OLYMPIC SPONSORSHIP
vs. “AMBUSH” MARKETING:
WHO GETS THE GOLD?

The phenomenal growth of special-event sponsorship in recent years as a sales promotion tool is evident by the increase in the number of companies and their expenditures for sponsoring such events. While the number of companies and their reported expenditures vary, the trend is clear: a fast and steady growth rate. For example, according to one source, from 900 companies that spent $300 million to sponsor special events in 1980, the number grew to more than 2,500 companies spending over a billion dollars in 1985 (Steven, 1984; Gardner and Shuman, 1987). Another source reports that in 1987, 3,700 companies spent over $1.75 billion just for sponsoring sports events, which represents a 500 percent increase from 1982 (Wilber, 1988).

The growing importance and attention that corporations are giving to sponsorship is evident from the creation of a special business function and designated staff for special-event sponsorship. Companies as diverse as Wrangler Jeans, Kentucky Fried Chicken, and Marriott Corporation all have full-time special-events managers to select, plan, and administer sponsored activities (Mescon and Tilson, 1987). This acknowledgment of sponsorship as a worthwhile marketing activity is often coupled with a bottom-line orientation. Organizations are now becoming interested in obtaining and measuring the tangible return for their special-event sponsorship. This is partially due to the dramatic increase in cost for sponsoring major events (e.g., Coca-Cola spent more than $22 million for the Olympic Games in 1988). The increase in expenditure and the exposure of major events has led to treating sponsorship no longer as just a form of corporate social behavior but rather as an equal competitor for promotion dollars with the other components of the promotion mix. Surprisingly, the growing interest in sponsorship is not reflected in the marketing literature. Very few efforts have been devoted to understanding the value and effectiveness of sponsorship or evaluating the results from a sponsorship effort. Therefore, it is not surprising to find that almost 50 percent of corporations do not measure sponsorship outcomes at all (Gardner and Shuman, 1987).

In view of the limited efforts on one hand and the growing amount of resources devoted to sponsorship on the other hand, much more research is required to determine the value and effectiveness of sponsorship. These issues become even more important in light of a relatively new phenomena in special-event sponsorship: “ambush marketing” (Bayless, 1988). This tactic involves the efforts of an organization to associate itself indirectly with an event in an effort to reap the same benefits as an official sponsor. A good example of this tactic was exhibited by Wendy’s during the 1988
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Winter Olympics. While McDonald's paid a hefty amount of money for the right to be an official sponsor of the Olympics, Wendy's associated itself with the Games for a fraction of the cost by featuring ski-racing posters announcing "We'll Be There!"; by printing Olympic stories on its tray liners; and—in what may be their most visible effort—advertising during the Olympic broadcast, which earned them the right to become "A proud sponsor of ABC's broadcast of the 1988 Winter Olympics."

The main purpose of the study reported in this article was to investigate the effectiveness of special-event sponsorship in the presence of ambush marketing and determine if official sponsors are achieving consumer awareness of their sponsorship status. First, a definition of sponsorship will be provided followed by a definition and discussion about the ambush marketing tactic; secondly, a description of the study that was conducted immediately following the 1988 Winter Olympics will be provided; and, in conclusion, the results, the implications, and some guidelines for potential sponsors will be presented and discussed.

What Is "Sponsorship"?

As strange as it may sound, a widely accepted definition of sponsorship does not exist. Instead, the concept is very loosely used by different organizations to describe a wide range of types and levels of support. Meenaghan (1985) reviewed various definitions for sponsorship and found that the definitions are not consistent. It appears that the definitions are ones of convenience and reflect what a specific organization prefers to consider as sponsorship.

For instance, the Sports Council of the United Kingdom (1971) adopted the following definition: "Sponsorship is a gift or payment in return for some facility or privilege which aims to provide publicity for the donor." Clearly this is a very narrow definition that focuses only on one objective that a sponsoring organization might have. Another definition that tried to correct for that problem stated: "The provision of financial or material support for some independent activity which is not intrinsic to the furtherance of commercial aim, but from which the supporting company might reasonably expect to gain some commercial benefits" (Meenaghan, 1985). While the term "commercial benefits" takes care of the various motives a supporting organization might have, the requirement of independent activity eliminates as possible sponsors organizations that are sponsoring events that are a natural extension of their line of business. Examples might be sporting-goods companies sponsoring sports events, car manufacturers sponsoring car races, and hospitals sponsoring health fairs. Many other "convenient" definitions for sponsorship can be found and criticized. For the purpose of this study we will define sponsorship as:

The provision of resources (e.g., money, people, equipment) by an organization directly to an event or activity in exchange for a direct association to the event or activity.

The distinction between an official sponsor and a nonsponsor is becoming much more important in national or international events.

The providing organization can then use this direct association to achieve either their corporate, marketing, or media objectives.

This definition is, on one hand, broad enough to include any organization providing support to any activity for any objective; on the other hand, it establishes a clear test for sponsorship: the support is direct to the production of the event and all they are getting in exchange is the right to use this association for their purposes. Thus, companies which are buying advertising time during a telecast and are announced as sponsors of the show will not pass our test. First, their support was not directly to the event, and, second, they are getting in exchange mainly advertising time and, as an extra, the association with the event. The distinction between an official sponsor and a nonsponsor is becoming much more important in national or international events. In these cases, the stakes are very high. Sponsors are getting tremendous exposure but in return have to pay a hefty sum of money. Thus, it is no surprise to see companies trying to create the perception that they are associated with an event without actually being a sponsor, i.e., ambush marketing (Bayless, 1988).

"Ambush Marketing": A Growing Phenomena

The first visible ambush marketing effort is associated with
Eastman Kodak. In 1984, Fuji Film won the sponsorship rights for the Los Angeles Olympic Games. Kodak could not just sit back and watch a major competitor receiving such exposure so, in response, it “ambushed” Fuji with a well-planned campaign. Kodak became the “proud sponsor” of ABC’s broadcast of the Games, the “official film” of the U.S. track team, and obtained official Olympic rights for some of the company’s cameras. While in the 1984 Olympic Games this represented a unique and extreme case, in 1988 it appeared that ambush marketing was the name of the game. For each official sponsor there was at least one very visible ambush marketer. Fuji took revenge on Kodak, which won the sponsorship rights for the 1988 Games. Fuji ran a very visible promotion associating themselves with the U.S. swim team and planned to pursue promotional efforts with several Olympic athletes (Bayless, 1988). In the 1988 Winter Olympics we observed Wendy’s “ambushing” McDonald’s, American Express “ambushing” Visa, Quality Inns “ambushing” Hilton, and the list can go on and on. Even before the 1988 Summer Games in Seoul, Korea, the first signs of the battle were observed. For example, Chock Full o’ Nuts promoted themselves as the “official coffee of the 1988 basketball team,” while Chevrolet ran full-page print ads featuring the headline “Go for It” with the bottom of the ad featuring the NBC logo along with the five-ring Olympic logo and an explanation that Chevrolet was a proud sponsor of NBC’s telecast of the 1988 Olympic Games. These two examples were a good indication of the potential “clutter” of official sponsors and “pretenders” that one could expect during the Games and their telecast. By investigating carefully all the examples of ambush marketing, a general definition of the concept can be devised. Such a definition is necessary for investigation of, in a more systematic manner, the value of ambush marketing versus official sponsorship.

“Ambush marketing” will be defined as: A planned effort (campaign) by an organization to associate themselves indirectly with an event in order to gain at least some of the recognition and benefits that are associated with being an official sponsor.

It is important to emphasize several points regarding this definition. First, ambush marketing is a well-planned effort; it is not an ad-hoc decision or a one-shot ad or commercial.

Therefore, it might require a very costly campaign to get consumers to perceive the firm as a sponsor; an ambush marketer might have to advertise heavily during the event while paying premium prices (e.g., $330,000 for an average 30-second spot during the Olympic telecast) and probably run very expensive tie-in promotions related to the event. This fact would be in contrast to the popular view that ambush marketers are trying to buy the benefits of a sponsor with a fraction of the official sponsor’s cost (Bayless, 1988).

Second, it should be clear that the main objective of an ambush marketer is not exposure per se, because this can be achieved without being associated with the event by extensive nonevent advertising and promotion. The main objective is to create mis-comprehension in the consumer’s mind about who the sponsor is and therefore either gain the benefits associated with being a sponsor or weaken the impact of a main competitor being the exclusive sponsor of an event. It appears that more and more companies are using the tactic as a defensive strategy against a competitor being a sole sponsor of an event. But it is important to note that this trend is by no means a general trend. Companies like Pepsi-Cola, Burger King, and MasterCard, which are usually engaged in heavy promotional activities against their main competitors, kept a surprisingly low profile during the 1988 Winter Olympics, letting their main competitors (Coca-Cola, McDonald’s, and Visa) reap the benefits of being official sponsors of the Winter Games relatively unchallenged. This might indicate that some companies believe that ambush marketing is not a very effective strategy.

**Methodology**

To evaluate the effectiveness of sponsorship and ambush marketing, a major sports event—the 1988 Winter Olympic Games in Calgary, Canada—was chosen. The Olympic Games are particularly suited for our purposes because they are an international event with global interest and tremendous exposure (the cumulative TV audience for the 1988 Summer and Winter Games combined had been forecast to be 15 billion). Therefore, they attract the interest of many corporations that would like to benefit from the exposure of being associated directly or indirectly with the Olympic Games. For the purpose of this study companies were grouped into three categories:
(1) Official Sponsors: either of the U.S. team (e.g., United Airlines), the Winter Games (e.g., IBM), or participants in the new worldwide sponsor program, labeled T.O.P. for “The Olympic Programme” (e.g., Coca-Cola).

(2) “Ambushers”: those who advertised heavily on the telecast of the Games but were not official sponsors (e.g., Quality Inns spent $7 million on the ABC telecast).

(3) Others: those which fell in neither of the above two categories

Questionnaires were designed to investigate the dimensions of both recall and recognition. One series of questions simply asked respondents to list the sponsors in various product categories (i.e., recall). Another series of questions listed four firms in a product category and asked respondents to check those which were official sponsors (i.e., recognition). Of the four companies, one was an official sponsor, one an “ambusher,” and the other two were neither. Questions also probed the amount of time respondents watched the Olympics on TV and their attitudes toward the telecasts, their involvement with the Olympic movement (e.g., donations to the U.S. team), as well as general demographic data. Questionnaires were distributed two weeks after the Winter Games in Calvary to the university community (i.e., faculty, students, and staff) at a large urban university. Overall, 210 usable questionnaires were returned.

Results

The large drawing power of the Olympics was evidenced by the fact that 82 percent of the sample watched some part of the Olympic telecast. Subjects were classified into 3 viewer groups based on the number of days they reported they watched the Games: light viewers (watched 1 to 4 days), moderate viewers (5 to 9 days), and heavy viewers (10 to 16 days). Of our respondents, 41.4 percent were light viewers; 27.2 percent were moderate viewers; and 31.3 percent were heavy viewers. Men watched significantly more of the Games than women, 7.26 days versus 5.9 days, respectively ($t = 2.10$, $p = .037$). Almost 60 percent of all viewers found the broadcast either interesting or very interesting; however, over half (55 percent) felt that there were more commercial breaks during the Olympics as compared to regular TV programming. Not surprisingly, the more that consumers watched the telecast, the higher was their perception of more commercials than usual: 75 percent of heavy viewers said there were more commercials compared to 50 percent of light viewers. Only 5 percent of the sample said that they had contributed to the U.S. Olympic team, while 30 percent indicated an intention to contribute in the future. To determine whether an individual’s perceived involvement with the Olympics influenced their attitude and behavior, an involvement scale was included (Park, Assael, and Choisy, 1984). There was no significant difference in involvement level between men and women ($t = 1.38$, $p = .169$). It was found that involvement did correlate more strongly with future contributions to the U.S. team ($r = .296$, $p < .000$) than with past contributions ($r = .186$, $p = .007$). It is apparently easier to say “I will contribute” than to actually send the check.

Recognition and Recall of Official Sponsors. Overall, 20 percent of the respondents correctly recalled the official sponsors, with recall varying by product category: from 50 percent correct for credit cards to 7 percent for airlines. Recognition of sponsors was higher, with 39 percent of respondents correctly recognizing official sponsors. Recognition also varied by product category, from a high of 58 percent for fast foods to 25 percent for hotels. An attempt was made to determine if there was any relationship between demographics and ability to correctly identify official sponsors. In contrast to findings reported by Gardner and Shuman (1987), the only variable showing a significant result was sex ($X^2 = 7.00$, d.f. = 2, $p = .03$). Age, income, and educational level did not account for differences in ability to correctly identify sponsors.

The Effect of TV Viewing. To determine the effect of viewing the Olympic telecast on consumer perceptions, the three viewer groups (heavy, moderate, and light) were used to analyze sponsor awareness. The ability to both recognize and recall sponsors varied directly with viewership: light viewers averaged 18.9 percent correct recall, moderate viewers 33.5 percent, and heavy viewers 37.5 percent. For recognition, the numbers ranged from 37 percent to 46 percent to 52.2 percent (see Figure 1).

Effect of Ambush Marketers. Ambush marketers attempt to avoid the up-front high investment of sponsorship while gaining the glamour and benefits of an Olympic tie-in; their hope is that consumers associate their products with the Olympic Games and thus weaken any major advantage of their competitors who paid for official sponsorship. To determine the effect that ambushers had on sponsorship awareness, the number of correct sponsor IDs were compared with the number of IDs of
ambushers as sponsors. Seven product categories, each with one official sponsor and one major ambusher, were chosen. The results for recall and recognition were aggregated. Across the overall sample an average of 2.57 official sponsors were correctly identified (out of a possible 7). In comparison, on average, 1.43 ambushers were identified as official sponsors. A t-test analysis shows this difference to be significant ($t = 8.157, p < .000$). It therefore appears that ambushers did not do as well as official sponsors when it came to consumer awareness of sponsorship status. The next question which arises is whether any benefit was gained from “ambushing”: Did ambushers do any better than firms which were neither official sponsors nor attempted ambush? Out of the 7 product categories analyzed, subjects identified as official sponsors 1.55 firms which were neither official sponsors nor ambushers (i.e., they were not major advertisers on the Olympic telecast). This figure was not significantly different from the 1.43 figure for ambushers ($t = .86, p = .38$). It thus seems that ambushers did not gain the desired benefit of the “ambush” when compared to firms not employing an ambush strategy.

**Discussion**

The current wave of ambush marketing has prompted a re-evaluation of the effectiveness of official sponsorship versus what is perceived as a less expensive alternative. The current study shows that official sponsors were able to achieve significantly higher levels of awareness than non-sponsors who attempted an ambush strategy. However, a closer look at the data by product category leads to some interesting cautions for advertisers (see Table 1). In only four out of seven product categories studied were the correct official sponsors identified more than non-sponsors (i.e., “ambushers” and “others”). In the other three cases the sponsor was not number one when it came to sponsor identification; in two of these three cases the official sponsors, while engaging in other promotional activities, were not major advertisers on the Olympic telecast, and in the third case (cars), the ambushers were engaged in very heavy advertising (Ford and Chrysler bought all available advertising time for domestic cars). This might indicate that to achieve any benefits from being a sponsor it is necessary not only for a company to sponsor an event such as the Olympics but to heavily advertise the fact that they are official sponsors. Buying the rights to be an “official sponsor” may, in reality, only be buying a license to spend more money!

What about the situation where a company is unable to be a sponsor either because of an exclusivity given to a competitor or because of the high price of the rights? Should the company embark on an “ambush marketing” effort or keep a low profile during the event? When the data was aggregated, no significant differences were observed between ambushers and “others.” However, ambushers did achieve greater awareness as sponsors compared to “others” in the

### Table 1

<table>
<thead>
<tr>
<th>Product category</th>
<th>Total no. of responses</th>
<th>No. of correct IDs of sponsors</th>
<th>No. of ambushers identified as sponsors**</th>
<th>No. of others identified as sponsors**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Credit cards</td>
<td>177</td>
<td>106 (Visa)</td>
<td>54 (American Express)</td>
<td>17 (15: MasterCard)</td>
</tr>
<tr>
<td>3. Computers</td>
<td>104</td>
<td>59 (IBM)</td>
<td>32 (30: Apple)</td>
<td>13 (5: TWA)</td>
</tr>
<tr>
<td>5. Fast-food restaurants</td>
<td>199</td>
<td>122 (McDonald’s)</td>
<td>30 (Wendy’s)</td>
<td>47 (38: Burger King)</td>
</tr>
<tr>
<td>6. Hotels</td>
<td>165</td>
<td>52 (Hilton)</td>
<td>32 (Quality Inns)</td>
<td>83 (57: Holiday Inn)</td>
</tr>
<tr>
<td>7. Financial companies</td>
<td>224***</td>
<td>117 (Merrill Lynch)</td>
<td>18 (First Fidelity)</td>
<td>89 (69: CitiBank)</td>
</tr>
</tbody>
</table>

* Categories 1, 2, and 3 reflect recall; categories 4, 5, 6, and 7 reflect recognition; based on question “Who was official sponsor(s) in each product category?”

** Companies with most mentions as official sponsor are shown in parentheses.

*** The total is more than the number of respondents (i.e., 210), since some identified more than 1 company as an official sponsor in a product category.
It . . . appears that ambushers did not do as well as official sponsors when it came to consumer awareness of sponsorship status.

three categories measured by recall data. It appears that when respondents were faced with the necessity for increased information processing (i.e., the need to recall brand names), we observe ambushers to yield a positive benefit in comparison to "others." It might be concluded that for products prompting increased information processing, such as high-involvement products, ambushers might be a better alternative than sitting on the sidelines and keeping a low profile. On the other hand, in three categories (fast-food restaurants, hotels, and financial companies), "ambushers" were identified as sponsors even less often than "others." All of these cases are based on recognition data. When presented with an array of brand names (i.e., recognition questions), the ambushers did no better than those who sat it out on the sidelines during the Olympic telecast. This type of situation would appear most often in the marketplace for those products deemed "low involvement" (e.g., products on a grocer's shelf). We might infer from this that ambush marketing might be an inappropriate strategy for low-involvement products. Such product categories might benefit most from a sponsorship strategy, since peripheral cues such as the five-ring Olympic logo may be more influential.

The above results should be taken with some cautions. First, it should be recognized that our findings are in the context of a grand-scale international event. It is not clear if the same findings would hold in the context of local special events. Second, the findings are based on a set of seven product categories; a larger set will be required to validate these results. Third, the current study used a convenience sample, which resulted in a more educated and younger sample as compared to the general population. Thus, our conclusions are more valid for the affluent urban segment, which is often a desirable target market for many advertisers. However, in order to generalize to other market segments, further research is necessary.

Some basic research questions regarding sponsorship are left for future research: What are the benefits a company gains from being identified as a sponsor? What are consumer attitudes toward sponsors and do they translate into behavior (e.g., increased sales)? What is the most effective way to create awareness of the fact that you are a sponsor (or the most effective way to ambush)? While the current study tried to resolve some of the confusion surrounding sponsorship and ambush marketing and provide some insights and guidelines for decision-making, much more research is required in this fast-growing area of the communications mix.

References


