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What has been left after hosting the Formula 1 Grand Prix in Istanbul?



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ABSTRACT

Cities have been changing with the winds of globalization, which transforms economic structure from production to a more consumption-based economy. Especially since the 1990s, international events have increasingly become a new tool for attracting visitors, which bring revenue for the cities and enhance their competitiveness. Economically, it has been estimated that sporting events contribute 3% of the gross domestic product of OECD countries.

Discussions in the literature related to sporting events generally focus on three main points: the organization and financing; the economic impacts; and the legacy of the events. The aim of this paper is to examine the hosting process of Formula 1 as a sporting event in Istanbul by taking into consideration the main discussion points. However, because the 2011 Formula 1 events no longer take place in Istanbul due to the lack of audience and very high costs, it has taught Istanbul some very important lessons. This paper argues that the public sector has failed to perform its most important role: proving the legitimacy of the event. Furthermore, the cost of Istanbul Park is huge, but the participation levels have been a lot lower than the Park's capacity and the legacy would be considered unfavorable. Most importantly, Formula 1's lack of success in Turkey can lead to a better understanding of the main strategies of urban development over the last decade, how to stimulate economic growth and enhance new capital accumulation through the big projects within the most competitive cities.

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Introduction

Although it has been passed over in the literature, the importance of mega sporting events in modern society cannot be denied. Economically, it has been estimated that sporting events contribute 3% of the gross domestic product of OECD countries; from a cultural point of view, two-thirds of the world's population watches the Olympics on television; in political terms, sports have been used as a policy tool by nation-states (Henry & Gratton, 2001). Global events have been called the "builders of image" of the new age and are really important to Istanbul, which is an urban area willing to promote its status as an "international city," gain the attention of international investors, and increase its global share of tourism. Istanbul revealed its ambitions with the Formula 1 Grand Prix in 2005 and the events of the European Capital of Culture in 2010. Furthermore, as a candidate for the Olympic Games since 2000, Istanbul desires to reap some of the benefit from mega sporting events. All these attempts are related to the urban politics in Turkey for stimulating economic growth and enhancing new capital accumulation

through big projects within the most competitive cities in the 21st century. Therefore, the willingness to host global events and bear the public cost in the developed parts of the country has raised the awareness of the interregional disparities in Turkey. Although Istanbul has 27% of the total GDP in Turkey, 56% of the foreign capital invested in Turkey was concentrated in Istanbul in 2011 (Istanbul Development Agency, 2013). Furthermore, Istanbul became the 5th most favorable city in the world according to the MC Global Destination Index 2012. In the "Emerging Trends in Real Estate Europe, 2013," which is published by PwC and the Urban Land Institute, Istanbul ranked as the most attractive city with regard to Development Prospects based on the city's exciting real estate potential. In general, there has been an increasing investment trend, especially for wholesale, retail, construction, real estate and hotels (Colliers International, 2012; GYODER, 2014).

In the case of the Istanbul Park Grand Prix, the public sector made a huge investment on the assumption that the tourists attracted by Formula 1, the economic vitality and the promotion opportunity would be used as a tool for "city marketing." The Formula 1 Grand Prix was first held in Istanbul in 2005. The track was designed by a well-known architect of Formula tracks, who was one of the most famous for turning the tracks counter clockwise. The length is 5.3 km and the total capacity is 125,000,

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with a total seat capacity of 75,000. Moreover, Istanbul Park has been defined as one of the three best tracks by the racers.¹ However, after 2011, Formula 1 events no longer take place in Istanbul due to the lack of audience and very high costs. The Formula 1 event contains important lessons for Istanbul, which is a candidate for a mega event every year. The aim of this paper is to examine the hosting process of F1, the selection of the Tuzla-Akfirat region as the location for the event, the actors who were involved in the formation process of Istanbul Park, and the organization and funding structure of Istanbul Park; then the effects of the event will be reviewed through its legacy.

In the following section, the literature on the importance of events, especially sporting events, for cities is discussed. Furthermore, the changes of dynamics and strategies for urban development and politics in Turkey and Istanbul are discussed to provide a background for the case study. Section 'The analysis and findings on the case of the Istanbul Formula 1 Grand Prix' focuses on the case of Formula 1 Istanbul regarding the main research issues: the process of the site selection; the organization and funding structure; the discussion of the expected effects of the events, especially in terms of the concept; and the legacy of events. The review of the Istanbul case will contribute to the discussions of the experiences of global examples. For this study, public opinion has been followed through the media and interviews have been conducted with the actors involved in the process. The purpose of the interviews is to elaborate the information about the financing, organization and economic impacts of the event.

The increasing importance of mega events

Harvey (1989) has defined the urban policy paradigm shift as the "transformation from managerialism to entrepreneurialism;" he uses the term 'governance' instead of 'government', and emphasizes that the authority to organize space is in the hands of a fragmental power that involves many actors.

In this process, the social welfare state policies of the previous period have given way to the economic growth-oriented policies. A consumption-based structure has become dominant because the role of the private sector has increase, and re-distribution mechanisms have been modified for only certain classes (Harvey, 1989; Ozdemir, 2003). The industrial city was the quintessential production city, which was based on an economy of making something, but the new post-modern fiction (fantasy) city is a consumption city, which is based on an economy of leisure and dreams, marketing fantasy and commercial developments (Amin, 2007; Berg, 2003). Thus, urban spaces that were once vibrant industrial corridors are now being transformed into spaces of cultural commodity. Cities that once had widespread production activity currently tend toward consumption based activities such as entertainment, sports and tourism. Thus, global events have become vastly important for all these cities and attract both private and public interest (Aman, Omar, & Barglachi, 2009). Furthermore, Smith (2012) emphasized that events have become platforms for selling a variety of products including the host city itself.

Especially in the 1990s, the scales and costs of mega events all over the world increased. Currently, many of these entrepreneurial cities desire to implement the urban reconstruction and development policy that economist refer to as consumption based economic development. Public-private partnerships and flagship projects that have been implemented by these partnerships have been seen as products of the new economic and political understanding (Evans, 2005; Smith, 2007). The facilities that global

sporting events require constitute a part of these pioneering projects, which vary from large-scale businesses and shopping malls to congress centers.

The Baltimore Inner Harbor Renewal Project was implemented in the 1970s as a public-private partnership and has mostly been recognized as a success story. However, Harvey (2000) has criticized this project in terms of the use of public spending for the interests of the wealthy. Cost-benefit analysis has shown a 24 million dollars a year net loss of the baseball stadium investment and Harvey called it "feeding the downtown monster." Criticizing the partnership between the public and private sectors, the public sector collects the risks and the private sector collects the profits, which indicates that the benefits for the citizens are minimal in these projects.

The mega events are implemented for a short and specific period of time. This is the most important fact that separates mega events from other touristic activities; however, the definition of mega events is debatable. Getz (1997) emphasizes that the classification of events is based on preference and perspective apart from their size and significance, but Hall (1992) describes mega events in terms of their size, level of public financial investment, political effects, television coverage, construction of facilities, and the economic and social impacts of the host community. Ritche (1984) explained mega events as being implemented once in a limited period of time and mainly developed to increase the short- and long-term awareness, interest and profit of the host city. The success of drawing attention to mega events depends on their prestige and uniqueness.

"Mega events" or enterprises, which have been described as Hallmark Events such as economic trade fairs or artistic biennials, and sportive events like the Olympics have caused a large number of participants and an audience to travel and have attracted worldwide publicity due to the development of mass media (Getz, 1997). According to Roche (2000) these events cause global condensation and have a prerogative of both establishing and reflecting globalization. Furthermore, Smith (2012) classified sporting events as mega, major and multipurpose events dedicated to specific sports (e.g., UEFA Football Championship, Formula 1 Grand Prix).

There are three main reasons for such a development of sporting events. The first reason is the new developments of mass media technology, especially the development of satellite broadcasting. All of these technological developments have created an unprecedented global audience. The second reason is the formation of sport-media-sponsor alliances, which transformed professional sports in the 20th century and the creation of large financial resources and earnings due to this formation. Finally, the third reason is that hosting a global and popular event has been seen as a significant promotion opportunity by both governments and the private sector of the candidate cities (Bowdin, McDonnell, O'Toole, & William, 2002; Horne & Manzenreiter, 2006; Smith, 2012). In the literature, discussions mostly focus on three main topics: the organization and financing; the effects and particularly the economic effects; and the legacy of the events.

Global events are always encouraged by the business elite or implemented by carefully mobilizing their support. Political actors have been a part of this elite coalition because public funds and subsidies of governments are inevitably needed for the implementation of events. In fact, the decision to host a global event is the consensus of the government and the bureaucratic elite, who have been chosen officially. This decision has become a part of the grassroots democratic decision-making process. The organizers, developers and sponsors assume that the events are absolutely successful; either there are no or very few and negligible negative effects (Bowdin, McDonnell, O'Toole, & William, 2002; Hiller, 1998). The lack of transparency in the process continues to be dominant in the implementing organizations (Horne & Manzenreiter, 2006).

¹ www.intercitypark.com.

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