

# Maximising the London Olympics for the hospitality sector

How can hotels make the power of the Olympics work for them? **Martin Evans** of The Tourism Business looks at the implications of the 2012 London Olympics for hospitality. There are early signs that it is not all going to be plain sailing.

**T**HE OLYMPIC GAMES are not only the biggest event in the world, they are also the single biggest opportunity for the UK and its hospitality industry to showcase itself to the world. The 2012 London Games include the Olympic Games themselves, which take place between 27th July and 12th August and the Paralympic Games, which take place some three weeks later, between 29th August and 12th September.

Of course, preparations for the Olympics here in the UK started four years ago, and many hospitality groups and operators, especially in London, are already following firm plans to benefit from this once-in-a-lifetime opportunity.

## The long-term view

Others realise that the longer-lasting benefit of the Games will be even greater, and are putting plans in place to benefit from this. As Michael Payne, the International Olympic Committee (IOC) Director of Marketing said,

*The Olympic Games give the host country exposure on the front page, in the middle pages and on the back pages of every newspaper in every country on Earth over a six-week period.*

Putting some figures to this, estimates suggest that the London Olympics will bring £2.3bn of tourism

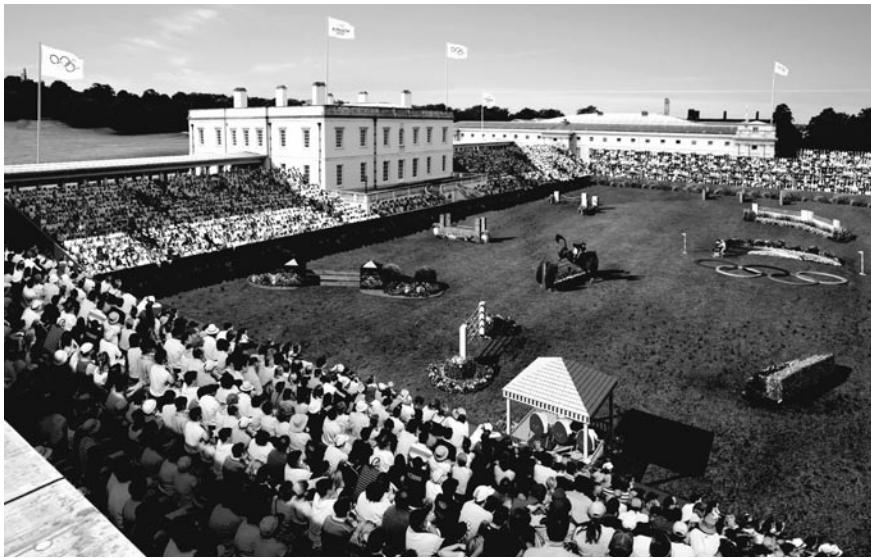
benefits to the UK, will have 4.7bn television viewers worldwide, will generate £1bn of PR for Britain and leisure businesses, and will attract 20,000 accredited and non-accredited media, 204 national teams and a massive corporate involvement by some of the largest multi-nationals in the world.

## How busy will London be?

The short answer is that no one actually knows. The IOC has already contracted over 50,000 hotel rooms in London, and it is expected that almost all branded hotels in the capital will be two-thirds full with this contracted business—and at the agreed contracted room rate, which was designed to be affordable to the IOC and its ‘family’. While some of the remaining rooms in these hotels will still have to go to business travellers and ‘ordinary’ leisure tourists to London, there will also be pressure to provide rooms

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at reasonable rates to an estimated 900,000 overnight Games visitors (and meals to up to 5.5m day visitors), whether they come on packaged itineraries or travel independently.



The Olympic bid made imaginative use of some classics of British architectural settings. Here the Queen's House at Greenwich will be used for equestrian spectacle in a way that its architect Inigo Jones and his patron James I's Queen Anne would have appreciated.

Having looked at examples from previous Games cities like Sydney and Athens, the European Tour Operators Association is concerned that the 'Olympics effect' is not going to be quite as strong as VisitBritain and London & Partners would wish it to be. Moreover, UK inbound, the incoming tour operators association, already feels that London has priced itself out of the international market for a large number of overseas-based tour operators to put the city into their programmes for 2012.

For London itself, it may be that hotels will be full during the Games, but many restaurant owners feel that the Olympics could be bad for business and a repeat of the 'washout' Royal Wedding of Prince William and Kate Middleton in April, when people tended to stay at home and watch television instead.

For the actual period of the Games, it is likely that there will be a 'displacement effect', where other UK cities might actually gain business which would otherwise have gone to London (meetings, conferences, etc.). But then the converse argument is that

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the UK as a whole will be in 'party mode' especially for the period between 27th July and 12th August, and therefore business travel and events as a whole could suffer a mighty slowdown over that period.

## The corporate angle

No hospitality companies exist without coming into contact with, and often depending on, the corporate market, whether it be providing business accommodation, meetings and conference facilities or just expense-account lunches. The 2012 Olympic Games has a wide range of corporate backers and suppliers, many of whom will already be known to hospitality operators as strong providers of business.

'Worldwide Partners' for the 2012 Olympics include Acer, ATOS Origin, Coca Cola, General Electric, Omega, Panasonic, Samsung and Visa. Official UK partners include Adidas, BMW, BP, British Airways, BT, EDF Energy and Lloyds TSB.

Then there are 'official supporters', including Adecco, Cadbury, Cisco, Deloitte and UPS. And finally 'official suppliers and providers' including Airwave, Atkins, Boston Consulting Group, Crystal CG, Freshfields Bruckhaus Deringer LLP, Glaxo SmithKline, McCann Worldgroup, Neilson, Populous, Ticketmaster and Trident.

Hotels and restaurants throughout the country need to ensure that they know of these companies' plans for 2012 and any extra hospitality, accommodation or events that they will be needing both in the run-up to the Games, and during them. It

is likely that, having paid in some cases up to £100 million to sponsor the Olympics, these companies will have no qualms, even in the current economic climate, in spending many millions more to leverage

their involvement to reap rewards.

In the hospitality sector, the leading companies which are heavily involved in the Games are McDonald's (a worldwide partner), Thomas Cook Group (official UK tour operator and corporate package partner) and Holiday Inn (official accommodation suppliers).

## Counting down less than a year to go

With the London Olympic Games starting on 27th July 2012, there are now less than nine months to go to 'The Greatest Show on Earth'. All the main permanent Olympic venues have now been completed, accommodation has been contracted in London and the other key Olympic venue destinations, event timings have been announced, tickets have been sold and, overall, the UK has done itself proud—so far—in preparing the infrastructure for the Games.

## Games venues

While there is no doubting London's central role in the Olympic Games, it is impossible to ignore the positive effect that the Games will also have on other regions of the UK—and therefore hundreds of hospitality operators up and down the country should be considering what's happening on their doorstep.

The main London venues are of course the London Olympic Park in East London, Greenwich Park (for equestrian events), Lords Cricket Ground (archery), Wimbledon (tennis), Wembley (football), Regent's Park (road cycling), Horseguards Parade (beach volleyball), not forgetting the 26 miles of the marathon route, which will take in so many iconic London sights, and will potentially benefit hotels, restaurants and pubs right along the route.

- ❑ Every Olympics since 1992 has seen a fall in foreign guests over the Games as well in the month before and after. For Beijing, August 2008 bookings were down 39% on the previous year.
- ❑ The transport plan assumes that 20% of London's commuters will be on holiday during the Games. To reduce congestion, Transport for London (TfL) is asking residents to stay at home and stockpile food.
- ❑ A survey of tour operators by The European Tour Operators Association (ETOA) shows 2012 bookings down 20% as compared to 2010; they are even lower for August, as some hotels require money up front.
- ❑ The vital new rail link of Crossrail (Heathrow to Stratford) will not now be open until 2019. New trains are being delivered for the Hammersmith and Circle lines, but not the District line: their new signalling will only be installed after the Games are over.
- ❑ Olympic organisers have already reserved one-third of London's hotel rooms for participants, officials and the media.
- ❑ According to the London 2012 Organising Committee (Locog), UK residents have bought 95% of the 3.5m tickets sold so far.

### Early indications

ETOA, *The Economist*, Locog, *Modern Railways*, TfL

Outside London, the venues are Broxbourne and River Lee Country Park in Hertfordshire (white water canoe and kayak events), Eton Dorney in Berkshire (rowing and flatwater canoe and kayak events), Hadleigh Farm in Essex (mountain biking), the Surrey Hills (cycling) and Weymouth & Portland (sailing). Football stadia being used for the Olympics as well as Wembley include Birmingham, Coventry, Cardiff, Glasgow, Manchester and Newcastle.

## The Cultural Olympiad

Right from the off, it has been intended that the Olympic Games should benefit the UK not only for the six or seven weeks that they take place in July, August and September, but also over a far longer period in

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the run-up to the Games. Thus we have the 'Cultural Olympiad', a series of cultural and arts events taking place over the next nine months across the country.

These events provide many strong opportunities for

hospitality providers, and include a World Shakespeare Festival (from 23rd April to 9th September), an International Museums Exhibition, 'Artists taking the Lead' public art exhibitions, an event called 'Sounds', which includes a National Singing Day, a cultural event called 'Film Nation', a 'Festival of Carnivals', and also the 'London 2012 Festival', which includes 1,000 events taking place over a 12 week period from 21st June to 9th September.

These all add up to thousands of small and larger events and cultural programmes which have the power to attract visitors and engage the nation and overseas visitors in travel and eating out on a massive scale. On a more local level, they are supplemented by hundreds of 'Inspire Mark' cultural community projects, and many hospitality operators will want to be involved in these either as part of their 'corporate social responsibility' efforts in 2012, or for other promotional reasons.



An artist's impression of the Olympic village in Stratford from the 2005 Olympic bid. The 1960s revival flavour is very refreshing and the 'bubblegum swastika' logo had yet to be introduced.

of athletes, support staff, management and staff from governing bodies, the media and the viewing public.

Just as VisitBritain has high hopes for the number of broadcast hours which will be beamed worldwide during the Games, over the coming months there will be a steady stream of journalists from every country on Earth, who will be in Britain to film background material, documentaries, food, arts and lifestyle and even business programmes to air in their home countries.

As during the Games themselves, these people will need to be accommodated, fed and looked after during their time in Britain. It is believed that some of the larger foreign broadcast networks, like NBC from the United States, will be based in the UK from March or April onwards en masse, just to ensure that

their preparations for the Olympics go as well as they can.

## Advance parties and test events

From now until the Olympics begin on 27th July, there will be a continuous movement of people to and around the Olympic sites, which will also benefit

The Act prohibits businesses from using the Olympic brand in their promotions, campaigns or slogans, while not stopping them from using statements of fact on their websites or in brochures

the hospitality sector. Each site will host one or more elite level 'test events' over the coming months, and these events will undoubtedly attract huge numbers

## The training camps

Each of the 200+ countries competing in the Olympic Games will have a number of different federations for the sports they are participating in, and each of these federations will have a pre-Games training camp, either in the UK or perhaps in Europe. Around the UK, 600 sites were originally identified and put forward to the competing countries, and 150 of them are Paralympic sites too. Most of the key training camps have now been announced, including the US and Jamaican track and field teams, which are going to be based in Birmingham, and the Australian swimming team which will be in Manchester.

Hospitality operators should therefore know of any training camps which will be based locally, and should consider targeting marketing messages to the countries, federations and sporting fans concerned. Prior to the 2000 Sydney Games, 'Team GB' were based in Queensland; not only did this give a huge shot in the arm to hotels, restaurants and bars in the area, but also led to a 22 percent increase in tourism from the UK afterwards, which was well ahead of the overall 7 percent increase of Britons who visited Australia in total.

## The Torch Relay

Starting on 19th May at Land's End, the iconic Olympic Torch Relay will only take place in the UK (in contrast to the Beijing Olympics when the torch literally went around the world). The route has now been announced, and hospitality operators should already know if the Torch Relay is coming into their area—or even perhaps past their hotel. While the exact route of roads to be used has not yet been announced, this already gives many operators the chance to plan for the day-in-a-lifetime when the Olympic Torch will be carried past their establishment, and they perhaps have the chance to have an iconic image recorded on film or video for posterity. Overall, the torch will come within an hour of 95 percent of the British population, so there won't be many hospitality operators who can ignore the opportunities it provides.

## During the Games

Between 27th July and 12th September, hotels, restaurants, pubs, bars and clubs will have to decide how much of the Olympics and Paralympics to show to their clientele. Without breaking The Olympic Act, business leaders in the hospitality sector need to decide if they will screen the Games, and if they will be associated with them in any other way.

The Olympic Act prohibits businesses from cashing in or trading using the Olympic brand in their promotions, advertising campaigns or marketing slogans, while not stopping them from using statements of fact on their websites or in brochures. Statements like '5 mins from the Olympic Park', 'overlooking Weymouth Olympic Sailing course' or 'watch the Games here live' will be allowed, whereas ones such as 'Find your hotel

for the Games', 'We'll take you to the Olympics' or 'Olympic views' will not.

Across 18 major cities, there will also be 'Live Sites', with big outdoor screens broadcasting the Games and acting as a hub for cultural and sporting activities and 'fan-zones'.

## The countdown continues

'Olympic Year' really begins on New Year's Day 2012, when we shall see many television programmes and commentators ramping up their previews of the London Olympics. On 17th April, there will just be a '100 days countdown', and further publicity opportunities will no doubt be taken by companies associated with the Games then. Hospitality operators which aim to gain from the Olympics will need to ensure they

- a plan ahead
- b secure the accommodation, corporate hospitality and meals from clients as early as possible, and at the right price
- c attract different audiences throughout the days, evenings and weeks of the Games
- d employ creative marketing
- e where possible, work with sponsors.

Those that do all this should find themselves on the podium, receiving the gold medal!

To ensure that you have all the information you need, hospitality operators should work with their local hotel or restaurant associations and their local tourist boards. The following websites and resources could also be useful.

### Useful websites and resources

[www.london2012.com](http://www.london2012.com) ● [www.culture.gov](http://www.culture.gov)  
[www.trainingcamps.london2012.com](http://www.trainingcamps.london2012.com) ● [www.visitbritain.org.uk/2012](http://www.visitbritain.org.uk/2012)  
[www.visitbritaintourism2012games.org](http://www.visitbritaintourism2012games.org)



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