

International Sports Cluster in Lausanne/Vaud - key elements of success

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About this document:

The City of Lausanne and the Canton de Vaud asked TSE Consulting to prepare a report giving specific consideration to the business development possibilities for a proposed sports cluster development project. This report is a supplement to previous reports and other studies being commissioned on this topic.

This report has been developed over five weeks during January and February 2014. It was prepared by TSE Consulting in Lausanne with input from TSE Academic Advisor, Troels Troelsen, an Associate Professor of Sports Economics at Copenhagen Business School. Information for this report was drawn from interviews, desk research and existing documents, combined with TSE Consulting's experience of working with sports cities around the world.

The Olympic Capital sports cluster already exists and as such this report focuses on providing some key points which will assist in the further development and enhancement of the existing cluster.

The report starts with a background and understanding of the cluster as it is today and then provides some key ideas to the further development of the sports cluster in the Olympic Capital. The report provides a definition of a cluster and outlines some of the pros and cons of an industry cluster for the organisations that are operating within them. The key ideas for ensuring that the future development of the cluster is successful are described and a starting point is provided for the next step to take for each point.

Final comments are then made in relation to the proposed cluster and the case studies that have been developed in relation to the cluster are outlined in the Appendices.

The idea of the cluster is a very exciting start of a new expansion of the sport sector in Lausanne / Canton de Vaud. This report aims to provide ideas and background to kick start the development with very concrete recommendations so that the implementation can start over the coming months.

State of play – the current status

A sports cluster has existed in Lausanne, the Olympic Capital for many years. The overview presented here aims to improve and expand on a number of aspects of the existing cluster in order to encourage and further enhance its development. The aim is to provide assistance to the City of Lausanne and the Canton de Vaud to ensure they are making the most of the opportunities provided by the cluster, and to promote growth and expand the current reach of the existing cluster.

Features of successful clusters

A cluster is defined as a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities, the whole of which is greater than the sum of its parts.¹ According to renowned Harvard Business School professor Michael E. Porter, clusters have demonstrated to positively affect competition in three ways:

- by increasing the productivity of companies based in the area;
- by driving the direction and pace of innovation, and;
- by stimulating the formation of new businesses, which expands and strengthens the cluster itself.

Many specific benefits that have been linked to the existence of clusters fall under one or more of these three aspects. For example, better access to employees and suppliers, access to specialised information, facilitation of complementarities (such as joint marketing and communication), access to institutions and public goods, better motivation to perform and improved opportunities to measure local performance.

However, one of the downsides of clusters is that under certain circumstances it can also slow down innovation. According to Porter, when a cluster shares a uniform approach to competing, a form of group think often reinforces old behaviours, suppresses new ideas, and creates rigidities that prevent the adoption of improvements.² To some extent, this behavior can be found among the international federations that are part of the Lausanne/Vaud cluster. Creating links between the federations and other institutions and companies in the cluster could unblock this behaviour and drive forward-thinking.

¹ Michael E. Porter, 'Clusters and Competition: New Agendas for Companies, Governments and Institutions', in: *On Competition*, Harvard Business School Publishing 2008, p. 213-303, p. 215 and 282.

² Porter 2008, p.238.

Each of the positive aspects of a cluster depends to some extent on personal relationships, face-to-face communication and interaction among networks of individuals and institutions.

However, this process is far from automatic and needs to be specifically activated.³ Successful cluster initiatives are often the result of a government initiative to develop an existing cluster, which is further developed in a private led effort by an entity independent from government. Often such an entity takes the form of a business or trade association that facilitates the development of the network of institutions and companies in the cluster.⁴ Letting the private sector lead both reduces the project's political content and takes advantage of the private sector's often superior implementation ability.⁵

The current Lausanne/Canton de Vaud sports cluster

In Lausanne and Canton de Vaud a cluster for the wider sports industry has already established itself. The driver behind the cluster is mainly the presence of the International Olympic Committee (IOC), with many international federations (IFs) wishing to position themselves close to the IOC. Other organisations have been set up in/moved to the region to support the IFs, including educational programmes and private companies but they are less numerous. Today, a total of 48 sports organisations, which together have around 2'000 employees, are present in Lausanne/Canton de Vaud.

Although the cluster has already been quite successful despite little coordination, it is to be expected that with coordination the cluster will be even more successful. A successful cluster is one that:

- retains the organisation that are already there;
- attracts new companies and institutions;
- makes all of them more successful.

As the cluster encompasses a diversified mix of 'players', each having different objectives, success means something different to each of them. However, from a Lausanne/Vaud perspective, for an internationally oriented cluster like this one, the focus must be on increasing the financial turn-over of the cluster by increasing the influx of revenues from outside Vaud or Switzerland and thereby increasing tax revenues (personal / company) for Lausanne/Canton de Vaud.

Increasing the turnover of the cluster can be achieved two ways: by increasing the size of the cluster (in other words: keep the current organisations and attract

³ Porter 2008, p. 230.

⁴ Porter, p. 274-277

⁵ Porter 2008, p. 281.

new ones); and by increasing the financial turn-over of all. The institutions and companies that are already established in the region should be motivated to stay, whereas others should be motivated to move to Lausanne/Canton de Vaud. Most importantly, all institutions and companies should be assisted and supported in terms of performance. Performance should be translated into an increase in revenues, which is the goal of all three groups:

- International Federations
- Education institution
- Private companies.

Where, for companies, an increase in revenues often means an increase in profit, for sport and educational institutions, an increase in revenues means growing and developing the organisation and opens the door to expanding their activities.

At this time the most potential for growth of the Lausanne/Vaud sports cluster lies within private sector companies as only a small number are currently located in the cluster. The second potential area for growth is in the education sector as there are some important programmes that are not located in the region. The potential for growth in the sports organisation sector is relatively small as the majority of these organisations are already located in Lausanne/Canton de Vaud.

Nevertheless, the further development of the cluster is also important for this group. Many current members of the cluster already recognise the advantages of being in close proximity to one another and the IOC. However, the sports organisations find themselves in an increasingly competitive industry with alternative players emerging on the sport event market with their own events, such as Red Bull. In addition, the financial crisis has had an effect on many of the sports that are run from the cluster. Sports organisations thus need to develop a new level of financial sustainability and a forward thinking cluster that drives innovation can assist the sports organisations to develop themselves and become more competitive. As a result, if being part of the cluster and network in Lausanne/Canton de Vaud helps sports organisations be more successful, they will be less inclined to move to other countries.

In order to increase the turnover of the cluster organisations, a set of activities must be implemented to hit all groups. A synergetic approach that aims to serve one target group (the cluster institutions and companies) aiming for one objective (increasing turnover), is cost effective and easier to set up.

The next section provides the suggested set of activities that TSE Consulting recommends for making the cluster a success for all actors involved.

Succeeding in six steps

Each of the following points outlines a key idea for the further development of the Lausanne/Canton de Vaud sports cluster. Each point first explains the reasoning for the proposed concept and then outlines *what* it is and *how* it could work before it is explained what to do first in relation to further research or implementation.

1) Establish business association

The sports cluster in Lausanne/Vaud is essentially already in place and is only in need of coordination to further facilitate the development of the network of institutions and companies in the cluster and its external marketing and communication. As mentioned above, research has shown that industry clusters work best when they are initiated by government, but run by cluster itself.

Therefore, the establishment of a business association is essential. The business association will function as the Lausanne/Canton de Vaud cluster organisation. The important role of business or trade associations in the success of economic clusters has also been demonstrated in practice. An example is the Indianapolis Motorsports Association, whose mission it is to develop strong, lasting relationships between the racing and business communities, governmental agencies, and universities. See the Indianapolis case study for more information (appendices).

What & How:

The business association of the cluster should include all active institutions and companies in Lausanne and the Canton that are linked to sport; in other words, international federations, education institutions and private companies.

The name of the business association should be carefully chosen and be in line with the overall communication strategy of the cluster. In order to prevent reluctance among the international federations for a 'new' initiative, TSE Consulting recommends keeping the current branding: The Olympic Capital: Home of international sport. In line with this recommendation, the business association could be called '*The Olympic Capital Business Association*'. However, the official incorporated name of the association will be of little importance. It is the brand 'Olympic Capital' that will be marketed and communicated. The business association therefore does also not need a new logo (see also step 6: "Institute cluster marketing/communication")

In order to be effective in further developing the cluster and servicing the cluster members, the business association should focus on facilitating and developing the following activities:

- Network facilitation

Through network facilitation cluster institutions and companies become closer and will increasingly be able to generate ideas from one another, start joint projects, benchmark against each other, more rapidly understand trends and developing issues, etc. Example activities include:

 - Activities focused on facilitating network building of both professional and personal relationships and knowledge sharing between the stakeholders of the cluster.
 - Developing thought leadership - the cluster body has an overview of what happens in the cluster. From this knowledge it should identify trends and opportunities that can be shared with the actors (during networking meetings and/or through an online platform).
 - Seminars - Offering a series of business oriented seminars on different topics complementary to the IF seminars and to be offered to all relevant businesses in the area to broaden the range of networking possibilities and idea generation (to address group think issues).
 - Regular informal networking meetings.

- Trade Missions (outbound/inbound)

In an increasingly competitive environment the sports industry needs to rise to a new level of sophistication in terms of marketing and promotion. Targeted trade missions will actively promote the brand of the Olympic Capital and the individual products, services and events that the cluster 'sells'. This includes specific trade missions for IFs to meet with potential new sponsors as well as host cities, as this is one of their major concerns at this time. Trade missions should be supplemented with the efficient management of incoming enquiries.

The promotion of the cluster can be through specific trade missions or general promotion. Trade missions can be either outbound, i.e., representatives from the cluster travel to key target markets, or inbound i.e., key target markets are invited to Lausanne (or contact the cluster directly) to meet with providers/suppliers and see the range of services and products available.

Services provided to support outbound trade:

- Provide advice to potential international exporters, including feasibility and export readiness, tips on doing business overseas, market and cultural briefings, industry insight and context, strategy and marketing advice.
- Develop network and provide referrals to specific specialist providers.

Likewise, the business association can provide services to support inbound trade enquiries:

- Providing inbound enquiries with 'inside information' allows them to tap into the assets available in the cluster
- Helping to identify and contact appropriate suppliers/providers
- Providing insight on the cluster member's capabilities
- Alerting potential purchasers to the latest products and services coming out of the cluster
- Assisting visiting trade delegations to make the most of their time when visiting (e.g., arrange appropriate meetings, assist with Visa applications, travel arrangements, provide working space for visitors, work desk, conference room, etc.)

In the UK, two dedicated bodies, UK Trade & Investment and London & Partners, very successfully assist sports organisations and related businesses to promote their products and services to foreign markets. See the UK case study for more information (appendices).

- Annual event

Organising an annual event (e.g. the "Olympic Capital Gala Evening") and celebrating the success of the members of the cluster can further assist to motivate the people who are active in the cluster to innovate their products and services. Innovation is an important driver for the development of clusters and a festive event that offer awards could provide further stimulation. In addition, such an annual event provides a good occasion for marketing and communication of the cluster.

TSE Consulting recommends that such an annual event takes place on the Friday night following the IF Forum, UMVO meeting and new city event. The event should be open to all employees of all the member organisations/companies of the business organisations and could thus, over time, become an event with more than 1'000 participants.

What to do first:

The first step is to establish the association, including defining its purpose, membership categories, requirements to adhere to, benefits to the members and duties of the members, including payment of a modest fee.

After it has been defined who or what organ will effectively run the cluster, TSE Consulting advises that they become responsible for the day-to-day operations of the business association. A project plan should then be developed, starting with identifying which activities and services the association will offer.

2) Found an investment development fund

In order for a professional cluster to develop and grow, it needs investment in the form of seed capital for innovations and new sports businesses. New ideas need constant investment and proven successes need capital for expanding products and services to new countries and regions. Research has shown that due to the growth rate in sports and the robustness of the sports industry, investment in this sector can be very lucrative.⁶ A sports investment fund could be a demanded product for many pension schemes and private investors.

Access to investment is also very interesting to both smaller and larger international federations and could be a strong incentive to stay or move to Lausanne/Vaud. Moreover, the establishment of a new sports development fund would generate substantial awareness within the wider sports world and thus strongly promote the new cluster activities in Lausanne/Vaud.

What & How:

An investment development fund should be set up to provide a pool of funds to be used across two separate streams:

- The first is focused on investing in and supporting existing organisations, including supporting applied research and development for new and established organisations in the cluster. For example, an IF who has previously sold its rights to a marketing agency but wants to regain them, could apply for investment to buy back these rights.
- The second objective is to assist start-up companies and smaller sports organisations with grants and seed money. Seed money, sometimes known as seed funding, is a form of securities offering in which an investor purchases part of a business. The term seed suggests that this is a very early investment, meant to support the business until it can generate cash of its own, or until it is ready for further investments.

To set up such an investment fund, the involvement of a large bank is often essential. Lausanne/Canton de Vaud have the benefit of a large and successful cantonal bank, BCV, that aims to contribute to the cantonal economy and is already involved in sports on the sponsorship level. BCV could most likely assist in setting up the fund.

Although establishing the specific procedures and conditions of the fund will need some time, after being set up, the fund run as a traditional investment fund.

⁶ Jørgensen Kenneth Neumann, Vesterheden Jakob and Troels Troelsen, 'Is the sports industry competitive up against other listed investment fund markets?', 2014 (forthcoming).

What to do first:

The first step is to seek further specific professional advice in relation to creating and administering a fund for investors in sports development, and in relation to attracting investors, as well as to reach out to BCV with this idea.

3) Create a start-up programme

A cluster has the potential to spark new ideas and potential new innovations. A start-up programme can help to harness this inspiration by supporting smaller or new sports organisations and businesses arising from the new ideas. This will help to grow the industry and reinforce the cluster as an innovative, inspiring and supportive organisation investing in the future. A start up programme is an important aspect of the cluster as it not only demonstrates support for new ideas it can be used to help to promote the cluster. New ideas are exciting and provide interesting content for public relations material.

What & How:

Start-up assistance programmes are designed to accelerate the growth and success of entrepreneurial companies by reducing barriers to entry through the provision of support, resources and services. Support could include; business and legal advice, planning, sharing resources and the provision of grants and general business advice.

A cluster start up programme could be linked to the current programme run by the EPFL for technology start ups or alternatively, the cluster coordination organisation (business association) could run or oversee the programme. Such a programme could be developed on a small scale initially. Primary services could be limited to the provision of networking or the development of a mentoring programme and some initial business related advice.

TSE Consulting proposes that the following key services could be provided in the long term:

- Provide access to the existing and developing networks and distribution channels, including the development of a mentor programme.
- Provide economies of scale in relation to rent, furnishings, utilities and equipment/materials required for a new business thus lowering the initial outlay.
- Provide funds for grants for new sports related businesses to assist with the initial set-up and running costs. This could be provided from the investment fund and form part of a long term 'seed' loan.

What to do first:

The first step is to develop a project plan for the design and implementation of a start-up programme including what could form part of the support package and possible sources of financial assistance and other services.

4) Provide regulatory and administrative assistance

Organisations moving to a new location are seeking reassurance, an element of safety and it is important for them to feel a part of something. By providing regulatory and administrative assistance it will not only smooth the transition for the organisation but it will help them to feel more comfortable in a new location.

Tax benefits can also increase the attractiveness of a location however the cluster should focus on providing other forms of assistance to make moving to Lausanne/Canton de Vaud as easy as possible.

What & How:

Switzerland is already an attractive place for organisations and businesses to be due to: good tax benefits for companies, low taxation on income as well as a low VAT rate, good transport links and infrastructure, and stable political and economic environment. Therefore, these benefits should be further promoted to both current and potential cluster institutions and companies.

TSE Consulting recommends that the majority of benefits and assistance, already available to international federations, be proactively expanded to all members of the cluster. Most importantly, these include:

- easy entry to Switzerland for all cluster organisations, staff and families
- fast access to residence and work permits in Switzerland
- assistance to find suitable office space
- contacts for local relocation services for housing, schools, etc.
- networking assistance on arrival and expansion of the existing Welcome Home seminar programme to all cluster members

The *Indianapolis Motorsport* cluster developed an initiative based on exempting sales tax on race cars, which includes most of the parts used in making race cars and is intended to cover the many new technologies and electronics used within professional racing. See the Indianapolis case study for more information (appendices).

What to do first:

Prepare a report that not only explains why regulatory and administrative benefits are an important part of developing and promoting the cluster to all members (current and future), but also to determine the full package of available support options.

5) Utilise events in Vaud/Lausanne for promotion and support for the cluster

To assist cluster members in promoting their products and services, each event that is held in Lausanne should be utilised to promote the cluster. A kind of 'shop window' should be provided to showcase the activities and innovations of cluster institutions and companies to the local, international and sport community.

Using events to promote and support the cluster in this manner has two main benefits. First, it makes the sport sector and its activities and products visible to the public and can show that the sector is more than just administration.

Secondly, it offers companies the opportunity to promote their products and services in a very visible way to other members of the cluster which could be a target audience, for example the international federations. Unlike many other industry clusters, the Lausanne/Vaud sports cluster has the unique asset that what it produces – sport events – is very visible.

What & How:

Building event support by providing a shop window for cluster members can be achieved in various ways. TSE Consulting recommends the following approach:

First, a standard set of promotional materials should be developed, which has the option to be customised for various topical products and services to be used at all events. Secondly, the cluster organisation (business association) should liaise with event organisers in Lausanne to assist in promoting the cluster institutions and companies at events in the area.

After the promotional system has been clarified and set up, Lausanne/Canton de Vaud can look into incorporating this aspect into the event evaluation criteria it uses to select new events and evaluate the events already on the calendar.

What to do first:

The first step is for the cluster organisation (business association) to contact event organisers to discuss the proposal and opportunities available through this promotion.

Simultaneously, it is important to identify the specific products and services that could be included in the promotion by reaching out to and inquiring with cluster institutions and companies.

6) Institute cluster marketing and communication

A comprehensive marketing and communication plan should be developed and implemented in order to increase the visibility of Lausanne/Canton de Vaud as the Olympic Capital and to showcase the products and services of the cluster.

The main aim of the marketing and communication plan is to promote the activities of the cluster to assist with the development and growth of the cluster and to attract revenues for all of the members.

What & How:

The marketing and communication plan should have the following three objectives/target audiences:

- promoting the benefits of the cluster to the local people
- communicating with current and prospective cluster members
- promoting the products and services of the cluster members

It is crucial that the cluster creates clear messaging which is linked to, and consistent with, the current 'Olympic Capital' branding and messaging. This brand is already used within the cluster and is already familiar to many key stakeholders, namely the international federations. The new business association should therefore not develop separate/additional branding, but instead function as a support for the members of the cluster, who all act under the 'Olympic Capital' brand.

Active communication is the best form of communication and events like the suggested Gala evening, should be the primary focus of the communication plan.

The communication can be put in place at an early stage in order to create a buzz around the development of the cluster. *Singapore* is an example where this strategy has been very successful as they benefited from the early promotional and branding impact winning the title of 'No. 1 Sport City in Asia', well before the Singapore Sports Hub complex was completed. See the Singapore case study for more information (appendices).

Again, the cluster business association should run the marketing and communication plan however, as it is a supporting body for the entire cluster, it should not be given visibility as an individual entity.

What to do first:

The first steps are to develop a marketing and communication plan for the cluster including key messaging to the three main target audiences and key tools to use.

Getting started

The sports cluster in the Olympic Capital has great potential. Lausanne/Canton de Vaud have a fantastic opportunity to initiate the creation of a sustainable and successful sports industry cluster for the mutual benefit of sport, the City of Lausanne, the Canton de Vaud and the local population.

For a large part, the cluster is already in place and much of the hard work and investment has already been done. As a result, it will not be very complicated to get the project up and running. Moving forward from the current state is mainly about promotion and development to kick start growth and take the cluster to a new and sustainable level.

However, it will be very difficult, if not impossible, to get everything right from the beginning. As with any initiative, certain challenges will occur as the cluster management develops and adjusts to the new situation. Keeping this in mind, it is important to now get started and harness the energy and ideas that are generated in order to create a sustainable successful cluster environment.

It is now time to take the next step and start implementing the various components to develop the cluster.

Case Study – Indianapolis (USA)

Background

Indianapolis had the desire to revitalise its city to attract more students to the university and keep them in the city following graduation. It decided to use sport to showcase the city in an exciting and new way. Therefore, it was decided to focus its attention on hosting major sports events and in addition facilitated the move of the National Collegiate Athletics Association (NCAA) to Indianapolis. As a result, two sports clusters developed, one built around American collegiate sport and the second is a motor sports cluster built around the Indianapolis 500 motor speedway event

Impact for the city

The two sports clusters have largely changed the perception of the city for its inhabitants and also to the wider American and international audiences. Economically, the motorsports cluster has had a huge impact. The following statistics have been provided by the Indiana Economic Development Board:

- Indianapolis and the surrounding region is now home to over 630 automotive companies and employs over 500,000 staff
- The NCAA has itself attracted many other athletic associations and the city is also now home to the National Institute of Sports Science and the National Art Museum of Sport which both attract tourists
- Many other events such as the NCAA Final Four Basketball Championships and the NFL Super Bowl have been hosted in Indianapolis

Companies and institutions involved

For the motor sport industry, there are over 630 motor sport companies that are located in the region. The organisations supporting the National Collegiate Athletic Association (NCAA) sports cluster include;

American College of Sports Medicine	International Institute of Sport, Science & Medicine
Black Coaches Association	National Association of Governors' Councils on Physical Fitness & Sports
Central Indiana Tennis Association	National Federation of State High School Associations
Central Hockey League	National Institute for Fitness & Sport
Circle City Classic	Indiana Youth Soccer Association
Horizon League (formerly Midwestern Collegiate Conference)	USA Gymnastics
Indiana Golf Association	USA Track & Field
Indiana High School Athletic Association	U.S. Diving, Inc.
Indiana Horse Council	U.S. Rowing Association
Indiana PGA	U.S. Synchronized Swimming
Indiana Sports Corporation	
Indiana Swimming Inc.	

Incentives provided for companies and institutions

Indianapolis has made a solid effort to attract companies and institutions to move to the city.

- NCAA: provided with a financial package to move its headquarters to Indianapolis
- Related college athletics organisations/companies: driven by a desire to be close to NCAA headquarters
- Motorsport companies: driven by a desire to be part of the industry cluster that has developed around the Indy 500 race amongst others and active incentive programmes run by the Indiana Economic Development Corporation, including for example, sales tax exemptions on race cars, etc.

Activities conducted

- Industry conferences for motor sport industry & sport specific press conferences
- Exchange of knowledge between collegiate sports organisations
- Three sports related museums open to the public

Organisation

The Indianapolis Sports Council oversees the two clusters of sports development in Indianapolis providing assistance, guidance, and as required financial support. The Council is also instrumental in attracting new and on-going events to the city to retain its high profile for world class events.

Finance

- The NCAA funds its headquarters and its Hall of Fame
- The sports organisations and sports related companies in the area generally pay market value for their office space
- Companies receive administrative assistance with registration etc. and some tax incentives are available in specific areas

Promotion

Indianapolis promotes the sports clusters through various tourism and business audience channels. It also gains recognition through the events it hosts and any news coming from the NCAA headquarters or the high profile members of the motorsport cluster.

Related links

- Indiana Sports Corporation: www.indianasportscorp.com/
- National Collegiate Athletic Association: www.ncaa.org/
- Indiana Motorsports Association: <http://indianamotorsports.org/>
- Indiana Economic Development Corporation: www.in.gov/motorsports/

Case Study – Singapore (SIN)

Background

Singapore is often referred to as the business and trade hub of Asia. In order to keep young talent, and attract regional and international talent, Singapore aims to broaden its image so that it is also seen as a nice place to live. It uses sports and entertainment to communicate this to the world - as such, the developing Singapore Sports Hub plays an important role in this ambition. Currently a work in progress, the Singapore Sports Hub promises to be a fully integrated sports, entertainment and lifestyle hub and when completed will be Singapore's premier land and water sports centre. Billed as “a unique cluster development of integrated world-class sports facilities within the city” the strategy behind its inception is to accelerate the development of the Singapore sports industry including raising their profile as an event and sports capital.

Impact for the city

Although the complex is not yet finished, Singapore has already benefited from the promotional and branding impact winning the title of ‘No. 1 Sport City in Asia’. It is largely based on investment in world class facilities as its base for attracting events and a sports related industry it nonetheless has a number of elements that are interesting for a cluster which is not based on an investment in infrastructure.

Companies and institutions involved

- Singapore Sports Council
- Regional sports organisations
- Sports companies
- Many commercial companies have set up an office in Singapore to be part of this growing sports hub, including for example: Dentsu, World Sport Group, IMG, Fronterra, Total Sport Asia, Asian Golf Tour, ESPN Star and motor sport companies like Formula Drift Asia

Incentives provided for companies and institutions

- Regional sports organisations: Singapore is providing financial incentives to attract regional sports organisations to move to the Singapore Sports Hub
- Sports companies: driven by a desire to be part of the Singapore Sports Hub and sell services/products to organisations that are based there
- Singapore Sports Council: as one of the main drivers of the Sports Hub, their headquarters are prominent in the Sports Hub facilities

Activities conducted

- When completed, it is planned that many activities will be available in relation to sports administration, sports training and education, and public consumption of sport
- The facilities, some still under construction, include a national stadium, an indoor aquatic centre, an indoor arena, a water sports centre (rowing, waterskiing), leisure, shopping and dining, and a Sports Information and Resource Centre (SIRC), comprising a library, a museum and an exhibition centre

Organisation

The Singapore Sports Council manages the site and is responsible for attracting organisations, events and conferences to Singapore with the support of the Singapore Economic Development Board

Finance

- The Singapore Sports Hub is funded by Singapore Sports Council and the Singapore Economic Development Board
- The companies and organisations located in the sports hub pay market value for office space

Promotion

Singapore Sports Council has heavily promoted the Singapore Sports Hub throughout the sports industry via advertisements, events and conferences hosted, presentations given at conferences, etc. The sports hub was heavily communicated even before its actual development began giving Singapore a competitive narrative based on something that didn't physically exist at the time.

Related links

- Singapore Sports Council:
www.ssc.gov.sg/publish/Corporate/en/industry/sportshub.html
- Singapore Sports Hub: [www.sportshub.com.sg /](http://www.sportshub.com.sg/)
- Your Singapore:
www.yoursingapore.com/content/traveller/en/browse/whats-on/festivals-and-events.html

Case Study – Manchester (UK)

Background

Manchester has a rich football heritage - the Football League was formally created and named in Manchester in 1888 and there is a large representation in the national football leagues with seven league sides, including the Premiership duo of Manchester United and Manchester City. In addition there is a large presence of football related business activities in Manchester, for example sport clothing manufacturers and large media outlets. As a result of investment by Manchester City in a new Football Academy, Manchester is considering formalising a sport cluster.

Impact for the city

The direct economic impact of football upon Manchester, not counting the impact of non-football related sport activity, is significant. The headline figures are:

- football supports 5,000 full time equivalent jobs in Manchester
- the gross value added (GVA) associated with football activities was GBP330 million per annum in 2011, 0.7% of total GVA for the greater Manchester area

Companies and institutions involved

- Professional Football Clubs: Manchester United, Manchester City
- Sport Clothing manufacturers: Umbro, Kitbag, Adidas, JJB
- Media: BBC Sport, ITV
- National Centres for: British Cycling, UK Squash, Lacrosse, Taekwondo and Water Polo
- Centre for the Study of Football and its Communities (CSFC) at Manchester Metropolitan University
- Other companies related to sport: National Football Museum, sponsors of football clubs and Deloitte's Sports Business Group

Incentives provided for companies and institutions

One key area in which football plays a clear role in attracting investment to Manchester is through the involvement of corporate sponsors in the city. These sponsors have two major incentives to invest in the city – firstly, they can attract a higher calibre of worker due to the brand recognition generated by their sponsorship deal. Secondly, real investment in the area can transform an otherwise artificial relationship, involving just the purchase of the right to put their brand on a shirt, into a relationship with the club, the area in which it is based, and its fans. An example of this is Etihad's investment in Manchester – the company plans to make the city the base for its European headquarters, and already employs over 200 people in a call centre in the city.

Activities conducted

- Football Conferences (e.g., Soccerex European Forum).
- Missions looking to attract trade and investment to the Manchester area use football in a number of ways. The most direct method is coordinating mission dates with Manchester United and Manchester City football games on their summer tours to major overseas markets. During these missions the participants can invite potential or existing clients to the matches played and to networking events supported by the clubs.
- Various community focused programmes involving the local community, developing local children's and disabled children's sports programmes and campaigns against hatred and abuse.

Organisation

Currently, there is no formal organisation that runs the sports cluster. However, a concept of developing a house of sport in Manchester has been a Manchester City Council Sports Policy objective for many years, primarily as a way to develop the Greater Manchester area and attract various national sports governing bodies to move their headquarters to Manchester. In the current concept, such a house of sport would supply modern office space and shared access to administrative services that could potentially reduce their operation costs. In addition, it would provide those bodies with an opportunity to align their investment strategies for sport much more closely with Manchester's strategy, which in turn would deliver mutual benefits for sport and the City. Manchester has already been successful in attracting various national governing bodies, primarily due to the world class sports facilities available in close proximity.

Finance

Specificity of the financing for the project is unclear due to the various and diverse elements however the main contributors are the Manchester City Council and Manchester City Football Club.

Promotion

Promotion of the sports cluster primarily takes place via the New East Manchester Ltd (NEM), an initiative between Manchester City Council, the Homes and Communities Agency, the Northwest Regional Development Agency and the communities of East Manchester, which runs the regeneration programme for East Manchester.

Related links

- <http://www.east-manchester.com/eastlands/index.htm>
- <http://www.manchestercityfootballacademy.co.uk/>

Case Study – UK Trade and Investment sport event services

Background

Two main organisations in the UK assist sport related businesses to promote their products and services; United Kingdom Trade and Investment (UKTI) and London & Partners. Both associations include the sports industry as a focus of activities:

- UKTI: UKTI's Global sports project sector works with UK-based businesses to ensure their success in international markets, and encourage the best overseas companies to look to the UK as their global partner of choice. The UK has great experience in staging world-class sporting events, e.g., FA Cup Final, Wimbledon etc. However, it was London 2012 that enabled the UKTI to showcase the UK's capabilities to host a global sports event including, sports facility design, programme and event management and sports technology. UKTI help companies to capitalise on opportunities and the current improved profile for the UK.
- London & Partners: 'the official promotional organisation of London' works on three levels and brings together three formerly separate promotional agencies, Think London (for business), Study London (to attract students) and Visit London (aimed at tourists).

Impact for the city/country

- GDP 120 million of contracts won by UK companies from the Brazil 2014 World Cup and Rio 2016 Olympic and Paralympic Games and over 60 contracts won by UK companies for the Sochi 2014 Winter Olympics and Russia 2018 World Cup
- GDP 1.5 billion of Olympic-related High Value Opportunities won overseas
- GDP 5.9 billion of additional sales from Olympic-related activity

Companies and institutions involved

- Various sports infrastructure businesses including stadium architects, fitout and equipment suppliers e.g. Arena Group
- Various sports event management companies e.g., Major Events International (MEI), TDL Event Services
- Sports conferences, charities and educational institutions e.g., Soccerex,

Incentives for companies and institutions

Few direct incentives are provided by either association. The focus is on assisting the businesses to make the most of opportunities and services themselves by lowering barriers to entry and the risk of setting up or doing business.

Activities conducted

- UK Trade and Investment provide expert trade advice and practical support to UK-based companies: meeting with trade experts, export services, market visit support, export marketing research, events and trade fairs, etc.
- London & Partners: provision of business related services or contacts, networking, facilities, promotion and information and analysis for new, expanding and relocating businesses.
- Both organisations run specific targeted programmes in relation to start-ups, e.g. High Value Opportunity programme targeting upcoming major sports events and candidates for future bids.

Organisation

- The two trade associations (UKTI and London & Partners) work separately on different aspects of trade promotion with slightly different markets but they do come together for specific events when relevant.
- UKTI is staffed by and sits within the department of UK Business Innovation and strategy; they are present in 100 markets and have regional offices throughout the UK and in a number of key international markets.
- London & Partners is a government body with its own offices and staff but with close links to the Mayoral office.

Finance

- UKTI is majority funded by the UK government through two main departments: the Department of Business Innovation and Skills and the Foreign and Commonwealth office. There is some financial assistance and contribution from other sources.
- London & Partners is a not-for-profit Public Private Partnership funded by the Mayor of London and various commercial partners.

Promotion

- Both organisations promote their respective areas by seeking out new contacts and working to help members.
- UKTI provide trade missions to key countries/cities for interested businesses or organisations together with analysis and cultural programmes for these specific countries to assist companies to make the most of business opportunities.

Related links

- London & Partners: <http://www.londonandpartners.com/>
- United Kingdom Trade and Investment (UKTI): <http://www.ukti.gov.uk>