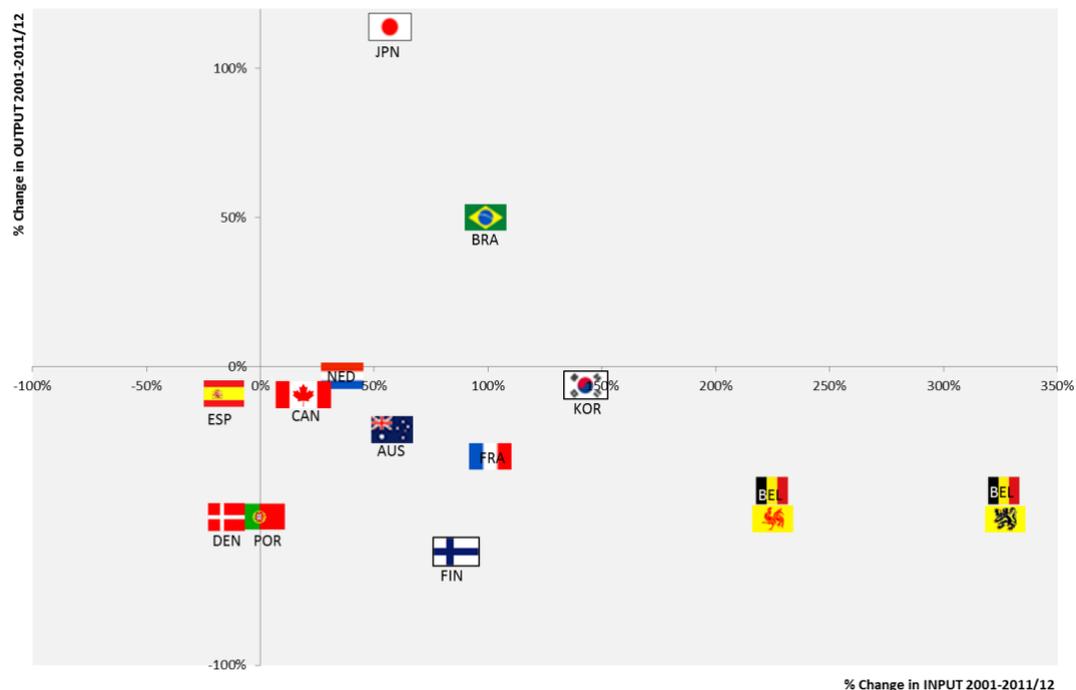


## 1.1. PILLAR 1 - Money in – medals out!?

It can be argued that money spent on elite sport is the best possible explanation for success in Summer sports. This is consistent with the SPLISS 1.0 study in which it was found that those nations that spent the most money in absolute terms on elite sport tended to be the most successful in terms of medal winning success. Wealthy nations and developing nations that decide to allocate significant funding towards elite sporting success will be more successful.

Whilst 'money in equals medals out' it does not follow that 'MORE money in equals more medals out'. As a matter of fact in the case of most nations, more money was required to invest in the system, just to maintain a consistent level of success. In reality the nature of the global sporting arms race is such that there are diminishing returns to scale in terms of additional resources and the extra output achieved from them. In SPLISS 2.0 we requested historical elite sport investment information which paints a picture of a continued global sporting arms race. This is illustrated in Figure 1 (Summer sports) and Figure 2 (Winter sports). For example, France invested 101% more in 2011 than 2002 (€187m against €93m). Meanwhile its market share of Olympic Games and World Championships in summer sports decreased by 30% in London compared with Sydney and in winter sports declined by 21% in Vancouver compared with Salt Lake City.

Figure 1: Relative increase/decrease of financial support (government & lotteries) (inputs) and market shares (outputs) since 2001 (or the most relevant year according to the dataset) – Summer sports



Nations suffering from diminishing returns on investment were Australia, France, Finland and Belgium whose expenditures increased over a ten years period (between 2001 and 2011) but market share decreased (in relative terms), both in summer and winter sports. As the home nation of the Sydney Olympic Games, Australia improved its success from Atlanta 1996 with the nation's highest ever market share in Sydney (6.3%). While Australia has been a recent best practice example of elite sport development and has inspired many other countries to emulate them in the process, it is clear that the

competition is increasing. Countries such as Japan (summer sports), Korea (winter sports) and Brazil (summer sports) are investing heavily and they are becoming more successful, taking market share from the established nations. Because the supply of success, that is, medal winning opportunities, is essentially fixed in the Summer Olympic Games there is a zero sum game being played out. For every gain of a medal there has to be the loss of a medal. It is for this reason that nations seem prepared to invest heavily in simply maintaining their market share.

Figure 2: Relative increase/decrease of financial support (government & lotteries) (inputs) and market shares (outputs) since 2001 (or the most relevant year according to the dataset) – Winter sports

