

# The value of the London 2012 Olympic and Paralympic Games to UK tourism

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Oxford Economics

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## Executive Summary

- This report quantifies the potential contribution of the 2012 Olympic and Paralympic Games to UK tourism over the period 2007 to 2017. A number of previous mega sporting events celebrated in Europe in the last fifteen years are analysed in order to identify patterns in visitor-related variables. This analysis informs the selection of a range on values for key parameters capturing the likely effects of the 2012 Games. Results are obtained for a central-case scenario and for two alternatives scenarios reflecting a pessimistic and optimistic view.
- Under the central-case scenario, the Games are forecast to generate tourism gains totalling £2.34bn (at 2006 prices) over the period 2007-17 for the UK as a whole. The corresponding figure for London is £1.85bn. Once allowances for displacement effects are made, the contribution is reduced to £2.09bn for the UK and £1.47bn for London.
- In terms of relative importance, the pre-Games period is responsible for 15% of the estimated total tourism benefits for the UK as a whole; the Games themselves account for 31%, and the remaining 54% is to be generated after the Games (i.e., as a legacy effect). The corresponding shares for London are 17%, 35% and 48% respectively.
- The displacement effects linked to the Games are estimated at £375mn for London, of which: £160mn corresponds to foregone inbound tourism; £124mn to foregone domestic tourism income (including lower visits from the rest of the UK and higher outflows from London to other destinations in the UK); and £91mn to additional international outbound spending. The overall displacement figure for the UK is lower at £258mn, as the rest of the UK benefits from tourism displaced from London by the Games.
- For the post-Games period (2013-17), a legacy effect worth £1.27bn is forecast for the UK and £0.88bn for London. These gains are generated largely by higher numbers of visitors from emerging markets for UK tourism (primarily from China, India and Russia), who decide to visit the country/city as a consequence of the media exposure and publicity associated with the Games.
- To reflect the uncertainties surrounding the drivers of tourism flows, the central estimates are placed within a range limited by pessimistic and optimistic views. The range for the total tourism benefits for London is £1.3bn to £2.2bn and £1.6bn to £2.9bn for the UK as a whole.