

marketingMATTERS

THE OLYMPIC MARKETING NEWSLETTER

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Olympic Marketing 1980 – 2001

Two Decades of Unprecedented Support for Sport



The International Olympic Committee and global Olympic marketing programmes have been at the forefront of the transformation in the worldwide financing of sport that has occurred since 1980. Over the past two decades, IOC President Juan Antonio Samaranch has overseen the financing of the Olympic Movement, the tremendous growth of the marketing agenda that supports the Olympic Games, and the development of sport worldwide.

This issue of Marketing Matters focuses on the financial growth and success of the Olympic Movement over the past twenty years and the financial legacy that the IOC Presidency of Juan Antonio Samaranch has provided for the world of sport. Marketing Matters 19 includes quotes and tributes from various business and corporate leaders to President Samaranch marking the end of his term of office.

In this issue we also address the relevant marketing issues surrounding the 2008 candidate host city.

“The Olympic Games — combining the world’s best sporting performance, global participation, in close co-operation with the private sector and the media — have become the greatest event on earth, and contribute to the promotion of world peace. Your leadership and dedication were instrumental in achieving this.”

— Yutaka Narita, President, Dentsu Inc.

Overview: Evolution During the Samaranch Presidency

In 1980, many questioned whether the Olympic Movement and the Games were financially viable. The IOC, the NOCs and the IFs had few sources of independent revenue, and potential bid cities feared the financial risks involved in staging the Games. President Samaranch understood, from the outset of his Presidency in 1980, that unless the Olympic Movement could develop an independent financial base and revenue source, it would not survive. Since then, the Olympic Movement has experienced a remarkable financial turnaround.

Over the past twenty years, the IOC has concluded broadcast and international sponsorship agreements worth more than US\$12 billion. This has provided all members of the Olympic Movement with a measure of financial security. IOC financial support to each Organising Committee has grown nearly fifteen-fold for the Olympic Games, and nearly thirty-fold for the Olympic Winter Games. The IOC now directly provides funding to all 199 NOCs and provides travel and accommodation grants for all athletes who participate in the Games.

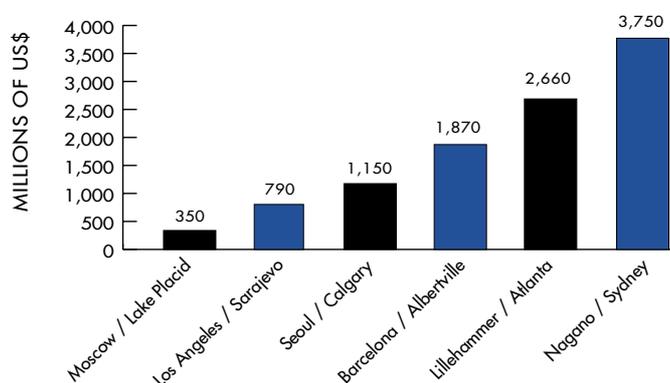
Interest in the Games has grown dramatically: Everyone in the world who has access to television now has access to Olympic Games coverage. It is estimated that during the past two decades the global television audience has grown from fewer than 1.5 billion viewers to more than 3.7 billion. Cumulative global television viewing hours for the combined Olympic and Olympic Winter Games combined now exceed 60 billion TV Viewing Hours.

Evolution of the Olympic Games: At A Glance

	1980	2000
Countries Broadcasting	111	220
Host Broadcaster Hours (Summer)	500 hours	3,800 hours
Global Broadcast Revenue (Quad. Winter/Summer)	\$122 million	\$1,845 million Nagano/Sydney
Percentage of Total Broadcast Revenue (Summer) from US	84%	53%
Total International Sponsorship Revenue (Quad. Winter/Summer)	\$0	\$550+ million
Total Ticketing Revenue (Summer)	\$13 million	\$625 million
IOC Summer Games Support (TV and Marketing Revenue) to OCOG	\$60 million	\$1,100 million
Olympic Solidarity (Quad. Winter/Summer)	\$8 million	\$210 million (2001-2004)

All figures in US\$

Olympic Marketing Revenue Evolution by Quadrennium 1980-2000*



*represents appx. quad. totals: TV, international and local sponsorship, licensing and ticketing

Overview: Evolution During the Samaranch Presidency – *continued*

“Few in history have had such a profound impact on international sport as you have over the past two decades.”

— Dick Ebersol, Chairman of NBC Olympics and Sport

“During your presidency, the creative collaboration of sports and business was expanded and intensified. It is alliances like these that will continue to advance the Olympic idea and ideals of peace and prosperity in the new millennium.”

— Juergen E. Schrempp, Chairman of the Board of Management, DaimlerChrysler

“Over twenty years at the helm of any major world organization is a remarkable achievement, but in that time to have transformed the affairs of the IOC and to have reinvigorated the Olympic Games is an astonishing legacy that will be remembered for as long as sport is played.”

— Mark H. McCormack, Chairman and Chief Executive Officer, IMG

Then and Now

In 1980:

Marketing: No international marketing programme existed. Fewer than 10 NOCs generated any revenue from marketing programmes.

Hosting The Games: Financial risk and uncertainty due to the limited number of bidding cities. Only one city bid for 1984 Olympiad, and only two cities bid for 1988 Olympiad.

Funding: Olympic Solidarity received US\$8 million in funding over the period 1980-1984. International Federations received US\$8 million in funding. (For Moscow alone, IFs received US\$5.6 million.)

Television: The Games were televised in fewer than 120 countries.

In 2000:

Marketing: Long-term broadcast agreements through 2008 have secured the financial future of the Olympic Movement. National and international marketing sponsorship programmes were established to support present and future Olympic Games. All 199 NOCs benefit from marketing revenue, with the IOC distributing US\$215 million to NOCs over the period 1997 – 2000 (excluding payment to the USOC and the Host Country NOCs).

Hosting the Games: Global marketing eliminates financial risk and uncertainty for host cities. Ten cities applied to host the 2008 Olympic Games, with the IOC providing more than 60% of budget via pre-agreed long-term contracts.

Funding: The IOC provided close to US\$1,100 million to SOCOG. Olympic Solidarity received more than US\$121 million in funding for the period 1997 – 2000, rising up to US\$210 million for 2001 – 2004. The International Federations received US\$190 million in funding for Sydney alone, and a total of US\$255 million for the 1997 – 2000 quadrennium.

Television: The Olympic Games are televised to the whole world, 220 countries, free of charge.

“From building global participation, to creating financial stability, to providing opportunities for the world’s best athletes – regardless of race, gender, or economic status – to compete in fair competition, President Samaranch’s contributions have been truly remarkable.”

— Douglas N. Dafi, Chairman and Chief Executive Officer, The Coca-Cola Company

“During your historic tenure you have taken the Olympic Games to levels of recognition and respect which were almost incomprehensible at the time you assumed the Presidency of the IOC.”

— George M.C. Fisher, Retired Chairman & CEO, Kodak

Broadcast Evolution – The Number One Event in the World

The Olympic Games have seen tremendous growth in broadcast coverage over the past 20 years — with an audience penetration of 3.7 billion viewers in 220 countries; with more than 36 million cumulative viewing hours for the Olympic Games; and with more than 20 billion viewing hours for the Olympic Winter Games.

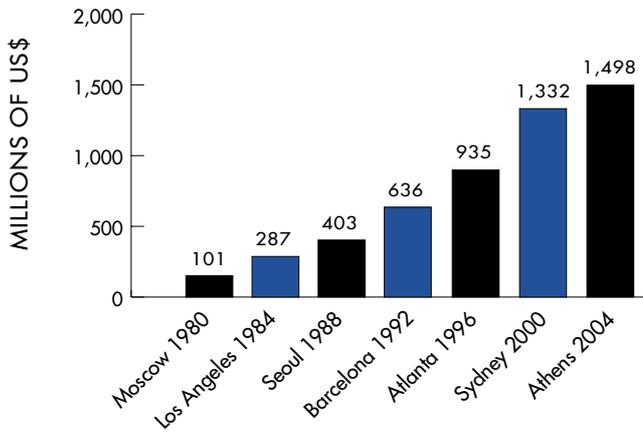
The Olympic Games have achieved this success without compromise and despite continuous pressure to the fundamental principle that all television agreements be based on free-to-air broadcasting with availability for all. The IOC has also achieved and maintained this growth through direct negotiations, without having to incur any agency

or third-party commissions. Cumulative broadcast revenue from 1984 to 2008 exceeds US\$9,925 million.

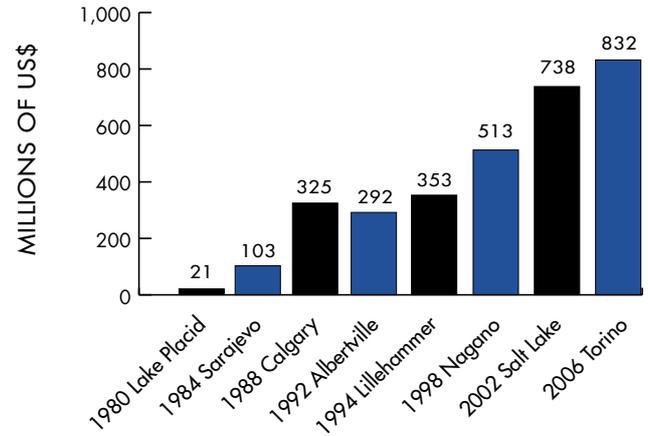
Broadcast revenue for the Olympic Games has grown more than fifteen-fold from US\$101 million in Moscow 1980 to more than US\$1,715 million for 2008.

Growth in Winter Olympic Games broadcast revenue has been even more impressive — increasing more than forty-fold from US\$21 million for 1980 Lake Placid to \$832 million for 2006 Torino.

**Olympic Broadcast Revenue
Olympic Games**



**Olympic Broadcast Revenue
Olympic Winter Games**



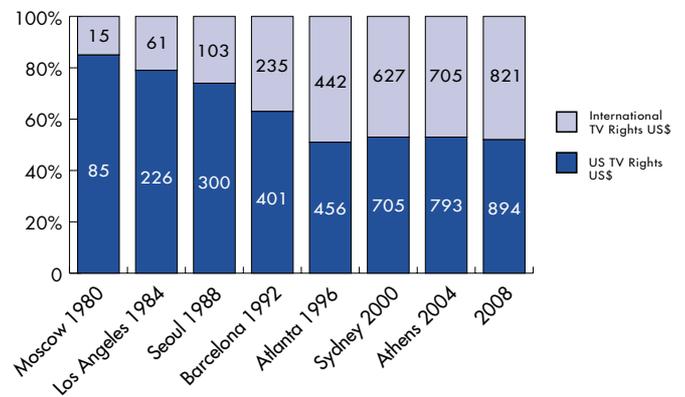
Diversification and Growth of Revenues

Olympic broadcast rights fees outside the U.S. have grown dramatically, thereby reducing the Olympic Movement’s dependency on U.S. broadcast revenue alone — the primary funding source in 1980.

“Television and Radio did not have any consideration or recognition in any sport, until your arrival to the Presidency ... from that point on, we were treated with comprehension, respect, fair-play and above all, with friendship.”

— Amaury Daumas, Secretary General, OTI

Evolution of Broadcast Rights Fees as a Percentage of Total Rights



The Evolution of the TOP Programme: (1985 – 2004)

The TOP Programme, created in 1985, has:

- provided funding to all 199 NOCs, not just to the key economic markets
- provided critical technology and resources to each OCOG for Games operations
- enjoyed an unprecedented renewal rate within the industry
- provided a global promotional platform for the Olympic brand across 220 countries
- generated more than US\$550 million for the Olympic Movement in the last quadrennium

	TOP I	TOP II	TOP III	TOP IV	TOP V
	1988 Calgary 1988 Seoul	1992 Albertville 1992 Barcelona	1994 Lillehammer 1996 Atlanta	1998 Nagano 2000 Sydney	2002 Salt Lake 2004 Athens
Number of Companies	9	12	10	11	10
Number of Countries	159	169	197	199	199
Revenue generated in US\$ millions	96	172	*275	*550+	*650+

*With increasing dependency on technical support, products and services, sponsors’ contributions are also through Value In Kind

“Thanks to your support during the past fourteen years, our company has been able to achieve its objective, that is, to serve society on a global scale through our Audio and Video Technology. It has been an honour for us to contribute in the spirit of partnership, and we are pleased to continue to support the Games for the coming years.”

— Kazuhiko Sugiyama, Executive Vice President, Member of the Board, Matsushita Electric Industrial Co. Ltd.

“Among your contributions to the Olympic Movement, the most remarkable one is, while maintaining the long-established tradition and prestige of the Olympic Movement and on the other hand, to have brought success to it on a commercial base.”

— Yoshihiro Yasui, Chairman, Brother Industries Ltd.

Distribution of Revenue

The growth in broadcast and marketing revenue has allowed the IOC to significantly increase the financial support to NOCs, IFs and Organising Committees.

Over 93% of all income is distributed, ensuring support for all sectors of the Olympic Movement and further providing support at a local level for the growth of sport.

IOC Revenue to OCOGs: 1980 – 2004

Long-term broadcast and sponsorship revenue now allows the IOC to provide the majority of the OCOGs’ budget up front, with revenue effectively guaranteed prior to the selection of the Host City. Direct IOC support to OCOGs has risen more than ten-fold for the Olympic Games and nearly thirty-fold for the Olympic Winter Games.

IOC Revenue to Olympic Solidarity: 1980 – 2001

Olympic Solidarity was established in 1971, and is funded by the IOC through the allocation of a share of Olympic broadcast revenue. Revenue contributions from Olympic Solidarity to NOCs have increased nearly fifteen-fold under President Samaranch.

IOC Revenue to International Sports Federations: 1980 – 2004

The IOC allocates a percentage of broadcast revenue to the IFs. The IOC is now the largest single revenue source for the majority of Federations.

Olympic Games	Financial Support (US millions)
1980 Moscow	\$5.6
2000 Sydney	\$189.7

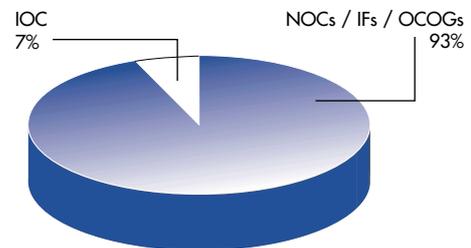
“Your impressive actions were all aimed at fortifying and positioning the Olympic Brand as a high-class, strong, moral, emotional brand with a clear message of peaceful, happy, healthy world competition in an international, tolerant and wonderful example for the youth of our planet and also for mankind in general.”

— Nicolas G. Hayek, The Swatch group

“The IOC, under President Samaranch, has used sport as a means of making a more inclusive world. Sport and the resulting media attention has, by far, the most influential effect on the youth of the world and the IOC has used the Olympic Games to bring hope and a sense of belonging to all its inhabitants, specifically those engaged in warlike acts.”

— R. Stephen Rubin, President, World Federation of the Sporting Goods Industry

Olympic Movement Revenue Distribution



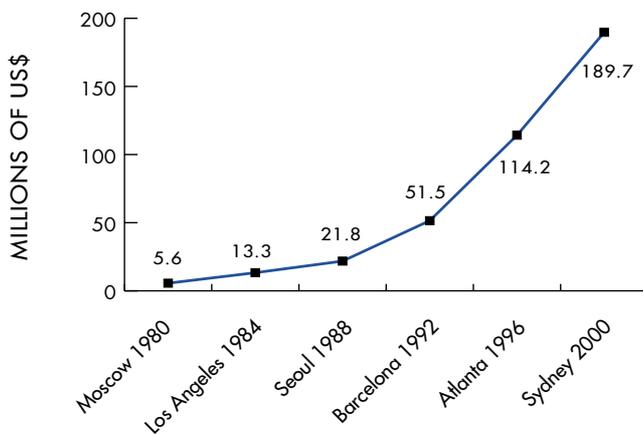
IOC Funding to OCOG

Olympic Games	Rights Fees (US\$ millions)
1980 Moscow	\$88
2000 Sydney	\$1,100
Olympic Winter Games	Rights Fees
1980 Lake Placid	\$20
2002 Salt Lake City	\$575

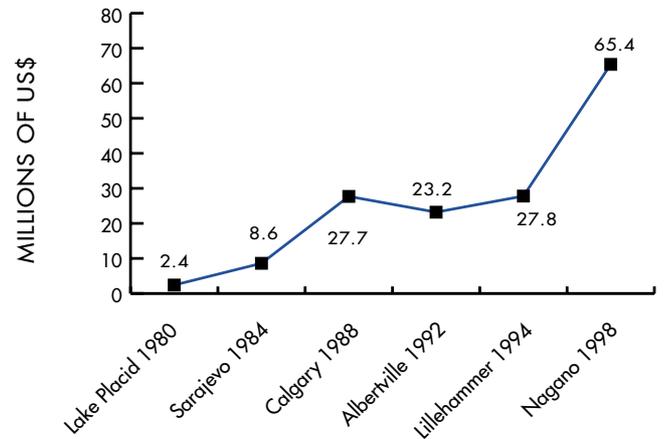
Quadrennium	Contribution (US millions)
1980 – 1984	\$13.9
2001 – 2004	\$210

Olympic Winter Games	Financial Support (US millions)
1980 Lake Placid	\$2.4
1998 Nagano	\$65.4

**IOC Revenue to International Summer Sport Federations
1980-2000**



**IOC Revenue to International Winter Sport Federations
1980-1998**



Marketing Milestones: 1980 – 2001

The following is a chronological overview of important events and dates in Olympic marketing throughout the course of the Samaranch Presidency.

- 1982** New Sources of Financing Commission is established within the IOC to analyse new means of funding the Olympic Movement
- 1983** IOC Session, Delhi, approves market research on the development of an international Olympic marketing programme
- 1984** Los Angeles – First Olympic Games to be funded solely from marketing revenue
- 1985** IOC approves the launch of the TOP Programme
- 1985** IOC signs the first worldwide Olympic partnership in The Olympic Partner (TOP) sponsorship programme
- 1985** Richard W Pound named Chairman of IOC New Sources of Financing Commission (previously Vice Chairman)
- 1987** IOC holds the first global summit to analyse the future of the relationship between sport and television
- 1988** IOC establishes the IOC Marketing Department and appoints Michael Payne as its first Marketing Director
- 1992** Centennial Coin Programme established – a unique joint venture with five governments
- 1992** IOC launches campaign to position ambush marketing as “unethical” rather than clever marketing – repositioned as parasite marketing
- 1995** IOC signs the first multi-Games broadcast agreement with Australia’s Seven Network for Atlanta 1996 and Sydney 2000
- 1995** IOC ends agency agreement with ISL and forms its own agency – Meridian
- 1995** The Olympic Television Archive Bureau (OTAB) is established to acquire and manage all historical moving images
- 1995** IOC signs the first long-term broadcast agreement with NBC in the U.S. for the Olympic Games from 2000/2002 subsequently extended through 2008
- 1996** IOC signs broadcast agreement with the EBU (Europe), turning down a major cable and satellite deal offering US\$600 million more in the interest of ensuring that people around the world have free access to an Olympic Games broadcast
- 1997** Marketing and Image research begins an analysis of the “Olympic Brand” in the development of a global Olympic promotional campaign
- 1997** Olympic Marketing Code of Conduct established between the IOC and the sports goods industry, through the World Federation of the Sporting Goods Industry
- 1998** New Sources of Financing Commission is given a new mandate and re-named Marketing Commission with broader responsibilities to develop and manage the Olympic image
- 2000** IOC holds the first summit to analyse the future of the relationship between sport and new media and sets up an Internet Working Group
- 2000** “Celebrate Humanity” global Olympic promotional campaign is launched
- 2001** Olympic Visual Archive – acquisition of all past Olympic films; broadcast and news reel coverage basically completed

The Samaranch Legacy and The Future of the Olympic Movement

During the Presidency of Juan Antonio Samaranch, the IOC has strengthened major Olympic Charter policies for the broadcast and marketing of the Olympic Games. The following major charter policies are cornerstones of Olympic Marketing that have helped to ensure the growth of the Olympic Movement and the future viability of the Olympic Games over the past two decades.

Television: The Olympic Games is one of the last major events to remain on free television.

Increased revenue has allowed the Olympic Games to grow with more athletes and more nations participating in the world's premier event.

Olympic Games: 1980 – 2000

Olympic Games	NOCs	Events	Sports	Athletes	Olympic Winter Games	NOCs	Events	Sports	Athletes
1980 Moscow	80	203	21	5,283	1980 Lake Placid	37	38	6	1,072
1984 Los Angeles	140	221	21	6,802	1984 Sarajevo	49	39	6	1,274
1988 Seoul	159	237	23	8,473	1988 Calgary	57	46	6	1,423
1992 Barcelona	169	257	25	9,368	1992 Albertville	64	57	6	1,801
1996 Atlanta	197	271	26	10,332	1994 Lillehammer	67	61	6	1,739
2000 Sydney	199	300	28	10,651	1998 Nagano	72	68	7	2,177

Despite the tremendous growth in the marketing of sport over the past two decades, the IOC has been able to achieve its goals through a highly managed programme and balanced partnership with the private sector.

Games of the XXIX Olympiad, 2008

Olympic Applicant Cities

Bangkok

Beijing*

Cairo

Havana

Istanbul*

Kuala Lumpur

Osaka*

Paris*

Seville

Toronto*

** Official Candidate Cities*

Key Marketing Issues

The 2008 Host City will be selected on July 13th, at the 112th IOC Session in Moscow. Ten cities applied to host the 2008 Olympic Games, from which the IOC accepted five as Candidate Cities.

Over the past six months, the IOC has been working closely with each of the five Candidate Cities to prepare the necessary foundations for the development of a successful Games marketing programme.

Goals are to ensure that revenue expectations are feasible, and that clear protocols and agreements are in place prior to election to ensure protection of the Olympic image and partner rights.

Funding – 2008

The selection of the Host City has little, if any, impact on the revenue to be generated from the Olympic marketing programmes. All broadcast agreements and many of the worldwide sponsorship agreements are already in place for 2008 — independent of which city is selected.

The IOC already has under contract for the benefit of the Host City more than US\$1,200 million — approximately 60% of most of the bid budgets. This before one ticket or local sponsorship is sold.

Budgeting principles have been significantly tightened for the 2008 election process to ensure that each bid has two clearly separate budgets: an operating budget for the Games and the OCOG, and a separate capital budget for infrastructure projects such as new roads and venues. The IOC position is that it is unrealistic to amortise capital costs over the 17 days of the Games, and that steps must be taken to prevent any OCOG from compromising the Olympic Image by allowing local pressures to result in the overcommercialisation of the Olympic marks.

Protecting the Olympic Brand – 2008

Each of the five Candidate Cities is required to enter into a number of agreements prior to selection. These agreements are designed to:

- protect the fundamental marketing principles that have been developed over the past decade, and ensure the orderly development of the Olympic marketing plan.
- prohibit any form of incumbency or option for the Olympics within the Host Country should the City be selected
- guarantee that all venues are delivered clean of advertising or concessions
- provide the strongest possible protection for the exclusivity of all Olympic partners
- take steps to maximise the promotion of the Olympic brand in the host city
- prevent uncontrolled commercialisation and the problems faced with the city of Atlanta in 1996

2008 Marketing Plan – Timeline

Following selection of the Host City, the IOC will look to work closely to develop a definitive marketing programme for the Games, along the following timeline:

January 2002: Formation of the OCOG

Late 2002: Preliminary marketing discussions / development of the IOC – OCOG marketing plan agreement

Each Candidate City is required to:

- Enter into a single marketing programme agreement with its NOC, whereby all marketing rights of the NOC and the Olympic team are ceded to the OCOG for the period 2001 through 2008. Games sponsors will also be sponsors of the 2008 national Olympic team for 2004, 2006 and 2008.
- Obtain a binding option for the IOC and the OCOG to purchase all outdoor advertising throughout the city, and at the main transportation access points, for the two-month period surrounding the Games, at pre-agreed rates, linked to 2000 indexed pricing.
- Review with the government the necessary steps to further improve the protection of Olympic marks and rights.
- Develop the Marketing Plan.

First Quarter 2003: IOC-staged Olympic Design Conference in Host City to assist OCOG and design community in development of Games identity, starting with the new Olympic Games emblem.

Second Quarter 2003: Launch of National Olympic Marketing Plan

Summer 2004: All national partners attend Athens 2004 as observers, and launch Games related marketing programmes immediately thereafter.

Olympic Notes

Update: Athens 2004



ATHOC has announced a sixth National sponsor. ERT, the Greek National Broadcasting Company (an EBU member) have agreed to provide significant media support to the Games over the next three years for brand building, sponsor recognition and ticket campaigns.

ATHOC Major National Sponsorships to date:

Alpha Bank	Banking
Athinaiki Brewery	Alcoholic Beverages
Delta-Fage	Dairy Products
ERT	National Broadcaster
OTE	Telecommunications
Swatch	Scoring/Timing/ On-Venue Results

New IOC Supplier Agreements

The Swissair Group signed a new partnership agreement with the IOC on 15 May, to become the IOC's official carrier, replacing Lufthansa. The agreement foresees an extensive collaboration and support for the Movement's travel requirements, worldwide promotion for the Olympic Museum, and the extension of the successful Olympic Store concept (which was pioneered in Sydney by Nuance, the leading duty free retailing organisation and a member of the Swissair Group).

Contact: **Mr. Peter Lüthi**, *Executive Vice President – External Relations*, Swiss Air Transport Co. Ltd. +41 (1) 812 3900

Mizuno has extended its uniform supplier agreement through 2008.

Contact: **Mr. Hisashi Sekino**, *European Representative*, Mizuno Corporation +33 (6) 083 20 806

Pfizer, a partner of the IOC Medical Commission with the endowment of the IOC Olympic Prize, the IOC World Congress on Sport Sciences, the IOC Olympic Academy on Sport Sciences, as well as the Pfizer/IOC Olympic Research Studies, has extended its commitment to Salt Lake by becoming the sole pharmaceutical supporter to the Games and the Torch Relay.

Contact: **Mr. Randall Kaye**, *MD Director - Team Leader*, Pfizer Inc. (212) 573-3489

IOC Unveils Winter Version of Celebrate Humanity

In the lead-up to the Salt Lake City 2002 Winter Olympic Games, the IOC's Global Promotional Programme for winter, Celebrate Humanity, is now being launched. The campaign communicates the extraordinary and inspiring values of the Olympic Games and invites the world to celebrate the triumph of the human spirit embodied within the Olympic Movement.

Based on the success of the Celebrate Humanity summer campaign, the winter promotional announcements have been created and produced by advertising agency TBWA/Chiat Day. The campaign includes eight television announcements, four radio announcements and four print advertisements. The campaign is produced in both English and French, with some English announcements being narrated again this year by Academy Award™ winning actor Robin Williams. The campaign has

been broadened to include a series of youth-orientated spots with music from the bands Radio Head and Daft Punk. Broadcast and media partners are expected to provide more than US\$100 million worth of coverage for the campaign.

Available to all members of the Olympic Family to promote Olympic programmes, Celebrate Humanity is designed to communicate the core values of the Olympic Games and provide a positive platform for the promotion of the Olympic Games by broadcasters around the world.

To obtain copies of the Celebrate Humanity campaign, please contact IOC Marketing or Meridian Management.

The Worldwide Olympic Partners 2001–2004 – TOP V

The Coca-Cola Company	Non-Alcoholic Beverages	Samsung	Wireless Communications Equipment
John Hancock	Life Insurance/Annuities	SchlumbergerSema	Information Technology/Systems Integration
Kodak	Film/Photographics and Imaging	Sports Illustrated/Time	Publications
McDonald's	Retail Food Services	Visa	Consumer Payment Systems (credit cards, etc.)
Panasonic	TV/Video/Audio Equipment	Xerox	Document Processing

Next issue — Preview to Salt Lake City 2002 Winter Olympic Games

Published December 2001: A detailed preview to the Salt Lake 2002 Olympic Winter Games.

FOR MORE INFORMATION

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