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## CHANGES IN THE WINTER OLYMPICS MEDAL MARKET

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### **Abstract**

#### **BACKGROUND**

The number of medal events in the Winter Olympic Games has been increasing massively since the 1990s (Kempf, Weber, Renaud, & Stopper, 2013). Strategic literature indicates that market growth increases the necessity of an external analysis from a market-based view (MBV) (Hooley, Piercy, & Nicloud, 2008; Porter, 2008a). Research on competition between firms has identified key market structure variables such as growth and concentration (Chen, 1996). We assume that the Olympic Games can be compared to an industry, where the Olympic sports are the different markets of that industry. The market goods are the contestable medals on a medal market. We focus in this study on the growth of these markets, using as indicator the number of contestable medal events and the market share.

#### **AIM**

This study aims at analyzing the development of the Olympic medal markets at the Winter Games since 1988 from a market-based view (MBV) and discuss its impact on strategic management of national elite sport policy systems to increase medal success.

#### **METHODOLOGY**

The development of the different Olympic medal markets is descriptively analyzed by calculating the relative increase of the Olympic medal events. The growth of traditional and new disciplines is analyzed separately. The value is standardized in respect of the overall growth of the Olympic winter industry. Secondary data is derived from the IOC database. Some sports were included by the IOC into the Olympic program after 1988. This restriction is respected by calculating an average increase for each Olympiad between Calgary 1988 and Sochi 2014.

#### **RESULTS**

The industry of the Olympic Winter Games grew globally by 113% between Calgary 1988 and Sochi 2014. New sports, disciplines and

medal events were included in the Olympic program as well as medal events in traditional sports were added. Different Olympic sports or disciplines reported different growth. The new sports conquered a market share of 32% at the 2014 Winter Olympics in Sochi. The biggest three sports in Calgary 1988 (Alpine Skiing 22%, Speed Skating 22% and Cross Country Skiing 17%) covered together 59% of the entire market. Their relative importance decreased by Sochi 2014 to only 37%, with new sports or disciplines entering the market (Freestyle Skiing, Snowboarding, Short Track, etc.) and some fewer traditional sports which succeeded in increasing their relative importance as well (e.g. Biathlon +7%).

Traditional winter Olympic sports increased in this time period their medal events of 43%, while the new sports were characterized by an annual growth rate of 67%. Growth rates differ massively by sport or discipline. Important growing markets per Olympiad are Freestyle Skiing (+33%), Biathlon (+33%), and Snowboarding (+13%), while the traditional sport Alpine Skiing stagnated in this time period and consequently lost market share.

#### DISCUSSION AND CONCLUSION

The size of a medal market is an important determinant of national success measured by medals. The more medals are distributed, the better is the chance for a nation to increase its success. The medal markets develop with different growing rates, accordingly the relative importance of the different sports within the Olympic program changed over time. The new Olympic winter sports increased their importance in the industry. The sports are in competition in saving and expanding their market share. While in 1988 the industry was concentrated on three main markets, in 2014 the industry can be described as much more diversified. If a nation is positioning itself in a market with high growth rates, this nation gets a competitive advantage towards the competitors. For example a nation traditionally strong in Alpine Skiing loses competitive advantage, because market share of this discipline decreased over time, while Biathlon and Cross Country Skiing benefitted from an important growth as well as some new sports reaching important market shares. Policy makers of nations must be aware of this MBV analysis when implementing a strategic approach to increase success in an industry (Porter, 2008b). Furthermore the IOC members deciding about the sports to be included into the Winter Olympics program must be aware that their decisions can directly influence the competitiveness of competing nations. Do nations analyse and monitor systematically this development and do they react accordingly to improve their medal success?

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