

The impact of major sport events

Study of soft power, trade and investment impacts

November 2021



Building a better working world



Contents



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Forewords



Foreword by
Catherine McGuinness
Chair of Policy, The City
of London Corporation



The City of London

The City of London Corporation welcomes the findings in this report on the trade and soft power benefits of hosting major sport events (MSE). As an organisation that seeks to support a thriving and diverse economy, we

increasingly value the important role played by the sport event industry in the long-term success of the UK economy. We see sport as integral to our national success and global reach. The summer

of 2012, when London was transformed into a global stage to celebrate the Olympic and Paralympic games, underlined how these events provide an unparalleled opportunity to showcase our commercial and cultural offer to a worldwide audience.

As we enter a new phase in the UK's trading relationship with the rest of the world, this report reminds us of our strengths as a sporting nation and how this can be used to develop links with new trading partners. The UK is well placed to do this through its industry expertise and unique venue offer, as well as our historic links to sport and the diverse fanbases from across the four nations.

There is now a clear and compelling case for doing more to ensure MSE are linked to trade and wider international goals. The findings in the report should encourage those involved in organising and resourcing MSE to work together and develop a more strategic and collaborative approach to planning and delivering these events going forward. Not only can this bring about a superior product but it can also enable the wider benefits, such as enhanced trade and international diplomacy opportunities, to be fulfilled.

As the voice of the business community, the City Corporation will seek to use its convening capabilities and leadership and work with partners such as UK Sport to help maximise trade and soft power impacts from future MSE in the UK.

The City of London Corporation is the governing body of the Square Mile – the financial district and historic centre of London – and is dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK.

We have a long history of supporting and celebrating major sport events taking place across London and the UK, working with our partners to maximise the benefits these events bring to our local communities.

Find out more about our work and support for sport by visiting our website at cityoflondon.gov.uk/sport



Foreword by
Dame Katherine Grainger
Chair, UK Sport



UK Sport

UK Sport is delighted to support the findings of this research project into the soft power, trade and investment benefits of MSE.

In UK Sport's role as the lead strategic agency of HM Government for major and mega events in the UK, understanding the scale and breadth of our events, and the opportunity they provide to generate

impacts across a whole range of areas, is critical to maximising the return on investment of public funds.

As well as the wider sporting, social, community and environmental impacts which our events have and will continue to deliver in the future, this report shows how MSE can, and have, supported wider economic and foreign policy objectives.

UK Sport works closely with partners across the country and in a variety of ways to bid for, plan and deliver events that people can enjoy and remember for years to come. This report highlights the positive work done to date and demonstrates how further partnerships can power success in international relations and business.

UK Sport has been delighted to partner with The City of London in this project and we would like to thank EY for the expert and professional way in which they have conducted the study. We now look forward to working with partners across the UK events industry to explore the results of this study.

UK Sport is the UK's trusted high-performance expert, powering the nation's greatest athletes and teams to achieve success. Established in 1997, UK Sport has transformed the high-performance sporting system in the UK – through strategic leadership and investment of National Lottery and Government funds – helping to deliver more Olympic and Paralympic medals than ever before and turn the UK into one of the top nations in the world for event-hosting capabilities. UK Sport's purpose is to lead high-performance sport to enable extraordinary moments that enrich lives and, over the next period, is aiming to work collaboratively with partners to deliver the greatest decade of extraordinary moments – reaching, inspiring and uniting the whole nation.

Report audience

The City of London Corporation and UK Sport acknowledge that some of the material and experiences referred to in this report will already be familiar to different parts of the sector. That said, it is unlikely that everything will be familiar to everyone: there may be considerable benefits in bringing this material together in one place. In addition, the intention of this report is that it will have also supplemented existing knowledge with some valuable new insights. Whilst UK Sport is the lead agency for major sport events in the UK, the responsibility for planning, coordinating and resourcing the many activities that make up an effective approach in these areas is shared between a wide range of organisations and interests, including sports governing bodies, central and local government, and the business community. For this reason, the report's recommendations are directed not specifically to the City of London and UK Sport – nor indeed to any one organisation – but rather to the sector as a whole.



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Executive summary

Scope and context of this report

This report focuses on how major sport events (MSE)¹ can drive soft power, trade and investment impacts. The report was commissioned by UK Sport and the City of London Corporation, and delivered by EY and Dr J Simon Rofe, University of London. The report is informed by a review of existing evidence on MSE evaluation and consultation with informed stakeholders from across the MSE landscape.

As is recognised by the UK Government's Integrated Review², sport, and particularly the hosting of MSE, is a key pillar of the UK's soft power strength. MSE have an almost unparalleled ability to bring people together, celebrating the best of human endeavour through sport, and strengthening connections within and between communities. For the UK, seeking to evolve its role in the international community, MSE offer an opportunity to showcase the best it has to offer across its nations, regions, cities and towns. This builds on the UK's reputation for high-quality event delivery, having hosted some of the great spectacles of past decades, most recently including the 2012 Olympic and Paralympic Games in London, the 2015 Men's Rugby World Cup in England and Wales, the 2017 IAAF World Championships in London and the 2019 UCI Road World Championships in Yorkshire.

Sport is an important part of the UK economy; it contributed £48.9 billion gross value added (GVA) in 2019, accounting for 2.6% of the UK total.³ As the UK and global economy recover from the COVID-19 pandemic, MSE offer opportunities to support the Government's initiative to build back better, including through the health and education benefits that sport can deliver. In commissioning this report, UK Sport and The City of London have been looking to improve their, and the sector's, understanding of MSEs' potential soft power, trade and investment impacts. The intention is that this evidence should provide a platform upon which the event and sport sectors can work together to maximise these sorts of impacts in the future, and enhance return on investment.



¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975077/Global_Britain_in_a_Competitive_Age_the_Integrated_Review_of_Security_Defence_Development_and_Foreign_Policy.pdf

² Much of the relevant literature in this area discusses Sports Mega Events (SME) Refer to Section 3 for more detail on the definition of MSE for the purposes of this report.

³ Department for Digital, Culture, Media and Sport, using the satellite account approach – <https://www.gov.uk/government/statistics/dcms-economic-estimates-2019-gross-value-added/dcms-economic-estimates-2019-provisional-gross-value-added>

Key findings of this report

Click on the buttons below for more details ▼

The UK's soft power, trade and investment status:⁴

2nd in Portland's 2019 Soft Power 30 Index

8th in the World Bank's 2020 Ease of Doing Business ranking

2nd in Europe for FDI in EY's 2020 European Attractiveness Survey

5th largest exporter in 2019 (second in Europe) with £679bn of goods and services, 4% of the global market

Recommended improvements for the event and sport sectors to maximise soft power, trade and investment impacts

The stakeholder consultations undertaken as part of this study drew out not just perspectives on each stakeholder's role and performance, but also the ways that relationships, interactions and responsibilities could be clarified and enhanced. Reflecting on past MSE in the UK and overseas provides some key principles to be applied by the City of London Corporation and UK Sport, alongside organisers, government and business to measure and maximise soft power, trade and investment impacts for future UK events:

Enhance strategic planning:

Incorporate soft power, trade and investment into existing event and international relations strategies, with appropriate funding and incentives; set a clear rationale for events with the appropriate size and scale; and measure changes (e.g., to perceptions) enabled by MSE.

Encourage effective collaboration:

Define responsibilities for delivering impacts; form effective partnerships centrally and locally; coordinate local and national public sector bodies with commercial enterprises; and share knowledge across event host stakeholders effectively, such as through the creation of a national advisory board and local knowledge retention hubs.

Promote purposeful engagement:

Engage business with event host stakeholders early and sustain partnerships between sponsors and event host stakeholders; develop targeted messaging and communication around each event's purpose; activate host cities and regions, utilising associated activities and events beyond the sport events themselves and position events as part of a locality's wider offering of attractions.

⁴ These rankings reflect the latest annual data available, but may be impacted by subsequent global events.

3 Introduction and methodology





Background and Scope

The City of London Corporation and UK Sport engaged EY and Dr J Simon Rofe, University of London, in November 2020 to undertake research into the impact of MSE on soft power, trade and investment.

For the purposes of this study, MSE are considered to encompass both 'mega events' and 'major events'. UK Sport considers mega events to have some of the following characteristics:

- ▶ Pinnacle of the sport
- ▶ Itinerant – not permanently resident in the UK
- ▶ Staging cost in excess of £10m
- ▶ Over 100,000 spectators
- ▶ Requires public sector underwriting or guarantees
- ▶ Significant delivery complexity

Examples of such events include the FIFA World Cup, the Commonwealth Games, and the Rugby League World Cup.

Major events are not specifically defined, but can be considered as the 'next tier down' from the mega event profile.

This report focuses on 'one-off' MSE, as opposed to those recurring annually or occurring as part of a longer series or season (such as Wimbledon, or Premier League matches).

This report aims to shed light on the impacts of MSE, with reference to examples from the UK and overseas, aiming to support future event host stakeholders to better harness events' potential.

The report was informed by a desk-based review of existing evidence and stakeholder consultation through 25 semi-structured interviews with 39 senior, informed stakeholders from across government, event delivery, governing bodies and the business community. The findings from the desk-based review and stakeholder interviews were used to refine an MSE impact logic framework through which MSE drive soft power, trade and investment impacts, and inform the key recommendations summarised in the executive summary and conclusions to this report.

The findings from the desk-based review were used in conjunction with a pipeline of potential future MSE to be hosted in the UK, in order to estimate the value of potential soft power, trade and investment benefits that may be delivered in the next decade. Section 7 of this report provides a description of this calculation.

The study focused on engaging stakeholders who play an active role in organising and funding MSE, as well as helping to form partnerships with MSE. The views of athletes, broadcasters, spectators and wider audiences were not sought directly as part of this scope, although the critical role these cohorts play in any MSE is well recognised. Primary research into the quantitative impacts of events was also outside of the scope of this study.

Recommendations for further study are noted as a key part of the conclusions of the report.

The consultations explored not just perspectives on each stakeholder's role and performance, but also the ways that relationships, interactions and responsibilities could be clarified and enhanced.

Desk-based review

The desk based review focused on three key areas:

- ▶ **KPI consolidation:** review of MSE impact studies, UK and overseas, and collation of key performance indicators (KPIs) focusing on attendance, wider audiences and evidence of impact; including quantitative and qualitative indicators of potential economic, soft power, trade and investment. The final review included 38 events.
- ▶ **Trade and investment literature review:** scan of wider evidence regarding the potential impact of MSE on trade and investment. Sources included:
 - ▶ British Council
 - ▶ International Journal of Sport Management and Marketing
 - ▶ International Journal of Sport Policy and Politics
 - ▶ The British Foreign Policy Group and the Centre for Social and Political Risk
 - ▶ Journal of Global Sport Management
- ▶ **Soft power evidence review:** a similar soft power literature review was conducted, with key sources including:
 - ▶ Australia Sports Diplomacy strategies
 - ▶ British Council
 - ▶ King's College London (KCL)
 - ▶ Scholarly works, including Simon Anholt, Nicholas J. Cull, Stuart Macdonald, Melissa Nesbitt, James Pamment and J Simon Rofe
 - ▶ UK FCDO⁵ Sports Diplomacy Toolkit
 - ▶ Welsh Sports Diplomacy Strategy

⁵ Foreign, Commonwealth & Development Office

Stakeholder consultation

The consultation involved discussions with 39 senior individuals from 25 organisations across four broad categories of central government; local government and public sector; event organisers; and business.

Whilst each consultation had its own focus, as consistent an approach as possible was taken. Common themes across discussions were:

- ▶ **Impact mechanism:** We tested our understanding of how MSE impact soft power outcomes and trade and investment opportunities, and used the conversations to refine our view.
- ▶ **Soft power:** Offering a working understanding of soft power as the ability to shape and influence, we discussed how impact potential and best practice approach may vary by event scale, different channels and forum of influence, engaging with audiences, interaction with associated cultural events, and the relevance of wider contextual considerations.
- ▶ **Trade and investment:** We considered the difficulties in attribution and quantification of impacts, associated programmes, setting targets, the roles of different parties in driving impact, and how impacts may vary across sectors.

Central government departments

- ▶ Department for International Trade
- ▶ Foreign, Commonwealth and Development Office
- ▶ Department for Digital, Culture, Media & Sport

Local and other public sector

- ▶ Greater London Authority
- ▶ London & Partners
- ▶ British Council
- ▶ Tourism Northern Ireland
- ▶ London Legacy Development
- ▶ EventScotland
- ▶ Welsh Assembly Government

Organising committees and rights holders

- ▶ Rugby League World Cup
- ▶ Football Association
- ▶ Women's Hockey World Cup
- ▶ Bureau International des Expositions
- ▶ Major League Baseball Cup
- ▶ 2022 Commonwealth Games
- ▶ England Cricket Board Cup
- ▶ Netball World Cup

Business community

- ▶ AON
- ▶ INEOS
- ▶ Major Events International
- ▶ Several anonymous contributions across the financial services and fast moving consumer goods sectors

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How do MSE
drive impact?





This section examines how MSE may drive soft power, trade and investment impacts. In particular, it sets out:

- ▶ What comprises soft power, and difficulties defining it
- ▶ Where MSE sit within a wider soft power framework
- ▶ How MSE can contribute to trade and investment, both directly and indirectly
- ▶ The theory of the process by which MSE may drive soft power, trade and investment impacts

These considerations are underpinned by the findings from the literature reviewed and consultations held.

Major events can facilitate substantial changes in soft power dynamics and promote positive trade and investment outcomes

MSE can influence a host of outcomes, and the main focus of MSE organisers is primarily on delivering engaging sporting spectacles by showcasing the best of human ingenuity, perseverance and competition. Through this pursuit, MSE also offer unique opportunities to engage with others that can transcend barriers of language and culture to bring people together and produce non-sport outcomes. This ability of sport and MSE gives rise to the soft power, trade and investment opportunities, which are the focus of this study.

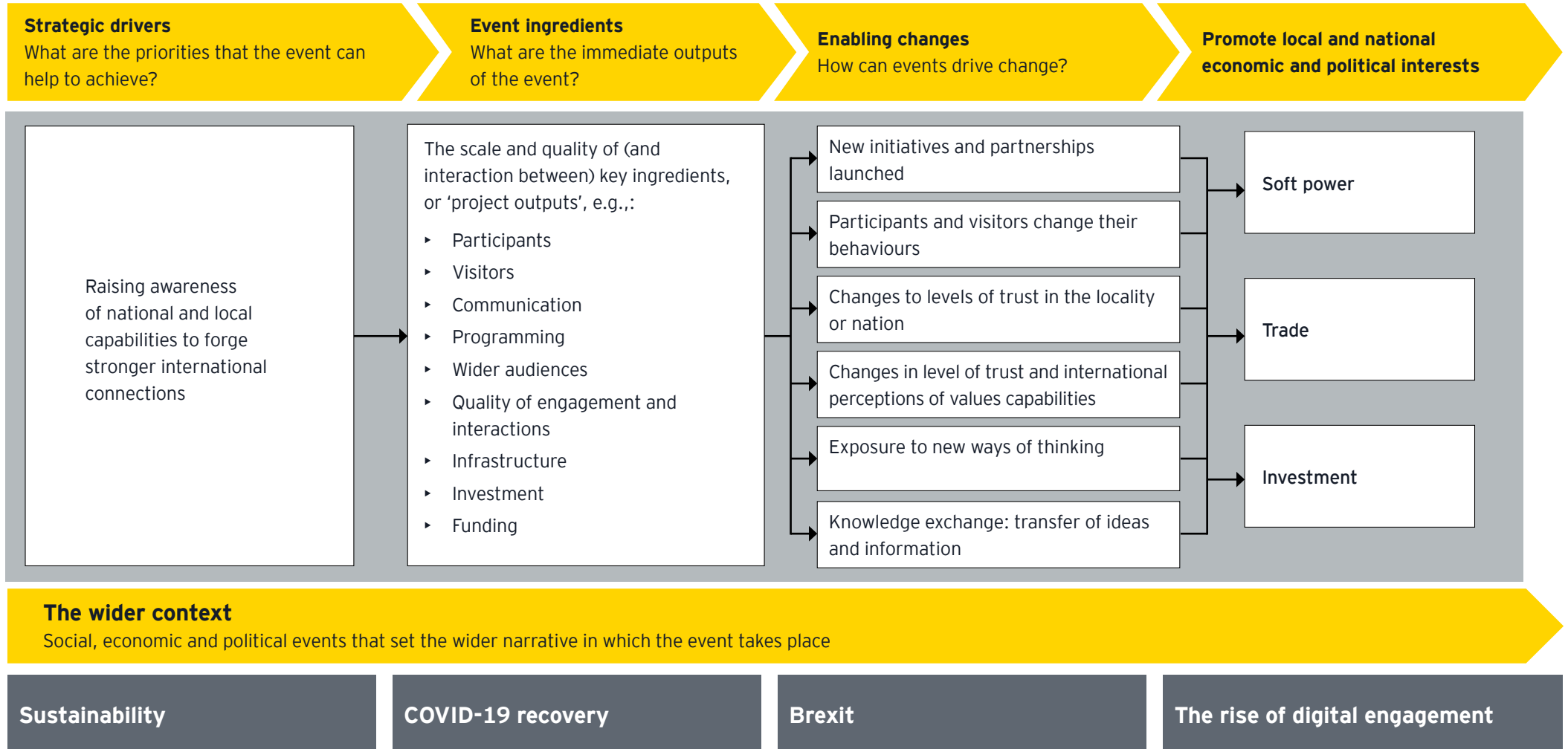
Click on each of the buttons below for further detail ▼

⁶ J Nye – Bound to Lead: The Changing Nature of American Power
⁷ <https://softpower30.com/>

⁸ Sport features in the Portland survey on the basis of two criteria: gold medal performance at the previous Olympics, and the performance of the Men's team at the previous FIFA World Cup.

How MSE can drive soft power, trade and investment impacts

The impact of MSE on soft power, trade and investment can be summarised through a four-stage impact framework, beginning with the rationale for hosting an event in the context of soft power trade and investment objectives. Considering impact in this way, and designing measurable targets at each stage can help to better utilise events to maximise their potential impact.



Strategic drivers

- ▶ A clear definition of what an event is seeking to achieve across all stakeholders involved in its planning increases the likelihood of delivering benefits, including soft power, trade and investment.
- ▶ This logic can be applied to events of all scales – event host stakeholders have the potential to drive impact in the event's own context.

Event ingredients

- ▶ With early engagement and planning, event host stakeholders can encourage higher quality interaction with events to support soft power trade and investment impacts.
- ▶ This may involve wider programming to showcase a city, engage communities and local and international businesses, encourage dialogue on pressing social issues, and bringing local culture to the fore.

Enabling changes

- ▶ Higher quality event ingredients (as outlined on the graphic in the previous page) and interactions promote a greater chance of achieving change.
- ▶ This may take many forms, from shifting perceptions, building trust⁹ and exposure to new ideas, to launching new initiatives and partnerships.
- ▶ Larger scale events have a greater potential to build global conversations, but smaller scale event host stakeholders may be able to engage in more targeted ways to generate relatively substantial impacts compared to the scale of investment required.

⁹ British Council – Sources of soft power

Promote local and national economic and political interests

- ▶ Effective and timely planning and delivery around the event can promote soft power, trade and investment interests.
- ▶ These may materialise through immediate commercial opportunities, such as contracts to support future events, or indirectly, through improved perceptions and awareness of capabilities, which enhance future diplomatic and economic exchanges.
- ▶ It should also be noted that whilst economic and political interests can be served through well-delivered MSE, there are reputational risk where a locality hosts a poor or negatively perceived event. Examples of risk could range from an event being poorly organised or ill-equipped to deal with bad weather through to an act of terrorism.

Wider economic, social and political context

- ▶ All events are influenced by the wider context in which they take place. This means that there will be a certain element of fortune to how an event is perceived and the impact it achieves.
- ▶ The contextual factors presented in the mechanism do not sit in isolation (e.g., COVID-19 pandemic accelerating the uptake of digital engagement). Similarly, they do not constitute an exhaustive list, nor are they set in stone; COVID-19 is likely to become less relevant as the recovery continues, whilst sustainability may continue to grow in importance.





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The contribution of major sport events in the UK

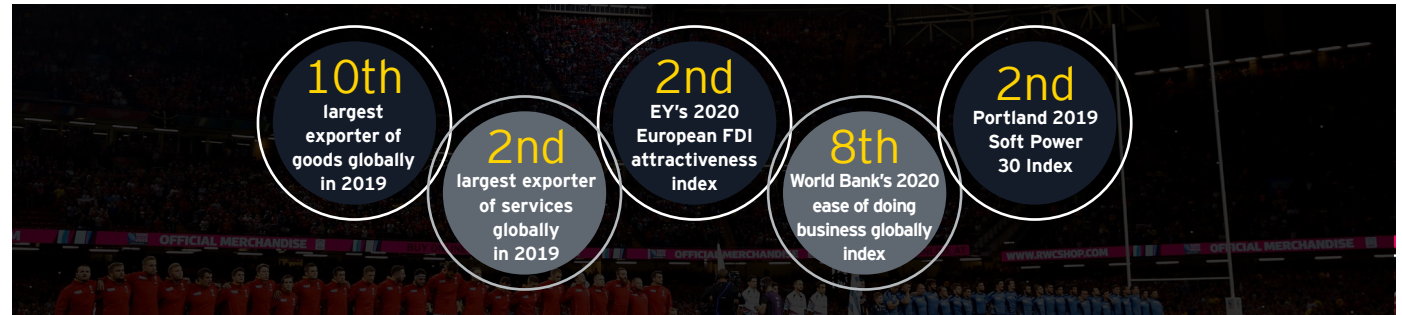


This section considers the impact evidence from recent UK MSE and draws out the opportunities for development from a soft power, trade and investment perspective, based on both a review of published evidence and stakeholder consultation.

This section comprises:

- ▶ Contextual summary of the UK's current soft power, trade and investment standing
- ▶ Overview of selected MSE hosted in the UK in recent years
- ▶ Evidence of success in UK MSE driving soft power, trade and investment impacts
- ▶ How to maximise opportunities and harness benefits, based on findings from the evidence review. This includes:
 - ▶ Setting soft power, trade and investment objectives
 - ▶ Emphasising timely, purposeful engagement
 - ▶ Clearly defining ownership of who should drive impact
 - ▶ Retaining institutional knowledge

The UK's soft power, trade and investment status¹⁰



UK MSE 2010-19

The UK has a rich history of hosting MSE, and in recent years has hosted a number of high-profile events. The diagram below outlines selected MSE hosted in the UK over the past decade. These events highlight the UK's leading MSE hosting credentials, presenting opportunities to attract future events to the UK.

Click on the buttons below for more details ▼

¹⁰ These rankings reflect the latest annual data available, but may be impacted by subsequent global events.

The UK's strong MSE track record forms part of its culture, and therefore its soft power status – as highlighted by the Portland Soft Power 30 Index, which scores the UK most highly for its cultural reputation.

This reputation has real world consequences. Developing these positive associations can help to build trust, increasing willingness to cooperate and to do business. Research by the British Council finds that those that trust the UK are twice as likely to do business here, and improvements in trust are associated with substantial increases in both trade and foreign direct investment.¹¹ Whilst there are many factors that contribute to international relations and economic relationships, there is a clear role to be played by sport in general and by MSE in particular.

“

MSE can be used as a vector to achieve existing political aims.

Major sport organising body

“

London's diversity is such that any team can play sport here and have a home crowd.

Local governing body

¹¹ British Council – Sources of soft power

Evidence of MSE success in a soft power, trade and investment context

The UK and its nations possess numerous strengths that lend themselves to the delivery of high quality events that can yield substantial soft power, trade and investment impacts. These are evident across many of the 'ingredients' that make up an event, from the existing infrastructure – such as sports stadia, hotels and accommodation and transport networks – to the experienced individuals and teams capable of designing and delivering effective communication and programming approaches.

This sub-section highlights some of the UK's MSE successes from a soft power, trade and investment perspective. Some key themes across these events are:

- ▶ **Wide reach:** many of the events were broadcast across the world to millions of viewers.
- ▶ **Welcomed overseas visitors:** many events attracted tens of thousands of overseas visitors to the UK.
- ▶ **Engaged local communities:** UK residents attended several events to support competing teams and athletes from the UK and across the world
- ▶ **Improved perceptions:** visitor surveys indicated the perceptions of host localities were improved by the event experience, and outreach programmes played a role in framing the UK in a positive light.
- ▶ **High-profile location:** a range of famous locations across the UK hosted the events considered.
- ▶ **World-class participants:** in all cases, elite sport was on show.

Engaging audiences to strengthen relationships and shift perceptions

Recent MSE held in the UK have engaged audiences of millions to strengthen national and local relationships, including:

- ▶ **2014 Ryder Cup:** held in Gleneagles, Scotland, had a national and global reach. The event was broadcast to half a billion people each day across 183 countries through 43 broadcasters and generated a significant boost to local tourism, with 60% of the 100,000 visitors stating that they would return to Perth & Kinross.
- ▶ **2015 Rugby World Cup:** The event had particularly broad reach, attracting over 300,000 overseas visitors and generating 4 billion television views, showcasing England and Wales to the world and creating significant opportunities to raise awareness of the host location. In addition, UK Sport contributed to the development of the game by running a rugby development programme linked to the World Cup across Europe.
- ▶ **2017 World Athletics Championship and World Para Athletics Championship** – held in London, the events welcomed 200 participating nations, reached a global television audience of 942 million, and generated 1.6 billion social media impressions. Over 1 million tickets were sold, with surveys suggesting 83% of attendees would return to the capital. The delivery of the event also included a global legacy athletics development programme in 10 countries around the world. This formed part of UK Sport's International Partnerships Programme offer to MSEs, and part of its contribution towards soft power outcomes.

- ▶ **2018 Women's Hockey World Cup:** The Women's Hockey World Cup – hosted in the London 2012 facility – connected with over 1,500 hockey events nationwide through the 'Your World Cup' grassroots campaign, and the tournament was broadcast to 98 countries. In addition, UK Sport had a global legacy project linked to this event supporting the development of hockey in Ghana and the rest of West Africa. This was a unique proposition that helps connect, engage and improve perceptions of the UK. Similarly to the 2015 Rugby World Cup, the event was successful in creating the opportunity for boosting perceptions of the UK through its wide reach, but the ultimate impact was not quantified.
- ▶ **2019 Cricket World Cup:** hosted jointly by England and Wales (as the governing body is the England and Wales Cricket Board) – attracted 61,000 overseas visitors and 1.6 billion television views. Ties transcending cricket were cultivated with several personnel from India, making Manchester more of a hub for Indian business, including through boosts to bilateral travel and other links.
- ▶ **2019 Netball World Cup:** hosted in Liverpool, the event welcomed nearly 9,000 overseas visitors. In addition, a UK Sport-funded legacy project – NET 2019 – was delivered by England Netball and the International

Netball Federation in Zambia and Argentina, with the aim of empowering women and girls, and ultimately improving perceptions of the UK in these countries.

- ▶ **2019 UCI Road World Championships:** hosted in Yorkshire, the nine-day event welcomed riders from 67 nations, showcasing the region to 16,000 overseas spectators and a broadcast audience of 329 million. 86% of surveyed overseas visitors indicated that they would be likely or very likely to recommend Yorkshire as a holiday destination.

Driving trade and investment

This sub-section focuses on the drivers of MSE trade and investment impacts, where trade impacts exclude the immediate impact of visitor expenditure.

- ▶ **DIT, sport economy focus:** MSE can be leveraged in two main ways: firstly by boosting the 'sport economy' – i.e., by targeting opportunities to export sport and event delivery goods and services; and secondly to showcase broader capabilities. The former is more tangible and tends to receive greater focus, but particularly for larger scale events, DIT is increasingly working to showcase broader capabilities, as the upcoming 2022 Commonwealth Games in Birmingham (see below).
- ▶ **2022 Commonwealth Games:**¹² showcasing capabilities. DIT is working with the Games delivery partners on securing wider trade and investment benefits through the Games Tourism Trade and Investment (TTI)

programme. This involves showcasing the West Midlands economy and its capabilities as a whole, with a focus on its ability to support sustainability.

- ▶ **London 2012: platform for trade.**¹³ Over £14 billion of trade and investment benefits were generated by London 2012, with industry and various events supported throughout the subsequent decade. The UK House underpinned this success; this designated space hosted over 4,000 business leaders across 17 days of events to showcase global opportunities and UK expertise. The event led to growth in the UK sport economy, including increased trade – for example, DIT (formerly UKTI) and the FCDO supported UK businesses in securing more than 60 contracts from the Sochi 2014 Winter Games and the Russia 2018 World Cup. Sectors including education, life sciences, food and infrastructure were all targeted for promotion.

London 2012 was also the catalyst for the International Partnerships Programme (IPP). This UK Sport initiative aims to support National Governing Bodies, national partners and government to develop relationships that enhance the UK's profile and sport objectives internationally, whilst contributing to the development of international sport.

¹² Whilst the Commonwealth Games has not yet taken place, it is considered as part of this section given that much of the planning – including that to drive trade and investment – has already taken.

¹³ HMG – Inspired by 2012: the legacy from the Olympic and Paralympic Games – Fourth Annual Interim Report

- ▶ **Glasgow 2014:** building host capability and confidence. The Commonwealth Games hosted in Glasgow in 2014 built local capability and knowledge of hosting major events, as well as an injection of confidence to the city. This has laid the foundations to host COP26. Additionally, the Scotland Welcomes the World programme, undertaken in conjunction with the 2014 Commonwealth games included several events showcasing Scotland's cuisine, Scotland House Business Events, and the Commonwealth Business Conference, which 320 delegates attended, including businesses, politicians and economists. Scotland's reputation for exports and investment increased by 2 percentage points from 2012 to 2014.¹⁴
- ▶ **Raising host location attractiveness.**¹⁵ A varied portfolio of events contributes to the attractiveness of a location both as a place to live and to do business. Stakeholders across local public sector and the business community emphasised this role of events in perceptions of place and decision making. The Director of the Public Management and Territorial Governance Institute of France's research into place attractiveness and events finds that sport events bring value added for a place, by generating particularly strong boosts for place image and the tourist economy. Further, research conducted by Metropolis¹⁶ finds that the organisation of a major event broadcast by international media helps to create, transform or boost the image of a city among residents, tourists and potential investors.

¹⁴ Scottish Government – Commonwealth Games: An Evaluation of Legacy

¹⁵ Journal of International Business Research and Marketing – Place Attractiveness and Events: From Economic Impacts to Place Marketing: <https://researchleap.com/place-attractiveness-events-economic-impacts-place-marketing/>

¹⁶ Metropolis – The impact of major events on the development of large cities

Northern Ireland: stepped perception change

Background

Repositioning Northern Ireland has been a key part of Tourism Northern Ireland's strategy – there has been a drive for stepped change in perceptions.

Click on the timeline to enlarge.

How events were leveraged to achieve soft power, trade and investment outcomes

- ▶ **Changed/improved perceptions:** The events contributed to a change in mindset from both a tourism and an FDI perspective. 68% of Giro d'Italia spectators felt Northern Ireland's global image was improved, and 99% said it was worth visiting.
- ▶ **Improved place brand and increased investment:** Tourism and the events helped establish place brand and were a shop window for investment. 750 people attended the 'Get Ready for Giro' roadshows hosted for the business community.
- ▶ **Economic rebalancing:** Tourism Northern Ireland now pursues a selective strategy for hosting events, allowing for greater legacy focus and a reduced draw on public funds. There is also a focus on accruing benefits across the country.
- ▶ **High-value tourism boost through golfing focus:** The average golf visitor spends over £2,000, four times the average. The Golf Monitor illustrates the

stepped change in perceptions of Northern Ireland, boosted by hosting the 2019 Open.

- ▶ **Increased golf participation and diversity of participants:** The Open boosted golf participation in Northern Ireland. Sport NI and sport Department (DfC) used the event to drive key policies relating to diversity and inclusion.
- ▶ **Iconic, top-level athletes drove participation:** Rory McIlroy, Graeme McDowell and several other prominent professional golfers played a key role in inspiring others to take up the game.

Lessons learned

- ▶ A targeted strategy over a sustained period is important in positively changing perceptions and building place brand.
- ▶ Building a strong event pipeline can allow locations to be more targeted in selection of future events (an approach taken by UK Sport at a national level).
- ▶ Tapping into your 'strength' and tying it in with local culture can be effective (in this case, golf).

Cricket World Cup

Background

The 2019 Cricket World Cup, hosted in England and Wales, offered the UK an opportunity to engage with audiences in several countries across the Commonwealth (e.g., India) that are key target markets post-Brexit.

How events were leveraged to achieve soft power, trade and investment outcomes

The Cricket World Cup was played out across ten venues between ten participating countries with which the UK has varying degrees of historical ties, presenting opportunities to cultivate person-to-person relationships. Several business hosting opportunities were enabled, and in some cases, the Cricket World Cup demonstrated how MSE can play a role in accelerating thinking and strategy.

For example, during the tournament in Manchester, ties were cultivated with several key personnel from India, accelerating activity around making Manchester a hub of investment education and cultural exchange for India through the Manchester India Partnership, with travel and other links between the two locations boosted.

In addition, a trade programme was set up through DIT, and an ancillary FCDO diplomacy programme aimed to get tickets to attendees to support trade and political aims.

Lessons learned

The event provided opportunities to drive greater engagement with business and political audiences at a sub-national level, helped by alignment with pre-existing strategic objectives in the case of Manchester, and the multi-venue nature of the Tournament. Maximising these opportunities can be helped and enhanced by collaboration between sports national governing bodies and central government to explore common goals.

Advanced planning of strategic engagement in collaboration with government could increase the potential to drive soft power, trade and investment outcomes. Whilst Manchester offers a regional example of leveraging the event to make progress towards strategic aims (Birmingham offers another, in investing in city activation and achieving redevelopment of Edgbaston), there may have been further opportunities for other host venues to undertake similar activities. There is potential for fuller recognition and investigation of opportunities presented by similar subsequent events at a national government level.

As a parallel, 2015 Cricket World Cup in Australia and New Zealand saw large-scale government investment in ceremonies, fan zones and marketing, with the aim of generating positive economic returns. Whilst the 2019 event was a significant sporting success, there may be scope to improve greater returns on future events.

How to maximise opportunities

There are lessons to be learned from each MSE, and each event considered within this study has sought to learn from others. This sub-section summarises the key opportunities for development based on the evidence review and stakeholder consultation on recent events held within the UK, specifically from a soft power, trade and investment perspective.

Set soft power, trade and investment objectives

Across events held in the UK over the past decade, London 2012 was the only event for which trade and investment goals were set and progress was subsequently reported back on. This reflects the scale of the Games themselves – and the natural alignment between how large an event is and the immediate opportunities to drive trade and investment benefits – but also highlights the opportunity to further focus on trade and investment impacts in relation to MSE.

Beyond this, business hosting around the Cricket World Cup took place in London, with associated objectives set by the facilitating partners.

Nevertheless, MSE stakeholder consultations suggest that host stakeholders of UK events have the opportunity to do more to target soft power, trade and investment impacts and to monitor their achievements in forms that reflect the scale of each event.

Emphasise timely, purposeful engagement

There is evidence of different MSE stakeholders – from local governments to private businesses – achieving highly successful engagement to build stronger connections between cities and nations. In particular, this has been through hosting visiting nations and fans, and through host city activation to showcase local culture and heritage, and frame MSE as part of a wider programme of a locality's attractions. However, our interviews suggested there are opportunities to build towards doing more in relation to trade and investment engagement in particular.

Business stakeholders value early engagement with event host stakeholders, both from a procurement perspective, but also to understand opportunities for sponsorship, to align with social programmes and to showcase capabilities. The 2022 Commonwealth Games and the 2021 Rugby League World Cup (recently postponed to 2022) stand out as events for which host stakeholders have sought out this early engagement and have considered the wider programming and activities that can provide forums for business engagement. In both cases the involvement of DIT¹⁷ has helped shape these activities.



Engaging with decision makers is an important aspect of soft power, trade and investment impacts. This is not always straightforward, and event host stakeholders need to think creatively about their offer and how this can be made appealing and accessible – especially by offering unique experiences. As an example, the Major League Baseball (MLB) series played in London in 2019 hosted mid-week, event-related networking opportunities that leveraged host city culture and targeted key decision makers at a more readily accessible time and location.

Increasingly, event organisers are looking to engage with businesses that are active partners when sponsoring MSE. There is an opportunity for businesses to look beyond traditional hospitality and brand promotion, using MSE as a means to engage staff and customers in activities linked to their values.

Responsibility for achieving impacts could be more clearly defined and assigned

A common theme across the consultations is that MSE require coordination and collaboration across central and local government bodies, events rights holders, organisers, businesses and numerous others to maximise soft power, trade and investment opportunities. Events deliver more where the roles and responsibilities of each stakeholder group are clearly defined and where objectives are aligned. Where this is not the case, 'legacy' impacts can lack clear ownership, which can in turn hinder effective cross-stakeholder coordination, and opportunities are more likely to be missed.

From a soft power, trade and investment perspective, the ownership of these impacts and activities could often be better defined, with London 2012 standing out as a good guide to what can be achieved (in this case, amongst wider activities linked to the event, UKTI led several programmes and initiatives; supported by £4 million of public funding).¹⁸ In part, this reflects the limited extent to which trade and investment objectives have been clearly set for other recent MSE.

“

MSE organising committees do not typically have the capacity to cultivate networks across diplomatic circles.

Major sport organising body

¹⁷ DIT inward investment data; EY analysis

¹⁸ DCMS – Report 5: Post-games evaluation: economy evidence base.

Whilst opportunities of the scale of an Olympics are rare, the consultations undertaken as part of this study indicate that the principles of legacy ownership from London 2012 remain applicable to smaller scale events. Indeed, for smaller scale events even marginal gains in terms of soft power, trade and investment outcomes can substantially raise the relative return on investment.

MSE are short term by their nature and therefore require stakeholders – whether local or national – to act as an anchor for longer term interests. The Gold Framework – a public document authored by UK Sport and DCMS on available UK-level support in bidding for and staging MSE – provides guidance on key considerations in delivering legacy benefits.

Central to delivering long term impacts is what is expected of event organising committees. Consultations with organising committees and other entities involved in MSE confirm the fundamental expectation and responsibility of an organiser to deliver a well-managed sport event, but that aspects of the wider impacts of an event also often fall upon the organiser. This can prove problematic for two main reasons; (i) the organiser is by its nature often a short-lived entity – in many cases largely disbanded shortly after the event; (ii) the organiser will often have limited capacity to deliver on responsibilities beyond the core event itself.

When event organisers have greater capacity to focus on their core objective of delivering the event, organisers

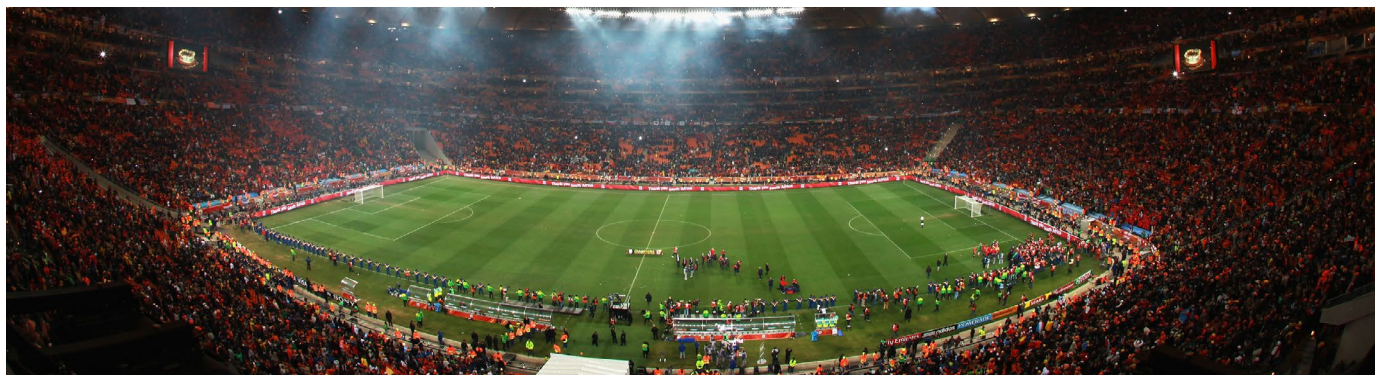
are likely to deliver more effectively on their core event objectives, whilst still being able to act as a facilitator to allow other stakeholders to maximise wider event impacts.

Establishing more partnership-like relationships with event host stakeholders, working towards common goals, also offers a route to improved outcomes. This can be supported from the outset by potential hosts targeting events that can help to make progress towards their strategic objectives. The 2019 Netball World Cup in Liverpool, for example, adopted this approach, involving the City in the event governance and oversight through Liverpool City Council's position on the board of the event, which promoted improved alignment. Ultimately, the awareness, promotion and engagement objectives for the event were met and exceeded, and led to the creation of Sport Liverpool to embed these learnings into future events hosted in the city.

Retaining institutional knowledge presents an ongoing challenge

The temporary nature of events presents a risk that learnings and expertise gained from each event are lost and that each new event starts from a lower platform of knowledge than they would ideally need to. Platforms for capturing and sharing knowledge, such as the UK Sport Major Event Knowledge Transfer Programme, can therefore play a crucial role in improving soft power, trade and investment MSE outcomes.

At a local public sector level, organisations such as London & Partners and Sport Liverpool are good examples of hubs of local expertise on both how events can be leveraged to deliver positive outcomes, and how these outcomes align with local objectives.



Major League Baseball

Background

Major League Baseball (MLB) is looking to expand into new markets outside its North American base, playing two games at the London Stadium in 2019 (and had planned to in 2020 but for the pandemic), and is now looking at where else MLB games could be hosted over the next five years. There is a small, dedicated European fanbase in some countries, including the UK (40-50k 'avid' fans); beyond this, large quantities of merchandise are sold to people with no interest in baseball, driven by the brand association of teams to their cities and cultural icons. Playing a showpiece event in London was about taking the best of a US baseball experience (food, between innings experience etc.) and supersizing it, showcasing the culture of two iconic US cities in Boston and New York.

How events were leveraged to achieve soft power, trade and investment outcomes

MLB is a good example of an event promoting business relationships, as the US is a key trade partner, particularly for the City of London. Several receptions and a business hosting programme took place alongside the event. One example of positive engagement included an event held at the Tower of London on the morning of a game, offering selected business personnel a chance to meet the players; a 'money can't buy' opportunity.

MLB teams are generally owned by high net worth individuals. Hosting the game allowed London to further its connections with those individuals, opening up opportunities for further transatlantic business.

London has since made it clear that it would like MLB to return, suggesting MLB was a success from a business relationship perspective, whilst London & Partners report positive impacts.

The event also contributed to positive perceptions of London amongst visitors, with 79% of those surveyed saying they would now recommend to London to people they know as a place to visit.

Lessons learned

Wider event programming can be highly effective in reaching senior decision makers; it is important to consider the intended audience and tailor programming accordingly.

Whilst MLB organisers have a good relationship with the US embassy (cultural attaché office) – the embassy were not involved in the organisation of the game. Facilitating their involvement from an early stage may have increased the opportunity to derive diplomatic benefits.

The MLB organisers' key relationships tend to be with cities and states rather than central government, with the most crucial relationship for the UK event being with City Hall. This contrasts with some other event host stakeholders which view central government as the key relationship, and illustrates the importance of government coordination to maximise opportunities across all sports.





6

International MSE impacts and strategies



This section considers the evidence from the international landscape of MSE, drawing out the primary opportunities for the UK to learn from overseas experience to improve its ability to drive soft power, trade and investment impacts. As with Section 5, this draws both on the evidence review and the stakeholder consultation.

This section comprises:

- ▶ Contextual summary of the international MSE landscape: examples of best practice, players beyond nation states and risks and limitations of hosting benefits
- ▶ Evidence of success from past international MSE in driving trade and investment
- ▶ Lessons for the UK from international evidence

Explaining the international context for sports diplomacy

There are many facets to soft power, trade and investment, and sport, which manifest themselves to varying degrees in different transnational contexts. In many cases, the interests of the nation state may be most prominent, but the interests of cities and regions, as well as International Sport Federations, global media, and transnational governance all come into play.

Australia is perceived as a leader in the field in sports diplomacy strategy

Looking through the lens of the nation state, and their thinking on sports diplomacy, Australia has been the pioneer. Australia was the first to publish a national Sports Diplomacy strategy, in 2015. With a three-year horizon, the document was quickly revised and a version looking out to 2030 was developed. The significance of this example is the extent to which the Australian Government's Sports Diplomacy strategy became a comprehensive exercise, encompassing leading branches of government and external stakeholders from across Australian society and beyond. The document sets clear aims within the context of the strategy, although it stops short of setting tangible key performance indicators against which progress might be measured. Such a strategy also requires agreement from stakeholders to activate supporting activities, and the funding to allow effective implementation.

Other nations have sought to develop comparable national strategies, but few have emerged with such an explicit

mandate as Australia. In the Gulf, sport has featured heavily, but not uniquely amongst national strategies for 2030 e.g., Qatar, UAE, Saudi Arabia; and in other countries such as Japan and the UK, sport has featured in operational considerations such as toolkits rather than as explicit national strategies.

France is an increasingly important player in global sport diplomacy

France has a long standing history of organising international sport, from Jules Rimet's influence on football to Pierre de Coubertin's Olympic legacy. Today, France is a prominent MSE host having invested in attracting major events with an increasing focus on how sports diplomacy and a coordinated approach to sport can help to achieve wider public policy objectives. In recent years, France has held men's UEFA EURO 2016, the 2018 Ryder Cup and the 2019 FIFA Women's World Cup, which set new viewership records with 1.1 billion viewers.¹⁹ In the coming years, France will host the 2023 Rugby World Cup, followed by the 2024 Summer Olympic and Paralympic Games in Paris.

The French Ministry for Europe and Foreign Affairs' Sporting Diplomacy Team has three key focus areas:²⁰

- ▶ Increase French influence in sport
- ▶ Make sport a priority for the Ministry and its network
- ▶ Make sport an integral part of France's economic diplomacy

This illustrates the strategic approach being taken to sport diplomacy in France, using MSE to grow influence and achieve both sport and non-sport outcomes.

¹⁹ Forbes – FIFA Women's World Cup Breaks Viewership Records: <https://www.forbes.com/sites/alanaglass/2019/10/21/fifa-womens-world-cup-breaks-viewership-records/?sh=69cac6be1884>

²⁰ French Ministry for Europe and Foreign Affairs – The main themes of sports diplomacy: <https://www.diplomatie.gouv.fr/en/french-foreign-policy/sports-diplomacy/infographic-the-main-themes-of-sports-diplomacy/>

Sub-state and pan-state players can be just as significant as nation states

It is important to recognise that the international context for MSE, soft power, trade and investment is not just made up of nation state approaches. Sub-state actors, such as Wales within the United Kingdom, and Catalonia and the Basque region within Spain, have also sought to leverage sport for soft power trade and investment purposes. Enabling sports diplomacy strategies have been further developed in other contexts. The United Nations has played its part, from its Sustainable Development Goals to UNESCO's 2017 Kazan Action Plan and subsequent 2020 publication. The European Commission is also developing a sports diplomacy framework for 2021-23.

The Australia example also illustrates some of these nuances. Much MSE hosting and sport diplomacy activity is conducted at city and at state level, as well as nationally, whilst MSE past and potentially future are jointly hosted with New Zealand. In the case of football, this would be pan-confederation, should there be a successful World Cup bid. It is notable in this context that UK Sport are exploring co-hosting opportunities with international colleagues.

Hosting MSE carries downside risk as well as opportunities

In considering the international dimension of sport, there is a need to recognise risk. Different sovereignties and jurisdictions in sport juxtapose different political prerogatives and values and this is an especially important for soft power considerations, given that a key component of soft power is reputational.

The difference between perception and reality are also manifest in MSE. From the overt propaganda of Adolf Hitler's 1936 Berlin Olympics to the terror attacks at the 1972 Munich Olympics, or the 1976 Montreal Olympics for which the residents of the city finished paying off hosting costs in November 2006 – 30 years after the games closing ceremony, the impacts of hosting MSE can be long-lasting and hard to dispel.

'Sportswashing' is a term used to describe the use of sport as a means of Soft Power to achieve political ends (Chadwick, 2018),²¹ often as a means of demonstrating competence in hosting MSE to distract from political concerns. This provides an example of where even a 'successful' MSE could carry risk; host nations would prefer for the focus to be on the event and on the positive outcomes that result from it, rather than creating a perception that it is simply a distraction tool. Attempts to positively shift perceptions may critically undermined where they are perceived as lacking credibility.

The benefits of MSE can be transient; repeat events can therefore generate longer lasting benefits

A driver of hosting sport events is to change perceptions of the host through the course of the event, including its build up and post-event legacy. Whether considering a 'top tier' MSE (i.e., Summer Olympics or FIFA World Cup), or smaller scale MSE, bid documents and preparations speak to enhancing the host reputation – although larger scale events may receive more prominent central government support than smaller scale events. The rationale reveals the

opportunities that hosts believe will flow from the events. The key point here is whether changes in perceptions last amongst relevant audiences.

A city, country, and a sport itself earns and reinforces a reputation for hosting a successful event over the course of many years – as exemplified in the UK by events such as Wimbledon and Lord's Test Matches. The familiarity of a schedule, branding and recurring narratives contribute even when the venues change such as through the course of the Tour de France.

As such, the impact of sports hosting is best thought of as transient. This is supported by Jakobsena et al's (2012)²² finding, that benefits accruing from MSE tend to be temporary. Similarly, Simon Anholt, author of the Good Country Index, finds that long-term impact on national standing of hosting MSE is marginal, with perceptions for single events rarely outliving a 4-6 week period.

For some hosts, a short-term bounce is enough, whilst others seek longer term sustained impact.

From the perspective of business, forging long term partnerships with particular locations or event series is often attractive, since this can offer more high quality opportunities for engagement and brand building. Forging a strong MSE pipeline and planning longer term engagement strategies can facilitate the development of a longer term mindset, potentially opening up more opportunities for successful business partnering and sponsorship.

²¹ Simon Chadwick – Sport-washing, soft power and scrubbing the stains, 2018

²² Jo Jakobsena, Harry Arne Solberg, Thomas Halvorsen and Tor Georg Jakobsen (International Journal of Sport Policy and Politics), 2012 – Fool's Gold: Major sports events and foreign direct investment

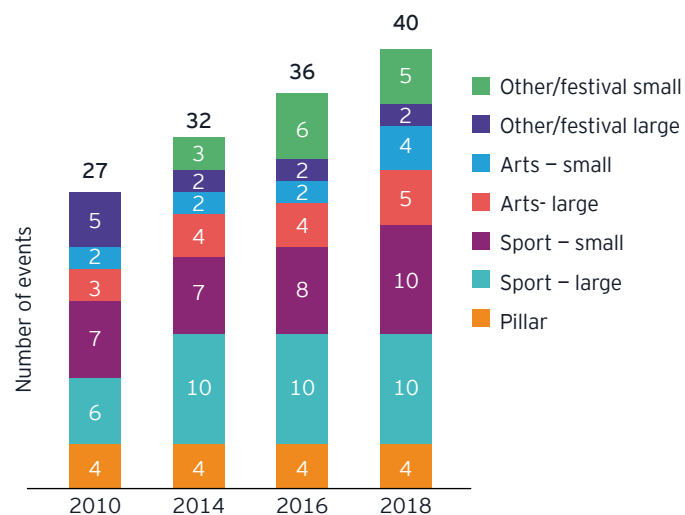
Evidence of success: international MSE driving trade and investment

Continuity of strategy contributes to a strong pipeline of events

Australia's public sports diplomacy strategy notes that sport generates substantial business and attracts significant investment for Australia.

Continuity – both of strategy and in terms of series of events – keeps a location in the forefront of the mind and therefore delivers the best opportunity for sustained trade and investment benefits. For example, there is a growing number of events – including large and small sport events – in Victoria State, as illustrated by the chart below.

Number of events held in Victoria, Australia



Source: EY Analysis

Further, Brisbane has been selected to host the 2032 Olympic and Paralympic Games.

Getting the strategic mix and event ingredients right sets up MSE for the best chance of success:

- **Investment and infrastructure:** The costs of hosting MSE can be reduced where there is already a good logistical infrastructure network in place. In addition, hosting MSE offers an opportunity to align required investment with existing policy aims. South East Queensland's City Deal objectives regarding investment in transport infrastructure are aligned to the 2032 Olympic bid delivery requirements. A high percentage of venues – approximately 80 per cent – already exist or can be delivered through temporary solutions, and a range of options may be pursued to meet remaining venue requirements with long-term legacy benefits for the State. Similarly, the airports which would serve as the main gateway are already delivering significant investment programmes.
- **Policy alignment and international visitors:** Alignment of MSE with government policy objectives opens up sources of funding. The Australian Grand Prix, which supports Sports Diplomacy 2030 by attracting 12,000 international visitors annually, requires £45 million of funding each year. £27 million of this is met by the Australian Government.

Similarly, as part of hosting the Australian Open, in addition to covering £56 million of annual operating expenses, the Australian Government provided \$400 million of capex to support the redevelopment of Melbourne Tennis Centre. This provides a good example of hosting MSE contributing to policy being delivered.

Lessons for the UK

Maximising the strength of the MSE pipeline can generate continuous benefits

Whilst the evidence presented in this report suggests that MSE can deliver soft power, trade and investment benefits in their own right, it also indicates these can be transient.

France, which has a focus on sport diplomacy and influence, has a strong MSE pipeline. Similarly, Victoria – and more widely, Australia – has cultivated a healthy and diverse MSE pipeline, helping to drive both delivery efficiencies and impact opportunities. This is echoed in the UK's Sport Major Events Programme, and the cumulative benefits of hosting multiple events emphasise the importance of continuing to nurture a robust MSE pipeline within the UK in order to extract value from each MSE.

Australia also provides an example of how recurring sport events (which are outside of core MSE focus of this report) can also contribute to soft power, trade and investment outcomes. In these cases, focused public sector support – such as for the Australian Grand Prix – can enable these wider impacts. In this context, it is welcome that UK Sport is increasingly taking on a role in recurring events that could open up such opportunities.

Gold Coast Commonwealth Games

Background

The Gold Coast hosted the 2018 Commonwealth Games, showcasing the city and the State of Queensland to countries across the Commonwealth and beyond.

How events were leveraged to achieve soft power, trade and investment outcomes

The Games had a significant impact, promoting trade and translating to additional future exports and FDI additional future exports and foreign direct investment estimated at over £470 million over the subsequent four years.²³ This was driven in part by the wide reach of the event, welcoming over 1.3 million visitors and being broadcast to 1.5 billion people.²⁴

The associated trade programme – Trade 2018 – helped to support the impact delivered, with 64% of surveyed international delegates ‘likely’ or ‘extremely likely’ to increase investments into Australia or buy Australian goods/services following the event. Festival 2018 – the arts and culture programme – also helped to showcase the city, attracting over 1.1 million visitors.²⁵

Approximately £1 billion of additional or brought forward investment was made into transport infrastructure and venues ahead of the games, increasing the quality of event delivery.²⁶

The relative simplicity of the governmental structure (primarily dealing with just two government bodies:

Gold Coast and State of Queensland) has been cited as a reason for the successful delivery of wider benefits such as trade and investment.

In addition, the games were a positive force in the fields of sustainability and diversity and inclusion. International best practice standard, ISO 20121, a leading model for sustainable outcomes, was implemented for the event. Women’s Rugby Sevens and the Para-Triathlon were included for the first time at a Commonwealth Games, whilst diver Tom Daley’s powerful speech contributed to positive perception change.

Lessons learned

City activation is crucial to maximising benefits. Investment was targeted successfully at presenting the city well, but could have additionally been used on an integrated campaign to take full advantage of the city beyond the Games themselves (e.g., additional ceremonial and cultural events, fan zones).

82% of Games-wide contracts were awarded to Queensland businesses, worth nearly £1 billion; a clear boost for the local economy. There was a need for significant upskilling and mentoring of local business in advance of the event, to ensure adequate quantity and quality of supply. Event host stakeholders in future should plan this in as early as possible, partnering appropriately to maximise local knowledge and preparedness, and retaining this beyond the event.

A coordinated and sustainable sport and MSE strategy aligned to policy objectives delivers lasting impacts

A common theme from the evidence gathered is that timely strategic thinking is an important factor in delivering soft power, trade and investment benefits from MSE. Inclusion of key soft power, trade and investment goals within existing MSE hosting strategies could be used to maximise the likelihood of achieving positive outcomes in these areas across events of all sizes.

Australia provides an example of a state with such a published strategy which the UK may seek to adapt to its context and objectives. It is critical that such a strategy has both the agreement of stakeholders and the funding and incentives in place translate strategy into action.

Alignment of stakeholders can ensure a coordinated approach to harnessing benefits

The consultations suggested that possible disconnects between stakeholders when delivering MSE can reduce the success or scale of lasting impacts. Depending on the aims and scope of an MSE, organisers benefit from engagement with a range of government functions at local and national levels. The public sector in particular can streamline stakeholder management by offering single points of contact through which event organisers can communicate with government and access support.

One of the key benefits that Australia’s sports diplomacy strategy points towards is the involvement and coordination of different stakeholders. This is a useful reference point for how the UK might also seek to promote coordinated action and alignment of priorities, creating greater potential for soft power, trade and investment benefits to materialise.

²³ Queensland Government – 2032 Olympic and Paralympic Games; EY analysis

²⁴ EY analysis (2019 mega events study)

²⁵ Ibid

²⁶ Ibid

UK presence at overseas events can serve domestic interests

The focus of this report is on MSE held in UK. However, the UK has presence at events overseas – in terms of both participation and organisation – and this can be leveraged to gain traction within international markets, to increase influence and explore export opportunities.

Several consultations found that diplomacy can be progressed in the corridors within stadiums via hospitality and at the margins of MSE, such as with business, between governments, and trade associations. There are therefore benefits of ensuring that the 'right' personnel are sent to overseas events – and of engaging in focused exercises like the UK House at Rio 2016.

The Rugby World Cup in Japan in 2019 provided an opportunity to change perceptions of Wales, with the team's presence having significant local impact and drumming up support, against a backdrop of very limited prior knowledge of Wales in Japan. This led to some benefits in Welsh-Japanese trade, and whilst it represents an example already taken advantage of by part of the UK, there could be gains for the other constituent countries to make by following this lead.

At the same time, the UK also needs to be mindful of the benefits to visiting nations at UK-hosted events. This could take the form of sharing knowledge and best practice, and providing forums that support visiting nations in building the connections and profile that the UK values from its presence at events overseas.

Expos: lessons from non-sport mega events

Background

The Bureau International des Expositions (BIE) oversees and regulates Expos, which are non-commercial international public exhibitions that bring together governments, international organisations and millions of visitors. The most prominent of these events are World Expos, the next of which will be hosted in Dubai from October 2021 to March 2022.

How Expos are used to leverage soft power, trade and investment outcomes

Expos are mega events, offering hosts an opportunity to showcase their capabilities, to build connections and share knowledge. Like MSE, Expos therefore offer potential for significant soft power, trade and investment impacts.

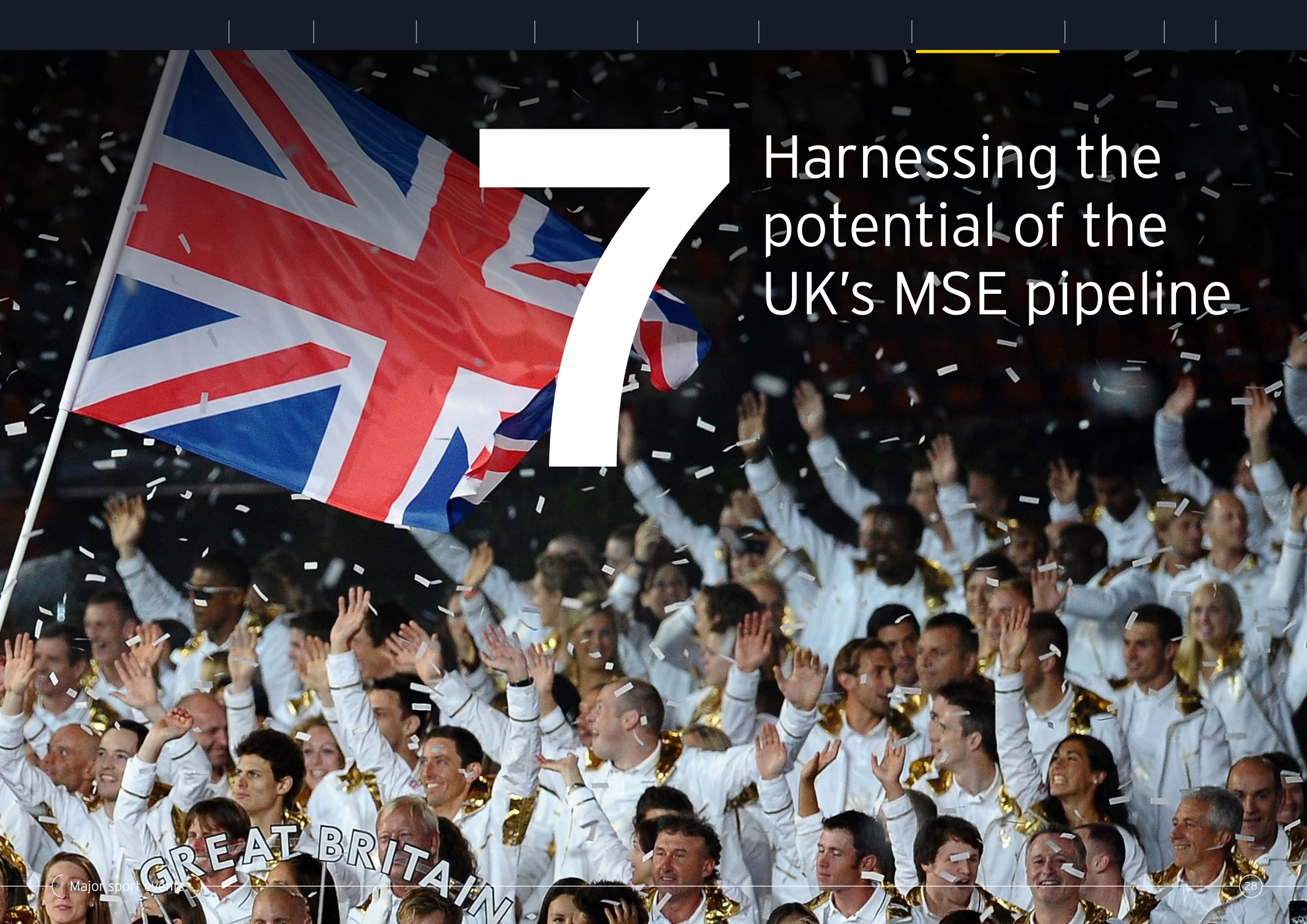
Recent examples include the 2010 Shanghai World Expo, through which China was able to substantially strengthen diplomatic and economic relationships with a host of nations. In addition to the trade deals announced during the Expo itself, the Expo was a catalyst for the opening of 21 embassies, formalising diplomatic ties which had not been in place prior to the Expo.

Expos demonstrate the power of major events to encourage political differences to be put to one side, even if only temporarily, to promote constructive dialogue and

collaboration towards common goals. This is especially evident in the candidature process for hosting Expos. Through this process, prospective senior representatives of host candidates meet with their counterparts from other BIE member nations to secure support for their proposals. This process has substantial diplomatic value in and of itself, as prospective hosts build connections that have in the past led to enhanced trading and political relationships independent of which host bid is ultimately successful.

Lessons for MSE

In the first instance, host candidates and participating nations for Expos must demonstrate a compelling rationale for hosting or participating. This is unique in each case, but requires understanding the strategic objectives that Expo supports and buy-in at the highest levels of Government. Hosting MSE can be seen through the same lens; the starting point must be an understanding of how MSE support broader strategic objectives; and greater impacts are likely to be possible where these objectives are supported at the highest levels of Government.



7

Harnessing the potential of the UK's MSE pipeline

GREAT BRITAIN

The UK has a robust MSE pipeline potentially delivering at least £4bn through soft power, trade and investment impacts, and culminating in the 2030 men's FIFA World Cup

The coming decade presents a host of MSE opportunities for the UK. From the Rugby League World Cup scheduled for 2022, to the 2022 Commonwealth Games in Birmingham, and a potential FIFA World Cup in 2030, there is a huge diversity of events through which to share the UK's values and to provide a platform for UK host towns, cities, regions and nations to engage with the world.

These events have the potential to attract millions of visitors to the UK and to engage with wider audiences of billions. Based on previous events this could yield at least £4 billion in trade and investment impacts – and could potentially achieve even greater returns and further drive long-term benefits from MSE through effective cross-stakeholder collaboration.

Soft power, trade and investment impacts:

£4bn

A coordinated and strategic plan running alongside MSE that the UK bids for and hosts allows for responsiveness to changes in the wider societies that the events reflect, enabling them to achieve their full potential in respect of soft power, trade and investment outcomes. Throughout 2020 and into 2021, severely limited attendance has heavily constrained how events can operate, and may continue to do so for some time. But as the pandemic is brought under control, these restrictions will give way to the safe return of spectators and a resurgent enthusiasm to travel and attend events. Whether focusing on international collaboration, sustainability, climate change, digital engagement, diversity and inclusion, or other key issues and challenges, MSE in the UK over the coming decade will achieve more by defining their values and purpose, and ensuring that they align with those of their host towns, cities, regions and nations.

The £4bn of soft power trade and investment impacts are underpinned by an additional £7bn of expenditure driven economic impacts

The UK MSE pipeline contains 82 events. By cross referencing each event to a selection of over 200 comparator events matched for likely visitor attendance and other characteristics, 35 of the 82 events were assigned approximate economic impacts.²⁷ This drives an estimated aggregate net economic impact of the MSE pipeline of £7 billion flowing into the UK from overseas.²⁸ The success of the World Cup bid will have a large bearing on this potential pipeline.

Quantified evidence of soft power, trade and investment impacts generated by MSE is limited, with only two events having robust, published estimates available: the London 2012 Summer Olympic and Paralympic Games, and the Gold Coast 2018 Commonwealth Games. Whilst this is a limited evidence base in terms of breadth of events, it does shed light on the scale of trade and investment impacts that have been achieved in the past for multi-sport events of different scales and in different settings.

Combining the findings of the respective evaluations indicates soft power, trade and investment of approximately 60% of the level of the typical expenditure-driven economic impacts (i.e., excluding trade and investment).²⁹

The UK pipeline of events could therefore be expected to achieve £4 billion in additional soft power, trade and investment impacts. Recommendations regarding how to surpass this impact conclude this section of the report.

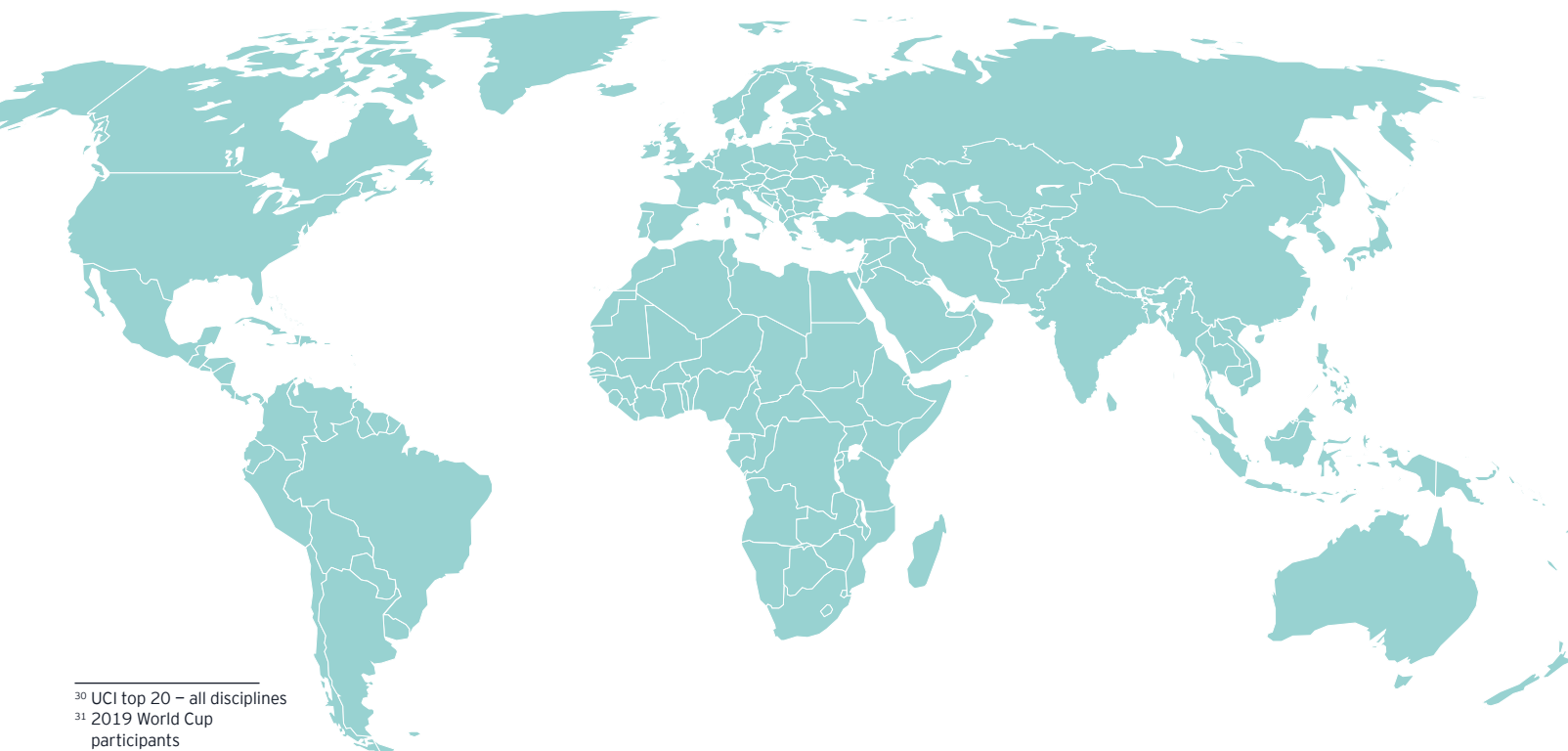
²⁷ The group of studies of the economic impacts of comparator events used to inform the potential economic impact of the MSE pipeline uses several measures, with some considering GVA impacts whilst others look at expenditure. These measures are often comparable in magnitude, and are assumed to be broadly equivalent for the purposes of this study.

²⁸ Economic impacts presented are considered on a net basis, including only those impacts that can be considered additional at to the focus geography (e.g., national or regional).

²⁹ See study methodology appendix for further detail on the relationship between economic impacts and soft power, trade and investment.

Key sporting nations within the UK MSE pipeline

Click on the below buttons for more details ▼



³⁰ UCI top 20 – all disciplines

³¹ 2019 World Cup participants

³² 2018 Athletics Champs medal table top 7

³³ FIFA rankings top 20

2022 Commonwealth Games

Background

Changing perceptions of Birmingham and the West Midlands as a tourism and investment location is a key aim, as is supporting the levelling up agenda.

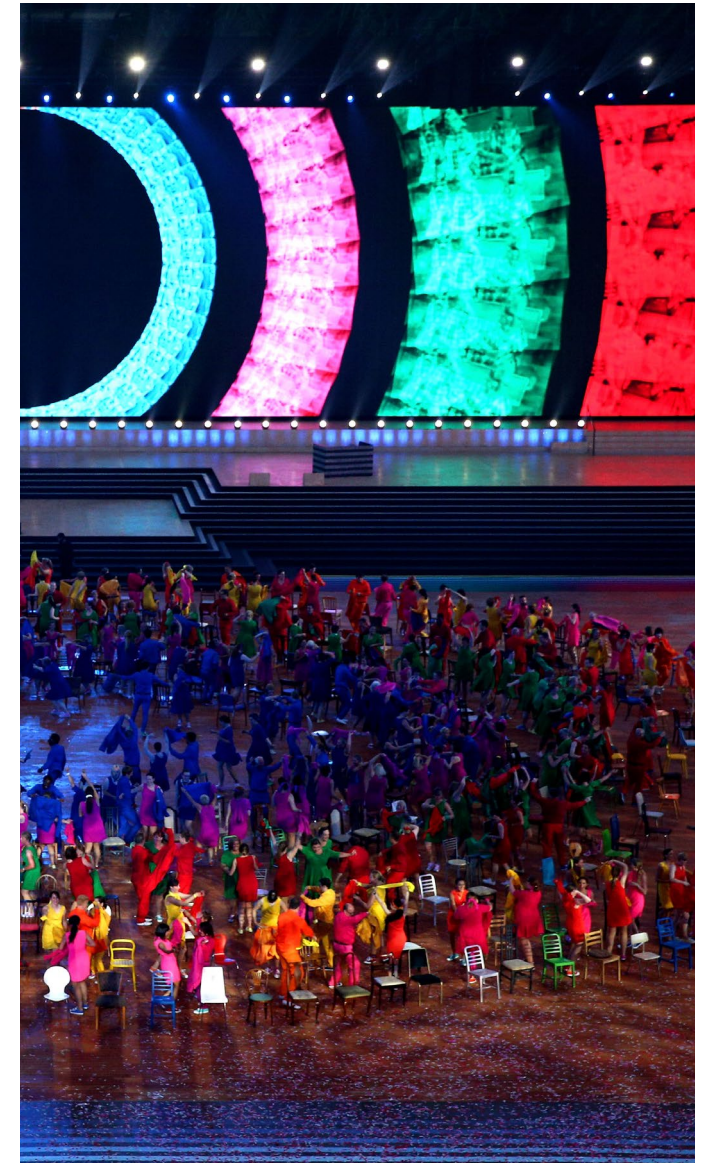
How the event is being leveraged to achieve soft power, trade and investment outcomes

- ▶ Promotion of agendas and perception strengthening:
 - ▶ Showcasing the UK as a leading economy and player within the Commonwealth that is open for business post-Brexit.
 - ▶ Promoting important agendas such as equality and sustainability.
- ▶ Leveraging large-scale government funding to boost trade and investment: The trade, tourism and investment programme is integral to maximising political and business outcomes and selling the city. The Games includes programmes to upskill local businesses, working with local facilities including Edgbaston, Villa Park and the University of Birmingham, and establishing a UK House (which has been successful at past events).
- ▶ Working with state and sub-state actors to leverage relationships and achieve various outcomes:
 - ▶ Locally: disruption management and economic benefit generation.

- ▶ Regionally: sustainability and showcasing industry and commitment to air quality.
- ▶ Nationally (central government): capitalising on Commonwealth connections and generating the feel-good factor seen at London 2012 and Glasgow 2014.
- ▶ Internationally: partnering with FCDO to work with embassies, DIT, West Midlands Combined Authority, and VisitBritain (to deliver international tourism).
- ▶ Convening of decision-makers: Delegations from across the Commonwealth should attend, enabling businesses to make connections (even if not direct suppliers). The LOC has focused on the Queen's Baton Relay, with wider relationship development led by DIT/DCMS.

Lessons learned

- ▶ Building event hosting into a locality's existing strategy from an early stage can contribute to achieving an even more positive event legacy, particularly when this is led from outside the LOC.
- ▶ Measurement of impact: Evaluation can be challenging for soft power outcomes. One way of navigating this could be pairing soft power outcomes with associated trade/investment impacts as an approximation.



Rugby League World Cup 2022

Background

Event postponed to 2022 due to the COVID-19 pandemic

The event has a clear purpose: to maximise social impact by reducing UK inequality, and using its social impact programme to deliver positive change overseas.

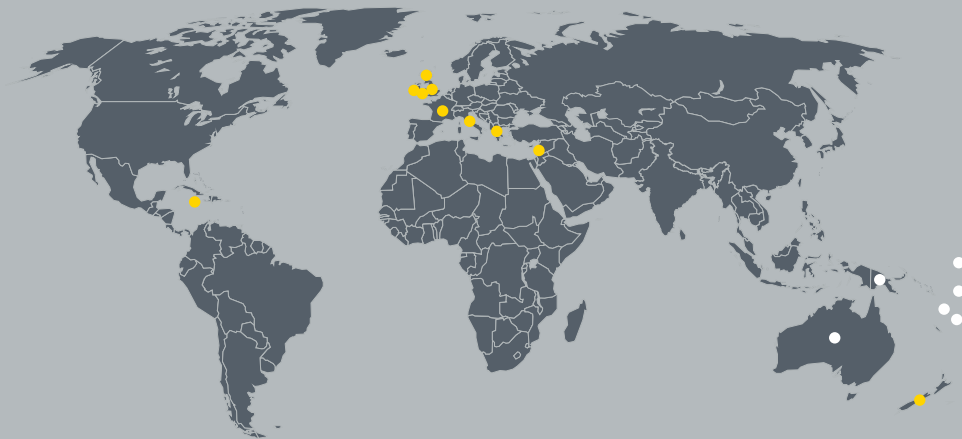
The event's narrative is being used as a powerful engagement tool. The Rugby League World Cup is the second-oldest professional international sports tournament and was first staged in 1954. The International Federation (IRL) recently gained observer status from the Global Association of International Sports Federations (GAISF). Combining rich history with newly granted sovereignty enables the tournament to be used for sport development.

How the event is being leveraged to achieve soft power, trade and investment outcomes

- ▶ Promoting the sport overseas whilst fostering diplomacy:
 - ▶ Key milestones in the lead up to the event, such as the draw for the tournament, have provided opportunities for diplomatic meetings.
 - ▶ The social impact programme saw a training programme hosted for school children in Papua New Guinea. Additionally, the Ambassador hosted a reception for the team that travelled, with political representatives present that opened up opportunities for diplomatic discussions that may not otherwise have happened.
- ▶ Strengthening relationships:
 - ▶ Strengthening relationships with South America, West Africa and the Pacific Islands.
 - ▶ Building bridges to be built between host cities and visiting nations – all 16 teams will stay in local bases for a month.

Lessons learned

Fully capitalising on soft power, trade and investment opportunities can be challenging. In this case the LOC's primary purpose is clearly to deliver a successful event, particularly in the challenging environment presented by the COVID-19 pandemic. The LOC team have set clear goals for the event, and early DIT support and business engagement has helped to embed trade and investment thinking into the event. The event could perhaps be leveraged to achieve even greater impact with clear UK and local government goals and support for soft power trade and investment outcomes.



Focused relationship development

- ▶ Australia
- ▶ Papua New Guinea
- ▶ Samoa
- ▶ Tonga
- ▶ Cook Islands
- ▶ Fiji

Other competing nations

- ▶ England
- ▶ France
- ▶ Greece
- ▶ Scotland
- ▶ Italy
- ▶ New Zealand
- ▶ Lebanon
- ▶ Jamaica
- ▶ Ireland (incl. Northern Ireland)
- ▶ Wales

Recommendations for further research

This report has distilled evidence from recent MSE in the UK and overseas, combined with stakeholder consultation, to summarise the observed and potential soft power, trade and investment impacts of MSE. Throughout the course of this study, several focus areas for further research have emerged, including:

- ▶ The need for evaluation of soft power, trade and investment impacts resulting from MSE – this is often overlooked and in many cases is rightly viewed as too difficult to fully quantify. However, by embedding proportionate evaluation practices into event evaluations (see below), a stronger body of evidence can be developed to improve learning and drive better outcomes. Crucially this should include comparison of pre-event expectations against outcomes.
- ▶ Evaluation of soft power trade and investment impacts at a city or regional level – as an extension to the above, an understanding of sub-national impacts can help to inform improved decision making regarding funding and contribute to greater understanding of how impacts can be maximised.
- ▶ Controlled analysis of sensitive trade and investment data – could support development of evidence based benchmarks for likely soft power trade and investment impacts linked to more readily observable metrics, such as event attendance and international visitation. This could include analysis of data held by DIT and local investment agencies, to help inform a better understanding of impacts achieved and provide benchmarks for future events.
- ▶ Network analysis of individuals and companies moving to work from one event on to others could help inform assessment of the benefits that flow from one event to others.
- ▶ A wider ranging consultation exercise could be conducted, including professional athletes and event broadcasters.

Measuring soft power, trade and investment impacts

The impact logic described in Section 4 provides a basis for appraising and evaluating these impacts before and after events take place. Measurement efforts should be proportionate to the scale of the event in question, but embedding even a high-level assessment for smaller events should help both to sharpen focus on what can be achieved and to improve post event understanding of what has been delivered.

Key focus areas for measurement should include:

- ▶ Setting of short- and longer-term objectives – considering alignment with wider strategic ambitions (such as of host city or region)
- ▶ Defining target audiences – such as general populations of nations or regions, specific businesses or sectors, governments or other public sector or sporting bodies
- ▶ Considering the role of wider event programming – such as business breakfasts, overseas engagement, community outreach and support
- ▶ Collecting evidence of audience engagement levels – such as through visitor numbers, broadcast audiences, businesses or individuals hosted – guided by target audiences
- ▶ Collecting evidence of engagement quality – such as feedback on relationships developed, changes in perceptions and intentions for the future relevant to event objectives
- ▶ Monitoring progress towards short and longer term objectives – such as evidence of trade and investment commitments, feedback from local and central government and other relevant stakeholders on event contribution

Conclusions and recommendations

Reflecting on past MSE in the UK and overseas provides some key principles to be applied by the City of London Corporation and UK Sport, alongside organisers, government and business to measure and maximise soft power, trade and investment impacts for future UK events. Three categories of recommendations to the events and sport sectors are set out below, with detailed recommendations that underpin these.

Click on the below buttons for more details ▼



Study methodology

Major sport events

ICC CRICKET WORLD CUP 2019

FINAL

Methodology summary

This study consisted of two primary phases: desk-based review and stakeholder engagement.

The desk-based review entailed gathering existing social and economic impact assessments, as well as any other relevant supporting literature, for 38 recent and upcoming major events (most of which MSE) in the UK and overseas. The information collated was wide ranging, and both quantitative and qualitative, within four categories:

- ▶ **Attendance:** including numbers of teams; tickets sold; unique spectators; overseas visitors; length of stay etc.
- ▶ **Economic impact:** GVA; employment; impact sourced from domestic/overseas visitors etc.
- ▶ **Event engagement:** social media and television reach; results from polls of visitor satisfaction
- ▶ **Qualitative considerations:** direct impacts on investment; communication and advertising strategies; initiatives, partnerships and sponsorship details; behaviour of participants/visitors; changes in international perceptions of values and capabilities, and associated business; diplomatic and other events
- ▶ **Trade and investment:** direct estimates of additional export sales and FDI resulting from the MSE and associated programmes

This information has allowed for the creation of summary statistics to consider the different types of impacts driven by UK and overseas events, as well as providing tangible

examples of the mechanism by which MSE have driven opportunities for trade and investment expansion.

In addition to this, a review of relevant literature from numerous sources (see below) was conducted, with a view to summarising the key soft power, trade and investment impacts of MSE, in addition to other relevant contextual topics, including Brexit and the COVID-19 pandemic.

The stakeholder engagement exercise entailed speaking with 39 senior individuals from 25 organisations across four categories:

- ▶ **Central government departments**
- ▶ **Local government and other public sector organisations**
- ▶ **Organising committees and rights holders**
- ▶ **Business community**

Key findings from this engagement were used to refine our understanding of the impact mechanism, and provide examples of where soft power, trade and investment have been influenced (and can be further influenced) by MSE.

Impact mechanism terms described

Events hosted in the UK – and other developed countries with large inventories of high-end hotels and extensive transportation networks – will have different cost profiles to those hosted in developing and transition economies. Less funding will be required for infrastructure; this could be diverted to other cost areas, such as communications and brand.³⁴

As a major player and soft power superpower, the UK gets more opportunities to host major events and further showcase its capabilities as a nation to large audiences, creating a circle of opportunity to develop trade and investment opportunities.

The relationship between economic impacts and soft power, trade and investment impacts

Data on 38 past MSE were collated for the purposes of this study. These events were found to have generated varying scales of (net) national economic impacts, ranging from smaller events generating around £100,000 in GVA or additional expenditure, to the London 2012 Olympics at approximately £20 billion (excluding trade and investment benefits).

This sample of events took place across the UK and overseas, covered several sports (including both single-sport and multi-sport events), and included events across a range of scales.

Few event host stakeholders have gone beyond the typical analysis of expenditure-driven economic impact analysis to quantify trade and investment impacts, however there are two key events for which studies sought to robustly quantify these impacts:

- ▶ London 2012 Olympic and Paralympic Games
- ▶ Gold Coast 2018 Commonwealth Games³⁵

It is anticipated that the 2022 Commonwealth Games will provide an additional data point in this respect.

³⁴ International Journal of Sport Management and Marketing – Assessing the Impact of Sports Mega-events in Transition Economies: EURO 2012 in Poland and Ukraine

³⁵ Queensland Government – Post Games Report. These publicly available Gold Coast Games impacts estimates pertain to Queensland State, rather than Australia as a whole. Whilst efforts were made to account for displacement, care should still be taken when comparing the magnitude of impacts with estimates of those from London 2012, which are at the national level.

These events primarily achieved trade and investment impacts by boosting exports, although significant additional foreign direct investment (FDI) was reported. At London 2012, approximately 67% of the reported trade and investment impact was achieved through increased exports, with the remaining 33% through FDI.³⁶ For the Gold Coast, export impacts represented approximately 80% of total trade and investment impacts.³⁷ In each case, sport economy exports were supported, but broader sectors, including education, life sciences, food and infrastructure were all targeted for promotion.

Whilst there is a limited quantitative evidence base for soft power, trade and investment impacts, in terms of breadth of events, it does shed light on the scale of impact that has been achieved in the past for multi-sport events of different scales, in different settings and relative to more

often measured economic impacts. Combining the findings of the respective evaluations indicates soft power, trade and investment equivalent to approximately 60% of the level of expenditure-driven economic impacts (i.e., excluding trade and investment).

There are several reasons to expect that expenditure-driven economic impacts may provide an approximate guide to potential trade and investment impacts, in particular:

- ▶ Expenditure impacts are heavily influenced by visitor numbers and related expenditure, which are in turn influenced by the scale and international appeal of an event; trade and investment impacts are similarly expected to be influenced by the scale of an event, its international reach and its ability to drive wider engagement.

- ▶ The soft power, trade and investment opportunities for larger scale events with larger economic impacts, are often more obvious and therefore attract more focused efforts to target positive outcomes.

The extent to which this relationship holds across events of different scales and formats requires further research. It is possible that smaller scale events may significantly exceed a 60% benchmark through targeted engagement and collaboration; and conversely that smaller scale events may not reach the critical mass required to generate these impacts. However, when viewing the potential impact of a diverse future event pipeline as a whole, this benchmark offers a guide to what can be achieved.

Sources

The desk-based review – including a collation of information and data and a literature review – utilised documents from the following sources, among others:

- | | | | |
|---|------------------------------------|--|---|
| ▶ EY event economic impact reports | ▶ Scottish Government | ▶ Expo 2020 Dubai | ▶ Modern Slavery and Human Rights APPG |
| ▶ UK Sport – Sport Industry Research Centre economic impact reports | ▶ West Midlands Combined Authority | ▶ Bank of Japan | ▶ The British Foreign Policy Group and the Centre for Social and Political Risk |
| ▶ The Sports Consultancy | ▶ Australian Government | ▶ University of London | ▶ International Journal of Sport Policy and Politics |
| ▶ Nielsen | ▶ Queensland Government | ▶ British Council | ▶ International Journal of Sport Management and Marketing |
| ▶ DCMS | ▶ ICC | ▶ British Council All Party Parliamentary Group (APPG) | |
| ▶ DIT | ▶ FIFA | ▶ Sport and Citizenship | |

³⁶ HMG – fourth annual interim report; EY analysis. £4.72 billion FDI; £14.2 billion total trade and investment impact.

³⁷ Queensland Government – Post Games Report; EY analysis. \$169 million export sales p.a.; \$41 million FDI per annum.

Contacts

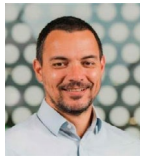


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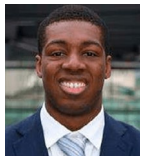


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