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2008 Olympic Games

Less than two years to go!

By [Normandy Madden](#)Newsletter Archive [Career Center](#)

Chinese athlete Liu Xiang: overexposed?

BEIJING--With the 2008 Olympic Games in Beijing less than two years away, sponsors are eagerly lining up a strategy to turn the games into a major marketing event.

Always a high-profile Olympics sponsor, Coca-Cola Co. "is planning to activate the Beijing 2008 Olympics on an unprecedented scale," said Ilan Sobel, Coke's Shanghai-based general manager, strategic marketing and innovation, "via innovative and breakthrough experiential marketing initiatives that will seek to reach out beyond host city Beijing to all consumers across China."

His excitement is understandable, as the games could provide billions of dollars in business opportunities. The Chinese government predicts Beijing will receive up to 775,000 domestic visitors and more than 500,000 foreign tourists during the games. GroupM's MindShare division believes four billion people will watch the 2008 Olympics, roughly two-thirds of the world's population.

Capitalizing on the Olympics has never been more challenging though. China is one of the fastest-growing consumer markets in the world and global marketers like McDonald's Corp., Coca-Cola and Adidas view

the games as a heaven-sent opportunity to bolster their brands in the mainland. At the same time, an ever-growing number of companies see sponsorship as a launching pad to expand overseas.

The financial decision by the Beijing Organizing Committee for the Olympic Games (BOCOG) to include layers of local sponsors means the 2008 Olympic Games will have more corporate sponsors than in any previous games. That's likely to create clashes as competing brands gain access to an Olympic marketing platform.

Within this aggressive corporate minefield, sponsors are concerned that high interest in the 2008 event will lead to even more ambush marketing than usual by non-Olympic sponsors who want to associate their brand with the games.

### **Clashing brands**

More than 30 companies are already official Olympic sponsors. The International Olympic Committee has global sponsorship deals with Coca-Cola, Atos Origin, GE, Eastman Kodak Co., Lenovo, Manulife Financial Corp. (John Hancock), McDonald's Corp., Swatch Groups (Omega), Matsushita Electric Industrial Co. (Panasonic), Samsung Electronics and Visa International. In addition, China's BOCOG has added three tiers of sponsors.

At the top level, BOCOG has 11 "partners." They are the Bank of China, China Netcom Group Corp. (China Network), China Petroleum and Chemical Corp. (Sinopec), China National Petroleum Corp. (CNPC), China Mobile, Volkswagen Group, Adidas, Johnson & Johnson, Air China, the insurance company PICC Property and Casualty and State Grid Corp., China's largest electric power provider.

Below them is a second tier of 10 "sponsors." Those companies are UPS, Haier, Anheuser-Busch's Budweiser, the web portal Sohu, the Chinese dairy Yili Group, Tsingtao Beer, Yanjing Beer, the global mining company BHP Billiton and Heng Yuan Xiang, a Chinese clothing company, and President Enterprises, an instant noodle division of Uni-President Enterprises Corp., the first Taiwanese company to win a coveted sponsorship position.

At the bottom level, there are nine "suppliers." They are COFCO Wines & Spirits (Greatwall Wine), the hosiery manufacturer Zhejiang MengNa Knitting Co., Ningbo Beifa Group stationary company, Zhongshan Vantage Gas Appliance Stock Co, Beijing YADU Indoor Environmental Protection Science & Technology Co., Mars' Snickers confectionery brand, Qianxihe Food Group, Zhengzhou Synear Food Joint-Stock Co. and Beijing Crystal Digital Technology Co.

Even though the 2008 Games now have an official supplier of everything from socks to frozen dumplings to air humidifiers, BOCOG is still signing up companies. The deals with President and Synear were announced this month, suggesting BOCOG isn't finished doling out

sponsorships.

To further complicate the scenario, more marketers are involved through sponsorship of Olympic athletes and teams. Bank of America, General Motors, Anheuser-Busch, AT&T, DHL and United Airlines all have partnership deals with the U.S. Olympic Team, for example, and Kraft Foods is a sponsor of China's National Sports Training Center.

Among China's own brands, the leading domestic sportswear brand Li Ning sponsors several of China's strongest Olympic teams--table tennis, shooting, diving, and gymnastics. (The company's founder, gymnast Li Ning, became China's first Olympic hero at the 1984 games in Los Angeles) It is also the official supplier of Chinese Olympic delegation's ceremonial equipment. Through these associations and an aggressive marketing campaign, Li Ning has gained wider recognition in the mainland as an Olympic sponsor than rival Adidas, which has invested up to \$100 million as one of the main sponsors of the 2008 Games.

### **53% "more likely" to buy sponsors' brands**

"The goal for all companies associated with the Olympics is obviously not just increased awareness, but also sales," said Beijing-based Greg Paull, founder and principal of R3, an independent marketing consultancy which tracks brand and star performance connected to the 2008 games with CSM Media Research, a joint venture of CTR and TNS Group. Designed to help companies measure the return-on-investment of their Olympic association, the survey is conducted every three months based on 1,500 interviews of 15-to-40-year-old Chinese consumers in 10 cities.

According to the first wave of the study completed last month, 53% of respondents said they are more likely to purchase a product or service because the company is an Olympic sponsor.

"This figure, already amazingly high, is even higher among the highly sports-engaged group that follow sport closely," said Mr. Paull.

"[That's] a positive sign for the companies that can build their association. While there is no previous research on this in overseas markets, we are sure the figures would be lower [in past Olympic Games]."

### **Local brands pull ahead**

China's upcoming games are notable for the prominence of local brands as sponsors. According to R3's research, eight of the top 10 companies in a ranking by respondents of Olympic sponsors are local: China Mobile, Li Ning, Lenovo, Yili, CNC, Haier, CNPC and Bank of China. Coca-Cola ranked in third place and Adidas, in eighth. Starting from the bottom, the 10 lowest-ranked sponsors were BHP Billiton, Manulife, Johnson & Johnson, Omega, McDonald's, Heng Yuan Xiang, GE, Panasonic, UPS and Visa.

The best-known sponsor varied by city. Beijing-based Lenovo ranked

highest in its home base as well as in Wuhan and Tianjin. Coca-Cola was the leader in Shanghai, Shenzhen, Hangzhou and Shenyang. China Mobile was at the top in Nanjing.

"This is the first Olympics where local brands have had that kind of presence and impact," said Mr. Paull. "Lenovo has been the most aggressive marketer and one of the few to start very early. The challenge is can they maintain that for two years and keep it interesting."

In local versus global balance, meanwhile, foreign companies like Johnson & Johnson, Visa, UPS and Manulife "have done poorly in terms of awareness," said Mr. Paull. That's because they are struggling to leverage their corporate history with the Olympics in a developing market where few consumers are familiar with their brands, he said. "They'll have to really work at it."

### **Too much Liu?**

Besides the danger of clashing brands, too many marketers may be focusing on China's two biggest sports celebrities, basketball player Yao Ming, a center with the Houston Rockets, and track-and-field star Liu Xiang. While Mr. Xiang is particularly popular among Chinese women, both athletes are better known in China than global basketball and soccer stars.

Mr. Yao, who is more famous outside China, is connected with a range of brands like Reebok, Apple Computer, Gatorade, China Unicom, McDonald's and Visa. But only the last two are Olympic sponsors and his sportswear sponsor, Reebok, is almost invisible in the mainland.

But Mr. Liu, who generated enormous buzz in China last July when he broke a world record for the 110 meter hurdle, has teamed up with several Olympic sponsors like Visa, Coca-Cola, China Mobile and Yili. He also represents Nike, the country's leading sportswear marketer.

"Is he getting over exposed? It's a real danger," said Mr. Paull. "There is massive confusion among sports personalities."

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