Winning the Olympic Bid: An Investigation into the Joys and Pitfalls of Hosting the Olympic Games

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Abstract

The changing global economy that appears to be stumbling towards a "new normal" is resulting in angrier taxpayers, stingier governments, and cautious investors. Public finding of mega-sporting events like the Olympic Games, World Cup, and lesser international events are now forced to rethink their marketing strategies well before the bidding even starts. This study breaks down into componential parts, the specifics of the costs and benefit decision analyses associated with hosting mega-events, in this case, the Olympic Games. An investigation is made into the manner in which cities/countries/regions bid for, finance, and then conduct the Olympic Games. From what started as an opportunity for a city and country to show off and "strut its stuff," the Olympics have evolved into an international marketing extravaganza, which is now a multi-billion dollar gamble which can bankroll, or bankrupt, a city's, a region's, and even a country's future. It has become imperative that a typology of strategies evolve. Decision analysis and case studies comprise the methodology.

Keywords: international marketing, marketing, sports marketing, international strategy, international business

The changing global economy that appears to be stumbling towards a "new normal" is resulting in angrier taxpayers, stingier governments, and cautious investors. Public finding of mega-sporting events like the Olympic Games, World Cup, and lesser international events are going to have to rethink their marketing strategies well before the bidding even starts. This study breaks down the specific cost and benefit decision analyses associated with hosting mega-events, like the Olympic Games. An investigation is made into the manner in which cities/countries/regions bid for, finance, and then conduct the Olympic Games.

It is very likely, if not a certainty, that no one associated with the Olympic movement ever expected that hosting a 17 day celebration of sport would carry with it, a price tag of more than $10 billion USD. The Beijing extravaganza of spending in 2008 carried a price tag that approached $40 billion USD. The London Games budget doubled, and then tripled before the opening ceremony. Instances of huge losses experienced by hosting cities are common in the literature.

This research breaks down what traditionally has been a relatively simple benefit and cost analysis into a much more sophisticated level of investigation. Bidding cities must now sell a $10-15 billion USD package to their own people, their government and their domestic corporate structure, prior to even launching a $25-50 million USD bidding effort to the International Olympic Committee (IOC).

While it is axiomatic in marketing that benefits must exceed costs for the transaction to be seriously considered, it behooves the marketer to better understand these costs and benefits. This research breaks down the benefits and costs of hosting into "explicit", "implicit", and "potential" categories. It is often believed, and then promoted in hosting efforts, that it does not matter what the costs are, because the "economic impact" of the games will more than offset them. That "economic impact" has become a soft figure that can be elusive. As such, the argument has become a very dangerous tool to utilize in building the bidding strategy.

With the exception of the Los Angeles Olympic Games of 1984, and the Salt Lake City Winter Games of 2002, every Olympiad in the past 30 years has lost money.

The financial horror shows that this research identifies and details might lead the reader to declare "What were they thinking?" How could seemingly intelligent and savvy leaders make such dangerous financial decisions? The bidders believe that **Revenues (E + I + P) will be greater than Costs (E + I + P).** Without a functional model of predicting the implicit and potential revenues and costs, the strategy in the bidding process has often been to minimize the explicit and implicit costs, and to often ignore the potential costs, while maximizing on the potential benefits.

Research Questions: Specific research questions considered by the project surfaced early in the preliminary stages of the investigation. Clearly, gaps exist in the literature. There is no generally accepted strategy for a hosting attempt. There does not appear to be any "conventional wisdom" that is utilized. While a "make-it-up-as-you-go" marketing plan might be low risk when costs are low and potential benefits are high, that is hardly the case in hosting the Olympics for the past thirty years. There are four research questions addressed in this project. Each begs the question "Why are these organizing committees gambling so desperately, with flawed strategies, with so many dollars, in such a dangerous manner?

1. Does a predictive model exist for determining an accurate benefit/cost ratio for hosting the Olympic Games? While the question might appear simplistic and basic, it is not. Cost/benefit ratios are the basis upon which all market transactions take place, but in this case, the costs are difficult to determine and the benefits are even more so.

2. Is there a typology that specifically identifies explicit, implicit, and potential benefits to be realized from hosting the Olympic Games? The heart of the study is the effort to clearly identify and delineate the various categories of benefits realized in hosting the games. If they can be identified and estimated, then the opportunities for a successful bidding strategy will be enhanced.

3. Is there a similar typology that specifically identifies explicit, implicit, and potential costs that will be incurred by hosting the Olympic Games? As with the previous research question, costs are to be categorized and delineated. Clearly, in all endeavors, business and non-business, it always matters how much it costs. Understanding and estimating these costs is critical to the potential bidding and hosting cities.

4. Does an empirical-based methodology exist for accurately predicting the above, and developing a successful marketing strategy for bidding and hosting?

The Contribution: The primary contribution of this research will be the development of a typology that will assist bidding and hosting cities in the development of feasibility studies and marketing strategies as they investigate the opportunity to host the Olympic Games. Sound business strategists understand that, typically, no deal is better than a bad deal. A real value of this typology will be for Olympic organizing committees to be able to determine, early in the process, that hosting a future Olympics in their cities will be a bad deal, and they will not proceed. In other instances, the typology for estimating revenues and costs will help identify those implicit and potential revenue streams which will assist in selling a good deal to a doubtful government, population, or the International Olympic Committee. In this era of shrinking budgets and stingier governments, the tax coffers are going to be more difficult to access for Olympic organizing efforts.

Certainly the Summer Olympic Games are the biggest stage, but this research will also have some farther reaching contributions. While the winter Olympic games are conducted every four years on a significantly smaller scale, they are still a multi-billion dollar decision for a city. The World Cup is considered by much of the world to be even more significant than the Olympics. The Pan American Games, the Asian Games, the World Track and Field Championships, the World Basketball Championships, and many other "grand-scale" events can all be beneficiaries of this research in the development of the marketing plans in their bidding processes. A caveat is appropriate at this point. The literature advises caution in viewing economic impact studies as to the effects of sporting mega-events, and economic impact studies are nearly always required in obtaining finding and support. "The vast majority of independent academic studies of mega-events show the benefits to be a fraction of those claimed by event organizers" (Matheson 2006). The extraordinarily high percentage of Olympiads that have left host cities substantially out-of-pocket can certainly attest to this. The legacy of hosting a mage-event should last a lifetime for a city. Paying for the legacy should not. The simple benefit cost ratio that is so prominently detailed in this research is so often lost in mega-event impact projections.

The Hypotheses: Four hypotheses have evolved as the research has moved forward. Each of the four will be tested for significance via the qualitative and quantitative elements in the research methodology. It became apparent in the early stages of the research that a proposed fifth hypothesis would instead, become an almost intuitive element of the study. Olympiad after Olympiad has demonstrated that a predictive model of benefit/cost determination and demonstration does not currently exist for the development of a successful bidding strategy.

H1 - Explicit benefits realized from hosting are identifiable and predictable.
H2 - Implicit and potential benefits realized from hosting are significantly more difficult to determine and predict than explicit benefits.
H3 - Explicit costs incurred by hosting are identifiable and accurately predictable.
H4 - Implicit costs and potential costs incurred from hosting are significantly more difficult to identify and predict than explicit costs.

The first hypothesis deals with explicit benefits, which, in theory, should be the easiest to identify and measure. Surprisingly, in nearly all Olympiads, they are overestimated. Perhaps that is inherent in the overly optimistic mindsets of Olympic organizing committees hoping to win the favor of decision-makers, but it is also believed that they are overestimated because they are incorrectly identified, and explicit revenue streams are often overlooked.

H2 is extremely important because it reaches into the area that Olympic dreams are made of. That is, the implicit and potential revenue streams that can, and usually do, intoxicate the organizers into believing that these revenues will overcome any and all costs, whatever they my be.

H3 moves over to the cost side of the equation and looks at explicit costs. These are the costs that include venue construction, housing for the athletes, wages for employees, and the like. Despite the fact that these are seemingly identifiable and measurable, there are huge mistakes that are made here. As mentioned, the London 2012 games have had cost estimates double in the six months after winning the rights to host in 2006. Much of the increased estimate has to do with the explicit costs. The five to seven year time differential between bidding and hosting is often the culprit.

H4 deals with implicit and potential cost identification, measurement, and forecasting. This is a very dangerous area in Olympic hosting. The implicit and potential costs are subject to precipitous changes over the course of Olympic preparation. The Athens Olympics of 2004 spent five times more on security than the Sydney games of four year earlier. This alone was billions extra on something that was unforeseen by the organizing committee when the bid was won to host.

Explicit, Implicit, and Potential Costs and Benefits: The breakdown of cost and benefits into the three categories of explicit, implicit, and potential is shown in Table I. While the categories are general, the table serves as a guide to categorization. While many costs and benefits are specific to either the explicit, implicit or potential category, some have both explicit and implicit elements, while others have the potential to be categorized in all three areas.

Explicit cost and benefits can be easily defined by looking at the definition of the term "explicit." These are costs and benefits that are "precisely and clearly expressed or readily observable; leaving nothing to implication" (WordNet Princeton 2006). With American companies having some of the best cost accountants in the world, this should be a relatively simple and straightforward chore for USA Olympic organizing committees, at least as far as the cost side is concerned. For the revenue/benefits side of the equation, the forecasting is more difficult, but certainly the forecasting techniques should be able to make reasonable predictions.

Explicit costs include venue construction, wages, housing and food for athletes, event management, media infrastructure, and similar "explicit" items to be bought, built, managed, and monitored. These costs re-occur in Olympiad after Olympiad. They have a track record and can be identified. Forecasting them five to seven years in the future is more problematic, but certainly an approachable task. Explicit benefits are those benefits which are easily identifiable as being associated with those items to be built and managed. They include ticket sales, broadcast revenues, increased tourism during the Games, jobs specifically related to Games preparation, and operation.

Implicit costs and benefits are more difficult to determine, but again the definition lends an assist. Implicit costs and benefits are inexplicit, meaning that they are "implied though not directly expressed. They are inherent in the nature of something" (WordNet Princeton 2006).

In the instance of implied Olympic benefits and costs, they must be considered in the context of being "inherent" in the hosting of the Olympics. These implied cost items include such things as: delays in construction, inflation, labor issues, unfavorable foreign exchange rates, and weather problems. Implicit benefit/revenue items include: favorable foreign exchange rates, favorable political climate, good weather, stable economies.

Potential benefits and costs are the most difficult to predict and as such, the most difficult to count on. While explicit and implied are closely tied to the observable and can be seen or at least implied, potential benefits and costs are tied to "potentiality, or the inherent capacity for coming into being" (WordNet Princeton 2006). They might, or might not happen based upon occurrences outside of the observable. Potential costs include: terrorism, extreme weather, war, boycott, economic extremes. These potential costs are often realized and upon closer examination, could have been predicted and considered as implied costs and in some cases explicit costs. Had they been categorized properly, they might have impacted the hosting decision and saved the hosting city's financial disaster from happening at all.

Potential benefits include such things as: windfall prosperity, extraordinary favorable environmental conditions, and national conflict resolutions. These things can result in an unexpected windfall of revenue for the hosting city. Additional potential benefits include the discovery of the hosting city/region/country as a destination for tourism, industry, development, and foreign direct investment. These potential benefits are often considered as implied and even explicit. This is a dangerous marketing strategy and is part of the previously mentioned marketing trap. The Summer Olympics in Barcelona, Spain were a good example of the elusive nature of potential benefits. While the Barcelona Games of 1992 were generally considered a success, by many measures, they did not provide the benefits that had been forecast and expected. The huge expenditures for infrastructure to support the Games and the region were spent, but the benefits did not materialize. Consider the following. "Between 1987 and 1991 the number of jobs created in the construction sector were only 33.000, a figure much lower than was expected considering that three quarters of the total investment went towards the construction sector. On top of this, all of them were temporary jobs. In the hotel and catering trade sector only 20.000 new jobs appeared and only lasted the duration of the event, again, much less than was expected. In the other sectors, the labor impact was zero (we tend to forget that the Olympic volunteers take on a great amount of tasks that would otherwise generate jobs). During 1992, the number of jobs began to fall" (Games Monitor 2006). While this quote comes from a watchdog group keeping a close eye on the escalating costs of the London 2012 Games, it does raise some important points to consider. It demonstrates that potential benefits can be difficult to measure, while costs are often difficult to attribute to a specific event. New roads may be built for the Olympic Games, but they are enjoyed and utilized from many years, and even decades in the future. It is hard, and probably unfair, to tie the costs of the new roads directly to the benefits delivered by the specific hosting of the Games.

Multiple iterations of the following have been made, and found in bidding cities in many parts of the world. It is another example of the economic impact argument made earlier. "Back when Vancouver made its Olympic bid, the boosterism was phenomenal. The games were going to create 244,000 new jobs, $10.7 billion USD of economic activity, and so on. The British Columbia government, who is on the hook for any cost over-runs, never did do a proper cost-benefit analysis of the games. In fact, they willfully confused costs and benefits by counting public capital expenditures as benefits not costs, in doing so proving only that government can create jobs by spending money" (Lee 2006). The potential benefits and some costs were mistakenly identified as implied and even explicit benefits. Potential benefits only have the potential to be realized. They are not inherent in the act. By counting on the best-case scenario, the rules of Bayesian decision theory are violated. The state-of-nature that provides the highest return can only be counted upon based upon its likelihood of actually occurring.

Literature Review: The review was conducted in four major areas: International Marketing and Olympic bidding and hosting, Olympic benefit/cost Olympic bidding Marketing Plan/Strategy Literature, and Common Good benefits literature. Olympic Marketing Matters is a subsidiary of the International Olympic Committee. "Marketing Issues facing 2004 Bid Cities" (Olympic Marketing Matters 1997) is an important piece. The IOC had just taken the 11 bidding cities down to the five finalists, which were Athens (the eventual winner), Buenos Aires, Cape Town, Rome, and Stockholm. The marketing issues that bidding cities were expected to address were: a balanced budget, ambush marketing control, city advertising presence, general price control, general marketing plan, international sponsor structure, and the local marketing program. These included a nine-country study, a spectator study, and an athlete study. Forbes Magazine published a very important article entitled "Olympics Bidders: There Are No Winners" (Ackman 2004).

"The Olympic Crisis in Perspective" is another article published by Olympic Marketing Matters Olympic Marketing Matters 2004). The Olympic crisis referred to is a financial crisis. The costs regularly exceed the revenues of every Olympiad except Los Angeles, sometimes by billions of dollars. The IOC, via Olympic Marketing Matters, offers an optimistic look at what is hardly an optimistic situation. They address the impact of the crisis on sponsors, the Olympic image, and offer a reform program that they believe will work. The "emerge for the crisis" program offered is well constructed and quite strategic. The IOC financial statement is also a part of the publication. "International Marketing and the NBA" (Czinkota 2004) states that the National Basketball Association has been laying the groundwork for global expansion for the past fifteen years. They have long recognized the potential of the international marketing environment.

The Olympic cost/benefit literature is extensive in breadth, but not in depth. Much of the recent literature focuses on skyrocketing costs and elusive revenues. The implied and potential costs are becoming frightening to potential bidding cities. Terrorism has become a huge cost center, and it bridges explicit, implicit and potential cost categories. Czinkota, in testifying before the US Congress in 1995 said "In today's business climate of global competition and rapid response, firms no longer have the luxury of just aiming for "survival" in case of a terror attack. Much rather, firms need to be flexible in order to withstand shocks. They must offer assured continuity to their suppliers, their clients, their employees, and other stakeholders in order to inspire confidence in the relationship" (Czinkota 2005). The costs of creating and maintaining the "assured continuity" that Czinkota mentions can be extraordinary. In the case of the Athens Olympics of 2004, they spent more the five times the amount on security hat was spent in the previous Olympics in Sydney, Australia.

Political science and ethics suggest that promoting the common good means to benefit all, or most, of the members of a society. In other words, the common good is the good of a community. In business, the term is a bit more elusive. Using the common good as a business decision objective can often obscure the determination of costs and objectives. The business literature has several examples of the common good being the primary objective in Olympic bidding and hosting, only to have the games become a financial quagmire of high costs and low revenues. Gaus (2007) notes that "In Chicago, game boosters argue that Olympic construction, tourism and spillover business will bring relief to the city's long-suffering south side." The common good will be the alleviation of life's burdens for the south-side residents and businesses. A $50 million bidding process, hopefully followed by a $20 billion Olympic hosting will help boost the economy of the south side of a city. It does not make sound business or financial sense, but perhaps makes for excellent political strategy.Humphries and Plummer (1996) in a study of the economic impact of the 1996 Atlanta Olympic Games note that "Atlanta's winning bid to host the 1996 Summer Olympics will bring tremendous economic benefits to the state. These benefits will be realized not just in 1996, but also during the years before and after the events." Also in reference to the Atlanta Games, Schwartz (1996) credits Atlanta's tremendous growth in the mid 1990's, to the Olympics. An article by Eric Vance (2004), cautions that the common good can come at a very high price.Vancouver, British Columbia is hosting the 2010 Winter Games. Vance writes "More significantly, there has been no weighing of the public costs of the Games against the anticipated benefits. The question of whether or not the Olympics are a good use of public funds, especially compared to alternative uses, has not been examined by senior governments, as Schaeffer et al elaborate upon in their paper on a cost-benefit approach to evaluating the Games." It is another example of the dangers of not considering the costs when the public benefits from a common good behavior.

Methodology: The methodology utilized is dual-focused. Qualitative research includes focus groups and four case studies utilizing depth interviews of members of Olympic organizing committees from bidding and hosting cities in recent Olympiads, future Olympiads, and one unsuccessful bidding finalist city.

Decision analysis was used in the creation of a decision tree structure of the "bid or not bid" decision for potential hosting cities. The focus on what has rapidly become a large and complex decision tree, was the consideration of explicit, implicit, and potential costs and benefits.The decision tree is structured with a series of dichotomous decisions in the "bid or not bid" decision. In considering the variables, which include explicit, implicit and potential items in both the cost and benefit categories, the number of decisions gets unwieldy very quickly. The decision tree analysis software currently available can effectively and efficiently organize all of the dichotomous options in a manner which can feed into theory and strategy. Decision analysis is an excellent modeling tool, which will be used in this seemingly "model-starved" industry.

Decision Analysis: "It's easy to make good decisions when there are no bad options" (anonymous). Unfortunately, business decisions are rarely like this, and international business decisions are almost never like this. The decisions involved in bidding and hosting the Olympics are clearly not in that category either. The cost and benefit breakdowns of this research make it a good candidate for Decision Analysis. These are high stakes decisions that "must be made in the face of competing priorities, multiple decision makers, and limited information" (TreeAge 2005). It is axiomatic that decision makers want to make the best possible decision given the circumstances. Intuitively, decision makers know that a higher quality decision making process will lead to decisions that, in turn, lead to a better outcome. Even knowing this, the literature has demonstrated that Olympic organizing committees have regularly utilized a "trust-your-gut" decision making process, and the outcome has always been to host. One of the interesting elements of this methodology will be to learn whether or not Olympic bidding decision makers utilized a higher order decision making process, and then made a final decision based upon little more than their gut feeling, or original assessment that benefits will surely exceed costs. Lovallo and Kahneman (HBR 2003) referred to this behavior as "delusional optimism" and demonstrated empirically that executives made important decisions based on this "rather than on a rational weighing of gains, losses and probabilities." It has also been shown instead of trying to come to terms with complexity, decision makers have a marked tendency to push it aside or ignore it. According to a recent study, 45% of corporate executives now rely more on instinct than on facts and figures in running their businesses" (Bobineau 2003). Despite this common behavior, decision makers agree that "the more complex and difficult a decision, the less likely it is that intuition - when detached from rigorous analysis - will yield positive results" (Bobineau 2003).

Benefit/Cost Breakdown: Cost and benefit data was examined for the summer and winter Olympic Games for the past 35 years, including nine summer game and nine winter games. Cost data was considered in explicit, implicit, and potential cost estimates. When available, cost data was considered at the time the successful bid is accepted, and then compared with actual cost figures for hosting the games. Benefits were also broken down into the three categories of explicit, implicit, and potential. Benefits were considered long after the Games had ended, as potential benefits are often realized longer term, as opposed to explicit and implicit revenue sources.

The creation of a decision tree was an important element in facilitating the breakdown of the costs and benefits into their componential parts. In its most simplistic form, the decision to proceed or not proceed with the Olympic bidding process looks like this.

Benefits / Costs > 1, then proceed. Benefits / Costs < 1, then do not proceed.

But of course, as we have clearly seen, it is not nearly this simple. The explicit (present and observable) benefits rarely, if ever, exceed the explicit (present and observable) costs. For the decision analysis process to move forward, there must be other levels to this simple equation.

Explicit Benefits / Explicit Costs < 1

suggests that the next question be

Explicit Benefits + Implicit Benefits / Explicit Costs > 1 ?

If this cannot be answered in the affirmative, the query becomes

Explicit Benefits + Implicit Benefits + Potential Benefits / Explicit Costs >1 ?

If the answer here is no, then the decision is to not proceed. However, if the decision is yes, then the analysis moves forward to the breakdown of the cost side of the equation. One can see very quickly that the decision tree expands quickly.

Conclusions & Recommendations: All facets of this research have led to the conclusion that bidding and hosting is not an endeavor for the weak-of-heart. It was stated that "It's easy to make good decisions when there are no bad options" (anonymous). This research has shown that Olympic hosting strategies have been replete with bad options. There is a litany of cities and countries still trying to live with the results of them.

Unfulfilled promises, empty wallets, huge debt, and disgruntled citizens are much more common than fulfilled, prideful (even boastful), profitable, and generally enriched post-Olympic cities, regions, and even entire countries. A primary goal of this project has been to offer a strategic edge to bidders, by increasing the probability that they will be able to identify and avoid many of the bad options, while simultaneously identifying and exploiting the good ones.

The simple costs and benefits analysis that has traditionally gone into the bidding process is not appropriate in this modern era of multi-billion dollar gambles with tax dollars. This research has looked at the costs and benefits associated with hosting in a more logical and strategic manner. The case studies detail, not only the strategies and mechanics of bidding and hosting, but also the dangers of entering this competitive marketplace without a high enough likelihood of success to satisfy those who may not understand the levels of costs to be incurred in the short, medium, and long runs, nor the levels of benefits that can be reaped. While the costs can escalate painfully fast, as has been the case time after time, they can usually be identified and measured by the closing ceremonies. Conversely, the implicit and potential benefits of hosting may not even appear on the radar for months and years after the athletes have gone home.

Bidding on, and then hosting the Olympic Games can be done effectively, profitably, ethically, and proudly. Unfortunately, the list of bidders and hosting cities that fall on the other side of the success ledger would fill the remainder of this document. When smart people make expensive mistakes, it is clearly worth investigation, and this is no exception. What has been lacking is a taxonomy for the categorization and measurement of costs and benefits. That is, "all" of the costs and benefits.

Equation Two (below) may be mathematically equivalent to Equation One, but the strategic implications are of high value. By estimating and justifying "all" costs and benefits the likelihood of making a better decision is enhanced. It is almost always a given that in business "no deal is better than a bad deal." The decision to not bid and/or to not host, might be met with some initial local disappointment or disapproval, in the longer run, it might be a career saver, and it might save billions of dollars.

The decision tree is a barometer to be checked at each stage of the process to insure that the lure of the benefits are not being outpaced by the escalation of the costs. While decision analysis was an appropriate tool for this research, the execution of the proposed methodology proved to be problematic. Olympic organizing committees of past Olympics were no longer active and data reporting was sporadic. Secondary data sources were available but the reliability and validity of the data were suspect, and difficult to scrutinize. It was difficult to isolate costs specific to the Games, particularly in the implied and potential categories. Additionally, benefits attributable to the Games often were not realized until years after the games were completed.

The simple credo that "benefits will clearly exceed costs" will not sell a marketing plan, at least not when the costs will be in the billions. The decision tree makes process much more strategic as it includes a more sophisticated analysis of the various elements of costs and benefits. The "delusional optimism" behavior presented is less likely to overwhelm a committee's thought processes as they prepare the feasibility study in anticipation of entering the bidding war. Lovallo and Kahneman (HBR 2003) argued that substituting a "rational weighing of gains, losses and probabilities" will result in better decision making, and therein lies the value of the decision tree. Simply stated, there is more information about potential gains and losses at each decision juncture. The final decision is the same. That is, to host or not to host, but the strategic nature of the decision tree based process is much better, and should result in a final decision that has a much higher likelihood of being the right one.

Answers to the Research Questions: In response to the research question "Does a predictive model exist for determining an accurate benefit/cost ratio for hosting the Olympic Games?" the answer is a resounding "no." The research showed that often each organizing committee typically starts from scratch in trying to determine costs to be incurred and benefits to be derived from bidding and hosting. This will have to change as the stakes have gotten high enough to limit all but the largest and wealthiest cities/regions from being seriously considered by the IOC. A more accurate assessment of the benefit cost ratio has the potential to simultaneously reduce and increase the potential field of bidders by demonstrating to committees that their hosting plans are nonviable as opposed to tenable, and vice versa.

Research questions two and three "Is there a typology that specifically identifies explicit, implicit, and potential costs, and explicit, implicit, and potential benefits to be realized from hosting the Olympic Games?" are both answered with a "no." The research did not indicate a typology, taxonomy, or even a basic forecasting model of any sort that has been utilized in predicting Olympic costs and benefits.

The fourth research question "Does an empirical-based methodology exist for accurately predicting the above, and developing a successful marketing strategy for bidding and hosting?" brings to the table the importance of this research. The lack of such a methodology has resulted in the wildly fluctuating bidding processes of potential host cities, and the often dismal failure of organizing committees to achieve the predicted results.

Support for the Hypotheses: H1 - Explicit benefits realized from hosting the Olympic Games are identifiable and predictable. Support for this hypothesis is evident in the case analyses as well as in the review of the literature, and in the focus groups conducted during the exploratory research. The explicit benefits are recurring and easily identifiable.

H2 - Implicit and potential benefits realized from hosting the Olympic Games are significantly more difficult to determine and predict than explicit benefits. Support for this hypotheses flows from the support for H1, but is less robust. Implicit and potential benefits vary greatly from one Olympiad to another, and as such, are much more difficult to determine.

H3 - Explicit costs incurred by hosting the Olympic Games are identifiable and accurately predictable. The explicit costs are evident, recurring and explicitly a part of the hosting process. They are identifiable and predictable.

H4 - Implicit costs and potential costs incurred from hosting the Olympic Games are significantly more difficult to identify and predict than explicit costs. Similarly to H2, support for this hypotheses flows from the support for H3, but is less robust.

A predictive model of benefit/cost determination and demonstration does not currently exist for the development of a successful bidding strategy. This became apparent and intuitive in the substantive investigation into past Olympiads. The literature review did not identify anything even remotely resembling a predictive model. The dismal financial performance of so many Olympiads also lends evidence to the lack of such a model. The exercise in sub-categorizing the benefits expected into appropriate explicit, implicit, and potential categories will greatly assist in the development of the predictive model suggested by this research. The taxonomy of subdividing costs and benefits into their respective categories of explicit, implicit, and potential will greatly assist in the predictive nature of the model.

Recommendations: Hosting the Olympic Games has become a very big business. Beijing spent in the vicinity of $40 billion to host the 2008 Summer Games. They competed against many other cities for the right to host. The competition has gotten even fiercer in recent years. On September 7, 2007 the following press release was issued by the International Olympic Committee (see Figure 17). "Seven Cities Begin Quest for 2016 Olympic Games." The seven cities include Doha, Qatar and Baku Azerbaijan, both first time bidders. The GDP for Azerbaijan in 2006 was $14.25 billion. That means that the costs of hosting the 2016 Summer Olympic Games would be more than the GDP for the entire country. Will it be more of the same in the bidding process? It is important that this research be implemented and extended.

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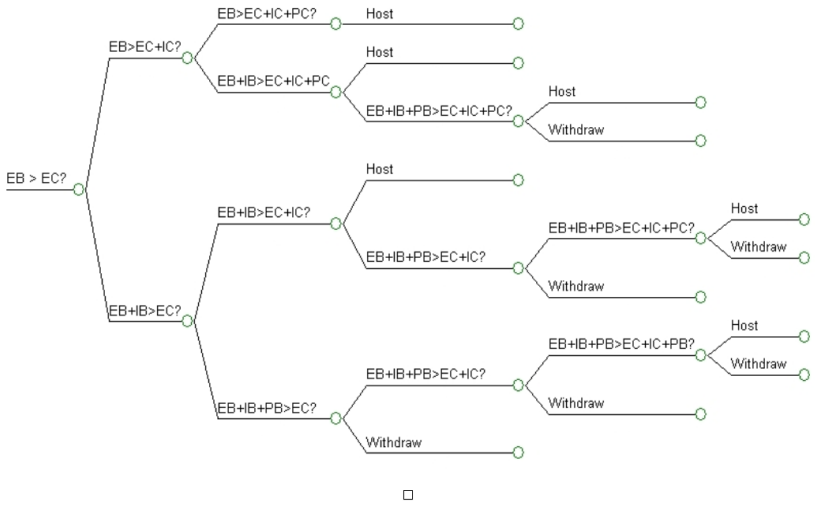
Appendix

Table 1 - A Breakdown of Explicit, Implied and Potential Costs and Benefits

	Explicit	Implicit	Potential
Costs	venue construction, wages, housing/food for athletes, event management, media infrastructure	in construction, inflation, labor issues, unfavorable foreign exchange rates, and weather problems	terrorism, extreme weather, war, boycott, economic extremes
Benefits	Ticket sales, broadcast revenues, increased tourism, construction benefits, jobs specifically related to preparation	favorable foreign exchange rates, favorable political climate, good weather, stable economies	windfall prosperity, extraordinary favorable environmental conditions, and national conflict resolutions

Table 2 - Decision Tree



EB	=	Explicit Benefits
IB	=	Implicit Benefits
PB	=	Potential Benefits
EC	=	Explicit Costs
IC	=	Implicit Costs
PC	=	Potential Costs

Decision Tree arrow up	=	Yes
Decision Tree arrow down	=	No