



# BUSY, BUSY BRAZIL

Fresh from the success of staging the 2007 Pan American Games, the largest sports undertaking in the nation's history, Brazil has a hectic half-dozen or so years of bidding and hosting ahead of it.

## SOUTH AMERICA'S LARGEST COUNTRY

already has secured rights to the 2014 World Cup, albeit as the only true bidder because FIFA wanted to stage the event on that continent for the first time since the 1978 Cup in Argentina. Brazil is also bidding for the 2016 Summer Olympics, which will be awarded in 2009. The IOC would like to follow FIFA's lead and hold its biggest competition in South America for the first time. All of which is great news for Brazilians, correct? Maybe.

"The challenge is huge in Brazil," says Alexandre Massura, a special projects manager working on World Cup facilities for Brazilian regional authorities.

Indeed, the World Cup might present even more of a challenge than hosting an Olympics, which would be held almost entirely in one city, Rio de Janeiro. Not only must the Brazilian sporting community find the resources to build or renovate a dozen stadiums, but infrastructure throughout the country - not just Rio - must be upgraded significantly.

For instance, travel between the various cities that will stage games in the World Cup could be extremely problematic. Generally, other than journeying between Sao Paulo and Rio, Brazil's highway and train systems are severely lacking in comparison with recent tournament hosts Germany, Japan and France.

"What is crucial to be done now at the beginning is to understand our market," Massura notes. "It is something that has never been done ... Proper infrastructure is what people would like to have when they go to a game."

Plus, when they get to the arena, a certain level of spectator comfort is expected. FIFA has specific requirements for the fans, the media, its executives and, of course, security. Brazil must conform to these obligations while keeping in mind the cost overruns from the Pan Ams, which had a total expenditure of more than \$1.7 billion, about \$1 billion above pre-Games estimates.

"We must learn from this lesson," Massura said. "Hopefully we will not make the same mistakes."

Still, it will cost the country more than \$1 billion just to upgrade facilities for the World Cup. The Olympic budget shouldn't be nearly so high because many of the venues already will

be in place in Rio, but the Games involve more than one sport, of course.

"The last venue built was 50 years ago, and by 2014 we have to give the world 12 new facilities," Massura says of the World Cup. "We should not give to the country 12 new white elephants. We should exploit it and use it later on."

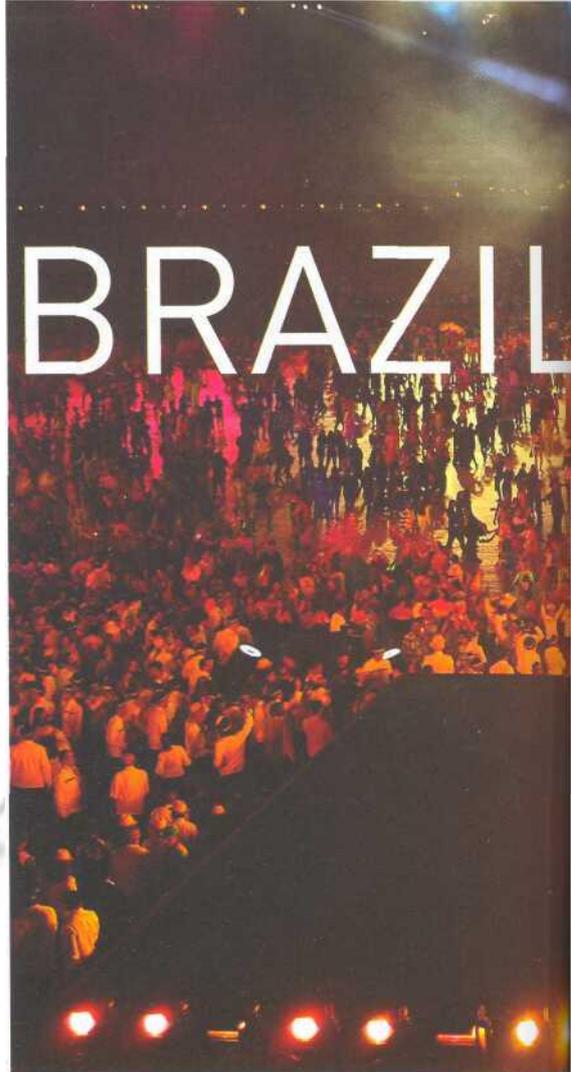
That is where Brazilian officials, inside the sports community and outside of it, believe hosting the world's two biggest and most prestigious events will make sense for the nation. As Massura noted, "Talented players in Brazil should not be the prime, or the only, revenue stream for clubs or teams. New infrastructure, new buildings and alternative revenue is what is needed."

Much of that revenue will need to come from the private sector, including major Brazilian corporations and others who do business in the country and are willing to provide sponsorship dollars. Many of those companies - Samsung, Nike, Petrobras and Sadia, to name a few - were instrumental in making the Pan Ams work, despite the cost overruns experienced by Games organisers.

In pursuit of the Olympics, Brazilian authorities said earlier this year that they have commitments for \$42 million from the private and public sector (Petrobras is the country's state-run petroleum company, for example) just for the bid. They project a minimum of \$750 million in revenues for the 2016 Olympics, a number that seems conservative at this early juncture.

The bid for the Olympics will obviously face much stronger competition than the World Cup race, which really was no race at all. Rio is up against Madrid, Tokyo, Chicago and Doha and each of those cities present very strong credentials. In Rio's favour are a number of factors, not the least of which is the aforementioned desire by the IOC to bring its sporting carnival to the land of Carnivale.

"Don't underestimate the power and value of the chance to hold the Olympics on a continent where it never has gone," says one US Olympic official who spoke on condition of not being identified. "The IOC has been beaten to the punch twice by FIFA, in Africa with the South African World Cup in 2010, and in South America, too. That doesn't sit very well with many (IOC) members.



"It's also important because FIFA could be opening up some wonderful marketing opportunities in those continents before the Olympic movement can do the same."

That might be an unfair comparison for the Brazilians, whose economy is far more developed, particularly with sports marketing, than most other Third World countries. This does not fall into the same category as opening up China to Western marketers.

"This time is now. We did our homework and we have a solid project," Rio de Janeiro state Governor Sergio Cabral said when the city's bid was announced. "Rio de Janeiro will show the world a unique way to celebrate the Olympic Games."

If nothing else, it could be the scene of best parties the Games have ever seen.

Rio failed in the 2012 bidding in part because of the serious venue questions. The Maracana was no longer the jewel of the soccer world and needed a major overhaul (which it has now had). But there was a lack of indoor facilities as well. But thanks to the Pan American Games and the 2014 World Cup, stadiums should not be a major issue for organisers.

The two main sites for the Pan Ams were the spanking new 45,000-seat Joao Havelange Stadium that would host athletics and probably some soccer during the Olympics, and the legendary Maracana. That facility underwent such an impressive renovation and clean up that turned it back into one of the treasures of



Party time - Getty Images Sport

the sports world, and it can hold up to 100,000 spectators. Facilities such as a new swimming centre, velodrome, indoor arena for gymnastics, basketball and boxing and rowing course were praised by participants, spectators and officials during the Pan Ams.

They would still be relatively new - and most of the kinks would have been worked out of them - by 2016. The Rio Olympics would use 19 existing venues, including some of the soccer stadiums for the World Cup. Organisers will then have seven new venues built, along with four temporary arenas.

Then there is Rio itself. One of the world's most beautiful cities, with its beaches, tourist sites and party atmosphere, Rio provides a top tourist destination for many travelers even without it hosting major sporting events.

Still, Brazilian organizers will need to have learned from several mistakes during the Pan Ams. The baseball and Softball venues were abominable, which might not matter if neither of those sports gets back on the Olympic docket for 2016. Seating, ticketing, concession and transit woes caused problems at a number of sites, too.

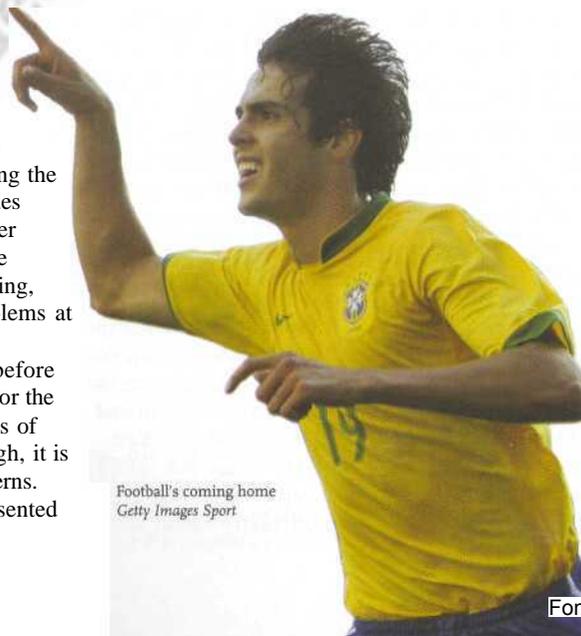
The IOC must make its decision well before it knows if such troubles will be solved for the 2014 World Cup. Given the requirements of staging the football championship, though, it is FIFA that should have the biggest concerns.

Of course, similar challenges are presented

by South Africa, where the World Cup figures to be an airplane-oriented event, making it cost prohibitive for most fans. FIFA recognises that, but it also looks first at the monetary potential of that market. It's the same for Brazil.

What FIFA and the IOC readily recognise is how sponsors lined up behind the Pan Ams organisers. With those Games being hemispheric in nature, both the football and Olympics organising committees believe the worldwide appeal of their events will attract even more - and bigger - corporations. Those sponsors will have a heavy global imprint, as well.

Consider that Samsung, which does more

Football's coming home  
Getty Images Sport

than \$1.5 billion in business in Brazil, was an official partner of the Pan Ams organisers. It sponsored six sports, the Brazilian delegation, the torch-bearing team, and 11 athletes in a variety of sports, including, naturally, football. Samsung's involvement in the World Cup and, potentially, the Olympics, would be ratcheted up significantly.

Or at least that's what FIFA, the IOC and Brazilian authorities hope for and are planning for.

"There's no doubt about the medium- and long-term effect," Jose Roberto Campos, Samsung's executive vice president in Brazil, told The Associated Press.

"Brazilians start seeing the company as more local, more Brazilian, more involved with health and sports. It becomes a stronger brand that is respected by consumers, which influences their choice."

Considering its foothold in football, including sponsoring Brazil's 2005 national champion club Corinthians, the World Cup is a natural for Samsung. And the Olympics, if they are held in Rio?

"We don't know when Brazil will get the Olympics, but we'll send a big team ... to Beijing," Campos said. "For a good return you must be consistent and have an obligation. That's one of the pillars of our marketing."

Brazilian football clubs have deals with a multitude of international companies, something FIFA will play upon when the 2014 Cup is held in South America's largest country. Fiat, for example, has sponsorship agreements with Palmeiras and Atletico Mineiro, and several teams work with Adidas, Nike and other global equipment/merchandising conglomerates.

Estimates of the value of Brazil's sports industry run between \$23 billion and \$24 billion - without the buildup to and staging of a World Cup and, perhaps, an Olympics.

That's about two per cent of Brazil's gross national product and includes the sponsorship contracts; image rights; tickets; events; merchandising; and services.

One other area where progress never can be predicted is how the violent nature of Rio, rated one of the world's most dangerous cities, could affect a World Cup or Olympics.

Thankfully, security was tight and there were no major incidents during the Pan American Games, when an estimated 700,000 visitors came to Rio.

So, can Brazil handle the 2014 World Cup and, if granted the rights, the 2016 Summer Games?

There is certainly nothing but optimism in the country. "We can say we are ready to fly higher," Brazil Sports Minister Orlando Silva said. "Brazil has shown its capacity to host a multisport event. The Pan Ams legacy is that Rio has become an Olympic city."