

Olympics & Tourism

Update on Olympic Report 2006



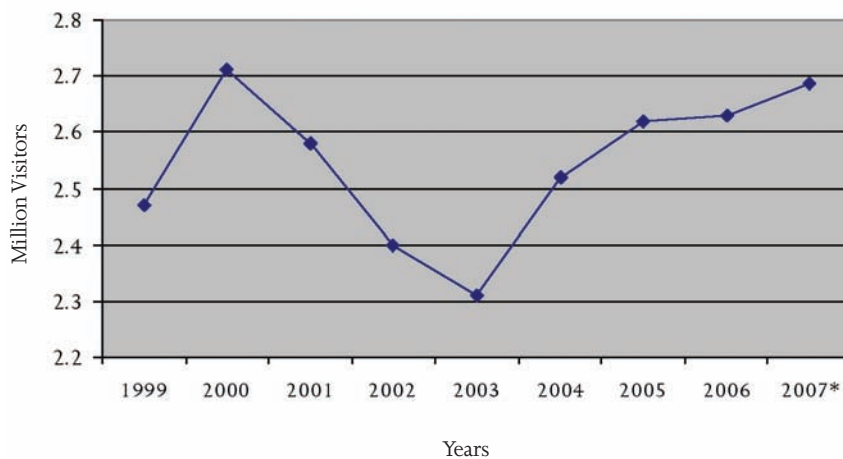
EUROPEAN TOUR
OPERATORS ASSOCIATION

Sydney 2000

“Where the Bloody Hell are you?”

“We have set a new Olympic record,” said Christopher Brown the Managing Director of Australia’s Tourism & Transport Forum,¹ “There’s [fewer] tourists five years after the Games than before”.

Figure 1. International Arrivals in Sydney²



This is not a record. Nor, as the above graph shows, is it strictly true. But nearly every Olympic city suffers a decline in demand after the hosting the Games. And Sydney had three successive years of decline.

This post Olympic blight was common to all the cities that hosted the Games since Seoul. As was pointed out in 2006³, every Olympics displaces tourists: Olympic visitors do not behave like normal guests. Their presence is determined by their interest in sport. They do not come to sightsee, attend the theatre or recreate themselves on a beach. They come to attend a sporting event.

This removal of visitors has a detrimental effect on subsequent demand. The most important motivator for visitors is example and word of mouth: this sales mechanism loses momentum as visitors are deterred. Their very 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.

When Australia’s performance is plotted against New Zealand, after the 2000 Games this becomes explicit. Both countries are in the same region and appeal to a broadly similar audience.

1. Australian Financial Review, 23/06/2007
2. Tourism New South Wales, http://corporate.tourism.nsw.gov.au/Facts_And_Figures_p105.aspx
3. ETOA Olympic Report 2006, www.etoa.org

Figure 2. International Visitor Arrivals in Australia and New Zealand⁴



Whilst Australia – as one would expect – matches New Zealand in the run up to 2000, after the Games it does manifestly more poorly. It only re-establishes synchronicity in 2004.

Athens 2004

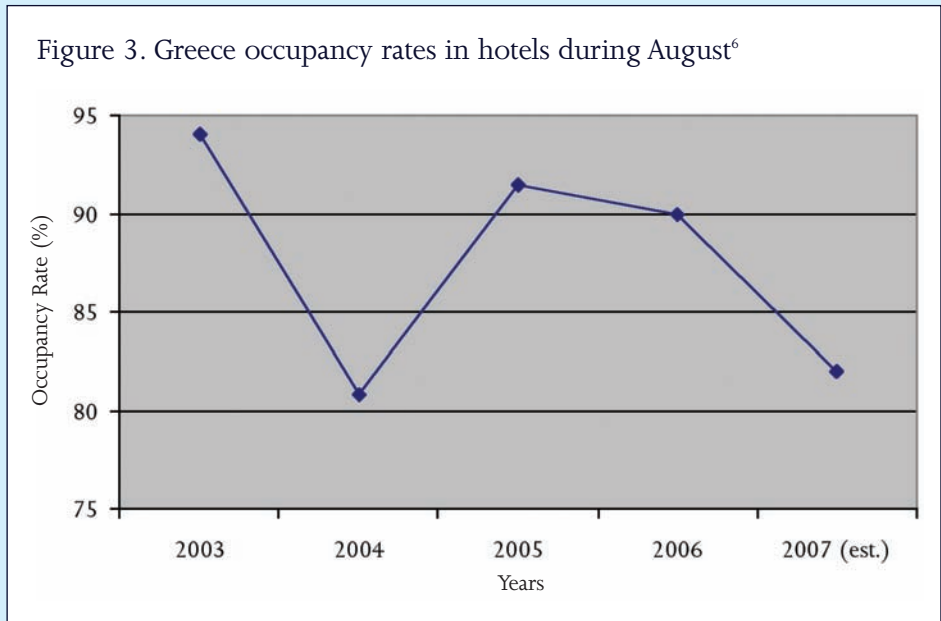
Unlike Sydney, Athens was the centre of a major continental tourism hub. It had a substantial hotel stock, albeit used heavily in August. The first capital city to host the Games since Seoul, Athens invested heavily in new infrastructure for the Games: an airport, roads and public transport system were 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.⁵

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.

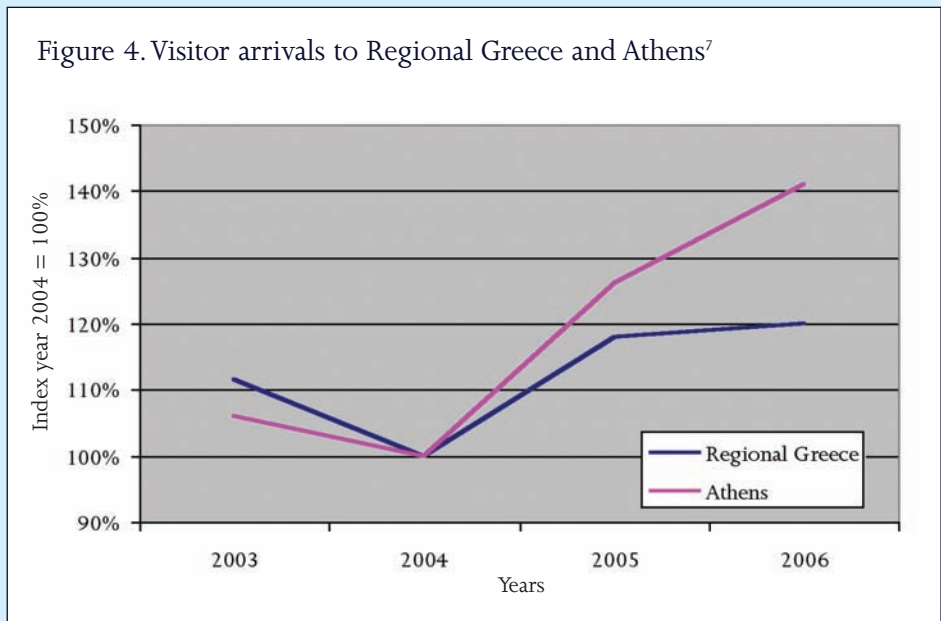
4. Australian Bureau of Statistics, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Previousproducts/0A41C3D685211114CA256F7200832F02?opendocument>; Tourism Research Council New Zealand, <http://www.trcnz.govt.nz/Surveys/International+Visitor+Arrivals/Data+and+Analysis/>
5. Deloitte's Hotel Benchmark Survey (2004), article 'Athens hoteliers set a personal best at the Olympic Games' of 24th September 2004, <http://www.wiredhotelier.com/news/4020732.html>. Accessed 16th January 2006. This revpar increase came in for criticism and led to predictions of a decline in demand for Greece. But the comparison is with a period when rooms are mainly unoccupied, even with deeply discounted rates. If hotels in any major city in Europe were to cap their prices at 15% above the “rack” rate and were to hit 90% occupancy with this rate in August, then similar revpar yields might be shown.

Figure 3. Greece occupancy rates in hotels during August⁶



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.

Figure 4. Visitor arrivals to Regional Greece and Athens⁷



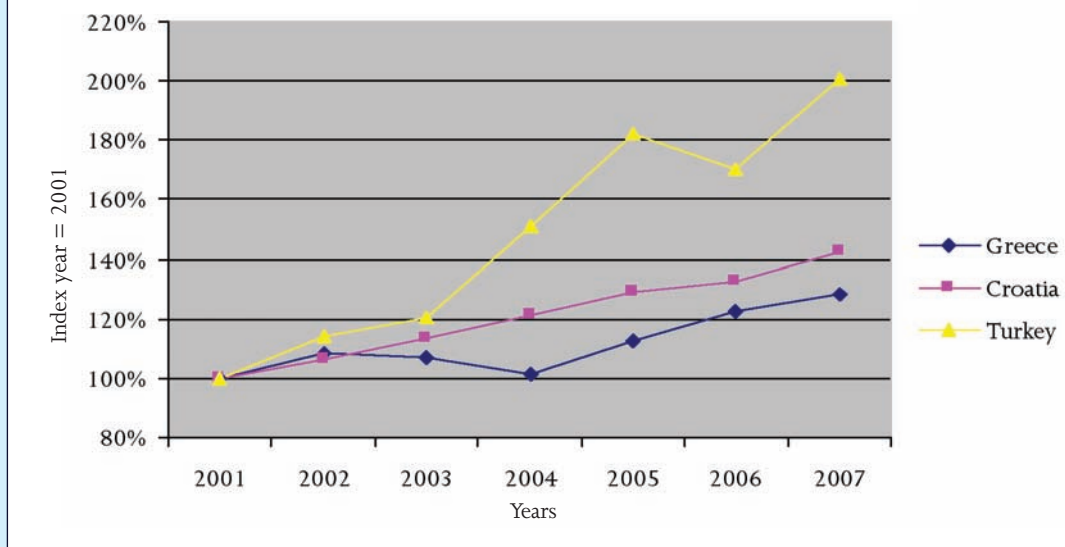
The Athens Games show that the impression that everything will be overcrowded and overpriced blights a region.

Athens was a major tourism city. The Olympics disrupted the normal pattern of demand. 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.

6. National Statistical Service of Greece, http://www.statistics.gr/Main_eng.asp

7. National Statistical Service of Greece, http://www.statistics.gr/Main_eng.asp; Note: Regional Greece excludes data for Athens and Crete

Figure 5. Visitor arrivals to Greece, Croatia and Turkey⁸



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.

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.

Conclusions

The Olympic Games are not a normal tourism event. They are an abnormality that is profoundly disruptive.

- Normal tourist businesses suffer during the Games period: Olympic enthusiasts are not normal tourists.
- The region around the Games can suffer more than the host city. The host city is often the principal reason for visitors to come to a country, and the principal driving force has been removed.
- Even when the host city is not the principal reason, the impression that everything will be overcrowded and overpriced blights a region. Few people who visit the Ionian Islands would cite Athens as a principal reason for going, yet demand for these islands fell by 25% during 2004.
- Removing visitors from a country normally 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.

These difficulties are routinely exacerbated by exaggerated claims of the benefits that are derived from the games.

8. National Statistical Service of Greece; Croatia Central Bureau of Statistics, <http://www.dzs.hr/>; Turkish Statistical Institute, <http://www.turkstat.gov.tr>

European Tour Operators Association

6 Weighhouse Street
London W1K 5LT
United Kingdom

T: +44 (0) 207 499 4412 **F:** +44 (0) 207 499 4413
www.etoa.org