



The economic impact of Tokyo 2020 Olympic Games that never happened

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Abstract

Background

Hosting of events are often justified by the expected short- and long-term economic impacts and legacies. There are several frameworks to quantify these results to receive buy-in from stakeholders. Hosting of Summer Olympics require much long-term planning, infrastructure expenses, and their expected outcomes are outlined in detail. The cost of hosting a mega-event have rapidly increased during the past decades, thus hosting of the Tokyo 2020 Olympic Games under a worldwide pandemic provides an opportunity to examine these effects and discuss the possible way for the Olympic Games going forward.

Task and Objective is to quantify the gap between the expected economic impact and reality, while gaining a deeper understanding of these impacts from the perspective of local stakeholders from the social perspective.

Implementation methods used were a mix of quantitative research methods in the form of economic data and statistics, as well as qualitative research methods by conducting semi-structured interviews.

Results indicate that while there is a gap between the expected economic impact gained by hosting of the Tokyo 2020 Summer Olympic Games and reality, it is not substantial from the perspective of economic growth for Japan. However the long-lasting social aspects of hosting of the Games during the worldwide pandemic will linger, and quantifying of long-term economic impact will require further research.

The conclusions withhold the answer to the two main research questions and indicate that social legacies and long-term image of Japan were seen as much more important than short-term economic gain. Understanding of how to further leverage non-host cities and activate local communities are recommended topics of further research.

Keywords/tags (subjects)

Mega-events, Olympic Games, Tokyo 2020 Olympics, Economic Impact, Impact Analysis, Event Legacy, Social Leverage, Triple Bottom Line

Confidential information: No

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1 Introduction

1.1 Background

The Olympic Games have a long history, all the way back to Ancient Greece, where it was held as a religious festival. Outside of the sports events, the festival grounds around Olympia were already then considered as a location where anyone could reach a large audience, thus painters, artists, and merchants all wanted to showcase their wares. From this perspective, the Olympic Games significance as a mega-event that can increase the amount of trade, showcase the host nation's culture heritage and boost its image remain highly unchanged (Olympics.com, 2021).

Fast forward thousands of years, and the first Summer Olympic Games in its current shape were held in Athens in 1896. Since then, three Olympic Games have been cancelled due to the World War and World War II. In other words, the Summer Olympic Games have been held since 1948 regardless of the global conditions (IOC).

The Tokyo 2020 Olympic Games, then create an unrepresented situation in the history of the Olympic Games. Postponing the games by a year, while operating under strict constrictions, and heavily limiting the number of spectators is all first-times in the history of the Olympic games. Budget overruns and record-high costs have been a recent trend of the Olympic games, however generally these costs have been justified by the positive economic impact and legacy. In the case of Tokyo 2020 Summer Olympics, however, on top of the budget over-runs, the organization has faced extra costs due to the COVID-19 health and safety precautions, while missing out on the major economic contributor, namely tourism and visitor spending. In short, all the cost and related to hosting has been incurred, while many of forecasted upsides did not materialize (The Economic Impact of Mega Sport Events).

Table 1: Budget overruns of Olympic Games since 2000 (Oxford Olympics Study)

	Flyvbjerg et. al (2020)	Preuß et. al (2019)	
	Operational and direct capital cost overruns	Operational cost overruns	Direct capital cost overruns
Sydney (2000)	90%	51%	56%
Salt Lake (2002)	24%	114%	28%
Athens (2004)	49%	30%	29%
Turin (2006)	80%	58%	20%
Beijing (2008)	2%	4%	*
Vancouver (2010)	13%	12%	13%
London (2012)	76%	48%	43%
Sochi (2014)	289%	-6%	178%
Rio de Janeiro (2016)	352%	**	**
Pyeong-Chang (2018)	**	24%	**

*No direct capital costs were included.

**No final figures were available at the time of writing.

As it can be understood from the table based on an Oxford Olympics Study, every single edition of the Olympic Games since 2000 have experienced some level of cost overruns. Furthermore, on many editions of the Games the magnitude of cost overruns has been significant. The recent Games at Sochi and Rio de Janeiro are outliers and have very ran over the budgeted costs by a large margin. (The Oxford Olympics Study 2016).

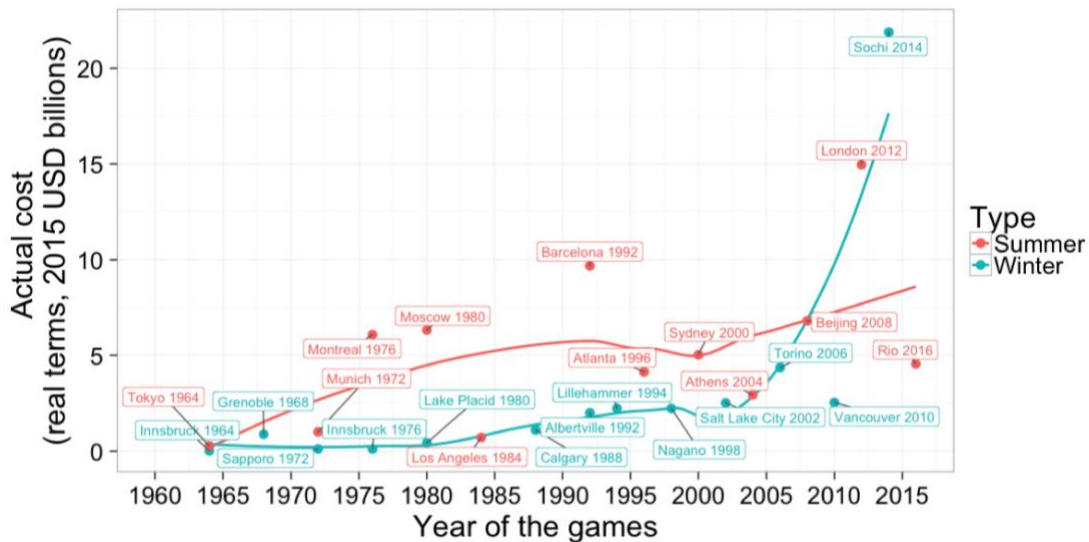


Figure 1: Costs for Olympics 1960-2016 (The Oxford Olympics Study 2016)

Furthermore, looking at the long-term cost development of Olympic Games in real terms, it is apparent that hosting of the Olympic Games has become more expensive. Another interesting point is that the costs of Summer Olympic Games have increased more compared to the Winter Games. This is mostly due to the fact that the Summer Olympics are seen as the most prestigious sport event, and provides the motivation for more wide-ranging infrastructural changes to the host nation (The Oxford Olympics Study 2016).

1.2 Field of study: Tokyo 2020 Summer Olympic Games

There is a plethora of research and academic literature regarding the positive, as well as negative impacts and legacies involved in sports mega-events by scholars, such as Preuss et al, and Crompton. However, no research has been conducted of Summer Olympic Games held under such unrepresented situation. Furthermore, Holger Preuss has conducted extensive research regarding the Sports mega-event legacies and have contributed in defining the various aspects of legacy. The research has also contributed in creating a framework to measure event legacies.

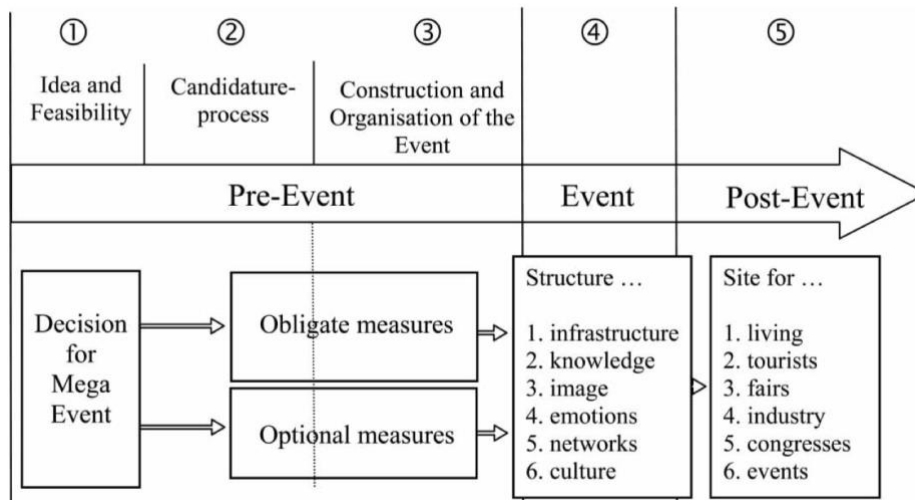


Figure 2: Process of building up planned event legacy (Preuss, 2007)

Crompton et al. in 2001 created a framework and guidelines regarding how to calculate the economic impact of an event. The research focuses on the various types of visitors and how their consumption affects the economy during the event. Based on these various perspectives, we can gain a holistic image regarding how sports mega-events can have an effect on the host region (Crompton, 2001).

Hosting of a mega-event, of which held as the pinnacle the Summer Olympic Games is generally believed to benefit the host city in a plethora of ways. These benefits are often the motivation to bid as the host nation. Direct economic benefits are generally divided into the increased number of foreign tourists and increased expenditure spurred by hosting the event, and increased infrastructure spending in services and facilities to support the increased demand. Aside of these direct economic benefits, there are also various other impacts, such as environmental, cultural and political impacts caused by hosting a mega-event (Masterman 2004, Lee, C, 2009).

Through increased media-attention the host nation can also improve their destination brand image and thus create sustainable growth as a tourist destination. This would ultimately create long-term increase in consumption and demand, create more jobs and thus increase the amount of taxes, creating a virtuous cycle. The increase in infrastructure spending, and other costs related to hosting such an event are then generally justified by the various short-term impacts and long-term benefits when bidding to become a host nation for such an event (Masterman, 2004).

However, hosting the Tokyo 2020 Summer Olympic Games under a worldwide pandemic with the borders closed from international tourism, barring foreign spectators, and simultaneously highly restricting local visitors greatly reduce the expected tourist expenditure and thus direct economic impact of the games. Outside of the economic impact hosting the Games under these circumstances, the Japanese are very concerned regarding the long-term social and political implications.

1.3 Problem discussion

Due to the ever-increasing cost correlated with hosting of the Olympic Games, the IOC has shifted its focus towards more sustainable practices. The IOC has created its version of the SDG's and how the Games can create a more sustainable future. One major shift is regarding infrastructure expenditures. During the previous editions of the Games, much emphasis has been put on creating new infrastructure, buildings and facilities to cater for the Games. However, there is now a shift in utilizing available structures and creating only temporary fixtures. The Games are trying to reposition from economic development provided by the Games towards more social aspects and avoid creating of "White Elephants", that is "*a possession that is useless or troublesome, especially one that is expensive to maintain or difficult to dispose of*" (Oxford Languages).

When the Japanese were polled in July 2021, before the games, majority of the leading expectations concerned COVID-19 and its various impacts on Japan. Several expectations also concerned economic improvements caused by the Games, but what is noteworthy is how many items regarded the social aspects, such as revitalization of all of Japan, heightened interest in sports by children, and improving the international competitiveness of Japanese athletes (Statista, 2021).

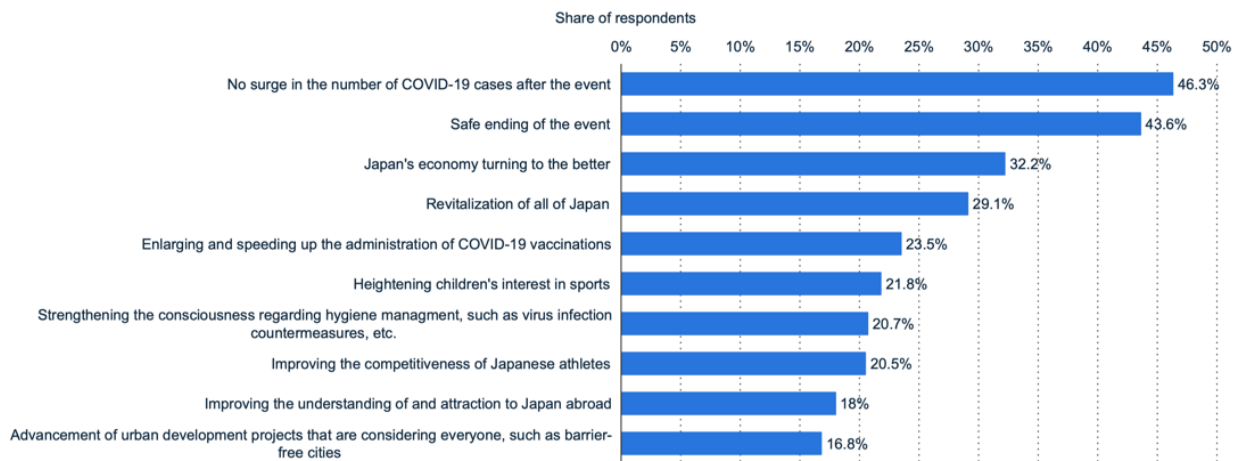


Figure 3: Leading expectations concerning the Tokyo 2020 Olympics (Statista, 2021)

Furthermore, the public opinion before holding the Games in July 2021 was mostly negative, with 41% of polled stating the games should be completely cancelled, while 40% answered the Games should be held without spectators. With more than 80% of respondents holding somewhat negative connotation regarding holding the Games during the pandemic, the Olympic Games were held under high restrictions and regulations (Statista, 2021).

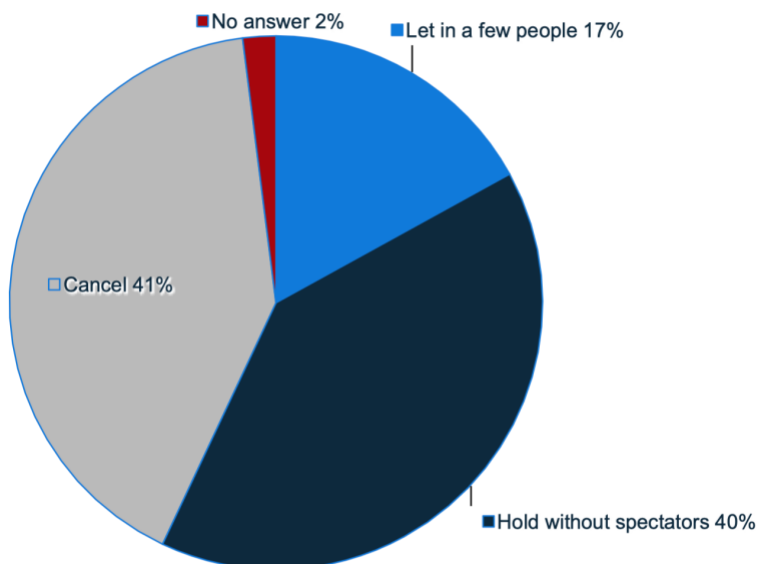


Figure 4: Public opinion on hosting the Tokyo 2020 Olympic in Japan (Statista, 2021)

When the attitudes of Japanese were polled Post-Games, only 22,3% responded that the games should not have been held, while almost 39% approved of the hosting of the Games (Statista,

2021). In hindsight, because the number of COVID-19 cases were kept under check and there were no major outbreaks among the athletes or spectators, the attitudes were more positive after the Games (Statista, 2021).

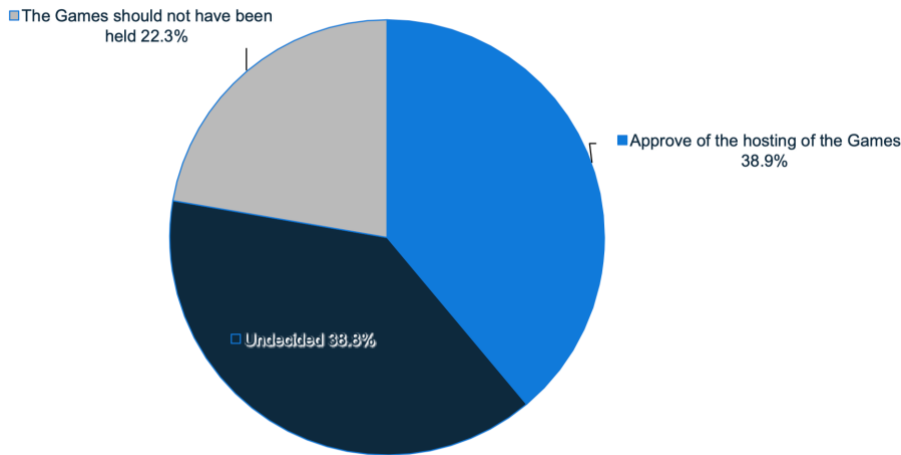


Figure 5: Post-Games attitude regarding the Tokyo 2020 Olympics (Statista, 2021)

1.4 Purpose

The author wishes to investigate the assumed and expected positive economic impact provided by hosting the Tokyo 2020 Summer Olympic Games, and the reality of hosting the Games under heavy restrictions for travel, various restrictions for local citizens, as well as banning foreign spectators. The purpose of this thesis is to first quantify the gap between expected economic impact and the true outcomes, and secondly explore what types of short- and long-term impacts the Olympic Games had on local businesses, from an economic, as well as social perspective.

1.5 Research questions

Based on the problem discussion above, the author delves into the plethora of research available regarding tourism, events, economic impact, as well as legacy of sports mega-events. Much of the research is focused on the positive effects mega-events can provide to the economy and society. While various negative impacts are often identified, they are often underplayed in order to appeal to the stakeholders and gain financial backing to host the event. However, we are currently facing an unprecedented situation, a global pandemic that has transformed our world functions. The event industry, which business model has long been focused on physical events and ticket revenue have

faced many difficulties, and especially spectator sports have had to transform. Not only were the Olympic games delayed by a year, but spectators were also highly limited transforming the whole event.

When Tokyo won the bid for the 2020 Summer Olympic Games in 2013, it has ever since incurred costs in preparation for the uptick in demand caused by tourism expenditure. However, now the event will be held without foreign visitors, and even the local participation is greatly reduced. Thus, the local businesses will most likely not be able to reap the fruits of their labor, the expected uptick in consumption they were promised and preparing for.

The main research questions therefore are set as follows:

- How big of an economic impact did not materialize and how does it affect the local businesses in the tourism industry, namely accommodation, restaurants and travel companies?
- What are the main concerns of local stakeholders involved with the Games when run under a worldwide pandemic?

1.6 Scope and limitations

Due to the time and resources required to conduct a full-sized economic impact study, the scope of this thesis will be narrowed down to the direct impacts induced by tourism and furthermore visitor spending. Utilizing a visitor from United Kingdom as an example, the majority of expenses amount from Accommodation, Food and drink, and Transportation. Albeit the portion of Entertainment services are small, it has been gradually increased and this trend would have most likely continued towards the Tokyo 2020 Summer Olympics (JNTO, 2022).

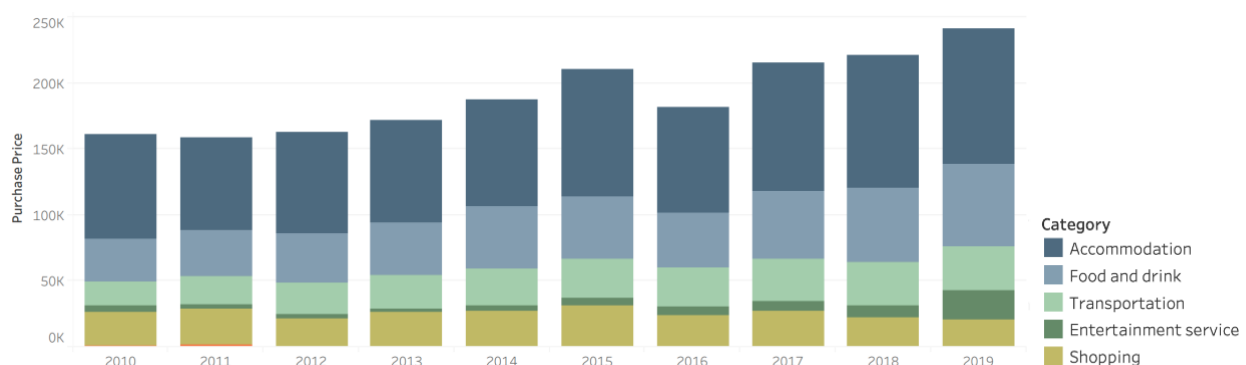


Figure 6: Travel Spending per Capita by Category, (UK visitors, JPY) (JNTO, 2022)

The scope of this thesis will be limited to the tourism industry, and more importantly visitor spending, as this is one of the most affected vertical by the pandemic. From a local business perspective, various investments and resources have been put into place in order to prepare for the increase in demand. It is the purpose of this thesis to first quantify the gap between expected and promised economic impact and reality based on econometrics and various tourism indicators. Through the research it became apparent that the overall economic impact of Tokyo 2020 Summer Olympics for Japan's economy is not as much as previous editions have had on the host nation. Furthermore, by conducting interviews with stakeholders involved in the Olympic Games, it became apparent that the long-term social legacy is seen as more material than the short-term economic impacts. Through these findings, the scope will also include aspects of social legacy and social leverage.

1.7 Disposition

Table 2: Disposition of the thesis

Introduction	Chapter 1 provides information on the background and field of study, followed by the discussing the problem and purpose of this thesis. Based on this background, the research questions are introduced, including the scope and various limitations revolving around the thesis.
The unforeseen impacts of COVID-19	Chapter 2 provides an outline of how COVID-19 has, and continues to impact our world from an economic perspective. The research goes deeper into the tourism sector with a Japan focus. Finally the author provides insights of what could have become of the Tokyo 2020 Summer Olympic Games without a worldwide pandemic.
Sports Events and Tourism	Chapter 3 outlines the theoretical background and statistical information regarding events, tourism and the related industries that have the biggest impact from the perspective of tourist consumption. The author also provides examples of London 2012 Olympic Games and the 2019 Rugby World Cup to showcase how previous mega-events have impacted a host nation. Finally, the author discussed the Olympic Agenda 2020 to provide insight on the future of the Olympic Movement.
Event Impacts	Chapter 4 provides the theoretical frameworks regarding economic impacts and legacies, legacy planning and event leveraging. This chapter also explains what elements are involved in economic impact studies and how they are utilized to justify the expenses concerning event hosting.
Economic Data analysis regarding Olympic Games	Chapter 5 introduces research conducted by the Bank of Japan, Tokyo Metropolitan Government, and Nomura Research institute that all quantify the expected economic impact and legacies, as well as discuss the gap between expectations and materialized impacts.
Research Methodology	Chapter 6 outlines in depths the various aspects of research methodology and explains the authors approach when conducting research.
Result	Chapter 7 provides the results of macroeconomic indicators and statistical data, as well as the conducted semi-structured interviews in detail.
Conclusions	Chapter 8 provides concluding remarks regarding the thesis, and summarizes the main findings.
Discussion	Chapter 9 provides subjective opinions of the author regarding this thesis and provides suggestions for future research.

2 The unforeseen impacts of COVID-19

The next chapter will outline various impacts the pandemic has had on the World and Japan, focusing on economical markers and tourism industry in Japan especially.

2.1 Impact of COVID-19 on the Gross Domestic Product in Japan

Ever since the global financial crisis of 2007-2009, the global Gross Domestic Product (GDP) growth rate has generally been positive. As a developed country, the economic growth of Japan has been modest at best and far below the global average, but has still remained positive throughout the time-series. Due to the pandemic, the worldwide GDP decreased by 3.6% in 2020, while Japan decreased more, by 4.8% correspondingly (Worldbank). In 2021, the worldwide economy is forecasted to bounce back and grow at a high pace of 5.6% Year on Year, while Japan is also expected to grow by 2.9% (Worldbank).

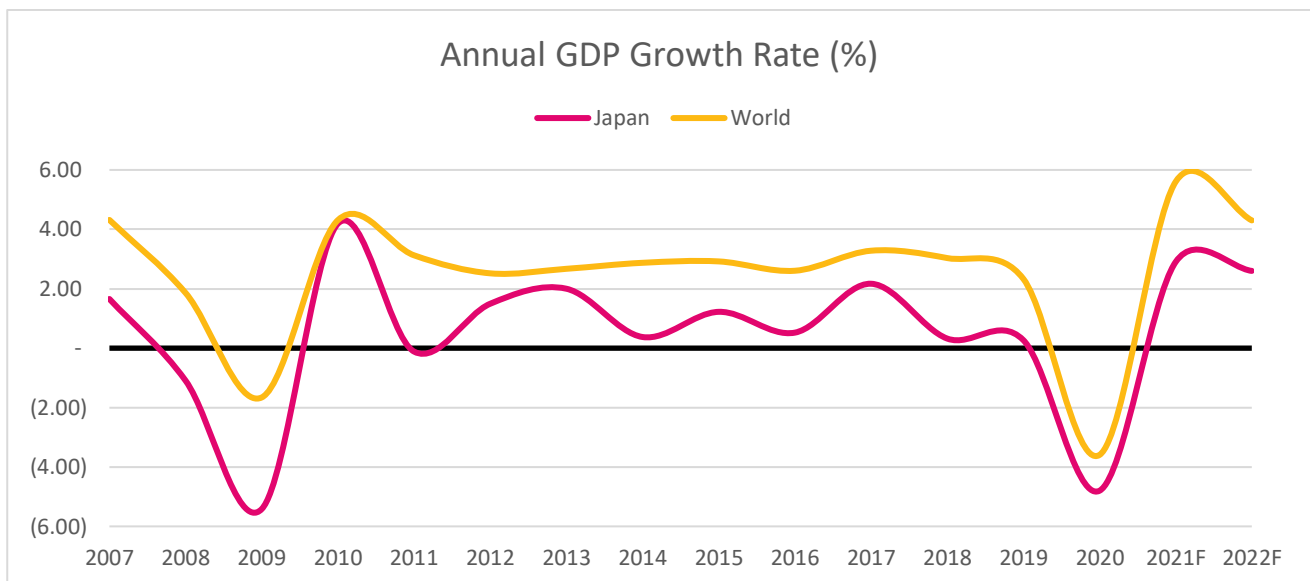


Figure 7: Worldwide and Japan annual GDP growth Rate (Worldbank, July 2021)

When the news of a new virus started circulating in the early 2020, nobody could foresee how it would transform our lives. From a strictly economical perspective, the worldwide GDP declined more than 3,5% in 2020 year on year, and the decline was even steeper in Japan reaching close to 5%. To put these figures into perspective, the last financial crisis shrank the global economy by

1,6%, thus the impact of the pandemic is more than double compared to a strictly human created financial crisis (Worldbank, July 2021).

Albeit a rather quick economic recovery is forecasted, there are various long-lasting effects impacting Japan. For example the disruptions in the supply-chain will continue to impact the Japanese economy going forward as well.

2.2 Worldwide Tourism industry

Total contribution of the worldwide travel and tourism industry grew from approximately US\$6,000 billion in 2008 to more than US\$9,000 billion in 2019. This translates to a CAGR of 4,6%, which is higher than the overall GDP growth during the same time period. During the first year of the pandemic, this contribution was almost halved to less than US\$5,000 billion (Statista, 2021).

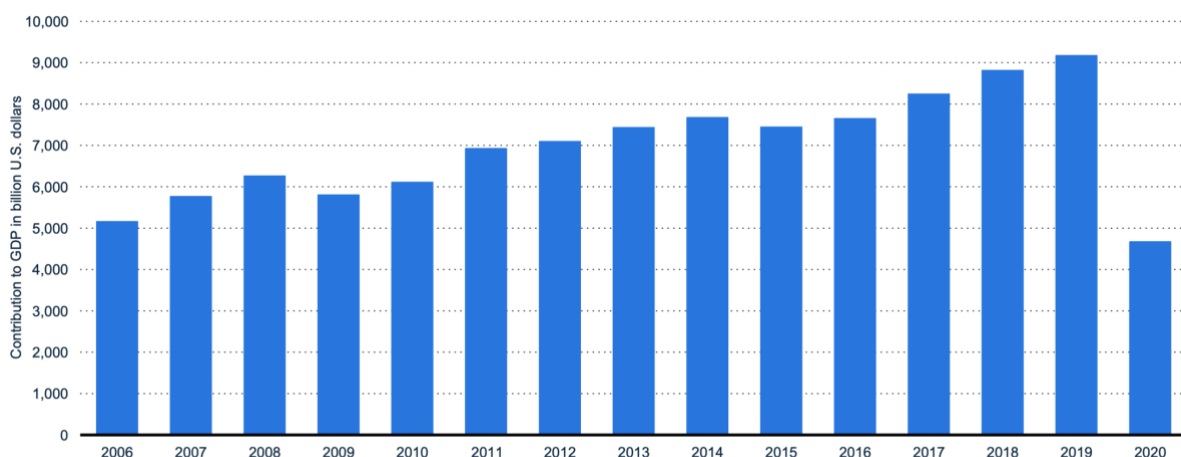


Figure 8: Total contribution of travel and tourism to GDP, Worldwide (Statista, 2021)

Out of this total contribution, leisure travel comprised of approximately 40% in 2010, and has increased to 50% in 2019. Similarly, business tourism spending comprised of 15% in 2010 and has remained constant up to 2019. The change in this distribution can be partly explained by opening of the world from the perspective of ease of travel. For example various countries have demolished visa requirements from visitors, as well as implemented tax-free shopping rules and regulations to promote consumption at the region (Statista 2021).

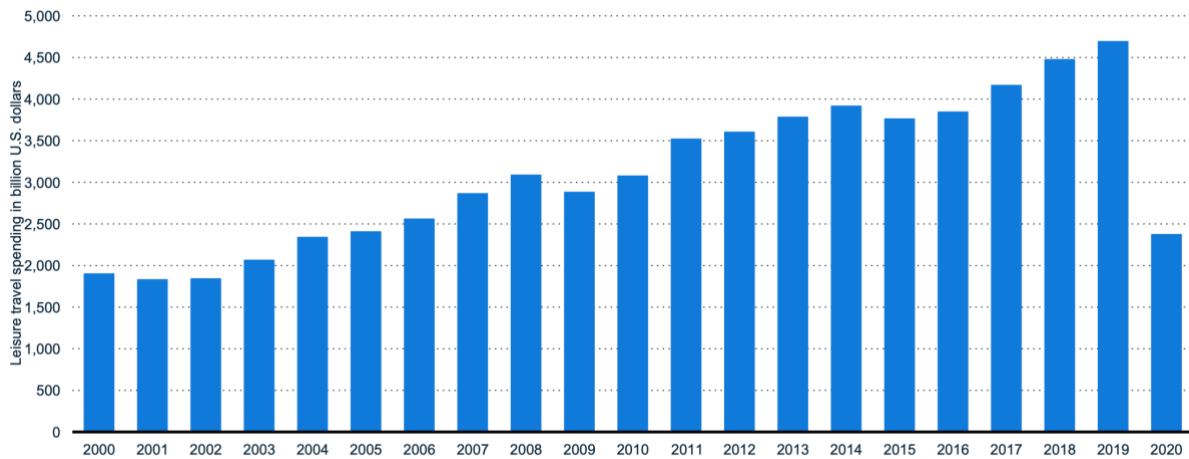


Figure 9: Leisure tourism spending Worldwide, US\$B (Statista, 2021)

Geographically, one factor contributing to this raise in leisure travel is the emergence of the middle-class in Asia, where large numbers of people have more in disposable income and are able to travel for leisure reasons. Europe has historically contributed the most in terms of number of international tourists, and this can also be explained by the easy international access within the European region.

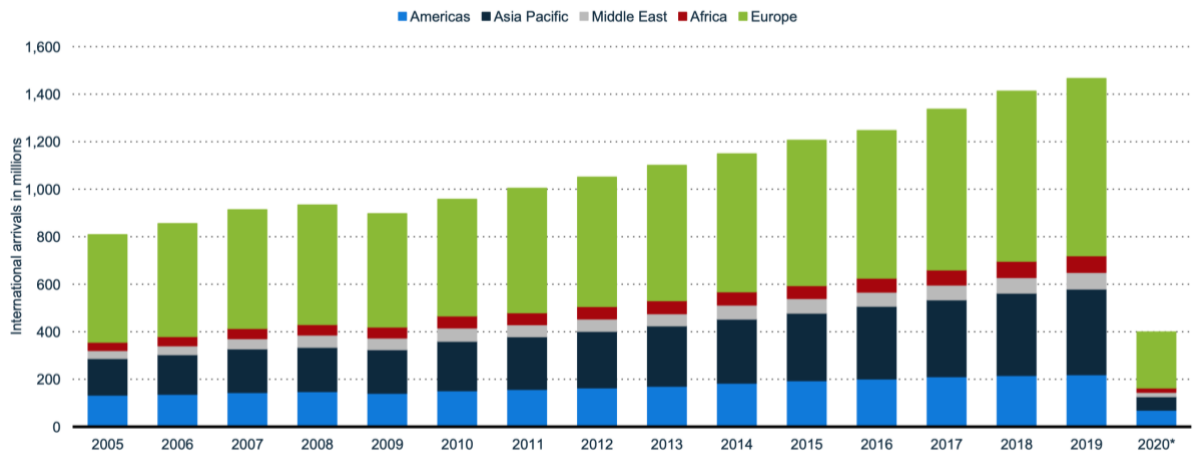


Figure 10: Number of international tourist arrivals worldwide by region (Statista, 2021)

Sports tourism industry

According to recent research, the global sports tourism was valued at US\$232 billion in 2020, and is forecasted to reach US\$1,804 billion by 2030. This translates to a CAGR of more than 16% and is mainly driven by the rise of GDP and increase in interest towards experiences. This high growth rate makes sports tourism the most rapidly growing segment within the tourism industry. Furthermore, the increase in international sports events drive the value of the market up. (Allied Market Research, 2021).

2.3 Impact of COVID-19 on tourism in Japan

Due to the nature of the virus and the restrictions placed by various governments, the impact is especially great on the travel and tourism industry. According to Statista research, the market was forecasted to grow a modest 4% from 2019 to 2020, but in reality, shrank by 44% instead (Statista, 2021). In the case of Japan, the numbers are even starker due to the heavy travel restrictions. The consumption by foreigners visiting Japan was on a strong upward trajectory, but declined by 85% from 2019 to 2020 and domestic travel expenditure by 44% respectively (Japan Tourism Agency, 2021). According to research by the World Travel & Tourism Council (WTTC), this impact translates to 1.2 million people losing their jobs within the industry. The worldwide sports industry was similarly forecasted to grow approximately 5%, but contracted by 46% from 2019 to 2020 (AP News, 2021).

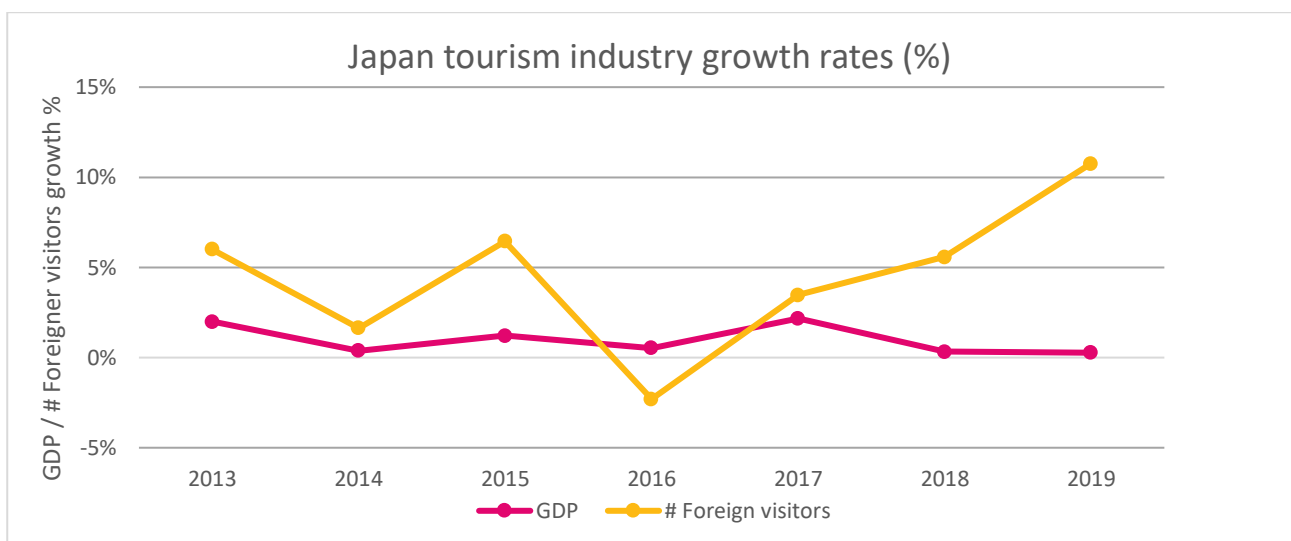


Figure 11: Japan tourism industry growth rates (Worldbank, 2021)

The growth of the Japanese tourism industry has been much higher than that of the economy in general. The Olympic games cannot be assumed to be the sole driver, but has acted as one of the catalysts for growth. As time passed and resources were spent, the tourism industry was reaping the benefits of the Olympic games. The number of foreign visitors entering the country, as well as their spending was on an upward trend for several years towards 2020 (Japan Tourism Agency, 2021).

訪日外国人旅行者数・出国日本人数の推移

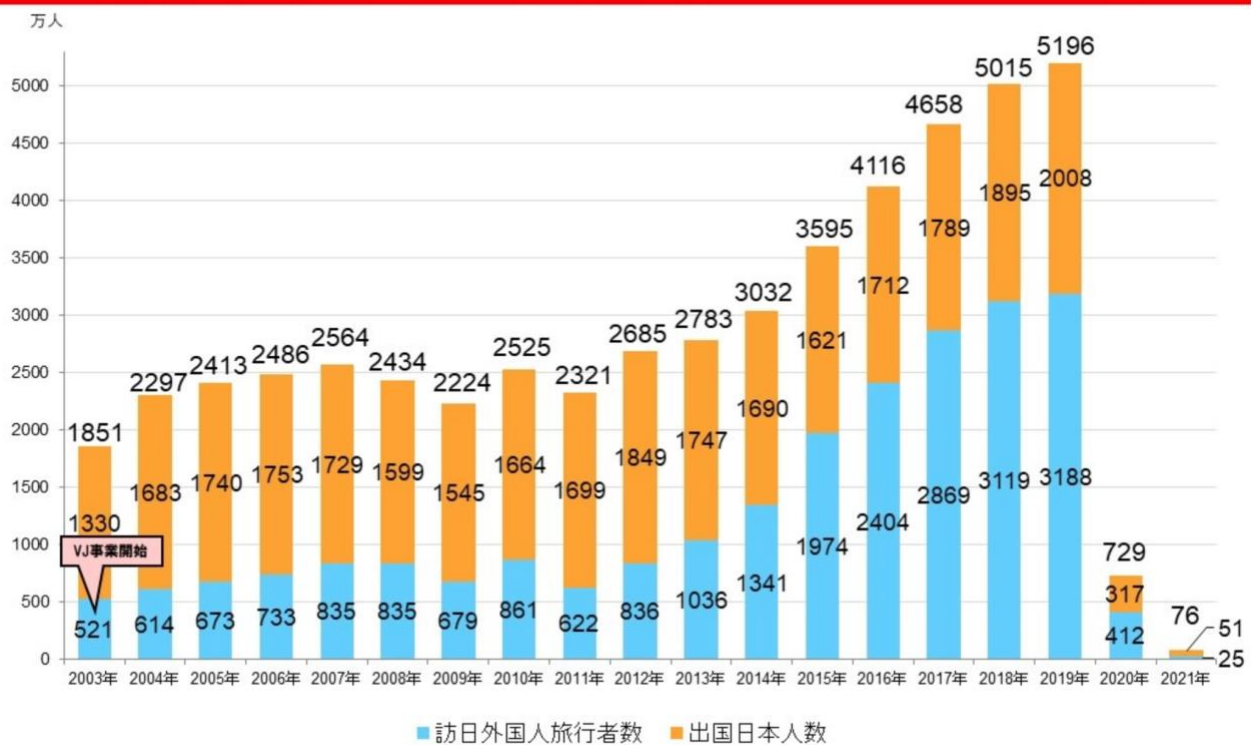


Figure 12: Number of foreign visitors and number of Japanese leaving Japan (10,000 people) (JNTO, 2022)

According to the latest statistics by the Japan National Tourism Organization, it becomes apparent that the number of foreign visitors throughout 2021 were very minimal. This is mostly due to strict regulations required to enter the country during the pandemic period (JNTO, 2022).

2.4 COVID-19 and the Tokyo 2020 Olympic Games



Figure 13: Timeline towards The Tokyo 2020 Summer Olympic Games

When Japan won the bid to host the Summer 2020 Olympic Games in 2013, it set in motion the long preparation process towards the games. The IOC requires all bidders to have a detailed action & legacy plan, outlining the various impacts the Summer Olympics would have on the economy and society. The action plan was put into action in 2016, where the public sector, as well as a private sector has used resources to prepare for the influx of economic stimulus created by the Olympic games. Furthermore, the Tokyo Metropolitan Government, as well as The Bank of Japan have created detailed calculations regarding the impact and legacies the games are to create.

2.5 The Tokyo Olympics without COVID-19

After reviving from the financial crisis, the number of foreigners visiting Japan has been increasing steadily. Simultaneously, travel spend per capita has also been increasing (Japan National Tourism Organization). After winning the bid to host the Olympic Games in 2013 the visitor arrivals gained even more momentum, thus based on this historical data, Japan was safe to assume a healthy uptick in tourism during the Tokyo 2020 Olympics.

Although the proportion of domestic travelers in Japan is very high compared to foreigners, the growth rate of foreigners far outgrowth the growth of domestic travelers. The uptick from 2013 can be partially explained by the increased in Japan by Tokyo winning the bid to host the Tokyo 2020 Summer Olympic Games (JNTO, 2021).

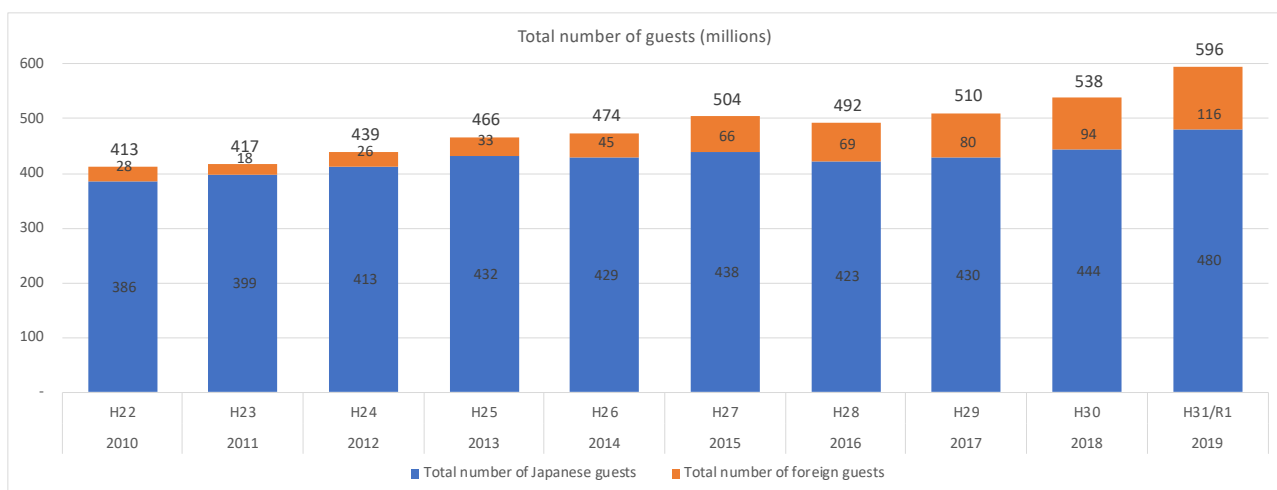


Figure 14: Total number of quests traveling in Japan (JNTO, 2021)

From the perspective of consumption, the growth rate is even more significant. There is a clear uptick in consumption by foreign visitors. It is interesting to see a large increase from 2013 to 2015, which is when Tokyo won the bid to host the Olympic Games (JNTO, 2021).

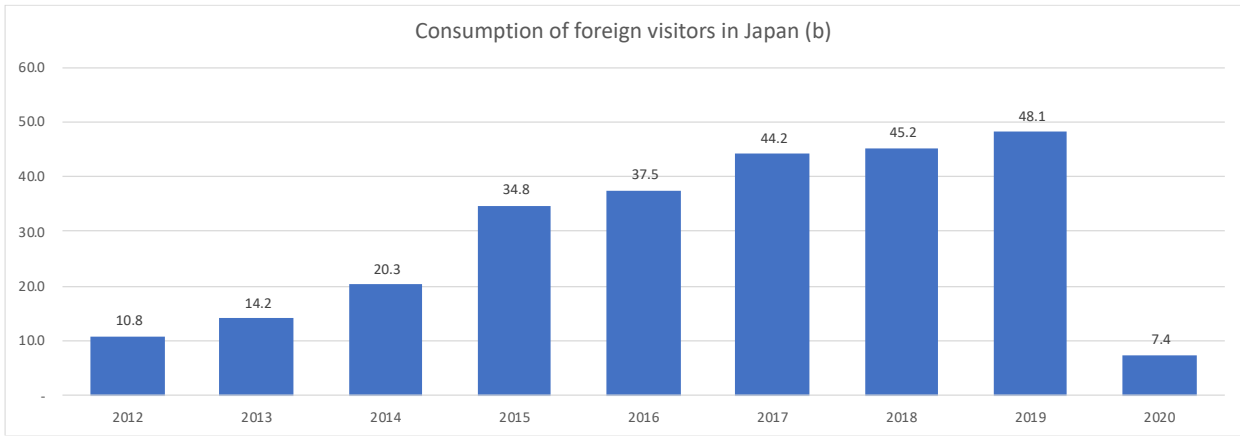


Figure 15: Consumption of foreign visitors in Japan (JNTO, 2021)

From the perspective of purpose of visits, the proportion of tourism has far outgrown the pace of business and “others”. In 2010 74% of tourist arrivals were allocated to tourism, 16% for business and 10% for others. By 2015 the number of foreign visitors had more than doubled, while the proportion of tourism had already reached more than 85%. Finally in 2019, visitors specified as entering Japan for tourism was almost 90%. This trend in tourism far outgrows the global rate of growth. According to the World Tourism Organization, the number of international tourists arriving to Japan rose from 1,669 billion in 2010 to 2,28 billion in 2019, an increase of 37%. In the case of Japan the overall growth was 270% during the same time period (Worldbank, 2021).

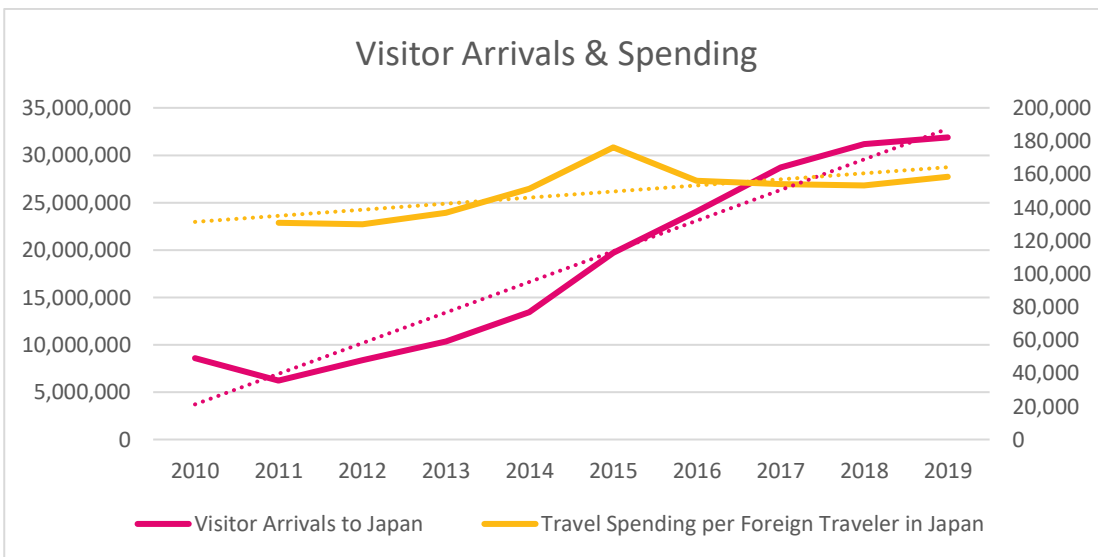


Figure 16: Number of foreign visitors and travel spending per capita in Japan (JNTO, 2021)

Furthermore, not only has the number of visitors, the amount of consumption increased, but also the spending per foreign visitor has been increasing through time. Part of this can be explained by the worldwide mega-trends, such as the rise of the middle-class, where more individuals from especially the emerging countries rise have more disposable income (JNTO, 2021).

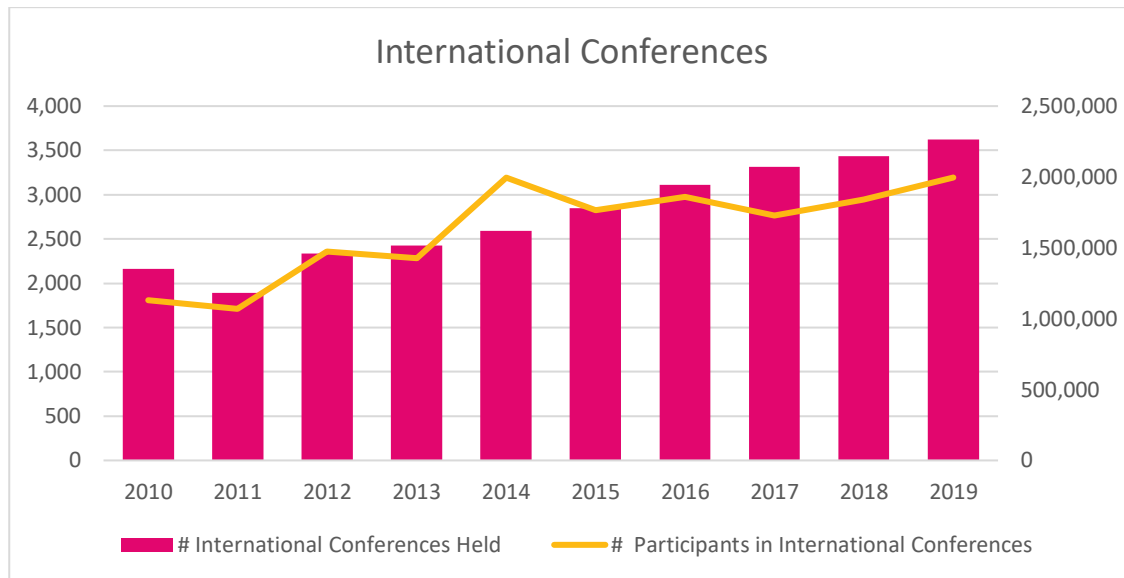


Figure 17: Number of international conferences and participants in Japan (JNTO, 2021)

Another metric often used to measure the global attractiveness of a region is the number of MICE (Meetings, incentives, conferencing, exhibitions). Similarly to the number of tourists, there is a clear upward trend in the number of international conferences and number of participants in Japan (JNTO, 2021).

3 Sports Events and Tourism

This chapter provides an overview of relevant research and frameworks regarding sports events and tourism. The chapter starts by explaining the types of events and providing examples of mega-events from the past. Next, the author outlines relevant theories regarding tourism and how it impacts local economy. The theories are applied in the thesis to later analyze the empirical results.

3.1 Events

The simplest definition of an event is “something that happens” (Beech 2014). An event is defined to have a start and an end point, and can be generally divided into planned and unplanned. If the event agenda or schedule is planned in detail, the event is called a special or a planned event. Special events normally occur in a specific location and within a certain timeframe. Ordinary or unplanned events are often spontaneous with no official event organizers or management organization. People with a specific purpose generally set ordinary events in motion, such as demonstrations or charity events, but they are categorized different from events that are planned. Often unplanned events can also receive a much media attention and attract participants due to the cause (Getz 2005; Getz 2007).

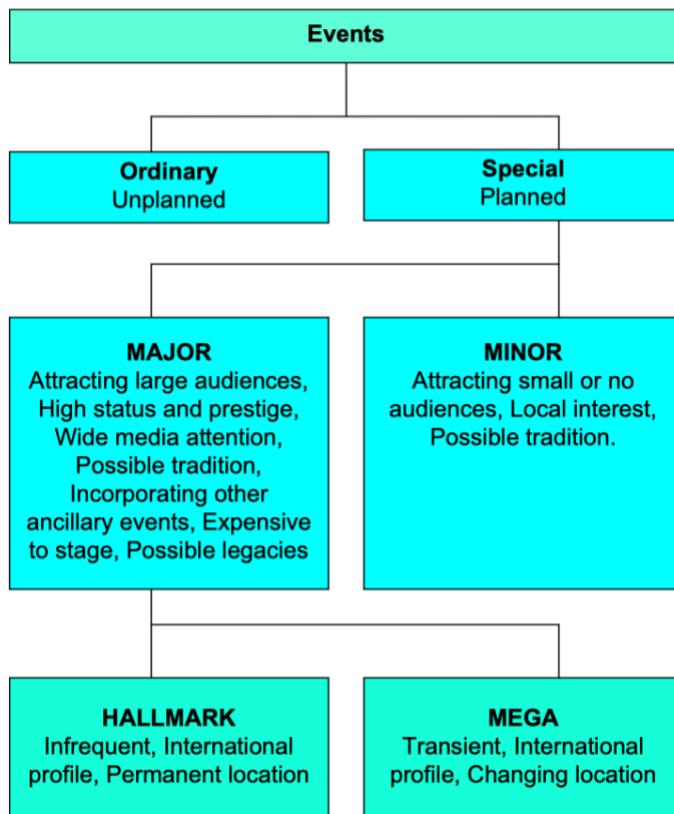


Figure 18: A definition for event (Jago and Shaw, 1998)

Mega-events are described as events that are so considerable they impact whole economies and resonate in global media. Hosting of mega-events generally involves a bidding process due to their prestige. Mega-events have the power to produce high levels of tourism, media coverage, improve

the destination image of the host and induce an economic impact for the host community. One definition adds that a mega-event should attract at least one million visitors, while capital costs should be a minimum of US\$500 million. The Olympic Games, FIFA World Cup are well-known examples of mega-events (Bowdin, McDonnell, Allen and O'Toole 2001, Getz 1991).

Hallmark-events are defined by Ritchie (1984) as *"major one-time or recurring events"*, with a limited duration and developed mainly to increase awareness, image and profitability of a tourism destination. Hallmark-events rely for their success on distinctiveness of location, status or timely significance to attract attention and create interest. Oftentimes hallmark-events become synonymous with the host place, such as Carnival Rio de Janeiro, or Kentucky Derby. Similarly to Mega-events, Hallmark-events have the power to create a competitive advantage for the host cities compared to similar locations with no such prestige (Ritchie, 1984)

Finally, major-events are large enough to attract national media, a large number of spectators and also create economic benefits. In sports settings, these events attract international talent, are prestigious but do not have the same level of scale as hallmark, or mega-events.

Event Tourism

According to Masterman (2004), events are seen as stimuli for driving tourism. Event tourism does not only include the event itself, but can be leveraged pre-and-post event to build and develop the image and profile of the host location. Increased media attention and publicity can have a positive impact for attracting tourists well before the event, while also inviting tourists to lengthen their stay. These measures can ultimately improve the local economy (Masterman,2004).

The main focus of this thesis is on special, planned events, and more precisely sports mega-events that have wide-ranging economic implications and have the power to create structural changes to the host region.

Sports Events

Similarly to events in general, sports events also vary greatly in size and prestige. Sports events can range from single-sport, single day events in schools to regional, national or international multi-

sport events. It has been acknowledged that sports events have the power to create something more valuable than the economic impact of the event itself. The interest towards sport and thus the sport sector is growing, which is why organizers and other stakeholders have also taken an interest in hosting sports events (Taylor 2011).

Sports events have a long history. Starting from the early Greek, Egyptian and Chinese cultures have created the basis for our modern-day hall-mark and mega-events, such as the Olympic Games and FIFA World Cup. Sport and sports event industry has become a multi-billion market, which impact most of people's lives in the world. Outside of the economic impacts, it has been recognized to also contribute to political, social and practical forces in the present and future (Masterman, 2009)

Larger sports events have substantial economic, tourism, and infrastructural impacts to the host region. From a social point of view, sports events can change people's perspectives and create positivity in various communities. Lately, major sports event organizers aim to leverage and create long-lasting legacies in order to maximize the long-term effects far beyond the event itself (Thorne 2015).

Research by Dixon. et. al in 2012 conducted research to segment the sport tourist's expenditure during a sport event. The data was collected from visitors attending "Professional Golfers' Association of America tournament". The research states that due to the fact that tourist spending is one of the most critical aspect when conducting an economic impact analysis, it is valuable to understand how these expenditures are segmented (Dixon. et. al, 2012).

Table 3: Spending pattern by sport tourist expenditure segments (Dixon. et. al, 2012)

	Total (\$)	Low (\$)	Medium (\$)	High (\$)	F-test	Sig.
Retail	95.81	25.61	77.91	184.68	57.28	0.000
Eating/drinking	108.19	31.69	80.21	213.37	49.25	0.000
Hotel	96.41	2.40	35.57	251.74	61.21	0.000
Golfing/sports	23.25	0.57	7.22	62.07	10.85	0.000
Entertainment	7.94	2.00	3.15	18.70	10.89	0.000
Auto-gas/service	11.42	6.17	12.17	16.00	9.55	0.000
Auto-rental	2.05	0.43	2.16	3.60	2.31	0.100
Transportation service	0.60	0.00	0.76	1.04	1.31	0.270
Other services	0.11	0.24	0.10	0.00	0.64	0.528
Others	2.64	0.10	0.00	7.83	5.03	0.007
Total	348.42	69.21	219.25	759.03	134.86	0.000
	N = 620	N = 210	N = 204	N = 206		

Regardless of the absolute numbers, it becomes apparent that Retail, Eating/drinking, and Hotel expenditures hold the majority (88% in the Medium bracket). This expenditure is mostly happening directly within the host region, thus impacting the local economy (Dixon. et. al, 2012).

Sports events have the power to inspire and thus increase participation in sports. Sports events provide a special setting where the best in the world can compete at the same time and place, while grasping the whole world's attention through media. Sports events thus have the power to evoke emotions of patriotism and create interest towards sport. Major sports events have been utilized to achieve various economic, infrastructure and tourism objectives, but lately the events have been also utilized to impact people's emotions, feelings of community and patriotism that can be used to help reach public sector objectives, such as encouraging participation in sport and physical exercise. A major example of such activities is the London 2012 Olympic Game legacy plan (DCMS 2012, UK Sport, 2011). When organizing a sport event, the impacts to public, business, various stakeholders and the environment should be taken into account in implemented in the planning process in order to create positive impacts and legacies for the future (Adcroft & Teckman 2009, Ramchandani & Coleman 2012).

3.2 Tourism

According to the UNWTO, travel indicates to the activity of travelers. In this context, a traveler is somebody who moves locations for any purpose or any duration of time. A visitor is a traveler doing a trip to a specific main destination, outside their normal environment. Tourism then refers to the activity of visitors. Based on the same glossary, tourism can be generally divided to several sub-categories based on the purpose of the visit (UNWTO). The categories are:

- Business and Professional
- Holiday, leisure and recreation
- Visiting friends and relatives
- Health and medical care
- Religion/pilgrimages
- Shopping
- Transit
- Other

Tourism Industry

The worldwide tourism industry has been growing at a relatively stable rate since 2020. Albeit Japan's tourism industry has experienced more fluctuations, it has nevertheless followed a very similar pattern.

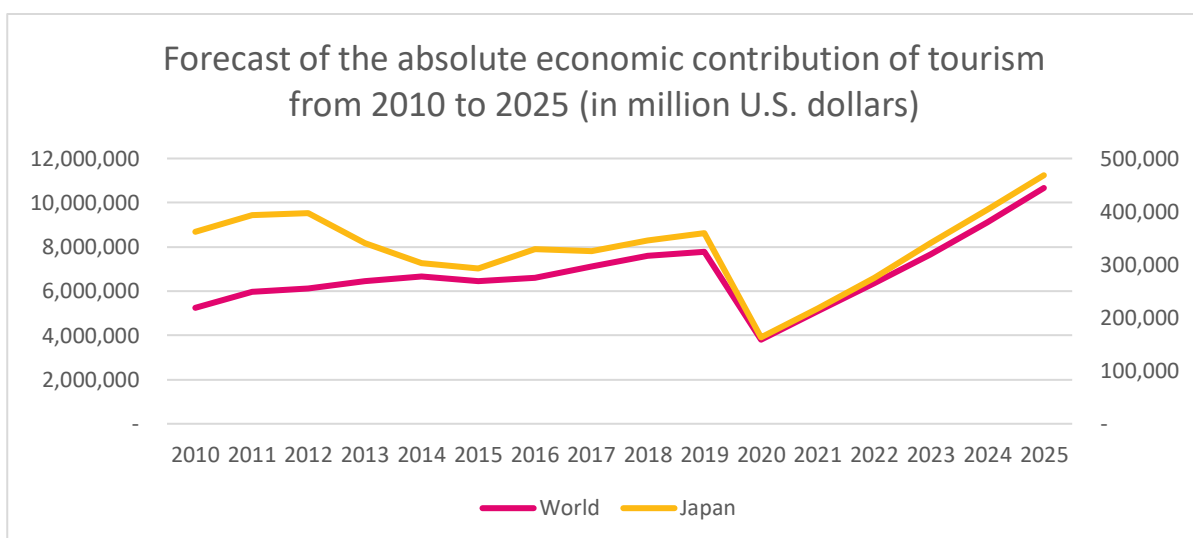


Figure 19: Forecast of economic contribution of tourism (UNWTO, 2021)

The degree of the economic impact on a host community from tourism varies according to the type of visitor and their length of stay. Commonly, visitors staying in hotels spend the most and their spending has a greater “multiplier effect”, with conference representatives amongst the high spenders. The expansion of tourist facility and hotel room capacity are generally “supply-led”, where local stakeholders are initially required to invest public money, which in turn attracts investment from the public sector to support this growth (Torkildsen G, Leisure and Recreation Management, 2004).

Sports tourism

Sports tourism is included in the holiday, leisure and recreation sub-category of tourism. Sports tourism can be further divided by activity type as follows:

- Sports events
- Sports attractions
- Sports tours
- Sports resorts
- Sports cruises

The Olympic games is included in the sports event’s category of sports tourism (Journal of Sport Tourism, 2005). Sports tourism is defined as *“the use of sports as a vehicle for tourism activities”*. The broad definition of sport tourism involves physical aspects in the form of active participation in sport, but also participant as a passive spectator. Sport tourism activities can take place within recreational or competitive environments. The physical activity can happen at an individual level or in a group setting. Similarly competition can be against individuals, teams or challenging yourself (Journal of Sport Tourism, 2005).

In the case of a sports attractions such as halls of fame or sports museums, the visitors would be specified as spectator tourists. Meanwhile tourists at a golf resort who actively participate in the training programs would also be considered sports tourists. The Olympic Games has of course both spectators and participants. Both groups are considered to be sports tourists and the Olympic Games (the activity) would be considered as sports tourism (Journal of Sport Tourism, 2005).

Sports tourism has been also defined to include activity categories that are directly related to sports. Historical, destination, policy, economic impact, socio-impact aspects are also considered within each activity category. The main factor of “sports tourism” is the fact that tourists are attending or participating in a particular sports activity (Journal of Sport Tourism, 2005).

Sport Tourism and the Sustainable Development Goals

UNWTO (United Nations World Tourism Organization) has also long identified how tourism and especially sports tourism has the ability to impact the Sustainable Development Goals (SDG's). According to the organization, sports tourism has the comparative strength in promoting engagement in physical activities, create opportunities for interaction, and bring forth high development potential to regions through sports events (UNWTO, 2021)



Figure 20: Sports tourism and the SDGs (UNWTO, 2021)

Within the scope of this thesis, there are several SDG's which can have an impact on economy and social aspects of the host region. The sports tourism industry can contribute to creating more jobs and income opportunities to individuals, as well as various organizations around the sports events. From this perspective, sports can also create more equality through women participating in the

workforce and sports. Sports events have the ability to increase the competitiveness of a region and thus directly there is a possibility of increased visitor spending as more sports events are held, leading to a positive economic impact to the host region. Sports events can promote peaceful and inclusive societies and promote global partnerships. When hosting a sports event, the host region will also have to place more emphasis on accessibility and the environment, all aspects that can lead to a more sustainable future (UNWTO, 2021).

3.3 Food Service industry

According to research conducted by Businesswire, the global Food Service industry was estimated at US\$3 trillion in 2020, forecasted to reach US\$4.1 trillion by 2026, which translated to a CAGR of 5.4% over the time period (Businesswire, 2022). The Japanese restaurant industry was estimated at 4.9 trillion yen, translating to approximately US\$42.5 billion. Compared to 2019, this was a decrease of 4.9%, while profits dropping by -16.2% Year on Year, as the restrictions in Japan were quite strict and long-lasting, but the restaurant industry has rapidly shifted towards take-away and delivery models negating the negative impacts (Gyoukai-search, 2022).

3.4 Hospitality industry

The Japanese hotel industry was hit much harder than the restaurant industry, mainly due to the strict travel restrictions in Japan. The industry was valued at 0.8 trillion yen in 2020, translating to US\$6.9 billion. However, this is a decrease of -15.7% from 2019, and more prominently the profit rate decreased by 35.6% Year on Year. (Gyoukai-search, 2022).

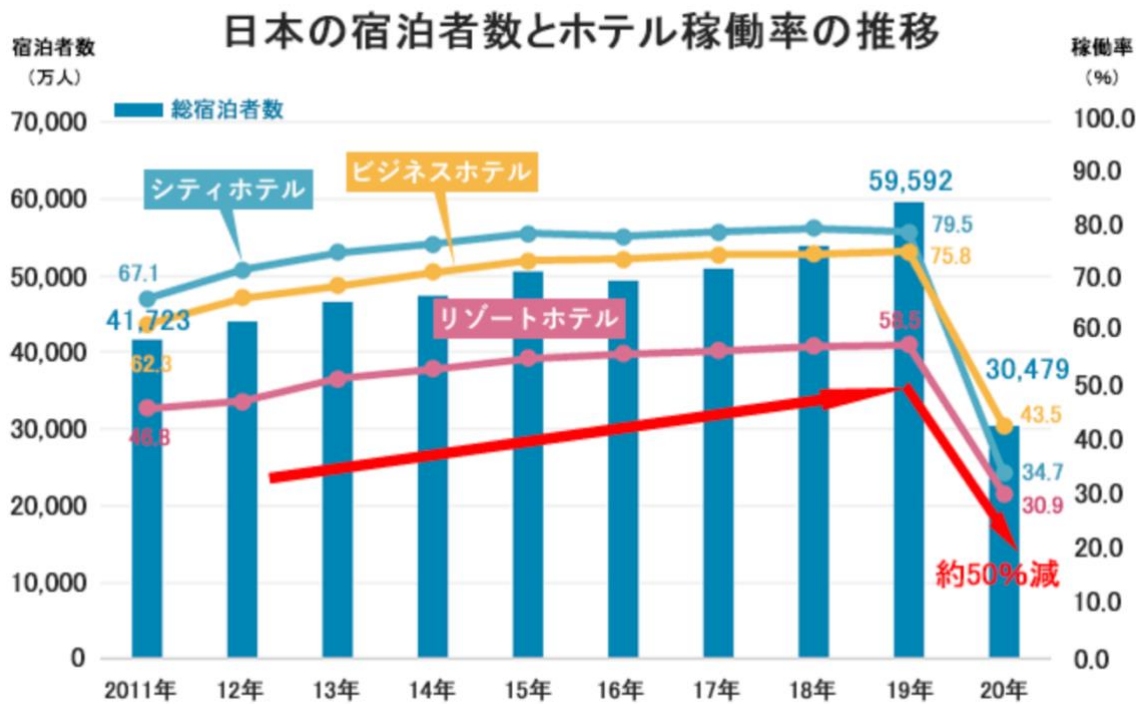


Figure 21: Changes in the number of guests staying in Japan and the occupancy rate of hotels (JSTO, 2021)

Looking at the occupancy rates, the overall drop from 2019 to 2020 was approximately 50%, impacting city hotels (light blue), business hotels (orange), and resorts (pink) in a similar fashion, while city hotels were impacted the most. One reason for this is that this segment mostly serves to international visitors (Gyoukai-search, 2022).

3.5 London 2012 Olympics

In 2011, Oxford Economics forecasted that more than 880,000 visitors would stay for at least one night in London in order to see the Olympic Games. However, this increase was forecasted to be neutralized by 771,000 'regular' visitors who would stay away (switchers). From an expenditure perspective, retail sector and attractions saw major decreases in attendance, as visitors who came to see the Games were focusing on the games and venues around the games. Footfall declined as much as one third at some businesses, as people decided to stay away from London during the games (Telegraph, November 15, 2012).

According to data by the Office for National Statistics in the UK, people who visited the country specifically for the Olympics spent £1,290 per person on average, which is almost double as much as the average £650 spent by non-Olympic visitors (Telegraph, November 15, 2012). The London Media Centre provided information and access of more than 600 events ranging from cuisine, fashion, film, design, culture and others. Over 8,700 journalists from 102 countries registered to the event, ensuring to maximize the positive image of London. As a quantitative result, the city's media exposure, the 2012-2017 legacy phase is expected to see a supplementary 1.1million visitors, worth an additional expenditure of £900m. (Telegraph, November 15, 2012)

On the contrast, almost 2.9m visitors visited Britain in June 2013, a 12% surge on the previous year (Office for National Statistics). Furthermore, the number of foreign visitors in the first half of the year of 15.2m was the highest since before the global financial crisis in 2008 and a 4% increase on year-on-year comparison of 2012. Spending per visitor was also up compared to the year before. Much of this uptick was given credit by the increased media exposure created by the Olympic Games. For example, there was particularly strong growth from Asia and emerging markets. Furthermore, the fluctuations in exchange rates provided foreign visitors more buying power compared to earlier years. (Telegraph, August 15, 2013)

3.6 2019 Rugby World Cup

EY Advisory & Consulting Co., Ltd. Japan conducted an economic impact study regarding the 2019 Rugby World Cup (RWG) that provides various insights regarding foreign visitor's behavior during sports events in Japan.

Economic Impact of 2019 RWC

According to the study by EY, the economic spillover impact of the event was 646.4 bn JPY and GDP increase of 351.5 bn JPY. Also, the expansion of tax revenues was estimated at 41.2 bn JPY and 46,340 jobs were created due to the event. More than half of the economic spillover impact was due to consumption by inbound visitors. Other major impacts were caused by the tournament administration expenses, such as venue administration costs, services to participating teams and media, and stadium and infrastructure enhancements (EY, 2020).

Table 4: Methodology of the economic impact study (EY, 2020)

Economic spillover impact		Example:
Direct impact	The production value of domestic goods and services to satisfy new demand resulting from spending during the tournament preparation period and tournament period on stadium and other infrastructure enhancements, tournament administration expenses, consumption by domestic guests , and consumption by inbound foreign travellers etc.	Amount spent by inbound foreign travellers on meals at Japanese restaurants for sake and Japanese beef steaks
Primary indirect impact	The production value of domestic goods and services generated through the service supply chain as a result of direct impacts during the tournament preparation period and tournament period.	Production values of sake breweries and domestic cattle farmers to provide for the meals above, together with the production value of domestic rice, feed and other raw material producers
Secondary indirect impact	The production value of domestic goods and services resulting from increased consumption due to the creation of new jobs during the tournament preparation period and tournament period.	The production value of domestic goods and services together with domestic raw materials resulting from the increase in employee wages at restaurants, sake breweries, livestock farms and domestic raw material producers
GDP increase	The added value in the economic spillover impacts above (wages and profits etc. obtained by Japan as a result of tournament preparations and matches).	
Expansion of tax revenues impact	The increase in domestic tax revenue (income tax , corporate income tax, indirect taxes) as a result of these economic spillover impacts.	
Job creation impact	The number of jobs created from direct impacts, primary indirect impacts and secondary indirect impacts during the tournament preparation period and tournament period.	Increase in jobs at restaurants, sake breweries, livestock farms and domestic raw material producers

Tourism during the 2019 RWC

The Rugby World Cup (RWC) is a long sports event, requiring a total of 44 days. To contrast, the FIFA World Cup lasts for 32 days, while Summer Olympics for 17 days. The 2019 Rugby World Cup in Japan consisted of 20 participating teams, with the total number of 45 matches. Three matches were cancelled due to a Typhoon. The matches were played on 12 venues, each in a different host city all around Japan. Furthermore, there were 16 fan zones around Japan that attracted a total of more than 1,14 million spectators. To put things into perspective, the number of tournament volunteers was 13,000, while in the Tokyo 2020 Summer Olympics the number was approximately 80,000 (EY, Tokyo Metropolitan Government, 2020).

The total number of stadium spectators was 1,704 million, and the number of tickets sold was 1,837 million. The difference stems from the three cancelled games. The ticket sales rate was 99%, generating 38,9bn JPY in revenue. Furthermore, a 10bn JPY worth of hospitality packages were sold to a total of 63,000 guests. The number of foreign spectators visiting Japan during the games was 242,000, translating to 28,2% of ticket sales and amounting to 518,000 tickets. The average RWC 2019 ticket price was more than 20,000 JPY, compared to 1,400 JPY average of Japan's Top League rugby match ticket price (EY, 2020). To compare the magnitude of the event, 2012 London Olympic and Paralympic Games sold a total of 8.2 million tickets (EY, 2020).

Outside of rugby viewing, the inbound spectators also contributed to an increase to the tourism industry. Foreign visitors utilized the time between games to visit other locations in Japan, engaging in various tourism activities. During the games, the spectators visited an average of 4.8 prefectures in Japan, whereas the average foreign traveler in 2018 visited 2.5. Furthermore, the activities of games spectators differed from the common inbound tourists, with more people than normal experiencing cultural activities, such as "drink Japanese alcoholic beverages," "experience Japanese history and culture" and "Experience Japanese everyday life," but fewer visited theme parks and participated in seasonal activities, such as cherry blossom viewing. Part of this can be explained by the seasonality and demographics of the RWC visitors (EY, 2020).

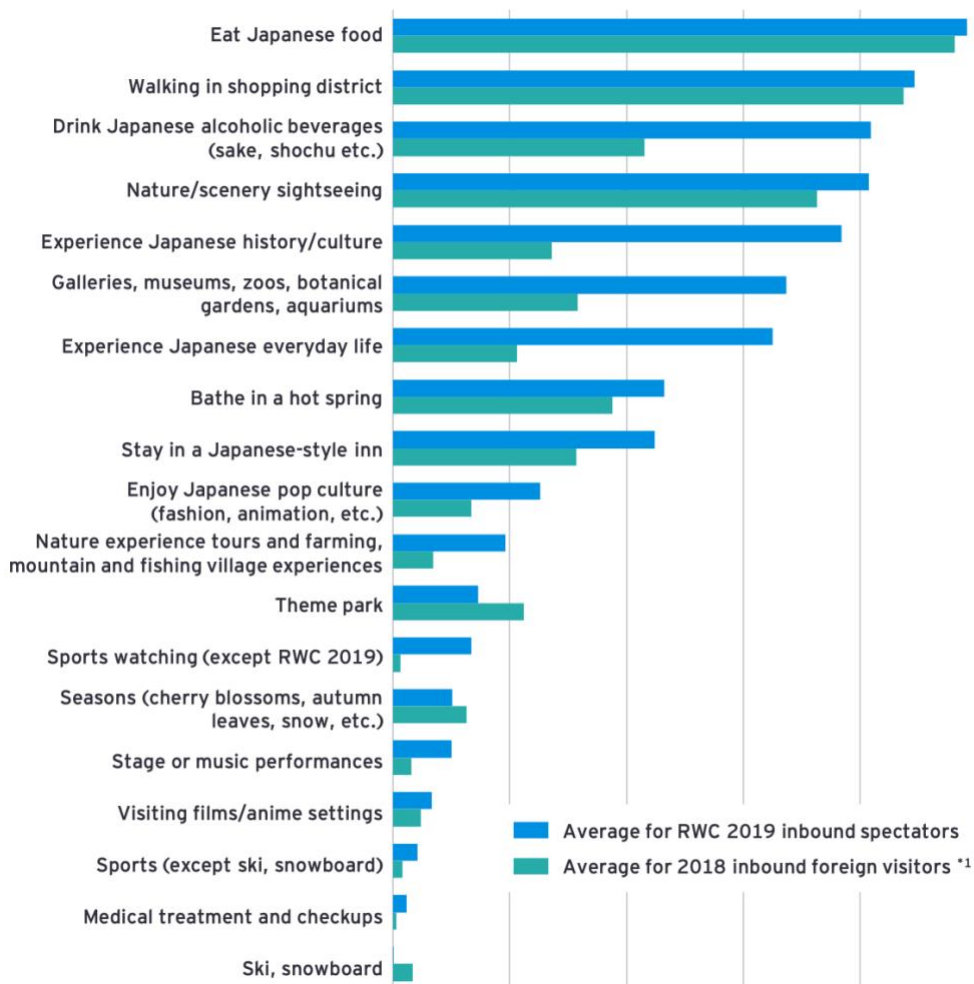


Figure 22: Comparison of activities by RWC 2019 spectators to average inbound visitors (EY, 2020)

The inbound spectators that visited Japan to specifically spectate the games, stayed in Japan for an average of 17 days (16 nights), and consumed approximately 686,000 JPY each. Compared to

2018, the average length of stay was 5.5 days, and their consumption was 148,000 JPY. These numbers obviously cannot be compared as apples-to-apples, but on a per-day basis the RWC visitors spend approximately 50% more than the average (Japan Tourism Statistics, EY). In terms of consumption, the largest difference stems from higher accommodation costs, large difference in shopping and entertainment and other services consumption. The foreign visitors were more focused on experiences than shopping, experiencing the real Japan (EY, 2020).

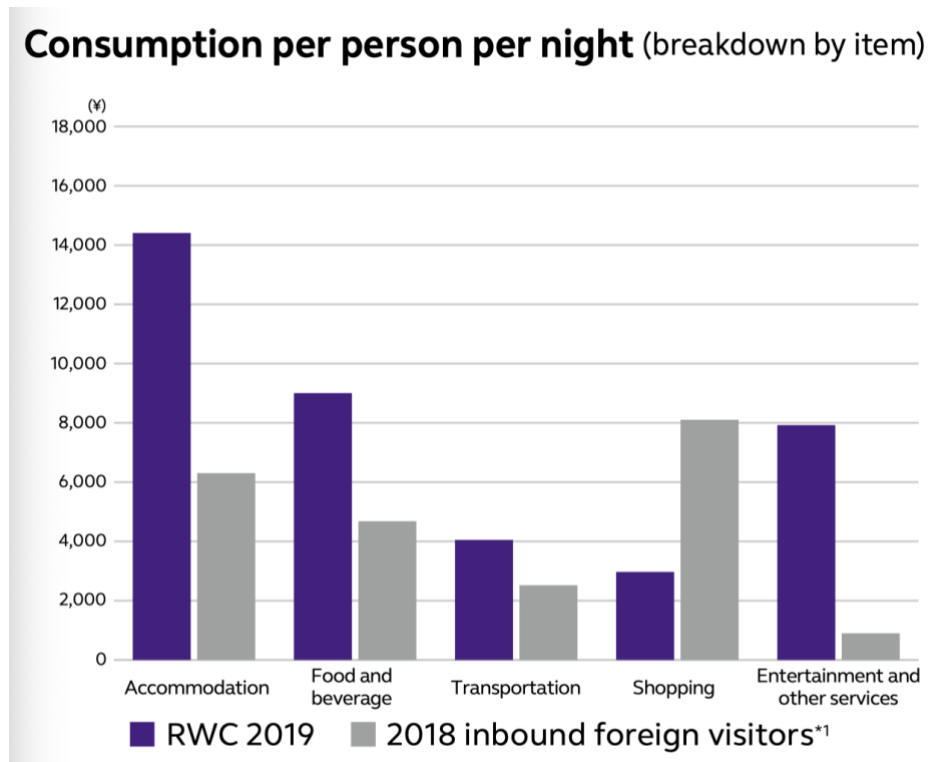


Figure 23: Comparison of RWC 2019 consumption per person by night by item to average inbound visitor (EY, 2020)

Breakdown of regions where inbound foreign visitors reside (2018 inbound foreign visitors by nationality)

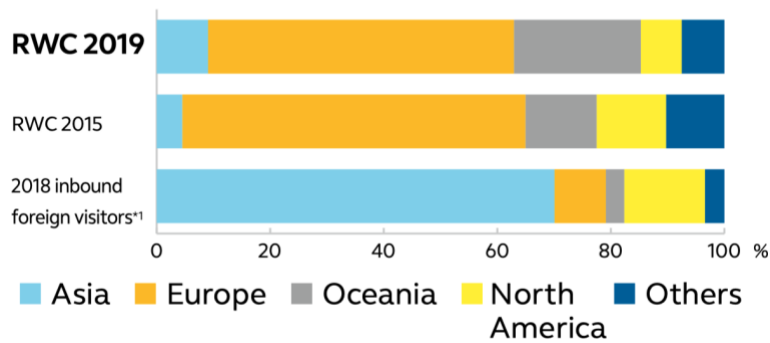


Figure 24: Breakdown of foreign inbound visitor nationality (EY, 2020)

Much of these differences can be explained by the timing of the event, as well as the vastly different demographics of the visitors. In 2018, approximately 70% of the foreign inbound visitors were from Asia, from where Japan is easier accessible than Europe and the West. Due to the recent relaxation in visa policy and tax-free rules and regulations, many Asian come to Japan to do shopping. Luxury goods and certain high-tech electronics are less expensive in Japan, than for example in China, which has driven the “Shopping: category within the inbound traveler segment. The Asian visitors also have more information available regarding accommodation, cuisine, and transportation, making it easier to find cheaper alternatives. For a European coming to Japan for the first time, it is easier to rely on seemingly safe international brands services, where one must pay a premium. For example, often times hotel homepages might have Japanese, Chinese and Korean web-pages, but no English available, making it difficult to access for European tourists (EY, 2020).

“Impact Beyond 2019”

“Impact Beyond” is the outline for securing legacy and the 2019 program was designed to maximize the opportunity created by Rugby World Cup 2019 within Japan and across Asia. It provided a framework in showcasing several development initiatives to build a sustainable future, driving rugby’s growth and promote its core values. The program was run in collaboration with the Japan Rugby Football Union, Asia Rugby and 22 unions, realized 2.25 million new rugby participants across Asia since 2016, of which more than 1.18 million in Japan. More than 40% of

the new Asian participants were girls/women, showing a high level of inclusion towards participation in the sport (EY, 2020).

“Impact Beyond 2019” consists of various programs, such as learning programs where children and students from within Asia were invited to Japan to experience rugby. As a result of the program, almost 770,000 children from 6,616 elementary schools in Japan played Tag Rugby (safe and enjoyable version of rugby). Furthermore, workshops were held at rugby schools around Japan, leveraging the host cities, where 29,000 children were able to experience rugby for the first time. To further spur the growth of the game in Asia, more than 6,000 coaches were also trained during the program period (EY, 2020).

From a social leveraging perspective, the partnership between World Rugby and ChildFund raised or pledged more than 2 million pounds, supporting vulnerable children from developing communities in Asia, as well as support the emergency relief efforts in Japan due to the strong typhoon in 2019 (EY, 2020).

3.7 Olympic Agenda 2020

Olympic Agenda 2020 is a reform program initiated by the International Olympic Committee (IOC) in 2014 to defend the Olympic values and strengthen the role of sport in our society. The slogan of the program was “change or be changed”, which in hindsight was very timely for the Tokyo 2020 Olympic Games. The program was based on three pillars; credibility, sustainability, and youth, which served as a basis for 40 recommendations towards 2020 (Olympic Agenda 2020).

In the past, bidding and hosting the Olympic Games has been a signal to the world, that the host nation and city is open for more international investment, tourism and as an effort to improve the destination brand image. Generally the Summer Olympic Games have required significant infrastructure investments, and even the bidding process costing several hundreds of millions of dollars, making it near impossible for developing countries to host the Games (Olympic Agenda 2020).

Actual outturn sports-related costs of the Summer Olympic Games from 1964 to 2016 (in billion U.S. dollars)*

Summer Olympic Games sports-related costs 1964-2016

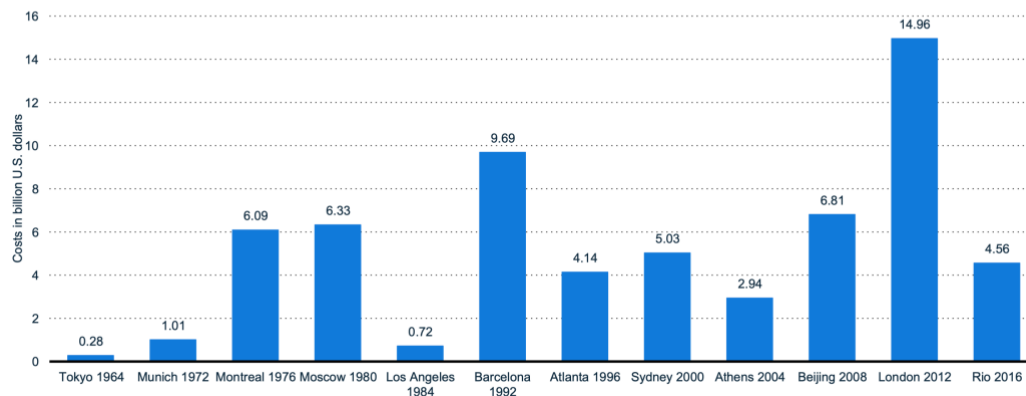


Figure 25: Sports-related costs of the Summer Olympic Games US\$B (Statista, 2021)

The Olympic Agenda has revolutionized the candidature process, making sure that the games are fully aligned with the long-term priorities and plans for future host nations. These reforms have significantly reduced the cost of hosting the Games starting from bidding all the way to the required infrastructure costs. A part of this reform is increasing the sustainability of the games by utilizing existing and temporary facilities. For example, the Paris Olympic Games is expected to use 95% of existing or temporary venues, with a goal of making the Olympic Games climate positive by 2030. Governance is also being strengthened to safeguard the integrity of sports organizations through transparency and risk management programs (Olympic Agenda 2020).

Regarding athletes, the reform is placing more emphasis on perception of clean athletics, as well as supporting athletes after their active careers, in the form of starting a Business Accelerator Program. The program aims to enhance professional, educational, and life-skills opportunities of athletes. Furthermore, there are more opportunities that give athletes voices to be heard and engage with social issues. Similarly, gender equality is promoted by involving more female athletes in the Olympic Games, as well as hiring more female IOC Commission members (Olympic Agenda 2020).

The IOC also places emphasis on the relevance of sport in society. A recent resolution by the General Assembly of the United Nations recognizes “sport as a global accelerator for peace and sustainable development for all.” Furthermore, sports were highlighted as an important enabler to

help achieve the UN SDGs. This is shown through the power of sport to bring all people together in peaceful competition (Olympic Agenda 2020).

Engaging with communities

The “IOC Digital Strategy” core mission is to grow the direct relationships with people through promoting Olympism via digital channels. Main targets of this strategy were the youth and volunteer communities, with the goal to create long-lasting engagement with these groups. Utilizing digital platforms has also enabled the IOC to more efficiently communicate with the general public, as well as increase engagement at the Olympic Games outside the host nation (Olympic Agenda 2020).

Furthermore, the IOC is making efforts to further blend sport and culture. For example by creating the Olympic House, a cultural destination during the Olympic Games where general public can explore the Olympic history, culture, and values. Art and artists are also widely utilized to create strong media impact around the Olympic values and relevant legacy (Olympic Agenda 2020).

4 Event Impacts

4.1 Economic impact and legacy

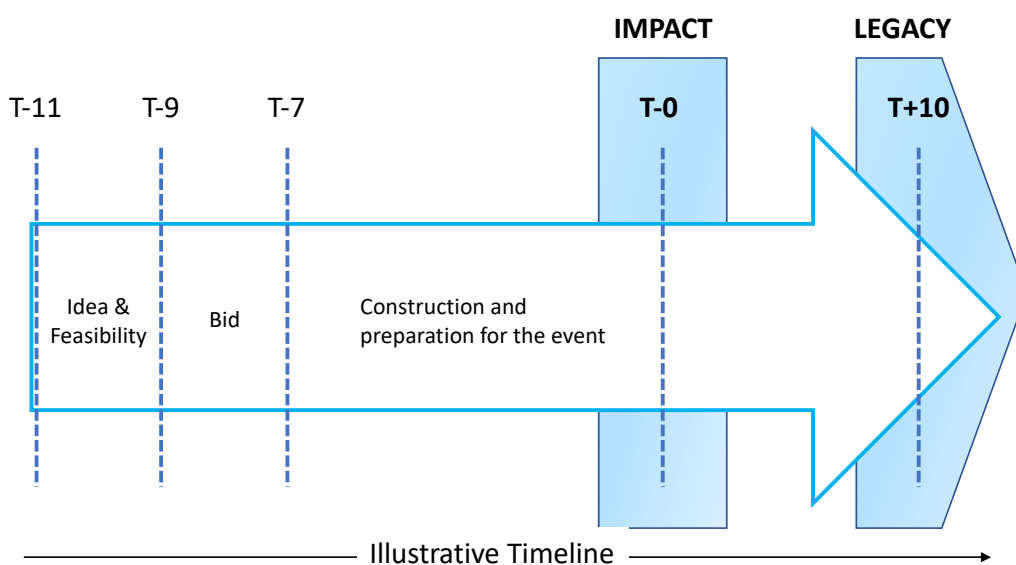


Figure 26: Economic impact and legacy of Olympic Games (Based on Preuss, 2007)

Economic impact refers to the short-term impacts, during the periods of immediately before, during, and after the event (Preuss 2007). Kang and Perdue (1994) define long-term period as starting from the bidding process, and ending at some point in the undetermined future. This long-term period can also be considered as the timeframe where legacies of sports-events are researched. Much of the research available regarding legacies caps the time-period to ten years after the event.

There are several methodologies when calculating the economic impact, as well as legacy of sports mega-events, and all of them have received their fair share of criticism. Preuss et. al has conducted extensive research regarding the various methods, outlining their main differences.

Economic impact of sports-events generally measures the net economic change in the host community, that is a result of expenditure attributed to a sports event. Net change refers to the fact that both positive cash inflows as well as negative cash outflows are considered in the research (Turco and Kelsey (1992). The main drivers for economic impact during a sports-event are visitor expenditure and organizer expenditure, and this expenditure collectively can be defined as the direct economic impact.

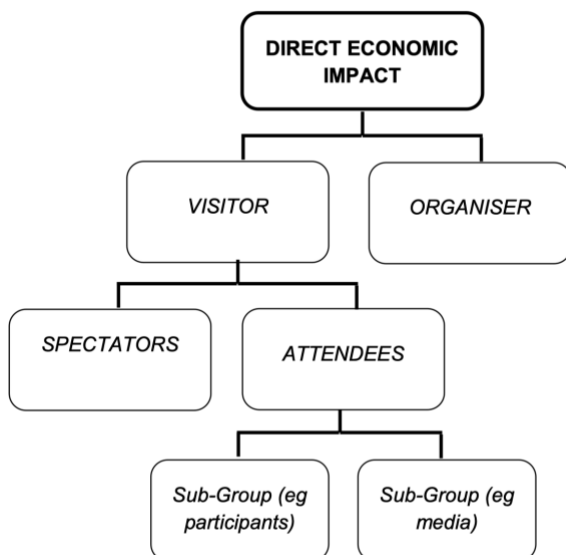


Figure 27: Direct Economic Impact of sports-events (International Association of Even Hosts)

As mentioned above, legacy measures a more long-term change in the host region. The research by Preuss, et. al proposes the following definition of legacy:

“Irrespective of the time of production and space, legacy is all planned and unplanned, positive and negative, tangible and intangible structures created for and by a sport event that remain longer than the event itself.”

The most common methods of investigating legacy in the past are benchmarking and utilizing macro-economic indicators (top-down method). In the case of benchmarking, past experiences of other mega-events are utilized to forecast legacies. However, mega-events are unique to a location, strictly temporary and unlike manufacturing or many services, are filled with high level of uncertainty, several variables, as well as subjective measures (Rose, 2002).

Utilizing macro-economic indicators are generally used ex post to find quantifiable and measurable evidence for legacies. This top-down method utilizes key economic variables, and compares them to a ‘control-case’, a case in which the mega-event was not hosted in the region. The control case can be built by collecting data from similar cities in the same macro economy, and utilize their growth rates for the control case. Similarly, trend-analysis of the host can be utilized to create the control case (Preuss, 2007).

Either of these methods might not be suitable to measure a mega event impact or legacy, due to the fact that even sports mega-events are small when comparing to an overall economy of host nations. Furthermore, legacies are even more difficult to quantify or detect, because they develop throughout many years (Preuss). In the case of Tokyo 2020 Summer Olympic Games, the overall impact of whole games is said to be 0,1% to 0,2% of Japan’s GDP, making it very difficult to quantify the impacts (Bank of Japan, 2017).

The research thus argues that both of these approaches are flawed, and suggests a “bottom-up” approach, that measures all of the structural (knowledge, image, emotions, networks, culture, and infrastructure) changes caused by a mega-event. In order to quantify the structural changes, long-term development plan of the host region is utilized as the base-case (Preuss, 2007).

An event impact is caused by a short-term impulse in the host nation, for example the consumption by event visitors. Depending on the magnitude of the event, the impact to the local community can be very strong, but are short-term in nature and therefore not a legacy (Preuss 2007). An event can have positive, as well as negative outcomes both in short-term and long-term. These short-term outcomes are considered as impacts. For an event organizer, it is of utmost importance to try to maximize the positive impacts while minimizing the negative ones through effective planning. As the media attention and publicity created through sports events have increased through digitalization of the world, organizers should pay more attention to the event planning process to avoid common pitfalls. The planning process should include lessons learned from the past, forecasting the future through internal and external analysis and setting goals and objectives accordingly. As the scale of events grow in size, stakeholder management and communication become of utmost importance to ensure effective implementation of the event (Masterman, 2004).

4.2 Positive and negative impacts

Generally, hosting an event is motivated and justified by the positive impacts it will provide.

However in reality it depends on various factors. The table below showcases how each impact segment can be seen in a different light based on the stakeholder's point of view.

Table 5: Positive and negative impacts of sporting events [Compiled from: Burnett (2008), Ohmann et al. (2006), Kim et al. (2006), Saayman (2001), Chalip (2006) and Chain (2009)]

Impact area	Positive	Negative
Economic, Tourism, Commercial	Increased expenditure	Price inflation
	Economic benefits in form of tax revenues	Increase in local tax (to construct facilities needed for the event)
	Employment opportunities	Mismanagement of public funds
	Education and training	Real estate speculation
	Marketing of the host region as a tourism destination	Short-term contract work
	New opportunities for potential investors	
Infrastructure & Physical resources	New and improved infrastructure and local facilities	Infrastructural congestion
	Rejuvenation of urban areas	White elephants - Underused sports and associated facilities after the event
	Increased security	Limited access and redistribution of resources
Political	Propagation of political values and ideology	Suppression of human rights
Sport & Recreation	Introduction of programmes, services and facilities (e.g. "Football for Hope" in Kayelitsha)	Lack of sustainability of these programmes and services after the event
	Education and training	Access to needs-based accredited training to enhance employability
	Participation opportunities	Bias towards elite performance
Environmental	Attention to the natural environment	Loss of control over local environment
	Preservation of elements of physical landscape and local heritage	Pollution of nature in and around host region

The positive and negative impacts of sporting events oftentimes differ based on the context and the stakeholder. For example, increased expenditure in a region due to a sports-mega event will most likely be a positive economic impact to local business owners, but this might lead to price inflation, thus decreasing the buying power for local residents. Building new sports facilities might lead to many positive impacts and legacies that firstly enable hosting the event, but also to

provide local residents more opportunities to participate in sport and host other cultural events. However, if the facilities are located in a difficult to access location with lacking infrastructure, or had no after-use plans, this will only increase the tax burden of locals due to high maintenance and running costs. Many have seen the images of abandoned Olympic venues, which are a grand example of negative legacy. Lately, more emphasis is being put on environmental issues and the Olympic Games are seen a driver to create a greener tomorrow. However, the increased tourism and business activity related to hosting the games can also increase pollution and have negative impacts on the nature when preparing for the Games (Burnett, 2008, Ohmann et al., 2006, Kim et al, 2006, Saayman, 2001, Chalip, 2006, Chain, 2009).



Figure 28: Sochi Olympic Stadium (Sochi 2014 Olympic Games, Leon Neal, Getty Images)

Short-term impact

The short-term impacts are those generally taking place when organizing the event, or that happen immediately after the event, so they can be instantly identified as positive or negative. Literature provides various different timelines to distinguish short-term impacts and legacies. A better rule of thumb is the difference between short-term impact and long-term legacies is that legacies are not managed or controlled by the original event organizer. Visitor spending during the event is generally the largest short-term impact to the host region. Outside of magnitude and prestige of the event, it is therefore the lengths of the event that can dictate the size of the short-term impact (Preuss, 2007).

4.3 Long-term impact and event legacy

Sport has the ability to achieve significant benefits by hosting an event. Sports events can provide much exposure to the host region, thus organizing bodies are placing more emphasis in order to maximize the impact of sport. Generally people think of the Olympics as the ultimate hall-mark mega-event, but also minor events can have similar impacts in smaller scale to a host region (Masterman, 2004).

According to the research by Holger Preuss, economic legacy is considered as all the additional economic activity, due to the changes in host city caused by the mega-event. In order to research event legacies, the mega-event must have changed the host city's structure. Event structures are categorized as infrastructure, knowledge, image, emotions, networks and culture. These event-structures change the quality of location features and these features determine the quality of a host location for living, industry, tourism, events as well as for fairs and congresses. Due to the scope of mega-events and the vast amount of cost it requires to host one, authors argue that these legacies must be strategically planned and utilized in the host city development plans (Preuss, 2007).

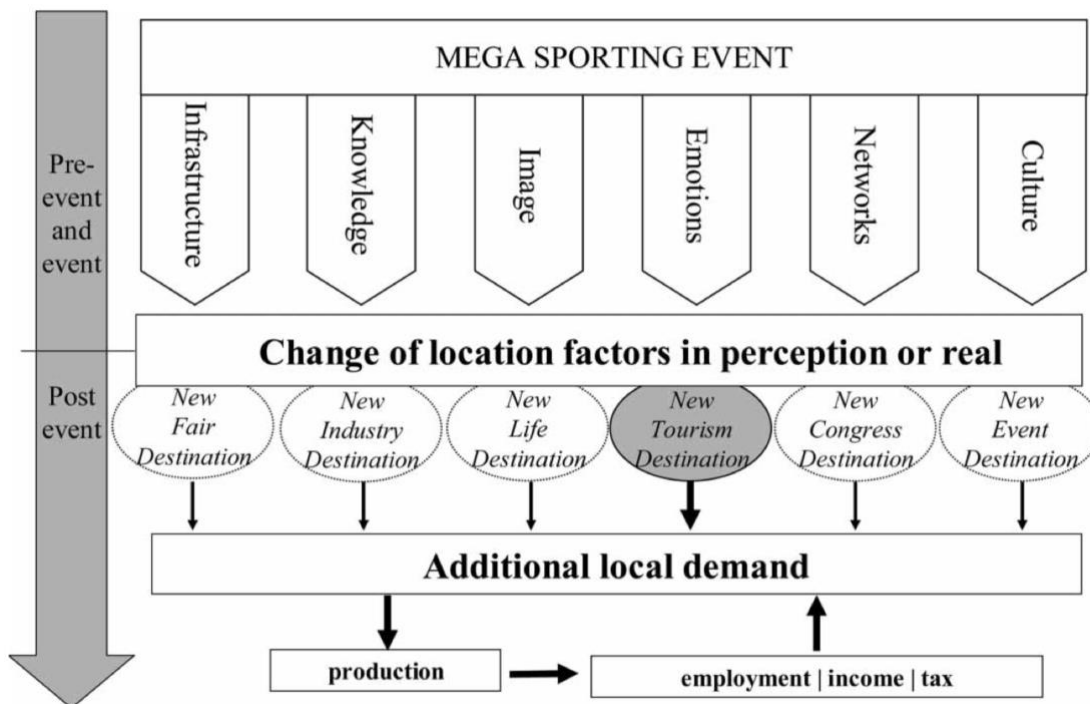


Figure 29: Legacies of mega-sports events (Preuss, 2007)

Based on this theoretical framework, these six event-structures are generally maintained after a mega event. Out of these, infrastructure, knowledge, networks and culture are developed during the planning of the event, while emotions and culture are reliant on the success and momentum the mega event develops. Each of these structures help transform the host city, and are very much linked. For example, tourism at the host city is affected by various infrastructural changes, such as new attractions and better public transportation. Furthermore, these changes impact on the perceived image and cultural presentation of the host city (Preuss, 2007).

Evaluating Olympic Legacy

IOC utilizes the event legacy framework developed by Professor Holger Preuss to evaluate the long-term impacts and Olympic legacies. Within this context, the definition of legacy is suggested as *“any outcome that affect people and/or space caused by structural change that stem from the Olympic Games.”* This framework divides six structural changes, the legacies into two groups; space and people. Urban development, Environmental enhancement, Policies & governance, Human development, Intellectual property, and social development. Due to the nature and magnitude of the Olympic Games, legacies are evaluated according to each Games legacy plan and they have to consider the infrastructure and the needs of the host nation population. In order to validate a legacy, causality needs to be considered. Causality is existent if the structural changes were introduced by the Games. For example, if a structural change in a city was already included in their long-term development plan, the change would have occurred regardless of hosting of the Games, and therefore not legacy (Preuss, 2019).

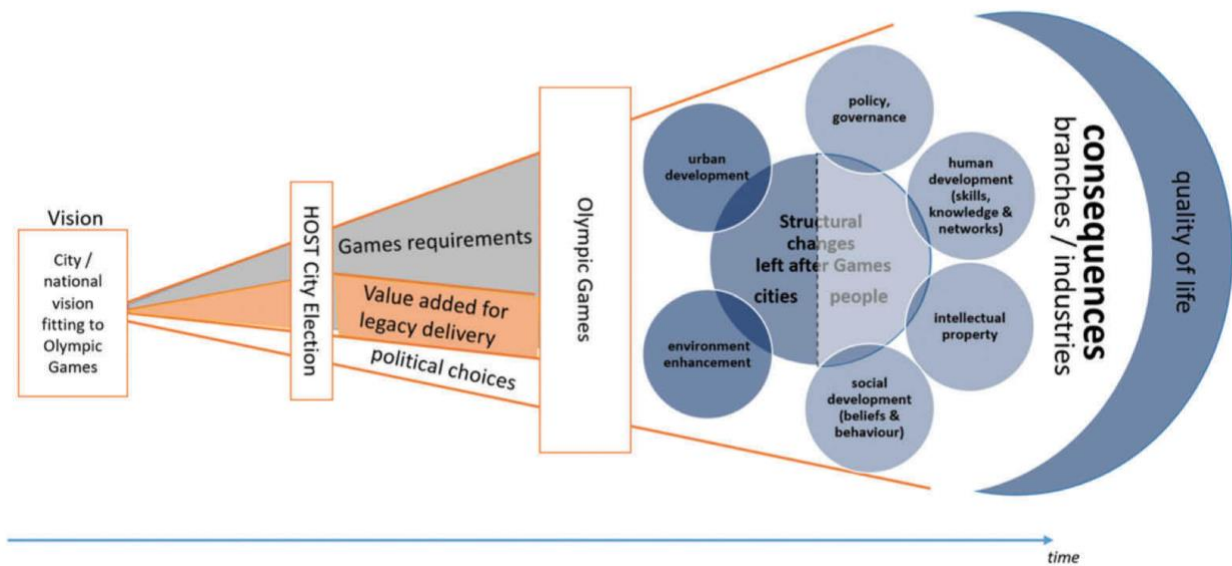


Figure 30: Overall legacy framework (Preuss, 2019)

Based on previous literature, Preuss has derived seven fundamental premises (FP) that showcase the basic assumptions when utilizing the framework. The first FP provides causality for a legacy and the analysis should be based on this premise. The changes in structures affect space and therefore directly or indirectly impact the people in the region. Whether the change is perceived as positive or negative, or is tangible or intangible does not matter. The second FP states that structural changes cause a consequence, and thus create value. The third FP further states that the value is determined by a co-creation of stakeholders and environment circumstances. Furthermore, each person has a different background and life situation, thus the fourth FP states that value of consequences is always a value-in-context. Depending on the person, the value created by changes in structure can be positive or negative. The fifth FP clarifies that overall the aim should be to increase the quality of life, and these structural changes occur in different areas and branches. The sixth FP states the fact that a legacy is a dynamic concept, the changes happen over time and depending on the situation change. Finally, the seventh FP states that the changes are always bound to a territory (Preuss, 2019).

Table 6: Fundamental premises of the legacy framework (Preuss, 2019)

Fundamental premises	
1	Olympic Games always cause a change of existing structures
2	Structural changes have a consequence for people and/or space taken from definition
3	Consequence of a structural change creates value determined by a co-creation of firms, stakeholders and environmental circumstances people
4	Value of consequences from a structural change is always a value-in-context
5	Consequences of a structural change occur in different areas/branches and affect the quality of life
6	Value of consequences from a structural change alters over time Flexibility of the framework
7	Consequences of a structural change is always bound to a territory

The framework created by the IOC has many similarities with the one developed by Holger Preuss, but has a reduced scope. Due to this, it is important to understand the whole scope of legacies through the framework created by Preuss.

Urban development (or often, urban regeneration) includes any changes in the infrastructure in the host city. This legacy is one of the most studied, as the changes are relatively to quantify. Infrastructure changes are often divided into basic and advanced. Basic infrastructure refers to housing, water, sanitation, waste-management and other public amenities, whereas advanced infrastructure suggests to telecommunications, safety and security improvements, hospitals, and for example smart city implementations. Due to the nature of the Olympics, sports related buildings and facilities are also included in urban development legacy. Referring back to the fundamental premises, these changes depend on the context in which stakeholders use and co-create value through these changes. Expensive sports facilities built for the Olympics, that have high maintenance costs but very little usage after the games can be seen a negative legacy, therefore it is imperative these changes are planned in a long-term after-use in mind (Preuss, 2019).

Environmental enhancements address improvements in air and water quality, for example due to low-carbon technologies or by minimizing the carbon footprint of the region. Changes such as green spaces, cleaned spaces, recycling improvements are all examples of environmental enhancements. The consequences of these changes affect the environment and indirectly the health of the people in the region (Preuss, 2019).

Policies, governance refers to all the changes of laws and regulations, or introduction of guidelines and policies. Also, improved organizational structures, quality control measures, intellectual property and other regulations are included in this legacy. For example, improvements in human rights are often a discussed topic through sports. It is often said that politics and sports should be

kept separate, but in reality, sports and mega-events can provide a platform for discussion, and the increased media attention can amplify the political voices of many stakeholders (Masterman 2004). Similarly to other legacies, the value created by changes in policies depend on the context in which stakeholder is addressed by a policy. From the perspective of the Olympic Games, a curriculum changes to increase children participation in sport, in co-creation with available venues and sports professionals can create positive legacy (Preuss, 2019).

Human development can be divided into three areas. Firstly, individuals can learn new skills, which generate talent in different fields of the society. Secondly, individuals can attain new knowledge, for example foreigners can gain knowledge of the host nation and its culture, improving the destination image of the host. Thirdly, individuals can create new networks. Networks can be among, for example volunteers, sports federations, tourism provides. All of these changes in human resources create value and again depend on the context in which the stakeholders need these skills. A newly attained skill that is never used, will not create value. However due to the long-term perspective of legacy, if the newly attained skill, knowledge or network is utilized sometime in the future, it can be considered as legacy (Preuss, 2019).

Intellectual property (IP) refers to everything that is invented or newly generated through the Olympic games. Innovation can happen in various fields, such as development of materials, technologies, sports entrepreneurship and so on. For example, a patent on how to clean soil in accordance with environmental enhancements legacy can also be counted as IP legacy. Another example often seen in the Olympics is developments in sports equipment by nations in order to gain a competitive advantage. In running disciplines, carbon plated shoes can be considered an example of IP legacy in recent years (Preuss, 2019).

Finally, social development refers to beliefs of people and their habits and the fact that sports events can create social and cultural benefits (Masterman, 2004). This means an individual's way of thinking regarding has transformed through hosting of the Games, which can lead to changes in habits and actions. For example improved public transformation infrastructure can change people's habits to use public transformation, instead of utilizing their own car. This kind of behavior change has an impact on plethora of the legacies. This structural change also has the power to change people's emotions and feelings towards their nation by invoking feelings of

patriotism and community. Often sports events are also utilized as outlets of social cohesion and inclusion (Masterman 2004). Pride by the local citizens can improve the destination image of the host, and thus lead to increased tourism. Similarly, a belief that the Olympic Games will improve the economic situation of the host nation can produce happiness, and thus is legacy (Preuss, 2019).

Measuring a legacy must consider all of the changes caused by the event over a longer period of time. Most often, economic impact is measured as it is tangible and needed for justification in order to invest public resources to host an event. When measuring legacy, it must be distinguished from the impacts, which are caused by a short-term impulse, such as the expenditure of event visitors before, during and proximately after the event (Preuss, 2007).

Preuss (2007) argues that even though the magnitude of mega-event's economic impact is strong, they are regardless short-term and therefore not legacy. Economic legacy is considered as all the additional long-term economic activity due fundamental changes in the host region created by the event. The increased demand in the region must be fulfilled by increases in supply, which will lead to economic growth. Often it is the increased attractiveness of a region, creating interest and stimulating tourism after a mega-event that leads to economic growth in the long-term. Long-term economic growth requires a constant flow of resources into the host region, which can be realized only if the event has changed the city's structures, such as tourism infrastructure, museums and hospitality facilities (Preuss 2007; Solberg & Preuss 2006). The key difference is associated with passage of time where impacts are short-term and legacies are long-term effects of the event (Masterman, 2009).

Olympic Legacy

The International Olympic Committee (IOC) has developed its own framework regarding Olympic legacies through continuous dialogue with various stakeholders. This framework is very similar to the framework created by Holger Preuss, but has more taken into account various aspects that are specific to the Olympic Games and the Olympic Movement. The IOC has come up with the following working definition:

“Olympic legacy is the result of a vision. It encompasses all the tangible and intangible long-term benefits initiated or accelerated by the hosting of the Olympic Games/sport events for people, cities/territories and the Olympic Movement.” (IOC)

Organized sports development relates to development of new generation of elite-level athletes and enhanced overall support to athletes. These aims are supported by, for example by grass-roots sports development and broadening of fan bases of less-known sports and events. Furthermore, emphasis is placed on improvement of equipment, sports facilities, as well as knowhow of coaches and other specialists. Social development places emphasis on improving awareness regarding health and wellbeing benefits derived from physical activity, utilizing Olympic values as a tool for education, building peace, and international cooperation. Sports can also be utilized as a vehicle to improve inclusiveness of minorities (IOC).

From the perspective of human skills, networks and innovation, sports can be utilized as a driver to create a new generation of talent with up-to-date skills. Furthermore, sports can bring about innovation and through collaboration create new networks. Through hosting of the Olympic Games, culture and creative development can be cultivated by increased visibility of the host nations culture. For example by hosting artistic activities, creating new cultural assets as the Games legacies and create a new visual identity to the host (IOC).

Urban development refers to the improved infrastructure fueled by hosting of the Olympic games. These include overall mobility development of the host nation, as well as urban infrastructure and venues utilized for sports. Alongside with urban development enhancements, environmental enhancement go hand-in-hand as air and water quality improvements are sought after. The Games can also act as a catalyst to improve awareness regarding sustainability and environmental issues, further fueling transition to green thinking and for example low-carbon technologies and processes (IOC).

Finally, economic value and brand equity improvements refer to improved global profile and visibility of the host nation, as well as the host nations improved global competitiveness. This can lead to increase in tourism and the event industry of the nation, as well a fuel growth of new businesses (IOC).

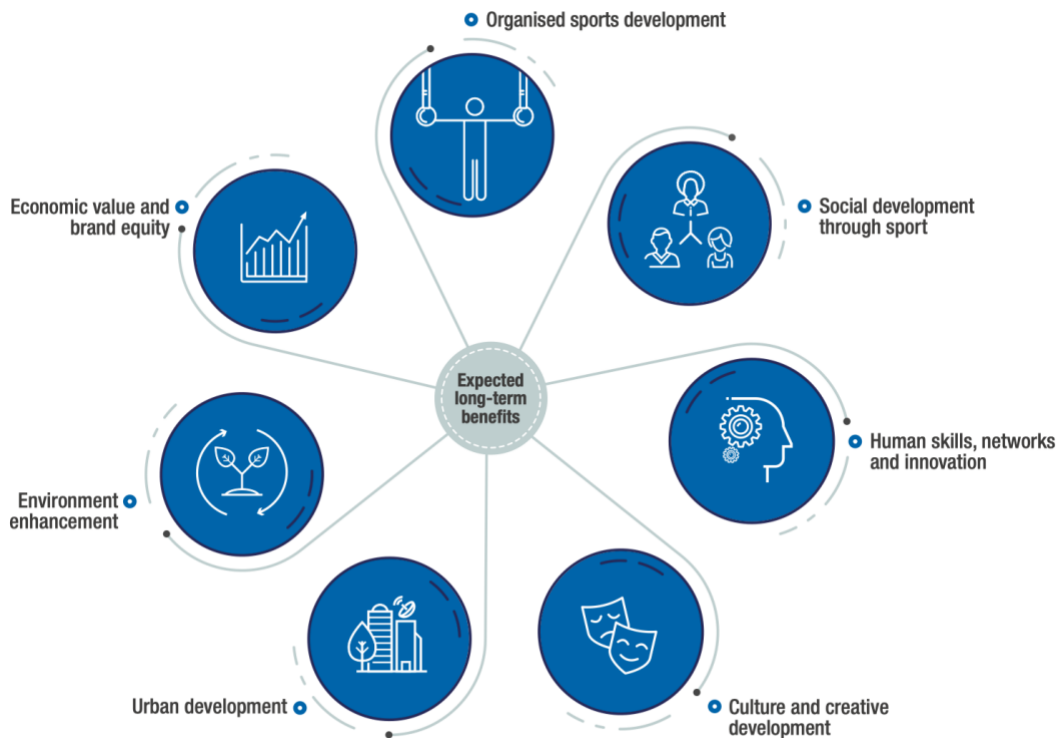


Figure 31: Expected long-term benefits from the Olympic Games (IOC)

4.4 Legacy planning

Legacy planning is defined as the systematic and strategic event planning in accordance to all relevant stakeholders to maximize the benefits and minimize the negative effects of an event (Preuss, 2007). The importance of legacy planning has been brought to event organizer's attention due to the fact that the Olympic Committee requires a legacy plan from all cities bidding to host the Olympic games (IOC).

Land regeneration

Major sports event often require development of new facilities or new physical structures in order to host the event. Utilization of land that would not otherwise be used, or regeneration of current structures can translate to physical legacies for future economic, cultural and social economic benefit. In recent history, regions that have made bids to the right to host major sports events have included plans for land regeneration in order to gain support from the public. In the case of the Olympic games, these types of regeneration plans are also required in the bidding process. There is some agreement among author on the capacity for events to produce physical legacies in

the form of constructed facilities, that can ultimately lead to economic benefits (Getz, 1997; Allen et al, 2002; Bowdin et al, 2006, Masterman, 2004).

Facilities and services

Facilities and buildings that are newly built or revitalized to accommodate major sports event are commonly seen as long-term legacies. The stakeholders involved in the event planning must look and plan their usage beyond the event in order to justify their investment. The after usage can be divided into two types, namely sports, leisure and recreational use by the local community and/or to further staging of more events in the future. In practice, the after-user are often involved only after the facility has been designed and built. According to Meinel (2001), 50-80% of the operating costs of a facility are determined at the planning stage, and thus the after-use should be carefully considered when building the facility in order to create positive long-term legacies (Masterman, 2004).

In order to host the Olympic Games, the IOC does not require that the host region builds new facilities, thus not requiring physical legacies. However, they do look to protect against the possibility of 'white elephants' and thus require the new facilities have long-term after-use plans in place (Olympic Review, 2005a). A bidding city will be judged based on the planning details it provides in the bid book for comparison.

Major sports events are often utilized as a catalyst to increase the speed of regeneration, further increasing the attractiveness of hosting an event. Often Olympic planning, for example, has disregarded various rigid political procedures in order to accelerate developments (Preuss, 2004). However, this fast-tracks planning can often backfire as the proposals do not receive appropriate economic, social or environmental evaluation (Hall, 2001). For example, when planning a new facility in disused or outer-city areas, the infrastructure (transportation methods) required to serve this facility must also be considered (Masterman, 2004).

From the perspective of increased tourism, however, events do not generally provide much stimulus in the form of accommodation, hotels or room increases. The increase in hotel-room capacity is often short-term, and thus does not justify the costs of building new capacity,

refurbishing or even renovation of hotels (Hughes, 1993; Essex and Chalkley, 2003, Masterman, 2004).

Social regeneration

Outside of physical legacies, recently the social regeneration has gained more attention. The benefits of host region renewal programs and newly built facilities have the power to create a new driving force for social activities and thus give birth to long-term benefits. Hall (1997) argues that events can improve the cultural identity of the host city, develop community involvement, and diversity and inclusion. Social regeneration can ultimately lead to an improved safety, further improving the host region image. This improved image can also positively impact event tourists and thus start local economic benefits (Getz, 1997).

When planning for an event and the social regeneration legacies, the local community must be at the center of the planning process. In building new facilities, improvement of housing and area regeneration, it is important to consider the economic status of local residents. It is crucial that the new opportunities are financially within the local resident's reach, thus not creating disrupt within the communities (Masterman, 2004).

Political development

The successful staging of a major international sports event can improve the profile of government at a national and international level. Hosting such an event sends a message to the world that the host nation is ready for internationalization and further development. The extent of such development and improvement is very difficult to quantify, but as economic development as a result of the improved profile is more quantifiable, it can also lead to improved political image. Preuss (2004) refers to this as a new type of politics, as in the "*politics of mega-events*", allowing host cities to gain worldwide recognition and welcome international tourism. The national and cultural identity is also argued to be impacted by events and thus available for political influence (Masterman, 2004).

Cultural development

Hosting a major sport event can also offer a platform for broader set of programs that are seen to be culturally and socially beneficial. The IOC recognizes the importance of such programs and therefore required cultural events to be an *“essential element of the celebration of the Olympic Games”*. All bidding host cities are required to include these plans in their bid (IOC, 2002). This view proposes that all tangible benefits, such as infrastructure, sports structures, tourist facilities, etc. as well as intangible benefits, such as the national profile and political development, etc. are all accumulated cultural capital (Masterman, 2004).

Sports development

Sports development as a result of hosting a major sports event is another legacy that is an area of benefits that is problematic to measure. National and international sports governing bodies are aware of the importance of exposure through sports events, as the increased media exposure of mega-events like the Olympics can increase the potential participation in sport. UK Sport states that the so-called *“home-benefit”* can also lead to the winning more medals and creating a greater stage for sports. This benefit is something sporting organizations might put more emphasis on than the event host (Masterman, 2004). Increased participation in sport can eventually lead to better health of the general population, decrease crime-rate and thus create a virtuous cycle of benefits (UK Sport, 1999).

Environmental development

In harmony with the land regeneration and facilities and services legacies, environmental development has to also be assessed when planning an event. Major sport events can lead the way in incorporating operational policies during the event and also formulate environmental legacies to the host city. Waste-water management facilities, green buildings, destruction of habitat are all examples of aspects that must be managed when planning a sports event. Similarly to the post-use of other structures, the event management must also plan for the post-event transfer of sites and facilities, making sure they are returned to their original state. The total life cycle of the event must be considered, including the event-shutdown where event structures and modifications are cleared and infrastructure is returned to normal (Masterman, 2004).

Economic development

Economic development is one of the easiest ways quantify and thus of critical significance when justifying the various investments required made towards hosting a sports event. Negative impacts can be long-lasting and an expensive legacy for the local taxpayers. For many host regions, achieving short-term revenue and profit from the operation of a major sports event might not be as important as the expected long-term economic benefits that will come from increased tourism and post-event usage of the facilities. It is not unknown that the host region may incur losses for those that make the initial investments, but host regions and cities might be focusing on the long-term economic development of the region that will provide wider benefits for the community (Masterman, 2004).

Economic impact analysis

When planning to host such a major sports event, the media will commend or criticize the event organizers and involved stakeholders depending on the short- and long-term economic impact and legacies. This is one of the main reasons why an event with positive economic development is easier to justify. The measurement of economic impact, however can be prejudiced process. (Coates and Humphries, 2003). A normally used method to assess the costs and benefits in feasibility studies is a “multiplier analysis”. However, the fact that there are no set rules or frameworks regarding how to conduct such a calculation, indicated that there is a need for such a standardized approach in order to create a fair comparison between events (Masterman, 2004).

The general focus for multipliers in economic impact studies is to calculate the supplementary expenditure into the local economy as a result of hosting an event. Calculations include the discounting of expenditures that do not remain within the region. For example, income generated by suppliers that are not resident in the region. After discounting these ‘leakages’, the remains are the monetary benefit that has been realized. The more sustained this benefit is, the more likely it is to create improved employment and structural changes in the demand of the region. As this approach provides a quantifiable outcome, they are often utilized as a key decision-making factor when making decision of hosting an event (Masterman, 2004).

4.5 Event Leveraging

In short, event leveraging focuses on improving destination brand equity, integrating leveraging strategies alongside the existing event portfolio, nurturing social capital and strengthening corporate networks. This requires strategic planning and execution of activities adjacent an event in order to influence its long-term benefits (Chalip, 2004; O'Brien and Chalip, 2007). Leveraging differs from event legacy in the way that legacy is centered around the event and focuses on post-event outcomes, while leveraging focuses on strategically incorporating the event into the destination marketing and administration (Chalip, 2017; Taks et al., 2015).

Event leveraging generally focuses on the host-city, but non-host cities can also reap benefits from leveraging activities. Generally the leveraging activities can be divided into short-term and long-term activities. Short-term leveraging activities focus on maximize revenue and business from an event in the form of inducing visitor spending, stretching visitor stay, retaining event expenditures and by improving regional business relationships (O'Brien and Chalip, 2007). Tourism activities should be aligned with the local culture and involve the community to gain an increased sense of pride (Maruyama et al., 2016). The long-term activities put emphasis on enhancing a host-community's brand and image by utilizing marketing and increased media attention, as well as forming inter-organizational and corporate relationships (Chalip, 2004).

Non-host city benefits

As the magnitude of mega-events are ever increasing, the interest in spreading benefits to non-host regions is increasing (Daniels, 2007; Fairley, Cardillo and Filo, 2016; Karadakis and Kaplanidou, 2012; Lovegrove and Fairley, 2017). Research has witnessed that vicinity to the host city provides various opportunities for co-branding to improve image or flow-on tourism during the event (Chalip, 2017, Deccio and Baloglu, 2002).

In non-host cities, it is up to the stakeholders to identify opportunities for leveraging the event to benefit their region. Non-host cities can utilize events for local business and economic results in terms of tourism, (Chalip and Leyns, 2002; O'Brien, 2006), improve relationships with other regions and stakeholders and utilize the event as a platform for networking. Another way non-host region can benefit is through community development, participation in sport and volunteerism.

(O'Brien and Gardiner, 2006, Jago et al., 2003, Kellett et al., 2008, O'Brien and Chalip, 2007, Misener, 2015, Fairley, Cardillo and Filo, 2016).

Due to the magnitude of hosting a mega-event, it would not be possible without the support of the non-host regions and communities. Non-host regions provide an environment where social interaction between visitors and local residents is empowered and can lead to development of a positive destination image and marketing. Furthermore, the collaboration of non-host communities can help ease the congestion and negative impact of over-tourism in the host region (Byon and Zhang, 2010; Rosenbaum and Wong, 2010).

Non-host communities are in an advantageous position to benefit from strategic leveraging for two main reasons. Firstly, the investments required from non-host region are negligible compared to the host city, and secondly because they are not bound by the rules and regulations by the event organization and management. Therefore all the available resources can be utilized to maximize leverage. It is also stated that any leveraging effort by non-host communities will not only exploit on opportunities offered by the event itself, but also provide support to the event to succeed (Bell and Gallimore, 2015; Chalip, 2004).

Triple bottom line

Generally linked with companies Corporate Social Responsibility (CSR) activities, the triple bottom line methodology can also be utilized when discussing event leveraging. Research by O'Brien and Chalip (2008) discuss the triple bottom line of sports event leveraging by dividing leveraging activities into economic, social, and environmental leverage.

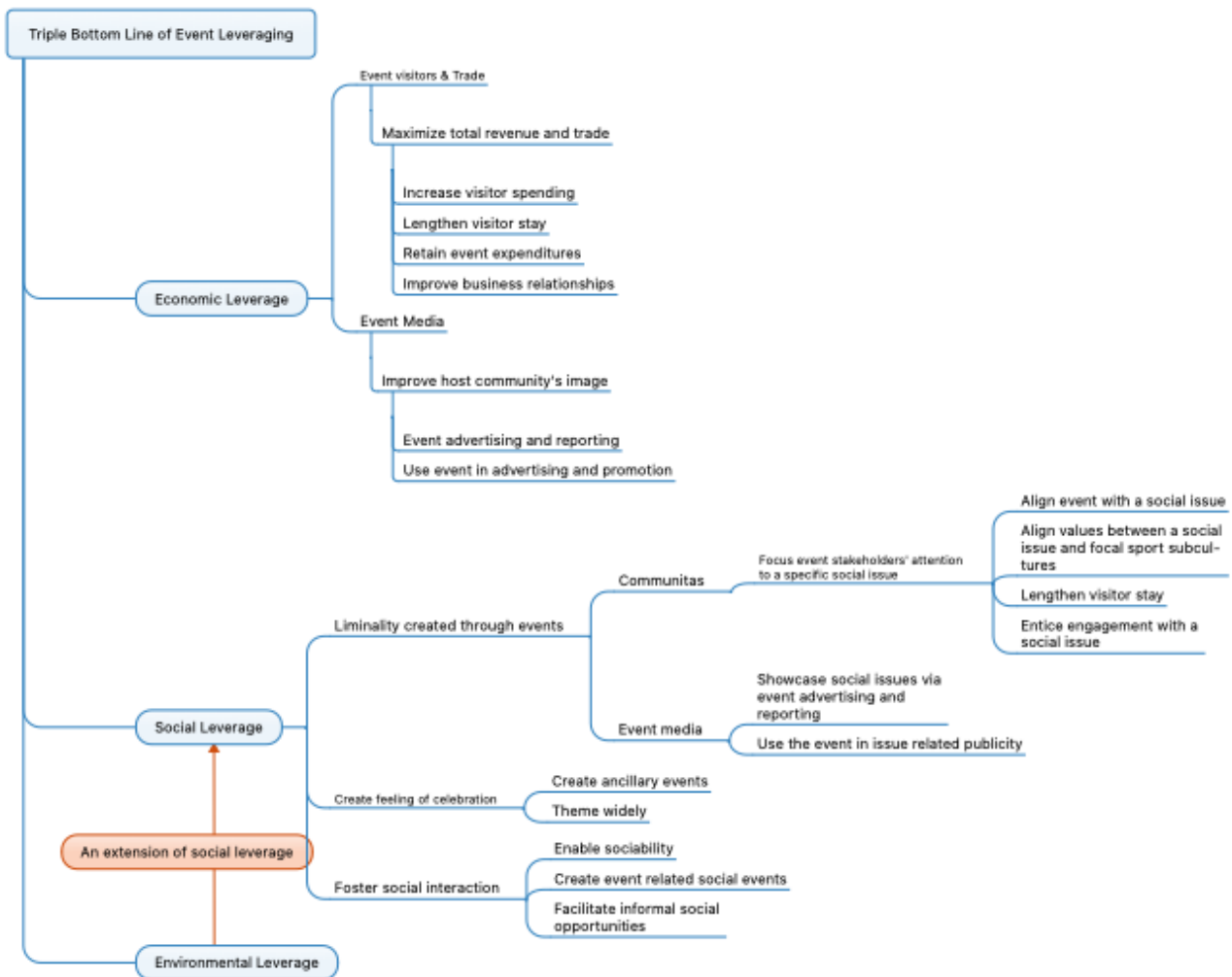


Figure 32: The triple bottom line of Sport Events and Strategic Leveraging (Chalip, O' Brien (2008)

Economic Benefits

Economic benefits of event leveraging can be generally divided into visitor expenditure & trade, and the improved destination brand image through increased event media exposure. Maximizing visitor spending are short-term leveraging tactics, whereas improving the brand image through advertising and promotion are more long-term strategies (Chalip, 2008).

Social Benefits

Social leveraging can be discussed from several aspects. Chalip (2006) discusses that liminality and 'communitas' are the key aspects for social leverage. Constructed on anthropological literature, he proposes that there are two key elements for creating liminality and 'communitas' at sport events, namely a sense of celebration, and social camaraderie (Chalip, 2008).

On a tactical level, social leverage can be conducted by creating a feeling of celebration and by fostering social interaction. More specifically, the region can create ancillary events around the main event, and enable sociability through staging social events related to the main event. Especially utilizing social issues as a means of leverage are powerful when bringing community together and creating a sense of belonging. Lately, many sports events are raising funds for a charity or fighting for a cause, and this can create social benefits on various levels (Chalip, 2008).

Environmental Benefits

Environmental benefits can be seen as an extension of social leverage. A social issue to be leveraged can be, for example waste or pollution related, and the event can be used to create awareness of environmental issues, while reaping the benefits of social leveraging activities (Chalip, 2008).

4.6 Economic impact studies

The economic impact of an event indicates to the total amount of additional expenditure generated within a defined area, as direct consequence of staging an event. Most often, the economic impact is measured because it is quantifiable and tangible, thus easily explained and needed for political rationalization of investing public resources in an event (Preuss, 2007).

There are various methodologies on how economic impact is calculated, but most often a multiplies process is utilized. This methodology demonstrates how a destination is affected by tourism spending within the host nation. Leakages occurs when merchandise that is imported is sold to tourists in order to meet their needs and demands. The multiplier effect is based on the analysis of changes in economic activity, where a distinction is made between derived and direct effects. Economic impact generated by tourism is measured for example, through income, employment, and taxes. This type of models helps understand the relationship of money flow within an economy. The visitor's spending becomes another person's income, the increased demand prompts raises in salaries and more employment opportunities, ultimately increasing tax revenue for the host region (Jensen-Butler et al., 2007).

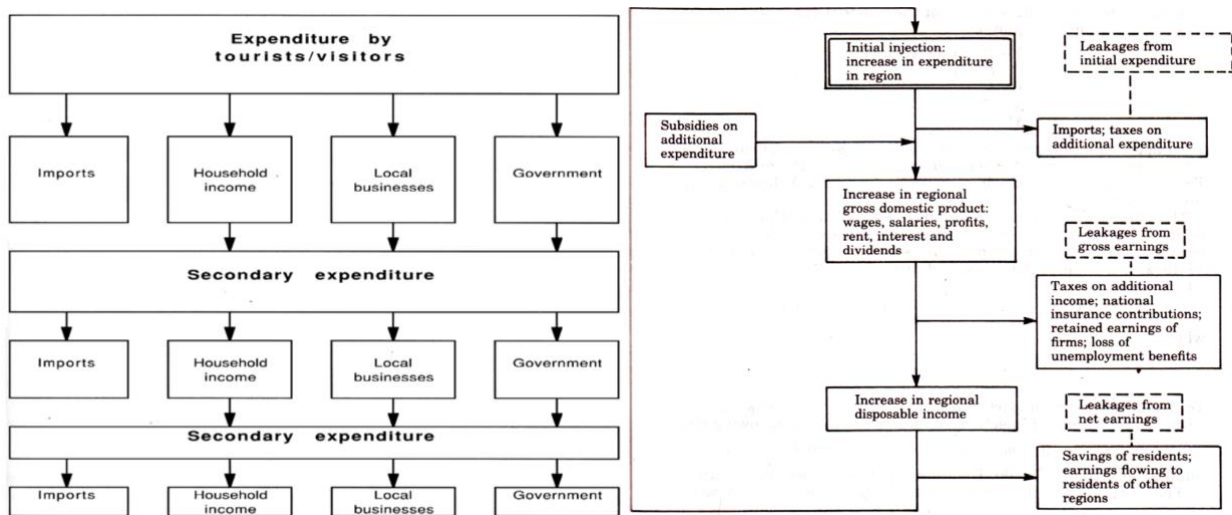


Figure 33: The Multiplier Effect and leakages of Visitor Spending at a Sports Event (Zima, 2011, Armstrong and Taylor, 1985)

One of the main reasons to conduct an economic impact study is to measure and quantify the effects that events generate within a region. Event organizers look to understand the overall inflow of money into the host city and which factors are behind the impact (Crompton et al., 2001).

Most often, an economic impact is a summation of various factors. Generally the majority of positive impact originates from visitor's spending during an event. An event visitor then is someone who has come to watch or participate in the event. The visitor spends their money within the host region by utilizing services such as accommodation, transportation and of course food and beverages. The increase in short-term customer volume has the capability to create employment opportunities for the host region, which will lead to a positive impact. Not all impacts are positive, thus the event organizers must also acknowledge the risks of negative impacts. A leak or diverge in the customer traffic is an example of a negative impact that can be caused by an event. Another example of a negative impact is misalignment of the image between the companies involved and the event. Misalignment with the event messaging and companies involved in the hosting have the possibility of backfiring. Generally, the economic impact comprises of all the activities generated by hosting an event in the region. By understanding there are both positive and negative impacts, the Event managers should try to find the best balance for

optimal success of the event (Crompton, Lee & Shuster 2001; Event Impacts 2014; Masterman, 2004).

As mentioned, the quantitative data of economic impact of sports events is important when justifying the costs hosting it will incur. Organizing a major sport event involves large investment and therefore investors require arguments for their investments. Albeit sports are often driven by passion, showcasing a positive return on investment is crucial for justifying the event. Positive impact can provide additional revenue for the organizer, involved stakeholders, as well as the host region as a whole, but negative economic impacts can have severe consequences for the event and for local tax payers (Masterman, 2004).

Economic impact studies are not without issues. Taking into consideration all the factors that might have an impact can be extremely complicated. As the studies are often based on multipliers, it is difficult to create repeatable results, implying the reliability and validity is low. When conducting an impact analysis, the utilized methodology and research methods should be clearly outlined, and researcher's ethics should also be understood. As they are often used to justify to hold the event, results can be skewed and misused. Generally these studies are conducted with integrity, but there have been several examples of studies where inappropriate procedures have been used balloon the positive economic impacts (Crompton et al. 2001; Preuss, Seguin & O'Reilly, 2007).

5 Economic Data analysis regarding Olympic Games

The following chapter will outline previous research regarding the economic impacts of past Olympic Games, as well as Tokyo 2020 Olympic Games.

Bank of Japan – Economic Impact of the Tokyo 2020 Olympic Games

In January 2016, several years after Tokyo won the bid to host the 2020 Summer Olympic Games, the Bank of Japan Research and Statistics department produced a detailed report outlining the various economic impacts of Tokyo 2020 Olympic Games.

At the time, positive effects on Japanese economy were expected, mostly through increased foreign tourism, and increased construction investments associated with the event. Albeit the number of foreign visitors had been steadily increasing, it was emphasized that the key to creating long-term increases in tourism is through by promoting tourism resources nationwide. In Japan's case, this is to promote regions outside of the Tokyo metropolitan area. Regarding the construction investments, the researchers emphasized the necessary to create new demand through a variety of measures to assist in strengthening economic growth and avoid large business cycle fluctuations. Simultaneously, supply-side efforts are required to tackle the fundamental labor shortage facing Japan by increasing work productivity and raising labor participation among elderly and women (Bank of Japan, 2016).

Research by Brückner and Pappa (2015), which utilized cross-country panel data for the period of 1950-2009 to quantify the economic impact of previous Olympic Games was utilized to forecast the possible economic impact of Tokyo 2020 Olympic Games. The data shows that hosting the Olympics provided a significant increase to real GDP growth between five and two years before the Games are held, and does not significantly decline afterwards. The cumulative effect on real GDP was a positive 10% in years leading up to the games (Brückner and Pappa, 2015)

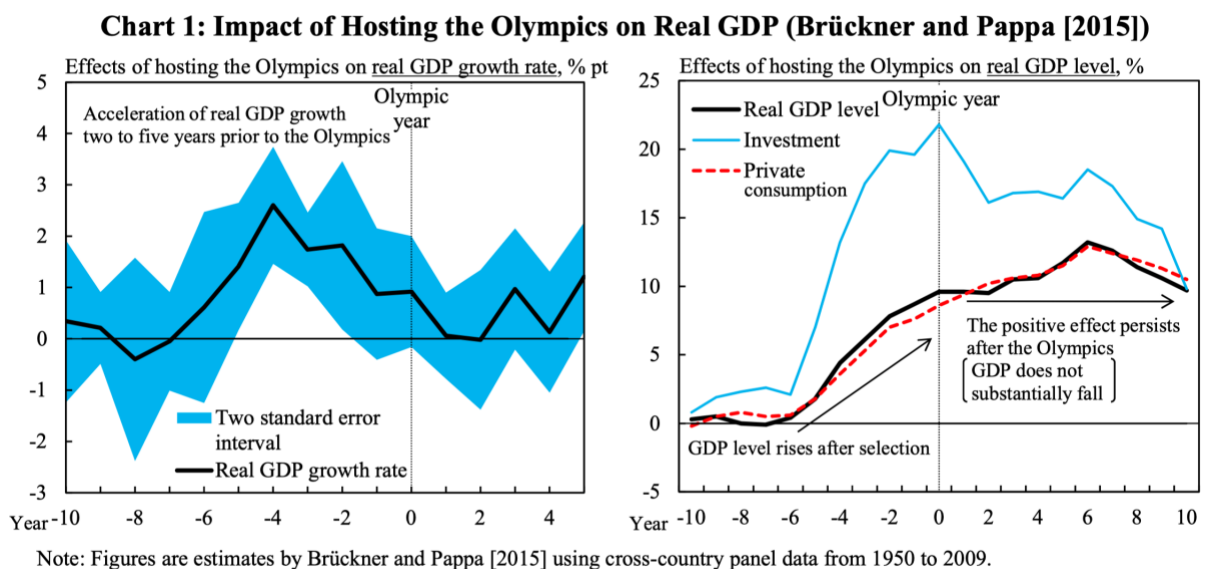
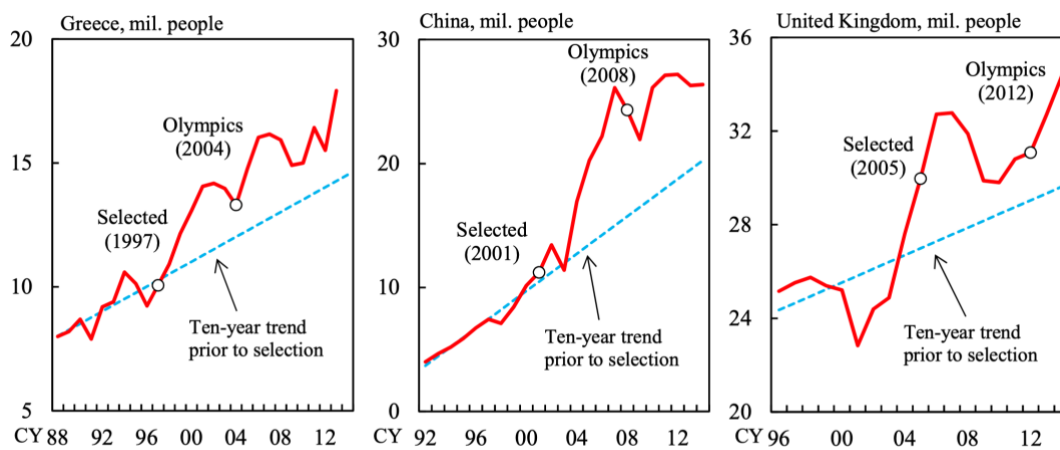


Figure 34: Impact of Hosting the Olympics on Real GDP (Brückner and Pappa, 2015)

The right-side figure shows a steep rise in investments starting from 6 years before Olympic year. These investments are generally projects related to improving infrastructure and building new structures to support the games. Similarly, private investment increases as the host nation opens up and welcomes international tourists (Brückner and Pappa, 2015).

One of the main reasons why hosting the Games had a sustainable positive impact can be explained by the research by Rose and Spiegel (2011). They provide empirical results showing that host nations' real exports considerably increased because countries were inclined to implement policies to increase their openness during the time when they were chosen to host the Games. In the case of Tokyo 2020 Olympics, easing of visa requirements paired with the depreciation of yen were some driving factors (Bank of Japan, 2016).

The increase in media exposure of the host nation also accelerates the growth of tourism in the region. The research by Mizuho Research Institute in 2014 shows examples of three Summer Olympic Games editions, where the number of foreign visitors sharply rises in the nation after being chosen to host the Games. Countries (Mizuho Research Institute, 2014).



Sources: Mizuho Research Institute [2014]; CEIC, etc.

Figure 35: Number of Foreign Visitors in Selected Olympic Host Countries (Mizuho Research Institute, 2014)

Based on the historical data, Bank of Japan assumed that the number of foreigners visiting in Japan in 2020 could reach 33 million, or even more if the promotion of tourism in Japan was

successful leading to the Games. This increasing rate was based on the evidence that number of foreigners visiting the host nation increase from the year they win the bid to host the event.

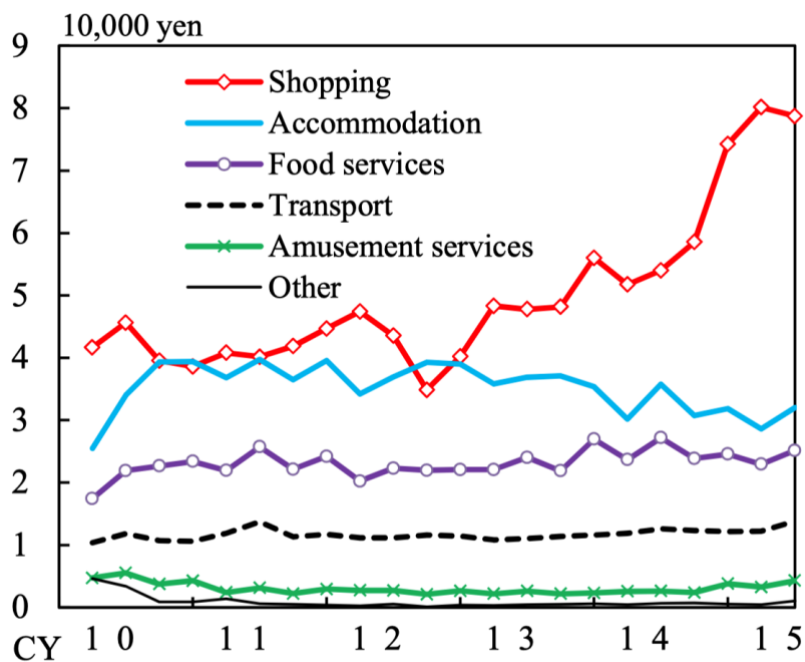


Figure 36: Expenditure per Visitor in Japan, by category (Bank of Japan, 2016)

In the case of Tokyo 2020 Olympics, while most of the expenditure categories per visitor have remained flat or even slightly declined, it is the shopping category that has experienced high growth due to an extension of articles subject to duty-free treatment that occurred in 2014 (Bank of Japan, 2016).

The research states that in order to further increase the expenditure per visitor, it is important to increase the international awareness of the quality, brand power, and safety of products and services in Japan. The increased awareness was believed to increase expenditure on food, cultural experiences, and leisure-related services (Bank of Japan, 2016).

The research also indicates that not all research shows sustained economic growth. There are arguments that most assessments tend to overemphasize the economic impact of hosting the Games. However, the researchers believe that it is highly likely that hosting the Olympics, together with the amendments to various policies, will have positive effects on the Japanese economy.

Considering that Japan is a highly developed country, there is high level of uncertainty regarding the magnitude of the effects. When a developing country hosts Olympic Games for the first time, the impact of social infrastructure on the economy as a whole is substantial, and the efficiency and productivity increase due to infrastructure investments are high. From an economic point of view, the budget for Tokyo Olympics is 0.1 to 0.2% of GDP, whereas in most cases it has been more than double of this (Brückner and Pappa, 2015).

Based on the assumptions of the number of foreign visitors reaching 33 million, while simultaneously their expenditure increasing, and cumulative construction investment associated with hosting the Games amounting to a total of 10 trillion yen by 2020, the research states that the GDP of Japan will be increased by 0.2 to 0.3% in the period of 2015 to 2018. This translates to Japan's real GDP level in 2018 will be about 1% (approximately 5-6 trillion yen) higher than would otherwise be the case. The research also states that as the construction investment is likely to decline after the Games, the need to create new sources of demand is of importance after the Games (Bank of Japan, 2016).

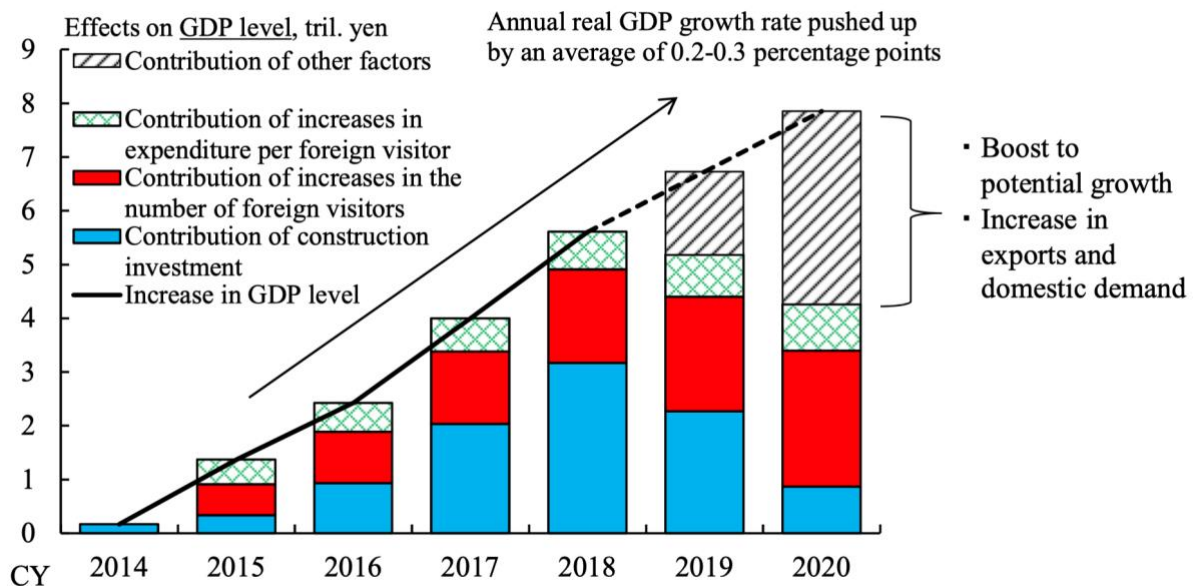


Figure 37: Economic Impact of the Tokyo Olympics (Bank of Japan, 2016)

Tokyo Metropolitan Government - The Economic Effects of the Tokyo 2020 Games

Tokyo Metropolitan Government, Bureau of Olympic and Paralympic Games Tokyo 2020 Preparation has released a detailed calculation, estimating the economic and legacy effects related with holding the Tokyo 2020 Games in March 2020. The period of analysis starts from 2013, when Tokyo won the bid to host the 2020 Summer Olympics, all the way to 2030, ten (nine) years after the games. The analysis focuses on the Tokyo region, as well as Japan nationwide. The method used to calculate the economic effects was based on input-output tables from 2011 (Tokyo Metropolitan Government, 2017).

The effects were further divided to direct effects, as well as legacy effects. Direct effects are described as increase in demand caused by the investments and expenditures directly related to hosting the Olympic Games. Likewise, the legacy effects were described as increase in demand based on initiatives implemented in Tokyo in expectation of the post-Games legacy (Tokyo Metropolitan Government, 2017).

Table 7: Direct effects related to hosting of the Olympic Games (based on Tokyo Metropolitan Government, 2017)

Item	Description	Increase in demand (\$US B)
Facility maintenance	Maintenance costs related to the new permanent establishments	3.2
Games operating	- Temporary facility maintenance costs - Energy infrastructure - Software costs (transportation, security, technology, operations, management / public relations, etc.)	9.6
Consumption of tournament participants and spectators	- Consumption expenditures (transportation expenses, accommodation expenses, food and drink expenses, shopping expenses, facility usage)	1.9
Household consumption	- Sales of Olympic and Paralympic-related goods sold at the time of the Games	2.6
International video production and transmission	- Expenditures related to video production and transmission for the Olympic and Paralympic Games	0.3
Corporate marketing activities	- The amount of increase in demand will be the marketing activity costs of the sponsor company (purchase of TV programs, etc.).	0.3
Total		18.0

Based on the calculation conducted by Tokyo Metropolitan Government, the direct economic impact of hosting the Tokyo 2020 Summer Olympic Games would amount to approximately US\$18

billion. More than half of this was figure was from Games operations, including the temporary facilities, infrastructure and software costs. From the perspective of this thesis, the consumption of tournament participants and spectators was forecasted to be US\$1.9 billion (Tokyo Metropolitan Government, 2017).

Table 8: Indirect effects related to hosting of the Olympic Games (based on Tokyo Metropolitan Government, 2017)

Item	Description	Increase in demand (\$US B)
- Post-games use of new permanent venues and the Olympic/Paralympic Village - Urban development in Tokyo and environment / sustainability	- Post-games use of new permanent venues and the Olympic/Paralympic Village - Transport infrastructure developed for the Games, accessibility measures, the realisation of a hydrogen-powered society, etc.	20.5
- Sports, citizen participation/volunteering - Culture and education/diversity	- An increase in sports players/spectators, promotion of para-sports - Increase in volunteer activity, increase in the audience for cultural events - increase in international students, etc.	7.4
Activating economy using state of the art technology	- Expansion of tourism demand - Creation of an international business zone - Promotion of SMEs - Expansion of ITS/robotics industries, etc.	83.3
Total		111.3

The indirect effects were forecasted to amount to more than US\$110 billion, of which the majority was accounted for “activating economy using state of the art technology”. This segment includes expansion of tourism demand, creation of an international business zone, promotions of SME’s and industrial expansion. The second largest portion, amounting to US\$20.5 billion was post-game utilization of new permanent venues, the Olympic village and the new infrastructure created in order to host the Games. Again, from the perspective of this thesis, the majority of this indirect effect would be included in the legacy planning of hosting Olympic Games (Tokyo Metropolitan Government, 2017).

The Economic Loss of hosting Tokyo 2020 Olympics with limited spectators

Research conducted by Nomura Research Institute showcases the economic loss of hosting the Tokyo 2020 Olympics. According to the research, by banning overseas spectators, the economic loss amounted to US\$1,372 million. Furthermore, adding the 600,000 refunded game tickets

towards foreign visitors, and the amount of loss becomes \$US151,318 million. Looking at the big picture, this economic loss amounts to 0,03% of Japan's GDP (NRI, 2021).

For this estimation, the number of foreign tourists and their expenditure from 2019 was used as a baseline. The number of expected visitors and ticket sales is based on an estimation conducted by the Tokyo Metropolitan Government in 2017 and Nomura Research Institution (NRI, 2021).

Table 9: The economic loss due to banning overseas spectators (Nomura Research Institute, 2021)

Economic Loss due to banning overseas spectators		
Number of foreign tourists	31,882,049	
2019 Foreign Visitor Expenditure	4,811,300,000,000	JPY
Average expenditure per visitor	150,909	JPY
Expected number of visitors	1,000,000	
Economic loss from tourism	150,909,372,230	JPY
Ticket refund	45,000,000,000	JPY
Economic loss \$US million*	151,318	(1 USD = 110 JPY)

Domestic spectators were also limited in numbers, but compared to the magnitude of foreign visitors, the economic loss is fairly small. Japanese spectators (local residents) will often stay at relatives or friends housing, and the consumption of food, transportation or services does not get included in the economic impact analysis (NRI, 2021).

The research conducted by Nomura Research Institute utilizes figures of tourists visiting during the Olympic Games. However, the author believes there would be a longer-lasting uplift in tourism because of the "Olympic fever", thus the realistic economic loss should be higher.

6 Research methodology

The research methodology segment includes the researcher's scientific view in order to increase the reader's understanding for the various research methodologies, and the choices made in in

this research. Furthermore, the methods used when conducting and gathering data for this thesis are described and reasoned for.

6.1 Research approach

The thesis is produced by initially conducting empirical research on the topics based on the main theories, such as economic impact, mega-event legacies, and various aspects revolving quantifying them. Quantitative research methods will be utilized by utilizing statistics, research reports and forecasts to create a “base case” (Olympics held in 2020, without Covid-19), representing a plausible scenario if no worldwide pandemic were to materialize. All the statistics and data available in Japanese Yen will be converted to United States Dollars, using the conversion rate of 1 USD = 110 JPY (xe.com).

Qualitative research methods will also be utilized in the form of semi-structured interviews. These research methods will be used to gain more insight of the effects from the perspective of local businesses to understand the magnitude and severity of the ongoing situation. Paired with the statistics and, the author then attempts to paint a picture of the impacts to the overall tourism landscape, and how the pandemic has impacted tourism and tourist spending, before and during the Olympics. Access to hotels and other accommodations were built through the Finnish Olympic committee, and hotels where the Olympic teams and delegations are staying will be targeted. Furthermore, the largest commercial tourism organization provides insights into the overall economic impact of the pandemic.

The following chapters will explain the various research philosophies, theory development, chosen research method, research strategy, the type of data collection, the validity, reliability, as well as transparency with limitations of the research.

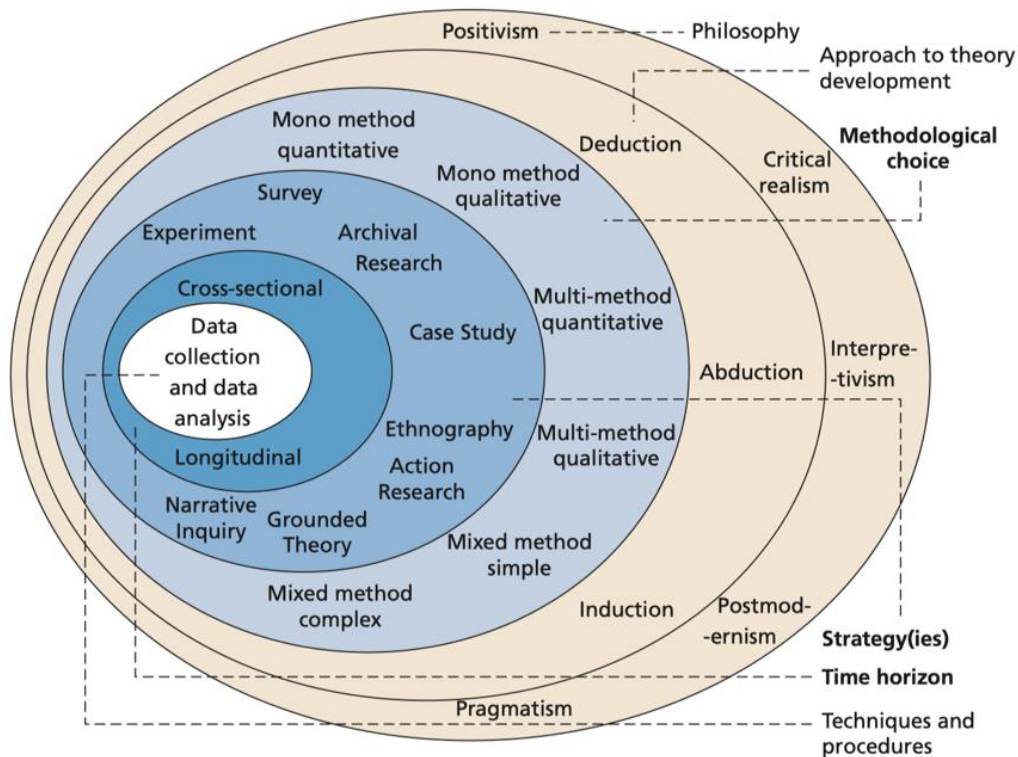


Figure 38: The research Onion (2018 Mark Saunders, Philip Lewis and Adrian Thornhill)

6.2 Research philosophy

Research philosophy refers to a system of assumptions and beliefs regarding the development of knowledge. Research then is simply put, developing knowledge in a specific field and during every stage of research, one makes numbers of assumptions (Burrell and Morgan 2016). These assumptions can be divided to various types, for example assumptions about the realities encountered during the research (ontology), human knowledge (epistemology) and about how much and in what ways the researcher's values influence the research process (axiology). These various assumptions shape the understanding regarding one's research questions and the methods used how to interpret the findings (Crotty 1998). Research philosophy is a reflection of the researcher's values, as is one's choice of data collection techniques. They have originated from natural sciences, social sciences and arts and humanities, but business management has absorbed a range of philosophies (Mark N. et al, 2019).

These types of assumptions are also paired with continua, namely objectivism and subjectivism. They provide two extremes, but generally business management lies somewhere between the

two. Depending on the type of research, the researcher might choose to side of either extreme. For example, *an* objectivist point of view might be that social phenomena exists autonomously of individuals' views of them and tend to be universal and enduring in character. On the other hand, subjectivism unites assumptions of the arts and humanities, stating that social reality is made from the perceptions and consequent actions of people (Mark N. et al, 2019).

Table 10: Summary of research philosophies (Formulated from Mark N. et al, Research Methods for Business Students-Pearson Education, 2019)

Research Philosophies			
Assumption Type		Examples	Continua with set of extremes
			Objectivism
			Subjectivism
			Assumptions of the natural sciences. Argues that the social reality researched is external to us and others (social actors)
			Assumptions of the arts and humanities. Argues that social reality is made from the perceptions and consequent actions of social actors (people).
Ontology	Assumptions about the nature and reality.	The way researcher sees and studies research objects (organizations, management, individuals, events)	<ul style="list-style-type: none"> - Embrace realism - One true reality - Things - Order
			<ul style="list-style-type: none"> - Nominalism (conventionalism) - Multiple realities - Processes - Chaos
Epistemology	Assumptions about knowledge	What knowledge constitutes acceptable, valid and legitimate. How we can communicate knowledge to others (Burrell and Morgan 2016). The multidisciplinary context of business and management constitutes that different types of knowledge (numerical data, text, visuals, facts, opinions, stories) can all be considered legitimate.	<ul style="list-style-type: none"> - Facts - Numbers - Observable phenomena - Law-like generalization
			<ul style="list-style-type: none"> - Opinions - Written, spoken, visual - Attributed meanings - Individuals, context, specific
Axiology	Role of values and ethics	The extent to which the researcher wishes to view the impact of one's own values and beliefs on research as a positive. The researches must decide how to deal with their own and differing values between the people being researched.	<ul style="list-style-type: none"> - Value-free - Detachment
			<ul style="list-style-type: none"> - Value-bound - Integral and reflexive

In business and management there are five major philosophies, namely; positivism, critical realism, interpretivism, postmodernism and pragmatism.

6.3 Theory development

All research, including this thesis utilizes theories. The degree to which research is concerned with theory building or testing promotions a vital question regarding the design of a research project. Contrasting approaches are generally described to the adopted reasoning method, namely deductive, inductive, or abductive. Deductive reasoning refers to when a conclusion is derived logically from theory-based premises, thus the conclusion is true when all the premises are true. To contrast, in inductive reasoning there is a gap in the logic argument between the conclusion and the observed premises. The conclusion is being judged and to be supported by the made observations. Finally, abductive reasoning begins with a "unforeseen fact" being observed, and this fact is the conclusion, rather than the premise. Based on the conclusion, a set of premises are determined, which are considered sufficient to explain the conclusion. The reasoning is that if the

set of these premises were true, then the conclusion would also be true (Ketokivi and Mantere, 2010).

Table 11: Summary of approaches to theory development (Formulated from Mark N. et al, Research Methods for Business Students-Pearson Education, 2019)

	Deduction	Induction	Abduction
Logic	When premises are true, conclusion must also be true	Known premises are used to create untested conclusions	Known premises are used to generate testable conclusions
Generalisability	From general to specific	From specific to general	Interactions between specific and general
Data usage	Data used to evaluate hypothesis related to an existing theory	Data used to explore a phenomenon, identify patterns and themes to create a conceptual framework	Data used to explore phenomenon, identify patterns and themes, utilize conceptual frameworks and test through subsequent data collection
Theory	Falsification or verification	Generation and building	Generation or modification; utilize existing , build new or modify existing theory

This thesis theory development comes mainly from a deduction perspective. The hypothesis is that due to the limitation in tourism during the Tokyo 2020 Olympics, there will be a negative economic impact compared to the expected outcome. Quantitative research data is then utilized to quantify this gap between the outcomes, and the qualitative interviews bring other aspects on how the pandemic has impacted the tourism industry.

6.4 Research method

Research methods refer to the strategies, processes and techniques applied in data collection for analysis, with the goal of discovering new information or creating a deeper understanding of the topic investigated. Research methods are divided into qualitative, quantitative, and mixed research methods (LibGuides, 2021). The chapters below will explain which research methods were utilized during this research, and the underlying reasons behind them.

6.5 Research strategy

Research strategy presents the main components of a research effort, such as the topic of research, area of focus (scope), the research perspective, the research design, and research methods. The chosen research strategy answers to the question of how the research proposes to answer the research questions, and how the methodology is applied throughout the study (Open.edu, 2022).

The research strategy of this thesis started by limiting the scope to short-term economic impact of the Tokyo 2020 Olympic games, and especially focusing on the tourism industry and visitor spending. The theories, methodologies and frameworks explained in the early chapters attempt to showcase the various aspects involved in such research. Based on the semi-structured interviews, the scope was then broadened to also involve more social aspects, as they seemed to be more impactful from the perspective of local business owners.

6.6 Data collection

Data collection can be generally divided into two major approaches; qualitative and quantitative. Qualitative research collects information and data from lived experiences, behaviors and emotions and the meanings people attach to them. This research approach enables the researches to gain a better understanding of complex concepts, cultural phenomena and social interactions. This type of research is useful in understanding how and why matters have happened, understanding events and unfolding actions. On the contrary, quantitative research is based on numerical data that can be measured, ranked and categorized through statistical analysis. This type of research help exposes patterns and relationships in data and for making generalities. Quantitative research can answer questions of how many, how much, how often, or to what extent. Finally, there are mixed method research, which integrates qualities from both qualitative and quantitative methods (LibGuides, 2021).

Both research methods are more suited for different techniques and tools. In this thesis, the ground work was done through quantitative research methods, in the form of gathering and analyzing data regarding how past editions of the Olympic Games have impacted the host nations, as well as tourism industry indicators, in order to quantify the economic impact of Tokyo 2020

Olympic Games in regards to the research question. Qualitative research methods were also utilized in the form of semi-structured interviews, where the initial purpose was to gain more insight on how the lack of tourism has impacted the local businesses. The interviews were conducted both face to face, as well as utilizing online meeting tools, and all were recorded. The researcher created a transcript of each the interviews and identified several overlapping themes within them. The interviews were then translated by the researcher, and only highlights of the findings are included in the main body of this thesis.

Table 12: Data collection tools (LibGuides, 2021)

Qualitative	Quantitative
Interviews	Surveys & Questionnaires
Focus-group discussions	Observations - translated to numbers
Observations	Document screening
Document analysis - letters, diaries, emails, etc.	Experiments - hypothesis, cause and effect testing, etc.
Oral history or stories	

6.7 Reliability and validity

Reliability and validity are two central concepts that have to be taken into consideration in research. Reliability in research refers to the degree to which the same outcome or answers can be obtained by utilizing the same methods more than one time. This means that if the research is associated with high level of reliability, other researchers are able to regenerate the same results utilizing the same methodology, under comparable conditions. Reliability consists of two sub-concepts, namely stability and consistency. Stability refers that the measure does not differ over time, and consistency means that the study measures the same aspects. Reliability can be ensured by repeating the study, also, the phenomenon might not be everlasting, therefore a new measurement would not guarantee reliability as time goes by. Every single time a single observer (a single researcher) is the source of data, reliability is a concern. This is because there is no certain safeguard against the observer's subjectivity (Babbie, Business Research Methodology, 2020).

Validity of research, on the other hand can be explained as the degree at which necessities of scientific research method has been followed during the process of generating research findings and creating new knowledge. There are several different forms of research validity, which have been defined by Cohen et al (2007). The major forms of validity are content validity, criterion-related validity, construct validity, internal validity, external validity, concurrent validity and face validity. Out of these external and internal validity are deemed the most important aspects. External validation refers to the generalization of the results to the population. In research, it is crucial that that the selected sample refers to the total population in sufficiently. Internal validity involves three components, namely content validity, theoretical validity and criterion validity. These components measure the reliability of the research process itself (Babbie, Business Research Methodology, 2020).

Content validity refers to the accuracy of the measurements, and whether the measured aspects were things that were supposed to. Theoretical validity refers to the theory background of the study and to what extent theory was utilized, and how it supports the whole research throughout. Criterion validity refers how other studies have been utilized to support the research to support findings (Babbie, Business Research Methodology, 2020).

It is essential to understand that although the various threats of research reliability and validity can never be totally eliminated, the researchers must strive to minimize this threat as much as possible. Due to the fact it can never be eliminated, reliability and validity of a scientific research study must always be evaluated. Research aims to get reliable and truthful information, and thus reliability and validity issues should be taken into consideration during all stages of the research process. As the thesis is conducted utilizing a mixed method, using both qualitative and quantitative data, evaluating the reliability and validity are vital for the success of the research (Babbie, Business Research Methodology, 2020).

6.8 Transparency and limitations

Research transparency is a concept that suggests to the belief that *“researchers have an ethical obligation to facilitate the evaluation of their evidence-based knowledge claims”* by constructing their evidence, analysis, and research design public (Lupia & Elman, 2014). The concept of transparency has three dimensions, namely; data, analytics, and production transparency. The

initial dimension, data transparency compels the researcher to publicize the data and evidence their empirical findings rest. Access to data allows research to develop over time and allows the research to be judged based on reliability of data sources. It also allows other researchers to reuse the existing data to validate the empirical findings and conduct further research on the topic. The second dimension, analytics transparency refers to the fact that the researcher must publicize how they have measured, interpreted and analyzed the evidence (SAGE Research Methods Foundations, 2019).

By being transparent in their research methodology and analytic approach, the research can again be judged whether findings are biased or the research approach flawed. Finally, the third dimension of production transparency refers to the obligation of publicizing their research design and methodology. This means that the researcher must uncover the research process and decision throughout the research journey, and what factors have influenced their assessment. In short, all of these three dimensions contribute to research transparency and If another researcher were to utilize the same data, analytic methods, and methodologies, they should in theory reach the result (SAGE Research Methods Foundations, 2019).

Majority of the data and research utilized in this research is founded on widely accepted theories and frameworks regarding mega-events, economic impact studies, and event legacies. Furthermore, the economic data and industry statistics utilized are all from respected sources providing the author to believe there is a high level of reliability of this data.

Limitations in research refers to the features of research methodology or design that have impacted or influenced the authors interpretation the findings of the research. Research limitations are therefore the constraints placed on the ability to generalize from the results, to further describe applications to practice or showcase the utility of findings within the chosen design or methodologies of research, including methods used to establish internal and external validity or results of unanticipated challenges that emerged during the research process. The researcher must always acknowledge and describe the limitations of research, as well as provide suggestions for further research, which can lead to more research done in the specific field (USC Libraries.com – Research Guides).

While the author believes the information and insights received from the interviews with various stakeholders are valid and reliable, there is definitely an aspect of transparency that needs to be discussed. The interview opportunities were created through personal networks; thus it might be difficult to replicate. The number of interviews was also lower than initially planned, due to the fact that many stakeholders were not in a position to discuss such topics to be publicized.

7 Results

The next chapter provides a summary of the economic data and forecasts regarding economic impact and tourism in Japan, and delves deeper into the social impacts based on conducted interviews.

7.1 Macroeconomic indicators and statistical data

The statistics provided by various institutes regarding macroeconomic indicators, tourist statistics and research conducted by Japanese stakeholders all provide highly credible data points showcasing the impact of COVID-19 worldwide, and in Japan. Especially the research conducted by Tokyo Metropolitan Government, The Bank of Japan and Nomura Research Institute clearly outline the expected economic effects, and economic loss of hosting the Olympic Games during the pandemic without foreign spectators. Looking at past factual data, there is no denying that there has been a high positive correlation between the economic growth, number of tourists and tourism spending and hosting of the Olympic Games. It has also been shown that throughout the years, not only hosting, but also bidding for the Games has become hugely expensive and double-digit cost overruns are more of a norm than exception. This has led to a situation where only highly developed economies can bid for the games, but at the same time cannot reap the same number of benefits from infrastructure improvements or tourism increases. Perhaps this is one of the reasons why the Olympic Movement is placing more emphasis on sustainability, through the SGD's and placing more emphasis on the cultural and social aspects hosting of the Olympic Games can provide.

Majority of the statistics utilized in this thesis are either updated annually or quarterly and are still showing a clear path to recovery in GDP and tourism starting from 2022, but in reality, at the time of writing the various COVID-19 variants are still causing havoc. It thus remains to be seen how

long-lasting these effects will be. As long as Japan stays closed from the outside world, and Beijing Winter Olympics are already ongoing, the Tokyo 2020 Summer Olympics might be soon forgotten.

7.2 Interviews

The author conducted four semi-structured interviews with stakeholders involved with the Tokyo 2020 Olympic Games. The first interview was with Japan Sports Tourism Alliance, which provided the author a good understanding of the overall landscape around the Tokyo 2020 Olympic Games, including politics and social issues. The second interview was with a hotel manager from Hilton, providing an example of the negative case for economic, as well as social impacts, both in the short- and long-term. Third interview was with a small town in Hokkaido, which on the contrary showcased how a non-host city can greatly gain from the Olympic Games and how hosting a small team of athletes can provide both economic activities, as well as social recovery to a town. Finally, the author was able to discuss the social aspects, namely social leveraging and the future of Olympic Games with an Assistant Professor from a Japanese university to gain more insights on how the Olympics had an impact on the social aspect of Japan.

Japan Sports Tourism Alliance

The first interview was with Japan Sports Tourism Alliance (JSTA), which gave the author a good big-picture image of the current sports tourism climate in Japan, as well as the various economic, and social aspects revolving around hosting of the Tokyo 2020 Olympic Games. The Japan Sport Tourism Alliance (JSTA) was launched in 2012, and its main purpose is to advance promotion of all-Japan level sports tourism as the hub of efforts to achieve energetic undertakings in the athletic and sightseeing fields over the years to come (JSTA).

The interview was conducted as a semi-structured manner, and the thesis research questions acted as the guideline for discussion. JSTA believes there will not be any solid evidence-based facts about the economic impact until the end of first quarter of 2022. Furthermore, outside of the statistical data provided by the Japanese Tourism Association, there are no other facts and figures regarding the economic impact of the Olympic games available. Furthermore, as the sports industry in Japan is domestic, there are not many economic impact studies conducted focusing on foreign visitor spending. According to JSTA, the two best mega-events in recent history to utilize as

a benchmark were the London 2012 Olympics and the 2019 Rugby World-Cup. There were many lessons learned, both positive as well as negative.

However, it soon became apparent that JSTA was more concerned about the long-term the political and social impacts of the Tokyo 2020 Olympic Games, and the topics discussed shifted. The main concern was how the elections, paired with the pandemic and Olympics could create political turmoil. The critique was due to the lack of planning before, during and after the Olympic games, as there was no strategic planning on how to operate during pandemic.

JSTA mentioned there were no cohesive efforts to improve or upgrade the destination image of Japan, and that the image of Japan is still very old. The efforts were focused on short-term, in order to gain acceptance to running the event during the Pandemic and minimize negative media attention.

Before the Olympic Games, majority of the Japanese citizens were against of holding the games during a pandemic, but right after the games ended, approximately 60% had shifted their mindset and were supportive of the games. JSTA was more concerned about the aftermath in media due to the cost overruns and lack of economic impact due to banning foreign spectators, as well as the spike in COVID-19 cases.

Daily Covid cases in Tokyo

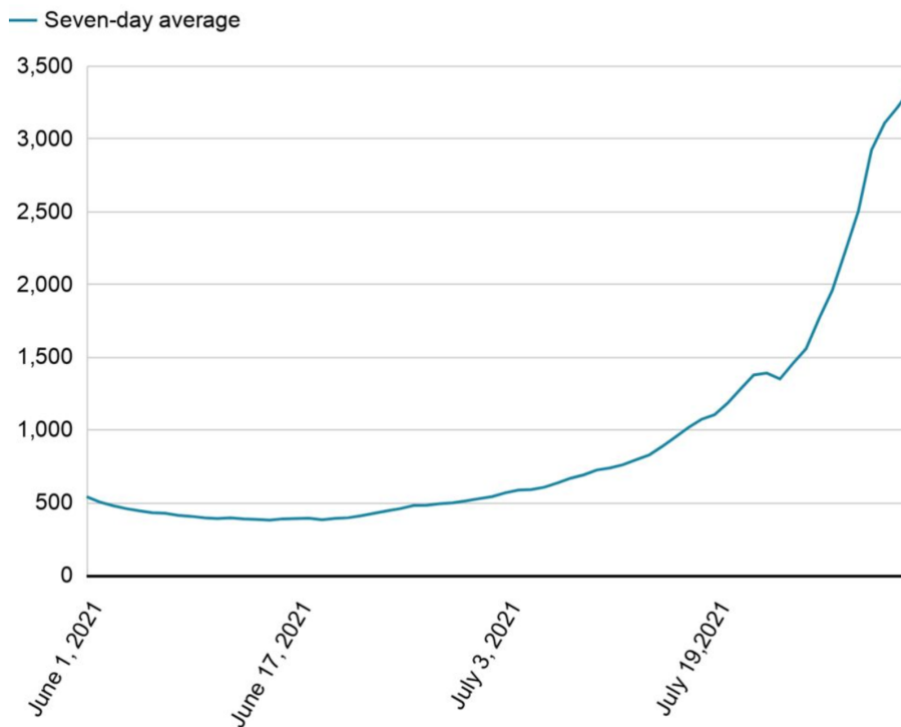


Figure 39: Daily Covid cases in Tokyo during the Olympic Games (BBC, 2021)

According to JSTA, Japan was highly efficient in creating the required structures to hold the event, in terms of facilities and services, but was concerned there was a lack of legacy planning for these structures. Based on the discussion, various build facilities did not have any appropriate after-use plan. The fact that Japan has a very special sponsorship structure means that even without proper planning, the major corporations will continue their support of running these facilities. Companies that support sports in Japan have long-lasting relationships, and are not driven solely by economic benefits, thus even if the facilities keep losing money, they will be kept operational.

Hilton Fukuoka Sea Hawk

Hilton is a global hospitality company, listed on the New York Exchange. Globally it operates more than 1,000,000 rooms over 6,758 properties and 122 countries. In Japan, Hilton operates 22 properties (Hilton.com). Hilton Fukuoka Sea Hawk is located at a central location in Fukuoka, which is a major port city with a population of more than 2.5 million (Wikipedia).

Introduction

2019 was the best year for Hilton Fukuoka Sea Hawk in their operating history in terms of revenue, MICE engagement, and room occupancy rates. The management was forecasting that 2020 and beyond would beat the 2019 numbers, and the data was supporting this trend. Fukuoka city has a less room occupancy compared to other major cities in Japan, thus the average room occupancy rate has as high as 85%, compared to a national average of approximately 65% (Japan tourism association, 2021).

However, when the pandemic hit Japan, and the borders were closed, the occupancy rate dropped to single digits level. Majority of the business revenue they had forecasted directly or indirectly related to the Olympics disappeared. The uptick in MICE related revenue obviously disappeared due to travel restrictions as well. Various planned celebrations empowering the local community, schools and city ambassadors were also all cancelled. During the Olympics, a total of 250 people from various countries delegations were staying at Hilton Fukuoka. The hotel capacity is more than 1,000 room, and this time was the highest occupancy rate they had experienced after the pandemic started.

It was the political aspects that caused even further issues to the hotel. Whether it was politically correct to host the Olympic games during the pandemic, possibly worsening the situation became a significant matter of debate that divided opinions. Before the games, 80% of locals were against of holding the games during the pandemic. Hilton Fukuoka had planned and was hoping to leverage the fact they are hosting Olympic teams in their premises to further increase the brand awareness of Fukuoka city and Hilton hotel. They had planned activities that would involve local communities, including events where local school children could meet and greet the Olympic athletes.

However, supporting the Olympic teams during the time of COVID backfired and Hilton Fukuoka was criticized for their support. The hotel became a target of criticism and was politically attacked for hosting the Olympic teams. The staff were advised to hide the fact they were supporting the Olympics in work and even in their private life in order to minimize the negative press. The management was concerned that these activities of hosting several countries delegations would have a negative impact on the hotels image in the long-term.

The management emphasized that Japan is a country that deeply cares about their image, and this often times takes priority over other matters, Many of the actions taken and omitted were done in order to “save face” instead of financial reasoning.

Hilton Fukuoka is forecasting a long road to recovery, and the management does not believe occupancy will recover before 2023. The hotel has traditionally targeted groups of tourists, often coming from other Asian countries, but is currently shifting its focus on individuals, personalized services and more customization options to cater for various needs.

Sobetsu Town

Due to the heat of mid-summer Japan, some of the endurance events were shifted from Tokyo to Sapporo in Hokkaido, the northern main island of Japan. Generally the venues where Olympic events are held and delegations stay are planned well ahead of time, but in this instance the decision was made last minute. Sobetsu is small town in Hokkaido with a population of approximately 2,600 as of 2016 (Wikipedia), and due to a long-term sister town relationship with Kilpisjarvi in Finland, the town had the opportunity to host the Finnish Olympic Walking team during the Olympics.

With minimum amount of time for planning, Sobetsu town empowered the local community, and they were able to plan various community driven events during the Olympics. School children prepared a welcome video to the athletes, and various elderly groups hosted events combining Japanese and Finnish culture in the form of making handicraft and cooking lessons. The Finnish team was blown away by the kindness of people and level of hospitality, and were able to experience the “real Japan”, all while protecting the rules and regulations caused by the Pandemic. This provided a great example of how to leverage non-host city facilities in a sustainable way and create positive economic and social impacts.

Due to the increased demand provided by the Olympic team, the local lodging establishments, restaurants and farms were all able to enjoy an uptick in revenue. Local farms in the vicinity also supported Sobetsu Town in harmony to meet the increase in demand. Unlike in Tokyo, where the scale of operations was massive, due to the small scale of the team, majority of the locals were supportive of hosting the Finnish team. It was emphasized that outside of the positive economic

impact, it was the social leveraging that had the biggest impact. Sobetsu town had no previous experience of hosting mega-event pre-training camp participants, but was able to gain valuable experience in hosting sports-teams during a mega-event. They were also successful in empowering the local community and create new life into the local society.

These activities, the positive mindset of the locals also was able to improve the destination image due to various mentions in Japanese and Finnish media, and it was believed that these kinds of unique connections could be further leveraged in the future editions of the Olympic Games.

TOKIO 2020

Piskuinen japanilaiskylä järjesti huikean yllätyksen olympialaisiin valmistautuville suomalaiskävelijöille – "Siinä oltiin ihan H. Moilasena"

Maailmalla uutisissa kerrotaan, kuinka japanilaiset vastustavat Tokion olympialaisia. Tästä ei ollut tietoaakaan, kun suomalaiskävelijät saapuivat harjoitusleirilleen piskuisen Sobetsuun. Katso Sobetsun kaupungin tervehdys suomalaisille oheiselta videolta.



Tällaisen videon Sobetsun kaupunki teki suomalaisurheilijoille

Figure 40: Yle.fi - Urheilu

Tokai University, Department of Sport & Leisure Management

Tokai University is a private university in Tokyo, Japan, established in 1942. In 2017, it had close to 29,000 undergraduates and approximately 1,000 postgraduates enrolled. The author had an opportunity to discuss with an Assistant Professor in the Department of Sport & Leisure

Management, which has the mission to train professionals in the field of sport and leisure management to meet the new and increased demand in the future.

From the perspective of academia, the interviewee was well versed regarding the economic impact and legacies around the Tokyo 2020 Olympic Games, citing the research done by Bank of Japan, Tokyo Metropolitan Government and Nomura Research Institute, as well as citing the research conducted by Preuss, et al. The underlying message was that due to the fact that Japan is such a developed economy, hosting the Olympic Games, even in optimal conditions do not have such a large degree of economic impact, compared to a more developing country. Due to the fact that the lack of short-term economic impact was well quantified by other research outlets, the discussion moved towards legacy, and especially the social aspects of hosting a mega-event. The interviewee believed that in the case of Tokyo 2020 Olympic Games, the main emphasis should be on social leverage and uplifting and improving Japan's brand image due to the increased media attention around the Games.

The media attention was very polarized due to the fact that on the other side hosting such a mega-event during a pandemic would increase the number of COVID-19 cases and create more negative impacts down the road. Similarly the politicians were criticized by not planning Japan's vaccination program up to global standards and was behind schedule in providing vaccinations to the citizens. Some of the positive messaging around hosting of the Olympic Games was shadowed by politics, as also elections were commencing at the same time. On the positive side, Japan was able to showcase that through proper planning, it was able to carry out the Olympics without any major mishaps and spikes in COVID-19 cases. As shown by the polls, generally the Japanese people became more supportive of hosting the Olympic Games after they started than during the preparation period. Imagery of Japanese fans cleaning stadiums, wearing masks and protecting the rules and regulations set forth by the government all projected positive messages to the world.

Much discussion was held around the Triple Bottom Line, which has afterwards been added to the theory section of this research. The interviewee explained that from his perspective, albeit legacy planning is a part of the bidding process, Tokyo had not put enough emphasis on the after-use of features and facilities and was worried of "white elephants". While the various restrictions caused

by the pandemic, it will be difficult to assess the success of these legacies and social aspects, and will require further research in the future. The interviewee explained that compared to a normal edition of the Summer Olympic Games, there will be a longer gap in time before legacies can be identified as the pandemic continues to loom, and will offer many interesting research opportunities in the future.

8 Conclusions

In this thesis, the author has introduced facts and figures regarding past editions of the Olympic Games and showcased that as the magnitude of these games have increased, so have the costs to host them. Utilizing available economic data and statistics, the author created a picture of a “base case” of how the economy was forecasted to grow, if no COVID-19 pandemic was never materialized. The short-term economic impact, or the lack of, are well documented through the research conducted by local agencies. It is also clear that the impact on tourism has been greatly negatively impacted due to the various travel restrictions placed to enter Japan, which have multiplied the impact on the Olympic Games. As the pandemic continues to cause disturbance, it is still unclear when, and if the tourism in Japan will recover to its previous level and whether we will see an impact from the Tokyo 2020 Olympic Games. From the perspective of the main research question *“How big of an economic impact did not materialize and how does it affect the local businesses in the tourism industry, namely accommodation, restaurants and travel companies?”* The short-term economic impact is therefore quite clear looking at various data points mentioned throughout this research. As seen from past research, the “Olympic Boom” in tourism has continued for several years during the past Olympic Games editions, but it will be difficult to assess whether this is the case in Japan, again due to the continued travel restrictions. Even as the date of writing in early spring of 2022, no foreigner visitors are allowed to the country for tourism.

Also, while the expected long-term economic legacies are very large in magnitude, in reality the short-term economic “loss” due to banning of tourists and foreign spectators during the games is not material to Japan’s economy. A question to remain to be answered is, what should the main purpose of the Olympic games be in the future as the economic impact to developed countries is much less than in previous editions, and developing countries do not have the resources to host the Games. Based on the research conducted by Nomura Research Institute, the overall economic

impact of Tokyo 2020 Olympics was 0.03% of Japan's GDP, which is much lower than of various previous Olympic Games. This paired with the large investments required to host the games, it might be more suitable to focus on the positive social aspects of the Olympic Movement.

The author also explained various main concepts revolving around tourism, and especially event tourism, and introduced the main theoretical frameworks and research regarding mega-event economic impacts and legacies. The legacy section was further elaborated by showcasing further frameworks around social leverage and the various social impacts hosting of mega-events can provide. To provide transparency on how economic impact studies are generally conducted., the author also introduced several methods how they are constructed, and what the various limitations and pitfalls are.

Albeit the initial purpose and goal of this thesis was to solely focus on the economic factors and short-term economic impact, it came apparent that most of the Japanese stakeholders were more concerned about the long-term social aspects, than just short-term economic impacts. Another major concern was that Japan had not sufficiently conducted after-use planning of the newly built structures and facilities, and were afraid of "White Elephants". Similarly, they believed that the Olympic Committee was not able to successfully update the image of Japan through leveraging the Olympic Games.

Due to the continued restrictions, it remains to be seen how well the tourism industry will bounce back to normal levels, and whether the Olympics had any impact on the future growth of the industry. it was interesting to see the various stakeholders were more concerned about the social aspects regarding the games. This leads to the second main research question "*What are the main concerns of local stakeholders involved with the Games when ran under a worldwide pandemic?*" came about only after initial interviews with stakeholders and looking at polling data. While the

This aspect was also very apparent from the various interviews. Even though there were both positive, as well as negative economic impacts due to the travel and tourism restrictions to local businesses, the stakeholders were much more concerned about the long-term social impacts of hosting the Olympic Games during a pandemic. The case of Hilton Hotel was an example of a local business that was heavily negatively impacted. Not only did they lose revenue due to travel

restrictions, and thus room occupancy was at an all-time low, the Olympic Delegations were also reduced in size to mitigate any further risks. An interesting aspect of this case was the social backlash of supporting the Olympic Games during the pandemic, where the image of the hotel was worsened from the perspective of locals, and the fact that employees had to hide the truth they are supporting Olympic Teams during the games in order to avoid personal relationships to degrade is quite substantial. From a social leveraging perspective, all of the activities regarding activating social communities and improving the brand image of the area were also cancelled, causing a further long-lasting negative effect.

On the other hand, for a small town such as Sobetsu, the shift of several endurance events to Hokkaido-region was a gift. Hosting several Olympic teams created unrepresented opportunities for these local communities from a financial perspective, but more importantly provided an opportunity to showcase the charm and appeal of regions that are not well known. By providing authentic Japanese experiences to the teams, involving the school children and communities was a great example of how Olympic Games can provide positive social impacts to non-host cities and regions.

This example has many similarities to the World Rugby Tournament hosted in 2019, where the games were much more spread around the whole country, providing more regions opportunities to appeal to tourists. Based on the research and interviews, the author believes this is one direction how future editions of the Olympic games could improve the power of the Olympic Movement.

Furthermore, people involved in academia and tourism industry also stated that Japan had somewhat failed in after games planning of how to improve the image of Japan to drive further tourism and expenditure in the future.

9 Discussion

When the topic of this thesis was initially discussed and the scope decided, the pandemic had already affected all of our lives for more than a year. Japan had banned all tourists and no visas were administered. This gave the author a unique opportunity to leverage a valid work visa to return to Japan and conduct this research on the ground. Utilizing various sources of data ranging

from economic data, statistics, and research papers, it was relatively easy to quantify the expected economic benefits from the Tokyo 2020 Olympics, as well as gain a rather good idea of what the gap is.

After conducting research regarding the economic impact and legacies revolving around sport mega-event, the author had the chance to conduct various interviews with stakeholders concerned with the Tokyo 2020 Olympic Games. The results were eye-opening and shifted the focus of the thesis to focus more on the social aspects of the Olympic Games. The biggest message the author received from all the interviews was that social legacy and leverage were much more important to local stakeholders than short-term economic impact. Thus, the author believes the future of the Olympic Games and Olympic Movement should focus more on long-term social legacies and find new ways to leverage the positive effects sports can bring about to the whole host nation. Perhaps the Tokyo 2020 Summer Olympic Games was an inflection point for the future of the Games.

9.1 Future Research

The theoretical framework has focused on first defining various events and sports tourism, and secondly how these events can impact our society in short- and long-term in the forms of impact and legacy. Conducting an economic impact study can showcase that Tokyo 2020 Olympics did not reach the expected level of tourism and expenditure visitors due to heavy travel restrictions and by banning overseas spectators. However, this gap in visitor spending short-term is only one part of the big picture, and more interestingly it is the long-term social impacts that most Japanese are more concerned about.

The various insights gained regarding the lack of economic impact from the Tokyo 2020 Summer Olympics suggests that the way forward for the Olympic Movement is to focus more on the social aspect, instead of economic growth of the host region. In the past, hosting of the Olympic Games have been seen as an opportunity to spend high amounts of money to improve the infrastructure and facilities of a host nation, as well as increase the visibility of a host nation through increased media attention. These positive economic effects have been utilized to justify large amounts of expenditure for the preparation. However, as the costs have dramatically increased, developing countries no longer have the ability to bid due to lack of resources, while the already developed

countries can no longer reap the same amount of economic benefit (in relative terms). Similarly, the IOC is driving towards more sustainability, and instead of large-scale infrastructure and permanent fixture investments, is putting more emphasis on re-usable and temporary fixtures. It also became apparent from the various interviews the author conducted that majority of the stakeholders were more concerned about the social aspects and upsides the Olympic Games could provide the host nation. From social aspect as well, the emphasis on IOC is more on strengthening of the host nation brand image and long-term growth instead of short-term economic impacts.

Based on these factors, the author believes there are various future research opportunities in deeper understanding how the host nation could leverage the increased media attention and interest in the region as a whole to promote sustainable growth. Another interesting future research area would be how to further leverage non-host cities to revitalize them in economic terms, as well as socially. The examples from the World Rugby Tournament and Sobetsu Town bring great insight how non-host cities were able to reap the benefits of a mega-event.

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