



**ALTHOUGH THERE HAVE BEEN** sponsors as long as there have been modern Olympic Games—the U.S. company Eastman Kodak was a sponsor the first of the modern Olympic Games in 1896—it has only been in the last twenty-four years that companies have been able to pay for the privilege of calling themselves the “official (retailer, outfitter, beverage, car, camera) of the Olympics.” Coincidentally, 2008 is also be the twenty-fourth year since China returned to the games after more than thirty years away. More importantly, it is the first time that China has hosted the game, another milestone in the seemingly endless list of firsts for China as its global influence grows.

### **China as an International Host of Sporting Events**

China has hosted several large-scale sporting events recently, including the Shanghai Showdown (China's first

Gravity Games, an extreme-sports competition), the Nanshan Open (a snowboarding event), and the 720 China Surf Open. The Asian X Games, which have previously been held in Thailand, Malaysia, and South Korea, were held for the first time in the People's Republic of China in May 2008, attracting more than two hundred of the world's top extreme-sports athletes.

The Korean automaker Kia Motors was just one of the sponsors of the 2007 X Games, which were also backed by ESPN, ESPN STAR Sports, and the Chinese Extreme Sports Association. Kia Motors, a secondary sponsor of the Asian X Games since 2005, renewed its support with a three-year primary sponsorship both to build the event in China and to gain product exposure. According to Kia Motors, in 2005 alone, exposure from the Asian X Games was worth approximately US\$12 million.

With these successes under its belt, and given the enormity of the Chinese market, the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) had little trouble lining up sponsors and partners to help finance and coordinate the Games.

The Beijing 2008 sponsorship program consists of three tiers of support: partners (who pay approximately \$40 million), sponsors (who pay approximately \$20–30 million), and suppliers (who offer goods and services). Johnson & Johnson, one of the Beijing Olympics' U.S. sponsors, was eager to take advantage of the billions of viewers who, in the words Brian Perkins, the company's vice president of corporate affairs, will be “looking at Beijing and China with

amazement.” Herbert Heier, CEO of the German sportswear manufacturer Adidas, whose sponsorship is reportedly between \$80 and \$100 million in cash and services, sounded a similar note: “The Beijing 2008 Olympic Games will once again be a worldwide visible proof of our dedication to athletes, products, innovation and leadership. At the same time, the Beijing 2008 Olympic Games provides us with a unique platform to build the Adidas brand image and business in China, as well as the whole of Asia,” he said in 2005, when the sponsorship was announced.

The Bank of China (BOC), the most internationalized of China's commercial banks and the second-largest bank in China, is another institution benefiting from the first Olympics being held in China. In July 2004, it became the sole banking partner of the Beijing Olympics. As such, it is the exclusive provider of both commercial and investment bank services and products. It is also a large player in the BOCOG licensure and ticketing programs, partnering with Visa, the premier credit card company, to improve and upgrade the financial infrastructure necessary for ticketing, automatic teller machines (ATMs), and other point-of-sale services. Multinational partnerships such as this also provide Chinese companies with an opportunity to learn and benefit from the experience of long-time Olympic sponsors like Visa, which has been a global Olympic sponsor for more than twenty years.

Chinese manufacturers such as Haier, which produces home appliances, televisions, mobile phones, and the-

ater systems, are also major sponsors of the 2008 Olympics. As a sponsor, Haier will provide funds, home appliances, and other services to the Beijing 2008 Olympic Games, the Beijing 2008 Paralympic Games, BOCOG, and the Chinese Olympic Committee. Haier is based in Qingdao, the sister-city host of the Olympics, where sailing events will be held. Chances are good that

most viewers of the Olympics won't see the home appliances Haier is providing, but the benefits of sponsorship extend from simply being able to promote itself as an official sponsor to leapfrogging its efforts at global brand recognition. When the sponsorship was announced, BOCOG Executive Vice-President and Secretary-General WANG Wei 王微 said. "Sponsoring the world's greatest sporting event also provides Haier with an unparalleled platform to build up its prestige on a global basis."

Other Chinese companies that are sponsors and partners of the Beijing Games—hoping that 2008 will catapult them into foreign markets—include the computer manufacturer Lenovo, the SINOPEC energy company, Air China, Tsingtao Brewery Company, and more.

### Challenges for Foreign Sponsors and Partners

With the games in Beijing, foreign companies are finding that they must also weigh the advantages of the publicity and attention that sponsorship brings against potential backlash from protestors, activists, and politicians who are using the games as an opportunity to sound off against the Chinese government.

It should be pointed out these are not the first games to meet opposition. The so-called Nazi Olympics of 1936 are often mentioned but there are many examples, including the 1976 boycott of the Montreal Games by the Organization of African Unity (OAU) based on the sporting links many countries had at that time with South Africa, where apartheid (racial segregation) remained entrenched. The Moscow Games of 1980 and Los Angeles Games are other noteworthy examples, and indeed, any country that has hosted the Olympics in the past twenty-four years has had its detractors, ready to protest the host country and ready to call for boycotts of the sponsor companies.

Longtime Olympic sponsors such as Coca-Cola, Eastman Kodak, and General Electric, with their widespread influence, have often been the targets of such activism. The difference today is that with so much media, Internet, and global connectivity, the Beijing Olympics may be the first games for which grassroots activism could have as large an impact on the image of the games as the athletic competition itself.

Critics of Beijing protested before the awarding of the 2008 Games to China,



International brands such as Coca-Cola are competing fiercely to get exposure during the Games.

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## Sport Politics



Sports have the ability to act as a metaphorical background or a pressure relief valve for both nations and individuals. On a number of occasions the sporting arena in general and the Olympic Games in particular have provided a stage where the two superpowers could compete in a sporting environment in front of the eyes of the world. In a number of instances politics has adversely affected the proceedings. Indeed, one can argue that without politics a broad interest in international sports would not exist today. The use of the Olympic Games as a tool in boycott politics during the 1970s and 1980s was possible only because of the influence of the mass media on global society during the latter half of the twentieth century.

The Olympic Games during the Cold War provide examples of this inherent tension within the developing sporting exchange.

The Moscow Olympic Games of 1980 and the Los Angeles Olympic Games of 1984 were tarnished by boycotts related to ongoing fractious superpower relations. Yet, in 1976 in Montreal the Olympic Games were boycotted by the Organization of African Unity in protest of South Africa's apartheid regime. Although the 1976 boycott was clearly political, perhaps the best examples of Cold War tensions in sports were the boycotts of the early 1980s. At both Moscow and Los Angeles the Olympic Games acted as a showcase for the political ideologies of Communism and capitalism, respectively. Too often in the history of the Olympic Games opportunities to learn about people in other countries and to develop a sense of social responsibility have been undermined by the subordination of sports and recreation to political and commercial goals.

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and continued to protest about issues including censorship and media control, unfair working conditions, China's role in Sudan, and control of religious practice in Tibet.

Despite their deep pockets and global clout, international sponsors such as Adidas, Coca-Cola, General Electric, Johnson & Johnson, and McDonalds care about their corporate image and the reputations of their brands and must take into account opposition to Beijing's hosting of the Olympics. But they also have to think beyond the Olympics, to how they are going to grow their businesses in and with China. It often seems that companies

have two choices, both with unappealing ramifications: they can acknowledge the activists and risk alienating the Beijing government, or ignore the activists and alienate the Western consumers who rally to their cause. Public relations firms and organizations such as the group Future 500, a nonprofit liaison service between corporations and stakeholders, are trying to tread the narrow middle ground. Future 500's China initiative is designed to foster constructive interaction between corporations and nongovernmental organizations and other activist groups. As Future 500 reminds companies on its website, "For industries that operate on the global stage, anything said by

anyone anywhere—true or not—can impact your brands everywhere . . . That [fact] will be increasingly important between now and August 2008 when three billion people tune in to television and the Internet to watch the Olympic Games in Beijing. There, center stage will be not only the athletes, but corporations as well." According to Future 500, companies need to approach the games with a measured amount of support for both the activist causes and their Chinese hosts. One issue that has been problematic for the Beijing games has been the genocide in the Darfur region of Sudan and China's continued investment there.

When confronted by activists about another issue of concern—labor conditions in China—Adidas said that the company would pressure its suppliers in China, with whom the company has direct influence, but that it would not attempt to pressure the Chinese government. That approach—working to address poor labor conditions, human rights abuses, or other problems without directly confronting the Chinese government—may be the least risky and therefore most palatable.

Olympic sponsorship, while risking controversy based on the political climate of the times, is generally too appealing to pass up. With an audience in the billions, foreign companies increase their brand recognition and future profits in China, while Chinese companies use the Olympic platform to introduce their brands to the rest of the world.

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