



Bouncing Back

Preparing for a Sport Hosting
and Economic Reboot

Part 1: Domestic

EXECUTIVE SUMMARY

May 2021

Bouncing Back: Preparing for a Sport Hosting and Economic Reboot (Part 1: Domestic)

In partnership with Destination Canada, Sport Tourism Canada is pleased to present the first in a series of three (3) reports that will help to explore and define the challenges facing the recovery of sport tourism. This report seeks to answer some pivotal questions for the industry:

How can sport hosting in Canada return safely?

How can sport tourism act as a catalyst for economic recovery and an industry-wide reboot?



The first case of COVID-19 was identified in Canada in January 2020. By March 11, 2020, a global pandemic was declared, countries started shutting their borders and travellers were grounded. Canada responded simultaneously by cancelling major events, including international and domestic sporting events. One-by-one, the provinces postponed events and communities responded quickly to adhere to public health orders, cancelling recreational league play and tournaments. With the industry at a “standstill”, private venues and businesses supporting the sport event industry struggled to maintain operations.

By October 2020, while some sport activity attempted to return with modified formats, there was no definitive timeline or process for “return to sport”. Destinations, event rights holders, and sport governing bodies worked diligently to bring sport back, but the results were inconsistent at best.

A collaborative, purposeful and demonstrably effective approach would be required to encourage host cities, venues, event organizers and participants to once again engage in sport events.

“The visitor economy saw unprecedented losses in 2020...with an impact on tourism greater than 9/11, SARS and the 2008 economic crisis combined.” Tourism Industry Association of Canada, April 2021

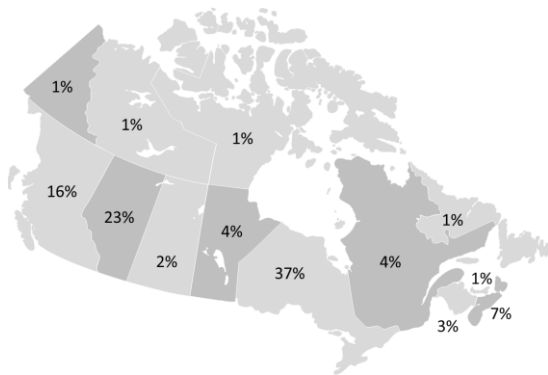


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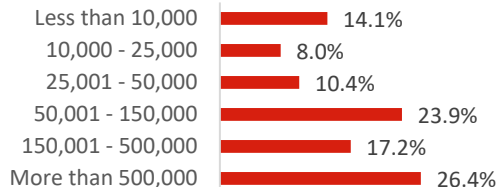
Hosts

Feedback was received from host destinations located in **every** province & territory, and from **86** different communities of all sizes across Canada.

Distribution of Host respondents by geography (%)



Distribution of Host respondents by population size (%)



“Host Destinations” were represented in this survey by:

- *host organizing committees / host societies*
- *municipalities*
- *regional municipalities*
- *economic development agencies*
- *destination marketing / management organizations*
- *other*

Hosts play an important role in the sport tourism industry, but so often, sport tourism is not their sole area of interest or mandate. Even with a variety of different funding sources supporting host destinations, some key statistics are telling a precarious story overall, with some optimism due to the resilience of hosts:

- **34%** of hosts indicate a major reduction in 2021/2022 budgets.
- **40%** of hosts have made staffing or structural changes during COVID, with **70%** of those laying off some or all staff.
- **89%** of all respondents are taking on additional duties among remaining staff to get the job done.

52.2% of hosts believe sport tourism is more important now than pre-COVID, recognizing the ability for sport event hosting to be central to economic recovery.

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Hosts

Sport tourism is central to the economic, cultural, and social fabric of our communities large and small across the country. Despite lock downs and event cancellations, youth recreation sport and high performance sport (competition and training / evaluation camps) continue to operate under strict new guidelines. Unlike festivals and cultural events, sport events provide communities with a glimmer of hope for economic recovery, because they can operate spectator-free in a COVID-friendly fashion.

The breadth and depth of sport tourism in Canada is demonstrated by the range of event types hosted by respondents. According to the survey, mega- and multi-sport games are on hold, but the average host is involved in multiple types of events that bring visitors, profile, and vibrancy to their communities. The top three (3) domestic event types include:

- Single-sport leagues
- Grassroots events, and
- Cause-related / fundraising events.

Events that typically involve more travel, nationally or internationally, may take longer to return, but **local sport events can act as a catalyst for a restart.**

Given the major budget cuts reported by 34% of respondents, it is not surprising that more than **60%** of host respondents are pursuing fewer or no event / bid opportunities in 2021. Optimism seems to return for 2022, however, as more than **50%** of respondents see pursuing the same or more event bids.

The greatest hesitation to pursuing future sport event bids include:

Rationale for Hesitation	
Lack of clarity surrounding funding future	53.6%
Lack of clarity around safety of hosting events with COVID-19 still present	70.1%
Uncertainty of when to schedule event without risk of postponement / cancellation due to COVID-19	79.4%

As public health guidelines become clearer and funding sources more stable, hosts may feel more confident in moving plans forward for sport event hosting, but timelines remain uncertain.

“Despite all the down sides to the pandemic, it has pushed us to better organize staff, technology, and our ways of working. Our cooperation with other community partners has definitely improved which can only benefit sport hosting in the future.”

Host survey respondent

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Hosts

How do hosts feel about COVID-19 recovery and a bounce back? Perspectives vary significantly about the timing of return-to-play, return-to-competition, and a “COVID-19 recovery”. **Two-thirds** of host respondents think that the pandemic will continue to disrupt sport hosting for at least **another six (6) months**, and half of those believe it will be at least **another 12+ months**.

At present, **89%** of hosts do feel they possess (or have access to) the required level of expertise to navigate the pandemic. A strong team to guide recovery is important, as **75%** of hosts believe that there will be a long period of recovery post-pandemic of at least **one (1) to two (2) years**.

What hosts are missing, according to respondents, are clear and concise COVID-19 guidelines, along with clear and regular public health updates. The varying situations between regions / provinces / territories has led to inconsistencies around guidelines, protocol for “return to play” and even which sports or events can be considered. Respondents believe that **a sport tourism reboot will be regionally-driven** depending on the scope, flexibility and support locally.

Host organizations indicate that a year-long shut down has been **devastating for the industry**. While government agencies are working to support the industry, the current levels of support are not enough, especially if travel restrictions continue to be extended.

With most hosts believing post-pandemic recovery will take at least 1-2 years, **58%** of hosts have been using this “pandemic down time” to **work on long-term strategic planning**. Only **45%** of hosts indicate that they have a hosting strategy in place, meaning half of the respondent host organizations are managing this pandemic “on the fly”. Those host destinations with a hosting strategy in place can at least lean on an approach that can identify the shifts in the market, monitor the turbulence, cancellations, starts and re-starts, and respond accordingly. **Long-term strategic planning will be critical to the survival of the industry** and economic recovery post-pandemic, particularly since a date for post-pandemic recovery is not apparent.

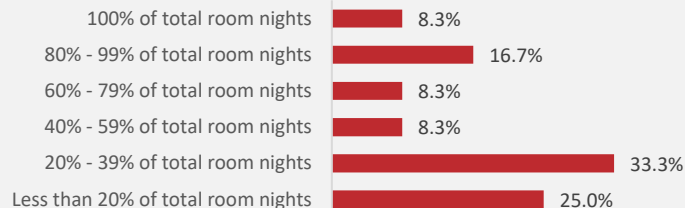
*The average amount of “emergency funding” required to ride out the pandemic per host organization is **\$199,000**.*

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Hotels / Accommodations

What has the impact of disruption to sport event hosting been on hotels / accommodations providers? Hotels and accommodations providers are central to sport event hosting and participant / spectator experience at the events. When asked, **100%** of hotels indicated that they have been affected by sport event cancellations.

Room Nights Lost Due to Cancelled Sport Events



As seen above, more than **33%** of hotels / accommodations providers lost more than half of their room bookings for 2021 due to cancelled sport events. According to the survey, 2021 hotel bookings are trending **60%** lower than bookings in 2019.

And despite efforts, **75%** of hotels have not successfully re-booked cancelled hotel room nights for future years or have booked less than **20%** of what was originally scheduled before COVID cancellations.

Hotel / accommodations providers are working diligently to support their sport host communities and adapt to new pandemic guidelines. Modifications for sport events include altering traffic flow within the hotels, rotating meal times between user groups to avoid crowding, etc. Despite these efforts, the sector continues to get hit hard.

Interestingly, when asked, **75%** of hotels indicated that they would be able to host a “self-contained sport event”. **~55%** of those asked could host events no larger than 100 attendees, but the appetite for a self-directed reboot appears to be present.

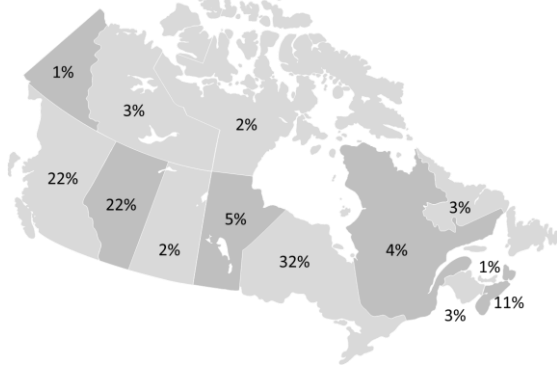
A case study from BC: “The average provincial occupancy (for British Columbia) is currently sitting well-below 25%, and if we do not see tourism pick up by the summer, we risk losing over 30% of hotels in the province.” *Vancouver Sun, May 7, 2021, Ingrid Jarrett, President and CEO of the British Columbia Hotel Association*

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Sport Event Rights Holders

Feedback was received from event rights holders located in **every** province and territory, and from **75** different communities from across Canada.

Distribution of Event Rights Holder respondents by geography (%)



The majority of sport event rights holders are **membership-based organizations** with 11 full-time staff and eight (8) part-time staff (on average), and membership ranging from 10 to 400,000 people.

“Sport Event Rights Holders” were represented in this survey by:

- provincial / territorial sport organizations
- local sport organizations
- national sport organizations
- other not-for-profit organizations / charities
- multi-sport organizations
- commercial rights holders
- school sports / intercollegiate sports
- sports leagues
- Indigenous sport organizations

The research demonstrates a split level of resiliency among event rights holders. **51%** believe they can sustain themselves for at least one more year, yet in stark contrast, **24%** indicate that they could not sustain themselves beyond a year. This difference is significant and is something to be aware of as an industry – *how do we support all industry partners through the pandemic together?*

Unfortunately, almost **22%** of sport event rights holders have had to **close their doors**. Most of those organizations are hoping to return, but the level of effort to “restart” these organizations could create further delay in getting events back up and running.

A quintessential cross-section of over 80 different sports were represented in this survey.

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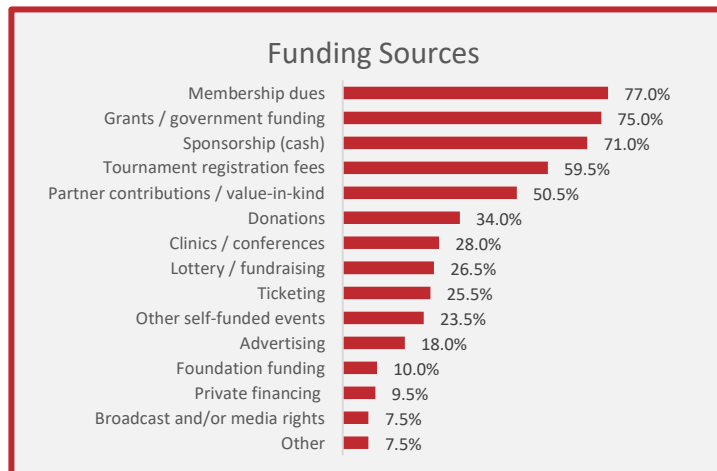
Sport Event Rights Holders

How are event rights holders balancing the needs of their members against public health orders? Event rights holders are in a unique position, where their response to the pandemic can vary greatly, depending on their membership base. Masters sport and adult recreation have all but ceased completely. Youth sport is restricted to regional events only. The only exception appears to be high-performance sport linked directly to Olympic qualification. Each of the above is fraught with unique challenges and requires tremendous effort and attention to overcome.

In 2020, for example, **94%** of event rights holders experienced decreased revenues, with an average revenue drop of **53%**. If not for **government subsidies** and resiliency / recovery funding, many organizations would be facing a grim financial reality.

Without live sport events, event rights holders are not collecting membership dues, tournament registration fees, sponsorship revenue or ticketing proceeds. These revenue sources alone make up 55% of total income among sport event rights holders.

The results of the survey highlight that **revenue diversification** among event rights holders will be key to future sustainability and economic recovery. As a result of the pandemic, **more than half** of the normal funding sources have been lost. While the figures below highlight the “breadth of funding sources”, 71% of survey respondents also indicated they rely primarily on government grants and membership dues (despite other potential funding sources).



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Sport Event Rights Holders

The level of understanding and cooperation in the industry between event rights holders, host destinations, event organizers, venues, hotel / accommodation providers, etc. has been unparalleled. The entire sport tourism industry has rallied in hopes of finding a way through the pandemic.

Despite best efforts, 2020 event status most clearly outlines the effects of the pandemic on the industry, with **84%** of organizations forced to modify or cancel events. **25%** of respondents had to fully cancel events, with an additional **18%** postponing events indefinitely.

Survey results highlight that event rights holders are optimistic about 2021, with **70%** planning to host events in some form in 2021, with **26.5%** planning to host events "as normal".

As news of COVID infection rates, new variants, and vaccines efficacy continue, sport event rights holders patiently wait for guidance from public health authorities, while doing everything possible to restart events in a way that is as safe as possible for everyone involved.

"Despite everyone's best efforts and intentions, there are only so many times we can start and re-start before we are just wasting resources on an event that, at best, might happen."

Event rights holder survey respondent

Sport event rights holders indicate that a year-long shut down has grossly impacted revenues and threatens the long-term sustainability of their organization.

While government agencies are working to support the industry, the current level of assistance is not sustainable for government or sport event rights holders. Faced with a decrease in revenues, increasing operating costs, and unrecoverable fixed costs, the majority of sport event rights holders (**51%**) believe they can sustain themselves for at least a year. While demonstrating some resiliency, the total amount of emergency funding required to sustain operations and

fund recovery for sport event rights holders (respondents only) is over **\$21.8 million**. This survey represents only a fraction of the organizations in Canada.

When asked what the biggest barrier to a sport tourism industry restart was, "**government restrictions**" was cited most frequently.

*The average amount of "emergency funding" required to ride out the pandemic per event rights holder is **\$143,000**.*

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What changes to sport hosting should we anticipate as an industry post-pandemic?

Most host destinations and event rights holders believe that sport event hosting will never be the same. How has sport event hosting changed as a result of COVID-19? What do the key players in the sport tourism industry predict? According to the survey, host destinations and sport event rights holders anticipate:

- **Sweeping changes to event operations**, including reduced budgets, increased costs, and new “ways of working” (e.g., venue redesigns for traffic flow).
- **Bubbles are not viewed as a viable “return-to-competition” strategy**. Perhaps it has been the inability to guarantee participant and public safety, the challenge of evolving public health orders, or exorbitant costs; regardless, host destinations ranked it **13th** overall as a bounce-back strategy.
- **Revised revenue models**. To adhere to social distancing guidelines, sport events may need to find ways to operate without spectators. Without spectators, the event has reduced revenue. Sport events and host destinations will need to get creative to generate new revenue sources.
- **Added costs will be passed on to the participants**. With completely new operational guidelines and protocols in place, event hosting costs have increased. Both rights holders (**70%**) and hosts (**79%**) agree that they expect these added costs would largely be borne by increasing team or participant registration fees.
- **Changes to measuring success**. Economic impact will likely remain the most important metric for evaluating bid or event success, but sustainability will be a more important consideration moving forward.
- **Industry reboot is reliant upon “clear public health guidelines”**. The survey asked hosts to rank a list of 18 items that could get live events back up and running. “Clear public health guidelines” was the highest ranked with **97%** saying that they are extremely important for the success of live events.

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What could propel the sport tourism industry forward?

Despite so many event cancellations and postponements, there seems to be some optimism among sport event hosts and sport event rights holders. According to the survey, host destinations and sport event rights holders look toward recovery by:

- **Working more closely with partner organizations.** What began as managing event cancellations has the potential to develop into very beneficial partner relationships. Whether creatively reducing expenses or finding new uses for venues “in the interim”, strengthening industry partnerships can be beneficial to a community in the short- and long-term.
- **Seeking out operational efficiencies.** Organizations that have been side-lined for months can redirect their efforts to planning. Some planning is not just forward-looking, but can also be a hard look at current operations for opportunities to reduce overhead and operating expenses. Cost savings can be achieved.
- **Adapting event operations and formats.** It is easy to sit back and say “we can wait this out”. Why wait when you can spend your time modifying what you already have? Event operations can be re-defined, as well as event format. While a lot of effort is involved, new opportunity to restart your event program may arise.
- **Focusing on outdoor events.** A number of public health orders restrict indoor events. There is a bit more flexibility when events can be hosted outdoors, in a manner that respects COVID protocol and guidelines set out by the provincial government and national / provincial / territorial sport organizations.
- **Exploring new revenue streams.** When a reboot does commence, event rights holders are aware that spectators may be limited or non-existent at events. As such, exploring new revenue sources linked to broadcasting / streaming or the virtual fan experience could be worthwhile.
- **Design new or modified event formats.** Some sports have identified modified formats of their competition – redesigning event spaces or adding virtual / digital components to their competitions. Modified event formats could help kick start your sport event program.

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Sport Tourism Canada assembled a team of industry experts to manage and steer this project from concept to completion...

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Sport Tourism Canada would also like to thank these organizations and individuals for their support and involvement...

Organizations:

- Sport for Life
- Federal, Provincial, and Territorial Sport Hosting Groups
- Provincial and Territorial Sport Governing Bodies
- Sport Information Resource Centre (SIRC)
- Adrenalin Magazine
- Total Analysis



Individuals:

- Rick Traer, CEO
- Grant MacDonald
- Derek Mager
- Jacquelyn Novak
- Doug McLean
- Barb MacDonald
- Riley Denver
- Zanth Jarvis
- STC Board Members
- STC COVID Recovery Task Force Members





SPORT
TOURISM
— CANADA —

The logo for Sport Tourism Canada is centered on a white background. The word "SPORT" is in a large, bold, dark blue sans-serif font. The letter "O" is replaced by a red maple leaf icon. Below "SPORT" is the word "TOURISM" in a smaller, bold, dark blue sans-serif font. At the bottom, the word "CANADA" is written in a red sans-serif font, flanked by two horizontal dark blue lines.