



The economic impact of major sports events

**Analysis of Hong Kong's 2017 major sports event
calendar and outlook for the future**

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Foreword

KPMG China, in conjunction with the Business Of Sport Network (BOSN), is pleased to provide this assessment of the economic impact of the major sports events that took place in Hong Kong in 2017.

Major sports events can play multiple roles in the development of sports in a city or country. They can provide the opportunity for local elite athletes to perform at the highest level in front of a home crowd. They can inspire increased participation in a sport and encourage participants to strive to achieve new levels of skill. The events also provide economic benefit – the subject of this report.

In preparing this report, we have assessed the economic benefit that major sports events have had on Hong Kong's economy in 2017.

For Hong Kong to sustain its position as a global city and leading destination, it may need to enhance its reputation and diversify its economy. The development of major sports events has real potential to give Hong Kong global exposure and enhance its positioning.



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Cover photo: Rommel Chan / Prezz Images

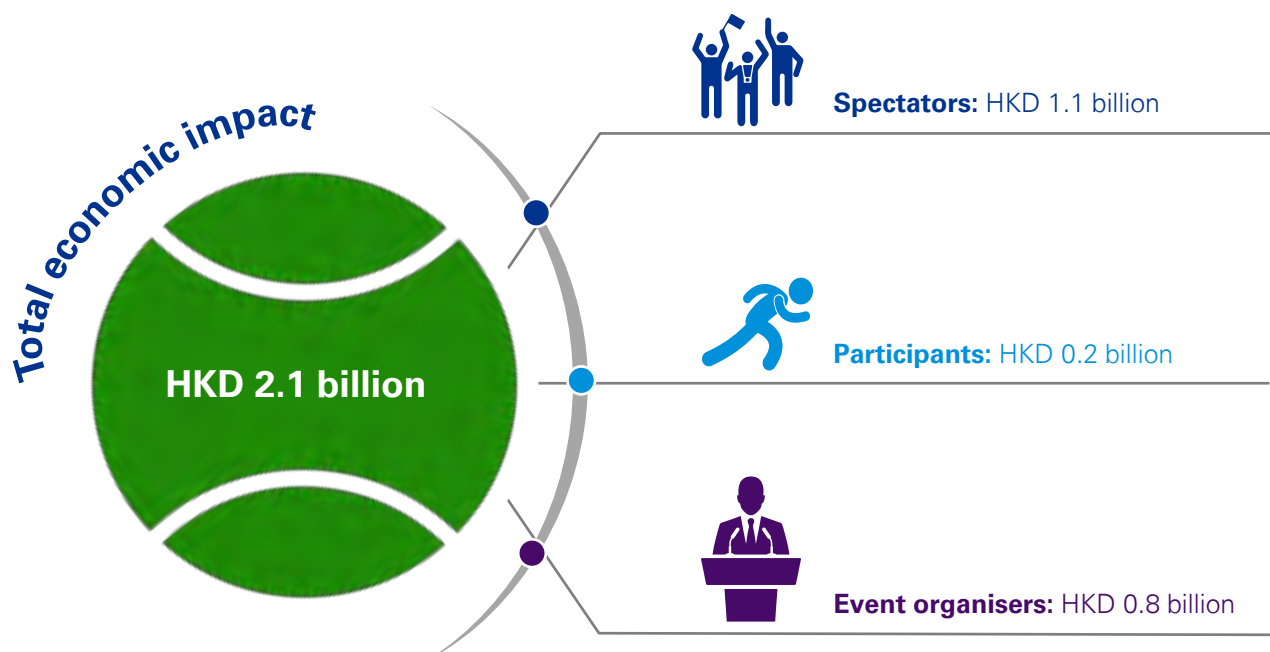
Foreword photo: Ike Li / Ike Images

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Snapshot of economic impact

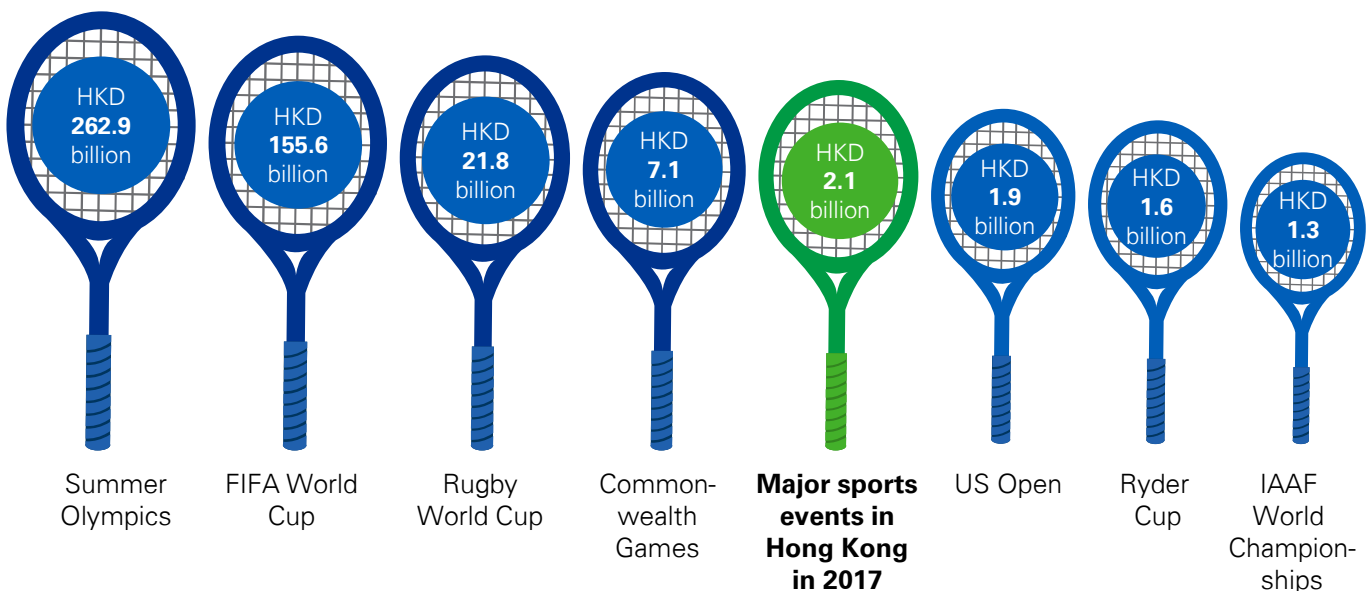
KPMG China estimates that major sports events held in Hong Kong in 2017 generated an economic impact of HKD 2.1 billion.



Source: KPMG China economic impact assessment

What does it mean for Hong Kong?

In order to provide some context for our estimate of the total economic impact of major sports events in Hong Kong in 2017, we have compared our estimate with the publicly available estimates of seven types of sporting events. These events have been selected to provide a sample of events of different sizes in terms of duration and spectators. Hong Kong's major sports events in 2017 contributed a similar economic impact as you may expect from the US Open.



Source: KPMG China analysis of event impact reports¹

¹ Note: Studies may employ different methodologies to calculate economic impact. Figures relate to the total economic impact of events on a host city, region or country. All figures presented have been adjusted to 2017 prices and converted to Hong Kong dollars based on historical exchange rates.

The outlook

Four core pillars: These pillars are fundamental to Hong Kong's future as a desirable location for major sports events:



- ▶ **Developing more events** – Securing, growing and sustaining a strong major sports event calendar on an annual basis
- ▶ **Developing the industry** – Bringing the industry together to create a thriving, unified sector with commercial expertise
- ▶ **Developing sport** – Achieving the aim of increased participation and ensuring impact and legacy are maximised and recognised
- ▶ **Developing Hong Kong** – Sustaining Hong Kong's image as Asia's world city



Photo: Ike Li / Ike Images

Introduction

Sports as a global business has changed significantly in recent years, and the challenges faced by public institutions, sports clubs and federations have grown increasingly complex. Countries and cities compete for major sports events to showcase themselves on an evermore crowded international stage and, at the same time, to secure maximum economic and social benefits.

Hong Kong is well-known for its iconic natural harbour, vibrant nightlife, as well as vast entertainment and shopping opportunities. Despite being home to more than 7 million people, and being one of the most densely populated cities in the world, Hong Kong is a paradise for outdoor activities, sports and leisure opportunities. With this comes a significant potential for hosting major sports events.

Major events played a key role in Hong Kong's celebrations for the 20th anniversary of the handover to mainland China, with the more robust calendar of major sports events in 2017 partly being attributed to this milestone.

2017 saw Hong Kong take the title of the world's most visited city, with an estimated 27.9 million visitors.² Events, such as those hosted to mark the 20th anniversary, are a key draw for visitors, and can provide significant economic and social benefits to the local economy.

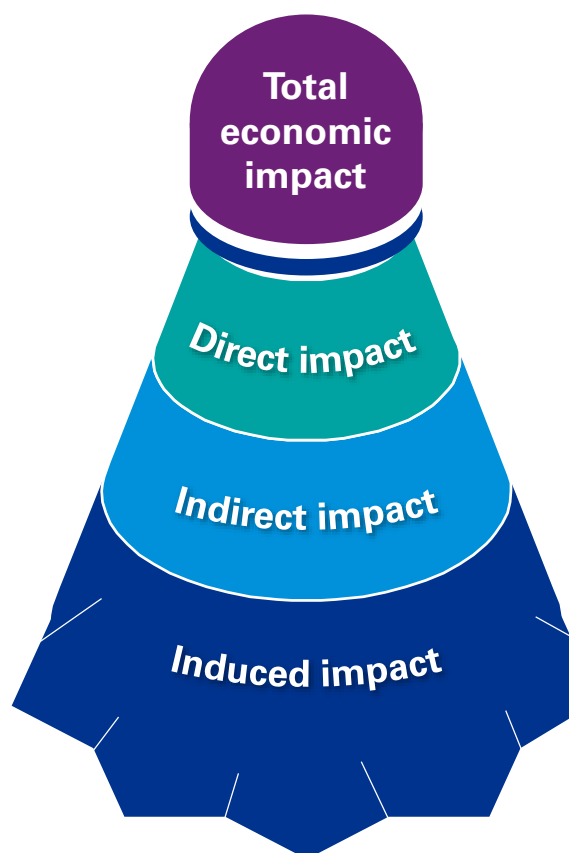
Methodology

The hosting of major sports events can have multiple benefits for an organising country or city. Economic impact assessments are commonly used to measure such benefits to the local (or national) economy, and provide an estimate of what would not have been realised without the events taking place.

Total economic impact is calculated by aggregating the direct, indirect and induced impacts derived from the expenditure of three stakeholder groups – spectators, participants and event organisers:

- **Direct impact:** The expenditure within the Hong Kong economy as a direct result of major sports events. This arises from the expenditure of each stakeholder group.
- **Indirect impact:** The purchasing of goods and services by companies serving spectators, participants and event organisers of major sports events.
- **Induced impact:** The effect created as a result of additional wages and other income related to the hosting of major sports events that is spent in the local economy.

In order to capture the total economic impact, we have applied indirect and induced multipliers to capture the ripple effect of these expenditures. We have taken into account leakage, which is the flow of expenditure outside the local economy and that therefore does not create economic benefit for Hong Kong.



² 'Visitors' purpose of visit by major market areas', Hong Kong Tourism Board, January 2018

A global view of sports and sports events

Over the years, the sports industry has evolved into a major sector for the global economy, presenting career and business opportunities. In 2014, the global sports industry had an estimated value of USD 600-700 billion, accounting for approximately 1 percent of global GDP.³

The sports industry comprises several segments, including sports infrastructure, sports events, training, media, goods manufacturing and retail. The business opportunities are far-reaching due to the industry's close connection with other sectors within the global economy including education, media, real estate, infrastructure and tourism.

Globally, sports events had an estimated value of USD 80 billion in 2014, approximately 12 percent of the overall sports industry. This was expected to grow at an annual rate of 4.6 percent to reach a value of USD 90.9 billion by the end of 2017. This value comprises ticket sales (27 percent), sponsorship (35 percent), broadcasting and media rights (35 percent), and merchandise (3 percent).⁴

³ 'The business of sports', KPMG in India, September 2016, <https://home.kpmg.com/in/en/home/insights/2016/09/the-business-of-sports.html>

⁴ 'The business of sports', KPMG in India, September 2016, <https://home.kpmg.com/in/en/home/insights/2016/09/the-business-of-sports.html>



Photo: Ike Li / Ike Images

Sports in Hong Kong

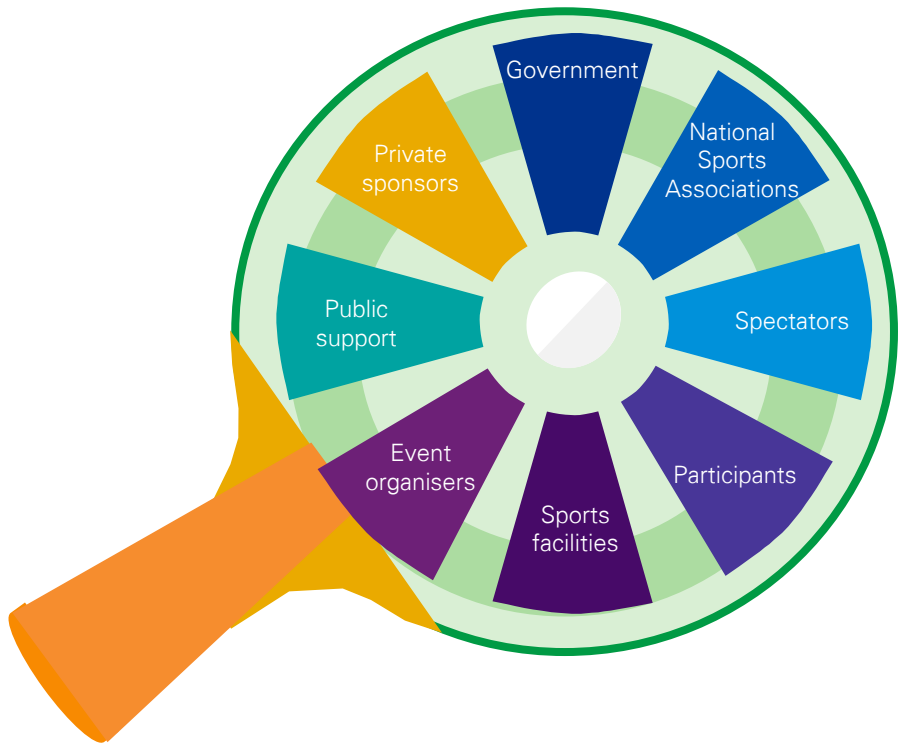
The Hong Kong Government’s policy on sports development has three dimensions: promote sports in the community, support elite athletes and develop Hong Kong into a centre for major international sports events.



Source: ‘Gov’t nurtures sports development’, Hong Kong Information Services Department, 27 October 2017, http://www.news.gov.hk/en/record/html/2017/10/20171027_193014.shtml

Key stakeholders

The Hong Kong major sports event ecosystem comprises stakeholders from a wide range of fields, including both private and public sector entities which, to varying degrees, contribute to the economic impact of major sports events in Hong Kong.



Government

Sport is governed by the Home Affairs Bureau, which is responsible for the overall formation and implementation of sports policies, coordination of strategic planning of facilities, and decisions on the related funding allocation. Hong Kong's first Commissioner for Sports was appointed in 2016.

National Sports Associations

The Sports Federation & Olympic Committee of Hong Kong, China (SFOC) is responsible for coordinating the development of Hong Kong's National Sports Associations (NSAs). NSAs coordinate, promote and develop their respective sports, including the hosting of major sports events.

Spectators

Spectators are of utmost importance to the success of a sports event. The arrival of international spectators through sports event tourism provides significant opportunities for the economy.

Participants

Hong Kong's professional athletes have a successful history in major sports events, with gold medals in world and Asian sports competitions including windsurfing, table tennis, badminton, tenpin bowling, squash, snooker, cycling, wushu and gymnastics.

Sports facilities

Venues that are commonly used to host major sports events in Hong Kong include:

- Hong Kong Stadium – 40,000 seats
- Hong Kong Coliseum – 12,500 seats
- Queen Elizabeth Stadium – 3,500 seats
- AsiaWorld-Expo – 70,000m²
- Hong Kong Convention and Exhibition Centre – 91,500m²

Event organisers

Hong Kong's major sports events are predominantly organised with the involvement of NSAs or other public bodies. That being said, as Hong Kong's reputation as a destination for major sports events has grown, the number of sports event management companies in the market has increased. These companies, whether on their own, or in partnership with NSAs, bring expertise in all aspects of event management and will likely be the key to future growth.

Public support

In November 2014, the Major Sports Events Committee (MSEC) launched the "M" Mark System and Support Packages, which helps sports events evolve into regular, market-orientated and profitable events. Financial support for "M" Mark Events includes interest-free loans, subsidised venue charges, direct grants and matching funds.

The Mega Events Fund was established in 2009, but was cancelled in 2017. The fund was allocated a total of HKD 250 million to provide financial support, and supported 30 events during its tenure.⁵

A new funding scheme has been announced which we discuss below.

Private sponsors

Private sponsorship is a core ingredient of successful major sports events. This sponsorship can be both cash sponsorship and sponsorship in kind. The MSEC has a Core Sponsor Group (CSG) that provides a channel for companies to make contributions to local major sports events. As at March 2018, the CSG included 106 corporations.⁶

In 2017, 125 companies were either title or named sponsors of major sports events in Hong Kong.⁷

⁵ 'Rigid rules and high threshold put off Mega Events Fund applicants, Hong Kong tourism chief says', Nikki Sun, SCMP, 27 February 2017, <https://www.scmp.com/news/hong-kong/economy/article/2074419/rigid-rules-and-high-threshold-put-mega-events-fund>

⁶ 'Sponsors: Introduction', Major Sports Events, accessed on 7 August 2018, <http://www.mevents.org.hk/en/application.php>

⁷ KPMG China analysis of event websites



Photo: Rommel Chan / Prezz Images

2017 major sports events

For the purposes of this report, major sports events are defined as those that:

- Have an international focus
- Are recognised globally or regionally
- Attract and influence large-scale international audiences outside Hong Kong through extensive media coverage; and/or
- Result in significant numbers of visitors travelling to Hong Kong specifically for the event.

In 2017, Hong Kong had a healthy calendar of major sports events compared to previous years, and many of these were labelled as 20th anniversary celebratory events.

Based on our assessment of sports events held in Hong Kong in 2017, 20 events meet the definition of a major sports event. These events have formed the basis of our assessment of the economic impact of major sports events for Hong Kong in 2017.

It should be noted that our assessment does not include regular horse racing or international events such as Hong Kong national team fixtures (e.g. rugby and football).



Photo: Ike Li / Ike Images

Major sports events in Hong Kong in 2017



10-12 Feb
2017 Longines Masters of Hong Kong



12 Feb
Standard Chartered Hong Kong Marathon 2017



8-12 Mar
DTC Hong Kong T20 Blitz 2017



7-9 Apr
2017 Cathay Pacific/HSBC Hong Kong Sevens



12-16 Apr
2017 UCI Track Cycling World Championships



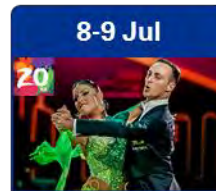
26-28 May
HKFC Citi Soccer Sevens



2-4 Jun
Hong Kong International Dragon Boat Races



15-20 Jun
2017 Asian Fencing Championships



8-9 Jul
The 10th Hong Kong DanceSport Festival - WDSF GrandSlam Hong Kong 2017



19 & 22 Jul
2017 Premier League Asia Trophy



20-23 Jul
Hong Kong Masters 2017



21-23 Jul
FIVB Volleyball World Grand Prix 2017



8 Oct
Sun Hung Kai Properties Hong Kong Cyclothon



7-15 Oct
Prudential Hong Kong Tennis Open



28-29 Oct
Hong Kong Cricket Sixes 2017



12-19 Nov
Cathay Pacific Sun Hung Kai Financial Hong Kong Open 2017



21-26 Nov
YONEX-SUNRISE Hong Kong Open Badminton Championships 2017



23-26 Nov
UBS Hong Kong Open 2017



2-3 Dec
HKT Hong Kong E-Prix



10 Dec
Longines Hong Kong International Races

Events marking the 20th anniversary of the establishment of the Hong Kong Special Administrative Region

Economic impact assessment

KPMG China estimates that Hong Kong’s major sports events in 2017 generated an economic impact of HKD 2.1 billion.⁸

This consists of spending from three stakeholder groups – spectators, participants and event organisers.

Stakeholder comparison



⁸ KPMG China’s economic impact assessment includes the direct, indirect and induced impact of spectators’, participants’ and event organisers’ expenditure.



Photo: Rommel Chan / Prezz Images

Spectators



Spectators provide the largest share of total economic impact

The largest share (51 percent) of total impact can be attributed to spectators' spending, which includes expenditure on goods and services inside event venues (food and beverage, retail, and others) and outside venues (accommodation, food & beverage, retail, transport, entertainment, tours and other). The success of an event is generally judged by the number of spectators attending. It is estimated that over 700,000 tickets were sold for major sports events in Hong Kong in 2017. Of these, 21 percent are estimated to be international spectators who account for 88 percent of the total economic impact of spectators.⁹

Participants



Impact of participants highest for international events and participation events

For the purposes of this assessment, we have defined 'participants' as 'foreign-based athletes taking part in an event, and the delegates accompanying them'. The latter consists of coaches, managers, federation officials and, in some cases, relatives and friends of the athletes.

In general, as the level of international significance and competition of an event increases, so does the ratio of foreign-based to domestic participants. This increases the economic impact. However, even for events of large international significance, the economic impact of foreign-based participants is generally lower than that of spectators.

However, this is not the case for mass participation events, such as the Standard Chartered Hong Kong Marathon and Sun Hung Kai Properties Hong Kong Cyclothon, in which total participants are likely to exceed spectators. The appeal of such events has increased significantly in recent years, reflecting a trend in participants' greater desire to travel to participate in events. In terms of economic impact, these types of events are highly attractive.

Event organisers



Event organiser impact highest when infrastructure development is required

Event organisers, who are responsible for the preparation and delivery of major sports events, are significant drivers of overall economic impact. All domestic event expenditure is regarded as additional expenditure into the Hong Kong economy, since such expenditure would not be realised if the event did not take place.

These expenses are, at least partially, covered by revenue streams available to the event organisers (ticket sales, broadcasting rights, sponsorship and government support). To avoid any double counting, event revenues are not considered to be part of the economic impact.

The overall economic impact of an event organiser expenditure is generally dependent on the level of infrastructure development required to host an event. Hong Kong's major sports events in 2017 were hosted in existing venues and as such did not incur significant infrastructure development costs, although costs related to the modification of venues to meet international federation standards has been included.

⁹ KPMG China's economic impact assessment was conducted using input from stakeholder interviews, desk research and KPMG China internal data.

Event type comparison

Hong Kong is reliant on recurring events

Our analysis shows that 85 percent of Hong Kong’s event portfolio is categorised as ‘recurring events’, with each event contributing an average of HKD 113 million.¹⁰ Some of these events have developed into significant contributors of economic impact to Hong Kong. The long-term growth of the events is crucial, as they look to become fixed in the Hong Kong calendar for many years to come.

Hong Kong regularly looks to attract one-off events to the city. Previously, the city has bid and considered bidding for the 2006, 2019 and 2023 Asian Games. The Asian Games, hosted every four years, involves around 11,000 athletes and officials, 1,000 VIPs and technical delegates, 5,000 media personnel, and between 250,000 and 350,000 spectators. A study, commissioned by the Home Affairs Bureau in 2010 estimated the hosting of the 2023 Asian Games would generate HKD 400-600 million in economic benefits to Hong Kong.¹¹

Recurring events

- Hosted on an annual or biannual basis
- Regionally or internationally recognised
- Attract visitors to Hong Kong
- International exposure and media coverage
e.g. Cathay Pacific/HSBC Hong Kong Sevens

Average economic impact: **HKD 113 million**¹²

One-off events

- Hosted on a one-off basis
- Globally recognised
- Attract international visitors to Hong Kong
- High global exposure and media coverage
e.g. UCI Track Cycling World Championships

Average economic impact: **HKD 103 million**¹³

¹⁰ KPMG China analysis

¹¹ ‘Should Hong Kong bid to host the 2023 Asian Games?’, Asian Games Bid Team, Home Affairs Bureau, September 2010, https://www.gov.hk/en/residents/government/publication/consultation/docs/2010/2023asian_game.pdf

¹² KPMG China analysis

¹³ KPMG China analysis

Photo: Rommel Chan / Prezz Images



The rise of participation events, and their economic impact

Over recent years, the number of mass participation events in Hong Kong has increased greatly. As the trend of ‘experience over material possessions’ continues, the impact of these events is expected to increase further. In 2017, 15 percent of major sports events were participation events, contributing 18 percent of total economic impact.¹⁴

Spectator events

- Majority of total attendees are spectators
e.g. Prudential Hong Kong Tennis Open

Average economic impact: **HKD 105 million**¹⁵

Participation events

- Majority of total attendees are participants
e.g. Standard Chartered Hong Kong Marathon

Average economic impact: **HKD 167 million**¹⁶

Hong Kong’s ‘homegrown’ events are key to future growth

Hong Kong’s reputation as Asia’s world city has resulted in it being seen as an ideal destination for international series, world championships and competitions. These ‘world series’ events are either single events or part of a series of global events. Hong Kong has also developed its own events that have grown to become internationally significant, while reflecting the culture, traditions and values of Hong Kong. Such ‘homegrown’ events include those that were initially created in Hong Kong and have gone on to become part of a series, championship or competition.

The 2017 major sports event calendar is evenly split between the number of ‘world series’ and ‘homegrown’ events. ‘Homegrown’ events drive the majority of economic impact (60 percent) of major sports events, highlighting their importance to Hong Kong as they continue to attract new spectators and visitors to the city.¹⁷

The potential economic impact of participation events

Hong Kong’s broader sports event market includes many participation events, with as many as one every weekend during cooler months. Events such as Barclays MoonTrekker and Oxfam Trailwalker are supported by a regular participation base, and continue to attract new participants and international visitors to Hong Kong. Over time, these events are expected to grow in scale to a level where they may be considered as major sports events and generate increased economic impact.



Photo: Ike Li / Ike Images

14. KPMG China analysis
15. KPMG China analysis
16. KPMG China analysis
17. KPMG China analysis

Other benefits to Hong Kong

The impact of major sports events on Hong Kong includes many factors beyond the economic impact, some of which are not measurable in financial terms. These 'other benefits' are usually referred to as social and wider benefits, cover a wide range of categories, and influence society in a positive way.

Whether or not social and wider benefits have long-term consequences or leave a lasting legacy can depend on factors such as the scale of the events and number of people directly involved. The main social and wider benefits in relation to events which are considered as potentially having a positive effect on the general public and Hong Kong include:

- Health and fitness benefits
- Employment
- Sports development
- Infrastructure development
- Global image
- Event hosting experience



Photo: Ike Li / Ike Images

Health and fitness benefits 1

There is a clear correlation between the visibility of a major sports event, in the form of live attendance or TV viewership, and participation in sporting activities. For individuals, the wider benefits of sports participation include increased well-being, happiness, health (both physical and mental) and educational attainment. Benefits to society can include reduced crime, community development and increased volunteering.

Employment 2

The hosting of a major sports event requires a large number of support staff including event promoters, security, medical services and hospitality personnel. It should be noted that most of the jobs created tend to be temporary in nature, with minimal impact on the labour market. The 2017 UCI Track Cycling World Championships was supported by between 80 and 100 volunteers, commentators/announcers and other event staff.¹⁸

As Hong Kong further develops its capability as a host for major sports events, the market and resulting demand for experience in this sector could lead to the creation of long-term jobs in the economy.

Sports development 3

Although not included within the scope of this study on the economic impact of major sports events in Hong Kong, the profits from major sports events can lead to significant investments into the development of sport in Hong Kong. For example, the Hong Kong Rugby Union spends 13 percent of its total annual revenue on club and community rugby, the Hong Kong Sevens event being a significant contributor of its total annual revenue.¹⁹

Infrastructure development 4

Hosting standards often require the development of new venues, or significant redevelopment of existing venues, and other supporting infrastructure. Such development provides a one-off immediate boost to the construction industry and can be a significant driver of event-related economic impact. Infrastructure development can be a catalyst for, or part of, urban regeneration projects which have long-lasting legacy benefits.

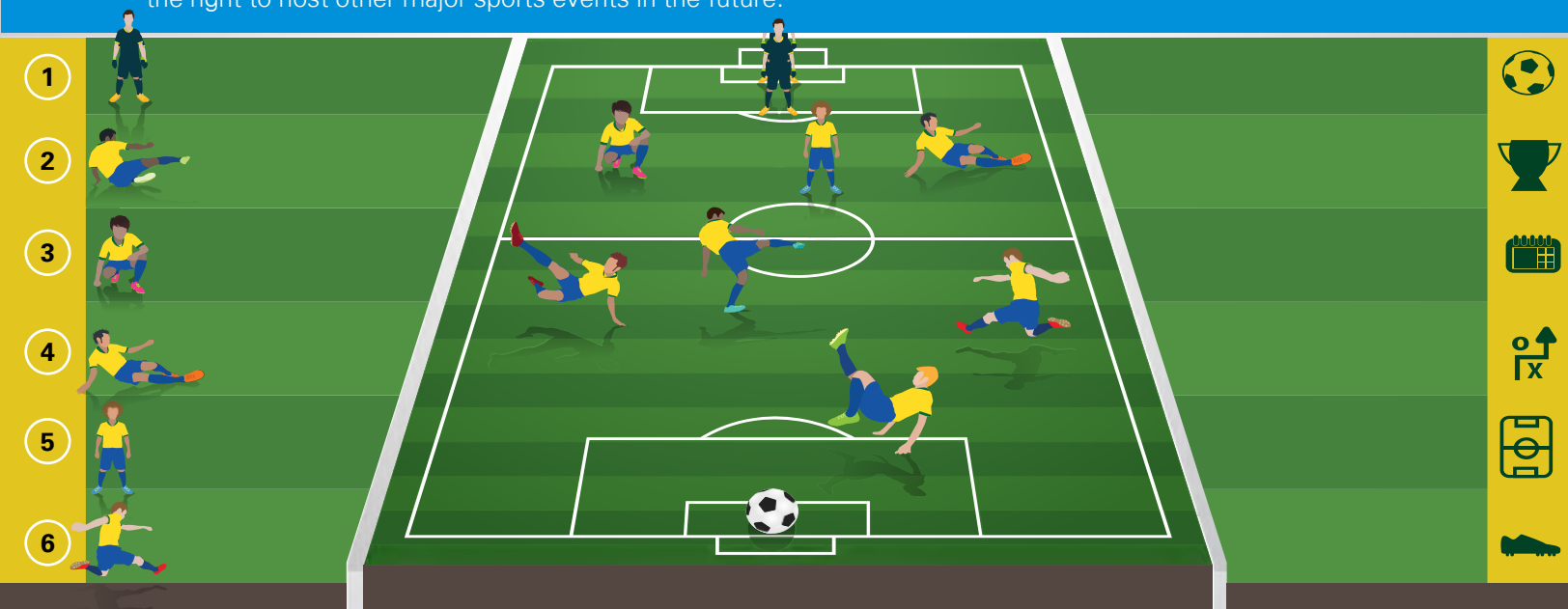
Global image 5

International media exposure (television, digital, press, etc.) can convey a strong positive image of Hong Kong. This exposure can help Hong Kong reach businesses and investors across the globe, creating business opportunities and increasing the chance of attracting various investments into the economy, thereby creating jobs and contributing to economic growth.

The 2017 Hong Kong T20 Blitz, for example, attracted nearly 12 million viewers across digital channels. Through the development of the event and partnerships with broadcasters, the following year's event, hosted in February 2018, exceeded this significantly.

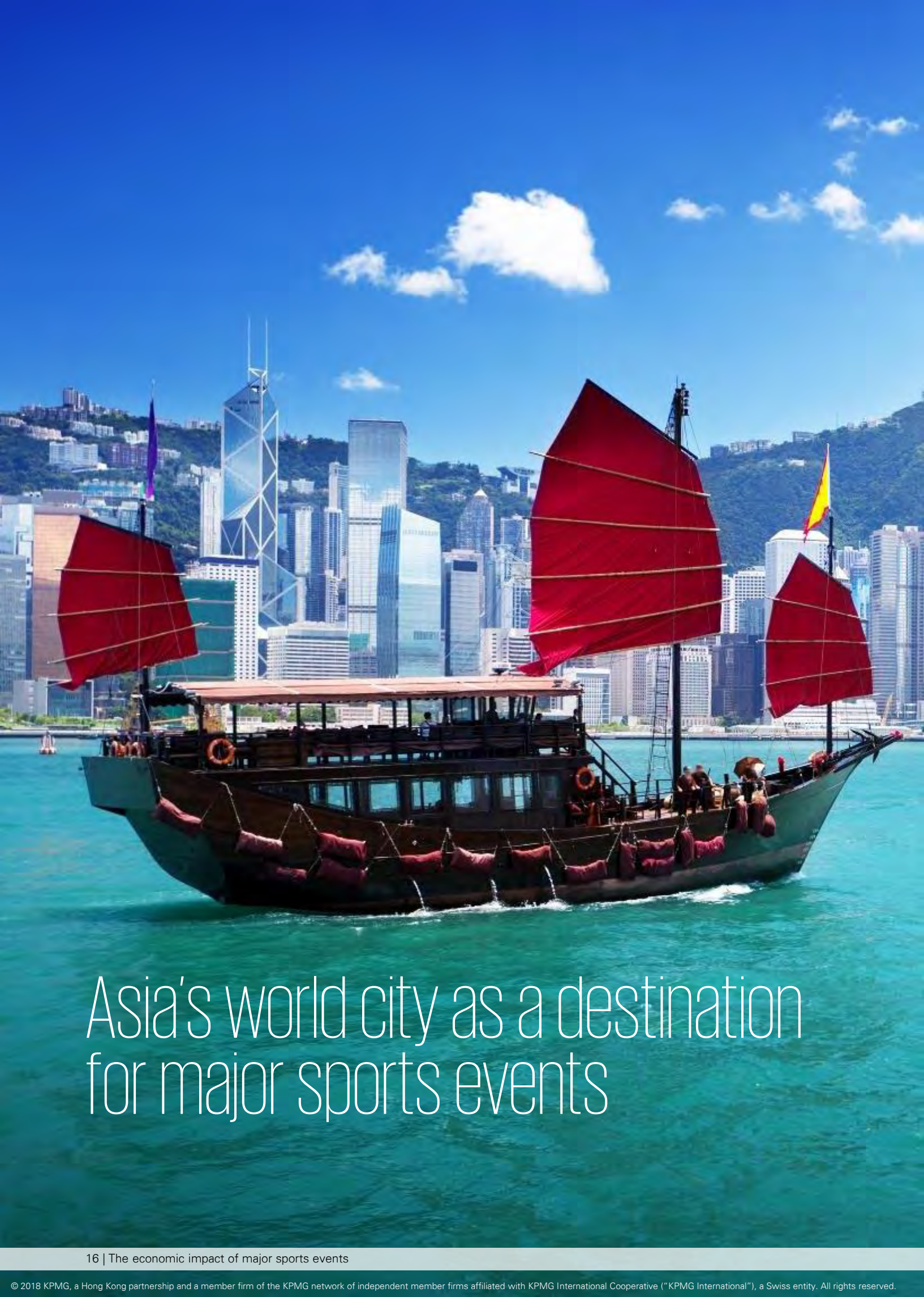
Event hosting experience 6

The preparation for, and hosting of, major sports events requires specific skills. The continued development of these skills (and Hong Kong's reputation in this regard) will likely improve the city's chances of being awarded the right to host other major sports events in the future.



¹⁸ KPMG China interview with event organiser






¹⁹ 'Hong Kong Rugby Union Annual Report 2016/2017', Hong Kong Rugby Union, 6 July 2017, https://issuu.com/hongkongrugbyunion/docs/2017_annual_report_preview



Asia's world city as a destination for major sports events

Hong Kong has consistently been ranked as a leading global city by an array of international surveys and global benchmarking indexes. KPMG China has taken the results of several surveys, together with our own analysis, to identify the positioning of Hong Kong as a major sports event destination compared to its key competitors within the region. Key regional competitors to Hong Kong include Tokyo, Kuala Lumpur, Singapore and Shanghai.

We have assessed the event hosting capabilities of each of these cities across 30 different metrics related to the following five criteria:

Criteria	Description	Example metric
1. Event portfolio 	The number, importance and relative success of major sports events recently hosted in the city.	<ul style="list-style-type: none"> Global Sports Impact Cities Index ranking (As at April 2018)
2. Infrastructure 	The capability of the city to host spectators of major sports events and the events themselves, including air and ground transportation, tourism infrastructure (hotels and attractions), and sports-related infrastructure.	<ul style="list-style-type: none"> Airport annual number of passengers (2017) Skytrax World Airport ranking (2017) Total number of hotel rooms (2017) Average hotel occupancy rate (2017) Number of sports venues (2017)
3. People & Services 	The city's current standing as a tourism destination, and the level of support from the local population for major sports events.	<ul style="list-style-type: none"> Total overnight international visitors (2017) Location population statistics (2017) UBS Prices and Earnings 2018
4. Security 	The level of safety and security of the city for spectators and athletes.	<ul style="list-style-type: none"> The Economist Intelligence Unit – The Safe Cities Index 2017
5. Event Support & Services 	The support from local government and industry organisations across the life cycle of a sports event (vision, bidding, construction, operation and legacy).	<ul style="list-style-type: none"> Private and public sector support Event strategy Number of sports federations

Source: KPMG China analysis

While our analysis shows that Hong Kong is well-positioned as a destination for major sports events in terms of People & Services and Security, the key findings are as follows:

- **Infrastructure:** Although Hong Kong's innovative and well-connected public transport system is ranked the best in the world,²⁰ our analysis shows that the city falls behind in terms of sporting venues.
- **Event Support & Services:** Support from the private and public sector is fundamental to the success of any major sports event. Based on our discussions with organisers of major sports events in Hong Kong, the city may be lacking in this aspect compared to its Asian competitors. However, the Hong Kong Government's new major sports event funding package is expected to support a wider range of sports events.
- **Event portfolio:** The Global Sports Impact Cities Index ranks cities based on the size and nature of the events they have hosted across a 14-year period. As at April 2018, the index analyses the period of 2012-2025, where Hong Kong was ranked 173rd, the lowest amongst its Asian competitors.²¹

A more promising outlook was revealed for Hong Kong in January 2018 when *SportBusiness International* announced its 30 shortlisted cities which were selected to compete for the 2018 edition of their Ultimate Sports City awards. For the first time in a decade, Hong Kong was named on this list, which included the likes of New York City, London, Melbourne, Paris and Tokyo. Although not an eventual winner of an award, this nomination signifies Hong Kong's rising position in the world of sports events.²²

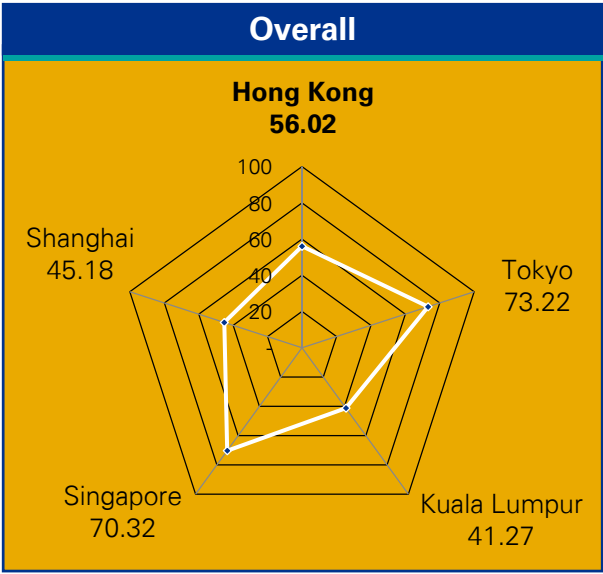
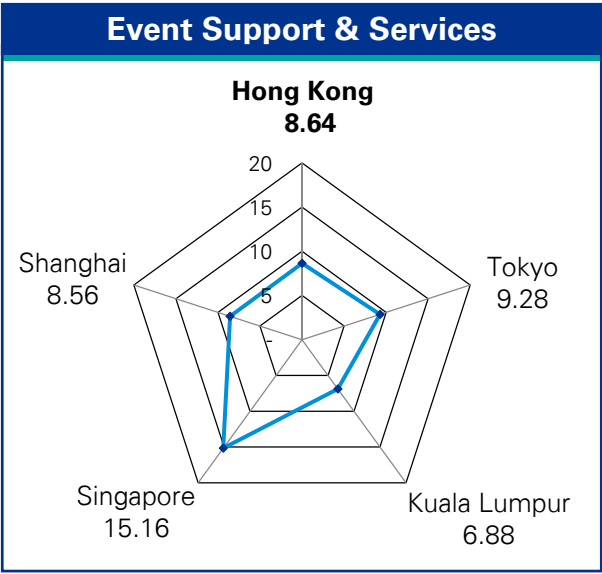
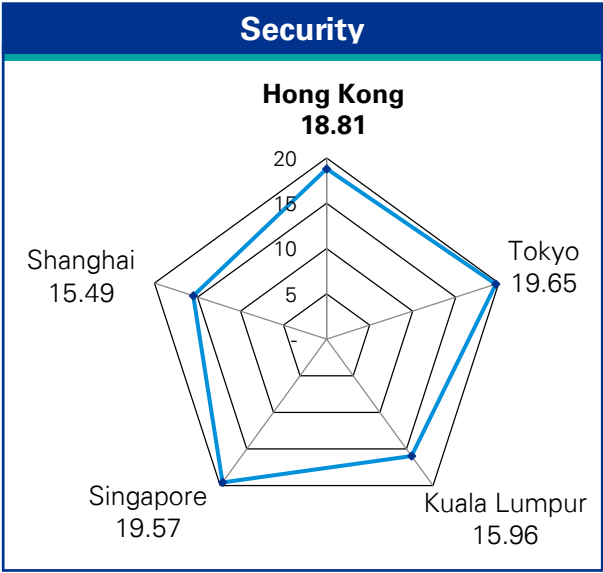
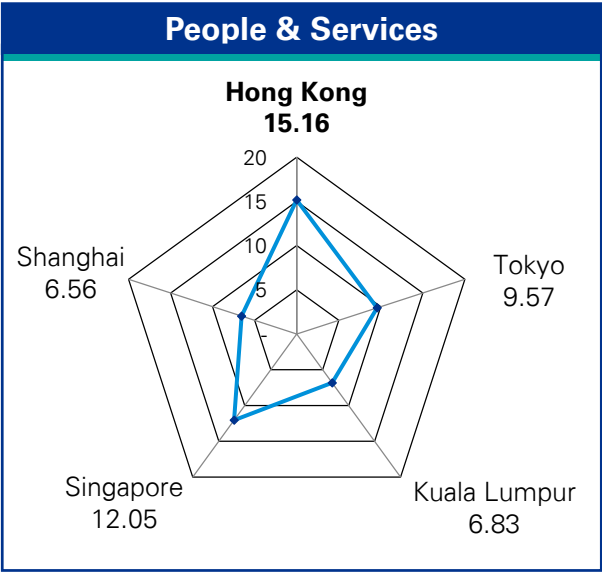
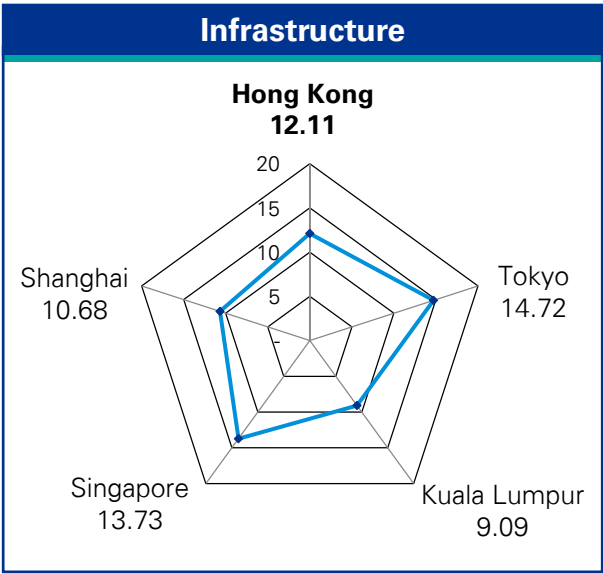
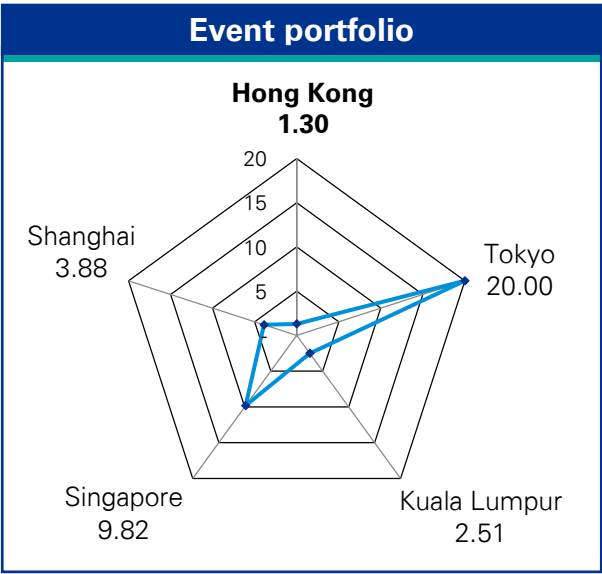
²⁰ 'Sustainable cities mobility index', Arcadis, accessed on 6 August 2018, <https://www.arcadis.com/en/asia/our-perspectives/sustainable-cities-mobility-index-2017/>

²¹ 'Global sports impact (GSI) cities index', Sportcal, accessed on 6 August 2018, <https://www.sportcal.com/GSI/GSICitiesIndex>

²² 'Shortlist of 30 unveiled for Ultimate Sports City of 2018 awards', SportBusiness International, 30 January 2018, <https://www.sportbusiness.com/sport-news/shortlist-30-unveiled-ultimate-sports-city-2018-awards>



Photo: Phoebe Leung / Prezz Images



Source: KPMG China analysis

The outlook

2017 proved to be a year which demonstrated Hong Kong's credentials as a world-class location for hosting major sports events.

For Hong Kong to build on 2017 and realise its vision of becoming a sought-after location for the organisers of major sports events, four core pillars are fundamental:

- **Developing more events:** Securing, growing and sustaining a strong major sports event calendar on an annual basis
- **Developing the industry:** Bringing the industry together to create a thriving, unified sector with commercial expertise
- **Developing sport:** Achieving the aim of increased participation, and ensuring impact and legacy are maximised and recognised
- **Developing Hong Kong:** Sustaining Hong Kong's image as Asia's world city.

Developing more events

While key stakeholders in the sports sector must lead the way in developing and securing more events, sustained support for, and investment in, major sports events from both the private and public sector will be fundamental. As part of the Financial Secretary's 2018-19 Budget, a HKD 500 million major sports event matching grant scheme was announced. The scheme will aim to encourage the business sector to sponsor major sports events, and its success will be determined by how well it is implemented.

The next five years will see significant improvements in the transport, technology, accommodation and venues available to support major sports events and drive their economic impact.

Upon its completion between 2022 and 2023, Kai Tak Sports Park, a 28-hectare park comprising a 50,000 seat main stadium, 10,000 seat indoor sports centre and 5,000 seat public sports ground, is expected to be the home of Hong Kong's current and future major sports events.²³



Photo: Home Affairs Bureau

Developing the industry

Partnerships are vital for hosting major sports events, maximising their impact and creating a legacy for every event. The BOSN, for example, provides an opportunity for professionals working on the commercial side of sport to communicate through a series of seminars and networking events. The events provide forums in which partnership and collaboration can thrive through opinion and knowledge sharing. These initiatives can influence the quality of delivery and organisation of events by both the private and public sectors.

The effective combination of the private and public sectors is crucial, as without commercial acumen the industry may not develop.



²³. 'Kai Tak Sports Park', Kai Tak Sports Park Project, accessed on 6 August 2018, <https://www.kaitaksportspark.hk/en/facilities.html#section-facilities>



Photo: Ike Li / Ike Images

Developing sport

Behind any strategy for developing major sports events in Hong Kong must be the objective of developing sports in the city. Inviting elite athletes to perform on home soil is important, as it provides role models for aspiring athletes. For major sports events to successfully achieve legacy impacts of increased sports participation requires events to be heavily publicised and accessible to the general public.

In discussing the impact of major sports events, it is increasingly impossible to ignore e-sports:

- Global audiences for e-sports are expected to reach 380 million by the end of 2018.²⁴
- The value of the global e-sports economy is expected to increase by 38 percent to HKD 7.11 billion this year.²⁵
- e-Sports will feature in the Asian Games in 2022.²⁶
- The 2015 and 2016 E-Sports Festival HK attracted an estimated 32,000 and 48,000 visitors respectively.²⁷
- In the 2018-19 Budget, the Hong Kong Government allocated HKD 100 million to promote the development of e-sports.²⁸
- Half of this budget (HKD 50 million) will be used to create an e-sports and digital entertainment node to allow Hong Kong to become the regional hub for the industry.²⁹

Developing Hong Kong

While the economic impact of major sports events and the related developmental impact on sports in Hong Kong are of paramount importance, a significant potential benefit of hosting major sports events is sustaining and further developing the image of Hong Kong. Hosting major events and boosting sports development can be key aspects of Hong Kong promoting itself as Asia's world city.

Hong Kong's iconic landmarks can provide a memorable backdrop to world-class events. While Hong Kong occupies an enviable position as a global city, it must work to consolidate and unlock its further potential as a destination for major sports events. This requires appropriate strategy, and processes which allow effective and creative implementation and marketing of major sports events that truly show the world Hong Kong's potential.

²⁴ 'Esports in talks with Paris 2024 over demonstration event', Jack Tarrant, Reuters, 25 April 2018,

<https://www.reuters.com/article/us-olympics-2024-esports/esports-in-talks-with-paris-2024-over-demonstration-event-idUSKBN1HW10W>

²⁵ 'Newzoo: Global esports economy will reach \$905.6 million in 2018 as brand investment grows by 48%', Jurre Pannekeet, Newzoo,

21 February 2018, <https://newzoo.com/insights/articles/newzoo-global-esports-economy-will-reach-905-6-million-2018-brand-investment-grows-48/>

²⁶ 'Esports to join Asian Games as medal sport in 2022', Sean Morrison, ESPN, 20 April 2017, http://www.espn.com/esports/story/_/id/19185921/esports-join-asian-games-medal-sport-2022

²⁷ 'Report on Promotion of E-sports Development in Hong Kong', Cyberport, accessed on 7 August 2018, https://www.cyberport.hk/files/5a8260c50c633354373178/EN_e-sports%20report.pdf

²⁸ 'Gov't to invest in e-sports', news.gov.hk, 1 March 2018, https://www.news.gov.hk/eng/2018/03/20180301/20180301_144105_793.html

²⁹ 'LCQ18: Promoting development of e-sports industry', The Government of the Hong Kong Special Administrative Region, 28 March 2018, <https://www.info.gov.hk/gia/general/201803/28/P2018032800307.htm>

About KPMG China

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KPMG International is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 154 countries and territories and have 200,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

In 1992, KPMG became the first international accounting network to be granted a joint venture licence in mainland China. KPMG China was also the first among the Big Four in mainland China to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong office can trace its origins to 1945. This early commitment to the China market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in the Chinese member firm's appointment by some of China's most prestigious companies.

About KPMG Sports Advisory

KPMG's Sports Advisory practice is a leader in the field of sports consultancy. KPMG has assisted numerous sports clubs, leagues, associations, federations and public institutions in achieving commercial and financial goals.

Within KPMG, the Sports Advisory practice is an established international network of consultants with considerable experience in the sports sector. This network allows for the sharing of global best practice, case studies, international benchmarks and technical knowledge to optimise project support and development.

KPMG's Sports Advisory practice has extensive professional experience across many sports, with a particular focus on football, golf, rugby, motorsport and winter sports.

Our areas of experience include:

- Market and financial feasibility studies
- Project conceptualisation and investment planning
- Business planning
- Project management
- Valuation services
- Transaction services
- Operational reviews
- Supplier selection
- Bid assistance
- Economic impact assessments
- Other audit, tax and advisory services

About Business of Sport Network

The BOSN provides a platform for the sports industry to grow and develop in Asia. This is achieved by giving professionals working on and around the commercial side of sports and mega-events the opportunity to communicate through a series of regular seminars and networking events. To date, seminars have been held on a wide range of hot topics that are all relevant to the growth and development of the sports industry, allowing members and guest speakers to share ideas, experiences and best practices. So far, topics featured include a briefing on the Kai Tak Sports Park by the Hong Kong Government's Home Affairs Bureau, an introduction to e-sports, a look at the rise of mass participation events, how to make better use of digital marketing, and the environmental sustainability of events.

The network began in Hong Kong in 2016, before quickly expanding to Singapore, and today consists of more than 1,000 members from 170+ organisations across the region. BOSN continues to welcome new members in each city. For more information, please visit www.BusinessOfSportNetwork.com.

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