

The Olympics will not Benefit UK Tourism

6th July 2006

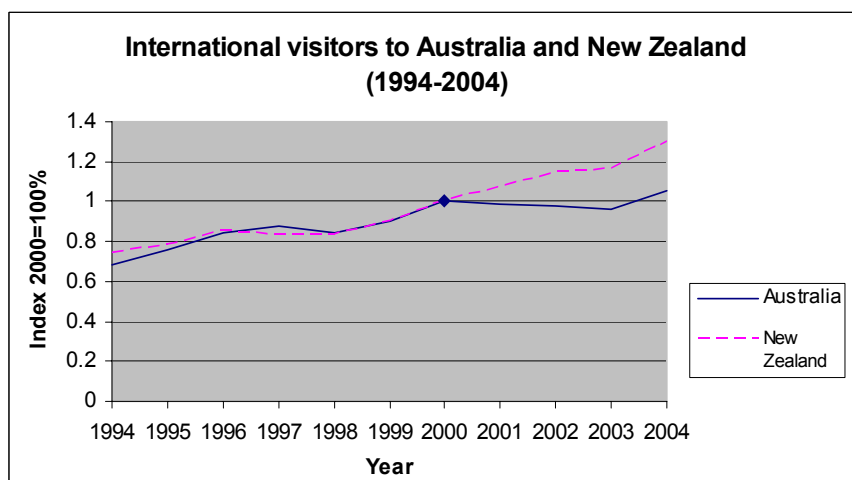
A report released today by the European Tour Operators Association (ETOA) clearly demonstrates that countries who host the Olympic Games suffer from a drop in tourism growth in the years surrounding the event. There is no long-term boost to tourism, as has been widely asserted.

In the case of Australia, a trend of over 10% growth in visitor arrivals turned into a decline two years before the Sydney Olympics. The stagnation persisted for more than two years after. This is shown in chart below.



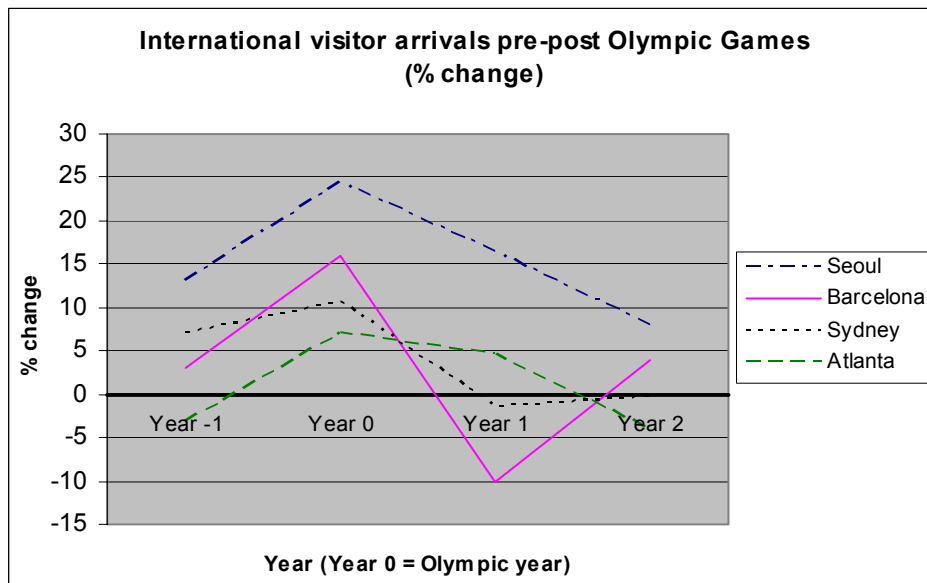
Source: Australian Bureau of Statistics

By comparison, New Zealand experienced steadily improving tourism growth throughout the past decade. This too is shown in the chart below. In the five years prior to the Olympics, Australia's and New Zealand's tourism was growing at the same rate but Australia's growth lost ground significantly straight after the Olympics.



Source: Australian Bureau of Statistics

A similar 'Olympic Effect' is also apparent for four out of the last five Olympics - in Sydney 2000, Atlanta 1996, Barcelona 1992 and Seoul 1988 (below). With regard to Athens, official statistics for the years after the Games are not yet available. However the pattern appears to be the same. In 2002, two years before the Olympics, arrivals in Greece were 8.2% up on the previous year but in 2003, numbers fell by 1.5%. This decline continued until the first part of 2004. One month before the start of the Games, visitor arrivals were 12% down.



Source: Deloitte

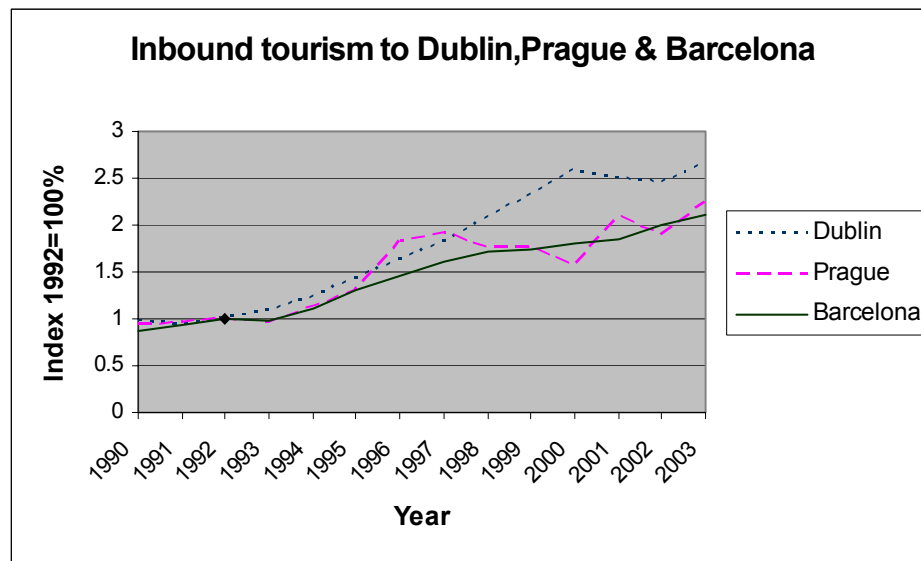
Whilst ETOA's findings are at odds with a number of other studies that proclaim the tourism benefits of hosting the Olympics, ETOA points out that many of the prior reports have been based on aggregated opinion looking forward to the future rather than on objective fact, looking back on past experience and have been funded by organizations wishing to promote the Games.

The International Olympic Committee's claims about media exposure have been hyperbolic too. IOC President, Jacques Rogge said on CBS in October 2004 that the total cumulative world television audience - with viewers counted each time they watched - was around 40 billion for the Athens Olympics.

Such numbers do not stand up to scrutiny. There are roughly 6.5 billion people on the planet. Of these, 1.6 billion have no access to electricity and a further 400m are less than 5 years old. To achieve a cumulative audience of 40 billion involves nearly 3 billion people (or 60% of the available world) watching every single day of the games.

Detailed viewing data from the IOC itself for Sydney suggest that the total number watching "peak time" was 280 million people. Even if this number is multiplied up by the number of days the games is open, the audience size would only be a tenth of that claimed by enthusiasts.

ETOA's research also disproves claims that the beneficial impact of the Olympics needs to be measured over a longer period of time. Taking Barcelona as an example, longer-term tourism growth since the Games has been outstripped by other comparable European cities, such as Prague and Dublin.



Source: Tourisme de Barcelona

Tom Jenkins, Executive Director, ETOA said: *“These findings may seem surprising because during the Games the city’s hotels are full. But this situation is short-lived. Olympic visitors tend not to be big consumers of sightseeing excursions; neither are they committed visitors to museums, historic monuments and other classic tourist attractions.”*

He continued: *“The presence of the Olympics deters regular tourists: they perceive that the city will be full, disrupted, congested and over-priced. A reduction in the numbers of regular tourists halts the conveyor belt of satisfied customers bringing more visitors. “The word of mouth” falls silent. In theory this should be replaced by an eager television audience. In practice it is not.”*

ETOA has identified various measures required to mitigate the potentially damaging impact of the Olympics on tourism and is demanding a coordinated, government-backed strategy, including:

- A commitment not to burden the tourism industry with any additional tax
- A national marketing campaign with an appropriate budget to smooth out the inevitable post Olympic dip
- Specific communication to make the point that London is able to absorb the Games without difficulty and that it will be open for tourist business as usual throughout 2012
- Initiatives and marketing communication in the years running up to the Games to counteract fears that London will be full, over-priced or ‘otherwise engaged’, possibly detailing how much is open and the bargains available
- Arrangements to give ‘Olympic visitors’ a full tourism experience whilst they are in the UK for the Games

Tom Jenkins concluded: *“The Olympic Games do not turn tourists into sports fans or sports fans into tourists. Locations such as Wembley (Soccer), Wimbledon (Tennis) and Kennington (Cricket) are not non-sporting tourist destinations; they are not and will not become centres of tourism.”*

London is a great tourist city. Action must be taken to ensure its continued growth is not disrupted by the Olympics.”

ENDS

For further information, including photographs, please contact Tom Jenkins on: +44 (0)20 7499 4412 or David Tarsh, Tarsh Consulting, on +44 (0)20 7602 5262.



About ETOA

Since its foundation in 1989, ETOA has grown exponentially to include over 400 member organisations, of which over 100 are Tour Operators. Collectively, ETOA represents over €6 billion spending on accommodation and travel services annually.

ETOA provides representation at the European government level for companies that bring tourists to Europe. The Association promotes greater awareness of the benefits provided by the group travel industry in Europe - particularly increased income and employment. ETOA also influences European tourism policy and legislation.

Areas of specific activity include:

- Promoting Europe as a tourism destination
- Establishing codes of conduct and guidelines for its members
- Establishing commercial opportunities between buyers and sellers
- Working with other travel & tourism associations to raise the industry's profile