
Economic Impacts of Olympic Games: The analysis of four case studies

Bachelor Thesis for Obtaining the Degree

Bachelor of Business Administration

Tourism and Hospitality Management

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Thais Petrenko

1111531

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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Abstract

It has been the case of common perception that mega-events such as the Olympic Games tend to bring a lot of revenue to the hosting countries. This thesis is analyzing the past four Summer Olympic Games of the years 2000, 2004, 2008 and 2012 in terms of economic impacts. It goes into detail in regards to the infrastructural costs, the tourist contributions and the generalized economic effects, such as changes in the gross domestic product or total costs for the Games. Moreover, it tries to distinct the four cases, since many studies compare the Games with criteria that do not apply in scale and objectives of the countries that are staging the event. All the above should help the understanding of whether the first statement is true in real monetary figures. It has been concluded in this study that Olympic Games have an economic effect that does not reflect in the short-term impacts, but rather is more evident in the long run.

Table of content

Affidavit.....	2
Abstract.....	3
Table of content.....	4
List of Tables	6
List of Figures	6
List of Abbreviations	7
1 Introduction	8
2 Mega-events vs. Olympics	9
3 Olympic movement.....	10
4 Structure of case studies.....	11
4.1 Importance of Bids.....	11
4.2 Infrastructure development.....	13
4.3 Size of the event.....	14
4.4 Economic Impact.....	15
5 Games Legacy.....	17
6 Sydney 2000.....	18
6.1 The Bidding period	18
6.2 Infrastructure	18
6.3 Size	19
6.4 Economic Impact.....	21
6.5 Games Legacy.....	23
7 Athens 2004	23
7.1 The Bidding period	23
7.2 Infrastructure	24

7.3	Size	24
7.4	Economic Impact.....	25
7.5	Games Legacy.....	28
8	Beijing 2008.....	28
8.1	The Bidding period	28
8.2	Infrastructure	29
8.3	Size	29
8.4	Economic Impact.....	31
8.5	Games Legacy.....	34
9	London 2012	35
9.1	The Bidding period	35
9.2	Infrastructure	35
9.3	Size	36
9.4	Economic Impact.....	37
9.5	Games Legacy.....	39
10	Look into the future	40
11	Conclusion	41
12	Limitations.....	43
	Bibliography	44

List of Tables

Table 1: Summer Olympic Games host cities	11
Table 2: Growth figures of the Summer Olympic Games	14
Table 3: Components that create direct economic impact	15
Table 4: Economic effects in accordance to Game-periods	22
Table 5: Total Foreign arrivals at Frontiers	24
Table 6: Total European arrivals at Frontiers	25
Table 7: Total arrivals excluding European arrivals at Frontiers	25
Table 8: Forecasts of arrivals for the year 2020	30
Table 9: Arrivals to China	30
Table 10: Tourist arrivals to Beijing	31
Table 11: Annual receipts from tourists in Beijing	33
Table 12: Foreign and Domestic arrivals to London city	36
Table 13: Economic figures prior and after the Games 2012	38
Table 14: Total Spending in London from visitors	39
Table 15: Ticket prices of Summer Games	40

List of Figures

Figure 1: The dependency of the organizing committee	10
Figure 2: Investment of public vs. private sectors	13
Figure 3: Snapshot of Average inbound in Australia 2000-2010	20
Figure 4: Historic tourist arrivals in regards to various events	20
Figure 5: GDP growth in Beijing	32

Figure 6: Growth rate of Chinese GDP	33
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Figure 7: Change in Chinese consumer prices from 2006-2010	34
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List of Abbreviations

IOC: International Olympic Committee	10
SOP: Sydney Olympic Park	18
ATHOC: Athens Organizing Committee	23
ONS: Office of National Statistics	39

1 Introduction

Olympic Games are a worldwide mega event with a huge audience. It involves many countries; it brings changes to the regions, or to be more exact the cities that hold them and the impacts of the adjustments that are being undertaken for their suitability have long term impacts on many levels. These impacts can be economical, social, environmental, political, cultural and more than just regional (Gratton et al., 2006). It is important to see that for these changes to take place, many studies are being undertaken, many forecasts are being prepared and governments are in charge of taking serious decisions on the implementation of new structures and projects (O'Brien, 2006).

This thesis is going to study how well the countries are being prepared for the Olympics economically, what is their return on investment, what are the dimensions of the event and what information exists on the indications of the tourist expenditures. Studying previous examples of Olympic Games preparations, it is evident that the predictions for the results of the future fail to represent the reality. Many cities, such as Lillehammer and Vancouver, had very different outcomes in terms of revenues and tourist arrivals than forecasted and naturally this had a great negative impact for many local businesses of the country (Teigland, 1999).

It is important to get a clear picture of how well the forecasts for these events worked, compared to the real outcomes and what could be the after-effects of the miscalculations. By comparing the past four summer Olympic Games in terms of the government's expenditures on implementing the advancements to the cities, the impacts of the games to the local infrastructure and tourist arrivals. The thesis will conclude on how Olympic Games are perceived and whether they are as successful as expected, but also the image that they hold compared to other mega-events. It is also important to analyze the memorable infrastructure prepared for the events, due to the image that they tend to hold for the tourist inflow (Kaspar, 2014).

Case studies from the Olympic Games of Sydney, Australia (2000), Athens, Greece (2004), Beijing, China (2008) and London, Great Britain (2012) are the most current and therefore the most realistic for the future predictions concerning such grand projects. Apart from the case studies, data from the TourMIS platform and some

governmental sources of current statistics are going to be presented for better resolution of this industry.

2 Mega-events vs. Olympics

While at the mention of “mega-events” people tend to think “big” and come up with examples like Olympic Games, Soccer World Cup, UEFA Championship etc. (Humphreys & Prokopowicz, 2007), there is no one way to measure them and most importantly, there should not be any confusion in regards to the distinction of the Olympic Games and other mega-events (Malfas et al., 2004).

As described by Singh and Hu (2008) mega-events are “large, internationally known events of world importance and high profile...that have a major impact on the image of the host countries and cities”. They draw many television audiences (Humphreys & Prokopowicz, 2007) and are usually measured in terms of their impact on tourism influence and economies, while at the same time they are expected to bring refurbishments and more infrastructural improvements to the center-city (Hiller, 2000).

Mega-events are undoubtedly very complex and time consuming projects (Singh & Hu, 2008). Examples of investments, such as for the South Korean Olympics, where \$2 billion were spent only for the construction of stadiums (Matheson & Baade, 2003), it is suitable to approach them in two different aspects, internally and externally. The internal view includes the time and size, whereas the external concentrates on the media, tourism and economic impacts (Malfas et al., 2004). This is mainly the basis on which the following case studies are being built.

Coming down to Olympic Games, it should be brought to attention that they bear special characteristics and therefore should not be compared to other mega-events (Malfas et al., 2004). The significant effect that the Games have on the hosting area is unequal to any other, including the range on scale and economic capacity. Moreover, it is an opportunity to widen the region’s business and social network in advance to the marketing image (Singh & Hu, 2008). Nevertheless, the primal feature that distinguishes this event from all others and draws so much public attention derives from the ancient ideology of “Olympism” and the team spirit that

all athletes should carry (Malfas et al., 2004).

The modern Olympic Movement began with the French Baron Pierre de Coubertin in 1896. In his opinion, “international sport could foster individual and collective goodwill” as well as enhance the sense of peace worldwide (Malfas et al. 2004, p.209). Many argue that the games nowadays have taken a more *commercialized* turn and the original nature has been reshaped to meet media’s goals. Even so, beyond dispute, the public sets great value to the Olympic ideals (Malfas et al., 2004).

3 Olympic movement

The central power of the Olympic movement is the IOC, International Olympic Committee, which is structured by 125 members from many different countries. Its President and Executive Board are the ones that go through the process of selecting the cities to host the Games. Apart from the IOC, the Olympic movement is formed by the International Federations, the National Olympic Committees and all clubs and associations (IOC, 2013a). Figure 1 illustrates clearly how the various organizations interdependent in the entire Olympic system.

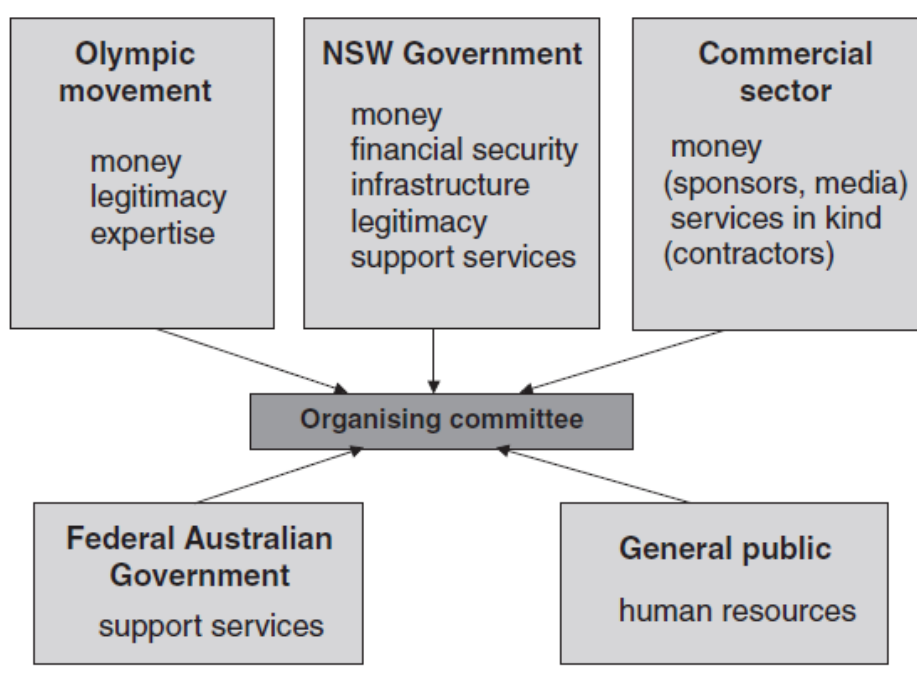


Figure 1: The dependency of the organizing committee
Source: (Malfas et al., 2004)

4 Structure of case studies

It is highly important to analyze the aspects of the four cases that make each Olympic event distinct. This can possibly be done in four phases. The 'pre-games' bid and infrastructural preparation, the 'games' scale and 'post-games' outcome in terms of arrivals before and after the Games, as well as the Legacy effect.

4.1 Importance of Bids

A bid to host a mega-event such as the Olympic Games is placed several years in advance to the actual event (PWC, 2004) and the reason behind this is evident. Sometimes significant and expensive changes in infrastructure need to be done in the city at hand. This means large monetary investments, which may be the reason why in the past Games, the cities that were selected to host the event were always located in developed and often prosperous countries, meaning that they already had been undertaken necessary infrastructural projects in the past (Matheson & Baade, 2003). The IOC (2013a), to ensure the full engagement of the posing cities to the games and to give a glimpse of how easily can expenses arise, has introduced a fee of US\$ 150,000 to enter the bid of which the amount of US\$ 25,000 is non-refundable if the candidate withdraws. Table 1 shows past host cities for the Summer Olympic Games since 1980.

London, Great Britain	2012
Beijing, China	2008
Athens, Greece	2004
Sydney, Australia	2000
Atlanta, US	1996
Barcelona, Spain	1992
Seoul, South Korea	1988
Los Angeles, US	1984
Moscow, USSR	1980

Table 1: Summer Olympic Games host cities
Source: (Matheson & Baade, 2003)

Developed cities need to spend a lot less on infrastructure costs, which tend to be the highest. The example of Seoul makes this clear, as the country spent \$2 billion on building the necessary stadiums for the games, whereas France on the other hand, did not need to spend more than \$500 million, an amount that was mostly used for renovating the already existing premises (Matheson & Baade, 2003). Another important point related to the case studies is that hosting the Summer Games is usually twice as expensive as hosting the Winter Games (Singh & Hu, 2008), without taking into consideration the Sochi 2014 Winter Games that broke all records of costs (Kaspar, 2014).

Therefore, questions arise, as to why bids such as Cape Town in Africa for the 2004 Olympic Games are coming through to the IOC, or why the number of bids is growing in percentage (Hiller, 2000). The initiative for bidding usually derives from governments (Malfas et al., 2004) whose perception is that mega-events bring long and short-term benefits to the host countries on many levels, especially economical (Teigland, 1999). This is not entirely correct, although by competing for the honor of hosting the Olympics gives the opportunity to a destination of transferring a positive appearance to the world which could bring the effect of stimulating the economy of a city (Matheson & Baade, 2003). Moreover, many national rulers tend to perceive the event as the perfect chance to advance a destination's economy and social needs by drawing investors and infrastructural change (Malfas et al., 2004)

For all reasons mentioned above what can be observed in regard to the placed bids is that the figures and objectives, as well as expected results tend to be manipulated and show over-estimations (Malfas et al., 2004; Matheson, 2008; Kaspar, 2014). The exaggeration of benefits may lead to hazard outcomes such as in the famous case of Lillehammer Winter Olympics of 1994 when the expected tourist arrivals failed to reach the real numbers and only 60% of the city's hotels managed to stay in business after the event (Teigland, 1999).

The projections of bids carry a great significance to the after-event impacts of a mega-event such as the Olympic Games (Humphreys & Prokopowicz, 2007) and therefore need to be considered while analyzing the case studies in detail.

4.2 Infrastructure development

As mentioned above, to host the Olympic Games, the cities must cover certain criteria. According to the IOC (2013a), for a city to be eligible to host the games, apart from the high security level, it should be substantially large to handle the numerous visitors and sporting facilities. The main requirements of infrastructure lie in the sporting facilities, including the necessary stadiums and arenas, in addition to the secondary requirements that include accommodation, transportation, telecommunications and other recreational centers. In fact, some of the infrastructure mentioned is built at the time of the bid to increase the chance of being selected (Malfas et al., 2004). The IOC (2013b) does not require a specific number of stadiums or other sport facilities, each city can decide on how many sports will be taking place, although what should be kept in mind is that the magnitude of the Games is growing every year and the ability to receive that many visitors is essential.

It also happens regularly that bids present all changes necessary, but they disregard the mention of the long-term use of the built infrastructure. Many stadiums that are essential for the games have no use to the local residents after, particularly to the developing nations (Humphreys & Prokopowicz, 2007). Therefore it should be a priority to manage the constructions in such a way that their use will be sustainable and beneficial in the long run (Malfas et al., 2004).

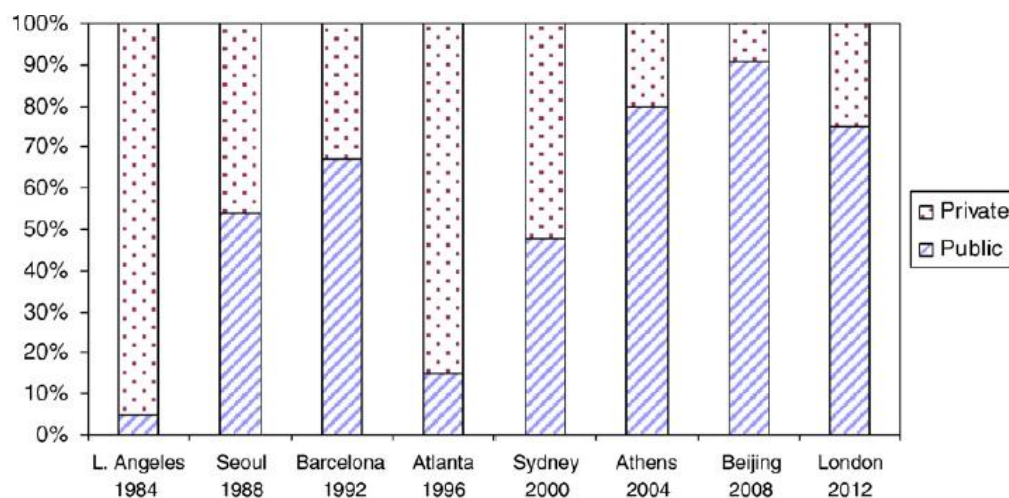


Figure 2: Investment of public vs. private sectors

Source: (Kasimati & Dawson, 2009)

Knowing that most of the costs for the Olympics occur due to infrastructural

amendment, it is of great importance to mention that the past three summer Olympics are funded by the public sector, indicating that the government is willing to spend the raised taxes on projects of such magnitude (Kasimati & Dawson, 2009).

The construction of the necessary infrastructure may often be very advantageous; nonetheless, there are many cases when the new infrastructure causes problems. These problems may include the relocation of housing, leading to people being forced to move their homes, the acquisition of land with the additional actions of clearance and modification of natural environment. Examples of this are the refurbishment of Homebush for the 2000 Sydney Olympics, or the development of the waterfront for the 1992 Barcelona Olympics (Malfas et al., 2004).

4.3 Size of the event

Many ways can be considered appropriate to measure the size of an event. Tourist arrivals are one way to do it. Lee and Taylor (2005) assess that there are three types of tourists visiting a mega-event. The Olympic tourist, who comes with the main purpose of attending the games, the indirect Olympic tourist that travels to the destination on related to the games purpose (such as athlete's family and relatives) and the usual tourist that travels to the destination for recreational or business aims that have no relation to the games. Apart from the tourist arrivals though there may be arrivals to the event of the local population. This unfortunately cannot be identified although it would have great significance in the final results (Lee & Taylor, 2005). For the sake of simplicity, the case studies presented in this thesis will include all the previously mentioned tourists.

Games	Nations	Athletes	Sports	Events
2004	201	10,625	28	301
2000	199	10.651	28	300
1996	197	10.320	26	271
1992	169	9.367	28	257

Table 2: Growth figures of the Summer Olympic Games

Source: (IOC, 2013a)

From the table 2 above, it can be clearly observed that the scale of the Olympic Games has been growing and this growth can be expressed in terms of the

participating nations, the number of athletes and the number of events. This would lead to the assumption that the competition is also increasing and the awareness of the games is spreading more intensively all around the world.

Television spectators may also define the scale of an event. To be exact, the television rights of each Olympic Games surpass \$1 billion (Malfas et al., 2004). Whilst in the age of the internet, the size of an event is much more complicated to estimate due to all available methods of information transitions. People on the internet especially the younger generation posts videos, pictures, comments, creates blogs, “re-tweets” etc. and this is, at a very large extend, impossible to control (Science Channel, 2011; IOC, 2011).

Clearly, virtual participants are very important, nevertheless based on the physical size of the Games, an important point to mention is the crowding out effect. It is, as the internet audience, difficult to control and its effects are even more so impossible to detect. It is the result of locals moving outside the city to avoid the mass conjunction. Although it is not always observed, it may lead to fewer arrivals, as it also involves the potential tourists who due to the Games refuse to visit the city (Matheson, 2008). This may lead to a problem, especially if the event continues for a long period of time (Gratton et al., 2006).

For the purpose of this study, statistical results of tourist arrivals will be taken for the Athens and London Olympic Games from the online platform TourMIS and for the rest of the games from other verified sources, mostly governmental portals.

4.4 Economic Impact

There are many definitions of what could be considered economic impact. Crompton (1995) explains economic impact as the “net economic change... that results from spending attributed to the event”. Moreover, one can draw a line between financial and economic impact, especially while talking about an event of the scale of Olympics (PWC, 2004), whereas, Malfas et al. (2004) argue that direct income from the event comes from the sale of ticketing, sponsorship contracts or television rights, which tend to cover the costs of preparation, but do not extend to the general economic development. Although before the Olympic Games of 1984,

staged in Los Angeles, it was considered a financial burden to host the event, after the economic success that followed the city, many acknowledged the potential in being involved in a sporting event of such large dimension (Singh & Hu, 2007). It should be mentioned that nowadays, it is primarily thought that the Olympic Games generally bring more positive impacts than negative (Malfas et al., 2004).

Assigned to the positive attributes of the games are the creation of greater competition and the attraction of international investment to the local region and country. In fact, the IOC contributes as much as 60% of the presented financial budget. Moreover, the economic impacts spread to the extent of the formation of new jobs, even if they are usually short term and lower paid (Malfas et al., 2004), as well as the construction of new sporting facilities and airports, the improvement of living conditions for the native residents and future tourists, for example, the public transportation and recreational developments (Gratton et al., 2006).

On the negative side, during the event and after, local residents of low income may suffer to a great extent because of all goods becoming more expensive (Malfas et al., 2004). They may also not be able to endure the high accommodation costs, as prices tend to increase very fast when international businesses take over the region (Matheson, 2008). Other negative impacts may occur after the event if the forecasts of tourist arrivals fail to predict the reality. In this case, there is not sufficient generated tourist expenditure and basic costs, such as the actual performance and maintenance during the games, are not covered. What is also considered to be an impact but is not usually brought to light, according to Matheson (2008), are the traffic congestions or vandalisms that do not have a direct economic impact, but affect significantly the local economy.

The proper way of estimating how much economic impact one Olympic Games had on the city is by identifying what is the difference in the amounts of financial outcomes if the games did not take place. This tends to be very difficult to estimate especially if there is not enough information on previous years and if the market does not follow a static pattern (Lee & Taylor, 2005).

As it is suggested by PWC (2004), the impacts of a mega-event can be divided into 3 stages, 'pre-games', 'games' and 'post-games'. The fact that tourists are involved in

all three phases is very interesting, especially when a destination is able to sustain the amount of tourists after the games to the number of visitors during (PWC, 2004). Following this structure, Gratton et al. (2006) identifies the direct economic impact as coming from three sources that can be seen in table 3 below.

Expenditure	Expenditure made:
1. Organizational	-directly by the organizers of an event
2. Competitor or delegation	-directly by those taking part in the event
3. Other visitors	-directly by those people involved with an event other than the organizers and delegations

Table 3: Components that create direct economic impact

Source: (Gratton et al., 2004)

Needless to say that getting the verified results of the economic impact in terms of recent events is nearly impossible, due to the fact that the information is strictly confidential and its findings are revealed to the public years after the events have passed (Blake, 2005), this thesis is going to compare various sources to establish a better general idea and understanding of the cases.

5 Games Legacy

The Olympic Legacy, as defined by the IOC (2013c), has a great importance for the hosting countries, especially due to the fact that its impacts are not visible for a long period in the future and can be termed economical. To be more specific, it plays a significant role in the development of the city staging the event during the period of preparation, meaning that the objectives that are set for the end of the Games are reflected in the prior seven years of preparation. What is more, there is a written Rule 2, Article 14 for all countries organizing the Games “to promote a positive legacy from the Olympic Games” (IOC, 2013c, p. 1). In all proceedings, a question that is raised to define the after-goals is what the hosting country wants “to create as a legacy” (IOC, 2013c, p. 1). This is a very important part of the process and this is the reason why it is analyzed in the thesis’ case studies. Each country has a different understanding and implementation of the Legacy and while some countries have done well in regulating this period of the after-effect, others were not able to

succeed as well. Under all circumstances, the Legacy has a direct influence to the development of the hosting countries and examples to all cases will be provided.

6 Sydney 2000

6.1 The Bidding period

It was the first time for Sydney to bid for hosting the Olympic Games and luckily all other candidates, Berlin (Germany), Manchester (Great Britain), Beijing (China) and Istanbul (Turkey) were identified as a worse choice (IOC, 2013b) and the decision was finalized in 1993 (Blake, 2005).

The announcement of the bid followed a minor impact of increased prices on sectors which contributed with building materials, developers, engineers and other miscellaneous duties. On the other hand, stock markets experienced no significant economic change (Blake, 2005), which suggests that even though the bid did not affect the economy in the short term; it would have an effect of long term value.

6.2 Infrastructure

Sydney spent A\$ 1.7 billion for just the sporting facilities necessary and additionally A\$ 1.5 billion on supplementary infrastructure which included the Olympic Village Homebush (that was in need of rehabilitation due to its polluted environment. It is assessed that the later had the cost of A\$ 137 million (Malfas et al., 2004).

The main infrastructural project implemented specifically for the Olympic Games is of course the Sydney Olympic Park (SOP) that nowadays consists of namely the Newington Armory area (including a Theatre, Amphitheatre, Gallery, Birdlife Discovery Center, Education Center, Archery Center, available accommodation housing and other), the Monster Skatepark, the Allphones Area, the Sports Hall, the Sydney Showground, the Spotless Stadium, the Stadium Australia, the ANZ Stadium, the Athletic Center, the Australian College of Physical Education, the Hockey Center, the Tennis Center, the Sports Center, the Aquatic Center and other minor parks, buildings, shopping malls and housing areas (SydneyOlympicPark, 2014). In fact, the SOP was a project well thought in advance with a Master Plan 2030 indicating the

Park being used for 50,000 daily residents, employees and college attendees, with an addition of 25,000 arrivals of outsiders every day (IOC, 2012).

6.3 Size

Part of this mega-event were 199 National Olympic Committees, 10,651 athletes with 4,069 women and 6,582 men, a record number held until 2008 (IOC., 2013b), 46,967 volunteers and 16,033 media (5,298 written press, 10,735 broadcasts) (Malfas et al. 2004). The events started on the 15th of September and ended on 1st October 2000 (IOC, 2013b).

Between 1994 and 2004, the summer Olympic Games were estimated to bring an increase of 100% tourists to Australia in total, which in actual numbers was around 2million arrivals of international origin (Teigland, 1999). Nevertheless, these estimations probably did not take into consideration other important effects, such as the crowding out effect, which would affect negatively areas in Australia apart from the main city of events, Sydney. To be more precise, in Melbourne, during the second half of September hotel bookings decreased by almost 20% compared to the first half of the same month (Humphreys & Prokopowicz, 2007). In fact, a decline in hotel occupancy rates of September in all Australian cities, except Sydney and Adelaide, was evident in the year 2000, compared to 1999. It was reported that international demand in all hotels, especially Port Douglas and Whitsunday Islands, was dominant. What may be the reason of decline is the fact that the domestic market was not contributing as usual, in regards to the school holiday period (Matheson & Baade, 2003).

Approximately 71% of total arrivals come from the countries indicated in figure 3 on the next page, 35% of which come from Asia. As can be seen from figure 4 also seen on the next page, the Sydney Olympics brought an increase in total arrivals after the fall in 1998, due to the crisis in Asia. Moreover, a decrease in approximately 15% occurred as a result of the terrorist attack 9/11, from which not only Australian tourism took a long time to recover. Nonetheless, given the figures, the 2000 Summer Olympics were a positive stage for the arrivals in Australia. Obviously, no-one could be able to predict outcomes of such severity and the massive impact it would have on tourism. Nonetheless, as IOC (2013c, p.2) puts it, “the Olympic

Games remain the most significant beneficial event in the history of Australian inbound tourism”.

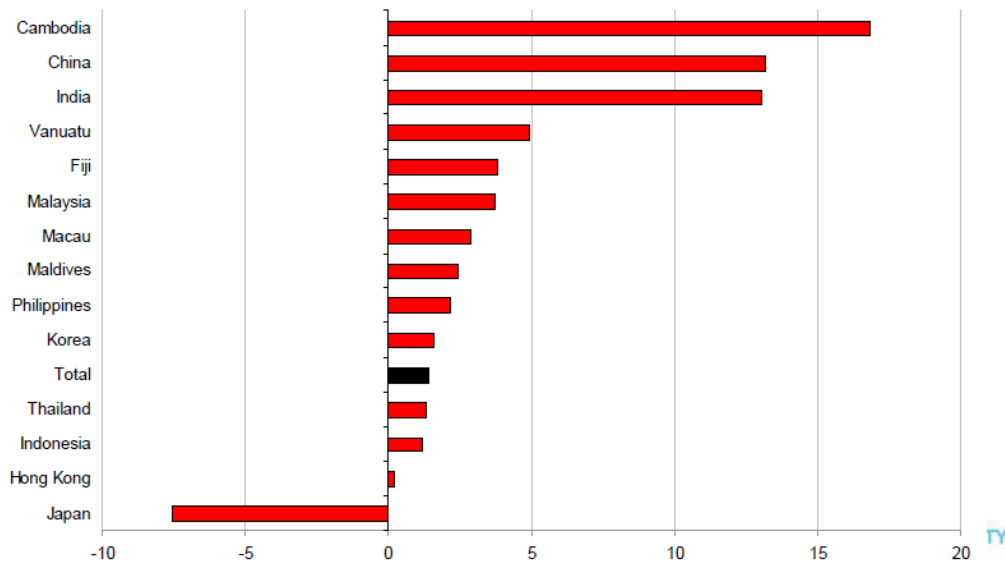


Figure 3: Snapshot of Average inbound in Australia 2000-2010
Source: (Australian Government, 2010)

As opposed to international arrivals, the domestic population has its preferences in regards to the Australian destinations. The largest amount of average 32% domestic tourists visit New South Wales, whereas second in preference comes Queensland (ABS, 2000).

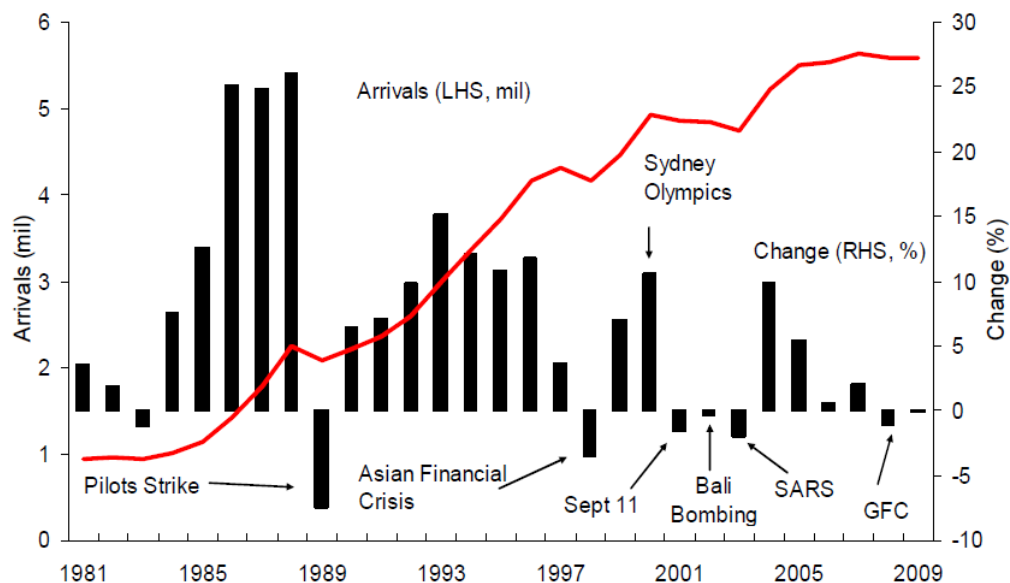


Figure 4: Historic tourist arrivals in regards to various events
Source: (Australian Government, 2010)

During the Olympic Games, New South Wales was not the most popular domestic destination due to the crowding out effect (Humphreys & Prokopowicz, 2007). Moreover, as reported by ABS (2000), the main purpose of visit to Sydney is conferences and therefore it is understandable why the change in preference occurred during the event of the year 2000.

6.4 Economic Impact

Even though, all hosting countries are trying to accomplish a sustainable and profitable development of touristic flow after the event, as well as to maintain the advantages of the developed projects, Sydney was the first city to establish a program aiming to lay the grounds of long-term business potential. More importantly, it was the federal government who funded and initiated the “Business Club Australia” which was the prototype of business leveraging that many others used as an example after (one of the cities was Athens for 2004 Olympics) (O’Brien, 2006).

A great deal of investment was made in the grounds of Australia for the 2000 Olympics. The country’s economy made use of \$1.33 billion of public money and \$690 million which was offered by private funds, totaling US\$ 2.02 billion to organize the event. The gathered amount was incomparable to any other event in the history of Australia to that date, encouraging the belief of great returns to the stakeholders. Even airlines, such as Ansett, were putting their shares to the games (O’Brien, 2006). All these impressive numbers, encouraged predictions such as that of New South Wales Treasury promising approximately 100,000 new jobs with the impact of the games reaching \$ 6.3 billion (Matheson & Baade, 2003).

Furthermore, according to Blake (2005), before the year 2000, there were three popular forecasts. One in 1993, predicted an economic impact of US\$5.1 billion, another in 1997 an amount of US\$ 4.5 billion and the later 1999 the same of US\$4.5. Concerning the employment benefits, these three studies revealed the overall increase in 156,198 (1993), 98,700 (1997) and the later prediction of 90,000 (1999) new jobs.

It is widely accepted that the Sydney Olympic Games had an overall positive economic effect. It has been analyzed that if the games did not take place, the national GDP would not have carried out the increase of 0.25% (Humphreys & Prokopowicz, 2007). This said, an interesting fact to mention, is that the host city spent \$1.97 billion in local preparations (Matheson & Baade, 2003), although the direct gains of New South Wales were \$1.237 million, a low amount, nevertheless higher than the gains of Australia in total, which did not exceed \$1,200 million (Blake, 2005).

In accordance to Malfas et al. (2004), economic impacts of lesser importance to the country as a whole include the rise in housing prices of 7% above inflation, meaning an increase of 5% to the usual 2%, whereas at the same time 1997-1998, a total of 23% was the increase of prices in renting agreements. A positive outcome for the city of the 2000 Olympics was the received earnings on television rights, which reached US\$ 1.12 billion, the highest offer to that date.

In defiance of public money being used by the state and federal governments to state the games (Malfas et al., 2004), it can be assumed that Sydney was one of the successful projects in the history of Olympic Games.

		Gross Domestic Product	Real Household Consumption	Employment
		(\$95/96 million)	(\$95/96 million)	('000 annual jobs)
Pre-Games, 94/95-99/00	NSW	546	255	10.1
	Aust	564	200	11.1
Games year, 2000/01	NSW	1,237	255	24
	Aust	1,128	382	29.4
Post-Games, 01/02-05/06	NSW	291	273	3
	Aust	309	473	0.4

Table 4: Economic effects in accordance to Game-periods

Source: (Blake, 2005)

6.5 Games Legacy

The Sydney Olympic Park turned out a beautiful success story in regards of the sustainable movement, transformed completely into centers of commercial, residential and sporting utility. Until this day, there is recognition of the 2000 Summer Games as Sydney's Green Games (IOC, 2012). This fact has merely enhanced the Australian touristic brand and the overall positive perception of the country as environmentally friendly. Not unfairly Australia has won this title as almost 160 hectares of ruined land was restored and rebuilt to the present state of the urban parkland, a water recycling system was installed that saves yearly around 850,000,000 liters of consumable water and the list of projects related to environmental upgrades goes on (IOC, 2013c). Without a doubt, Sydney was able to demonstrate one of the major success examples of Olympic Legacies.

7 Athens 2004

7.1 The Bidding period

Second time to host the modern Olympics, Athens won the bid for the 2004 Summer Games to Buenos Aires (Argentina), Cape Town (South Africa), Rome (Italy) and Stockholm (Sweden) (IOC, 2013b). After obtaining the games in 1997, Greece had approximately 7 years of advance to the staging (Singh & Hu, 2008).

There were various concerns in regards to the ability of the country to actually being able to succeed in the preparation for the games. Firstly, after Finland in 1952, Athens was the capital of the smallest country to host the big event (Kasimati & Dawson, 2009). In addition, there was a fear of possible setbacks in the construction of necessary infrastructure, of terrorism incidents and the potential drawback of expensive rates for the provided hotel accommodation in the capital city (Singh & Hu, 2008).

For all the above mentioned concerns and main project of the Olympic Games, responsible was ATHOC (Athens Organizing Committee), which was created solemnly for the purpose of the Games and which planned and coordinated the entire process of hosting the event (Singh & Hu, 2008).

7.2 Infrastructure

The infrastructural projects undertaken solemnly for the purpose of the Olympic Games include the Athens Archeological Park, a renewal of the Panathinaikon Stadium, the Olympic Stadium, the Olympic Indoor Hall, the Athens Olympic Aquatic Centre, Velodrome and Tennis Centre (O.A.K.A., 2008).

Even though the Greek government was already in the process of constructing major developments such as transportation, telecommunications and other fundamental infrastructure, with the announcement of the games for the year 2004, these projects took a faster formation pace (Kasimati & Dawson, 2009). Examples of such plots were the new airport which opened in 2001, worth \$1.7 billion (Malfas et al., 2004) or the expansion of the Athens underground, to be able to carry 1,000,000 passengers a day (IOC, 2013c), worth \$820 million. Apart from the schemes that were in plan before the Games, the creation and renovation of sporting facilities as well as various necessary construction works had a cost of \$1 billion (Malfas et al., 2004).

Due to Greece never been responsible for such numerous development projects, during the period before the actual staging of the Olympics, the Greek press was releasing spiteful stories targeting the inability of the government to finish the infrastructural preparation on time. This had an influence on the international media as well, even though they tent to spread a good word of mouth (Kasimati & Dawson, 2009). Needless to say that all projects were done on time for the set dates and Greece was able to appear in a good light to the world.

7.3 Size

2000	2001	2002	2003	2004	2005	2006	2007
13,095,545	14,057,331	14,179,999	13,969,393	13,312,629	14,276,465	16,015,280	17,517,791

Table 5: Total Foreign arrivals at Frontiers

Source: (TourMIS data)

IOC (2013b) states that 201 National Olympic Committees, 10,625 athletes of whom 6,296 were men and 4,329 were women and 301 events took place between the 12th and 28th of August 2004.

In Greece as a whole, it can be seen from table 5 previously that the total number of visitors at the frontier had dropped during the years of 2003 and 2004, by around 6% since the year of 2002. The same drop in arrivals for the two years also happened in the city of Athens (Malfas et al., 2004). The origin of arrivals was mostly from European countries, covering usually more than 95% of total arrivals. American and Asiatic arrivals tend to be insignificant (TourMIS).

2000	2001	2002	2003	2004	2005	2006	2007
12,348,918	13,342,457	13,514,607	13,366,818	12,672,195	13,460,737	15,005,285	16,405,999

Table 6: Total European arrivals at Frontiers
Source: (TourMIS data)

2000	2001	2002	2003	2004	2005	2006	2007
746,627	714,874	665,392	602,575	640,434	815,728	1,009,995	1,111,792

Table 7: Total arrivals excluding European arrivals at Frontiers
Source: (TourMIS data)

The figures that are shown in table 6 and 7 are taken from the online platform TourMIS. They indicate that both European and all other arrivals during the low years 2002-2003 had a decrease. In addition, these numbers show a difference of 6.23% for the European inflow (2002 vs. 2004) and a 3.75% difference for all other arrivals (2002 vs. 2004). The information reported, tends to indicate that the reason of decline in arrivals in Greece comes mainly due to lower European arrivals (since they consist the biggest arrivals group). There can be many reasons for this obvious drop in arrivals, one of which might be the poor marketing strategies with the assumption that because of the Olympic Games, there is no requirement for further push promotions. In any case, the analysis of these indications is beyond the scope of this thesis.

7.4 Economic Impact

Originally, the budget for the operating expenses for 2004 was announced for the official amount of \$1.71 billion (Matheson & Baade, 2003). However, according to Kasimati and Dawson (2009), only the government financed 6 billion Euros, which

basically covered 83% of the total cost of the games. These numbers may have had an extensive reaction to the public and many studies were conducted to examine the impact that the games would eventually have on the economy of the country. The studies of Balfousia-Savva et al. (2001) and Papanikos (1999) seem to stand out as indicated by Blake (2005). By using macroeconomic multipliers, the values of the year 2000 reported a US\$ 10.2 billion impact for a period of ten years (2000-2010) and for a period of fourteen years (1998-2011) the values of 1999 showed an impact of US\$ 15.9 million. These numbers derived from Greece as an entire country and not only for the city of Athens. The impact on the unemployment in these studies varied from 300,400 to 444,000 additional jobs created (Blake, 2005).

Notable are the actual figures of unemployment for the economy of Greece. Under the effect of staging the Olympics a significant decrease in unemployment was reported. For the years between 1997 and 2005, approximately 688,000 jobs were allocated to citizens, which come around a 1.88% of annual increase in employment that according to Kasimati and Dawson (2009) has a greater economic effect of 5.5 billion Euros. In terms of GDP for the same period, the costs of creating the games were lower than the total cumulative economic impact. To be more precise, 18.2 billion Euros was the increase of GDP as opposed to the 7.2 billion Euros of cost (Kasimati & Dawson, 2009).

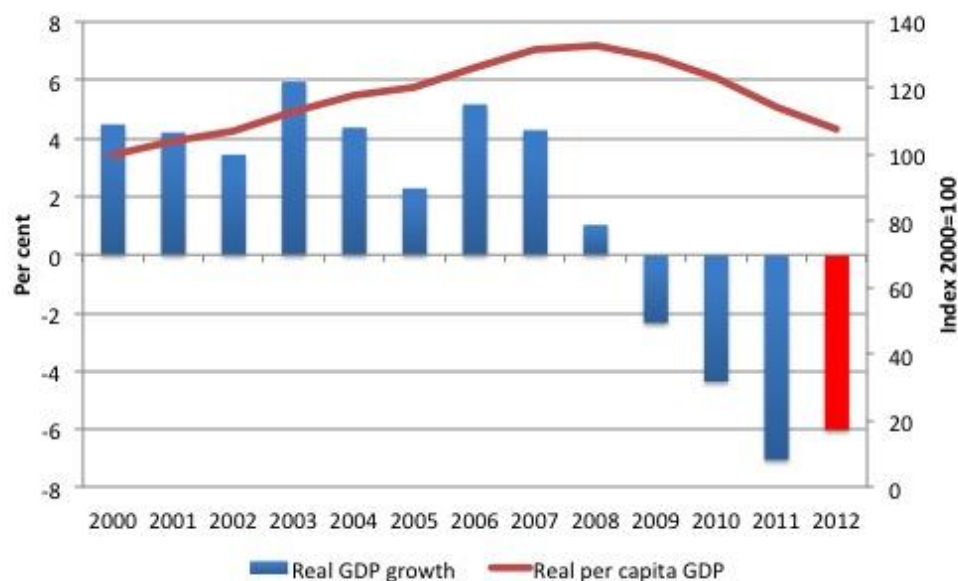


Figure 5: Athens GDP throughout the years
Source: (Mitchell, 2012)

For Greece as a whole, figure 5 above shows that after the year 2003 there was a decrease in GDP growth, which may have derived from the fact that infrastructure prior the Games increased the economic activity, which then followed a drop. It is also evident that after the year 2007 Greece was disastrously affected by the economic crisis.

It is of relevance to note that Greece, in the years 1973 to 1996 underwent 16% inflation increase and many forecasts showed a growth in GDP for the next six years to be 0.5%. It is probably correct to say that the GDP before the year 2001 could have been more, in the case of the games not taking place. Many reasons have led to this assumption, one particular is that the infrastructural development was lagging and unproductive time was passing by. Nevertheless, the GDP after the year 2001 (2002-2005) was showing greater rise by dint of the Olympics (Kasimati & Dawson, 2009).

As in all organized Olympic Games, many temporary businesses flourished before and during the event. What is interesting in the case of Athens is that most of them became permanent and continued to exist even after the end of the Games. Subject to businesses that were established was the work that took place for the expansion of the city's underground transportation costing approximately £820 million and expected to carry 150,000 passengers for the games. Although the construction company was a temporary establishment ruled by the government, after the project was over, 3,000 full-time employees were hired (Malfas et al., 2004).

Up to this point, all evidence tends to suggest that the Olympic Games of 2004 were a success to both as far as the extension of the games go and the impacts in monetary terms to the country. Additional illustrations display the figures of 3 billion Euros to have been spent on solemnly construction of sporting facilities, 4.2 billion Euros spent on transportation, 1.2 billion on communication channels and an impressive 1.1 billion Euros on issuing the security streams. Other infrastructural projects such as regional reformulations yielded a considerable amount of 0.7 billion Euros (Kasimati & Dawson, 2009). The games of Athens 2004 raised great interest to the public not only because there was high doubt for the successful completion of the event, but foremost because the Olympic Games were returning to the country

of its origin. The television rights alone brought to the event a revenue of US\$1.7 billion for the short period of time just before and during the Games (Malfas et al., 2004).

What has come to pass, most probably due to the current economic crisis that has hit Greece, the perception of the economic impact of the Games has changed from positive to negative, with the political parties attributing various costs to the preparation of the Games. No concrete governmental study has been released to indicate the verified costs, but estimations vary from 6 billion Euros to a surprising amount of 27 billion Euros (Smith, 2012).

7.5 Games Legacy

Comparing to other cities, Athens was not able to make an impression on the attempts to create a valued legacy. However, an environmental endeavor resulted in thousands of trees and bushes being planted in many regions around Athens, some waterfront areas were cleaned and forwarded to preservation, while a social improvement led to the construction of wheelchair accessible buildings. The Olympic sites after the Games were used as entertainment centers, offices and a university campus (IOC, 2013c). Unfortunately, as can be seen from the current state of the Olympic site, many facilities are kept unused (Kaspar, 2014).

8 Beijing 2008

8.1 The Bidding period

2008 was the first time Beijing won the bid and the second time placed for candidate. Last time the city had applied was for the 2000 Summer Olympics but obviously Sydney was the one to host them. In the late bid, the capital was among the choices of Istanbul (Turkey), Osaka (Japan), Paris (France) and Toronto (Canada) (IOC, 2013).

There were various concerns that addressed the Olympics in Beijing; one of them was the exceeding air pollution, especially due to the fact that the motor vehicle

population would overcome 2 million by the time of the games and during the event, it was foreseen to reach 3.5 million (Hao & Wang, 2005).

8.2 Infrastructure

As a result of the Olympic Games taking place in Beijing, there were projects of infrastructural nature that needed to be built. To be more precise, they were namely the Bird's Nest, the Ice Cube, the Baseball Stadium, the Beach-Volleyball Court and various venues for kayaking, cycling, rowing and BMX (Byrnes, 2012).

The Bird's Nest for example was built for 91,000 available seats (The Guardian, 2009) and had the cost of \$ 471 million (IOC, 2013c). After the Olympics there are not enough events taking place (The Guardian, 2009) and it is estimated that to pay back its investment, the stadium will need approximately 30 years, whereas the Ice Cube has not stopped generating expenses, with a loss of \$1 million in 2011 (Byrnes, 2012). Apart from the main construction work, partial funding was forwarded into the enlargement of the Capital Airport of Beijing to a capacity of 24 million additional passengers. Furthermore, transportation expansion projected the creation of three underground lines, a high speed railway, a ring road and express road from the airport to the city center. All in all, the transportation by public means was extended by 4.5 million riders (IOC, 2013c). In regards to the accommodation sector, it was reported that the city had sufficient hotel and hotel rooms. The only addition that was done due to the Games was the construction of 28,464 rooms of different hotel types. It was planned to have 96,315 hotel rooms in total before the beginning of the year 2008 (Ong, 2004).

8.3 Size

The magnitude of the Beijing games consisted of 204 National Olympic Committees, 302 events and 10,942 athletes with 6,305 men and 4,637 women. The biggest sports show in terms of participants to date. The Games lasted from the 8th until the 24th of August 2008 (IOC, 2013b).

According to Hao and Wang (2005), for the years 1999 to 2025 in China, there has been forecasted a significant increase of citizens and as can be observed from table 8 below, the number of tourists inflow by 2020 will reach 137.1 million with the

biggest market share. Events like the Olympic Games will slowly attract this number of tourists to visit China and the main objective of the organizing committee would be completed.

Rank	Country/region	International tourist arrivals (1,000)	Market share (%)	1995-2020 growth (%)
1	China	137,100	8.6	8.0
2	USA	102,400	6.4	3.5
3	France	93,300	5.8	1.8
4	Spain	71,000	4.4	2.4
5	Hong Kong	59,300	3.7	7.3
6	Italy	52,900	3.3	2.2
7	UK	52,800	3.3	3.0
8	Mexico	48,900	3.1	3.6
9	Russian Fed	47,100	2.9	6.7
10	Czech	44,400	2.7	4.0
	Total	708,800	44.2	

Table 8: Forecasts of arrivals for the year 2020

Source: (Zhang et al., 2000)

As can be observed from table 9, the international and domestic arrivals had been steadily increasing from the period 2003 until the end of 2007. The predictions of arrivals during the event, in relevance to the information provided by previous cases, was that of 1.1 million domestic visitors and 500,000 international tourists before the actual Games, an amount that did not represent the actual numbers (The Guardian, 2008b), for various reasons. The main reason was due to increased security measures and visa restrictions in entering the country, as the priority of the government was to deliver highly secure facilities (Branigan, 2008). Another reason was the high fees in obtaining the visas which led many international tourists to get packages offered by tour operators (The Guardian, 2008a), which consequently would reduce the revenues for Beijing. Airlines were facing the same type of problem. Due to increased security fees, the airplane ticket's prices rose and people chose to travel mostly through the help of agencies and operators (Branigan, 2008).

	2003	2004	2005	2006	2007
International	18,510,000	31,550,000	36,290,000	39,030,000	43,550,000
Domestic	87,000,000	119,500,000	125,000,000	132,000,000	142,800,000
Total	105,510,000	151,050,000	161,290,000	171,030,000	186,350,000

Table 9: Arrivals to China

Source: (BMBS, 2008)

In the beginning of 2008, many sources from the hospitality industry stated that the arrivals did not reach the expected figures. In fact, most four and five star hotels were operating at very low occupancy up to the actual date of the event. It was estimated that the largest hotels were at 50 to 70% occupancy rates whereas smaller and less known brands were unable to reach more than 60% occupancy for the first half of 2008. This being the result of foreigner arrivals, domestic tourism to Beijing was higher, due to, as many believed, the earthquake in Sichuan that discouraged people to travel to that area and the capital was a selected alternative (Branigan, 2008).

	2008	2009	2010	2011	2012
Total	3,970,000	4,125,000	4,901,000	5,204,000	5,009,000
International	3,357,000	3,429,000	4,216,000	4,474,000	4,344,000

Table 10: Tourist arrivals to Beijing

Source: (BMCTD, 2013)

Nevertheless, as can be seen from table 10 above, the total number of arrivals in Beijing had a significant increase through the duration of the whole year of 2008, while the figures tend to increase steadily until 2012. An interesting point to mention is that the tourism activity in the capital is more than 86% affected by the foreigner arrivals (BMCTD, 2013).

8.4 Economic Impact

According to Hao & Wang (2005), there has been a growth in GDP of around 7-10% since the year 1996 (this can be also seen from figure 5 of the next page). Therefore, the Chinese government assessed the hosting of Olympics possible and China, being such a big country, had sufficient capital to deal with Olympics costs. To be more exact, the construction of the necessary venues and transport infrastructure had increased the revenues generated by taxation by 20-30% every year leading to the event from 2002 to 2007, while at the same time, the increase of GDP was evaluated to 2%. All these revenues were not directly spent for the solemn purpose of the Games. In fact, according to Riche (2011), 75% of spending was used for infrastructure triggered by the event that had an effect on long term local benefits.

An example of planned venues' use is the dedication of some of the Olympic Village's facilities to universities such as the China Agricultural University and the Beijing Science and Technology University (Riche, 2011).

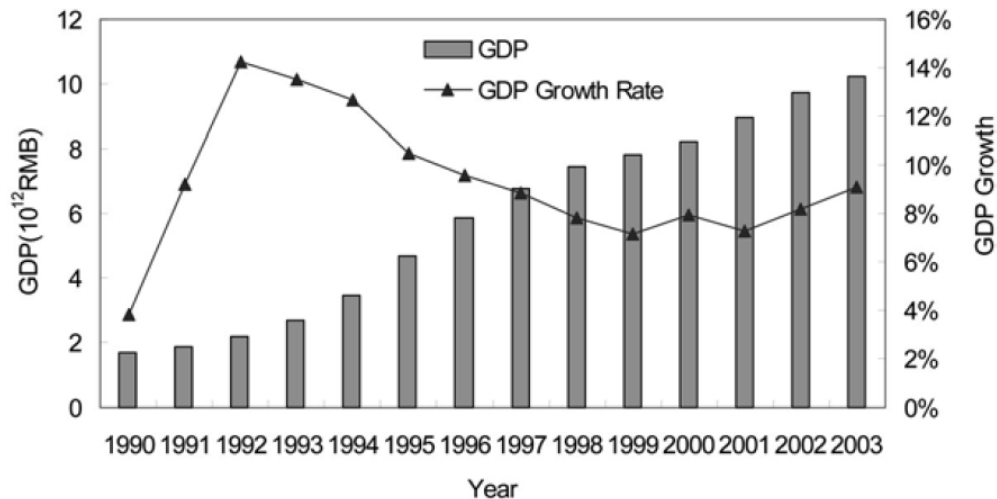


Figure 5: GDP growth in Beijing
Source: (Hao & Wang, 2005)

The Beijing Olympic Committee had originally budgeted a \$1.625 billion of costs, not including the infrastructural upgrades and refurbishments (Matheson & Baade, 2003). For the preparation of the Games there are numerous sources that suggest variations of £20 billion cost, the Olympic stadium is said to be worth either £250 million (The Guardian, 2008b), or £309 million (The Guardian 2009), the government does not release a specific figure, though what can be said without a doubt is that the maintenance of the Bird's Nest continues to require governmental funding. According to the newspaper "The Guardian" (2009), the local football club was not able to rent the stadium due to its expensive price and the maintenance costs that reach 60 million Yuan yearly (approximately £6 million).

Apart from the already mentioned figures, according to another source (Ong, 2004), in 2003, when the Olympic venues had started construction plans, the estimation of costs suggested the figure of US\$ 1.39 billion, US\$ 1.14 billion belonging to the costs of building completely new facilities and the amount of US\$ 0.25 billion going to renovations and refurbishing of old infrastructure. Before even the start-up of the main Olympic projects, after the protection regulations of 2002, almost US\$40 million were spent on reconstruction of cultural heritage. An interesting fact is that

the organizing committee spent an amount of US\$ 60 million on promotional strategies and advertising campaigns in the period leading to the Games. The figure spent on marketing during and after the Games is unknown.

	2003	2004	2005	2006	2007
International in \$ bn	1.9	31.7	3.62	4.026	4.5
Domestic in Yuan m	70.6	114.5	130	148.27	175.36

Table 11: Annual receipts from tourists in Beijing

Source: (BMBS, 2008)

The organizers of the Games were estimating that tourist expenditures during the event would generate a total of 116 billion Yuan, or £8 billion. The actual results probably did not reach these predictions. The reasons for this were explained in detail in the previous chapter 8.3 *Size*, the simple explanation is that the number of tourists expected to travel to Beijing due to the Olympic Games was not insufficient. This led the hotels to reduce their overnight prices to attract more customers. Therefore, hospitality managers had to reduce their rates to 20% or more (The Guardian, 2008b). The numbers of tourists picked up after the games and the security restrictions returned to their regular pace and the tourist expenditures also returned their usual pace, seen in table 11.

Figure 6 illustrates that China as a whole was not particularly affected by the staging of the Olympics. To be more precise, the growth rate after 2008 has decreased for the national gross domestic product by 4.6% in the first year and slightly increased by 2010 a percentage of approximately 1% since the Games.

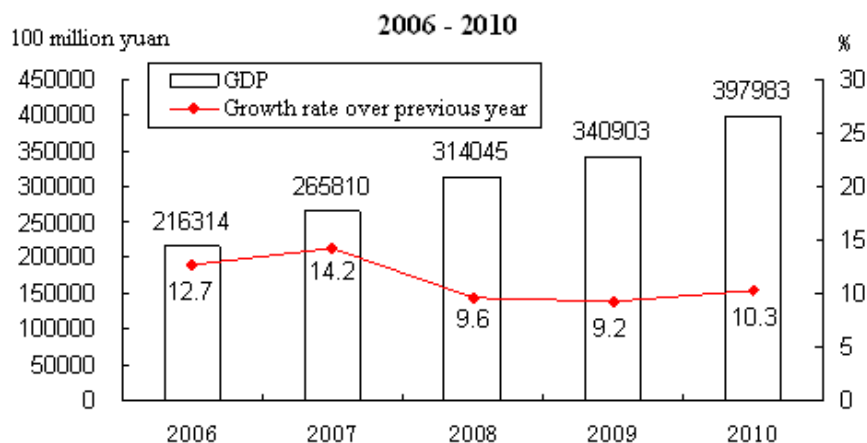


Figure 6: Growth rate of Chinese GDP

Source: (NBSC, 2011)

In regards to the prices in the consumer market of China (figure 7 below), there is an evident decrease of 6.6% after the Games. Although it can be assumed that the drop happened because of the event, if taking into consideration a previous note that China is a very big country and the economic effects of the Games are probably absorbed in the whole national economy, that is most probably not true, leading to the question whether the Games had any significant economic effect at all.

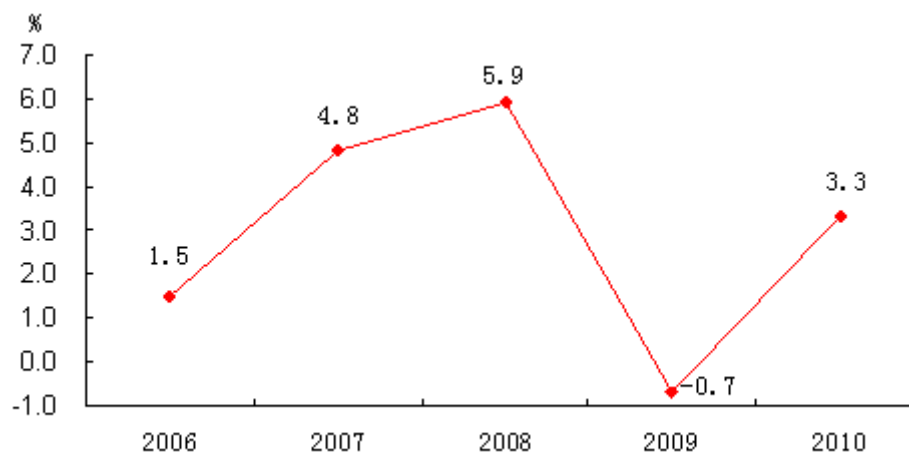


Figure 7: Change in Chinese consumer prices from 2006-2010
Source: (NBSC, 2011)

8.5 Games Legacy

The efforts of Beijing to implement its Legacy had various perspectives, most of which targeted the social well-being. For example, the encouragement of joining the volunteering movement turned out to be a success. 1,125,799 locals applied to become volunteers and most of them remained after the end of the Games. In addition, the educational program to familiarize children with the Olympic values engaged 400,000 schools all over China. On the scope of public health and comfort, 200,000 food inspectors were hired to ensure food cleanliness; projects focusing on the comfort of disabled people took place, including the construction of numerous wheelchair ramps in the city of Beijing, as well as adaptation of crossing lines to the standards of vision-impaired citizens (IOC, 2013c).

Other important projects that took place relate to the improvement of air quality, which, as was mentioned previously, was an issue for the Olympics Committee. 140 billion Yuan was invested for this project only. On the infrastructural side, many

venues were redeveloped to meet the needs for sporting and event facilities, centers, etc, while six of the venues were used as university campuses. Finally, there was big effort put into the preservation of heritage sites, which would not have taken place if the Games did not come through (IO, 2013c).

9 London 2012

9.1 The Bidding period

Third time to bid for the games and won 100% in the past 100 years. For the 2012 Summer Games, London was competing against Paris (France), Madrid (Spain), Moscow (Russia) and New York (USA) (IOC, 2013b). An impressive statement by the London event organizers was to implement a policy of sustainable development in social and infrastructural terms. “No white elephants” were to be created in the city. It was a priority to establish long term value after the Games (Blake, 2005).

9.2 Infrastructure

As London had a specific strategy for the implementation of the infrastructure development of Olympic Games, all projects should have had a sustainable long term value (Blake, 2005); which can be considered a success. The projects that still needed to be built to meet the expected tourist arrivals included the Olympic Park with the main expense being the Wembley stadium.

The estimations for the construction of the Wembley stadium and the underground transportation that would lead up to its station reached the amount of \$ 650 million. Included in the stated amount would be other infrastructural advances and new roads for the area hosting the event (Matheson and Baade, 2003). Having said that, debts were already foreseen to be induced, regardless of the successfully planned finances, as the funds being raised were mostly loans (Blake, 2005).

After the assessment of the Games, what appears to be true is that GBP 6.5 billion were spent on transportation to and in London in preparation for the event. Furthermore, transport constructions include 10 railway lines as well as 30 new bridges near the Olympic area, while GBP 10 million was invested to improve the

sidewalks and bicycle trails in the region of London. The plantation of 300,000 plants is also a significant implementation in infrastructure, although many would argue the fact. 1,000 trees were placed outside the city center while the Olympic Park was the main target (IOC, 2013c).

9.3 Size

With the duration of 16 days starting the 17th of July and finished on the 12th of August 2012, the summer games in London accommodated 204 National Olympic Committees, 302 events, 10,568 athletes with 5,892 being men and 4,675 being women (IOC, 2013b).

	2007	2008	2009	2010	2011	2012
Foreign	15,339,771	14,752,994	14,211,298	14,705,542	15,289,493	15,460,865
Domestic	10,144,000	11,315,000	10,795,000	11,373,000	11,093,000	12,152,000
Total	25,483,771	26,067,994	25,006,298	26,078,542	26,382,493	27,612,865

Table 12: Foreign and Domestic arrivals to London city
Source: (TourMIS data, 2014)

As can be seen from the table 12 above, the arrivals of tourists to London is a growing number reaching more than 27.6 million total arrivals in the year of the Olympic Games. It is estimated that almost 45% were coming from the United Kingdom, whereas 15.46 million arrivals were international tourists. It can be assumed that the Games affected the growth of arrivals in London, since the figure rose from 2011 by almost 5%. Nevertheless, the growth rate was observable in the previous years as well, leading to the conclusion that of this 5% growth, Olympics were only partially accountable.

If the year of 2012 is taken into consideration as a whole, then 16.5 million visitors were registered into free event entrances, while 19.5 million visitors had attended the 12-week London 2012 Festival, generating a great amount of people and additional expenses that very assigned to the general benefits from the year of Olympics. Moreover, by the year of 2015, another 4 million arrivals are expected due to the event (IOC, 2013c).

For the years after 2012, there is no trustworthy data that has been released, although passenger numbers at Heathrow airport (Heathrow, 2014) and the London Capital Airport (LCA, 2014) indicate a rise in the number of passengers for 2013 and a drop of passengers for the first four months of 2014. In fact, 2013 is said to be the “busiest year” ever recorded. It can only be assumed that the Games had an influence on these results, due to the fact that London had been on the list of the most traveled destinations in the world for a very long time (Kyte, 2012).

9.4 Economic Impact

As forecasted by Blake (2005), the change in net GDP of the UK as a whole in regards to the Olympic Games would be £1.9 billion. Before the event of the year 2012, a benefit of £248 million was predicted, during the games, a GDP of £1,067 million would be acquired and after 2012, a smaller impact of £622 million was to be concluded. Obviously, the greater impact is expected to occur during 2012 and in the capital city. Forecasts for London showed £925 million additional GDP in 2012 and a total of £4,975 million before and after the staging of the games. There are numerous reasons behind the expressively higher impact that is observed on London. Firstly, there was expectancy of workers moving to the capital in hopes of employment, therefore, there was high expectancy of wages rising in response. Moreover, there was evidence appointing citizens of the UK visiting the capital as tourist of the Olympic sights, as well as the allocation of the Lottery funds in monetary terms to the city central bank. Other less essential reasons were the short term movement of migrants and the shift of international and local tourist (Blake, 2005).

On the other hand, as outgoing tourism is a very important aspect of taxation deriving from currency exchanges, the impact for the period of the games may vary considerably. If the price of the Pound would increase, the goods that are imported from neighbor countries would become to some extend less pricey and the economy could face standout opportunities (Blake, 2005). It is probably true to say that as GDP and the society’s welfare do not equal, London experienced a lot larger benefits from the games than the United Kingdom as a whole and most of retained earnings remained in the capital, a better outcome than to observe the outflow of the

receipts to international companies, such as in the case of other Olympic Games (when creation of hotels means the return on foreign investment) (Kaspar, 2014).

	UK		London	
	£million or no. of jobs	%	£million or no. of jobs	%
Change in welfare (equivalent variation)	736	0.004	4,003	0.193
Discounted value of all future GDP	1,559	0.006	5,647	0.135
GDP 2005-2011	248	0.002	3,362	0.147
GDP 2012	1,067	0.066	925	0.258
GDP 2013-2016	622	0.009	1,613	0.106
Total GDP change 2005-2016	1,936	0.010	5,900	0.143
FTE Jobs 2005-2011	2,955	0.002	25,824	0.104
FTE Jobs 2012	3,261	0.015	3,724	0.105
FTE Jobs 2013-2016	1,948	0.002	9,327	0.066
FTE Jobs Total	8,164	0.002	38,875	0.092

Table 13: Economic figures prior and after the Games 2012
Source: (Blake, 2005)

As can be seen from the table 13 above, the main impacts on GDP are shown in 2012. These figures are just predictions, nevertheless they had a probability of 84.4% in the fundamental results. The forecasted increase in the gross domestic product through the years 2005 to 2016 was £1,936 million, whereas in 2012 only, there shows an increase of £1,067 million. The period after the games, 2013-2016, has estimated increase of £622 million, although this depends largely on the effect of the Games' Legacy which tends to vary in regards to different countries. As opposed to the employment forecasts, in the period before the event, there are 8,164 added fulltime jobs, comparing to the after event period that most probably will generate 1,948 additional fulltime employees until 2016. During the Olympics, 3,261 employees were estimated to be taken on fulltime duties which show the great potential that the 2012 Olympics had for the country (Blake, 2005).

Actual results after the Games report a decrease in 1.2% of unemployment rates during the beginning of 2012. Only for the construction and maintenance of the Olympic Park 45,000 employees were hired, of which 10% were previously in the unemployment sector. What is more, according to the figures provided by the IOC (2013c), there is an additional amount of 2.7 billion in Pounds that will follow after the staging of the Games due to international arrivals, which basically means a yearly economic increase of approximately GBP 1.4 billion. Following the statements

of many that 2012 was the best year for tourism after the year 2008, meaning before the outburst of the economic crisis in Europe, especially due to the increase of 9% in tourist expenditure.

The table 14 below illustrates the total spending by domestic and foreign visitors to London. It can be seen that the year before the Games, 2011, the foreign expenditures overcome the domestic by £7 billion, so by taking into consideration that the domestic and international arrivals are divided (45-55%) almost equally in half, international tourists are more profitable for the city than locals. It can be concluded that due to the fact that the Olympics triggered more international arrivals, the city will be benefited with more revenue in the years following the Games. As reported by ONS (2013), the overall spending in 2012 was £10,075 million, while for 2013, due to the fact that arrivals increased further reaching almost 16.8 billion, while as mentioned in the previous chapter, total expenditures saw a rise as well. In fact, total expenditures by visitors in 2013 were £11,256 million.

Spend (£bn)	2007	2008	2009	2010	2011
Domestic	2,2	2,4	2,2	2,5	2,4
Overseas	8,2	8,1	8,3	8,7	9,4
TOTAL SPEND	10,4	10,5	10,5	11,2	11,8

Table 14: Total Spending in London from visitors
Source: (London™ & partners, 2011)

9.5 Games Legacy

To sustain its Olympic Legacy, London went to great extents. No other city undertook such extreme measures to enlarge the Legacy of its Games. Firstly, 75% of all earnings, directed from the event, were used for the redevelopment of the Olympic site into housing and schooling premises, hospitals, venues of sporting and business areas, as well as other centers. With the additional governmental funding of £300 million, the region was named “Queen Elizabeth Olympic Park” (IOC, 2013c).

Secondly, the Olympic Village was re-constructed into five neighborhoods with 2,800 contemporary apartments able to accommodate 11,000 residents. Moreover, in the duration of five years after the Games, 6,000 new sporting clubs will be positioned all around the country with 12,000 schools being part of the “Join In Trust” project which will also encourage citizens to participate in sporting events and volunteer for the support of the Legacy (IOC, 2013c). The IOC (2013c) has reported many more social programs that were taking place in order to prolong the Olympic Legacy, such as the efforts to include more women in construction related jobs (266 women were working for the construction of the Olympic Park), it is therefore evident that the efforts of the UK were not spent in vain.

10 Look into the future

For the next Summer Olympic Games 2016 in Rio, Brazil, what can be surely said is that the attention from the media and the academic world is going to be massive. Past events have shown that the interest only grows and if taking into perspective the last Winter Games in Sochi, there tends to develop a high competitiveness to host the games in a larger scale than the one previously. Sochi 2014 turned out to be the largest in scale event not only for the Winter, but also for the Summer Games (Kaspar, 2014).

	Sydney	Athens	Beijing	London
Athletics final	n/a	£25-£255	£5.80-£98	£50-£725
Opening ceremony	£130-£990	£43-£820	£19.50-£490	£20.12-£2,012
Currency conversions made using rates on 5/1/2011				

Table 15: Ticket prices of Summer Games

Source: (Collinson, 2011)

And while the costs of preparations increase so do the prices of the tickets for the ceremonies and competitions. As can be seen from the table 15 above, the last Summer Games although relatively cheap to build were priced at the highest rates possible. The 2008 Games appears to have cheap prices, but what should not be forgotten is the fact that the Chinese economy has lower average incomes (Collinson, 2011). Therefore, the rise in the ticket prices shall be expected in the Games to come and figures of 2,000 Pounds and higher should not come as a surprise.

Going back to the formation phase, a great advantage for the hosting cities is the attempts of the International Olympic Committee to make the process more stable and untroubled for the hosting cities. Case studies of all previous games are available on an online platform to the interested countries. The name of the platform is Olympic Games Knowledge Management and the information that is provided really concentrates on the technical and implementation phase, so that problems that had an appearance in the past will not happen again in the future. Moreover, this is a great way for the cities to design their processes in a context that applies to what the spectators expect to see (IOC, 2013c).

11 Conclusion

An interesting view stated by Kasimati and Dawson (2009) refers to the possibility that the effect of the Olympic Games is relied almost completely on the scale of the economy, as well as the status of evolvement in a country. A shared opinion with Gratton et al. (2006), elaborates on the difficulty and to some extent false statement that the effects of the Games can be presented as a simple difference of the received revenues from the event and the costs associated with it. The final impact is assessed through the social, political, ecological, infrastructural and sporting outcomes. This thesis, while concentrating on the economical impacts only analyzed various aspects, infrastructural included, in hopes that the reader will be able to draw a bigger picture.

As quoted by O'Brien (2006, p. 258) "the event itself is not the intervention, but rather represents a temporally limited set of opportunities to foster and nurture longer-term outcomes". There is a clear reason why so many countries are prone to host the Games. It is a great opportunity primarily in marketing terms. On the other hand, many countries were not able to sustain the longer term benefits. What is considered to be an Olympic Legacy has different effects. If compare the case studies of this thesis, it can be said that the most successful recent events were Sydney and London. Australia was able to create a national brand that attracts not only tourists, but also businesses and investors to this date, while UK was able to bring a change that does not affect the local population in a negative manner and brings improvements that are well managed in the local and national communities.

Clearly, as Teigland (1999) also stated, host cities of mega-events in general must be able to create forecasts that will result in realistic outcomes. As can be seen from the case studies, when overestimations occur, it is very difficult to match the needs and long-term economical benefits of the cities and on a larger scale of the countries. Legacies very much depend on the original plan and budget. Countries that refuse to accept this logic and present inaccurate bids for the sole purpose of making the country known, will stumble upon failure in the long-term. Beijing is an example where a lot of costs occurred and even though due to China being so big they did not reflect on the economy as a whole, the Olympic stadiums lay unused in the territory of the city (The Guardian, 2009). One may think that this amount of money may have had a better use for the local population.

The IOC has been repeatedly accused of not being objective during the selection proceedings (Kaspar, 2014). This is understandable on one hand due to the fact that in the past years, many cities that belong to undeveloped countries are rejected. What is not mentioned in the media is that economically weak countries while creating an image that becomes popular to the world public would potentially face big problems on the period after the Games. It can be said that the Olympics are the most expensive mega-event existing today and a lot of the money that is invested in them could be possibly used in more important national issues. Every country can stage them, but not all of them can face the consequences. For example, London hosted the Games for a third time and therefore did not have to invest a lot of capital in the necessary infrastructure, but rather used the investment to benefit the society as a whole, raise sportive awareness and support the national spirit.

In the end, every Olympic event is different and should not be compared in the mass. Another issue that should be a concern to all interested cities is the reasons behind the bid. If the reasons and the forecasts are objective and show a clear overall picture of the cities, then the projects should be undertaken. If not, falsified results that aim to please the committee, but do not reflect the reality should be carefully assessed, because Olympic Games tend to be either a great success or a great disaster. Nevertheless, while analyzing each case study in the future the assumptions and evaluations should be provided separately.

12 Limitations

There were various limitations on the process of writing this thesis. Firstly, due to the fact that all the case studies provided in this thesis were very different in nature (more specifically, the countries of staging varied on the aspects of size, continent, economic prosperity, submitted budget to the IOC, ceremony success, Legacy after-effect, faced problems and complications, as well as the promotional efforts etc.), it makes it impossible to provide the same consistency in the information. This thesis' case studies are all unique and provide an individual approach of analysis.

Secondly, the research for the case study of Beijing was particularly complicated since most academic sources were found were not in English language, but rather Chinese. This is the reason why a lot of information for this case was relied on newspaper articles.

Another factor of limitation is the different indications of currency. Due to the fact that the Games took place in not only different countries, but also continents, there is not one consistent currency throughout the study. All monetary figures are indicated in the form that were found in the secondary information sources and therefore represent the values of those years.

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