

OLYMPICS SPONSORSHIP— A WIN-WIN DEAL

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When Beijing put in its bid for the 2008 Olympics, it had some impressive corporate backers. Twenty multinationals, including such companies as General Motors, Heineken, Acer, Xerox, Proctor & Gamble, Ericsson and Nestle, picked up two-thirds of China's \$20 billion promotions tab.

Some of these companies are expected to sign on as sponsors for the Games themselves. In the meantime, another group of major international companies, including Coca Cola, SchlumbergerSema, John Hancock Financial, Kodak, Panasonic, Samsung, Visa International, and TimeWarner/Sports Illustrated, have already extended their sponsorship of earlier Olympic Games to cover the 2008 Beijing Olympics. Industry insiders have estimated that each Olympic Partner Programme (TOP) sponsor has committed \$110 million in cash and kind for the honor of being associated with the games, and sponsorships are expected to generate a total of more than \$1 billion for the Beijing Games.

What is it about the Olympics in general, and the Beijing Games in particular, that warrants this huge investment? For one thing, Olympic sponsors are guaranteed exclusive marketing rights in their Olympics-related programs. For example, no company but Coca-Cola provides non-alcoholic beverages, and no one but Samsung enjoys marketing rights for wireless communications equipment. TOP Sponsors also enjoy access to Olympics imagery, hospitality opportunities, direct advertising and promotion, on-site product sales, and a prime showcase for global marketing.

The Olympics image is a major attraction for sponsors. The prestige, multinational character and influence of the games helps elevate a company's presence and reputation as a global leader. On a more concrete level, the Olympic Games Organizing Committee (OGOC) does its part to promote TOP Partners with banners, obelisks, and wide-screen videos strategically placed throughout sporting venues.

Past experience shows Olympic sponsorship has in fact been a highly effective vehicle for companies seeking to tap into a particular market. Xerox doubled its annual growth in Australia to 20 percent in 2000 after it sponsored the Sydney Olympic games. Samsung's sponsorship of the Sydney Games garnered it a five percent increase in public awareness of the company's wireless telecommunications business, a three percent increase in positive consumer opinion of the

Samsung brand, and a significant increase in wireless sales. Visa International achieved record volumes of card payments totalling nearly \$14 million in 17 days during the Sydney Olympics, and saw its volume in Salt Lake City increase 30 percent to more than \$40 million during the Salt Lake City Games.

In addition to the TOP Programme, National Olympic Committees develop domestic partnership programs in non-competing product categories to assist in the training and development of their Olympic athletes in exchange for exclusive marketing rights within the host country. Other companies can purchase licenses to manufacture Olympics-related products. For the 2000 Sydney Olympics, around 100 licensees generated more than \$52 million in direct revenue through the sale of Olympics pins, video products, coins, stamps and other memorabilia.

Olympics-related construction projects are another important form of participation. Construction, infrastructure and environmental improvement projects for the Beijing Olympics are expected to total \$23 billion.

A country such as China offers particular attractions for Olympics corporate participants, with its massive consumer base largely untapped in almost every category of global product. The Beijing Olympics promises to be the International Olympic Committee's biggest marketing program in history thanks to the world's interest in the China market, especially since China's accession to the World Trade Organization. High-powered trade delegations from all over the world have been making pilgrimages to Beijing to lobby for involvement in the games through sponsorship and contracts.

Tendering has just begun for Beijing Olympics projects, and local sponsorships are also undetermined to date. But an examination of TOP Sponsors who have already committed to the Beijing Olympics provides an indication of what is at stake for these companies. Following is a summary of these TOP sponsors, their involvement in the China market, and their corporate social responsibility (CSR) policies. While none of the TOP sponsors has signed on to the UN Global Compact, most have comprehensive CSR policies that could bring them under pressure from activists and NGOs—such as HRIC—if China's commitment to the Olympics is not matched by its performance in human rights over the next five years.