



JOHN T. GOURVILLE

MARCO BERTINI

The London 2012 Olympic Games

Paul Williamson could not help but be amazed. As he looked down from the 23rd-floor offices of the London Organizing Committee of the Olympic Games (LOCOG), he could see all of East London, one of the poorest areas in Greater London. Historically a working-class neighborhood and industrial center, East London had been bombed heavily during World War II and had never fully recovered. Yet, as if rising from the ashes, the Olympic Park was beginning to take shape. In three short years, London would play host to the 2012 Games and the Olympic Park would be its crown jewel (see **Exhibit 1** for a map of London and the location of the Olympic Park). And if all went according to plan, the sporting venues, housing, transportation links, and parks built to support the Games would serve to revitalize the East London community.

In the spring of 2009, however, Williamson had more pressing issues to consider. As Head of Ticketing for the 2012 Games, he and his team were responsible for developing the policies for pricing and distributing the millions of tickets that would go on sale starting in late 2010. In a perfect world, he knew, their decisions would satisfy many criteria. First, given the importance of ticketing to the Games' bottom line, they had a strong incentive to maximize revenues. Second, given that the entire world would be watching, they wanted to maximize attendance—not just at the Opening Ceremony and swimming finals, which traditionally were easy sells, but also at events like handball and table tennis, which were not. Third, they wanted to fill seats with the right people—knowledgeable fans who added to the energy and atmosphere of the event. Finally, tickets had to be accessible not only to the world's elite but also to average Londoners, many of whom lived around the corner from the Olympic Park.

As Williamson considered these criteria, two comments stuck in his mind. The first came from his boss, Chris Townsend, the Commercial Director of the LOCOG. Townsend had said, "Missing either our revenue or our attendance target is simply unacceptable." The second came from Joanna Manning-Cooper, Head of Public Relations and Media, who had said, "We are billing these as 'Everybody's Games,' which means the majority of tickets have to be at prices the public can afford."

The good news was that Williamson and his team had time to develop their plans—tickets were not scheduled to go on sale for another 18 months. The bad news was that Olympic ticketing had proven tricky in the past—with some host cities at a loss to explain unsold tickets, empty seats, and frustrated sports fans. As Townsend noted, "Ticketing represents about 20% of an Olympic Games' revenue, but 80% of its public relations headaches."

Professor John T. Gourville of Harvard Business School and Professor Marco Bertini of London Business School prepared this case. Some data have been simplified to aid in classroom discussion. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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The Olympic Games

The modern Olympic Games were first held in 1896 in Athens, Greece, where they featured 241 amateur male athletes from 14 countries competing across 10 days in nine sports. Staged every four years since, with exceptions for World Wars I and II, the Games had grown to include more than 10,000 male and female athletes from over 200 nations competing in as many as 28 sports over 17 days (see **Exhibit 2** for a chronology of the Games).¹

The governing body of the Games was the International Olympic Committee (IOC), a non-profit organization based in Lausanne, Switzerland. Headed by an elected president, governed by 115 voting members who represented their respective nations, and staffed by 150 full-time employees, the IOC was the parent organization for the Olympic Games. In this capacity, it chose the Olympic host cities; provided contractual guidelines to those cities; managed the copyrights, trademarks, and other assets associated with the Games; and supported and coordinated efforts among all members of the Olympic Movement.²

The management of the Games themselves was entrusted to the host city's Organizing Committee for the Olympic Games (OCOG), which typically was formed shortly after the IOC announced which city had won the rights to host the Games. The typical OCOG employed several hundred individuals over the four to seven years leading up to and including the Games.

Economics of the Games

By almost any measure, staging the Olympic Games was big business. For instance, the 2000 Sydney Games had generated over \$2.8 billion in revenue (see **Table A**) from five principal sources:

- Broadcast rights—the rights to broadcast the Games in countries around the world. In recent times, the rights for the United States accounted for about 50% and the rights for Europe accounted for 25% of the total broadcast revenue. **Exhibit 3** provides broadcast revenues for past Games.
- International sponsorship—the rights for a company to proclaim itself an “Official Sponsor of the Olympic Games” on a worldwide basis in the four years leading up to the Games. **Exhibit 4** shows revenue from international sponsorships for past Games.
- Ticketing—the tickets to the individual Olympic events. **Exhibit 5** provides ticket revenues for past Games.
- Domestic sponsorship—the rights for a company to proclaim itself an official sponsor of the Olympics within the country hosting the Games.
- Licensing rights—the rights to use the Olympic logos and trademarks on items ranging from stamps and coins to t-shirts and stuffed animals.

¹ Beginning with the addition of the Winter Olympics in 1924, the Games were now often called the Summer Olympics. For simplicity, in this case study the phrases “the Olympics” and “the Games” refer to the Summer Olympics.

² The Olympic Movement consisted of those entities that supported the running of the Games—including the IOC, the host city Organizing Committees of the Olympic Games, the 205 National Olympic Committees, and the International Federations that governed each Olympic sport.

Of these five sources of revenue, the IOC was responsible for negotiating and managing the broadcast rights and international sponsorships, while the host country OCOG was responsible for ticketing, domestic sponsorships, and domestic licensing.

Table A Revenues for the 2000 Sydney Games

Source	Organization Responsible	Amount (in millions)
Broadcast Rights	IOC	\$ 1,332
International Sponsorship of Games	IOC	405
Ticketing to Games	Sydney OCOG	551
Domestic Sponsorship of Games	Sydney OCOG	492
Licensing Rights	Sydney OCOG	<u>52</u>
Total		\$ 2,832

Source: Adapted from the IOC "Olympic Marketing Fact File—2008 Edition."

In turn, these revenues were allocated to four organizations within the Olympic Movement. The major beneficiary was the host city OCOG, which used the funds to stage the Games. Historically, 50% to 65% of the revenue from broadcast rights and international sponsorships, plus 100% of the revenue from ticketing, domestic sponsorship, and licensing rights, went to the OCOG. Of the remaining revenue, the IOC kept a share to cover its administrative and operational costs, and allocated the rest to the 205 National Olympic Committees of the IOC's member nations (to help support the training and development of each nation's athletes) and to the International Federations of the sports of the Olympic Games (to help develop those sports on a worldwide basis). The allocation of the revenues from the 2000 Sydney Games is shown in **Table B**.

Table B Allocation of Revenues from the 2000 Sydney Games

Source	Approximate Amount (in millions)
Sydney Organizing Committee of the Olympics Games	2,137
National Olympic Committees	321
International Federations	200
International Olympic Committee	<u>\$ 174</u>
Total	\$ 2,832

Source: Adapted from the IOC "Olympic Marketing Fact File—2008 Edition."

Preparing For and Managing the Games

Using its allocation of the Olympic revenues, the host city OCOG had to plan for, organize, and manage the 17 days of the Games, all within the contractual obligations set forth by the IOC. The major tasks included:

- Staging the Opening Ceremony, Closing Ceremony, and sporting events
- Arranging for the required stadia, arenas, training facilities, and equipment
- Housing and feeding the athletes and officials
- Anticipating and solving potential transportation problems
- Meeting the needs of the media
- Providing security to ensure a safe and peaceful Olympics

Importantly, while the OCOG was responsible for “arranging” for the Games’ infrastructure, responsibility for actually providing that infrastructure rested with the host city and country. This included the stadia and arenas to stage the events, the Olympic Village to house the athletes, the national and international transportation systems to efficiently get people to and from the host city, and the local transportation systems to shuttle people to and from the events. If funds were needed to build this infrastructure, they typically were raised through taxation, lotteries, and private investment. Chris Townsend explained:

The costs of any Olympics can be broken down into “software” or people costs and “hardware” or infrastructure costs. Software costs are the responsibility of the OCOG, and include the expenses associated with planning the Games, housing the athletes, and running the events. In contrast, hardware costs are the responsibility of the host city and depend greatly on the existing infrastructure. For instance, prior to hosting the 2000 Games, Sydney had good venues and a modern transportation system. But Beijing bid on the 2008 Games knowing it would need to build many new facilities and significantly upgrade its transportation system.

For the past three Games, these infrastructure costs ranged from \$2 billion for Sydney, to \$15 billion for Athens, to \$40 billion for Beijing. In the case of Sydney, the need for new infrastructure was limited to several new venues. In contrast, China built a new terminal at the Beijing Airport, doubled the size of the Beijing subway system, and built a new 80-mile intercity railway system into Beijing. It also constructed 12 new sports venues and upgraded many others. Finally, it built the Athletes Village—living, dining, and relaxation quarters for athletes and officials—which was to be turned into apartments and public housing after the Games.

The 2012 Games

Great Britain was no stranger to the Olympic Games. It was one of only four nations to compete in all 26 Olympic Games, holding third place in total number of medals won. It had successfully hosted the 1908 and 1948 London Games. And it had bid on the 1992, 1996, and 2000 Games.

Winning the rights to the 2012 Games was far from certain, however, with Paris, New York, Moscow, and Madrid also in the final running. The process to select the host city consisted of a series of secret ballots, with each IOC member voting for the city of his or her choice. After each round of voting, if no city obtained a majority of the votes cast, the city with the lowest number of votes was eliminated, and the remaining cities advanced to a new round of voting.

By most accounts, Paris was the favorite to win the rights to the 2012 Games. However, many believed the London bid was aided by the addition of Sebastian Coe to the London Bid Committee in 2004. Coe was the 1980 and 1984 gold medalist in the 1,500-meter run, was widely considered one of the greatest middle-distance runners of all time, had served as a member of the British Parliament, and was widely respected both within and outside the Olympic community.

In the end, the IOC apparently was impressed by the proposal that the London Bid Committee submitted. As announced on July 6, 2005, to the joy of its many supporters,³ London had won the

³ Surveys in 2004/2005 showed that 70% of the people of the UK and 68% of Londoners supported the London bid.

rights to host the 2012 Games in a final, head-to-head ballot in which London received 54 votes to Paris's 50.

The Plans for the 2012 Games

The 2012 Games were scheduled to run from July 27 to August 12, with over 12,000 athletes from 205 countries expected to compete across 26 sports and 300 events.

With 7.9 million tickets up for sale, the LOCOG anticipated an average of 500,000 spectators per day to attend the Games, with up to 800,000 on the busiest days. It estimated that roughly 30% of all tickets would be purchased by Londoners, 25% by United Kingdom residents who lived outside of London, 20% by people from the rest of Europe, and 25% by people from the rest of the world.

In addition, it expected 10,000 Olympic and political dignitaries to watch some or all of the Games, 20,000 journalists and media personnel to cover the Games, 60,000 security personnel to ensure safety, and 100,000 paid and volunteer workers to help run the Games.

Location and Venues A key selling point in the London bid was the plan to build the centerpiece of the Games—the Olympic Park—in East London. As stated in London's bid document:

Great Games leave welcome legacies. Consistent with London's long-term plan, the Games will stimulate vital economic and social regeneration in what is now a disadvantaged area. Creation of the Olympic Park will involve restoring large tracts of land in East London, with new green spaces and revived wetlands. The Olympic Village will become a desirable and socially diverse new residential area, providing 3,600 new homes in a community transformed by the Games.

The intent was to develop 500 acres of existing industrial and waste land in East London into the Olympic Park. By 2012, this would include:

- The 80,000-seat Olympic Stadium—for Opening and Closing Ceremonies and athletics
- The 17,500-seat Aquatics Center—for diving, swimming, and water polo
- The 12,000-seat London Velopark—for indoor track cycling and outdoor BMX cycling
- The 12,000-seat Basketball Arena
- The 15,000-seat Olympic Field Hockey Center
- The 17,000-bed Olympic Village

After the Games, the plan was to reduce the size of several of the larger venues to fit with the surrounding community, to relocate several of the smaller venues to other parts of the country where they could be better utilized, and to convert the Olympic Village into 3,600 units of affordable housing, with an additional 5,400 new homes to be built later.

The remaining sports would use existing venues located throughout London and the UK, including Earl's Court (volleyball), ExCeL London (judo, weightlifting, wrestling), Hyde Park (triathlon), the Millennium Dome (gymnastics), Wimbledon (tennis), and Wembley (football).

Transportation A second critical element of the London bid was a plan to make the 2012 Games the first "public transport" Olympics, with close to 100% of ticketed spectators traveling to the Olympic events by such means. To make this happen, existing transportation links to and from the East London area were to be expanded and upgraded, turning it into one of the best-connected

communities in the city. The most talked-about of these efforts was a 12-car subway shuttle called the “Olympic Javelin,” which would ferry passengers from King’s Cross Station, in the heart of London, to the Olympic Park in just 7 minutes.

These efforts were expected to support the transport of up to 240,000 passengers per hour into and out of the Olympic Park area. In turn, to encourage spectators to use public transportation, the LOCOG had announced that the price of every ticket to an Olympic event would include the use of London’s public transportation network on the day of that event.

Atmosphere Finally, the LOCOG hoped to engage and excite the British public. While Sydney came to be called the “Laid-Back Games,” and Beijing had been unofficially dubbed the “No Fun Games,” the LOCOG wanted the legacy of the 2012 Games to be one of inclusiveness. Toward this end, Sebastian Coe noted:

Whilst London will be the principal venue, it is the entire United Kingdom which will be the host. The London 2012 Games will be Everybody’s Games. . . . London 2012 will be the most accessible and participative Games ever Putting on Everybody’s Games, we are clear that our stakeholders are the 60 million people living in Britain.⁴

Manning-Cooper, Head of PR and Media, highlighted what this meant at a practical level:

To deliver on the promise of Everybody’s Games, we plan to have free open-air festivals in and around London every night of the Games, we will place large screen TVs throughout the UK to encourage a community atmosphere, and we will bring football—the most popular sport in the country—to the public by having preliminary rounds in Glasgow, Cardiff, Manchester, Birmingham, and Newcastle.

Yet, the reality is that the average person wants to talk about *tickets*. First, they ask about availability, worried that the vast majority of tickets will be snapped up by the IOC, corporate sponsors, and wealthy foreigners. Second, they ask about pricing, fearing that even if tickets are available, they won’t be affordable. Ultimately, the thing that will make these “Everyone’s Games” will be fair and equitable access to the events themselves.

Delivering the 2012 Games

The two groups responsible for delivering the 2012 Games were the LOCOG, which would stage the Games, and a quasi-governmental organization called the Olympic Delivery Authority, which would build the infrastructure.

The LOCOG’s forecasted budget was \$3 billion.⁵ Roughly \$1.2 billion of this would come from its share of the broadcast revenues and international sponsorships, as determined by the IOC. The LOCOG was responsible for the rest, with a planned \$1 billion coming from about 60 domestic sponsors, \$650 million from ticket sales, and \$150 million from licensing fees.

The Olympic Delivery Authority’s total expenses were projected to run about \$12 billion: \$6 billion for the building of the Olympic Park, \$4 billion for transportation upgrades, and the rest for

⁴ Excerpt from a speech by Sebastian Coe at the British Museum on March 11, 2008.

⁵ The IOC reported financial data in U.S. dollars. The LOCOG used the British pound. For consistency, we have converted the LOCOG budget of £2 billion to \$3 billion, based on an exchange rate of 1:1.5 in the spring of 2009.

smaller projects, contingencies, and taxes. Roughly 60% of these funds would come from national taxes, 15% would come from London city taxes, and 20% would come from the National Lottery.

Selling Tickets to the Games

Hired as Head of Ticketing in September 2007, Paul Williamson was no stranger to large sporting events. Previously, he had helped set ticketing guidelines for several FIFA World Cup Finals, the 2007 Rugby World Cup, the 2007 Cricket World Cup, and the 2002 Manchester Commonwealth Games. Also, he had acted as a ticketing advisor to the IOC for the 2002 and 2006 Winter Olympics. As such, he was well aware of the challenges the LOCOG faced:

Ticketing for the FIFA World Cup is a great experience, but it pales in comparison to the Olympic Games. For a World Cup Final, you sell three million tickets to 64 matches played over 30 days in 10 or 12 major cities. The teams are all of very high caliber, the stadia are all well established, and football is the most popular sport in the world. With the Olympic Games, we are trying to sell almost eight million tickets to 26 different sports played over 17 days, with some sports wildly popular and others a complete mystery to the average person. In reality, we are running 26 world championships in a fortnight.

While many ticketing issues were still up in the air, some had already been decided. In particular, it was known that:

- A total of 7.9 million tickets would be available for sale across all events (see **Exhibit 6**).
- In late 2010, international and domestic sponsors, the 205 National Olympic Committees, the International Federations, and other IOC affiliates could place requests for tickets—specifying how many tickets at each price point they desired for each event. All would pay full price for any tickets ultimately received and, collectively, these groups would receive no more than 25% of available tickets.
- In the spring of 2011, the general public could similarly place requests for tickets, via an online ballot, specifying the event, number of tickets, and price point they desired.
- In the summer of 2011, ticket requests from both the IOC affiliates and the public would be processed and individuals would be informed as to whether they had obtained tickets.
- Later in 2011 and into 2012, any remaining tickets would be offered for direct sale.
- During the Games, tickets still not sold would be available for purchase at box offices throughout London.

Williamson noted that those applying for tickets were requesting entry to a particular event within a certain price tier. Not until tickets were matched to requests, in the summer of 2011, would customers find out where they actually sat in the stadium or arena. Williamson elaborated:

For virtually all of the events in the Games, there will be price tiers for tickets. If tickets for an event are, for example, \$30, \$60, and \$100, you might request four tickets in the \$60 price tier on a given day. In turn, the LOCOG promises that the \$100 seats will be better than the \$60

seats and the \$60 seats will be better than the \$30 seats. After all the requests are in, we begin to allocate tickets to those that have requested them and assign people to specific seats. If the requested day and price tier is undersubscribed, your request will be filled. If it is oversubscribed, a lottery-like process will decide who gets seats and who does not. In either case, we will let you know the outcome.

Managing Ticket Revenues

When it came to managing ticket revenues, Williamson and his team looked to the 2000 Sydney Games for inspiration:

While the 2004 Athens Games and the 2008 Beijing Games were wonderful events, they do not provide a great ticketing benchmark for the London Games. Athens was hampered by the small size of the city and the limited capacity of the venues. And Beijing tried hard to make tickets affordable for its domestic population, resulting in ticket prices that were artificially low. But the Sydney Games were staged in large venues in the largest city of a wealthy, sports-loving country. People were willing to pay to attend events and the results reflected this fact.

The LOCOG also viewed sufficient ticket revenues as vital to the legacy of the 2012 Games. As Chris Townsend noted:

With so much money involved in the Games, it is easy to view ticket sales as a drop in the bucket. What is \$650 million when the Olympic Delivery Authority is spending \$12 billion to build the Olympic Park and the Olympic Javelin? But let's put things in perspective. Last year, Manchester United generated about \$150 million in ticket revenues over a nine-month season, while the New York Yankees sold \$120 million in tickets over a six-month season. We're looking to bring in four to five times those amounts, which will have a major impact on the financial legacy of these Games.

But Williamson knew that maximizing ticket revenue meant more than just charging high prices:

Peoples' willingness-to-pay for a given event will depend on many factors. There's an expectation about what a ticket should cost based on other sporting events in and around London (see **Exhibit 7**). There's the global appeal of a sport, with swimming and gymnastics being very popular around the world. There's the local appeal of the sport, often driven by the host country's past success in that sport (see **Exhibit 8**). There's the event stage, with most people wanting to see those stages where the gold medals are awarded. And then there's a particular team or athlete that makes the difference.

Williamson also reasoned that the pricing of tickets at past Games (see **Exhibit 9**) provided only limited guidance for the pricing of the London Games:

First, every host city possesses unique tastes, culture, and atmosphere. While beach volleyball may be big in Australia, table tennis is king in China. Second, the reach of the Games varies by location. Given the difficulties in getting into China, tickets to the Beijing Games were largely limited to the Chinese. Given the proximity of London to the rest of Europe, we anticipate a much more international crowd. Third, this will be the first Games where ticketing

will be done via the Internet, which may alter demand for some events.⁶ Finally, with the current global financial crisis, London 2012 is entering uncharted territories.

Managing Attendance

The LOCOG also wanted to fill the many venues during the games. As stated in the London bid document, "Great Games generate genuine enthusiasm. This will be demonstrated . . . by full stadia across a wide range of events . . ." Given that organizers expected close to five billion television viewers to watch some part of the 2012 Games, the last image the LOCOG wanted broadcast to the world was that of half-empty arenas.

Everyone at the LOCOG understood the potential fallout from attendance shortfalls. Pinned to a nearby bulletin board were several articles from recent games. In reference to the 2004 Athens Games, one *New York Times* headline read, "Summer 2004 Games: Seats May Be Empty, But Not the Beaches." And in regard to the 2008 Beijing Games, the *Los Angeles Times* proclaimed, "Empty Seats Are a Mystery at Beijing Olympics."

Williamson broke down the challenge of maximizing attendance into two parts. "First, you have to get people to buy the tickets. Second, you have to get those who purchased tickets to actually use them. Neither of these is a trivial task."

When it came to getting people "to buy the tickets," Williamson had no illusions:

You just can't sell every ticket to every event. The Opening Ceremony? Sure. The final day of track and field? Sure. Michael Phelps in any of the swimming events? Sure. But what about a preliminary round of handball, table tennis, or archery? The demand is just lower for certain sports.

The reality is, there are really three classes of events we must manage. First, there are the big four—swimming, artistic gymnastics, athletics, and the ceremonies—where demand historically far exceeds supply and which will likely sell out at almost any price. We would expect about 40% of ticket revenues to come from these four sports. Second, there is football, with almost two million tickets across 58 men's and women's matches. If there is any single sport with which we obsess, it is football. On the one hand, football is the most popular sport in Europe, which works in our favor. On the other hand, unlike the FIFA World Cup, the Olympic teams are largely limited to players under 23 years of age, eliminating some of the biggest names in the sport.⁷ We hope to generate another 10% of ticket revenue from football. Third, there are all the other sports, where supply historically exceeds demand and where we have to work hard to maximize sales.

Given all of this, a ticket manager has to be inept to sell less than 65% of his available seats, but selling 95% is not realistic either. If you end up selling 85% of your available tickets, then I think you have done a very, very good job.

⁶ The Beijing OCOG attempted to sell tickets online to the 2008 Games, but overwhelming demand caused the system to crash on the first day of public sales. As a result, many of the tickets to the 2008 games were sold manually.

⁷ According to IOC rules, Olympic national teams are limited to players under 23 years of age, with three slots available for players 23 or older.

But the challenge did not end with merely selling the tickets. As the Beijing organizers discovered, getting people to use the tickets that they had purchased was equally tough. Commenting on one field hockey match in Beijing, the *Los Angeles Times* noted:

Tickets were in such short supply for Friday night's field hockey match. . . . At the box office, clerks told disappointed ticket seekers that the game was "sold out." . . . But inside the 17,000-seat Olympic Hockey Stadium, the stands were a sea of blue—the color of the rows and rows of empty plastic seats. When the game began, only a quarter of the seats were filled . . . It's one of the great mysteries of the Beijing Olympics: In what is reportedly the first sold-out Games in Olympic history, many venues are far from full, with the expanses of empty seats giving events a somewhat forlorn appearance.⁸

The *Los Angeles Times* article went on to say that Beijing organizers attributed this lack of attendance to the large number of tickets purchased by sponsors, set aside for IOC VIPs, and provided to the media, many of which went unused. Others noted that spectators may have purchased tickets for a day-long event, such as tennis, but stayed for only one or two matches. And still others speculated that a large number of Chinese citizens may have purchased a ticket to an event, never intending to travel to the Games and use that ticket, but as a low-priced souvenir from the Games.

In a curious response to this lack of attendance, Chinese Olympic officials admitted to bussing in local volunteers in an attempt to fill empty seats and to improve the atmosphere at venues where attendance was sparse.⁹ As *The New York Times* reported, "There were entire sections of empty seats behind both goals at the field hockey stadium on Monday. Next to them were sections packed with fans dressed in identical shirts, pounding inflatable bats and being led in rehearsed cheers."¹⁰ Commenting on this practice, one Australian spectator noted, "It's better. Nobody likes an empty stadium. But you can tell they've just been brought in here to fill seats. They know nothing about hockey. They cheer at all the wrong times."¹¹

Managing Perceptions

A third concern for the LOCOG was the impression its ticketing policies would create among the very many groups that the Games affected. In particular, to help deliver on its goal of making these "Everybody's Games," the LOCOG wanted to involve and engage the local citizens. At the same time, the laws of the European Union (EU) prevented the LOCOG from offering price discounts to the local community that it did not also offer to other EU citizens.

The LOCOG also was sensitive to the impressions its pricing policies made among the athletes, the National Olympic Committees, and the International Federations. While all could accept the fact that swimming was more popular than table tennis in the United Kingdom, the price differential between tickets to the various events was a delicate issue for those involved. As Williamson noted, "We are dealing with 26 valid sports. This doesn't mean we have to price them all the same, but we

⁸ Barbara Demick, "Empty Seats are a Mystery at Beijing Olympics," the *Los Angeles Times*, August 17, 2008.

⁹ Peter Sharp, "Empty Seats: Beijing Goes Local," SkyNews, August 13, 2008.

¹⁰ John Branch, "Well-Trained Fans Are at the Ready, if Seats Need to be Filled," *The New York Times*, August 13, 2008.

¹¹ Barbara Demick, "Empty Seats are a Mystery at Beijing Olympics," the *Los Angeles Times*, August 17, 2008.

can't price in such a way as to disrespect any particular sport." But he wondered what this meant in practice.

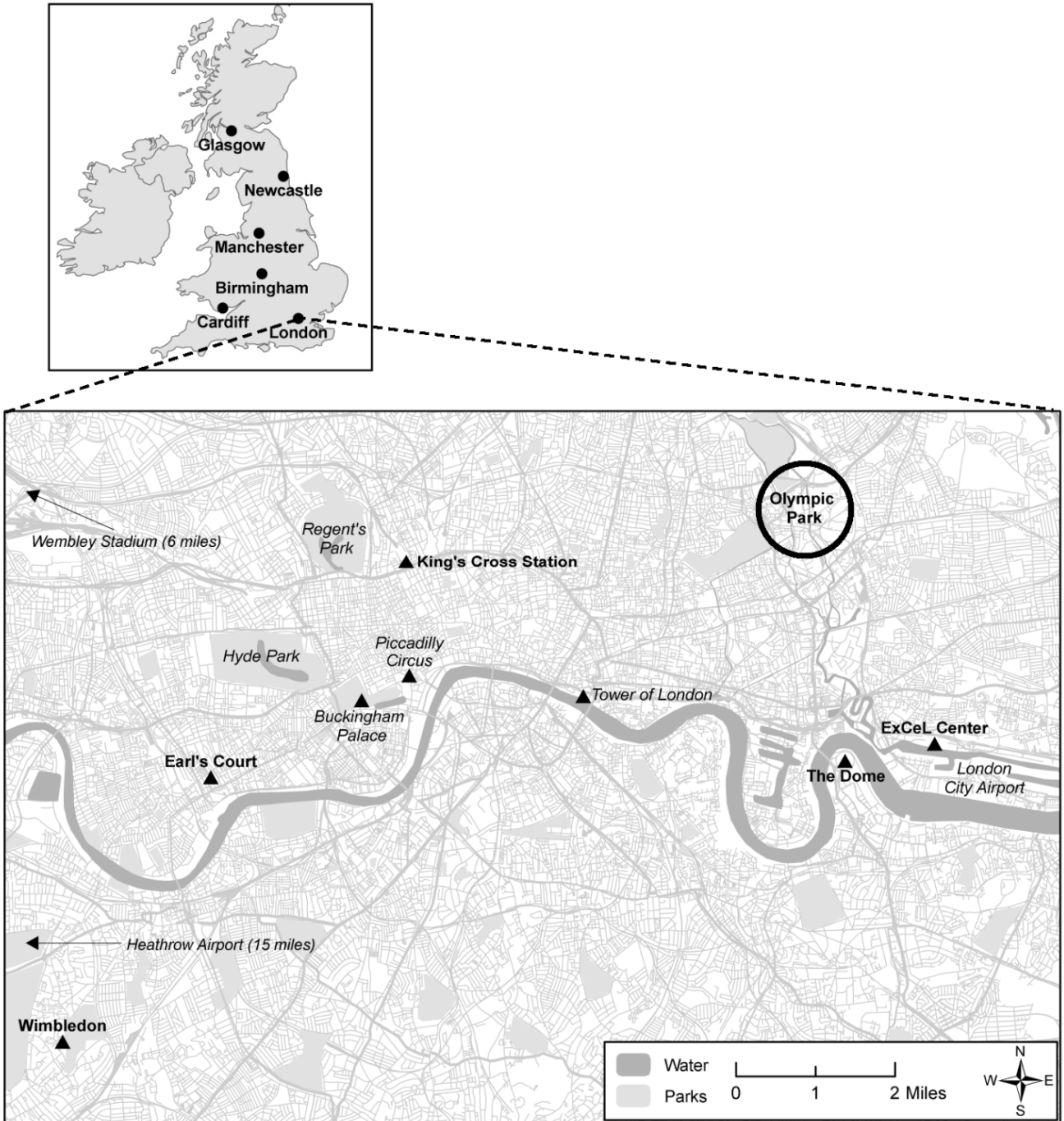
Third, given his many years in ticketing, Williamson was concerned with the secondary market for tickets to the 2012 Games. After all, while he felt that the LOCOG should not be held responsible for unscrupulous resellers, he knew that much of the public would disagree. As such, Williamson planned to publicize the LOCOG's intent to prosecute those individuals and entities reselling either real or fraudulent tickets over the Internet.

Time to Decide

As Williamson considered the task before him, he wondered about the tradeoffs he might be forced to make. For instance, if he could choose between two outcomes—exceeding his ticket revenue targets by \$50 million with 70% attendance or coming up short by \$50 million with 90% attendance—which should he take? Would it make any difference if he were wearing an IOC hat as opposed to an LOCOG hat? Would it make any difference if he were the head of the LOCOG as opposed to its Head of Ticketing? And would he feel differently during or after the Games than he would 18 months before the Games?

As he took a final look at the burgeoning Olympic Park, Williamson observed, "When the 2012 Games are over, we will not have gotten everything about ticketing right. We accept that. But, given that we know we are going to be wrong, what do we have to do to be 'least wrong'?"

Exhibit 1 Map of the Planned Sites for the 2012 London Olympics



Source: Map created by the Center for Geographic Analysis, Harvard University. Data Sources: ESRI Data and Maps 2008, LAND INFO Worldwide Mapping, LLC.

Exhibit 2 Olympic Host Cities and Participation

Year	Host City	Nations	Sports	Events	Athletes		
					Male	Female	Total
1896	Athens, Greece	14	9	43	241	0	241
1900	Paris, France	24	17	95	975	22	997
1904	St. Louis, United States	13	14	91	645	6	651
1908	London, England	22	21	110	1971	37	2,008
1912	Stockholm, Sweden	28	13	102	2359	48	2,407
1916	Cancelled	—	—	—	—	—	—
1920	Antwerp, Belgium	29	21	154	2,561	65	2,626
1924	Paris, France	44	17	126	2,954	135	3,089
1928	Amsterdam, Holland	46	14	109	2,606	277	2,883
1932	Los Angeles, United States	37	14	117	1,206	126	1,332
1936	Berlin, Germany	49	19	129	3,632	331	3,963
1940	Cancelled	—	—	—	—	—	—
1944	Cancelled	—	—	—	—	—	—
1948	London, England	59	17	136	3,714	390	4,104
1952	Helsinki, Finland	69	17	149	4,436	519	4,955
1956	Melbourne, Australia	72	16	145	2,938	376	3,314
1960	Rome, Italy	83	17	150	4,727	611	5,338
1964	Tokyo, Japan	93	19	163	4,473	678	5,151
1968	Mexico City, Mexico	112	18	172	4,735	781	5,516
1972	Munich, Germany	121	21	195	6,075	1,059	7,134
1976	Montreal, Canada	92	21	198	4,824	1,260	6,084
1980 ^a	Moscow, USSR	80	21	203	4,064	1,115	5,179
1984 ^b	Los Angeles, United States	140	21	221	5,263	1,566	6,824
1988	Seoul, South Korea	159	23	237	6,197	2,194	8,391
1992	Barcelona, Spain	169	25	257	6,652	2,704	9,356
1996	Atlanta, United States	197	26	271	6,806	3,512	10,318
2000	Sydney, Australia	199	28	300	6,582	4,069	10,651
2004	Athens, Greece	201	28	301	6,262	4,306	10,568
2008	Beijing, China	204	28	302	6,450	4,746	11,196
2012	London, England (projected)	205	26	300	n/a	n/a	12,500

Source: Adapted from the International Olympic Committee website.

^a Reflects a boycott of the Olympics by the United States, West Germany, Japan, Canada, and 50+ other countries.

^b Reflects a boycott of the Olympics by the USSR, Cuba, East Germany, Poland, and 10 other countries.

Exhibit 3 Broadcast Revenues for the Olympic Games (1984–2008)

Olympic Games	Broadcast Revenue (in millions)
1984 Los Angeles	\$ 287
1988 Seoul	403
1992 Barcelona	636
1996 Atlanta	893
2000 Sydney	1,332
2004 Athens	1,494
2008 Beijing	1,737

Source: Adapted from the IOC “Olympic Marketing Fact File—2008 Edition.”

Exhibit 4 International Sponsors Revenue for the Olympic Games (1988–2008)

Olympic Games	Number of Int’l Sponsors	Revenues (in millions)
1988 Seoul	9	\$ 67
1992 Barcelona	12	120
1996 Atlanta	10	195
2000 Sydney	11	405
2004 Athens	11	464
2008 Beijing	12	606

Source: Adapted from the IOC “Olympic Marketing Fact File—2008 Edition.”

Note: Prior to 1988, international and domestic sponsorship were combined.

Exhibit 5 Ticket Sales for the Olympic Games (1984–2008)

Olympic Games	Tickets Available for Sale (in millions)	Tickets Sold (in millions)	Ticket Revenue (in millions)
1984 Los Angeles	6.9	5.7	\$156
1988 Seoul	4.4	3.3	36
1992 Barcelona	3.9	3.0	79
1996 Atlanta	11.0	8.3	425
2000 Sydney	7.6	6.7	551
2004 Athens	5.3	3.8	228
2008 Beijing	6.8	6.8	200 (est.)

Source: Adapted from the IOC “Olympic Marketing Fact File—2008 Edition.”

Exhibit 6 Tickets Available for Sale, by Sport, for the 2012 Games^a

Sport	Gold Medal Events	Tickets Available
Aquatics: Swimming	34	185,000
Water polo	2	125,000
Diving	8	210,000
Synchronized Swimming	2	90,000
Archery	4	70,000
Athletics (Track & Field)	47	756,000
Badminton	5	95,000
Basketball	2	400,000
Boxing	11	182,000
Canoe and Kayak	16	215,000
Cycling: Indoor Track	10	28,000
Outdoor Road	4	4,000
Mountain	2	8,000
BMX	2	10,000
Equestrian	6	235,000
Fencing	10	120,000
Field Hockey	2	520,000
Football (Soccer)	2	1,975,000
Gymnastics: Artistic	14	185,000
Rhythmic	2	25,000
Trampoline	2	25,000
Handball	2	205,000
Judo	14	110,000
Modern Pentathlon	2	7,000
Rowing	14	224,000
Sailing	11	1,000
Shooting	15	25,000
Table Tennis	4	85,000
Taekwondo	8	36,000
Tennis	4	237,000
Triathlon	2	18,000
Volleyball: Indoor	2	500,000
Beach	2	350,000
Weightlifting	15	95,000
Wrestling	18	130,000
Total Athletic Events	300	7,476,000
Opening and Closing Ceremonies		120,000
Other Events ^b		365,000
Grand Total		7,961,000

Source: London OCOG.

^a The numbers reflect best estimates as of spring 2009.^b Other events include cultural events and non-judged sporting exhibitions.

Exhibit 7 Price Ranges for a Ticket to Various Sporting Events in the United Kingdom and Europe

Event	Price Range (in \$)^a
English Premier League Football:^b	
Arsenal	50 – 135
Fulham	40 – 70
West Ham United	50 – 95
Wimbledon Tennis:	
Outside Courts	30
Centre Court	60 – 150
England Football Friendly:^c	
Adult Ticket	45 – 60
Children’s Ticket	25
England Under-21 Football:^d	
Adult Ticket	15
Children’s Ticket	10
2008 European Cup Football:^e	
Group Matches	45 – 120
Finals	200 – 450

Source: London OCOG estimates.

^a All prices converted to U.S. dollars to aid in comparison.

^b The English Premier League consists of the best club teams in England (e.g., Arsenal, Manchester United, etc.).

^c An “England Football Friendly” is an exhibition match between the English national football team and another country’s national team.

^d England Under-21 is a national team comprised of the best players under 21 years of age.

^e The European Cup (or Champions League) is an annual tournament to determine the best club team in Europe. It is widely considered the most prestigious club trophy in the world.

Exhibit 8 Medal Success of the Host Country in the Three Preceding Games^a

Host City/Country	Sport	Number of Medals Won ^b
2012 London (Great Britain)	Indoor Track Cycling	20
	Sailing	16
	Athletics	14
	Rowing	13
	Swimming	10
	Other	<u>31</u>
	Total:	104
2008 Beijing (China)	Diving	24
	Table Tennis	22
	Shooting	22
	Weightlifting	19
	Badminton	17
	Gymnastics	17
	Other	<u>51</u>
Total:	172	
2004 Athens (Greece)	Weightlifting	11
	Athletics	6
	Gymnastics	3
	Other	<u>3</u>
Total:	23	
2000 Sydney (Australia)	Swimming	24
	Indoor Track Cycling	14
	Rowing	8
	Canoe/Kayak	8
	Athletics	6
	Other	<u>21</u>
Total:	81	

Source: Adapted from the International Olympic Committee website.

^a Meaning the three Games immediately preceding the Olympic Games in the host country.

^b Includes gold, silver, and bronze medals.

Exhibit 9 Historic Ticket Pricing for Select Olympic Events, in U.S. Dollars^a

Event/Sport	Event Stage	Pricing Tier	Sydney 2000	Athens 2004	Beijing 2008
Opening Ceremony		Tier 1	\$ 869	\$ 597	\$ 627
		Tier 2	619	472	376
		Tier 3	318	220	188
		Tier 4	66	63	100
		Tier 5			25
Aquatics – Swimming	Preliminaries	Tier 1	88	44	38
		Tier 2	50	28	25
		Tier 3	22	19	13
	Prelim/Finals ^b	Tier 1	286	126	75
		Tier 2	142	63	38
		Tier 3	60	31	19
Athletics	Preliminaries	Tier 1	53	16	25
		Tier 2	41	9	13
		Tier 3	22	6	6
	Prelim/Finals	Tier 1	104	57	100
		Tier 2	79	44	50
		Tier 3	41	25	25
	Finals	Tier 1	286	189	100
		Tier 2	179	94	50
		Tier 3	60	47	25
Cycling—Indoor Track	Preliminaries	Tier 1	41	35	6
	Prelim/Finals	Tier 1	66	35	13
Gymnastics—Artistic	Preliminaries	Tier 1	88	41	13
		Tier 2	53	22	6
	Prelim/Finals	Tier 1	223	126	38
		Tier 2	179	75	19
Table Tennis	Preliminaries	Tier 1	25	6	13
		Tier 2			6
	Quarter Finals & Semifinals	Tier 1	35	9	38
		Tier 2			19
	Finals	Tier 1	47	19	63
		Tier 2			25
Wrestling	Preliminaries	Tier 1	35	16	13
		Tier 2	22	9	6
	Prelim/Finals	Tier 1	53	38	25
		Tier 2	35	25	13

Source: London OCOG.

^a Prices have not been adjusted for inflation and reflect actual prices at the time of the games (converted to U.S. dollars).^b Prelim/Finals reflect session in which both preliminary events and final events are being contested.