

THE INTERNATIONAL OLYMPIC MARKETING PROGRAMME

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On May 28, 1985 at Chateau de Vidy, IOC President Juan Antonio Samaranch signed what may prove to be a landmark agreement with ISL Licensing AG ("ISL"), Switzerland. (See *Olympic Review*, July 1985, page 384). This agreement made possible the TOP Programme*, the first truly international marketing programme involving the entire Olympic Movement.

The TOP Programme, to be coordinated by ISL, was initiated by the International Olympic Committee with the objective of assisting the National Olympic Committees ("NOCs"), Organizing Committees ("OCOGs"), and international sponsors themselves with their sponsorship activities relating to the Olympic Movement. The IOC believes that the Programme, which will be carried out under its supervision, will contribute to the success of the activities of both NOCs and OCOGs, increasing the revenues to be received from such activities. An additional and most important feature of the Programme will be the sharing of sponsorship revenues with participating NOCs of developing countries, in which there may otherwise be little or no opportunity to engage in such activities. Of the revenues accruing to the IOC under the TOP Programme, the IOC will allocate a significant portion (more than 70%) of its share to NOCs.

The TOP Programme, which has taken several years to conceive and develop to the point of implementation, was first considered in response to difficulties experienced by OCOGs with their international marketing activities in connection with the Olympic Games. The "Olympic Charter" requires that any marketing activities by an OCOG in the territory of a NOC require the consent of the local NOC. Because of

this, it has, in the past, been virtually impossible to engage in efficient international marketing activities, since sponsors of the Olympic Games were forced to negotiate with the NOC of each country in order to use the emblems of the OCOGs. This made sponsorship to the Olympic Games much less attractive as a marketing proposal than would otherwise have been the case.

Many of the major international sponsors which have supported the Olympic Movement and Olympic Games for many years have urged the IOC to make the process for international sponsorship much simpler. They have also indicated that they would be prepared to contribute much more to the Olympic Movement were the Olympic Movement to be in a position to offer exclusivity on a world-wide basis. The TOP Programme is based, therefore, on the concept that, within certain product or service categories, sponsors will be offered exclusive international rights. Indeed, it is perhaps fitting that the first major international sponsor within the TOP Programme was the Coca-Cola Company, which has been a long-time supporter of the Olympic Movement and one of the prime movers among the international sponsors urging the development of such a programme.

While the concept is reasonably simple, development and execution of it is extremely

complex and time-consuming. It involves bringing together more than 160 NOCs, the OCOGs of both the Olympic Games and the Olympic Winter Games and the IOC through a series of individual agreements, which have taken several years to negotiate. In fact, the process of discussion and negotiation with NOCs continues even at the date of publication, although more than 100 NOCs have already agreed to participate.

The TOP Programme is centered around 44 international product or service categories. These are categories which are susceptible of sponsorship on an international basis, whether by reason of the nature of the product or service or of the size and international scope of the corporations dealing therein. The TOP Programme therefore contemplates the development of local sponsorship programmes in categories outside the international list, such as, for example, banking, airlines and sports clothing.

Coordination of the TOP Programme is the responsibility of ISL. The Lucerne-based company has extensive marketing and licensing experience, particularly with respect to sporting events. The company represents several International Sport Federations and has an impressive record with respect to the marketing coordination for international events.

Outside of the TOP product and service categories, ISL has developed a number of local marketing programmes for those NOCs who so desire, in order to maximise their sponsorship potential.

The TOP Programme, because of the special territorial rights of NOCs with respect to the use and marketing of Olympic emblems and because of the combination of both the Olympic Games and the Olympic Winter Games, is a new and challenging project. Both the IOC and ISL have agreed to proceed during the present Olympiad on a trial basis, with the understanding that the experience during the current Olympiad will be assessed before proceeding with the same programme, a restructured programme or a successor programme.

The financial terms of the TOP Programme are particularly interesting and consist of the following elements :

1. OCOGS

In consultation with ISL, the OCOGs attempt to estimate reasonable sponsorship fees which can

be derived from the various categories of products and services covered by the TOP Programme worldwide. These figures, when added to the requirements of the IOC and NOCs, form the basic minimum objectives for the TOP Programme with respect to the particular category. The OCOGs are prime beneficiaries of the TOP Programme since, for the first time, they and their sponsors will not be faced with the necessity of negotiating separate agreements regarding the use of the emblems of the Games in each country. On the other hand, the NOCs are expected to benefit substantially through increased sponsorship revenue and for many NOCs, the Programme will generate their first-ever income from sponsorship.

2. NOCs

All those NOCs who have agreed to participate in the Programme will receive a fixed fee plus a further flat fee per athlete participating in the Games. The IOC has decided that based on the sponsorship contracts that are already being processed, each participating NOC will receive, from the share of revenues accruing to the IOC, not less than US \$10,000 plus a further US \$300 per athlete participating in either the 1988 Olympic Games or the Olympic Winter Games. As more sponsorship contracts are concluded, these figures could rise considerably.

In addition to the amounts received through the IOC, those NOCs who already have an existing marketing programme will receive additional monies to cover the income generated from their past activities. Thus, for practical purposes, all NOCs are in a "no risk" situation.

3. SPONSORS

The principal innovative feature of the new TOP Programme, as seen by sponsors, is that the sponsors will be able to achieve exclusivity with respect to a particular product or service category on a global basis. This is a very attractive benefit for sponsors, and participants in the TOP Programme believe that sponsors will respond accordingly.

4. IOC

The IOC receives a share of the revenues produced from the TOP Programme, most (more

than 70%) of which will be distributed among the NOCs as stated above, the great majority of whom have no marketing programmes of their own.

5. ISL

ISL receives a commission (which varies in amount) in respect of its activities and depending upon the party on behalf of whom it negotiates contracts (i.e. whether for the IOC or one of the OCOGs). The amount of the commission is rea-

sonable in the circumstances and is in line with normal commercial practice.

Participation in the TOP Programme is of course an individual NOC's decision, but since those NOCs who have developed their own marketing programmes can be assured of achieving at least the same revenues as already achieved through their own efforts plus the likelihood of greater overall income, it is hoped that virtually all NOCs will agree to become part of the Programme.

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* TOP Programme : The Olympic Programme.