

Are the Games Boosting Economy? Not Always

Hosting the Olympic Games seems certain to boost the economy of any place in the world. After all, this is thought to be the main reason why most cities around the globe which apply for the right to host them, want to stage the event in the first place. However, financial success is not always guaranteed. Why?



Firstly, many locals are put off by the fact that prices tend to rise. This is usually the case everywhere as for example the price of beer can rise from 3 Euro to as much as 5 Euro for half a liter. The recent football Euro competition in Austria and Switzerland paid testimony to this particular example.

The problem is that not only locals believe this, yet some visitors also shy away from the higher prices. Similarly, the previous Olympic venues such as Barcelona and Sydney did not financially benefit from hosting the games as the usual tourists were deterred from coming for the same reasons.



According to a research of the European Tour Operators Association (ETOA) there is no strong link between hosting sporting events and increased tourism. "The television audiences regularly cited for such events as the Olympics are exaggerated. Attendees at the Games displace normal visitors and scare tourists away for some time. Both Sydney and Barcelona had "excellent" Olympic Games, but their tourism industries did not benefit," says the study.

The researchers add that there appears to be little evidence of any benefit to tourism of hosting an Olympic Games, and considerable evidence of damage. It is vital that the problems experienced by the host cities of past Games be acknowledged and addressed in order to avoid them reoccurring.



London for instance does not plan to fall to the same fate as Sydney when hosting the 2012 Games. The London authorities are aiming to boost the economy by an ambitious £2 billion (\$ 2,9 billion). They insist that this will be achieved not by overpricing, yet by reasonable pricing and shrewd business.

It has been stressed that it is extremely important to attract masses of normal people rather than a smaller amount of visitors willing to pay extraordinary prices for common services. The aim is to make the special Olympic buzz a firm positive rather than a negative.

How Much Are the Games? (in million USD)

Budget

Planned

Real

Result

Barcelona (1992)

938

940

balanced

Atlanta (1996)

1.000

1.700

profit 877 million

Sydney (2000)

960

4.100

profit 230 million

Athens (2004)

1.600

10.800

loss 4.000 million

Beijing (2008)

14.300

42.000

N/A

Source: IOC

Olympic Impact on Tourism

Benefits:

Costs:

Increase in room number
Impact on urban landscape
Creation of infrastructures and services
More buildings
Increase in prices
Inconvenience for citizens - road works and renovation works
Spending multiplication effect
Negative image from inadequate management
Job creation
Insufficient long-term productivity
Image
Management of sports structures
Increased recognition
Inconvenience for tourist flow
Improved professional qualifications
Contamination
Source: Turismotorino.org

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