An exploration of the corporate objectives of the Rio 2016 Olympic Sponsors

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ABSTRACT

The purpose of this study was to examine the corporate objectives of the “Rio 2016” Olympic Games sponsors program, expanding the literature by investigating the first Latin American edition of the Olympic Games and by introducing a multi categorical framework for understanding why sponsors invest in mega sport events. The data for this study derives from 6 in-depth interviews with highly standing managers of Rio 2016 official sponsors. All of the interviewees had a sports sponsorship background, indicating that the specific knowledge contributes positively for business reflections and decision making. This study revealed five categories of corporate objectives relevant to the Rio 2016 Olympic Games, including Corporate Social Responsibility, Branding, Organizational capability, Network, and Financial Performance. International and national companies affiliated with the Rio games had a strong interest in branding and especially in the possibility of being recognized as pioneers in Latin America in delivering the games and showing that the country can be appealing to new business and growth. The networking of the sponsors in the context of sponsor-sponsor and sponsor-sponsee was a new set of corporate objectives highlighted by this research. This indicates that events can be the beginning of a great institutional relationship between the sponsor and the sponsee. The least cited sponsors’ objective was CSR and related more with financial and branding sub-objectives. Also, the study offers evidence that sponsors may use the event as an opportunity to create a legacy after the Olympics, which can be exploited beyond the games for business benefits. Keywords: Sponsorship; Olympism; Sport mega-events; Sport management.


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INTRODUCTION

Sponsorship, according to early definitions (Meenaghan, 1991), focuses on sponsors’ investments in cash or in kind and their return of exploitable rights. The Olympics have evolved over the decades as an excellent platform for sponsors to boost their brands and implement competitive business strategies. The Olympic sponsorship income generated over the last 16 years (2000 to 2016) has increased from 579 million to 1,022 billion US dollars, reflecting the power of the Olympic Games to mobilize business interest (IOC, 2015, p. 37). This enormous financial resource is vital for the support of the Olympic movement led by the IOC and according to Chappélet (2015), is distributed to Local National Olympic Committees and other IOC partners.

The top IOC Olympic sponsorship attracts a large number of companies every four years. These companies invest in expensive partnerships in order to reach pre-defined corporate objectives, referring usually to marketing and branding. After signing agreements, the companies work intensively on realizing their sponsorship goals by implementing nicely tailored strategies for activation (Amis et al., 1999). However, there is research evidence pinpointing that the corporate objectives of major sponsors are often vague and usually focus on exchange capacity, corporate social responsibility (CSR) and the relationship between a sponsor and a sponsee (Demir, 2015; Quester, 2012). Accordingly, to a testimony by the Visa company in the final report of the Rio 2016 Olympic Games, “The Olympic Games Rio 2016 provided an unparalleled opportunity to promote the Visa brand on the world stage” (IOC, 2016). However, sponsors can benefit the most out of these agreements only if they enter with clearly defined objectives and sophisticated sponsorship activation strategies.

The mapping of sport sponsorship corporations’ objectives is vital not only to the sponsors, but also to the sports mega-event owners (i.e., IOC) in order to maintain high interest in their sponsorship proposals and guidelines. An in-depth understanding of the reasons behind companies’ decisions to sponsor mega events is also important for effectively promoting the competitiveness of a sponsorships program and handling afterwards the expectations of the sponsors from the sponsee (Apostolopoulou, 2004). Based on Levermore (2010), companies choose to invest in mega sport events because they want to contribute to social inclusion, engage with diverse population groups in communities, divert young people from crime and anti-social behaviour, raise health and sustainability awareness and take part in the mass media distribution which is usually attached to mega events.

The relevant literature on Olympic sponsorship has been built mainly on western companies and the Olympic Games of Athens 2004. However, there is a significant dearth of research on why Olympic sponsorship is attractive to Latin American companies or what international companies set as corporate objectives when they invest in a mega-event held in Latin America (i.e., Rio 2016). As a result, this study explores the corporate objectives attached to the Rio 2016 Olympic sponsorship program. The present research expands existing literature by investigating for the first time the Latin American Olympic Games and by analysing the Olympic sponsors which were formally and actively involved in the Rio 2016 International and National Olympic sponsorship programs. The purpose of this study was to examine the corporate objectives of the “Rio 2016” Olympic Games sponsors and build a new conceptual framework reflecting the South American Olympic sponsorship culture. This framework can be applicable to Olympic and non-Olympic sponsorship and across different sport and business sectors.
MATERIAL & METHODS

Participants and design
Table 1 presents the profile of the participants and companies, including sponsorship category, sector, interviewee position, national vs international and service offered.

Table 1. Profile of the participants and companies.

<table>
<thead>
<tr>
<th>Category</th>
<th>Sponsors</th>
<th>Sector</th>
<th>Interviewee Position</th>
<th>Previous experience</th>
<th>National/International</th>
<th>Services offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Sponsor</td>
<td>Company 1</td>
<td>Official beverage supplier</td>
<td>Director of government and sustainability</td>
<td>Olympic games sponsor since 1928 Paralympics since 1992</td>
<td>Inter/ national</td>
<td>Cash paid to IOC and to Rio 2016</td>
</tr>
<tr>
<td>Official Sponsor</td>
<td>Company 2</td>
<td>Brazilian Telecom &amp; Mobile operator</td>
<td>Director of mega-events and Rio 2016</td>
<td>Long expertise in event-related telecom services</td>
<td>Inter/ national</td>
<td>100% telecom services suppliers</td>
</tr>
<tr>
<td>Official Supporter</td>
<td>Company 3</td>
<td>Exclusive advisory and Internal audit services</td>
<td>Executive Director Strategic Markets - Infrastructure &amp; Government</td>
<td>World Cup, First time Olympic sponsor IOC Service provider</td>
<td>Inter/ national B to B company</td>
<td>Consultancy and advisory services</td>
</tr>
<tr>
<td></td>
<td>Company 4</td>
<td>Shopping Mall Management</td>
<td>Account manager</td>
<td>Social Projects sponsor</td>
<td>National</td>
<td>Rio 2016 shops, parking and hospitality space and campaigns</td>
</tr>
<tr>
<td></td>
<td>Company 5</td>
<td>Educational Institution</td>
<td>Account manager</td>
<td>Grants for the Brazilian Paralympic athletes</td>
<td>National</td>
<td>Volunteer and HR selection and material training</td>
</tr>
<tr>
<td></td>
<td>Company 6</td>
<td>Integrated communication network solutions</td>
<td>Business Development Manager</td>
<td>London 2012 Paralympics Sponsor, BOC Team Brazil</td>
<td>Inter/ national B to B</td>
<td>Data center blade servers, racks</td>
</tr>
</tbody>
</table>
**Procedure**

The data collection process started with an invitation which was sent by email to all 28 companies participating in the Rio 2016 Olympic Program. From this group, 12 companies responded and 6 agreed to participate in the study.

The development of the semi-structured interview was based on Apostolopoulou & Papadimitriou (2004) with minor adaptations to the new context. The interviews took place at the companies’ offices, lasting between one to two hours and were carried out with each firm’s managing director. The interviews were recorded and then fully transcribed. All transcripts were submitted back to the interviewees for validation. All of the companies were located in Rio de Janeiro, Brazil and the interviews were conducted from October 2015 to March 2016. During the interviews, respondents were informed of the research objectives by reading and consenting to the Consent Term, which was duly approved by the Ethics Committee of the State University of Rio de Janeiro. This research is approved by the Ethics Committee of the State University of Rio de Janeiro CAAE: 10532919.2.0000.5259.

**Analysis**

For data collection, this study used semi-structured interviews and conducted content analysis to analyse the qualitative data from the interviews (Thomas, 2015). The MAXQDA software was used for the coding of the data into themes and sub-themes (Verbi, 2017).

**RESULTS**

This section explains in detail the categories and sub-categories comprising the new conceptual framework of Latin American Sponsors’ Corporate Objectives attached to the Rio 2016 Olympic Games, along with relevant quotes (see Table 2) from the qualitative interviews. Based on the analysis, five (5) different categories and 12 sub-categories of corporate objectives attached to the Olympic sponsorship agreements emerge from the results. These are:

1. Corporate Social Responsibility, Sub-categories: (1.1) Business Practices (1.2) Philanthropy;
2. Branding, Sub-categories: (2.1) Building brands, (2.2) Leveraging Brand Value and (2.3) Increase brand;
3. Awareness;
4. Organizational Capability, Sub-categories: (3.1) Organizational Structure Development, (3.2) Human Resources Development and (3.3) Development Market Orientation Capability;
5. Network, Sub-categories: (4.1) Sponsor- Sponsee relationship - “tangible commercial benefits”, (4.2) Sponsor- Sponsee relationship - “Mutual Relationship”, (4.3) Sponsor- Sponsor relationship and (4.4) Sponsor-Clients relationship;

The first category of corporate objectives, namely, Corporate Social Responsibility, reflects the sponsors’ objectives that relate to social initiatives. This category describes the firm’s interest in contributing to bridge the gap between economic and social issues, reducing social problems or strengthening citizens and communities. Based on the results, two sub-categories were addressed: business practices when the company demonstrates financial interests and philanthropy when the company’s objective refers a non-financial interest.

The second category of corporate objectives is titled Branding and captures the sponsors’ interest in positioning their company brand in the Latin American market by associating their brand identity with the
Olympic Games and their values. As a result, consumers who are exposed to the Olympic Games will become aware of the sponsors’ products/services and add extra value to these products. Interviewees referred to three sub-categories to explain the corporate objectives related to branding. These were building brands, leveraging brand value and increase brand awareness. With building the company’s brands, interviewees refer to corporate objectives aiming at reconstructing and repositioning the sponsor brand towards yielding additional market share. Companies already owning strong brands tend to set objectives pertinent to leveraging their brand value into a new market or an existing market which is growing due to the Olympic Games. A few companies also mentioned increase brand awareness as a sponsorship objective because they saw the Olympic Games as an opportunity to strengthen the distinctiveness of their brand and increase product recall among potential consumers.

The third category of corporate objectives called Organizational Capability relates to the ability of the companies to improve their organizational capacity either in relation to their internal processes and development of their human resources or externally in relation to their client’s perception that they possess the excellence to provide services. Thus, these objectives were grouped into three sub-categories: internal: organizational structure development and human resources development and external: development market orientation capability. Based on the results, a few sponsors had set objectives that had to do with enabling their company and members to perform a self-renewal of their internal process. Other firms set priorities regarding employees’ motivation, knowledge base and experience improvement, while some other sponsors use the Games as an opportunity to develop capabilities about how to differentiate their products and services.

Corporate objectives formulated by the sponsors to increase key stakeholders’ relations with commercial and non-commercial content were grouped under the Network category. Four sub-categories of objectives were revealed under this broad category including sponsor- sponsee relationship - “tangible commercial benefits” which relates to the commercial objectives; sponsor- sponsee relationship - “mutual relationship” which relates to non-commercial objectives; sponsor-clients relationship, which reflects the sponsors’ strategy to establish contacts with their direct target consumers in order to sell more, show their brand, or enable them to do business, and sponsor- sponsor relationship, which refers to in-between relations that occur exclusively among the Olympic Games sponsors, which are a new addition to the relevant literature. The last category of corporate objectives reported by the interviewees was titled Financial Performance and grouped their intentions to raise sales and specific financial outcomes (e.g., return on investment, return on assets, or value added) by signing and leveraging their sponsorship agreement. Table 2 presents some quotations’ examples according to the categories.

### Table 2. Representative quotations per category and sub-categories.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Sub-categories</th>
<th>Quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td>Business practices</td>
<td>&quot;PCD is our project with social responsibility in mind.&quot; (Company 2)</td>
</tr>
<tr>
<td></td>
<td>Philanthropy</td>
<td>&quot;My objective with the social project is to engage the communities, inclusion and participation.&quot; (Company 4)</td>
</tr>
<tr>
<td>Network</td>
<td>Sponsors clients</td>
<td>&quot;The largest value is to be in contact with our clients and showing them that we made the Games.&quot; (Company 3)</td>
</tr>
<tr>
<td></td>
<td>Sponsor sponsee mutual relationship</td>
<td>&quot;The relationship with the Committee was an objective.&quot; (Company 2)</td>
</tr>
</tbody>
</table>
DISCUSSION

Based on the above results, this study developed a multi-dimensional framework of corporate objectives out of the Olympic sponsors affiliated to the first Olympic Games (i.e., Rio 2016) hosted in Latin America. To the best of our knowledge, no research has been conducted so far in mega-event sport sponsorship in Latin America. By focusing on South American sponsorship agreements, the present research reflects back on how big corporations used the Olympic Games as an unparalleled platform to set and achieve core business objectives and increase market shares. Putting together the corporate objectives of the Olympic Sponsors of Rio 2016 taking part in this study, a new framework has been introduced to capture the multifaceted value of the top Olympic sponsorship programs. This framework is made of five broad categories of corporate objectives, namely Corporate Social Responsibility, Branding, Organizational capability, Network and Financial performance.

So far, the sponsorship literature has underlined that by sponsoring mega sport events, companies can raise the level of a company’s brand awareness and equity (e.g., Papadimitriou, 2016; Hightower, 2014; Quester, 2012; Richelieu, 2012; Papadimitriou, 2009; Apostolopoulou, 2004; Ludwig, 1999). Similar to those findings, the present research highlighted that all the companies mentioned branding as one of the most significant corporate objectives attached to their sponsorship agreement with “RIO 2016”. This is clearly reflected in the following quotations put forward by the interviewees: "we want to participate in people’s affective memories and it has to do with brand value” and "to awaken in consumers an emotional relationship with the brand" (Company 1) and "there was this huge desire of brand exposition through the Olympics." (Company 3). This
finding confirms the contribution of Breuer et al. (2012) underlining that companies want to invest in sport because the "emotion touches to their brands" (p.48). Besides that, sponsorship "is a great opportunity for the companies to associate their brands to the Olympic values such as fair play, honour, and integrity" (Davis, 2012, p.189).

After branding, organizational capability was the next category of corporate objectives which was perceived as very important by the Olympic sponsors. Organizational capability was conceptualized by the interviewees with three sub-categories of objectives referring to market orientation capabilities, organizational structure development and human resources development. However, in the case of the Olympic sponsors of Rio 2016, salient objectives attached to these agreements were the motivation of the sponsors’ employees and the improvement of the knowledge and experience base of employees and, to a lesser extent, goals related to market orientation capabilities and organizational structure development. For example, one company developed an internet platform and an app to engage their employees and stimulate participation in Olympic activities. As one interview stated, the objective was to be able to make: "employees feel as though they’re part of the event and proud of the company as a Rio 2016 sponsor" (Company 6). Another company stressed the need to build a positive relation between employees’ satisfaction with employers’ retention, and as one of the Olympic sponsors sees value in a goal "to engage employees and students, generate the feeling and pride of belonging, it reflects to employers’ retention" (Company 5). This finding agrees with prior research which supports that sport sponsorship has become a useful tool for some sponsors in their attempt to motivate and engage the employees (Girginov et al., 2017; Cornforth, 2011; Pichot, 2008).

An interesting finding from this study was that financial performance objectives were set lower in the rank among the Olympic sponsors in contrast to the literature, which reports them as high priority objectives and one of the most salient reasons justifying decisions behind big sponsorship contracts with the sports mega-events (Collet, 2008; Ludwig, 1999). Equally interesting was also the finding that indicated that CSR was among the least cited corporate objectives pursued by the Olympic sponsors of Rio 2016. In fact, a few interviewees reported CSR activities such as the following: "we sponsor the Olympic City Technical Program alongside the “knowledge ships” - technical schools are our social project" (Company 6); “the objective to sponsor the Olympic and Paralympic School Games is to promote social inclusion” (Company 1). However, the in-depth qualitative analysis of the data revealed that behind these corporate activities, there are other hidden objectives reflecting financial, human resources, and branding objectives. As one interviewee reports: “we sponsor the Olympic social program - called Transform program - to engage employees and for the students to be proud of being part of the brand” (Company 5). Although a few companies set objectives to invest in CSR and engage in plenty of CSR activities, most of these companies were more interested in “business practices” than in philanthropy. In other words: in reality, financial objectives overrule the non-financial purposes of the Olympic sponsors. (Chelladurai, 2016; Plewa et al., 2016; Uhrich, 2014).

Under the network category of sponsors’ objectives, the “sponsor to sponsor” sub-category revealed clearly the unique space that the Olympic Games offer to the official sponsors to work together and fulfill common objectives towards the preparation of the Games. For example, the sponsor for telecommunications works together with other technology-oriented sponsors to develop innovations necessary for the Games and these collaborations create new opportunities for business and knowledge development which are confined only to the official sponsors of the Games. A few interviewees highlighted the strong interest of the sponsors to improve relationships with other sponsors during their sponsorship agreement. Similarly, commercial objectives were also hidden behind the sponsor-sponsee networking which was expected to be developed as a result of the Olympic sponsorship. As one interviewee states, we decided to join the Olympic sponsorship program because “we wanted to do commercial relationships with the Organizing Committee”. Interestingly,
the corporate objectives behind the networking sub-categories (i.e., sponsor-sponsor and sponsor-client) are also new contributions to the literature of sport sponsorship which deserve further attention.

This study indicated that the interviewees who were responsible for the sponsorship agreement from the beginning had a sport sponsorship background. Both Companies 5 and 4, that outsourced the sport marketing service, also choose one company specialized in sport sponsorship and managers who had already performed in mega events before. It might indicate that the specific knowledge and the companies' experience in sponsoring sporting events contribute positively to business reflections and decision making.

Finally, another objective that was discussed by a few interviewees in our sample and remains congruent with the findings of Apostolopoulou & Papadimitriou (2004) was the opportunity for the sponsors to create a legacy after the Olympic Games. Before the event, a few sponsors chose to participate in activities such as volunteer and employee training or even contributed to infrastructure legacy. This activation was seen as having long term advantages for their firms to the extent that it was well integrated with the rest of the marketing mix, producing a powerful image for the firm.

CONCLUSIONS

The main aim of the research was to explore the corporate objectives of the sponsors of “Rio 2016” in order to contribute by introducing a conceptual framework for understanding how South American sponsors approach mega-event sponsorship agreements as tools for creating a competitive advantage.

The results indicated that international companies use Olympic sponsorship to firm their brand in the context of the hosting country by demonstrating participation and tangible support in the games, which can translate into higher value for their products in the eyes of the consumers. Both the international companies and the national ones had an expressive interest in branding, especially with the possibility to be recognized as a pioneer in Latin America in delivering this mega-event, thus showing that the country has an excellent business appeal. Regarding strategic relationships, the Rio 2016 Olympic Games were approached by the companies as a great platform for developing institutional relationships both with other sponsors and the sponsee and to yield unique business opportunities from these relationships.

All six sponsors recognized the event as an excellent business platform and acknowledged as goals of the particular investments the following: increase of brand awareness, leverage of business opportunities between the sponsors and clients, increase of recognition of company’s technical capability, provision of high complexity services, engagement with the Olympic host city and stimulation of the spirit of pride in order to positively impact employee productivity.

A few sponsors used the event as an opportunity to create a legacy for their company after the Olympics by taking part in various activities. This can be a key point to develop a sustainable and long partnership after the event with the owners of those investments or to strengthen their profile for other mega-events to be hosted in the same country.

ACKNOWLEDGEMENTS

The study complies with the current laws of the country in which it was performed.
REFERENCES


