

The role of the Formula 1 Grand Prix in Hungary's tourism

Abstract

Formula 1's business model is unlike that of any other sports series. F1 is the world's most-watched annual sports series and attracts more than 400 million television viewers on every occasion. Hosting an F1 race puts a country on the sporting map and stimulates curiosity. Income from ticket sales comes to an average of around \$33 million a year and has large influence on the economy, especially on tourism by generating income in the HORECA sector, transportation and other services. Formula 1 races reach a global audience and are keenly followed by avid fans. It is considered to be the most frequented sports event in the world after the Summer Olympic Games marked by high travel numbers.

The Formula 1 Hungarian Grand Prix marks an important period for Hungarian tourism, as almost 2 million visitors have visited the Hungaroring during the last 25 years. This sports event attracts international visitors with increased tourist spending, which means a regular and calculable income for hotels and restaurants. The Budapest – Central Danube tourist region, where the Formula 1 Hungarian Grand Prix takes place, is a well-developed and easily accessible area close to the capital city.

Keywords: Formula 1, Hungaroring, sports tourism, tourism development, hotel industry

JEL codes: Z3, Z2

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Introduction

A fundamental book on sports tourism was written by Weed and Bull (2004), which highlighted the fast increase in the income of the Formula 1 car race. Gibson, MyIntyre, Mackay and Riddington analysed the economic impacts of Formula 1 in 2005, emphasizing the multiplier effects of these sports events.

There are several publications on the historical development of the Formula 1 and its most famous drivers, the most well-known being “The Official History of the World’s Greatest Motor Race” written by Quentin Spurring. András Boda also published a book on the history of the Hungarian Grand Prix.

Hungarian authors, Tamás Bethlen and István Hegedűs compiled a chronicle of the Formula 1 in 2008 (Springer Tudományos Kiadó Kft. p. 559), while the “Formula 1 All the Races: The World Championship Story Race-by-Race 1950–2015” by Roger Smith was published in 2016.

According to some research, spectators watch Formula 1 Grands Prix to see the accidents (Sid Watkins: *Life At The Limit: Triumph and Tragedy in Formula One*).

The economic impacts of the Formula 1 were investigated by Ken Foo, Hermes Lim and Serene Yip in “Sports events and tourism: the Singapore Formula One Grand Prix”³

The marketing activities of the Formula 1 were considered by Criss Judd, Ross Booth and Robert Brooks in their article “Second Place Is First of the Losers: An Analysis of Competitive Balance in Formula One”⁴

The process of pricing was explored by Zsuzsanna Thür in her study “Official ticket prices of Formula 1 Hungarian Grand Prix” (2013).

In our research the impacts of the Hungarian Grand Prix were analysed based on the data published by the Hungaroring Sport Ltd. and the Hotel Association of Hungary (Kovács 2015).

Hungaroring has been in a favourable situation in the recent years as its financial background is ensured by the Hungarian state, the circuit is favored by the world of Formula 1, and the race itself is relatively popular (with some fluctuations a strong foreign base visits Formula 1 Hungarian Grand Prix every year).

In the present study we intend to investigate the reasons why it is worth organizing this international racing car event for Hungary. However, it is impossible to give an answer to this question offering precise calculations. This is why we base our argumenta-

3 *International Journal of Event and Festival Management*, 1(1), 60–73.

4 *Journal of Sports Economics*, 2014, 411–439.

tion on calculations of the KPMG Consulting Ltd, which can be considered as realistic estimations.

At first sight it may seem that the Hungarian Grand Prix is only making financial losses for Hungary. However, after analysing its advantages in terms of the increase in generated output, creating jobs, improving the country's image, a different conclusion can be drawn. Obviously enough, certain advantages cannot be financially measured. Governments subsidising Formula 1 Grand Prix events all around the world rely on their perceptions that investing millions of Euros is, on the whole, profitable for their countries. This expectation arises in Hungary as well.

Basically, the impact of Formula 1 on the hotel industry is one of the most significant ones. In the present study these impacts are closely examined with regard to the room occupancy rates and the average net prices per room. It was found that Formula 1 generates turnover in the hotel industry but it is not as high as it was at the end of the 1980s. Finally, if we take a look at the future perspectives of Formula 1 Hungarian Grand Prix, what we will see is interesting and ambivalent at the same time.

On the one hand, Hungary has a contract with Formula 1 until 2021 and the circuit is favoured by the series. Hungaroring Sport Zrt., offering the technical support for the Hungarian Grand Prix, plans to carry out major improvements on the circuit.

On the other hand, the returning Austrian Grand Prix and the new Russian Grand Prix may diminish the popularity of the Hungarian race. What is more, the circuit needs to be improved as it cannot compete with the high quality of the most modern circuits. The scale of improvement will only depend on the amount of financial subsidies.

To sum up, Formula 1 can hardly be imagined without Hungary and the Hungaroring. Each one of the thirty-one consecutive races is unique in the history of Formula 1, and this will probably continue to be the case in the near future. Hungary also needs the 'power' of Formula 1.

It is unique that Hungary has achieved such an exceptional status in Formula 1, which is essentially a luxury brand. Formula 1 Hungarian Grand Prix also has an impact on suppliers and subcontractors, so it generates further output in the Hungarian economy. Direct output is defined by all extra production and consumption (due to the Hungarian Grand Prix); while cumulated output is defined by the multiplier effect (the direct growth in the output compared to other industries).

The highest output can be observed in the field of accommodation and catering, production of food and beverages and air transportation. As for accommodation and catering, this extra demand is unequivocally generated by international guests. Due to

the visitors' transportation and consumption needs, the other two industries are also notably affected. Formula 1 also has a significant effect on tourism in Hungary. Therefore, it is worth exploring its impact on the hotel industry during the weekend of the Formula 1 Hungarian Grand Prix.

As to Hungarian visitors, half of them stayed at their own place during the event, 20 percent stayed at their friends' or relatives' place and 14 percent spent the weekend in the camping of the Hungaroring. Staying in hotels is not a preferred option for the Hungarian visitors of the Grand Prix.

In comparison, 46 percent of foreigners preferred staying in a hotel, 17 percent booked accommodation in a camping near the circuit, and only 13 percent stayed with friends or relatives. Therefore, it can be concluded that international visitors generate higher incomes for Hungary due to their higher spending on accommodation.

The demand was 6% higher in 2016 than in 2015. Furthermore, the average room price of HUF 24,934 / night also turned out to be reasonable. It was 15.5% higher compared to the previous year so the REVPAR ratio (Revenue per available room) exceeded the monthly average by 24.9%.

However, if we compare an ordinary weekend in July with the weekend of Formula 1 Grand Prix, it is clear that room occupancy increased by 13.1 %, the average price per room increased by 52.6% and REVPAR ratio grew by 80.2% in 2015. The next year (2016), during the three days of the event, room occupancy rate increased by 25.3 %, the average price per room increased by 63.6% and REVPAR ratio exceeded the monthly average by 117%.

It is worth comparing the different accommodation categories as well. The most significant improvement is experienced in five-star hotels: the average rate of occupancy increased by 9.1%. These positive figures are due to the difference of exchange rates (€/HUF), too. Exchange rate for EUR to HUF was 284.4 in 2015, while 296.5 in 2016, which means that the Hungarian Forint depreciated by 4.3% against the Euro in this period.

It can be stated that 72% of Hungarian visitors are recurring guests at the Hungaroring. The majority of these guests are men and older than 30 years of age. As to guests coming from abroad, ratios are very similar as 34% of them have visited Formula 1 Hungarian Grand Prix for the first time. What is more, 86% of foreigners came to *Hungary particularly to see the Hungarian Grand Prix*, so it can be stated that the event generated additional demand for tourism.

As the Hungarian Grand Prix lasts for three days from Friday to Sunday, it is not surprising that guests spend 3 nights in Hungary (27%) on average. Fortunately, 22% of foreign guests spend 4 nights, and 19% spend an even longer period in Hungary

(5 or more nights). If we compare this data with the average length of stay (2.6 nights) of foreign guests in Hungary in general, the positive impact of the event is undeniable.

It is obvious that Formula 1 Hungarian Grand Prix was much more unique in 1986 due to historical and political reasons. Therefore, interest and consequently the number of visitors were higher than nowadays. Even the spending habits of Formula 1 teams and fans were totally different in the 1990s and in the 2000s. Basically, they spent more on accommodations and other services, while nowadays Formula 1 teams tend to check accommodation prices as well. Hotel Fórum had suggestive figures from 1986: the occupancy rate of the hotel was 78.5% during the first Formula 1 Hungarian Grand Prix.

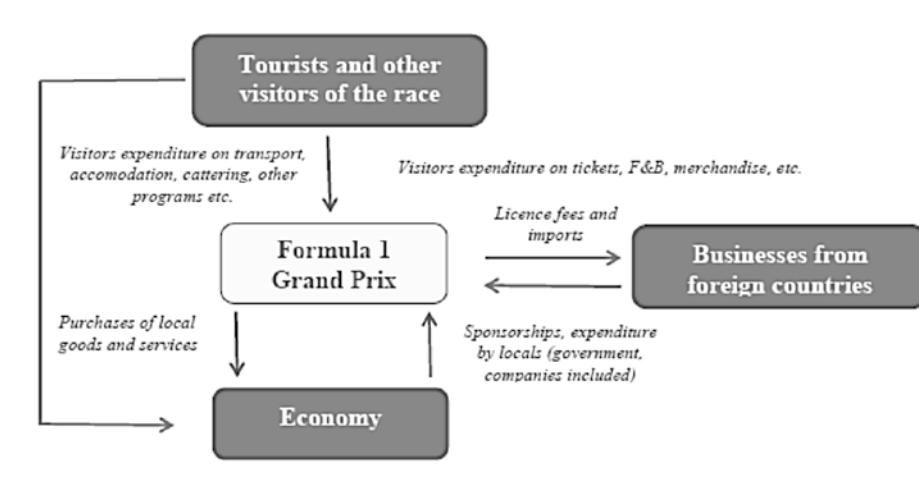
Finally, it is important to investigate the Formula 1 weekend from the point of view of the Hungarian hotel industry as well. As far as pricing strategies are concerned, hotels charged higher prices in the 1990s than these days because of today's fierce competition. Sofitel, for instance, charged €400 per night for one room in 1986, while they charge now €130–150 per night also for one room. Formerly, hotels only sold their rooms for a minimum of 3 or 4 nights, as hotels in Budapest could earn as much as 3 or 4% of their total yearly income during the weekend of the event!

It is worth examining the situation of Hotel Hungária, member of the Best Western hotel chain. Generally, during the Hungarian Grand Prix average room prices for one night are by 5–10% higher than the regular price, but this difference is not as significant as it was in the 1990s, when the increase could even reach 50–60% during the days of the event. The hotel itself does not particularly advertise itself, but its rooms can be booked through online booking systems and it also offers packages including Formula 1 Hungarian Grand Prix tickets. Furthermore, Hotel Hungária also offers special Formula 1 cocktails and cold meal packages during the Grand Prix as up-sell products.

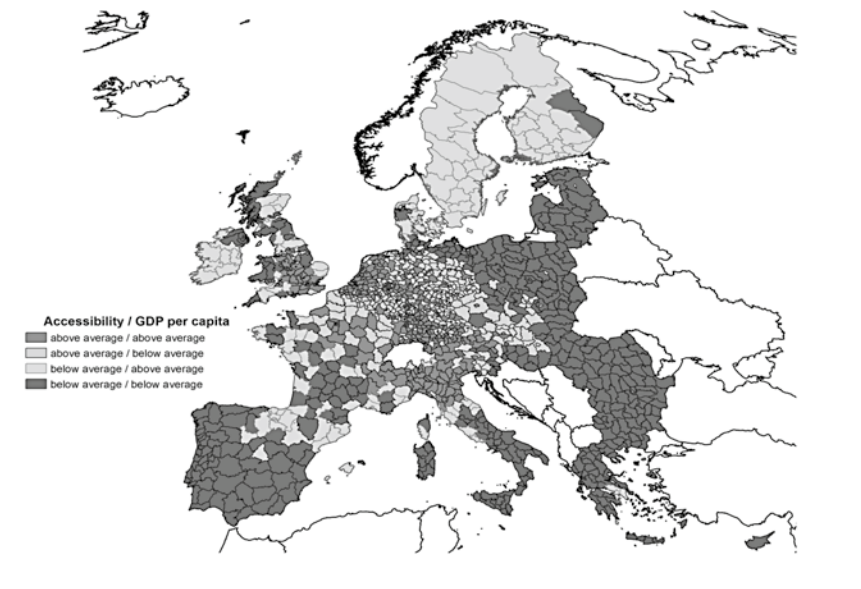
It must be noted that in the case of Formula 1 Hungarian Grand Prix, we have to consider features like the location of the circuit, the nationality of drivers, successes of certain drivers and the popularity of Formula 1. Therefore, the profitability of the hotels in Budapest depends on several factors besides the services they offer.

The positive and negative impacts of Formula 1

The number of visitors at the Hungarian Grand Prix has dropped in the past two years. The country has paid nearly HUF 10 billion in license fees for the right to keep the Hungarian race on the annual calendar. Nevertheless, the event has had a number of beneficial effects on our nation. The impacts of an international sports race, Formula 1 in this case, are various (*Figure 1*).

Figure 1: *The impacts of Formula 1.* (own editing)

The Minister of National Economy has declared Hungary a high-priority project which fosters Hungary's development by elevating its status as an attractive tourist destination. During the days of the GP, Budapest hotels are often sold out. Visitors, complemented by the teams' support staff, spend up to 150,000 paid nights in our country (Boda 2013).

Figure 2: *The relation between accessibility and levels of development in the EU* (Remenyik–Tóth 2015)

Two-thirds of the visitors to the Hungarian GP are overseas tourists (Verebélyi-Bagdi 2013). This major event is a powerful motivator for incoming visitors, thus generating additional market demand for the services of Hungary's tourist industry. Paid visitors' nights and the extra expenditure realized by them have been a significant contributing factor to transforming the Greater Budapest and Central Danube area into one of the EU's major regions of tourism (*Figure 2*).

The Hungarian GP is also influential in shaping our country's image. A spectacular and wildly popular sporting event like this raises public awareness of any tourist destination. Managed professionally, it can greatly enhance the organizing country's image. Photos of spectators and drivers are uploaded on social media sites by the thousand providing free advertising. The various races of this "breakneck-speed circus" are watched by more than 100 million viewers on the small screen year in, year out.

The event predictably generates income for the organizers as well as all associated business ventures because both visitors and drivers tend to spend liberally on GP weekends. The national budget and the coffers of relevant local governments are boosted by extra tax revenues. New temporary as well as permanent jobs are created. Last but by no means least, the race has a measurable impact on the region's investment and R & D profile.

The extent of the direct impact of a sporting event is always a function of various factors. The prestige of the event is definitely essential. (F1 is a global sport, so here it is high.) It is also important that, in addition to the participating athletes and support staff, the competition should attract a sufficient number of visitors, fans, and members of the media. (In this sense, F1 is outstanding.) Another crucial factor is the activity of fans, that is their willingness to travel abroad in order to watch their heroes compete live and on the spot. (The "breakneck-speed" circus is followed by huge crowds of globetrotting fans.) Finally, as it has been mentioned, it also matters whether the event is located at an easily accessible destination.

Potential adverse effects such as inadequate or negligent services and their critical media coverage must also be taken into consideration. To mitigate their negative impact on the country's image, the Hungarian Authority for Consumer Protection, the National Tax and Customs Administration and other law enforcement agencies have reinforced their presence at Hungaroring and the neighboring settlements on GP weekends. The increased police activity at the race's venue has greatly enhanced spectators' safety, a fact that has drawn admiring commentary in the international media.

Changes in the number of visitors to the Hungarian GP

The Hungarian GP attracts about 200,000 spectators annually with relatively minor differences in any given season. The best two years have been 2008 and 2013 with nearly 250,000 spectators visiting the event in each (*Table 1*). The Hungarian GP was listed on the Top 10 Formula 1 races that generate the biggest revenue for tourism. It is interesting to mention that the winner was Petronas Malaysia Grand Prix followed by UBS Chinese and Rolex Australian Grand Prix over the last few years.

Table 1: *Changes in the number of visitors to the Hungarian Grand Prix*
(Authors' statistics based on data provided by Hungaroring Sport PLC)

Year	Number of visitors
2000	180 000
2005	184 000
2010	207 000
2011	200 000
2012	220 000
2013	247 000
2014	198 000
2015	184 000
2016	176 000

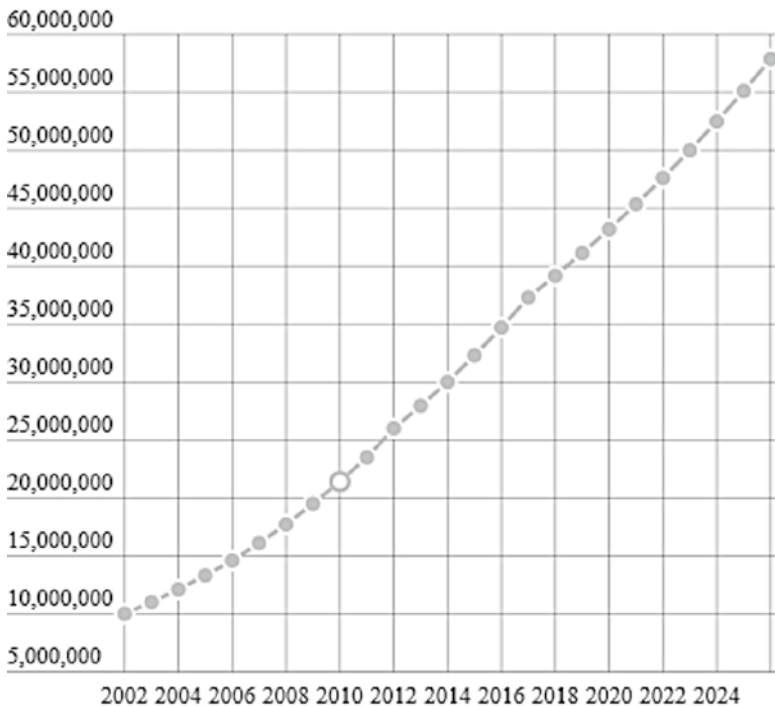
The significant decrease in the number of spectators can be explained by some international tendencies. It has been a global trend in F1, brought about by the appearance of new venues on the circuit. The 2015 drop in the number of spectators was mainly caused by the fact that the Austrian Grand Prix (Red Bull Ring) had been added to the F1 racing calendar. That year Red Bull ring attracted a quarter million people during the three days of the race. The situation is further complicated by another relatively close venue – the Russian Grand Prix – having been granted the right to hold races. On top of all these problems, the viewership of F1's TV coverage has also dramatically shrunk. This year (2015) the first nine races have been viewed by some 200,000 fewer members of the 'above-4-year-old' age group than last year. Considering only this fact, the Hungarian Television Authority (MTVA) has certainly had its worst year since F1 regained its prime slot on Channel M1 (Hungaroring Sport PLC 2015). Bernie Ecclestone, owner of F1's license rights, has repeatedly said to reporters that he would be

open to the fans' and promoters' opinions. He has also expressed his support for inevitable changes in the near future, because this newest version of F1 has lost the sport's one-time attractiveness and this might well entail dire consequences which are difficult to foresee. The Mercedes team has reigned supreme since the start of the season, which means that, barring technical failures, its two cars are always reliably expected to take the first two podium-finish positions at the end of any race.

Changes in price to value ratio

A government survey has found that the Hungarian GP contributes to the country's GDP by an annual HUF 17.4 billion and generates HUF 7.5 billion in tax revenues and other benefits every year. The live TV coverage of the race is brought to the living rooms of 69 million viewers worldwide, which can be converted into a media value of HUF 5.3 billion (Healey 2009). The most recent Hungarian GP generated a media frenzy of 10,854 articles in the printed press all mentioning Hungary (Hungaroring Sport PLC 2016).

Figure 3: Government subsidies granted to the Hungarian Grand Prix in USD
(author's statistics based on data provided by the *Magyar Közlöny*)

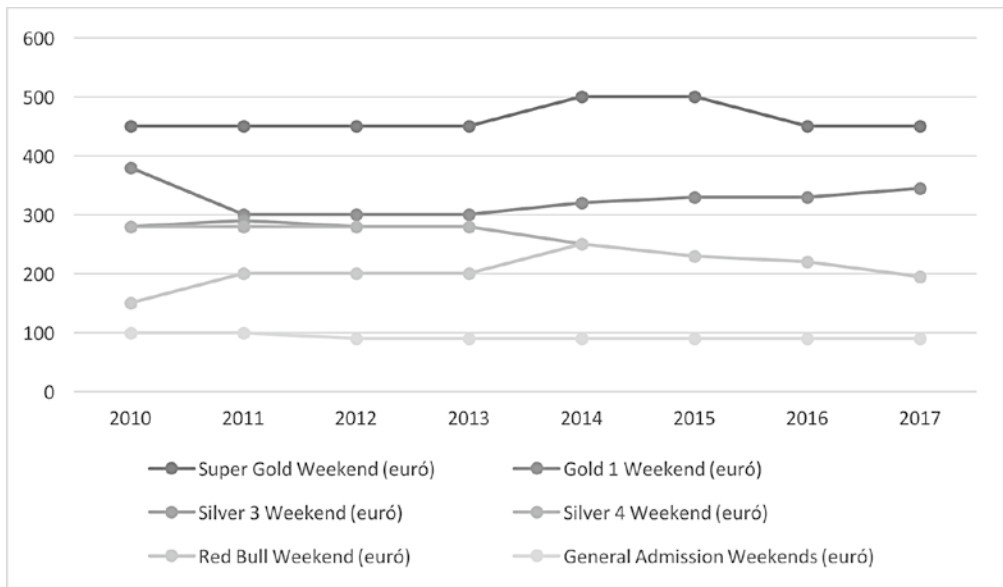


As a result of the economic-financial crisis and the devaluation of the forint, the HUF value of government subsidies took a major hike. F1-related expenditure in the tourism budgetary estimates increased by HUF 1 billion in both 2009 and 2010 to reach a peak of HUF 4.77 billion.

The practice of operating Hungaroring Sport PLC from funds in the tourism budgetary estimates had stopped by 2015. That year HUF 9.5 billion was set aside for the purpose from the budget of the Ministry of National Development.

According to the *Magyar Közlöny* (Hungarian Official Gazette) the annual license fee will have skyrocketed to \$57 million (HUF 17 billion) by 2026 (Figure 3). In today's terms, it certainly seems unreasonable to pay that amount. In exchange for extending the time frame of the contract (until 2026 instead of 2022), the Hungarian partners have agreed to foot the broadcast fees (half a billion HUF extra) and the expenses of further development projects at Hungaroring.

Figure 4: Changes in ticket prices at the Hungarian Grand Prix
(authors' statistics based on data provided by Hungaroring Sport PLC)



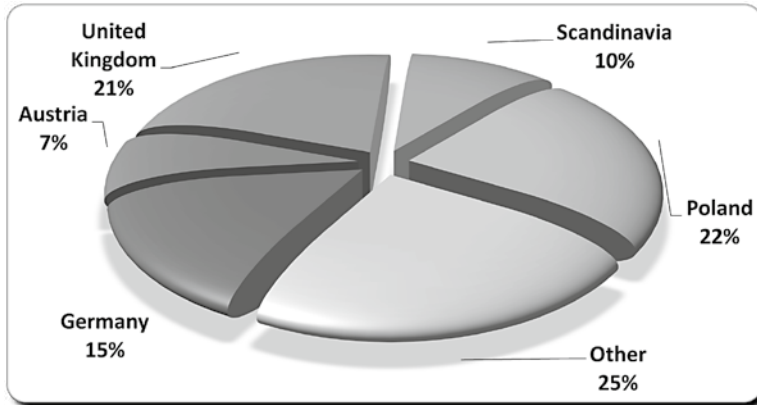
The special pricing policy Hungaroring Sport PLC has designed for GP weekends involves a diverse range of packages with the aim of boosting the number of Hungarian spectators (traditionally around one-third of the total) (Figure 4). However, the prices of regular tickets as well as discount passes are still considered too steep as compared to the average Hungarian salary (Thür 2013). In international comparison, on the other

hand, our prices lag well behind (an adult pass for €333). The same item costs twice as much at the Monaco Grand Prix, but even at the less pricey German or Spanish Grands Prix, passes typically sell for €100 more.

Target market analysis

As for the home countries of foreign spectators, the ratio of various nationalities represented in the target group has not changed much. Turizmus PLC has actively promoted the Hungarian GP in the most important ones (*Figure 5*). Data show that the number of foreign spectators has plateaued out, and maybe even shown a slight drop in the past decade. Experts say one of the most likely explanations is that, similarly to other sectors of the industry, the financial crisis has had a serious detrimental impact on sports tourism. Hungaroring Sport PLC considers it a big success that the number of domestic spectators has actually increased (from a ratio of 10% to 30%). Various measures have been implemented to make the trend continue.

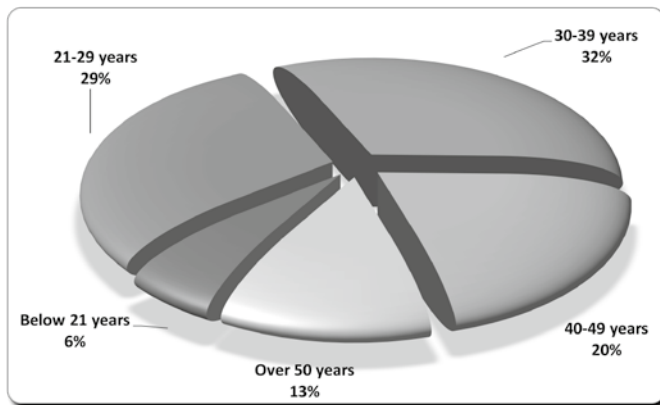
Figure 5: Ranking of foreign spectators' home countries (2016)
(Authors' statistics based on data provided by Hungaroring Sport PLC)



Under the auspices of the project called “Straight to Hungaroring!,” people purchasing tickets to watch the event were eligible to use the city’s mass transit system free of charge to get to the GP’s venue on race weekend. Discount passes also bought fans free

seat reservations on MÁV Start PLC's trains and Volán Co.'s coaches even from the country's remotest locations. Budapest Transport Center's (BKK's) relevant subway lines and special bus transfers serving between Árpád Bridge and Mogyoród stops were also part of the scheme. The interest in purchasing discount passes has surpassed expectations in the past two years inasmuch as the "Straight to Hungaroring!" project resulted in record box-office sales (Érsek–Simon 2005).

Figure 6: Various age groups represented among visitors to the Hungarian Grand Prix (2016)
(Authors' statistics based on data provided by Hungaroring Sport PLC)



The breakdown of target audience according to age groups shows that the biggest slices represent ages 30 to 39 and 21 to 29 (32% and 29% respectively). Three quarters of the visitors belong to the 21 to 49 age group of the working-age population (*Figure 6*). This analysis becomes even more significant against the backdrop of the following findings: Whereas representatives of the 21 to 29 age group are more interested in visiting Mogyoród Aquarena and Sziget Festival, those belonging to the 30 to 49 group would rather choose Budapest World Heritage Sites or Lake Balaton.

As for visitors representing various income brackets, the event is primarily visited by upper-middle-class people with the consequence that the target audience consists of relatively free spenders. The Hungarian tourism industry has few events on offer that would be specifically after this group (*Figure 7*).

Spectators holding college or university degrees are highly represented (two thirds of the sample). These people typically express greater interest in Hungary's historical and cultural values (*Figure 8*).

Figure 7: Various income brackets represented among visitors to the Hungarian Grand Prix (2016)
(Authors' statistics based on data provided by Hungaroring Sport PLC)

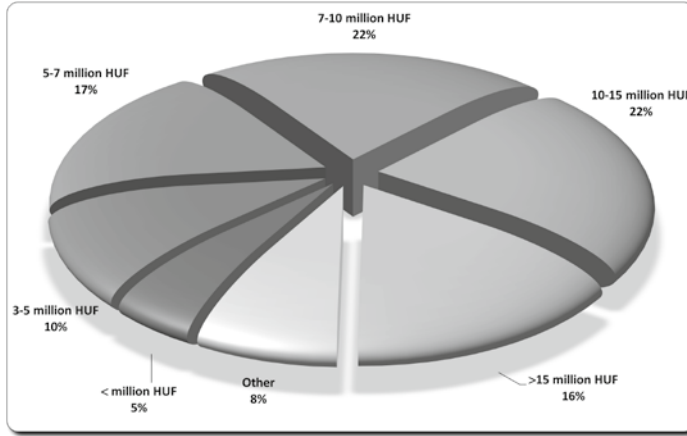
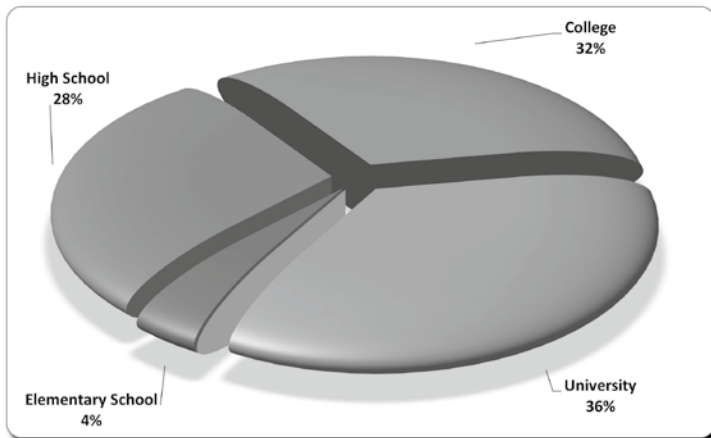


Figure 8: Various educational backgrounds represented among visitors to the Hungarian Grand Prix (2016)
(Authors' statistics based on data provided by Hungaroring Sport PLC)



The impacts of Formula 1 on Hungary's tourism industry

Tourism-related impact analyses have found that the main beneficiary of the Hungarian GP has been Budapest's hotel industry. It does not automatically mean, though, that sold-out hotels can be taken for granted in Budapest and the neighbouring settlements

on race weekends. Occupancy data of hotels located in the capital show upward trends during F1 weekends. However, managers of related tourist businesses complain that they do not nearly get the same prices as they did a decade ago, and in the past years even sold-out houses have not been guaranteed. Budapest hotels charged the double of the present rate five to six years ago but the boosting impact of race weekends has gotten less and less pronounced. The changing need-and-demand correlation is aptly demonstrated by the following marketing trend: While at the beginning of the 2000s hotel chains almost exclusively offered three-day packages, this is practically unheard of today and one-night stays are becoming the norm.

The trend bottomed out in 2009 when the number of foreign visitors to Hungary significantly decreased due to the economic crisis. The price sensitivity experienced by hotels could also be observed in the race's box-office sales. Even a 10% hike in the number of tickets sold could only realize a 4-to-5% increase in sales figures attesting to fans preference for cheaper tickets.

As published by *Magyar Hotel Monitor*, data of the Hungarian Association of Hotels & Restaurants (MSZÉSZ) show an increased demand for rooms and hotel performance on the F1 weekend when compared with the average monthly data (*Table 2*).

Table 2: Data of Budapest hotels during the days of F1 compared with average July
(Authors' statistics based on data provided by MSZÉSZ)

Period	Average room occupancy (%)						
	2010	2011	2012	2013	2014	2015	2016
in July	61.9	66.1	73.9	70.8	74.4	82.9	85.4
during F1	80.2	82.0	87.0	92.0	87.3	88.7	89.0
F1/July (%)	118.3	115.9	117.7	129.9	117.3	107.0	104.2

Period	Average net room rate (Ft)						
	2010	2011	2012	2013	2014	2015	2016
in July	16 170	12 896	14 194	15 422	16 731	17 828	18 160
during F1	25 670	21 704	21 658	24 934	24 877	28 183	30 101
F1/July (%)	152.6	168.3	152.6	161.7	148.7	158.1	165.8

Period	Average net REVPAR (Ft)						
	2010	2011	2012	2013	2014	2015	2016
in July	10 010	8 525	10 495	10 914	12 455	14 689	15 512
during F1	19 940	17 412	18 690	23 141	22 052	25 880	26 465
F1/July (%)	199.2	104.2	178.1	212.0	177.1	176.2	170.6

In 2016, the average occupancy-rate data referring to the 3-day period of the Hungarian GP was never lower than 70% with one 3-star and two 4-star hotels scoring between 70 and 80% results. Most of the 4- and 5-star hotels reached 90% or more. The revenues from average net room prices of 4-star hotels showed a slight increase during the three days of the 2016 Hungarian F1 GP, but the relevant figures for 5-star-category units dropped. When analyzing the data based on HUF values, however, one has to consider exchange rates fluctuations as well. Therefore, the whole picture of revenues suggests a perceptible increase (MSZÉSZ, 2016)

The REVPAR figures characterizing our tourist industry have shown a steady increase in the past years, which is especially marked in the data referring to 4-star hotels (Table 3-4-5). It must be added, however, that Budapest is still among the cheapest European capitals, lagging behind its EU counterparts with a wide margin.

Table 3: Calculation of total revenue at 5-star Budapest hotels
(Authors' statistics based on data provided by the Central Bureau of Statistics [KSH])

Period		Total gross revenue of hotels from room fees (HUF 1,000)	Gross revenue of hotels from breakfast and other services (HUF 1,000)	Gross revenue of hotels from hospitality (HUF 1,000)	Total revenue
2010	July	2,529,425	743,550	636,200	3,909,175
	August	2,394,102	638,633	525,331	3,558,066
2011	July	2,377,287	632,048	495,107	3,504,442
	August	2,024,415	503,945	465,201	2,993,561
2012	July	2,778,927	614,352	653,091	4,046,370
	August	2,306,662	562,289	595,527	3,464,478
2013	July	1,131,929	186,352	336,224	1,654,505
	August	1,100,245	227,968	371,086	1,699,299
2014	July	1,373,835	267,357	382,358	2,023,550
	August	1,374,659	265,830	455,470	2,095,959
2015	July	1,761,907	292,728	524,145	2,578,780
	August	1,695,184	281,047	550,801	2,527,032
2016	July	1,787,691	301,157	535,231	2,624,079
	August	1,734,546	293,773	561,872	2,590,191

By way of a summary, it can be pointed out that out of the surveyed hotels 50% displayed an increase in their REVPAR index, 41.6% a decrease, while 3.4% did not produce any change. During the three days of the 2016 Hungarian GP weekend, the EUR/HUF exchange rate (HUF 320) was about 10% weaker than the previous year's figure. This is how much the fluctuation contributed to the increase in the average net room price and REVPAR index. Before a conclusion of the survey is reached, it must also be considered that Hungaroring Sport PLC has set an important objective of increasing the number of Hungarian visitors to the Budapest GP. This may well account for a surplus in the surveyed population whose members do not stay at hotels, which may have distorted the original calculations.

Table 4: Calculation of total revenue at 4-star Budapest hotels
(Authors' statistics based on data provided by KSH)

Period		Total gross revenue of hotels from room fees (HUF 1,000)	Gross revenue of hotels from breakfast and other services (HUF 1,000)	Gross revenue of hotels from hospitality (HUF 1,000)	Total revenue
2010	July	2,441,027	1,106,033	530,291	4,077,351
	August	2,977,955	1,256,147	668,803	4,902,905
2011	July	2,583,775	1,034,458	632,826	4,251,059
	August	2,625,320	1,187,023	683,147	4,495,490
2012	July	3,133,214	1,250,517	677,030	5,060,761
	August	3,083,417	1,435,229	733,889	5,252,535
2013	July	2,242,665	817,236	414,449	3,474,350
	August	2,438,544	935,381	427,324	3,801,249
2014	July	2,756,482	859,045	520,070	4,135,597
	August	2,779,409	960,028	511,965	4,251,402
2015	July	3,393,239	1,055,531	514,195	4,962,965
	August	3,562,194	1,130,147	544,203	5,236,544
2016	July	3,501,385	1,129,213	525,761	5,156,359
	August	4,102,879	1,530,451	568,112	6,201,442

Table 5: Calculation of total revenue at 3-star Budapest hotels
(Authors' statistics based on data provided by KSH)

Period		Total gross revenue of hotels from room fees (HUF 1,000)	Gross revenue of hotels from breakfast and other services (HUF 1,000)	Gross revenue of hotels from hospitality (HUF 1,000)	Total revenue
2008	July	884,910	333,514	130,077	1,348,501
	August	1,121,286	385,109	137,722	1,644,117
2009	July	815,277	370,485	101,752	1,287,514
	August	830,504	419,105	91,945	1,341,554
2010	July	701,424	285,279	97,211	1,083,914
	August	815,667	328,930	105,371	1,249,968
2011	July	684,167	248,867	94,743	1,027,777
	August	808,297	301,933	104,646	1,214,876
2012	July	797,587	291,878	77,292	1,166,757
	August	836,106	309,191	83,842	1,229,139
2013	July	576,020	206,656	65,413	848,089
	August	628,382	216,158	61,734	906,274
2014	July	650,069	218,785	77,094	945,948
	August	694,817	226,054	73,436	994,307
2015	July	806,311	272,607	119,505	1,198,423
	August	867,648	268,722	109,373	1,245,743
2016	July	893,112	301,865	132,769	1,327,746
	August	934,297	296,537	124,537	1,355,371

Table 6: Calculation of REVPAR at Budapest hotels
(author's statistics based on data provided by KSH)

Period		Revenue per available room (REVPAR) (HUF)			Average rate per room (HUF)		
		5*	4*	3*	5*	4*	3*
2010	July	22,251	9,042	4,469	32,771	15,587	9,390
	August	21,055	11,047	5,325	28,989	15,866	9,237
2011	July	22,762	9,262	4,265	31,184	13,972	9,434
	August	19,100	9,431	5,038	27,281	13,003	9,126
2012	July	26,104	10,628	5,477	32,646	14,474	10,030
	August	21,484	10,386	5,723	26,439	12,935	9,122
2013	July	24,149	11,037	7,062	31,614	15,830	10,178
	August	23,473	12,008	7,699	29,073	14,547	9,812
2014	July	29,644	12,975	7,996	36,225	17,156	11,055
	August	29,523	13,095	8,271	32,830	15,406	10,682
2015	July	37,865	14,964	9,393	42,891	17,950	11,771
	August	36,431	15,685	10,122	38,951	17,036	11,670
2016	July	38,927	15,762	10,451	44,134	19,101	12,348
	August	37,776	16,971	11,218	45,475	18,549	12,211

Summary

To sum up, the Hungarian Grand Prix is becoming less and less profitable because of steep license fees. However, it seems to be absolutely imperative that it be kept in the racing calendar so that it can realize its full potential to foster the development of Hungary's tourist industry. Budgetary expenses notwithstanding, our GP's competitiveness can be maintained only if Hungaroring benefits from new development projects. The first important task is to upgrade its support facilities to raise spectator comfort levels and make the race more fun to watch (Kelemen 1993). The capacity of parking lots should be given high priority since these are the places where spectators first start using the venue's service facilities. If the management of Hungaroring plans to operate the circuit for decades to come, this issue must be successfully addressed, for example, by constructing a designated blacktop parking area of sufficient size.

The second feature spectators view as essential is the stands. If they have to watch an event from decrepit, uncomfortable seats, their comfort levels will inevitably suffer. Proposals have been made to address this issue (albeit only on paper).

The third point of high priority is furnishing the circuit's whole area with hygienic restrooms. This is probably the feature where the Hungarian venue lags most behind its overseas F1 counterparts.

Another important task to be performed in the foreseeable future is setting up giant display screens all around the track. Provided their function should be to communicate real-time best laps and other crucial race statistics to the spectators, they have to undergo a meticulous quality-control regimen.

These upgrades will have to be completed in the period between 2016 and 2026. Without them, the chance of having a new contract signed is practically zero and even getting favorable spectator evaluations for the races remaining until 2026 might be problematic.

Fourth, race organizers will have to make the Hungarian GP more exciting so that it can be competitive with other circuits. Hungaroring is admittedly a slow F1 track and its layout makes overtaking virtually impossible. (No wonder that exhilarating action, if any, is usually generated by accidents.) Therefore, if the Hungarian GP stays put at Hungaroring, major reconstruction of the track will be inevitable. In conjunction with that, novel and unique features will have to be added so that the Hungarian GP can unquestionably evoke Hungary (think of yachts in Monaco, a night race in Singapore, a tilted bend on the US track, not to mention the unmistakably Belgian Eau Rouge bend).

Fifth, several Hungarian companies might be enticed to join the line-up of international sponsors. In addition to energy drink manufacturer Hell, carmakers and oil businesses might also be involved. Sport has traditionally been a major target for domestic corporate sponsors, and spectacular, popular sports disciplines and events have always been especially juicy bits to catch. Corporate sponsors, by nature, do not aim to aid but take potential profit from entities they decide to support, typically going after successful partners with a sound PR background and well-liked by the media. It goes without saying that sponsors always want to build their own image and a healthy media presence. But they also tend to explore new reference opportunities and networking channels whenever they appear at sponsored events. Therefore, they are naturally attracted to well-known subjects in a given pool of candidates for sponsorship. That is why some companies, especially at local or regional levels, tend to invest in up-and-coming teams and sports. Investors know that they can be successful with smaller resources on a pristine hunting ground. Thus, the desired status of prime sponsor may soon get in striking distance, not to mention some choice features to add to the company's resume in the future.

Sixth, and by no means the least important, the prestige of the Budapest/Mogyoród GP should definitely get a major boost from the appearance on the F1 scene of a popular pilot of Hungarian nationality.

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