



# What about the event? How do tourism leveraging strategies affect small-scale events?



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## HIGHLIGHTS

- Leveraging strategies' effects vary with event size.
- Grant funding that encourages tourism leveraging diverts attention from events' core purpose.
- Effects of tourism leveraging strategies are contingent on event-related factors.
- Collaboration between tourism organisations and event managers is critical.

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## ABSTRACT

This study draws on contingency theory to investigate whether tourism leveraging strategies designed for mega-events are applicable to small-scale events. In-depth interviews conducted with eight event managers of small-scale events revealed that the managers perceived grant funding offered to promote tourism leveraging to be a diversion from the core purpose of staging the event. Restrictions on grant funding directed the event managers' focus to increasing the number of tourists and their length of stay and their spending in the destination. While event managers acknowledged that engaging in tourism leveraging expanded the event's target markets and increased the size of the event, they believed that tourism operators were the key beneficiaries of the leveraging. Mutual benefits between event and tourism organisations occurred when the funding partner(s) and the event collaborated. A grounded theory model was developed to show the impact of tourism leveraging strategies on small-scale events. The findings are consistent with the tenets of contingency theory, which suggest that managerial solutions are not automatically scalable.

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## 1. Introduction

The utility of deriving tourism benefits from hosting events has long been acknowledged (Burns, Hatch, & Mules, 1986; Chalip, 2004; Getz, 2007, 2008; Mules & Faulkner, 1996). The tourism benefits flowing from hosting events are multifaceted and include destination competitiveness from offering a diversified tourism product (Getz, 2007, 2008; Sant, Mason, & Hinch, 2013), upgraded event facilities and transportation infrastructure (Dwyer, Forsyth, & Spurr, 2005; Hiller, 2000), and an increased influx of visitors (Mules & Faulkner, 1996). Further, event tourists whose primary motivation is to attend or participate in an event spend more, stay longer

in the destination, and often travel in a group, suggesting that event tourists are a lucrative target market (Gibson, Willming, & Holdnak, 2003; Tang & Turco, 2001; Yoon, Spencer, Holecek, & Kim, 2000).

While tourism benefits from events were initially expected as a matter of course (Gursoy & Kendall, 2006; Shipway, 2007), recent research has suggested that the outcomes of events are maximised only if strategies are designed to reach the stated tourism objectives (Chalip, 2014). Ensuring maximum gain from an event is known as "event leverage" (O'Brien & Chalip, 2007a), and focuses on the strategies used to achieve the stated outcomes (Chalip, 2004; O'Brien & Chalip, 2007a). Destinations seek to leverage events to secure a competitive advantage in the marketplace and to achieve destination goals (Jago, Dwyer, Lipman, van Lill, & Vorster, 2010). For example, destination marketers can use leverage to optimise limited resources (Hall, 2009; Kellett, Hede, & Chalip, 2008; Stokes & Jago, 2007), distribute benefits of the event over a wider area

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(Fairley & Kelly, *in press*; Fairley, Cardillo, & Filo, 2016; Kellett et al., 2008), or create opportunities for local businesses and stakeholders to benefit from and create associations with the event (Beesley & Chalip, 2011; Chalip & Leyns, 2002).

Much of our knowledge of event leverage is based on research regarding mega-events such as the Olympic Games and FIFA World Cup (Beesley & Chalip, 2011; Bell & Gallimore, 2015; Boukas, Ziakas, & Boustras, 2012; Gardiner & Chalip, 2006; Grix, 2012; Karadakis, Kaplanidou, & Karlis, 2010; Smith, 2014; Tichaawa & Bob, 2015; Tripodi & Hiron, 2009), and to a lesser extent hallmark and regional events (Chalip & Leyns, 2002; O'Brien, 2007; O'Brien & Chalip, 2007b). However, destinations and tourism organisations adopt event leveraging strategies into their marketing mix for events of all scales. While Higham (1999) notes the relative benefits of hosting small-scale events over mega-events, little research has examined the effects of leveraging strategies on small-scale events. Chalip (2017) suggests that instead of one-size-fits-all thinking, leveraging strategies should be designed specifically to target a particular host destination.

Chalip's (2017) proposition compares to the principles of contingency theory. Contingency theory suggests that a specific strategy cannot be applied to all circumstances and organisations with the expectation of similar results (Otley, 1992), and particularly with respect to organisations of different sizes (Neilsen, 1974). Thus, the tenets of contingency theory would suggest that leveraging strategies devised for mega-events may not be appropriate for small-scale events. While leveraging strategies for a mega-event are not likely to affect the event itself, use of those same strategies for small-scale events may have consequences for the event, and by extension affect the optimisation of tourism outcomes. Therefore, this study uses contingency theory to explore the impact of tourism leveraging strategies on small-scale events.

## 2. Literature review

### 2.1. Event leverage

Leveraging theory has its antecedents in the disciplines of strategic management (Collis & Montgomery, 1995) and finance (Misener, 2015). Event leverage is a strategic and proactive approach for formulating, maximising, and distributing the potential benefits from an event (Chalip, 2000, 2004, 2014; Gardiner & Chalip, 2006; Kellett et al., 2008). Specifically, event leverage is "the phenomenon of strategically planning for the maximization of both short-term and long-term event outcomes" (O'Brien & Chalip, 2007a, p. 297). This approach views events as the "seed capital" from which further benefits are derived (O'Brien, 2006, p. 258). The benefits from events can be economic or business (Chalip & Leyns, 2002; O'Brien, 2006), social or community (Kellett et al., 2008; O'Brien & Chalip, 2007b), sport participation (Misener, 2015; Weed et al., 2015), or tourism (O'Brien, 2006). While events can be leveraged for a multitude of reasons (cf., Smith, 2014), we focus on the leveraging of events for tourism gain.

### 2.2. Leveraging events for tourism gain

Events have been touted as a useful means of generating tourism in destinations (Boukas et al., 2012; Chalip, 2000, 2002; Getz, 2008; O'Brien, 2007; Ziakas, 2014b), and a growing body of literature has highlighted the tourism benefits associated with leveraging events (Beesley & Chalip, 2011; Chalip, 2002, 2004; Gardiner & Chalip, 2006; Kellett et al., 2008; O'Brien & Chalip, 2007a). Destinations therefore employ leveraging strategies to maximise the event's tourism impact (Ziakas, 2010, 2013, 2014b; Getz, 2007, 2008; Ziakas & Costa, 2011a, 2011b).

Much of the work on event leveraging for tourism gain has been based on mega-events (Chalip, 2000, 2002; Gardiner & Chalip, 2006; Kellett et al., 2008; O'Brien & Gardiner, 2006). The first explicit use of event leveraging for tourism gain was Australia's attempt to capitalise on the projected gains from the hosting of the 2000 Sydney Olympic Games (Chalip, 2002; Gardiner & Chalip, 2006; O'Brien, 2006). However, not all large scale events are successfully leveraged successfully for tourism gain (cf., Agha, Fairley, & Gibson, 2012).

Although research has focused on the benefits from leveraging mega-events, it may be useful to consider the potential benefits that could be obtained from leveraging small-scale events. According to Higham (1999) small-scale events can be more advantageous to host destinations as they often operate within existing infrastructure, require minimal public investment, and avoid crowding and congestion that is often associated with mega-events. Destinations have sought to leverage events of all sizes, with the anticipation of similar success. However, despite destinations' adoption of event-leveraging strategies, negligible research has examined leveraging theory in the context of small-to medium-scale events (Misener, 2015). Drawing on contingency theory, this study examines the applicability of tourism leveraging strategies devised for mega-events to small-scale events.

### 2.3. Contingency theory

Contingency theory was developed as a response to criticisms of other managerial theories that were believed to make universalist assumptions (Luthans, 1973). Contingency theory (Burns & Stalker, 1961) posits that no managerial solution is equally suited to all organisations in all circumstances (Otley, 1992), as the components of a solution or strategy depend on the specific circumstances of the organisation (Otley, 1992; Van de Ven & Drazin, 1984). In particular, the situational factors and environment in which a managerial solution is applied must be considered (Luthans, 1973). There are four key tenets of contingency theory. Contingency theory postulates that there is no single or universal strategy to address management challenges; and that the design and management of an organisation and its subsystem must 'fit' or rely on the interplay between the environment. Further, contingency theory suggests that clear-cut and formal differentiation of subsystems is necessary to achieve optimal performance; and the needs of an organisation are better satisfied when the prevailing conditions or environment are assessed. These tenets are then used to assess the most appropriate approach to resolve a challenge (Lawrence & Lorsch, 1967; Luthans, 1973).

Thus, contingency theory posits that the application of managerial processes or solutions in varying situations may lead to varying results (Schreyögg, 1980). One situational influencer of a managerial solution's effectiveness is the size of the business or organisation (Neilsen, 1974). Small businesses obviously differ from their larger counterparts in scale and scope, and as a result strategies designed for one size of business do not perform similar to a business of a different size (Shenhar, 2001). Thus, tourism leveraging strategies devised for mega-events are not likely to be equally applicable to small-scale events. Therefore, contingency theory can be usefully applied to understand the environmental, situational, and management considerations that influence the leveraging of small-scale events. Understanding the impact of tourism leveraging strategies on small-scale events will provide insight for event managers and policymakers as they devise leveraging strategies to optimise tourism outcomes.

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