliseum was constructed in 1923. This marked the transition in which stadiums were financed with less than 1/3 of the funds coming from public financing with the balance left to the ownership group. In the 1960s, the shift to more public financing occurred with more than 80 percent of the funding for the majority of the stadiums coming from public funds, which is representative of the second phase of stadium financing (Brown et al., 2017). The beginning of the 1980s marked a quiet period for stadium construction until Miami built Joe Robbie Stadium in 1987. This development marked a bomb in sport facility development with more than 90 new facilities being constructed through the 1990s. The 2000s continued this trend of major renovations and new constructions and the majority used some public monies. Brown et al. (2017) reported of the \$21 billion spent on facility projects, public monies were responsible for \$12 billion of the costs. Currently, citizens are beginning to call into question the use of public funds for these facilities and are voting down **referendums** to increase taxes to fund their construction. For example, the city of Arlington, Texas, agreed to use a half-cent sales tax, 2 percent hotel occupancy tax, 5 percent rental vehicle tax, and \$2 million in rent per year to fund \$500 million of the proposed \$1.1 billion needed for the stadium. Alternatively, the city of San Diego selected to not fund a new stadium for the San Diego Chargers, leading to the subsequent departure of the Chargers to Los Angeles.

Sport facilities are moving further away from the “seat ‘em and feed ‘em” mentality. Stadiums and arenas alike are being filled with seating zones, play areas, and vendors to enhance the fans’ entertainment. Seating zones include the move of the luxury box seats to indoor club areas, which are complete with a bar, restaurant, and numerous televisions to keep up with the action. Another type of seating zone is the standing-room-only seats in which individuals have access to high-top tables and a full-service concession stand to use as their private space. Another alternative to traditional seating are social zones. For example, the Oriole Park at Camden Yards in Baltimore features a rooftop deck and bar. This section is behind the centerfield wall and features a great view and open seating to allow people to mingle with their “new friends.” This new social space is also occurring

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**referendum** A direct vote in which an entire electorate (i.e., voting public) is asked to accept or reject a proposal put forward by the community leadership.

more and more in soccer. Football Club Cincinnati currently plays in Nippert Stadium on the campus of the University of Cincinnati. During a recent renovation of the facility, two bump-outs were created behind the end line. This space now features an open-seating area complete with food and beverage service for individuals to host larger groups of people. The sideline experience can be found courtside as well.

As the demographics and needs of sports fans continue to evolve, stadium managers and professional sport organizations are beginning to respond to the need for connectivity. The younger generation of sport fans consider Internet connectivity equally important to basic needs of life (i.e., water, food, and shelter) and removing the ability to share their experience via their social media platform of choice limits their desire to attend sport events. Additionally, the increase in size and quality of televisions has forced sport stadiums to consider the quality of the in-stadium experience, especially when the costs are tremendously high. This has led many sport venues to increase their connectivity via wifi or cell service to allow sport fans the ability to remain connected while in stadium. In doing so, they are also developing ways to enhance revenues in the stadium, as well as collect more data on sport fans via in-stadium purchases. For instance, when you arrive at a game that is not sold out, the ticket app you used to purchase the ticket may alert you to a \$25 seat upgrade to the lower level sections. Or you may order your favorite drink and hotdog to have it delivered to your seat so that you do not miss a minute of the action. And rather than standing in a long line at the restroom, you could check the stadium app to see which

## VIGNETTE 1-2

### Changes to Parking and Transportation Services

Parking has been a point of contention for many fans over the years. The high costs associated with parking and the traffic into and out of the stadium has led many facility managers to search for new ways to improve this experience. The challenge has moved beyond having the correct number of spaces within a close distance and helping individuals to get in and out of the area quickly, however. With services such as Uber and Lyft gaining popularity, facility managers are now faced with

the challenge of cars attempting to enter the stadium area while everyone else is trying to exit. For example, MetLife Stadium introduced a partnership with Uber to create the "Uber Zone" in one of its parking lots. Complete with instructions on their website, MetLife officials outline the steps and directions to meeting the Uber driver. The relationship has also led to a sponsorship for the facility and Uber recoups some of that expense by charging individuals an extra \$5 fee for the ride.

bathroom closest to you has the shortest lines. The best change is when your favorite player scores a goal and you will be able to view the replay on the team app and share the video with your friends on social media. The challenge of all of this is creating and maintaining the infrastructure needed to ensure that the fans have the fastest and best access to the Internet. Most stadiums have turned to their communication partners (e.g., AT&T) to help them develop the infrastructure needed to maintain the level of speed needed to keep the fans entertained and engaged.

## Trends in Local Sport Facilities and Events

The arms race is not only a college sport issue. Municipalities are continuing to invest millions of dollars in developing their parks and recreation spaces to increase their capacity to host sport events. The youth sport market is the driver of this growth as countless national and international events promise large economic impact within the host community. This has led to the development and construction of mega sport complexes complete with entertainment and accommodations within the location. For example, Spooky Nook is opening its second location in Hamilton, Ohio, a city located just north of Cincinnati. This facility will feature indoor soccer fields, basketball courts, a workout facility, outdoor fields, and a hotel with restaurants. Other facilities are outlined throughout the textbook which highlights the growth in this sector.

The role of emerging sports such as eSports, drone racing, Quidditch, and others has led local organizations to turn to developing their own events and tournaments rather than focusing on winning the bid for national or international events. In doing so, this creates new collaborations in the sport marketplace. For example, universities are now housing sport commissions that are used to develop events to host in the varsity and intramural facilities during the periods in which there is limited use. Destination marketing organizations (e.g., Visitors' Bureau, Chamber of Commerce, Sport Commission) are partnering with local sport clubs and groups to assist them with the development of new events and tournaments to drive tourism to the local community. The destination marketing organizations are also becoming more savvy and including performance clauses and incentive programs to ensure that the event owners deliver on the promises made during the bid selection process.

Another major factor facing local sport events and facilities are issues with volunteers and what volunteering means to the events. A current

lawsuit, Lieberman v. Competitor Group, Inc. (management company of the rock and roll marathon series) challenges the use of volunteers for charity-related events as the competitor group obscured its for-profit status. This lawsuit may alter the definition of who should be considered an employee and who should be considered a volunteer.

While spending tax money on professional stadiums is lessening, there has been an increase of tax monies used to construct and renovate local facilities. For example, the Paco Tourism Development Council was able to pass a 2 percent increase (up to 4 percent) in hotel taxes to pay to market the county as a tourism destination and construct a new sportsplex.

*Recreation Management* recently reported that more than half of the community centers in their survey expected to engage in new construction projects within the next 3 years. The top planned features for all facility types include: Splash pads, synthetic turf fields, fitness trails and outdoor fitness equipment, fitness centers, walking and hiking trails, playgrounds, park shelters, dog parks, exercise studios, and disc golf courses. In addition to the changes in their facilities, centers also plan to add new programming such as nutrition and diet counseling, mind-body programs, sport clubs (e.g., running, swimming, cycling), and sport tournaments and races.

### VIGNETTE 1-3

#### If You Lower Prices, They Will Come and Spend Money

In 2017, the Atlanta Falcons opened their new stadium, Mercedes-Benz Stadium. Along with state-of-the-art facilities, the Falcons made the news when they announced their concession prices. A soda, which includes free, unlimited refills, cost \$2. Additionally, bottled water, popcorn, and a soft pretzel also cost \$2. A slice of pizza, peanuts, nachos with cheese, and French fries were \$3; \$5 for a cheeseburger; and a chicken tenders basket was \$6. In order to expedite the concession process, the Falcons installed 65 percent more point-of-sale checkout registers than the previous facility. There were also self-serve soda machines installed around the stadium so patrons would not have to stand in a long line for their free refill.

The gamble to lower prices paid off since fans spent 16 percent more at concessions than they did the previous season. Each home game also saw an increase of 6,000 additional fans coming into the stadium two hours before kickoff. However, the biggest change may be how the fans viewed the team. After the 2016 season, the Falcons were ranked 18th for food and beverage satisfaction. Once they launched their new concession plan, the fans ranked the Falcons 1st in food and beverage customer satisfaction in the league.

The Atlanta Falcons proved that departing from the standard way of doing concession operations was not only profitable but created a better atmosphere for fans and improved customer satisfaction. And, at the end of the day, a happy customer is a return customer.

## Scale of the Sport Event Industry

The sport event industry may be one of the most challenging industries to define because of the volume and variety of sport-event opportunities that could be included in industry estimates. For example, the sport-event industry could include something as small as a 50-person 5K (5-kilometer) fun run to raise money for a local charity or something as large as the FIFA World Cup, an event that draws more than 3 million spectators, with another 250 million watching via various international broadcasts. This example highlights two different kinds of events that will be commonly discussed throughout this text: Participant-led and spectator-led. In the first example, the 5K race is considered a participant-led event because the majority of the revenue is generated from those who are participating in the event. In contrast, spectator-led events either derive the revenue directly (e.g., tickets) or indirectly (e.g., sponsorship) from those who are watching the event.

In 2018, the Plunkett Report, a market research organization that provides annual industry reports, estimated that the international sport industry is a \$1.3 trillion industry, with annual spending of more than \$38 billion on sport-related products or services. In the United States alone, the sport industry employs approximately 5 million people in the broad categories of interscholastic and intercollegiate athletics; professional, community, recreation, and sport organizations; health and fitness organizations; and sporting goods manufacturers. Additionally, the U.S. Bureau of Labor Statistics has reported that 130,570 people work in the spectator sport industry, a small segment of the overall sport industry, with a 9.8 percent growth rate from 2002.

## Who Manages Sport Events?

Sport event management is vastly spreading from the normal professional, collegiate, and parks and recreation governing structures. For instance, chambers of commerce and visitors' bureaus have begun to invest in staff and infrastructure associated with hosting sport events to attract tourists to their communities. The National Association of Sports Commissions ([www.sportscommissions.org](http://www.sportscommissions.org)) was developed in 1992 to provide a communication network between event owners and facility owners to increase access to event information and education to best practices. Currently, the membership is at an all-time high, with more than 650 member organizations and

1,600 event owners. With this level of growth in the sport event and facility management industry, there is an increased need for individuals who can manage multiple sport events throughout the year and a need for a better understanding of the event management discipline. For instance, sport event and facility managers need a strong foundation in risk management, finance, human resource management, marketing, customer service, and project management, which leads us to the contents that you will find throughout this text.

## SUMMARY

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For more than 30,000 years, organized sport has been a component of human civilization. As humans and communities have evolved during this time, so have the sport events in which we participate and spectate, as have the facilities that we use to host those events. While the designs of our facilities have not changed much in terms of structure, the ancillary items we place inside of them and the events they host have changed considerably. The remainder of this text will outline the major components of both facility and event management as they pertain to recreational, leisure, and competitive sport events.

## DISCUSSION QUESTIONS

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1. Explain the relationship between religion and sport in the development of sport events.
2. What is the foundation of sport facilities and how have the designs and funding changed over time?
3. What role has the “arms race” played in the development of facilities in the United States?
4. Which organizations are involved in the management of sport events in your local community? University community?

## Case STUDY

### Is it Time to Renovate or Rebuild Cameron Indoor Stadium?

Duke University is a private institution located in Durham, North Carolina. With an enrollment of 6,600 undergraduate and 6,000 graduate students, it is one of the most prestigious universities in the country. Tuition runs about \$40,000 a year, making it one of the most affluent schools in the country. Located in what is known as the Research Triangle area of North Carolina, the Raleigh–Durham area has a metropolitan population of 1.5 million people and hosts several headquarters for major corporations.

(continues)

## Case STUDY (continued)

The Duke University men's and women's basketball teams play their home games in Cameron Indoor Stadium, the crown jewel of college basketball. The stadium was originally built in 1935 and was remodeled in the late 1980s.

Sports Illustrated ranked the stadium fourth on the list of the country's greatest sporting venues of the twentieth century, ahead of Pebble Beach, Wrigley Field, and Fenway Park. The stadium offers little room for concessions and no room for corporate sponsorships. Stadium capacity is 9,314, with 3,500 of those seats being bleacher seats reserved for students. To say that the stadium is antiquated is an understatement. The Board of Regents thinks a new facility needs to be on par with the other schools in the area; however, they are aware of the public sentiment for Cameron Indoor Stadium. Keep in mind that the University of North Carolina, Wake Forest, and North Carolina State all play in new, modern facilities.

### Things to Consider

Take into account that the University of North Carolina sits 8 miles away from the Duke campus, and North Carolina State is about 22 miles away. Wake Forest University is located about 80 miles away. The Raleigh–Durham area is full of graduates and fans from these and other Atlantic Coast Conference schools who would love to buy tickets and watch their school play against Duke but have been unable to do so because of Cameron's low seating capacity. Thus, in addition to the opportunity to sell more tickets to its own fans, Duke has the opportunity to sell lots of tickets to visiting teams' fans.

### Questions That Need to be Addressed

In determining the fate of the Cameron Indoor Stadium, the following questions must be addressed:

- Who pays?
- Who should pay?
- Who benefits?
- How do you finance this project?

As an agency hired by the Duke athletic department, the athletic director of the university has asked you to evaluate building a new basketball arena or a complete remodeling of the current facility. The athletic director wants you to take into account the number of seats the arena will hold and the added revenue from corporate sponsorship as well as a possible naming rights deal. In theory, a new arena would have many new areas for corporate advertising and hospitality. However, this is debatable because donors might want the new arena to have more of a "campus field house" feel (such as that found in the University of Maryland or Indiana Pacers facilities).

You will have a chance to present your proposal to the Board of Regents. The Board is split on this proposal, and it is a very touchy subject. Some feel that the success of Duke teams in the last 20 years makes this the perfect time to build an arena, while others disagree. Choose whether you would like to renovate or rebuild the arena, and answer the following questions:

1. Which part will the Iron Dukes (the athletic department's fundraising/donor group) play in the financial process?
2. What is the Basketball Legacy Fund?
3. Does the Raleigh–Durham area have the corporate infrastructure to support suite/club seat sales?
4. Would a surcharge on student fees work at Duke?
5. How many suites and club seats would you include in a new arena?
6. How would you position a capital campaign for a new stadium?
7. How many seats would this arena hold?
8. Who will own and manage the arena, the athletic department, or the school?
9. If remodeling, where does Duke play in the meantime?
10. Would the women's team continue to play in Cameron? Consider this decision from a financial standpoint.
11. Will a new facility be a recruiting advantage or disadvantage?

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# Project Management and Event Planning

Brianna L. Newland

## CHAPTER OBJECTIVES

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Upon completion of this chapter, the reader will be able to:

1. Describe the necessity of project management in the management of sport events.
2. Use project management tools to plan a successful event.
3. Outline the phases of project management and planning.

## CHAPTER OVERVIEW

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This chapter introduces project management concepts and tools to assist the sport event manager in planning and implementing the event. Concepts such as the work breakdown structure, Gantt charts, and other project management tools will be introduced.

## IndustryVOICE

Becky Griesmer—Programming and Event Manager, Greater Cleveland Sports Commission



**A**s the Programming and Event Manager for the Greater Cleveland Sports Commission (GCSC), I focus on our Youth Education Through Sports program, as well as the recruitment and management of all volunteers, supporting our mid-career professionals on the Associate Board and working with local hotels and housing for GCSC events. My interest in the sporting industry began in 2010 when I interned with GCSC and was the lead student liaison for the World School Games. I continued my path in this field through internships with the Anthony Muñoz Foundation, Greater Cincinnati Sports Corporation, Greater Cincinnati Independent Business Alliance and Xavier University Athletics Department. After graduating from Xavier University with a degree in Sports Management, I accepted a contracted role with GCSC. The position was supposed to only be for one year, but two months into the Fellowship, a new position was created, and I was hired full time in my current role.

Since 2000, GCSC has been responsible for attracting over 190 sporting events, which have contributed over \$570 million in economic activity to Northeast Ohio. Our mission is to positively impact the economy, image, and quality of life in Cleveland by hosting and managing amateur sporting events. We are a non-profit organization and a full-service sports commission with 12 full-time staff members focusing on a variety of tasks, including sponsorships, event logistics, event attraction, community outreach, marketing, communications, and funding.

Two current challenges in this area of the industry include changes in current state legislation and the increased costs it takes to run an event. As state legislation is reformed, our organization is impacted

because of the uncertainty that it places on potential funding sources on which we rely for major events. As costs continue to rise, it plays a part in the bids that GCSC prepares for event rights holders. Our goal is to put Cleveland in the best light possible, but as hotel, insurance, venue, and labor fees increase, we need to continue to find unique ways to offset these items in order to remain within the budget set forth for the event. GCSC has been able to do this by offering other resources or services that would benefit the client and offset these potential costs. For example, if labor costs are higher than normal at a venue, we would explore the possibility of utilizing staff and volunteers to work in that specific area instead.

The event industry must continue to find a way to stay current with the increased use of technology and the desire that clients have to experience unique venues. A typical ballroom may not do the trick any longer for a conference, but clients would rather look for more interactive, exclusive setups in a space that is a bit different and out of the box. Technology will continue to play a key role in the success of events, due to the inevitable change that is to come for registration processes, ticket sales, or special effects offered. GCSC has continued to stay current with these trends because we know the success of our events and industry rely on it. From a staff management standpoint, the system that we use to gather sign-ups will come out with updates that help enhance the seasonal staff member's experience. We have the option of implementing this technology, such as text message reminders or user-friendly screens, to help our team recruit, communicate, and manage the season staff's experience from start to finish. In addition, our team continues to maintain a close relationship with unique venues and settings around the Cleveland area, so that we might be able to utilize that partnership if the need comes up. We must always keep the customer in the front of

our mind and continue to highlight our area in a fun and diverse way to all visitors. Our goal is to change the mindset that people have about Cleveland, and offer groups services and the extra effort that they can't get anywhere else.

When hiring someone for an entry-level position, our organization must first establish if that person aligns well with our core values. The passion that someone displays in an interview helps highlight whether they will fit with the culture of the organization. I like to look for someone who asks thoughtful questions, can multitask, has a strong work ethic, and is determined to make a difference. I think that fresh college graduates have the tendency to think too seriously about their dream job and miss the moment that is in front of them. I believe that the skills you learn during an internship or first job are often transferable and can be carried from one role to the next. College graduates often overlook and take for granted the skills that they will learn through volunteer work or informational interviews with professionals already in the field. Many positions within my organization require one to possess the ability to think creatively, work hard, and have the team-first

mentality. A winning attitude and scrappy, entrepreneurial spirit are a few of the guiding principles that help lead the team to success.

I would encourage students to become familiar with the many different types of tools that help you to plan and assign roles to various staff members. Depending on the event, we have general volunteers who sign up for a shift or two to assist; volunteer captains, who are more of a higher-end volunteer and looked at as the liaisons between general volunteers and our staff; event crew, who are often individuals who are an extension of our staff and work the event full time; additionally, there are ticket takers, venue staff, union workers, and more. Managing all of these people takes communication and a coordinated effort among all parties (venue, event logistics, event rights holder) in order to pull off a successful event. And to do this, you need to really plan to determine how the staff will impact the overall project—the event. Therefore, it is important not only to plan for the main logistics of the event but also to know how you will assign people during the planning, initiation, execution, and breakdown of the event.

## Introduction

“The devil is in the details” expresses the idea that whatever one does, he or she should do it thoroughly—meaning that the details are important. This is an important concept to remember when planning and staging events because there is high pressure and often only one opportunity to “get it right.” Therefore, sport event managers must incorporate techniques that offer advantages and support for managing events. Project management techniques offer the sport event manager this advantage by integrating the various objectives from the event units (i.e., marketing, sponsorship, operations, and logistics) into one workable plan for the entire project—the sport event. This chapter examines how project management tools can assist the manager in the planning, staging, and implementation of a sporting event.

## Project Management

### WHAT IS PROJECT MANAGEMENT?

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**project management**

The dynamic process of organizing and managing appropriate resources in a controlled and structured manner to deliver the clearly defined work required to complete a project within the given scope, time, and, often, cost constraints.

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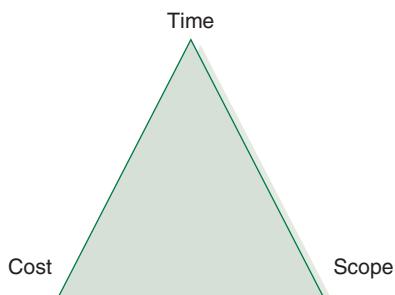
**project** A temporary and one-time venture undertaken to create a unique product with specific outcomes and benefits.

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**project triple****constraint** The cost, time, and scope constraints that impact the final quality of an event.

**Project management** is the dynamic process of organizing and managing appropriate resources in a controlled and structured manner to deliver the clearly defined work required to complete a project within the given scope, time, and, often, cost constraints (Patel, 2008; Young, 2007). Sport events, whether they are one-off, annual, or weekly, are projects. A **project** is a temporary and one-time venture undertaken to create a unique product with specific outcomes and benefits (Patel, 2008)—in this case, the sport event. An important aspect to keep in mind is that the event is a deliverable of the project management process (Allen, O'Toole, Harris, & McDonnell, 2011). The event itself might occur over a few hours, days, or even weeks, but the project management process may take place over many months, or, as in the case of the Olympic Games, many years. A misunderstanding of project management leads individuals to believe that it is merely a scheduling process. However, this is not accurate. Project management integrates all of the management tasks necessary to oversee the work before, during, and after the event has occurred. In other words, it is the planning and controlling of scarce resources to ensure a successful event (Lewis, 1998).

There are two main challenges of project management. The first challenge is to ensure that the event can be delivered within the defined constraints (i.e., time, cost, quality, and scope). Known as the **project triple constraint** (Allen et al., 2011), each constraint cannot be altered without impacting the other sides of the triangle and, in the process, the *quality* of the event (see **Figure 2-1**).



**Figure 2-1** The Project Triple Constraint

The *scope* of the project includes **project outputs** necessary to produce the final product (the event). The *time* constraint refers to the amount of time allotted to complete the project. Since sport events are bound by a specific date, when the project runs behind schedule, cost and scope are (often negatively) impacted. The *cost* constraint refers to the amount of money budgeted to complete the project. If the scope of the project falls behind schedule and a sport event manager does not want to affect the event quality in any way, costs will go up considerably. Most sport events are greatly bound by costs, especially in the initial planning stages. This challenge impacts participation sport events that rely on registration fees to finance the event, which can be inconsistent and delayed. Events cannot rely on teams and/or individuals to sign up for the event a year, or even months, in advance. The reality is that many register for events as they draw closer.

Take, for example, a softball tournament. Much of the planning and coordination begins many months (and even a year) before the team registration fees begin trickling in. Therefore, sport event managers must carefully forecast a budget that takes into consideration not only the project outputs but also *when* the money will be accessible. Marketing expenses are frequently required early in the implementation stage. By building relationships with key vendors, event managers can defer payment until after the event in order to avoid up-front expenses. The ability to delay payment is key when the money is not immediately accessible. It requires the building of trust between the event manager and vendor to ensure delayed payment.

Changes to the other two sides of the triangle could be very detrimental to the costs associated with the event. If an event falls behind schedule and containing costs is a concern, scope—and the quality—will be compromised. The scope involves the planning, coordination and implementation of the sport event. Project management tools help to prevent delays that can be costly and impact the quality of the event. Let us return to our softball tournament example. Perhaps in the planning stage the event manager had planned to hire a DJ to entertain the spectators and players in the common area between games. However, the event planning has fallen behind schedule and costs have gone up. The event manager can no longer pay the \$1,500 to have the professional DJ perform on the weekend of the tournament.

**project outputs** The transformation of resources (human, financial, physical) into new assets through a defined deliverable.

### TIP

First-year and one-off event budgets are very difficult to forecast. Do your research early! Call multiple vendors and suppliers of your event equipment and ask for detailed bids. Not only will this provide you with a picture of your expenses but it will also give you an opportunity to negotiate better prices.



However, with a little creativity, the event manager is able to secure a university student and amateur DJ for a fraction of the price, \$600. This quick thinking allows the event to still provide entertainment, but the quality will be compromised, if we assume that the amateur does not have the skills and expertise of the professional DJ.

The second (and perhaps more ambitious) challenge is the proper allocation and assimilation of the inputs (e.g., people, money, time) needed to meet the objectives of the event (Patel, 2008). Project management tools help the event manager to systematically define the tasks necessary to meet overall objectives, delegate those tasks to the right people, allocate financial resources appropriately, and coordinate when the tasks must be completed. Project management accounts for elements that are not usually found in ongoing management of typical organizations. Events have a specific end date, budget, and deliverable (the event itself) that cannot be improved upon (Allen et al., 2011). While conventional products are continuously updated and improved based on consumer feedback, events do not have that same luxury. An event must produce its best product the first time, especially if it's a one-off sport event.

## VIGNETTE 2-1

### The 2016 Rio de Janeiro Olympic Games

The 2016 Rio Olympic Games were beset with a number of expensive obstacles throughout the planning and staging phases that nearly compromised the event to the point that the state government of Rio declared a “state of public calamity” just 50 days from the start of the Olympics (Bowater, 2016). Besieged by a fall in oil prices, the country suffered from a major decline in public revenue that threatened Brazil’s ability to honor its Olympic commitments. Suffering from severe

construction delays, delays in the depollution of competition venues, the failure to secure proper environmental licenses, a rise in tourist crime, disputes between drug traffickers, and a collapsed bicycle path that killed two people, it is a wonder that the Games occurred at all. These delays and complications did come at a price; the state owes the Brazilian government \$21 billion and another \$10 billion to public banks and international lenders (Barbara, 2016).

## Phases of Project Management

A main aim of project management is to control risk and potential failure by providing a clear direction that aligns with the strategic goals and objectives for the event. The management of the sport event will pass through a number of phases, each of which will include a number of tasks that yield a deliverable that sparks the next phase. The number of phases varies by industry, but most disciplines that utilize project management tools agree on five core phases: Initiation, planning, implementation, monitoring, and shutdown (Patel, 2008; Young, 2007). Additionally, the International Event Management Body of Knowledge (EMBOK) [2006] has conceptualized a four-dimensional depiction of the phases, processes, and core values that feed into the domains necessary to create and deliver sport events. This conceptualization is adapted in **Figure 2-2**.

## The Processes

The processes are sequential and iterative systems that recognize the dynamic nature of events. The first of the processes is **assessment**, which includes *identifying* and *analyzing*. As an event manager begins to assess the needs for the event, he or she must identify all of the elements in each phase and domain. The analysis of these elements facilitates the prioritizing of an element and supports predictive capabilities when forecasting (Rutherford Silvers, 2004).

The next of the processes is **selection**, which is the decision-making point. An event manager must not only choose the tactics necessary to complete the task or goal but he or she must also assign the resources to carry out the task. Assigning key staff to specific tasks, determining the financial cost to complete the event outcomes, and giving authority to carry out the work are all part of the selection process. The third process is **monitoring** (not to be confused with the monitoring element of the phases), which is the systematic tracking of the progress of a task. The monitoring process is iterative and might require a team to reassess and select new tactics.

**Documentation** is the fourth process, which involves recording, reporting, and maintaining assessments; analyses, monitoring reports, and other records that provide valuable data to build upon during the current event; and future improvements for the next event. Finally, **communication** is final and the most vital component of the processes because it requires

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**assessment** Identifying and analyzing the environment to assess the needs of the event.

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**selection** The decision point of the planning process.

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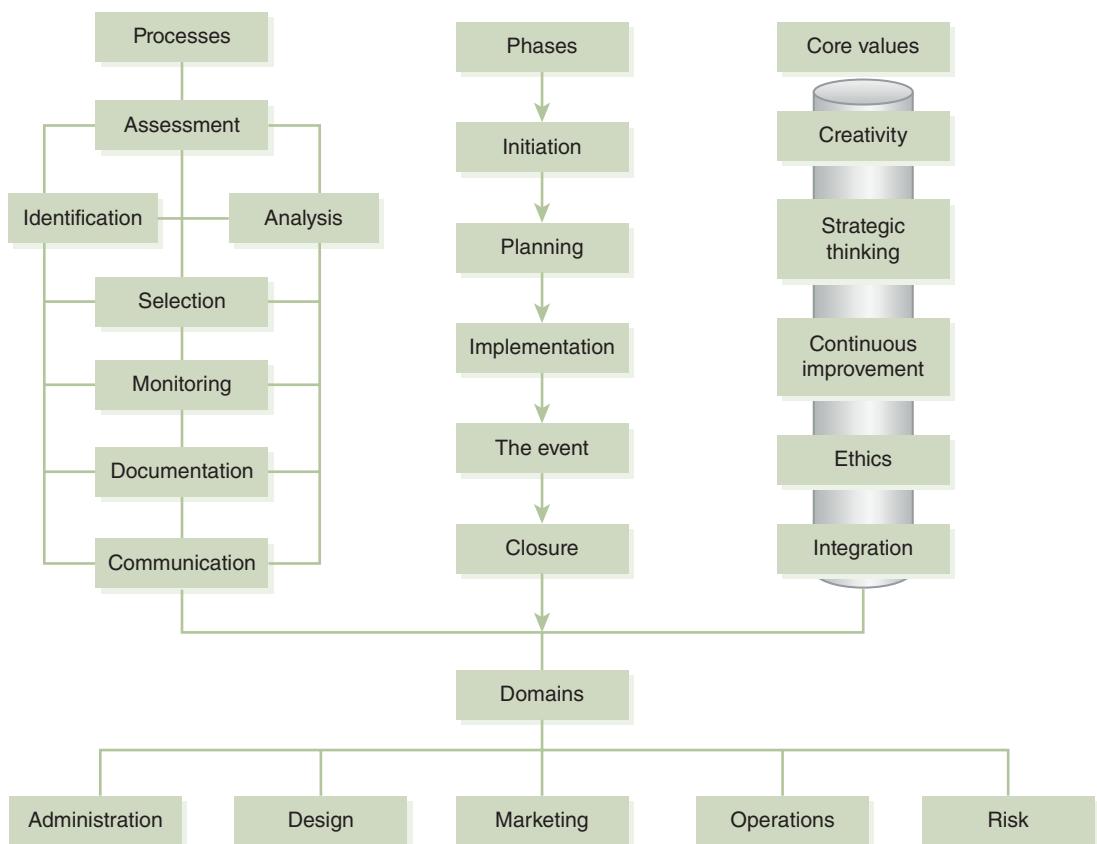
**monitoring** The systematic tracking of the progress of a task.

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**documentation** Recording, reporting, and maintaining assessments of progress in order to collect valuable data for current and future event processes.

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**communication** The open and transparent channels of discussion about the processes.



**Figure 2-2** EMBOK Model for Event Management

Modified from International EMBOK Executive ([www.embok.org](http://www.embok.org)), 2006.

timely acquisition and distribution of information for decision-making and execution of tasks required to achieve event product outcomes (Rutherford Silvers, 2004).

## The Phases

**initiation phase** The stage in event planning that allows sport event organizers to define the event, set objectives, and determine the sport event's feasibility.

The phases highlight the critical nature of time in the event project. First and foremost, the sport event requires direction. The **initiation phase** allows sport event organizers to define the event, set objectives, and determine the sport event's feasibility. Many events are unsuccessful because inadequate information collection in the initiation phase leads to unclear goals and objectives, unrealistic resource and time estimates, and changes to objectives

midproject (Zarndt, 2011). Furthermore, if you are seeking financial assistance for the sport event with a bank loan, a bank will most likely require a detailed feasibility study before granting funds (Lock, 2013). In the initiation stage, a feasibility study will detail the viability of a sport event and the managerial requirements necessary to deliver it. This report may also detail date and venue suggestions, an assessment of competing events operating within the host location, potential sponsors, market research identifying potential customers and sponsors, a draft budget, identification of key stakeholders, and, in some cases, the potential social, political, and environmental impacts (Allen et al., 2011). A thorough feasibility study will include alternative configurations of the sport event to enable a variety of options prior to the planning phase. The end of the initiation phase is often marked by a red or green light to continue to the planning stages. **Table 2-1** identifies the areas by domain to explore feasibility of a sport event.

One very important area on which to focus the feasibility study is the financial concerns, under the risk domain. A good event manager should know whether an event is financially feasible prior to green-lighting the event. To determine what financial risk exists, a breakeven analysis should be conducted using the breakeven equation,  $EBIT = \text{Fixed Costs} / (\text{Registration Fee} - \text{Variable Costs})$ . This equation is an incredibly useful way to examine the number of attendees (or registered participants, if you are running a tournament, for example) required for the event to break even. The key to a strong analysis is to accurately predict all of the operational expenses involved, both variable and fixed.

### TIP

Event Registration Fee: \$150.00

Variable costs per competitor:  
\$95.00

Total Fixed Costs: \$15,000

$15,000 / (150 - 95) = 272.7$

You need 273 participants to register for the event to break even.

**Table 2-1** Feasibility Areas by Domain

Administration	Design	Marketing	Operations	Risk
<ul style="list-style-type: none"> <li>Expertise of staff</li> <li>Resource viability: Draft budget, staff requirements</li> <li>Identification of key stakeholders</li> <li>Timeline for project completion</li> </ul>	<ul style="list-style-type: none"> <li>Event date and venue</li> <li>Location accessibility</li> <li>Program and production viability</li> <li>Environment capability</li> </ul>	<ul style="list-style-type: none"> <li>Competing events</li> <li>Market research</li> <li>Customer identification</li> <li>Sponsor identification</li> <li>Promotion, public relations, sponsor capability</li> </ul>	<ul style="list-style-type: none"> <li>Managerial requirements</li> <li>Venue/infrastructure capability</li> <li>Social, environmental, political impacts</li> <li>Technical capability</li> </ul>	<ul style="list-style-type: none"> <li>Social, environmental, political impacts</li> <li>Financial concerns</li> <li>Operational concerns</li> <li>Legal concerns, insurance</li> <li>Security</li> </ul>

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**planning phase**

The proactive and dynamic stage in event planning in which the various suggested options suggestion in the initiation phase are reviewed for the best course of action and preparation of the event.

This can be very difficult for a first-time event that does not have a financial history. In this case, strong budget forecasting and obtaining accurate bids for the event expenses are critical. When considering event revenue streams, an event manager should not only consider direct event revenues (such as participation registrations) but also the supplemental revenue-generating options such as concessions, auxiliary event ticket sales, sponsorship, memorabilia, etc. The revenues will be projected based on a per-unit average.

In the **planning phase**, the various options suggested in the initiation stage are reviewed to determine the best ones, and the planning begins. Planning is straightforward and can be considered a process of asking questions (Young, 2007), such as:

- What actions need to be taken?
- When will these actions occur?
- Who is going to take on these actions?
- What resources (including human, financial, and supplies/equipment) are required for these actions?
- Is there a bid submission requirement?
- Is there demand for such an event?
- How many staff and volunteers are needed to execute the event?

The answers to these questions can be used to develop a project form that is completed in order to reduce risks and uncertainty, establish standards of performance, provide a structure and procedures for executing work, and serve as a means to obtain required outcomes (Young, 2007).

**Figure 2-3** is a sample work plan form that can be used in the planning and implementation stages. A different form can be used for various stages throughout the preparation process.

The planning stage is dynamic and continuous, and sport event managers must remain proactive and diligent. It is wise not to plan all the details at the outset to avoid reworking the plan and wasting valuable time. Furthermore, it is important to identify the key workers who will be involved in the planning process. The planning team should cover all of the previously mentioned domains to ensure well-balanced skills and expertise. Additionally, there are a number of factors, both internal and external, that can have a massive impact on the outcome of the project.

External factors lie outside of the organization's and sport event manager's control but can have a profound impact on the event—including

Work Plan Form										
Event Name:		Give the plan a start and end date for the stage. Confirm critical dates and amount of float (if any).								
Event Manager:										
Project Coordinator:										
Scheduled Stage Dates:		Start:	End:	Critical?	Float				WBS Code	
Line No.	Task Description	Duration: Hrs/dd/wks	Float	Responsible Party	Budgeted amt	Plan start date	Actual start date	Plan end date	Actual end date	
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
Prepared by:		Revision			Date	Initials				
					1.					
Date:					2.					
					3.					
Acceptance/Records					4.					
Project Manager:					Date:					
Key Stage Project Coordinator					Date:					
Ensure work plans are signed off as a commitment from managers.							Maintain a record of revisions & reissues.			

**Figure 2-3** Example Work Plan

cancellation. *Acts of God* include extreme weather (e.g., hurricanes, devastating storms, heavy snow/blizzards), and earthquakes. *Fiscal policy* can impact an event when the national government modifies or enacts policy changes on taxation and other financial measures, such as choosing to abandon a government-funded event. An event can be impacted by *statutory regulations* when national or local government imposes new legislation. Such regulations can be particularly important for events that occur in foreign countries, which can be impacted by international, foreign, and local law.

The internal factors are within the sport event manager's scope of control and are likely to affect the staff and project day to day (Lock, 2013). While these factors are internal, at times, the sport event manager might not have authority or power to control them. In this case, the effect on the outcomes can be more detrimental. Proper planning should promote efficient work and maintain the project management triangle elements (time, scope, and costs), thereby saving the staff from the frustration of overcoming crises caused by poor planning (Lock, 2013).

### implementation phase

The execution of the event plans.

The third phase is the execution, or **implementation phase**, of the event plans. Each domain will have a specific plan that contributes to the overall event plan that must detail how and when the work will be completed (Young, 2007). For example, to attract attendees to the sport event, the marketing plan is executed in the early stages of implementation and most likely long before other plans, such as the event execution plan. One positive outcome of a successful marketing plan is a high number of event attendees, which will affect the logistics plan and the resources necessary to execute it. Thus, all domains must remain in close communication, as decisions are based on the comparison of plans and reality. One way to ensure that everyone stays on the same page is to use the work plan form (review Figure 2-3). Once the work plan is complete, managers can confirm that all tasks meet the following conditions (Young, 2007):

- Are assigned to someone who will take appropriate action
- Have financial resources allocated to them (if necessary), which allows for monitoring control over budget and spending
- Are realistic and achievable given the time constraints

This stage is marked by high activity and requires strong, effective communication among the event team members. There is the possibility that managers will need to revisit the planning stage in light of major problems or changes to the event program (Allen et al., 2011). Poor communication during this stage can lead to a major source of conflict and work slippages.

### monitoring and control system

The controls that are implemented to ensure that performance standards are achieved as the sport event is executed.

**Monitoring and control systems** are implemented to ensure that performance standards are achieved as the sport event is executed. According to Young (2007, 2013), there are three operating modes:

- Measuring, which determines progress through formal and informal reporting

- Evaluating, which determines the cause of deviations from the plan and how to react
- Correcting, which involves taking actions to correct the deviations from the plan

The overall event plan and schedule will dictate how and what objectives are to be met. The job of the sport event manager, then, is to regulate the activities and resources to achieve the results defined by the plan (Young, 2007). Because the event environment is dynamic, a great deal of flexibility is necessary in the planning stages, but the execution and monitoring of the event should be systematic in order to achieve goals (Van der Wagen & White, 2010). There are a number of reasons why events fail, including failure to plan, external factors, incompetent staff, poor control of costs or lack of income, and lack of leadership. Monitoring and controls can help safeguard the organization and assist in achieving a successful event.

The best controls are simple and provide risk prevention and feedback on progress (Van der Wagen & White, 2010; Young, 2013). Preventive controls are established in the planning stages and continue into execution. For example, requiring that only key staff be authorized to sign purchase orders or requiring that all purchase orders be signed by a superior prior to purchase can help to curtail unauthorized spending. Also designing a checklist for event setup would serve as a preventive control *and* a feedback control. As the checklist is completed on event day, it can serve as a way to document missing activities and/or other information. Feedback controls can assist with decision making during an event by allowing an event worker to evaluate a situation and make a decision. For example, perhaps during a warm-up session, the athletes relay an issue with the equipment. The event staff can implement a preventive measure to alleviate the problem prior to competition starting.

The last stage of the project is the **closure or shutdown** of the event, and it, too, must be carefully planned. Management of attendees' departure,



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#### **closure/shutdown**

The final stage of event planning to ensure that nothing is lost, equipment is returned properly, and the flow of those involved occurs seamlessly.

**domain** As used by the International Event Management Body of Knowledge, a division of the labor required at an event.

**administration domain** The event management domain that includes the finance, human resources, information, procurement, stakeholders, systems, and time elements of an event.

**design domain** The event management domain that contains the event's content, theme, program, environment, and production, entertainment, and catering needs.

removal of equipment, and event cleanup can take a great deal of time and effort. Shutdown requires proper planning and execution to ensure that nothing is lost, equipment is returned properly, and the flow of those involved occurs seamlessly. Shutdown is the most forgotten element of the project (Allen et al., 2011). Like the planning and execution stages, shutdown should include a work breakdown structure, task and responsibility checklists, and a schedule, which is subject to risk analysis (Allen et al., 2011). Items and equipment should be inventoried as they are packed up (especially small items like walkie-talkies) both to ensure that nothing is lost and in preparation for the next event. Proper coding and organization of equipment will not only ensure that the details are organized for the next event but they can also help with the closeout of contracts and bills to vendors and suppliers.

## The Domains

According to EMBOK (2006), the **domains** can be further divided to provide greater detail for the management of the event. For example, the

**administration domain** includes the management of finance, human resources, information, procurement, stakeholders, systems, and time. The **design domain** contains the event's content, theme, program, environment, and production; entertainment; and catering needs. The **marketing domain** is composed of the event marketing plan, marketing materials, merchandise, promotion, public relations, sales, and sponsorship. The **operations domain** consists of communications, event infrastructure, logistics, the venue, technical needs, participants, and attendees. Finally, the **risk domain** involves compliance issues, emergency plans, health and safety plans, insurance needs, legal concerns, security needs, and any risk-related decisions. These domains could easily represent the departments that are developed to manage the sport event and provide an organizational structure. However, because smaller events do not have the financial or human resources to cordon off these domains into departments, typically, a small number of staff members



must work within all of these domains. Therefore, it is important to organize the work by domain to ensure that the tasks necessary to complete the project and deliver the event are completed.

Each domain will have tasks specifically associated with the particular phase at hand. Some domains may depend on the other domain in order to begin or complete work. For example, it is important that the event stakeholders are clearly defined by the administration domain prior to the marketing domain developing the materials directed to stakeholders. Another possibility is that one domain could potentially move through one phase faster than another domain, which can create chaos if not properly managed. Going back to the stakeholder example, developing the marketing materials before the stakeholders are properly defined could lead to the costly consequence of having to revise or redo materials. Project management tools provide useful communication tools and processes to ensure that each domain communicates openly at each stage, while keeping the domains on track to deliver a successful event. Planning by stage will also keep the tasks organized for each domain. The stages of event planning are initiation, planning, implementation, monitoring, and closure/shutdown.

## WORK BREAKDOWN STRUCTURE

The **work breakdown structure (WBS)** is simply the project tasks broken down into manageable parts. Once the scope of the event has been defined, the WBS allows the work required to deliver the event to be visually categorized and communicated to the staff (Allen et al., 2011). The WBS allows the numerous tasks to be aggregated under specific categories in order to better manage the large scope of work. For example, the tasks related specifically to the marketing plan would be grouped and presented on the WBS as “Marketing.” Once completed, the WBS resembles a hierarchical chart, with the event itself at the top and the major activity flowing down the chart (Shone & Parry, 2010).

## GANTT CHART

A **Gantt chart** is a bar chart that illustrates the various tasks that must be completed in a time-sequence order (Shone & Parry, 2010). The Gantt chart

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**marketing domain** The event management domain composed of the event's marketing plan, marketing materials, merchandise, promotions, public relations, sales, and sponsorship.

---

**operations domain** The event management domain that consists of communications, event infrastructure, logistics, the venue, technical needs, participants, and attendees.

---

**risk domain** The event management domain that consists of compliance issues, emergency plans, health and safety plans, insurance needs, legal concerns, security needs, and any risk-related decisions.

---

**work breakdown structure (WBS)** Project tasks broken down into manageable parts.

---

**gantt chart** A bar chart that illustrates the various tasks that must be completed for the event in a time-sequence order.

displays the details of the work to be completed for the WBS and can be created using the following components (Allen et al., 2011):

- *Tasks* break down the work involved into manageable activities
- *Timelines* set the time scale for each task. Factors to consider are the start and end time and the availability of the assigned resources (both human and financial)
- *Priorities* set the order of important items and identify what tasks must be completed prior to the current task starting
- *Milestones* assist in monitoring the event. Tasks that are of particular importance are designated as milestones

The benefit of this chart is that the tasks are displayed interdependently. One can easily see when a task is to start and end, the progress to date, and which tasks are dependent on one finishing prior to another beginning. A limitation is the inability to visually track resource (staff) workload. While some software programs do allow the event manager to assign resources to tasks, these resources do not appear on the Gantt chart. Therefore, it is difficult to gauge the workload of each resource visually. More sophisticated programs will have a means for monitoring workload, but they will not appear in this chart.

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**program evaluation and review technique (PERT) chart**

An illustration of the tasks, duration, and dependency information, which can be useful in defining the critical path for the project.

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**critical path** An analysis of the most efficient scheduling of tasks and subtasks.

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**run sheet** A detailed schedule of the sequencing and timing for each element of the event.

### **PROGRAM EVALUATION AND REVIEW TECHNIQUE CHART AND CRITICAL PATH**

The **program evaluation and review technique (PERT) chart** illustrates the tasks, duration, and dependency information, which can be useful in defining the **critical path** for the project (Van der Wagen & White, 2010). The PERT chart allows for a series of subtasks to be analyzed to find the most efficient scheduling, or the critical path (Allen et al., 2011).

### **RUN SHEETS**

The **run sheet** is vital for the execution of the event, as it is for the program, or schedule, of events (Van der Wagen & White, 2010). The run sheet will detail the timing for each element of the event schedule and provides correct sequencing and timing of those elements. Sequencing in the run sheet will specify the order of actions, while timing will identify when the action will commence (Van der Wagen & White, 2010).

## CHECKLISTS

The **checklist** is an indispensable control tool that the sport event manager uses to ensure that each individual is performing all tasks essential to the success of the event. Checklists serve as preventive control during the planning process to account for the specific tasks prior to the event. Additionally, they are feedback control during the event as a recordkeeping process in order to prevent problems and serve to reduce risk, should plans go awry (Van der Wagen & White, 2010).

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**checklist** A preventive control tool that ensures that each individual is performing all tasks essential for the success of the event.

## FLOOR PLANS AND FLOW DIAGRAMS

**Floor plans** illustrate where equipment or items are to be placed within the event venue. These plans are integral in the proper ordering of equipment based on attendee numbers and in determining whether the venue has the space to accommodate the event design and occupants. **Flow diagrams** are a graphic representation of how attendees will move through your event and venue. These diagrams ensure that queues are held to a minimum, thereby avoiding line backups; display how attendees will enter and exit the venue or event areas; and can determine and mitigate potential areas of risk due to an emergency or other problem. Flow diagrams are especially important for high-traffic areas, such as routes from the parking locations, areas where high numbers will congregate (such as registration or ticket queues), and regions where space is limited or dense.

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**floor plan** An illustration of where equipment or items are to be placed within the event venue.

---

**flow diagram** A graphical representation as to how attendees will move through the event and venue.

# Tools of Project Management

## SOFTWARE

Make good use of technology. There are a number of project management programs that offer free online software. Furthermore, there are a number of computer software programs that provide a link to a mobile phone application so the sport event manager can easily navigate from computer to tablet to smart-phone, depending on location and accessibility. Much of the current software and web/mobile applications are excellent for planning a sport event; however, due to the dynamic nature of an event, some programs are limited in their usefulness. While there are a number of options available on the Internet, only a few examples and their functionality will be discussed here.

**Smartsheet.** Smartsheet is a cloud-based tool that allows teams to interface on complex projects in a simple and easy format. Managing projects with the use of Gantt charts, automated workflows, and resource management.

Teams can work in real-time, accessing their tasks, files, and calendars from any device. While this tool is not free, it does offer more functionality than other tools in its category. For more information, visit [www.smartsheet.com](http://www.smartsheet.com).

**Wrike.** Wrike is a project management tool that enables teams to collaborate the platform. The tool offers live editing and file management so teams can see changes in real-time. It also enables Gantt charts to visualize the project schedule as well as resource management allocations and time/budget tracking. Unlike other tools on the market, Wrike offers a free individual tool for teams of five or fewer. More information on this tool can be found at [www.wrike.com](http://www.wrike.com).

**monday.** monday is a visually driven project management tool that enables teams to simplify how the team works by managing workload in a more visual platform. This tool requires that you create a board (i.e., project) for the team to track workload. Projects, tasks, missions, and simple to-dos can be easily assigned to team members, where the exact status can be tracked easily and clearly. Like the other programs, monday allows for the creation of Gantt charts and other visuals. More information can be found at [www.monday.com](http://www.monday.com).

These are just three examples of many. A quick search of project management tools reveals hundreds of free and paid options. Other popular options include Microsoft Project, Asana, Slack, Trello, Basecamp, and Teamwork Projects. These are just a few examples and there might be a better option for your event management team.

## SUMMARY

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Because the sport event contains the characteristics of a project, the traditional tools of project management prove incredibly useful to the sport event manager. Project management can offer structure to the sport event and allow for detailed planning, monitoring, and evaluation. Event managers can benefit by using tools such as the WBS and Gantt charts to analyze, categorize, assign, and implement the sport event plan.

## DISCUSSION QUESTIONS

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1. Discuss why project management is vital for a successful event. Provide a brief overview of three different technological tools for project management. What tool would be the best for your team, if you were an event director. Why did you choose this tool?
2. Discuss the stages of event planning and describe how resources might be assigned for the development of a three-day, three-on-three basketball tournament.
3. Describe the domains of event management and the main duties of each area. Why is it important that each domain be designated for an event?

## Case STUDY

### Staging Events with Multiple Venues

The logistics of planning and staging a multivenue sport event is no easy task. There will be a number of elements that are compounded by the additional venues, including, but not limited to, scheduling, human resources, equipment resources, communication between venues, security within and between venues, and additional traffic/parking challenges (especially if athletes/patrons require shuttling between venues). The following case introduces the challenges faced when staging a multivenue sport event.

You are the new event director for the inaugural State Games in [the city and state of your choice]. As the newly appointed director, you are tasked with organizing the venues and equipment as well as the schedule for the week-long event. As the schedule is developed, consider the following.

A total of 25 sports have been included in the program. These include:

Archery	Flag football	Tennis
Badminton	Golf	Track and field
Baseball	Racquetball	Triathlon
Basketball	Rowing	Volleyball
BMX racing	Skateboarding	Weightlifting
Bowling	Softball	Wheelchair basketball
CrossFit	Sport skydiving	Wrestling
Diving	Swimming: Indoor	
Fencing	Swimming: Open water	

Note: These listed sports do not include all of the available events. For example, swimming offers a number of sprint- and long-distance, as well as relay, events. Take this into consideration when developing your schedule and staging plan.

- The games are inclusive of all ages and ability. You must decide the age divisions as part of the scheduling process. The games allow any athletes from 12 to 100 years of age to compete.
- The games offer three competitive levels: Novice, intermediate, and advanced.

You may find it helpful to review the Cornhusker State Games website as a resource as you work through this case: [www.cornhuskerstategames.com](http://www.cornhuskerstategames.com). Using what you have just learned in the chapter about staging and implementing events, develop a plan and schedule for the State Games. Be sure to include the following:

1. The city and state chosen to host the games.
2. A list of venues and the sports they each will host. This list must be realistic and based on the venues available in the city you chose in Question 1. The venues should also be illustrated on a map, along with parking availability and shuttle transport pickup/drop-off points (if relevant).

(continues)

### Case STUDY (continued)

3. The complete schedule for each venue over the weeklong event, detailing the following specifically:
  - a. The type of competition for each sport (e.g., tournament vs. head-to-head) [All sports will have different competition needs.]
  - b. The schedule breakdown by age group and level
  - c. The resources needed at each venue (e.g., numbers of officials, volunteers, staff)
4. Your overall plan for the staging implementation of the event:

a. Operations and logistics	d. Financial resources
b. Equipment needs	e. Other
c. Human resources	

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# Facility Design and Construction

Michael Newland and Brianna L. Newland

## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

1. Describe the process of facility design and construction.
2. Demonstrate proficiency in the interrelated steps involved in planning, programming, site selection, and designing.
3. Discuss the estimating and bidding processes and the construction of the facility.

## CHAPTER OVERVIEW

This chapter will explore the elements of sport facility design and construction. Facility development starts with a plan, which creates a program that defines the site selection, develops the drawings, constructs the facility, and progresses through a set of interrelated steps until the product is completed. This chapter will outline the main components of this process, including feasibility studies, site selection and evaluation, planning and design, the estimation of construction costs, the bidding of the work, and the construction process. Green construction, design, and issues will also be addressed in this chapter.

## IndustryVOICE

Franzter LeBlanc—Director of Events and Operations, University of Maryland Baltimore County (UMBC) Event Center



**A**s the Director of Events at UMBC, I oversee all planning of events, the daily operations of the arena, event estimates and settlements, facilities maintenance, as well as supervising the negotiation and execution of service contracts. I manage four full-time

employees—an event manager, operations manager, building engineer, and AV manager—and I am also responsible for building and maintaining relationships with a variety of service providers.

I started my career at American University; first as an intern and then as the facilities and operations coordinator. After one year, I left American University for Wagner College, where I pursued and earned an MBA in Management. At Wagner, I worked as a facilities and operations intern and was quickly promoted to Director of Outside Facilities and Game Operations. After two years at Wagner College, Hofstra University hired me as an Assistant Director of Facilities and Operations. At Hofstra, my main responsibility was to run the day-to-day operations of the football stadium and adjacent fieldhouse. It was here that I first gained experience managing concerts and shows. After eight years at Hofstra, University of Delaware hired me—first, to serve as the Assistant Athletic Director for Facilities and later as an Assistant Athletic Director for Bob Carpenter Center Operations and Events. After three years at Delaware, I found myself in my current role as UMBC where I have had the opportunity to open a brand new sport arena.

My job at UMBC is unique in that, while I work at the university, the arena is privately run by Pinnacle Venue Services (PVS). PVS helps make the UMBC arena more profitable, efficient, and safer for its customers and employees. With that being said, PVS is a for-profit

organization and, as such, the venue must continually find ways to limit the days that the building is not in use. To do this, I creatively attract events with rental deals and I sign smaller events to ensure that the facility stays in consistent use. The small events are very important because they can be profitable! This is because the small event tends to not require high expenses, so we are able to capitalize on that. Other challenges I face are those related to safety and security. While the standard practices of metal detectors and bag checks are used to ensure safety, I must also consider security issues due to how the venue is positioned. The arena has a plaza section that is highly accessible and, in fact, is connected to a campus street. This could pose a danger to pedestrians and patrons if a car should enter this space. Therefore, I must ensure that police vehicles block the car access directly to the arena.

When I consider new trends in the industry, three major areas immediately come to mind: (1) the fan experience, (2) safety and security, and (3) technology.

### FAN EXPERIENCE

Throughout this industry, I have found that venues and organizations constantly seek ways to improve the fan experience to attract more customers in this ultra-competitive business. Unlike 20 to 30 years ago—when patrons based their entertainment decisions on loyalty to a brand, venue, or team—event attendees are more concerned with how far that entertainment dollar will stretch. They also tend to choose experiences over brand loyalty. Most decisions for new constructions and renovations focus on enhancing the game experience. The best example of this is the Jacksonville Jaguars and University of Central Florida. In an effort to create new experiences for their guests, both of these organizations actually *removed seats* from their respective football stadia during their renovation

projects. EverBank Stadium (Jaguars) built cabanas and two swimming pools. And now, the poolside experience has become the most sought-after ticket for the Jags and quickly sells out for each game. At UCF, the football stadium renovations replaced the bleachers with mid-level cabanas. This project was so successful, UCF recently removed *more* seats and created additional mid-level cabanas to meet the demand for this new in-stadium experience. These are just a couple of examples of how decision making has changed to enhance the fan experience in sport. There are so many innovative ideas being implemented across the country from improved courtside experiences, end-line suites at college basketball games, programmable LED lights, and so much more.

## SAFETY AND SECURITY

Unfortunately, at this time, we have to protect our venues and guests from the threat of terrorism. In the last two to three years, sports and entertainment venues and events have become potential targets for terrorist activity. As a result, security measures continue to change each year. Every major sport venue has walk-through metal detectors at the doors and has a clear bag or no bag policy. Additionally, there are social media security teams that review mentions of the sport event or venue as a way to track threats. At most outdoor stadia, there are no-fly zones due to the increased sales of commercial drones. Some venues have installed software that enables the security team to take over drones entering the no-fly space and send them back home. Many of the Power Five conferences have installed the same measures to avoid becoming a soft target for a terrorist threat. I imagine that within the next five years, most colleges and universities across the country will have the same security standard at their events.

## TECHNOLOGY

Most of the new facilities on the market now provide a venue app that patrons can download. These apps

provide directions to the facility and, once arrived, the seats. They have a concessions tool that allows the customer to order food that is delivered to the seats and provides game-day information. Venues also spend a significant amount of money on the wireless systems throughout the venue to ensure that each guest can connect to his or her favorite social media apps. Technology is dynamic and ever-changing, and it is added and updated regularly to ensure that the customer receives an unforgettable experience.

I need good people who have diverse skillsets. When I hire an entry level position, I look for the following traits: (1) Experience—not work experience per se, but your overall experience. I want to see if this person was serious enough during his or her time at school to pursue any experience and learning prior graduation. This shows me that the candidate is serious about the field and is invested; (2) Ambition—I hire based on potential. I want to know if this person has a plan for his or her career. I want an entry level employee to see this job as a jump start to their career and not the last step. Why is this important? Because entry level positions are hard work with low pay. I want someone who maximizes that opportunity to prepare them for the next step; (3) Sponge mentality—I look for people who want to learn about their job but who are also curious about other positions and want to discover the overall picture. This is the time when this person can start to identify his or her own leadership styles based on what he or she sees and start to understand his or her strengths and weaknesses. To do this, the person must have the mentality to soak up everything good and bad about the organization; and (4) Cultural fit—I hire people who are humble. People who pitch in to help regardless of their position. I look for team players who want to get the job done. Most importantly, I want people on my team who will treat the general manager (GM) and the custodians with the same respect and not view themselves as being better than anyone else.

I have two major concerns about new graduates. The first is a lack of diverse experiences on their resume.

(continues)

## IndustryVOICE (continued)

Again, I do not mean full-time job experience. I see college students attempting to gain work experience in their senior year of school only. It's rare to see students taking advantage of volunteer hours to build a resume during college. Get involved early! Go volunteer as a freshman; value those experiences—they matter! Try different things. So, you want to be in professional sports? Ok, but try other areas of sport. It will broaden your knowledge and understanding. The second concern is attitude. I think that this has more to do with the culture in which we now live. No one wants to start at the bottom. Everyone has a dream to become the next GM, but they fail to realize the value that comes with starting at the bottom and moving up. Make connections and find mentors in the field who can help you build your career. Learn from their successes and, more importantly, from their mistakes. Ask them questions about how they got to their positions and use them as a resource so that when you are about to graduate, these individuals can become advocates for you as you are trying to get your first job.

Learn as much about the business as possible. A person in my position needs to have at least an overview if not direct knowledge of custodial management, mechanical designs and maintenance, event operations, collegiate athletic rules and regulations,

basketball court designs and maintenance, budget oversight, negotiation tactics, contract negotiation, construction design, audio-visual management, IT, lighting and sound design, communication, rigging, capital project management, box office, marketing, leadership strategies, and overall problem solving skills. I can say I use every one of those skills every week in my position.

Finally, with regard to construction and capital projects—remember, the project you start with is never the finished project. There will be numerous changes throughout the process, depending on the budget. Always have a contingency plan and fight for what you need in the design. And, be sure to get the end-user involved. You don't know everything, so you need to get advice from the people who are actually going to operate and use the facility. The next best thing is have a consultant involved in the project that has the interest of the finished project in mind. You need to pay attention to the future trends and build for the future, not the present. A clear example of this is wireless technology. Wireless access is now an expectation when people come to the venue. So, if you are upgrading or building a new building and do not include wireless as a big part of your building, you made a major mistake. Avoid that and good luck!

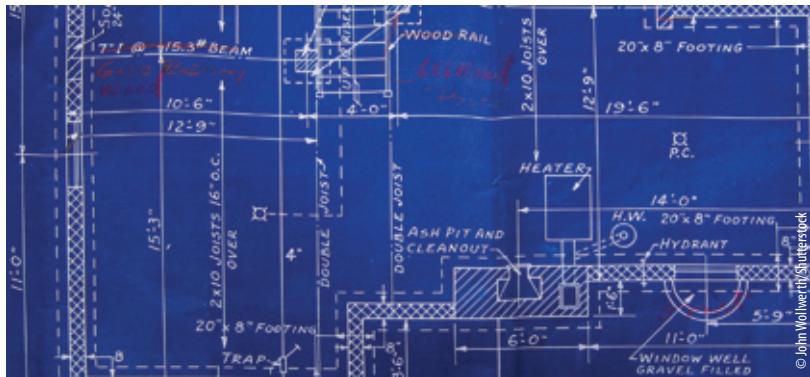
## Introduction

### **capital projects**

A project that maintains or improves upon an asset, like a sport facility.

**owner** The party, whether public or private, responsible for getting the project financed, designed, and built.

There are two important key elements for **capital projects**. The first key element to the successful construction of a sport facility is controlling costs; the second is keeping the project on schedule. That responsibility falls on the **owner**, who is the responsible party for getting the project financed, designed, and built (Sears et al., 2015). The owner typically works closely with the construction team and the future facility operations manager. While it is the owner's responsibility to ensure that the project is financed and built, it is imperative that the facility operations manager not only understand the aspects of facility design and build but also how to properly plan for the future operational



costs to maintain the facility once it is built. This entails working closely with the owner to develop a strong feasibility study prior to building and durable construction and use plans for the future facility operations. This chapter will begin to develop a foundation of knowledge by focusing on the key segments of the capital project.

## The Construction Project

Construction projects are complex, elaborate undertakings that require careful planning in numerous project stages. The first stage is determining the feasibility of the project, which involves determining the practicality of the project, as well as estimating costs and budgeting. Defining the broad project requirements will enable the team to delineate budgetary constraints (Sears et al., 2015). Once these are determined, the project moves to the design phase, in which the architectural and engineering design begins. Finally, **procurement** and construction begins. Aspects of each phase are discussed below.

## Feasibility

Feasibility is to determine realistic and practical solutions. For capital projects, it is to determine need, achievability of funding for construction, and viability of the project for future use. There are a few options to determine project feasibility, but this chapter will discuss three—a SWOT (strengths, weaknesses, opportunities, and threats) analyses, PEST (political, economic, social,

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**procurement** The ordering, expediting, and delivering of key equipment and materials required for the construction project.

and technological) analysis, and Porters 5 Forces. The strength and weakness reviews the internal elements of the project—what is happening within the capital project that can be capitalized on (strengths) and mitigated (weaknesses). The opportunities and threats review what is happening external to the project that can be capitalized on and mitigated. SWOT analyses are useful because they can help decision-makers to use resources more efficiently (especially if you have to make a decision to renovate or build a new facility), improve operations, discover opportunities that help grow the sport business, mitigate risks (especially of project failure), and set competitive positioning.

### FOR REVIEW

Suppose you are the operations manager for a parks and recreation organization in a small rural town about 50 miles from a larger metropolis. Your town mayor has asked that you research the feasibility of renovating the current softball and baseball diamonds in town. The mayor wants to start attracting more youth and adult tournaments to the town as a means of increasing tourism. She asks you to conduct a SWOT analysis to determine whether she should earmark funds for such a capital project. What information would you need to begin a SWOT analysis?

A PEST analysis is a planning tool that allows you to evaluate the *political, economic, social, and technological* factors of a capital project. According to Haughey (2018), the political factors can include tax law or policy, employment laws, construction regulations, green/environmental policies and regulations, and general political stability. Economic factors include the current status of the economy, interest rates, and inflation rates—as these can really influence the cost of a construction project. The social factors include the growth of the population, trends in job and leisure opportunities, and age distributions. These rates are important to note because they can really influence current support of building a project, as well as future use of the facility. And finally, technological factors include automation, technology incentives, and rate of technological change.

Porter (2008) is a framework for understanding the competitive forces at work in an industry and allows one to assess industry attractiveness and how future trends will affect competition, which can help the organization position itself for success. The first force is supplier power—how easy is it for suppliers to drive up prices? When this is low, there are a higher number of suppliers or the product/service is not very unique. The second force is

buyer power—how easy is it for buyers to drive prices down? This is driven by the number of buyers on the market and their power. If there are a few powerful buyers, they can often determine the terms. The third force is competitive rivalry—what is the number and capability of the competitors in the market? Many competitors with undifferentiated products will reduce the attractiveness on the market. The forth force is the threat of substitution—are there close substitute products/services on the market? If so, customers may switch to alternatives in response to any price increases. And, finally, the fifth force is the threat of a new entry—is this market profitable? If so, it can attract new entrants, which erode the profitability. Porter's 5 forces are rated from low to high and each is key to helping the sport organization understand the factors that could affect the future profitability of the facility.

## Estimating Costs and Budgeting

Once the feasibility study is completed and the capital project is green lighted (can move ahead), the owner must acquire capital funds for the project.

To attain the necessary capital, the owner must estimate the costs to maintain the completed venue. Preparing a budget for a proposed project begins with the basics of weighing the potential expenses against the projected revenue to determine the feasibility of a profitable sporting facility. During the design phase, costs are approximated and reviewed as each design change occurs in a working budget. These preliminary estimates can be difficult as they are compiled before the project is completely defined, so it really is an art (Sears et al., 2015). To calculate the initial costs of a project, all of the estimated costs, including fixed and variable costs, are prepared in a document called a **pro forma** (Figure 3-1). Pro forma statements summarize the projected future status of a company and are the foundation for financial planning for an organization or project (Ross, Westerfield, & Jordan, 2008). They are vital for determining valuation and are required by the bank to secure funding for the project when there is no financial history. The **fixed costs** are expenses that do not change as a function of the business activity and include such items as the rent, operations, advertising, and insurance. The **variable costs** are volume-related and include labor, cost of goods sold, and raw materials, which are typically managed payouts based on use of the facility and the number of part-time staff and/or subcontractors required at any one time. The pro forma can help managers evaluate new ventures or new strategic initiatives, such as the design and build of a new sporting facility.

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**pro forma** A statement that summarizes the projected future status of a company and that is used as the foundation for financial planning for an organization or project.

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**fixed cost** An expense that does not change as a function of the business activity.

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**variable cost** An expense that changes based on the volume of business activity.

	A	B	C	D	E	F	G	H
1								
2								
3								
4	Project Name:							
5								
6								
7								
8	USES							
9	Construction	\$ 150,000	\$ 135,750	TRF Loan Other: Investment	\$ 3,500,000	\$ 3,500,000		
10	Demolition	\$ 17,000	\$ 18,400	Other	\$ 250,000	\$ 250,000		
11	Environmental Clearances	\$ 3,000,000	\$ 3,027,500	Other	\$ -	\$ -		
12	Hard Costs	\$ 50,000	\$ 50,000	Developer Equity During Construction	\$ 600,000	\$ 600,000		
13	Contractor Fee	\$ 100,000	\$ 125,000					
14	Construction Contingency	\$ 90,000	\$ 90,825	TOTAL PROJECT SOURCES	\$ 4,350,000	\$ 4,350,000		
15	Construction Management	\$ -	\$ -					
16	Other	\$ 3,407,000	\$ 3,447,475					
17	Subtotal: Construction	\$ 3,407,000	\$ 3,447,475					
18	Professional Fees			Developer Equity During Construction: Construction Deferrals (Attorney, Marketing/Advertising, Developer Fee):	\$600,000	\$600,000		
19	Appraisal	\$ 15,000	\$ 16,025	Cash needed:	\$92,000	\$89,750		
20	Architect	\$ 240,000	\$ 242,200	Interest (assume 50% of loan outstanding during the construction term):	\$508,000	\$510,250		
21	Attorney	\$ 10,000	\$ 10,000	Requested Interest Rate (insert a rate 5.5%):				
22	Cost Cert/Audit	\$ 7,500	\$ 7,500					
23	Engineer	\$ 240,000	\$ 242,200					
24	Environmental Consultant	\$ 5,000	\$ 5,000					
25	Soil Investigation	\$ 8,000	\$ 7,500					
26	Surveyor	\$ 4,000	\$ 4,000					
27	Marketing/Advertising	\$ 10,000	\$ 9,750					
28	Other	\$ -	\$ 2,000					
29	Subtotal: Professional Fees	\$ 539,500	\$ 546,175					
30								
31								
32	Carrying Costs & Other Project Fees	\$ 350	\$ 500					
33	Application Fees	\$ 7,500	\$ 7,500					
34	Inspections	\$ 210,000	\$ 192,500					
35	Interest Costs	\$ 5,000	\$ 4,300					
36	Bank Fees	\$ 2,500	\$ 2,650					
37	Property Insurance	\$ 27,000	\$ 21,358					
38	Real Estate Taxes	\$ 800	\$ 900					
39	Title Insurance & Recording	\$ -	\$ -					
40	Other	\$ 253,150	\$ 229,708					
41	Subtotal: Carrying Costs & Other Project Fees	\$ 72,000	\$ 70,000					
42	Developer Fee	\$ 4,271,650	\$ 4,283,358					
43								
44								
45	TOTAL PROJECT COST	\$ 4,271,650	\$ 4,283,358					

**Figure 3-1** Example of a Pro Forma

Source: Used with permission from Microsoft Corporation.

The potential revenue streams for the sport facility include monthly rental fees from sport teams and venue rental fees for entertainment events, concession and merchandise sales, and other additional revenue, such as venue tours. Most commonly, private organizations own and build a sport venue and lease it to sport organizations or event promoters. For example, the Barclays Center in Brooklyn, New York is owned by the real estate developer Forest City Ratner Companies (FCRC); it is leased by the Brooklyn Nets (basketball) and the New York Islanders (hockey) and has an event calendar that is packed solid with boxing, conference (ACC) basketball tournaments, UFC fights, World Wrestling Entertainment (WWE), concerts, comedians, food festivals, and conferences. While the Barclays is an example of what an established venue can schedule, it is important to begin to determine what the new venue could attract. The estimation of revenue streams should be conservative at the outset, as it is common to fall short of reaching goals. This consideration is important if sport managers are also responsible for managing stakeholder expectations for the construction project and future use revenue streams.

## Estimating Construction Costs

Once the budget for the facility has been estimated and the preliminary pro forma developed, the construction costs can be estimated. Soft and hard costs are common construction terms used to describe the expenses specifically associated with the construction project; they should not be confused with the fixed and variable costs that the completed facility will incur, as described previously. The **soft costs**, often referred to as indirect costs, are not directly related to the physical construction of the project and commonly occur prior to the project. These costs can include legal fees, permits, real estate commissions and fees, financing fees, insurance, loans, design fees, and equipment rental fees. The **hard costs**, in contrast, are direct costs specifically related to construction, including land cost, labor, materials, equipment, basic building services, and mechanical and electrical services. These costs are directly affected by the decisions made by the contractor and design team working on the project, so it is very important to closely supervise this process to maintain construction costs overall. A real challenge for estimating costs is determining labor expenditures, which vary greatly. For example, a project manager must complete a thorough job analysis as well as think about how construction operations will be managed. Will direct and indirect costs be

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**soft cost** A cost that is not directly related to the physical construction of the project and commonly occurs prior to the project; also called indirect cost.

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**hard cost** A direct cost specifically related to the project.

determined separately or will that be wrapped into the hourly rate? (Sears, et al., 2015). Furthermore, subcontractors can be unreliable, thereby creating work stoppages or delays. That delay costs time and money, thus driving up the hard costs of your project.

To determine the costs of the proposed construction project, research must be conducted on the costs of available sites (land), building design, building per square foot, materials, labor, and utilities. Due diligence is of the utmost importance! It is wise to investigate the costs of similar sites and buildings by visiting other facilities, asking questions, and seeking professional advice from seasoned contractors. A very detailed and accurate assessment of the costs is imperative for an appropriate project budget estimate. Once the pricing of each component is complete and the pro forma presents a profitable project, financing can be acquired to proceed (if necessary).

## Site Selection

Site selection is important because a good site location will contribute to attracting future patrons to the sport facility. Therefore, a dedicated site search for land and location that has potential to produce anticipated revenues is key to future success.

The planning phase for the facility involves defining the components that the facility will offer. Once the facility requirements have been established, a space planner can produce **schematic drawings** that depict the proposed building layout. These schematics exhibit the size of the facility, which then defines maximum capacity and parking requirements. If the facility is not properly planned with defined capacities, it will be impossible to determine the amount of land required to build. For example, the parking lot supporting a building is based on the capacity of patrons permitted in the building. If you do not calculate capacity properly and provide sufficient parking spaces, the amount of patrons who are able to access the building will be reduced. Having to access off-site parking will inhibit customer service and potentially lead to dissatisfaction from future patrons. Local government agencies provide resources and codes that delineate parking specifications based on capacity for a proposed building. A sound plan and schematics that define the facility's requirements are vital to properly determine the size of your site.

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**schematic drawing** A drawing that exhibits the size of the facility and assists in defining the maximum capacity of land needed to build.

Finding ways to minimize initial building costs is also key in planning. One tactic is to build a smaller building first that can be expanded or added to in phases so that, eventually, the size of the facility reaches full capacity. By having sufficient parking for the final build-out of the facility, the project manager can ensure the ability to park your new patrons appropriately.

Another consideration, especially in urban areas, is the utilization of existing facilities. These areas have sites or buildings available that can be repositioned and reapportioned. The key here is to fully vet the building structures and existing materials to ensure that the building can be converted to the facility you envision. Many cities allow for less parking ratios for existing facilities to attract potential users and buyers. Reappropriating or renovating an existing structure can reduce the overall building costs substantially, especially if the building does not require many updates or structural changes.

It could prove useful to hire a realtor to assist in the search for existing buildings and sites. **Realtors** are not only familiar with the zoning requirements for the proposed facility but they can also provide the area demographics and traffic volumes around the site location. Accessibility to the site is paramount; a facility that patrons cannot see or easily access can hinder future success!

## Finding the Site

It is likely that numerous sites are available but are not conducive to building large facilities. The most important function of a site is that it has the capacity to house the building with appropriate parking and the open space that will be designated by local and state regulations. Another important consideration is patron (and construction, while building) access to the site and traffic flow in and out of the area (Ganaway, 2006). Some questions to consider include the following:

- Is the site near or off major interstates or highways?
- Can the site be accessed from all directions or at least from two opposing directions?
- Can the surrounding infrastructure handle heavy traffic?

Furthermore, considering site factors such as multiple entry and exit points, traffic lights, and dedicated turn lanes (or the capability to add them during the construction phase) is extremely important.

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**realtor** An expert in real estate who can assist in identifying land options, demographics, and traffic volumes of an area, as well as zoning requirements for specific areas.

### TIP

It can be very costly to add traffic lights if they are not present and there are code stipulations that require them at the entry/exit points. This cost can be a detriment to the budget if not accounted for in the estimating phase.

**topographical report**

A survey of the land that identifies any existing buildings, site surface evaluations, and availability of electrical, sewer, water, and gas services.

**geotechnical report**

A report of the soil conditions that dictate what materials are necessary to support the foundation for the proposed building as well as provisions for drainage of surface and runoff water that can affect the drying time of certain materials.

There are a few important reports that should be reviewed prior to acquiring the land. First is a **topographical report**, which will show the lot corners, any existing buildings, site surface elevations, finished floor elevations, manholes, storm and sanitary pipes, utility poles, fire hydrants, trees, and any other important objects affecting the site (Ganaway, 2006). The availability of electrical, sewer, water, and gas connections on the site is crucial, as adding them can be a substantial cost. The topographical survey can be compared with the proposed schematics of the proposed site to better understand construction needs.

Second, a **geotechnical report** should also be generated to ensure that the site can support the sport facility foundation. The geotechnical report will indicate soil conditions that dictate which materials are necessary to support the foundation for the proposed building. In addition to the soil conditions, the geotechnical report will provide provisions for drainage of surface and runoff water that can affect the drying time of certain materials (Ganaway, 2006). Nonporous soils may require several days to dry before work can continue (in the case of poor weather), and soft/unsuitable soils will incur a greater expense for additional support materials. Knowing the site conditions and/or constraints can provide necessary information to better assess the construction budget estimates, which can help determine if the site is worth the financial risk.

Once the information is collected, the total value of the site can be assessed to determine if the purchase not only satisfies the needs for the project but also matches the estimates that were presented in the pro forma.

**TIP**

Today, storm water (rain water) is required to be held on-site, so building a retention system is a necessary expense that must be built into the project budget. A designer will be able to provide the requirements when laying out the site. A retention system can be bio-retention tanks, storm water management tanks, or an area that holds water in a lake or along the roadways via the construction of a ditch.

## Design Process

By defining the components for the site schematics, a framework is established for the design elements to start. Once a site that can support the build requirements by accommodating the size of the facility is found, a design firm can be approached to begin the next phase of the project.

Hiring a design firm that is adept at designing sport facilities is essential. A worldwide leader in the field of sport facility design is Populous. Founded in 1983, Populous has built a reputation for designing innovative sport facilities. A few examples of sites/events on which Populous has worked include the

Paris 2024 Olympic Bid, T-Mobile Arena in Las Vegas (2016), 2014 Sochi Olympic Games, the 2012 London Olympic Games, Texas A&M's Kyle Field (redevelopment), the Melbourne Cricket Ground in Australia, and Yankee Stadium (2009). It is recommended that you visit the Populous website ([www.populous.com](http://www.populous.com)) for an extensive (and impressive) list of their projects. Referrals and recommendations from various sources for design firms are helpful, but it is crucial that the firm of choice meets the needs of the sport organization, listens closely, and provides economical services. It is beneficial to interview up to four firms to determine fit and to secure a proposal that includes concept designs and total fees prior to making an informed decision. Reviewing a portfolio of recent and past projects can build confidence that the firm will deliver the right solutions for the project. The pro forma will designate the amount allocated to design the facility. The contract with the design firm must stipulate that the facility will be designed based on the established budget. The designer's contract should include the following:

- Design costs for schematic, design development, and contract drawings
- Costs for the civil engineer and the topographical and geotechnical reports
- Landscape design costs for landscaping, parking, walks, and retention systems
- Mechanical, plumbing, electrical, and fire protection drawings
- Details regarding acquirement of proper permit issuance
- Details regarding construction administration (i.e., answer contractor questions and provide field verification to ensure that the contractor is constructing the building according to the drawings)
- Details regarding closeout of the project and final punch list for final repairs prior to acceptance

Once the design firm has been retained, work can begin on the schematic drawings, which determine the function of the building and the layouts, showing the proposed components and required spaces per code. Buildings grow in size as patron counts are established, which then determines the number of elements, such as bathroom fixtures, shower facility sizes (such as for locker rooms), and ancillary spaces, such as mechanical and electrical rooms (which are required). As the building grows in size, costs will also increase. It is important to stay true to the pro forma in order to contain costs and keep the project on track.

After the planning/schematic drawings have been developed and a site has been selected, the architecture and engineering firm can finalize the

drawings based on the information attained from the finalized site. This information includes, but is not limited to, the allowable footage distances from the roadway to the front of the property, the side yards, and the rear of the site. Many local codes enforce distances from the road to the building. The added space outside of the building footprint is typically used for parking and open space requirements dictated by the local government and community. A good design group will set the building where parking is efficient and allows for easy access to the building, as well as in and out of the property.

The design for an existing building conversion to a sports facility requires less planning, but more scrutiny in the foundation, existing column layouts, and utilities (e.g., water, sewer, storm, and electric) to ensure that required loads are available for the intended purpose. Raising a roof to allow for basketball, digging a foundation for a swimming pool or removing columns to allow for more open space are all obstacles that need to be researched during the design phase to minimize costs.

As the drawings are finalized, the design firm will confirm and review the components and adjacencies to ensure compliance with the original design plans. Material selections, paint colors, and flooring materials are confirmed and implemented into the drawings. This typically occurs when modifications are discussed and agreed upon by both parties. Disagreements are often encountered in the design of the exterior of the facility, with the designers possibly wanting to introduce innovative elements and expensive materials to achieve a certain look. Many design firms receive awards for exterior design. While creativity can win awards, it comes at a price. Therefore, it is beneficial to be thorough during the exterior design phase to ensure that the original design is created according to specifications to avoid running over budget and delaying construction.

It can take 8 to 12 months to produce a set of drawings and obtain permits before construction can start. Acquiring the construction permits varies by local code officials, which can greatly impact the project start date and can cause delays if changes have to be made once construction begins. Construction permits generally include a site layout plan that specifically designates the locations of temporary fencing, temporary electrical feeds, temporary toilets, and silt fencing. **Silt fencing** is used to keep any debris from passing from the site to any areas beyond the construction zone. The site layout plan is submitted early in the design process so that site work can begin before the final construction permits are obtained. Building permits

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**silt fencing** Temporary fencing used to keep any debris from passing from the site to any areas beyond the construction zone.

involves an understanding of the local building codes (as determined by the governing entity) and a full review by local officials on all aspects of the design, including the foundations, superstructure (the building itself), façade materials, mechanical elements, plumbing elements, electrical elements, and fire protection. The drawings are checked for compliance with local building codes, and permits are granted once all standards are met. In most cases, the mechanical, electrical, and plumbing elements, as well as fire protection, are often delegated to subcontractors who submit and receive their own permits for the project. This task is typically done by the subcontractors because they are required to demonstrate licensure to complete the work as part of the permitting process. Therefore, it is important to build contingency plans and delays into the overall timeline of the project because a number of delays can occur when relying on multiple parties to obtain permits. Keep in mind that any delay or modification to the original plans will cost not only time but also money.

## Construction Process

As the design phase commences, the search should begin for the **contractor** who will build the facility. As with the design groups, conduct interviews with local contractors who have been recommended or have built a strong reputation for constructing similar projects in the area. It is wise to choose three to four potential contractors to provide a project estimate based on the uncompleted drawings provided by the designer. By requesting this proposal, one can begin to approximate the cost to build as well as management fees and overhead expenses. The fees and allowances for unknown costs not shown on the drawings are generally negotiable with the contractor. A contractor should be selected prior to the finalization of the design to provide recommendations that identify cost reduction, enhance constructability, streamline the construction processes, and improve quality (Arsht, 2003).

A review of the contractor's pricing proposal can highlight when it is appropriate (or necessary) to use higher-quality materials and/or when savings can be recouped using lower-grade elements. Engineering reviews can provide valuable information on materials if follow-up is necessary. For a high-use venue, like a sport facility, the choice of materials is paramount as they must endure the daily wear and tear and high volume of traffic. The installation of a ceramic tile or stone entry guarantees a greater number of years of use, whereas a vinyl tile or carpet (that will provide an initial

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**contractor** A firm that contracts directly with the owner for the construction of a project.

clean look) will deteriorate quickly. Therefore, spending more at the outset on materials that can withstand greater wear and tear will provide cost savings in the long term. More durable materials are recommended for locker rooms, showers, sport-specific training areas, swimming pool areas, and other high-use, high-traffic areas within the sport facility. Longevity is key, requiring more costly materials. However, it might be more costly to install new materials earlier than anticipated, so it is important to choose materials wisely. It is advisable to have the architect select the appropriate materials for the project, as this individual will be most educated on the durability and cost of materials.

For the construction of large facilities, it is common to receive a minimum of four contractor bids, with the lowest bid typically winning the project. Often, when the contractor is involved in the final design phase, the outcome is a better project at a lower cost. The contractor can provide valuable insight and address problematic areas as the drawings are finalized, which tends to support the project in four main ways (Arsht, 2003) by:

1. Minimizing the need for redesign.
2. Reducing the need for **change orders** during construction.
3. Addressing questionable areas or issues early on in the project.
4. Allowing for collaboration among professionals at the start of project.

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**change order** A document used to record an amendment to the original scope of construction work.

As with the design phase, a construction phase is also established in accordance with the terms of a contract that will contain provisions defining the costs and protecting the owner from potential issues that can arise throughout the project (Rounds, 2011). The contract should clearly define that the facility will be constructed according to the drawings for a specific cost over the duration of a set timeline, with agreed-upon materials and high-quality workmanship, all while providing a safe site for workers. Full compliance with the contract terms will lead to a successful project. The drawings for construction typically include the interior layouts for equipment and furniture, but these items are usually not provided by the contractor—which will be noted in the contract. Therefore, during the construction phase, the owner must meet with equipment and furniture vendors to finalize deliveries for installation.

The timeline for the construction of a facility not only depends on the size of the facility but also on the availability and delivery of supplies, equipment, and materials. Unique building materials can delay the project,

## VIGNETTE 3-1

### Qatar World Cup 2022



Many were skeptical when the decision to award the 2022 World Cup to Qatar was made. Not only did the country not have the required infrastructure but it is also not known to have any soccer tradition. Debate as to how Qatar was able to continue preparing for and hosting the Cup was intensified as a report of vote-buying was made public (BBC, 2017). This was closely followed by rumors that Qatar would be stripped of its World Cup hosting rights and given to the UK or United States (Harwood, 2018). With past reports of allegations by the International Trade Union Confederation (ITUC) of more than 1,200 migrant worker deaths (Manfred, 2014), the ITUC now predicts that at least 4,000 worker will perish by the time the 2022 World Cup begins (Foster, 2017). In addition to the corruption and humanitarian crisis plaguing

Qatar through the construction phase, it is estimated that over \$200 billion will be spent to build the 12 stadiums and supporting infrastructure, which includes complete cities, not just hotels, restaurants, medical facilities, and other necessary structures. Furthermore, the futuristic and innovative designs that won them the bid are not possible, according to the design firm Populous (Associated Press, 2011). Avoiding such problems is precisely why feasibility studies are conducted and well-developed pro formas are necessary before any bids are conducted and building begins! However, this example also begs the question—are sport events, like the World Cup, more important than human life? At what point should FIFA or human rights groups step in to protect those dying from extreme conditions?

so one must consider the lead time for materials and components when reviewing and setting the construction schedule. Smaller construction projects typically take 8 to 12 months to complete and larger construction projects take from 12 to 18 months, so this time frame, like the design time, must be carefully planned for in the overall schedule in order to meet the deadline for the grand opening of the facility.

As construction begins, there will be a number of meetings on a weekly basis with both the designer and the contractor to review any questions that arise. The owner will be expected to make decisions on how to proceed based on the professional advice and guidance offered by the designer. It is important that any questions be addressed in a timely manner to avoid construction delays. Therefore, it is extremely important to attend project meetings to address these questions and also modify the construction schedule based on the progress (or lack thereof) of the contractor. If the project is lagging, the contractor should produce tactics to restore the timeline without affecting quality, cost, and worker safety. These meetings are also a means for the designer to review completed work to verify that construction complies with the design plans within the scope of the local codes. On a monthly basis, the owner should conduct a review of the contractor's pay requests with the designer to verify that the work billed has been completed. The designer should approve the invoices with an accurate account of completed work prior to dispensing pay. Many owners hire construction managers to oversee the project, especially if he or she is not sufficiently adept at handling unfamiliar issues. A construction manager is the owner's agent. This means that he or she will provide direction to the contractor and will ensure compliance with the contract, timelines, quality, and costs.

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**operation and maintenance manuals (O&M manuals)** A collection of documents that contain pertinent information to maintain the building by providing detailed information on the management of the new systems in addition to the maintenance and repair of equipment.

As construction reaches completion, the contractor will begin to develop the **operation and maintenance manuals (O&M manuals)**, which will contain pertinent information for the facility manager to maintain the building. These manuals provide detailed information on the management of the new systems in addition to the maintenance and repair of equipment. Additionally, all warranties on materials and components built into the facility will be provided.

The designer and owner should approve of the final construction site. Once approval is obtained, the designer approves the documents that provide the contractor clearance for final payment. At this time, a final lien waiver is issued to ensure that the contractor pays all of the subcontractors and suppliers on the project. This is a required document needed to release final payment.

## Insurance

Insurance is a necessity to build. The designer and contractor must carry the appropriate insurances when designing and building a project, which can be easily verified in the vetting stages. A design firm is required to have sufficient

**errors and omissions insurance (E&O)** to guarantee against failure of the architecture and engineering of the building in the event that it collapses after construction. Architects and engineers carry E&O insurance to guard against perilous events for which they are at fault. It is in the owner's best interest to have an attorney review these details to ensure that there is no liability of the owner prior to, during, and after construction. In addition to liability, contractors also carry insurance, such as workmen's compensation insurance, that protects against accidents or injuries that may occur during construction for which the contractor is at fault. With this insurance, the owner and the contractor are protected from liabilities related to workman injuries and, thus, are not responsible for any and all costs related to their medical care.

The owner must acquire insurance immediately upon purchasing the site. The two critical types of insurance include general liability insurance and builder's risk insurance. These two insurance policies protect the owner during construction against theft of materials on the site, fire, and destruction of the constructed building by an **act of God** (which is typically a coverage not provided by the general contractor). This insurance also protects the owner from injuries at the site not associated with the actual construction of the project. The general contractor is also required to carry insurance to protect the owner from any liability of any construction-related injuries of the contracted or subcontracted workers. These insurance policies protect the owner from injuries incurred on site prior to, during, and after construction. Reducing the risk by keeping the site free from debris and anything that can harm a person is important. The contractor, in most cases, will fence the site as soon as construction begins to alleviate any potential issues from outside parties. Greater detail on risk management is provided in the "Risk Management" chapter.

## Green Construction and LEED Certification

The design, construction, building, and maintenance of facilities involve a great deal of energy, water, and other resources that create considerable waste and impact the environment and ecosystem (Environmental Protection Agency [EPA], 2017). The **US Green Building Council (USGBC)** has implemented green building requisites leading to a legacy of sustainable practices. The USGBC is now a primary aspect of the design and construction program and they have developed a range of certifications that teach sustainable practices in construction, known as **LEED Certifications**. LEED stands for Leadership

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**errors & omissions insurance** A form of liability insurance that protects the service-providing companies from claims made by clients for inadequate work or negligent action.

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**act of God** An instance of uncontrollable natural forces (often used in insurance claims).

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**USGBC (United States Green Building Council)** An organization that promotes Green Building through Leadership in Energy & Environmental Designs (LEED) certifications.

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**LEED certification** A green building certification program that recognizes best-in-class building strategies and practices. LEED stands for Leadership in Energy and Environmental Design.

in Energy and Environmental Design, which is a certification now required in most states in order to build. The architect will most likely manage the LEED certification requirements for a project. Today, there are five separate LEED-accredited professional certifications:

1. LEED—Building Design and Construction—New Buildings.
2. LEED—Building Operations and Maintenance—Existing Buildings.
3. LEED—Interior Design and Construction—Interiors.
4. LEED—Neighborhood Development—Outdoor Green Spaces.
5. LEED—Homes—Residences.

LEED certification ensures construction professionals have knowledge to build healthier, more productive places that reduce stress on the environment by encouraging energy and resource-efficient buildings (USGBC, 2018). In doing so, owners should observe savings for increased building value, higher lease rates, and decreased utility costs. A typical green design-build design tends to carefully select sites to minimize the impact on the surrounding environment, uses renewable and/or energy conservation techniques and natural resources, conserves water, incorporates proper storm water management, limits disruption of natural watershed functions, and uses low-volatile organic compound products and proper ventilation practices to improve indoor environment quality (EPA, 2017).



Designers today have a host of specified materials and techniques that are renewable and reusable and often take care to install mechanical and electrical systems that reduce the carbon footprint and are energy efficient. For example, the design of light-colored roofing materials and use of **pervious materials** on the site are common actions meant to address a green building program. The light-colored roofing materials allow for less heat

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**pervious material** A material that allows water to soak naturally into the ground.

transfer on the building, which reduces air-conditioning costs. The pervious materials allow water to escape from the building or site, which allows the water to soak naturally into the ground. **Impervious surfaces**, such as cement pavement prevent precipitation from naturally soaking into the ground, causing water to run rapidly into storm drains, sewer systems, and drainage ditches (EPA, 2017). According to the **Environmental Protection Agency (EPA)**, this can cause a number of problems, including:

- Downstream flooding
- Stream bank erosion
- Increased turbidity (muddiness created by stirred-up sediment) from erosion
- Habitat destruction
- Changes in the stream flow hydrograph (a graph that displays the flow rate of a stream over a period of time)
- Combined sewer overflows
- Infrastructure damage
- Contaminated streams, rivers, and coastal water

Most construction sites also use some type of **waste diversion**, which is the prevention or reduction of generated waste through recycling, reuse, or composting (EPA, 2017). Waste from a construction project is typically divided and parceled into separate containers designated for immediate reuse, potential reuse, and landfill disposal. Waste diversion generates a number of environmental, financial, and social benefits to the owner of the construction site as well as to the community, including energy conservation, reduced disposal costs, and a reduced burden on landfills.

Choosing to purchase recycled materials is also a way to incorporate green elements. For example, rubber products and carpeting typically have recycled content. Choosing to buy products and materials within a close proximity of your project reduces the carbon footprint by limiting emissions released through transportation. There are numerous ways to insert green building elements into a project in order to lessen the impact on the environment while developing a strong and economical building program. As noted above, LEED certification is a great way of making sure construction projects maintain environmentally ethical building and waste disposal standards.

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**impervious surface**

A surface, such as cement pavement, that prevents precipitation from naturally soaking into the ground, causing water to run rapidly into storm drains, sewer systems, and drainage ditches.

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**environmental protection agency (EPA)**

The U.S. federal agency responsible for protecting the environment and human health as it relates to the environment.

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**waste diversion**

The prevention/reduction of generated waste through recycling, reuse, or composting.

## SUMMARY

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This chapter has discussed the importance of proper planning and management of a design-build project. Successful execution of the design-build plan will occur through careful research of contractors who can bid on and deliver the best project based on the owner's pro forma. Considering ways to incorporate green materials and design elements is critical and often required in the building of new facilities. A good sport manager will choose a design firm and contractors who are well versed in these requirements.

## DISCUSSION QUESTIONS

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1. Your city council has decided to build a new indoor sport facility specifically for basketball, tennis, and soccer. What are the first three steps to consider in the process?
2. A number of green design-build elements were discussed in this chapter. Compare and contrast the green components needed for a skate park and a baseball field. How are they similar? Different?
3. There are a number of green aspects to consider when building a new facility. Discuss three main issues that can lead to problems if not considered early in the design-build phase.
4. A number of insurance policy suggestions were made in this chapter. In which specific ways are they important? Which do you think is most critical as you begin a new build project? Why?

## Case STUDY

### Building a Sport Facility to Enhance Tourism

You are the mayor of a rural town (population 10,000) just 30 minutes outside of a small city (population 200,000). You, along with the city council, have devised a new vision for sport in the community, based largely on sport tourism. After some brief research, you learned that youth sport travel teams are on the rise. You think that you can attract adult sport tournaments as well. The primary goal of the new vision for sport in your community is to attract new money. By building the new sport infrastructure, you believe that you can attract new tourists who will spend money in shops, restaurants, and your (limited) hotels as they attend sport tournaments. The new sport fields will also serve the community. The new vision includes developing a new outdoor sport facility that includes softball and baseball fields, soccer fields, basketball courts, and tennis courts. There are a number of objectives that the city council hopes to meet with this new sport facility. First, the community leaders want to provide more access and opportunity for sport for children, adults, and seniors in the community. The council wants active leagues for all ages for the sports that could be offered in the new facility. Second, the

council wants to attract visitors to the community by using the space for competition and tournament play. Finally, when the facility is not in use by the events and/or league play or practice, the space is to be open for general public use to support the council's efforts in creating and sustaining a healthy and active community. As the mayor, and the one who will be responsible for securing funding for the project, you must determine the feasibility of such a project:

1. Pick one of the feasibility analysis tools described above and determine the feasibility of such a project.
2. Research the available lots for sale within a rural community that is in close proximity to a small city to determine if there is a site with the acreage to develop the outdoor sport facility.
3. Once a few sites have been determined, begin to develop a pro forma to detail the costs to build such a facility.
4. Research the possible green elements that could be incorporated into the design and build of the project.
5. Does your town have the capacity to host tournaments? Is this vision to expand the sport infrastructure beyond the community smart? If no one comes to the tournaments, will this facility be too large for the community, leading to disuse?

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# Risk Management

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## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

1. Define risk and risk management.
2. Outline key risk issues and types of risk.
3. Identify concrete methods for minimizing risk.
4. Apply risk reduction techniques elucidated in this chapter.

## CHAPTER OVERVIEW

Implementing a comprehensive risk management plan is vital to a facility and/or event. In today's litigious society, understanding how to mitigate financial loss and negligence should be front and center in minimizing risk and potential lawsuits. The growth of new and renovated sport facilities and the creation of diverse events has made this area of the industry much more difficult for managers.

## IndustryVOICE

James A. DeMeo, M.S., CEO—Unified Sports & Entertainment Security Consulting (USESC)



I am the Founder, President, and CEO of USESC, an event security consulting company based in Raleigh, North Carolina. I have 28 years of security industry experience, 21 of which were spent during my public service career with the Nassau County Police

Department on Long Island, New York. After retiring from law enforcement in 2011, I earned a master's degree from Adelphi University in Sport Management. I have been able to carve out a specialized niche as a thought leader and subject matter expert in the sport event security space. Fortunately, I have been able to combine my public service background with my passion for sports. I also wrote a best-selling book, *What's Your Plan? A Step-by-Step Guide to Keep Your Family Safe During Emergency Situations*, to help support family safety and preparedness during these most difficult times. I am extremely proud of this project.

USESC's philosophy is client-focused, employee-centric, and geared toward today's event security staff. The purpose is to create tailored training modules and career development resources for event staff, the gatekeepers to today's stadiums, venues, and arenas. The world of event security is evolving and ever-changing and the challenges continue to mount for those entrusted with duty of care responsibilities. USESC's overall mission is to create value for stadium ownership groups looking to safeguard sport fans, brands, and organizational assets. The vision is to impact the world and create meaningful, positive change. I visualize this on a daily basis.

This industry faces many challenges. First, competition in the marketplace. It's without question a very crowded field. To combat this, I build trusting relationships with other subject matter experts trying to pursue similar opportunities. A sign of true leadership is

realizing that you don't have to be the smartest person in the room. Surrounding yourself with additional experts enables you to provide a force multiplier effect when approaching potential clients/organizations. To me, that's confidence. If you want people to find you highly credible, you have to believe in your talents, skill set, and abilities. It's that simple.

The next big challenge is educating organizations to not have a reactionary security mindset, but one that is more proactive in nature. Security is not viewed as a revenue producer, so it can be a challenge to get sport entities to understand that security should be viewed holistically, from multiple angles. While I am not an attorney, my work helps to shield organizations from potential lawsuits by changing the reactionary mindset. This starts by working diligently to educate CEOs, CSOs, CTOs, CIOs, the C-Suites—the key stakeholders in the organization—about the intrinsic value that security has in the overall operations. I address such issues as business continuity, resiliency, fan and brand protection, duty of care, and all essential aspects to an organization's bottom line, i.e., profits vs. loss.

After the Las Vegas mass shooting, the need to safeguard confined spaces and densely populated areas of people visiting stadiums, venues, and arenas cannot be underscored. The need to educate and train staff, law enforcement, security, guest services, operations, facilities, box office, conversion crew, parking attendants, maintenance, housekeeping, volunteers—all those working events—about the importance of personal situational awareness, threat, and behavioral analysis; verbal de-escalation techniques, active shooter, bomb scares, errant drones, suicide bomber, workplace violence, inclement/severe weather preparedness, IED, vehicles used as weapons, responsible social media monitoring, command center controls, access control, effective screening measures, cyber threats, and workplace

violence is paramount for protecting the sport organization and/or event.

For those interested in working in sport security, if I were to hire a potential candidate, I would look for individuals who are willing to work hard, put in very long hours, and who have strong potential to become an asset to the organization. Trust, transparency, commitment, perseverance, interpersonal communications, time management, computer skills, and emotional intelligence are all traits that I look for in a potential applicant. Ex-military, retired law enforcement is often preferred, but not necessarily required experience as I look to build my team. Students really need to create their own personal brand on such social media platforms like LinkedIn, Twitter, Facebook, Instagram, etc. Furthermore, it is paramount that students find experienced, highly credible mentors to assist with the transitional role of the post-college to job market. I encourage students to write blogs, publish articles, white papers, and join professional organizations such as IAVM, NCS4, and ASIS, to name

a few. Attend conferences and networking events in your local area, whenever possible. Internships are also a great way to get your foot in the door. Finally, continuing education is the key to lifelong success—don't forget to keep learning!

Risk Management is a key component for an overall effective and efficient security program. For example, marathons are especially challenging to safeguard due to complexity and length. There is so much open space, multiple ingress/egress checkpoints, potential severe weather, errant drones, mass transportation hubs, entertainment zones, etc., that are present when organizing such an event. The Boston Marathon bombing was a real game changer in the sports security space. Duty of care, lessons learned, and sharing best practices is now the prevailing industry theme. Conducting thorough site visits, threats and vulnerability assessments, and computer simulations are key risk management/mitigation strategies for industry leaders to implement. Our work continues on a daily basis and we must remain diligent.

## Introduction

Facility and event managers must be mindful of the need to mitigate negligence insofar as spectators and participants are protected under the law. They have a duty to act reasonably and prudently in situations involving their spectators and participants. Having knowledge and training in what constitutes duty, breach of duty, proximate causes of injuries, and the injury itself is critical in determining the liability for a facility or event. Since the enactment of the Tort Claims Act, persons engaging in activities involving personal risk have had increasingly greater expectations concerning their safety and are litigating in increasing numbers (Pyles & Pyles, 1992).

Litigation resulting from personal injury or financial loss is at an all-time high. Lawsuits have increased, especially since 2008, when the U.S. recession began. In a struggling economy, sport managers should expect that even the smallest incident may result in a lawsuit (Cunningham, 2010). Facility and event managers should have a heightened sense of

responsibility and employ the appropriate checks and balances to help ensure a safe and successful result for their respective organizations. Consequently, it is important to develop a strong understanding of the different types of risk and the best strategies for minimizing the impact of the risk. One thing that is certain and important to realize is that eliminating risk completely is extremely difficult, even under the best circumstances. Reduction of the likelihood of an occurrence, however, can be achieved with proper training, supervision, and action plans.

## What Is Risk?

**risk** The probability that a hazard will lead to a loss.

The challenge of defining **risk** is that individuals subjectively categorize different behaviors and actions as risk. For example, one skier may deviate from the standard courses at the slope and head into unmarked terrain for a unique and fun experience, while another may find such action too dangerous and elect to remain on course. For facility and event managers, the same differences in perception are at work; thus, we have evaluated broader definitions to capture the different levels of risk. Van der Smissen (1990) defines risk as an uncertainty or chance of loss, usually accidental loss, which is sudden, unusual, or unforeseen. Giddens (1988) defines risk as “dangers that we seek to actively identify, confront, and control” (p. 23). Finally, Griffith (2011) states that risk is “the probability that a hazard will lead to a loss” (p. 1), which is the definition we consider most applicable to sport facility and event management. The broadness of the term allows it to apply to any component of the facility or event that could engender a loss or negative outcome for the managers. Moreover, the term implies that there are varying degrees of both hazards and losses, which, in the subsequent sections of this chapter, should become clear.

## Types of Risk

Given the various types of facilities and events, it is nearly impossible to generate a complete list of the types of risks that facility and event managers may face. Rushing and Miller (2009) outline four broad categories of risk: Public liability caused by negligence, public liability excluding negligence, business operations, and property exposures. Public liability caused by negligence occurs when the facility or event manager fails to provide a reasonably safe environment for individuals to work, spectate, or participate in the sporting

**Table 4-1** Broad Categories of Risk

Human Risks	Facility Risks	Environmental Risks
Sport participation	Accreditation	Legal issues
Spectators	Facility/equipment/property	Economic circumstances
Terrorism	Storage	Political circumstances
Athlete protection	Transportation	Loss prevention
Management activities/controls	Safety/security	Weather
Employment/training		

activity. Ensuring a safe environment may include providing proper warning signs, supervision, security, equipment, facilities, medical/emergency care, and travel/transportation (Rushing & Miller, 2009). Public liability excluding negligence occurs when individuals are affected by the practices of the personnel within the facility. For example, claims may include discrimination, sexual harassment, wrongful termination, invasion of privacy, or false imprisonment (Rushing & Miller, 2009). Risk associated with business operations includes business interruptions, property loss, contractual issues, or employee health. Finally, natural disasters, fire, vandalism/terrorism, and theft comprise property exposure risks.

Facility and event managers tend to focus primarily on the risk associated with bodily injury to the spectators and/or participants. These risks can include slips and falls, injuries during participation, or altercations between spectators. However, risk may also include inadequate waivers of responsibility forms, lack of appropriate insurance, incomplete training or supervision of employees and participants, weather-related risks, and others, as outlined in **Table 4-1**.

## Terrorism and Sport

A more recent risk development in sport event and facility management has been the threat or the occurrence of terrorist activity. The attacks on the World Trade Center in 2001 impacted the sport industry in terms of how facility and event managers perceived terrorist threats on their facilities and events. Most individuals recognize only the 1972 Munich Olympic Games terrorist attack

and the 1996 Centennial Olympic Park bombing in Atlanta, Georgia, and the bombing at the 2013 Boston Marathon as occurrences of terrorist activity at sporting events. However, as Toohey (2008) points out, there were 168 sport-related terrorist attacks in the world between 1972 and 2004, with no signs of abatement. To underline the growing concerns for risk at various venues, Toohey (2008) also notes that sport is a platform where many spectators and participants are aggregated in one place with numerous opportunities and methods of potential attack. The bombing during the Boston Marathon in 2013 highlighted the challenge of policing such large areas, especially when crowds enter and exit from a variety of points, as highlighted in Vignette 4-1.

**TIP**

For those unfamiliar with the 1996 Atlanta Olympic bombing, *Judging Jewel* by ESPN Films is an excellent portrayal of those tragic events.

Following the bombings in Boston, other marathons changed their security procedures. For instance, the Chicago Marathon now limits runners to entering through four distinct checkpoints. Additionally, each runner must collect his or her own bib and timing chip at the exposition. Previously, friends or family members were allowed to pick up these items for others. Runners are also restricted to using a race-issued clear plastic bag for gear check. One of the final changes involves family members and/or friends congregating at the start and finish lines. For the first time, spectators who want to meet their friends or family members who participated in the marathon are required to go through one of two security checkpoints. In addition to these protocols for the marathon industry, many

**VIGNETTE 4-1****Boston Marathon Tragedy Changes Risk Management Strategies**

**O**n April 15, 2013, the bombings at the Boston Marathon, which killed three individuals and wounded 264 others, brought the need for risk management and security to the forefront of event managers' minds. This was the largest mass-casualty attack on U.S. soil since September 11, 2001.

This attack marked changes to security at the Boston Marathon and marathons across the country. The Boston Athletic Association has decided that runners cannot have backpacks or bags at or near the start or finish lines or along the course. Bags are also not allowed on the

buses that run between the start and finish lines. Runners are allowed to bring a change of clothing and shoes in designated clear plastic bags and leave them in Boston Common, which is approximately a half mile from the finish area, prior to the race.

Additional security measures for the Boston Marathon include an increase in uniformed and plainclothes police officers and additional bomb-sniffing dogs. There are additional security procedures in place that the marathon director and security personnel are reluctant to disclose.

spectator- and participant-driven events schedule regular meetings with local, state, and national law enforcement groups, including Homeland Security, leading up to and during the event as a measure of risk management.

The changes in the marathon have impacted event management more broadly as concerts, festivals, and other large population events are incorporating similar strategies.

Similarly, venues and closed events (i.e., confined areas with few points of entry) have made several adjustments over the years to deal with the potential threat of terrorist activity. For instance, it is commonplace for facility and event managers to search backpacks and purses upon entry to the facility, ask spectators to walk through metal detectors, or use the metal detecting wands to ensure that no weapons are being brought onto the site; and disallow hazards such as bottles or solid trash that can be thrown and cause injury or potentially contain explosive material. The National Football League has implemented a policy stating that only clear or see-through bags are allowed into the stadium in order to ensure safety and expedite fan entry into the stadium. Major League Baseball instructed the teams in the league to install and use metal detectors in their stadiums; however, some are calling into question the viability of these devices.

Facilities have also invested millions of dollars in surveillance equipment to increase the security of their stadiums (Carey, 2011). For instance, they have installed security cameras that can zoom in on any seat in the stadium, as well as video equipment to record for later review. The two serve both as a method of monitoring spectator activity and as a deterrent for much lower forms of crime. Some major events have utilized dirty bomb detectors, while others sample the air quality to identify any potential contaminants in the air designed for a terrorist attack. In the case of Super Bowl XLV, hosted in Dallas, Texas, a drone was used to patrol the airfield above the facility to ensure that it was safe from attack and could retaliate if needed. These strategies to reduce the likelihood of a terrorist attack begin to highlight how organizations may manage their risk.



**risk management**

A sound framework to minimize the potential and severity of the risk.

## What Is Risk Management?

To overcome the potential problems associated with risks, sport facilities and events should establish a sound framework to minimize the potential and severity of the risk, a process known as **risk management**. Risk management has been defined as “systematically identifying threats (risks) to your organization and developing ways to minimize them from occurring” (Office of Sport and Recreation, 2009, p. 2–1). Taylor and Booty (2006) state that a risk management strategy “provides a framework for determining an individual company’s response to risk, including who would undertake the work involved at a tactical level” (p. 232). A simple way to define risk management is the identification, assessment, and prioritization of risk. This means that facility and event managers should develop a standard set of policies, procedures, and processes so that employees, volunteers, and other stakeholders know how to best minimize the various risks associated with hosting the event.

To create a strong risk management plan, facility and event managers should include what may be “foreseeable.” The broad range of concerns requires one to be a forward thinker, crisis manager, and problem solver in order to provide the protections and enjoyment fans, spectators, and participants have come to expect.

## What Are the Benefits of Good Risk Management?

The value of a good risk management plan cannot be understated as it brings considerable value to facility or event owners. Proper risk management can reduce the likelihood of undesirable and costly impacts, increase the safety of the patrons, and improve financial issues more generally (Sawyer & Smith, 1999). For example, there are standard railing heights for sport facilities to have if the seating is above a large drop-off. In an incident in 2011 at a Texas Rangers baseball game, a 39-year-old fan fell over a railing 20 feet to his death while trying to catch a ball for his son thrown by Josh Hamilton. Even though Rangers Ballpark in Arlington (now called Globe Life Park) exceeded the building code for railing height at the park, management has decided to raise the rails in front of the seating areas; to post new signs reminding fans not to lean on, sit on, or stand by the rails; and to make a verbal warning through a public address announcement at the beginning of all games.

A quality risk-management program may also reduce costs associated with insurance premiums (Viney, 1999). Similar to driver’s insurance, the

longer a facility or event demonstrates a quality safety record, the less the insurance premium costs. Risk management may also improve the quality of the sporting experience that the event offers (Viney, 1999). In the large events with a large number of spectators, security presence and measures (e.g., metal detectors, bomb sniffing dogs) provide a greater sense of safety, which leads to greater levels of satisfaction. The measures facility and event managers take to ensure the safety of the participants and spectators will likely enhance the visibility and image of the organization as individuals learn about the quality of service that the organization provides. Finally, risk management will enhance the managers', employees', and volunteers' level of confidence in their abilities, which will lead to better strategic outcomes for the organization (Viney, 1999).

## Steps in the Risk Management Process

The idea of managing risk is imperative both for hallmark and mega-events and for small-scale events on either a global or local level. Many of the elements to consider are similar but will differ when considering the size and scope of an organization's objective. As previously highlighted, the numerous types of events inherently create a limitless number of risks because they vary in size, structure, operation, sport, and countless other aspects.

### RISK IDENTIFICATION

Properly identifying risks associated with the facility or event requires a mix of knowledge, experience, and critical thinking. At this stage, facility and event managers should evaluate the environment, structures, and marketplace to determine the sources of risk associated with the previously described areas. When managers lack experience or knowledge, there are several resources they can use to assist with **risk identification**. First, the local, state, or national sporting organization may be able to provide them with the typical risks associated with the event they are planning to host. For example, if an event manager is working with the local sports commission to host her first skateboard competition, it would be important to meet with the local- and state-level clubs to determine the various risks associated with participation. Additionally, the event manager may seek counsel from event organizations that have hosted similar events. Their knowledge and expertise in the area will likely be invaluable to identifying areas of risk that are not

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#### risk identification

Evaluation of the environment, structures, and marketplace to determine the sources of risk associated with the sport facility or event.

## VIGNETTE 4-2

### Tragedy Leads to Change in Facility Management

**O**n April 15, 1989, one of the worst tragedies in sport occurred in Hillsborough football stadium in Sheffield, England. The football (or soccer) match was the semi-final game between Liverpool and Nottingham Forrest for the Football Association Challenge Cup (FA Cup). In two different measures for both fan and player safety from hooligans, the crowds from the opposing teams were segregated, and to keep hooligans from entering the pitch, high steel fencing was placed at the bottom of the stands. As individuals attempted to enter the stadium through their respective supporter gates, several issues occurred. Some were at the wrong gate but unable to return to another gate because of the number of people behind them; trains and construction issues delayed many of the fans' arrival times, leading them all to arrive at once, and the decision to not delay the match led to panic for those who were issued tickets. This led to the decision to open an exit gate, allowing the people to enter the stadium all at once and into only two sections, pens

3 and 4 of the stadium. As the number of fans entering those pens was far greater than the number the sections could hold, the crowd began to push forward, creating a crush of those in the front of the section against the metal fence. Fans began climbing over the fence in an attempt to escape the crush, which initially was viewed as a field invasion by security personnel. As the action on the field heightened with a shot on goal, the crush worsened, resulting in the match being discontinued. Those remaining in the stands died mostly from compressive asphyxia while others were trampled or injured severely. In total, 96 people died that day and another 766 were injured. After several inquiries, investigations, and inquests, it was most recently (2016) determined that the supporters were unlawfully killed due to gross negligent failures by emergency and security personnel in response to the incident, as well as the design of the stadium. In 2017, six people were charged with various offenses based on their roles in response to the incident.

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**audit** A systematic critical examination of the facility or event to identify key risks or safety issues.

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**risk analysis** Categorization of the levels of risks based on the severity and likelihood of occurrence.

as obvious. Finally, some national governing organizations provide audits or checklists associated with hosting sport events. An **audit** is a systematic critical examination of the facility or event to identify key risk (related to organizational risks) or safety issues (related to injury risks).

### RISK ANALYSIS

Once facility and event managers identify the sources of risk that can impact either the facility or event, the next step in the process is to categorize the levels of risks, a process known as **risk analysis**. Most facility and event managers categorize risk using two questions: How likely is the risk to occur, and what are the consequences associated with the risk? **Figure 4-1** provides a matrix to assist with the categorization process.

The risk matrix gives a visual representation of what could happen, how serious the incident could be, and the frequency of a potential occurrence. The likelihood of an occurrence is shown in relation to the consequences

		Consequences		
Likelihood		Minor	Moderate	Major
Likely				
Possible				
Unlikely				

Risk Treatment Key	
Intolerable Risk Level	Immediate action required.
Tolerable Risk Level	Risks must be reduced so far as is practicable.
Broadly Acceptable Risk Level	Monitor and further reduce where practicable.

**Figure 4-1** Risk Assessment Matrix

of the occurrence. Analyzing the risks developed in the first stage enables facility and event managers to begin to determine which risks need further evaluation. **Figure 4-2** provides an example of a completed matrix. While the list of risks is not exhaustive for a high school football game, it does illustrate the types of risks associated with events and the level of frequency and impact associated with them.

## RISK EVALUATION

Once the risk analysis is completed, the next step is to determine whether the risk is acceptable or not, a process known as **risk evaluation**. To answer this question, the organization should evaluate the mission and vision of the organization and the risk matrix to indicate whether the risk is worth the costs associated with minimizing it. Using a financial term, facility and event owners would evaluate the risk using a cost–benefit analysis. For instance, the addition of alcohol to an event may improve overall sales and possibly atmosphere; however, it will also increase the level of insurance required and additional security and permits to be able to sell alcohol. In this event, the increase in sales volume may not be worth the additional expenses incurred, and therefore, the event or facility manager may choose not to have alcohol at the event.

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**risk evaluation** A process of determining the acceptability of the risk through a cost–benefit analysis.

## TIP

To avoid the additional permitting, insurance, and other costs associated with alcohol sales, facility and event organizers partner with local bottling companies or breweries to manage the alcohol sales. This transfers the liability from the facility or event owner to the distributor.

	Consequences		
Likelihood	Minor	Moderate	Major/Catastrophic
Likely	Kids sneak in without paying	Injury from unruly fans throwing debris	None
Possible	Slip and fall on wet bleachers or ice	Hypo- or hyperthermia from severe weather temperatures	Player suffers severe life-threatening injury from tackle
Unlikely	Food poisoning from concession stand due to improper refrigeration	Camera and speakers are stolen after game	Spectator has fatal cardiac arrest Bomb threat

**Figure 4-2** Example of a Risk Matrix Chart for a High School Football Game. Orange Text Indicates Intolerable Risk Level, Purple Text Indicates Tolerable Risk Level, and Green Text Indicates Broadly Acceptable Risk Level

## RISK TREATMENT

### risk treatment

A method of managing risk that involves minimizing the impact and/or occurrence of the risk.

### risk avoidance

A method of managing risk that involves discontinuing the component of the activity considered to be a risk.

Once the risks for a particular event are identified and the risk matrix is considered, facility and event managers must decide how they should handle the potential risks or which method of **risk treatment** they will use. Within the sport event context, there are five common strategies facility and event owners use to minimize the impact of risk: Avoidance, acceptance and financing, reduction through proactive measures, transfer, and retention.

**Risk avoidance** occurs when managers establish the risk as both a major risk and nonessential to the mission of the organization and, therefore, discontinue the component of the activity considered to be a risk (Rushing & Miller, 2009). The avoidance strategy is used when the likelihood of injury is high and happens fairly frequently. For example, Florida has the highest

incidence of lightning strikes and frequent storms. School administrators and managers should postpone, reschedule, or cancel outdoor games and events for the safety of everyone involved when the threat of severe weather has moved into the area. At times, risks associated with sport event participants and spectators are unavoidable. As a result, facility and event managers must implement one of the following strategies.

Preparing for the risk through budgeting or establishing deductibles or self-insurance is considered acceptance and financing, or **risk acceptance**. In this scenario, the facility or event managers absorb all of the liability and financial responsibility for anything that might happen regarding the participants, stakeholders, and facility. The operating budget of the event and venue should include provisions for possible injuries and damage in the unlikely event of an occurrence. When accepting the risk, the sport manager is assuming the risk and potential need to pay small settlements, as in the case of injury or repairs if fans or participants damage equipment. The manager may also be absorbing the expense of small medical bills, emergency personnel, and sports medicine clinicians because the calculations for risk frequency and severity are low.

When the risk is unavoidable and greater than an acceptable level, facility and event owners may employ **risk reduction through proactive measures** by establishing a series of controls to reduce either the likelihood of occurrence or the consequences associated with the risk. One method of control is to establish a set of standardized practices for employees and volunteers to follow, or a standard operating procedure (SOP) manual. The importance of practicing the protocols in the SOP manual, as well as continued training and updates for employees and volunteers as new potential risks are identified, cannot be underestimated. Clearly, one cannot predict everything that could possibly happen during an event, and thus the SOP manual provides employees with a series of guidelines to use as a method to deal with various issues. Employee manuals may also be helpful for delineating some specific guidelines that have been identified as critical, such as weather-related emergency protocols, communication procedures, and injury or illness strategies. Training and practice scenarios should be required of all staff and conducted on a regular basis. First aid, cardiopulmonary resuscitation (CPR), and automated external defibrillator (AED) training and certification should be provided and encouraged in light of new legislation in many states requiring these safety measures to be in place at facilities and venues.

**Risk transfer** consists of moving the risk to another entity. There are two commonly used methods to transfer risk: Insurance and waiver of liability. The use of insurance or an insurance policy covers the potential monetary

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#### risk acceptance

A method of managing risk that involves preparing for the risk through budgeting, deductibles, or self-insurance.

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#### risk reduction through proactive measures

A method of managing risk that involves establishing a series of controls to reduce either the likelihood of occurrence or the consequences associated with the risk.

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#### risk transfer

A method of managing risk that involves moving the risk to another entity.

or financial losses considered too large for the facility or event managers to handle independently. By taking out insurance, facility and event managers opt to pay a premium or dollar amount to have these losses covered in the event of a lawsuit due to injury, a financial loss due to unexpected low attendance, a contract violation, and other developments. Similar to personal auto coverage, amounts may depend on the inherent or obvious risks identified, the level of the liability limits, the amount of the deductible, and the safety record. Limited-liability coverage is the total amount of coverage available to the facility or event for general claims against the organization. Amounts vary based on the event as well as the location of the event. The laws vary from state to state in terms of the minimum liability coverage that facility and events owners should possess. Deductibles are the amount of money paid when a claim is made. Typically, the larger the deductible, the smaller the premium. A high deductible may be a wise decision for the organization in terms of the upfront costs to host the event; however, the deductible costs should be built into the operating budget. See **Table 4-2** for commonly used insurance coverages.

**Table 4-2** Common Types of Insurance Coverage for Events

Insurance	Description
Accidental medical	Covers medical expenses incurred as a result of an injury while participating in an insured activity
Accidental death and dismemberment	Covers accidental death or the loss of limb or limbs as a result of participation
Blanket coverage	Insures property under a single amount applying to several different pieces of property
Business income/interruption	Covers loss of income in case the insured's business is shut down by a covered loss
Causality/liability insurance	Is primarily concerned with the legal liability for losses caused by injury to persons or damage to property of others
Event cancellation insurance	Protects against loss due to rain, hail, snow, or sleet, which causes cancellation or reduced earnings of an outdoor event
General liability insurance	Covers professional and commercial risks; broad term meaning liability insurance other than automobile liability or employer's liability
Liquor liability	Provides coverage for bodily injury or property damage for which you may be held liable by reason of alcohol consumption
Umbrella coverage	Provides coverage over a single underlying policy, or several different underlying policies

The second common form of transferring risk is the waiver of liability. Many facility and event managers will require participants, and potentially spectators, to sign a waiver that limits or eliminates liability in the event of an injury (see **Figure 4-3**). These waivers of liability typically require participants to comply with the rules and behaviors expected in order to participate. For example, a waiver may indicate that the event is not responsible for injuries that occur if the participant violates a written rule set forth by the event or facility. Many spectator events have disclaimers written on the

<p>In consideration of being allowed to participate in any way in the [Organization Name] athletic sports program, related events, and activities, the undersigned acknowledges, appreciates, and agrees that:</p> <p>1. The risk of injury from the activities involved in this program is significant, including the potential for permanent paralysis and death, and while particular rules, equipment, and personal discipline may reduce this risk, the risk of serious injury does exist; and,</p> <p>2. I KNOWLINGLY AND FREELY ASSUME ALL SUCH RISKS, both known and unknown, EVEN IF ARISING FROM THE NEGLIGENCE OF THE RELEASEEES or others, and assume full responsibility for my participation; and,</p> <p>3. I willingly agree to comply with the stated and customary terms and conditions for participation. If, however, I observe any unusual significant hazard during my presence or participation, I will remove myself from participation and bring such to the attention of the nearest official immediately; and,</p> <p>4. I, for myself and on behalf of my heirs, assignees, personal representatives, and next of kin, HEREBY RELEASE AND HOLD HARMLESS [Organization Name], their officers, officials, agents, and/or employees, other participants, sponsoring agencies, sponsors, advertisers, and if applicable, owners and lessors of premises used to conduct the event ("RELEASEEES"), WITH RESPECT TO ANY AND ALL INJURY, DISABILITY, DEATH, or loss or damage to person or property, WHETHER ARISING FROM THE NEGLIGENCE OF THE RELEASEEES OR OTHERWISE, to the fullest extent permitted by law.</p> <p>I HAVE READ THIS RELEASE OF LIABILITY AND ASSUMPTION OF RISK AGREEMENT, FULLY UNDERSTAND ITS TERMS, UNDERSTAND THAT I HAVE GIVEN UP SUBSTANTIAL RIGHTS BY SIGNING IT, AND SIGN IT FREELY AND VOLUNTARILY WITHOUT ANY INDUCEMENT.</p> <p>_____ DATE</p> <p>SIGNED: _____ (participant's signature)</p>
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**Figure 4-3** Example of a Waiver Release Form

backs of tickets that they purchase, as well as posted signs and announcements of warnings or rules for behaviors.

As with insurance, the laws vary from state to state; thus, it is important to understand the laws within your facility's or event's state. In most cases, if the event or facility provides the participant with a safe environment with proper medical personnel present, the waiver will hold up. All events and facilities are required to provide a standard of reasonable care to their participants and spectators, but accidents do happen, and these measures may demonstrate reasonable care by the facility and event managers.

The final method for managing risk occurs when the organization does not employ any of the preceding strategies. Rather, the facility or event manager has adopted **risk retention** because the likelihood of occurrence is extremely low and/or one of the treatment strategies would compromise the objectives of the event. For example, an event organizer hosting a sand volleyball tournament may list a tornado as a possible risk; however, because the likelihood of severe weather is minimal at that time of year, the event owner would decide not to take out various forms of insurance or include management strategies in the SOP manual. Frequently, it is not the case that treating the risk impacts the objectives of the event, and; therefore, some form of planning to manage the risk should occur.

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**risk retention**

A method of managing risk in which the organization does not employ any risk management strategies.

## RISK MONITORING

The last step in the risk management process should not be viewed as a final step, but rather as a continuous assessment of the risk associated with hosting the event, as well as the management strategies to reduce the risks (Westerbeek et al., 2005). **Risk monitoring** occurs throughout the entire planning, implementation, and evaluation stages of the event process; however, most view it as a component of the evaluation stage. It is important to review the procedures and policies set in place during each stage of the event to ensure that they are well designed to minimize the level of risk associated with hosting the various events.

During the event implementation stage, for instance, facility and event managers would monitor the activities associated with the various risks that they have identified, such as the communication of risk, the occurrence of risk, and the overall response to the risks that occur. Monitoring the risk at the implementation stage may allow for facility and event managers to make adjustments to the policies and procedures designed during the

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**risk monitoring** The continuous assessment of the risk associated with facilities and events, as well as the management strategies to reduce those risks.

planning stage. For example, a local facility is hosting an upcoming soccer tournament featuring children 12 to 18 years old. Initially, the field surface was sound, so they planned for the minimal amount of injury risk associated with typical soccer play. However, the night before the tournament, a heavy rainstorm moved through the area, which caused significant wear to the field. The additional stress on the fields may increase the chance of risk because of the unevenness created from use on the wet surface. Therefore, the tournament director and facility manager determine a method to rotate the fields throughout the day so that the facility manager may level the field surface after each use.

Tracking the performance of and evaluating your risk management plan will allow for better training of employees, identification of gaps within your SOP manual, and further development of proper reporting systems. Common monitoring strategies at the evaluation stage of the event include the following:

- Documenting occurrences and updating the risk management plan as necessary
- Reviewing the occurrences of incidents and the consequences associated with them
- Reviewing unexpected occurrences and developing a plan to mitigate or manage them in the future
- Gathering information from managers, employees, and volunteers to determine any other risk management issues (Sport New Zealand, 2014)

In addition to these activities, it is important to gather information from other stakeholders associated with the event. For instance, participants and spectators may have identified areas of risk associated with their own or others' behavior on the field of play or in the audience. Other stakeholders with information pertaining to the facility or event may include city officials, media, sponsors, and contractors, all of whom may have perceived differing levels of risk associated with the facility or event.

A final strategy to monitor risk would be to employ a risk manager. This is a very important hiring decision because the risk manager should possess excellent organizational and follow-up skills. The risk manager will develop and maintain the facility and employee policy manual, provide training and practice for any certifications, educate in the areas of communication and procedures, and, ultimately, be responsible for running a first-rate facility.

and/or event. It may also be necessary for the risk manager to develop a facility maintenance schedule, update insurance requirements, communicate with all stakeholders' current status reports, and retain legal counsel to review contracts, potential lawsuits or settlements, and changes in negligence and premises liability laws.

### SUMMARY

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As competition for additional participants and spectators increases, so does the responsibility for running facilities and events in which everyone takes pride. Employees should be invested as much as possible in the desire to produce the best events in safe, well-maintained facilities that are managed by a strong and motivated sport manager.

While not every risk or accident can be predicted, evaluating the risk management plan in view of occurrences at other facilities as well as one's own can help prevent liability and negligence from happening. A good rule of thumb is to critically think about worst-case scenarios and what can be done to prevent them. The sport manager is responsible for identifying potential risks and then eliminating or reducing these risks.

### DISCUSSION QUESTIONS

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1. Define risk and risk management, and explain the importance of a good risk management program for a facility or event.
2. What role have terrorism and other attacks had on risk management and sport events?
3. Define and differentiate the strategies associated with treating risk.
4. Outline and explain the strategies a facility or event manager can use to monitor risk management policies and procedures.
5. Identify a sport event or facility and use the steps in the risk management process to explain how this event/facility manages risk.

### Case STUDY

#### Warrior Dash Tragedy

The Warrior Dash is a 5k obstacle course that was established in 2009. The Warrior Dash website boasts that their event is a "get-dirty race anyone can start and everyone can finish"(n.d. b, ¶ 1). They go on to claim that "Warrior Nation is the diverse crew of athletes and couch potatoes, families and weekend warriors, run-for-a-cause-ers and veteran

racers all united by the Warrior Creed and the love of a good time" (Warrior Dash, n.d. b, ¶ 2). In essence, the Warrior Dash organizers are inviting all types of people—both those in shape and those who are out of shape—to partake in their race, which could pose a problem. How do you create a race that is challenging to athletes and not intimidating to individuals who are new to racing or are out of shape?

Warrior Dash races are held in cities across the United States and each race features various obstacles meant to challenge you in several ways. The obstacles in a Warrior Dash are based on the elements of earth, air, fire, and water. For example, Under the Wire, has participants crawling under 100 feet of barbed wire in the mud. In Warrior Roast, participants must jump over a row of real fire. The website tells you to "plan your leap accordingly: You'll most likely want to make this photo op your new profile picture" (n.d. a, ¶ 1). Another obstacle that was a part of the Warrior Dash is the Diesel Dome. This event was a 30-by-50-foot wooden dome that was intended to ignite a sense of vertigo in each participant.

On October 8, 2016, in St. Francisville, Louisiana, a Warrior Dash event was taking place. Everything was going as the event organizers had planned until the Diesel Dome obstacle collapsed with 20–30 people on it. According to witnesses at the event, the Diesel Dome started swaying back and forth and then fell to the ground. Once the structure collapsed, it took between 10 and 15 minutes for those who were injured to receive treatment. This delay was due to the safety monitors who were in charge of watching this structure being only 13 and 14 years old. There was also a question about the training they received regarding how many people to allow on the structure at a time and what to do in the event of an emergency.

Ultimately, three people were airlifted to the hospital, seven individuals were taken by ambulance to the hospital, and 10 to 15 others drove themselves to seek treatment for their injuries at the hospital. The participants' injuries included broken bones, cuts, and head injuries.

An investigation into the incident resulted in five arrest warrants being issued that accused contractors of poor construction work and event staffers of failing to follow written safety procedures. There were also charges of failing to get a contractor's license in Louisiana. Due to the negligence by the construction company and event staff, it is a wonder additional structures did not collapse.

1. Research the risk management procedures for Warrior Dash and other extreme sport events. What are the protocols in place if an emergency arises?
2. How would you have handled the situation?
3. Do you think there is an element of personal responsibility that racers must assume when they participate in these traveling races? Why or why not?
4. Create an emergency management/risk management plan for the Warrior Dash to ensure that another structural collapse or serious issue does not occur. Be thorough in this plan. You must discuss how you would specifically deal with the event overall and five specific obstacles.

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# Finance and Budgeting

Emily Sparvero and Deane Swanson

## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

1. Define capital projects and explain why both for-profit and nonprofit organizations undertake them.
2. Identify equity and debt funding sources available for a sport organization's capital projects.
3. Distinguish between general obligation, revenue, and special tax bonds.
4. Compare line-item and program budgets.
5. Discuss advantages and disadvantages of zero-based versus incremental budgeting.
6. Explain what variance analysis is and how it is used by managers.

## CHAPTER OVERVIEW

This chapter will outline the basic concepts of financing sport facilities. First, it will describe the basic components of financial statements and how they can be utilized to develop a budget as a forecasting measure. Second, it will discuss the means of financing the construction or renovation of a new facility. Finally, it will review budgeting practices for facilities and events and identify common expenses.

## IndustryVOICE

### Omar Banks—Executive Associate Athletics Director & CFO, Virginia Tech Athletics



I am the Executive Associate Director of Athletics and CFO for Virginia Polytechnic Institute and State University (Virginia Tech) Athletics. My responsibilities include all financial matters that impact our department, including capital project financing, debt

payments, and all other items related to facility maintenance and enhancements. Virginia Tech is a public land-grant university serving the Commonwealth of Virginia, the nation, and the world community. The discovery and dissemination of new knowledge are central to its mission. Through its focus on teaching and learning, research and discovery, and outreach and engagement, the university creates, conveys, and applies knowledge to expand personal growth and opportunity, advance social and community development, foster economic competitiveness, and improve quality of life.

The specific mission of the Athletics Department is the commitment to excellence, both academically and athletically, and to the personal development of our student athletes. In the spirit of Ut Prosim, we stand together to serve and represent our university and community with integrity and respect.

Before arriving at Virginia Tech, I had a successful career outside of the sport industry. I worked for IBM, FedEx, and Fidelity Investments, all of which played different roles in my personal and professional development. I mostly worked in accounting and financial roles, taking on special projects that others did not want. I gained a reputation as a problem solver during my time in corporate America. When I made the transition into college athletics, I worked mostly on the financial side, having experiences in fundraising, ticket sales, and business. I decided to focus on the business side of athletics because it aligned very well with my

skillset and allowed me to learn about everything in an athletics department.

Financial challenges are always on the forefront of intercollegiate athletic departments. There is the race to have the newest, biggest, and best facility to attract recruits. The focus has recently shifted to providing top notch amenities for fans to really enjoy the game-day experience to prevent the trend of declining attendance at our sport events. Emergency action plans are big, as most institutions of higher education tend to be risk-averse, and we are no different. To manage these challenges, we try to “control the controllables,” ... live within our means, and provide the best facilities that we can with the resources that we have. We try to ensure that the needs of each sport are met, taking a careful eye to mitigate any risk issues, while providing the best aesthetics and visuals for our fans, recruits, visitors, and campus community.

Similar to one of the challenges, a big trend that I see happening is related to enhancing the fan experience to retain the current fan base and to attract the new generation of sports fans. I believe that you will see more college and professional venues lowering concession product pricing to drive sales profits through volume, and more venues will renovate their venues to create premium suites and luxury spaces to attract and retain fans and to provide enhanced services. All of these changes will focus on providing fans with unique and memorable experiences. We are currently constructing plans to reduce concession pricing and are looking to implement concession vouchers that fans can pre-purchase at a discount and use them in all of our venues over the course of the entire season. We are also working to enhance the fan experience by creating memorable pregame, in-game, and postgame experiences. From parking lot to stadium and back home, everything is about the fan experience and making sure that they leave with the impression

that we not only care but that we also do things the right way to keep them interested.

Athletics is a unique industry that rewards drive, hard work, perseverance, and individuals who have a great attitude. I find that characteristics of self-motivation, ability to communicate, ability to listen, willingness to learn, positive attitude, adaptability, creativity, and organizational skills are some of the qualities of candidates who become successful. It is not an easy industry to get into, and it is very relational, so those qualities that make you stand out are the ones that others had to exhibit in order to get in themselves. I can teach new hires the technical skills to learn a job, but with all of the qualities listed above, this would ensure that the person has the ability to leave the job in a better position than when he or she started. First, I teach them to identify their own

personal core values. Understanding them will provide a road map, which should guide them to the right opportunities. Second, I would teach them about the business of athletics. Understanding revenues and expenses of an organization offers a perspective on the total organization, since 90 percent to 95 percent of all decisions have some sort of financial impact. From there, you can begin to understand how all of the pieces of the organization fit together.

In order to be successful as an executive within Athletics, you should know and understand your personal core values. This provides the roadmap for decision-making, how you conduct business, and how to operate within the "gray" areas. You also need to know how to manage people and coaches, keep emotions out of your decisions, and look at the facts and circumstances to help guide the process.

## Introduction

Financial issues related to facilities and events are often key to the success or failure of a project. If an organization fails to secure the capital funding necessary for a project, or if the organization's budget does not reflect its priorities, the ability of the project to meet organizational goals is in jeopardy. This chapter begins with a discussion of capital funding and the various sources of capital available to different types of organizations. The next section of the chapter provides an overview of facility budgeting, including different budgeting approaches and variance analyses. The chapter concludes with a discussion on common expenses in event and facility operation.

In April of 2018, Northwestern University opened the Walter Athletics Center and Ryan Fieldhouse, a \$270 million athletic department project that ushered in a new era of spending in the world of big time college sport. The facility was financed as part of Northwestern's capital campaign and it includes an indoor practice facility for football, the department's administrative offices, academic services, and space for five other varsity sports. The facility has all the bells and

### TIP

When the capital funding source requires a referendum, proponents of a bond issue should be willing and have the financial resources necessary to fund a public information campaign to persuade voters to vote for the proposal.



whistles that have become commonplace in the major athletic department facilities—amenities like an in-house barber, hot tub, and elaborate meeting rooms for the football team. However, the real “wow factor” comes from the panoramic views of Lake Michigan, the campus, and Chicago, through the facility’s 44-foot windows. On a recent visit, the father of a recruit called the facility “The Infinity Pool of Indoors” (Thamel, 2018), a comment that suggests that this new facility may finally give Northwestern an advantage that its peers in the Big Ten may find hard to match.

Northwestern’s athletic complex is only one example of the facilities arms race currently underway. From 2016 to 2018, close to \$17 billion were spent on new or substantially renovated facilities (Broughton, 2018). A listing of professional sport projects that opened in 2018 is provided in **Table 5-1**. This construction boom provides spectators with new and/or substantially renovated facilities in which to view sport events at the high school, college, and professional levels. The facility expenditures are not limited to venues for sport spectatorship. Facilities for sport participation are flourishing, and organizations, including campus recreation departments; public parks and recreation departments; and private, for-profit sport clubs; are renovating or building new facilities. Given the magnitude of facility spending, it is important to understand the mechanisms through which these facilities are funded and the budgeting processes that are applicable to sport facilities.

## Capital Projects

### capital project

A long-term investment project that will increase the organization’s assets.

Sport facilities are common capital projects that sport organizations undertake. Capital refers to the funds needed to finance an organization’s assets. A **capital project** is a long-term investment project that will increase the organization’s assets. If an organization wants to build a new facility (or renovate

**Table 5-1** Professional and College Sport Projects Completed in 2018

Facility	Location	Team(s) Hosted	Cost
Entertainment and Sports Center	Milwaukee, WI	Milwaukee Bucks, Marquette University men's basketball	\$524 million
Louis Armstrong Stadium	New York, NY	USTA US Open	\$450 million
Banc of California Stadium	Los Angeles, CA	Los Angeles Football Club	\$350 million
Audi Field	Washington, DC	DC United	\$300 million
Phillips Arena	Atlanta, GA	Atlanta Hawks	\$192.5 million
ISM Raceway	Avondale, AZ	Motorsports	\$178 million
M&T Bank Stadium	Baltimore, MD	Baltimore Ravens	\$144 million
Richmond Raceway	Richmond, VA	Motorsports	\$30 million
Spectrum Center	Charlotte, NC	Charlotte Hornets	\$27.5 million
New Era Field	Orchard Park, NY	Buffalo Bills	\$15 million
Target Field	Minneapolis, MN	Minnesota Twins	\$13 million
Coors Field	Denver, CO	Colorado Rockies	\$8.5 million

an existing facility), there are many upfront costs, including costs associated with land acquisition, construction, and infrastructure development. In order to begin construction, the sport organization needs to have cash available to cover these expenses. Thus, a capital project typically requires large, up-front cash outlays. The projects continue to have both cash inflows and outflows over the course of the useful life of the project. In order to determine whether an organization should pursue a capital project, managers need to determine whether the project will increase the value of the organization.

In for-profit sport organizations, this determination is fairly straightforward. Managers can estimate the present value of all revenues that are expected to be generated by the facility (cash inflows) and the present value of all expenses expected to be incurred by the facility (cash outflows). As a simple decision rule, if the present value of the cash inflow is greater than the present value of the cash outflow, undertaking the facility project will increase the value of the firm. This rule is well illustrated by looking at the values of professional sport team franchises. In 2016, the Minnesota Vikings realized

a 38 percent increase in franchise value, which was largely due to their construction of a new stadium. Once the stadium opened in 2017, the value of the Vikings increased by an additional 9 percent. In 2017, the Atlanta Falcons were worth \$2.48 billion, an increase of 19 percent over the previous year. This increase in value was driven by the opening of Mercedes-Benz Stadium.

In nonprofit and public-sector sport organizations, decision making about capital projects is complicated by the public service orientation of these organizations. Public-sector organizations include federal, state, and local governmental agencies that serve the public good. Nonprofit organizations provide programs and services that the for-profit and public sectors either cannot or are not willing to provide. Public-sector and nonprofit organizations do not have shareholders to whom they are accountable. However, they are accountable to their stakeholders (e.g., clients, elected officials, community residents) and, as such, should consider the financial feasibility and sustainability of projects. Specifically, managers should still estimate the present value of the project's revenues and expenses, but the decision of whether to proceed might not be made solely for financial reasons. For example, decisions made by a parks and recreation department might be influenced by the department's commitment to providing a diversity of recreational opportunities to users at all socioeconomic levels. This guiding principle might cause the department to build a new recreation center in an underserved neighborhood, even if the cash inflow from the facility (i.e., membership and program fees) are not sufficient to cover the cost of the facility.

With an understanding of what defines a capital project and why a sport organization would choose to undertake such a project, we can now turn our attention to how sport organizations obtain capital needed for these projects. The acquisition, construction, or renovation of a facility will increase the assets of an organization. The increase in the organization's assets is made possible by an equivalent increase in the organization's liabilities, equity, or some combination of the two. We will examine specific ways in which sport organizations can raise the funds necessary to pay for facility projects.

## Equity Finance

Equity is ownership interest in an organization, and sport facilities may pursue several different forms of equity financing for capital projects, including sale of stock, retained earnings, and gifts (Brown, Rascher, Nagel, & McEvoy, 2017).

## SALE OF STOCK

The first form of equity financing available to sport organizations is the sale of stock shares. When the shares of stock are sold, the stockholder becomes a part owner of the organization. Each stockholder has specific rights, and these typically include the right to any dividends that are paid by the organization and the right to vote on organizational issues. While the sale of stock is commonly used by corporations to generate funds, there are limitations to a sport organization's ability to issue stocks to fund facility development.

The Green Bay Packers are the only publicly owned team in the four primary North American professional sport leagues (NFL, National Basketball Association [NBA], Major League Baseball [MLB], and National Hockey League [NHL]). The Packers have sold stock to the public on five occasions in the team's history, with the most recent stock sales in 1997 and 2011. The 1997 stock offering raised \$24 million, and the 2011 stock offering raised approximately \$67 million for Lambeau Field renovations (Cheffins, 1999; Spofford, 2012). Other North American teams, including the Cleveland Indians, Boston Celtics, and Florida Panthers, have also issued stock during their history, but these stock issues were not directly linked to facility development. The NFL, NBA, MLB, and NHL currently have policies in place that either discourage or prohibit the sale of stock. A public offering of stock requires extensive disclosure of a company's business practices. In order to protect its competitive advantage, a team may be reluctant to pursue a process that would make its business practices public. In addition to reluctance on the part of team owners to pursue this type of equity financing, there is also reluctance on the part of potential shareholders to invest in sport stocks. The North American sport stocks have underperformed the market in each instance. For example, Cleveland Indians stock showed a 50 percent return on investment for shareholders who bought the stock through the team's initial public offering and sold the stock when the team went private. However, other stocks that were traded on NASDAQ during this time produced a 123 percent return on investment for their shareholders (Smith, 2012). The sale of sport team stocks is more likely to be viewed as a souvenir for the die-hard fan than a serious personal financial investment.

The sale of stock is not limited to professional sports, although instances of sale of stock for recreational or amateur sport are less common. At the recreational level, a stockholder system can be used for recreation centers and swimming pools. For example, the Hiddenwood Recreation Association

in Newport News, Virginia, offers a stockholder membership. This membership includes a \$250 stock fee (in addition to the member's annual dues). In return, the stockholder is a voting member, can hold a position on the Association Board of Directors, and is exempt from the fee associated with reserving the swimming pool. The revenue raised through this type of stock issue is commonly, although not necessarily, used for capital projects. Other examples of stockholder programs at local recreation centers include the Shadow Oaks Recreation Association in the Spring Branch neighborhood of Houston, Texas, and the Ken Grill Recreation Center in Berks County, Pennsylvania.

### RETAINED EARNINGS

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#### retained earnings

Revenues generated by the sport organization that are reinvested to finance improvements and additions.

Sport organizations may also use retained earnings to fund facility development. **Retained earnings** are funds that are reinvested in the sport organization. In a for-profit organization, profit can either be distributed to shareholders in the form of dividends, or the profit can be reinvested in the company (i.e., retained earnings). Nonprofit organizations do not distribute earnings through dividend payments. Rather, any excess income is reinvested in the organization in order to expand its capacity to support the organization's mission. The advantage to using retained earnings to finance facility development is that the organization maintains control of how the funds are used (Stewart, 2007).

### GIFTS

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#### gift

A donation provided to an organization to finance a project that is tax deductible.

Another form of equity financing that is available to nonprofit sport organizations is **gifts** or donations. Under the U.S. federal tax code, individuals who make gifts to nonprofit organizations receive a tax deduction equal to their donations. A gift to an eligible nonprofit organization will reduce the donor's adjusted gross income when he or she files his or her federal income tax. Since federal income tax is calculated as a percentage of an individual's adjusted gross income, the tax benefit associated with a donation will reduce the amount of federal income tax that the donor owes the Internal Revenue Service.

When gifts are solicited specifically for facility development, or "brick-and-mortar" projects, they are part of the organization's capital campaign. Capital campaigns can support different types of organizations, with

different missions, different aims, and different levels of capital needed. The common thread among these capital campaigns is that they are focused on acquisition, development, or renovation of facilities, as illustrated by the following examples. The Philadelphia Girls' Rowing Club (PGRC) promotes rowing among women with an interest in amateur rowing, and the organization's house is the oldest structure on Philadelphia's historic Boat House Row. "Shore Her Up!" is the PGRC's capital campaign to raise funds for preservation of the boathouse. In 2015, the PGRC completed the first phase of the project, which raised \$600,000 and allowed for the structural stabilization and reconstruction of its piers and docks. Subsequent phases of the campaign were planned to restore the historic exterior and renovate the interior. In 2017, Duke University concluded Duke Forward, a multi-year capital campaign that raised \$3.85 billion for improvements across campus. This included several athletic department projects, including improvements to the football field, an expansion of Cameron Indoor Stadium, and the creation of a track and field stadium.

## Debt Finance

As mentioned previously, in order to procure the capital necessary for facility projects, an organization will increase either its liabilities or its equity. This section will examine what happens when an organization increases its liabilities (i.e., debt financing).

### LOANS

Sport organizations commonly borrow money in the form of a loan. The important features of a loan are its interest rate, maturity, and prepayment provisions (Brown et al., 2017). Interest is the amount charged by a lender in exchange for loaning the organization funds. The interest rate, or the percentage of principal charged as interest, reflects the risk inherent in the transaction. The riskier the sport organization is perceived to be, the higher the interest rate it will be charged. Maturity is the date that a loan is paid in full, including both principal and interest. Finally, a prepayment provision establishes what penalties, if any, will be charged should the recipient of the loan funds pay off the amount of the loan earlier than the date of maturity. Any sport organization can pursue loan financing from a financial institution.

Professional sport teams have special loan options available to them through their respective leagues instead of individual banks. In 2015, the NFL increased the amount a team could borrow from its Stadium Construction Support, or G-4, program to \$250 million (Kaplan, 2017). Teams that have benefited from the G-4 program in recent years include the Green Bay Packers, San Francisco 49ers, Los Angeles Chargers, Minnesota Vikings, and Atlanta Falcons. The NBA has a \$3.5 billion league-wide credit facility, and two-thirds of the teams in the league have borrowed funds (Kaplan & Lombardo, 2017). MLB has a \$1.5 billion league-wide credit facility, and the NHL established its \$1.4 billion facility in 2015. Whereas the funds borrowed through the NFL G-4 program must be used for stadium projects, the NBA, MLB, and NHL do not specify how the funds borrowed through their credit facilities are to be used. The benefit to the league is that these league-wide loan programs may support franchise stability and improve the fan experience. The benefit to the team (or loan recipient) is access to capital needed for facility projects at a low interest rate. The league's assets (e.g., national media contracts, franchise values, stable underlying league economics) secure the loan, which reduces the risk for the lenders. Remember that the interest rate charged reflects the risk of the investment. In the case of the NFL, teams that borrow through the league's loan pool can secure rates as low as 1.5 percent (Kaplan, 2012).

## BONDS

**bonds** A debt security in which the issuer owes the bondholder a designated amount; payment, interest, and maturity date details are provided.

**Bonds** are another form of debt financing available to a sport organization. Whereas the loan process depends on a financial institution to provide capital to the sport organization, the funds from a bond issue come from a range of investors active in the bond market. A bond represents a promise to pay back the amount borrowed (principal) plus the interest rate. The investor, or bondholder, holds the bond until the date of maturity, at which time the principal is due.

## MUNICIPAL BONDS

**municipal bonds** Tax-exempt bonds issued by the local or state government to support capital projects.

**Municipal bonds** are a special type of bond that may be available for sport organizations that need to raise funds. Municipal bonds can be issued only by state and local government, and they are usually issued for the purpose of financing capital projects. Municipal bonds are an attractive means of debt

finance because they are tax exempt. This means that when municipal bonds are issued, the bondholder does not have to pay federal income tax on the interest received. Because of the investor's tax exemption, municipal bond rates are typically offered at a lower interest rate than nonmunicipal bond rates. This lower interest rate reduces the total cost of the project.

The rationale for tax exemption of municipal bonds is that the state and local governments issued these bonds for the benefit of the public and the federal government offers an implicit subsidy. Municipal bonds may be issued by state and local governments on their own behalf, as in the case of a local parks and recreation department issuing bonds to finance a new swimming pool. The local parks and recreation department is a division of local government, and it is consistent with the purpose of municipal bonds that they be issued for this type of project.

Municipal bonds are also frequently issued by state and local governments for the purpose of constructing or renovating facilities for professional sport teams. The public benefits from a professional sport stadium are not as immediately obvious. Still, a Brookings Institution report estimates that the use of municipal debt for professional sport facilities has cost the US taxpayers \$3.7 billion in foregone revenue since 2000 (Gayer, Drucker, & Gold, 2016). Presumably, the owners of sport teams have access to well-developed capital markets, including those mentioned previously in this chapter. Still, we see state and local governments embarking on joint ventures with sport teams and issuing municipal bonds on their behalf. In addition to agreeing to provide a specific amount of construction costs (typically funded through the municipal bond process described later in the chapter), state and local governments also provide a variety of noncash support for sport facilities. Governments frequently offer favorable lease terms to professional sport teams that are housed in government-owned facilities. For example, the Dallas Cowboys pay the City of Arlington \$2 million per year for the use of the AT&T Stadium complex. According to Badenhausen (2017), the Dallas Cowboys were valued at \$4.8 billion, making them the most valuable NFL franchise. The Cowboys have an operating income of \$350 million, which makes the team's lease payment equal to 0.6 percent of its revenues. In addition to the \$2 million per year in lease payments that the city of Arlington receives, it receives a maximum of \$500,000 from any future naming rights deals; in turn, it has to cover the debt service on the \$325 million in municipal bonds that were issued for stadium construction.

Local governments may also provide land and infrastructure improvements, which can double the real cost of a stadium project.

The advantages to the team are clear. When the team enters into a public–private partnership, each party agrees to contribute a specified dollar amount or percentage of construction costs as well as additional resources. By partnering with a state or local government, the team’s share of costs is reduced. Additionally, when the government issues a municipal bond, the total cost of the project is effectively lowered because (as we have already learned) municipal bonds carry a lower interest rate than bank loans or corporate bonds. Finally, while the costs of facility construction are typically shared, the facility’s revenues are not. The sport team is able to maximize new revenue streams in a new facility, and these revenues (e.g., naming rights, premium seating, sponsorship) are captured almost exclusively by the team’s owners.

There are also advantages, or perceived advantages, for the local governments of the communities that host professional sport facilities. Common justifications for public subsidies for professional sport facility projects include both economic and noneconomic benefits. The specific economic benefits claimed include job creation, higher wages, and increased tax revenues. These benefits can be realized through (1) the construction and operation of the facility and (2) the economic development that is enabled by the presence of the facility. The construction of a new stadium creates jobs in the construction sector, which benefits the host city if the team hires local residents. The operation of a new stadium also creates jobs, although they are for the most part temporary, seasonal, and low-paying jobs. Sport facilities also attract visitors to the area surrounding the facility. Visitors spend money in hotels, restaurants, bars, and shops, which generate tax revenues through the local sales tax and any special taxes, such as a hotel/motel tax.

Economic benefits are frequently promoted by local leaders and special-interest groups that want to secure public financing for a stadium project. However, there is a general consensus that the economic benefits of sport facilities are often overstated (c.f., Siegfried & Zimbalist, 2000). While local governments are predisposed to accept that sport facilities are “magic bullets” for economic activity and development, the federal government has not accepted these claims. In 2007, the House Committee on Oversight and Government Affairs held separate hearings to examine (1) whether local governments realize the benefits promised by leaders who promote public

funding of sport projects and (2) whether public funding of sport projects diverted necessary funding from other government infrastructure projects. Additionally, in 2009, when U.S. Congress was debating the American Recovery and Reinvestment Act (i.e., the stimulus bill), an amendment was offered to prohibit the use of stimulus funds for stadiums. While this amendment was not included in the final passage of the bill, it highlights the skepticism with which some lawmakers treat claims of economic benefits.

In addition to economic claims, public support for professional sport facilities may be justified on social and quality-of-life (i.e., noneconomic) grounds. A facility that allows a city to host a professional team can improve the image of the city. The presence of a professional sport team can confer status as a “major league” city. The image enhancement attributable to a sport team can help to attract tourists as well as potentially attracting new businesses. The presence of a professional sport team can also provide residents with a point of connection to or commonality with other residents. Finally, the presence of a sport team can increase community self-esteem, or the symbolic importance of how residents view their community (Eckstein & Delaney, 2002). While these benefits are largely associated with the sport team or event hosted by the community, it is often the facility that allows the attraction or retention of the team or event.

## SECURITY FOR MUNICIPAL BONDS

Once the bond is issued, the sport organization must raise sufficient funds to cover the amount owed to the bondholder. While there are numerous municipal bond arrangements, we will focus on three types of municipal bonds commonly used for sport facility projects: (1) general obligation bonds, (2) revenue bonds, and (3) special tax bonds.

**General obligation bonds**, or GO bonds, are bonds that are secured by state and local governments’ authority to levy income, property, or sales taxes. GO bonds are backed by the faith and credit of the government, which means that the revenues from these tax collections will be used to cover the debt service on the bonds. In general, anyone who purchases a taxable good or service in a government’s jurisdiction must pay sales tax. Similarly, anyone who earns income within a government’s jurisdiction must pay income tax, if a state or local income tax exists. Finally, anyone who owns taxable property within a government’s jurisdiction must pay property taxes. Even if an individual

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**general obligation bonds** Bonds that are secured by state and local governments’ authority to levy income, property, or sales taxes.

rents a property, it is quite likely that the property taxes that the owner owes the government are reflected in the rent that is charged. Because the state and local governments can compel residents to pay these taxes, GO bonds have a very low chance of default and are generally deemed safe investments. However, GO bonds frequently require voter approval of proposed tax increases.

GO bonds are frequently used for public sport and recreation projects. Local recreation and sport capital projects (e.g., swimming pools, marinas, golf courses, parks) are widely believed to enhance the quality of life of a community. Additionally, some recreation projects increase the assessed value of nearby properties, which increases the tax revenues collected by local taxing authorities.

In 2012, voters in Austin, Texas, approved Proposition 14, a \$77.7 million bond issue for parks and recreation projects. The bond package included renovation or replacement of swimming pools, playscapes, and basketball courts. The city's plan was to issue GO bonds for these projects and then repay the bond with property tax revenue. In addition to the quality of life and property value benefits, supporters of the Austin bond issue insisted in public information campaigns that the project would not increase property taxes. This claim was technically true, as the property tax rate would remain the same. However, if the bond issue had not been approved by voters, the property tax rate in Austin would have *decreased* from 12 cents per \$100 of assessed value to 10 cents per \$100 of assessed value (Coppola, 2012). The framing provided by supporters was effective in persuading voters that they could have improved sport and recreation assets in the community without an increased tax burden, and the measure passed with 58 percent of the vote (Travis County Clerk, 2012). As of July 2018, the parks and recreation department had only spent 1/3 of the \$77 million approved by voters. Still, the city went back to the voters in 2018 to secure an additional \$120 million.

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**revenue bonds** Issued for a specific project and are secured through the project's revenues.

Another option for bond financing is the use of **revenue bonds**. Revenue bonds are issued for a specific project and are secured through the project's revenues. One advantage of revenue bonds is that they do not typically require voter approval. Also, revenue bonds adhere to the benefit principle of taxation. According to the benefit principle, those who derive the benefit from a project should bear the burden of tax payments. A disadvantage to the use of revenue bonds is that it can be difficult to accurately forecast a project's revenue streams. The funded project must be capable of generating sufficient revenue to cover the debt service. If revenue from the project does

not meet or exceed estimated revenues, the sport organization could default on its payments to bondholders. Consequently, revenue bonds are riskier than GO bonds and investors demand a higher interest rate.

**Special tax bonds**, like GO bonds, are secured by taxes. However, constituents are not legally obligated to engage in the activities or use the services that are taxed in the case of special tax bonds. Common examples of special tax bonds are visitor taxes, such as hotel/motel taxes and rental car taxes, as well as sin taxes, such as taxes on alcohol or cigarettes. The burden for the payment of visitor taxes falls primarily on individuals who are not local residents. This makes visitor taxes popular among residents and voters, but they may have negative effects on a community's tourism industry. In 2004, Dallas was in contention for the new Cowboys stadium. The team's proposal called for a 6 percent rental car tax and a 3 percent hotel/motel tax, which would have given Dallas the highest hotel/motel tax rate in the country. One of the most vocal critics of this proposal was Mary Kay, the Dallas-based cosmetics company. Mary Kay officials said that this tax plan would prevent them from holding their annual conference in Dallas. Mary Kay was joined by other companies involved in travel and tourism in lobbying against the proposed tax increase.

Sin taxes, in contrast to visitor taxes, are borne primarily by local residents. In May of 2014, by a margin of 56 percent to 44 percent, voters in Cuyahoga County, Ohio, passed a ballot issue to extend the county's sin tax until 2035. The tax extension on alcohol and cigarettes will be used to cover the costs of "constructing, renovating, improving, or repairing sports facilities and reimbursing a county for costs incurred by the county in the construction of sports facilities" (Coalition Against the Sin Tax, n.d.). As of 2018, the sin tax generates between \$13 and \$15 million per year, but more than half of this amount is committed to payments on bonds that were already issued for capital projects. The remaining funds are insufficient to cover basic maintenance, let alone the cost of the team's desired capital projects (Allard, 2018). If Cuyahoga County officials are unwilling to find new sources of public funds for the teams, it is possible that they may consider relocation in order to access new funds from voters in new locations.

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**special tax bonds**

Bonds that are secured by local taxes. Typically in the form of bed, car rental, or sin tax.

## Operational Revenues

The revenues generated by operations can also be used to finance a facility and cover debt service. This is typically done through **securitization**, where sport organizations use contractually obligated income as collateral for debt.

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**securitization** When sport organizations use contractually obligated income as collateral for debt.

Contractually obligated income includes future revenues that the sport organization is guaranteed to receive, such as revenue from media contracts, naming rights, and other sponsorship agreements; and multiyear premium seating contracts. The guaranteed nature of the contractually obligated income makes this method of financing less risky than depending on more volatile operational revenues, such as ticket sales.

## Budgeting for Facilities and Events

The first section of this chapter examined how sport organizations access capital needed to finance a facility project. This section presents the basics of budgeting for a facility or events.

### **operating budget**

Authorizes the funds necessary for the day-to-day operations of the facility or event.

### **line-item budget**

Revenues and expenses are estimated and grouped together into categories.

An organization's budget is a key component of its financial management. The **operating budget** refers to "those activities that are ongoing and necessary to maintain the *current capabilities* of the organization to produce, sell, and service its core products and services provided to the customer base" (Lalli, 2012). An operational budget authorizes the funds that are necessary for the day-to-day operations of the facility or event. The specific categories of expenses vary, depending on the type of facility or event.

The financial information included in an operating budget can be formatted in two different ways. The first option is a **line-item budget**. In a

line-item budget, revenues and expenses are broken down into specific categories. Revenues are estimated for each category, and expense limits are established for each category. The advantage of a line-item budget is that it is simple to prepare. However, it does not provide information with regard to how spending in the designated categories contributes to the efficient and effective delivery of programs. This makes it difficult for an organization to evaluate the extent to which its budget aligns with its strategic



priorities. The second format for an operating budget is a **program budget**. In a program budget, funds are allocated for specific programs or projects. Whereas the operating budget is focused on what the organization buys, the program budget is focused on programs that meet the organization's strategic goals.

Take the operating budget for Qualcomm Stadium, the home of the NFL's San Diego Chargers. Qualcomm Stadium is owned by the city of San Diego, and the Chargers lease the facility from the city. The revenues and expenses included in the facility's operating budget include only revenues and expenses for the stadium, and not for any team or event that leases the facility. Qualcomm's budget includes both a line-item budget and a program budget. When you compare the total expenses in the line-item budget with the total expenditures in the program budget, you find that the totals are the same (\$16,467,691 in fiscal year 2014), regardless of budget format. The information from Qualcomm's operating budget can be used to develop a revenue and expense statement for the facility. The **revenue and expense statement** is a financial statement commonly used by governments. For nonprofit and for-profit organizations, the budget can be used to create an income statement.

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**program budget**

Funds are allocated for specific programs or projects.

## Budgeting Approaches

An organization's budget should be aligned with the company's strategic plan. Budgeting decisions can be made using a variety of budgeting approaches, of which the most commonly used are incremental budgeting and zero-based budgeting.

### INCREMENTAL BUDGETING

**Incremental budgeting** is the budgeting approach that has traditionally been used. In incremental budgeting, management makes an allocation decision based on the previous year's allocation. The previous year's budget allocation is treated as a given, and adjustments are made from the status quo. Managers may choose to hold funding constant, increase funding, or decrease funding, but any change is consistent across expense categories and only the proposed incremental change is typically scrutinized. The benefits of incremental budgeting are (1) it has the same impact on programs and projects across the budget, (2) it is quick and easy, and (3) the budget remains stable from year to year. There are also several disadvantages to using incremental

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**revenue and expense statement**

Financial statement that presents budgeted and actual revenues and expenses in summary form for a given period of time.

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**incremental budgeting**

Budgeting system that makes slight changes to the previous period's actual revenues and expenses.

budgeting. First, incremental budgeting does not allow for a thorough examination of expenses to determine the extent to which they are in alignment with the organization's strategic goals. Second, if managers know that their future budget will be based on the current year, there is pressure to spend any money that is currently allocated. This practice may result in frivolous spending, especially near the end of the organization's fiscal year. Finally, there is no incentive to cut costs in the current year or to propose alternative ways to accomplish program objectives in the future. Nevertheless, when a facility or event faces budget cutbacks, the default approach is incremental budgeting.

### ZERO-BASED BUDGETING

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**zero-based budgeting (ZBB)**

(ZBB) Requires that each line item from a previous budget be reviewed and approved and starts from a zero amount.

An alternative to incremental budgeting is **zero-based budgeting (ZBB)**. In ZBB, managers must evaluate all spending decisions on a regular basis, with the intent of adapting to a changing business environment and maximizing efficiency. In ZBB, managers start from scratch each year, and the starting budget is zero. Each expenditure is carefully considered and must be justified through cost–benefit analysis. According to Lalli (2012), there are five key elements to ZBB: (1) identification of objectives, (2) evaluation of alternative means of accomplishing each activity, (3) evaluation of alternative funding levels, (4) evaluation of workload and performance measures, and (5) establishment of priorities. The advantages to ZBB are that (1) it forces managers to question every expenditure (which will presumably lead to more effective and efficient budgeting decisions), (2) it prevents budget creep, and (3) it allows managers to link budget expenditures to performance goals. The time required is a major disadvantage and is one of the primary reasons that we rarely see true ZBB implemented. In most cases, it would be impractical for an organization to “zero” out every program and expenditure category. Rather, when practically implemented, ZBB requires strict scrutiny of spending so that all activities are evaluated to determine whether they should be eliminated altogether (i.e., a \$0 budget allocation) or whether funding should be increased, decreased, or held constant compared with the previous fiscal period. In contrast to incremental budgeting, this modified form of ZBB does not require consistent budget increases or cuts for each budgetary unit.

Many sport organizations are classified as nonprofit organizations, and as such, have special budgeting considerations. However, according to Shim, Siegel, and Allison (2011), the estimated revenues for nonprofit organizations differ from for-profit organizations in two important ways. First,

the estimated revenues for many nonprofit organizations are not directly related to the provision of services. Second, the objective of a nonprofit is to have equality of revenues and expenses so that any excess revenues from one period should be available in the subsequent period. Whereas for-profit organizations use revenue estimation to establish their budgets, nonprofit organizations may instead estimate program expenditures to determine the budget and raise funds accordingly.

## VARIANCE ANALYSIS

An organization's budget is set at the beginning of the fiscal year and is based on estimates of revenues and expenses. An organization may realize unexpected savings or encounter unexpected increases in expenses. Because estimates are likely to deviate from actual revenues and expenses, it is important that organizations periodically compare budgeted figures with actual figures. Variance analysis is an ex-post examination of budgeted and actual figures, and the variance can be either favorable or unfavorable for the organization (Stewart, 2007).

Variance analysis for PETCO Park is shown in **Table 5-2**. The amount that the organization is over or under budget is calculated by subtracting the year-end projection from the adopted budget. The variance is expressed as a percentage. In this case, revenues exceeded their budgeted levels.

Year-end expenses were also greater than anticipated, in large part due to increased variable costs associated with increased attendance. According to the adopted budget, the city of San Diego expected to lose \$1,145,696 in 2016. The real year-end figures showed a slightly greater loss of \$1,310,218. Variance analysis can act as an early warning sign by identifying revenues that fail to meet established goals and expenses that exceed estimates. If revenue and expense variance is minimal, managers may choose to monitor the situation closely. If variance falls outside of an acceptable range, managers should reevaluate the situation and take remedial action as necessary.

**Table 5-2** PETCO Park Fund FY 2016

	FY 2016 Adopted Budget	FY 2016 Actual Budget	Over Budget (Under Budget)	Variance
Revenues	\$15,207,773	\$17,181,691	\$1,973,918	12.98 percent
Expenses	\$16,353,469	\$18,491,909	\$2,138,440	13.08 percent

Data from The City of San Diego Fiscal Year 2017 Adopted Budget Volume II: Department Detail, [https://www.sandiego.gov/sites/default/files/petco\\_park.pdf](https://www.sandiego.gov/sites/default/files/petco_park.pdf)

## Common Expenses in Facility and Event Budgets

In this section, we will examine common expenses in facility and event budgets. There is a symbiotic relationship between sport facilities and events.

Almost all events require some type of physical structure in which the sport event can be conducted, and most facilities face pressure to fill their facility calendar with events in order to maximize profitability. If an entity is the owner of both the event and the facility in which it is held, facility and event costs may be combined in a single budget. For example, the Washington NFL Franchise owns Fed Ex Field, the stadium in which the team plays. As a result, the organization does not have an annual rent payment, but rather, the organization is not only responsible for both the facility operations costs but also the cost of putting on the team's home games (i.e., the event).

It is much more common for the event owner and facility owner to be separate entities. In the case of separate owners, the event owner enters into a lease agreement with the facility owner. A portion or all of the facility owner's costs, including staffing, utilities, maintenance, and even debt service, are passed on to the event owner and reflected in the lease amount. For example, the Round Rock Sports Center (RRSC) is an 82,800 square foot multipurpose center located in Round Rock, Texas. The RRSC is owned by the city and regularly hosts youth sport tournaments. Tournament organizers who wish to hold their events at the RRSC pay an hourly rate based on the number of participants, number of spectators, and time of the events. Additionally, event owners must use the athletic training staff provided by the RRSC and must also comply with RRSC policies with regard to the number of police officers for security, crowd control, and traffic control.

If a facility is owned by a local government, there may be less pressure to fully recoup costs through revenues from lease payments. In the case of small-scale events hosted in facilities like the RRSC, the city may experience an increase in economic activity (and the subsequent increase in tax collections) from visitor spending that compensates for a failure to break even. The same rationale is also commonly used to justify the low rents that professional sport teams pay to the local governments that own their facilities.

In addition to facility rental or management costs, other common expenses are associated with staffing, operations, marketing, and volunteer management. All events, regardless of their size, should also include a contingency fee. This fee is typically 8 percent to 10 percent of the total budget and ensures that the event has sufficient reserves to cover unexpected expenses.

The range of an event's expenses varies based on the type and scale of the events. It is possible for an event to incur almost no expenses. For example, a public park in Georgetown, Texas, is the site of Vern's No-Frills 5K, a small local event held each month that has a budget to match its name. The event offers only day-of registration, one water stop on the course, and one water stop after the race. The race is produced by a small running company and the main costs are those associated with promotion of the event, the water stops, legal advice related to waivers, and liability issues. Any proceeds from the event are donated to the city parks department for maintenance and improvement projects. Larger events necessarily require larger budgets, and the cost of producing mega-events can reach into the billions. The estimated budget for the 2024 Olympic Games in Los Angeles is \$5.3 billion, which includes a \$491.9 million contingency (Wharton, 2016).

## SUMMARY

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In this chapter, the major financial and budgeting considerations related to facilities and events were presented. First, special financial issues related to capital budgeting were presented with examples of both debt and equity funding used for such projects. Operational budgets were discussed next, including incremental and zero-based approaches to budgeting. Financial issues are also important to events, even if the event does not require funding and operation of a facility by the organization. Thus, the final section of this chapter discussed common expenses in facility and event management.

## DISCUSSION QUESTIONS

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1. Identify a professional sport team near you and research how the team secured funding for its facility. How was the facility financed (i.e., debt or equity financing)? To what extent was the financing method used by the team consistent with the benefit principle?
2. You are the parks and recreation director, and your city council recently announced that all city departments, including the parks and recreation department, will have to implement a mandatory 10 percent across-the-board cut during the next fiscal year. Do you agree with the incremental approach proposed by the city council? In what ways could zero-based budgeting improve your financial outcomes? You may wish to locate the annual budget for a local parks and recreation department to consider specific impacts and make recommendations.
3. Identify a sport event in your community that is currently run on a shoestring, or no-frills, budget. Which event characteristics make this type of budget appropriate for your event? What enhancements would you make to the event if you could double or triple the budget?

## Case STUDY

### Special Olympics Texas

Events play an important role in the ability of nonprofit organizations to carry out their missions. Events can be central to a nonprofit organization's programming, and they can also be used to raise funds to support programs. The case of Special Olympics Texas (SOTX) illustrates the challenges created when an organization's ability to conduct events is threatened.

SOTX provides year-round sports training and competitions for children and adults with intellectual disabilities. Its mission is "to provide continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in the sharing of gifts, skills, and friendship with their families, other Special Olympians, and the community." Over 300 events are held each year across the state, culminating in the Summer, Winter, and Fall Classic Games. In 2016, SOTX served 58,884 individuals with disabilities, managed over 40,000 volunteers, and raised funds from over 68,000 donors. SOTX hosts over 300 competitions annually. In 2016 alone, it cost SOTX over \$2 million to stage the state and area games. This was the organization's second largest expense (behind wages and salaries) and was 23 percent of the total annual budget. Events were also a major source of revenue. SOTX had net special event revenues of \$3.1 million, which represents 40 percent of their total revenues.

While SOTX is viewed positively by stakeholders, it consistently operated at a financial loss from 2014 to 2016. Over three years, SOTX had cumulative revenues of \$24.1 million and cumulative expenses of 26.8 million, resulting in a loss of \$2.6 million over this period.

A few weeks before SOTX was to host the 2017 Fall Games in Bryan/College Station, Hurricane Harvey made landfall as a Category 4 storm. Hurricane Harvey devastated Houston and the Coastal Bend region in South Texas. SOTX was able to hold its Fall Games as planned, but the effect on fundraising was profound. Several fundraising events were canceled because venues were flooded, and donors and sponsors redirected their spending toward hurricane relief efforts. Additionally, the organization had difficulty recruiting volunteers, as many past and potential volunteers redirected their efforts toward hurricane relief.

On September 27, Richard Brown, the vice president of resource development, stated, "Our organization is doing everything it can to reduce expenses, but for us to be able to put on the high-quality service that we provide for our athletes, we need help more than ever." Suzanne Anderson, the interim CEO of SOTX, outlined specific cuts that the organization was making to address its \$1.1 million shortfall: "We are definitely making a ton of expense cuts. We still want to make sure our events are going in every way possible, but the tent that used to be there is no longer there, the stage that used to be there is no longer there" (Rapaport, 2017, ¶ 11). The spokesperson for SOTX did acknowledge that there was a possibility that it would have to cancel some of its competitions (Betts, 2017).

SOTX launched #SOTXStrong, a dedicated social media and online fundraising campaign. The goal of the campaign was to raise \$100,000 in 30 days to make up their budget shortfall. The campaign fell far short of its goal, raising less than \$35,000.

1. Common categories of expenses for SOTX events include: (1) facility rental, including table/chairs, security, and sound system; (2) signage, lighting, and decorations;

(3) medals and awards; (4) food and beverage; (5) entertainment, including appearance fees, travel, and accommodations; (6) printing; (7) uniforms and credentials for staff and volunteers; (8) volunteer training; and (9) sponsor hospitality. Given SOTX's budget shortfall, to which categories would you make cuts? How would you defend them to event stakeholders?

2. Events are also an important source of revenue for SOTX. In addition to the budget cuts you were asked to make in Question 1, you also need to find ways to drive new revenues. What recommendations would you make to SOTX, keeping in mind the impact that Hurricane Harvey had on sponsor and donor priorities?

The information in this case study is drawn from Special Olympics Texas public documents, available at <http://www.sotx.org>.

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# Bidding and Planning for Different Events

Amanda L. Paule-Koba

## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

1. Write a mission statement that articulates the purpose of the event.
2. Define and write SMART goals.
3. Assess whether it is feasible to execute an event.
4. Explain the event bid process.
5. Provide examples of the different types of events.

## CHAPTER OVERVIEW

This chapter will outline the process of bidding and planning for a variety of different events. A discussion of the different categories of events, the bid process, and how to assess the feasibility of an event will be presented. Additionally, a SWOT analysis will be reviewed.

## IndustryVOICE

### C.J. O'Leary—Special Event & Game Day Presentation Coordinator, Toledo Mud Hens and Toledo Walleye



**A**s Special Event and Game Day Presentation Coordinator, my main responsibility is scripting all of our pregame, postgame, and in-game entertainment for about one-third of our home games. Each game has sponsored elements that occur as

part of corporate contracts, and it is my job to ensure that they occur as scheduled and are presented in the best possible way. Our intern staff, the Swamp Squad, is responsible for actually executing these promotions on the field and in the stands as I have scripted and directed them from our video room. In the video room during games, I will direct our interns, PA announcer, stadium host, DJ, and video board staff. Most of my day-to-day activities consist of working with our sponsorship and ticket departments to make sure that everything they sell for a certain game is executed as directed in the contract. For instance, our ticket department is responsible for selling many things other than just tickets. They book most of our national anthem groups, youth baseball parades, boy and girl scout sleepovers, first pitches, etc. It is extremely detail oriented so communication is key.

I was first exposed to the sport industry when I took a sport and leisure studies survey class that introduces you to the major. In the class, I conducted a job shadow with one of the Assistant Directors of Fan Experience in the Ohio State athletic department. That led me to my first internship on their game day staff, in which I helped execute all of the in-game activities during my sophomore year. My supervisors at Ohio State were able to get me in contact with the Director of Marketing on the Columbus Crew. That connection presented me with the opportunity to join the Crew's game day staff, executing in-game promotions and other special events around Columbus. From there, I was able

to move up in both organizations; I was given more responsibilities during games and some office duties.

I continued to work with the Crew and OSU for the next 2 years until I graduated with an undergraduate degree. I then went to Bowling Green State University to get my master's in Sport Administration. While there, I landed an internship with the Toledo Mud Hens and Walleye. That internship lasted about 2 years until I finished grad school. My first full-time job was at the University of North Carolina at Greensboro, a small NCAA D1 school down in Greensboro, North Carolina. I moved to North Carolina about 3 months after graduation. There, I basically did what I do here. However, in college athletics, you have multiple sports you are responsible for each season. I was responsible for men's and women's soccer in the fall, women's basketball in the winter, and baseball in the Spring. We all had a hand in working men's basketball games as well since that is UNCG's biggest revenue generator. I was there for a little over a year before my current position opened and I moved back to Toledo.

Our stated promise is "To deliver a Grand Slam in Affordable Family Entertainment by covering all the bases: Fun, Family, Fabulous Food, and Affordability." Our goal is to provide the city of Toledo and its surrounding areas with affordable, year-round entertainment at Fifth Third Field, the Huntington Center, and the Hensville Entertainment District, which includes Hensville Park, Holy Toledo! Tavern, and Fleetwood's Taproom. We believe that in accomplishing this, we can be a catalyst in the continued revitalization of downtown Toledo.

This past year, we have reanalyzed our structure and tried to find areas in which certain departments may overlap in order to increase efficiency as well as cut some of our costs. One of the solutions that we have been testing is the merging of our Operations and Promotions departments. It makes sense since our two departments are the most responsible for day-of-event execution. One example of how we've become more

efficient is in the utilization of part-time staff during games. By adding in game operations tasks to our promotions interns' responsibilities, we have been able to greatly cut down on part-time labor costs. For example, interns will have a couple of innings off between their promotion responsibilities. We now use that downtime to finish certain operation tasks, e.g., concourse table breakdown, manning our Guest Services HQ, etc. Essentially, we are getting more done with fewer people than in previous seasons. Not only has this helped our budget but we also feel that it makes the internship more attractive to applicants because it exposes them to multiple areas of event execution as opposed to promotions only.

In minor league baseball and hockey, there are often league-wide promotions and collaborations that involve multiple teams. For example, the ECHL has a contract with Marvel so every team in the league does a Super Hero/Comic Book night and has jerseys based on a Marvel superhero. It's definitely a lot of fun getting your opponent to participate because it just adds another level to the night. For example, doing a Superhero night in which the home team's jersey is based on the hero and the visiting team's jersey is based on the villain. The fans have a lot more fun with it.

We always reach out to opposing teams to see if they'll participate in a theme night that we are hosting. I feel that in minor league sports, it is far more common for teams to work together and share ideas. The answer is almost always yes that teams will participate in the theme night as long as we agree to return the favor at one of their games.

When I look for prospective employees, I think that experience in any internship or job that centers around running events provides extremely valuable experience that would be transferable to the sport industry, including charity events, concerts, marathons, 5ks, etc. These events allow you to work in a fast-paced environment that requires attention to detail and communicating with both staff and customers; skills that you definitely need in the sport industry. Try to find *any* opportunity working in live events.

Outside of relevant experience, I think the most important thing that we look for is an ability to

communicate effectively. There is nothing worse than getting a radio call during an event and not being able to understand the person on the other end of the call. Problems can pop up quickly and need to be addressed quickly. Effective communication expedites the problem-solving process. Effective communication ahead of time can eliminate problems altogether.

My advice to students who want to be involved in the sport industry is to get involved in as much as you can outside of class. The university setting provides so many opportunities to volunteer in such a wide variety of organizations and events. Take advantage of it. In doing so, you are both gaining experience as well as making contacts that may open up other opportunities down the road.

In terms of planning for different events, one of the things that my first internship really opened my eyes to is just how many different moving parts and how much collaboration it takes to execute an event. In no particular order: Promotions, operations, communications, ticket sales, merchandising, food and beverage, catering, audio/video, security, and first aid. I think it would be beneficial to mock up an event and then map out all of the different responsibilities that these departments cover. Is your event ticketed? You need someone to sell and process payments. Do you want them to have food? You need someone to order the product, cook it, and serve it. Do you want them to be able to sit down when they eat? You need to account for tables and chairs when mapping out your event space. Where is the event occurring? You need to make sure it is large enough to accommodate your guests and the other needs of your event. Where are people parking when they arrive? Will streets need to be closed to make sure that people are able to walk to and from your event safely? How are you advertising your event and communicating details to the public? It can be a little overwhelming, but the key is having processes in place for each of these tasks so when the time comes, you are essentially just filling in the blanks, e.g., we rented X event space with a capacity of Y so we need Z amount of tables. It makes the whole process a lot simpler.



## Introduction

Bidding and planning for events is a crucial part of the management process. What is the process of planning an event from idea to completion? How does an event manager know if an event is feasible? How do you bid for an event that you do not own the rights to? All of these questions will be answered in this chapter.

## Executing Events

Events, by their very nature, are not permanent. They occur at different times and in different locations. They also may occur for different reasons. One of the challenges of running events is that there are many types of events, both sport and non-sport related, that event managers and facility managers might have to execute. The variety of events that an event or facility manager may have to deal with is vast and can be challenging if one is not prepared for the realities of the different types of events.

The five main types of events that an event or facility manager may have to deal with are:

- Mega events
- Recurring events
- Traveling events
- Ancillary events
- Community events

In order to successfully manage an event, the manager needs to assess the resources that the organization has at its disposal, the objectives of the event, and the goals of the event and the event manager. During this assessment, the manager needs to ensure that the resources that the organization has are enough to produce a high-quality event.

## Identifying Reasons for Creating, Bidding, or Hosting an Event

Some events are created to help a local economy, generate buzz about a new product or sport, or deliver benefits to sponsors/stakeholders. Other events may be run in order to raise money for a charity or philanthropic

organization. Another possibility is that an event is created for the purpose of generating revenue for the organization. All of these goals are perfectly acceptable reasons for creating an event. However, the event manager must assess whether the goals for the event are feasible while evaluating multiple factors (time, resources, staffing, the economy, and so forth).

Of course, there is the possibility that an event is created with multiple goals in mind. For instance, a company may partner with a professional soccer player to create a youth soccer camp. The initial goals of this youth camp could possibly be to:

1. Increase the skills of the young athletes.
2. Raise money for the professional soccer player's Foundation or charity that he/she supports.
3. Generate a profit for the organization running the event or the event owner.

All of these are examples of realistic goals for such an event. Ideally, the youth soccer camp would be able to obtain each of these goals. However, the goals are not as detailed as they could be. How would the director of the event be able to assess whether the goals were achieved or not? When creating goals, an event manager should follow the SMART principle. While there are variations of what each letter stands for, **SMART goals** are Specific, Measurable, Attainable, Relevant, and Time-Based (Doran, 1981; Farrelly, 2010; Meyer, 2006).

Specific stands for goals that are well defined. They do not leave any room for confusion and are clear to everyone involved in the execution of the event. For instance, if you were running the youth soccer camp mentioned earlier, you could change the first goal of the event to "increase the shooting accuracy of all participants by 10 percent." This would be assessed by having a shooting drill on the first day of the camp to measure accuracy and then complete the same drill on the final day of the camp to see if there was a 10 percent increase in accuracy.

Measurable goals provide enough detail so the event manager can determine if the goal was achieved. For example, the second goal could be adapted to state "to raise \$2,500 for the professional soccer players Foundation." This goal could be assessed by tallying the final numbers at the end of the camp. If the camp generated at least \$2,500 for the professional athlete's charity, the goal was reached.

Attainable means that the goals listed are actually capable of being achieved. An example of a goal that is not attainable would be thinking and stating that the youth soccer camp would raise \$1,000,000 for charity. While this is a fantastic goal, it is not very realistic or attainable. The goal stated

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**SMART goals** An acronym used to describe the goals of an event; stands for specific, measurable, attainable, relevant, and time-based.

previously regarding generating \$2,500 for the athlete's charity is much more attainable, especially in the first year of an event.

Relevant goals make sense given the event that is being produced and resources available to the organizing team. Furthermore, these goals correlate well with the event with which they are associated. For example, the new first goal of increasing "shooting accuracy of all participants by 10 percent" would be a relevant goal for this specific camp. Ideally, each young soccer player's skill development would be enhanced during this camp session so increase in the shooting accuracy goal is relevant for this event.

Time-based goals have a time limit placed on them. This time limit allows enough time for the goal to be completed but has a specific end time or due date that will identify whether the goal was achieved. An example of a time-based goal is one that would be achieved if we added to the first goal, which would now read, "to increase the shooting accuracy of all participants by 10 percent by the last day of the camp." By putting the time element of the last day of camp into this goal, we have satisfied this part of the SMART goals principle.

It is important to remember that when creating a new event, in addition to your goals for the event, you must assess where it fits in the current marketplace. If you are going to create a youth soccer camp for a professional athlete, is this event unique to the area or are there other soccer camps that are held in your geographic region that also feature prominent athletes? Being unique is crucial to attracting sponsors, event participants, spectators, and/or media.

Furthermore, you must also assess whether there is a demand for that type of event. In the youth soccer camp example, you need to assess if there are enough young soccer players in the area to fill the camp. The event manager would do this by researching the number of youth soccer teams and leagues within a given geographic area. If soccer were not a popular sport with young athletes in the region, it would be best to not create this event. Or if you still wanted to create the event in order to increase awareness and interest in the sport, the goals of the event would need to be altered in order to be in line with the new purpose of creating the event. The event manager, in essence, is attempting to assess whether the event is feasible or not.

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**Event feasibility** The likelihood that an event can be executed at the desired level given the resources at the event organizer's disposal.

## Event Feasibility

Once you have an idea for an event, it is important to investigate whether this event is feasible. **Event feasibility** examines whether or not the event can be executed at the desired level given the resources at your disposal (Torkildsen, 1999;

Watt, 1998). Examining the feasibility will also help the manager determine a budget for the event. When assessing all of the direct and indirect costs, the manager has a better understanding of exactly what it will take to run this event.

The manager would want to conduct a feasibility study, which is the analysis of the potential event and assessment of the strengths and weaknesses of the event. When conducting a feasibility study, the manager needs to hire the staff necessary to complete the study, plan how the study will be executed, implement the study, record the results, and distribute the study.

The first step after receiving a Request for Proposal (RFP) to potentially host an event is to read the proposal and request any documents from the requesting organization that may not be readily available on their website or in the RFP. Next, the individual in charge of the bidding process should read through the RFP to ensure that he or she understands everything that is required to host this event. The larger the financial commitment to host the event, the more comprehensive the feasibility study should be in order to ensure that you have the financial resources to execute the event if you are awarded the event after putting together a successful bid.

In the feasibility study portion of deciding whether or not to bid for an event, it is important to take an unbiased and realistic look at the assets, accommodations, transportation, etc., that you have at your disposal for this event? You may have a state-of-the art facility but do you have hotels to house all of the participants and spectators? These are things that need to be considered before really diving into writing the bid.

During the feasibility study, some of the questions the manager may ask to decide whether the event can be successfully produced are:

- Is there a bid submission?
- Does this event fit within our mission and objectives?
- What are the benefits to hosting this event?
- Where would we hold the event?
- How many staff members are necessary to execute the event?
- How many volunteers are necessary to execute the event and where would we find the volunteers?
- Is there interest in this geographic region for the event?
- What else is taking place in our region that would compete with the event?
- Where would we find participants for the event?
- Are there sponsors who would be interested in partnering with this event to offset costs?

- What is the best strategy to market this event?
- What are the costs associated with the event?
- What equipment do we already own? What could we borrow? What do we have to buy?
- What potential barriers might this event face and do we have the resources to overcome those challenges?
- Are there any other events that occur in our area that would compete with this event?
- Do we have enough time to produce this event?
- What are our strengths?
- What are our weaknesses and how can these be diminished?
- What opportunities exist?
- What are the threats that exist that could ruin this event?
- What are our chances of winning the bid?

The person conducting the feasibility study needs to be unbiased in his or her evaluation of whether this event should be produced. If after examining the event, the manager decides to proceed, the next step is to go forward with the bid process (if there is one). Generally, the process to determine event feasibility will look like **Figure 6-1**.

## SWOT Analysis

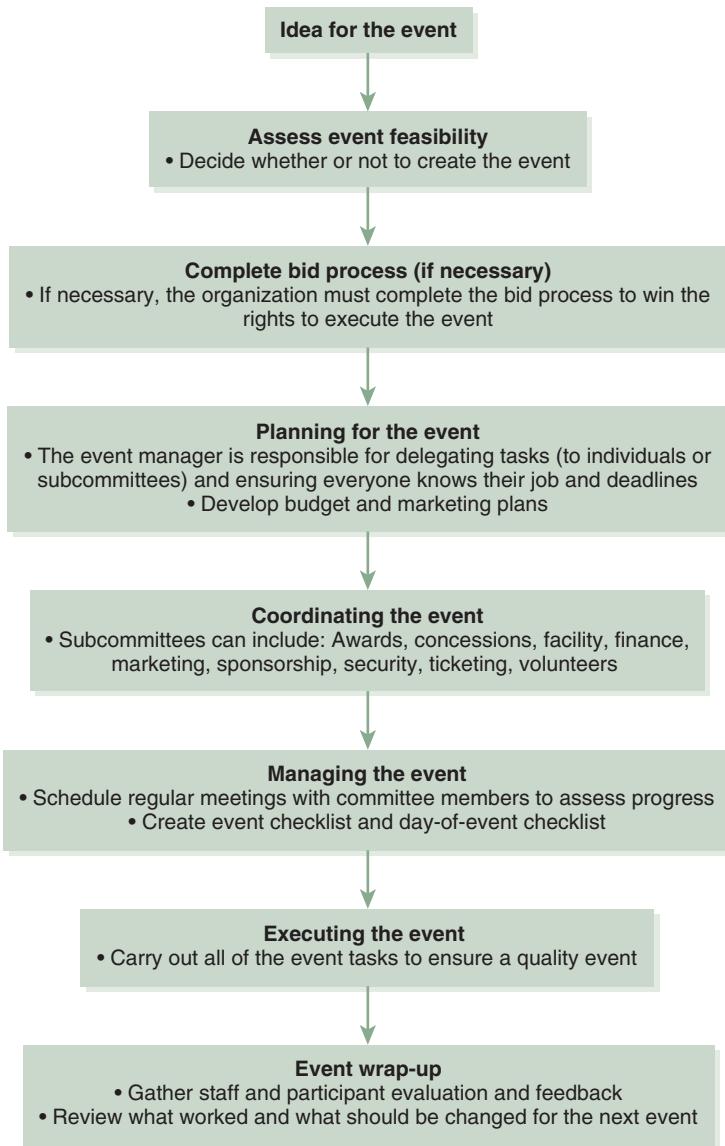
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**SWOT analysis** A tool an organization can utilize to identify the internal strengths and weaknesses, and assess the opportunities and threats facing the organization.

A **SWOT analysis** is a way to assess the strengths, weaknesses, opportunities, and threats of an organization, venture, or proposal. A SWOT analysis can be conducted for individuals as well. A SWOT analysis can be an incredibly useful tool in any decision-making process.

When conducting a SWOT analysis, it is important to remember that strengths and weaknesses are internal to an organization, while opportunities and threats are external to the organization. This means that the internal features (strengths and weaknesses) are things over which the organization has control. In contrast, the external features (opportunities and threats) are areas over which the organization has little or no control.

When assessing an organization's or event's strengths, it is important to look at what you do better than other individuals in the market. What gives you an advantage over others? You need to identify strengths both from your perspective as a stakeholder in the organization and from



**Figure 6-1** The Process of Determining Event Feasibility

your customer's perspective. It does not matter if you view something as a strength if your customer views it as a weakness.

Weaknesses are taking a hard look at what you can improve within your organization. It is important to remember that every organization has

weaknesses. Stating that something is a weakness does not mean it completely needs to be replaced. Instead, think of it as an area that you can improve upon. Again, it is important here to think about what your customer or market view as weaknesses within your organization.

Opportunities involve examining which trends, technological advances, and new prospects you can capitalize on. Are there changes in government policy or regulations that you can take advantage of to help your organization? Have there been changes to population profiles, new or reinvigorated social movements, or local events that can impact your success as an organization?

Threats examine which obstacles you are facing as an organization. They also involve assessing what your competition is doing or how that can negatively impact you. Further, there are areas completely outside of your control that are threats to your organization, such as weather, acts of terrorism, the economy, etc. Even though they are outside of your control, you still need to try to find a way to deal with these threats and lessen their potential effect on your organization.

Conducting a detailed, realistic examination of your organization can help you to capitalize on your strengths, mitigate your weaknesses, capitalize on your opportunities, and combat any threats to the organization. It is important to remember that a SWOT analysis is subjective and should be specific to avoid gray areas. A benefit of conducting a SWOT analysis is that it can help your organization show where it is today and where it could be in the future. Furthermore, using a SWOT analysis as part of the bid process can allow organizations to make a well-educated decision about whether to continue with the bidding process or ending it with the feasibility study.

## The Bidding Process

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**bid** It is a competitive process in which the objective is to win the right to organize a specific sporting event.

Each national and international sporting event, run by a national or international governing body, has its own unique bidding process. A **bid** “represents a collection of interests and skills (sports federations, local authorities, economic partners, the media, etc.) that have to be focused on the single objective of winning” (Chappelet, 2005, p. 19).

Event owners, or rights holders, are the individuals or governing body that control the event. Sport governance refers to “the exercise of power

and authority in sport organizations, including policy making, to determine the organization's mission, membership, eligibility, and regulatory power, with the organization's appropriate local, national, or international scope" (Hums and MacLean, 2008, p. 4). The rights holders are the individuals or groups of people who will ultimately make the decision about who has successfully won the bid (the right to produce the event). In addition to deciding who has won the event bid, these rights holders are also charged with sanctioning events on a variety of different scales from youth to professional sports. Examples of governing bodies at all levels include the Amateur Athletic Union (AAU), high school athletic associations (such as the Ohio High School Athletic Association); the National Collegiate Athletic Association, the National Football League, Major League Baseball, or USA Track and Field; and other national governing bodies.

Sport mega events, such as the Olympic Games or the FIFA World Cup, or, on a smaller scale, NCAA regional events, attract competing bids from nations or cities. Pompfret, Wilson, and Lobmayr (2009) argue that these bids are "mostly made at tax-payers expense and spending is often large and nontransparent" (p. 2). That means that it is the city, state, and/or nation's residents who have to pay for these events through taxes. The researchers also state that the "benefits from bidding are equal to the net benefits from hosting the event multiplied by the probability of a successful bid, minus the cost of the bidding process. Losing bids incur costs for little, if any, ex post benefit" (p. 2).

Important areas in the event bid are often an explanation of the target market or consumer profile of the area. The target market refers to the segment of the community you intend to pursue to attend your event. In addition to demographic information, the committee that evaluates all of the submitted bids will want to know how many youth sport teams are in that area, the disposable income of people in the region, how reachable your target market is, and how sizable the target market is. It is important to understand that you can have multiple target markets. However, they all need to be reachable and selected based on the belief that they will attend and enhance the event. Keep in mind that the largest target market may not be the best for your event. For example, if you are bidding to host the NCAA Women's Soccer Championship, the largest target market in your area might be college students. However, they may not be the best fit for your event. Instead, you may choose to use local soccer clubs and high school teams.

These are people with an interest in soccer and are potentially more likely to want to go to the game than a college student who has never attended a soccer game in his or her life.

It is important to keep in mind that not all bid processes are the same. The criteria will be different depending on the event; however, there are some similarities that exist across the bidding process. Completing a bidding process is, in most cases, not a solitary event. A multitude of individuals (the organizing committee) will need to come together in order to gather and present the required information in the most cohesive manner possible.

The organizing committee may be composed of members of the local convention and visitors' bureaus, sports commissions, and other interested parties (which may include local politicians, media, business leaders, and/or notable athletes). Local convention and visitors' bureaus and sports commissions both exist to attract outside businesses or events to the area. Therefore, the individuals who work at these organizations will be crucial in helping the individual in charge of the organizing committee to gather facts and figures about the local area, demographics, and key information about area facilities, such as restaurants, hotels, local attractions, etc., that may be important when completing the bid. The importance of the individuals who compose the bid committee cannot be stressed enough. These are the people who understand the region, the strengths of the city, and are in the best position to "sell" the city and/or venue to the bid committee. Among the individuals on the bid committee is the bid team leader who is tasked with steering the team through the entire process. Again, this process will include a feasibility study, putting together the bid proposal and submitting the bid to the organizing committee.

## Types of Events

### MEGA EVENTS

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**mega event** The most complicated type of event to execute because it is often international in nature and requires years of planning to implement.

A **mega event** is the most complicated type of event to execute. Based on the fact that they are often international in nature, mega events often require years of planning to implement and a bid process to earn the right to host the event. Due to the scope and visibility of mega events, they are often easily identifiable to the general public. Thus, it is important that the planning committee or event manager consider all aspects of the event in order to not damage the brand.

## VIGNETTE 6-1

### Bid Process to Host the Final Four of the NCAA Women's Basketball Tournament

Putting together a bid to be the Final Four host for the NCAA women's basketball tournament is a complex process. The bid must be perfect because each host city is competing against a wide variety of other equally great cities that want to host this event. The bid should begin with an overview of your infrastructure. You should describe your facility thoroughly, including locker rooms, number of seats, number of suites, etc.

The type of facility alone will not win a city the bid to host. The bid must include a description of the city's demographics, lodging, transportation, and restaurants. The city's visitor's bureau or similar organization should be brought in to help with this portion of the bid. The organizing committee should also include a discussion of its marketing plan, security plan, media, and ticketing plan. The NCAA bid selection committee will want to see the plan of action on how the potential host city will sell out the arena during the two semifinal games and the championship game. This is where showing a history of community support for women's basketball will be crucial.

Ancillary events will add a nice touch to the bid package. Where and when will the fan fest be? What other events will go on in conjunction with the Final Four games? How will the host city engage youth? All of these details need to be thought out and included in the bid. It is important to be creative and unique and to offer an array of different events to make this a celebration and not just a basketball game.

Once the bids are submitted, the NCAA bid selection committee will review each bid. The bids will be narrowed down, and site visits will be made to each finalist city. Members of each city's bid committee will make in-person presentations to the committee. When assessing potential hosts, the NCAA committee will review each city's competition venue, transportation and lodging options, and the region's overall commitment to the event. A huge factor in determining whether a city is a viable candidate to host the Final Four is the venue. Venues must hold a minimum of 18,000 fans, including suite seats.

Due to the nature of mega events, there is often a bidding process involved in securing the right to present the event. As discussed earlier, bidding for the right to hold an event involves competing against other potential host cities or sites and presenting the potential city's plan for that event.

Examples of mega events at the highest level include the Olympic Games or the World Cup. These events often have full-time staffs devoted to something that occurs once every 4 years. When a city prepares its bid to attempt to win the Olympic Games, it must address eighteen different themes, which include:

- National, regional, and candidate city characteristics
- Legal aspects
- Customs and immigration formalities
- Environmental protection and meteorology
- Finance

- Marketing
- General sports concept
- Sports
- Paralympic games
- Olympic village
- Medical and health services
- Security
- Accommodations
- Transport
- Technology
- Communications and media services
- Olympism and culture
- Guarantees

Furthermore, the Olympics announce in which city the Games will be held years in advance, which ensures that the city's planning committee has a great deal of time to produce a memorable Olympic Games event and address each of the eighteen themes that have been mentioned in the bid.

## RECURRING EVENTS

**recurring event** An event that happens on a regular basis; it is the "easiest" type of event to execute because it occurs consistently.

**Recurring events** happen on a regular basis. They are the "easiest" type of event to execute because they occur consistently. Due to the regularity of these events, the staff is able to understand all of the details of executing the event. The benefit of recurring events is that the event managers know how much food to order for the concession stand, the appropriate number of staff and volunteers needed, the amount of security, timing of the event, and where the signage should be placed.

Examples of recurring events can include Friday night football games at a local high school, a college rivalry game such as the Ohio State versus Michigan football game, North Carolina versus Duke basketball game, or New York City marathon. All of these events may differ in size and the amount of planning that goes into the event, but the one thing that they have in common is that they are all recurring events.

**traveling event** An event that occurs on a regular basis but in various locations.

## TRAVELING EVENTS

**Traveling events** are events that occur on a regular basis but in a different location each year. While they occur on a regular basis, the fact that the location

varies year-to-year presents a challenge. The individual or group of individuals who is charged with executing the event is rarely the same. This presents a challenge for the organizing committee. However, the nice thing is that since the event is done on a regular basis, the organizers are able to contact the previous host sites to identify what worked well for them, what they would do differently, and what, if any, challenges were present at the event.

An example of a traveling event is any of the NCAA championships. These championships often involve many regional sites in the early rounds of the championship and eventually culminate in the top teams arriving in one city to compete for the National Championship.

## ANCILLARY EVENTS

**Ancillary events** occur in conjunction with another type of event. These events may require as much planning as another type of event but the major difference is that they are paired with a larger event. These events can provide additional revenue for the event organizers through ticket sales, merchandise, additional opportunities to sell or increase the price of sponsorships, and a way to involve different target markets.

For example, a Fan Fest at the Super Bowl would be an ancillary event. The Fan Fest requires marketing to attract spectators, sponsors to offset the costs, volunteers to help run the games and exhibits, security to keep everyone safe, and so forth. While this event could stand alone, having it in conjunction with the Super Bowl is beneficial because it captures the excitement of many football fans who are in town for the game but may or may not have a ticket to go to the actual Super Bowl. It allows fans to be a part of the Super Bowl experience without having to pay hundreds or thousands of dollars for the game ticket.

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**ancillary event** An event that occurs in conjunction with another type of event.

## COMMUNITY EVENTS

**Community events** are smaller in scale and appeal to a specific geographic region. While these types of events may not require the resources that a large traveling event would, they still require planning and forethought before they can be implemented. Local YMCAs or parks and recreation centers are organizations that often hold community-sporting events for the people who reside within the town. When planning an event for the community, the event manager sometimes has the freedom to be a little more creative or to try different things because it is not occurring on such a large scale.

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**Community event** A relatively small-scale event that appeals to a specific geographic region.

Examples of community events could be a holiday 5k race, a mini-triathlon for young children to expose them to the sport, or a youth swim meet. Even though these events may be considered small to some people, they all still require planning and the planning process.

### HOSTING EXTERNAL EVENTS IN A SPORT FACILITY

Between 2008 and 2011, \$8.137 billion was invested in new, major facility renovation expenses across the NFL, NBA, MLB, and NHL (Baade & Matheson, 2011). Those figures do not account for the number of new facilities that colleges, universities, or local communities constructed. These facility costs need to be recouped somehow so organizations often look to bring in outside entities to generate revenue.

When you are in charge of a sport facility, there are times when you may have to host non-sporting events in your facility. These events could vary from a bridal show to a concert to the circus to a business meeting. Since these events are not what the facility manager is generally in charge of executing, it is necessary to ensure that there is adequate up-front planning to account for all of the details. Some of these details may include proper training of the staff, bringing in additional equipment, setting down false floors to cover the basketball court, removing seats, hanging decorations, and so forth.

### Timelines for Events

It is crucial that event managers have timelines when running events. These timelines will help keep all of the employees on track and ensure that all tasks are completed in advance. Timelines also help the event manager to make sure that each area is accounted for and nothing slips through the cracks.

There are different types of timelines that are useful for event managers to employ during the event management process. The first is an event timeline. This timeline is useful for all of the planning that is required leading up to the event. This timeline will list who is in charge of each event planning area and the deadlines for when the event must be completed. See **Figure 6-2** for an example of an event timeline.

The event manager should list the appropriate information at the top of the spreadsheet being used on the event timeline. Days-Out refers to how

Event: Youth Soccer Camp

Date: July 15-18, 2014

Days Out	Task	Task Due Date	Responsible Party	Date Completed
-270	Secure soccer fields	10/17/2013		
-120	Create registration forms	3/16/2014		
-120	Secure event sponsors	3/16/2014		
-60	Start airing commercials for camp	5/15/2014		
-45	Finalize coaches for camp	5/30/2014		
-30	Obtain lunch for campers	6/14/2014		
-21	Plan drills for each day of camp	6/23/2014		
-14	Order camp t-shirts	6/30/2014		
-14	Purchase all equipment not obtained through sponsorship	6/30/2014		
-1	Print registration lists	7/14/2014		
5	Process all camp evaluation forms	7/23/2014		

**Figure 6-2** Event Planning Timeline

many days before the event the task must be completed. Task indicates what must be finished prior to the event. Task Due Date refers to the exact date the task must be finalized. Responsible Party is the staff member who is in charge of completing the task. Date Completed marks the actual date the task was finalized.

The second type of timeline is a day of event timeline. This timeline is necessary to guarantee that all details that need to be completed on the day of the event are done. This timeline will also list who is in charge of executing each of the details listed. **Figure 6-3** lists an example of a day of event timeline.

For the day-of timeline, Time refers to when the task is to begin. Task indicates what is to be done during the time period listed. Responsible Party is the staff member who is in charge of completing the task. Finally, the notes section is for anything the event manager needs to highlight or remind the responsible party to do during that task.

**Event: Youth Soccer Camp****Date: July 15-18, 2014**

Day 1: July 15, 2014

Time	Task	Responsible Party	Notes
6:00 AM	Staff arrives at camp		
6:30 AM	Set up registration/check-in station		
6:30 AM	Check soccer fields for safety		
7:00 AM	Staff meeting		
8:00 AM	Registration open		
9:00 AM	Camp begins		
9:15 AM	Drill #1		
9:55 AM	Water break		
10:00 AM	Drill #2		
10:30 AM	Ensure water coolers are full		
10:55 AM	Water break		
11:00 AM	Drill #3		
11:00 AM	Begin set-up for lunch		
12:00 PM	Lunch		
1:00 PM	Tactics session		
1:30 PM	Drill #4		
2:00 PM	Ensure water coolers are full		
2:25 PM	Water break		
2:30 PM	Scrimmage		
4:00 PM	Camp dismissal		
4:30 PM	Inventory equipment		
5:00 PM	End of day staff meeting		
5:30 PM	Pack up for the day		

**Figure 6-3** Example of Day-of-Event Timeline

## SUMMARY

Creating events, whether they are mega events, recurring events, traveling events, ancillary events, or community events, requires much up-front planning. The event managers must set goals and find a way to differentiate themselves from other events currently in the marketplace. Much of the event's success will be determined in early planning meetings when the key decisions, such as sponsor acquisition, participant recruitment, marketing strategies, and sales, are made. If you are submitting a bid for an event, it is important to work with other stakeholders to ensure that you are putting together the most thorough bid possible for the event's rights holder. Regardless of the type of event and whether a bid is required, it is critical that the manager and his or her team think through each decision in the planning process to maximize their success. Timelines can help the manager stay organized. These tools will keep the whole team on track and ensure that each task is completed by the due date.

## DISCUSSION QUESTIONS

1. What is the point of having a mission statement for an event? How does this contribute to the event?
2. What are SMART goals? Why is goal setting important to the overall success of an event?
3. How would you conduct a feasibility study for the event?
4. What types of events require an event bid? How long before an event should you prepare a bid? Who should you include in the process to help you put together the best bid possible?
5. What are three examples of each type of event?

## Case STUDY

### Bidding to Host a NCAA Championship

You are working for a Division I athletic department and are a part of the committee working to put together a bid to be a host site for the second and third rounds of the men's NCAA basketball championship. You have been nominated to write the section of the bid that examines and discusses your bid city (including infrastructure, hotels, things to do, restaurants, demographics, and access/proximity to airports).

This bid is an incredibly serious and important undertaking for your athletic department. The athletic department has never hosted an event of this size so you do not have any previous documents to use as a guide.

Furthermore, some previous host cities have had difficulty selling out their arena. The mistake that some previous sites have made was to assume that these tickets would

(continues)

### Case STUDY (continued)

sell themselves because it is a NCAA men's basketball tournament event. You are determined not to let this happen. Therefore, it is important to identify multiple target markets that you can go after to sell tickets.

Your job is to:

1. Write up your section of the bid (see above for requirements).
2. What makes your host site unique and different?
3. Identify five target markets that you and your colleagues in the athletic department can target to sell tickets.
4. How are you going to persuade these target markets to buy tickets?
5. How do you involve the surrounding community in the bid and the event?

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# Designing the Event Experience

Brianna L. Newland

## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

1. Clearly define the characteristics of the event experience.
2. Recognize the importance of designing an event experience that creates meaning.
3. Understand how to develop an event experience.
4. Appreciate that stakeholders will have varied experiences.
5. Identify how the unique elements of an event impact the experience.

## CHAPTER OVERVIEW

This chapter will outline the elements of designing the event experience, such as understanding experience characteristics, designing the event concept, co-creating event experiences, and attaching meaning. Designing the event involves identifying the unique elements of events; developing a concept, theme, and subsequent experience; and understanding how these elements tie together to create meaning at the event.

## IndustryVOICE

**Ignacio Gutierrez—Senior Manager, Match Day, Events & Hospitality, Sydney Swans Football Club**



**A**s the Match Day Senior Manager, I lead a team of five to project manage and deliver match-day operations, events, sponsor activations, and corporate hospitality for New South Wales, Australia's largest sporting team.

From a match-day operations perspective, I oversee:

- Holistic administration operations for all matches played at the SCG, relationship management including stadium operations teams and key suppliers
- Overarching staff and budgetary requirements for Match-Day execution including sports presentation, entertainment, medical and emergency, and casual staff
- That the stadium is match ready ahead of each game spanning football management, in-stadia entertainment, corporate hospitality & functions, catering, security, internal and external corporate activation, big screen content, and LED/static signage
- The delivery of a safe, efficient, and effective operation of the match day including the critical incident and emergency management program, risk assessments, and mitigation strategies spanning integrity, crowd safety, and counter-terrorism
- All corporate hospitality at match is delivered to the highest possible standard, including food & beverage service, RSA, security, and guest experience

From a corporate partner activation perspective, I manage:

- Partner activations both inside and outside of the stadium

- Concept ideation, activation execution, and managing partner's external agencies to bring their brands to life
- Building bespoke leverage plans that meet the partner's individual objectives but, importantly, still deliver on fan experience

From an events perspective, I oversee:

- The project management of the club's largest events
- The budgetary management, which includes operational savings and maximizing commercial opportunities
- The integration across the business spanning football, membership, fan engagement, and corporate to ensure that the events meet the Club's objectives and are executed to the highest possible standard

My background before this role was in Marketing Agencies for 4 years. I executed brand experience events across Australia. I worked on some large accounts including Coca-Cola, Moet Hennessy, and Samsung. I currently work for the Sydney Swans Football Club. The Club is a team that plays within the Australian Football League (AFL). Our main goal is to grow our membership-based football club so that it is capable of not only winning AFL premierships but it is also consistently recognized as one of the leading football clubs, both on and off the field in Australia. In pursuit of our goal, key measures of success will be:

- On-field performance
- Stakeholder satisfaction
- Reputation and image
- Financial strength and independence
- Legitimate self-belief

We face various challenges. First, the Sydney Cricket Ground is an old stadium with only one new concession stand, which was refurbished in 2013. The other

stands are all quite old and the facilities (amenities, F&B outlets, etc.) that are available in these stands reflect this. We work closely with the SCG Trust to constantly improve facilities where possible to provide a better experience for our members and fans. Our second challenge is our corporate partner. All of our corporate partners want different things for events and match days and trying to balance this is difficult. We work closely with our corporate partnership team to best manage expectations and try to make all parties happy. It is a fine art to balance sponsor content and club content.

Technology is a trend that is ever-growing and one that will continue to evolve. Whether technology is used to show interesting content or used to provide a better experience, it is ever-changing in the way that it is used and it is difficult to keep up. The way I see it, you have to pick and choose and select the things that are effectively and efficiently going to change a fan's experience. The experience can be from the couch at home, or at the stadium, but the investment has to be justified in both.

When hiring for entry-level positions, I look for the following characteristics:

- Work experience in a volunteer or internship capacity. This shows that the candidate is motivated and is self-driven.
- Education—this is a must.
- Culture fit. One of the key things we look for in our candidates is ensuring they fit the culture and values of the club.

The key skill and qualification commonly missing among new graduates is the experience. While I understand that gaining experience while earning a degree

is difficult, where there is a will, there is a way. People undervalue the amount of experience you gain from volunteering and doing internships. It is the best way to get invaluable experience that will help your career a lot in the long run. The sport industry is a very fast-paced environment that pushes you to think on your feet—this is a valuable skill. Be prepared to work long hours and pay attention to detail. Every single thing matters and will affect the end execution of a game/event. Volunteer and do internships; these will pay dividends in the future and introduce you to people who may one day offer you a job. Finally, be persistent and stand out from the crowd—many people want to work in sport and only a few get the chance to do it. Working in sport exposes you to some amazing people and some amazing stories. Soak it all in.

We work closely with our sponsor to ensure that the activations are relevant to the product that we "sell" our match days. When I first started at the Swans, there were some partners whose activations weren't relevant to our organization. In other words, they were trying to sell their own product rather than leverage the partnership to enhance brand image and, in turn, convert this to sales. For all activations, we ensure that not only are they relevant to the Sydney Swans but they also have to add value to our fans' and members' experience. We also work closely with our partners on the type of activation. We act as an internal agency and execute their activations from ideation through to execution. Everything we do needs to add to and enhance the event experience. There is no point in investing, or getting partners to invest, in things that won't make our product better and the fan's experience more meaningful and fun.

## Introduction

When managing a sport event, good planning and implementation are effective only if the event is attractive and compels an audience to attend (Morgan, 2009). When people attend a sport event, it is often for more than just the sport competition itself; they will perceive the competition, the atmosphere,



the food, the entertainment, etc., and attach meaning. That meaning then creates an **experience** for the attendee. A central concern of every sport event manager is the experience, both positive and negative, that the individual had. Therefore, to ensure a positive experience, the sport event manager must understand how the design features will influence the experience and what meaning will be attached to the event by the attendees (Getz, 2012). Since the advent of the **experience economy**, whereby consumers desire occurrences beyond the goods or services alone (Pine & Gilmore, 1998), there has been recognition that the experience is an important foundational element of an event (Berridge, 2012; Getz, 2012; Morgan, 2009; Peterson & Getz, 2009). In the past, experiences

were not seen as a distinct core offering; rather, they were combined as an aspect of services (Pine & Gilmore, 1998).

However, there is more to an experience than just the delivery of a service or the purchase of a good. If the design is conceptualized and implemented correctly, the services will set the stage and the goods will become the props to engage and create a memorable event for the individual (Berridge, 2012; Pine & Gilmore, 1998). For example, a guide at a sport museum provides a service as he or she conducts a tour of the History of Baseball section. This tour becomes an experience when the guide is dressed in accordance with a specific era, such as a uniform from the past, with others acting out the scene using props that would have been commonplace at that time. The guide is providing a service, but the tour becomes an experience as the patron is dispatched back in time through the recreation of the event. Much of the sport experience is now offered by the sponsor through sponsorship activations. Experience activations allow the sponsor to engage with consumers in a way that creates a meaningful experience that is associated with the sport event. For example, Reebok set up a lifesize interactive display where attendees at all six of the Reebok CrossFit Regional Competitions could test their skills against the top CrossFit athletes. Reebok filmed athletes in a 60-second athletic contest and displayed the results

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**experience** In the sport event industry, the meaning attached to the event through the perception of the competition, atmosphere, social interactions, food, and entertainment, among other factors.

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**experience economy** The consumer's reaction to an event beyond the goods or services of the event alone.

on a 72-inch LCD screen. Athletes received a video of their performance for sharing on social media (O'Loughlin, 2016).

Designing a sport event is a predictive skill; an event manager needs to anticipate what the attendee will want and then design around that desire (Berridge, 2012). In the case of sport events, sport itself is the main purpose, but watching or participating in the sport is only a piece of what the attendee expects to experience. To create such a memorable event, one must understand the context in which an event is to take place, beyond the sport itself. Therefore, a sport event manager must have a clear understanding of the event's purpose, the key players (i.e., the stakeholders who are most likely to be affected by the event), the overall event objectives, and the setting and/or environment in which the sport takes place. Once these elements are clearly understood and delineated, the creative elements can be introduced.

## Creating the Sport Event Experience

### WHAT IS EXPERIENCE?

Above all, experiences are meant to be memorable and to engage in a personal way. However, defining *experience* is challenging because it is highly personal, inherent, and difficult to evaluate (Petterson & Getz, 2009). Experiences are highly **subjective** and **heterogeneous**. Experience is subjective in that two people can have completely different experiences at the same event (Ooi, 2005). For example, consider two marathon runners crossing the finish line at the exact time of 3:59.8. One runner might be ecstatic to finish in under 4 hours and has perhaps set a personal record, thereby positively influencing the runner's overall race experience. For the other, this time might be considered disappointing and frustrating, thereby negatively impacting the overall experience. As a race director, you must consider how the elements you have design control over, such as the challenge of the course or how well the aid stations are stocked and spaced, can impact the performance, and therefore, the experience of the participants. If the other design elements are done exceptionally well, one can mitigate the challenge of a poor performance and heighten the impact of a positive one.

Experiences are also heterogeneous in that no two people will have the same experience, even with the same event features. Consider the same two runners from the marathon example attending the prerace exposition

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**subjective** A unique and personal venture undertaken by an individual, who attaches his or her own meaning.

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**heterogeneous** Relating to perceptions of an experience that are widely dissimilar.

(or “expo”) to pick up their registration packet. The expo serves as a registration site for the thousands of runners who must attend to pick up their race number and event-related materials and provides a variety of run-related vendors with products to showcase. Perhaps the expo is packed with people, lights, sounds, and vendors, creating an electrified and busy atmosphere. Runner A might love the excitement created by the people and atmosphere, which might positively impact his or her overall experience of the event. Meanwhile, runner B might not be at all interested in what the vendors have to offer and could become annoyed by having to sift through the crowd to get his or her registration packet. Therefore, as an event director, it is important to consider that not all of the registered runners will enjoy an expo or care to engage with vendors. As such, traffic flow might be designed to allow for quick pickup of registration packets by those who would prefer to get their information and immediately leave, while enabling other runners to engage with the vendors if they wish to do so. The director can thereby create an optimal experience for the majority of runners.

## CONSIDERING STAKEHOLDER EXPERIENCES

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**stakeholder** A person or entity that has a vested interest in the event.

Sport event design is meant for the guests (usually considered to be the fans and other spectators), but a number of other key **stakeholders** whose experiences matter greatly (e.g., volunteers, sponsors, media, residents near the venue, *the athlete*) are often overlooked (Petterson & Getz, 2009). Most often overlooked is the athlete. Event managers and researchers are often concerned with athletes’ event-related motives or satisfaction with participation, but rarely are the athletes’ event experiences considered (Petterson & Getz, 2009). For example, sport marketers are quick to research the satisfaction and experience of a spectator at the college football national championship game. And feedback from this key stakeholder group certainly is vital. However, rarely (if ever) are the teams and/or individuals competing ever asked about their participation experience. The participants are the *reason* for the event; it is not staged only for the spectator. The experiences of the athletes are assumed because it is the pinnacle of competition, but the sport event manager should be warned! Disregarding this important stakeholder is risky and can have a negative influence on the experiences of the other stakeholders.

For participation in sport events, it is important to understand the athletes' motives as they can vary based on the sport, the level of the competitor, and the interest in the event and/or the host destination (Aicher & Newland, 2017; Newland & Aicher, 2018). Furthermore, the athletes' travel companions (Buning & Gibson, 2016a) and how immersed the participant is in that sport will also influence their experience (Buning & Gibson, 2016b). Therefore, it is a necessity for the event director to understand that the participants' experience will vary greatly based on the type of sport, the athletes' competitive level (ie., novice vs. advanced), how immersed they are in the sport, and whom they choose to travel with to compete.

From the fan's perspective, the overall experience of the event is closely tied to the performance of the athlete or team. While we know that fans' experiences are often tied to expectations, superior experiences were often the result of positive game outcomes (Petterson & Getz, 2009). For a more casual spectator, perhaps the entertainment or elements beyond the competition impact the experience (Getz, 2012). The volunteers' and officials' experiences are linked to professional development and networking, which are similar to the experiences of the sponsors and vendors, who have interests in the business development experience. Different stakeholders will be directly or indirectly affected, depending on their role, so it is important to understand all angles of the expectations that people bring to sport events (Getz, 2012).

## Characteristics of Experiences

As discussed, experiences cannot be designed and delivered like products due to the subjectivity and heterogeneity of the individual (Petterson & Getz, 2009). To make matters even more challenging, the term experience can be used as either a noun or a verb and is often used as such to describe the event. Take, for example, a student describing her experience at the 2016 Rio Olympic Games: "My experience at the Olympics was amazing! Even though I worked long, exhausting hours, I learned so much about running an event and I got to meet so many people! The networking opportunities were beyond what I expected. I also had an opportunity to explore Rio de Janeiro (the safer parts). I was amazed by the cultural differences and learned that the people are similar to me in a lot of ways despite the

**TIP**

The event setting and the surrounding environment will shape the visitor's experience (Petterson & Getz, 2009). As such, coordinate the setting and environment into your event design plan! How? Work with destination marketers to design packages that connect people to the destination through excursions that can be added on to the event offerings.

interesting differences we share. I was also blown away by the level of poverty outside the Olympic center. It opened my eyes in so many ways; it was such a cool experience." In this one quote, the student touches upon a range of experiences that involve intellectual, physical, emotional, cultural, and social dynamics, all of which lead to her overall "amazing experience." Considering how the multifaceted nature of an experience influences the design elements can be quite daunting for a sport event manager. Fortunately, there are characteristics that can be defined and principles that can be followed to support sport event managers in creating the experience.

All events share **generic experiences**. When people attend sport events, they generally expect the opportunity to relax, socialize with others, and have fun. Because generic experiences can occur at any event, they relate more to the individual's state of mind and expectations for the event than the event's theme, concept, or setting (Petterson & Getz, 2009). These generic experiences can be staged to meet the more customary expectations. However, sport event attendees are often there for a **specific purpose** and will have **specific expectations** related to that event. For example, the specific expectations that one has for a roller-derby event will be far different from those for a fencing event, although, *generally*, you would perhaps expect to have fun and be entertained at both. Another vital consideration for the sport event design is to note that different stakeholders (e.g., spectators, sponsors, media, volunteers, athletes) will all have varied, but also specific expectations at the same sport event. Therefore, it is important to consider how the needs of the attendee will affect his or her individual experience. The anatomy of an experience, therefore, can be understood by exploring overall event satisfaction as measured in terms of intensity, duration, memorability, and meaning (Petterson & Getz, 2009) for each stakeholder group.

**Intensity** is the strength of the experience. For example, the intensity of an experience to which an individual is directly related, such as watching your favorite team at the World Series, would escalate based on those related expectations. **Duration** is the length that experience stays present in the attendee's mind. **Memorability** relates to the ability of the experience to be memorable. The more intense and enduring the experience, the more likely one is to remember and cherish the experience. Finally, the experience

**generic experience**

An experience that is commonly found at every event.

**specific expectation**

An expectation or belief that one holds about an event.

**intensity**

The strength of the experience.

**duration**

The length that the experience stays present for the individual.

**memorability:**

The ability of an experience to remain an intense and enduring memory.

must hold **meaning** for the attendee. Meaning is shaped by the memories and interests of the individual attending the event and is highly dependent on how that person interprets the event theme (Morgan, 2009).

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**meaning** The perception and interpretation of the event elements that make the event significant.

## Experience Dimensions

Mannell and Kleiber (1997) posit three dimensions of experience: Conative, cognitive, and affective. The **conative dimension** describes experience as actual behavior. This dimension describes the things people do physically; an individual's attitudes are manifested in their behaviors. This behavior can be observed through the purchasing of memorabilia, photos with athletes or event signage/landmarks, or the framing of artifacts as a reminder of the event. For example, an athlete might frame a photo of herself crossing the finish line with her finisher's certificate and medal as a reminder of completing her first marathon. This experience, and the associated memories, might then drive this person to compete in future marathons or other running events. And, if this person is a "one and done" participant (only doing the distance one time), the memorabilia from the event can serve as the reminder of the time that person achieved a feat never imagined.

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**conative dimension**

The behavior, or physical responses, of event attendees.



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**cognitive dimension**

Making sense of an experience through awareness, perception, memory, learning, and judgment.

**affective dimension**

The emotional response to the experience.

The **cognitive dimension** relates to making sense of the experience through awareness, perception, memory, learning, and judgment. It is difficult, as sport event managers, to assess what spectators or participants are thinking or imagining during a sport event experience, but it can be done. For example, participants of a sport skills event will experience the cognitive dimension when mastering new skills and learning from experts in the sport. Observations or surveys of participants after an event can assist the sport event manager in understanding how the cognitive dimension influenced the experience.

The **affective dimension** defines the emotions associated with the experience. A sport event can greatly affect emotions or moods. As a spectator, moods can vary along a positive–negative spectrum, depending on how well the team or athlete is performing. Likewise, the teams' and athletes' personal moods can be influenced by the sport event outcome. Due to the spontaneity of sport events, a number of emotions from elation to anxiety or frustration can change from one moment to the next, taking the attendee on a roller-coaster ride of emotion throughout the event. Experiencing the highs and lows of a sport event is not unique to just the spectator; the competing athlete feels dynamics as well. The response from the crowd can help fuel the competition unfolding between the participants, creating a unique, affective experience for all involved.

In the 1999 article “Welcome to the Experience Economy,” Pine and Gilmore discuss two dimensions of experience: *Customer participation* and *connection*. One end of the customer participation spectrum is anchored by passive participation, which mainly involves spectating. The participants have no direct interaction with the athletes involved in the competition. Such participants would include cycling spectators attending a road race event and watching from the side of the road. At the other end of the spectrum lies active participation, which allows the participants to play a direct role in creating the event. These participants would include athletes running in a marathon or the cyclists described in the first example.

The second dimension described by Pine and Gilmore (1998) is the relationship of the experience through connection. *Absorption* anchors one end of the connection spectrum and describes how participants “drink in” the event around them. The participant sitting in the stands watching the basketball game absorbs the action unfolding on the court. At the other end of the spectrum lies *immersion*, which involves a drowning of the senses. The

participant is completely immersed in the sights, sounds, and smells infused into the environment. A spectator would be immersed at the same basketball game if he or she were invited onto the court to participate in leading the team into the arena. The fan would experience firsthand the fog that rolls out as lights flash and the music drowns the roar of the crowd.

By incorporating the two dimensions, four broad categories of experiences can be illustrated according to where they fall in the spectra. These broad categories create the four realms of experience—entertainment, educational, escapist, and aesthetic—that can be used to describe different experiences.

The *entertainment realm* tends to include more passive forms of participation that are more likely to absorb the participant than to immerse the participant in the experience. An example would be a fan watching the broadcast of a NCAA National Championship game on ESPN in the comfort of home or a local pub. The *educational realm* includes experiences that involve greater immersion and active participation. For example, perhaps an event expo for sport participants includes experts offering short seminars or workshops related to skill mastery or nutritional tips. The participating athletes might have their sport skills and/or diets assessed, allowing an individual to learn from the experts. The *escapist realm* includes experiences that enable the participant to be fully immersed in the active participation. An example of this experience involves an athlete competing in the Olympics. These athletes are fully immersed in the ritual, ceremony, and atmosphere of the Games. Finally, the *aesthetic realm* includes experiences that are similar to the escapist experiences without the active participation. In this realm, the spectator in the stands watching the Olympic Games would be absorbed in the same ritual, ceremony, and atmosphere but, as a spectator, would be a passive participant.

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**theming** Alteration of the attendees' sense of time and reality through tangible and memorable cues that leave lasting impressions.

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**cues** A feature or element of the event that is perceived and interpreted by the attendee with the intended outcome of a lasting (hopefully positive) impression or memory.

## Designing Experiences

### THEMING

Once the context and stakeholders of the event are determined, the first design task is to establish the concept and theme of the experience. **Theming** an event involves more than just decorations; it should alter the attendees' sense of time and reality through tangible and memorable **cues** that leave

## VIGNETTE 7-1

### Noosa Surfing Festival

The Noosa Surfing Festival is held at Noosa Heads on the Sunshine Coast in Queensland, Australia. While the event itself is one of the most popular international longboard surfing events, what is of greatest interest to some visitors is how the area is themed. Although many are not an official part of the event, the businesses in Noosa Heads have chosen to theme their stores to align with the event. Surf-themed elements like longboards, surfing posters, and board shorts are displayed in storefront windows and within the stores, which not only bolsters visitor spending, but also provides further local support and enthusiasm around the event (O'Brien, 2008).



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lasting impressions (Getz, 2012). To create impressions that foster meaning, the theme should convey a story using symbolic elements like logos, flags, color schemes, and displays. These elements should be layered throughout the event spaces and places in which the attendees gather.

It is the sport event manager's job to maximize the use of positive cues while minimizing the negative cues (Pine & Gilmore, 1998). Positive cues fulfill the theme through impressions, or takeaways, of the experience, such as exceptional customer service, design elements, entertainment, food and beverage (Getz, 2012), and elements of surprise (Petterson & Getz, 2009). Therefore, incorporating serendipitous moments of surprise for the attendee is a good way to exceed customer expectations and create positive experience outcomes (Chalip, 2006; Getz, 2012; Petterson & Getz, 2009). To stage a customer surprise, one must facilitate what the customer actually gets from what the customer expects to get. **Figure 7-1** illustrates this formula with an example. Positive cues must affirm the nature of the experience by supporting the theme with design elements and memorabilia. However, it is not only the positive cues the event manager should manage to ensure a good experience. The event manager must also eliminate anything that



**Figure 7-1** Staging customer surprise

Modified from Pine & Gilmore, 1999.

could diminish or detract from the theme. For example, spectator experiences can become an immediate negative cue when other fans are drunk and unruly and require security staff to eject them from the event. It is important to mitigate these negative cues by setting clear alcohol policies and training staff to detect potential problems and handle them discretely. These proactive steps can help create a more pleasurable experience.

**Memorabilia** can support cues with the tangible goods available for purchase or free takeaways. For example, the event experience can begin with the event registration process. Consider, as a race director, the positive cues and memorabilia you could incorporate into the registration process for an Ironman triathlon (2.4-mile swim, 112-mile bike ride, and 26.2-mile run that must be completed in under 17 hours). For those brave enough to participate, the event elicits a range of emotions from trepidation to ecstasy, and the experience begins the moment the athlete decides to register. To achieve Ironman status by completing this endurance event is of great importance in the triathlon community, so as an event director, you can facilitate that status with cues in the registration process. Allowing athletes to personalize their bib number can provide a personal cue of the experience (and add a piece of memorabilia). When finalizing the registration, the system could provide written or audio cues saying, “Congratulations! Your registration is complete. Only 102 days until . . . You. Are. An. IRONMAN!” Even the smallest cue and piece of memorabilia, such as in this example, can aid in the creation of a unique event experience.

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**memorabilia** Tangible goods that support theme cues and that are available for purchase or as free takeaways.

## CREATING LIMINALITY

There's no denying that sporting outcomes will impact the experience. Experiences are tied closely to the expectations that sport fans have about their team's performance and competition (Petterson & Getz, 2009). Still, a sport event tends to elicit a sense of something more important that transcends

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**communitas** A special place where event attendees share a heightened sense of community and belonging.

sport itself and creates an energy in the atmosphere that can be shared by all (Chalip, 2006). Attendees feel a sense of community or belonging among the other attendees. This special place where people share very specific commonalities is known as **communitas**. The communitas serves to bring all people together for a shared experience. Simply put, the spirit of communitas is to create a space that allows for a sense of fellowship and belonging. A sport event can create such atmosphere by finding ways to bring people together through a shared, heightened experience (Chalip, 2006). Often, this is created by the excitement of a team doing well or winning. For example, the fans of Mexico celebrated so much over Mexico's win over Germany in the 2018 World Cup that very minor seismographic readings detected the "massive jumps" of the fans celebrating the win in Mexico City (Park, 2018). The exhilaration of this win served to bring the Mexican community together and create a sense of belonging.

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**liminal zone** A zone within a sacred, ritualistic event that creates meaning that transcends the person and creates meaning outside of normal everyday life.

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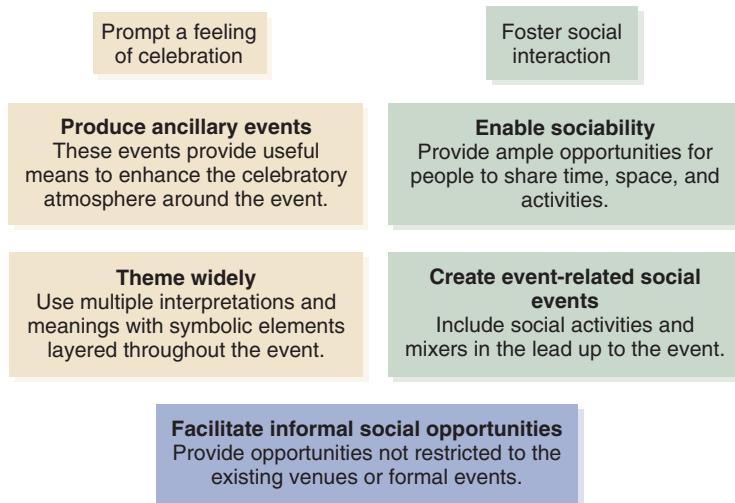
**liminoid zone** A zone within an unsacred, secular event that creates meaning that transcends the person and creates meaning outside of normal everyday life.

With roots in anthropology, the sense of community has been discussed in the sport context (Green & Chalip, 1998). At the core of an experience is a zone that creates meaning that transcends the person and creates meaning outside of normal everyday life. For a ritualistic or sacred event, this special, transcended space is known as the **liminal zone**. Liminality is the condition that occurs during rites of passage that are performed to transfer a person from one stage of life to another (Thomassen, 2009). This unfolds in a number of ways in society from weddings, funerals, and bar mitzvahs, for example. Turner (1974) noted that others were practicing a transcendence through secular (unsacred) rites of passages doing leisure activity, like sport. Turner coined this the *liminoid genres*. For sport events, this special transcended space is known as the **liminoid zone**. In both cases, people experience a phenomenon that takes the individual beyond an average day, creating a feeling that the individual belongs to something bigger and this zone provides an escape or freedom from set social structures. Here, people are liberated to create meaning and live in a nearly utopian space (Turner, 1974). This zone, which is defined by spatial and temporal terms, can be engendered through the event design and programming (Chalip, 2006; Petterson & Getz, 2009). Sport event managers can create a space where fans, participants, or other key stakeholders can feel like they have stepped away from everyday life or have accomplished a feat that has moved them to a new stage of life. For example, sport offers stages that athletes pass through. In the United States, for example, athletes pass from youth sport, to school sport and club, to intercollegiate athletics, to professional sport. At each

stage, there is a rite of passage that occurs. Signing a scholarship, getting drafted by a professional team—these provide a ceremony or ritual that welcomes that athlete to the next level.

Certainly, sport events—many of which are steeped in ritual, ceremony, and tradition—have the means to enable liminality to render social value. To many sport event managers, this social value is an important event impact to be leveraged. Liminal events require two key elements: A sense of celebration and social camaraderie (Chalip, 2006). To foster these two elements, the event design must enable points of sociability where people can share the experience. Chalip (2006) suggests five strategies to promote celebration and camaraderie (see **Figure 7-2**).

Together, these techniques provide sport event managers with tools that can allow them to use celebration and social interaction to build social capital and enhance a sense of community. Creating a liminoid zone for sport events enables communication and brings together groups that might otherwise not come together (Chalip, 2006). For example, at the Australian Open event in Melbourne, Australia, there is a specific area in the heart of the various staged courts known as Garden Square, which features tennis on the big screen, roving entertainers, and a Fan Zone where sponsors and partners can engage with attendees. The area also has the Heineken Live



**Figure 7-2** Creating the Liminoid Zone

Data from Chalip, L. (2006). Towards social leverage of sport events. *Journal of Sport & Tourism*, 11, 109-127.

Stage featuring a range of music genres and top performers to create a social and entertaining zone for people to come together to share the experience, socialize, and enjoy entertainment beyond tennis.

### ENGAGING THE SENSES

In addition to the symbolic elements used to create the liminoid zone, the theme can be enhanced by stimulating the senses. Some of the cues can heighten an experience by just affecting one sense, like the smell of popcorn or hot dogs at a baseball game. Engaging the senses is a balancing act, and the event design should immerse the attendees in the experience, thereby drawing them in, but, at the same time, avoiding sensory overload. Lights and sounds that are overpowering and limit interaction can not only create sensory overload but they can also negate the effect of engagement and socialization that is sought in the liminoid zone. Therefore, when creating areas for socializing, music and other sounds should not be set to a volume that disallows conversation.

### Co-creating Experiences

There are a number of events competing for the attendees' valued leisure time. On any given weekday or weekend, an attendee can go to a music festival, a performing-arts show, the local shopping center, or a baseball game. Sport events must compete within a very saturated marketplace where people have a multitude of leisure events at which they may spend their valuable time. Co-creation is the interaction between the event and the attendee to create value together (Lusch & Vargo, 2006) and is a design tool that provides additional value to an event by allowing the attendee high-quality interactions with the event (Prahalad & Ramaswamy, 2004; Van Limburg, 2008). Often in sport events, there is a focus on the attendee experience, but it is often a passive one. Furthermore, opportunities for value creation are enhanced when an event provides personalized co-creation as a unique experience (Prahalad & Ramaswamy, 2004). For co-creation to occur, the attendee and event must work jointly. **Table 7-1** describes the concept of co-creation.

Interaction is a key driver for the co-creation experience (Van Limburg, 2008). Communitas engendered through the liminoid zone at a sport event is an important tool to create the interaction. The goal of co-creation is to move the attendee from passive-absorbed participant to active-immersed participant within the four realms of experience (Pine & Gilmore, 1998).

**Table 7-1** The Concept of Co-creation

What Co-creation Is Not	What Co-creation Is
Focus on the attendee	Joint creation of experience
Enablement of the “attendee is always right” viewpoint	Creation of a relationship with attendee, not mass market
Pampering the attendee with lavish customer service	Opportunity for the attendee to co-construct the service
Mass customization of offerings	Creation of an experience with the environment
Transfer of activities from the event to the customer	Shared creation of activities
Attendee as product manager or co-designer	Co-construction of personalized experiences
Product variety	Experience variety
Staging experiences	Innovative experience environments

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## Meanings Attached

What is an experience without meaning? In sport, meaning is conveyed through the symbolic elements used to create the liminoid zone: Ceremony, ritual, logos, flags, banners, and color schemes (Chalip, 2006; Getz, 2012). Memories and interests of the attendee shape the meaning attached to an experience; it is highly dependent on the interaction between the event theme and the interpretations by the attendee (Morgan, 2009). To be competitive through experience design, sport event managers must address attendees' need for meaning by understanding the role of meaning in their lives and

### VIGNETTE 7-2

#### Co-creation Using Technology!

There are few examples in the sport event world that enable co-creation, but there are plenty of opportunities for growth in this area. One example is the use of event-specific application technology (or “app”). The creation of an event-specific app that allows users to not only interact with the event but also to interact socially with friends can add to the experience. The ability to set

a schedule, check in to various areas of the event, and make and receive updates in real time allows attendees to stay in touch, plan their event experience, and stay up to date on the latest information from you, the sport event director, through texts, posts, Tweets, or other social networking technologies.

**Table 7-2** Meanings Attached to Sport Events

Personal	Sociocultural	Political	Economic
Belonging	Sense of community	Community development programs	Increased tourism
Self-esteem	Community pride	Improved infrastructure	New jobs
Mastery	Sharing of customs/values	National identity building	New business
Health/well-being	Shared celebration	International awareness	
Accomplishment	Social interaction		
Self-discovery			
Nostalgia			

how to evoke meaning through the event (Diller, Shedroff, & Rhea, 2005). Sport events induce a number of meanings, including personal, social, cultural, economic, political, and nostalgic (see **Table 7-2**). Sport event experiences range from unimportant entertainment to a profoundly transforming experience. Creating the liminoid zone and theming the sport event using symbolism, ritual, and ceremony can deepen the meaning that one attaches to the experience, thereby enhancing the memory of the event.

## SUMMARY

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As this chapter illustrates, creating the event experience involves much more than just offering an event. There are a number of key elements to consider and carefully plan in order to elicit a positive response from event attendees. It is important to remember that the attendees' experiences will be subjective and heterogeneous. Therefore, an event manager cannot control every specific aspect. Rather, the event manager should consider how theming, creating communities, and allowing for attendees to create their own experience could impact the overall success of the event.

## DISCUSSION QUESTIONS

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1. Define the *experience economy* and discuss how you could incorporate it into a spectator sport event. How might this differ from a sport participation event?
2. Co-creation is an innovative method for involving your patrons in helping you shape their experiences. Discuss how you might incorporate co-creation elements into a spectator sport event.
3. The liminoid zone is that area that transcends normal space and time. How might you create this for participants *and* spectators at a sport event?
4. Develop a theme for a sport event and discuss how you would engage the senses through this theme.

## Case STUDY

### Creating an Experience: A Glance at the Red Bull 400

The Red Bull brand has both sponsored and created sport events, from Formula 1, surfing, surf and rescue, archery, and skateboarding to soapbox race, standup paddling, and mountain running. The Red Bull 400 Park City is an annual event where athletes run 400m up a 134m hill, climbing 2,126m in altitude. With an incline of 35 degrees, this challenge is not for the faint-hearted. In 2018, the event was in its fourth year and gaining in popularity. The work record for the men stands at 3m 59s and for the women at 4m 39s.

As an event director, you have just won a bid to host a new Red Bull 400 event on Keystone Mountain in Silverthorne, Colorado. For this inaugural event, your main goal is to create an experience that your key stakeholders will never forget. You have three main objectives for this event: (1) to create a sense of celebration with multiple points for socialization among the event patrons, (2) to create a memorable experience that encourages event attendees to return annually for the event, and (3) to increase the length of stay in Silverthorne. The local government in Silverthorne is interested in offsetting the effects of seasonality during the summer, so they are encouraged by your proposal to extend the amount of time that visitors stay in the area. You should assume that you found a point on the mountain that equals that of the course in Park City, UT.

Using what you have just learned in the chapter about designing events that inspire memorable experiences, develop a design plan for your event. Be sure to consider the following:

1. What is your event concept, keeping in mind Red Bull's brand image?
  - a. How do you use this concept to theme your event?
  - b. How do you create an atmosphere that leaves a meaningful experience?
2. Who are the key stakeholders?
  - a. How might their needs differ in a way that could affect their experience?
  - b. Will these needs influence your concept/theme as described in Question 1?
3. What aspects of the setting and environment could be incorporated into your theme and design concept?
4. How would you create your liminoid zone?
5. When there are multiple races in one event, how do you tie these races together over the multiday event to drive interest, spending, and length of stay among your attendees?

**Resources for Case Study:** <http://www.silverthorne.org>; <https://www.redbull.com/us-en/events/rb400-park-city>.

**Readings for Case Study:** Petterson, R., & Getz, D. (2009). Event experiences in time and space: A study of visitors to the 2007 World Alpine Ski Championships in Åre, Sweden. *Scandinavian Journal of Hospitality and Tourism*, 9, 308–326.

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# Marketing the Facility and Events

Brianna L. Newland

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## CHAPTER OBJECTIVES

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Upon completion of this chapter, the reader will be able to:

1. Clearly understand the elements of a marketing plan.
2. Recognize the importance of a well-developed marketing strategy and plan.
3. Develop an integrated marketing communications plan.
4. Realize the importance of knowing and building a relationship with the consumer.
5. Identify how the unique marketing elements can influence an event.

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## CHAPTER OVERVIEW

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This chapter will discuss the importance of properly marketing the facility and/or event. It will discuss marketing elements, such as understanding the consumers, building the relationship, and communicating the message. This chapter will highlight the use of social networking and other digital methods within the marketing plan.

## IndustryVOICE

### Nick Michaels—Account Executive, Corporate Partnerships, Philadelphia Eagles



As an account executive for corporate partnerships, it is my job to connect brands to the Eagles in a way that translates a fan's passion for the team into support for the products and/or services offered by the corporate partner. The overarching goal is to help regional, national, and global companies achieve their marketing and business objectives through Eagles assets. Depending on the brand's marketing strategy, a partnership can consist of a variety of benefits including custom digital content, social posts, TV spots, radio units, VIP experiences, hospitality opportunities, etc. At the core, my role is a sales/revenue generation position, helping brands achieve their marketing and business objectives through the development of custom Eagles marketing platforms.

My first internship in the sport industry was with the University of Delaware athletic operations department. From there, I became a football operations intern at UD, then I served as a game day operations intern for the Philadelphia Soul and Philadelphia Union. These internships enabled me to intern with the Eagles, where I completed ticket operations, mascot events, and corporate sales and service internships. In August of 2013, the Eagles hired me full-time as a service coordinator in the corporate partnerships department. In September of 2015, I transitioned to the sales side and continue to serve in this current revenue-generating role.

The mission of the Eagles is to inspire and serve the city of Philadelphia. Beyond the on-field performance, the Eagles organization is uniquely positioned to positively influence the city of Philadelphia

and social responsibility is a top priority for the organization. For example, we were one of the first NFL teams to launch a "Go Green" platform to reduce our environmental footprint. Now, 99 percent of waste generated in the stadium is diverted from landfills and 100 percent of the team's operations are powered by the sun and wind. While winning football games is undoubtedly an important part of the equation, the organization focuses on how we can use our unique platform to inspire and serve the city of Philadelphia.

The two biggest challenges that I face with the Eagles are both internal. First, cross communication among all of the internal departments poses a challenge. For example, if we were to host an Eagles cruise where fans could purchase vacation trips to travel with their favorite players, alumni and team personalities, everyone from executive leadership to the marketing department to the digital/social department is involved. Balancing internal opinions, while trying to satisfy the prospective client's (aka, cruise lines) needs, and then selling the prospective client on the idea, investment level and term length, etc., can be challenging. The second challenge, also internal, relates to how a corporate partner is managed and renewed. The service coordinator is responsible for the day-to-day execution of the partnership. At the end of the partnership, it is sales' responsibility to renew the account. The sales person must remain in contact with the account and continually foster a professional relationship so that when it comes time for renewal there is an established relationship. The service coordinators' performance on the account can greatly influence the outcome of the renewal for which the sales person is responsible. Striking a balance of motivating, helping, and being involved while not overstepping and

micromanaging is difficult. To combat both of these challenges, I rely heavily on frequent communication. It has been my experience that if I'm constantly communicating, and in some cases overcommunicating, it seems to help. People like to be kept in the loop and updated even if the update is "no answers yet but still working on this."

A unique trend that I see within my segment of the industry is that brands are focusing more on custom digital and social content—especially custom content that can be consumed on mobile devices. In the early days of sports marketing, brands were focused on in-stadium signage and traditional media assets like TV and radio. Digital and social content used to be perceived as "added value" but now custom content is a top priority. It has flipped the sponsorship structure upside down. As brand marketing becomes more sophisticated, we are also seeing a growing focus on ROI, metrics, reporting, engagement, etc. It is no longer enough to measure "impressions" and "reach." We need to take the reporting a step further and explain to brands how their investment in the Philadelphia Eagles is engaging fans and encouraging them to use our partners' products and services.

To capitalize on these trends, the Eagles organization invested significant resources to build a large digital/social department. We have one of the largest digital/social departments in the NFL, which allows us to produce unprecedented amounts of content and stay ahead of trends. For measurement and reporting, we hire outside companies to help us track, evaluate, and report. For example, we hired an independent 3rd party to help us quantify the impact of the Eagles trademarks on our partners' marketing materials.

I do no hiring in my current role. However, there are three main characteristics that I look for in a new hire: Emotional intelligence (EQ), drive, and a growth

mindset. EQ is the presence of social skills, communication skills, and self-awareness. Due to the rise in technology, it is my personal belief that EQ is more important now than ever before. TalentSmart, a company used by more than 75 percent of Fortune 500 companies, conducted a research study of over 1 million people and found that EQ is responsible for 58 percent of job performance, 90 percent of top performers have high EQs, and people with high EQs make \$29,000 more annually than their low EQ counterparts—it matters! The second set of characteristics that I look for in a candidate are drive and persistence. In the words of Thomas Edison, "genius is often really just persistence in disguise." If a student has the work ethic, drive, and willingness to prepare, all of the technical job skills can be taught easily. Finally, the third characteristic that is important, but often overlooked, is a growth mindset. When someone has a growth mindset, they believe that their abilities can be developed through dedication and hard work; they are in a constant state of learning. It is being able to say, "I don't know" or "I made a mistake" and learning from those experiences. A growth mindset means that you are a sponge, soaking up as much knowledge as possible.

Two of the biggest skills or qualifications commonly missing among new graduates are interpersonal skills and lack of continued self-development. When communicating a message, it is important to focus on what you say and how you say it. According to UCLA professor Albert Mehrabian, the way a message is received is 7 percent based on word selection, 38 percent tone of voice, and 55 percent body language. A Carnegie Mellon study identified confidence as more important than a professional's skill set, reputation, or history (i.e., the way you present yourself (verbal language and non-verbal body language)) is more important than your professional experience. It is important to take a step back and clarify that confidence must manifest itself as presence without

(continues)

## IndustryVOICE (continued)

arrogance. If arrogance is a part of confidence, the above statements won't hold true. With the rise of texting, social media, emails, etc., it seems that younger students hide behind digital platforms. Rather than having an in-person conversation with someone sitting three desks down, they will send an email. Or, they are afraid to speak on the phone with someone but will text them back immediately. Since technology will only become more integrated into our daily lives, it is my belief that the successful leaders of tomorrow will be able to embrace technology while still developing the requisite interpersonal communication skills. The second qualification commonly missing is a lack of continued personal development and learning. In my experience, it seems that recent graduates no longer feel a need to learn once they have earned their degree. Consider Warren Buffett and Charlie Munger—even at their advanced ages, and being widely regarded as the best in their field, they continue to emphasize continued learning and growth. Learning can be through reading, watching training videos, attending conferences, or listening to podcasts. Find a way (or preferably, multiple ways) that you enjoy to continue to learn.

In the words of bestselling author, Harvey Mackay, "dig your well before you're thirsty." In a world of instant gratification, it can be difficult to lay the groundwork now for something that won't materialize for years, but it is important to start as soon as possible. To provide students with actionable strategies that can be implemented, I'd recommend the following:

- Cut out (or drastically reduce) TV consumption—1 hour of TV a day for 365 days = over two weeks of wasted time over the course of the year. Think about the progress you could make toward your dream job if you gained two weeks per year.
- Download an app that tracks the time spent on your phone (e.g., Moment). Use the app to track time spent on other phone apps (Snapchat, Twitter, etc.) and cut out unproductive time spent on the

phone. Ninety-nine times out of 100, people will find that they spend entirely too much time on their phones mindlessly scrolling through different apps and not being productive.

- Schedule one informational interview per week. Currently, professionals are more than willing to help students who take initiative and show an interest in learning about their profession. If you have a LinkedIn profile, use it to identify and ask industry professionals if they'd be willing to schedule 15 minutes for a brief informational interview. Show that you respect their time and keep it to the time you promised (in this case 15 minutes). Those 15 minutes not only gained you an industry contact but someone you can go back to when you are looking for a job. Now, you have a pre-established relationship vs. simply reaching out in search of a job (aka, digging your well before you're thirsty).
- Begin acquiring work experience immediately! At first, it doesn't matter what you do, just get started by taking immediate action. One open door leads to the next. Don't think one internship qualifies you to land your dream job in sport. It took me seven internships to land my first full-time position in sports.
- Be open to the idea of a sales position. A sales position has the potential to act as rocket fuel for your career trajectory. This is one item that I wish I could go back and convince myself of at an earlier age. All through college, I said that I would never be in sales. It wasn't until I was in the industry and saw the opportunity for growth on the sales side that I opened up to the idea and eventually made the switch. Generating revenue is the life blood of a company. If you are successful on the sales side and generate money for the company, it is the quickest way to jumpstart your career.

## Introduction

Marketing a product involves knowing the customer well and communicating how a product meets needs. But, it is much more than that. Organizations, including sport events and facilities, need customers to survive. To attract and retain those customers while building demand for a brand, an organization must do the following:

- Develop a brand that will stick in the mind of the consumer
- Create awareness about the products and/or services offered
- Generate a perception in the mind of the consumer that leads to brand equity and loyalty
- Differentiate the organization and products/services from the competitor
- Integrate marketing communications across a range of platforms to ensure that consumers receive the brand message

These are not easy tasks and require coordination of a well thought-out strategy and plan.

Sport is even more unique than other business fields and industries for a number of reasons, as demarcated by Mullin, Hardy, and Sutton (2007):

- *Sport is consumed as it is produced.* Unfortunately, sport cannot be created and shelved to purchase when the moment suits us. While it is possible to watch the event again, if it is recorded and/or rebroadcast, it will never inspire the same effect as the live event.
- *Sport is intangible.* While we would all enjoy bringing LeBron James home and placing him on our mantle or playing a pickup game with him in our backyard, this is not possible. To make sport more tangible, organizations sell merchandise related to the game or event. However, this is not the same as taking the athlete home as you would a new pair of shoes.
- *Sport is emotional, subjective, and heterogeneous.* Fans and sport participants experience sport very differently. For some, the experience can elicit myriad emotions that ebb and flow throughout the sport event. Many can be deeply affected by the team's performance, which can influence their everyday life. Others might enjoy the game but feel no further effect. Furthermore, no two people will have the same sport experiences. While one person might be drawn to the strategy of play, another may enjoy the fanfare and atmosphere, and still another may be completely bored and wish that he had gone to the movies. Sport is deeply personal, which is challenging for sport marketers.

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**heterogeneous** Relating to perceptions of an experience that are widely dissimilar.

- *Sport is inconsistent and unpredictable.* It is much easier to sell tickets to sporting events when the team is winning. But when the team is in a multiseason slump, even the most loyal fans can get discouraged. Furthermore, weather can threaten performance, lineups can change, and momentum and injuries can be game changers.
- *The core product is uncontrollable.* Adding to the unpredictability and inconsistency, this game itself is out of the control of the sport marketer. Marketers cannot set rosters, acquire players, or make decisions that can influence the outcome of the game. To counter this, marketers sell merchandise and mementos and develop **product extensions** that create an experience and atmosphere around the event.
- *Sport organizations cooperate and compete simultaneously.* The sport industry is unique in that it requires other organizations in order to be competitive. Those teams must have strong talent in order to create an atmosphere that is both competitive and entertaining. If one team consistently dominates, this would impact interest in the sport. Therefore, teams agree to cooperate on certain levels to preserve the competitive environment.

As one can see, sport is a unique enterprise and marketers must promote products and services that are inconsistent and unpredictable, intangible, perishable, subjective, and open to interpretation (Mullin et al., 2007). Furthermore, the environment is highly competitive and requires strong research on the consumer and environment before a viable strategy can be developed.

## Feasibility

**feasibility study** An assessment that is conducted to determine key market characteristics.

To develop a strong marketing strategy, a facility and/or event must determine what is feasible. As discussed in Chapter 2, a **feasibility study** is typically conducted in the initiation stage of planning and provides information for event directors to do the following:

1. Provide quality information to support decision making.
2. Identify reasons *not* to proceed (such as risk, cost, lack of resources, etc.).
3. Develop a strong marketing strategy, if the event is a “go.”
4. Help establish a vision, mission, and concept for the event.
5. Assist in securing funding or other support.

This study should also be completed by facilities, although the focus is slightly different. The marketing director for a facility must determine the feasibility and capacity to host events, which events to attract, and any reasons to not proceed. While the focus is slightly different for the event marketer than for the facility marketer, both use feasibility results to devise the best course of action.

A feasibility study conducted by the marketer should consider three key elements. First, one must determine the market characteristics. What is the demand for such an event? Or, in the case of the facility, what is the demand for events to use this venue? Is the market currently saturated with similar events or other facilities that could potentially host? Is the barrier to entry difficult? That is, to host such an event, will it require substantial human, financial, and operational resources? A good event marketer will determine if such an event can not only be implemented but can also be sustained over a specific period while remaining competitive. Second, one must consider the geographic factors that could potentially influence the viability of the event. Is the venue difficult to access? What are the amenities near the venue? Can the community hotels and restaurants support the influx of people? Will the environment be easily damaged by the event? What infrastructure does the location provide? That is, will the event require additional equipment and/or structures? And finally, one must carefully analyze all financial aspects, including projected revenue and operating costs. It is wise to develop a pro forma (as discussed in the “Facility Design and Construction” chapter) and conduct a breakeven analysis (as discussed in the “Project Management” chapter) very early in the process. A **breakeven analysis** is used to determine at what point the event can cover all of the expenses and begin to make a profit. It is important to be as accurate as possible when determining the startup costs, as these numbers will help determine the sales revenue needed to pay ongoing operational expenses.

While all types of feasibility are important to the event manager in deciding to move forward with event implementation, the climate is of the utmost importance to the marketer. In addition to determining whether the event can move forward, the marketer will also consider the internal and external strengths of the event through a **SWOT analysis**. The acronym SWOT stands for strengths, weaknesses, opportunities, and threats. A SWOT analysis allows a marketer to capitalize on strengths and opportunities while mitigating the potentially negative effects of weaknesses and threats. Take, for example, a SWOT conducted on a potential youth triathlon event. As you review the

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**breakeven analysis**

An assessment used to determine at what point the event can cover all of the expenses and begin to make a profit.

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**SWOT analysis**

A tool used to assess the internal and external strengths and weaknesses of an event; SWOT stands for strengths, weaknesses, opportunities, and threats.

**Table 8-1** SWOT of a Youth Triathlon Event

Internal	External
Strengths	Opportunities
<ul style="list-style-type: none"> <li>✓ Event staff has over 5 years of experience hosting triathlons.</li> <li>✓ The facility is financially stable and capable of an event addition.</li> <li>✓ Current events have grown consistently.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Outreach to a local organization that promotes physical activity and health could enable access to children.</li> <li>✓ A strong relationship with governing officials could lead to potential funding sources.</li> </ul>
Weaknesses	Threats
<ul style="list-style-type: none"> <li>– The staff has never done a youth-specific event.</li> <li>– The event location is in a high-traffic area, so additional support will be necessary.</li> </ul>	<ul style="list-style-type: none"> <li>– Weather could cancel the event unexpectedly.</li> <li>– The environment is very saturated for youth sport in general and triathlon specifically.</li> </ul>

table, notice how the strengths and weaknesses focus on the internal environment of the organization while the opportunities and threats target the external climate (**Table 8-1**).

Once a feasibility study and SWOT analysis have been conducted and the decision makers have decided to implement the event, the next step for the marketer is to determine the strategy and lay out the plan.

## Developing the Marketing Strategy and Plan

Before a strong marketing plan and campaign can be developed, a marketer must determine the purpose of the event and the main goals. To begin, the mission and vision of the event must be determined. A **mission statement** defines the purpose of the organization (or event). It identifies why the organization exists for the consumer and allows for the development of organizational goals. The **vision statement** is what the organization would like to accomplish. This statement describes what the organization aspires to be and/or do as it grows and evolves.

As described previously, sport marketing is unique, which creates a number of marketing challenges. To add to these challenges, consider that the sport product itself is complex and dynamic. From a sport event perspective, the core product is the competition itself, which includes the type of sport played, the participants (athletes, coaches, and officials), and the

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**mission statement** A statement defining the purpose of the organization (or event).

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**vision statement** A statement of what the organization would like to achieve or accomplish.

environment (e.g., the challenge of a triathlon race course or the weather conditions at a golf tournament; Pedersen et al., 2014). Additionally, sport events typically include product extensions that create an atmosphere around the event. These extensions can include a music festival that accompanies the sport event, halftime shows, games for children and families, and other non-competition-related activities. For example, The Mountain Sports Festival is a weekend of sports and music that celebrates community, outdoor sports, and the local businesses that support the event (Mountain Sports Festival, 2018).

The event is held annually on Memorial Day weekend in Asheville, North Carolina, and features a range of sporting events like rock climbing, a river dash, a beer mile, SUP yoga, a 5k and 1 mile fun run, disc golf, a BMX Street Jam, a 20K mountain trail relay, and culminates with a bike criterium known as the *Rumble on the River*. The festival was developed to bring together outdoor enthusiasts, outdoor equipment creators, and adventure companies in an atmosphere filled with food, music, and celebration. The festival and event board of directors created the fun-filled weekend event to encourage fun and participation on all levels (Mountain Sports Festival, 2018).

## Segmentation

Once an organization has defined its purpose and identified future aspirations, marketers must consider which consumers would be most interested in the products or services offered by the organization. Because consumers are so heterogeneous, considering incredibly large consumer bases can be a daunting task. Therefore, marketers break consumers into smaller clusters or groups identified by certain characteristics rather than attempting to sell to everyone. This process is known as **segmentation**. Typically, these categorizations are determined through demographic, psychographic, media preference and use, and purchasing behavior characteristics. **Demographics**



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**segmentation** The breaking of consumers into smaller clusters or groups identified by certain characteristics rather than attempting to sell to everyone.

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**demographics** The categorization of consumers based on age, gender, ethnicity, education, income, socioeconomic status, profession, geographic location, religion, type of sport played, and other such identifiers.

**psychographics** The categorization of consumers based on the consumers' interests, beliefs, and attitudes.

**media preference and use** The categorization of consumers based on the type of media consumed and how it is consumed.

**purchasing behavior** The frequency with which individuals consume a product and the manner in which they use the products and services.

**target market** The consumer most likely to purchase the product or service.

## TIP

Take the time to understand your consumers and learn how to attract them. If you plan to use social media, like Facebook or Twitter, to reach your consumer, they actually need to follow you! Creating content that is easily shared by others is one way of attracting attention. People are attracted to videos and photos. Use that to engage them and then remind them to follow you on your social media platforms.

categorize consumers based on age, gender, ethnicity, education, income, socioeconomic status, profession, geographic location, religion, type of sport played, and other such identifiers. **Psychographics** categorize based on the consumers' interests, beliefs, and attitudes. Also, the motives that drive consumers to participate and watch sport would be considered here. Greater detail and discussion on this topic can be found in the "Consumer Behavior" chapter.

Considering the increased adoption and use of technology, it is important for marketers to know consumers' **media preference and use**. Not only is it important to understand how they consume sport (e.g., TV, Internet, radio) but also what they use to access information (e.g., smartphones, computers, newspaper, TV, radio) and the preference for various media (e.g., organization applications, Snapchat, Instagram, Twitter, Facebook, email, print). Knowledge of this information can help marketers to streamline communication more effectively in ways that suit the audience best. For example, if 20- to 29-year-old men get their information through social media, putting an ad in a newspaper is not a wise marketing decision. Tweeting information would target this group better.

Finally, **purchasing behavior** describes the frequency and use of products and services. Knowing what individuals buy and when and how they buy it can help you understand purchasing trends better. For example, perhaps you notice that Bob Smith purchases baseball tickets on family promotional nights and only on these nights. A marketer could target Bob with family-themed offerings to attract him to additional events. Armed with such information, marketers can target those most likely to consume the product or service. The **target market** is the consumer most likely to purchase the product. An example of segmenting a sport event is provided in **Table 8-2**.

## Building the Relationship

Once the customer characteristics have been identified, a customer profile can be developed. A **customer profile** is a description of the customer or set of customers based on their demographic, psychographic, media preferences, and purchasing behavior. The profile gives you the information you need to further develop relationships and increase spending with existing customers, while using information gathered

**Table 8-2** Segmentation Elements: Local Youth Triathlon

Demographics	Psychographics	Media Preferences	Purchasing Habits
Boys and girls 7 to 12 years old, middle- to upper-middle class families, located in the central Texas area.	Active families with swimming, biking, or running backgrounds, interested in new sports, adventurous, look for family-oriented activities.	Consumption methods: Social networks (Facebook, Twitter), moderate to heavy Internet, TV, and smartphone use.	Frequently purchase/use fitness and sport goods/services, active gym or sport recreation memberships.

from them to attract new customers. This process is known as **relationship marketing**, which is “the marketing activities directed toward establishing, developing, and maintaining relational exchanges” with customers (Morgan & Hunt, 1994, p. 22). The strategy of relationship marketing is to invest in the development of long-term relationships with customers and other key stakeholders in order to garner a better understanding of one another’s expectations and concerns (Pressey & Tzokas, 2006). Competitive advantage is gained when the organization properly aligns its products and services with customer demand, allowing for stronger bonds to develop between organization and consumer—yet another competitive advantage (Pressey & Tzokas, 2006). Customers are likely to see direct benefits from products and services that better align with their individual wants and needs (Morgan & Hunt, 1994).

To build a relationship, organizations require a means of maintaining vital information about customers. **Data-based marketing (DBM)** software is a comprehensive system that captures critical demographic, psychographic, media use, and purchasing behavior information on customers and potential customers in order to enable direct marketing strategies (Mullin et al., 2007). However, when organizations are trying to build a relationship with a customer, more information is required. Customer relationship management (CRM) systems expand on the information gathered in the DBM to include information such as the following (Mullin et al., 2007):

- Purchase transactions, including what was purchased, amount purchased, and frequency of purchase
- Key relationships, such as family, friends, and coworkers
- Frequency of attendance, key dates attended, popular reasons for attending (e.g., birthday celebrations, work incentives)

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**customer profile** A description of the customer or set of customers based on their demographics, psychographics, media preferences, and purchasing behavior.

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**relationship marketing** A marketing strategy that seeks to develop and maintain relationships with customers, while using information gathered from them to attract new customers; the client–consumer relationship is emphasized over a more purely transactional behavior.

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**data-based marketing (DBM)** A comprehensive system that captures critical demographics, psychographics, media use, and purchasing behavior information on customers and potential customers in order to enable direct marketing strategies.

- Brief notes on any interactions with the customer (e.g., unsatisfactory experience)
- Personal information such as favorite teams or sports, birthday, anniversary, the company they work for and their business contact information
- Results of customer surveys, feedback about services or products, and email preferences
- Information on direct mail, email blasts, wellness calls, or other marketing campaign touches

While appealing, a CRM system can be difficult to implement. Organizations must integrate the DBM and CRM into every facet of the organization to ensure that the optimum level of information is collected. Every opportunity to capture and properly code and categorize information must be capitalized. According to Gordon, Perrey, and Spellecke (2013), organizations that use data at the foci of marketing decisions (through the use of DBM and CRM) can improve their marketing return on investment by 15 to 20 percent. However, the data in and of themselves are not the reason for success. According to Gordon et al. (2013), organizations that successfully use DBM and CRM can identify valuable opportunities and use the data-derived information to communicate specific and relevant messages.

## Positioning

Understanding customer needs and delivering a product that is perceived as more valuable than *and* distinctly different from other products is the key to winning and keeping customers (Moore & Pareek, 2010). Sport organizations position their products in ways that make them stand out from the competitors. **Differentiation** entails **positioning** the product in the minds of the consumer by highlighting the important attributes and benefits. For example, Nike and Under Armour sell similar products. When you think about the two brands; however, they are different. Think about the attributes you assign to each. What makes them different in your mind? To stand out in a highly cluttered sport marketplace, organizations use a number of strategies to stand out, including the following (Moore & Pareek, 2010):

- *Contrasting their product or service's key features and benefits against the shortcomings of the competition.* This is often seen in advertisements in

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**differentiation** The positioning of a product in the minds of the consumer by highlighting the important attributes and benefits.

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**positioning** Developing and delivering a product that is perceived as more valuable than and distinctly different from other products.

which the company will note the superiority of the product in relation to the “other guys.” This is most obvious with mobile phone carriers, like Verizon and AT&T.

- *Grabbing the unoccupied* by filling a gap that the competition has not yet secured. For example, Tough Mudder roared into the running marketplace by offering a unique alternative to the “boredom of marathoning.” “Why run miles on pavement,” Tough Mudder asks, “when you can do this?” (Tough Mudder, 2014).
- *Repositioning* the product. While repositioning can require a large investment, doing so can change or enhance the perception of a product and produce positive financial rewards for the organization. Consider the Tampa Bay Buccaneers of the National Football League. In the late 1990s, under new ownership, the Buccaneers repositioned themselves with a new logo, stadium, coaching staff, and team philosophy. While this was an incredibly hefty investment, the changes paid off with a Super Bowl win in 2002.
- *Creating exclusivity* is another strategy to position a product. This can be difficult to do. Finding ways to include elements in your event that do not exist in other products can make your event more exclusive and unique.

All organizations seek a competitive advantage over the scarce resources in a marketplace. By identifying potential sources of competitive advantage, marketers can determine which will be promoted as a means to differentiate their product from the competition (Moore & Pareek, 2010).

## Price

Determining how to price a product or service is no easy task. There are a number of philosophies on what constitutes a fair price, but all agree that price must cover the cost of the product and the return to the producer to compensate for the risk incurred (Moore & Pareek, 2010). Where the debate lies is in determining how high the realized profit should be in regard to said risk. It is clear that consumers can be very **price sensitive**, so marketers should be cautious when setting a pricing strategy. Customers equate price with value and quality. **Table 8-3** illustrates the four Cs (customer, competitor, company, and climate) that should be considered when setting a pricing strategy.

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**price sensitive**

Susceptibility to variations in price.

**Table 8-3** Pricing Factors—The Four Cs

Factor	Description
Customer	Analyze the customer profile characteristics to determine how characteristics would impact certain pricing strategies and/or how specific segments will respond to pricing.
Competitor	Analyze how the consumer perceives the value of the product compared with competing products. Also, analyze the competitors' pricing schemes.
Company	Analyze the production costs and the minimum price necessary to cover these costs.
Climate	Analyze the external factors that can impact cost of production and consumers' ability to spend.

**place** The location of the sport product where the product is distributed; the geographic location of the target market and other channels that might be relevant to the sport product.

As price relates to sport events and the facility, consumers will consider much more than just the price of entry. The cost to the consumer includes travel to the venue, parking, concessions, and other costs related to the event. Thus, the consumer must feel that the overall value of the sport event experience exceeds (not matches) the price of admission.



## Place

As discussed earlier, sport is unique from other industries because it is simultaneously consumed and produced. Therefore, how the sport product is distributed is also unique. In sport, **place** refers to the location of the sport product (e.g., stadium, park), where the product is distributed (e.g., online event registration, event admission sales at the venue), the geographic dynamics of the target market (e.g., international, national, local), and other channels that might be relevant to the sport product (e.g., media distribution, availability of the product by season, broadcast). Furthermore, the accessibility of the facility can impact the sport product greatly. Easy access to the venue from major roadways, the flow of traffic in and out of the venue space, and the environment at the venue can all have an impact on the perception of the facility and the event hosted there.

## Promotion

Promotion is the most visible aspect of the marketing plan, and, in fact, many people confuse the two terms. *Marketing* is the overall, broad strategy for a sport product, whereas *promotion* is a specific tactic used as part of the marketing plan to attain goals. These two terms are not interchangeable. **Promotion** is the communication of the marketing message. It is not only used to communicate the overall message of the organization but also to further position the sport product in the mind of the consumer. The **promotion mix** is the varied use of a number of promotional methods, such as advertising (print, TV, radio, electronic); personal selling; public, community, and media relations; direct and online marketing; public service announcements; publicity; and sponsorship. The promotional mix is used to communicate the desired message and image about the product, create awareness, and educate the consumer about the product and persuade the consumer to buy the product (Moore & Pareek, 2010).

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**promotion** The communication of the marketing message.

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**promotion mix** The varied use of a number of promotional methods to create a message.

## Communicating the Message

As the most visible aspect of the marketing plan, promotion involves the dissemination of information about the organization and product in ways that build strong equity with the brand and ensure good publicity for the firm (Moore & Pareek, 2010). Understanding how marketing decisions are made and how they impact the long-term strategy of the event or facility is important. In the case of a sport event, a strong marketing communications plan must be developed to create awareness and promote the event, but it should be remembered that the event itself is a strategic marketing tool. Therefore, marketing communications, or the promotional mix, must be designed not only to present the event and/or facility in the most appropriate manner but it should also capitalize on the event itself as a way to interact with customers. An important strategy to harness the synergy across various tactics to achieve marketing outcomes is known as **integrated marketing communication (IMC)**. IMC uses a consistent delivery strategy through which brand positioning, personality, and key messaging are delivered synergistically across every element of communication (Smith, Berry, & Pulford, 1999). With IMC, all sources of contact that a stakeholder has with the event are potential delivery channels (Shimp, 2003). Because opinions are formed based on marketing messages and interaction with the business (Belch & Belch, 2004), it is important to coordinate all messages and points of contact between

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**integrated marketing communication (IMC)**  
A delivery strategy that ensures that brand positioning, personality, and key messages are delivered synergistically across every element of communication.



**Figure 8-1** Marketing Channels

the marketer and the consumer. IMC consists of various tactics that work best when they are integrated to achieve the overall marketing goals (Raj, Walters, & Rashid, 2009). **Figure 8-1** illustrates the various channels that a marketer must consider when disseminating event messaging. For example, suppose you are the managing supervisor for a recreation center with regular adult basketball leagues. You decide to host a 3-on-3 basketball tournament with goals to attract teams from the region. As you think about your promotional plan and how you will attract athletes to your tournament, consider how the message will be conveyed for each channel presented in Figure 8-1. If you were the event director for this tournament, how would you use each of these channels?

Traditional marketing has its place, but it can be costly and might not help marketers reach their target markets. Integrating the message into a number of tactics ensures greater opportunity to achieve marketing goals (Raj et al., 2009). With the average consumer exposed to over 3,000 advertisements daily (Kimmel, 2005), consumers are worn out by familiar/repeated messages. Marketers aggressively promote messages that can stand

out and grab the attention of the consumer in a cluttered marketplace (Hutter & Hoffman, 2011). However, there is a cost. These additional activities produce a higher marketing budget and prompt even stronger avoidance and worn-out behavior from consumers. There has been a trend in recent years toward more digital marketing tactics and use of social media. This can be a very cost-effective tactic if the target market's media preferences align.

Social media is an effective and efficient way to reach target markets and it is important to understand how the different demographic groups engage with the various platforms. According to Smith and Anderson (2018), the majority of Americans use Facebook (68 percent) and YouTube (73 percent) followed by Instagram (35 percent), Pinterest (29 percent), Snapchat (27 percent), LinkedIn (25 percent), and Twitter (24 percent). Youth, aged 18 to 24 years, are more likely to use Instagram, Snapchat, and Twitter. More than 78 percent of 18 to 24 year olds use Snapchat, but this falls drastically to 54 percent for those 24 to 29 years of age (Smith & Anderson 2018). Women are more likely than men to use Facebook (74/62 percent), Pinterest (41/16 percent), Instagram (39/30 percent), and Snapchat (31/23 percent), while men are more likely to use YouTube (75/72 percent). While it is easy and cost-effective to post information on social media platforms, for it to be effective, the organization or event must have followers! To get followers, creating content that is interesting and engaging is critical. Creating short, engaging videos or posting interesting photos that capture people's attention and inspire them to share with others is the best way to attract new followers. If the newly reached individual likes the content you post, he or she is more likely to follow you for more.

Guerrilla and viral marketing tactics have grown in an effort to creatively capture new audiences through innovation and surprise (Hutter & Hoffman, 2011). The objective of **guerrilla marketing** is to gain large effects at low expenses (Baltes & Leibing, 2008), while **viral marketing** uses social networks to increase brand awareness through self-replicating processes (Raj et al., 2009). Guerrilla marketing certainly has viral tendencies, but it does not necessarily depend on social networks to increase awareness. While past efforts of guerrilla marketing were considered "below the line," as the focus was to weaken competitors and level the playing field (Levinson, 1984), recent efforts are customer focused, specifically to win customers (Solomon et al., 2009). Rather than sabotaging a brand, which could have a potentially negative effect on the saboteur, organizations are using guerrilla tactics to

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**guerrilla marketing**

A marketing strategy that uses unique methods to gain large effects at low expenses.

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**viral marketing** The use of social networks to increase brand awareness through self-replicating processes.

surprise their target markets. For example, Adidas set up a giant shoebox at an event and as customers walked by, a secret door would open and free shoes would be given to the passerby. This tactic introduced the audience to a new product line in a surprising and innovative way, thereby creating a buzz around the new shoe offering.

The objective of both of these approaches is to create a buzz around a product to inspire word-of-mouth advertising at a low cost. The advent of social networking has facilitated further word-of-mouth through viral marketing and has become a crucial strategy for marketers. Social networking sites have enabled organizations to connect with consumers on an individual level that traditional methods have been unable to do. Information can spread more readily by word-of-mouth among social networks, which organizations can capitalize on to generate a significant increase in sales while reducing promotion costs (Li, Lai, & Chen, 2011).

## SUMMARY

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Marketing for facility and sport events requires a very complex plan actualized through a clear and well-developed overall strategy. Successful execution of the plan will occur through careful research of internal and external factors that influence the sport product, the consumer and competitors, the ability to capitalize on opportunities that this information provides, the execution of the plan, and careful assessment of the results. Considering ways in which several marketing tactics can be integrated into the promotional mix to ensure multiple opportunities to engage with customers is critical.

## DISCUSSION QUESTIONS

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1. Describe why feasibility studies are necessary. How is a SWOT analysis used to develop a marketing plan?
2. Explain why it is necessary to segment. What are the elements that make up segmentation? How might this information be used to create a consumer profile?
3. What is relationship marketing? Describe how this might be implemented for a sport event.
4. Discuss the importance of a pricing strategy. Explain the four Cs and describe how they impact pricing.
5. What is integrated marketing communication? Describe the various tactics and how you might incorporate them into a promotional mix for a sport facility.

## Case STUDY

### If You Build It, Will They Come?



Contrary to popular belief, “they” do not come simply because you’ve built a facility and/or created a new event. It takes a strong feasibility study, informative market research, and a well-developed marketing strategy and plan to get “them” to the facility and/or event. One area communities see as potential growth for the community is investing in the youth sport tourism sector. In 2014, Westfield, Indiana, a small community with the population of 30,000 opened a 400-acre, \$49 million sports complex in the hopes of improving tourism. It worked. In 2016, the facility brought in 1.5 million visitors and \$162.6 million to local businesses. However, many warn that the pace of development across the United States is so high that many in the industry fear that there will be an excess of facilities and oversaturation of events (US News, 2017). The Vadnais Sports Center in the Twin Cities, Minnesota, area is a classic example of the if we build it, they will come mentality that utterly failed. The facility was built in 2010 through the support of \$26 million in revenue bonds issued by Vadnais Heights on behalf of the nonprofit group Community Facility Partners (Anderson, 2014). After poor revenue projections and growth through rentals, the city found itself covering shortfalls of hundreds of thousands of dollars (PRWeb.com, 2014). In 2013, the facility was put up for sale after Community Facility Partners defaulted on the bonds when the city stopped financial support (Anderson, 2014). In the spring of 2014, Ramsey County signed a letter of intent to buy the facility for \$10.5 million.

(continues)

## Case STUDY (continued)

Some communities have pushed back and the residents have voted down referendums that would require their tax dollars be spent on multi-million dollar venues for children. Many do not agree that public funds should support the development of venues that might not directly benefit the rest of the community; especially if the venue fails to produce the projected economic benefits.

Suppose your community has decided to build a multi-million dollar facility for youth sport tournaments. The first order of business for your organization is to develop a strong feasibility plan and then a marketing strategy to ensure that this facility is profitable over time. Before you can do this, however, you need information in order to develop the strongest plan possible. Answer the following questions:

1. What is the mission and vision for this facility? How will your mission and vision differ from other youth sport venues? What will set your facility apart from the competition?
2. Conduct a feasibility study. Based on what you've learned in other chapters, what resources will be necessary? What information do you need before you can even break ground on this project? What will be the deciding factors to "green light" the project? What might you still need to know in order to ensure that this facility will be profitable?
3. What goals and objectives would you set for years 1, 2, and 3, respectively?
4. What is your overall strategy for the facility?
5. Develop a marketing plan based on the information that you have collected in questions 1 to 4.

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# Consumer Behavior

Brianna L. Newland and Thomas J. Aicher

## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

1. Describe the concepts of socialization, involvement, and commitment.
2. Define motivation and apply it to sport participation and spectating.
3. Explain the different motivation factors.
4. Outline the decision-making process in the purchasing decision by sport participants and spectators.

## CHAPTER OVERVIEW

This chapter will discuss the motivations to participate in and spectate sport events. It will discuss communication, persuasion, and decision making by the consumer.

## IndustryVOICE

**Chris Pierce, Senior Director—Fan Commerce, New York Jets**



I began my career in retail as a Buyer at Lord & Taylor and held positions with Calvin Klein, Joe Boxer, Diesel, and J. Crew prior to joining the Jets. The Jets acquired me to run their Merchandise business, but my responsibilities grew to other fan experience elements including all Merchandise, Food and Beverage, Fan Engagement, and the Jets Legends Alumni Network.

Working for the Jets in New York City is an incredible experience, and we try to bring the elements of the city into aspects of our organization. Therefore, the New York Jets mission is to be:

**ELECTRIC:** Like the nonstop pulse of our city, our team and our fans always bring unrelenting energy—under the brightest lights and on the biggest stage.

**RELENTLESS:** As a team, we constantly forge ahead, creating and controlling our own destiny. Channeling the power and tenacity of every individual, we stand united no matter what comes our way.

**COMMITTED:** Our commitment to our team and to our fans is unwavering. We know our goals and we have a vision for how we want to get there. We will share in this journey together.

One of the challenges facing me in my role is to ensure that game-day is a compelling and a can't-miss experience that delivers value to each and every fan. To ensure that we deliver the best possible fan experience, this has become an organizational priority in every way. We not only listen to fans but watch and analyze their behavior to provide engagement elements that resonate with them on a granular level. Examples are constant open dialogue with a dedicated service team, increasing the consumer touchpoints, surveys post-event, Fan Advisory Boards, and constant communication opportunities.

Another challenge is standing out in an incredibly crowded marketplace. We are competing for attention and people's limited leisure time. We are living in a world that gives us so much choice and distraction at our

fingertips; being heard through all of that noise poses a difficult challenge. Rather than resist, we have adapted by embracing social media platforms, engaging emerging technologies around ticketing and finding a unique voice and position that sets us apart from others.

There are a number of noteworthy trends in the way that people consume tickets. First, we have adapted our product offerings to reflect the new appetite for ticket options as well as reimagining the experience as people look for more social interactions. The growth of data analytics has helped us build a better customer portrait, so we can understand and serve our fans better. We want to know as much as possible about our fans and their behavior in order to provide experiences that leave them feeling valued.

What do you need to know about working for the Jets in my area? Well, when hiring an entry-level candidate, I look for someone who is bright, thoughtful, hard-working, and who will be a good fit culturally. I often see new graduates who lack real-world experience. I cannot stress enough how important it is to intern or volunteer while in college. Many times, new graduates are missing trust in their decision-making, humility, and in the ability to listen in order to learn. By gaining valuable real-world experiences, these skills can be improved. What is most important to understand as a new graduate is that your first position is not your last. In your first position at an organization, you have an opportunity to contribute and foster strong relationships in that company that can and will lead to growth opportunities. Also, don't be afraid to use those critical thinking skills. Don't be afraid to be a respectful disruptor.

One thing to remember about consumer behavior—it is akin to a cloud. It is constantly in motion and changing in shape and size. At times, fans also articulate one thought, but their behavior indicates something else entirely. Data helps us understand these sometimes very perplexing behaviors. Game-day can be one enormous laboratory where we test our hypothesis and get instant and immediate feedback from thousands of fans. I love that part of my job!

## Introduction

In sport, there are a number of key consumers to consider. Understanding how and why these key consumers behave as they do is critical for the success of a sport facility and/or event. But, more importantly, how an individual is introduced to sport can have a long-term impact on how involved and committed the person becomes as a consumer. For example, perhaps your parents took you to the Preakness Stake at Pimlico as a child. In all likelihood, the meaning you attached to the experience of watching the spectacle of the event and the overall experience and atmosphere that the event staff created at the stadium deeply influenced how you consume horse racing to this day.

Future success is contingent on understanding how and why an individual or group comes to consume sport. Building on the motivations and factors that drive consumer decision-making processes prompts more effective marketing strategies, streamlined communications, enhanced consumer experiences and, as a result, more loyal consumers. This deeper understanding of the consumer can also help facility and event managers to design event experiences that better meet the needs of their patrons. In other words, understanding the wants and needs of the consumer will help ensure that you are delivering a better sport product or service. Within this chapter, the concepts of socialization, involvement, and commitment and the motivating factors that drive consumer behavior will be explored. Having established this foundation, the decision-making processes that individuals utilize to make their selections will be outlined.



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## Consumption Factors

### SOCIALIZATION

**Socialization** has been defined as “the process whereby individuals learn skills, traits, values, attitudes, norms, and knowledge associated with the performance of present or anticipated social roles” (McPherson & Brown, 1988, p. 267). How an individual is introduced to sport can influence his or her future involvement in and commitment to sport and sport events. There are

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**socialization** The process whereby individuals learn skills, traits, values, attitudes, norms, and knowledge associated with the performance of present or anticipated social roles.

**Table 9-1** Sport Socialization

	<b>Socialization <i>into</i> Sport</b>	<b>Socialization <i>via</i> Sport</b>	<b>Socialization <i>out of</i> Sport</b>
Description	The social and psychological influences that shape an individual's initial attraction to sport.	The acquisition of attitudes, values, and knowledge as a consequence of sport involvement.	The influences that contribute to an individual discontinuing his or her sport participation.
Source of Influence	The prevalent attitudes and values within the family or peer group.	The prevalent attitudes and values of teams, coaches, and clubs.	The prevalent attitudes and values of family, peers, and sport.

three components to how an individual can be socialized into sport (Brustad, 1992): Socialization *into* sport, socialization *via* sport, and socialization *out of* sport (see **Table 9-1**).

How you are socialized into sport shapes your attitude toward it. For example, if you were raised to believe that sport should only exist if it is highly competitive, you might have a negative attitude toward sport for all programming that allows for individuals to play at all possible levels of sport—not just high performance levels. The attitudes and values you carry based on coaching philosophy and/or team and/or club values are how you are socialized via sport. For example, if you were trained by a coach who was highly autocratic (i.e., “it’s my way or the highway” mentality), you too might believe that this is the best way to be coached or to coach others. Finally, you are also influenced by others to continue (or not) your participation in sport. This happened to me when my father asked me why I still participate in Ironman triathlons in my forties. Because of the value I place on lifelong sport participation, and the influence of my other peer groups, my father’s influence did not impact my sport participation. However, this is not always the case for others whose families play a big role in decision-making.

#### **consumer involvement**

A blend of the individual’s interest in sport and the degree of importance that sport has in his or her life.

#### **INVOLVEMENT**

Socialization into sport assumes some type of involvement. **Consumer involvement** is a blend of the individual’s interest in sport and the degree of importance that sport has in his or her life (Wakefield, 2007). Many sport spectators and participants become highly involved with their sports, so much so that it consumes

their lives. For example, a highly involved fan will purchase season tickets (or attend as many games as possible), will spend money on merchandise, and will travel to sporting events specifically for the team. And in the case of some soccer fans, they may join a pride group and spend the match chanting and singing on their team.

Typically, individuals can be involved in sport in one of three ways: *Cognitively, emotionally, or behaviorally*. **Cognitive involvement** is the acquisition of information/knowledge about a sport. Seeking information through print, electronic, and digital media as well as attending seminars and trade shows would be considered cognitive involvement. For example, a volleyball player who watches different instructional videos online to improve his or her hitting ability. **Emotional involvement** is the individual's affective response to the sport. It includes the attitudes, feelings, and emotions that the individual associates with sport. For example, a baseball fan who becomes so emotionally invested in her team that she feels despair when the team loses or elation when they win. Finally, **behavioral involvement** is the action one takes in sport, through participating and/or spectating. This individual acts as part of his involvement. For example, following his team to the National Championship game demonstrates an involved behavior to the team. Individuals who are highly involved tend to feel more deeply about sport and are more likely to devote more time and money to sport.

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**cognitive involvement**

The acquisition of information/knowledge about a sport.

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**emotional involvement**

The effect that a sport event produces in the individual.

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**behavioral involvement**

The action one takes in sport, whether as a participant or a spectator.

## COMMITMENT

The more an individual becomes involved in sport, the greater the individual's **commitment** and, thus, the intensity of his or her attachment is to his or her sport. Willingness to expend money, time, and energy increases as the sport becomes more ingrained in a person's identity (Wakefield, 2007). The more highly identified the person (as a participant or fan), the more central that identity becomes to the individual (Shamir, 1992). An individual who closely identifies with a sport typically makes statements like "I am a triathlete" (sport identification) and "I am a Reds fan" (team identification). Consumers who are highly involved in and committed to their sport or team are less price sensitive and are likely to remain loyal to the sport product. This means that they will spend more on equipment and event registration (participant) or memorabilia and tickets (spectator) and they will continue to support the sport product, even if the event is poor or the team hits a losing streak.

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**commitment**

The frequency, duration, and intensity of attachment to sport.

## VIGNETTE 9-1

### Understanding the Millennial Runner

The health of any industry is the ability to continue to develop new customers. In 2014, Running USA began to evaluate the second largest generation since the baby boomers; the Millennial Generation (those born between 1980 and 2000). This group of individuals was perceived as more active than their previous generations, developed a significant amount of purchasing power, is the most technologically advanced, and appears to consume sport and fitness differently. In a two-part study, Running USA was able to decipher some interesting and valuable insights to those managing running events. For example, in terms of demographics, this generation has an over-representation of women (72 percent) compared with the overall average (57 percent), more racially diverse (79 percent of Millennials report being white while 90 percent of all runners report the same), but are similar in terms of being well educated and affluent. According to the study, the three main motivations for this group of runners was to improve physical health, maintain physical health, and run in a unique or new environment,

and most importantly, reported being highly committed to the sport (Running USA, 2015). Interestingly, while the focus of something new and unique was important, the focus of the Millennial runner is more on competitive events than those considered "fun runs." In terms of being able to market events, the report indicated that social media is the best way to reach this group with 64 percent reporting that they learned about events via various social platforms, with Facebook leading the way. While the Millennial generation is known for its focus on "doing good," they do not select runs for the charity that the event supports and are unlikely to engage in fund-raising to participate in an event. This information led to a few different recommendations for event organizers to better reach this demographic of runners: Cultivate relationships (e.g., specific e-mails based on the distance rather than mass e-mails); incorporate elements of mental and emotional health; diversify the markets targeted; add in elements identified as important (e.g., swag, cost, distances); and focus on a well-organized event.

## Motivating Factors

### ORGANIZATIONAL FACTORS

#### organizational factor

An element that differentiates one event from another and influences a participant's motivation to attend an event.

There are a number of **organizational factors** that differentiate one event from another and influence a participant's motivation to attend an event. How the organizational factors are perceived by the attendee, such as how well the organization is prepared to stage the event, can influence participation choices. The organizational components of the facility and/or the infrastructure and interstructure of the event can also impact these perceptions. Hallmann, Kaplanidou, and Breuer (2010) outlined several organizational components that event managers should include in the production (e.g., marketing, logistics, security, and sponsorship) to enhance the event's image. Aicher and Newland (2017) found that the event reputation was an important factor for selecting that event by athlete type (skill level and amount of consumption), as well as the sport type (i.e., runners,

## VIGNETTE 9-2

### Having a "Blast"

**B**eginning in 2001, the Hyde Park Blast has hosted running, cycling, and chariot racing events. Originally organized by Cheryl Koopman and Chad Simms to raise money in the fight against cancer, while providing the community with an opportunity to have fun and be active. With more than 2,000 runners completing the run each year, the event starts with a four-mile run through the neighborhood; starting and ending in the town's trademark square. Next, the kids compete in their own foot races of various distances (.2 mile to 1 mile) based on their age or ability. The late morning begins the criterium cycling races featuring men's and women's category 1 to 5 races. The highlight of the event

is the chariot race in which teams of three compete for either speed or costume design. The competitive race features two runners pulling a homemade chariot with a rider on board. The race is approximately a .5 mile loop, and at times, the construction of the chariots does not hold up, leading to many spills and crashes. The crowd builds throughout the event and remains to cheer on the category 1 men's criterium cycling race. The event ends with a block party, complete with food and beer trucks and local musicians performing on stage. In its 18 years of existence, the event has raised more than \$500,000 for the *Cure Starts Now* and the *Karen Weddington Foundation*.

cyclists, triathletes). Thus, failure in any production elements that can hinder the event's reputation may impact how or why consumers are attracted or return to an event. Furthermore, word of mouth about the event's reputation can influence how the event's customer service is perceived. These factors can negatively impact future attendance as well as word-of-mouth marketing and advertising for the event.

Several studies have explored event participants' evaluation of organizational factors and the impact on the event's image. For example, Getz and McConnell (2011) found that sport participants' desire for events to be well organized, to provide a challenging course or scenic route, and to offer a user-friendly website factored more heavily into their opinion of the event than more common factors such as cost, prizes, or exclusivity. Furthermore, sport event managers should pay particular attention to signage, competent officiating, and efficiency throughout the entire event (Ryan & Lockyer, 2002). Participants have also reported that they want to be treated as serious athletes who expect accuracy in timing, measurement, and performance recording by the event officials regardless of the event's competitive level (Trauer, Ryan, & Lockyer, 2003). Finally, Buning and Gibson (2016) determined that the competitiveness of the field within an event, prize money available, registration costs, and reputation all play important roles in event selection.



Similar organizational factors may impact individuals who attend sport fantasy camps or events. For instance, Gammons (2002) outlined five motivational factors to attend a sport fantasy camp, three of which relate directly to organizational factors: (1) desire to be associated with a famous event, (2) opportunity to train in a famous or meaningful facility, (3) increased identification with the organizing group (e.g., club or team), (4) enhanced association with sport heroes, and (5) development of personal skills. Similar elements may play a part in other types of events. For instance, both the Boston Marathon and the Ironman World Championships in Kona, Hawaii, require individuals to qualify or to be chosen through a lottery process in order to register and participate. The prestige and pride that participants associate with these events is highly motivational. Many of the individuals who participate in such highly touted marathon or triathlon events tend to discuss them as career goals or events they *have* to finish.

## ENVIRONMENTAL/DESTINATION FACTORS

The attractiveness of a destination or the environment in which an event is hosted may impact the individual's motivation to attend or participate in an event. Kaplanidou and Vogt (2010) define these **environmental/destination factors** as beautiful scenery, new and/or exotic places, new or unique cultural experiences, locale prestige, and other factors directly related to the host destination. The destination's attractiveness may enhance individuals' motivation to travel to a destination and selection of the events in which individuals participate (Snelgrove & Wood, 2010). The location of sites and itineraries are often contingent upon the diverse natural conditions, which do not readily lend themselves to the satisfaction (accessibility), demographic, or economic needs of the traveler (Bourdeau, Corneloup, & Mao, 2002). Aicher and Newland (2017) demonstrated how destination attributes could be utilized to create consumer segments, which would enhance the effectiveness of destination marketing. For example, the researchers found that runners were more likely to explore the destination through group tours and other destination-supported activities, whereas triathletes were more interested in relaxing activities or self-exploration of the natural environment.

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### environmental/ destination factor

The attractiveness of a destination or the environment in which an event is hosted that can impact individuals' motivations to attend or participate in an event.

Further environmental/destination factors may impact individuals' decisions to travel to a location or facility. First, accessibility, or the ease with which an individual can reach the location through standard transportation, is important. Take, for example, rock climbers. These individuals are motivated by the physical and mental requirements of the route, the outdoor setting, and the remoteness of the site provided by the destination (Attarian, 2002; Bourdeau et al., 2002). However, in order for these athletes to enjoy the challenge of their sport, they need access to the environment they intend to climb (both natural and artificial). The creation and improvement of rock climbing walls have led to an increase in participation rates within the sport by enhancing accessibility for more people (Mittelstaedt, 1997). On a much larger scale, spectators at the Lillehammer Olympic Games reported that the availability and ease of transportation to the event impacted their purchase decisions (Teigland, 1999). Finally, accommodation and entertainment quality, perceived value, friendliness of the host community, and the physical environment can affect the motivation levels to participate in a sport event (Shonk & Chelladurai, 2008).

The topography of the location or the challenge created by the destination may also provide a source of motivation. For example, snow skiers are drawn to the technical difficulty of the various courses, which depends largely on the destination's topography (Richards, 1996). Individuals who participate in sport fishing and scuba diving are drawn to locations based on the quality of the sporting experience (Roehl, Ditton, Holland, & Perdue, 1993; Tabata, 1992). Similarly, marathon runners may select a specific event based on whether the topography provides a challenging or easy course (Shipway & Jones, 2007).

Research suggests that timing impacts the influence of destination factors. For instance, Snelgrove and Wood (2010) suggest that destination motivations may be limited to first-time visitors, while repeat visitors may be motivated by other factors. This finding is further supported by several other research studies demonstrating the role of novelty in event choices (Bello & Etzel, 1985; Kaplanidou & Gibson, 2010; Lee & Crompton, 1992; Wahlers & Etzel, 1985). Walker, Hinch, and Higham (2010) have found that some participants had a moderate place motivation while others did not indicate the same motivation, further supporting the mixed results of destination as a source of motivation.

## SOCIAL/GROUP FACTORS

### **social identity**

A sense of belonging or membership to a wider social group.

**Social identities** provide individuals with a sense of belonging or membership to a wider social group, a place within that environment, and the subsequent opportunity to use membership of that group (Green & Jones, 2005). Traditionally, individuals are identified with specific social groups such as gender, race, religion, and work; however, as previously noted, as a person becomes more involved and committed to sport, leisure, and recreation, these contexts may form stronger, more valued social identities for the individuals (Green & Jones, 2005). Additionally, the membership in this new group drives individuals to select events to both participate and spectate (Aicher & Brenner, 2015). As athletes join a sport and become more involved in a sport, they become more immersed in the social world of the sport, moving from strangers to tourists to regulars, and finally, to insiders (Unruh, 1980). **Table 9-2** provides an overview of each social world category. It is important that event managers understand how social world categories can influence consumer behavior. For example, as Buning and Gibson (2016) noted, strangers are

**Table 9-2** Social World Categories

Category	Stranger	Tourist	Regular	Insider
<b>Definition</b>	Marginally involved; exist outside of the central concerns of the social world.	More involved than strangers, but only generically involved through curiosity and have little to no commitment to the social world.	Characterized through habitual participation, significant commitment, and integration into the ongoing activities of a social world.	Differentiated from the other types by involvement that encompasses nearly their entire life; focused on creating and maintaining activities for others in the social world.
<b>Example</b>	A new runner completing his or her first 5k.	A runner entering races inconsistently and/or dabbling with different distances.	A runner who trains for events, competes in multiple races annually, and begins to interact with other runners outside of the sport.	A highly immersed runner who trains hard, focuses on performance, organizes life around the sport, and interacts mostly with other runners outside of the sport.

Modified from Unruh (1980) and Buning & Gibson (2016).

often motivated to participate due to physical activity and improved skill. So, marketing to these motives for the novice runner is key. As the athlete progresses through the categories, motives change and other elements become more important—such as a more challenging course, novel event experiences, and how well the event is organized (Buning & Gibson, 2016).

Several researchers support social identity as a potential source of motivation to select certain events. Most participants and spectators in large sporting events engage in their sport with someone else rather than alone so that they may share intense or unique moments. For example, Newland and Aicher (2018) found that the motivation for social interaction among sport participants was an important push motivation, or intrinsic factor that drives a person to an event, for both event and destination selection. This means that an athlete travels to participate in order to improve his or her skills or set a new best time rather than external factors like the award for winning. Ko, Park, and Claussen (2008) suggest that event managers capitalize on this behavior by creating a fun environment in which individuals can socialize with others rather than focusing too much on the competition itself.

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**competitive factor**

A rivalry or event meant to measure ability in relation to another.

## COMPETITIVE FACTORS

**Competitive factors** can be described as the factors that motivate a person to enter into a rivalry or event in order to measure ability in relation to another person or a standard (McDonald, Milne, & Hong, 2002). This motivation is linked to the individuals' ability to challenge themselves (Getz & McConnell, 2011). The challenge may come in the form of competing against other athletes (Cassidy & Pegg, 2008; Kurtzman & Zauhar, 2005) or against the course or event (Gillett & Kelly, 2006). In either case, a successful outcome can enhance self-esteem (Ogles & Masters, 2003). Selecting events based on the level of competition is a consistent motivating factor for individuals.

These factors have led to numerous changes in the sport facility and event industries. For instance, Richards (1996) outlined how facility owners have enhanced their golf courses, ski slopes, and tennis courts to provide consumers with the same quality and challenge enjoyed by their professional idols.

## TIP

Due to the importance of competitive factors, the tourism industry has begun to provide more sport and physical activities as additional marketing dimensions for travelers (Gibson, 1998). In doing so, these organizations have developed new and intriguing opportunities for individuals to challenge themselves while on vacation. One example is the Caribbean Running Cruise, an event in which runners cruise the islands of the Caribbean and run the islands when the boat docks. For more information, visit [www.cimcruise.com](http://www.cimcruise.com).

## MASTERY FACTORS

**mastery factor** A factor relating to the skill, learning, and personal challenge of participating in sport.

**Mastery factors** are tied to, and even enhanced by, competitive factors and refer to an individual's autonomous motivation to gain mastery of skills. Individuals who are driven by skill development, learning, and personal challenge are more interested in the intrinsic factors associated with sport participation. Certainly, those driven by competition factors cannot win without strong mastery of skills, but the individual driven by mastery is typically interested in self-competition, not winning. The final outcome is about the personal challenge and accomplishment, not the external rewards.

## EMOTIONAL FACTORS

**emotional factor** The excitement, enjoyment, and self-fulfillment individuals gain from participating in sport.

Kaplanidou and Vogt (2010) define **emotional factors**, as they relate to motivation, as the excitement, enjoyment, and self-fulfillment individuals gain from participating in sport tourism. They explain that individuals find it important to have fun when participating at an event. Emotional factors can be further subdivided into escapism, nostalgia, and enjoyment.

Escapism has long been considered a source of motivation for travel (Crompton, 1979) and is defined as participating in an event or traveling to a facility to get away from the routines and stresses of everyday life, but not necessarily away from people (Yfantidou, Costa, & Michalopoulos, 2008). Individuals who travel to compete in or spectate events do so to escape from their home lives. Fans travel to support their teams to enjoy a release from everyday life, camaraderie, and a sense of belonging (Stewart, 2001). Likewise, event participants believe that events are pleasurable and integral to their lifestyle; they engage in them as an opportunity to have fun and for the thrill of it (Getz & McConnell, 2011). Interestingly, this motivation to escape is stronger among older sport participants than younger participants—at least in endurance sports like running, cycling, and triathlon (Aicher & Newland, 2017).

Traveling for sport can spark feelings of nostalgia and yearning to relive previous life experiences, thereby providing spectators and participants with a different type of reality (Fairly, 2003). Nostalgia can range from an attachment to physical places, such as museums, stadiums, or halls of fame; to actual experiences of participating or watching a sport in which an individual once participated. For instance, one may choose to visit the Major League Baseball Hall of Fame to remember the players of their youth, or

a lover of horse racing may visit Pimlico Race Course and reflect on the important events that took place there in the past.

People will choose to attend or participate in events because of the excitement or enjoyment that being a part of the event provides. People who are considered thrill seekers desire novel and adventurous experiences associated with events (Wahlers & Etzel, 1985). For example, younger participants select events for the entertainment and nightlife provided by the destination compared with older participants (Aicher & Newland, 2017). Regardless of age, gender, or class rank, students tend to participate in intramural sports because of interest in the activity or for the enjoyment derived from simply engaging in play (Cooper, Scheutt, & Phillips, 2012).

## LEARNING FACTORS

**Learning factors** refer to the individual's desire to learn about or explore the facility or destination. These factors may enhance an individual's motivation to select an event (Ryan & Glendon, 1998; Snelgrove, Taks, Chalip, & Green, 2008). Individuals who attended the 2002 Federation of Association Football (FIFA) World Cup in South Korea did so because they wanted to take the opportunity to learn more about the local culture (Kim & Chalip, 2004). International sport tourists, including the event participants, typically want to learn about the culture of the host country when they attend these mega-events (Funk & Bruun, 2007). Participants in the Gold Coast Marathon held in Queensland, Australia, selected the event specifically because they wanted to learn more about Australian culture (Funk, Toohey, & Bruun, 2007).

Individuals who participate in charity sport events may also be driven by a desire to acquire knowledge and information about the charity organization. For instance, participants in some local charity events (e.g., 5K fun runs) selected these events because they want to learn more about the cause associated with the event (Filo, Funk, & O'Brien, 2008; Wharf Higgins, & Lauzon, 2003). It is important to note that having a charity does not guarantee an increase in participation. For example, Snelgrove and Wood (2010) found that cyclists participating in events to raise money for the National Multiple Sclerosis Society were not particularly concerned about learning more about the organization. In fact, they found some of the other factors (e.g., socialization, cycling identity) to be much more compelling reasons for selection.

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**learning factor** The desire to learn about or explore the facility or destination of a sport event.

## The Decision-Making Process

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**decision-making process**

The process of weighing the factors to determine the best option for purchase.

The **decision-making process** can be as complex or as simple as the product, good, or service that the person is purchasing (Blythe, 2013). The amount of time that it takes an individual to complete the decision-making process will fluctuate depending on the complexity of factors. For example, it may take an event director several months or even a year to select the perfect venue for a sporting event, while it may take only moments for a person to decide to participate in that same event. In the example of venue selection, the event director may put out a request for proposal and receive several bids to host the events at certain venues. It may take weeks or months to narrow down the pool of potential locations and to conduct site visits. Once completed, the event director will continue to evaluate alternatives and ultimately make a decision. In contrast, a person intending to play in a basketball tournament may simply research a few events online, discuss the options with his or her teammates, and make a selection. Despite the complexity of the first example and the simplicity of the second, both people have followed similar steps to reach the decision.

Blackwell, Mianiard, and Engel (2006) outline seven stages in the consumer decision process (CDP) model: Need recognition, search for information, prepurchase evaluation of alternatives, purchase, consumption, postconsumption evaluation, and divestment (see **Figure 9-1**). While described as stages, the process is not strictly linear; individuals may return to or skip various stages based on the information they receive during the process.

### NEED RECOGNITION

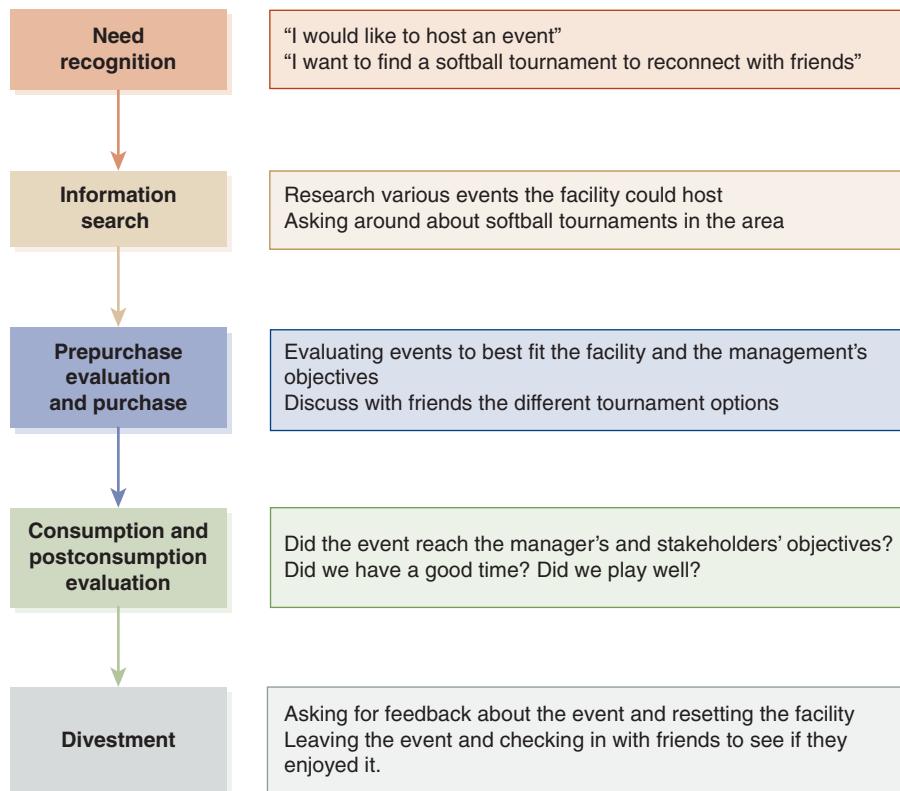
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**need** A state of perceived deprivation.

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**want** The form taken by human needs as they are shaped by culture and individual personality.

The first stage of the CDP model is need recognition. Kotler, Brown, Adam, and Armstrong (2004) define **needs** as “states of felt deprivation” and **wants** as “the form taken by human needs as they are shaped by culture and individual personality” (p. 4). To explain this further, people *need* to live a healthy lifestyle and *want* to participate in a sport event to do so. In terms of the decision-making process, a need recognition occurs when individuals perceive that something is missing from their lives. In the case of sport facilities and events, the two earlier examples highlight this stage: The event owner recognizes that he or she needs a facility to host the event, and the participant feels a need to reconnect with his or her friends and believes that playing in a basketball tournament is the perfect way to do so.



**Figure 9-1** Model Representing The Decision-Making Process

## SEARCH FOR INFORMATION

The information search can be one of the most time-consuming stages of the CDP. Individuals can search for information from a variety of sources, which may be broadly categorized as internal (from memory) and external (from outside sources). Internal searches occur when individuals reflect on their past experiences with the sport product and information they already know about it. The amount of this experience or information may be limited. Therefore, the bulk of the information evaluated is collected from outside sources, which may be broken down into formal and informal communication (Middleton, Fyall, & Morgan, 2009).

**Informal communication** is the information that we receive from our friends, family, or groups of people we interact with socially. Word-of-mouth communication is the most common form of informal communication. For example,

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**informal communication** The information we receive from our friends, family, or groups of people we interact with socially.

you may be in the process of planning a softball tournament in your community and mention the event to a friend. Your friend may suggest that the facility where she played her last softball tournament could be the perfect location. With this information, you would likely seek out more specific information about the facility. Social media platforms may also be a source of informal communication, as you may get more information about events you commonly participate in through Facebook groups, Twitter feeds, message boards, or blogs that you frequent because of their discussion of the sport.

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**formal communication**

Information generated by the facility or sport event owner.

**Formal communication** is any information generated by the facility or event owner. Although this is not an exhaustive list of potential sources of information, formal communication is found in the form of brochures, advertisements, product placements, sales people, retail displays, and so forth. In addition, it is a common practice for facility owners to participate in conventions and conferences associated with various sports. On a much larger scale, the National Association of Sport Commissions (NASC) hosts the annual NASC Sports Event Symposium for its membership base, which includes visitors' bureaus, sport commissions, chambers of commerce, and individual members ([www.nascsymposium.com](http://www.nascsymposium.com)). During this conference, nearly 800 individuals from these organizations attend, and several event owners and facility owners meet to discuss how they can partner with one another for future events.

## PREPURCHASE EVALUATION AND PURCHASE

During this stage, the individual considers the different alternatives and makes a selection. As outlined previously, the individual's selection will depend on the motivational factors for hosting, spectating, or participating in the event. Using the event owner example from before, event owners may want to host their events in a unique destination to attract individuals who may not normally participate; thus, they will consider destination or environmental factors to select their event. In the participant example, the player is hoping to reconnect with friends by playing in this basketball tournament. Therefore, the athlete is drawn to an event that meets the social factors she is seeking. During this stage, the consumer will develop a set of alternatives and evaluate all of the information gathered during the information search.

Individuals at this stage establish a set of criteria or rules by which they can judge the alternatives so they know which selection will meet their needs. Blythe (2013) suggests that there are three broad categories of decision rules. Noncompensatory decision rules are absolute and will not be

deviated. They are of greater importance than other factors. For example, someone searching for a softball league to participate in may not want to drive more than 20 minutes to games or practices. This person would be willing to select only softball leagues within that driving distance. Alternatively, compensatory rules allow for concessions and negotiations. Using the same example, the person may wish to pay only a certain amount for the season but will concede to a higher amount because of the convenience of the driving time. Finally, conjunctive rules are the rules by which individuals judge the final alternatives in the consideration set. These rules are similar to noncompensatory rules in that they must be met for the alternative to be selected. Ultimately, these are the rules by which the final decision is made. This act of making a final selection is known as **purchase**.

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**purchase** The act of making a final selection.

## CONSUMPTION AND POSTCONSUMPTION EVALUATION

Once individuals have purchased the product, they transition into the **consumption** phase, in which they use the product, good, or service. Once the event is over, event owners or consumers evaluate their experience with the facility or event. To do so, they evaluate the various experiences that they had to determine whether using that facility or attending that event satisfied their needs. They may also evaluate any issues, challenges, or problems that occurred during consumption that led to dissatisfaction. The major difference between an event owner and a consumer at this stage is that the event owner should evaluate the event and facility far more formally to ensure that the goals and objectives for hosting the event were reached and that the facility provided the proper service, amenities, and location. In contrast, participants or spectators would evaluate their experience informally based on the enjoyment of the event, or how well the event met their expectations. For example, after participating in a half marathon, runners may evaluate the exposition, crowd support, volunteer support, and other event structures to determine how much they enjoyed the event and whether they would consider participating in the event a second time.

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**consumption** The active use of a product or service.

## DIVESTMENT

There are two major components of **divestment**. First is the disposal or removal of remaining items associated with consuming the product that has little to no value to the consumer (Blythe, 2013). Second is the termination

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**divestment** The disposal/removal of the items associated with consuming a product or service and/or the ceasing of the relationship with the organization altogether.

of the relationship and the return of postevent evaluations and other information. For instance, after hosting a beach volleyball tournament at a resort in Florida, the facility owner may ask for feedback of their performance. The event owner would provide this evaluation and return any items they may have used while implementing the event (e.g., keys, tables, chairs). The goal of the facility owner will likely be to maintain this relationship if the event was successful for their organization; even if this was not the case, they could use the event owner's feedback to improve the quality of their services and amenities to host future events.

### SUMMARY

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Within this chapter, we outlined the decision-making process that an event owner uses when selecting a host facility and that a participant or spectator uses when selecting an event. The consumption factors help to define participants' and consumers' association with a sport and can be utilized to develop strong customer relationships. Motivational factors of participants and spectators were also outlined and may impact the design of your event or facility. Depending on your consumers' motivations, you may change your event's design.

### DISCUSSION QUESTIONS

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1. Define and provide examples of the three consumption factors.
2. Utilizing an event in which you have participated in the past, describe why you attended the event. Use one of the motivational factors outlined to explain your motivation for participating. How might your motivations change as you age?
3. You would like to host a small community event of your choosing. Using the seven steps in the decision-making process, provide an example of how you would select a facility to host your event.

### Case STUDY

#### Creating a Consumer Profile

Marketers understand that ingrained consumer behavior cannot be changed overnight, but niches can be created and developed to drive change. One such example is the Mud and Chocolate half marathon ([www.mudandchocolate.com](http://www.mudandchocolate.com)), in which the motto is, "if you love running and you love chocolate, these races are for you." Based in Seattle, the event takes athletes on a muddy trail running course with aid stations stocked with

chocolate. All finishers receive a chocolate medal, Seattle Chocolate bar, and enjoy treats at our chocolate finisher's table, CHOCOMANIA!



You have just been hired as the new marketing director for Mud & Chocolate, and you have been tasked with developing more events across the United States as part of an expansion effort. To do so, you were instructed to develop a consumer profile for your supervisor. Specifically, she asked you to research and document the demographics and psychographics for trail runners and other runners who might be interested in longer distance “fun runs.” To help guide you through the process, answer the following questions:

1. Based on the profiles that you have developed for each of these runner types, how do these running consumers differ? How are they similar?
2. How might you attract an athlete who identifies with and is highly involved in other running or endurance events to try this event?
3. Develop a brief plan that details the data you collected and recommendations to attract new athletes to the sport.

Case resource: Mud and Chocolate Half Marathon and 4.5 Mile Run—<https://www.mudandchocolate.com/>

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# Managing People in Facilities and Events

Michael Odio and Dale Sheptak

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## CHAPTER OBJECTIVES

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Upon completion of this chapter, the reader will be able to:

1. Discuss the unique managerial issues associated with the facility and events workplace.
2. Identify the diverse populations and roles involved with producing and operating events and facilities.
3. Explain the factors that impact the motivation, management, and retention of volunteers.

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## CHAPTER OVERVIEW

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This chapter will discuss the management of people in sport by looking at some unique characteristics of the people and organizations involved in facility and event management.

## IndustryVOICE

Matt Futterman, Associate Manager Referee Operations, National Basketball Association (NBA)



My career in sports started in my senior year of high school when I was a ball boy for the NBA's New Jersey Nets during the 2008–2009 season. It was then that I learned to love basketball and decided I wanted to stay connected to the game as closely as possible. I saw firsthand the behind-the-scenes work that goes into a sport that I had previously only watched on TV—and I was hooked! After high school, I attended the University of Delaware, where I majored in sports management and was a manager for the men's basketball team. I learned valuable time management and networking skills as I traveled the country meeting others in the sports industry. Following graduation, I joined the NBA as the Chief Video Logger. In my new league role, I was responsible for 15 game loggers each night and would aggregate reports that were forwarded to senior management. This was a great entry-level position as it allowed me to interact with multiple areas of the organization and truly learn the business of the NBA.

I was promoted to my current role of Associate Manager in the Referee Operations department, where I work closely with the Referee Managers to analyze and track overall referee performance. I also lead our technology and innovation initiatives that focus on developing and improving referee training. This job has taken me all over the world, where I have met and interacted with some incredible people. I look forward to what is to come!

At the NBA, our calling is to compete with intensity, lead with integrity, and inspire play. As it relates to Referee Operations and the officials, we look to serve as stewards of the game. Our purpose is to develop the best professional officials who will lead with integrity and meet every moment with strength and grace. That

can be difficult with the ever-changing landscape of the sport industry. Keeping up with the latest trends in the sport and the growing influence that social media plays as it relates to officiating is a big challenge. We have taken a fresh approach to how we build curricula to continue to develop the best referees. This involves continuing to grow the candidate pool globally to garner more overall interest in officiating as a profession. We also invest in educating the public on officiating to showcase how challenging it is to make it to the NBA and how well prepared our officials must be to work the games. Through all of this, we have definitely felt the impact of technology. At the NBA, we are focused on recent technological advancements to ensure that our referees are provided with the best tools to perform at the highest level. This is especially true when it comes to instant replay and how we share video for training and development. For example, with the state-of-the-art NBA Replay Center in Secaucus, New Jersey, we can enhance the performance of NBA referees by the acceleration of the replay review process.

Are you interested in working for the NBA some day? In such a competitive and broad industry as sports, it is important to educate yourself about all of the different areas of opportunities that exist. When considering candidates for entry-level positions, I look for someone who is eager to learn and grow. The candidate should be passionate about the industry and the opportunities that come with the role. It is imperative that students understand the importance of patience. Often, candidates enter new roles and immediately try to advance, but there is value in becoming an expert in your position before looking to branch out and advance upward. Students should learn to form meaningful connections and relationships as their career progresses and invest in mutual relationships—it is just as important to give back and help others as it is to ask for favors or advice.

Throughout my career, I have found it important to stay connected not only to the basketball world but also to the entire sports industry. It is very beneficial to look to other leagues and organizations to learn best practices. Personally, I stay connected to the *Sports Business Journal* and the *Wall Street Journal* for general business and sports information. I have also had the opportunity to attend conferences and seminars such as the MIT Sloan Sports Analytics Conferences and have enjoyed listening to different speakers and panel discussions on the business of sport. Through these events, I am able to meet others in my industry

and create connections that lead to new business opportunities for our organization.

In my career with the league, I have learned the immense responsibilities of our officials and their passion and dedication to their craft. Being able to sit in classroom sessions with some of the best referee minds in the world has been an amazing experience. These men and women show courage and humility night in and night out—and I have great respect for what we do. As we manage officials, we are tasked with the challenge to use the innovations in technology and communications to improve the training and feedback methods of our officials.

## Introduction

Events are only made possible by the people who work to plan and execute them. Coordinating the efforts of everyone from high-level executives to the part-time parking lot attendants requires special skills and knowledge. Factors such as time, stress, and motivation all coalesce to make the event management context unique. In this chapter, we will take a look at the unique issues faced by event organizations, including how all of the different people work together to make the event happen.



## Event Organizations

The organizations that bring together the resources needed for planning and executing an event can differ drastically based on the nature of the event. Two uncommon organizational forms are found in this context: Those where the event occurs regularly in the same location and “one off” events that either

move around or are never repeated. These different types of event organizations face some unique challenges relating to how people are managed, which are not seen in traditional organizations.

## ORGANIZATIONAL FORMS

As you can imagine, when hosting an annual event in the same site, like a city marathon or state softball championship, the operations can become routine and many people will continue to work on the event year after year. On the other hand, events that move around like the Olympics or the Final Four usually require the formation of an organizing or host committee to plan the entire event. These local organizing committees are temporary organizations created for the sole purpose of planning and carrying out the conditions of the bid documents. In both of these cases, the functioning of these event organizations differ greatly from more traditional organizations that are permanent and stable. The following is a discussion of the unique aspects of these two organizations.

### ***One-off Event Organizing Committees***

Parent (2008) outlined the three major phases of one-off organizing major sports events, which include the planning, implementation, and wrap-up phases. An example of this type of organization is the host committees associated with the NFL's annual Super Bowl, a mega-event held in a different host city each year. Host cities for the Super Bowl are announced four years in advance in order to allow the formation of a host committee, which follows the evolutionary pattern described by Parent (2008).

Each Super Bowl host committee is a temporary organization that is staffed by people who are recruited to work in areas such as community relations, marketing, and volunteer management. At each phase of development, new staff are brought in with the knowledge and skills needed for that phase of the event. The staff grows astronomically as the event nears, but once the event ends and the host committee dissolves, all of the staff members move on or become unemployed.

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#### **pulsating organization**

An organization that creates a cycle where they radically expand their labor force and operations around the time of the event and then contract to a more modest core staff.

### ***Pulsating Organizations***

The organizations that produce the same recurring event are known as **pulsating organizations** as they create a cycle in which they radically expand their labor force and operations around the time of the event and then

contract to a more modest core staff (Hanlon & Cuskelly, 2002). Examples of events that are operated by pulsating organizations are college football bowl games and major tennis tournaments held at the same site each year. Such organizations follow a similar pattern of planning, implementation, and wrap-up, but then repeat the process each time the event is held. Sports facilities and public assembly venues of any type that hold multiple events in a year also fall into this category. They experience multiple small pulses instead of one major pulse, but they nevertheless have a flexible labor force and go through similar organizational phases. For example, a multi-purpose event facility has to organize a different approach for its staff based on whether it is hosting a concert, circus, monster truck rally, or a sporting event, as these events require different levels of security and types of services for the different number of patrons, type of patron, and expectations of patrons.

## ORGANIZATIONAL CULTURE

How people interact with each other in these unconventional organizations can influence the ultimate success of the organization. Famed psychologist Edgar Schein described **organizational culture** as a set of shared values, beliefs, and assumptions that guide behavior (Schein, 1985). Organizational culture is important because it helps to integrate and teach new people the proper way to behave in the organization and provides everyone in the organization with guidance on how to handle a new situation. Both of these functions are critically important to events, where new people are being hired at various stages of event development, and new and unexpected scenarios arise that would benefit from the guidance that a strong culture provides.

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**organizational culture**

Set of shared values, beliefs, and assumptions that guide behavior.

### *For One-off Organizing Committees*

The organizing committees for one-off events are in the unusual position in that they must create an organizational culture for an organization that will continue to grow and add people until the event is complete. The people in the organization will have limited history to draw from and limited time to create a culture. Parent and MacIntosh (2013) studied the culture of the organizing committee for the 2010 Vancouver Olympics, and found that, at the outset, the committee based much of its culture on aspects of the Olympic Movement. However, as the organizing committee grew, middle managers facilitated the development of

strong subcultures that coincided with the different functional areas and venues. This shift to more localized cultures played an important role in integrating new hires for each department (Parent & MacIntosh, 2013).

### ***For Facilities' Recurring Event Organizations***

Facilities and pulsating event organizations face a different, yet equally complex set of challenges. While these organizations are able to form an organizational culture over time, they face the difficult task of maintaining that culture

in an organization in which the majority of the staff is not present during most of the year.

People who only join the organization for the period of time around the event only have minimal exposure to the culture and are also limited in their contribution to build and sustain the culture. Research on the socialization process shows that new hires tend to gravitate toward organizational leaders rather than co-workers when learning and adjusting to the organization (Odio, Wells, & Kerwin, 2014).



## **Managing the Staff**

The outcome of any event depends on the people involved in planning and implementing it. Staff size and composition can vary highly based on the size and type of event. This section will describe some of these populations, including their roles and some unique issues associated with them.

### **SOURCES OF LABOR**

#### ***Core Staff***

The core staff managing a facility or planning an event are typically more experienced event managers and play more long-term roles than others

involved. Smaller events and facilities hosting routine events may be able to accomplish their goals using their core staff. On the other hand, since the core staff for facilities is usually small, larger events may involve collaborations among different entities, as well as the use of different sources of labor. For events that impact the community, such as by attracting tourists, the core staff receives staff support from the local government and/or a visitor's bureau or sports commission. While the core staff members are responsible for the organization's most important functions, these collaborative relationships can provide crucial assistance.

### **Nonstandard Labor**

A unique feature of sports facilities and events is their reliance on nonstandard labor. **Nonstandard labor** includes anyone who engages in part-time, temporary, and contract work (Kalleberg, 2000). Some of the people who fall into this category are the ushers, ticket-takers, security, and concessions workers. Although they are not involved in planning the event, these workers play an important part in the event experience and vastly outnumber the core staff in most cases. Unfortunately, maintaining a staff of nonstandard workers can be difficult since the facility cannot always offer consistent and predictable hours. Moreover, many of these workers may not be fully invested in their job since they have full-time jobs in other places, are retired, or are transitioning between jobs.

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#### **nonstandard labor**

Anyone who engages in part-time, temporary, and contract work.

### **Outsourcing**

With the challenges of maintaining an in-house staff, many facilities and events **outsource** part or all of their labor needs. Companies like Party Planners West offer full-service event production and operations, while other specialized companies like Whelan and Contemporary Services Corporation (CSC) focus on crowd management and security. Elsewhere, companies such as Delaware North, Aramark, and Centerplate offer catering, hospitality, and event services for all types of events and some of the world's largest sports venues. Outsourcing labor can be a great option for facilities that have trouble maintaining in-house workers or for those who need extra help for larger events. However, with added convenience and flexibility comes higher cost, as outsourcing is almost always more expensive for a facility than hiring and training their own staff members.

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#### **outsourcing** Using a third-party organization to manage a component of the organization's services.

## VIGNETTE 10-1

### A Motley Crew: Working for a Mega-event Organizing Committee

When a city or country wins a mega event bid, an organizing committee is built from scratch to host the event. The initial employees for this temporary organization are usually drawn from the committee that puts together the bid in order to provide a foundation that is familiar with the organization's goals. However, from that point forward, the organization has to recruit people with the skills and knowledge that they need. But where can you find people with the expertise needed to host a mega event, who are also willing to take a job that will only last a few years before leaving them unemployed?

Each event is different but there are some patterns in the type of people behind the scenes of the world's largest sports events. The local community hosting the event is a natural place to start looking for talent as those people do not need to relocate and are already familiar with the local environment. Since the local government is usually part of the bid, local government employees are sometimes loaned to the organizing committee and

then return to their job with the government when the event is over.

Another common source of labor with relevant expertise is people who have previously worked for a mega event. Since organizing committees are temporary, there are a number of people who are left unemployed after each event ends. Over time, an informal network of mega-event employees has formed and there have been a number of people who have become almost nomadic, moving from event to event throughout their career and providing much needed expertise, especially in communities that have never hosted a large-scale event. These employees provide an organizing committee with the experience of working in a dynamic and fast-paced work environment, with international populations and sport governing bodies. While it is imperative to recruit people with the specific skills needed for the event (e.g., volunteer management, marketing, facility design, and construction), knowledge of the local community and the experience working in mega events are both crucial for success.

## STRESS, BURNOUT, AND RETENTION

### *Sources of Stress*

No two events are alike. Even recurring events have new variables that create a level of unpredictability. Since so much of event management is dependent on timing through the evolutionary phases leading up to the event, even small, unexpected occurrences can lead to major adjustments in planning. People are hired and resources are planned for when they are needed, but if unforeseen circumstances cause complications, they must be dealt with using whatever resources are available. These types of unpredictable scenarios that cause extra work can be a great strain on the staff.

Research on employees within organizing committees show that workload and time pressure, largely caused by these unforeseen challenges, also

lead to additional stressors such as role ambiguity. **Role ambiguity** is the lack of clearly defined job duties. In events, role ambiguity can occur when an unexpected situation arises that does not formally fall under staff members' responsibilities. Experienced event managers are aware of this issue. Parent (2010) observed that during the 1999 Pan American Games in Canada, the decision-making structure of the organizing committee was decentralized in order to allow lower-level leaders to create policies when an unexpected situation occurred. Employees from the 2010 NFL Super Bowl similarly reported dealing with the ambiguity from unexpected situations with constant assessments and evolving people's roles and responsibilities (Odio, Walker, & Kim, 2013). Role ambiguity can also be a major issue for pulsating organizations if the organization has a high turnover and is constantly having to hire and train new people.

The main concern regarding the levels of stress associated with event management is the possibility of **burnout**, which is the result of physical or mental exhaustion. The intense nature of event work and the well-documented norm of working long hours during events has led to concern over the physical and personal well-being of people working in this industry (Deery, 2010). A related concern is the toll such experiences take on the personal relationships of event staff, which can lead to serious work-family conflict (Odio et al., 2013).

### **Job Insecurity and Retention**

Another managerial issue and source of stress for event employees is that of job insecurity and retention. For pulsating organizations, retention can be an issue at any time before, during, immediately after the event, and throughout periods where the seasonal and part-time personnel step away from the organization (Hanlon & Jago, 2004). Seasonal and part-time employees in these contexts have legitimate concerns about whether they will be brought back for the next event and under what conditions. At the same time, managers have concerns that experienced staff members may find new opportunities or simply choose to not return. Keeping in contact through the "dead" portions of the year has been an emphasis for events such as the Australian Formula One Grand Prix to maintain the employment relationships (Hanlon & Jago, 2004).

For one-off events, retention is obviously not a concern once the event has been completed. Instead, the major source of stress for workers is job

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**role ambiguity** Lack of clearly defined job duties.

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**burnout** Result of physical or mental exhaustion from the workload.

insecurity (Odio et al., 2013; Xing & Chalip, 2012). Short-term event workers may have taken a job with the event because they were unemployed, or they may have simply taken time away from their regular job. In either case, the end of the event means that these people will return to their previous state. Long-term employees, however, find themselves newly unemployed after the event organization shuts down. While this concern has been present in a wide variety of event contexts, qualitative research on the thought process of these employees shows that they mostly ignore this stress while completing their work (Odio et al., 2013; Xing & Chalip, 2012). Nevertheless, a common best practice for event organizations is to help provide post-event career opportunities for the staff. For example, event staff members can transition into a job for the local visitor's bureau or sports commission, or into another local event organization. This not only allows the staff to focus on the event rather than their job search but it also helps the community to make the most of the connections and expertise developed by the staff during the time they worked on the event.

### MOTIVATION AND EMOTIONAL CONNECTIONS

While the stresses of role ambiguity, work-family conflict, and job insecurity show some of the negative aspects of the event work environment, research shows that workers also tend to have a profound connection to the event. This is most evident in research on mega-event employees but undoubtedly exists for facility and event employees on any level. Employees of Olympic and Super Bowl committees reported deep emotional connections to the organizing committee and to the event itself. In particular, the most powerful aspects of the workplace were the impact of the event on the community and the prestige and symbolic significance of the event (Odio et al., 2013; Xing & Chalip, 2009). Interestingly, these emotions were not something that affected the everyday work environment, which has been described as dull and bureaucratic, but they were powerful nonetheless and serve as a strong motivator for people during the events (Xing & Chalip, 2012). Although most of the research on these topics has focused on mega events, staff members can clearly form similar emotional connections to their local community while working on smaller-scale events.

## VIGNETTE 10-2

### Working in a Mega event: An Emotional Rollercoaster

The mega-event organizing committee workplace produces a rollercoaster of emotions for the people behind the scenes that most spectators do not see. The workplace is a volatile and fast-paced environment full of symbolic significance and meaning (Parent & MacIntosh, 2013; Xing & Chalip, 2009). However, during the years of work preparing the event, the work environment can also be mundane, bureaucratic, and even boring (Xing & Chalip, 2009).

Among the challenges faced by people working in mega events are high workloads, time-pressure, work-family conflict, and job insecurity (Odio, Walker, & Kim, 2013). For the most part, the significance and pride associated with working for a high-profile event with a large community impact helps to push employees past these challenges mentally, but there is often a cost. During the most demanding periods of mega-event work, employees have reported sacrificing sleep,

time with family, and their health to put in the necessary work for the event.

After the excitement and rush of the event, many employees have also described a period of malaise or depression because the event is over. This has led some people to seek work with other mega events to experience that stress and excitement again, describing it as being similar to an addiction (Odio et al., 2013). On the other hand, others have expressed relief that they can return to their normal lives and spend more time with their family.

The mega-event work environment is unique for many reasons. It is mentally and physically demanding to work on the world stage with drastic swings of emotions and workloads, but it is also exhilarating to be part of a historic event in a dynamic environment. While for some it was a one-time thing, others have become attached to that type of work and continue looking for opportunities to return to it.

## Managing Volunteers

### CONTRIBUTIONS OF VOLUNTEERS

Volunteers are a critical piece of the puzzle when staffing sporting events. However, think of the challenges in staffing an event with a source of labor that really does not have to show up or come back for a second shift. A source of labor that, if unhappy, can leave. It is with these thoughts in mind that it is important to understand the factors that impact the motivation, management, and retention of volunteer workers. This section will introduce you to the management challenges and contributions that volunteers have on sport events and the organizations that host them.

As the growth in the number and scope of sport events has grown over the past two decades, so has the demand for volunteer services, making them an increasingly valuable asset. Interestingly, as the demand for volunteers is increasing, the overall rate of volunteer activity is declining,

therefore, creating increased competition in the recruitment and retention of volunteers. According to the US Bureau of Labor Statistics (2016), the national volunteer rate decreased by .4 percent in the 2015 period.

Although accurate data are not available for the rate of volunteerism in the sport industry, it is prudent for human resource managers and volunteer coordinators to heed national trends and plan accordingly.

According to the Independent Sectors 2017 Study, 63 million Americans volunteer and give approximately 8 billion hours of their time to various organizations. The study calculates the value of a volunteer hour to be \$24.14, which means that volunteers are contributing approximately \$193 billion to the national economy with the average volunteer working approximately 127 hours per year (the equivalent of 3.9 million full-time workers). Although data regarding volunteer participation in sport as a separate sector are not readily available, if we follow Chelladurai's (2006) lead and use Tedrick and Henderson's (1989) estimate that 21 percent of all volunteers do so in a sport setting, we can calculate that 13.2 million Americans volunteer in sport for an approximate economic value of \$40 billion (the equivalent of 797,000 full time workers). As impressive as these economic contributions are, experts in the field contend that the focus of volunteers' impact should be on the service and knowledge that they deliver, as in many cases, they are the "core component of the sport delivery service" (Green and Chalip, 1998, p.14) and offer a non-economic benefit that is tied to their ability to give direct and candid feedback to the organization (Chelladurai, 2006).

## DEFINING VOLUNTEERS

While there exists wide consensus regarding the importance of volunteer workers in the delivery of both sport and non-profit services, less clarity exists with regard to a clear and universally applicable definition of volunteerism. Issues of motivation, satisfaction, and reward seem to complicate both understanding and application of the word.

Ilsley (1990) defines volunteerism as commitment to a cause or to other people in the deliberate spirit of service in response to perceived social needs. Often, these actions occur within a formal organizational environment and are carried out in return for **intrinsic rewards**. Morris (1969, p. 23) defined volunteers as "people who undertake unpaid work for the community as a whole or for individual members of it." Henderson (1984, p. 55)

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### **intrinsic rewards**

Internal drive to perform tasks within the organization.

simply suggests that a “volunteer is someone who freely chooses to give his/her time and effort for no monetary gain.”

As you can see, the definitions above provide an overarching definition of a volunteer as someone who, generally speaking, freely chooses to act in fulfillment of a need, with a recognition toward social responsibility, without concern for monetary gain. In other words, volunteerism is an altruistic act. In the United States, the Volunteer Protection act of 1997 states that a volunteer is someone who performs services for a non-profit organization or government entity without compensation or does not receive anything in lieu of compensation in excess of \$500 per year.

However, from a management perspective, it is important to view volunteers as more than altruistic actors. Indeed, issues of egoistic-based motivation and **extrinsic rewards** should be considered. Hence, volunteers cannot be understood from a singular or unidimensional view. For example, at a community-based sports facility in Northeast Ohio, the management staff has to deal with a wide range of volunteer types. Some of the volunteer population gives their time just to give back to the community, whereas others are looking to gain experience and hopefully further their career in the sports industry.

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**extrinsic rewards**

External drive to perform tasks within the organization.

## VOLUNTEER CHARACTERISTICS

The wide range of activities in which volunteers engage, the motivational factors, and the personal characteristics of the volunteer further complicate defining volunteerism. Often, volunteers utilize their leisure time in pursuit of the endeavor to which they have committed themselves (Stebbins, 2002). Volunteers also represent different socio-demographic segments of society ranging across age, gender, economic status, political ideology, geographic constraints, and ethnic background. Stebbins (2004) separates volunteerism into three main forms of leisure: *Serious, casual, and project based*.

### ***Volunteering as Serious Leisure***

Volunteering as serious leisure is defined as a methodical and deliberate pursuit of a voluntary activity, which gives the participant an adequate challenge in which they can acquire, develop, and express special skills, knowledge, and experience. Volunteering as serious leisure is also referred to as career volunteering, which often occurs at the pulsating organization outlined earlier in the chapter. Examples of career volunteering could be working with people with disabilities, serving on the board of a non-profit sports

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**specialist volunteer**

Volunteers who could fill technical roles or bring specific skill sets to the event or organization.

organization, working with children in literacy and reading programs, or coaching youth sports. Career volunteers often fill the role of a **specialist volunteer**. Specialist volunteers are volunteers who could fill technical roles or bring specific skill sets to the event or organization (Costa et al., 2006). Volunteers within the specialist group tend to be repeat volunteers and have high levels of retention.

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**episodic volunteer**

Short-term volunteers who require lower levels of commitment and are non-specialist in nature.

### ***Volunteering as Casual Leisure***

In contrast, volunteering as casual leisure or episodic volunteering does not require the acquisition or attainment of any special skills or knowledge (Stebbins, 2004). Casual volunteer (or **episodic volunteer**) activities are usually short term, require lower levels of commitment, and are non-specialist in nature. They include activities such as taking tickets at a community sports event, ushering, distributing information, or emptying garbage cans at community events. Stebbins (2004) describes project-based leisure volunteering as a short-term, yet reasonably complicated, one-off or occasional activity.

### ***Project-based Volunteering***

Project-based leisure volunteering, like serious leisure, will require skill, knowledge, and careful planning. However, it does not turn into a long-term ongoing commitment. Examples of project-based volunteering would be preparation for a one-time civic event, a sports tournament, a political rally, or a victory celebration.

## **VOLUNTEER DEMOGRAPHICS**

Research has also taken the demographic characteristics of age, gender, and marital status into account when comparing the volunteer's reasons for engagement in volunteer activity. Age has been found to impact the motivation of older volunteers, citing "contribution to the community" as a motive more often than for younger respondents. Younger respondents, on the other hand, cited the "ability to obtain relevant job skills" as a motive to volunteer more than older respondents (Sheptak and Menaker, 2016).

The idea that engaging in volunteer activity is used by individuals to gain experience, enhance one's own skill set and develop career opportunities presents another challenge to volunteer managers in sports organizations. In an environment in which retaining volunteer talent is essential, it

becomes important to have systems in place to track volunteer motivation and satisfaction.

## VOLUNTEER MOTIVATION

Studying motivational theories builds a foundation upon which volunteer motivation can be better understood and is, therefore, important to volunteer managers in sport. Volunteers are driven to action by many factors, whether it be the organization itself, the event, personal ties, or fulfillment of personal needs. **Egoism** and **altruism** are two major factors that come up in research on volunteer motivation. Egoism focuses on fulfillment of personal needs as the primary motivating factor, and altruism focuses on helping others. Another popular approach applied to volunteer motivation includes three components: Altruistic motives, egoistic motives, and social motives (AES Motives) (Snyder and Cantor, 1998).

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**egoism** Fulfillment of personal needs as the primary motivating factor.

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**altruism** Individual's selfless desire to help improve others' welfare.

### ***Altruistic Motives***

Altruistic motives include the individual's selfless desire to help improve others' welfare. For example, volunteers' work includes coaching children in need, staffing a local community center, or working in child literacy programs such as America Scores.

### ***Egoistic Motives***

Egoistic motives focus on the individual's self-driven needs and rewards that could improve his or her own status. Gaining career-related experience and gaining greater social acceptance are common egoistic motivations. For example, volunteers serve as coaches or managers in youth sports so that their children can experience the benefits of participation; volunteers serve on boards of organizations to improve their status; volunteers engage in volunteer activities in organizations to help improve their chances of securing permanent employment or learning the skills to help them do so.

### ***Social Motives***

Social motive refers to the building of relationships with others or paying back or offsetting a debt to society. For example, an individual volunteering in an organization that had served them in some way gives their time as a

sense of duty or reciprocation; volunteers participate in services with the idea that they will meet new people and build social relationships.

### **AES Motives Applied**

To illustrate the application of AES motives, we use the findings of a study conducted at the Twin-Cities Marathon in 2004. In this study, Bang and Ross (2004) found seven factors that affect volunteer motivation. Those factors were: Expression of values; community involvement; intrapersonal contacts; career orientation; personal growth; extrinsic rewards; and love of sport. As you can see, each of these factors holds an altruistic, egoistic, or social motive (and sometimes more than one). For example, the motivation factor, “intrapersonal contacts” could be an egoistic motive in that the volunteer could be networking to make future professional contacts but could also be a social motive in that the volunteer is looking to network to make personal connections. The “love of sport” factor could be seen as both altruistic and social. Whereas a factor such as “career orientation” would be purely egoistic. To be clear, there is no value judgment placed on any of the altruistic, egoistic, or social motives. One is not better than the other. However, as has already been stated, it is important that the volunteer manager be cognizant of why his or her volunteer workers are giving their time. In doing so, the organization or event can benefit from higher volunteer satisfaction and retention rates.

### **VOLUNTEER SATISFACTION**

In the context of paid work, job satisfaction can be seen as an emotional reaction based on previous experiences, expectations, and viable alternatives (Balzer, Kihm, Smith, Irwin, Bachiochi, Robie, Sinar, & Parra, 1997). Furthermore, job satisfaction is driven by someone’s affective state or attitude toward the work that he or she does based on his or her own perceptions about the job that is done, management styles, organizational climate (internal and external), co-worker relations, benefits, and financial compensation.

There is a common misconception that human resource models developed within the context of paid work will translate equally well to a volunteer environment. Although it should be recognized that there is value to be had from traditional human resource models, they do not account for the fact that volunteerism in sport is often a leisure choice and not a work choice.

Therefore, the needs and values that prompt satisfaction from volunteering may not be fully represented by measurement items related to paid work.

Research found that volunteer satisfaction is a complex concept that can change as the volunteer experiences the event. Therefore, the event (or volunteer episode) itself can influence satisfaction. Green and Chalip's (2004) research at the 2000 Summer Olympics in Sydney, Australia, found that a volunteer's satisfaction with his or her experience drives eventual commitment and that satisfaction is driven by benefits that are obtained by participating in the voluntary experience. The question that should be asked at this point is "how can a volunteer manager control the experiential outcome of an event?" The obvious answer is that managers in a volunteer setting cannot possibly control the experiential outcome for one, let alone hundreds of volunteers. To this point, numerous researchers and practitioners alike have argued that a number of the factors that influence volunteers' satisfaction are outside of the direct control of the volunteer organization and suggest that managers in a volunteer setting need to focus on areas where they can have an impact (Sheptak & Menaker, 2016).

One of the areas that fall under the volunteer manager's control is managing motivations and expectations. Drawing from self-regulation theory, which states that satisfying individual needs promotes increased motivation; volunteer satisfaction could be within the control of the management practices within the volunteer organization. First, volunteer managers need to understand what motivates people to volunteer in a sports organization and how they can help volunteers to achieve satisfaction by identifying different motivational factors. Second, volunteer managers need to understand the volunteer's expectations from an outcome-based point of view. Finally, organizations that successfully identify volunteers' motivating factors can assign appropriate tasks to specific volunteers, thereby enhancing the volunteers' experience, increasing the level of satisfaction, and enhancing the retention of volunteer services (Sheptak & Menaker, 2016).

It is important to note that diminished volunteer satisfaction can hinder the overall success of the organization or event. Meeting volunteer expectations and maintaining a high level of satisfaction may be one of the most significant challenges for managers in voluntary sport organizations and events. Volunteer satisfaction ultimately affects the ability of the organization to retain a trained and competent workforce, which can help the organization meet long-term strategic goals.

## SUMMARY

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In summary, this chapter discusses the unique organizational challenges and human capital components of running a sports event. The two major types of sporting event are those that occur in the same place on a recurring basis and those that occupy a unique space every time the event occurs. From an organizational standpoint, recurring events, which have similar patterns every year, require a more consistent organizational framework (pulsating), which will expand and contract (from a workload and labor-management standpoint) in a predictable fashion. In contrast, one-off events present particular challenges due to the temporary nature of the organization and the labor force.

It is also important for organizations running sporting events to understand the different sources of labor that will be essential to their success. Unlike most traditional workplaces, running events requires the engagement of paid full-time, part-time, temporary, and outsourced labor. Each of these labor types will present the event-management team with a diverse array of issues regarding worker motivation, commitment, and satisfaction. Added to this already-complex mix of workers is the set of challenges presented by the use of volunteer workers, who, in and of themselves, present a unique set of management issues.

Sport event success is inextricably linked to the performance of the people who work in the trenches to make sure that things happen on time, get people to where they need to be, and ensure that patrons have the information they need to enjoy the experience. Therefore, it is essential that event managers be cognizant of the need to create an attractive work environment and create systems that will allow them to respond effectively to the needs of a diverse workforce in terms of motivation and expectations.

## DISCUSSION QUESTIONS

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1. What are three unique managerial challenges associated with running events?
2. How does role ambiguity play a role in employee burnout? How can an event manager avoid burnout among employees or volunteers?
3. Research shows that fewer people are volunteering than in previous years. As an event manager, how would you obtain volunteers?
4. What factors motivate volunteers and how can managers address each of these motivations?

### Case STUDY

#### Volunteer Expectations

Sarah is the volunteer coordinator for a large, non-profit, multi-purpose sport facility called VOLSports, which hosts local, regional, and national sports events. The facility is very dependent on volunteer workers for both its day-to-day operations and for

the running of events. In order to manage this dependence on volunteers, VOLSports recruits its volunteers from a wide range of sources. Within the volunteer pool are local residents with professional backgrounds who see the facility as a tool for economic development and want to help it to be successful, local retirees who see the volunteering opportunity as an avenue to socialize and meet new people, students from local colleges and universities who volunteer at VOLSports to gain experience and network, and volunteers who want to give back to the sport that they played in their youth. Most VOLSports' volunteers have been there for numerous years. As a facility/organization that is dependent on the contribution of volunteers, it is Sarah's job, as the volunteer coordinator, to understand volunteer motivations and try to manage their expectations and satisfaction. One of the policies that Sarah has put in place is a seniority-based job selection process. In other words, the longer serving volunteers have first choice at the jobs they do. The introduction of the seniority-based selection system was put in place to address previously low levels of volunteer satisfaction and was welcomed by the senior volunteers at VOLSports. In fact, a recent satisfaction survey that Sarah sent to volunteers showed that volunteers with over one year of service to VOLSports felt that the policy demonstrated appreciation of service. This perceived appreciation gave senior volunteers a higher level of commitment to VOLSports.

During events, one of the important tasks that volunteers fulfill is working in the parking lot, taking fees, and directing traffic. Overall, the parking system works but tends to get congested and unruly at times. Stuart is a new volunteer who has worked at VOLSports three times. Stuart is a Police Captain in the neighboring town and has over 20 years' experience and extensive training in traffic management. However, even though Stuart has requested to work parking lot duty, Sarah is yet to place him there because all of the parking lot jobs are taken. She places Stuart at the information desk. After his second shift at the information desk, Stuart becomes frustrated and lets Sarah know that they are not using his skills to improve the facility and that he feels like he is wasting his time sitting at the information desk. He has ideas to make the parking lot flow better and wants to be part of the "parking lot crew." He states that if he continues to be placed at the information desk, he will stop volunteering.

As the volunteer coordinator, Sarah is faced with a dilemma. If she does not address Stuart's concerns, she not only risks losing him as a volunteer but he, as a local volunteer, may have had a negative experience. If she circumvents the seniority system and allows Stuart to work in the parking lot, she risks upsetting numerous volunteers and unsettling the job selection process. The result of the latter could be catastrophic from a volunteer management and retention standpoint.

1. What suggestions would you give to Sarah when it comes to dealing with Stuart?
2. Where do you think the flaw in the VOLSports volunteer job selection system is? How would you change it?
3. Why is understanding volunteer motivations and expectations so important to volunteer coordinators?

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# Customer Service

Kevin P. Cattani

## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

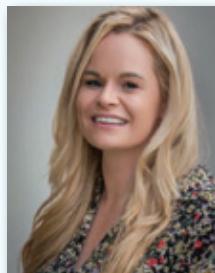
1. Explain what customer service is and the qualities that are necessary to provide exceptional customer service.
2. Understand why service quality is important to sport managers looking to maximize their organization's standing in the sport marketplace.
3. Understand and create a customer service plan suitable for many small to medium sport organizations.
4. Identify and describe ways to measure customer service that are useful and easy to understand.
5. Identify and describe several positive and negative consequences of customer service in a sport business marketplace.

## CHAPTER OVERVIEW

This chapter will review the various aspects involved with customer service in the sport marketplace. It will first discuss what customer service is and why it has become so important for sport managers. Next, it will discuss various ways to measure and better understand how an organization is attending to customer service. Additionally, it will discuss the elements of a customer service plan necessary for a lasting relationship with relevant stakeholders. Finally, it will discuss the consequences of customer service and why they are so vital in maintaining a competitive edge in an already-saturated marketplace.

## IndustryVOICE

### Rachel Wright—Championship Volunteer Operations Specialist, PGA of America



**A**t the PGA of America, my current role consists of me helping to manage our nearly 10,000+ volunteers who we require for our spectator championships that we host around the country each year. Those events include the Ryder Cup, PGA Championship, KitchenAid Senior PGA Championship, and the KPMG Women's PGA Championship. At every host site for one of our events, we require a 50 to 60 person on-site planning team to assist in the recruiting and coordinating of all of the volunteers necessary to put on a Major Championship.

My path was one of learning by doing. I needed the experience to get to where I am currently and that takes time and patience at the end of the day. I started out as the Volunteer Operations Coordinator on-site at the 2015 Senior PGA Championship presented by KitchenAid. Being a member of our on-site team for that event, I had to live in French Lick, Indiana, a town with fewer than 1,500 people in total (we required more volunteers for the event than we had people living in town). On top of that, I was the only woman on our team; at times, I was outnumbered 50 to one when our vendors came on-site. To this day, I could not be more thankful for that experience. It made me tough. I learned a lot about myself and what I could do professionally. Unique situations such as those forced me to think. They forced me to adapt, because, if I didn't, I wouldn't be here. I look at my experience in French Lick as the catapult for the next position I was offered, which was managing all of our Volunteer Operations for our 2016 Senior PGA Championship presented by KitchenAid. I ended up managing 1,700 volunteers that year. It was the first time I truly realized that I

was never going to please anyone, regardless of my people-pleasing nature. For me, it was a hard lesson to learn. Managing that many people and that many personalities forced me to grow a backbone. Eat or be eaten. Learning this helped to propel me into my current role. I've learned traits that I've never had before because of this position. Although I can't please everyone, I learned how to talk to and treat those who aren't happy. That is my job at the end of the day: Managing personalities.

For my current organization, the PGA of America, the main goals are to grow the game of golf and to support our members. My job mostly focuses on growing the game. When we go to various sites around the country for our events, we create exposure not only for the city we are in but also for the game itself. It's an inherent part of hosting Major Championships. That's why there is so much that goes into picking one of our potential venues. There is a lot at stake. As you dig down deeper into my specific role, there are many times I work with a course and will negotiate a round of golf for each person who volunteers. In turn, we use the round of golf as a recruiting tactic to get the numbers we need and it encourages people to come back and play. That's a huge win for us! Our most tangible evidence of growing the game comes from our PGA Junior League. We have seen an annual average increase of 16 percent participation in junior golfers since 2012 and now there are over 50,000 participants. Currently, 25 percent of those participating in PGA Junior League are females.

One of the best trends that we are seeing is the increases in both women and juniors playing golf. The PGA of America recognizes these trends, so much so that we are giving women the opportunity to be in leadership positions. Starting this fall, the PGA of America will have our first-ever female President in Suzy Whaley. It is so empowering as a woman in this

field to see another woman leading our team. I can't wait to see the effects that her tenure has on women getting involved in this game.

The best part about working for a sports organization such as the PGA of America is that we know how much noise we can make. We recognize how much power the media has and we try to capitalize on that notion. For example, we have Suzy doing as many TV interviews as we possibly can. She is the one handing out the trophy to our Champion on the 18th green. We want people to see her! We want women to see that they are represented!

The same goes for our PGA Junior League—we were able to partner with four of the biggest golfers in the entire world in Rickie Fowler, Rory McIlroy, Lexi Thompson, and Michelle Wie to be ambassadors for our PGA Junior League. Now, at each of our majors, we have PGA Junior League day, which usually consists of a surprise appearance from one of these four ambassadors among other world-class golfers. It draws positive attention! People are onboard with what we are doing and we need to do everything we can to keep that attention and help make it grow even more.

When hiring someone for the team, I usually look for two things:

- 1.** How do you treat people?
- 2.** How adaptable are you?

These questions can be used in a variety of ways. But when it comes down to it, this is what I am looking for. I can teach someone everything they need to know about their role, but I can't teach someone how to treat others and I can't teach someone how to handle stress or how to handle change, all of which are massively important.

For new hires coming into the work force, the biggest trend that I've noticed is a lot of new graduates who were never taught how to work. It's a vague

statement, but many of them are underprepared for the time and dedication that this business asks of someone. To be able to physically and mentally handle starting work at 4 am only for it to end at midnight and waking up and doing it all over again for two straight weeks is exhausting.

I would encourage undergraduates to get as much experience as they can in as many different departments as they can. They need to figure out what they like and, more importantly, what they don't like. Gaining experience is one thing, but having a vast amount of experience makes you versatile. Employers see that and will utilize you in many different ways! Your skills are going to come in handy down the road as opposed to someone who only learned one aspect of this business.

In the sports business, every single organization has partnerships or sponsorships and the customer service that you give these individuals is just as important as what you give the patrons at your events. When you start working for a particular team or sports organization, learn as much as you can about your sponsors and their product(s). The dollars that they are giving your organization will affect your job and what is asked of your job in some way. Keeping them happy is key! You do not want to deal with unhappy partners. For instance, it could be something as small as if your organization has a partnership with Pepsi, you don't want to walk around the office with branded Coca-Cola products. You never know who is wandering around your office. Be cognizant of your brand and the partnerships your brand has with other brands. Trust me, it matters! When you are talking about the bottom line, there are very few things that will take precedence over that. Additionally, be ready to problem solve and ensure that any problems that come your way (whether they are under the umbrella of your job or not) are handled and that everyone walks away feeling good about the result.

## Introduction

The spectator sport industry is a multibillion-dollar-a-year business that sees millions of fans attend events, spend their hard-earned money, and look to spend a few hours with family and friends away from their daily realities (Wysong, Rothschild, & Beldona, 2011). In the major spectator sport industry, competition has increased with the addition of rival leagues of same and/or different sports and the ongoing expansion of playing seasons. Many sport organizations also face resistance from their customers as a result of increased cost and heightened expectations for better performance and event quality (Howard & Crompton, 2004). As traditional revenue streams begin to stagnate and new sources of income are more difficult to come by, sport managers must look inward to understand how to maintain their standing in the marketplace while attempting to grow despite the glaring issues ahead of them. Because even the best

teams in each league can no longer rest on their accumulated brand equity and identity, the notion of customer service is becoming more and more important in today's sport organizational landscape. Turban, Lee, King, and Chung (2002) define customer service as "a series of activities designed to enhance the level of customer satisfaction—that is, the feeling that a product or service has met the customer expectation." These organizational activities are designed to create and maintain relationships with your customers—relationships that should lead to many



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of the desired outcomes inherent to the organization—customer interaction: Satisfaction, loyalty, positive word of mouth, and repatronage.

Marketing literature suggests that the provision of high-quality services is critical to increase customer satisfaction and loyalty, which, in turn, increases the profitability of an organization (Anderson, Fornell, & Lehmann, 1994; Anderson & Sullivan, 1993; Dagger & Sweeney, 2007; Fornell, 1992). According to the work of Ko, Zhang, Cattani, and Pastore (2011), service quality has received attention from

### TIP

Many sport organizations are now turning to social media and other review outlets (i.e., Facebook, Twitter, Yelp, Trip Advisor, etc.) to get a feel for how they are attending to the needs and expectations of their consumers.

numerous scholars and is considered one of the most important issues in the sport and recreation landscape. They cite three main reasons for its perceived importance: (1) It is a measure of management performance, (2) it is related to the positioning of the organization, and (3) it is a key determinant of ultimate consumer behavior variables such as customer loyalty.

As we delve deeper into our discussion of customer service, it is of the utmost importance to first understand those qualities that sport managers should either look for when recruiting organizational personnel or work to train into current staff members. In no particular order, **Table 11-1** presents 15 qualities that are necessary in making sure that the needs and wants of an organization's fan base are attended to.

### TIP

**S**ince all employees in a sport organization share customer service responsibilities, organizations should consider regular training on relevant customer service skills (like the ones contained in the table below).

**Table 11-1** Fifteen Qualities of Effective Customer Service

Customer Service Skill	What It Is	Why It Is Important
<b>Patience</b>	Quiet, steady perseverance; even-tempered care	Customers will require help of all kinds, and we must attend to each situation in a calm manner.
<b>Attentiveness</b>	Mindfulness and consideration of others; courteousness; politeness	It is imperative that we treat each concern as our own. A thoughtful approach will communicate genuine care and concern.
<b>Effective Communication Skills</b>	Sound written and oral skills replete with proper grammar and knowledge of situational communication	Dealing with agitation and frustration calls for an ability to communicate in a manner that will mitigate anxiety and solve issues.
<b>Product Knowledge</b>	A thorough understanding of the inner workings of your team, organization, and product	Every employee should know basic answers to common FAQs in the event of being stopped by customers during an event. This basic knowledge will communicate passion and excitement for your product.
<b>Use of “Positive Language”</b>	The ability to frame your response in an optimistic and customer-centered way	Small changes that utilize “positive language” have a significant effect on how your customers <i>hear</i> your response and create a perception of your organization.
<b>Acting Skills</b>	Skills necessary to maintain a cheerful and helpful persona in spite of customer frustration	While many concerns have simple responses, the more complicated ones require calm under pressure—either genuine or “created” through simple acting skills.

(continues)

**Table 11-1** Fifteen Qualities of Effective Customer Service (continued)

Customer Service Skill	What It Is	Why It Is Important
<b>Time Management Skills</b>	An understanding of the time demands necessary to effectively handle customer concerns	Not every customer concern has an answer, no matter how much time we spend with the customer. Do your best with each customer, but know when to move on to the next one.
<b>Ability to Read Customers</b>	The skills (both in-person and electronic) necessary to understand the mood of your customer	Both in-person and electronic customer service have subtle clues that tip off a customer's mood state. It is imperative that we pick up on those clues in order to solve the issue in the best possible manner.
<b>A Calming Presence</b>	An external display of peace and composure	Many times, customers just want to have their complaints heard. The ability to remain calm and steady will alleviate many problems before they get out of hand.
<b>Goal-Oriented Focus</b>	The ability to direct the customer service issue toward one of several different organizational goals	While each customer service issue is different, the ability to understand the main idea of the issue and direct it toward an organizational goal increases the likelihood of a mutually beneficial conclusion.
<b>Ability to Handle Surprises</b>	The ability to think on one's feet when the customer service interaction takes an unexpected turn	While a customer service employee is expected to handle many different problems, one cannot prepare for and anticipate every issue. One must understand his or her support structure in order to send the issue to the right person.
<b>Persuasion Skills</b>	The ability to direct customers to your products and services and away from competitors	In some customer service situations, customers are merely curious of what you have to offer. Being able to direct these customers to your products and services will help your organization capture unplanned business in the face of a competitive marketplace.
<b>Tenacity</b>	Sound work ethic combined with a willingness to do what must be done—every time	Being able to put yourself into the customer's shoes will allow you to exhaust all angles so that, in the event that a direct solution is not possible, an amenable solution is possible.
<b>Closing Ability</b>	The ability to conclude a customer service interaction with confirmed satisfaction of all presented issues (not to be confused with the sales term "closing")	Taking the necessary time to ensure that all customer issues have been attended to is vital to continued patronage and customer loyalty. Do not take shortcuts when concluding a customer service interaction.
<b>Willingness to Learn</b>	The desire to use available feedback to make necessary changes that will improve service levels	Mistakes will happen when dealing with customers. Taking those mistakes in stride and learning from them will ensure that similar situations will be dealt with more appropriately next time.

Combining the skills outlined in Table 11-1 with the personalities of organizational employees is the starting point toward fostering relationships with all of your current and potential customers. According to the work of Gronroos (1990), relationship marketing endeavors “to establish, maintain, enhance, and commercialize customer relationships so that the objectives of the parties involved are met” and is accomplished through “a mutual exchange and fulfillment of promises” (p. 5). No matter the context (e.g., sport spectating, parks and recreation), the sport organization seeks the patronage of its customers and, in return, should provide products and services worthy of that patronage. The important notion to remember here is that relationship building is an ongoing process that goes beyond short-term gain and extends to repeated usage (along with additional potential uses from friends and colleagues) through the continued commitment to understanding the needs and wants of your customers and demonstrating an advancement of those needs and wants. Please consult the Consumer Behavior chapter for more information on these issues.

Marketing expert Mari Smith ([www.marismith.com](http://www.marismith.com)) has generated a list of best practices as a measuring stick for organizations of all kinds to gain a better understanding of how in touch they are with their customers and the relationships they have with their customers:

- **Conduct regular surveys with your customer database to ensure that you understand the current challenges and needs of your market**—maintaining a high level of contact with your customers not only helps you stay up with current trends but it also demonstrates a high level of care and inclusion to which many customers respond well.
- **Integrate customer feedback as much as possible in order to improve your products and services**—there are few things customers dislike more than spending time to provide feedback only to feel that no changes were made as a result...if you ask for feedback, use it.
- **Understand the power of social media (yes, even sport facilities and events should have a social media presence) and maintain active profiles on the major social networking sites**—a strong social media presence is not only an effective way to keep customers in the loop but it is also usually free to use—creating one to two posts a day should not be the reason why your relationships are lagging.
- **Have effective feedback systems in place**—many customers enjoy giving feedback (especially when there is an incentive attached to it) but get turned

### TIP

**S**imilar to personal relationship building, business relationship building takes time and effort. In some cases, no actual business will be discussed in some meetings. The point is to better acquaint yourself with your supporters in order to understand how to better serve them in the future.

off when those systems are difficult to use and interact with. Whether you outsource or create your systems in-house, be sure to regularly evaluate them for usability and ease of use.

- **Use a reliable customer relationship management (CRM) strategy**—based on your organizational capabilities and primary customer segments, a keen eye must be kept on the *technology* used for your CRM system, the *people* who manage the CRM system, the *process* used to access and interact with your customers, and the *knowledge* that your staff has to make the data useable and valuable.
- **Conduct regular training sessions for all members of your staff to ensure that proper customer service practices are being used in every customer encounter**—the chapter will touch on this later, but as all employees have the chance to interact with your customers, all employees must be up-to-date on organizational objectives and core messages in order to deliver excellent customer service.
- **Stay on the cutting edge of new technologies in your field**—it is no secret that technology is changing all of the time—ignorance is never an acceptable excuse; make it a priority to be a market innovator, not a market follower.
- **Embrace high tech, but *always* maintain “high touch” by personally (not via email, text, or social media message) reaching out to your partners, vendors, and customers**—as with many elements of life in general, communication is everything—transparency should not just be a word in your mission statement, it should be a lived ideal practiced at all levels of your organization.

- **Strive for a high customer satisfaction rate**—repeated studies (both academic and industry) have shown that increased satisfaction leads to increased loyalty and repatronage—especially with the prevalence of consumer websites like TripAdvisor and Yelp; negative reviews can affect all levels of business.
- **Consistently go out of your way to let your customers know how much your organization values them (beyond their financial contributions)**—events like a preseason fan appreciation day, promotional punch cards, and other appreciation-type events (these can be tailored to many segment types) continually let your customers know that you care about their role in your organizational success—this is especially true for smaller organizations that are more dependent on customer patronage.

## TIP

Use your own sport-spectator experience as a foundation when analyzing your customers. Things like attending games as a fan, walking around the stadium during a contest, and spending some time in different seating sections talking with fans for perspective are all great ways to learn more about your customer experiences.

As an organization, the more of these best practices you regularly and effectively integrate, the more likely you will enjoy long-term success in your industry. For purposes of comparison, companies that are very well known for their exceptional customer service are Disney, Zappos, Starbucks, Southwest Airlines, and Ford Motor Company. Taking the above information into consideration, it should be more clear that customer service should not be an afterthought, but a proactive strategic management policy to make each customer feel special, accommodated, and taken care of.

## The Customer Service Plan

Understanding that a majority of sport facility and event organizations rely on customers to keep their businesses going, excellent customer service cannot be an accident, rather, it must be planned. The following outlines the basic steps of a sound customer service plan that should provide a strong foundation for organizations of all sizes. It is important to note that a plan in and of itself is not enough for an organization to provide excellent customer service—you must train all employees, from top to bottom, on this plan and practice it often for it to become part of your organizational culture.



1. **Create a customer service vision**—as with other elements of organizational strategy, a sound vision and clear set of goals is necessary to achieve excellent customer service in every service encounter. This vision should be shared with all employees and every employee should be able to articulate that vision. To enhance this first step, consider allowing all employees to have some input into the creation of the vision and goals. When employees feel that their input is valued, organizational buy-in is typically much higher.
2. **Assess customer needs**—this step was discussed earlier in the chapter, but many small to medium organizations waste valuable resources by producing products and services that they think will sell and/or attract new customers without ever asking their customers for their input. While this step takes a

good deal of time and energy to effectively complete, a lack of attention to assessing customer needs and wants could lead to outright failure in a relatively short amount of time. For suggestions on how best to assess customer wants and needs, refer back to Chapter 9 on consumer behavior.

3. **Recruit the right employees**—a consistent message repeated in many sport facility and event organizations is that skills can be taught, but attitude and personality cannot. Richard Branson once said that where many company leaders think that customers come first, he believes that employees come first. He went on to say that if you properly train and take care of your employees, they will take care of your customers. The employees you recruit should embody the ideals of your vision and goals—if not, find potential employees who do.
4. **Set customer service goals**—these goals can vary depending on your organization and setting, but benchmarks drive performance. If your employees have no standard to match their performance to, there is no telling what your outcomes might be. Half of the battle in reaching goals is creating SMART (specific, measureable, attainable, relevant, and time-based) objectives for your employees to work toward. Furthermore, organizations should reward and celebrate the accomplishment of customer service goals. When employees know that these goals and objectives are being continually monitored, buy-in improves.
5. **Train, train, and train, again**—properly recruited employees should have the natural inclination to provide excellent customer service, but if your organization is undergoing an administrative change or a culture shift of some kind, training is vital. While many elements can be encompassed in your training plan, key issues like responding to customer complaints, meeting the needs and wants of customers, how to answer the phone/greet a customer in person, and when to perform service recovery should be a part of any customer service plan. Organizational administrators should also use game/event days as opportunities to manage and evaluate the customer service plan. When employees know that their work is being monitored, they are more likely to follow the plan and use the skills that you have taught them.
6. **Hold people accountable**—since every employee bears the responsibility of representing the organization and employees' actions have a direct result on organizational performance, it is of the utmost importance to hold all employees accountable to your customer service goals. Sharing customer service

data and coaching employees on standards are just two examples of how to maintain accountability to the customer service vision.

7. **Reward and recognize good service**—sport facility and event organizations can maintain excellent customer service practices by providing positive reinforcement for examples of excellent service. Methods for rewarding employees are varied, but having both internal (employee reporting systems) and external (customer reporting systems) methods have a better chance of creating a more positive environment. When these methods are integrated into the organizational culture, employees enjoy coming to work and customers have a better experience at your events.

While these steps leave plenty of room for customization, the important take-away from this section is that all sport and recreation organizations should create a customer service plan as part of their larger strategy. When these practices are systematic and part of the culture, positive outcomes become the rule, not the exception.

## Ways to Measure Customer Service and Service Quality

Having an understanding of what customer service is, why fostering relationships with our relevant constituents is important, and which items should be considered when attending to the needs and wants of your customers, you may be asking yourself how you can assess your organization's level of customer service. Adhering to the best practices recommended previously, having a realistic and up-to-date assessment of where your organization stands in terms of its customer service is an effective tool for maintaining your success in the marketplace.

To date, many attempts have been made to explore the concept of service quality in various segments of the sport and leisure industry. Researchers used one of two tactics: They either modified SERVQUAL to tailor it to the services of the sport industry (Crompton, MacKay, & Fesenmaier, 1991; Howat, Absher, Crilley, & Milne, 1996; Wright, Duray, & Goodale, 1992) or they developed scales based on unique characteristics of specific segments of the sport industry.

There have also been several attempts to measure service quality in the spectator sport setting (Kelly & Turley, 2001; Ko & Pastore, 2005; Theodorakis, Kambitsis, & Laios, 2001). For example, by modifying the

five dimensions of SERVQUAL (reliability, assurance, tangibles, empathy, and responsiveness), McDonald, Sutton, and Milne (1995) developed the TEAMQUAL concept. McDonald and colleagues measured the performance of ticket takers, ticket ushers, merchandisers, concessionaires, and customer representatives by assessing both the expectations and perceptions of professional basketball fans. The researchers suggested that overall service quality could be measured by averaging the scores of the five dimensions.

Theodorakis et al. (2001) developed the SPORTSERV scale to assess perceptions of service quality among sport spectators. This scale is composed of the five dimensions of SERVQUAL: Tangibles (i.e., cleanliness of the facility), responsiveness (i.e., personnel's willingness to help), access (i.e., accessibility of the stadium), security (i.e., team provides high standards of security during games), and reliability (i.e., team delivers its services as promised). Additionally, Kelley and Turley (2001) developed a nine-factor structure that includes employees, facility access, concessions, fan comfort, game experience, show time, convenience, price, and smoking.

A more recent scale that measures both core and peripheral product elements is the Scale of Event Quality in Spectator Sports (SEQSS) (Ko, Zhang, Cattani, & Pastore, 2011). Remember that elements of the **core product** are those directly related to the event occurring on/in the field, court, track, or recreation center. These elements, unfortunately, are mostly out of our control. Elements of the **peripheral product**, in contrast, are those that occur in and around the stadium, arena, or recreation center. They are mostly under our control. The following description of this scale includes the scale-specific concepts. Elements that are central are labeled C, and those that are peripheral are labeled P. These elements are of great importance no matter the sport or leisure context:

- *Game quality* (C) refers to fan perceptions of game performance (e.g., excitement, drama), particularly with regard to the athletes/participants.
- *Augmented service quality* (P) refers to the quality perceptions of the secondary products offered in conjunction with the event (e.g., in-game entertainment, music, concessions).
- *Interaction quality* (P) focuses on how the product or service is delivered. It considers two dynamics:
  - Employee–customer—Perception of how the service is delivered during the service encounter in which the attitude, behavior, and expertise of service personnel are highlighted.

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**core product** The main product that is made by the company for the customer (i.e., the sport event or contest).

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**peripheral product** An element of the core product that complements its existence (e.g., concessions, merchandise, dance teams).

- Interclient—Perception of how the service is delivered during the service encounter in which the attitude and behavior of other clients are highlighted.
- *Outcome quality* (P) refers to what the consumer receives as a result of this interaction with a sport or leisure organization (e.g., socialization; overall evaluation of experience, which may be tied to the event's outcome; enjoyment).
- *Physical environment quality* (P) refers to perceptions of facility ambience, design features, and quality and use of signage/symbols.

**TIP**

Remember that it is easy to bring fans to your events when your core product is performing well, but attention to detail and sound customer service will manifest themselves when your core product is underperforming.

An obvious observation from reviewing these elements of sport and leisure service quality is that there are more peripheral (P) elements in this measurement tool than core (C) elements. Remember that sport and leisure organizations have significantly more control over the peripheral elements than the core elements. While many fans and spectators attend events for the core product, it should be overwhelmingly evident that their decision to come to another event is mostly determined by elements well within our control as a sport organization. To reiterate a previous point, this new information should reinforce the necessity to both hire and train your staff (everyone from the general manager or facility owner to the maintenance staff) in a manner that will help your organization to stand above your competition. To quote Booker T. Washington, “Excellence is to do a common thing in an uncommon way.” While sport and leisure professionals can do little to help their teams and participants to be successful on the field/court/rink, they can certainly go the extra mile for each and every one of their customers in order to make them feel welcome and valued.

These varied attempts to accurately measure service quality benefit sport and leisure professionals in that there are many scales available that can help organizations to gauge their effectiveness in providing high levels of customer service. It is important to remember that no perfect instrument exists that fully encompasses all of the inherent concepts of service quality. Rather, each organization should attempt to utilize the method most appropriate for the questions it wants to answer. If any of the previously listed measures are too time consuming or your organization lacks logistical resources to conduct them, consider the often-overlooked word-of-mouth (WoM) analysis. Searching resources like your social media channels is a great way to get a usually unfiltered idea of what you are doing well and what can be improved. Remember that, on average, a

satisfied customer will talk to two to five other people about his or her experience while an unsatisfied customer will tell 10 to 15 other people about his or her experience.

## Outcomes of Service Encounters

Now that there is an understanding of what customer service is, why service quality is of vital importance to sport and leisure organizations, and how to measure service quality encounters, one must understand the outcomes of service quality in order to have a more complete picture of organizational success. While it can be argued that there are many outcomes in service encounters, this chapter will focus on a couple of negative outcomes of poor customer service, chief among them a damaged reputation and the loss of good employees, as well as the positive outcomes of satisfaction and loyalty. Throughout this section, overlap of concepts will be evident, as many of the same elements that motivate us to attend sport and leisure activities manifest themselves as potential outputs after the service encounter has ended.

### A Damaged Reputation

Warren Buffet once said that it takes 20 years to build a reputation, but only 5 minutes to ruin it. Reviewing customer feedback from various sporting events, the number of things that they pay attention to is often different from what we might expect when implementing a sport or recreation event (i.e., wait times at concession stands and merchandise booths, out of place trash cans, lack of bathroom amenities, etc.). Especially in today's digital environment, news travels much more quickly than it did 15 to 20 years ago. Recalling an earlier thought from the chapter, with discretionary income shrinking in today's economic landscape, customers are relying more on reviews than ever before (especially those looking to travel to a new city). Sport and recreation organizations must dedicate time to monitoring both team and secondary review sites for negative word-of-mouth publicity, as this can lead to shrinking revenues and decreased attendance.

While sport and recreation organizations will never satisfy 100 percent of their customers, there are ways to fix a damaged reputation. The most effective way to do this is to make amends for instances of poor customer service. Many customers can be forgiving of poor experiences if the

organization works to fix the issue. It helps to reach out to the customer directly. Small fixes can be attended to on a case-by-case basis, but if the issue is systematic, the organization must work to adjust its customer service plan to make the long-term fix.

## A Loss of Good Employees

While many sport and recreation organizations focus on the external issues surrounding poor customer service, a more impactful internal issue is the loss of your better employees. A recurring issue in group settings is the effect of better employees working to pick up the slack of their poorly performing colleagues. This issue magnifies when it comes to situations of customer service. When weaker employees are identified, stronger employees tend to take over customer interactions for fear of a missed opportunity if a weaker employee gets there first. Continued repetition of this cycle often leads to decreased morale and less engagement from your higher-performing employees. What is worse is if these higher-performing employees do leave, they can now create negative word-of-mouth reviews, which may further damage your organizational reputation.

So, how can we avoid this issue? First and foremost, work to create an organizational culture that promotes fast, friendly, and effective customer service. Such a culture should hold average employees to a higher standard. Beyond creating and maintaining a customer service-friendly culture, merely rewarding examples of excellent customer service and terminating poorly performing employees are great ways to retain strong employees (keep in mind that these rewards do not need to be monetary—especially for smaller sport and recreational organizations).

Having reviewed a couple of the more damaging consequences of poor customer service, let us now focus on positive outcomes of excellent customer service.

## Satisfaction

Beard and Ragheb (1980) define sport and leisure satisfaction as “the positive perceptions or feelings that an individual forms, elicits, or gains as a result of engaging in activities of his or her choosing.” Years ago, satisfaction was the primary outcome sought by many sport and leisure organizations as the measuring stick of overall performance. Berry and Parasuraman (1991) suggested

that customers evaluate their personal satisfaction in a service encounter by assessing the following five elements:

- *Reliability*—The ability to perform the promised service dependably and accurately
- *Tangibles*—The appearance of physical facilities, equipment, personnel, and communications materials
- *Responsiveness*—The willingness to help customers and to provide prompt service
- *Assurance*—The knowledge and courtesy of employees and their ability to convey trust and confidence
- *Empathy*—The provision of caring, individualized attention to customers

**TIP**

A sk yourself if meeting expectations is good enough.

While these elements are still relevant in today's service setting, one can see that attending only to these concepts in every service encounter is merely the starting point in striving for viability (where it was the endpoint in prior research).

As researchers studied this issue more intently, it was determined that while a general contentment with products and services is important, simply meeting the needs and wants of customers did not necessarily lead to additional uses. While many authors still argue that satisfaction should be a chief goal for a product or service, 60 percent of consumers who switched to a competitor in the same product category said that they were satisfied with the prior product or service (Chitturi, Raghunathan, & Mahajan, 2008). As a result, sport and leisure organizations have looked to grow customer satisfaction into customer loyalty.

## Loyalty and Repatronage

In a follow-up study to previous work on the subject, Oliver (1997) suggests that loyalty consists of four stages. The first stage is a cognitive stage, during which information about the product or service is evaluated and may be primarily cost-based. This first stage, while typically low on the spectrum, is vital to moving customers toward deeper levels of loyalty. Efficient informational channels, effective use of social media, and well-trained customer service personnel adept at answering questions will help attract customers to add a product or service to their consideration set. Initial awareness is paramount.

Oliver (1997) describes the next stage of loyalty as an affective stage, a combination of liking the service and experiencing satisfaction. Once

adequate information about the product or service is gathered, a trial use typically follows and is used as the basis of comparison between a previously used product or service and this current one. While trial lessons, sample products, and free consultations can mean short-term loss of profits, the time and resources invested to move customers to this stage should go a long way toward establishing a solid relationship with that customer. At this point in the loyalty process, comfortability and familiarity are necessary for a second use (and third and fourth, for that matter).

As loyalty continues to increase, the individual progresses to the third stage, which is conative loyalty (Oliver, 1997). Oliver suggests that this is a behavioral intention stage. Individuals indicate an intention to purchase the product or use the service in the future. Once customers reach this stage, they have a positive level of satisfaction with the product or service, so much so that they are now willing to spend their resources with the organization. Referring back to the skills necessary to thrive in a customer-service encounter, the ability to close is one of the more important abilities. Many customers respond to questionnaires that they are willing to purchase a given product or service, but beyond that response, organizations have few ways of knowing if that intention ever comes to fruition. Knowing that your customers have intent to purchase your product or service combined with a suggested sound customer-relations management system and effective trained or inherent closing skills should equate to converting more “intentions” to actual behavior.

According to Oliver (1997), the final and highest stage of loyalty is the action stage. This is where the individual’s behavior toward the product is a consistent occurrence or habit. This sequence of quality of satisfaction to loyalty elicits consumption behavior by the individual. The important takeaway from this final stage (as mentioned earlier) is that as more and more outlets compete for the **discretionary income** of today’s consumers, converting customers from satisfied to loyal must be an ongoing and evolving process. Sport and leisure professionals must heed the suggestions proposed earlier in this chapter to stay current on what their customers need and want. Once we think we know what our customers need more than they do, we *will* be surpassed by a competitor who attends to their actual needs and wants more effectively. Staying profitable and relevant in today’s sport and leisure marketplace takes the diligent work of an entire organization, and once the focus shifts from customer-oriented to outcome-oriented, success will be hard to come by.

### TIP

Remember that it takes hard work to provide excellent customer service, but the work doesn’t stop once you’ve cultivated a good relationship with the customer. You must work to maintain it or another organization will take your customer.

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#### **discretionary income**

Monies left over once all financial obligations have been attended to by an individual or family.

## SUMMARY

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This chapter has provided insight into the concept of customer service. Customer service is attending to the needs and wants of your customers in a manner that works to solve each issue effectively while preserving the relationship created between the service provider and the individual. A large section of this chapter was dedicated to understanding helpful skills and abilities that current and potential customer service professionals should either possess or develop in order to be effective service providers. Exploring how to create a sound customer service plan will aid the organization in creating a strong culture of excellent customer service designed to provide positive experiences for both employees and customers. Being familiar with alternative ways of measuring service quality will not only set your organization apart from competition but it will also save your organization valuable resources in targeting external firms to provide those services for you. Finally, understanding primary positive and negative outcomes of customer service will help you to go above and beyond with every service encounter so that you keep your current customers coming back (in addition to bringing a friend or two along). While many organizations have turned a blind eye to this vital component of long-term success, more and more sport and leisure companies are beginning to realize that exceptional service quality must be built into the organizational mission and practiced from the top down.

## DISCUSSION QUESTIONS

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1. Choose a favorite sport or leisure organization. Identify and describe the core and peripheral elements of this organization. Highlight several ways that you can optimize the customer service of each element.
2. Many of the potential measures of service quality were not discussed in detail. Find a measurement tool mentioned in the chapter. Compare and contrast that measurement tool to the SEQSS. Which tool do you think is better for the sport or leisure organization you chose in Question 1?
3. Interview a staff member for a sport or leisure organization in your town. Provide the list of skills mentioned in the chapter to your interviewee. Ask that person to name three of those skills that he or she currently possesses and three that he or she has had to work to develop.
4. Review the elements of the customer service plan. Which step do you think is most important to sport and recreation organizations and why? What are some potential consequences for not executing the customer service plan effectively?
5. Think about a sport or leisure event that you have recently attended. Using the elements of the SEQSS, assess that event and evaluate your level of satisfaction and loyalty. Would you go back? Why or why not?

## Case STUDY

### Analyzing Sport Organization Social Media Presence as an Extension of Customer Service

As a way to extend themselves to their fans, sport organizations have embraced the splendor of social media and its wide-ranging power to deliver information and interactive content to those who follow them. Sport organization social media channels (Facebook, Twitter, Instagram, Snapchat, etc.) are often their window to the public. These portals contain information about the team, its upcoming contests, various team and league initiatives/hashtags, and fan-specific information such as promotions and giveaways, among other items. A poorly designed social media portal can sometimes be the difference between patronage and spending one's money elsewhere—in the same way that a poor interaction with a customer service representative can turn an individual away from a company. Because many sport fans cannot directly interact with their favorite sports team and their personnel, these portals are typically the best way to gather important information in a one-stop-shop setting. What basic information and news do you think should be communicated on these organizational platforms in order to satisfy a customer looking for information or interaction? Would you consider responses from the organization's social media platforms to be equal to a face-to-face response? How might these two types of responses be the same or different?

Before you begin, take some time to analyze the social media portals of the St. Louis Cardinals of Major League Baseball and the Gateway Grizzlies of the independent Frontier League. While exploring these social media portals, take special note of elements attributable to the core product and the peripheral product. What are the pros and cons of each portal? Does one seem better maintained than the other (more staff, better content, more resources), or are they relatively equal? Assuming that the portals are your only way to engage with the team, what are some elements contained within the portals to give you a realistic understanding of what you will encounter once you arrive at the respective stadiums? Do the portals offer the ability to communicate with a customer service representative? If so, which platform(s) are the most effective for customer-service interaction?

Once you have taken some time to arrange your notes, refer to the information regarding the SEQSS (game quality, augmented services, interaction quality, outcome quality, and physical environment quality). How well do the two highlighted social media platforms measure up to the SEQSS? Are any elements of the measurement tool difficult to assess based on the remote nature of the organizational portals? Does there need to be a specific tool to help measure the customer service efforts of sport organizations? How would you revise the SEQSS to better assess sport websites for their customer service qualities?

(continues)

## Case STUDY (continued)

Once you have analyzed the websites with the SEQSS, answer the following questions:

1. What recommendations would you deliver to the Cardinals and Grizzlies to help improve their social media customer service?
2. Should teams even worry about how complete (or incomplete) their social media portals are?
3. Upon making your recommendations, how would you convince these teams (the "so-what?!" factor) that social media customer service is integral to their business operations?

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# Sponsorship

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## CHAPTER OBJECTIVES

Upon the conclusion of this chapter, students will be able to:

1. Define and distinguish between different levels of sponsorship in the United States.
2. Discover how to uncover possible sponsors and who is responsible for making the decisions.
3. Determine what a good sponsorship fit might be.
4. Understand how to obtain sponsorship for large and small events.
5. Write a sponsorship proposal letter.
6. Create a sponsorship agreement.
7. Activate strategies for sponsor partnerships.

## CHAPTER OVERVIEW

This chapter will outline the main components of sport sponsorship and will help future sport facility and event managers generate ideas for forming successful relationships between sport properties and their sponsors. A definition of sponsorship will be provided, followed by a discussion of the various levels of events (from international to small local) and the various sponsorship opportunities possible at each level. The common sponsorship inventories available to both facilities and sport events will then be outlined. Finally, acquisition of sponsors, activation of the sponsorship, and relationship marketing will be reviewed.

## IndustryVOICE

### Lisa Murray, Global CMO, Octagon Sports and Entertainment Network



**A**s Global CMO, I oversee marketing and communications for the Octagon brand worldwide, and I continue to consult with select, long-standing, global brands. My “specialty” since 1994 has been FIFA World Cup with this year marking my seventh one.

Global platforms like FIFA World Cup and the Olympics allow me to leverage my expertise to assist our clients in making their next “right move” across some of the largest global sporting events. In addition, I lead marketing for our multi-agency organization that works across sports, entertainment, and culture. I also work to promote women’s empowerment and professional development, and other strategic initiatives across the Octagon Sports and Entertainment Network.

My career path is unique compared with new graduates. Simply put, the industry as we know it now did not exist 30 years ago. It was just luck (and fate) that I had the privilege of joining Rick Jones and his newly developed firm called, *The Strategic Group*. Slowly but surely, we began to build a book of business, and with the announcement of Atlanta as host of the 1996 Olympic Games, our company grew quickly. Our agency was soon acquired by *Advantage* and then by Interpublic Group (IPG), and here I am today! It has been a privilege to call Octagon my home. I’ve worked with the best clients in the world at the most formidable sports and entertainment events around the globe!

Octagon is the leading global sports and entertainment marketing agency focused on helping our clients make the best decisions in a quickly changing marketing and media landscape. We help brands, properties, and athletes create partnerships, experiences, and content across the sports and entertainment world. From sponsorship evaluation to activation,

we help our clients to leverage the world’s biggest sports and entertainment events, creating incredible marketing platforms and hospitality experiences for a client roster that includes Mastercard, BMW of North America, Bank of America, Cisco, Delta Air Lines, AB InBev, Taco Bell, Allstate, and others. We manage major events including seven LPGA events, two PGA Champions Tour events, and eight culinary festivals. Our representation business—named 2018 Best in Talent Representation by SportsBusiness Journal—spans more than 800 athletes, broadcasters, and personalities including Stephen Curry, Michael Phelps, Simone Biles, Giannis Antetokounmpo, Hannah Storm, and more. Our global team of experts and in-house creators partner to weave technology into every aspect of our offering and to deliver total solutions for our clients.

The marketing and sponsorship landscapes are always evolving; as a marketer, it is my job to identify what consumers and fans are craving and help my clients bring that to their target audience. Millennials, and new technology companies are redefining how we consume sports and entertainment. Consumers want the ability to consume, curate, and create all at the same time—that is the new sports experience. When social platforms, like Twitter, live stream sports and entertainment content, it allows the content and the conversation to take place on one, singular platform.

Sponsorship, and the platforms they live across, are also fluid. As consumer habits and the media landscape evolve, so does the strategy and execution of the major global sponsorships. With that in mind, we create unique approaches for every client, to ensure that we’re driving communications through the right technology and platforms.

Octagon also has an in-house strategy team that helps our clients to determine the right mix of investments, partnerships, and channels in order to generate

business results for our clients. In order to do that, we use a number of tools and research platforms, as well as our own proprietary tools that have been developed and refined for the past 20 years. It is known as Passion Drivers®; the tool helps us to understand and quantify why fans care about certain sports or entertainment platforms. Most recently, we've expanded the tool to include an eSports Passion Drivers® study. Finally, we use social media research tools to develop insights

that our clients can leverage around content creation and sharing.

For those trying to break into the industry, writing and communication skills are critical. The candidates that resonate with me are those who can clearly articulate themselves verbally and through their writing. It is a skill that will always serve you well, whether that's communicating internally, with a client, or across a varied group of stakeholders.

## Sponsorship Defined

**Sponsorship** can be defined as “negotiated contracts between a corporation and another event, organization, or property, whereby the sponsor pays cash or provides in-kind services for rights to be commercial and marketable benefits associated with that property” (Mowen & Graefe, 2002, p. 32). In essence, a company or **sponsor** pays for the right to be associated with the sport organization or **property**. This can occur in a direct cash payment, by exchanging some service for these rights such as a local media outlet running television advertisements in exchange for tickets to games, or as an **in-kind donation** of product to help an event minimize their out-of-pocket costs. These relationships have become an increasingly valuable revenue stream for sport organizations. In 2017, total sponsorships for North America were projected to increase to \$994 billion from \$862 billion spent in 2016 (Andrews, 2017a). In 2016, total sponsorships for North America were \$15.7 billion and sport sponsorship spending was projected to increase to \$16.37 billion in 2017 (Andrews, 2017b). Sport sponsorship is considered the strongest of all of the categories including entertainment, causes, arts, festivals, fairs and annual events as well as association and member organizations.

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**sponsorship** It is a legal contract between a sport property and another entity exchanging something of value, whether cash or an in-kind service/product, wherein the sport property allows the sponsoring organization the rights to commercialization of its brand and the resulting benefits derived from these actions.

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**sponsor** The organization purchasing the rights from the sport organization. This company may be a sport-oriented organization itself (e.g., a sport goods company) or may not be (e.g., financial entity).

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**property** In reference to sport sponsorship, the sport organization being sponsored.

## Defining Each Level

Shani and Sandler (1996) created the Sports Pyramid that lays out five categories for sports events and organizations to describe the geographic reach and level of interest. Although there are also global and international scale categories, this chapter will focus on three: National, regional, and local. An additional component will be introduced for consideration and to assist

**in-kind donation**

In-kind donation or payment is the exchange of something of value other than cash currency for the purpose of entering a business relationship between a sports property and a sponsoring company.

categorizing sponsor levels. The area in which a sponsor wishes to buy will be part of the definition expansion. Currently, levels are determined mainly by how far a sport organization or event reaches in terms of geography and the distance that fans will travel or where the majority of the sport organization's fan base is located. In the current sports environment, more categories are needed to determine the sponsors' perspective and why companies might consider a property for determining its purchase decision.

National—large regional—regional—small regional—large local—local—small local

National-level sports involve interest from one or possibly two countries such as the NCAA Final Four, the NBA Finals, or the World Series (Shani & Sandler, 1996). These events have national television coverage, spectators who travel around the country, and are not focused only on the host city. If a company sponsors a sporting event at this level, it is able to reach more consumers than if they focused on regional or local events. However, this national reach often comes with a large price tag associated with the sponsorship.

Regional organizations or events are more geographically limited than national-level sports (Shani & Sandler, 1996). These events may generate less attention than the national organizations or events but they are still often extremely popular in their geographical region. This level may include individual professional teams such as the Houston Texans of the National Football League (NFL), the Nashville Predators of the National Hockey League (NHL), or college sports teams like Stanford University.

Local levels "have the narrowest geographic focus, usually a city or community, and usually appeal to a specific segment in the area" (e.g., high school sports, minor league sport, or local golf tournaments) (Shani & Sandler, 1996, p 6). Media coverage, if any, is confined to local sources and the interest in fan attendance does not expand very far outside of the local region. In the suggested new model, large local-level sports like high school football may be covered regularly in the local media and draw large crowds. Little League baseball games or softball tournaments, on the other hand, do not. Thus, a sponsor may wish to invest in the high school sport to make a more visible local impact, hence, a need for large local and small local should be defined further.

Recreational and leisure can be considered local but it depends on the size and scope of some well-organized and popular events that can

reach, and do, much further, which is one reason that it cannot be categorized as simply local. An additional dimension will be included to more clearly delineate this additional category. The previously mentioned events tend to have some level of spectator focus that often far exceeds participant numbers. The emphasis of marketing this level shifts from increasing spectatorship to driving up numbers of active participants. While participation-oriented events are gaining regional and national status, this category is most certainly for people who are playing sport largely for pleasure and not simply watching, hence, the participant dimension. The obstacle races such as Muddy Buddy and Warrior Dash are excellent examples of a growing trend toward participation-oriented sports for fun.

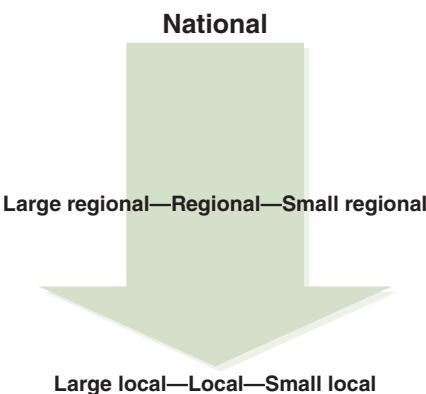
Included in this definition are sports in which people will travel to participate. Golfing, water sports, and hiking are but a few examples that fit well here. These types of activities can be helpful toward generating tourism. Publicly funded venues and property such as city parks are spaces in which sports at these levels often take place. Demands and expectations placed on publicly funded community property and their sponsors can be very different from that of privately held businesses. Some of these considerations will be noted throughout the chapter.

## Interconnectivity of Levels

One of the reasons why it can be difficult to clearly differentiate the levels is due to the marketing **activation** process. A company buying at a national level will still want to create platforms for activation, even down to specific local areas. Simply running a national television advertisement is not enough to engage consumers with the products or develop more personal relationships with them. Sports can be useful for these levels of activation. It is much more engaging when people can sample or try a product and interact with sponsoring a company's employees rather than just watching a television commercial telling them about products. This is why it is not uncommon to see a product sample of major brands being promoted, even at relatively small local events. The model in **Figure 12.1** illustrates interconnectivity of numerous levels that a sponsor may consider, as previously suggested. The arrows indicate activation direction. National companies with strategic marketing plans will potentially activate through the regional categories down to the small, local, recreational, or leisure level. Regional companies may also activate by using a variety of local sports platforms.

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**activation** A specific action taken toward leveraging the sport-sponsorship relationship.



**Figure 12-1** Model of Sponsorship Interconnectivity

## Sponsorship Inventory

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**naming rights** The nonsport entity's (sponsor's) exclusive ownership of the name of the venue where sport events occur (i.e., the stadium, arena, or ballpark); used interchangeably with title sponsorship.

*Facility Naming Rights:* When trying to categorize the level in which to place facility-**naming rights**, one might at times find it very difficult to find a good fit. The level and consistency of coverage now seems much larger than the scope of just that one city. These brands now garner more national media attention and are shown on television nationally when a home game is played, which translates into powerful impression value. Visibility of the sponsoring entity as well as media mentions and brand association with teams and their conferences or leagues are powerful drivers for these investments.

Financial institutions are trending toward the practice of facility-naming rights where “nearly 20 percent of the teams in four major sports leagues have the name of a financial services affixed to their home building” (Bhasin, para 1, 2011). This may be a testament to the fit among institutions that specialize in how to handle large sums of money and properties with expenses and revenues in the multi-million dollar range. However, naming rights are not just for the national-level sponsors and properties. This is actually an area in which local-level sports, such as high school venues, can now capitalize. For those responsible for revenue generation at a local level, putting together a plan to indicate the amount of exposure and media mentions could go a long way toward helping a business consider this a worthy investment far beyond a simple philanthropic endeavor.

## VIGNETTE 12-1

### Sponsors Help Fund High School Athletics

Jackson Township, Pennsylvania—In an effort to help fund their athletic department, the Seneca Valley School District officials have created a new sponsorship program. They produced a program that consists of one-, two-, three-, and four-year sponsorship agreements. Potential sponsors have the option of advertising on the fencing at the tennis court, baseball field, softball field, and athletic stadium and on the scoreboards at the baseball fields, softball fields, and the soccer/lacrosse field. In addition to the facility sponsorships, the athletic department also decided to sell the naming rights to their athlete of the month and scholar athlete programs. All of the sponsor proposals

require that any text or images are in line with the school district's mission statement and values (Genco, 2016).

Any new sponsors who partner with the Seneca Valley School District will join NexTier Bank, which, in early 2016, reached an agreement with the school district to renew their facility-naming rights sponsorship. The new deal was for \$100,000 over a 10-year period. The new programs to find sponsors were created in an attempt to find revenue to fund athletics from sources other than taxes. The athletic director stated that the sponsorship dollars would help fund new uniforms, facility maintenance, professional development of coaches, and equipment (Genco, 2016).

Local sport, recreational, and leisure should consider sponsorship as a means of generating revenue through venue-naming rights. The scenario in the vignette sounds ideal but sponsorship at these levels needs to be exercised with caution and an awareness of the limitation that local citizens may have toward sponsorship in certain areas. In the case of parks and recreation agencies, Mowen and Graefe (2002) uncovered citizens' attitudes that were situational and circumstantially more or less favorable to sponsors' facilities within the parks and recreation purview. Citizens did not have favorable attitudes toward corporate sponsorship purchasing "naming rights of specific park facilities and settings" (p 45). They speculated that this might have to do with permanency of visual noise in a setting considered to be "environmentally sensitive" (Mowen & Graefe, 2002, p 45). It seems as though properties may wish to maintain the outdoor natural setting to the best of their ability in order to better ensure public favor and to protect the environment. It may be a wise choice to determine whether there will be a negative reaction to a sponsor considering such a naming-rights purchase in cases involving schools and parks. These public-sector areas were of particular concern to the community with regard to whether sponsorship would be appropriate (Mowen, Kyle, & Jackowski, 2007).

*Title Sponsorship.* A title or presenting sponsor is an organization that has provided a large amount of financial capital, product, or other support in exchange for the sponsor's name to be attached to the event. The larger and more prestigious the event, the more money the title sponsorship would cost the sponsoring organization. This is often thought of as the most significant and impressive level of sponsorship. As the title sponsor, the logo and name of the organization that is sponsoring the event is on all print and visual materials associated with the event. The name of the sponsoring organization will go before the name of the event, such as Company ABC presents the Inaugural Golf Outing or Company ABC's Inaugural Golf Outing.

*Food and beverage sponsorship.* When planning a sporting event, the cost of food and beverages can be incredibly large. Finding sponsors to donate the needed food and beverages can be a tremendous relief to one's budget. The size, scope, and time of your event will dictate the number of food and beverage sponsors you will need. Also, whether you are including the food and beverages in the admission cost of your participants or if it is available for purchase will impact your food and beverage sponsorship decisions. Additional questions to consider can include: Is your event taking place at a time when people often eat a meal or meals? How long is your event? What is your target market and how will that impact the necessary food and drinks? For instance, if you are planning a golf scramble to raise money for a charity, you will want your expenses to be as low as possible. Potential sponsors you may try to get for your event would include a breakfast sponsor, a morning coffee sponsor, a lunch sponsor, and a beverage cart sponsor. You may also want to find a sponsor to provide snacks for a golfer amenity bag. These sponsors are often not necessary but obtaining them can significantly lower your expenses and provide a quality experience for your participants.

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#### **sponsorship inventory**

Any place or location, whether physical or digital, that can be exchanged for something of value (cash or in-kind service/product) with the purpose of a sponsoring organization being able to achieve its sponsorship objectives.

*Event element sponsors.* This type of sponsorship refers to finding organizations to sponsor contests or other areas of the event. If you are creating a youth basketball tournament, you could find sponsors to provide prizes for knockout games, a free throw contest, a skills challenge, etc. These types of sponsorships are often used to elevate the event and provide opportunities and prizes for participants that may not have been an option prior to the sponsorship.

*Other Facility Inventory:* The types of **sponsorship inventory** that are within and around sport facilities are numerous. Traditional on-site forms of inventory include perimeter advertising and logo placement around and throughout the facility and handout materials (Wishart, Seung, & Cornwell,

2012). Facility signage is certainly a significant and very visual sponsorship inventory but there are many other ways to generate revenues within facilities. Parts of the facility can be sponsored, such as concourses or even the field itself, as a separate buy. One study uncovered a possible new sponsorship space with the in-stadium game personnel. The facility or event staff impact fan experience can be powerful brand ambassadors for sponsors (Park & Choi, 2011).

New opportunities continue to present themselves as technology improves. The ever more advanced jumbo-trons and digital signage, such as ribbon boards, within stadiums and arenas, now offer new space to sell. Also, they can be changed frequently, allowing for reselling or multiple selling of the same space to different sponsors. This reduces visual clutter and enables completely new concepts to emerge such as sponsored in-game promotions. The flexibility trend does not end with digital technology. The physical setting has been developing toward this goal as well with further implications for emphasis on activation and onsite product sales.

While more ways and places to sponsor are becoming available, it is important to understand the value of the inventory. Research supports some commonly accepted ideas but continues to uncover less obvious answers as well. For instance, Park and Choi (2011) discovered that signs and banners located around the perimeter of the playing field and on center field, in the case of Major League Baseball, continue to be the most visible to fans. Furthermore, larger signs with strong contrasting colors tend to garner more attention. However, the televisions located near the restrooms in the hallways also drew attention as people did not want to miss the game and thus noticed attached sponsors (Park & Choi, 2011). Note that visibility alone does not necessarily translate into results for the sponsoring company. Activation plans should be developed to engage with the consumer on a more personal basis.

Unlike naming rights, facility signage is one that can generate cash flow for the property without many repercussions to the sponsoring corporation, even among the local levels of public sector entities. Attitudes by community members in one study were found to be more favorable toward indoor facility signage within facilities as opposed to outside in the natural setting (Mowen & Graefe, 2002). Mowen and Graefe (2002) suggested that the partnership takes care to “maintain the integrity and aesthetic quality of natural environments” (p. 45). Potential partnerships should be evaluated to determine which properties possess the best fit for the community, environment, and organization.

## Finding and Acquiring Sponsors

Prior to beginning your search for sponsors, it is necessary to know the types of sponsors you need for your event through an analysis of the sponsorship inventory previously discussed. With the definitions outlined, the process for seeking out and acquiring can begin. Understanding one's own sport organization is critical to be able to establish the best sponsorship fit. Subsequently, it will be possible to identify companies that match in the way that the property can positively impact their business model.

Whether the potential sponsors have approached the property or the property is in search of new partnerships, the sport organization and potential sponsor need to examine the fit. The overview concept can be explained by the **match-up hypothesis**, which emphasizes a congruency between the sporting event and the sponsor results in connection with images in the minds of the fans. A local shoe store and pet store would be good matches for the New York City 5K Run/1 mile Walk/Dog Walk fundraiser. It makes logical sense to have shoes associated with the run/walk and pet products for the twist of getting to bring one's dog along for fun. The closeness of the sponsor and sport organization or event can make for a smooth brand transfer in the mind of the fans and consumers because there is already a similarity. An important question to consider is who ultimately makes the decision to buy the sponsorship? The process of finding and contacting potential sponsor decision-makers is likely to vary among the different levels. While there are commonalities among all of the levels and platforms, there will be some unique considerations for large events and smaller or new events.

*Sponsorship for large events (existing entities such as a professional sport league, franchise, or university).* At a national and regional level, there will more often be high level experts involved with these purchases and evaluations. Media buyers and companies specialize in how to plan and buy media or promotion-oriented outlets. Media Brokers International (MBI) claims sports marketing as one of the six categories that also include print, television, radio, out of home, and the Internet ([www.media-brokers.com](http://www.media-brokers.com)). Large companies may involve marketing agencies like these to handle this complex area of advertising under which sport sponsorship often falls.

There are many benefits for companies choosing to sponsor a large event. Research has shown that corporate sponsorship often produces a positive image for the sponsor (Gwinner & Eaton, 1999). The sponsoring

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### match-up hypothesis

In reference to property and sponsorship, the belief that the more congruent the relationship, the more effectively the brands will connect in the minds of the consumers (e.g., a tire company sponsoring a race-car series).

organization may choose to do so because they want to be associated with the event to increase the favorable image of their company in the eye of their consumer or potential consumer (Gwinner, 1997). Additional benefits of sponsoring large events are direct access to your target market, an increase in sales, and increase in visibility. When choosing to sponsor an event, the organization has to understand its goals for the partnership. They may just want their name associated with an event to keep their brand in the minds of their target market. Other organizations may desire an increase in sales. It is important to understand your objectives and figure out if the return on investment (ROI) is worth the cost of the sponsorship.

An example of a company that has used sport sponsorship to change the perception of their business in a positive manner is Hyundai. Prior to sponsoring golf tournaments, Grammy Awards, and college sports, the public perception was that Hyundai was a lower-quality car brand. Once they became attached to golf tournaments, including the Hyundai Tournament of Champions PGA Tour stop, that perception changed. Hyundai even starting competing with, and in some cases, outselling top rivals Honda and Toyota (Higgins, 2017).

However, not every sponsorship partnership of large events is positive. There are, at times, negative aspects to companies choosing to sponsor sporting events. Copeland, Frisby, and McCarville (1996) stated that, “corporations are often inundated with requests for sponsorship funding yet cannot always ensure that events sponsored will be executed in a quality fashion or that an adequate return on investment will be achieved” (pg. 33). Additional negative aspects or risks include an athlete or team scandal and negative publicity associated with the scandal, injury and/or less than ideal performance, or the sponsor partnership causing a negative impact on sponsor brand. To help guard against scandals, many companies will put a morals clause into the sponsorship agreement, which allows the company to dissolve the partnership if a scandal or situation occurs that can damage the company’s brand or image (Epstein, 2011, Sandler & Shani, 1989).

*Elements of contracts.* While there are a variety of elements that can be included in a sponsorship contract, three common elements are exclusivity, right of first refusal, and right of first negotiation. **Exclusivity** refers to a sponsor’s desire to be the only sponsor attached to an event in their category. The sponsoring organization does not want any of their direct competitors associated with the event because it will reduce the impact of

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**exclusivity** A sponsor's desire to be the only sponsor attached to an event in their category (e.g., a cell phone provider not wanting any other cell phone providers associated with the event).

the sponsorship. For example, if Coke is the official beverage sponsor of the event, the organizers should not also attempt to use Pepsi or any Pepsi products (such as Aquafina water or Gatorade).

#### **right of first refusal**

The sponsoring organization has the ability to match the terms of any other offer from competitors that have a desire to sponsor the event.

#### **right of first negotiation**

A clause that event owners or organizers negotiate that requires sponsors to renew the sponsorship agreement before they can offer the sponsorship to another company.

**Right of first refusal** grants the sponsor the ability to match the terms of any other offer from competitors to be the sponsor of the event during a given period of time. A right of first refusal clause is considered by some to be the most restrictive clause because the organization must disclose to potential sponsors that this clause is in place. As a result, it may decrease another organization's desire to negotiate a sponsorship deal that may not come to fruition if the original sponsor matches the deal.

**Right of first negotiation** refers to the clause that event owners or organizers negotiate in good faith with the sponsors to renew the sponsorship agreement before they can offer the sponsorship to another company. While this clause is generally considered to be low risk, it is crucial that the event owner or organizers ensure that the right of first negotiation expiration date is prior to the conclusion of the sponsorship agreement. This ensures that there will not be a lapse in sponsorship.

*Obtaining sponsors for smaller or new events.* When running an event that is smaller in scale or brand new, it is important to locate and acquire sponsors who align with the event and the event mission. Given that you are most likely working with a finite amount of resources and capital, locating sponsors is important in order to successfully run your event.

It is important to choose the right sponsors for your event. The sponsoring organization and the event should “make sense.” This means that their target markets should be similar and the missions should align. However, obtaining sponsors (especially for a new event) is not easy. The first step for the event owners is to create a wish list of sponsors. When doing this, you should consider the connections you have to other businesses, what companies in your area have a history of sponsorship, and what products or services your target market uses? All of these will help you develop a list of potential companies to target for sponsorship.

Before you contact the companies on your target list, it is important to research each individual company to assess whether you believe the organization is a realistic partner for your event. There are many tools at your disposal to help research the companies. First, you can examine the company website to get to know as much as you can about the organization. Conducting a Google search will help you to learn if the organization has

sponsored other local events. Finally, social media is a great way to find out what others are saying. You can search the organization by using a hashtag and the business name. LinkedIn can also be a helpful tool to see if you know anyone connected to the organization. This possible connection can make approaching the organization with the sponsorship proposal more natural and may yield a more positive result.

Once you have narrowed down your target list to a list of companies that you are going to approach, you must identify the individuals at each company who are responsible for handling sponsorships. Furthermore, look into whether the organization has a charitable donation or giving policy. Tailor each proposal to the organization and have a clear idea about what you are asking each company for in the proposal. If they have a charitable donation or giving policy, make sure that your request aligns with this policy. If you ask for specific items, you will be more successful than just asking for a check.

## Writing a Sponsorship Proposal Letter

When you are writing your sponsorship proposal letters, it is important that the letters are specific and focused. Clearly convey your mission and why you need and/or want this partnership. If you can convey your passion and purpose in the proposal, it will help the person reading it to understand why this event is important.

In the proposal, be clear if you are asking for cash or an in-kind donation. Both of these are important and necessary to run events. While you may desire cash from all sponsors, that is often not realistic. Asking for a product or a donation of items at cost as a form of sponsorship can be very effective. If companies are willing to donate all of the print materials in exchange for being named a sponsor, that can save your organization money.

When drafting the sponsorship proposal letter, be sure to put the proposal on organization letterhead. Often, it is helpful to use a sponsorship letter template if you have never created one. Make sure that this letter is both specific to your event and to the company you are sending it to for potential sponsorship.

The letter should begin with an opening paragraph that introduces your company and event. Do not assume that the person you are sending

the letter to knows who you are. Highlight any accomplishments of the organization or events that you have done in the past. This will show that you are legitimate and that you pose less risk.

In subsequent paragraphs, make your specific sponsorship requests. Why are you seeking the sponsorship? How will the money or in-kind donation be used? You can also provide different sponsorship options that will allow the potential sponsor to pick the sponsorship that best aligns with their organizational goals, objectives, and budget.

If this event has been done previously, what were the demographics of your participants? What was the turnout at the event? How are sponsors recognized? What was the impact of this event on the participants, community, and/or sponsors? Show details or data that can help you make your argument as to why this sponsorship is a good partnership for both you and the sponsoring company.

Once the letter is sent, it will most likely be necessary to follow up personally. Always be respectful and positive in all communication. It is important to remember that companies receive many requests for sponsorship so if you come across as pushy, rude, or difficult, the company may choose to spend its sponsorship dollars elsewhere.

## How to Sell Your Event to Potential Sponsors

After you send your sponsorship letters, you will ideally need to set up meetings to discuss the details of the sponsorship with the potential sponsors. At this meeting, it is important to listen to what the potential sponsor is telling you about their organization, what they value, budget, and how they measure success. Use what they are telling you to help convince them why this is a good fit.

In this meeting, along with listening, you need to make this all about them. You need to convince them why sponsorship is a great idea for them and not just why you need them. What can they expect to get out of this relationship? Use what you learned about their goals during your conversation to explain how this event and sponsoring partnership can help them to achieve their goals. What is going to be their return on investment (ROI)? If there is going to be media coverage, explain the specific media coverage. If a logo is going to be on a shirt, how many shirts will be made? Specifics will not only convince the sponsors that you have done your homework but they allow them to see what their sponsorship is actually giving them in return.

## Determining Objectives

Once the sponsors have been screened and commitment to budget has been established, the partnership can move forward. There are two main categories under which an array of objectives can be housed; direct and indirect. **Direct objectives** are intended to drive immediate sales. These objectives may provide an opportunity to quantify revenues. **Indirect objectives** are the larger group of ways to utilize sport sponsorship to achieve desired results; including influencing brand awareness, brand attitudes, and brand image (Shank, 2009; Coppetti et al., 2009). Objectives of this nature will take time to execute and can be difficult to establish clear returns with standard measurement tools. In facilities and sporting events, one can readily find large and colorful company logos displayed in prominent places such as scoreboards or along the outfield, which points to indirect objectives.

Whether direct or indirect, a good way to uncover and define what these should be can be found in the widely accepted SMART formula outlined earlier in this book (Doran, 1981).

Taking the time to meet with sponsors regarding this simple formula could amount to much better communication with the goal of more success. Staying coordinated will help to identify and prepare for the continually changing objectives as market opportunities allow (Farrelly, 2010). Seiferheld (2010) recommends meeting monthly or at least quarterly to stay on top of any inevitable changes. Beyond a simple recommendation, working more closely together is the direction of the future of sports business. As stated by Farrelly (2010), “Sponsorship has shifted from a marketing tool to a business platform where the need for strategic collaboration and mutually beneficial outcomes for both the sponsor and the sports entity is seemingly more vital” (p. 320). Due to the importance and need to understand more thoroughly, the relationship warrants a section of its own.

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**direct objectives**

A business and marketing action specifically crafted toward increasing sales.

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**indirect objectives**

An outcome other than achieving immediate sales or gains such as increasing awareness to new market segments or a campaign to reposition a brand.

## The Sponsorship Agreement

After a sponsor and a property have determined that they will be a good fit, the documentation and literal agreement must be created. Writing the sponsorship agreement can be complicated if you have never done one before. A good rule is to have a lawyer look over the document or help you draft it in order to ensure that you are covering all of your bases and that there is no way (without reason) for the sponsor to back out of their commitment.

The sponsorship agreement will vary largely across the national to recreation & leisure levels. Regardless of the number of specifics and length of document, there are certain areas that should be included at each level.

- Determining and defining the length of contract must be made clear, for example, January 1 to December 31.
- Benefits to the sponsor should be outlined. This may be challenging and focus mainly on the inventory being purchased, such as signage placement and media inclusion.
- Payment obligations of the sponsor. There must be an agreed-upon price, along with how to provide payment and consequences for late payments. Type of capital exchanged should be considered and outlined as well: monetary and/or in-kind (Mowen & Graefe, 2002, p 37).
- Responsibilities of the event organization. What items or publicity have been promised to the corporate sponsor? The event organization needs to ensure that each item that was agreed upon is executed in the manner that was agreed upon. For instance, if you are running a youth hockey camp and the sponsor is supposed to have a logo on the center ice board on the player side of the arena, you need to make sure that it is where the logo is placed. The little details are huge when fulfilling a sponsorship agreement and developing the contract.
- Contingency plans resulting in the partnership not taking place, termination, or an event not taking place. There are two main categories for this.
  - Indemnification—Noting that legal action can occur when a party is at fault, resulting in possible financial losses.
  - Force Majeure—Termination of agreement upon even cancellation when neither party is considered at fault due to causes beyond either party's control. Reed, Bhargava, & Kjaer explain that actions falling under this category are those rendering the event impossible, such as a labor strike. The authors note that since September 11, 2001, most contracts within the United States will include clauses for "act or threat of terrorism" (Reed, Bhargava, & Kjaer, 2010, p 87). Weather at outdoor events is considered foreseeable (that bad weather could result in event cancellation) in which case both parties should secure Cancellation Insurance. Responsibility for this can be included in the contract (Reed et al., 2010 pp 87–88).

Inventory is the more tangible benefits part that a sponsor is purchasing but there are some additional important concepts (see **Figure 12.2**) that influence the price for a sponsorship deal. Wishart et al., concluded that going beyond the visual logo placement, sponsors also value media coverage,

hospitality, customer interactions, access to property offerings like sport celebrities and consumer databases, and technological sophistication (2012). These are all part of the on-site communication components but may fall within the negotiable territory.

One of the important price factors pertains to the target market offered by the sport property. If the property can deliver concentrated numbers of

## Sponsorship Agreement Checklist

### *The Term and Parties*

- Identify the length of time that the sponsorship will be in place and when it will expire
- Discuss the parties involved in the agreement and state how they will be referred to throughout the sponsorship agreement

### *Sponsorship Rights*

- State the purpose of the sponsorship and/or the event with which it is associated
- Is there exclusivity?
- Does the sponsor have the ability to veto other potential sponsors?
- List all individual recognition components associated with the sponsorship

### *Responsibilities*

- What is the sponsor responsible for in this agreement?
- What is the event organization responsible for in this agreement?
- What are the marketing and promotions that accompany the event?
- How will the sponsor be represented?

### *Financial*

- What is the financial responsibility of the sponsor?
- What is the financial responsibility of the event organization?
- What are the terms of payment?
- When are the payments due?
- Is there a penalty for late payment or non-payment?

### *Trademark and Logo Licenses*

- Sponsor should provide logo and details of logo use
- Sponsor must specify the dos and don'ts of logo use
- Is the sponsor responsible for quality control surrounding the logo?

### *Expiration of Sponsorship Agreement*

- When does the sponsorship expire?

### *Signatures*

- Who are the official signers and organization representatives?
- What date was the document signed?

**Figure 12-2** Sponsorship Agreement Checklist

people highly desired by a sponsoring company, the price will potentially remain in the property's favor. This may be even more important than the actual numbers so long as it is a desired target audience (Wishart, et al., 2012). Thus, sport managers should take note, know one's self first, and then approach sponsors who seek what the property has to offer.

## Activation

The best-laid plans mean absolutely nothing without proper execution. Activation is the portion of the sponsorship that engages with the fan, ideally with some sort of close interaction that enhances the fans' experience. Mayo & Bishop state clearly that, "...it is now known that the activation drives the greatest gains in ROI as it drives demonstrable purchase consideration increases" (Mayo & Bishop, 2010, p 11). What a sponsor does with and at the sport event or facility is vital to the entire relationship. However, a valid question to ask would be "Who sets the objectives and implements the plans of action?" The answer is not so simple. There appears to be ongoing debate not only regarding who is responsible for setting objectives as previously discussed but also as to who should finance and execute them, the sponsor or the property? The best answer, in an increasingly more relationship-oriented environment, is that both are responsible.

First and foremost, communication between organizations and education appear to be very important to setting the stage for success. One of the reasons many sponsors place responsibility with the sports team is because they may not understand the inventory being purchased and how it can be leveraged. Rob Hoffmann, Pittsburgh Penguins Corporate Sales Manager, reveals that several companies have official and exclusivity status to the Penguins marks and logos "and they don't do anything with them" (O'Keefe et al., 2009, p 50). Furthermore, O'Keefe et al., called for better planning between the property and sponsor as well as increased education by the sports property to the sponsor (2009). It is important for the sponsor to know what their own inventory is and how to use it.

It has been said previously: the sponsors must know their own objectives and what they want from the property. It is the sport event managers' responsibility to lead the way by helping the corporate sponsors in doing just this. It is not enough to just provide a list of inventory but to help them understand the how and why for activation. Upfront, the companies must also be educated about additional expenses and personnel that will need to be provided

for these plans and their execution. When making recommendations for successful activation, the sport property should pay careful attention to involvement of the sponsor organization on-site as well as the types of activities offered. Standard sample giveaways are not the most desirable or successful way to activate. Coppetti et al. (2009) found that fans who “were provided the opportunity to participate in attractive sponsor activities, to interact with some of the sponsor’s employees, and to meet other consumers, they are likely to evaluate the sponsorship more favorably due to these positive experiences” (p. 30). A fun social experience during an engaging activity that allows the fan to interact with sponsor employees directly is a good goal for on-site activations. Take, for example, the Zombie Mud Run and Carnival in College Station, Texas, which offers sponsors a chance to host game booths blending these objectives nicely. This makes sense for several reasons. People will have an affinity toward those who they have fun with and toward those who created the experience. Sponsors’ employees are not only brand ambassadors who know the company and products for one but they are also a human extension of the company with whom fans can connect and develop a relationship bond. Sports fans may be more likely to want to purchase from a person than a faceless company.

## SUMMARY

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The chapter has defined sponsorship, its components, and trends within the industry that have important implications for sponsorship opportunities. Strategies for finding good property/sponsor fits and forming relationships that will result in success for every party involved should be followed, as doing so will help both the sponsor and the facility or event owner achieve their goals and objectives. The underlying theme is that creating a win-win relationship is accomplished by developing creative solutions to meet those goals and objectives. Remaining aware of this quickly-evolving aspect of sport business will enable sport managers to proactively ensure continued relationships with an ever-vital partner.

## DISCUSSION QUESTIONS

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1. What would be some new or unique ideas for sponsorship activation that fits the criteria, maximizing success? How can a sports organization, the fans, and the sponsors all benefit from these ideas?
2. Consider activation spaces in sports facilities or at sports events. Where would good locations be and why? Remember to consider the fan’s experience from arrival at the location until they leave.

3. Take the view point from the sponsor's perspective and also the sport property's perspective. If a peer is available, ask him or her to take on one of these rolls for this discussion. Who should be responsible for what in this agreement and why? What does each partner bring to this relationship? Remember to think through and include leveraging and activation.
4. As stated in the chapter, companies receive many sponsorship proposals. The reality is that each organization has a finite amount of resources that they can dedicate to sponsorship. With that in mind, what unique elements do you think would enhance an organization to sponsor a youth athletic team? What would you include in a sponsorship proposal to convince the company to choose to sponsor your team instead of other events?

## Case STUDY

### Sponsorship and the Brazos Valley Senior Games

The Brazos Valley Senior Games (BVSG) were launched locally in 2006 in College Station, Texas, with several goals in mind. The competition was intended to provide individuals of age 50 years and older with an opportunity to compete in various sports, socialize with other seniors, and have fun. The games were created under the auspices of the National Senior Games Association, which is the overall governing body and highest level of competition for these athletes. Community wise, it made sense to utilize this sport event as a way to generate potential tourism. Thus, the Bryan–College Station Convention and Visitors Bureau (CVB) was a good fit to assist with starting and helping to support the competition. The CVB provided a meeting place and individuals to serve on the board of directors. This cooperation was vital toward the success and sustainability of the event over the next several years.

The initial leadership direction was more recreational competition in nature. In 2008, new leadership in the president position provided a vision of more intense competition with high-quality events and an ultimate goal to grow the games into a large annual community event. The new president was careful to build a strategic board of directors that included people connected to the major business facets around town. The aggressive plans began to work in a relatively short amount of time. From inception, the numbers of athletes grew substantially from less than 200 athletes to over 400. Close to 20 different types of events were offered in an effort to become the best local senior games in Texas.

The president was passionate about and highly committed to the growth of the BVSG, taking on many of the functions, such as sponsorship, himself. Growth continued and athlete feedback was quite good. Then, the next step in the vision came to pass when the state level granted the BVSG the bid to host the Texas State Games for 2010 and 2011. This opportunity should have been a good thing, but it proved to be the demise of the organization. As with many businesses (and nonprofits in particular), budgetary problems were pervasive.

The way in which revenue was generated was limited and did not readily produce enough income to support high-quality competition, venues, and prizes. Registration fees were collected but were often less than \$30 per person. Thus, sponsorship was vital but was also sparse. The highly energetic president devoted most of his time and much of his own resources to providing high-quality events, several of which he organized and oversaw himself. It was ideal and encouraged that each event coordinator would generate his or her own sponsors for each event. Staffing events with unpaid volunteers, most of whom would be full-time employees elsewhere, would not be successful since their time and energies would be limited. Hence, the president did most of the searching for sponsors for the entire event himself, as he was retired and more fully focused on his vision for the games. While the occasional cash sponsor was signed, many of the partner sponsors were in the form of in-kind trade, which meant fewer hard dollars available to spend as needed. Some of the board members also contributed in this fashion, but it just wasn't enough.

In the first year hosting the State Games, overestimates and some very large bills for medals, t-shirts, and venues became problematic. Furthermore, due to the timing of the event, the athlete turnout was far lower than expected and the numbers estimated much higher than was usual for a standard local senior games event. Other parts of the BVSG also began to fall apart. With the massive growth also came increased time demands for nonpaid volunteers, who played crucial roles in the execution of successful events. The CVB had to move to an advisory role, and several other board members had to do the same. The BVSG simply could not recover. The second year was relinquished to a larger Games that had much better funding and was in a position to take on the demands of such an event. These damages were too great, and the local BVSG reached its breaking point and dissolved on the brink of achieving its greatest success to date.

Although the nonprofit organization was officially dissolved, the good news was that the City of College Station Parks and Recreation Department saw the importance of the event and elected to take it on. Back to the original goals of recreational competition, the local senior games would at least be available as one of very few left in the state of Texas. Having even a simple event is far more desirable than having none, which has been the trend in recent years. There are goals of being consistent with this event and growing the brand with time; however, simplicity and cost-effectiveness are at the root of each decision.

A systematic analysis of the area for sponsors with matching target markets and objectives would be the first step. Second, prospective large investment sponsors should have been approached a year in advance. These should have been the primary focus for the president and others on the board specializing in revenue generation. Ideally, each sport organizer should have been presented with the training and strategy to generate sponsors for his or her own events. However, there are also many other viable plans and solutions that could have saved the BVSG. Taking

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### Case STUDY (continued)

concepts learned in this chapter and applied to this case study will assist the reader in preparing for this very real-world scenario. This would be a good time to reflect upon and develop some creative and innovative plans and techniques for sponsorship to ensure success for sport businesses and worthy endeavors such as the Brazos Valley Senior Games.

1. Consider some sponsors who may have been a good fit for this particular organization. Why were these selected? Feel free to utilize your local community as though these games were taking place there.
2. Given the specifics for this event, what might have been some strategies for the sponsors identified in Question 1 to leverage and activate this investment? Hint: Consider every party involved, not just the property and the sponsor.
3. Pretend to be the Senior Games president and restructure the organizational strategy so that a more organized or strategic approach could have been taken to increase sponsorship of this event. What could have or should have been done differently, by whom, and why?

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# Traditional Revenue Generation in Sport and Recreation

Brian Menaker

## CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

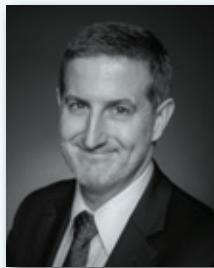
1. Identify the types of revenues available in spectator sport, participation events, and recreation facilities.
2. Distinguish between facility revenues and event revenues.
3. Differentiate between methods of revenue generation in a variety of facilities and venues.
4. Consider how to utilize different facilities for revenue-producing events.
5. Articulate the strengths and weaknesses of the various revenue production strategies.
6. Identify multiple revenue opportunities for facilities.
7. Outline revenue generation strategies for participatory events.

## CHAPTER OVERVIEW

This chapter will review the various techniques used to generate revenue through sport and recreation facilities and sport events. Techniques and principles of revenue generation from sport, and recreation facilities and participatory events are categorized and summarized. The difference between direct revenues from events and ancillary revenue will be explained. Categories of sources of revenue include venue-related revenue such as ticket sales, concessions, merchandise, event fees, and participatory event monies such as exposition-related income and registration fees.

## IndustryVOICE

Brad Timberlake—Vice President, Event Marketing & Sales Southeast, Feld Entertainment



Feld Entertainment is a leading producer and promoter of live touring entertainment properties. As vice president of marketing and sales, I support the business development efforts of a talented group of marketing and sales professionals throughout our

Southeast region with leadership through—among other things—coaching, mentoring, teaching, and strategic thinking. Furthermore, it is our team's responsibility to generate attendance at our events by managing all ticketing, advertising, promotion, publicity, public relations, community outreach, partnership, and sales activity for each marketplace visited.

Feld Entertainment is the worldwide leader in producing and presenting live touring family entertainment experiences that lift up the human spirit and bring people together. Properties include Monster Jam®, Monster Energy Supercross, *Disney On Ice*, *Disney Live!*, *Sesame Street Live!*, Marvel Universe LIVE!, *DreamWorks Trolls The Experience*, and, coming in the Fall of 2019, *Jurassic World Live*.

- Our Core Values: Quality, integrity, passion, and teamwork & collaboration
- Our mission statement: We create memorable experiences that bring people together and lift up the human spirit
- Our Vision: To bring joy to more people in more places around the world through innovative live experiences

Whether direct or indirect, competition has been and always will be a challenge in which to be knowledgeable and to stay ahead of with current industry and market research. Not only does Feld Entertainment focus on producing the highest quality, best-in-class, state-of-the-art, live events in our own space

like monster truck competitions and live family show spectacles, but we must also be aware of how events and venues like community festivals, amusement parks, concerts, professional and college sports, and in-home entertainment options impact discretionary spending as well as a fan's or family's motivation to attend our events. Producing high-quality and compelling content through our own popular and trusted brands as well as through our licensed brands is key. Everything we do with production and marketing must follow through on the brand promises and enhance the brand. This allows us to maintain consumer trust and loyalty.

The media and advertising landscape have changed significantly in a short amount of time as audiences continue to shift from traditional print, broadcast, and cable channels into the online environment with social media and streaming services. As a result, mass market advertising that created mass market awareness has become much more fragmented, ultimately diluting marketing resources. At the same time, this has also created the opportunity to be much more targeted with our message to specific demographics and allows for better evaluation of the return on marketing budgets.

The industry continues to migrate entirely into mobile, paperless ticketing. This move will help venues, promoters, and fans in a number of ways from addressing security concerns and secondary market activity with ticket brokers to providing better data to improve overall communication with fans. Additionally, sponsorships continue to become more integrated partnerships, allowing for more meaningful connections among the fans, the brands, and the events. From a live event perspective, more focus has been put on creating more immersive and interactive fan experiences. For example, advancements in video technology and projection mapping have allowed for more dynamic set design and storytelling opportunities.

When I consider a new hire for a position, above almost all other qualities, having the right positive attitude toward elements like the job responsibilities, learning process, communication and collaboration, and self-reflection is the most important—whether a candidate is a seasoned professional or a recent college graduate. In the sport and entertainment industry, you really have to love the work and the amount of time you spend on the job. You have to understand the difference between being a spectator and fan and being one who actually plans and executes the events. Also, practical experience in the business at some level is often more valuable than just having book knowledge and understanding theory. Being teachable is also critical. Someone who believes that he or she knows everything can rarely be helped. If you have a positive attitude and are teachable, you can usually fill in the gaps in your skillset along the way. Beyond that, qualities that I look for include: Emotional intelligence, mental toughness, honesty and integrity, leadership acumen, and an ability to think as well as gel with others.

Understanding one's own strengths and weaknesses is also important.

To better prepare for the workforce, I would recommend to anyone to put a greater emphasis on mastery of public speaking, understanding sales techniques and marketing, and gaining practical knowledge in your desired field through internships. Being able to stand up and speak confidently about your ideas in front of small and large groups is probably the single most important skill that one can develop for success in your professional and personal life, regardless of your specific occupation. The ability to understand others and influence them to your way of thinking is a key element in one's ability to successfully lead teams, groups, organizations, and your own family.

Regarding the different revenues involved in Facilities and Events, I would simply note that there are a lot of ways to generate revenue. However, from admission revenue to food and beverage to merchandise to sponsorship and beyond, one must always keep the fan top-of-mind. Fans drive the business, and they must find value in the product that is on the field or on the stage.

## Introduction

Sport facilities and associated events provide owners, operators, managers, and other connected stakeholders with the opportunity to generate revenue through many forms of creative planning. All types of sport facilities and venues can be profitable by providing the assortment of services that make a variety of events viable and valuable revenue producers. Arenas, stadiums, convention centers, multipurpose facilities, event-specific venues, and other public assembly facilities can provide locations for sporting events, concerts, and other public assembly events. These facilities may also be used for participatory events to provide event-driven revenue. Public parks, fields, and roads can be used for road races, urban challenges, obstacle course races, and other revenue-producing physical activity events. This chapter highlights the revenues that can be accumulated using sport, recreational, and public facilities and other sport and physical fitness events.



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## Why Is It Important to Identify Sources of Revenue?

Sport and fitness venues are diverse and flexible spaces that have numerous uses. Large venues such as arenas, stadiums, field houses, and gymnasiums are used for only a finite time in hosting their primary tenants' contests. Unlike a typical commercial retail store, which may be open every day of the year; large-scale facilities are not used every day for sporting events. An empty venue does not produce revenue.

Therefore, it is important to consider the multiple ways to utilize an arena, stadium, or other public assembly building beyond the primary intended use, whether that be football, baseball, soccer, basketball, hockey, or another sport. There are alternatives for raising revenue beyond sporting events, including using the facilities to supplement other events hosted outside or near the venue. This chapter is divided into two parts. The first part of the chapter will discuss the ways that sport and fitness-related facilities can be used to produce revenue. The second part will focus on event-related revenues.

## Venue Revenue

### TICKET SALES

Selling tickets for events is the most common and direct way for host facilities to ensure revenue from visitors. A ticket gives the visitor the right to a seat, or an area to stand if the ticket is general admission or standing room only, for the purpose of watching a game, concert, or other event. The **gate receipt** refers to the total amount of money received for tickets at a certain game. A venue can increase its gate receipt by offering visitors' options when it comes to ticket sales. The venue can offer single-game tickets, **season tickets**; and a subscription for a series of tickets, usually lasting for one season of a sports team's contests, which costs less than buying separate tickets to individual events, miniseason ticket plans, and group ticket sales.

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**gate receipt** The sum of money received from ticket sales for a particular event.

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**season tickets** A subscription for a series of tickets, usually lasting for one season of a sports teams' contests, which costs less than buying separate tickets to individual events.

**Table 13-1** Average Ticket Prices

League	Average Ticket Cost	Average Premium Ticket
NFL '16	\$92.98	\$277.29
MLB '16	\$31.00	\$95.42
NHL '14 – '15	\$62.18	\$151.53
NBA '15 – '16	\$55.88	N/A

The price of tickets is a considerable investment, as illustrated by an overview of the price offerings by the major North American sports leagues (see **Table 13-1**). According to Fan Cost Experience reports, the average ticket in a Major League Baseball (MLB) stadium in the 2016 season was \$31.00, with the highest team average being \$54.79 for the Boston Red Sox, with the Yankees offering the most expensive premium seats (tickets such as club seats that include at least one added amenity or is classified as premium by the team) for \$305.39 and the lowest for \$18.53 for the Arizona Diamondbacks (Team Marketing Report, 2016). The average National Football League (NFL) ticket price for the 2016 season was \$92.98, with the Chicago Bears offering the most expensive ticket at \$131.90 and the Jacksonville Jaguars offering the lowest at \$61.36 (Team Marketing Report, 2016a). For the 2014–2015 National Hockey League (NHL) season, seats averaged \$62.18 across the league, with the Toronto Maple Leafs' average ticket price being \$113.66 and the Florida Panthers' tickets averaging \$33.39 (Team Marketing Report, 2014). The average National Basketball Association (NBA) seat for the 2015–2016 season (excluding club seats, suite prices, and floor seats) was \$55.88, with the New York Knicks having the highest average ticket cost of \$129.38 and the Charlotte Hornets offering the cheapest average ticket of \$30.60 (Team Marketing Report, 2016b)

While the average ticket price comes at a considerable cost to the consumer, there is clearly a large discrepancy of ticket prices among teams. Offering season ticket plans can serve as a way to discount the single-game face value of a seat to loyal fans and ensure that a large portion of seats are sold before the season. However, there are many other strategies beyond full-season ticket packages to increase revenue through ticket sales.

## Ticket Sales Strategies

Teams and venues have identified a number of different ways to improve ticket sales, including differential pricing, flexible season ticket pricing,

money-back guarantees, web-based tickets, and secondary ticket exchanges (Howard & Crompton, 2005).

## DIFFERENTIAL PRICING

### **differential pricing**

Differences in pricing of a seat based on quality, time, and place. Quality refers to reputation, strength, and draw of the opponent. Time corresponds to the day of the week, time of day, or part of the season. Place is determined by location of seat.

**Differential pricing** is based on three variables: Quality, time, and place. Quality refers to the reputation, strength, and draw of the opponent. Time corresponds with the day of the week, time of day, or part of the season. Teams may raise prices based on which day of the week the game is played. For example, MLB teams charge higher ticket prices when traditional powers or rivals come to visit, such as when the Boston Red Sox visit the New York Yankees. For baseball teams, games in the months of April, May, and September are often discounted because children are in school and have less ability to attend games. Place is determined by location of seat (Howard & Crompton, 2005). Seats closer to the playing surface or those with special amenities, such as club seating, may be pricier than the seats near the ceiling rafters. Using club and other luxury seating to raise revenue will be discussed later in the chapter.

## FLEXIBLE TICKET PRICING

Many teams use a scheme that offers flexible season ticket plans. For example, the NBA's Cleveland Cavaliers offer a partial season ticket plan that gives fans the opportunity to purchase tickets to 10 games that are determined by the team before the season. Included in the Cavaliers packages are the ability to use the Cavaliers Ticket Exchange to sell unwanted tickets, a 15 percent discount off of team shop purchases, priority to purchase tickets for the playoffs, and the ability to spread out payment over time. Often, tickets to the most desirable and popular games are included in the package along with games against teams that may not draw as well. This strategy is a way to entice fans to purchase tickets to less attractive games while offering discounts to popular games that are likely to sell out. During the 2017–2018 season, the NBA's San Antonio Spurs saw a decline in their season ticket sales after having a waiting list for tickets in previous years. Flexible ticket strategies included offering a Holiday Package, which gave fans the opportunity to buy five games from a selection of 20 that occurred between November and February, to serve as a possible enticement to include basketball tickets in holiday shopping. Their Stretch Run pack gave fans the opportunity to buy the last 22 games of the

year and have playoff ticket purchasing priority, an opportunity that has generally extended to full-season ticket holders.

Flexibility can also come in the form of voucher programs. The Los Angeles Angels offer an eVoucher program. Fans can purchase 10 tickets for \$200 and pick from a list of 65 games. They can redeem the vouchers for any of the eligible games. Additional ticket packages include family ticket plans. A typical family package could include four tickets, four hot dogs, four soft drinks, and a program for a discounted price.

## MONEY-BACK GUARANTEES

A number of teams have included **money-back guarantee** conditions in their ticket packages or single-game tickets. While this strategy has not been used that much recently, the Jacksonville Sharks indoor football team, a former member of the Arena Football League (current members of the National Arena League), after a successful season winning their division, announced a money-back guarantee to all new season ticket holders in 2013. In the team's press release regarding the money-back guarantee, the Vice President of Ticketing, Steve Curran, gave the following reasoning for engaging in the program: "Like any business, we believe in our product. After three-plus years of positive feedback and helpful criticism, we guarantee that you will have a great time at Sea Best Field if you give us a try" (Jacksonville Sharks, 2013). The following year, they announced a guaranteed win game against the New Orleans Voodoo in which the team gave fans who purchased tickets to the game a free ticket to the next home game in their arena (Jacksonville Sharks, 2014). The Sharks lost and fans were entitled to a free ticket to the subsequent game.

Other teams have picked one game to offer the guarantee. For one game in December of 2012, the NBA's Phoenix Suns guaranteed a good time for all guests or a complete refund of the ticket price. Following the game, they received 365 refund requests but drew 17,517 fans, which was over 2,700 more than the team averaged the previous season and their highest attended game of the year to date (Soshnick, 2013). The team anticipated a higher rate of refund requests, so the promotion ended up being more successful than originally predicted. The money-back guarantee seems to be a good way to market to prospective new season ticket holders. The trade-off of having to refund the ticket price to the customer vs. adding ticket revenue works out in the venue's favor because it has been shown that fans are

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**money-back guarantee**

An agreement between the ticket seller and buyer that the buyer will receive a full refund if the event does not meet a standard of satisfaction for the patron.

unlikely to ask for a refund. It may be time for teams to consider the money-back-guarantee as a revenue-producing strategy in the future.

### WEB-BASED TICKETS

Traditionally, customers would buy tickets from a team box office, over the phone, at retail stores, by mail order, or through Ticketmaster outlets. Now, the Internet has become a primary tool to purchase tickets. Preventing brokers or scalpers from selling and reselling tickets on the secondary ticket market has become a challenge for teams and venue owners and operators, especially with the development of relaxed secondary ticket market laws and websites such as StubHub. The question for teams is how to make revenue off of the secondary ticket market when a patron resells tickets. In 2000, the MLB's San Francisco Giants decreased no-shows by reselling tickets through their ticket exchange at a 50 percent reduction and generated half a million dollars in additional revenue (Dickey, 2000). Ticket exchanges offering season ticket holders an opportunity to resell tickets in a safe and legal environment have been offered. The major leagues now have their own official resale markets. In fact, StubHub is now the official secondary ticket sales market of MLB. Ticketmaster operates secondary ticket exchanges for the NBA, NHL, and NFL.

### ELECTRONIC TICKET DELIVERY

Many venues and teams are using electronic and paperless ticket delivery as a more convenient way to deliver tickets to fans. The traditional ticket is also becoming a thing of the past with the emergence of new technologies, including smartphones. FanPass is the electronic ticketing delivery system developed and used by Major League Baseball. Industry giant Ticketmaster utilizes electronic ticketing as well. Flash Seats, owned by AXS, a company based in Los Angeles, is a ticketing system used by many college arenas (including those operated by Boise State and Texas A&M), professional venues such as Ford Field and Quicken Loans Arena, and the 2018 NCAA Basketball Final Four held in San Antonio, Texas (Flash seats, nd). The benefits of the electronic ticketing systems include fast entry into the venue, no tickets to forget, and a reduction in counterfeit tickets. Visitors can choose a credit card, driver's license, or other form of electronic identification, or they can use a Quick Response (QR) code or a mobile device application. The card is swiped or the code read by a handheld device operated by a

representative at the entry gate. Seat holders are given a seat locator identifying their seats within the venue (Flash seats, nd).

Electronic ticket delivery can help limit lines into the venue and reduce the staffing required at ticket windows on game day. This ticketing capability can help raise revenue by making ticket purchases easier, offering the potential ability to deduct service charges from paper tickets, and allowing teams to add a service charge to paper tickets. Electronic ticket delivery is an innovative way to use technology to increase ticket revenue while minimizing the barriers to obtaining tickets from a team and reducing loss of revenue to the secondary ticket market.

### UNIQUE GENERAL ADMISSIONS SEATING/STANDING ROOM SECTIONS

Offering **general admission** seating in unique market-like or food-court settings has become another strategy in major sports venues. In 2016, Cleveland's MLB team opened the Right Field District. The District ticket is \$13 and includes the first drink (water, soft drink, or beer). A highlight of the District is food from local restaurants in the city of Cleveland. This serves as a cost-effective way to get fans into the stadium, instead of watching the game at local bars or restaurants. The idea is a low ticket price and providing a local pub or restaurant environment inside the stadium.

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**general admission** A fee paid for a seat in an unreserved seating or standing area in a public assembly facility.

Similarly, the 2015 north end of the AT&T Center has very few seats but instead has two rows of high top counter seats in the first and second row of the upper level. These provide first come, first served seats at a general admission price, subject to dynamic ticket pricing. In addition, the arena took out numerous rows of seats to add bars that had views of the floor. Patrons can purchase drinks and watch the game from the standing room bar area in the corner of the stadium, equal to the view of the third row of the upper deck.

### LUXURY SUITES AND CLUB SEATS

Beyond the general seats in a large public assembly facility, luxury suites and club seating are often available. The highest-priced seats are often club and luxury suites. A primary reason for the stadium boom of the 1990s and 2000s was the lack of luxury seats in the older venues. The first venue to utilize luxury suites was the Houston Astrodome, which opened in 1965. The arena

considered to be at the forefront of using suites was the Palace of Auburn Hills (former home to the Detroit Pistons). Club seats and luxury suites are often cited as the primary reason for building new arenas or stadiums.

Luxury suites are similar to a hotel room with seating areas to watch the action in the venue. Areas to serve food and beverages and to socialize are a benefit of these spaces. Food and beverages are often included with the price of the suite or are charged to the account holder. These suites are often leased for a season or multiple years to corporate entities that are team sponsors, who use the tickets for client development, or who use the space for game-day events or other purposes. Suite holders may be able to use the suite for functions during a game or on a non-game day.

Club seats are premium seats in a venue that have prime views of the game while providing extra amenities not available to other patrons. One part of the club seating at Cleveland's Quicken Loans Arena is the VIP club. The club seats are located behind the baseline. Seating is in the normal seating area, with a club area behind the seat. Amenities include five buffet-style food stations; complimentary drinks including beer, wine and soda; company or personal nameplate on your seats; and other club amenities (Cleveland Cavaliers, 2018). This seating area targets businesses that may want to combine business engagements with a sporting event.

### **LOADED TICKETS**

Stored-value tickets have become commonplace at MLB stadiums. Patrons pay one price for a seat. The tickets include ballpark admission and an additional value that is programmed into the ticket, which can be used to purchase food, beverage, and merchandise. The stored value is accessible via a barcode scanned at the venues. MLB's Philadelphia Phillies call their package Power Tickets and sell and promote their stored-value tickets heavily on their ticket webpage. They estimate that patrons with Power Tickets spend 70 percent more on concessions and merchandise (Muret, 2009).

### **PERSONAL SEAT LICENSES**

The personal seat license system traces back to the debenture system, which was first employed by Royal Albert Hall in London. When the hall was built in 1871, the builders offered 999-year leases for 1,200 of the 5,500 seats to help finance construction. Leases may be resold by the owners and have been

sold for as much as £1.2 million. The concert hall receives £960 for administrative fees from box holders. The box holder is able to attend most of the concerts. This system is also used for seats at the All England Lawn Tennis and Croquet Club in Wimbledon and Twickenham Stadium for Rugby Union Football (Daily Mail Reporter, 2008).

In the United States, the **personal seat license (PSL)** gives the holder the ability to purchase a specific seat in a stadium as long as the individual holds those seat rights. The idea of the first PSL is credited to Stanford University's tennis coach Dick Gould, who was trying to raise funds for a new tennis stadium for the school. Colleges used this strategy years before by exchanging better seats in their stadium for donations to the university. The strategy is also used at professional sports venues. For example, Churchill Downs, the famous horse racing track in Louisville, Kentucky, offers PSLs for the Kentucky Oaks and Kentucky Derby for a 3- or 5-year period. PSL license fees range for this racetrack from \$3,600 to \$135,000, and \$290 to \$1,400 for each ticket. The license fee must be paid in November, the year prior to the next year's racing season (Churchill Downs, 2013).

PSLs are most popularly used with NFL teams, which are limited to the amount of events they can sell tickets to due to a shorter season than that of most other professional leagues (ten home games, including preseason exhibition games). PSLs often are called by a promotional name unique to the particular team. For example, the Seattle Seahawks' PSLs are called Charter Seat Licenses, the Cincinnati Bengals' PSLs are called Charter Ownership Agreements, the San Francisco 49ers' and the Pittsburgh Steelers' PSLs are called Stadium Builder's Licenses, and the Dallas Cowboys' PSLs are called Seat Options (PSL Source, 2013).

PSLs can account for a significant amount of revenue to pay for stadium construction costs. The two NFL teams of New York, the Jets and the Giants, expect to make \$325 million and \$400 million, respectively, from PSLs to put toward the \$1.7-billion construction costs for MetLife Stadium. The highest-cost PSL under an agreement with the Jets costs \$30,000, while the Dallas Cowboys have a PSL worth \$150,000 (Nelson, 2012). Some argue that utilizing PSLs can price out fans who may be able to afford tickets but not the fee for the license. However, this has not seemed to be a deterrent to attendance, and attendances at NFL stadiums with PSLs remain steady. PSLs may be exchanged by the holder via the PSL source online exchange.

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**personal seat license**

**(PSL)** A paid license that affords the buyer the right to buy season tickets for a specific seat in a stadium. The license is transferable and seat rights may be sold to another person once the owner decides not to purchase season tickets.

## Promotions

Venues will often have special promotions or events in conjunction with a game day to help increase attendance. Many of these events are linked to a sponsor as a promotional opportunity. The concept of sport promotion is often associated with Bill Veeck, past owner of MLB's Cleveland Indians, St. Louis Browns, and Chicago White Sox from the 1940s through the 1970s. Veeck is regarded as one of the most innovative promoters in sport history. Some of his more famous promotions included "lucky chair" giveaways (with such prizes as 36 live lobsters), orchid giveaways on Mother's Day, and free admission days for cab drivers and bartenders. His efforts in 1959 yielded the best attendance for the White Sox since the 1929 season. Many of Veeck's concepts of promotions can be used to help improve attendance and gate receipts (Corbett, nd).

Free product or souvenir giveaways are some of the most common forms of promotions used by venue and team owners. Popular promotions include hat day, jersey day, dollar hot dog day, and soft drink day. Combining events can help create interest and improve attendance. Many college basketball teams have a local elementary school or community youth team play a shortened game at halftime. It is a way to entertain crowds at halftime and introduce parents and families to a form of inexpensive entertainment in the hopes of turning the halftime entertainment participants into future ticket buyers. Promotional days that honor or recognize certain groups can also be excellent forms of promotion. These groups may include youth sports leagues, camp groups, service industry professionals, Boy Scouts, Girl Scouts, and members of the military.

## Loyalty Programs

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**loyalty program** A structured, long-term program that rewards repeat customers for purchasing multiple units of an item or attending multiple events with incentives, gifts, or discounts.

**Loyalty programs** have become popular for marketers to develop patrons who exhibit brand loyalty through a structured long-term program that rewards repeat customers for purchasing multiple units of an item or attending multiple events with incentives, gifts, or discounts. AAdvantage by American Airlines was one of the first modern-day customer loyalty programs founded in 1981. Nowadays, almost every company has embarked on providing a loyalty program. This strategy has trickled down to the college sports level. One of the most well-known loyalty programs is the 12th Man Team Rewards program (TAMUS, 2005). This concept was created to help get fans to attend the

other sports that populate Texas A&M Aggie athletic department events in addition to the major sports of football and basketball. Fans get a gift with as few as 12 events attended and can earn a watch valued at \$250 for attending 100 Aggie events in a year.

Contemporary technology has helped make loyalty programs easier to incorporate at any level of sport. SuperFan, based in Louisville, Kentucky, is a company that produces an app that helps get college students excited and involved in university activities, particularly sports. SuperFanU is a loyalty and rewards platform intercollegiate athletics programs, powered by SuperFan, an app for smartphones that allows fans to accrue rewards for event attendance. The app uses the company's proprietary mobile technology to boost an organization's attendance and revenue. It also provides analytics on fans and students to understand their profiles and what incentivizes them. This app has become popular to drive attendance at events at NCAA institutions of all divisions. (SuperfanU, nd)

## Ancillary Revenue

**Ancillary revenue** refers to the income generated from goods and services that enhance the primary product or service. Concessions, parking, and merchandise are some of the most common forms of ancillary revenue available at sporting events (see **Table 13-2**). While none of these services are necessary components to the sport spectating experiences, they are often expected by ticket holders and patrons.

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**ancillary revenue**

Income generated from goods and services that enhance the primary product or service; examples include concessions, parking, and merchandise.

### CONCESSIONS AND FOOD OPERATIONS

An integral part of the fan experience at spectator venues often revolves around food. Concession stands are small kiosks or locations in a venue that serve snacks or some other type of food. They are known as concessions

**Table 13-2** Average Prices for Ancillary Items at Major League Venues

League	Beer	Soft Drink	Hot Dog	Parking	Program	Cap
NFL ('16)	\$7.38	\$4.86	\$5.19	\$32.58	N/A	\$21.33
MLB ('16)	\$5.90	\$4.19	\$4.52	\$16.32	N/A	\$16.48
NHL (14–15)	\$7.45	\$4.46	\$4.94	\$17.70	\$2.60	\$19.75
NBA (15–16)	\$7.50	\$4.49	\$4.96	\$17.15	\$3.03	\$19.74

because they are often operated by a third party independent of the venue. Venues may sell their own food or operate a concession company. Centerplate, Levy Restaurants, Delaware North, and Aramark are well-known food and hospitality concessionaires that run food operations in professional and college sporting facilities and venues.

Traditional food offerings in venues include hot dogs, soft drinks, popcorn, and candy. However, gone are the days when hamburgers, hot-dogs, candy, popcorn, pretzels, and soda made up the totality of food and beverage options. In contemporary professional stadiums, sushi and other gourmet items (such as lobster rolls) are frequently offered—and, frankly, expected—as stadium fare. The stadium experience has become another form of food court by offering multiple restaurant choices. Often, the food of local restaurants and delis is featured. This partnership can provide revenue for a local business while offering fans food options they enjoy consuming outside of the venue. If individuals know they can purchase their favorite food inside the stadium, it may prove to be a positive revenue producer for the facility. Many new venues have added chain restaurants or fine dining to make their locations year-round destinations. For example, Miller Park in Milwaukee, Wisconsin, operates a TGI Friday's franchise, while Yankee Stadium in the Bronx, New York, has a Hard Rock Cafe open year round, game or no game. Including famous restaurants as part of the venue can help increase the gate receipt. The projected gross food and beverage revenue for one NFL stadium is over \$5 million per game (AECOM, 2013).

One issue that stadiums and arenas face is alcohol sales. There has been debate about whether alcohol sales contribute to fan misconduct. Many stadiums around the world prohibit alcohol sales within the seating areas or in the stadium, period. In the United States, alcohol is a ubiquitous part of the concession offerings in professional venues. The potential for revenue production is significant for many venues. Nonetheless, the majority of facilities that reside on college campuses refuse to sell alcohol for any events. However, there is a growing trend of more college football stadiums introducing alcohol sales, including beer, wine, and liquor sales in their stadium as a way to increase attendance and add ticket revenue, and, in turn, add ancillary revenue. Darren K Royal—Texas Memorial Stadium began alcohol sales in 2015 and saw revenues of \$1.8 million that year and \$3.1 million in 2016. Professional stadiums have increased the selections of beer and even include hard liquor for sale.

When serving alcohol, it is important to be aware of a state's dram shop laws. The server, concessionaire, and team are liable if an individual whom the patron knows to be intoxicated is overserved on the premises and commits a crime or injures someone else in a traffic accident. Furthermore, all guests, regardless of age, must provide valid photo identification (Zullo, Bi, Xiaohan, & Siddiqui, 2013). Dram shop laws make the venue and servers liable for alcohol-related negligence. Also, venue operators should consider the type of event being played in the facility. If a venue has a liquor license and allows alcohol sales at many events, there may be event-specific restrictions on sale. It may not be appropriate to allow alcohol consumption at high school events, and many college conferences do not allow sales at their events. For example, the Southeastern Conference (SEC) prohibits alcohol at all conference-sponsored events.

## PARKING

Depending on location, venues may operate their own parking facilities, contract to outside companies or **concessionaires**, or rely on surrounding areas and have no control over event parking. An example of a parking concessionaire

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**concessionaire** An entity given the rights to operate and sell goods or services on premises that belong to another. Venues often enter into agreements to sell parking and food concessions on their premises.

### VIGNETTE 13-1

#### Is Selling Beer at College Sporting Events Worth It?

A Division II school recently made headlines after deciding to be the first school in its state to sell alcohol at its games. Many colleges have grappled with the decision of whether to sell beer and mixed drinks at their events due to the potential institutional liability. The State University A&M—Universityville athletic program has seen its expenses increase as it continues to chase success as a Division II football powerhouse. Since more college football stadiums have started to commence alcohol sales, the athletic department at SUAM-U broached the subject of alcohol sales with its president and Board of Trustees. After some intense debate, beer sales were approved for the season.

Now came the hard part. The stadium operators needed to make sure beer sales would not lead to additional problems in the stadium. To limit liability,

alcohol was sold in an area behind the end zone that was roped off from the rest of the venue out of a trailer owned by the third-party concessionaire. This allowed the university to be able to say they were not selling alcohol to their fans or students directly. Second, it kept alcohol in a contained part of the stadium. Individuals entering the area had to show identification that proved they were above the legal drinking age, 21 years old. At the end of the year, the university increased its football game-day revenue by \$50,000. However, an average of ten more spectators per game were ejected from the venue, which became a concern to university officials. This shows how universities must balance the increase in revenue with the potential for bad public relations because of a potential increase in misconduct by fans.

is Central Parking, one of the world's largest parking facility operators. The company operates city, airport, and stadium parking lots. There are a number of advantages to operating facility-owned and -controlled lots. In addition to adding to overall profit of an event, it may serve as a way to lure patrons to the venue earlier in the day prior to a game to take part in pregame fan festivals, tailgating parties, or other events that complement the game. Including ample parking in the facility plan gives more flexibility and ability to raise revenue surrounding game day. However, it may be more cost-effective to have an outside dedicated concessionaire operate parking lots and not dedicate other facility personnel and energy to parking-related issues.

## MERCHANDISE

Merchandise sales are another form of ancillary revenue. Whether it is a sporting event of the primary tenant, a special tournament event, or an outside group renting a facility, patrons often want to buy souvenirs to commemorate their experience. Teams may operate their own merchandise tables, booths, or stores or may contract to a concessionaire to manage and sell their merchandise. Many stadiums and arenas are home to club stores in which patrons may purchase products they cannot get anywhere else. These stores are open on game day and are often open all year long.

## Event Revenue

### ALTERNATIVE USES FOR SPORT-SPECIFIC STADIUMS

What uses are there for a baseball stadium when the team is on the road? How about in the winter months? An outdoor stadium with capacity for 80,000 people may not be appropriate for many types of outdoor events. Baseball stadiums have unique shapes that make them difficult to use for other events. Also, in what ways can an outdoor venue be rendered useful in cold and harsh climates? An indoor venue, in contrast, may be used every day of the year. In the off-season, indoor stadiums may still be used for sporting events, even in climates in which weather limits outdoor activities. Regardless of the type, large stadiums often present challenges for use outside of their intended sport or season.

Many venues have embarked on the strategy of hosting special events or events that are not traditionally hosted in that type of venue. Baseball

stadiums have hosted international, friendly soccer matches when their primary tenant is on the road or in the off-season. Baseball stadiums such as Fenway Park and Yankee Stadium have also become the hosts of college football games. Yankee Stadium in New York has sought to host a college football game once a year including a Big Ten matchup between Rutgers and Maryland in 2017. During college bowl season, Yankee Stadium and AT&T Park (home to the San Francisco Giants) have been used for football games, even though they are oriented for baseball. Many baseball stadiums have started to host or plan to host college football postseason bowl games. Tropicana Field, home of MLB's Tampa Bay Rays, hosts the Beef 'O' Brady's St. Petersburg Bowl every December. An additional scheduling and revenue-producing opportunity is hosting concerts for national and international touring musical performers. Acts that draw crowds beyond the capacity of an indoor arena are often options for further facility use. Visits by major religious figures, such as the pope, have graced outdoor sport venues in years past, including Pimlico Race Course (in Baltimore, Maryland), Yankee Stadium, and Giants Stadium (former home to the NFL's New York Giants), among others (United States Conference of Catholic Bishops, nd).

In frigid winter months, large venues often transform their stadiums into public ice rinks or host ice hockey competitions for the NHL and college teams. Since these games are thought of as novelties and played in stadiums with larger capacities, they are able to draw a considerable number of fans over the average crowd for a typical regular season game. The NHL has had much success with their Winter Classic hockey game held on or around New Year's Day in a football or baseball stadium. This event began in 2008 and was expanded in the 2013–2014 season as the NHL Stadium Series, with a series of games in New York and Los Angeles. Television ratings for the outdoor games have yielded five of the six highest-rated regular season games. The 2014 version of the game was played at Michigan Stadium in front of a crowd of 105,491 (Shea, 2014). The 2018 and 2019 versions are respectively scheduled to be played in New York City at Citi Field (a baseball stadium) and in South Bend, Indiana, at Notre Dame Stadium (college football stadium). Additionally, when the game is played in a baseball stadium, which is guaranteed not to be used by its primary tenant in January; college, high school, and alumni games can be held in the venue and yield additional ticket revenue.

Tennis venues have also sought to bring in visitors and revenue through scheduling concerts and other untraditional events. The U.S. Tennis

Association's (USTA) Billie Jean King National Tennis Center in Flushing Meadows, New York, hosts the qualifying and main draws of the U.S. Open tennis tournament for 3 weeks each year. The other 11 months of the year, the operators pursue other events to fill the tennis center. While the facility hosts USTA, NCAA, and high school tournaments throughout the year, Arthur Ashe Stadium (which is the main stadium of the tennis center) is often too large to be a useful venue for youth tournaments, and team matches require six courts at a time. In 2008, Arthur Ashe Stadium was host to a Women's National Basketball Association (WNBA) game between the New York Liberty and the Indiana Fever for the first-ever regular season basketball game played outdoors (Brill, 2008).

### HOSTING CHAMPIONSHIPS

Numerous effective uses of available space exist for venues of all shapes and sizes, ranging from alternative competitive events on open dates to hospitality events. Renting a facility to high school or college teams for tournaments or games is a great option for professional, municipal, college, and high school venues. Professional and college sports facilities are used to host high school championships. These stadiums are often the largest venues the athletes will play in during the year and give them the chance to feel like they are playing in a big-time atmosphere. AT&T Stadium in Arlington, Texas, a retractable roof stadium, hosts the 12 UIL football championship games annually in late December. The University of Northern Iowa's UNI-Dome and Syracuse University's Carrier Dome (in New York) host the state championship football games for their respective states because they are large-capacity facilities and protect players and fans from inclement weather that is likely in those states in late November when the championship games are played.

### HOSPITALITY EVENTS

Hospitality events are also a great option for venues, whether during an event, on a day without a scheduled event, or in the off season. For example, Citi Field, home baseball stadium of the New York Mets, offers many hospitality and event options when the stadium is not in use for games, during the 6 months when MLB is not in session. Citi Field lists 19 locations within their stadium that can be used for hospitality purposes during games or are completely independent of game day or in the off-season. These events can include

academic conferences, business meetings, trade shows, birthday parties, bar/bat mitzvahs, fundraisers, corporate events, or other family events. For these events, venues offer a number of potential event services, including appearances by former players, audiovisual displays, coat check, custom team apparel, gifts, furniture rentals, floral arrangements, décor options, lighting, menu selections, mascot appearances, personal event coordination, rentals, and parking packages. Providing each of these services can be included in different pricing packages for events. Utilizing these spaces, offering multiple party and event opportunities, and providing the resources to carry out these events can ensure that facilities are being used when the house is dark and brings in additional revenue to the organization. However, it is important to require that groups renting or using facilities have their own insurance policies and furnish proof of the policy (New York Mets, 2013). When serving alcohol in spaces rented at an event for hospitality or party events, venues will permit sales and consumption provided that their concessionaire is in control of the serving of alcoholic beverages.

In summary, stadium managers should seek to schedule or plan novel events such as bowl games or nontraditional sporting events for their sport-specific stadiums as a way to make use of the venue on an otherwise dark day. In addition to adding revenue, using these facilities can show that the organization is innovative and will likely lure other potential clients to rent or utilize the facility.

## Multipurpose Sport Facilities

Spectator sport venues make up a large share of sport facilities, but multipurpose facilities may be used for spectator sports, participatory events, and physical fitness. Many municipalities or private entities have built indoor multipurpose facilities that can be used for fitness, recreation, and competitive sports. In addition, indoor and outdoor sports practice facilities built by private entities have been developed. These facilities can be focused on one sport or can address the needs of multiple sports. Types include ice hockey rinks, indoor turf fields, sport court buildings, swimming pools, weight rooms, and training centers. SPIRE Institute in Geneva, Ohio, and Birmingham CrossPlex in Birmingham, Alabama, are two examples of large sports training and competition facilities that seek to draw local, regional, and national competitions with a wide variety of facilities. The types of events offered in these

facilities include team practices, swim meets, track and field meets, youth and Amateur Athletic Union (AAU) basketball competitions, and road races.

SPIRE and CrossPlex collect membership fees, facility-use fees for practice usage, and entry fees for tournaments and invitational events. CrossPlex houses a 4,000-seat indoor track facility with a hydraulic banked track, an Olympic-size swimming pool with seating for 1,600, nine volleyball courts, a 5,000-seat basketball arena, and the ability to host other sports (Birmingham CrossPlex, 2013). SPIRE operates a training academy for postsecondary school athletes wishing to improve their skills and grades before enrolling in college (SPIRE Institute, nd). The facility is comparable to the CrossPlex facility and hosts collegiate conference championships in swimming, volleyball, and track and field. It is the yearly host of the Big Ten Conference championship in track and field, which has hosted NAIA national championships. The venue produces income from entry fees, spectator admissions, and concessions. Additionally, the public may use the indoor track, swimming pool, and fitness and weight facilities through membership programs or pay-by-use arrangements. Thus, these facilities operate as recreational and spectator sport venues.

Repurposed warehouses also provide potential opportunities as multipurpose sport venues. Spooky Nook Sports in Manheim, Pennsylvania, is a former industrial distribution center that offers 700,000 square feet of soccer fields, hockey fields, ten basketball courts, ten volleyball courts, indoor jogging track, full-size baseball field, under one roof and additional outdoor field space. The Nook also provides a fitness center, a rock climbing facility, meeting and party spaces, a food court, and a hotel. In addition to providing a space for sport practices and games, Spooky Nook markets itself as a location for corporate retreats.

## PARTICIPATORY EVENTS

While spectator events in arenas or stadiums and recreational events in multipurpose complexes are lucrative revenue producers, participatory events are another part of the sport industry that is worth considering. These events, which are often defined by their novelty and/or physical difficulty, may appeal to endurance athletes and individuals who are motivated by health consciousness, fundraising, or a chance to try a new, fun fitness activity. Many of these events include professional, elite, and competitive components, but the vast majority of participants are not looking to win money; they simply wish to

push themselves to complete the event. Road running races, triathlons, and other themed, noncompetitive races are options for raising money for charity or for-profit endeavors. This section will focus primarily on running races held on public streets.

### INDIVIDUAL PARTICIPATORY EVENTS

Participatory events are a growing part of the sport industry. Road running has been one of the most popular participatory sports in the world, specifically mass participation road races. Running races comes in many sizes. Local 5K races may draw 100 runners, while a World Marathon Major event may draw 50,000 participants and 2 million spectators. Races of all sizes rely on registration fees. A **dynamic pricing** strategy is employed in many races. The earlier an individual registers, the lower the price. The New York City Marathon charges a registration fee depending on membership in the New York Road Runners (NYRR) and citizenship. NYRR members pay \$255, while U.S. citizens pay \$295 and International competitors (including citizens of Puerto Rico and other U.S. territories) are charged \$358. In 2017, over 51,000 people finished the New York City Marathon.

Revenue is not always made simply through the individuals who compete. In addition to the race, major marathons host expos, or expos, which charge exhibitors fees to display and sell their products. Expos are open to the public, and races sell race-related merchandise to competitors and other visitors. Runners are required to attend the expos to pick up their numbers and other complimentary items included in the race registration fees. Fees paid for these races are nonrefundable and are often due months ahead of time. For instance, the Boston Marathon, held the third Monday in April, has a registration deadline in September. Since marathon training often lasts 6 months, runners may have no idea what injuries or other issues will keep them from racing. Race organizers usually expect that 10 percent of the registered runners will not show up. No-shows can bring in over \$1 million in revenue to a major marathon. Smaller races can learn a lesson from this strategy, as requiring preregistration for an event can boost revenue.

Other participatory events have become lucrative business ventures. Mud runs such as Tough Mudder, obstacle course races such as the Spartan Race, and adventure races such as the Urban Dare allow individuals to combine running skills with physical agility. These events can use parks, private property, local streets, or even professional venues such as stadiums and

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**dynamic pricing** A process of pricing that is similar to differential pricing but concerned with the fluctuation of the price of a seat for an event based on demand. Determinants of dynamic pricing may include weather, quality of opponent, promotional offerings, or day of the week.

arenas. The CrossFit Games are often held in convention centers and arenas, with finals held at the StubHub Center in Carson, California. While these are participatory events and raise the bulk of their funds from entry fees, spectator admission and ancillary income are also used to increase revenue. The Open events that serve as qualifiers for the Games finals in California are \$20 for entry while age-group athletes are charged \$200 per entry to the CrossFit Games (CrossFit Games, 2017). As one of the fastest growing participatory events in the world, CrossFit continues to raise revenue through entry fees along with sponsor agreements with Rogue and Reebok.

## Event Packaging

Participatory events like marathon road races such as the New York City Marathon and Boston Marathon always have more demand than supply of bib numbers. Event managers of smaller running events, however, are beginning to take advantage of the fact that the roads of a major city are being closed down for multiple days and multiple races of different distances can be run. Many road runners opt to participate in events because of the lure of finishers' medals. Packaging events into a "Challenge" can help increase revenue by getting likely participants to run more races in the weekend than they were intending to, in pursuit of a special medal for completing the challenge. In the early 1990s, Walt Disney World theme parks in Lake Buena Vista, Florida, sought to lure visitors to its parks during the least busy time of the year, mid-January. As a result, they started the Walt Disney World Marathon in 1994, subsequently operated by RunDisney, a division of Disney Sports Enterprises, a unit of Walt Disney Parks and Resorts, which has evolved into four races over the course of a weekend: the marathon, half-marathon, 5k, and 10k. RunDisney pioneered the concept of packaging races with a unique finisher medal for finishing multiple races. The medals are branded after Walt Disney Movie characters. A finisher of the half marathon and marathon on Saturday and Sunday earns the Goofy Challenge medal while a finisher of all four races completed earns the Dopey Challenge. To register for these events, Disney is able to charge the participant for each race entry, as well as an extra fee for the two challenges.

Other races have adopted and adapted the event packaging concept. The Cincinnati Flying Pig Marathon combines the sponsorship of a Cincinnati culinary institution with multiple race events over the course of

## VIGNETTE 13-2

### Using Technology to Increase Registration Revenue

A table tennis club in South Texas was interested in raising money for their fledgling organization. As experienced players and tournament participants, they had traveled the world and had gathered knowledge about the ins and outs of the great table tennis competitions of the world. However, funds were limited and they sought to fill their coffers to fund a trip to the U.S. National Table Tennis Championship. Furthermore, South Texas lacked a table tennis event. Previous attempts at tournaments had been unsuccessful and lost money. Their question was, how could the club put on a successful tournament and maximize their revenue by putting on a tournament that would draw participants of all ages and abilities while potentially drawing repeat participants in future years? The event was held during the third week of March to coincide with Spring Break, a time when many converge on Texas to attend the beaches, and named it the Southern Beach Open to encourage participants to think about combining a table tennis tournament with their beach vacation. The club had traditionally utilized a Facebook site, Twitter, email, and word of mouth to spread their news, but decided other means were necessary to draw their goal of 200 participants. The tournament director registered the tournament with Omni-Pong, a table tennis tournament management service that offers online registration and publishes table tennis competition schedules from all around the country on their website. As a result,

individuals from other states entered the tournament, paying a \$75 entry fee through the on-line registration service. A local bank put up \$5,000 in exchange for naming rights to the men's and women's open divisions. This enabled the club to offer prize money to lure the best players from the region to attend. Local university sport management students marketed the tournament to sell tickets and some students became certified as officials. They volunteered their time to work the event, saving the table tennis club money on staffing.

Players of all different ratings: Singles and doubles registered for the mid-March tournament to take advantage of the well-marketed and planned event. To keep costs down, they utilized the space in the church gymnasium where they held their practices to host a tournament with six tables. Overall, the tournament drew 220 players, exceeding their goals. Entry fees raised \$16,500. Concession sales raised another \$2,000. In the subsequent weeks, they received fees for 20 no-shows, which added an additional \$1,500 in revenue. Overall, the club received \$20,000 in gross revenues. This event illustrates how collecting entry fees ahead of the event along with enabling online event registration can increase revenue. Through cooperation with community organizations, creative thinking with regard to the timing of the event, and web-based registration processes, a small group can put on a sporting event to support their endeavors.

the weekend ([www.flyingpigmarathon.com](http://www.flyingpigmarathon.com), nd). The challenge is promoted on the website as follows:

In the celebration of the city of Cincinnati and the Flying Pig Marathon, Skyline Chili is proud to present the 3-Way and 4-Way Challenge in the Flying Pig Marathon weekend of events. (The events' namesakes are the Skyline 3-Way, a Cincinnati signature dish crafted from chili, spaghetti and cheese; and the Skyline 4-Way, crafted from chili, spaghetti, cheese, and onions.) To complete the 3-Way Challenge, a single runner must complete Saturday's 5K and 10K events, as well as Sunday's Half Marathon. To complete the 4-Way

Challenge, a single runner must complete Saturday's 5K and 10K events, as well as Sunday's Full Marathon. ([flyingpigmarathon.com](http://flyingpigmarathon.com), nd)

In addition to the finisher medal for each race, the 3-Way and 4-Way challenge winner receives an additional medal for completing each respective challenge. So, event packaging can serve as a way to secure more sponsorship revenue, drive additional excitement for an event, increase participation-related revenue via entries, and promote a city's culture and pride.

## SUMMARY

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There are multiple ways that facility and event operators can raise revenue from their events. These methods range from ticket sales, which may involve running promotions; to ancillary revenue from concessions, to merchandise sales, to parking fees. Primary tenants are not the only ones who can bring revenue to a facility; concerts, high school games, college games, and championship events are also potential revenue sources. Utilizing suites, club seating, and other spaces within a venue during the season and out of season can add flexibility and ways to produce more revenue. Multipurpose venues and city streets can provide areas for participatory events, including road running events. Overall, the possibilities for producing revenue from sport facilities and events are endless. A little creativity and innovation can go a long way in helping venue and event operators produce income.

## DISCUSSION QUESTIONS

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1. List the multiple types of sport facilities, and describe how sport managers and event planners can produce revenue for each. Consider the versatility of each facility.
2. Does the type of facility impact the type of revenue that can be raised?
3. What are some ethical considerations with regard to serving alcohol at sporting events? Does the type of event impact whether alcohol sales are appropriate?
4. What is ancillary revenue, and what strategies can be used to increase it?
5. In what ways can revenue be raised at road races from participants and spectators?

### Case STUDY

#### The 50/50 Raffle Goes Digital

The electronic raffle has become ubiquitous in professional sporting events lately as a driver of ancillary revenue, as a visitor to the Quicken Loans Arena in Cleveland, Ohio, can likely attest. In 2013, Cleveland sport fans saw a new feature unveiled at major sporting events. The Cleveland Cavaliers offer fans the ability to enter a 50/50 raffle, where half of

the pot goes to the winner and the other half to Cavaliers Youth Foundation and other area charities. Other arena tenants, the Cleveland Monsters hockey team and the Cleveland Gladiators arena football team, partake in these raffles to support charities as well.

The ability to offer these raffles nightly is made possible due to technological advances. Pointstreak 5050, a Canadian company, has pioneered digital raffle capabilities, developing many advantages over traditional ticket raffles. This company has teamed with many professional teams, including those in the Cleveland area. Tickets are sold by employees who have handheld devices with ticket printers attached. This gives sellers the ability to walk throughout the arena to distribute tickets, while automatically entering patrons into the drawing. This system has increased the amount of revenue that can be taken in during a raffle. It allows fans and ticket sellers to know how much the pot is worth at all times through integration with scoreboard displays, provides the possibility of unlimited tickets to be sold, and produces instant sales and reconciliation reports. Additionally, a title sponsor of the raffle may represent another form of revenue for the team.

The other teams in Cleveland have seen similar success from their 50/50 raffles at Quicken Loans Arena, MLB's Cleveland Indians had adopted the same technology to provide raffles for the 2014 season. During the 2017 ALDS in Cleveland, one prize rose to \$33,708, while the charity raised the same amount. Other teams across North America are utilizing this raffling technology. The Tampa Bay Lightning have seen success with their 50/50 raffles offering prizes that consistently reach over \$20,000 while donating a portion of each game's proceeds will support cancer research at a local research center and other local charities. The 2018 NHL All-Star game in Tampa Bay set a record for the largest 50/50 raffle pot in U.S. history, \$276,104, while raising money to build a state-of-the-art street hockey rink for the community. Many teams have seen their contributions to their charities increase significantly, especially the Phoenix Coyotes, who saw a 723 percent increase in contributions when compared with using paper tickets in previous years. Overall, this type of raffle offers excitement for fans, creates more awareness about team charities and title sponsors, provides more sponsorship opportunities, and supports charitable foundations. In the NHL's case, it can provide funding for a legacy project for a mega-event.

Pretend you are the manager of a multipurpose indoor sport facility and wish to capitalize on the revenue-generating possibilities offered by technological advances, such as those employed at Quicken Loans Arena. Consider the following:

- 1.** In what ways can technology increase your ability to enhance revenue production and fundraising for your organization?
- 2.** What revenue-producing opportunities might an electronic raffle provide?
- 3.** How might the nonprofit versus for-profit status of your organization affect how you distribute the proceeds of your 50/50 raffle?
- 4.** How might beacon technology enhance your ability to enhance revenue streams?
- 5.** Detail the benefits and potential outcomes of using your chosen technology to enhance ancillary revenue.

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# Sustainability and Legacy

Kostas Karadakis, Trevor Bopp, and Thomas J. Aicher

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## CHAPTER OBJECTIVES

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Upon completion of this chapter, the reader will be able to:

1. Demonstrate a comprehensive understanding of the immediate and long-term impact, or legacies, of events.
2. Account for and give consideration to the numerous and integrative infrastructures and developments that can accompany the hosting of medium- and small-scale events.
3. Capitalize on the economic, social, emotional, promotional, and capital benefits to be derived from the proper management of medium- and small-scale events.

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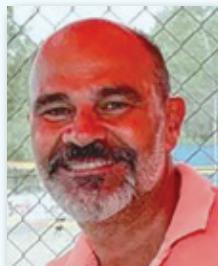
## CHAPTER OVERVIEW

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Facilities are too often left empty or underutilized, and many events do not make it past the inaugural year. This chapter will outline the strategies and techniques that organizations employ to create sustainable facilities and events that have a positive impact on the facility, event, and community.

## IndustryVOICE

### Maxilis Triantafyllidis—Owner/Operator Triantafyllidis Beach Arena



Triantafyllidis Beach Arena (<http://www.beacharena.gr/index.php/poioi-eimaste/mixalis>) is the first full-service indoor beach volleyball facility in Greece that is privately owned and operated. It is open to people of all ages with the goal of providing

those interested in playing/having access to sport and providing them with a safe place to play. This facility includes multiple courts, training areas, academies, and camps for members to use. In addition, this private facility provides many additional amenities such as training rooms, video rooms, changing rooms, bathrooms, etc., and all of these are ADA compliant.

Prior to opening this facility, I was a successful volleyball player and coach. Playing for the Greek national volleyball team in 1987, I won 26 titles and a bronze medal. In total, I was proud to amass 365 international participations, ten championships, and seven cups with Olympiacos, two championships with Panathinaicos, and was a two-time MVP in Greek championships. In beach volleyball, I won King of the Beach in 1994, three championships in 3x3, and three championships in 2x2. I served on the Women's Greek national beach volleyball team as head coach in 1997, was Panathinaicos' head coach from 1997 to 1998, and was the Greek national team assistant coach from 2000 to 2004. In addition to these experiences, I developed the "Volley & Beachvolley Camps," managed a beachvolley tournament, and served on a number of municipal organization committees.

My passion and lifelong experience with beach volleyball was why I entered into this industry. Following my competitive playing career, I moved into the owner/business side of beach/indoor volleyball. Through this experience, I enjoyed the ability to coach and train athletes. However, a business like this one is not common in Greece. Even with the economic conditions/crisis in the

last 5 to 6 years in Greece, I took a risk by starting something in an industry that had a lot of demands, but no offerings. So, I decided to become the business owner/president/trainer and coach for the beach volleyball industry and start it up. My goal is to continue to grow the interest in the Greek youth and general population to have the desire to continue to participate in beach volleyball at the recreational level. Additionally, I'd like to grow to host international competitions, as well as hosting and traveling to organized tournaments for athletes of all ages. There is a recreational beach volleyball tourism market that I'd like to pursue to offer more opportunities to my members and attract new participants.

I believe that the goal is to offer competitive sport and access to sport for all ages, as everyone is in need of exercise, especially those individuals who are older and can benefit from being able to engage in sport and exercise as it serves as a way to escape the everyday routine and serve as a therapeutic release for people in Greece. When you think of the condition of the economy in Greece, beach volleyball has been therapeutic in releasing some of the citizens' frustrations rather than seeing a therapist.

One of the biggest challenges that I have ever faced was the process of opening the facility. First, I had to attain approval for the land for the facility, which, in Greece, is unique because I cannot build on or uncover any archeological/historically significant lands/artifacts. This process alone took approximately 11 months to complete, with numerous roadblocks and bureaucracy to manage. Additionally, attaining financial support from loans and investors was challenging given the length of time to begin to generate any revenue. I had several strategies to navigate this process, including patience! Most important, I kept the passion, stayed motivated, and was very persistent—even when I hit a roadblock. Being transparent with all of the different groups that needed to be included in order to move through the bureaucracy and get the appropriate licenses and permits was critical to success. Taking the time to do the research to know

where to go for approvals is not easy—there are multiple meetings, lawyers, banks, and municipalities that required my attention. It is not a one-stop shop. I was constantly running from one person to the next to get the signatures and approvals.

I think beach volleyball and beach volleyball tournaments in the form of sport tourism have a big following and an untapped market to be exploited. However, while it is still at a recreational level, it has grown at a rapid pace. In the past, there was a high level of competition, but in the last 15 years and with the current situation in Greece, there has been a drop in the competitive/professional level. It is the recreational level (for all ages) at which there is a lot of potential and the direction in which future trends are moving. This is why I have begun to capitalize on the youth and continue to support and grow the sport over their life span. It is still in its infancy as there are not enough resources to support the production of an elite athlete, and the competitive level is still behind other sports. However, the passion, desire, and interest in playing beach volleyball for participants of all ages is there and; therefore, I aim to do my part to further develop the niche.

To grow the sport, there are several strategies that may be employed. For example, social media is essential to promoting events and programs and to generating awareness in order to target future participants. This has proven invaluable, as the youth are more interested and more apt to use these tools for information searches and sharing with their followers. I use a lot of daily posts, doing different things that target relationship building. There is a large emphasis on capturing milestones of the athletes to grow the brand and to create unique content to share with those participating and following. Some of the things may be simple, like showing a birthday party and wishes of current players. Developing symbiotic relationships with sponsors has also proven to help benefit the sport, as well as growing the brand and awareness of the organization's efforts to grow the sport. Word of mouth is also heavily relied upon to increase awareness and create excitement and to market events and tournaments.

When hiring someone for an entry-level position, I pursue candidates with very specific traits. First, trust in the individual is critical. In Greek culture, it is common to build a business for the family and have it continue in the family into the future. So, if I bring in an outside individual, I need to be able to trust that person like family. Next, if that person can be trusted, I find a suitable, important role in the organization for that person. Again, gathering recommendations from those within the organization is a key step. I look for loyalty and someone who is interested in the long-term growth of the business and industry. Someone who is respectful and understands or truly wants to learn the business and have a passion for it is highly important. I do not want someone who is only looking to get his or her foot in the door or only collect a paycheck because that person will leave whenever he or she wishes to do so on a whim. I realize that this is a risk, but I try to eliminate this type of candidate quickly.

When considering professional development, my advice is to follow this Steve Jobs quote as guidance and inspiration, "Have the courage to follow your heart and intuition." You should know what you truly want to become; make your dreams a reality. From a small child going to international sporting events and seeing the facilities, the clubs, the spectators, the players interacting, and post-game events have truly inspired me to make my dream of owning a facility a reality. It took 30 years to get to a position that would allow me to make these dreams a reality. But it finally happened! So, don't give up on your career goals. Take your dreams and make them your everyday vision and always use this idea to influence your attitude.

Finally, my organization is a great example of positive change and long-term legacy. The Triantafyllidis Beach Arena advocates and represents all generations and represents strong core values, meanings, and a purpose for a sport facility's existence and function. Success, competition, challenge, but, most importantly, sport development and wellness and health are the elements that make my legacy most worthwhile.

## Introduction

Countries, states, communities, and local residents compete to host sporting events for a variety of positively perceived reasons (e.g., prestige, awareness, economic profitability, increased tourist activity, and infrastructure development). However, being awarded a sport event is almost certain to result in both positive and negative impacts on the host community and its residents. A positive impact can include new and updated roads, entertainment venues and other infrastructures, or increased tourism revenue, media exposure, commercial appeal, and civic pride. A negative impact can include overcrowding and increased travel concerns, disruption to the local environment, the building or renovating of uneconomical and unsustainable infrastructures, or unfavorable perceptions of the host community. Whether positive or negative, the greater the social, economic, and environmental impact of a sport event and the longer lasting its residual effects, the more likely a sport event legacy is to be created.

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**legacy** The lasting direct or indirect effects generated from hosting an event that may positively or negatively impact the community.

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**tangible legacy**

Observable, easily identified, or physical changes to the host community that remain upon conclusion of the event.

**intangible legacy**

Nonphysical changes associated with the transfer of knowledge, governmental reform, and emotional capital for residents, participants, and spectators, as well as psychological improvements to the city's image and social structure.

## What Are Legacies?

**Legacies** are “the material and non-material effects produced directly or indirectly by the sport event, whether planned or not, that durably transform the host region in an objectively and subjectively, positive or negative way” (Chappelet & Junod, 2006, p. 84). Furthermore, legacies include “all planned and unplanned, positive and negative, tangible and intangible structures created for and by a sport event that remain longer than the event itself” (Preuss, 2007, p. 211). Legacies may be **tangible** or material, such as sports facilities, or they may be **intangible** or nonmaterial, such as sociocultural development. Tangible legacies, as indicated by the name, are easy to recognize, whereas intangible or nonmaterial legacies are more of a challenge to identify and measure (Chappelet, 2008).

As you can see from these descriptions, the term legacy is broadly defined and can encompass all facets of hosting an event. Examining the legacy of an event can be problematic in that different regions, cultures, and industries consider various outcomes of the event when examining legacies and the subsequent impacts. Simply put, legacies are the “things” left behind upon completion of an event. These things can be tangible, such as roads, venues, and housing; or intangible, such as memories from attending the event or the perception that the host community/region is a capable and experienced locale to

host future events. Legacies can be small or large, valuable or worthless, positive or negative, and can last an indeterminate amount of time, from days to years. Legacies can result from any and all sport events, ranging from small-scale (e.g., local charity race) to mega (e.g., Olympic Games or International Federation of Association Football [FIFA] World Cup) events.

Irrespective of size, community leaders believe that hosting a sport event can be the spark needed for urban development and, as a result, have pursued hosting various types and sizes of sport events to use as a platform to attract investors and tourists and to benefit their residents (Misener & Mason, 2008). Thus, the ultimate objective for event organizers and community leaders should be to determine how to develop and market sport events in ways that promote a host city (Misener & Mason, 2009). The resulting impact of such development and marketing efforts could lead to the establishment of sustainable sport venues and events in the local community, increases in sport tourism, improved infrastructure, and the progression of a legacy for both the sport event and host city/community.

## Growth in Sport Tourism

As interest in sport and the consumption of sport have increased, so too has the need for more sport options, whether as a participant or as a spectator, when traveling. The tourism industry, as well as the sport industry, has witnessed growth in vacations in which a sporting event, ranging from youth recreational leagues to the professional ranks, is the main attraction or catalyst for the trip. In fact, a number of sporting events, such as the Daytona 500, National Collegiate Athletic Association (NCAA) national championships, FIFA World Cup, and Olympic Games, have themselves become vacation destinations. Sport event tourism has played a primary and central role for host destinations, evidenced by the inclusion of sport events in their tourism marketing plans (Chalip & Leyns, 2002; Higham & Hinch, 2002). However, the type (i.e., size) of sport events that take place in certain destinations is



often contingent upon the ability of the host community to accommodate the influx of tourists, the current or prospective infrastructure, and the desired impact(s). Sport events can range from mega-events such as the FIFA World Cup and the Olympic Games, to large- or medium-size sport events such as national championships and college and high school tournaments, to small-scale events such as local charity walks/runs and recreational sport leagues. Again, it is important to consider the size of each event because of its impact on the community (Chalip & Costa, 2005).

## Sport Event Sizes

The size of a sporting event is an important consideration in the discussion of legacies. As various events range in size, so too does their impact on the host community, participants, and spectators. Mega-sporting events garner the most attention and media exposure on a global scene, and as such, could be argued to result in the greatest and most impactful legacies. Given the large number of spectators, often a worldwide audience, it is understandable for event organizers and host communities to expect a positive long-term impact from their investments. For instance, anecdotal evidence supports the claim that the cities of Sydney, Australia, (host of the 2000 Summer Olympic Games), and Vancouver, British Columbia, Canada (host of the 2012 Winter Olympic Games), witnessed positive legacies regarding their cities as sport-event and tourist destinations. Specifically, one of the lasting legacies used on a daily basis by Vancouver residents and tourists is the new Sea to Sky Highway, which has made it faster and safer for individuals to travel from Vancouver to Whistler. However, mega-sporting events have been critiqued in recent years regarding the sustainability of their positive legacies (Smith, 2010). The best support of this argument would be the 1976 Summer Olympic Games hosted by Montreal, Quebec, Canada. The city of Montreal amassed millions of dollars of debt and fell so far behind schedule that the construction of one of the primary venues was not completed until after the games. In fact, it took the city 30 years to pay off the debt for Montreal's Olympic Stadium, with residents finally paying it off in 2006. Additionally, the Athens Organizing Committee did such a poor job of planning for the postevent use of the venues developed for the 2004 Olympic Games hosted in Athens, Greece, that many of them are empty and go unused and have become **white elephants**. Thus, scholars have suggested that the hosting of medium- and small-scale

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**white elephant** In reference to event legacy, a stadium, arena, or other facility constructed to host an event that remains underutilized after the event has occurred.

sporting events could be more beneficial in the pursuit of a positive legacy (Higham, 1999; Gibson, Kaplanidou, & Kang, 2012; Misener & Mason, 2006). As such, the primary focus of this chapter will center on medium- and small-scale events.

## Medium- and Small-Scale Events

Medium- and small-scale events are currently being utilized more often in community development strategies as host communities are becoming more proactive in the planning and managing stages of hosting an event to ensure that they allow for and attain the numerous potential benefits of doing so. Event hosts and organizers have recognized the opportunities to advance their image via increased media attention, promote their community's distinguishing features, draw tourists (as well as participants), and enhance investment opportunities for outside and local businesses (Misener & Mason, 2006). Not only is the size of an event an important consideration but the type of event is also important.

Depending on the event, host communities may need to plan for an influx of spectators or participants, each bringing with them different needs, expectations, and outcomes. Higham (1999) suggests that there is more tourism development potential in small-scale events given that some of these small-scale events will draw spectators, while others, such as marathons, due to their features (i.e., competition) are more likely to attract participants. Furthermore, Higham (1999) suggests that small-scale sport events can have a more positive impact on residents, as they "comply with the principles of **sustainable tourism**" (p. 87). That is because the infrastructure to host the event already exists; such events require minor investment of public capital, and the resultant negative impacts (i.e., crowding and congestion) are more manageable.

While economic benefits appear to be of prime consideration when discussing the expected benefits of any event, social benefits can be extremely important to local and small-scale events. Small-scale events can often bring about a sense of civic pride, allowing local residents and volunteers to claim a sense of ownership and responsibility for the event. Walo, Bull, and Breen (1996) report that residents were more likely to volunteer for events that were perceived as bringing the community together, demonstrating the potential bond that can exist between a small-scale or local event and the host community.

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### **sustainable tourism**

Development of the infrastructure in the host community to generate a continual flow of tourist activity.

## VIGNETTE 14-1

### Lake Myrtle Sports Complex



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In 2009, the city of Auburndale, Florida, opened a multipurpose sports complex consisting of soccer and baseball fields with the capabilities of hosting a variety of sport events such as lacrosse, rugby, and flag football. The sports complex is used to attract tourists by hosting various sporting events organized by the Polk County Tourism and Sports Marketing Headquarters. Some of the recurring events that are hosted include Florida State Soccer Association's Florida Classic, RussMatt Central Florida Baseball Invitational, and Florida State Soccer Association's State Cup. The sports complex is also home to the Florida Youth Soccer Association headquarters and host to the Florida Sports Hall of Fame. The sports complex provides the city of Auburndale with the opportunity to host various sporting events to attract local communities as well as tourists to attend tournaments. By hosting regular

tournaments, the city of Auburndale and the organizers can leverage the tournaments to create an economic impact for the community. Furthermore, the complex provides an opportunity for residents to volunteer at the various sporting events, provides children with a place to play sports, and allows residents to come together and get to know one another, either through volunteering or by watching the children from the sideline. Thus, the complex provides residents of Auburndale a social, economic, and infrastructure legacy. Students should do some research to determine who is in charge of their state's and county's tourism and sport event initiatives to identify which sporting events occur on a regular basis in their given communities. Doing so will provide them with the opportunity to identify any legacies generated from hosting events in their community.

## Why Is Legacy Important?

Given the increases in sport event destination traveling and sport tourism, interests have turned to the impact of hosting a sport event on the local community. The potential legacy that can be left with the host community, as well as with a particular sporting event, has drawn substantial

consideration in the planning and organization of a sport event. Furthermore, investments made toward hosting an event have become an important component of community resources and infrastructure development. As a result of this increased awareness and desire to host events, experts have become more interested in gaining a better understanding of how to measure legacies so as to maximize positive legacies and minimize negative legacies. Additional interests lie in helping communities and event hosts to better plan sporting events and sport tourism destinations, as well as to address questions with regard to the postevent use of infrastructures and facilities developed or improved for the event (Karadakis & Kaplanidou, 2012).

It has been suggested that event organizers are responsible for utilizing sport events for the long-term development of a host community, which has directed attention to the legacy phenomenon (Weed & Bull, 2004). For instance, when awarding the Olympic Games, the International Olympic Committee (IOC) is concerned with the lasting impact on the host city. More specifically, the IOC has indicated three reasons that generating positive legacies is important to a variety of sport events:

- To prevent the host community from criticizing the organizers of the event for any potential shortcomings
- To substantiate the use of public resources for the potential sport-event-related infrastructure(s)
- To stimulate interest for the community and/or surrounding communities to host future events, helping to ensure the continuity of the event

As it relates to the sport industry, the term legacy is fairly new, and there is no clear definition of what legacy means in the sport event framework (Preuss, 2007). The IOC explains that difficulties in defining the term legacy can be attributed to the fact that different cultures can, and often do, interpret the meaning of legacy in a variety of ways. As defined previously, legacies are “the material and non-material effects produced directly or indirectly by the sport event, whether planned or not, that durably transform the host region in an objectively and subjectively, positive or negative way” (Chappelet & Junod, 2006, p. 84). Similarly, Preuss (2007) offers a similar definition: “Irrespective of the time of production and space, legacy is all planned and unplanned, positive and negative, tangible and intangible structures created for and by a sport event that remain longer than the event itself” (p. 211).

Notice in these definitions that a legacy consists of effects that are tangible and intangible, are planned and unplanned, have a direct or indirect outcome, can be assessed objectively as well as subjectively, and can be both positive and negative. The contradictory nature of this definition clearly demonstrates the complexity associated with attempting to determine just what a legacy entails and just how it is produced. Thus, Preuss (2007) further explains that there are five dimensions of legacy incorporated into its definition:

- Degree of planned/unplanned structure
- Degree of positive/negative structure
- Degree of tangible/intangible structure
- Duration and time of a changed structure
- Space affected by changed structure

## Components of Legacy Impacts

At this time, it is important to note a component of legacies that seems ambiguous but covers a spectrum of resultant impacts of hosting an event: tangible and intangible legacies. Tangible legacies are observable, are easily identified, include programs and initiatives, are measured by infrastructure (consisting of infrastructures either related to sport or not), consist of technological and environmental improvements to the community/city, and offer networking opportunities for local and international businesses to expand. Looking back at the 1996 Olympic Games in Atlanta, Georgia, infrastructure developed for the Games such as the Athletes' Village was given to the local university to serve as dorms for the students once the games were over. Furthermore, relationships and networking established during the Games resulted in 280 more international businesses in Atlanta (International Olympic Committee Factsheet, December 2013).

Conversely, intangible legacies are a little more difficult to identify and measure. Intangible legacies can be associated with the transfer of knowledge, governmental reform, and emotional capital for residents, participants, and spectators, as well as psychological improvements to the city's image and social structure. According to Kaplanidou and Karadakis (2010), examples of emotional capital experienced at the Vancouver Olympics included inspiration, pride, "can do" attitude, feelings of empowerment, excitement and feelings of togetherness, and gratitude for created opportunities for business and

collaboration. As indicated by the Tourism BC Vice President of 2010 and Corporate Relations, “What a great way to build confidence in Vancouver for us, that we could pull off something this big. It builds an air of confidence and, you know, it can only be good for us.” (p. 115)

## Legacy Event Structures

While it may be difficult to determine exactly which tangible and intangible legacies to expect from hosting and/or organizing an event, there are several types of legacies that are more substantive. In examining characteristics of legacy types and in an attempt to classify the variety of legacies, Preuss (2007) suggests six event structures that can be created as positive offshoots from hosting an event: (1) infrastructure, (2) know-how, (3) networks, (4) culture (created both during the preparation stages of hosting the event and postevent), (5) emotions, and (6) image. The following section will present further details on each of the various event structures (from Gratton & Preuss, 2008, p. 1926).

### INFRASTRUCTURE

**Infrastructure** refers to the sport facilities and subsequent surrounding areas needed for training and competition. Depending on the size of the event, this may include improvements and developments to airports, roads, hotels, telecommunication networks, housing (for athletes, media, and officials), entertainment facilities, fairgrounds, parks, etc. Organizers should fit all of these different types of infrastructures into their plan, as they will remain long after the event has ended. For example, an upcoming cycling race in a local community may request that roads be resurfaced to ensure that riders can safely ride along the route, or the postrace venue may receive significant upgrades to improve the appeal and amenities of the facility.

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**infrastructure** The sport facilities and subsequent surrounding areas needed for training and competition.

### KNOWLEDGE, SKILL DEVELOPMENT, AND EDUCATION

As sport events take place, local area residents and other stakeholders are exposed to the necessary knowledge and skills associated with organizing an event. Furthermore, employees and volunteers associated with the host organization should have the opportunity to develop skills and knowledge that may be used for future event organization, human resource management,

security, hospitality, service, and other industries. In addition, the spectators, participants, and volunteers are afforded the opportunity to use public transportation (potentially recently developed or improved) and might enjoy increased awareness of different projects, such as environmental sustainability. Finally, opportunities to boast and inform people about the local community's/ city's history and culture can be recognized. For example, in Alachua County, Florida, the Gainesville Sports Commission annually facilitates more than 30 sport events. Through its staff and trained volunteers, the organization has successfully hosted numerous events, contributing more than \$20 million to the local economy. Volunteers who acquire skills after hosting these events can move on to other sectors and apply what they have learned, such as volunteer and event management.

### IMAGE

Hosting a sport event can produce symbolic meaning, lead to change, or even help to establish the local city's image. When successful, this can provide positive imagery. However, host cities and communities must concern themselves with a potential negative impact. For instance, potential problems such as hooligans, unfriendly local residents, an unwelcoming atmosphere, and organizational shortcomings can have a negative impact on a host's image. Similar to positive imagery, negative perceptions can last for years to come. For example, when people are asked about the Atlanta Olympic Games, they think of the traffic problems that occurred and still associate Atlanta with poor transportation infrastructure. Looking back at the Montreal Olympic Games, people think of the debt that the Olympic Stadium cost the local citizens for 30 years. However, there are positive images that can be generated as well, and hosting events can serve as a way to change a city's image. For example, Turin, Italy, was able to rid itself of its long-standing reputation of being little more than an industrial city and became viewed as a tourist and business destination as a result of hosting the Winter Olympic Games in 2006 (International Olympic Committee Factsheet, December 2013).

### EMOTIONS

There is also a psychological dynamic to hosting a sport event. When a community or city hosts a sporting event, it is afforded opportunities to create local pride, develop identification, and promote positive vision, optimism,

and motivation for the residents. As with image, negative emotions can also be felt, and host organizations and cities need to be cautious of this potentially detrimental outcome. For instance, residents and local-area constituents may develop negative emotions about the event if the construction of new facilities exceeds time expectations and/or displaces local citizens, potentially resulting in the local residents feeling as though they lost their social environment.

## NETWORKS

For an event to be successfully organized and executed, numerous organizations need to be involved from the beginning, working together and supporting one another. Depending on the type and size of the event, these organizations can include international sport federations, media, local tourism departments, and political groups, to name a few. The positive impact or legacy of successful networking among these organizations and the host community can lead to the development of grassroots coaching programs, new or improved educational facilities, the advent of sport programs designed for all ages and skill levels, and the potential to host additional sport events. Additionally, individual employees, volunteers, and participants might have the opportunity to socialize and grow their interpersonal networks.

## CULTURE

When discussing legacies, culture is a concept that includes the creation; development; potential enhancement; and promotion of local ideas, identity, and products. Hosting a sport event allows the host city to showcase its cultural identity, which can produce a positive image, increased awareness, new infrastructure, and additional tourist products. This notion of culture as an event structure can be witnessed in the Olympic Games. The opening ceremonies have been grounds for the host country to educate viewers on its history, promote positive characteristics of the country and its residents, and showcase the country's culture and history. Local events may also represent the community's culture. For instance, in some southern U.S. communities, adult softball is a big part of the culture. Several fields, teams, and leagues exist to meet the demands of these individuals. Therefore, hosting a championship tournament through the United States Specialty Sports Association may have a positive impact on the community's cultural identity.

Beyond the event structures discussed previously, researchers have identified and classified legacies with some common themes. Cashman (2005) has suggested that event legacies are not generic and can be organized into six specific categories: (1) sport, (2) economics, (3) infrastructure, (4) information and education, (5) public life, politics, and culture, and (6) symbols, memory, and history. Similarly, Chappelet and Junod (2006) suggest that there are five types of legacies, categorized by their effects: (1) sporting, (2) urban, (3) infrastructural, (4) economic, and (5) social. More recently, Karadakis and Kaplanidou (2012) have used six themes in researching legacies: (1) economic, (2) tourism, (3) environmental, (4) sociocultural, (5) psychological, and (6) knowledge development. What is common in all of the proposed sets of legacy themes is that they center on sport as a means to promote and encourage development of infrastructure, improve psychosocial aspects of the host city/community, increase awareness and knowledge of culture, and produce a positive economic return. As can be seen by the numerous studies that have classified legacies, the three pillars of sustainability are always present (i.e., economic, social, and environmental legacies).

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**soft structure** An element of event legacy relating to knowledge, networks, and cultural goods that are developed from the hosting of an event.

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**hard structure** An element of event legacy relating to primary structure (e.g., sport infrastructure, training sites), secondary structure (e.g., villages for athletes, technical officials, media), and tertiary structure (e.g., security, power plants, cultural attractions, telecommunication networks).

Pruess (2007) also recognizes the need to distinguish among legacies, using the terminology of “hard” and “soft” legacies in his classification of event structures. Preuss suggests that **soft structures** include knowledge (e.g., organizational, security, technological), networks (e.g., political, sport federations, security), and cultural goods (e.g., cultural identity, cultural ideas, and common memory). He categorizes **hard structures** as those consisting of primary structure (e.g., sport infrastructure and training sites), secondary structure (e.g., villages for athletes, technical officials, and media), and tertiary structure (e.g., security, power plants, cultural attractions, and telecommunication networks).

As the discussion has shown thus far, there are numerous examples of the positive legacies produced by a sport event, including those that are easy to identify (e.g., urban planning and sport infrastructure) and those that are difficult to identify (e.g., urban regeneration, increased tourism, improved public welfare, opportunities for city marketing, renewed community spirit, improved inter-regional cooperation, production of cultural values, opportunities for education, and emotional experience). However, as the various definitions of legacy indicate, hosting a sport event can produce negative legacies, including debts from construction, opportunity costs, unneeded

infrastructure, temporary crowding, and loss of returning tourists (Cashman, 2005; Gratton & Preuss, 2008; Mangan, 2008; Preuss, 2007; Solberg & Preuss, 2007).

## Measuring Legacies

Now that we have discussed the broad definition of a legacy, examined the many ways in which a legacy can be manifested through event structures, and introduced the three pillars of sustainability, it is time to provide insight into how legacies are measured. In other words, how do we quantify lasting effects of a sport event? Measuring legacies involves examining the changes that occur as a result of having hosted or through the continual hosting of a sporting event over time. This section will discuss three traditional methods of measuring legacies—benchmarking, the top-down approach, and the nontraditional bottom-up measure. Traditionally, measuring legacies has been carried out by conducting economic impact studies. This approach was once deemed the method of choice due to its tangible components and its use of easily defined dollar amounts. Furthermore, an economic impact study was seen as a means to help justify the use of public resources for infrastructure development related to the event (Preuss, 2007). However, most case studies currently aimed at measuring legacies make use of benchmarking and/or the “top-down” approach.

### BENCHMARK AND TOP-DOWN APPROACHES

In accordance with the **benchmark approach**, there are three scenarios under which legacies can be produced: (1) the same city hosts the same sport event over time, (2) the same city hosts different sport events over time, and (3) the same sport event is hosted by different cities over time (Preuss, 2007).

In the first scenario, the same host city can develop different legacies as a result of hosting the same event twice or on a regular basis. Depending on the size and frequency of the event, new infrastructure or improvements to existing infrastructure may be needed.

In the second scenario, different events in the same city can also create different legacies. Having a portfolio of events that a community hosts may require additional infrastructure requirements, as well as addressing various social concerns, and allow for the use of the distinguishing geographic characteristics of said location in developing a legacy unique to the event.

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**benchmark approach** A method of evaluating an event's legacy in which an event held in one city is compared with an event held in another to determine the impact generated from the events.

Furthermore, if an event strategy is present, the organizers can leverage other events to create a similar legacy for both the host community and the event. Preuss (2007) suggests that “synergistic effects are possible when a legacy of one event is a prerequisite for another event (e.g., sport facilities)” (p. 214).

The same event in different cities can create different legacies as every community is unique and may have different infrastructure needs and community agendas, resulting in different legacies from the same event. The intent here is to consider the characteristics of a community when developing a legacy. There are caveats with using a benchmark approach, in that this manner of measurement attempts to compare an event held in one city with an event held in another. This is a difficult task because sport events are unique and complex and occur in a fast-paced changing environment, making it difficult for benchmark studies to identify and measure legacies for future events (Preuss, 2007).

Conversely, the **top-down approach** of measuring an event legacy aims to isolate event-related impacts from general municipal developments that may occur even if the event were not to be held. Thus, the top-down approach aims to compare the economic indicators of the event with the same indicators of the host city if the event had not taken place (Preuss, 2007). The legacy is essentially the difference between these two indicators (having hosted the event vs. not having hosted the event).

### CONTROL-CASE APPROACH

A similar approach to, or subset of, the top-down method is that of the control case. In the **control-case approach**, attempts are made to compare the infrastructure developments that a city or community would incur as a result of hosting an event to the potential alternative infrastructure development that the city would undertake if the event were not to occur. In this situation, the legacy would result from the difference found between the event case and the control case (Preuss, 2007). Likewise, there are caveats to using this approach. Legacies are not limited to just economic growth for a host city. Sport events are complex, multifaceted events that go beyond economic impacts. As such, it is important to consider intangible sporting, recreational, political, psychological, and promotional outcomes from hosting an event that are difficult to measure (Preuss, 2007).

### BOTTOM-UP APPROACH

The **bottom-up approach** responds to the limitations of the other legacy-measuring methods in that all relevant changes to infrastructures and the

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**top-down approach** A method of evaluating an event's legacy that compares the economic indicators of the event with the same indicators of the host city if the event had not taken place.

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**control-case approach** A method of evaluating an event's legacy in which attempts are made to compare the infrastructure developments that a city or community would incur as a result of hosting an event to the potential alternative infrastructure development that the city would undertake if the event were not to occur.

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**bottom-up approach** A method of evaluating an event's legacy in which all relevant changes to infrastructures and the host city are considered as well as potential, long-term development for the city.

host city are considered as well as potential long-term development for the city (Preuss, 2007). You may recall from earlier in the chapter that sport events have both “soft” and “hard” structures. Two soft structures that are considered in this approach are image and emotions—primarily because they undoubtedly have an impact on the host city. Image has the ability to form, reposition, or strengthen the image of a city, while emotion can instill pride and motivation for residents (Preuss, 2007). Thus, using the bottom-up approach to measure a legacy takes into consideration the fact that structures created for the events may have different and sometimes conflicting goals. For example, trying to improve the city’s tourism industry requires increased media coverage, flawless organization, and extraordinary sport facilities. However, the building of sport facilities does not always take into account use of the facilities after the event and into the future. Therefore, it is important to develop a clear strategy of how legacies will be developed and why it is important to understand legacies, because what may seem to be a positive legacy for organizers may actually be a negative legacy for residents (Preuss, 2007).

An additional point to be made about development plans is that they can result in three types of legacies. First, the host city can develop event structures more expeditiously because of the event. Second, a political consensus is often needed to finalize development plans, and thus helps ensure investments from public resources. Finally, resources for the development of city infrastructure and/or event infrastructure can be funded by autonomous capital suppliers such as sport federations, central government, or private firms (Preuss, 2007, p. 219). This means that in some cases, independent corporations or organizing bodies take the burden to build infrastructure that will be used for an event. This occurred in 1984, when Los Angeles held the Summer Olympic Games. To pay for the Los Angeles Olympic Games, organizers relied on corporate sponsors and the use of existing facilities to host the event. This resulted in a profit being generated and influenced the model used for bidding and hosting the Olympic Games today.

## SUMMARY

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As demonstrated in this chapter, hosting a sport event requires specific “soft” and “hard” structures and an infrastructure that remain after the event. These developments have been found to have the ability to change the quality of the host city as well as leave a positive and/or negative legacy (Gratton & Preuss, 2008; Preuss, 2007) in the minds of

the host community, spectators, participants, and other stakeholders, including the general public. Legacies of events are complex; they can be influenced by various local and global factors. Most publications focus on single-event legacies or, at best, focus on only one or two legacies resulting from an event (Preuss, 2007). Despite the multi-faceted uniqueness of legacies, the most common legacy that is cited and researched centers on the resultant sport facilities (Chalip, 2002) and transportation infrastructure developed for an event. Thus, it is imperative that host communities and event organizers strategically plan for legacies. In doing so, the long-term development of the host community must be at the forefront of any projects. If not, justifying the use and investments of public funds and resources may be difficult (Bohlmann, 2006).

It is possible for the impact of a legacy to diminish over time and ultimately disappear if long-term efforts are not taken seriously and infrastructures (both hard and soft) are not maintained (Terret, 2008). Thus, an objective of studying legacies is to attempt to ensure and secure benefits from hosting a sport event that will not fade away long after the event is over (Gratton & Preuss, 2008). This is why studying and understanding legacies is such a critical component of the sport tourism industry. In order to identify if legacies have a lasting effect on the host cities, it is recommended that studies be conducted 15 to 20 years after the event has occurred (Gratton & Preuss, 2008). However, there are few studies that try to scientifically measure these long-term benefits.

To date, there has been no attempt to conduct a research study to evaluate the net, long-term legacies of a sport event. This deficiency can be the result of three critical issues that need to be addressed. First, it is extremely difficult to factually determine potential projects that a city would invest in had it not hosted the event. Instead, most studies focus on the "gross" legacy. Second, it is difficult to distinguish whether a legacy is positive or negative. While this may not affect the tangible measurement of the legacy, how a legacy is interpreted is important to perceptions of the host community.



There is always the potential for discrepancies between perceptions of a legacy for a host community's event organizers and investors compared with the realities of the legacy for a city's residents. The third issue deals with measuring a legacy over time (Preuss, 2007). Preuss (2007) introduced the "bottom-up" approach, which helps identify a legacy that is left after an event has passed, but the difficulty that is common in all legacy studies is determining the particular impacts of a legacy over time. Consider that a legacy is what remains long after an event has passed; studies must continually be conducted in an attempt to measure and evaluate the definitive impact, or even the perception, of a legacy.

## DISCUSSION QUESTIONS

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1. How different and similar are the two legacy definitions suggested in the literature of this chapter? Using both definitions, discuss/create your own definition of the term legacy.
2. What legacy aspects are more useful in the marketing of a sport event to a host city, the tangible or the intangible? Explain your answer.
3. If you were the chief operating officer of the bid committee for an event, which legacy aspects would you focus on to market this event successfully to stakeholders, such as the federal or state/provincial governments or the public, to gain their support?
4. How can you incorporate the concept of legacies in solicitation of sponsorships, ticket sales, and license merchandizing for a sporting event? (It is probably more beneficial to focus on large-scale events for this question such as the Super Bowl, FIFA World Cup, or Olympic Games.)
5. Develop a model of the potential legacies that can be generated in a given city from hosting a sport event. Can the model be applied to other cities that are planning to host sport events? Or do you think it should change from city to city? What should one take into account?
6. Are there legacies that are unique to the Olympic Games vs. other sport events? Are legacies easier to identify/plan for in mega-events, medium-scaled events, or small-scaled events? Explain your answer.

### Case STUDY

#### Legacy Impact of RAGBRAI

In 1973, a group of friends got together for a casual ride across the state of Iowa. This inaugural event was organized by two newspaper column writers who were also avid cyclists and thought of the expedition as a potential idea for a column. The event was rather disorganized as no one had prepared the course or developed campsites or rest areas along the way. The two columnists simply selected five different cities throughout

(continues)

### Case STUDY (continued)

Iowa to serve as overnight resting destinations. In total, approximately 300 individuals started the ride and 114 finished the entire event. Currently, the race, now known as Register's Annual Great Bicycle Ride Across Iowa (RAGBRAI) limits the number of riders to 8,500 to ensure that they do not overwhelm the host communities.

The event has grown over the years and has received major national and international attention. In the late 1980s, for instance, *NBC Nightly News*, the *Today Show*, and *CBS News* broadcast features about the race and highlighted some of the host communities. In the 1990s, the ride had reached international appeal and was broadcast on a television station in Germany. These broadcasts and the newspaper and other media outlets reporting on the event not only helped increase the awareness and levels of participation for the event but they also highlighted the wonderful state of Iowa.

From a tangible outcome perspective, the event has led to the increase in bicycle lanes throughout the host communities, which rotate every year of the event. The roads are repaved for the safety of the riders, and part of the expense is shared by the state and the event. There are also various charitable organizations associated with the ride, enabling people to raise thousands of dollars each year. Finally, 10 different bike shops across the state are affiliated with the ride, and they each see an increase in riders and provide new riders with helpful tips, bike maintenance training, and ride training plans. Overall, this event has established a positive, long-term legacy in its 42-year existence.

RAGBRAI has demonstrated both positive tangible and intangible legacies, as have other events, some likely in your community. Knowing the importance of legacy, you will want to make sure that your event is a financial success and a credit to your community, not just now but long into the future. Review a local facility or event in your community to determine if it has developed a positive or negative legacy for the community. The following exercises will help get you on the right track:

1. Select either a sport event or facility and review the history of the event.
2. Evaluate the event's or facility's long-term impact on the host community, including both tangible and intangible benefits.
3. Identify methods you would use to evaluate the success of the legacy of the event.
4. Outline two new strategies that you would use to create an additional legacy for the event or facility.

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# Measurement and Evaluation

Thomas J. Aicher

## CHAPTER OBJECTIVES

Upon the completion of this chapter, the reader will be able to:

1. Explain the importance of continuous measurement and evaluation of facility and event organizations.
2. Identify stakeholders who may provide valuable information for organizations to understand their performance.
3. Differentiate measurement and evaluation techniques and the impact that each measure has on the organization's various internal and external stakeholders.
4. Define and articulate the strengths and weaknesses of the various internal and external measurement techniques.

## CHAPTER OVERVIEW

This chapter will review the various techniques to measure the performance of the event or facility from a multi-stakeholder perspective. First, it will establish the importance of continuous evaluation of the organization and its performance from pre-event to post-event to ensure that all stakeholders' expectations are met. It will outline the major components of SERVQUAL—economic, environmental, and social—along with other methods of evaluating the organization's performance.

## IndustryVOICE

Jen Jorgensen—Director of Quant, Egg Strategy



I am a marketing research and consultant working with a range of clients from a variety of industries including entertainment, beauty, consumer packaged goods (CPG), finance, and sports. I started working with FOX Sports in 2017, doing custom qualitative and quantitative market research to help them better understand the nature of sports fandom and its intersection with entertainment.

I went to New York University for undergraduate studies, where I majored in economics and minored in math. While I love numbers and models, I dreamed of a career with color and creativity. In my sophomore year, I stumbled upon an internship at a boutique qualitative market research firm in the SoHo neighborhood of New York City. I fell in love with the idea of a job that centers around asking people interesting questions. Since then, I've moved between New York; Colorado; and Sydney, Australia; working for both quantitative and qualitative market research consultant agencies. I get to work with some of the most exciting brands out there, answering some big, heady questions. It is a fun and rewarding career.

Egg Strategy is a consultancy that creates business and innovation strategies for some of the world's most iconic brands. We use methods that combine creativity and rigor to inspire new thinking across three areas of expertise: Consumer insights, brand strategy, and innovation. Our clients are diverse but tend to be the big names you've heard of in CPG, Health, and broader Lifestyle categories, including sports.

Egg Strategy's mission is finding true paths forward. We fight against the distractions and paralyses that keep people and companies from making progress and inspiring actions that move them forward. Our company values are: Genuine collaboration,

courageous thinking, creativity with purpose, and infectious leaders.

In our research, we at Egg are observing some stark differences in how the various generations interact with sports. The challenge is knowing what differences are inherent in a particular generation (e.g., Millennials or Gen Z behave this way) vs. what differences are caused by a life stage (e.g., all 22 year olds behave this way, which could change when they are 33 years old). My dream is to mirror Harvard's longitudinal study of happiness, *The Grant Study*, with a focus on sport fandom and sport consumption over time. I posit that half of our behavior stays the same and the other half changes in ways that we can't even begin to predict.

Another interesting challenge is that fandom is in the eye of the beholder. Said another way, measuring one's fandom is like measuring love or pain—it's all personal. It is very difficult to have a subjective measurement of avidity, especially when we consider that fan avidity and how often we watch the sport event are increasingly disjointed.

The way we consume all entertainment is rapidly changing. Netflix launched streaming services in 2007, and this year Netflix is reported to have nearly 118 million subscribers globally. Cord-cutting and streaming services have changed our relationship with television. This fundamental shift in how we access entertainment—on demand, according to our own schedules, cutting through commercials—has a big impact on our relationship with sports and the live game. I'm excited to see how the live game evolves in reaction to how we're consuming media. It feels like a sink-or-swim moment.

At Egg Strategy, the first thing we look for in a new hire is a deep level of curiosity and a desire to roll up your sleeves and tackle a challenge. As a marketing consultant, you're asked to view problems through multiple lenses—from the point of view of the fan,

the league, the team, the athlete, the TV network—and we want people who are genuinely and enthusiastically interested in navigating through all of the complexity.

In terms of skills, a solid statistics class and basic fluency in Excel can take you a long way! I always look for candidates who are eager to learn new things and aren't afraid of Googling their way through a challenge from time to time. Finally, for people who are interested in a career in market research or any other industry, internships are a fantastic, low-risk way to try out the industry.

At Egg, we leverage qualitative and quantitative market research methods, along with desk research, to gather a consumer-centric point of view (POV) on

sports, specifically fandom. We source our quantitative data from online surveys, and our go-to analyses include descriptive statistics, factor analysis, regressions and correlations, cluster analysis, and correspondence analysis. For qualitative research, we use traditional methods such as focus groups and in-depth interviews, as well as mobile ethnographies and online communities. For desk research, we kick off the beginning of a project by reading articles, academic papers, books, etc., that are relevant to our clients and that keep us up to date on the industry.

Having a job where you research sports is a fun excuse for you to talk about what you would be talking about anyway...but now you have the data to back it up!

## Introduction

The facility and event industry faces many challenges and serves a variety of stakeholders who each play a significant role in the success of the organization. It is, therefore, very important that facility and event organizations measure their organizations' operations based on the objectives that serve as a guide for the facility or event. For instance, Hall (1992) suggests that evaluation is not an afterthought for event management; rather, it is a strategic necessity for the organization to be able to evolve and be successful in the future. As we detailed previously with planning, measurement and evaluation are integral to the organization's success.

## Why Are Measurement and Evaluation Important?

Getz (2007) articulated seven reasons why facility and event organizations should incorporate measurement and evaluation into their procedures. These include the following:

1. To identify and solve problems.
2. To find ways to improve management.
3. To determine the value of the facility or event.

4. To measure success or failure.
5. To identify and measure impact.
6. To satisfy sponsors and other stakeholders.
7. To gain acceptance, credibility, and support.

Each of these items assist the organization in measuring its performance compared with the objectives it has set forth. For instance, if a cycling event were attempting to expand its revenue source through its current and potential consumers, it would be extremely important for the event managers to assess the current participants' perceptions of the event. In doing so, they would be able to determine what attracted the participants and use that information in subsequent marketing materials. Similarly, if a volleyball facility were attempting to generate additional revenue through sponsorship, it would be very important for the facility to measure the success of its current sponsors. With this information, they would be able to potentially expand the current relationships and use the information to attract new partners. In both examples, the measurement should be developed to evaluate the organization's success or process of attaining its overall objectives. In the following sections of this chapter, I will outline various methods to measure organizational performance toward these types of objectives.

## What Are Performance Measurements Used For?

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**performance measurement** An outcome that describes how well the organization is using its internal and external inputs to produce the desired output.

**Performance measurements** can serve to evaluate numerous functions within facility and event organizations. Behn (2003) suggests that there are eight common purposes for performance management: Evaluation, control, budgeting, motivation, promotion, celebration, learning, and improvement. These measurements describe how well the organization is using its internal and external inputs to produce the desired output. These types of measures can be used to determine how well the facility or event is performing and allow the organization to evolve as it moves forward. For instance, a running festival may evaluate participation rates, expenses, and partnership relationships to determine if the event was a success this year as well as how to improve for the following year. Another example would be the sport complex using these measurements to improve the management of the facility in order to attract additional events to the complex. The focus of the measurement may be on capacity management strategies, employee training, and improvement to demonstrate the facility's ability to host numerous events.

## How and When to Measure Performance

When measuring organizational performance, most facilities measure performance annually and utilize a single measurement to determine their overall performance, which has severe limitations. Typically, events will only perform a **post-event analysis** to measure performance and will focus on a single outcome of the event (e.g., participant satisfaction). When conducting performance studies, the impact of time on the memory may be detrimental to measuring the organization's performance accurately. Over time, stakeholders will likely remember only the very good (i.e., halo effect) or the very bad (i.e., horn effect), which will bias any information collected from these individuals. In addition, financial measurements may not be as accurate over time. For instance, if a soccer facility runs a special in August for the upcoming season, its level of sales may be increased for the month of August; however, because they are selling these items at a lower rate than normal, this promotion could impact their annual sales performance. Furthermore, sales may also fall in September as they lead up to the October indoor season and the individuals who normally register at this time may have taken advantage of the reduced rates. In either case, it would be more effective for facilities and events to measure performance using a continuous and multifaceted approach.

To ensure that they are accurately measuring performance, organizations should first vary their data sources. Concentrating on one group of stakeholders will only paint a part of the picture from the event. The best way to understand this concept is through a brief illustration. A local community submitted a bid for, was selected, and hosted a junior international triathlon championship event. At the end of the event, the facility and event managers met to discuss the notes that they took during the event, and overall, they found that there were numerous issues with logistics and timing to consider for future events. Upon conclusion of their review, they sent summative reports to both the sponsors and the organizing committee of the event (in this case, the United States Triathlon Association) according to their original agreement and made suggestions for future improvements.

After receiving the feedback from the management team, both groups, sponsors, and event owner were quite surprised, as both groups were pleased with the event and thought that it was a resounding success. For instance, what the management team saw as a logistical issue, the sponsors of the event thought was a great plan because it ensured that all of the participants and spectators flowed through the sponsors' area, which allowed them to successfully market their

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**post-event analysis**

Measurement of a specific variable of interest after the event has occurred.



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products. The event organizing committee felt that the timing of the event was consistent and even more efficient than the events that they had hosted in the past and were also pleased. This brief example demonstrates the importance of measuring various individuals' opinions of the event to ensure that all groups are satisfied with how the event was managed. If the facility management team had not elicited feedback from these groups, they may have made changes to future events that would have had an adverse impact on sponsor and event owner satisfaction.

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**qualitative** Research methodology used to develop a more in-depth description of behaviors and experiences.

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**quantitative** Research methodology used to provide a numeric analysis of the organization's performance.

Organizations will also want to vary the techniques they use to collect data. Broadly, data are collected in two distinct forms: **Qualitative** and **quantitative**. Each form brings value and understanding to the facility's or event's overall performance. Some of the most common sources for quantitative data include attendee statistics, sales figures, financial reports and accounts, economic impact analyses, environmental impact analyses, and social impact analyses. Quantitative data develop a numerical analysis of the organization's performance, while qualitative data offer a deeper understanding of the stakeholders' perceptions, attitudes, and other information. For instance, qualitative data come in the form of attendee perceptions, interviews with attendees and staff, management notes and commentary, and interviews with external stakeholders (e.g., sponsors, community members), among other forms. The two broad techniques allow the organization to develop a broader understanding of how well the organization is achieving or progressing toward its objectives. In the following sections, I will outline more specific methods of data collection that organizations may employ to measure performance.

## What to Measure

When measuring organizational performance, the default for most organizations is to measure financial performance. This may be an effective approach for the organization to determine how well it is performing

financially, but it does little to measure other variables that should be considered equally important (e.g., customers/participants, sponsors, external stakeholders). Therefore, rather than using a single measurement approach, facility and event organizations should employ the **triple bottom-line approach**, in which they measure the impact that the event has on (1) its consumers, (2) internal business operations, and (3) external business operations. Each prong should be evaluated with the overall business objectives as a framework to indicate success. Additionally, rather than using a single measurement, facility and event managers should maintain a continuous evaluation approach and measure the three prongs of the triple bottom line. An outline of each prong follows, including a strategy of how to measure each performance indicator.

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**triple bottom-line approach** A method of measuring organizational performance focused on the impact that the event has on its consumers, internal business operations, and external business operations.

## CUSTOMERS/PARTICIPANTS

Facility and event organizations cease to exist if they do not have customers or participants using their facility or partaking in the events they host. There are several key variables that organizations should concentrate on when evaluating customers' perceptions of the organization. Some of the most common variables include service perceptions, overall satisfaction, attitudinal changes, and lifestyle change.

Ko and Pastore (2007) developed a conceptual framework for sport and recreation organizations to better understand service quality in recreational facilities. Using Bitner and Hubbert's (1994) definition, service quality refers to "the consumer's overall impression of the relative inferiority/superiority of the organization and its services" (p. 77); Ko and Pastore developed the Scale of Service Quality in Recreational Sports (SSQRS). This measurement approach focuses on four main categories: (1) program quality (i.e., range of programs, operating times, and program information), (2) interaction quality (i.e., employee-client and client-client interactions), (3) outcome quality (i.e., physical and social benefits), and (4) physical environment (i.e., ambience, design, and equipment). Finally, they include a measurement of overall customer satisfaction with the facility.

Each item of the SSQRS can be operationalized (i.e., defined in the context of the study) and measured to determine if the facility can improve in the SSQRS dimensions. For example, a recreation center could survey individuals who frequently use the facility to determine their level of satisfaction with the facility. The SSQRS would measure attributes about the facility (e.g., cleanliness, safety, benefits sought) to determine if areas exist in which

the facility is considered deficient. Furthermore, they may want to measure how well the facility users were treated by the employees and other members, as well as how pleased they are with the array of equipment provided by the facility, among other variables. In doing so, the recreation center managers may find that individuals are very pleased with the staff and range of activities but feel that the lighting needs improvement and that the services provided do not meet the demands of the organization. This may also highlight issues with space utilization as well as areas such as the racquet-ball courts, which may be underutilized while the cardio and free weight sections are overcrowded. This knowledge would allow the managers to improve these areas, which would lead to higher customer satisfaction and potentially increased usage.

Facility and event managers may use the SSQRS findings from their evaluations to develop stronger customer segmentation strategies. Facility and event organizations typically segment their customer or participant bases into three categories: Goods or services sought, customer relationship, and image and reputation. The first category, goods or services sought, differentiates the customers or participants based on the attributes that the individuals value the most about the facility or event. These attributes may be price, quality, options available, and benefits sought from participation, among many others. For example, running events may differentiate according to the distance that individuals must complete, and in doing so, they may vary the cost to participate. This strategy will allow individuals who are not well conditioned to participate in a shorter event, while others have the opportunity to challenge themselves with a longer distance. The price of each event should be directly related to the distance and level of support associated with the participants' expectations so they will feel satisfied with their purchase.

The second way in which organizations may use SSQRS findings is to differentiate themselves through the relationships they have with their customers. This strategy involves evaluating the relationship or interaction between the customer and the staff in the facility. For instance, suppose parents take their child to participate in the local recreational soccer league. While there, they encounter a rather unpleasant person working at the concession stand. Although the child really enjoys the team and playing soccer, the parents may consider an alternative recreational league to participate in because of this encounter. Additionally, the relationships that

an organization creates with the participants may impact the longevity or continued participation in an organization's events. The longer individuals participate in an organization's events, the more accustomed they become to the organization's processes, and the expectations of organizational performance may be increased. For example, each time individuals receive a greater level of treatment than they have in the past, they may expect the same or better each time they return. This may take a toll on an organization if they do not continually assess and train their employees to perform at a high level. Failure to maintain the high level of service may lead to a negative event or relationship with the customers, and thus, they may go to another league.

The last way in which organizations may use the SSQRS is to assist in the development of their strategies to manage their image and reputation of the facility. Similar to word-of-mouth advertising, the image and reputation of a facility and event may have either a positive or negative impact on the customer segmentation strategies. For example, a cycling studio may define itself as wealthy, challenging, exclusive, and with a high level of service. This would minimize the number of consumers who may be able to afford to attend the classes that the studio provides; however, it would provide the level of exclusivity and amenities that some individuals may seek. Another example could be a small softball tournament. This event could take on a reputation of being a lively, fun, family-friendly event, in which everyone is welcome to participate, or it may be billed as a competitive tournament that teams use to test their abilities against other elite teams. In either case, the strategies used to develop and maintain the image and reputation should be consistent with the organizational objectives, and thus, the measurement will focus on those variables.

## INTERNAL OPERATIONS

Facility and event organizations employ **financial measurement** approaches to determine how well the organization is contributing to the bottom line. If not directly tied to the organization's overall business objectives, using these measurements may potentially have a negative effect on the long-term health and viability of the facility or event. Organizations commonly use traditional financial measurements (e.g., return on investment, debt vs. equity, gross profit) developed from the financial statements to outline the financial

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**financial measurement**  
An outcome used to determine how well the organization is contributing to the bottom line.

standing of the organization. While these measurement approaches do help the organization understand how it is performing, other approaches may provide greater insight into the organization's financial performance and the impact on organizational objectives.

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**revenue growth and mix measurement** An outcome used to denote how well the organization is performing toward organizational objectives such as market share, increased markets, or expanding its revenue sources.

**Revenue growth and mix measurements** denote how well the organization is performing toward organizational objectives such as increasing market share, increasing markets, or expanding its revenue sources. For example, a tennis club may measure its overall gross profit and find that it is doing well as an organization. However, if the organization's stated objective is to increase the number of members or broaden its sources of revenue, this measurement would not provide the information that it needs to correctly determine how well it is performing toward this objective. Rather, the organization would want to break down its sales and sources of revenue to determine how much it is generating from each business category (e.g., gift shop, concessions, trainings, memberships), and it may notice that it has undervalued certain categories in which it may enhance the revenue streams.

Instead of evaluating and improving revenue streams, facilities and events may turn to cost reduction or efficiency measurements to determine if they may enhance the organization's performance. For instance, an ice skating facility may evaluate its marketing strategy to bring in new customers. With the various media that it uses to reach potential clients, it could measure which methods are generating the greatest number of new or interested members, hockey players, or spectators of their events. This approach would provide the organization with the information to determine which platforms are most effective and then eliminate or reduce spending on the underperforming methods. Other options may include using technological advancements (e.g., online ticket or mobile ticket sales for events), which would eliminate the need for certain staff, although an unpopular choice.

Finally, organizations may evaluate how well they manage their assets to generate a return on the resources they currently possess. Management of assets may come in a variety of forms—capacity management, space utilization, and event performance, to name a few. These types of measurements allow organizations to develop an understanding of how much return they are getting for the use of the space or other assets. A local YMCA, for example, may evaluate the current setup of the facility. With the focus on developing new workout trends and an alternative desire for individual- and group-based training, they may want to eliminate certain sections that are underutilized. Doing so would allow the YMCA to maximize its

use of space, eliminate some of the equipment in the facility, and reduce the cost of maintenance. Additionally, it may schedule classes that have demonstrated greater popularity than others, which would lead to greater profitability.

The second major component of internal operations is **human resources measurements**. This element can be very challenging for facilities and events to measure because of the dependence on volunteer staff to manage events. Common measurement approaches that organizations may use to measure their full-time staff members would be employee retention through frequency of turnover or attrition. They may also find value in measuring employees' job satisfaction, organizational commitment, motivation, productivity, role clarity and competency, and other factors. These measurements would allow the organization to develop a better understanding of its employees' perceptions of the organization and to assist with the human resource management component. Ultimately, and to use a cliché, our organizations are only as strong as our weakest link. Similar to financial measurement approaches, these approaches should be consistent with the organizational objectives and provide support and guidance to the employees so they may help the organization to reach those objectives.

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**human resource measurement** An outcome that allows the organization to better develop an understanding of an employee's perception of the organization.

## EXTERNAL OPERATIONS

Facility and event operations impact the host community in three common ways: Economically, environmentally, and socially. The United Nations World Tourism Organization suggests that organizations monitor these three impacts to ensure a sustainable tourism destination by ensuring that each impact has been brought to a level consistent with the local residents, visitors, and business interests. The most commonly discussed measurement approach of the three is the economic impact analysis; however, the latter two are gaining momentum as economic impact studies are called into question quite often. Facility and event management organizations use these studies to gain public support or recognition for what they bring to, or do not take from, the community. For instance, if managers of a local sport team are attempting to pass a public referendum to use tax dollars to build a facility, they would want to use the economic impact study to demonstrate the positive growth that the facility will generate for the local community and economy. The environmental impact study will outline how the organization will minimize the impact that the construction may have on the local environment, as well as how they will minimize the impact of the harsh chemicals they use on the field. Finally,

they may want to report how the new facility will create greater civic pride or social cohesion in the community; thus, elevating the city's reputation and image in the broader community. A further discussion of each technique follows.

## Economic Impact Analysis

Economic impact is used to measure the effect of a facility or an event on the local community. An economic impact study measures the organization's ability to generate new revenue for the host community, increase impact on individual-level income within the host community, or produce new jobs within the host community. Each of these measurements will generate a continuous impact, which has led to the use of multipliers to estimate the overarching impact of a single dollar spent at a facility or an event. The multipliers measure both direct impacts (e.g., spending on hotels, restaurants, event participation) and indirect impacts (e.g., event suppliers, employees spending their earnings, local government taxes). For instance, an individual traveling to Knoxville, Tennessee, for the sole purpose of participating in a basketball tournament generates new spending in the local community, which would not have existed without the event. The money that the individual spends during the trip on hotels, restaurants, and shopping then turns over through the local community as it is used by the businesses to pay its employees and replenish their supplies and as it becomes tax revenue for the local government, for example. The revenue will continue to travel through the local economy, with some money being lost at each stage of the spending cycle.

To estimate this relationship, organizations use three common multipliers: Sales, income, and employment. The use of these multipliers should be carefully interpreted to ensure that a more accurate estimate of the event's or facility's impact has been calculated. Howard and Crompton (2005) outline the details and how to properly employ the multipliers, and more importantly, the five inviolable principles of economic impact analyses. Failure to follow these principles will lead to an overestimation of the event's or facility's impact. The principles also shed light on the various economic impact analyses provided by organizations when attempting to attain government support mentioned previously. These inviolable principles are listed in **Table 15-1** with examples of how they may affect the estimated impact.

The most common method used by facility and event organizations is surveying the participants/customers to determine spending levels while the

**Table 15-1** Five Inviolable Principles of an Economic Impact Analysis

No.	Principle	Reasoning
1	Exclusion of local residents and deflectors	These two groups do not generate new money. Locals would have spent money elsewhere within the community. Deflectors are local residents who would have spent money outside of the community but remained local because of the event. While considered new money, the amount is negligible.
2	Exclusion of "time switchers" and "casuals"	Time switchers are nonlocal spectators who were planning a visit to the community but changed the timing of their visit to coincide with the sport event. Casuals are visitors already in the community, attracted by other features, who elected to go to the sport event instead of doing something else.
3	Use of income rather than sales output measurements of economic impact	Sales multipliers inflate the numbers but do not tell the local public how much they will truly benefit; sales do not guarantee more jobs.
4	Use of multiplier coefficients rather than multipliers	Coefficients attribute an increase to the injected change created by visitors. Multipliers attribute an increase to income generated.
5	Careful interpretation of employment measurements	Are the positions full- and part-time jobs? Are the "new" jobs really new or just a transfer of time between workers? Are the positions seasonal?

individual is visiting the community. An example of this method is provided in **Figure 15-1**. If you review the questions carefully, you will see how to ensure that you do not violate any of the inviolable principles. For instance, the questions listed will determine who should be considered a local vs. a nonlocal person, whether the person should be considered a casual or time-switching visitor, and how much the person spends on various activities during the trip. Once the data are collected, services such as IMPLAN (which stands for IMpact analysis for PLANning) are utilized to generate the multipliers to estimate the impact of the initial spending. For a full explanation of how to perform an economic impact analysis, review Howard and Crompton's *Financing Sport*, which is listed in the references.

**Umstead Trail Marathon**  
**Visitor Survey**

**AT Consulting Services is requesting your support in determining the economic impact of the Umstead Trail Marathon. The information provided will allow us to assist the Umstead Trail Marathon organizer with the information needed to ensure quality future events, as well as assist with future negotiations for the development of trails. We greatly appreciate your support!**

What is your home zip code? \_\_\_\_\_

How many people are traveling in your party? Be sure to include yourself. \_\_\_\_\_

Approximately how much will your traveling party spend IN TOTAL during your entire stay in the Raleigh Area for the following categories:

Lodging:	_____	Marathon Expo:	_____
Food and Beverage:	_____	Tourist Attractions:	_____
Local Transportation:	_____	Entertainment:	_____
Retail Shopping:	_____	Other Expenses:	_____

**Figure 15-1** Example of an Economic Impact Survey

## VIGNETTE 15-1

### Projecting Economic Impact of a Local Sport Facility

In Hays, Kansas, a group of investors and Fort Hays State University (FHSU) developed a proposed sport complex to be constructed by using some public funds. The facility was designed to include eight baseball/softball fields, four football fields, and four soccer fields. Additionally, the facility would include maintenance building, picnic areas, playground facilities, concessions, warm-up areas, and ample parking to host the events. In addition to these fields, a new soccer complex was planned for development and use by FHSU next to the new sport complex. Combining these two projects into one specific location allowed for shared infrastructure improvement (e.g., roads, utilities). The estimated cost of the entire project is \$8 million dollars and a ½ cent increase in sales tax over the next four years to pay back the bonds

associated with the construction of the facility was requested.

To help justify this expense and increase in sales tax, the group commissioned a consulting firm to conduct an estimated annual impact analysis of the sport complex. The study assessed the direct and indirect effects on the local economy of hosting tournaments for regional baseball, softball, soccer, and football organizations. These events typically require an overnight stay from out-of-town teams and participants, and, therefore, through spending on accommodations, transportation, food, and entertainment, should have a positive economic impact on the local community.

First, the consultants had to estimate the number of tournaments likely to be hosted annually, the number of teams that would participate, and the average

number of participants and supporters for each team. To do so, the group analyzed various seasons from regional sport facilities and leagues to develop an accurate projection of these variables. Next, the group distributed an online survey to adult participants and parents of youth participants to estimate the amount of spending on accommodations, food, entertainment, and transport when these individuals travel for tournaments.

The results of this analysis projected that the facility would be able to host 16 adult softball tournaments, 12 baseball tournaments, seven youth softball

tournaments, two youth soccer tournaments, and one youth football tournament annually. Based on the average size of the team and number of parents, coaches, and supporters who travel with the team, the group estimated that these tournaments would account for an estimated, slightly over 25,000 visitors. The average amount spent per respondent on the total categories listed above was \$92.81/day, which generated an estimated \$2,368,642 annual direct economic impact on the city. While these numbers appear to present a good case for spending on the sport facility, costs were not included and employment projections were not included either.

## Environmental Impact Analysis

The large numbers of people who participate in our events or use our facilities generate an **environmental impact**. Additionally, the construction, maintenance, and resources that our facilities use to operate may have a deleterious impact on the local environment. The chemicals and fertilizers we use to maintain the green spaces (e.g., fields, golf courses) may also negatively impact the environment. Moreover, the larger events hosted within our communities cram several thousand people into small areas, and the travel, trash, noise, and other by products generated by these individuals may harm the local environment. Some events may harm the local flora and fauna through erosion and negative effects on the watershed. For instance, a trail-running event may damage the local environment because of the repetitive flow of runners following the same path, and the spectators walking along the course may have a similar impact. This trampling of the grasses and underbrush may lead to greater erosion of the soil.

When evaluating the environmental impact of a facility or an event, it is important to remember that there is no such thing as a zero impact. Every facility and event will have a negative impact on the local environment, so it is imperative that event and facility managers develop strategies to minimize or counterbalance the impact. For example, a charity cycling event hosted in a local community will have individuals traveling to the event, which will release greenhouse gas emissions. Trash from the event, including the cups and wrappers at the rest stations, will be placed in the local landfills, along with countless

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**environmental impact**

The negative effect that the construction of or the existence of a facility or event has on the local environment.

other by products of the event. In this situation, the event could support mass transportation options to reduce the number of individuals traveling to the event or give a reward to those who carpool. The cups used at the rest stops could be recycled as long as they are paper and do not have a wax coating. These strategies would not negate the event's impact on the environment but would at least lessen it.

The event may employ other strategies to decrease environmental impact. For example, facilities could reduce their energy consumption by using energy-efficient lighting (e.g., fluorescent or high-intensity discharge lighting) and cooling/heating systems. The facilities may also benefit from having large windows to increase the amount of natural light, which may reduce lighting costs. Those facilities that use chemicals to treat their green spaces or pools could adopt environmentally safe products that would reduce the harsh chemicals normally used. Facilities may also provide electronic options for ticketing, marketing, and other facility operations that utilize a tremendous amount of paper. When paper must be used, the organization should make sure that it is recyclable and print on both sides to minimize the total number of pages. A newer strategy in facilities is the use of rooftop gardens as they provide a unique aspect to attract visitors, may produce food, and most importantly, serve as an extra level of insulation, which can enhance the efficiency of heating and cooling the facility.

To further manage the environmental impact of the Olympics, the International Olympic Committee (IOC) created the IOC Sport and Environment Commission. This was established in 1995 in response to the 1992 Albertville, France, Winter Olympics. In those Games, the construction and running of the events associated with the Games had a devastating impact on the local community. The conditions outraged several environmental groups, prompting the IOC's response. In addition to the creation of the Sport and Environment Commission, the IOC added the environment as the third dimension of Olympism (along with sport and culture). For more information and to learn more helpful environmental protection strategies, visit the IOC Sport and Environment Commission website ([www.olympic.org/sport-environment-commission](http://www.olympic.org/sport-environment-commission)).

## SOCIAL IMPACT

Recently, owners have begun to evaluate the impact that their facilities and events have on the local community's social norms, roles, and customs. Facilities and events have been found to generate both positive and negative

impacts on the host community. Similar to environmental and economic impact analyses, **social impact** analyses are important for organizations to employ so they have a strong understanding of local communities' perceptions of their organizations. It is integral to the success and sustainability of the organization to maintain a positive social impact on the community. Outlined next are some of the potential negative and positive social impacts that facility and event organizations may have on the host community.

Evaluating the impact of hosting mega-events, such as the Summer and Winter Olympic Games or the International Federation of Association Football (FIFA) World Cup, on the host community, researchers have largely pointed to two negative outcomes: Crime and displacement of the working poor. Factors that may contribute to increased levels of crime include the following:

- The nonlocals do not have a strong understanding of the formal mechanisms of social control
- These visitors also do not act as good guardians of the rental properties
- Criminals may choose to go to the area because of the perception of “easy marks”

Evaluation of the 2002 Winter Olympics hosted by Salt Lake City, Utah, demonstrated the opposite impact of hosting. In their investigation, Decker, Varano, and Green (2007) found a brief reduction in the crime levels during the event, and once the games concluded, crime rates returned to their normal levels. Alternatively, other research studies have demonstrated that local residents perceived the crime rate to have increased during the event, and their perception (whether accurate or not) may be more meaningful in generating local support for the event.

The second major concern of hosting mega-events is the negative impact on the working poor and the housing available to these groups. When determining where to build the stadiums and other facilities to host such events, communities typically turn to the most affordable land options. Additionally, the pressure of meeting fixed deadlines leads to the bypass of normal decision-making processes, which leads to the demolition of “eyesores” and the displacement of many urban poor (Lenskyj, 2000, p. 228). In doing so, individuals are relocated from these areas, and those who are not directly impacted by the construction of the facility may be forced from the community because of the increasing costs of living in the area. This was on full display in the lead up to the FIFA World Cup hosted in Brazil. Butler and Aicher (2015) evaluated the media reports during the protests leading

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**social impact** The effect that facilities and events have on the local community, social norms, roles, and customs.

up to the event. The community was frustrated with the exorbitant spending on the venues to host the event when they had healthcare, education, and other basic services that could be improved.

Facilities and events may also have negative impacts on the local residents' daily lives. For instance, facilities and events typically generate greater levels of noise, traffic, pollution, crowding, and other undesirable variables. These activities may lead to less support from local residents because their routines have been hindered due to the hosting of the event. For instance, individuals who live near a baseball complex may have increased levels of frustration when the facility hosts a fireworks Friday promotion. With the increased traffic in the community, individuals parking along the streets, and the loud firework display, the local residents may become frustrated with the event organizers because they are not able to navigate the area as they normally would and the noise may scare their animals or prevent them from sleeping.

The effects of a facility or event on the local community need not be negative, however. Through proper management, facilities and events may generate a positive social impact within the local community. One example of a positive impact is psychic income. With the lack of economic impact found in most facility economic impact studies, organizations have turned to the notion of psychic income to bolster community support. Psychic income is the method by which the city expresses its identity, personality, and status to the rest of the world. Generated in the local community through the production of major facilities and events, psychic income has a strong social bonding impact on the local community because it develops a shared identity that breaks through all other social barriers (e.g., race, sex, political affiliation, religion). Facilities and events can enhance psychic income through (1) increasing social interactions between the community and the facilities or events through community-specific events, (2) cultivating common group interests through small events in which various stakeholder groups may interact, and (3) developing a strong and trusting relationship between the facility and event managers and the local community. Each of these strategies costs the facility or event organization very little yet may have a significant impact on the local community. For instance, a local recreational facility adds a rock-climbing wall. To generate a buzz, the facility owners decide to allow nonmembers access to the facility to check out the new equipment. Rather than just having anybody come in, the facility could send invitations to those in the area who may be adversely impacted by the other large events they plan to host. Treat them to a meal and maybe a small instructional

session about rock climbing. This open-door invitation will demonstrate to the local residents that the facility understands them and their needs and is attempting to reach out.

Additional social outcomes generated by facilities and events include community cohesion, educational development, support from families, and regional development. These outcomes will engender greater support from the local residents because they feel that hosting such events is of value to the local community. For instance, the city of Indianapolis, Indiana, has made large investments in their sport facility infrastructures. They now host several major sport events (e.g., National Football League [NFL] Combine, National Collegiate Athletic Association [NCAA] men's and women's basketball tournament championships, the Indianapolis 500), two professional franchises (the NFL's Colts and National Basketball Association's [NBA's] Pacers), and a minor league baseball team. This does not include the level of investment made in the local parks and recreation system as well as other sport events hosted in the community. With this level of events in one community, the city of Indianapolis has enjoyed considerable support for investing in additional sport facilities and events by those who see the positive impact generated from hosting such national and worldwide spectacles.

The social return on investment (SROI) model provides a framework for facility and event managers to understand the social impact that they have on the local community. The purpose of the SROI model is to estimate the financial amount of social value generated from the facilities or events in the host community. The basic formula to calculate the SROI model is to divide the value of the social impact by the value of spending. To do so, Rotheroe and Richards (2007) outline four distinct areas on which organizations should focus to determine the level of social impact. The first is stakeholder engagement, which is the level to which stakeholders' objectives are identified and integrated into the organizational processes. Second, the event analysis is centered on the stakeholders' interests (i.e., materiality). For example, if sponsors and local residents are considered integral to the success of the event or facility, measurement of their perceptions of the event would be paramount to other stakeholder groups. Next, organizations will develop an impact map that depicts the pathways to understand how the facility or event causes changes in the external environment. Finally, facility and event managers should develop an awareness of deadweight. This calculates the proportion of outcomes that would have occurred in the community regardless of the existence of the facility or event.

An alternative approach to the SROI model is the basic social impact assessment. These assessments measure the local residents' attitudes, perceptions, and behaviors as well as the health standards of the local residents, number of local fitness organizations, and lifestyle of the local residents based on a facility or event. The social impact analysis is derived directly from the objectives of the facility or event operations. For instance, in DeKalb, Illinois, an annual cycling event is held called Biking with Beanzie. Proceeds from the event are used to support the community bike pathway projects. Through the efforts of this event, several miles of bike pathways have been created throughout the city and connect to other municipalities, which have allowed for more individuals to use the path for running, cycling, walking, and cross country skiing. This increased level of physical activity may subsequently affect the local community in a positive manner.

## VIGNETTE 15-2

### A Marathon Event with a Focus on Positive Impact

The Flying Pig Marathon, was founded on Mother's Day in 1999 and 5,297 people completed the marathon. Over the years, the event added a half marathon, marathon relay, 10K, 5K, 1-mile run, kids' mile, and a dog run. In 2017, the event hosted its largest to date with 37,244 participants with an estimated 150,000 spectators. The event attracts participants from every state in the United States and 16 other countries. With the high level of out-of-town visitors who participate in the event, the Flying Pig generates an estimated \$14 million dollars of economic activity annually and generates approximately 260 new jobs. In 2017, the Flying Pig continued its focus on greening the event to minimize the environmental impact. Each water stop was provided with recyclable cups to use, and the post event used volunteers to help participants either compost, recycle, or dispose of their waste. Through these efforts, they were able to divert more than 10 tons of waste from the landfills, 1,600 pounds of

heat sheets were recycled, 1,800 pounds of clothes were donated, 3,618 pounds of food was donated to local food pantries, and 596 carpool cars were used. Socially, the Flying Pig impacts the local community in numerous ways; however, two are especially worth mentioning. First, the event was used by approximately 329 charitable organizations to raise funds either through volunteering for the event, selling the "piggiest raffle ever" tickets, or runners who use pledges to donate to the organizations. In total, the 2017 event accounted for almost \$610,000 in charitable giving. Another major impact is the kids program in which younger kids run their 26th mile at the Flying Pig Marathon and others "Fly up to the 5K." These programs not only teach children the benefit of running but they also provide them with nutrition facts and healthy living resources to help them to lead a healthy lifestyle. Overall, these impacts generated by the Flying Pig Marathon have a positive effect on the city of Cincinnati.

## SUMMARY

Facility and event managers should evaluate performance through a continuous and multifaceted approach. Outlined in this chapter are various strategies and sources of information that organizations can use to measure how well they are performing in terms of their overall business objectives. These different measurement approaches allow facility and event managers to better understand the impact of the event on customers and participants and on the organization's internal and external business operations. This type of evaluation is consistent with the triple bottom-line approach to measuring organizational performance. This approach enables the organization to generate a much fuller understanding of the various factors that may impact its performance within its environment and community.

## DISCUSSION QUESTIONS

1. Explain the importance of measuring the facility's or event's performance, and outline the basic strategies that managers may use to continuously measure performance.
2. Who are the different stakeholders who can give the organization information to determine its performance? What approaches could be used to measure these aspects?
3. How can an organization alter the Scale of Service Quality in Recreational Sports (SSQRS) to determine the satisfaction level of the users of the facility or participants in an event?
4. What measurement approaches can be used to determine the financial performance of a facility or event? What are the strengths and weaknesses of the different approaches?
5. What are the five inviolable principles of an economic impact study, and how can a facility or event avoid violating these principles?
6. What adverse environmental impact could events and facilities have? What strategies can managers employ to minimize these impacts?
7. Explain the positive and negative social impacts that an event may create for the local community. What strategies can event organizers use to maximize the positive impacts while minimizing the negative?

## Case STUDY

### Play Foley: Creating a Sport Tourism Destination

In the summer of 2017, Foley, Alabama, became the home of a private/public partnership to drive tourism in the area. First, funded through various private and public funds, the city of Foley created a new sport complex to capture the rapidly growing youth sport tourism market. This new sport facility is home to 16 open-air fields, which can be used for numerous events such as soccer, football, lacrosse, and ultimate Frisbee. The outdoor space is anchored with a 2,000-seat stadium, expandable to 10,000, and fully equipped for television capabilities. The indoor space at the complex boasts 90,000 square feet of

(continues)

### Case STUDY (continued)

space including 50,000 square feet, which can be used for basketball, cheerleading, gymnastics, and many other activities. The second major facility was developed through a private organization call OWA. This complex includes several accommodations, an outlet mall, an amusement park, and a 14-acre lake. Combined, these two facilities, and their proximity to the Alabama Gulf Shore, make this a unique and marketable destination.

As the facility continues to market and develop a portfolio of events, it is proving to be successful with the amount of tournaments and events that it is hosting. The popularity of OWA as a destination has also proven beneficial when the Foley Sports Commission successfully bids on national competitions. In 2016, they hosted 62 events, which demonstrates a potentially positive economic impact on the host community; however, they are currently unsure of the actual impact. In addition, they would like to create a level of customer service and value that brings tournaments back to their destination annually, as well as those teams that compete in the events that they self-manage.

Given the lack of awareness of the potential impact that the facility may have, they have hired a research consulting firm. They would like to develop a strong understanding of how the organization is operating as well as the impact that it has on the local community. Specifically, they asked the firm to determine what the impact of the facility was on the host community, what the key drivers for success are, and how they can improve organization efficiencies. A secondary concern is how much the sport tourist utilizes the OWA facility or if large events prevent individuals from going to the facility.

1. Establish key performance indicators that could be utilized to determine the facility's efficiency in each of the components of the triple.
2. Based on the new indicators, outline who the appropriate stakeholders would be to determine the current organizational performance.
3. Outline the steps and instrumentation you will use to measure this group of stakeholders.
4. Provide a few strategies based on your expected results that the sports commission director can use to improve the facility's efficiency and overall financial performance.
5. Determine and explain the impact of large sport events on the OWA facility.

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**act of god** An instance of uncontrollable natural forces (often used in insurance claims).

**activation** a specific action taken toward leveraging the sport-sponsorship relationship.

**administration domain** The event management domain that includes the finance, human resources, information, procurement, stakeholders, systems, and time elements of an event.

**affective dimension** The emotional response to the experience.

**altruism** Individual's selfless desire to help improve others' welfare.

**ancillary event** An event that occurs in conjunction with another type of event.

**ancillary revenue** Income generated from goods and services that enhance the primary product or service; examples include concessions, parking, and merchandise.

**arms race** As it relates to the sport event industry, the competition among sport organizations to have the best facilities, resources, revenue-generating amenities, and other event features to ensure an advantage in the marketplace.

**assessment** Identifying and analyzing the environment to assess the needs of the event.

**audit** A systematic critical examination of the facility or event to identify key risks or safety issues.

**behavioral involvement** The action one takes in sport, whether as a participant or a spectator.

**benchmark approach** A method of evaluating an event's legacy in which an event held in one city is compared with an event held in another to determine the impact generated from the events.

**bid** It is a competitive process in which the objective is to win the right to organize a specific sporting event.

**bonds** A debt security in which the issuer owes the bondholder a designated amount; payment, interest, and maturity date details are provided.

**bottom-up approach** A method of evaluating an event's legacy in which all relevant changes to infrastructures and the host city are considered as well as potential, long-term development for the city.

**breakeven analysis** An assessment used to determine at what point the event can cover all of the expenses and begin to make a profit.

**burnout** Result of physical or mental exhaustion from the workload.

**capital project** A long-term investment project that will increase the organization's assets.

**capital projects** A project that maintains or improves upon an asset, like a sport facility.

**change order** A document used to record an amendment to the original scope of construction work.

**checklist** A preventive control tool that ensures that each individual is performing all tasks essential for to the success of the event.

**closure/shutdown** The final stage of event planning to ensure that nothing is lost, equipment is returned properly, and the flow of those involved occurs seamlessly.

**cognitive dimension** Making sense of an experience through awareness, perception, memory, learning, and judgment.

**cognitive involvement** The acquisition of information/knowledge about a sport.

**commitment** The frequency, duration, and intensity of attachment to sport.

**communication** the open and transparent channels of discussion about the processes.

**communitas** A special place where event attendees share a heightened sense of community and belonging.

**community event** A relatively small-scale event that appeals to a specific geographic region.

**competitive factor** A rivalry or event meant to measure ability in relation to another.

**conative dimension** The behavior, or physical responses, of event attendees.

**concessionaire** An entity given the rights to operate and sell goods or services on premises that belong to another. Venues often enter into agreements to sell parking and food concessions on their premises.

**consumer involvement** A blend of the individual's interest in sport and the degree of importance that sport has in his or her life.

**consumption** The active use of a product or service.

**contractor** A firm that contracts directly with the owner for the construction of a project.

**control-case approach** A method of evaluating an event's legacy in which attempts are made to compare the infrastructure developments that a city or community would incur as a result of hosting an event to the potential alternative infrastructure development that the city would undertake if the event were not to occur.

**core product** The main product that is made by the company for the customer (i.e., the sport event or contest).

**critical path** An analysis of the most efficient scheduling of tasks and subtasks.

**cues** A feature or element of the event that is perceived and interpreted by the attendee with the intended outcome of a lasting (hopefully positive) impression or memory.

**customer profile** A description of the customer or set of customers based on their demographics, psychographics, media preferences, and purchasing behavior.

**data-based marketing (DBM)** A comprehensive system that captures critical demographics, psychographics, media use, and purchasing behavior information on customers and potential customers in order to enable direct marketing strategies.

**decision-making process** The process of weighing the factors to determine the best option for purchase.

**demographics** The categorization of consumers based on age, gender, ethnicity, education, income, socioeconomic status, profession, geographic location, religion, type of sport played, and other such identifiers.

**design domain** The event management domain that contains the event's content, theme, program, environment, and production, entertainment, and catering needs.

**differential pricing** Differences in pricing of a seat based on quality, time, and place. Quality refers to reputation, strength, and draw of the opponent. Time

corresponds to the day of the week, time of day, or part of the season. Place is determined by location of seat.

**differentiation** The positioning of a product in the minds of the consumer by highlighting the important attributes and benefits.

**direct objectives** A business and marketing action specifically crafted toward increasing sales.

**discretionary income** Monies left over once all financial obligations have been attended to by an individual or family.

**divestment** The disposal/removal of the items associated with consuming a product or service and/or the ceasing of the relationship with the organization altogether.

**documentation** recording, reporting, and maintaining assessments of progress in order to collect valuable data for current and future event processes.

**domain** As used by the International Event Management Body of Knowledge, a division of the labor required at an event.

**duration** The length that the experience stays present for the individual.

**dynamic pricing** A process of pricing that is similar to differential pricing but concerned with the fluctuation of the price of a seat for an event based on demand. Determinants of dynamic pricing may include weather, quality of opponent, promotional offerings, or day of the week.

**egoism** Fulfillment of personal needs as the primary motivating factor

**emotional factor** The excitement, enjoyment, and self-fulfillment individuals gain from participating in sport.

**emotional involvement** The effect that a sport event produces in the individual.

**environmental/destination factor** The attractiveness of a destination or the environment in which an event is hosted that can impact individuals' motivations to attend or participate in an event.

**environmental impact** The negative effect that the construction of or the existence of a facility or event has on the local environment.

**environmental protection agency (EPA)** The U.S. federal agency responsible for protecting the environment and human health as it relates to the environment.

**episodic volunteer** Short-term volunteers who require lower levels of commitment and are non-specialist in nature.

**errors & omissions insurance** A form of liability insurance that protects the service-providing companies from claims made by clients for inadequate work or negligent action.

**event feasibility** The likelihood that an event can be executed at the desired level given the resources at the event organizer's disposal.

**exclusivity** A sponsor's desire to be the only sponsor attached to an event in their category (e.g., a cell phone provider not wanting any other cell phone providers associated with the event).

**experience** In the sport event industry, the meaning attached to the event through the perception of the competition, atmosphere, social interactions, food, and entertainment, among other factors.

**experience economy** The consumer's reaction to an event beyond the goods or services of the event alone.

**extrinsic rewards** External drive to perform tasks within the organization.

**feasibility study** An assessment that is conducted to determine key market characteristics.

**financial measurement** An outcome used to determine how well the organization is contributing to the bottom line.

**fixed cost** An expense that does not change as a function of the business activity.

**floor plan** An illustration of where equipment or items are to be placed within the event venue.

**flow diagram** A graphical representation as to how attendees will move through the event and venue.

**formal communication** Information generated by the facility or sport event owner.

**gantt chart** A bar chart that illustrates the various tasks that must be completed for the event in a time-sequence order.

**gate receipt** The sum of money received from ticket sales for a particular event.

**general admission** A fee paid for a seat in an unreserved seating or standing area in a public assembly facility.

**general obligation bonds** Bonds that are secured by state and local governments' authority to levy income, property, or sales taxes.

**generic experience** An experience that is commonly found at every event.

**geotechnical report** A report of the soil conditions that dictate what materials are necessary to support the foundation for the proposed building as well as provisions for drainage of surface and runoff water that can affect the drying time of certain materials.

**gift** A donation provided to an organization to finance a project that is tax deductible.

**guerrilla marketing** A marketing strategy that uses unique methods to gain large effects at low expenses.

**hard cost** A direct cost specifically related to the project.

**hard structure** An element of event legacy relating to primary structure (e.g., sport infrastructure, training sites), secondary structure (e.g., villages for athletes, technical officials, media), and tertiary structure (e.g., security, power plants, cultural attractions, telecommunication networks).

**heterogeneous** Relating to perceptions of an experience that are widely dissimilar.

**human resource measurement** An outcome that allows the organization to better develop an understanding of an employee's perception of the organization.

**impervious surface** A surface, such as cement pavement, that prevents precipitation from naturally soaking into the ground, causing water to run rapidly into storm drains, sewer systems, and drainage ditches.

**implementation phase** The execution of the event plans.

**incremental budgeting** Budgeting system that makes slight changes to the previous period's actual revenues and expenses.

**indirect objectives** An outcome other than achieving immediate sales or gains such as increasing awareness to new market segments or a campaign to reposition a brand.

**informal communication** The information we receive from our friends, family, or groups of people we interact with socially.

**infrastructure** The sport facilities and subsequent surrounding areas needed for training and competition.

**initiation phase** The stage in event planning that allows sport event organizers to define the event, set objectives, and determine the sport event's feasibility.

**In-kind** Donation or payment is the exchange of something of value other than cash currency for the purpose of entering a business relationship between a sports property and a sponsoring company.

**intangible legacy** Nonphysical changes associated with the transfer of knowledge, governmental reform, and emotional capital for residents, participants, and spectators, as well as psychological improvements to the city's image and social structure.

**integrated marketing communication (IMC)** A delivery strategy that ensures that brand positioning, personality, and key messages are delivered synergistically across every element of communication.

**intensity** The strength of the experience.

**intrinsic rewards** Internal drive to perform tasks within the organization.

**learning factor** The desire to learn about or explore the facility and destination of a sport event.

**LEED certification** A green building certification program that recognizes best-in-class building strategies and practices. LEED stands for Leadership in Energy and Environmental Design.

**legacy** The lasting direct or indirect effects generated from hosting an event that may positively or negatively impact the community.

**liminal zone** A zone within a sacred, ritualistic event that creates meaning that transcends the person and creates meaning outside of normal everyday life.

**liminoid zone** A zone within an unsacred, secular event that creates meaning that transcends the person and creates meaning outside of normal everyday life.

**line-item budget** Revenues and expenses are estimated and grouped together into categories.

**loyalty program** A structured, long-term program that rewards repeat customers for purchasing multiple units of an item or attending multiple events with incentives, gifts, or discounts.

**marketing domain** The event management domain comprised composed of the event's marketing plan, marketing materials, merchandize, promotions, public relations, sales, and sponsorship.

**mastery factor** A factor relating to the skill, learning, and personal challenge of participating in sport.

**match-up hypothesis** In reference to property and sponsorship, the belief that the more congruent the relationship, the more effectively the brands will connect in the minds of the consumers (e.g., a tire company sponsoring a race-car series).

**meaning** The perception and interpretation of the event elements that make the event significant.

**media preference and use** The categorization of consumers based on the type of media consumed and how it is consumed.

**mega event** The most complicated type of event to execute because it is often international in nature and requires years of planning to implement.

**memorabilia** Tangible goods that support theme cues and that are available for purchase or as free takeaways.

**memorability** The ability of an experience to remain an intense and enduring memory.

**mission statement** A statement defining the purpose of the organization (or event).

**money-back guarantee** An agreement between the ticket seller and buyer that the buyer will receive a full refund if the event does not meet a standard of satisfaction for the patron.

**monitoring** The systematic tracking of the progress of a task.

**monitoring and control system** The controls that are implemented to ensure that performance standards are achieved as the sport event is executed.

**municipal bonds** Tax-exempt bonds issued by the local or state government to support capital projects.

**naming rights** The non-sport entity's (sponsor's) exclusive ownership of the name of the venue where sport events occur (i.e., the stadium, arena, or ballpark); used interchangeably with title sponsorship.

**need** A state of perceived deprivation.

**nonstandard labor** Anyone who engages in part-time, temporary, and contract work.

**op-down approach** A method of evaluating an event's legacy that compares the economic indicators of the event with the same indicators of the host city if the event had not taken place.

**operating budget** Authorizes the funds necessary for the day-to-day operations of the facility or event.

**operation and maintenance manuals (O&M manuals)** A collection of documents that contain pertinent information to maintain the building by providing detailed information on the management of the new systems in addition to the maintenance and repair of equipment.

**owner** The party, whether public or private, responsible for getting the project financed, designed, and built.

**operations domain** The event management domain that consists of communications, event infrastructure, logistics, the venue, technical needs, participants, and attendees.

**organizational culture** Set of shared values, beliefs, and assumptions that guide behavior

**organizational factor** An element that differentiates one event from another and influences a participant's motivation to attend an event.

**outsourcing** Using a third-party organization to manage a component of the organization's services.

**performance measurement** An outcome that describes how well the organization is using its internal and external inputs to produce the desired output.

**peripheral product** An element of the core product that complements its existence (e.g., concessions, merchandise, dance teams).

**personal seat license (PSL)** A paid license that affords the buyer the right to buy season tickets for a specific seat in a stadium. The license is transferable and seat rights may be sold to another person once the owner decides not to purchase season tickets.

**pervious material** A material that allows water to soak naturally into the ground.

**place** The location of the sport product where the product is distributed; the geographic location of the target market and other channels that might be relevant to the sport product.

**planning phase** The proactive and dynamic stage in event planning in which the various suggested options suggestion in the initiation phase are reviewed for the best course of action and preparation of the event.

**positioning** Developing and delivering a product that is perceived as more valuable and distinctly different than the other products.

**post-event analysis** Measurement of a specific variable of interest after the event has occurred.

**price sensitive** Susceptibility to variations in price.

**procurement** The ordering, expediting, and delivering of key equipment and materials required for the construction project.

**product extension** An additional event component that creates an atmosphere and experience for an event.

**pro forma** A statement that summarizes the projected future status of a company and that is used as the foundation for financial planning for an organization or project.

**program budget** Funds are allocated for specific programs or projects.

**program evaluation and review technique (PERT) chart** An illustration of the tasks, duration, and dependency information, which can be useful in defining the critical path for the project.

**project** A temporary and one-time venture undertaken to create a unique product with specific outcomes and benefits.

**project management** The dynamic process of organizing and managing appropriate resources in a controlled and structured manner to deliver the clearly defined work required to complete a project within the given scope, time, and, often, cost constraints.

**project management triangle** The cost, time, and scope constraints that impact the final quality of an event.

**project outputs** The transformation of resources (human, financial, physical) into new assets through a defined deliverable.

**promotion** The communication of the marketing message.

**promotion mix** The varied use of a number of promotional methods to create a message.

**property** in reference to sport sponsorship, the sport organization being sponsored.

**psychographics** The categorization of consumers based on the consumers' interests, beliefs, and attitudes.

**pulsating organization** An organization that creates a cycle where they radically expand their labor force and operations around the time of the event and then contract to a more modest core staff.

**purchase** The act of making a final selection.

**purchasing behavior** The frequency with which individuals consume a product and the manner in which they use the products and services.

**qualitative** Research methodology used to develop a more in-depth description of behaviors and experiences.

**quantitative** Research methodology used to provide a numeric analysis of the organization's performance.

**realtor** An expert in real estate who can assist in identifying land options, demographics, and traffic volumes of an area, as well as zoning requirements for specific areas.

**recurring event** An event that happens on a regular basis; it is the "easiest" type of event to execute because it occurs consistently.

**referendum** A direct vote in which an entire electorate (i.e., voting public) is asked to accept or reject a proposal put forward by the community leadership.

**relationship marketing** A marketing strategy that seeks to develop and maintain relationships with customers, while using information gathered from them to attract new customers; the client–consumer relationship is emphasized over a more purely transactional behavior.

**retained earnings** Revenues generated by the sport organizations that are reinvested for financial improvements and additions.

**revenue and expense statement** Financial statement that presents budgeted and actual revenues and expenses in summary form for a given period of time.

**revenue bonds** Issued for a specific project and are secured through the project's revenues.

**revenue growth and mix measurement** An outcome used to denote how well the organization is performing toward organizational objectives such as market share, increased markets, or expanding its revenue sources.

**right of first negotiation** A clause that event owners or organizers negotiate that requires sponsors to renew the sponsorship agreement before they can offer the sponsorship to another company.

**right of first refusal** The sponsoring organization has the ability to match the terms of any other offer from competitors that have a desire to sponsor the event.

**risk** The probability that a hazard will lead to a loss.

**risk acceptance** A method of managing risk that involves preparing for the risk through budgeting, deductibles, or self-insurance.

**risk analysis** Categorization of the levels of risks based on the severity and likelihood of occurrence.

**risk avoidance** A method of managing risk that involves discontinuing the component of the activity considered to be a risk.

**risk domain** The event management domain that consists of compliance issues, emergency plans, health and safety plans, insurance needs, legal concerns, security needs, and any risk-related decisions.

**risk evaluation** A process of determining the acceptability of the risk through a cost–benefit analysis.

**risk identification** Evaluation of the environment, structures, and marketplace to determine the sources of risk associated with the sport facility or event.

**risk management** A sound framework to minimize the potential and severity of the risk.

**risk monitoring** The continuous assessment of the risk associated with facilities and events, as well as the management strategies to reduce those risks.

**risk reduction through proactive measures** A method of managing risk that involves establishing a series of controls to reduce either the likelihood of occurrence or the consequences associated with the risk.

**risk retention** A method of managing risk in which the organization does not employ any risk management strategies.

**risk transfer** A method of managing risk that involves moving the risk to another entity.

**risk treatment** A method of managing risk that involves minimizing the impact and/or occurrence of the risk.

**role ambiguity** Lack of clearly defined job duties

**run sheet** A detailed schedule of the sequencing and timing for each element of the event.

**schematic drawing** A drawing that exhibits the size of the facility and assists in defining the maximum capacity of land needed to build.

**season tickets** A subscription for a series of tickets, usually lasting for one season of a sports teams' contests, which costs less than buying separate tickets to individual events.

**securitization** When sport organizations use contractually obligated income as collateral for debt.

**segmentation** The breaking of consumers into smaller clusters or groups identified by certain characteristics rather than attempting to sell to everyone.

**selection** the decision point of the planning process.

**silt fencing** Temporary fencing used to keep any debris from passing from the site to any areas beyond the construction zone.

**SMART goals** An acronym used to describe the goals of an event; stands for specific, measurable, attainable, relevant, and time-based.

**social identity** A sense of belonging or membership to a wider social group.

**social impact** The effect that facilities and events have on the local community, social norms, roles, and customs.

**socialization** The process whereby individuals learn skills, traits, values, attitudes, norms, and knowledge associated with the performance of present or anticipated social roles.

**soft cost** A cost that is not directly related to the physical construction of the project and commonly occurs prior to the project; also called indirect cost.

**soft structure** An element of event legacy relating to knowledge, networks, and cultural goods that are developed from the hosting of an event.

**special tax bonds** Bonds that are secured by local taxes typically in the form of bed, car rental, or sin tax.

**specific expectation** An expectation or belief that one holds about an event.

**sponsor** the organization purchasing the rights from the sport organization. This company may be a sport-oriented organization itself (e.g., a sport goods company) or may not be (e.g., financial entity).

**sponsorship inventory** Any place or location, whether physical or digital, that can be exchanged for something of value (cash or in-kind service/product) with the purpose of a sponsoring organization being able to achieve its sponsorship objectives.

**sponsorship** is a legal contract between a sport property and another entity exchanging something of value, whether cash or an in-kind service/product, wherein the sport property allows the sponsoring organization the rights to commercialization of its brand and the resulting benefits derived from these actions.

**stakeholder** A person or entity that has a vested interest in the event.

**subjective** A unique and personal venture undertaken by an individual, who attaches his or her own meaning.

**sustainable tourism** Development of the infrastructure in the host community to generate a continual flow of tourist activity.

**SWOT analysis** A tool used to assess the internal and external strengths and weaknesses of an event; SWOT stands for strengths, weaknesses, opportunities, and threats.

**SWOT** analysis A tool an organization can utilize to identify the internal strengths and weaknesses, and assess the opportunities and threats facing the organization.

**tangible legacy** Observable, easily identified, or physical changes to the host community that remains upon conclusion of the event.

**target market** The consumer most likely to purchase the product or service.

**television blackout** The National Football League's policy stating that if the nonpremium or luxury suite tickets have not been sold out, the game will not be televised in the local market.

**theming** Alteration of the attendees' sense of time and reality through tangible and memorable cues that leave lasting impressions.

**topographical report** A survey of the land that identifies any existing buildings, site surface evaluations, and availability of electrical, sewer, water, and gas services.

**traveling event** An event that occurs on a regular basis but in various locations.

**triple bottom-line approach** A method of measuring organizational performance focused on the impact that the event has on its consumers, internal business operations, and external business operations.

**USGBC (united states green building council)** An organization that promotes Green Building through Leadership in Energy & Environmental Designs (LEED) certifications.

**variable cost** An expense that changes based on the volume of business activity.

**viral marketing** The use of social networks to increase brand awareness through self-replicating processes.

**vision statement** A statement of what the organization would like to achieve or accomplish.

**want** The form taken by human needs as they are shaped by culture and individual personality.

**waste diversion** The prevention/reduction of generated waste through recycling, reuse, or composting.

**white elephant** In reference to event legacy, a stadium, arena, or other facility constructed to host an event that remains underutilized after the event has occurred.

**work breakdown structure (WBS)** Project tasks broken down into manageable parts.

**zero-based budgeting (ZBB)** Requires that each line item from a previous budget be reviewed and approved and starts from a zero amount.



**Note:** Page numbers followed by *f* or *t* indicate material in figures or tables respectively.

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