

## **SYDNEY'S SALES SUGGEST HUGE RETAIL BONUS FROM 2012 OLYMPICS**

### **2012 - Good for Retail**

The decision of the IOC to award the 2012 Olympic Games to London was greeted with much euphoria in Trafalgar Square and throughout the UK, there is little doubt that many sectors of the UK economy will be anticipating an upturn due to the 'Olympic Effect'.

It is widely expected that this effect will see up to 34,000 new, permanent jobs created as a direct result of the Olympics, with an additional 15,000 jobs generated in the construction phases, and this is in the Stratford City area only.

There is little doubt that construction will benefit, after all it is the regeneration aspect that is widely credited with winning London the bid, as will the housing sector in this area, with 4,500 new homes being constructed. With over 2,000 new hotel rooms and a huge influx of international and national tourists there will be a substantial increase in the leisure, entertainment and hospitality sectors too.

But, what of retail? Over 6,000 retail jobs are expected to be created in the retail element of the 1.5 million square feet of Stratford City, which will comprise 100+ retail units and 3 anchor stores. The planning application for the Stratford City area includes over 2,900m<sup>2</sup> of new retail floor space ready for the games and an additional 9,654m<sup>2</sup> would occur as a legacy of the games. By 2007 Stratford City will be just a 10 minute journey from Kings Cross and so this will have a significant impact on the retail economy.

However, to understand the real boon for retailers, we should look at the impact the Sydney Olympics of 2000 had on its local economy. For Sydney as a whole, retail sales in tourist locations rose by an average of 60% with the estimate that the Games resulted in a net increase of £70 million for the city in retail turnover in September (the month of the Games) alone.

In New South Wales, the major beneficiaries were the clothing and soft goods (souvenirs) sectors, where turnover increased by £65 million.

Darling Harbour, a major tourist location for the Games, saw an increase in visitor numbers of nearly 300% year on year with an average of more than 500,000 visitors per day, and retail sales increased by over 200%. Before and during the Games, Olympic merchandise became a retail phenomenon with an average of over 45,000 customers per day at the Superstore in the Olympic Park – the Olympic Concept Stores alone sold £23million worth of merchandise in the three week period of the Games and total licensed merchandise sales nationwide generated over £420 million.

Who spent all this money? Well, the average international tourist spent £75 per person in the Olympic Park, national tourists and locals spent £30 per person. This spend would have been magnified hugely across the rest of Sydney, New South Wales and Australia. Can London 2012 capture a similar share of wallets?

One of the major challenges facing retailers in 2012 is to ensure that their plans and activities are closely aligned to those of the tourism sector to achieve maximum synergy, and with such a wealth of attractions available and competing for tourist pounds in London, this will be difficult

In the short term, just prior to the Games, the positive impact of the decision on London consumer confidence will provide a stimulus for increased retail spending. In the mid-term there is the benefit of more employment and more money circulating through the economy and in the long-term, The Olympic Games provides a real opportunity for provincial and national economic development that benefits all of the UK, especially retailers.

**By John Salt, commercial director for Retailchoice.com**