Without fear of being challenged, you can say that the 29th Olympiad will be a spectacle. Over 10,500 athletes from 202 nations will be present. More than 20,000 media representatives will attend. More journalists will visit China during the 17 days of the Olympics than visited the country in the previous 100 years.

The financial figures are equally impressive. Before the first competition, companies from around the world will have invested more than $2 billion of sponsorships with many more billions in advertising and promotional campaigns connected to the Olympics. Two hundred broadcasting companies from around the world will have paid around $2.5 billion to the International Olympic Committee (IOC) for exclusive broadcasting rights.

Today, most spectators see the Olympic Games as a quadrennial event with captivating contests that have been popular for hundreds of years. Yet, just 25 years ago, it seemed that the Olympic flame might be extinguished for all time. The story of how today’s Olympics moved from guarded condition to golden stature is, at heart, a tale of business prowess. I share the tale with special insight: in 1983, I was hired to create the first-ever global marketing strategy for the Olympic Games and subsequently served as the first marketing director of the International Olympic Committee (overseeing the marketing of 15 Summer and Winter Games). I also served as director of Olympic global broadcast media rights. Today, the future of the Olympics is bright; but I still marvel at what might have been lost due to extreme myopia, of the marketing kind and otherwise.

Olympic dreams

Baron Pierre de Coubertin founded the modern Olympic movement just before the turn of the 20th century. At an international sports conference at the Sorbonne in Paris in 1892, he proposed that the Olympic Games be revived. He soon founded the International Olympic Committee, which was committed to:

- Promoting the development of those physical and moral qualities that are the basis of sport
- Educating young people through sport in a spirit of mutual understanding and friendship, thereby helping to build a better and more peaceful world
- Spreading the Olympic principles throughout the world, thereby creating international goodwill
- Bringing together the athletes of the world in the Olympic Games every four years

Central to his concept was a framework to run the Games; taking the leading role was the International Olympic Committee, a non-profit international organization. Members were to be selected from all corners of society - heads of state, industrialists, lawyers, sports administrators and Olympic champions. Next to the IOC were the National Olympic Committees...
Just 25 years ago, it seemed that the Olympic flame might be extinguished for all time.

competitors had to slow down to stay in lane. The swimming events were held in the Bay of Zea. Only three competitors lined up for one foot race. The first Winter Olympics were held over 11 days in 1924 at Chamonix, France. Originally titled the International Winter Sports Week, it was only later designated the first Winter Olympics.

Over most of the 20th century, competition in the Olympics was robust, enthusiasm was keen and the event seemed eternally successful. By the 1970s, things changed. After the tragedies of the 1972 Munich Olympics, when Palestinian terrorists killed 11 members of the Israeli team, an air of resignation enveloped the Olympics. As he handed over the symbolic keys to the IOC presidency in 1972, the American industrialist Avery Brundage reluctantly told his successor, Britain’s Lord Killanin: “You won’t have much use for these; I believe the Olympic Movement will not last more than another few years.” When the IOC gathered in Moscow for its 83rd session in 1980, the Olympic Movement’s obituary was already being penned.

Critics had come to view the Games as too political and too expensive. In 1980, when Juan Antonio Samaranch took over the IOC presidency, the political problems were both pressing and depressing. Bankruptcy seemed imminent; and, with the Moscow Games about to begin, the Olympic Movement was on the brink of its second serious boycott. The first boycott had occurred four years earlier in Montreal, when 17 African nations walked out over New Zealand’s continued sporting links with the apartheid regime in South Africa. When the Moscow Games began, 65 nations responded to US President Jimmy Carter’s call for a boycott in retaliation for the Soviet Union’s invasion of Afghanistan. Once governments withdrew their support for the cost of sending the team to the Games, many national Olympic committees had no other source of funding. Whether they agreed with the policy or not, they had no choice but to withdraw from the competition. Eighty-one nations did finally turn up but, without teams from the United States, Australia, Canada, Japan, Germany and China, the sporting field was decimated. It plunged the event (and the IOC) into crisis.

Crippled, the Olympics endured. With Los Angeles selected to host the 1984 Games, talk had already turned to whether the Soviets would now boycott in revenge. But a boycott was not the worst of it. Putting on the Games was increasingly costly and increasingly difficult for cities to help underwrite. Consider 1976: the original cost of hosting the Montreal Games was estimated at $310 million; but cost overruns on the construction of Montreal’s Olympic stadium left the city burdened with debts of $1 billion. By the time these were cleared, the final cost was probably double that.

In light of all this, the organization of the 1984 Los Angeles Games was addressed Ueberroth at one planning meeting: “You, Mr Ueberroth represent the ugly face of capitalism... and its attempt to take over the Olympic Movement and commercialize the Olympic Games.” Slowly, Ueberroth overcame the doubters; but he still had to overcome amateurish business practices. For example, in 1979, the IOC counsel was given a cheque for $25 million by Ueberroth as the Olympic Movement’s share of broadcast rights. Rather than bank the money and earn interest, the counsel headed off for a few weeks’ holiday with the cheque in his wallet. The IOC was as inept at generating money as it was at looking after it. Commercial sponsorships were few, inadequate and (too often) disputed. The Montreal games attracted the support of 628 companies, with 42 official sponsors paying an average of Can$50,000 each and generating a total of $5 million in cash and another $12 million in value in kind - just two per cent of the total receipts. Moscow issued some 6,972 certificates to manufacture over 17,500 different products but was unable to fill the yawning funding hole. Even Lake Placid, with the power and potential of the US
market, could only generate $26.5 million in cash and $30 million in value in kind from some 200 companies. After the Games, organizers were often faced with numerous lawsuits from companies who felt they had been cheated. In the early ’80s, it was seen as commercial suicide to even apply to host the Games.

**Time for leadership**
Of all the heroes who turned this situation around, Juan Antonio Samaranch, whose IOC roots went back to 1966, holds a special place. As IOC president, he gave the Movement a three-part agenda:

- **Secure funding** From 1980 to 2000, Samaranch devoted all his energies to building a solid financial base so that cities would both want to (and could afford to) host the Games. He also wanted the National Olympic Committees to be able to afford to make their own decisions and not be tied to the financial whims of their governments.

  Working closely with Horst Dassler, president of Adidas, Samaranch began to explore how to create a global marketing strategy for the Olympic Movement. In the year after his election as IOC president, Samaranch created a new commission, the New Sources of Financing Commission, with the specific mandate to explore additional revenue-generating programmes for the Olympic Movement.

- **Minimize politics** Samaranch also wanted to banish the term “boycott” from the Olympic lexicon. When he took over, the Olympic Movement was powerless in the face of politically motivated boycotts. Samaranch set out to change this by creating a personal dialogue with world leaders. His idea was to avoid problems by anticipating and engaging with issues at an early stage – rather than attempting to solve them at the last minute. No longer would the IOC trail behind politicians and others whose short-term focus meant they were only interested in tomorrow’s newspaper headlines. Instead, the IOC would run its own race – with its own strategy.

  Samaranch sat down and talked face-to-face with heads of state to explain the role of the Olympic Movement, further detailing how boycotts were not only hurting them but also undermining the potential of the Olympics as a tool for world peace. His goal was to create a dialogue, so that political leaders would at least talk before they did anything to jeopardize the Olympics.

- **Create teamwork** The third element in Samaranch’s recovery strategy was unity. The entire Olympic Movement faced a crisis, he explained, and it was only by working together that it could escape it. He believed that the Olympic brand should be bigger than any one person or group. Perceived wisdom says that consensus can most easily be built on the lowest common denominator, but the Olympic Movement exemplifies the opposite. It is a cause that appeals to everyone’s aspirations, a brand that appeals to everyone’s highest instincts, one built on the highest common denominator.

**Lord of the rings**
There are numerous stories that provide not only the history, but the feel, of what it took to turn around the Olympic Movement. One could talk about the ascending importance of television rights and how negotiations were often filled with dramatic intrigue. One could talk about Peter Ueberroth’s marketing genius when he promoted the carrying of the flame from Olympia, Greece, to the site of his games as an 84-day patriotic relay-rally. One could talk about the shrewd positioning of the Games as a major tourism attraction; for example, the Australian Tourist Commission estimated that Olympic-related events could generate 1.74 million visitors over seven years, generating Aus$3.5 billion. Perhaps the most symbolic tale of how the Olympics became a brand is to talk about the five rings that symbolize the Games – and how they were transformed from “who cares” status (citing just one instance) into 35 tons of steel, 75 metres wide, 35 metres high hanging over the Sydney Harbour Bridge.

When Samaranch took over the IOC, its commercial operations were a mess. To sort it out, he enlisted the help of Horst Dassler, whose link to the Olympics began in 1956 when, as a 20-year old, he was sent to Australia by his mother 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. Dassler later recalled, “Athletes were surprised when I came up, as a young chap and offered them a pair of shoes. It was very easy.” Thanks to 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.

Dassler created many of the foundations of event marketing and pioneered the partnership between commerce and sporting federations. He courted political leaders around the world and was probably better...
known in Moscow and the Kremlin than were many political leaders. As a result, the whole Soviet team, as well as teams from nations such as East Germany, wore Adidas. Dassler maintained a dedicated intelligence office at Adidas headquarters to track sports leaders and political elections.

But this was how Adidas succeeded. As recently as 1983, marketing was a fairly meaningless term within the IOC. When Dassler submitted his ideas on the development of an Olympic marketing programme, he delivered a stark message to the IOC members:

“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.”

The IOC listened. In 1985, he signed a marketing agreement with Samaranch. For an event that would revolutionize the fortunes of the Olympic Movement, there were no speeches, no champagne celebration, no media representatives. And not everyone was happy at what Dassler and Samaranch were doing. Monique Berlioux, the IOC’s long-standing director, frowned. As with others, she believed that the IOC was giving up far too much control to outside commercial interests and, perhaps more to the point, her own control. (Berlioux left soon thereafter.) Many were concerned that using the Olympic franchise to generate revenues was a dangerous road. Moreover, would-be sponsors or commercial supporters of the Olympics faced a complex labyrinth of vested interests. Although the organizing 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, expensive negotiation, with the Games sponsor being forced to also become a sponsor of his country’s National Olympic Team. This effectively meant that any company wanting to develop a global programme had to enter into 160+ separate agreements with the NOCs. All too often, the organizing 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 preempted them with a direct team sponsorship, effectively blocking them from the market. In fact, the complexity of the challenge facing would-be sponsors is hard to overstate. It involved persuading over 160 countries to agree to a single marketing strategy. 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, Coca-Cola’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.

**Simply simplify**

A new marketing concept generated by Dassler, Jürgen Lenz, and myself was remarkably simple: 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 code name “TOP”. This initially stood for absolutely nothing. In time, we officially christened it as “The Olympic Partners” to reinforce the partnership element.

There was just one problem: neither the Olympic organizing 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. Some very bright IOC organizers kept telling Samaranch that the concept would never work. Dick Pound, a former member of the Canadian Olympic swimming team at the 1960 Olympic Games in Rome, then a two-term IOC vice president, was assigned to make the concept work. He had private doubts. “The difficulties of persuading the organizing 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.

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; many realized we were pushing not just for a one-off agreement but for a whole new constitution. The NOCs that were from their governments, and it was not in their interests to see the funding gap closed between themselves (government-funded, comparatively wealthy NOCs) and their poorer competition. It would mean having to petition their governments to increase 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 trademarks in 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; this was during the period of the Cold War. The USOC Executive Committee members wanted to know on what basis Olympic organizations 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) was wholly inappropriate.

Very, very slowly, the NOCs came 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
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"And bring your Visa card, because the Olympics don’t take American Express."

seemingly endless arguments about the real economic value of their territory. In the end, 154 out of 167 NOCs signed. Only 13 NOCs refused; most, like Afghanistan, North Korea and Cuba, for political reasons.

Seoul searching

The first real test of this new branding and marketing direction would be the 1988 Seoul Olympic Games. South Korea 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. 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. Many had qualms about holding the Olympics in Seoul; admittedly, 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 drew up a list of more than 44 potential product categories for exclusive sponsorship rights. The corporate sponsors had to be given clear instructions about the products and services for which they were the official sponsors. 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 marketplace might be worth. Dassler decided that the programme could generate $300 million; the only thing he forgot to say was when.

The individual pricing of the categories was even more haphazard. Members of an IOC committee set up to coordinate the TOP Programme were asked by Pound how much income they expected from any given category. 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.

Support came slowly. Coca-Cola committed itself from the outset. However, it kept all its options open by making unilateral deals directly with each of the organizing committees while waiting for all the NOCs to come on board. Kodak and FedEx also signed fairly quickly, but the sales momentum did not last very long. Months passed and nothing happened. Every single sales approach was rejected, and doors slammed in our faces. Some, like Levi Strauss, simply decided to get out of the Olympics business altogether.

At one stage, we were so desperate to create the necessary critical mass to kick-start the programme that we even offered certain TOP marketing rights free of charge. 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 itsElsewhere, none of the big Korean companies (Samsung, Hyundai, Daewoo or GoldStar) came forward.

Take Visa

By late 1985, with just over two years to go until the Seoul Games, we were distraught. We only had three partners. Then, BBDO (the worldwide advertising agency who represented, among many others, Visa credit cards) 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.

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. Visa joined the TOP programme, and the decision paid off. As one Visa executive put it, “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."

Soon thereafter, 3M (despite the fact that it had never been involved in any major sports sponsorship programme) also signed 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; 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 centralized marketing programme and establishing the structures for a global marketing plan.

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, the Olympics has uniquely provided sponsors with a strong and powerful unified global platform to connect with their customers. One study by US broadcaster NBC found that 85 per cent of viewers saw Olympic sponsors as leaders, with 80 per cent of them committed to excellence and quality. One of the best testaments to the success of TOP is the programme’s 90 per cent-plus rate of renewal,
Brief History of the Olympic Games

776 BC First recorded Games at Olympia, Greece, in which a naked runner won the sole event, a race of about 200 yards, called a stadium.

776 BC – 393 AD Olympic Games held every four years (a period of time the Greeks called an Olympiad) even during the Persian Wars.

393 AD Ancient Olympics abolished by the Roman emperor Theodosius I, a Christian, fearing their pagan influences.

1896 First modern Olympics held in Athens, Greece, with 220 athletes representing 13 countries. Since the Games were not well publicized internationally, contestants were not chosen nationally and came at their own expense.

1912 Stockholm, Sweden A Native American, Jim Thorpe, became the only man to win both the decathlon and pentathlon in one year. His record was later cancelled and medals taken back because he had played professional baseball; the medals were restored posthumously in 1982.

1916 Games cancelled due to World War I.

1940 Games cancelled due to World War II.

1944 Games cancelled due to World War II.

1948 London, England Francina (Fanny) Blankers-Koen, mother of two, becomes the first Dutch athlete to win an Olympic title in athletics. She also becomes the first woman to win four gold Olympic medals and the first to do so in a single Olympics.


1972 Munich, West Germany The spirit of international harmony is brutally disrupted when Palestinian terrorists murder 11 team members from Israel.

1980 Moscow, USSR More than 60 countries withdraw from the Summer Games in protest of the 1979 Soviet invasion of Afghanistan.

1992 Barcelona, Spain No Soviet teams participate, as the Soviet Union had split up in December of the previous year. Former Soviet athletes participate as teams representing now-independent Baltic states or the Commonwealth of Independent States. The Commonwealth team comes in second in number of medals won.

1994 After 1992, the Winter and Summer Games are no longer held in the same calendar year. The first independent Winter Olympics took place in 1994 (Lillehammer, Norway); the first Summer Olympics in 1996 (Atlanta, Georgia).

1996 Atlanta, Georgia The centennial Olympic Games is marred by the explosion of a homemade pipe bomb, which killed one person and injured more than 100 others.

2000 Sydney, Australia The first Games held in Australia; the home team won a record 41 medals.

1976 Montreal, Canada Nadia Comaneci (above) of Romania receives the first perfect 10.0 in gymnastics, a feat she repeats for a total of seven perfect scores during these Games.

2008 Beijing, China At an estimated cost of $40 billion, the Chinese Government transforms the nation’s capital to sponsor the Games. China’s pursuit of the Olympic dream started in 1908 when a news magazine called Tianjin Youth asked: “When will it be possible for China to host the Olympic Games on its own territory?” The dream took a century to become reality.
virtually unheard of within the industry. Some gold rings shine brighter than others.

Made in China
8 August 2008. Picture the scene: Chinese President Hu Jintao steps up to a podium in the spectacular new Beijing Olympic Stadium. Watched by more than four billion television viewers across 220 countries, he declares open the 29th Olympiad of the modern era. As the speech concludes, the Olympic cauldron is ignited. China’s spectacular party, firmly establishing its position on the world stage, officially begins.

But the promised success of the 2008 Beijing Games is actually a continuation of a turnaround for the Olympic brand. By 2008, global broadcast revenues had increased over 30 times, to $3 billion, with NBC and the European Broadcasting Union paying a further 35 per cent increase in rights fees for the next quadrennial through 2012. Coverage of the Olympic Games has more than doubled, with a global audience of close to four billion people – making it the largest broadcasting event in the world. Increased broadcast revenues have allowed the IOC to dramatically expand its funding support to the National Olympic Committees and International Sports Federations around the world. This has further boosted the premier global marketing programme of its kind, the TOP programme.

The Olympic stadiums and athlete bibs remain free of any form of advertising. Tobacco and spirits sponsorship is also prohibited. Maintaining the values and ethical principles of the Olympic ideals, and not selling out to gross commercialism, is a fine and continual balancing act. How to keep the Olympic soul while providing a firm funding basis, one that allows the Olympic Movement to grow and thrive, is a formidable ongoing challenge. In 1980, the Olympic Movement was teetering on the brink of collapse and faced a hard choice: to continue its amateurish un-businesslike ways into extinction or to reinvent the organization and its brand for a new century. It chose the latter; perhaps there’s a lesson here for your own company or industry. Let the Games begin.

Resources
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