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## Amid change, IOC can rewrite TOP categories

By Ben Fischer, Staff Writer  
February 26, 2018

The aftermath of a Winter Games usually marks a time of calm for the Olympics industry, as the International Olympic Committee and its constituent groups return home exhausted from another event with more than two years until their next big show.

But the conclusion of the Pyeongchang Winter Games means it's time to get to work.

Seven of the International Olympic Committee's 13 global sponsorship contracts expire in 2020, and the price in most cases will be considerably higher.

In the world's largest market, the U.S. Olympic Committee is on the cusp of consolidating its rights with the Los Angeles 2028 organizing committee, which will go to market in 2019 with a clean slate and a super-sized, super-priced package.

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Insiders say several of the expiring global sponsors are likely to leave, and the end result of the U.S. market overhauls are impossible to predict. But collectively, the negotiations will trigger

the most significant changes in Olympic business relationships since the creation of the global TOP sponsorship program in 1985.

“There is no precedent in what is about to happen because there has never been a 10-year run-up of confusion and uncertainty,” said Rob Prazmark, co-founder of 21 Marketing and one of the original architects of the modern Olympics sponsorship system.

Timo Lumme, the IOC’s managing director of television and marketing services, acknowledged the big workload but also calls it an opportunity.

“We probably never staked that many up together, but on the other hand, the other side of it is it’s also an opportunity,” Lumme said. “Because markets have changed a lot, some of our incumbents’ businesses have changed a lot, it also allows us to take a step back in terms of what is the best overall configuration for the TOP program.”

The tranche of expiring contracts includes brands that have become synonymous with the Olympics, such as Coca-Cola, Visa and Samsung. Each of those three have been at the global tier since the 1980s.

But it also includes four other companies whose commitment is less well-established: Procter & Gamble (first joined in 2010), Dow (2010), General Electric (2005) and the French IT firm Atos (2001).

None of the companies are willing to discuss future negotiations, but those familiar with the IOC and the partners' thinking say Coca-Cola, Visa and Procter & Gamble are the best bets to renew their deals.

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21 Marketing co-founder and Olympic sponsorship expert

Samsung, now finished with its home-country Olympics in Korea, is less clear. GE, which joined the sponsor portfolio before it sold rights holder NBCUniversal to Comcast, Dow and Atos are the least likely to return.

Dow's Louis Vega, president of its Australia and New Zealand territory and head of its Olympics business, said he can't predict future negotiations. But he said, "We've been part of the movement a long time. I find it hard to see Dow withdrawing in total. We're very confident in our ability to continue our partnerships."

These are not mere renewals, as Lumme has noted. The IOC sees this as a chance to rewrite categories in such a way that could open up spots for additional sponsors, particularly in high-tech lines of business, or give existing sponsors even more rights.

“Of course we’re loyal to current partners, but since a lot of these deals were done 12 to 15 years ago, or at least 10 to 12 years ago, and things have changed for everyone, it’s only fair that everyone can take a step back and look and see what the best piece is,” Lumme said.

Price is a major factor. All seven last signed a deal when the general price range for global rights was in the \$75 million to \$100 million range per four-year quadrennial, or \$19 million to \$25 million per year.

Since 2014, however, newcomers Toyota, Alibaba and Bridgestone signed deals at reported prices much higher than that, in some cases double the old going rate.

Jamie Corr, vice president of global sports and entertainment consulting at GMR Marketing, said there no longer is a going rate. “I think the partnership world has evolved and that any negotiations that are taking place will be focused on what both parties — TOP/IOC — can bring to the future relationship,” he said.

Jonathan Jensen, a sports marketing professor at the University of North Carolina, said the upcoming location of the Olympics will help the IOC demand top dollar.

“A pessimist might say that with the new market pricing ... there is going to be a big issue given that several long-standing sponsors are being asked to renew at a much higher price,” Jensen said. “However, when you look to the future with a lineup of Summer

Games in premier global cities with amazing Olympic legacies like Tokyo, Paris and Los Angeles, you can see how sponsors could get very excited about the future of the Olympic movement.”

Lumme is vague about his precise intentions for reworked categories. But there are some indications of how things could evolve. With McDonald’s out as a fast-food restaurant, insiders believe Coca-Cola could get pass-through rights to market the Games inside any restaurant where its products are poured.

Consider bicycles, too. Panasonic owns the Olympic marketing rights to electric-powered bikes, but Toyota acquired motorized bikes in its 2015 deal, and Bridgestone bought traditional pedal-powered bike rights in 2014. It gets much more complex when you consider how Alibaba’s and Visa’s rights intertwine in commerce.

Even if companies are inclined toward doing a TOP deal, it’s difficult to say if their own technological priorities will stay aligned with their marketing deals, said Dave Mingey, managing director of CSM Advisory Group. “In some ways the pace of innovation is causing all of us as marketers to look into crystal balls and guess what technologies will be really important to have as part of our contracts moving forward,” he said. “And that’s certainly part art, part science and part guessing.”

Similar to the USOC’s challenges (see related story), the IOC has been consumed by the Russian doping scandal and the fallout of its own handling of the matter and allegations of corruption related to the Rio and Tokyo Olympics.

Lumme said sponsors speak frankly with the committee about those matters, but the IOC still enjoys their trust.

More generally, experts said there's little reason to believe the scandals and allegations undermine the commercial operations. The underlying question at the bargaining table is whether the Olympics are still delivering an outsized global audience compared to all other marketing opportunities, and even with some decline in linear TV ratings.

"Inspiring athletes have a way of communicating the Olympic movement, even in a time of scandal," Jensen said.