The Legacy of the Olympic Games

Teaching Note

Legacy has played an important role in the evolution of the Olympic Games as they have exploded in size, scope, and cost over the past thirty years. The IOC’s specific focus on the concept of Legacy as seen in the IOC Charter, Rule 2, Article 14 states that the role of the IOC is “to promote a positive legacy from the Olympic Games to the host cities and host countries” (International Olympic Committee, 2007, p. 15). Thus cities that bid for, and subsequently host the Olympic Games need to consider the legacy, or long-term strategies before even submitting their bid document.

This case highlights the learning process of Emilie Baccus, a sport professional tasked with developing an Olympic bid for her city. She begins by searching for a definition of legacy and then is faced with the task of outlining the legacy plan for her given city while balancing the varied demands of the event stakeholders. The case is written with anonymity of the actual city that Emilie is based in so that the instructor can have some flexibility in adapting the case to a specific city, whether that be the city where the class is based, or one in which the class content focuses.

This case is designed to be used in courses covering sport tourism, stakeholder management, event management, or sport economics and finance. It allows students to complete a variety of analyses including, but not limited to:

- conceptualizing appropriate legacy goals for a community with specific stakeholders and stakeholder objectives,
analyzing the ability of the Olympics to meet the stated legacies for image, tourism, venues, and economic gains,

determining whether bidding for and staging the Olympics is the right decision for a local community,

developing action plans for generating promised legacies.

Legacy

There is no simple definition of legacy. Preuss’ (2007) conceptualization of legacy as a three-dimensional concept is perhaps the most useful tool in defining such a complicated construct. Preuss suggests that legacies can be planned or unplanned, positive or negative, and tangible or intangible although most pre-event studies focus only on the planned, positive, and tangible dimensions. To further complicate the understanding of legacy, it is of an undetermined duration which makes it nearly impossible to quantify (Preuss, 2007). Finally, as Preuss points out, the same legacy may be positive for one industry (e.g., tourism), may be negative for another (e.g., the environment). The same legacy maybe viewed positively or negatively, depending on who is making the assessment.

Despite legacy’s inclusion as a vital part of an Olympic bid, there is little incentive for the Organizing Committee of the Olympic Games (OCOG) to focus on generating legacy when the world press is busy critiquing the minutiae of the event organization. Although legacy is required as an important part of an Olympic bid, it is the local community that gains or loses from an Olympic legacy, not the event organizers – especially as the OCOG disbands once the event is over. This lack of vested interest on the part of the organizing committee often plays out
as a series of broad legacy claims with no accountability leading to a slew of broken promises which serve as fodder for Olympic critics.

The recent Olympic Games Global Impact (OGGI) project is the first step in creating some accountability for the promises made at bid time (International Olympic Committee, 2009). Although there are no repercussions for failed legacies, there is at least a twelve-year evaluation of consistent economic, social, and environmental variables that can help future event organizers be more realistic in their Olympic legacy expectations.

Possible discussion points for class on the concept of legacy include:

- Define legacy in a sport event context.
- If already planned projects were completed earlier than expected due to the Olympics, should they really be considered a legacy of the Olympic Games even though these projects would have eventually happened anyway?
- Who is responsible for ensuring that legacies come to fruition after the event?
- How is accountability for event legacies enacted? Or perhaps: Who is responsible for ensuring accountability regarding event legacies?

**Sport Tourism**

To stage the Olympic Games, a variety of stakeholders invest in a variety of projects: governments build roads, airports, and trains, OCOG’s find private investors to build sporting venues, private developers renovate or build new hotel facilities, and tourism groups work with television networks to generate spectacular images of the host city and nation. These tangible and intangible aspects of the Olympics create a framework that may inspire future tourism. Yet
the OCOG has no direct interest in, or responsibility to leverage the event to actualize new tourism.

There is an incredible amount of conflicting information on tourism associated with the Olympics. In some cases tourism increases after the Olympics, like in Seoul or Barcelona, but in others, like Sydney or Atlanta, the opposite effect occurs. In every case tourism figures are distorted due to crowding out, time switching, and event related effects. To further complicate the analysis, the Olympics are often staged in areas that are already common tourist destinations.

Research by Janson (2007) of every Summer Games between 1992 and 2004 (except Seoul) is useful to illustrate all of these problems. Janson concludes that Olympic hosts had average tourism growth rates that were 2.3% higher than the global rate in the four years before the Games and 2.2% higher in the years after the Games; a fairly benign result. The data presented by Janson could also be interpreted more ominously. For example, one could conclude that host nations were popular tourist destinations long before the Olympics, suffered tourism decreases during the Games, and then never fully recovered their prime tourism status after the Games.

Moreover, since 2001, various world events such as the 9/11 attacks, the Bali bombing in 2002, SARS and more recently swine flu and the economic downturn since 2008 have affected global tourism flows. Thus, it is hard to distinguish the influence of hosting the Olympics compared to the effects of these other factors on the tourism legacies of Sydney (2000), Athens (2004) and Beijing (2008).

Regardless of the inability to determine an actual tourism effect, pre-Olympic analysis assumes tourism will increase. For example, the British government expects that half to three-quarters of the London 2012 Olympics economic legacy will derive from increased tourism and
its associated revenues (Janson, 2007). Yet, the European Tour Operators Association has continuously warned that the 2012 Olympics will have no positive effect on tourism for the UK (Brown, 2006). This interconnected web of relationships between Olympic investments and their legacy effects illustrate how difficult it is to assign a gain in any one sector to the Olympics.

Questions for class include:

- Can the Olympic Games be used to effectively increase tourism for the host city or nation?
- What types of sport tourism are associated with the Olympics? Do levels of sport tourism change after the Olympics? Do levels of general tourism change after the Olympics?
- What are the problems with measuring tourism around an Olympic Games ie. Before, during and after the event?
- If increasing tourism is a stated legacy objective of an OCOG in the bid document then how should the OCOG and the local or national tourism agency work together to promote tourism around the Games?

Stakeholder Analysis

Planning and organizing an international sporting event requires careful management of private, public, and government stakeholders, all with different goals. Often, the most successful events are those that create effective synergies between stakeholders so that they can assist each other in achieving their objectives. Questions for the class are:

- Produce a stakeholder map that includes all stakeholders that Emilie should consider in putting forth an Olympic bid for her city.
- What should Emilie do to assist stakeholders reach their objectives? What should be done where there are conflicting objectives or motives between different stakeholders?

**Event Management**

From an event management standpoint, this case provides an important lesson on why we need to prioritize post-event planning in the pre-event stage. For any Olympic legacy, strategies need to be implemented appropriately during the event planning stage. Students are asked to develop ideas and action plans on how post-event planning can be incorporated before the event. Questions for the class include:

- How can post-event legacy planning be included in pre-event management and planning?
  
  Develop specific action plans and strategies.

- How can event venues be effectively utilized after the event to create a venue legacy?
  
  What steps should be made in the pre-event period to enable these legacies? Who should be responsible for developing and implementing these plans?

- How can the Olympic Village be used to generate a housing legacy? Who are the stakeholders that should be involved in developing and implementing these plans?

- What steps can be taken to ensure a continuation of legacy effects once the organizing committee has been disbanded?

**Finance or Economics**
From a financial perspective, the Olympic Games are an expensive event that consistently cost more than planned. Money that would have been spent on local services is often diverted and communities and nations spend decades repaying debt incurred to stage the event. Indeed, the Olympics are often criticized by economists as over-priced and misguided attempts to spur economic activity. Baade and Matheson (2002) show that event-sponsored economic impact studies conducted before the event are dramatically overestimated.

Although there is potential for the Olympics to increase some economic indicators, Michael Martin (2008) points out, “It is difficult to disentangle changes in economic growth, employment, inflation, tourism, and other possible effects caused by the mega-event from changes caused by other factors (currency appreciation, fiscal and monetary policy changes, etc.).” This, coupled with the failure to include any opportunity costs or the economic costs of displacing people and business, creates a situation where the final gain or loss is all but impossible to determine.

Two recent studies effectively illustrate this inability to capture the exact economic effect of the Olympics. A study by the Bank of China found that for nine of the last 12 Olympic hosts the annual GDP growth was 0.4 to 2.5 percent lower in the eight years after the Olympics than in the eight years before the event (Jie, 2008). On the other hand, Rose and Spiegel (2009) found a 30% increase in national exports for Olympic hosts and a similarly large effect even for failed Applicant Cities.

The bottom line is that it is hard to discern or quantify any economic legacy effects in the long-term. In the short-term effects may be misleading because of the time switching effect of expenditures and activity before the event and the associated slump after.
This case provides students the opportunity to work through a variety of evidence, with often conflicting numbers, to answer the following questions:

- Conduct a cost-benefit analysis of the Olympic Games. Based on your analysis, would you recommend to Emilie that her city continue with its bid?
- What financial tactics could be implemented to ensure a positive legacy outcome? What financial recommendations can you provide so that the event is not a financial burden?
- In the broadest sense, do the Olympic Games make money? Which organizations tend to profit? Which organizations tend to incur the largest expense? Do those incurring the largest expense also reap the highest reward?
- Which economic impact figures can be trusted? Why? Can these economic impact figures be used to justify the cost of the event to government stakeholders responsible for much of the cost?

Social Legacies

The economic concept of psychic income has been used to describe the feelings of excitement, pride, and euphoria generated among the host city and country residents from hosting sporting events such as the Olympic Games (Burgan & Mules, 1992). One of the hopes from hosting the Olympics is for this psychic income to translate into longer term feelings of community or what is commonly referred to as social capital. Meisner and Mason (2006) discuss the potential of sports events for generating social capital among host communities. Indeed, in 1993 as part of the bid for the 2000 Olympics, the Sydney Olympic Bid Ltd (SOBL) invited the residents of Sydney to “share the spirit”. Waitt (2003) explains that the “spirit” the SOBL was talking about was “an imagined national identity within sporting traditions” (p. 198).
In a study of residents two years before the Games and in 2000 during the Games, Waitt found that Sydneysiders did experience an increase in “Olympic spirit,” a willingness to volunteer, and a general sense of euphoria as a result of the Games. He also found, that among ethnic minorities there was a greater sense of belonging to Australia as a result of the Games. Similar findings have been identified among residents of cities hosting the FIFA World Cup. Kim and Petrik (2005) found that community pride and spirit were rated as the biggest benefits for South Korea of hosting the 2002 World Cup. Likewise Ohmann, Jones and Wilkes (2006) found that Germans felt the World Cup left them with a greater sense of community and had renewed their national pride. As yet, however, few researchers have provided any empirical support as to the longevity of this psychic income (Smith, 2009). For event planners, the idea of social leveraging (Chalip, 2006) is gaining more prominence. Social leveraging refers to maximizing the sense of celebration that is generated from hosting the event with the goal of sustaining the feelings of community long after the event, the ultimate goal being improving the quality of life for residents of the host community and country. Suggestions for social leveraging include maximizing the opportunities for resident involvement in public gatherings during the Olympics or other sporting events in such pursuits as arts and music, live sites, and other social gatherings. Certainly, Kim and Morrison (2005) found that during the World Cup in South Korea the street celebrations hosted by many cities generated feelings of national pride and enthusiasm. Indeed, in subsequent mega events, the organizing committees have set up live sites or fan zones for Olympic and FIFA world cup spectators. These consist of a large TV screen and a dedicated space usually in the city center where spectators can gather to watch the event.

- How can Emilie leverage psychic income as a legacy of the Olympic Games?
- If awarded the Olympic Games, how can Emilie sustain these feelings of excitement, pride and willingness to volunteer throughout the buildup, execution and post event periods of the Games?

- During the Olympic Games what strategies should Emilie use to leverage the psychic income generated by spectators at the live sites?

References


Janson, K. (2007). Review and Analysis of Tourism to Previous Olympic Destinations: Lessons and Implications for London 2012. Retrieved from Association for Conferences and Events website:


The Legacy of the Olympic Games

Case Study

When her city decided to bid for the 2024 Summer Olympic Games, Emilie Baccus, a charismatic and effective leader who had worked in the sporting industry for over 20 years, was appointed as the head of a taskforce to coordinate her city’s bid. Emilie knew that the competition would be fierce. Cities vigorously contend for the privilege of hosting a mega and hallmark events such as the Commonwealth Games, Olympics, and the FIFA World Cup. These events are sought after as they are seen as a means to increase a city’s international prestige, increase tourism, develop new sporting facilities and related infrastructure, build green technologies, and generate income and employment. The associated post-event benefits are often called legacies.

Emilie realized that large sporting events have a broad array of public and private stakeholders including sponsors, local residents, consumer welfare groups, and local, state, and national governments who are often financial contributors to the project. If Emilie could effectively liaise with each of these groups to create stakeholder synergy then she believed the bid, and subsequent event would be highly successful.

It is nearly impossible to know the true cost or benefit that stems from a sporting event. Yet, Emilie’s knew that the financial contributors will need to justify their Olympic involvement to their constituents. The triple bottom line is the dominant approach to measure the efficacy of an investment in a sporting event. This method uses economic, social, and environmental outcomes to judge the success of these investments. Although it is a lofty goal to achieve gains
in each of these three areas simply by hosting a sporting event, there are often mixed results. Poorly organized events or those with little interaction among the multitude of planning organizations can lead to embarrassment, cost overruns, a decrease in reputation, decreased tourism, and environmental destruction. Even well-planned events can displace normal tourism, consumption, and investments while leading to higher prices for local goods, services, and housing (Heinemann, 2003). While local governments focus on potential gains in justifying the cost of hosting large events, detractors focus on the potential pitfalls in their organized opposition.

Emilie realized that the triple bottom line approach was consistent with what the IOC was looking for in their bid document. In response to the enormous cost and effort involved in organizing an event that lasts less than one month (with the Olympic and Paralympic Games) and the criticisms of event detractors, the International Olympic Committee (IOC), in 2002, created two groups responsible for ensuring positive legacy outcomes of the Olympic Games. The first group, the Olympic Games Commission, researched methods to control the size, cost, and complexity of future events. Part of their recommendations involved changing the Olympic Charter to include the importance of sustainable development and leaving positive legacies in the host cities and countries. The second group, the Olympic Games Impact (OGI), was tasked with developing a uniform method to capture the overall impact of the event. OGI requires host cities to produce four reports over a twelve year period that track a consistent pool of over 150 economic, environmental, and social indicators.

One major objective of the Olympic Games Commission was to encourage bid committees to focus on post-event objectives in addition to the immediate event planning. Since the recommendations of the Olympic Games Commission and OGI were implemented in 2003,
the word legacy has gone from a few passing references to hundreds of mentions in Applicant City bids and host city reports. By planning for both the long- and short-term, Emilie’s city would be more likely to generate a sustainable legacy where her city would benefit well beyond the event itself.

The bid process

Emile knew that bidding for and winning the rights to host a mega-event is not a simple process. For those cities interested in hosting the Olympic Games, an application is due to the IOC nine years before the event and the host city is selected seven years in advance. This extended timeline is designed to allow for construction of multiple sporting venues, media centers, and the Olympic Village. The venues alone can cost anywhere from $500 million (Atlanta) to $2 billion (Beijing). Emilie’s first task was to read the IOC’s technical requirements that detail what each city must submit as part of its bid. The application requires nine different chapters including concept and legacy, government support, finance, sports and venues, accommodations, transportation, security, environment and meteorology, and statistics. Emilie decided that she would look into constructing a draft of the first chapter on concept and legacy.

The first chapter requires an Applicant City to provide an overall concept for the event including a description of “how this concept fits into the city’s/region’s long-term planning and what legacy is intended for the city, region and sport in the host country after the Games” (International Olympic Committee, 2009, p. 49). Immediately Emilie paused. “Legacy?” she murmured to herself. “How is that different from long-term planning?” It was important for Emilie to understand because the IOC uses legacy to evaluate not just the first chapter, but also the venues, Olympic Village, environment, and other essential components of the bid.
Towards a definition of legacy

Emilie immediately turned to her dictionary which defined legacy as a gift of personal property by will, or more generally, anything handed down from the past, as from an ancestor or predecessor. “Like an antique tea cup or an old pocket watch?” Emilie thought. That certainly didn’t apply in a sport event context.

Emilie wanted to get the task right so she began searching through related IOC documents. Rule 2 Article 14 of the Olympic Charter states that the role of the IOC is “to promote a positive legacy from the Olympic Games to the host cities and host countries” (International Olympic Committee, 2007, p. 15). But beyond a directive to promote legacy, there was still no definition or direction of what legacy encompassed.

Her review of previous bid documents for the 2008 Olympics showed that Applicant Cities tended to frame their bids in terms of urban renewal legacy (Istanbul), improved transportation legacy (Osaka), environmental legacy (Beijing), or improved sporting facility legacy (Toronto). In every case, the term legacy seemed to be used as a synonym for long-term planning.

She looked further and discovered the IOC Olympic Studies Center and the Olympic Studies Center at the Autonomous University of Barcelona held a joint symposium in 2002 called “The Legacy of the Olympic Games: 1984-2000.” The symposium produced hundreds of pages of written reports by a worldwide gathering of academics. Excited, Emilie jumped straight to the Conclusions and Recommendations section, hoping for a clear definition of legacy.

The Symposium has recognised the importance of the concept of legacy in the organization and in the final evaluation of the Olympic Games, but when attempting to
define legacy, we have found that there are several meanings of the concept…In general, the Olympic legacy referred to at the Symposium is multidisciplinary and dynamic - changing over time - and is affected by a variety of local and global factors. Therefore, whilst being difficult to define, it is a local and global concept, existing within cities, regions and nations, as well as internationally. Moreover, it is fundamental in the understanding of the mission of Olympism in society. (p. 491)

Her frustration mounted, “So it is fundamental but not possible to define?” In order to write the best bid possible she needed to have a firm grasp on what legacy was. She tossed the 500 page tome into her bag and knew she would be reading all night long.

Conceptualizing legacy

The next morning, blurry-eyed and exhausted, Emilie felt she finally had a better grasp of what legacy encompassed. As she read, she kept of list of what legacies could be (see Table 1 for a summary). She finally realized it was so difficult to define legacies because stated legacies ranged from architecture to wider footpaths, could be either positive or negative, and in some languages there was no literal translation for legacy!

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Insert Table One about here
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In her readings of the symposium papers, legacies were defined as positive and negative, direct and indirect, tangible and intangible, or hard (measurable and relating to money) and soft (less measurable). In the table of contents, symposium research papers were categorized as: Urban and environmental; Sporting; Olympic and tourism; Political; Cultural, social, and communication; Olympic education and documentation. Further, in an introductory essay, Richard Cashman (2003) categorized legacies as: Economic; Built and physical environment; Information and education; Public life, politics, and culture; Sport; Symbols, memory, and history. Some participants at the symposium criticized these categorizations as focusing only on positive, tangible, and planned legacies. Emilie immediately thought of the Olympic Park bombing in Atlanta in 1996. Regardless of how prepared the Atlanta Committee for the Olympic Games (ACOG) was with contingency plans, the bombing was a negative, unplanned event that was out of their control yet one that will forever be associated with the 1996 Olympics. “Perhaps unplanned events which leave lasting memories can be legacies after all,” she murmured. On the other hand, although the Vancouver Winter Olympic Games began with a tragic death, by the end of the Games her memories were mostly positive due in no small part to the excellent management of the local organizing committee. Although she was skeptical at first, it was now clear to Emilie that legacies could extend beyond Olympic Stadiums and new subways – legacies such as her memories of specific Olympics could be planned or unplanned, positive or negative, and tangible and intangible.

Emilie learned that Applicant Cities often use the Olympics as the motivation to accelerate long-term plans that would have otherwise taken several years or decades to implement. For example, Athens spent over 4.5 billion Euros on a new airport and subway extension. “If already planned projects happened earlier than expected due to the Olympics,
does this mean the new projects are an Olympic legacy even though they would have eventually happened anyway?” she wondered.

Ultimately, legacies seemed highly interconnected. Beautiful images of a city along with new sporting facilities can bring new visitors to a destination who use new hotel and transportation infrastructure and who spend money in the local economy. Perhaps the most useful advice in all of her reading was that bid cities should look carefully at themselves and decide how the Olympic Games might help to achieve local environmental, social, or economic goals that have already been conceptualized and prioritized.

Stakeholders

As chair of the local Olympic Bid Committee, Emilie had a degree of relative autonomy. At the same time, she was dependent on the goodwill and close relationships she established with the mayor, the city council, the local economic development board, local and regional convention and tourism bureaus, the state government, and the national government.

In conversations with these stakeholders, Emilie knew that there was a large emphasis on becoming a “world class city” and reviving what was once a flourishing tourism industry. Others saw the Olympics as an opportunity for sport development and wanted to see the Olympic venues turned into local recreational sites after the Games. Although not part of the bid, the mayor, city council, and state governor expected to see large gains in economic impact that would justify the cost of the Games. Sponsors, who would provide a large portion of the operating revenues if the bid was successful, wanted to broadcast a perfect event to the world.

At the same time, Emilie had been approached by a variety of consumer welfare groups concerned with the potential effect of the Olympics on the environment, local housing, and the
city budget. Although they had not reached out to her directly, she also knew of several groups actively opposed to the bid because of the high cost of organizing the Games. These groups specifically argued that the public funding would be better spent on health or education.

Finally, Emilie had conducted an opinion survey to determine the priorities of state and local residents. Over half of the respondents said they wanted the Olympics to provide international visibility, tourism development, newly constructed infrastructure, new sports facilities, and environmental improvements. She suddenly realized that most of these goals were what had been defined as legacies. Perhaps the community simply wanted long-term gains from the event.

**Evidence**

Emilie needed more information before she could evaluate her stakeholders’ expectations. For example, what evidence is there that the Olympics can actually increase image or tourism? And are the concerns regarding the cost, venue utilization, and housing founded on any past experiences? To help determine if any of these stakeholder needs were achievable, or if any of the stakeholder concerns were valid, Emilie conducted research on image, tourism, cost, economic impact, venue usage, and housing.

**Image**

Emilie learned that even before an Olympic host is selected, Applicant Cities receive increased media exposure. Further, after a host city is selected, media attention grows for the entire seven year period before the Games. “Certainly all those news stories have value,” thought Emilie. In addition, the local, state, or national tourism bureau can implement tourism
marketing campaigns associated with being the future host of the Olympics to increase awareness of the destination, as well as utilize the Olympic Games to position the destination image in international markets.

The Olympics receive extremely high worldwide viewership figures for the Games period which exposes the city to the world. Yet, this media attention ends very abruptly after the event is over. This means the ability of the Games to increase the host city’s saliency and attractiveness as a tourism destination is fairly short-lived unless well-designed campaigns are implemented that leverage the event.

She found several Olympic studies showing the Games did increase host city attractiveness as a tourism destination. Positive perceptions of Atlanta nearly doubled after the Olympics in a poll of worldwide corporate decision makers (Matthewman, 2009).

Remembering Atlanta again, Emilie realized that the Olympics also have the potential to negatively affect a city’s image if something goes wrong. In the years preceding the 2004 Olympic in Athens she read and watched countless news stories about billion dollar cost overruns, tramways that were still unfinished even a few weeks before the event, and venues completed in the nick of time. Equally, in the lead up to the 2008 Beijing Olympic Games, concerns over air quality and warnings from the World Health Organization about potential health problems for athletes and visitors were frequently featured in the media (Streets et al., 2007). Emilie then wondered whether this increased awareness, and improved tourism infrastructure actually lead to an increased tourism flow.

Tourism
Tourism demand varies depending on external forces such as economic recessions and financial booms, world health issues like SARS or the H1-N1 flu, or traumatic events like tsunamis and violent attacks. Tourism also depends on internal forces such as a destination’s attractions, traditions, and history. Finally, tourism is a function of the perceptions that potential visitors have of a destination, including its image. While host cities have little control over external forces, the Olympics can assist in developing positive images as well as sporting or tourism related infrastructure that can make a destination more appealing, such as Athens’ sparkling new international airport.

In a study by the Australian Tourism Commission (2001), it was shown that visitors from a broad range of nations were more inclined to visit Australia simply because Sydney was awarded the Games. Specifically, when respondents were asked “Because Australia has been chosen to host the Olympic Games, are you more likely to consider going to Australia for a holiday sometime in the next four years”, intention to visit was recorded at the following percentages: Indonesia 56%; India 45%; Thailand, 43%; Malaysia, 41%; China 37%; Singapore, 27%; Taiwan, 26%, Japan & USA 24% each. Thus, it appears as that simply being awarded the Olympics can improve a city’s appeal as a tourist destination even before the event is held.

Sport event tourism—the specific sport-related tourism surrounding the actual sporting event—also plays an important role. Yet, it is difficult to determine whether the Olympics increase tourism in the long-term because large sporting events change normal tourism patterns in three ways. First, tourism tends to build in the year preceding the event and peaks during the event as spectators, athletes and their relatives, coaches, judges, media, and volunteers descend upon a destination. Second, casual tourists may engage in time-switching where they change the timing of a pre-planned trip to the destination to coincide with the sporting event. Third, and
contrary to the increases listed above, a crowding out effect can decrease tourism before and
during a large sporting event. Crowding out refers to other normal tourists who actively avoid a
destination or who cannot find space in a destination during the event period. Tourists who
perceive that the city will be crowded and unmanageable during an event or those that want to
avoid the price increases associated with mega events will specifically avoid a destination. To
illustrate the crowding out of normal tourism with sport-related tourism the Sydney Zoo saw a
300% decrease in attendance during the Sydney 2000 Olympic Games. Similarly, the Los
Angeles theme park owners saw a decrease in revenue in 1984 during the Los Angeles Olympics
(Preuss, 2004a).

The crowding out effect has the potential to decrease not only general tourism but also
the number of meetings, incentives, conventions, and exhibitions (MICE) for the entire year
surrounding an event that lasts only a few weeks. For example, foreign business travelers who
normally attended China’s trade shows had difficulty obtaining visas in 2008 due to the strict
policy enforced on foreigner entry which was designed to reduce political activism during the
Olympics (Martin, 2008). Similarly, Atlanta shut down the Georgia World Congress Center, its
main convention facility, for over four months before and during the Games thus dramatically
decreasing normal tourism flows (Simmons, 2000). Despite attempts in Sydney for sponsors to
leverage the Olympics to increase MICE tourism around the Olympics, the number of congress
participants decreased by 40% in 2000 (Preuss, 2004).

If events bring more visitors but they also disrupt traditional tourism flows, what is the
net effect? Does tourism increase or decrease because of the Olympics? After some digging,
Emilie found international arrival information for Sydney and Athens for periods before and
after the Olympic Games (see Table 2).
Emilie knew that an airport expansion, such as the new airport built in Athens in 2001, could increase international arrivals figures. She also learned that international tourism has been steadily increasing for decades, so she was not entirely sure how to disentangle the Olympic effect from the general growth in tourism. To avoid these problems she found information, in Figure 1, for the growth in demand for hotel rooms in Atlanta before and after the Games. As the United States is so large, international visitor figures are imperceptibly affected by events like the Olympics. But there was a larger percent increase in room stays in Atlanta after the Olympics than before.

While many tourists are drawn to the Olympics for their own self-interests, additional tourism can be induced through the use of destination marketing. Host cities and nations have had both successes and failures in maximizing tourism before, during, and after the Olympics through the use of active tourism campaigns. The Australian Tourism Commission was the most
successful and has been described as a “pioneer in the use of television for tactical destination campaigns” (Robinson, 1997). No Olympic host since has generated similar results.

The Australian Tourism Commission, the nation’s tourism organization developed the campaign “Australia 2000: Fun and Games” to leverage the attention of the world on Sydney. This campaign was independent of the efforts of the Sydney Organizing Committee of the Olympic Games (SOCOG). One major objective of the campaign was to counteract the common perception that a country is “full” for much longer than the Games period to avoid some of the time-switching that is often associated with large events. An additional AUS$5 million was spent on a campaign to encourage conventions, exhibitions, and other high-yield MICE events. Despite a well-organized Olympics with beautiful images broadcast throughout the world, external worldwide events like SARS and the September 11 attacks contributed to decreased international tourism numbers for Australia after year 2000.

Four years later, a different dynamic played out in Greece. The Managing Director of the Greek Association of Tourism Operators (SETE) criticized the official Athens Olympic Organizing Committee for failing to develop and implement a tourism marketing strategy to be used in association with the Games. Yet, despite the absence of a tourism marketing plan, the numbers from Table 3 show that international arrivals increased after 2004 even with strong pre-Olympic criticisms of cost over-runs, construction delays, planning snafus, and general disorganization.

These two examples made Emilie wonder, “If increasing tourism is a stated legacy objective of the hosting the Olympics then is it more appropriate for the Organizing Committee of the Olympic Games (OCOG) or the local or national tourism agency to be responsible for promoting tourism around the Games? Or should both parties be working together? Although
the OCOG is supposed to be responsible for only the event management aspect of the Olympics, if increased tourism is a claimed legacy in the bid document then perhaps it should be the OCOG’s responsibility too.”

Cost

Even if Emilie could use the Olympics to create a tourism legacy there was still incredible concerns from her stakeholders regarding the cost of the Games.

As part of the bid, Emilie was responsible for developing a budget for staging the event. In most cases the Olympics cost more than the original estimate. The reported cost of the Olympics as it increases over time for Barcelona in 1992 and Athens in 2004 can be seen in Table 3. Both countries spent over three times what was initially projected.

From her research on the cost of previous Games, Emilie knew that her OCOG budget would be a small portion of the total cost of staging the event. The IOC explicitly states that the OCOG budget should not include the cost of “security, transport and medical services…sports venues, the Olympic Village, the IBC [International Broadcast Center] and MPC [Main Press Center] or other major infrastructure projects” (International Olympic Committee, 2009, p. 58). As so many of the major expenditures are off-budget, the OCOGs for the Summer Olympic Games usually have a budget surplus, while the local, state, or national governments are often
responsible for large cost overruns. Table 4 displays the total cost of the Olympics includes OCOG expenses as well as all additional public and private expenses for each Olympic Games since 1984.

In spite of the high cost, Emilie wondered if there was any way that the budget of the event could be used to develop a legacy for her city? She found a post-event study claiming Barcelona realized a strong legacy because only 14.5% of the total budget was spent on event operations while the remaining 85.5% was spent on tangible goods (infrastructure, venues, or neighborhood redevelopment) that would benefit the community for years to come (Brunet, 1995). This is what many of the recent bid applications refer to as venue legacy or infrastructure legacy.

Although Emilie’s responsibility in developing the bid was to create a specific event budget, she knew she would have to conduct an economic impact study to help her stakeholders justify the cost of the event. She found a multitude of economic impact studies for previous Olympics but in some cases there was a wide range of estimates provided by different sources for the same event (Table 5). “I wonder which economic impact figures can be trusted if there is such a wide disparity?” she mused.
In thinking through the budget, Emilie knew that a major cost of the Games would be the construction of an Olympic Stadium meant to leave a sporting legacy. Emilie wondered if the concerns of opposition groups regarding venue utilization were founded? What strategies could she put in place in the bid document to ensure that the venue received maximum usage?

Venues

While reviewing previous bids Emilie found many examples of Applicant Cities that claimed the Olympic venues would serve as a sporting legacy for the community. Yet, from her research it appeared as if these legacies were not always positive.

New sporting venues are not only expensive to build but also difficult to maintain after the Olympics. This is in part because venues that are built at the same time will age together and require large capital expenditures for maintenance at nearly the same time. The large stadium necessary to host the opening and closing ceremonies has the highest potential to create a negative legacy through under-utilization and the resulting burden on the local government to pay the maintenance and debt costs. Other facilities, while not as expensive, are equally likely to require government support for maintenance and upkeep if they are not effectively utilized.

Emilie knew many Olympic bids claimed the venues would serve as a local sporting legacy whereby event organizers could use them to host concerts, events, and sporting spectacles while residents would have access to world-class facilities. Yet in many cases these good intentions were not realized.
The case of Athens serves as a useful example. Hellenic Olympic Properties (HOP) was created in 2002, two years before Athens hosted the Olympics, to manage the post-Olympic venues. Since other large events that use Olympic-sized venues also require bid submissions years before an event takes place, HOP was supposed to bid for these events as well as develop appropriate post-Games plans for the venues. In reality, during the pre-Olympic period all effort was focused on staging a successful Games with no extra attention paid to putting together bids for future events. This was exacerbated by a new conservative government coming to power five months before the Olympics that forced a turnover in staff and leadership.

In February 2005, Greece admitted that it had not even started to plan for post-Games use of its venues until after the 2004 Games were completed (Grohmann, 2005). The previous head of HOP, Olympics general secretary Costas Cartalis, predicted that it would take at least four years to get the venues up and running, based on his experiences with local bureaucracy. Athens was strongly criticized for failing to use the Olympic sporting venues to bring more high quality international events to Greece and it incurred annual maintenance and security costs of nearly 60 million Euros until the venues were put to use (Hadoulis, 2005). In recent years though, many of the venues have finally been privatized and converted away from sports to local uses such as theaters, malls, and cafes although a few venues are still used for local basketball and soccer teams. As taxpayer money was originally used to build what are now privately owned and operated businesses, some argue that more appropriate uses would be to convert the facilities to public use. Based on Greece’s financial woes, due in no small part to the excessive spending to host the Olympics, others argue that it is better to allow a for-profit business to generate tax revenues than to let a venue sit idle.
Greek’s post-Games venue utilization failure was well publicized. Yet, other Olympic hosts have had similar problems although they are not as widely known. For example, Emilie found that Sydney spent over $40 million annually to maintain venues that were not utilized often enough after the Games (Owen, 2005). Although Sydney’s main stadium needed to host 200 events to break even it struggled to host even half as many (Chalip, 2000) in the period immediately following the Games. Similarly in Beijing, in the year after the Olympics the city’s main stadium hosted only a concert, an opera, and a soccer match. It is now open for visitor tours that do not cover the high annual cost of maintaining the facility. Fortunately, many other venues in Beijing have been converted to local use facilities such as a water park, shopping mall, and entertainment facilities.

In short, it appears as if recent hosts struggle to use the venues for the first few years after the Olympics, but eventually develop appropriate local uses which are sometimes in line with pre-Olympics legacy goals but sometimes not.

Another major cost of the bid would be the construction of the athlete’s village. Critics contend that residents often suffer during Olympic venue construction while, on the other hand, Emilie had heard positive stories of Olympic Villages being used for new housing. “What really happens?” she wondered

**Housing**

Emilie discovered that concerns related to housing are primarily centered on how many units are lost and how many people are displaced. The results depend on how each host city designs their bids and where they plan to build Olympic-related venues. Looking at two extreme cases, the Center on Housing Rights and Evictions (COHRE) estimated that the 2000 Games in
Sydney displaced no residents because the main Olympic Park was built on previously undeveloped wetlands. At the other end of the spectrum, COHRE estimated the 2008 Games in Beijing displaced over 1.5 million residents mainly because several existing, primarily low-income neighborhoods were torn down in order to build new venues and roads. Research by the Center of Housing Rights and Evictions (COHRE) reported that all Olympic Host Cities since 1988, apart from Sydney, witnessed numbers of displaced people: (Seoul, 720,000; Barcelona, 2,500; Atlanta, 6,000; Sydney, 0; Athens, 2,700; Beijing, 1,500,000).

Although no single organization has conducted research on the increase in housing prices, Emilie found evidence from almost every Olympic City that the growth in rent and housing values further displaced residents who were unable to afford the increases. So in a city like Sydney where no residents were forcefully removed from their homes, there were still cases of families who could not afford rent increases and were displaced from the city to cheaper residential areas.

Emilie found Olympic organizers often work with developers to replace razed housing and in most cases convert the Olympic Village to local housing stock after the Games are completed. Although this sounded like a great plan, Emilie learned that in many cases the new housing stock is too expensive for the previous residents and they are forced to relocate elsewhere. And in some cases, like Melbourne, the Olympic Villages have effectively become ghettos.

Writing the bid
As Emilie digested all of this information she began to wonder if bidding for the Olympics was the right move for her city. If it was, how could she meet the legacy expectations of her stakeholders, justify the costs of the Games, and still stage a successful event?

How should she conceptualize the legacy portion of the bid? Could she successfully revive the local tourism industry as a legacy of the Olympics? It certainly seemed as if some Olympic cities had managed to create positive tourism legacies. What concrete steps would she need to include in the bid to make it all happen?

References


<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Culture</strong></td>
<td>Architecture, archives, art, ceremonies, cultural exchanges, museums, memorabilia, monuments, oral memories, souvenirs, street names, torch relay</td>
</tr>
<tr>
<td><strong>Economic</strong></td>
<td>Debts, economic activity, employment, profits</td>
</tr>
<tr>
<td><strong>Environment and sustainable development</strong></td>
<td>Bans on cars in central city, decreased pollution, testing stations to monitor air quality, increased pedestrian-only areas, new wildlife preserve, planting new trees and shrubs, waste reduction</td>
</tr>
<tr>
<td><strong>Intangibles</strong></td>
<td>Collective effort and memories, disability awareness, experience or knowhow, external crises, inconvenience for local residents, joy, community cohesiveness, popular memory</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>New airports, parks, fiber optic networks, sporting venues, traffic management systems, hotels, office buildings, roads, handicapped parking spaces, railways, Olympic Villages</td>
</tr>
<tr>
<td><strong>Sports</strong></td>
<td>Increase in local recreational or competitive physical activity, new local committees to organize future events in Olympic facilities that bring athletes and spectators</td>
</tr>
<tr>
<td><strong>Real estate</strong></td>
<td>Short-term boost to rentals and prices, long-term increase in average house prices</td>
</tr>
<tr>
<td><strong>Publicity</strong></td>
<td>Confusion and controversy, increased reputation/perceptions of city, negative publicity associated with international scrutiny before and during Games, scandals, controversies</td>
</tr>
<tr>
<td><strong>Tourism and convention industry</strong></td>
<td>Growth in city marketing, convention delegates, general tourism, quantity and quality of hotel facilities, convention space</td>
</tr>
<tr>
<td><strong>Urban regeneration</strong></td>
<td>Buildings renovated or painted, urban planning, illegal billboards removed, venues converted to a wide variety of other uses (schools, malls, theaters, convention centers, government offices)</td>
</tr>
</tbody>
</table>
Table 2: International Arrivals before and after the Olympic Games

<table>
<thead>
<tr>
<th>Year</th>
<th>Sydney Arriving Visitors</th>
<th>Athens Airport International Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10,093,309</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>2,600,000</td>
<td>10,639,651</td>
</tr>
<tr>
<td>2007</td>
<td>2,700,000</td>
<td>10,583,064</td>
</tr>
<tr>
<td>2006</td>
<td>2,631,000</td>
<td>9,611,095</td>
</tr>
<tr>
<td>2005</td>
<td>2,620,000</td>
<td>9,111,971</td>
</tr>
<tr>
<td>2004</td>
<td>2,523,000</td>
<td><strong>8,553,196</strong></td>
</tr>
<tr>
<td>2003</td>
<td>2,311,000</td>
<td>7,887,059</td>
</tr>
<tr>
<td>2002</td>
<td>2,432,000</td>
<td>7,685,095</td>
</tr>
<tr>
<td>2001</td>
<td>2,580,000</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td><strong>2,710,000</strong></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>2,470,000</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Tourism New South Wales, Athens International Airport

Note. Bold values indicate Olympic years.
Figure 1: Demand for Atlanta Area Hotel Rooms

[Bar and line graph showing the demand for Atlanta area hotel rooms from 1987 to 1999, with peaks and troughs indicating fluctuations in demand and percentage change.]

- Hotel Room Demand
- Percent Change
Table 3: Projected Cost of the Olympics as Reported over Time

<table>
<thead>
<tr>
<th>Date</th>
<th>Barcelona 1992 (in millions of pesetas)</th>
<th>Athens 2004 (in billions of Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1985</td>
<td>237,000</td>
<td>September 2000</td>
</tr>
<tr>
<td>March 1991</td>
<td>768,368</td>
<td>June 2001</td>
</tr>
<tr>
<td>July 1993</td>
<td>1,119,510</td>
<td>February 2004</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2004</td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 2004</td>
</tr>
<tr>
<td></td>
<td></td>
<td>November 2004</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. Cost includes both OCOG and government expenditures
Source: Brunet (1995), Athens News
Table 4: Cost of the Summer Olympic Games, 1984-2008 (in millions of 2009 US Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>City</th>
<th>Total Cost&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Revenues&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Expenses&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Beijing</td>
<td>43,694&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1,826</td>
<td>1,811</td>
<td>15</td>
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<tr>
<td>2004</td>
<td>Athens</td>
<td>16,534&lt;sup&gt;d&lt;/sup&gt;</td>
<td>2,757</td>
<td>2,686</td>
<td>71</td>
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<tr>
<td>2000</td>
<td>Sydney</td>
<td>4,088</td>
<td>2,670</td>
<td>2,265</td>
<td>405</td>
</tr>
<tr>
<td>1996</td>
<td>Atlanta</td>
<td>2,403</td>
<td>2,345</td>
<td>1,672</td>
<td>673</td>
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<tr>
<td>1992</td>
<td>Barcelona</td>
<td>10,898</td>
<td>2,558</td>
<td>2,227</td>
<td>330</td>
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<tr>
<td>1988</td>
<td>Seoul</td>
<td>3,920</td>
<td>2,125</td>
<td>825</td>
<td>1,301</td>
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<tr>
<td>1984</td>
<td>Los Angeles</td>
<td>660</td>
<td>1,585</td>
<td>660</td>
<td>925</td>
</tr>
</tbody>
</table>

Source. <sup>a</sup>Preuss (2002) except as marked, <sup>b</sup>Preuss (2004b), <sup>c</sup>Grose (2008), <sup>d</sup>Associated Press

Note. Total Cost includes OCOG expenditures as well as other government and private expenditures.
<table>
<thead>
<tr>
<th>Study Year</th>
<th>Olympic Host</th>
<th>Study Author</th>
<th>Area of Impact</th>
<th>Impact (year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>Athens</td>
<td>G. Papanikos for Greek Hotel Chamber's Tourism Research Institute</td>
<td>Greece</td>
<td>US$15.9 bil (1999)</td>
</tr>
<tr>
<td>1999</td>
<td>Sydney</td>
<td>Arthur Andersen and Centre for Regional Economic Analysis, University of Tasmania</td>
<td>Australia</td>
<td>AUS$6.5 bil (1999)</td>
</tr>
<tr>
<td>1993</td>
<td>Sydney</td>
<td>KPMG</td>
<td>Australia</td>
<td>AUS$7.3 bil (1993)</td>
</tr>
</tbody>
</table>