

Imagination at work and play: General Electric's Olympic sponsorship

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Aim of paper

General Electric (GE) is a diversified global infrastructure, finance and media company, and the parent of the NBC Universal Television Network/NBC Universal Sports & Olympics, which will broadcast the Olympics at least through 2012. The Olympic Partnership (TOP) program, developed by the International Olympic Committee (IOC) in 1985, provides sponsors with exclusive global marketing rights to the Winter and Summer Olympic Games within a designated product or service category. In 2003, NBC Sports paid a 33 percent premium for the broadcast rights for the 2010 and 2012 Olympic Games over what it paid for the 2006 and 2008 Games. In addition, GE paid US\$180 million to become a TOP Sponsor. The cost of the combined broadcast rights/sponsorship agreement totalled an unprecedented US\$2.2 billion (Mickle, 2008). Considering the criticism that sport sponsorship has sustained since the start of the global economic crisis, GE's Olympic sponsorship may be of significant interest to CFOs, brand managers and sport marketers. The aim of this paper is to examine: 1) the management of GE's Olympic sponsorship, including objectives, strategy, activation, and "pull through" marketing initiatives; and 2) the sponsorship's impact on GE's global business practices ("lessons learned"), brand equity, and revenue.

Organisational/managerial context

According to Arvidsson (2006: 188), "brand management practice has moved beyond a simple (or even primary) reliance on advertising to make active use of a multitude of channels, such as product placements, sponsorship and event marketing, that engage customers in different ways, and sustain a more or less intense experience around the brand." Show (2009) reported that companies interested in brand building continue to focus on data such as media exposure and surveys that measure awareness and perception. Companies interested in direct financial returns continue to track sales leads and market share. Reid (2006) indicated that a greater level of understanding of the effectiveness of sponsorship exists and that it has become the purview of procurement specialists and chief financial officers. Sponsorship is undertaken for a wide range of objectives and its success is judged against those objectives.

Organisational/managerial practice/issues

Key organisational dynamics are explored, including GE's decision to incorporate a "Workout" methodology in order to create an organisational structure that offered a single point of contact for each P/L. This structure, which is flat on top but matrixed on the bottom, allows each business group leader the ability to make decisions in a timely fashion, issue accountability, and create a boundryless approach to revenue generation. The examination of GE's strategic management of their TOP sponsorship included a review of salient research related to global sponsorship initiation and activation as well as personal interviews with Peter Foss, President of GE Olympic Sponsorship, a review of several taped interviews with Dan Henson, manager of GE's sponsorship of the 2008 Olympic Games in Beijing, and communication with several other

GE executives involved with several business units. Data and information also was gathered using additional secondary sources and technical reports.

Implications for sport and sport management

According to Peter Foss (personal communication, March 6, 2009), GE's primary objective of the TOP sponsorship was to build brand equity across Asia and to enter the Chinese market. Before the Olympic Games began, GE already had credited its sponsorship with facilitating over US\$700 million in China-related sales. GE supplied energy distribution, lighting, water treatment, medical equipment, and security systems to 400 different projects throughout metropolitan Beijing and intends to remain in China to continue with infrastructure and recently opened an office in Hanoi.

In order to maximise its return on the TOP sponsorship GE created a new integrated organisational structure that allowed the company to maximise its exposure and to insure that product/service pull-through marketing opportunities were realised. This enabled GE to increase revenue across multiple business units over the last two Olympic Games. GE is positioned to provide infrastructure and other related products and services to the Vancouver and London Games. It was clear that GE's sponsorship was driven by new media applications provided by NBC/sports and other collaborating agencies and through integrated sponsorship partnerships. The GE TOP sponsorship provides a successful sponsorship model for sport marketers, brand managers, and CFOs.

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