

Event Performance Index (EPI)

A holistic valuation tool as a guideline for public support of cultural and sport events

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Abstract

Public support of events gained importance for local authorities in tourism destinations. The event portfolio serves as an important component of the touristic supply. Positive economic effects that are induced by staging events, serve as a justification for public support to foster regional economic development. In spite of the strongly weighted economic effects, the social as well as ecological impacts need to be considered to meet goals of sustainable development. The distribution of event subsidies by public authorities need to respect a multitude of different actors and interests in a destination.

The aim of this study was to gather information about specific event impacts and event subsidization practices on municipal or destination level. Based on a theoretical impact model and scientific literature, the derivation of indicators for a valuation tool emerged. The application of this valuation tool enables local authorities to develop transparent and systematic subsidization practices.

The Event Performance Index (EPI) consists of seven key criteria, which are operationalized and measured on appropriate quantitative or qualitative scales. As an example the size of an event is measured quantitatively whereas the innovative strength of an event underlies qualitative assessment.

The aggregation of the different indicators results in the EPI. The underlying EPI formula is developed such that size-dependent indicators are weighted by the size of an event or by appropriate weights. Furthermore, the design of the EPI allows indicators to enter negatively, such as the relative ecological burden caused by the event. The achieved EPI is connected with a monetary amount of support, which can be variably set according to financial restrictions of local authorities or institutions. The remuneration either follows a linear or a size-dependent scheme. The linear remuneration defines an amount in CHF per EPI point, whereas the size-dependent remuneration includes a size factor to account for different size categories of events.

The valuation tool was tested and applied in a case study of a Swiss municipality and its event portfolio. The empirical results indicated that the application of the valuation tool improves transparent and systematic subsidization and could be applied by local authorities in a pragmatic way. The implementation of a remuneration practice based on the EPI helped the authorities to gain security in subsidization and served as a base for negotiations about financial support of different event organizers. In addition, the tool generated an output that was acceptable for most of the stakeholders. The EPI and the resulting process of remuneration could serve as a basis for event subsidization on different levels of public authority.

Keywords: event governance, subsidization of events, assessment of events and remuneration, impacts of events, event performance index