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# Research on Effect of Beijing Post-Olympic Sports Industry to China's Economic Development

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## Abstract

Research Methods: Using the literature information, discuss research on effect of Beijing post-Olympic sports industry to China's economic development on basis of analyzing the impacts of Olympic Games on host country's economic development, from the angle of the theory of Olympic economic development. Purpose of research: Hope to offer theoretical basis for reference to China's post-Olympic economic development through the research on the impacts of Olympic Games on host country's economic development. Conclusions: Main industries that Beijing post-Olympic will promote development of China economic are: Sporting Goods Industry, Sports Tourism Industry, Leisure Sports Industry, and the standard of sports consumption and so on. Research Results: Beijing post-Olympic contributes to promote the formation and development of sports industry chain, "Olympic economy" that formed by sports industry will have an important role in promoting China's economic development.

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*Key words:* Post-Olympic; Sports Industry; China; Beijing

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## 1. Impacts of Olympic Games on host country's economic development

The Olympic Games is the world's most influential sports event, it will not only promote development of cultural and sporting goods and services industries, but also promote the economic growth of host city, stimulate regional economic development, and bring significant impact on host country's economic. From an economic point of view, Olympic economy has not only the effect of arising industry effect and promotion of brand, but also has the effect of economic radiation and stimulating consumption. Therefore, to hold Olympic Games can not only upgrade the international

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prestige of host country, increase its international reputation, but also bring enormous demand for investment and business opportunities. Just as the Spanish Olympic Committee official Mr. Cayetano Cornet Pamies comes to the 1992 Barcelona Olympics, said the impact on Spain: Olympic Games changed a city, even a country, for the Spanish in 1992, the Olympic Games has a very important significance to the development of Spanish.

### 1.1. Olympic Games drive GDP growth of the host country

GDP refers to the total market value of all final goods and services produced by use of factors of production in a country or a region in a given year<sup>[1]</sup>. It can clearly be seen, that GDP is one of the important indicators that measure the level of a country's economic development. In the latest 12 Olympic Games, 7 Olympic host countries' GDP growth rate in Olympic year is quicker than in the previous stage, it indicates that Olympic Games has pulling role to the growth of host country's GDP (Table 1).

Table 1 GDP growth rate of the 18th-29th Olympic Games host countries

Session	Host country	Host city	Year of the event	One year before the event	Current year of the event	One year after the event
18	Japan	Tokyo	1964	8.8	11.2	5.7
19	Mexico	Mexico City	1968	5.9	9.4	3.4
20	Germany	Munich	1972	3.0	4.3	4.8
21	Canada	Montreal	1976	1.8	5.2	3.4
22	The former Soviet Union	Moscow	1980	1.7	4.3	2.0
23	America	Los Angeles	1884	4.5	7.2	4.1
24	South Korea	Seoul	1988	11.1	10.6	6.7
25	Mexico	Barcelona	1992	2.5	0.9	-1.0
26	America	Atlanta	1996	2.5	3.7	4.5
27	Australia	Sydney	2000	3.8	2.1	3.9
28	Greece	Athens	2004	4.8	4.7	3.7
29	China	Beijing	2008	11.3	9.0	8.7

Data sources: The data of Beijing 2007 and 2008 come from *China Statistical Yearbook 2009*; the data of 2009 comes from *2009 Statistics Bulletin of the National Economic and Social Development*, and the data of other countries come from official website.

### 1.2. Olympic Games drive host country's economic development of the industry

Most of hosted successfully Olympic Games all bring remarkable economic benefits to host country's development of various industries. For example, preparations for the Olympic Games brought Korea 7 billion dollars in production and 2.7 billion dollars in national income from year 1981 to 1988, the average annual economic growth rate reached 12.4%. GNP Per Capita increased from USD 2,300 to 6,300 during the year 1985 to 1990, the economic strength grew rapidly, and Jumped into the ranks of Asia's four little dragons in one fell swoop, created a miracle in the history of the world economy.

After the end of Olympic Games, the impacts of the Olympic Games on industries slowed down significantly, and appeared low effect. The total economy of Japan and South Korea during Olympic Games time was relatively small, so the impact and shock that Olympics economy brought was large, economic growth rate occurs leaped high and then fell down, especially construction industry dropped

fastest. But it is worth noting that the real estate industry was the unique industry that continued to be positive stimulated after the end of Australia Olympic Games (Table 2).

Table 2 The impact of key industries after Japan, S.K, and Australia hosting Olympic Games

Host country	Host city	Year of the event	Affected industry	Promotion rate of total production value on affected industry	Accession growth rate of the industry
Japan	Tokyo	1964	Services	45.20	12.30
			Construction industry	21.00	27.70
			Manufacturing industry	14.40	30.30
South Korea	Seoul	1988	Services	20.00	45.80
			Construction industry	33.00	28.00
			Manufacturing industry	35.00	32.30
Australia	Sydney	2000	Services	Drive the most	Drop the fastest
			Construction industry	Drive the second	Continue to grow
			Manufacturing industry	Drive the lowest	Maintain the original level

Data sources: Founder Securities Institute

However, Liqun Zhang, the Vice Secretary of the Science Committee of the Center of Development and Research of the State Department, Dean of the First Research Chamber of the Macro-Economic Investigation Department, said: the Olympic Games held by the big country influences little on the economic entity. For China, the economic gross of Beijing, the host city of Olympic Games, accounts for the 3.3 percent of the national gross, and it would be a very small size even if combining with the economic gross of the assistance cities, which is different from that of South Korea in nature. The business opportunities brought by the Olympic Games only have the impact on the host city and the assistance cities yet the impact of Olympic Games on the China's economy can be ignored, which is the difference in economic pattern between big country and the small one <sup>[2]</sup>. Therefore, the promotion of Olympic Games on small country is clearly bigger than that on big country.

The study by Min Zhu, the vice president of the People's Bank of China, and his team, shows that the "domino effect of post-Olympic Games" has something to do with the proportion in the economic scale of one country and the economy of the host city. Some big countries can completely avoid the "domino effect of the post-Olympic Games". For example, the Olympic Games, 1996, in the United States; 1980, in former Soviet Union; and 1972, in Germany, didn't show the "domino effect of post-Olympic Games", yet the host city benefits a lot from it and the host country benefits little in economy as a whole.

## 2. Sustainable development of Beijing post-Olympic sports industry

Sports industry is one of the important material bases to sports economic development and social progress, has an important stimulating role on sports economy and even national economic growth, and is the emergence of modern human economy in the form of a new industrial economy <sup>[3]</sup>. The 2008 Beijing Olympics that China hosted has strong radiation and obvious effects for Chinese sports industry and related fields, and which brings the direct economic income for Chinese market is about USD2 billion <sup>[4]</sup>.

The main purpose of SCS (2010) 22, "the State Council on Accelerating the development of the sports industry guidance" indicates, by 2020, foster a number of international competitive sports key enterprises and groups, to form a number of Chinese characteristics and international influence sports brand; establish the sports market taking sports service industry as point, is wide range and has reasonable

structured system for the sports industry as well as standardized and orderly and flourishing development. It can be seen that, China's sports industry is still in its infancy, there is much room for development.

### 2.1. Sustainable development of sports tourism industry on the effects of China's economic development

Tourism is a pillar industry of the Olympic economy, and sports tourism industry is best embodying the economic value of industrial production and business activities. According to briefing by the National Tourism Administration, success of the Olympic Games makes holiday tourism of host city Beijing and other co-host cities overall warming. Beijing Olympic Park has become the hottest zone during National Day in Beijing, Tianjin, Shanghai, Qingdao, Qinhuangdao and other cities also become the hot zone for tourists competing to go. Led by the thriving Olympics tourism, major cities and resorts around with, rural tourism, and the Midwest ecotourism are all showing the characteristics of supply and demand prosperous. Since Beijing's successful Olympic bid in 2001, the international and domestic tourist arrivals and tourism revenues increased year by year (Table 3), Tourist arrivals and reduced income in 2003 due to the impact of SARS.

Table 3 International and domestic tourist arrivals and tourism income statistics (2001-2008)

Year	Quantity of inbound tourists (Ten thousand person-time)	Amount of tourism foreign exchange income (Ten thousand dollars)	Quantity of domestic tourists (Ten thousand person-time)	Domestic tourism income (A hundred billion yuan)
2001	285.8	295000	11007	887.7
2002	310.4	311000	11500	930
2003	185.1	190000	8700	706
2004	315.5	317000	11950	1145
2005	362.9	362000	12500	1300
2006	390.3	402600	13200	1482.7
2007	435.5	458000	14280	1753.6
2008	379	446000	14181	1907

Data sources: *China Statistical Yearbooks 2009*

Deputy Director of China National Tourism Administration Yili Du made an important speech at Tourism conference in Beijing on 25th, Feb, 2009 a.m, Beijing tourism seize the opportunities tightly for post-Olympic tourism development, overall implement post-Olympic tourism development strategy. Just take rural tourism as an example, Beijing's folk tourism has grown to over 20,000 households, the quantity of people engaged in rural folk tourism service has reached over 60 thousand; rural tourism revenue reached 1.9 billion, increased 8.1% compared to previous year, it achieves double growth of development speed and scale of development, plays an important role in promoting urban-rural integration in Beijing.

Shandong Tourism Industry Association chairman Deming Li said, Olympics change a region's tourism, the first is to change its international tourism. Olympic Games will bring Shandong tourism an unusual development of multiplier effect.

So to carry forward sports industry with the success of Beijing Olympics, seize the opportunity to develop sports tourism industry, and to promote the development of Beijing post-Olympic sports tourism industry.

## *2.2. Sustainable development of Sporting Goods industry on the effects of China's economic development*

Sporting Goods industry has become the most mature development industry in China's sports industries, the scale of its industry and organization has enlarged, gradually formed its own unique organizational form of structure<sup>[5]</sup>.

Beijing Olympic Games brings Ning Li Company achievements rose more than 50% in 2008. Ning Li Company 2008 Annual Report released on March, 19, 2009 in Hong Kong, annual turnover reaches 6.69 billion yuan, with an increase of 53.8% compare to turnover in 2007, sales gross margin of 48.1%. By Dec, 31, 2008, Ning Li has 6917 stores in China, and Where 6245 shops are the Ning Li brand, with increase 1241 over the same period of 2007. In these nearly 7,000 stores, nearly 80% of the shops located in the second and third tier cities in China.

Various sports equipment, supplies and other equipment directly required for the 2008 Beijing Olympics worth almost 170 million yuan, by 2010, annual output value of China's sporting goods is expected to increase 0.3% accounted for the proportion of GDP. By 2012, the size of China's Sporting Goods industry will increase to 131.2 million yuan, annual growth rate reaches 26%. It is estimated that market gains of popular Sporting Goods industry will up to 35.4 billion yuan by 2012, the share accounts for Sporting Goods industry will raise from 17% to 27%<sup>[6]</sup>.

Relevant statistics shows, January to November 2009, above-scale enterprises of China's Sporting Goods manufacturing industry achieved the main business income of 64.6 billion yuan, with an increase of 6.29% compared to the corresponding time period last year; achieved total profit of 1.975 billion yuan, with an increase of 56.90% compared to the corresponding time period last year.

## *2.3. Sustainable development of leisure sports industry on the effects of China's economic development*

Beijing Olympic Organizing Committee specially invited expert, Beijing Olympic Economy Research Association executive director Jian Chen points out, the current series of fiscal and monetary policies aim to encourage and support the development of sports industry is conducive to the development of the sports industry; after the Olympics, the huge demand for sports and leisure, optimization and upgrade of sports industrial structure, will directly promote the development of sports industry.

Leisure sports industry is a dynamic indicator, it embodies a variety of forms of leisure sports and a variety of spatial construction relationship of leisure sports leisure sports, closely revolve around issues on the social economic development and consumer, highlighting its unique perspective of "space" and "place" of leisure sports industry. In perspective of this "space" and "local", it's required to provide leisure sports products like physical fitness equipment, sports clothing, sports publications, sports collection and so on, leisure sports facilities like stadiums, Sports and cultural center, Sports & Leisure Park, sports tourist resort, sports clubs and so on, as well as leisure services like sports competitive performance, sports tourism, sports video programs, sports advertising, sports massage. Therefore, leisure sports industry will stimulate domestic demand and consumption; become a new growth point of the post-Olympic sports driving sports economic growth as well as national economic development.

## *2.4. Sports consumption on the effects of China's economic development*

Sports consumption is essentially a cultural phenomenon. The success of the Beijing Olympic Games inspires people's enthusiasm for participation in sports activities, driving the sports consumption by the roots. Take 1.3 billion population of China as the base, each one percentage point increase, fitness consumer will bring the value of the sports industry and the benefits are considerable.

National and government policy-oriented have a direct relationship with upgrade of the level of sports consumption. Since 1995 the state promulgated the “*National Fitness Program*” to the State Sports General Administration issued “*National Health Science and Technology Action Plan*” in 2008, government has upgraded mass sports to a new height, and actively promoted the construction of information service application system of national fitness.

Approved by the State Council of China, the day each 8th, August has been regarded as “National Fitness Day”. The establishment of the National Fitness Day is to adapt to the needs of the public sports consumption, improve the needs of National Fitness Campaign start; is the demand of further developing the comprehensive functions of sport and social effects, enriching sports cultural life and promoting the comprehensive development of people. Sports consumption of Beijing post-Olympic is a sustainable development plant to China’s economic development.

### 3. Conclusion and suggestion

#### 3.1. Conclusion

Beijing Olympic Games not only provide fast-growing economy with huge demand stimulation, is propitious to the development of local technology, to help improve and expand tourist facilities, but also arouse the enthusiasm of economic prospects and stimulate consumption. Meanwhile the successful the Olympic organization and good infrastructure not only enhance international image of China as a tourist destination, help to attract business investment, but also help to promote the formation and development of the sports industry chain.

#### 3.2. Suggestion

The government should overall plan the excavation, exploitation and utilization of post-Olympic economic legacy. Actively learn from foreign experience in development and utilization of the stadium after the Olympic Games, based on Chinese current situation, to promote industrial interaction of Sporting Goods Industry, Sports Tourism Industry, Leisure Sports Industry, and the standard of sports consumption and so on, and support cyclic development of sports industry chain.

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