

# The impact of holding major sports competitions on the brand of the state (on the example of the olympic games in sochi and the world football cup in russia)

UDC 327.7



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## Abstract

**Objective of the study** was to determine the impact of major sports competitions on the brand of the state on the example of the Olympic Games in Sochi and the World Cup in Russia.

**Methods and structure of the study.** When writing the article, a comparative analysis of the ratings of state brands, reports of the tourism and investment markets was used, and a case study was conducted based on reports on two major sports competitions in Russia.

**Results and conclusions.** Noting the improvement in the positions of the Russian Federation in the ranking of national brands after major competitions, the article highlights the following factors for promoting the brand of the state: the visit of the first persons of the states during the competitions and the holding of high-level meetings taking into account the continued sanctions regime and very limited visits by most European leaders to Russia), attracting extrabudgetary investments and economic growth, developing a number of infrastructure elements, adapting the tourism sector in accordance with modern international requirements and standards, as well as a significantly increasing tourist flow, and therefore familiarity with national history, culture and traditions. These criteria are universal for analyzing the successful impact of major sports competitions and can be used to analyze the evolution of the brand of any state.

**Keywords:** sports diplomacy, national branding, Olympic Games, World Cup, soft power, spectral power.

**Introduction.** Holding major sports competitions, whether it be world championships or the Olympic Games, in the modern world is one of the tools for creating a positive image of the state and promoting the national brand. Such events not only serve the development of sports in the country, but also increase its tourist, investment, business attractiveness, as well as the attitude of foreign audiences towards the state as a whole [3]. The competition for the right to hold such competitions is high, and states are ready to take serious steps in order to obtain this right.

The key theorist of the concept of “national branding”, British researcher Simon Anholt, editor of the Place Branding and Public Diplomacy magazine, forming criteria for the annual rating of national brand indices, defines [7] national branding as

actions aimed at creating a favorable image of the state through marketing communications.

**Objective of the study** was to determine the impact of major sports competitions on the brand of the state on the example of the Olympic Games in Sochi and the World Cup in Russia.

**Results of the study and their discussion.** Before the Olympic Games in Sochi, the Soviet Union (Russia is its successor) hosted the games only once, in 1980. It was important for Russia to declare itself as a continuer of sports traditions, so it was necessary to win the right to host the Olympic Games. Success came in 2007, when the Russian state received this right in Guatemala at the regular session of the International Olympic Committee, bypassing Austrian Salzburg and South Korean Pyongyang. Russia prepared thoroughly for the submis-



sion of the application: the Federal Target Program "Development of the city of Sochi as a mountain climatic resort in 2006-2014" was launched. Russian President Vladimir Putin personally addressed the IOC members during the presentation of Sochi's bid to host the Games.

The very fact of holding the Olympic Games, as Oxford researcher Andrew Foxall notes [10], was perceived as a return of Russia to the status of a superpower. The success of Russian athletes and the first place in the medal standings at the home Olympics demonstrated not only the triumph of Russian sports, but also, according to experts [9], positive changes in the geopolitical position of the Russian Federation.

Even before the Sochi Olympics, Russia had made the decision to compete for the right to host another major competition: the 2018 FIFA World Cup. Unlike the 2014 Olympics, matches were played in 11 Russian cities. The FIFA Council recognized the championship held in Russia as the best in history [12].

However, the triumph of the Winter Olympic Games did not have time to affect the position of Russia in the ranking of national brands in the world. The political divisions that followed the Crimean referendum in 2014 led to Russia's drop in the brand rankings. Undoubtedly, the doping scandal directed against Russia also had negative consequences.

All the more important for the Russian Federation was the flawless holding of the World Cup. The success led to Russia moving up four spots in the 2019 Brandfinance [11] rankings to 14th position, and the value of the Russian brand increased by 16 percent compared to the previous year. Among the reasons that served to strengthen the Russian brand after the 2014 Olympic Games and the 2018 FIFA World Cup, the authors identified and analyzed the following criteria based on the analysis of Nation Brands rating indicators:

**1. Visit of world leaders.** Major sporting events attract not only fans, but world leaders, making them an informal pretext for holding meetings at the highest level. The Olympic Games in Sochi were visited [1] by more than 40 world leaders, representatives of royal dynasties, the Secretary General of the United Nations.

The list of honored guests of the World Cup has received particular attention: since 2014, a number of world leaders have refrained from visiting the Rus-

sian Federation in protest against Russia's policy towards Ukraine. However, only a dozen world leaders were present at the opening ceremony of the 2018 World Cup, with a number of whom Russian President Vladimir Putin held business meetings [5]. Numerical confirmation of the results of holding status meetings at the highest level is the rise by four positions in the ranking of national brands and the rise in price of the national brand by 14% [11]. Consequently, the visit of 10 leaders led to an increase in the price of the country's brand by 14%, respectively, the status of the host country of the summit, even with the participation of one foreign leader during major international sports competitions, leads to a rise in brand prices by 1.4%.

**2. Attracting investments.** Contrary to popular belief that hosting major sporting events incurs serious expenses for the budget, according to Deputy Prime Minister Dmitry Kozak, the net profit from the Olympic Games in Sochi amounted to 1.5 billion rubles [2]. Over \$1.3 billion in partnership investments have been raised. 80% of the games were financed from extrabudgetary funds. Regarding the 2018 World Cup, FIFA noted [8] that the level of organization of the tournament was the best in history and brought the organization \$5.375 billion in revenue. The increase in the investment attractiveness of the country, confirmed by multibillion-dollar contracts, is a direct confirmation of the positive impact of holding major sports competitions on the country's brand.

**3. Development of the tourism sector and adaptation according to international standards.** One of the key advantages of holding the Olympics was the transformation of Sochi into a year-round resort: the construction of modern hotels according to the strict requirements of the IOC and the development of the entire tourism industry in the region had a positive impact on the brand of Russia and Sochi, in particular, as a tourist center.

The FIFA World Cup also contributed to the development of the brand of Russia as a tourist center: the appearance of hotels of world chains in the cities hosting the Championship, the development of gastronomic and entertainment areas, as well as the development of a tourist navigation system in the country's cities. The development of the tourism market is confirmed by the fact that 30 new executive class hotels were opened in Moscow alone for the 2018 World Cup [13].



**4. Development of infrastructure.** In preparation for the Olympic Games, special attention was paid to the integrated development of the infrastructure of the Krasnodar Territory, from transport infrastructure and telecommunications to the development of energy.

By the 2018 FIFA World Cup, more than 350 billion rubles were allocated for the development of transport infrastructure, which is so necessary for Russia [6]. Particular emphasis was placed on the development of high-speed rail transport, the modernization of a number of airports in the country.

Of course, the development of infrastructure, namely, multibillion-dollar investments [6] in the modernization of telecommunications, the renewal of the transport system, and the emphasis on environmental technologies have become one of the reasons for the growth of the country's position in the ranking of national brands.

5. Promotion of national culture. An integral and probably one of the most important factors influencing the brand of the host country is the foreign fans who come to the competition. The World Cup was visited by more than 3.4 million foreign tourists [4]. Of course, this was important for strengthening the Russian brand in the 2019 ranking. Such an obvious development of tourism, confirmed by specific figures [4], as an integral component of the country's soft power.

All of the above advantages of holding major sports competitions demonstrate a significant contribution to the implementation of public diplomacy programs by the state.

**Conclusions.** Based on the demonstrated quantitative indicators of the growth of the investment, tourism, infrastructure, environmental attractiveness of the country, as well as the number of high-level diplomatic meetings based on the case study of the impact of major sports competitions on the brand of the state, it should be noted that they directly influenced the rapid growth that took place. country's position in the ranking of national brands. And even despite the challenges associated with politics and doping scandals, holding major competitions restores a stable position for the Russian state on the world stage and promotes the image of the state. Therefore, it can be concluded that major sporting events affect the national brand of Russia, as they improve the following criteria taken into account when compiling the brand rating:

- the number of high-level meetings held in the territory of the state;
- investment attractiveness of the state;
- infrastructural development of the state;
- development of the tourism sector;
- strengthening the soft power of the state.

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