Emerging Issues in Olympic Sponsorship: Implications for Host Cities

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Sponsorship has become a core issue in sport marketing and a critical concern for event management. It is now an integral part of major events and involves an ongoing commitment by Olympic partners who need to find new ways to gain the maximum returns from their investment. Complementary promotions with tourism organisations of the host country represent one such opportunity. There is also growing recognition that service delivery by tourism and hospitality industries may determine the success of many sponsor activities, such as guest hospitality programs. The dynamic nature of Olympic sponsorship is reviewed in the context of the marketing policy framework of the International Olympic Committee. Factors affecting sponsorship at the Sydney 2000 Games are considered with reference to AMP, Ansett Australia, and Visa. It is shown that tourism organisations can play a more active role in attracting sponsors and achieving positive outcomes for the host country.

For a considerable time, it has been difficult to open a newspaper without being confronted by emotional headlines about Australia’s state of preparedness to host the biggest peacetime event in the world. The size of the Olympics is a significant issue but, in addition, “particular interests see them as a media event, a tourism attraction, a marketing opportunity, a catalyst for urban development and renewal, a city image creator and booster, a vehicle for ‘sport for all’ campaigns, an inspiration for youth and a force for peace and understanding” (Toohey & Veal, 2000, p. 4). The investment of resources to achieve many of these desired outcomes is increasingly seen as a task for multinational corporations through their role as Olympic sponsors.

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The aim of this paper is to discuss factors that have influenced sponsorship of the Sydney 2000 Olympic Games, and to examine some of the outcomes of sponsor activities. Attention is directed to two Australian companies that have become Olympic sponsors for the first time, and to a multinational corporation that has been an Olympic Partner for over a decade. This discussion is conducted within the context of the International Olympic Committee’s (IOC) marketing framework and the growing literature devoted to event sponsorship. Of particular concern is the way tourism organisations have taken advantage of opportunities to establish relationships with Olympic sponsors. In addition to drawing on published articles, information sources include material supplied by the IOC and personal interviews with representatives of Olympic sponsors.

Event Sponsorship

Sponsorship has been defined as a business relationship between a provider of funds, resources or services, and an event or organisation which offers in return some rights and an association that may be used for commercial advantage (Sleight, 1989). The literature devoted to this subject has grown considerably in recent years. Cornwell and Maaignan (1998) and Cornwell (1999) have provided comprehensive reviews. Special issues of journals have been devoted to sponsorship (International Journal of Advertising, volume 17, number 1, 1998) and to ambush marketing (Psychology & Marketing, volume 15, number 4, 1998). The latter might be regarded as a sub-field of growing significance to sponsors as it “has been a feature of the Olympic landscape over recent Olympiads” (Payne, 1998a, p. 324).

There has been a move away from the philanthropic attitude that was evident in the 1960s and 1970s, with a much more commercial approach characteristic today. Sponsorship now represents “one of the most rapidly growing sectors of marketing communications” (Meenaghan, 1999, p. 19). It has been claimed that there is now a greater understanding in corporations of the benefits and pitfalls of sponsorship (Pascoe, quoted in Slack, 1999).

After discussing the factors that have stimulated the growth of sponsorship of major events, Crompton (1995) suggested that, due to complaints from sponsors about clutter and loss of distinctive impact, sponsorship may be entering a period of maturity “characterized by slower growth and more sophisticated applications” (p. 101). However, a study in Canada found that corporate involvement in sport sponsorship was still at a stage of relative infancy (Copeland, Frisby, & McCarville, 1996). The study revealed that the most frequently cited reasons for involvement in sponsorship were exclusivity, increased awareness, and image reinforcement. Getz (1997) has claimed that it is particularly important for event managers to understand the benefits sought by sponsors in order to attract sponsorship revenue (see Table 1).
Table 1: Benefits Sought by Sponsors

- Heightened visibility (through various media)
- Image enhancement of corporation or product through association with popular event
- Direct sales outlets at the event
- Relationships with customers and target segments
- Enhanced awareness of the corporation and its products/services
- Opportunities for entertaining the sponsor’s business associates, staff, VIPs etc
- Involvement of staff in worthwhile events (team building, morale boosting)
- Profitable linkages with other sponsors, suppliers, government officials, institutions, etc
- Differentiation of the company or product from competitors
- Demonstrate a tie or connection to a particular market niche, such as an ethnic group or gay consumers
- Enhance the company’s reputation for being community oriented or socially responsible
- To highlight product benefits or otherwise reinforce the public’s perception of a product
- To test new products through sampling
- To provide executives and key clients with entertainment or the opportunity to meet celebrities
- To provide opportunities for firm-to-firm marketing

Source: Getz (1997), p. 218

A resource-based approach, as advanced by Amis, Slack, and Berrett (1999), views sponsorship as a distinctive competence that gives a competitive advantage. This competence can be used to increase perceived customer value and differentiate the firm from competitors. However, it is the themes of image, awareness and sales that have dominated the findings of research that has examined reasons why businesses invest in sponsorship (Cornwell & Maignon, 1998). Fostering a favourable image for a brand is frequently an important corporate objective and sponsorship helps define a brand personality through its inferred association with the sport property (Musante, Milne, & McDonald, 1999). Companies may seek to transfer or appropriate positive images of an event (Ferrand & Pages, 1996). It may be equally possible to appropriate attractive tourist images of the destination that is hosting the event. In these ways, sponsors have the ability to selectively identify images that support the brand personality they wish to cultivate. Events also offer a number of sponsorship platforms upon which programs can be augmented (Getz, 1997). These may take the form of promotions that feature Olympic athletes or hospitality programs held in a
famous restaurant or scenic location that has been hired for exclusive use by the sponsor.

Recognition of these opportunities helps to explain the growing relationship between sponsorship and tourism. The tourism and hospitality industries in a host city provide services for event sponsors and their guests. They must ensure that the range of activities organised on behalf of sponsors take place in appropriate settings. So, to some degree, there is a need to manage the environment, as advocated in the services marketing literature (e.g., Bitner, 1992). Elements of the environment can be used in promotions of the sponsor brand. This type of promotion may also be one of the main reasons why cities wish to host hallmark events. As Hall (1992) put it, “Media exposure may create interest in a destination in the marketplace and thereby attract future visitation and investment” (p. 144). Such outcomes were achieved in Barcelona following the 1992 Olympics. Media coverage of the Games and promotions by Olympic sponsors helped to improve the image of the city. This has led to a growth in tourism, particularly from the incentive market, and to a dramatic increase in the number of companies choosing Barcelona as the location for product launches (Garrigosa, personal communication, 1999). Outcomes such as these have drawn attention to the strategic value of events. Thus, in the case of the Bahamas, an events management company has been given the task of “developing events which will show the world the natural beauty of the islands” (Smith & Jenner, 1996, p. 74).

A distinctive characteristic of major events is their ability to pull the increasingly fragmented audiences back onto the television networks (Pascoe, quoted in Slack, 1999). Over 80% of the population in the United States watch the Summer Olympics (Stipp, 1998) and, as the world’s largest event, the Olympics enable sponsors to communicate with global audiences (Payne, 1998a). Kinney and McDaniel (1996) reinforce the impact of the Olympic Games for sponsors noting that:

The Olympic Games may be the most unique, prestigious sporting event with which a sponsor may wish to identify. Its worldwide audience, relative infrequency, human drama, and patriotic overtones make it highly desirable for marketers seeking sponsorship opportunities. (p. 251)

Olympic Marketing

Marketing has become an increasingly important issue for all of us within the Olympic Movement. The revenue derived from television, sponsorship and fundraising help to provide the Movement with its financial independence. (Samaranch, 1993)

Three recent events have caused the IOC to raise the profile of the commercial activities within the Olympic Movement. Firstly, the Centenary Celebrations in 1996
provided an opportunity for an historical review of the factors that have shaped the development of the modern Games. Secondly, an ongoing need to counter concerns about over-commercialisation was given increased prominence due to criticisms about the environment around event venues at the Atlanta Games. Thirdly, the Salt Lake City scandal had the potential to undermine support for the Olympics in many quarters, including that of the corporate community. This section discusses the history of commercial activities, focusing on the role of sponsorship. It describes the framework within which these activities are managed by the IOC; it examines some of the measures that have been taken to encourage recognition of the role played by sponsors.

Two thirds of the funds for the 1896 Games in Athens came from private donations. The major expense, the refurbishment of the stadium, was met by a single benefactor. However, revenue was also received from private companies, including Kodak, which bought advertising in a souvenir program. The Centennial Games in 1996 were funded entirely through private sources, with revenue dominated by television broadcast rights (34%), sponsorship (32%) and ticket sales (26%). It has been reported that Coca-Cola invested around US$500 million in the Atlanta Games (King, 1995), giving rise to views that it was “the Coca-Cola Games.” This exemplifies a view expounded by cynics that “the primary function of the Games is now to facilitate the sale of products, rather than the primary function of the product sponsorship being to facilitate the Games” (Crompton, 1994, p. 72).

It was in the early part of the twentieth century that companies began to formally associate themselves with the Olympic Movement. At the Stockholm Games in 1912, “rights” to take photographs and sell memorabilia were sold. Concessions to operate restaurants within the stadium were granted at the Amsterdam Games in 1928 but, by this time, measures had already been implemented to restrict program advertising and to ban advertising in and around the stadium. The only time venue advertising has been allowed was at the 1924 Games in Paris.

A financial surplus was achieved for the first time at the 1932 Los Angeles Games. The 1952 Games in Helsinki marked the first attempt at an international marketing program, with companies from eleven countries giving value-in-kind support, such as food for athletes and flowers for medal winners. The number of “official suppliers” grew to 46 companies in Rome (1960), with 250 companies involved in marketing relationships at the 1964 Games in Tokyo. A peak of corporate participation was reached at the Montreal Games in 1976 where, despite the involvement of 628 sponsors and suppliers only US$7 million was raised. The Games were a financial disaster, and earned the reputation as the “the Games that bankrupted a city” (IOC, 1994, p. 2). The Los Angeles Games in 1984 marked a turning point in Olympic funding. The marketing program comprised 34 sponsors, 64 suppliers, and 65 licensees. Sponsor hospitality centres were introduced for the first time. According to McAuley and Sutton (1999), it was these Games that crystallised the interdependence of sport and corporate entities. In an attempt to generate revenue,
corporations were offered “the ability to affiliate themselves with the Olympic Games in an unprecedented number of ways” (p. 65). The financial success of the Games paved the way for the introduction of The Olympic Program (TOP) marketing initiative which was launched in 1985.

The name of TOP was changed to The Olympic Partners in 1995 to reflect the nature of the relationship desired by the IOC between itself and the small number of multinational companies who are partners. The partners are offered exclusive worldwide rights within designated product categories, and they provide financial, technological and service support throughout a quadrennium. A dramatic increase in revenue has been achieved in each of the subsequent programs (see Table 2). TOP represented an attempt by the IOC to achieve a more stable and diversified revenue base, and was part of a process to modernise the funding of the Olympic Movement.

Table 2: Evolution of TOP Worldwide Olympic Sponsors

<table>
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<th>Year</th>
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<th>TOP III</th>
<th>TOP IV</th>
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<tr>
<td>Number of</td>
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<td></td>
<td></td>
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<td>95 (US$ million)</td>
<td>175</td>
<td>350</td>
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<tr>
<td>(US$ million)</td>
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Source: IOC (1999b)

In the “modern” marketing era, policy was initially based on recommendations made by the New Sources of Finance Commission, one of seventeen standing commissions of the IOC. It was established in 1983, and its title reflected its main objective. It was replaced by the Marketing Commission in 1997, which was given a broader mandate to explore image and promotional issues in addition to revenue generation. Marketing programs are implemented by the IOC’s Marketing Department which was formed in 1989. It works directly with sponsors, and helps National Olympic Committees (NOCs) and Organising Committees for the Olympic Games (OCOGs) to develop marketing programs in ways that are consistent with IOC policy. Sponsorship is designed to meet the following objectives:

• ensure the independent financial stability of the Games and the Olympic Movement
• create a long-term structure that ensures continuing and substantial support
• guarantee equitable revenue distribution throughout the Olympic Movement
• prohibit uncontrolled commercialism of the Games. (IOC, 1993)

A separate company, Meridian Management, with offices in Lausanne, Atlanta, Sydney, Salt Lake City and Athens, was established in 1996. It is designed to be the client-service arm of the IOC by coordinating and assisting all three levels at which sponsorship exists within the Olympic Movement: the IOC worldwide TOP program, national marketing programs of the OCOGs and local programs of the NOCs (IOC, 1999a). However, despite the desire for coordination, it has been noted that “sponsorship overlap” makes it possible for Visa to be a TOP sponsor, American Express to be a Salt Lake City Olympic Games sponsor, and Discover Card to be a sponsor of US Figure Skating (McAuley & Sutton, 1999).

A reduction in the number of corporate sponsorships was regarded as one of the main mechanisms to control the level of commercialism surrounding the Games. However, the size of the national sponsor program was criticised in Atlanta. Other commercial excesses in Atlanta were blamed on activities initiated by the City of Atlanta and an uncoordinated licensing program. Consequently, it was agreed that, at future Games, the number of national sponsors should be limited (not exceeding 25 in Sydney), licensing would be more tightly controlled to ensure that products do not trivialise the Olympic image, and city authorities would be asked to make commitments to prevent “opportunistic” marketing activities near Olympic venues. OCOGs would be encouraged to extend their control of outdoor advertising to areas at the airport and the main travel areas of the host city for a period of one month surrounding the Games.

Greater control of advertising also assists in attempts to limit ambush marketing and to enhance opportunities for official sponsors. The need to protect the value of sponsorship for its partners is a critical concern for the IOC and, to this end, a series of public relations campaigns have focused on raising awareness about the value of corporate sponsorship to the Olympic Movement. Articles on this theme have been published in Fortune, Time and Sports Illustrated, and television advertisements have appeared on rights holder stations, taking advantage of value in kind contributions from media partners. These campaigns have featured statements from corporate executives who have advanced, in glowing terms, the suitability of the “fit” between their organisations and the Olympics. Daisy Ottman, AT&T Communications Director for the Olympics, put it this way, “The goals of the Olympics – teamwork, innovation excellence – are the same goals that AT&T tries to emulate and live out” (quoted in Rozin, 1995, p. 31). George M. Fisher, speaking as Chairman, President and CEO of Kodak, said, “The Olympics are without peer in creating single moments in time where people reach deep down and achieve their best. At Kodak, we’re proud that since the modern Olympics began, our company has been there to help people capture and preserve these special moments for themselves” (quoted in Rozin, 1995, p. 45).
Another important element of public relations campaigns has been the use of research findings to demonstrate the universal appeal of the Olympics and public attitudes towards sponsorship of the Games.

For over a decade, the IOC has commissioned surveys by specialist agencies which support the activities of the marketing department. In 1992, 79% of people in the United States, England and Spain believed the Olympic Games would not be viable without sponsorship. Eighty-six percent said that they favoured the Games being sponsored (IOC, 1993). Several of the surveys have found that around 30% of respondents feel more favourable towards a company because they are an Olympic sponsor. Almost one third of respondents in a nine country study in 1996 said that their opinion of the sponsoring company was raised as a result of their Olympic sponsorship. This study also found that 22% said that they would be more likely to buy a product if they knew it was an Olympic sponsor’s product (IOC, 1997).

The most recent surveys have taken on a particular significance as they have examined the impact of the negative publicity about the Salt Lake City scandal. The attitudes of over 15,000 people were sought in ten countries in 1999. It was reported that “the recent IOC crisis does not adversely affect the public’s positive attitudes toward the Olympic Games, the Olympic athletes and the Olympic ideals. Positive attitudes about sponsorship and sponsors have not been adversely affected by recent events” (IOC, 1999b, p. 9). This resilience has been explained by the suggestion that the Olympics is an umbrella brand which is insulated, to a large degree, from changes in attitudes toward each of the individual Games and their OCOGs, which represent sub-brands (Thompson, 1999c).

The marketing policies of the IOC and the management structure that exists to support them have evolved over a considerable period of time. They continue to be shaped by a range of environmental factors. It is clear, however, that the current situation favours a long-term relationship between the IOC and a small number of sponsors. The IOC is placing more emphasis on promotion of the roles played by sponsors and on initiatives to ensure that sponsor exclusivity is preserved. The threat of ambush marketing and recent developments, such as the corruption scandal, may have reinforced the need for mutual support among members of “the club” and for increased inter-sponsor business arrangements. It may also have made it more important to find new ways for sponsors to leverage benefits from their investment in the Olympics. Examples will be given in the subsequent sections of the paper to illustrate how this may be achieved by working more closely with tourism organisations.
The IOC continues to play an important role in marketing at the national level because it provides the intellectual property rights necessary to develop programs and gives marketing support. However there is a fundamental difference between the desire of the IOC to establish long-term bonds with its Partners and the relatively brief and, in some ways, more instrumental, association which characterises the relationship between sponsors and organising committees. An extreme view presented in the media suggested that “sponsors hate Olympic organising committees. When the Games are over, sponsors still have a business to run, customers to please and a reputation to defend. But organising committees evaporate, they have no life after the flame goes out” (Moore, 1999, p. 46). Expressed alternatively, SOCOG, “has no role in building equity in the Olympic brand. It is a project manager” (Thompson, 1999c, p. 11).

Organising committees look to sponsors to provide as many resources as possible and, over the quadrennium of a Games, the nature and scale of these resources are likely to change. Tensions may be unavoidable with the IOC being the most appropriate intermediary. In Sydney, intervention has taken the form of senior IOC executives championing the success of SOCOG’s marketing activities to counter views expressed by local organisers that shortfalls in marketing targets were partly responsible for budget cuts. With just over six months to go to the opening ceremony of the Sydney Games, the Chairman of the IOC’s Marketing Commission accused Michael Knight, the President of SOCOG, of having “a dysfunctional relationship with sponsors and effectively undermining a world-record marketing effort – you can’t undermine your sponsors like this” (Pound, quoted in Magnay & Moore, 2000, p. 1). A public statement by Michael Knight acknowledging the “incredible importance” of sponsors, was followed by an assurance that ways to further enhance the value of their sponsorships would be sought (Magnay, 2000). It was later announced that more than $1 million would be spent on a new sponsor recognition package. The names of major sponsors would be identified on obelisks, stands and flags in the city and near Olympic venues (Hepworth, 2000).

Relations between sponsors and SOCOG had been strained when it became clear that competitors of the sponsors would be able to purchase premium tickets and to lease hospitality suites at Games venues. Access to these opportunities would have undermined the exclusivity of sponsorships. SOCOG was forced to withdraw its premium ticket scheme and to require individuals who hire suites to sign an agreement prohibiting corporate hospitality. Hospitality programs have become a major component of Olympic marketing and a major expenditure item for sponsors – with costs equivalent to between 30% and 50% of the initial sponsorship commitment (Schier, 1998). This is due to the recognition by corporations that hospitality at sports events provides a networking opportunity with branding, product displays and
sampling options, and serves as a powerful incentive vehicle (Delpy, Grabijas, & Stefanovich, 1998).

It is expected that approximately 40,000 sponsor guests will attend the Games in Sydney in “waves” of between three and five days duration. This is fewer than the 100,000 who attended the Atlanta Games, despite the view that Sydney is “the Games that everyone wants to be part of” (Smythe, personal communication, 1999). The distance from major population centres and subsequent travel costs are common concerns for sponsors, particularly as nine of the eleven TOP sponsors have their Head Office in the United States. Some have additional reasons relating to specific objectives. For instance, Kodak was happy to invest heavily in hospitality in Nagano because it had a much lower market share in Japan than it has in Australia (Blank, personal communication, 1999).

Ninety-five percent of the revenue raised by national programs remains with the OCOG, and it was claimed that “sixteen months prior to the Games, SOCOG’s current revenue total is more than $1.7 billion, which is already nearly double the target Games revenue total of $967 million that was projected in the Sydney bid book” (IOC, 1999b, p. 12). As soon as the result of Sydney’s bid had been announced in 1993, predictions were made about the implications for many sectors of the Australian economy. The chairman of a leading Sydney advertising agency claimed that “all advertising agencies should be applauding the win because … there’s not an event on earth which attracts such a broad range of sponsors” (Hamill, quoted in Campbell & Pearce, 1993, p. 14).

Upon appointment, in 1995, SOCOG’s Marketing Director suggested that his task was to find clever ways to license the Olympic brand name in the Australian marketplace (Moore, quoted in King, 1995). It was widely thought that this would be assisted by the fact that “everybody in Australia is sports mad.” A study, conducted after the Atlanta Games found that Australians reacted positively to corporate sponsorship of the Olympics. Nine in ten believed that sponsorship by companies would be vital for the success of the Australian team (Hirons, 1996).

Another early pronouncement concerned the type of sponsors who would be sought by SOCOG.

The key tenet of our marketing philosophy is that we’re creating a partnership with corporate Australia for four years. Historically, Olympic programs have focused on mega brands with strong retail presence. We’ll encourage companies that have been critical to the development of Australia but may not have public exposure in retail brands. (Donaldson, quoted in King, 1995, p. 5)

By 1997, nineteen Team Millennium partners had committed over $800 million in sponsorship to SOCOG. The list of partners included companies that matched the profile sought by Donaldson, such as AMP, BHP, Westpac, and Ansett.
Australia. Sponsorship by two of these companies – AMP and Ansett Australia – and
a TOP sponsor, Visa, are profiled below.

AMP
AMP was formerly an insurance company, but now gains 80% of its business from
investment services, particularly superannuation. It considered that, as an Australian
“icon,” it was appropriate for it to become part of the Australian Olympics, and
believed sponsorship provided opportunities:

- to build a new sports marketing capability within the organisation
- to give something back to the people of Australia particularly as 1999 coincided
  with the company’s 150th anniversary
- to gain differentiation in the increasingly competitive financial services
  environment
- to gain an appropriate return on its financial investment
- to build its brand. (Calder, personal communication, 1999)

Commercial outcomes concerned using the Games to leverage marketing
opportunities and thereby increase sales and achieve improvements in customer
retention, brand values, and employee morale. In a foreword to an internal brochure,
it was claimed by the Chief Executive that, “In line with our vision ‘helping people
achieve their dreams’, AMP’s sponsorship enables us to offer our customers, our
advisers, and you, our employees, unparalleled opportunities to participate in this
once in a lifetime event” (Trumbull, 1998). An employee recognition program, named
“Champions” offered tickets to Olympic events as the main reward and, as the
presenting partner for the Torch Relay, 200 employees have been offered the
opportunity to carry the flame. An additional 150 places have been awarded to AMP
advisers, and about 400 places to AMP customers (Walsh, personal communication,
2000). Another employee recognition scheme took advantage of the remarkable
popularity of Olympic pin collecting. A three-part puzzle pin, reflecting different
aspects of AMP’s Olympic involvement, was made available to staff in 1989, 1999
and 2000.

In addition to its financial contribution as a Team Millennium sponsor, AMP
provides insurance advice and cover for SOCOG and superannuation for SOCOG
employees. It organised a national “Ignite the Dream Tour” in 1999 which covered
30,000 kilometres, stopping at 143 locations. The Tour featured Olympic mascots
and an exhibition of Olympic torches from previous Games. It was designed to assist
preparations in regional Australia for the Torch Relay and to generate excitement
about the Games. It provided an opportunity to work with the company’s 1500 advisers
throughout the country who recommend AMP products. The adviser-based distribution channel made the Tour an important part of AMP’s leveraging strategy. Being involved with local communities and able to “touch the grassroots base” during AMP’s anniversary year were regarded as additional benefits. The Tour and the “highly emotive” property of the Torch Relay have made it possible to take a part of the Games to AMP’s customers (Calder, personal communication, 1999).

The Torch Relay provides an opportunity for celebrations at each stopover site on the route. Some will take the form of festivals that focus on local issues, but others will attempt to attract visitors and to promote their communities. State and regional tourism organisations are providing guidance about how to take advantage of the media attention that will accompany the Torch, and it has been suggested that there will be more interest from international media organisations than has been the case with previous Torch Relays. This is due, partly, to the level of international interest in locations such as the Barrier Reef and Ayers Rock. It is also because the cost incurred to secure broadcast rights has meant that the Torch Relay will be used to increase the amount of Olympic-related programming (Smythe, personal communication, 1999).

AMP’s hospitality program will be one of the largest at the Games. Presenting the two “tours” has been expensive. The amount AMP spent to become a Team Millennium Partner is about one third of its total Olympic expenditure. However, tracking studies have found a significant improvement in perceptions of AMP’s community contribution. Increases of up to 30% in positive brand attributes were measured after the Ignite the Dream Tour had passed through communities (Thompson, 1999b).

The other, highly visible, symbol employed as a sponsorship platform is the AMP Tower, located in the heart of Sydney. It has the highest observation deck in the southern hemisphere, and is a major tourist attraction. With sculptures of Olympic figures mounted on the top and a countdown clock to the Games that can be seen throughout much of the city, it has been the focus of many of the pre-Games celebrations. Images of the Tower have featured in international media coverage of the Games and in videos used by the Australian Tourist Commission (ATC) at overseas trade exhibitions.

**Ansett Australia**

Ansett Australia is one of nation’s two domestic airlines, operating an effective duopoly with Qantas, which is also the country’s international carrier. Although Ansett has been operating services to countries in Asia since the early 1990s, $3 billion of its $3.5 billion annual turnover comes from domestic operations (Thompson, 1999a). It created the Official Airline Team (OAT) for the Sydney Games, an alliance with six international airlines:
• Air New Zealand
• Lufthansa
• Malaysia Airlines
• South African Airways
• Thai International Airways
• United Airlines

The OAT is able to service 120 countries, and it is expecting to carry up to half a million athletes, officials, media and spectators in the lead-up and during 2000 (Ansett, 1998a).

In contrast to AMP, Ansett has long been a sponsor of sports in Australia, so it was regarded as a natural progression to bid for the sponsorship of the Sydney Olympics. The Chief Executive was enthusiastic about the airline playing a leading role in attempts to make the Games a success. Being an Olympic sponsor was regarded as an opportunity to reposition Ansett as an international airline. However, the sponsorship represents the largest financial investment in the history of the airline (Ansett, 1998a), and this commitment has been made during a period of structural change. A climate of uncertainty has made it difficult to use Olympic incentives to improve employee morale, and it has been necessary to demonstrate to staff that the sponsorship is an effective tactic to assist in achieving a strategic recovery for the airline.

Ansett is working closely with AMP in planning the Torch Relay, as it will be responsible for bringing the torch from Greece to Australia. In addition, Ansett will provide discounted airfares for torchbearers to travel to the locations they have been allocated. Media coverage of the arrival of the torch at Uluru will provide Ansett with its best opportunity to achieve recognition of its role as an Olympic sponsor. This is particularly significant as the airline has been criticised for failing to raise awareness of its sponsorship. This was partly due to survey results that received extensive coverage in the media. One study found that Qantas was thought to be an Olympic sponsor by 40% of respondents, whereas Ansett attracted an awareness level of just 13% (Countdown 2000, 1997). Another study, in the same year, found that Qantas received the highest volume of Olympic media coverage, featuring in 18% of articles compared to 13% of articles for Ansett (Countdown 2000, 1997).

The results of tracking studies conducted for SOCOG of aided awareness showed that Ansett’s recognition increased in 1997 (see Table 3). The increase for Qantas may be attributable to the launch of its “Athletes – Still Call Australia Home” campaign, which was launched in July, 1997. Qantas’s association with the popular Peter Allen song continues to pose problems for Ansett, and SOCOG has agreed to a request from Ansett to ensure that the song is not played at Olympic venues (Hula, 2000).
Table 3: Aided Awareness of Olympic Sponsors 1997

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<tr>
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<td>53%</td>
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<td>47%</td>
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Source: Woolcott Research, in Ansett (1998b)

Ansett has argued that surveys that are reported in the press cover the whole population and do not reflect the level of awareness among groups that are more critical to the airline’s business. A more favourable finding, in research conducted on behalf of Ansett amongst frequent business flyers (defined as those flying interstate on business at least four times per year) showed a spontaneous sponsor awareness level of 21% for Ansett compared to 7% for Qantas (Ansett, 1998b). The result relative to that of Qantas may have been pleasing for Ansett, but the level of awareness was still only one in five people, and this was after a coordinated campaign promoting the Official Airline Team. The campaign was launched in early November 1997. It was comprised of print and television advertisements and information on all boarding passes issued throughout October through December (Ansett, 1998b).

Ansett’s Olympic sponsorship has proved to be a powerful tool in other areas. Members of the airline’s frequent flyer program were able to win tickets to the Sydney Games by flying with the Official Airline Team from September - December 1997. The sectors flown by Global Reward members were 16.34% higher during the competition than the equivalent period the previous year (Ansett, 1998b). A particularly successful product that was established by three Olympic sponsors was the Westpac Visa, Global Rewards co-branded credit card. Holders earned one frequent flyer point for every dollar spent using the card, and for every new card, $10 was donated to the Australian Olympic Team. Between February and December 1997, over 50,000 new Global Rewards members joined through the scheme, and 65,000 existing members took out one of the new cards (Ansett, 1998b).

An ability to package Olympic tickets and accommodation, in addition to its air services, has been a significant inducement to persuade companies to transfer their corporate accounts. A large hospitality program is being used to reward staff and important intermediaries, such as travel agents. The airline has set a target of generating $200 million in new business, but believes that it will be possible to protect accounts worth considerably more which would have been lost to a competitor who had access to the properties made available to Olympic sponsors.

Ansett can gain revenue by providing the flight component of pre- and post-Games touring, and it has worked with sponsors to promote packages to their guests. However, many sponsors do not make these opportunities available. This is partly
due to the additional cost, but it is also because they wish to offer a tightly controlled Olympic experience where there is little scope for other factors to affect a guest’s level of satisfaction with the program. In addition, many guests are senior business executives who are reluctant to be away from their offices or boardrooms for too long (Smythe, personal communication, 1999).

Visa

The Sydney Olympics represents the first time that AMP and Ansett have been Olympic sponsors, but Visa first entered partnership with the Olympics in 1986. The Games are regarded as a vehicle to drive sales by providing a platform for member banks around the world to develop marketing programs, using the Olympics as a common theme. A large hospitality program will make it possible for bank managers and their guests to attend the Sydney Games. Coordinated campaigns are used to enhance the brand and perceptions of Visa as the world’s leading payment system (Smythe, personal communication, 1999).

Visa has gained a reputation as being one of the most astute sponsors in terms of its ability to counter ambush tactics employed by its competitors. A study by PACE University, New York in 1992 found that Visa’s recognition as an Olympic sponsor was well over twice that of its rival, American Express. This was despite the latter’s attempt to create a connection through advertising with the Winter Olympics (Countdown 2000, 1995) and an advertisement, at the time of the Barcelona Games, that ended with the line, “In Spain, you won’t need a visa” (McAuley & Sutton, 1999, p. 69). The significance of this finding becomes apparent when it is realised that when people are asked about Visa, their responses alter depending on whether they are aware of Visa’s Olympic sponsorship. Research has shown that the response to Visa’s promotional material is 17% higher when Olympic imagery is employed, and that card volume usage increases by 21% during periods when Olympic promotions are running (IOC, 1995).

Advertising has been used to reinforce Visa’s sponsor status, but this has been in the context of ongoing initiatives that closely align the company with the Olympics. Credit card users have been encouraged to “Pull for the Team,” with donations made to the US Olympic Team every time a Visa card is used. This has generated over US$7 million since 1988 (USOC, 1998). At the Centennial Games, Visa sponsored the Olympic Reunion Centre for former Olympians and, for the 2000 Games, Visa has sought designations that clearly identify the company with Australia as the host country.

Visa’s commercial relationships with member banks have required a long-term marketing strategy, and Sydney’s “aspirational value” as a destination has been the central theme (Smythe, personal communication, 1999). A US$25 million
advertising campaign, developed jointly with the ATC was conducted in the United States and Japan in 1998. Another campaign featuring Australian destinations is scheduled for the United States and Europe during the lead up to the Games. These campaigns were made possible by the alliance formed between Visa and the ATC in 1997, which resulted in the designation “Australia Prefers Visa.” American Express expressed concern that the designation implied government endorsement (Washington, 1997b) but, from Visa’s perspective it created “a powerful statement that relates to Visa, the world’s preferred brand and Australia, the world’s number one tourist destination. It’s such a perfect fit. A synergy between what we do as an organisation in sponsorship, to drive business for our membership that actually benefits, strongly, the Olympic Games and benefits the destination” (Smythe, personal communication, 1999).

The Managing Director of the ATC countered arguments against the arrangement by claiming that funds from Olympic sponsors enhanced its ability to promote Australia overseas, creating the potential to leverage $300 million of additional funds by working with Olympic sponsors (McMahon, 1998). It was supported in the press as “an example of the innovative ‘partnering’ sponsors are using to enhance the value of their Olympic sponsorship. The tourism industry appears to be a major winner from the ‘partnering’ trend” (Washington, 1997a, p. 5).

Sponsorship Outcomes

In each of the cases discussed above, return on investment is a critical concern, with commercial outcomes regarded as the most important objectives. This is consistent with the evolution of sponsorship from its philanthropic origins to the way the “bottom line” implications determine sponsorship decisions today. All three companies have employed Olympic-themed customer promotions to drive sales. However, each company, in its different way, has attempted to generate goodwill through forms of community donation. Visa’s activities are mainly oriented towards supporting Olympic-related sports training. A desire to help produce a successful Australian Games was an influential motive for Ansett’s involvement as a sponsor. AMP took advantage of opportunities to support community activities throughout Australia as part of the “Ignite the Dream” tour.

Using their Olympic sponsorships for brand development is also a common objective in all three cases, although Visa’s strategy is inevitably more international and more closely aligned with the tourism industry. Both AMP and Visa are seeking to gain differentiation due to the intangible nature of their businesses and the level of competition offered by companies offering similar products. The duopoly context of Ansett’s operations lends itself to a more defensive posture, and the airline has used its sponsorship to gain a competitive advantage over its rival Qantas.
Using Olympic sponsorship as a tool for internal marketing has varied among the three companies. AMP has used a well-organised incremental program to motivate staff and build interest in the Games over a period of several years. This has been harder for Ansett due to the complexity of the airline’s operational commitment to the Games, the need to work with six other members of the OAT, and the process of restructuring (which has been a predominant factor in the recent life of the airline). Ansett has also chosen to wait until close to the Games before conducting campaigns in Australia to promote its role as an Olympic sponsor. In contrast, it has been necessary for Visa to stimulate interest in Australia in the lead up to the Sydney Games so effective promotions can be coordinated among its member banks overseas. Visa’s commitment to the Games is ongoing and it has already signed to be part of the next TOP program.

Tourism and Olympic Sponsorship: A Growing Partnership?

A theme that has emerged when reviewing the activities of Olympic sponsors has been a growing involvement with the tourism industry. A number of tourism organisations were very supportive at the time of Sydney’s bid to host the Games. Hotels in Sydney offered $1 million of accommodation; Qantas provided heavily discounted fares for international travel; much of the footage used in videos about Australia that were used in presentations was supplied by the ATC (McGeogh, personal communication, 2000). More recently, the ATC has supplied videos and a wide range of collateral to sponsors to be included in the invitation packs given to their guests.

An ability to deliver a high level of service by many sectors of the tourism industry will affect judgements about the success of the Games. Those who come into contact with the world’s media will be particularly influential in shaping the way such judgements are reported. The size of the ATC’s Visiting Journalist Program has grown considerably as interest in Australia has been stimulated by the Games. The management of the resulting visits by journalists has provided an opportunity to direct the search for stories to areas outside Sydney, and to provide material which is consistent with the ATC’s promotional objectives.

Lessons from Atlanta have suggested that the needs of the non-accredited media who will be in Sydney during the Games need to be accommodated. This is not a responsibility of SOCOG, but it is expected that up to 15,000 journalists who do not have access to Olympic venues nor to the Media Centre at Olympic Park will come to Sydney. Tourism agencies, including the ATC and Tourism New South Wales, have taken on this responsibility, and a well-equipped Media Centre has been developed at a harbourside location in the city. Support has been provided by a number
of the Olympic sponsors, such as Kodak and Telstra who will be able to showcase their products in the Centre. Regular bus tours from the Centre will take the journalists to tourist attractions in and around the city.

The IOC has noted the role played by the tourism industry in Australia. It was hailed by the IOC Director of Marketing as a model for other host countries, offering a legacy for the Olympic Movement. It was claimed that no other national tourist office has taken advantage of hosting the Games to the same level. Particular reference was made to the alliance with Olympic marketing partners: “The organising committee and national tourist organisation are able to plug into the advertising and communications programs that the sponsors are running world wide and … it’s also helping our partners who are looking for ways to be able to really communicate and promote their Olympic involvements” (Payne, 1998b).

Implications for Host Cities

The crisis faced by the IOC in 1999 forced a re-examination of its structure “in light of the rapidly changing world of sport, economics and commerce” (IOC, 1999b, p. 3). Evidence presented in this paper suggests that there is also a new dynamic in terms of the increasingly important relationship between Olympic organising committees, destination marketing organisations, sponsors and the media. This presents opportunities for host cities. For instance, if the success of sponsor hospitality programs can be ensured, it may be possible to translate guest satisfaction into repeat visitation. This may create a number of business opportunities, including an increase in demand for conventions and meetings or, as was the case in Barcelona, for product launches. A desire to be aligned with the host city may mean sponsors will be prepared to supply resources, provide expertise or value-in-kind assistance to support local projects. However, this may only occur if destination marketing companies are aware of sponsor objectives and are able to provide opportunities for them to increase sales and enhance their brand image. The best prospects for mutually beneficial outcomes may be associated with complementary promotional activity between Olympic sponsors and National Tourism Organisations (NTOs).

A marketing approach by tourism organisations that involves posing the question, “What business are they in?” will indicate whether the sponsor has a natural relationship with tourism. This is true for Visa, due to the role of a credit card as a payment system when travelling, and for Kodak, due to the desire for photographic records of tourist experiences.

The use of tourism images in promotional campaigns may be more suitable for certain types of sponsors than for others. More work is needed to determine how best to link tourism development and sponsors’ marketing communications. For example, it may necessary to demonstrate to sponsors how their brand personality could be enhanced through association with features of the destination. This makes it
advisable to research the brand objectives of sponsors and to identify the features of
the country that could be used in the most effective ways. The suitability of the “fit”
with the sponsor needs to also take account of NTO promotional objectives so any
subsequent campaigns are consistent with the desired brand for the country.

These proposals are based on evidence from a small number of cases. Further
research is needed. Two issues emerge as particularly pertinent:

1) Hospitality programs are an important part of the Olympic Games, yet little is
known about sponsor guests. The group may represent an important target for
tourist market development for the host country. Further information is needed
about:
   • the size and profile of the market
   • guest satisfaction
   • operational characteristics including the role of non-traditional tourism
     players such as sport management companies
   • guest decision-making including attitudes towards pre- and post-Games
touring opportunities and repeat visitation.

2) A greater level of understanding is required about the outcome of complementary
brand development initiatives. This refers to the outcomes of attempts to gain
benefits from combining a sponsor brand with brand Olympic and, in the case
of the Sydney Games, brand Australia. Of particular concern for host countries
that wish to advance this type of promotion would be:
   • the impact of sponsor promotions on the destination image
   • the impact of destination images on sponsor brand personality.

Progress in these endeavours may depend upon academic researchers
becoming part of the new dynamic outlined above. Access to the means of acquiring
much of the relevant information resides with the Olympic sponsors and with OCOGs,
but the implications of a better understanding of these relationships may extend beyond
the Olympic Games. Work that links Olympic sponsorship to tourism development
will be relevant to attempts to better manage sponsorship at all major events by
improving outcomes for sponsors and event organisers in a way that also enhances
the prospects for tourism in the host city, its region, and its country.
References


