

Economic Benefits to Cities of Hosting the Olympic Games: Beijing 2008

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SHARPENS YOUR THINKING

KEY ISSUES

- ◆ Context: the changing nature of the global sports industry and the role of events
- ◆ A model for evaluating the economic benefits of major sports events
- ◆ Legacy from previous Olympics
- ◆ Beijing 2008



**Context: the changing nature
of the global sport industry
and the role of events**



Post 1980s: Globalisation of the Sport Market

Globalising Forces:

- ◆ Increasing globalisation of media coverage of major sports events (e.g. Olympics, Soccer World Cup)
- ◆ Global recognition of top athletes
- ◆ Association of these athletes with global sports brands (e.g. Nike, Adidas)

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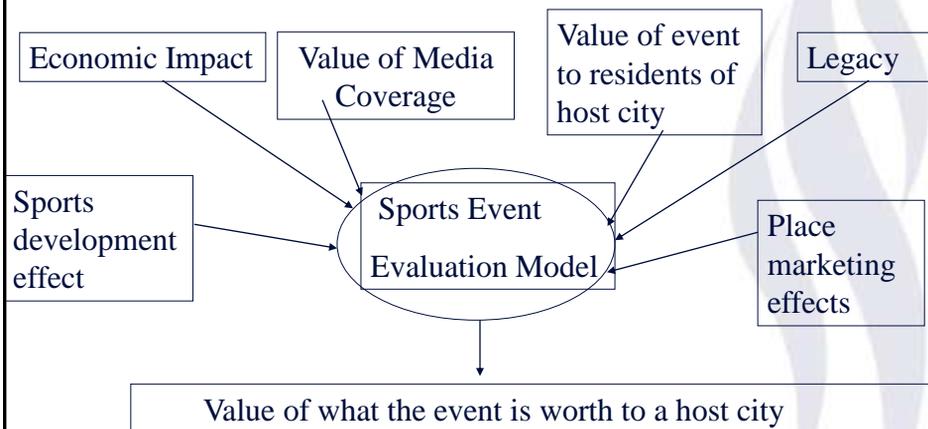
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A model for evaluating major sports events

Towards an Event Evaluation Model





Legacy



Definition

“... all planned and unplanned, positive and negative, intangible und tangible structures that were created through a sporting activity and remain after the sporting activity ended.”

1992 Barcelona Expenditure

	Euros
Overall Infrastructure Investment	€ 5.75 billion
Local Olympic Organising Committee Budget	€ 0.98 billion
Direct Expenditure	€ 6.73 billion

Legacy Effects Barcelona 10 years after the Olympics

	1990	2001
Hotel capacity (beds)	18,307	34,303
Number of tourists	1.74m	3.38m
Number of overnights	3.8m	8m
Average room occupancy	71%	84%
Average stay	2.84	3.17
% non-Spanish tourists	49%	69%

Best cities to locate a business European Cities Monitor

	1990	2002
London	1	1
Paris	2	2
Frankfurt	3	3
Brussels	4	4
Amsterdam	5	5
Barcelona	11	6

Beijing 2008

Legacy Benefits

- ◆ Infrastructure
- ◆ Knowledge, skill-development, and education
- ◆ Image
- ◆ Emotions
- ◆ Elite sport legacy

Beijing Infrastructure Investment

Sporting venues	US\$ 3 billion
Beijing Olympic site	US\$ 13 billion
Other infrastructure (transport and telecommunications)	US\$ 24 billion
TOTAL	US\$ 40 billion (280 billion RMB)

Beijing Infrastructure Investment

- ◆ New airport terminal making Beijing the largest airport in the world
- ◆ Three new underground lines: subway extended from 42 kilometres to 200 kilometres
- ◆ New express railway link from airport to the city
- ◆ 31 new state of the art sporting venues including bird's nest stadium and water cube.

Sporting Venues: Post Games

- ◆ Bird's Nest Stadium: by start of May 2009 3.5 million people had visited the stadium since it opened to the public in October 2008 generating 210 million RMB. It attracts 20,000 to 30,000 visitors per day.
- ◆ Water Cube: from October 2008 to May 2009 visited by 2.7 million people generating 80 million RMB.

Chinese Bureau of Tourism: Internet Survey 2009

Most popular Beijing tourist attraction (10 million responses):

- 1 Great Wall (170,000 votes)
- 2 Bird's Nest Stadium (146,000 votes)
- 3 Water Cube (137,000 votes)
- 4 Forbidden City (136,000 votes)

Knowledge, skill development and education

- ◆ Olympic Education Project involving 400 million students from 400,000 schools
- ◆ Largest Olympic Education initiative in history
- ◆ Coordination Committee for Competence set up by BOCOG in 2005: training for officials, sports managers, coaches and referees
- ◆ Environmental projects: 200 polluting factories removed from city completely between 2002 and 2005. Cars reduced by 50% from July to September 2008.

Image

- ◆ Opening ceremony shocked the world in its ambition and spectacle and was watched by 2 billion people on TV
- ◆ Olympics overall watched by 4.7 billion TV viewers worldwide, beating the 3.9 billion that watched Athens
- ◆ Architecturally stunning bird's nest stadium and water cube
- ◆ Best ever Olympic Village facilities
- ◆ Smooth running of all sports
- ◆ New international image of China

Emotion



Value of event to residents of host city and country



The role of psychic income

Crompton (2001, 2004) suggests that the intangible benefits to cities from hosting major events may be much more important than has up to now been realised: such benefits include increased community visibility, enhanced community image, stimulation of additional development related to the stadium, and psychic income to city residents from having the Olympics in the city.

Willingness to pay to host Olympics by country's residents: London 2012

Surveys carried out in London, Glasgow and Manchester in 2004 showed that UK residents willing to pay around £2 billion to host the Olympics in 2012.

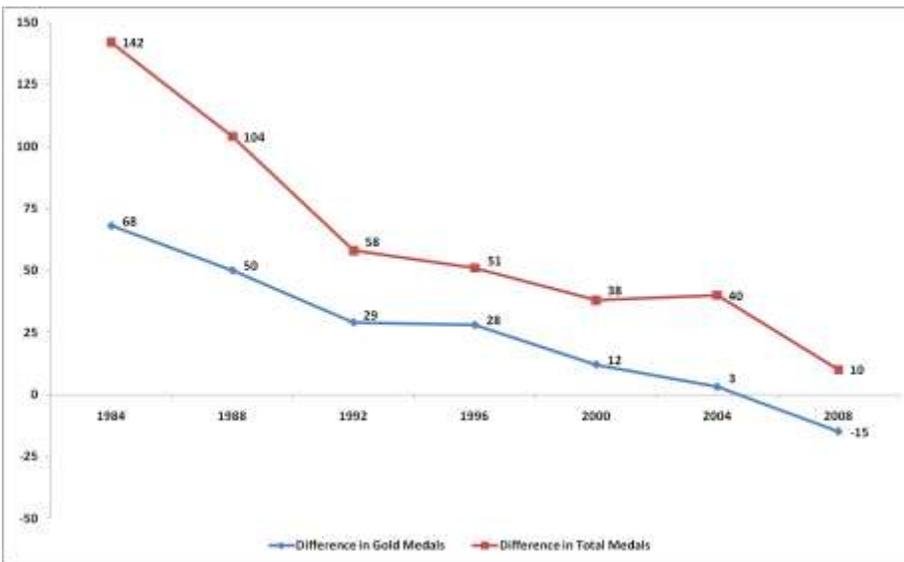
Implications for Beijing

- ◆ If China's residents showed the same willingness to pay to host the Olympics in 2008 the value to China would be US\$80 billion
- ◆ Even if the willingness to pay was only 10% of that in the UK it would still be worth US\$8 billion

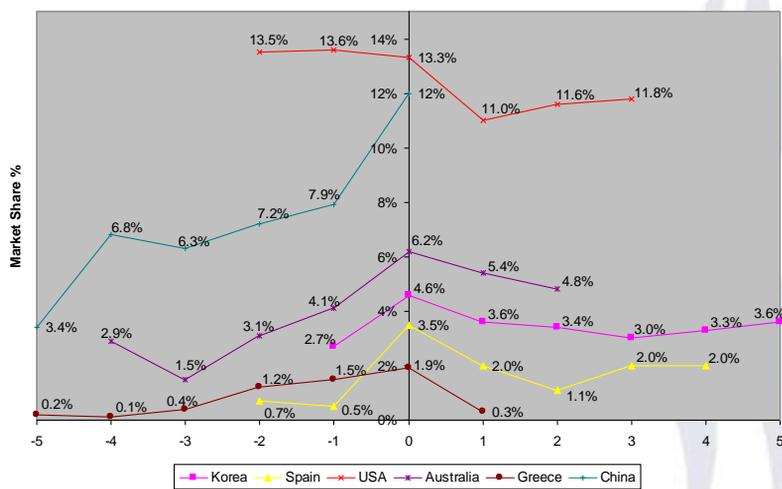
Emotion

- ◆ Increased confidence, national pride and self esteem of Chinese people
- ◆ Reinforced by demonstration of Chinese culture at opening ceremony
- ◆ Further reinforced by topping medal table
- ◆ One million people applied for the 100,000 volunteers needed
- ◆ Social survey indicated 95% of people in Beijing willing to offer services to Games

Elite sport legacy



Overall Performance



Conclusions

- ◆ Barcelona has up to now been considered as the Olympics with the largest legacy benefits to the host city
- ◆ In 10 to 15 years time Beijing may well have taken that position from them