

Evaluating the Economic Viability and Long-Term Sustainability of Hosting the Olympic Games: A SWOT Analysis Approach

Wenzimo Hua

*BA Economy, The Ohio State University, Columbus, USA
hua.299@buckeyemail.osu.edu*

Abstract. In the context of accelerating globalization, large-scale sporting events such as the Olympic Games have become crucial platforms for host nations to demonstrate economic power and strengthen their global influence. While these events bring immediate economic benefits via infrastructure investment, tourism, and international exposure, their long-term financial sustainability remains a matter of concern. Historical data reveals significant cost overruns and post-event infrastructure underutilization, with the 2004 Athens and 2016 Rio Olympics serving as typical examples. This paper employs a SWOT analysis framework to evaluate the multidimensional economic impacts of hosting the Olympics. The results show that while the Olympics enhance global visibility and promote cultural diplomacy, they also impose substantial fiscal risks and environmental burdens. In addition, it further examines strategies such as enhancing budget management, repurposing infrastructure after the event, and exploring multi-country hosting options to enhance the economic impact and long-term viability of the Games. In conclusion, host nations should prioritize cost-benefit analysis and long-term sustainability in their decision-making processes to minimize economic risks and promote lasting development.

Keywords: Olympic games, Economic impact, SWOT analysis, Sustainability, Cost control

1. Introduction

In the context of accelerating globalization, large-scale sporting events, notably the Olympics, have emerged as pivotal arenas for showcasing the host nation's economic prowess and bolstering its international standing. While these events bring short-term economic growth, such as infrastructure development, tourism, and media exposure, research shows that their long-term economic benefits are limited, with high costs, environmental burdens, and social issues frequently arising. Despite existing research on the direct economic impacts of the Olympics, especially their short-term effects, studies on long-term economic outcomes, cost-effectiveness, and sustainability remains limited. A significant gap exists in assessing the benefits and drawbacks of such events. Therefore, this study aims to explore the multi-dimensional impact of the Olympics on the host country's economy using the SWOT analysis framework, thus providing a rational basis for future decisions on hosting such events. In addition, the paper uses qualitative research methods, combining historical case analysis

and economic data evaluation, to assess the economic benefits, social costs, and environmental impacts of large-scale events like the Olympics, and to propose strategies for improvement. It seeks to provide some insights for policymakers, helping assess the actual economic impact of large-scale sporting events on the host country and supporting more informed decisions on whether to host such events.

2. Overview of major sporting events

Major sporting events are international phenomena that attract participants from all over the world [1]. Depending on their scale and impact, these events can be classified into regional, international, and global categories, each with substantial differences in organization and economic impact. Major sporting events, particularly the Olympics, FIFA World Cup, UEFA European Championship, and the Super Bowl, typically garner immense attention and boast broad audiences [2]. And these events share the ability to unite nations, promote cultural exchange, and foster international interaction. However, the economic effects of these events can differ significantly, particularly when comparing the Olympics with other large-scale events such as the FIFA World Cup.

Unlike many other sporting events, the Olympics typically demands a significantly larger initial investment in infrastructure, which can become either a long-term economic asset or a burden for the host country. For example, while the FIFA World Cup typically focuses on upgrading existing facilities and infrastructure, the Olympics requires the construction of new sports venues, lodging, and transportation networks, which can lead to substantial economic challenges for the host country after the event. Additionally, the Olympics often has a much longer planning and execution period, which magnifies both the initial costs and the potential for budget overruns [3].

While both events generate substantial tourism revenue, media exposure, and global visibility, the Olympics tends to leave behind a more complex legacy in terms of infrastructure, environmental concerns, and fiscal responsibility. These features of the Olympics generate immediate benefits but also pose long-term challenges for the host countries. In contrast, the FIFA World Cup, while not without its challenges, has historically been associated with fewer post-event economic strains. The SWOT analysis framework will be applied to further investigate these differences and analyze the economic impacts of the Olympics compared to other major sporting events.

3. SWOT analysis of the Olympic Games

3.1. Strengths of hosting the Olympics

The main advantage of hosting the Olympics is its unparalleled status as a global platform, offering athletes the opportunity to showcase their talents while providing host cities and sponsor brands with unprecedented international visibility [4]. And the global exposure generated by the Olympics serves as a powerful promotional tool, reaching audiences worldwide. For instance, the 2024 Paris Olympics attracted millions of viewers globally, with the opening ceremony drawing nearly 29 million viewers and daily events consistently reaching large audiences. Furthermore, the Olympics' ability to draw top-tier global brands as sponsors further enhances its commercial impact. These brands benefit from massive visibility during the Games and leverage the Olympic platform to strengthen their global image. The 2024 Paris Olympics set a viewership record, with an average of 30.7 million viewers across NBCU platforms, underscoring the vast promotional opportunities the Games offer. Importantly, the long-term branding and marketing opportunities associated with the Olympics extend far beyond the event itself. The sustained exposure during the Games can translate

into lasting increases in brand recognition and value, offering sponsors and host cities significant returns on investment that extend well into the post-event period. This long-term impact on global brand positioning and city recognition is one of the most valuable aspects of hosting the Olympics.

3.2. Weaknesses of hosting the Olympics

The primary disadvantage of hosting the Olympics is the significant financial strain it places on the host country [5]. The 2024 Paris Olympics, for example, saw its budget balloon to €11.8 billion, far surpassing the initial €6.8 billion estimate. This discrepancy reflects the high costs associated with building new venues, thus expanding infrastructure, and ensuring security during the event. Budget overruns are not a new issue; the 2004 Athens Olympics is a prime example, where the final cost was three times higher than expected, contributing to Greece's financial crisis. As shown in Figure 1, these financial challenges have been consistent throughout the history of the Games, highlighting the growing fiscal risks involved [6]. Beyond the financial burden, the Olympics often leads to the construction of facilities that are not used long-term. Host cities are required to build new sports venues, accommodation, and transportation infrastructure, but these investments rarely provide lasting economic benefits. After the 2016 Rio Olympics, many of the new venues stood empty, leading to wasted resources. Consequently, some cities have reduced their Olympic bids or altered plans to avoid this kind of over-investment. Another major concern is the environmental impact of hosting the Games. The construction of temporary venues on a large scale results in significant waste, elevated carbon emissions, and disturbances to local ecosystems. For instance, the 2018 Pyeongchang Winter Olympics led to the destruction of thousands of trees and the displacement of wildlife to accommodate new ski slopes. These actions highlight the growing tension between hosting large sporting events and addressing environmental sustainability.

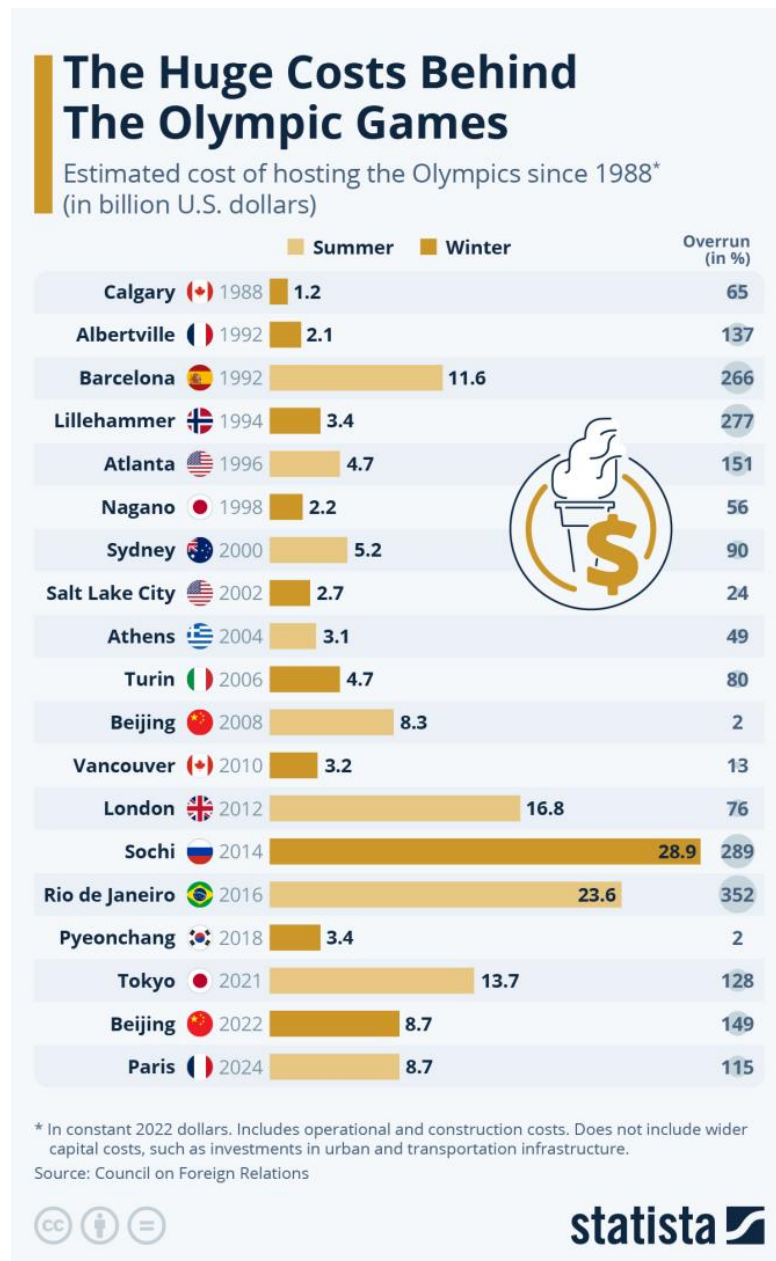


Figure 1. The huge costs behind the Olympic Games

3.3. Opportunities for the Olympics

The Olympics provides the host country with opportunities to drive social, cultural, and economic growth, while promoting causes such as gender equality and inclusivity. These initiatives often have lasting impacts that extend beyond the Games themselves, contributing to economic diversification and cultural tourism [7]. One of the key opportunities is the potential for the Olympics to enhance the host city's global image, attracting international tourists and fostering a more diverse economy. For example, the 2018 Pyeongchang Winter Olympics not only provided a platform for North and South Korean athletes to showcase a rare moment of reconciliation but also highlighted the power of the Olympics to create lasting diplomatic relationships. This improved image can drive long-term growth in tourism and international trade, particularly if the host city is seen as a hub for global

cooperation and cultural exchange. The Olympics also offers unique opportunities in cultural and tourism sectors. For example, the 2024 Paris Olympics sparked global conversations on gender and inclusivity, highlighted by a drag queen performance during the opening ceremony. This not only reflects changing social dynamics but also opens up new avenues for cultural tourism and social enterprises. By promoting such social and cultural values, the Olympics can foster a more inclusive local economy, encourage international tourism, and lead to new economic sectors based on cultural industries. Besides, the long-term economic benefits of the Olympics are often tied to the boost in international cooperation and investment that the event fosters. For example, hosting the Olympics can stimulate the local economy by attracting foreign investments in infrastructure, hospitality, and international trade, with benefits lasting well beyond the Games. This international presence helps enhance the host country's global influence and economic power.

3.4. Threats to the Olympics

The Olympics faces various external threats that could jeopardize its future, including geopolitical tensions, economic pressures, environmental issues, and security risks. One of the primary threats is geopolitical instability, which can lead to political boycotts and reduced participation. The 1980 Moscow Olympics serve as a clear example, where the United States and its allies boycotted the event in protest of the Soviet Union's actions in Afghanistan. Such political conflicts diminish the global unity the Games are meant to promote, and harm the event's international reputation and economic returns. To mitigate this, the IOC must work toward fostering better diplomatic relations and reinforcing the Olympics as a platform for peace and cooperation. A second major threat is the increasing financial burden on host cities. Hosting the Olympics is costly, and many cities doubt its long-term economic benefits. For example, the 2004 Athens Olympics saw budget overruns triple the original estimate, contributing to Greece's fiscal crisis. This has prompted some cities to rethink their bids. The IOC could address this by promoting cost-effective models, like utilizing existing infrastructure and minimizing new construction.

The environmental impact of the Olympics is an escalating concern [8]. The construction of new venues, transportation systems, and other infrastructure often comes at a significant ecological cost. The 2018 Pyeongchang Winter Olympics required the removal of thousands of trees, contributing to deforestation. As environmental concerns continue to grow, the IOC must prioritize sustainability, encouraging host cities to adopt greener practices, such as using temporary venues and minimizing waste. By integrating eco-friendly solutions into the planning process, the Olympics can reduce its environmental footprint. Furthermore, security risks are a constant challenge for the Games. The increasing global threat of terrorism and civil unrest means that security costs are rising rapidly. The 2016 Rio Olympics, for example, faced heightened security concerns, thereby leading to large-scale investments in policing and surveillance. While safety is crucial, rising security costs add financial strain on host cities and can create a tense atmosphere throughout the event. Looking ahead, the IOC and host cities must adopt advanced security technologies and collaborate with international agencies to ensure safety while preserving the Games' inclusive nature.

4. Strategies to address challenges

4.1. Optimizing fiscal budget and cost management

The high costs of hosting the Olympics pose a significant challenge for host countries, necessitating strict budget control. To address this, host countries should develop detailed, transparent financial

plans during the budget stage and establish real-time monitoring systems to ensure expenditures align with projections [9]. To address potential budget overruns, contingency funds should be set aside to handle unforeseen circumstances. Furthermore, public tenders should be promoted for all infrastructure projects to ensure transparency and fairness in project costs, reducing corruption and waste. Moreover, public-private partnership (PPP) models can be employed to raise funds for the Olympics, alleviating the financial burden on the government. Involving private enterprises in infrastructure development can attract private capital for projects like transportation networks and sports venues, hence enhancing fund efficiency and ensuring the long-term usability of post-event infrastructure. For instance, the 2012 London Olympics employed the PPP model, with private companies providing funding and technical support for certain venues and facilities, effectively managing the budget and ensuring resource efficiency after the event.

4.2. Improving infrastructure development and resource utilization

Infrastructure development is crucial for the successful organization of the Olympics and for ensuring post-event sustainability. Host countries should prioritize long-term planning for venues and facilities from the outset, ensuring they can be repurposed for other uses after the Games to avoid the creation of “white elephant” projects. For example, Olympic venues can be transformed into community sports centers, cultural spaces, or commercial hubs, helping to minimize vacancies after the event and fostering local economic development. To ensure the efficient operation of the transportation system, host countries must optimize the transport network during the Games, particularly the connections between cities and competition areas. By optimizing transportation systems, the Games can lower congestion, boost personnel movement efficiency, and limit resource waste and environmental impact. Drawing on the experiences of the 2008 Beijing Olympics and the 2016 Rio Olympics, the host country can plan and construct transportation infrastructure between cities and surrounding areas, such as rail transit and highways, in advance, thus ensuring smooth movement during the Games. And these strategies help ensure that Olympic infrastructure remains valuable post-event, boosting the city’s functionality and delivering long-term economic benefits.

4.3. Exploring the feasibility of jointly hosting the Olympics

One potential solution to mitigate the high costs of hosting the Olympics is for multiple countries to collaborate and jointly host the event. This model allows the financial and logistical burdens to be shared, reducing the strain on any single host nation. For example, the 2026 FIFA World Cup will be jointly hosted by the United States, Canada, and Mexico, with costs divided among the three nations. And this collaboration is expected to lower individual costs while improving the overall economic returns. Similarly, the 2018 FIFA World Cup in Russia leveraged regional cooperation by allowing for the joint development of infrastructure and the sharing of operational responsibilities across the country. Through collaborations with neighboring countries, the event could effectively manage the logistical and financial challenges typically associated with hosting such a large-scale event. This resulted in reduced economic pressures on Russia and facilitated the development of essential infrastructure that benefitted both the World Cup and the local economy in the long term. The 1988 Seoul Olympics also exemplifies the benefits of cooperation, as South Korea partnered with Japan for event promotion and infrastructure projects. This helped stimulate regional economic growth and maximize the commercial impact of the Games. By adopting a joint hosting model for the Olympics, countries can share the costs of infrastructure development, security, and operations.

This would not only reduce financial strain but also expand the event's regional economic influence, driving long-term benefits for all involved.

5. Conclusion

This study explores the economic impacts of the Olympic Games on host countries using a SWOT analysis framework. It finds that while the Olympics enhance international visibility, promote infrastructure development, and boost tourism, they also bring long-term economic burdens, such as high costs, budget overruns, and underutilized facilities. However, the study also indicates that the joint hosting model can effectively share costs, alleviate fiscal pressures, and enhance regional economic impact. The limitations of the study include a lack of in-depth exploration of social and cultural factors and the varying impacts of different Olympic Games. Future research should focus on the long-term economic effects of the Olympics, social and cultural impacts, and how to reduce environmental impacts while ensuring sustainability. Besides, exploring cross-country collaboration models and the concept of a "green Olympics" will be key areas for future research.

References

- [1] Thomson, A., Cuskelly, G., Toohey, K., et al. (2019) Sport event legacy: A systematic quantitative review of literature. *Sport Management Review*, 22(3): 295-321. <https://doi.org/10.1016/j.smr.2018.06.011>
- [2] Nawalkha, R. (2024) The economic footprint of the FIFA World Cup. *IOSR Journal of Economics and Finance*, 15(5): 45-49. <https://doi.org/10.9790/5933-1505034549>.
- [3] Derchi, G.B., Stricker, C. and Dethier, J.J. (2024) Economic impact assessment of Olympic Games. *International Academy of Sport Science and Technology*.
- [4] Haggis, D. and Vasilache, S. (2019) The Olympic Games as a Multicultural Environment and Their Relationship with Social Media. In: Meiselwitz, G. (eds) *Social Computing and Social Media. Design, Human Behavior and Analytics. HCII 2019. Lecture Notes in Computer Science()*, vol 11578. Springer, Cham.
- [5] Müller, M., Gogishvili, D. and Wolfe, S.D. (2022) The structural deficit of the Olympics and the World Cup: Comparing costs against revenues over time. *Environ Plan A*. 54(6): 1200-1218.
- [6] Buchholz, K. (2024). The huge costs behind the Olympic Games. Statista. <https://www.statista.com/chart/5424/the-massive-costs-behind-the-olympic-games/>
- [7] Blandeau, T. (2024) The Olympic Games and their impact on the host country's economy. Michaelzakkovision. <https://www.michaelzakkovision.com/article/olympic-games-economic-impact>
- [8] Lefort, B. (2023) Economic, environmental and social impact of 2024 Paris Olympic Games infrastructure development: Archival research based on secondary data in form of relevant publications. JAMK University of Applied Sciences.
- [9] 3D Wealth Advisors. (2024). Financial lessons from the Olympics. <https://3dwealthadvisors.com/resources/blog/financial-lessons-from-the-olympics/>