City uses sports to race ahead

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The Spanish city of Valencia has gone from losing 13 points in industrial indices to becoming a leading light in major sporting events.

Bernie Ecclestone, head of Formula 1 motor racing, was so enamored by a trip to Valencia

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that he set his people a challenge: to see Grand Prix racing around the streets of the city. While many would have thrown up their hands in despair at the prospect, the Valencian authorities made it happen, and in August 2008, the stars of the F1 circuit flashed past the eyes of more than 100,000 spectators.

This is just one example of the metamorphosis that Valencia has undergone after its decision to set itself up as a great city of sport. Cristina Bofarull, Ignacio Gracia and Sandalio Gómez analyze this strategy in "Valencia: A Strategy Based on Sports Events."

Facing up to decline

At the start of the '90s, the city council recognized that Valencia was economically depressed: its index of industrial production had fallen by 13 points, and the service sector, already weak, was unable to offer any relief. In fact, tourism was almost nonexistent, and its only visitors were business people, with no five-star hotels or organized cultural attractions on offer. Even its location as a coastal city didn't help - it was living, for all intents and purposes, with its back to the sea.

Then-mayor Rita Barberá and the autonomous regional government decided to take a chance on the construction of new infrastructure to improve the city's image: a parliament building by Norman Foster, a planetarium by Santiago Calatrava and the redirection of the Turia River to create a huge public park containing the City of Arts and Sciences. The cathedral, house and museum of the artist Mariano Benlliure and the González Martí National Ceramics Museum were also restored, and the first five-star hotel, the Meliá Valencia Palace, was built. The result was the doubling of the number of tourists, from 373,000 in 1992 to some 600,000 in 1998.

Becoming a sports capital

Alongside this, the Valencian government, after a change of power, revived a longstanding election pledge: to construct a racing circuit in the Valencian district of Cheste. Construction work had begun in 1989, but the crisis of 1992 and the unearthing of Roman ruins had halted the project. The new government financed the initiative 100 percent.

The newly inaugurated Ricardo Tormo racetrack staged the MotoGP World Championship, thanks to an agreement with the international sports management company, Dorna Sports. The racetrack has become one of the most profitable circuits in Spain, attracting around 120,000 spectators every year. It has also been recognized three times as having the best

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event management in the racing circuit. More importantly, three years after it was inaugurated, Valencia passed the three-million-tourists mark, in 2003.

That same year, Switzerland won the oldest sailing competition in the world, the America's Cup, and thus the right to be its next host. However, being landlocked, it was obliged to look elsewhere for a suitable alternative with access to the sea. The Spanish Sailing Federation encouraged the Valencian city council to bid for host status, given that its own nautical club had successfully organized Spain's challengers in the previous regatta.

Sixty-five cities competed in the first round of bidding, which essentially consisted of demonstrating favorable climatic conditions. The organizers prepared for the visit of the competition's delegate down to the last detail, in order to show Valencia in the best possible light. After seeing the port's technology and installations, the delegate declared that he "deserved a rest, since the job was done." On November 26, 2003, the good news was announced: Valencia would be the host of the 32nd America's Cup.

It was an opportunity that the city wished to exploit. New five-star hotels were constructed, with emphasis placed on marketing and communication, such as a sponsorship program in which any interested companies could take part. Valencia was keen to involve businesses to organize events and activities in parallel with the competition itself.

However, this idea was not well-received by America?s Cup authorities, who favored a more focused sponsorship style, in the manner of the European soccer Champions League. An agreement was finally reached, establishing different categories of collaboration, based principally on visibility during TV coverage. It was no small matter: in the four years of Valencia-based competition, the America's Cup has had an aggregate audience of over 4 billion and more than 100,000 press articles.

The success of the America's Cup laid the foundations for the arrival of the European Formula 1 Grand Prix. The obstacles were considerable: the financial cost of an urban racing circuit, the inconvenience it would cause to the city's inhabitants, and criticism that it would sideline the Ricardo Tormo circuit. Still, the Valencian president, Francisco Camps, decided to take the plunge.

In record time, a circuit was designed that incorporated the Juan Carlos Marina and the PAI del Grao, an area of coastal and urban development, which connected the avenues of downtown Valencia with its maritime zone, effectively joining the city to the port. The circuit is set up for each race and then taken down again afterwards. Valencia has currently agreed

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to host seven European Grand Prix. In its first year, 112,000 spectators attended, with almost 600 million more watching on TV.

A strategy - but what price?

Has it been worth the effort? Consider this: an economic impact for Valencia of 3.6 billion euros, more than 60,000 new jobs created, and a projected knock-on effect on GDP of 200 million euros per year between 2007 and 2015.

And it doesn't stop with Valencia: In 2008, Alicante, further along the coast, got in on the act and served as the starting point for the Volvo Ocean Race. Once again, local and regional governments were heavily involved, with the city making more than 40,000 square meters available, and a huge variety of activities were staged in a 15,000-square-meter competition village. The economic cost was 70 million euros, but the benefits in terms of image-boosting were incalculable.

Valencia now boasts a sporting infrastructure that is the pride of its citizens. A Spanish Sports Council survey carried out in 2005 placed Valencia six points above the national average in the use of sports facilities. Furthermore, 83 percent of citizens who play sports claimed they did so for pleasure rather than for competition's sake, as opposed to the average of 70 percent for the rest of Spain. Those who don't play any sports can no longer cite, as they did in a 1980 survey, "lack of facilities" as a reason. More than half of the people who take part in sports activities use municipal facilities, with 43 percent heading for the Turia River parks and beaches.

The city continues to pursue its strategy based on sporting events. In 2009, the local tennis tournament received a boost when it was promoted to the ATP (Open 500), and the Àgora plaza in the City of Arts and Sciences will host the prestigious show-jumping Global Champions Tour.

The aim is to reinforce the city's image and economy. Tourism represents 13 percent of the region's GDP, with more than 300,000 people directly employed by the sector. Valencia grew more than any other European city in this area between 1990 and 2004, placing it among the top 40 in the continent.

The vice president, Vicente Rambla, has said, "The Comunidad Valenciana is fashionable around the world right now, and it's a train we don't want to stop or get off." But fashion, as we know, is fickle. And as we have just witnessed with the Spanish construction sector, wider

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economic conditions can derail the gravy train fast. What strategy might city officials and businesses pursue next, before they hit the end of the line?

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