7 Advertising the Games

Sponsoring a new era

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In the 21st century, the Olympic Games showcase not just the athletic prowess of athletes from around the world, but also corporate marketing savviness. With the highest sponsorship revenue in the history of the Games, estimated at nearly the entire sponsorship revenue of the previous three Summer Games combined,¹ Tokyo 2020 is shaping up to be a record-breaking showcase of corporate sponsorship and global sports marketing. At the center of this multi-billion-dollar marketing machine is the global advertising powerhouse Dentsu Corporation, which is behind Olympic marketing for both individual corporations and the Tokyo Olympics itself.

However, the lucrative world of Olympic sponsorship and sports marketing, and Dentsu's central role in this multi-billion-dollar industry, is a relatively recent development. This chapter draws from first-hand insights from Ebizuka Osamu, a sports marketing expert who joined Dentsu in 1974 and was on the front lines of Olympic marketing from the 1980s into the 2000s.² Ebizuka's insights reveal that until the 1980s the Olympics and Paralympics were mostly viewed as little more than an expensive PR opportunity for host cities and a risky investment for companies. However, a culmination of innovative Olympic developments and bold risk-taking by companies transformed the Olympic Games into a sports marketing extravaganza of unrivaled proportions.

Dentsu and the Olympics: Tokyo 1964 to LA 1984

In the lead-up to Japan's first Olympics in 1964, there was no Olympics division at Dentsu. Instead, they dispatched 15 people to Tokyo's Olympic Organizing Committee (OOC, the equivalent to today's Organising Committee of the Olympic and Paralympic Games). According to Ebizuka, the Olympic Games were not considered a particularly valuable opportunity from the perspective of Japanese companies. Broadcasting rights for Tokyo 1964 were the sole property of the national broadcaster NHK, although private commercial broadcaster Nippon Television also joined in

the Olympics coverage. Dentsu was in charge of public relations for the Games, but it did not go much beyond posters and limited radio and television ads, and a souvenir book funded by ads from 100 or so local companies. In other words, the 1964 Tokyo Olympic Games were barely on the radar of the corporate world.

Up until the 1980s, the Olympics and Paralympics were gatherings of amateur athletes shouldered almost entirely by public money from the respective host cities, and sponsorships were not a major revenue stream. Yet as the Games expanded in scope throughout the 1950s, 1960s, and 1970s, hosting the mega-event became increasingly costly, culminating in massive debt for the 1976 Montreal Olympics. In the lead-up to the 1984 Summer Games in Los Angeles, over 80% of LA residents opposed the Games. However, city officials promised not to use any public funds. In addition to selling exclusive broadcasting rights based on competitive bidding (previously rights had been sold directly to broadcasters), the previous ban on the participation of professional athletes was lifted to generate revenue and public interest. The result was that the 1984 Los Angeles Olympics and Paralympics were the first completely privatized Summer Games. Although corporate sponsorship had been used in the past, the emphasis on competitive bidding for licensing and sponsorship helped make the Los Angeles Olympics and Paralympics the first in history to come out in the black, and 55% of the revenue came from broadcasting rights and sponsorship fees. Thus, a new era of monetized Olympic Games marketing began.

With the privatization and monetization of the Olympic Games, Dentsu's role in global sports marketing took shape. In fact, Dentsu was one of the early companies to identify the possibilities of corporate sponsorship for sports marketing, and in 1982 Dentsu teamed up with Adidas' Horst Dassler to create the joint venture sports marketing company International Sports and Leisure (ISL) to develop marketing and sponsorship strategies for international sports federations such as the international soccer association FIFA and the international track and field association IAAF.

Dentsu was also active in recruiting corporate sponsors for the 1984 Los Angeles Summer Games. At the time, there was no system of National Olympic Committees (NOCs) yet to manage domestic rights during Olympic Games, and there was also no worldwide sponsorship system. Instead, most companies negotiated independently for advertising rights in various domestic markets, such as Mitsubishi Motors and Nikon's sponsorship deals for the 1984 Sarajevo Winter Olympics. However, for the 1984 Los Angeles Summer Games, acting as the sole advertising agent for the majority of Japan's large companies, Dentsu was able to secure marketing rights for Japanese companies such as Mitsubishi, Nikon, Fujifilm,

Brother, and Sanyo among others. 1984 marked a new era of marketing for the Olympic Games, and it also heralded a new era for Dentsu's entry into worldwide sports marketing.

Dentsu and the development of worldwide Olympic sponsorship

The success of the 1984 Summer Olympics signaled what marketing executive and Olympic chronicler Michael Payne called the "Olympic Turn-around" in his eponymous 2005 book. However, it was not enough to convince Japanese companies of the possibilities of global sports marketing. By the mid-1980s Ebizuka was deeply engaged with Dentsu's global sports marketing activities, and he described this period as an extremely difficult time to recruit sponsors for the upcoming 1988 Seoul Olympics. As he explained, in the 1980s Japanese companies still saw the Olympics as a risky investment, and this was doubly so for an Olympics held in Seoul where Japanese products were not even allowed into South Korean markets. Japanese companies felt that there was no merit in attaching their names to the Olympics.

On the other hand, globally the movement toward corporate sponsorship was gaining momentum. By 1985, ISL secured marketing rights from the International Olympic Committee (IOC) and began to recruit companies to become worldwide Olympic partners, a program that became known as TOP – The Olympic Partners. Still, in the 1980s Olympic sponsorship was no guaranteed goldmine. Ebizuka, who worked closely with ISL during this time, recalled how hard Dentsu labored in those early days to recruit Japanese sponsors. In fact, the first Japanese worldwide sponsor Panasonic became involved more or less accidentally. After an aborted attempt to sponsor a football tournament with ISL in Europe, at a business dinner an ISL official suggested that Panasonic try sponsoring the Olympics. As a result, Dentsu negotiated with the IOC to create an audiovisual category to accommodate Panasonic, while ISL negotiated for Philips to join the television category. In the end, these two rival companies shared similar product categories in the first TOP program.

After Panasonic became the first Japanese worldwide Olympic sponsor in 1987 (see Figure 7.1), with the assistance of Dentsu, Japanese companies have become increasingly involved in Olympic sponsorship at global and national levels. In addition, compared with the 15 Dentsu employees involved in Olympics marketing in 1964, in 2019 Dentsu's sports marketing department consisted of three divisions with over 300 people, with 100 employees dispatched to Tokyo's Organising Committee of the Olympic and Paralympic Games (OCOG).

Figure 7.1 Panasonic, Japan's first worldwide Olympic sponsor.

Source: © Wolfram Manzenreiter.

Tokyo 2020: manufacturing the myth of “All Japan”

The development of the sponsorship system continued to expand, and today it is a global marketing phenomenon worth billions of dollars. For TOP companies, industry categories and contract terms are decided by the IOC, and they are limited to one company per industry. However, domestic sponsorship rules are at the discretion of respective NOCs. According to Ebizuka, this means that most Olympics and Paralympics organizing committees use conventional bidding competitions among domestic rivals to secure the highest sponsor revenue.

Tokyo 2020, however, represented a new kind of bidding among sponsors. In contrast to competitive bidding for exclusive industry rights by a single company, the JOC announced to the IOC that it was opening the field for joint sponsorship within the same industry. The JOC also mandated that all corporate sponsors had to sponsor both the Olympics and the Paralympics, which was also a break from previous separate sponsorship contracts.

The result was an unprecedented expansion in sponsors and revenue. In fact, this was partially tied to the March 11, 2011 Great East Japan Earthquake and resulting tsunami and nuclear disaster, which spurred the idea for a new marketing campaign from the JOC to increase public support and corporate sponsorship. Japan made its bid for the 2020 Olympics only months after the 2011 disaster, and the JOC felt the need to build national support for the Olympics. The JOC developed the slogan “All Japan” to meet this goal, and Dentsu was tasked with creating the PR campaign for the public and in courting companies as sponsors.

Despite Dentsu’s leading role in recruiting sponsors, Ebizuka described the JOC’s “All Japan” strategy as a difficult one to market. First of all, the term itself was problematic. He remarked, “‘All Japan’ does not exist – there are many regions in Japan, and the 2020 Olympics are in Tokyo, not in Osaka or Tohoku,” adding that these other regions had a strong sense of rivalry vis-à-vis Tokyo. Second, “All Japan” was meant to go beyond sports-related companies as sponsors. It was a challenge to recruit such companies to get involved in Olympic sponsorship, as well as to get competing companies to become joint sponsors, such as Japan’s two airlines, Japan Airlines and All Nippon Airlines, Japan’s two major security companies ALSOK and SECOM, and even banks like Mizuho and Mitsui-Sumitomo. The secret to success, according to Ebizuka, was not creating incentives to join, but to create disincentives *not* to join. “All Japan” was a slogan that implicitly meant that if you were not on board, you were not “for Japan.” Moreover, he explained that the slogan played on two distinctive qualities of Japanese companies: (1) a tendency for risk-aversion to avoid being criticized for not joining like other companies, and (2) the capacity for traditional rivals to set aside competition in favor of working towards a larger goal (what Ebizuka called “passive patriotism”).

Ebizuka emphasized that this would be unthinkable in the US, where companies would compete for marketing rights. The American model, such as that used in the 1984 Los Angeles Olympics, aimed for high revenue through pushing companies to bid higher for exclusive rights. For Tokyo 2020, Dentsu courted companies by offering to split sponsorship costs among multiple companies within the same industry, thereby securing high revenues while also reducing the investment by individual companies. The result was a win-win of companies gaining access to Olympic marketing rights and the JOC raising unprecedented revenues from across the corporate world. Indeed, this was a strategy only possible thanks to Dentsu’s ability to play both sides as both the Olympic marketer for the JOC and the sole marketing agent for the majority of Japan’s major corporations.

The contemporary corporate sponsorship structure

Three and a half decades after corporate sponsorship first took root, the contemporary Olympic sponsorship system has developed into a complex marketing machine. Today there are three holders of Olympic marketing rights: the International Olympic Committee (IOC), the Organising Committee for the Olympic Games (OCOG) in charge of each specific Games, and the National Olympic Committees (NOCs). There are also domestic Official Suppliers (aka Official Supporters) who have exclusive contracts with the respective OCOG/NOC. Sponsorship is based on contracts with one of these rights holders, and each rank requires different sponsorship costs for the company and comes with successively restricted marketing rights. The number of sponsoring companies differs each Olympiad, as do the costs for sponsorship at each rank.

At the highest level, companies can become Worldwide Olympic Sponsors through contracts with the IOC, known as The Olympic Partners (TOP). There are currently 13 TOP, including three Japanese companies: Bridgestone, Panasonic, and Toyota. Tokyo 2020 features the highest number of TOP, up from 11 in both London 2012 and Rio 2016. Next, Tier 1 Gold Partners (or Gold Sponsors) sign with the OCOG in product categories that do not compete with TOP companies. There are 15 Japanese Gold Partners, the highest number ever, including Asahi Beer, Fujitsu, and Mizuho Financial Group. Tier 2 Official Partners are companies with more restricted marketing rights compared to Gold Sponsors. Tokyo 2020 Tier 2 sponsors include a record-breaking 32 companies, including both of Japan's largest airlines, Japan Airlines (JAL) and All Nippon Airways (ANA) and four of Japan's largest newspapers. Tier 3 sponsors are companies that provide necessary goods and services for the Games. There are 17 Official Suppliers for Tokyo 2020.

Altogether, the unprecedented scale of sponsorship for Tokyo 2020 is a culmination of decades of Olympic commercialization and the particular competitive yet cooperative corporate culture in Japan. It is also a testament to Dentsu's unrivaled corporate connections and sports marketing expertise which continue to evolve in the lucrative world of global sports marketing.³

Notes

- 1 Fujimoto, Junya. 2019. "Supōtsu māketingu no gainen to Nihon no genjō" [The concept of sports marketing and the current situation in Japan]. *Ad Studies* 67: 36–41.
- 2 Special thanks to Mr. Ebizuka for his insights.
- 3 For more on sports marketing, see: Ebizuka, Osamu. 2017. *Sports strategies from a marketing perspective*. Tokyo: Sōbun Kikaku.