Olympic marketing: historical overview

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Summary

1. Marketing of the Olympic Games in the modern era

1.1. From Athens 1896 to Rome 1960 Olympic Games

The path followed to date by marketing programmes in the Olympic Movement has not been a short one. The origins of funding policies go back to 1895 when the Greek, Georges Averoff, paid for the rebuilding of the Athens Olympic Stadium, which was to be the setting for the first Modern Games one year later.

These first Modern Games received funding from a number of business sources. For example, Kodak (presently a TOP sponsor) contributed to the Athens 1896 Organising Committee in return for an advertisement in the official programme (IOC, 1994a). The Stockholm 1912 Games also received funding from the Granberg Industrial Art Company, which signed an agreement permitting the commercial use of competition photographs in return for the payment of USD 3,600, while another company paid for the right to install weighing scales for the use of spectators (OCOG 1912, 1913:33). These were undoubtedly among the first steps in modern sports sponsorship with companies that were keen to have their products associated with large-scale prestigious sporting events, the resulting publicity being a great form of exposure for all kinds of products. The Antwerp 1920 and Paris 1924 guides are a rich source of examples of commercial companies' enthusiasm to be associated with the Games through advertisements.

Since the Stockholm Games, the right to use Olympic symbols or insignia on commercial products has been highly prized. By the Amsterdam 1928 Games, balance sheets included income from publicity hoardings on access routes to the stadium and in nearby kiosks. Advertising within the stadium was still prohibited, the only commercial licences being for restaurants. Coca-Cola (presently a TOP sponsor) began its association with the Games by providing 1,000 crates of soft drinks for the US team (OCOG 1928, 1931?:149).

In later Games, US east coast clothing companies based their promotion campaigns for new suits around the Lake Placid 1932 Winter Games, and the Los Angeles Games of the same year were the first Games to include the concept of the Olympic Village. After the Games, the bungalows were dismantled and sold as holiday facilities. These were the first Games to yield a profit (OCOG 1932,1933).

These first steps were given a further boost with the advent of television, and the rapid growth of sport as a media phenomenon. Sports sponsorship was now to change spectacularly. The first Olympic television broadcasts took place at the Berlin'36 Games. Not only were the Berlin Games a classic example of political manipulation and a propaganda exercise on the part of Hitler's Nazi regime, but also the setting for widespread radio coverage and the first television broadcasts – available in Germany and neighbouring countries (Moragas, 1992). A total of 138 hours of television broadcasting were watched by some 162,000 viewers.

After this, sports events were to gradually become a regular feature of television broadcasting. In 1937 the BBC began experimental broadcasting of the Oxford–Cambridge Boat Race; two years later, NBC in the United States broadcasted a Columbia–Princeton basketball match.

Television sports audiences began to grow stimulating interest from advertisers. The expansion of television provided new horizons for sports sponsorship and gave sponsors the means of reaching an audience that went far beyond that of the stadium. This conversion of sport into spectacle for mass consumption is most clearly seen in the Olympic Games, which would never again be solely a sporting event.

The London'48 Games were the first in which a set price was established for television rights. The BBC struck a deal with the organising committee and paid USD 3,000 for the right to broadcast 64 hours of Olympic programmes, which were watched by some 500,000 viewers.

By the Helsinki Games in 1952, more than 25 companies from eleven different countries, mainly in the food and drinks industry, including Coca-Cola, provided material goods free to the organisation (OCOG 1952, 1955). By Melbourne'56, 112 companies provided goods and services, among them Kodak (OCOG 1956, 1958). The Cortina d'Ampezzo 1956 Winter Games were the first to be broadcast live on TV while Rome'60 saw the first satellite broadcast and the first case of what could be identified as sponsorship by modern day definitions. The sponsoring companies were permitted to use such slogans as "official provider" to the Olympic Games and "official sponsor" emphasising exclusivity (OCOG 1960, 1960).

1.2. From Tokyo 1964 to Moscow 1980 Olympic Games

This development was consolidated and expanded at Tokyo 1964. Companies competed with one another to provide products that ensured the success of the Games and the comfort of the guests and athletes. IBM was present at the Games for the first time and provided computer technology and an electronic calculation system, all of which required additional equipment including a generator (Tokio Shotura Electric), a printer (Ricoh) and a cooler (Toyo Kogyo) for the bulky computer (OCOG 1964, 1966).

Until this point, sponsors had simply provided goods free of charge and there was no question of inter-sponsor competition, even though competing brands functioned as sponsors within the same Games. In Mexico'68, sponsorship income rose to almost USD 9m. Adidas and Puma, which by then were competing fiercely, struggled to have participating athletes using their footwear and significant sums of money changed hands in what was still supposed to be an amateur tournament (Moragas, 1992).

The number of sponsors grew significantly throughout the 70s and by Munich'72 they were divided into three categories: those providing money; those providing material goods and licensees. All had individual contracts specifying their rights and obligations and an advertising agency acted as the organising committee's representative. For the first time there was an official mascot (Waldis), and its use in publicity by commercial companies led to significant revenues (OCOG 1972, 1977).

At Montreal'76, 628 companies participated and were classified as official sponsors, collaborating companies, suppliers and licensees. The programme led to income of USD 7m (OCOG 1976, 1978).

However, this growth was as nothing compared to what was to come in the closing decades of the 20th century with expansion of scope to a global level. The boom must be considered in conjunction with the transformation of sport into a global phenomenon and the new interdependent relationship between television and sport.

The overall effect was to transform the nature of elite sport resulting in the shift from the audience in the sports stadium to viewers in their sitting room, to increase the audience for television sports and finally to increase the commercial interest of companies to associate their image with televised sport.

1.3. From Los Angeles 1984 to Athens 2004 Olympic Games

The Los Angeles Games in 1984 were the first exhibition of strategic sports sponsorship on a much larger scale. Although the number of sponsors had grown between 1960 and 1980 -to 200 at Moscow'80 and 381 at the Lake Placid'80 Winter Games- it was not until the Los Angeles'84 Games that the great potential value of sporting mega-events became clear to the IOC. Success did not lie in bringing together ever-larger numbers of sponsors, but exactly the opposite, reducing the numbers but increasing the amount each one paid. The organisers limited the number of sponsors to 35 and set out specific conditions on exclusivity. A list of commercial sectors was drawn up and only one representative of each sector could be a sponsor. Selected companies were willing to pay larger amounts since they were guaranteed exclusivity and a massive impact through US and international television audiences. As a result, the Games became a guaranteed success in economic terms (Moragas et al., 1995).

The Los Angeles'84 experience led the International Olympic Committee (IOC) to design the Olympic global sponsorship programme known as TOP (The Olympic Partners), effectively selling companies the right to use Olympic symbols worldwide in return for an important fee.

Under IOC supervision, the Calgary'88 Winter Games saw the implementation of the first TOP programme. The nine business categories of TOP sponsors comprised products and services available on a worldwide basis. For the first time ever, the IOC joined with the local organising committee in implementing a global marketing programme, the main underlying principle of which was that the fewer participants, the greater the impact and the value for individual sponsors. It also gave the IOC more control over the use of its symbols.

The 1992 Games in Albertville and Barcelona were financed partly through the TOP II programme with 12 global sponsors and a sophisticated system of collaborating companies. A new television system enabling local focuses also became available for the first time. The official TV channel provided coverage of additional events to cable and satellite channels, thus leading to a greater number of sports being televised. In countries such as Spain and the United Kingdom, nine out of every ten persons tuned into television coverage of the Barcelona Games at some stage.

At Lillehammer'94, marketing programmes generated more than USD 500m, a new record for the Winter Games. Revenues from the licensing programmes were three times greater than projections as more than 120 countries broadcast the Games on television in comparison with 86 countries for Albertville'92. For the first time ever, the Winter Games were officially broadcast in Africa.

As for Los Angeles'84, funding for the centenary Games in Atlanta'96 was entirely private. The main income sources were television rights, sponsorship and ticket sales. Global television audience totalled 3,500 million in a total of 214 different countries, while ticket sales accounted for 26% of total income. With 11 million tickets available, sales exceeded those of Barcelona'92 and Los Angeles'84 put together. Atlanta'96 also saw the dawn of the digital age for the Olympic Games as the organising committee became the first to have an official webpage (IOC, 2002).

At the Nagano'98 Winter Games, the IOC continued with the successful marketing and television rights programmes applied at Lillehammer'94. The deal reached between technological sponsors and the Olympic Movement was to mark the future of the Olympic Games. Television broadcasting reached a total of 160 countries, exceeding Lillehammer's 120. For the first time ever in the Olympic Games, Australians had live coverage of the Winter Games. The Nagano Games website provided results and information in real time and received 646 million visits during the Games, an Internet record at that time.

The Sydney 2000 Games involved further developments in marketing terms. All marketing areas were integrated in a drive to obtain a unified image for the Games. Television coverage was massive with more than 3,500 hours of live coverage and a total audience of 3.7 billion in 220 countries. Thanks to the positive results of the marketing programme (USD 1,331m in television rights), the Sydney Games were able to provide athletes and judges with free accommodation for the first time ever.

The Salt Lake City 2002 Games provided another demonstration of the financial potential of the Olympics with the TOP V programme. From Nagano's 600 hours of television broadcasting, Salt Lake City rose to 900 hours, with a significant USD 130m from sponsorship.

The Athens 2004 Olympic Games provided USD 1,496m in Olympic broadcast revenue. The Games were broadcasted to 220 countries with 3,800 hours of Olympic live coverage and approximately 4.2 billion people audience. (IOC, 2005a). Through the Athens 2004 local sponsorship programme, USD 302m were obtained from a total number of 38 partners (IOC, 2005b).

2. Organisation of Olympic marketing programmes

2.1. Objectives

The International Olympic Committee (IOC), as owner of all Olympic rights and symbols, is responsible for all aspects of management of Olympic marketing programmes. The objectives pursued are as follows:

- To ensure the stability and financial independence of the Olympic Movement, and to contribute to international promotion of Olympism.
- To create and maintain marketing programmes in the long term, so as to ensure continuity of the Olympic Movement and the Olympic Games.
- To develop activities jointly with the Local Organising Committee, and to eliminate the need for creation of new marketing structures for each Olympic Games.
- To certify fair distribution of income among all levels of the Olympic Movement (Organising Committee, National Olympic Committees, continental associations and international sports federations) and to provide economic support for emerging nations.
- To ensure that the Olympic Games will be broadcast by non-pay television channels around the world.
- To restrict uncontrolled commercialisation of the Games.

- To protect the equity which lies at the heart of the Olympic ideals.
- To achieve support from Olympic sponsors in promotion of Olympic ideals.

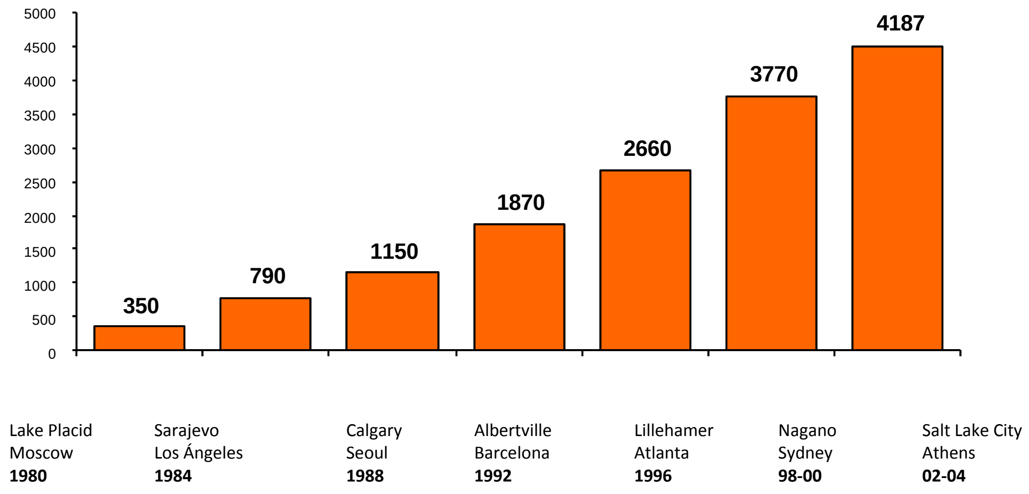
(IOC, 2002)

2.2. Revenue generation

Olympic marketing programmes have four main sources of income (television rights, sponsorship programmes, ticket sales and Olympic licences) which are controlled by three strata of the Olympic Movement: the International Olympic Committee (IOC), the Organising Committees of the Olympic Games (OCOGs) and National Olympic Committees (NOCs).

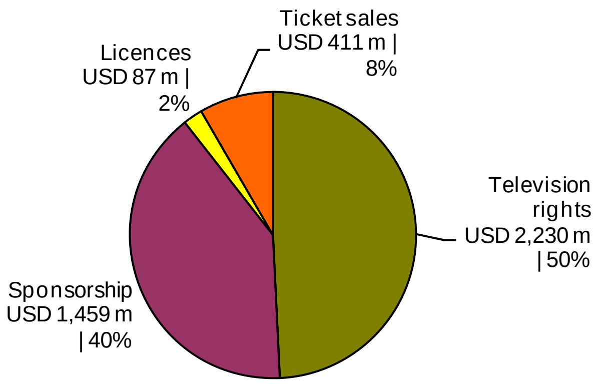
IOC manages broadcast and new media rights, the TOP worldwide sponsorship programme and the official supplier and licensing programme. Under the direction of the IOC, OCOGs manage domestic sponsorship, ticketing and licensing programmes within the host country. In addition, marketing programmes are managed by the NOCs trough their local sponsorship programmes.

Graph 1 | Evolution of income from Olympic marketing programmes (in millions of dollars) 1980- 2004



Source: Elaboration based on the IOC Marketing Fact Files

Graph 2 | Income sources of the Olympic marketing programme 2001-04



Source: IOC 2005b: p. 16

Television rights

The sale of television rights is the main source of revenues for the Olympic Movement and is the main medium for the promotion of the Olympic Games and Olympic ideals around the world. Olympic television coverage also enables viewers to see the events free of charge around the world, thanks to an agreement with the television channels.

Sponsorship

Sponsorship, both at international and local scale, is essential for the Olympic Movement and the Games. Business sector support involves more than financial contribution: Olympic sponsors provide technology, products, services, knowledge and personnel to contribute to smooth running of the Games.

Licences and other operations

The official Olympic licensing programme covers products of the Organising Committees, National Olympic Committees and the IOC. These products bear the emblems and mascot of the Games or the National teams and are designed to commemorate the event. Olympic coins, stamps and pins are another feature of this area.

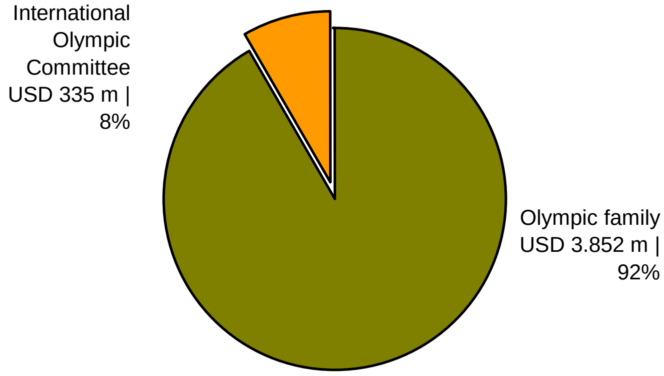
Tickets

Revenues from ticket sales for the sporting events and opening and closing ceremonies represent more than 10% of the Organising Committee's income.

2.3 Revenue distribution

The IOC redistributes 92% of marketing revenues among the Olympic Family (OCOGS, NOCs and International Sports Federations). The IOC retains 8% of the revenues to cover management, administration and operating costs.

Graph 3 | Distribution of Olympic marketing programme revenues 2001-2004



Source: Elaboration based on the IOC Marketing Fact Files

3. The four pillars of the Olympic marketing programmes

As explained in section 2, Olympic marketing programmes have four main sources of income: television rights; sponsorship programmes; ticket sales and Olympic licences, which will be analysed in more detailed in this section.

3.1 Television rights

The rise in revenues from television rights can be divided into three periods:

1936-1956: from Berlin'36 (the first Olympic television broadcast) until the Melbourne'56 Games, television rights never exceeded more than 1.5% of total income.

1960-1980: Although the relation between sport and television began with the advent of television itself, it was not until after the 1960s that televised sports became a mainstream interest of a sizable proportion of the world's population. Programmers were quick to realise that sports broadcasts increased audience ratings and the corresponding demand for advertising space. They also realised that the cost of sports coverage was much lower than that of producing their own quiz shows and documentaries (Mullin et al., 1996). For sport, the arrival of television raised the value of its assets: publicity hoardings within the stadium were seen by an audience far beyond those physically present at the event, and their cost rose accordingly. This peculiar link led to what several commentators call the "TV Sport System", in which there were apparently no losers: the sports organisations earn more in advertising, sponsorship and television revenues, the television channels spend less to cover the events than they earn from the resulting advertising revenues; the advertising companies reach a wide and segmented audience justifying their advertising outlay (Lobmeyer, 1992). In Munich'72 television represented 5.2% of total income, in Montreal'76, 5.2%, and in Moscow'80, 8.2%.

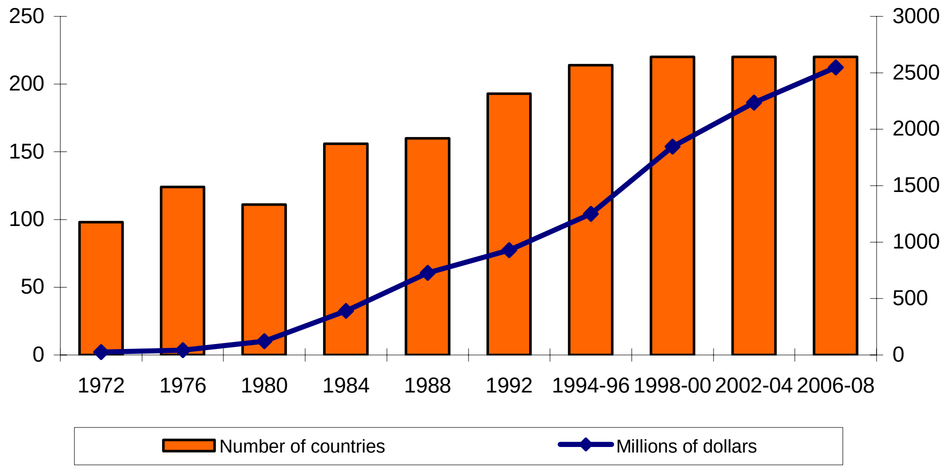
1984-: After Los Angeles'84 a change took place in the relation between television and the Olympics, and television revenues were neck and neck with sponsorship incomes. In more recent Games, television income has always been in excess of 25% and now tends to amount to around 50%.

Revenues from Olympic television rights have risen considerably. Table 1, with exact figures for contracts and numbers of countries receiving television coverage, illustrates this evolution.

Table 1 | Evolution of revenues from Olympic television rights and countries receiving coverage (1972-2008)

Year	Organising cities	Countries receiving television coverage	Revenues from television rights (USD)
1972	Sapporo Munich	98	26.3m
1976	Innsbruck Montreal	124	43.6m
1980	Lake Placid Moscow	111	122m
1984	Sarajevo Los Angeles	156	390m
1988	Calgary Seoul	160	728m
1992	Albertville Barcelona	193	928m
1994-96	Lillehammer Atlanta	214	1,251.2m
1998-2000	Nagano Sydney	220	1,845m
2002-04	Salt Lake C. Athens	220	2,236m
2006-08	Torino Beijing	220	2,546.7m

Graph 4 | Evolution of revenues from Olympic television rights and countries receiving coverage (1972-2008)



Source: Elaboration based on the IOC Marketing Fact Files

3.2. TOP sponsorship programmes

The term Olympic sponsorship includes several different types of agreement between the Olympic Movement and business at different levels. However, the TOP programme (The Olympic Partners) covers global sponsorship agreements between companies and the Olympic Movement as a whole.

3.2.1 Objectives, origin and development

The programme has four main objectives:

a) to ensure the stability of the Olympic Movement (for the purpose of promoting Olympism around the world) and to diversify income sources, which from the late 60s to the 80s came almost exclusively from North American television stations;

b) to create a structure permitting economic stability for Organising Committees and avoiding the need to invent new systems for each Olympic Games;

c) to ensure that sponsorship revenues are distributed appropriately among members of the Olympic Movement; and

d) to avoid uncontrolled commercialisation of the Olympic Movement, by reducing the number of associated companies and through control of the use of Olympic insignia (IOC, 1994b).

The origins of the TOP programme go back to the period running up to Los Angeles Games'84. In 1983, the IOC asked the international marketing firm ISL to develop a global marketing programme with benefit packets for potential members. This decision was taken in the light of approaches from a number of multinationals with regard to a worldwide association with the Olympic Movement.

Design of the programme required consensus from the National Olympic Committees. According to the *Olympic Charter*, this consensus was necessary if potential TOP sponsors were to use state team Olympic emblems – a feature of great interest for brands with global reach. Consensus was only required from those states wishing to participate in the benefits of the scheme. Until then, the impossibility of achieving consensus of the NOCs had prevented development of a world sponsorship programme such as that implemented for the FIFA World Cup in 1982.

ISL first presented the programme at the IOC meeting in New Delhi in 1983. Negotiations between the majority of NOCs, the participating multinationals and the IOC took two years (1983-85). The programme designed by ISL was definitively adopted by the IOC Executive Council in 1985 and its advantages began to be seen very early, according to Carrogio (1996).

Firstly, the TOP programme simplified matters for the companies wishing to be associated with the Olympic Movement at global scale. Prior to 1988, a company wishing to be a global sponsor had to negotiate rights separately with the two Organising Committees of each Olympiad, all the National Olympic Committees and the IOC. In fact, no company had ever achieved these rights and very few -Coca-Cola being one exception- achieved them for even a significant number of countries. The programme meant that contacts were centralised in the IOC through ISL. In 2001, ISL went bankrupt and, nowadays, the global sponsor must negotiate a single contract with the IOC marketing department, which is the responsible of this area.

Secondly, the TOP contract is valid throughout the complete Olympiad. From the outset it included sponsorship rights for both the Summer and Winter Games: the sponsors had a four-year period in which to exploit various marketing strategies. The internal dynamics of the TOP programme led to programming of the Winter and Summer Games in different years, as has occurred since Lillehammer'94.

Thirdly, in addition to the usual benefits for sponsors (i.e., publicity), the programme also offered other commercial advantages, including ongoing marketing advice.

In effect, TOP sponsors acquire the right and the opportunity to exploit their membership of the club and the symbols and insignia of the IOC, the Organising Committees and the National Olympic Committees on an exclusive basis within their business sector. This exclusivity is further favoured by the global scale of the programme and the small number of global co-sponsors. In addition, the rights also involve an opportunity to develop marketing programmes in conjunction with the IOC.

3.2.2 Implementation

The first implementation of the **TOP programme** covered the 1985-88 period (Calgary'88 and Seoul'88). There were a total of nine participants, substantially fewer than the 20 originally anticipated. Each participant contributed a minimum of ten million dollars (IOC, 1992). This was the first international Olympic sponsorship programme, if not yet truly global in scale, since only 150 of the 161 National Committees participated. Cuba, Libya, Venezuela and Greece were among those against the programme since they saw it as contributing to excessive commercialisation of the Games. The main beneficiaries of the programme were the Seoul'88 and Calgary'88 Organising Committees.

Table 2 | Global Olympic Sponsors (1985-2008)

TOP I Calgary-Seoul 1985-88	**TOP II Albertville-Barcelona 1989-92**	**TOP III Lillehammer-Atlanta 1993-96**	**TOP IV Nagano-Sydney 1997-2000**	**TOP V Salt Lake City-Athens 2001-04**	**TOP VI Torino- Beijing 2005- 2008**
Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola
Kodak	Kodak	Kodak	Kodak	Kodak	Kodak
Time/Sports Illustrated	Time/Sports Illustrated	Time/Sports Illustrated	Time/Sports Illustrated	Time/Sports Illustrated	Atos Origin
VISA	VISA	VISA	VISA	VISA	VISA
Brother Industries	Brother Industries	Xerox	Xerox	Xerox	Manulife
Phillips	Phillips	US. Postal Service	US. Postal Service	Samsung	Samsung
3M	3M	IBM	IBM	Sema	GE
Federal Express	US Postal Service	John Hancock	John Hancock	John Hancock	Omega
Panasonic	Panasonic	Panasonic	Panasonic	Panasonic	Panasonic
	Bausch & Lomb	Bausch & Lomb	McDonald's	McDonald's	McDonald's
	Ricoh		Samsung		Lenovo
	Mars				

Table 3 | Evolution of TOP programmes (1985-2008)

TOP programme	Number of sponsors	Number of countries/ Olympic Committees	Revenues paid by TOP sponsors (USD)
TOP I Calgary-Seoul 1985-88	9	159	95 million
TOP II Albertville-Barcelona 1989-92	12	169	175 million
TOP III Lillehammer- Atlanta 1993-96	10	197	279 million
TOP IV Nagano-Sydney 1997-2000	11	199	579 million
TOP V Salt Lake City-Athens 2001-04	11	202	603 million
TOP VI Torino- Beijing 2005- 2008	11	202	866 million

SOURCE: IOC, 2005

In **TOP II** (Barcelona'92 and Albertville'92), which ran between 1988 and 1992, a total of 12 companies participated. The initial price for each was USD 20m, although a number of companies negotiated a lower figure. 169 NOCs participated and benefited from the programme, i.e., all the National Committees with the exception of Iraq, Afghanistan and

Cuba. A total of 50% of the income generated went to the Local Organising Committees and the remainder was divided between the participating NOCs and the IOC, which received 6.5% (Pound, 1992:3).

Ten companies signed up for **TOP III**, the first to achieve unanimous consensus from all 196 NOCs. Each company paid a total of USD 40m (twice the TOP II figure) in the form of cash, goods and services for the Lillehammer'94 and Atlanta'96 Games. The TOP companies operated all over the world, although the bulk of their capital was from the United States. In 1989, 80% of the Olympic Movement's financial support came from North American companies, both in terms of sponsors and television channels. At present, there is a trend towards geographical diversification and Japanese companies have increased their participation.

The biggest contract was that signed by IBM in 1993 for approximately USD 200m, valid for a total of eight years and covering two Summer Games (Atlanta'96 and Sydney 2000) and two Winter Games (Lillehammer'94 and Nagano'98). A sizable proportion of the total payment was in kind: computer technology, including the results service for all four Games. A major advantage for IBM as a TOP III sponsor was the display of its logo on the top of the television screen every time a result appeared. Although IBM was a sponsor in 16 of the last 18 Games, it only had the right to display its logotype in the host countries, since it was not a TOP participant but a sponsor of the respective Organising Committees.
After the Atlanta'96 Games, a number of the companies decided not to renew their contracts pointed to the sharp rise in prices (from ten million dollars in TOP I, to 20 million in TOP II and 40 million in TOP III). Several opted to channel their sponsorship resources into competitions allowing advertising in the stadiums, with the guarantee of screen time, such as the FIFA World Cup and the athletics World Championships, including such companies as Philips and M&M Mars.

TOP IV covered the Nagano'98 Winter Games and the Sydney 2000 Summer Games. A total of 11 companies participated and together they paid a total of some USD 550m.

TOP V included the Salt Lake City 2002 Winter Games and the Athens 2004 Summer Games. The number of participants was reduced to ten: those missing from the TOP IV programme were IBM and UPS. The only new member was Sema, now owned by Atos Origin, which took IBM's place.

Further changes to the **TOP VI** sponsor line-up for the Torino 2006 and Beijing 2008 Games include the decision by Swatch to switch to its Omega brand, the involvement of GE (NBC's parent company), Lenovo, and Johnson and Johnson in February 2006. The estimated value of TOP VI is a record USD 886m.

3.3 Tickets

Ticket sales programmes enable the public to buy tickets for the sporting events and the opening and closing ceremonies not only from within the host countries but from anywhere in the world. At present, revenues from ticket sales represent 10% of the total income of the Local Organising Committee. The International Olympic Committee receives approximately 5% of this total.

TABLE 4 | EVOLUTION OF OLYMPIC GAMES TICKET SALE REVENUES (1976-2008)

Year	Organising cities	Ticket sale revenues (USD)
1976	Innsbruck Montreal	35 million
1980	Lake Placid Moscow	52 million
1984	Sarajevo Los Angeles	146 million
1988	Calgary Seoul	79 million
1992	Albertville Barcelona	110 million
1994-96	Lillehammer Atlanta	450 million
1998-2000	Nagano Sydney	716 million
2002-04	Salt Lake City Athens	380 million
2006-08	Torino Beijing	300 million

SOURCE: ELABORATION BASED ON THE IOC *MARKETING FACT FILES*

Ticket sales were the main source of revenue for the Organising Committees until the 70s. For example, in London'48 ticket sales represented 71% of the Organising Committee's income and at Helsinki'52, they accounted for 69%. This pattern was maintained until the Montreal'76 Games, when rising organisational costs made it necessary to find further sources of income, thus opening the door for television rights.

Since Montreal'76, income from ticket sales has risen progressively but has never exceeded 10% of total income. The only drop occurred when the Games were held in Asia. It is foreseen that there will be a drop in revenue from ticket sales at the Beijing 2008 Games due to the lower purchasing power of the Chinese public, as also occurred at Seoul'88. In concrete, it is estimated that the 2006-08 period (including the Torino 2006 Winter Games and Beijing 2008 Summer Games) will see a drop in revenue from this source of 80%.

3.4 Licensing programmes

Olympic licensing programmes serve for creative and active promotion of the Olympic brand image. They also provide a showcase for the Games, serving to entice consumers and maintain a high standard of Olympic marketing thus improving its image and ensuring high-quality products for the public. The licensing programme provides for manufacture of products with an official licence from the Organising Committees, the National Olympic Committees, and the International Olympic Committee. These products bear the Olympic or National Team emblems and mascots, and are designed to commemorate the event. The licensing programme operates at three levels within the Olympic Movement:

The Organising Committee

OCOGs authorise companies to produce Olympic souvenirs. These companies generally pay a fee of between 10 and 15% for use of the emblems. The merchandise is usually of novelty or commemorative value and includes pins, t-shirts and caps.

National Olympic Committees

NOCs authorise companies to produce specific souvenirs of their National Teams. These companies generally pay a percentage of between 10 and 15% for the use of the emblems. As for the OCOGs, the merchandise is usually of novelty or commemorative value including pins, T-shirts and caps.

The International Olympic Committee

The IOC operates a limited licensing programme around the world in specific fields including films, videogames and other multimedia products.

Over recent years, licensing revenues have never represented more than 2% of total income. Nevertheless, as table 5 shows, prior to the 1980s these earnings tended to be higher due to the revenue from Olympic coins. At Moscow'80, a special effort was made in licensing and revenue represented 26.8% of the total.

TABLE 5 | EVOLUTION OF OLYMPIC GAMES LICENSING REVENUES (1980-2008)

Year	Organising cities	Income generated by licensing programmes (USD)
1972	Sapporo Munich	176 million
1976	Innsbruck Montreal	245 million
1980	Lake Placid Moscow	202 million
1984	Sarajevo Los Angeles	30 million
1988	Calgary Seoul	8 million
1992	Albertville Barcelona	18.5 million
1994-96	Lillehammer Atlanta	114 million
1998-2000	Nagano Sydney	66 million
2002-04	Salt Lake City Athens	100 million
2006-08	Torino Beijing	110 million

SOURCE: ELABORATION BASED ON THE IOC *MARKETING FACT FILES*

4. Challenges for the future in the Internet era

The role of sponsors in the Olympic Games and the Olympic economy underwent a monumental change after the Los Angeles Games in 1984 where the exclusive use of symbols was limited to a restricted group of companies.

Modern forms of sponsorship in the Olympic Movement began in the 1960s, and between 1968 and 1980 the number of sponsoring organisations grew rapidly. The Los Angeles Games of 1984 were run on a purely commercial model and the decision was taken to limit the number of sponsors but require them pay more for exclusivity, earning the Los Angeles Organising committee USD100m as opposed to the USD10m earned through sponsorship by previous OCOGs.

This 'magic' formula was simple. Exclusivity for a limited number of sponsors provided them not only prestige, but also international brand recognition. Similarly, the television companies buying the rights to the Games ensured an advantage over the competition in attracting the most watched sporting event in the world. The spiralling costs of television and sponsorship rights meant that they were only accessible to multinational companies and major television broadcasters (or groups of broadcasters). This operational model has produced has resulted in the optimisation of relations between broadcasters and sponsors, which have become the main sources of finance for the Olympic Movement.

The Internet boom has opened up new financial possibilities for the Olympic Movement and the establishment of a new paradigm of economic relations with the sponsors, broadcasters and the potential to reach new audiences.

This realisation of these possibilities came under threat when the dot.com bubble burst producing resulting in widespread uncertainty about future developments in relation to the Internet. The IOC has been extremely cautious in formulating an Internet rights policy in what is a more challenging environment in terms of copyright protection and the maintenance of exclusivity for potential rights holders. Every new edition of the Olympic Games demonstrates the growing importance of the Internet as a medium for the consumption of the Games, how the IOC manages its online strategy in coordination with its sponsorship and television broadcast strategies remains to be seen.

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Olympic marketing: historical overview

Since the Olympic Games Los Angeles'84, the Olympic Movement has a direct control over the Olympic marketing programmes. These commercial agreements have made possible the increase of the Olympic Games in terms of magnitude, which have experienced an accelerated growth in the number of participating athletes and countries, as well as Olympic disciplines. Olympic marketing programs have four main sources of income (television rights, sponsorship programmes, ticket sales and Olympic licences) which, together with the TOP programmes (The Olympic Partners), ensure the feasibility and growth of the Olympic Games. This lecture offers a historical overview of these programmes and considers some challenges for the future in the digital era.

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