

Olympic and Paralympic Winter Games Switzerland 2038

Ex ante economic impact study

23. September 2025



Project Team

Dr. Josephine Clausen, EBP
Dr. Oliver Hoff, EBP
Niklaus Strittmatter, EBP
Tonio Schwehr, EBP
Fiorella Linder, EBP

Dr. Anna Mehr-Wallebohr, HSLU-ITM¹
Prof. Jürg Stettler, HSLU-ITM

EBP Schweiz AG
Mühlebachstrasse 11
8032 Zürich
Switzerland
Telephone +41 44 395 16 16
info@ebp.ch
www.ebp.ch

Contact information:

Sophie Lamon
Manager Marketing-Communication
Verein Olympische und Paralympische Winter-
spiele Schweiz 2038
c/o Swiss Ski
Home of Snowsports
Aarstrasse 6
CH – 3048 Worblaufen
Tel: +41 (0) 78 817 93 96
sophie.lamon@switzerland2038.com

Josephine Clausen
Project Manager
EBP Schweiz AG
Mühlebachstrasse 11
CH-8032 Zürich
Tel: +41 (0)44 395 16 16
Josephine.clausen@ebp.ch

Citation proposition:

EBP & HSLU (2025). Olympic and Paralympic Winter Games Switzerland 2038.
Ex ante economic impact study.

¹ ITM – Institut für Tourismus und Mobilität der Hochschule Luzern

Table of content

1. Executive summary	4
2. Introduction	7
2.1 Mandate, objectives and structure of the report	7
2.2 Conceptual overview and relevant influencing factors	7
2.3 Methodological remarks and terminology	8
2.3.1 Budget requirements of the IOC	8
2.3.2 Bandwidths	10
2.3.3 Data basis	11
2.3.4 Terminology	11
2.3.5 Economic model	13
2.3.6 Interpretation of the economic impact data	14
2.3.7 Regional delimitation	15
2.3.8 Content delimitation	15
3. Economic effects	16
3.1 Overnight stays and tourist crowding-out	16
3.2 Visitor expenditures	19
3.3 Turnover	21
3.4 Direct and indirect value added and tax effects	22
3.5 Employment effects	23
4. References	24

1. Executive summary

The association 'Olympic and Paralympic Winter Games Switzerland 2038' (OPWS2038) has mandated EBP and the Institute of Tourism and Mobility (ITM) of the Lucerne University of Applied Sciences (HSLU) to conduct an ex-ante economic impact study for the potential hosting of the 2038 Winter Games. The main objective of the study is to assemble relevant data to analyze and assess the potential economic effects of the 2038 Winter Olympics in Switzerland. The study:

- shows the most important **economic factors**
- calculates the potential **direct and indirect value added** and **employment effects** as well as the **tax effects** in Switzerland within the bandwidths of the realization of the Winter Games, with particular consideration given to the effects on tourism.

Context of the analysis

The estimates are presented as bandwidths (minimum to maximum) because at this early stage of planning, some questions cannot yet fully be answered. In the years to come, the planning and the impact estimation will successively become more detailed.

The economic results are broken down into direct and indirect effects. The *direct effects* refer to the immediate spending related to the event (i.e., organizer's expenditure and guests' tourist expenditure). They show the immediate value added and employment effects of the event. The *indirect effects* are effects that arise from further activities in the economy triggered by the impulse of the event (e.g., increased demand for local services, job creation).

Expected economic effects

Based on the economic activity of the Winter Olympics considered in this estimate, we expect total incremental *turnover* (direct and indirect, see section 2.3.4) to range between a minimum of around CHF 5.57 billion and a maximum of around CHF 7.45 billion. These effects relate to Switzerland as a whole. Approximately 20% (minimum) to 23% (maximum) of the turnover will be generated by *visitors' tourism expenditure*, which is in addition to the budgetary effects. These estimates include crowding-out adjustment.

Total *turnover associated with tourist frequencies* (see section 3.2) is estimated at around CHF 1.14 billion (direct and indirect) in the minimum scenario and around CHF 1.7 billion in the maximum scenario. The remaining CHF 4.43 billion to CHF 5.75 billion of turnover will be generated by the *candidature and OCOG budgets*. The by far largest share of this economic effect (around 90%) will occur in 2037 and 2038, the remaining effects mostly occur in the preparation phase prior to 2037.

The share of turnover that flows into the gross domestic product (GDP) corresponds to the *gross value added*. From an economic perspective, value added (direct and indirect) is the best possible indicator for demonstrating the economic dimension of an event for Switzerland. Based on the minimum and maximum scenarios, we estimate a total gross value added of around CHF 2.75 to 3.68 billion (direct and indirect) *for Switzerland as a whole*.

These economic effects will generate *tax revenues* of around CHF 260 to 350 million for the federal government and the cantons. Around 80% of this will be generated on the municipal and cantonal level, around 20% on the federal level. The tax effects include income tax, value added tax, and other net property taxes.

To achieve these economic effects, a *work volume* totaling 19,070 to 25,670 full-time equivalents (FTEs) is generated throughout Switzerland (direct and indirect). More than 90% of this employment effect occurs in 2037 and 2038. One FTE corresponds to the work performed by an employee working full-time. The estimated share of work attributable to the effects of the OCOG budget is 77% in the minimum scenario and 74% in the maximum scenario (direct and indirect). Tourism spending accounts for the remaining share, i.e. approximately 4,370 to 6,570 FTEs.

Table 1. Overview of the expected economic effects of the Winter Olympics in Switzerland (min. and max. scenarios)

	Turnover in Mio CHF		Gross value added in Mio CHF		Employment in FTE ²	
	Min	Max	Min	Max	Min	Max
Direct effects	2'440	3'260	1'300	1'730	10'760	14'550
OCOG & candidature budgets	1'960	2'550	1'070	1'390	8'100	10'520
Additional, non-budget tourism effects ¹	480	710	230	340	2'660	4'030
Indirect effects	3'130	4'190	1'450	1'950	8'310	11'120
Total effects³	5'570	7'450	2'750	3'680	19'070	25'670
OCOG & candidature budgets	4'430	5'750	2'230	2'900	14'700	19'100
Additional, non-budget tourism effects	1'140	1'700	520	780	4'370	6'570
Taxes	Tax revenue CH					
Total	260	350				

1 Touristic expenditure of visitors

2 Full-time Equivalents, calculated size of labour volume based on productivity of the country. Does not necessarily translate into additional jobs.

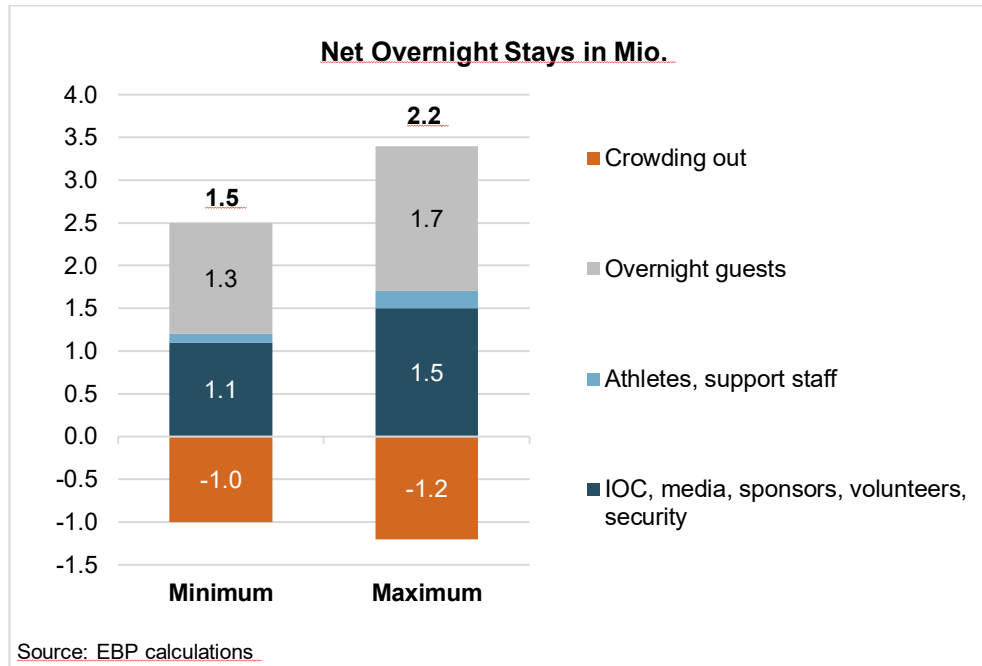
3 Revenues generated outside Switzerland are not reported and no effects are calculated.

Source: EBP calculations

Overnight stays

As part of hosting the Winter Olympic Games in Switzerland, between 2.5 million and 3.4 million gross overnight stays are expected, not accounting for tourist crowding-out effects. A part of event-related overnight stays will displace regular tourism, especially in high-demand areas such as St. Moritz. The net overnight stays (Figure 1) represent the total number of visitor nights during the event adjusted for crowding-out effects. They reflect the additional stays directly attributable to the Games.

Figure 1. Expected net overnight stays during the Winter Olympics in Switzerland by group (minimum and maximum scenarios with adjustment for crowding-out effects)



2. Introduction

2.1 Mandate, objectives and structure of the report

Switzerland successfully hosted the Winter Olympics twice in St. Moritz—first in 1928, then again in 1948. To this date, these remain the only Winter Games the country has organized. Several attempts were launched starting in 1976 (Sion). The last three candidatures were either rejected by voters (referendums for Graubünden 2022 and Sion 2026) or outdone by other candidates (2030 nationwide concept).

Since the 2030 and 2034 Olympic Winter Games were respectively awarded to France (French Alps) and the United States (Salt Lake City), the IOC entered an exclusive privileged dialogue with Switzerland for the 2038 Winter Games. Unless Switzerland withdraws or does not meet the IOC's requirements by 2027, no other candidatures will be considered. In the meantime, Switzerland must address several essential aspects such as finalizing its venue masterplan, securing public and private funding, and ensuring strong public support. The IOC further expects Switzerland to hand in an impact study on the expected economic effects of hosting the 2038 Olympic and Paralympic Winter Games (value added, employment and tax effects).

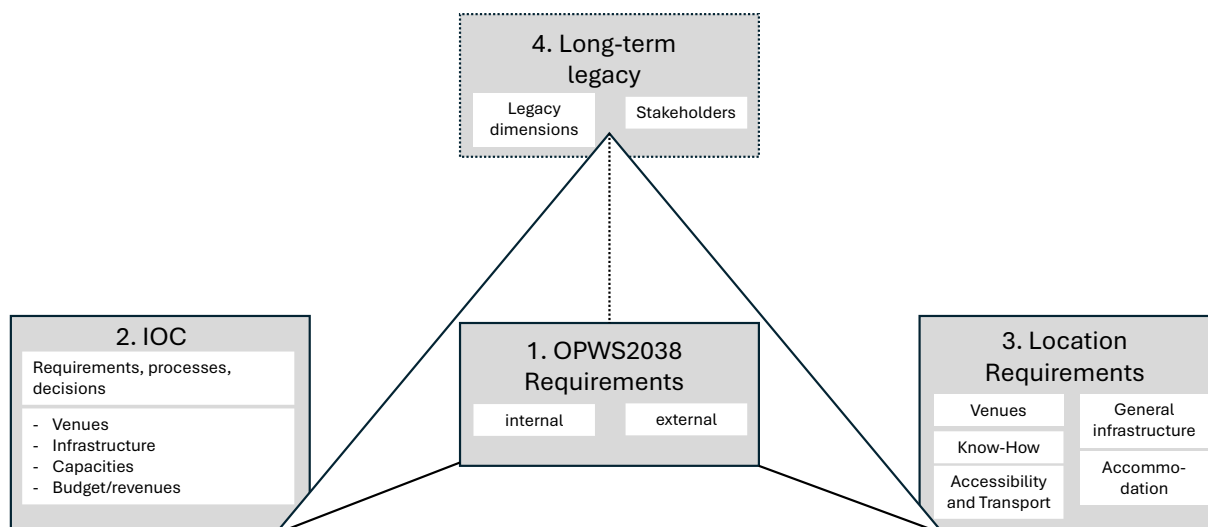
The association 'Olympic and Paralympic Winter Games Switzerland 2038' (OPWS2038) has mandated EBP and the Institute of Tourism and Mobility (ITM) of the Lucerne University of Applied Sciences (HSLU) to establish an ex-ante economic impact study for the event. Together, EBP and ITM have developed the Event Score Card (ESC) on which the methodology of this study is based. The ESC methodology has been applied in numerous studies over decades, most recently for the Road Cycling World Championships 2024 and the European Athletics Championships 2024. The main objective of the study is to assemble relevant data to analyze and assess the potential economic effects of the 2038 Winter Olympics in Switzerland. The study thus pursues the following objectives:

- Estimate the **direct and indirect value added, employment effects** as well as **tax effects** in Switzerland in bandwidths, with special consideration of the effects on tourism.
- Identify the driving **economic factors and determine current uncertainties in data/planning**

The report first provides a conceptual overview of the economically relevant factors (section 2.2). This is followed by a discussion of methodological aspects and key terms (section 2.3). Section 3 provides a detailed description of the expected economic impact of the Olympic Winter Games 2038.

2.2 Conceptual overview and relevant influencing factors

Hosting the Olympic Games requires a complex organizational setting. Many different stakeholders, actors and processes influence the organization of such a major sporting event starting with the candidature process and extending well beyond the end of the event. Hosting the Olympic Games involves balancing various *demands* and *influencing factors*. The most important of these which are treated in this study are (Figure 3) the International Olympic Committee (IOC) (2.) and the location requirements (3.). A third factor, but which is not part of the scope of this study, is the long-term legacy of the event (4.).

Figure 2. Overview of the relevant factors influencing the 2038 Winter Olympics in Switzerland

The *factors* are briefly described below:

- **1. OPWS2038:** Successful Winter Olympics must meet various internal and external requirements. Internally, the existing location conditions must be optimally utilized. External requirements and influencing factors include the requirements of the IOC.
- **2. International Olympic Committee (IOC):** The basis for the 2038 Winter Olympics is the Olympic Agenda 2020+5, which builds on the results of Olympic Agenda 2020 adopted in 2014 and acts as the roadmap for the IOC and the Olympic Movement. According to the recommendations of this agenda, the Games should foster sustainability. This includes the sustainable Games economics and the use of existing or temporary infrastructure, for example by staging events outside of the host city if appropriate.
- **3. Location requirements for venues:** Suitable location requirements for a venue are advantageous for the successful staging of the Olympic Winter Games. These include existing competition venues and suitable infrastructure for the opening and closing ceremonies, the Olympic villages and media centers, as well as for transport and accommodation. Proximity to an international airport is also necessary to ensure good accessibility for athletes, officials and visitors.

2.3 Methodological remarks and terminology

A few methodological notes and key terms are relevant for understanding the results and the approach. These terms and notes on the methodology used are introduced in this chapter to understand and classify the results in chapter 3. This section explains the impact model, which is used to calculate the economic effects, the delimitations of the model as well as additional reader support regarding specific terms and interpretation of economic impact data.

2.3.1 Budget requirements of the IOC

For hosting the Winter Olympics, a distinction is generally made between four budgets: OCOG budget, direct non-OCOG budget, indirect non-OCOG budget and candidature budget.

- The **OCOG budget** covers all operational expenses for the *preparation* and *staging* of the Olympic Games and Paralympics (only the budget for staging the Games, without permanent infrastructure and construction costs for sports venues, accommodation, transport and other expenses). The organizer's participation in global media and sponsorship rights of the

IOC is an important source of income in the OCOG budget. It should be noted that the OCOG budget only covers the costs of security in and around the sporting and non-sporting infrastructure. Most *public security costs* including large-scale public safety and military operations are not included in the OCOG budget. These are allocated to the direct non-OCOG budget. The costs for the necessary competition venues and other infrastructure are also not included (see direct and indirect non-OCOG budget). The IOC does not contribute to these costs. They must be covered by the public sector. The public sector also bears the risk of a possible deficit as part of the contractual agreement with the IOC².

- The **direct non-OCOG** budget includes the costs of the *infrastructure* required for operational implementation of the Games (i.e. competition venues, stadium for the opening and closing ceremonies, Olympic villages, media center) and the costs of *public safety*.
- The **indirect non-OCOG budget** refers to the long-term capital investments that support the Games but are not managed by the organizing committee. It includes the costs for *additional infrastructure*, particularly in transport (road and public transport). The amount of the costs and the associated risks depend on the candidature concept and the planned investments that will be made solely for the Olympic Games. In addition, legacy related initiatives which are not directly related to the operational budget will be covered by this budget. These costs can be considerable and, depending on the concept, may exceed the costs of operational implementation. They are typically covered by public authorities (national or local governments) or private investors.
- The **candidature budget** refers to the costs associated with preparing and submitting a candidature file to host the Games. Expenses incurred during the candidature phase include planning and coordination of the candidature project, preparation of documents required by the IOC, travel expenses for meetings, and administrative costs.

As part of the candidature file, candidates are required to submit a detailed questionnaire outlining their vision for delivering unique and sustainable Games, supported by a preliminary budget estimate aligned with the proposed concept and venue masterplan. The estimate budget covers expected revenues and expenditures, reflects the specific local context, and draws on benchmarks from previous editions. For Switzerland 2038, the Organizing Committee budget (referred to as *OCOG budget*) is estimated at CHF 2.2 billion (in 2038 values). Not included are candidature and non-OCOG elements. The total operating budget is thus in line with the budgets for previous Games (see Flyvbjerg et al. 2016).

The planning of extraordinarily complex projects such as Olympic games is exceptionally difficult and carries many uncertainties. Changes across the planning stage in costs *and* revenues is not an Olympic-Game specific phenomenon and also frequently occurs in other complex and long-term planning, organisation and/or construction projects (Catarelli et al., 2010; Flyvbjerg et al., 2002; Flyvbjerg et al., 2003). To account for this, this study uses a proxy value of a 30% increase in economic activity as compared to the current planning.

Extensive research on Olympic Games has shown, that both costs and revenues are often underestimated, both on the OCOG and non-OCOG aspects, early in the planning process (see Budzier and Flyvbjerg, 2024, Preuss et al. 2019). This means that the economic impact of the games will likely be larger than current planning figures, assuming that revenues and costs are evenly underestimated. Using a realistic approach based on historical data, this study therefore

² As part of the candidature process, the IOC requires host cities and governments to guarantee that they will cover any overruns to the Olympic budgets.

estimates with a cost range of 100% (minimum) to 130% (maximum) of the *current-estimate* OCOG budget.

The direct and indirect non-OCOG budgets are *financed without the involvement of the IOC*, either by the public sector or through public-private partnership (PPP) models. The costs for the *direct and indirect non-OCOG budget* can vary greatly depending on the venue and the existing location conditions. Good location conditions and venues that meet the IOC's requirements, as in Switzerland can significantly lower the costs. This reflects the IOC Agenda 2020+5 which aims to foster sustainable Olympic Games by, amongst other things, adapting the games to the country's specificities rather than the country to the games.

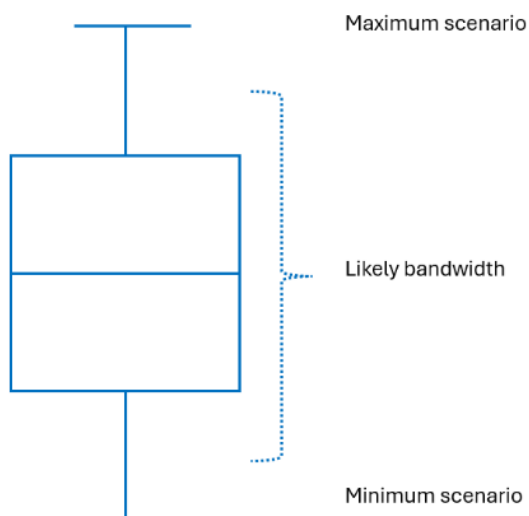
2.3.2 Bandwidths

The estimates presented here consider experiences from past Winter Olympic Games in other countries as well as previous candidature projects in Switzerland. Using detailed information on the candidature concept, estimates are based on valid assumptions and findings directly related to the current candidature project. This allows for statements on the regional economic effects.

Past Winter Olympic Games have shown that there can be *substantial changes* to the project structure from the initial idea phase to planning and realization. The reasons for such changes and their impact on the event concept are manifold. Other factors that have a direct impact on the economic effects of the event (weather, exchange rate developments, global political situation, etc.) cannot be definitively estimated at this stage either.

Given the general nature of the approach and the uncertainties almost twelve years before the event is held, the estimates were made in *bandwidths (minimum to maximum)*. For the upper and lower limits, all variables (e.g. spectator numbers, expenditure, budgets, etc.) and assumptions were set to either a minimum or maximum value. It is *unlikely* that one of these scenarios will materialize in its extreme form. *A scenario that is in the middle 50% of the effects is much more likely*. The maximum and minimum scenarios should not be seen as variants, but rather as the *upper and lower limits of possible effects*.

Figure 3. Schematic representation of the bandwidth estimation



2.3.3 Data basis

The study is based on assumptions and findings available at the time of analysis. It is of a general nature and is intended as an initial assessment of the economic impact of the Winter Olympics 2038 in Switzerland. A more detailed analysis may be carried out in a second step after the Games have been awarded to Switzerland. The results presented here are based on publications and information from the IOC and OPWS2038. Data, documents and extensive clarifications compiled by the project team in the context of other candidatures or major sporting events hosted in Switzerland (e.g. UEFA EURO 2008, Ice Hockey World Championships 2009, FIS Alpine World Ski Championships 2017) were also considered (e.g. to estimate expenditure patterns). The third source of data is publications and research reports on past Winter Olympic Games from the Olympic World Library. In addition, selected research literature listed in the bibliography was included.

2.3.4 Terminology

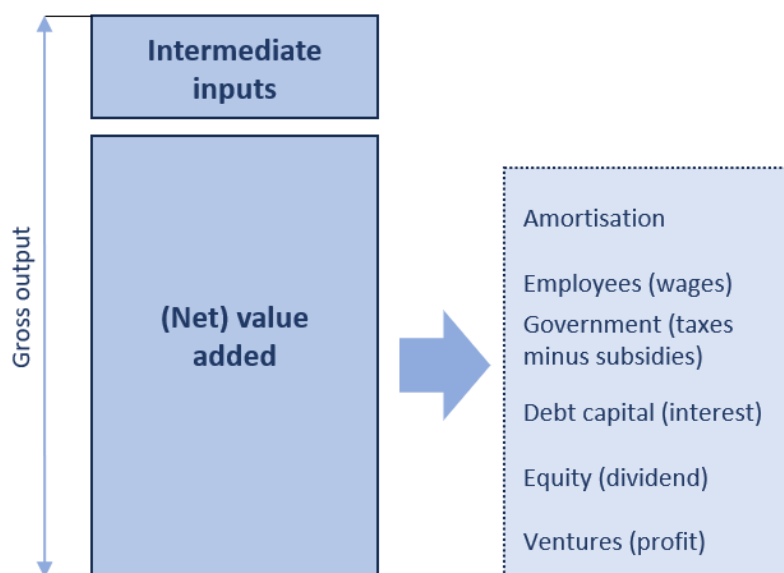
Turnover / Gross output

In this report we use the term turnover to describe revenues generated by firms, organisations or economic sectors. Economically speaking, turnover is approximately the same as the gross output and is calculated by adding net value added and intermediate inputs (see Figure 5).

(Net) value added

The net value added corresponds to the additional value (total value of generated goods and services minus intermediate inputs) generated by firms or organizations over a certain period. The net value added is generally the contribution of individual institutions to the national GDP. It is thus, in economic terms, the best indicator to measure the economic impact of sport events (see Figure 5).

Figure 4. Schematic representation gross output and (net) value added



Intermediate inputs

Intermediate inputs are goods and services purchased from third parties to produce a different good or service. For an event organizer this might be the purchase of a computer or renting temporary infrastructure.

Employment

To calculate the economic effects generated in connection with the Winter Olympics 2038, a certain amount of labour is required. Employment effects are measured in full-time equivalents (FTE). An FTE is a mathematical figure that corresponds to the work capacity of a person with a 100% workload. It is a measure of labour volume and does not necessarily translate into additional jobs, because part of the work is covered by existing staff.

Actors

To calculate the economic impacts, different groups of actors were distinguished: spectators and other groups of people (media, volunteers, etc.), the OCOG itself and third-party actors such as caterer, the city or emergency services.

In touristic terms, we distinguish three groups: local visitors (people living in the region where the event takes place), day visitors and overnight visitors. Regionally, we distinguish between visitors from abroad on the one hand and non-local visitors from Switzerland on the other.

Frequency/visitor: It is important to distinguish between frequencies and visitors. A frequency is defined as one person visiting a competition venue (ex. stadium) on one day, irrespective of the duration of the stay. A single visitor can thus be responsible for multiple frequencies if she/he visits the competition venue on multiple occasions

Crowding-out and crowding-in effects

Big events may displace other activities in the region for many reasons, e.g. because no further accommodation is available. To this extent, the activities crowded out by a big event would already have accounted for some of its impact even if the event had not taken place. *Crowding-out* thus occurs when the influx of visitors for an event deters other potential visitors. Regular tourists may avoid the destination during the event due to higher prices, congestion, or lack of accommodation. Crowding-out reduces the net economic benefits of the event, as gains from event visitors are offset by losses elsewhere. The crowding-out effect is being estimated in this study by using various data such as overall available beds, tourist accommodation statistics for the month of February (HESTA: hotel accommodation, PASTA: supplementary accommodation), and IOC requirements. These estimations are based on current data. Potential future developments in the coming 12 years (e.g., construction of new accommodation or changes in travel patterns) are not considered. In some cases, major events can also *crowd in* additional visitors and thus economic activity. The event may enhance the destination's profile, attracting future visitors, events or business investment. In addition, activity prior to the Games (e.g. preparatory competitions or Games-related MICE tourism) often occurs. In the present study, crowding-in effects are included for pre-events relating to officials, athletes and event visitors. Not included are crowding-in effects as a result of increased marketing in the context of the event.

Three basic types of tourist crowding-out can be distinguished:

- *Geographical crowding-out*: Guests and/or residents avoid the area due to congestion, higher prices, or lack of availability, and spend money elsewhere (in the country or abroad).
- *Temporal crowding-out*: Guests visit the region before or after the event instead of during the event.
- *Effective crowding-out*: Guests refrain from visiting the region/country altogether. This can also include tourism substitution, where event-tourists replace regular tourists. If regular tourists tend to spend more than event tourists, the net economic gain may be negative despite high visitor numbers.

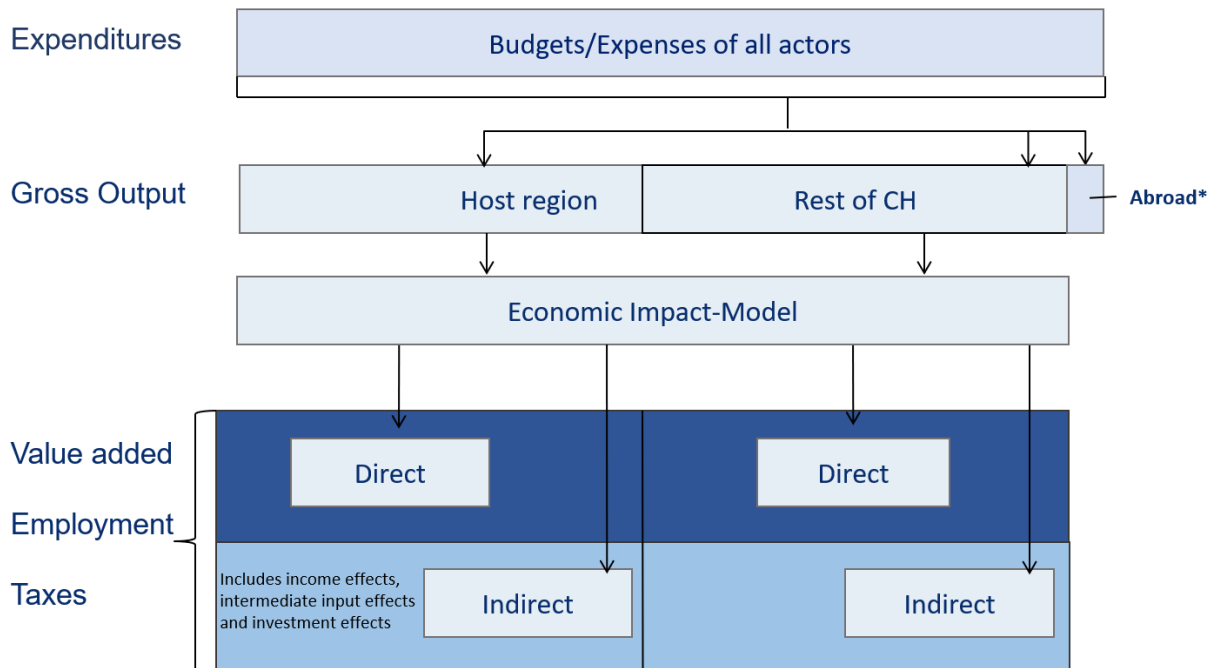
2.3.5 Economic model

The economic effects are calculated using an *impact model* (Figure 6) based on the Swiss input-output table. For this purpose, the various economic impulses (budgets, tourists, etc.) are corrected for double counting and categorised geographically (abroad, Switzerland, event region). The expenditure is then entered into a sector-specific calculation model. There, the direct and indirect effects triggered in the national economy are determined and the economic impact of the event is calculated based on sector-specific statistics (gross value added, employment, taxes).

The results are differentiated in terms of direct and indirect effects. The *direct effects* are triggered by the organizer’s expenditure and the tourist expenditure of the guests and show the direct value added and employment effects of the event. The *indirect effects*, on the other hand, are the effects caused by other activities in the national economy that are triggered by the event.

The *intermediate input effect* takes into consideration that companies need various intermediate inputs such as raw materials, process materials, parts and components as well as different services to produce their goods and services. Likewise, suppliers themselves also require intermediate inputs. This triggers additional production activities throughout broad supply chains.

Figure 5. Schematic representation of the calculation model



Source: EBP

*not included in the calculation of economic effects

In addition to inputs, companies require capital goods to maintain or expand their capital stock. Production leads to the wear and tear of facilities and equipment, which must be replaced periodically. This replacement and expansion are captured by the *investment effect*, which includes the production of capital goods and the associated supply chains. The *income effect* refers to the income earned by both direct and indirect employees. After taxes and savings, most of this income is spent on goods and services, thereby stimulating further production within the economy.

To accurately reflect the preliminary nature of the 2038 estimate, key economic indicators—such as price levels, wage rates, and labor productivity—were adjusted to the year 2038 based on economic scenarios. However, potential changes in broader economic conditions and other factors, like exchange rates, were not included in the calculations.

2.3.6 Interpretation of the economic impact data

For interpreting the results, it is important to distinguish between the *gross* and *net* effects on the national economy. The main concepts that should be considered in an economic impact study are summarized here:

- **Gross effects** refer to the total economic activity generated by an event, without accounting for what would have happened in the absence of the event. Gross impact studies generally sum up all direct, indirect, and induced spending related to the event.
- **Net effects** measure the incremental change in the economy attributable to the event. They subtract economic activity that would have occurred anyway or activity that is lost elsewhere in the economy because of the event. Net effects include deductions for displacement (economic activity that was moved from one place to another), substitution (spending that would have happened anyway but in a different form), leakages (money that leaves the local economy), opportunity costs (potential gain from other options), and deadweight losses (loss of total economic surplus due to inefficient resource allocation). The challenge with economic impact studies referring to gross effects lies in the risk of overstating benefits, when misinterpreted. Some studies tend to ignore opportunity costs and do not account for economic activity that may be displaced. Overall, net effects provide a more accurate assessment of an event's true impact, however they are notoriously hard to estimate due to their partly hypothetical nature. Considering the current information base for the potential hosting of the Olympic Winter Games 2038, this study primarily examines the gross effects of the event based on available quantitative data. The actual economic effects depend heavily on other factors such as the source of financial resources (public, private), visitors' travel motives, temporal and spatial displacement effects, and crowding-out and crowding-in effects. Touristic crowding-out and crowding-in effects are taken into account.
- **Financial resources:** economic effects of an event such as the Olympic Games depend largely on the financing structure. Major events often involve significant *public spending* on infrastructure, security, and event organization. For instance, security represents an important expenditure item for an event such as the Olympic Games. A significant number of security staff (military, police, medical units, fire brigade, etc.) need to be deployed. Costs incurred by public security units are not part of the OCOG budget. Furthermore, the planning at the time of this report is too early to adequately include estimations for such non-OCOG costs. The same applies to private sector involvement, for instance from sponsorship. Sponsors may provide significant funding that helps cover event organization costs. A high private sector involvement drives economic activity and reduces the need for public funding.
- **Travel motives:** The travel motives of event visitors also play a crucial role in determining net economic impact. A high percentage of non-local visitors increases the economic impact as they bring new money into the economy, generating net gains. Some visitors might have come to the destination anyway, regardless of the event. Their spending should not be fully counted as a net gain (see section 2.3.4., crowding-out). In an ex-post economic impact study, the travel motives can be weighed by using the event-factor³. Especially for winter

³ To consider only expenditures related to the event, the expenditures of the visitors are weighted by the so-called "Event Factor". It indicates how important the event was for the actors' visit in the region.

events in Switzerland this is necessary to consider, as they often take place during the high season when many winter guests are around anyway. As information on travel motives is lacking, this aspect is not taken into consideration in the calculations of this study *at this stage*.

- **Temporal and spatial displacement effects:** To avoid overestimating benefits, net impact analysis must also account for both temporal and spatial displacement. Some visitors may have traveled to the destination regardless of the event but simply change the timing of their visit to coincide with the event (*temporal displacement*). This does not create new net spending, only shifts when it occurs. As in the case of travel motives, the effect of visitors' time shifting can be evaluated by using the event factor. As data on visitors' temporal displacement is lacking, this aspect is not taken into consideration in the calculations of this study. Spending may also be shifted from one part of the country to another (*spatial displacement*). For example, domestic tourists visiting the event city or region instead of another destination in the same country do not create net national gains, only local redistribution. Local redistribution is being taken into consideration in the calculations for domestic tourists living in a region outside the event region of this study. Their event-related expenditure will be attributed to the event.

2.3.7 Regional delimitation

The study at this early stage of the process only calculates the direct and indirect economic effects for Switzerland as a whole. Regional effects for different parts of the country can be distinguished at a later stage, once more information becomes available.

2.3.8 Content delimitation

In the context of the Winter Olympics 2038, there are three distinct budgets that, alongside the tourism effects from visitors, directly impact the economic effects (see section 2.3.1). *Much of the detailed information needed to fully assess the economic impact is not yet available*. Consequently, this assessment includes only those budgets and activities whose scope and composition can be estimated at reasonable bandwidths at this time. Specifically, the following were considered in this estimate:

- *OCOG budget* (2.244 bn CHF). The costs for the Paralympic Games are also included in the and the resulting tourist traffic was taken into account.
- *Candidature budget* for the Olympic and Paralympic Winter Games 2038 (CHF 6.939 million).
- *Touristic frequencies and effects* associated with the Games 2038 during and before the event.
- *Touristic crowding-out* associated with the Games 2038.

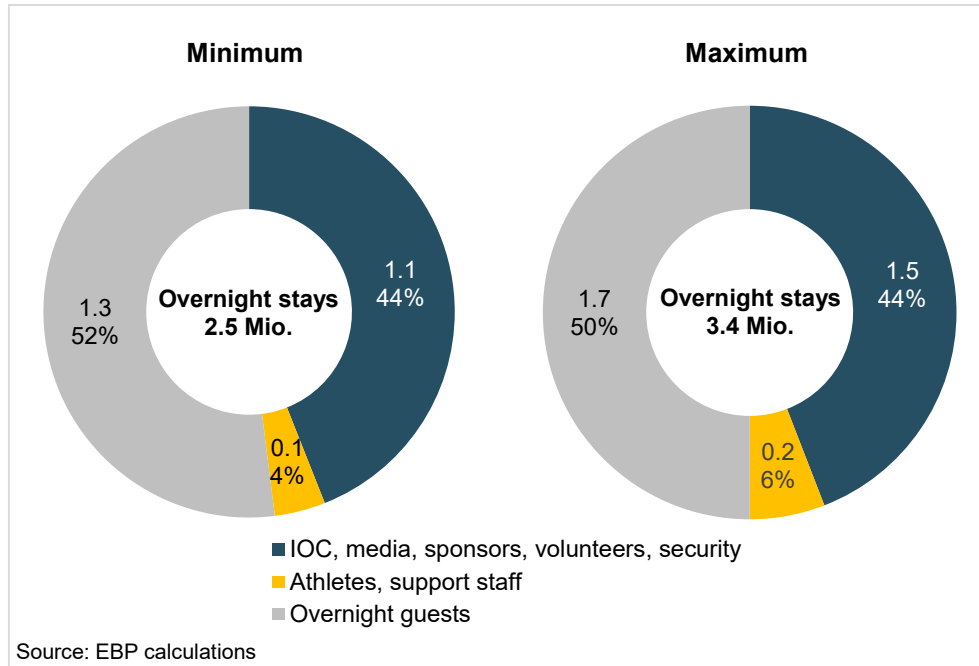
This estimate does *not include*:

- Direct and indirect non-OCOG budget. The non-OCOG budgets can *significantly increase the economic effects*.

3. Economic effects

3.1 Overnight stays and tourist crowding-out

Figure 6. Expected overnight stays during the Winter Olympics in Switzerland by group (minimum and maximum scenarios)*



*Gross overnight stays without crowding-out adjustment; including overnight stays at pre-events

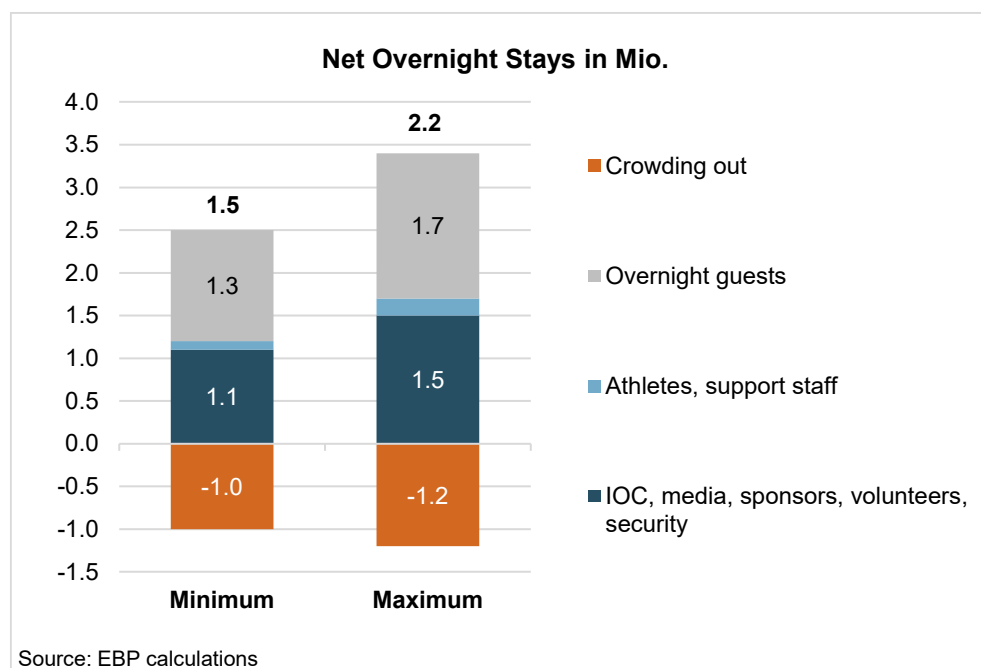
As part of the preparations for and the staging of the Olympic Games, many different groups of people will be staying overnight in Switzerland. In the minimum scenario, we expect around 2.5 million overnight stays, and in the maximum scenario around 3.4 million. These overnight stays include different tourist categories. The uncertainties in this estimation include not only the accommodation-, event- and transportation-capacities of the host regions, but also other aspects such as exchange rates and inflation, the weather and the geopolitical situation. As described in section 2.3.2, the actual number of overnight stays is expected to be closer to the middle of this range than to either end. Not included in Figure 7 are tourist crowding-out effects. The *net overnight stays* (Figure 8) represent the total number of visitor nights during the event adjusted for crowding-out effects. They reflect the *additional stays directly attributable* to the Games.

Tourist crowding-out

In the case of mega events, crowding-out refers to the reduction in private sector consumption that arises because of increased demand generated by the staging of the event (Preuss, 2011). It reduces or sometimes offsets the net positive economic impact of the event. This is particularly relevant in cases of insufficient accommodation capacity for both event and regular tourists. The Winter Olympic Games in Switzerland are scheduled to take place during the peak winter season. Especially the competition venues in mountain regions already face a constantly high tourist demand during this period. The additional accommodation needs of the Winter Olympic Games could significantly displace regular tourist overnight stays if existing accommodation capacities are used

The estimates presented here are based on the analysis of three core areas plus their immediate surrounding – Lausanne, Lucerne, St. Moritz – and their broader surrounding covering a 90-minute drive perimeter. The broader surrounding of Lausanne thus includes a large part of west Switzerland⁴, Lucerne a large part of inner Switzerland⁵ and St. Moritz with Graubünden a wide area of east Switzerland. With the exceptions of Lugano and Crans-Montana, all competition sites of the Games are included in the perimeter of analysis. For the three core areas and broader surroundings, available accommodation statistics for overnight stays from regular tourist demand in the month of February were compared with the demand for overnight stays generated by the Games. The result is an estimate of the amount of regular overnight stays crowded out by the event. The present analysis looks at the tourism effect from a national perspective. In this approach, only effective displacement and geographical displacement abroad constitute actual crowding-out effects (see definitions section 2.3.4). In case of a regional perspective (for instance in the context of a more detailed analysis in the future), displacement to other destinations in Switzerland (i.e. tourism substitution) must also be considered.

Figure 7. Expected net overnight stays during the Winter Olympics in Switzerland by group (minimum and maximum scenarios with crowding-out adjustment)



Overnight guests attending Olympic competitions account for between 50% (maximum scenario) and 52% (minimum scenario) of the total overnight stays at such an event. About 44% of overnight stays are related to the IOC contingents. These mainly include officials, technical staff, media representatives and sponsor guests. Athletes and support staff only account for 4% (minimum) to 6% (maximum). The actual increase (or decrease) in the number of overnight visitors to the core area or region after accounting for crowding-out effects is referred to as "net overnight stays" (Figure 6). Using available data such as tourist accommodation statistics (HESTA: hotel accommodation, PASTA: supplementary accommodation) and IOC accommodation requirements, adjustment for crowding-out was made when calculating overnight stays (and touristic expenditures). Under current accommodation capacities, the accommodation

⁴ Cantons Vaud, Geneva, Fribourg, Neuchâtel

⁵ Cantons Lucerne, Zug, Schwyz, Obwald, Nidwald, Zurich, Argau, Basel-Stadt, Basel-Land, Solothurn

demand generated by the event when considering only the core areas will be very high (75-90%), but relatively low when considering the wider surroundings (5-10%).

In February 2024, room occupancy generated by regular tourists in St. Moritz amounted to 79%. Being further away from the ski resorts, both core areas Lucerne (45%) and Lausanne (44%) had lower occupancies in the same period (HESTA). Taking regular tourist demands for accommodation into consideration, it can therefore be assumed that a large proportion of regular overnight stays in these core areas will be displaced. As a result, there may be a geographical shift in demand from the core areas and surroundings to other regions in Switzerland. The relatively *short travel distances* in Switzerland, along with the *well-developed transportation network*, theoretically enable a broader spatial distribution of tourist overnight stays. From all cantons in the perimeter of analysis, only the canton of Graubünden shows a high room occupancy in February 2024 (70%). Here, a broader spatial distribution is more difficult and will depend on alternative offers that meet visitors' expectations. With significantly lower room occupancies in February (32-55%), Lucerne, Vaud and their neighboring cantons have sufficient alternative accommodation capacities and crowding-out will thus be lower.

Depending on the event concept, some overnight stays may also occur in temporary or additional accommodation capacities. These stays are therefore considered additional and do not replace regular tourist overnight stays. At this early stage of planning, potential temporary capacities and investments in newly created accommodation facilities are not foreseen. Overall, significant changes may still occur over the next 12 years and alter the accommodation capacity available in the affected regions.

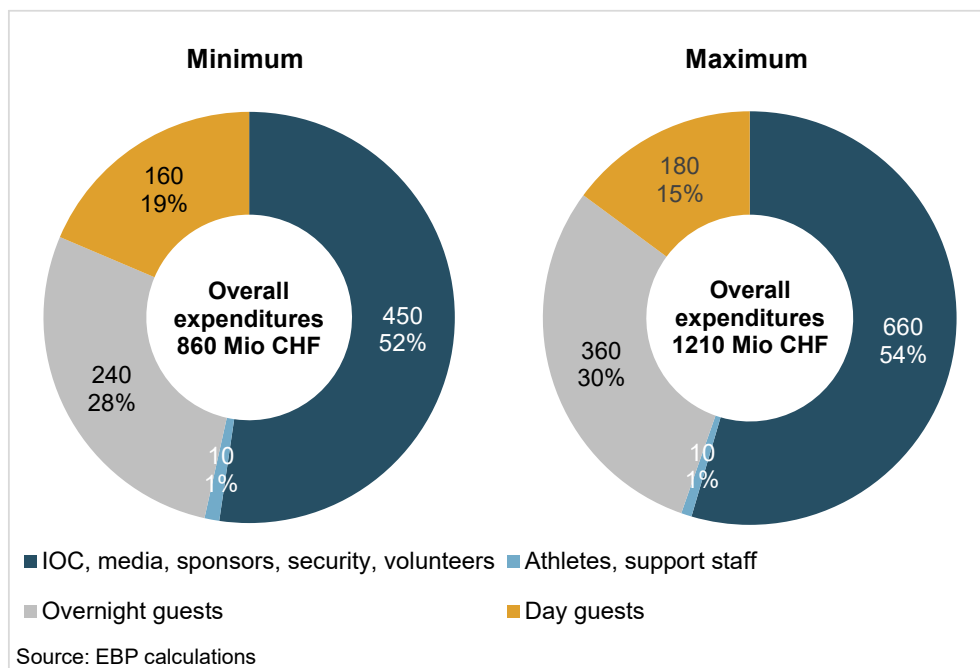
Tourist crowding-out and crowding-in are two opposing effects that occur particularly but not only in the context of mega-events such as the Olympic Games and ski World Championships. Using the net crowding-out effect, the actual number of overnight stays attributable to the event—along with the associated economic impacts such as visitor expenditure and value added—is likely to modify the figures presented in this study. Using current touristic data as well as experiences from other events and expert estimates, the crowding-out effect reduces total overnight stays by about 1 to 1.2 million stays. This is represented in Figure 8. Contrary to crowding-in effects through pre-events, potential crowding-in effects through the increased visibility and marketing of the host city/nation are not included here. These are, at this stage, not quantifiable.

In addition to the adverse effects of crowding-out, *crowding-in* also needs to be considered, i.e. pre-game events or guests who travel to the region in the period before or after the event as the result of the host city's increased visibility and media coverage due to the event. The Olympic Games may enhance the global appeal of the host-city, country and event locations thus attracting new tourists. Some 150'000 to 300'000 of the total overnight stays occur *before the actual event period* (e.g. preparatory visits, test events, etc.).

Other overnight stays occur in *additional overnight facilities* (e.g., temporary and newly constructed accommodation infrastructure). These overnight stays do not cause any displacement. And finally, overnight stays reported here do not uniformly represent the same quality or category of tourism. Security personnel and volunteers account for a considerable amount of overnight stays (approximately a quarter). These overnight stays are likely to occur in holiday apartments, civil defense facilities and other group accommodation rather than in hotels.

3.2 Visitor expenditures

Figure 8. Expected visitor spending at the Winter Olympics in Switzerland by visitor group (minimum and maximum scenarios)



*Visitor expenditures without crowding-out adjustment

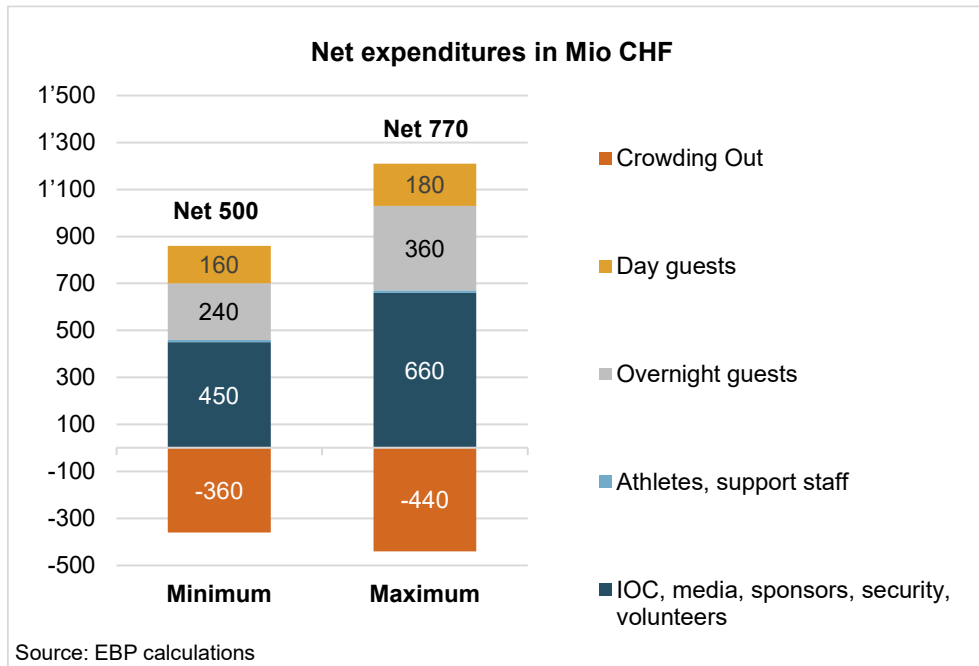
The expenditure associated with tourist frequencies amounts to around CHF 850 million in the minimum scenario and CHF 1210 million in the maximum scenario. The largest part, around CHF 450 to 660 million, will be spent by people as part of the IOC quotas and volunteers. This corresponds to 53% (minimum) and 55% (maximum) of total expenditure.

Day visitors and overnight guests together account for 47% in the minimum scenario and 45% in the maximum scenario of visitor expenditure, spending between CHF 400 and 540 million. Of these, visitors and staff at pre-events contribute CHF 50 million (minimum) to CHF 100 million (maximum). With about 1% of the overall expenditure, athletes and support staff make up only a small share. Most of their expenses are fully or partially covered, for instance by their national Olympic committee and the OCOG (e.g. accommodation in the Olympic village).

Certain expenditures—such as those for competition tickets or athlete accommodation—are already included in the budgets and are therefore not included again as visitor spending. The visitor expenditure presented here refers exclusively to costs not covered by other budgets.

As a result of crowding-out effects, total touristic expenditure may not increase proportionally with the number of Olympic-related visitors. In some cases, net tourism revenues could be neutral or even negative if high-spending leisure tourists avoid the area during the event and because event tourists tend to spend less outside the event compared to regular tourists. The extent of the crowding-out effect will depend on factors such as the regular tourism demand in the regions under consideration, accommodation capacity, pricing strategies, and the profile of Olympic visitors versus displaced tourists. Crowding-out is expected to decrease overall visitor expenditure by CHF 360 million (minimum scenario) to CHF 440 million (maximum scenario).

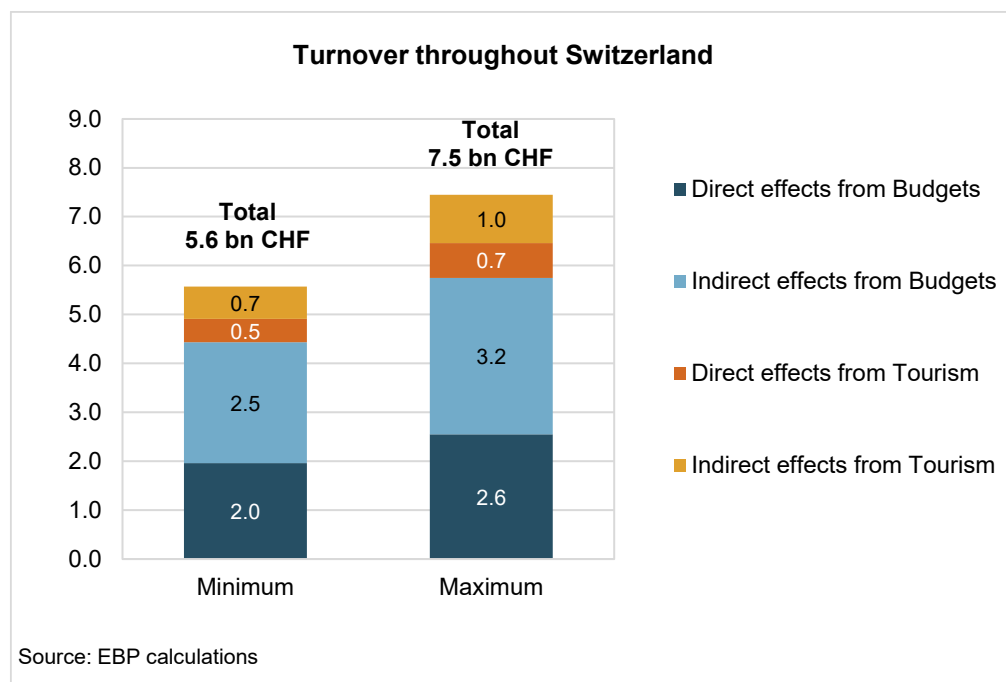
Figure 9. Expected visitor spending at the Winter Olympics in Switzerland by visitor group (minimum and maximum scenarios with crowding-out adjustment)



3.3 Turnover

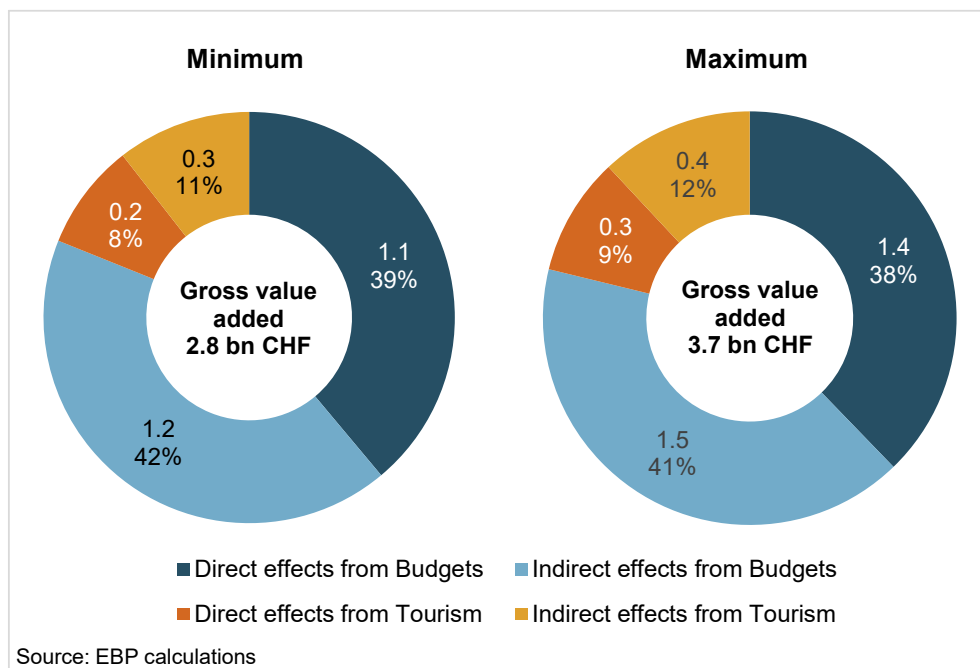
Based on the aspects of the Winter Olympics included in this estimate (see section 2.3.7), we estimate a total direct and indirect turnover (see glossary) of around CHF 5.57 billion in the minimum scenario and around CHF 7.45 billion in the maximum scenario. These effects relate to Switzerland as a whole. Taking into consideration crowding-out effects in the estimates, approximately 21% (minimum) to 23% (maximum) of turnover (direct and indirect effects) is generated by visitors' tourist expenditure not covered by the budget. This corresponds to around CHF 1.14 billion in the minimum scenario and CHF 1.70 billion in the maximum scenario. The remaining CHF 4.43 billion (minimum) to CHF 5.75 billion (maximum) of turnover will be generated by the *candidature and OCOG budgets*. The share of tourist expenditure varies, as the tourist stimulus has a relatively higher variability compared to the OCOG budget.

Figure 10. Expected turnover from the Winter Olympics in Switzerland (minimum and maximum scenarios)



3.4 Direct and indirect value added and tax effects

Figure 11. Expected gross value added of the Winter Olympics in Switzerland (minimum and maximum scenarios)



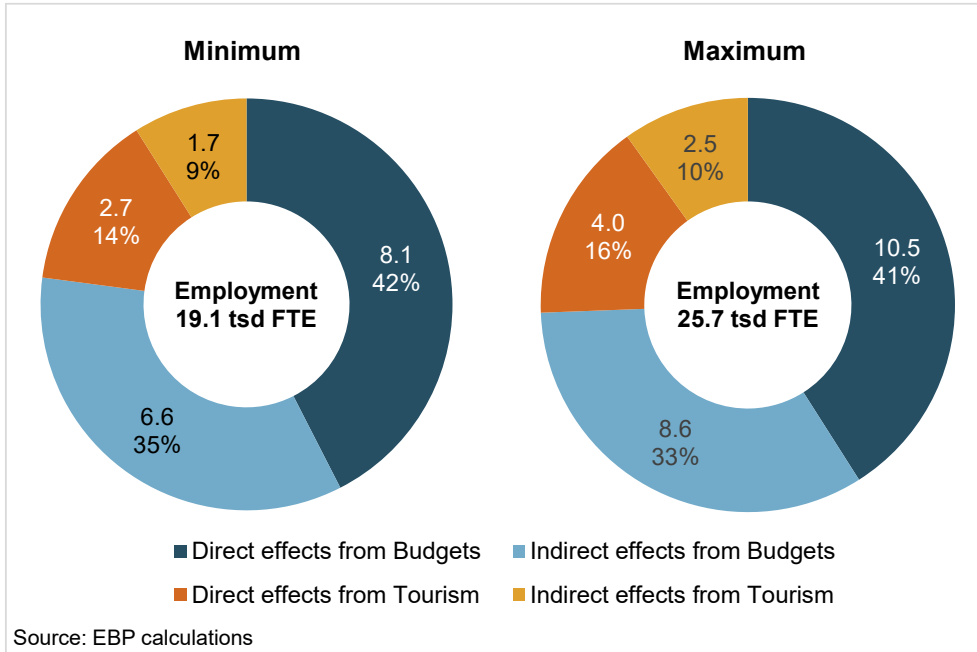
The portion of turnover that contributes to gross domestic product (GDP) is referred to as gross value added. From an economic standpoint, gross value added—both direct and indirect—is the most appropriate indicator for assessing the overall economic impact of an event on Switzerland. Based on the minimum and maximum scenarios, the total estimated value added to the Swiss economy is projected to range between CHF 2.75 billion and CHF 3.68 billion.

These economic effects will generate total tax revenues of around CHF 260 to 350 million, of which about 20% for the federal government and 80% for the cantons and the municipalities. This includes income tax, value added tax and other net property taxes.

Based on the data available at the time of calculation, the value added for the organiser was calculated using a bottom-up approach. This means that the calculation was first carried out on the cost side and then a comparison was made on the revenue side. This approach should also be used in future analysis steps (especially in the analysis of non-OCOG budgets) and is particularly relevant because it can be assumed that the event and related investments will be financed at least in part by public funds. According to national accounts, subsidies directly reduce value added and are not taken into account as economic effects. The actual financing structure (both on the revenue and expenditure side) for all budget items therefore plays an important role in calculating value added.

3.5 Employment effects

Figure 12. Expected employment impact of the Winter Olympics in Switzerland (minimum and maximum scenarios)



To realize the economic impacts discussed in the preceding chapters, an estimated total of 19'070 to 25'670 full-time equivalents (FTEs) is required across Switzerland, encompassing both direct and indirect employment effects. Of this total, approximately 14'700 to 19'100 FTEs are attributed to the OCOG budget, reflecting employment generated through planning, logistics, infrastructure, and operational spending. Additionally, tourism-related expenditures are expected to generate about 4'370 to 6'570 FTEs, highlighting the significant role of visitor spending in driving labor demand across sectors such as hospitality, transport, and services. Direct effects are generally more labour-intensive than indirect effects due to the stronger relative importance of tourism-related services amongst other reasons.

Employment effects are measured in full-time equivalents (FTE). One FTE corresponds to the work performed by an employee working full-time. It is a measure of labour volume required to complete the tasks associated with such an event and does not necessarily translate into additional jobs. A large part of this work is performed within existing employment relationships and thus contributes to economic capacity utilisation.

4. References

- Budzier, A., & Flyvbjerg, B. (2024). The Oxford Olympics Study 2024: Are Cost and Cost Overrun at the Games Coming Down?. *arXiv preprint arXiv:2406.01714*.
- Cantarelli, C. C., Flyvbjerg, B., Molin, E. J. E., & van Wee, B. (2010). Cost overruns in large-scale transportation infrastructure projects: Explanations and their theoretical embeddedness. *European Journal of Transport and Infrastructure Research*, 10(1), 5–18.
- Flyvbjerg, B., Holm, M. S., & Buhl, S. (2002). Underestimating costs in public works projects: Error or lie?. *Journal of the American Planning Association*, 68(3), 279-295.
- Flyvbjerg, B., Bruzelius, N., & Rothengatter, W. (2003). *Megaprojects and risk: An anatomy of ambition*. Cambridge, UK: Cambridge university press.
- Flyvbjerg, B., Stewart, A. Budzier, A. (2016): The Oxford Olympics Study 2016: Cost and Cost Overrun at the Games. Said Business School WP 2016-20. URL: <https://ssrn.com/abstract=2804554>
- Preuß, H. (2011). A method for calculating the crowding-out effect in sport mega-event impact studies: The 2010 FIFA World Cup. *Development Southern Africa*, 28(3), 367-385.
- Preuß, H., Andreff, W., Weitzmann, M. (2019). Cost and Revenue Overruns of the Olympic Games 2000-2018. *Springer Gabler*.