

**THE ECONOMIC IMPACT OF THE 2003 CRICKET WORLD CUP ON
POTCHEFSTROOM**

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Abstract: The economic impact of the 2003 Cricket World Cup on Potchefstroom

It was the purpose of this study to determine the economic benefits of the 2003 Cricket World Cup for the host community, through analysing the spending patterns of local residents, non-residents and local businesses. In the context of sport event tourism, economic impact is defined as the net economic change in a host community that results from spending attributed to a sport event or facility. The purpose of an economic analysis is to measure the economic benefits that accrue to a community, region or country (Fayos-Solá, 1997:242).

In order for a country or community to benefit from a sport event such as the Cricket World Cup, leakages need to be determined and minimised. Saayman *ed.* (2001:107) has divided leakages into three categories, namely:

- Imports;
- Savings ratio, and
- Taxes and subsidies.

Questionnaires were distributed during the three matches played in Potchefstroom. A systematic random sampling method was used to determine the size of the sample. The questionnaires were distributed during the following three matches: 12 February 2003– South Africa vs Kenya (A); 20 February 2003 – Australia vs Holland (B); and 27 February 2003 – Australia vs Namibia (C). The methodology consisted of two different types of questionnaires, namely a visitor questionnaire and a business questionnaire. 965 questionnaires were distributed among the tourists and 40 among businesses.

The questionnaire covered aspects such as the average spending of different age groups and the amount of leakages that occurred during the event. The total spending during the event was calculated at R5.3 million. The spending in Potchefstroom after the first round of leakages (sales of imported goods) was R2.8 million. The study showed

that more involvement from both businesses and the community could minimise the leakages and thus enhance the economic impact of the event in Potchefstroom. Events must be held to attract more international tourists, who will generate more money for the North West and particularly, for Potchefstroom's economy.

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Chapter 1

Introduction and Problem Statement

Discovery consists of seeing what everybody has seen – and thinking what nobody has thought – Albert Szent-Gyorgi.

1.1 INTRODUCTION

Sport events are *big business* and have grown extremely during the last two decades. From small participatory events to the mega and hallmark events seen by millions of people, this industry had mirrored the explosive growth of media, entertainment, and tourism (Graham *et al.*, 2001:1). The term sport event includes the organisation, marketing, implementation and evaluation of any type of event related to sport (Graham *et al.*, 2001:3).

Getz (1994), defines sport events as “planned occurrences of limited duration which have an extraordinary impact on the host area in terms of one or more of the following: tourist volumes; visitor expenditures; publicity leading to a heightened awareness and a more positive image; related infrastructural and organisational developments which substantially increase the destination’s capacity and attractiveness” (Fayos-Solá, 1997:241-244). Sport events have the ability to spread tourism geographically and seasonally. Special events allow a region or community to commemorate its uniqueness, promote itself, develop local pride and increase its economic well-being (McIntosh & Goeldner, 1990:156).

The economic impact that sport events and specifically the Cricket World Cup can create, has spurred many cities into the event tourism industry. Based on the research of Graham *et al.* (2001:226), pioneers and experts in the field of sport event tourism, the concept of people travelling to participate and watch sport dates back to the ancient Olympic Games, and the practice of stimulating tourism through sport has existed for more than a hundred years. There are several reasons for the increased interest in

event tourism. Elected officials and their constituents realise that sport events can generate media exposure, inspire business and infrastructure development, generate direct economic income and improve the quality of life in the community (Graham *et al.*, 2001:226).

Events attract people from outside the community, who spend money while they are there and thus generate an infusion of new money into the community (Crompton, 1995:15). Event tourism continues to grow and can create opportunities for a country or region such as Potchefstroom. These benefits can only be achieved if the country or region hosts sport events (Saayman *ed.*, 2001:83). Events also have the potential as a way of employment and income creation. They also act as an incentive to infrastructural and human development and as a drawing factor for tourists to an area with a weak tourism image (Fayos-Solá, 1997:241-244). The aim of this chapter is to state the research problem, identify the goals and objectives and clarify the method of research as well as core concepts.

1.2 PROBLEM STATEMENT

The study aimed to determine the economic benefits of the 2003 Cricket World Cup for the host community, through analysing the spending patterns of local residents, non-residents and local businesses. In the context of sport event tourism, economic impact is defined as the net economic change in a host community that results from spending ascribed to a sport event or facility. The intention of an economic impact analysis is to measure the economic benefits that accumulate to a community, region or country (Saayman *ed.*, 2001:85).

Economic impact studies in travel and tourism (specifically for a sporting event such as the Cricket World Cup) are undertaken to determine specific activities' effects on the income, wealth and employment of the residents of a given geographic region (Ritchie & Goeldner, 1994:359). Many such studies have been done although very few relating to the Cricket World Cup. Similar studies include Kang and Perdue (1994), who analysed the impact of the 1988 Seoul Olympic Games. Ebersohn (1995), did a study on the

impact of the 1995 Rugby World Cup. More recent studies are those of Gelan (2003), who looked at the local economic impact of the British Open and Van Heerden (2003), who assessed the economic impact of the Aardklop Arts Festival held in Potchefstroom.

The economic impact linked to this study comes from two sources: the spending of non-residents which can be directly tied to the event, and the degree to which local residents and businesses changed their spending because of the event (Turco & Kelsey, 1993:34). In preparing an economic impact study, both these components should be estimated, because either one of them can influence the economic impact of the event. The economic impact is determined by tourist spending, number of tourists visiting the country, region or town, number of days in the country and transmission of tourist spending through the economy of the country (Saayman & Saayman, 1997:162).

Events can create links between people and groups within communities, and between the community and the rest of the world. Events have long been seen as an instrument for economic development (Saayman, 2004). Proponents of events as a development tool mention numerous potential economic benefits for host countries including foreign exchange earnings, increased employment opportunities, improved socio-economic conditions and a greater market stability than traditional commodity exports (Lea, 1988; Eadington & Redman, 1991).

The specific goals of this study were to determine the local income and level of employment created for residents and in businesses of the town. The study determined whether leakages occurred in terms of money flowing outside the area and thus not stimulating the local economy.

It is important to understand the sport event's financial return. Most events will not always make a profit and that is why funding is needed from sponsors, the government and other organisations. Hotels, restaurants, retailers and many other organisations can benefit greatly and make profits from these events, and therefore new money is poured into the local economy (Saayman *ed.*, 2001:84). Sport events, especially large-scale events, often make use of the businesses of non-residents to provide the necessary goods and services such as entertainment, food and beverage and souvenirs. After the

event these non-resident businesses leave the local economy taking with them a substantial amount of revenue. This is called expenditure leakage (Turco & Kelsey, 1993:34). Saayman *ed.* (2001:107), has divided leakages into three categories, namely:

□ *Imports:*

If the community can supply in the tourists' needs satisfactorily, little has to be imported and the community will benefit more than a community which has to import to provide in tourists' needs. If the food supplies for the event were imported, the money going to food suppliers leaves the community and the community cannot take advantage from the incoming money.

□ *Savings ratio:*

The savings ratio is defined as that proportion of personal non-refundable income that is saved. The savings ratio is important to tourism organisations since, when it increases, tourists save more of their disposable income and tend to travel less. The key factors which affect the savings ratio are the rate of interest and expectations. As interest rates increase, tourists will in general wish to save more and travel less, since savings will be more profitable and borrowing more expensive. When tourists' expectations about the future are pessimistic they will generally increase their savings. When money is saved rather than spent, less expenditure takes place and the economic impact on the community becomes smaller (Tribe, 1999:181).

□ *Taxes and Subsidies:*

The supply of goods and services is affected by indirect taxes such as VAT and excise duty, and also by subsidies. In the event of the imposition of taxes or subsidies, the price paid by the visitor is not the same as the price received by the tourism organisation. For example, if the government were to inflict a R20 tax on the entrance fee to the World Cup Cricket at the price to the visitor of R200, the event organisers would only receive R180. When taxes are paid, less money is available to spend because it is considered a leakage.

To create wealth and jobs, the leakages need to be as small as possible otherwise the area will benefit very little (Saayman & Van Niekerk, 2000). A multiplier effect will be caused when leakages are minimised, if the local economy is able to produce the goods and services tourists buy.

Therefore, the question that this research attempted to address was:

What is the economic impact of the 2003 Cricket World Cup on Potchefstroom?

1.3 AIMS OF THE STUDY

The following goal and objectives guided the study:

1.3.1 Goal

To determine the economic impact of the 2003 Cricket World Cup on Potchefstroom.

1.3.2 Objectives

The achievement of the goal relied on the following objectives:

- To determine the spending patterns of non-residents attending the cricket matches.
- To determine the spending patterns of residents.
- To determine the altered spending patterns of local businesses.
- To determine the creation of jobs.
- To draw up a profile of visitors attending the Cricket World Cup.
- To determine the size of leakages.

1.4 METHODOLOGY

This study followed a two-pronged approach. Firstly, a literature study was conducted and secondly, a survey by means of a structured questionnaire.

1.4.1 Literature study

The literature study included articles, journals, newspapers, Internet articles, reports, tourism guides and economic and other tourism-related literature. The Internet played a vital role in searching for the most recent publications and information on the topic. Books and journal articles were also used in conducting the literature study.

1.4.2 Survey

A pilot study of 100 questionnaires was conducted during the cricket match between South Africa and Australia on 8 February 2002 in Potchefstroom. This was done to test the questionnaire that was distributed during the three matches played in the 2003 Cricket World Cup. The questionnaire was adapted to correspond with the objectives of this study.

The main surveys were conducted in Potchefstroom at the 2003 Cricket World Cup. A systematic random sampling method was used to determine the size of the sample. One advantage of drawing a random sample is that it enables one to study the properties of a population with the time and money available. In such cases, statistical significance tests are used to show that the result (e.g. difference between two means) is significant (Ellis & Steyn, 2003).

A total of 965 questionnaires (see Appendix A) were distributed during the three matches that were played. At each of the three matches the questionnaires were interviewer administered and the "recall method" was used: where respondents had to recall their spending. Three hundred and thirty one questionnaires were useful during the match played between South Africa and Kenya, 311 during the match played between Australia and Holland and 323 during the match played between Australia and

Namibia. These questionnaires were distributed among residents and non-residents in order to determine their spending. The three matches that were played in Potchefstroom were as follows:

12 February 2003– South Africa vs Kenya (A)

20 February 2003– Australia vs Holland (B)

27 February 2003– Australia vs Namibia (C)

18 200 tickets were sold during the three matches held in Potchefstroom. 9 200 were sold for match A, 4 000 for match B and 5 000 for match C, the reason for the discrepancy being that match A attracted more spectators than the other two matches.

A survey was also conducted to determine the degree to which local businesses altered their spending patterns during the 2003 Cricket World Cup. A total of 60 questionnaires were distributed to local businesses such as guesthouses, restaurants and hotels (see Appendix B). Only 40 of the surveys were useful. Businesses in and around the stadium were targeted. This survey was done to find out firstly, whether businesses had to employ more people during the Cricket World Cup; secondly, to determine whether more income was generated, and lastly, to determine whether there was a demand for more supplies.

The application of an Input-Output (I-O) Analysis is highly suggested because it could lead to estimates of direct, indirect and induced effects for income, employment and expenditure. In addition, implementing an I-O Analysis has the advantage of focusing attention on the value of the event rather than merely highlighting supposed profits, income and job creation. Social, cultural and environmental effects can be considered alongside economic factors, yielding a more balanced evaluation. However, this study did not allow the opportunity to use the I-O Analysis, because the economy that was measured was too small and it did not represent the whole production structure.

The Statistical Services at the North West University, Potchefstroom Campus used a SAS programme to process the information gathered. The following section classifies key terms used in this research.

1.5 DEFINITION OF TERMS

The following terms are discussed to clarify their meaning in the study:

1.5.1 Tourist

1.5.2 International tourist/foreign tourist

1.5.3 Domestic tourist

1.5.4 Event tourism

1.5.5 Sport tourism

1.5.6 Economic impact

1.5.7 Cricket World Cup

1.5.1 Tourist

A tourist is a person who contributes an economic input with regard to any other area than that in which s/he generally lives and works. A tourist is a person who willingly visits a place away from his/her normal residence, for a period of at least 24 hours (Bull, 1993:2; Saayman, 2000:5; Cook *et al.*, 2002:5).

The World Tourism Organisation (WTO) (1999:24), defines a tourist as a person who stays at least one night in combined or private accommodation in the area visited. This may include people travelling for leisure, recreation and holidays, or other purposes or visiting friends and relatives (VFR).

1.5.2 International/foreign tourist

Foreign means a movement over the boundaries of a country. Therefore, a foreign tourist is any person who visits a country other than the one from which s/he originates, for a period of at least 24 hours. (Saayman, 2000:2). The WTO (1999:24), defines a foreign tourist as any person who travels to a country other than that in which s/he has his/her usual residence, but outside his/her usual surroundings for a period not exceeding twelve.

1.5.3 Domestic tourist

A domestic tourist can be seen as a tourist travelling in his or her country of residence (Ritchie & Goeldner, 2003:383).

1.5.4 Event tourism

Event tourism is the organised planning, development and marketing of festivals and special events as tourism attractions, image-makers, catalysts for infrastructure and economic growth, and animators of built attractions (Getz, 1997:16). Event tourism has also been defined as a "major" once-off, or recurring event of limited length, developed primarily to boost the awareness, appeal and profitability of a tourism destination in the short and long term (Ritchie, 1984:2).

1.5.5 Sport tourism

Sport tourism involves all forms of active and passive involvement in sporting activity, participated in casually, or in a structured way for non-commercial or business reasons, that necessitates an away-from-home-and-work locality (Standeven & De Knop, 1999:12).

1.5.6 Economic impact

The economic impact of an event is determined by an evaluation on the basis of macro- and micro-economic measures, namely employment, balance of payments, price stability and increasing national income (Standeven & De Knop, 1999:172).

Certain factors that influence tourism also have implications on tourist spending, namely:

- The total number of tourists visiting the region;
- Duration of stay;
- The average expenditure per tourist, and
- The circulation of tourist expenditure throughout the economy (Wilson, 1984:88).

1.5.7 Cricket World Cup

The Mission Statement of the 2003 Cricket World Cup reads in part: "The 2003 Cricket World Cup is about developing people, spreading ownership of the World Cup, transferring skills and broadening the cricket market" (<http://www.cricket.co.za>) (2003-01-28).

The first attempt at a World Championship of cricket was in 1912, when a three-way series was arranged between the current Test playing nations, Australia, England and South Africa. Then followed the success of domestic one-day competitions: the six Test playing nations (Australia, England, New Zealand, West Indies, India and Pakistan) were joined by Sri Lanka and East Africa in the first World Cup. A booming success, the tournament has taken place every four years since (http://worldcup.indiaexpress.com/world_cup_history.html) (2003-01-28).

1.5.7.1 History of the Cricket World Cup

Table 1.1: History of the Cricket World Cup

Cricket World Cup	Year	Host Country	Team-Win	Team-Lose
Prudential	1975	England	West Indies	Australia
Prudential	1979	England	West Indies	England
Prudential	1983	England	India	West Indies
Reliance	1987	India, Pakistan	Australia	England
Benson & Hedges	1992	Aus, NZ	Pakistan	England
Wills	1996	Sri Lanka	Sri Lanka	Australia
ICC	1999	England	Australia	Pakistan
ICC	2003	South Africa	Australia	India
ICC	2007	West Indies	t.b.d	t.b.d.

Source: (http://worldcup.indiaexpress.com/world_cup_history.html)

The 2003 Cricket World Cup brought together the best cricketers from around the world to display their talents in front of a huge global audience (<http://www.cricket.co.za>) (2003-01-28). More than 800 000 spectators attended the matches. In addition, the world's leading cricket tournament attracted a global television audience in excess of one billion viewers across at least 60 countries (<http://www.cricket.co.za>).

This was the first time that Africa and specifically South Africa, hosted the tournament (<http://www.cricket.co.za>) (2003-01-28). South Africa, Australia, Bangladesh, India, West Indies, Pakistan, Zimbabwe, Kenya, England, Sri Lanka, The Netherlands, Namibia, Canada and New Zealand took part in the tournament (<http://www.cricket.co.za>) (2003-01-28).

This was a wonderful opportunity for South Africa to showcase itself to the world. The South African Local Government Association (SALGA) agreed to mobilise municipalities to provide infrastructure (transport, facilities, traffic control and a safe environment) for all the matches in South Africa (<http://www.cricket.co.za>) (2003-01-28). The Potchefstroom municipality pursued the benefits that the Cricket World Cup promised in terms of economic development through stadium and facility development and tourism. The 2007 Cricket World Cup will be held in the West Indian Islands, which will be in itself a Caribbean experience.

1.6 ORGANISATION OF THE STUDY

This dissertation consists of five chapters. In Chapter One, a general introduction to the study is given, stating the goal and objectives, problem statement and a description of terms to be used in the study. In Chapter Two, the economic indicators that affect tourism are discussed. Chapter Three provides information on event tourism. Chapter Four concentrates on a survey of tourist and local business spending patterns at the three matches played in Potchefstroom. Finally, Chapter Five provides conclusions and recommendations regarding the economic impact of the 2003 Cricket World Cup on Potchefstroom.

Chapter 2

Economic impact analysis

“Evidence of the economic impact of tourism is so overwhelming, it is no wonder that underdeveloped countries seek it and industrialised nations wish to protect it” - Gunn

2.1 INTRODUCTION

The events of September 11, 2001 changed the economic impact of tourism dramatically. As a consequence of pervasive anxiety caused by these events, people cut back on their travel; economic forecasts were put on hold; airline, lodging, tour operators and travel agent revenue declined. The tourism industry realised directly and in a personal manner the real economic impact of tourism (Ritchie & Goeldner, 2003:380).

Saayman and Saayman predicted in 1997 that tourism as an industry had a growth potential of between ten and twenty percent per year over the following four years. This implies that tourism has a definite economic impact on a country. The economic impact is determined by tourist spending, number of tourists visiting the country, number of days in the country and circulation of tourist spending throughout the economy of the country (Saayman & Saayman, 1997:162).

Globally, international tourist traffic continues to grow and have reached close on 700 million arrivals per annum by the turn of the Millennium. International tourist arrivals during 1998 maintained a growth level of 2,4 percent to reach 625 million, and tourism receipts grew to US\$ 445 billion according to the World Tourism Organisation's (WTO) recently published report on “Tourism Market Trends – Africa” (North West Winter Bulletin, July 2000). The WTO report confirms that in 1998 Africa showed the greatest expansion in tourist arrivals, up 7,5 percent over the 1997 level, stealing the show from South Asia, the fastest growing region in 1997. However, Africa still has a long way to

go before it can match the tourism traffic of the more established regions of the world. Although Africa is still a very small role player in the global tourism industry, it has managed to sustain the fastest growth rate in the world over the last thirty years and is still continuing to do so (North West Winter Bulletin, July 2000). In addition, South Africa again managed to maintain its position as the main tourist destination in Africa at 24 percent of all tourist arrivals in Africa, up from 13% in 1989. This number one position has now been held for more than six years (North West Winter Bulletin, July 2000). Currently, South Africa's share of the tourism world market stands at 0.4%, but it is predicted that this will increase within the next few years (Van Schalkwyk, 2004).

The main aim of this chapter is to discuss the following aspects:

- Economics – which includes the economic cycle;
- Gross Domestic Product (GDP) – which includes factors affecting tourism's contribution to the GDP;
- Economic impact on key economic indicators such as:
 - Economic growth;
 - Economic development – which includes sustainable development;
 - Employment; and
 - The multiplier effect – which includes the income multiplier and employment multiplier;
- Tourism expenditure leakages;
- Advantages and disadvantages of sport event tourism;
- Ways to enhance the economic benefits of tourism.

2.2 DEFINITION AND MEANING OF ECONOMICS FOR EVENT TOURISM

The study of economics is concerned with satisfying unlimited needs, given the limited resources that exist. These resources are called production factors. The following four production factors can be identified:

- Natural resources: Minerals, forests, fish, land, water.
- Labour: All human effort, physical or mentally, with the aim to earn an income.
- Capital: The assets that support the production of goods and services such as buildings, infrastructure, machinery and funds.
- Entrepreneurship: The special talent needed to combine the other three production factors in the production of goods and services that satisfy the needs of the tourists (Lombard *et al.*, 1987; Smit *et al.*, 1996).

According to Cullen (1997:3), there is a fifth production factor, namely time. This refers to the time used to produce a specific product. The reason for adding time to the four production factors stems from the saying, *time is money*; neither of these can be wasted.

2.3 THE ECONOMIC CYCLE

The economic processes that take place in any economy can be illustrated by the economic cycle (Figure 2.1). From Figure 2.1 it can be seen that the main role players in the economy are (Saayman, 2000:98):

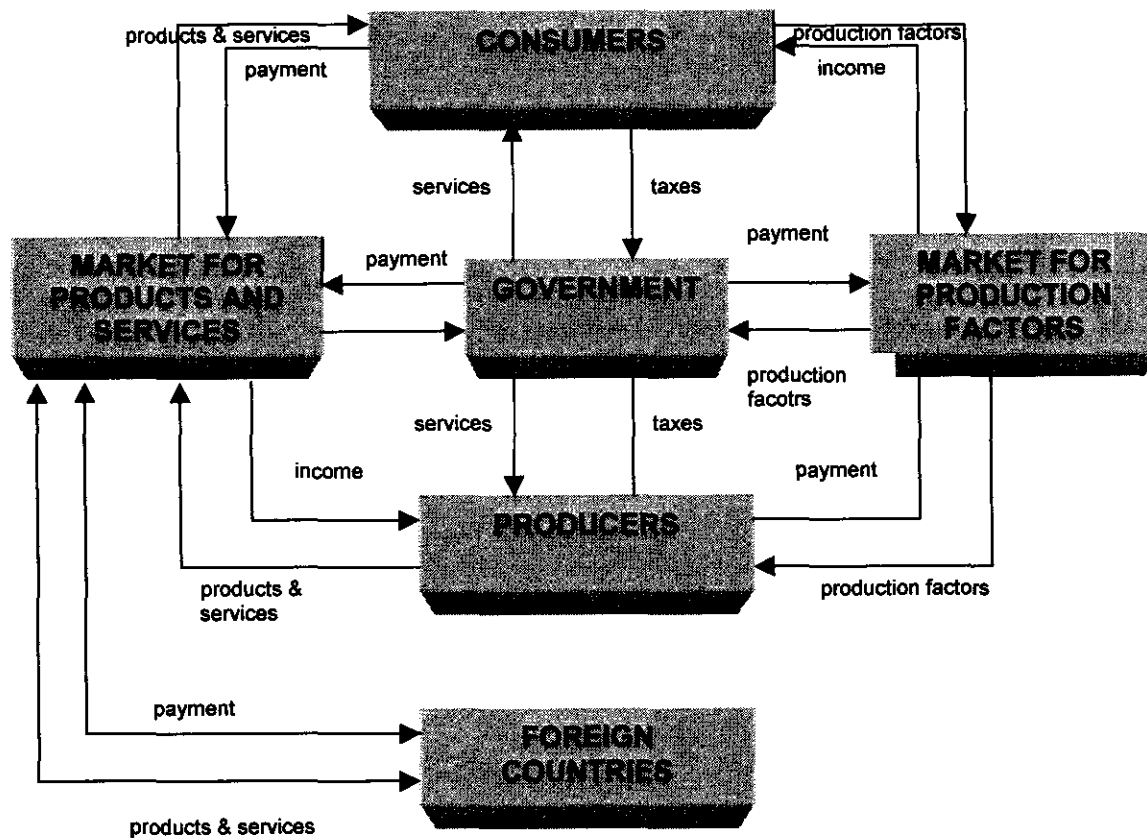


Figure 2.1: The economic cycle

Adapted: Saayman (2000:98)

1. The host community

The community owns the four production factors and sells them to tourism-related organisations. In selling these factors, the community receives an income which is used to buy products and services from producers to satisfy the needs of the community.

2. Tourism-related organisations:

Organisations use the production factors to produce products and render services which satisfy certain needs of consumers. By selling goods and services to the community (and the government), an income is generated for these organisations. Spending by organisations on capital goods and supplies is called investment.

3. *Government*

The government receives its revenue from taxing the community (income tax and value added tax – VAT), organisations (company tax) and the foreign sector (import duties). It also uses production factors to supply goods and services that normal producers do not supply such as roads, bridges and streetlights. The government may use a little of its income from taxes to grant subsidies to organisations and communities.

4. *Foreign sector*

Imports from foreign countries increase the goods and services available in the economy, while exports of goods and services reduce the number of goods and services available in the economy. Exports also cause an inflow of money (referred to as foreign exchange) in the economy, as foreign countries pay for the goods and services. However, imports cause leakages since it is necessary to pay foreign countries to manufacture products and render services. Savings, taxes and imports are classified as leakages. On the other hand, once people save money, it is extracted from the circular flow because the money does not flow to producers, as would be the case if the tourists spent it. Events that cause additional money to enter the circular flow are called injections. Saayman (2000), classifies the following spending components as injections:

- Investments by producers;
- Exports; and
- Government spending.

The main processes that take place in the economy are also shown in Figure 2.1 and they are:

- The production of products and rendering of services; and
- The expenditure on goods and services which include expenditure by tourists (C), government expenditure (G), investment expenditure by producers (I), imports (M) and exports (X) (Saayman, 2000:99).

According to Saayman (2000:97-99), the expenditure by host communities, government and the foreign sector on products and services is the source of income for organisations. On the other hand, organisations' and government's expenditure on production factors is the source of income for host communities. In other words, expenditure leads to income.

2.4 MEASURES OF ECONOMIC PERFORMANCE

Tourism is often factored into policies relating to employment levels or the balance of payments whose significance in modern macroeconomic management is high (Bull, 1993:115).

2.4.1 Criteria for evaluating economic impact methods

There are several methods for estimating the economic impact of tourism and they vary widely in their approaches and output. It is important to judge the approaches by some formal criteria (Ritchie & Goeldner, 1994:361). According to Ritchie and Goeldner (1994:362), the following criteria should be used when evaluating economic impact methods:

Relevance

The approach should measure tourism's economic impact and not that of some other activity. Specific attention should be directed to ensuring that an impact estimation method and the data used in it represent the community or region under study. Estimated economic benefits should accurately accumulate to the residents of the community and these residents should rarely bear any costs estimated from travel.

Coverage

All tourists travelling and other related activities should be covered by the approach. On the economic-benefit side, the impact of purchases in expectation of a trip should be included in a tourism impact study. Expenditure during the trip should cover all types of

transportation, accommodation, food consumption, entertainment, recreation and incidental purchases such as souvenirs.

Efficiency

Since funds available for an economic impact estimation are generally limited, the approach should make maximum use of existing data that corresponds with satisfying the criteria.

Accuracy

The approach should also be judged on the basis of its accuracy: does the survey data accurately measure travel activity and are the results reasonable? This also includes comparing the results with other, independent measures of tourism impact wherever possible.

Transferability

The approach should be applicable to different geographic areas and different time periods. The main objective is an approach that is feasible in different areas for different time periods and that produces consistent results in varying contexts.

These five criteria should be applied to the structure of the estimation procedure, the input data and the results. They should also be applied to sample design, questionnaires, interview models, expansion factors and weighting in surveys. If so desired, the user can weight the criteria based on his or her own requirements as to relative importance (Ritchie & Goeldner, 1994:362).

2.4.2 Gross Domestic Product (GDP)

The size and value of a national economy is usually expressed as the total value of all goods and services for that economy during a specified time period such as one year. For convenience, this value is called a country's Gross Domestic Product (GDP) (Black *et al.*, 2003:169).

According to Saayman (2000), GDP = total expenditure (TE) in the economy which = total income (Y).

Therefore:

$$\text{GDP} = \text{TE} = \text{Y}$$

Where:

GDP = Gross Domestic Product

TE = Total Expenditure

Y = Total income

One way to calculate the GDP of the economy is to add the expenditure components of the economy since total production = total expenditure. In other words:

$$\text{GDP} = \text{TE} = \text{Y} = \text{C} + \text{I} + \text{G} + (\text{X} - \text{M})$$

Where:

GDP = Gross Domestic Product

TE = Total expenditure

Y = Total income

C = Consumer expenditure

I = Investment expenditure

G = Government expenditure

X = Exports

M = Imports (Ritchie & Goeldner, 2003:391).

2.4.2.1 Factors affecting tourism's contribution to GDP

It is possible to identify five major components which determine tourism's role in GDP (Bull, 1993:116-118):

Factor 1: The stock of resources

Economic activity depends on the supply of resources available to use as factors of production. In economic terms these include the resources of land, labour, capital and entrepreneurship. Tourism involves some element of service which requires a skilled and willing labour force. An economy's eagerness and ability to supply the capital investment required for a tourism industry, in the shape of infrastructure, hotels, transportation and so on, will influence the size to which that industry can grow.

Factor 2: The state of technical knowledge

Many less-developed countries have regarded tourism as an easy industry to develop because it demands relatively low technology compared with many other industries, and skills which can be easily mastered. Unfortunately, as tourism worldwide has grown and become more sophisticated, high-value contributions to GDP by tourism have tended to become connected with higher technologies. When technical advances are applied to existing inputs of other resources, they enhance the productivity of the industry concerned and for this reason its contribution to GDP.

Factor 3: Social and political stability

Non-economic factors, particularly cultural and political ones, have long been recognised by economists as fundamental in determining the capability and growth of sectors in an economy (Salmon, 1980). In tourism this is particularly important. Since "consuming tourists" must go to the "factory" to buy the product, social and political conditions in that "factory" will directly influence the acceptability of the product and therefore the success of the industry. We may continue to buy goods imported from a country in political turmoil (such as Palestine, Israel, Iraq or Tahiti), but are unlikely to want to visit it (Bull, 1993:117).

Factor 4: Attitudes and habits

An additional major non-economic determinant is that of psychosocial values. Firstly, the attitudes of a host community towards tourists, and specifically those of workers within the tourism sector, are an important aspect of the tourism product, and their influence is similar in nature to that of social and political stability. A tourist is directly affected by the attitudes of those supplying tourism services face-to-face. Secondly, tourism-consuming habits are important. The tendency to travel will influence domestic tourism and the development of the sector in any destinations closely related to those generating areas.

Factor 5: Investment

Economies which own a good stock of resources available for use in tourism, may have an advantage in developing the sector, but the level of investment or fixed capital formation which an economy undertakes, is increasingly important. An economy's ability and willingness to provide finance for investments influences tourism's role in that economy. This in turn depends on savings patterns, the nature of financial markets, and rates of return available in tourism compared with other industries, highlighted by general perceptions of the sector and government support of it.

2.5 ECONOMIC IMPACT ON KEY ECONOMIC INDICATORS

The WTO (1999), defines tourism as "the activities of persons travelling to and staying in places outside their normal environment for not more than one consecutive year for leisure, business or other purposes." Ritchie and Goeldner (2003:5), define tourism as "the process, activities and outcomes arising from the relationships and the interactions among tourists, tourism suppliers, host governments, host communities and surrounding environments that are involved in the attracting and hosting of visitors". Sport event tourism is a three-dimensional concept involving travel away from home to play sport, watch sport, or to visit a sport attraction and includes both competitive (e.g. tournaments) and non-competitive activities (e.g. biking)" (Graham *et al.*, 2001:226).

When event tourists spend money on tourism products and services it influences the economy in a number of ways. The amount that tourists spend is thus the key factor. According to Wilson (1984:88), the extent of the economic impact of tourism depends on the following:

- The total number of tourists who visit the country/area;
- The duration of stay;
- The average expenditure per tourist; and
- The circulation of tourism expenditure throughout the country.

The first three factors influence the degree of tourism spending in the host community, for example, Potchefstroom. The longer a tourist stays and the more tourists visit a country or community, the higher the total spending on tourism-related products. The fourth factor is particularly significant for income generation in the economy after tourism spending has taken place, for example, at the 2003 Cricket World Cup (Saayman, 2000:114).

The performance of an economy is not only measured by means of its production (GDP), but also by means of the following:

2.5.1 The impact on economic growth

Economic growth, or the economic well-being of a country can be obtained in two ways:

- Through an increase in resources consumed (capital, labour, material, energy, technology); and/or
- Through more productive use of these resources (Cronje *et al.*, 1997:464; Tribe, 1999).

Economic growth has been defined as a growth in real GDP. As a result, the impact of tourism on GDP must be analysed to determine its influence on economic growth. Tourism expenditure influences every component of GDP:

Consider the macroeconomic equation of:

$$\text{GDP} = \text{C} + \text{I} + \text{G} + (\text{X} - \text{M})$$

Where:

GDP = Gross Domestic Product

C = Consumer expenditures

I = Investment expenditure

G = Government expenditures

X = Exports

M = Imports (Ritchie & Goeldner, 2003:391).

Firstly, most expenditure by tourists would be regarded as consumption spending (C), if for domestic tourism, or for an international trip. Secondly, expenditure by businesses on buildings, machines, equipment and so on to provide tourism services is part of investment (I), much of which is likely to be government expenditure, especially on infrastructure. Thirdly, a tourist who is spending money in a foreign country or using that country's transportation services is in a sense "importing" services. Thus, this expenditure can be viewed as a leakage from the national economy. Finally, the reverse situation provides an "export", when a country can sell its transportation or tourism services to international tourists from elsewhere (Bull, 1993:116). Taxes influence the GDP via consumer expenditure (C). The more tax a person pays, the less money he has available to spend on products and services. Higher taxes therefore minimise consumer expenditure (C). Taxes are also the main source of government income (Saayman, 2000:115).

Government levies taxes on tourism products to earn some income and also to encourage or discourage the use of certain products by tourists. Some examples are:

- Airport departure tax;
- Hotel room tax;
- Permits for entry to destination areas;
- Entry or transit visas;
- Exit visas; and
- Duty free goods (tax reduction or removal) (Bull, 1993:106).

These types of tax may effectively change the price of the travel and tourism product to the consuming tourist. The amount of the price change will depend on the type of tax and its incidence.

2.5.2 The impact on economic development

Economic development refers to the process of improving the quality of living of all residents of a country. It entails more than just economic growth. Todaro (1992), believes that for economic development to take place the following three factors must all improve:

- People's standard of living;
- People's self-esteem which refers to their dignity and self-respect; and
- People's freedom to choose, realised in an increase in the variety of products and services available.

The result of economic development is an upgrade in the socio-economic circumstances of all people of a population (Keyser, 2002:278). Therefore, economic growth is an essential part of economic development because growth indicates an increase in

production and an increase in income (Saayman, 2000:105). Keyser (2002), states that economic growth is usually calculated by looking at changes (decreases or increases) in a country's Gross Domestic Product (GDP).

Where national and regional authorities support the development of tourism as an income-contributing expenditure sector of the economy, this normally entails some form of government expenditure to help with the commercial provision of services. This is especially important in tourism destinations which are in a developmental stage. Not only may government provide the funds required to ensure support, but it can be a psychological reinforcer of decisions to invest (Bull, 1993:204).

The overall goal of any government choosing to follow a tourism development strategy is economic advantage. In any national tourism "development plan", the economic objectives are paramount and clear. The objectives for Greenland's tourism development plan for 1991-2005, for example, were: "Tourism shall be developed as one of the principal industries of the country" (Greenland Tourism Development Plan, 1991:1 *In* Burns & Holden, 1995:136). The underlying goal (and thus catalyst to development) of any tourism plan is the creation of opportunities for economic improvement.

Some observers note that tourism is a relatively "fragile" industry, and thus may be a risky investment. Local tourism may be greatly affected by unforeseen national and international events such as political turmoil and currency fluctuations (Van Harsseel, 1994:169). Other observers argue that tourism is a flexible and stable industry with good long-term growth prospects (Van Harsseel, 1994:170).

An analysis of the economic effects of tourism must go beyond total economic impact and address the issue of how economic impact is distributed within and outside the local community. This is particularly true with regard to geographic distribution of benefits, jobs per unit of investment, links with other sectors of the local economy and promotion of local entrepreneurship (Van Harsseel, 1994:170).

According to Myburgh and Saayman (1999), an important aspect of development is that it must be sustainable. For development to be sustainable, conservation of the natural environment is essential since more demands are made on the natural environment and future survival depends on its responsible use. Tourism is one of the only industries where conservation may contribute towards economic development.

Sustainable tourism is defined as a model of economic development that is designed to:

- Improve the standard of living of the host community;
- Provide quality experience to the tourist; and
- Maintain the quality of the environment on which both the host community and the tourist depend (McNeely *et al.*, 1994:11).

Sustainable tourism has numerous goals, namely, to create and maintain successful industries including tourism, and to conserve appropriate levels of the natural and cultural environment, with due regard for time and place (Smith & Brent, 2001:188). Pearce (1988), states that sustainability is “making things last”, whether it is an economy, an ecosystem, or a culture.

Tourism development is the consumption of natural resources and the consequent changing of the environment by people to satisfy and to develop quality of life (Myburgh & Saayman, 1999:98). However, tourism may also impact negatively on the environment. As destinations attract more tourists, areas become exposed. Rigorous tourism activities may lead to erosion of the environment, the disorder of plants, wildlife and other resources. Landscape degradation and physical pollution demand serious reflection, as even the most basic survival resources are stressed by tourism demands (Smith & Brent, 2001:11). The use of non-renewable petrol is an important example: tourism depends heavily on the fuel that is burned to transport travellers to attractions and hotels (Ritchie & Goeldner, 2003:467). In other cases the cost involved in removing litter left by tourists and protection of the area exceeds the income generated by tourists. This often leads to activities taken to decrease the number of tourists visiting the attraction, such as high entrance fees (Myburgh & Saayman, 1999).

If nothing is done to preserve the environment, the pressure exerted by tourists may be of such extent that tourism activity becomes unsustainable and declines in the long run (Hunter & Green, 1995:7). It is important that we replace what we consume and that in the process of consumption we do not create by-products that pollute or destroy the ecosystem on which future generations depend (Ritchie & Goeldner, 2003:467).

Tourism development has an important role to play in environmental protection and in economic and social development. Therefore sustainable tourism development should aim at:

- Providing a framework for raising the standard of living of people through the economic benefits of tourism;
- Developing an infrastructure and providing recreation facilities for both visitors and residents;
- Ensuring types of development within visitor centres and resorts that are appropriate to the purposes of those areas;
- Establishing a development program consistent with the cultural, social and economic philosophy of the government and host community;
- Optimising visitor satisfaction (Ritchie & Goeldner, 2003:449).

2.5.2.1 Obstacles to economic development through tourism

Keyser (2002), indicates that the following economic and non-economic factors can limit the development of tourism in a country or community:

- Limited budgetary allocations of local governments to the tourism sector;
- Limited access to investment funds for developing tourist facilities and services;
- Limited confidence of international and local investors in making investments in tourism;

- ❑ Complicated requirements and procedures of taxation on tourism enterprises;
- ❑ The availability of skilled and trained employees;
- ❑ Piracy of skilled labour from existing enterprises by new operations;
- ❑ Lack of integration and fragmentation in the tourism industry;
- ❑ Limited promotion of tourist attractions both nationally and internationally;
- ❑ Limited statistical data on tourism and the use of tourist facilities; and
- ❑ Lack of market intelligence, not understanding which tourists are of value to the industry" (Keyser, 2002:304).

2.5.3 The impact on employment

The tourism industry is a major source of employment and its growth results in an increase in employment. The ability of tourism to contribute towards and promote economic growth in South Africa generates into the creation of jobs and eases the burden of post-apartheid transformation in terms of reducing the income/wealth gap because of tourism's ability to generate sustainable employment. The recent acceptance of the bid to host the 2010 Soccer World Cup greatly boosts this ability (Van Schalkwyk, 2004).

The tourism industry gives rise to employment in several ways:

- ❑ The people primarily involved in providing services and goods for the tourists may also be doing the same for non-tourists. For example, hotels and restaurants serve local residents as well as tourists using their facilities.
- ❑ Local transport. For example, transport to and from the airport.
- ❑ Employment is seasonal as tourism businesses sometimes only caters for part-time employment (Foster, 1989:22).

Most jobs related to tourism tend to come in the form of direct service jobs in tourist-related facilities and attractions. These are primarily in hotels, restaurants, attractions, and travel companies. Further employment opportunities occur in other sectors of the economy which service and supply the tourism sector, such as agriculture, fisheries, manufacturing and transport (Godfrey & Clarke, 2000:19). Tourism has a significant impact on employment and incomes: at least ten million people work in tourism the world over and many more millions live off tourism indirectly (Krippendorf, 2001:48).

In 2002 in South Africa Travel and Tourism Economy employment was estimated at 1,148,000 jobs, or 6.9 percent of total employment (WTTC, 2002:28). By 2012, this should grow to 1,555,300 jobs – 7.9 percent of total employment. The 492,700 Travel and Tourism Industry jobs accounted for 3.0 percent of total employment in 2002 and are forecasted to rise to 679,200 jobs, or 3.4 percent of the total, by 2012 (WTTC, 2002:28)

Employment generated by tourism is categorised into direct, indirect and induced. Direct employment refers to those employees directly concerned with tourism establishments such as hotels, restaurants and sight seeing. Indirect employment is the employment created in the tourist infrastructure and suprastructure, or in agriculture as a result of tourists' demand for food. Induced employment is a result of an increased demand for goods and services in the economy because of the extra income consumers earn from tourism spending (Coltman, 1989:226; Harrison, 1992:14; Bennett *ed.*, 2000:360).

The following list ranks various tourism businesses, with the main employer at the top:

- Foodservice;
- Accommodation establishments;
- Public transportation;
- Entertainment;
- Automobile transportation; and

- Travel retailers (Coltman, 1989:228).

The employment opportunities created by tourism vary across sectors. Employment in tourism may be high at some point during the year due to:

- *Relative labour intensity*: Restaurants, hotels and transport.
- *Many low-wage occupations*: The wages in the tourism industry is often lower than in other industries, because many jobs require unskilled labour and the supply of unskilled labour is vast.
- *Much part-time and casual employment*: This is due to mainly two factors:
 - By using part-time and casual workers, labour cost can be more variable to suit the needs of the business.
 - Many tourism-related activities require 24 hours service or work beyond normal office hours which make shift work and part-time work a necessity.
- *Seasonal peaking*: Two labour markets:
 - Permanent workers who work throughout the year.
 - Peak season workers who only work during times when tourism activity is high (Bull, 1993:144-147; Keyser, 2002).

Tourism offers the following advantages with regard to employment (White Paper on Tourism, 1996):

- Tourism creates job opportunities. It is the largest job provider of all the professions worldwide, but only the fourth largest in South Africa. South African Tourism (SATOUR), estimates that 480 000 jobs are directly and indirectly created by tourism.

- Tourism immediately creates job opportunities. As more tourists enter the country a demand arises for a wide range of products that can immediately be provided, for example, entertainment.
- Tourism is labour intensive.
- Tourism offers entrepreneurial opportunities, for example, transport to and from hotels to tourist attractions, local arts and crafts.

2.5.4 Multipliers

The tourism multipliers have been developed over a number of years and are largely based on Keynesian principles of the recirculation of a percentage of income by recipients into consumption spending which then engenders further income and employment (Bull, 1993:138). The basis of a simple multiplier is that a direct injection of cash into an economy means a higher income for suppliers of tourism services (Bull, 1993:138). The multiplier analysis provides the link between the injection of tourist expenditure and the resulting increase in local income and employment (Henderson, 1975:39).

Multiplier analysis is used to estimate the ongoing impact of tourist expenditures in the economy. It is recognised that initial tourism expenditure will give rise to impact demand to service tourists' needs, and that much of the initial expenditure will penetrate through the economy to stimulate further indirect expenditure and expenditure induced by the initial expenditure (Lickorish & Jenkins, 1997:66-68).

The value of any tourism multiplier is pointless unless it is qualified by both the method used to estimate it, and the type of multiplier involved (Cooper *et al.*, 1997:116-117). Determining the total net economy change in residents' income or wealth because of a sport event calls for an employment or income multiplier. Most economists believe that these two multipliers are most useful, as most residents are concerned with the impact of sales on household income and employment (Graham *et al.*, 2001:242).

According to Mathieson and Wall (1982:71), income multipliers are useful for assessing the short-term economic impacts of tourist expenditure. On a short-term basis, multipliers can provide information about the impact of event tourism. They can help to:

- Identify weak links in the economy;
- Provide information on the degree to which such objectives as maximising income and employment and minimising foreign exchange losses, are being met; and
- Identify areas in the economy which require stimulation and others which bring large benefits and merit expansion.

2.5.4.1 *Types of multipliers*

A number of multipliers are in regular use and each type has its own specific function. However, false conclusions can be derived if they are misused or misinterpreted. The main types of multipliers are as follows:

- *Transactions or sales multipliers* – These measure the amount of additional business revenue created in an economy as a result of an increase in tourist expenditure. These multipliers measure the ratio between the two changes.
- *Output multiplier* – This relates to the amount of additional output generated in an economy as a result of an increase in tourist expenditure. The main difference from the transaction or sales multiplier is that the output multiplier is concerned with changes in the production levels and not with the volume and value of sales.
- *Income multiplier* – This measures the additional income created in the economy as a consequence of the increased tourist expenditure.
- *Employment multiplier* – This measures either the total amount of employment generated by an additional unit of tourist expenditure.

- *Government revenue multiplier* – This measures the impact on government revenue as a consequence of an increase in tourist expenditure (Bull, 1993; Lickorish & Jenkins, 1997:67).

Since the different types of multipliers are calculated using the same database, they are closely interrelated. However, the concepts involved in each of the above multipliers are very different, as are the magnitudes of each of the different multipliers calculated for the same economy (Cooper *et al.*, 1997:118).

Tourism Income Multiplier

An income multiplier demonstrates the relationship between a change in the level of income in the economy due to the additional revenue spent by tourists (Foster, 1989:30). In other words, it determines the amount of income generated per unit of tourism expenditure. It is the measure most frequently used to quantify tourism's impact on the economy (Wanhill, 1994:281).

The multiplying effect of tourism expenditure can be demonstrated as follows:

“When a tourist buys, for example, a meal at a restaurant, his tourist expenditure is income for the restaurant owner. The restaurant owner is the first-round receiver of the tourist's expenditure. He keeps a small portion to himself as savings and uses the rest of his money to pay the manager of the restaurant, the waiter, the food suppliers and the chefs. They are called second-round receivers. The waiter uses her money to buy a new dress, the manager pays his car instalment, the chefs buy new shoes and the food suppliers use the money to pay their electricity bills. The receivers of the money, that is, the clothing store, the bank, the shoe store and electricity company are the third-round receivers” (Saayman, 2000:116).

Thus, expenditure has a multiplying effect in the economy which causes the change in income to be greater than the initial tourism spending (Wilson, 1984:91). The multiplying process does not take place overnight and might take up to 20 years before it is completed (Flemming & Toepper, 1990:39).

Leakages from the multiplying effect are a combination of savings, imports and taxes. If one spends the money outside of one's country for imports, obviously it does not stimulate the economy locally. Also, if it is put into some form of savings that are not loaned to another spender within a year, it also does not stimulate the economy. Thus, to get the maximum benefits economically from tourist expenditures, one should introduce as much of the tourist funds as possible into the local economy for goods and services rather than save the proceeds or buy a large amount of imports (McIntosh & Goeldner, 1990:284).

The third leakage is taxes. Consistent with what Saayman (2000) says, when taxes are paid less money is available to spend because some of it goes to government. With less money to spend, the next rounds of receivers receive less each time than the previous round. Because of the leakages the money available in the following round becomes smaller, until it becomes insignificant after a few rounds. A large multiplier means that there are few leakages from the system and that the community benefits more from the event tourism expenditure (Saayman, 2000:117).

According to Coltman (1989:25), Lundberg (1990) and Saayman (2000), the following formula can be used to calculate the tourism income multiplier:

$$TIM = \frac{\{1-MPMt\}}{\text{Leakages}}$$

Where:

TIM = Tourism Income Multiplier

MPMt = Marginal propensity of tourists to buy imported rather than local products

Leakages = Savings, imports, taxes.

If the leakages are included, the tourism multiplier can be written as:

$$TIM = \frac{\{1-MPMt\}}{1-MPC\{1-MTR\} + MPM}$$

Where:

- MPMt = Tourists' propensity to import or buy imported goods and services that do not create income for the country
- MPC = Marginal propensity to consume
- MTR = Marginal Tax rate
- MPM = Marginal propensity to import.

Ritchie and Goeldner (2003:399), distribute tourism expenditures as follows (in no particular order):

Table 2.1: Distribution of tourism expenditures

Visitors' expenditure (1)	Travel expenditure (2)	Industry's Ultimate beneficiaries (3)
Lodging	Wages and salaries	Accountants
Food	Tips, gratuities	Advertising
Beverages	Payroll taxes	Appliance stores
Entertainment	Commissions	Architects
Clothing, etc.	Music and entertainment	Arts and crafts producers
Gifts and souvenirs	Administrative expenses	Attorneys
Photography	Purchases of food, beverages	Bakers
Personal care	Repairs and maintenance	Banks
Drugs and cosmetics	Advertising, promotion	Butchers
Internal transportation	Transportation	Cashiers
Tours and sightseeing	Licenses	Cooks
Miscellaneous	Insurance premiums	Dentists
	Rental of premises	Doctors
	Income and other taxes	Importers

Adapted: *Ritchie and Goeldner (2003:399)*

Employment Multiplier

The employment multiplier can be defined as the employment generated by an extra unit of event tourist expenditure (Saayman, 2000). The employment multiplier measures the employment opportunities formed by a given amount of event tourism spending. It can also be used to compare the direct and indirect opportunities created by event tourism spending with the direct employment opportunities (Saayman, 2000).

Example: The economic impact of Tayside, Scotland.

According to Henderson's study (1975), bed and breakfast users generated 26 standardised jobs for every £100,000 which they spent, while tourists who stayed in static caravans generated only about 14 jobs for the same expenditure. For the Tayside region, 19 standardised jobs were created in total, per £100,000 of tourist expenditure, of which 13 were direct employment, 2 indirect and 4 induced (Henderson, 1975:47-51).

2.5.4.2 Tourism expenditure and the functioning of the multiplier

The economic impact of tourism has a lesser effect on the host community because of the multiplier effect which spreads the benefits far beyond a resort or hotel. A simple consideration of the expenditure overstates the benefits believed to accrue there. However, the economic impact can be divided into three stages:

- Direct tourism expenditure – This category consists of expenditure by tourists on the goods and services provided by hotels, restaurants, shops and other event tourism services (Foster, 1989:17).
- Indirect tourism expenditure – Muller (1992:68), defines indirect event tourism expenditure as expenditure in successive rounds of inter-business transactions which result from the direct expenditure. Mathieson and Wall (1982:65), indicate that the payments of salaries and wages to local employees and tourist establishments replenishing supplies, are indirect effects of the initial, direct tourist expenditure (Strydom & Lourens, 1995:51; Vellas & Bécherel, 1995:229-233).

- Induced tourism expenditure – This is due to the respending of income by local nationals employed in or benefiting from, the tourism expenditure in their regions (Foster, 1989:17). For example, hotel staff's salaries are used to buy goods and services. As wages and salaries within an economy rise, consumption also increases and this provides an additional impetus for economy activity (Mathieson & Wall, 1982:65; Strydom & Lourens, 1995:51; Vellas & Bécherel, 1995: 227-230). These three impacts are then used to estimate the nature of tourist spending.

To generate income, expenses have to be incurred. Muller (1992:68), explains that in the field of event tourism, extra expenditure takes on various forms such as:

- Spending on goods and services by event tourists in an area;
- Investment by external sources (for example, hotel groups building a new unit in an area);
- Government spending on infrastructure (for example, airport additions or improvements); and
- Exports of goods and services stimulated by event tourism (for example, flower, fish or wine sales from an area).

To put the multiplier effect into action, additional expenditure resulting in income is needed. Saayman (1997:38), lists the main sources of income, namely:

- Payment of salaries and wages;
- Taxation on tourists, income and profits as well as custom taxes;
- Rental from tourism establishments; and
- The sale of souvenirs and other tourism products.

2.5.4.3 *The size of the multiplier*

The size of the multiplier depends in part on how directly the various sectors of the economy are linked, or how diverse their activities are within the tourist area (Coltman, 1989:223).

The value of the multiplier depends on the particular features of event tourism in the area studied and the characteristics of the local economy, namely:

- *The economic composition of a community.* The greater the range of economic activities in the community, the greater the chance of a high number of exchanges between the activities and therefore the greater the size of the multiplier (Hugo & Viljoen, 1992:41).
- *The extent to which various sectors of the economy are linked to one another.* According to Broham (1996:56), lower tourism multipliers have been associated with highly concentrated, large-scale, foreign-owned tourism complexes, while higher multipliers have been connected to more dispersed, smaller-scale, locally owned operations that tend to be better linked to the local economy.
- *The community's propensity to import.* A high number of imports into the community will reduce the value of the multiplier (Hugo & Viljoen, 1992:41).

In general, the higher the multiplier the more money stays and is circulated within the local economy. The economic benefit of tourism is large when the multiplier is high, indicating that much of the original event tourism expenditure goes to the salaries and wages of local residents and to pay for locally produced goods and services (Van Harsseel, 1994:165).

Money spent by tourists on goods and services will be spent over and over again in the local community, thereby producing employment and income. One of the important effects of tourism is the degree to which money spent by visitors remains in the destination region to be recycled through the local economy. This concept as discussed is known as the multiplier effect (Van Harsseel, 1994:164).

Tribe (1995), indicates in Table 2.2 how the multiplier is affected by various actions taken in the economy.

Table 2.2: Multiplier effect

Value of the multiplier	Leakages from the economy	Impact of expenditure on income
High	Low	High
Low	High	Low

(Tribe, 1995:189)

Summing up, the importance of the multiplier to a tourism area is reflected in the impact of tourism on its economy. The multiplier is an indication of how many times each tourist's expenditure circulates through the area before weakening through leakage. The factors that dictate the number of times that each expenditure circulates are the base and size of the local economy, the need to import goods for consumption by both tourists and local residents, and the local residents' lifestyle with regard to how much they save rather than spend from any tourist income they receive (Coltman, 1989:225).

The value of the multiplier shows the extent to which an expenditure injection (or leakage) is multiplied. The multiplier effect can be explained by referring to the existence of a multiplier process. The crux of the multiplier process is that a number of rounds of respending follow an initial injection of expenditure. Each amount that is spent is received by a consumer and becomes that person's income. Of this, a certain percentage will be respent. This again becomes another person's income and part of it is spent and so forth until the process peters out (Fourie, 1999:22).

How large the cumulative sum of all the respending is, will depend on the portion of spending that is returned to the circular flow in each round, that is, the percentage respent or the percentage that does not leak from the income-expenditure stream. The larger the leakage from the domestic expenditure flows - for example, in the form of savings, taxation, or spending on imports - the smaller will be the cumulative total, and therefore the smaller will be the value of the multiplier (Fourie, 1999:23).

2.5.4.4 Weaknesses of the multiplier analysis

Multipliers affect only some of the gains and losses from tourist income expenditure. They do not show the costs of receiving that income (economic, environmental, and cultural costs). They also do not show the advantages to communities outside the multiplier area's direct boundaries. Furthermore, multipliers do not show that a high multiplier for one region may seem advantageous to that region but may conflict with the goals of a higher level of development planning, for example, the national level (Coltman, 1989:226).

Although the multiplier analysis is widely used to measure aspects of the impact of tourism on an economy, it has come under criticism for several reasons, namely:

- *It is suitable for use only in small countries with relatively small economies.* The model does not take into account the fact that the destination country may increase export sales to other countries from which it currently imports. The model also fails to take into account the fact that the additional income generated may produce investment in the destination country (Mill & Morrison, 1985:228).
- *Multiplier studies are relevant for a period of time.* Although multipliers can be updated, there is no guarantee that the basic data used and the interrelationships will remain valid (Lickorish & Jenkins, 1997:68). The multiplier process can take up to eight rounds before it becomes insignificant. In addition, these rounds can take between 15 and 20 years to complete and for the economy to experience the full benefit (Flemming & Toepper, 1990:39).
- *There is a false assumption that each type of income injected into the economy has the same general effect.* To remedy this it is necessary to break down the increase in expenditure into its component elements in order to analyse the effect of each element separately (Mill & Morrison, 1985:228).

According to Harvey and Houle (1994:348-349), cities focus on strategies to promote themselves in a world tourism market by organising major sport events. This

demonstrates the economic circumstances cities have to cope with to avoid marginalisation.

Many opportunities exist to increase event tourism and obtain the benefits it brings to a country. However, this requires that countries should host sport events to attract event tourists. In South Africa alone many such opportunities exist, such as:

- The annual Comrades Marathon between Durban and Pietermaritzburg;
- The Rugby World Cup (1995);
- The Africa Cup of Nations (1996);
- The Cricket World Cup (2003);
- The Soccer World Cup (2010);
- The annual Two Oceans Marathon;
- The annual Argus Race;
- The annual Nedbank Golf Challenge;
- The Presidents Cup (2003).

2.6 TOURISM EXPENDITURE LEAKAGES

Event tourists are short-term stay visitors and big spenders who bring with them certain expectations relating to accommodation, food and entertainment, to name but a few. To meet these expectations many developing countries have to import goods and services to encourage and develop event tourism. Payments for these goods and services to support the event tourism sector are said to be leakages, that is, part of the tourist expenditure leaks out of the economy to pay for necessary imports (Getz, 1997; Lickorish & Jenkins, 1997:68).

The more concrete the economy's base is in an area, the less it will need to import goods, and the larger its multiplier the less leakage there will be (Coltman, 1989:225). McIntosh and Goeldner (1990:327), and Johnson (1999:37), define a leakage as a combination of savings and imports. Savings are funds retained by households and firms. Imports result in expenditure flowing overseas and taxes represent money taken out of the circular flow of income by the government in the form of income tax, value-added tax and corporation tax, for example. Thus, to get the maximum benefits economically from tourist expenditures, a country should introduce as much of the tourist funds as possible into the local economy for goods and services rather than save the proceeds or spend it on large amount of imports (Tribe, 1995:187).

The greater the diversity of a receiving economy the more it is able to meet these needs without resorting to imports. Thus there is a lower level of leakage. The larger and more developed the destination economy, the better able it is to supply the tourism industry from its own resources and the greater the economic impact. Economic leakage tends to decrease as the size and diversity of the destination gets larger (Godfrey & Clarke, 2000:34).

Leakages in regional economies result from two main problems. Firstly, rural economies are chronically underdeveloped, requiring importation of many goods and services. Payment for these goods and services flows directly out of the local economy. Secondly, individuals or companies that are located outside the region sometimes own businesses, and profits from these businesses are not retained in the local economies. Because of chronic leakages in rural, tourism-based economies, the economic benefit of tourism to local residents may sometimes be more evident than real (Van Harsseel, 1994:165; Niedermeier & Smith, 1995:51).

The following is a list of possible forms of leakages that may occur:

- Imported goods, particularly food and drink;
- The foreign exchange costs of foreign imports for the development of event tourist facilities;

- Management fees and royalties for franchised businesses;
- Payments to airlines, tour companies and travel agents whose businesses are outside the local area;
- Advertising and promotion expenditure paid to businesses outside the local area;
- Event tourists' use of credit cards and travellers' checks that do not benefit local banks (Coltman, 1989:225; Williams & Shaw, 1991:33; Bennett *ed.*, 2000:362; Saayman *ed.*, 2001:90; Keyser, 2002:289).

To accurately estimate net economic impact, the money collected by these businesses must be subtracted from the economic impact subtotal, since it will not remain in the local community (Turco & Kelsey, 1993:34). To create wealth and other jobs, the leakages need to be as small as possible, otherwise the country will benefit very little (Saayman & Van Niekerk, 2000).

2.7 ECONOMIC ADVANTAGES AND DISADVANTAGES OF SPORT EVENT TOURISM

According to Getz (1997:69), economic advantages and disadvantages include the following:

Table 2.3: The economic advantages and disadvantages of sport event tourism

Economic Advantages	Economic Disadvantages
<ul style="list-style-type: none"> □ Cost effective in developing attractions and spending opportunities □ Volunteer and part-time employees □ No requirements for special facilities or infrastructural improvements □ Sponsorships from large companies □ High ratio of revenue to costs □ Possibility of high-income multipliers. 	<ul style="list-style-type: none"> □ Dependent on local and regional markets □ Expensive □ Can cause environmental, social and cultural problems □ Disruption to day-day routine of local community □ Rate of inflation □ Damage to infrastructure and site developments.

(Getz, 1997:69)

Events and their purpose-made facilities, from local to global, can leave debts, displace homes and jobs and damage the environment, but they can also generate numerous jobs and substantial income (Collins & Jackson, 1999:196). In order to form a full picture of the impact of an event, it is necessary to look at the long-term effects on the host community and its economy:

- The destination may be enhanced;
- Legacy of infrastructure, for example, a scoreboard for future cricket matches;
- Quality tourism developments;
- Entertainment, for example, late night drinking and entertainment venues; and
- Increased levels of employment and economic activity (McDonnell *et al.*, 1999:32).

2.8 WAYS TO ENHANCE THE ECONOMIC BENEFITS OF TOURISM

Opportunities to enhance the economic benefits of tourism include increasing tourist spending, establishing strong links with other sectors and encouraging local ownership and management of facilities.

2.8.1 Increasing expenditure of tourists

Keyser (2002:305), maintains that increased tourist spending can be achieved by:

- Persuading tourists to stay longer and spend more money by providing a greater variety of tourist attractions and activities;
- Providing more shopping opportunities for tourists, including handmade crafts by local people and speciality items;
- Developing marketing techniques that will attract higher spending and responsible tourists, who will also appreciate and respect cultures and the environment; and

- Encouraging foreign tourists visiting friends and family to spend some time travelling in the country and staying in commercial accommodation.

2.8.2 Establishing strong links with other sectors

While tourism can offer an important substitute for economic activity, it must be seen as only one component of a larger series of development initiatives in any economic system. According to Saayman (2004), all economies have backward and forward links between economic sectors. However, the links may not be strong.

The objective of strengthening links with other sectors is to reduce foreign exchange leakage. Keyser (2002:306), maintains that this can be done by:

- Increasing the use of local craftsmen in the development of tourist facilities and services;
- Making more use of local suppliers of food items and beverages in hotels, guesthouses and restaurants; and
- Improving the quality and variety of crafts and curios thereby encouraging more tourists to buy these products.

2.8.3 Local ownership and management of tourism facilities

There are many opportunities available to communities to increase the positive economic impacts of tourism. Some of these opportunities are:

- Operating tourism facilities and services, such as bed-and-breakfast establishments, bars, restaurants, attractions and entertainment;
- Providing services to the industry by using tour operators, travel agencies, tour guides etc.; and
- Acting as suppliers to the industry: crafts, interior décor, catering services, transportation services and others (Keyser, 2002:306).

2.9 CONCLUSION

This chapter examined the impact that event tourism has on the economy. Event tourism is a major economic strength for a country. Those who live there are affected by the economic results of tourist spending. The main economic phenomena described are the income multiplier and employment multiplier; economic development and tax considerations.

Many of the issues surrounding sport event impact assessment have been addressed, such as economic scale, economic impact and the costs and benefits of tourism. The advantages and disadvantages of sport events for the economy were also discussed. This issue will be further addressed in the next chapter. Tourism, when properly planned and managed, can also bring economic benefits. In the next chapter the economics of sport event tourism will be discussed.

Chapter 3

The economics of sport events

"I have always believed that as we get to know one another, we come to realise that those things that bring us together are far greater than those which separate us. Travel and tourism give us the chance to make friends from cultures different from ours and from countries distant from our own." – King Hussein, Jordan

3.1 INTRODUCTION

Events have long played a vital role in human society by attracting tourists (and thus tourist income) to a particular place (Shone & Parry, 2001:3). Even though the staging of events have been occurring in some parts of the world for hundreds or indeed thousands of years, it has been the last decade that has seen a major rise in the number of events staged by both individuals and organisations (Tourism Forecasting Council, 1998).

The events sector of the tourism industry is young, active, growing and maturing at a fast rate. The benefits of event management and event tourism are being realised more and more by many developing countries such as South Africa (Tassiopoulos *ed.*, 2000:4). Sport events are one of the most exciting and fastest growing forms of leisure, business and tourism-related activities. Their unique appeal stems in part from the limited duration and uniqueness of each event which distinguishes them from permanent institutions (i.e., museums) and built attractions such as theme parks (Getz, 1997:1).

McIntosh and Goeldner (1990:156), state that sport events also have the ability to spread tourism geographically and seasonally. Sport events allow a region or community to celebrate its uniqueness, promote itself, develop local pride and enhance its economic well-being.

Throughout history, sport events have been a central feature of people's lives (Tassiopoulos *ed.*, 2000:2). The first Olympic Games were held in 776 BC. Thomas Cook built his reputation as a travel entrepreneur by organising excursions to the great exhibitions and events in London and Paris, some of the grandest events of their day (Youell, 1995). The questions that need answers are: Why events? Who attends them and for what reason? What makes an event a mega-event? Do tourists attending these events alter their behaviour? Do they spend more or less money compared to other forms of tourism? What are the implications of all these questions on marketing and planning? A lot of research still needs to be done to give more clarity on these questions (Saayman & Saayman, 2004).

In recent times the frequency, themes and locations of events have changed. However, events that were arranged to celebrate a specific happening in the past, may now be presented in order to meet specific objectives. Their scope has extended beyond purely recognising the cultural or sporting importance of a particular date on the calendar (Van der Westhuizen, 1998). The celebrating and festive atmosphere of sport events places them above ordinary life experiences (Getz, 1997:1).

Based on the above the main aim of this chapter is to determine the economic value of sport events. In order to achieve this, the chapter will be divided into the following sections:

- Defining event tourism;
- Types of mega-events;
- Effects of hosting an event;
- The event industry in South Africa;
- The economic roles of events;
- Economic benefits of sport event tourism;
- Factors that influence benefits;

- Approaches to estimating the economic impact of events; and
- Increasing economic gain.

3.2 DEFINING EVENT TOURISM

Event tourism is the “systematic planning, development, and marketing of festivals and special events as tourism attractions, image-makers, catalysts for infrastructure and economic growth, and animators of built attractions” (Getz, 1997:16). Event tourists or visitors can be defined as those who travel away from home for business, pleasure, personal affairs or any other purpose (except to travel to work) and who stay overnight at an event destination. A same-day event visitor does not stay overnight, but may visit another destination or return home. Thus, such a visitor makes a limited contribution to the event tourism multiplier (Masberg, 1998:67).

An event has also been defined as a “major” one-time or recurring event of limited duration, developed primarily to enhance the awareness, appeal, and profitability of a tourism destination in the short and long term (Ritchie, 1984:2). An event can also be classified as international, national, regional or local and it can include sport, art, music, drama, festival or tournament (Torkildsen, 2001:471; Faulkner, 2003:93). Events can enhance the opportunities for a community as it can shape destination images, spread tourism, and promote development (Pearce *et al.*, 1998:285).

The capacity for international sporting events to generate tourism has been widely addressed in tourism and events literature (Getz, 1991; Williams & Shaw, 1991; Hall, 1992).

Major events carry a number of features which distinguish them from other events, including the four outlined below (Torkildsen, 2001:471):

- Events have distinctive characteristics – all major events are perceived as being something special. All events have a start and finishing point. They have fixed deadlines.

- Events can be a means of promoting the organisation and sponsors and creating favourable images.
- Events must conform to regulations – most special events have to meet stringent regulations involving aspects of health and safety and police matters.
- Events are risky and the unexpected should be expected – targets might not be met and budgets might be overspent.

According to Tassiopoulos *ed.* (2000:5), the goals of event tourism could be:

- To develop a favourable image of the country or community holding the event;
- To expand the traditional tourist season by hosting more events in a specific community;
- To spread tourist demand more evenly through an area;
- To attract foreign and more domestic visitors; and
- To attract big spending investors.

Sport events are temporary and every event is one-of-its-kind in terms of its length, setting, management, and people (Getz, 1997:4).

The 2003 Cricket World Cup can be seen as a mega-event. “Mega” means large or huge. Rooney (1988:93), concludes that all sporting mega-events have common features: they are “loaded with tradition”; they have profound historical significance; they benefit from “media overload”, frequently at international level; the sport event is often complemented by other events, such as parades and festivals. Mega-events, by way of their size or significance, are those that yield extraordinary high levels of tourism, media coverage, prestige, or economic impact for the host community or destination (Getz, 1997:6).

Tassiopoulos *ed.* (2000:329), says a mega-event can be characterised by:

- Its scale and complexity;
- The substantial spatial and socio-economic impacts on a city or area;
- Competitiveness of cities to host the event;
- The community's or area's need for thorough planning and organisation;
- The advantages and risks involved;
- The attraction of international investors;
- The number and size of the facilities and services required;
- The need of wide-ranging infrastructure and organisation to support the event;
- The number of authority policies and plans to be met for approvals;
- The needs and demands of the environment; and
- The need for large-scale community involvement.

Hall (1992:5), states that "mega-events such as World Fairs and expositions, the World Soccer Cup Final, or the Olympic Games, are events which are expressly targeted at the international tourism market and may be suitably described as "mega" by virtue of their size in terms of attendance, target market, level of public financial involvement, political efforts, extent of television coverage, construction of facilities, and impact on economic and social fabric of the host community."

Thus an overall definition of a mega-event is: "an event with (1) a large number of participants or visitors and (2) worldwide publicity" (Socher & Tschurtschenthaler, 1987:103).

3.3 TYPES OF MEGA-EVENTS

There are several types of mega-events, including the following:

Table 3.1: Types of mega-events

National Event	Sport	International Sport Events	Other National Events	Other International Events
Rugby Currie Cup		Cricket World Cup	Grahamstown Arts Festival	Cannes Film Festival
Rothmans Soccer Cup		Rugby World Cup	Klein Nasionale Kunstefees Oudtshoorn	Rio-Festival
Winfield Athletics		Olympic Games	Aardklop Festival Potchefstroom	Miss Universe
Comrades Marathon		Million Dollar Golf Challenge	Oppikoppi	Festival of the dead
Two Oceans		Three Nations Series	Mampoer Festival	Tomato Festival – Spain
The Argus Race		Soccer World Cup	Oyster Festival	Jazz Festival – New Orleans
ABSA Athletics		Super 12 Rugby	Chilli Festival – Port Elizabeth	Oktoberfest - Germany

Adapted: Saayman ed. (2001)

The above are only a few examples of the many mega-events around the world. Whether national or international, they have the power to attract millions of tourists (Saayman ed., 2001:116).

3.4 EFFECTS OF HOSTING AN EVENT

According to Kang and Perdue (1994), the direct effects of hosting a mega-event include:

- Increased mass media coverage in the world community;
- Improvements and expansion of tourism infrastructure and tourism services;

- Possible increase in tourism promotional activities by the host tourism industry to capitalise on a favourable marketing environment; and
- An influx of participants and tourists during the event period.

Other authors have stated the consequences of hosting a mega-event:

Mass Media, Awareness and Image. By definition, a mega-event is characterised by its enormity of participation and worldwide publicity. The worldwide publicity sometimes results in a renewed, stronger and better image of the host city and country (Hiller, 1998:120).

Event participation. The attractive power of an event, the number of foreign participants during the event period varies depending mainly on the duration of the event and the capacity – accommodation and transportation – of the host community (Kang & Perdue, 1994).

Infrastructure and Service Improvements. A mega-event necessitates “mega” facilities. Commercial accommodation and public transportation facilities – prerequisites to the future tourism growth – are refurbished and expanded during the event preparation, providing both necessary facilities for the event and an opportunity to improve the quality of future tourism services (Kang & Perdue, 1994).

Visitor Satisfaction and Word-of-Mouth. Sparrow (1989), suggests that local resident support of mega-events enhances the quality of experience for mega-event participants. Improved tourism services and facilities resulting from mega-event development will enhance visitor satisfaction in the following periods.

Image Decay and Promotional Activities. As shown by Ritchie and Smith (1991), the positive image and awareness of the host community (resulting from the mega-event promotion, publicity, and word-of-mouth communications) will decay over time. However the host country’s tourism industry may counter this image decay by intensifying its promotional activities (Kang & Perdue, 1994).

Prices and Final Outcome. The various factors outlined above are consequences of hosting a mega-event; all of them, except for the decay of image, potentially contribute to a long-term increase in the international tourism to the host country (Kang & Perdue, 1994).

Research undertaken by Jago and Shaw (1998:30), indicates the qualifying attributes of mega-events as:

- Leaving behind legacies;
- Involving tradition or symbolism;
- Involving prestige and status;
- Incurring large costs;
- Stimulating demand for related services;
- Incorporating festivals or other events;
- Attracting large crowds;
- Attracting funds to the region;
- Being of international scale;
- Being one-off occurrences; and
- Having the reputation of a “must see” event.

Positive impacts of events can be:

- Destinalional promotion and increased tourist visits;
- Extended length of stay;
- Higher yield;

- Increased tax revenue; and
- Job creation (Hall, 1989).

Negative impacts can be:

- Community resistance to tourism;
- Loss of authenticity;
- Damage to reputation;
- Exploitation;
- Inflated prices; and
- Opportunity costs (Hall, 1989).

All probable positive impacts must be developed and maximised, and negative impacts countered (McDonnell *et al.*, 1999:20). Burns and Mules (1989), state positive benefits of events include the feeling of “the whole world is watching”.

Getz and Cheyene (1996), identify the following aspects that make sport events special:

Uniqueness

- An opportunity not usually available.
- Every event is different.
- Out of the ordinary type of attraction.
- Rarity.
- Something unique.
- Different activities.
- Novelty.

Atmosphere

- The right atmosphere is necessary for group enjoyment.
- People are watching.
- Variety.

Quality

- Well-organised.
- Reputation.
- Calibre of participants – the best in their field.
- Size of the event.
- International scope (from around the world).
- Presence of celebrities or very important persons.

Shone and Parry (2001), add the following characteristics:

Perishability

- Cannot be repeated in the same way, especially opening ceremonies.
- Use of facilities – used for a different event afterwards.

Intangibility

- Activities are intangible.
- Buying souvenirs and programmes at the event makes the event more tangible.

Ceremonious

- Opening ceremony of event.

- Closing ceremony of event.
- Spectacular.

Ambience and service

- An event with the right ambience will be a huge success.
- Good organising of event is imperative.

Labour intensiveness

- More complex and unique the event will lead to more labour being needed.
- Use of volunteers is important.
- Organising of event.

Fixed time scale

- Bidding procedures for event.
- Planning phase.
- Running of event.

3.5 THE EVENT INDUSTRY IN SOUTH AFRICA

South Africa's six major cities (Cape Town, Johannesburg, Durban, Pretoria, Port Elizabeth and Bloemfontein) have joined forces, according to Bennett (1999), in the Sunday Times (28 February, 1999:18), in a strategy to boost South Africa's share of the international events market, currently estimated to be worth about R325 billion. The Southern African Federation of Convention Cities (SAFCC) aims to position the six cities as icons for international leisure tourism, conventions and sporting events. It aims to effectively market South Africa as the preferred destination worldwide through joint partnerships between the six cities.

The top four event regions in order of importance are Gauteng, Western Cape, Kwazulu-Natal and the Eastern Cape. Most events in Gauteng take place in the Greater Johannesburg region; in the Western Cape they are mostly organised in and around Cape Town; in Kwazulu-Natal they are found largely in Durban; and in the Eastern Cape they take place for the most part in and around Port Elizabeth (SATOUR, 1999). The commercial and trade event segment, mostly in the form of meetings and exhibitions, dominates the current event market in South Africa. This is followed by the cultural event segment, largely in the form of festivals and carnivals (SATOUR, 1999).

South Africa's peak event season is in September which is also known as Tourism Month. There is a general downward trend in event activity after September, as businesses traditionally prepare for the end-of-year Festive Season (Tassiopoulos *ed.*, 2000:29). Sport event tourism is in its infancy in South Africa – due to the country's political legacy – but it is estimated that it is set to expand even faster than the 10% to 15% annual growth rate predicted for the tourism industry (Tassiopoulos *ed.*, 2000:26).

3.6 THE ECONOMIC ROLES OF EVENTS

Governments are increasingly turning to tourism as a growth industry capable of delivering economic benefits and job creation. Events in turn are seen as catalysts for attracting visitors, and increasing their average spend and length of stay. They are also seen as image-makers, creating profile for destinations, positioning them in the market and providing a competitive marketing advantage (Getz, 1997:51; McDonnell *et al.*, 1999:28). An event itself may not, for example, provide huge direct employment, but the direct effects on local businesses, local services and local infrastructure and environment could be extremely significant (Braun & Rungeling, 1992; Tribe, 1995).

Indirect effects may include the support of activities such as retailing (magazines, clothing), catering (restaurants, coffee shops, pubs) and less obvious support in terms of services such as transport, taxis and printers (Shone & Parry, 2001:67). It is thought that events which have many participants, as opposed to many spectators, have a greater economic impact on a destination (Shone & Parry, 2001:67). While there are potential

benefits to be derived from hosting an event, in the form of visitors attracted, city image enrichment, needed facilities and infrastructure, new jobs and profit for the event organisers and promoters, there will also be costs – financial, social and environmental (De Tolly & Lloyd, 1998). Figure 3.1 illustrates the economic roles of events, each of which will be discussed.

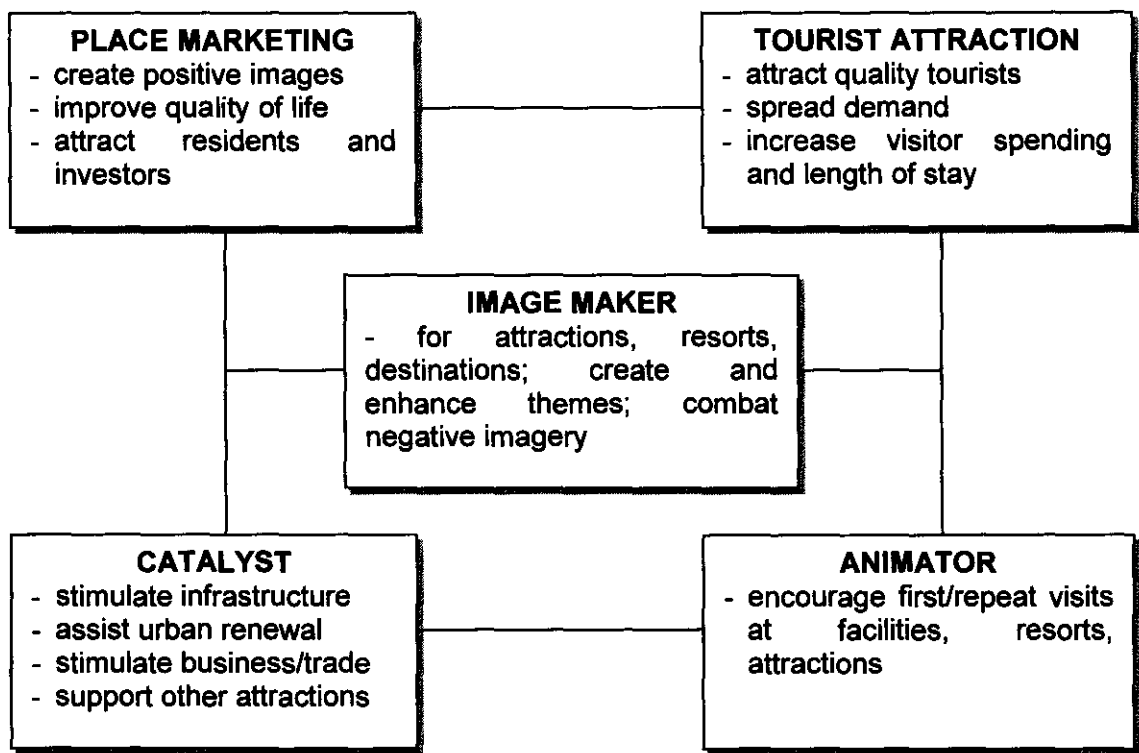


Figure 3.1: Economic roles of events

Adapted: Getz (1997:53)

1. Events and place marketing

Kotler *et al.* (1993), identify the value of events in enhancing the image of communities and in attracting tourists. The authors demonstrated how places compete for investments, quality people, and tourists in search of more liveable and prosperous communities.

Place marketing provides a structure within which events and event tourism find numerous roles as image-makers, enhancing quality of life and attracting tourists (Getz, 1997:51). Most regions are able to stage events, since special events tend to demand

only moderate levels of infrastructure and investment from a community (Pearce *et al.*, 1998:283). One key feature of place marketing is its attention to cultivating a positive image. Thus, events produced or assisted by economic development departments, Mayor's offices, tourist agencies and visitor bureaus all must attract media attention, represent the place in the best possible light, and be linked to other promotional campaigns (Getz, 1997:51). Political instability, climate, currency fluctuations and weather disasters eliminate many areas from consideration as possible event destinations.

2. Events and seasonality

A strong advantage of event tourism is that it can attract visitors in the low season, when airline and accommodation providers often have surplus capacity. Additional economic benefit is derived when visitors use what would otherwise be under-utilised tourism infrastructure (McDonnell *et al.*, 1999:29). At many popular tourism destinations, the peak season is limited by weather conditions. Music lovers, athletes who are committed to their sport, and food and wine lovers are some of the target markets for events which can be staged in the low season (Pearce *et al.*, 1998:283).

The following was suggested to extend the tourist season and expand the range of opportunities for low season visitation:

- Provide a new series of unique products for visitors in the low season (February and August) which are less dependent on nice weather, by emphasising the appeal to the domestic market (e.g. sporting events).
- Run marketing campaigns via the printed media and the Internet to highlight the area's indigenous and unique culture (<http://www.destinationnorthland.co.nz>) (2004-02-11).

3. Events as attractions

While many tourism organisations highlight the importance of international tourism, there is no doubt that most sport events draw local and regional audiences. Whether sport

events are tourist attractions (i.e., motivating overnight or non-local travel) or a motive for visitors already in an area to stay longer, they can have tourism value. Events can also encourage people to spend their money at home, rather than travelling outside the area (Getz, 1997:52).

Goldblatt (1994:91), concludes that "event tourism is a significant part of the tourism generating process for destinations with populations between 100 000 and 1 000 000 persons". Most of the destination marketing organisations he studied judged effectiveness by reference to hotel nights generated by events. Goldblatt believes that "destination marketing organisations must be prepared to create policies and guidelines for training those involved in event tourism" in order to take full advantage of the effectiveness of events as tourist attractions.

According to Gunn (1988) and Page (2003:241), attractions are most effective when clustered, and at a magnitude that offers variety and heightens promotional punch. Sport events can be used in combination with other attractions to increase overall destination appeal. The attraction's products can also be linked with the special event.

Attractiveness is a measure of the relative strength of attractions, in terms of the number of people drawn, the geographic spread of the market area, or its appeal compared to competition. Mill and Morrison (1985), use the term "drawing power" and link it to the distance people is willing to travel to experience the attraction. The authors distinguished between local, regional or international market areas. Event tourism must therefore seek to enhance the attractiveness of individual events and its use in enhancing destination attractiveness. Events can provide newness, freshness and change which sustain local interest in a destination and enrich its appeal to visitors (McDonnell *et al.*, 1999:29).

4. Events as animators

Built attractions (i.e., resorts, museums, heritage sites, sports stadia, theme parks, cathedrals and churches) and facilities everywhere have realised the advantages of "animation" – the process of programming interpretive features and/or special events

that make the place come alive with sensory stimulation and alluring atmosphere (Getz, 1997).

According to Getz (1997:55) and Page (2003), the potential benefits of animation through events are of major importance:

- To draw visitors who might not be interested in visiting the attraction or facility;
- To encourage repeated visits;
- To encourage people to bring visiting friends and relatives;
- To attract publicity for the site or facility, including the highlighting of historical events connected to the site;
- To provide a pleasurable experience;
- To persuade longer stay and greater spending by visitors; and
- To target groups for special functions (Getz, 1997:55; Page, 2003).

Dewar (1989:47), concludes that events are valuable interpretation devices, but they "must be creative, and offer the visitor a different experience".

5. Events as image makers

Getz (1997:57), notes that creating a positive image (i.e., encouraging the tourist that the destination is worth the visit), correcting negative perceptions, and increasing awareness of an area are essential steps in attracting international and domestic tourists.

It is evident that mega-events can have the effect of shaping an image of the host community or country, leading to its favourable perception as a potential travel destination. With global media attention focused on the host city, even for a somewhat short duration, the publicity value is huge, and some destinations will use this fact alone to validate great expenditures on attracting events (Getz, 1997:57). Major sporting

events are exceptional in the degree to which they attract extensive media attention, and the number of television viewers far outweighs the on-site audience. Therefore these events are additionally important for their potential to encourage some of the television audience to visit the host city, thereby creating a post-event ripple effect (Weaver & Lawton, 2002:147). Mules and Faulkner (1996), point out that cities hosting sport events, often results in the city authorities losing money but still maintaining a desirable image.

On September 11, 2001, terrorist attacks on the USA created extensive negative images of international travel, but one immediate beneficiary of this was the growth of domestic tourism in many countries. This required government and tourism agencies not only to promote "business as usual" in New York to encourage people to travel again, but also to restore negative images portrayed by the media (Page, 2003:65). It led to temporary changes in tourism across the world, with destinations perceived as safe (such as Australia and South Africa) recording a short-term boost in arrivals.

Korea is one country that has used events explicitly to shape its international image and tourist attractiveness. Hosting the 1988 Summer Olympic Games brought worldwide media attention to the country (Pyo, 1995). Events can create lasting images of tourist appeal for millions of potential visitors (Pearce et al., 1998:284).

6. Events as catalysts in development

Mega-events, such as World Cups and the Olympic Games, have been supported by host governments largely because of their role as catalysts in major redevelopment schemes (Getz, 1997:58). An event can enhance the quality of life of a neighbourhood by adding to its sense of place and residential amenity. Large events act as catalysts for urban renewal, and for the creation of new or expanded tourism infrastructure. Hotel and facilities development, better communications and improved road and public transport networks are some of the legacies left by these events (McDonnell *et al.*, 1999:30).

Mega-events tend to attract investment into the hospitality sector, especially hotels and restaurants. Sport events generally lead to new or improved facilities, such as sport

stadiums that can be used to attract events in the future (Getz, 1997:59). Mules and McDonald (1994), report that although mega-events attract many participants and spectators, the surrounding publicity and image enhancement might bring about additional visits not directly related to the event – that is, “induced demand”.

Anderson and Wachtel (1986), explain that mega-events can also be viewed as general economic stimulants, owing to the huge capital investment and infrastructure improvements that often accompany them. Events usually depend on locals, supplemented by international visitors for their success. Such events are likely to be sustainable, allowing visitors to mix on equal terms with the local community. The sustainability of the event as an economic activity is also of importance. For large events that are dependent on infrastructure, the financial return may be a mix of admission tickets and television rights (Pearce *et al.*, 1998:285).

3.7 ECONOMIC BENEFITS OF SPORT EVENT TOURISM

In this section the evidence supporting sport event tourism’s economic impacts (see Chapter two) and how the benefits are created are examined.

3.7.1 Generating visitor expenditure

The economic impact of any event depends on the spending of visitors attending the event (Mules & Faulkner, 1996). This includes spending on souvenirs and socialising as well as spending on accommodation and event admissions. For many event visitors, the festival atmosphere at an event can contribute to free spending and impulse buying (Godbey & Graefe, 1991; Rook & Fisher, 1995; Hausman, 2000). The challenge is to provide an appropriate festival atmosphere in the areas that event visitors will stay or visit – an atmosphere that is congenial to a multicultural assemblage. This may promote repeat visitation, as well as visitor spending (Green & Chalip, 1998).

The rationale for the staging of mega-events hinges largely on the role the event can play in attracting visitors to the region. The expenditure of these visitors is injected into

the local economy and provides a stimulus to the region's income and employment (Faulkner, 2003:97). The challenge is also to get visitors to extend their stay in order to travel elsewhere in South Africa.

Mega-events like the Olympics and World Cups attract significant numbers of foreign visitors and also have a major impact on domestic travel within the host nation (Getz, 1997:61). Vanhove and Witt (1987), examine a number of mega-events and conclude they can reduce tourism outflows from the host country by as much as half, and increase inflow by a similar proportion.

To put the multiplier effect in action additional expenditure resulting in income is needed. Saayman (1997:38), lists the main sources of income by tourists' expenditure, namely:

- Payment of salaries and wages;
- Taxation on tourists, income and profits as well as custom taxes;
- Rental of tourism establishments; and
- The sale of souvenirs.

The expenditure of visitors, spread over travel, accommodation, restaurants, shopping and other tourism-related services, is just one way that a host community can benefit from an event. The expenditure is injected into the local economy and provides a stimulus to the region's income and employment (Faulkner, 2003:97).

The smaller the area or region, the greater is the number of visitors whose expenditure can be regarded as an injection of funds from outside. On the other hand, the smaller the area or region, the greater is the potential for leakages associated with imported goods and services (Faulkner, 2003:97). It is generally agreed that event expenditure does have a flow-on effect on the economy (McDonnell *et al.*, 1999:30).

3.7.2 Tax revenues

Many event impact assessments include an estimate of the tax benefits accruing to government from tourist expenditure at events. When estimating public revenue from taxes it is necessary to consider a number of qualifiers. If local taxes are based on lodging or hotel taxes the maximum benefits will be gained, but only when it can be shown that the sport event attracted tourists who would not otherwise have visited the area (Getz, 1997:63). Sport events that stimulate tourist spending on highly taxed goods and services obviously generate high public sector revenues, so the presence of room and sales taxes is a key variable, as is the nature of the event attractions and spending outlets (Getz, 1997:64).

3.7.3 Employment

Most events generate little in the way of permanent employment. Mega-events requiring lengthy planning can have a more significant impact (Getz, 1997:64). Labour is demanded when a product or service is demanded. Employment in the tourism sector is thus directly related to expenditure on products and services provided by the sector (Tribe, 1997:184).

The employment multiplier is often used to estimate the number of jobs created for every direct job in tourism or, more appropriately for events, the number of jobs created per unit of tourist spending (Getz, 1997:64). Tourist expenditures at events (except the largest ones) will be mostly absorbed by existing labour rather than through creation of new jobs (Getz, 1997:65).

3.8 FACTORS THAT INFLUENCE BENEFITS

Having identified the potential economic benefits of sport events, a number of important factors must be discussed.

3.8.1 *The market area*

All events, even the major ones, usually depend on local and regional visitors. Often only the larger and specialised events will be generators of significant numbers of international and interregional travel (Getz, 1997:65).

From the perspective of the host community, any foreigner brings potential benefits, but tourist organisations will be interested mainly in tourists from outside the region (Getz, 1997:65). Events have become professionalised, and are increasingly attracting the support of governments and the corporate sector. One aspect of this growth is that events are now required to serve a wider variety of agendas. Events must embrace a plethora of other requirements, sponsors' needs and community expectations. As with event impacts, the event will be judged by its success in balancing the competing needs, expectations and interests of a diverse range of stockholders (Getz, 1997:65; McDonnell *et al.*, 1999:39). It is important to recognise the impact of the event on the host community, and for it to own and participate in the event (McDonnell *et al.*, 1999:43).

3.8.2 *Spending habits and length of stay of sport event tourists*

According to Ebersohn (1995), David Hall, managing director of Gulliver's Indo-Jet, expected some 18 000 visitors for the 1995 Rugby World Cup. He reports that 7 000 locals followed the big matches from city to city, but that it was the overseas contingent who brought money into the country. Each of the visitors was expected to spend R200 a day over a 15-day period, generating a total income of close to R55 million. Furthermore, they were expected to be spending some R200 million on travel expenses, much of it inside South Africa (Saayman *ed.*, 2001:119).

However, the mega-event 1995 Rugby World Cup did not attract the masses of tourists and wealth that public relations agencies promised, although it has probably been the greatest event since the 1994 elections. The profits made did not directly have a major impact on the gross domestic product, but that does not mean that the Rugby World Cup did not generate a healthy injection in sales and created, even temporarily, jobs across a wide spectrum (Smith, 1995).

3.8.3 Length of the event

Special Events Report (1983), suggests that mega-events extended over weeks or months have the advantage of being able to make use of early activities and related publicity to encourage additional demand. Shorter events do not have this potential and must rely on year-round public relations, pre-event publicity and advertising to attract interest. Then again, longer events are often one-time happenings that have the potential to completely fail, while annual one-day festivals or events can build considerable repeat trade (Getz, 1997:66).

3.8.4 The attribution problem

Getz (1997:66), asks the question: How much of the spending of event-goers can be qualified as economic impact of the event? In a tourism context, the spending of event-goers is important (see Chapter four). This expenditure is considered to be “new” or “incremental”, and as a result is equivalent to the earnings of an export industry (Getz, 1997:66). Faulkner (2003), states that it is necessary to establish the extent to which the event has actually generated an increase in visitor numbers over the number who would have visited the region in any case.

3.8.5 The distribution of tourist expenditure

Where the sport event tourists spend their money also has an impact on the economy. The impact of expenditure among hotels, restaurants, entertainment places and attractions differ according to such factors as their ownership (where are profits sent?), employment (how many jobs are created?), and links within the economy (are they using local suppliers or do they import?) (Getz, 1997:67). More tourists implies larger spending on travel, accommodation and off-site attractions or retail and service businesses, although the spending will be split between the host community and en-route outlets (Ralston & Crompton, 1988). Sometimes mega-events create so much publicity about crowds that the regular visitors stay away and local residents change their spending habits (Getz, 1997:67).

3.8.6 Event failure

Events can fail for several reasons and the potential costs of a failure should be taken into consideration. The loss in financial terms can most easily be estimated, but there might also be losses of image and prestige, reliability and effectiveness in other areas of the organisation's or sponsor's business (Getz, 1997). The community will pay the price if there is the possibility that an event organisation might claim a surplus or profit from an event that fails to produce the tourist benefits it claimed. This type of external risk can only be assessed if the community is personally involved in the decisions.

Mules and Faulkner (1996), point out that even mega-events such as Grand Prix races and the Olympic Games are not always an economic benefit to the cities that host them. They emphasise that, in general, staging major sports events often results in the city authorities losing money even though the city itself benefits greatly in terms of additional spending in it.

3.9 APPROACHES TO ESTIMATING THE ECONOMIC IMPACTS OF EVENTS

Turco and Kelsey (1993:34), define economic impact as "the net change in the host community's economy, as a result of the spending that is attributed to the special event." The measuring of the economic impact of a sport event on a destination requires accurate research methods. The specific goals are to determine the local income and employment created for residents of the area. Promotion and image improvement of the destination might also be covered but are much more difficult to measure (Getz, 1994:437).

3.9.1 Approaches to assessment of events

The following table indicates the approaches to event impact assessment, according to Getz (1994:437):

Table 3.2: Approaches to Event Impact Assessment

Approaches	Goals	Commonly used measures
Break-even or profit/loss	<ul style="list-style-type: none"> <input type="checkbox"/> Short-term assessment of financial efficiency or solvency 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure direct costs and revenues to organisers <input type="checkbox"/> Determine surplus or deficit (profit or loss)
Return on investment	<ul style="list-style-type: none"> <input type="checkbox"/> Show the benefits of grants or sponsorship <input type="checkbox"/> Calculate ROI for private investors or owners 	<ul style="list-style-type: none"> <input type="checkbox"/> Determine the relationships between grants/sponsorships and levels of visitation or economic benefits <input type="checkbox"/> Use standard ROI accounting practices
Economic scale	<ul style="list-style-type: none"> <input type="checkbox"/> Determine the economic scale of one or more events from the destination perspective 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure total attendance and expenditure of event consumers, plus organisers' expenditure
Economic impact	<ul style="list-style-type: none"> <input type="checkbox"/> Determine the macro-economic benefits to the destination area 	<ul style="list-style-type: none"> <input type="checkbox"/> Estimate direct and indirect income and employment benefits <input type="checkbox"/> Use multipliers or econometric models
Cost and benefits	<ul style="list-style-type: none"> <input type="checkbox"/> Determine the cost and benefits from the perspective of the host community and environment <input type="checkbox"/> Determine the net worth or value of event 	<ul style="list-style-type: none"> <input type="checkbox"/> Compare tangible and intangible costs and benefits for the short and long term <input type="checkbox"/> Assess opportunity costs of investments <input type="checkbox"/> Examine the distribution of impacts <input type="checkbox"/> Judge the net worth and acceptability of events
The BEA approach (Stynes, 1997:8)	<ul style="list-style-type: none"> <input type="checkbox"/> Illustrates how to apply published multipliers to estimated economic impact 	<ul style="list-style-type: none"> <input type="checkbox"/> Make use of sector-specific multipliers to estimate the direct and total sales, income and employment effects

Adapted: Getz (1994:437) and Stynes (1997:1-18)

Break-even or profit/loss assessment

According to Getz (1994:437), it is a challenge for many events simply to survive from year to year. To determine their solvency or to measure their efficiency and effectiveness in achieving goals within their budget, organisers tend to look at the bottom line of their own financial statements at year-end. This is a short-term approach, and the only impacts addressed are those affecting the organisation's financial

performance. Direct costs and revenues will be considered, and this might include a statement of how surplus revenues or operating cost were spent - but wider economic impacts are not examined.

Depending on the sources of revenue a profit, or surplus revenue, is not necessarily an economic benefit for the destination. For example, an event might generate a surplus, but only because of local government grants, in which case the surplus does not represent new income for the area (Getz, 1994).

Return on investment (ROI)

Sponsors of sport events may want to know if their investments in events are paying off. They will be interested in sales, public relations and other marketing goals. Their major concern is the amount of money they invested to conduct the special event and how much return occurs. Public agencies giving grants to events will be more interested in how the event achieved certain goals, ranging from qualitative evaluations of changes in public attitudes to full economic impact assessments (Getz, 1994:438).

ROI can be calculated by adding event revenue and tax revenue generated and dividing that amount by the event expenses. Such calculations are particularly important when significant public investment for example, extra police, fire protection, waste disposal – is made, as government officials are interested in knowing if the investment was worth making or if there was an opportunity cost (could the money have provided a greater ROI if invested elsewhere). These measurements are also helpful for event organisers working toward the economic development of a community (Graham *et al.*, 2001:244).

When calculating a return on investment, money earned today can be reinvested and money spent on events could be invested elsewhere. This is why the use of net present value calculations is recommended (Getz, 1994:438). According to Turco and Kelsey (1993:34), the return on investment is calculated as the amount by which revenues exceed investment. To calculate this percentage revenues from the event are divided by the expenditures used to conduct the event.

Economic scale

When measuring the economic impact of a sport event, researchers end up with the total size of expenditure associated with an event, but this can be problematic. Getz (1994:438), identifies the following problems:

- The first problem that arises is that of including all the expenditure of all event-goers in the calculation of the economic benefit, while little or none of the expenditure of area residents should in fact be included.
- Problem two is that of failing to account for the reasons people attend events. If they were motivated to travel to the destination because of the event, it results in new income for the area; if they were already in the area, the impact is much less, or even negated entirely.
- The third problem is that of including grants and sponsorships in the calculation of the impact, while failing to determine if the amounts are simply internal allocations as opposed to new money for the area.
- Problem four is the failure to note that much leakage is associated with tourist expenditure – that is, much of it leaves the area immediately, without creating local income or profit.

Getz (1994), states that a valid way to express the economic scale of an event is to say how many tourists it attracted and how much the tourists spent in the area. This is legitimate and probably all that most event organisers can and should attempt. It does, however, require careful explanation of how the measure of economic scale was determined and what assumptions have been made – particularly noting that gross visitor expenditure is not the same as net income created for the area.

Economic impact

Turco and Kelsey (1993:34), define economic impact as “the net change in the host community’s economy, as a result of the spending that is attributed to the special event.” The impact comes, according to the authors, from two sources: the spending of non-

residents which can be directly tied to the event, and the degree to which residents and local businesses alter their spending because of the event. When preparing an economic impact study, both of these components should be estimated, because either one of them can influence the economic impact of the event.

Four aspects are important in determining the economic impact, namely:

- The number of tourists;
- Total expenditure of tourists;
- Duration of stay; and
- Circulation of tourist expenditure throughout the country (multiplier effect) (Wilson, 1984).

The measuring of the economic impact of a sport event on a destination requires thorough research methods. The specific goals are to determine the local income and employment created for residents of the area. Sometimes long-term, indirect impacts, such as improved ability to attract investment, are also considered. Promotion and image improvement of the destination area might also be covered, but are much more difficult to measure (Getz, 1994).

Major reliability and validity problems are inevitably encountered, often resulting in the making of unwarranted assumptions and the use of inappropriate techniques, especially with regard to the application of multipliers (Getz, 1994:439).

Costs and benefits

Event planners not only have to determine whether jobs are created and income generated, but also how tourism's benefits are distributed, and what impacts result from tourism development (environmental, social and cultural). Event planners need to demonstrate that the benefits of tourism development outweigh the cost (Keyser, 2002:302).

Table 3.3: The economic benefits and cost of tourism

Economic benefits	Economic cost
<ul style="list-style-type: none"> <input type="checkbox"/> Increased income <input type="checkbox"/> Improved standards of living <input type="checkbox"/> New employment opportunities <input type="checkbox"/> Improvement in the local skills base <input type="checkbox"/> Increased Foreign Direct Investment (FDI) <input type="checkbox"/> Improved infrastructure and facilities <input type="checkbox"/> Increased tax base <input type="checkbox"/> Development of local economic activities, such as crafts. 	<ul style="list-style-type: none"> <input type="checkbox"/> Inconsistent income due to seasonality <input type="checkbox"/> Increased cost of living (inflation) <input type="checkbox"/> Seasonal employment <input type="checkbox"/> Dependence on foreign skills <input type="checkbox"/> Leakage of revenue <input type="checkbox"/> Increased traffic and congestion <input type="checkbox"/> Increased taxes <input type="checkbox"/> Over-dependence on tourism as the prime economic activity <input type="checkbox"/> Additional costs for city authorities.

Adapted: *Keyser (2002:302) and Page (2003).*

Many economic impact studies have ignored the economic costs of producing events, or the indirect and external costs imposed on the community or environment (Getz, 1994:439). When people visit a community additional demand is created on the local services. Although it may bring economic benefit, it also creates negative or cost impacts such as vandalism, road accidents, police and fire protection, environmental degradation, garbage collection, increased prices in retail and restaurant establishments for residents and disruption of residents' lifestyle (Saayman *ed.*, 2001:99).

Measurement of the economic benefits and costs of travel and tourism meet a variety of objectives for both marketers and planners (Ritchie & Goeldner, 1994:365). The development of cost-benefit evaluation methods can overcome this serious limitation by comparing economic costs with economic benefits and by comparing intangibles. Employing cost-benefit evaluation has the advantage of focusing attention on the value or worth of the sport event, rather than merely highlighting supposed profits, income, and job creation. Social, cultural and environmental effects are considered along with economic factors, yielding a more balanced evaluation (Getz, 1994:439).

According to Crompton (1995:33), the benefit-cost analysis is designed to identify the most sensible investment alternative, because it considers the long-term benefits and identifies the long-term costs in hosting a sport event.

The BEA Approach

The BEA (Bureau of Economic Analysis) approach provides more detail in terms of which sectors contribute to the direct and total effects of tourism spending. The method also forces the analyst to explicitly handle margining of goods that are purchased by tourists and determine what percentage comes from local producers. The sector-specific multipliers will adjust the estimates of secondary effects to fit the kinds of spending under consideration (Stynes, 1997:11).

When using this approach, there are certain steps which one can follow to determine the economic impact and spending:

- Estimate total visitor spending;
- Extract margins on retail purchases of goods;
- Compute direct sales effects;
- Assemble multipliers by sector for the region; and
- Compute multiplier effects (Stynes, 1997).

3.10 MULTIPLIERS

Economic impact assessments normally include a multiplier calculation to show that tourist expenditure has direct, indirect and induced benefits for the economy of the local community (Getz, 1997:341). The direct revenue for an area is that amount of tourist expenditure that remains locally after taxes, profits and wages are paid outside the area and after imports are purchased (leakages). Indirect and induced income are often added together and called "secondary" local area income (Getz, 1997:342; Faulkner, 2003:990).

Events can also provide a boost to other areas of the economy. The construction industry is often stimulated by the need for new or improved facilities to stage a major

event. The expenditure generated by events also circulates in the wider economy. For example, the meal consumed by the event visitor results in further business for the companies that supply and transport food produce. This indirect or induced expenditure is known as the multiplier effect (McDonnell *et al.*, 1999:30; Faulkner, 2003:101).

Figure 3.2 illustrates the multiplier concept of events as seen by Getz (1997:342):

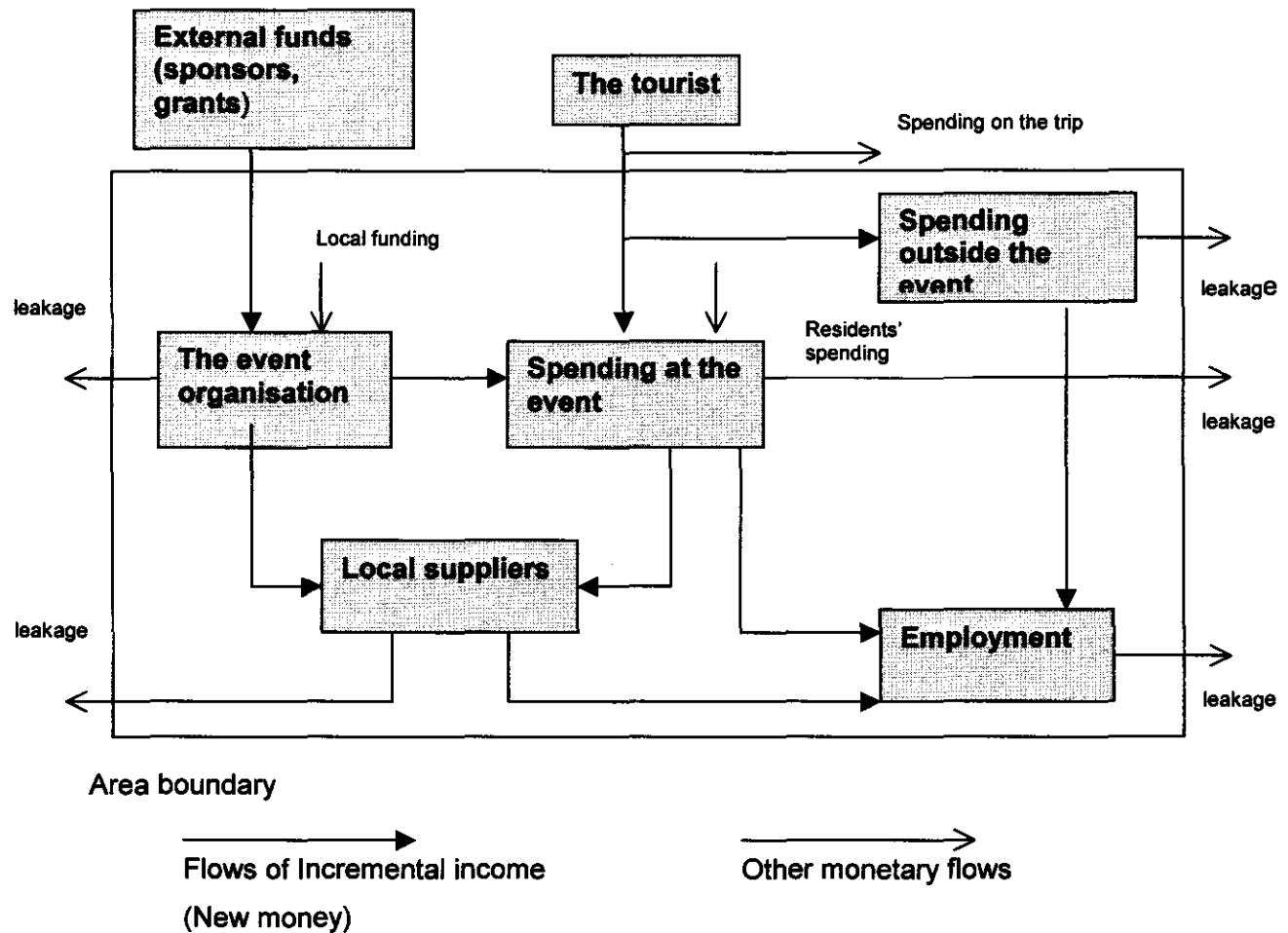


Figure 3.2: The multiplier concept applied to events

Adapted: Getz (1997:342)

3.10.1 Types of multipliers

The multiplier usually used in tourism impact studies is the income multiplier that “is basically a coefficient which expresses the amount of income generated in an area by an additional unit of tourist spending” (Archer, 1982:236). For example, if a sport event

attracts tourists to an area and they spend R100 000 (new income for the area), and this spending is found to generate R50 000 of income for the area (after subtracting leakages), then the income multiplier is 0,5 (Saayman, 2000).

Employment multipliers are also used, and can be expressed as the extra employment generated by an extra unit of tourist expenditure (Muller, 1992:68). Employment is temporarily boosted by the expenditure involved in staging an event. Thus, whole mini-economies surround and work off the events industry (McDonnell *et al.*, 1999:30).

According to Getz (1997:344), a number of factors directly determine the multiplier, the most important of which are:

- Leakages or imports;
- Permanent employment versus part-time employment;
- Backward links into the local economy (can all supplies be obtained in the area?);
and
- Employment versus capital intensity (e.g., visitor spending in hotels creates more jobs than in Bed-and-Breakfast (B + B)).

3.11 THE ADVANTAGES AND DISADVANTAGES OF SPORT TOURISM EVENTS FOR THE ECONOMY

Advantages/Opportunities/Benefits

Events can:

- Introduce people to a new destination or activities.
- Publicise a destination.
- Provide world-class facilities once the event is over.

- ❑ Play an important part in the economic regeneration of an area.
- ❑ Improve knowledge and skills.
- ❑ Promote a cause.
- ❑ Present a favourable image to the outside world.
- ❑ Make a profit.
- ❑ Increase visitor numbers, for example, as part of an overall promotional strategy.
- ❑ Increase community participation (Youell, 1996:503).

It also includes the following:

Sport events provide income to an area. In the case of a country sport events are earners of foreign exchange that helps a country's balance of trade and helps funding its growth. Because sport events are highly labour concentrated, it is also a major employer. Sport events help encourage development of needed infrastructure elements such as hotels, restaurants, convention and exhibition centres and shops. In addition, sport events generate government revenue in the form of taxes and thus have a multiplier effect (Coltman, 1989:221; Swarbrooke & Horner, 2001).

Disadvantages/Problems

The sort of problems that occur from time to time include:

- ❑ Not setting clear objectives for the event.
- ❑ Having inadequate funding to see it through.
- ❑ Not having the right staff to plan and manage the event.
- ❑ Having insufficient time to plan the event properly.
- ❑ Overspending the budget.

- Lack of, or poor, promotional strategy (Youell, 1996:504).

It can also include the following:

Sport events are often seasonal which means that local businesses must be able to live on less revenue during the low season than if sport events happened all year round. This is inconvenient as workers may have jobs for only part of the year. Sport events can also increase the cost of daily requirements, such as when local farming is no longer able to meet the demands of both residents and tourists. Food items must then be imported at higher costs which will also increase the prices for locally produced goods. There can also be opportunity costs where communities spend money on facilities and services to attract tourists; this money could have been used for other purposes such as education and health (Coltman, 1989:222; Swarbrooke & Horner, 2001).

3.12 INCREASING ECONOMIC GAIN

Having held an event like the Cricket World Cup, the following options present themselves for further economic gain:

- Extend the duration or the frequency of the event.
- Change the season, if possible, to increase attendance.
- Organise lead-in, follow-up, or satellite events.
- "Mimic" the event for other age groups or regions.
- Transform the event from purely sport, like television and merchandising has done with the Olympic Games.
- Increase media penetration.

- Create profitable memorabilia, for example, coins, stamps, videos, catalogues, guides, clothing, sports medicine facilities, coaching centres (Standeven & De Knop, 1999:187).

All events generate some economic activity. Some like the Soccer World Cup and Olympic Games, attract high-spending long-haul visitors while others like students and young people, who will rent cheaper accommodation or camp (Standeven & De Knop, 1999:188).

3.13 CONCLUSION

Why are events, such as the Cricket World Cup, so popular with cities and governments? The reason is that they form a shop window to the world, have the power to announce the prospects of a little-recognised city such as Potchefstroom and thus provides a boost to tourism and external investment or reconstruction.

Defining event tourism illustrates the economic roles of events, namely as place marketing, seasonality, attractions, animators, image makers, and catalysts for development. The economic benefits such as generating expenditure and employment opportunities were described. Factors which influenced the economic benefits of events include the market area, length of stay and spending habits of visitors and the length of the event. The advantages and disadvantages of sport events for the economy were also discussed in this chapter.

Van der Lee and Williams (1986), conclude that for an event to have real tourism potential it must:

- Be of international standard, involving an internationally recognised sporting, cultural or similar committee with international participants;
- Be a visitor generator, with the ability to generate international and domestic visitors;
- Be capable of providing significant international exposure and promotional value to the region;

- Have an established organisational structure and demonstrate sufficient up front financial capability;
- Have a marketing plan which outlines key marketing strategies to ensure the event maximises its potential; and
- Demonstrate ongoing tourism benefits which build up after several years of operation.

CHAPTER 4

Survey and Results

“..for what image would be conjured if the noun “marathon” were used without the adjective “Boston” in front of it. Would the “Kentucky Derby” or the “Indianapolis 500” mean as much if a mental picture of those places were not summoned each time we hear the event’s name?” – Tim Schneider, Publisher, Sports Travel magazine

4.1 INTRODUCTION

The economic impact of tourism spending is a function of residents and non-residents and their expenditures (Ritchie & Goeldner, 2003:380). It is important that tourism officials have insight into the demographic and expenditure patterns of tourists (Bennett, 1997:103).

The questionnaire used in this survey was compiled to give an overview of the spending patterns of the residents and non-residents of Potchefstroom during the 2003 Cricket World Cup. This questionnaire was also used during a pilot study done by Uys (2002). The survey was conducted during a one-day international cricket match between South Africa and Australia on 27 March 2002 at the North West stadium in Potchefstroom, South Africa where ±10 000 spectators attended.

The chapter aims to provide information with regard to resident and non-resident spending during the 2003 Cricket World Cup, so as to assist in establishing the economic implications for Potchefstroom. The extent of business participation in the Cricket World Cup is also included. The methodology followed was discussed in Chapter 1. A total of 331 (South Africa vs Kenya), 311 (Australia vs Holland) and 323 (Australia vs Namibia) questionnaires (see Appendix A) were distributed as a basis for the analysis. Forty questionnaires were distributed to local businesses (see Appendix B). This chapter deals with the results of the survey for the 2003 Cricket World Cup.

4.2 SOCIO-DEMOGRAPHIC BACKGROUND

Socio-demographics can be described as the study of the human population in terms of size, gender, age, ethnicity, occupation, education level, income and family situation. These factors determine the potential of a specific target market (Coltman, 1989:45; Foster, 1989:111-112; Gee *et al.*, 1989:63; Kotler *et al.*, 1996:248; Bennett, 1997:77; Saayman, 1997:24-25; Cook *et al.*, 2002:42-43).

VISITOR SURVEY:

4.2.1 Gender

Figure 4.1 indicates that 73% of the spectators who answered the questionnaire were males and 27% were females. The reason for the uneven distribution can be contributed to the fact that more men attended the cricket matches than women.

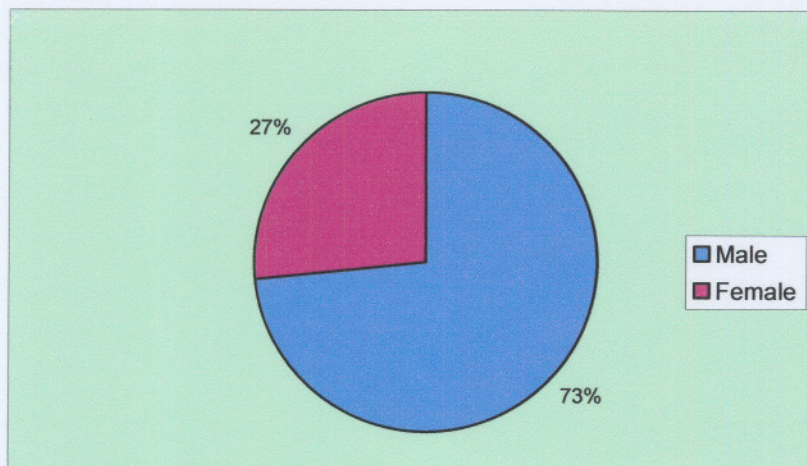


Figure 4.1: Gender

4.2.2 Age

Figure 4.2 indicates that 74% of the spectators were between the ages of 20 and 49. 15% were between 16 and 19 years, while the 50-to-64 year age bracket made up 9% of the spectators. 2% of the spectators were 65 years and older. This indicates a balance between young and older spectators who attended the matches.

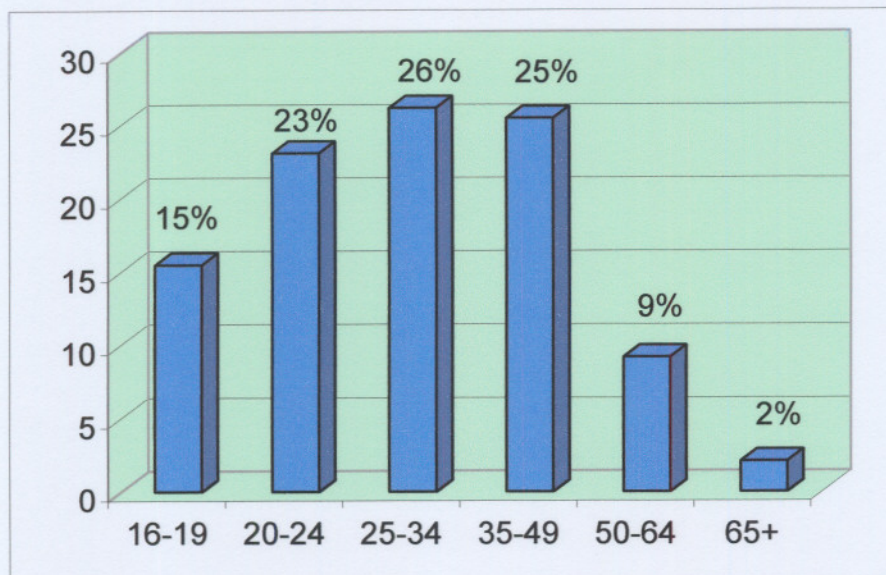


Figure 4.2: Age

4.2.3 Marital status

The majority of the spectators were single (50%), 39% were married and 4% were divorced. 2% were widows/widowers and 4% chose to live with a partner as indicated in Figure 4.3. It can therefore be concluded that predominantly young, single men and married people attended the matches as indicated in the previous two figures.

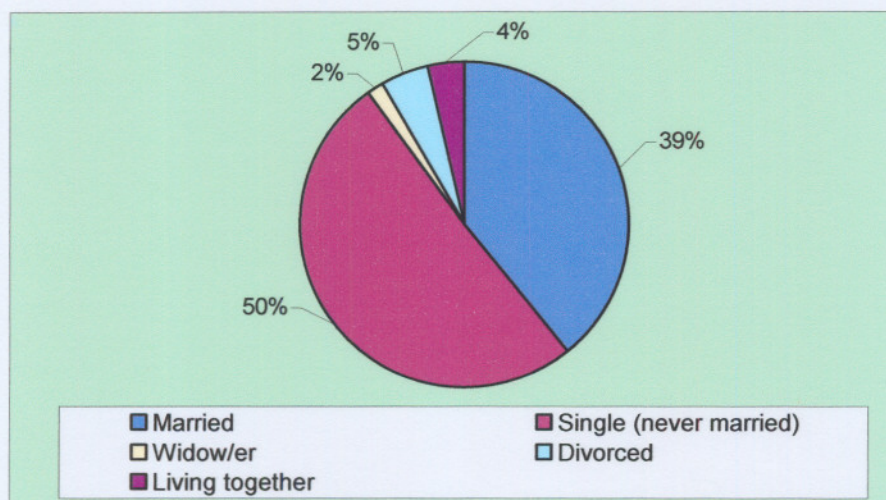


Figure 4.3: Marital status

4.2.4 Language

Figure 4.4 indicates that 52% of the spectators spoke Afrikaans, 43% spoke English, and 5% of the spectators spoke Dutch. The high percentage of Afrikaans-speaking people could possibly be attributed to the fact that there is a high concentration of Afrikaans-speaking people in Potchefstroom.

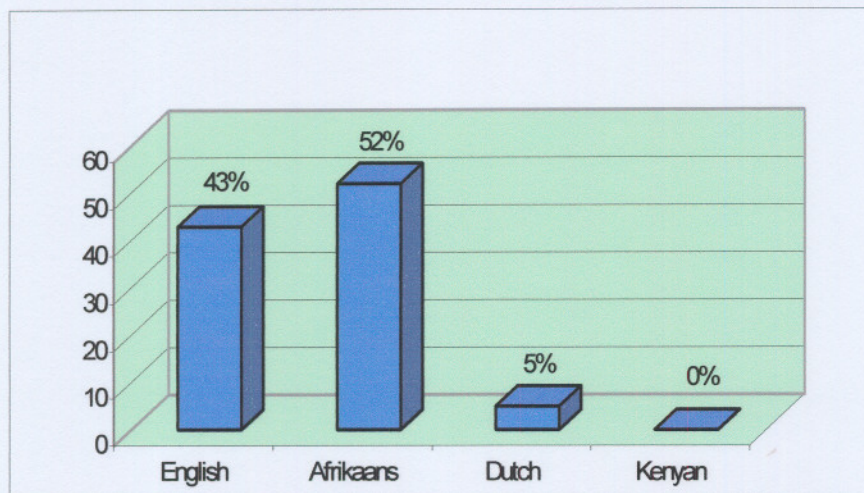


Figure 4.4: Language

4.2.5 Level of education

Table 4.1 indicates that 37% of the spectators had a University degree or were busy studying at a University or Technikon. 35% had a Grade 12 qualification and 16% had a postgraduate degree. Therefore 88% of the respondents had graduated. This high percentage is due to the fact that Potchefstroom is a university city. 4% of the spectators fell into the "other" category. This category may include still being at school, not finishing school or not having obtained a degree at any tertiary institute.

Table 4.1: Level of education

Level of education	%
High School (Grade 12)	35%
College	8%
University/Technikon	37%
Postgraduate degree	16%
Other	4%

4.2.6 Nationality

Figure 4.5 shows that 77% of the spectators were South African, 12% were either Australian or from New Zealand, 8% were European, 2% were Kenyan and 1% were Asian. The minority of the spectators were mainly overseas visitors. Aggressive marketing should be done so that more overseas visitors will attend cricket matches in small communities such as Potchefstroom.

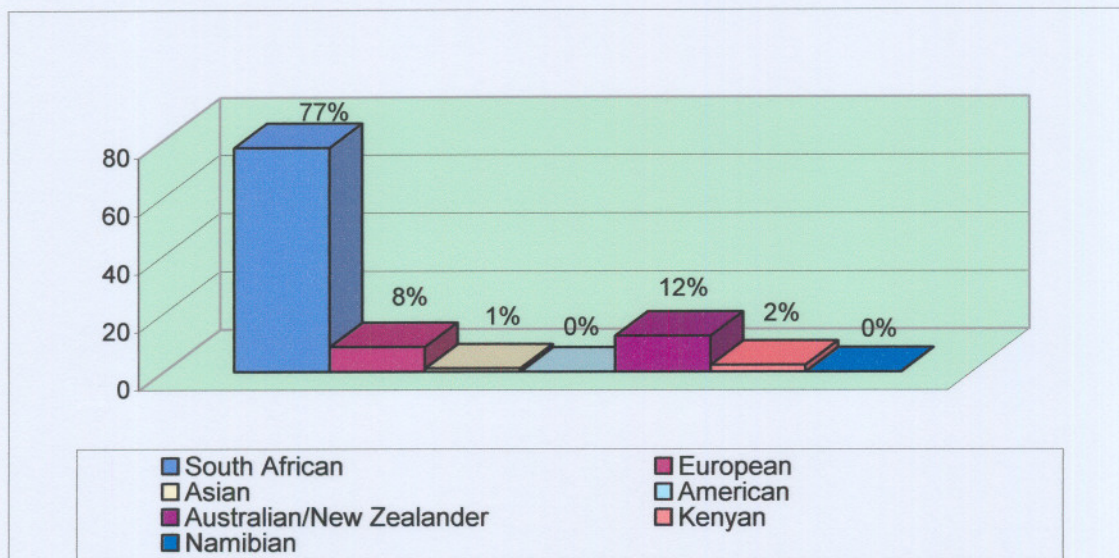


Figure 4.5: Nationality

4.2.7 Provinces in which respondents reside

Figure 4.6 (below) indicates the percentage of tourists from each of the 9 provinces. More than half of the spectators resided in the North West Province (54%). The reason for this is that all three matches were held in Potchefstroom and the local people and people living nearby attended the matches. 33% resided in Gauteng and 5% resided in the Free State. The remaining 8% originated from the other 6 provinces in South Africa.

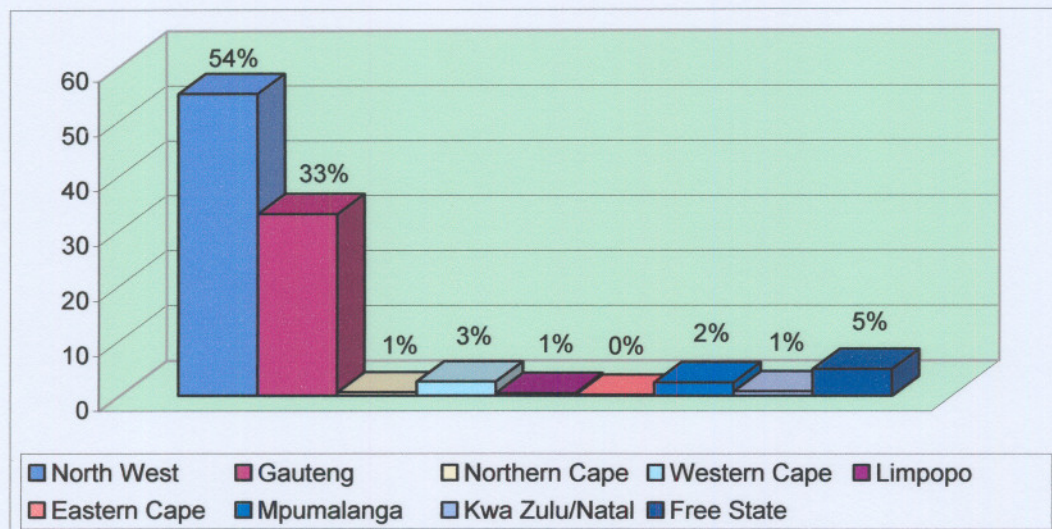


Figure 4.6: Provinces of origin

4.2.8 Occupation

Figure 4.7 shows the spectators' occupations. University and Technikon students (19%), accounted for the majority of the spectators. This is supported by the findings regarding age (see Figure 4.2) where 23% of the spectators are shown to be between the ages of 20 and 24 years. A managerial position (director or manager) accounted for 10% of the spectators, while 8% were self-employed, and 14% were scholars and technical personnel account. The remaining 29% of spectators were made up of administrative (4%) (clerk, bookkeeper or receptionist), other (3%), sales personnel (trader) (5%), farmer (5%), mining (3%), civil services (police or prison services) (2%), non-profit workers (1%), home executives (2%) and pensioners (4%).

From Figure 4.7 it can also be deduced that professionals, (advocates, doctors or teachers) (24%) were attendants at the 3 matches. This is supported by Figure 4.2 which shows that 25% of the spectators were between the ages of 35 and 49 and 26% between the ages of 25 and 34 years.

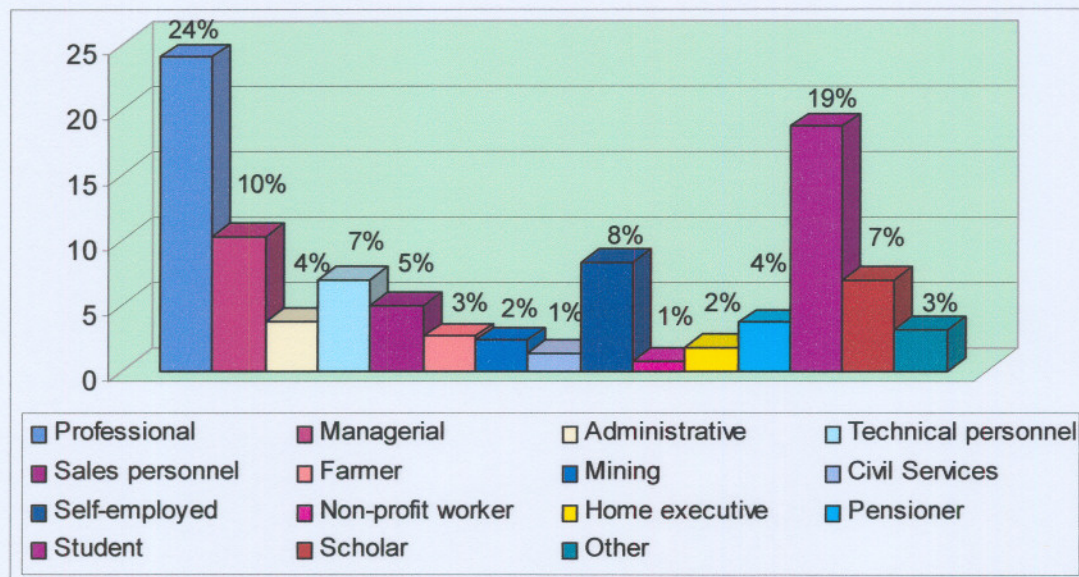


Figure 4.7: Occupation

4.3 PARTICIPATION IN EVENT TOURISM

4.3.1 Travelling group

Table 4.2 indicates that 29% of the spectators chose to travel with one to four people to the cricket matches, while 28% chose to travel with seven or more people. The latter can be the majority of respondents travelling with their family and friends or a group of students attending the matches.

Table 4.2: Travelling group

People in Travelling group	%
1-2	29%
3-4	29%
5-6	14%
7 or more	28%

4.3.2 Length of stay

Table 4.3 shows the three cricket matches played in Potchefstroom were held on weekdays and this may account for the 61% of spectators who did not stay over in Potchefstroom. As indicated in Figure 4.6, 54% of the spectators resided in the North West Province and this may also account for not staying over. The category “other” refers to students staying in university hostels.

Table 4.3: Length of stay

Staying over in Potchefstroom	%
No	61%
Yes, 1 night	9%
2-3 nights	7%
4-5 nights	1%
More than 5 nights	10%
Other	12%

4.3.3 Accommodation

According to Table 4.4, the majority of the spectators (34%) attending the cricket matches did not make use of accommodation. This could be due to the fact that 54% of the spectators resided in the North West Province or Potchefstroom (see Figure 4.6). Figure 4.6 indicates that 33% of the spectators resided in Gauteng and this may account for the 15% of spectators who chose to stay over in a Bed-and-Breakfast. The “other” category (22%) accounts for the students who attended the matches and chose to stay in hostels. The North West loses a lot of revenue because no, or very little money is spent on accommodation. This can have a positive and negative influence in Potchefstroom. Positive: The visitors do not spend much on accommodation, therefore they have more to spend at the Cricket World Cup. Although some of the respondents (10%) stayed for 5 nights, they did not have a significant impact on the accommodation sector. Further research is recommended with regard to this aspect.

Table 4.4: Accommodation

Type of Accommodation	%
Not applicable	34%
Bed & Breakfast	15%
Guesthouse	7%
Hotel	7%
Family/Friends	13%
Camping	2%
Other	22%

4.3.4 Transport

The most popular mode of transport used to reach Potchefstroom was own vehicle (70%), as indicated in Table 4.5. Figure 4.6 shows that 54% of the spectators resided in the North West Province and this may account for the high percentage in the “own vehicle” category. The second most popular mode of transport was tour buses (12%). The remainder of the spectators made use of rental cars (10%), airlines (2%) and other forms of transport (6%). Spectators indicated that they walked to the stadium which may account for the 6% in the “other” category.

Table 4.5: Transport

Type of transportation	%
Own vehicle	70%
Rental car	10%
Bus	12%
Train	0%
Commercial airline	2%
Other	6%

4.3.5 Primary reason for travelling to Potchefstroom

According to Figure 4.8a, the majority of the spectators (76%) came to Potchefstroom to attend the Cricket World Cup. However, 24% indicated that the Cricket World Cup was not the primary reason for their travelling to Potchefstroom. The spectators' reasons can be seen in Figure 4.8b.

Figure 4.8b shows that 19% of the spectators came to Potchefstroom for business purposes, 16% came to visit friends and family and 15% visited Potchefstroom for a holiday. Figure 4.8b indicates that although spectators came to Potchefstroom for reasons other than the Cricket World Cup, they still attended the matches (50%).

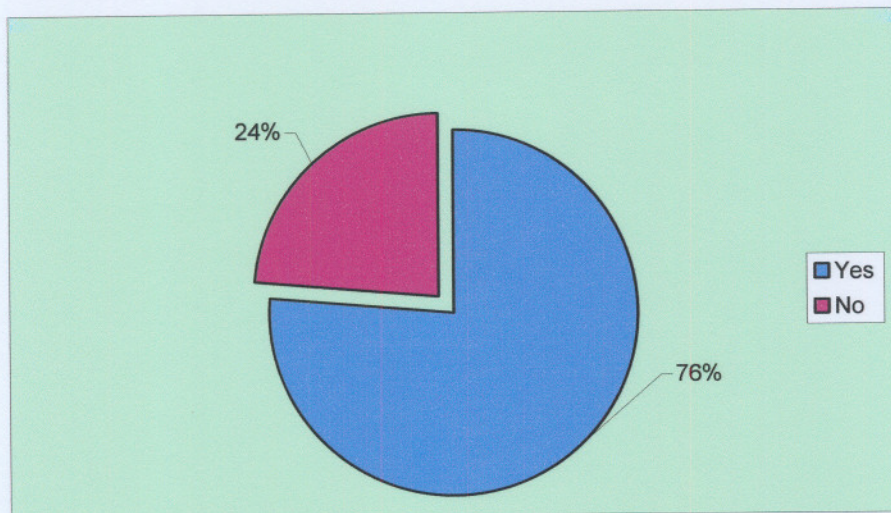


Figure 4.8a: Primary reason for travelling to Potchefstroom

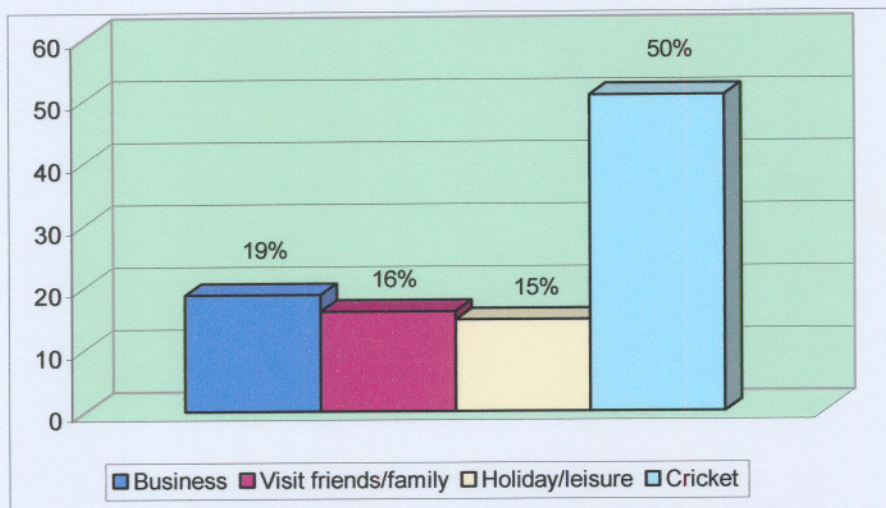


Figure 4.8b: Reason for travelling to Potchefstroom

4.3.6 Number of spectators who attend cricket matches

As shown in Figure 4.9, 31% of spectators indicated that they attended annually once or twice. 22% said that they attended three or four times and 26% indicated they had not attended before. The remaining 21% attend cricket matches more than 6 times a year. Aggressive marketing is recommended to sustain a higher percentage of spectators attending cricket matches.

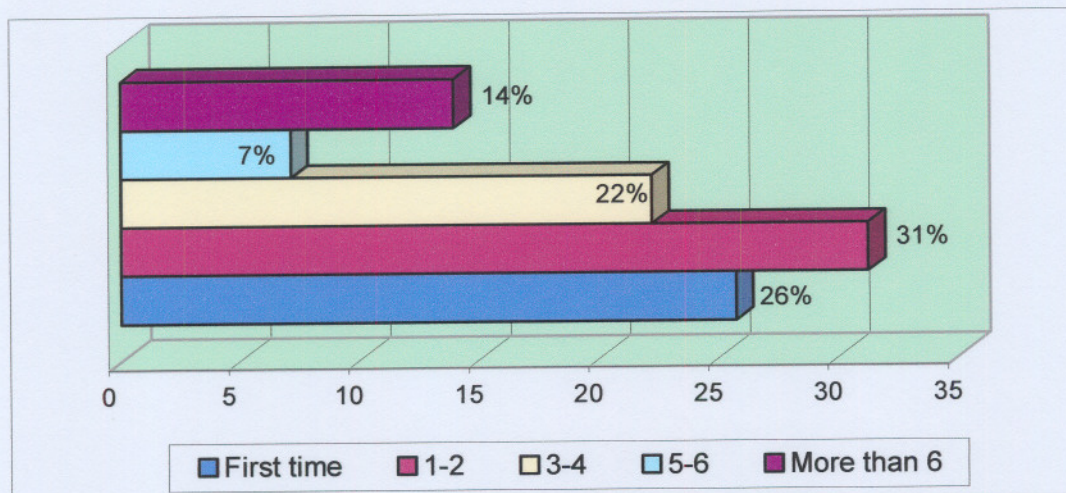


Figure 4.9: Spectators attending one-day international cricket matches

4.3.7 Sources of information

Spectators were made aware of the Cricket World Cup matches held in Potchefstroom through television (31%). Figure 4.10 indicates that the remainder of the spectators found out about the matches through the radio (17%), in newspapers (15%), magazines (13%) and pamphlets (5%), or billboards (7%) and from friends and family (9%). It can be seen that the Internet was not used much as a source of information (3%). Further research should be done on the impact of the Internet on marketing sport events such as the Cricket World Cup.

What was not determined by this survey is which private establishments, for example, SATOUR, North West Parks and Tourism Board, or the United Cricket Board of South

Africa placed these advertisements. No provision was made for this in the questionnaire and it is recommended that future research should also include this question.

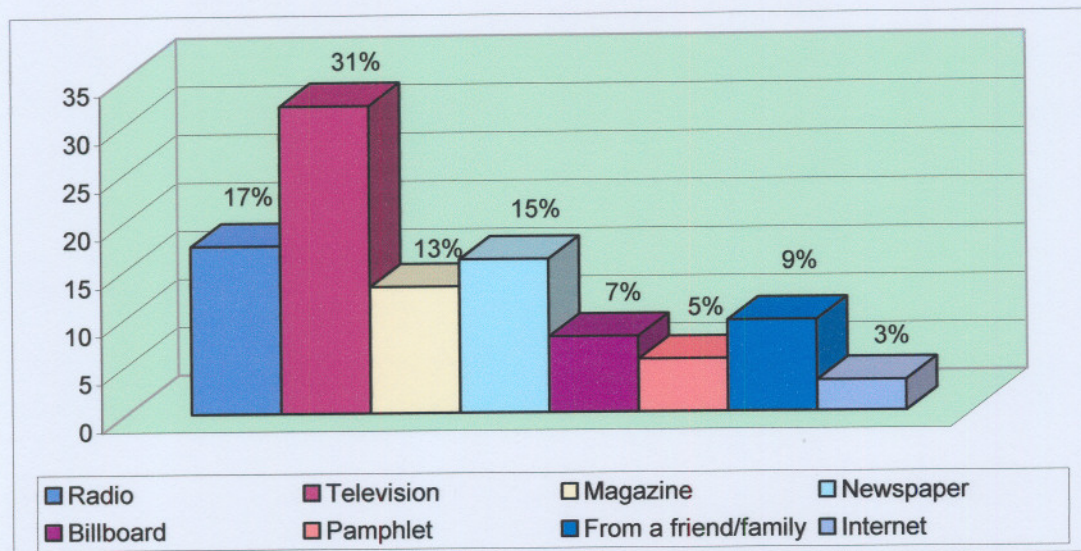


Figure 4.10: Sources of information

4.3.8 Reasons for attending matches

In Table 4.6 the main reasons for attending the Cricket World Cup are shown. A five point Likert scale was used from not important at all to extremely important. The categories “Not important at all” and “Less important” and the categories “Extremely important” and “Very important” were added. 77% of the spectators indicated that the main reason they came to Potchefstroom to attend the Cricket World Cup was for fun. The high percentage of spectators (77%) who indicated that they attended the Cricket World Cup for fun is of high importance. As can be seen in previous figures (Figures 4.1, 4.2 and 4.3), the spectators who visited the event were young, single men and married people. They were there for the fun of the event.

77% of the spectators indicated that, “to enjoy the cricket” was extremely important and 48% indicated “to be with family” was not important at all. The two categories “fun” and “to enjoy the cricket” are closely related. The majority of the tourists were there for the fun of the day and the enjoyment of the cricket with their friends. It is clearly shown that 77% attended the matches “to enjoy the cricket”. 68% indicated that the primary reason

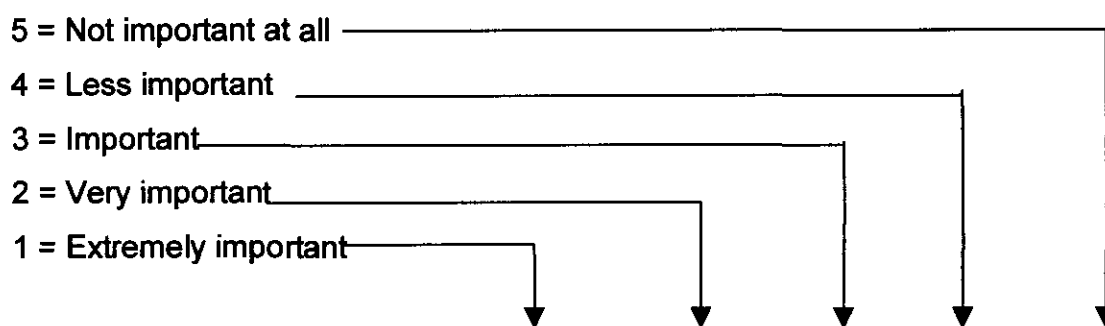
for attending the matches was to be with their friends. Once again it can be seen that spectators attended the matches for fun (77%), enjoyment of cricket (77%) and to be with their friends (68%). 62% of the spectators indicated their main reason for attending the Cricket World Cup in Potchefstroom was to break away, while 19% indicated “breaking away from everyday life” to attend the matches was not important at all.

Business seems not to be the main purpose of attending the matches, as indicated by 65% of the spectators. Only 28% said business was extremely important. This correlates with Figure 4.8a that indicates that spectators visited Potchefstroom mainly for the Cricket World Cup (76%). Figure 4.8b shows that only 19% visited Potchefstroom for business purposes.

To support the South African team during the Cricket World Cup was extremely important to 66% of the spectators, whereas 21% indicated it was of no importance to them. This relates closely to Figure 4.8a that indicates spectators (76%) came to Potchefstroom specifically for the Cricket World Cup. Further research could be done to determine whether spectators attend cricket matches to see and support a specific cricket player, since this aspect was not determined in this research.

46% of the spectators indicated that being invited to the matches was of no importance to them, whereas 37% said being invited to attend the matches was extremely important. 63% indicated that attending the matches was a lifetime opportunity not to be missed and 23% indicated that this “lifetime opportunity” was of no importance.

Table 4.6: Reasons for attending matches



REASONS	1	2	3	4	5
For fun	64%	13%	10%	4%	8%
To enjoy the cricket	60%	17%	9%	5%	7%
To be with family	27%	8%	15%	11%	37%
To be with friends	49%	19%	13%	8%	9%
To break away	45%	17%	16%	7%	12%
Business purposes	24%	4%	4%	5%	60%
To support your team	54%	12%	11%	4%	17%
Were invited	27%	10%	15%	7%	39%
Once in a lifetime opportunity	50%	13%	11%	6%	17%

To conclude:

Spectators attending the three matches played in Potchefstroom were there for the following reasons:

- Fun (77%)
- To enjoy the cricket (77%)
- To be with friends (68%)
- To break away (62%)
- To support the South African team (66%)
- Lifetime opportunity (63%)

Marketers can use this information to understand more clearly the reasons and motivation for attending an event like the Cricket World Cup, what the spectators expect at any one time, and how they can more effectively meet their expectations.

4.3.9 Number of matches attended

Figure 4.11 shows that 25% of the spectators would attend at least 5 or more of the Cricket World Cup matches. 24% would attend at least 1 match, 21% would attend 2 to 3 matches and 9% would attend 4 matches.

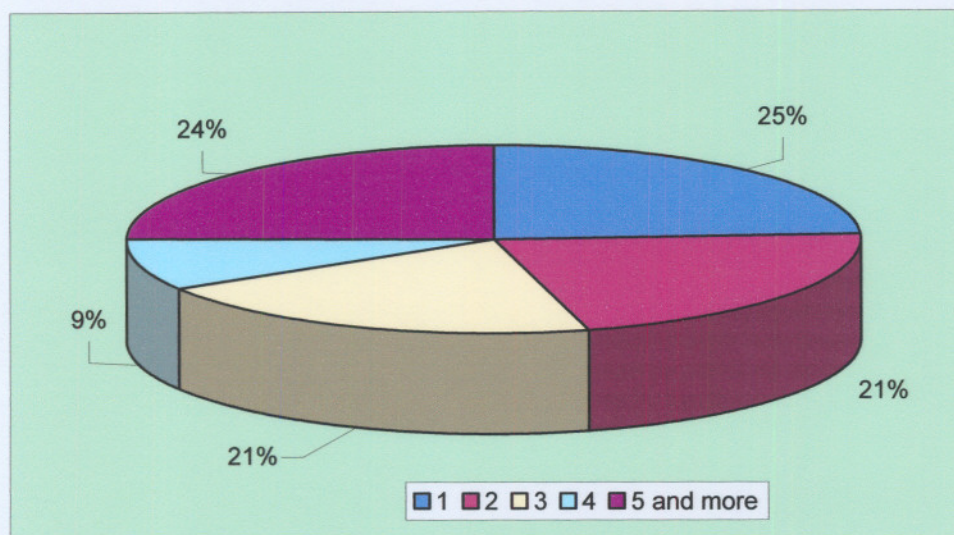


Figure 4.11: Number of matches attended

4.4 ECONOMIC IMPACT

The survey was set out in such a manner that expenditure in Potchefstroom during the Cricket World Cup could be calculated in various sectors, namely, accommodation, transport, shopping and souvenirs, entertainment and food and drink. The expenditure statistics are based on the response of 965 spectators (12 February – South Africa vs Kenya (331 questionnaires), 20 February – Australia vs Holland (311 questionnaires) and 27 February – Australia vs Namibia (323 questionnaires)). An analysis of the 965 spectators indicated the following groups:

- 338 locals from North West Province
- 398 visitors (people from outside North West Province)
- 229 foreigners (international tourists).

This section concentrated on the consumption (C) of tourist spending which results in an effect on the GDP, as discussed in Chapter 2.

4.4.1 Spending patterns

Gelan (2003), suggests the local, visitor and foreigner segments of the research population must be separated to determine the spending of each segment. Table 4.7 presents the average spending of locals, visitors and foreigners during the Cricket World Cup. On average locals spent R149.93, visitors spent R181.24 and foreigners spent R284.67. The spending patterns of foreigners are noticeably higher than the other two groups.

Spending on food and alcoholic drinks represents the highest spending category among all the spectators. All three groups spent more on alcoholic drinks than non-alcoholic drinks. The reason is that alcoholic drinks were less expensive than non-alcoholic drinks. On average foreigners spent R67.66 on accommodation, whereas locals spent only R7.79. This is because locals stayed in Potchefstroom or lived nearby. On average visitors spent R17.60 on accommodation. This is due to the fact that the matches were held on weekdays and spectators drove to Potchefstroom only for the day.

The category "transport" refers to visitors (R24.86) and foreigners (R19.17) and does not include local spectators. Furthermore, this category does not refer to air/bus/train tickets bought outside the community. These categories were not included in Table 4.7 because spectators may have come in a tour bus to the North West Province not just to attend the Cricket World Cup. They may also have bought the "Cricket World Cup Package", allowing them to attend all the matches being played during the World Cup. People from North West used their own cars, rode on a bicycle, or walked to the cricket stadium (people from Potchefstroom). As shown in Table 4.7, spectators from the North

West Province made no mention of transport. This is because the benefits of transport would not normally incur to a small local community such as Potchefstroom.

It is interesting to note the small percentage spent by all three groups on small dealers, inside and outside the stadium. This is because only certain brands of cool drinks were allowed to be sold inside the stadium and World Cup memorabilia and souvenirs were very expensive to buy.

Table 4.7: Breakdown of spending patterns

Expenditure category	North West Average spending	Visitors Average spending	Foreigners Average spending
Accommodation	7.79	17.60	67.66
Food	51.41	37.55	48.82
Transport	0.00	24.86	19.17
Shopping	8.03	7.96	9.25
Souvenirs	15.23	13.41	24.32
Restaurants	12.85	15.92	23.58
Parking	5.05	3.02	2.05
Alcoholic drinks	30.66	42.15	69.51
Non-alcoholic drinks	10.01	11.55	11.15
Small dealers (inside)	4.09	2.33	4.71
Small dealers (outside)	1.71	1.83	2.51
Tobacco	3.05	3.00	1.90
Total	149.93	181.24	284.67

4.4.2 Leakages

Not all the expenditure during the Cricket World Cup stayed in the economy for the community to benefit. The sales multiplier used in this survey is defined by Lickorish and Jenkins (1997), as “an increase in tourist expenditure which will generate additional business revenue”.

The multiplier was determined by a study done by Van Heerden (2003), on the economic impact of the Aardklop National Arts Festival held in Potchefstroom. The resulting multiplier is 1.52.

The total spending during the three matches was calculated at R5.3 million. The spending in Potchefstroom after the first round of leakages (sales of imported goods) was R2.8 million.

4.4.3 Effect sizes

Statistical significance tests have a tendency to yield small p -values (indicating significance) as the size of the data sets increase. The effect size is independent of sample size and is a measure of practical significance. It can be understood as a large enough effect to be important in practice and is described for differences in means and for the relationship in two-way frequency tables (Ellis & Steyn, 2003).

A natural way to comment on practical significance is to use the standardised difference between the means of two populations, that is, the difference between the two means divided by the estimate for standard deviation. This is called the effect size (Steyn, 2000).

The following formula can be used to explain the effect sizes:

ANOVA	$\sigma_i = \sigma_j$ for all i, j : Take MSE the mean square error of analysis of variance.	$d = \frac{ \bar{x}_i - \bar{x}_j }{\sqrt{MSE}}$
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$|\bar{x}_1 - \bar{x}_2|$ is the difference between \bar{x}_1 and \bar{x}_2 without taking the sign into consideration. Here the direction of the difference is not important (Ellis & Steyn, 2003).

ANOVA is the method to determine the effect the different spending patterns have on the different sectors (Ellis & Steyn, 2003).

Cohen (1988), gives the following guidelines for interpreting the effect size:

- Small effect: $d=0.2$
- Medium effect: $d=0.5$
- Large effect: $d=0.8$

Data with $d \geq 0.8$ is practically significant, since it is the result of a difference having a large effect.

4.4.3.1 Effect size for the relationship in a contingency table

In many cases it is important to know whether the relationship between two variables is practically significant, for example, age and expenditure patterns. For random samples the statistical significance of such relationships is determined with Chi-square tests, but actually one wants to know whether the relationship is large enough to be important (Ellis & Steyn, 2003).

The following formula can be used:

$$w = \sqrt{\frac{\chi^2}{n}}$$

χ^2 is the usual Chi-square statistic for the contingency table and n is the sample size. Cohen (1988), gives the following guidelines for interpreting the effect size:

- Small effect: $w=0.1$
- Medium effect: $w=0.3$

- Large effect: $w=0.5$

A relationship with $w \geq 0.5$ is considered as practically significant. The practical significance of results is not only important when the results of population data are reported, but also to comment on the practical significance of a statistical significant result in the case of random samples from populations.

4.4.4 Results

4.4.4.1 Matches

Due to the fact that the three matches' totals with regard to demographic information and expenditure were too small to be practically significant, only the average of the three matches was considered. Table 4.8 shows that with regard to air/bus/train tickets, match B and C seemed to generate more than match A. This can be due to more foreigners attending match B and C, namely, Australians and Dutch/European spectators. Refer also to Table 4.11.

Table 4.8: Average expenditure of matches on dependent variables

Variables	A (SA vs KEN)	B (AUS vs HOL)	C (AUS vs NAM)	Average (Rand)
Airline ticket	578.19	1024.81	970.51	908.83
Total expenditure per match	418.13	328.41	358.16	370.49
Excl. air ticket	481.60	615.28	598.73	561.26
Intended expenditure	1317.87	2075.02	1576.76	1649.77

The total expenditure for match A was more than the other two matches because more spectators attended the match. This is also because South Africa was one of the teams that played.

Match B generated more with regard to expenditure excluding air/bus/train tickets. Again it can be seen that more foreigners attended this match. With regard to the total intended expenditure for all the matches in the Cricket World Cup, persons attending match B seem to be the highest spenders.

According to Table 4.9, the spending patterns during the 3 matches with regard to accommodation, small dealers (inside stadium), tobacco and small dealers (outside stadium) differ statistically significant.

Table 4.9: Analysis of variance (ANOVA) of matches on dependent variables

Variables	A (SA vs KEN)	B (AUS vs HOL)	C (AUS vs NAM)	\sqrt{MSE}
Accomm.	340.00	201.11	200.11	266.87
Small dealers	98.33	101.66	53.84	88.65
Tobacco	40.46	26.48	23.70	27.12
Other	157.85	132.50	62.50	74.88

With regard to accommodation, there is a practical significant difference (medium effect) between the spending of matches A and B. 10 000 people attended match A, therefore it can be assumed that more people from outside Potchefstroom may have used accommodation facilities.

Match B showed a practical significant difference (medium effect) compared with match C with regard to small dealers (inside the stadium). More foreigners attended match B and it may therefore be assumed that they spent more money on souvenirs.

The spending patterns of spectators attending match A differ with practical significance (medium effect) from spectators attending matches B and C with regard to tobacco products. This may be because South Africans spent more on tobacco products than foreigners. Spectators spent more at match A with regard to small dealers (outside the stadium). The difference is practically significant (large effect) between match A and

matches B and C where it can be seen that South Africans spent more on souvenirs and memorabilia.

4.4.4.2 Age groups

According to Table 4.10 there is a relationship between age and the following variables: marital status and occupation. These relationships are of practical significance (large effect) with regard to different age groups. The majority of persons between the ages of 16 and 19 were still single and persons between the ages of 34 and 49 and 50 and 64 years were married and working.

Table 4.10: Effect sizes of age groups on dependent variables

Variables	Effect size
Marital status	0.78**
Highest level of education	0.48*
Nationality	0.37*
Province	0.33*
Occupation	1.16**
Staying over in Potchefstroom	0.37*
Type of accommodation	0.55**

** $w > 0.5$ large effect which is of practical significance.

* $w > 0.3$ medium effect which might indicate practical significance.

There is a relationship between age and the variables nationality and provincially that are practically significant (medium and large effect) which is due to the different matches that were played. More South Africans and people from North West Province attended the matches. There is also a practical significant relationship between age and the type

of accommodation chosen (large effect). Younger people, for example, students stayed in hostels, and older people between the ages of 50 and 64, stayed in guesthouses.

Different age groups have a practical significant relationship with different levels of education. Younger people may still be attending school, University or Technikon, while older people may have already reached the highest qualification.

According to the ANOVA-procedure the difference in the spending patterns of the different age groups with regard to air/bus/train tickets, accommodation, transport, shopping, souvenirs, alcoholic beverages, small dealers (inside stadium), small dealers (outside stadium), average expenditure between 3 matches and expenditure excluding cost of air/bus/train tickets is significant in practice.

Table 4.11 shows that with regard to air/bus/train tickets, there is a practical significant difference (medium effect) in the spending of persons between the ages of 25 and 34 and that of persons between the ages of 16 and 19. Persons of 65 and older spent with practical reliability (medium effect) more than the other groups on air/bus/train tickets.

Table 4.11: Analysis of variance (ANOVA) of age groups on dependent variables

Variables	Age						MSE
	A (16-19)	B (20-24)	C (25-34)	D (35-49)	E (50-64)	F (65+)	
Airline ticket	422.30	872.43	1183.70	974.47	493.33	1500.00	1559.86
Accomm.	161.42	199.81	167.84	327.82	456.42	245.00	262.30
Transport	49.09	93.52	104.01	110.15	132.00	120.00	93.30
Shopping	117.00	78.55	109.28	112.72	250.00	80.00	99.46
Souvenirs	125.00	145.52	131.55	144.44	193.00	137.50	117.93
Alc.drinks	117.00	109.22	136.00	106.43	67.85	110.00	94.09

Small dealers (inside stadium)	43.75	41.81	118.75	91.25	130.00	100.00	87.42
Small dealers (outside stadium)	20.00	124.37	175.00	200.00	72.50	0.00	78.12
Spend	237.46	305.55	392.62	465.57	359.54	399.87	411.14
Excl. airline ticket	369.83	509.54	683.77	516.04	813.80	311.53	751.03

Persons between the ages of 50 and 64 (large effect) spent more than any other group with regard to accommodation, and the difference is practically significant (medium and large effect) between this group and the group between the ages of 16 and 19 (who spent very little on accommodation).

The spending patterns of the groups between the ages of 50 and 64 and 65 and older differed in practical significance (large effect) from the group between the ages of 16 and 19 with regard to transport.

Persons in the group 50 and 64 spent with practical significance (large effect) more than any other group on shopping. With regard to souvenirs there is a practical significant difference (medium effect) between the spending of persons in the age groups 50 and 64 years and persons between 16 and 19 years.

The spending patterns of the age groups 16 and 19 and 25 and 34 differ in practical significance (medium effect) from the age group 50 and 64 years with regard to alcoholic drinks. The age groups of between 20 and 24, 25 and 34 and 35 and 49 also spent more than other groups on small dealers (inside the stadium), and the difference is especially practically significant (with large effect) between these groups and the groups of between 16 and 19 and 20 and 24 years.

Persons in the age groups 25 and 34 years, 50 and 64 years and 65 and older spent more than any other age groups with regard to small dealers (outside the stadium), and

the difference is especially practically significant (large and medium effect) between these groups and the age group 16 and 19 years (who spent very little on small dealers).

With regard to the total average spending, there is a practically significant difference (medium effect) between the spending of persons between 35 and 49 years and persons between 16 and 19 years.

It is clear that persons in the older age groups, namely, 25 and 34, 35 and 49, 50 and 64 and 65 years and older spent more on quality products and more expensive products, such as accommodation, transport, shopping and souvenirs (inside and outside stadium). Persons in the age groups 16 and 19 and 20 and 24, spent more on aspects such as alcoholic beverages and shops outside the stadium (cafés). Thus one must focus on the older age groups who have more money to spend to increase the economic injection into Potchefstroom and the local community.

4.5 BUSINESS PARTICIPATION

BUSINESS SURVEY:

During the 2003 Cricket World Cup businesses in Potchefstroom were approached to participate in a survey. The purpose of this survey was to indicate if businesses employed extra or temporary staff during the Cricket World Cup, if any income was generated, any damage done to the businesses and if any more supplies were needed for each of the matches played.

4.5.1 Location of the businesses

Figure 4.12, shows that 52% of the businesses were located elsewhere in Potchefstroom other than at the stadium where the World Cup matches were being played. These businesses were mainly accommodation. 26% were located in the Bult-

area in Tom Street and 10% in the Bult-area in Esselen/Borcherd Street near the Cricket Stadium.

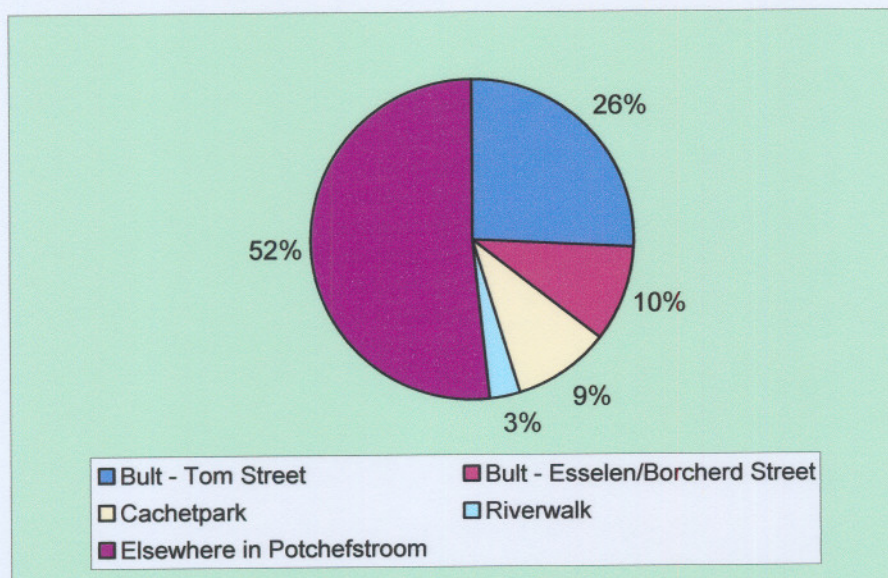


Figure 4.12: Location of the businesses

4.5.2 Type of business

Figure 4.13 shows what types of businesses are situated in the Bult area, and which benefited the most from the event. 33% of the businesses were coffee shops and restaurants and 29% guesthouses and hotels in Potchefstroom. Liquor shops accounted for 10% as indicated in Figure 4.12. These liquor shops acted as suppliers during the Cricket World Cup matches.

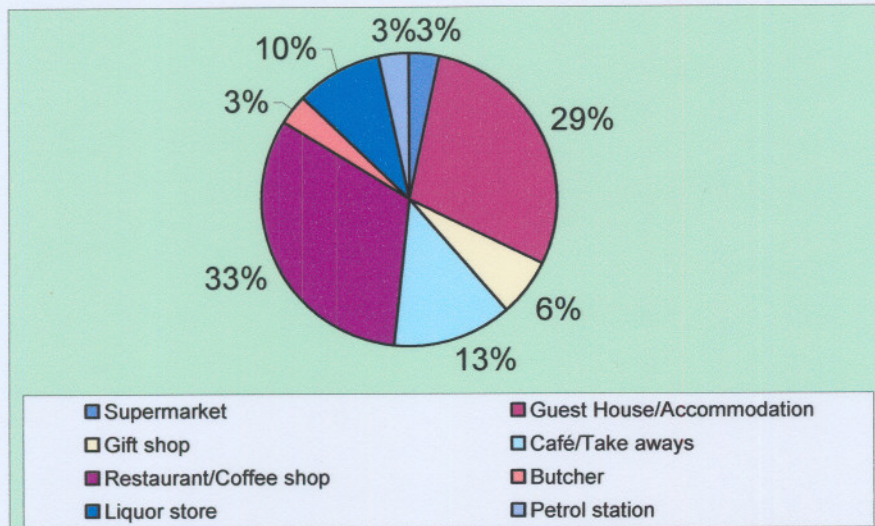


Figure 4.13: Type of business

4.5.3 Losses during the event

According to Table 4.12, 75% of the businesses indicated that they had no losses during the event. 19% indicated that they had some losses, for example, broken glasses or stolen cutlery.

Table 4.12: Losses during the event

Yes	19%
No	75%
Not sure	6%

4.5.4 Reasons for the losses

Figure 4.14 indicates that 96% of the businesses could not find any reason for losses, and this correlates with the previous figure (4.13), which states that the majority of the businesses did not have any losses during the event. 4% of the businesses stated that their losses were due to theft.

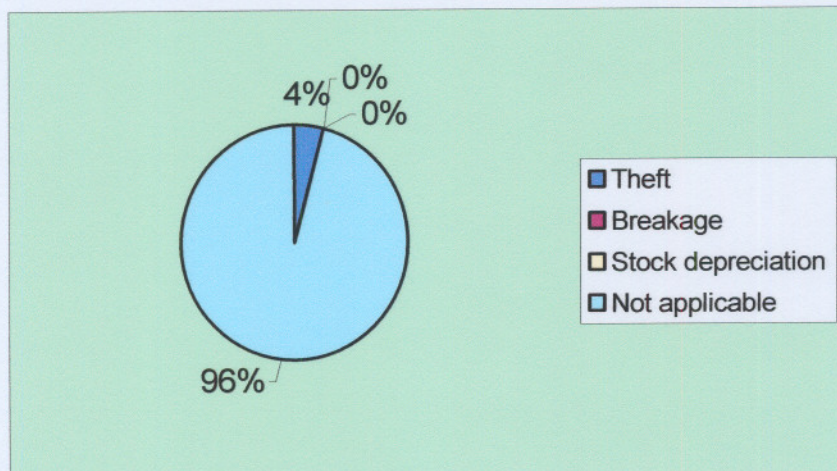


Figure 4.14: Reasons for losses

4.5.5 Degree of losses

According to Table 4.13, the majority of businesses (83%) did not have any losses during the event, while 17% claimed that they had losses. The latter can be due to the fact that new employees are employed during the event, and then theft takes place or leads to a loss in sales, and therefore revenue and profit.

Table 4.13: Degree of losses

Losses	%
More	17%
Less	0%
Same	0%
Did not have any losses	83%

4.5.6 Income

According to Figure 4.15, 58% of the businesses' income is the same as before the 2003 Cricket World Cup. 32% indicated that their income was higher. The reason for this could be because more visitors to a business can lead to higher revenue and therefore a higher profit. 10% indicated that their income was lower because of spectators not supporting their business.

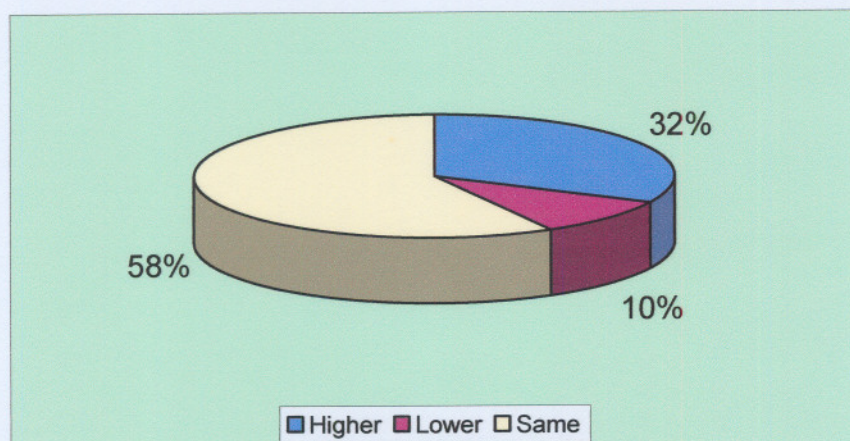


Figure 4.15: Income

4.5.7 New job opportunities

Table 4.14 shows that 96% of the businesses said that they did not need any additional employees to help during the World Cup. The reason could be because matches were played once a week and businesses did not need any additional employees. 4% (one business) indicated they needed additional employees.

Table 4.14: New job opportunities

Additional workers	%
Yes	4%
No	96%

4.5.8 Part-time or permanent work opportunities

Figure 4.16 indicates that all the work opportunities created at the World Cup were part-time and only 4% of the businesses needed part-time employees (see Table 4.14).

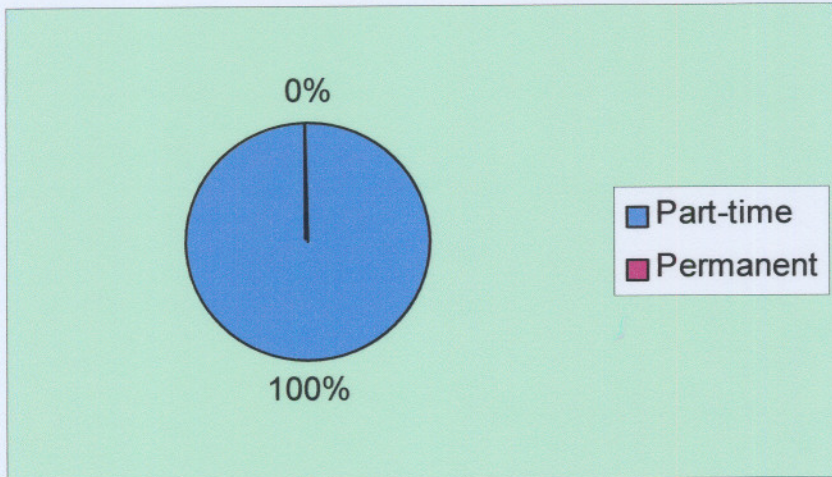


Figure 4.16: Part-time or permanent work opportunities

4.5.9 Leakages

Figure 4.17a indicates that the majority of businesses (48%) bought 5% to 10% and 20% and more supplies specifically during the World Cup. 4% of businesses indicated that they bought 10% to 20% more supplies. These supplies were bought from suppliers outside Potchefstroom.

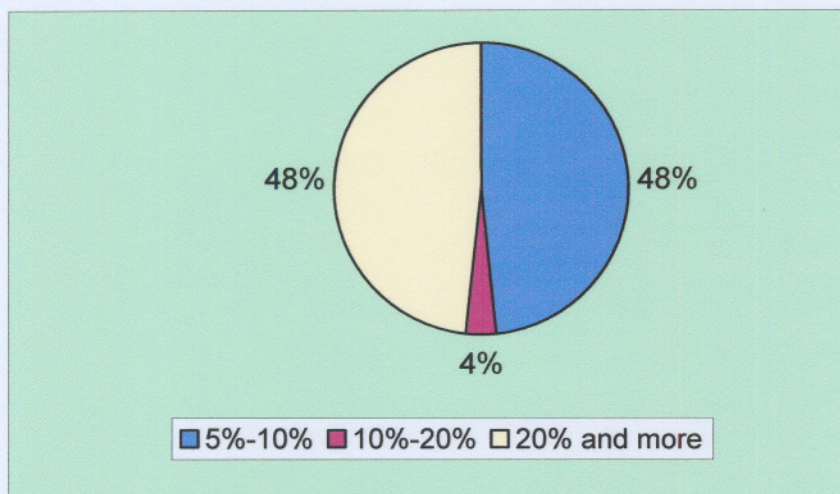


Figure 4.17a: General leakages

With reference to Figure 4.17b, 63% of guesthouses bought 5% to 10% and 67% of restaurants bought 20% and more of their supplies outside Potchefstroom. This figures correlates with the Economic Impact section in this chapter that states that millions of rands were lost because of leakages and therefore the community cannot benefit that much from the event. Businesses in Potchefstroom must give more attention to these aspects for Potchefstroom to really benefit from future sport events.

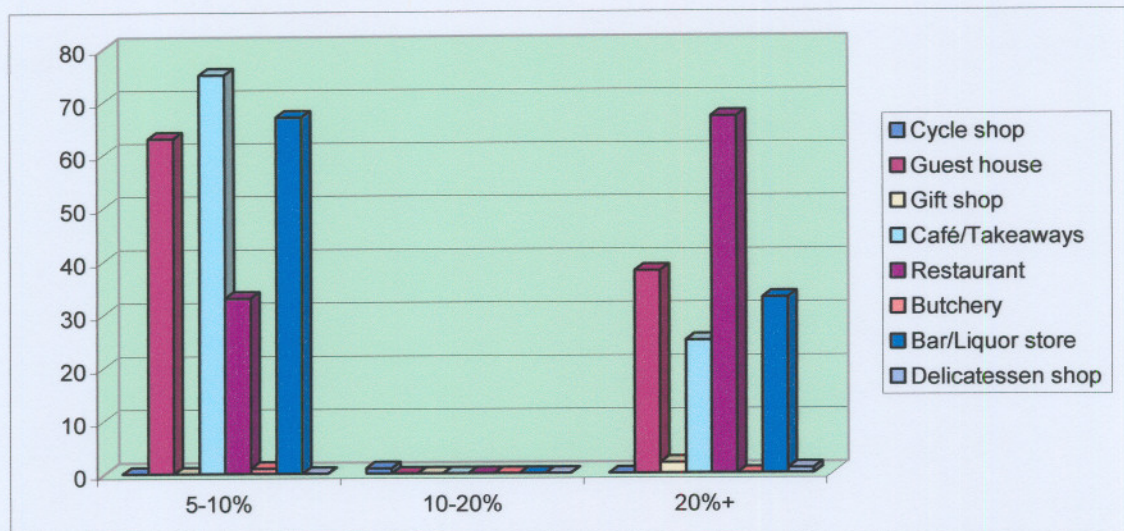


Figure 4.17b: Specific leakages

4.6 CONCLUSION

The aim of this chapter was to determine the economic impact of the 2003 Cricket World Cup in South Africa on the host community. The spending summary indicated that most of the spending at the World Cup was on accommodation, food and alcoholic drinks. It became evident that foreigners spend, on average, more than visitors and locals from North West.

There also seems to be a relationship between the age of the event-goers and their spending. People between the ages of 50 and 64 spend on average more than people between 20 and 24 and 16 and 19 years with regard to accommodation, shopping, souvenirs and small dealers.

The business survey indicated that only 32% of the targeted businesses had a higher income due to the World Cup and 48% bought some of their stock outside Potchefstroom. According to the results the total spending during the event was calculated at R5.3 million. Spending in Potchefstroom after the first round leakages was R2.8 million. If the leakages could be minimised, the economic injection would be much larger and the community might benefit more from an event such as a sport event.

Chapter 5

Conclusion and Recommendations

“Do not go where the path may lead, go instead where there is no path and leave a trail.” – Henry Ford

5.1 INTRODUCTION

Because of its importance to both domestic and world economics, tourism has been examined closely by economists, who focus on balance of payments, foreign exchange, employment, expenditures, development, multipliers, leakages and other economic factors (Ritchie & Goeldner, 2003:23).

The aim of this study was to determine the economic impact of the 2003 Cricket World Cup on Potchefstroom. The achievement of the goal relied on the following objectives:

- To determine the spending patterns of non-residents attending the cricket matches.
- To determine the spending patterns of residents.
- To determine the altered spending patterns of local businesses.
- To determine the creation of jobs.
- To draw up a profile of visitors attending the Cricket World Cup.
- To determine the size of the leakages.

Chapter 2 dealt with economic aspects such as different economic measures to determine the economic performance of an event. Chapter 3 concentrated on the economic roles and benefits of sport events. Chapter 4 focused on the survey that was done to determine what the tourists spent during the Cricket World Cup and the size of the leakages that occurred at the event.

The aim of this chapter is to provide certain conclusions and recommendations for future purposes and research.

5.2 CONCLUSIONS

5.2.1 *Conclusions with regard to the literature study*

- **Event tourism currently plays a relatively small role in the economy of South Africa** and is still growing at a rapid rate.
- **Tourism plays an important role in the economic development of a host community.** This is particularly true with regard to geographic distribution of benefits, jobs per unit of investment, links with other sectors of the local economy and promotion of local entrepreneurship such as arts and crafts.
- **Leakages flowing out of a host community must be as small as possible** to create wealth and other jobs. There are certain tourism strategies that can be used to minimise the leakages and increase the benefits of the community.
- **Events allow a community such as Potchefstroom** to celebrate its uniqueness, promote itself and enhance its economic well-being.
- **The economic benefits of a sport event are the following:** generating tourist expenditure, tax revenue and employment opportunities.

5.2.2 *Conclusions with regard to the visitor survey*

Plog Associates (1976) (*In Botha, 1996:127*), recommend personification of target groups so that formal statistics are transformed into a “living” profile to which marketers can more easily respond. Using the approach introduced by the Plog research group, the “2003 Cricket World Cup Tourist” target market was personified as Jannie van der Walt. The following profile of Jannie (the tourist attending the matches) in Table 5.1 is based on information obtained from the empirical analysis in Chapter four:

Table 5.1: Profile of an average tourist attending the 2003 Cricket World Cup

DEMOGRAPHIC PROFILE	
□ Gender:	Male (73%)
□ Age:	25-34 years (26%)
□ Marital status:	Single (50%) or Married (39%)
□ Language:	Afrikaans (52%)
□ Level of education:	University/Technikon (37%)
□ Nationality:	South African (77%)
□ Province:	North West (54%)
□ Occupation:	Professional (24%) or Student (19%)
PARTICIPATION IN CRICKET WORLD CUP MATCHES	
□ Travelling Party:	1-4 visitors (29%)
□ Duration of stay:	0 days (61%)
□ Accommodation:	None (34%), hostels (22%)
□ Mode of transport used:	Own vehicle (70%)
□ Reasons for travelling:	Cricket (76%) Business (19%) Fun (77%)
□ Match attendance:	1-2 matches (31%)
□ Sources of information:	Television (31%)
EXPENDITURE PATTERN	
□ Average expenditure:	Entrance fee: R107.44 (8%)
	Accommodation: R228.50 (17%)
	Food: R89.51 (7%)
	Transport: R100.03 (7%)
	Shopping: R103.97 (8%)
	Souvenirs: R144.68 (11%)
	Restaurants: R165.82 (12%)
	Parking: R20.50 (2%)
	Alcoholic drinks: R113.62 (8%)
	Purchases at
	Small dealers: R84.88 (6%)
	Tobacco products: R29.94 (2%)
	Non-alc. drinks: R35.48 (3%)
	Entertainment: R125.67 (9%)
	TOTAL: R370.50

Adapted: Rhodes (2000)

Jannie van der Walt is a single/married, Afrikaans-speaking male. He is a South African citizen, who lives in North West. Jannie is between 25 and 34 years old and has a University degree.

Jannie uses his own vehicle to attend the cricket matches; he spends R100.03 on fuel and on any repairs or maintenance needed on the vehicle. He did not make any arrangements for accommodation, due to the matches being played in the week and also due to the fact that he lives in Potchefstroom.

Jannie and his travelling party make up 1 to 4 people whose main reason for travelling is the Cricket World Cup. Jannie decides to attend 1 to 2 of the matches played in Potchefstroom.

Jannie heard about the Cricket World Cup on the television and decided to attend the matches being played in Potchefstroom.

While attending the cricket matches, Jannie enjoyed shopping and spent R103.97 on gifts and R144.68 on souvenirs and memorabilia of the 2003 Cricket World Cup. Jannie spent the most on his entrance fee to the cricket matches, namely R107.44, and R113.62 on alcoholic drinks.

5.2.3 Conclusions with regard to the business survey

- **58% of the businesses' income was the same as before the event.** These businesses represent coffee shops, restaurants, cafés and liquor shops. The reason for this is that no other beverages, other than those specified by the Cricket World Cup Council, were allowed into the stadium.
- **75% indicated that they did not have any losses during the event.** This means the majority of the businesses benefited from the event. A few businesses (19%) argued that no sales were made since tourists did not visit their businesses. The reason was that the cricket matches were played during the week and not many tourists visited these businesses.
- **96% of the businesses said that they did not need any additional employees.** Only one business indicated that they needed additional employees.

- **63% of guesthouses bought 5% to 10%, and 67% of restaurants bought 20% and more of their supplies outside Potchefstroom.** As a result, the community did not benefit from the Cricket World Cup. The Potchefstroom municipality must try to make more use of local residents and to supply local businesses with the necessary goods and services. As stated earlier, after one round of leakages, Potchefstroom lost R2.8 million.

5.3 RECOMMENDATIONS

5.3.1 Recommendations with regard to the visitor survey

- **A question that could be asked is: “Which cricket player is your favourite?** This could help to obtain information in profiling a tourist attending a Cricket World Cup. Do they attend matches to watch cricket or to watch the performance of a certain player?
- **Attention must be given to the marketing of the Cricket World Cup in smaller communities.** No road shows were held in North West, since all road shows cancelled by the North West Government. The dream of “bringing the game to the people” never materialised.
- **Potchefstroom must be better marketed to attract international tourists and those from outside North West.** People from overseas and other provinces should be encouraged to stay longer in the North West and visit its attractions such as Pilanesberg, Sun City, Lost City and Vredefort Dome. This would mean that money would stay in North West and Potchefstroom’s economy.
- **Aggressive marketing is recommended to sustain a higher percentage of spectators attending one-day cricket matches.** Events such as the Aardklop National Arts Festival in Potchefstroom generated more money since it was held over a longer period of time. If aggressive marketing was done, more people would attend the cricket matches and more money would be generated for the local economy.

- **Events can be used to enhance the opportunities for a community.** Events can mould destination images, spread tourism and generate development. A small city such as Potchefstroom could be placed on the map after a successful Cricket World Cup. More people would get to know about Potchefstroom and the North West Province, with all its treasures. Events could be used to attract “big” spenders. This would then lead to more money being generated for the local economy.
- **The total spending during the 2003 Cricket World Cup was calculated at R5.3 million.** The multiplier 1.52 was used. Spending in Potchefstroom after the first round leakages was R2.8 million. If the leakages could be minimised, the economic injection would be much larger and the community could benefit more from an event such as a sport event.

5.3.2 Recommendations with regard to the business survey

- **Businesses in Potchefstroom could be more involved in the planning of the event.** Several businesses indicated that they were not asked by the Potchefstroom municipality to get involved with planning and marketing the Cricket World Cup. The more businesses were involved, the more the community would benefit from the event.
- **There must be an ongoing effort to encourage entrepreneurs in disadvantaged population groups.** Local residents were allowed to have stalls inside the cricket grounds showcasing their arts and crafts. More disadvantaged groups should be allowed to get involved with supplying goods and services at an affordable price to visitors, at a prestigious event such as the Cricket World Cup.
- **More events should be held in small communities.** Potchefstroom is relatively well known because of the Aardklop National Arts Festival. More events should be held, specifically sport events. Potchefstroom’s cricket stadium is of international standard and should host more international cricket games that will attract international tourists.

5.3.3 Recommendations with regard to further research

- **What is the economic impact of a Cricket World Cup on South Africa?** Research should be done on future World Cups' economic impact on South Africa and not just on a small community such as Potchefstroom. Information can then be obtained about the effect of leakages on the South African economy.
- **What is the profile of a sport event tourist?** This study has shown the profile of a person visiting a Cricket World Cup, the reasons and motivation for attending an event like the Cricket World Cup and what the spectator expects. Further research could be done to determine the type of person that visits sport events.
- **How can South Africa position itself as a sport event destination?** Further research needs to be done concerning how South Africa can enhance its image as a sport event destination. Aspects such as violent crime, negative publicity by the media, infrastructure, service, affordability and a lot more needs to be addressed.
- **What is the impact of the Internet on the marketing of sport events such as the Cricket World Cup?** Only 3% of the spectators used the Internet as a source of information. Further research should be done on how marketers, for example, SATOUR, North West Parks and Tourism Board or the United Cricket Board of South Africa can use the Internet to market sport events such as the Cricket World Cup.
- **What are the products bought outside Potchefstroom and how can it be replaced?** 63% of guesthouses bought their supplies outside Potchefstroom. As a result, the community did not benefit from the Cricket World Cup. Further research must be done on this aspect as to see how more local products can be produced and bought.
- **How much did it cost the taxpayer or the North West Government to facilitate all three matches in Potchefstroom?** As the North West cricket stadium was already upgraded, there were no additional costs. Further research must be done on the taxpayer's impact on an event such as the Cricket World Cup.

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APPENDIX A

VISITOR SURVEY:

SECTION A: SOCIO-DEMOGRAPHIC DETAIL

1. GENDER

Male	
Female	

2. AGE

16-19	
20-24	
25-34	
35-49	
50-64	
65+	

3. MARITAL STATUS

Married	
Single (never married)	
Widow/er	
Divorced	
Living together	

4. LANGUAGE

English	
Afrikaans	
Other (specify)	

5. HIGHEST LEVEL OF EDUCATION COMPLETED

High school (Grade 12)	
College	
University/Technikon	
Postgraduate degree	
Other (specify)	

6. NATIONALITY

South African	
European	
Asian	
American	
Australian/New Zealander	
Other (specify)	

7. IF SOUTH AFRICAN, IN WHICH PROVINCE DO YOU LIVE? _____

8. WHAT IS YOUR OCCUPATION?

Professional	
Managerial	
Administrative	
Technical personnel	
Sales personnel	
Farmer	
Mining	
Civil service	
Self-employed	
Non-profit worker	
Home executive	
Pensioner	
Student	
Scholar	
Other (specify)	

SECTION B: ECONOMIC IMPACT

1. HOW MANY PEOPLE ARE IN YOUR TRAVELLING GROUP?

1-2	
3-4	
5-6	
7 or more	

2. ARE YOU STAYING OVER IN POTCHEFSTROOM?

No	
Yes, 1 night	
2-3 nights	
4-5 nights	
More than 5 nights	
Other	

3. IF YOU ANSWERED YES IN THE PREVIOUS QUESTION WHAT TYPE OF ACCOMMODATION ARE YOU STAYING IN?

Not applicable	
Bed & Breakfast	
Guesthouse	
Hotel	
Family/Friends	
Camping	
Other	

4. WHAT TYPE OF TRANSPORTATION DO YOU MAKE USE OF TO REACH POTCHEFSTROOM?

Own vehicle	
Rental car	
Bus	
Train	
Commercial airline	
Other (specify)	

5. IF APPLICABLE, WHAT WAS THE COST OF YOUR AIR/BUS/TRAIN TICKET? R_____

6. IS THE CRICKET WORLD CUP THE PRIMARY REASON YOU TRAVELLED TO THE AREA?

YES	NO
-----	----

7. IF NO, WHAT IS YOUR PRIMARY REASON FOR TRAVELLING TO THIS AREA?

Business	
Visit friends/family	
Holiday/leisure	
Other (specify)	

8. HOW MANY INTERNATIONAL ONE – DAY CRICKET MATCHES DO YOU ATTEND ANNUALLY?

This is my first time	
1-2	
3-4	
5-6	
More than 6	

9. ESTIMATE YOUR EXPENDITURES IN POTCHEFSTROOM PER DAY

	R
Entrance	
Accommodation	
Food	
Transport	
Shopping	
Souvenirs	
Restaurants	
Parking	
Alcoholic drinks	
Purchases at small dealers	
Tobacco products	
Non-alcoholic drinks	
Other (please specify)	

10. WHAT IS YOUR INDIVIDUAL EXPECTED TOTAL EXPENDITURE FOR THIS TRIP, EXCLUDING COST OF AIR/BUS/TRAIN TRANSPORTATION TO AREA? R_____

11. HOW DID YOU COME TO KNOW ABOUT THE 2003 CRICKET WORLD CUP?

Radio	
Television	
Magazine	
Newspaper	
Billboard	
Pamphlet	
From a friend/family	
Other (Specify)	

12. WHAT IS YOUR MAIN REASON FOR ATTENDING THE MATCH?

Please rate a scale of importance, where:

5 = Not important at all

4 = Less important

3 = Important

2 = Very important

1 = Extremely important

	1	2	3	4	5
For fun					
To enjoy the cricket					
To be with family					
To be with friends					
To break away					
Business purposes					
To support your team					
Other (please specify)					
Because you were invited					
Because this might be a one in a lifetime opportunity					

13. HOW MANY OF THE WORLD CUP MATCHES DO YOU PLAN TO ATTEND?

1	
2	
3	
4	
5 and more	

14. INDICATE THE TOTAL AMOUNT YOU INTEND TO SPEND ON ALL THE CRICKET MATCHES DURING THE WORLD CUP?

R

15. ANY RECOMMENDATIONS OR SUGGESTIONS?

THANK YOU FOR YOUR SUPPORT!

APPENDIX B

BUSINESS SURVEY:

1. Onderneming geleë te...

Bult - Tomstraat		1
Bult – Esselen/Borcherdstraat		2
Cachetpark		3
Riverwalk		4
Elders in Potch		5

2. Tipe onderneming...

Apteek		1
Blomwinkel		2
Boekwinkel		3
Fietswinkel		4
Gastehuis/Akkommodasie		5
Geskenkwinkel		6
Hardewarewinkel		7
Kafee/Wegneemetes		8
Klerewinkel		9
Restaurant/Koffiehuis		10
Slaghuis		11
Supermark		12
Vulstasie		13
Kroeg/Drankwinkel		14
Kine's		15
Delikatessen winkel		16

3. Het u onderneming skade gely tydens die Wêreldbeker?

Ja		1
Nee		2
Onseker		3

4. Indien ja, was die skade in terme van...

Diefstal		1
Breekskade		2
Vorraadafskrywings		3
Nvt		4

5. Indien ja, was die skade... As in die verlede?

Meer		1
Minder		2
Dieselfde		3
Nvt – ek het nie skade gely nie		4

6. Is u inkomste hoër of laer as 'n normale maand?

Hoër		1
Laer		2
Dieselfde		3

7. Moes u addisionele werknemers inneem vir die 2003 Cricket World Cup?

Ja		1
Nee		2

8. Hoeveel addisionele werksgeleenthede is in u onderneming geskep as gevolg van die Wêreldbeker?

1 tot 2		1
3 tot 4		2
5 en meer		3

9. Hoeveel van die werksgeleenthede is...

Tydelik		1
Permanent		2

10. Watter persentasie van u voorraad word buite Potchefstroom aangekoop?

5% - 10%		1
10% - 20%		2
20% en meer		3

Baie dankie vir u samewerking!