



The effect of winning the 2010 FIFA World Cup on the tourism market value: The Spanish case

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ABSTRACT

The objective of this article is to analyze the effect of winning the FIFA World Cup on the tourism market value, justified by the increase in brand knowledge experienced by the winning team's country. Filling this gap in research, the empirical analysis conducted on the victory of the Spanish National soccer team in the 2010 FIFA World Cup finds a significant increase in the Spanish tourism industry's market value, and shows that the results of individual World Cup matches also have an influence on tourism firm value: winning enhances and losing diminishes firm value, with both symmetric and asymmetric patterns. Important managerial implications are drawn and discussed.

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1. Introduction

In the days around the 2010 World Cup final, the conclusions by Kuper and Szymanski [45] about the winning country experiencing a 0.7% increase in its GDP spread like wildfire, generating debate as to how real this statement is and how cautiously one has to look at it [25,26,67]. Certainly, winning the World Cup is not going to bring about any long-term improvement in productivity capacity, for example, nevertheless, if we consider immaterial, intangible consequences derived from this victory, the concepts of image and branding immediately show up, which are critical core concepts for destination marketing [2]. Therefore, the objective of this article is to analyze the potential existence of an effect of winning the World Cup on the tourism market value, justified by the increase in brand knowledge for the winning team's country.

At the same time, this aim fills an existing gap in research. With the tourism market witnessing a fiercely competitive arena and destination marketing organizations looking for mechanisms to attract clients [7,64], it is no wonder that events are a key element in destination strategy [41]. Not for nothing is the management and marketing of events regarded as a critical area of research for tourism [68], and a large number of studies have been carried out specifically on mega-events [18]. These are large hyped events of world importance that are held with the expectation of having a major positive impact on the image of the host destination [9]. In this regard, Ritchie [58] and Ritchie and Aitken [57] indicate that mega-events increase awareness of the region as a destination, help position it and improve its long-term future prosperity by increasing economic activity and

creating new jobs, and as Dwyer et al. [22] plainly suggest, they help “put a city on the map”. Among them, sports events stand out. In fact, Higham and Hinch [35] identify sports tourism as one of the fastest growing sectors in the contemporary tourism industry, where sport event tourism plays a significant role [29].

This special interest tourism, in which people “participate in a sports activity, recreationally or competitively, travel to observe sport at grassroots or elite level and travel to visit a sports attraction” [17], has received a great deal of attention from academics and decision-makers [49,66]. This is because of its ability to help re-image destinations [65], but especially because of its high income-generating capacity and its major economic impact on the economy of the region [16,23,48]; in fact, it is considered a multi-billion dollar global business [66]. This explains why high-profile sport events are strategically included in the marketing plans of tourism destinations [32].

In this context, along with the Olympic Games, the other international sports event that garners much of the attention is the FIFA World Cup. Categorized as a hallmark event [40], this mega sports event generates a myriad of tourists, creates immense publicity in the media and, as Lee and Taylor [49] point out, showcases the host location, all of which help raise knowledge of the destination [47].

Paralleling the large number of studies on mega-events, tourism literature has analyzed—besides the usual impact analysis (e.g. Samsung Economic Research Institute [59])—several facets of World Cup events [48], such as tourist motivations to attend [41], residents' perception of its impact [43,40], the environmental impacts [13] or the capacity of the event to help change the image of the destination [42].

Certainly, a hallmark event such as the World Cup is designed to enhance the awareness, appeal and profitability of a tourism destination in the short and/or long term [58], as well as advertise

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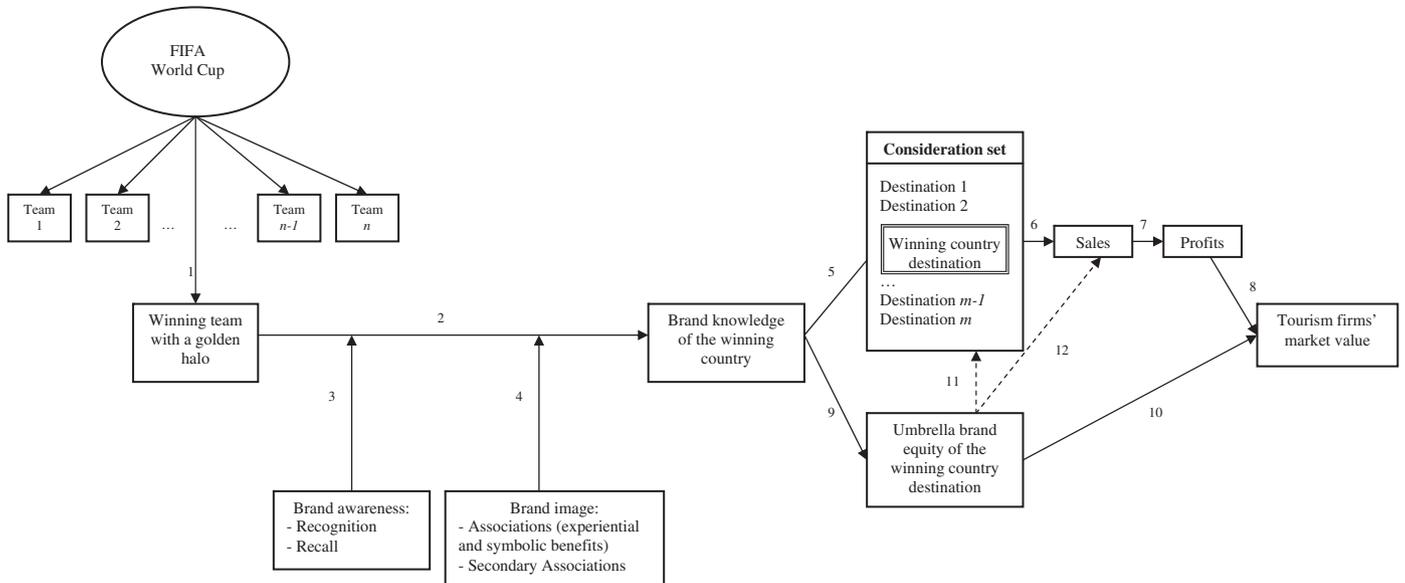


Fig. 1. Relationships between the World Cup winner and the tourism market value.

products to a global audience and leverage business opportunities in export and new investments [4]. In this respect, all the analyses have obviously revolved around the country hosting the event, attempting to find the benefits of holding the World Cup for the destination.

However, there is a lack of research on the World Cup winner; that is, how beneficial in tourism terms is it for the country that wins the World Cup? In a way, one can think of the winning team as a publicized product derived from the event, but here, the team represents a country, i.e. a destination. Therefore, the crucial question is as follows: is winning the World Cup going to have an effect on the tourism industry of the winning national team? This article complements prior research by attempting to answer this question. With this purpose, Section 2 reviews the relationship between winning the World Cup and the variation in the tourism market value, Section 3 describes the research design, covering the method and data used and the results obtained, and Section 4 shows the conclusions.

2. The effect of winning the World Cup on the tourism market value

Several teams compete in the World Cup, but only one is crowned with a golden halo (arrow 1 in Fig. 1). According to Fig. 1, and as justified below, we expect that this golden halo will have a positive effect on the winning country's tourism market value via brand knowledge enhancement of the country as a destination (arrow 2). The sources of this positive effect, based mainly on the components of brand knowledge, are discussed in detail below; a discussion that will be guided by the relationships depicted in Fig. 1 (note that the purpose of this figure is to outline—not to test—the relationships).

Brand knowledge is comprised of two basic elements [39]: brand awareness (arrow 3), which in turn implies brand recognition and brand recall, and brand image (arrow 4), which is determined by the different associations an individual links to the brand. These concepts are reviewed and applied to the World Cup context.

In accordance with the Associative Network Memory Theory, information is held in the memory through an interrelated structure of “cognitive networks”, in which each cognitive network has various “nodes” and “links” between nodes [12]. For the case of any country, for example Spain, the cognitive network of brand “Spain” consists of a number of concept nodes and links,

and according to this theory, these nodes contain a variety of associations, such as attributes, experiences and evaluations related to Spain. In this theoretical context, winning the World Cup is a concept node that has become associated with Spain (i.e. the brand), and the link between the World Cup winning team and its country is very strong.

Certainly, the connection of the winning team to the destination brand is very high, both quantitatively and qualitatively. In quantitative terms, i.e. how much information an individual receives when encoding it, the FIFA World Cup is a global news-generating sports event that creates huge media attention; there is no denying that the hype generated around the World Cup is gargantuan [15,31,34]. In qualitative terms, i.e. what an individual thinks of the information received, the effect created by the champion of a FIFA World Cup is unparalleled. Note that soccer, apart from being the world's most popular sport, has millions of people constantly enthralled¹; as is often stated “soccer is much more than just a game”, sometimes possessing the traits of a global religion [11], with clubs having players become stars as if they were Hollywood actors and with millions of fans around the globe following the team as well as the players. Having said this, it does not seem to be trivial for a destination brand to be linked with a first-class soccer team, as emotions aroused for the latter could be transferred to the former. These quantitative and qualitative strengths increase the probability of node activation, making the information more accessible to people's memory and facilitating its retrieval, that is, enhancing what Keller [39] calls “spreading activation”.

Thus, winning the World Cup becomes a secondary association for Spain, and this secondary association is both favorable (the association of the winning team with the country as a destination leads people to look for benefits, especially experiential and symbolic benefits, that can be obtained from visiting this destination) and unique (few things are more unique and differential than winning a World Cup). Irrespective of individual tastes in sports,

¹ The relevance of soccer as an all-year-round professional sport activity has not gone unnoticed for researchers, who have examined the phenomenon from different perspectives, such as the design of the UEFA Champions League [60] the adequate season schedule [21,56], the application of game-theoretic principles to the strategic behavior of soccer teams [20] or the analysis of efficiency in teams' performance [8].

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