

The economic benefits of hosting major football tournaments: UEFA European Championship and Copa America as examples

*Junwei Chen**

Guangdong University of Foreign Studies, Guangzhou, 510000, China

Abstract. Hosting major football events such as the UEFA European Championship or Copa América brings significant economic benefits to the host nation. Direct financial gains include ticket sales, broadcast rights, sponsorships, and tourism, all injecting substantial revenues into the economy. Additionally, these events necessitate considerable investment in infrastructure, such as stadia, transportation, and accommodation. This not only improves the city's facilities but also creates numerous job opportunities both during and after the event, fostering economic development and reducing unemployment. Moreover, hosting such high-profile events enhances the nation's international image and prestige, attracting future tourism and global business opportunities. Successful event execution fosters national pride and unity, promoting a positive social atmosphere. However, it's crucial to acknowledge the risks, particularly the substantial initial investment costs and the challenge of maintaining the infrastructure post-event. Effective planning and management are essential to maximize these benefits and mitigate potential financial risks. In conclusion, while hosting major football events involves significant financial risks, the long-term economic benefits, infrastructure improvements, and enhanced global standing often substantially outweigh the costs.

1 Introduction

Over the past few decades, the global sports industry has experienced exponential growth, with football emerging as one of the most popular and economically lucrative sports. As the world's number one sport, hosting major football events, such as the UEFA European Championship and the Copa America, has an economic impact that extends far beyond the realm of sports to various aspects of the host country's economy. From the investment and development of tourism and infrastructure to international brand building and cultural exchange, these events provide a unique perspective for examining the broader economic impact and its influence on the host nation.

The macroeconomic landscape of the sports industry has been shaped by the commercialization of events, generating substantial investment and revenue. This

* Corresponding author: 20211003245@gdufs.edu.cn

perspective provides a foundation for in-depth exploration of the economic impact of large-scale football events. The UEFA European Championship held in Europe and the Copa America held in America are typical examples of how large-scale football events can stimulate economic activity and promote development. This paper aims to explore the economic benefits of hosting large-scale, significant football events, particularly the UEFA European Championship and the Copa America. The purpose of this study is to qualitatively assess the economic benefits and evaluate the short-term and long-term impact of these events on the host country's economy. The significance of this research lies in providing an interpretation of the value of hosting such events, identifying their key impacts, and contributing to sports economics and development.

To achieve the objectives of this study, a multifaceted research approach will be adopted, including comprehensive literature review, case analysis, comparative analysis, etc. This will synthesize existing knowledge to understand the economic impact of sports events. Case studies of past events will provide in-depth insights into specific economic outcomes and experiences. Comparative analysis of the European Cup and the Copa America will highlight regional differences and similarities in economic benefits. In addition, data analysis will be used to substantiate findings and provide a solid statistical basis for the conclusions drawn.

The structure of this paper is as follows: First, the paper will provide an overview of the sports industry and its economic importance, contextualizing the significance of major football events within this broader framework and analyzing the relevance of sports events to regional economies. Next, the paper will discuss the breakdown and analysis of the economic benefits of large-scale sports events. Subsequently, the paper will delve into specific case studies of the European Cup and the Copa America, examining their respective economic impacts from different perspectives. Finally, the paper will investigate the economic risks and mitigation strategies associated with hosting large-scale sports events.

2 Literature review

2.1 The relevance of sports events to regional economics

The relevance of sports events to regional economies is manifested in many aspects, including economic growth promotion, job opportunity creation, infrastructure improvement, and international image enhancement, among others.

Sports events, as an integral part of modern urban culture, have a profound impact on the development and economic growth of cities[1]. These activities not only showcase the city's charm and vitality but also bring significant economic benefits and social effects to the city. The enhancement of the city's image by sports events is indispensable. Hosting large-scale sports events allows the host city or country to display its unique culture and facilities to the outside world, thereby enhancing the city's reputation and image, and laying a solid foundation for the next step in the city's development.

Secondly, during the process of hosting the event, funds are invested in venue construction, security work, and other areas, which will drive the development of related industries and increase job opportunities. The flow of people during the event will bring considerable consumer income to the city, promoting further economic growth of the city.

In addition, sports events can also promote the construction of urban infrastructure and the improvement of social governance capabilities. In order to host a good event, the city needs to continuously improve transportation, communication, accommodation, and other infrastructure to enhance the city's carrying capacity and service level. At the same time,

the hosting of the event also requires close cooperation between the government, enterprises, and all sectors of society, which will help to improve the city's social governance capabilities and the ability to respond to emergencies.

2.2 Overview of the UEFA European Championship and the Copa América

The European Championship, commonly referred to as the European Cup, is a football competition organized by the Union of European Football Associations (UEFA) and is the highest level of national football competition among UEFA member associations.

The inaugural "European Nations' Cup" was held in 1960, with only four teams participating. The former Soviet Union emerged as the winner. Subsequently, the tournament has been held every four years, and in 1968, it was renamed the European Football Championship. In 2020, to celebrate the 60th anniversary of the European Cup, the final phase of the competition was hosted by 11 cities. On June 15, 2024, Beijing time, the 2024 European Cup kicked off in Germany, with a total of 24 countries or regions successfully advancing to the main event. As of 2024, the European Championship has been held for the 17th time, and Spain is the country with the most championships, having won the title four times. The European Cup is one of the most watched football events in the world, attracting hundreds of millions of viewers. It not only showcases the highest level of European football but also serves as a stage for national teams to demonstrate their strength and honor.

The 2020 European Cup accumulated a total of 5.23 billion viewers for live broadcasts. The final match attracted 328 million football fans, tying the record set in 2016. The match between Italy and England at the iconic Wembley Stadium was the highest-rated television event in the UK in 24 years and the highest-rated television event in Italy since 2012. The match set the streaming record for any type of program in both countries. The net income of the 2020 European Cup was 1.2 billion euros. [2]

The Copa América is a national football competition participated in by the member nations of CONMEBOL (South American Football Confederation). It originated from the South American Football Championship, which was established in Argentina in 1916.

In July 1916, to celebrate the 100th anniversary of independence, Argentina invited Uruguay, Brazil, and Chile for a commemorative cup match, which was later recognized by CONMEBOL as the first "South American Football Championship". Following the competition, under the leadership of the Uruguayan Football Association's Héctor Gómez, CONMEBOL was founded and decided to host the second South American Football Championship in Uruguay the following year, giving birth to the prototype of the Copa América. The tournament was suspended between 1929 and 1935. In 1987, after periods of suspension and renaming, the "Copa América" was officially launched with participating teams from the ten South American football associations. In 1993, the competition began to invite football associations outside of South America. Since 2011, the event has been held every four years. Brazil was crowned the Copa América champion in 2019, winning for the ninth time. On July 10, 2021, in the final of the 2021 Copa América, Argentina defeated Brazil 1-0 to claim the championship.

The Copa América has been successfully held for 48 editions, and the 2024 tournament was hosted by the United States. Argentina has won the Copa América championship 16 times, the most of any country, with Uruguay in second place with 15 titles. The opening match of the 2024 Copa América took place in Atlanta, USA, on June 21, 2024, where Argentina defeated Canada 2-0. On July 15, 2024, Argentina won the 2024 Copa América championship, surpassing Uruguay with 16 titles to become the country with the most Copa América championships in history.

3 Economic benefits dissection and analysis of major sports events

3.1 Direct tangible economic benefits

Hosting major international football events like the European Championship or the Copa América can bring direct tangible economic benefits to the host country or region through various channels and aspects. These include direct tangible economic benefits from ticket sales, television broadcasting rights, sponsorships and advertising, tourism, merchandise sales, and more.[3]

Starting with ticket sales, this is one of the main sources of income for event organizers. Depending on the scale of the competition and the number of spectators, ticket sales can generate hundreds of millions of dollars in revenue. Large-scale events such as the Copa América and the European Championship include multiple stages of matches like group stages and knockout rounds, which can bring in more ticket revenue. To meet the needs and financial capabilities of different audiences, organizers typically set up different ticket categories, including general admission and VIP tickets, to cater to various viewers. The ticket revenue for the 2020 European Championship reached 149 million euros. [4]

Next comes the television broadcasting rights. These rights allow the event to be broadcast globally, attracting hundreds of millions of viewers, which brings tremendous exposure and influence to the competition. The sale of television broadcasting rights is usually one of the largest sources of income for event organizers. Broadcasting companies and digital platforms often have to pay substantial fees to obtain exclusive or shared broadcasting rights. With the continuous development of digital media in recent years, television broadcasting rights are no longer limited to traditional TV broadcasting but have expanded to include online streaming, mobile devices, and social media platforms, increasing the diversity and reach of broadcasting rights. The official website of UEFA indicates that the media copyright value for the 2020 European Championship reached 1.135 billion euros. [5]

Additionally, sponsorships and advertising are crucial ways for large-scale sports events to generate revenue, significantly impacting the successful hosting of the event and its economic benefits[6]. Sponsors associate with the event and provide financial support in order to gain global brand recognition and enhance their image. Major events like the European Championship and the Copa América typically have sponsors at various levels, including main sponsors and official partners. The income generated by sponsors at different levels varies.

The 2020 European Championship, for example, generated sponsorship revenue of 520 million euros. At the UEFA EURO 2020, Adidas held the status of an official licensee, while Nike was not listed among the official sponsors. In the previous European Championships of 2012 and 2016, Adidas was identified as the first sponsor. The official match ball for this year's European Cup remains an exclusive glory of Adidas, named "adidas Uniforia", in commemoration of the unity and joy that football brings. [7]

Tourism revenue is one of the benefits as well. The event attracts fans and tourists from all over the world, and their arrival brings tourism income to the host country. Tourists require accommodation and catering services, which brings additional income to hotels, restaurants, and other related service industries. Tourists need to travel to the destination by planes, trains, cars, and other means of transportation, providing growth opportunities for the transportation industry. During the event, tourists and fans will purchase event-related souvenirs such as team jerseys and flags to cheer for their supported teams. The hosting of the event stimulates people's interest in football, which in turn further drives the sales volume of football sports equipment. Tourism revenue reached 77 million euros.

3.2 Indirect tangible economic benefits

Indirect tangible economic benefits refer to the economic impact on the host country that may be generated through means other than direct economic revenues (such as ticket sales, television broadcasting rights, sponsorship, and advertising income) during large-scale sports events. These include infrastructure construction and job opportunities.

In terms of infrastructure construction, it is a significant indirect economic benefit brought by large sports events. These events often require substantial investment to improve and expand existing infrastructure to meet the needs of the event and enhance the host country's reception capacity. The construction or renovation of sports venues is an important part of event preparation. These venues are not only used for competitions but also for other sports activities, concerts, and community events after the event. To ensure that visitors and participants can conveniently reach sports venues and other important places, the host country will invest in building or improving transportation networks, including roads, railways, subways, and airports. During the event, the demand for hotels and accommodation facilities surges. This may prompt the host country to invest in building new hotels or improving existing accommodation facilities. To enhance the city's image, the host country may undertake urban beautification projects, including street renovation, greening, and public art projects.

The National Stadium, known as the Bird's Nest, was the opening ceremony venue for the Beijing Olympics. After the Olympics, it has been highly utilized, becoming one of Beijing's landmark buildings and attracting a large number of domestic and international tourists as an important tourist attraction. The Bird's Nest continues to host various sports events, including the 2015 World Athletics Championships, and has become the venue for many domestic and international sports events, attracting a large audience. The Bird's Nest is not only a venue for sports events but also hosts various cultural activities, such as concerts and performances, with many well-known domestic and international artists and bands having performed here.

For job opportunities, the influence of large-scale sports events is notably impactful, as they can create both direct and indirect employment growth for the host nation. During the preparation phase of the event, the renovation of existing sports venues or the construction of new ones, along with the development of transportation infrastructure, require a significant workforce in the construction sector, thus offering numerous job opportunities. Throughout the event, there is a sharp increase in demand for services in the hospitality, food and beverage, retail, and tourism industries, which necessitates the hiring of additional staff to accommodate these needs. Simultaneously with the hosting of the event, to ensure its safe and smooth progress, there is a need for an increased number of security personnel and traffic management staff.

3.3 Long-term intangible economic benefits

Long-term intangible economic benefits refer to a series of non-direct economic gains that a host country experiences after hosting a large-scale sports event. These benefits may not be immediately apparent but will gradually emerge over time following the event. They include the enhancement of national image, increase in international visibility, strengthening of tourism attractiveness, and development of the sports industry[8].

The enhancement of national image is an important intangible benefit brought about by large sports events. As a platform for international exchange, sports events can significantly enhance a country's international reputation and image. These events provide the host country with the opportunity to showcase its culture and history. Through media coverage, the host country's name becomes familiar worldwide. The successful and flawless

organization of the event, coupled with the excellent performance of the host country's team, can inspire a sense of national pride among its citizens[9].

Large sports events have a significant promotional effect on the host country's tourism attractiveness. These events not only attract a large number of tourists during the event but may also continue to have a positive impact for many years after the event.

The sports industry refers to the sum of various economic activities and services related to sports, including sports event organization, sports facility construction, sports equipment manufacturing and sales, sports training and education, sports media, and sports tourism. Large sports events have a significant driving effect on the development of the sports industry. When hosting a major football event, the host country usually invests in building or upgrading sports venues, training facilities, etc., which can continue to serve the sports industry after the event. The demand for sports equipment increases during the event, promoting the development of the sports equipment manufacturing and sales industry. The event helps to promote sports culture, raising public recognition and participation in sports.

4 Economic risks of hosting major sports events and mitigation strategies

4.1 Economic risks

Hosting major sports events can indeed bring many economic benefits, but it also comes with a series of economic risks. These may include high preparation costs, income uncertainty, and issues with post-event utilization, among others[10].

Organizing events such as the UEFA European Championship or the Copa América often requires a significant investment in infrastructure, such as refurbishing or building stadiums, which can be very costly. Transportation facilities like roads may also require substantial funding for renovations or construction. Accommodations, security, and other services for athletes, referees, and other participants also necessitate financial investment. Additionally, promoting and marketing the tournament requires financial resources. For infrastructure, quality issues can lead to customer dissatisfaction. As the main rail transport provider in Germany, Deutsche Bahn carries a large volume of passengers and freight. However, during the European Championship, Deutsche Bahn experienced severe service issues, including delays, canceled trains, and overcrowded carriages. These problems led to passenger discontent and complaints, negatively affecting the image of Deutsche Bahn. The incident attracted widespread attention, with media reports highlighting the deficiencies of Deutsche Bahn in preparing for and handling the European Championship, as well as issues in management and organization. Criticism from the German Transport Minister further highlighted the issue. Although Deutsche Bahn has issued a public apology and improvement measures, the incident has had a negative impact on the reputation and customer satisfaction of Deutsche Bahn.

Income uncertainty is a significant issue faced when hosting large-scale sports events, and this unpredictability can stem from various factors. Ticket sales, television broadcasting rights, and security concerns can all impact revenue. Security issues, such as terrorist attacks or violent incidents, may lead to the loss of spectators and sponsors. This is an aspect that needs to be considered. The 1972 Munich Olympics in Germany saw a tragic terrorist attack that resulted in the death of 11 athletes.

4.2 Mitigation Strategies

Hosting large-scale sports events can bring significant economic benefits and international prestige, but it also comes with a series of economic risks. To effectively mitigate these risks, the host country needs to adopt a series of comprehensive measures. Event organizers can take a variety of approaches. Conducting thorough preliminary planning and market research ensures the feasibility and profit potential of the event, while recognizing the potential risks of hosting the event and developing corresponding risk management plans. Diversifying sources of income can effectively mitigate risks. By increasing revenue streams through digital media content and other avenues, reliance on a single source of income can be reduced. Risk assessment and budget management can also be employed. Detailed risk assessments should be conducted at the early stages of event preparation, and budget plans should be made to address potential revenue fluctuations. Utilizing existing facilities and avoiding unnecessary new construction projects can reduce costs. Organizers can also initiate presale ticket activities to lock in a portion of the revenue and gain early insight into the number of spectators. Effective marketing and promotional campaigns can attract audiences to attend the event. Post-event, a facility transformation plan should be established to ensure long-term utilization.

5 Conclusion

This paper, through comprehensive literature reviews, case analyses, and in-depth discussions on the economic impact of major football events, draws the following conclusions:

Major football events, such as the UEFA European Championship and the Copa América, exert profound economic effects on the host countries' economies. The impacts extend beyond direct tangible economic benefits like ticket sales, television broadcasting rights, sponsorships, and advertising to include indirect tangible benefits such as infrastructure development and job creation. Additionally, long-term intangible economic benefits, such as national image enhancement, increased tourism appeal, and the growth of the sports industry, are equally significant.

While hosting large-scale sports events offers considerable economic advantages, it also comes with economic risks like high preparatory costs and revenue uncertainty. To mitigate these risks, event organizers should employ strategies such as diversifying revenue streams, conducting risk assessments and budget management, selling tickets in advance, and engaging in marketing efforts.

Although this study has utilized literature reviews, case analyses, and in-depth analysis of the economic impacts of events like the European Championship and Copa América, it has some limitations. The study's reliance on existing statistical data and literature may be affected by data availability and timeliness, which could impact the analysis' accuracy. The proposed risk mitigation measures' effectiveness and applicability may also vary with different contexts.

Future research should focus more on the long-term economic impacts of large-scale sports events on host countries, examining the sustained effects on infrastructure, employment, urban image, and the sports industry. With the swift advancement of digital and social media, future studies could investigate how these technologies alter the economic benefits and audience engagement in sports events.

In conclusion, the economic impact of major football events on host countries is intricate and multifaceted. With effective management and strategic planning, these events can be pivotal in driving national development. Ongoing research should continue to

examine the long-term effects and explore ways to maximize the economic and social value of these events within diverse cultural and economic contexts.

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