Expanding the economic impact of the Olympic games in non-host countries: the project of Olypmic parks

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Keywords: Olympic Park, Olympic Games, economic impact, crowding-out

Aim of abstract

The Czech National Olympic Committee (NOC) announced that they would use the Olympic Games Rio de Janeiro 2016 to promote sport and an active lifestyle by setting up an Olympic Park in the Czech Republic. This park will be located on the banks of the Lipno reservoir in South Bohemia and the Czech NOC has declared significant economic benefits resulting from the Olympic Park for the entire region. Specifically, the Czech NOC estimated that the costs of the Olympic Park will be about 2.4 million EUR while the benefits for the region will exceed 10 million EUR. The entire project should provide opportunities for IOC and NOC partners, and therefore is supported by the IOC. However, ex ante studies generally overstate the economic impact of the Olympic Games and related events. The purpose of the study is to analyse the economic impact of the Olympic Park and thus to explore the possibility of expanding the economic impact of the Olympic Games in non-host countries. Additionally, the study provides a comparison of ex ante input-output prediction with ex poste reality.

Theoretical background

Economic impact of mega sport events (and especially the impact of the Olympic Games) is very important argument to justify huge public investments and public support of such events. Both host and non-host residents usually expect economic gains from the Olympic Games. The economic impact of the Olympic Games in host countries has been researched previously and many studies have concluded that the economic impact of the Olympic Games is usually overstated for several reasons. The first reason is the use of regional input-output models to predict the impact of short-duration sporting events (Porter & Fletcher, 2008). The deficiencies of these models can be overcome by using alternative methods (such as computable general equilibrium analysis) or by drawing predictions on ex poste studies of past events. The second reason is connected with the expected effect of the event on tourism. Again, expected figures are usually higher than real figures, and in many cases, host cities reported a decrease in number of tourist in the year of the Olympic Games. Moreover, increase in tourism itself does not guarantee that the benefits exceed the costs, which make the development of infrastructure risky (Solberg & Preuss, 2007). The third reason is caused by the crowding-out effect. Travel inconvenience due to crowds or price inflation make some tourists change their minds about travelling to the host destination (Liu & Wilson, 2014). Also inclusion of the expenditures by non-event tourists results in a significant overestimation of the economic impact of the event (Lee & Taylor, 2004). For this reason, measuring of the crowding-out effect is useful to evaluate benefit from the event (Preuss, 2011).

Methodology, research design and data analysis

The survey research design combines multiple sources of data. The official data will be gathered from official statistics provided by local municipalities. The crowding-out effect will be determined upon methodology of Preuss (2011). Field research will be carried out to evaluate consumption patterns of all visitors and then the difference will be calculated from the official statistical data using the trends from the survey.

Results, discussion and implications/conclusions

The results are not available at the time of abstract submission, and the results will be presented at the conference. The results provide two main implications. First, the study explores the opportunity to expand the economic impact of the Olympic Games and other mega or major sport events. Second, predictions of future similar sport events can be drawn upon the results, because ex poste studies of past events should be used for predictions rather than traditional input-output models (Porter, Fletcher, 2008). The results will be compared with ex ante predictions and they can support argumentation about possible future public subsidies for similar events.

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