

The Business of the Olympic Games

Part 2: Sponsorship



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Coca-Cola Olympic Shuang

EYES ON
THE BIG
VISION

Opening the second chapter in our monthly series looking at the business underpinning the Olympic Games, **Kevin Roberts** talks to Shaun Whatling, CEO of sponsorship and communication consultancy Redmandarin, about Olympic sponsorship and the findings of a comprehensive new piece of analysis by the company.

ACCORDING TO THE International Olympic Committee (IOC), the Olympic Games offer brands the most powerful and valuable marketing platform imaginable.

It's a tough one to argue against. After all, the Games have developed enormous worldwide media reach and their uniquely positive set of brand values mean that they're a fit with the aspirations of more or less every commercial brand you care to mention.

Scour the internet for the various lists of the world's strongest brands: many of them have hitched their wagons to the Olympic Games at one time or another.

Although the TOP (The Olympic Partner) programme has only been in place since the late 1980s, the Games' commercial connections have existed since the dawn of the modern Olympic era. A number of companies advertised around the 1896 Athens Games while 100 years ago in Stockholm companies were able to buy the rights to sell memorabilia and take photographs.

The links between the commercial and Olympic worlds has reflected the development of business itself. Driven by new technologies, the growth of consumerism and the emergence of truly global markets, Olympic sponsorship may be seen as a bellwether for the world's commercial fortunes.

But while all statistics suggest the Games offer a wealth of marketing opportunities, they also present a conundrum. Unlike every other sports sponsorship opportunity, becoming a partner of the Olympics - whether globally or locally - offers no visibility in or around Olympic venues. That means the three billion or so people who have watched each of the recent editions of the Summer Games are blind to a sponsor's involvement if all they do is watch on TV.

In 2009, Redmandarin sparked industry debate by challenging many of its accepted principles in its *Defining Sponsorship* publication. This year, appropriately enough, it is applying its commercial analysis and thinking to the Games with the publication of *Working the Olympics*.

It is, says Whatling, a project born out of the desire to achieve what most publishing on the subject has failed to do: "Most books are either autobiographical or academic and not truly written from the perspective of business. Many also start with the premise that Olympic sponsorship is automatically a good thing, whereas many partners, especially first-time partners, really struggle.

"We wanted to offer a resource that would clear up some widely held misconceptions, and help potential and first-time partners avoid some very common mistakes. The fact that the Games offer no media exposure to partners simply focuses attention on how businesses generate value without being able to rely on a media exposure justification."

Understanding the Potential

The word 'transformational' is often used to describe relationships that have grasped the Olympic opportunity and Whatling is convinced that understanding this potential to drive meaningful and lasting change is at the heart of a successful Olympic partnership.

"We all know the story of Samsung," he says. "As a brand, it was largely unknown in 1998, a faceless Korean OEM (original equipment manufacturer) so far as most western consumers were concerned. Now it's toppled Sony as a category leader.

"Samsung's IOC relationship clearly had a role to play in transforming the brand. And for every Samsung there are dozens of less well-known stories: Volkswagen China's journey from state hegemony to semi-private enterprise; [financial services provider] AMP's accelerated transformation from mutual society to customer-centric bank; Westpac [Bank]'s dramatic rehabilitation of its reputation as a pillar of the Australian financial community; Heineken Greece's integration within the Heineken Group; GE (General Electric)'s penetration of the Chinese market.

"For each of these, partnership was a response to a very specific strategic issue. The incredible value of Olympic partnership is its ability to address a wide range of issues. For GE, it was actually a catalyst to restructure its entire sales approach.

"But the ability to align the Olympic campaign against a robust corporate vision is a pre-requisite for real success. There are many challenges to developing genuine vision: fault lines and disconnects between board and senior management, structural issues, corporate cultures which resist prioritisation.

"And there are plenty of examples of this within the 2012 crop of sponsors, British Airways and EDF for example. But in each case, the potential value of partnership will be eroded."

So why do some Olympic marketing programmes fail to deliver the goods? It's a tricky question, not least because of the difficulties measuring against different expectations and objectives. According to Whatling, the question betrays the problem.

"As soon as the Olympic programme is seen as the domain of marketing, it's fatally wounded," he says.

"It has to be integrated, not from a historical sponsorship position - i.e. channel integration - but integrated into the business. If it's truly used as a response to a strategic big question,

what's it doing in marketing? To begin with, any strategic big question should require cross-functional support. Marketing, moreover, is rarely a direct board function, and what this needs is championship from the actual business leaders.

"Coca-Cola has done the best job of institutionalising its sponsorship expertise - in a positive sense. Its central team actually acts as an internal change consultancy to its own market operations.

"The script goes roughly like this: in 2012, or 2016, when it comes to the Games, you're going to have the world's media, many of the athletes, and all your stakeholders, both internal and external, scrutinising how you've used this opportunity.

"Next comes the carrot of course: what the Olympics give you is almost unique, a global relevance and a platform with the scale and stature to drive any aspect of your business - what can you





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Whatling: driving meaningful change is at the heart of a successful Olympic partnership - Getty Images Sport

do with that? This is my simplification of what is of course a hugely sophisticated process, but between those two buffers, the local market is helped by adapting its usual planning cycle to identify mid-term goals which the partnership can impact."

Under Pressure

So where does this leave first-time partners? Extremely vulnerable, says Whatling: "They're under many pressures. The nature of the partnership is unprecedented, and the scale of the undertaking - whether they realise it at the outset or not - is vast.

"Australian businesswoman Helen Nugent, who's now on the board at [financial services provider] Macquarie, described it as one of the hardest challenges of her entire career. And that's with little operational commitment - adidas had to provide two million pieces of kit in Beijing (2008) and UPS is warehousing and managing 30 million items in London (2012)."

With domestic partnerships now regularly generating higher rights fees than the IOC,

how does Whatling square this apparent contradiction? "The period 2008 to 2018 has been a bumper decade for the Olympics, and with the Games visiting the world's major growth economies, this clearly represents tangible value for many western businesses," he says.

"Igor Stolyarov [senior vice-president and secretary of the supervisory board at the organising committee for the Sochi 2014 Winter Olympics] has also been incredibly creative commercially in contractualising supply benefits to a greater extent than any other Olympic organising committee.

"However, many brands simply have no idea what they're signing up for - which brings us back to the book and what we're hoping to achieve with it.

"The good news from the IOC's point-of-view is that every business which survives the crucible of a Games relationship will emerge from it - if it leaves with nothing else - energised, with strengthened self-belief the knowledge that it has played a small part in history and incredibly

positive about its experience. When you invest so much, there are too many pressures - conscious and unconscious - for businesses to be anything other than positive.

"The smarter, learning organisations - Deloitte in particular if you are looking at London 2012 partners - is already examining their approach and how to apply those learnings."

So how do you assess success from the outside? For Whatling, it all depends on what the vision was from the outset.

"In some cases, where the partnership is linked to a big vision - as is the case with GE, Cisco and Coca-Cola - assessment is easy, because there's a specific strategic objective," he says. "In the case of those businesses who set themselves a mixed portfolio of targets against brand, sales and engagement, it's difficult.

"What we always ask is this: how good could it have been, and how could it have been better?"

The following are edited extracts from Redmandarin's *Working the Olympics*, published this month and available on Amazon.