Preparation for an International Sport Event: The Promotional Strategies of 2009 Kaohsiung World Games

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Preparation for an International Sport Event: The Promotional Strategies of 2009 Kaohsiung World Games

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**ABSTRACT**

This study presented administrative and marketing-related information on Kaohsiung City’s preparation for the 2009 World Games. The presented information was allocated through an extensive literature review on secondary sources, personal interviews, and observations from fall of 2008 to summer of 2009. Promotional strategies and activities, projected financial and sales data, reports on constructions, and issues and challenges related to the Games were further analyzed. The study further discussed the “not-for-profit” approach that was practiced by many East Asian Countries to gain international recognition and promote patriotism while hosting a major sport event.

**INTRODUCTION**

The International World Games Association (IWGA), which currently includes 33 international sports federations, has been holding its competitions every four years since 1981 (Kaohsiung Organizing Committee, 2007). The World Games is considered as one of the largest sport competitions, other than the Olympic Games (Chen, 2004). The City of Kaohsiung was fortunately awarded with the opportunity to host the World Games after a competitive bidding process (Lee, 2005; Central News, 2005). The 2009 World Games were held in the largest port city of Taiwan, Kaohsiung, from July 16 to July 26, 2009. Past literature has shown hosting a gigantic international sport competition is a golden opportunity for the hosting country to demonstrate power and wealth, to boost economics and tourism, to increase publicity and media exposure, and to improve the hosting cities’ infrastructure (Eitzen & Sage, 2009; Shank, 2009; China Chemical Report, 2008; Cheng, 2001; Economist, 2008). In addition, an enormous amount of national pride is often associated with the host countries when they host mega events such as the Olympic Games or Federation Internationale de Football Association (FIFA) World Cup (MacLeod, 2008; Eitzen & Sage, 2009; USA Today Editorial, 2008).
The Mayor and citizens of Kaohsiung City sincerely believed the 2009 World Games was a main event that would launch Kaohsiung to the center stage of the world (Kaohsiung City Council, 2005). According to Tsai’s comments on the city government’s approach (2006), the World Games is a perfect opportunity for the Kaohsiung residents to reaffirm their identity and loyalty toward the city. The economic profits and benefits brought by the events could also help the central government reevaluate the importance and development of the city. With the support of Kaohsiung citizens and volunteers, the Kaohsiung Games was described as the most successful World Games by the IWGA President, Ron Froehlich (Hsu, 2009). In this case study, the researchers presented administrative and marketing-related information on how Kaohsiung City prepared for its first ever major international sport event. The collected information and analyzed results may serve two specific purposes. First, the collected information will be valuable for the city to plan its bidding proposal for 2012 University Games. Second, the information may also provide great insights for other Taiwanese cities in preparing for any future international major sport events (i.e., the 2009 Deaflympic Game in Taipei).

**Background History and Facts about the World Games**

When IWGA was formed in 1980, it had 12 international sport federations as character members (Chen, 2004). The 2009 Kaohsiung World Games was the IWGA’s 8th competition and included 31 different sports. Since 1981, the number of participants in the World Games has increased from 1500’s to 3400’s in 2005 (Chen, 2004; Kaohsiung Organizing Committee, 2007). It was estimated that the 2009 Kaohsiung World Games will host more than 4,000–5,000 athletes, coaches and staff. Athletes competed for 31 different sports that are divided into six categories, such as artistic and dance, ball sports, martial arts, precision sports, strength sports, and trend sports (Kaohsiung Organizing Committee, 2007). In general, the cost of seven previous World Games were all financed through a virtual company or foundation established by the government of hosting countries (Sinbad, 2008). The hosting city is also responsible for covering the lodging, transportation, and dinner cost for all of the participants (Sina News, 2008).

Building the venues for competitions was considered the most difficult challenge while preparing for the World Games. The Kaohsiung City started two major constructions as early as 2004 (Cheng & Chen, 2008). The Main Stadium of the Kaohsiung World Games was designed by the famous Japanese architect, Toyo Ito. It has a capacity of 40,000 seats and 15,000 standing spaces (Cheng & Chen, 2008). The total construction cost of the stadium was about $150-million USDs (Marbo Weekly, 2008). The construction of the Kaohsiung Arena costs about $20-million USDs. The central government supported about 10% of the total construction cost (Chen, 2004). The arena has a 16,000 seating capacity. The DC Construction holds the right of business operation for the next 50 years. The Kaohsiung City Government will retain the operational right afterward. For the infrastructural preparation, the Kaohsiung City planned to complete two tracks of the Metro Rapid Transit System (MRTS), both Red and Orange Lines, in 2008(Central News, 2005). Apparently, both systems have been completed on time.
Preparations Completed by the National and Local Government

As soon as the Kaohsiung City was awarded the opportunity to host the 2009 World Games, the former Mayor Hsieh Chang-ting announced three propagandas to transform Kaohsiung into a “City of Health” (Lee, 2005). It is Mr. Hsieh’s upmost lofty ambition to utilize the World Games to further develop the city and promote its competitiveness by becoming the largest trading seaport in Southeast Asia.

The Kaohsiung Organizing Committee (KOC) was commissioned by the Kaohsiung City Government to plan and organize the 2009 World Games. In order to complete the required tasks for the game operation, the KOC formed nine divisions to handle the businesses. They are: (1) Administration, (2) Treasury, (3) Sport Competition, (4) City Development, (5) Supportive Division, (6) Marketing and Public Relations, (7) Culture and Tourism, (8) Information Technology, and (9) Safety (Li, 2006). There were 26 full-time employees in the KOC. The leadership positions of the KOC include a President, a Sport Director, three Deputy CEOs, an Assistant Coordinator, two Executive Secretaries and a Chair of Divisions. In addition, the Kaohsiung City Government further assigned 43 people (including the CEO) and 14 non-committee staffs to support the KOC. Several visiting teams were also sent to Beijing to observe the practices done by the Chinese Government in preparing for the 2008 Olympic Games (Kaohsiung E-paper, 2008a).

Economic Benefits and Profits for Hosting Major International Sport Events

Past literature has well documented how host cities of major sport event (i.e., Super Bowl, National Basketball Association (NBA) All-Stars Games, and Olympic Games) reaped direct and indirect profits from gate receipts, tourism, and television rights (TV) fees. To name a few examples: (1) visitors of the 2006 Super Bowl spent as much as $180 million during their trips and the total economic impact of the event was estimated to exceed $300 million (McCarthy, 2007); (2) 2007 NBA All-Stars Game drew more than 25,000 out-of-town visitors, generating non-gaming revenue of $26.7 million (McCarthy, 2007); and (3) $400 million in TV rights and $200 million sponsorship fees were at stake in the 2002 Salt Lake City Winter Games (Bowser, 1999). The National Broadcast Company paid a broadcasting rights fee worth $793 million and $894 million for both 2004 and 2008 Summer Olympic Games (Eitzen & Sage, 2009). The Chinese government would never hesitate to boast its operating profit of the 2008 Summer Olympic Games, which was worth $146 million.

On the contrary, there were reports and studies that rejected the notions of international sport events, such as Olympic Games, generating any profit at all. It is extremely difficult to calculate the financial merits of any particular Olympic Games due to expensive construction and many varying costs (Ewe, 2003). The estimated cost for hosting the 2012 event could run more than $3 billion USDs. Sydney and Athens spent $3.4 billion and $13 billion respectively for the Summer Games. With these huge costs, it is hard to believe how profits can be made (Ewe, 2003). In fact,
host countries did not make money at all prior to the 1984 Los Angeles Olympic Games (Bowser, 1999; Bergan, 2007). The Los Angeles Games were able to turn the Olympics into a gold mine, netting $200 million, by introducing aggressive commercializing strategies and minimizing the construction costs (Bergan, 2007). Cities such as Barcelona, Athens, Beijing and London would spend far more money than the U.S. host cities to build new facilities and develop their community, so the profits severely dwindle. Local residents seldom benefit from the profits. According to Sports economist Philip Porter’s comment, who studies the effect of large sporting events on communities, it's not unusual for cities to make less than projected (Bowser; 1999).

Most economists have agreed that economic impact of major sport events are often calculated from three areas (Burton & O’Reilly, 2009). They are direct financial impacts, indirect financial impacts and intangible. Although most of the host cities may not prosper from the profit gains, cities such as Lillehammer, Norway, and Nagano, Japan have enjoyed worldwide attention by hosting the winter Olympics. Mayors of hosting cities clearly understand that the spectacle, such as Olympic Games, will promote national pride and justify local development (Ewe, 2003). Burton and O’Reilly were the supporters of not focusing solely on cost and profits as the criteria for evaluating the impact of the events. They want people to consider the intangible benefits of the Atlanta Games. Although the Atlanta Games only broke even on the checkbook, doesn’t Atlanta become a bigger, better, and more respected global city?

The Kaohsiung City Government is standing on a crossroad facing an uncertain future. Based on the aforementioned paragraphs, the city has clearly spent a huge amount of money to prepare for the World Games, and anticipates huge economic profits and intangible benefits. Will the city’s investment turn out to be a prosperous return? The researchers sincerely hope the results of this study would provide preliminary findings to this difficult question.

**METHODOLOGY**

The information on construction costs and spending on community development were done through a series of review on secondary recourses and online articles prior to March of 2009. The findings related to this topic have mainly been presented in the Introduction. In order to obtain the marketing related information, promotional strategies, and projected financial data of the 2009 World Games, the researchers conducted interviews with the Chief Executive Officer, Marketing Director of the KOC, and two city councilmen to obtain qualitative and statistical information. Seven specific questions given to the interviewees are listed in Table 1.

The interviewees received the questions at the beginning of 2009. The researchers received all of the interviewees’ responses in early March of 2009. They replied their answers via e-mails and phone calls. Information on stadium construction and promotional strategies released by the city government and press from 2005 to 2008 was extensively reviewed and analyzed in the month of February, 2009. The researchers categorized the collected information based on two aspects: (1)
public relations and promotional activities associated with the game, and (2) sales and other marketing related data.

RESULTS

Based on the results of interviews and search on the secondary resources, the researchers obtained the following marketing and Public Relations related information. The information was analyzed and categorized based on the following two aspects.

Promotional Strategies and Public Relations Activities

To promote the World Games to Kaohsiung residents and countrymen of Taiwan, both local and national governments spent a great deal of effort to create a lot of activities. Special design competitions were held to solicit ideas for the official logo and mascot. Mr. Lin Hung-he won approximately $13,000 USDs grand-prize as his design was chosen as the official logo (Sinbad, 2008). The former interim Mayor, Yeh Chu-lian also revealed the official mascot, Water Spirit, during her short tenure (Tsao, 2007; Sinbad, 2008). Nearly $20,000 USDs were spent to reward the winners for naming the official mascot (Tsao, 2008). To educate the fans and residents learning about the World Games, the Kaohsiung Education Bureau established the World Games Education Program by involving all of the elementary and secondary schools. Students of each school were assigned to study a specific sport. They were trained to be familiarized with the rules, history, and star-athletes of a specific sport. These students may receive complimentary tickets to the games to cheer for the athletes (Kaohsiung Education Bureau, n.d.). Other promotional activities for the World Games include: (1) a special float for the Independence Parade on October 13, 2003, (2) announcement of national sport heroes, Chi-Cheng and baseball star of the Yankees, Wang Chien-ming to be the event spokespersons, (3) poster contest, and (4) sport movie festivals (Wang, 2008; Lee, 2006; Kaohsiung Organizing Committee, 2007).

The Taiwanese government also earnestly publicized the news of hosting the World Games to many of its treaty nations. Delegates traveled more than one-half of the worlds to South America to appreciate the support and friendship provided by treaty nations (Lee, 2008). Former President, Chen Shui-bian also promised to invite the Army parachute troopers to perform during the opening ceremony of the World Games (Huang, 2007).

On May 20, 2009 with the inauguration of the Main Stadium, a special concert was held in the Main Stadium of World Games. The Pittsburgh Symphony Orchestra, Vienna State Opera Choir, the National Experimental Chorus, the National Sun Yat-sen University Music Department Women's Chorus and the Kaohsiung Medical University Singers worked together to perform Tchaikovsky's '1812 Overture' and Beethoven's 'Ode to Joy'. It was estimated that more than 40,000 audiences attended the concert. The Kaohsiung Metro Rapid Transit System also proved its capability to handle a high volume of passengers during the peak hours. During the competition period, firework shows, exposition, and food fairs were held every night at the True Love Harbor, one of the most popular tourist attractions of the city.
Sales and Marketing-Related Data

The major sponsors of the 2009 World Games are presented in Table 2. A total of 40 sponsors and partners were further classified into three levels. About 80% of the total sponsors and partners are domestic business organizations. The amount of contribution from each level of sponsors and partners were not available for disclosure either.

Public Television Service of Taiwan televised the selected events. However, no amount on the TV rights has been disclosed. The majority of media coverage and exposure mainly relied on internets. The KOC also collaborated with AllGenki.net to sell the event tickets. Spectators could purchase the tickets in any of the 4,800 7-11 store in Taiwan by using the i-bon system. The information of ticket price was released in March 2009 and tickets were available for sale in April 2009. According to the news report, the revenues of the gate receipts exceeded $2-million USDs (Cheng, 2009).

For the sale of licensing merchandises, the official mascot, “Water Spirit” was used as the main icon to create a series of subsidiary products. Those products were produced by Cheerful Fashion Goods CO., LTD. The company is devoted in cultivating young Taiwanese designers who design products based on traditional Taiwanese culture. The World Games licensing merchandises include polo shirts and t-shirts with color choices, recyclable chopsticks, flip-flops, key chains, passport holders, purses, shopping bags, coffee mugs, caps, and poker cards. The price of these souvenirs generally runs from $4 to $30 USDs.

An optimistic estimation was given regarding the number of potential participants for the game, which could be as high as 5,000 (Kaohsiung City Council, 2005). Because the Kaohsiung World Games was held during the summer time, which is the “hot” season for the city’s tourism, it was difficult to estimate the actual number of foreign visitors who arrived strictly due to the World Games. However, some economists estimated the number of the foreign visitors would reach between 30,000 to 50,000 people (Marbo Weekly, 2008). The World Games alone may bring in business worth of $30 million USDs to Kaohsiung City. The event itself also would have a great impact on the price of the real estate. It is estimated the price of a house near the Main Stadium would expect a 30% increase in value (Marbo Weekly, 2008).

DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

Past literature has in-depth discussions on economic impact and financial gains for international sport events. The data of sponsorship deals, TV rights fees, and gate receipts for past events such as FIFA Tournament or Olympic Games are often available for the public to browse (Ahlert, 2006; Atkinson, Mourato, Szymanski, & Ozedemiroglu, 2008; Horne & Manzenreiter, 2004; Malfas, Theodoraki, & Houlihan, 2004; Torgler, 2004; Yong, 2009; Zhong, 2008). It may sound logical that scholars in Western societies, with strong influence of capitalism, would focus more on financial (or economic) related information of the events. Clearly, there were a series of pre-
game promotional and cultural activities sponsored by the KOC to increase the residents’ awareness toward the World Games. However, all of the interviewees failed to provide valuable financial data on TV rights fee and sponsorship incomes. They seemed to have a vague idea or no interest at all regarding the topics of potential economic impact or projected revenues of the Kaohsiung World Games. There is also no available data on the revenue generation through merchandise sales. More attention was devoted to issues related to the possible boycott of the Chinese team, the potential outbreak of H1N1 influenza, and cultural festivals sponsored by the city.

Financial information related to the Kaohsiung World Games, other than the spending in promotional activities and construction costs, was difficult to retrieve. Although a report had indicated the revenues in ticket sales exceeded $2 million USDs (Cheng, 2009), it is such a small amount compared to the construction costs of nearly $170 million USDs. Based on the KOC CEO Ms. Hsu’s explanation, Kaohsiung City has taken a “not-for-profit” approach to recruit volunteers and sponsors. This seems to be a common approach used by many of the East Asian countries to host a major sport event. This implies the local government is willing to absorb the operational cost, even if the revenues fall short to cover the expenses. As long as the country receives the recognition and media attention, it would be worthy to spend that huge amount of money for hosting the event. For this reason, it is not difficult to understand why the Taipei city would promise to offer free admission to all spectators of the Deaflympic Games. Although the KOC outsources the ticket and merchandise sales to AllGenki.net and Cheerful Fashion Goods CO respectively, potential revenues through TV rights and ticket sales are not clearly discussed and emphasized. Apparently the previous seven World Games were all financed by a virtual company established by the government of hosting countries; however, none of the previous hosts has spent so much money in trying to advertise their country and the events. In Kaohsiung’s case, the researchers would actually like to see a more commercialized approach to allocate funding. This would mean less spending on the tax dollars for the games (Sinbad, 2008), and more involvement of the private sectors in advertising, donations, and sponsorships. There is no advantage in putting the city in debt in hosting an event that shows no promise in bringing profits.

Prior to the opening ceremony of the World Games, the Taiwanese government had monitored the political-related issues closely. The patriotic acts of the Taiwanese residents and Chinese government’s unfriendly political actions once were considered to be critical issues during the competition period. Although it is common to witness the political activists taking actions during a gigantic international sport event (i.e., Olympic Games) to express their ideologies (Eitzen & Sage, 2008), for a first-time event host, like Taiwan, any of the unexpected political saga during the event would negatively affect the reputation and image of the nation and future business opportunities brought by the foreign enterprises. Although the Chinese team eventually boycotted the Opening Ceremony, the KOC still strictly abided to the Olympic operational
model to prevent any further political disruption (Kaohsiung E-paper, 2008b; Sina News, 2008). From the political perspective, the Kaohsiung World Games can be considered a great success. From the economic standpoint, it seems the city is not clearly standing on the “winning” side.

REFERENCES


**ABOUT THE AUTHORS**

Steve Chen, D.S.M., is an Assistant Professor in the Department of Management and Marketing at Morehead State University, Morehead KY. He received his doctorate in Sport Management from United States Sports Academy in Daphne, AL.

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Yin-chu Tseng, M.S., is an Associate Professor and the Director of Athletic Office of Kaohsiung Medical University in Taiwan. He received his Master’s Degree in Physical Education from Chinese Cultural University in Taipei, Taiwan.
Tables and Figures

Table 1
The List of Interview Questions

<table>
<thead>
<tr>
<th>Qn</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Who are the primary sponsors of the World Games? (If the numbers are available, please specify the amounts of contributions for each level of sponsors.)</td>
</tr>
<tr>
<td>Q2</td>
<td>Which television network will televise the World Games? What is the estimated amount of the TV right fee?</td>
</tr>
<tr>
<td>Q3</td>
<td>How are tickets sold to the general public? How many types of tickets are available? What are the prices of all different types of tickets?</td>
</tr>
<tr>
<td>Q4</td>
<td>What are the major types of the World Games licensed merchandizes along with their prices?</td>
</tr>
<tr>
<td>Q5</td>
<td>What are the projected revenues that the World Games may bring to the city?</td>
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<td>Q6</td>
<td>What is the estimated number of the visitors during the period of World Games competitions?</td>
</tr>
<tr>
<td>Q7</td>
<td>How many full-time staffs are recruited by the city to prepare for the World Games?</td>
</tr>
</tbody>
</table>

Table 2
Major Sponsors of the 2009 World Games

<table>
<thead>
<tr>
<th>Level</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level A (n=11) Official Partners</td>
<td>China Airline, 7-11, Chunghwa Telecom, Carrefour, China Steel Company Group, Taipower, China Petroleum Company Corporation, Marina, Tissot, Volkswagen and Coke Cola</td>
</tr>
<tr>
<td>Level B (n=7) Partners</td>
<td>SECOM, Banana Chippy, Wei Mon Industry, China Postal, Kaohsiung Medical University &amp; Hospital, Heineken and Real Estate Development Association of Kaohsiung</td>
</tr>
<tr>
<td>Level C (n=22) Sponsors</td>
<td>Taiwan High Speed Rail, Taiwan Sugar Corporation, Giant, SYM, PXmart, Greenoil, Fish888, Starbucks, ShinKong Life, Hellelocar, Hamilton Sunscreen, Dole, New Zealand Kiwifruit, Nitto Denko, Sundance, Bank of Kaohsiung, Sakura, Tong-yang, Cold Stone Creamery, Bros Sports and White Flowers</td>
</tr>
</tbody>
</table>