Chapter 4

THE SHOEMAKER'S VISION

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Dazzling

The Olympic turnaround was based on the development of two financial strategies. The first and most important was income from broadcasting rights. The second was the exploitation of the Olympic brand through sponsorship. This is where the debate about the involvement of commerce in the Olympics was, and remains, at its most fierce.

When Samaranch took over the IOC, its commercial operations were a mess. To sort it out, he enlisted the help of Horst Dassler. Dassler's link to the Olympics began in 1956 when, as a twenty-year old, he was sent to Australia by his mother, Kathe Dassler, to distribute shoes made by the family sports shoe company Adidas to athletes at the Melbourne Olympics. This was a novel tactic at the time. Horst Dassler later recalled how 'athletes were surprised when I came up, as a young chap and offered them a pair of shoes. It was very easy'. Horst's father, Adi Dassler, founded Adidas in 1948 following an argument with his brother, Rudolf, while both were managing their father's shoe company. Rudolf set up camp on one side of the Aurach River in Bavaria, founding the sports shoe company Puma. Adolf set up Adidas on the other side. For a time, the remote German town of Herzogenaurach (population 18,125) became the capital of the world sports goods industry.

Thanks to Horst Dassler's Australian visit, four years later at the Rome Summer Olympics, 75 per cent of all track and field athletes were wearing Adidas shoes.

Over the years, Dassler built up close relationships with the leaders of the International Sports Federations. He helped them understand the potential of partnering with the business community, and companies like Coca-Cola, to help promote and fund their sport around the world. First, with the UK-based sports marketing agency West Nally in the 1970s, and then with Swiss-based ISL in the 1980s, Dassler showed unparalleled vision and focus.

Dassler was one of the most important sports leaders of the twentieth century. He created many of the foundations of event marketing, and pioneered the partnership between commerce and sporting federations. As a person, he was discreet, quiet even, preferring back room discussions to the main stage. He courted world leaders, and was probably better known in Moscow and the Kremlin than many heads of state. As a result, the whole Soviet team, as well as nations like East Germany, wore Adidas. Dassler maintained a dedicated intelligence office at Adidas headquarters to track sports leaders and political elections. For those seeking success in any sports industry election – whether for the presidency of FIFA or the selection of an Olympic host city – his support was critical.

Dassler submitted his ideas on the development of an Olympic marketing programme with a short video to the 86th IOC Session in New Delhi in 1983. The presentation delivered a stark message to the 78 IOC members in attendance. 'You, the International Olympic Committee, own the most valuable and sought after property in the world. Yet the Olympic rings are the most unexploited trademark in existence. No major corporation in the world would tolerate such a situation.'

When the quiet Dassler spoke, the industry listened. His long-standing sporting links meant he was well placed to play a part in exploiting the Olympic brand. In May 1985 he came to Lausanne to sign a mould-breaking marketing agreement with Samaranch.

For an event that would revolutionise the fortunes of the Olympic Movement, there was remarkably little ceremony. Howard Stupp, the IOC's director of legal affairs, pulled together the contracts which Samaranch and Dassler signed. There were no speeches. No champagne celebration. And no media representatives, except a solitary photographer.

Monique Berlioux, the IOC's long-standing director, looked on in dismay. She had done everything possible to delay the signature of the contract. Berlioux believed that the IOC was giving up far too much control to outside commercial interests and, perhaps more to the point, that this would weaken her own position. The differences between Berlioux and Samaranch were becoming a serious obstacle to change. On the occasion of the 90th IOC Session in Berlin, Berlioux was removed from office.[1] Samaranch rightly saw her as a block to his vision of modernising and reforming the IOC. But Berlioux was not the only person in the Olympic Movement to resist the changes. The debate about the commercialisation of the rings was becoming louder.

24 carat rings

Many inside and outside the Olympic family were concerned that using the Olympic franchise to generate revenue was a dangerous road. My own view is, and always has been, that we had to professionalise the Olympics or lose it, but there were many who disagreed with Dassler's vision of an Olympic franchise. The Corinthians saw it as a slippery slope, with potentially disastrous consequences.

Horst Dassler's ideas were not exactly embraced by the IOC Session. But enough members understood that there was a clear need to build some form of marketing platform. The marketing efforts of the Los Angeles Organising Committee had shown that there was strong potential interest from the business community to support the Olympic Games, but the Movement's structure made it increasingly difficult, if not outright impossible.

Would-be sponsors or commercial supporters of the Olympics faced a complex labyrinth of vested interests. Although the organising committee could grant marketing rights to the Games, these rights could not be used outside of the host country, without the express approval of each national Olympic committee. The NOCs controlled all Olympic marketing rights for their territory, and could effectively veto any programme by a Games sponsor. Gaining access to a territory quickly evolved from a simple request for approval, to a long drawn-out and expensive negotiation, with the Games sponsor being forced to also become a sponsor of the National Olympic Team. This effectively meant that any company wanting to develop a global programme had to enter into 160 plus separate agreements with the NOCs. All too often, the organising committee would conveniently forget to tell the potential sponsor during the course of the negotiations that the rights did not extend beyond the host country. Games sponsors would begin negotiations with an NOC, only to find that their competitors had pre-empted them with a direct team sponsorship, effectively blocking them from the market.

The true complexity of the challenge facing would-be sponsors is hard to overstate. It involved persuading over 160 countries to sign up for a single marketing strategy. In many ways, it was like the political challenge of unifying the members of the United Nations or the European Community around a single policy. Sponsors found this highly complicated structure time consuming, frustrating and unworkable, aside from feeling misled. It was an unwieldy and inefficient way to run a major brand. Gary Hite, Coke's sports marketing chief at the time, explained to Samaranch that, although Coke believed in the Olympic Movement and its marketing potential, the IOC had to find an easier way for companies to get involved.

My own involvement in trying to cut through the complexity began in 1983 when I joined ISL from West Nally, as Olympic project manager. My mandate was to help Dassler and ISL deputy CEO Juergen Lenz, create a global marketing programme for the Olympics. After the 1984 Los Angeles Games, it was decided that the best place from which to develop and manage the project, would be from the host country of the next Olympic city. So I moved to Seoul, Korea, and embarked on the long road of creating sponsorship income.

Solving the puzzle

The basic marketing concept generated by Horst Dassler, Juergen Lenz, and myself was remarkably simple – on paper at least. It was to bundle all the rights together – the IOC, the Winter Olympic Games, the Summer Olympic Games and over 160 National Olympic Committees – into a single four-year exclusive marketing package, offering companies one-stop shopping for their global Olympic involvement. The programme operated under the secret code name 'TOP'. This initially stood for absolutely nothing. Later, the sheer complexity of pulling all the different elements together meant that TOP stood for 'The Olympic Puzzle' – in the minds of those involved at least. Only after the project was fully established, did the TOP code name stick, as 'The Olympic Programme'. Later we officially re-christened it as 'The Olympic Partners' to reinforce the partnership element. Within the marketing industry TOP became a brand name in its own right.

There was just one problem with TOP: neither the Olympic organising committees nor the National Olympic Committees wanted to sign up. Nor was there a long queue of companies wanting to exploit the potential of a global Olympic association.

Dick Pound kept telling Samaranch that the concept would never work. So, Samaranch turned to him and responded, 'Right, you're responsible for making it work.' This was not what Pound had in mind. 'The difficulties of persuading the organising committees and the NOCs were such that I believed the programme would never get off the ground, least of all in time for the 1988 Games,, Pound later observed. Even after a couple of years of development, Pound was still far from sure that TOP would ever make it. 'This is a trial,' he told journalists. 'If it works, great. If not, we'll go back to the old way.'

The first challenge was to get the NOCs to sign up for a centrally co-ordinated marketing programme – and give up all their marketing rights in select potential sponsorship areas. Although few NOCs had a really developed marketing programme, this proposal was seen as a threat to their control. It meant ceding authority back to the IOC, and worse, working with an untried marketing agency.

Few NOCs were happy. It was like being back at the UN or EC negotiating tables, but this time we were pushing not just for a one-off agreement but for a whole new constitution. The NOCs that were generating any revenue from sponsors were deeply suspicious of the true motives of the TOP programme, expressing reservations about any initiative that would potentially 'milk the countries with the most potential'.

Strangely, there was also a sizeable group of NOCs who did not want to see a sudden increase in their financial support. A significant number received substantial funding from their governments. It was not in their interests to see the funding gap between government-funded comparatively wealthy NOCs and the competition closed. It would mean having to petition their governments to increase their own funding to stay ahead of the game.

The biggest battle of all was with the United States Olympic Committee (USOC), which jealously guarded its control over the Olympic trade marks in the US territory. Participation of the USOC in the TOP programme was absolutely critical – as many of the prospective sponsors were US-based.

Over three years, monthly meetings were held with the USOC. This was still the Cold War era. The USOC Executive Committee members wanted to know on what basis Olympic organisations in communist countries would receive sponsorship revenues from TOP. To American sports leaders the idea that funds from US corporations might be used to help fund communist sports training (as one member of the US Olympic Committee put it to me) was wholly inappropriate. The fact that many of their corporations were already trading in several of these countries, and sending their profits back to their US head offices that indirectly helped fund US athletes, was seen as totally irrelevant.

Slowly, very, very slowly, the NOCs were brought on board. All were offered a modest $10,000 payment spread over three to four years, and an additional $300 for every athlete they sent to the 1988 Games. About 20 NOCs who had some form of established marketing programme were offered financial guarantees by ISL to buy out their rights. Some of these guarantees ran into millions of dollars.

Some NOCs signed up with little comprehension of what the TOP programme was all about. Other NOCs took upwards of 50 individual rounds of negotiations, with long drawn-out arguments about the real economic value of their territory. Juergen Lenz, at ISL, was responsible for the overall Olympic project. If it were not for his permanently optimistic, but nevertheless stubborn Germanic approach, we may never have succeeded in getting all of the countries on board. In the end, the vast majority of NOCs signed up, 154 out of 167 signed. Only 13 NOCs refused – most, like Afghanistan, North Korea and Cuba, for political reasons.

Seoul searching

Aside from a big question mark over whether we would succeed in bringing all the major NOCs on board, there was also considerable doubt about whether the 1988 Seoul Olympic Games would even take place.

The country was still technically at war with its neighbour. For the first few years following Seoul's election, the Soviet media questioned the decision and challenged the IOC to move the Games.[2] Although Soviet propaganda against Seoul eventually subsided, local student unrest in South Korea did not. Nightly news bulletins in the US showed violent student demonstrations. By 1987, these had reached hysteria level. Howard Cosell wrote in the New York *Daily News*: 'You read it here first. You read it this time last year. William Simon, former head of the United States Olympic Committee, told you. Peter Ueberroth, former head of the Los Angeles Olympic Games, told you. This reporter told you, too. We all told you that the 1988 Summer Olympics would never be held in Seoul, South Korea.

Not for the citizens of the US at least ... What does it take for the IOC to respond to the safety of its athletes?'[3]

Clearly, this was not an inspiring backdrop to convince companies to invest in the Olympic Movement and to use the Seoul Games as the focal point for their corporate hospitality programmes. Taking customers into a potential war zone lacks obvious commercial appeal. One TOP partner went so far as to send over body bags as part of its hospitality operations plan for the Seoul Games, just in case anyone needed to come back as cargo.

Even so, we carried on developing the programme. We drew up a list of more than 44 potential product categories to sell exclusive sponsorship rights to. The corporate sponsors had to be given clear instructions about which products and services they were the official sponsors for. The list had little to do with any true market evaluation and more to do with what each of the Olympic parties did not want to or could not sell. Hence categories like pretzels joined the list, alongside the more traditional areas of soft drinks (covered by Coca-Cola) and film (Kodak).

The financial modelling for the first TOP programme was even more arbitrary. There was no analysis of what the actual market place might be worth. Dassler decided that the programme could generate $300 million – the only thing he forgot to say was when. We sat around the conference table at Adidas' headquarters in Landersheim, France, with a mandate to make the numbers add up to $300 million. 'But what happens if they don't?' I asked. 'It doesn't matter, they will one day,' came the reply.

The individual pricing of the categories was even more haphazard. Members of an IOC committee set up to co-ordinate the TOP programme were asked by Dick Pound how much income they expected from any given category.[4] Each party gave its number, and we then added up the total. That was the pricing model and the full extent of the market research for what ultimately became the largest and most prestigious global marketing programme in the world.

Spinning TOP

Predictably, the media's attitude towards TOP was decidedly mixed. It was seen as yet more commercialisation.[5] There was still a lingering nostalgia for the traditional values, the Corinthian spirit, no matter how unrealistic.

The critics were premature. We first had to sell the programme to corporations. If we couldn't persuade the business world to sign up there would be no TOP programme. This was a harder sell than anyone could have foreseen. Yet it began well.

Coca-Cola committed itself to Samaranch from the outset and joined the programme. However, it kept all its options open by making unilateral deals directly with each of the organising committees, and then sitting back and waiting for ISL to bring all the NOCs on board. Kodak and FedEx also signed fairly quickly but the sales momentum did not last very long. Months passed and nothing happened.[6] Every single sales approach was rejected, and doors slammed in our faces.

The Los Angeles Games were viewed by the public as a great success, but the feedback from within the business community was less positive. Some of the Los Angeles sponsors had been frustrated by their Olympic experience and the problems of activating their rights. Some, like Levi Strauss, simply decided to get out of the Olympic business all together.

The surprise $225 million profit declared by Los Angeles Committee president, Peter Ueberroth, after the Games did not help build business confidence in the Olympics. Several companies felt that they had been unduly squeezed to prevent the Committee from going bankrupt and embarrassing the US. Ueberroth even admitted how 'time and again we went back to them and asked for more. They always gave. We had them. They knew it.'

Other companies, like American Express, refused to believe we would ever get all the NOCs on board. They were sure we would have to break up the rights in the end, and that they would then be able to cherry-pick the key territories.

Samaranch appealed directly to Amex chairman James Robinson without success. Amex was certain it had no competitors who could step up to the programme. Rival firm Visa, an association of over 20,000 member banks, was seen as having too complex an organisational structure to make any global marketing decision.

I tried to sell Swiss Timing – Swatch – on the benefits of a global deal with the IOC, by implying that its competitor Seiko was ready to jump in. Manfred Laumann, president of Swiss Timing, called my bluff. He told me bluntly that I misunderstood the dynamics of the whole operation. 'You pay us to time the Olympics, we do not pay you!' As it turned out he was right. Seiko felt the Olympics was too big an undertaking and didn't return my calls. Swiss Timing was paid to time the Seoul Games.

At one stage, we got so desperate to create the necessary critical mass to kick-start the programme that we even offered certain TOP marketing rights free of charge to companies. IBM had already committed at a local level to the Calgary and Seoul Committees to provide basic technology support. We suggested that if IBM head office would support an approach to its individual local operating units to present the Olympic marketing opportunity, we would automatically make IBM a TOP partner, and give it the rights to the Olympic symbol for free. IBM sent us packing, saying that it was not interested in putting the Olympic symbol on computers.

Elsewhere, none of the big Korean companies – Samsung, Hyundai, Daewoo or GoldStar – came forward. They decided that, in 1986, they were not yet ready to take advantage of the global opportunities that TOP presented. Dentsu, the Japanese advertising giant and ISL's partner, was also not having much luck in persuading any Japanese companies to sign up.

Visa accepted here

By late 1985, with just over two years to go until the Seoul Games, we were desperate. We only had three partners on board. After nearly three years of effort, Dassler and ISL had guaranteed millions of dollars to NOCs for their rights and yet companies were just not buying. Internally at ISL, it was recognised that if we didn't sign up at least two more partners by the following summer, the TOP programme would probably have to fold – and with it the IOC's attempt to create a marketing strategy.

Rob Prazmark was ISL's senior sales executive in the US. He was one of the best and most determined salesmen in the business. Prazmark never, ever gave up. He kept calling every company he could think of, trying to get his foot in the door to make the Olympic sales pitch.

One of Prazmark's calls was to Jan Soderstrom, Visa's vice president of marketing. Soderstrom had only recently joined Visa from computer games maker Atari. As a sponsor of the Los Angeles Games, Atari's experience had been disappointing. Not surprisingly Soderstrom was less than enthusiastic.

But the timing of Prazmark's call in late 1985 was perfect. The new management team at Visa was exploring how to move Visa upmarket. It was looking at ways to enhance its image in the upscale travel and entertainment markets – a consumer franchise long dominated by arch-rival American Express. Despite being accepted in three times as many locations around the world than Amex, Visa did not have the cachet of Amex. It wanted to become the corporate card for high-spending business expense accounts and reinforce its image of international acceptability. To do so, Visa wanted to create a unified international programme that all of its 20,000 member banks across 150 countries could use.

BBDO, Visa's ad agency, immediately saw the potential of an Olympic partnership. They relished the idea of an advertising campaign showing Olympic venues and athletes, ending with the tag line, 'and bring your Visa card, because the Olympics don't take American Express'. The challenge now was how to sell such an aggressive tag line to the Olympic parties, a habitually conservative group, many of whom were still cautious about TOP and the Movement's entry into sponsorship.

Despite her initial misgivings, Soderstrom quickly realised that 'the Olympics could be the ultimate merchant that takes Visa and not Amex'. We had Visa hooked. But landing a catch takes time and the Visa board was still struggling with the decision due to what they saw as sticker shock. While American Express paid $4 million for its Los Angeles sponsorship; Visa was being asked to pay $14.5 million for TOP. Even though it was a global programme including the Winter as well as the Summer Games, the price stuck in their throats. The Visa board needed persuading. Senior vice president for marketing John Bennett told his board that Visa was 'going to stick the blade into the ribs of American Express'. This was brutal, but persuasive. The board agreed, and instructed Bennett and Soderstrom to begin negotiations.

In early 1986, the Olympic parties and ISL met in New York for a regular TOP programme review meeting. Prazmark introduced the Visa team. John Bennett and Jan Soderstrom then proceeded to sell the IOC and the Olympic parties on why we should accept Visa as an Olympic partner. We were totally confused. We thought that we were the ones having to sell and yet here was a major blue chip international brand trying to sell us on why we should select them.

Visa joined the TOP programme. The decision paid off. John Bennett later reflected that 'the 1988 Olympic Games put us on the world stage and gave us tons of credibility. We were players. American Express gave up the ball.'[7]

The end of the beginning

Rob Prazmark wasn't finished. He also organised a second surprise presentation at the New York meeting. This time it came from 3M, the sprawling conglomerate making more than 50,000 different products with a portfolio ranging from magnetic media to thermal insulation, from industrial reflective materials through to office supply products. Charles Eldridge, 3M's vice president of marketing, was also looking for a programme to unite its disparate workforce of 85,000 employees and 50 divisions. With such diversity and an appetite for change and innovation, 3M faced very specific communications challenges. It was better known for its individual brands (such as Post-It Notes) than as a dynamic global corporation. 3M had never been involved in any major sports sponsorship programme, for the simple reason that no programme had ever offered the necessary scope.

Eldridge understood that TOP and the Olympics could potentially provide 3M with the umbrella theme needed to build corporate awareness and unite all the divisions. 3M could adopt the Olympic ideals and merge them with its own success and commitment to innovation. 3M quickly became the fifth corporation to sign on.

Suddenly the TOP programme looked like it had turned the corner. The announcement by two major global companies – companies that had no track record of sports marketing – grabbed the market's attention and provided the IOC with the necessary critical mass to drive the programme forward. Four more companies joined TOP in the coming months: Dutch electronics giant, Philips; US publishing titan, Time-Sports Illustrated; along with Matsushita-Panasonic and Brother Industries from Japan.

In total, the first TOP programme attracted nine leading multinationals and generated around $95 million. But, perhaps the greatest success of the first programme was persuading virtually all of the NOCs to sign up to a centralised marketing programme and establishing the structures for a global marketing plan. Out of the 167 recognised NOCs at the time, 154 signed up. Only Greece, among the major developed markets, refused to participate. It opposed the commercialisation of the Olympic ideal as a matter of principle – somewhat hypocritical considering the profusion of Olympic trinkets and trash sold at the souvenir stalls around Olympia.[8]

There is no question that if Samaranch and the IOC, with Dassler's help, had not launched the plan when they did, it would have been virtually impossible to get all the countries together. Even partners like Coke and Kodak were sceptical about whether the IOC could really pull it off. 'It's been a major accomplishment for something that was deemed impossible,' Kodak's then marketing boss, John Barr told the media on the conclusion of TOP I.

Sadly, Horst Dassler died suddenly in April 1987 at the age of 51. He never saw his original vision for the future of Olympic marketing fully realised. However, he helped to establish the foundations of a programme that revolutionised the IOC's financial fortunes and changed the basis of sponsorship for the whole sports marketing industry.

Membership is a privilege

Traditionally, sports sponsorship is based on advertising inside the venues and on the athlete's bib, with the goal of providing maximum brand recognition through the television broadcast. The Olympics is different. It is free of advertising. No commercial signs. No large brand logos. No hoardings or banners. This challenges marketing executives to approach the Olympics with a totally different mind set. It forces them to devise innovative and creative programmes.

Companies relying only on venue signage had become lazy, treating their sponsorship deal as a straight media buy and not trying to understand the true power and potential of the partnership.

Visa and 3M joined TOP with no pre-conceived ideas on sports sponsorship. They proceeded to re-write the sports marketing rule book, teaching many of the long-standing traditional sponsors how it should be done. They made the Olympics the core of their marketing strategies. They integrated it into their advertising, their public relations, their internal communications and on through to their product development.

In the credit card world, American Express dominated Asia. Carl Pascarella, CEO of Visa Asia Pacific, was anxious to change things. He had ambitious plans to open up China, Japan and Korea, and the 1988 Games in Seoul offered the perfect platform to improve Visa's image and market share. The Olympics provided Visa with the opportunity to develop its first co-ordinated advertising campaign across the region – and tackle Amex head on. In 1987, when Visa launched its Olympic marketing campaign, it was the number three card in Asia. Within three years, it overtook Amex to become the market leader.

Visa launched its first Olympic advertising campaign in Calgary with a series of hard-hitting advertisements that said that if you were going to the Games, 'bring your camera and your Visa card, because the Olympics don't take place all the time, and this time they don't take American Express'. Another ad noted: 'At the 1988 Winter Olympics, they will honour speed stamina and skill – but not American Express.'

On seeing the ads, American Express went ballistic, claiming that the adverts were misleading. As soon as Visa saw American Express' reaction, it knew that it was on to a winner. 'This is a clear signal that we're having an impact,' said John Bennett, Visa's marketing boss, 'It's a marketing war, and that's new to American Express.'

For Visa the pay-off was dramatic. Global sales volume for the first three years of its Olympic partnership increased 18 per cent against its own forecast of 12 per cent. Results from direct response campaigns and other promotions were 17 per cent higher when Olympic imagery was used. Card volume increased by 21 per cent during periods of Olympic promotion. Consumers who were aware of Visa's Olympic sponsorship had dramatically better views of Visa, doubling their perception of Visa as a good corporate citizen; a 50 per cent increase in attitudes of overall best card and use for international travel was also recorded.

The Olympics provided Visa with an overall marketing focus that it had never had before. Visa developed one of the most comprehensive marketing programmes centred on a sports sponsorship yet seen. The results had a major impact on Visa's bottom line.[9]

Since 1992, Visa's own market research has shown that the percentage of consumers calling Visa the best charge card has ballooned from 40 per cent to 63 per cent. That increase has helped pull Visa's market share from 40 per cent to 53 per cent.

It goes without saying that American Express rued the day it passed on the TOP programme. In 1996, I had dinner with James Robinson, who by now had retired as chairman and CEO of American Express. He admitted that losing the Olympics was one of the worst, if not the worst, mistake that he made at Amex. The media concurred, calling it 'the greatest marketing blunder in its history'.[10]

The TOP programme also paid off for 3M.[11] It used the awareness of the Olympic rings to break down the anonymity of its brand, which had been particularly acute in Europe. The Olympics gave 3M instant brand recognition with the consumer. It provided a platform to unite all its employees, across the many diverse divisions and product areas, creating for the first time an environment and culture to talk across business areas. 'Sponsoring the Olympics allows us to integrate our worldwide marketing programmes to support selling efforts in highly competitive markets and increase our visibility where we are less well known,' announced Don Osmon, vice-president of marketing and public affairs, when 3M joined.

Twin peaks

The commercial success of the Seoul sponsorship deals gave real momentum to the second TOP programme for the 1992 Albertville and Barcelona Games.[12] TOP II nearly doubled its revenue base to $175 million and all but a handful of NOCs signed up.

The sales effort continued to present unique challenges. In his enthusiasm to close the sale, Rob Prazmark occasionally drifted from the set script with creative ideas as to how a partner might activate their Olympic involvement and get the full return on their investment.

Bausch & Lomb chairman Dan Gill was sold on an Olympic partnership on the basis of his personal involvement in the medal awards ceremony. Prazmark suggested to Bausch & Lomb that they produce a special set of commemorative Ray-Ban sun glasses in gold, silver and bronze, for the medal winners at each Games. Seeing that Bausch & Lomb was interested in the concept, Prazmark went for closure.

He suggested that the glasses could be presented as part of the official medals award ceremony. The IOC has over time developed a very strict set of protocols for the award of medals. No deviation from the carefully choreographed ceremony is permitted. An IOC member leads a small, formal delegation out to the centre of the stadium to award the Olympic medals. The IOC member is accompanied by a single representative of the International Federation who presents flowers to each athlete, after the IOC member hangs the medal around their neck. Prazmark decided that it was now time to embellish the protocol by proposing that next, Dan Gill, chairman of Bausch & Lomb, should step forward, in front of the world's television viewing public, and place the gold, silver and bronze glasses on the athletes' noses. Not surprisingly Gill and Bausch & Lomb jumped at the idea; the IOC did not.

Prazmark called me with the good news. 'We have a new partner on board,' he said before explaining about a 'minor' rights detail that might need to be sorted out. I am not sure how we explained the dilemma to Dick Pound. He was tasked with going to visit Dan Gill in Rochester, New York, Bausch & Lomb's headquarters, to welcome the company into the TOP programme. At the same time, Pound diplomatically told Gill that he was not going to be part of the medals awards ceremony and not stand in front of the world's TV audience. Pound, as usual, delivered and Bausch & Lomb still signed up.[13]

That dog won't hunt

The TOP III Programme paired the Winter Games in Lillehammer with the Summer Games in Atlanta. Total revenues grew to $376 million.

When Billy Payne, president of the Atlanta Olympic Bid Committee, began to conceive the idea of trying to bring the Centennial Games to Atlanta, not surprisingly one of the first companies he turned to was Coca-Cola. Atlanta was defined worldwide as the headquarters of the world's largest soft drinks company, and Coca-Cola was the biggest and one of the most active sponsors of the Olympic Movement. Coca-Cola could trace its involvement with the Games back to 1928, when it sent over 1,000 cases of Coke to Amsterdam with the US Olympic team.[14] Former Coke president and CEO, Paul Austin, even competed at the 1936 Berlin Olympic Games as a member of the US rowing team.

Coca-Cola, though, was well aware of the dangers of being seen to support one particular Olympic bid over any other city. It was especially wary of any attempt to involve it in a bid with its own headquarters city. It was, after all, a global company. In the early 1970s Atlanta had considered bidding for the Games and bid leaders had approached Paul Austin. Austin rejected the idea out of hand, throwing the bid team out of his office. He did not want to risk alienating Coke customers around the world.

Coke chairman Roberto Goizueta took much the same approach when Billy Payne tried to pin him and Coca-Cola down for their support for the Atlanta bid. When Atlanta finally did beat Athens by 51 to 35 votes, at the IOC Session in Tokyo, Gary Hite, Coke's sports marketing boss, summed up the situation: 'Everyone is going to be thinking that Coke bought the Olympics for Atlanta. If anything we did not want it in Atlanta. We wanted it somewhere else.'

Several months before the IOC Session, I suggested to Gary Hite the idea of producing a special commemorative set of pins. Olympic pins had become the most popular Olympic souvenir – practically a currency in their own right. Creating a special pin commemorating the winning city would become a special and valuable Olympic collector's item. Immediately following the announcement, the plan was to have Coke hostesses hand out the pin of the winning city to the 2,000 guests in the hall of the Takanawa Prince Hotel, where the IOC Session was taking place.

Hite liked the idea. It was a simple public relations stunt that would get Coke some publicity and reinforce the company's long-standing Olympic role and international perspective. Coke produced six pins, one for each of the bidding cities: Athens, Atlanta, Belgrade, Manchester, Melbourne and Toronto. Each Coke hostess was given a bag of 2,000 pins of each city, with the instruction to just hand out the pin of the winning city, straight after the announcement. We had thought through all the scenarios – except one, Atlanta winning!

Atlanta entered the IOC Session as a dark horse and not many people gave the city a chance. Nobody thought through what in hindsight was the glaringly obvious: the immediate reaction of the guests, especially the Greeks, on being given a Coke Atlanta 1996 Games pin. Their reaction, understandable in the circumstances, on leaving the ceremony was, 'How could Coke have produced them so quickly? Coca-Cola must have known. There must have been a fix!' What a blunder.

Within seconds of the announcement that Atlanta had beaten Athens for the right to host the symbolic Centennial Games, the Greeks looked for their scapegoat.[15] Coke quickly became the culprit. Coke had stolen their right to the Games. The media jumped at the story. It was fuelled by statements from Greek delegates like Melina Mercouri, the Oscar winning movie star, and then Greece's Culture Minister, such as 'Coca-Cola has won over the Parthenon' and 'this will be the Coca-Cola Olympics'.

Coke's Gary Hite and I immediately tried to grab a few complete sets of pins of all the cities and thrust them into the hands of the communications team. We wanted to show the media that no matter which city won, Coke had prepared a commemorative pin. But it was too late. The damage had been done. The headlines the following day were negative: 'Money and power triumph over sentiment ... And a Coke bottle belching sacred Olympic flames.'

Coke bottles were cracked open in the streets of Athens and poured into the sewers. Coke's market share in Greece took a dive, taking years to recover. The IOC, the Atlanta organisers and Coke spent the next seven years trying to dispel the perception that Coke had bought the Games. Andy Young, the chairman of the Atlanta Organising Committee and former US ambassador to the United Nations, repeatedly denied the accusation, using the old-fashioned southern-Georgia expression of, 'that dog won't hunt'. Doug Ivester, who succeeded Goizueta as Coke chairman, told journalists time and time again that Coke 'did not need the Olympics in Atlanta – it could be anywhere.'

Blink and you might lose

Over the years, Olympic negotiations were littered with casualties – companies who blinked, and let their competition step in to take over the rights. As with the Games, there are losers as well as winners.

In 1982, Peter Ueberroth had been trying for over a year to close a $4 million sponsorship deal with Kodak. Someone in Kodak's finance department worked out that for each week they delayed signing the contract, they were saving the company several thousand dollars in interest charges. Ueberroth's patience eventually ran out, and he turned to a senior executive at the Japanese advertising agency, Dentsu, for help. Reiji Hattori had begun to understand the power of sports as a tool to build brand recognition for his clients around the world (and is credited by many as the founding father of Japanese sports marketing). Ueberroth proposed to Hattori that he pitch the Olympic sponsorship to Fuji Film. He gave him a week to succeed.

Hattori knew that it was impossible for Fuji to take a decision that quickly. Hattori also knew that the Olympics could be the key vehicle to open up the US market for Fuji, so he told Ueberroth that Dentsu would take the sponsorship and they would work out later how to deal with the issue with their client.[16] In the interim, Hattori, with the help of a young executive at Dentsu, Haroshi Takahashi, set about explaining to his own board just exactly what they had gone and done.[17] Hattori stayed in Los Angeles for two weeks, long after the deal had been signed with Ueberroth, and did not dare return home to Tokyo until he was sure that Takahashi had settled everything with the Dentsu board.

Kodak executives were apoplectic with rage when they learnt that the company had lost the Olympic rights in its own home market. Kodak embarked on an aggressive public relations campaign against Ueberroth and the Los Angeles organisers. The thrust of the press campaign was that Eastman Kodak, a great American company, had expressed its willingness and interest in sponsoring the Olympics, but the grubby guys from LA only wanted to talk money.

Ueberroth responded in a press release explaining how sponsors were selected – and, to ensure no one missed the point, headlined the press release, 'How Kodak lost the Olympics'. The Kodak executive who had decided to delay signing the contract lost his job, and went on to try and sue, unsuccessfully, the Organising Committee for his plight.

Fuji went on to build its market share in the US from three per cent to nine per cent in a couple of years on the back of its Olympic sponsorship, despite vociferous competition from Kodak.[18] When the Olympic rights came up for renewal a few years later, Kodak made sure it did not blink a second time.

Other companies have paid the price of not hanging onto Olympic rights. American Express, years after it had lost the rights to Visa, is still licking its wounds and will be doing so for a while longer, as Visa has extended its Olympic partnership out through 2012.

Another company which eventually jumped at the Olympic opportunity when given the chance was Korean electronics giant Samsung. Motorola was a long-standing local Olympic partner and, after the 1996 Olympic Games, decided that the time had come to upgrade to a full global TOP partnership.

Negotiations dragged on for months, but eventually an agreement was reached. Then, a couple of weeks before the deal was scheduled to be formally signed, the senior vice president of Motorola's mobile division called me at home, late on a Friday evening. There was 'a small problem, with the deal,' he said. They had looked through all the numbers, they wanted to proceed, but could only now offer half the agreed sum – a reduction of tens of millions of dollars.

Motorola's real motives were far from clear. The company knew that we could not deliver global Olympic marketing rights at this level. After expressing surprise at its negotiation tactics, I responded that the IOC would think about Motorola's proposal and, if there was any interest, we would call them back. Motorola fully expected that we would call back the following week and hold further negotiations leading to a substantial reduction over the original agreed sum.

The IOC never called Motorola back. Instead, we immediately let Samsung know that an opportunity had opened up and it had three days to get to Lausanne. If the Korean company could conclude a deal on the spot, then it could join the TOP programme.

Samsung dispatched a senior team of negotiators to Switzerland. Three days of round-the-clock negotiations led to an agreement. A few weeks later, Samaranch and I flew to Seoul to formally sign the agreement and announce the partnership to the world. The first Motorola knew that it had lost the Olympic rights was when it read in the press that Samsung was the newest Olympic sponsor. At the time, though, even the Korean media were astonished that the IOC had chosen Samsung to be the Olympic wireless communications partner. In 1997, Samsung had only a limited presence in international markets in mobile phones. Six years later Samsung unseated Motorola for the number two slot in the mobile communications market.[19] At the time Samsung joined TOP, Interbrand ranked the company 96th in its global brand survey; by 2004 it was 21st. Today, it is a premium brand with technology leadership and one of the biggest net incomes in the world.

Connecting with customers

With all the inherent complications and challenges, it's important to remember why companies spend tens of millions of dollars sponsoring the Olympics. The bottom-line is that they do so because they hope it will make them more money. Whether as a consumer or a key business client, whether you are in central China or downtown Manhattan, nothing has provided sponsors with a stronger or more powerful unified global platform to connect with their customers than the Olympics.[20]

Market research continually underlines this point. One study by US broadcaster NBC found that 85 per cent of viewers saw Olympic sponsors as leaders, with 80 per cent of them seen as committed to excellence and quality.

Part of the power of the appeal of the Olympics is passion. 'People are passionate about the Games,' is how Coke sports marketing boss Scott McCune begins to rationalise the basis for his company's Olympic involvement. 'It is a great vehicle for us to develop a relationship with the consumers.'

In a blunt appraisal of Coca-Cola's marketing strategy, senior Coke executive Stu Cross explains that: 'We have to constantly market our beverage in a way that creates the impression that there's more than just the liquid in the package, something refreshing the spirit. The Olympics do that for us. All that fun and excitement, and global nature accrues to an image that, at a given point in time, makes people pick our product up, versus a lot of other choices that they have out there.'

Over the years, Coke has developed a series of on-site promotional, experiential marketing activities. These range from Olympic pin collecting, which in Salt Lake City alone attracted 460,000 visitors, to themed sporting attractions that give families the chance to try out different Olympic sports – from push starting an Olympic bobsleigh to curling. The goal is not to sell more Coke the following day necessarily. Instead the strategy is about providing memorable experiences for consumers, restaurant executives, retailers and bottlers, that pay off over the long term in increased brand loyalty.

The TOP programme, with its sponsorship of each national Olympic team, presented the opportunity for companies to embrace a truly local image, shedding the perception of always being the big US multinational. 'The Olympics enhance Kodak's image as a world leader in the photographic industry, but at the same time enhance its image as a local company, be it in Germany, Australia, the UK, Canada or wherever we have operations,' notes John Barr, the Kodak marketing executive who led its negotiations to get back into the Olympics, and one of the first to see the true potential of the local partnership. When the Olympics returned to Japan in 1998, for the Nagano Winter Games, Kodak set about avenging its loss, 14 years earlier in Los Angeles.[21]

Sometimes the Olympic connection is a little too successful, as McDonald's discovered with one of its 1984 Los Angeles Olympic promotions. A scratch card promotion, with the name of an Olympic event, ran throughout the US, with the customer winning a prize every time a US athlete won a medal. The promotion was obviously designed before the Soviets decided to boycott the Games. Unfortunately, no one bothered to recalculate the potential medal haul of the US team.

Within a few days, stores were running out of prizes, as the US team results outpaced supply. 'This is the most successful Games, but it is also the most costly,' McDonald's executives reflected once the Olympics were over.

Nearly twenty years later in Sydney, McDonald's made the same mistake. This time the company underestimated the potential success of the Australian team. McDonald's ran another scratch card competition, offering free burgers for sports depicted on the cards that match Australian gold medal winning events. When Simon Fairweather won a surprise gold for Australia in the men's archery event, McDonald's faced a claim for an additional 140,000 free hamburgers at a cost of over $200,000.

The world's largest stage

With the whole world watching, the Olympic Games have become a unique platform for companies to launch new technologies, new ideas, new thinking, and to prove that they can perform and deliver under the most difficult and testing of environments.

Kodak used the Olympics as its main vehicle to remind the world of the power and potential of imaging – from the amateur photographer through to professional diagnostic imaging expert. In Sydney, Kodak established a state-of-the-art health imaging centre in the athletes village, allowing athletes not only to receive the latest diagnosis on the spot, but also remote intercontinental consultation between the team doctor at the Games and any specialist back in the athlete's home country. Kodak conducted 1,948 diagnostic exams for 1,410 athletes over three weeks. With the world media looking on, the Games provided Kodak with a rare opportunity to talk about and present the future of medical diagnostics to a global audience.

3M used its TOP sponsorship to launch a new global marketing campaign designed to reinforce the image of the company as an innovator of new ideas, new products and new thinking. 3M focused on athletes who had smashed barriers in their sport with a totally new approach – such as Dick Fosbury's revolutionary new approach to high jumping, first seen at the Mexico Games in 1968. The campaign proved an excellent example of how a sponsor could highlight its corporate philosophy by a direct association with the Olympic values.

Both Coke and Visa used the Atlanta Games to test new smart cards – Coke with vending and wireless inventory monitoring, and Visa with their new stored value cards – prompting the *Wall St Journal* to note that 'To corporations, the Olympics represents a mini test market'.

Value in kind services and support from sponsors now account for over 50 per cent of any organising committee's sponsorship budget. What started out as companies donating free product has been transformed into a kind of exhibition for new products and brands. The 1964 Tokyo organisers turned to Japanese industry to donate products for the Games and more than one hundred companies answered the call, providing the committee with everything from 9,200 rolls of Daishowa toilet paper to Sanyo hair driers.

By the 1980 Lake Placid Winter Olympic Games, more than 200 companies were involved. The Organising Committee found itself with a lifetime's supply of chapstick and yoghurt, but only $25 million in sponsorship revenue to run the Games.

Over the years, sponsors have been quick to respond to opportunities to gain global media coverage by taking advantage of sudden last-minute requests. McDonald's launched its Olympic involvement when an executive watching ABC's telecast from the 1968 Olympic Winter Games in Grenoble learned that the one thing the US athletes wanted was a burger and fries. A large shipment was immediately airlifted to the US team.

Another US company which undertook an airlift to those in desperate need was Hanes, the US clothing company. Its president, Jim DeRose, watched CBS's Olympic telecast from Lillehammer and learned of the thousands of visitors who were unable to get their underwear washed because of a shortage of public laundries. DeRose promptly dispatched 47 cases of underwear to Norway.

At the 2000 Olympic Games in Sydney, Ansell delivered what it thought would be a sufficient quantity of condoms to the athletes' village. The batch of 100,000 ran out after just a few days and urgent orders for a further 400,000 were made. Somehow, each athlete used 50 condoms.

Jockeying for position

The Games have become not only a platform for launching new products and new systems, but have also helped companies launch whole new corporate position statements. With increasing sensitivity to environmental issues, the Games have become a showcase for sponsors to show their commitment towards environmental issues and the efforts that they are taking to change their way of doing business.[22]

For the same reason that sponsors are attracted to the Games, so are specialist interest groups. Various groups have used the Games to get their message across, singling out Olympic sponsors to get everyone's attention to the issue at hand. In Atlanta, the gay rights movement descended on Coke and other sponsors, demanding a nationwide boycott of their products if the issue of the location of one of the sports venues was not resolved within a week. Human rights groups and others are carefully watching China's Olympic journey towards 2008 and how critical social issues are dealt with.

Environmental groups like Greenpeace have used the Games to encourage multinationals to speed up adoption of better environmental practices.

Campaigner Michael Bland admitted that, 'the sponsors have a special set of obligations that are not necessarily taken on by anyone else.'[23]

Three months before the Sydney Games, on 1st June, Greenpeace launched a global internet campaign against Coca-Cola for undermining the environmental guidelines of the Sydney 2000 Games and for its worldwide use of HFC gases, with the headline-grabbing and aggressive slogan – 'Green Olympics, Dirty Sponsors'.[24] The campaign featured polar bears, one of Coke's icon symbols, struggling to find a block of ice in the Arctic, due to global climate change.

After four weeks of protests by Greenpeace outside Coke's offices in Australia, and a global campaign against the company, Coca-Cola announced that it would phase out potent greenhouse gasses from all of its refrigeration systems worldwide by the Athens Games in 2004. Within a matter of weeks, Coca-Cola went from being Greenpeace's public enemy number one to being lauded as a role model for the rest of the industry.[25]

Invitation of a lifetime

For corporate sponsors the message isn't simply an external one. They also use their Olympic involvement internally. The insurance company John Hancock pioneered Olympic hospitality as an internal marketing tool for its sales force. In Lillehammer 1994, John Hancock saw the number of salesman qualifying for its sales incentive, once a trip to the Olympic Games was identified as the prize, increase by 47 per cent generating an additional $60 million in revenues.

Rewarding employees with Olympic trips is the glamorous tip of the iceberg. Communicating Olympic involvement internally can radically improve employee perceptions. The boost to employee morale from UPS's first Olympic experience was so strong that, by the Sydney Games, the company devoted more than 50 per cent of its Olympic marketing budget to employee communications.

UPS also became one of the first sponsors to realise the value of having Olympic hopefuls in its workforce. Soon after it signed up as an Olympic sponsor, it discovered that there were 24 potential Olympians on its staff worldwide. The idea came about after a Houston-based marathon coach, Al Lawrence, who was training Melissa Hurt, a UPS driver based in Angleton, Texas, wrote to her employer asking for help. 'I wanted to train for the Olympics and keep my job', Melissa recalled, 'and my coach saw I was killing myself trying to do both.' UPS developed a programme called Olympic Hopefuls. It provided its athletes with flexible working arrangements, including time off to train for the Olympics, and sports equipment. Nine UPS employees went to the Games as members of their various national Olympic teams.

A number of partners have found the Olympics a useful recruitment vehicle. For example, IBM realised that when it started talking to students about what it was doing to develop the technology systems for the Olympic Games in the mid-1990s, it was viewed as a younger, more dynamic and innovative company. The Olympic association helped it shed its image of a stiff organisation, with starched white shirts and blue suits.

The results

One of the best testaments to the success of TOP is the programme's 90 per cent plus rate of renewal – virtually unheard of within the industry. With corporate expenditures coming under ever increasing scrutiny, the fact that the partners have repeatedly committed hundreds of millions of dollars, and a sizeable proportion of their global marketing budget, to the programme speaks for itself. It says that TOP has been delivering the necessary results to the corporate bottom line.

Initially many media and industry commentators judged sponsorship success on the basis of name recall – whether the consumer could name the sponsor of an event. After the Games, various research agencies would rush out a quick recall study. These had more to do with getting the agency's name in the press than any serious academic analysis. The studies missed the point about why a company sponsored the Olympics and the broader strategies that were involved with each programme. It was like asking TV viewers if they could remember which companies advertised on television the previous night, and then judging the success of the commercials on whether the viewers could recall the advertisers.

'Recall might be good for the consumer-based products, but the important thing for us it to raise awareness in the business-to-business market,' was Rosemary Windsor Williams, UPS Olympic director's reaction to the various recall studies. Even consumer marketers like Visa questioned the value of sponsor recognition as a criterion for success. 'We monitor our brand globally and, frankly, the key determinants of our success are card preference and usage, and incremental volume as a result of our sponsorship activities – not awareness.'

A research study carried out during the Atlanta Games to see how sponsors evaluated the success of their Olympic programmes identified the four most important aspects as: first, hospitality opportunities; second, sales; third, media coverage; and fourth, image and public perception. The absence of sponsorship awareness from the list was not lost on the researchers who noted that: 'Surprisingly, sponsorship awareness ranks the lowest among all evaluation criteria.'

Name recall research gave a false picture of the value of sponsorship. The bottom line is that sponsors do not go into the Olympics for recall. Who cares about recall when your market share goes up five per cent directly as a result of the Olympics? Several Olympic partners, particularly those who made the Olympics the core of their marketing strategies, have been able to show strong results and prove the power of the Olympics as a marketing tool.

When Visa began its Olympic adventure, it trailed Amex as the true card for international travel in terms of brand image and perception. Although Visa enjoyed a 42.7 per cent market share in terms of the number of cards issued, against Amex with 21.9 per cent, Visa was just not pulling its weight in the high-spending expense account and travel revenue. Within a few years, Visa had overtaken Amex as the global travel card. The industry grew at an annual compound growth rate of 16 per cent, but Visa's brand perception grew at over 50 per cent after 1986, the year Visa joined the TOP programme.

UPS reported how the power of the Olympic rings and related imagery delivered compelling business results, with 'direct mail promotions before the Atlanta Games (using the Olympics as a promotional platform) bringing in results three to four times higher than any previous campaign.' Bausch & Lomb reported similar results of how an Olympic-themed promotion would always outperform any other promotion that the company ran.

Sponsors saw particularly dramatic results in host countries, even where they already enjoyed a dominant position. Coke, for example, announced an increase of 20 per cent in Norway after the Lillehammer Games; equal to $170 million per month. Visa reported a 42 per cent increase in card holder usage in Australia in the lead up to and through the Sydney Games.[26]

John Hancock saw equally strong results from its Olympic promotions. The insurer enjoyed a 12 per cent increase in purchase consideration after its first Olympic involvement with the Lillehammer Games. It also saw significant increases in company's corporate brand equity – as a successful and energetic company, dedicated to excellence, highly reputable and an industry leader.[27] A classic example of how Olympic brand values could be transferred to support the sponsoring brand.

Ensuring success

The TOP programme became the most successful global marketing programme in the world, establishing itself as the benchmark for the sponsorship industry. It revolutionised the IOC's financial fortunes, bringing in the financial and promotional muscle of some of the world's greatest corporations. Yet, at the outset, no-one believed in the programme and it very nearly did not happen.

Experience suggests that successful sponsors share a number of characteristics. First, they have clear objectives and then build a programme to help achieve those objectives. They then regularly track progress and are not fearful of making mid-stream adjustments if things aren't going to plan. The sponsorship is integrated into their overall business objectives and way of doing business. It is fully supported from the top down. And, they understand the Olympic brand and what it stands for.

It was this final point which increasingly became the centre of the IOC's focus. Through necessity, we had created the two commercial pillars on which we could build. Next, we needed to really understand what we were selling: which parts of the Olympic brand were sacred and could not on any account be damaged by misplaced commercial programmes.

The IOC was the steward of the Olympic flame. To protect it, we had to truly understand what made the Olympics special. We had to be clear about what the rings really stood for. It was only in this way that we could preserve them for future generations. Getting it wrong would be fatal.

NOTES

1 This was Samaranch's second attempt to remove Berlioux. In 1981, he obtained the IOC Board's approval to dismiss her before one senior member got cold feet. Berlioux went on to become sports advisor to the then Mayor of Paris, Jacques Chirac.

2 In November 1984, *Sovietsky Sport* wrote: 'It is really not too late to correct the blunder [the selection of Seoul] made three years ago. Is it not better to decide now once and for all in advance not to go as far as a new Los Angeles nightmare?' *Izvestia* stated that the IOC should not delay in transferring the Games from Seoul.

3 The *New York Post* went even further: 'There is blood on the streets of Korea these days, but apparently even in 1987 word is sent by sea. Nobody at the IOC in landlocked Switzerland has blinked an amateur eyelid.'

4 The committee was the MCM which stood for Marketing Co-Ordination Meeting. It became the effective oversight management board for the TOP Programme until the IOC took over total control of the programme for TOP IV.

5 In the UK, the *Guardian* newspaper wrote of the 'once lordly IOC climbing down into the marketplace'. The *Financial Times* said that 'the modern benefactors of the Olympics are the TOP partners'. The *International Herald Tribune*, though, began to examine and explore the true power of what TOP could offer, writing, 'If the battle of Waterloo was won on the playing fields of Eton, it may be that the international trade wars of the 1990s and beyond will be decided at the 1988 Olympic Games in Seoul and Calgary ... an ambitious programme, in which companies are seeking a marketing edge by securing exclusive rights to the Olympic rings.' Elsewhere the *Berner Zeitung* and the *Zurich Tages Anzeiger* expressed concerns about allowing commerce to compromise ideals. 'The Olympic Games must take a step back or else money and commerce will stamp out the Olympic ideal once and for all,' wrote the former, while the latter newspaper headlined

its editorial: 'Money Games – Big money made the Olympics artificial and sterile.' Meanwhile, the *Daily Telegraph* observed: 'The soul of the Olympic Movement is being devoured by avarice and the IOC would do well to remember the effect that had on the ancient Games.'

6 Kodak traces its Olympic involvement back to 1896 when it helped fund the official results books with a page of advertising. But the company was still smarting from losing the Los Angeles sponsorship to Fuji and seeing its US market share slip under a barrage of Olympic marketing initiatives from its Japanese competitor. Kay Whitmore, chairman of Kodak, made it clear that: 'We are not going to take the kind of beating the auto companies have.' He was anxious to get back into the Olympics. The sponsorship deal with Kodak was one of the fastest Olympic rights negotiations on record. It involved a few calls in the middle of the night during the Los Angeles Games from ISL and Kodak was back on board. Fuji baulked at the asking price for TOP and lost its place.

7 Rick Bush, Visa's Asia ad manager talked of how 'the Olympics were an amazing tool. They gave us instant credibility across Asia. We were playing with the big boys, Coke, Kodak and the rest.'

8 13 NOCs chose not to participate in TOP 1: Greece, Afghanistan, Albania, Burma, Cuba, Iraq, Kuwait, Libya, Mongolia, North Korea, Qatar, Yemen Arab Republic and Venezuela.

9 For Malcolm Williamson, president and CEO of Visa International, 'the Olympic Games truly are a global event that transcends sport. No other sponsorship opportunity compares with them in offering a combination of international exposure, broad-based audience and a wide range of events with global appeal.'

10 Other competitors looked enviously on. Norman J. Tice, chairman emeritus of MasterCard International, observed: 'Visa has very appropriately capitalised on the rings and absolutely used them as an important part of its global campaign to develop new market share at the expense of American Express.'

11 Don Linehan, a senior marketing executive at 3M, oversaw their Olympic marketing effort, and commented: 'If they could get into the Olympics or the World Cup, we could achieve impact on the consumer market. Our turnover (prior to the Olympic sponsorship) was $10 bil-

lion ... now, perhaps partly as a consequence (of our sponsorship), our turnover has risen (in four years) to $13.5 billion.'

12 TOP II attracted 12 partners. Federal Express bowed out, having never really successfully integrated the Olympics into its global marketing strategy. FedEx handed much of the implementation over to a collection of public relations agencies. They were too concerned about getting FedEx to develop numerous side programmes at great expense, instead of focusing on what they had already acquired. FedEx was replaced by the US Postal Service, which set out with a vision to use the TOP programme to try to unite the world's postal systems with a new courier/express package service to challenge DHL and FedEx. Three other partners joined – Mars, in the confectionary category; Ricoh from Japan, which went on to help the IOC establish the first ever global fax network; and Bausch & Lomb, the US optical and dental conglomerate, best known for its Ray-Ban brand of sunglasses.

13 Among other things, Bausch & Lomb set up eye and dental care clinics in each of the athlete villages at the Olympic Games. Bausch & Lomb found that an amazing 50 per cent of all athletes had never received a complete visual examination, and established a series of tests to help athletes according to their specific sport. Ice hockey players were found to have an eye–hand co-ordination speed on average 10 per cent faster than all other Winter Olympians.

14 In 1929, Robert Woodruff, president of Coca-Cola, published a special edition of the company's newsletter, 'The Red Barrel', citing Coke's growing presence throughout the world, 'few Americans realise that Coca-Cola is now found within the bull fight arenas of sunny Spain and Mexico, at the Olympic Games stadium below the dykes of Holland, atop the Eiffel Tower above 'Gay Paree', on the holy pagoda in distant Burma, and beside the Colosseum of historic Rome'. Coca-Cola's product support grew from the 1,000 cases in Amsterdam to over 10 million drinks in Sydney, 72 years later – enough, according to the PR executives, to fill the 50 metre Olympic Pool at the Olympic Park complex in Homebush, one and a half times.

15 The Greeks later acknowledged that they had run a poor bid campaign for the 1996 Games, assuming that hosting the Centennial Games was their birthright and that the IOC had to give them the Games. Although

there was tremendous sympathy within the IOC membership towards awarding the Games to Greece, there was also a realisation that Greece was just not ready for the challenge, with non-stop political infighting and a city lacking much of the basic capital infrastructure to stage the Games. By the time Greece bid again, in 1997 for the 2004 Games, some of that basic infrastructure such as the new airport had been built and there was an appreciation that staging the Games requires a united national effort.

16 This decision by Dentsu, and the process to take on the sponsorship of the Olympics for their client, provides a fascinating insight into the unique workings of the relationship leading Japanese ad agencies enjoyed with their clients – with the agency often becoming the de facto marketing department of the company.

17 Hayashi Takashi became overall director of Dentsu's sports division and perhaps the most influential marketing executive in Japan in sports and event related matters.

18 Fuji president, Minoru Ohnishi talked of how the Olympics was a 'cheap advertising expense for the worldwide publicity it entitled us to'.

19 By late 2004, Samsung had overtaken Motorola in terms of both global revenue and market share, and set its sights on unseating market leader Nokia. It recorded profits of $2.7 billion on revenue of $12 billion for first quarter 2004. Il Hyung Chang, Samsung's senior vice president and head of their Olympic project, talked of how their Olympic partnership 'has proved a powerful marketing tool ... Through our programmes, we demonstrated our leadership in wireless communications technology globally and leveraged our key business strategies for the twenty-first century. We had a second-tier brand awareness, which is why we utilised the Olympics to make people more aware of us. Being a sponsor means we're world class.' Chang recognised that Samsung had entered the wireless game as a latecomer. 'We are a little late in the telecommunications industry compared to Ericsson, Nokia and Motorola and we have to catch up the gap through Olympic sponsorship.'

20 David D'Alessandro, chairman and CEO of insurance giant, John Hancock summed up the sponsorship proposition in his book *Brand*

Warfare: 'However crucial advertising is, it has one severe limitation as a brand-building tool. You are asking something of consumers – that they pay attention to your message and buy your products – without giving them very much in return. Sponsorships, on the other hand, offer consumers a much more even exchange ... By contributing to something that the consumers value, you may win their interest and respect, perhaps even their gratitude. Ideally they see the glamour, the excitement and emotion of the event or person you are sponsoring as attributes of your brand as well. Well chosen and well managed sponsorship can move your brand forward more dramatically than almost any other marketing activity. And the Olympics are absolutely unique – the only sponsorship that delivers a mass audience and at the same time qualifies as a good cause in consumer's eyes.'

21 'We've always seen an up-tick in revenues in brand awareness after the Olympics,' Carl Gustin, Kodak's chief marketing officer claimed, 'and what could be better than making a splash in Fuji territory?'

22 UPS used the Games to test and present its first hundred vehicles to be powered by clean-burning compressed natural gas and launched new package envelopes with Olympic imagery, as the first example of colour printing on recycled board. Considering that UPS have a global vehicle fleet of over 85,000 vehicles, and consumes 100 million express envelopes annually, these were small, but not insignificant long-term contributions to the environment.

23 On occasions environmental groups singled out marketing activity just because the company was an Olympic sponsor. In Sydney, local banking sponsor Westpac was taken to task by Greenpeace over an Olympic toy mascot box promotion. Westpac ended up having to withdraw 150,000 premium toy boxes bearing the Olympic marks, because the product breached PVC guidelines by containing phthalates which could potentially be harmful to children. The fact that the premiums had been developed, based on advice from the Australian Toy Association, and were widely used by other companies, did not matter.

24 HFCs are chemicals invented as a substitute for CFCs and HCFCs – ozone destroying gases that are being phased out worldwide. HFCs are mainly used in the refrigeration and air conditioning industries.

On average, over 20 years one tonne of HFC has 3,300 times more global warming potential than one tonne of carbon dioxide.

25 In Sydney, Coke dispensed all drinks in 100 per cent biodegradeable cups for the first time.

26 Local sponsors also benefitted. Southcorp Wine recorded 32% growth and AMP saw sales in certain sectors increase by 40% on the back of Olympic sponsorship.

27 John Hancock's research results: successful 71%; vital and energetic 60%; dedicated to excellence 36%; industry leader 27%; highly reputable 27%.