

ARE WORLD EXPOS WORTH HOSTING?

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Abstract: *The focus of this paper is to measure the costs vs. benefits of hosting World Expositions, and the factors behind the failures and successes of the last five events. The main reason for hosting the event changes from nation to nation, but generally fits into the categories of revenue generation, nation branding and permanent improvements in infrastructure. By focusing on the goals and stated purpose of the Expos, we attempt to measure results and costs against the meeting of the stated or implied goals. In our research, we determined that most events fall short of the hoped for results. Reviewing the environment, situations and general conditions of the successes and failures of the last five events can provide a framework to assess future viability for a potential host nation in the decision making process.*

Keywords: *World Expo failure, World Expo successes, World Expo predictions*

IN 1851

Originally, World Fairs or Expos were places you could go to and experience art, food and cultures from around the world at a time when traveling to exotic locales and opportunities to experience new cultures were not available to most people. The events gave most people, who otherwise would not have the opportunity, a chance to glimpse a different piece of the world. Since their inception in 1851, there have been three major phases- cultural exchange, industrialization and nation branding. This paper will look at the benefits and costs of hosting this mega event by examining costs versus profits, infrastructure benefits and increases in tourism through city branding.

According to Gospodini (2002, p. 19), World Expos invite millions of people across the globe to construct pavilions, with the aim of transforming a city's landscape in the future. Today, World Expos have changed as they no longer focus on highlighting industrial progress, but on displaying national prestige. The Expo themes have become places to find solutions to existing global challenges including urbanism as presented during the Shanghai Expo in 2010, or nutrition as showcased during the Milan Expo in 2015. Expos occur once every five years and last for a period of six months. The trademark of an Expo must include innovation of an architectural landscape, as well as urban legacy. Since its inception in 1851 in the city of London, World Expos have attempted to represent national aspirations of the host country as modern and ambitious. City development plans more recently, however, have included strategies at image building and rebranding.

Expo participants include nations, corporations, international institutions, civil society groups and non-governmental organizations that come to participate through construction of pavilions and organizing activities (Dernini and Berry, 2015). Dernini and Berry (2015) point out that visitors to the Shanghai Expo broke records with over 73 million people attending. Even heads of states and other important government officials visit the expos, with the primary objective of the expo being to increase awareness of global challenges and develop solutions that improve cities. National participants build pavilions that they use to display ideas, expertise, experiences, as well as best practices depending on the Expo theme. Often, the pavilions are built as a way to curry favor of the host country, in hopes of opening up new markets (Shanghai) while providing visitors an opportunity to understand the theme through their display of innovation and novel ideas. The next World Expo will occur in 2020 in Dubai, with the main theme being “Connecting Minds and Creating the Future”.

In theory, Expos can become efficient tools that major cities use to modernize transportation, offer innovative urban services and create new economic and cultural events, as well as advancing local infrastructures. Expo planning and predictions often suggest that the scope of changes in urban transportation has the capacity to go beyond the city's practices and change the management of the entire city (De Groote, 2005, p. 15), but those expectations, like many others, are not always met. In the past twenty-five years, World Expos have occurred in Seville, Spain in 1992, Hannover, Germany in 2000, Shanghai, China in 2010, and Milan, Italy in 2015. We will now examine results from each of these

expositions and evaluate their respective accomplishments versus costs.

THE SEVILLE-SPAIN-92 WORLD EXPO: COSTS AND BENEFITS

According to De Groote (2005, p. 13) the Seville Expo attracted over 40 million to the Spanish city. The best architects built innovative and excellent structures with the aim of celebrating modern age and providing a blueprint for the future of architecture. Despite the existence of previously built structures and buildings, attendance for the event was lower than expected, and hence it was deemed a big waste of resources that added unnecessary debt to the Spanish economy. Many architects after the event were glad that the buildings were not demolished, allowing people the chance to admire these historic architectural achievements. Additionally, with the conversion of the Seville Expo into a science and educational park, the city did earn some additional revenue from tourism, giving the country and region temporary some hope after years of poor economic growth. Still, the Seville Expo represents to this day an expensive relic of building and activities that left the city with huge debts. The grounds are currently in disrepair and untended. The increased number of tourists that have flocked to Seville since 1992 are today more likely to visit traditional attractions such a bullring, ancient cathedrals and the famous real Alcaazar Palace.

The Avenue of Europe, for example, represented a symbol of optimism of Europe cooperation, twenty-three years later Europe is still struggling to attain full unity and there was no attempt at unity with the national pavilions. The buildings now have no major economic value, with the Hungary pavilion - a protected building- being put up for sale by the city at a price of \$1.1 million (Florio & Sirtori, 2015) to help recoup losses. With respect to other buildings, The Chile pavilion had an entirely different focus - to change the world's perception of Chile as a dictator state to one of having transformed into a modern and democratic nation that was a legitimate and trustworthy investment option. This was one example of nation branding rather than adhering to the Expo's theme. Another nation that made efforts to redeem its image through the Seville 92 Expo included Kuwait, which constructed a Kuwait pavilion to show that the nation had survived the invasion by Iraqi troops under the leadership of Saddam Hussein. Apart from the arguments made that contributions in architecture and historical heritage exposure by some nations, the Seville Expo by and large provided no economic contribution to the country or to the world in terms

of innovation and meaningful projects. (Florio & Sirtori, 2015).

HANNOVER EXPO 2000

The Hanover Expo took place after an eight-year break in which the Expos for Budapest (voted down in referendum) and Vienna (funding issues) were halted by the change in Europe due to the disintegration of the Soviet Bloc. This led to a stricter approach to hosting, and the institution of the five-year interval.

Gospodini, (2002, p. 21) asserts that the Hannover Expo 2000 in Germany created over 19,000 jobs, with over 100,000 people landing temporary jobs in the year 2000. The expected revenue of 17 billion DM to the national economy was an optimistic benefit for the taxpayer. Another projected benefit included assets the Expo created in the city of Hannover, with the modernization of the existing Expo grounds, the construction of the East pavilion and Expo plaza that were turned into a municipal city lot. Parking facilities in the city also received a major boost, with most of them being expanded to a tune of over 70 million DM. The packaging and branding of the event also intended to display Germany as a good destination for business.

Despite America failing to participate, the Expo was lauded as a success with the entire event being future-oriented with a theme of connecting human kind with nature and technology in developing a modern world. The participating countries had a chance to display their initiatives for the future, such as the use of human resources and technology to ensure a better world in a sustaining environment. This complicated theme allowed for unclear branding and some public confusion. Time magazine noticed "the organizers have failed to convey to the public a clear image of what Expo 2000 is going to be: an entertainment park, a blown-up museum, or a nature reserve." (Ursula Sautter, Time, 2000) Thus, one of the main shortcomings is that some nations ignored the theme completely and ended up only promoting their countries as the best tourist destinations and trading partners.

High prices and the lack of a clear theme contributed to an operating deficit, with sales of less than half of the predicted 40 million tickets. (Gulf Business Nov. 24, 2013)

The theme of technology was dominant for many high-tech nations and companies focusing on the emerging worldwide web, but others, Israel and Pakistan, decided instead to display their countries as holy lands (Gospodini, 2002, p. 23) and tourist destinations. The lack of a specific theme and national agenda focus created a

disorganized event. The Expo lost an estimated \$1 billion (Batrawy, B., 2013).

Hanover's loss of money and thematic focus make it difficult to deem this Expo a success by any reasonable standards. Some of the buildings were sold-off, and the site remains a focus for events as it had previously since 1949, but any added benefits are hard to justify in comparison with the high cost.

SHANGHAI EXPO IN 2010

According to Kim et al. (2012, p. 48), the Shanghai Expo in 2010 that ran from May to October witnessed over 70 million visitors. The pundits explain that it was among the most successful Expos since their inauguration in 1851. The building of the Expo did lead to the closure of factories around the city, resulting in huge losses in revenue and jobs. According to financial estimations, China spent over \$5 billion to host the Expo, with the funds coming from bank loans and China's issuance of treasury bonds to build various pavilions, and improve the area's infrastructure. The city did suffer from the closure of facilities near the Expo such as factories, shipyards and the relocation of the locals that lived in the vicinity. Unlike the Seville Expo, the pavilions were later demolished raising questions about the long-term benefits to Shanghai as whole from the Expo site (Kim et al., 2012, p. 52). Gospodini (2002, p. 21) asserts that the city did benefit in other ways including, direct revenue, improved global image and a new transportation infrastructure and entertainment spots. The government managed to acquire valuable property that replaced the rusty shipyards that earned no value for the city. Additionally, the state had a chance to sell the valuable property to developers that would improve them further into advanced commercial properties. Shanghai also recorded an increase in new luxurious outlets built before the start of the event, and the city added high-end stores such as Apple, Tiffany and Ermenegildo Zegna as well. The retail business sector in Shanghai was on the rise in some areas of the city, and the same boost was also experienced in the residential property market through leasing, with vacancy rates falling by 4 percent from 15 percent. The hotel industry also improved with bookings reaching over 80 percent during the expo. Another area that showed considerable improvement included service apartments where rent prices soared.

Infrastructure was also a major beneficiary, with uncompleted projects being completed in readiness for the Expo. One such project was the Middle Ring Road that linked Shanghai to Pudong Airport, reducing the time taken from the city to the airport to about 20 minutes. The city also

opened Hongqiao Airport terminal two that now handles Shanghai's domestic air traffic, increasing airport capacity by over 60 percent with 55 additional gates. Passengers did not have to board shuttle buses from the airport, because the terminal was now connected to a modern train serving the Airport (De Groote, 2005, p. 18).

According to Florio and Sirtori (2015), the introduction of “Bund renovation project” and a huge cruise ship terminal improved the transport system in Shanghai. It is apparent that the Expo positioned Shanghai as a global city with the government facilitating the advancement of infrastructure. Through the Expo, the city now has more subway lines than New York City, with the city improving its branding from its pre-Expo status. The Expo also helped the city to acquire two major entertainment spots that include the “Expo Performance Center”, a site used for the opening and closing celebrations that later reopened in November as an Arena for Mercedes. Dernini and Berry (2015), explain that the Arena is comparable to Staples Center in Los Angeles and O2 in London. Another entertainment spot includes the red inverted pyramid and the Chinese pavilion, which is a major tourist attraction center. It is a favorite weekend destination for foreigners and local residents alike because of the unique features and waterfronts. Generally, the Expo left a positive impression of China with the countries in attendance wanting to establish good relations with the government.

In retrospect, it is difficult weigh the value of this Expo. Was it used as an excuse to modernize and rebuild the city at the expense of some citizens? How many of these changes would have happened with or without the event? These questions are still open to debate. While there were major measurable improvements to the infrastructure on the one hand, there were major displacements of people and factory closings on the other. China probably benefitted from hosting this event through city and country branding, but in ways and methods that are not traditionally associated with World Expos.

MILAN 2015 EXPO

According to Locatelli and Mancini, (2010, p. 236), Milan Expo was considered the most controversial, with the event being marred by protests from citizens who saw the event as expensive with no tangible benefits. The protestors smashed shop stands and burnt cars, expressing their anger and disappointment at the government for wanting to waste public money. Locatelli and Mancini (2010, p. 242), further assert that some of the protestors claimed that the government had failed them for not offering the jobs they promised because most infrastructure

was built by voluntary laborers. A quote from a banner carrying protester read, “It promised to bring jobs and boost the economy, but it’s being run by voluntary labour and has wasted billions on pointless infrastructure.” Another major concern included the billions of dollars wasted in the name of building infrastructure that was incomplete by the time the Expo began. The theme of the Expo included *slowfood*, promoting local agriculture and supporting healthy eating. The protestors however felt shortchanged when corporations like Coca Cola and McDonalds sponsored the event.

The two mega-companies have been marred in controversies of producing unhealthy products full of cholesterol, sugar and fat leading to chronic diseases such as hypertension, heart disease and diabetes. Protesters mocked the motto of the Expo that included “Feeding the planet, Energy for Life”, when companies such as Coca Cola and McDonalds were propagating unhealthy eating lifestyles. In addition, some food presented at some pavilions were from endangered species or products outlawed in the EU. These issues created an enormous amount of negative public feedback. The amount of money used in the Expo was ridiculously high reaching 13 billion pounds, yet the infrastructure was never completed. In fact, the constructors had to camouflage many of the structures to hide unfinished pavilions during the opening ceremony. To make matters worse for organizers the entire preparation and construction was marred and criticized for the multiple incidences of corruption and bribery that actually lead to many government officials being arrested (Iraldo et al. 2015). A company, publically owned Arexpo, is trying to sell the site, which is crisscrossed with motorways and railway lines throughout. The Milan Expo with its high cost, unfinished infrastructure, charges of corruption, unused infrastructure and high cost cannot be counted as a success by any reasonable standard.

THE IMPACT OF THE FUTURE EXPO IN DUBAI

According to Bhavani and Kukunuru, (2016, p. 163), Dubai won the bid to host the 2020 Expo, with the theme of ‘Connecting Minds, Creating the Future’ and being the first country from the Middle East to host the event. The selection of Dubai itself can be viewed as a success for the entire Gulf region. Some of the forecasts show that the city will receive over 25 million tourists, with the hotel industry receiving a major boost. The infrastructure should improve with the addition of many new hotel buildings, as well as tourist infrastructure, and stimulate further development of the entire economy of the country. The demand

for residential and commercial buildings is also predicted to rise, thereby improving Dubai’s real estate sector. There are plans to shift some of the buildings from hotels to apartments. During the preparation and construction, Dubai shall gain from improved stabilization and growth, creating over 200,000 jobs in the construction and hospitality area. It therefore means that the exhibition could improve investment prospects leading to increased financial asset reinvestment. There is the possibility, however, of a tourist fallback that could lead to an oversupply of hotels or apartments.

One potentially worrisome assumption by the designers is that 70% of the visitors will come from outside the UAE (Expo 2020 Dubai), which would make it the largest proportion of international visitors to ever attend the event. Interestingly, many of the foreigners already live in the Emirate making up almost 90% of the population (BQ Magazine April 12, 2015). The question most asked is how many new tourists the event will draw into the country. Estimates from the Emirate expect 17.5 million visitors from outside the UAE to attend (Batrawy, B., The World Post). This number is highly dependent on many world conditions from regional conflicts and the global economy. The cost of the event is anticipated at \$18.7 billion with the government putting up about 40% of the cost (Staff article The National October 21, 2013). It will, of course, be determined if the infrastructure improvements and modifications will equal the cost after the event. It bears repeating that as the first event of its kind in the Middle East it serves as a powerful image changer or branding event (Qatar has been selected to host the World Cup in 2022). Dubai does have some of the conditions that have created successful Expos in the past: complete government backing, an excited population plus Dubai is already a well-known tourist destination with sound infrastructure. Other countries’ involvement will be large as the UAE has invited foreign direct investors to participate and the event is expected to create a positive spike in new projects (UAE to Attract \$14.4 Foreign Direct Investment *January 18, 2014* Khaleej Times). These factors are certainly a positive inducement for foreign visitors who were considering a trip to follow through on that consideration. The UAE is an international hub with an established tourism presence and infrastructure and an influx of travellers that can easily be accommodated. Barring unforeseen international events or global economic issues, the pieces are in place for a successful World Expo.

Conclusions

A review of the past five Expos and a scanning of the prior Expo events suggests that most Expos fail to meet their expectations or goals. There have been notable successes- Seattle, Montreal and for the most part Shanghai – that many countries and organization should attempt to emulate and use as potential models. There have of course also been notable failures-Hanover, Milan, Seville and the notable 1984 New Orleans debacle, which was so disastrous it caused US officials to state they will not host another Expo. These are the models and situations that future countries endeavor to avoid.

Foreign involvement is another crucial occurrence that must happen. The Expo must have large and unified participation from other countries. The Hanover Expo lacked involvement from the US and a few other countries, plus nonthematic exhibitions from others to their detriment.

World Expos are not “made for TV” events like some other periodic world events. Media attention is a large factor in the success of these mega events. The publicity generated for World Expositions is muted in comparison to the World Cup or Olympics. Expos just do not garner the intense attention of the Olympics. Often the focus is to impress the local audience. Economic and social themes, while incredibly important, do not bring out the global excitement of the sporting events. Any country that expects world sporting event type publicity and reaction will be disappointed. It is worth noticing and mentioning that some Olympics and World Cup events did not fully fulfill the hopes or profitability of the hosting nations either.

A key component for a successful World Expo is a destination that people already want to visit. There must be a compelling reason to visit the Expo’s host city other than the Expo itself. Cities looking to brand themselves as destinations have not always fared well. It is an added piece or further inducement to visit rather than the reason itself.

Complete public and unified support is essential. All pieces of the government must align in the planning of infrastructure development and its long-term usage. Competing special interests or corruption of officials will sap the event of any long-term potential, which was on full display in the Milan Expo. Infrastructure for event must be of the type that improves the host nation for years after the event rather than being unused or underused. In many cases the high cost of new roads, building and metro systems were not adequately used or planned for after the event passed. This creates cost overruns and debt without long-term benefits to offset these cost.

Local backing and the excitement of the country’s population to host the event is another factor required for success. Milan (again!) serves as an example of the negative impact of a disgruntled population. News of the protest overshadowed the event itself, creating an image of a less than welcoming reception for potential tourists. A positive local involvement with the event enhances the experiences of the travelers who do attend and serves as a beneficial branding tool to influence potential visitors.

The majority of World Expos fail to meet the expectation of the host country in terms of branding and useable infrastructure improvements measured against the costs.

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