



STADIUMS: TOURISM GAME ON

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It first came to life because of one moment in time - a global sporting event. 2010. The FIFA World Cup. Cape Town Stadium.

The canvassing was undertaken, the budgets agreed, the lobbying was completed, the ground was broken, the markers put in place, the targets were set. And the building, testing, teething and sign-off completed with six months to spare before kick-off. From that moment on, with official switching on of the stadium lights, the first beats of its massive metal heart have been felt, reverberating across the city.

Since its birth, it has brought people from across the country and world together to celebrate the beautiful game, and the joy of sport in one's life.

And music.

And more sport.

And more music.

More recently, and more poignantly, it has also brought together people from across South Africa and the world to celebrate a life, after the long walk of an iconic leader came to an end. With Robben Island visible in the distant like a pensively watching neighbor, the father of the nation's journey, and memory, was honoured from within its circular, embracing frame.

Outside of its bi-law boundary lines, with Table Mountain as its breathtaking background, Cape Town stadium acts as a beacon for passing tourists, locals, ships, airplanes and seagulls alike. Every day, reflecting the sun and sea, as the light of the day unfolds before it turns to darkness and the moon puts its beams to use to carry its silvery glow, Cape Town Stadium stands as a symbol, reflecting the history, present and hopeful future of a city, a nation. Each event, a new chapter being written in its life's story.

One venue, one location, initially for one reason. Yet as with all stadiums around the world, these iconic attractions represent far more than can ever be defined by their architecture and operation plans, yielding a return on investment well in excess of the initial capital expenditure (US\$ 600 million) and calculation of break even.

Able to bring together over 64,000 people for a shared moment in time, Cape Town Stadium was, and continues to be, a vehicle for uniting so many other critical elements to the economic and social development of a city, including,:

- Government and business leaders around a common vision, workplan and pride
- Leading design and technology from across the globe, yet with a distinct local signature
- Citizens initially with as many opinions about the venue as they represent in votes, now with excitement over upcoming events calendar dates not to miss
- National and international artists and sports personalities wanting to put 'Cape Town' on their tour line-up and sexy 'I was there' t-shirts,
- Elevated city reputation, providing invaluable impact on destination brand awareness, appeal and competitiveness (sometimes becoming attractions in their own right), and reason to visit now.

Most importantly, long after its original reason for being has past, a city's stadium leaves behind an intensified sense of community impossible to overlook, yet impossible to articulate in original project feasibility studies.

Whether Cape Town, or Beijing, New York or Old Trafford, Seoul, Sao Paulo, Seattle, or any other stadium city, stadiums dominate global landscapes as magnets for artists, athletes and audiences from around the corner and around the world.

### **SEEING BEYOND THE PHYSICAL STRUCTURE**

When it comes to the three largest stadiums in the world, each representing a remarkable feat of engineering and design, the leader board is topped by Rungnado May Day Stadium in Pyongyang, North Korea with a capacity of 150,000. The second largest is Salt Lake stadium in Kolkata, North East India with a capacity of 120,000 people. The third is the Michigan stadium in Ann Arbor, Michigan, USA that holds a capacity crowd of 109,901.

Interestingly, American stadiums dedicated to football hold the dominant share of mega-venues worldwide. Still, there are others out there, their size mirroring local sporting passions. Studio Azteca in Mexico City is home to 105,000 football fans (ranked 5<sup>th</sup> worldwide), and 10<sup>th</sup> spot Melbourne Cricket Ground (MCG) in Australia has the ability to host a capacity crowd of 100,024 loyal followers of not only Cricket, but also Australian Rules football, football, rugby league, and rugby union.

Not to forget that stadiums have, in many cases, become iconic tourism attractions in their own right. The 2008 Olympic Games in Beijing with its magnificent 90,000 seat capacity 'birds nest' stadium became a centerpiece of Chinese pride, over and above its being the centrepiece for the Games. Intricately woven steel beams turned a massive sporting complex into a mental image of natural beauty, the mind's eye constantly on the lookout for its feathery occupant. Almost 100 years earlier, in 1910 Old Trafford opened its doors at a then cost of GBP 90,000. The home to Manchester United has become hallowed ground for football lovers across the world. With a capacity of just over 75,000, for millions, football is a religion, and this one of its most worshipped churches. London's Wembley Stadium, the home of rock and roll, not to mention England's national football team. And as all beer drinking vessels do, Soccer City in Johannesburg, built in 2010 for Africa's first FIFA World Cup in the design DNA of a traditional African calabash, has become a national symbol of a proud past dancing in step with a promising future.

Yet, despite their pull, few structures provoke such heated debate, receive such challenge around reason for being.

So often unappreciated for their value beyond asset investment, a stadium represents a beating heart in a destination, providing activity momentum and news value to events calendars, there to be assertively leveraged by tourism bodies working to attract travellers throughout the year.

One piece of engineering creation, one project, one budget, and one operating plan. To the naked eye, looking at a stadium structure, especially on a non-event day, one can easily question *“Why? Why put the money into this, and not...housing, schools, hospitals, other essential infrastructure needed by the city?”*

The answer to that question lies within the definition of a ‘stadium’ itself.

As explained by Anton Groenewald, Executive Director of Tourism, Marketing and Events of the City of Cape Town, with a mandate to ensure ongoing commercial viability of Cape Town Stadium:

*“There are two or possibly three definitions when it comes to ‘stadiums’.*

*One could be simply as a facility in which events, mostly local, take place as a point of congregation for the community, such as the coliseum in Rome which in ancient roman times took on the function of a central meeting point. It is therefore a place in which people come collectively to celebrate, for sport or art or culture. This we saw recently with the ‘Nelson Mandela Commemoration Event – A life Celebrated.’ It is therefore a space where people come to socially cohere around a belief, or a theme.*

*However, it is a necessary requirement for global cities to be able to have the basic competitive infrastructure to host global icons, from sport, music and entertainment. The stadium concept provides the best physical. In this respect the stadium acts like cheese in the mouse trap. It is the economic spend in the destination on activities outside the stadium, like hotels, and restaurants and other activities that precedes or proceeds the event, that creates the case for stadium development. And, if the event is global, it is the international marketing exposure and endorsement of the city or location in which the facility is based.”*

But is it worth it? The mega-investment required for world-class, global event stadia-- does it make commercial sense, especially as the ghosts of the recent global economic crisis remain top of mind and haunting the bottom line?

Clearly, the ROI on stadiums is a familiar question. Groenewald continues:

*“No single event will deliver the returns to justify the investment. Even if the return on investment includes ticket income, merchandise income, economic impact (both direct and indirect) from hotels, restaurants and marketing and media exposure (cost equivalent of advertising time), no single event can achieve this.*

*The reality is this: for any global city to be considered a truly global tourism destination it must have a facility to host world class events. Any major city tourism strategy must and should feature events as a key catalyst for growth and recognition as a major events destination. This is twofold. In the first instance the stadium provides locals an opportunity to see global artists and icons, so it drives*

*domestic demand for usage. In the second instance these global icons drive visitor numbers as 'fans or followers' increasingly can select where they enjoy the event."*

A number of stadiums do manage to keep the ink black, running profitable stadium operations. Sustainable commercialization remains the greatest challenge of a stadium

With tourist attraction becoming increasingly about providing reasons for booking now, not later, events, and therefore stadiums, act as critical stimulus.

Still, the investment required for stadium building, management and event promotion, can become a heavy weight on destination marketing budgets. As much as a stadium is an attraction, it is a hard asset requiring expertise in asset utilisation, revenue maximisation and cost reduction. Once again, it is back to the business of tourism, and tourism asset optimization.

### **MAKING THE MODEL WORK**

Ultimately, stadiums are brought to life with careful consideration of a number of key factors:

1. Attendance – is consistent demand evident to justify investment into such permanent supply?
  2. Design – as a structurally imposing feature in city, does the design both accommodate the functional needs of the stadium and present a meaningful, attractive and significant feature in the cityscape?
  3. Efficiency – is recognition of environmental impact factored in to design and operations to ensure minimization of footprint
  4. Accommodation – how well is the stadium able to accommodate the technical venue needs of various sporting disciplines as well as other activities within its layout
  5. Viability – does a stadium have a long-term plan to guarantee its income stream and to manage its resources adequately
- and importantly,
6. Multiplier Effect – how can the stadium act as a catalyst for sustained economic and social activity in the city, especially where the tourism sector is concerned.

A quick look at the top three commercially performing stadiums in the US in 2013 (according to Forbes) provides an interesting look at how these assets are made to sweat:

Number 1: Staples Center, Los Angeles

Teams: Lakers (NBA), Clippers (NBA), Kings (NHL), Sparks (WNBA)

Annual revenue per seat: \$13,897

Capacity: 21,000

Naming rights: \$5.8 million

NB: 160 luxury suites, four teams, open 140 nights per year (plus playoffs).

Number 2: Air Canada Centre, Toronto

Teams: Raptors (NBA), Maple Leafs (NHL)

Annual revenue per seat: \$10,703

Capacity: 19,500

Naming rights: \$1.5 million

NB: relatively low NBA ticket prices are offset by high NHL prices in this hockey-crazed town, all supplemented by 154 suites.

Number 3: TD Garden, Boston

Teams: Celtics (NBA), Bruins (NHL), Blazers (National Lacrosse League)

Annual revenue per seat: \$10,656

Capacity: 18,624

Naming rights: \$6 million

NB: in-house teams Celtics and Bruins charge some of the highest ticket prices in their respective leagues. TD Banknorth tripled the naming rights fee when purchasing the rights in 2005.

### **LOOKING PAST THE BUDGET TO THE BONDS**

Stadiums, and mega-events, will forever be centres of debate regarding viability. In the same way that tourism is so often unappreciated for the economic, social, environmental good that can be created through its growth, stadiums are all too often looked at as white elephants, burdens on city budgets.

However, when it comes to what really makes a city work, grow, prosper, it is its people.

And without doubt, it is stadiums that act as the bond for people of a city, along with visitors from around the corner and around the world.

As once poignantly said by Francois Pienaar, legendary captain of South Africa's 1995 World Cup Rugby winning team, "*Inside the stadium everyone is equal.*" Race, religion, income, politics – none of these matter.

When people are in a stadium - tourists, locals, artists, athletes, and audiences alike - they are one, bonded as one in that moment.

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