Leveraging Olympic Sponsorship Agreements:
A Study on the National Sponsors of the Athens 2004 Olympic Games

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Introduction

Sport sponsorship refers to the relationship in which a company gives resources (e.g., money, products or services, staff, technology) for the right to associate with a sport property and use its name, symbol(s), motto(s), and other properties, including athletes. Sponsorship as a source of revenue has been a driving force of sport organizations at every level, professional, collegiate, even high school. Add to those the Olympic Games. According to the IOC Olympic Marketing Revenue report for 2001-2004, corporate sponsorship accounted for 32% of all revenue generated in that period in support of the Olympic Movement (IOC Facts and Figures). This figure is not surprising, given the fact that the Olympic Games provide a unique opportunity for companies to showcase their products and/or services on a global stage and associate with what is considered by many the peak of international sporting events.

Although the IOC has developed The Olympic Program (TOP), a worldwide sponsorship program, each organizing committee (OCOG) has the opportunity to raise money through selling national sponsorships. The National Sponsors Program of the Athens 2004 organizing committee (ATHOC) consists of three categories: Grand National Sponsors, Official Supporters and Official Providers. To this date, total revenue from national sponsorship arrangements totals €274 million, amounting to more than 136% of ATHOC's original financial goal (IOC 2004 Marketing Fact File).

The present research studied the nine companies serving as Grand National Sponsors of the 2004 Olympic Games. The purpose of this study was threefold: firstly, to identify the profile of each of the Grand National Sponsors; secondly, to examine the objectives each company sought to achieve through their Olympic sponsorship agreement; and thirdly, to explore if and how these sponsors have chosen to leverage their Olympic deals.

Sponsorship literature has paid particular attention to the stated objectives of companies entering sport sponsorship agreements. Most studies consent that companies invest in sport sponsorships in an effort to raise brand awareness and enhance the image of their company; increase sales and market share; reach a specific group in the market; become involved in the community; enhance staff relations; fight competition; and obtain hospitality opportunities (e.g., Abratt, Clayton, & Pitt, 1987; Irwin & Asimakopoulos, 1992; Ludwig & Karabetsos, 1999; Scott & Suchard, 1992). As part of their effort to create a model for the successful management of sport sponsorships, Arthur, Scott, Woods, and Booker (1998) suggested that sport sponsorship should be guided by the objectives of the company entering the agreement.

The same authors suggested that sponsorship deals need to be leveraged if a company is to maximize the return on their investment (Arthur, et al., 1998). Leveraging refers to the additional effort (i.e., investment) that a sponsor should take on in order to increase the benefits from the agreement (Meenaghan, 1991), and can take the form of media advertising, promotion, and hospitality activities (Irwin, Sutton, & McCarthy, 2002). Typically a company will have to spend five times as much as the original sponsorship fee in order to leverage their agreement (Irwin, et al., 2002).

Methodology

In order to explore the research questions of this study, nine semi-structured interviews were conducted with the companies' marketing directors or other employees responsible for the Olympic sponsorship agreement. The sample of the companies consisted of the entire group (N = 9) of Greek companies selected by ATHOC to take part in the National Sponsors Program. These were Alpha Bank, Athenian Brewing, COSMOTE, Delta, ERT, Fage, Hellenic Post, Hyundai Hellas, and Olympic Airways (note that Delta and Fage entered into their agreement jointly). Among the questions asked in these interviews were the following: "What are your objectives for your Olympic sponsorship?", "What are the benefits sought through your Olympic sponsorship?", and "Do you have plans to leverage your Olympic sponsorship? If so, how are you planning to do that?" In addition, questions were asked to obtain general information about each company (e.g., size of employee force, geographic reach of business, etc.). Each interview lasted approximately one hour and took place at the offices of the individual companies.

Results and Discussion

The findings of the study indicated that all companies involved in ATHOC's National Sponsors Program were large national corporations (size ranging from 1,000 to 11,000 employees), with activities in different sectors of the industry including banking, brewing, telecommunications, dairy products (two companies), media, post and courier services, automotive, and air-transportation. All sponsors are considered the biggest players in their industry. In addition, all nine companies have their headquarters in the broader area of Athens (capital of Greece), and some of them have expanded their businesses internationally.

Regarding the objectives of the Grand National Sponsors, a theme that emerged through the responses of the companies in this particular sponsorship category was the fact that this arrangement was a means to support a national effort. Becoming involved as a sponsor was a matter of honor or historical obligation for the majority of the companies in this sample. However, besides the view that "Athens 2004" was considered a one-in-a-lifetime opportunity to support the Olympic Movement, companies did provide a range of corporate objectives to be attained through this large-scale agreement, including financial and commercial goals. Consistent with prior research, the objectives most frequently cited by these Olympic sponsors were raising awareness levels for their company, increasing sales, reaching specific groups or changing consumer behavior, and becoming more involved in the community. Enhancing and promoting corporate image and increasing prestige for the company were also cited as objectives when becoming Olympic sponsors. Surprisingly, a few sponsors interviewed mentioned that their goal was not necessarily to get a return in their investment; rather, their goal was to avoid financial loses.

In terms of leveraging the Olympic sponsorship deals, our findings showed that companies differed in the way they approached their particular investment. The results pointed to two distinctive groups: the one included those sponsors who demonstrated a strategy to leverage their sponsorship; the second group included those sponsors who, in contrast, did not appear active in leveraging their Olympic sponsorship deals.

More specifically, companies in the first group followed a particularly active approach, which involved featuring the Olympic symbols in all of their marketing, engaging in point-of-sale promotions, and conducting extensive television and print advertising. In addition, they invested a lot in introducing new products using themes from the Olympic history, and designing innovative booklets (e.g., "Go Heineken") and programs that encouraged interactive participation and traveling (e.g., "Olympic Games Panorama ALPHA Bank," "Athlopolis Cosmote," "Olympic Poster Exhibitions," etc.). On the other hand, the companies in the second group, though not questioning in principle the commercial benefits associated with this sponsorship arrangement, seemed to face some difficulties in designing and implementing activities which would secure those benefits. They appeared to engage more in promoting their association to the Olympic Games (using all channels of mass media) and less in linking the sponsorship with their company's product(s) or in creating memorable activities.

Conclusion

In closing, the findings of the present study question the widely cited reasons that explain the involvement of major corporations in sponsorship agreements, and suggest that the notion of national obligation, and not so much the anticipated financial returns, could be the main reason for becoming an Olympic sponsor – at least in national Olympic sponsorship programs. The results also highlight the discrepancy in regards to how companies approach their sponsorship agreements, and reconfirm Amis, Slack, and Berrett's (1999) suggestion that what is missing is an effort to integrate sponsorship deals within the overall marketing strategy of a company. This paper concludes with some practical implications for sport marketers and/or sport event organizers who wish to approach sponsorship agreements as a valuable marketing resource.

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