REVISED EVENT PORTFOLIO MODELS

- What are event and event-tourism portfolios?
- How are they managed and evaluated?
- Intrinsic and extrinsic values
- Stakeholders
- Models, original and revised
- 'Healthy' portfolios and populations of events

INTRODUCTION

Since its original formulation in 1997, my "event portfolio model" has remained an influential concept, primarily within the context of tourism and place marketing. However, recent trends - and in particular a growing emphasis on sustainability - require some new thinking about the design and evaluation of event portfolios, and therefore a set of revisions is proposed in the form of two models.

Revisions start with consideration of a more balanced purpose and set of value measures, to reflect the instrumental value of events to tourism and economic development on the one hand and the social, cultural and environmental aims of other event portfolio managers. These must all co-exist in a truly integrative approach, although that remains an idealistic goal of this author and many others concerned about sustainability.

The rise of 'iconic events' targeted at special-interest groups deserves recognition, as does the category of 'media events'. Greater distinction between the roles of permanent and one-time events is needed, especially in the context of assigning 'asset value'.

Increasingly, cities and destinations own, manage, support, bid on and market numerous events to meet multiple goals. One important aspect of this trend, event tourism, is a global phenomenon of critical importance for both economic development and place marketing, covering all types of planned events. Within destinations there are found different agencies with their own strategies and event portfolios, including managers of convention and exhibition centers, private event companies, public and privately owned sport and entertainment venues, visitor and convention bureaus, and chambers of commerce. Their roles in the event sector often overlap with other actors in the social and cultural realms, including parks and recreation, museums and historical sites, art centers, culture development agencies, not-for-profits and various health and welfare organizations.
A single event might be expected to attract tourists, portray a positive image of the city, provide entertainment and education opportunities for residents, raise money for charities and foster social integration and inclusion. It will also be expected to meet green or sustainability standards and act in a socially responsible manner. Permanent events might become institutions and function as Hallmark events, co-branded with the destination. One-time events will have to demonstrate how they fit into the community as well as how they meet tourism and place marketing goals. There are no simple situations.

Because events have become legitimized instruments of policy and strategy, and an expected - even necessary - element in modern lifestyles, the complexity of planning and managing them has become an issue. Numerous stakeholders have to collaborate, or at least co-ordinate their actions, and goals have to be set to please different perspectives. How events are paid for and evaluated has become a matter of public concern, often accompanied by debate or event protests.

**The Portfolio Concept**

A 'portfolio' can be defined as both the container for a collection, and the assembled items themselves. In other words, both the process and contents of an event portfolio are of interest, including the goals and strategies of organizations that produce and manage events, and the individual events.

An art portfolio comes to mind, as in the illustration, and students and teachers are often expected to assemble a portfolio of their work. By analogy, cities, destinations, venues and organizations can display their portfolios of events for purposes of public relations, fundraising and marketing. As with an artist, the event portfolio might focus on one style or type of event, or display a full range of events and pertinent venues. A destination positioning itself as an "event city" or "sport capital" will need to demonstrate a track record of successful event hosting. And it will have to show the competence of those who bid on, organize and host events. So, both the container and the contents are vital.

* A portfolio consists of both the contents, and the container that binds it together...
Most people are familiar with the concept of an investment or financial portfolio.

"A portfolio investment is a hands-off or passive investment of securities in a portfolio, and it is made with the expectation of earning a return. This expected return is directly correlated with the investment's expected risk. Portfolio investment is distinct from direct investment, which involves taking a sizable stake in a target company and possibly being involved with its day-to-day management. (Source: Investopedia http://www.investopedia.com/terms/p/portfolio-investment.asp#ixzz4HnGprCDi)

From Wikipedia (portfolio, finance):
"The term portfolio refers to any collection of financial assets such as stocks, bonds and cash. Portfolios may be held by individual investors and/or managed by financial professionals, hedge funds, banks and other financial institutions. It is a generally accepted principle that a portfolio is designed according to the investor's risk tolerance, time frame and investment objectives. The monetary value of each asset may influence the risk/reward ratio of the portfolio and is referred to as the asset allocation of the portfolio. When determining a proper asset allocation one aims at maximizing the expected return and minimizing the risk."

As with all financial or economic portfolios, it is a basic principle that the sum is greater than the parts. Also, there is additional value in holding multiple assets, and concomitantly that risks and/or costs are reduced.

Superficially, an event portfolio might be defined as consisting of all events within a destination or city, or the events held by a private company - in all cases the events might be managed or owned, permanent or one-time. But applying the portfolio concept to planned events is complicated by the fact that events are not always valued extrinsically. That is, the principles derived from financial or economic portfolio theory do not always apply, especially in the context of social and cultural policy domains, or in the realm of
not-for-profit organizations where service to the public is the dominant concern. Therefore we have to consider both intrinsic and extrinsic valuation models and the necessity for a multi-stakeholder approach to setting goals and evaluation criteria when portfolios overlap.

Valuing Events: Extrinsic Versus Intrinsic Approaches

The tourism, economic development and place marketing functions of events are all premised on using events as instruments of strategy and policy to achieve defined benefits - this means the events are valued extrinsically, for what they can accomplish. Typically (see the diagram below) this means that quantitative returns on investment are expected. The same is true in the case of for-profit companies. Each event in the portfolio is therefore an asset that must have its own value, and/or contribute to overall portfolio value and sustainability.

![Basic Approaches to Event Portfolio Design](image)

Source: D. Getz

By contrast, many people and agencies value events intrinsically, believing they have value in themselves and do not need to be justified by reference to quantitative ROI measures. For example, in the arts an event can be viewed as a creative exercise to be value for its artistic and cultural value. Many people in sports value events for their competitive or fitness benefits, regardless of any tourism or image perspectives. In this context of intrinsic valuation, the synergies created through multiple, interacting events, and the overall health of the population - not its ROI - is the primary concern.
What is A 'Healthy' Population of Events?

If ROI measures are not pertinent, then the overall 'health' of the portfolio or the city's entire population of events is a factor to consider. Presumably nobody manages entire populations of events, that would usually be impossible, yet given the principles of population and organizational ecology, the environment will affect individual events and therefor broad, long-term forces and trends have to be at least monitored.

The simplest interpretation of a healthy population is that it survives! However, while the extinction of species in a real concern in the biological world, there might not be dire consequences if any event, portfolio or population of events disappears. Looking at this issue in broader terms, we can consult World Health Organization claims that health is both freedom from disease or disability and a positive state of well-being. Many people have claimed that events contribute in a positive way to healthy human societies, but the reverse has not been adequately explored - how human populations and systems affect event populations.

Homeostasis (i.e., a stable equilibrium) within an event population is not necessarily the norm, nor even desirable. Perhaps all event populations should be dynamic: tolerating diversity and uncertainty, fostering innovation, and saying goodbye to stale and unviable events. Therefore, taking a laissez-fair (or no intervention) approach might make sense, with the policy of letting the births and deaths occur as they might. But this approach will undoubtedly meet resistance, especially as many events are valued as institutions or traditions, or have the support of powerful interests, and they will tend to seek subsidies and active support. There are powerful lobby groups for various event sub-sectors, including sports and the arts.

Others might see value in supporting events in general, or at least in times of crises. One of the signs of achieving Hallmark Event status is that they cannot be allowed to fail, and this might hold true for a tight, well-managed portfolio of events. However, this 'rescue at all costs' principle is definitely not applicable at a whole-population level. It would be impossible to reverse all failures. As it is a complex problem, the 'solutions' will range from do-nothing (I think this is the usual case) to pro-active support for events of all types.

Since a 'healthy' portfolio and population of events needs assured resources, the policy-makers can look for signs of illness or stress, such as:

- an increasing number of events, leading to intense competition
- increase in the number and scale (i.e., big, well-established events) of failures
- attendance declines; fewer tourists
A Multi-Stakeholder Approach

The fact is, when multiple stakeholders are involved it is likely to require a blend of extrinsic and intrinsic valuation. Have a look at the following diagram which illustrates how multiple stakeholders can be brought together to share their aims for planned events and particularly for event portfolios. Some kind of collaboration must ensure in which common goals and measures of value are found and applied.

The notion of a political market square applies here. According to Mia Larson, when multiple stakeholders are involved in a project or in producing an event the exercise of power has to be considered. Does one person or group force its will on the others, or is there compromise and balance? Do interest groups or alliances form to counter other perspectives (e.g., arts and culture versus tourism and economic development)? Are votes or support bought and sold as in a goods marketplace? And who moderates this process?


Stakeholders With an Interest in Event Portfolios, and What They Might Want
(Source: D. Getz)
Literature on Event Portfolios

There is now a small body of literature on event portfolios, and a starting point should be the book by Ziakas (2013) "Event Portfolio Planning and Management: A Holistic Approach". Ziakas defined a managed portfolio in broad terms (p.14):

"An event portfolio is the strategic patterning of disparate but interrelated events taking place during the course of a year in a host community that as a whole is intended to achieve multiple outcomes through the implementation of joint event strategies."

According to Ziakas (2013: 3),

"The task, then, for event planners and policy- makers is straightforward: rather than capitalizing on single events, each event needs to be cross- leveraged with others in the host community's portfolio in order to maximize intended outcomes. To this end, event planners need to create synergies among different events and associated economic, tourism, leisure, sport, or sociocultural objectives."

The 1997 Portfolio Model

The original event portfolio model of Getz (1997, p. 113), in my book Event Management and Event Tourism, was focused on tourism goals and benefits. In this
model (see below) I was attempting to describe both what existed in the real world and what a destination might strategically develop. There was no research to support the model at that time, so it was conceptual and didactic in nature, not theoretical.

A basic principle was enunciated, that "Different types of events should yield specific tourism benefits for the destination." This remains true in a tourism context, but tourism cannot or should not be pursued in isolation, therefore events have to meet broader, multiple goals. That principle was stated as "Sustainability of events should be a primary factor when examining value, as events with long-term community support, financial self-sufficiency …and that are environmentally green will have more strategic significance." The sustainability of individual events requires rethinking in portfolios, because it can be the case that the overall value of the collection matters most.

"Within any destination there is likely to be evident a hierarchy of events, with the majority having little direct tourist attractiveness, whatever the types." This was an observation of mine, and I think it still holds true. But consider that the synergistic effects of many local events might very well enhance a destination's reputation and attractiveness - bringing in the concept of "critical mass".

In my book Event Tourism (2013) is this description:

"...the emphasis  is placed on the scale and drawing power of events, plus measures of value to the city or destination. Events within the area can be grouped according to two criteria: demand (measured by trends in the number of tourists attracted) and the value in meeting other tourism goals (e.g., media coverage, image enhancement, theme development, sustainability)."

The principle here is that demand (or tourist expenditure) should not be the only measure of value.
Occasional mega-events were viewed as being the top of a pyramid, with local events (much greater in number but low in touristic value) occupying the base. Permanent Hallmark Events were considered to be in a category of their own, possessing high tourist value and being recognized as traditions to be preserved. Regional Events (one-time and periodic) were viewed as having medium touristic value but with the potential to be elevated to Hallmark status.

A number of possible measures of value were suggested:

- growth potential
- market share
- quality
- image enhancement
- community support
- environmental value
- economic benefits
- sustainability
- appropriateness

These were a mix of tangible measures of ROI from a corporate or industry perspective, and value to residents. Sustainability was a factor that reflected triple-bottom-line thinking. In the 1990s there was not much emphasis in the literature on sustainability of
the events sector, and to this day the bulk of material is on the greening of events, not their long-term viability or portfolios and populations.

**Revised Models**

Below are revised models; they modify and expand the concept to better reflect recent trends and the sustainability paradigm. Model A continues to take a tourism or economic development orientation, placing occasional mega events at the top of the pyramid, whereas Model B takes a community orientation and places a healthy event population at the apex. Why this difference? Because a community perspective on events is seldom if ever going to view a mega event as anything but a distraction, nuisance or negative influence. When resources are committed to global-scaled events like the Olympics or, in relativistic terms, to events that have the scale, cost or impact levels that dwarf all others, those resources are often removed from other policy areas.

Even in tourism or economic development terms, the occasional mega event that requires major capital investment seldom lives up to promise in terms of benefits, and the cost legacy endures for future generations to pay. A more realistic and sustainable approach is to view "mega event" in relativistic and sustainability terms - that is, they are the largest events the community or destination can accommodate within existing parameters (i.e., utilizing existing venues and resources). Large events are often used to justify new venues and infrastructure, and if that is the case they need to be scrutinized with a thorough cost-benefit evaluation that balances social, cultural, economic and environmental goals. The world is full of over-sized, 'white-elephant' arenas and stadia. On the other hand, more affordable housing, hospitals, and parks are always needed.

**Model A: Tourism Perspective**

At the top of the event-tourism pyramid are occasional 'Mega' events, and it is suggested that they be subject to rigorous feasibility studies and few in number, given their high costs and associated risks. Mega events are a relative concept, being those that provide the highest level of tourism demand, media coverage, or cost; they tend to be won through bidding (e.g., major international sport events, world expos, global congresses) and will stretch the host destination's resources to the limit (not to mention creating political tensions). Why some cities pursue mega events to the exclusion of other portfolio elements has to be explained in a political context, with reference to power and the influence of elite groups in society - it cannot be justified in terms of tourism or normal cost-benefit evaluation. Mega events are media events by definition, as they
cannot exist without the support of global corporations and the global attention craved by decision makers.

There are also 'Media' events that do not necessarily attract tourists or require huge investments in infrastructure, but are intended primarily as place-marketing instruments. They can be at any level in the pyramid and can be designed to be exclusively or primarily for a remote and often time-delayed audience. In recent decades, and for many cities and countries, the media and place marketing value of events has increased to the point of rivaling or exceeding that of direct tourist attractiveness and spending.

'Hangmark' events are still considered to be a primary asset within tourism-oriented portfolios, but the concept is equally relevant within the intrinsic value model. It is the measures of value that will be different. Alongside Hallmark events has been the rise of 'Iconic' events, both in terms of their numbers and their significance. Iconic events are designed primarily for special-interest segments, as they hold high symbolic value.

Other Categories

Other categories, not illustrated and not part of any designed event portfolio, are those of the 'surprise', 'conditional' and 'unwanted events'. Events like Eurovision Song Contest are won through a music competition and the host city will have only one year to prepare.

The unwanted category might include major political forums, such as G8 or conventions of political parties (often imposed from above) that tend to be accompanied by demonstrations, riots, and negative publicity. Events can be sprung on places without their advance knowledge, although usually some sort of permit application process would
be required. How cities and countries handle these will definitely influence their reputations, and therefore event portfolios require contingency planning.

The Foundation Level:
The base of the pyramid consists of the largest number of events, and in this model they are primarily events by and for residents. They might consist of a mix of organic or community-based events, small sport tournaments, entertainment events and business meetings. But they can be grown, and in concert they might very well help define the city or destination as being animated, attractive, or a good place in which to live. In short, their collective function is greater than the roles played by individual events. Tourism and economic development agencies often ignore small festivals and events, but that is a potential mistake given their combined power to boost livability and attractiveness.

In terms of sustainability, it should be remembered that if residents do not perceive benefits from events and tourism, they will not support them politically. So a balanced portfolio provides for both residents and tourists.
Regional events will have some potential to attract tourists from outside the city or destination, if only for day visits, and might be thought of as having potential to develop into broader tourist attractions.
The Peak of the Pyramid:

The peak of the pyramid consists of the fewest number of events. I describe them as 'major', which is in accordance with the terminology employed by many destinations, and they can be of any type. I deliberately avoid using 'mega' in this model for reasons stated previously.

It is a new category in the pyramid, reflecting the substantial rise of event bidding, now elevated to intense competition between cities, destinations and countries. "Major" is a relative term, just like "mega", and usually it is used in a tourism context to describe events that will attract tourists and add place-marketing value. But there is no reason why the term should not be used for non-commercial oriented events, such as major celebrations and meetings that are not tourism or media oriented. Some local and regional events can be elevated to the higher and smaller category of Permanent Hallmark and Iconic Events, but it will be difficult to convert one-time events won through bidding into permanent events. A more likely scenario is that one-time events will inspire a city or destination to develop a similar event that can be owned and attached to the place.

Revised Purpose Statement

A purpose statement must accompany such a model, and this should reflect the two general models (intrinsic and extrinsic values) that drive portfolio design and evaluation. If it is only for tourism or place-marketing purposes, the organisation's mandate will be narrow and the purpose less comprehensive.

Here is a suggestion for a comprehensive statement of purpose:

The city's event portfolio consists of permanent and one-time events, those owned by government, private companies and not-for-profit organisations, including sport, recreation, entertainment, business events, festivals and the arts. We will support this portfolio and manage it to the extent possible for the purpose of sustainable development. That means maximising benefits to residents, recognizing that tourism and economic development are important in creating jobs and prosperity, and that protection of the environment and communities is essential.

Principles for Event Portfolio Management
It is as yet an under-researched topic, but drawing from the limited available literature, there are a number of principles that appear to have universal importance when the focus is placed on portfolios rather than individual events.

**Asset Value**

Each event within the portfolio is an asset with value, but its contribution to overall portfolio value is more important than the event and its viability.

This proposition will not appeal to some people because they believe in the intrinsic value of events (as culture, for example) or because they believe every event should be cultivated. If the portfolio managers take only a ROI approach, then they will willingly abandon or even terminate individual events because they no longer add value to the portfolio, the resources can be better utilized elsewhere, or there are too many costs and risks associated to justify ongoing support. That 'hard-nosed' approach will generally have to be tempered by reality, mostly because other stakeholders have to be consulted or political forces will interject in the decision-making process.

**Costs and Risks**

Costs and risks for portfolios must be continually assessed and quantified. They include inflation, recession, weather, fluctuating consumer demand, sponsorship appeal, security, and completely unexpected environmental conditions. Referring to the revised portfolio model, the argument can be made that investment in permanent events is the preferred path to long-term, sustainable benefits and reduced risks and costs. Sustainable environment goals can more easily be met when periodic events are subject to constant appraisal and conformity to standards. Hallmark events should generate the greatest touristic value, as long as they remain popular with the host community.

Every one-time event bid, and especially every mega-event, introduces higher costs and risks into the portfolio. Each bidding agency will have its 'comfort zone' because many destinations simply cannot compete for, or ever hope to host, many of the world's largest and most popular events. Feasibility of one-time events must be demonstrated, and this includes the risk factors plus venue availability, public acceptance, organizational and managerial competence, political and corporate support. Although many cities and countries are highly competitive in the international event marketplace, and while there are diverse benefits to be realized, it is seldom asked how each event fits the brand, supports the portfolio, or contributes to city and destination sustainability.

**Spatial and Temporal Dimensions**

Event portfolios must be managed in both time and space. Cities have boundaries that might provide suitable parameters, but given the interactions between events, venues and
their environment, a narrower or broader sphere of influence might be necessitated. And over time portfolios will change, hopefully to show growth in benefits and diminishment of risks and costs. As assets, individual events can be expected to increase or decrease in value, and might require period infusions of capital.

*Diversification and Risk Reduction*

Risk reduction is a fundamental tenet of financial portfolio management, although varying degrees of risk are accepted by investors. This principle carries the implication that overall costs will also be reduced over time (both management costs and infusions of capital) - otherwise value creation will be impeded. While each event does not have to generate high returns or carry low risk, the overall balance or diversity of the portfolio must accomplish this. The task is more complex when overlapping portfolios are considered and potentially conflicting goals are on the table.

*Growth and Self-Sufficiency*

Some portfolio managers will seek steady growth in asset value and overall portfolio value, although this might be difficult to define when multiple goals are pursued in a triple-bottom-line sense. Self-sufficiency is a similarly difficult concept to apply to event portfolios, given that portfolio managers (like local government or tourist agencies) do not usually take 'rent' from event assets. ROI is often defined in terms of tax revenue, job creation or bed-nights - all of which yield no financial return to the portfolio managers. In this context, growth and self-sufficiency goals might be substituted by a steady-state approach in which minor fluctuations are tolerable within a fixed number of events.

*Synergy*

"The interaction or cooperation of two or more organizations, substances, or other agents to produce a combined effect greater than the sum of their separate effects".

It takes two or more events to generate synergistic benefits, perhaps starting with the sharing of resources and risks, but including possible gains in marketing and tourist attractiveness. Portfolios might enhance innovation and creativity. This is an area ripe for research, but there has been some work done on the innovation generated by single events.

*Fit*

Events are normally considered to 'fit' or 'not fit' with a destination's existing events and attractions, and with overall strategy such as to how the destination is branded and positioned. Many events will appeal to destinations either because they complement existing attractions/events or because they fill a gap. 'Gaps' are often defined in terms of
seasonality, size and international importance, type of event or sport, or in image-making terms. Increasingly portfolio managers will be asked to justify each new event and event bids in terms of how the portfolio is affected.

Long-term, cumulative impacts

One of the greatest challenges facing researchers and portfolio managers will be to evaluate the long-term, cumulative impacts of many events on a city. We cannot predict what effects the impacts of one event will have on others in the portfolio, and vice versa. The event portfolios will have to adapt to changing environmental conditions such as economic cycles, consumer trends and politics. Residents will undoubtedly react more to a large number of events and growing numbers of event tourists, but this could be tempered by leveraging events and tourism for more and better resident-oriented facilities and leisure opportunities.

Portfolio management should enhance prospects for greener events and more sustainable event tourism. This should follow from increasing attention to, and oversight of the event sector, combined with an increased ability to standardize sustainability actions and impose certification; peer pressure throughout denser networks should be a contributing factor.

A Complimentary Portfolio Model

This model compliments the pyramid model and is being used as a basis for continuing research on portfolios. As shown in the diagram, every event, and the portfolio overall, should be evaluated from the perspective of "asset value" (i.e., benefits or advantages that accrue) versus costs and risks. Costs are always considered, but then there is the risk of escalating costs and inaccurate estimates/forecasts.

It remains my contention that the best value for cities and destinations comes from permanent events that are "owned", starting with Hallmark and Iconic Events. If I redesign this diagram I will add Iconic to the top-left box. These should be the emphasis of portfolio design and management, and should take precedence over bidding and one-time events.

"Media events" can also be added here, but as discussed previously any event can have high promotional value through mass and social media.

There is no doubt that bidding on events is costly and risky, and the bigger the event the greater the costs and risks. Many economists, like Andrew Zimbalist, and other scholars are adamant that the typical mega-event cannot be justified in terms of tourism growth or economic development - they are essentially political in nature. (Reference: Zimbalist, Andrew (2015). Circus Maximus: The Economic Gamble Behind Hosting the Olympics and the World Cup. Brookings Institution Press)

There are several elite groups that want them for their own purposes (sports want new and better venues; the owners of the event want financial profit and branding benefits; media want programming; land owners and developers get contracts; certain politicians position themselves as champions, etc.) and tourism or development are excuses they employ to justify the debt and other negative impacts that get passed on to residents.

But there are many smaller, one-time and biddable events that can utilize existing venues, that help justify infrastructure needed by residents, or can be acquired through normal sales processes - and these are always going to be part of the portfolio. They fill gaps (by type, season, target market, etc.), they might inspire local initiatives, and they certainly do attract attention.

When due diligence is practiced (for the purposes of justifying a bid or investment) this model should be the basis for estimation of all costs, risks and intended benefits. In other words, a full cost and benefit evaluation should be undertaken including direct, indirect and potentially unwanted impacts. This is seldom done.

Postscript: Watch for more papers on this subject as research continues.