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Who Benefits from the Olympic Games?

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Abstract

As the most famous sport event in the world, the Olympic Games attracts eyes of billion people worldwide every 2 years. The topics around the Games are popularly to be studies on, I try to explain or solve some of the general questions about the Olympics in this thesis.

The first question is about hosting an Olympic Game.
After 1984, there are always several cities who applied to host a Game, some cities even applied more than 1 time. Why is the 1984 the switch point? Why and what attract the cities to do so?

The second question is about the financial facts of the Game. Is each Olympic Game really bring millions dollar surplus? Who are benefits from such huge surplus?

The third question is besides the host city, are there anyone who is benefited by the Olympic Games?

Zusammenfassung

Als das bekannteste Sportereignis der Welt faszinieren die Olympischen Spiele Milliarden von Menschen alle 2 Jahre. Es gibt viele Studien rundum die Olympischer Spiele, ich versuche hier in meiner Diplomarbeit einige Fragen zu erklären bzw. zu beantworten.

Die erste Frage beschäftigt sich mit Austragen der Spielen.
Nach 1984 gab es immer mehrere Bewerber um die Austragung der Spiele. Manche von denen versuchten mehr als 1 mal. Warum ist 1984 der Wendepunkt? Was motivierten die Bewerber, diesen Schritt zu tun?

Zweite Frage ist über die finanizellen Aspekte der Spielen. Bringt jedes Spiel Millionen von Dollar Überschuss? Wer profitiert von dem großen Überschuss?
Dritte Frage beschäftigt sich damit, ob nur die Austragungsstadt von den Spielen profitiert oder gibt es andere Profiteur?

Chapter 1 The Olympic Games

Staging an event like Olympic Games is a systematic project, which needs huge financial, physical and labor resources and could not be easily dependent only on the government support from each host country. It is impossible to develop the Olympic spirit around the world if it has no stable financial resources. In such situation and under the background of economic society, the only way for the Olympic Games is to follow the laws of market economy and combine itself with commercial behaviors. It took hundred years for the Olympic Organization to face the difficulty, find and follow through the economic way, since it is not so easy for an organization which aimed and claimed itself at the beginning to be an international, non-government, non-profitable and unlimited organization. On the other side, the professionalization of the athletes stimulated the development of the economic movement of the Olympic Games.

History of Economic Olympic Game - The Olympic Movement

When we review the history of economic Olympic, it could be divided into 4 phases.

1. 1896-1908: The time for real sport games. Non-profitable, non-professional and non-political are the 3 important rules at that time. Because of these 3 rules and the small scale of economic, nobody had the idea of the economical effect of Olympics.

    a) The majority expenditures of the first Olympic Game, which are held in Athens, were private contributions. Mr.George Averoff[1], a well-known benefactor, financed the major expense of refurbishing the Olympic stadium Companies

[1] www.olympic.org: "100 Years of Olympic Marketing"

provided revenue through advertising in the souvenir programme. The rest parts were depend on government grants and the issuing of commemorative postage stamps.

b) The next 3 Olympics were combined with International Trade Exhibition for the reason of financial squeeze and low social effect. The Olympics were held as a part of the Exhibitions in order to get some financial support.

2. 1912-1972: In this period of time, though the host country and city tried to finalize the Games from different kinds of channels, the government of hosting city was still the main financial support for each Olympic Game. What they did was collecting experiences during each Game and paved the way for the booming time of economic Olympic Games.

a) In 1912, the government of Stockholm collected 51%[2] of the total expenditures from issuing Sport lotteries. In other side, 10 Swedish companies, as sponsors, purchased "Sole-rights", primarily to take photographs and sell memorabilia of the Game[3]. Relying on those revenues, the Olympic Game could be held again separately with the International Trade Exhibition. This is the first symbol of Olympic marketing.

b) In 1920, the Antwerp Olympic Game tried to fully use of advertising in order to cover the costs, but it had a negative effect. Since the official programme was full of advertising, the reader had to read the book very carefully to find anything about the Olympic Game or the events.

c) In 1924 Paris Olympic Game, venue advertising signage was permitted for the

[2] Olympic Fortunes, page 2 by ZHANG Ge, LI Daisong and LI Junying, Science Press
[3] www.olympic.org: "100 Years of Olympic Marketing"

first and only time. This was another trying to finalize the Game.[4]

d) Other concessionaries were expanded in Amsterdam 1928 Olympic Game, such as a brewery. It was allowed to run restaurants within the stadium grounds. The Coca-cola company started its long-standing association with the Olympic Game from this year.

e) The image of olympic village was imported into the Olympic Game from 1932 LA Olympic Game. When the Game was over, the bungalows in which the athletes had lived were removed and sold to construction companies.

f) 1936 Berlin Olympic Game was the first Game to be televised. A Total of 138 viewing hours and 162,000 viewers joined in this experiment. Berlin was also the first Olympic Game to produce an Olympic Torch Relay.[5]

g) 1948 London Olympic Game established the principle of the "rights fee", since the Organising Committee eventually persuaded the BBC to pay around US$3,000 for the broadcasting rights. This "right fee" is one of most important revenue resources for the Games now.

h) 1952 Helsinki Olympic Game was the first attempt at an "international marketing programme, with companies from 11 countries donating value-in-kind products, ranging from food for the athletes to flowers for medal winners."[6]

i) Contract negotiation of television rights was begun from 1956 Melbourne

[4] www.olympic.org: "100 Years of Olympic Marketing"
[5] www.olympic.org: "100 Years of Olympic Marketing"
[6] www.olympic.org: "100 Years of Olympic Marketing"

Olympic Game. And further rules were made in 1958 for selling television rights and distributing revenues.

j) The Olympic Game was televised live for the first time to 18 European countries in 1960 during Rome Olympic Game. A programme about sponsor or supplier was added into that Game, including 46 companies, who provided key technical or less key support.

k) The number of sponsored companies grew to 250 in 1964 for Tokyo Olympic Game. OCOG received US$1 million revenue from promoting a new cigarette brand called “Olympia”. This tobacco category was later banned.

l) A private advertising agency acted for the first time as the licensing agent. Rights of using the official emblem were sold, and several types of licensing and advertising agreements were available. There was also the first official mascot for 1972 Munich Olympic Game.

3. 1976-1980 was the turning point of economic Olympic Games.

a) The 1976’s Montreal’s Olympics was ended with a great financial lost. The host country and city lost the control of their investments. The total investments were nearly 2.4 billion US dollar, 20 times over the budget. The construction of the main sports center had to be delayed again and again and was finished with the costs 6 times as many as the budget. This great mistake caused huge deficits and each citizen in Montreal has to pay a special tax named Olympic Tax for 30 years. After that, almost no city wanted to take the great financial risk of hosting Olympic Game. It prompted the Olympic Organization to start its commercial way.

b) The Olympic Game was hosted by Moscow. Because of being blocked by 2/5 National Olympic Committees and the astronomical costs of 9 billion US dollars, the Moscow Olympics was also a failure. In the same year, Mr. Juan Antonio Samaranch was elected as the chairman of the Olympic Organization and he started the biggest revolution in the history of the Olympic Games. Firstly, he confirmed the positive effect of commercialization. Then he declared that the Olympic Games is opened for each athlete, no matter professional or unprofessional. The improved performances of the professional athletes ensured that more and more people around the world want to watch the games in TV and furthermore stimulated the revenues from selling broadcast rights.

4. From 1984: the Olympic Game changed from a “hot sweet potato” to a “golden goose”.

   a) The Los Angeles Olympic Game was seems as milestone of economical Olympics, it marked the beginning of the most successful era of corporate sponsorship. “For the first time, the OCOG separated sponsorship into three categories: 34 companies signed on as Official Sponsors, 64 companies purchased ‘supplier’ rights, and 65 companies were licensees.”[7] This Game created over 250 thousand jobs and have the revenue about 49 billion US dollar[8]. Many branches like construction, manufacturing and services were benefit from this Game.

   b) South Korea was placed among the four little dragons in Asia after 1988 Seoul Olympics since the Game stimulated and brought the economical scale of

[7] www.olympic.org: “100 Years of Olympic Marketing”
[8] Olympic Fortunes, page 3 by ZHANG Ge, LI Daisong and LI Junying, Science Press

nearly 700 billion US dollars. In the same year, under the direction of the IOC, a world-wide marketing programme (The Olympic programme, or TOP) was implemented. Also for the first time, the IOC required the host country OCOG and NOC to operate a joint marketing programme.

c) The 1996 Atlantic Games created around 510 billion UD dollars fortune between 1991 and 1997. The TOP and also the sales of television rights went to the most important parts for finalizing the Olympic Games.

d) IOC and the Sydney Organizing Committee for the Olympic Games (SOCOG) generated approximately US$3 billion during the period 1997-2000 from the marketing of the Sydney 2000 Olympic Games; mostly from the sale of collective broadcasting rights, sponsorships, tickets and licenses. The Sydney 2000 Olympic Games now stand as the most watched sports event ever, since more than 3.7 billion people tuned in to watch in 220 countries and territories."The Sydney 2000 Olympic Games set a course for the future of the Olympic Movement – it stands now in our collective memory as a tribute to the most successful marketing effort the world has ever seen."[9]

e) The Beijing 2008 Olympic Games were watched in record numbers with coverage available to more people in more places than ever before. The Beijing Organizing Committee created the most successful domestic sponsorship programme in Olympic history. The marketing team brought global partners together with local sponsors to create an unprecedented Olympic marketing platform.[10]

After 1984, more and more city applies to hosting the Game with the hope that

[9] Richard Pound, Chairman of the IOC Marketing Commission for Sydney 2000
[10] www.olympic.org: "100 Years of Olympic Marketing"

the Game could write another economical legend.

Chapter 2 The revenues and expenditures of the Game

When we discuss "who benefits from the Olympic Games", we should firstly confirm that there is no financial deficit for each participants, like IOC and OCOG. Generally speaking, when the revenues could cover all the costs, there would be no loser and then the economical benefits could be showed.

The Olympic Marketing started from 1984 generates the revenues through 5 major programmes. Among them, the IOC manages broadcast partnerships, the TOP worldwide sponsorship programme and licensing programme. The OCOGs manage domestic sponsorship, ticketing and licensing programmes within the host country, under the direction of the IOC.

The IOC coordinated Olympic marketing programmes with the main objectives:

a) to ensure the independent financial stability of the Olympic Movement
b) to assist in the worldwide promotion of Olympism
c) to ensure the future of the Olympic Movement and the Olympic Games
d) to build on the successful activities developed by each Organising Committee
e) to eliminate the need to recreate the marketing structure with each Olympic Games
f) to control and limit the commercialization of the Olympic Games

The Channels of Revenues

Sales of Broadcast rights:

Television is the engine that has driven the growth of the Olympic Movement. The increased revenues from broadcast over the past 20 years have provided the

Olympic Movement and sport with an unprecedented financial base.[11] The revenue of selling broadcast rights is the most significant contribution for each Olympic Games. From the first sale of broadcast rights with 50.000 US dollar in 1960 Olympics, this revenue was never over 100 million US dollar. In 1984 it raised up to nearly 287 million US dollars, but it was only one-fifth of the revenue for 2008.

Table (1) shows the figures[12] for each Olympic Games.

Olympic Games	Broadcast Revenue
1960 Squaw Valley	US$50,000
1960 Rome	US$1.2 million
1964 Innsbruck	US$937.000
1964 Tokyo	US$1.6 million
1968 Grenoble	US$2.6 million
1968 Mexico City	US$9.8 million
1972 Sapporo	US$8.5 million
1972 Munich	US$17.8 million
1976 Innsbruck	US$11.6 million
1976 Montreal	US$34.9 million
1980 Lake Placid	US$20.7 million
1980 Moscow	US$88 million
1984 Sarajevo	US$102.7 million
1984 Los Angeles	US$286.9 million
1988 Calgary	US$324.9 million
1988 Seoul	US$402.6 million
1992 Albertville	US$291.9 million
1992 Barcelona	US$636.1 million
1994 Lillehammer	US$352.9 million
1996 Atlanta	US$898.3 million

[11] Holger Preuss 2004
[12] IOC Marketing Fact File, page 27,28

1998 Nagano	US$513.5 million
2000 Sydney	US$1.331,6 million
2002 Salt Lake	US$738 million
2004 Athens	US$1.494 million
2006 Turin	US$831 million
2008 Beijing	US$1.739 million

TOP Programme:

The Olympic Partners (TOP) Programme started from 1985 in order to develop a diversified revenue base for the Olympic Games and to establish long-term corporate partnerships that would benefit the Olympic Movement as a whole. IOC signs the sponsorship contracts with international enterprises on a four-year term in line with the Olympic quadrennium. All the enterprises could have exclusive global marketing rights and opportunities within a designated product or service category.

The TOP has:

a) provided funding to all 201 NOCs, not just the key economic markets
b) provided critical technology and resources to each OCOG for Games operations
c) enjoyed an unprecedented renewal rate within industry
d) provided a global promotional platform for the Olympic brand across 220 countries.

To be a member of TOP Programme becomes the greatest honor for a company and thus it is attractive for each lead company and furthermore, the program brings huge financial interests to the Olympic Games.

We would discuss this program in details in later chapter.

Table (2): TOP Programme Evolution[13]

Quadrennium	Games	Partners	Revenue
1985-1988	Calgary / Seoul	9	US$96 million
1989-1992	Albertville / Barcelona	12	US$172 million
1993-1996	Lillehammer / Atlanta	10	US$279 million
1997-2000	Nagano / Sydney	11	US$579 million
2001-2004	Salt Lake / Athens	11	US$663 million
2005-2008	Torino / Beijing	12	US$866 million

Domestic Sponsorship Programme:

Olympic domestic sponsorship programmes limit the marketing rights within the host country or territory. The programmes usually include several tiers of partner, which may include sponsors, suppliers and providers.

a) Partner: the Partners are in the national OCOG sponsoring programme that guarantees corporations advertising rights with the emblem of the event in their product or service category and a designation such as Partner of the X Olympic Games. They are subordinate to the TOP sponsors.

b) Sponsors: the national NOC sponsoring programme guarantees the corporations, national advertising rights with OCOG emblems and the title “Official…” in their individual product or service category. In the host country, they are subordinate to TOP sponsors and partners. In countries which do not host the Games, the sponsors of the NOCs are subordinate only to TOP sponsors.

c) Provider, supporter and suppliers: this category is designed to provide key areas

[13] IOC Marketing Fact File, page 11

of support and products required by the OCOGs, the NOCs and the IOC. This category of relationship offers less than the TOP or the partner programme in marketing rights and opportunities. Payments are often in value in kind (VIK).

Licensing

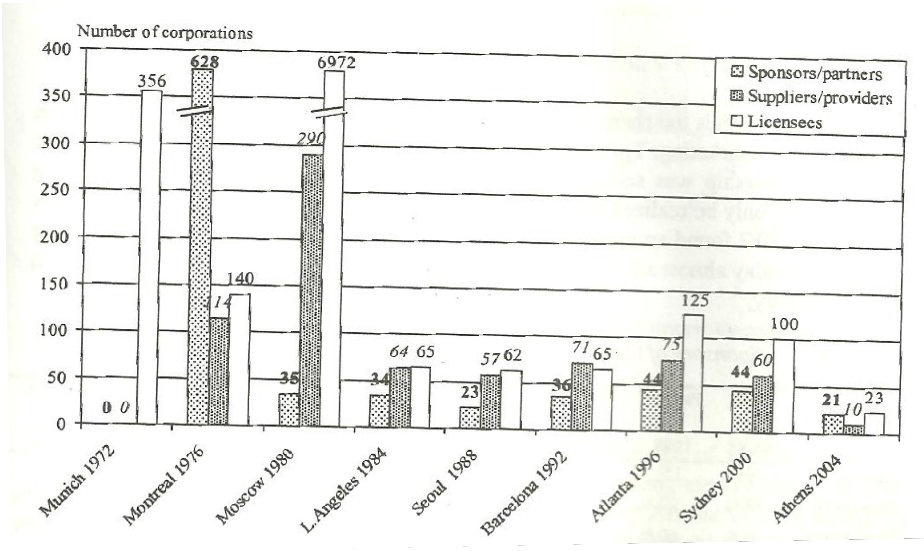
To provide consumers with high-quality merchandise which suitably reflects and transfers the Olympic image, like Olympic coins, stamps, pins and mascots. Olympic Movement organizations authorize the third party companies to produce Olympic Games related products, merchandise and souvenirs through licensing agreements. Meanwhile, it partly finalizes the Games and properly commemorates the Olympic Games and Olympic teams.

Through the domestic sponsorship and the licensing programme could help a lot in financial side, the numbers of participants of both programmes must be strongly controlled. Otherwise, the Olympic brand and the Olympic 5 ring logo would lose its market value.

Figure (1)[14] shows the development of Olympic marketing in the past 40 years. We could find that after 1976 the number of sponsor and suppliers who were allowed to advertise with the Olympic Games has strongly declined. There were 628 sponsors[15] in 1976 Montreal Games. Because of losing control, it was unfortunately not be survived from deficit. Taking the lesson of Montreal Games, for 1980 Moscow Game, the number was limited to 35[16]. Though IOC remarked in 1996 as "control the number of major corporate sponsorships, with less companies giving more and praised itself for having reduced the total number of sponsors relationships to under

[14] from Preuss 2004. Sources: Chappelet 2001, Preuss 2000 and IOC 2004
[15] Montreal OCOG report 1976
[16] Moscow OCOG report 1980

50"[17], the total number only decreased in 2004 because of the promise of not further commercialize the Olympic Games.



Ticketing:

With the goal of enabling as many people as possible to experience Olympic Games ceremonies and competitions and generating necessary financial revenue to support the staging of the Olympic Games, the OCOGs manage the tickets for each Games with the approval of the IOC.

In order to keep the pace with other marketing programs, the IOC requires:

a) free entrance for Olympic family and media
b) full venues and appropriate ticket prices
c) complying with sponsor and television station contracts
d) international sales of a ticket quota

[17] IOC Report 1996c

The Participants of the distribution:

1. The International Olympic Committee (IOC):

   IOC plays as the organizer of each Olympic Games and shares of the Olympic marketing revenues for the operational and administrative costs of governing the Olympic Movement. During the development of IOC and increased demand of the members, the percentages of sharing were changed again and again.

   IOC acts now as an international company, is the biggest share of the Olympic marketing revenues.

2. The Organizing Committees of the Olympic Games (OCOGs):

   An OCOG is a corporation with a limited lifetime. It has the task of planning and operating the Olympic Games. The OCOG objectives are to at least cover the required expenditures to host the Games with adequate revenues or, if possible, to achieve a surplus. The IOC provides TOP program contributions and Olympic broadcast revenue to the OCOGs to support the staging of the Olympic Games and Olympic Winter Games.

   Others, the OCOGs generated substantial revenue from the domestic marketing programme managed within the host country, including domestic sponsorship, ticketing and licensing.

3. National Olympic Committees (NOCs):

   The NOCs receive financial support for the training and development of Olympic teams, Olympic athletes and Olympic hopefuls. The IOC distributes TOP program revenue to each of the NOCs throughout the world.

The IOC also contributes Olympic broadcast revenue to Olympic Solidarity, an IOC organization that provides financial support to NOCs with the greatest need. The continued success of the TOP program and Olympic broadcast agreements has enabled the IOC to provide increased support for the NOCs with each Olympic quadrennium.

4. International Olympic Sports Federations (IFs):

   The IOC is now the largest single revenue source for the majority of IFs, with its contributions of Olympic broadcast revenue that assist the IFs in the development of their respective sports worldwide. The IOC provides financial support from Olympic broadcast revenue to the 28 IFs of Olympic summer sports and the seven IFs of Olympic winter sports after the completion of the Olympic Games and the Olympic Winter Games, respectively.

5. Other organizations:

   The IOC contributes Olympic marketing revenue to the programs of various recognized international sports organizations, including the International Paralympic Committee, and the World Anti-Doping Agency (WADA).

The Distribution of Marketing Revenues

The IOC retains fewer than 10% of Olympic marketing revenue and distributes over 90% of Olympic marketing revenue to organizations throughout the Olympic

Movement, like NOCs, OCOGs and IFs, in order to support the staging of the Olympic Games. Table (3)[18] provides a summary of the total revenues during each Olympic quadrennium.

Source	**1993-1996**	**1997-2000**	**2001-2004**	**2005-2008**
Broadcast	1251	1845	2232	2570
TOP Programme	279	579	663	866
Domestic Sponsorship	534	655	796	1555
Ticketing	451	625	411	274
Licensing	115	66	87	185
Total	2630	3770	4189	5450

* Unit: US$ million

** All figures in the chart above have been rounded to the nearest US$1 million.

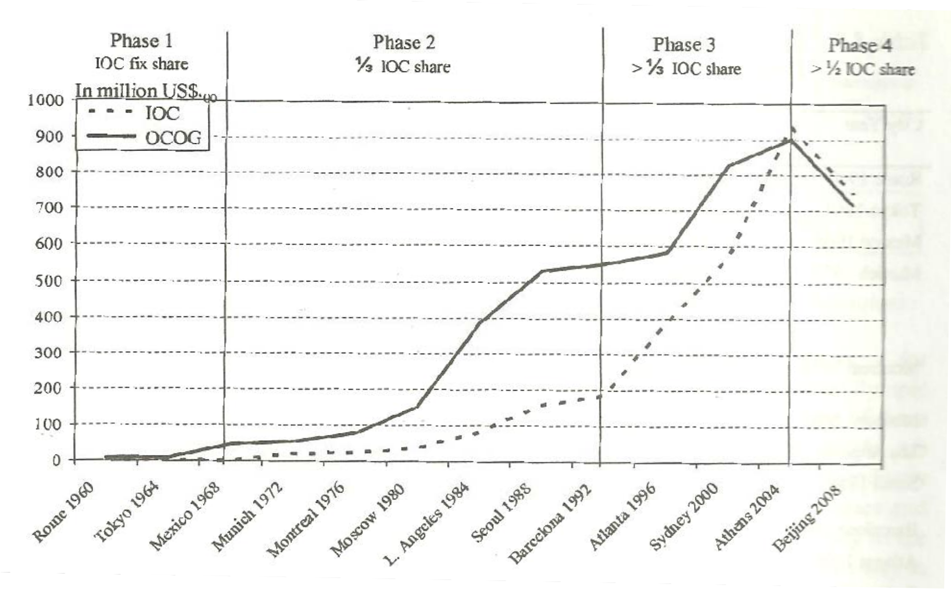
*** NOC domestic commercial programme and other merchandising doesn't included

Revenues for OCOGs:

1) **Distribution of selling broadcast rights:**

   Since 1955 Avery Brundage, the fifth president of the International Olympic Committee from 1952 to 1972, has said that revenues from selling television rights should be used for the Olympic Movement. From then on the IOC tried to obtain a share of the revenues. The shares of sales revenues from broadcast rights can be divided into four phases according to Preuss's report[19] (Figur 2)

[18] IOC Marketing Fact File, page 6
[19] Sources: Olympic Co-ordination Authority (2002), page 25



Until 1968, the IOC received a fix share of the revenues, which is between 1% and 4% of broadcast revenues. From 1972 Munich Games till 1992, one third of the whole revenues after deducting technical costs were distributed to the IOC. The third phase began from 1996. In this phase, the share of the OCOG was reduced and the IOC decided to receive 40% of the broadcast revenues. From 2004 to 2008, the IOC got 51% of the total selling revenues.

The contributions to the OCOGs from selling broadcast rights are listed below in table (4)[20]:

Olympic Games	Broadcast Revenue to OCOG
1992 Barcelona	US$441 million
1994 Lillehammer	US$229 million
1996 Atlanta	US$546 million
1998 Nagano	US$308 million
2000 Sydney	US$797 million
2002 Salt Lake	US$443 million
2004 Athens	US$733 million

[20] IOC Marketing Fact File, page 7

2006 Turin	US$406 million
2008 Beijing	US$851 million

* Olympic broadcast revenue is distributed throughout the Olympic Family, providing financial support to the OCOGs, the NOCs, the IFs, and the IOC.

2) Distribution of TOP Programme:

The two OCOGs of each Olympic quadrennium generally share nearly 50% of TOP programme revenue and value-in-kind (VIT) contributions, with approximately 30% to the summer OCOG and the other 20% provided to the winter OCOG. I calculate the revenues of OCOGs according to the distribution rules from the total revenues and list them in table (5).

Olympic Games	Broadcast Revenue to OCOG
1992 Barcelona	US$25.8 million
1994 Lillehammer	US$27.9 million
1996 Atlanta	US$41.85 million
1998 Nagano	US$57.9 million
2000 Sydney	US$86.85 million
2002 Salt Lake	US$66.3 million
2004 Athens	US$99.45 million
2006 Turin	US$86.6 million
2008 Beijing	US$129.9 million

3) Distribution of Domestic Sponsorship:

The IOC shares not much as 8% in this part of revenues.

Table (6): Figures of Domestic Sponsorship Programmes[21]

Olympic Games	Number of Partners	Revenue & Support
1996 Atlanta	111	US$426 million
1998 Nagano	26	US$163 million
2000 Sydney	93	US$492 million
2002 Salt Lake City	53	US$494 million
2004 Athens	38	US$302 million
2006 Turin	57	US$348 million
2008 Beijing	51	US$1,218 million

4) Distribution of Licensing:

The Olympic Games licensing facts and figures are explained in the table (7)[22]:

Olympic Games	**Licensees**	**Revenue to OCOG**
1988 Seoul	62	US$18.8 million
1992 Barcelona	61	US$17.2 million
1994 Lillehammer	36	US$24 million
1996 Atlanta	125	US$91 million
1998 Nagano	190	US$14 million
2000 Sydney	100	US$52 million
2002 Salt Lake	70	US$25 million
2004 Athens	23	US$1.5 million
2006 Turin	32	US$22 million
2008 Beijing	68	US$163 million

[21] IOC Marketing Fact File, page 19
[22] IOC Marketing Fact File, page 40

5) Distribution of Ticketing:

The IOC directly receives a share of the revenues from the sales of the rights fro television and marketing. The ticket sales are the business of the OCOG. Until Athens 2004, 5% of the revenues from the ticket sales must be contributed to the IOC. In Beijing 2008, the percent is 7.5.

The revenue from ticketing is listed as below in table (8)[23]:

Olympic Games	Tickets Available	Tickets Sold	% of Tickets Sold	Revenue to OCOG
1984 Los Angeles	6.9 million	5.7 million	82%	US$156 million
1988 Calgary	1.9 million	1.6 million	84%	US$32 million
1988 Seoul	4.4 million	3.3 million	75%	US$36 million
1992 Albertville	1.5 million	900,000	75%	US$32 million
1992 Barcelona	3.9 million	3.021 million	77%	US$79 million
1994 Lillehammer	1.3 million	1.207 million	92%	US$26 million
1996 Atlanta	11 million	8.318 million	75%	US$425 million
1998 Nagano	1.434 million	1.275 million	89%	US$74 million
2000 Sydney	7.6 million	6.7 million	88%	US$551 million
2002 Salt Lake	1.605 million	1.525 million	95%	US$183 million
2004 Athens	5.3 million	3.8 million	71%	US$228 million

[23] IOC Marketing Fact File, page 39

2006 Turin	1.1 million	900,000	81%	US$89 million
2008 Beijing	6.8 million	6.5 million	95.6%	US$185 million

Olympic Games	Broadcast	TOP	Domestic Sponsorship	Licensing	Ticketing	Total
1996 Atlanta	546	41.85	426	91	425	1529.85
1998 Nagano	308	57.9	163	14	74	616.9
2000 Sydney	797	86.85	492	52	551	1978.85
2002 Salt Lake City	443	66.3	494	25	183	1211.3
2004 Athens	733	99.45	302	1.5	228	1363.95
2006 Turin	406	86.6	348	22	89	951.6
2008 Beijing	851	129.9	1218	163	185	2546.9

Revenues for NOCs and Ifs:

The continued success of the TOP programme and Olympic broadcast agreements has enabled the IOC to provide increased support for the NOCs and IFs with each Olympic quadrennium. Substantial additional indirect financial support is provided to the NOCs through the provision of a free athletes’ village and travel grants for the Olympic Games.

Table (9)[24] and (10)[25] summarize the amount of revenues of NOCs and Ifs in US$ million.

Olympic Quadrennium	Broadcast	TOP	Total
1989-1992	51.6	35	86.6
1993-1996	80.9	57	137.9
1997-2000	118.7	93	211.7
2001-2004	209.5	110	319.5
2005-2008	233.6	139	372.6

Olympic Games	Revenue to IFs
1992 Barcelona	37.6
1992 Albertville	17
1994 Lillehammer	20.3
1996 Atlanta	86.6
1998 Nagano	49.4
2000 Sydney	190
2002 Salt Lake	92.4
2004 Athens	254
2006 Turin	126
2008 Beijing	295

The Expenditures of staging the Olympic Games

Different arguments always exist over which items should and should not be included as expenditures of the Olympic Games. Many authors prove their own results using cost-benefit analysis, each could get the results what he or she wants. It is just because each has different definition of Games-related and non-Games-related

[24] IOC Marketing Fact File, page 8
[25] IOC Marketing Fact File, page 9

investments. For example, the investment in a facility to be used over a longer period of time should depreciate it over the actual life cycle in the balance. But for tax reasons, corporations try to reduce the profit to be taxed by using the quickest possible method when depreciating the expenditures for the sports venues. This would reduce the total surplus and thereby keep the payments to the IOC, that are both fixed in the Host City Contract and dependent on the surplus, as small as possible.

After reviewing some analysis of the staging expenditure, I find the most suitable one is from Professor Holger Preuss. I list it here in order to give a rough idea of the expenditure of each Olympic Games. When it is compared with the revenues what are showed before, we can finally see whether the host city has surplus or deficit to staging the Olympic Games.

Table (11): The expenditures of staging the Olympic Games[26]

Olympic Games	Expenditures
1972 Munich	US$656 million
1976 Montreal	US$476 million
1984 Los Angeles	US$531 million
1988 Seoul	US$664 million
1992 Barcelona	US$1,793 million
1996 Atlanta	US$1,346 million
2000 Sydney	US$2,434 million
2004 Athens	US$2,404 million
2008 Beijing	US$786 million

[26] The Economics of Staging the Olympics: A comparison of the Games 1972-2008, Holger Preuss, page 195

Like each other thing, besides the revenue side, the Olympic Games has also the other side of the coin as which could never be forgotten. It is the expenditure side. It made headache for each organizing committee of the Olympic Games since the committee should strictly control each coin of cents in order to avoid deficits in their financial reports. To stage an Olympic Games successfully, some kinds of expenditures are unavoidable like constructions, transportation, culture festivals, etc. The expenditures closely depend on the different characters of the host city. For the cities which have existed venues with international standard, the expenditures of venues construction were certainly lower than others; for the host cities in Asia, the personal costs were not so tangible when compared with the host cities in America or in Europe.

According to the official reports, the followed table (12) lists and ranks the major expenditure resources of the Olympic Games from 1988 to 2004.

	Seoul 1988	Barcelona 1992	Atlanta 1996	Sydney 2000	Athens 2004
Technology	5	3	2	1	1
Olympic Overlay				2	4
Ceremonies and events	4	6	7	7	7
Transport			5	5	8
Olympic Family	6	2	4	4	
Broadcasting		4	3		3
Construction	1	1	1		
Financial services		5	6		2
Security	3	9	9	11	

From the above table, we could find the 5 major flows were technology, construction, Olympic Family, Olympic ceremonies/festivals and Broadcasting. Let’s see one by one.

Technology:

Without using up-to-date technology, it would not possible to organize the modern Olympic Games. New technologies are used in communications in order to transmit data, live pictures and sound signals, phone calls and in the information management system used by the Olympics organizers and media commentators. In addition, it is also used in security, results collection and transmission, accreditation, logistics and the medical service sectors of the Games. For these reasons, it can be argued that the Olympic Games in their present form could not be staged without technology; or, conversely, it can be argued that only the technological development of modern times has facilitated their gigantic growth.

Technology ensures the quality of the Olympics by providing an adequate level of services for spectators, media representatives, sponsors and one's own organization. As long as it functions properly, it remains almost invisible to the spectator. However, the overall success of an OCOG strongly depends on technology. A failure of the technology is revealed by organizational deficiencies and is therefore always regarded as an OCOG shortcoming. At the same time, the failure negatively affects the image of the producer of the respective technical system. During the Atlanta 1996 Olympic Games there were accounts of shortcomings in the information system. It was designed to provide the competition results on the Internet within the shortest time possible for all media representatives and the public, but the system frequently failed. This was one of the reasons why IBM retired from Olympic sponsoring.

Considering again from the side of sources of revenues, the sales of television rights contribute greatly to each Olympic Games. It is because of the Olympic promotion, that more and more people watch the Games through TV and in order to provide the best watching effects to all spectators, the host city must equip the Olympic Games, including the media center with latest technology. When the spectators who watch the Games through TV are satisfied, they would continue to pay attention to the next Games, and only when the Olympic Games could keep itself as focus point, then more and more sponsors are willing to join in the TOP Program and the national sponsorship program. Thus, the Olympic Games would have greater revenues as a result. So it runs like a circle, to keep it running continuously and well, the host city should try its best to use the updated technologies during the Olympic Games. Table (13) shows the OCOG's investment in technology.

	Million US dollar valued in 2000
1972 Munich	81
1976 Montreal	39
1984 Los Angeles	30
1988 Seoul	62
1992 Barcelona	267
1996 Atlanta	245
2000 Sydney	305.7
2004 Athens	409.2

Though the OCOGs reported its technology expenditures in its financial reports, the numbers unfortunately couldn't explain the real amount exactly. The costs for technology cannot be included in a single expenditure item since there are manifold links to the sectors of administration, media, transportation, security, competition management, look of the Games and so on. Furthermore, in the technological sector, sponsors have always provided a large share of value in kind. The value in kind provided for the "technology" in Barcelona 1992 amounted to 60 per cent of the overall services in this sector. The main reason for such situation was that the most important corporations of information technology were among the TOP sponsors. They tried to fulfill their obligations by providing value in kind in order to prove its high quality and also in order to pay less cash. Samsung, Kodak, Xerox, Brother, Philips, 3M, Matsushita Electric (Panasonic), IBM and Lenovo were all using such way. The value with which this share entered the final balances of the OCOGs could not be found in the publications and can hardly be assessed today. Therefore, the position of costs for the technology of the Games under review cannot be compared, although all OCOGs expressly state the position.

Expenditures for Ceremonies and events:

Numerous events like cultural events are integrated into the Olympic Games. These events are, in fact, a kind of separate entity within the Olympic celebration. A distinction is drawn between the opening, closing and victory ceremonies of the Olympic Games and the cultural exhibitions and performances of the Olympic Arts Festival and the Cultural Olympiads. While the ceremonies serve the purpose of making the Olympics into a unit, and give the Games a festive atmosphere, the cultural events are in competition with the sports events to a certain extent.

The opening and closing ceremonies, in particular, are the most prestigious part of the Olympic Games. As such, these are investigated separately in this section. “Indeed no other anything has ever managed to generate regularly scheduled and predictable performances which command anywhere near the same focused global attention as do the Olympic Ceremonies” [27] It is, therefore, understandable that there is some underlying degree of competition, which exists between the host cities to produce the best ever opening ceremonies in order to meet the growing expectations of the spectators.

[27] Mac Aloon, quoted in Goldberg, 1988.

The next two sections will investigate the factors responsible for causing expenditures for opening and closing ceremonies as well as the costs of the Olympic Arts Festivals and Cultural Olympiads.

Olympic Opening and Closing Ceremonies

Coubertin pointed out the significance of Olympic ceremonies: “Their chief purpose is to make the Olympics something special and different from a simple series of World Championships”[28]. One such way in which Coubertin strove to achieve this vision was by incorporating the example of the athletes’ oath of the ancient Games into the modern opening ceremonies in order to add a degree of dignity to the event. “The oath can be adopted almost unchanged… If the picture of the god was replaced for everyone by the flag of the individual’s native country, the ceremony certainly would become more dignified”[29]. The Olympic Charter clearly defines the protocol part of the opening and closing ceremonies; however, the inclusion of any additional festivities is up to the OCOG to decide upon. A closer look at the Olympic Charter reveals that the binding parts of the ceremonies can be produced at a low cost. In the end, it is the organizers’ effort to make their ceremonies more lavish than the previous ones that has led to high costs.

The opening and closing ceremonies consist of a protocol part and a cultural-artistic part. Although the elements of the protocol part are clearly defined in the Olympic Charter, their costs may greatly vary depending upon how these obligatory elements are realized. Due to the recurring program elements, the costs for the protocol part can be estimated relatively precisely. A cost-increasing factor would be an increasing number of obligatory elements. In this respect, it is interesting to note that 63 per cent of the German Olympic tourists who were asked about the opening ceremony o

[28] Coubertin, 1967.
[29] Coubertin, 1967

Barcelona 1992 mentioned a protocol element as being the most impressive part of the entire opening ceremony.

The second part of the opening and closing ceremonies is the cultural-artistic part. In general, it incurs far higher costs than the protocol part of the ceremony due to the fact that the respective host nation wants to take advantage of this unique opportunity to present itself and its culture to the world. “We consider that the maximum cultural significance of the Olympic Games is in the creation of the opening and closing ceremonies”[30]. It is therefore not surprising that this aspect was strongly emphasized for the first time in Moscow 1980. For the Soviet organizers, the ceremonies became a vehicle through which they could prove the strength of their social system and show the boycotting West that the Olympic idea was in extremely good hands with socialism. According to Birch, it was supposed to have been the most expensive opening ceremony, which was highly praised by the German Democratic Republic press, was reminiscent of a Hollywood production of the class enemy.[31]

The possibility of planning the cultural-artistic part of the opening ceremonies in such a way that it reflects the culture of the host country and the fact that the opening ceremonies convey to the world press and television viewers a first impression of the Games, are the motivation for the OCOG to stage this part at a particularly high level. Since Barcelona 1992 the costs for the opening ceremony have amounted to US$25 million. Since Los Angeles the duration of the cultural-artistic part has lasted about 80-90 minutes. In the past, the design of the stage and the costumes resulted in considerable costs, however, nowadays the expenditures are mainly incurred “backstage”. Olympic opening and closing ceremonies have reached a level which even influences the construction of the Olympic stadium. In addition, the technology that is required to stage the ceremonies is becoming ever more sophisticated. Lighting and acoustic installations must be carefully designed in order to produce the

[30] Moragas Spa 1991
[31] Messing and Voigt, 1981

desired effects for the audience. The opening ceremony of Los Angeles 1984 was staged in daylight. The subsequent postponement of later opening ceremonies to the evening required special, effective lighting. According to Birch, the great effort for lighting and acoustics is caused by the ever-rising demands of spectators and organizers. A decisive factor is the size of the stadium. In Barcelona 1992 there were about 68000 spectators, in Atlanta 1996 as many as 83000 and in Sydney 2000 some 110000. According to Birch, the stadium floodlights which were used until 1984 are no longer adequate for the lighting demands of the opening and closing ceremonies. The bright, stable light is required for the sports competitions but not acceptable for the artistic displays of the Olympic ceremonies. Moreover, they cannot be switched on and off in short intervals. The problem is much the same in the case of the stadium loudspeakers. The first special loudspeaker system for Olympic Games was said to have been used in Los Angeles 1932. Although they are sufficient for announcing the sports results, they are not designed to stand up to the high acoustic demands of projecting live music to the audience. The loudspeaker walls used on the stage of concerts in stadiums do not fulfill the demand because they are pointed only in one direction. The stage of an opening ceremony, however, is the entire stadium area. For a stage the size of that which is required for the Olympic Games, an oversize installation must be assembled in order to achieve all the special effects and productions of the opening and closing ceremonies. After the Games, at least a part of the equipment can remain in the stadium. Such equipment is a prerequisite for concerts and other non-sports event. All these special demand and additional costs naturally bring into question the need for such elaborate installations. The answer lies in the following consideration: “If the spectators in the stadium are bored or cannot hear properly or cannot see properly, they will become restless – and the TV commentators will start saying that the audience does not like the ceremonies”[32]. This again confirms the importance of atmosphere, which is a

[32] Birch,1998

decisive element in the image of the Olympic Games.

According to the official bidding reports of each Olympic Games, the expenditures of the opening and closing ceremonies are evaluated in the below table (14).

	Million US dollar valued in 2000
1976 Montreal	13
1984 Los Angeles	14
1988 Seoul	42
1992 Barcelona	31
1996 Atlanta	34
2000 Sydney	39
2004 Athens	74
2008 Beijing	43

The ceremonies create an immaterial benefit if the organizers leave a positive first impression on the spectators. Furthermore it is the grand final of the torch relay and the peak of the buildup pro-Olympic excitement. This increases the commercial value of the ceremonies themselves and the entire Olympics because opening ceremonies have the highest viewing rates during the whole Games. The material benefit of the ceremonies is the revenues from selling the tickets. The prices for opening ceremony tickets have risen continuously with permanently sold out stadiums. A large part of the ceremony expenditures can be covered by the revenues from the tickets sales. Therefore, an OCOG must calculate opportunity costs for all free tickets such as for the Olympic Family and the media. From the financial point of view, it would be a loss if the Olympic Charter was amended in such a way that athletes should also be granted free entrance to the closing ceremony. From the ideological point of view, this would, of course, be only natural.

Olympic Arts Festivals and Cultural Olympiads

The foundation stone of Cultural Olympiads was laid at the Melbourne 1956 Olympics. Since 1992 the IOC has awarded an Olympic prize to artists without holding a competition among them. Los Angeles hosted the first international festival in 1984. In addition to the cultural festivals which have been staged during the Games since that time, the term “cultural Olympiad” was introduced with the Olympiad of Barcelona 1992. This is a program of arts and cultural events as well as exhibitions over the entire period of an Olympiad. Atlanta, Sydney and Athens were to follow Barcelona. Beijing started its cultural Olympiad on 21 September 2003. The concept is to have an annual Olympic Festival.

The cultural events must last at least as long as the Olympic village is open. The Olympic Charter, however, does not define the content. In contrast to the 1985 Olympic Charter, the 1996 Olympic Charter formulated the objectives of the Cultural Olympics more clearly while the OCOGs receive more freedom to use other means for designing the events. It is the respective OCOG that determines the extent of the cultural event. Thus, there is a tendency to prolong the Cultural Olympiads permanently beyond the required minimum duration for the events. 3000 performers, 19 exhibitions, 17 sculptures erected in the city and almost 200 performances show the efforts only during the time of the Games in Atlanta 1996. Of course, such “strong attack” won the satisfied result for Atlanta, since it harvested from the strong increasing number of tourist in the post-Olympic period. That is also why, the host city was willing to invest in the cultural Olympiad festival or events, since it is definitely a cherish chance for it to promote the country and city cultural. And through such promotion, the host city could attract more attention and keep good impression in “after-Games period”. “Who laughs last, who laughs best”, for the Olympics Games, this rule is also existed. The host city, who could create economic leverage in the post-Olympic period, is of course the biggest winner in the economic side.

Seeing the revenue and expenditure side, it is unfortunately to find that since Munich

1972 Olympic Games, the costs for the Cultural Olympiads have led to a deficit for each OCOG. Apart from entrance fees for some events of the Cultural Olympiad and some cultural sponsoring, it was hardly possible to make any revenues. Although its huge deficit, the Cultural Events has also some possible benefits, this would be discussed in the later chapters.

Costs of the Olympic Family:

Caring for the Olympic Family forms a core element to be considered when organizing the Games. The athletes and the IOC members comprise the main groups of individuals to be taken care of within this “family”. The Olympic Family also includes all accredited persons, such as IF and NOC members, team officials, judges and umpires, sponsors and observers of future Olympics. Questions with regards to the areas in which the above defined Olympic Family creates costs for an OCOG as well as the extent of these costs will now be investigated. The following sections are structured according to the obligations an OCOG has towards the Olympic Family, as stated in the Olympic Charter 2000.

Transportation Costs

Rules 41,42,43 and 57 of the Olympic Charter describe transportation for the Olympic Family: “ The OCOG shall bear all expenses for board and lodging of competitors, team officials and other team personal in the Olympic Village…as well as their local transportation expenses.”[33]. In addition, the Host City Contract from Athens and Beijing mentions the detailed regulations regarding transportation.

The three key factors for determining transportation demands are the size of the Family, the duration of their stay and the location of the Olympic village or hotels in

[33] IOC 2003d, Rule 42, By-Law2

relation to the sports venues and other points of interest. The most decisive cost factor for drivers are volunteers and therefore do not create labor costs. Sponsors often provide the necessary cars but buses and other vehicles that will be leased. The Atlanta OCOG leased buses from 60 metropolises across the USA. Merely bringing the buses to Atlanta cost the OCOG US$ 17.6 million. The following accounting should therefore be applied with regards to the cost rate for the vehicles: if the entire amount sponsored is recorded as OCOG revenue, which generally is the case, the value consumption of sponsor provided cars must also be assessed along with the leasing costs for buses and other vehicles. Thus, an OCOG incurs costs for the fleet of vehicles in the form of procurement costs, leasing and operational costs as well as for the value consumption of all vehicles which are provided for free.

The number of vehicles required depends on the factors mentioned above and therefore varies from host city to host city. This makes it difficult to use the transportation costs of the previous Games to estimate the costs for future OCOGs. This is the reason why the transportation costs for Seoul 1988 recorded at US$ 40.2 million, cannot simply be compared to the US$ 110 million of Atlanta 1996. In the case of Atlanta, it should be noted that this amount also included the free transportation of spectators to sports events, which was said to have amounted to US$ 16.8 million alone. However, in Sydney the Olympic Road and Transport Authority (ORTA) took over the responsibility of transportation. More than 406 million passengers travelled to Sydney Olympic Park on public transport during the Games – 3527500 on trains and 1134750 on$ 37.7 million to provide free transportation for the spectators while the government of NSW gave a provision of US$ 96.2 million to ORTA. Despite the differing infrastructure of the host cities and the differing situation of the Olympic facilities in relation to each other the size of the fleet to transport the Olympic Family has remained relatively stable.

In Beijing 2008 the transportation principles are the same as they have been at previous Games. The Olympic Family was transported with dedicated cars, minibuses, a car pool or a car rental service. The spectators were advised to use public transport. Therefore, 16 spectator bus routes were created for the Games. Spectators living within a reasonable distance of competition sites were advised to use bicycles.

Costs for Accommodation and Lodging

Accommodation and lodging for the Olympic Family is described in Rules 41,42 and 57 of the Olympic Charter: “The tasks of the Coordination Commission include the following:… To suggest to the OCOG… arrangements for accommodation … in the expenses for board and lodging of competitors, team officials and other team personnel in the Olympic Village; “ The OCOG must provide facilities separate from the Olympic Village for the accommodation of all technical officials appointed by the Ifs.” The 2003 Olympic Charter clearly stipulates that the accommodation of athletes and officials in the Olympic village must be free of charge. Although this specific stipulation was not part of the Olympic Charter rules at the time Barcelona was elected as host city in 1986, the NOCs did not have to pay fees to the OCOG fro accommodating their athletes. Whereas the Olympic Charter of 1987 stated: “competitors…can be housed… and fed at a reasonable price”, the 1995 Olympic Charter already stated: “The OCOG shall bear all expenses for board and lodging of competitors”. Today, IOC employees and judges must also be accommodated free of charge. Additionally Athens 2004 must provide IOC employees with a total of 100 beds free of charge. On the other hand, boarding is not free for IOC members, NOC and IF officials, guests and others. However, the prices for accommodations for these groups are at least fixed in the Host City Contract: “The room rate for the Olympic Family…shall be as stated in the bid documentation”. It is at this point that a distinction must be made between the IOC’s demand for fixed prices for the accommodation of the Olympic Family and the general price controls that are introduced in the host city. When submitting the bid, prices for the accommodation of the Olympic Family must be fixed and secured by a guarantee. The fact that the IOC pays for the accommodation of both its members and the additional commission members explains its interest in fixing hotel prices in the Host City Contract. In contrast to this, the aim of a general price control is to avoid exaggerated prices for visitors during the Olympic year. The Host City Contract stated that Beijing, COC and Beijing Organizing Committee of Olympic Games (BOCOG) should ensure that reasonable prices are charged to non-accredited persons attending the Games.

From the legal perspective, it must be questioned whether the hotel association is allowed to guarantee a price control for accommodation and whether this interferes with the free competition of private industry which exists in many countries. Since the IOC demands a guarantee of a price control, a contract is only affected between the city or hotel association and the IOC. If private enterprises do not adhere to controlled prices, which would be legally correct in many countries, the question would arise of who has to pay for the difference. It would have to be checked whether price fixing actually represented a price cartel, which, at least in Europe, is forbidden. International Olympic Committee member W.Tröger's reply to this remark was that the IOC set strict rules in order to make the city negotiate with the chambers and large hotels. If the agreements then made are not adhered to, it is very difficult for the IOC to take legal action. On this R.Pound said that the IOC simply wanted to avoid the situation where the host city and the Olympic Movement gain a bad reputation. In the long run, however, the IOC has no legal basis for enforcing the demands. During the bidding phase, the hotel association of a host city should also give a guarantee for accommodations which states that prices for accommodations will be adjusted, at the most, to the inflation rate of the time period encompassing the Games. However, even if the hotels keep their price guarantee, the problem is that travel agencies buy large hotel contingencies and increase prices. These increases cannot be controlled by the IOC.

The OCOG costs for accommodating that part of the Olympic Family which must be housed free of charge arise from the rents that are paid out by the OCOG fro the related facilities. Other location costs the OCOG must meet are, for example, for furnishing and Game-specific installations in the housing facilities such as medical care and security. Athens 2004 estimated the costs for just the furnishing alone at US$ 36.8 million. In Atlanta 1996 15000 beds, tents and pavilions, among other items, had to be provided in the Olympic Village.

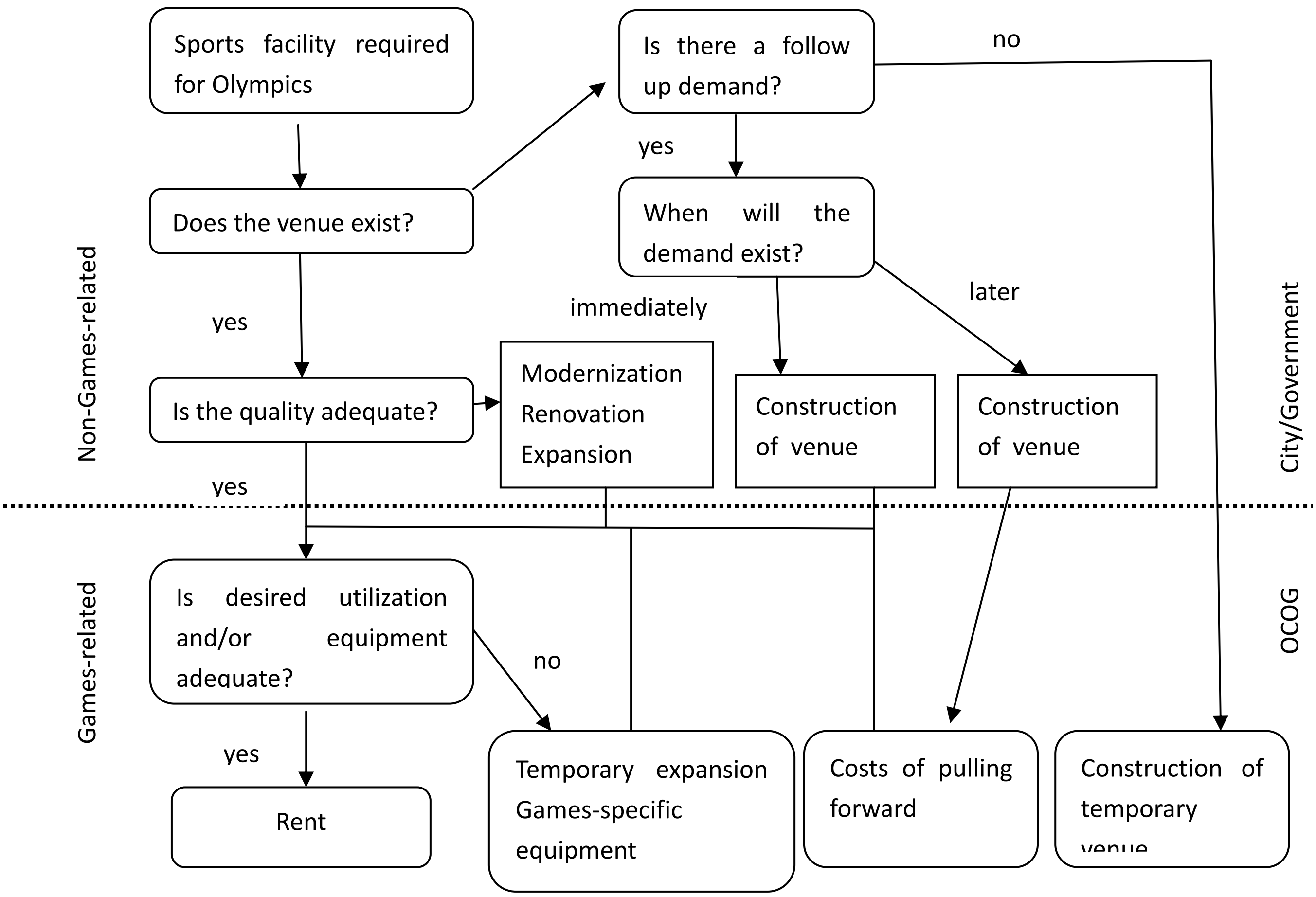
Games-related and Non-Games-related Expenditures:

In order to stage the Games, an OCOG requires more than just a number of sports facilities. It is also necessary for the host city to feature an adequate infrastructure for traffic, communication, an athletes' and media village etc. The number and the size of those "hardware" are closely related with the number of athletes, events and sports being included at the Olympic Games and the ongoing "medicalization". Some host cities took use of the stage chance to "redevelop their city", and thus the costs for staging the Olympic Games raised steadily in recent years. Such phenomenon was negatively remarked by the IOC former Vice-president U.J-Kim. However, the assertion that staging the Olympic Games leads to redevelopment within a host city is entirely valid. The essential problem is the funding for such development should come from the city, not from the accounts of the OCOG. The redevelopment of a city and the construction of permanent facilities should strictly be an undertaking of the public and private sector alone. Thus, an OCOG would only have to bear the location costs, which are separated from investments in the following discussion.

Investments are "deliberate, generally long-term capital tie-ups to gain future autonomous profit"[34]. This includes all expenditures for new constructions, as well as those that are incurred for extensions, modernization and the redevelopment of sport

[34]Sellien and Sellien, 1997

venues, the installation of infrastructures, and Olympic villages. Some investments are Games-related and the others are non-Games-related. Certainly, the Games-related investments should be considered into the expenditures of staging Olympic Games, so it is necessary to distinguish from these 2 concepts. Prof Holger Preuss develops an examination of the flow chart found in Figure (3) and it is helpful to differ facilities or venues from the Games-related and non-Games-related. Further, such standards could also be used to determine other expenditures, whether they are Game-related or Non Game-related.



According to the Figure 1, all the sports venues, which are built because there is a general need for them, even without the Olympic Games are classified as "non-Games-related". Thus, in these instances, the facilities that are built are not a financial burden for the OCOG. A direct example of this is seen in the many problems that arise for potential host cities when an Olympic hall or stadium does not exist and there is no post-Olympics demand for such a facility within the city. For political reasons, the government of the host city wanted to make urban development taking use of the Olympic chance, since they could explain to the public that the constructions were Games-related; on the other side, the politicians also don't want to show "big numbers" in the financial report of the Olympic Games, since higher construction expenditures brings higher risk of financial deficit. Urban development or financial deficit, how can the host city to choose? In the practice, each host city tried its best to find the balance point. I'd like to take some examples to show how the host cities took advantage of its Olympic Games and achieve its goal of better city.

1988 Seoul Olympic Games

Among all the Olympic host city, Seoul is a special one, because it was still not an international city in 1980's and for its international strategy, it really had great demand of construction for infrastructures like venues, telecommunications and traffic. The SLOOC alone had no chance to take all such costs, but finally Seoul achieved its master plan because it was also selected as the host city of 10th Asian Games, which was held in 1986, two years before the 1988 Olympic Games. For such reason, the constructions were not only served for the Olympic Games, but also for the Asian Games. Seoul constructed totally 34 sites or venues for the 10th Asian Games, the SLOOC accounted 13 or 38% among them. In other words, the SLOOC "hided" at least 50% its construction costs in its financial report since majority venues were existed and already used 2 years before the Seoul Olympic Games during the 10th Asian Games. Compared with the great construction costs, the repair costs which the SLOOC paid to preparing the Olympic Games were limited. Thus, the SLOOC could expend more on other projects, like Olympic cultural festival.

The following tables list the major venues or sites, which served during the Seoul

Olympic Games.

The locations for the sites were divided into three zones, Seoul Sports Complex, Olympic Park and other region.

Seoul Sports Complex: Table (15)

Name of facility	Repair costs (million WON)	From SLOOC	Fund (million WON)	year
Olympic Stadium	4899		/	1984
Chamshil indoor swimming pool	539		/	1980
Chamshil Gymnasiium	1489	1141	348	1979
Chamshil Student's Gymanasium	137		/	1976
Chamshil Baseball Stadium	379		/	1982
Total	7095	1141	348	

Olympic Park:Table (16)

Name of facility	Construction costs (million WON)	year
Velodrome	10100	1986
Olympic Weightifting Gymnasium	6900	1986
Olympic Fencing Gymnasium	10200	1986
Olympic Gymnastics Hall	17100	1986

Olympic Tennis Courts	5600	1986
Olympic Indoor Swimming Pool	15600	1988
Cross-Country	128	1988
Total	65628	

Newly Built Venues of Competition: Table (17)

Name of facility	Construction costs (million WON)	Repair costs (million WON)	From SLOOC	Fund (million WON)	year
Han River Regatta Course/ Canoeing Site	10300	1347,15			1986
Seoul Equestrian Park	75700			75700	1986
Pusan Yachting Center	55600			55600	1986
Sangmu Gymnasium	517				1988
Seoul National University Gymnasium	2500	160,9	2550		1988
Hanyang University Gymnasium	9500	133	66		1986

Saemaul Sports Hall	12100				1986
Suwon Gymnasium	4864	75,55			1984
Total	171081	1716,6	2616	131300	

Existing Competition Sites:Table (18)

Name of facility	Repair costs (million WON)	year
Hwarang Archery Field	99	1986
Taenung International Shooting Range	736	1972
Changchung Gymnasium	1126	1963
Tongdaemun Stadium	118	1926
Pusan Stadium	990	1954
Taegu Stadium	390	1975
Kwangju Stadium	941	1966
Olympic Roadcourse	1665	n.a
Taejon Stadium	115	1979
Total	6180	

After 1988 Olympic Games, Seoul successfully marched towards an international city, which has venues and stadiums in high level. Through the Olympic culture festival, the world knew more about this Asian city and thus the Games brought huge incomes from tourisms. In one word, Seoul took the chance to finish its transformation from an Asian city to an international city.

2000 Sydney Olympic Games

In the official report of SOCOG, excepts successfully staging the Olympic Games, its major aim is to transform Homebush Bay from an urban wasteland and dumping ground into a glittering jewel of sporting, recreational, residential and commercial development site.

At the coming of Europeans in 1788, the Homebush Bay area consisted of extensive tidal wetlands and thick bush. By 1811 most of the land around Homebush Bay lay within two large estates: the Newington Estate and the Home Bush Estate of D'Arcy Wentworth, a notable early colonial surgeon. The site has been used since for many purposes: farming, a salt-boiling works, racecourse, abattoir, brickworks, armaments depot, asylum, hospital, school and prison. Most of this land had been under State or Federal Government control since the early 1900s and for over 60 years during this period the low-lying mangrove swamps were progressively reclaimed and filled with a variety of materials.

The area was selected for renewal in the mid-1980s when the privately developed business park, the Australia Centre, was established at the site. This was followed by the opening of the State Sports Centre in 1984 and Bicentennial Park in 1988. Further development was originally planned to occur over a 10–15 year period, to be completed by 2010. However, the decision to use Homebush Bay as primary zone for the Olympic Games meant that by 2000 many international-standard sporting facilities would share the site with commercial, recreational and residential developments. The Olympic Games influenced the urban development of Homebush Bay area for at least 5 years. And after the Games, since the hardware were already existed, it was much easier for the local government to attract investments.

Of course, the whole transformation was a hard work. Cleaning up the pollution, creating new roads and a new rail link, installing telecommunications and electricity services, all had to be undertaken and all need great amounts of money. In the name of the 2000 Olympic Games, the government of the NSW, together with the SOCOG achieved this master plan. A part of expenditures were calculated into the budget of the Sydney Olympic Games, and it was very hard to say whether it is Game-related or Non Game-related expenditures.

Step by step with the cost overviews is as following:

1. Remediation: costs A$137 million
   1) Cleaning up the land
   2) Remediation and restoration of Hoslams Creek, the main waterway through Homebush Bay
   3) Destroy scheduled chemical waste in contaminated soil at Homebush Bay on site rather than truck it to long-term storage facilities off site

2. Removal of power lines: costs A$40 million

   A sponsorship agreement together with government contribution enabled the task replacing these overhead power lines with underground cables to proceed.

3. Public Transport: direct spending on transport investments would be more than A$370 million. This does not include other capital investments that were planned regardless of the Games, but rather expenditures taken as a result of the Games (SOCOG, 2001, p. 157).
   1) An A$95 million, 5.3 km rail spur was built off of the Western Line to connect the Olympic Park to the CityRail network in 1998. 1 km of the spur will be underground and will include the four platform station, Olympic Park Station. With train headways every two minutes, the capacity of the rail station at Olympic Park was 50,000 people per hour (IRJ, 2000).

2) Where the Olympic Park rail spur connects to the Western Line, a A$12 million link was created to Lidcombe Station, just west of Homebush Bay, to provide shuttle service on the new Olympic Park Line.
3) Closely related was the construction of a A$31 million flyover junction to separate passenger service from existing freight service near Homebush Bay (IRJ, 2000). A rail link was built to connect Kingsford Smith to the CBD via Sydney's main rail station, Central Station. A 10 km rail line was constructed, mostly underground at a cost of A$900 million in 2000. This line, called Airport Link, would have four stations (two at Kingsford Smith) and would run from Central Station in downtown Sydney through Kingsford Smith and would terminate at CityRail's East Hills Line. Train headways are every 10 minutes and trip times are 13 minutes to Central Station in the CBD. Kingsford Smith received an upgrade for the Olympic Games too. A new US$300 million runway was constructed to expand capacity. A A$300 million terminal expansion was approved which includes separate arrival and departure levels, new check-in areas, a two level roadway, and increased baggage handling (Dempsey, 2000). Total investments at the airport, including Airport Link were approximately A$2 billion[35] .
4) Tunnel, track route and the Olympic Park Station were designed to fit into the environment.
5) Homebush Bay Wharf

[35] Sydney Airport, 2007

4. Venues Construction: Table (19)

Venue	Construction Costs ($ million)	Overlay Costs ($ million)	Contributions
The Olympic Stadium	586	16.3	Government 124
Sydney International Aquatic Centre	150	41.4	
Sydney Super Dome	197	32.9	RAS 377
State Hockey Centre	16	11.9	
Baseball Stadium	11	3.1	
Sydney International Archery Park	3	5.4	
NSW Tennis Centre		8.5	NSW government 42.9 Tennis NSW/AU 7.1 SOCOG 1.3
Dunc Gray Velodrome	42	5.9	
Sydney International Regatta Centre	36(OCA)	10.6	
Penrith Whitewater Stadium	3.6	6.7	FIC/Penrith City Council 3
Sydney International Equestrian Centre	46.4	16.4	
Blacktown Olympic Centre	31.3	11.5	Jointly funded
Sydney International Shooting Centre	29.9	6.8	

Bondi Beach Volleyball Centre	18.6(OCA)		
Ryde Aquatic Centre	25.9	8	
Competition Venues			SOCOG 6 Government 25 SOCOG 30 (rental)
Mountain Bike Course	0.1	3.9	
Sydney Harbour		12.6	
State Sport Center		11.9	
Sydney Entertainment Center		2.7	
Sydney Football Stadium		3.1	
Sydney Convention and Exhibition Center		17	
Bruce Stadium		1.1	
Hindmarsh Stadium		1.3	
Melbourne Cricket Ground		1.8	
Interstate Football Venues		1	

The total Olympic construction budget was A$3.3 billion including venues and transport constructions. Among them, A$2.1 billion was contributed by government and another A$2.1 billion contributed by the private sector.

Summary of both the revenue and expenditure sides:

From the last section, we could easily get the sense that it is very hard to analyze clearly about the financial sector of the Games, since there are too many items which should be considered. And furthermore, because of the complicated structure of its financial sector, it is not too difficult to do something to keep it in balance. When we put both the revenue and the expenditure data into one table, we could get the following result.

Table (20):

Olympic Games	Units	Revenues	Expenditures	Surplus
1988 Seoul	Million WON	909840	568391	341449
1992 Barcelona	Million Pesetas	195594	195236	358
1996 Atlanta	Million US$	1721	1721	0
2000 Sydney	Million AU$	2387	2015.70	371.30
2004 Athens	Million €	1962.6	1962.6	0

I will be surprised about the above result before I study in this topic, since some of the Games have no numbered surplus, then why the cities applied for hosting the Game? Now I can understand that the real surplus could not be showed in numbers.

Like clearness of the Sydney Homebush Bay area and the improvement of air pollution in Beijing, it costs millions for such projects and decreases the surplus number in the balance sheets of the host cities, but the real surplus will be enjoyed by the citizens of the host city and country. The constructions of the venues and traffic are the other examples. Venues can be used for other events, then in the balance sheet of such events, should a part of surplus be calculated into the surplus side of the Olympic Games? Further, sometimes, the cities can host the events because they have existed venues after the Games. So, it is hard to calculate the real surplus in an easy balance sheet, that is also why, many articles are concentrated on the post-game period of the Olympic Games.

In some sense, the number of the surplus is never the focal point of the host countries or cities. More important, every host city took the chance of the Olympic Games to re-develop the area or the city and the effectiveness of such redevelopments are what they are really interested in. The facts are like:

1. 1988 Seoul built enough infrastructures to meet the standard of an international city
2. 1992 Barcelona took the chance to become the 2nd greatest tourist city and the most important trading port in Spain
3. 1996 Atlanta took use of the Games to improve the city image and attracted many international enterprises to set their headquarter there
4. 2000 Sydney developed its NSW area 5 years before the original plan because staging of the Games
5. 2008 Beijing took the chance to introduce the new image of the country and the city

Other benefits of hosting an Olympic Games are popularly studied in:

1. Decreasing of the unempolyment rates
2. Increasing of the housing
3. Improving the air quality
4. Increasing of the satisfaction degree of living quality
5. Tourist booming

Another doubt is since the construction fee was such a large amount, why there is no deficit showed in the table?

From 1984 Los Angles Olympic Games, there is the normal thinking that the Olympic Games start its gold time since each Game could make great surplus. Based on such misunderstanding, no host country or city is still willing to admit that the Game was ended with a deficit. To avoid the deficit showed in the balance table, some countries or state-owned companies subsidy the construction projects in other sector, a visible example is the 1988 Seoul Olympic Game like I analyzed in the last part.

In the past chapters, I analyzed the benefits of the organizations like IOC and the benefits of the host country and city, in the next chapter, I'd like to concentrate on others who are also benefited from the Olympic Games, I will take the sponsors as the example.

Chapter 3 Olympic Sponsorship

The athletes are not the only participates in each Olympic Games. Some companies win their “gold medals” during each Olympic Games. The Olympic Games hold a few distinctive characteristics that make the event a particularly desirable property for a wide range of sponsors, but also for conducting research. First of all, it is a unique and highly prestigious event with a strong ability to reach a global audience through television networks. Secondly, the marketing program and policies of the International Olympic committee（IOC）, the governing body of the Olympic Movement and the Olympics, actively preserve exclusively for the limited number of international and national sponsorships and favor long-term partnerships. The IOC has worked extensively to raise awareness about how corporate contributions enhance the Olympic Movement and invests resources to achieve sponsor recognition. Thirdly, Olympic sponsorships are linked to attractive hospitality packages, which corporations value highly for networking, product display, and employee incentive purposes. For the above reasons, marketing professionals see Olympic sponsorship as an opportunity to increase sales by increasing awareness of both new and existing products, as well as projecting their company as a good corporate citizen. They spend huge amount of money to support the Olympic Games, combine themselves with the Games, and seek their victories in sales revenues or brand awareness. The average fee for worldwide Olympic sponsorship rights jumped from $15 million to $40 million in only four years[36]. Furthermore, these sponsorship rights provide corporations with the opportunity to spend millions more in public relations and promotion. Sponsorships, defined by Sandler and Shani (1989) as “the provision of resources (money,people, or equipment) by an organization directly to an event or activity in exchange for a direct association to the event or activity”. The sponsors for the Olympic Games have a special name, TOP-The Olympic Partners, and they also

[36] Levine and Thurston 1992

they are also benefited from the Olympic Games.

The history and the situation of The Olympic Partners (TOP)

After successfully staging the 1984 Los Angles Olympic Games, the IOC realized that the Olympic Games itself contains huge commercial potentials. Being leaded with Sir Mr.Samaraneh, the IOC started to search for the possibilities to cooperate with the international companies, who could provide sponsorship to the Olympic Games. In return, such companies could use the Olympic symbol in its marketing activities and also could combine the company culture with the Olympic spirit.

In 1985, Adidas became the first company who signed the contract with the IOC to exclusively sponsor the Olympic Games. After that, the IOC together with Adidas, grounded the company ISL (International Sport and Leisure). The original intention of ISL was to promote the sponsorship program and the culture of the Olympic Games in worldwide. During the promotion, ISL found that there was a big inner problem what hindered the whole project. The problem was the structure of the Olympic Organization. Any company who wanted to develop its marketing strategy taking use of the Olympic Games must firstly negotiate and sign the same cooperation contract with each NOC. It sounds like a mission impossible for any company since there were over 160 NOCs at that moment. To solve such problem, Mr.Michael Payne, now the chief of the Olympic Marketing department, designed a special marketing plan for the Olympic brand. He persuaded Sir Mr.Samaraneh, the chairman of the Olympic Organization, to bundle the interests of each sub-organization together for each 4 years. And this was the origins of The Olympic Programme (TOP Programme), which was renamed in 1997 as The Olympic Partners. TOP programme simplifies the process of negotiations with NOCs and could provide each TOP member the best combinations to promote its brand and products taking advantage of the Olympic

Games.

1988 Seoul Olympic Games was the first attempt of TOP Programme. Though it met many difficulties to search for cooperation, it attracted 9 international lead companies to being the first TOP members and they sponsored 95 million US dollar to stage the Olympic Games and support the Olympic Movement. Facts have proved that those 9 companies made the best marketing decision since they harvested several fold of revenues compared with their investments.

After 1988, the IOC optimized the TOP Programme in several years and made it to be a true top international marketing plan which is attractive for each company. Because of its exclusiveness in each branch, only these international lead companies would be considered by the IOC, who strictly chooses the TOP member according to the following rules.

1) the company and its products should have good image
2) the company should have worldwide lead position in marketing field
3) the company should have huge consumer market
4) the company must be an international operating company and have enough global resources
5) the company is able to assist the IOC to promote the marketing plan

With such high standards, the membership of TOP Programme became to be the rare resource. Being a member of TOP is now a great honor for the company.

The execution of the TOP Programme indicates the beginning of the commercial Olympics.
Until now, there are totally seven TOP programs and here are the categories and

corporations of the TOP.

Table (21)

	TOP I 1985-88	TOP II 1989-92	TOP III 1993-96	TOP IV 1997-2000	TOP V 2001-04	TOP VI 2004-08	TOP II 2009-12
Office material	3M	3M	/	/	/	/	/
Optical products	/	Bausch&Lomb	Bausch&Lomb	/	/	/	/
Typewriters	Brother	Brother	/	/	/	/	/
Non-alcoholic beerages	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola
Film/imaging photographic	Kodak	Kodak	Kodak	Kodak	Kodak	Kodak	
Snacks	/	Mars	/	/	/	/	/
TV/audio/video equipment	Panasonic	Panasonic	Panasonic	Panasonic	Panasonic	Panasonic	Panasonic
Life insurance	/	/	John Hancock	John Hancock	John Hancock	John Hancock	/
Document processing	/	Ricoh	Xerox	Xerox	Xerox	/	/
Publications	Time/Sports Illustrated	Time/Sports Illustrated	Time/Sports Illustrated	Time/Sports Illustrated	Time/Sports Illustrated	/	/
Express/package delivery services	Federal Express	US Postal Service	UPS	UPS	/	/	/
Credit cards	VISA	VISA	VISA	VISA	VISA	VISA	VISA
Information technology	/	/	IBM	IBM	Atos Origin	Atos Origin	Atos Origin
Computer	/	/	/	/	/	Lenovo	Acer
Retail food service	/	/	/	McDonald's	McDonald's	McDonald's	McDonald's
Wireless communications equipment	/	/	/	Samsung	Samsung	Samsung	Samsung
Timing, scoring and service	/	/	/	/	Swatch	Swatch	Omega
Lighting	Philips	Philips	/	/	/	GE	GE
Personal care	/	/	/	/	/	/	P&G
Number of companies	9	12	10	11	11	11	10

We clearly find from the table above that some companies cooperate with the IOC from the very beginning until now, but some gave up. It is not easy to determine who the winner is or who is benefit from being a TOP since each of the TOP members has its own reason to keep on or give up the cooperation. People believe that those companies, who are willing to pay tens of millions US dollars for the exclusive right in its branch to link itself with the Olympic Games, have their interests in increasing sales revenue and brand awareness.

We can image a simple model as: the Olympic Games – Sponsorship – Sales revenue / brand awareness, that is to say, the companies increase their sales revenue and brand awareness through being the sponsors of the Olympic Games. How does such sponsorship work?

There is enough literature to study on this question, majority literatures study through 3 themes to solve this problem. They are:

1) Sponsorship and corporate strategy;
2) The integration of sponsorship within corporate marketing efforts; and
3) Sponsorship and brand management

1. Sponsorship and corporate strategy:

   Understanding what companies do or do not do to remain competitive in a constantly changing environment is at the heart of strategic thinking. Practice has shown that sport sponsorship, because of the benefits associated with those agreements, is a frequent strategic choice of many multinational corporations. Of the most indicative examples are Coca-Cola, Kodak and Visa International, three companies with long-standing relationships with the Olympic Games. These particular firms have integrated those agreements well into their long-term marketing strategies and are continuously promoting their involvement in order to gain competitive advantage (Farrell and Frame, 1997).

Sponsorship should be approached as a resource, with the capability to lead to distinctive competence if effectively combined with other organizational resources is the common awareness of successful corporations. Sport sponsorship, if viewed as a strategic resource, can support brand management objectives by enhancing brand image and reputation and by assisting the company to gain competitive advantage in targeted marketplaces (Amis, 2003). This implies that corporations are prepared to engage in long-term commitments and to actively exploit those agreements, or otherwise face the disappointment of low return on their investment.

Any company considering entering into a sponsorship agreement should assess the potential benefits and the probability of gaining a competitive position in the marketplace and then make a decision of whether or not to invest in the sponsorship. Building on the work of Hamel and Prahalad (1994), he argues that sport sponsorship can become a potential source of competitive advantage if it meets three criteria:

1) It allows for a significant increase in the perceived customer value of the service or product;
2) It permits for differentiating the brand from the competitors; and
3) It provides space for exploiting the deal through new services and products.

The critical element of Olympic sponsorship is that it offers sponsors the opportunity to make use of unique business opportunities by providing concrete rights and specific benefits associated with the strongest sporting brand in the world, depending on the sponsorship category.

2. Integrating sponsorship into organizational marketing:

Sport sponsorship can be an invaluable tool as long as it is fully integrated into a firm's marketing and communication efforts.

3. Sponsorship and brand management:

In pursuing competitive advantage in the marketplace, the brand should be in the heart of corporate strategy.

Brands are perceptual entities or mental structures that ultimately reside in the minds of consumers. All the bits of information (e.g. facts, beliefs, perceptions) held in memory that are linked to a specific brand are referred to as brand associations. Brand associations include product-related attributes (e.g. physical composition of the product or service requirements) and non-product-related attributes (e.g. price, user imagery); experiential, symbolic or functional benefits associated with using the product or service; and attitudes related to the overall evaluation of the brand (Keller, 1993). The sum total of brand associations held in memory constitutes the brand's image. Marketers seek to create strong, favorable and unique brand associations in the minds of consumers in order to distinguish their brands from competitors and, by so doing, enhance brand equity (Keller, 1993). Brand equity refers to the "assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (Aaker, 1991, P15) viewed more narrowly from the perspective of the customer, brand equity reflects "the differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller, 1993, P2). Consumers come to understand what brands represent in one of three ways: direct experience with the product or service; information about the brand provided through company-directed marketing communications efforts, other commercial sources, or word-of-mouth; and belief associations created on the basis of inferences from existing brand associations (Keller, 1993). Regarding the latter, one way that inferences about a brand may arise is because of other generally held associations in memory. For example, consumers may infer greater quality from a higher priced brand. Another type of inferred association occurs when the brand is linked to other associations held in memory that are not directly related to the product or service. Linking the brand to one of these other entities may lead consumers to infer that the two share associations. In effect, the equity associated with the other entity is transferred to the brand. These indirect connections have been termed secondary associations. Secondary associations may arise from a variety of sources, including consumers' primary associations with country of origin, celebrity endorsers and events. When the motivation or ability to process information is low, consumers may be more likely to base their purchasing decisions on secondary considerations such as what they think or feel about the other entity.

All of the companies seem to have their goals for the sponsorship. In general, stated goals/objectives fell into two categories: profit-oriented or brand-oriented. Let's check some TOP sponsors of the Olympic Games.

Case 1: VISA

Visa has been a worldwide Olympic Games sponsor since 1986 and is the exclusive payment card and official payment network of the Olympic Games. Before its cooperation with the Olympic Games, VISA was an incompact organization. Compared with its major competitor MASTER, Visa had more than 3 times POS where the VISA card was accepted, but it was not as famous as MASTER card.

In 1986, two years before the 1988 Seoul Olympic Games, the IOC discussed firstly with MASTER card and wanted to persuade it to be the first member of TOP program. The CEO of Mastercard said "no" and it was this word what totally changed the history of VISA. At that time, VISA was aimed to compete with Mastercard in business travel and entertainment markets and the Olympic Games gave the best chance to VISA. VISA became the first one who joined the TOP Program, and this was an important moment for both VISA and the Olympic Games. The advertisement of VISA card in the 1988 Calgary Winter Olympic Games showed: “Bring your camera and the visa card only! The Olympic Games is not for everyday, and this time they don’t accept MASTER card.”

In 1987, Visa ranked only third in Asia and it listed in the first place only two years after 1988 Seoul Olympic Games. Facing such facts, the CEO of Mastercard had to admit that his deny to the Olympic Games was the greatest marketing mistake in Mastercard’s history.”

Three years after sponsoring the Olympic Games, VISA is already seen to be the best and the most suitable credit card for international travelling. The ratio of acceptance raised 50% and whole number of card holders raised also with 18%. Banks in fewer than five countries participated in VISA marketing programs in 1988 for Calgary and for 2010 banks in 21 countries took part in it. From 1992, according to the research results from VISA itself, the ratio of cards holder who thinks that Visa is the best credit card raised from 40% to 63%, the market share of Visa card raised from 40% to 53%. According to the U.S.Sponsorship Tracker, a Visa commissioned study following the Vancouver 2010 Olympic Winter Games conducted by Performance Research, an independent research company, Visa cardholders who were aware of Visa’s Olympic Games sponsorship claimed a 16 percent and 9 percent increase in Visa card usage in Canada and the US respectively. The same report found Visa’s brand equity was 32 percent and 38 percent higher among consumers who were aware of Visa’s sponsorship in Canada and the US respectively.[37]

[37] Visa and the Olympic Games, from www.visa.com

Visa’s goal is firstly brand-oriented since it was the new one in the marketplace. It was able to improve its positioning as the best credit card world-wide due to Olympic-themed Commercials identifying VISA as the only credit card accepted at the Olympics, thus strengthening VISA’s desired image association of universal acceptance.

For its brand-oriented goals, it provides meaningful, profit-building, value-added promotional programs for their member institutions and merchants that can be leveraged simply, effectively and economically. The majority of Visa’s most prominent financial member institutions participated in the sponsorship platform. As with MasterCard, the majority of tickets received as part of the sponsorship were dedicated to consumer promotions. Activation initiatives included sweepstakes, promotional programs, sports clinics, financial support and other marketing programs. An especially innovative program has been Visa’s support of host cities. Since 2000, Visa has executed a destination marketing campaign linked to the host city and market area. This has involved creating partnerships with state and local tourism associations to increase travel and business to the host cities. Special marketing programs have been created to promote the host city as a travel destination. In Sydney, more than 550 Visa member institutions participated in promotions designed to build tourism and business for Australia’s merchants. Over the four years leading up to the 2000 Games, these efforts generated more than US$40 million in incremental marketing value for Australia, along with a 7% increase in tourism and more than US$1.55 billion in additional Visa member revenue. Working in conjunction with the Salt Lake Convention and Visitor’s Bureau at the Salt Lake City Winter Olympics, Vis increased its card volume in the host city area by 30% during the Games over the same period in 2001. For the Athens 2004 Olympic Games, Visa worked closely with the Greek merchant community and partnered with Alpha Bank, the Grand National Sponsor in the banking category, to increase Visa transactions in Greece by 55% in August of 2004 compared to August 2003. The 2008 Beijing

Olympic Games presents an unique opportunity for Visa – China has six banks that issue Visa credit cards and just 100,000 businesses that accept payment with a Visa card compared to the US where 5 million businesses accept Visa. Visa is currently working with hotels, restaurants, and retailers to increase acceptance of the cards. Visa is also working with China's national tourism board to create package tour offers for Visa cardholders. Another unique program designed by the company is the "Visa Olympics of the Imagination" international youth art competition. Launched at the Lillehammer 1994 Winter Olympics, the program challenges school-aged children between the ages of 9 and 13 to use their imaginations to create an original piece of art that represents their thoughts on "How the Olympic Games Can Help Create a Better Future." Since 1994, 175 children from 35 countries have attended the Olympics as guests of Visa. The program is promoted through multitier marketing and public relations efforts conducted worldwide, integrating extensive in-school outreach with cross promotions involving news ultimately lead to increased gross sales volumes – a key objective for companies in this category. The integrated global communications approach toward sponsorship provides Visa an opportunity to offer their partners a marketing platform that drives business and enhances brand equity.

"For the past 25 years, Visa has played a major role in helping advance the shared commitment to the future of the Olympic Games and to the strengthening of the Olympic values we mutually respect….I would like to thank Visa for their commitment through the 2020 Olympic Games," said IOC President, Jacques Rogge.

Result: It could be argued, that the VISA achieves its mature from brand awareness, brand recognition and brand loyalty. Based on its brand value, it creates then the sales revenue and achieves further the next profit-oriented goal.

Case 2: SAMSUNG

The mobile phone producer Motorola was the partner of the IOC (not TOP member, lower level sponsor) until 1996. After 1996 Atlanta Olympic Games, the IOC offered Motorola a chance to upgrade as a TOP member. Few weeks before signing the TOP contract, Mr.Payne received a call in the midnight from the vice president of Motorola, who wished to discuss about cutting down the sponsorship fee with millions dollar. Mr.Payne didn't deny him directly and told him to wait for the final answer after the IOC meeting. On the other side, Payne informed Samsung immediately about the chance to be a TOP member and got very positive reactions from Samsung. The Korean company was willing to pay over 100 million dollar though it's liabilities was already over $12.7 billion. Samsung sent a delegation in the highest level to negotiate with Payne and signed the contract in 3 days. It was only from the newspaper that Motorola realized it was the end of its Olympic dream.

In 1970's, Samsung was only an OEM of Japanese brand Sanyo. It created its own brand Samsung in 1980's and exported Microwave to U.S. However, the western people regarded Samsung as a foreign equipment producer, whose products were nothing but only cheap. During the 1988 Seoul Olympic Games, being a national sponsor of that Olympic Games, Samsung wondered the world and showed that it could be an international brand. "It was Olympic Games, who improved our image in worldwide and changed our fortune from a national brand to an international company," said the marketing manager of Samsung, "our sales revenue in 1988 was around three trillion South Korean Won (KRW) and the profit was no more than 100 billion KRW. After 7 years, in 1995, we won 2.5 trillion KRW as profits."

After 1988 Olympic Games, the world knew again about the Korean brand Samsung and Samsung's mobile phone series Anycall knocked out further 16 target communication markets. The success of Samsung is because it labeled itself together with the Olympic five rings and built the brand equality with the biggest event over the world. It provides its new products firstly to the athletes who join the Olympic Games and helps them to contact more convenience with the family and friends. After being approved among the athletes, especially the ones who won the golden medal, Samsung's Anycall became everyone's favorite mobile phone.

After 1998 Nagano Winter Olympic Games, Samsung's intern system valued its brand as $3.2 billion, the brand consultant company "Interbrand" reported the same value through its analysis. The brand value rose to $5.2 billion in 2000, $14.9 billion in 2005, according to Samsung's self-valuing. "Interbrand" reported $16.2 billion brand value for Samsung in 2006, and such value was above Sony's for the first time. Samsung was listed in 42nd among the global most valuable brand in 2001 and rose to 25th in 2003. In 2005, it was ranked among the 20 most valuable brands in the world. In 2006, Samsung was listed in 46th among the Fortune 500 with $63.4 billion revenues and $8.5 billion profits. The market research organization "Strategy Analytics" reported that the international market share of Samsung's mobile phone was 5% in 1999 and increased till 11.6% in the year 2006. The unit number was 16.65 million for 1999 and 114 million for 2006. Its major series Anycall had a 2.7% market share in 1999, ranked in the 9th place and owned 14.2% market share as the 2nd biggest mobile phone supplier instead of Motorola. Its market share of LCD TV in European was 24 percent and it owned the greatest sales revenues in the same year. Samsung has its own "trust index" to evaluate how good the consumers' reaction is after each promotion. Together with the sales record, the "trust index" could help to analyze the degree of brand reorganization. After 2006 Torino Winter Olympic Games, the "trust index" had a 10% increasing worldwide and over 30% in Italy. Meanwhile, the market share of Anycall in Italy was increased nearly 70%.

The intern report also pointed that being a TOP member brought minimum 9% switch-consumers. That is to say, at least 9% consumer will switch from other brands and choose Samsung when they know Samsung is the sponsor of the Olympic Games. Another statistics showed that people would like to pay $112.9 for a Samsung mobile phone when they realize it is TOP member and are only willing to pay $103 when not realizing according to an average price of $100 per mobile phone in the market.

When observing the annual revenue of Samsung, we could easily find that it rose very quickly in each Olympic year. The revenue rose 27% in 1988, 36% in 2000 and 26% in 2004 with a year-to-year base. The business scale in 2003 was 14 times larger than that in 1987.

Until 2006, Samsung had the global biggest market share in 8 product categories like LCD TV and flash memory. The brand awareness developed from under 50% before sponsoring Olympics till nearly 80% in 2006.

The Olympic Games accomplished Samsung and also changes worldwide attitude of “made in Korea”. It’s the economical power of the Olympic Games.

Result: Samsung’s Olympic way was like Visa’s, it achieves its profits through brand recognition. Furthermore, Samsung expands its product lines from mobile phone to TV and other high-tech products using the Olympic effects and its brand loyalty.

Case 3: LENOVO

“There are numerous examples of how the Olympic Movement can create a powerful impact on a global brand. In the Beijing 2008 Olympic Games, the company that continues that tradition is Lenovo.” said the officer of the IOC.

The Olympic path of Lenovo is somewhere similar to the way of Samsung. Lenovo was also a local company and the 90% services were focused in Chinese market. At the very beginning, neither its technique nor the products could be successful abroad. Though that, Lenovo never gives up its international dream. In order to realize it, the Olympic Games was chosen to be its ladder.

The first appointment between Lenovo and the Olympic Games was in 2001 when China decided to bid once more for the Olympic Games. As the biggest producer and PC provider in China, Lenovo sponsored 12 million Chinese Yuan (CNY) to support the national Olympic dream, though China failed to do it in 1993. It became the most generous sponsor and finished its first step in its Olympic dream since Beijing successed this time. After rigorous consider and deduction, Lenovo decided to negotiate with the IOC for TOP contract. From then on, Lenovo didn't stop its international step. Preparing for its international travel, Lenovo renamed itself from Legend to Lenovo in Apr.28, 2003. To be registered in U.S and other target markets, the new name is endowed with meanings as "honest, creative, active and professional service". The company wished that the brand could give the same image to everyone as what the Olympic achieves, "Quicker, Higher and Stronger".

Lenovo signed its TOP contract in Mar.26th, 2004 with the promise to provide more than $75 million equipment and sponsorship fee. At the night, each employee received an email from Lenovo's CEO, Mr.YANG Yuanqing. He reminded each one that "Being international is our goal" and thanked the chance to be a TOP member, because he believes that the Olympic Games would add a pair of wings to his international dream.

At the end of 2004, Lenovo acquired the global PC service of IBM with $1250 million, not only for its market share, but also for its international service team and the marketing experience related with the Olympics since IBM was the last TOP member before Lenovo in the computer category. Through such recombination, Lenovo had totally more than 23000 employees who develop the business in nearly 60 countries or areas. Though its fast growth, Lenovo was regarded as a competitive international company until 2006, the year of Torino Winter Olympic Games.

Torino Winter Olympic Games was Lenovo's first impression as a TOP member to the world. The sponsorship from Lenovo came from two major sectors. First was the sponsorship fee in cash and the other was the technical support. Whether Lenovo's products could pass “the Olympic exam” decides how far Lenovo could go around the world. If there was any major fault during the Olympic Games, it would be huge image damage for Lenovo. Risks nothing, gains nothing. Lenovo sent 144 employees including 100 technical experts from 2003 to Torino for preparing and maintaining all 5000 desktops, 600 notebooks, 400 servers and 600 printers. Lenovo built also 7 internet bars in the Olympic Village to provide free internet surfing. At the end, it achieved “zero failure” of all devices and won the quality-trust from the world. Mr.Rogar, the president of the IOC said, “As a new TOP member who joins the Olympics in the first time, we are very satisfied with the both the products and the services from Lenovo. At the same time, we are also glad to know more about its products and trust more of its brand.” During the 17-days Winter Olympic Games, Lenovo issued the first personal PC Lenovo 3000, which targets the normal consumer and companies in small and middle scale. In Europa, Lenovo took part in different fairs and exhibited its Olympic computers.

During 2008 Beijing Olympic Games, Lenovo was the one who conquered 2 Olympic Games and has many Olympic experiences. It putted forward a new idea of technical Olympics and humane Olympics, which promoted the Olympic sprite and culture through the world. It designed its Olympic marketing plan especially for Beijing, which reinforced brand image in China and developed its brand in other markets. It rewarded “2008 Corporate Communicator of the Year” from leading marketing magazine <MEDIA>.

Joining in the TOP programme brings benefits for a brand usually from 2 sides, increased sales and better brand cognition. Some brand fails to achieve one of these two goals, but for Lenovo, it had great success.

Table (22)[38]: sales records and market shares between 2004 and 2009

Year	2004	2005	2006	2007	2008	2009
Market shares (China, %)	26.3	30	34	34.6	28	28.6
Market shares (international, %)	/	/	7.4	7.3	7.6	7.6
Revenues (million dollar)	2897	2819	13276	14590	16352	14901

We could see from 2004, the local market share of Lenovo rose very smoothly, but it also effected from the global financial crisis and had a lower market share in 2008 and 2009 in China. In the international market, it was also in good standing.

After 2008 Beijing Olympic Games, Lenovo claimed to quit to the TOP programme, since its major market is in China and it has achieved its original goal to gain brand awareness in the markets like U.S and European Union. Lenovo would promote its brand and products still in the major markets outside China but using other ways. The market research from IDC, international data coporation, traces the data of Lenovo and affirms that taking use of its Olympic experience, Lenovo plays more important roles in the international computer market and also gains well. I summarize the reports from IDC as followed:

12 Oct.2011: “Lenovo experienced strong gains across all regions as it continues its channel expansion and capitalizes on disarray among the other top players (HP, Dell, Acer, Asus and Apple). Lenovo has now outpaced the market by more than 10% for the past 9 quarters, and by 20% or more in six of these periods. The results moved Lenovo ahead of Dell in 3Q11 after trailing by a small margin in the second quarter. Lenovo's partnership with NEC and the acquisition of Medion added incremental volume and provided new access to the Japanese and Western European markets.”

[38] from <Lenovo and Olympics>

Table (23)

Lenovo	Rank	3Q11 shipments (in thousands)	Market share	3Q10 shipments (in thousands)	Market share	3Q11/3Q10 Growth
worldwide	2	12,579	13.7%	9,242	10.4%	36.1%
U.S	5	1,252	6.8%	1,026	5.6%	22%

Now Lenovo is a global Fortune 500 company with a special focus on personal computers with annual sales of over $21 billion. It reported annual sales of $14.9 billion for the fiscal year ending 2008/2009.

And it became the world's second largest supplier of personal computers during the third quarter of 2011.

Being a TOP member pushes Lenovo to be well-known outside China and helps Lenovo to achieve numerous acquisitions after 2008. It has rapid sales growth in all markets. During the first quarter of 2011, Lenovo controlled 31.7% of the Chinese personal computer market when measured by units sold. Lenovo reported a 98.3 percent rise in profit to $108.8 million during the first quarter of 2011, up from $54.86 million during the same quarter of the previous year. It commanded around 13.7% of the worldwide computer market as of October 2011 and became the world's second largest supplier of personal computers during the third quarter of 2011.

Result: Lenova is maybe the next Samsung. Its Olympic way is similar as Samsung's, but it is now only in the first level to achieve the brand awareness and brand recognition for the products like laptop and printers. It signed its TOP contract only for 4 years and gave it up after the 2008 Beijing Olympic Games considering about the high costs including the promotion costs and its target markets. It was argued as a rational decision for the brand, since it knows what it wants and what it could have from the Olympics.

Based on the above samples, we could find the conclusion that the Olympic Game is like a catalyst of a brand. When the company knows its goal and uses the suitable marketing strategies to promote for the brand, it can achieve its goal usually through the way from brand-oriented interests to the profit-oriented interests. The Game is like a great show window. The worldwide customers could see the brand, realize the brand and further buy the products of the brand per television, in the field, or by other information channels. About the question like is the sponsorship worth of millions dollar, the answer could only be given by the sponsors themselves. But one thing is for sure, the Olympic Game is not the only event which could bring the sponsorship effects, but it is really the biggest and the most famous one.

Summary

In this thesis, I try to solve the question of “who benefits from the Olympic Game?” from 2 ways. The first way could be seen as the marco-side, that I explained the benefits of the Olympic Movement, the IOC, the NOCs , the IFs and of course the benefits of the host countries and cities. The other way in concentrated on the sponsors who spend millions of dollar to have the exclusive advertising right of the Olympic Game, I treat this sector as the micro-side.

For the international organizations like IOC, the benefits have almost financial meaning, such benefits insure them to continue the Olympic Movement. For the host countries and cities, the benefits have more meanings in the side of urban development and sometimes have policy meaning. For the sponsors, the benefits are showed in brand value.

From the idea to the final version of this thesis, I use almost 3 years. Unfortunately, I am not satisfied of my thesis, since I met great difficulties when studying on some sectors. The Olympic Game is really a very very big topic, which could be studies from different ways. I have to change some times about the way I study on because of the collected dates and the non-ideal interviews. I have made several interviews in with the related person in constructing and financial department of the Olympics, even with the persons in the related departments of the sponsor companies, but I didn’t get the information what I want or sometimes I will find the information are with great misunderstanding, so I have to give up using such information.

The version now is only a general study which focuses on the big sectors of the Game, is not a thesis with details. I try to let you know both sides of the Olympic coin, and really wish you could find some idea or information you need in it.

I must say thanks to my tutor Mr.Prof. Wolfgang Weigel, it’s him to read and revise my thesis from the beginning to the end. He gave me many cherish suggestions. It is my pity that I could not revise the thesis taking all his suggestions.

Thanks, Prof.Weigel!

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- Who Benefits from the Olympic Games?

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