The Olympic Games

The Olympic Games provide a way for outstanding national athletes to compete on an international stage. However, for global firms, the Olympics are a significant opportunity to increase global brand awareness. Firms such as Coca-Cole, Panasonic, Lenovo, and Samsung have the opportunity to market their products worldwide and in specific markets during the Olympic period by using a number of local and regional outlets to establish their global identities.

Likewise, large media firms seek to benefit from the potential advertising revenue associated with the Olympics. NBC, for example, commits significant sums of money to obtain the broadcast rights for the Olympic Games in North America. The network paid $1.27 billion for the broadcast rights of the 2000 Sydney Summer games and the 2002 Salt Lake City Winter Games. Additionally, NBC paid $2.3 billion for the broadcast rights of the 2004, 2006, and 2008 Games and paid an additional $2.2 billion for the 2010 and 2012 Games even though the sites for these Games hadn’t been determined at the time of the agreement (Vancouver was selected for the 2010 Winter Olympics and London for the 2012 Summer Olympics). Additional broadcast rights for Europe, Australia, Asia, and the rest of the Americas go for smaller amounts but are still quite large for the local broadcasters in these areas. NBC and other local broadcasters pay so much for the broadcast rights to these Games because of the importance of international marketing and global mind-sets.

The Olympics are managed by the International Olympic Committee (IOC), based in Switzerland. Because of the high cost of running the Olympics, the IOC and national Olympic committees continually search for ways to offset the costs. Revenues received from firms for the rights to broadcast the Games are a great help in covering the Games’ costs. In addition, the IOC uses the prestige and the marketing capability of the Games to sell high-profile corporate sponsorships. These sponsorships enable global corporations to capture the status and visibility of being associated with the Games. A worldwide partnership, the most expensive designation, costs $70 million or more. For the 2008 Olympic Games in Beijing, 12 companies paid to be worldwide sponsors: Coca-Cola, Samsung, Johnson & Johnson, GE, Atos Origin, Kodak, Manulife, McDonald’s, Omega Watch Company, Panasonic, and Visa.

The primary advantage of a worldwide partnership with the IOC is that it provides advertising space during Olympic even broadcasts. For instance, Coca-Cola paid an additional $15 million to be one of the three sponsors for the Olympic torch relay. It is estimated that Coca-Cola spent approximately three times its front-end $90 million investment to advertise at the Olympics. In fact, the games provided a specific opportunity for Coca-Cola to market directly to the 1.3 billion Chinese consumers.

The Olympics also provide opportunities for local businesses in the area where the games are located. For example, the Southend Airport near the location for the 2012 Olympics in London is positioned as the gateway to the Games. The expectation is that it will increase the flow of traffic at the airport for many years after the end of the 2012 games. Several other firms also look to the London Olympics to enhance their business for several years into the future partly because of the infrastructure developed for the Olympics. Thus, the 2012 Olympic Games will serve as a catalyst for business growth throughout the Thames Gateway region.

In summary, the Olympic Games represent an opportunity for firms whose markets have become more global to advertise to the world during the two week period of the games. People across the world watch these games and global firms seek to advertise their products in increasingly international markets. The 2008 Olympic Games reached a cumulative audience of 40 billion people, so this event represents a significant opportunity for truly global marketing.