New Stadia and Regional Economic Development
When talking about event impacts more often than not the first thing that we consider is the economic impact.

The projected economic impact can be a major determinant in the decision to proceed with a bid or development of an event.

Economic impact studies are often undertaken not to provide an accurate assessment of the impact but rather to legitimize the decision to invest in the event.

Economic impact is theoretically based on money flowing into an area from outside the local economy.
Basics (II)

- “Ex-ante” vs. “ex-post”.
- “Academic” vs. “consulting”.
- “Primary economic impact” and “secondary economic impact”
Basics (III)

- Standard approach to measure (forecast) the primary economic impact:
  - The spending patterns of event attendees are sampled, averaged and then “up-scaled” to the overall event population.

- Methods to calculate the overall economic impact:
  - Multiplier Analysis
  - Cost-Benefit-Analysis
  - Input/output tables
  - Computable General Equilibrium (CGE) models
An Example: 2006 FIFA World Cup in Germany

“And the winner is ... Deutschland!” (Sepp Blatter, June 6th, 2000)

- EUR 1.6 billion for stadium (re)construction
- EUR 1.6 billion for stadium-related infrastructure
- EUR 515 million for stadium (re)construction in World Cup venue
- Up to 2 million foreign visitors expected
- EUR 2 to 10 billion additional GDP estimated ex-ante
- Up to 10,000 additional jobs estimated ex-ante
Existing ex-post studies are less optimistic:

- Kurscheidt, Preuß, and Schütte (2008) calculated a World Cup induced consumer spending of EUR 3.2 billion.
- Macroeconomic ex-post studies do not find such effect (e.g. Brenke & Wagner 2007, Maennig 2007).
- But: German GDP in 2006 was EUR 2,325 billion Thus: This is only an impact of 0.14%.
- Any positive effect might be lost within normal fluctuations (e.g. white noise).
- The effect will be stronger as data becomes more aggregated Ex-post analysis is like searching for the needle in the haystack.
Methodological Issues

As the haystack seems to large, several attempts have been made to achieve data disaggregation on 4 scales:

- regional scale
- scale of the target variable
- industry scale
- time scale
Why might *ex post* effects be (much) smaller than *ex ante* estimations?

- Deterrence effects
- Crowding-out effects
- Leakages
- Opportunity costs
Conceptual Framework

Source: Preuss.
Conceptual Framework

Conclusion & Recommendations

- Assessing the economic impact of an event is a NON-TRIVIAL task!
- As precise and careful as possible.
- If possible more sophisticated methods should be used (i.e. cost-benefit-analysis over multiplier based economic impact analysis).
- Economic impact assessment should be oriented at stakeholders (“Who is paying the party?”)
- Remember: (Tangible) economic impacts are not the only effects of events.
- Events should maybe seen as consumption and not an investment.