



Despite Lackluster Ticket Sales, Can Greece Be a Big Winner in This Year's Olympics?

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Years of planning and more than \$10 billion in public spending, much of it financed by Greek taxpayers, will come to an end with the opening of the Olympic Games next month. The event is expected to draw 10,500 athletes from a record 201 countries, promising sports spectacles that will keep people worldwide glued to their television sets.

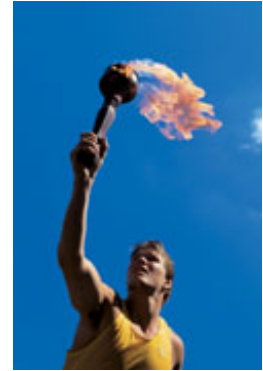
Yet preparations for the Athens Games have run anything but smoothly. The Games have been plagued by media reports of unfinished construction projects, potentially severe traffic jams, fear of terrorist attacks, and the rising value of the Euro on international currency markets, making travel to Europe expensive for many visitors.

Now, not surprisingly, the big question is whether there will be enough people to fill the seats set up for viewers in more than 120 venues. The Games, to run from Aug. 13 to Aug. 29, will include new Olympic disciplines like triathlon, trampoline and Taekwon Do. But already a number of observers fear that some events may have the sparsely attended, scattered-fan feel of a Montreal Expos game, raising questions about whether the Greeks will get a financial payback for this huge investment.

By the end of June, about 1.95 million of the total 5.3 million tickets had been sold, according to Greek officials, who have not revised the number since then. Cartan Tours of Manhattan Beach, Calif., one of two companies in the U.S. officially designated to sell Olympic tickets and accommodations, said Olympic ticket sales are down about 20% from the 2000 Sydney Games. Tickets range in price from \$14 to \$1,200 for the opening ceremony. Meanwhile Olympics watchers are hoping that the southern European propensity for making plans at the last minute will produce interest in the games and fill up the seats before opening day.

Scott Rosner, an expert on sports business who lectures in Wharton's legal studies department, says the financial burden of a poor-selling Athens Games will fall most heavily on Greece because it gets to keep about 95% of the revenues from ticket sales. The host country does not get a high revenue share from television broadcast rights and global corporate sponsorships, the game's bread-and-butter, he adds. NBC is paying about \$800 million for broadcast rights to the Olympics in the United States and has placed most of its big-budget sports money on the Games. Corporate sponsorships cost between \$60 million and \$70 million – money that is funneled to the Olympic organization, which then redistributes a healthy portion back to the host country.

“At the end of the day, a lack of ticket sales hurts Athens far more than the International Organizing Committee” for the Olympics, says Rosner, who is co-author of a book titled, *The Business of Sports*. And this may be appropriate. “The lack of organization, whether real or perceived, by the Athens organizing



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committee has made people wonder whether these games will be a disaster,” Rosner notes. “The Greeks have been saying the Olympics are in our blood, but that does not make them an expert at running the Games.”

Weak ticket sales, however, undercut one of the main justifications for hosting the Olympic Games – higher levels of tourism. Greece already has lost some financial benefit because it did not have its stadiums and other sport venues finished months ago, says Peter Williams, a professor and director of the Center for Tourism Policy and Research at Simon Fraser University in Canada. This would have led to additional tourism business as the games approached, adds Williams, who visited Greece for three weeks in late 2003 to evaluate the preparations. “They weren’t as quick off the line,” he notes. “My guess is that they will be ready but not in the state of readiness that everybody expects. They have had strikes and other labor disputes and technology problems ... We are going into these games with a lot of uncertainty.”

But Williams does not place all the blame on mismanagement by the organizers. The Olympic Games have simply become too big, and the expectations too high, for most countries to serve as hosts, he suggests. Indeed, experts are already gleaning lessons from an Olympics that may be the worst financial performer in the modern era. By contrast, the 1984 summer Olympics in Los Angeles, considered the first privately financed summer Games, was hugely successful and earned a \$230 million profit. It set the standard, especially considering its predecessors, which included the 1976 Montreal Games – an event that almost bankrupted the Canadian province of Quebec. The 1980 Olympics in Moscow were marred by political tension between the United States and the Soviet Union and, because they took place in a communist country, could not be privately financed.

A July 16 article in *The New Republic* cites Greek officials announcing that the 2004 Athens Games will cost Greek taxpayers \$7.2 billion. But, according to the article, another \$4 billion in public works and other projects have been buried in various Greek agencies.

Olympic Marketing Lessons

A few lessons in marketing emerge from the Athens experience. First, when so much is riding on attendance there has to be close cooperation between the local Olympic planning committee and national tourism commission, which can build interest in the games around the globe. This is particularly true in a small country such as Greece, which needs a strong international contingent to fill its venues, says Don Williams, vice president of sales and marketing for Cartan Tours.

Williams says the Australian government did an excellent job of promoting tourism around the time of the 2000 Sydney Games, and therefore was able to fuel ticket sales. A tourism-boosting effort was undertaken by the Spanish government for the 1992 Barcelona Games, an effort that led to a 150% increase in tourism. The Greeks, however, didn’t put together a tourism marketing plan, either because they didn’t have the money or they didn’t believe they needed one, experts say.

A second lesson is that the host country has to focus hard, and early, on addressing international concerns in the media to overcome negative perceptions – perceptions that have stuck to the Athens Games like wet clothing. It’s not enough for government officials to hold press conferences and say all is well. “They needed to be ahead of the curve,” says Rosner. “But this (Olympic organizing) committee has turned out to be far more reactive than pro-active. The PR strategy was far too generic.” Don Williams suggests that a different PR firm might have been a better choice.

A third lesson: Don't expect the Olympics to create miracles. The Olympics are the single-largest brand in global sports with vast potential to drive sponsorship revenue, says Rob DiGisi, president of sports-marketing firm Iron Horse Marketing and a lecturer at Wharton. But at the end of the day, Athens is not considered by everyone to be one of the top tourist destinations – unless you are an ancient Greek scholar – and does not have a large number of hotel rooms. Indeed, cruise ships are being used for hotel space for fans and athletes.

Greece also does not have a fanatic sports culture and fan base that could energize ticket sales to the games, Don Williams and DiGisi both point out. Fans in America and Canada “will watch anything,” Williams says. “They will watch poker for hours and hours. America has the best fans. They will buy tickets to events they don't even know about. The Greeks aren't like that.” Finally, local ticket sellers have to face the fact that Athenians, like other Europeans, enjoy taking summer vacations in August, and that some residents of Athens want to get out of town and leave the Olympic crowds as far behind as possible.

As for what may be the single-largest concern – safety – everyone seems to have done all they can. Greece cancelled finishing touches on construction projects, like the roof on a swimming pool, to free up additional funds for the \$1.2 billion security budget. This is vastly more than the estimated \$200 million spent for security at the Sydney Games just four years ago and is part of the burden that will fall on Greek taxpayers. The Games security plans include the posting of 40,000 troops along its northern border with Balkan countries to guard against illegal crossings. Officials also have installed a security system so sophisticated it can photograph the faces, intercept phone calls and read cell phone numbers of people almost anywhere in the city. NATO will be involved, too, supplying AWACS surveillance planes and basing a rapid-reaction force at an undisclosed location in the region.

The docking area of the cruise ships at Piraeus, where 15,000 visitors, state officials and dignitaries will reside, will be protected by thousands of special forces soldiers, motion sensors on barbed-wire fences, surveillance cameras, X-ray machines and other detectors. Gunboats and helicopters will patrol the harbor. *The New York Times* recently reported that Greek officials, under intense pressure, has agreed to allow 400 American Special Forces soldiers to be present at the Athens games under NATO auspices and will permit American, Israeli and possibly British security officers to carry weapons. The Greeks also agreed to allow 100 armed agents to protect American athletes and dignitaries, and the FBI is sending a hostage rescue team.

In many ways Athens is going to resemble an armed camp as much as an international gathering of the world's best athletes. Still, according to Wharton marketing professor [Lisa Bolton](#), “once the games are underway people will get swept up watching them. Even when bad things happen, people carry on,” says Bolton, who attended the 1996 Atlanta Games which were shaken by a domestic bombing incident resulting in one death.

And for companies, the decision to advertise or sponsor the games in Athens is a risk-reward consideration – one still worth looking at given the global audience. All sorts of marketing questions arise, she says. Are the companies that sponsor the games a good fit for sporting events? It makes sense for Speedo, which markets swimming suits. But Xerox? “The fit has to be at an abstract level there.” What will the impact be of NBC's decision to broadcast pre-recorded contests instead of broadcasting live events? Are the Olympics protecting the marketing messages of sponsors and advertisers?

DiGisi offers another perspective. “It may be weird to say but I don’t know if anybody will notice” low attendance at some of the Olympic events. “These are games where fans are not a big part of the spectacle.” Peter Williams, the Canadian professor, says the Athens games are likely to come off reasonably well. “The crowds are props,” he notes. So what if all the contests are not well attended? As for the financial payback, Williams thinks it does not come down to just dollars and cents.

Athens has invested billions of dollars in its buildings and transportation system. Hotels have been upgraded and restaurants have improved their menus and service. Greeks have caught the Olympic fever, Williams adds. When he was in Greece, there was huge interest throughout the country in sailing and rowing events. “You will probably have to judge [this Olympics] on the social benefits rather than the financial costs.”

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