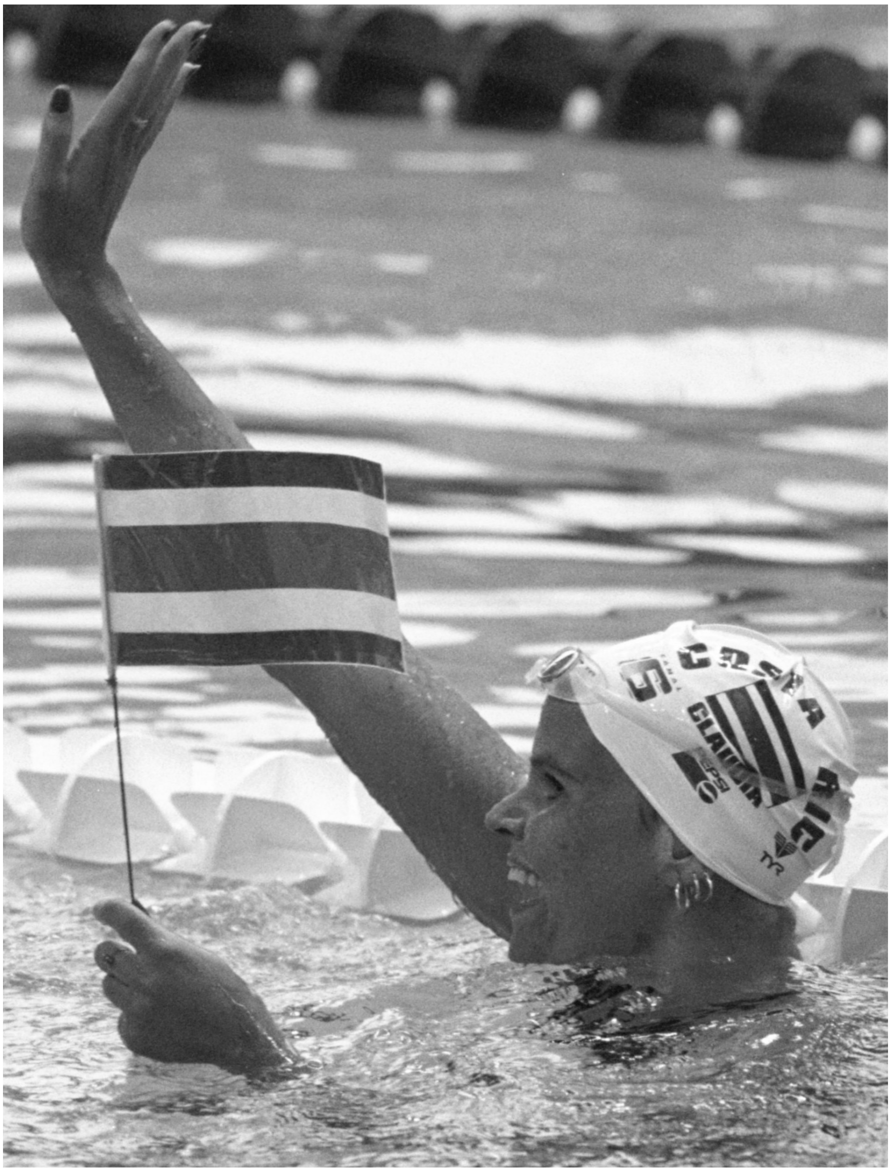
Chapter 6

BEATING THE AMBUSHERS



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IOC Marketing Operations Centre, Marriott Marquis Hotel, Atlanta; July 1996.

Sports goods giant Nike launched its advertising programme for the Centennial Olympic Games by plastering downtown Atlanta with a series of cheeky billboards. Their theme: only winning matters. 'You do not win silver, you lose gold' trumpeted the Nike ads.[1] The win at all costs message was a clear attempt to upstage Reebok, the official Olympic sponsor. An ad campaign in the US magazine *Sports Illustrated* rammed the message home: 'If you can't stand the heat, get out of Atlanta,' and 'If you're not here to win, you're a tourist' (a quip apparently inspired by tennis star Andre Agassi).

Yet more Nike ads took a sarcastic swipe at the thematic-styled advertising popular among many of the Centennial Olympic sponsors. 'We don't sell dreams, we sell shoes,' said Nike, adding a further knock at one of the most popular pastimes of sponsor guests, 'I did not come here to trade pins.' Nothing seemed too sacred for Nike to take a dig at. The Olympic motto was modified to read, 'Faster, Higher, Stronger, Badder.' *Sports Business Journal* labeled Nike 'the Olympics most high-profile party crasher'.

Nike's aggressive advertising was guaranteed to get a response – from the public, athletes and the IOC. Nike was trashing the Olympic ideals and undermining the overall Olympic brand message. No-one likes a party crasher. Besides, its campaign seemed a little two faced. After all, the Olympic Games are the sports goods industry's biggest showcase. The Games create heroes and role models that help Nike, and the rest of the sports industry, sell millions of additional shoes and motivate whole generations to take up new sports.

The IOC wasn't alone in questioning Nike's hardball approach. Athletes were irritated by the company's attempts to undermine the Olympic values and the devaluing of an Olympic silver medal. Olympic swimmer Amy White, a Los Angeles 1984 silver medalist, called the advertising a slap in the face to anyone who did not win gold. Olympic sponsors were also not amused. 'The ads are basically ridiculing us' was the commonly held view in the sponsor community.

Of course, Nike revelled in all the press coverage surrounding the campaign and the bad boy image it had carefully cultivated over the years.

The IOC though was not about to let Nike's ambush carry on causing trouble. As soon as I arrived in Atlanta and saw the billboards I got on the phone to journalists. My message wasn't malicious or anti-Nike. I simply pointed out that the feedback we were getting from athletes and spectators indicated that the campaign was backfiring. Athletes were very proud to be at the Olympics and likely to be uncomfortable when their shoe sponsor says they have failed unless they win a gold medal. In fact, by thumbing its nose at the IOC, Nike was crossing the very fine line between having an impact and biting the hand that creates tomorrow's heroes.

Our response paid off. The media were soon associating Nike with bad sportsmanship. The *Financial Times* headlined its story, 'Nike accused of trashing the Olympic ideal. Ruling body attacks the tone of group's advertising campaign.'

In a series of further interviews across the US media, we turned up the heat. Companies that ignored their social responsibilities did so at their peril, we said. Nike was a trendsetter for youth and often has as much influence over kids as their parents or school teachers, more sometimes. Society would not tolerate such behaviour from a leading multinational company.

We called for an urgent meeting with the Nike leadership to discuss their advertising and aggressive promotional activities – which included trying to get spectators to smuggle Nike promotional signs into the venues. Howard Slusher, the special assistant and long-standing 'fixer' to Nike chairman and founder Phil Knight, turned up at the IOC Marketing Operations Centre at the Marriott Hotel ready to do battle. Slusher, a straight-talking former sports agent, was in no mood for compromise. In the IOC corner were Dick Pound and myself, along with United States Olympic Committee marketing chief, John Krimsky.

The meeting did not get off to a good start. Within seconds Slusher and Krimsky were exchanging vitriolic verbal blows. This rapidly degenerated until the two of them challenged each other to settle the matter outside the room, in the hotel corridor, man to man. Both were of equal stature, similar egos and of questionable fitness. The impending boxing match had definite entertainment value, if doubtful sporting discipline, but was probably not going to resolve the issue.

As tempers subsided, Slusher tried to defend the Nike campaign. He said that in their research the message resonated with athletes and their desire to win. Phil Knight thought that the ads honestly reflected the competitive mindset of world class athletes who, with gold on the line, were not going 'to sing Julie Andrews songs together'.

Our position was equally clear. We did not care what their research said. We weren't going to sit back and let Nike's ambush marketing undermine and trash the very spirit and essence of the Olympic ideal.

For a while, the combative Slusher seemed unsure of himself as he weighed up the pros and cons of a head-on confrontation with the IOC. Thanks to the phone calls, the media coverage and headlines were starting to turn against Nike. Word had also leaked that the IOC might begin to play Nike at its own game of hardball public relations stunts. We were ready to round up a series of silver medallists from the Games for a worldwide press conference to let them express their views on the Nike campaign.

Meanwhile, as Slusher contemplated Nike's next move, the mood in the athletes' village towards the campaign was hardening. Athletes, who had devoted their life to training and just getting to the Olympics, were angry at being positioned as 'failures'. I initiated secret discussions with Brad Hunt, the agent of Nike's star athlete at the Games, 400 metre runner Michael Johnson, to see whether Johnson would be willing to stand up and speak out against the campaign. Hunt was open to the idea.

The IOC spelt out the situation to Slusher. Sport is played according to rules and the Olympic Movement was founded on a clear set of values and ethics. If Nike wanted to be part of this great celebration then the company had better start playing by those rules and respecting the Movement's ethical foundations. If not, the IOC would consider banning any form of Nike branding from all sports equipment at the Games, and immediately withdrawing all accreditation for any Nike service personnel, making it impossible for them to get through the security controls to look after their athletes. If they wanted to play hardball, we were ready.

Slowly the message started to sink in. Thoughts of fist fights in hotel corridors were forgotten as Slusher agreed that it would be much better if we all got around the table to see how we could work together. Nike stopped circulating advertising signs for spectators to take into venues, reined in its public relations team from the more aggressive stunts and, where possible, toned down the remaining advertising.

After the Games, I went to Nike's headquarters, a 175-acre campus in Beaverton, Oregon, to meet with Slusher and the Nike leadership. I wanted to start a dialogue that would try to get Nike to be a champion of the Olympic ideal, not an enemy. Nike soon understood that there was far more to be gained by working with the IOC and the Olympics than against us. Later, when Reebok reneged on its contractual partnership with the Sydney organisers a few months before the 2000 Games, Nike showed it was an Olympic convert.

Just to remind Nike that it had met its match when it came to advertising and public relations, the IOC had its own gentle dig at Nike's earlier 'silver medal' advertising, when the IOC's first ever global brand marketing campaign, Celebrate Humanity, was launched. One of the spots focused on the bantam weight Bulgarian weightlifter Yoto Yotov hoisting a gigantic barbell over his head at the Barcelona Games. Upon holding the weight aloft for the required interval he drops it, and starts jumping up and down, falling eventually to his knees in triumph. The voice-over then takes a sly shot at Nike's early ad, stating that 'Someone once said: "If you don't win the silver, you lose the gold." Obviously, they never won the silver.'

Raining on the parade

Nike was not the only company to engage in such opportunistic marketing in Atlanta. There was another incident during the opening ceremony. The Greek team is, by tradition and Olympic protocol, always the first nation to parade into the stadium. As they came over the ramp that had been created to bring the athletes into the stadium (a dramatic visual effect for the broadcasters for the first team, but a total disaster for the remainder, as it interfered with any attempt for an orderly parade), my mobile phone rang.

'Have you seen the broadcast image of the athletes coming over the ramp?' screamed the brand protection manager. 'What are we supposed to do about the McDonald's sign?'

I ran around the stadium to see the problem for myself. There, as the athletes marched over the ramp, in the distance was a large elevated McDonald's neon sign. It provided a perfect backdrop for each nation as they came into the stadium. The sign might have been in the distance, located by the temporary McDonald's restaurant at the Olympic Park, but on television it looked like it was attached to the main stadium. The sign had to be switched off – and fast.

The McDonald's restaurant was near the Olympic sponsor hospitality village. I called the IOC manager at the village, Julie Osborne, and told her to get over to the McDonald's restaurant and find someone to turn off the lights.

Julie got to the restaurant, by the time the athlete parade had reached the letter c and Cambodia was stumbling down the ramp. She found it closed and locked up. Understandably, all members of staff were in the stadium watching the ceremonies.

'Then break in,' I yelled to Julie – by now we were up to Denmark in the athletes' parade, and there was no way for the television cameras to avoid the neon advertising sign. 'They will arrest me,' pleaded Julie.

'They will arrest all of us if we do not get that sign switched off now.' So an IOC manager proceeded to break into a partner's restaurant to get their sign switched off.

Straight after the ceremonies, I met the McDonald's management back at the IOC sponsor hospitality club, and 'apologised' for having to break into their restaurant. No one ever discovered how the sign had been 'accidentally' winched to its full height just before the start of the ceremonies and left on so that billions of people could see it.

Keeping the Olympics clean

It is one thing understanding what your brand stands for. But it is meaningless unless you protect your brand. Defending your rights, your image and what you stand for is central to what the Olympic Movement has achieved over the last two decades. The Olympic Movement survives in large part because of its value proposition and the financial support it receives from the business community. If the IOC did not robustly defend that value proposition, or the exclusive rights of its partners, there would be no basis or logic for anyone to invest in or become a partner.

Exclusivity has been one of the cornerstones of the Olympic Movement's marketing programmes. The knowledge that a company can invest in the Olympic movement and be certain that they are not going to be undermined by a last-minute surprise promotional campaign by their competitor, was a key factor in driving the value of Olympic sponsorships.

The TOP programme was designed to be as ambush-proof as possible, providing partners with one of the highest levels of protection of any major sports property. The company not only sponsors the event, but all the teams participating in the Games and becomes a partner of the governing body, the IOC.

What many people do not realise is that the Olympic Games have a strict clean venue policy. This is unique among sports events. One of the fundamental tenets of the overall Olympic presentation is that the competitions take place in a field-of-play clean of all advertising. Athletes are similarly forbidden from having any sponsorship or commercial identification on their uniforms, other than a small trademark for the clothing company. The Olympics are unique in this. No other event in the world takes the 'clean venue' concept to such a level. Considering the global television audience for the Games, and the growing commercial pressures, it is no small achievement that the IOC has been able to hold the line.

In the 1980s, Samaranch was worried that, in the end, we would not be able to develop a marketing programme that could sustain the Olympic Movement, without finally having to give in and accept stadium advertising. All other events around the world had conceded and allowed not only stadium advertising, but extensive athlete advertising to help fund the teams. It was somewhat ironic that the champions of commercialisation within the IOC were the greatest advocates of the clean venue concept, explaining to Samaranch that to accept stadium advertising would destroy the image of the Games. It was also now questionable, having established TOP, whether significant additional revenues could be generated.

It was clear that any compromise on the clean venue principle could undermine the commercial position of the Olympics. It was an issue I felt passionately about. I am not sure that Samaranch ever truly believed me. Right up to the end of his presidency, he wondered whether there might still be a pot of hidden gold for the sports movement if we would just concede this last fundamental principle. He would test the issue regularly – even having Francois Carrard ask Coke's head of marketing, Steve Jones, how much extra the company would pay if we were ever to allow venue advertising.

Jones' reply shocked the audience and Samaranch. 'If the IOC ever introduced stadium advertising, Coca-Cola would withdraw from their

Olympic sponsorship, as you would have fundamentally changed what made the Games so special.' Finally all parties understood the marketing value of maintaining the 'clean venue' concept. It provided a key point of difference from all other events and, over time, added enormous value to the Olympic brand.[2]

Over the years there have nevertheless been various attempts to undermine the clean venue concept – both by sponsors and non-sponsors. The confectionary company Mars, an early TOP partner, never really understood that when the IOC said it wanted to keep the venues clean of advertising, it meant it. Mars executives saw it as a game, to see how they could get round the IOC rules and controls, and try to grab some opportunistic branding moments in front of the world's TV audiences. The company's tactics were fairly blatant. On one occasion, Mars dressed staff up in their M&M character suits. It then lined them up along the Olympic marathon route, with instructions to jump out onto the course as the runners went by, and wave madly at the TV cameras. Mars tried to argue that it was just creating some fun and cheering the runners on.

On other occasions, Mars dressed corporate guests with clothes bearing a series of large advertising messages. The hundred or so guests sat in the stands jumping up in front of the TV cameras each time the athletes passed by.

The IOC first tried to plead with Mars. This was not how we wished the Games to be presented, we explained, and we politely requested that Mars refrain from such presence marketing activities. Jacques Guertz, general counsel for Mars and 'special advisor' to the secretive Mars family, who oversaw their Olympic sponsorship, told the IOC that it 'did not understand the basics of marketing'. We listened and then calmly suggested to Guertz that if that was the company's attitude, then it was clear that this partnership was not working. We promptly offered to give Guertz back all the TOP money the IOC had received from Mars. At the same time, we would tear up the contract that had been negotiated for Atlanta and was close to execution.

Guertz was shocked that the IOC would walk away from so much money – we were talking about a $50 million partnership. He was convinced that in the sponsorship world, you could buy anything, including the IOC's commitment to clean venues.[3] The fact that the IOC was prepared to walk from such a huge deal sent a clear signal to the market. We would protect the clean venue policy at all costs.

Zero tolerance

As the IOC developed its overall marketing strategy, a three-pronged protection programme was designed to protect us from ambush marketing of the Nike variety, accidental incursions and more opportunistic presence marketing – as practised by Mars.

Our basic philosophy was that the best defence is a good offence. If a company deliberately overstepped the line we would take no hostages, to set a clear example to the rest of the industry.

The second element was to build a fortress around the rights package and block all loopholes. We needed to get the house in order long before a host city was even appointed. We needed to invest in prevention, rather than being caught in a highly expensive and high profile cure.

Third, we designed an advertising communications campaign to educate the public on who the sponsors are and let the marketing industry understand the risks and consequences of taking on the Olympic Movement with any unauthorised campaign.

There is no question that the IOC adopted a very aggressive attitude in protecting its rights and those of the Olympic partners. The IOC's declared commitment that it would go to any length to protect its rights sent a strong signal to the market place – helping to increase the overall value for Olympic sponsors. If the IOC had sat back and taken the easy option, turning a blind eye to the occasional borderline promotion or partner presence marketing indiscretion, a cluttered market place would have rapidly followed. Sponsorship fees would have stagnated at 1980 levels. Sponsors had to be protected so that they could 'own' the Olympic promotional rights, without always having to look over their shoulder to see whether their competitor was developing some opportunistic last-minute promotion. Sponsors needed the confidence to invest – in Olympic promotions, in Olympic airtime broadcast buys, in a long-term Olympic marketing strategy.

Taking a hard line was never an easy option. It took time and attention to detail. In 1996 the Atlanta Organising Committee (ACOG) tried to sneak some branding for their automobile partner, General Motors, into the opening ceremonies. Although the IOC had reviewed and approved the details of the ceremonies, we were unaware of the intention to create a major branding opportunity for Chevrolet. Then, a couple of days before the opening, General Motors' John Middlebrook, Chevrolet general manager at the time, was quoted in newspapers proudly bragging that: 'Those who view the ceremonies will recognise that we elevated the GM and Chevrolet brands way above the field.' General Motors simply could not contain its excitement. Its over-excited spin-doctors had dropped their guard.

The IOC immediately demanded to know from ACOG what was going on and went to inspect all of the props and equipment to be used. The IOC already knew about the plan to use some flatbed trucks to carry lighting onto the field. What had not been agreed was that the trucks would be rebranded, with large chrome Chevrolet signs down the side of each truck. The IOC told ACOG to get the branding off. General Motors explained that it was chrome indented into the side of the trucks, which meant it was impossible to remove, hoping that this would be the end of the matter. The IOC responded that it would be, simply advising ACOG that that section of the opening ceremony was to be dropped. General Motors found a way to remove the brand on the trucks overnight.

There are many other similar examples. Some were more inadvertent than others.

In the early years of its TOP partnership, before it truly understood the value of the IOC's clean venue policy, even Coca-Cola would occasionally let something slip through the system. In Calgary, Coke agreed to help the local organisers out by providing 60,000 coloured ponchos as part of the opening ceremony kit for spectators. When worn, the ponchos would help form a series of patterns around the stadium.

As recognition of Coke's contribution, it was agreed that Coke could have a small credit on the inside of the poncho. The credit was to be visible to the spectator when they put the poncho on, but not to the TV cameras as they presented the opening ceremony to the world. The only problem was that someone 'forgot' to remind the manufacturer to print only on the inside.

A few days before the Opening Ceremony, the 60,000 ponchos were delivered to the McMahon Stadium, each one neatly packed in a plastic wrapper. Only by luck did an organising committee executive take one out to have a look and, in dismay, saw the Coke logo emblazoned on the outside of the ponchos. Coke executives were duly summoned and, along with some organising committee volunteers, spent the next few nights unfolding 60,000 ponchos, turning them inside out and then repacking them again, with the hope that the spectators would not tell which was inside and which was outside.

Similarly, in Sydney, four days before the Opening Ceremony, it turned out that the catering services company, Aramark, had provided 30,000 uniforms to all the food service personnel with its logo prominently displayed on the left side of the chest. This was a technical breach of TOP sponsor McDonald's exclusive rights. After a short, one-way discussion between the IOC and the Organising Committee, a team of seamstresses was sought to begin sewing new patches on.

An obsessive attention to detail? Absolutely, but it was this single mindedness that showed the partners the IOC's commitment to protecting the rights and the integrity of their exclusivity. Over the years, this policy has paid dividends in building and sustaining Olympic values.

Off message

In order to maintain the clean venue policy, the IOC, together with the organising committee, puts together teams of trained executives to monitor all venues and control all athletes and spectators before entering the venues. The goal is to ensure that they are not carrying unauthorised advertising messages or promotional materials. It is not just about prohibiting commercial messages, it is also about ensuring that no one tries to make some political statement from the stands. This is paramount, but does not stop people with commercial or political agendas from trying it on.

In Lillehammer, for example, 60 Norwegian spectators turned up to the cross-country events, with the name of an insurance company emblazoned across their clothes. This was not accidental. It was a clearly orchestrated attempt to gain free publicity, with the insurance company probably paying for the cost of the spectator tickets. The spectators were told that in order to enter the venues they must either cover up the advertising, or take off their clothes. As it was minus 20° Celsius at the time, they were quickly able to find new jackets to cover up the offending advertising.

For all our vigilance, occasionally something slipped through the net. In Barcelona, at the basketball final between America's 'Dream Team' and Croatia, I arrived at the stadium after the game had already started, only to be greeted by Coke's sports marketing boss, Gary Hite, in a mild state of panic. Members of the Croatian team were drinking from green branded bottles – Gatorade bottles! The Croatian coach had been 'encouraged' to take some branded water bottles to the final. He thought that if the IOC questioned the issue, it would only do so after the event, by which point it would be too late.

As the IOC's clean venue policy did not even allow Coke to take branded bottles down onto the field of play, Gary Hite felt that a major injustice was underway. I walked down to the Croatian benches and started to collect up all the bottles. The coach came running, screaming at me. A brief exchange ensued. I told the coach that if his team wanted to finish the game, then the Gatorade bottles were leaving the field now. The IOC would replace the bottles with clean water bottles. If he wanted to keep the Gatorade bottles, then he should make an appointment for 8.00 am the next day with the IOC Executive Board, when it would be discussed whether they would be allowed to keep their medals. All the bottles were quickly exchanged.

Nearly all athletes and coaches know and respect the rules of the clean venues and advertising-free uniforms. For many, it is a relief not to have to worry for once whether they are wearing the right commercial t-shirt and standing the right way in front of the cameras to maximise the exposure for their sponsors. For once, they can just focus on the competition and the Olympic experience. They, too, recognise that the advertising-free policy makes the Games special.

In Atlanta, one athlete did not see it that way. Her underhanded advertising message came close to costing her country its first ever gold medal. Claudia Poll, from Costa Rica won the women's 200 metre freestyle event. The flag of Costa Rica looks remarkably like the logo of Pepsi-Cola – a red, white and blue wave. Everyone thought that Poll was swimming with a head cap proudly bearing the national flag. Only on close examination of the press photographs after the event did it become clear for all to see that the cap was also an advertisement for Pepsi.

Costa Rica was in uproar claiming that Coca-Cola had brought the matter to the IOC's attention and that because of Coke, Costa Rica would now lose its gold medal. Coke knew nothing about the issue, until the IOC began investigating. The company was now in a real bind. It was torn between, on the one hand, wanting the IOC to come down hard on such a blatant case of ambush marketing and, on the other, not taking the rap in Costa Rica and seeing its market share collapse through an incident that it had nothing to do with.

After a formal apology from the Costa Rican Olympic Committee, it was decided, that in view of the fact that this was the country's first ever medal, the IOC would not press for the ultimate sanction. Ms. Poll was not allowed to compete again wearing similar headgear.[4]

The clean venue concept was even expanded to include the airspace over the host city, to prevent air ships and planes towing adverts from flying over the venues. Even sponsor airships were expected to cover up their branding. Occasionally we would allow a related friendly message that people could recognise as coming from the sponsor. Goodyear, for example, was allowed to re-brand its airship in Sydney with the colloquial 'G'day' and 'Good luck'.

It was not always easy to enforce the grounding of airships. Fuji and Reebok airships turned up in Barcelona. They fully expected to be allowed to fly over the city for the duration of the Games, ambushing Kodak and the local sports brands. No legislation was passed forbidding air ships from flying over the city. But it was rumoured that the local air traffic controllers obtained the Games tickets they needed, while the requisite permissions for the offending air ships to take off languished in an in-tray for 17 days. No doubt the Fuji and Reebok executives were left wondering what on earth had happened. They probably didn't enjoy explaining to their senior management why they had spent millions of pesetas on a grounded air ship.

Every Games brings new and innovative attempts to circumvent the rules.[5] Today, there are specialist agencies to try to exploit opportunities. In Salt Lake City, one agency called GoGorilla sold Nescafé the idea of broadcasting its ads onto buildings from a vehicle. The idea was that the vehicle would move on as soon as the police turned up. Craig Singer, the founder of the GoGorilla agency, boasted that as the Games progressed the campaign would get even more aggressive – projecting onto the Ice Centre. In the end, no one ever saw any ads. You wonder how much Nescafé paid for such an opportunistic promotion and whether its headquarters in Vevey, Switzerland, was ever aware that its marketing budgets were being wasted.

Fix it or we pull the plug

A similar attention to detail was applied to the broadcast presentation of the Games. After Albertville in 1992, the IOC decided to introduce a global monitoring programme to follow the telecast live around the world to ensure broadcast sponsorship and advertising guidelines were respected. Once again, the guidelines are designed to protect and maintain the unique nature of the Olympic presentation, making it stand out from all other sports broadcasts.

Broadcasters are allowed to maintain their normal commercial advertising breaks, and develop broadcast programme sponsorship. But they are restricted from overlaying any commercial message or logo over the actual broadcast of any sporting action, athletes or medal ceremonies. The only permitted logos are the credits provided to the companies supplying the timing and results services to the Games and these are tightly controlled directly by the IOC.

The practice of introducing sponsor logos and other advertising gimmicks into the middle of a telecast has becoming increasingly popular in recent years. It reflects the scramble among broadcasters to come up with new ways to generate advertising revenue, but can be intrusive and distracting for the viewer.

When the IOC first announced that it was to undertake a global monitoring exercise of Olympic telecasts, there was outrage among certain broadcasters. 'Didn't we trust them?' they demanded. The monitoring exercise in 1992 demonstrated to the IOC the importance of the programme. It soon became clear that broadcasters were starting to engage in some creative advertising practices which were in breach of the IOC guidelines.

In Albertville, within minutes of the start of the men's downhill on the first day of the Games, French Television flashed up logos for France Telecom across the screen every time a skier crossed the finishing line. By athlete number three, the monitoring control centre had called in to report the breach. By athlete number five the IOC was on the phone to the French producer and before the end of the first group of skiers the logo had been withdrawn, permanently.

Meanwhile, German television was found blanking out the IBM Results logo and replacing it with the name of another computer company, implying that it was running the results services. In South America, one broadcaster was caught superimposing the mascot of a new food company into the athletes' parade at the Opening Ceremonies, with the mascot dancing around the flag bearers of each nation, and even sometimes marching with the team!

By 1996, all the broadcasters knew that the IOC was monitoring so there were few infringements of the IOC's guidelines. It was nevertheless a major surprise when the report came in that Swiss TV was superimposing logos for Coca-Cola next to the timing clock. Coca-Cola head office denied that it was anything to do with them – it knew the rules and it had to be some local decision with Swiss TV.

The IOC immediately contacted Swiss TV to ask what was going on. After the initial surprise that we were able to follow the Swiss telecast in Atlanta, the broadcaster acknowledged that it had sold Coke a local advertising package that included these credits. The fact that this was counter to all the advertising rules had missed everyone's attention. What was stranger still was that it was in the country where the IOC is headquartered. Surprisingly Swiss TV refused to back down and pull the credits, saying the advertising contract with Coke was binding. I pointed out that the contract with the IOC was also binding and that, if the logo was not pulled immediately, the IOC would consider pulling the broadcast signal for the Swiss market.

Still Swiss TV did not budge. By now, Nicolas G Hayek, chairman of Swatch had woken up to what was going on and the interference to his official timing credits, and was not happy. Whoever was calling the shots back at Swiss TV was playing a strange game, acknowledging that they were in breach of their Olympic broadcast agreement, but refusing to do anything about it. As the issue escalated, wiser counsel finally prevailed. Swiss TV realised that there was a real risk of the IOC pulling the TV signal and finally closed down the infringing commercial credits.

But the action was too late to appease Hayek, who promptly filed a multimillion dollar damages suit against Swiss TV, for interference with Swatch's timing credits. This meant one of Switzerland's leading companies suing the national TV station, not in Switzerland but in the American courts. The issue was eventually settled after Swiss TV realised that it was in serious trouble and asked Samaranch to intervene and mediate. Swatch got a lot of free television advertising in Switzerland in 1997. Hayek's timely action helped to put everyone on notice that IOC rules were to be followed.

The battle of the credit card giants

Some ambush marketing campaigns have involved long-term rivalries. Perhaps the most celebrated case is the guerrilla war waged by American Express throughout the late 1980s and 1990s to combat Visa's status as exclusive Olympic marketing partner. Amex never recovered from losing the Olympic rights to Visa after the 1984 Los Angeles Olympic Games. American Express 'may do nicely' in most places, but not at the Olympics.

In response, American Express embarked on an aggressive and highly creative programme, that pushed the trademark rules to the very limit, to undermine Visa's rights.

In 1986, American Express launched a promotional campaign in Asia, offering Olympic medallions from the Olympic Heritage Committee in Switzerland. There was just one problem, they neglected to point out that no such organisation even existed. American Express had either failed to do its due diligence with their promotions agency, or was sailing far too close to the wind.

The IOC immediately faxed a short note to American Express chairman, Jim Robinson, simply telling him what the IOC would do if the campaign was not totally withdrawn in the next twenty-four hours. The IOC explained that it would take out full page newspaper adverts in each territory advising the public that this was a bogus promotion and that they were being deceived by American Express into believing that Amex supported the Olympic Movement.

Furthermore, the IOC threatened to hold a press conference in each country with a cross-section of Olympic athletes and the sports minister. Aside from letting the athletes talk about the damage that American Express was doing to grass roots support for sport, we would provide a media photo opportunity of athletes cutting up American Express cards. Robinson's office called back in two hours desperate that we put a hold on the campaign. There had been some terrible misunderstanding, the company said, and they would investigate immediately. A few hours later they called back again, announcing that the whole programme was to be withdrawn immediately.

Visa's Olympic campaign inflicted such a heavy toll on American Express that Amex continued to come up with programmes to try to undermine Visa's position and lessen the impact. In Seoul in 1986, American Express took pictures from the 1986 Asian Games opening ceremony, and doctored them to look like the Olympic opening ceremony for a poster campaign, 'Amex welcomes you to Seoul.'[6]

Jerry Welsh, the American Express head of marketing, who had lost the Olympics rights, tried to justify ambush marketing. 'There is a weak-minded view that competitors have a moral obligation to step back and allow an official sponsor to reap all the benefits from a special event,' he said. 'They have not only a right, but an obligation to shareholders to take advantage of such events. All this talk about unethical ambushing is so much intellectual rubbish and posturing by people who are sloppy marketers.'

The battle between the two credit card giants rumbled spitefully on through 1992. In the build up to the Barcelona Games, American Express became ever more infuriated with Visa's comparative advertising. In the US, Visa's tagline was 'the Olympics don't take American Express', with images of ticket windows being slammed shut in the faces of American Express card holders. This time American Express responded with more style, pointing out in its own ad campaigns that 'to visit Spain, you don't need a visa'.

With an increasing escalation in the war of words between the companies, starting to interfere with the broader Olympic message, the IOC decided that the time had come to negotiate a truce. If American Express would withdraw from all forms of ambush marketing and promotional activities surrounding the Games, the IOC would no longer allow the Olympics to be used in hard hitting comparative advertising campaigns.

All parties agreed. But unfortunately, like so many truces, it did not last long. By Lillehammer in 1994, American Express was back with advertising referencing Lillehammer and flooding the market with promotional pins, stating 'American Express – Norway 1994'. Would American Express have ever produced such pins if the Games were not in Lillehammer? Of course not. So, the IOC immediately allowed Visa to resume comparative advertising, in an even more aggressive manner. American Express finally accepted that it had lost the battle. Since 1996, the company has refrained from any further ambush activity surrounding the Olympics.

Getting your house in order

The second element in the IOC's strategy against ambush marketing was to build a fortress around the rights packages and block all potential loopholes.

Ultimately, if you don't build the proper rights architecture and management structures at the outset, no amount of aggressive advertising and public relations campaigns will ever protect you.

Early incidents of ambush marketing were often more a case of the sports organisation failing to get its own house in order, allowing competitors to pick off opportunities between the various sports bodies. One of the most celebrated examples involves Kodak. The company was desperate to get back into the Games after it lost the rights to the Los Angeles Olympics to Fuji. Kodak proceeded to tie up all the rights to the US track and field team. The ensuing images of the US Olympic team sponsored by Fuji, together with similar images from Kodak as sponsor of the US Olympic track and field team, showed the industry the dangers of an uncoordinated and unstructured marketing rights effort.

The primary focus of the IOC's protection programme for its partners starts long before any city is ever elected to host the Games. The philosophy is: get it right upfront – don't try and scramble to fix it after the event.

Now cities bidding for the Olympic Games are put through an extremely tough series of challenges to plug all loop holes long before they are elected. Time and experience has taught the IOC to take full advantage of the competitive dynamics of the bidding process and to apply maximum leverage to all stakeholders to get their houses in order. Once a city is elected, all leverage from the IOC and the local organisers evaporates.

Requirements to create a single marketing programme – where all the rights are bundled together into a single centralised package – have done much to reduce the overall risk of ambush marketing.

But once a city is elected, solidarity among the various authorities quickly disappears as each body decides it is pay day for them. Getting control after election, as the Atlanta organisers learned to their cost, is an almost impossible task. Commitments to pass special legislation to control advertising and street vending during the Games have become a key part of the bid review. Athens, a city with one of the most uncontrolled outdoor advertising markets in Europe, where zoning regulations are widely flouted, understood the importance of reigning in the billboards to ensure that it could present a clean, uncluttered look to the world. The government and the local city authorities used the occasion of hosting the Games to push through new legislation, removing thousands of outdoor advertising signs from key sites like Syntagma Square and around ancient monuments.[7]

After the problems in Atlanta, with various sporting goods manufacturers and their aggressive presence marketing activities, the IOC decided to engage the World Federation of Sporting Goods Industries (WSFGI) in a code of conduct. The code recognised the unique contribution that all the sports goods manufacturers made to the sports movement, supporting athletes, clubs and sports federations 365 days a year, but at the same time bound the manufacturers to a special marketing code when it came to Games time activities.

The Olympic Games are the biggest showcase for the sports goods industry. The IOC did not want to see an all-out escalation of the brand wars breaking out between manufacturers that would detract from the event. In Barcelona, the basketball competition was all but overshadowed by the high profile, and often aggressive, debate between Nike and Reebok over what the athletes would wear on the medals stand, with both Nike and Reebok claiming rights. In the end, the US team came out to collect their gold medal wearing the official USOC team uniform but with the American flag draped over their shoulders, covering the Reebok logo.

The first code was signed in December 1997 between the IOC and the president of the WSFGI, Stephen Rubin, along with representatives of five of the biggest manufacturers, Adidas, Asics, Mizuno, Nike and Reebok.

Over the years the media has often singled out Nike and other sports goods manufacturers as some of the biggest ambushers of the Games. I have always argued that the sports goods industry is not an ambusher, at least not in terms of ambushing Olympic rights. The leading manufacturers are probably providing as much, if not more, financial support to the Olympic teams, as any of the major sponsors. As such they are fully paid up partners, entitled to communicate their support to the athletes.[8] To think that only the sports goods sponsor of the organising committee can claim a presence at the Games is unrealistic, when the other manufacturers are all providing key support to the 202 Olympic teams. Where manufacturers do have to be careful is that they do not ambush the Olympic ideal or the process of fair play, as both Nike and Reebok have done over the years.[9]

The PR battlefield

The media initially saw ambush marketing as something of a game between corporate titans. The coverage was about who could outmanoeuvre whom? How can one brand upstage the other? How do you get around the rules? It was a David and Goliath scenario with popular support often going to the underdog – the gung-ho Robin Hoods taking from the wicked corporate giants.

The final element in the IOC strategy, therefore, was to change media and public perceptions about ambush marketing. It was important to show that it was not a game, but a deadly serious business that, if left unchecked, had the potential to destroy the fundamental revenue basis for all sides. Left unchecked, ambush marketing would see the funding basis for the Games and Olympics teams shrivel and die. Ambush marketing had to be positioned as an unethical activity. Few issues strike at the heart of the legitimacy and credibility of the marketing business as the issue of truth in advertising.

The IOC decided to embark on an aggressive public relations campaign, taking a leadership position within the industry to change perceptions about what some were depicting as an imaginative and legitimate marketing practice. We set about challenging the thinking that ambush marketers were inspired marketers; neutralising the competitive advantage, by confusing the consumer as to who the legitimate sponsor of the event is underpinned by the notion that all is fair in the cut and thrust of the marketing battlefield.

Instead, ambush marketers were positioned as thieves, knowingly stealing something that did not belong to them; parasites feeding off the goodwill and value of the organisation that they are trying to deceive the public into believing that they are supporting. I compared them to leeches, sucking the lifeblood and goodwill out of the institution.

The decision to change the terminology from 'ambush marketing' to 'parasite marketing' was critical in helping to reposition the practice. This was an idea we came up with while brainstorming with our public relations agency at the Albertville Games. There was nothing cute or clever about being a parasite. A parasite is an organism that lives off another, with no benefit to the host.

For the IOC, a strong public relations programme has probably been as effective as any legal initiative in deterring ambush marketing. Over the years the IOC and the organising committees have developed a series of advertising and public relations programmes designed to educate the public and focus the debate on the broader ethical issues of ambush marketing.

Campaigns on 'How do you feel about cheating at the Olympic Games?'; embarrassing corporate leaders with a shame campaign; and proposals to induct CEOs who ambush the Games, into the 'Olympics Hall of Shame' soon began to get the message across of the pitfalls of ambush marketing. Threats of pictures of the offending CEO, under a banner headline of 'Stop Thief!' have helped to deter ambush activities and make CEOs and their agencies think twice before embarking on such a high-risk strategy.

Keynote addresses were given to advertising and marketing conferences around the world. 'An insidious, parasitic disease is spreading among our amateur athletes … robbing generations of the very best athletes of the ability to compete at world class level,' Darby Coker, Atlanta's marketing communications director announced. 'The disease I am talking about is parasite marketing.'

Advertising Age, the advertising industry standard bearer, took up the debate with a tongue-in-cheek contest for its readers to design suitable sanctions for ambushing CEOs. A cross section of suggestions flooded in, ranging from the CEO 'having to clean the athletes village' to overprinting all the company's advertising, with 'I am a parasite'. Other suggestions included 'Wanted for Parasite Marketing Activities' posters, with a picture of the offending CEO, and a give-away of t-shirts to all spectators with the company logo and slogan, and a message that 'this company is a parasite marketer … it lies and cheats'.

The strategy was simple: discredit any company and the agencies that create such campaigns, while placing both in jeopardy of litigation and significant damages. Make ambush marketing be seen as an unacceptable tactic by the media, the public and business peers. Slowly the IOC began to win the battle, as the media faithfully reported the IOC's position. 'Cute?

Street Smart? You must be kidding,' Dick Pound sounded off to the *Financial Times*. 'This is uncreative, unethical and unprofessional.' However, any publicity generated needed to be precisely and accurately directed, otherwise there would always be the risk of a 'blow back effect' leaving the public with the view that the little guy was being squashed.

It was important not to be seen as 'crying wolf' too often. Sponsors would often see any form of advertising activity by his competitor as ambush activity. A sponsor would fail to buy airtime on the Olympic broadcast and a competitor would step in with its normal commercial spots, and the sponsor would scream 'ambush'. A company that had a long-standing partnership with the sports movement, and continued to communicate its support for sport, was a totally different case to the company that, having lost out in the bid to acquire Olympic rights, would suddenly discovered a remarkable passion for sport, creating artificial and tenuous links to athletes and the Games.[10]

Reebok plays poker – and loses

For me personally, one of the most satisfying parts of the IOC's efforts to police the Olympic brand was when a former poacher turned gamekeeper – as happened with Nike at the Sydney Games.

In the run up to Sydney, Reebok's marketing team informed me that they were pulling out of the sponsorship deal. Reebok claimed that the Sydney Organising Committee had breached its contract, and wanted to stop all rights fee payments. The truth was that Reebok, under financial pressure, was trying to cut back on all its sports deals around the world and was attempting to renegotiate the terms of several of its agreements. In order to apply pressure, Reebok threatened to hold a press conference in Sydney to announce it was pulling out of its Olympic sponsorship. I had been in Sydney the previous week and endeavoured to broker a solution between Reebok and SOCOG. From my perspective, SOCOG had not breached its contract – a fact that two years after the Games an Australian court confirmed.

Discussions were being held with the local Reebok representatives. To ensure that they did not take a decision on a local basis that would have clear global ramifications for the image of the whole Olympic Movement, still reeling from the effects of the Salt Lake City scandal, I called the new global head of marketing at Reebok in Boston to advise him that the IOC would be willing to assist in brokering a solution. Reebok thought that it was in the driving seat, that it could unilaterally walk away but still be able to provide the uniforms for the Australian team – enjoying all the promotional benefits of outfitting the home team. It believed that, with less than nine months to go before the Games, no other manufacturer would have the time to step in, design and outfit an entire team. Reebok had already produced many of the items for the team.

Reebok appreciated the offer of help from the IOC and assured me that there would be no press conference or press release about any withdrawal – and that, before any such action was taken, it would come back to the IOC to see if we could finally arbiter a solution. I left Australia, taking the 28-hour trip home, safe in the knowledge that the problem, at least for the time being, was under control and there was no risk of a new media firestorm about sponsors withdrawing just before the critical IOC Session.

I landed back in Geneva and all hell had broken loose. Reebok had reneged on the agreement. Its local office had proceeded with the press conference the moment I had left the country and promptly announced that they were withdrawing from their sponsorship of the Games.

I was jet-lagged and angry – not a good combination. In spite of everyone saying that it would be impossible for another manufacturer to outfit a major team at this short notice, I decided to try. I called Tom Harrington, head of marketing at Adidas. His initial response was that he doubted that they would be able to do it in the time left but he would check with his Australian colleagues. My next call was to Ian Todd, head of sports marketing at Nike and one of the most experienced and toughest operators in the business. Ian had a reputation of always stepping up to the big high profile deal and doing it quickly.

'Ian, have you seen what's happening in Australia?' I asked.

'Yes.'

'You interested in playing?'

'Don't know – give me 30 minutes to speak with my people – call me back.'

I called back 30 minutes later. Ian's opening remarks did not bode well.

'My team says they are not sure that there is enough time to pull a uniform programme of this size together.'

'I know, but are you willing to try?'

'Yes – if you can get your people on the plane and in Oregon, Portland within 24 hours.'

I called Craig McLatchey, secretary general of the Australian Olympic Committee to tell him that we were going after Reebok and to respond in a way that it would not know what had hit it, but that we had to do it quickly and in total secrecy. Six hours later, he and Rod Read, head of marketing, were on their way to Nike headquarters. On arriving they went straight to meet Todd who, by now, had formed a team to see what it would take to design and manufacture a uniform, and negotiate the agreement. We set ourselves a target of 48 hours, so that we could make a major announcement during Samaranch's final press conference for the IOC Session. Negotiations went round-the-clock – with conference calls between the teams in Portland, Michael Knight, president of SOCOG, and John Coates, president of the Australian Olympic Committee in Sydney, and the IOC in Lausanne.

Negotiations seemed to be falling into place, but over the final 12 hours they became bogged down in legal issues and everything began to unravel. By the morning, the deal was off and the Nike communications team who had come to Lausanne for the press announcement, left to go back to Amsterdam. It looked like Reebok would win after all. I took Dick Pound and Kevan Gosper, the IOC vice president for Australia, aside to tell them that sadly the deal had unravelled over night. We all looked at each other in disappointment. Dick asked me if I was really sure it was dead. I told him it looked like it but that we would have one final try. Dick instructed me to do whatever it would take.

The final day of the IOC Session had started; there were two hours left to make this work. Todd was also disappointed that we had not been able to pull the coup off. I called Ian again.

'Ian, this is not worth losing – for either of us – come on let's find a way. Let's take the risk.'

Samaranch had already started his press conference when we finally found a way through the outstanding issues. We had our deal.

Nike, which four years earlier in Atlanta was attacking the Olympic ideals with its advertising campaigns and marketing activities, had formally come on-board and joined the Olympic fold. The first Reebok knew of the deal was when it read the wire reports announcing the fastest Olympic marketing deal in history, and how Reebok had made a huge tactical error. Aside from its pending lawsuit with SOCOG, Reebok now had to work out what to do with all the uniforms it had produced for the Australian team – uniforms that carried the Olympic rings, so could not be sold, and that would have to be destroyed. Reebok was left to ponder the full consequences of taking the IOC on and going back on its word.

Nike shocked the world's media by immediately stepping into the void. We had come full circle. Nike, the antithesis of the establishment, had finally come inside. The bad boy of Atlanta had turned into an Olympic champion.

Nike's quick decision gave it some of the most defining moments of the Sydney Games, with the outfitting of the whole Australian team, including the Games' heroine, Cathy Freeman. When she won the 400 metre gold medal, wearing a suit emblazoned with the Nike swoosh, Reebok could only look on in dismay. The situation was all the more poignant when Reebok saw its one remaining chance to upstage Nike literally disappear – its star athlete, French woman Marie-Jose Perec, vanished 48 hours before she was to face Cathy Freeman, in what was being billed by many as the race of the Games. Reebok had to scramble to pull its advertising in France that had naturally focused on her. It was a salutary lesson on the pitfalls of individual athlete endorsement![11]

The Olympic Movement had come to cherish its brand – and learned how to protect it. But the next lesson was about managing a franchise. In particular, we had to find a way of controlling overzealous franchisees in the form of the host cities and national organising committees. Failure to do so could lead to the hosts ambushing their own Games and damaging their own image – something we discovered the hard way.

NOTES

1 The Nike advertising slogan 'You do not win silver, you lose gold' apparently came from a focus research quote from US basketball player, Lisa Leslie.
2 Jones followed up with a letter to the IOC: 'In our opinion the value of the Olympics is increased only when every aspect of the Olympics is different, better and special. This need for differentiation is heightened by the fact that you are out of consumer sight between the Games and you face ever increasing competition for the public's share of mind and spirit. A clean field-of-play, where no visual distractions can detract from the drama of the athletic competition, can help make the fans' experience even more memorable. It's pure, honourable and distinguishable. More importantly I think it is what the fans expect. A clean field of play is an Olympic equity ... One of your core assets. The field of play is an important branding space that you own. Own every inch of it! Sharing your branding space dilutes the Olympic brand. Don't compromise your greatest opportunity to build brand power. There is no valid loss of revenue argument when the risk is loss of brand equity. The Coca-Cola Company may be better known for field-of-play signage than any other company. We consider the signage and presence to be a core Coca-Cola equity. But I think that we (and other sponsors) derive more associative value with strong Olympic branding created by a clean field of play than we do sharing signage on the Olympic field of play.'
3 Mars was a sponsor for the TOP II programme Albertville/Barcelona. After its excessive activities at Barcelona, the IOC withdrew from any renewal discussions for Atlanta. In many ways this was a pity as, outside of the Games, Mars ran some of the best promotions and marketing of any of the partners.
4 A similar incident occurred a few years later in Salt Lake City. Ales Valenta from the Czech Republic was competing in the aerial freestyle competition, wearing a crash helmet in the colours and trade mark of the energy drink Red Bull. Valenta did not have any other crash helmet, and this was clearly a case of accidental branding. In between jumps, sticky tape and paper were applied to the helmet to cover up the

offending trade marks. Valenta went on to win the gold medal with his record-breaking quintuple twisting triple somersault, a jump never before performed in competition.

Of course, sometimes ambush incidents occurred through plain bad luck. The big media story of the first week of the Salt Lake City Games was 'Skategate', when Canadian figure skaters, David Pelletier and Jamie Salé only won the silver medal when many thought that they should have won the gold. At the press conference, the pair rushed out of the Canadian television studios, grabbing whatever mineral water they found in CBC's fridge. Unfortunately, it was not a Coke brand. So when the world's press met the figure skaters, the images that went around the world the next day were with the wrong mineral water. Coke was not happy – and much of the rest of the Games, was spent trying to make amends.

5 One of the first ambush marketing incidents occurred at the 1932 Los Angeles Games. The Helms Bakery won the right to be the exclusive supplier of bakery products to the athletes' village. Another bakery, Weber, decided to gain some local promotional advantage by supplying bread to one of the competing nations. Helms, anxious to protect his exclusive rights, a marketing concept way ahead of its time, promptly threatened to sue the Organising Committee for $1 million for interference in his exclusive contract.

Helms became a major thorn in the side of the USOC president, Avery Brundage. As a result of USOC negligence in properly registering its marks, a 15-year lawsuit with Helms ensued, finally being settled in 1950.

6 The Asian Games has stadium advertising. The American Express ads had all the advertising removed, so that the stadium looked as if it was the Olympic stadium.

7 Under regulations first introduced in 1999 in Athens, fines on illegal advertising – levied on the billboard promoter and the advertiser – can reach $118,000 with jail sentences up to one year.

8 Nike spent $1.422 billion in 2002 on athlete and team endorsements, excluding equipment and clothing provided, Nike 2003 SEC Filings.

9 The success of the Sports Goods Industry Code led the IOC to consider developing a number of other codes to bring further discipline

to the marketplace and to further protect the rights of marketing partners. The most significant of these was a Code of Conduct for ticketing agents. Although the Olympic ticketing distribution procedures were probably far more disciplined than for any other major event, there was still a considerable black market in tickets and hospitality opportunities to the Games. Hospitality at the Games is one of the most important rights and benefits for sponsors. If any company could simply pick up tickets from an agent and use them for their own sales promotions and key guest invitations, then the benefit to the official partners would be significantly undermined, to the extent that some companies might even question the value of the sponsorship and whether it was not better to just buy some tickets directly from an agent, and put their own programme together.

10 This is perhaps best illustrated by the cases of Qantas and National Australian Bank (NAB), two companies which lost out on the rights to become Olympic sponsors for the Sydney Games. Qantas lost out to then number two Australian airline Ansett. Qantas had a long-standing tradition and heritage of supporting Australian athletes and sporting events, and was perfectly entitled to continue, even though the company lost the Olympic bid. Qantas was nevertheless anxious to avoid any risk of being branded an ambush marketer, and with a bit of help from some strict IOC marketing guidelines and local legislation, withdrew from any form of sports-related advertising or marketing during the Sydney Games. NAB, on the other hand, had no tradition of any involvement with sports and, when they lost out to Westpack to be the official sponsor of the Games and the Australian Olympic team, they immediately formed their own artificial sports team called 'Team NAB', a collection of Australian athletes with the sole objective of undermining Westpack's Olympic programme. After a few months, NAB's efforts fizzled out.

11 The media were brutal on Perec for leaving Sydney. Headlines referred to her as 'Mademoiselle La Chicken'.