

**EXPLORING THE GAINS OF
LOCAL BUSINESSES WITHIN
THE HOSPITALITY INDUSTRY
DURING AN EVENT: THE CASE
OF THE TOP GEAR FESTIVAL**

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Abstract

Top Gear is a long-running television programme now shown in over 50 countries with international versions of the show created. It has recently branched away from television and started live stunt shows and weekend car festivals. The Top Gear Festival, a weekend long event with a circuit race, live stunt shows and car exhibitions took place in South Africa for the first time in 2011 in Johannesburg and was then contracted to take place in Durban for three consecutive years. Events such as the Top Gear Festival are being favoured by urban managers to be used as a mechanism to promote the economy and development especially within the tourist industry. This study aimed to investigate the impact the Top Gear Festival had on the hospitality industry in Durban. Following the occurrence of the 2013 event, an interview was conducted with the eThekweni Municipality and data was collected from hotel and restaurants managers and owners. From the data it was found that many businesses believed their restaurant or hotel was busier over the festival weekend and experienced positive impacts due to increased patron numbers and higher turnovers. However, despite this, it was also found that whilst hotels were almost full over the festival weekend compared to a normal weekend in June, restaurants appeared to suffer and were not as busy.

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Introduction

1.1 Research Problem

Events have become increasingly appealing to officials in high- and middle-income countries because they raise the profile of the host destination and have the potential to increase both direct and indirect economic benefits. These events can include both mega and MICE (meetings, incentives, conventions and exhibitions) events. Mega-events often include large, international sporting events whilst MICE events are often smaller conferences, exhibitions or festivals that can be national or international. A number of different events have recently taken place in South Africa including mega-events such as the 1995 IRB Rugby World Cup and more recently the 2010 FIFA World Cup and smaller MICE events such as the Good Food and Wine show which takes place annually. There have been a number of studies on events in the past (Baade & Matheson 2004, Gaffney 2010, Jory & Boojihawon 2011, Kim et al 2001), however most of these studies have focused on large sporting events and the economic benefits associated with them, as opposed to smaller events. Events often have an impact on the local residents and businesses within the host city. Past studies have concentrated on the perceptions of these residents with few focusing on how local businesses may be affected.

Durban is a well-known tourist destination located in KwaZulu-Natal, South Africa. eThekweni is the local Municipality for Durban and describes it as being the “friendliest city in South Africa” and under its logo, states it’s the warmest place to be” (Durban Tourism 2014:unpaginated). Due to a large amount of investment into its infrastructure, the mayor of eThekweni states that Durban is now “a world class city praised by its citizens and visitors alike” (Nxumalo 2013:9). Improving tourism in Durban as an economic strategy has been a high priority for local authorities, and since the FIFA World Cup in 2010 and the building of the iconic Moses Mabhida Stadium, the province in which Durban is situated, “has become one of South Africa’s most popular event destinations” (The Event 2014:unpaginated). Durban also boasts warm

weather throughout the majority of the year and is located along the Eastern coast line of South Africa bordering the Indian Ocean. It also has other large venues including the International Convention Centre which has provided it with the infrastructure to host large events and encourage tourism. In the past Durban has held a number of different events on both large and smaller scales including matches from the FIFA World Cup in 2010 and the COP17 climate conference. Annual events held in Durban include the tourism industry convention, the Indaba and the Durban July. Both of these events attract many visitors to Durban and often have a direct impact on the hospitality industry making hotels and restaurants busier.

In order to host a large event, either the local or national government must invest a substantial amount of public funding to improve or alter infrastructure to meet the specific needs of the event and its activities. In some cases, they also have to spend significant amounts on bidding for the event in terms of presentations, preparations and staffing. This leads to an on-going debate as to whether it is worth spending money on such events when there are high levels of poverty within South Africa. On the one hand, it can be argued that hosting large events allows South Africa and Durban to improve their local and international image, assuming the event is successful. It also encourages tourists, not only local but international to visit Durban which increases spending and business opportunities for those within the hospitality industry and beyond. If they have a good time and enjoy the event, they will praise Durban and either come back or through word of mouth, inspire other visitors. With a higher numbers of tourists, the hospitality industry should succeed and grow and boost economic activity within the country, which eventually should trickle down to the poor. From this point of view, the income generated from hosting events would exceed the amount spent and allow for future income to be made, especially if international investors become interested in the country on a long term basis.

On the other hand, the expected benefits may not outweigh the costs of holding the event. This can occur if less people attend the event leading to a decrease in expected ticket sales, hotel bookings and spending around the

host destination. The 2010 Commonwealth games held in New Delhi, India is a good example of this. Although the games went ahead, “the bad publicity surrounding the preparations was negative for India” (India Tourism Report 2011:32). The expectations from hosting the games were not met and the number of tourists that visited is unlikely to create a long-term boost to the country’s economy. In the case of South Africa, if the event benefits did not outweigh the costs, one could argue that the money used for holding the event could then have been put towards improving health services or building new housing to replace the informal settlements. Although Durban is not currently holding mega-events that require expensive new stadiums or infrastructure such as the Olympics or the Commonwealth Games, there is still a chance for a loss of income as small events also incur costs. Authorities have to look at the opportunity costs whilst weighing the potential benefits against the possible failures before considering holding a specific event. This opens the debate on whether big events held in a city, benefit local businesses or residents and are worth the amount spent.

1.2 Top Gear

Top Gear first began as a motoring show in the UK in 1977 until it was revamped with new presenters and themes in 2002. Originally it was only aired in the United Kingdom but by 2010 it was reaching approximately 350 million viewers a week in over 170 countries (CBS News 2010) and now has international versions of the show in Australia and the United States. It has become a global phenomenon with not only a TV show, but also a magazine and live shows that occur worldwide. Following the success of the Top Gear Live shows where live stunts were performed, a new concept was derived and the Top Gear Festival was born. The first ever Top Gear Festival took place in 2011 in Johannesburg. The Top Gear Festival consists of four stadium stunt shows over two days fronted by the same presenters from the TV show. On each day, there is also a circuit track where professional drivers race along a track specifically built for the event. Apart from these shows, visitors can look at a selection of rare and expensive cars as well as watch demonstrations and test-drive certain vehicles. Ticket prices for the Durban show range from R260

to R1995 depending on the type of ticket one chooses. The festival provides not only a show, but also an interactive experience for visitors.

Following the occurrence of the first festival in South Africa, the eThekweni Municipality signed a contract with the organisers of Top Gear to hold the festival over three consecutive years; 2012, 2013 and 2014. It was estimated before the contract signing that it would cost the eThekweni Municipality over R31 million as it committed itself to building the relevant infrastructure and to covering the operational costs over the three years (Mbuyazi 2011:unpaginated). The main question that arises is, will the Top Gear Festival boost the economy and help the businesses within the hospitality industry enough to justify the city spending a high level of public funding? Out of season events are expected to make hotels and Bed and Breakfasts (B&Bs) fully occupied and restaurants full with customers (ECR 2013:unpaginated), especially those located close to the stadium. On the other hand, being in close proximity to the stadium may also have adverse effects on business due to the race around the stadium that causes a number of road closures. This could limit access to certain businesses or stop residents from travelling to certain areas. There is also a risk that local residents may be deterred from visiting restaurants due to an influx of tourists and fear of not getting a table. Whilst many of the visiting tourists are at the stadium for the festival, they may not replace the lack of local customers at the local restaurants.

1.3 Aims and Objectives

The aim of this research is to investigate whether local businesses that are expected to benefit from events in a city actually do so. The focus will be on businesses within the hospitality industry, located close to the Top Gear Festival site in Durban. The second Top Gear Festival took place over the weekend of the 15th and 16th June 2013.

In order to achieve this aim, the study has the following three objectives:

1. To explore the Municipality's reasoning for holding the event.
2. To investigate the impact of the Top Gear Festival on the local hospitality industry.
3. To examine the views and opinions of those involved within the hospitality industry.

Conclusion

Following the occurrence of different events that have taken place in Durban, this study will focus on how the second Top Gear Festival in Durban impacted the hospitality industry. The study will be laid out as follows: Chapter two will examine past literature on events and look at past case studies that have occurred in both South Africa and other countries. Chapter three will review the available methods and identify the chosen methods for this study. Chapter four will discuss the results and findings from the fieldwork carried out during the research. Finally, chapter five concludes the research and explains the key findings and opportunities for future research.

Literature Review: the Benefits and Pitfalls of Events

This chapter will discuss the use of events as a tool to boost tourism and economic activity in host countries and cities. It will start by defining events and go on to discuss the framework of events-based place selling. Following this, it will talk about the benefits and pitfalls of holding events whilst explaining the experiences of past events in a number of countries including South Africa. Finally, it will argue that the impact events has on the hospitality industry is mainly positive.

2.1 Defining Events

The occurrence of events has grown tremendously over the last few decades with a number of them occurring annually. Each event varies in type and is aimed at a different audience but all are large in scale. A mega-event can be defined as “a major one-time or recurring event of limited duration” (Ritchie 1984 cited in Kim et al. 2006:86) that is “high profile with a major impact on the image of the host city” (Law 1993 cited in Lamberti 2011:1477). Most mega-events require some form of bidding process and involve stiff competition between numerous cities and countries. The bidding process is long and extensive but gives the host city or country the opportunity to showcase their destination as an ideal place to host an upcoming global event. The most commonly known events are large, global sporting events such as the FIFA World Cup or the summer Olympic Games. The FIFA World Cup and the Olympics games are two examples of events that differ in terms of their scale. Although both are large, global events that bring in international audiences, the FIFA World cup requires country bidding, whereas the Olympics is based within just one host city. Both however, require some of the “most expensive, complex and transformative processes that cities and nations will undertake” (Gaffney 2010:7). The country or city that hosts an event must build new stadiums that meet the audience and team requirements and ensure public transport and infrastructure are able to withhold the high number of international tourists whilst maintaining a certain level of sustainability. As many of the hosts have not held such events

previously, much of the infrastructure is brand new and of extremely high costs to the local or national government.

So far, events have been defined as being large and international but there are a number of smaller events that also have potential benefits. These events include meetings, incentives, conventions and exhibitions, also known as MICE events. According to Grado et al. (1997:20) “many communities and states have planned strategies to attract more of these events into their areas” and the number of these types of events being held internationally has grown considerably over the years. For example, in Korea, the number of conventions held grew from 184 in 1995 to 465 in 2007 and in 2008, there were a total of 11,085 conventions held worldwide (Kim et al. 2010:43). Over 20% of these conventions were held in the USA, France and Singapore (Kim et al. 2010:43).

Despite the costs, there is still high competition to host mega-events and the motivation for this is explained in a later chapter.

2.2 Events-Based Place Selling

Holding large events has become part of some cities’ economic strategies. This is part of the broader shift in emphasis from primary and secondary activities such as manufacturing to “consumption activities in leisure, entertainment, tourism and sports” (Andranovich et al. 2001:115). Andranovich et al. (2011:115) go on to say that this was the case in the United States during the 1980s when federal aid was cut, which led to some local governments responding with entrepreneurial strategies for economic development. Cities began building convention centres, sports facilities and entertainment complexes all aimed at attracting new visitors, residents and investors.

This is when ‘place marketing’ became a popular strategy for development. Place marketing is defined as “designing a place to satisfy the needs of its

target markets. It succeeds when citizens and businesses are pleased with their communities and it meets the expectations of visitors and investors” (Kotler et al 1993:99). Holding large international and national events such as the Olympics or local sports tournaments became a new way for authorities to promote their cities in an attempt to reap economic benefits. Historically events were held mainly for entertainment purposes; it is only recently that they have been seen as a tool for economic growth. In the past, it was mainly event organisers and promoters who were interested in visitor numbers and revenue. Following the increase of large events being held to attract more investment and tourism, Rennan (2007:14) coined the term ‘events-based place selling’. This involves cities and towns promoting their destination to other nations or regions and so Rennan defines events-based places selling as “a group of strategies cities deploy to put themselves on the map by hosting large events” (Rennan 2007:14). By holding mega-events, or even smaller events, a city can attract certain target groups to the location and can persuade them to live, work or invest there. Place selling is often linked with urban regeneration and gentrification as cities improve their infrastructure to ensure the chosen target groups stay, and their expectations are met. So not only does improving a city’s image make it more desirable to reside in, but “the desire to create a world-class image presents an important opportunity for a city’s economic development strategy” (Andranovich et al 2001:114).

2.3 Motivations for Hosting Events

To host an event such as the Olympics or World Cup tournaments, host countries or cities must spend large amounts of money to ensure the infrastructure suits the type of event and will be adequate for the expected number of tourists. This holds true for both mega-events as well as smaller events such as conferences or festivals. Funding for such events comes from either private or public investments, most of which is from the host’s local or national government. Despite the high costs of such events, the level of competition is high. Varrel & Kennedy (2011:1) point out two factors that motivate governments to push for hosting a mega-event; “A successful hosting offers global exposure, prestige and legitimacy to the host city and the

entire country, which is especially desired by emerging economies eager to prove that they have become major players on the global stage and secondly, hosting a mega-event rests on the promise of an economic windfall coupled with a substantial urban makeover”. Although these authors state there are two factors that motivate hosting a mega-event, this can be broken down into three points, image and legacy of the country, economic windfall, and urban makeover and accelerated development. Each of these will be discussed in further detail.

Firstly, hosting a mega-event, especially one that is internationally known gives a country or city the opportunity to showcase their location. For example, the FIFA World Cup in 2010 drew in an average of 188.4 million home viewers per match and a total of 2.2 billion viewers for the whole tournament (FIFA 2014:unpaginated). The summer Olympics of 2012 held in London had over 3.6 billion people from 220 countries watching the games from their homes (International Olympic Committee 2012:28). Although these people have not necessarily travelled to the host country or city, the event can still act as a publicising tool for the destination. Not only can hosting an event act as a good advertising tool, it can also act as a “powerful opportunity for image enhancement” (Mihalik & Simonetta 1998 cited in Newton 2009:95) after local infrastructure has been improved. With an improved image, tourists and investors may be more likely to visit. For example, developing countries are often seen as having high levels of poverty and crime that can deter visitors. However, if they host an event with success, the perceptions that people have may change and encourage more to visit. With higher levels of incoming tourists, the local businesses are likely to benefit as well as the country’s overall economy. By improving a place’s overall image, in the long run tourism could become a more sustainable business plan and contribute further to a country’s GDP.

The positive image and a boost in tourism is also linked to the second reason many countries, especially developing nations, bid to host mega-events; namely “the promise of an economic windfall” (Varrel & Kennedy 2011:1). The influx of tourists to a destination is expected to bring along more spending for

both accommodation and dining but it is also expected to create new sources of employment. These jobs may be directly involved within the tourist industry through hotels or restaurants, through policing to monitor crime and violence or even through the informal sector such as car guards in South Africa. When planning to bid or host an event, authorities estimate how much they expect to gain in profit against the cost of hosting the event and more often than not, the estimates show that the economy will benefit rather than suffer in the long run. Kim et al. (2006:88) argue that tax revenues and the additional sources of income are positive impacts of hosting a mega-event, which if managed sustainably, can be used to improve the local residents' quality of life. Corneliseen et al. (2011:31) state that these economic impacts of mega-events are often the most important aspects when considering to bid for one and will be the deciding argument as to whether they go through with it or not.

The third incentive for hosting a mega-event is the idea that it may accelerate development, not only by boosting the economy, but also by giving a city or country a makeover; "cities and countries competitively bid for an event in the hopes of 'remaking' their cities" (Gaffney 2010:26). To meet the standards of the governing boards for many mega-events, especially those within the sporting industry, countries must renovate stadiums or build new ones, which can then be used for their own events in the future. The cities involved with the events must then improve their own infrastructure such as roads, public transport and water and electricity access. In many cases, especially for developing countries, these improvements are needed regardless of the event but by hosting one, it gives the government or authorities' motivation to get it done quickly. Dodouras and James (2004:5) also argue that in some cases, such improvements may not have been "politically or financially feasible without the event." Although such processes may be costly, in the long run it is a positive impact for the local residents who will also get to experience the benefits from improved infrastructure and services but in a more permanent fixture.

2.4 Negative Impacts of Events

As mentioned in the previous chapter, countries often choose to host mega-events due to the possibility of increased economic activity. However, some studies have found that “mega-events generally fail to deliver the massive economic windfalls predicted” (Varrel & Kennedy 2011:2). Instead of experiencing the high profit margin that was estimated, countries or cities are left with “massive debt and extreme financial losses” (Gaffney 2010:26). Two possible reasons this happens is that the model used to estimate benefits could be flawed, the number of spectators attending is much lower than expected or their length of stay is shorter than anticipated. Gibson et al. (2003:168) state that in previous studies of sport tourism, tourists are there primarily for the sporting event and are not interested in many of the other things the location has to offer. They also go on to say that encouraging the tourists to take part in community events or activities is difficult. Secondly, the cost of improving and building new infrastructure is extremely high, and although there is sometimes a certain level of private investment, the majority of funding comes from local governments. If the income generated from hosting an event is lower than expected, the cost incurred from infrastructure will not be met, leaving the country in debt having paid for more than anticipated, especially if new stadiums built are left unused.

We are aware that host nations hold events due to the possible economic benefits but they are often encouraged by private funders, companies or organisations to do so. It is not commonly known how much money these private companies make through the events being held. For example, when a FIFA world cup tournament is held, the host country is expected to make a profit but so is FIFA as the organising committee. It was reported that in 2010, FIFA made a profit of US\$1.9 billion (Soccorlens 2010:unpaginated) following the World Cup held in South Africa. This may be a common feature of large events where corporate funders encourage nations to hold an event in order to capture public funds and profits from other aspects such as advertising for themselves. So although host destinations believe they will be benefiting from hosting an event, it may well be that other players benefit more.

Another reason countries or cities choose to host an event is the legacy and image of a given destination it can leave behind, however, this may not always be the case. Ritchie (1984 cited in Kim et al. 2006:89) argues that an event may actually damage the impression of the host community, especially if the facilities are not adequate or certain aspects of crime, violence or congestion are experienced. This is a risk for any country holding an event especially in developing nations where crime and violence are often already a concern. If during an event, these levels are still high and it is the tourist suffering from such acts, the image created may actually deter potential tourists and have a negative impact on the economy in the future.

Another issue with big events is brought up by Varrel & Kennedy (2011:3). They found that studies completed following an event show that some groups are left out and do not reap the benefits coming from it. Those excluded are often the less wealthy who cannot afford to attend an event or those in rural areas that are too far away to experience it. These people often do not experience any benefits for similar reasons. They also stated that many urban dwellers are displaced before or during an event in order to clear land for infrastructure or to hide certain levels of poverty. In this case, it is often informal settlements that are cleared and those who inhabited them are not relocated.

Finally, other problems or negative impacts associated with events include price inflation or an increase in local tax to cover the costs of constructing new facilities. High levels of crime, violence or theft are also a problem as a result of bigger crowds. These large crowds are also often associated with environmental impacts such as pollution or an increase in litter.

2.5 Impact of MICE Events

The reasons for holding MICE events are similar to that of other events such as mega-sporting-events, they are also considered to bring “an economic windfall and accelerate growth of the travel and tourism trade” (Rutherford and Kreck 1994 cited in Grado et al 1997:20). Depending on the type of

event, MICE events can attract both international and local visitors to the host destination and according to Locke (2010:211), those travelling for a MICE event, tend to spend twice as much per day as other travellers. Grado et al (1997:25) also carried out a study on the benefits of MICE event travellers based in 9 different countries and found that non-residents visiting for the event spent 85% more than residents, mainly due to additional accommodation and food costs. They also found that on average, a visitor would spend \$114.53 a day whilst a vendor at the event would spend on average \$135.50 per day (Grado et al. 1997:26). Exhibitions do not only attract tourists but also people who come to showcase a number of things. Not all of these people are from the local area and those coming from other places will also spend money on accommodation, food and travel. From Grado et al.'s study (1997:26), it was found that they tend to spend more money than other visitors.

South Africa has also followed in this pattern and has hosted a number of international and local MICE events in the past. The MICE sector in South Africa has become a "major contributor to the continued growth of the national tourism industry" (Fenich et al 2012:40) and in 2009, "MICE tourism in South Africa represented a total economic value of R4 billion, with visitor spending averaging around R5300 per capita per trip" (Van Schalkwyk 2011 cited in Fenich et al. 2012:40). MICE events can occur annually or can be a one-time only event. There are a number of local events that occur annually in South Africa including the Good Food and Wine Show that takes place in three different cities and the Durban July. The Durban July is a one day event but "triggers a massive spend on travel, hospitality and spending directly related to the event that tops R300 million, with a further R200 million spent on betting countrywide" (SouthAfrica.info 2012:unpaginated). The Indaba tourism show is held annually in Durban and brings in visitors from a number of different African countries. Other events that have occurred in South Africa that have had a large international attendance include the World Conference Against Racism in 2001 and the COP17 conference in 2011, both of which were also held in Durban. Finally, another global event held in Durban was the A1 Grand Prix. Similar to the Top Gear Festival, it was a street circuit

around Durban measuring in 3.2 km and was watched by over 100,000 local and international fans in 2006 (Morgan 2014:unpaginated). It was estimated that the three day event would bring in around R100 million a year for Durban (Van Eyssen 2006:unpaginated).

2.6 Impact of Events on the Hospitality Industry

The aim of this study is to investigate how the hospitality industry benefits from cities holding events and to find out their views on how such events may impact the city. A study carried out by Kim et al (2010) aimed to predict the economic impact of the Rotary International 2016 Convention due to be held in Korea by using the multiplier effect which is “produced through different types of multipliers, including output, employment, income, value-added tax and imports” (Kim et al 2010:48). Within the multiplier effect there are three types of impact; direct impact that includes visitor spending, the indirect impact that includes recirculating the first round of spending and the induced impact that is caused by employees from impacted businesses using their salaries to buy services from other businesses within the country.

For the Rotary International Convention 2016, it is expected that 50,000 delegates from 120 countries will attend and there will be a total expenditure of US\$14,949,826 for the conference host (Kim et al. 2010:49). When considering the expenditure of both visiting and local delegates, it was estimated that 10.8% and 23.7% of their total expenditure would be spent on restaurant and hotels respectively (Kim et al. 2010:51). Table 2.1 shows the results from the multiplier effect for both restaurants and hotels and includes the average of all sectors.

<i>Sector</i>	<i>Output</i>	<i>Income</i>	<i>Employment</i>	<i>Value-Added</i>
<i>Restaurant</i>	2.077	0.315	0.16	0.829
<i>Hotel</i>	1.568	0.376	0.17	0.902
<i>Average for all sectors</i>	1.902	0.372	0.11	0.758

Table 2.1: Results of the Multiplier Effects for the International Rotary Convention 2016 (Kim et al. 2010:54)

Table 2.1 shows that restaurants have a high output multiplier of 2.077 and it is higher than the average multiplier for all sectors. The output multiplier measures the total change in local sales. From these results, it can be interpreted that the spending from those at the convention will have a positive impact on the restaurant industry within the local area. The hotel output multiplier is lower than the average meaning that spending will not have as big an impact on the hotel industry.

The income multiplier measures the increase in income for all the residents within the convention host area. The hotel multiplier effect is higher than the average at 0.376 meaning that it generates a high income multiplier on residents. This means that for every dollar paid in wages, the hotel industry will pay out an extra 0.376 percent on wages.

In terms of the employment multiplier, both the hotel and restaurant industry are above the average for all sectors. This means that both of these industries rely heavily on human resources and as a consequence, may hire more staff due to convention spending.

Finally, the value-added multiplier for both hotels and restaurants are higher than the average for all sectors. The value-added multiplier measures “wages and salaries, operating surplus, depreciation of fixed capital, and indirect tax-less subsidies” (Lee & Taylor 2005 cited in Kim et al 2010: 57). In terms of the hotel industry, it has a value-added multiplier of 0.902 which means that for every dollar spent by the hotel sector about 90 cents will be generated.

From these figures, it can be interpreted that due to spending at a convention, the restaurant and hotel sectors experience a positive economic impact. Other studies have also investigated the impact of conferences and events on the hotel and restaurant industry. Hanly (2012:1576) found that in Ireland, the hotel and restaurant sector was the “primary destination for conference spending” while Lamla et al (2014:1702), found that during the Euro 2008, hotels in host cities experience positive sales effects whilst restaurants experienced the opposite.

Events in Durban are held to help improve the tourism sector and boost the economy but there is little evidence on how they actually impact the hospitality industry, mainly the hotels and restaurants leading to the rationale of this research

2.7 Case Studies of Mega-Events

This section will discuss six mega-events that have taken place over the last two decades. It will mention some of the experiences for each country and go through some of the impacts they later had to face.

The 1994 FIFA World Cup was held in a number of cities in the United States. During the build-up, it was suggested that the US would see a net benefit of \$4 billion. However, although 3.5 million spectators attended the games, this expected turnover did not materialise. In fact, Baade & Matheson (2004:348) state that “there was an overall negative impact on the average host city and the US economy overall.” They also mentioned that the host cities experienced cumulative losses of between \$5 and \$9.3 billion.

South Korea hosted the same tournament in 2002. The number of people who attended, although still a considerable 2.7 million, was significantly less than that of the US. Prior to the tournament, 10 stadiums in South Korea and Japan were either renovated or newly built and in South Korea alone, an estimated \$2 billion was spent on these state of the art stadiums (Kim et al. 2006:86). Unlike the study carried out for the US tournament, the study

carried out by Kim et al. (2006) did not focus on the financial burden of the event but on the perceptions of the local residents. Before the tournament, they found that the residents thought they would experience high levels of economic and cultural benefits for their communities, despite being aware of the costs. Following the games, it was found that these perceptions had changed drastically and that the economic benefits were disappointing for residents. Overall, in the case of the South Korea FIFA World Cup, the few positive impacts were associated with societal and cultural as opposed to economic benefits.

The ICC Cricket World Cup took place in 2007 in the West Indies. Although still considered a mega-event, it is smaller than the FIFA Football World Cup. In 2007, eight islands held different matches with approximately 100,000 visitors anticipated. Just as many other countries, the islands involved had to improve their infrastructure and stadiums to host the event and the influx of visitors. It was estimated that, across the region, over \$250 million was spent on stadiums alone and more spent on improving infrastructure. Similar to the South Korean study, Lorde et al. (2011) focused on local residents' perceptions of the games carried out in Barbados and found that their perceptions also differed significantly before and after the games. Prior to the games, some residents did not believe there would be much economic benefit for them and the trickle-down effect would be very limited. They also believed that the money being spent on the games could be used better elsewhere. Other residents did not agree and also thought cultural benefits would be relatively high. After the games, residents' perceptions of the benefits were found to be lower than their pre-game expectations. Despite this, their responses suggest that congestion and pollution levels were actually less than feared.

The 2004 and 2008 Summer Olympic Games were held in Athens and Beijing respectively. 10,625 athletes competed in Athens with over 3.9 billion people having access to TV coverage, while the 2008 Beijing games had 10,942 athletes competing (Olympic.org 2013:unpaginated). To host the games, both cities had to build a new Olympic stadium and improve certain infrastructure

to meet the needs of the tourists and athletes. The total cost for the Athens games was estimated to be £15 billion (Itano 2008:unpaginated) whereas the Beijing games are said to be the most expensive Olympic games and cost nearly \$30 billion (The Guardian 2008:unpaginated). One negative impact of both of these games according to Gaffney (2010:8) is that low-income neighbourhoods were cleared to make room for the new infrastructures and buildings. He mentions that tens of thousands of people were displaced both directly and through market mechanisms. Due to their housing being so close to the Olympic stadiums, rental prices inflated and many were unable to afford these homes and had to find alternative accommodation.

The last event considered here is the Commonwealth Games that took place in New Delhi, India in 2010. This is an example of an event that was not planned very well and one that did not live up to the predicted expectations. Unlike the Olympics, only Commonwealth countries are eligible to take part but despite this, the games saw approximately 6,572 athletes compete (Commonwealth Games Federation 2010:26). In preparation for the games, there were 70 hotel projects in place that were expected to create an additional 19,000 hotel rooms (India Tourism Report 2009:30). Five new sports stadiums were also built and twelve venues renovated making it the most expensive Commonwealth Games to that date (Bhalla 2010:27). The event was expected to boost the country's economy, especially the tourist industry, and create 500,000 new jobs. However, two months before the games were due to start, there were a number of concerns that the preparations were not running to plan resulting in bad publicity for India. The India Tourism Report (2011:31) stated that several countries "would not send their members unless the conditions improved". Despite the bad publicity, the games went ahead and were seen as relatively successful. However, the games were not as productive as expected and the number of tourists arriving in India were not as high as anticipated. In the long run, the New Delhi Commonwealth games "did not provide the significant boost the government had hoped for" (India Tourism Report 2011:31).

From these past events, it appears that a number of countries or cities did not experience the high economic benefits anticipated despite the high number of

tourists. This could have been affected by the high cost of new and improved infrastructure. Local residents perceptions changed from being somewhat positive to, at best, less positive; and others are left displaced and without a home. Positive aspects appear to be more cultural and societal than economic which leaves the question open as to why so many countries still compete to host such events in the hope of benefiting from economic gains when past events show this is not always the case.

2.8 Mega-Events in South Africa

As previously mentioned, some of the main reasons for countries competing to hold events is due to the possible economic benefits and the chance to boost the tourism industry by improving the host nation's perceived image. In 2009, Africa had a total of 45.6 million international tourists compared to Europe which had 459.7 million (WTO 2010:4). Lepp et al. (2011:211) found that the number of tourists in Africa are relatively low compared to other continents in part due to pre-conceived ideas of it being unsafe, and experiencing high levels of crime. By hosting large events that should attract more tourists than usual, these negative notions may be altered.

South Africa is one of the main countries on the continent that is frequently able to bid to host mega-sporting-events, because unlike other African countries, it is a middle-income country and has the resources to do so. In the past it has hosted international events such as the 1995 Rugby World Cup, the 1996 Africa Cup of Nations, the 2003 Cricket Cup and more recently, the 2010 FIFA World Cup and the 2013 Africa Cup of Nations. The most recent well-publicised event was the FIFA World Cup in 2010.

2.9 FIFA World Cup 2010

The FIFA World Cup was held between June and July 2010 with 9 cities acting as hosts. Walker et al. (2013:80) state that this tournament was an "opportunity for South Africa to not only achieve the domestic goals of social cohesion and economic impact, but also help the African continent establish

higher international prominence.” It was estimated that the World Cup would generate approximately R93 billion in additional revenue (Thornton 2010:24); R19 billion in tax revenue for the government; and create up to 415,000 new jobs (Corneliseen et al. 2011:312).

In the build up to the games, a number of new stadiums had to be built and there was a lot of investment in public infrastructure which alone cost the government up to R600 million (Corneliseen et al. 2011:312). At the same time, the government initiated a number of sporting programmes in deprived neighbourhoods and set up programmes to improve medical services within the country. Many of these programmes and improvements were much needed and were initiated due to the World Cup bidding.

Following the games, the figures were not quite what had been anticipated; the 309,000 tourists who visited for the World Cup was a third less than expected (South African Tourism 2010) and the tourist expenditure, expected to be approximately R8.9 billion, only amounted to R3.64 billion (South Africa Tourism 2010). Considering the amount of funding and investment involved in setting up for the World Cup, the projected and actual benefits were disappointing.

As previously stated, a lot of money is often spent on improving infrastructure prior to events. However, since there is always a danger that the new stadiums will be left unused and not be sustainable in the future, it is important for countries or cities to ensure they have a usage plan for stadiums that have been built specifically for events. The Beijing Olympic Stadium offers a number of different tourist attractions in between hosting sporting events to ensure its use. In the case of the London 2012 Olympics, prior to the event, it was proposed that a local football team would use one of the stadiums as their home ground, although this had not been finalised at the end of 2012 (The Independent 2012).

In South Africa’s case, although many of the stadiums are not used frequently, their existence and availability has allowed further mega-events to

be hosted without needing new facilities; the Africa Cup of Nations was hosted in early 2013 and used many of the World Cup Stadiums. Other events that have taken place in the World Cup Stadiums include a number of concerts by international artists. The two stadiums in Johannesburg and Cape Town have held over 10 large music concerts each and although Durban has not held as many, it has been the host of a few concerts or shows since the World Cup took place. The Moses Mabhida Stadium in Durban also has a number of activities in place aimed at tourists in order to continuously make money from the stadium. These activities include the first ever stadium swing and a carriage that goes to the top of the stadium to provide a panoramic view of the city.

Although the figures following the World Cup were not as high as expected, “hosting the World cup directly benefited the country by improving its perception around the world” (Jory & Boojiawon 2011:13). The matches were successfully carried out showcasing South Africa and diminishing some of the negative preconceptions people had. This is not to say that all views have been changed, but by hosting the World Cup, the number of tourists may now increase after having a positive experience.

Despite the positive impacts, South Africa did experience a few negative ones; the main one being that the income and money generated was not as high as expected. Another negative aspects of the South Africa World Cup was that it had an extremely large carbon footprint, which according to Pellegrino et al. (2010:2) was the largest of any FIFA tournament and double that of the Beijing Olympics. One of the explanations given for this was due to South Africa’s location and the distance between each of the different host cities. South Africa is located relatively far from the majority of the World Cup spectators and athletes resulting in more flights being required. South Africa is a large country in itself and many of the host cities are a long distance apart. For tourists and football players to travel to each one, more fuel would have been used either by road or air transport. Although geographical distance is not something that can be altered, it does highlight an issue of hosting such

an event at a time when non-environmentally-friendly practices are being scrutinized.

South Africa has high levels of poverty and a high proportion of people living in disadvantaged communities. Much of the funding used for South Africa's World Cup stadiums and infrastructure came from public funding (Davies 2009:35), which could have been used to improve health and education facilities. It could also have been put towards the housing subsidies the government has been providing since 1994 which had reached a backlog of almost 2.1 million dwellings in 2010 (The Africa Report 2010). Steinbrink et al. (2011:21) argue that due to the World Cup and increase in public investments, there was a national budget restructuring which caused cuts in housing projects. This was exacerbated by increases in construction and land prices due to the extensive building prior to the World Cup. The two factors together inhibited further the possibility of building low-cost public housing.

As with many events, South Africa experienced both positive and negative impacts as a result of hosting the World Cup. In the future, these results must be taken into consideration when bidding for another event and the good outcomes must outweigh the bad.

2.10 Local Perceptions of the World Cup

A number of press releases and past studies speak about the economic impact of hosting a mega-event, positive or negative and often only focus on the hosting cities and how they benefit economically. Magi (2006:60) states that media publications often do not speak about those in the rural communities surrounding the host cities or how those residents may benefit through job creation or infrastructure improvement as a result of the event. In fact, according to Higham (1999:26), local communities are often left out from participating in such events. He goes on to question the motive for having a large event and who it is staged for if local residents are often excluded. The increase in international visitors does not necessarily have an impact on rural villages as they are not as easily accessible as the cities nor do they

have the needed infrastructure to host visitors. For rural communities to benefit, there has to be some form of spill over or trickle-down effect which some argue is not always the case.

A study carried out by Bob & Majola (2011) in the rural community of Makhowe in KwaZulu-Natal prior to the World Cup was used to find out the local residents' perceptions and knowledge about the mega-event. They found that all the respondents from the study were aware of the World Cup and that it was taking place in South Africa, however, not all knew that there would be matches played in Durban, the closet host city to them. Those who were aware of the tournament expressed positive attitudes towards it, mainly because they anticipated direct benefits as an outcome. They also found that rural residents also wanted to be involved in the World Cup experience and expressed a desire to watch some of the matches either at the stadium or at public viewing areas, despite being located a long distance away. Out of all the respondents, 21 respondents stated they would not be attending matches with the majority stating that the price of tickets was too expensive. Other reasons included preferring to watch the match on TV or lacking an interest in football.

Much of South Africa's population live in rural communities and are living in varying levels of wealth and poverty. It was found from the study that many of them lacked access to information about the World Cup and those who were aware, were unable to enjoy the actual event due to cost or distance. This situation is likely to be similar in other rural villages close to different host cities. It leaves the argument as to whether a mega-event such as the FIFA World Cup will benefit and trickle down to those in rural communities and if not, can it still be seen as a tool for poverty alleviation or economical improvements?

2.11 Conclusion

From the literature, it is clear that the motivations behind holding events are primarily due to the economic benefits associated with them and to boost the tourist industry within the host city or country. Past events such as international sporting events often do create an increase in revenue along with a high number of both national and international visitors. These events are also often highlighted on television showcasing the destination to millions of additional people who were not able to make the event. Smaller events have also been found to have a positive impact on revenue with higher spending from MICE event visitors than local residents, especially in the hospitality industry. However, despite this, events can also have negative impacts on both the economy and the local residents. In the past, informal areas have been cleared displacing local residents. Events can also have a detrimental impact on the environment due congestion and travel, such as in South Africa where the FIFA World Cup had a very large environmental footprint. There is also the risk that the specific stadiums and conference venues built primarily for an event are then unused and left standing as a 'white elephant'. To limit this from happening, some cities have turned the stadiums into tourist attractions or made them concert venues but in many cases, they are left empty and unused.

To conclude, despite there being a number of risks associated with holding an event, officials often go ahead with it because the possibility of gaining economically, may outweigh the risks.

Methodology

There are a number of different research methods that could be used to collect data for this thesis including both qualitative and quantitative. Using both “often improves the chances of collecting more reliable data and minimising the risk of biased results” (Grix 2004:unpaginated), therefore for the purpose of this research, a mixed method approach was carried out. The methods used included questionnaires, semi-formal interviews and data collected from secondary sources.

3.1 Research Area

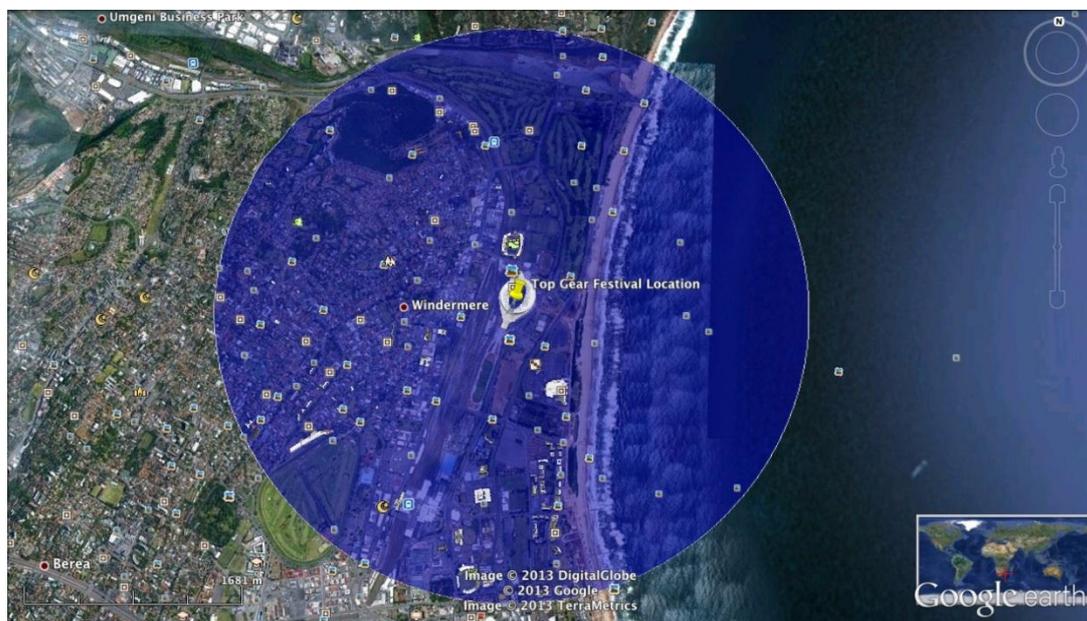


Image 3.1: Fieldwork Study Area

The Top Gear Festival was located at the Moses Mabhida Stadium in central Durban, KwaZulu-Natal and is accessible by a number of busy and main roads. The aim of this study is to investigate how local businesses within the hospitality industry around the city are impacted as a result of the festival and therefore a study area in close proximity to the stadium was selected. After careful consideration, it was determined that the study area would be a 2.5km radius around the festival location. This area is large enough to include a vast number of different hospitality businesses that could be affected because of

the event. These businesses were also within walking distance of the event location and therefore are likely to benefit from its visitors. Image 3.1 shows a map of Durban where the study area has been highlighted.

3.2 Questionnaires

Questionnaires are often used within field research as they allow for a large number of respondents in a limited amount of time. Questions are often closed with a few options to select from making it easier to calculate and analyse data as the results can be transformed into numeric figures; this is a form of quantitative data. Not all questions have to be closed; open questions allow participants to give a bigger insight and more in depth answers, although these types of questions could be classed as qualitative data.

For this research project, two questionnaires were designed and distributed to businesses within the hospitality industry; restaurants, hotels, bed & breakfasts etc. One was aimed at those offering accommodation and the other aimed at those involved in food and drink. Using the Yellow Pages Directory, Google Search and personal knowledge of Durban, a list of 117 accommodation and food and drink businesses was created. Each business was then numbered from one upwards. Excel sampling software was used to select a number that corresponded with a business. This was continued until 50 different businesses were selected to be included in the study, 24 in accommodation and 26 in food and beverage.

To save time and money, each questionnaire was created online on a survey website so that it could be completed electronically. If the businesses selected in the sample had an e-mail address posted on an online website, a link was sent to them requesting their participation. For those that did not have the details listed, they were completed on a door-to-door basis. For companies that declined to take part in the research, new ones were selected through the sampling process until 50 questionnaires had been received back. 48 of the questionnaires were included in the study as two were less than 50%

complete. It was thought that by including these, the answers would not give a true representation of the sample size.

In terms of completing the questionnaires there were not many limitations. The majority of owners or managers were happy to fill out a questionnaire in either paper or electronic form with the exception of one of who declined and the two that omitted answers. A possible issue that may have arisen was that the questionnaire process only began a month after the festival took place and was completed approximately two months following the festival. It is possible that the participants may not recall the weekend as well as they would a week after the event. However, by starting a month after the festival, it gave them time to consider the impact the festival had on their business which therefor may have been more beneficial for the aims of the study.

Descriptive data from the questionnaires will be presented in a number of different graphs and figures. Statistical methods used were confidence levels used to test the significance of close results and chi-squared tests to investigate the relationship between two different variables.

3.3 Interviews

Interviews are often carried out on a one to one basis and usually carried out face-to-face. Interviews can be formal, semi-formal or informal depending on the situation or the questions. In both a formal and semi-formal interview, the questions are predetermined before but there is room for change depending on how the flow of conversation goes and how the questions have been answered. In an informal interview, the questions may not have been predetermined but a set of guidelines are used to determine what needs to be asked. An interview can also be informal depending on the location and how the participant was selected. For example, if a participant was stopped in the street for a short interview, this would be classed as informal. Interviews are classed as qualitative data as the answers are often in depth and cannot be transformed into numeric data. The time limit for interviews is not constrained.

In terms of this research, the aim was to interview the department within the eThekweni Municipality that is in charge of organising events in Durban and a member of the organisational team from the Top Gear Festival itself. This was to investigate the reasoning behind holding the event, the reported spending and revenue as a result of the festival and their thoughts on the benefits to local businesses. The Municipality were happy to oblige with an interview for the research but Top Gear were not available. However, they did send an official press release and other documents with facts and figures about the festival. The interview with Vivienne Holden who is from the events department of the eThekweni Municipality took place on the 1st November 2013.

To investigate how those involved in the informal tourist or hospitality industry were affected, two interviews were carried out, one with Bongani Ndebele, a Rickshaw operator along the Durban seafront and the other with Siphon Dlamini, a food and drink vendor. The participants were selected at random and were dependant on who was available at the time of fieldwork in certain locations. Two locations were selected; the stadium and the beach by Suncoast Casino. The stadium was chosen as it was the location of the festival and a popular tourist spot meaning that informal vendors often work around it. The second location of the beach by Suncoast Casino was chosen because it is also a popular tourist location and within the selected study area which may be impacted by the festival. Both participants were the first two informal vendors seen at the time of research and were therefore approached. Both interviews took place on the 4th November 2013.

Being unable to complete an interview with someone from Top Gear was the main limitation in regards to interviews. Although the information that was sent through instead did answer some questions and give further information, some questions were inevitably left unanswered. Another issue was related to interviewing the informal vendors. Although they could speak English, it appeared to be quite basic and they may not have understood some of the questions. In terms of the informal vendors, the information gained from them was simply indicative and not the primary focus of the study. Although key

points were derived from the interviews, the answers were not very long or in depth which was likely due to the language barrier.

3.4 Secondary Data

Secondary data is information that has been collected or represented by someone else such as newspaper articles or data from academic journals or books and are useful as they can sometimes provide information that is not available through primary fieldwork. This information could include figures from past years or relevant quotes from people one was not able to question or interview.

For this research project, secondary data was mainly collected from past newspaper articles and press releases from Top Gear or the eThekweni Municipality. The articles were useful and interesting as they showed what was portrayed in the media to the public about the festival in both 2012 and 2013. They also provided extra quotes from relevant players such as the mayor or chairman of the tourism sector of the Municipality.

The majority of articles or press releases stated the same or similar figures or quotes so although secondary data was useful, it was also quite limited despite being easy to find via the internet.

Empirical Findings

This chapter consists of a discussion from the results of the questionnaires and interviews carried out through the fieldwork. It will begin by addressing the cost of holding the Top Gear Festival over the three years (2012-2014) and the economic rewards as stipulated by municipal findings. Following on from this, it will examine how those in the hospitality industry were impacted over the festival weekend and investigate how a normal weekend compares. Finally, it will discuss the perceptions of the participants and their views on whether the Top Gear Festival will have a positive or negative impact on Durban.

4.1 Municipal Economic Impacts

Durban has been classed as an events city by the eThekweni Municipality in order to boost the economy, however, in order to hold an event, the city must spend a fair amount of public funds for a number of different reasons, including and not limited to advertising and the building or improving of infrastructure. When asked how much the Top Gear Festival was costing the Municipality, Vivienne Holden from the events department, (2014, per.comms) stated that it was a tri-part agreement. This means that the city, the province and the Top Gear Organisers all contributed money. The province paid for the hosting fees whilst the Municipality paid towards construction and infrastructure. From a city point of view, she went on to say that in 2012, it cost R28 million due to a lot of surface work that needed to be done but in 2013 it was only R10 million, whilst 2014 is expected to be the same. Once the three years are over, it would have cost the Municipality approximately R48 million. In terms of private funding, eThekweni Municipality did not source any but the Top Gear Organisers sourced a lot from companies such as Shell, Dunlop, Mercedes and Red Bull.

R48 million would seem like a lot of money to the average citizen of South Africa, especially as it is a country with high levels of poverty and poor standards of living for many people. When you look at eThekweni Municipality's annual tourism budget over the three years the Top Gear

festival is held, R48 million is a small percent of the total budget. Table 4.1 shows the annual tourism budget for each year between 2012 and 2014 inclusive as well as the percentage that was allocated to Top Gear each year.

Year	Total Tourism Budget	Amount Spent on Top Gear and Future Estimate	Percent of the Total Tourism Budget	Total Expenditure Budget	Percent Top Gear was of Total Budget
2012	R84 million	R28 million	33%	R23.8 billion	0.12%
2013	R99 million	R10 million	10%	R25.4 billion	0.04%
2014	R107 million	R10 million	9%	R27.1 billion	0.04%
Total	R290 million	R48 million	17%	R76.3 billion	0.06%

Table 4.1: eThekweni Municipality Annual Tourism Budgets rounded to nearest million (eThekweni Municipality 2013)

2012 had the highest proportion of the tourism budget go to Top Gear due to the groundwork that had to be done but in 2013 it was only 10% of the budget and is estimated to be 9% of the budget. Over the three years, the total amount spent was 17% of the available tourism budget and 0.06% of the total expenditure budget. Although this is a small amount of the Municipality's total spending, there may be some that believe that such money should be spent on improving things such as poor health and educational services. During the study, business owners and managers were asked if they believed the money spent on Top Gear was worth the amount or if it should have been spent elsewhere. Figure 4.1 shows how they answered.

From the chart, it can be seen that 55.3% believed that the amount being spent was worth it due to the projected benefits whilst 44.7% thought the money could have been better spent elsewhere. It is important to keep in mind that the participants were part of the industry expected to benefit and are

not a representation of the average citizen in Durban. Despite this, it is still interesting to see only a small difference in opinions and that almost half of those expected to benefit from the festival, did not think the money spent was worth it.

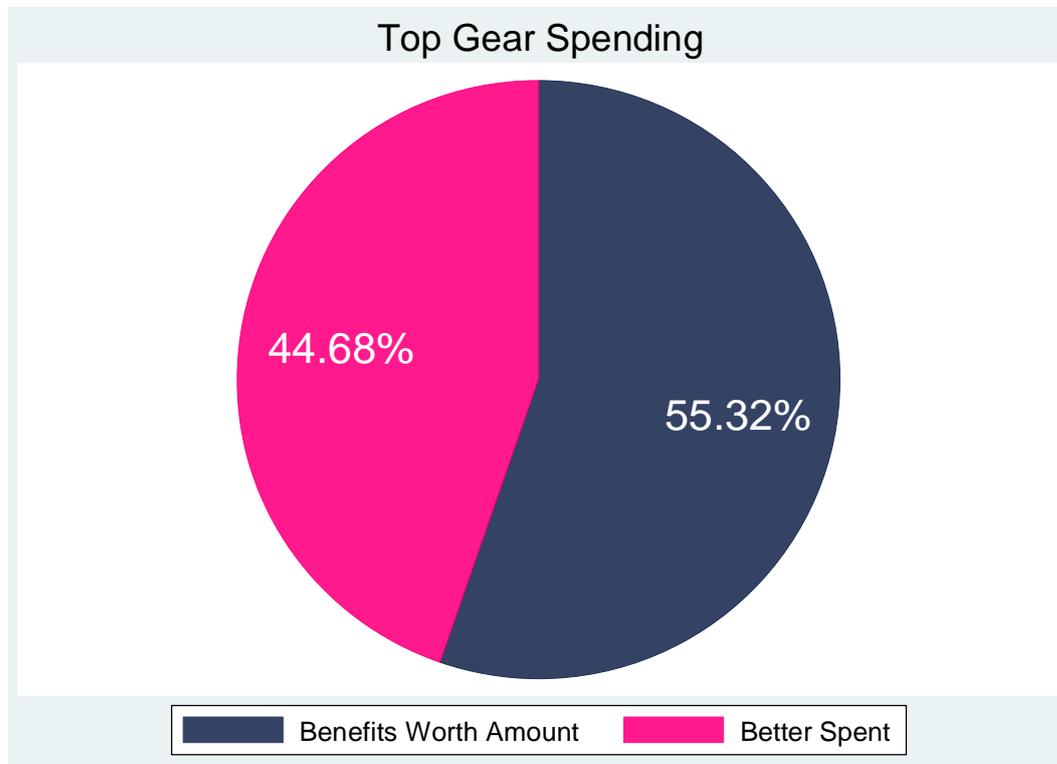


Figure 4.1: Top Gear Spending

Because this is a very close result, a confidence level calculation is shown below to investigate the significance of these results.

The following calculations were used:

$$\text{Confidence levels} = p - 1.96 \sqrt{\frac{p(1-p)}{n}} \text{ and } p + 1.96 \sqrt{\frac{p(1-p)}{n}}$$

$$1.96 \sqrt{\frac{p(1-p)}{n}}$$

$$1.96 \sqrt{\frac{0.5532(1 - 0.5532)}{47}} = 0.1421$$

$$55.32 + 14.21 = 69.53$$

$$55.32 - 14.21 = 41.11$$

Equation 4.1: Worth Confidence Levels

Two confidence levels calculated for those that believed the money was worth the amount are 69.53% and 41.11%. This means that we can state with a fair amount of confidence that the number of participants who believed the money was worth the amount fell between 41.1% and 69.5%, but because 50% falls in-between these two values, it cannot be concluded that more participants felt one way over the other.

During the fieldwork, two informal vendors were also interviewed and asked similar questions about the money spent on events. Bongani Ndebele a rickshaw operator said that the money should be spent on Durban residents and not the tourist industry whilst Sipho Dlamini, a drinks vendor around the Moses Mabhida stadium was not aware how much money was spent, but did not think such events were a good idea. During the Top Gear Festival, Sipho went on to say that he was chased away from the stadium and went to sleep. In other words he did not work at all over that weekend. Bongani did say however, that for him, weekends are busy, especially those that fall over a public holiday, so we can assume he would have made more money over the weekend that the festival took place.

The Municipality was also asked about the effectiveness of this expenditure in the interview and responded with; “either you are an events city to drive the economy or you’re not” (Vivienne Holden, 2013 pers.comms). She went on to say that events “drive the economy, and that in turn drives business, that in turn drives casual employment, so it has a roll on effect” (Vivienne Holden

2013, pers.comms). It would seem that events are being held in Durban to enable the economy to grow. This should then help increase revenue in order to create more public funding that could be used to improve housing, health and education etc.

Hosting large events can be extremely costly but Philip Sithole, the CEO of Durban Tourism stated that “the objective of the city in hosting major events is not just about the event itself, but to create interest in the destination and thereby attract future visitation as well as boosting the local economy – short and long term” (Top Gear Festival Post Economic Impact Press Release 2011:2). He went on to say that by “successfully hosting high profile brands such as the Top Gear Festival, enhances the city’s profile as a city capable of hosting such major events and provides excellent opportunities to bid for and host other world-class events in the future” (Top Gear Festival Post Economic Impact Press Release 2011:2). It seems that by hosting large events, the main aim is to attract more tourists to the city to boost spending which should in turn boost the economy in the long-run. Vivienne Holden stated that the city looks at the “value that they [events] offer to the city and the province in terms of economy, exposure, community, profile, bringing people here, spending, making sure the hotels are full etc.” (Vivienne Holden 2013, pers.comms). The value of these events is investigated before and after they take place through economic assessments. These are also done before the event contract is signed and if they do not show a positive economic impact, the event will not be held.

As noted above Municipality in Durban have so far spent R38 million over two years (2012 and 2013) on the Top Gear Festival in Durban with the expectation of high profit margins. James Cooke-Priest, the CEO of Top Gear Live stated in 2012 that “there is both factual and anecdotal evidence that the Top Gear Festival more than achieved what it set out to achieve in partnership with the Province of KwaZulu-Natal and the City of Durban” (Top Gear Festival Post Economic Impact Press Release 2011:2). He concluded this from the economic assessments carried out following the occurrence of events which Vivienne Holden stated found that in 2012 the Top Gear festival

created an economic impact of R93 million and R142 million in 2013 (Vivienne Holden 2013, pers.comms). According to the press release issued following the 2012 event, over R90 million was generated through media coverage in print and online and one of the stunts performed was viewed by over 1.4 million people. The festival also boasted a tremendous number of spectators with 67,000 in the first year and 70,500 in the second (Vivienne Holden 2013, pers.comms) and according to the press release, over 31% of them came from outside the eThekweni district in 2012 (Top Gear Festival Post Economic Impact Press Release 2012:2). In 2013, a total of 28,500 (38%) visitors were from outside of Durban and 1,500 (2%) came from outside of South Africa to see the Top Gear Festival (Top Gear 2014:1).

Although these are very positive economic and visitor figures, the Municipality agreed not to gain from what one may expect to be the main contributor to profits: ticket and food sales at the stadium. During the interview with Vivienne Holden, it was asked where the revenue from ticket and food sales goes and whether it was to Top Gear itself, the stadium or the Municipality. She stated that ticket sales went straight to the Top Gear Company to offset their heavy costs and the food sales and other hospitality revenue went to Moses Mabhida Stadium who hired them. In terms of the Municipality revenue, further investigation is needed to examine where the revenue they gain comes from and if they break even as a result of it. For the hospitality industry however, a news article was quoted as saying “stakeholders in KZN’s hospitality sector say recent ‘out of season’ events on the East Coast have helped keep business booming” (ECR 2013:unpaginated). These events include things such as the Top Gear Festival which was expected to keep accommodation services and restaurants busy. Whether they benefited from the Top Gear Festival will be discussed in the following chapter.

Another aim of holding events in the city is to create new jobs within Durban. This can be done in a number of ways. Firstly, local construction businesses are brought in for setting up the stadium and race track or to regenerate city infrastructure. These companies are hired by the Municipality each year. For any other requirements such as catering, Top Gear are in charge of what

companies are used. However, due to the contract obligations, they are required to hire companies based in Durban unless a specialised service is not available and must be outsourced. This provides the opportunity for local businesses outside of the hospitality industry to also increase revenue. However, this does not necessarily create new jobs, just new business. Vivienne Holden explained that the city does hire casual staff for the festival but does not go into detail about what they do or how many jobs are created. She did state however that Top Gear have hired 10 permanent staff members from Durban for office positions. Kelly Fenning, the marketing manager for the Top Gear Festival stated that all staff in Durban are South African and have not been brought over from the United Kingdom (Kelly Fenning 2014, pers.comms). She also went on to say that a lot of the work is completed at the Top Gear office in the United Kingdom and that the staff in Durban must communicate and report to the Managing Director and CEO of Top Gear Live based there. It does not appear that a lot of jobs have been created as a result of the Top Gear Festival and the results from the survey also suggest this. The participants were asked if they hired temporary staff over the festival weekend to accommodate for the anticipated influx of business. The majority of participants answered no whilst only 6.4% of them answered yes. This data can be seen in figure 4.2. Although more business opportunities appear to have been created, this largely did not translate into new employment opportunities. This issue is also discussed in the following chapter and made reference to in figure 4.11.

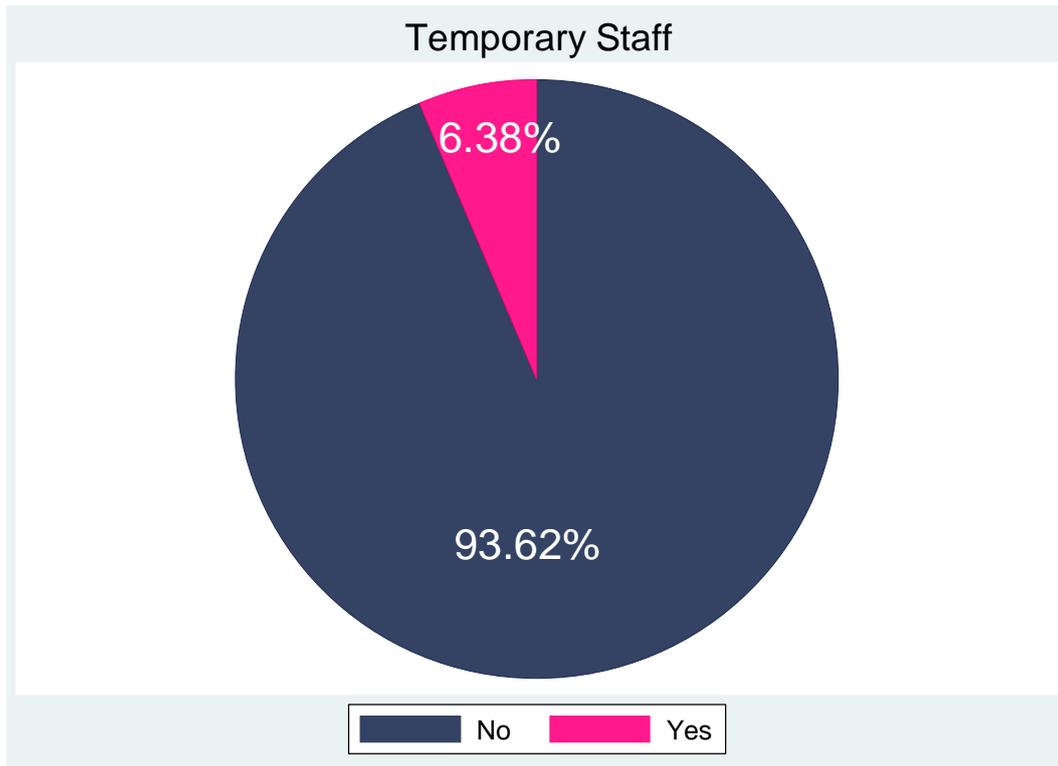


Figure 4.2: Top Gear Temporary Staff

When attempting to boost the economy and increase revenue within a country or city, one would believe that in doing so, governments would aim to improve the lives of their residents. When asked about how the revenue from the Top Gear Festival would impact the local residents, Vivienne Holden stated that she believed it would trickle down to the poor through the Top Gear community and legacy projects. These projects include the Top Gear Festival Legacy Initiative, driving licence bursaries and a CSI programme. The Legacy Initiative is a partnership between the eThekweni Municipality and Top Gear whose aim is to 'leave a Legacy through various activities and engage with a wider community' (Top Gear Festival 2012:unpaginated). Activities include motor mechanic and technology classes for those in grade 11 and 12, road safety campaigns and talks and demonstrations. In 2013, the legacy initiative began a new programme, "The F1 in Schools Challenge". This programme saw 10 schools take part in a skills development weekend within the Industrial Engineering Department at the Durban University of Technology. Each school had to design a Formula 1 car for the future to showcase at the Festival. The aim of this initiative is to "inspire, empower, educate and entertain the future generation" (Top Gear 2014:2) within the motor and technology industry. After

the success of the 2013 programme, the 2014 initiative began at the end of November 2013.

The driving licence bursaries fund 15 youths to learn to drive and eventually gain their full driving licence. The participants come from three areas within KwaZulu-Natal: KwaNgqolosi, KwaXimna and Umbumbulu. In 2012, all 15 of the participants passed their learner's test and three of them gained their full licence. Finally, the CSI programme was created to provide education and inspiration to children and provide internships and apprenticeships within the motor and engineering sector. Although these programmes sound promising, there is no public data or information on the success of them, other than the driving licence bursaries.

4.2 Hospitality Industry Impacts

We are already aware that South Africa has held a number of mega-events and other smaller events in the past, one of them being the FIFA World Cup in 2010. Durban was one of the host cities and due to the increased number of visitors to the city, the hospitality industry was expected to boom and experience increased revenue and business. During the questionnaires, both the accommodation and food businesses were asked about past events such as the World Cup and the more recent African Cup of Nations and how they had impacted them. Figure 4.3 shows whether past events have had a positive or negative impact and figure 4.4 shows how.

From figure 4.3, it can be seen that the majority of hospitality businesses felt that past events had created a positive effect with only 4.17% of them experiencing negative impacts and 4.17% experiencing no effect. Figure 4.4 shows how businesses were affected from past events for those that experienced either positive or negative impacts; 82.22% answered that the increased number of patrons was positive whilst 66.67% answered higher turnovers. For those that experienced negative effects, 4.44% of them blamed it on fewer patrons and 2.22% on lower turnovers. Within the questionnaires, participants were given the opportunity to write answers in more detail. Positive remarks included 'amazing ambience and atmosphere' and 'improved

reputation for the precinct'. Despite the positive views, one business owner did state that their turnovers declined during the FIFA World Cup; "During the World Cup, our turnovers dived by 33%. It was as if all our customers decided to take a vacation with no visiting tourists willing to go into the suburbs to eat" (Questionnaire, Manager of Market Restaurant, Sept 2013). A restaurant that experienced the opposite effect was Cubana whose turnover increased by approximately 42% over the same time period (Questionnaire, Manager of Cubana, Sept 2013). There are two major differences between these two specific restaurants; their location and their classification. Market Restaurant is located in a quieter neighbourhood on the outer areas of the 2.5km radius of the stadium whereas Cubana is located on a busy road known for having a number of different recreational facilities. Market is classed as a restaurant only unlike Cubana that has a separate bar area for non-diners. Both the location and classification of Cubana may have made it more popular for tourists, as well as local residents to visit before, during and after a football game whereas Market would attract a different spectrum of customers. So, although for many businesses, their turnovers and business may have improved during past events, not all had good experiences from large events.

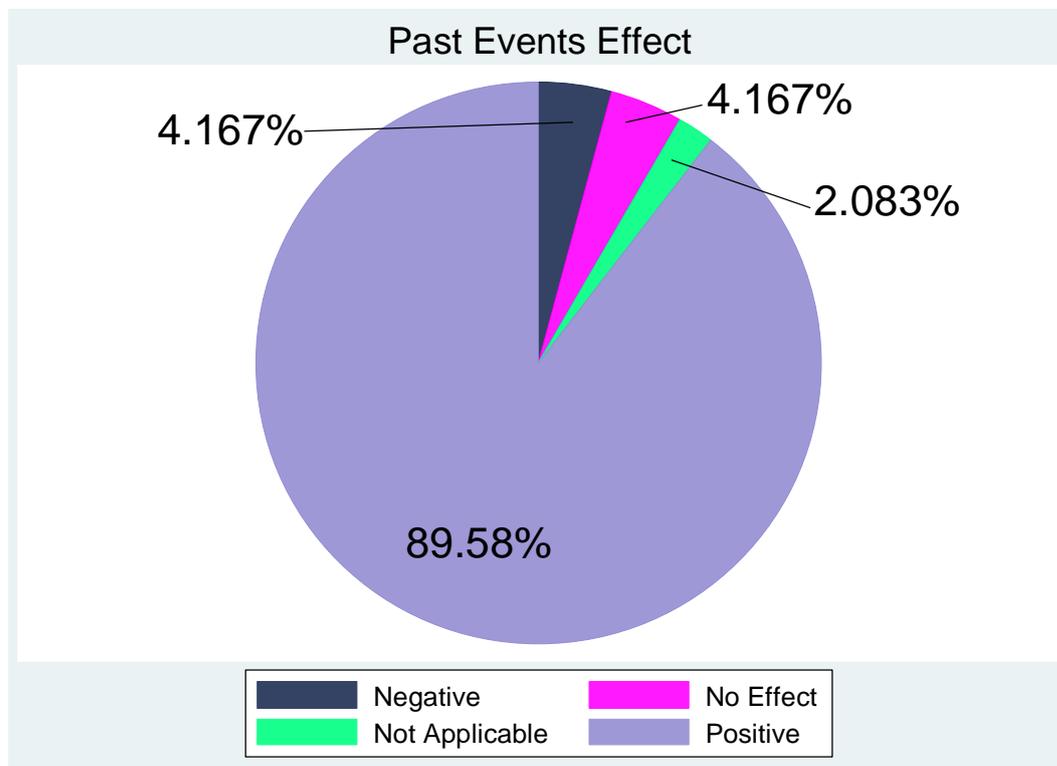


Figure 4.3: Past Events Effect On Businesses

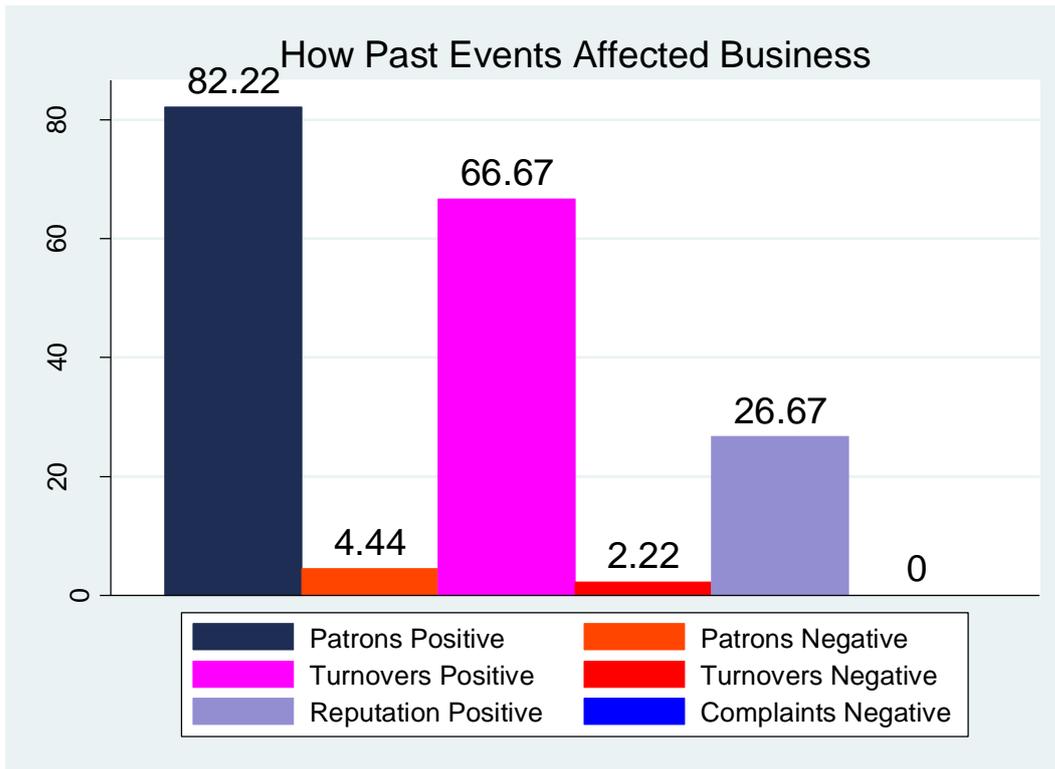


Figure 4.4: How Past Events Affected Businesses

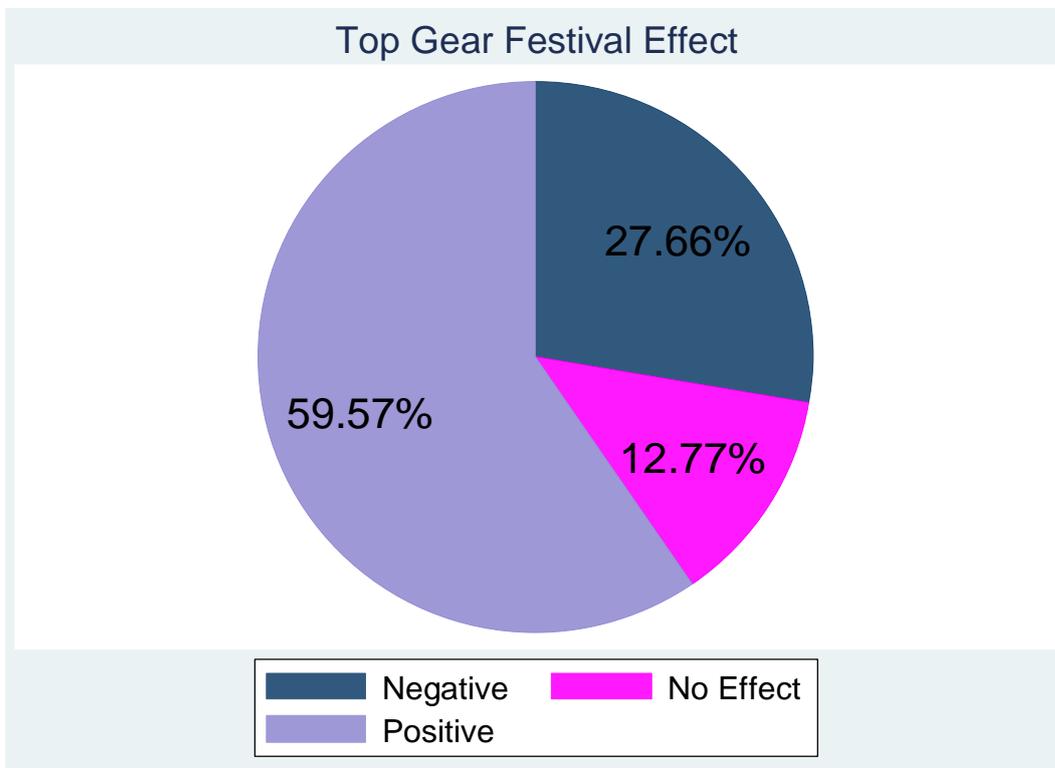


Figure 4.5: Top Gear Effect On Businesses

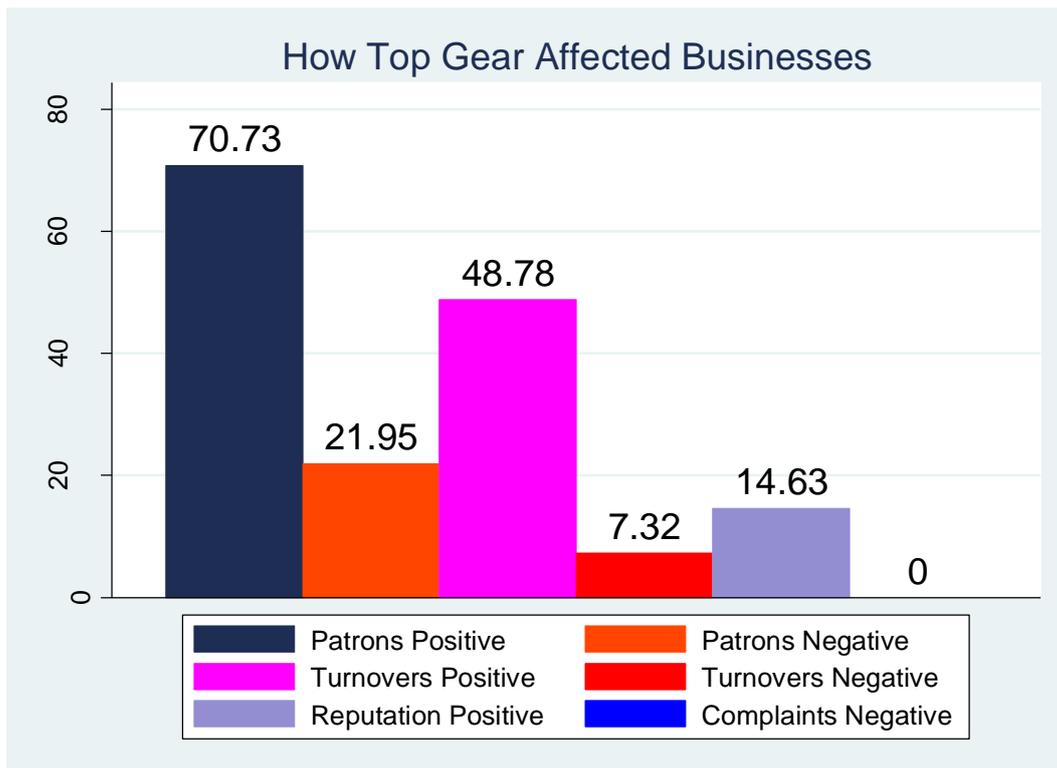


Figure 4.6: How Top Gear Affected Businesses

Participants were also asked if the Top Gear Festival had had a positive or negative effect on their business and how. Figure 4.5 shows that 59.57% of businesses believed Top Gear to have a positive effect on them, 27.66% believed it did not whilst 12.77% experienced no effect. The Top Gear Festival also saw 23% more people experience negative effects compared to previous events.

Figure 4.6 shows that the negative effects were believed to be the number of patrons and lower turnovers with 21.95% and 7.32% stating each respectively. Despite this, 70.73% of businesses believed that the number of patrons were a positive aspect whilst 48.78% stated that higher turnovers were. As with past events, no one stated they felt they experienced a high number of complaints because of the festival.

Positive comments that came from business owners or managers included things about being busier and good marketing of Durban as a tourist destination. There appeared to be a pattern in the negative comments with the majority of them, if not all, mentioning the road closures around Durban during the event; “the main problem for us was traffic congestion. As we are

based in Suncoast Casino, there are usually many road closures which affect our patrons trying to get the restaurant on time for their reservations” (Questionnaire, Havannah Grill Manager, Sept 2013), and “people couldn’t get to us because of the road closures” (Questionnaire, Owner Green Mango Restaurant, Sept 2013). Due to one of the main attractions of the Top Gear Festival, the road race, a number of main roads had to be closed within the city and around the Moses Mabhid Stadium. Suncoast Casino has a number of restaurants and other facilities located inside but because of the closed roads, many of the businesses suffered. Other businesses also suffered as the road closures were not limited to only those around the stadium where the event took place but also to others located further afield. For example, image 4.1 shows the location of two restaurants that both stated they experienced a loss of business due to road closures, Havannah Grill and Green Mango and the Moses Mabhid stadium where the festival took place. Havannah Grill is located relatively close to the stadium and along a road that was closed due to the races. Green Mango however, is located further away where roads were still affected.

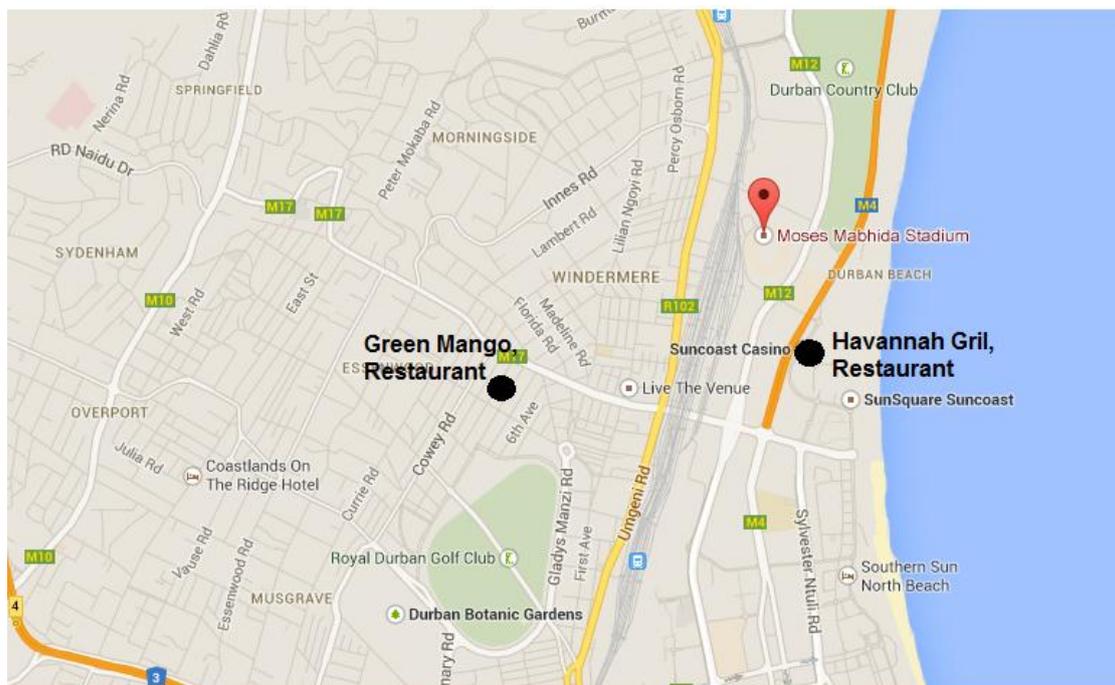


Image 4.1: Restaurant Locations

The next important issue to consider is how busy the restaurants and hotels in Durban were over the Top Gear weekend and to compare them to a normal

weekend in June, bearing in mind the Top Gear Weekend was a 'long weekend'. Two components are used for restaurants and one for hotels. These include how full the restaurants were based on their reservations, how many customers walked in and asked for a table, also known as walk-ins and how full hotels were based on their occupancy levels. The owners/managers were asked to state how full their businesses were in intervals. In order to graph the results, the intervals were rounded up. For example, if a participant answered 41-60% on the questionnaire, this shows as 60% on the graph. The results can be seen on figures 4.7 through to figure 4.9.



Figure 4.7: Restaurant Reservations

From figure 4.7, it can be seen that over a normal weekend in June, 34.8% of restaurants state that they are usually 20-40% full by reservations and 30.4% say they are typically 60-80% full. Over the weekend of the Top Gear Festival, only 17.4% and 21.7% are 20-40% and 60-80% full respectively. If these figures are added together, 41.3% of restaurants state they are often over 50% full over a normal weekend in June whereas only 39.14% state they were over 50% full during the Top Gear Festival weekend. Over both weekends, the majority of restaurants were under 50% full from reservations,

but they do appear to have more reservations over a normal weekend compared to the festival weekend.

Figure 4.8, shows the number of customers who walk in to the restaurants and ask for an available table. Over a normal weekend in June, 25% of restaurants believe that between 80-100 customers generally ask for a table and only 8.3% state that over 100 ask for one. Over the Top Gear weekend, 8.3% believe 80-100 customers asked for a table whereas 25% had over 100 patrons asking for an available table. When added together, 33.3% believe they had more than 80 customers walk in over both a normal and a Top Gear weekend.

Finally, figure 4.9 shows how busy hotels were in terms of their occupancy levels. There is a vast difference in occupancy levels for those within the accommodation sector over a normal weekend in June and that over the festival. Over a normal weekend, the majority of hotels are about 40-60% full, 21.7% are approximately 60-80% full and none are 100%. Over the weekend of the festival, 43.5% of hotels were 60-80% full and 47.8% were 100% full. When added together, over a normal weekend, 21.7% were between 61-100% full compared to 91.3% over the festival weekend which is a significant increase.

Figures 4.7 through to 4.9 show clear evidence that accommodation services were generally busier over the festival weekend whereas restaurants were not as busy in terms of reservations and had similar amounts of walk in customers. There are a number of things that could have impacted this including people choosing to eat at the stadium instead of a restaurant. Another factor that could have influenced how busy businesses were is their distance from the location of the festival. We would assume that those closer to the stadium would be busier than those further away as it would limit travelling distance for patrons. The data shown in figures 4.6 through 4.8 can be used to determine if there is a significant relationship between the two variables, distance and busyness.

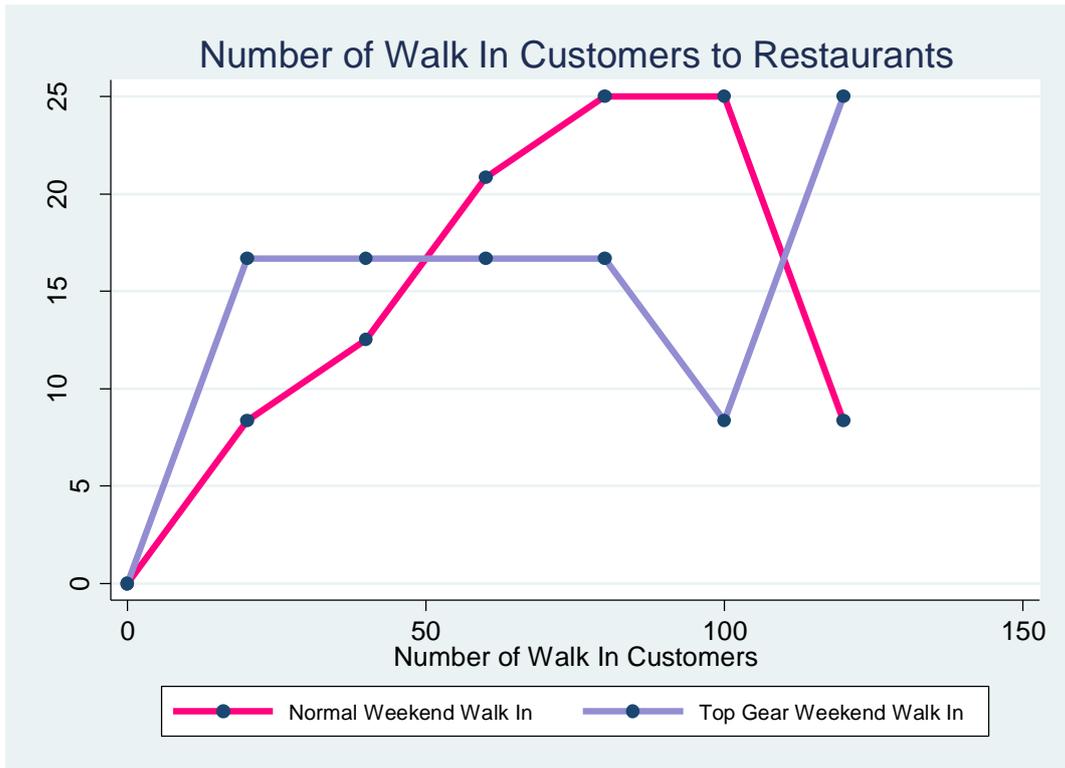


Figure 4.8: Restaurant Walk-In Customers



Figure 4.9: Accommodation Occupancy Levels

To do this, the distance of each business in the sample was noted from the route calculator on Google Maps. By asking for directions between the two locations, route options are given with the distance in kilometres (km). As more than one option is given, to reduce bias, the first option was chosen for each business. The distance of each was then given a categorical value based on its distance from the stadium, one being the closest and five being the furthest. This can be seen in Appendix Table A. Reservations and occupancy levels were also given a categorical value ranging from one to five, one being low and five being high, which can also be seen in Appendix Table B. For restaurant walk-ins, they were given a categorical value up to six as participants were able to give six possible answers and this can be seen in Appendix Table C. Having found the distance of each business from the stadium, the expected level of busyness was then calculated. For example, if a restaurant was 0.2km away, it would be expected to be full and have a busy value of 5 unlike one that is 3.2km away which would be given a value of 2. The observed figures came from the data collected during the questionnaires and were based on the answers given on how busy restaurants or accommodation services were. The expected versus observed table can be found in Appendix Table D. The chi-squared test of independence was used to test the significance of the relationship between the observed and expected counts based on distance. Frequencies must be more than 5 for a chi-squared test so to ensure this was the case, each busy category had to be combined. How this was done is shown in Appendix Table D. SPSS was then used to complete the chi-squared test and the output of which is shown in tables 4.2 to 4.4.

From table 4.2 we can see that of those observed in group 5, only 10% of them were expected, whilst out of those observed in group 3, 71.9% were expected. These show very different results; for group 5 there seems to be no relationship but the results from group 3 show that there is a fairly strong relationship. The chi-squared result is 5.416 with a p value of 0.247 shown in table 4.3. The p value is more than 0.05 which means that the relationship between distance and how busy an establishment is, is statistically insignificant. This is also concluded from the Phi value of 0.247 in table 4.4.

This shows that there is a very weak relationship and that the outcomes were likely to have been as a result of chance. This means that the distance between an accommodation or food service and the Moses Mabhida Stadium had very little impact on how busy hotels and restaurants were over the Top Gear Festival. It would be beneficial to conduct the same study on restaurants and hotels located 25km away from the stadium, as it may show a stronger relationship between distance and busyness.

		Observed groups			Total	
		1	3	5		
Expected groups	1	Count	5	9	5	19
		% within Expected_groups	26.3%	47.4%	26.3%	100.0%
		% within Observed_groups	25.0%	28.1%	25.0%	26.4%
		% of Total	6.9%	12.5%	6.9%	26.4%
	3	Count	15	23	13	51
		% within Expected_groups	29.4%	45.1%	25.5%	100.0%
		% within Observed_groups	75.0%	71.9%	65.0%	70.8%
		% of Total	20.8%	31.9%	18.1%	70.8%
	5	Count	0	0	2	2
	% within Expected_groups	0.0%	0.0%	100.0%	100.0%	
	% within Observed_groups	0.0%	0.0%	10.0%	2.8%	
	% of Total	0.0%	0.0%	2.8%	2.8%	
Total		Count	20	32	20	72
		% within Expected_groups	27.8%	44.4%	27.8%	100.0%
		% within Observed_groups	100.0%	100.0%	100.0%	100.0%
		% of Total	27.8%	44.4%	27.8%	100.0%

Table 4.2: Expected by Observed Cross Tabulation

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.416 ^a	4	.247
Likelihood Ratio	5.341	4	.254
Linear-by-Linear Association	.418	1	.518
N of Valid Cases	72		

Table 4.3: Chi-Squared Test Results

Symmetric Measures			
		Value	Approx. Sig.
Nominal by Nominal	Phi	.274	.247
	Cramer's V	.194	.247
N of Valid Cases		72	

Table 4.4: Chi-Squared Symmetric Measures

4.3 Hospitality Industry Perceptions

One of the aims of this research was to investigate the perceptions of business owners and their views on how large events and the Top Gear Festival would affect the Durban. The Top Gear Festival was held over a long weekend with the Monday being a public holiday. Durban is a very popular place for out-of-towners to visit on such holidays due to its year round warm weather and location by the beach. The businesses were asked if they thought it was Top Gear or the long weekend that had more of an impact on business; the results of which are shown on figure 4.10. 51.09% believed that both of them had an even effect whereas 25.5% thought it was mainly the long weekend and 19.2% the Top Gear Festival. When asked the same question, Vivienne Holden however did not choose a specific answer but from her answer, it can be interpreted that she thought it may have been Top Gear. She stated that it was maybe because people had been to the event in the previous year and decided that they wanted to go again or that more people had heard about the event and wanted to visit Durban for it. This could explain why the second event in 2013 was busier and had a better economic impact

of R142 million compared to R93 million in 2012 as mentioned earlier in the chapter.

The study also wanted to investigate if people thought that certain attributes caused by the Top Gear Festival would have a positive or negative effect on Durban. Things that were expected to occur included job creation, improved infrastructure, congestion, pollution etc. The results are shown on figures 4.11 and 4.12.

The aspects that business owners or managers believe would have a positive effect on Durban following the Top Gear Festival were improved business, better image and number of tourists with 74.5%, 97.8% and 83.0% either agreeing or strongly agreeing. Over 50% either disagree or strongly disagree that the Top Gear Festival would create new jobs and improve infrastructure. In fact, 65.2% said that they disagreed or strongly disagreed that the Top Gear Festival would be positive for job creation which is one of the aspects the Municipality believed would be positive. In terms of things that could have a negative effect on Durban as a result of the festival, it was very clear that many believed that both congestion or traffic problems as well as environmental issues would be negatively affected; 93.3% agreed or strongly agreed that traffic and congestion would be a problem and 73.3% said the same for environmental issues. Only 11.4% agreed that increased crime would be an issue whilst government spending was also not seen as being too much of an issue either with only 38.6% believing it may have some form of negative impact. From the previous discussion, it was clear that many businesses agreed that more tourists would be good for the city which is backed up by 93% thinking that tourists will not have a negative impact.

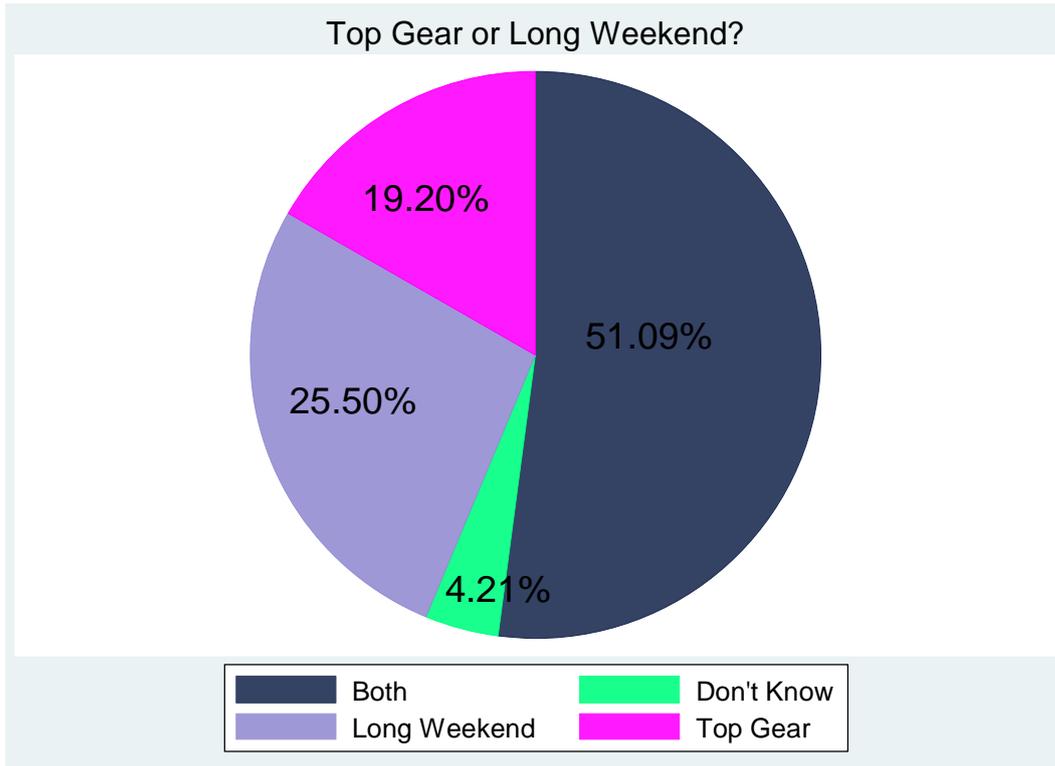


Figure 4.10: Top Gear Or The Long Weekend

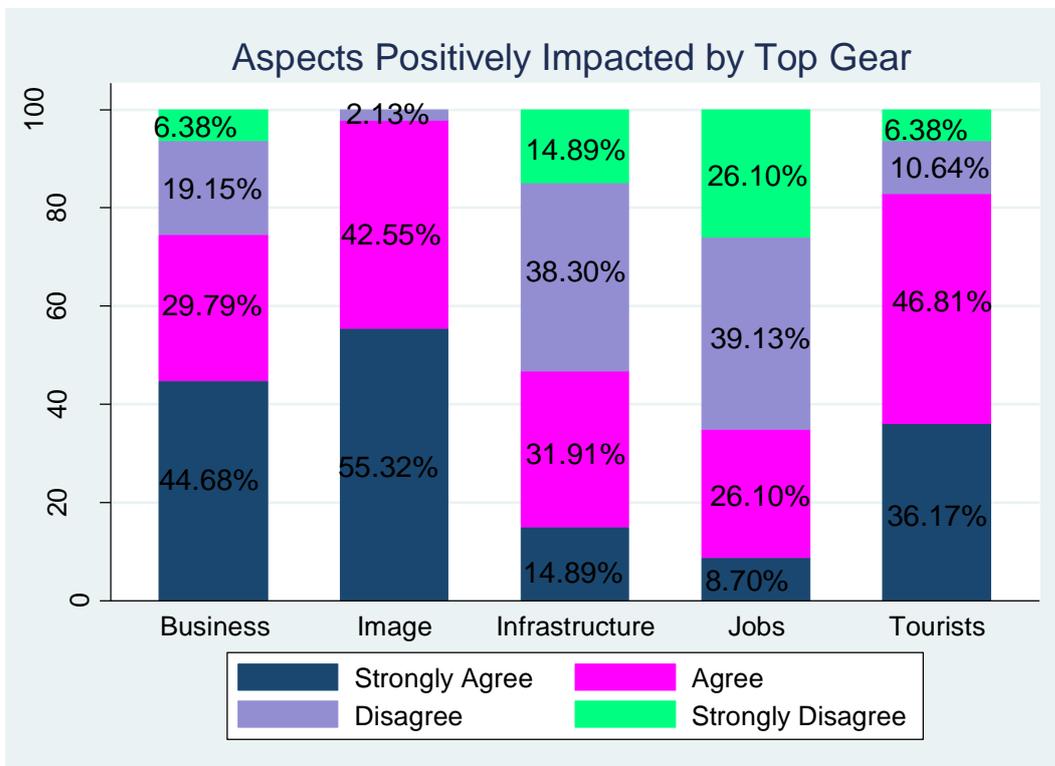


Figure 4.11: Positive Impacts of Top Gear

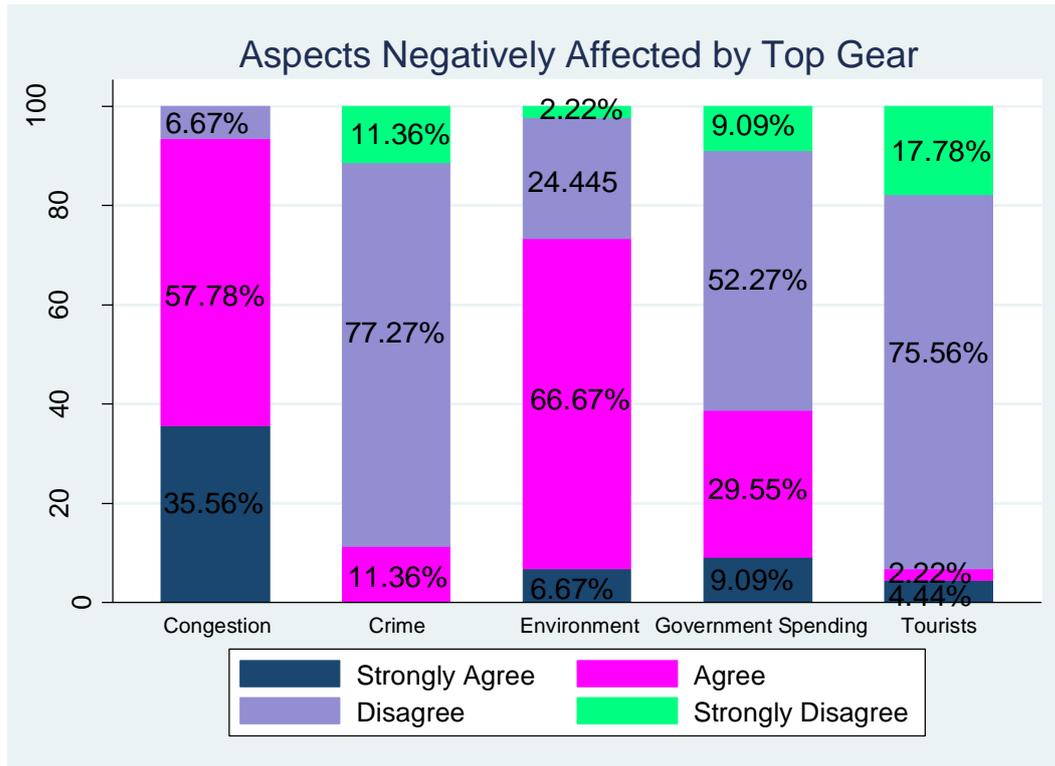


Figure 4.12: Negative Impacts of Top Gear

4.4 Future of Events in Durban

Durban seeks to class itself as “Africa’s premier event city” (Vivienne Holden 2013, pers.comms) and the Municipality hopes to hold more events in the future to help promote tourism in the city and bring in both new and returning visitors. They have now created a special travel package aimed at keeping visitors in Durban for longer but to also encourage them to visit other places within KwaZulu-Natal including the game reserves and Drakensburg Mountains. The city is also continuously bidding for more events with future ones already confirmed including an international volleyball tournament, a beach soccer tournament and an aviation conference. The Top Gear Festival is taking place in June 2014 for the last time but the Municipality hopes to extend their contract to and hold the event in future years.

4.5 Conclusion

From the fieldwork results it has been found that the Municipality follow suit in their motivations to hold events, to increase revenue and boost the tourism industry. They believed that the hospitality industry would be the main beneficiary of the Top Gear Festival and that a number of jobs would be created. However, it was found that not many new jobs were created despite their being new business opportunities for the city.

The majority of business owners and managers in the study believed that they were busier due to the Top Gear Festival and had positive experiences due to an increase in turnovers and patrons. However, a number of establishments were negatively affected which appeared to be due to the road closures and patrons inability of gaining access. In contrast to what restaurant staff believed, based on their answers, restaurants were not busier over the Top Gear Weekend despite it also being a long weekend. The numbers they gave showed the opposite effect and they appear to be busier over a normal weekend. Hotels however, were busier over the Top Gear Weekend with many of them being over 80% full.

Finally, the perceptions of the business owners and managers showed that they believed business, image and the number of tourists would be positively impacted as a result of the festival whilst only congestion and the environment would be negatively affected. Although interestingly, the results from figure 4.1 show that the intended beneficiaries did not feel the expenditure on the festival was worthwhile.

Conclusion

5.1 Discussion

The first aim of this research was to explore the different reasons behind the eThekweni Municipality and the Top Gear organisers holding the Top Gear Festival. The literature states that the most important and main reason countries and cities hold both large and smaller events is because of the “promise of an economic windfall” (Varrel & Kennedy 2011:1) associated with them. Throughout the research, it became clear that this was also one of the main motives of the Municipality holding the Top Gear Festival, the other being to boost the tourism industry in Durban. As Vivienne Holden stated in her interview, “you are either an events city to drive the economy or you are not” (Vivienne Holden, 2013 pers.comms). It would appear that holding events are now included in Durban city’s current and future economic plans having been positioned as “Africa’s premier events destination” (Vivienne Holden, 2013 pers.comms). Grado et al. (1997:25) found that visitors in town for a MICE event, tend to spend 85% more a day than local residents, probably because of accommodation and food needs. Durban now has a number of international events confirmed that should link directly to bringing in more tourists and money. To keep the visitors around Durban and KwaZulu-Natal for longer, they also have a package that encourages them to extend their visit which would lead to more money being spent and an increase in revenue.

Holding the Top Gear festival appears to generate impressive revenue according to statistics supplied by the Municipality, although it is not clear who gets the money and where it is spent. In two years, the festival generated over R235 million and if the final event in 2014 makes an amount similar to that of 2013, a total of R377 million would have been made. Gaffney (2010:26) stated that in some cases, “countries or cities are left with massive debt and extreme financial losses” which is why the Municipality carried out pre-economic assessments. They found that the Top Gear Festival would benefit them economically and following two events, appear to have been correct.

Another motive for the festival being held was the possibility of job creation. A study by Kim et al (2010:54) investigated the impacts of MICE events on the hospitality industry and found that hotels and restaurants are more likely to hire more staff due to events as they rely heavily on human resources. Within the sample of accommodation and food services, only 6.3% hired temporary staff over the Top Gear weekend. This study cannot comment on job creation in relation to the festival within other sectors including manufacturing, building and catering, but from comments in the interview with Vivienne Holden, it does appear that new business opportunities arose as a result from the festival. These opportunities would have involved those that create and set up the race track and photographers and caterers for the event itself among others. The contract signed between the Municipality and Top Gear may have been responsible for this as it had stated that only Durban based companies could be outsourced by Top Gear unless a specific skill was unavailable. So although individual jobs may not have been a direct effect of the festival, new business opportunities for local companies would have been.

The second aim of this research was to investigate the impacts of the Top Gear Festival created for the hospitality industry with a key focus on accommodation and food services. In terms of past events, the majority of businesses in the sample experienced positive effects which were mainly due to increased patrons and higher turnovers. A few still faced negative impacts however, which could be explained by their location or business specification. For example, a restaurant close to where the event took place with a separate bar open late may have been busier than a restaurant located in a quieter neighbourhood that did not have a bar and was not open as late. In terms of the Top Gear Festival in 2013, similar to past events, many stated that it was positive for business and again had more patrons and higher turnovers. However, in this case, more businesses faced negative impacts which was mainly put down to road closures and traffic issues that deterred or inhibited customers from visiting establishments.

One of the motivations for having events in Durban was to increase business within the hospitality industry which Hanly (2012:1576) found was “the primary

destination for conference spending". Although many of the business owners and managers within the study stated that they had better turnovers and more customers, the results from the questionnaires show the opposite effect. In terms of restaurant reservations, it would seem that they were higher over a normal weekend in June than the weekend of the Top Gear Festival and again for the number of walk-in customers. For reservations, 41.3% stated that they were over 50% full over a normal weekend compared to 39.1% over the Top Gear weekend. Then for walk-in customers, a normal weekend saw 58.3% with more than 60 customers ask for a table compared to 50% over the festival weekend. The difference may not be very large, but it does show that restaurants were not as busy over the Top Gear weekend regardless of how owners and managers felt. Despite this, businesses within the accommodation sector did appear to be busier over the Top Gear weekend with 91.3% saying they were 60-100% full compared to 21.7% over a standard weekend. These results are very similar to that found by Lamla et al (2014:1702). They found that during the EURO 2008 tournament, hotels in host cities experienced positive impacts on their sales whilst restaurants experienced the opposite.

A possible explanation as to why hotels were busier than restaurants is that a lot of festival goers may have chosen to eat at the stadium and did not need to visit a restaurant whereas if they are from out of Durban, they would still need somewhere to stay. Also, some accommodation services have restaurants in them which may be cheaper or more convenient for the patrons. Another possible explanation is that local residents may not venture out to restaurants due to fear of large crowds leaving restaurants with less customers than they normally have. Distance between a business and the stadium where the festival was held may also have influenced why some businesses were busier than others. Using the data from the questionnaires, I was able to investigate if there was a link between distance and busyness. It was found that there was no significant relationship between the two variables and that there was a high possibility that the results were a result of chance. If the data was collected again, the results from the two surveys would very likely differ. The radius in which the study was completed was 2.5km and

each of the accommodation and food services where less than 5km apart. This is not a very large distance. If restaurants and hotels located more than 10km or 15km away from the stadium were included, there may have been a more significant correlation which is something that could be investigated in the future.

Varrel & Kennedy (2011:3) found that certain groups did not benefit from events in the past and others were displaced as a result of an event. Two informal vendors were interviewed to investigate if they faced any impacts as a result of the festival. The rickshaw operator who worked on the beach front believed that he made more money over the weekend as it was longer due to a public holiday. The drinks vendor who worked by the Moses Mabhida Stadium however, said that he would have been chased away if he had attempted to sell by the stadium over the same weekend. This resulted in him not working at all during that time. In this case, one of the vendors had been displaced and was not able to benefit from the festival whilst another one experienced the opposite effect.

Finally, the third aim of the research was to examine the views and opinions of those involved in the hospitality industry about the Top Gear Festival. One of the questions asked was about the amount of money spent on holding the festival. The two informal vendors both believed that the money should be used elsewhere and on the local residents of Durban, although neither of them were aware of how much the Municipality actually spent. In terms of the formal hospitality industry, from the sample, only 54.2% of them believed the money spent was worth it due to the expected benefits. As they are the intended beneficiaries, one would expect more to believe the spending was worthwhile. The business owners and managers were then asked if certain aspects would be positively or negatively impacted as a result of the Top Gear Festival. The image of Durban was the aspect that most participants believed would be positively impacted, followed by the number of tourists and business opportunities. Image enhancement was mentioned in the literature (Mihalik & Simonetta cited in Newton 2009:25) as being a possible outcome from holding an event and it would seem that business owners and managers also agree.

Under 40% believed that the number of jobs would be positively impacted which links to points made earlier in the chapter. Over 90% of the participants believed that congestion and traffic would be negatively affected because of the festival which would most likely be due to the road closures directly due to the event. Interestingly, despite more people in the city over this weekend, only 11.36% of the participants stated that they thought crime rates would be negatively affected.

To conclude, the main aim of this research was to investigate how events in Durban would impact the hospitality industry, with a case study of the Top Gear Festival. It would appear that although the festival brings in an increased revenue to the city as a whole, the event in 2013 had a negative effect on restaurants but a positive one on hotels. In saying that, views from those running the businesses state the opposite and they believe that by having the festival in Durban, their business has been positively impacted upon.

5.2 Opportunities for Future Research

Having spoken to two members of the informal hospitality industry, it would be interesting to see if more of them had similar experiences as the two already in the study. It would also be of interest to compare their experiences to those in the formal industry and see how they differed.

To carry on from this research, it would also be of use to compare the same data for the year 2014 but also make the study area bigger. As mentioned in the discussion, the businesses within the sample were within a 2.5km radius of the stadium and less than 5km away from each other. A number of people may stay outside of the radius resulting in the festival having an impact on the hospitality industry further away. This impact could be investigated and compared to those in a smaller radius as well as the relationship between how busy a place is compared to its distance from the festival.

It would be interesting to investigate how the money generated from the festival trickles down to the poor by looking at the community legacy programmes in more detail. They have been put in place to increase

education and participation in the motor industry but it is not clear if they have been successful in doing so or how many people are being reached.

Finally, it would be useful to carry out this research in a more qualitative method by interviewing restaurant and hotel staff in more detail to investigate their experiences and perceptions further. This could also include other staff such as waitrons and bar staff as they often should benefit from more customers with higher earnings from tips.

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Appendix

7.1 Questionnaire

Event Business Questionnaire

Business details:

Business Name:

.....

Business Type: Accommodation: Food and Drink:

Position:

.....

Address:

.....

.....

.....

Opening Hours:

.....

Length of time in Business:

.....

Business aimed at: Locals Tourists: Both:

Mega-Events

1. Have past mega-events, such as the FIFA World Cup or AFCON Cup of Nations had an impact on your business?

Yes: No: Were not in business:

2. If so, were they positive or negative impacts?

Positive: Negative: Not Applicable:

3. If positive, please select how so

More Patrons: Higher Turnovers: Improved
Reputation:

Other: *please state*.....

4. If negative, please select how so

Less Patrons: Lower Turnovers: Complaints:

Damage to Property: Crime:

Other: *please state*.....

5. If you had any negative impacts, what do you think may have caused these?

.....
.....

Top Gear Festival

Please be aware that the eThekweni Municipality have spent over R300 million to be able to host the Top Gear Festival three times within three years in Durban.

1. Do you believe the money could be better spent or that the possible benefits associated are worth this amount?

Better Spent: Benefits Worth Amount:

2. What kind of impact do you think the Top Gear Festival had on your business?

Positive: Negative:

3. If positive, please select why:

More Patrons: Higher Turnovers: Improved Reputation:

Other: *please state*.....

4. If negative, please select why:

Less Patrons: Lower Turnovers: Complaints:

Damage to Property: Crime:

Other: *please state*.....

5. Did you require more or less staff around the time of the event?

More: Less:

6. If more, did you hire temporary staff to accommodate for this?

Yes: No:

7. Overall, do you believe the Top Gear Festival will have a positive economic impact on the South African Economy?

Yes: No:

8. Compared to the 2012 event, would you say you were busier in 2013?

Yes: No:

9. Compared to the 2012 event, would you say you had a better turnover in 2013?

Yes: No:

10. Although the Top Gear festival has been held over a Public Holiday in both 2012 and 2013, 2013 was a long weekend. Do you think the long weekend also influenced your business or would you say it was mainly due to the festival?

Long weekend had main effect: Top Gear had main effect

They both had an even effect Don't know

Questions specifically aimed at those within accommodation:

11. During a weekend in June, what percentage would you say is your normal occupancy level?

0-20% 21-40% 41-60% 61-80%

81-100%

9. Over the weekend of the Top Gear festival, what was your occupancy level?

0-20% 21-40% 41-60% 61-80%

81-100%

10. What would you say are the two most common reasons for your guests staying in your establishment?

Visiting family/friends: Holiday: Business:
Event:

Education: Other: *please state*.....

11. Do you know if any of your guests were visiting Durban for the Top Gear Festival?

Yes: No: Don't know:

12. Were any of your guests from over the weekend of the Top Gear Festival visiting from these areas?

Gauteng: Western province: Mpumalanga: Limpopo:

KwaZulu-Natal: Eastern Cape: Western Cape:

Northern Cape: Free State: Outside South Africa:

Questions aimed at those specifically within food and drink:

13. During a normal weekend in June, in terms of reservations, how full is your restaurant in a percentage?

0-20% 21-40% 41-60% 61-80%

81-100% Don't take reservations

14. Over the weekend of the Top Gear festival, in terms of reservations, how full was your restaurant?

0-20% 21-40% 41-60% 61-80%

81-100% Don't take reservations

15. Over a normal weekend in June, how many customers without reservations would you say wait/ask for an available table?

0-20 21-40 41-60 61-80

81-100 >100

16. During the weekend of the Top Gear festival, how many walk-in customers would you say waited/asked for an available table?

0-20 21-40 41-60 61-80

81-100 >100

16. Do you know if any of your patrons had been to the Top Gear festival this year?

Yes, most of them Yes, some of them Not many

None of them Don't know

17. In comparison to a normal weekend in June, would you say your restaurant was busier due to the Top Gear Festival taking place?

Yes No Don't know

Please indicate your response to the following statements:

The Top Gear Festival has a positive impact on Durban City and your business due to:

	Strongly Agree	Agree	Disagree	Strongly Disagree
Increased number of tourists	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved infrastructure (roads, electricity, water)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Creation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increased business and income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Improved image of Durban

The Top gear Festival has a negative impact on Durban City and your business due to:

	Strongly Agree	Agree	Disagree	Strongly Disagree
Increased number of tourists and bigger crowds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increased traffic and congestion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental issues (litter, pollution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Debt due to government spending on the festival	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7.2 Tables

Distance (km)	Busy Category
$0 \leq d < 1$	5
$1 \leq d < 2$	4
$2 \leq d < 3$	3
$3 \leq d < 4$	2
$4 \leq d < 5$	1

Table A: Distance Categories

Busy	Busy Category
0 - 20	1
21 - 40	2
41 - 60	3
61 - 80	4
81 - 100	5

Table B: Busy Categories

Busy	Busy Category
0 - 20	1
21 - 40	2
41 - 60	3
61 - 80	4
81 - 100	5
>100	6

Table C: Busy Categories for Walk-Ins

Observed Busy Level	Observed Combined	Distance	Expected Busy Level	Expected Combined
5	5	2.8	3	3
4	3	2.8	3	3
5	5	2.7	3	3
2	1	2.4	3	3
5	5	3.1	2	1
4	3	2.6	3	3
4	3	3.6	2	1
4	3	2.2	3	3
4	3	4.2	1	1
5	5	4.8	1	1
4	3	2.7	3	3
5	5	4.2	1	1
5	5	2.8	3	3
5	5	3.0	3	3
4	3	1.7	4	3
3	3	3.6	2	1
4	3	2.9	3	3
4	3	2.3	3	3
4	3	1.7	4	3
5	5	4.1	1	1
5	5	4.0	1	1
5	5	2.7	3	3
4	3	3.7	2	1
3	3	1.4	4	3
3	3	4.6	1	1
3	3	4.6	1	1
5	5	0.1	5	5
2	1	2.6	3	3
2	1	2.7	3	3
3	3	2.1	3	3
4	3	2.2	3	3
3	3	3.5	2	1
4	3	3.7	2	1
1	1	1.4	4	3
1	1	1.2	4	3

4	3	3.0	3	3
1	1	1.4	4	3
4	3	2.9	3	3
1	1	1.4	4	3
2	1	2.7	3	3
1	1	1.4	4	3
1	1	1.1	4	3
4	3	3.5	2	1
2	1	1.5	4	3
3	3	2.6	3	3
4	3	3.0	3	3
1	1	2.1	3	3
1	1	1.6	4	3
1	1	4.6	1	1
1	1	4.6	1	1
6	5	0.1	5	5
3	3	2.6	3	3
5	5	2.7	3	3
3	3	2.1	3	3
4	3	2.2	3	3
1	1	3.5	2	1
2	1	3.7	2	1
4	3	1.4	4	3
4	3	1.2	4	3
3	3	3.0	3	3
5	5	1.4	4	3
3	3	2.9	3	3
5	5	1.4	4	3
2	1	2.7	3	3
6	5	1.4	4	3
2	1	1.1	4	3
2	1	3.5	2	1
5	5	1.5	4	3
4	3	2.6	3	3
5	5	3.0	3	3
6	5	2.1	3	3
5	5	1.6	4	3

Table D: Observed Versus Expected

Busy Categories Combined	Final Busy Category
1 + 2	1
3 + 4	3
5 + 6	5

Table E: Combined Busy Categories