

SBJ/July 13-19, 2015/Olympics

Boston bid targets \$1.52B in sponsor sales

Projected record total is reasonable, USOC believes

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Published July 13, 2015, Page 8

Boston 2024: The biggest bonanza in Olympic sponsorship history?

The city's preliminary Olympics bid counts on earning that lofty title in its latest budget, which depends on an unprecedented \$1.52 billion in local sponsorship sales to cover nearly one-third of the \$4.8 billion operational budget for the proposed Summer Games.

U.S. Olympic officials believe the projections are reasonable. They point to robust sales for the 2020 Tokyo Games, pent-up demand from U.S. corporations for what would be the first American Summer Olympics in 28 years, and the sustained enthusiasm for sports spending among big business.

But independent experts aren't so sure, and Boston 2024's key promise — to shield taxpayers from financial risk — depends on it being correct.

"It's a long, makeable putt, but everything's got to line up perfectly," said Rob Prazmark, founder of 21 Sports & Entertainment Marketing Group, who has worked on Olympic sales since 1985. "It's doable, but there's very little margin of error."

Boston's target is 28 percent higher, when adjusted for inflation, than London 2012's total of \$1.15 billion, and 13 percent higher than Beijing's \$1.22 billion in 2008. However, it's only about 5 percent higher than the last American bid projection, Chicago's 2009 failed bid for the 2016 Games, in which it projected \$1.31 billion.

Evolving sales experience in both Tokyo and Rio, which hosts the 2016 Summer Games, are driving the U.S.

SUMMER GAMES HOST CITY SPONSORSHIP

OLYMPIC GAMES	# OF LOCAL PARTNERS	LOCAL REVENUE
Atlanta 1996	111	\$426M
Sydney 2000	93	\$492M
Athens 2004	38	\$302M
Beijing 2008	51	\$1.22B
London 2012	42	\$1.15B
Rio 2016	TBD	\$1B*
Tokyo 2020	TBD	\$1.3B*
Boston 2024	TBD	\$1.52B**

Note: Not inflation-adjusted numbers.

* Sales ongoing

** Projected

Source: International Olympic Committee documents

Olympic Committee's and Boston 2024's thinking.

Tokyo set a goal of \$1.3 billion and has already eclipsed that threshold five years out from the Games, according to an April analysis published by The Wall Street Journal. Tokyo has signed 13 gold-level partners that include, surprisingly, competing banks — Sumitomo Mitsui Financial Group and Mizuho Financial Group — as well as competing airlines at a lower official partner level, Japan Airlines and All Nippon Airways.

Last December, Rio organizers claimed to hit the \$1 billion mark, despite lacking big-dollar deals in key categories such as mining, agribusiness and utilities. Since then, it added TAM Airlines as a high-level sponsor and TAM Travel and Airbnb in smaller deals, but it remains short of its goal of \$1.3 billion to \$1.5 billion.

Total North American sports sponsorship spending has increased by about 5 percent annually since 2010, according to benchmarking service IEG, a division of ESP Properties, a sports agency recently formed by GroupM that doesn't do Olympic work.

If the International Olympic Committee awards Boston the Games in 2017, the Boston bid committee and the USOC would create a joint venture to sell the domestic sponsorship rights.

The overall economic conditions in the two years after the IOC vote are everything, said Bob Heussner, senior vice president and global Olympic director of Jack Morton Worldwide, a brand marketing consultancy. Rio, for instance, sold many of its sponsorships prior to Brazil's economic dropoff in 2014.

"If we're in a stable period, I think they've got a very good chance of hitting that number," Heussner said. "But if we're in a down period, that number is problematic."

Heussner thinks a recession is the only factor that could prevent Boston from reaching that target. Olympic rules prevent any company from buying rights to Games that haven't been awarded yet, but the USOC currently has a robust stable of 26 sponsorship partners. Consider those companies as good bets to pay handsomely to continue to be associated if the Olympics return to the U.S., or their competitors at an even higher price, Heussner said.

But there are complications, Prazmark warned. Boston is home to comparatively few corporate headquarters, he said. There are 12 Massachusetts-based companies on this year's Fortune 500 list compared with, say, more than 50 in New York City and more than 20 in Chicago. Also, Prazmark pointed out, the IOC's TOP sponsorship program claims category exclusivity, shrinking the world in which the USOC-Boston joint venture could sell.

Take, for instance, Dunkin' Donuts, a Massachusetts-based consumer brand with a street corner ubiquity play. But longtime worldwide Olympic sponsor McDonalds has exclusive rights in the retail food services category. Automotive is another example. The IOC signed Toyota to an unprecedented \$800 million worldwide sponsorship agreement in March, a massive deal that will indirectly fund Olympians worldwide but also eliminates a traditionally stalwart local category.

In preliminary bid documents, the USOC estimated that Boston 2024 could sign 41 sponsors at four different tiers.

"Are there enough categories left, after the TOP categories are filled, that they can go off and find the numbers of sponsors they're talking about?" Prazmark said. "I say, the answer is yes there are enough categories left, but in order to get people to pay that kind of money, you're going to have to come in with a better and brighter

mousetrap.”

No Boston Olympics, the opposition group fighting the bid, points to the sponsorship projections as proof that taxpayers aren't truly protected from financial risk.

“We don't have some analysis that says they can't do it, and we won't ever say they can't,” said co-chair Chris Dempsey. “We're just saying there's a risk of not hitting that number. ... It's a great example of things they're not able to insure against.”

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