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publications

NELLI KAPSI - ELENI BENEKI

THE BUSINESS OF OLYMPIC GAMES SPONSORSHIP

INCENTIVES AND REWARDS



THE BUSINESS OF OLYMPIC GAMES SPONSORSHIP

I N C E N T I V E S A N D R E W A R D S

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ATHENS 2004

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“Without the support of the business community – without its technology, expertise, people, services, products, telecommunications, its financing – the Olympic Games could not and cannot happen. Without support, the athletes cannot compete and achieve their very best in the world’s best sporting event.”

Jacques Rogge
President, International Olympic Committee

Prologue

The Business of Olympic Games Sponsorship: Incentives and Rewards examines the relationship between Business, the Olympic Ideal, and the preparation and staging of the Olympic Games, from 1896 until today.

The Olympic Games have been a driving force for every host city and country. Greece today is a case in point: One of the smallest countries to ever host the Games, Greece has already proven its leadership in many areas—primarily that of sponsorship. The Athens 2004 Organising Committee for the Olympic Games *Athens 2004* designed and implemented one of the most successful marketing and sponsorship programmes in modern Olympic history. Aiming to contain the Games' commercialisation, *Athens 2004* succeeded in reducing the number of sponsor categories from 120 (Sydney 2000) to 40, while exceeding financial targets way ahead of the Games' commencement.

We are proud of our sponsors and the confidence they have shown in us. As our active supporters, they contribute daily to the return of the Olympic Games to their cradle.

As you make your way through the following pages, you will have the chance to make the unique Olympic journey of support and enthusiasm. Enjoy!

Gianna Angelopoulos-Daskalaki

President, Athens 2004 Organising Committee for the Olympic Games

Note from the Publisher

I consider myself fortunate having the opportunity to be among those witnessing the preparations for the Olympic Games as they return to their birthplace. Regardless of the opportunities for development that have emerged as a result of the Games, this preparation has given Greece the chance for "introspection" – of its strength and its potential – on multiple levels, beyond pompous words and a romantic view of our ancient history.

This is why – after lengthy discussions with KERKYRA's collaborators Nelly Kapsi and Eleni Beneki – we decided to publish *The Business of Olympic Games Sponsorship: Incentives and Rewards*, placing the emphasis on the financial aspect of the Games, an angle which has not yet been explored in Greek bibliography. Without a doubt, the Olympic Games constitute a historical milestone for both Greek economy and society.

Already the lines between the pre-Olympic and post-Olympic period are slowly becoming defined in the country's history. Infrastructure works and projects that had previously moved at a painstakingly slow pace are finally being realised, while technological innovations have been adopted and implemented; efforts are continuously intensifying and a team spirit is developing. The entire country is in a frenzy of construction as well as fervent enthusiasm. Slowly, though sometimes painfully, the country is taking on a new appearance and acquiring a new mindset.

The Olympic Games have brought to the surface concepts previously unfamiliar, such as volunteerism. Ideas that recently only appeared in school textbooks – the sacred truce – have made a dynamic comeback thanks to Greek efforts on an international level.

This book provides many leads for a more in-depth study of the wide-ranging effects of the Athens Olympics. Once the Games have ended, challenges, achievements, opportunities – gained and lost – will be placed under the microscope of history.

The Business of Olympic Games Sponsorship: Incentives and Rewards takes a close and careful look at the relationship that exists between companies and the Olympic Movement. It seems that corporate support has become an integral part of the Games' existence.

As for Greece, one thing is certain: the country is attracting worldwide attention and acquiring international recognition like never before; this can and must be translated into a national "long-term" asset, for the country as well as for the Greek companies-sponsors which stayed true to tradition.

Alexandra C. Laskaridis-Vovolini
 Publisher, KERKYRA Publications

Introduction

Sponsorship of sporting events in Ancient Greece created an opportunity for private initiative and personal promotion.

The Zappia Olympics, made possible with the financial support of the merchant Evangelis Zappas, were the first, concerted effort in modern Greek history to host athletic events similar to the ancient Olympic Games. The Zappia Olympics were not stand-alone athletic competitions, but held within the broader context of commercial, industrial, and agricultural expositions.

The first modern Olympic Games held in Athens in 1896 were also made possible through sponsorship—private and corporate. Among the private sponsors was Georgios Averoff, the Egyptian merchant of Greek descent, whose very generous donation enabled the rebuilding of the Panathenaic Stadium, thus making a vital contribution to the revival of the Games and the Olympic Movement.

News reports at the time emphasised not only the international publicity the country stood to gain as a result of this sports event, but also the economic benefits that could be expected along with the thousands of visitors who would flock to Athens. The similarities between that historic moment and today, as Greece prepares for the 2004 Olympic Games, deserve a close examination.

Since the first Olympiad of 1896, the Olympic Games have run a course lasting more than a century. The Olympic Movement has been kept alive, changing and evolving along with social forces and developments. During the 20th Century, corporations and the Olympic Games established close ties as illustrated with the example of Coca-Cola's slogan: "Supporting Olympic Dreams since 1928."

From 1970 onwards, hosting the Olympic Games increasingly became an issue of abundant resources, thus deterring many countries from even bidding for the event.

In 1985, the International Olympic Committee formulated its official marketing strategy, which it continues to implement through a series of related programmes. Corporate sponsorship continued to dominate the Games, so that by 1983 the XXIII Olympiad in Los Angeles is labelled the Olympics of private initiative and multinational corporations. Since then, corporate involvement with the Olympic Games continuously increases, so that by 1996 the Games in Atlanta are entirely financed through corporate sponsorship.

Representatives of the Olympic Movement looked to stem commercialisation of the Games and Athens' candidacy as a host city was favoured because of a reasonable budget and because numerous sports venues would be concentrated within a 40km radius.

In 1896, Athens laid the foundations for the Games' marketing through the sale of stamps, tickets, and "Olympic products," albeit to a limited extent. Since then, the following can be highlighted as milestones in the history of Olympic Games marketing: the introduction of the Olympic symbol with the five interlacing circles in 1914; the Olympic motto "citius, altius, fortius," in 1948; the adoption of directive 49 regarding handling of broadcasting rights by the IOC and the National Olympic Committees in 1958; the formulation of the IOC's official sponsorship programme in 1985; the IOC's financial independence in 1988; and finally 1989 when the IOC establishes its own marketing department.

Since Pierre de Coubertin—the man responsible for reviving the Olympic Games—ended his career having spent his entire personal fortune to support the Games, it is evident that the Olympic Movement was barely able to survive during its early course. The first profitable Games were those held in Los Angeles in 1932. The Games which were also known as those of "private initiative" were again held in Los Angeles 52 years later. Therefore, it is understandable why the IOC followed "American commercialisation" practices, as they were termed, trying to secure a sound financial base, which primarily involves selling licensing rights for the use of Olympic symbols and broadcasting rights.

Even those who believe that marketing of the Games and the Olympic Spirit are two concepts diametrically opposed, agree that the former has become a prerequisite for the survival of the Olympic Movement. However, they are quick to make the distinction between sponsorship in ancient times and in 1896 and what sponsorship means today—mainly companies hoping to reap benefits by providing financial support.

Today, sponsorship also has a "commercial dimension,"—promotional contracts among companies whose objective is to make a profit.

This book does not aspire to cover all economic aspects of the Games nor to exhaust the event's economic dimension. Besides that sponsorship of the Games is a complex economic and political issue, the overall economic impact of the Games cannot be measured since different economic conditions apply each time, both on a local and international level.

After all, the contentious issue has always been a specific economic element of the Games: commercialisation and the pathogenesis of modern sports.

Our study attempts to describe the relationships that exist between business and the Olympic Games, hoping to provide answers to some relevant questions:

- Which business sectors have been involved more and/or stood to gain more from the Olympic Games throughout the event's history?
- What necessitated implementation of a marketing strategy and sponsorship of the Games?

- Which host cities (countries) have made the most of the Games' potential?
- Which are the motivating factors for a company to become involved in the Games?
- What is the current situation and what are the emerging trends?

The book also takes a look at the consequences of linking business to the Games.

Inevitably, we've placed special emphasis on Greece—the country where the first modern Olympic Games were held and the venue for the upcoming 2004 Games.

While working on this book we turned for help to a number of people whom we would like to thank here in writing. They are: Thomas Bach, Vice President, International Olympic Committee; Gianna Angelopoulos-Daskalaki, President of the Athens 2004 Organising Committee; Marton Simitsek, Executive Director of Athens 2004; Lambis Nikolaou, President of the International Olympic Academy (IOA); Nikos Filaretos, President of the Greek Literary and Historical Archives; Manos Haritatos for providing a significant part of the photos and images appearing in the book; Konstantinos Georgiadis, Dean of IOA; Yiorgos Lainis, Head of IOA's library; George Katsamakis, head of the Athens 2004 library; Sophia Oikonomakou, President of the Athens' Chamber of Tradesmen; Elizabeth Hadzinikolaou, Head of Development at the Greek Tourism Organisation; Apostolos Rigas, Director of the Paralympic Games Planning Dept; Nikos Haralampidis, Director of Greenpeace in Athens; Sophia Koutsouki and Chryssanthi Frantzeskaki, journalists; Ioannis Giotis, lawyer; Argyro Angelopoulou, for serving as a sounding board for our research concerns; our friends Ioanna and Panayiota Mamali for helping us through all hours of the night; Georgia Panselina and Maria Koutrouli at Vovolini Archives; Menina Fourtouni, for her close reading and corrections of the Greek manuscript; as well as Efi Andrikopoulou, George Maniatoyiannis, Lefteris Malagaris and Maria Papapanayiotou at KERKYRA Publications for their superb cooperation and work in the design and production of this book.

Our warm thanks to all.

Nelly Kapsi – Eleni Beneki

Nelly Kapsi is a journalist and contributes regularly to *Oikonomiki Epitheorisi (Financial Review)* since 2000. **Eleni Beneki** is an historian who has published numerous articles and monographs on the history of economics, Greek shipbuilding, sports, and the Olympic Games.

Translator's Note

The book contains many quotes attributed to English and non-Greek speakers, which were only found in Greek. Since the original quotes could not be found, they have been translated into English. In such cases, a note indicating that the quote is a translation appears in parentheses.

“...we, my friends and I, did not fight
to give you back the Olympic Games...
so that they could be placed at the mercy
of business and political interests.” *(translation)*

Pierre de Coubertin, responsible for reviving the Olympic Games

“There are three basic criteria
that apply to most decisions relating
to the Olympic Games: money, more money,
as much money as possible.” *(translation)*

Mark Spitz, Olympic medallist



The ancient Greeks would inscribe the sponsors' names in stone plaques, so as to publicise their contribution
(National Archaeological Museum)

THE ORIGINAL OLYMPIC GAMES

"...and when decadence prevailed...athletes committed violations for money
and victories were bought and sold..."

Philostratos, Gymnastikos, 45

“...those competing do not do it for the love of money, but for the ideal of excellence...”

Hrodotus, Muses, VIII, 26

The Olympic Games—the most significant religious and athletic event of antiquity—served as the meeting point for thousands of spectators travelling to the Alpheios Valley. Guaranteed safe passage by a sacred truce which mandated temporary ceasefire throughout the Greek world, this large gathering of people presented rich business opportunities for merchants and craftsmen alike, adding an economic dimension to the Games. Visitors not only spent money for their daily needs, but also to show off their wealth, thus fuelling business activity further.

On the occasion of the Olympic Games, each city-state sent valuable offerings to Zeus with its official delegation (*theories*); the more extravagant the offerings the greater the publicity for that particular city-state. One of the most magnificent *theories* is probably the one funded by Alkiviades. Having won the chariot race at the 91st Olympiad (416 B.C.), Alkiviades celebrated his victory by offering a rich banquet to all those present at the sanctuary of Olympia. The precious objects collected in each city-state’s *treasury* are a clear indication of the significant wealth amassed in Olympia for each event.

Although the Olympics were considered *stephanitai* (games where the prize was a wreath) there were certain elements that gave them a financial dimension. Olympic Regulations mandated that participating athletes be compensated financially, while the victors very often received large cash prizes and privileges from their respective city-state. For example, Solon of Athens passed a law, setting the prize for Olympic victors at 500 drachmas—quite an amount, considering that those with an annual income of 500 drs. represented Athens’ wealthiest at the time.

In addition to cash prizes, Olympic winners also enjoyed special privileges, such as free meals for life at city hall, and even tax exemptions (after the second half of the 5th Century B.C.). As the Games evolved from the Hellenistic to the Roman period, material prizes and the participation of professional athletes increasingly characterised the Games.

Illegal funding of athletes and violation of the Olympic oath occurred even in antiquity. Athletes breaking the Olympic code of sportsmanship (*ethos*) were



A romantic representation of Olympia at the end of the 19th Century
(Greek Literary and Historical Archive)

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