

The Evaluation, Constraints and Impacts of Beijing 2022 Winter Olympic Games on China's Socio- Economic Development

Based on Specific Analysis of Financial Situation of Winter Olympics

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ABSTRACT

The Winter Olympic Games, held in extensive regions around the world, are the world's largest comprehensive winter games, held every four years. Since 1994 it has been held in conjunction with the Summer Olympic Games. Since 1924, the first Winter Olympic Games have been held every four years until 2022, with a total of 24 editions. The 24th Olympic Winter Games were successfully held in Beijing and Zhangjiakou, China, from February 4 to February 20, 2022. The analysis of the inputs and outputs of the Beijing 2022 Winter Olympic Games and previous Olympic Games and their impacts are used to explore the necessary conditions and impacts of hosting the Games. The results show that hosting the Olympic Games is a "training exercise" that tests the country's social governance, the operation of social organizations, and the capacity of enterprises in various fields. A flourishing and progressive country is a necessary condition for hosting the Olympics.

Keywords: 2022 Winter Olympic Games; financial situation; Socio-Economic Development; necessary conditions.

1. INTRODUCTION

The participants of the Beijing Winter Olympic Games and Winter Paralympic Games cherish the opportunity given by the great era and create the Beijing Winter Olympic spirit of being open-minded and confident, rising to the challenge, pursuing excellence and creating the future together in the process of bidding, preparing and holding the Winter Olympic Games. The cost of previous Winter Olympics is particular high, but this Winter Olympics is very much down compared to the costs of previous Winter Olympics, yet also facing the test of epidemic. This Beijing 2022 Winter Olympics has given excellent answers, and the future benefits will be huge.

2. LITERATURE REVIEW

This year's Beijing 2022 Winter Olympic Games in China gained a resounding success, and named as the most-watched Winter Olympics ever. IOC President Bach said that the Beijing Olympics made history and left

a whole new set of standards for the Olympics. It will open a new chapter in global ice and snow sports.

Current domestic researches on the Winter Olympics involve media, economic development, legacy, and security for major events. In terms of media, the all-media and all-round coverage of the 2022 Beijing Winter Olympics achieved a more desirable international communication effect, which was a valuable legacy of CCTV for Olympic communication and international sports communication. Furthermore, it will be a starting point for CCTV to continue to improve in the field of international communication and the coverage of major sports events in the future (Wei Wei, 2022) [1]. From the perspective of economic development, the Beijing Winter Olympics and Winter Paralympics have created A new model of collaborative regional development. As the huge brand effect's prosperity of the Beijing Winter Olympics, the event economy, exhibition economy and scientific study economy a series of plans come reality from the paper to the touchable ice and snow, injecting new vitality and new momentum for the regional synergistic development to advance with the

times (Li Wanxiang, Economic Daily, 2022) [2]. In terms of heritage integration, the 2022 Beijing Winter Olympic Games and the 2008 Beijing Olympic Games "double Olympic" heritage integration has a good basis in reality (Wei Xuemei et al., 2022) [3].

Scholars have made a lot of achievements on the Beijing 2022 Winter Olympic Games, but there are still some shortcomings. On the one hand, due to the long and complicated period from the preparation to the end of the Winter Olympics, academic researches need to develop innovative perspectives to enhance the timeliness of the research; on the other hand, the research methods in this field need to be further optimized, and the systemic and comprehensive nature of the research needs to be strengthened.

3. ANALYSIS OF THE FINANCIAL RESULTS OF THE WINTER OLYMPICS

3.1. Budget and Actual financial situation of Beijing 2022 Winter Olympic Games

According to the official reports, the total costs of Beijing 2022 Winter Olympic Games was about \$1.75 billion. In terms of revenue, including advertising sponsorship of \$1.3 billion, broadcast fee income of \$1.1 billion, brand licensing took almost \$400 million. The total is approximate \$2.8 billion, which contains a profit of \$1.05 billion. Yet it must be shared 900 million to the International Olympic Committee, so it can only be considered as a small profit. The Beijing Olympics was unlucky-the epidemic led to no ticket revenue (but reduced some staff needs at the same time). If it was put into the usual, there may be a more obvious and bigger amount of profit. According to some other data, the Winter Olympics may have cost more than \$1.75 billion. 2015 *People Daily Online* reported that then budgeted prediction was about \$1.56 billion for preparation and \$1.51 billion for sport venues construction, for a total of \$3.07 billion. Of course, some part of the venues can be used later, and the construction costs can't all be only counted for the Winter Olympics. But additionally, considering that the **Dollar** has been depreciating significantly over the past seven years, in sum, the Winter Olympics should get non-existent ticket revenue to balance the budget.

3.2. Evaluation of the financial situation of the Beijing Winter Olympics

The Beijing Winter Olympics was a great achievement, because the past 11 Winter Olympics have been the losses, especially the last one in PyeongChang, which was estimated to cost \$13 billion, with only \$2.5 billion in revenue (loss level of \$10 billion). It was not easy for us to achieve this under the conditions of an epidemic. And this is surely not a problem for the Winter

Olympics, the recent Summer Olympics are not much better. 2012 London Olympics and 2016 Rio de Janeiro Olympics, both extremely serious losses. Rio de Janeiro was said to have lost more than \$ 2 billion. 2021 Tokyo 2020 Olympics, likewise because of the epidemic, losses of more than \$ 6 billion-the Olympic Games returned to the loss situation as the middle of the Cold War in the last century. For example, the 1976 Montreal Olympics costed more than a billion dollars just to build the main stadium, and it took 16 years to pay off the total loss. In 1980, the Soviet Union invaded Afghanistan while hosting the Moscow Olympics, which was boycotted by half the world, including China. The Soviet Union spent so much on the Olympics that it turned into an Olympics for some of the socialist bloc countries themselves, making it impossible to look at the accounts. In 1984, when the Olympics was held in Los Angeles, China appeared for the first time in the Summer Olympics. Although this Olympics was also boycotted by the Soviet Union and Eastern European countries, it was profitable through strong commercial operations, making full use of the opportunity to popularize television sets around the world and selling broadcasting rights. Subsequent Olympic Games in Barcelona in 1992, Atlanta in 1996, Sydney in 2000 all made money, Athens in 2004 had bad financial figures, and Beijing in 2008 made money again. Further on, it entered the era of general losses. Considering the impacts of the epidemic, the financial results of the Beijing Winter Olympics are supposed very good.

4. IMPORTANT FACTORS INFLUENCING THE FINANCIAL BALANCE OF THE OLYMPIC GAMES

4.1. Developed construction capacity and market size

The main reason for the loss of the 1976 Montreal Olympics was the construction of the venues with a number of accidents errors. Besides, 2016 Summer Olympics in Rio de Janeiro, until the day of the opening ceremony, many venues and Olympic Village buildings are not completed, the athlete dormitory need to be by patching to use. Fundamentally, these delays are due to the incomplete national industry chain and the inability to effectively integrate into the international division of labor. They started with budget overruns from the initial phase, taking up funds for the next phase, and then creating more serious delays in the next construction phase. It dragged on until a few months before the competition started, and everyone gave up the struggle, finally had to add a large temporary cost to catch up.[4]

The first point to ensure balance of payments is that the country happens to be at the peak of construction, or have a developed construction economy, the industry chain runs smoothly, with many parallel major

construction projects can level out the cost. 1964 Japan, 1984 the United States, 1988 South Korea, and even 2008 China are in line with this condition. Around 1992 Spain is the whole of Europe's package, until now Spain's international engineering outsourcing strength is still often competing with China. Therefore, these Olympic Games not only made great spectacle, but also saved money. As for other countries, the engineering strength is not enough to run the Olympic Games still always think about making their own companies show themselves. The result is that construction costs were seriously deviated from the market price.

4.2. Sustainable output and reuse

Another key point in balancing the finances of the Olympic Games is to address the use of the centralized construction afterwards. The international sporting event in the world which can be compared to the Olympics is the soccer World Cup. But the host of the World Cup is not a city, but an entire country. A large stadium per city is enough. Whether renovating an existing stadium or building a new one, it's not a big problem for countries with soccer leagues, which continue to use it after the World Cup.

The Olympic Games are totally different, although the IOC allows some of the events to be spread out, for example, the 2008 Beijing Olympics can put sailing in Qingdao. However, the vast majority of venues and infrastructure must be concentrated in one city. If the host city does not have a particularly large new population in the next few years and does not host consecutive sporting events, these facilities could easily go unused. The problem is a bit more serious with the Winter Olympics, which not only are most facilities concentrated in one place, but they also tend to be more desolate and mountainous, requiring additional transportation costs when building. That was why PyeongChang Winter Olympic Games loss of tens of billions of dollars.

4.3. Country's control of its own comprehensive capacity and needs

If the host country does not want to lose money, the most important point is to properly understand their country and consider if they have a developed real economy; if they can take advantages of the whole world's established industrial chain; and if they have a growing urban population to share the costs in the decade after the Olympics. Many backward places hope to get out of poverty and get rich by developing tourism, but the scarcest resource for tourism is a large industrial area—only a thriving industrial area can share the cost of infrastructure, make tourists feel comfortable, and turn tourism into the icing on the cake. If there is no prosperous industry, but also expect large-scale tourism to revitalize the economy, the result is bound to be worse.

The Olympics are also a large cultural tourism project, and the long-tail effect from international tourism is lower than other cultural tourism investments, so the dependence on prosperous industrial areas is even stronger. 1964 Tokyo, the entire country's real economy was booming and the metropolitan area was expanding, so even if the books were losing money, the entire country was able to reap huge benefits from the Olympics. 2021 Japan cannot meet these conditions. So even if Japan does not run into an epidemic, it will be doomed to host a loss-making Olympics. [5]

An important background for the Olympics to make money continuously in the late 20th and early 21st centuries is that the new technological revolution has brought economic increment to the world. Now only China and the United States are left as the major countries with significant economic increment in the world. If the IOC does not want to repeatedly run the Olympics in China or the United States, it should count on India, Vietnam or Nigeria, the southern countries, to grow up quickly.

5. FORWARD-LOOKING

The Chinese people's impression of the Olympics actually started in recent decades. The 1984 Los Angeles Olympics was both the first summer Olympics for the new China and just in time for Chinese households to start popularizing television sets. And the Los Angeles Olympics could start making money because the whole world watched the televised games, expanding the audience for the games, so that advertisers were willing to buy advertising space and companies were willing to pay for brand placement.

Over the next few decades, as electronics became cheaper and cheaper, the audiences for the Olympics were growing. The Athens Olympics broadcast revenue was \$597 million, the Beijing Olympics increased to \$1.715 billion, and the London Olympics reached \$3.9 billion. So as long as a prosperous country hosts the Olympics, there is hope to make money.

However, the development to the point where electronics are now popular at a new level has had the added effect of increasing cheap entertainment options for humans. Whether movies and short videos shown online or live games are all stealing time from sports culture. The suspense and rivalry of sports can be provided just as well by computer games. 2021 Tokyo Olympics opening ceremony, watched by only 16.7 million people in the US, was 37% worse than Rio and 59% worse than London. If this trend continues, advertisers will gradually leave, thus the Olympic Games will not make money any more, no matter how cost-saving. [6]

6. CONCLUSION

The “300 million people participating in ice and snow sports” driven by the Winter Olympics will become an opportunity to accelerate the development of ice and snow sports and the huge and systemic ice and snow industry in China. By 2025, the total scale of China's ice and snow industry will exceed one trillion yuan. Ice and snow tourism, ice and snow sports, ice and snow marketing and other related industries will also develop rapidly with the opportunity of 2022 Beijing Winter Olympic Games. According to the relevant departments, it is expected that the domestic ski tourism population will reach 2% in 2022. There will be 26 million skiers. With each person skiing 2-3 times a year, the number of skiing trips will reach about 45 million. “Based on the calculation of 600 yuan per person per skiing, the future annual output value of the ski industry will reach 27 billion yuan with a huge potential.” Perhaps the Beijing Winter Olympics has been more than just a catalyst for the rise of China's ice and snow sports industry. With the expansion of the domestic ski industry, all aspects of the industry chain, such as ski resort operations, clothing and light industry, ski performance industry, ski tourism and supporting facilities manufacturing, will usher in a good opportunity for investment and development.

In this Winter Olympic Games, China's scientific and technological achievements are world-renowned. The Ministry of Science and Technology has invested 1.5 billion yuan for this Winter Olympic Games, and Chinese enterprises such as Ali Cloud, Anta and Unicom have participated in this event. China completely relied on its own strength to hold an outstanding Olympic Games. This is a huge test in all aspects, and the impact of this test will provide more experience and positive feedback to the future socio-economic development of China.

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