The Olympic Economy in China:

A Study of The Beijing Olympic Games

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Abstract

The Olympic Games is the biggest mega sport event in the world. With its commercialisation and development since the 1984 Los Angeles Olympics, the Olympic Games can potentially have a significant economic impact on the host nation. Although the Olympic economy has come to research attention recently, few researchers have focused on the economic impact of the Beijing Olympic Games. This thesis explores three research questions. First, it discusses what the Olympic economy is about. Second, it explores how the Olympic economy was reflected through the Beijing Olympic Games in China. Third, it examines in what ways the Chinese economy was affected by the Olympic economy, and vice versa.

The Beijing Olympic Games and the development of the Chinese economy have an inseparable relationship. Under the economic reform and opening up policy which was initiated in 1978, the Chinese economy has developed rapidly with a constantly increasing GDP. Meanwhile, the economic reform has led to the reform of Chinese sport both in policy and practice. The economic and sport reformations are still an on-going process with unique Chinese characteristics. This thesis examines the complexity of the relationship between China’s economic growth and the ambition to host the Summer Olympic Games in Beijing in 2008, and also the economic legacy of the Beijing Olympic Games and its impact on China’s rise to an economic and political power in the world in the 21st century. This original
research will contribute to the field of Olympic studies in China and the study of the Olympic economy internationally.

This research adopted a qualitative methodological approach with the background of the Olympic Games, Chinese economy and Chinese sport. Research data were collected from a number of sources, including documents and interviews. Data analysis was carried out in Chapters Four, Five and Six. The conclusion refines the outcome, the contribution and the potential future directions of this research.
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<tr>
<td>BBC</td>
<td>The British Broadcasting Corporation</td>
</tr>
<tr>
<td>BBS</td>
<td>Beijing Bureau of Statistics</td>
</tr>
<tr>
<td>BOB</td>
<td>Beijing Olympic Broadcasting</td>
</tr>
<tr>
<td>BOCOG</td>
<td>Beijing Organizing Committee for the Games of the XXIX Olympiad</td>
</tr>
<tr>
<td>CCP</td>
<td>Chinese Communist Party</td>
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<td>CCTV</td>
<td>Chinese Central Television</td>
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<td>GAS</td>
<td>General Administration of Sport of China</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>HD</td>
<td>High Definition</td>
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<tr>
<td>IOC</td>
<td>International Olympic Committee</td>
</tr>
<tr>
<td>LA</td>
<td>Los Angeles</td>
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<tr>
<td>LAOOC</td>
<td>Los Angeles Olympic Organizing Committee</td>
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<tr>
<td>NBA</td>
<td>National Basketball Association</td>
</tr>
<tr>
<td>NOC</td>
<td>National Olympic Committee</td>
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<tr>
<td>OBS</td>
<td>Olympic Broadcasting Services</td>
</tr>
<tr>
<td>RMB</td>
<td>Ren Min Bi, the official currency of China</td>
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<tr>
<td>SARS</td>
<td>Severe Acute Respiratory Syndrome</td>
</tr>
<tr>
<td>SBSC</td>
<td>State Bureau of Statistics of China</td>
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<tr>
<td>VIK</td>
<td>Value-in-kind</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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<tr>
<td>YMCA</td>
<td>Young Men’s Christian Association</td>
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Chapter 1 Introduction

The Olympic Games and the economy have been tied together for more than a century. Olympic related finance and business can be traced back to the ancient Olympic Games. First, the funding of each ancient Olympic Games consisted of private funds and public funds, where the private funds were contributed by the referees of the Games and local nobles, while the public funds were generated by the organisers of the Games (Lu and Luo, 2003). Various forms of sponsorship could also be found in the ancient Olympic Games. Despite the fact that most of the athletes were rulers, nobles or rich free men, poor people could also participate in the Games by receiving funds from private sponsors or local government (Luo and Tan, 2007a). Winners in the Olympic Games could bring reputation and glory back to their hometown. As a reward, it was very common for a winner to receive many material rewards, and towns built gymnasiums for their Olympic winners (Johnson, 2007). In Athens, the government even issued a law in relation to rewards for Olympic winners. The law stated that the winner would be awarded 500 drachmae which was enough to buy 500 sheep at the time (Instone, 2011). There were small business activities that existed during the Games. Poets, writers and sculptors usually gathered in the market, with peddlers selling different kinds of food and goods (Penn Museum, n.d.). In addition, the king sometimes cast special coins to commemorate and to celebrate victory in the Olympics (Penn Museum, n.d.).
Since Coubertin founded the first modern Olympic Games in 1896, the economic phenomenon had been tied even more closely with the Games. In the Paris Olympic Games in 1924, people could see advertisements in the arenas for the first time, and in the 1928 Amsterdam Games the sponsors could do business in the stadium (Giannoulakis and Stotlar, 2006). The Olympic Games was broadcast to an outside audience for the first time in the 1936 Berlin Games, and the organisers of the 1948 London Olympic Games created a radio broadcast (IOC, 2013b). The first international marketing plan was conducted during the 1952 Helsinki Olympic Games, in which food, flowers and other products were received as donations by companies from 11 different countries (IOC, 2014). Since then, there has been an increasing number of companies which have become involved in the Olympic Games. By the 1964 Tokyo Olympic Games, more than 250 companies signed the marketing contract with the National Olympic Committee, and this number reached 628 for the Montreal Olympic Games in 1976 (Giannoulakis and Stotlar, 2006). The economic phenomenon has always been associated with the Olympic Games, but it was not until the commercialisation of the Games in 1984 that the economic factor became the driven force of the Olympic Movement. Since then, a strong economic influence has been brought to the host city and nation by staging the Olympic Games.
1.1 Research Aim and Objectives

Since the 1984 Los Angeles Olympic Games, staging the Games has involved Olympic marketing, investment and relevant economic activities, which is significant for economic growth in both the short-term and long-term for the host city and nation. This makes the Olympic Games one of the most popular mega events in the world. It is also the primary driver for many cities in the world, including Beijing, to host the Games. Apart from political reasons, these cities wish to raise their profile and boost the local economy overall.

The connection between the Games and China can be traced back a hundred years. In 1908, following the London Olympic Games, an article published by Tianjin Young Men posed three questions: When would it be possible for China to send an athlete to the Olympic Games? When would it be possible for China to send a team of athletes to the Olympic Games? When would it be possible for China to enjoy the privilege of hosting the Olympic Games? (BOCOG, 2010a: 3). Since then, Chinese people started the century-long journey to fulfill their Olympic dreams. In 1922, Wang Zhengting, the Foreign Minister of the Chinese government, became the first Chinese member of the IOC (Hong and Xiong, 2010). In 1924, China sent three athletes to participate in the non-competition tennis event in the Paris Olympic Games (Li, 2004). In 1928, China sent Song Ruhai as an observer to the Amsterdam Olympic Games (Hong and Zhouxiang, 2014). In 1932, sprinter Liu Changchun became the first Chinese athlete to compete in the Olympic Games (Brownell,
2008). By 1948, in the Republic era, China sent delegations to observe or participate in five successive Olympic Games (Hong and Xiong, 2010). The establishment of the People’s Republic of China in 1949, and the introduction of economic reform and opening up policy in 1978, brought China’s connection with the Olympic Games into a new era. For China, hosting the Beijing Olympic Games was not only the opportunity to fulfill its century-long Olympic dream, but also a channel to enhance China’s rise in the late 20th century.

The aim of this study is therefore to analyse the Olympic economy in China through the Beijing Olympic Games. This differs from most of the existing research conducted before the Beijing Olympic Games, as this research provides a view from the post-Games period. In order to achieve the research aim, three approaches will be carried out. The first is a discussion of China’s purpose in hosting the Beijing Olympic Games. This discussion will be conducted with a review of the historic development of the Olympic Games, Chinese economy and Chinese sport combined with a discussion of the connection between China and the Olympic Games. Following this discussion, the second approach will consist of a study of Olympic marketing - and in particular the Beijing Olympic marketing - in the course of the financial impact of the Beijing Olympic Games. The final approach will focus on the impact and legacy of the Games from an economic point of view to reveal relationships with Chinese economic development and growth. Based on the above, this study puts forward the following research questions:
• What is the Olympic economy about?

• How was the Olympic economy reflected through the Beijing Olympic Games in China?

• In what way has the Chinese economy been affected by the Olympic economy, and vice versa?

1.2 Structure of the Thesis

This thesis consists of seven chapters. Following this Introductory Chapter, Chapter Two is a review of literature based on historical and current views which is divided into four categories according to their research focus: the economic impact of the Olympic Games, Chinese economic reform and opening up, Chinese sport reform and the Beijing 2008 Olympic Games.

Chapter Three takes into consideration the methodological implications for this research. It will state that the qualitative approach is adopted, and unstructured interviews and document analysis are used. It will outline the specifics of the research process. This chapter will also explain how validity, reliability and ethical considerations are taken into account during the research.

Chapter Four provides three historical overviews. The first covers the development of the Olympic Games. The second reviews the reform and opening
up process in China including economic reform and sport reform. China’s century-old Olympic passion will also be reviewed in this chapter, followed by a discussion of China’s purpose in hosting the Beijing Olympic Games.

Chapter Five will focus on the content of Olympic marketing, and the marketing of the Beijing Olympic Games in particular. Chinese characteristics of the marketing of the Beijing Olympics and its relevant financial impact on the Chinese economy, as well as on the Olympic economy, will also be discussed in this chapter.

Chapter Six aims to study the economic impact and legacy of the Beijing Olympic Games. In terms of impact, it will mainly focus on local economic growth, industry structure and the impact on tourism in Beijing, and on the creation of Olympic economic zones in China. The study of economic legacy will concentrate on infrastructure, Olympic venues, human capital, China’s internal and external relations, and environmental issues in Beijing.

Chapter Seven is the conclusion of this study. It will address the research questions and identify this study’s contribution to existing knowledge and theory, in particular in the research area. The end of this chapter will also include a discussion on the limitations of this research and the potential for future research.
Chapter 2 Literature Review

2.1 Introduction

A literature review is a stepping stone to the research process, with the purpose of guiding the researcher to make decisions on how to carry the study forward. The goal of carrying on a literature review is to be familiar with the literature relevant to a particular topic of interest, and identifying the gaps where further research is necessary. In this research, the literature review summarizes five types of knowledge that relate to the Olympic economy in China.

The exploration of the Olympic economy in China is a cross-disciplinary research project. Therefore, in order to understand the situation and changes in this area, it is necessary to draw upon literature from a number of different disciplines. These include studies of the economic impact of the Olympic Games, the Chinese economic reform and opening up, the Chinese sport reform and the Beijing Olympic Games.
2.2 Various Research Related to the Olympic Economy in China

2.2.1 Research on the Economic Impact of the Olympic Games

The commercialisation of the Olympic Games in the 1980s is probably the most dramatic and colorful turnaround in sports and business history. Along with the development of the Games themselves, this economic phenomenon became more obvious and the modern Olympic marketing system and economy emerged. As a positive effect, the commercialisation of the Olympic Games brought the financial benefit of the Games to both the host city and country. By hosting the Games, the local GDP increased and the economic system was upgraded. The Games brought extra tourism to the host city and country, which indirectly improved its infrastructure and relevant facilities. In addition, the Olympic Games also helped a number of companies becoming big international brands, for example Nike, Samsung and Visa. On the other hand, the commercialisation of the Olympic Games also brought negative effects at the same time. Due to the dramatic increase in demand before the Games, the local economy received a boost. However, as demand decreased after the Games, an economic downturn was hard to avoid. By boosting the local economy, the Games also created an imbalance in the regional economy at the same time. Meanwhile, the question of how to maintain the utility of the major sport stadium and facilities after the Games was another challenge for the host. These traits attracted attention from scholars and organisations to study the commercial revolution and its financial potential on the Olympics Games.
In his book *Olympic Turnaround*, Payne reveals how the International Olympic Committee reinvented itself in the 1980s, and how the Olympic Games became the world’s best-known brand, attracting billions in advertising and broadcast revenues (Payne, 2006). Through his book, Payne offers unprecedented access to the people, the negotiations, and the machinations behind the whole process of the commercialisation of the Olympic Games. His work provides first-hand information and insight behind the commercialisation of the Olympic Games.

Commercialisation of the Games was however not in everyone’s favour. In *Games of New World*, Robert Parienté states (1992: 437) that Olympism could not remain out of touch with the ongoing transformation of its economic environment. However, he also points out that the development of sponsorship can produce important sources of revenue, but that it is also necessary to avoid putting the Olympic Games up for auction. To deprive the Games of their vital elements of romanticism and reason would be the end of Olympism.

In one of his works, Preuss points out that most research about the economics of the Olympic Games at the early stages is mainly based on microeconomic aspects focusing on the Organising Committee’s revenue in selling television rights and sponsorships. The macroeconomic aspects of the Games which are less obvious and rarely examined are ignored (Preuss, 1998: 197). He also states that nowadays, hosting the Olympic Games can act as a catalyst for urban redevelopment, enabling
changes which might normally take several decades to be completed over a seven-year cycle (Preuss, 2000). In another paper, *Economic Dimension of the Olympic Games*, Preuss (2002: 15) states that it has become clear that from a financial point of view the staging of the Olympic Games is much bigger than all other major sporting events. He believes that there are two decisive changes that have occurred for the host since the 1980s. First, the OCOG can be confident that the Games will result in a financial surplus when subtracting the operative costs from revenues. Second, the Games have reached a dimension that requires huge sport facilities and adequate infrastructure for athletes, tourists and media representatives.

Giannoulakis and Stotlar believe sponsorship plays an important role in the modern Olympics. It involves not only support of the financial revenue, but also provides expertise, products, services, technologies, and personnel to help in the organisation of the Games (Giannoulakis and Stotlar, 2006: 180). The history of Olympic sponsorship has demonstrated the increased financial dependency of the Olympic Movement on corporate sponsors (Giannoulakis and Stotlar, 2006: 180).

In 2001 PwC conducted a research paper about the economic impact of the Olympic Games. In the paper, the authors drew a distinction between the financial impact of hosting the Olympics, and the economic impact of the Games. It was defined that the financial impact of the Games refers to the organising committee’s budgetary balance, and the comparison between the cost of staging the Games and
the revenues that are generated from the Games (PwC, 2001: 18). On the other hand, the economic impact related to the Games associated factors, such as increased tourism and improved infrastructure, which could potentially contribute to development of the economy in general (PwC, 2001: 18).

Richard Cashman (2002) explains in his research that staging the Olympic Games is a long and expensive commitment for the host city. This commitment can be divided into four periods: the period of preparation for the bid and being awarded the Games; the period of seven years of preparation for the Games; the period of the Games themselves; and finally a much longer post-Games period. He also lists eleven types of impact that have to be considered, including alterations in design of the city, changes to the physical and the built environment, increased costs and taxes, potential increases in tourism and business activity, the creation of new sporting venues which had potential for post-Games community use, and the involvement of the community as volunteers and torch-bearers (Cashman, 2002: 5).

With the development of the Olympic economy in the 1990s and 2000s, there were more studies about the economic impact on each Olympic host. Comprehensive impact analysis was usually presented as an official report after the Games were finished.

Economic Research Associates (ERA) conducted a study of the potential economic
impact of the 1984 Games on the Southern California area. This study on the impact of the Games lasted a number of years, and focused on the year 1984. In the *Official Report of the Games of the 23rd Olympiad Los Angeles, 1984*, the results of ERA’s study stated that ‘The total impact - a remarkable $3.29 billion - is significant in the context of the Southern California economy. For example, the total impact of $3.29 billion represents roughly 1.6 per cent of the current year’s total gross product in Los Angeles County’ (LACCO, 1985: 312). The study also explained the two levels on which the total economic impact occurred, which were primary and induced. The primary impact referred to the initial first round expenditures directly associated with the event, while induced impact referred to the subsequent results of the initial income. This induced impact had a substantial effect on an economy as large and diversified as that of Southern California. The final factor affecting economic impact was displacement, whereby normal tourism and resident expenditure patterns were adversely altered by the occurrence of the event (LAOOC, 1985: 312-313). Besides the content above, the report also discussed the economic impact on the government as well as and potential benefits to the community.

In 1989 the Korea Development Institute published *The Impact of the Seoul Olympic Games on National Development*. In this report, J. G. Kim and other researchers analysed that by April 20, 1989, the total proceeds of The Seoul Olympic Organizing Committee would amount to 909.8 billion won with expenditures totaling 568.4 billion won, and thus there was an overall surplus of
341.4 billion won (Kim and Kim, 1989: 216). The Olympic marketing program drew 96 local corporations and 46 foreign corporations, generating hefty revenues of 70.8 billion won. The donations and contributions made to the SLOOC totaled 241.6 billion won, including 131.4 billion won from the apartments (Kim and Kim, 1989: 229). The Games' organizers demonstrated negotiating skills by agreeing sponsorship or agent contracts with leading international corporations like Coca-Cola, Kodak and Monum starting in 1984. More importantly, the SLOOC secured a number of other multinational corporations as sponsors while opening up large areas of participation to local corporations, contributing to the growth of local industry. The authors believed that an operational style typical of a private business, and respect for the public interest along with diplomatic and negotiating skills enabled the Seoul Olympic Games to record an operating surplus.

Ferran Brunet, in his research *The Economic Impact of the Barcelona Olympic Games 1986-2004*, believes the Olympic Games brought an impressive urban transformation to Barcelona, as demonstrated by a total of 61.5% of Olympic funding being allocated for building work. This illustrates a key feature of Barcelona '92 and its structuring effect on the city (Brunet, 2005: 7). The investment made between 1986 and 1992 was the key to the city's urban transformation and its improved strategic positioning. By using a series of figures, Brunet compared other Games and cities over the 1964-2008 periods, and the results showed that Barcelona was most successful in harnessing the Olympic impetus and its impact. Based on the high success of the Barcelona Olympics, Brunet proposed the “Barcelona model”. He says the model could be considered in
three respects (Brunet, 2005: 12):

• *A model for organisation of the Olympic Games.*

• *A model for economic impact of the Olympic Games, especially in term of investments not directly linked to the Games.*

• *A model for urban transformation, improved attractiveness and strategic positioning.*

Brunet (2005: 12) states that since the results of this “Barcelona model” were positive, then the term “model” is often used in the sense of being exemplary for other cities organising similar events. It seems that it would serve as a model in this sense for Sydney, and that it would also do so for Athens and possibly Beijing as well. Thus Barcelona became a model for other Olympic Games and cities.

The Atlanta Committee for the Olympic Games (ACOG) conducted their study about the economic impact on the state of Georgia from the Games in 1996. Based on their research, the total economic benefit of hosting the Centennial Olympic Games on Georgia’s economy was projected to be $5.1 billion from 1991 to 1997 (ACOG, 1997). Of the total economic impact, there was $2.3 billion generated by direct and indirect economic impacts, and another $2.8 billion was from induced economic impact. As the authors wrote in the report: ‘Such an economic impact resulted from the ACOG spending, as well as from visitor spending. ACOG spending generated approximately $2.6 billion of economic activity, while out-of-state
visitor spending produced an additional $2.5 billion (ACOG, 1997: 220). The study also found out that the greatest economic impact, measured by expenditures and new jobs, was experienced by those businesses involved in hospitality, business services, retail trade, construction, health services, transportation, wholesale trade, and personnel services. Approximately 77,000 full-time and part-time jobs were created, with close to 38 per cent in the hospitality industry (ACOG, 1997: 221). In addition, the authors also offered the following recommendations to future Olympic organizing committees (ACOG, 1997: 221):

- There should be an early acceptance of and commitment to a centralized approach to planning and integration.
- A definitive strategic plan should be developed which prioritizes services to constituencies to guide allocation of limited resources.
- Fair, uniform practices regarding the pricing, budgeting, utilization, and management of VIK (value-in-kind) among the IOC, NOCs, and OCOG should be established.
- A thorough understanding of the financial implications of VIK valuation, utilization, and accounting should be ensured throughout the organization. The VIK process should adhere to firmly established priorities set by senior management.
- One department should be designated to manage the rate card program to establish equity in prices and information, clear communications, and efficient management.
• The objectives of the dissolution and liquidation process should be clearly defined, and the organization should ensure that appropriate staff remains available to fulfil these functions.

John Madden and Matthew Crowe did a collaborative study on the economic impact of the Sydney Olympic Games. This research paper took the Sydney Olympics as a case study, by using regression analysis on the data to analyse the economic side of this Olympic Games. The results show that the economic impact from the Olympics was not only during the year that the Games occurred, but was in fact a long process from the preparation until a few years after it closed; it lasted even longer in some fields. The research divided the whole process of the Sydney Olympics into three time periods, which were the Pre-Games period, the Games Year period and the Post-Games period. The data came from the New South Wales Treasury and the University of Tasmania, and was in three categories: macro-economic variables; industry; and employment for each period. The estimate shows significant net economic benefits flowed from the Olympic Games. The results also show that the economic impact had different characteristics in different periods. In the Pre-Game period, the task for the host city and country was to mainly focus on improving the infrastructure. The Games Year is the period that promotes the Olympic Plan, with almost every element reaching their peak of increase. With those increases a number of new jobs were also created. In the post-Games period, labour productivity also improved due to the experience gained from the Olympic Games, and also created a rise in the demand for
manufacturing exports (Madden and Crowe, 2002: 24). The authors believe that the impact on tourism was a key feature throughout the whole Olympic season. The study analysis of the Sydney Olympic Games compared the impact in different fields such as industrial development, investment and tourism. Changes in facilities and Olympic activities seem to be important or main factors that the host city and country can obtain benefit from the Olympic Games - particularly in respect to tourism (Madden and Crowe, 2002: 23-24).

In 2004 PwC reported on research of *The Athens 2004 Olympics and the Outlook for the Greek Economy*. The content showed that the host city of the 2004 Olympic Games Athens was not very successful from a financial point of view. As the smallest country to host the Olympics in over 50 years, the financial burden of the project proved significant for this country. The report showed 'The operating costs of running the Games have grown from an initial estimate of €500 million to close to €2 billion, with the state covering at least 14% of the total. With responsibility for all infrastructure projects, the Greek government’s budget share of costs rose from €2.5 billion to €4.6 billion’ (PwC, 2004a: 22). The investments during the Pre-Games period increased Greek GDP by 4% growth in 2004, but the huge cost of the Games at the end, which was around €7 billion, caused a significant budget deficit that brought the whole country into the Post-Games shadow (PwC, 2004a: 24). Researchers pointed out a few reasons listed below that affected Athens economy during their hosting of the Games. Greek tourism increased steadily during 2000-2002, but suffered a setback in 2003 due to the Iraq War, the SARS
outbreak and the EU recession (PwC, 2004a: 24). The delay of infrastructure projects caused a big cost on material and labour resources. In addition, with the aim of reducing the scale of commercialisation of the Games, Athens had a reduced number of sponsors in comparison with the more recent Olympic Games. There were only 22 companies sponsored for the 2004 Games, and half of them were local companies.

Through these studies, it is clear that the Olympic Games benefits the hosts in different areas according to their own strategies. The USA hosted two Games in the last 20 years. Two cities took the most advantage of commercialisation of the Games, by trying to maximize the financial benefit from sponsorships and business throughout the Games. Sydney and Seoul seemed to mostly concentrate on promoting their city, culture and local industry by hosting the Games, while Barcelona boosted its infrastructure the most as the host in 1992. Meanwhile, Athens’ experience showed hosting an Olympic Game is not in itself a guarantee of future economic success.

In addition to the studies of the economic impact, there is also research about how the Olympic legacy has been carried out.

Wayne Wilson conducted a post-Games study of the 1984 Los Angeles Olympic Games in terms of its infrastructure legacy. He points out that the post-1984 infrastructure development in Southern California expanded the understanding of
the Olympic legacy, especially the hard legacy, which defined as local or tangible Olympic legacy (Wilson, 2014: 144). He believes that the example of the 1984 Olympic surplus and the subsequent reinvestment in the community can be used as a lesson in the value of disciplined fiscal management that can be emulated by future Olympic organisers to achieve a similar financial outcome (Wilson, 2014: 152).

Becca Leokey and Milena Parent state in their research that agents such as the IOC, the Games bidders, the candidate cities, and other Games stakeholders have played a role in the institutionalisation of legacy within the Olympic movement (Leokey and Parent, 2011: 939). This was done through the use of bid and final report documentation from Olympic Games host and candidate cities. They also raise a question for further research: ‘who has the responsibility for delivering and sustaining post-Games legacy?’ (Leokey and Parent, 2011: 938).

Interestingly, Lynn Minnaert carried out a study of the Olympic legacy for socially excluded groups. Minnaert examines the non-infrastructure outcomes of the Olympic Games on socially excluded groups in the host community, and discovered that the Olympic Games do not automatically bring non-infrastructure benefits for such groups. She argues the socially excluded groups were rarely targeted to be beneficiaries of the Olympic Games. In her research, she also states that the only Games that created a lasting legacy for the excluded groups were the Sydney Olympic Games (Minnaert, 2011).
As the discipline of the Olympic economy is still relatively new, studies about it are limited. Studies of the Olympic economy are usually presented as part of overall Olympic studies. Studies about the Olympic legacy appear to be the possible focus of future research.

2.2.2 Research on Chinese Economic Reform and Opening Up

The Chinese economy started as a Soviet-style central planned economy during Mao’s Era. Reforms were first introduced in 1978, and were carried out properly when Deng became the new leader of the central government. Since then, China has started long-term economic reforms which is still going on at the moment. The planned economy and the market economy both coexist in the Chinese economic system. Therefore, there were a number of studies in both the East and the West that were carried out in relation to the changing of the Chinese economy.

Richard Louis Edmonds carried out his research on the economic policy regime of Mao (1952-1975). He believes that a major distinguishing feature of this period was the adoption and implementation of the Soviet-type economy as China’s economic system (Edmonds, 2000). In his book The People’s Republic of China After 50 Years, he writes, ‘Central planners set targets for outputs of the enterprises, and determined how those outputs should be produced’ (Edmonds, 2000: 45). He also points out two adaptations of the Soviet-type economic models that brought Mao’s
economic policy to an end. The first was the extreme emphasis which was given to self-dependent economic development: nationally, regionally, provincially, even within the enterprise (Edmonds, 2000: 45). This policy limited China’s participation in the global economy, while at the same time global technological developments and economic growth were providing tremendous benefits to developing economies which chose to pursue an export promotion policy (Edmonds, 2000: 45). The second adaptation was the reliance of mobilization campaigns and mass movements to achieve a rapid transition to true socialism, which was very costly to China (Edmonds, 2000: 46-47).

Alan Hunter and John Sexton also have their opinion on the reforms introduced by Deng Xiaoping in 1978. A key feature of the economy during Deng’s Era was that China abandoned the previous Maoist policy of self-reliant economics and instead aggressively entered the world market as an exporter of industrial goods (Hunter and Sexton, 1999). They claim that the economy inherited in 1978 by Deng Xiaoping had registered some successes, but that the reforms were the prelude to a period of extraordinary growth in the economy. From their book Contemporary China, Hunter and Sexton (1999: 108) believed that the overall effect of the economic reforms were the transformation of economic decision-making from state planners to households and firms operating within the marketplace. The above trend could be noticed from the early 1980s, but was not made explicit until 1992, when the 14th congress of the CCP endorsed a process that was largely one of a Socialist Market Economy (Hunter and Sexton, 1999: 120).
Gittings, who highlighted the initial stages of the reform in *China Changes Face: The Road From Revolution 1949-1989*, thinks the economy at Mao’s Era had to be contained within a framework of socialist thinking which always put ‘politics first’ (Gittings, 1989: 101). The readjustment of the economy carried out from 1979 to 1983, which strengthened Deng Xiaoping’s reformers, scaled down Hua’s targets and sought to remedy the imbalance in the Chinese economy by boosting consumption instead of accumulation (Gittings, 1989: 101-102). Since the changes began, the planned economy remained supreme in theory. However the reforms increasingly led into areas which challenged its domination and undermined the parallel supremacy of state ownership (Gittings, 1989: 103). Deng Xiaoping sought to channel these new ideas into an acceptable package labeled ‘Socialism with Chinese Characteristics’. By the late 1980s, economic theory had progressed from initially regarding the plan as primary and the market as secondary, to the eventual unification of the two concepts (Gittings, 1989: 109). At the 13th Party Congress in October 1987, the various strands of economic reform of the 1980s were drawn together to form a strong new ‘line’ of what was still claimed to be a socialist strategy (Gittings, 1989: 116). Gittings (1989: 116) believes that reform was not just a mechanism for making socialism work, but instead that this was what socialism was about at this early stage in history. This ‘primary stage of China’s socialism’, which would last until the middle of the 21st century, was dominated by the transformation of China from an agricultural country into a modern industrial country where non-agricultural workers constituted the
Huang Yasheng provides some refreshing information and analysis in his book *Capitalism with Chinese Characteristics: Entrepreneurship and the State*. Huang’s study presents a story of two China’s - an entrepreneurial rural China and a state-controlled urban China. Huang shows how China’s rural economy started to change in the 1980s, led by township and village enterprises that were essentially private, only to be ignored in the 1990s by the development of urban regions such as Shanghai (Huang, 2008: 175-180). The Shanghai miracle was not only the triumph of capitalism, but also the result of a stronger and more intrusive state (Huang, 2008: 230). Huang says (2008: 233-236) that the products of capitalism with Chinese characteristics include income disparity, reduced personal income growth, weak financial sectors, rising illiteracy, and productivity slowdowns. Despite the fact that GDP grew quickly, the welfare implications of growth differed substantially. As Huang indicates, the Chinese private sector is a focus for the future development and performance of the Chinese economy. China will not be able to continue to grow unless the benefits of growth are widely shared through political reform as well as through legal reforms (Huang, 2008: 37-45).

Barry Naughton provides his insightful view of the Chinese economy in *The Chinese Economy: Transitions and Growth*. By presenting background material on the pre-1949 economy and the industrialization, reform, and market transition, Naughton analyses patterns of growth and development. He includes population
growth and the one-child family policy; the rural economy, including agriculture and rural industrialization; industrial and technological development in urban areas; and international trade and foreign investment. Also included are macroeconomic trends and cycles and the financial system; and the largely unaddressed problems of environmental quality and the sustainability of growth (Naughton, 2007: 5-7, 9-12). He also discusses the Chinese economy in comparison with other developing economies as well as with advanced industrial countries such as the United States and Japan. Naughton believes that China is becoming a 'powerhouse of the global economy', although there will be challenges in terms of retaining the past accomplishments. The Chinese economy will only grow as China becomes an increasingly important player on the world's stage (Naughton, 2007: 5).

Some Chinese researchers also have their points of view on the Chinese economic reforms. For example Wang Weiguang states that economic reform brought two major advantages to China. First, it made for a continuous growth in the Chinese economy in the past 30 years. The total GDP in 1978 was 364.52 billion RMB, and the number in 2007 was raised to 246.6 trillion RMB, which was nearly 67.7 times as much as the figure in 1978 (Wang, 2008c: 1). Second, it created more relationships and connections between China and the rest of the world, in politics, economics, culture and society. By the end of 2007, China had become the third biggest trading country in the world with the largest foreign exchange reserves (Wang, 2008c: 3). Wang thinks that joining the WTO symbolized that the economic
reform has entered a new period; China would become more involved in more international affairs, and therefore become more important on the world stage.

Another researcher, Xu Zhigong, highlights the importance of reform, which he divides into 5 periods. The first period is 1978-1984; Xu thinks the result of this period is the merging of the reform, and its initial practice. The central government determined that economic development was the central task. The second period is 1984-1988, on which the focus of the reform gradually moved from countryside to city. The reform area was also extended to include politics, science and education. 1988-1992 is the third period as the central government studied and further adjusted reforms of the previous two periods. The next period is 1992-2002; Xu points out that Chinese government found a new goal for reform, which was to build up the socialist market economy. The fifth and final period lasted from 2002 until the present. The theme was to build up a well-off and harmonious society in an all-round way (Xu, 2008: 1-4).

Meanwhile Chen Chunhua points out the problems in the Chinese economy in her article *The Concern of the Effective Growth of Chinese Economy*. Chen worries that there are a few crises that come along with economic growth. In China, people usually pay attention to GDP, but ignore 'Productivity Quality' and 'Technical Foundation' (Chen, 2008: 44). She also discusses the structural imbalance of economic growth; the eco-environmental degradation and resource bottleneck that may block the sustainability of the economic growth. She states that the
quality of Chinese enterprises growth was the major element that contributed towards the effective growth of the Chinese economy (Chen, 2008: 46).

The above studies reflect that Chinese economic reform is a long-term task. It brought continuous growth in the Chinese GDP, but it also brought problems and challenges. The Chinese economy is in a unique situation now, with the planned economy and market economy coexisting in the economic system. Both the government and the market are playing their own role and each contributes to economic growth.

2.2.3 Research on the Chinese Sport Reform

Chinese Sport reform followed economic reforms, and was aimed to suit the new economic system. Studies on Chinese sports were also gradually carried out as well.

Fan Hong, an expert in the field of Chinese Sport, thinks that the modern triumph of Chinese sport is deeply rooted in the Chinese elite sports system. In her article Beijing Ambitions: An Analysis of Chinese Elite Sports System and its Olympic Strategy for the 2008 Olympic Games, she claims that Chinese sport, like the Chinese economy, also learned from the Soviet Union in the 1950s but developed its own character in the 1980s. This ‘whole-country support for the elite sport system’ was officially acknowledged in the 1980s when China adopted the
'open-door' policy (Hong, Wu and Xiong, 2005: 512). The Olympic Strategy was produced in 1985, which clearly stated that ‘elite sport is the priority’, and it was the blueprint for Chinese sport in the 1980s and 1990s. At this stage the government began to advocate that the Olympic Strategy and a National Fitness Programme should advance simultaneously. However, China’s 1993 and 2001 bids and the successful bid to host the 2008 Games stimulated a new set of Olympic objectives in China (Hong, Wu and Xiong, 2005: 514).

Xu Xin, in his article Modernizing China in the Olympic Spotlight, provides a historical view of China’s sports policy in terms of its role in modern nation building and international integration. Xu claims that China’s international integration was its ‘second revolution’, which reflected through its development from Maoist ‘continuous revolutions’ to Dengist ‘four modernizations’ (Xu, 2006: 93). In addition, China’s sports policy and its relations with the Olympic Movement were part of this transformative process (Xu, 2006: 93). Xu also argues that sport appeared to be a powerful channel for China to fulfill the ‘the great power dream’. Under these circumstances, ‘elitist sport’ has replaced the concept of ‘friendship first, contest second’ as a new organizing principle of the state’s sport policy (Xu, 2006: 92-94).

Yang Wenxuan, Lu Yuanzhen and Hu Xiaoming also have opinions about Chinese sport reform in an economic respect. They argue that sport had been seen as a nonprofit welfare system in China for a long time. The first sign of change was in
1985 when the sport industry was listed as a new category in the third industry (Yang, Lu and Hu, 2003: 135). Football and other events gradually started their commercialisation in the early 1990s. Some elite or popular sports teams also entered the sports market. The most important change was that the final resource changed into state funding, social fund-raising and coexisting autonomous management (Yang, Lu and Hu, 2003: 138).

Lu Taihong, professor of Marketing in Zhongshan University China also formed an opinion in a book he wrote. In ‘The Marketing in Sports, The Marketing in Olympics’, he explains what the sports economics were, and what marketing opportunities were offered by the Olympic Games. The whole book follows the logic that there is ‘the marketing of sports, the marketing of brands and the marketing of the nation’ (Lu and Luo, 2003: 3-5). In particular, he gives some ideas of how to do business in the Chinese sports market, and tries to expose the current problems in the sports business system. Last but not least, he discusses the solutions for these problems, and gives positive suggestions to Chinese sports organizations about how there could be a better way to learn from other countries on how to obtain benefits from the sports business (Lu and Luo, 2003: 66).

Tien-Chin Tan and Mick Green (2008) address the case that Chinese sport proved that developing sporting excellence had associated financial costs, and that these costs are high (Tan and Green, 2008: 331). Meanwhile, they also point out that in China, patriotism, nationalism and ideology still remain important signifiers of
national distinctiveness to be realised through international sport success. Tan and Green believe the Chinese sport system reveals that there is a similarity in the mechanisms in place in China when compared with nations like Australia, Canada, and France. There are subtle ‘domestic’ variations in the implementation of these mechanisms, which are indicative of different nations’ political and cultural histories and traditions (Tan and Green, 2008: 334).

The studies about Chinese sport reform are covered from many aspects as researchers look at changes in Chinese sport from their own point of view. As seen above, these studies cover Chinese sports policy, Chinese sport and politics, and the relationship between sport and the economy.

2.2.4 Research on the Beijing 2008 Olympic Games

After Beijing won the bid to host the 29th Olympic Games in 2001, a number of related studies were conducted.

Susan Brownell, a former topflight athlete who speaks Chinese and who trained and competed with Chinese teammates, has a strong personal take on virtually every facet of her studies. In Beijing’s Games: What the Olympics Mean to China, Brownell provides an understanding of the importance to China of hosting the 2008 summer Olympic Games and of what the Games mean for China’s relationship with the outside world (Brownell, 2008).
Jeffrey Owen (2005) did his research in estimating the cost and benefit of hosting the Olympic Games. He thought the potential for long term economic benefits from the Beijing Games would depend critically on how well Olympics related investments in venues and infrastructure could be incorporated into the overall economy in the years following the Games. He also claims that one possible difference was due to the opportunity cost of labour in China, the jobs created by construction and the operation of the Games could be considered a transfer with zero social cost. However, Owen also points out a potential negative was the displacement of local residents in Beijing.

Xu Quoqi, shows in his book *Olympic Dreams: China and Sports, 1895-2008* that politics have long been at the heart of China's relations with the modern Olympic movement (Xu, 2008: 11). He proves that the goal of China participating in the 1932 Los Angeles Olympics was to prevent Japan from scoring a propaganda coup (Xu, 2008: 40-42). Xu believes the 2008 Beijing Olympics was also intended to have a political message. He argues that since China abandoned the Soviet Union model and introduced the economic reform and opening up policy, Chinese people have been living in a life that their parents could hardly imagine. Additionally, China has entered into normal relations with most countries, becoming a diplomatic as well as an economic player in Asia and the world. By hosting the Games, China was going to celebrate this status (Xu, 2008: 249). More importantly, China wanted to take the opportunity to receive international recognition for its

Tian Yupu is a professor in Nanjing Normal University China, and in his paper ‘The Proper Control on Purpose of Hosting Beijing Olympic Games’, he studied the history of hosting the Olympic Games. He found out that the hosting country had undertaken a dual mission; to develop its own country and services for carrying on the international Olympic spirit. However, due to the lack of the control and excessive pursuits for the hosting purpose, many countries had received negative international impacts (Tian, 2007: 3). In order to avoid such phenomenon taken place in the Beijing Olympic Games, Tian reorganized the purposes of hosting the Beijing Olympic Games. In a political sense, it is a chance to show the achievement of socialist construction in China. In an economic sense, the economic impacts, especially indirect impacts will bring a boost in tourism, business and transportation. In a cultural sense, the Games provide a stage to express how Chinese understands when the cultures of West and East cultures are mixed. Last but not least, in sports, Beijing wants to embody ‘one world, one dream’, but also to present China as a strong sports power, particularly on the golden medal battlefield (Tian, 2007: 4-6).

Ren Hai, a professor at Beijing Sport University, focused on the relations between the 2008 Olympic Games and Chinese society in his paper ‘2008 Olympic Games and Their Social Impacts’. He claims that the 2008 Beijing Olympics have brought
and will bring extensive social impacts on China since the goal of the Olympic Movement is consistent with the developmental trend of Chinese society and the Games’ preparation has overlapped with the country’s social transitional process (Ren, 2008: 12). In this paper, Ren discusses the impacts of the Beijing Games on the social values of four different levels in China, which are personal development, social development, environment and foreign relations (Ren, 2008: 14-15).

The studies of Beijing Olympic Games have been carried out by both Chinese and foreign scholars, from the perspective of Chinese culture, Chinese sport, politics in China and the Chinese economy. Most of the studies were conducted before the Beijing Olympic Games and were unable to foresee the impact of the Games.

2.3 Conclusion

This chapter looks at the literature in relation to the situation as it was and as it is now for the Olympic economy in China. There are four different areas that have been reviewed. The first of these relate to the current research that has been carried out on the economic impact of the Olympic Games. The basic message from this research is that after the commercialisation of the Games, the Olympics can bring a significant economic impact to the host. The impact can be broken in to three periods: the pre-Games period, the Games year and the post-Games period. Besides the impact, the legacy of the Olympic Games appeared to be another
research focus. The studies of economic impact on the Olympic host are usually focused on a specific area or industry. This second part of the literature review focused on the Chinese economic reform and opening up of the economy. After the reform and opening up had been introduced over 30 years, China has embraced western capitalism, and a development market economy under the supervision of the central government. The planned economy and the market economy have co-existed in Chinese system simultaneously. This led to the third area reviewed which dealt with the reform of Chinese sport. Following reforms in the Chinese economy, Chinese sport also began to implement reforms. There are some similarities between the Chinese economy and the Chinese sport system. The final area reviewed was research on the Beijing Olympic Games. The studies that have been done with different perspectives mainly focused on Chinese culture and policies in relation to the Olympic Games. Most of the economic impact studies were carried out before the Games, due to the lack of indication for the impact during the post-Games period.
Chapter 3 Methodology

3.1 Introduction

According to Herbert Blumer (1969: 22-23), methodology refers to the ‘entire scientific quest’ that tries to fit the ‘obdurate character of the social world under study’. Thus methodology refers to the relationship between theory and method; it is not only an outline of the strategy or methodology adopted for the study, but it also represents the research methodological procedure used. In short methodology constitutes a whole range of strategies and procedures that include the following: developing a picture of an empirical world; asking questions about that world and turning these into researchable problems; finding the best means of doing so that involve choices about methods and the data to be sought, the development and use of concepts, and the interpretation of findings (Blumer 1969: 23). This chapter aims to discuss the selection of a research paradigm, to state the research methods and processes, and to explain the validity and reliability of the above.

First, it is necessary to provide a brief reminder of the aim of the study, which is to analyse the Olympic economy in China in the context of Chinese economy and politics. In order to achieve this aim the relevant topics are going to be discussed in
the study, including the commercialisation of the Olympic Games, the changes to
and characteristics of both the Chinese economy and sport, the purpose of hosting
the Beijing Olympic Games for China and the relevant economic activities and
effects of the Beijing Olympic economy.

In this context, the researcher will seek to address the theoretical rationale for and
the relationship with the choices of method adopted.

3.2 Methodological Considerations

According to Sarantakos (1998: 32), methodological considerations translate the
principles of a paradigm into research language, and show how the world can be
explained, handled, approached, or studied. In other words, the choice of research
method flows from an allegiance to a distinctive position in relation to how social
reality ought to be studied (Bryman, 2008: 16-18), and how the data arising from
the research ought to be collected and interpreted (Grix, 2002). In order to provide
appropriate answers to the questions set out in this study, it is important to choose
the most appropriate and efficient method of data collection. Therefore, it is
necessary to discuss which method is most suitable to proceed with.
3.2.1 Qualitative Versus Quantitative

It is suggested by Sparkes (1992) that the difference between qualitative and quantitative research refers to the characteristics of the data collected by the researcher. Marsh and Furlong (2002) also point out that quantitative research often deals with large amounts of data which researchers analyse using statistical techniques. Scientists believed that the same patterns that were being observed with physical matter could also be applied to behavior, while qualitative researchers argued that there are multiple ways for acquiring knowledge, where each of them could complement the others (Minichiello and Kottler, 2010: 16). Qualitative researchers believe that there is a fixed way of thinking about the world, although different people can experience the same events but think about them or interpret them very differently (Minichiello and Kottler, 2010: 16). After years of study and research, qualitative research is a field of inquiry in its own right; it cuts across disciplines, fields, and subject matters (Denzin and Lincoln, 2008: 3). It has separate and distinguished histories in communications, social work, organisation studies, medical science, education, anthropology, psychology, and sociology. Denzin and Lincoln (2008: 3) state that qualitative research means different things in each of these areas. They also gave a generic definition as follows:

Qualitative research is a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make
the world visible. These practices transform the world. They turn the world
into a series of representations, including field notes, interviews,
conversations, photographs, recordings, and memos to the self. At this level,
qualitative research involves an interpretive, naturalistic approach to the
world. This means that qualitative researchers study in their natural
settings, attempting to make sense of, or interpret, phenomena in terms of
the meanings people bring to them.

Meanwhile, in the social sciences, quantitative research refers to systematic
empirical investigation of social phenomena via statistical, mathematical or
computational techniques. The objective of quantitative research is to develop and
employ mathematical models, theories and hypotheses pertaining to phenomena.
The central part of quantitative research is the process of measurement, which
provide the fundamental connection between empirical observation and
Overall, quantitative data refers to things that have been or which can be counted
and put on a numerical scale of some kind. This of course requires that these things
can be specified in such a way that they can be counted and scaled (David and
Sutton, 2004). However, qualitative data refers to the collection of materials in
linguistic form, a form that has not been translated into a location on a numerical
scale (David and Sutton, 2004: 77).
Qualitative and quantitative research differs in many ways, many researchers hold a ‘separatist’ position and believe these two types of research are completely incompatible (Murphy and Dingwall, 2001). There is one clear difference between these two research styles that is related to the nature of the data. Soft data, in the form of impressions, words, sentences, photos, symbols and so forth, dictate different research strategies and data collection techniques than hard data, in the form of numbers (Neuman, 2006: 151). The qualitative researcher is more interested in the fact that meanings come in packages, wholes, ways of life, belief systems and so on (David and Sutton, 2004: 35). While most quantitative researchers rely on a positivist approach to social science, they apply ‘reconstructed logic’, and follow a linear research path. They speak a language of ‘variables and hypotheses’, but the qualitative researchers speak a language of ‘cases and contexts’ (Neuman, 2006: 151).

In terms of methodological selection, this study will use the Beijing Olympic Games as a means of examining the economic activities and phenomena that are connected to the Beijing Olympic Games, including the history and development of the Olympic movement, as well as some relevant topics of Chinese economics and society. As an economic study of the Beijing Olympic Games, there are inevitably statistics involved in this research. They are one of the important data resources that will be used here, but it is difficult to only use numbers and figures to define and answer these research questions, which will be discussed in this research. Such studies, as the economic impacts of Beijing Olympic Games and the
characteristic of Beijing Olympic economy, are more amenable to analysis in words rather than numbers. Thus qualitative research methods are more appropriate to be adopted in this study.

3.2.2 Case Study Approach

As a research method, the case study is used in many situations, to contribute to our knowledge of individual, group, organisational, social, political, and related phenomena (Yin, 2003: 2). Nowadays, the case study is used as a common research method in many fields in the social sciences, such as psychology, sociology, political science, anthropology, social work, business, education, nursing, and community planning. Case studies are also found in economics, in which the structure of a given industry or the economy of a city or a region may be investigated (Yin, 2003: 4).

The case study is a type of research that is different from other forms of analysis, and demonstrates the following distinguishing characteristics (Sarantakos, 1998:192):

- *It studies whole units in their totality, and not aspects or variables of these units.*
- *It employs several methods at once, primarily to avoid or prevent errors and distortions.*
It often studies a single unit: one unit is one study.

It perceives the respondent as an expert not just as a source of data.

It studies a typical case.

In addition, case studies are also employed for the purpose of investigation for the following reasons: First, to gain more information about the structure, process and complexity of the research object when relevant information is not available or sufficient. Second, to facilitate conceptualization. Third, to guide the process of operationalisation. Last, to illustrate, explain, offer more details or expand quantitative findings (Sarantakos, 1998: 296). In brief, a case study is the empirical investigation of a specified or bounded phenomenon (Mabry, 2008: 214). The case study method allows investigators to retain the holistic and meaningful characteristics of real-life events, such as individual life cycles, small group behavior, organisational and managerial processes, neighborhood change, school performance, international relations, and the maturation of industries (Mabry, 2008: 214-228).

The Beijing Olympic Games were the first and, to this point, the only Olympic Games that China has hosted. In terms of the study of Chinese Olympic economy, the Beijing Olympic Games could be the case that reflects perfectly the situation of Olympic economy in China. There are a number of activities in different areas that were involved in this event, including the areas of economic activities, political activities, and cultural activities. Meanwhile, the impacts that the Games brought to
the host city and nation also covered different fields. The major aim of this study is, through these activities and impacts, to find out how the Chinese Olympic economy performed, and the characteristics of this Chinese Olympic economy with a passing reference to Olympic economy in general. Therefore, the case study presents itself as the most appropriate approach for conducting this research.

3.3 Research Methods

There are several methods employed for collecting empirical materials in qualitative research. These methods include document analysis and interview; the use of visual materials; and the use of personal experience (Denzin and Lincoln, 2008: 34). This study chiefly employed document analysis and interviews as the central methods for data collection.

Documentary Analysis

According to Bailey (1994), the use of document analysis methods refers to the analysis of documents that contain information about the phenomenon we wish to study. Scott (1990) indicates that a document is manufactured when it has as its crucial character an inscribed text. Hakim (1982) indicates that ‘even original research can be done using old data’ and the documentary research method was the main research tool of the classical sociologist (Scott, 1990: 39).
Flick (2009: 262) reminds us that documents can be instructive for understanding social realities. They should be taken as communicative devices, which have been produced, used, and reused for some specific purpose, rather than ‘unobtrusive’ data. He also believes that documents can form a fruitful addition to other forms of data, provided the contexts of their production and use are taken into account (Flick, 2009: 262). In addition, Atkinson and Coffey (2004: 66?67) indicated that documents do not stand alone. It is wrong to think they construct systems or domains of documentary reality as individual, separate activities.

On the contrary, not only do documents refer to other realities and domains; they also refer to other documents. Therefore, Atkinson and Coffeey suggest that the analysis of documents must look beyond different texts, and ask how they are related. Documents make sense because they relate to other documents. That is the reason we can study such realities, domains and their significance (Atkinson and Coffey, 2004: 67).

According to May’s (2001) point of view, there are three types of documents that are used in documentary study in general. They are primary, secondary and tertiary documents. The sources written or collected by people who actually witnessed the events they describe are primary documents. The documents produced by people who were not present at the scene but who received eye-
witness accounts to compile the documents, or have read eye-witness accounts are secondary documents (Bailey, 1994).

In certain cases, researchers who base their studies on documents may consider to use secondary data, which has already been collected, and possibly also analysed by someone else (Blaxter, Hughes and Tight, 1996: 151). Hakim (1982: 1) also states that 'Secondary analysis is any further analysis of an existing dataset which presents interpretations, conclusions, or knowledge additional to, or different from, those presented in the first report or the inquiry as a whole and its main results'.

The term ‘documents' covers a very wide range of different kinds of sources (Bryman, 2008: 515). Documents as sources of information figure centrally in the research of sociologists (Scott, 1990: 6). In discussing the different kinds of documents used in social research, Scott (1990) has usefully distinguished between personal documents and official documents. Furthermore, Scott also classifies the letter in terms of private and state documents (Bryman, 2008: 545). Scott (1990:34) believes the most general sense of a document is a written text.

Meanwhile, Bryman (2008: 692) reminds us there are four criteria suggested by Scott (1990:6), which are authenticity, credibility, representativeness and meaning. Authenticity refers to the document and questions whether it is genuine and of unquestionable origin. Credibility refers to evidence that is free from error and distortion (Scott, 190:6). The third criteria ‘representativeness’ is about whether
the document is a typical kind in the relation of the investigation. Finally, ‘meaning’ refers to ‘is the evidence clear and comprehensible’ (Scott, 1990:6).

Mass-media Outputs

According to Bryman (2008: 523), newspaper, magazines, television programmes and films are potential sources for social research. They are not only in the form of quantitative data, but also can be examined so that their qualitative nature is preserved (Bryman, 2008:389). Scott (1990: 130) also agrees that it is necessary for a researcher interested in newspaper bias. Aitken (1998) also states that in mass media outputs, credibility is an issue, but as matter of fact, the uncovering of error or distortion in mass media output is often the objective of the analysis.

Sources from some major media will be employed in this study, such as The British Broadcasting Corporation (BBC), China Central Television (CCTV), and Guangming Daily - which is a nationwide comprehensive newspaper based in Beijing and launched on Jun 16th, 1949.

Virtual Documents

Bryman (2008: 627) reminds us of one more type of document that should be mentioned; documents that appear on the Internet. The Times reported in May 2001, the number of households using the Internet has increased to ten million from six million in the previous year (Bryman, 2008: 467). In July 2002, 42 per
cent of UK households had access to the Internet; the number was only around 13 per cent at the beginning of 1999. Moreover, 55 percent of adults had used the Internet at some point in their lives (source: www.statistics.gov.uk/pdfdir/intacc0702.pdf). The vastness of the Internet, and its growing accessibility, make it a likely source of documents for both quantitative and qualitative data analysis (Bryman, 2008: 525). This study was conducted in Cork in Ireland, and Perth in Australia. The distance between Ireland, Australia and China, and the time consuming nature of this study made it difficult to collect all the document resources in China at once. Therefore, virtual documents from the Internet have become one of the document resources used in this study. Sources from major news websites (for example: www.sport.gov.cn), official websites (for example: www.2008.olympic.cn) and popular websites (for example: www.sina.com.cn) will be used in this study.

In consideration of all the above, a combination of primary, secondary and tertiary documents will be employed in this study. This study crosses various disciplines, such as The Olympic Games, Chinese economy and society. Therefore, in order to answer the research questions of this research, it is important to study and understand the relationship between documents from each field. The documents have been studied in this research include government documents, official reports, books, articles, and newspapers. The relevant official reports, government documents, and speeches relating to the Beijing Olympic Games are therefore primary sources of information. The sports journals, newspapers, articles, media
and internet information are thus the secondary sources. Some statistics or indexes belonging to tertiary sources will also be used throughout the research. However, interviews will play a vital role overall in terms of the data collection process, and that method will be outlined in more detail below.

**Interviews**

The qualitative paradigm allowed the use and integration of multiple research methods. One of the most logical methods to access these realities is to talk to people. Bryman (2008: 469) points out that the interview is probably the most widely employed method used in qualitative research. Sparkes (1992: 74) states that through an interview conversation, the researcher can listen to what people say about their lived world, hear them express their feelings and opinions with their own words, learn about their views on their work situation and their hopes and dreams. Kvale (1996: 60) suggested that the qualitative research interview attempts to understand the world from the subject's points of view, to uncover the meaning of peoples' experiences, and to find their lived work prior to scientific explanations.

Interviews are one of the most common and powerful ways in which to understand human beings and human nature (Fontana and Frey, 1994: 361). There are a wide variety of methods of interview that are available to a researcher including individual face-to-face interviews and group face-to-face interviews, mailed or self-
administered questionnaires, and telephone surveys (Fontana and Frey, 1994: 361). In terms of methodology, Kvale (1996: 88) indicates that there are the seven stages of the interview research process which are as follows:

(1) Thematically: a conceptual clarification and theoretical analysis of the theme investigated, and the formulation of research questions.

(2) Designing: design the research and considerate all the seven investigation stage before starting the interview.

(3) Interview: manage the interview dependant with the interview guide.

(4) Transcription: get all the interview material ready for analysis.

(5) Analysis: study the interview material with the consideration of its nature and the purpose of the research.

(6) Verification: determine the reliability and validity of the investigation.

(7) Reporting: re-presenting the interviewee’s viewpoint, also the researcher’s perspective in the form of interpretation.

In general, there are three different types of interviews: structured interviews, semi-structured interviews and unstructured interviews. According to Bryman (2008: 208) structured interviews are usually used in quantitative research. He states that as matter of fact, the structured interview reflects the researcher’s concerns. There is usually a clearly specified set of research questions which are to be investigated in a structured interview. The semi-structured and unstructured interviews are termed as ‘qualitative interview’ (Bryman, 2008: 318). In this
context, such interviews are tend to be far less structured than the kind of interview associated with survey research, and they vary a great deal in the approach taken by the interviewer (Bryman, 2008: 318-320).

Denzin and Lincoln (2000: 652) note there is a greater breadth of data provided in unstructured interviewing rather than any other type of interview. In an unstructured interview, there might be just a single question asked by the interviewer, and then the interviewee can answer freely, with the interviewer simply responding to the points that seem worth following up. Unstructured interviewing tends to be very similar in character to a conversation (Burgess, 1984; Bryman, 2008). Unstructured interviewing is a flexible process, which requires the interviewee to frame and understand the issues and events. In this study, the unstructured interview has been adopted as one of the methods to collect data. As this study is about the Olympic economy of the Beijing Olympic Games, the researcher is required not only focus on relevant economic activities and phenomenon, but also needs to take other factors into account, for example policy and culture. The use of unstructured interviews will enable the researcher to collect a wider range of data, in order to obtain as much information as possible on all the factors that constitute the Beijing Olympic economy.
3.4 Research Process

The research process of this study was divided into a number of varying stages of research which are outlined as following:

Stage 1: Literature review in relation to the Olympic Games, the Beijing Olympic Games, Chinese economics and policy and Chinese sport and policy.

In this stage, a desk study of the Olympic Games, the Beijing Olympic Games and overall Chinese economy and Chinese sport were conducted, as well as a literature review of the relevant contents. The desk study and literature review not only helped the researcher to understand the characteristics of, and the relationship between, each of the above fields, but also to view what areas or topics have already been studied in these fields. More importantly, it helped the researcher to seek the potential research area and topic, which guided the development of the research aims and questions. It also assisted in the collection and analysis of relevant data. The main findings of the review have been addressed in Chapter Two.

Stage 2: Develop research aim and questions

This stage is based on the desk study and literature review. The findings guided the researcher to conduct the data collection approaches as well as the analytical
issues. Informed by existing theories and previous studies, the research aimed to explore the following: how did the Olympic economy perform in China; what are the characteristics of the Beijing Olympic economy; what is the relationship between the Olympic Games and Chinese economy and society; and finally what is the heritage that the Beijing Olympic Games left from an economic point of view? The ultimate goal of the research is to answer what is the Chinese Olympic economy, and what are the characteristics associated with it. In order to achieve the aims mentioned above, a series of questions have been asked: what is the Olympic economy about? How was the Olympic economy reflected through the Beijing Olympic Games in China? In what way has the Chinese economy been affected by the Olympic economy and vice versa? These are the research questions this study intends to explore.

Stage 3: Collecting data

After the study of the previous stages, the appropriate methods and sources are required in order to put the proposed aims into practice and answer these research questions. This is a study of the Beijing Olympic Games from an economic perspective, and thus involves knowledge from a number of different fields, including the Olympic Games, the Beijing Olympic Games, the Chinese economy and Chinese sport. The study requires not only knowledge of each field individually, but also the connection between them. Given the complexity of this study, a variety of sources have been selected for the research with a strong sense
of context. The relevant sources have been collected in different forms, and also in different languages, both in English and Chinese. In addition, unstructured interviews have contributed to the data collection. The specific benefits of interviews and documents, and how they were used in this study, has been discussed in section 3.3.

Stage 4: Analysing data

With the collected data and the consideration of selected theories, the task for this stage was to study the relevant content of each field, and most importantly to find out the relationships between them. First, the study of the background information of the Olympic Games, Chinese economy and Chinese sport has led to the reasons why China chose to host the Beijing Olympic Games. Second, a study of Olympic marketing, and Beijing Olympic marketing in particular, has been conducted. Finally, the study explored the economic impacts and legacies of the Beijing Olympic economy and their relation to China's long term economic development and growth.

Stage 5: Drawing a conclusion

At the end of the research, a systematic conclusion was drawn from the logical study of the Beijing Olympic economy, including its contents, characteristics, and effect on the Chinese economy as well as on the Olympic economy. It gives
suggestions and recommendations from the point of view of the researcher, to China and future Olympic hosts. Additionally, the emerging conclusions, which are based on the analysis of empirical data evaluated the generalisation of existing theories and studies relevant to the Olympic Games and the Olympic economy.

3.5 Validity, Reliability and Ethical Considerations

A central methodological issue that needs to be considered by the researcher is the validity and reliability in terms of data collection and any conclusions that are developed through the various methods used. Mason states that in qualitative research reliability and validity are seen as measures of quality, rigour, and the wider potential of a research work, and are achieved through adherence to certain methodological and disciplinary conventions and principles (Mason, 1996:21). According to Gratton and Jones (2004:85), reliability and validity are two key concepts used to assess how truthful or accurate a piece of research actually is.

Validity is a way to refer to the correctness or credibility of descriptions, conclusions, explanations, interpretations or other sort of accounts (Maxwell, 1996:87). Matthews and Ross state that validity is a measure of research quality, meaning that the data we are planning to gather and work with to address our research questions is a close representation of the aspect of social reality we are studying (Matthews and Ross, 2010:48). The purpose of taking validity into
account throughout the research process is that the accuracy and usefulness of findings can be increased by eliminating or controlling as many confounding variables as possible, allowing for greater confidence in the findings of a given study (Marczyk, DeMatteo and Festinger, 2005). Meanwhile, Yin explains that a valid study is one that has properly collected and interpreted its data, so that the conclusions accurately reflect and represent the real world that was studied (Yin, 2010:78).

In this study, unstructured interviews have been adopted as a core method of data collection. The procedure also has been conducted according to the strategy design with early and regular interview skills. The list of proposed questions guarantees that the research has a clear aim. All of the respondents have been provided with a brief introduction to the research and to the interview process itself. Since the research is related to China specifically, translation skills are also very important to guarantee the validity of the interviews. In general, there are two translation skills that are essential in the context. The first is translating a sentence word by word, while the second is translating by meaning. Chinese and English are different in terms of sentence construction and modes of expression. Thus, word-by-word translation cannot present the real meaning articulated in the interviews as well as in documents. To adopt translating by meaning can enhance methodological validity in this study.
Reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions (Silverman, 1999). As Matthews and Ross (2010: 479) argue, reliability is a measure of research quality, meaning that another researcher would expect to obtain the same findings if they carried out the research in the same way, or the original researcher would expect to obtain the same findings if they tried again in the same way. According to Flick (2009: 220), when discussing the reliability of a qualitative research piece, normally there are two areas that need to be taken into consideration. The first area is the genesis of the data needs to be analysed in such a way that it is possible to check what the statement of the subject matter is and from where the researcher’s interpretation begins (Flick, 2009: 221). The second area is the field or interview procedures and written text notes need to be explicitly recorded both in training and in the rechecking (Flick, 2009: 221). Also, the more detailed the research process documentation is, the better the reliability of the process will be. In this study, the data collection process is based on unambiguous research and interview questions. Voice recording was carried out during the interviews in order to increase reliability, and relevant economic data were collected from office reports. The websites used in this research are official websites. Mass media has its own function, but with the increase in the openness of the media, the credibility of information from the media has been increased.

In sum, ethics is an important issue associated with any academic research and refers to the question of whether the research is socially and morally acceptable
(Gratton & Jones, 2004: 110). This study follows the Human Research Ethical guidelines, and with the ethics approval of the University of Western Australia. The study was characterised by honesty and openness between researcher and interviewees. At the beginning of each interview, the interviewees were presented by a copy of researcher's PhD student ID and a participants' information form on a paper bearing the letterhead of the University of Western Australia. The purpose of the interview and interview questions were explained before the interview started. Interviewees were also asked to fill in a consent form if they were willing to accept the interview. The interviewees were aware that the information was for research purpose only, and would be kept anonymous and private. Meanwhile, all interviewees were informed that they could stop the conversation at any time if they wished to do so, and they could ask to stop the recording at any time. In addition, all the data collected were kept in the author's laptop with password protection. Backup copies were made in mobile hard disk drive and USB keys, which were locked away. All interviewees were told that only the supervisor and the author would have the opportunity to read the archives and documents.

3.6 Selection of Interviewees

In terms of the selection of interviewees, the original plan was to find three groups of interviewees that held different opinions with regard to Beijing hosting the Olympic Games. However, in reality, it is difficult to find opposing or even centrist
views, particularly for the case of the Beijing Olympic Games (Price and Dayan, 2008). In China, hosting the Olympic Games is a matter of national pride for most of people (Sands, 2008). With the influence of Chinese nationalism, people tended to be very optimistic while talking about the Beijing Olympic Games. According to Close, Askey and Xu (2007), 94.6% of Chinese people supported Beijing to bid and host the Olympic Games. Under such circumstances, people would rather choose to stay silent if there was disagreement, and even if some would privately dissent, it is unlikely they would agree to be interviewed by someone from outside of China. The interviews were conducted with people who are currently most reliable and available to be able to provide relevant information for this study. The author is fully aware that bias might be expected in these interviews. In order to minimise the concern, this research employed interview and documentary methods to comprehensively inquire about the economic impact of the Beijing Olympic Games. Additionally, the interviewees of this research were comprised of four groups in order to obtain various data from distinct angles to investigate the situation accurately and objectively.

Several different groups of people were considered for interview as their experience was directly related to the research subject and research goals of this study. Therefore, they were able to provide useful, first-hand information to support the arguments of this study. These were decision-makers and policy-makers who were directly involved in the Beijing Olympic Games at a higher management level; academic experts whose expertise is in the field of Chinese
sport, Olympic Studies and Olympic economy; people from the business world who were directly involved in the business of the Games; and former staff members of the organising committee who directly worked for the Beijing Olympic Games. There were in total 15 such interviewees selected for this study. They can be classified as follows: Members of Staff of GAS (General Administration of Sport of China), University analysts, Members of Sponsoring Commercial Entities and Former Employees of BOCOG.

The process of the interviews was scheduled in three different locations at three different times. The first round of interviews was conducted from 26 – 29 November 2012, in Cork Ireland. The interviews were conducted during an international conference on the Olympic Games. The interviewees were part of Chinese delegation attending the conference. The interviewees included two senior staff members and one general staff member in the General Administration of Sport of China. They were the policy-makers of the Beijing Games and the decision-makers of BOCOG. One of the senior staff had also been involved in China’s bid to host the 2000 Olympic Games. Their interviews provided some useful information and insights from bidding to planning and to operating of the Beijing Olympic Games. They were able to talk openly about the strategies and motivation for China to host the Games. The other four scholars are experts in Chinese sport, Olympic Studies and Chinese economy. They were able to provide relevant information in relation to the development of Chinese sport and Chinese economy. The
information was helpful for the understanding of the complicated relationship between Chinese sport, Chinese economy and the Olympic Games.

The second round of interviews was conducted in Beijing, from 12 – 17 March 2013. This group of interviewees were not only directly involved in the work of the Games, they were also based in Beijing during the preparation for, and staging of, the Games. They observed the whole process of the Games. Three businessmen represented the three companies that have direct business behaviour with the IOC and the BOCOG. Two companies Lenovo and SOHU were the official sponsors of the Beijing Games, while Li Ning sponsored some Chinese teams as well as foreign teams. They provided information and insight from a purely business point of view. This information was useful to understand the microeconomics of the Games, and the relevant business involved in the Games. However, they were not able to provide some first-hand data due to commercial confidentiality. The two academic staff members have a great contribution to relevant research on the Beijing Games. The staff member from Renmin University is also a member of BOCOG, as the Olympic Studies Centre was part of BOCOG and was nominated by the IOC as the official research centre of the Beijing Olympic Games. The member of Beijing Sport University was involved in a national research project on the social impact of the Beijing Games. Both scholars provided useful first-hand data for the study of the impact of the Games. The former employee of BOCOG has talked about the experience working for the organising committee, provided an insightful view of the management of BOCOG.
The third round of interviews was held in Chengdu, from 20 – 21 March 2013. The two scholars interviewed are experts in sport economy and sport management with a particular focus on Chinese sport. During the interviews, they have talked openly about the development of Olympic economy, Chinese sport economy and their relationship with the Olympic Games.

The details of interviews are list in the following tables:

**Interview Schedule A**

**Place:** Cork, Ireland

**Dates:** 26 - 29 March 2012

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Interviewees</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25 March 2012</td>
<td>Senior Staff Member in General Administration of Sport of China</td>
<td>Members of Staff of GAS</td>
</tr>
<tr>
<td>2</td>
<td>27 March 2012</td>
<td>Professor in Tsinghua University</td>
<td>University analysts</td>
</tr>
<tr>
<td>3</td>
<td>27 March 2012</td>
<td>Staff Member in General Administration of Sport of China</td>
<td>Members of Staff of GAS</td>
</tr>
<tr>
<td>4</td>
<td>27 March 2012</td>
<td>Senior Staff Member in General Administration of Sport of China</td>
<td>Members of Staff of GAS</td>
</tr>
<tr>
<td>5</td>
<td>28 March 2012</td>
<td>Professor in Soochow University</td>
<td>University analysts</td>
</tr>
<tr>
<td>6</td>
<td>28 March 2012</td>
<td>Professor in Soochow University</td>
<td>University analysts</td>
</tr>
<tr>
<td>7</td>
<td>29 March 2012</td>
<td>Professor in South China Normal University</td>
<td>University analysts</td>
</tr>
</tbody>
</table>
Interview Schedule B

Place: Beijing, China

Dates: 12 - 17 March 2013

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Interviewees</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>12 March 2013</td>
<td>Staff Member in Olympic Studies Center, Renmin University of China</td>
<td>University analysts</td>
</tr>
<tr>
<td>9</td>
<td>13 March 2013</td>
<td>Staff Member in Lenovo Group Ltd.</td>
<td>Members of sponsoring commercial entities</td>
</tr>
<tr>
<td>10</td>
<td>15 March 2013</td>
<td>Staff Member in Li-Ning Company Ltd.</td>
<td>Members of sponsoring commercial entities</td>
</tr>
<tr>
<td>11</td>
<td>17 March 2013</td>
<td>Staff Member in SOHU.Com Inc.</td>
<td>Members of sponsoring commercial entities</td>
</tr>
<tr>
<td>12</td>
<td>17 March 2013</td>
<td>Former Staff Member in BOCOG</td>
<td>Former employees of BOCOG</td>
</tr>
<tr>
<td>13</td>
<td>17 March 2013</td>
<td>Professor in Beijing Sport University</td>
<td>University analysts</td>
</tr>
</tbody>
</table>
Interview Schedule C

Place: Chengdu, Sichuan Province, China

Dates: 20 - 21 March 2013

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Interviewees</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>20 March 2013</td>
<td>Professor in Chengdu Sport University</td>
<td>University analysts</td>
</tr>
<tr>
<td>15</td>
<td>21 March 2013</td>
<td>Professor in Chengdu Sport University</td>
<td>University analysts</td>
</tr>
</tbody>
</table>
3.7 Conclusion

This chapter has outlined the methodology used in the creation of this thesis. The aim of this research is to understand the Olympic economy in China by examining the concept of the Olympic economy, the impact of the Beijing Olympic Games, and its influence on Chinese economy as well as on Olympic economy.

In this study, qualitative research methods have been adopted. To analyse the Olympic economy in China, the Beijing Olympic Games has been selected as the case for this study. The relevant data have been collected through documents and semi-structured interviews. The key documents used in terms of analysis include official reports, policy reports, academic publications, printed and online articles, and statistics. Sources from major media and office websites were also been adopted in the study. With regard to the unstructured interviews, four groups of interviewees were identified and interviewed. Validity, reliability and ethics have also been taken into consideration. The testing for validity and reliability was carried out through the research procedure. Validity was determined by using a process of threats to the validity of the information gathered. Minimising these threats included using recordings of interviews, the way questions were posed, and paying attention to conflicting data. Structurally, the study was undertaken in five stages: a literature review in relevant fields, developing the research aim and questions, collecting data, analysing data, and drawing a conclusion.
Chapter 4 The Purpose of Hosting the Beijing Olympic Games

4.1 Introduction

The Olympic Games have been commercialised since the 1984 Los Angeles Games, and it was the Los Angeles Games, Payne argues, saved the Olympic Movement from bankruptcy (Payne, 2006). Ever since, there were more athletes, sports, and a greater media and sponsor involvement in the Olympic Games (Cashman, 2002). It is obvious that the potential economic impact of the Olympic Games has become one of its biggest attractions, and also a motivation for all the candidate cities to join in the bid (Malfas, Theodoraki and Houlihan, 2004). The hope of bringing an economic boost to the local region, and the nation, has become one of the major reasons why cities all over the world are applying to be the host, even though controlling and limiting commercialisation is one of the fundamental objectives of the Olympic Movement (IOC, 2012).

In 2001, Beijing won the bid and became the host of the 29th Olympic Games (BOCOG, 2010a). For Beijing, with the rapid changes happened in the country, China has integrated with the world and Chinese people have been encouraged to embark on the century-long journey towards fulfilling the Chinese Olympic dreams (BOCOG, 2010a). For the Olympic Games, it would be hosted by the least
westernised nation, not to mention that it would be only the third time the Games had been held outside the West (Brownell, 2008). In this chapter, the study will focus on the purpose of Beijing hosting the Olympic Games, with consideration of the development of the Olympic Games, as well as the reforms and opening up of the Chinese economy and Chinese sport.

4.2 The Characteristics of the Olympic Games

The modern Olympic Games, (founded by Pierre de Coubertin of France in 1894), have already been through more than one hundred years history since the first Olympics was held in Athens in 1896 (Young, 2008). Over the past one hundred years, the Olympic Games have grown and developed in every possible way. In terms of the number of participants, global media coverage, the cost of relevant facilities, construction, massive popular consumption, environmental and community disruption, crises, scandals, and even the threat of terrorism, the Olympic Games may well be the most consistently compelling cultural phenomenon of modern times (Wamsley and Young, 2005).

The Games for different people in Olympic history might have a different interpretation. For Pierre de Coubertin, the Olympic Games probably represented the Olympic motto the most—‘Faster, Higher, Stronger’ (IOC, 2011). People from different countries and different nations keep challenging the physical limits of a
human being. For Juan Samaranch, it probably will be the commercialisation of the Olympic Games, which may bring an impressive financial benefit to the host city, region and country (Payne, 2006). For the former president of the International Olympic Committee Jacques Rogge, the Olympic Games could be the most prestigious sporting event that any city could host. It is the event where young athletes fulfill their dreams. It is also the event that can leave an extraordinary sporting, social and cultural legacy for the host city, the region and the country (Preuss, 2004).

The Olympic Games have been known as the Modern Olympic Games since 1896 (Young, 2008). As the biggest sporting mega-event in the world, the Olympic Games have developed and grown over the past a hundred years, and the characteristics that are associated with the Games have gone beyond sport itself. It is a sporting phenomenon. The Olympic Games involve the most fascinating competitions, which gather elite athletes from all over the world to keep challenging the physical extremes of human beings. Medals from the Olympic Games, and world records, are always the ultimate ambition of every athlete (Interviewee 6, University Analyst). It is a cultural phenomenon. The Olympic Games bring together people of different races and backgrounds to show their own nationality, language and culture. They compete with each other, but they also make friends with each other (Interviewee 1, Staff of GAS).

The Games are also an economic phenomenon. Since the 1984 Los Angeles Olympic Games, economic activities have become a big part in organising the
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Games: these include the sale of TV rights, tickets sales, and different levels of sponsorships (Payne, 2006). There is no doubt that nowadays the Olympic Games are the sports event that has the biggest influence on the economy of the host city, region and country (Malfas, Theodoraki and Houlihan, 2004). Besides the above phenomenon, there are a lot of other characteristics that come with the Olympic Games, such as the political phenomenon, the environmental phenomenon, and the commercialisation and professionalisation of sport (Interviewee 4, Staff of GAS). Therefore, when looking at the Olympic five rings symbol; it is inevitable to wonder what the new definition of these five rings could possibly be.

The five rings, perhaps the most important Olympic symbol, are currently known as the Olympic logo (Lennartz, 2002). The symbol appeared for the first time at the top of a letter written by Pierre de Coubertin in 1913, and were drawn and coloured by hand (Lennartz, 2002). Coubertin was also the one who had the idea of an Olympic flag. Along with the five rings, he presented them at the Olympic Congress in June 1914 in Paris, and it was at the 1920 Antwerp Olympic Games that the flag and its five rings flew in an Olympic stadium for the very first time (Buchanan, 2001). In terms of the meaning of the five rings symbol, there are different explanations. One of the explanations is that the five rings represent five continents, interlocking with each other to show that the Olympic Games is an event for all nations (IOC, 2007). The five rings represent the athletes of the world meeting each other during the Olympic Games and it encourages world unity (Miah and Garcia, 2012). However, it is a misconception that each of the colours
corresponds to a certain continent (IOC, 2007). There is another view. The rings in different colours appear on the Olympic flag with a white background representing the six colours of the flag, which are blue, black, red, yellow, green and the background colour white. They are designed as the colours from the national flags of every nation that participates in the Olympic Games at the present time (Miah and Garcia, 2012). Pierre de Coubertin, the father of the modern Olympic Games, explains the meaning of the flag (Lennartz, 2002:3):

Five rings linked at regular intervals, their various colours - blue, yellow, black, green and red - standing out against the white of the paper...In addition, the six colours combined in this way reproduce the colours of every country without exception.

Despite the different explanations of the meaning of the Olympic logo, there is one thing that is clear; the five rings symbol shows the Olympic Games offering an international stage for all the nations to meet, to communicate, and to celebrate this global sport festival (Luo and Tan, 2007b). Today, after a hundred years history, the Olympic Games have changed from a pure sports competition to a multi-impact mega-event. It is interesting to see if the meaning of the five rings could possibly be interpreted differently in relation to the components and characteristics that have been attached with the Olympic Games.
The Olympic Games is an event that lasts for only sixteen days, but after its commercialisation and development over the past thirty years, the Games has grown beyond sport. Through the Olympic Games, there are various impacts that can be found, including on sports, the economy, politics and culture. With the exposure of international media, the Olympic Games can provide a unique stage, allowing the host city and nation to present themselves in front of the whole world. Among all the potential effect, the economic impact is the driving force for the host to stage the Games (Malfas, Theodoraki and Houlihan, 2004).

4.3 The Reform and Opening Up of China

China has made a tremendous change over the past fifty years. Since the reform and opening up policy was introduced in 1978, the Chinese economy has developed rapidly with a steady increasing GDP. The Chinese economic miracle has impressed the world, as has Chinese sport. Followed the economic reforms, sporting reforms have also brought a big change to Chinese sport, making China became one of the major sport powers in the Olympic Games.

4.3.1 Economic Reform

In 1949, Chairman Mao proclaimed the formation of the People’s Republic of China at Tiananmen Square. At the time when Mao’s government was established, China was a country with a population of 550 million, of which 90% were living in the
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countryside (Zhang, 2008). The whole country was under a peasant economy. While trying to stabilise the economy after the war and carrying out land reform, Mao’s government introduced the first ‘Five-Year Plan’ in 1953 (Kuhn, 2010). As Kuhn (2010) noted, this ‘Five-Year Plan’ aimed to reform the economic system, as well as change China from an agricultural country into an industrial country. The ‘Five-Year Plan’ is a series of social and economic development strategies. The Chinese Communist Party (CCP) shaped the economy through the plenary sessions of the Central Committee and national congresses (Zhang, 2008). The Communist Party plays a leading role in the ‘Five-Year Plan’, to establish the foundations and principles, mapping the economic development strategies, as well as setting the goal of economic growth and launching the reforms (Gittings, 2006). The first “Five-Year Plan” was introduced in 1953, and has been continued by the Chinese government. In 2006, the name was changed from ‘Five-Year Plan’ to ‘Five-Year Guidelines’ (New Five-Year Guidelines, 2006).

For the first ‘Five-Year Plan’, Mao’s government adopted the Soviet economic model (Kuhn, 2010). The government hoped that a Soviet style planned economy could be framed in this new land of China. The key task of this period has been highlighted as developing heavy industries (Gittings, 2006). A central planner has been set up by the government, in charge of setting targets for outputs of enterprises, determining how these outputs should be produced as well as how to allocate them. Soon enough, the first generation government of CCP realised that the pure Soviet model did not suit China (Zhang, 2008). The policies of Mao’s
government brought changes to the new China, but most of the policy was extremely politicised (Chen, 2002). Due to political conflict, Mao often changed economic policies in order to fit his own revolutionary ideals or personal wishes (Naughton, 2007). The Great Leap Forward was a typical example. It was signaled in the middle of 1957, when Mao suddenly changed the political atmosphere overnight by initiating a broad ‘Anti-Rightist Campaign’, which was aimed at the intellectuals or anyone with an independent mind (Naughton, 2007). The Great leap Forward was considered as the most dramatic and ultimate tragedy for China (Li, 2008). During this period, there were unrealistic goals set up by the central government, including catching up with the UK’s crude steel production in 15 years, and making China become an advanced industrialised country by the end of 20th century (Chen, 2009). The political goals of Mao had overtaken his ideas of economic development; all the relevant economic policy was carried out with a strong political atmosphere (Leonard, 2008). Mao was hoping to realise his communism dream, where in China everyone lives in similar conditions, earn similar incomes, and share from the same ‘iron rice bowl’, which means that all the people under the socialist system are guaranteed to have stable jobs as well as stable living conditions (Kuhn, 2010).

The death of Mao in 1976 symbolised the ending of one period. It also allowed the new government to review the past policy and the current situation in China. The reform was carried out by Deng Xiaoping, as the core of the second generation of CCP’s leadership (Chen, 2009).
The year of 1978 was marked with a strategic decision made by the CCP in the Third Plenum of the Eleventh Central Committee. In this plenum, the decision of transferring the focus of work from politics to economic construction had been made by the central government (Barnett and Clough, 1986). After that, a number of reform measures followed. In August 1980, the Chinese government established Special Economic Zones in Shenzhen, Zhuhai, and Shantou in Guangdong Province and Xiamen in Fujian Province (Naughton, 2007). The National People’s Congress (NPC) passed ‘The Regulations for The Special Economic Zone of Guangdong Province’, which symbolised that Shenzhen as the Shenzhen Special Economic Zone has been officially designated (Zhang, 2008). Following Deng Xiaoping’s policy, in 1984 another 14 coastal cities were opened to international trade and overseas investment: Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhangjiang and Beihai, (Xue and Liu, 2001: 216). In the same year, the Third Plenum of the Twelfth Central Committee passed ‘Decisions on Economic Reform’, which decided that opening up would be a long-term national policy (Tai, 2008). Both domestic and international resources should be used, in order to develop domestic and international markets at the same time (Xu, 2008). Shortly afterwards, the State Council expanded the open coastal areas, extending into an open coastal belt, from the Yangtze River Delta, Pearl River Delta, Xiamen-Zhangzhou-Quanzhou Triangle in south Fujian to Shandong Peninsula, Liaodong Peninsula (Naughton, 2007). More than 51 cities and counties were established as economic opening-up areas.
(Zhang, 2008). In June 1990, the Chinese government opened the Pudong New Area in Shanghai to overseas investment, and created economic and technological development zones as well as some policy for the Special Economic Zone, to show the determination of Chinese government to carry out and expand the reform and opening up (Gittings, 2006). All these measures helped China open the door to the world market in the experimental period of the reform and opening up. According to Huang (1993), there were 6,700 international business projects signed up between all special economic zones by the end of 1990, which accounts for 26% of all the foreign investment in the whole country, and which attracted 4.57 billion U.S. dollars in total. In 1990, the total industrial output of the special economic zones was almost 26 times greater than it was in 1979, with a 34% annual increase rate (Lin, Wang and Zou, 2010). Besides the special economic zones, 14 coastal cities also developed an export-oriented economy. Between 1984 and 1990, 6,000 foreign investment, foreign cooperation and joint venture projects were signed, which brought investments worth 3.6 billion U.S. dollars to China. Among the 14 coastal cities, 12 of them have one after another set up in total fourteen economic and technological development zones (Lin, Wang and Zou, 2010).

Some officials were concerned that the opening up of China was leading the way towards a capital market, and this problem bothered Chinese leaders for a long time (Tai, 2008). Some believed that a planned economy was the fundamental characteristic of socialism, the same as the market economy was the fundamental character of capitalism (Zhang, 2008). To develop a market economy, meant the
nation had to be under capitalism; the market economy could not match or coexist with a socialism system. In early 1992, Deng Xiaoping paid a visit to a few southern cities. During the tour, he criticised those who doubted the country’s reform and opening up policy and stressed the importance of economic development (Naughton, 2007). In his talk, Deng noted that a market economy did not equal capitalism and that socialism also had its own market (Xu, 2008). This statement creatively solved the relationship between socialism and a market economy. Deng’s speech is considered to be of far-reaching historical significance for the country’s economic development, helping bring China’s reform and opening up to a new level (Naughton, 2007). More importantly, it led China on a way to find its own unique economic system. Followed Deng’s speech, at the 14th Congress in October 1992, the government stated that the purpose of reform was to establish a socialist market economy in China (Kuhn, 2010). At the 15th Congress, the government emphasised that the opening up policy must be implemented firmly, and proposed the task of improving the opening up policy into a comprehensive level (Kuhn, 2010). In the ten years between 1992 and 2001, Chinese economic gross jumped to the 6th in the world, and was No.1 among the developing countries (Tai, 2008). In 2001, the total international trade volume was US$509.65 billion, a three-fold increase compared with the number in 1992 (International Trade, 2003). Direct foreign investment was US$370.2 billion in total from 1992 to 2001, which was fifteen times as much as it was in the period of 1979 to 1991 (Tai, 2008). According to Li (2007), there were significant changes to China’s opening up strategy during this period. Besides coastal areas, inland cities and areas also
started to join in the world market. China's opening up policy has substantially increased year after year.

On December 11, 2001, China officially became a member of World Trade Organization (WTO) (Leonard, 2008). This event symbolised that China's opening up would be under the rules and system of the WTO (Leonard, 2008). During the five years transitional period of the WTO, the Chinese economy made remarkable achievements. In those five years China's GDP increased by 74%, and reached US$2.7 trillion in 2006, to become the fourth biggest economy in the world (Zhang, 2008). Although, in fact China's per capita GDP was still lower than international standards, despite increasing from less than US$1,000 in 2001 to US$2,000 in 2006 (Zhang, 2008). China's import and export sector benefited the most after joining the WTO. In 2001, the total value of imports and exports in China was US$509.6 billion; the value went up to US$1,758 billion after five years, which made China the third biggest import and export country in the world (PwC, 2013). Meanwhile, China's overseas investment sector developed as well; many Chinese enterprises started to invest and build factories overseas. In 2006, total overseas investment was US$16.1 billion, and the total amount of overseas contracting and cooperation was worth US$35.4 billion (Wang, 2008c). After joining the WTO, China had to follow the WTO's rules in terms of international business and trade. Under these rules, opening up became a system, and the rules ensured the stability of the system, which strengthened China's reform and opening up. In addition, having the same rules and business environment as other WTO members provided China with
the opportunity to improve its productivity, to introduce advanced management systems, and to learn the conventions of international business. Although there were criticisms about domestic protective policies and behaviors, there is no doubt that joining the WTO enhanced China’s reform and opening up, as well as accelerating China’s participation in the process of globalisation.

Up until 2008, before the Beijing Olympic Games, the economic reform and opening up policy had been undertaken in China for thirty years. In these thirty years, the Chinese economy had grown dramatically and constantly. According to Wang (2008d), the total GDP in 1978 was RMB364.52 billion, which has risen 67.7 times, to RMB24,660 billion in 2007. The revenue figure also increased from RMB113.2 billion in 1978 to RMB51,300 billion in 2007, which is a growth of nearly 45 times (Zhang, 2008). In 1978, the disposable income of urban residents was RMB343 per person, but in 2007 the number had become RMB13,786 per person (Zhang, 2008). The number of private cars was almost zero when the reform started, but by the end of 2007; Chinese private car numbers were 15.22 million (Wang, 2008d). In 1978 there were 200 foreign companies doing business in China; today there are hundreds of thousands. In fact, China absorbs more foreign investment than any country in the world except the United States (Kuhn, 2010). Having changed the government’s focus from politics to economic development, the post-Mao government directed the Chinese economic miracle. Furthermore, China embraced the international management system and market system that would bring benefits to the country’s future development. Deng’s
Southern Tour talk challenged the traditional concept of the economic system in a socialist country, and created a new direction for China to develop in its own way. Now, China has a unique economic system with a planned economy and market economy co-existing at the same time. Economic reform is an ongoing process in China; the post-Deng government is seeking the opportunity that can lead the reform into a new level.

4.3.2 Sport Reform

The reform and opening up of China happened not only in the Chinese economy: Chinese sport also went through a similar process. The period from 1949 to 1978 marked a distinctive stage in the development of Chinese sport. From the very beginning, sport was seen as an important part of the new Chinese national culture (Interviewee 2, University Analyst). There were at least three spheres of the development of physical culture that had been stated in Mao's new democracy: the national, the scientific and the mass (Hong, 1994). In 1952 at the June inaugural meeting of the All-China Sports Federation, Mao called upon the Chinese people to ‘Develop physical culture and sport, and strengthen the physique of the people’ (Xiong and Zhong, 2010: 3). In the same year, the State Physical Education and Sports Commission (the Sports Ministry) was established. It was in charge of formulating and implementing sport policies, as well as the administration of national sports programmes (Hong, Wu and Xiong, 2005).

In sport, as in economics, China learned from the Soviet Union and tried to produce
a sport policy and system in this new land of China (Interviewee 2, University Analyst). The development of Chinese sport was not smooth. The split in the relationship between China and the Soviet Union, the Great Leap Forward embarked upon by Mao, the famine of the Cultural Revolution - Chinese sport suffered from these national disasters one after another (Cui, 2008). During this time, sports development in China was damaged; sport officials suffered both mentally and physically (Interviewee 3, Staff of GAS). This was especially true from during the Cultural Revolution 1966 to 1969, when sport in China was officially discontinued (Cui, 2008). However, during this very tough period, sport managed to contribute as a means of promoting China’s diplomatic relations with possible alternative partners in the West. Particularly, whenever sport in the Chinese–American relationship is mentioned, inevitably the most celebrated example is that of sport’s role in paving the way for the visit of the then President Richard Nixon to China in 1972 (Hong and Xiong, 2010). This event broke the ice between the two cold-war enemies of China and America, with America sending a table-tennis team to China, and a basketball team followed a year after. This move thawed the relationship between these two countries. Since then China has been gradually opening its doors and improving Sino-Western relations through sport (Hong and Xiong, 2010).

In the late 1970s, China was facing the situation that an alternative solution and radical change in sport needed to be found. In 1978, the Third Plenum of the Eleventh Central Committee started the economic reform and opening up of the
country; it also brought the opportunity for Chinese sport to embark on its own development (Xiong and Zhong, 2010). In the same year, a national sport meeting held by the State Physical Cultural and Sports Commission of Central Government clarified the key directions of the development of Chinese sport (Cui, 2008). Besides relevant policies and system changes, the meeting stated that issues facing Chinese sport included how to develop and attract international sports competitions, and how to develop international diplomatic relations through sport (Interviewee 7, University Analyst). The meeting proposed the goal that China become one of the major sport powers of the world in the twentieth century (Hong and Zhouxiang, 2012b). In 1979, the China Olympic Committee was confirmed as the representative of the Olympic movement – this was after the relationship had been stopped in 1958 due to the ‘Two China’ issue (Brownell, 2007). The Olympic Committee symbolised that China had officially returned to the world sports family, and it provided the foundation for the reform and opening up of Chinese sport.

In the 1980s, China was still a poor country at the beginning of its economic reform and opening up process. Based on the economic situation at that time and what had been learned from the Soviet Union in the 1950s, China developed its own character and formed the Chinese sport system called Juguo tizhi, or the ‘Whole Nation System’ as is the English term (Hong, Wu and Xiong, 2005). The system centralised management and administration while gathering all the available financial and human resources from the whole country to provide maximum support to elite sport in particular (Hao, 2004). The ‘Whole Nation System’
represented the planned economy in the form of sport. By using this power from the central government, China was able to develop elite sports rapidly (Hong, Wu and Xiong, 2005).

In 1984, China participated in the Los Angeles Olympics Games. Due to a boycott by most communist countries, China represented the largest communist presence in terms of participants. It was placed fourth in the gold medals tally of the Games (BOCOG, 2010a). This success aroused the patriotism and nationalism of the Chinese people. After that, China started to pay serious attention to Olympic sports as it realised that sport, particularly the Olympic Games, could not only be a profit making event, but could also motivate a nation’s nationalism and pride (Brownell, 2008). In 1985, the Olympic Strategy was put forward by the Society of Strategic Research for the Department of Physical Education and Sport and the Sports Ministry (Xiong and Zhong, 2010). The strategy clearly stated that elite sport would be a priority, and it became the blueprint for elite sports programs in China (Hong and Zhouxiang, 2012b). As Wu Shaozu, Minister of Sport from 1990 to 2000 declared, the highest aim of Chinese sport was success in the Olympic Games. The major responsibility and goal would be to raise the flag at the Olympics (Wu, 1999).

Just as economic reform faced challenges, so did Chinese sport. After a very unsatisfactory performance in the 1988 Soul Olympic Games, and the loss of bidding for the 2000 Olympic Games, Chinese leaders started to learn from these
experiences and reviewed the reform and opening up of Chinese sport (Interviewee 7, University Analyst). In 1992, Deng Xiaoping’s Southern Tour Talk defined the purpose of China’s reform and opening up as establishing a socialist market economy system in China (Naughton, 2007). This inspired leaders with regard to Chinese sport. They understood that Chinese sport could no longer simply depend on the old system adopted from the planned economy period, which concentrated highly on developing elite sport and competing in international sports events (Yang, Lu and Hu, 2003). It was also necessary and inevitable for Chinese sport to improve in order to match the fast changing economic environment. The reform and opening up of Chinese sport subsequently led into a brand new period.

In November 1992, the Sport Ministry held a conference in Guangzhou province. In this conference, it was clearly pointed out that the major focus of sport reform should be to transfer the old sport system into a new system that would suit the new market economy (Hong and Zhouxiang, 2013). In addition, sport should be supported by the market instead of by government subsidies (Hong and Zhouxiang, 2013). The commercialisation of Chinese sport commenced.

Football has been acknowledged as one of the most popular sports in China in the 1990s. It was chosen as the first sport to be introduced to the market system (Cui, 2008). In June 1992, the National Football Conference was held in Beijing and has come to be considered as a historic moment in Chinese sport (Fang, 2013). In the
meeting government officials confirmed the reform of Chinese football (Fang, 2013). It was decided in the meeting that each football team must establish its own club, operate with a professional club system, and seek financial resources by itself, which would include broadcasting, advertisements, ticket selling, lotteries and players’ club transfer fees, etc. (Song, 2015). The reforms created a Chinese football market which attracted international sponsors, including Marlboro, who sponsored the 14-club premier league in the Chinese National Football League (Hong and Zhouxiang, 2013). The Chinese Football Association Cup was also sponsored by another international brand, the Dutch company Philips. In addition, the perimeter board in the league attracted sponsorship from a number of popular international companies, including: Budweiser, Clarion, Canon, Ericsson, Ford, Pepsi, Samsung, Fuji Film, General Motors, JVC, Korean Air, Olympus, Santafe and Chinese paper manufacturer Vinda (Xiong and Zhong, 2010). Along with sporting goods giants Nike and Adidas, and some other big names, these companies were all associated with the first steps of opening up the market of Chinese sport.

The reform brought great changes into Chinese football in the first few years. However, it turned into a disaster later. Commercialisation has brought high salaries to the football players; some of their annual salaries increased more than 50-fold within six years after the new league was launched in 1994 (Kong, 2000). However the quality of the football remained low. Fans believed that the players did not deserve such high incomes – especially when taking into account their poor performance in international competitions (Kong, 2000). Additionally, match fixing
and bribery started to appear in the Chinese football league in late 1997 and early 1998. Many argued that Chinese football was corrupted by money, and that reform has faltered since the late 1990s (Hong and Zhouxiang, 2013). Fans, spectators and the media no longer showed interest in the league. In 2012, a former World Cup referee, China’s best-known football referee Lu Jun, was sentenced to jail for bribery and match fixing (Express News, 2012). Match fixing and bribery scandals had destroyed the reputation of the Chinese football league. The reform in football had ended in total failure (Song, 2003).

However, as every coin has two sides, the football reform was still concerned as the milestone of the commercialisation and professionalisation of Chinese sport (Fang, 2013). Following football, Chinese basketball, volleyball, and table tennis also established their own leagues, using funding which was partially sourced from the market. Each provincial team also looked for its own sponsors (Xiong and Zhong, 2010). Sport and the economy are connected with each other in China. In addition, the China Sports Lottery was established in 1994, in order to support Chinese sport and provide additional financial resources for some major sporting events (CSL, 2012). According to CSL (2012), sales by the China Sports Lottery were 1 billion RMB in total from 1994 to 1995. This number increased more than one hundred times by 2015, when the total sales made by the lottery were 166.4 billion RMB (GAS, 2016).

Meanwhile, Chinese coaches and athletes entered the human capital market of sport as well. In 1998, football player Yang Chen transferred to Eintracht Frankfurt,
a football club in the top tier of German football league, with a 1 million DEM transfer fee (Road to the World Cup, 2002). In August, another two football players, Fan Zhiyi and Sun Jihai, also transferred to the English Crystal Palace Football Club with a transfer fee of 1 million pounds (Road to the World Cup, 2002). Some Chinese female football players also joined clubs in the professional league in America. Meanwhile, foreign sport teams hired Chinese coaches as well, for example, Lang Ping as a volleyball coach, and Tong Hui as a diving coach (Wang, 2008b). All these activities improved and strengthened the reform and opening up of Chinese sport.

In the period of the planned economy, the economy and sport were totally independent of each other. Since the reform and opening up have been carried out, sport has been influenced by the changes of the economy in China. On the other hand, sport has also associated and interacted with China’s economic development. The reform and opening of sport saw an emerging of economic activities in the sporting arena. In terms of China’s diplomacy, sport also played an important role. Sport is a field in which cultural and language barriers matter less than in other areas of human interaction. Sport has enabled diplomatic ties between China and rest of the world. Similar to the Chinese economy, Chinese sport is also seeking an opportunity to present Chinese sport in front of the whole world, as well as to take reforms to a new level.
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4.4 China’s Century-Old Olympic Passion

The earliest connection between China and the Olympic Games can be traced back to 1894 (China and the Modern Olympic Games, 2008). Before the first modern Olympic Games, Pierre de Coubertin, the founder of the Games, together with the Greek prince, issued an invitation to Qing Dynasty rulers through the French Embassy in China. They asked the Qing Dynasty to send athletes to the first Modern Olympic Games, which was held in Athens in 1896, but the Qing government didn't reply due to their unfamiliarity with sports events (China and the Modern Olympic Games, 2008).

According to Luo (2004), the earliest news about the Olympic Games that appeared in China was in 1900. It was in a newspaper from Shanghai that reported on the second Olympic Games held in Paris. In 1903, Qing Dynasty sent officials to St Louis in the United States to observe the 3rd Olympic Games which were held in 1904 (Xu, 2008). After the Games, reports and short stories about the Olympic Games appeared in many newspapers. However, due to a lack of knowledge of sport and the Olympic Games, this news didn't receive much feedback (Luo and Tan, 2007b). This did not change until October 1907, when renowned educationist Zhang Boling delivered a speech about the Olympic Games and China in a gathering organised by Young Men’s Christian Association (YMCA) in Tianjin (Xu, 2008). He stated that China should learn from European countries and should send Chinese athletes to compete in the Olympic Games, regardless of the results (Xu, 2008). In 1908, there was an article in Tianjin Young Men, a journal published by the Tianjin
YMCA, which posed three questions that expressed China’s Olympic dreams (BOCOG, 2010a: 3):

- *When would it be possible for China to send an athlete to the Olympic Games?*
- *When would it be possible for China to send a team of athletes to the Olympic Games?*
- *When would it be possible for China to enjoy the privilege of hosting the Olympic Games?*

Although nobody knew how long it would take before China could participate in the Olympic Games, or even host one, that day would come. This was the first time that Chinese people expressed the desire to host an Olympic Games in China (Xu, 2008). China’s first National Games was held in Nanjing in 1910; it was seen as part of the country’s effort to experience and prepare to participate in a future Olympic Games at an early date (Cui, 2007).

In 1931, the China National Amateur Athletic Federation was accepted by the IOC as an official member of the IOC, governing all Olympic activities in China (Hong and Xiong, 2010). China had sent representatives to attend the Olympic Games a number of times, but the first time China sent athletes to participate in the Games was in 1932 (Brownell, 2008). The Kuomintang government sent a delegation to participate in the 10th Olympic Games in Los Angeles. The delegation originally included the team leader Shen, coach Song Junfu and both Yu Xiwei and Liu
Changchun (BOCOG, 2010a). Due to funding issues, Liu Changchun was the only athlete who made it to the Games, and he was disqualified in the first rounds of the men’s 100m and 200m races (BOCOG, 2010a). Despite his failure in the qualifiers, Liu became the first Chinese athlete to compete in the Olympic Games, and he realised China’s first Olympic dream (Hong and Zhouxiang, 2012a). After that, China also sent athletes to join the 11th and the 14th Olympic Games held in Berlin and London respectively (Luo, 2004).

In 1949, the People’s Republic of China was established after the Communist Party won the Civil War over the Nationalists (Hong and Xiong, 2010). The first Olympic Games after the People’s Republic of China was established was the Helsinki Games in 1952 (Brownell, 2004). The invitation from the IOC arrived on the evening of July 18, just one day before the opening ceremony of the Games. The Chinese delegation arrived in Helsinki a week after the Games had commenced, Wu Chuanyu became the first athlete of the People’s Republic of China to participate in the Olympic Games, with a time of 1min 12.3s in the men’s 100m backstroke (Luo and Tan, 2007). Even so the Chinese team missed most of the Games. Prime Minister Zhou stated that China had already claimed a victory at the Games simply by raising its national flag. (Mangan and Fan, 2003).

The People’s Republic of China successfully had its first appearance in the Olympic Games, but a potential political issue was raised in the IOC and relevant international federations. On the mainland, after the establishment of the People’s
Republic of China, the Communist Party established their own All-China Sports Federation in 1950. The Party claimed that they represented all of China, and thus the All-China Sports Federation represented all of the sport affairs in China (Mangan and Fan, 2003). The All-China Sports Federation had also been recognised as the Chinese Olympic Committee (Mangan and Fan, 2003). On the other hand, the Nationalists remained there as part of the Republic of China after the Civil War, and then fled to Taiwan (Hong and Xiong, 2010). The Nationalist government had taken the China National Amateur Athletic Federation to Taiwan, as well as two of three IOC members (Hong and Xiong, 2010). During the preparation for the Helsinki Olympic Games, some IOC members in Taiwan argued that they should represent China at the Olympics (Cui, 2008). However, both federations were affiliated with the corresponding international federations, and both were looking for the recognition by the IOC (Mangan and Fan, 2003).

Despite the Chinese Olympic Committee requesting the International Olympic Committee to withdraw the recognition of Taiwan Sports organization the request had been turned down as it was a political issue (Cui, 2007). Owing to dissatisfaction about the reaction to the ‘Two China’ problem, the People’s Republic of China didn’t attend the 16th Olympic Games in Melbourne. In 1958, the All-China Sports Federation announced an end to all relations with the International Olympic Committee (Xu, 2008).
With China's increasing recognition in the world, the 'Two China' problem was brought up again to the International Olympic Committee. In 1979, at a meeting held in Nagoya, the International Olympic Committee declared a resolution on the problem of China's representation (BOCOG, 2010a). The meeting confirmed that the Chinese Olympic Committee would be the representative of the Olympic Games for the whole of China (Mangan and Fan, 2003). Taiwan, as one of China's local organisations, could only use the name of "Chinese Taipei Olympic Committee" in any Olympic activities (Xu, 2008). The Nagoya agreement symbolised China's official return to the Olympic family after twenty years. Since then, China has participated in every Olympic Games except the Moscow Games of 1980. The figure below shows China's participation and results in each of the Olympic Games.
Table 4.1 China in the Olympic Games 1984-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Numbers of Athletes</th>
<th>Golden Medals</th>
<th>Medals</th>
<th>Participated Events</th>
<th>Gold Medals Tally</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>225</td>
<td>15</td>
<td>32</td>
<td>16</td>
<td>4th</td>
</tr>
<tr>
<td>Los Angeles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>300</td>
<td>5</td>
<td>32</td>
<td>21</td>
<td>11th</td>
</tr>
<tr>
<td>Seoul</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>251</td>
<td>16</td>
<td>54</td>
<td>20</td>
<td>4th</td>
</tr>
<tr>
<td>Barcelona</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>309</td>
<td>16</td>
<td>50</td>
<td>22</td>
<td>4th</td>
</tr>
<tr>
<td>Atlanta</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>311</td>
<td>28</td>
<td>59</td>
<td>24</td>
<td>3rd</td>
</tr>
<tr>
<td>Sydney</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>407</td>
<td>32</td>
<td>63</td>
<td>26</td>
<td>2nd</td>
</tr>
<tr>
<td>Athens</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IOC official website: www.olympic.org

The 1984 Los Angeles Olympic Games was the first Games that China participated in after the return to the IOC. This was also the first time that mainland China and Taiwan both sent athletes to the same Olympic Games (BOCOG, 2010a). China made a remarkable comeback by sending 225 athletes competing in 16 sports. On the first day, Xu Haifeng won the gold medal in the men’s 50m pistol shot. It was not only the first gold medal of the Los Angeles Olympic Games, but also the first Olympic gold medal for China (Cui, 2008). Followed by the 1984 Games, China also captured 32 medals in the Seoul 1988 Olympic Games, and for the 1992 and 1996 Olympic Games, Chinese athletes won 54 and 50 medals respectively, and ranked
in fourth place on the gold medal tally in both Games. In the Sydney 2000 Olympics, China improved its performance by ranking third in the gold medal tally. The Chinese team had captured six gold, three silver and one bronze medal on September 22, 2000, which was named by the world media as ‘China Day’ (BOCOG, 2010a). In 2004, China made another step forward to come second place in the gold medal tally with 32 gold medals.

According to the table, China has showed consistency in terms of good performance in the Olympic Games since its return in 1984. Especially after the dissolution of the Soviet Union in 1991, each time China has sent a bigger team to Olympic Games, and participated in more events each time. Based on the number of gold medals China has won, and the ranking of the gold medal tally, China has shown a trend to become a major sports power.

China has fulfilled the dream of sending athletes and teams to the Olympic Games. More than that, China has changed the situation from being the *Sick Man of East Asia* and became a big sports power that no other country in the world is able to ignore. For China, there is another question remaining: when would it be possible for the country to host the Olympic Games?
4.5 The Purpose of Hosting the Beijing Olympic Games

In the early 1980s Deng Xiaoping, the initiator of China’s reform and opening-up policy, had on different occasions expressed the wish that China would host the Olympic Games when it was fully prepared (BOCOG, 2010a). In order to fulfill this remaining Olympic dream, China has made unremitting efforts. In September 1990, Beijing hosted the 11th Asian Games; it was the biggest celebration in the 40-year history of the Asian Games (Xiong and Zhong, 2010). Chinese people were enthusiastic about the Asian Games; even those people who expressed anti-government views seemed to be proud of the Games (Jarvie, Hwang and Bernnan, 2008). Beijing’s outstanding efforts in hosting the Asian Games not only boosted the confidence of the Chinese people in respect to hosting an Olympic Games, but also strengthened the determination of the government to do so (Hong and Zhouxiang, 2012a). The 1990 Asian Games were more than a sporting event for China; they were also a political and social event. Through these Games, a message had been sent to the rest of the world that China was willing and capable of hosting an international sports mega event such as the Olympic Games (Interviewee 15, University Analyst). After the 11th Asian Games were finished, the citizens in Beijing came up with the slogan ‘Taking Pride in the Successful Asian Games, Longing for Hosting the Olympic Games’. Inspired by this slogan, China was ready to achieve its third Olympic dream (BOCOG, 2010a).

Soon after the Asian Games, the General Administration of Sport of China, the Ministry of Finance and the Ministry of Foreign Affairs submitted a document to
the central government with the proposal that Beijing should start preparation for bidding for the Olympic Games (Fan, Fan and Lu, 2011). On February 26, 1991, Beijing officially applied to the Chinese Olympic Committee to bid for the Games for the XXVII Olympiad in 2000 (Fan, Fan and Lu, 2011). In March that year, the Chinese government approved the application and established the Beijing 2000 Olympic Games Bid Committee (Hong and Zhouxiang, 2012a). Nine months later, on December 4th, Beijing officially submitted the application to the IOC (Hong and Zhouxiang, 2012a). The application showed that Beijing was qualified and capable to stage the Olympic Games, moreover, it expressed to the world the determination and passion of the Chinese people for realising their Olympic dream (Interviewee 4, Staff of GAS). In this bid, Beijing participated in the final contest with Berlin, Istanbul, Manchester and Sydney. Unfortunately, Beijing missed the opportunity by two votes behind Sydney in the last round of the ballot (BOCOG, 2010a). The unsuccessful first bid was disappointing, however, it strengthened the determination of China to host an Olympic Games, not to mention the support received from the Chinese people, the Chinese government and former IOC president Samaranch (Fan, Fan and Lu, 2011). The first bid provided China with the experience and even greater passion for a second bid. As one of the respondents noted (Interviewee 1, Staff of GAS):

_The first loss was not a bad thing. It gave Beijing more time to be ready._

_With further development, Beijing has developed and improved itself with_
better infrastructure, sports facilities, and accommodation capacity

compare with seven years ago.

In addition, the 6th Far East and South Pacific Games for Athletes with Disabilities and 21st Universiade were all held in Beijing in 1994 and 2001 respectively. These events enhanced Beijing’s experience in hosting international sport events (Luo and Tan, 2007b). With another six years preparation, Beijing decided to bid for the Olympic Games again, and the bidding plan was submitted to the IOC in 1999 (Fan, Fan and Lu, 2011). Finally, on July 13th 2001, at the 112th IOC Session in Moscow, Beijing won the bid after scoring a convincing victory with 56 votes in the second round. Former IOC President Samaranch announced that: ‘The Games of the XXIX Olympiad are awarded to the city of Beijing’ (BOCOG, 2008a).

Why would Beijing want to host the Olympic Games? The reasons are various. One of the respondents pointed out that the success of the 1964 Tokyo Olympic Games was one of the reasons that encouraged China to host the Olympic Games (Interviewee 8, University Analyst). The respondent noted that the Tokyo Olympics didn’t make any financial profit, but it improved relevant industries in Japan, such as telecommunications, satellite and vehicles. As a neighbour, China also hoped that the Olympic Games could help improve relevant Chinese industries (Interviewee 8, University Analyst). The desire to host the Olympic Games reflected the desire of China to regain its strength and place in the world (Fan, Fan and Lu, 2011). It was an important part of the strategy to make China a sports
superpower, so that it could compete on equal grounds with the USA, Japan and South Korea in sport, as well as in politics and economics (Hong and Zhouxiang, 2012b). Brownell (2008) stated that China’s sporting history has been an important segment of its national history, helped by making China’s hosting of the Olympic Games into a particularly powerful symbol of its place as one of the nations in the world. Dong has similar ideas, as she explained that memories of past grandeur and humiliation motivated the sense of national identity in China, and that hosting the Olympic Games was seen as helping China build a new, vigorous, modern and strong nation in the world (Dong, 2010). The mayor of Beijing once noted that the Olympic Games had been considered as an opportunity for Beijing to emerge as a world-class metropolis (Shin, 2009). Meanwhile, Martin (2008) argues that the Beijing Olympics would provide both short-term and long-term direct and indirect benefits to the Chinese economy, as well as enhance the nation’s global image. In addition, under the theme slogan ‘One World, One Dream’, China wished to use the Olympic Games as a platform to celebrate the Chinese renaissance and the harmonisation of world civilisations (Xu, 2006).

Based on the discussion in this chapter, the purpose of hosting the Beijing Olympic Games can be interpreted from different perspectives. First, hosting the Beijing Olympic Games meant fulfilling China’s Olympic dreams. China had answered the first two questions that had been asked a century before. Over the past 100 years of development and growth, China and Chinese people had always kept the passion to realise the remaining Olympic dream. Second, after the Olympic Games
commercialised, China sought an opportunity through hosting the Games to obtain resulting economic benefits. Third, since reform and opening up were introduced in 1978, China’s economy, sport, and politics had all grown rapidly. After thirty years of changes, China needed an international platform, such as the Olympic Games, to introduce a new China to the world and to meet the demand of further reform and opening up.

4.6 Conclusion

This chapter discussed the purpose of Beijing hosting the Olympic Games, providing an overview of the relevant background, which included the development of the Olympic Games themselves, the reform and opening up of the Chinese economy, and the changes in Chinese sport.

The commercialisation of the Olympic Games brought a dramatic change to the Olympic movement. After the 1984 Los Angeles Olympics, the Games have become the more popular than before. Nowadays, it is the biggest single sport event and one of the most popular sport events in the world. With these changes and developments, the Olympic Games is also a multi-impact event rather than a pure sporting competition. The Olympics can bring financial profit to the host city, and potential improvement to the economic growth in the local region and the nation. The Olympics can influence the politics of the host city, and bring out
environmental issues. Nowadays, there are more than 200 nations participating in the Games, which has enabled the Olympics to centralise global attention on one city and nation. In short, by hosting the Olympic Games, the host city and nation are provided with a global stage, where the host can present itself to the world, while receiving the relevant impact from the Games. The earliest connection between China and the Olympic Games can be traced back to 1894. It was not until 1908 that the Chinese people expressed the wishes of China to send athletes and teams to the Games, as well as to welcome the Games to China. Since then, the Chinese people have travelled a century-long journey to fulfil their Olympic dream.

The miracle of the Chinese economy has impressed the world. Since the reform and opening up policy were introduced in 1978, the Chinese economy has developed rapidly with a steady growth rate of GDP and increasing involvement in international affairs. China has transformed from an agricultural country to the second largest economy in the world. The reform is still an ongoing process with a planned and market economy co-existing in the Chinese economic system. Chinese sport also started its reform, and interacted with the development of the Chinese economy. In order to conduct further reform and development in both areas, China sought an opportunity to present a new China in front of the whole world. The Olympic Games provided the solution. For China, hosting the Beijing Olympic Games meant not only realising the century old Olympic passion, but also finding a global stage to put China in the center of the world.
After the commercialisation of the Games, there were an array of economic activities that were involved in terms of operating the Olympics. Meanwhile, there are relevant impacts that influence the host city and nation. These economic activities and the impact of the Beijing Olympic Games will be discussed in the following chapters.
Chapter 5 Marketing and Finance
of the Beijing Olympic Games

5.1 Introduction

The Olympic Games as a mega sport event has been closely tied with economic phenomena from the very beginning. Although the modern Olympic Games have a hundred year history, the earliest economic activities relating to the Games can be traced back as far as the ancient Olympics. However, economic phenomena did not play an important role in the growth of the Olympic Movement until the 1980s (Interviewee 2, University Analyst). It was the Los Angeles Olympic Games in 1984 that saved the Olympic Movement from financial bankruptcy by creating a marketing plan to generate revenue in order to stage the Games. It was the first time that the organising committee operated the Games with a business approach; it was also the first time the host gained a financial surplus. Since 1984, the Olympic Games has commercialised and became a high-profile global event, which attracts some of the world’s most prominent cities and capitals bidding for the right to host the Games, and global business giants paying millions for its sponsorship. After officially being adopted and developed by the IOC, the Olympic marketing plan has become, from an economic point of view, a standard operating mode for the host (Interviewee 4, Staff of GAS).
This chapter focuses on the commercialisation of the Olympic Games in general, and the marketing of the Beijing 2008 Olympic Games in particular. Relevant data will be applied, and its Chinese characteristics will be discussed.

**5.2 Los Angeles and the Commercialisation of the Olympic Games**

The modern Olympic Games have a history of more than one hundred years. The Games grew and developed rapidly after World War II. However, some regulations of the Games, such as its amateur status and no politics, restricted the Olympic Movement (Interviewee 4, Staff of GAS). Under these regulations, the Olympic Games operated independently with limited collaboration from general society, and were not able to receive necessary financial support and resources (Luo and Tan, 2007b). With increasing cost, hosting an Olympic Games became a burden for the host city and country. In 1976, the original cost of the Montreal Olympic Games was estimated at US$310 million (Payne, 2006). However, the cost blowout on the construction of Montreal’s Olympic stadium left the city with a debt of US$1.27 billion. The huge debt meant the city spend thirty years – until 2006 – paying it off. (Dyreson and Llewellyn, 2013). “The Montreal Trap”, as it became known, had put the Olympic Movement into serious trouble (Luo and Tan, 2007a). It directly affected the preparation of the next Olympics, as most cities which were preparing to bid gave up immediately when they saw what happened in Montreal;
in the end Los Angeles was the only remaining candidate city and so it became the host of the 23rd Olympic Games (Wenn, 2014).

Los Angeles had first hosted the Olympics in 1932; the 1984 Games were the second time the event had come to the city. This time the Games were different from any held previously. The Olympic Games were usually financed by the host city and government, so in the Los Angeles case it should have been the city of Los Angeles or the state of California, or for that matter, even by the United States (Payne, 2006). However, due to the financial disaster of the Montreal Olympic Games, eighty three per cent of the population of the city actually voted against providing any funding for the Games (Payne, 2006). The Los Angeles Olympic Organizing Committee (LAOOC) and the United States Olympic Committee assumed the entire financial risk and created a privately organized and financed Olympic Games for the first time in Olympic history (Wenn, 2014). As Payne stated (Payne, 2006: 11):

*The Games was being staged by a private commercial group of individuals,*

*led by Peter Ueberroth, rather than a city and national government*

In rewriting the rules of staging Games, Peter Ueberroth and the LAOOC had the same goal, which was to ensure that Los Angeles would not go down the same road as Montreal had in 1976 (Tomlinson, 2006). Without the usual support funding, establishing an overall strategy for the LAOOC became Ueberroth’s first priority. He instituted some rules which included: avoiding the building of the any new
sports facilities; all members of the Olympic Family were required to pay their own way to the Games in every regard; spending on staff was to be constrained for as long as practical (LAOOC, 1985). As a businessman, Ueberroth started to approach the problem from an entrepreneurial viewpoint. He focused on raising money from three private sources: the sale of television rights, commercial sponsorships, and ticket sales (LAOOC, 1985).

In the battle for television rights, the ‘Big Three’ networks ABC, NBC and CBS, in addition to two more recently established companies were all involved in the bidding. Ueberroth demanded that each company make a US$500,000 refundable deposit to show serious interest, and another US$250,000 to enter the bidding (Payne, 2006). In this way, five companies’ deposits provided in total US$2.5 million for the LAOOC as much-needed start-up cash (LAOOC, 1985). At the end, ABC outbid other competitors, agreeing to pay a record US$225 million for the broadcast rights of the Los Angeles Games (Payne, 2006). Additionally, sales of foreign television rights yielded another US$61.8 million. The total television revenue was approximately US$286.5 million which was almost three times the amount collected in 1980 (IOC, 2008). In terms of the sponsors of the Games, the LAOOC limited their number. The idea of sponsor exclusivity originally came from Joel Rubenstein, vice president of LAOOC. He proposed the solution to limit sponsorships to thirty in order to avoid clutter and duplication, and only major advertisers would be selected as sponsors, one per category (Wenn, 2014). Ueberroth established US$4 million as the entry price for each sponsor (Masteralexis, Barr and Hums, 2011: 383). Coca-Cola invested US$12.5 million, and
became the first corporation to sign up to the sponsorship deal. Anheuser-Busch joined soon after, with an investment of 10 million US dollars, followed by McDonald’s Corporation, Arrowhead Puritas Waters, Inc., Canon USA, Inc., The Southland Corporation, United Airlines, First Interstate Bank, Dentsu, Atlantic-Richfield Company, Buick Motors/GMC Trucks General Motors Corporation, Levi Strauss & Co., and Fuji Photo Film Co. Ltd (LAOOC, 1985). According to the official report from the LAOOC, the new sponsorship programme brought Ueberroth and the Los Angeles Games 34 sponsors in total (LAOOC, 1985).

The third major source of revenue came from tickets sales. Ticket prices for the Opening and Closing Ceremonies ranged from US$50-200. Ueberroth mandated that tickets prices should not exceed US$100 for athletic events, while tickets for some events were only US$3. Overall, the average price of the Games was US$17. By the close of the Games, there were nearly six million tickets sold to the public, and revenue exceeded US$ 139 million (LAOOC, 1985).

The torch relay was another innovation of the Los Angeles Games. The International Olympic Committee (IOC) offers its idealised conception of the genesis and significance of the torch (IOC, 2008:38):

*The Olympic torch is a symbol taken from the ancient Olympic Games, during which a holy torch burned continuously on the altar of Zeus. Fire is thought to be purifying in most cultures. The Olympic torch is carried along a relay from Olympia to the host city, proclaiming the celebration of the world’s greatest sporting festival. As it travels, it carries a spirit of peace*
and harmony, triggering a huge celebration in which the whole world participates. It is a strong symbol of the international dimension of the Games.

Ueberroth understood the potential of the torch to spark national interest and pride, which could unite the people behind the Olympic Games (Payne, 2006). He designed the programme by creating a community approach to the relay, where each runner’s life story was tied to the Olympic spirit. For each runner, there was a cost of US$3,000 per kilometre for the privilege of carrying the torch. The money was donated to a charity of the participants’ choice instead of going toward the costs of the LAOOC (Tomlinson, 2006). Initially, the idea was even opposed by Ueberroth’s own team; the entire senior management of the committee outvoted him seven to one (Reich, 1986: 43). Ueberroth himself recalls that not all interested parties in the International Olympic Committee were so easily persuaded either (Ueberroth, Levin and Quinn, 1985:192):

The Greeks weren’t as understanding ... The Greek IOC members, Nikos Filaretos and Nikolaos Nissiotis, objected, claiming we were commercializing the flame.

In spite of all the resistance, Ueberroth stuck to his instincts and overruled his executives. He also convinced the president of the IOC Juan Antonio Samaranch, and his top executives, that selling the flame was not a 'commercialisation of the relay', because no money would go to the organising committee or the athletes
Ueberroth’s idea was approved eventually. Ueberroth turned to American telecommunications giant AT&T for the sponsorship of the flame’s epic journey; the company itself also urgently needed an opportunity to reconstruct its national image at that time (Payne, 2006). In the end, the whole torch relay lasted three months, and involved 3,350 people across the country from New York. The programme generated close to US$11 million for a cross-section of American charities (Payne, 2006). Furthermore, it was an exceptional example of pre-event marketing, and it promoted and appealed to the American volunteering spirit (Ueberroth, Levin and Quinn, 1985). The Olympic torch relay had been taken to a whole new level.

The tangible legacy from the 1984 Olympic Games may have been minimal. There was a velodrome, a new swim stadium, a shooting range, an administrative building on the campus of the University of California at Los Angeles, several refurbished sports venues, and student housing at the University of Southern California (LAOOC, 1985). However, the Los Angeles Games was a smashing success by almost any measure. Most of all, the most enduring legacy of the 1984 Games was its financial impact.
From the above table we can see that the 1984 Games showed astounding success in its commercial strategy. After the Games finished, there was US$286.794 million generated by broadcasting rights, making it the largest revenue, while sponsorship and licensing contributed as the second largest revenue, generating US$126.733 million in total. Ticket sales made up US$139.929 million and the coin programme contributed US$35.985 million. US$76.319 million came from interest; and other sources such as non-monetary contributions, revenue from ticket-handling charges and accommodations generated US$102.884 million. On the other hand, the biggest expenditure was operating expenses, which cost US$398.394 million; payments for the venue and facility use were US$97.389 million; and expenses of the International Olympic Committee were US$50.145 million. As a matter of fact, there were no huge infrastructure costs from the Games, plus a willing and costless army of volunteers that eliminated significant labour costs (Dyreson and Llewellyn, 2013). Altogether this brought as the outcome a surplus of US$222.7 million for

$\text{Table 5.1: Finance of the 1984 Los Angeles Olympic Games}$

<table>
<thead>
<tr>
<th></th>
<th>Revenue (US$)</th>
<th>Expenditure (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting Rights</td>
<td>286,794,000</td>
<td>398,394,000</td>
</tr>
<tr>
<td>Sponsorship and</td>
<td>126,733,000</td>
<td>97,389,000</td>
</tr>
<tr>
<td>Licensing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tickets Sale</td>
<td>139,929,000</td>
<td>50,145,000</td>
</tr>
<tr>
<td>Coin Programme</td>
<td>35,985,000</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>76,319,000</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>102,884,000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tomlinson, 2006
the Los Angeles Olympic Organizing Committee (Dyreson and Llewellyn, 2013).(114x756)
Compared with the previous three Olympic Games, the Los Angeles Games translated into an eight-fold increase in these revenues. At the same time, it also brought a remarkable economic impact worth US$3.29 billion in the context of the Southern California economy (LAOOC, 1985).

The 1984 Los Angeles Olympic Games wrote a new script for the economics of the Olympics. As it stated in the committee's official record (Perelman, 1985: 116):

_It was noted that for past Games, the top sources of funds had been direct government subsidies, receipts from lotteries and Olympic commemorative coin programs, and then television rights sales, ticket sales and the sale of sponsorships. Direct government subsidies were unavailable to the LAOOC, and lotteries were then illegal in the state of California. ... the planning focused on sources in the private sector: television revenues, sponsorships and ticket sales._

Ueberroth and his team turned the Olympic Games into a brand new chapter. With the success achieved by the Los Angeles Olympic Games, they not only saved the Olympic Movement; the new-found energy and organisational paradigm generated from the 1984 Games also made the Olympic Games revive into the new millennium.
5.3 The Marketing of the Olympic Games

Based on the success of the Los Angeles Games in 1984, the IOC started its reform in terms of the operational model for hosting the Olympic Games. According to the Los Angeles’ experience, broadcasting rights and sponsorships could provide a big financial contribution to the organising committee (Yuan, 2008). In order to secure this revenue, the IOC conducted relevant bidding programmes and established selection criteria for companies to become business partners with the IOC and the organising committee. In particular, different levels and categories of Olympic sponsorship were also set up (Payne, 2006). After 1984, the IOC remained the torch relay as part of the Games, except the commercial part from the Los Angeles Games. However, nowadays even without a direct financial benefit, the torch relay has become an import factor in terms of the promotion of the Olympic Games as well as promotion of the host city and country (Guangmin News, 2008). In addition to ticketing and licensing programme, the IOC conducted a special marketing programme for the Games. From an economic point of view, the programme was also taken as the operational mode for hosting the Games (Payne, 2006). The Los Angeles Games and changes in the IOC provided Beijing with the relevant experience and information as a host. The BOCOG followed this path, and adopted the Olympic marketing programme as the operational mode for the Beijing Olympic Games. The details of the Beijing Olympic marketing programme are presented in the latter part of this chapter.

The IOC created a marketing programme for the purpose of generating revenue for
staging the Olympic Games. According to the IOC (2014: 5), the Olympic marketing programme is designed to meet the following criteria:

- To ensure the independent financial stability of the Olympic Movement
- To create and maintain long-term marketing programmes, and thereby to ensure the future of the Olympic Movement and the Olympic Games
- To ensure equitable revenue distribution throughout the entire Olympic Movement
- To ensure that the Olympic Games can be experienced by the maximum number of people throughout the world principally via broadcast to TV and digital media platforms
- To protect the equity that is inherent in the Olympic image and ideal

With the development of the Olympic marketing programme, the revenue generated through the programme for each Olympic host mainly came from four sectors: broadcast rights, sponsorship, ticketing and licensing (IOC, 2008). Approximately 90% of the revenue would be distributed to the organisations throughout the Olympic Games, while the IOC would retain the remaining 10% of revenue for the use of operational and administrative cost of governing the Olympic Games (Ferrand, Chappelet, and Seguin, 2012). In terms of contribution of each section, broadcast rights usually make up 50%, contributing the biggest proportion of the revenue. The second biggest contribution comes from sponsorship, which includes IOC worldwide sponsorship and domestic sponsorship from the host city and country. As shown in the following figure, sponsorship usually constitutes 40% of the revenue. Ticketing and licensing usually generate 10% of the total revenue (Ferrand, Chappelet, and Seguin, 2012).
5.3.1 Broadcast Rights

The history of broadcast rights of the Olympic Games can be traced back to the 1948 London Olympic Games. This was the first time the Olympic Games established the principle of the broadcast rights fee (Davis, 2012). In 1964, the Tokyo Olympic Games became the first Games to be broadcast overseas by satellite (IOC, 2014). Since then, broadcasting has become an important tool to promote and connect the Olympic Games with rest of the world. As set forth in the Olympic Charter, the fundamental IOC broadcast policy is to ensure the widest possible audience in the world for the Olympic Games (IOC, 2008). In order to follow the policy, the principle of selling the broadcast rights of the Olympic Games is that the rights are sold to broadcasters who can (IOC, 2008: 5):
• *Meet the highest standards in broadcast quality*

• *Reach the broadest possible audience across different media platforms*

• *Commit to promoting the Olympic Games and the values of the Olympic Movement*

After the Los Angeles Games, Olympic broadcast rights have been boosted to a brand new level. During the last three decades, Olympic broadcasting rights have been the greatest source of the revenue for the Olympic Games. Television coverage has become the largest engine that drives the growth of the Olympic Games (Interviewee 14, University Analyst).

**Table 5.2 Olympic Broadcasting History (1984-2012)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Broadcast Revenue (million)</th>
<th>Host Broadcaster Feed Hours</th>
<th>Numbers of Countries Broadcasting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984 Los Angeles</td>
<td>US$ 286.9</td>
<td>NA</td>
<td>156</td>
</tr>
<tr>
<td>1988 Seoul</td>
<td>US$ 402.6</td>
<td>2,572</td>
<td>160</td>
</tr>
<tr>
<td>1992 Barcelona</td>
<td>US$ 636.1</td>
<td>2,800</td>
<td>193</td>
</tr>
<tr>
<td>1996 Atlanta</td>
<td>US$ 898.3</td>
<td>3,000</td>
<td>214</td>
</tr>
<tr>
<td>2000 Sydney</td>
<td>US$ 1,331.6</td>
<td>3,500</td>
<td>220</td>
</tr>
<tr>
<td>2004 Athens</td>
<td>US$ 1,494</td>
<td>3,800</td>
<td>220</td>
</tr>
<tr>
<td>2008 Beijing</td>
<td>US$ 1,739</td>
<td>5,000</td>
<td>220</td>
</tr>
<tr>
<td>2012 London</td>
<td>US$ 2,569</td>
<td>5,000</td>
<td>220</td>
</tr>
</tbody>
</table>

*Source: The Olympic Marketing Fact File, 2014 Edition*
As listed above, Table 5.2 presents the development of Olympic broadcast rights since 1984. From the table, it can be seen that Olympic broadcast revenue has increased almost ten times during the last thirty years, from US$286.9 million in the Los Angeles Games in 1984, to US$2,569 million in the London Games in 2012. In terms of broadcasting hours, the number of hours broadcast by the host broadcaster in the recent two Games, in Beijing and London, has doubled compared to the number back in the Seoul Olympic Games in 1988. Meanwhile, the number of countries and territories that the Olympic Games have been broadcasted to has also increased from 156 to 220 during the same period. Broadcasting has indeed contributed a big part of the revenue to the organising committee, and also played a major role in terms of spreading the Olympic spirit.

Nowadays, broadcast rights include broadcasts on television, radio, mobile and Internet platforms. The IOC is the owner of the Olympic Games broadcast rights (IOC, 2008). In 2001, the IOC created the Olympic Broadcasting Services (OBS), in order to serve as the permanent Host Broadcaster organization for all Olympic Games, Olympic Winter Games and Youth Olympic Games (Olympic Broadcasting Services, 2014). The Host Broadcaster is responsible for capturing the broadcast signal from each Olympic venue and delivering the pictures and sounds to the Olympic broadcast partners to air over various media platforms throughout the world (IOC, 2014). From 2009 onwards, Olympic Broadcast Services has overseen the host broadcaster function for the Games. It produces and transmits unbiased live radio and television coverage of every sport from every venue. For Olympic broadcast partners, they can select the particular events to include in its Olympic
programming schedule, in order to ensure it will be of greatest interest to the target audience in its home country or territory (IOC, 2014). The increasing revenue from broadcast rights also allow the National Olympic Committees (NOCs) and International Sports Federations able to receive more funding support from the IOC (Payne, 2006).

### 5.3.2 The TOP Programme

In late 1982 and 1983 the IOC established a partnership with the company called International Sports Leisure Marketing (ISL), which set up by the German shoe-manufacturer Horst Dassler, of Adidas (Tomlinson, 2006). This idea came from a lesson former IOC President Samaranch had learned from the model of sponsorship established by FIFA president Joao Havelange (Sugden and Tomlinson, 1988), and the Partnership was aimed at worldwide marketing of the Olympic Games. This was the beginning of the ‘The Olympic Partner’ (TOP) programme, a marketing model that IOC created in 1985 (IOC, 2014).

The basic marketing concept was originally generated by Horst Dassler, Juergen Lenz and Michael Payne (Payne, 2006). As Payne stated (Payne, 2006:79):

> It was to bundle all the rights together – the IOC, the Winter Olympic Games, the Summer Olympic Games and over 160 National Olympic Committees—into a single four-year exclusive marketing package, offering companies one-stop shopping for their global Olympic involvement.
The name of the programme ‘TOP’ initially stood for absolutely nothing. It was re-christened as ‘The Olympic Partners’ later when IOC officially introduced the programme, to reinforce the partnership element. (Payne, 2006)

It was not easy to introduce the TOP programme at the beginning. At one stage, the IOC had to even offer certain TOP marketing rights to companies for free in order to kick-start the programme (Payne, 2006). By late 1985, there were only Coca-Cola, Kodak and FedEx companies on board (Davis, 2012). The members of IOC were worried if they could not get enough sponsors to finally support the 1988 Seoul Olympic Games. After endless negotiations, Visa joined TOP programme in early 1986, followed by 3M (Ferrand, Chappelet and Seguin, 2012). After being joined by these two global companies, especially as they did not have a sport marketing record, the TOP programme suddenly boosted the market’s confidence. Soon another four companies followed, including the US publishing titan, Time-Sports Illustrated; Dutch electronics giant Philips; along with Matsushita-Panasonic and Brother Industries from Japan (Payne, 2006). For the first TOP programme, around 95 million US dollars were generated by nine leading multinationals. Besides that, the greatest success of the first programme was persuading virtually all of the NOCs to sign up to a contrasted marketing programme and establishing the structures for a global marketing plan. Out of the 167 recognised NOCs at the time, 154 signed up. Only 13 refused, such as Afghanistan, North Korea and Cuba, which did so for political reasons (Davis, 2012). Table 5.3 presents the facts of the TOP programme from 1985 to 2012. As it
shows, in the period between 1989 and 1992, the programme nearly doubled its revenue compared with the first period, which increased to US$175 million and had 169 NOCs signed up. The third TOP programme generated US$279 million, while there was a dramatic growth in the next period, the revenue doubling again to US$579 million. After that, each Olympic Quadrennium has kept a steady growth rate with 100-200 million exceeding the previous one.

Table 5.3 The Development of the TOP Programme (1985-2012)

<table>
<thead>
<tr>
<th>Quadrennium</th>
<th>Olympic Games</th>
<th>Partners</th>
<th>Numbers of NOCs</th>
<th>Revenue (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-1988</td>
<td>Seoul</td>
<td>9</td>
<td>159</td>
<td>US$96</td>
</tr>
<tr>
<td>1993-1996</td>
<td>Atlanta</td>
<td>10</td>
<td>197</td>
<td>US$279</td>
</tr>
<tr>
<td>1997-2000</td>
<td>Sydney</td>
<td>11</td>
<td>199</td>
<td>US$579</td>
</tr>
<tr>
<td>2001-2004</td>
<td>Athens</td>
<td>11</td>
<td>202</td>
<td>US$663</td>
</tr>
<tr>
<td>2005-2008</td>
<td>Beijing</td>
<td>12</td>
<td>205</td>
<td>US$866</td>
</tr>
<tr>
<td>2009-2012</td>
<td>London</td>
<td>11</td>
<td>205</td>
<td>US$950</td>
</tr>
</tbody>
</table>

Source: The Olympic Marketing Fact File, 2014 Edition

The TOP programme not only attracted the support of some of the world’s leading corporations, such as Coco-Cola, Kodak, McDonald’s, Swatch, and Panasonic. It also helped some sponsor companies became global giants in the world market.

Before it joined the TOP programme, the Korean company Samsung only had a limited presence internationally in the market of mobile phones, and ranked 96th in a global brand survey carried out by Interbrand (Payne, 2006). Six years later
Samsung unseated Motorola to become the number two company in the mobile communications market (Ferrand, Chappelet and Seguin, 2012). In 2004, Samsung ranked it as 21st in the same survey (Payne, 2006). Today, the company has grown into a premium brand with leading technology and one of the biggest net incomes in the world. Another example is Visa, an American multinational financial services corporation. It was only the number three card in Asia when Visa launched its Olympic marketing campaign in 1987 (Davis, 2012). However, it made the right choice to join the Olympic market in order to compete with its two major opponents, MasterCard and American Express. Within three years after it became a member of the TOP programme Visa overtook American Express and became the Asian market leader (Davis, 2012). James Robinson, former chairman and CEO of American Express, admitted that losing the Olympic market could be the worst mistake he made. The media called it ‘the greatest marketing blunder in its history’ (Payne, 2006).

The 1984 LA Games was the turning point of the modern Olympic Movement. After the Los Angeles, the Olympic Games have developed and become one of the most significant sporting events (Roche, 2000).
The above figure clearly showed that the Olympic Games became more popular after the Los Angeles Games in 1984. Since the commercialisation of the Games, and the development of the TOP programme, more and more cities start to value the economic potential of staging the Olympic Games. Between 1992 and 2004, the applicant cities for summer Olympic Games almost doubled its number, while back twenty years previously, Los Angeles was the only bidding candidate. Ten cities applied to host the 2008 Games; Beijing won the bid in the end. The figures do show a downward trend in the numbers of applicant cities for the 2004 and later Games; only six cities applied for the 2020 Olympic Games, the same number as for

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*Figure 5.2 Numbers of Applicant Cities for the Olympic Games (1984-2020)*

*Source: The International Olympic Committee Website*
the 1992 and 1996 Games. However it is still a fact that the commercialisation of the Games saved the Olympic Movement, and moreover, made the Olympic Games became one of the most effective international marketing platforms in the world (IOC, 2014). Support from the business community is crucial to the staging of the Games and the operations of every organisation within the Olympic Movement. As the former ICO president Jacques Rogge said: ‘Without the support of the business community, without its technology, expertise, people, services, products, telecommunications, its financing—the Olympic Games could not and cannot happen without this support, the athletes cannot compete and achieve their very best’ (Ferrand, Chappelet, and Seguin, 2012).

5.3.3 Ticketing

The Olympic Games ticketing programme is managed by the Organising Committee of the Olympic Games. The primary goal of the ticketing programme is to allow as many people as possible to be able to experience the Olympic Games (IOC, 2014). Meanwhile, with a growing number of events as well as the larger sporting facilities, an increasing number of tickets can also generate necessary financial support for the host to stage the Olympic Games (IOC, 2014). Figure 5.3 shows the ticketing programme from 1984 to 2012. It clearly shows that the 1996 Atlanta Olympic Games had the most tickets available. In terms of the number of tickets sold, the 1996 Games also exceeded others. However, if one takes the ratio of sold tickets into consideration, the recent two Games in Beijing and London had
better figures than others. The proportion of tickets sold during the Beijing Olympic Games is 95.6%, while the number for the London 2012 Games is 97%.

**Figure 5.3: Olympic Games Ticketing Programme (1984-2012)**

![Bar chart showing ticketing data for various Olympic Games from 1984 to 2012.]

*Source: The Olympic Marketing Fact File, 2014 Edition*

Ticketing has been an important source of financing the Games (Preuss, 2002). The following Table 5.4 list the revenue generated by the ticketing programme in each Olympic Games since 1984. In some Games, such as Atlanta and Sydney, ticketing contributed to around 20% of the budget for the organising committee (Preuss, 2002). In terms of the programme itself, the London Games generated the most revenue in comparison with other Olympic Games over the past thirty years.
Figure 5.4 Olympic Games Ticketing Revenue (1984-2012)

Source: International Olympic Committee Website

5.3.4 Licensing

The Licensing programme is primarily designed to promote the Olympic image as well as to convey the host country’s culture (ICO, 2008). Companies are permitted to produce and sell products bearing the official emblem, such as T-shirts, hats and pins; and to use related trademarked Olympic Property, such as mascots (ICO, 2008). There are also two long-standing traditions of Olympic licensing: the numismatic and philatelic programmes that create Olympic Games commemorative coins and stamps, (IOC, 2014). Olympic stamps are also one of the oldest financing sources for the Games. They helped finance the Games significantly in the 1896 Athens and 1964 Tokyo Olympic Games (Preuss, 2002).
As Table 5.3 lists, Olympic licensing played a smaller but no less important role in generating revenue for staging the Olympic Games.

**Table 5.4 Olympic Games Licensing (1984-2012)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Licensees</th>
<th>Revenue to OCOG (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984 Los Angeles</td>
<td>65</td>
<td>US$ 15</td>
</tr>
<tr>
<td>1988 Seoul</td>
<td>62</td>
<td>US$ 18.8</td>
</tr>
<tr>
<td>1992 Barcelona</td>
<td>61</td>
<td>US$ 17.2</td>
</tr>
<tr>
<td>1996 Atlanta</td>
<td>125</td>
<td>US$ 91</td>
</tr>
<tr>
<td>2000 Sydney</td>
<td>100</td>
<td>US$ 52</td>
</tr>
<tr>
<td>2004 Athens</td>
<td>23</td>
<td>US$ 61.5</td>
</tr>
<tr>
<td>2008 Beijing</td>
<td>68</td>
<td>US$ 163</td>
</tr>
<tr>
<td>2012 London</td>
<td>65</td>
<td>US$ 119</td>
</tr>
</tbody>
</table>

*Source: International Olympic Committee Website*

### 5.4 The Marketing of the Beijing Olympic Games

As discussed in the previous section, the sale of broadcast rights provides the most financial support to the Olympic Games. Meanwhile, the Games also benefits from The Olympic Partnership (TOP) worldwide sponsorship programme, which comprises many of the world’s most well-known multinational companies.

Since the commercialisation of the Olympic Games in 1984, the Olympic marketing programme played an important role in providing financial security for the Games,
as well as promoting and stabilising the Olympic Movement (IOC, 2009b). It also became part of the operation to ensure the success of hosting an Olympic Games.

5.4.1 Broadcasting

During the Beijing Olympic Games, the first ever Olympic Games to have full digital coverage freely available around the world, hundreds of millions of viewers were able to follow the action on an extensive range of digital media platforms provided by rights-holding broadcasters. The Games ensured that more people enjoyed more action from in and around the Chinese capital than ever before (Hui, 2008).

The IOC established the Olympic Broadcasting Services (OBS) in 2001. The purpose of setting up this organisation was to serve as the permanent host broadcaster for the Olympic Games (OBS, 2014). The duty of the OBS is to provide the international television and radio signals from the Games to all rights-holding broadcasters around the world, to ensure that the high standards of Olympic broadcasting are consistently maintained for every Olympic Games (IOC, 2009b). For Beijing 2008, the OBS delivered more than 5,000 hours of high-definition sporting programme to the rights-holding partners (Dolles and Soderman, 2014). In total, there were more than 61,700 hours of television coverage aired globally to 220 territories. According to an IOC report (Dolles and Soderman, 2014), this number is 40% more than that of Athens 2004, and had more than doubled in comparison with the figure for Sydney 2000. There are three different ways to broadcast the Games: in total 44,454 hours, which is 72% of coverage, was aired
on free-to-air terrestrial channels; while the rest of the coverage was aired on either pay TV cable/satellite platforms or on free-to-air digital channels (Davis, 2012). Television has been the engine to promote the development of the Olympic Movement, and the Olympic Games is also the world’s most watched television programme, which captures not only a national but also a global audience for over two weeks (Panagiotopoulou, 2011).

The highlight of broadcasting of the Beijing Olympic Games was that it was the first ever fully digital Olympic Games. The Beijing Games provided the opportunity to hundreds of millions of viewers to be able to follow the Games on an extensive range of digital media platforms, including live and video-on-demand internet coverage and highlights clips on mobile phones (IOC, 2009b). The world-class sport competition not only attracted television audiences, but also brought internet and mobile phone downloads to new levels. For the first time in Olympic history, a large amount of online video content was available. As statistics showed, there were 8.2 billion page views and over 628 million video streams in total (Davis, 2012). In terms of coverage hours, the online broadcast over official broadcaster websites exceeded the TV coverage (IOC, 2009a). For example, there were more than 4,000 hours of Games coverage broadcast on CCTV.com, which were watched by more than 90% of the internet population, compared with the same figure aired on TV there were only 1,310 hours (IOC, 2009a). Similarly in the USA, NBCOlympics.com offered more than 2,000 hours of live coverage with simultaneous streams, with 72 million streams in total consumed, while there was 680 hours aired TV (Davis, 2012). In addition, the IOC launched its own Internet
channel on YouTube, named after “Beijing 2008” (IOC, 2009a). The IOC official YouTube Channel broadcast video highlights from the Games to 78 territories in Africa, Asia and Middle East, while it received 21 million video views during the Games (Solberg and Gratton, 2013).

In the end, according to IOC (2014) marketing report, The Beijing 2008 Games broadcast to 4.3 billion people who had access to the coverage. There were 3.6 billion people who watched at least one minute of the Games (Davis, 2012). The success of broadcasting also brought success in terms of financial impact. For the Beijing Olympic Games, the broadcast rights generated total revenue of US$1,739 million for the BOCOG (IOC, 2014). Table 5.4 shows the history of Olympic Broadcast rights fees history.

*Table 5.5 Olympic Games Broadcast Rights Fees (US$ million)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(USA and Canada)</td>
<td>1,124.0</td>
<td>1,397.4</td>
<td>1,579.0</td>
</tr>
<tr>
<td>Europe</td>
<td>422.1</td>
<td>514.0</td>
<td>578.4</td>
</tr>
<tr>
<td>Asia</td>
<td>208.0</td>
<td>232.6</td>
<td>274.0</td>
</tr>
<tr>
<td>Oceania</td>
<td>64.9</td>
<td>54.3</td>
<td>79.7</td>
</tr>
<tr>
<td>Central America, South</td>
<td>14.2</td>
<td>20.8</td>
<td>34.0</td>
</tr>
<tr>
<td>America and Caribbean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>11.9</td>
<td>12.9</td>
<td>24.9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,845.1</td>
<td>2,232.0</td>
<td>2,570.0</td>
</tr>
</tbody>
</table>

*Source: IOC, 2014*
As it shows, the USA and Canada received the most in terms of broadcast revenue, followed by Europe and Asia, while the Middle East and Africa paid less for broadcast rights. Overall, the broadcast rights fees have continued increasing in every region from 1998 to 2008. As the Games get more expensive, broadcast rights holders are willing to pay more to become a partner. As the first digital Games, the Beijing Olympic Games brought broadcasting into a new level. Online broadcasting created a bigger business opportunity, which could increase the rights fees in order to generate even more revenue for the organising committee. According to the statistics, the broadcast rights fees for the following period from 2010 to 2012, had a massive increase in some regions. For example, the fees for Asia have doubled, from US$ 274 million to US$ 575 million; for Central America, South American and the Caribbean, the fees increased to US$106 million, which tripled the figured compared to the previous period. Online broadcasting enriched ways to promote the Olympic Games as well as the host nation (Interviewee 13, University Analyst). It also reduced the effect caused by time differences, which TV broadcasting always faces (Interviewee 13, University Analyst). It allows the audience to view the Games at anytime from anywhere it is available. In this way, online broadcasting increased audience numbers, and created opportunities for online advertising at the same time. In the future, online broadcasting could even challenge the place of TV rights holders as having the leading role in terms of Olympic broadcasting.
5.4.2 Sponsorship

Marketing partners have played an important part in supporting the Olympic Games for a very long time. By providing the necessary funding, goods and services for the Olympic Games, the partners also provide a unique marketing platform to achieve their business goals (IOC, 2009b). The sponsors can use the Olympic Games as a platform to build their brands, increase sales, connect with the public, build customer relationships, motivate their employees, and enhance their corporate reputation so that the company is able to obtain a lasting legacy at the same time (IOC, 2009b). Gerhard Heiberg, Chairman of IOC Marketing Commission also emphasised the importance of the Olympic sponsors (Barford, 2012):

*Without our sponsors, the Olympic Games would not be what they are today.*

*The partners’ support allows more athletes from more countries to compete in the Games, and they deliver the services and resources that are the driving force of the Olympic Movement.*

The Beijing 2008 Olympic Games were seen as a milestone in terms of sponsorships: not only did the Games provide the opportunity for sponsors to showcase their products and services to the biggest global audience in Olympic history, more importantly the sponsors were able to gain brand recognition in the rapidly developing Chinese market (Interviewee 10, Member of Sponsoring Commercial Entities). The Beijing 2008 Olympic Games was covered by the sixth generation of the TOP programme, and the programme selected twelve TOP
partners. Table 5.6 lists all the IOC worldwide partners for the Beijing 2008 Olympic Games. As Table 5.6 shows, there were twelve partners headquartered in eight countries across three continents. The programme generated USD $866 million in cash, goods and services for the Games as a whole, contributing around 40% of total IOC revenues and making it the second largest source of income after media rights (BOCOG, 2010c). Among the sponsorship revenue, 33% goes into BOCOG (Giannoulakis and Stotlar, 2006).

In terms of sponsors, it is clear that American companies have formed the major part of the programme. In total 50% of the sponsors are from the US, six out of twelve are American companies in this programme, with Manulife from Canada the sponsors from Northern America have formed more than half of the numbers of IOC worldwide partners. Meanwhile, Asian sponsors showed bigger interest and commitment than European companies, taking three spaces in the programme. Respectively, they are Panasonic from Japan, Samsung from Korea, and Chinese IT Company Lenovo. Lenovo was the first Chinese company became a partner in the TOP programme (Wang, 2004). As one of the respondents noted (Interviewee 9, Member of Sponsoring Commercial Entities), 70% of TOP partner sponsorships came from American companies in the late 1990s. It was of great significance to have a Chinese company as one of IOC’s TOP partners. This improved the diversity of the sponsorship resources of the Olympic Games (Interviewee 9, Member of Sponsoring Commercial Entities). It changed the situation of Olympic sponsorship
mainly relying on one country, and strengthened the ability of the Olympic Games to receive stable financial support in the longer term.
### Table 5.6 The Worldwide Olympic Partners For Beijing 2008 Olympic Games

<table>
<thead>
<tr>
<th>Sponsors</th>
<th>Country</th>
<th>Logo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coco-Cola</td>
<td>USA</td>
<td><img src="logo" alt="Coca-Cola" /></td>
</tr>
<tr>
<td>Manulife Financial</td>
<td>Canada</td>
<td><img src="logo" alt="Manulife" /></td>
</tr>
<tr>
<td>Atos Origin</td>
<td>France &amp; Netherlands</td>
<td><img src="logo" alt="Atos-Origin" /></td>
</tr>
<tr>
<td>McDonald’s</td>
<td>USA</td>
<td><img src="logo" alt="McDonald's" /></td>
</tr>
<tr>
<td>General Electric</td>
<td>USA</td>
<td><img src="logo" alt="General-Electric" /></td>
</tr>
<tr>
<td>Omega</td>
<td>Switzerland</td>
<td><img src="logo" alt="Omega" /></td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>USA</td>
<td><img src="logo" alt="Johnson-Johnson" /></td>
</tr>
<tr>
<td>Panasonic</td>
<td>Japan</td>
<td><img src="logo" alt="Panasonic" /></td>
</tr>
<tr>
<td>Kodak</td>
<td>USA</td>
<td><img src="logo" alt="Kodak" /></td>
</tr>
<tr>
<td>Samsung</td>
<td>Korea</td>
<td><img src="logo" alt="Samsung" /></td>
</tr>
<tr>
<td>Lenovo</td>
<td>China</td>
<td><img src="logo" alt="Lenovo" /></td>
</tr>
<tr>
<td>Visa</td>
<td>USA</td>
<td><img src="logo" alt="Visa" /></td>
</tr>
</tbody>
</table>

*Source: IOC Marketing Report, 2009b*
Besides the TOP programme, the Beijing Olympic sponsorship programme also involved Beijing 2008 Partners, Beijing 2008 Sponsors, Beijing 2008 Exclusive Suppliers, and Beijing 2008 Suppliers (BOCOG, 2010c). Similar to the TOP programme, the sponsorships that came from three different levels were also aimed to generate funding resource for the Games, providing the opportunity for the participation of enterprises to enter the Olympic Games and Chinese market at the same time. The following Table 5.7, Table 5.8, Table 5.9 and Table 5.10 list the Beijing 2008 Partners, Beijing 2008 Sponsors, Beijing 2008 Exclusive Suppliers and Beijing 2008 Suppliers. According to BOCOG (2010c), the size of sponsorship was a basic factor to distinguish these Partners, Sponsors and Suppliers; and one Partner, Sponsor or Supplier was usually chosen for a certain type of product or service. There were 11 companies selected as partners of the Beijing Olympic Games. Among all the partners, American company Johnson & Johnson was made both TOP partner and Beijing Olympic Games partner. To become a partner of the Games, the minimum fee was RMB300 million (Chang and Ren, 2008).
### Table 5.7 Beijing 2008 Partners

<table>
<thead>
<tr>
<th>Company Names</th>
<th>Sponsored Item</th>
<th>Signing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group (China)</td>
<td>Funding, vehicle and related services</td>
<td>June 10, 2004</td>
</tr>
<tr>
<td>Bank of China</td>
<td>Financial services</td>
<td>July 14, 2004</td>
</tr>
<tr>
<td>China Mobile Communications Corporation</td>
<td>Mobile telecommunications</td>
<td>July 21, 2004</td>
</tr>
<tr>
<td>China Network Communications Group</td>
<td>Fixed telecommunications</td>
<td>July 22, 2004</td>
</tr>
<tr>
<td>China National Petroleum Corporation</td>
<td>Petrol and natural gas</td>
<td>May 30, 2005</td>
</tr>
<tr>
<td>China Petrochemical Corporation</td>
<td>Funding, petrochemicals and related services</td>
<td>October 11, 2004</td>
</tr>
<tr>
<td>Air China</td>
<td>Air passenger transportation</td>
<td>August 4, 2004</td>
</tr>
<tr>
<td>Adidas (Suzhou) Corporation, Ltd. And Adidas-Salomon AG</td>
<td>Sports equipment and sportswear</td>
<td>January 24, 2005</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>Personal care supplies</td>
<td>July 26, 2005</td>
</tr>
<tr>
<td>The People’s Insurance Company of China</td>
<td>Insurance</td>
<td>September 15, 2005</td>
</tr>
<tr>
<td>State Grid Corporation of China</td>
<td>Power supply</td>
<td>January 24, 2006</td>
</tr>
</tbody>
</table>

Source: BOCOG, 2010c

There were 10 companies chosen to be the sponsors of the Beijing Games, and the minimum fee for sponsors was RMB130 million (Interviewee 11, Member of Sponsoring Commercial Entities). There was a special situation in the Beijing
Games sponsor programme, both Tsingtao Beer Corporation Ltd. and Beijing Yanjing Beer Company Ltd. were chosen for the list, which broke with the IOC’s usual convention of one sponsor for a certain type product or service (Interviewee 15, University Analyst). Furthermore, a Chinese website SOHU.com became the first Internet sponsor in the Olympic history (Interviewee 11, Member of Sponsoring Commercial Entities). This expanded the category of Olympic sponsors from the domestic sponsorship point of view.
Table 5.8 Beijing 2008 Sponsors

<table>
<thead>
<tr>
<th>Company Names</th>
<th>Sponsored Item</th>
<th>Signing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Parcel Services of America (UPS)</td>
<td>Logistics and express delivery</td>
<td>July 27, 2005</td>
</tr>
<tr>
<td>Haier Group</td>
<td>Household appliances</td>
<td>August 12, 2005</td>
</tr>
<tr>
<td>Budweiser</td>
<td>Beer</td>
<td>September 28, 2004</td>
</tr>
<tr>
<td>SOHU.com</td>
<td>Internet content service</td>
<td>November 7, 2005</td>
</tr>
<tr>
<td>Inner Mongolia Yili Industrial Group Co., Ltd.</td>
<td>Dairy products</td>
<td>November 16, 2005</td>
</tr>
<tr>
<td>Tsingtao Beer Corporation Ltd.</td>
<td>Beer</td>
<td>August 11, 2005</td>
</tr>
<tr>
<td>Beijing Yanjing Beer Company Ltd.</td>
<td>Beer</td>
<td>August 10, 2005</td>
</tr>
<tr>
<td>BHP Billiton Ltd.</td>
<td>Minerals for medals</td>
<td>August 10, 2005</td>
</tr>
<tr>
<td>Heng Yuan Xiang(Group) Co., Ltd.</td>
<td>Funding, clothing, household textile and woollen products</td>
<td>December 22, 2005</td>
</tr>
<tr>
<td>Uni-President Investment (China) Corp.</td>
<td>Funding and related services</td>
<td>September 12, 2006</td>
</tr>
</tbody>
</table>

Source: BOCOG, 2010c

BOCOG also selected 15 enterprises each as exclusive suppliers and suppliers for the Games, with a starting fee of RMB41 million and RMB16 million respectively (Chang and Ren, 2008).
## Table 5.9 Beijing 2008 Exclusive Suppliers

<table>
<thead>
<tr>
<th>Company Names</th>
<th>Sponsored Item</th>
<th>Signing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>COFCO Wine &amp; Spirits (GREATWALL WINE)</td>
<td>Wine</td>
<td>August 16, 2006</td>
</tr>
<tr>
<td>Jiali Grain And Oil (China) Co., Ltd</td>
<td>Cooking oil</td>
<td>October 25, 2006</td>
</tr>
<tr>
<td>Beijing Gehua Ticketmaster Ticketing</td>
<td>Ticketing services</td>
<td>October 25, 2006</td>
</tr>
<tr>
<td>Mengna Hosiery</td>
<td>Socks and related products</td>
<td>March 1, 2006</td>
</tr>
<tr>
<td>Beifa Group</td>
<td>Stationary</td>
<td>April 3, 2006</td>
</tr>
<tr>
<td>Zhongshan Vantage Gas Appliances Stock Co., Ltd.</td>
<td>Gas appliances</td>
<td>April 28, 2006</td>
</tr>
<tr>
<td>Beijing YADU Indoor Environmental Protection Science &amp; Technology Co., Ltd.</td>
<td>Air fresheners and humidifiers</td>
<td>May 11, 2006</td>
</tr>
<tr>
<td>Effem Foods (Beijing) Co., Ltd.</td>
<td>Chocolate products</td>
<td>May 11, 2006</td>
</tr>
<tr>
<td>Beijing Kinghey Foods Co., Ltd.</td>
<td>Pork and pork products</td>
<td>July 26, 2006</td>
</tr>
<tr>
<td>Zhengzhou Synear Food Co., Ltd.</td>
<td>Instant frozen foods</td>
<td>September 4, 2006</td>
</tr>
<tr>
<td>Technogym</td>
<td>Fitness equipment</td>
<td>February 8, 2007</td>
</tr>
<tr>
<td>Hong Kong Royal Furniture Holding Limited</td>
<td>Household furniture</td>
<td>March 9, 2007</td>
</tr>
<tr>
<td>Staples Commerce &amp; Trade Co., Ltd.</td>
<td>Office furniture</td>
<td>April 12, 2007</td>
</tr>
<tr>
<td>Aggreko International Power Projects</td>
<td>Temporary power generation and transmission devices and thermostats</td>
<td>July 10, 2007</td>
</tr>
<tr>
<td>Schenker China Ltd. (Schenker Logistics)</td>
<td>Shipping agents and Customs clearance</td>
<td>December 13, 2006</td>
</tr>
</tbody>
</table>

*Source: BOCOG, 2010c*
Table 5.10 Beijing 2008 Suppliers

<table>
<thead>
<tr>
<th>Company Names</th>
<th>Sponsored Item</th>
<th>Signing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taishan Sports Industry Group Co., Ltd.</td>
<td>Sports equipment for gymnastics, judo, wrestling, taekwondo, boxing and track &amp; field</td>
<td>May 16, 2007</td>
</tr>
<tr>
<td>EF Business Consulting (Shanghai) Co., Ltd.</td>
<td>Language training</td>
<td>March 2, 2007</td>
</tr>
<tr>
<td>Beijing Aifly Education &amp; Technology Co.</td>
<td>Language training</td>
<td>June 18, 2007</td>
</tr>
<tr>
<td>Crystal Digital Technology Co., Ltd.</td>
<td>Image design</td>
<td>August 2, 2006</td>
</tr>
<tr>
<td>Yuanpei Century (Beijing) Education and Technology Co., Ltd.</td>
<td>Language service</td>
<td>December 30, 2006</td>
</tr>
<tr>
<td>Aokang Group Co., Ltd.</td>
<td>Leather products</td>
<td>March 22, 2007</td>
</tr>
<tr>
<td>Guangzhou Liby Enterprise Group Co., Ltd.</td>
<td>Detergent</td>
<td>April 10, 2007</td>
</tr>
<tr>
<td>PwC Zhong Tian CPAs Co., Ltd.</td>
<td>Accounting service</td>
<td>April 25, 2007</td>
</tr>
<tr>
<td>Guangzhou Dayang Motorcycle Co., Ltd.</td>
<td>Motorcycles</td>
<td>May 24, 2007</td>
</tr>
<tr>
<td>Capital Information Development Holdings Co., Ltd.</td>
<td>Language service</td>
<td>June 15, 2007</td>
</tr>
<tr>
<td>Unipack (Beijing) Co., Ltd.</td>
<td>Printing</td>
<td>July 09, 2007</td>
</tr>
<tr>
<td>Microsoft (China) Co., Ltd</td>
<td>Software</td>
<td>June 28, 2007</td>
</tr>
<tr>
<td>Kokuyo Co., Ltd. (Japan)</td>
<td>Office design</td>
<td>July 12, 2007</td>
</tr>
<tr>
<td>Newauto Silicon Valley Video Technology Co., Ltd.</td>
<td>Computer translation service</td>
<td>August 1, 2007</td>
</tr>
<tr>
<td>Mondo (Italy)</td>
<td>Basketball court, Handball cancha and track &amp; field ground</td>
<td>December 19, 2006</td>
</tr>
</tbody>
</table>

Source: BOCOG, 2010c
In total, there were 51 enterprises in the sponsorship programme of the Beijing 2008 Olympic Games, and the revenue generated by the programme was the highest in Olympic history (IOC, 2012). BOCOG received US$1,218 million revenue in total from the sponsorship programme (IOC, 2012). This was almost four times more than that of the Athens 2004 Olympics, and even exceeded US$100 million more in comparison with the London 2012 Olympics (IOC, 2014). The Beijing 2008 sponsorship programme proved to be a phenomenal success in the Chinese market. The domestic sponsorship programme provided significant support to the specific operational needs of BOCOG during the planning and staging of the Games, while also supporting the host nation’s National Olympic Committee and Olympic team (IOC, 2009b). Meanwhile, in order to return to the enterprises, BOCOG established the Beijing 2008 Olympic Games Partner Club On February 2, 2005 (Interviewee 1, Staff of GAS). As the senior staff in BOCOG noted (Interviewee 1, Staff of GAS):

*This is the first of its kind in Olympic Games history, this innovative organization was aiming to provide a platform for the Beijing 2008 Partners to get together and communicate with each other.*

After the club was established, the BOCOG Marketing Department organized 16 events, Between March 17 and April 1, 2008, in line with the conventions of previous Olympic Games, BOCOG and the IOC jointly organized 20 seminars for the Partners to exchange ideas about Games-time operation plans (BOCOG, 2010c). Between 2005 and 2008, an annual conference was held for the sponsors, at which
important issues were discussed and experiences exchanged (BOCOG, 2010c). BOCOG challenged and developed the traditional sponsorship, upgraded it into a two-way programme. BOCOG Marketing director Yuan Bin stated (IOC, 2009b: 100):

>The BOCOG marketing programme was a remarkable success. I think marketing should have two inseparable sides, like a coin. One side is the investment of sponsors and the other is their return. We attached great importance to both elements during the whole process and as a result provided a powerful marketing platform for our sponsors.

5.4.3 Ticketing

The ticketing programme of the Olympic Games aimed to provide the chance for as many people as possible to experience the Olympic Games (Davis, 2012). BOCOG, with the support of the IOC, managed the ticketing programme for Beijing 2008, and a lottery process was adopted for the tickets selling (IOC, 2009b). In total there were 6.8 million tickets available for the Beijing Olympic Games. The tickets were sold online through a dedicated website, at 1,000 branches of the Bank of China and another 45 venue box offices (ICO, 2009b). In order to achieve the goal of the ticketing programme, the tickets prices for Beijing Olympic Games sporting events were set at an affordable level. Some events, such as road cycling and walking did even require tickets at all (BOCOG, 2010c). According to statistics, the average ticket price for the Beijing Olympic Games was RMB 158. There were four price
ranges of all tickets, the first and the lowest price range was from RMB 5 to 10; the second range was from RMB 20 to 80; the third range was from RMB 100 to 500, while the last also the highest price range was from RMB 600 to 1,000 (BOCOG, 2010c). In terms of the numbers of the tickets, tickets from the second and third range made up 80% of all tickets, especially for the third range, half of all tickets were from the range RMB 100 to 500. The lowest range forms about 14% of all, while only 5% of all tickets were from the highest price range. The following figure showed the distribution of tickets in terms of price and proportion.

**Figure 5.5 Tickets Price Range of Beijing 2008 Olympic Games**

![Figure 5.5 Tickets Price Range of Beijing 2008 Olympic Games](image)

*Source: BOCOG, 2009c*

According to Rong Jun, deputy director of BOCOG Ticketing Centre, the tickets sale of Beijing 2008 Olympic Games were a huge success. With a phenomenal demand from both China and the rest of the world, more than 6.5 million tickets were sold
(IOC, 2009b). Counting the inclusion of tickets for events in the co-host cities, such as football, equestrian events and sailing, the overall tickets selling ratio of the Beijing Olympic Games was an incredible 95.6%, the highest in Olympic history at that time (IOC, 2009b). Moreover, within the 6.5 million sold tickets, 99% of them were for the events held within Beijing. This number also exceeded the previous record of 92.4%, which was set at the Sydney Olympic Games in 2000 for events held within Sydney (BOCOG, 2010c). There are other ratios that also show the success of Beijing Olympic Games ticketing programme. For example, there were 60,000 tickets available for the opening ceremony, with the price range from RMB 150 to RMB5,000, and 26,000 tickets were sold to Chinese audiences, forming 40.8% of total ticket numbers (BOCOG, 2010c). This ratio increased by 7% compared to the same number from the previous Olympic Games in Athens in 2004 (Davis, 2012). In fact, according to the following figure, around 70% of all tickets were sold in China, while 16.5% tickets went to international sales. There were around 10% of tickets for sponsors and broadcasters, and the rest of the tickets were for the IOC and other international federations.
The Beijing Olympic Games ticketing programme was considered successful in terms of its sales ratio, the total of 95.6% of tickets sold made Beijing the only Olympic Games (at that time) since 1984 to have sold more than 90% of the tickets (IOC, 2012). However, there are differing opinions about how many tickets were really sold in the Beijing Games. It is believed that in events that weren’t popular in China, some audiences may have been brought in to fill up empty seats (Demick, 2008). The tickets to some early games or unpopular events were arranged. For example, a member of a local football fan club stated that he was asked to watch a football match for free, whereas previously he had been unable to get tickets for it. At the end, the club organised 100 members in identical yellow t-shirts to fill up the empty seats in this so-called ‘sold out’ match (Tschang, 2008). Explanations for the empty seats are various; Chinese officials have quoted that the bad weather

Figure 5.6 Distribution of Tickets Sales of Beijing Olympic Games

Source: IOC, 2009b
and Chinese visa issues were part of the reason (Tschang, 2008). There was no evidence found in official reports or Chinese news to address such issues. There was no transparency from the BOCOG in terms of ticket selling. This kind of behaviour, that is finding ways to make things seem better than they really are, might be viewed as the typically Chinese response of ‘saving face’ in a certain situations to avoid embarrassment.

In addition, when looking at the revenue generated by ticket sales, Beijing is one of the lowest. The ticketing programme of Beijing Olympic Games only generated US$ 185 million to BOCOG (IOC, 2012). It is less than the US$ 228 million generated in Athens in 2004 with 71% of tickets sold as the lowest sales ratio since the Los Angeles Olympic Games, and far less than the outstanding US$ 988 million generated by the ticketing programme in London in 2012 (IOC, 2014). The situation of Beijing Olympic Games ticketing programme with a high sales ratio but low revenue, was possibly affected by the Chinese currency with a very low exchange rate. In fact, considering the currency of other hosts from 1984; the Chinese currency has the second lowest exchange rate, in comparison with South Korean Won, Euro, American dollars, Australian dollars and British pounds.

5.4.4 Licensing

The Beijing Olympic Games Licensing Programme was officially launched on November 2\textsuperscript{nd}, 2005; and the products in the programme included the Beijing Olympic Games emblem and mascots and the commercial symbols of the Chinese
Olympic Committee (BOCOG, 2010c). By the time of the completion of the enterprises recruitment in June 2006, there were 23 manufacturers and 23 retailers signing contracts with BOCOG and becoming the first Beijing Olympic Games licensed enterprises (BOCOG, 2010c). Altogether there were in total 68 licensed manufacturers and 81 licensed retailers who signed agreements with BOCOG; a crossover between China’s state-owned, joint-venture and private enterprises (IOC, 2012).

The programme developed over 8,000 different kinds of licensed products for the Beijing Olympic Games, belonging to 13 categories (Hamakawa and Elam, 2011). Products included pins, apparel and accessories, toys, precious metals, stationery, handicrafts, textiles, bags, umbrellas, flags, jewellery and ceramics (IOC, 2012). Many of the products carried the image of the five official mascots, collectively known as the “Fuwa” (IOC, 2009b). Meanwhile, there were 3,000 licensed shops, counters and agencies established across the 31 provinces, autonomous regions and municipalities in China, which created a sales network for the Licensing Programme of Beijing Olympic Games (BOCOG, 2010c). In addition, in order to promote these products, the price of Olympic souvenirs was lowered by eight to ten per cent by BOCOG, and the licensing fee was also reduced from ten per cent to eight per cent (Yang, 2007). In order to explore the overseas market, BOCOG launched the marketing of licensed products outside China in 2005. Soon after, agreements were signed with the Olympic Committees of the United States, Canada, Japan and Britain in terms of sales operations in these countries. In addition,
BOCOG also designated chief sales agencies to take charge of sales in other countries and regions (BOCOG, 2010c). In 2007, BOCOG even opened online shops to boost sales of licensed Olympic products. To strengthen the programme, the BOCOG Marketing Department authorized four licensed venue retailers to open 54 shops between 39 competition and non-competition venues during the Games in 2008 (BOCOG, 2010c).

The philatelic programme was operated jointly between BOCOG and China Post from 2005. The programme included general commemorative stamps, special commemorative stamps and stamp collection products, using the themes of the official Beijing 2008 emblem, the Fuwa mascots, Olympic sports, competition venues and the Torch Relay (IOC, 2009b). In 2008, BOCOG and China Post even jointly issued commemorative stamps with London, the host city of 2012 Olympic Games (BOCOG, 2010c). Throughout the whole programme, it sold 116 million copies of 24 standard commemorative stamps with a face value ranging from 60 Fen to 15 Yuan each; and the sales of special commemorative stamps and stamp collection products were 3.5 million copies and one million copies respectively (BOCOG, 2010c).

On the other hand, the numismatic programme started in 2006, including general commemorative coins, precious metal commemorative coins and commemorative banknotes (IOC, 2009b). For general commemorative coins, the People’s Bank of China issued eight one-Yuan commemorative coins between July 2006 and July
2008, totalling 10 million pieces with a value of 80 million RMB altogether (BOCOG, 2010c). As for precious metal commemorative coins, the People’s Bank of China issued 29 10-kilogram gold coins, 4,016 five-ounce gold coins, 360,000 one-third-ounce gold coins, 40,016 one-kilogram silver coins and 1.92 million one-ounce silver coins. Altogether, there were nine types of gold coins and 14 types of silver coins made public (BOCOG, 2010c). In 2008, the Bank also issued 10 million 10-Yuan circulating banknotes, with a total value of RMB 100 million. This was the first time that an Olympic banknote has been issued (IOC, 2009b).

There is another achievement which can be attributed to the Beijing Olympic licensing programme. Two iconic video game characters were brought together for the first time ever in Olympic history (IOC, 2009b). It has been proved that the game “Sonic and Mario at the Olympic Games” was a bestseller in many markets around the world and brought Olympic values to the living rooms of millions of Olympic fans (IOC, 2009b). Another achievement was the Olympic Expo Beijing 2008, which was organised by the IOC, BOCOG, the Chinese Olympic Committee, and China Post, and held in the iconic Beijing Exhibition Centre during the Games. Besides the exhibitions of historical stamps, torches and posters, the first IOC-sanctioned Olympic Memorabilia auction was also held in the Expo (IOC, 2009b).

Throughout all the programmes, the Beijing licensing programme proved to be a remarkable success, as well as the largest licensing programme in Olympic history in terms of product range (IOC, 2014). It generated in total US$ 163 million as the
contribution to the revenue of BOCOG, and made the Beijing licensing programme the strongest licensing programme in Olympic history (Davis, 2012). As the director of IOC Television and Marketing Services, Timo Lumme stated “The Beijing 2008 licensing programme offered a wide selection of Olympic Games souvenirs and mementoes. It really caught the imagination of Olympic fans, both in the host country and around the world, and was a great success” (IOC, 2009b). The following table lists the facts of Beijing licensing programme.

Table 5.11 Facts of Beijing Olympic Licensing Programme

<table>
<thead>
<tr>
<th>Official licensees</th>
<th>68</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product categories</td>
<td>13</td>
</tr>
<tr>
<td>Products available</td>
<td>8,000</td>
</tr>
<tr>
<td>Total products sold globally</td>
<td>To date over 64 million pieces</td>
</tr>
<tr>
<td>Total customers</td>
<td>To date over 20 million</td>
</tr>
<tr>
<td>Total royalty revenue</td>
<td>US$ 163 million</td>
</tr>
<tr>
<td>Retail stores and counters opened in mainland China</td>
<td>3,100</td>
</tr>
<tr>
<td>Flagship store in downtown Beijing</td>
<td>1,000sqm</td>
</tr>
<tr>
<td>Games-time superstore on the Olympic Green</td>
<td>3,000sqm</td>
</tr>
</tbody>
</table>

Source: IOC Marketing Report, 2009b
5.5 Finances of the Beijing Olympic Games

Since the commercialisation of the Olympic Games, the financial situation of the Games has become a popular topic. Whether the host can make a financial profit by staging the Games has also become a factor to indicate the success of the host from an economic point of view (Interviewee 1, Staff of GAS). Some researchers and media believed that it was uncertain for Beijing and China to see substantial financial profit from this Olympics (Martin, 2008). It has been found that some economic benefits failed to meet the expectations, and sometimes fell short of the costs. It seems that Beijing will gain a smaller financial profit compared to some expectations (Martin, 2008).

Chinese leaders had a global stage, by winning the right to host the Olympic Games, where they could introduce a modern China to the world. As with any other host city, the objectives of the Beijing Olympic Games were ambitious and the planning was complex (Interviewee 14, University Analyst). The Chinese government and BOCOG put a great deal of effort into the Beijing Olympic Games to showcase a positive side to China and to accentuate its rapid emergence onto the world stage. The scale of the Beijing Olympic Games was massive. From the marketing of the Games to its operation, there is no doubt the Beijing Games were the biggest at that time in every dimension (Interviewee 7, University Analyst). In order to successfully host an event like that, it is necessary to have strong financial support. The first budget of the 2008 Olympics was finalised in 2001 after Beijing won the bid (Qiu, 2008). According to BOCOG (2010c), there were three adjustment
sessions which took place in budget planning, in May 2005, April 2007 and April 2008 respectively. Furthermore, the Finance Department continued to make minor adjustments within the following four aspects in particular (BOCOG, 2010c: 92):

- *Revising the budget in accordance with updated information about contracts and revenue*
- *Providing financial support for new plans proposed by relevant departments*
- *Increasing funds for venue operations*
- *Integrating demands of the Olympic and Paralympic Games*

In addition, the Finance Department also signed an agreement with Bank of China on fixing the exchange rate between the RMB and the U.S. dollar in the long term, in order to minimise financial risks that could be potentially caused by exchange rate fluctuation (BOCOG, 2010c).

Chen Jian, the president of the government-run Beijing Olympic Research Centre, stated that the budget of the Beijing Olympic Games was RMB280 billion, or US$40 billion (BOCOG, 2010c). This budget of total investment made Beijing become the most expensive Games in Olympic history. The total investment was more than the sum of all the Olympic Games of the past 108 years (Dong and Mangan, 2013). In 2003, due to an increased budget for security and some additional projects, there was another RMB10 billion added to the budget, which made the cost total RMB290 billion (BOCOG, 2010c). There was also another claim of the investment
of between RMB290 billion to RMB300 billion (Qiu, 2008). Huang Wei, one of the five Olympic Economy Consultants hired by Beijing Development and Reform Association, once pointed out in an interview with China Investment that the investment in Beijing city between 2001 and 2008 could even exceed RMB500 billion (Qiu, 2008). Although the investment of RMB500 billion seemed too high, and possibly included an array of non-Olympic related projects, it is reasonable to believe that the total investment of the Beijing Olympic Games was in the range of RMB280 to RMB300 billion (Interviewee 3, Staff of GAS). Due to the long period from the time the host started to prepare for the Games, until the Games commenced, it is difficult to verify the accuracy of these numbers relating to investment. In addition, in relation to the differences of the exchange rate that has been applied, various reports and research showed different figures; for example, the Wall Street Journal showed that RMB71.3 billion was spent on efforts to improve the environment (Fowler and Meichtry, 2008), while the number from a Chinese report is RMB120 billion (Qiu, 2008).

However, one thing is clear. The total amount of investment of RMB280-300 billion is a generalised figure, which includes the direct investment and the indirect investment of the 2008 Olympics (BOCOG, 2010c). The majority of it, which is about RMB180 billion, has been spent on the development of infrastructure of Beijing City, taken as indirect investment, including roads, highways and a new airport terminal (Qiu, 2008). The direct investment was Olympic Games related activities, such as sport facilities, Olympic village, operational costs (Qiu, 2008). For the Beijing Olympics, the Olympic facilities and operational costs were
RMB31.8 billion in total (Fowler and Meichtry, 2008). In terms of the financial report of each Olympic Organizing Committee, only direct investment figures have been included, to compare with the figure of Olympic revenue in order to measure the financial impact of the Olympic Games (Interviewee 5, University Analyst).

In 2008, BOCOG revealed some financial figures for the Beijing Olympic Games. The revenue for the Beijing Olympics was RMB19.54 billion, which was about US$2.363 billion (Qiu, 2008). This number has been updated to RMB20.5 billion in 2009 (An, 2009). According to BOCOG, the direct investment was RMB19.41 billion, which was about US$2.347 billion (BOCOG, 2010c). This number has also been updated to RMB19.34 billion in 2009 (BOCOG, 2010c). Despite the inconsistencies in numbers, in June 2009 China's National Audit Office reported that the Beijing Olympic Games has a profit of more than RMB1 billion, or US$146.4 million (An, 2009).

Despite the question of whether there was profit for the BOCOG, it was a huge cost for a developing country to invest in for a two week event. There was a big amount of the investment going into infrastructure projects with long-term value, while some of the spending was drawing criticism for wastefulness (Fowler and Meichtry, 2008). It was reported that Beijing government spent US$30 million on trees, flowers and an ornamental wall to upgrade a road functioning as the secondary access route to the airport, and near the rowing venue (Fowler and Meichtry, 2008). Moreover, cities which were not hosting Olympic events also received Olympic-level makeovers. Hohhot, capital city of the Inner Mongolian
provincial, received a new airport which cost $227 million, serving as a backup to Beijing’s own giant new Terminal Three during the Olympics (Fowler and Meichtry, 2008).

Furthermore, opportunity cost is a factor needing to be taken into consideration. In microeconomic theory, opportunity cost reflects the discount rate used to calculate the net present value (NPV) of costs and benefits, but it may also be that, given limits on the availability of public funds, there may be a range of alternative projects with positive NPVs between which governments needed to choose in determining the best use of government funds (PwC, 2004b). For example, the cost of cancelation of the commercial TV programmes due to the broadcasting of the Olympic Games; and the property loss for people who had to give up and move their home for Olympic related construction work. These costs have often not been taken into account in the cost of hosting an Olympic Games. However, this aspect of the costs of hosting the Olympic Games in Beijing has only been briefly mentioned by other scholars, or has appeared on the news as a social issue rather than with economic approach. There are no studies or reports in terms of the accurate opportunity cost of the Beijing Olympic Games.

Overall, the Chinese government invested billions of dollars in sports facilities, housing, roads, mass transit systems, and other infrastructure. Beijing set a precedent that future hosts will not be able to match (Fowler and Meichtry, 2008). The Beijing Olympic Games showed that hosting the Olympic Games will be more and more expensive, after an amount of time there will be only limited cities in the
world that able to afford this mega event. Meanwhile, with the development of the Games, it is also a challenge to gain a short-term financial profit by hosting the Olympic Games.

5.6 Conclusion

This chapter demonstrated and discussed the commercialisation of the Olympic Games, the marketing of the Games, and the marketing and the finance of the Beijing Olympic Games in particular.

The 1984 Los Angeles Olympics was the turning point of Olympic history. Due to the financial disaster of the previous Olympics, and the limited support of local government, the Olympic Games were facing a crisis in 1984. In order to save the Games, the IOC decided to operate with a private commercial group, led by Peter Ueberroth, to stage the 1984 Olympic Games. It was the first time in Olympic history that the organisation of the Games was a group of individuals, rather than a city and national government. Ueberroth’s team made a huge success by staging the Games with a business approach. The operation mode was the first time it has been used in Olympic history; it was also the first time the host had made a financial profit by staging the Games. Based on Ueberroth’s mode, the IOC conducted its own marketing programme for the Olympic Games, which included Broadcasting Rights, Sponsorship, Ticketing and Licencing. The programme provided necessary financial resources for the IOC and the host nations, and has
made the Olympic Games become one of the most popular sport events in the world.

The Beijing Olympic Games was in the sixth generation of the Olympic marketing programme. Since it has been conducted in 1985, the programme had tremendous growth. For Beijing, the programme was the largest at the time, and generated the biggest revenue to the organising committee compare with the previous hosts. As was shown in this chapter, there were 5,000 hours live HD content broadcasted to 220 countries and territories in total, making it the most in Olympic history in terms of broadcasting hours. Furthermore, the Beijing Olympic broadcasting programme was the first truly digital programme in Olympic history. Besides TV, it offered the Olympic Games worldwide through the broadcasting on internet and mobile platforms. The multi-platforms broadcasting enhanced the promotion of the Games and the host nation, while it eased the time zone differences for audience and explored a brand new market for the future broadcasting for the Olympic Games. In terms of sponsorship, the Beijing Olympic marketing programme helped international enterprises to enter the Chinese market, while the diversification of the revenue of the programme has been improved at the same time, by having a Chinese sponsor as the one of the TOP partners for the first time in Olympic history. The ticketing programme was not as good as previous Games in terms of the revenue generated. However, in terms of the availability and the sales ratio of the tickets, the ticketing programme of the Beijing Olympic Games was the best at the time.
There is no doubt that the Beijing Olympic marketing programme was the most successful one at the time, with the sponsors and rights holders paying a huge contribution in terms of revenue. On the other hand, by the new record cost set by Beijing, it also reflected that it is very expensive to host the Olympic Games nowadays. The high revenue generated by the Beijing Olympic marketing programme indicated that the Olympic Games were becoming a rich-man’s game. There will be only few cities and countries in the world that are able to afford the Games if the trend continues. As it has been listed in this chapter, there is a sign of decreasing in terms of the numbers of candidate cities as has already been shown after 2004.

In this case, what are the reasons that could possibly be made that the Beijing Olympics was the most expensive Games in Olympic history at the time? First, the scale of the Olympic Games is too big. There were 204 countries and nations in total participating in 28 sports and 302 events in the Beijing Olympic Games, which put a big pressure on to Beijing to host all the athletes, coaches and officials. Second, due to the relationship between China’s economic growth and the ambition to host the Summer Olympic Games in Beijing in 2008, which has been discussed in previous chapter, the Beijing Olympic Games was rather a showcase of the Chinese economy and modern China. China’s goal was to ensure that the best side of Beijing and China would be shown in front of the world no matter what. Thirdly, Beijing continued the trend of most of hosts by using the Olympic Games as opportunity to upgrade the city’s infrastructure. It has shown that some over spending occurred, and the cost of infrastructure played the largest part of the cost.
Based on Beijing’s case, how to control the cost of staging the Olympic Games, and making it more affordable for more cities and countries, will be discussed in the concluding chapter.

Meanwhile, in terms of the profit, the official report released in June 2009 indicated that the Beijing Olympic Games had a profit of more than RMB1 billion, or US$146.4 million. This profit is even lower than the profit made by the LAOOC in the 1984 Los Angeles Olympic Games. This was despite the revenue of the Beijing Olympic Games being the largest in Olympic history at the time. With the high revenue but a low profit, the Beijing Olympic Games was truly very costly for China, not to mention the big investment in infrastructure and environment, which made it difficult to meet the cost in a short time period. Despite the fact that BOCOG did not obtain a corresponding financial surplus, it become interesting to know how did Beijing and China benefit from the Games? This will be studied in the next chapter.
Chapter 6 Economic Impact and Legacy
of the Beijing Olympic Games

6.1 Introduction

Since its commercialisation in 1984, the Olympic Games has become a mega sporting event that can potentially bring a significant economic impact to the host nation (PwC, 2004b). The Games themselves only last for sixteen days, but the economic impacts of the event actually begin decades beforehand, along with preparations for the Games. Investment expenditures can even have long-term economic significance (PwC, 2004b). As the former IOC President, Jacques Rogge stated: ‘The staging of the Olympic Games will leave people a legacy of far-reaching influence’ (Dong and Mangan, 2013).

In the 1980s, the potential economic impact of the Olympic Games was seen as mainly giving a short term boost to the local economy and a financial surplus for the organising committee (Interviewee 8, University Analyst). With the development of the Olympic Games in the 1990s and 2000s, its potential long-term economic impact and legacy became more notable (Interviewee 13, University Analyst). Following the previous discussion, this chapter will discuss the economic impact of the Beijing Olympic Games, and will mainly focus on local economic growth, industry structure, Olympic economic zones and the impact of tourism in
Beijing. Meanwhile, the economic legacy of the Beijing Olympic Games will also be studied, including infrastructure, Olympic venues, human capital, relations and environment.

6.2 Impact and Legacy

The economic potential of hosting the Olympic Games was brought out by the 1984 Los Angeles Olympic Games. At the same time, it also brought out the situation between the Olympic soul and commercialisation (Payne, 2006). The question of how to keep the relationship and balance between these two factors was a strong ongoing challenge. It is believed there is a tension between remaining the modern Olympic philosophy and financing the world’s biggest sporting event (Payne, 2006). However, while commercialisation became an inevitable trend of the Olympic Games, people’s understanding of these two concepts has changed as well. As Payne (2005: 17) noted:

More and more Olympic observers admit that this tension is no longer a conflictual one, but rather a dynamic balance where the identity of the Olympics, as the embodiment of a special set of values, engages in a delicate dance with commercial entities eager to use that identity to sell products.
Along with the development of Olympic marketing and relevant economic activities, the studies of the Olympic economy have merged and developed with the Olympic economy side by side (Interviewee 8, University Analyst). It is believed that the economic impact of the Olympic Games on the host city and country is spread over time, which can be broadly be split into different periods (PwC, 2004b). The following Table 6.1 lists each period and its situation. From the table, it can be clearly seen that the economic impact of the Olympic Games could be traced back to decades ago, even before the city and country officially was awarded the right to host an Olympic Games.
**Table 6.1 Timetable of Economic Impact**

<table>
<thead>
<tr>
<th>Year n=Olympic Year</th>
<th>Period</th>
<th>Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>n-11</td>
<td>Idea to bid</td>
<td>First a bid city does feasibility studies. On the one hand money is spent for the studies, on the other hand urgent projects are started due to the fact that the studies show deficits in the structure.</td>
</tr>
<tr>
<td>n-9</td>
<td>Prepare for the bid</td>
<td>As the bid city has to prove that it can reach Olympic standards, the impacts first start to occur soon after the city has decided to bid for the Games, up to a decade prior to the actual event, such as construction projects.</td>
</tr>
<tr>
<td>n-7</td>
<td>Pre-Games Period</td>
<td>The impacts here relate mainly to the investment and other preparatory activities required to stage the Games.</td>
</tr>
<tr>
<td>n</td>
<td>Games Year</td>
<td>The impact of the Games and the associated events immediately surrounding them.</td>
</tr>
<tr>
<td>n+?</td>
<td>Post-Games Period</td>
<td>The longer-term impact often referred to as the 'Olympic legacy', can last for at least a decade after the Games. This mainly relates to post-Olympic tourism and infrastructure effects.</td>
</tr>
</tbody>
</table>

*Source: Preuss, 2002*

The terms ‘impact’ and ‘legacy’ are both used frequently in Olympic studies nowadays. They have been used to express the effect caused or triggered by staging the Olympic Games. Sometimes these two terms can be used interchangeably (Homma and Masumoto, 2013). According to the official
document of the IOC, the definition of the word ‘impact’ has been described as following (IOC, 2013a: 4):

The term ‘impact’ is commonly used to describe the effects of a policy, programme or project on ecosystems, society in general and/or on the economic system. ‘Impact’ is more often regarded as implying an adverse effect or a damaging or destructive result.

In the same document, the word ‘legacy’ has been defined as following (IOC, 2013a: 4):

The term ‘legacy’ is more often used when presenting positive effects. ‘Legacy’ also tends to be used in association with those effects that are of longer durations.

In terms of the impact of the Olympic Games, it may be short-term or long-term, direct or indirect, temporary or permanent, reversible or irreversible, certain or uncertain. As opposed to ‘impact’, the term ‘legacy’ is often used in a positive manner and implies after-effects (Homma and Masumoto, 2013). Compared with ‘impact’, ‘legacy’ tends to be more used to describe the present situation that will contribute to the future; it is a long-term affect, rather than just immediate ‘impacts’ (MacAloon, 2008). In this way, with regard to Olympic studies, ‘legacy’ is
considered what can be left for the future by hosting the Olympic Games (MacAlloon, 2008).

The term ‘legacy’ didn’t attract the attention of researchers and stakeholders till the 2000’s (Moragas, Kennett and Puig, 2013). In November 2002, the IOC subsidiary institution, the Olympic Study Centre, and Autonomous University of Barcelona, Spain jointly held a seminar with the theme of ‘The Legacy of the Olympic Games: 1984 – 2000’ (Moragas, Kennett and Puig, 2013). During the seminar, delegates discussed the long-term positive effects on a host city and nation from the Olympic Games, and summarised the following primary conclusions (Homma and Masumoto, 2013: 1459):

- The Olympic legacy should be considered from the first steps of the bid process in the organisation of the Games.
- The Olympic legacy is a local and global concept, existing within cities, regions and nations, as well as internationally. In addition, it is fundamental in the understanding of the mission of Olympism in society.
- Long-term legacy planning of the Olympic Games in the context of sustainable development is needed.
- The so-called intangible legacies such as production of ideas and cultural values, intercultural and non-exclusionary experiences, popular memory, education, archives, collective effort and voluntarism, new sport practitioners, notoriety on a global scale, experience and know-how are
important since these intangible legacies also act as a motor for the tangible ones to develop a long-term legacy.

As the summary shows, there are tangible and intangible legacies among all the legacies. Tangible legacies usually refer to improved or newly developed transportation systems, sport facilities, and relevant infrastructure projects (VANOC, 2007). Whilst intangible legacies normally include national pride and image, Olympic education, improved policies and practices, enhanced skill and knowledge, environmental awareness and healthy lifestyle (VANOC, 2007).

6.3 The Impact of the Beijing Olympic Games

Cashman, in his research Impact of the Games on Olympic host cities, listed eleven types of impacts that the host cities could potentially have by staging the Olympic Games, they are as follows (Cashman, 2002: 5):

- Alterations in design of the city.
- Changes to the physical and the built environment.
- The representation of a city and country and its culture.
- Improvements in air, road and rail transport.
- Increased costs and taxes.
- Changes in governance and public decision-making.
• Innovations in politics and political relationships.

• Potential increased tourism and business activity.

• The creation of new sporting venues which have potential for post-Game community use.

• The potential of greater community consultation, involvement and even protest.

• The involvement of the community as volunteers and torch-bearers.

Although different cities and countries might have slightly different impacts due to differences in their economic and political systems, there is no doubt that the Olympic Games can bring the hosts comprehensive impacts. This study mainly focused on the impacts on Beijing, with particular regard to the local economic situation, industry structure, Olympic economic zone and tourism effects.

6.3.1 Local Economic Growth

According to the discussion in the previous chapter, as the most expensive Olympic Games in history, China had invested millions of dollars on different types of projects to ensure that the Beijing Olympic Games would be staged the best possible.

With all the resources invested in Beijing, the Olympic Games improved the local economy in terms of economic growth. Beijing’s GDP had grown from RMB161.57
billion in 1996, to RMB281.76 billion in 2001, the year that China was awarded the Games (Song and Ranelli, 2008). During the Pre-Games period, the Beijing’s annual GDP was nearly tripled from 2002 to 2007, growing from RMB313 billion to RMB900.62 billion (Song and Ranelli, 2008).

![Figure 6.1 Beijing’s GDP Growth Rate and Olympic Contribution](source: Beijing Municipal Commission of Development and Reform Website)

According to the above figure, the average GDP growth rate of Beijing after winning the bid was 11.55%. This growth rate was higher than the national figure by 1.25 points (Song and Ranelli, 2008). The figure also showed, the Olympic Games related investment started to contribute to Beijing’s GDP from 2003 to 2007. The Olympic investment projects added an additional RMB2.75 billion into
Beijing’s GDP in 2003, this figure increased annually afterwards, and reached RMB32.78 billion in 2007 as its peak (Ma, Lin, Huang, Xu, Li, and Zhang, 2007). In terms of the contribution to GDP growth, the Olympic investment ranged from 0.76% in 2003 to 3.64% in 2007, as shown in Figure 6.1. There was study reported by the SBSC (State Bureau of Statistics of China) and BBS (Beijing Bureau of Statistics). In this report, it is believed that the average growth rate of Beijing’s GDP would be higher by 0.8% during the peak years of Olympic investment in the period between 2005 and 2008, in comparison with the period from 2002 to 2004 (China Securities Daily, 2007).

All the investment was with clear priorities and optimized structures. Between 2002 and 2007, the fixed asset investment of social forces in Beijing had an annual increasing rate of 17.4% over the five-year period (Brunet, and Zuo, 2008). This figure is 6.1% higher than the percentage between 1997 and 2001 (Brunet, and Zuo, 2008). According to the statistics, there was RMB85 billion invested in Beijing for the development of science and technology, including RMB45 billion spent on Research & Development in 2006, which contributed 5.8% to the local GDP, 1.2% higher than before Beijing won the bid (Brunet, and Zuo, 2008). Furthermore, after been awarded the Games, there were 11,238 patents approved by the Beijing government, which increased 80% compared with the figure in 2001 (Cheng, Zhang, and Huang, 2003). Among the patents, there were 3,864 belonging to invention projects, which was 3.1% more than 2001 (Cheng, Zhang, and Huang, 2003). The investment of Olympic Games has created a large number of innovative
projects, enhanced the creative ability and helped the emerging of original enterprises for future development (Brunet, and Zuo, 2008).

While the investment boosted Beijing’s economy and development, it also created a downside to the Beijing boom at the same time. Along with all the increasing numbers, housing prices soared in Beijing (Dong and Mangan, 2013). The Olympic Games injected additional growth to the price of Beijing’s properties. The investment in real property grew dramatically by 50.12% right after Beijing won the bid in 2001 (Xin, 2006). The investment increased to RMB171.99 billion after five years, which formed 51% of the whole investment in fixed capital (Yin, 2007). The increasing ratio of the real property in Beijing was 3% and 6.7% in 2001 and 2004 respectively, but it rapidly leapt up to 20% by 2005 (Dong, and Mangan, 2013). These overheated housing prices raised concerns about the impact on inflation, employment and market equilibrium. It also raised the pressure for the residents in Beijing in terms of future investment in real property (Interviewee 13, University Analyst). Unfortunately, for Beijing, higher housing prices were a negative impact from hosting the Olympic Games.

Furthermore, there is no doubt that staging the Olympic Games boosted Beijing’s GDP growth. However, if looking at the national scale, the contribution of the Olympic Games was very small in terms of the growth ratio of the Chinese GDP (Interviewee 7, University Analyst). China is a big country in every dimension, according to the statistics; Beijing’s GDP only forms 4% of the Chinese GDP, which
reduces the contribution of the Olympic Games into an even smaller scale (Wang, 2008). Taking the year 2004 as an example, Olympic investment only contributed 1% to the Chinese GDP, even though the investment of that year was the highest out of all (Wang, 2008). Therefore, in terms of GDP growth, hosting the Olympic Games had a more noticeable impact on Beijing’s economy, rather than on the economy of China as a whole.

In addition to Beijing, there were another six co-host cities involved with the Beijing Olympic Games. As each city hosted only one or two events, or the preliminary round of an event such as football, it is difficult to find evidence of the Olympic impact on the local GDP. However, with the hosting of relevant events in the co-host cities, the Olympic management system and volunteer system were introduced. Additional tourists were also attracted to these cities. More importantly, the service sector in these cities was upgraded to match the Olympic standard. These changes will clearly help the future economic development of the co-host cities (Xinhua News, 2008).

6.3.2 Industry Structure

There are three industry types in an economy: primary industry, secondary industry and tertiary industry. Primary industry is mainly the sector of raw materials, second industry is the sector of goods production, while tertiary industry is also known as the service industry (Jiang and Qian, 2008). There are
two main categories in the tertiary industry; the first category is made up of companies that are in business of making money, such as those in the financial industry, while the other category comprises the non-profit segment, such as services and education (Dang, Liu and Wang, 2010). As early as 1940, the British economist Colin Clark pointed out in his book, Economic Development, that the dominant industry will start to change along with the development of the economy, by transforming from the primary industry to the secondary industry and then the tertiary industry (Niu and Jiang, 2009). This idea can be traced back to the 17th century. Another British economist, William Petty, in his famous work Political Arithmetic described as following (Dang, Liu and Wang, 2010: 20):

*The manufacturing industry could get more income than the agricultural industry; what is more, the commerce industry could get more income than the manufacturing industry.*

Based on Petty's description, Clark collected and analysed relevant data, accurately demonstrating the relationship between GDP growth and industrial conversion. The industrial structure changes in the process of the economic progress (Clark, 1957). The labour forces will transfer from the primary industry to the secondary industry if the per capita income level rises, then as the income level rises further, the labour forces will transfer again from the secondary industry to the tertiary industry (Clark, 1957). Later, this has been referenced as the Petty-Clark Law. The *Petty-Clark Law* explains the structural changes of three industry types, the
primary, secondary and tertiary industries, in the process of development. As an economy becomes more developed, the focus of the economy will shift from primary industry to secondary and tertiary industry (Li and Huang, 2006).

In order to prepare for the Olympic Games, relevant activities and projects activated industries in Beijing. The Beijing construction industry increased its gross production by RMB135.115 billion, or US$19 billion from 2004 to 2008 (Dong and Mangan, 2013). This increase also created extra 795,900 jobs in Beijing. In addition, in the period between 2002 and 2007, there were 1.92 million new jobs created in the hospitality industry in the Beijing area (Xin, 2006). In particular, the tertiary industry level of Beijing’s economy was improved significantly.

**Figure 6.2 Beijing’s Industry Structural Changes**

![Graph showing industry structural changes](image)

*Source: Jiang and Qian, 2008*
Figure 6.2 shows the structural changes in Beijing’s industry during the preparation period of the Beijing Olympic Games. As it shows, secondary and tertiary industries constituted the major part of Beijing’s economy. After Beijing won the bid in 2001, the tertiary sector showed a continued increasing trend, especially after 2004, the Olympic investment peak year. Tertiary industry increased dramatically in 2005, while secondary industry decreased rapidly. According to the Petty-Clark Law, it is clear that the Beijing Olympic Games has improved local economic conditions, while the industry structure was further optimised at the same time. According to Brunet and Zuo (2008), the proportion of tertiary industry for Beijing’s economy was 70% in 2006, which was 3% more than the figure in 2001. Wei Jizhong, who worked as the Executive General Secretary of Chinese Olympic Committee for twelve years, and who has been known as the father of Chinese sport industry and Chinese Olympic industry, once noted in an interview that (Wang, 2008a: 2):

*For China, the economic impact of the Olympic Games is not about quantity, but quality. During the preparation period, the positive changes that the Olympics has brought to Beijing’s economic structure were in evidence. In early 2007, the service industry has taken over 70% of Beijing’s GDP, the manufacture and the agriculture sectors were only a small part of the local economy. This is the symbol of developed economy. What does the figure of 70% mean? This figure is close enough to the figure of New York City.*
By hosting the Olympic Games, the industrial configuration of tertiary industry, the secondary industry and primary industry was upgraded, and the economy was developed further into a service-oriented economy in Beijing (Interviewee 5, University Analyst). It is anticipated that this structural optimisation will continue, over time, and the tertiary industry will become the main contributor to the national economy of China (Dong and Mangan, 2013). Following the Petty-Clark Law, the Olympic Games optimised the industry structure in Beijing into the form of a developed economy, and left a positive impact on the local economy. Moreover, this positive impact conformed to the goal of Chinese economic reform (Interviewee 5, University Analyst). The Olympic impact not only affected Beijing at the time, but it set up a positive example for rest of China to continue the economic reform and further development.

6.3.3 Olympic Economic Zone

The majority of the Beijing Olympic Games was held in Beijing city. Meanwhile, some of the events were held in the other six co-host cities: Qingdao, Hong Kong, Tianjin, Shanghai, Shenyang and Qinhuangdao (BOCOG, 2010b). In this case, the total number of cities that were involved in the Beijing Olympic Games was seven. As discussed previously, hosting the Olympic Games could bring a significant economic impact to the host city, including its infrastructure, transport system, financial industry, trade and tourism (Jiang and Qian, 2008). The city could be turned into a growth pole for the local region for the purpose of economic
development and growth. In Beijing’s case, the Olympic Games created seven growth poles in China.

Originally, growth pole theory was introduced by the French economist Francois Perroux (Perroux, 1950). During his work, Perroux found out that growth appeared not in all places, instead, it starts at some growth points or growth poles with different strengths (He and Tang, 2012). In addition, it spreads the effect outward through various channels and generates the impact for the entire economy (Jolley, 2013). According to the World Bank (2011), growth poles originally referred to the ability of this agglomeration or bunch of industries, together with their associated linkages in the economy, to generate their economic output in order to contribute to the economic growth. Over time, growth pole theory has taken additional conceptions and definitions (Jolley, 2013). Perroux’s student Boudeville associated it with economic geographic explanation. He defines the growth pole as a group of expansive propulsive industries that promote economic activities in the region under its control to develop further (He and Tang, 2012). Growth poles are perceived as having a spatial or geographic component in the development of regional economy, and growth poles are used to describe cities or other areas where economic growth is concentrated (World Bank, 2011). The following pictures illustrate the growth pole.
Picture 6.1 Growth Pole

Source: <https://people.hofstra.edu/geotrans/eng/ch2en/conc2en/growthpoles.html>  
Hofstra University Website

Picture 6.2 Secondary Growth Pole

Source: <https://people.hofstra.edu/geotrans/eng/ch2en/conc2en/growthpoles.html>  
Hofstra University Website
As the pictures show, there is also a possibility of secondary growth poles, mainly if a secondary industrial sector emerges with its own linked industries, when it can also contribute to the regional economy (Jiang and Qian, 2008).

Beijing and the other six co-host cities can be perceived as the growth poles. The economies of Beijing and the other six co-host cities’ were each boosted and developed to different degrees according to the scale and number of events that each city hosted. According to Growth Pole Theory, the economic impact of the Olympics on each city would also spread out and affect the regions surrounding the city itself. The Olympic economic impact would therefore create a zone-centred on the city - where the entire zone’s economy would be affected by hosting relevant events of the Games. In each affected zone, the boosted economy could also create secondary growth poles in the surrounding regions. In this case, the economic impact of the Olympic Games would spread and affect an even bigger area. In this study, this zone is adopted as the term ‘Olympic Economic Zone’. Considering the differences of economic strength of each city, the effect of each Olympic Economic Zone will appear different as well. As the main host city, Beijing benefited the most from the economic impact from the Olympic Games; combined with its own strong economy, the effect was more noticeable on Beijing. According to the study of Jiang and Qian (2008), the effect from Beijing influenced Tianjing and Hebei Province, which created the ‘Beijing-Tianjing-Hebei’ economic region. This result expanded the economic impact that was originally trigged by the Olympic Games from the local economy level to the level of the regional economy.
If the effect continues, the economic impact will spread even further. However, the negative impact could be spread at the same time, such as increasing housing prices.

There are other economic zones in China. As studied in Chapter 4, the Chinese government established Special Economic Zones in Shenzhen, Zhuhai, Shantou in Guangdong Province and Xiamen in Fujian Province (Naughton, 2007). The Pictures 6.3 and Picture 6.4 list the Special Economic Zones and the Olympic Economic Zones.

**Picture 6.3 The Special Economic Zones**

*Source: Picture made by author*
It is clear that there are similarities between the above two pictures. As shown in the pictures, both the Special Economic Zones and the Olympic Economic Zones are located on the coastline of Southern and Eastern China, and both zones are perceived as growth poles in their own right. In this context, it is believed in this study that hosting the Beijing Olympic Games was not only an opportunity to showcase the result of China’s thirty years of reform, but was also a part of the reform and opening up itself. The Special Economic Zones were created to develop local economies in order to improve the regional economy, then leading to improving the national economy as a whole (Interviewee 14, University Analyst). The Olympic Economic Zones can be seen as a new form of the Special Economic
Zones, which follow and conform to China’s reform and opening up policy, that is, to develop the regional economy in parts of China in order to contribute to the development of national economy in the future. Geographically, it also demonstrates the trend that the development of Eastern China is leading the development of Central and Western China (Chen, 2008).

In terms of the Olympic economy, Beijing and the six co-host cities spread and expanded the economic impact of the Olympic Games from a geographic economic point of view. For the Chinese economy, the Beijing Olympic Games improved the economic conditions in Beijing and local regions. Moreover, it led to Chinese reform and opening up into the next level.

**6.3.4 Tourism**

According to Blake (2005), hosting a major sport event can attract additional tourism expenditure, which is considered as one of the most significant contributors in terms of the total effect of the event. The positive tourism effect of the Olympic Games has been proven by previous Games, such as the 1992 Barcelona and the 2000 Sydney Olympic Games, both of which attracted extraordinary numbers of tourists (Brunet, and Zuo, 2008). As a matter of fact, in the case of the Olympic Games, tourism is the only activity that will impact the host city and local region from the Pre-Games period, throughout the Games year and to the Post-Games period (Interviewee 2, University Analyst). By preparing and hosting the Olympic Games, the additional media exposure will enhance the
promotion of the host city and country. Macmanus (1999) pointed out that both international and domestic tourists could be attracted to visit the city by a positive image of the host on the media platform. The Games Year period is the peak time in terms of the number of the visitors. Besides tourists, there are also athletes, coaches and team officials from participating countries, and spectators, sponsors and the media (Preuss, 2002). In the Post-Games period, the tourism effect can be sustained for several years after the Games. The additional flow of tourists will make a contribution to the local and national economies by spending money on purchasing food, accommodation, transport, tickets and other services (Li, Blake and Thomas, 2012).

According to Zhang and Zhao (2009), Beijing branding as a tourist destination can be traced back to the 1980s, after China introduced reform and opening up policies (Interviewee 4, Staff of GAS). The original purpose of tourism development was primarily economic (Zhang and Zhao, 2009). Based on the city planning of Beijing in the mid-1980s, tourism was first viewed as an important economic resource, in order to generate relevant revenues, increase domestic consumption, create employment opportunities, and improve the economic structure of Beijing (Zhang and Zhao, 2009). In the city’s 11th Five-Year Plan, which covers the period from 2005 to 2010, it clearly states that transforming Beijing into a first-class metropolis and an attractive destination for tourism was one of the chief goals (Beijing Municipal Bureau of Tourism, 2006).
The Olympic Games provided Beijing a great opportunity to boost its tourism industry, as well as promote the city. The continuous increasing levels of tourism contributed to the local economy and the upgrading of the economic structure. Table 6.2 shows the number of tourists in Beijing both internationally and domestically, while Table 6.3 provides the tourist income situation in Beijing.

**Table 6.2 The Number of Tourists in Beijing**

<table>
<thead>
<tr>
<th>Year</th>
<th>International (10,000 person-time)</th>
<th>Domestic (10,000 person-time)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>520.4</td>
<td>12,818</td>
</tr>
<tr>
<td>2010</td>
<td>490.1</td>
<td>11,780</td>
</tr>
<tr>
<td>2009</td>
<td>412.5</td>
<td>10,443</td>
</tr>
<tr>
<td>2008</td>
<td>379</td>
<td>14,200</td>
</tr>
<tr>
<td>2007</td>
<td>435.5</td>
<td>14,280</td>
</tr>
<tr>
<td>2006</td>
<td>390.3</td>
<td>13,200</td>
</tr>
<tr>
<td>2005</td>
<td>362.9</td>
<td>12,500</td>
</tr>
<tr>
<td>2004</td>
<td>315.5</td>
<td>11,950</td>
</tr>
<tr>
<td>2003</td>
<td>185.1</td>
<td>8700</td>
</tr>
<tr>
<td>2002</td>
<td>310.4</td>
<td>11,500</td>
</tr>
<tr>
<td>2001</td>
<td>285.8</td>
<td>11,007</td>
</tr>
</tbody>
</table>

*Source: Beijing Tourism Development Committee*  
*<http://www.bjta.gov.cn/xsgk/tjxx/rjlyzqk/index.htm>*
Table 6.3 Tourism Income in Beijing

<table>
<thead>
<tr>
<th>Year</th>
<th>International (US$ billion)</th>
<th>Domestic (RMB billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5.42</td>
<td>286.4</td>
</tr>
<tr>
<td>2010</td>
<td>5.04</td>
<td>242.5</td>
</tr>
<tr>
<td>2009</td>
<td>4.35</td>
<td>214.4</td>
</tr>
<tr>
<td>2008</td>
<td>4.46</td>
<td>190.7</td>
</tr>
<tr>
<td>2007</td>
<td>4.58</td>
<td>175.36</td>
</tr>
<tr>
<td>2006</td>
<td>4.03</td>
<td>148.27</td>
</tr>
<tr>
<td>2005</td>
<td>3.62</td>
<td>130</td>
</tr>
<tr>
<td>2004</td>
<td>3.17</td>
<td>114.5</td>
</tr>
<tr>
<td>2003</td>
<td>1.9</td>
<td>70.6</td>
</tr>
<tr>
<td>2002</td>
<td>3.1</td>
<td>93</td>
</tr>
<tr>
<td>2001</td>
<td>2.95</td>
<td>88.77</td>
</tr>
</tbody>
</table>

Source: Beijing Tourism Development Committee


It can be seen from the above figures that since Beijing won the bid there was a steady increase in terms of the numbers of tourists both internationally and domestically during the period from 2001 to 2007. The year 2003 was an exception, due to the SARS (Severe Acute Respiratory Syndrome) outbreak in China, which affected both international and domestic tourism (Song and Ranelli, 2008). Before the Beijing Olympic Games, the year 2007 was the peak for both international and domestic tourists. During the Olympic year, the figure decreased in both categories. The domestic tourist numbers decreased by 0.5%, while the
number of international tourists reduced by almost 13% in 2008. The reason for causing this reduction is that some people chose to avoid traveling to Beijing during the Olympic year due to the increased prices and the additional flow of athletes and delegations from all over the world (Interviewee 6, University Analyst). There is another reason particularly related to the reduction of international tourists, and it is that the Chinese government had tightened up the visa policy for the Olympic year. As the secretary of Beijing Tourism Bureau explained, restricting the visa during 2008 was for security purposes (Li, 2008). It is interesting to see that after the Olympic Games, the number of international and domestic tourist appears to go in a totally different direction in the period from 2009 to 2011. International tourists increased back to same level as the year before the Games, while domestic tourists dropped sharply. A similar trend applies to the tourism income situation. Both international and domestic tourism contributed the most to the local economy in 2007 during the Pre-Games period. The income from international tourists decreased by 2.6% in 2008, and income from domestic tourism increased by 8.7%, while visiting numbers were lower than the previous year. This was due to the increasing prices during the Olympic Year (Interviewee 3, Staff of GAS).

According to Table 6.2 and Table 6.3, there is no doubt that the development of tourism in Beijing was positive both domestically and internationally. In order to understand more clearly the impact of the Olympic Games on Beijing’s tourism industry, the following Tables provide comparisons between the figures which
could be expected without hosting the Olympic Games and the figure in practice, in the categories of visitor numbers and tourism income from both domestic and international tourists.

### Table 6.4 International Tourism Comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>Expected Visiting Number (10,000 person-time)</th>
<th>Visiting Number (10,000 person-time)</th>
<th>Expected Income (US$ billion)</th>
<th>Income (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>351.4</td>
<td>490.1</td>
<td>3.95</td>
<td>5.04</td>
</tr>
<tr>
<td>2009</td>
<td>341.3</td>
<td>412.5</td>
<td>3.79</td>
<td>4.35</td>
</tr>
<tr>
<td>2008</td>
<td>331.1</td>
<td>379</td>
<td>3.63</td>
<td>4.46</td>
</tr>
<tr>
<td>2007</td>
<td>320.9</td>
<td>435.5</td>
<td>3.47</td>
<td>4.58</td>
</tr>
<tr>
<td>2006</td>
<td>310.6</td>
<td>390.3</td>
<td>3.31</td>
<td>4.03</td>
</tr>
<tr>
<td>2005</td>
<td>300.3</td>
<td>362.9</td>
<td>3.16</td>
<td>3.62</td>
</tr>
</tbody>
</table>

*Source: Beijing Tourism Development Committee, (Zou, 2007)*

Table 6.5 Domestic Tourism Comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>Expected Visiting Number (10,000 person-time)</th>
<th>Visiting Number (10,000 person-time)</th>
<th>Expected Income (RMB billion)</th>
<th>Income (RMB billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>18,144</td>
<td>11,780</td>
<td>161.06</td>
<td>242.5</td>
</tr>
<tr>
<td>2009</td>
<td>17,068</td>
<td>10,443</td>
<td>153.56</td>
<td>214.4</td>
</tr>
<tr>
<td>2008</td>
<td>15,960</td>
<td>14,200</td>
<td>145.79</td>
<td>190.7</td>
</tr>
<tr>
<td>2007</td>
<td>14,810</td>
<td>14,280</td>
<td>137.71</td>
<td>175.36</td>
</tr>
<tr>
<td>2006</td>
<td>13,609</td>
<td>13,200</td>
<td>129.22</td>
<td>148.27</td>
</tr>
<tr>
<td>2005</td>
<td>12,340</td>
<td>12,500</td>
<td>120.18</td>
<td>130</td>
</tr>
</tbody>
</table>

Source: Beijing Tourism Development Committee, (Zou, 2007)

Using this comparison of the actual figures versus figures which could have been expected without hosting the Olympic Games, it is clear that the Olympic Games provided a positive impact on tourism in Beijing. The category of domestic tourism is the only category in which the actual number of visitors is lower than the expectation; especially in the time after the Games, there is a big difference between the expected figure and actual figure. This could indicate that the attraction for domestic tourists is probably more about the Olympic Games rather
than the city. However, income from domestic tourism was all higher than the figures which could have otherwise been expected in each period, which is a positive result. In terms of international tourism, according to the above figures, the Olympic Games impact added an average 25.5% increase ratio in terms of visitor numbers, with 21.5% average increase ratio for the income from 2005 to 2010.

The Olympic Games successfully promoted Beijing and boosted its tourism industry. In Beijing’s case, the effect on international visitor numbers was significant during all the years shown above, while the domestic tourism sector attracted more tourists during the pre-Games period. In terms of income, both markets made a significant contribution to the local economy. In fact, China was ranked the sixth in the world for inbound tourist revenue with the Olympic impact on tourism (Dong and Mangan, 2013). Meanwhile, it has been forecast by the Travel and Tourism Council that, with this trend, China will become the world’s fourth-largest tourist outbound country by 2020 (Dong and Mangan, 2006).

6.4 The Legacy of the Beijing Olympic Games

As discussed in the previous section, along with the development of the Olympic Games, the Olympic economy developed at the same time. Studies about the Olympic legacy started to attract attention in the 2000s. According to the Guide on
the Olympic Legacy, there are two forms of Olympic legacy: tangible and intangible (IOC, 2011b). The tangible legacies usually refer to sport facilities, transportation systems, telecommunications or other infrastructure improved or upgraded by the hosting of the Olympic Games (IOC, 2013d). On the other hand, through the Olympic Games, the host could also rebuild its national pride, enhance skills and knowledge, adopt a healthy lifestyle, promote Olympic education, and gain environmental awareness; such benefits are considered to be intangible legacies (IOC, 2013d).

In this section, the study will mainly focus on the infrastructure and Olympic stadiums in Beijing as the tangible legacies. The human capital, conditions of China’s internal and external relations, and environmental issues will be studied as the intangible legacies of the Beijing Olympic Games.

6.4.1 Infrastructure

When Beijing bid for the 2008 Olympic Games, it was promoted with ‘New Beijing, Great Olympics’ as the theme slogan and guiding principal (Collins, 2011). This slogan shows the confidence and determination of China to present Beijing not only as the historic capital for more than 800 years, but also a modern metropolitan city that would impress the world (Dong and Mangan, 2013). According to BOCOG (2010a), both the Beijing Municipal People’s Congress and the Beijing Municipal Committee of the Chinese People’s Political Consultative
Conference adopted the resolutions in support of the city's bid to host the Games in February 2000. At the time, most of these infrastructure projects needed for the Games were entered into the city’s development plans (BOCOG, 2010a). In addition, there were written assurances made by the Beijing Municipal Government and the relevant district and county governments, to ensure the needs of hosting the Olympic Games for funds, land, venues, personnel, and other sports facilities (BOCOG, 2010a). After Beijing won the bid in 2001, the Beijing Municipal Government officially included the Olympic Economy Research Guidelines as part of the ‘11th Five Year Plan’ of Beijing city. The Olympic Investment Committee was established shortly after (Qiu, 2008).

The term ‘New Beijing’ has a different understanding with a different dimension. The obvious way to show to the world is the look of the city. The Games provided Beijing the opportunity to construct and operate the infrastructure in the city (Brunet, and Zuo, 2008). In order to show a ‘New Beijing’, as well as deliver a ‘Great Olympics’, the infrastructure projects in Beijing were mainly invested on railway transportation, highways and urban roads (Qiu, 2008). The following Table 6.6 lists the information of major infrastructure projects.
Table 6.6 Major Infrastructure Projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Sources of Funds</th>
<th>Way of Financing</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway Belt One</td>
<td>Municipal and district governments</td>
<td>Government appropriation</td>
<td>2005</td>
</tr>
<tr>
<td>Major urban road construction and renovation</td>
<td></td>
<td></td>
<td>2002</td>
</tr>
<tr>
<td>Fourth Ring Road and expressways linking the ring roads</td>
<td>Government appropriation,</td>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>Suburban light railway from Dongzhimen to Xizhimen</td>
<td>Government and corporations</td>
<td>Bank loans, Corporation investment</td>
<td>2002</td>
</tr>
<tr>
<td>Subway Line 5</td>
<td></td>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>Subway Batong Line</td>
<td></td>
<td></td>
<td>2002</td>
</tr>
<tr>
<td>Light railway feeder line to the Summer Palace</td>
<td>Corporations</td>
<td>Bank loans, Corporation investment</td>
<td>2005</td>
</tr>
<tr>
<td>Light railway to the Capital Airport</td>
<td></td>
<td></td>
<td>2005</td>
</tr>
</tbody>
</table>

Source: BOCOG Report

From the above table, it is clear that the government was the major source of funds. Government funding was involved in 75% of the investment projects. There are only two projects, a light railway feeder line to the Summer Palace and a light
railway feeder line to the Capital Airport, which were funded by corporations. However, by looking at the way of financing, bank loans are one of the sources for corporate funding. In China, around one half of assets and deposits are accounted for with the five largest banks, including the Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China and the Bank of Communications (Turner, Tan and Sadeghian, 2012). The majority of these banks are state-owned, with partial private sectors (Turner, Tan and Sadeghian, 2012). Therefore, the government is indirectly involved in the rest of the 25% of investment at the same time.

The investment in telecommunications was a similar situation. The telecom operators in China are exclusively Chinese. There are three major service operators, including China Telecom, China Mobile and China Unicom (ITA, 2010). These operators are all majority government owned (ITA, 2010). In order to improve facilities, three major projects were invested in by the telecommunication market, which are funded by corporations with bank loans and corporation investment. The details are stated in the following table.
Table 6.7 Telecommunication Projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Sources of Funds</th>
<th>Way of Financing</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3G mobile communications system covering the whole city</td>
<td>Corporations</td>
<td>Bank loans,</td>
<td>2005</td>
</tr>
<tr>
<td>Broad-band telecommunication system covering the whole city</td>
<td>Corporation investment</td>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>Digital satellite TV</td>
<td></td>
<td></td>
<td>2004</td>
</tr>
</tbody>
</table>

Source: BOCOG Report

In addition, a new Terminal 3 was built as part of Beijing Capital International Airport for the use of the Olympic Games, at the cost of US$3.5 billion (Qiu, 2008). With the construction of the new airport, Beijing had access to 200 international air routes, linking with 70 cities in 40 countries by direct flights (BOCOG, 2010a). In total, during the preparation of the Olympic Games, there was RMB63 billion invested in railway transportation, in order to achieve the goal of 300km of municipal railway in Beijing (National Bureau of Statistic of China, 2007). New highways improved the traffic between counties and districts, while urban roads upgraded the transport system in terms of microcirculation (Brunet, and Zuo, 2008).
The investment in infrastructure improved Beijing’s transportation and telecommunication system. It provided the necessary facilities for Beijing in order to develop better business and trade domestically and internationally. While Beijing built the impressive airport and railway, the cost was impressive as well. According to Brunet and Zuo (2008), the cost of infrastructure projects from 2002 to 2006 was RMB283.89 billion, almost double the total investment between 1997 and 2001. Meanwhile, for communication and transportation, the investment between 2002 and 2006 was 4 times as much as it was between 1997 and 2001, with a total sum of up to RMB110 billion (Qiu, 2008). This massive infrastructure investment is one of the reasons which made the Beijing Olympic Games the most expensive Games at the time. After all, the one who paid the bill was the Chinese government.

6.4.2 Olympic Venues

The range and scale of preparation for the Beijing Olympics was massive. Apart from new transportation and communication infrastructures, Olympic venues are another tangible legacy for the host city. The Beijing Olympic Games had total thirty-seven venues; thirty-one were located in Beijing, and the other six were located in co-host cities (BOCOG, 2010b). Among the thirty-one venues in Beijing, twelve of them were new permanent venues, and there were four venues located in University campuses (Davis, 2012).
The Olympic venues are usually expected to be used as sport facilities for the people after the Games, in order to take the long-term advantage by benefiting grass-roots sport (Dong and Manga, 2013). However, with the development of the Games, the host now is required to build a numbers of venues to be able to stage the Games. Therefore, it is a challenge to try to maintain the usage of the venues after the Games are finished. It is reported that venues for kayaking, beach volleyball and baseball have not been used since 2008 (Byrnes, 2012). The signage and landscaping appear to have no maintenance since the closing ceremonies (Byrnes, 2012). Although some venues located in or close to universities, and are well used by students today, some have undergone renovation or adaptation (IOC, 2010).

Among all the venues, there are two famous ones. The first one is the 91,000-seat Beijing National Stadium, affectionately known as the Bird’s Nest, where the opening and closing ceremonies and most of the track and field and football matches took place (BOCOG, 2010b). The second one is the new Beijing National Aquatics Centre, known as the Water Cube, which was mainly for water sport events (BOCOG, 2010b). These two venues were designed to be iconic. They not only hosted major events of the Games, but also became the symbol of the Beijing Olympic Games, as well as Beijing city.

It was not cheap to build these venues; the total cost of the Bird’s Nest was US$480 million (Lim, 2012). The source of funding came jointly from the Beijing
government and corporations, which established a new public-private model for China (Fowler, 2008). The Beijing Municipal Government owns 58% share, while the other 42% is owned by Chinese conglomerate Citic Group, which has a 30-year right of operation of the Bird’s Nest (Fowler, 2008). After the Games were finished, the Bird’s Nest became a popular tourism spot; tickets sale contributed 80-90% of the income for the operator (Wen, 2014). Unfortunately, it was not enough to cover the high maintenance cost of US$11 million annually (Lim, 2012). It took a few years of operating practices for the operator to achieve good performance. Besides hosting tourists, the operator’s organisation skill of large-scale activities was enhanced. In 2011, there were eight large-scale activities held in the Bird’s Nest, each involved more than 10,000 people (Beijing2008, 2012). The number 10,000 doesn’t seem a large number compared with the capacity of the venue itself. The Bird’s Nest was built with 91,000 seats, but only 80,000 are permanent and remained after the Games. The nature of most of the events and concerts hosted in the Bird’s Nest were that they didn’t use up the whole space of the stadium, most of those staged only used half or a quarter of the stadium. Therefore, the available seats for audience usually were not the whole 80,000 seats. Instead of showing the exact numbers of the audience, the official report quotes ‘more than 10,000’, which is a typical Chinese term to indicate a large event. However, no other evidence was found to indicate accurate audience numbers for these large-scale activities held in the Bird’s Nest. Just as with the sale of tickets during the Olympic Games, there is also no transparency with regard to figures for events held in the Bird’s Nest after the Games.
Despite the uncertainty over the numbers of participants, the Bird’s Nest has been turned into a multifunctional venue by hosting different types of activities and events in the stadium, such as concerts, musicals, exhibitions and sport competitions. By 2014, there are 150 events and activities in total held in the venue, with 80 of them involving more than 10,000 people (Wen, 2014). According to the report, the income structure of the Bird’s Nest has improved as well. The contribution from tourists’ tickets selling has decreased to 30%, and the operation team is running the venue without government subsidies (Wen, 2014). On the other hand, the Water Cube was the only venue funded by private donations, and now is owned by the Beijing State-Owned Assets Management Co., (Fowler, 2008). After the Games, the venue was renovated into a multi-purpose leisure and swimming centre, with part of the venue turned into China’s first full themed international indoor waterpark (Beijing2008, 2012). The renovated Water Cube retained its original function for water sports competition, but in a similar manner to the Bird’s Nest, it can also provide comprehensive services, including tourism, retail, business, charity and cultural events in line with its original design (IOC, 2010). By 2014, there were a total of 837 activities and events being held in the venue (Wen, 2014). Furthermore, there are 8 categories and 50 items of souvenirs that are designed by using the Bird’s Nest element, and licensed merchandise which are relevant to Water Cube are in 22 categories and have 300 items (Beijing2008, 2012). This has shown as the innovative exploration of both the venues’ operators.
Both Bird's Nest and Water Cube have showed a positive result in terms of venue use in the Post-Games period. Whether it is a true success will have be tested in the long term. Yet, it is unavoidable that some venues have been wasted after the Games, which raises questions as well as challenges for the Olympic host. Is it necessary to build many new venues? What is the purpose of the venue - sport or propaganda - or something else? As one of respondents noted (Interviewee 15, University Analyst):

*Beijing wants to impress the world, the most direct way is to build an iconic venue so everyone can remember, it is the symbol of the rise of China. On the other hand, with the scale of the Games, the host has to build more and bigger venues in order to stage the Games.*

### 6.4.3 Human Capital

In economics, the term capital is a common concept, although the meaning of capital was limited in the early days. For a long time, economists have known that people are an important part of the nation’s wealth. The idea of humans as one kind of capital used by economists can be traced back to ancient times (Zhao, 2008). Adam Smith argued in his work that earnings and pay structure are affected by the skills of labours, which is one of the key resources in terms of economic growth and increasing welfare (Smith and Canna, 2008). It was not till 1960 when the economist Theodore Schultz put forward the term ‘human capital’ (Schultz, 1960). Schultz (1961: 1) noted in his work:
Although it is obvious that people acquire useful skills and knowledge, it is not obvious that these skills and knowledge are a form of capital, that this capital is in substantial part a product of deliberate investment, that it has grown in Western societies at a much faster rate than conventional (nonhuman) capital, and that its growth may well be the most distinctive feature of the economic system.

Schulz indicated that the investment in education, career training and health protection will lead to an economic return to the owner who has human capital (Schultz, 1960). In this context, many of the questions about the economic growth can be resolved if taking the investment of human capital into account (Schultz, 1961). The theory of human capital developed rapidly afterwards. Becker and Mincer also added their contribution; they stated that human capital is in relation to health, knowledge, skills and others which can be used to increase the effectiveness or realise the value gained from the investment activities (Becker, 1993; Mincer, 1993).

The Beijing Olympic Games has directly or indirectly created legacies of human capital for Beijing as well as China, which are mainly reflected in the following aspects.

**Health**

Chinese sport has been focused on elite sport system since *Ju Guo Ti Zhi* was
formed in the 1980s (Fan, Wu and Xiong, 2005). It was not until the 1990s, due to the increasing demands for grassroots sport participation, that the government started to advance both the Olympic Strategy and National Fitness Programme which was initiated in 1995 (Fan, Wu and Xiong, 2005).

Hosting the Olympic Games improved grassroots sports in Beijing, as well as in China. In order to promote and receive support for the Beijing Olympic Games, a national fitness programme was formed, which encouraged people to participate in different sports so that they could have a feel for it (Dong and Mangan, 2013). Meanwhile, a campaign named ‘National Fitness and Move with the Olympics’ was launched in 2006, which attracted 100 million people who joined different sport programmes (BOCOG, 2010c). The programme promoted the Beijing Olympic Games and improved public physical exercise. According to BOCOG (2010c), some of the Olympic facilities have been changed for public use, and more funding has been allocated to less developed regions and rural areas to upgrade their sport facilities. In addition, in 2009 the Chinese central government also declared that August 8th was the ‘National Fitness Day’ for China, to mark the anniversary of the opening of the Beijing Olympic Games, and also to encourage more people to participate in sport and have a healthy life style (Gong, 2009).

Before the Beijing Olympic Games, He Zhengliang noted that China will promote sport more at grassroots level after the Games (Fan, Wu and Xiong, 2005). The Olympic Games gave China a great opportunity to improve the nation’s health and
introduce sporting healthy lives for many ordinary people. However, evidence shows the promoting of grassroots sport was not carried out as planned.

Despite the fact that the investment for ‘sport for all’ has been increased by the Chinese government from the early 2000s, the budget for national and provincial sport is still smaller than the budget for elite sport (Tan and Houlihan, 2013). According to the statistics, there was RMB6910.53 million invested in ‘sport for all’ at national and provincial level in 2008, which only accounted for around 20.8% of the total annual sport expenditure of RMB33270.206 million (GAS, 2009). Government and relevant policies also showed that elite sport is still the focus of Chinese sport. In a speech delivered by former President Hu Jintao it clearly stated that China will continue to carry on the implementation of Ju Guo Ti Zhi, and the new goal after the Beijing Olympic Games is to transform China from a major sports country to a world sports power (Hu, 2008). Following President Hu’s speech, the sport minister Liu Peng strengthened this idea in his speech in 2011 (Tan and Houlihan, 2013). In the same year, the General Administration of Sport released a new document named as The Outline Strategy for Winning Olympic Medals 2011–2020 (GAS, 2011). In this document, it clarified that the mission for Chinese sport in the period of 2011-2020 is to reinforce the elite sport system, in order to help China become one of the world sport powers (GAS, 2011). Meanwhile, some important events have been highlighted in the document, including track and field, volleyball, swimming, basketball and football (GAS, 2011).
It is clear that China set up a higher goal in terms of improving its elite sport level. As Jin Shan, the Director of the Sport and Culture Research Centre of Beijing Academy of Social Sciences stated, it is unfortunate that the promotion of national fitness programme has been improved after the Beijing Olympic Games, but the pursuit of winning the gold medal in the Olympics has been enhanced at the same time (Ci and Guo, 2012). According to Fan and Lu (2012), in relation to the policy and the investment in particular, there was a debate that can be traced back to the 1980s about whether the focus should be on the pursuit of Olympic medals or improvement of the nation’s exercise and health at grassroots level. The debate remains open thirty years later. The Beijing Olympic Games provided a once in a lifetime opportunity to improve the physical condition of Chinese people, but the Chinese government did not take full advantage of it.

*Education*

There was an immediate domestic legacy that quietly resulted after Beijing was awarded the Games. The Beijing Olympic Education Strategic Plan was commenced in 2002, joined by BOCOG, the Ministry of Education and the Beijing Municipal Commission of Education (BOCOG, 2010c). The Beijing Olympic Education Programme was officially launched in 2005 (Wang and Masumoto, 2009). There were in total 400 million students from 500,000 schools throughout the whole country that benefited from the programme (Holt and Ruta, 2015). The education
programme was mainly carried out in primary and middle schools, but some Olympic courses were established at many universities as well. There were also Olympic research centres set up in higher education institutions (Dong and Mangan, 2013).

The Beijing Olympic Education Programme received strong financial support from relevant organisations and corporations. In order to operate the programme successfully, local educational authorities throughout the country have covered the major cost, while BOCOG contributed RMB20 million to launching the programme (Dong and Mangan, 2013). The Beijing Olympic sponsors also showed their support. Taking Johnson & Johnson and Samsung as examples, both companies offered RMB3 million each for the Olympic Knowledge Reader programme and the Olympic Knowledge Wall Chart programme (BOCOG, 2010c).

Among all the programmes, The Heart to Heart Partnership Programme, which was launched in September 2006, has developed the Chinese education internationally (Wang and Masumoto, 2009). The purpose of the programme was to promote Olympic education, by pairing up primary and middle schools in Beijing with the Olympic delegations as well as with schools in other countries and regions (Liu, 2006). The programme was linked to a total of 210 schools in the Beijing area with 205 NOC delegations (BOCOG, 2010c). In addition, a Heart to Heart Partnership was established between these Chinese schools and other
schools from 161 different countries and regions, and exchanges between Chinese and international students has continued after the Games (BOCOG, 2010c).

The Beijing Olympic Education Programme has received positive comments. As stated by former IOC President Jacques Rogge, it is the most exciting thing in the Olympic history that the programme brought Olympic values to one-fifth of the world population (Dong and Mangan, 2013). In terms of the overall impact, it remains to be evaluated in the future.

**Training**

To successfully host the Olympic Games usually involves thousands of volunteers. The Beijing Olympic Games requested the biggest volunteer team in Olympic history. Chinese people showed a great enthusiasm to volunteer for the Games, about 95% of residents in Beijing expressed their wish of volunteering for the Beijing Olympic Games (Liu, 2005). According to BOCOG (2010b), the Beijing Olympic Games volunteer recruitment programme was operated from August 2006 to March 2008, there were 1,125,799 applications in total including 22,000 international applicants. In the end, the BOCOG selected 100,000 as the Games-time volunteers to support the Beijing Olympic Games (IOC, 2010). After the completion of volunteer recruitment, BOCOG started volunteer training immediately, and the content of this training included general training, foreign language training, professional training, venue training and job training (BOCOG,
In addition to the 100,000 Games-time volunteers, the Beijing Olympic Games also involved 400,000 city volunteers who provided Olympic participants, journalists, and domestic and international tourists with information, translation and emergency services (BOCOG, 2010b). According to the Director of the BOCOG Volunteers Department Liu Jian, there were also 1 million social volunteers along with 200,000 cheerleading volunteers, which made the volunteer programme of the Beijing Games not only the biggest in Olympic history, but also in Chinese history for a single event (Holt and Ruta, 2015). The volunteers are one of the major contributions to the success of the Beijing Olympic Games. As it was stated in New York Times (BOCOG, 2010b: 207):

*It is the legions of volunteers who make the greatest impression, striving to convince us that China longs to be understood. China is, without doubt, a youthful and energetic country.*

To stage the Olympic Games also required a team with qualified personnel in different fields. For the Beijing Olympic Games, there were over 4,000 staff recruited from the Communist Party, internal government departments, the State Sports Administration, the Foreign Affairs Ministry, Xinhua News Agency and through public advertisements, spread in more than 30 departments including the fields of sport, marketing, finance, trade, architecture, transport, environment, and tourism (Dong and Mangan, 2013). In 2005, BOCOG set up a Coordination Committee for Competence, which was in charge of training relevant staff for the
Games; such as general officials, sports managers, service and relevant industries personnel, coaches and referees, security, and general public hosts and hostesses (Holt and Ruta, 2015). During the Beijing Olympic Education programme in 2007, there were 5,500 physical education teachers from 2,200 primary and middle schools in Beijing participating in the training sessions, in order to provide personnel support for schools (BOCOG, 2010b). Furthermore, as the major international communication language, English is the second language for Chinese people. In order to improve English skills, the Beijing government established the Committee for Improving English of Beijing Citizens in 2002 (Holt and Ruta, 2015). With the Guidelines for Organising Activities to Improve Citizens’ English (2003-2008), the committee launched a number of campaigns to improve English skills particularly among taxi drivers, police and volunteers (Holt and Ruta, 2015).

Health, education and training are the most important investments in human capital (Becker, 1993). Additionally, as Mankiw pointed out, for a country’s long-term economic growth, the investment in human capital is as important as investment in physical capital (Mankiw, 2014). The Beijing Olympic Games left a rich legacy for China through health, education and training. It is a challenge to maintain the human capital gained from the Games and transfer it back into the society after the Games (IOC, 2010). As mentioned above, grassroots sport has been improved through the Games, but is still not the focus of Chinese sport. The impact on education needs to be evaluated in the long-term. In terms of all the personnel who have been trained with new skills and knowledge, most of them
returned to their original jobs after the Games. However, there were complaints that the original job was not available anymore on their return, which was different from promises made when they were recruited for the Games (Interviewee 12, Former Employee of BOCOG). The returning staff had to find new jobs by themselves, but sadly some of them had no choice but to retire (Interviewee 12, Former Employee of BOCOG). It was such a waste of well-trained personnel. The volunteerism effect lasted only for a short time, and there is little evidence that shows the maintenance of the volunteer network after the Games. As a valuable legacy from the Olympics as well as an important resource for long-term economic growth, the human capital created by the Beijing Olympic Games has not been used well in China.

6.4.4 Internal and External Relations

Nelson Mandela once stated that (Payne, 2006: 3):

*Sport reaches areas far beyond any sphere of political influence and has probably done more to unify nations than any politician has been capable of.*

As this was one of the intentions for Pierre Coubertin to found the modern Olympic Movement, the Olympic Games embodies this aspiration like no other sport does (Payne, 2006). In the Olympic Charter, the goal of Olympism is described as ‘to
place sport at the service of the harmonious development of humankind, with a view to promoting a peaceful society concerned with the preservation of human dignity' (Homma and Masumoto, 2013).

**Internal Relations**

The Beijing Olympic Games provided an opportunity to examine and enhance the internal relations in China. During the bidding process, a survey carried out by the IOC showed that 96% of Beijing residents were in support of the city's bidding (Shin, 2009). The Figure 6.3 showed the supporting ratio after Beijing was officially awarded the Games.

*Figure 6.3 Supporting Ratio of Residents in Beijing*

![Pie chart showing the supporting ratio of residents in Beijing](image)

Source: BOCOG, 2010a
As the figure showed, the majority of the residents in Beijing were extremely supportive of the staging of the Beijing Olympic Games. The proportion of those who opposed the event was only 0.6%. The statistics also showed that hosting the Olympic Games could also boost Chinese people’s national pride, as shown in Figure 6.

Figure 6.4 Sense of National Identity of Hosting the Olympic Games by Residents in Beijing

Source: BOCOG, 2010c

The former chairman of the IOC Commission for Culture of Olympic Education, He Zhenliang has stated that the boost in Chinese people’s self-confidence and sense of pride was the most important legacy of the Beijing Olympic Games (Dong and Mangan, 2013). As the figure shows, there are 97% of people in Beijing who agreed that staging the Games had boosted their national pride. Many volunteers and local
residents expressed to the media that they felt proud to be part of the Games, and wanted to let the world see how powerful China was and how friendly Chinese people were (New York Times, 2008). Furthermore, as the statistics showed in Table 6.7, the people in Beijing also recognised that the Games had positive impacts to Beijing as well as China.

**Table 6.8 The Impacts of the Beijing Olympic Games Recognised By Local Residents**

<table>
<thead>
<tr>
<th></th>
<th>Extremely Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Extremely Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance China’s International Image</td>
<td>76.36</td>
<td>22.29</td>
<td>1.23</td>
<td>0.12</td>
</tr>
<tr>
<td>Boost Chinese Economic Development</td>
<td>69.09</td>
<td>28.57</td>
<td>2.22</td>
<td>0.12</td>
</tr>
<tr>
<td>Boost Chinese Social Development</td>
<td>63.42</td>
<td>34.11</td>
<td>2.22</td>
<td>0.25</td>
</tr>
<tr>
<td>Olympic Education</td>
<td>51.60</td>
<td>44.46</td>
<td>3.82</td>
<td>0.12</td>
</tr>
<tr>
<td>Improve Local Environment Condition</td>
<td>52.96</td>
<td>44.95</td>
<td>1.72</td>
<td>0.37</td>
</tr>
<tr>
<td>Boost National Fitness Campaign</td>
<td>42.36</td>
<td>50.00</td>
<td>7.27</td>
<td>0.37</td>
</tr>
</tbody>
</table>

*Source: BOCOG, 2010c*

The above figures along with the enthusiasm of volunteers reflected the fact that
the Beijing Olympic Games boosted Chinese people’s confidence, while uniting the nation as a whole to support the Games. The Chinese economy was damaged during the Great Leap Forward and the Cultural Revolution. China learnt from the past that a steady and positive internal relationship is essential and important for a country’s economic development and growth. The Beijing Olympic Games strengthened internal relations, and provided the foundation for the Chinese government to carry out the economic development and reform in the future.

**External Relations**

Since Beijing was awarded the Games in 2001, Beijing and China were put into the centre of the global media spotlight. China also took the chance to improve its openness to world media. In 2006, a new document ‘Regulations on Reporting Activities in China by Foreign Journalists During the Beijing Olympic Games and Preparatory Period’ was issued by the Chinese government (Sparre, 2006). Under the new rules, foreign reporters were allowed to travel anywhere in the China without prior permission from local authorities in the period from 1 January 2007 till two months after the Games (Dong and Mangan, 2013). The Olympic Games helped China to have greater press freedom, which provided better opportunities to the rest of the world to see more of and to better understand China. Although there was both positive and negative news, positive news was in the majority (Interviewee 6, University Analyst). In this way, the Olympic Games helped to smooth conflicts and dissolve misunderstandings (Interviewee 14, University Analyst).
Meanwhile, the Olympic Games were a platform for China to shape its international image, and also its image at the national, metropolitan and corporate levels (Jin, 2010). The improvement in China’s image through these Olympic marketing programs is reflected in the success of tourism and the foreign tourist market in particular, and in the appearance of Chinese brands as the IOC worldwide sponsor as well as the Olympic sponsors. This platform also helped China to present its strength and power to the world. In May, 2008, there was an earthquake in the Southwest of China. This was the strongest earthquake in Chinese history and it caused huge damage and loss to both property and people. With only three months to go before the Beijing Olympic Games was due to commence, the Chinese government and Chinese people, together with support and help from other countries and nations, successfully controlled the situation in a very short time and ensured that the progress of the Olympic Games was not affected by the tragedy (Li, 2010). This showed the world that China had the ability and strength to face such an emergency. It also helped China to strengthen its relations with other countries and nations (Li, 2010).

In an interview with the Chinese and foreign press in the Great of Hall of People in 2008, former President Hu Jintao has stressed that the Beijing Olympic Games would leave a number of sports venues and infrastructure in China. These material legacies would be treasured and would be given a full use of their function and roles. However, it is believed the spiritual legacies of the Games would be more
sustainable and valuable (Jin, 2010). Mr. Wilfried Lemke, Special Advisor to the United Nations Secretary-General on Sport for Development and Peace, also wrote in his post-Games report (IOC, 2010: 36):

The Games have provided a unique platform for the social progress of Chinese people. China demonstrated friendship, leadership and harmony which will continue to build bridges within China and with rest of the world.

6.4.5 Environment

In the 1980s, the United Nations (UN) created a new Agenda, which stressed global environmental issues with a concept of sustainable development (Homma and Masumoto, 2013). Following the UN, the IOC also recognised the importance of the environment and sustainable development. A new paragraph which refers to environmental protection was added to the Olympic Charter in 1996, and states (IOC, 2009c: 1):

The IOC’s role with respect to the environment is: to encourage and support a responsible concern for environmental issues, to promote sustainable development in sport and to require that the Olympic Games are held accordingly.

As a developing country, China focused on development of its industries, but
environmental issues have been taken for granted in the past (UNEP, 2009). Beijing is a city heavily dependent on coal power, and the numbers of vehicles in the city have increased each year. Therefore, the environmental concerns of Beijing, and the air quality in particular, have dominated media reports (UNEP, 2009). ‘Green Olympics’ was one of the concepts of the Beijing Olympic Games (BOCOG, 2010a). In order to achieve this goal, BOCOG and the Beijing Municipal Government both made great efforts to improve the environmental conditions in Beijing. In 2002, the Beijing Municipal Government introduced the 'Beijing Olympic Energy Development and Energy Structure Adjustment Specific Plan', and the 'Beijing Olympic Ecological Environment Protection Specific Plan' (Dong and Mangan, 2013). Based on these plans, there were a series of actions that were carried out in Beijing, including controlling industrial pollution, reducing industrial pollution source, suspending or closing seriously contaminated plants, relocating the most pollutant plants, publicizing clean manufacture and recycling (Song, 2002). Between 2002 and 2005, there were in total 200 factories that potentially could cause harsh environmental conditions that were moved out of Beijing city (Cao, Fujii and Managi, 2013). In order to control air pollution, the government has limited the number of vehicles on the road each day, and set up more than 20 test sites throughout the city to test the daily air quality (UNEP, 2009). In addition to air pollution control, BOCOG and the Beijing government also tracked other environmental issues, such as water, building, energy and public transportation (UNEP, 2009).
Overall, China invested US$17 billion on environmental related projects (BOCOG, 2010a). The effort resulted in a significant short term effect, air pollution has decreased, and traffic system was more efficient. However, there was no significant effect in the long term (Cao, Fujii and Managi, 2013). As one of respondents stated, Beijing improved its environment conditions to present a Green Olympics, but it was only a short term impact for staging the Games. The smog problem in Beijing became worse after the Games. Due to years of heavy industry development, China’s environment has been damaged. Hosting the Olympic Games made people realise the importance of the environment. The environmental condition must be improved and it is a long-term task (Interviewee 2, University Analyst). With the increasing awareness of sustainable development, environment issues have become one of the cores in terms of economic development and growth. Harsh environments could affect investment, tourism and other relevant industries. The Olympic Games provided an opportunity for Beijing as well as for China to think about its developmental priorities. As a valuable legacy left by the Games, the awareness of the environment has been raised in China, as a guide to Chinese economic reform and development in the future.

In order to maintain and strengthen the improvement of environmental conditions from the Olympic Games, the Beijing local government also implemented relevant policies to continue the legacy left by the Olympic Games. According to local government (Beijing Government, 2009), the policies implemented in 2009 included:

- *Advocate the Olympic Spirit, maintain and strengthen the positive*
outcome of the Beijing Olympic Games.

- Focus on improving weak areas in order to upgrade people’s living conditions.
- Improve systems and facilities in relation to walking, cycling and bus transfers.
- Renovate urban public space; improve public services.
- Increase green areas and water-based environmental constructions in the city in order to create a leisure environment for the people.
- Speed up the process of upgrading public facilities.
- Promote relevant scientific innovation; improve management level.
- Expand social participation; encourage people to create a good atmosphere together.

In addition, there were 62 high-polluting enterprises eliminated in Beijing area in 2009, followed up by another 43 eliminations in 2010. In the same year, Beijing’s small coalmines were all closed (Beijing Government, 2010). The largest steelmaker Shougang Group also stopped production in 2010, and completely moved out of Beijing into a new campus in Hebei province (China Daily, 2011). The government also continuously put efforts to control the traffic pollution in Beijing. One the one hand, 224,000 old vehicles were eliminated in 2011, and the government upgraded the transport system by adding 1,100 new electric vehicles and another 1,260 electric buses (Xinhua News, 2013). On the other hand, during the Games, the city government implemented a car restriction rule based on odd and even license plates. This rule was resumed after the Games in order to combat the city’s heavy pollution (China Daily, 2015). However, due to the increasing population and further development, environmental issues are still one of the problems that Beijing is facing. In particular, from 2012 to 2015, air pollution
conditions in Beijing have gone from bad to worse. Relevant news and reports can be often found in the media. In 2015, Beijing won the bid for hosting the Winter Olympic Games in 2022. In the same year, the city government issued guidelines for easing the traffic congestion from 2015 to 2020 (Beijing Olympic City Development Association, 2015). By preparing for the Winter Olympic Games, Beijing started another round of battle in order to improve its environmental conditions. It will be interesting to find out in the future whether the Olympic Games could help Beijing transform a ‘Green Games’ into a ‘Green City’.

6.5 Conclusion

This chapter discussed the economic impact and legacy of the Beijing Olympic Games. In terms of the impact, this study was mainly focused on local economic growth, industry structure, the Olympic economic zone and the impact on tourism. In terms of legacy, this chapter has studied infrastructure, Olympic venues, human capital, relations and environment of the Beijing Olympic Games. In Olympic studies, ‘impact’ and ‘legacy’ are both used to express the effect caused or triggered by staging the Olympic Games. Impact is more often regarded as implying an adverse effect or a damaging or destructive result. On the other hand, legacy tends to be more used to describe the present situation that will contribute to the future. Sometimes these two terms can be used interchangeably.

Based on the study, hosting the Beijing Olympic Games contributed to the local
GDP, but Beijing’s GDP only forms 4% of the Chinese GDP, so the Olympic Games had a more effective impact on Beijing’s economy, rather than on China as a whole. According to the Petty-Clark law, the Olympic Games optimised the industry structure of Beijing into the form of a developed economy. Tertiary industry has taken a bigger part; Beijing’s economy has changed into a service-oriented economy. Besides Beijing, there are also six co-host cities for the Beijing Games. With the economic impact from the Games, each city became an Olympic economic zone to affect the economy of the local region. The Olympic economic zone is similar to the special economic zones from the economic reform. In this context, it has been taken as a reflection of Chinese economic reform, as well as its continuance. In the meantime, from a geographic economic point of view, Beijing and the six co-host cities spread and expanded the economic impact of the Olympic Games. Beijing’s tourism industry was successfully promoted and boosted through the Olympic Games, particularly for the international tourism market. For domestic tourists, the impact was more effective in the pre-Games period, but both markets made a significant contribution to the local economy.

In terms of legacy, there are tangible and intangible legacies. In this study, the tangible legacies are mainly focused on infrastructure and Olympic venues. The Beijing Olympic Games left massive infrastructure projects to the city, including railway transportation, highways, urban roads and a new airport terminal. The Games also improved telecommunication systems in Beijing. Olympic venues are another major tangible legacy from the Games. The maintenance and the utility of
these venues in the post-Games period is always a concern. For Beijing, the Bird’s Nest and Water Cube have found their role after the Games, but whether it is truly a success will have to be tested it in the long term. In terms of intangible legacies, the Beijing Olympic Games left a rich legacy of human capital through health, education and training. However, the study shows this legacy has not been taken to a full use after the Games. Staging the Olympic Games strengthened China’s internal relations, and improved external relations at the same time. In addition, it raised the awareness of environmental issues for both the Chinese people and the Chinese government. These legacies have provided China a foundation and guidance for its future economic development and reform.
Chapter 7 Conclusion

7.1 Introduction

This final chapter deliberates the findings and outcomes on the basis of the combination of research data collected for this thesis. The goal is to reveal the key research questions of Chapter One: what is the Olympic economy about? How was the Olympic economy reflected through the Beijing Olympic Games in China? In what way has the Chinese economy been affected by the Olympic economy, and vice versa? In order to answer these questions, three steps have been carried out. The first was a review of the historic development of the Olympic Games, the Chinese economy and Chinese sport, combined with a discussion of the connection between China, the Olympic Games and China’s purpose in hosting the Beijing Olympic Games. The second was a study of Olympic marketing, in particular the Beijing Olympic marketing in the course of the financial impact of the Beijing Olympic Games. The final step considered the relevant impacts and legacies of the Games from an economic point of view with the aim of revealing their relationship with Chinese economic development and growth. This research provided an insight that could potentially benefit scholars, government policy makers, and organisations in the areas of the Olympic Games and the Olympic economy.
The first section of this chapter examines contributions to knowledge and the theories developed in analysis of the Beijing Olympic Games. The second section addresses the limitations of the data. Based on the research findings and analysis included in this study, various possibilities in terms of future research of this area are discussed in the last section.

7.2 Research Contribution

7.2.1 Contribution to Knowledge

The majority of research on the Beijing Olympic Games, prior to this thesis, was conducted in the period before the Beijing Olympic Games commenced. As an alternative to this narrowly focused approach, this research has provided a view from the post-Games period which, it is argued here, has more of an impact overall. In doing the research in this context, it has contributed to the existing literature in a number of significant ways through the examinations of the economic activities and impact that can be found in the Beijing Olympic Games.

A qualitative research methodological approach has been adopted for the purpose of the thesis with the selection of the Beijing Olympic Games as the case study. Unstructured interviews have been included as part of the fieldwork element of data collection. These interviews were held with governors, scholars and practitioners who were directly involved in the Beijing Olympic Games or who had
worked in relevant fields. Research data, such as statistics, have also been collected through document analysis which includes official reports, government documents, journal articles, books, and mass-media outputs and virtual documents. Through the analysis and interpretation of the data, the response of the key research questions has been explored through Chapters 4, 5 and 6. Nevertheless, it is necessary to draw a systematic overview in order to conduct a conclusion of this research.

Over the past one hundred years the Olympic Games has developed dramatically. The Games have changed from a relatively simple sporting event when Pierre de Coubertin established them in 1896, to the now most popular multi-impact mega event in the world. The impacts of the Olympic Games can, arguably, be reflected through the Olympic five rings symbol. The colour of each ring in this study could be understood to represents different impacts or phenomenon of the Games. The blue ring for example could represent the Olympic Games as an example of globalisation. The black ring can be linked to the political issues in the Olympic Games. The green ring represents the environmental issues. The yellow ring remains the sport phenomenon and the red ring reflects the economic phenomenon of the Olympic Games. In addition to its popularity, the Olympic Games provide a unique stage for the hosts to present themselves under the spotlight of the world’s attention. China was seeking an opportunity like this after the reform and opening up which began in 1978, followed by Chinese sport reform, which could present a new image of China the world. By 2008, and following over
thirty years of reform and development, both the Chinese economy and sport have impressed the world. These reforms are still ongoing processes with a unique Chinese characteristic: where planned and market factors co-exist in both the economic and sport systems. People in China have kept the passion to fulfil their century-old Olympic dreams. Therefore, the Beijing Olympic Games naturally provided the solution for China, in order to introduce the country’s new image and strengthen the reform and opening up progress.

After the commercialisation of the Olympic Games in the Los Angeles Olympic Games of 1984, the Olympic marketing programme was conducted by the IOC. Since then, there have been increasing economic activities and impacts involved in the host city, the nation overall and the Olympic Games itself. In fact, the concept of the Olympic economy has emerged. In the first decade of the 21st century, the development of the Olympic legacy was noticed, and this legacy was more often used to present positive effects of longer duration (IOC, 2013). By the time of the Beijing 2008 Olympic Games, the Olympic economy was developed along with the Games as an integrated process. Nowadays, the Olympic economy can be understood as a sum of numerous economic phenomena, including the Olympic marketing and relevant economic activities, the financial effect related to the revenue and the cost of the Games, as well as the economic effect consisting of impact and legacy that have been retained in the host city and nation by staging the Olympic Games.
With the success of the Los Angeles Games, the IOC officially implemented the Olympic marketing plan in 1985, which became the operational mode for the Games host from an economic point of view. Following from these patterns, the Beijing Olympic marketing programme now included TV Broadcasting, ticketing, licensing, the IOC Worldwide Sponsorship, and the BOCOG sponsorships which consisted of Beijing 2008 Partners, Sponsors, Exclusive Suppliers, and Suppliers. The Olympic economy, in terms of Olympic marketing, was not only continued, but also strengthened and developed during the Beijing Olympic Games. During this time, more than twenty Chinese enterprises were selected as the sponsors of the Games, including Lenovo. On the one hand, these Chinese enterprises were provided with the opportunity to join a leading global market in which they could promote themselves while at the same time learning international business order and practice, hence strengthening China’s opening up policy. On the other hand, the joining of the Chinese enterprises also enhanced the diversity of Olympic revenue resources. When Lenovo became the first Chinese company to be an IOC worldwide partner, along with a few other companies, it has changed the situation where more than half of the revenue used to rely on American companies. At Beijing, the Olympic marketing programme was the largest and most impactful to date, generating the most revenue to the host in Olympic history at the time. Furthermore, the Beijing Olympics achieved a number of records, including the broadcasting of the Games on both TV and internet, using a selected Internet company as sponsor, establishing the Olympic Games Partner Club, plus the issuing of an Olympic banknote, and designed Olympic video game characters.
These projects provided valuable reference to explore new channels for the future development of the Olympic economy.

Staging the Olympic Games has consigned relevant economic impact to Beijing and China overall. The research of the impact within this thesis is focused on economic growth, the industrial structure and impact on tourism in Beijing, and the Olympic economic zone. Since the commercialisation of the Games, staging the Olympic Games was found to be a way to boost the local economy. In this context, needless to say the Beijing Olympic Games was no exception. The enormous investment paid its contribution to the local GDP growth from 2003 to 2007, by adding an average 3% on Beijing's GDP growth rate each year. However, the Olympic investment increased house prices in Beijing, which had a negative impact on the local economy. Furthermore, due to the country's scale, the effective impact of the Olympic Games was centred much more on Beijing's economy, rather than on China as a whole.

As a developing country, one of the goals of economic reform in China is to enhance the industrial structure. According to the Petty-Clark Law, the industrial structure changes in the process of economic progress (Clark, 1957). In a developed economy, the tertiary industry will be the focus of the economy (Li and Huang, 2006). This study shows that tertiary industry has taken a bigger proportion of the industrial configuration of Beijing. By inversing the Petty-Clark Law, it could be understood that the Olympic Games improved the overall quality
of Beijing’s economy, which is a positive example for rest of China to continue further reform and development.

The Beijing Olympic Games had a positive impact in terms of tourism which was apparent before the Games and which lasted for a few years when the Games were finished. The Olympics attracted both domestic and international tourists to Beijing and significant income was generated to the local economy. Staging the Games not only boosted the tourism industry of Beijing, but also promoted the city’s image. By attracting more people to the city, it could potentially bring more business opportunities domestically and internationally.

One of the significant contributions of the Beijing Olympic Games was to create the Olympic economic zones which includes Beijing and other six cities. As discussed in Chapter 6, in line with the economic effect from the Olympic Games, the seven cities have been perceived as seven growth poles for China. As stated by the growth pole theory, growth appears at some growth points or growth poles with different strengths, whereas the effect will spread outward through various channels and generate an impact for the entire economy (Perroux, 1950; He and Tang, 2012; Jolley, 2013). According to the World Bank (2011), the growth pole theory has been used to describe cities or areas where economic growth is concentrated. The seven growth poles are adopted as the Olympic economic zones in this study, where each city’s economy has been affected by the Olympic Games, and the effect spreads out to improve the region’s economy. The Olympic economic
zone is very similar to the special economic zone, despite the fact that the local economy is developed in order to improve the regional economy first and then leading to the entire economy. In this way, the Beijing Olympic Games can be taken as part of the reform and opening up process. On the one hand, it helped to enhance the reform and opening up progress in China. On the other hand, the Olympic economy was extended in terms of its period of effect, and also been expanded in terms of its area of effect from a geographic economy point of view with the seven cities spread out on the coastline of China.

The legacy from the Beijing Olympic Games are mainly seen in infrastructure and Olympic venues as the tangible legacies. The Olympic Games has left a number of infrastructure projects, which improved Beijing’s transportation, telecommunication and relevant facilities. These infrastructure improvements and newly created venues upgraded the city’s image, turning Beijing into a modern metropolitan city. Nevertheless the study shows the huge investment caused by the high cost of the Games. Moreover, the financial resources of these projects were jointly funded by the government and the market, which reflected the co-existence of both the planned and market economy, and the overall character of the Chinese economy. In other words, the government played the major role in terms of the relocation of the financial resources to support these projects, which is unavoidable. As in the areas of infrastructure, government funds have directly and indirectly been invested in all the projects linked to the Games. According to BOCOG (2010a), the investment was not only entered into the city’s development
plans, but also ensured that the government provided the means for success. In this context, a strong planned economy phenomenon was attached to the Olympic economy of the Beijing Games.

In addition to the tangible legacy, this study also explored human capital, internal and external relations, and environmental issues as being the intangible legacies. Schulz indicates that the investment in education, career training and health protection will lead to an economic return (Schultz, 1960). Becker (1993) also points out that health, education and training are the most important investments in human capital. In terms of health, the Olympic Games improved the grassroots sport in Beijing city along with China as a whole country, by boosting the national fitness programme and providing new sport facilities. In terms of education, millions of students benefited from the Beijing Olympic Education Programme. Schools in Beijing were connected with other foreign schools through the Heart to Heart Partnership. In terms of training, the Beijing Olympic Games recruited and trained the biggest volunteer team in Olympic history. In addition, thousands of professional staff members received training before and during the Games. A rich human capital benefit accrued to China by its staging the Games. Yet evidence in the study shows that China did not make full use of this resource.

The Olympic Games boosted Chinese people’s confidence since the nation was united as a whole to support the Games. Meanwhile, the openness to the international media provided a platform for China to shape its international image.
Hosting the Games also strengthened China's internal relations. These legacies provided China with a solid foundation to continue its further reform and opening up.

Furthermore, through the Olympic Games, the awareness of environmental issues was raised to both Chinese people and the Chinese government. This will guide the future economic reform towards the direction of sustainable development.

Staging the 2008 Olympic Games provided China with the experience and ability to host another Olympic Games. In particular, the use of the venues and facilities with international standards that are left from the 2008 Olympic Games and the enthusiasm and support of Chinese people and government are of a clear advantage for China’s first bid for the Olympic Winter Games in 2022.

Overall, the Beijing Olympic Games was more than a sporting event to China. It was a showcase of China’s reform, opening up and progress. The Chinese economy and the Olympic economy have demonstrated China's confidence and rich financial resources.

Needless to say the Beijing Games was the most expensive Games at the time. While the Games, in general, is becoming bigger and more expensive, it is necessary to consider how to control or reduce the cost to make it more affordable for most cities and nations, especially for developing nations. Following the Beijing
example, multi-city hosting of the Games could be one way to reduce the cost for the main city. The Beijing Games demonstrated that more than one city being the host can not only help the host’s regional economic development, but also extend and expand the effect of the Olympic economy. To extend this, multi-countries co-hosting the Games could also be considered, particularly for small countries or countries with small economies. This has been tested through other sport events, such as the World Cup in 2002 which was co-hosted by Japan and South Korea. In fact, in the latest meeting, the IOC agreed that two countries co-hosting the Olympic Games would be allowed (Agence France-Presse, 2014).

Furthermore, the hosts should focus more on developing the intangible legacy to maximise the effect of the Olympic economy. The Beijing Olympic Games proved that intangible legacy is as important as tangible legacy, and the intangible legacies also act as a motor for the tangible ones to develop a long-term legacy (Moragas, Kennett and Puig, 2013). For example, in order to manage the venues in the post-Games period, well-trained professionals with knowledge of advanced management were required, and these professionals could be found from the human capital left by the Games. In addition, the tourism industry could be affected by environmental issues. As the statistics showed, the numbers of foreign tourists in Beijing decreased from 434.3 (10,000 person-time) in 2012 to 365.5 (10,000 person-time) in 2014 (Beijing Tourism Development Committee, 2014). This decrease could also be associated with the harsh air conditions in Beijing.
The tangible legacies are more easily noticed and remembered. However, these legacies, such as infrastructure and venues from the Beijing Games, have a limited period, which means these legacies only last certain amount of time before new investment is required in order to upgrade these infrastructures and venues due to their depreciation or just simply being out of date. There is also a high maintenance fee required during the valid period. Contrary to this, intangible legacies tend to last longer, and focussing on intangible legacies can help avoid over spending on infrastructure and other venues. In that way, it can help to reduce the cost of the Games.

Finally, if the Games are to be co-hosted by multiple cities or countries in the future, it is hard to avoid the imbalance of tangible legacies for different cities or countries. Therefore, focusing on intangible legacies can help balance the effect of the Olympic economy no matter how many or what type of events each city or country hosts.

7.2.2 Contribution to Theory

There were three theories that have been applied to this study. The first is the Petty-Clark law, the second the growth pole theory and the third the theory of human capital.

The Petty-Clark law explains that when the economy is developed, the changes will apply on the configuration of primary, secondary and tertiary industry. This study
adopted this theory and considered it in an inverse way. It is to examine the changes of the configuration of primary, secondary and tertiary industry in Beijing. According to the Petty-Clark Law, the Olympic Games have improved Beijing’s economy into the developed economy level.

Growth poles are perceived as having a spatial or geographic component in the development of the regional economy and growth poles are used to describe cities or other areas where economic growth is concentrated. The growth pole theory was adopted to describe the economic impact of the Beijing Olympic Games in terms of regional economic development of Beijing and the co-host cities, and its potential impact to China’s national economy. Additionally, the growth pole theory also examined the creation of the Olympic economic zone in China as the significant contribution of the Beijing Olympic Games.

Human capital theory is an economic theory, which has been adopted to explore the human capital legacy retained by the Beijing Olympic Games from a health, education and training point of view, and in relation to China’s future economic development and growth.

The theories adopted in this study are all economic theories which have not previously been adopted in sport studies or Olympic studies. By adopting such theories, this study analyses a sport phenomenon using an economic approach. This study also provides a new example to future researchers illustrating that
these theories can be applied not only to economic studies, but also to sport studies and studies of future Olympic Games. Furthermore, such analysis may also apply to the study of events and projects that are similar to the Olympic Games.

### 7.3 Research Limitation

Despite the contribution this study has made to knowledge, it is also necessary to point out the limitations of this study for any future research in this field.

Although limited by time and location, this study carried out 15 interviews, including interviews with governors, scholars, practitioners and businessmen. The researcher interviewed three staff members from different companies. Due to various circumstances, it was not possible to interview more businessmen and women who could provide more information of the companies involved in the Beijing Olympic Games. In future research, more interviewees from the business world could be included, in order to learn more about the sponsors and businesses in the Olympic Games and its impact on economic development in the post Beijing era.

The difficulty of obtaining data is another challenge in this research. First, staging the Olympic Games is a long term process; the effect to the host city could have started before the Games were officially awarded to China. Second, the post-Games’ effect are usually three to five years after the Games, or even longer in some
instances. It was difficult to gather data for such a time span. Third, it appeared that there were some data inconsistencies which were mainly due to the differences in opinion between the Western and Chinese perspectives of the impacts of the Beijing Olympic Games. Finally, it is generally agreed that there is a lack of transparency in terms of data collection and release by the government. Some data such as statistics and figures were reported in different ways before the Olympic Games began and after the Games were finished. Nevertheless, the researcher aimed to overcome these barriers and analysed both perspectives and reported on them as accurately, and in as unbiased a manner, as possible.

7.4 Future Research

More study about the enterprises’ behaviour in the Beijing Olympic Games, and their relationship to Chinese economic reform and policy could be undertaken. As there were six co-host cities for the Beijing Olympic Games, the economic impact on these cities could be another research topic. As the Beijing Games reflected that the Olympics is becoming the rich-man’s Games, another aspect of research could focus on the question of whether or not there are more solutions to make the Games affordable to more countries? Especially for countries having a smaller economy. Co-hosting the Games by two countries has been adopted by the IOC, therefore, how can revenue and other funding be distributed? Such questions could be the topics for further research. The commercialisation and its economic development helped the Olympic movement survive the crisis it was facing.
Nowadays, the Olympic Games have become more popular than ever. The Olympic economy has also emerged. This study shows that for the Beijing Olympic Games, the macroeconomic impacts are more significant than microeconomic impacts. Based on this, it is worth conducting future research on the nature of the changing Olympic economic impacts on the host city and country. Further research on what a host city or nation should focus on in order to benefit most from the Olympic economy is also warranted.

Beijing is preparing for the bid of the 2022 Olympic Winter Games, and in this regard the study of the preparation for the bidding could include an examination of the relevant impact and legacy from the Beijing 2008 Olympic Games. It could also move on to analyse which impact or legacy has benefited the city in the long term. It could give assistance to policy makers, organisations, and practitioners who review the economic impact of the Beijing 2008 Olympic Games, and to make suggestions for the 2022 Olympic Winter Games. Meanwhile, it could be a reference for any other mega events hosted in Beijing and China in the future. Alternatively, the findings and outcomes could also be useful for cities that plan to host the Olympic Games or similar mega events worldwide.
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