

Beijing battles ambush marketers ahead of Olympics

Sponsors "very concerned"

By [Normandy Madden](#)



Mengniu promotes sports-centered "Around the Cities" TV show despite Yili's official dairy sponsorship status

BEIJING—Ambush marketing is always a danger for sponsors during the Olympic Games, but it is already causing major anxiety for the organizers and corporate partners of the 2008 games in Beijing.

Ambush, or guerrilla, marketing occurs when a company has paid to become an official sponsor of an event but a competing brand attempts to connect itself with the event without paying sponsorship fees.

Adidas, the official sportswear sponsor, is "very concerned," said Erica Kerner, Shanghai-based director of the company's Beijing 2008 Olympics program. "With the prominence of these Olympic Games and the great importance of the Chinese consumer market, we believe ambush marketing will be at an all-time high for a major sporting event. The threat is from strong marketing-driven brands developing ambush marketing strategies but also from local brands that are trying to support the games and do not realize that what they are doing is breaking any rules. There is truly a double threat at these games."

The issue goes even beyond the Olympics, said Liao Fei, a partner at law firm King & Wood in Beijing. As China prepares to host a series of events in the next five years, such as the Olympics, the Asian Games and the World Expo, "there is an urgent demand for safeguarding against ambush marketing" across all major events.

Intellectual property rights usually low priority

Their concern is understandable, given the poor track record of the Chinese government in upholding intellectual property rights in the past and the high rate of piracy that affects nearly every part of China's economy, from DVDs to food products to pharmaceutical ingredients. Multinational companies also are eager to attach their brand to the Olympics in China, one of the world's largest and fastest growing consumer markets.

As the games grow nearer, sponsors are putting pressure on the organizing committee for the Beijing Olympic Games (BOCOG) to help protect them from unethical marketing tactics. During a press conference last week in Beijing, the organization promised sponsors that it would step up its efforts, as a warning to companies that are skirting the boundaries of ethical behavior.

"BOCOG has attached great importance to the fight against ambush marketing," said Chen Feng, the organization's marketing director in Beijing. "Only those who financially sponsor the games have the right to market their products and maximize their commercial interests."

Rules to reduce ambush marketing

He announced several measures BOCOG is undertaking to help curb ambush marketing. It will uphold exclusivity when dealing with and selecting sponsors to avoid competition between companies in the same category. Competitors will be barred from taking part in different Olympic or Paralympic marketing programs when a sponsor works with the Chinese Olympic Committee, the Hong Kong Olympic Committee and the Chinese Paralympic Committee, which is connected with the Paralympic Games, an elite multi-sport event for athletes with physical, mental and sensorial disabilities.

Companies that aren't sponsors are not allowed to do publicity with overt Olympic content. And Olympic-related publicity is also banned for donors, suppliers, and owners of Olympic competition venues.

Chinese inspectors have found 1,556 cases of violations involving Beijing Olympic slogans, logos and other trademarks, according to China's State Administration of Industry and Commerce, mostly dating back to 2004 and 2005. Last year, 428 cases were found, up 45% from the previous year.

"In the past two years there have been over 50 registration applications by different individuals for clothing, footwear and headgear," said Mr. Liao, "and businesses for trademarks containing the figure "2008," all of which have been or will be officially rejected."

Finally, BOCOG insists that athletes participating in the 2008 Olympics stop representing non-licensed companies during the games.

"For example, [track-and-field star and 2004 Olympic champion] Liu Xiang has to promise not to represent non-official sponsors during the games when he applies to participate in the games, even though he is endorsed by Nike, a non-licensed brand," said Mr. Chen.

Sponsors like Ms. Kerner do believe BOCOG "is taking the issue of ambush marketing very seriously. They have been very proactive with us in a number of cases so far."

Clutter and confusion

But companies rushed in to sponsor various athletes, teams and other partners that can connect their brand with the Olympics months or years ago and the publicity surrounding those efforts has caused damage already.

"The biggest problem is clutter. There is quite a lot of it in the market and it's a major concern. To achieve cut-through for an Olympic sponsor isn't easy and consumers do get confused about who the sponsors are," said Beijing-based Arjun Ghosh, MindShare's national director of insights in China.

"There's still a lot of confusion in China on the brands that have paid for sponsorship," agreed Greg Paull, founder of R3, an independent Beijing-based consultancy. "While [people can name] two-to-three different companies each, usually one of those mentioned has no direct rights."

R3 and CSM, a Beijing-based media research firm, spoke with 1,595 Chinese consumers in ten cities earlier this year in the latest wave of an ongoing study tracking brand performance in awareness, purchase intent, promotional impact and linkage to Olympic values. In the latest results, five of the top twelve companies were not official sponsors.

Non-sponsors growing in awareness

Six companies, China Mengniu Dairy Co, PepsiCo, local sportswear marketer Li Ning Co., Yum Brands' KFC, Nike and mobile phone service provider China Unicom, grew significantly in terms of awareness and purchase intent as it relates to the Olympics in the study, even though none of them has invested in Olympic sponsorship privileges. For instance, Mengniu linked its massive investment in "Around the Cities," a multi-city skills contest broadcast nationally on CCTV, to sports messages.

"While official sponsor Yili [sponsors] Liu Xiang, Mengniu has the mass popularity of another hit TV show," said Mr. Paull. Yili is a leading dairy brand owned by Inner Mongolia Yili Industrial Group.

"I love Beijing," a recent KFC campaign, "may be the best ambush example to date," said Mr Paull. "It taps into Beijing's local heroes and encourages citizens to vote for the neighborhood that best captures the spirit of 2008. They can't mention the games directly, but have found a unique way to capitalize on the fervor."

Li Ning has signed an apparel sponsorship deal with the announcers on CCTV 5, the sports channel operated by China Central Television, the national broadcast TV network. While China's athletes will wear apparel by the official sponsor, Adidas, during awards ceremonies, the commentators, who will have their own share of airtime exposure, will be in Li Ning clothing.

In the next wave of the survey, Nike's score is likely to rise even further. Last month, it kicked off a Run China campaign, "which is believed to be an ambush to the Beijing Olympics," said Mr. Paull. It promotes Nike Plus, a device that connects its shoes with an Apple iPod to track runners' performance. The campaign includes blogs and videos featuring sports and entertainment celebrities like Li Jinyu, Du Wei and Quyin.

Coke, Visa, China Mobile rising fast

Some official sponsors of the next Olympics also performed well in the research by R3 and CSM, including Coca-Cola Co., which recently unveiled a special Olympic logo appearing on cans and bottles across the country, and China Mobile, which has invested heavily in advertising, sponsorships and events.

Visa "also made significant progress following Coke in sporting associations for Liu Xiang and Yao Ming, both Visa-sponsored celebrities now, along with Jackie Chan in a new regional campaign," said Mr. Paull.

Stopping non-Olympic sponsors from tacitly connecting their brands to sports-based promotions is a challenge, but there is another aspect of ambush marketing that worries BOCOG as well—companies and individuals selling fake or unauthorized products linked with the Olympic Games.

"For example, products with Olympic symbols [or printed with phrases] like 'the Olympic Games' and 'Beijing 2008' produced or sold by non-licensed manufacturers are ambush market products," said Mr. Chen, a practice he called "hitchhiking."

So far, blatant abuse of Olympic sponsorship infringement has been limited to a handful of companies such as Haoya, a Chinese watch manufacturer, and a European watchmaker, TAG Heuer. But China is also home to so-called pirates who operate throughout the mainland.

Beijing police have seized nearly 30,000 fake Olympic products, mainly the official *fuwa* mascots of the 2008 games, since the beginning of this year. Most of the fake products are sold near subways, at night markets or on the internet.

Olympic Performance Index

Top five brands overall

1. Coca-Cola
2. China Mobile
3. Yili
4. Mengniu*
5. adidas

Top five fastest moving brands

1. Pepsi*
2. China Unicom*
3. Budweiser
4. Nike*
5. Mengniu*

*denotes the brand is not an official sponsor of the 2008 Olympic Games

Source: R3