International Sport Marketing: Branding and Promoting the 2006 Olympic Winter Games

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ABSTRACT

Real world data for this case was made public by the International Olympic Committee. This teaching exercise is intended for branding or promotions discussions in marketing or sport management courses.

INTRODUCTION

Geoffrey Stone (not his real name) was sifting through the stacks of financial and broadcast data collected by the International Olympic Committee (IOC) Television & Marketing Services for the 2006 Winter Olympic Games in Turin, Italy (Torino 2006). The games had ended nearly ten months ago, and Stone would need to assess what was working well for the Olympic brand, and what was not, as the 2008 Olympic Games in Beijing, China approached. Torino 2006 had been the first Games under the newly created IOC Television & Marketing Services SA, so examining branding, funding, and promotions results under the new marketing structure was critical, but it was also proving difficult.

HISTORY

The modern Olympic Games began in 1896 in Athens, but for the first several four-year cycles to follow, they were only one small piece of other major fairs, rather than distinct entities (Senn 1999). As time went on, news coverage of the Olympics contributed to its growing popularity but there were still no significant revenue sources for the Games, and members of the IOC had to pay their own expenses to attend meetings or the Games themselves (Pound 2004).

The structure for hosting, funding, and broadcasting Olympic Games had been complicated and difficult for years. Each Games was hosted by a unique non-profit organizing committee usually based in the particular city hosting the games, the Organizing Committees for the Olympic Games (OCOGs). In addition, each country participating in the Games was represented by a National Olympic Committee (NOC). Furthermore, the International Federations (IFs) for sports on the Olympic program were provided the majority of resources required to host the Games, and there were no controls in place to prevent any of these governments from using the Olympics for their own political purposes. Corporate sponsors preferred to link the Olympic Games to their own profit-maximization agendas, while the IOC wanted to control and limit commercialization of the Games. In 1980, when Juan Antonio Samaranch became president of the IOC, he set out to create a sense of financial independence for the Olympics, which none of the funding sources really wanted him to do. In 1984, for example, the Sarajevo OCOG signed 447 separate sponsorship agreements for that year’s Olympic Winter Games alone (Olympic 2008, p. 19). The complexity of tracking and controlling all of these agreements was mind boggling.

THE OLYMPIC BRAND

For most of its nearly 3,000 year history, "The Olympics" had no specific brand symbol. When Baron Pierre de Coubertin established the modern Olympic movement in the late 19th century by founding the IOC, he began the process of creating an identifiable brand image for the Games, notably with the introduction of the interlocking rings early in the 20th century (Payne 2006). For the next several decades, most marketing issues were delegated to the various OCOGs hosting each Olympic Games. There was, therefore, little need to standardize much in terms of branding or promotions for the Games, and as a result there was no single, clear image for the Olympic brand. Help on that front came from a long-time sport marketing expert.

In 1949, Adolf ("Adi") Dassler founded what became the global sporting goods firm, Adidas (History 2008). His son, Horst Dassler, held ongoing discussions with Juan Antonio Samaranch beginning soon after Samaranch became IOC President in 1980 (Wenn and Martyn 2007). Adidas had for some time been successful at creating an overarching global brand image for its company, while allowing individual product lines to have unique identities within that brand. Similarly, the Olympics needed to take control of its overarching brand image, which had not yet been clearly established. Under Samaranch, each OCOG was allowed to put its own "spin" on its particular edition of the Olympic Games, but those customizations had to be consistent with and uphold an overarching Olympic global brand image.

The Olympic global brand today has three themes: excellence, friendship, and respect (Webb and Redgate 2006). Athletic excellence has always been a core element of the Olympic Games, inspiring spectators – especially youth – to strive for their personal best. The international nature of the Olympic Games provides an example of how political, racial, and other prejudices can be overcome through the friendships that develop around the competitions. Finally, the Olympic Games seek to present examples of respect; for the athletes to respect themselves, to respect the rules of the Games, and to respect their peers and spectators.

In addition, each host city is permitted to personalize the image of its Olympic Games so that those Games "belong" to the host city without compromising the overarching global image of the brand. For the 2006 Olympic Winter Games in Torino, several aspects were introduced. The emblem was an artistic merger of an architectural landmark of Turin, called the Mole Antonelliana, and an alpine peak. Blue elements in the emblem represented the sky, and white represented the mountain snow. The theme for the Torino Winter Games was "Passion Lives Here," a simple but powerful statement displayed in vibrant red. Even the Olympic medals created for the 2006 Winter Games had a unique design, a circle with an open space in the center. When worn, the medals appeared to "encircle the heart – the source of passion – of each Olympic medalist" (Webb and Redgate 2006, p. 33).

FUNDING THE OLYMPICS

Worldwide Sponsorship

In the 1980s, the IOC developed a longer-term marketing program to promote continuing sponsorship of the Olympic Games over several years. The idea, now called "The Olympic Partner" – or TOP – program, would bundle together all global sponsorship rights over the course of four years to include one Olympic Games and one Olympic Winter Games. This new sponsorship plan required agreement from the IOC and NOCs, and granted each sponsor worldwide rights in an exclusive product or service category for a four-year period. In practice, only the IOC initially thought this was a good idea, with neither the NOCs and the OCOGs nor private industry supporting the plan. After many months of negotiation, most of the NOCs agreed, and Coca-Cola became the first TOP sponsor. In fact, Coca-Cola has remained a steadfast TOP sponsor through each of the four-year agreements since the global sponsorship program began. For the 2005-2008 cycle, which included that 2006 Olympic Winter Games and which would end after the 2008 Olympic Games, there were 12 TOP sponsors. This was the sixth TOP cycle (called a "quadrennium") since the program began, and so was referred to as TOP VI. Exact amounts of corporate sponsorship vary, but the majority of TOP sponsors in the 2005-2008 quadrennium have provided, "substantial year-round contributions of products, services, technology, expertise and financial resources" (Webb and Redgate 2006, p. 51), typically exceeding $80 million (all currency references are in U.S. dollars). Each TOP sponsor may exercise its exclusive global promotions rights and initiate marketing programs with any or all of the members that participate in the TOP program, including the IOC, active NOCs and their Olympic teams, and the OCOGs affiliated with the two Games of each quadrennium. Approximately 40% of TOP revenues are provided to all participating NOCs, to support the development and training of Olympic athletes and teams throughout the world. Sponsorship to date is included in Table 1 (from Olympic 2008, pp. 10-12).

Table 1: TOP Program Evolution

Quadrennium	# of TOP Partners	TOP Revenue (in $ millions)	Number of NOCs	TOP Revenue Share to NOCs (in $ millions)
I. 1985-1988	9	96	159	n/a
II. 1989-1992	12	172	169	35
III. 1993-1996	10	279	197	57
IV. 1997-2000	11	579	199	93
V. 2001-2004	11	663	202	110
VI. 2005-2008	11*	866*	205*	139*

* *Estimated at the start of the quadrennium.*

Broadcasting

Before the mid-1990s, the IOC's awarding of broadcasting rights was similarly complex. The organizers of specific Games wanted to maximize short-term revenue to cover their costs, while the IOC had much longer-term goals, such as developing its global brand and promoting the ideals behind the Olympic Games, which the IOC called the Olympic Movement. In the mid-1990s Australia's Channel 7 offered $75 million for the broadcasting rights in its coverage area for both the 1996 and 2000 Olympic Games (Payne 2006). Never before had a single broadcast negotiation resulted in multi-game broadcasting strategies. In 1995 NBC secured U.S. television rights for the 2000 Olympic Games in Sydney and 2002 Olympic Winter Games in Salt Lake City for $1.25 billion (Payne 2006).

The IOC is the sole owner of the broadcast rights for all Olympic Games (which include mobile and internet broadcasting as well as television and radio), and seeks to ensure the widest possible audience in the world for the Olympic Games. Table 2 includes broadcasting information (from Olympic 2008, pp. 23-26).

Table 2: Olympic Winter Games Broadcasting Results

Olympic Winter Games	Number of Countries/Territories Broadcasting	Hours of Coverage from the Host Broadcaster	Broadcast Revenue
1998 Nagano	160	600	$514 Million
2002 Salt Lake	160	900	$738 Million
2006 Torino	200	1,000	$833 Million

Fees for the rights to broadcast the 2006 Olympic Winter Games varied across continents, as indicated in Table 3 (from Webb and Redgate 2006, p. 48).

Table 3: 2006 Olympic Winter Games Broadcast Rights Fees by Continent

Continent	Rights Fees
Africa	$600,000
Americas	$643,000,000
Asia	$40,000,000
Europe	$135,000,000
Oceania	$14,000,000

Interestingly, the significantly larger amount spent in the Americas includes a 19% decrease in Canadian broadcasting fees when compared with 2002 Olympic Winter Games coverage, with a 37% decrease in Canadian viewing hours for the 2006 Olympic Winter Games when compared with 2002 (Webb and Redgate 2006).

Domestic Sponsorship

Each individual OCOG, under the direction of the IOC, manages domestic sponsorship, ticketing, and licensing programs within that particular host country. For the 2006 Olympic Winter Olympic Games, there were three levels of sponsorship available: main sponsors, official sponsors, and official suppliers. The Torino Organizing Committee (TOROC) had done well researching the needs of sponsors and identifying what advantages Olympic sponsorship could bring to them. In the Italian sports market, football (soccer to Americans) and motor racing were the dominant sports, each primarily funded by venue, uniform, and vehicle advertising. The IOC had traditionally prohibited venue signage, so the TOROC faced a significant challenge to get Italian sponsors on board. By skillfully leveraging the established core values of the Olympic brand, TOROC was able to secure 57 companies and 63 brands across the three levels of sponsorship, including five main sponsors and 17 official sponsors, with the remainder as official suppliers. The main sponsors especially invested heavily in these Games, averaging between $40-$50 million apiece. This is especially impressive in a market where companies more typically pay less than $1 million to sponsor a football team for a year (Webb and Redgate 2006). Table 4 shows results for the last three Olympic Winter Games (from Olympic 2008, p. 18).

Table 4: Winter OCOG Sponsorship Programs

Olympic Winter Games	Number of Domestic Partners	Revenue and Support
1998 Nagano	26	$163 million
2002 Salt Lake City	53	$494 million
2006 Torino	57	$348 million

For comparison, the share of worldwide broadcast revenues contributed to TOROC was $408 million (Webb and Redgate 2006).

Ticket Sales and Licensing

Visitors and spectators from around the world purchased 90% of the ceremony and competition tickets, resulting in approximate ticket revenue of $87 million, a figure that is 4% over revenue expectations after VAT (Europe's Value Added Tax) was removed. Some 540,000 products were sold commemorating the 2006 Olympic Winter Games, with 32 official licenses for 35 product categories resulting in almost $17 million of total revenue, more than 10% above expectations. Some licensed products included the global brand image, some included the Torino 2006 brand images, and many included both. **Table 5** shows a selection of historic Olympic marketing revenue (from Olympic 2008, p. 5 and Webb and Redgate 2006 pp. 48, 103, 108).

Table 5: Olympic Marketing Revenue (in $ millions)

Source	**1993-1996**	**1997-2000**	**2001-2004**	**2005-2008***
Broadcast	1,251	1,845	2,232	833
TOP Program**	279	579	663	866
Domestic Sponsorship	534	655	796	348
Ticketing	451	625	411	87
Licensing	115	66	87	17

** Partial Results, Estimated as of December 2006. This does not include figures for the 2008 Olympic Games.*

***The TOP program runs throughout the four year period, all other figures are for Torino 2006 alone.*

CONCLUSIONS

The revenue figures were very informative, but it was difficult to compare Olympic Winter Games-only revenue since four-year quadrennials included Olympic *Summer* Games as well. Furthermore, it was not clear whether the money paid for broadcasting rights or other advertising was getting a good return for sponsors, which would make Stone's and the OCOG's sales pitches to sponsors more difficult as the 2008 Olympic Games in Beijing approached. Stone was also mindful that talks were already underway with potential TOP sponsors for the 2009-2012 quadrennium.

Stone knew that for the last several years the IOC had been keeping only 8-10% of all Olympic marketing revenue for its own operational and administrative costs, including his own salary. About half of TOP program revenues and other contributions were given to the summer and winter OCOGs and host country NOCs to share each quadrennium to support the staging of those Olympic Games and Olympic Winter Games. The remainder was shared by the organizations that are part of the Olympic Movement. These currently included more than 200 NOCs worldwide, the 28 IFs of sports of the Olympic Games and the additional seven IFs of sports of the Olympic Winter Games (Olympic 2008). Table 6 shows the amount contributed to the IFs in the last few years (from Olympic 2008, pp. 8).

Table 6: Selected Olympic Marketing Revenue Contributions to International Federations

Games	Revenue to IFs
1998 Nagano (Winter)	$17 million
2000 Sydney (Summer)	$190 million
2002 Salt Lake (Winter)	$92 million
2004 Athens (Summer)	$254 million
2006 Torino (Winter)	$126 million

The broadcasting figures were also confusing. The 2006 Olympic Winter Games were the first to be broadcast in some markets in a variety of media, including live video streamed to mobile phones, online live streaming, High Definition TV (HDTV) and digital interactive viewing.

With a potential audience of more than 3 billion people in 200 countries televising the Games, 1,000 hours of feed from the host broadcasters, and global coverage of more than 16,000 hours, the 2006 Olympic Winter Games looked like a media success. The worldwide viewership figures indicated that more broadcast hours had been available for the Torino Games than for any previous Olympic Winter Games, yet the worldwide viewership levels appeared to be lower, as noted in Table 7 (from Olympic 2008, p. 24).

Table 7: Broadcast Viewing Levels

Olympic Winter Games	Total Viewer Hours*
2002 Salt Lake	13.1 Billion
2006 Torino	10.6 Billion

** Total Viewer Hours is the sum of all viewer hours per program, measured by multiplying the duration of the program by the number of viewers in the audience.*

Stone remembered that some key athletes, such as American Michelle Kwan, had withdrawn before the 2006 Olympic Winter Games began, and that the Canadian men's ice hockey team did particularly poorly early in the Games. Perhaps a more detailed look at viewership by continent in Table 8 would help him identify areas of weakness (From Webb and Redgate 2006, p. 39). After all, paying more for fewer viewers was not going to help market the next Olympic Games.

Stone also noted that while American audiences had 17% more coverage available when compared with Salt Lake City's 2002 Olympic Winter Games, total viewer hours in the USA dropped by 66% when compared with 2002 and by 28% when compared with the 2004 Olympic Games in Athens (Eden, Redgate and Georgecink 2004, Webb and Redgate 2006). Even so, the USA and Canada combined accounted for 20% of the worldwide viewership total for the 2006 Olympic Winter Games.

At least one measure showed clear success. One IOC goal for promoting the Olympic brand was to raise awareness of the Olympic Games. After the Torino Winter Games, global consumer awareness of the Olympic Winter Games had increased from 87% in 2004 to 94% in 2006 (Webb and Redgate 2006, p. 22).

Table 8: 2006 Olympic Winter Games Coverage and Viewing by Continent

Continent	**Potential Audience** (number of people with access to broadcast channel coverage)	**Coverage** (hours and minutes within a given region)	**Viewer Hours** (the number of viewers times the duration of the program)	**Consumption Per Viewer** (average in hours and minutes that each individual viewer watched)
Africa	116,125,631	1230:20	121,150,720	1:20
Asia	1,690,820,511	3555:34	2.936,902,237	1:49
Central and South America	219,214,984	1025:18	282,813,508	1:17
Europe	697,423,525	9329:00	5,112,329,487	7:18
North America	314,199,746	991:16	2,073,046,822	6:35
Oceania	24,365,723	180:17	84,045,703	3:33
Total	3,062,150,119	16,311:46	10,610,288,477	3:33

Stone pondered the questions he still needed to answer. Had the 2006 Olympic Winter Games been a success? What worked well, and what did not? What changes, if any, should he recommend to the IOC as the organization moved forward?

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