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THE POWER OF PARTNERING

A Conversation with
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Secretary General
Arab Air Carriers
Organization.



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SPORT TOURISM SOARS

Sporting events such as the Olympic Games and World Cup tournaments can drive significant revenue for the travel and tourism industries.



■ By Lynne Clark | *Ascend* Staff

Last year, an estimated 3 million foreign and national visitors traveled between June 3 and July 9 on Germany's highways, railways and airways in their quest to watch at least one of the 2006 World Cup tournament matches. Most experienced smooth travel, clean hotels, and plentiful food and drinks.

Preparing for the month-long international sporting event took six years at a cost of US\$7.7 trillion. Counted in that cost were expanded and new roadways around and between match cities, as well as a US\$900 million multi-level central train station in Berlin.

Throughout preparations, German authorities were upbeat about the economic benefits of the tournament. After five years of stagnation, the country expected a 1.6 percent increase in its gross domestic product in 2006, with analysts saying a half-percent of that would be because of the World Cup.

The hotel and catering industry anticipated additional earnings of about US\$650 million. An estimated 60,000 jobs were created nationwide, with 20,000 of those remaining after the tournament ended.

One year following the soccer tournament's opening game, Franz Beckenbauer, president of the World Cup organizing com-

mittee, confirmed the event was a financial success. Fans spent US\$3.82 billion during

the tournament, according to a study by Mainz University, part of the US\$5.18 billion



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Millions of sports enthusiasts travel to all corners of the world each year to play the spectator role in a variety of sporting events. For airlines, airports, rail systems, hotels and a variety of other travel-related companies, the rush in traffic may require a lot of preparation, but they may result in sizeable pay offs.



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the World Cup is estimated to pump into the country's economy through 2008. That will generate US\$1.69 billion in taxes, the study concluded.

Significant to the international travel industry, 1.3 million foreign visitors to the World Cup spent more than US\$1.3 billion.

Sport and Tourism Growth

There is much academic debate on how well host cities fare following completion of a hallmark sporting event. But even academics agree tourism is a big winner, no matter where the event takes place.

Sport tourism is a multi-billion dollar business, one of the fastest-growing areas of the US\$4.5 trillion global travel and tourism industries. A study conducted by Sports Business Group, LTD indicates that travel and tourism is expected to be more than 10 percent of the global gross domestic product by 2011. The economies of cities, regions and even countries around the world are increasingly reliant on the visiting golfer and skier or the traveling football, rugby or cricket supporter. In some countries, sport can account for as much as 25 percent of all tourism receipts, the study reveals. The sport tourist is at the heart of strategies that spend tens of millions of dollars on attracting an Olympic Games or World Cup. Australia spent US\$1.7 billion of government money on the 2000 Olympics and reaped a 10-year legacy of sport tourism that makes up part of the US\$4.3 billion in added currency bought by the Games. These flagship events help build new transport systems, improve airports and clean up cities — all because the sport tourist is coming to town.

Corporate Sponsorships Promote Business Relationships

Opportunities exist for governments and the private sector to seize the extraordinary opportunity afforded by "mega events" occurring throughout the world. One of the most obvious opportunities is through corporate sponsorships.

In the 2000 Sydney Olympics, Qantas Airways became the "official airline" of the Games and built brand awareness with its slogan "The Spirit of Australia." The slogan fused seamlessly with the games' slogan, "Share the Spirit."

Like game participants, corporations must prepare for years to take advantage of their multi-million dollar sponsorships. They must work closely with organization planners developing a partnership that is mutually beneficial.

When General Electric Co. paid nearly US\$200 million in 2003 to become an Olympic sponsor for the first time, it had an even bigger goal in mind: the 2008 Summer Games in Beijing.



Beijing, China, expects to invest nearly US\$40 million in preparation for the 2008 Olympic Games. A good portion of the investment will go toward supporting travel and transportation needs such as building a new airport terminal and subway system.

The hefty sponsorship fee covered four Olympic Games through 2012, but GE was particularly interested in playing a role in Beijing. The Fairfield, Connecticut, conglomerate sees the Games as an opportunity to showcase its technology and products — from water filtration to lighting and security systems — in China's big, rapidly growing economy.

GE is just one of a pack of global giants — some Olympic sponsors and some not — hoping to tap an Olympics-related building boom to bolster business in China. Siemens AG and United Technologies Corp. also view the Olympics as a great chance to forge new relationships with key Chinese business and government figures.

Infrastructure Opportunities

Most Games tend to involve major infrastructure investments. For example, China is expected to spend at least US\$400 billion through 2010 building airports, roads, water systems and other public-works projects for its 1.3 billion people. Beijing expects to spend almost US\$40 billion by the 2008 Summer Games on new stadiums, subways and a new airport terminal. That is more than three times Athens' estimated US\$12 billion infrastructure tab for the 2004 Olympics.

Beyond the Olympics, Shanghai, China, is expected to spend about US\$41 billion to prepare for the 2010 World Expo. And China's Guangzhou plans to spend

around US\$27 billion for the 2010 Asian Games.

Barcelona, Spain, is the best example to illustrate the urban renewal and the explosive increase in number of tourists since the Olympic Games in 1992: 1,727,610 tourists in 1991; 2,455,249 in 1993 and 3,149,002 in 2000.

Experts studying the economics of sport tourism are quick to point out, however, that benefits must offset costs — and these are not limited to financial costs, according to "Economic and Tourism Aspects of the Olympic Games," which was published in a 2005 issue of *Tourism Review* and written by Limburgs Universitair Centrum, Belgium, professor Patrick De Groote.

"Any benefits must be seen in the context of socio-cultural and environmental impacts involved," Dr. De Groote said. "If sport tourism is developed for economic gain without regard to its other impacts, there is a very real danger that its true costs will greatly exceed its economic value. But well-planned and organized sport tourism, such as Olympic and World Cup events, can be a roaring success." ■

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