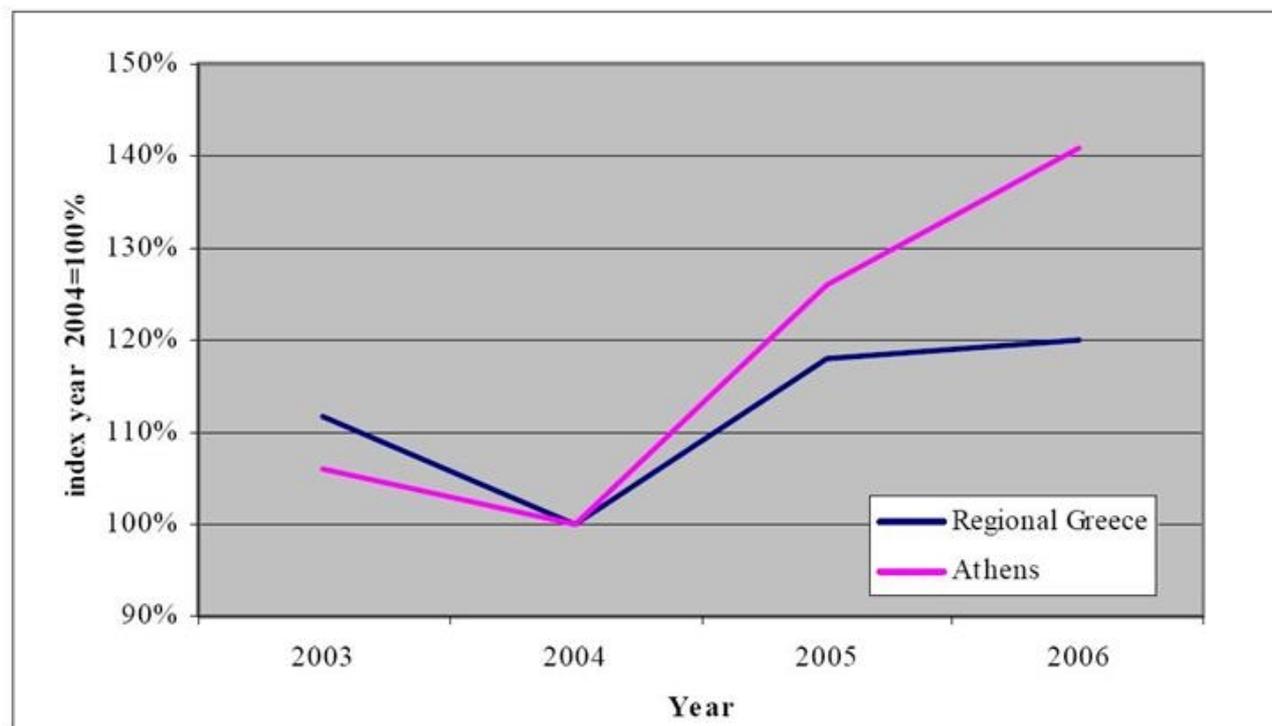


Olympics: Inbound Tourists Go Away and Stay Away

In 2008 the European Tour Operators Association (ETOA) published a report reinforcing their previous conclusions that hosting the Olympic Games typically stalls tourism growth. Nearly every Olympic city suffers a decline in demand after the hosting the Games. According to ETOA however, the latest data from Greece and Australia suggests that tourism to the host country is harmed even more than to the host city.



Visitor arrivals to Athens and Regional Greece

Sydney 2000

Not long after Sydney hosted the 2000 Olympics, it famously ran a tourism-targeted advertising campaign with the headline “Where the Bloody Hell Are You?” and Christopher Brown the Managing Director of Australia’s Tourism & Transport Forum, said: “We have set a new Olympic record. There are fewer tourists five years after the Games than before”. Following the 2000 Olympics, visitors to Australia declined for three years in a row, whilst tourism to the prime competitor destination, New Zealand continued to grow consistently.

This post Olympic blight was common to all the cities that hosted the Games since Seoul. Every Olympics displaces tourists. Olympic visitors do not behave like normal guests. Their presence is determined by their interest in sport. Thus, they do not come to sightsee, attend the theatre or recreate themselves on a beach. They come to attend a sporting event.

Athens 2004

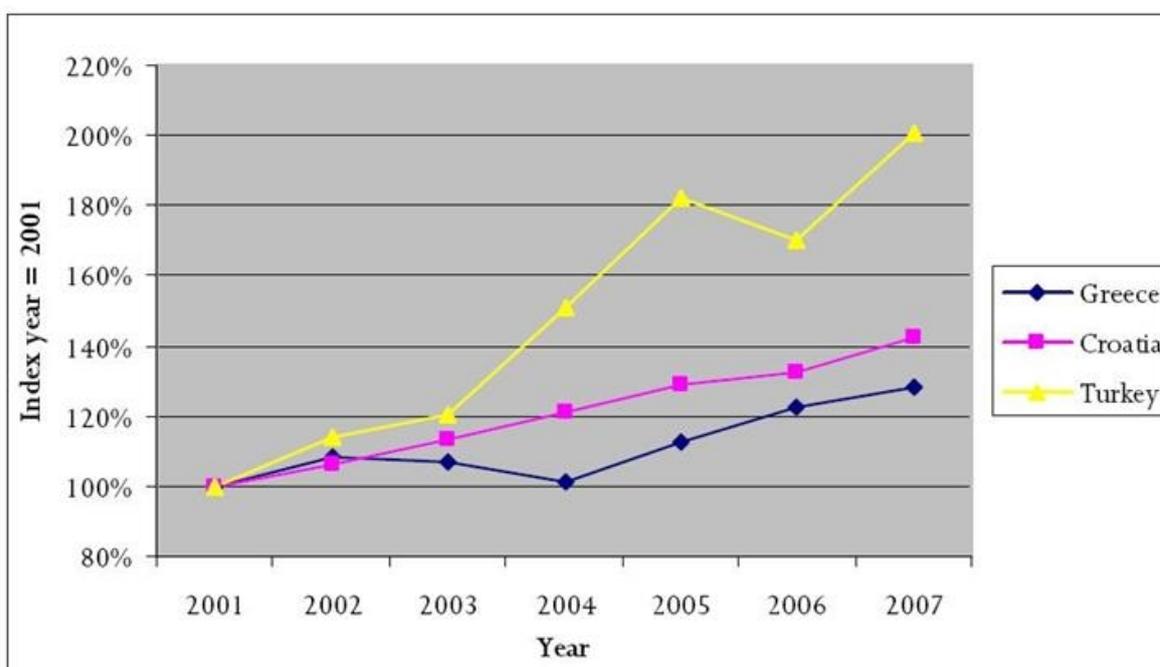
Unlike Sydney, Athens was the centre of a major continental tourism hub. It had a substantial hotel stock, albeit used heavily in August 2004 when the Games took place. The first capital city to host

the Games since Seoul, Athens invested heavily in new infrastructure for the Games: an airport, roads and public transport system were completed in time for 2004.

Athens chose - in contrast to Sydney - not to build any new hotel capacity. In the hotels used by the press and thousands of Olympic officials, occupancy naturally rose as did the average room rates. Switching "leisure travellers" with fully priced business and running at 100% capacity meant that Athens recorded a combined rate and occupancy surge of five times the normal figure.

Despite this extraordinary priming of demand, the occupancy levels in Greece for August as a whole went down. Not only occupancy faltered, but demand for Athens suffered throughout the year. Without even the boost provided by the early-August surge, regional Greece suffered even more than Athens, with areas like the Ionian Islands experiencing a 25% drop in visitor numbers.

The Olympics disrupted the normal pattern of demand.



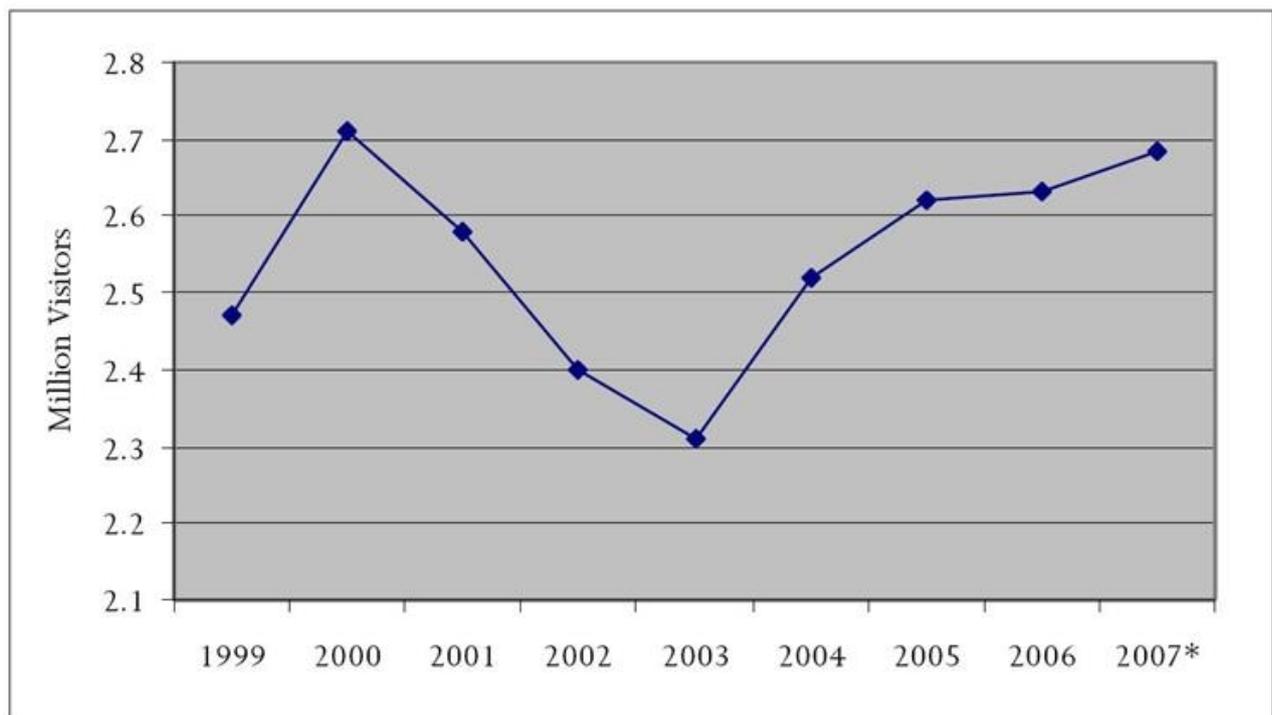
Visitor arrivals to Greece, Croatia and Turkey

But in Athens case the normal pattern was of robust interest. So whilst it suffered a decline, it has recovered quite promptly. In this it was aided by the extensive investment in underground systems, roads and airports that was associated with the 2004 games.

So Athens "bounced back" well from the Games, better than any of its immediate predecessors. But Greece, as a destination, has failed to keep pace with its leading competitors. The gradient of its growth has been significantly less than Turkey. But most of this comparative failure took place before the Games. The games themselves marked a nadir in demand, from which Greece has recovered to almost match Croatia's growth.

Overcrowded & Overpriced

If an Olympic city is not a major destination, then the Games will attract more than the usual levels of visitors during the Olympic year. Some cities build new hotel capacity to cope with the two to three week crescendo of demand. This capacity fills up in the Olympic year, only to lie empty, catering to an absence of demand.



International Arrivals in Sydney

Tom Jenkins, ETOA's Executive Director explains: "The principal problem is the impression that everything will be overcrowded and overpriced and this blights a region." Also, removing visitors from a country has a detrimental effect on subsequent demand. The most important motivator for visitors is word of mouth: this sales mechanism loses momentum as visitors are deterred. Their absence is a suppression of marketing. This failure far outweighs any gains derived from the television audience, an audience whose size and propensity to travel is exaggerated.

Tom Jenkins concluded by pointing out that what has been seen in city after city, over the past Olympics, are unrealistic expectations, which are ultimately met with real shortfalls in demand. There is a need on behalf of the sponsors to justify all the money spent on the Games - and they mistakenly reach for tourism as that justification. "Inbound tourists are not the 'pro quo' for all this 'quid'."

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