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Does Winning Eurovision Impact a Country's Economy?

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Introduction

Eurovision. For those who follow it, the word evokes a sense of celebration: culture, competition, creativity, and comradery all combined into a single, annual event. Bryan Coll from *Time* declares, “The secret to Eurovision’s cross-border mass appeal lies in a curious mixture of camp irony and mild controversy.” From the outside, Eurovision is a multicultural talent show, with bright lights, dozens of languages, flashy sets, and of course, the music that encompasses it all. Similar to a blend between modern-day *The Voice*, *American Idol*, and the Olympics, Eurovision is the most popular singing contest on television, and winning the competition brings pride and buzz to a country in a very unique way.

But are the gains from those wins quantifiable? Could winning or hosting Eurovision have a more significant impact on a country than just the glow of being in the spotlight for a year or so? Many researchers have completed economic impact studies to analyze the effect that hosting or winning a global mega- event, such as the Olympics or the World Cup, has on a country or city. Sporting events such as these have been analyzed often because of their widespread international reach, popularity among fans, and long-standing tradition. In this paper I seek to understand the impact of a mega-event dictated not by athletic skill, but by musical performance.

Other than sporting events, the Eurovision Song Contest (ESC) is one of the most-watched annual international television events in the world, drawing between 100 and 600 million viewers each year. The contest has been televised every year since its premiere in 1956, totaling 62 contests thus far. Eurovision began as a result of conversations by the European Broadcasting Union in the 1950s, in an effort to connect countries within the Union during the

period after World War II. Because of this, even though it is a competition, it is also seen as a uniting event that brings countries together, in addition to celebrating their differences.

Eurovision's structure is unique, since winners are chosen through a voting process that includes all participating countries. Each participating country submits one new, original song to the contest, and every country votes on their favorites, though a citizen cannot vote for his or her home country. Eurovision is a particularly interesting event to study because countries cannot self-select to host; rather, the following year's host country is the winner of the previous year. As such, other countries are the ones influencing who the next host will be, with a few exceptions which will be discussed later on in this paper. Because of this voting structure, there could be biases present in my results due to countries voting based on political ties or current events, rather than song and performance quality.

Hosting Eurovision is seen as a unique opportunity to gain visibility as a tourist destination, and it is possible that hosting the event contributes to an improved image, as was the case in a study based on Azerbaijan in 2012. The study, a combination of an economic impact study and two country image assessments completed before and after the contest, found "visitor expenditures produce €3.3 million of direct and indirect income in terms of local wages and salaries... Additionally, Azerbaijan's image improved significantly through the mega-event, especially with young, cosmopolitan people" (Arnegger 76). The country's image improved whether or not interviewees watched the ESC on television, because of large-scale media coverage over the course of the event.

Eurovision's success over the years has led to the creation of Eurovision Asia Song Contest, which will be the Asia-Pacific equivalent of the ESC. The first competition will take place in the fall of 2018, and confirmed countries as of March 2018 are Australia, China, Hong

Kong, Japan, Kazakhstan, Maldives, New Zealand, Papua New Guinea, Singapore, Solomon Islands, South Korea, and Vanuatu.

Contest History and Participants

The Eurovision Song Contest has enjoyed quite a long and complex history since it began in 1956. The proposal for the contest emerged from Sergio Pugliese of RAI (Radiotelevisione Italiana), Italy's national public broadcasting company. The idea was based on the Sanremo Music Festival, a song contest dated back to 1951 that takes place in Italy. The intention of the contest was to create an entertainment program that would unite the countries of the European Broadcasting Union following the end of World War II, as well as take advantage of technological advancements in television broadcasting that would allow the same program to be shown across multiple borders simultaneously.

The competition has historically taken place in the month of May, with individual countries usually holding their own internal competitions in the months beforehand to select that year's submission. Submissions are original songs, performed live during the finals in the host city's venue, and simultaneously broadcast to all nations in the EBU.

There is no prize given to the winning country other than a trophy, but the winning country is extended an offer to host the contest the following year. This offer is usually accepted, with some exceptions discussed in the next section.

Seven countries participated in the first Eurovision competition in 1956; since then, the number of unique participants has grown to 52 nations. The highest number of participants for a single contest, however, was 43. Though the name "Eurovision" suggests it, participation is not limited to countries located within the continent of Europe; rather, countries become eligible to participate in the contest by being active member broadcasters of the European Broadcasting Union (EBU). The contest taking place May 2018 in Lisbon, Portugal, will have 43 participants: Albania, Armenia, Australia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Croatia, Cyprus,

Czech Republic, Denmark, Estonia, F.Y.R. Macedonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Malta, Moldova, Montenegro, Norway, Poland, Portugal, Romania, Russia, San Marino, Serbia, Slovenia, Spain, Sweden, Switzerland, the Netherlands, Ukraine, and the United Kingdom.

As the number of participants has grown, the EBU has needed to alter the format of the competition to accommodate all of the countries. Since Eurovision occurs live, historically just for one night, there is not enough time for every single country to perform their song at the finals. Therefore, a number of ways to qualify for the finals have emerged. First, a system was used whereby low-scoring countries from the previous year were not allowed to compete in the final the next year. This was seen as unfair, since a different song is submitted every year, and there is no clear way to argue that a new song would not be competitive the next year.

Beginning in 1996, a pre-selection system was used, where countries recorded and submitted their songs prior to the final, and juries from each of the countries decided which countries should qualify for the final several weeks beforehand. However, another problem emerged with this system when the EBU realized that funding issues for the competition could arise if countries that were large financial contributors to the competition did not qualify for the final, which was the case with Germany in 1996. This problem was handled in 2000, with the implementation of the “Big Four” rule. This rule allowed the four largest financial contributors to the contest (Germany, Spain, the UK, and France), to consistently qualify for the final automatically. Italy joined this group in 2010, making it the “Big Five”. Though this rule would seemingly give these large countries an advantage, none of the “Big Five” countries have won the competition since the rule’s implementation, except for Germany winning in 2010.

Since 2004, a semi-final round has been included, to allow more countries the opportunity to compete live. As such, Eurovision now takes place over the course of a week, as

opposed to just one night (as was the case in the past). From 2004 to 2007, the 10 highest-scoring countries from the Grand Final not in the Big 5 group were automatically allowed to compete in the Grand Final the following year, whereas all other countries still had to compete in the semi-final in order to compete in the Grand Final. Finally, in 2008, the EBU implemented a system that has stayed consistent: there are now two semi-final rounds that take place at the beginning of the week, in which all participating countries must compete, except for the Big 5 (who still automatically qualify for the Grand Final). This way, previous results would not impact a country's ability to compete in the Grand Final at all, and every country would be given a fresh chance every year. From each semi-final, the 10 countries with the highest scores move forward to compete in the Grand Final. Lastly, the host country is also allowed to compete in the Grand Final without competing in the semi-final. Therefore, as of 2008, 26 countries usually compete in the Grand Final: 20 countries that qualified through semi-final rounds, the Big 5 countries, and the host country.

Voting and Entries

Voting procedures have changed over the years, but generally, every country's votes are weighted equally, regardless of population, and citizens are unable to vote for their home country. However, voting conspiracies have been the source of much controversy: certain countries commonly vote for like-minded nations, essentially forming voting blocs that have the power to greatly swing outcomes. Coll writes:

“Eurovision is just as famous for its elaborate voting system — and the host of conspiracy theories that go with it — as it is for its intriguing music. Telephone and text-message voting may give the process an air of democracy, but it's political alliances that often dictate. Greece routinely awards maximum points to Cyprus. Yet Cyprus will be lucky to receive a single point from Turkey. In the east of the continent, new Eurovision nations such as Estonia and Latvia can count on generous support from former Soviet Bloc neighbours. All this has left friendless Old Europe sulking in the corner of the party.”

These biases are especially important to note when interpreting any outcome from the result of this paper, since winners can be determined by outside political factors just as much as they can by the quality of musical entries.

Voting is based on a point system, where each country chooses 10 songs and awards them points: 12 for their top song, 10 for the next, and then 8-1 points for the other eight songs. Before live television voting emerged around 1997, internal professional juries within each country were the sole parties voting. However, once call-in voting became widely available, the rules changed so that a country's votes were a combination of the opinions of the public and the

professional jury. Today, points are calculated as the sum of the public's votes and the jury's votes, and the public is also able to vote via texting or the Eurovision mobile application.

Rules regarding submissions have also changed several times throughout the contest's history. Since the competition began, entries were always required to be new, original songs. However, one of the most frequently changing rules over the years has been language requirements for entries. The EBU has gone back and forth several times in imposing a rule whereby a country's submission must be one of its national languages. Currently, no such language requirement exists, and it is very common for artists to choose to sing in English. Furthermore, there is no requirement that the artist competing for a country must be a citizen of that country. For example, in 1988, the French-Canadian singer Celine Dion competed on behalf of Switzerland.

Win and Host History

Year	Host	Winner	Year	Host	Winner
1956	Switzerland	Switzerland	1986	Norway	Belgium
1957	Germany	Netherlands	1987	Belgium	Ireland
1958	Netherlands	France	1988	Ireland	Switzerland
1959	France	Netherlands	1989	Switzerland	Yugoslavia
1960	UK	France	1990	Yugoslavia	Italy
1961	France	Luxembourg	1991	Italy	Sweden
1962	Luxembourg	France	1992	Sweden	Ireland
1963	UK	Denmark	1993	Ireland	Ireland
1964	Denmark	Italy	1994	Ireland	Ireland
1965	Italy	Luxembourg	1995	Ireland	Norway
1966	Luxembourg	Austria	1996	Norway	Ireland
1967	Austria	UK	1997	Ireland	UK
1968	UK	Spain	1998	UK	Israel
1969	Spain	France	1999	Israel	Sweden
1969	Spain	Netherlands	2000	Sweden	Denmark
1969	Spain	Spain	2001	Denmark	Estonia
1969	Spain	UK	2002	Estonia	Latvia
1970	Netherlands	Ireland	2003	Latvia	Turkey
1971	Ireland	Monaco	2004	Turkey	Ukraine
1972	UK	Luxembourg	2005	Ukraine	Greece
1973	Luxembourg	Luxembourg	2006	Greece	Finland
1974	UK	Sweden	2007	Finland	Serbia
1975	Sweden	Netherlands	2008	Serbia	Russia
1976	Netherlands	UK	2009	Russia	Norway
1977	UK	France	2010	Norway	Germany
1978	France	Israel	2011	Germany	Azerbaijan
1979	Israel	Israel	2012	Azerbaijan	Sweden
1980	Netherlands	Ireland	2013	Sweden	Denmark
1981	Ireland	UK	2014	Denmark	Austria
1982	UK	Germany	2015	Austria	Sweden
1983	Germany	Luxembourg	2016	Sweden	Ukraine
1984	Luxembourg	Sweden	2017	Ukraine	Portugal
1985	Sweden	Norway	2018	Portugal	

Figure 1. Win and Host Countries by Year

Note: 27 unique countries have won, but this includes Yugoslavia which is no longer one country. Yugoslavia won in 1989, and the last time it participated was 1992. The next year, Bosnia and Herzegovina, Croatia, and Slovenia all entered the contest independently.

Country	Times Hosted	Times Won
Austria	2	2
Azerbaijan	1	1
Belgium	1	1
Denmark	3	3
Estonia	1	1
Finland	1	1
France	3	5
Germany	3	2
Greece	1	1
Ireland	7	7
Israel	2	3
Italy	2	2
Latvia	1	1
Luxembourg	4	5
Monaco	0	1
Netherlands	4	4
Norway	3	3
Portugal	1	1
Russian Federation	1	1
Serbia	1	1
Spain	4	2
Sweden	6	6
Switzerland	2	2
Turkey	1	1
UK	8	5
Ukraine	2	2

Figure 2. Countries by Amount of Times Won and Hosted

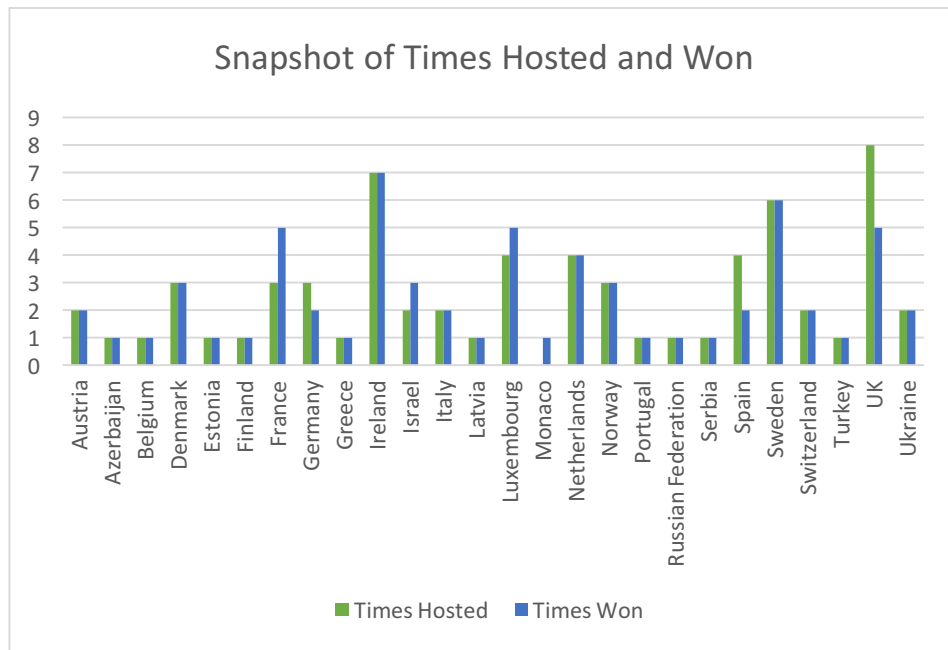


Figure 3. Snapshot of Times Won and Hosted

The country that has won Eurovision the highest number of times is Ireland with seven wins (Figure 2), three of which were back-to-back in 1992, 1993, and 1994 (Figure 1). Sweden has been the next most successful at six wins, followed by the UK, Luxembourg, and France, which have all won five times each (Figure 2). Though Ireland has been the most successful in the contest, the UK is actually the country that has hosted the most number of times (eight), because there have been several instances where the UK has hosted in place of a smaller country that has opted out due to expense, political issues, or other outside factors.

Data Collection

All of my data was collected from the World Bank's DataBank from the World Development Indicators database, except the list of countries that have won or hosted the contest, which I gathered from the Eurovision website. Though Eurovision's first competition was in 1956, I was only able to pull data starting from 1960- 2017, due to limited data availability prior to 1960. In deciding which variables to look at, first I explored exactly which metrics were widely available for most of the countries and years that I would be studying. After sifting through hundreds of different metrics available in the database, I attempted to include variables that I thought would be most interesting in terms of economic impact. Secondly, I limited my variable choices to those that had more than 800 observations, with the exception of International Tourism. Data availability was limited due to either the large timeframe or restricted data collection in certain countries. For example, though Yugoslavia won Eurovision in 1989, I did not include information from Yugoslavia because it has since split, and the countries that were formerly part of Yugoslavia now participate in the ESC individually.

Though 52 unique countries have competed in Eurovision, I only included countries that have either won or hosted the competition. The following are the 26 countries for which I collected data: Austria, Azerbaijan, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Israel, Italy, Latvia, Luxembourg, Monaco, the Netherlands, Norway, Portugal, the Russian Federation, Serbia, Spain, Sweden, Switzerland, Turkey, Ukraine, and the United Kingdom.

The following are the variables that I pulled for every country that has won Eurovision between the years of 1960 and 2017: Claims on central government (% GDP); Exports of Goods and Services (% GDP); Foreign direct investment, net outflows (% of GDP); Foreign direct

investment, net inflows (% of GDP); GDP (constant 2010 US\$); GDP (current US\$); GDP growth (annual %); GDP per capita (constant 2010 US\$); GDP per capita (current US\$); GDP per capita growth (annual %); Gross capital formation (% of GDP); Gross savings (% of GDP); Household final consumption expenditure, etc. (% of GDP); Imports of goods and services (% of GDP); Industry, value added (% of GDP); Inflation, GDP deflator (annual %); Net lending (+) / net borrowing (-) (% of GDP); PPP conversion factor, GDP (LCU per international \$); Price level ratio of PPP conversion factor (GDP) to market exchange rate; Research and development expenditure (% of GDP); Revenue, excluding grants (% of GDP); Services, etc., value added (% of GDP); Stocks traded, total value (% of GDP); Trade (% of GDP); Trade in services (% of GDP); Population density (people per sq. km of land area); Population growth (annual %); Population in largest city; Population in the largest city (% of urban population); Population, female; Population, male; Population, total; International tourism, receipts (current US\$); International tourism, receipts for travel items (current US\$); International tourism, expenditures for travel items (current US\$); Exports of goods and services (BoP, current US\$); Exports of goods and services (constant 2010 US\$); Exports of goods and services (current US\$); Imports of goods and services (constant 2010 US\$); and Imports of goods and services (current US\$).

After importing all of this data into an Excel file, I created 3 new variables corresponding to Eurovision outcomes: Win, Host, and Post-win. For the Win variable, I entered a 0 if a country lost that year, and a 1 if the country won. With one exception (the year 1969 when there was a 4-way tie between France, the Netherlands, Spain, and the UK), every year only has one winner, so a 0 was inputted for every country except the winning country for any given year.

For the Host variable, I entered a 0 if the country did not host that year, and a 1 if the country did host. Since generally the country who wins Eurovision hosts the next year, there was a consistent pattern of countries having won and hosted in back-to-back years. There are some

exceptions to this pattern (Figure 1): in 1956 Switzerland won but Germany hosted the following year, in 1959 the Netherlands won but the UK hosted the following year, in 1962 France won but the UK hosted the following year, in 1969 the 4-way tie occurred but the Netherlands ended up hosting the following year, in 1971 Monaco won but the UK hosted the following year, in 1973 Luxembourg won but the UK hosted the following year, and in 1979 Israel won but the Netherlands hosted the following year.

The final variable I created was Post-win, for which I inputted a 1 for the year the country won as well as the 2 subsequent years. This measures any effect from over a slightly longer time period to capture slow moving or cumulative effects.

Summary Statistics

Variable	Observ.	Mean	Std. Dev.	Min	Max	
Country Name	0					
Country Code	0					
Time	1,342	1991	15	1960	2016	
Exports of Goods and Services (%GDP)	1,127	39.69%	26.87%	3.22%	227.94%	
Exports	1139	\$133.00	\$222.00	\$0.61	\$1,770.00	*in billions
GDP	1,125	\$606.00	\$756.00	\$5.35	\$3,770.00	*in billions
GDP Per Capita	1,125	\$30,494.20	\$20,602.16	\$1,216.08	\$144,246.40	
Imports of Goods and Services (%GDP)	1,127	39.00%	22.34%	4.74%	192.42%	
Imports	1,139	\$127.00	\$206.00	\$0.49	\$1,520.00	*in billions
FDI (% GDP)	919	4.06%	10.49%	-7.46%	158.45%	
Trade (%GDP)	1,127	78.69%	48.61%	8.33%	419.53%	
Total Population	1,319	25.4	33.1	0.023292	149	*in millions
International Tourism, Receipts	\$518.00	\$14.50	\$16.20	\$0.04	\$68.00	*in billions
International Tourism, Receipts for Travel Items	\$513.00	\$12.60	\$14.30	\$0.02	\$65.10	*in billions
Win	1,342	0.0424739	0.2017429	0	1	
Host	1,342	0.0402385	0.1965912	0	1	
Post-win	1,342	0.1184799	0.323296	0	1	

Figure 4. Summary Statistics

Economic Model/Methodology

I ran seven sets of standard linear regressions one for each of the following dependent variables: GDP, Imports, Exports, Trade, FDI, Tax Revenue, and International Tourism. For each set of regressions, I completed a total of six individual regressions, using the three different measures of “winning” as my independent variable, defined in the Data Collection section: Win, Host, and Post-win. For each set of regressions, Regressions 1-3 solely use the “winning” variable as the independent variable. Regressions 4-6 add in controls, which are specified according to the nature of the dependent variable. The controls I used were based on Bayar and Shaur’s analysis of the impact of success in the World Cup on exports, which used population and GDP as the primary controls, (as well as “various fixed and time-varying effects to account for unobserved country-specific factors that may be correlated with both exports and World Cup success, essentially accounting for a country’s unobserved level of economic development” (Bayar and Schaur 760). I used a Fixed Effects Model by country: a set of country fixed effects included in each regression, essentially holding everything about an individual country constant. This means that the effect of winning is identified off within country changes in the dependent variable over time.

Regressions 1-3 for each set are in the form:

$$Y = \beta_0 + \beta_1 * \text{Winning Parameter} + \text{Country} + \epsilon$$

Regressions 4-6 for each set are in the form:

$$Y = \beta_0 + \beta_1 * \text{Winning Parameter} + \beta_2 * \text{Control 1} + \beta_3 * \text{Control 2} + \beta_4 * \text{Control 3} + \text{Country} + \epsilon$$

Controls vary depending on which dependent variable is being measured. For each table, statistically significant regressions at a P value < 0.05 are highlighted in green.

Results

A. GDP

Relationship A: GDP

Table A1

		Y Variable: GDP (constant 2010 US\$)					
Regression:		1	2	3	4	5	6
		Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
*in billions	Coefficient	-\$124.00	-\$124.00	-\$132.00	-\$9.83	-\$10.10	-\$11.00
	Con. Interval	-\$207.00	-\$209.00	-\$184.00	-\$37.20	-\$37.80	-\$28.70
	Con. Interval	-\$41.60	-\$39.30	-\$78.60	\$17.50	\$17.60	\$6.74
	P-value	0.003	0.004	0.000	0.481	0.473	0.224
	R ²	0.842	0.842	0.844	0.984	0.984	0.984
	# Observations	1125	1125	1125	1065	1065	1065

Table A2

		Y Variable: GDP per capita (constant 2010 US\$)					
Regression:		1	2	3	4	5	6
		Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
	Coefficient	-\$5,249.47	-\$4,144.70	-\$4,900.14	-\$3,200.59	-\$2,266.72	-\$2,915.37
	Con. Interval	-\$8,330.48	-\$7,299.94	-\$6,870.48	-\$5,912.12	-\$5,014.88	-\$4,666.86
	Con. Interval	-\$2,168.47	-\$989.46	-\$2,929.80	-\$489.05	\$481.44	-\$1,163.87
	P-value	0.001	0.010	0.000	0.021	0.106	0.001
	R ²	0.705	0.704	0.708	0.776	0.775	0.777
	# Observations	1125	1125	1125	1065	1065	1065

Figure 5. GDP Results

The first relationship I looked at was GDP. I decided to use two different GDP measures for a more holistic approach: total GDP and GDP per capita. Both measures are in constant 2010 US dollars. The controls used for Regressions 4-6 were Total Population, Imports of Goods and Services, and Exports of Goods and Services. For the twelve regressions shown in the tables above, eight were statistically significant at a P value lower than 0.05. These eight regressions are highlighted in green.

For every regression, my independent variables have a negative effect on GDP. The interpretation for Table A1, Regression 1, is as follows: holding country constant, *winning* Eurovision is associated with decreases of GDP by \$124B, with a .003 P-value. This coefficient is about 20% of average GDP (Figure 4), so this is quite a significant decrease. However, it is

important to keep in mind with any interpretation that GDP varies widely among countries as well as throughout the timespan of this study. The R-squared is .842, which implies that 84.2% of the variation in GDP is explained by these variables. *Hosting* Eurovision gives a very similar outcome as winning. Interestingly, adding controls removes any statistical significance I saw in the first three regressions on total GDP. This implies that there is some correlation between winning and the controls.

For GDP per capita, I see statistical significance in all regressions except host + controls. Just as we would expect from the results on total GDP, the coefficients for GDP per capita are negative as well. However, the coefficient decreases from winning to hosting, showing that perhaps hosting is associated with less of a negative effect on GDP per capita than winning. The interpretation for Table A2, Regression 1, is as follows: holding country constant, *winning* Eurovision is associated with decreases of GDP per capita by \$5249.47 (or about 17% of average GDP per capita), with a .001 P-value. The R-squared is .705, which implies that 70.5% of the variation in GDP per capita is explained by these variables. Out of all the regressions for GDP per capita, Post-win (both with and without controls) shows the most statistical significance.

B. Exports

Relationship B: Exports

Table B1

Regression:	Y Variable: Exports of goods and services (% of GDP)					
	1	2	3	4	5	6
	Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
Coefficient	-4.1673	-3.6041	-4.6423	-0.1367	-0.1312	-0.0686
Con. Interval	-7.8803	-7.4008	-7.0103	-1.7938	-1.8234	-1.1445
Con. Interval	-0.4542	0.1926	-2.2742	1.5204	1.5610	1.0074
P-value	0.028	0.063	0.000	0.871	0.879	0.9
R ²	0.7476	0.7473	0.7498	0.9507	0.9507	0.9507
# Observations	1127	1127	1127	1121	1121	1121

Table B2

Regression:	Y Variable: Exports of goods and services (constant 2010 US\$)					
	1	2	3	4	5	6
	Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
*in billions						
Coefficient	-\$48.80	-\$47.40	-\$49.90	\$13.90	\$14.80	\$16.60
Con. Interval	-\$94.00	-\$93.30	-\$78.70	-\$5.45	-\$4.78	\$4.07
Con. Interval	-\$3.60	-\$1.61	-\$21.00	\$33.30	\$34.30	\$29.20
P-value	0.034	0.042	0.001	0.159	0.138	0.009
R ²	0.5145	0.5143	0.5177	0.9138	0.9138	0.9142
# Observations	1080	1080	1080	1065	1065	1065

Figure 6. Exports Results

Exports as the dependent variable also returns some interesting results. The two export measures I used were exports as a percentage of GDP and total exports reported in constant 2010 US dollars. The controls used for Regressions 4-6 were Total Population, Imports of Goods and Services % GDP, and GDP Constant 2010 US\$. The interpretation for Table B1, Regression 1, is as follows: holding country constant, *winning* Eurovision is associated with decreases in exports as a percent of GDP by 4.2%. About 75% of the variation in exports is explained by these variables, as defined by the R-squared. Using Post-win as the independent variable (Regression 3) is highly significant at a P value of 0.000, and Host is close to being statistically significant with a P value of 0.063. Just as in Relationship A (GDP), adding in controls renders Regressions 4-6 statistically insignificant.

Another notable result appears in Table B2, which states exports in dollar amount, rather than percentage. Regressions 1-3 are all statistically significant, and all of the coefficients in these three regressions are negative, each hovering around a \$48B decrease in exports after winning/hosting Eurovision. However, adding in controls makes the export coefficient positive, the most statistically significant regression being Regression 6, which uses Post-win as the independent variable in addition to the controls. The interpretation for Table B2, Regression 6, is as follows: holding country constant, *the 3-year effect from winning Eurovision* increases exports by \$16.6B. 91.42% of the variation in exports is explained by these variables, as defined by the R-squared. This result is consistent with Bayar and Schaur's finding that success in the World Cup temporarily raises exports by 5% (Bayar and Schaur 759).

C. Imports

Relationship C: Imports

Table C1

Regression:	Y Variable: Imports of Goods and Services (% of GDP)					
	1	2	3	4	5	6
	Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
Coefficient	-3.657	-3.140	-4.138	-0.446	-0.351	-0.576
Con. Interval	-6.718	-6.270	-6.089	-1.816	-1.751	-1.465
Con. Interval	-0.596	-0.009	-2.188	0.925	1.049	0.313
P-value	0.019	0.049	0.000	0.524	0.623	0.204
R ²	0.752	0.752	0.755	0.951	0.951	0.951
# Observations	1127	1127	1127	1121	1121	1121

Figure 7. Imports Results

For imports as a % of GDP, Regressions 1-3 are statistically significant, with Regression 3 being the most significant at a P value of 0.000. The interpretation for Table C1, Regression 3, is as follows: holding country constant, *the 3-year effect from winning Eurovision* is associated

with decreases in imports as a percentage of GDP by 4.138%. 75.5% of the variation in exports is explained by these variables, as defined by the R-squared.

D. Trade

Relationship D: Trade

Table D1

Regression:	Y Variable: Trade (% of GDP)					
	1	2	3	4	5	6
	Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
Coefficient	-7.824	-6.744	-8.781	None were significant		
Con. Interval	-14.421	-13.490	-12.985			
Con. Interval	-1.228	0.002	-4.576			
P-value	0.020	0.050	0.000			
R ²	0.757	0.756	0.759			
# Observations	1127	1127	1127			

Figure 8. Trade Results

Like we have seen in some of the previous regressions, adding in controls for the relationship of Trade as a % of GDP rendered the regressions statistically insignificant. This implies that winning is correlated in some way with at least some of the controls, because two or more of the variables are moving in the same direction at the same time. Without controls, Regressions 1-3 are statistically significant, with Post-win being the most at a P value of 0.000. The interpretation for Table D1, Regression 3, is as follows: holding country constant, *the 3-year effect from winning Eurovision* is associated with decreases in trade as a percentage of GDP by 8.781%. 75.9% of the variation in exports is explained by these variables, as defined by the R-squared.

E. Foreign Direct Investment

Relationship E: FDI (outflows)

Table E1

Regression:	Y Variable: Foreign direct investment, net outflows (% of GDP)					
	1	2	3	4	5	6
	Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
Coefficient	None were significant		-1.873	None were significant		
Con. Interval			-3.567			
Con. Interval			-0.179			
P-value			0.030			
R ²			0.3831			
# Observations			919			

Figure 9. FDI Results

Foreign direct investment outflows as a % of GDP returned one statistically significant regression, again with Post-win as the independent variable. The interpretation for Table E1, Regression 3, is as follows: holding country constant, *3-year effect from winning Eurovision* is associated with decreases in FDI outflows as a percentage of GDP by 1.873%. 38.31% of the variation in exports is explained by these variables, as defined by the R-squared.

F. Tax Revenue

Relationship F: Tax revenue

Table F1

Regression:	Y Variable: Tax revenue (% of GDP)					
	1	2	3	4	5	6
	Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
Coefficient	0.718	0.724	0.608	0.963	1.002	0.861
Con. Interval	-0.263	-0.269	-0.031	0.031	0.059	0.254
Con. Interval	1.700	1.718	1.247	1.894	1.945	1.468
P-value	0.151	0.153	0.062	0.043	0.037	0.006
R ²	0.816	0.816	0.817	0.836	0.836	0.836
# Observations	883	883	883	883	883	883

Figure 10. Tax Revenue Results

For tax revenue as a percentage of GDP, adding controls (GDP, Exports, and Population) made Regressions 4-6 statistically significant, and the coefficients are positive in all cases, signaling that winning Eurovision has a positive increase in tax revenue as a percentage of GDP. The most significant regression used Post-win as the main independent variable in addition to the controls. The interpretation for Table F1, Regression 6 is as follows: holding country constant, *winning* Eurovision increases tax revenue as a % of GDP by .861%, with a .006 P-value. The R-squared is .836, which implies that 83.6% of the variation in tax revenue as a % of GDP is explained by these variables.

G. International Tourism

Relationship G: International Tourism

Table G1

		Y Variable: International tourism, receipts for travel items (current US\$)					
Regression:		1	2	3	4	5	6
		Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls
*in billions	Coefficient	Not significant					\$1.11
	Con. Interval						\$0.26
	Con. Interval						\$1.96
	P-value						0.010
	R ²						0.959
	# Observations						513.00

Table G2

		Y Variable: International tourism, receipts (current US\$)						
Regression:		X Variables		2	3	4	5	6
		Win	Host	Postwin	Win+controls	Host+controls	Postwin+controls	
*in billions	Coefficient	Not significant					\$0.9040	
	Con. Interval						\$0.0252	
	Con. Interval						\$1.7800	
	P-value						0.044	
	R ²						0.9652	
	# Observations						518	

Figure 11. International Tourism Results

International tourism was the last relationship I looked at, and it is also perhaps the relationship that is the most intuitive. It is commonly known that especially in recent years, a benefit of winning Eurovision is the ability to showcase smaller, less traveled countries as emerging tourist destinations. It would be safe to guess that tourism receipts would increase as a result of winning (and hosting) thereafter, and that is what we see from Regression 6. The statistically significant regression emerged by using Post-win as the independent variable, in addition to the controls of population, exports, and GDP. The interpretation for Table G1, Regression 6 is as follows: holding country constant, *the 3-year effect from winning Eurovision* increases international tourism receipts by \$1.11B (or about 7.7% of the average international tourism receipts in my dataset), with a 0.010 P-value. The R-squared is .959, which implies that 95.9% of the variation in international tourism receipts is explained by these variables.

Implications and Further Study

Some of the results from this study, such as exports, tax revenue, and international tourism, increased as a result of Eurovision success, consistent to what one might expect. However, the negative coefficients for GDP, imports, and trade seem confusing: why would winning or hosting Eurovision be associated with decreases in a country's GDP, and seemingly negatively impact their economy? Several possible explanations arise, which I will discuss in this section.

When interpreting these regression results, it is important to consider *how* a country wins Eurovision: through peer voting. Not only has the voting system changed through the years, but the participants to the contest have changed as well: for example, when Eurovision began, only large European countries participated. Now, up to 43 countries have participated at any one contest.

Furthermore, the introduction of the Big 5 rule, where Germany, France, the UK, Italy, and Spain all automatically qualify to compete in the Grand Final without competing in the semi-finals, brings about a complication to any regression based on Eurovision success. In more recent years, smaller, poorer countries have been winning since the implementation of the Big Five rule, whereas larger, richer countries tended to win in the early years of the contest. This is probably due to the fact that all of the non-Big 5 countries who compete in the Grand Final are voted in based on song quality; additionally, smaller countries tend to vote for their peers, and there is certainly an underdog effect as well. Since the implementation of the rule in 2000, none of the Big 5 have won except for Germany in 2010. The fact that larger, richer countries won more in the past and smaller, poorer countries have won in recent years could create a negative coefficient for GDP. If I were to continue this study, I would like to separate out the differences

in countries that commonly won Eurovision prior to 2000 and countries that have been winning in recent years. Running a few of these regressions with a time stipulation, separating out results from the years before and after 2000, has proven to flip the signs of some coefficients. For example, running the same regressions for GDP from Figure 5 resulted in a positive coefficient of \$1.58B for GDP for years before 2000, but a negative coefficient of -2.05B for years after 2000. Additionally, both of these coefficients are significantly smaller than the original GDP coefficient of -124B (Figure 5, Table A1). However, neither of these regressions were statistically significant, probably in part because the number of observations is much lower. However, this change goes to show that there are important differences in my results because of Eurovision modifying its rules in 2000.

The last important consideration is that while I included fixed effects in the model, there still may be omitted variables that affect the results. Since this is not a randomized experiment, the results suggest correlations, but do not imply causality.

Conclusion

There is no other international competition quite like Eurovision, which is a large part of why the contest brings about so much intrigue. In this study I found that winning and hosting Eurovision bring about several impacts on key economic indicators within countries: GDP, exports, imports, FDI, tax revenue, trade, and international tourism. These metrics barely scratch the surface of what could be studied in relation to this competition, however. As Eurovision continues to gain popularity throughout the world, including expanding into Asia with the Eurovision Asia Song Contest in 2018, there is still so much to learn about the impact of this competition on countries.

Though this study was quantitative, the qualitative aspect of winning and hosting Eurovision should not be ignored. There is certainly something to be said about how suddenly being in the spotlight could impact smaller, less touristy countries that have won recently, such as Estonia, Latvia, Azerbaijan, and Ukraine. Whether it is as simple as improving a country's image among its peers or introducing it as an emerging tourist destination, Eurovision success could bring about media attention to far-flung countries that would not usually be discussed in international news. Combined with the fact that these countries are voted into the spotlight by their peers, Eurovision success is unique in the way it impacts both economies and perspectives.

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Code

[In Stata 14.2]

```
edit
encode countrycode, gen(country_num)
tsset country_num time
```

Table A1 Code:

```
regress gdpconstant2010usnygdpmktpkd i.country_num win
regress gdpconstant2010usnygdpmktpkd i.country_num host
regress gdpconstant2010usnygdpmktpkd i.country_num postwin
regress gdpconstant2010usnygdpmktpkd i.country_num win populationtotalsppoptotl
exportsofgoodsandservicesconstan importsofgoodsandservicesconstan
regress gdpconstant2010usnygdpmktpkd i.country_num host populationtotalsppoptotl
exportsofgoodsandservicesconstan importsofgoodsandservicesconstan
regress gdpconstant2010usnygdpmktpkd i.country_num postwin populationtotalsppoptotl
exportsofgoodsandservicesconstan importsofgoodsandservicesconstan
```

Table A2 Code (Start at line 10):

```
regress gdppercapitaconstant2010usnygdpp i.country_num win
regress gdppercapitaconstant2010usnygdpp i.country_num host
regress gdppercapitaconstant2010usnygdpp i.country_num postwin
regress gdppercapitaconstant2010usnygdpp i.country_num win populationtotalsppoptotl
exportsofgoodsandservicesconstan importsofgoodsandservicesconstan
regress gdppercapitaconstant2010usnygdpp i.country_num host populationtotalsppoptotl
exportsofgoodsandservicesconstan importsofgoodsandservicesconstan
regress gdppercapitaconstant2010usnygdpp i.country_num postwin populationtotalsppoptotl
exportsofgoodsandservicesconstan importsofgoodsandservicesconstan
```

Table B1 Code:

```
regress exportsofgoodsandservicesofgdpne i.country_num win
regress exportsofgoodsandservicesofgdpne i.country_num host
regress exportsofgoodsandservicesofgdpne i.country_num postwin
regress exportsofgoodsandservicesofgdpne i.country_num win gdpconstant2010usnygdpmktpkd
importsofgoodsandservicesofgdpne populationtotalsppoptotl
regress exportsofgoodsandservicesofgdpne i.country_num host gdpconstant2010usnygdpmktpkd
importsofgoodsandservicesofgdpne populationtotalsppoptotl
regress exportsofgoodsandservicesofgdpne i.country_num postwin
gdpconstant2010usnygdpmktpkd importsofgoodsandservicesofgdpne populationtotalsppoptotl
```

Table B2 Code (start at line 53):

```
regress exportsofgoodsandservicesconstan i.country_num win
regress exportsofgoodsandservicesconstan i.country_num host
```



```

regress exportsofgoodsandservicesconstan i.country_num postwin
regress exportsofgoodsandservicesconstan i.country_num win gdpconstant2010usnygdpmktpkd
importsofgoodsandservicesofgdpne populationtotalsppoptotl
regress exportsofgoodsandservicesconstan i.country_num host gdpconstant2010usnygdpmktpkd
importsofgoodsandservicesofgdpne populationtotalsppoptotl
regress exportsofgoodsandservicesconstan i.country_num postwin
gdpconstant2010usnygdpmktpkd importsofgoodsandservicesofgdpne populationtotalsppoptotl

```

Table C1 Code:

```

regress importsofgoodsandservicesofgdpne i.country_num win
regress importsofgoodsandservicesofgdpne i.country_num host
regress importsofgoodsandservicesofgdpne i.country_num postwin
regress importsofgoodsandservicesofgdpne i.country_num win gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl
regress importsofgoodsandservicesofgdpne i.country_num host gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl
regress importsofgoodsandservicesofgdpne i.country_num postwin
gdpconstant2010usnygdpmktpkd exportsofgoodsandservicesofgdpne populationtotalsppoptotl

```

Table D1 Code:

```

regress tradeofgdpnetrdgnfszs i.country_num win
regress tradeofgdpnetrdgnfszs i.country_num host
regress tradeofgdpnetrdgnfszs i.country_num postwin
regress tradeofgdpnetrdgnfszs i.country_num win gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl

```

Table E1 Code:

```

regress foreigndirectinvestmentnetoutflo i.country_num win
regress foreigndirectinvestmentnetoutflo i.country_num host
regress foreigndirectinvestmentnetoutflo i.country_num postwin
regress foreigndirectinvestmentnetoutflo i.country_num win gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl
regress foreigndirectinvestmentnetoutflo i.country_num host gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl
regress foreigndirectinvestmentnetoutflo i.country_num postwin
gdpconstant2010usnygdpmktpkd exportsofgoodsandservicesofgdpne populationtotalsppoptotl

```

Table F1 Code:

```

regress taxrevenueofgdpnettaxtotlgdzs i.country_num win
regress taxrevenueofgdpnettaxtotlgdzs i.country_num host
regress taxrevenueofgdpnettaxtotlgdzs i.country_num postwin
regress taxrevenueofgdpnettaxtotlgdzs i.country_num win gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl
regress taxrevenueofgdpnettaxtotlgdzs i.country_num host gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl
regress taxrevenueofgdpnettaxtotlgdzs i.country_num postwin gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdpne populationtotalsppoptotl

```

Table G1 Code:

```

regress internationaltourismreceiptsfort i.country_num win
regress internationaltourismreceiptsfort i.country_num host
regress internationaltourismreceiptsfort i.country_num postwin
regress internationaltourismreceiptsfort i.country_num win gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdjne populationtotalsppoptotl
regress internationaltourismreceiptsfort i.country_num host gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdjne populationtotalsppoptotl
regress internationaltourismreceiptsfort i.country_num postwin gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdjne populationtotalsppoptotl

```

Table G2 Code:

```

regress internationaltourismreceiptscurr i.country_num win
regress internationaltourismreceiptscurr i.country_num host
regress internationaltourismreceiptscurr i.country_num postwin
regress internationaltourismreceiptscurr i.country_num win gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdjne populationtotalsppoptotl
regress internationaltourismreceiptscurr i.country_num host gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdjne populationtotalsppoptotl
regress internationaltourismreceiptscurr i.country_num postwin gdpconstant2010usnygdpmktpkd
exportsofgoodsandservicesofgdjne populationtotalsppoptotl

```

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