

# THE OLYMPIC GAMES AND SPONSORSHIP LEGACY: THE CASE OF SYDNEY 2000

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## **Abstract**

The purpose of this paper is to examine the sponsorship legacy experienced by the Australian Olympic Committee (AOC) after hosting the Sydney 2000 Olympic Games. A multi-layered theoretical framework based on the work of Daellenbach, Davies and Ashill (2006) forms the foundation of this analysis. Primary data was collected through in-depth interviews with 14 executives, who were specifically associated with sponsorship and the Sydney Games. The findings indicate the positive impact hosting the Games had on the AOC's profile and credibility in the sport industry. Conversely, the research found that the AOC's post Olympic sponsorship projections for the years 2001-2004 were overly optimistic with less than half of the forecasted A\$60 million revenue stream being achieved.

## **Key Words**

*Sponsorship, Legacy, Olympic Games, Australian Olympic Committee*

## **INTRODUCTION**

Over the past three decades the sponsorship industry has seen significant growth (Mullin, Hardy & Sutton, 2000; Payne, 2006). Kolah (2003) outlined that in 1980 the global expenditure on sport sponsorship was approximately US\$300 million while in 2003 it jumped to US\$26 billion. With this global growth research conducted into sport sponsorship has increased substantially (Farrelly & Quester, 2005; Meenaghan, 1998). While this research has progressed quite quickly there are still gaps that require further attention. Farrelly and Quester (2005) suggest one such gap is why sponsors renew their associations with sport entities.

The purpose of this study is to explore Olympic sponsorship, specifically, from the perspective of a host National Olympic Committee (NOC). The research explored the sponsorship 'legacy' experienced by the Australian Olympic Committee (AOC) as a result of being the host NOC for the Sydney 2000 Olympic Games. The study examined the internal and external organisational factors that influenced AOC sponsors in either retaining or terminating their agreements with the AOC after the staging of the 2000 Games. According to Cashman (2006) the legacies to accrue from the hosting of an Olympic Games have been explored from an economic, social and environmental perspective. While a number of studies have been conducted on the marketing and economic development of the Olympic Games and the organisation with the

responsibility for the Olympic Movement, the International Olympic Committee (IOC), very little attention has been paid to sport sponsorship, particularly from the perspective of the host NOC (Preuss, 2000).

The paper is divided into five sections. Initially the contextual background is established. This section provides an introduction to the Olympic Movement and specifically the Sydney 2000 Olympic Games. The following section describes the chosen theoretical framework. This section is followed by an overview of the methodological approach. The fourth section examines the collected data and thematically structures the study's findings. The final section draws conclusions and suggests the implications to arrive from the research.

## **CONTEXTUAL BACKGROUND**

According to the IOC the Sydney 2000 Olympic Games reached a global audience of 3.7 billion viewers spanning 220 nations (IOC, 2001). This type of media exposure creates an incentive for many organisations to partner with the IOC and host Olympic organising committees to leverage their goods and services to a wide and extensive global consumer market. Since 1985, the IOC through its The Olympic Partners (TOP) sponsorship programme has provided a select opportunity for global corporations to investment in the Olympic Movement. Approximately a dozen companies pay close to US\$1 billion, in total, every four years (2005-2008) for this association (Toohey & Veal, 2007). Host Olympic organising committees and the related host NOC's inherit these TOP sponsors on the proviso that any other sponsors they retain do not conflict with the established product categories.

The AOC is responsible for the organisation of the Australian Olympic Team. It is a non-profit entity and independent of the Australian Government (Gordon, 2003). The AOC represents the interests of the Olympic Movement in Australia as outlined by the Olympic Charter (IOC, 2007). The Olympic Charter sets out the conditions for the staging of an Olympic Games and the role of the host NOC (IOC, 2007). In the organisation of the Sydney 2000 Olympic Games the AOC retained significant power and responsibility within the Olympic organising committee (Toohey & Veal, 2007). The AOC's power was expressed in two contracts, the Endorsement Contract signed with the NSW Government in 1991, and secondly, the Host City Contract signed in 1993 with the IOC just after the announcement of the successful Olympic bid (Frawley & Toohey, 2005).

These contracts assisted the AOC to gain approximately A\$150 million dollars from the NSW Government (Frawley & Toohey, 2005). Approximately A\$60 million of this amount was in the form of a Joint Marketing Agreement between the Olympic organisers and the AOC (Morgan, 2006). This agreement provided SOCOG with all Olympic sponsorship rights to the Australian Olympic Team between 1996 and 2000. Considering this organisational history, a question that arises from this situation is how did the hosting

of an Olympic Games influence the sponsorship attraction for the host NOC after the Games? For instance, was there any evidence of 'trickle-down effect' or increased commercial benefits to accrue from hosting the Olympic Games? Or in fact does sponsorship attraction become more difficult for the host NOC? To this end the research question set out to explore the effects that hosting the Olympic Games had on an NOC's sponsorship attraction and activity.

## **THEORETICAL FRAMEWORK**

This study utilised a multi-layered theoretical approach, based on the work of Daellenbach, Davies and Ashill (2006). Their research suggests that no single theoretical approach can fully explain the dynamic nature of sport sponsorship processes (Daellenbach et al., 2006). In alignment with this view, sponsorship researchers Olkkonen, Tikkanen and Alajoutsijarvi (2000) justify the use of a multi-layered approach to sponsorship research arguing that there is no 'grand' theory that covers all possible sponsorship dimensions. Further, Homburg and Plessner (2000, p. 450) highlight that a multi-layered framework can assist organisational researchers in differentiating the "visibility and interpretability" of each layer of data that is explored and investigated.

Although the study of sponsorship in recent years has progressed at a rapid pace, some researchers still see scope for further theoretical development (Olkkonen et al., 2000; Daellenbach et al., 2006). This study attempts to make a contribution in this regard, through the analysis of an Olympic Games and the sponsorship legacy created for the host National Olympic Committee. The following section of the paper will review the selected multi-layered sponsorship framework, independently discussing the five theoretical approaches that compose the foundation of this study. The five theoretical approaches include social network theory, resource-based theory, resource dependency theory, organisational life-cycle theory and institutional theory.

### **Social networks**

Social network theory posits that the decisions and actions of organisations are embedded and shaped by interdependent social networks (Daellenbach et al., 2006; Granovetter, 1985; Lynall, Golden & Hillman, 2003). From this perspective, the social contexts that bind organisations play an important role in moulding how organisations develop and change over time (van Iterson, Mastenbroek, Newton & Smith, 2002). Larson (1992) argues that social relations provide significant opportunities for economic exchange, therefore highlighting the importance of social relationships and interrelated variables such as honesty and trustworthiness. Applying this perspective to the study of sponsorship identifies the role of interpersonal communication processes (Daellenbach et al., 2006). Such processes are likely to influence the development of sponsorship relations and the associated dyadic partnerships (Olkkonen, 2001; Olkkonen et al., 2000). Exploring the factors that influence social interaction underscores the vital role of trust in

understanding the development of partnerships involving those that sponsor and those that are sponsored (Farrelly, 2002).

In this way, sponsorship decisions are shaped by the quality and capability of social networks. Sponsorship researchers such as Farrelly and Quester (2005), argue that sponsorship processes are best analysed within a relationship framework. This refocuses sponsor relations between organisations towards retention and renewal, and not purely acquisition (Gruen, 1997). The analysis therefore shifts from the tangible products produced from sponsor agreements to the social processes that bind the entities together over time (Webster, 1992). Cornwell and Maignan (1998), for instance, suggest that sponsorship research which is primarily focused on objectives and outcomes ignores the essential managerial processes of forming social bonds and the development of enduring social relations.

### **Resource-based theory**

Resource-based theory examines the link between an organisation's internal characteristics and its performance (Barney, 1991). Examining sponsorship from this perspective has gained increasing support in recent years. Amis, Slack and Berret (1999, p. 251), for example, state that sponsorship can be viewed as "an important resource which can help companies to secure a position of competitive advantage". Likewise, Barney (1991) argues that organisations that perform at higher levels are those who efficiently exploit resource advantages and who successfully leverage their associations and networks.

From a sponsorship perspective, Amis et al. (1999) has additionally identified organisational commitment as being pivotal for sponsorship to be developed into an area of distinctive competence and thus competitive advantage. Acquiring the rights to a valuable sports property, such as the Olympic Games, can become a valuable resource, one that possesses significant potential for competitive organisational enhancement (Weerawardena, 2003). However, sponsorship value is not determined purely by the acquisition of these rights, but also through the ability of a sponsor to fully leverage their association to a targeted market (Farrelly, 2002; Morgan & Summers, 2005).

### **Resource dependency theory**

While resource-based theory is focused on internal organisation competencies, the resource dependent perspective is more interested in how the external operating environment shapes a firm's success or failure (Daellenbach et al., 2006). The resource dependency theory portrays organisations as "open systems, dependent on external organisations and environmental contingencies" (Lynall et al., 2003, p. 418). This approach suggests that the way organisations manage and organise their resources is largely dependent on the external environment (Boyd 1990; Gulati & Gargiulo, 1999). Resource dependency theory also ascertains that environmental factors directly shape and

influence an organisation's level of dependency (Boyd, 1990). In other words, how organisations manage and organise their resources is largely dependent on the external environment (Gulati and Gargiulo, 1999).

Jawahar and McLaughlin (2001) suggest primary organisational stakeholders are typically the most resource dependent. Their research concluded that "the extent to which an organisation is dependent upon external organisations and stakeholders depends on the importance of a particular resource to the organisation" (Jawahar & McLaughlin, 2001, p.401). Organisations have finite resources (e.g. time, staff and finance) and therefore at times have difficulty managing all relationships simultaneously (Jawahar & McLaughlin, 2001). For this study the degree of attention devoted to dyadic sponsorship relations is dependent on the perceived importance of such a resource (Farrelly, 2002). The resource dependency of sponsors will be explored through the leveraging of their association and through the development of strongly committed and trustworthy organisational relationships (Daellenbach et al., 2006).

### **Life-cycle perspective**

Proponents of the life-cycle perspective are concerned with how an organisation's stage of development influences its behaviour and activities. Strategic partnerships such as the sponsorship of sport result from a variance of strategies, objectives, economic circumstances and time horizons (Daellenbach et al., 2006). It is noted that opportunities and challenges faced by strategic alliances vary throughout the stages of organisational life-cycles (Lynall et al., 2003). From a sponsorship viewpoint, the duration of an alliance can be very influential in shaping dyadic issues such as partner commitment and trust (Daellenbach et al., 2006). Organisational behaviours will vary as relationships move through the stages of alliance formation, growth, maturity and decline or revival (Jawahar & McLaughlin, 2001).

### **Institutional theory**

The final theoretical perspective is institutional theory. This approach attends to the deeper aspects of organisational activity, through consideration of the processes that influence organisational structures, rules and routines. Fundamental to an institutional approach is the emphasis on the formation of normative frameworks over time and the manner in which they tend to control and modify organisational behaviour (Lynall et al., 2003). In search for legitimacy and defined structure, organisations can become homogenised in relation to their individual attributes and institutionalised by the confines of their environment (Lynall et al., 2003). From this perspective, organisations enter inter-organisational relationships such as sponsorship alliances to improve their profile or congruence with their stated consumer markets (Oliver, 1990).

## **METHODOLOGY**

In order to explore the sponsorship legacy of hosting the Olympic Games, a case study approach was utilised. This case study was inductive and exploratory in nature, examining the impact hosting the Sydney 2000 Olympic Games had on sponsorship activity and dyadic sponsor relations for the Australian Olympic Committee (AOC). The study utilised qualitative research methodologies in order to obtain an in-depth understanding of opinions, attitudes and behaviours, through linguistic and documented data collection (Moore, 2000). The case study was particularly focused on gaining a detailed understanding on sport sponsorship alliance success and satisfaction, and how these elements were shaped by the constituents of social interaction and social trust (David & Sutton, 2004). The value of an inductive approach for this study was that it focused the data analysis on the meaning created by the respondents, thus developing a complex and holistic picture of sponsorship satisfaction (Creswell, 1998).

Primary data was collected through in-depth, semi-structured interviews with 14 key personnel in the industry. Nine interviews were conducted with senior executives representing the AOC and the organisers of the Sydney 2000 Olympic Games. These interviews provided an internal perspective on sponsorship activity and relationship success. Five managers representing current and former AOC sponsors were interviewed in order to gain insight from the other side of the sponsorship alliance. These interviews were conducted in person over the middle months of 2006 with each interview recorded and later transcribed verbatim. With these interviews taking place six years after the completion of the Sydney Games, it is acknowledge that the respondents may have had difficulty remembering all relevant details to the questions they were asked (Veal, 2006). This problem was addressed to some degree through the use of relevant documents such as AOC Annual Reports. The analysis of such reports provided the study with access to sponsorship revenue data as well as related sponsorship information provided by the AOC and its sponsors. In addition to AOC Annual Reports, other relevant internal documents and news sources were examined. These documents analysed included International Olympic Committee marketing reports, the Sydney 2000 Olympic Games post event report, AOC sponsor annual reports and related marketing documents and press releases. News sources and related industry publications were also reviewed.

## **RESULTS**

The results are divided into four main themes. The first theme is that of sponsorship legacy. This theme is divided into three sub-themes. These sub-themes explore the positive and negative legacies to occur post Olympics for the AOC, and in addition the unforeseen consequences that shaped the sponsorship environment. The second theme outlines the sponsor attraction to the AOC. This theme is divided into two sub-themes. The first explores the role of Olympism in sponsor attraction, while the second sub-theme examines the importance of competitive advantage and return on investment. The third theme explores sponsorship relations and is divided into three sub-themes which include:

trust; commitment and relationship leveraging. The final theme describes the geographic factors that shape sponsor attraction post the staging of an Olympic Games.

### **Sponsorship legacy - positive**

Some of the respondents interviewed suggested that the Sydney Games were successful in raising the profile of the AOC both domestically and internationally. For instance, Respondent 4 stated: "I think it [the Games] put the AOC in a better light. It certainly brought Olympic sport to another level in Australia therefore it made it more attractive for sponsors to be involved". According to Respondent 10 the AOC's credibility was enhanced as a direct result of hosting the Sydney Games: "Their credibility increased dramatically following the Sydney Olympics. So is there a direct benefit for the AOC? Absolutely! If you host a successful Olympics you are responsible for driving huge commercial returns for your country".

### **Sponsorship legacy - negative**

While the brand profile of the AOC seemed to increase due to the staging of the Sydney Olympic Games, sponsor attraction did not automatically follow. Even prior to the Games there were comments that the AOC would not receive great benefit from the attention the Olympics would generate. According to McKenzie (1999, p. 25) "Olympic sports will drift back into their largely amateur obscurity. In a 15-second media culture, the Olympics will have to compete with everything else". The point made by McKenzie (1999) held a great deal of truth for the AOC. The AOC projected revenue declined between 2001 and 2004. For instance, the AOC stated that it would raise A\$15 million from licensing agreements (McKenzie, 1999), however, a year later this prediction had fallen to a figure of A\$10 million (Lehmann, 2000). In total, the AOC had planned to raise A\$60 million in revenue between 2001 and 2004 but was only able to achieve half this amount. The expectations for AOC sponsorship growth as an outcome of hosting the Olympic Games were therefore optimistically high by those involved. According to a senior AOC official:

We [the AOC] started the quadrennial in 2001 hoping to raise A\$60 million in sponsorship ... based on the Sydney Olympic experience. We ended up with A\$28 million for the four year period, less than half. When you think that of A\$28 million there is A\$12 million from the [IOC] TOP Program ... the Australian market only delivered A\$16 million. (Respondent 1)

In 2001 two key Sydney 2000 sponsors, Visa and Coca-Cola, decided not to continue their AOC association, despite their continued sponsorship of the Olympic Games through existing contracts with the IOC. McGuire (2001, p. 34) suggested at the time that "maybe it's just that six months after the event it is still too soon for some companies to make a decision, or maybe there is still a general Olympic-fuelled malaise

in sport marketing, or maybe there is still a lingering dissatisfaction among sponsors surrounding their treatment at the hands of SOCOG". In alignment with the points made by McGuire (2001) a senior AOC official stated that "not everything we [AOC] did or SOCOG did [at the Games] was perfect, so we've had to give people some time to make assessments" (Tobler, 2001, p. 29). Furthermore, in 2002, AOC President, John Coates stated: "while the AOC concluded the year with an impressive group of sponsor partners, income from this source is now forecasted to be considerably less than originally projected following the success of the Sydney Olympics" (Beikoff, 2002, p. 110).

The impact of the sponsorship downgrade impacted the funding of the 2004 Australian Olympic Team. The AOC made cuts to the team budget (Jeffery, 2003) and at this time the Chairman of the Australian Sports Commission, Mr Peter Bartels, posed the following question "Is our sporting future in serious jeopardy? An honest answer seems to be yes" (Jeffery and Le Grand, 2003, p. 5). In 2003, the year before the Athens Olympics the AOC President confirmed the demise of the AOC sponsorship program, stating: "people have had Olympic saturation. While we have more sponsorship money than we had for the Atlanta Games [1996] it hasn't been without its pain" (McAsey, 2003, p. 18). As outlined above the initial sponsorship revenue target for the 2001-2004 quadrennial was A\$60 million (McGuire, 2001), however, this amount dropped to A\$32 million by 2004 (Korporaal, 2004). According to John Coates: "we set an ambitious target, but in hindsight it was not realistic ... it has been tough times since the early 2000s" (Korporaal, 2004a, p. 40).

The above findings indicate that due to the success of the Sydney 2000 Olympic Games and the AOC's heightened visibility, the decrease in AOC corporate interest was unforeseen by a number of Olympic marketing experts. As outlined by one respondent: "the Olympic flavour in the market is still strong ... it surprised me a little that they haven't hung on and exploited it through the AOC as much as they could have" (Respondent 4).

### **Sponsorship legacy – a changed environment**

The interview data suggests that hosting the Olympic Games changed the sport sponsorship industry in Australia. The Managing Director of Sport Management and Marketing, the official AOC marketing agency, alluded to this fact in 2003 arguing that the sponsorship industry was very different to how it was prior to the Games (McGuire 2003). Respondent 2, from a similar perspective, suggested that the huge financial investments made by sponsors to the Sydney Games resulted in the evolution of "quite a different market" post 2000. For instance, Respondent 9 believed the market changed "in terms of value for money" while Respondent 4 argued that it "raised the level" or standard of the sponsorship market in Australia. Additionally, Respondent 2 argued that the Australian sponsorship market gained, "essentially a level of expertise and understanding that perhaps it didn't have before" and that the Sydney Games "gave



people an opportunity to see what is possible with a successful sponsorship” program (Respondent 11).

Although the direct sponsorship benefit from hosting the Sydney Games did not eventuate for the AOC, the collected data indicates that the sport sponsorship industry in Australia post 2000 gained strength. For example, Respondent 05 stated that “sport is as strong as it ever was ... it’s got stronger and I think it will continue ... Where are the big mass [sponsorship funding] numbers? It’s with sport!” Likewise, *The Commercial Economics Advisory Service of Australia Report*, indicated that in 2001 it was a steady year for sport sponsorship, and despite the aftermath of the Sydney 2000 Olympic Games, national sport sponsorship increased 1.9 per cent (Masters, 2003). As stated by Respondent 5: “where I thought the corporates would pull away from sport ... that’s what was being talked about, the opposite happened and they have still been in sport in a very big way”.

### **AOC attraction – Olympism**

The collected data highlighted a strong connection between the attraction of the AOC and the notion of Olympism. The appeal of corporate alignment with the Olympic symbols was repeatedly mentioned during the interviews. For instance Respondent 7 suggested that the corporate world should “aspire to be this ... faster, higher, stronger”. Respondent 9, credited their organisational commitment to the AOC because of this

attraction ... it is one of the highest profile sporting events in the world, which is all about excellence. So transferring those values of excellence ... into our workforce to increase pride, loyalty and motivation. Adopting the high standards of dedication and commitment to the excellence in our work values.

Likewise, Respondent 12 believed the main reason companies became involved with the AOC was due to the possibility of “brand equity transfer”. Similarly, Respondent 10 related the longevity of their Olympic association to the “brand architecture” of the Olympic Movement: “The brand Coke has always been about optimism, youth, celebrating life. There are a lot of values that both Coke and the Olympics share ... Coke is about celebrating life and iconic high points in life and the Olympics represent the largest high point in life”. Respondent 12, also referred to emotional attraction stating that “to tap into that [Olympic] passion helps a brand like us differentiate ourselves from our competitors”.

International marketing opportunities and global business potential were also discussed as an influence in corporate enticement. Respondent 5 argued that companies associate with the Olympic Games “simply because it’s a great platform for marketing and promotion and that’s where the big sponsors are [pause] at the international level”. While, Respondent 6 commented that specific association and connection to the AOC brand

allowed organisations to “think global, act local”. The exclusivity of AOC sponsorship was also repeatedly mentioned throughout the interview data. Respondent 1, for instance, stated that “the Olympic Movement has prided itself on exclusivity and also about opening up what we call the value of the rings”. While, Respondent 6 proposed that this aura of exclusivity was strengthened by four prominent elements that make the Olympic Movement a valuable market property: “the highest level of competition ... broadest appeal of interest ... exceptional brand values ... proven commercial success”.

### **AOC attraction – return on investment and competitive advantage**

The interview data suggested that there was a mixed view on the direct financial benefit of sponsoring the AOC. Respondent 7 indicated that a number of companies were involved due to the “very strong ... commercial arrangements”. Respondent 9, perceived their AOC association as a direct “opportunity to generate revenue”. While similarly, Respondent 11 stated that during the Sydney 2000 Olympic Games “there was a dramatic increase in sales ... due to the fact that we developed Olympic specific apparel”. Respondent 7 summarised the financial appeal of the AOC as:

Why do you sponsor the AOC? It would not be because of the money they get from it, it would be because of the fit of the association, the spirit of Australia, the spirit of the Olympics. On the one hand, no it's not a financial decision, but on the other hand it's one of the biggest financial decisions they make.

As highlighted in the above quote pure financial opportunities were not the only rationale for sponsoring the AOC. As outlined above the interview participants referred to the global audience the Olympic Games attracts and the enticement it has for corporate affiliation. For example, Respondent 8 stated that sponsoring the AOC provides: “an opportunity to platform ourselves as an organisation of substance ... the AOC tends to attract a fairly healthy stable of leading organisations, and I suppose its brand itself is a good leverage point for us”.

The idea of fending off competition and securing a strong market share was reiterated throughout the interviews. Respondent 9 saw their association as “an opportunity to block out the opposition from doing anything”. While, Respondent 10 outlined the importance of “cementing that image in the mind of the consumers” to ensure competitive advantage is sustainable. Respondent 11, stated that a major attraction to the AOC for the Sydney Games was to “reinforce our position in the Australian market, as a sports brand that is dedicated to helping athletes perform at their best”. Likewise, Respondent 5 argued that the sponsors benefited from the Games “huge attraction to both the media and people in Australia”.

## **Sponsorship relations – commitment**

The interview data indicated that mutual commitment was considered a strong feature on both sides of the sponsorship alliance. In the sponsorship literature, commitment is closely tied with longevity (Farrelly & Quester, 2005) and this was confirmed by Respondent 8 who stated: “to get full return on something it takes a couple of years ... you have to be in for the long haul”. Respondent 10 reinforced the importance of longevity referring to their long-term association as “not something that is here today and gone tomorrow, it’s such a long standing commitment ... the Olympics exist on such an integrated level in our business”.

It was also noted that not only is longevity important but also an informed understanding of the brand architecture and strategic orientation of the partner entity. As outlined by Respondent 5, “not knowing what companies are like is going in there, with a bit of a wing and a prayer”. The importance of equal commitment between partners was repeated throughout the interviews. Respondent 1, defined commitment in sponsorship as having “common objectives, in other words, what the sponsor gets out of it and what the AOC can deliver and vice versa”. While Respondent 10 argued that mutual commitment is a necessity to ensure success, as relationships take time to build and they “rarely pay back on a short term tactical basis. Where they do pay back, is at a longer term strategic level”

## **Sponsorship relations – trust**

The respondents also agreed that commitment and trust are interdependent conceptually and are therefore inextricably linked and an important determinant to sponsor relationship success. Respondent 10 reflected this view claiming that: “trust and commitment in any business relationship - [and] the parallels with just a normal human relationship - are so explicit. I think that if you are going to be partners with an organisation you have to trust what they are doing”. In this context the protection of the Olympic brand and its related symbols is important not only to the AOC but also their commercial partners. The duality of trust was outlined by Respondent 1, who stated that when it comes to trust “the important thing is that the sponsor has to maintain the correct image for the AOC ... [related to] how they use their rights to the intellectual property”. Respondent 5 also reiterated the importance of trust and commitment to the AOC and their brand commenting that “there is a pretty strong commitment to the Australian Olympic Team and Australian Olympic Committee, through a fairly big network of people”.

## **Sponsor relations – leveraging**

Another finding to emerge from the data was that leveraging and sponsorship activation are a major determinant in relationship success and satisfaction. During the Sydney 2000 Olympics Games there was an extensive and supportive structure in place to assist sponsors with their leveraging campaigns. Respondent 5 claimed that SOCOG “would

work with either the sponsors, or its agency, and they would have ideas about how to leverage ... and initiate those activities”. This point was supported by Respondent 4 who commented that there were entire sponsorship teams within SOCOG’s structure that helped “leverage sponsors as a whole ... ran general campaigns where all the sponsors were involved”.

Respondent 11 additionally outlined that the joint promotions and public relation events conducted by the Sydney 2000 Olympic Games for the sponsors generated a ‘family’ like environment. This respondent described the joint activities as developing a sense of involvement in the Games, and that all the sponsors were “part of one family”. In this regard the findings, to a degree, articulate that current AOC sponsors have not had access to the same level of resources that were provided by SOCOG for leveraging assistance and support. As outlined by a sponsorship manager for an organisation that sponsors the AOC “it’s really up to the individual company itself ... to market and promote your involvement” (Respondent 9). Respondent 7 agreed with this viewpoint, describing the AOC’s position as:

Essentially selling in many ways a blank sheet of paper ... the success or failure of the whole program is in the hands of the purchaser. We can conjure, we can encourage ... but at the end of the day, inferably the sponsor’s success is in their own hands.

## **Olympic location**

The location of the Olympic Games was listed by the respondents as having a large impact on corporate attraction and sponsor activation. A variety of Sydney 2000 sponsors indicated that the ‘home ground’ appeal was their main motivation for forming an alliance with SOCOG. According to Respondent 11, a sponsor of the Sydney Olympics stated that from “a local perspective it was great ... the Games ... captured everyone’s attention. It was huge - there couldn’t have been a bigger focus on it”. As a consequence however, of this local attraction, many sponsors ceased their Olympic association post the Sydney Games. A spokesperson for one of the larger Sydney Olympic sponsors stated that their involvement “was a one-off because it was Sydney” (McGuire, 2001, p. 34).

Another factor highlighted by the respondents was that the staging of the 2004 Olympic Games in Athens shaped the decline in the sponsorship appeal of the AOC. For example, one respondent stated that “the level of commercial enthusiasm in taking the Games to Athens was not great ... many people commercially regarded Athens as the entrée to the Beijing main course. The same way as Atlanta was always the entrée to Sydney” (Respondent 7). Furthermore, Respondent 5 argued that “after Sydney, the Athens Olympics wasn’t that attractive corporately, but I think Beijing will be the most successful Olympics of all time, commercially”. The positive enthusiasm for the 2008 Beijing Olympic Games was repeated often throughout the interviews. Respondent 8 for

example claimed that “being a closer Games ... [make them] more affordable ... from a sales promotions perspective”. In support of this point, in April 2005, AOC President John Coates said that the Beijing Games were proving much easier to sell to the corporate world than the Athens Games, however overall sponsorship could still see a drop off of 15% (Lehmann, 2005).

## CONCLUSION

The Olympic Movement as it functions today could not survive without the financial and resource investment committed by corporate sponsors. The significant reliance on Olympic sponsorship undoubtedly calls for increased understanding of the influences and forces affecting inter-organisational relationships and sponsor activity. It is proposed that further contextual understanding of constituents that lead to dyadic success could increase partner satisfaction and thus improve the longevity of sponsorship alliances. The findings of this study reflect the complexity and breadth of issues associated with the discipline of Olympic sponsorship. As the data analysis indicated, there was a significant demise in corporate interest towards the AOC in the aftermath of the Sydney 2000 Olympic Games. This adverse legacy defied optimistic predictions of financial prosperity for the AOC, as a direct flow on from the success of the Games.

A range of influential factors was identified by this study, with the findings providing an introductory foundation in understanding the interaction between hosting the Olympic Games and NOC sponsorship. Furthermore, this study generates insights into the sponsorship legacies that are applicable to many ambulatory mega-sport events in addition to the Summer and Winter Olympic Games. However, before drawing generalisations from these findings it is important to recognise the context of this study. The cultural characteristics of the Australian sponsorship industry may not be directly comparable to those of overseas markets. Variations in comparative perception by country and the changing nature of sponsorship over time may have a bearing on the contextual validity of this study.

Future research into the internal structure of organisations may provide deeper insights into sponsorship decisions and leveraging activity. Examining the synergistic interplay between corporate culture and organisational objectives may assist sports organisations in providing leveraging assistance for corporate partners. There are many other areas associated with sponsorship and relationship formation that demand further understanding. For example, the strategic compatibility between sporting organisations or events and their corporate partners, and the degree of influence this has on alliance longevity. In terms of relationship marketing, this study focused on the significance of commitment and trust. Other variables such as solidarity, integrity and organisational flexibility also demand attention.

It is concluded that although the AOC received vast profile benefit from the success of the Sydney 2000 Olympic Games, this did not transfer into a positive sponsorship legacy

following the event. The study showed that the AOC was only able to achieve half of its projected sponsorship revenue of A\$60 million for the 2001-2004 quadrennial. A number of external environment and inter-organisational relationship variables influenced this negative legacy. The findings are summarised by a senior marketing executive who had the responsibility for the AOC's sponsorship rights:

When we got to the end of the Games, we rubbed our hands with glee ... these companies ... spent A\$850 million helping us create the Games. Surely we can keep 5-10% of it in team [AOC] sponsorship, and we went back and presented to all of them. Very, very few of them renewed their association with the team and certainly not at the levels we were hoping for. (Respondent 7)

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# THE INTERNATIONAL EVENT MANAGEMENT SUMMIT CONFERENCE PROCEEDINGS



## **INCORPORATING:**

**FIFTH INTERNATIONAL EVENT MANAGEMENT RESEARCH CONFERENCE  
6TH – 7TH JULY 2009**

**&**

**THIRD EVENT EDUCATION AND RESEARCH NETWORK AUSTRALASIA SYMPOSIUM  
8TH JULY 2009**

### **CONFERENCE THEME**

Meeting the Challenge of Sustainable Development: How do public and corporate events engage with the global agenda?

### **VENUE:**

Holiday Inn, Surfers Paradise, Australia

### **PRESENTED BY:**

Australian Centre for Event Management, University of Technology, Sydney

### **ENDORSED BY:**

The International Special Events Society (ISES) – Australasian Affiliate

# **SUSTAINABLE DEVELOPMENT AND EVENTS PROCEEDINGS OF ACEM 5TH INTERNATIONAL EVENT MANAGEMENT SUMMIT**

**6 - 8 July 2009  
Gold Coast, Australia**

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The organisers reserve the right to amend the programme as required in the light of changed circumstances. The material contained in this publication was accurate to the knowledge of the organisers at the time of publication.



# EDITORS' PREFACE

The theme chosen for the Conference is Meeting the Challenge of Sustainable Development: How do public and corporate events engage with the global agenda? This theme was selected in recognition of the greatly expanded focus on the linkage between events and the broad area of sustainable development in recent years. Events also have the potential to act as agents for creating environmental awareness and knowledge, as well as attitude and behaviour change. This is reflected in the myriad of environment based festivals and other events that now take place within Australia and internationally.

The Conference format will involve keynote presentations by local and international presenters based around this theme, as well as workshops, seminars and case studies. It will also include a number of more general topics associated with event management.

The Conference provides an excellent opportunity to discuss and exchange ideas with leaders in the Australian and international event industry, and with established researchers in the field.

Following on from the Conference, a one-day Symposium will be conducted exploring issues associated with education and training in the events field. The Symposium will feature international and local perspectives, as well as the latest developments in event related teaching and learning resources.

These Proceedings contain refereed papers that have been subjected to a double blind refereeing process conducted by academic peers with specific expertise in the key themes and research orientation of the papers. They also contain working papers that have been reviewed by the conference committee.

Australian spelling has been applied throughout the editing process, and grammar and expression have been standardised whilst making every effort to respect the content and integrity of the papers.

The Conference committee hopes that these Proceedings will serve to strengthen the foundations of the rapidly emerging field of event studies, and takes great pleasure in recommending the Proceedings of the Conference and Symposium to you.

John Allen AM  
Foundation Director  
Australian Centre for Event Management  
University of Technology, Sydney





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