

# Impact of the super bowl on a city tourism essay



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## **Executive summary**

It's no doubt that American football and the Super Bowl event for that matter is a multi-million dollar business. Most estimates put its contribution to host cities' economies consistently over \$300 million. A good number of Americans follow events that shape the sport and contribute to its well being in one way or the other. Besides the benefits that the players and industry regulators reap there are numerous other ways that ordinary people benefit. Entertainment is one such avenue but the biggest of them all is the economic impact that the event brings to the host city

This paper seeks to examine the economic impacts that come along with the hosting of the event. The direct and indirect impacts that are accrued from activities that surround the staging of the championship run into millions of dollars. There is significant investment from the authorities that is required for the success of the championship. The authorities then benefit from revenue collection and improvement of infrastructure. The event also accords the host city business opportunities that local individuals and companies exploit to boost the local economy.

Documented evidence and critical reviews on the economic impact of Super Bowl exist. This provided the basis of this research as the starting point and the fleshing up of the conclusions arrived. The paper dwells mainly on the background, statistical evidence as well as the sectors benefit as direct result of the staging of Super Bowl.

The contents of this paper aides the conclusion at the end of it. This is the general idea that can be deduced from the whole findings that are contained in the paper.

## **Introduction**

Sports are today an integral part in the development of nations. It's an income earner for many people both directly and indirectly. In Europe soccer is the major sport developed through the various soccer leagues in Europe. Rugby is common too in Europe as is cricket in Asia (Layden, 2005). In the United States basket ball, base ball and American football form the top cream of sports business entertainment and business. They are huge money minting machines that responsible for the generation of millions in taxes to the authorities hence playing a big part in economic development.

The Super Bowl is perhaps the biggest and most unique annual sporting events that take place in the United States. This is the final game of the national football league championship which can comfortably claim to be the most watched television broadcast in the US. It holds such significance in the American culture that some consider it an unofficial holiday. The Super Bowl Sunday, the day that the game is staged is the second biggest food consumption day in the United States only next to thanks giving day. That translates to a big boost in food businesses and others as well.

Besides the game which is the star attraction of the event, there has been the cooption of various performances from artists. The artists perform during the pre-game and half times. Its importance is well demonstrated when the campaign of the then senator Barrack Obama bought airtime in various

networks 30 minutes before the Super Bowl to advertise his policies.

Television channels have used the Super Bowl time to introduce series of the programs that they want to attract huge followings

It's not lost to any casual observer that the Super Bowl has importance that stretches beyond the field and beyond the mere fact that it's a popular game. To many the hosting presents a windfall of opportunities. The impacts of the game span past sports to culture and the economy. That has always been the subject of debate from the game's administrators to commentators and independent observers.

According to Depken and Wilson (2003), the viewership of the Super Bowl is estimated to be close to 100 million people worldwide and a potential of one billion. That can easily rival the FIFA soccer World Cup and the Olympic.

While it has not acquired the status of the above two, the economic impact that the event is likely to bless a host city with is unprecedented.

That is besides other advantages like the chance to revamp its infrastructure and improve its security. Economists have always dismissed that the economic impact that the Super Bowl brings to the host city may be a fraction of what it's normally touted to be. But that is subject to debate (Feinstein, 2007). Extensive studies are carried out every year to determine the economic impacts that championship game brings to the host city. However there appears to be consensus among attendees, local business leaders, and corporate planners that it's beneficial to host the event, whichever way one looks at it.

## **Purpose**

With super bowl comes a host of opportunities for the companies that win time to advertise and those that manufacture anything associated with the staging of the event. Of particular importance however is the benefit that the host city reaps from the staging of the event. The economic impact on the city can be enormous and careful planning may ensure the netting of a good amount of revenue besides the publicity that the city gets. The current NFL policy is to stage the Super Bowl in a city that has an NFL franchise. Cities normally bid for the hosting and they are determined five years before the game is played. Currently the cities have been determined up to the year 2013.

There has been a string of criticism that the figures and projections that are presented by NFL to the host cities are not based on reality. The purpose of this paper therefore is to shed some light into the whole issue of the economic impact of the host city of Super Bowl. This research will seek to determine the economic impact that the Host city receives. All dimensions are examined, the merits and demerits as far as its economy is concerned.

## **Background**

Football has been played in the US for a long time just like other sports like baseball. Professional football in the United States began in the year 1920. Super Bowl the premier event of the game-Super Bowl championship - however is relatively young having been played for the first time in 1967 (Schwartz, 1998). Since then the event has acquired elevation to one of the most valued sports traditions in the history of sports.

Super Bowl is the football game that is played annually to determine the champion of the National Football League. Winners from the American Football Conference championship game and the National Football Conference face each other in the run up to the National Football League playoffs.

The merger agreement between the American football league and the national football league saw the creation of the Super Bowl. The NFL has a long history dating back to the 1920's while the AFL started gaining dominance in the 1960's. There was as a result intense rivalry between the two leagues in regards to fans, players and control of the game. To avoid financial ruin, the two rivals decided to engage in talks in 1966 which resulted in the subsequent merger. Since then it has become a national pastime activity whose popularity is rivaled by few events in America.

The Pittsburgh Steelers is the team that has won the most Super Bowls- six while the Dallas cowboys and the San Francisco have both won five each

## **Data collection**

The findings and conclusions that were made in this research paper were very dependent on data. There was no field research conducted, however secondary data from books, scholarly research articles and the internet was used in this research. All sources were included in the in text citation and the bibliography at the end of the paper.

## **General figures**

The figures associated with Super Bowl indicate clearly why the event is an important one in American culture and business, most importantly the host

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city. It's the most watched television program every year in the country. 40% of all households in the US tune to television during the game as are 60% of all homes (St. John, 2009). Close to 90 million Americans tune into the Super Bowl game while another close to 120 million partially doing so.

Hallmark Cards Inc rates Super Bowl as the number one home party event every year, perhaps bigger than New Year's Eve.

Wenner (2005) reveals that it's the biggest eating day in the U. S apart from thanks giving day. 15, 000 tonnes of chips and four thousand tones of popcorn are consumed in homes during the Super Bowl. Avocado which is essential for the preparation of guacamole is another type of food that is widely consumed on super Sunday. According to the California avocado commission, twelve million avocados are sold in preparation for the game.

Figures available on the impact of the Super Bowl indicate that cities experience economic impacts amounting to millions of dollars. In 1994 Atlanta Georgia made 166 million dollars from the Super Bowl, Miami made 365 million in 1995; phoenix reaped 306 million in 1996 while New Orleans raked in 200 million in 1997. Others include 295 million for San Diego in 1998, 336 million for Huston Texas in 204 and 372 million for Detroit Michigan in 2006.

## **Economic impact**

For the host city to be determined it has to be appealing to tourist, sponsors and spectators. That is besides being a franchise city of the NFL (Depken & Wilson, 2003).

The NFL, local governments and various associations of hotels and restaurants normally predict the economic impact that the hosting will have on the city (Depken & Wilson, 2003). This mainly takes into account the expenditure that the city is likely to incur while determining the real benefits that it will get. For instance the police and fire departments are paid for the overtime hours that they work to ensure safety and security is maintained. The spending is done according to the projected impact and the extent to which the prevailing economy can allow. Tampa Bay had to scale back spending on the Super Bowl due to the state of the current state of the economy.

The potential positive impact on the local economy is the major incentive for the city that is hosting the Super Bowl. Economists generally estimate that super bowl always has had an impact of between \$300- \$400 million on the host city's economy (Coates & Humphreys, 2002) There are direct and indirect impacts that come with the event, which can also be long-term and short-term as well (Christopher & Peters, 2006). In simple layman terms, the sum total comprise of the economic impact of the Super Bowl on the host city (Polzer, 2003). The direct impacts come form the spending by the various participants while indirect impacts are the multiplier effect the is felt way after the event is done. The money that was spent locally is re-spent again leading to additional rounds of spending (Wenner, 2005). Indirect impacts also include rise in local residents incomes due to the activities associated with the game as well as the dollars that are withdrawn form the local economy. Further the direct impacts comprise of the large scale



purchase of goods by companies mainly from local producers and manufacturers (Depken & Wilson, 2003)

The economic impacts of any sporting event are usually measured in terms of the increase in revenue collection for the authorities and individual business that help sustain it. Direct and indirect expenditure is also factored in. Super Bowl is a unique event that cannot be really compared to any type of sport. However the economic impact that it breeds is comparable to those other world events mentioned earlier.

The above statistics paint a rosy picture of the Super Bowl event and day. They are not exaggerated in any way meaning they can translate to real economic benefits on the ground. The host city will have to reevaluate its entire system to be able to deal with the needs of the traveling fans that flock to town for the Super Bowl. The economic impact of the city is more or less positive because of the increased consumption of goods and services that are as a direct result of the temporary population explosion.

Overall the change in economic activity associated with the event is the most appropriate indicator of the benefits. It's arrived at by multiplying the direct impacts by the multiplier and adding the result to the direct impacts. To be more precise the economic activities that result into the benefits in the local economies have been highlighted in the following section.

## **Tourism**

Tourism is one of the major income earners especially for any authorities that enjoy any degree of autonomy. Tourism is boosted by various events

that attract record numbers of people. Sports events like Super Bowl are some of them.

There is always an influx of visitors mainly traveling fans to the super bowl host city. A joint commissioned study by the NFL and the Sport Management Research Institute in 1999 concluded that the average expenditure of attendees who flocked to the south Florida Super Bowl were double the expenditure of tourists during the peak season of that place (Leiker, 2005). These comprise of the majority of tourists that visit the city during that particular time. The locals who take breaks from their work to watch the event to some extent comprise of the domestic tourists of the city.

According to Price Water House Coopers, Indianapolis that is bidding to host the event in 2011 will receive over 98, 000 visitors and approximately \$131 million in direct spending from the visitors and the locals. An estimated 95600 people visited Atlanta during the Super Bowl period. Huston was estimated to have received close to 90, 000 visitors during its Super Bowl (Layden, 2005).

The direct impact as a result of the sporting event is widespread spending by the local residents as well as tourist. In Tampa Bay for instance hospitality and tourism industry activities as a result of the Super Bowl XLIII were estimated to generate approximately \$150 million in direct spending. In past championships, the same activities generated \$195 million in phoenix and Miami. Detroit generated \$118 million, \$ 124 million for Jacksonville in 2005 and \$ 135 million for Huston in 2004 all from direct spending form tourist and hospitality activities as result of the staging of the Super Bowl (Depken

& Wilson, 2003). They spend on hotels, rental cars, taxis and visits to local attractions. The expenditure that is pumped into the city/s coffers from accommodation, food and other tourist activities is the boon that is capitalized on most.

According to Schwartz (1998), most hotels report 100% booking rate in the period on the run up to the games a few days after. Bed occupancy and demand for the provision of other services are critical in the revenue generation of hotels that are involved during the Super Bowl.

## **Shopping**

It's an unofficial fact among all sports fans, Super Bowl fans are the biggest spendthrifts there are today. Commodity prices rise due to the market forces of demand. Some traders too cash in on the event with modest price increments that translate to the increase in revenue. Many retail chains in the host cities find it economically viable when the Super Bowl is held in their city. They are among the direct beneficiaries of the free spending habits of the traveling fans and tourists. The impact it has on their sales cannot be missed.

The week before the Super Bowl always sees a surge in shopping that pumps quite a good amount of money into the economy. Americans spend close to one million man hours doing shopping mainly for food items that are consumed during the game. That has always been the trend and indications show that it getting bigger whether there is a recession or not. The event is big food eating event and shoppers are estimated to spend at least \$55 million on food alone.

## **Infrastructure**

China invested heavily in the build up to the Olympics; South Africa is involved in massive up gradation n of infrastructure ahead of the 2010 FIFA World Cup. The same trend can be seen in Brazil and London who are in line to stage the Olympics as well. The same scenario is common in the build up to NFL games. It's a critical component that is a must for the any successful staging.

Huge investments from local authorities, NFL and individuals in preparation to the staging of the Super Bowl provide the stimulus money that is needed to boost the local economies. The successful attraction of the event to the host city calls for the capability for the host city to provide the venue, hotels, and transport and entertainment facilities. Public health and safety facilities re also renovated to meet the demand that comes with the people attending the event (Feinstein, 2007).

An increased need to renovate infrastructure fro such an event forces the authorities to repair them this ensure a positive long-term effect for the local economy log after the Super Bowl is gone. Roads, pavements and public utilities like parks are upgraded to be able to accommodate the high numbers of travelers entering the city. The stadium where the event is staged is the single biggest infrastructure activity that the host city carries. It has to meet the minimum requirements that the NFL sets. The authorities inject substantial amounts of money normally in hundreds of millions into the economies in the efforts to renovate the NFL stadiums. Since 1995 through 2003 604 billion dollars has been spent on renovating twenty one NFL stadiums (Leiker, 2005).

The renovation is a source of numerous jobs that boost the city's employment rate. Publicity

There is always a media blitz that accompanies such a sporting event with a national following. The kind of publicity that the host city gets is enough to boost its image among attendee and non attendees. Prospective investors and tourists get a chance for an in-depth review of the cities' potential. The city is therefore saved millions in terms of advertising itself as premier business or tourist destination.

## **Jobs**

With such an event the demand for labor rises. This leads to the creation of jobs that are needed in the overall preparation of the event. They range from skilled experts to part-time social workers who tend to visitors new to the city. These experts normally sourced locally comprise of construction workers, planners and organizers.

The Super Bowl is thought to create an estimated minimum of 500 jobs any time that it's staged. In other cases there have been statistics that suggest that in fact the event creates far more jobs than it's reported. According to Christopher and Peters (2006) the event created over 2700 jobs in Atlanta Georgia besides the \$166 million that it pumped into the economy. That is quite the most direct impact that the host city feels. Though most of these jobs are short-term and part-time, there is good compensation that comes along with it that makes them economically viable. Local authorities hire residents for the jobs thus helping in the retention and circulation of the money in the local economy.

## **Confidence building**

The successful staging of such a sports event like Super Bowl build confidence in the management of the city. Together with the publicity that the city gets pairs up to ensure long-term success of the economic ventures of the city.

## **Criticism**

However no everyone agrees with the notion that Super Bowl is an economic resuscitating machine in the host city. There is some positives but not as they are put forward by industry players. They have presented their case with researches that advance reasons why they think that is the case.

Some scholars have accused the NFL of inflating the figures that are presented to cities that are bidding to host the event. They assert that the economic impact is not as big as it's meant to look on paper. The figures according to them are presented to be able to convince reluctant cities into accepting the NFL proposals. There is a general agreement among the critical scholars that the estimates normally never go beyond gross measures.

There is also a feeling among these scholars that the multiplier effect they economists use to estimate the economic impact of sports events may not be accurate after all and it paints the incorrect picture as far as the benefits are concerned. Further more the use of expenditure multipliers is not clear in cases like where for instance hotels are owned by a nationwide chain. It does not clearly articulate the fraction of the revenue that remains and circulates in the particular locality where expenditure occurs.

The average impact is likely to be a quarter of or less the estimates that are presented by the NFL. According to Leiker (2005), several factors lead to the wrongful estimation of the economic impact of the Super Bowl. Investigator bias and data measurement error rank high as some of the leading factors that are used influence the inaccurate presentation of economic impact figures. Capacity constraint and changing product relationships are the other factors that Porter came up with. He arrived at the conclusion after reviewing the available short-term data on sales receipts for a number of Super Bowls.

Polzer (2003) postulates that, after examining twenty five Super Bowls from 1973-1977 concluded that Super Bowl was only responsible for the creation of 535 jobs. The economic impact of the game according to them was not in the hundreds of millions but roughly 30 million dollars. That represented roughly a tenth of the figure that NFL touted.

On the same note, Coates and Humphrey (2002) examined the post season play in all American sports. They concluded that hosting the Super Bowl had little or no statistical impact on the per capita income of the city residents where the championship was staged.

## **Conclusion**

The following facts are clear from the findings above.

That millions of dollars are received as revenue by authorities and individuals of the host city of the Super Bowl event

That, there are jobs created due to the staging of the event in the city that that is the host. These clearly are indicators of positive outcomes of the event on the economy of the city.

There is a long-term positive economic effect that the host city enjoys after the event is over. This is from the publicity that comes along with the staging of the championship game. The improvement of infrastructure certainly bodes well for the host city since it will not need to undergo major renovations should the event or an equivalent come up again.

Whether or not the figures that are presented in the by civilian and sports authorities are real, remains to the subject of discussion. Even if they do not amount into the proportions that are presented there must be some net benefit that is realized from the successful staging of a Super Bowl championship game. The event still has a lot of potential that has yet to be tapped. The numerous studies that have been conducted provide the pointers as to where the weaknesses are and what needs to be done.

Though it's not guaranteed that the event can be staged in any particular city, the earnings from the sport can be improved. That is what the future host cities need to focus on.