

# PyeongChang - Which company will win the medal for return on investment?

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As the world's top winter sports stars showed off their athletic prowess in the snow and ice of PyeongChang last month, the thirteen worldwide Olympic sponsors who have helped fund the global spectacle, outdid each other to capture the attention of a billion-strong television audience.



Screengrab from P&G's #LoveOverBias campaign.

World sponsors Procter & Gamble and Alibaba kicked off their Winter Olympic Campaigns with tug-of-the-heartstrings television adverts. With their minute and a half long video “#LoveOverBias” campaign, Procter & Gamble, the makers of family consumer goods like disposable nappies and shampoos, have amplified their highly successful “Thank you Mom” campaign through featuring mothers helping their children strive for their Olympian dreams, surmounting obstacles of homophobia, religious intolerance, colour, poverty and disability.

Chinese e-commerce company Alibaba launched its first global advertising campaign to coincide with their debut as a

world sponsor this Winter Olympics by following a similar aspirational theme. The first advert features an amateur ice hockey team from Kenya who have never seen real ice or snow but who aspire to one day qualify for the Olympic Winter Games.

## **Boosting consumer engagement is crucial**

All of this makes for great feel-good appeal of the sponsors, but both Procter & Gamble and Alibaba know that inspirational adverts alone are not enough to produce a return on investment. Because for every \$1 that a company pays in sponsorship fees, it must spend at least \$2-3 on developing an “activation” strategy. This means a strategy that encourages consumers to engage with the sponsor company. It could involve releasing new products or creating Olympic branded packaging.

Since boosting consumer engagement is crucial, Olympic sponsors tend to be consumer-focused brands like the 13 “Worldwide Olympic Partners” Coca-Cola, Alibaba\*, Atos, Bridgestone\*, Dow, GE, Intel\*, Omega, Panasonic, Procter & Gamble, Samsung, Toyota\* and Visa. Not to speak about the 10 extra “Official Partners” (such as McDonald’s, KT, and the North Face, etc.) and the 18 “official suppliers” (e.g.: Pagoda, Samil PWC, EWP, KIMG, etc.) B2B companies, by contrast, typically use the Olympics to strengthen business relationships with key clients, suppliers and other partners.

Although it’s complicated to measure the impact of corporate sponsorship on profitability, we can gauge the effect that brand awareness campaigns have on market share. And by this metric, some big consumer brands have generated good returns from sponsoring the Olympics.

Samsung used the hype around the 2012 London Olympics to launch a special edition of one of its devices, sign David Beckham as an official ambassador and sponsor the Olympic Torch Relay through Britain. Going further back, Coca-Cola

doubled its market share in South Korea thanks to its strong activation strategy for the 1988 Seoul Olympics.

## **Capturing the teen market**

IEG, a consulting firm that has worked with Olympic sponsors and organisers over 30 years to quantify the results of their partnerships, identified ten brands involved in the Olympics, among them World sponsors like Coca-Cola, Procter and Gamble and Visa whose campaigns and activations resulted in great investment returns. Other sponsors named were Heineken, GE, British Airways, Deloitte, Ralph Lauren, Kellogg's and Puma. What was common to all these brands was their recognition of consumers as collaborators who could spread a message through social networks. They don't just activate. They innovate. They strive to become part of the community that surrounds an event like the Olympics and help consumers belong to that community.

To capture the teen market, Coke commissioned music producer Mark Ronson to create "Move to the Beat" a song made up of sounds by competing athletes. Fans were involved in the creation by being invited to remix the anthem and create music videos which they shared through social media.

P&G reacted to social media criticism of corporates taking over events by donating 90% of its London Olympic Games complimentary tickets (about 6,000) to members of the public. In keeping with the "Thank You Mom" theme, the night before the London Olympic Games Opening Ceremony, P&G had its own opening ceremony with Nadia Comaneci, the legendary Russian Olympic gymnastics gold medallist, hosting athletes and their mothers. P&G's "Thank You Mom" hospitality program gave Olympic Moms and their guests the chance to watch their athletes compete, and some mothers received tickets to their child's sporting events. The company is known for its cleaning products also hired 8,000 volunteers to keep the city of London clean during the Olympics.

## **Clear activation strategy**

An Olympic sponsor since 1986, Visa also offered hospitality as its activation strategy at the Rio Olympics. Visa's Chase United card members were treated to the Everywhere Lounge at the Windsor Atlantica Hotel on Rio's Copacabana beach. Guests were offered a break from the Olympic crowds, the chance to eat a meal and view customised content on a 60-foot LED screen. This lounge was replicated in the US cities of Los Angeles, New York, San Francisco and Chicago where card members could relive the Rio experience with Brazilian food and get the chance to meet famous Olympians. The company also installed 4,000 NFC-enabled point-of-sale terminals that accepted payments from the rings, bracelets and watches it distributed pre-loaded with currency to Team Visa athletes, clients, VIPs, media and employees who tested the technology in Brazil.

Whether all 13 PyeongChang “Worldwide Olympic Partners” will have a good Olympics depends a lot on each company’s motivation. If a company is sponsoring the Olympics to make itself look good, then the sponsorship will probably not deliver value. Sponsors with a clear activation strategy, on the other hand, are much more likely to win medals for good returns on investment.

## ABOUT DOMINIQUE TURPIN

Dominique Turpin served as IMD (International Management Development) business school President from July 2010 until the end of 2016. He was also Nestlé Professor at IMD. He was previously the director of the IMD MBA (Master of Business Administration) and PED (Program for Executive Development).

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