Does Winning Eurovision Impact a Country’s Economy?

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Introduction and Background

Drawing between 100 and 600 million viewers every year, The Eurovision Song Contest is the longest-running televised singing competition in the world, and has occurred annually since 1956. Furthermore, Eurovision is the most popular international televised event, other than sporting events such as the Olympics and the World Cup. Despite this, limited research has been completed on Eurovision’s economic impact specifically.

Research Question: To what extent does winning or hosting Eurovision impact key economic metrics within a country?

Eurovision Participation Map (by decades of debut)

Eurovision Win and Host History 1956-2017

Notable Results

1. International Tourism Receipts (billions)
   - International tourism receipts vary from $0.86 to $11 billion (current US$).
   - Winning Eurovision has a significant impact on international tourism spending, tax revenue, and exports.

2. Tax Revenue (% of GDP)
   - Tax revenue as a percentage of GDP varies from 0.86% to 8.6%.
   - Winning Eurovision increases tax revenue by 8.6% (with a 0.005 P-value).

3. Exports of Goods and Services (billions)
   - Exports of goods and services vary from $0.5 to $16.6 billion (constant 2010).
   - Winning Eurovision increases exports by $16.6 billion (with a 0.005 P-value).

Conclusion

- Winning Eurovision has a significant effect on economic indicators within a country, the most notable being increases in international tourism spending, tax revenue, and exports.
- Additionally, there are benefits that cannot be quantified:
  - Eurovision gives smaller countries the opportunity to be recognized in international news and often draws attention to them as emerging tourist destinations.
  - The competition unifies countries in a compelling way that celebrates cultural differences.

Methods

- Collected data on various economic indicators using the World Bank’s World Development Indicators database for the years 1960-2017, for all countries that have either won or hosted the contest (a total of 26 unique countries).
- Created 3 different measures of Eurovision success: Win, Host, and Post-win.
- Completed a total of 54 regressions with Stata to show statistical significance between winning and/or hosting the competition and a country’s economy, using a Country Fixed Effects model.

Limitations

- Biases may be present in Eurovision results due to countries voting based on political ties or current events, rather than song and performance quality.
- Eurovision rules have often changed over the years. The most significant change was the implementation of the Big 5 rule in 2000, where the top financial contributors to the contest automatically participate in the final round. This advantage has seemingly backfired, since poorer countries have won more in recent years than the wealthy Big 5 countries, which is important to note in interpreting results of this study.

References


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1,270 songs. 62 years. 52 countries. One annual competition.