D1.1.5 THE ECONOMIC IMPACT OF OLYMPIC TOURISM: WHEN, WHO AND HOW MUCH?

No Olympics could do without exact measuring. In the 100 m sprint race, milliseconds separate winners from losers, but when it comes to measuring the economic benefits of Olympic tourism, figures vary by several billion dollars. How can we get a grip on the economic impact of the Olympics on the tourism industry?

VISITORS PROVIDE DIRECT BENEFITS

Visitors create the single most important economic benefit to Olympic host cities. Unlike investments for infrastructure, however, tourism expenditure is not recorded or controlled centrally. This makes it difficult to assess its contribution to the economy of the host city. In 2002, a Canadian consulting company predicted an economic impact of tourism for the 2010 Games in Vancouver of between CAD 0.92 billion and 3.15 billion *(Intervistas 2002)*. This is a range of more than $2 billion!

A better understanding of the economic contribution of Olympic tourism needs to find answers to three questions: When, who and how much?

WHEN DO OLYMPIC TOURISTS COME?



Figure 1: Inbound tourism during the different stages of the Olympics

1. Pre-Olympic tourism – is typically dominated by visits associated directly with the preparation of the event: coordination meetings of companies with the local organizing committee and other clients, test events for athletes as well as preparation trips of tourist agencies fall under this category.

> *Did you know?*
>
> *Calculations for the Atlanta 1996 Olympics resulted in approximately 70,000 visitor days associated with pre-Olympic tourism alone* (Preuss 2004: 58).

2. Event-time tourism – comprises athletes, officials, media representatives, spectators and volunteers that are all involved in the successful staging and viewing of the Games.

3. Post-Olympic tourism – is created from two important sources: Games-prompted private leisure tourism and so-called MICE (meetings, incentives, conventions, events) tourism.

WHO IS AN OLYMPIC TOURIST?

In determining the economic impact of tourism, we need to understand the behaviour of different visitors. Figure 2 can help us do so.

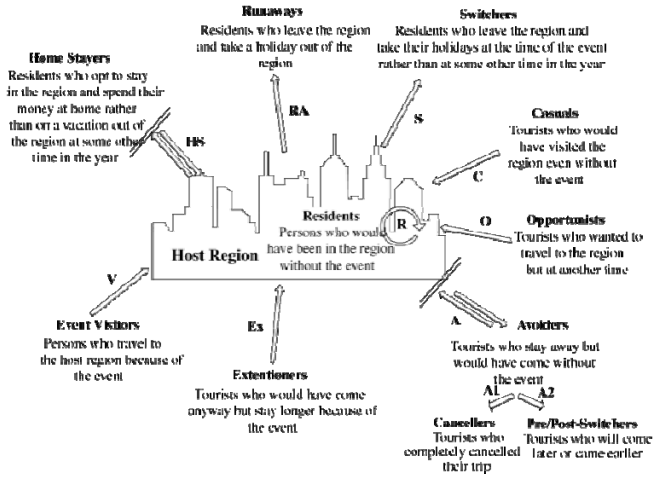


Figure 2: visitor groups to consider for Olympic tourism (adapted from Preuss 2004: 52)

Different visitor groups have different economic impacts on a cost community:

Positive economic impact: Extentioners (Ex), Event Visitors (V) and Home Stayers (HS) come to the region or stay longer, because they want to see the Games or experience the unique atmosphere of the Olympic spirit.

Negative economic impact: Runaways (RA) and Cancellers (A1) avoid the city – perhaps because of higher prices, perhaps because of all the hustle and bustle during the Games.

Uncertain economic impact: All other groups are only relevant if their consumption patterns change due to the Olympics. If the event induces those groups to spend more money than they would have otherwise, this will result in a positive economic impact.

HOW MUCH DOES AN OLYMPIC TOURIST SPEND?

The more visitors spend, the bigger the benefit for the host city. For Vancouver, forecasts estimate a daily expenditure of CAD $382 for international tourists and an average stay of 10 days *(Intervistas 2002)*. The biggest item on the tourists' bill is accommodation for CAD $182 per day, followed by expenditure for catering and retail, estimated at CAD $66 each.

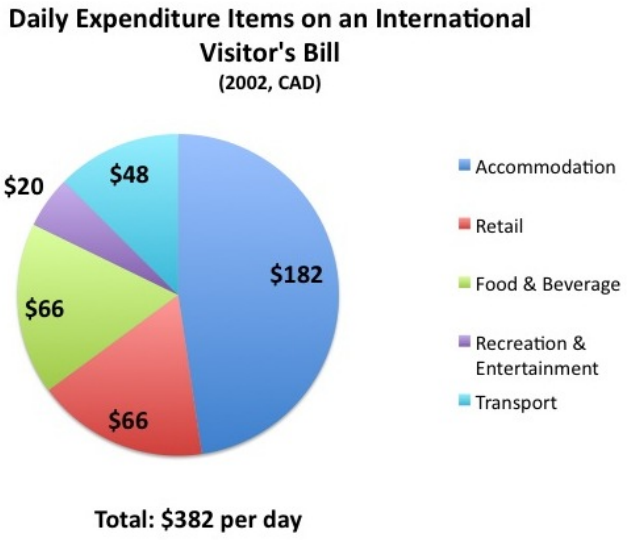


Figure 3: Predicted expenditure of an international visitor of the 2010 Winter Olympic Games (Intervistas 2002: 26)

START THE DISCUSSION

1. Consider the different kinds of Olympic tourism in Figure 1. Which, do you think, has the biggest total economic impact? Why?

2. Imagine you are in charge of drafting an Olympic tourism marketing strategy for Vancouver/London/Sochi/Rio de Janeiro. Which of the groups in Figure 2 would you primarily address? Why?

3. The mayor of Sochi, the host of the 2014 Winter Olympic Games, asks you to develop strategies to increase the economic impact of Olympic tourism. What do you propose?

FIND OUT MORE

Intervistas Consulting. 2002. **The economic impact of the 2010 Winter Olympic Games and Paralympic Games: an update.** Vancouver.

Preuss, H. 2004. **The economics of staging the Olympics: a comparison of the games, 1972-2008.** Cheltenham: Elgar.

Solberg, H. A., and H. Preuss. 2007. **Major sport events and long-term tourism impacts**. Journal of Sport Management 21(2):213-234.

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