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Formula One's new urban economies

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ABSTRACT

The Formula One (F1) industry has become a true microcosm of the world economy, as new business opportunities surface in emerging countries. Until the beginning of the twenty-first century, this sport was mostly relevant to traditional western urban elites, but since then, the F1 calendar has been largely altered to the benefit of 'dominant-emerging cities' and to the detriment of more traditional destinations. This article focuses on this urban question through a historical analysis of the F1 circuit's expansion phases as well as through a study of the current Grand Prix's estimate sanction fee.

Introduction

The Formula One (F1) industry has become a true microcosm of the world economy, as emerging countries offering new business opportunities are ready to pay millions to guarantee they will host a Grand Prix that will last for a little less than a decade. This new outcome overturns the F1 world, which capitalizes on the bidding war between cities fighting for certain races. This outbidding was generated by a monopolistic situation and provoked a major reconfiguration of the main races' locations. This change in policy also means that certain cities are compelled to stay in the margin of the world circuit. These new cities pay more than 400 million dollars each year to obtain franchise rights from the F1 authorities. This has contributed to turning franchise rights into the first economic income for the F1 organisation, surpassing television rights ($380 million in 2007). This change, which was partly initiated by Bernie Ecclestone – the main fiancier of the F1 – in the middle of the 1990s, was reinforced throughout the last few years. Today, we could even speak of an F1 revolution. Indeed, before the early 2000s, this sport's audience was mostly comprised of a western urban elite. A few emblematic urban destinations symbolized the entire sport, such as the Monte Carlo or the Monza Grand Prix. However, since the beginning of the new millennium, the F1 culture has changed drastically. There was a complete revision of the F1 calendar and 'dominant-emerging cities' are now clearly on the rise, competing strongly with more traditional destinations.

Several Grands Prix disappeared from the 2009 calendar (Indianapolis, Montreal, Magny and more recently Hockenheim). This situation seems to confirm the great transformation highlighted earlier, and suggests that the F1 is entering in a new era where prosperity and notoriety are no longer exclusive to European or North American territories, but are now found in the Middle-East and Asia as well. Formula One has become a revealing sign of a transition that is taking place in the entire sport and entertainment industry. Worldwide, dominant and emblematic cities are progressively giving way to new ones, thereby strongly supporting the observation that a major change is taking place in the world of contemporary sports. This article aims to answer several fundamental questions on this matter. First, from an historical point of view, how did the urban and economic transition unfold since the creation of the industry in the 1950s? Second, can we locate different development phases and how should we proceed to identify them? Third, what are the urban characteristics of these new markets? Fourth, why are the 'dominant-emerging cities' aspiring to turn into hosting cities for these international mega-events? Finally, from a theoretical point of view, how can we define these new urban sport territories? In other words, are these festive spaces defined in scientific literature, or should we see them as hybrid cities in need of a new definition? Since this transformation of the F1 industry raises numerous questions, we will try to propose a series of answers as well as new ways of approaching this global issue.

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Conceptual and methodological aspects and definition of the 'dominant-emerging city' concept

Classical perspective

To define these new F1 urban territories does not only mean to consider the classic urban concepts that are related to globalization, but also to integrate them into the complex problems of emerging countries. Just like the Olympic Games or the FIFA, it has become obvious that this industry is now based in a system of urban hierarchy, as well as territorial affirmation. As Sassen (2001, 2006) and others have put it, the concept of 'global cities' is an excellent starting point to define these urban spaces. Sassen pointed out the importance of cities' centrality within the process of global economy. However, Derudder and Witlox (2008) made a point of saying that Sassen's work principally helped us to understand that "through their transnational, city-centered spatial strategies, producer service firms have created worldwide office networks covering major cities in most or all world regions, and it is exactly the myriad connections between these service complexes that gives way [...] to the formation of transnational urban systems" (2008, p. 14). However, despite some secondary considerations (national standing, location of state and cultural functions), this notion only refers to economic criteria of evaluation that cannot be easily transposed into the F1 context. As a matter of fact, financial variables are not sufficient to fully explain it. So far, the creation and the methodological structure of this concept, especially for Beaverstock, Smith, and Taylor (1999), do not seem to suit these new F1 cities because cultural and political criteria are not sufficiently taken into account. Regarding Beaverstock's work, Jenks, Kozak, and Takkanon (2008) mention that "there are inevitably dangers in this approach. What is possible to measure and include, also opens up the debate about what is excluded. Many aspects may be difficult to measure, many may have problematic data sources" (2008, p. 354).

According to Derudder and Witlox (2008), this concept also limits our understanding since it does not take the strong relationship between the city center and the larger metropolitan area into consideration. While considering these issues, one should also be mindful of the 'global city-regions' concept, as Petrella (1995), Veltz (1996) and Scott (2001) use it in their work. However, this concept's definition also remains limited since these 'global city-regions' are mainly defined as "production nexuses in a global economy dominated by a post-Fordist accumulation regime" (Derudder & Witlox, 2008, p. 17). On the other hand, the term 'world city' or 'semi-peripheral cities' could also be used (Clark, 1996; Eade, 1996). These concepts, which appeared during the 1980s in Friedmann's work (1986, 1982), allowed the construction of analytical models defining these new political and economic centers. However, since its materialization during the 1990s and at the start of the 2000s, this concept is now often confused with the concept of 'global city' or only refers to demographic criteria and does not include functional analysis. Finally, the concept of the 'international city' is mostly used for territories that play major roles within the regional changes but are not very relevant in the global economy (Berry-Chikhaoui, Deboulet, & Roulleau-Berger, 2007). It is also important to note that these different terms were defined and interpreted within a western context that is very far from the economic, political and cultural realities of emerging countries (Robinson, 2002).

Finer spatial analysis of 'dominant-emerging cities'

Michael Pacione (2009) uses the notion of the 'third world city' to define these emerging countries' urban territories as distinct from the western ones, referring to their history (colonialism and post-colonialism) and their socioeconomic development (economic growth, important social gaps, etc.). However, although this notion appears to be global, it is divided into multiple elements, which depend on each regional bloc's economic, social and political characteristics (Latin American cities, African cities, South-eastern Asian cities, etc.). It is also important to underline that the 'third world city' does not automatically refer to urban globalization, but that it comprises many urban categories (small cities, medium agglomerations and great metropolises). Although this notion encompasses various characteristics, it remains difficult to use it in the case of the F1 urban territories since it takes little consideration of cultural, touristic and recreational aspects of the globalized context. Marcuse (2008) refers to 'mega-cities' when talking about tentacular metropolises such as Mexico, Sao Paulo, Nairobi or Mumbai. According to him, these 'mega-cities' are "the products of their own specific historical developments coupled with the strong influence of their positions within the world of globalization, with its threads of colonization, uneven development, competition, division of labor, and exploitation" (2008, p. 29). Marcuse indicates that these 'mega-cities' are often developing around a similar internal urban structure. Most of all, he underlines a reinforcement of security measures, segregation and urban exclusion, which is spatially symbolized by 'skyscrapers and skyscraper clusters', 'gentrified neighbourhoods', 'citadels', 'ghettoes', 'ethnic enclaves' and 'exclusionary enclaves'. According to Marcuse, from the perspective of urban form, 'soft locations' are actually what makes these 'mega-cities' more similar to western metropolises. He characterizes these 'soft locations' as the effects of globalization on these cities. The emergence and renovation of 'central business districts', 'waterfronts', 'brownfield sites', 'historic buildings and sites' as well as 'public spaces' actually transform them into landmarks and symbols of the globalized urban form that the emerging cities are seeking. As such, these urban spaces seem to follow what western cities did in the 1980s and 1990s. However, the 'mega-cities' concept is too closely connected to demographic and urban form's aspects. It does not depict all the nuances of other political, economic and cultural strategies used for the enhancement of the city.

According to Jenks et al. (2008), these different concepts are useful to expose the diversity of these globalized urban territories. At the same time, they "are subject to many meanings and interpretations" (2008, p. 4). They assert that the analytical and methodological classification of these globalized cities, especially Beaverstock's, "provide a solid foundation for research and comparison" (2008, p. 4) but they do not consider the subjective and qualitative characteristics of these territories. This is especially the case when considering cultural or festive manifestations. Derudder and Witlox (2008) tried to synthesize these different concepts into the sole concept of 'world class city'. According to them, this term "refers to the aspiration to join the league of major cities in a globalized economy. [...] Empirically, the term invokes the presence of assets that are deemed necessary to be taken seriously in this global gold rush: being a world class city at least entails the presence of well-connected international airports, major hotel chains, and a climate that is somehow conductive to inviting and redirecting globalized capital" (2008, p. 11). However, Derruder and Witlox, just as Ooi and Yuen (2010), formulate two main arguments against this definition. Firstly, it only portrays one perception of the city ('urban entrepreneurialism') and fails to consider other variables, such as social planning, into account. Secondly, it is only based on a few empirical examples of the well-established western world, such as New York, London or Tokyo. Therefore, it only offers a partial perspective on these urban forms and developments. However, Derudder and Witlox (2008) indicate that this concept of 'world class city' is a good starting