

# TOP is “unsustainable”, says Payne

By Matthew Glendinning

**THE MAN WHO** helped create The Olympic Partner (TOP) programme has told Sports Marketing Frontiers that “the most successful international marketing programme ever created” is on borrowed time if the revenue gap between TOP and local sponsors continues.

Local Organising Committees (LOCs) use sponsorship revenues to offset the huge costs of staging the Games and Michael Payne, the former IOC director of marketing and global broadcast rights (1983 – 2004), believes they could make significantly more money if allowed to conclude deals in categories which are currently ring-fenced in TOP.

The LOCs of Summer and Winter Games currently share 50 per cent of revenue from TOP deals in their four-year Olympic cycles. The share is a fraction of the sums raised in deals done by Sochi 2014 and Rio 2016.

The issue could impact on future Olympic bidding patterns as staging the Games inevitably involves an element of state funding and governments are contracted to underwrite any shortfall in income.

According to Payne, something’s got to give. “There’s got to be change because of both the dynamic and disparity in local partners versus TOP,” he says. “Even if the (revenue) gap (between TOP and local partners) is not as big as we currently see in Sochi

and Rio – if there are multiples then it’s not sustainable.”

Payne explains that the revenue gap has increased from a “defensible” 20 to 30 per cent extra paid by local partners in the two decades before Beijing 2008, to a position where local partners are paying many multiples compared to TOP. In a four-year Winter and Summer Games cycle, a TOP sponsor may typically pay \$100m. However the \$250m paid by Nissan in the automotive category for Rio 2016 is a measure of the new reality. In Beijing, Sochi and Rio, categories not taken by TOP such as banking, cars, airlines and mobile networks, says Payne, have “exceeded all expectations”.

To head off potential confrontations with LOCs hungry for more revenue, Sports Marketing Frontiers has learnt that the IOC will realign the TOP programme after 2020 by broadening and redefining its categories to add value to TOP.

With an inside track on the IOC’s machinations, Joel Seymour-Hyde, strategy director, Octagon UK, explains: “The IOC is committed to the TOP programme in its current format until 2020, but the marketing department will seek to restructure the programme from that point.

“There are a limited number of players for TOP, but the categories are too narrow. Some specific categories

may not even make sense any more.”

Seymour-Hyde continues: “The IOC has been challenged by the long-term nature of its deals. In the technology categories, for example, a huge amount of change can take place in eight years, which not only creates a client management problem, but means that the TOP programme may not maximize its revenue opportunities.

“It may then make more sense to start from scratch and look at who the big spenders are likely to be across all potential categories (e.g. airline, telecoms etc) and be reflective of sports investment shifting east towards the Middle East, India and China.”

This is a far more likely response, he suggests, than a scenario in which the IOC allows the bidding country to exploit more categories in return for a cut of the profits.

The future of TOP, adds Payne, a consultant to both the London 2012 and Rio 2016 Olympic bids, will also depend on the choice of hosts from 2020 onwards. Local sponsors in host countries with strong economies which have never hosted the Games before will pay much more than former Olympic hosts.

“The Games in London won’t change brand Britain, but the Games in Brazil has a totally different impact on the country and its evolution,” says Payne. “It’s a genuine game changer.”

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