

Olympic Sponsorship: Hit or Myth?

For Most Sponsors, an Investment in the Games Is Worthwhile

Posted by [Greg Paull](#) on 08.14.08 @ 12:35 AM



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Now that the five-ring circus has started, the knives are out on all the sponsors. If it's not because they are supporting Darfur or an anti-Tibet sentiment, it must be because they have put a poor value on their sponsorship. And every new TV spot from them will likely have someone calling them the "next Leni Riefenstahl of the 21st century."

Whatever the reason is, there seems to only be news value in how naïve all these guys have been in signing up as sponsors of the 2008 Olympic Games.

Two years ago, when we started our quest to measure return on investment, I must admit we joined the naysayers expecting most sponsors to waste their investment in the games. We've been proved wrong. In a fascinating evolution, more than a handful are prospering and getting real benefits, internally and externally, beyond all expectations.

There are many myths surrounding this whole area.

The first myth is the cost of the sponsorship. Many publications have reported that companies have spent as much as \$100 million on their sponsorship.



Coke trained bottlers about promotions during the torch relay.

Well, for a company such as Coke with \$30 billion in sales, a \$100 million investment in Olympic sponsorship, along with three times that amount in supporting activities, represents just a tiny fraction of its global sales in a single year, as well as a small part of its annual marketing budget. In the meantime, Coke has amortized the cost of its sponsorship over several years. The value and volume of its business in China this year are both reaching record levels.

The second myth is a belief that companies are not able to measure returns on Olympic sponsorship.

General Electric said this week it has generated \$1.7 billion in Olympic-related business: \$700 million from infrastructure deals and \$1 billion through NBC's ad sales. Chinese dairy Yili said its domestic business grew 21% in the first quarter of 2008 and is on track to top \$2.9 billion by year-end, a feat that without an Olympics association would have been difficult to achieve.

The third myth is about ambush confusion and a belief that consumers cannot correctly recall sponsors.

This myth has *some* basis, but mainly because there are more than 60 sponsors at this year's games. I challenge even an IOC member to recall all of them. We've now interviewed more than 14,400 consumers in China over the past two years. Almost half of them spontaneously mention Coke as a sponsor. Given the huge range of competition, this is extraordinary.

For a company like Adidas, it's a reality that Nike and Li Ning will create confusion. In the meantime, it is looking at sales of more \$1.49 billion in China and still leads our research in terms of brand values for sports brands. Without its Olympic investment, it would have been lost in the clutter. Adidas also claimed China's first-ever Gold Lion at Cannes for breakthrough marketing.

The fourth myth is that Olympic sponsorship and marketing is just about reaching consumers.

Many sponsors have leveraged their investments for significant value inside their companies. Johnson & Johnson, for example, united its four divisions in China -- Consumer, Visioncare, Xian Janssen and Shanghai J&J Pharmaceuticals -- behind a common vision. UPS, Lenovo and Panasonic have closed massive technology deals through the association.

Volkswagen rewarded its best-performing car dealers with Olympic tickets and other prizes. Coke trained all of its bottlers in China about sampling and promotions through the torch relay. Visa has accelerated a whole new industry of credit card transactions in China.

There's a huge non-marketing benefit from the investment. This week, all of the sponsors' top customers are here to enjoy the experience.



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GE logo and Olympic logo are visible in the bottom left corner of the advertisement.

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Olympic ad for GE in China by BBDO, Shanghai



Adidas ad by TBWA, Shanghai