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New venue selection model delivers £4.5m of revenue growth for Rugby League World Cup

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The English organisers of the Rugby League World Cup 2021 needed to raise the value of its hosting rights to strengthen the tournament's commercial model

They used a long lead-in period and the flexibility of rights-holders the Rugby League International Federation to run a formal bidding process to appoint individual venue hosts

The strategy secured a ten-fold increase in the value of this revenue stream over the figures achieved when the event was last staged in the UK

In October 2016, the Rugby League International Federation revealed that its 2021 World Cup would be staged in England. The announcement concluded a bidding contest between the English proposal, presented by national governing body the Rugby Football League, and a joint USA-Canada alternative.

The RLIF highlighted a number of criteria on which the England bid outscored its opponent, including on the size of its domestic fanbase; strength of government support; legacy planning; and organisational capability in areas such as security and promotion. However, the federation also applauded the strength of the North American submission in its commercial support and marketing plans.

That underlined the extent to which the USA's entry into the bidding race – as well as initial interest from other non-traditional Rugby League territories – had upped the commercial ante for the international game's leading property. The UK Government's commitment to investing £25m (€29m/\$33m) in an English Rugby League World Cup (RLWC) was a key factor in the success of the RFL's bid, but the governing body's commitment to delivering a far bigger and more valuable tournament in comparison to the one it anchored in 2013 was no less important in securing the rights.

The England bid included a guaranteed hosting fee of £7.5m – more than double the surplus achieved in 2013 – and pledged significant increases on the commercial value of the 2013 event, including:

- Doubling attendances to one million, to generate £19m in ticketing income

- Trebling sponsorship revenue to £3m

- A 150-per-cent increase in the tournament's marketing budget

That put pressure on the event planning and delivery organisation to identify new ways of extracting more value from the tournament's assets. RLWC2021 chief executive Jon Dutton explains: "The International Federation had faith in us to deliver because we had done it before and we had done it with a much smaller team, far fewer resources and much less time to be able to plan it, so in the bid process there were no concerns about our ability to deliver. Where we had to work very hard was in matching the financial offer that the other bid had made."

The new opportunity: Hosting rights

While Dutton and his team obviously targeted improvements in the value of every major event's two main revenue streams, ticketing and sponsorship [RLWC broadcast rights remain with the RLIF], they also looked for opportunities in other areas that had previously been under-played. The most significant of these was identified as venue procurement. In 2013, a tournament whose matches were staged across 21 stadia in England, Wales, Ireland and France, the financial contributions of hosts totalled only £500,000.

Dutton says: "We don't have a national stadium, so we're a nomadic sport with a long history of hiring venues. We have strong existing relationships, but [for major events] if we want to go to London we'll have to go and knock on many doors, if we want to go to the North West we'll have to do the same. That means, historically, the sport has sometimes been a price-taker.

"In 2013, while we did run a very good bid process, in some instances it involved us saying we want to use that stadium, weakening our negotiating position. We wanted to avoid that this time."

To move from price-taker to price-maker, the tournament organisers needed to expand the group of towns and cities interested in hosting matches and teams' training camps beyond the obvious and traditional choices in Rugby League heartlands across the North of England. The 2013 bidding process, recalls Dutton, who was then the tournament's operations director, was "in the main based on goodwill

and community marketing". This time, he says, "we wanted to create a competition."

Three important facts encouraged the RFL in its belief that it could develop a formal internal bidding process that would add value to its hosting rights as well as create a venue stock tailored to achieving its wider aspirations for the tournament in terms of economic and social impact, and legacy development for the sport.

Firstly, time was on its side. England was awarded the event in October 2016, which allowed the RFL to spend 2017 marketing the competition to prospective hosts before running the bidding contest through 2018.

Secondly, it had the support of the RLIF for this approach, with the federation happy to accept the venues included in the English bid document as potential rather than confirmed.

And thirdly, initial indications were that interest in hosting matches and teams would be sufficient to make the process genuinely competitive.

At the same time, two factors threatened to limit the potential of the process in its ability to attract entrants.

Most significantly, the tournament was committed to staging at least 80 per cent of matches within the 'Northern Powerhouse' region comprising the major conurbations of the North. The £25m of funding pledged by central government

was conditional on this and meant bidders from outside this area would have to pay more to shift that balance.

The other issue was lack of awareness of the new process among potential hosts, particularly given the inclusion of a preliminary venue list in the original bid. Dutton explains: “We were asked in our bid to include some indicative venues, which, in the main, were venues we had a relationship with. Of course, the document found its way into the public domain and the venues ended up being listed on their own Wikipedia page. People then thought we had already selected our venues, so when we sat down with places that were on the list and they said, well, we’re already in aren’t we, we had to say absolutely not. And when we sat down with someone who wasn’t on the list and they said, oh, you’ve already selected your venues, we had to reassure them that, no, we haven’t.”

Phase 1: Rights marketing

The organisers may have had time on their side, but they did not have any to waste. In October 2016, RLWC2021 did not have any full-time staff (Dutton was then tournament director of that year’s Four Nations competition) and was still setting up the special purpose vehicle through which the RFL will deliver the event. The governing body contracted The Sports Consultancy to define how the bid process would work, establish its timelines, produce all documentation and support the launch, which saw prospective hosts invited to workshops held on consecutive days in Manchester, Leeds

and London with the aim of generating formal expressions of interest in entering the process.

The sessions began with a presentation of the tournament's mission, values and objectives, followed by a detailed walk-through of the bid process and an opportunity for one-to-one discussions with the World Cup team.

Almost 40 towns and cities attended the workshops, which Dutton describes as critically important to generating initial interest among bidders, emphasising the competitive nature of the new process and getting across both the tournament's offer to its hosts and its expectations in return. In particular, the RFL wanted consortium bids that were led by local authorities but which brought together venues, clubs, tourism bodies, development agencies and the private sector, not just to maximise the value each bid could bring to the table but also to maximise the range of benefits that could be generated by staging the event.



Phase 2: The bid process

The RFL received 40 expressions of interest from towns and cities – “definitely more than we expected,” says Dutton – to enter the Applicant Phase of the process, which gave them until July 2018 to submit an applicant questionnaire along with any comments on the contractual requirements of the proposed RWLC hosting agreement.



During this period, the tournament organising team put significant resources into supporting applicants in both the practical elements of responding to the questionnaire and in being clear that both parties understood the needs and ambitions of the other.

Dutton explains: “We wanted it to be an iterative process, so people had dedicated support: they could pick up the phone, could request a meeting, could have a Skype call. I would say the team was very accessible, and what we didn’t want to do was put pressure on the consortia to submit shiny, glossy bid books, or spend lots of money on marketing materials, making promotional videos, *et cetera*. We just wanted them to respond to the criteria that we set.

“The other thing we decided to do was get on the road and I went to meet with all of the senior decision makers across the public sector, predominantly the chief executives and leaders of the councils. We held a number of events, dinners, get-togethers as well, where we could sit around the table and they’d ask any questions they had. What that did is enabled the decision-makers to really understand what our aspirations were and what we would expect of local authorities, and it’s fair to say that, through that process, some people decided it just wasn’t for them, whilst other people really honed in on the city pride and celebration of place elements. And that was really stimulating for competition because people then appreciated this wasn’t necessarily ‘because we are based in the North and have a professional rugby league team we are going to get a game’. Far from it, and that made people work hard, and it made for some absolutely fantastic bids that we’re using now.”

In the end, 28 local authority-led consortia applied to become one of what was then anticipated to be a total of 16 hosts, 25 of which were approved to move forward to the Candidate Phase.

The Candidate Phase ran from August to November 2018 and required prospective hosts to add more detail to their initial questionnaire responses and hosting agreement, which formalised the contributions each was able to make towards tournament delivery and legacy planning.



Phase 3: Bid evaluation

Final submissions were then assessed by a RLWC2021 working group against the criteria set out in the original host guide, comprising:

- Hosting concept and vision
- Quality of venues and infrastructure
- Commercial and financial offers
- Strength of stakeholder group and partnerships
- Major event experience
- Rugby League development proposals
- Community engagement plans
- Marketing support
- Compatibility with wider tournament ambitions.

The last of those was particularly important, given the government's requirement of a Northern Powerhouse focus, the tournament model's imperative of revenue maximisation and the governing body's desire to deliver a sporting and social legacy dividend.

Dutton says of these parameters: "We decided very early with our board that this wasn't an exercise to make sure we had pins in the map all the way across England; it was to make sure that we had pins in the map that represented the very best bits, and where we had confidence that we could work with those partners to help fill the venues and create memorable experiences.

“And as we focused our decision-making, it was important to get the marquee games in and look at the big venues: where we were going to start the tournament, where we were going to finish the tournament, how we integrate a significant piece of the women’s tournament, where the wheelchair venues would be. So that helped define a lot of it.”

The assessment process was supported by a venue scorecard that rated each applicant stadium on measures of:

Venue perception, including metrics such as spectators’ average travel time and their likelihood to attend/recommend, and the facility’s suitability for hosting international sport

The events behaviour of the local population, which looked at event and sport attendance habits, propensity to spend at events and predisposition to new experiences

Levels of engagement with Rugby League, based on an audience research study the RFL had commissioned previously and which identified six key market segments with varying levels of interest in the sport.

The final lens through which all bids were considered was provided by further demographic analysis to ensure each host market selected could deliver the type of audience the tournament sought to reach. Dutton explains: “We took a long look at the original segmentation exercise and we all agreed that for this tournament to be successful we have to transcend Rugby League; we cannot just target the Rugby League community. So when we got the first round of bids in

summer 2018, we then decided to commission some additional research based on the original market segments, but also drilling down into geography. So, if we look to Newcastle and we look at the audience that we want to aspire to, what were the demographics specific to Newcastle compared to those identified across the wider UK and were they a better or worse fit with our objectives?"

The final evaluation was then independently audited by The Sports Consultancy before the recommendations went to the World Cup board for approval.



The assessment phase also examined where the venues for wheelchair rugby league would be.

Outcomes

In January 2019, RLWC2021 announced its 18 host towns and cities – two more than originally anticipated. Of these, only Coventry and London are outside the Northern Powerhouse region, although the tournament will take in a significant number of areas beyond the sport's traditional heartlands [Liverpool, Bolton, Manchester, Newcastle-upon-Tyne, Sheffield, Middlesbrough and Preston] within the North itself.

Dutton says of those decisions: "Right at the start of this, when we sat down and looked at the geography of the Northern Powerhouse, we were really interested in cities. We took a decision at the start that we wanted a big northern city to open the tournament. That has turned out to be Newcastle, which has a Rugby League team playing in the third tier and has had Rugby League events before, but it isn't a traditional Rugby League area.

"Then if you follow that through, we're going to Sheffield, and Sheffield again has a Rugby League team but isn't a traditional Rugby League area; that was important to us. Liverpool is the only city that will stage every one of the three different tournaments. Liverpool doesn't have a professional team; it's surrounded by Warrington, St Helens and Widnes but is unashamedly a football city. Then we're moving through into Manchester, which has been another critically important piece for us, Leeds and Hull, and then London. We said right at the start that we wanted to stage a marquee game in London. Despite staging the Challenge Cup Final, having played at the London Stadium and having staged lots and lots of international games

across London, it has become a challenge for us, but we've emerged as the first sport other than football to be played at the Emirates Stadium, what I would describe as an iconic venue that is tremendously accessible. And that's a really big piece of the jigsaw.

"So we've got a really fantastic blend of northern cities, we have London as a marquee event, and then we have lots of other more traditional Rugby League communities. And I guess the ones that stand out that don't fit either of those are Middlesbrough and Coventry, both of which are in because they ran compelling bids, Middlesbrough predicated on the business community of the Tees Valley coming together and Coventry very much city council-led and with a fantastic chief executive who explained their vision to be part of City of Culture 2021 along with the burgeoning Coventry Bears team. There's a rationale for every one that has been selected."

In particular, the process proved successful in generating a major uplift on hosting revenues achieved in 2013, which reached just £500,000. For 2021, the tournament has exceeded its revenue target, with each bid generating around £250,000 on average in a combination of cash and value-in-kind. Overall, Dutton estimates the host selection process will have contributed in the region of £5m.

Key learnings

RLWC2021's decision to develop its own full-scale host bidding process was enabled by the willingness of the RLIF to accept an indicative venue list rather than a confirmed set of stadia and the early award of hosting rights.

However, the tournament organisers believe the approach is both transferable and scalable in similar conditions and has challenged the belief that local and regional government can no longer be persuaded to make this level of commercial contribution.

Dutton says: “It’s been a fantastic process for us. The lessons we’ve learned are:

- 1 Start early and give yourselves enough time;
- 2 use research and insight to overlay the bids you receive;
- 3 go out, see and get buy-in support from key decision-makers; and
- 4 I would also suggest having the additional bought-in experience and expertise that helped us put this together.”

And he adds: “The other key thing was, right at the start, selling our vision, saying this is what we want to achieve, making it incredibly clear, and then people were able to form a view of whether that was something we wanted to be involved in.

“It’s definitely transferable. I think it’s also scalable. Obviously different tournaments are different shapes and sizes, and I think it would only work with the same lead-in time and taking a similar approach, but it is something I would absolutely advocate.”

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