The Olympic Games and Business Enterprises

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DECLARATION

I declare that while registered as a candidate for the research degree, I have not been a registered candidate or enrolled student for another award of the University or other academic or professional institution

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ABSTRACT

Research into sports mega-events, of which the Olympics is the modern archetype, has often focused on the macro-economic and regional economic effects of hosting the Games. This research suggests that the local promoters and organisers of the event seldom, if ever, fulfil their promises. Drawing upon sport management, economic, and socio-historical analyses this thesis examines the economic trends and activities that occur within the business enterprises that are associated directly and indirectly with the Olympic Games. The thesis examines the commercial strength of the Olympic brand and how the brand has managed to evolve from being an instrument of peace and goodwill to a transnational nongovernmental commercial giant of imposing power and influence. The thesis provides an overview of the historical relationship between business and the Olympics and specifically analyses how business has engaged with the Olympics since the 1980s. Using London 2012 as a case study it attempts to assess how far London 2012 was good for business in the UK by examining the published accounts of the sponsors and suppliers of the Games. It also assesses the regional impact of the Games by looking at small and medium sized business enterprises (SMEs) in the south-east and the north-west. The results suggest that claims for a positive business impact from the Olympic Games are largely unwarranted. While the Olympics can be a catalyst for economic change, it should be viewed as a singular investment within a broader strategy for development. As a single event, the Olympics cannot guarantee a widespread economic impact on either major corporations or SMEs.

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DEDICATION

This thesis is dedicated to my Grandmother

Mariam Sokoya.

LIST OF ABBREVIATIONS

ACOG	Atlanta Committee for the Olympic Games
ATHOC	Athens 2004 Organising Committee
BOCOG	Beijing Olympic Committee of the Olympic Games
COOB	Comite Organitzador Olimpic Barcelona
DBIS	Department of Business Innovation and Skills
DCMS	Department for Culture, Media and Sport
FSB	Federation of Small Business
IFS	Institute for Fiscal Studies
IMF	International Monetary Fund
IOC	International Olympic Committee
LAOOC	Los Angeles Olympic Organising Committee
LOC	Local Organising Committee
LOCOG	London Organising Committee of the Olympic Games
NOC	National Olympic Committees
ODA	Olympic Delivery Authority
OECD	Organisation for Economic Cooperation and Development
ONS	Office of National Statistics
SLOOC	Seoul Olympic Organising Committee
SOCOG	Sydney Organising Committee for the Olympic Games
TOP	The Olympic Programme

Chapter 1: The Olympic Games and Business Enterprises: An Introduction

Introduction

Since the 1980s, the Olympic Games have grown to become the largest sporting event in the world. They attract the largest television audiences of any event and ensure a global spotlight on the host country and consequently all other organisations associated with the Games as a result. Hopeful countries must make a bid to the International Olympic Committee to host the Games in a bidding round that lasts at least two years. The bidding process is in itself a global television event. A bid proposal from a prospective host city and national Olympic Committee typically begins to develop about nine to eleven years prior to any particular edition of the Games. The IOC usually receives several bids and takes two years to evaluate the proposals made by prospective hosts (Preuss, 2004: 31). After the decision has been made, the announcement is invariably received as good news for the winning city, region, and country. However, it is an exogenous shock upon both the market and the industries that deliver the physical amenities, goods and services, structures, and systems that are required to put on the event. As soon as the announcement is made and the winning bid chosen, a 7-year long sprint begins. In recent bidding rounds, successful countries have had to prove that there will be some positive outcome from hosting the Games (IOC, 2005). Hence, Beijing's bid in 2008 emphasised 'opening up', while the UK's bid for London 2012 emphasised regeneration of deprived socio-economic areas and increased social participation in national life. The Olympics are not just about sport or about the two to three weeks event itself. It is widely recognised that for any host country there are short and long-term socio-economic, regeneration and legacy impacts of hosting the Olympic Games (Smith, 2008: 6).

Governments usually point out the social and economic impacts of hosting the Olympic Games as justification for investing an enormous amount of public funds into the actualisation and delivery of the Games. So for example, London hosted the Olympic Games in the summer of 2012 for the third time, having previously hosted the Games in 1908 and 1948. The national government of the United Kingdom, the city of London, and many associated public and private organisations spent GBP 8.92 billion preparing and delivering the Games. The International Olympic Committee (IOC) received over USD 1 billion in financial support, in-kind goods, and services from 11 ‘The Olympic Partner’ (TOP) programme sponsors. Broadcast rights totalled another GBP 2.515 billion. Ticket sales amounted to about GBP 2.4 billion. From the revenue taken in by the IOC directly, 92 per cent was distributed to various national Olympic Committees, teams, and athletes (Gibson, 2012; IOC Fact File, 2015).

Governments are not the only entities that invest money and other valuable resources into the Olympics; business enterprises also spend millions of pounds attempting to be associated with the Games. The aim of this association from a business perspective is to utilise the media attached to the Games as platform to advertise their respective products and services (Morelli, 2012: 1). This research thesis investigates the effects of the Olympics on business enterprises and the relationship between commerce and the Games. It offers a critical business history based primarily on sport management, economic and socio-historical scholarship. The short and long term impacts of the Olympic Games are usually discussed in terms of the Game’s social, economic and legacy impact. However, this thesis examines the economic trends and activities that occur within the businesses that are associated directly and indirectly with the Olympic movement. The thesis also examines the commercial strength of the “Olympic brand” and how the brand has managed to evolve from being an instrument of peace and good will to a transnational nongovernmental commercial giant of imposing power and influence in global sporting matters (Barney *et al*, 2002: 15-29).

This introductory chapter sets the scene in which the research took place. It provides an overview of the research and the aims and objectives of the thesis. The chapter provides a contextual background to the study and discusses a selection of previous work written on the Olympic Games and business enterprises. This research project took place in a period when the world, including the UK, was recovering from an economic recession. For this reason, the following section discusses the recession and how it impacted small and medium enterprises (SMEs) particularly. As SMEs are a major focus of the thesis, the nature of, and challenges for, SMEs are discussed. Finally, the chapter concludes with an outline of the other chapters in the thesis.

Aims of the thesis

This thesis is about how the Olympic movement has been influenced by business enterprises and how the Olympics in return also impacts business enterprises directly involved with it and within Olympic host regions. The thesis partly examines how the Olympic Games has been sustained through its connection with businesses. To stage the Olympic Games, a vast pool of resources and capabilities (e.g., money, people, and hours of productive capacity) must be aggregated, organised, and employed. It appears that the clear goal of the IOC and respective local organising committees today is to involve as many businesses and organisations that are willing and able to pay and render services towards that Games as long as they meet the 'Olympic requirements'. To accomplish this aim, the unique nature of the Olympics allows the Games organisers the luxury of not having to look for sponsors; on the other hand, prospective sponsors are constantly looking for ways to be associated with the Olympic brand. However, achieving this financial aim tends to produce turbulence within the business environment of the host region. Firms that can exploit opportunities to participate in the Olympic process create value and can capture economic gains (Alvarez and Barney, 2004: 623).

Research on mega-events, of which the Olympics is the modern archetype, has focused on the macro-economic and regional economic effects of hosting the Games (Kenyon and Palmer, 2008; Lee, 2005; Alvarez and Barney, 2004; Cashman, 1999; Girginov, 2011; Johnston, 1999). The conclusion frequently reached by this research has shown that the promoters and organisers of the event seldom, if ever, fulfil their promises (Preuss, 2004: 183, Whitson and Horne 2006: 11-14). It is expected that businesses from different sectors of the host nation's economy should gain from the Olympic Games. These gains are either as a result of their direct or indirect participation in the delivery of the Games, business boost during the event as a result of the presence of tourists, or as a result of the short term changes that may have occurred within their respective industries as a result of the Games. Industries like construction, security, hospitality and tourism tend to record such boosts as a result of the Games. Having noted this, the association of the Games with local businesses seems to be restricted to the major companies in individual industries and economic sectors; for instance, the long standing partnership between the Olympics and Coca-Cola may make it difficult for another smaller soft drink brand to associate itself with the Olympics. Given the above, based on the fact that most of the literature on the economic or business impact of the Olympic Games has focused mainly on the macro-economic levels of the host nations and cities economies, this thesis sought to investigate the impact of the Games on both the macro and the micro business levels of the host's economy. By doing this, the thesis presents insights into how deep rooted and widespread the business changes that occur as a result of the Games are.

Overall the research aims to produce a distinctive contribution to an under investigated area by examining three questions:

1. How have business enterprises engaged with the (modern) Olympic Games since the re-formation in the 1890s?
2. How did business enterprises engage specifically with the Olympic Games in London in 2012?
3. How far was London 2012 good for business in the UK?

Background and context of the thesis

Historically, the essence of hosting the Olympic Games was political. Dating back to 776 B.C, the Olympic torch was used as a symbol to maintain temporary peace amongst warring cities in ancient Greece so that the athletes could compete in a peaceful environment. However, since the beginning of the modern Games in 1896, and especially since the interwar period (1918-1939) countries and cities have sought to use these events as an opportunity to make political statements. These statements have varied from trying to boost the national image of the host nation to correcting a particular negative perception of the host nation to the rest of the world or to indicate a change in political direction of the host nation. The political nature of the Olympic Games has been reflected in the bidding process to host the Olympics. The pursuance of hosting the Game is usually political in nature. Interested nations and cities lobby and pull "political strings" in order to secure the right to host this event because of the perceived gains that are attached to them. In more recent times an example of such a political message sent through the Olympics was the boycott of the 1980 Olympics held in Moscow. The United States and its allies did this to protest the 1979 Soviet invasion of Afghanistan. Other countries that joined the United States in this boycott included West Germany, China, Japan, Argentina and Canada. In response to this, the following 1984 Summer Olympics, held in Los Angeles, saw another boycott, this time led by the Soviet Union. Countries that joined the Soviet Union in the boycott were East Germany, Czechoslovakia and Cuba. Iran was also absent from both the 1980 and 1984 Olympic Games (Hulme, 1990: 43).

The Olympics is also known for the social changes that it triggers within the host regions. Malfas *et al* (2004: 210) suggest that the Olympics can increase local regional traditions and values, and increase local pride and community spirit (Essex and Chalkley, 1998: 190). Similarly, Barbara Cassani from the London 2012 bid committee claimed that the Olympics was capable of raising national pride and gave the chance to show the host region at its best (Malfas *et al*, 2004: 214). Preparations for the Olympics also lead to regeneration of the host region as prospective hosts embark on building new sporting facilities or the redevelopment of existing ones in order for the organisers to be able to satisfy the requirements of the IOC. Moreover, the great numbers of participants and officials as well as tourists associated with the event usually require the construction of new roads and the development of the public transport network to ensure their efficient transportation to the sporting venues during the event. In addition, infrastructural development that is not directly related to the event often takes place, such as the building of leisure facilities, commercial centres and open spaces, which aim to improve the physical appearance of the host city or region. Consequently, it has become increasingly common for mega-events to be used as a trigger for large-scale urban improvement. Another social impact that occurs as cities prepare to host the Olympics is the re-occurring displacement of the homeless and low income local population. According to Malfas *et al* (2004: 214) displacement of locals may occur as a result of landlords trying to maximise the opportunity of a mega-event happening in their neighbourhood and hence see it as an opportunity to increase rents or evict present tenants to allow them to charge more for their properties.

The economic impacts of the Olympic Games have also been extensively discussed. Stakeholders have emphasised that the Olympics could boost the host nation’s economy. Predictions about the economic impacts of hosting the Olympics are based on its ability to increase economic development in the host region. Crompton (1995: 15-17) mentioned that the economic impact of hosting an event could mean the ‘result from spending connected to the event’. Hence this could mean income derived from the activities related to the event ranging from ticket sales to stadium spectators, sponsorship deals, jobs created as a result of the event and most importantly, the economic activities of the potential visitors and tourists that are likely to visit the host region as a result of the event. Whitson and Horne (2006) stated that the economic power of the Olympics is connected to three main factors which are: the tremendous growth recorded by the media industry in the 1980's which now enables the host cities and countries the opportunity to sell broadcast rights for the worldwide coverage of the event; the presence of prospective visitors during and after the event helps to boost the economy of the respective host nation or city; and the ability of these major events to serve as job creation opportunities is noted as one of the economic advantages attached to hosting a mega sport event. Next it is important to understand how previous research has discussed the relationship between the Olympic Games and business enterprises.

Previous research on the Olympic Games and business

Historically, the modern revival of the Olympic Games was successfully held in Athens in 1896, but the following Olympics at Paris (1900) and at St. Louis (1904) were hampered by poor organisation and the absence of worldwide representation. The involvement of commercial companies did not take off until 1912 at Stockholm where 10 Swedish companies purchased the sole commercial rights, primarily to take photographs and sell memorabilia of the Olympic Games. This trend continued in 1920 at the Antwerp Olympic Games, and in Paris (1924), advertising signage was allowed for the first (and only) time. The 1928 Olympics in Amsterdam witnessed the initial involvement of companies like breweries, which were allowed to operate and run restaurants around the sporting ground.

It is important to mention that the commercialisation of the Olympic Games was met with resistance. This was due to the fact that the Games was perceived to be 'pure' and some felt that the introduction of commerce into the Games could stain the amateur spirit of the Games. Also, the fact that the Olympics was mainly contested by amateurs meant there was less incentive for the organisers to monetise the Games. However, the costs of hosting the Games became a commercial burden on host cities (for example the Antwerp Games ended in deficit) and the economic reality was apparent; the successful delivery of the Olympic Games was a costly venture and required as much financial assistance as possible. The commercial success of the Games was to be built on the ability of the Games to demonstrate its overall appeal to corporate and manufacturing firms. Despite the fact that commercialisation of sports remains a debated topic, the benefits of the commercialisation of the Olympic Games is apparent to some, especially to the IOC and individual host cities. A partnership between the International Olympic Committee and the marketing company ISL (ISL Marketing Aktiengesellschaft) led to the creation of TOP programme in 1985 (Girginov and Parry, 2005: 15). The modern-day TOP programme provides each partner with exclusive global marketing rights to a designated product or service category (IOC Marketing Fact file, 2015; Papadimitriou *et al* 2008: 213). This period also introduced what would today be regarded as the longest partnership the Olympic Organising Committee has, which is the partnership with the Coca-Cola brand (Kenyon and Palmer, 2008: 33). Coca-Cola was the first major international sponsor to be recognised within the TOP programme, sponsoring every Olympics since the 1928 Games in Amsterdam and since then businesses have sought to be attached to the Olympic phenomenon (Pound, 1986: 85; IOC Marketing Matters, 2015). The relevance and importance of businesses participating in the delivery of the Olympic Games cannot be overemphasized, to the extent that the IOC may now be totally dependent upon it, as acknowledged by Dick Pound, former Vice President of the IOC: 'Take away sponsorship and commercialism from Olympic Sport and what is left? A large, sophisticated, finely-tuned engine developed over 100 years with no fuel' (Pound, cited in Kenyon and Palmer, 2008: 36).

The commercial growth of the Olympics can also be attached to the exposure the Games has been able to attract through developments in the media industry. The first television broadcast of the Olympic Games was in 1936 at the Berlin Olympic Games. This combined with the emergence of satellite and colour television, which has been used to broadcast the Olympic Games since Montreal 1976, has expanded the reach and popularity of the Games (Barney *et al,* 2002). The media attention the Olympics has received since it was first broadcast on television in Berlin (1936) may be the reason numerous business organisations have tried to associate their products, services and brands with the Olympic phenomenon. It serves as a broad platform to place adverts and ultimately boost the brand images of respective businesses. In light of this, the IOC has tried to regulate the nature of the businesses that are associated with the Olympic brand by restricting alcohol sponsorships and prohibiting tobacco sponsorship altogether (IOC, 2001) although subsequent Games have seen the IOC bend its rules on alcohol restrictions; this is discussed in chapters 2 and 3. The constraints by the IOC on the type of businesses that can be associated with the Olympics has not stopped the IOC from making millions of pounds from sponsorships and rights sales. For instance, the IOC and the Sydney Organising Committee for the Olympic Games (SOCOG) generated approximately USD 3 billion from the marketing of the Sydney 2000 Olympic Game; mostly from the sales of collective broadcasting rights, sponsorships, tickets and licenses. The Athens 2004 Olympic Games broadcast deal generated over USD 1.4 million in rights revenue, and the domestic sponsorship programme exceeded initial targets by 57 per cent, generating more than USD 300 million in domestic sponsorship of the Olympic Games and sponsorship of the Athens 2004 Olympic Torch relay. The Beijing Organizing Committee for the Olympic Games (BOCOG), under the direction of the IOC, signed 51 companies to what was then the most comprehensive domestic sponsorship program ever, generating a record USD 1.5 billion (BOCOG, 2008), and the London 2012 Olympic Games 2012 was funded by around USD 950 million from TOP sponsorship, and another USD 1.8 billion raised locally by the organising committee and a further GBP 700 million contribution from sponsorship and broadcast revenues from the IOC (IOC Fact File, 2015).

Having noted the commercial appeal of the Games, the IOC has created a sponsorship structure for different corporate sponsors. These sponsors are divided into different categories. There are "The Olympic Partners" (TOP) who are worldwide partners of the IOC. Next are the Tier 1 sponsors, who are in partnership with the Local Organising Committee of the Olympic Games. This category of sponsors tends to partner with respective host cities from the bidding process to the actual Games which is a period of about 11 years. Tier 2 and Tier 3 sponsors and official Games suppliers are usually smaller companies paying money or rendering their services towards the actualisation and delivery of the Olympic Games. According to Rogers (2012), Tier 1 deals for the duration of the London 2012 Games cost companies as much as USD 100 million, while Tier 2 deals cost about GBP 40 million, and it costs GBP 20 million to purchase Tier 3 sponsorship rights for the Games. There are also the Games suppliers who pay as much as GBP 10 million to be associated with the Olympic festival. All these activities occurred in a period when most of the world and indeed the UK was recovering from an economic recession, which also affected British small and medium size businesses that hoped to benefit from the impact of London 2012.

The Recession and Small and Medium Size Enterprises

The recession was the general economic decline observed in world markets in the last quarter of the first decade of the 21st century. Although the exact scale and timing of the recession varied from country to country, the UK experienced its worst share of the recession between 2008 and 2009; it was the worst since the 1930s (World Bank 2009; IMF 2012). Most advanced economies experienced falling output, although the crisis was particularly keenly felt in the UK because of the degree of dependence on the financial services sector and the high level of household indebtedness (OECD 2009; Simpson 2009; Kitching *et al* 2009; Weale 2009). The 1.9 per cent fall in Britain's annual gross domestic product in the 12 months preceding the fourth quarter of 2008 was on par with the fall in the UK economy throughout the recession of the 1990s. The UK experienced falling Gross Domestic Product (GDP) for five consecutive quarters and this constituted the official UK definition of a recession. GDP underwent a decline equivalent to an annual drop of 5.5 per cent, a greater fall than the 3.5 per cent drop predicted for 2009 (ONS 2009; HM Treasury 2009). Other macroeconomic indicators reflected the decline in business activity. Unemployment rose from 1.73 to 2.47 million in the year to July 2009 (7.9 per cent of the working age population), Bank of England interest rates hit a record low of 0.5 per cent, and the Retail Price Inflation index (RPI) stood negative at -1.3 per cent (SERTeam 2009; Kitching *et al* 2009).

The initial economic crisis saw a 7 per cent decline in output between the first quarter of 2008 and the end of 2009 in the UK. This was followed by a prolonged period of low and negative growth. This led to the UK re-entering recession in early 2012. At the same time, forecasts for GDP growth in the UK were revised downwards by the International Monetary Fund (IMF, 2012) due to the severe effect of the global economic crisis on the UK financial sector. Predictions by the IMF (2012) proposed that growth was likely to remain subdued well into 2012, and the view of the Institute for Fiscal Studies wrote that the recession “has cast a very long shadow in the UK” (IFS, 2012: 20; IMF 2012).The recession lasted for five quarters. The UK was the last major economy to emerge from the recession along with the banking and investment sectors, it also affected manufacturing output by causing a decline in manufacturing by 7 per cent by the end of 2008 and this consequently led to many established businesses having to fold up. The impact of the recession was also felt by SMEs.

This thesis discusses how the Olympics impacted on such small businesses and how these businesses also interacted with and tried to take advantage of the Olympics (see chapter 6). This relationship between the Olympics and business enterprises was evident in the London 2012 Olympic Games. The British government attempted to use the Games as an opportunity to involve small and medium size enterprises (SMEs) in the delivery of the Games. The government's rationale was based on the fact that SMEs are vital to the economic growth of the UK, especially since the Games were being held in a period when the country was just coming out of an economic recession. For the purpose of this research, I have adopted the European Union (EU) definition of an SME. EU law defines SMEs using two main factors: the number of employees and either turnover or balance sheet total. Table 1.1 outlines this clarification.

Table 1.1: The European Union Classification of Medium, Small and Micro Sized Businesses

Company category	Employees	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ EUR 50 million	≤ EUR 43 million	
Small	< 50	≤ EUR 10 million	≤ EUR 10 million	
Micro	< 10	≤ EUR 2 million	≤ EUR 2 million	

ec.europa.eu (2015)

From the above table, a medium sized company has fewer than 250 employees and has either (a) annual turnover not exceeding EUR 50 million (approximately GBP 40 million) or (b) an annual balance-sheet total not exceeding EUR 43 million (approximately GBP 34 million). A small sized company has fewer than 50 employees and has either (a) annual turnover not exceeding EUR 10 million (approximately GBP 7 million) or (b) an annual balance-sheet total not exceeding EUR 10 million. Similarly, a micro sized business company has fewer than 10 employees and has either (a) annual turnover not exceeding EUR 2 million (approximately GBP 1.4 million) or (b) an annual balance-sheet total not exceeding EUR 2 million. We now turn to briefly consider how British SMEs were impacted by the recession of 2008- 2009.

The effect of the Recession on British SMEs

The UK Department for Business Innovation and Skills bi-monthly 'business barometer' for June 2009 found that 44 per cent of SMEs reported difficulties accessing finance, including 33 per cent unable to access any finance at all and 71 per cent of SMEs, that offered any sort of instalment payments or credit facilities to customers, reported late payment as a problem (IFF Research, 2009). It is important to stress that SMEs are generally more vulnerable in times of crisis for many reasons, among which are:

1. It is more difficult for them to downsize as they are already small.
2. They are individually less diversified in their economic activities.
3. They have a weaker financial structure (i.e. lower capitalisation).
4. They have a low credit rating or none at all.
5. They are heavily dependent on customer creditworthiness.
6. They have fewer financing options.

Chow and Dunkelberg (2011) suggest that recessions initiated by financial crises are unusually severe, and affect small and medium size businesses depending on their respective product categories. One sector that was affected immensely was the construction sector. It is generally accepted that the recession was caused by activities within the financial sector (i.e. banking sector) and this brought about restricted access to mortgage loans and finance for new construction projects. This caused an early decline in the construction sector, in which SMEs account for 85 per cent of total employment (IFF Research, 2009). The implication of this according to the Office of National Statistics (2011) resulted in shrinkage in demand for construction- related professional services, such as property, financial, recruitment and transport services.

While SMEs in the construction, business services and manufacturing sectors were affected by the 2008-2009 recession, a number of studies suggested that other sectors were immune. Across both the 1990-92 and 2008-09 recessions, primary industries such as oil production and agriculture proved less vulnerable than other sectors (Audas and Mackay, 1997; Taylor and Bradley, 1994). The food sector generally has proved resilient to recession, illustrated by the expansion of supermarkets throughout the period (Athey, 2009; Simons, 2009; Price *et al* 2013). Many small businesses were able to adapt to recession conditions in ways that enabled the firm to survive, and even prosper. Recession presents small businesses with a dilemma: to either cut costs in order to maintain survival in the short-run at the risk of reducing the capacity to adapt adequately when recovery comes, or to maintain greater capacity, incurring higher costs in the short-run, in order to retain the capability to realise opportunities for long-term value creation when the upswing comes. Both processes constraining and enabling firms can occur simultaneously but unevenly during the recession (Kitching *et al*, 2013).

To survive during this period, cost cutting approaches were evident in the construction and manufacturing sectors, with many SMEs asking employees to reduce their working hours, take temporary pay cuts, or unpaid leave to survive a period of declining activity (Athey, 2009). Cheetham Hill Construction (CHC) in Bury, Lancashire, for instance had to take measures to retain its staff yet minimize loss during the recession. When the 2008-2009 recession started to bite, the company's turnover plunged to GBP 16 million from an annual average of GBP 26 million. The company then took the decision to keep people on but they had to sit at home for six months (Kollewe *et al*, 2012). With regards to regions and locations, Martin (2011) showed that the economic structure of a region – how diverse its structure is, the skills of its workforce, its entrepreneurial culture, and economic governance arrangements affects its response to economic shocks. The 2008-09 recession was expected to affect SMEs in peripheral regions, such as the North East, Scotland, Wales, and Northern Ireland, most in the longer term as these are the areas with the highest proportions of public sector employment (PWC, 2010).

Similarly, SMEs in their struggles to survive the economic recession took cost cutting approaches to finance, with many seeking funds internally or from family sources, thereby reducing their dependence on external finance which was more difficult to obtain (Cosh *et al*, 2009). Having said this, small businesses were perceived as able to survive, and possibly thrive, during periods of economic downturn, owing to their flexibility in adjusting resource inputs, processes, prices and products due to their size (Reid, 2007). Research done by Kitching *et al*, (2009) involving a survey of 165 small businesses in the UK emphasised the different experiences of respective businesses during the recession. One in twenty firms agreed that their survival was threatened by the recession. Another 8 per cent reported serious ramifications and larger proportions reported negligible impacts or no noticeable effects (Intuit, 2009). The Federation of Small Business reported in 2009 that findings from a survey of 4,400 business owners indicated that a rising proportion of owners reported an increase in trade and that the cost of finance was easing (FSB, 2009). The Business Link in London's Recession Poll of April 2009 found that although 69 per cent of small businesses reported were affected by the recession, 83 per cent planned to maintain current staff levels, 59 per cent were looking to grow in the next 12 months, 42 per cent were looking to expand through seeking new business opportunities, 17 per cent offered new products and services and 12 per cent reported hiring more people to increase capacity (Kitching *et al*, 2009).

The Business Link Diverse Business Confidence Index (July 2009) also surveyed 3,264 London small businesses within the South-East region of England and found out that 84 per cent planned to grow their business over the following 12 months through increased marketing activity (Kitching *et al*, 2009). A deteriorating macroeconomic environment does not necessarily lead to small business performance decline and exit. Stangler (2009) stated that the recession may have not had a negative impact on the formation and survival of new businesses explaining that more than half of the companies on the 2009 Fortune 500 list began during recession or bear market periods.

Studies demonstrate the importance of retrenchment activity and revenue-generation practices by small firms during downturns. Recession may stimulate activity in particular sectors or in particular kinds of business. Where customers switch to cheaper products to restrict expenditure, for example, this may boost suppliers of such goods and weaken the position of higher-priced providers (Churchill and Lewis, 1984; Michael and Robbins, 1998). In fact despite the recession, some companies were reported to have made a profit. The Federation of Small Business reported that around 20 per cent of small businesses were able to grow their profitability during the recession, partly because of pay freezes and job cuts (FSB, 2011). Understandably, some businesses might be willing to undertake risky investment, innovation or diversification because they believed current practices would not sustain performance levels during such a challenging period. This is not an unexpected phenomenon as Fuller (1996) stated that even during the early 1990s UK recession, the number of smaller sized firms with sales of GBP 51,000 – GBP 100,000 held up better than slightly larger firms with GBP 501,000 to GBP 5 million turnover. From the foregoing the recession had a negative impact on businesses in general however contrary to media reports, small and medium size businesses were not entirely powerless during this period. Research has shown that small business owners may misreport their financials during periods of downturn like the recession (Latham, 2009).

So, small firms' experiences of recession are diverse: some firms suffer declining sales, while others achieve higher turnover and profits. Business responses under recession conditions are highly variable. Lastly, small business adaptation and performance during recessions are contingent upon organisational factors such as resources available, and external influences, including product, labour and capital market conditions. Hence, it is difficult to point out one single best practice or strategy that guarantees business survival during a recession. Having noted the above, the timing of the Olympic Games in 2012 was problematic for businesses within the UK. It was either viewed by some as an expensive undertaking by the government considering the economy was just recovering from the recession or as an opportunity for businesses to use the presence of potential customers at the Games as a spring board towards sustainable economic recovery. In the past, recessions had often been followed by periods of relatively strong growth, as the economy to some degree 'makes up for lost time'. But, at the end of March 2011, UK GDP was still around 4 per cent below its pre-recession peak at the start of 2008 (BVCA, 2011). This is the context within which the research was conducted and the following section outlines the structure of the thesis.

The Structure of the Thesis

Chapter 1 has set the scene in which the research took place. It provides an introduction to the research and the aims and objectives of the thesis. Chapter 2 examines the development of relationships between commercial enterprises and the Olympic Games. It is about commercialisation and the economics of the Olympic Games, as manifested in the contradictory relationship between the IOC and commerce. It provides a critical analysis of the literature drawn from sport management, economics, sociological and socio-historical scholarship on the Olympics as it pertains to commerce. The chapter outlines how the Olympic Games have evolved as a commercial venture since 1896. It discusses the factors that affect the commercialisation of the Olympics, which includes the role Los Angeles 1984 Olympics played in the commercialisation of the Olympic movement. Another factor discussed in this chapter is the role the media plays in the commercialisation of the Olympics and it concludes by discussing the commercial structure of the IOC today.

Chapter 3 continues the discussion of the commercial transformation of the Olympic Games commenced in chapter 2. The chapter focuses on the business enterprises that have been involved in the delivery of the Games since ‘prolympism’ replaced ‘Olympism’ (Donnelly 1996). The chapter examines the IOC’s TOP marketing programme. Following this, there is a critical examination of the companies that have been part of the delivery of the Games since the inception of the TOP programme in 1984. The chapter concludes with a summary of the nature and number of Olympic sponsors.

Chapter 4 discusses the methodological challenges of researching small, medium and large business enterprises and the comparative, historical, and qualitative methods adopted in order to achieve the aims of the thesis. The chapter discusses the problems associated with researching major business corporations and small and medium size businesses in the context of the hosting of an Olympic Games. As this thesis examines the London 2012 Olympic Games as a case study for the purpose of determining how business enterprises engaged specifically with the Olympic Games, the next section of the chapter discusses the nature, benefits and demerits of doing case study research. The final sections discuss the methods of data collection, the research process, and the chapter concludes by discussing the data analysis methods used.

Chapter 5 attempts to identify the specific financial implications of the London 2012 Games for individual companies that assisted the IOC and LOCOG in the delivery of the Olympics. Hence this chapter explicitly addresses the second research question of the thesis: how businesses engaged with the London 2012 Olympic Games and what they gained or lost as a result. The chapter outlines the performance indicators used in detail and presents the findings and discussions from the financial performances of these sponsors starting from the TOP partners of the IOC to the Tier 1 sponsors, then Tiers 2 and 3 follow consecutively. The chapter concludes by discussing if sponsoring the London 2012 Olympic Games was worthwhile for the 52 sponsors and suppliers of the London 2012 Games.

Chapter 6 discusses how small and medium size enterprises (SMEs) faired during the preparation for the London 2012 Olympic Games and the roles they played in the delivery of the Games. The chapter provides a critical analysis of how London 2012 impacted on different product sectors and two selected regions in the UK. The first section discusses the nature and importance of SMEs to the British economy. The second section assesses the effect of the London 2012 Olympics on SMEs in the UK overall; looking at how small and medium size businesses responded to the news of the UK winning the right to host the Games and how the government and sports 'boosters' attempted to involve small businesses in the delivery of the Games. The third and fourth sections of the chapter analyse how the Games affected different sector of the British economy and the impact the Games had on various regions of the country, specifically the South–East and the North-West regions.

The concluding chapter (7) provides an overview of the findings of the research. The chapter discusses the limitations and challenges associated with researching large and small business enterprises including aspects of further areas of research that have emanated from the research process. The following section of the chapter discusses the growth, impact and implications of the relationship between the IOC and business enterprises. The discussion on how the Olympics may affect the financial performances of its sponsors, using London 2012 as a case study is discussed next and the final section assesses the findings presented in chapters 5 and 6 which attempt to identify the reach of London 2012 on business enterprises from different business sectors in selected regions of the UK.

Chapter 2: Commercialisation and the Olympic Games: A Review of Historical and Critical Assessments

Introduction

This chapter examines the development of relationships between commercial enterprises and the Olympic Games. It is about the commercialisation and the economics of the Olympic Games, as manifested in the contradictory relationship between the IOC and business enterprises. It provides a critical analysis of the literature drawn from sport management, economics and socio-historical scholarship on the Olympics as it pertains to commerce. The chapter begins by outlining how the Olympic Games have evolved as a commercial venture since 1896. This section provides a historical analysis of how the IOC tried to prevent the involvement of commerce in its affairs during the early years of the modern Olympic Movement, whereas today the IOC is very dependent on the financial support it gains from business enterprises. The chapter then discusses some of the myths surrounding the growth and development of the Olympic movement critically. In this critical assessment, I take into account recent discussions about Olympic values, the expense of hosting the Games, the issue of legacy and the relationship between the Olympic movement and large multi-national corporations. The chapter shows how the narrative of many Olympic stakeholders can be seen as rhetoric rather than reality.

The Olympics and Commercialisation in Historical Perspective

The chapter begins by presenting a timeline developed from Barney *et al* (2002) to outline the changes in direction of the Olympics from being an international 'force for good', to the sports mega-event and media spectacle it has become today. Table 2.1 below presents a selection of events that led to this change. The rest of this section examines some of the episodes identified in the timeline.

Table 2. 1 An Olympic Commercialisation Timeline

Date	Event
1896 (Athens)	Greek benefactor George Averoff financed the Panathenaic Stadium for the successful hosting of the Olympic Games.
1912 (Stockholm)	Special sport lottery, and ten Swedish companies that purchased sole rights to the Games allowed for the Games to finance itself for the first time.
1928 (Amsterdam)	Sponsorship was allowed including the long-standing association with Coca-Cola.
1936 (Berlin)	(Restricted) live television broadcasts began.
1950	The IOC got full control of the Olympic rings symbol from Californial business man Paul Helms.
1952 (Helsinki)	First attempt to create an international marketing programme. 18 firms from 10 countries including Coca-Cola (France), and Nestle and Omega (Switzerland), provided goods and services.
1964 (Tokyo)	Olympic Charter was amended to include ban of tobacco, brewery and distillery companies from sponsorship.
1972 (Munich)	IOC trademarked and protected its symbols.
1984 (Los Angeles)	For the first time, the Olympics was largely financed by private enterprises marking a

	turning point in how the Games would be financed henceforth.
1985	IOC partners with marketing firm International Sport and Leisure (ISL) to start the TOP programme. TOP I partners were Coca-Cola, Kodak, Visa, Time, Matsushita, Brother, Philips, 3M, and Federal Express.
1990-1992	TOP II companies were signed. Coca-Cola, Kodak, Visa, Time, Matsushita, Brother, Philips and 3M retained their partnership deals. UPS, Bausch & Lomb and Ricoh joined TOP.
1994-1996	TOP III. Partners were reduced from 12 to 10. Coca-Cola, Kodak, Time/ Sports Illustrated, Visa, UPS, Bausch & Lomb and Matsushita retained their partnership with the IOC. IBM, Xerox and John Hancock joined TOP.
1996	ISL was replaced by Meridian Management SA as IOC's TOP marketing agency.
1998-2000	Coca-Cola, Kodak, Time/ Sports Illustrated, Visa, UPS, Panasonic (Matsushita), IBM, Xerox, John Hancock all retained their partnership with the IOC. McDonald's and Samsung joined TOP for the first time.
2002-2004	TOP V. All previous partners from TOP IV re-signed except IBM. Schlumberger joined TOP this term.
2005-2008	TOP VI. ATOS Origin, Johnson & Johnson, GE, Lenovo, Manulife, and Omega joined

	TOP for the first time. Coca-Cola, Kodak, McDonald's, Panasonic, Samsung and Visa remained partners.
2010-2012	TOP VII. Acer, DOW Chemicals and Proctor & Gamble joined TOP for the first time while Coca-Cola, McDonald's, Visa, Samsung, Panasonic, Omega, GE and Atos Origin remained partners of the IOC.

Adapted from: Barney et al (2002); IOC Marketing Fact File (2015).

Commercialisation can be defined as the process of introducing a new product or production method into commerce, therefore making it available to the open market (Beech and Chadwick, 2004). The commercialisation of sports is that aspect of the sports enterprise that involves the sale, display, or use of sport or some aspect of sport so as to produce income, exposure and increase the market share for respective products. To this extent, sport has become increasingly commercialised, and the Olympics, being one of the most synonymous phenomenon within the sporting industry over the last decades, has witnessed explosive growth within the commercial spectrum of the Games. Although commercialisation of sports is still a contestable question, the benefit of the commercialisation of the Olympic Games is apparent especially to the IOC and individual host cities. Commercialisation makes the event profitable both for the International Olympic Committee (IOC), host-countries and participating nations. The implication of this is that the Games have been transformed into a sports global monoculture. Olympism has been replaced by 'prolympism'. Sponsors want to see results for their investment therefore smaller and less popular sports are relegated to the background and professionalism has replaced the so called amateur spirit of the Olympics (Donnelly, 1996). The IOC however claims that the financial profits are not the main aims of the Olympic Games; the presence of commerce makes the Olympics financially independent.

Before the commercial growth of the IOC, the Games had to be funded in a way. Barney *et al* (2002: 20) note that the Greek government were opposed to the first Olympic Games being held in Athens due to the financial responsibilities attached to hosting the Olympics. Nevertheless, the Games was still held in Greece as a result of the support it got from the Greek royal family and the Olympic Committee's representative. However, the Games had to be paid for by the Greeks. Greeks worldwide contributed the money needed to underwrite the costs of the first modern Olympic Games. George Averoff, a Greek living in Egypt donated a sum of 920,000 Drachmas (USD 2,925 in today's money; gocurrency.com) towards the building of the stadium used and by the time the Games opened on 25 March 1896, Greek individuals and organisations had contributed another 330,000 Drachmas (USD 1,049 today, gocurrency.com) towards the successful hosting of the Games. With the lack of commercial involvement in the Olympics, the 1900 and 1904 Olympic Games held in Paris and St. Louis respectively were regarded as commercial failures. The French tried to replicate what the Greeks had done in the previous Olympics. However, French private interests and exposition budget monies were not enough as a result, the track and field events were carried out on the grassy expanses of the Croix-Catalan, a section of the Bois de Boulogne, a property of the Racing Club of France (Barney *et al*, 2002).

The 1904 Games were awarded to Chicago initially, however, fund-raising efforts by the private and corporate sources failed. For this reason, in February 1903, a little over a year before the Games was supposed to start, it was moved to St. Louis. The financial failure of these Olympic Games can be attributed to the fact that the IOC was not able to provide support to the local organising committees of the Games. The implication of this was that the local organising committees relied on the available exhibition budgets. The early stages of the Olympics were not able to generate much interest from the business and manufacturing sectors as the Games was yet to prove its appeal nationally and internationally.

The London 1908 Games showed signs of corporate interest. The event organisers had solicited advertisements from commercial entities as a means of offsetting the costs of the Games. For this reason, the booklets describing the race procedures and listing entrants for the marathon had full-page advertisements of, for example, Dry Ginger Ale, Vaughton's Medal and Badge Makers, Schweppes Soda Water, and Wawkphar's Antiseptic Military Foot Powder

(Barney *et al*, 2002: 20- 22). The Fifth Olympiad in Stockholm in 1912 started to show a glimpse of the commercial possibilities achievable by the ‘Olympic brand’. This can be associated with the fact that the Games had attracted more international attention with 2,500 athletes from 28 nations competing in 102 events. The Stockholm Games had in attendance 260 foreign journalists and the organisers made full cinema coverage of the events available for the first time ever. A new stadium that cost the organisers of the Games GBP 23,000 was constructed. This was financed by a special edition of a national Athletic Lottery and receipts from ticket sales to the Games that amounted to GBP 4,400. Evidence of the gradual commercialisation of the Olympics was seen at Stockholm as “sole rights” to vend products within the Games venue was introduced.

The low level of corporate participation continued after World War I however. Antwerp was to be the host of the seventh Olympiad and the organisers of the Games hoped to make it a world fair. For this reason, the Games were supported by a Belgian federal grant of 1.5 million francs, a provisional subsidy of 200,000 francs and a City of Antwerp donation of 800,000 francs. However, this was not enough to underwrite the cost of hosting the Olympics as final accounting showed a deficit of 625,000 francs (Barney *et al*, 2002:20- 26). A further glimpse of ‘what could be’ in terms of exposure and commercial growth of the Olympic Games was evident at the 1924 Olympic Games in Paris. Prior to the event, the IOC made attempts to promote the Games at the national and international level. To this effect, the 1924 Olympics saw the organisers distribute 32,000 posters nationally and internationally. There were also arrangements for the distribution of 1.6 million luggage labels, 11 million vignettes in cigar and cigarette packages, 153 million Olympic stamps, 5,800 aerial photographs of Paris and the main stadium, and 84 million copies of an advertisement sent to French diplomatic posts for circulation in foreign countries. This publicity paid off as the Games had a then record 44 Olympic nations in attendance and 3,092 athletes competing. The Paris 1924 Olympic Games also saw for the first (and only time) commercial advertisements inside the stadium. Ovalmaltine, Dubonnet, Cinzano, and many other commercial products were advertised and the French Organizing Committee published a 320-page guide towards the Games containing advertisements on 256 of its pages (Barney *et al*, 2002: 27). This sort of advertising was allowed as the financing of the Paris Games was deemed financially challenging for the organising committee, however rumours of personal profit made by volunteer members of the previous Games in Antwerp confirmed De Coubertin’s fear that the commercialisation of the

Games would bring about greed which could affect the purpose of the Olympic movement (Barney *et al*, 2002).

By the 1920s the prospects of keeping the Olympic Movement going without the participation of commerce in its affairs had been challenged. The idealistic founder of the modern Olympics, De Coubertin, speaking at the University of Lausanne in 1928, opposed the escalation in the construction of stadiums, as he believed almost all the stadiums built in previous years were the result of local and, too often, commercial, not Olympic interests (De Coubertin, 2000: 184). He also spoke against 'athletics as a show', implying that commercially-based large-scale events would corrupt the amateur spirit; drawing upon promotional budgets and generating large crowds to justify the investment in the event, 'these oversized showcases are the source of the corruption at the root of the evil' (De Coubertin and Müller 2000: 184). Yet De Coubertin himself knew that his project needed to attract sponsors, and he was open to accepting some forms of commercial support. For instance, Barney *et al* (2002:29) note that De Coubertin's publication *Olympic Review*, the IOC's official bulletin, had featured a full-page advertisement from a Parisian sporting goods manufacturer in the January 1901 issue. Alcohol helped him fund the October 1902 issue, when the French brandy maker Benedictine paid for a comparable advertising spread. Having said this, the IOC at this time was unwilling to totally give in to commercialisation, but it was also relatively naive in terms of the commercial exploitation of its brand. The lack of corporate protection of the Olympic brand by the IOC at that time can be linked to the fact that the Games was hardly a global event especially as this was still the pre-television age. This was to leave the Olympics open to exploitation by bodies with a more basic commercial rationale. Barney *et al* (2002: 31-49) document in detail the case that alerted the IOC to the dangers of leaving its product unprotected: Helms Olympic Bread.

The lack of foresight by the IOC saw it struggle with Paul H. Helms, head of Helms Bakeries of Los Angeles, founded in 1931. Helms had secured a contract from the Los Angeles Organizing Committee to supply bakery goods for the Olympic Village at the 1932 Olympic Games and consequently went on to register the marks of the Olympics throughout the USA for his own exclusive use. These included the five-ring symbol, the Olympic motto and the word 'Olympic' itself (Barney *et al* 2002: 33). The inability of the IOC to register ownership of these symbols made it impossible for Avery Brundage to prevent Helms from continuing with his branding. Helms, a well-placed businessman with vision, had created watertight legal rights to what no one else had sought to claim in law. However, after protracted negotiations, Helms himself gave up his rights, in 1950, allowing the IOC to defend its symbols from commercial exploitation and, when the media potential of the event became clearer, to exploit its brand more fully for its own financial interests (Kieran and Daley, 1969: 300). This phase of the Olympic Movement was momentous for the IOC, as it signified the seriousness of the organisation towards rebranding the Games as a lucrative endeavour. The IOC winning the exclusive right to its symbols also acted as a major factor in the further commercialisation of the Games as is discussed in the 'marketing of the Games' section of this chapter below.

The 1952 Games in Helsinki were the first attempt by the IOC to launch an international marketing programme. Various companies from eleven countries provided both financial support and value-in-kind products for the Games: from food for participating athletes to flowers for medal winners. Another remarkable feature of the 1952 Games was the initiation of the Olympic coin which was first struck in 1952 in Helsinki; the Olympic coin programme brought a considerable amount of money to the Organising Committee (Miller, 2003: 72). The Games in 1956 marked the beginning of contract rights negotiations as we know them today. This was a result of Avery Brundage's recognition of the need to become more conversant with the operations of the television industry before attempting to structure appropriate television policies. This carefully planned process resulted in the modification of the Olympic Charter's Rule 49 on publicity that became the foundation for the broadcast policy of the IOC. This rule was put in place and enacted upon during the 1960 Games in Rome when broadcasting became a stable revenue source of the Olympic movement. Though the small number of TV set owners at the time meant that the contract only realised USD 60,000, it was a sign of progress in Olympic marketing (IOC, 2001).

The 1960 Olympic Games held in Rome showed significant involvement from the private sector and payment of broadcast rights. Walt Disney orchestrated the opening ceremony to the Games. By the mid 1960's the principles of Olympic licensing had become integral to the funding of the Games. This enabled the IOC to provide funds for hosting cities of the Games. Although the IOC had not been able to fully maximize the financial prospects of its brand, the IOC had begun to appreciate and encourage the participation of the private sector in its activities. Evidence of this was exhibited at the Tokyo 1964 Olympic Games. The IOC sold the “Olympia” trademark to a tobacco company (that, critically speaking, contradicted some key principles of the Olympic movement) for a sum of USD 1 million that was the first commercial income of the Olympic licensing programme. The number of sponsors grew to 250 and their technical and financial support became extremely important for staging the Games. Seiko-Epson presented their brand new quartz technology of timing during the Games having started the practice of sponsorship in specific Olympic areas (Miller, 2003: 170).

The relationship between the IOC and business enterprises continued to develop in Mexico City 68. Sponsorship income rose to almost USD 9 million. Adidas and Puma, which by then were competing fiercely, struggled to have participating athletes using their footwear and significant sums of money changed hands in what was still supposed to be an amateur tournament (Puig, 2006: 6). The Mexico City 1968 Olympic Games was also the first Games broadcast in colour television. This attracted growing number of spectators throughout the world. Prompted by the increased income from broadcasting, the IOC had to reconsider redistribution of revenues in 1972, sharing the profits with the host-cities, International Sports Federations (ISF) and National Olympic Committees (NOC) (IOC, 2004).

The then president of the IOC, Avery Brundage, was concerned by the rapid involvement of the IOC with the commercial sector. Even at the time of his retirement, at the Munich Olympics in 1972, Brundage was still declaring that the IOC ‘should have nothing to do with money’ (Barney *et al*, 2002: 100). Stepping down as president, he felt his fears of the negative impacts of ‘commercialising’ the Games were proven as he observed that arguments over the distribution of money were destructive, threatening to ‘fracture the Olympic Movement’ (Barney *et al*, 2002: 275). The number of sponsors grew significantly throughout the 1970s and by Munich 72 they were divided into three categories: those providing money, those providing material goods, and those with licenses. All had individual contracts specifying their rights and obligations and an advertising agency acted as the organising committee’s representative. For the first time there was an official mascot (Waldis), and its use in publicity by commercial companies led to significant revenues (Puig, 2006: 6).

Montreal 76 showed further glimpses of private sector participation in the Games. 628 companies participated and were classified as official sponsors, collaborating companies, suppliers, and licensees. The programme led to income of USD 7 million (Puig, 2006: 6). However, this growth was as nothing compared to what was to come in the closing decades of the 20th century with the expansion of scope to a global level. The boom must be considered in conjunction with the transformation of sport into a global phenomenon and the new interdependent relationship between television and sport. The overall effect was to transform the nature of elite sport resulting in the shift from the audience in the sports stadium to viewers in their sitting rooms, to increase the audience for television sports and finally to increase the commercial interest of companies to associate their image with televised sport (Puig, 2006: 6-7).

The politics surrounding the Moscow Games in 1980 did not encourage the commercial path the Olympic Games was on. Being a form of political marketing the Moscow Olympiad was to emphasize the achievements of USSR and socialist countries in multiple areas. Neglecting the principles of the free market. The communists did not manage to make the event profitable. Due to the ban on commercials in the USSR, the OCOG didn't receive any local sponsorship while only a few international brands sponsored the Games. There was no clear reason for advertising during the Games as most of the goods and services provided by partner-companies were inaccessible in the USSR. Coca-Cola became, probably, the sole western company that sponsored the Games through building of several plants supplying the viewers with non-alcoholic beverages. In addition to this, 65 countries did not participate in the Olympics despite being invited.

Los Angeles 84: 'The Games Changer'

Prior to the 1984 Games in Los Angeles and following the boycotts of the 1980 Moscow Olympics, political tension was rising and along with it concerns about the costs of staging the Olympics in Los Angeles (Kenyon and Palmer, 2008: 32). Gruneau and Cantelon (1988: 232) note that as a result of the financial ineptitude and corruption suffered by previous Olympics, the appeal of hosting the Games suffered to such an extent that there were only two cities bidding for the 1984 Olympics Tehran and Los Angeles. Later when Tehran dropped out of the race the IOC had no choice but to award the 1984 Games to Los Angeles. Kenyon and Palmer (2008: 32) point out that prior to the LA Olympics, most of the revenue for staging the Games came from ticket sales, broadcasting rights and fees imposed by the host city.

However, with the commercial viability of the Olympics now in question, and the general population of Los Angeles not willing to pay for the Games themselves, the IOC had no choice but to allow the city of Los Angeles to breach Rule 4 of the Olympic Charter, which entrusted the financial responsibility of hosting an Olympic Games to the city itself (Nixon, 1988). Consequently, the first private company responsible for staging an Olympic Games was inaugurated, the Los Angeles Olympics Organising Committee (LAOOC). To date, the LA Olympics have become a commercial landmark in terms of sponsorship and funding arrangements becoming the first and only Olympics to be financed entirely through private enterprise with sponsors providing at least USD 100 million (Brichford, 2002, cited in Kenyon and Palmer, 2008: 37). In its rewriting of the rules of staging the Games, the Los Angeles Olympics Organising Committee (LAOOC) was ensuring that LA would not go down the road of Montreal 1976, which had accumulated colossal debt that would have to be paid for by the citizens of the city and Quebec for decades to come. The Los Angeles Games broadened the commercial scope of the Olympic Games. With the creation of the first private Olympic organising committee, the organizers of the Games widened their resource pool and this has since been a framework adopted by subsequent Olympic host cities.

The Los Angeles 1984 Olympics generated approximately USD 250 million. In LA 1984 everything was sold including any bit of Olympic symbolism that could be peddled to the public via corporate sponsors and this showed the possibilities of commodification of the ritualistic elements of the Games. The President of LAOOC, Peter Ueberroth, suggested that the Olympic flame should be put for sale in the form of a three-month Olympic relay which would see the Olympic torch carried from New York to Los Angeles. Ueberroth himself was insistent that a three-month relay, involving 3,350 people across the country from New York, raising 10 million dollars for individually chosen charities and causes, would be incomparable pre-event marketing, whilst appealing to the American volunteering spirit (Ueberroth, 1986: 189-91). The LAOOC boss then had to persuade IOC personnel, and convinced IOC president Juan Antonio Samaranch and his top executives that selling the flame was not a 'commercialization of the relay', as no money would go to the organizing committee or the athletes. Although the Olympic torch relay itself was first staged in 1936, for the Berlin Olympics, the selling and sponsoring of the relay was unambiguous testimony to an unbridled commercialization on which the Los Angeles Olympics Games in 1984 was based. To date, the Olympic torch relay commences months before the start of the actual Games. In the case of London 2012, 8000 torch bearers carried the torch through 1019 towns and cities in the space of 70 days (Heald, 2012). In the build-up to the 1984 Los Angeles Olympics which signified the beginning of the commercialisation of the Olympic torch relay, not all Olympians were enthused about the fact that what was and still is referred to as an Olympic ritual had been reduced to the state of commerce. The International Olympic Committee (IOC) offers its idealised conception of the genesis and significance of the torch:

> *"The Olympic torch is a symbol taken from the ancient Olympic Games, during which a holy torch burned continuously on the altar of Zeus. Fire is thought to be purifying in most cultures. The Olympic torch is carried along a relay from Olympia to the host city, proclaiming the celebration of the world's greatest sporting festival. As it travels, it carries a spirit of peace and harmony, triggering huge celebration in which the whole world participates. It is a strong symbol of the international dimension of the Games". (IOC, 2000)*

Additionally, the torch relay offers an opportunity for sponsors to be directly associated with the Games in a way that the Olympic stadium and facilities do not (Horne and Whannel, 2012: 60). The Olympic torch relay for the Los Angeles Games was framed as a community initiative, mobilising thousands of volunteers and raising almost USD 10 million (Tomlinson, 2005: 7). The official financial summary of the Los Angeles Games stated:

> *"It was noted that for past Games, the top sources of funds had been direct government subsidies, receipts from lotteries and Olympic commemorative coin programmes, and then television rights sales, ticket sales and the sale of sponsorships. Direct government subsidies were unavailable to the LAOOC, and lotteries were then illegal in the state of California. ... the planning focused on sources in the private*

sector: television revenues, sponsorships and ticket sales". (Perelman, 1985:116)

The audited results (March, 1985) of the event showed the success of this commercial strategy. Broadcasting rights generated USD 286,794,000; ticket sales, USD 139,929,000; sponsorship and licensing, USD 126,733,000; the coin programme, USD 35,985,000; interest income, USD 76,319,000; and other sources such as non-monetary contributions, revenue from ticket-handling charges and accommodations, USD 102,884,000. Operating expenses were USD 398,394,000; payments for venue and facility use, USD 97,389,000; and expenses to the International Olympic Committee, USD 50,145,000. The accounts made joyful reading to sports entrepreneurs and elated politicians: no huge infrastructural costs, a willing and costless army of volunteers that eliminated significant labour costs and the outcome was a surplus of USD 222,716,000 (Tomlinson, 2005: 8). The United States Olympic Committee got 40 per cent of this 'excess of revenues over expenses' (Perelman, 1985: 119). Twenty per cent went to national governing bodies of sports in the USA. The rest went to the Los Angeles Organizing Committee Amateur Athletic Foundation for sport promotion and development (Tomlinson, 2006: 7). These figures were perceived profitable by the IOC, LAOOC, sport commentators and Olympic boosters. Broadcast rights generated the most revenue for the LAOOC, and this phenomenon has increased in subsequent Games. Figures from the IOC *Marketing Fact File* (2015) show that broadcast money has constituted almost 40 per cent of the IOC's total revenue since the Barcelona Games in 1992. Unsurprisingly, the success of these Games propelled a change in the way Olympic funds are generated. The IOC took over the broadcast rights for the Games and sponsorship deals for the major Olympic Sponsors. This is probably why the profit margin reported from the Los Angeles Games has not been achieved by subsequent Games since local organising committees are left to generate domestic funds towards the hosting of the Olympics despite the increase in infrastructural investment towards the delivery of the Games since LA 84. The steps taken by the IOC to capitalise more on the profitability of the Olympics especially as it concerns broadcasting is discussed below.

The IOC and the Media

The commercialisation of the Olympic Games cannot be divorced from the growth of the mass media industry. Newspapers, which were the primary mass communication tools of the first four decades of the modern Olympic, were the only means of communicating the events of the quadrennial multisport festival. Invariably, this also implies that the commercial opportunities available to the IOC were restricted to paper prints. Radio coverage of the Olympics did not start till the late 1920s and television coverage of the Games started at the Garmisch-Partenkirchen Winter Olympics in 1936. However the possibilities of the commercial relationship between the Olympics and television was not contemplated until the 1950s (Barney *et al* 2002: 15). Television sports audiences began to grow hence stimulating interest from advertisers. The expansion of television provided new horizons for sports sponsorship and gave sponsors the means of reaching an audience that went far beyond that of the stadium. This conversion of sport into spectacle for mass consumption is most clearly seen in the Olympic Games, which would never again be solely a sporting event but rather a media event. The London'48 Games were the first in which a set price was established for television rights. The BBC struck a deal with the organising committee and paid USD 3,000 for the right to broadcast 64 hours of Olympic programmes, which were watched by some 500,000 viewers (Puig, 2006: 6). Although the 1952 Games was only broadcast in two countries and attempts to broadcast the 1956 Games was hindered since US networks refused to pay broadcasting rights, by 1960 the right to broadcast the Games had increased from USD 3,000 to USD 1.2 million (Horne and Whannel, 2012). This increase was inevitable as the demand for the Games increased and so did the broadcasting technology get better.

Consequently, the Olympics got more attention from the various mass communication media, commercial enterprises sought to capitalize on the uniqueness of the Games as a means of exposure for respective brands, products and services. Barney *et al* (2002: 53) state that it was not until the 1950s before the commercial 'tussle' between television and the modern Olympic movement really began. Until the year 1972, the International Olympic Committee refused money from corporate sponsors and this meant forgoing potential revenue from television networks and business entities that were willing to advertise their products through association with the Olympic Games. The American media played a major part of the decision to televise the Games. Avery Brundage (IOC President 1952-1972) while sitting as the President of the

United States Olympic Committee and Vice–President of the IOC (1948- 52) had seen the growth of the sport television market in the US., especially how sports were being used in the US as a home entertainment medium. The establishment of rule 49 of the IOC publicity regulation in 1958 set the platform for the televising of the Games. It should be noted that Brundage's openness to the media was for three main reasons; firstly to guarantee the IOC a new source of revenue, to control the distribution of television revenue, and to protect the organisation from the direct impact of commercial enterprises. Having set the governing rules for televising of the Games in 1958, the IOC received a total of approximately USD 1.2 million in 1960 from the European Broadcasting Union (EBU) and CBS Broadcasting Inc. to show the Rome Games live on TV (Barney *et al,* 2002: 51-57; Horne and Whannel, 2012).

Roche (2002: 35) states that although the Olympic Games have historically diffused values, images, and information that created and promoted a positive global culture, the Games since the 80's have evolved into a "media event". The relationship between the Olympic Games and the media industry was highlighted at the 1984 Los Angeles Olympics. These Games have been regarded by many as the turning point in the coverage of the Olympic Games as it showed the extent to which the American TV networks were prepared to go in order to acquire the rights of transmitting the Games. Since then, the IOC has received a total of USD 11.7 billion in total in television rights money for subsequent summer Games. The advent of the Games as a global media event provides explanations about the rise of commercialism and professionalism in recent Olympic history. This has resulted in the Olympic movement becoming increasingly dependent upon the financial support provided by corporate sponsors (Giannoulakis and Chatziefstathiou, 2007: 22, IOC Fact File, 2015).

However, it should be said that the IOC had struggled since the 1956 Melbourne Games to develop a viable television rights policy that would govern the IOC's marketing of the Olympics to broadcast stations. Barney *et al* (2002: 52-77) note that the 1956 Olympic Games marked the IOC's first attempt to formulate policy concerning the sales of television rights and the procedure for distributing resulting revenue. Officials at the Melbourne 1956 Olympics demanded payment from television networks and cinema newsreel companies for the use of Olympic footage, stating that the prospective profit from an Olympic film marketed at the conclusion of the Games would be limited if the Games had already been viewed on television. Hence, they demanded payment for the coverage and transmission of the Olympic Games.

Television networks and cinema newsreel companies refused to pay for the coverage of the Melbourne 1956 Games stating that the footage was merely for news programming and the news footage would be dated by the time it is delivered to the television audience (considering satellite technology and the ability to broadcast live was not available until the 1960s). The inability to get payment from television networks and cinema newsreel companies in 1956 led Avery Brundage (IOC President 1952-1972) and other IOC members to resolve to develop a policy on the Olympic Television rights to be included in the Olympic Charter. This resulted in the reformulation of Rule 49 on publicity in 1958 to include directions to Organising Committees on the sales of Olympic television rights. The concept of commercialisation was important to Avery Brundage having had a business background. However, he was worried about the negative impact it might have on the image of the Olympic Movement, hence, the right to negotiate television contracts was ceded to the Organising Committees in order to shield the IOC from disputes with networks concerning money. Brundage retained the IOC's right to approve all contracts and distribution of the money at its discretion (Barney *et al* 2002: 52). The consequence of the amended Rule 49 was that all television and cinema news agencies were granted access to nine minutes of royalty-free daily coverage; but television networks seeking exclusive rights to more coverage of the Games would have to pay for this enhanced level of programming.

By the beginning of the 1960s, technological developments in the television industry and the amendment of Rule 49 of the Olympic charter made it possible for the 1960 Olympic Games at Rome to be televised live. These were the first summer Games to be televised live to eighteen countries. The Games were also televised in the United States, Canada and Japan although it was done on a delayed basis (International Olympic Committee, 1999). The European Broadcast Union (EBU) and Columbia Broadcasting System (CBS) paid USD 667,967 and USD 394,940 respectively for the live coverage and transmission of the Games (Barney et al 2002: 75).

The revenues generated from television rights since 1960 have been prominent in the commercialisation of the Olympics. It was also the source of various misunderstandings between the IOC and partnering organisations. With the inclusion of television right fees, each member of the Olympic movement insisted on receiving its perceived rightful share (Barney *et al*, 2002: 79). With the new inflow of revenue, host cities have dared to invest heavily to host the Olympics. The Tokyo 1964 Games is a prime example of such Games. While preparing for the Games, the construction of new subway systems and improvement of the city's transportation system cost in excess of USD 1 billion. Amidst the advancement of technological developments happening within the television industry, which made it possible for the Games to be transmitted via satellite overseas within seconds, Tokyo was the beneficiary of a further escalation in fees paid for television broadcast. In the USA, The National Broadcasting Company (NBC) paid USD 1.5 million for the broadcast rights of the Games. Consequently, in an attempt to recoup the USD 1.5 million fee paid for the broadcast right, NBC sold commercial time to cigarette and beer companies such as Kent Cigarettes and Schlitz. As a result of this, the IOC received complaints from viewers stating their irritation towards this form of sponsorship. In an attempt to avoid a reoccurrence of this, the IOC Executive Board included a ban on tobacco, brewery and distillery companies from the commercial sponsorship of Olympic Games (IOC, 1969).

Broadcast revenue for the Olympic Games has grown more than 25 fold in the past 35 years - from USD 101 million in Moscow 1980 to USD 2,569 million for 2012. The Olympic Games have achieved this success despite the fundamental principle that all television agreements be based on free-to-air broadcasting with availability for all. The IOC has also achieved and maintained this growth through direct negotiations, without having to incur any agency or third-party commissions. Consequently, the cumulative broadcast revenue from 1984 to 2015 exceed USD 9,357 million (IOC Fact file, 2015). The growth in broadcast revenue is reflective of the viewership of the Olympic Games. Interest in the Games has grown dramatically. Everyone in the world who has access to television now has access to Olympic Games coverage. It is estimated that during the 1990s the global television audience grew from 10.4 billion viewers for Seoul 1988 to 3,635 billion for London 2012 (IOC Marketing Fact File, 2015).

The Marketing of the Games

In the world of sports, marketing, promotion and advertisement are fundamental tools for generating profits. Ideally, the fact that the Olympic Games has grown to become a large scale global media event gives the impression that it attracts huge profits, hence, business entities are associated with marketing and advertising of Olympic Games. The popularity of the Olympic event allows the IOC the luxury of developing its own marketing concept that is clearly stated in the *Olympic Charter* (2015). The Olympic Charter is a guideline that explains in part the fundamentals of Olympic marketing through regulating the aspects of staging and financing of the Games. The Olympic Charter defines marketing as a concept of IOC's financial activity targeted to arrest the sources of self-funding (IOC Charter, 2015). Typically, the rhetoric of the IOC is that its marketing concept is not a tool of IOC's enrichment; instead, the IOC clams its marketing revenue is targeted to provide independence for the Games from the influence of governments and private business. Claims made by the IOC state that the organisation shares its revenue to provide essential development to sports throughout the world, especially to assists the development of sports in underdeveloped and developing countries. The Olympic marketing structure however is not devoid of shortcomings. First of all, advertising and sponsorship of the Olympics forbids explicitly the advertising on the apparel of participants or within the stadium or sporting arenas. The organisation continues to restrict revenue growing opportunities by rejecting any financial support from tobacco and alcohol companies because they are perceived as products that may damage people's health. Finally, the IOC deliberately restricts the number of Official Partners and Sponsors of the Games, choosing the companies most closely with the ideals of Olympic movement (Olympic Charter, 2015). The rules governing Olympic sponsorship as stated above have not been reflected in the actual practise of the organisation as is discussed in the next chapter. Nevertheless, the organisation has managed to create a level of exclusiveness that has allowed it to make a vast income, which has definitely shaped the commercial position of the IOC to date.

The Commercial Position of The IOC Today

Based on the financial success of the Los Angeles Games and the growing interest concerning the sale of broadcasting rights the IOC set up a new commission responsible for identifying revenue opportunities (Kenyon and Palmer, 2008: 32**,** Gruneau and Neubauer 2012). A partnership between this commission and the marketing company ISL led to the creation of The Olympic Partner (TOP) programme in 1985 (Girginov and Parry, 2005). The modern-day TOP programme provides each partner with exclusive global marketing rights to a designated product or service category (International Olympic Committee, 2008; Papadimitriou *et al.*, 2008; 215). Probably the best example of a TOP partner is the Coca-Cola Company which has had the longest continuous relationship with the Olympic Movement, sponsoring every Olympics since the 1928 Games in Amsterdam (International Olympic Committee, 2008). They were the first major international sponsor to be recognised within the TOP programme (Pound, 1986). In total, the first TOP Programme (TOP 1) attracted nine leading multi-nationals and generated around USD 95 million (Payne, 2006: 175). The Olympic Sponsorship scheme is essentially a relationship between the Olympic Movement and international corporations aimed to generate a comprehensive support for the Olympic Movement and the Olympic Games and, in return, generate exposure for the sponsors and supporters of the Games. Olympic sponsorship contributes in average more than 30 per cent of Olympic marketing revenue (IOC, 2015).

The success of the 1984 Games did not lie in bringing together ever-larger numbers of sponsors, but exactly the opposite, reducing the numbers but increasing the amount each one paid. The organisers limited the number of sponsors to 35 and set out specific conditions on exclusivity. Selected companies were willing to pay larger amounts since they were guaranteed exclusivity and a massive impact through US and international television audiences (Puig, 2006: 7). This framework has been applied to subsequent Games and although the delivery of the Olympic Games requires input from numerous business entities that have supplied services to the Games, the organisation has kept a limited number of partners and major sponsors that are provided exclusive rights to advertise their products through the Olympic platform. The income received from these sponsors and partners is only one of the few sources of income for the IOC (Horne and Manzenreiter, 2006). Olympic marketing programmes have four main sources of income (television rights, sponsorship programmes, ticket sales and Olympic licences) which are controlled by three strata of the Olympic Movement: the International Olympic Committee (IOC), the Organising Committees of the Olympic Games (OCOGs) and National Olympic Committees (NOCs). The IOC manages broadcast and new media rights, the TOP worldwide sponsorship programme and the official supplier and licensing programme. Under the direction of the IOC, OCOGs manage domestic sponsorship, ticketing and licensing programmes within the host country. In addition, marketing programmes are managed by the NOCs through their local sponsorship programmes (IOC, 2002: 32).

The relationship between the IOC and ISL (the IOC's marketing company) ended in 1996 as a result of the United States Organising Committee's (USOC) dissatisfaction with the competence of ISL's executives in dealing with major US companies (Barney *et al*, 2002: 236-242). This coupled with the fact that the IOC leadership had reservations concerning ISL's operational efficiency due to a series of personnel changes. Consequently, the IOC had to replace ISL. This was done by the establishment of a new company called Meridian

Management by the IOC. Meridian Management took up the duties of ISL and commenced to lead the IOC's effort in the generation of corporate sponsorship.

Since the 1984 Games the increased dependency of the Olympic Movement upon sponsorship has been reflected by the fact that approximately a third of the IOC's revenue comes from world-wide and domestic sponsorship programmes (Lee, 2005; Stotlar, 2005 cited in Giannoulakis and Stotlar, 2006:185). For instance, the IOC generated its revenue from five major sources between 2001- 2005 (See Table 2.2).

Table 2.2: IOC Revenue between 2001 - 2004

Source In millions	Olympic Marketing Revenue 2001-2004 (USD)	Olympic Marketing Revenue 2001-2004 (GBP)	per cent
Broadcast Fees	2,232	1,230	53
TOP Programme	663	365	16
Domestic Sponsorship	796	439	19
Ticketing Sales	411	227	10
Licensing	87	48	2
Total	4,189	2,309	100

Source: Olympic Marketing Fact files 2015.

By the early 1990s the IOC seemed to have created a structure that allowed the Games to be funded privately. Puig (2006: 8) notes that funding for the centenary Games in Atlanta'96 was entirely private. The main income sources were television rights, sponsorship and ticket sales. Global television audience totalled 3,500 million in 214 different countries, while ticket sales accounted for 26 per cent of total income. With 11 million tickets available, sales exceeded those of Barcelona'92 and Los Angeles'84 put together. Atlanta'96 also saw the dawn of the digital age for the Olympic Games as the organising committee became the first to have an official webpage (IOC, 2002).

Sydney 2000 continued the financial record breaking of the Olympic Games. Firstly the cost of the Games was mostly covered by the IOC. Through the financial support the IOC was getting from its partners, it was able to cover 63 per cent of expenses and the other 37 per cent were generated due to the marketing successes of SOCOG (Sydney OCOG) staging the Games. The Sydney 2000 Games broke all previous television records by attracting 3.7 billion viewers from about 220 countries. However, due to the growth of the broadcast industry and the remoteness of Australia to the rest of the world, only 92 per cent of all the tickets were sold (IOC, 2004).

The fifth generation of The Olympic Programme (TOP) sponsorship scheme with corporate partners was put in place for the Games between the years 2000 to 2004. Coca-Cola and McDonalds among other eight companies remained the most consistent sponsors of the Games. The first cycle of the scheme, TOP 1 (Calgary/Seoul 1998), generated USD 95 million, from 9 partners. TOP II (1992 Albertville/Barcelona) generated USD 172 million from 12 partners. Ten partners generated USD 350 million for TOP III (1994 Lillehammer/1996 Atlanta). In TOP IV (1998 Nagano/2000 Sydney), USD 500 million was generated by 11 partners. For TOP V the IOC generated an excess of USD 600 million in financial and technical support to the organizing committees of the Olympic Games and the Olympic Teams'. The TOP VI programme put in place for the Torino / Beijing winter and summer Games respectively generated USD 866 million and the VII TOP sponsorship programme generated USD 957 million for the Vancouver / London winter and summer Games respectively (IOC , Marketing Fact File, 2015).

This section has explored the development of the relationship between the Olympic Games and commercial enterprises. In the past 30 years, numerous critical assessments of the relationship have developed. The rest of this chapter discusses some of this work. In so doing, I weigh up the IOC rhetoric against the available empirical evidence in academic literature.

Critical Assessments of the Olympics and Commercialisation

The irony of the Olympic movement is that its commercial success is partly based on the IOC's anti commercial rhetoric and the fallacy that the Olympics represent goodwill, peace, purity and amateurism. Olympic boosters have argued that the Games provide opportunities for the display and exercise of civil society at the national and international level during the nineteenth century and these proclamations have been linked to the ancient Games. The question then is, what evidence is there to back up these claims and where did such claims emanate from?

Despite the desperate attempt by Olympic stakeholders to justify the amounts of money invested in hosting the Games by claiming the Games are anti-commercial and serve a positive purpose in the society at large, it appears that such values do not extend back to the ancient Games. These claims are creations of the organisers of the modern Games. The argument that the Olympics Games is a vehicle of good will and peace is at best not evident in the present version of the Games. Even in the ancient editions of the Olympics, Golden (2012; 12) claims there is no proof of the Games halting permanently or even temporarily any wars. Historically, there is little evidence to base the 'goodwill' and 'amateur' claims of the movement on. In the Olympic contest, Wagg (2012; 321) explains that the word amateur refers to an athlete that participates in the Games simply for the love of it. However, considering the evolution of the sort of athletes that compete in the Olympics, the idea of amateurism is more mythological than reality. Mythological in the sense that there was no distinct or precise requirement for ancient Olympians to be amateurs.

The idea that only amateurs should participate in the Olympics is a modern-day concept that developed when the sporting festival was resurrected in 1896. Not only were many ancient Olympians full-time professionals who received compensation from states or private patrons, but the ancient Greeks did not even have a word for "amateur." (To the Greeks, the word "athlete" meant "one who competes for a prize."). Money prizes were not offered to competitors at Olympia, but they were at other Greek sporting competitions. In fact, organisers of the ancient Games did not frown against compensation for athletes (Klein, 2012). On the contrary, these Olympians, especially winners, received gifts from the public as a result of their athleticism. As is the case today, fame and fortune awaited many ancient Olympic champions when they returned home. States awarded cash prizes to Olympic victors. Athens, for example, showered its champions with enormous sums of money and other rewards such as tax exemptions, front-row theatre seats and a lifetime of free meals in its civic building. Similarly, the billions of dollars that the International Olympic Committee receives from corporate sponsors and television broadcasters has taken it to a higher level of popularity, but commerce at the Olympics is not a modern-day invention. In the ancient games, licensed merchants ran food and drink concessions and sold souvenirs. Artists, sculptors and poets hawked their works. Olympic organizers could hand out on-the-spot fines to merchants who engaged in price gouging or sold inferior merchandise. Champions of the ancient games may not have got their photographs on boxes of cereal or corporate brand endorsements, but their images appeared on specially minted coins and state-commissioned statues. Owing to this, and with little proof the ancient Olympics was designed for amateurs and the evidence that the Olympics in this era vastly favoured professionalism, it seems disingenuous for the Olympic organisers to keep repeating the false narrative that the Olympics is meant to encourage amateurism. Similarly, according to Golden (2012) the Olympics has always been an event for the higher social classes and the appeal of the Games to members of the higher social classes remained pronounced in the early days of the Olympic revival. Due to the fact that Coubertin discouraged the compensation of athletes at the early Games, lower class athletes received no subsidies towards their travel let alone cash compensation adequate enough to attract working class entrants. The result of this was that the Games remained an event for those that could afford to spare the time and resources and that trend remains to date.

Horne and Whannel (2012:162) state that despite the claims by the IOC that the Olympics embodies values like amateurism and civil liberty in its early days, the Games these days are delivered by elite athletes on a platform made possible by capitalist ideas and there is little to suggest that the Olympics would change its focus to promote amateurism. The obvious implication of this is that the Olympics has become part of a growing consumer culture and the Games are one of its commercial spectacles. As a result, the commercialisation of the Games has birthed elitism as an integral part of Olympic participation. In fact, Horne and Whannel (2012) argue that medals won by Olympic participating countries appears to have a correlation with the amount of money spent on training and preparation, and this suggests that winning medals may be more difficult for underdeveloped and developing countries.

The myths around the history of the modern Games, irrespective of their accuracy, nonetheless seem to be working for the IOC. With spectatorship guaranteed, media companies are willing to pay the IOC large sums of money for the broadcasting rights of the Games. This status quo also implies that only the large corporations such as major construction and security firms will profit from the enormous amount of public funds invested in the delivery of the modern Olympics (Jenkins, 2012). One of the 'known unknown' impacts of the Games according to Horne (2007) are the business opportunities and new markets that become available because of the Olympics. However although these events are largely funded by the public, the result of these investments enhance private corporate sectors, which is only representative of a small sector within the broad economy of the host region. This is because of the fact that the modern Olympics and other major sports events are political affairs, surrounded by sports, urban and corporate interests. With this sort of commercial support, the IOC is able to generate maximum revenue as shown in Table 2.3 below.

Table 2.3: IOC Revenue from 1993 to 2012

Source of revenues. In million USD	1993-1996 (Lillehammer-Atlanta)	1997-2000 (Nagano-Sydney)	2001-2004 (Salt-Lake - Athens)	2005-2008 (Torino - Beijing)	2009 – 2012 (Vancouver – London)
Broadcast	1,251	1,845	2,236	2,570	3,914
TOP Programme	279	579	603	866	950
Domestic Sponsorship	534	655	736	1,555	1,838
Ticketing	451	625	608	274	1,238
Licensing	115	66	81	185	170
Total	2,630	655	4,264	5,450	8,046

Adapted from IOC Fact File (2015).

As can be seen, the IOC retains approximately 8 per cent for the operational and administrative costs of governing the Olympic Movement with the remaining 92 per cent given to national organising committees of Olympic participating countries to support the staging of the Olympic Games and to promote the worldwide development of sports (IOC, 2008: 5). This serves as an indication of how far the Olympic movement has grown from a being an amateur based sporting event to the spectacular mega media event it has become. Although there is a case to be made for the importance of finance in the dealings of the IOC if it was to remain sustainable especially given the enormous capital required to stage the Games in recent years, the backlash of this is that these financial organisations seem to have assisted in changing the focus of the Games from 'Olympism' to 'prolympism'. As this thesis seeks to understand the relationship between the Olympic Games and business enterprises, it is imperative to understand this dynamic.

As this thesis discusses the economic impact of the Games on small and medium size enterprises in the UK, chapter 3 and 6 discusses how the modern Olympics are constructed by facilitating legislation, which the host country is obliged to pass. These laws tend to enforce commercial privileges for some and restrictions for others (as well as imposing traffic, civil liberty and other restrictions). This has been a growing phenomenon within the delivery of the Olympic Games because of the organiser's actions to reduce ambush marketing. One implication of these actions is strict restrictions put on small enterprises that cannot afford any sort of official relationship with the Olympics. In the case of London 2012 for instance, the UK government introduced strict anti-ambush marketing legislation for the Games (the 2006 Act). This law essentially protected the official partners, sponsors and suppliers of the Games from external entities that might try to associate their brands or businesses with the Games. The Act also prohibited the use of specific word associations such as 'Olympics', 'gold', 'silver', 'bronze', 'medal', 'Games' and '2012'. The bid to enforce this act had negative effects on some small businesses and this showed how the organisers of the Games would rather protect the big companies that were capable of paying the required fees to be associated with the Games than allow SMEs to flourish (Boudway, 2012). Considering most of the funds invested into the hosting of the Games were generated from the public, the majority of the economic opportunities tend to favour corporate entities that either win contracts to construct these facilities or provide Olympic related services. It is clear that the bulk of the loss is shouldered by the public.

The Olympic Games and Major Business Corporations

The commercialisation of the Games has led to increase participation from major business corporations. Critics have argued that large-scale sports events like the Olympic Games offer an 'opportunity for corporations and governments to carry on their neoliberal agenda ever more aggressively' (Edwards in Perryman 2013; 199). This includes the effect of the spread of the military industrial complex as witnessed in the excessive security during sporting mega events. Security firms stand to benefit from this development and London 2012 was no exception. Along with the construction industry, banking sector, retail industry and transport sector, the security sector was expected to benefit from the delivery of the Games in 2012. Chapter 5 and 6 discuss this in further details, however it is worth mentioning that the delivery of the Games was clearly designed to favour some business sectors over others. Keeping in mind that the London 2012 Games was held while the country was just recovering from a financial crisis, the economic impact of the Olympics on the British economy was widely discussed especially since most business sectors were severely affected by the economic recession. Interestingly, the security boom did not seem affected by the global crash. Graham (2012) argues that it perhaps fuelled the security sector, as wealthy and powerful elites across the world sought more fortified lifestyles. This combined with the attempt by defence and security corporations building huge new income streams by systematically exploiting three linked trends: the lucrative possibilities created by post 9/11 fears; widening privatisation and out-sourcing in the context of deep austerity programmes; and the desire of big city and national governments to brand themselves as secure destinations for major global events. Given this, the Olympics provide especially important opportunities to cement the security boom further. They are the ultimate global security shop window through which states and corporations can advertise their latest high-tech wares to burgeoning global markets while making massive profits. The Olympics is an opportunity to display what the private sector can also do in the security space. Scrutiny of the role security firms played in the delivery of the Games raises questions about the intent of the Games organisers. The punitive and potentially invasive laws such as the London Olympic Games Act 2006 in force as London prepared to host the Olympics legitimised the use of force, potentially by private security companies, to proscribe Occupystyle protests. They also allowed Olympic security personnel to deal forcibly with the display of any commercial material that was deemed to challenge the complete management of London as a "clean city" to be branded for the global TV audience wholly by prime corporate sponsors, including McDonald's, Visa and Dow Chemical (Graham, 2012).

The construction industry also seem to have a ‘pre-ordained’ faith to gain from the Olympics and indeed most mega events. Clearly, there is an argument that the Olympics or any other mega sporting event cannot be successfully hosted without significant investment in the building and construction sector. These sort of events usually require upgrade of roads, stadia and in some cases construction of new ones. For sport boosters, the argument is that such works create job opportunities for local people however further studies have shown that the majority of these jobs are temporary. Similar to the situation with the security firms, Olympic construction jobs are ‘pre-ordained’ to benefit the major international firms and the elite groups of the society. Urban gentrification has led to increases in land values in the east end of London, which benefit only the wealthy property speculators, and financiers that are best placed to afford such opportunities. Horne and Whannel (2016:47) note that the legacy effect of the Olympic Games village was designed to be converted into 2,800 flats, and five new neighbourhoods to be established around the Olympic Park, which includes 11,000 more residence. However, although these accommodations were billed to be split between social and private housing, only 28 per cent of these homes are affordable to poorer people. In fact, Graham (2012) reported that as at March 2012 the Qatar royal family have bought the 1,400 homes of the Olympic village in a deal worth GBP 557 million. Looking at these various points together, one could agree with sceptics that the growing trends in Olympic delivery shows that the contemporary Olympics are ‘society on steroids’. They exaggerate wider social trends. Far removed from their notional or founding ideals, these events dramatically embody changes in the wider world: fast-increasing inequality, growing corporate power, the rise of the industrial security complex, and the shift toward much more authoritarian styles of governance utterly obsessed by the global gaze and prestige of media spectacles.

The effect of this phenomenon continues to present the Games as a profitable venture exclusively for elite business corporations especially considering that to date no Games since the 1984 Game has successfully broken even, and the fact that the Games do not benefit the public (who shoulder the financial burden). It is therefore important to investigate the involvement of other entities involved in the delivery of the Olympics. Aside from the IOC itself, major business corporations are vital to the delivery of the Olympic Games. Depending on how much these corporations are willing to pay, they are divided into different sponsorship categories with the TOP category being the highest. As is discussed in later chapters, sponsoring the Olympics has its own perks; chapters 3 and 5 discuss these benefits further. It also appears that the legacy of the Games seems to be geared towards enhancing the reputation and finance of the TOP sponsors of the Olympics. For instance, along with the prospect of making economic gains, major business corporations associate their brands with the Olympics in a bid to enhance the company's reputation and this was evident in the London 2012 Olympics. The notion that the Olympics represent good will is the reason brands like Dow Chemicals and major banks attempted to use their association with the Games to enhance the company brand.

Other groups of companies that perhaps should not be associated with the Games considering they provide goods and services that are arguably inconsistent with Olympic values are fast food corporations (McDonald's) and sugar drink producers (Coca-Cola). This involvement with the delivery of the Olympics is discussed in chapter 3 in an attempt to evaluate the nature of the Olympic sponsors. Another group of companies that have been associated with the Games in order to benefit not only financially but also to reap the continuous legacy impact of the Games are the banks and financial institutions. Their involvement is also questionable considering the role banks played in the 2006-2008 economic crash. Dow Chemical's involvement was also questioned because of links with the 1984 Bhopal disaster, which killed more than 15,000 people. However, the London Organising Committee of the Olympic and Paralympic Games and the IOC have repeatedly backed Dow's stance. Being that the IOC depends heavily on the funds it generates from such companies the estimated USD 150 billon deal with DOW (spread over ten years) billed to be spent on Olympic Games - building stadiums, venues, athletes' villages, roads and bridges was unsurprisingly defended by Olympic stake holders. In fact, London 2012's chairman, Lord Coe ironically defended the association claiming that the criticism was "damaging the credibility of the standing of London and the Games" (Wilson, 2012). However this relationship with large corporations hinders smaller businesses from benefiting from the legacy of the Olympics which raises questions about the values of the Olympic Games.

The Olympic Games and Legacy

So if the Olympics do not stand for the claimed values, Lenskyj (2002) has instead asked of the Olympics, 'who wins? and who loses?' as a result of them. This thesis attempts to answer this question as it pertains to economic growth in chapters 5 and 6, however the legacy impact of the Games may not be encouraging for future host nations as well. In defence of public funds invested into the hosting of the Olympics, governments have pointed to the infrastructural developments and Olympic legacy that occur because of the Games. When cities invest in a two-and-half-week festival of sport the expectation is to reap some longer-term benefits; but legacy is a problematic word. Problematic because it has more than one element to it. First there is the material legacy left behind in the shape of stadia and venues erected for the purpose of the Olympics, there is the cultural legacy, the impression of the host region that visitors take away with them, and there is the human legacy.

It appears that the emphasis on the Olympic legacy is a distraction from the failure of the Games from achieving its proposed economic impact. In fact the emphases on the legacies and urban regeneration were largely the reason London won the rights to host the Games in 2012 (Horne and Whannel, 2012). However with the economic, social and legacy justifications for the Games being questionable, one begins to wonder what justifications there are for the enormous amount of public funds invested in hosting the Olympics. Evidence from the years since the London 2012 Games give some indication if the legacies of the Olympics justify the investment or not. Firstly, the organisers argued that the Games had the potential legacy to inspire a new generation of sports enthusiast, however the Olympics failed to achieve this goal. Gibson (2015) notes that since the Olympics concluded in 2012, weekly participation in sports and physical activities dropped. In fact, only three of the 26 Olympic sporting bodies (athletics, cycling and gymnastics) in the UK witnessed statistically significant increases in participation since 2012-13, with 15 other sports recording a fall. Moreover, since the Olympics, once-a-month participation figures show nearly 700,000 fewer adults are playing nationally funded sports (see graph 6.1). This despite the fact that over 1.5million more people have not been taking part in any sport since 2010 despite a growing population base.

London used the 2012 Games as a catalyst towards the developments of the eastern part of the city and to inspire sports participation among the populace. Although the Games served as a catalyst towards the development of East London, Horne and Houlihan (2014, 112) argue that this regeneration would have happened anyway, although the Games helped to accelerate the process. Horne and Houlihan (2014) also argue that although the 2012 Games was expected to generate between 8,000 and 10,000 job opportunities, it is typical for major sporting events to generate temporary job opportunities. In addition, in the case of London 2012, questions about which local residents of East London benefitted from the job opportunities were raised since majority of the jobs created for the purpose of the Games are mostly temporary and the better opportunities go to highly skilled personnel. Similarly, the regeneration reportedly triggered the displacement of occupants from this region of the city. Raco and Tunney (2010) point out that the regeneration of east London affected over two hundred businesses in the area. This along with the fact that after this regeneration scheme had been completed, the area become unaffordable for the original occupants, hence forcing out members of lower social and economic groups out of the region. Minton (2012) also argued that private corporations, designed for profit and watched over by CCTV, now own this transformation of Britain's streets by the construction of new property. Which makes one wonder if these gleaming business districts, mega malls, gated developments – even the Olympic Park – led to 'regeneration', or have they intensified social divisions?

The conversation about the legacy of the Olympics can be linked to the commercialisation of the Games. As the thesis demonstrates, there were strict restrictions placed on small business entities concerning association with the London Games, making it impossible for them to benefit from the business legacy associated with the Games, whilst the major companies (including those whose participation was contested) were protected by the Games organisers. It appears that hope of gaining from either the economic and legacy impact of the Olympics is dependent on how much a business entity is willing to contribute to be part of the sporting fiesta. There is however little to suggest that this phenomenon is going to change. According to Tomlinson (2012), the capacity of the Olympics to remake its own myth continues to attract political and economic partners. With such power, the organization holds a unique socio-political position, which allows it to continue protecting its own interest and that of the Olympic sponsors, which provides economic and legacy benefits to major corporations, but limited benefits for the locals whose taxes financed the event.

The Olympic Games and White Elephants

Games boosters argue that the Olympics and mega events trigger infrastructural development. Lenskyj (2002) discusses this development, linking it to the growth of the event, which inevitably caused the cost of hosting the Games to grow simultaneously as well. This phenomenon has therefore had financial implications for Olympic host cities. Aside from the exaggerated economic value of the Olympics, preparation for the Games usually trigger expensive infrastructural investments primarily financed through public taxes. Unfortunately, these infrastructures tend to be of little to no use after the Games have been concluded, despite their cost. Jenkins (2012) note that governments, politicians and sports boosters are clearly aware that all big sporting occasions are 'white elephants', imposing punitive costs on the local public sector. They therefore tend to seek justifications for these investments. Yet it is apparent the Olympics and other sporting mega events seldom produce the economic value they are expected to and instead have increasingly produced 'white elephant' projects. It is therefore not surprising that the emergent usage of legacy in relation to sports mega-events coincides with the growth in the size of the Olympic Games, which continues to generate an increasing number of 'white elephant' constructions (Horne and Manzenreiter, F/C).

Example of such 'white elephant' projects was noted by Teixeira (2012) while discussing the negative impact Montreal 1976 had on the city. Funding of this particular Olympic Games left the city of Montreal in a USD 1.5 billion debt that took 30 years to pay off. Despite this, the facilities erected for the purpose of the Montreal Olympics have been underutilised by the city. Another example of such facilities was noted by Smith (2012) in Athens's Olympic park, which in 2004 was billed as one of the most complete European athletics complexes. The venue cost the Greek government nearly USD 15 billion over its initial USD US1.6 billion budget. The state of the facility today due to lack of maintenance and use is indicative of misplaced extravagance, desolation and despair. The case of London 2012 was different. Although the Olympic stadium specifically built for the Olympics would be eventually leased to West Ham football club, Gibson (2012) amongst other commentators have raised concerns about the cost of the facility's conversion to the public. The cost of the stadium conversion for football and stadium- running costs after the Games was increased to GBP 272 million, taking the total cost of the stadium to more than GBP 700 million, from the originally estimated GBP 280 million. Unfortunately, although the facility has been built and converted through public funding, it is due to be utilised by a commercial football club that profits primarily from its use.

Conclusions

In conclusion, this chapter has outlined the contradictory position of the IOC on commercialisation. The Olympic Games have an enormous international appeal and they leave behind an important heritage to the Olympic cities. They embrace all aspects of human activity, from finance and tourism to trade, communication, urban regeneration and culture. Although, it is clear that vast level of resources (financial and services) are required to deliver the Games considering its magnitude and reach, it appears the IOC is willing to trade its core values for the spectacular media event it is today.

The modern Olympic Games originated as a non-profit event aimed to encourage amateur sport amongst young people. The Olympic Games gained popularity with the public and consequently attracted investments from domestic and international sponsors. To date, sponsorship has become an inalienable part of the Olympic movement especially as expenditures for hosting the Games tend to rise at every Olympiad (Barney *et al*, 2002: 17). About the athletes, Olympism highlighted fundamental moral values, such as fair play, friendship, mutual respect and peace, which have their origins in ancient times and constitute the Spirit of the Olympic Games. The Olympic Spirit according to Hsu (2000) includes values such as, "truce, honour and honesty, beauty, healthy body towards healthy mind, fair play, pursuit of excellence, kalos kagathia- a concept that denoted the successful integration of moral, artistic, intellectual, and physical creativity". Arguably these values are vanishing from the Games since the inception of commercialism that has encouraged professionalism within the Olympic movement.

Papanikolaou (2012) rightly notes that one of the main disadvantages of the commercialisation of the Olympic Games lies in the "sale" of the athletes themselves to commercial companies and the commercial exploitation of their performances. With the advent of prolympism and commercialisation, athlete's sponsorship deals have amounted to enormous sums of money being paid to athletes, especially when the athlete not only wins but also sets a world record. Such sponsorships to athletes have introduced unfair competition in the Games, to such an extent that the Olympic concept of fair play has been undermined, and they represent an extreme form of commercialization of the Olympic Games.

The era of TV broadcasting started in 1936 in Berlin and received its further development during 1948 Games in London. Since that time broadcasting licensing remains the most profitable item of IOC's income (IOC, 2012). Also, the initiation of The Olympic Partnership programme also emphases the ambiguous rhetoric of the IOC commercially. As stated earlier in the chapter, the economic potentials of the Olympic brand and symbols was acknowledged by business enterprises outside the IOC before the organisation realised the full potentials of the brand. It is therefore more worrisome that when the IOC decided to build a marketing structure for the brand, it did so in cahoots with one such entity. International Sports Leisure Marketing (ISL) was created by Horst Dassler, of Adidas and had a running partnership with the Fédération Internationale de Football Association (FIFA). Juan-Antonio Samaranch (IOC President 1980- 2001) modelled the IOC marketing framework after the same partnership (Sugden and Tomlinson, 1988). ISL and the IOC established a partnership aimed at worldwide marketing of the Games, yet another lucrative deal for Dassler's company that gave ISL global domination of arguably the world's two biggest sports events (Tomlinson, 2005). It seems the fate of the Olympic Movement was sealed with such a partnership established as early as the inception of the TOP programme.

Finally, the Olympic Games was originated as a non-profit event aimed to encourage amateur sport amongst youths, yet the position it fills in society requires commercialism and professionalism (or prolympism). Rather than picking a side, the Olympic movement seems to function simultaneously with these contradictory stances. Hence, the organisation continues to struggle to create a balance between Olympism and prolympism. With that said, the following chapter looks critically in more detail at the relationships with business enterprises involved in the commercialisation of the Olympic movement since the inception of TOP in 1985.

Chapter 3. Business Enterprises and the Olympic Games: 1984-2012

Introduction

The previous chapter examined the commercial transformation of the Olympic Games from what Horne and Whannel (2012: 85) refer to as trade fairs to the multi-million dollar sport mega-event it is now. This chapter examines the numerous business enterprises that have been involved in the delivery of every Summer Olympic Games since 'prolympism' replaced 'Olympism' – from 1984 to 2012 (Donnelly, 1996). Although the 1984 Games is regarded by many as the Olympics that changed the commercial approach of the IOC (Preuss, 2004: 16), it is important to examine the commercial activities that took place in the Games within the decade before the Los Angeles 1984 Games because these activities set the framework and justification for the changes that have been enacted on the Olympic Games from 1984 in Los Angeles to date. This chapter analyses the commercial influences of business enterprises on the Olympic Games since the 1980s. The chapter continues the discussion of Olympic Sponsorship begun in chapter 2 keeping in perspective the reason why companies pay a lot of money to be associated and maintain a relationship with the Olympic Movement. This discussion leads to an examination of the IOC's TOP marketing programme as it is today. Following this, there is a critical examination of the companies that have been part of the delivery of the Games since the inception of the TOP programme in 1984. The chapter then goes on to discuss the nature and value of Olympic sponsorship. Finally, this chapter concludes with a summary of the nature and number of Olympic Sponsors since 1984.

Olympic Sponsorship

At the core of the commercial transformation of the Olympic Games are the Olympic Sponsors. The IOC in 1985 set off to construct a commercial platform that would allow it to maximise the profitability of the Olympic Games while maintaining the integrity and spirit of the Olympic Movement. Since then, sponsorship has become the second 'commercial pillar' of the IOC (broadcast fees being the first). However, payments for TV rights are dependent on Olympic sponsorship. For instance, in 2000 national and international sponsors bought approximately 35 per cent of the advertising time during Olympic broadcasting and therefore the sponsors help refinance the investments of the TV stations (Preuss, 2002: 12). Prior to 1984 no real international Olympic marketing existed and fewer than 10 NOCs generated any revenue from marketing programmes (Preuss, 2002: 11). However, since 1985 there has been significant growth in the number of companies that have been involved in the delivery of the Games.

Olympic sponsorship involves an agreement between an Olympic organisation and a corporation, whereby the corporation is granted the rights to specific Olympic intellectual property and Olympic marketing opportunities in exchange for financial support and goods and services contributions. Olympic sponsorship programmes now operate on the principle of product category exclusivity. Under the direction of the IOC, the so-called 'Olympic Family' works to preserve the value of Olympic properties and to protect the exclusive rights of Olympic sponsors (IOC, 2015). Along with the maximisation of the profitability of the Olympic Games, the IOC intends to use its various sponsorship packages as platforms to ensure the financial stability of the Olympic Movement, generate continual and substantial support through sustained long-term partnerships with LOCs with the help of private business enterprise participation, provide equitable revenue distribution throughout the Olympic Family, ensure the financial and operational viability of the Olympic Games and prohibit the "uncontrolled commercialisation" of the Olympic Games (IOC Fact file, 2015).

Keeping in mind that the commercial value of the Olympic Games was apparent to business enterprises before the IOC fully understood the worth of its brand, the change in heart by the IOC to create a commercial structure that allows the involvement of private businesses in its dealing was welcomed by the business community. For instance, Applebaum (2004: 2) notes that in 2003, companies spent approximately USD 30 billion worldwide on sponsorship and 77 per cent of this amount was spent on sport sponsorship and marketing. This shows how sport is an integral means of brand promotion within the corporate world. The rationale behind sport sponsorship is simply a means of replacing the "shotgun approach" of promoting a corporation or products to a mass market through various media vehicles. Companies believe that association with specific sporting events or teams may allow the sponsoring companies to focus their promotional programmes to a very specific target audience of interest. In addition, sponsorship of a sporting event also allows the sponsor to create a distinct image for its products by associating itself with the particular sporting event (Hoek *et al,* 1993: 60)

In terms of sheer size and global recognition, the Olympics is arguably the biggest and most lucrative sporting event in the world. Its ability to command the focus of the media and the attention of the entire world is incomparable to other sporting events. With such influence, the Olympics has become more than just a grand congregation of athletes from all over the world. It has been transformed from a venue of friendly sports competition into a major marketing spectacle (Reynon, 2008: 1). Companies have realised the brand value of the Olympics and have been attracted by its strong marketing power. Consequently, within the last three decades, the IOC has witnessed an enormous pool of interest from the private sector, and this has led to marketing revenue generated by the International Olympic Committee to steadily increase. Sponsorship of the Olympics is now very expensive. The estimated revenue from sponsorship at the 1984 Los Angeles Olympics was only USD 200 million (*The Economist,* June 25, 1991). According to one estimate, the total revenues raised from sponsorship fees during the 1996 Summer Olympics in Atlanta was around USD 1 billion and revenues from the sale of broadcast rights was an additional USD 1.4 billion (*The Financial Times,* March 6, 1996). The London 2012 Olympic sponsors generated a total of USD 2.2 billion (Rogers, 2012: 1). These figures reflect a substantial increase over revenues generated from any previous Summer Olympics. Part of the increase in the total sponsorship revenues reflects increases in the cost of specific categories of sponsorship. The fee paid by these organisations for the TOP category of sponsorship, giving each the right to promote its products worldwide using the Olympic logo, was approximately USD 13 million for the 1988 Olympics in Seoul, Korea, and USD 23 million for the 1992 Olympics in Barcelona, Spain. Four years later, for the 1996 Summer Olympics in Atlanta, the sponsorship fee for the TOP category was USD 40 million (Ponsford and Agrawal, 1999; 20; IOC Marketing Fact File, 2015).

In return, so called “partners”, “sponsors” and “suppliers” of the Olympic Games tend to enjoy different rights and interests in accordance with their contributions to the Olympic Games. Major rights and privileges include the use of symbols and typeface of the IOC, Olympic Games and the LOCOC to promote their products or services. Similarly, exclusive rights to promote certain products or services, Games-time services such as accommodation, venue access pass, tickets for the opening and closing ceremonies and competition sessions, and use of the sponsorship hospitality centre, privilege of purchasing the rights to run Games-time TV commercials and outdoor advertisements are given to these “partners”, “sponsors” and “suppliers”. Other privileges of sponsoring the Games include: sponsoring cultural events such as the Olympic Torch Relay, participation in sponsorship seminars and field research organised by the IOC or respective local organising committees, participation in sponsor recognition and acknowledgement programmes implemented by the IOC or respective local organising committees, and IOC or LOCOG protection from damage caused by 'ambush marketing' (IOC, 2008: 9). Ponsford and Agrawal (1999: 24) suggest that the growing investment in sponsorship of the Olympics is motivated by business objectives such as information, imagery, signalling, and generation of trial and sales. Sponsors also want to reach several different clienteles, including consumers, trade clients, investors, and community through the sponsorship of the Summer Olympics. Aside from the sponsorship fees paid to the IOC or OCOG, companies have to fund their respective advertisements and other associated promotional activities.

The exclusivity the IOC guarantees its commercial sponsors and partners in exchange for the large sums of money they pay has been undermined from time to time however. There are other businesses that are not willing to part with such significant amount of money but would still like to enjoy the sort of publicity derived from associating with the Games. Such companies may then decide to ambush the event promoting their product(s) without proper authorization. 'Ambush marketing' refers to the practice of aligning a brand with a particular event (such as the Olympic Games) without having paid to become an official sponsor and this has been a regular occurrence since the IOC introduced the exclusivity clause for its sponsors. Some recent instances of such practice was witnessed at the London 2012 Olympic Games. Although Adidas was a sponsor of the Games, their rivals, Nike, ran television advertisement campaigns celebrating athletes of all abilities competing in other places called London, but these were "London' outside the UK. Paddy Power succeeded in doing something similar. The company organized and sponsored an athletics event on 1 August 2012 in London, France. However, they advertised this event in London, England. Dre Beats headphone also successfully associate its brand with the London 2012 Games, without officially sponsoring the Games by giving free Union Jack branded headphones to members of Team GB resulted in lots of tweeting ("Loving my new GB Beats by Dre #TeamGB #Beats.") and many swimmers wore them poolside before their races, resulting in lots of coverage and attracting massive attention.

The advent of ambush marketing could lead to Olympic sponsors being detrimentally affected by competitors and non-sponsors that could lead to the sponsoring package being less attractive. However, although the IOC frowns at ambush marketing, there is a positive side to this. It can be interpreted as evidence of the impact of the Olympic brand during sponsorship negotiations. Ambush marketing by other brands not associated with the Games can be used as evidence to show their sponsors that their place can be filled by their respective market rivals if they decide to not sponsor the event anymore. Pepsi, Nike and MasterCard have historically attempted to ambush the Olympic Games. These companies are financially capable of paying for this association, it is clear they understand the value of the Olympics, so why are they not paying to be associated with the Games officially? Is it a case that they do not perceive the Games as value for money? Or is the IOC overstating the commercial value of the Olympic brand? Chapters 6 and 7 partly answer these questions, however before then it is necessary to fully understand how the IOC's TOP programme works.

TOP: The Olympic Partners

As stated earlier, the commercial interest the IOC received from business corporations triggered the creation of "The Olympic Partners". "The Olympic Programme" (TOP), launched by the IOC in 1985, was constituted to maximise the economic value of the Olympics, and ensure the sustainability of the event. In addition to this, due to the inflow of finance, the programme provides funding to all NOCs, to the OCOGs and the IOC (Preuss, 2002: 11). The official partners that provide these funds are a select group of corporations that have sponsorship deals for a minimum of four years with the IOC. NOCs are however in charge of domestic sponsors although they are not authorised to grant the right to use Olympic marks in connection with any product category already included in the IOC TOP sponsorship programme. Despite this, evidence from Games held since the TOP programme has been introduced show that with the rising cost of hosting the event, the exclusivity line within each product categories has become blurred. For instance, Kodak, Panasonic, Samsung, Xerox, were all sponsors of the Athens 2004 Olympic Games. All these companies are competitors in the market even though the IOC tagged then as official 'Film / Photographic and Imaging' partner, 'Audio/TV/Video Equipment' partner, 'Wireless communications equipment' partner and 'Document publishing, processing and supplies' partners respectively. Similarly, Panasonic and Samsung were both TOP partners of the London 2012 Olympic Games. Although they were signed on as official audio/ video equipment and telecommunications product categories respectively, they both tend to provide similar range of products in the commercial market.

From this observation, it appears that the IOC is not above carving out a product category for any companies willing to pay the fees, even if it contradicts the supposed exclusivity clause.

The Olympic Marketing programme also ensures that the Olympic Games can be experienced by the maximum number of people throughout the world, principally via broadcast to television and digital media platforms, and that the equity that is inherent in the Olympic image and ideal is protected. The money generated from this deal along with the Olympic sponsorship package does not only help finance the staging of the Games, it also goes towards developing sport across the world. This support contributes to the successful staging of the Games and enables more athletes and teams to compete on the Olympic stage and share their achievements with the world. Partners also help promote the Games and the Olympic values around the world by using their Olympic association in their marketing campaigns (www.Olympic.org, 2015). The money distributed by the IOC to Olympic nations is however not enough to sustain these countries, especially for Olympic host nations. The IOC claims to distribute 90 per cent of its generated revenue, and keeps 10 per cent for the running of the IOC. Of the remaining 90 per cent, 50 per cent is distributed to the organising committees and 50 per cent to members of the Olympic family. However, it should be noted at this stage that even the 50 per cent given to organising committees barely make up for the cost of hosting the Olympics. For instance, the IOC's contribution to the hosting of the Athens 2004 Games only covered approximately 23 per cent of the Organising Committee's balanced budget. Hence, it appears there is a need for the IOC to revisit its funds distribution system.

Should host nations get a larger percentage of the funds? Or should underdeveloped and developing nations who are member of the IOC be given preference in this "distribution system"? Judging from the structure of IOC's marketing programme, host nations are allowed to negotiate sponsorship deal with national sponsors and supplier of the Games in as much as these companies don't coincide with the product categories already occupied by members of the IOC TOP programme. Given this liberty and considering the growing cost of hosting the Games, OCOGs tend to sign on as many companies as possible, thereby generating enough funds and services for the successful hosting of the Games. Having said that, it is unlikely that the IOC would adjust its money distribution structure in favour of developing and underdeveloped countries since majority of the organisation's revenue is generated from television deals which is mostly contributed by the American media. Hence, should any country deserve extra funding, the Americans would argue it is them making this a potential controversy the IOC would like to avoid.

Operating on a four-year timeline, the TOP programme is currently in its seventh generation (TOP VII) and features 11 Worldwide Olympic Partners, with each receiving exclusive global marketing rights within a designated product or service category. In addition to the financial support generated by sponsorship, each Olympic partner's products, technology and expertise are vital to the success of the Games. Partners also help promote the Games worldwide through their marketing campaigns and sponsorship activations, helping the Olympic Movement reach a wider global audience. Through this commitment, the Olympic partners provide the foundation for the successful staging of the Games (www.Olympic.org, 2015). In addition to exclusive worldwide marketing opportunities, partners receive: the use of all Olympic imagery, as well as appropriate Olympic designations on products; hospitality opportunities at the Olympic Games; direct advertising and promotional opportunities, including preferential access to Olympic broadcast advertising; on-site concessions/franchise and product sale/showcase opportunities; ambush marketing protection; and acknowledgement of their support though a broad Olympic sponsorship recognition programme (www.Olympic.org, 2015). Considering the size of the Olympic Games, it is not surprising that numerous business enterprises are willing to pay enormous sums of money to be associated with the Games. However, the IOC sells its sponsorship rights to a few companies in a bid to provide exclusive marketing rights to its partners and sponsors. The idea of selling exclusivity of marketing rights to a limited number of sponsoring partners began in Britain in the 1970s with Patrick Nally and his associate, Peter West, as the media agency WestNally. In the early 1980s the idea was taken up by Horst Dassler, son of the founder of Adidas, and at the time chief executive of the company. With the blessing of the then FIFA President Joao Havelange, Dassler established the agency ISL Marketing in 1982. Later in the 1980s ISL linked up with the International Olympic Committee (IOC), presided over by Juan Antonio Samaranch. As noted in the previous chapter, it was ISL that established TOP, or 'The Olympic Programme', in which a few select corporations were able to claim official Olympic worldwide partner status (Horne and Manzenreiter, 2006: 7). However, evidence suggests that product category exclusivity is fast becoming a myth in Olympic advertising, either due to the effect of ambush marketing or because the IOC tends to partner with companies that produce similar goods as Olympic sponsors at the same time. It appears the IOC may have to revise the exclusivity clause within its sponsorship programme since it does not seem to serve any purpose or advantage to Olympic sponsors.

TOP/1984

As noted in chapter 2, Los Angeles 1984 has been regarded by many as the "Olympic Game Changer" in terms of the commercial success it recorded (Barney *et al*, 2004: 229). It must be noted that this success did not happen without adequate planning. The first step toward forming this fiscal policy was to evaluate the areas where revenue was generated in previous Olympic Games and to determine which areas would effectively serve the Los Angeles Olympic Organising Committee in its search for revenue sources. A review of previous Games, specifically Moscow, Montreal and Munich Olympic financing revealed that approximately 90 per cent of each organising committee's revenue was derived from governmental sources, primarily from direct government funding, national lotteries and coin and stamp programmes. This was unacceptable to the Los Angeles Olympic Organising Committee (LAOOC) being that it was dedicated to running an Olympics without benefit of government involvement (LAOOC, 1984: 304). The LAOOC set out in 1979 to achieve its goal of staging a government independent Olympic Games. This was done by sourcing for sponsorships and supplier-ships. In keeping with the revenue acquisition plan conceived by the LAOOC, this programme was to be the most ambitious in Olympic history. The goal of the programme was to raise USD 116 million (from sponsors, suppliers and product licensees), six times the amount raised by similar programmes used in the prior two Games. Sponsors and suppliers of the Los Angeles Games were large multi-national corporations that paid a minimum of USD 4 million to the LAOOC in cash, goods and/or services in exchange for the designation, "official" sponsor of the Games. This designation granted sponsors immediate use of all LAOOC symbols in advertising and promotional activities (Chandler, 1964: 150). LAOOC designed a corporate sponsorship plan that limited the number of sponsors to 30. Coca-Cola and Anheuser Busch, Inc. were the first two companies to sign sponsorship contracts with the LAOOC. These contracts involved cash, goods and services in excess of USD 20 million each (LAOOC, 1984: 303). McDonald's paid USD 9 million; Anheuser-bush paid USD 11 million; Levi Strauss USD 8 million; Buick Motors USD 5 million; and Southland '7-Eleven stores' paid USD 5 million in addition to the donation of a velodrome (Stotlar, 1993: 40).

Having noted the above, it must be said that since Los Angeles 1984 the number of the Game sponsors has reduced and this has resulted in an increase in the revenues dramatically. Success did not lie in bringing together larger numbers of sponsors, but exactly the opposite, reducing the numbers. The organisers limited the number of sponsors to set out specific conditions on exclusivity. A list of commercial enterprises was drawn up and only one representative of each sector could be a sponsor. Selected companies were willing to pay larger amounts since they were guaranteed exclusivity and a massive impact through US and international television audiences. As a result, the Games became a guaranteed success in economic terms (Preuss, 2002: 11).

Partners of the Los Angeles 1984 Olympic Games were divided in to different levels of partnership namely; Official Sponsors, Official Suppliers and Official Licensees. Official Sponsors were mostly multi-nationals and they were granted use of all LAOOC symbols in advertising and promotional activities. Suppliers of the Los Angeles 1984 Games were companies that provided a combination of products, services and cash needed by the LAOOC in staging the Games. Supplier contributions were usually worth in the hundreds of thousands of dollars. Suppliers were only granted the right to use the Star in Motion symbol in advertising and promotional activities. Official Licensees were companies authorized by the LAOOC to manufacture and sell a variety of souvenir products featuring all LAOOC symbols. Royalties were paid to the LAOOC on the sales of these licensed products. The standard royalty rate was 10 per cent and the LAOOC required that the licensees pay a guaranteed minimum royalty, a portion of which was due at the time of signing (LAOOC, 1984: 254). Table 3.1 presents the Los Angeles 1984 sponsors and suppliers with respect to their respective product categories.

Table 3.1 Los Angeles 1984 Sponsors and Suppliers

Product Category	**Partner/ Sponsor / Supplier**
Media	ABC radio and Television Network, Warner Communications, Inc., The Times Mirror Company and Monterey Institute of International Studies.
Beverages (including Water)	Coca- Cola, Arrowhead Puritas Waters and Nutrexpa.
Automobile	General Motors, McDonnell Douglas and USA Suzuki Motor Corp.
Food service, Fruits, Fast food and Snacks	ARA Services, Inc., McDonalds, M&M Mars, The Southland Corporation, Beatrice Foods Co, Campbell-Taggart Inc, Foster Farms, Sunkist Growers, Toyo Suisan Kaisha and Vons Grocery Company.
Textile	Mission Industries
Electronics, Computers, Copiers and Cameras	AT&T, Fuji, Sanyo, Xerox, IBM, Canon, Atari, Brother Industries Ltd, Westinghouse Electric Corp, Dunhill Trading, Garrett Metal Detectors, Kimball Piano and Organ Co, King Musical Instruments, Muzak, Panasonic, Toshiba Corporation and Union Carbide Corporation.
Beer and Alcoholic drinks	Anheuser-Busch, Inc.
Sport outfitters and equipment suppliers	Adidas, Converse, Levi Strauss & Co, Sports Illustrated, Allied Fibers & Plastics, AMF American Inc, Bat Taraflex, Bushnell/Division Bausch &Lomb, Campagnolo-USA Inc, Conroy’s Inc (florists), Ernst & Whinney, Everlast Sporting Goods,Glavsportprom, H.G.B. Backstrand, Horner Flooring Co, Jostens (award products), Judogi, Molten

	Corporation, Musco-Sports Lighting, Myojyo Rubber Industry Co, Pageantry World Inc,Porter Equipment Company, Rawlings Sporting Goods Co, Rust-Oleum Corporation, Scanray Corporation, Senoh Corp, Superturf International, Toledo Scale, Turner Industries (Olympic torch), UCS Inc, Windsurfing and York Barbell Company.
Health Care	American Medical International, Physio-Control and Vidal Sassoon Inc.
Petroleum and Gas products	Atlantic Richfield Company
Telecommunication	Pacific Bell, Motorola Communications, Plantronics, Inc and Western Union International
Banks and Financial service suppliers	First Interstate Bank, American Express, Transamerica Corp, Dentsu Inc.,Jeffries Banknote Company, Pay-Fone Systems Inc,F.B. Vandergrift & Co and Walker Interactive Products,
Time Piece suppliers	Westinghouse Electric Corp and Swiss Timing
Transport and Courier service.	United Airlines, Southern Pacific, Transamerica Corp, DHL, Crown Zellerbach Corp and Hughes Helicopters.

Adapted from LAOOC (1984: 232-234)

It should be noted here that the IOC's marketing programme had not been introduced when the 1984 Games took place. Hence, from the table it can be seen that some companies represented the same product category. There was no minimum set price for securing a sponsorship deal. Fees differed since no two sponsors would derive the same benefits and exclusivity was not guaranteed as well. The value of respective sponsorship was determined through negotiations; with corporate size, product type and potential benefits all factors in determining the contract price. LAOOC was given full authority to negotiate sponsorship deals for this particular

Olympic considering they were the only city willing to host the Games, this is perhaps why Anheuser-Busch, Inc., a beer company was allowed to sponsor the Games along with it being a sponsor of the USOC. However, this relationship between the IOC and Anheuser-Busch, Inc. remains. The company continued to sponsor subsequent Olympic Games (and other major sporting events) which is another indication perhaps of the contradictory nature of Olympic Sponsorship.

Post-TOP to-date

The Seoul Olympic Games in 1988 was the first summer Games held after Los Angeles 1984 had revolutionised the “Olympic commercialisation system”. The marketing and sponsorship system of the Seoul Games was promoted on the basis of Article 14 of the Act on Support for the Seoul Olympic Organising Committee which said, "Those who seek to use the Olympic emblem, mascot or other symbols on their goods or for advertising and other business promotional purposes must obtain the approval of the Seoul Olympic Organising Committee for the Olympic Games "(SLOOC, 1989: 372). Organisers of past Olympic Games raised money from sponsorships by leading corporations or organisations, or from royalties received in return for the sales of souvenirs using the Olympic symbols including emblem and mascot. The success recorded by the Los Angeles Games organisers in their marketing projects was a refreshing stimulus as well as a big burden for the Seoul Olympic organisers. Consequently, in 1983, the SLOOC set the goal of the Olympic marketing programme at 52.1 billion Won (about 70 million dollars based on the exchange rate of 755 Won per US. dollar at the time). From late 1984 following the close of the Los Angeles Games, the SLOOC began the Olympic marketing planning; encouraged by favourable responses from leading multinational corporations and domestic corporations, the SLOOC provisionally increased marketing goal from 52.1 billion (USD 48.3 million) Won to 112 billion Won (USD 104 million). The SLOOC classified the types of marketing into official sponsors, official suppliers and licensees, and official designations were awarded accordingly; in return, the SLOOC received cash, materials and services "(SLOOC, 1989: 205-215).

The SLOOC received over two million dollars from specific official sponsors in return for the right to use the Olympic emblem, mascot and official Olympic logo for advertising, publicity and business promotions. From official suppliers, the SLOOC received cash, goods and services in amounts lesser than those set for the official sponsor. From official licensees, royalties were received in amounts proportionate to the sales of souvenirs such as caps and badges using the Olympic emblem, mascot and other Olympic symbols (SLOOC, 1989: 222). The Marketing strategy of the Seoul Games was primarily aimed to attain the marketing goal, and at the same time to publicise the Seoul Games by getting leading international and domestic corporations involved in the project. It was the policy of the SLOOC to link the marketing projects to both the Asian Games and the Olympic Games, designating the same corporations as official corporations for both the Asiad and the Olympiad where the same items were involved. This was done in an attempt to ensure the dignity and value of the marketing rights and to foreclose any possible disputes liable to occur when rival corporations were allowed rights for the same item. Upon the recommendation of the IOC, the SLOOC decided to launch joint marketing projects with the Winter Olympics organising committee and the majority of the NOCs for the first time in Olympic history. The IOC, the SLOOC and COC, and the USOC reached an agreement in November 1984 to designate ISL (International Sports Leisure) in Switzerland as an official consultant in an effort to efficiently implement the joint marketing projects; this programme was named TOP (The Olympic Programme). Since the joint marketing programme was the first of its kind ever tried in Olympic history, the area of business for TOP was limited to the items that were marketable worldwide, including soft drinks, film and credit cards. For other items, the marketing projects were launched independently by organisations concerned.

In October 1985, the SLOOC decided to take the lead in launching the marketing projects, and to have the Korea Organising Committee (KOC) negotiate the conditions for the selection of sponsors from among the corporations nominated by the SLOOC. This way, the SLOOC helped defuse such problems as confusion of the limited domestic market and rivalry among Olympics-related organisations (SLOOC, 1989). By doing so, the SLOOC also set the foundation for the collection of generous funds from the official sponsors.

Taking note of past instances in which the participation of too many corporations in the marketing project diminished the dignity and value of the marketing programme, the SLOOC restricted the number of participating corporations. At the Montreal Games, 306 corporations took part in the marketing, and in the Moscow Games, 7,597 corporations were involved in the Olympic marketing. In the Los Angeles Games, the number was limited to 164 while the amount of funds collected from the limited number of the official corporations was large. The SLOOC limited the number of official sponsors to 30, that of official suppliers to 50, and that of official licensees to 60 in an attempt to enhance the dignity and rarity of the Seoul Olympic Games (SLOOC, 1989: 227). This was the first time the TOP programme was being executed as the main framework of Olympic sponsorship and being that exclusivity was an integral part of the programme, it was expected that the number of official sponsors were to be reduced. However, considering the size of the resources needed to deliver the Games, 119 more companies were registered suppliers and licensees for the Seoul Olympic Games.

The SLOOC had both the earnings and the balanced participation of foreign and domestic corporations in mind in launching the marketing projects; however, for certain strategic industrial items, priority was given to domestic corporations to assist their growth and internationalisation. Domestic corporations were encouraged to participate in the marketing projects as official suppliers for major materials and equipment, including sportswear, shoes, sports equipment, vehicles, communications equipment, and computer and electronic equipment. Small and medium-sized Korean firms were given priority in selecting official licensees. Dentsu Co., a Japanese advertising agency, was designated as an agent of the SLOOC for the marketing in Japan focusing on the official sponsorship and licensees dealing only with Japan.

The final delivery of the Seoul Olympic Games in 1988 involved 142 corporations, including 23 official sponsors, 57 official suppliers and 62 official licensees (SLOOC, 1989: 223). The official sponsors who paid over two million dollars each for the Olympic sponsorship covered 23 corporations, and the suppliers who provided cash, goods and services worth less than two million dollars covered 57 corporations. Coca-Cola continued its association with the Olympic Movement. Being an indigenous company to Korea, this marked the beginning of Samsung's relationship with the Olympic Movement, a relationship that remains to date. Cultural influences of the host nation was also evident among the suppliers and licensees of the Seoul Games. Product categories like the fabric and textile sector and linguistic licensees were sign on to promote the culture of the host nation and assist tourists with communication. The partners and suppliers of the Seoul 1988 Olympic Games are presented in Table 3.2.

Table 3.2 Partners and Suppliers at the Seoul 1988 Olympic Games

Product Category	**Partner/ Sponsor / Supplier**
Media	Time Incorporated
Beverages (including Water)	The Coca-Cola Company and Cuno Inc.,
Fabrics	Shin Nan Sook's Korean Folk Dress
Automobile	Hyosung Motors & Machinery Inc and Hyundai Motor Company.
Food service, Fruits, Fast food and Snacks	Seoul Dairy Co-op, Miwon Co.,Nhong Shim Co.,Haeng Nam Sa Co.,Lotte Chilsung Beverage Co., Cheil Sugar & Co., Bing Grae Co.,Hankuk Yakult Milk Products Co.,Lotte confectionery Co.,Dong Suh Foods Co., Doturak Co., Ltd., Dongwon Industries, Han Sung Enterprise, Nutrexpa N.V., ARA service Inc.,Dong Shin Foods Co and Sam Lip Foods Inc.
Electronics, Computers, Copiers and Cameras	Eastman Kodak Company, GoldStar Co., Ltd., IBM, Philips, Mastsushita Electric industrial, Xerox Group, Toledo Scale Reliance Electric, Inkel Co., Ltd., Samsung Electronice Co., Brother Industries Ltd., Infortron Systems Corp and Maxon Electronics Co., International Electronic Co.
Beer and Alcoholic drinks	Oriental Brewery
Sport outfitters and equipment suppliers	Kolon International Corp., Kukje Corporation, Kumkang Shoes Mfg. Co., Dong Sung Chemical Industrial Co., Garmy Industrial Co., Myojyo Rubber Industry Co., Pyung Hwa Ind, Wonil Ind, Sun Yang Industrial Co., Hanil Synthetic Fiber Ind. Co., Donghwa Scientific Instruments Co., Mizuno Corporation, Asics Corporation,

	UCS Incorporated, UESAKA Iron Works Co., Samick Electronics Co., Nassau, Dong-A Sports Co, Senoh Corporation, Cooper Group, Backstrand Company, Compagnole S.P.A., Samchully Bicycle Corp., Molten Corporation,
Health Care	Pacific Chemical Co., Ltd., Chong Kun Dang Corporation Peptic, Daeil Chemical Co., Daewoong Pharmaceutical Co., Cho Seon Pharmaceutical Company and Chinese invigoration medicines.
Petroleum and Gas products	The Korea Oil Corporation, Ssangyong Oil Refining Co and Honam Oil Refinery Co.
Telecommunication	Samsung Semiconductor & Telecommunications.
Banks and Financial service suppliers	Korea Exchange Bank, VISA and Dentsu Incorporated.
Mining	Minnesota Mining and Manufacturing and Korea Explosive Co. Ltd.
Time Piece suppliers	Orient Watch Ind. Co.
Transport and Courier service	Korean Air and Fed Ex.

Adapted from SLOOC (1989: 222-223).

Barcelona 1992

Similar to the Seoul Games in 1988, the 1992 Games in Barcelona were financed partly through the TOP II programme with 12 global sponsors and a sophisticated system of collaborating companies. These companies were Coca-Cola, Kodak, Time/Sport Illustrated, Visa, Brother Industries, Philips, 3M, UPS, Panasonic, Bausch & Lomb, Ricoh and Mars (Puig, 2010: 14). The initial price for each was USD 20 million, although a number of companies negotiated a lower figure. Collectively, these companies paid the IOC USD 175 million. A total of 50 per cent of the income generated went to the Local Organising Committee (Pound, 1992: 3).

The Games also had 9 joint partners assisting in the financing of the Olympics. All the joint partners were large Spanish or foreign companies well established in Barcelona, which were integrated into the Games organisation. They enjoyed the maximum considerations and advantages granted by COOB'92. The companies in this category were selected on the basis of the quality of the product or service and the guarantee that came with the company's experience of taking part in projects similar to the Games (COOB, 92: 381). A total of 102 companies took part in the sponsorship programme in Spain: 9 joint partners, 12 worldwide sponsors (TOP-2), 15 official sponsors, 25 official suppliers and 41 suppliers of official sports material. As incentives to participating companies, all the associate companies, irrespective of the sponsorship category, were offered the advantage of the Tax Benefit Law (Law 12/1988), of 25 May 1988. Among other concessions, 15 per cent of the contribution to COOB'92, 15 per cent of the cost of the advertising and promotion campaigns linked to the Barcelona Games and 15 per cent of the investments made to carry out the COOB'92 plans and programmes were deductible from corporation tax (COOB, 92: 382). At the Barcelona'92 Olympic Games, total sponsorship income was USD 472 million (58.21 billion Pesetas), which accounted for 39 per cent of own income. In this respect, the sponsorship total was distributed as follows: 33 per cent in cash and 67 per cent in kind (USD 154 million and EUR 235 million, or 19.04 billion and 39.11 billion Pesetas, respectively).

Atlanta 1996

The TOP III Programme helped the delivery of the Atlanta 1996 Olympic Games. The IOC partnered with 10 multi-national corporations to deliver the Games that were estimated to have cost USD 1.7 billion. A total USD 2.6 billion in revenue was generated, of which "The Atlanta Committee for the Olympic Games" (ACOG) received USD 1.7 billion to finance the Games. The Games received financial support from corporate sponsors including Coca-Cola, which supplied over USD 300 million and television rights, were relied upon to defray costs. Together, the TOP partners paid the IOC USD 663 million to be partners of the 1996 Olympic Games (ACOG, 2007: 278, Kenyon and Palmer, 2008: 30).

The Sponsor Sales division of the ACOG was responsible for developing the base of companies that would invest to acquire the right to be associated with the Olympic Movement, and use that association to enhance their businesses. The ACOG divided the partnering companies into three categories namely, the national programme/ Centennial Olympic Partners and the Games Suppliers. The “Games Suppliers” were divided into two groups which were the “Business Suppliers” and the “Sports Equipment Supplier-ships”. Companies with the capability and tradition of providing operational items, resources, and sports equipment for the Olympic Games became suppliers. The supplier-level financial commitment did not equal that required for sponsorship rights and benefits, and therefore received restricted rights and benefits. For example, the official supplier of basketballs was allowed to use the Games mark on its equipment (ACOG, 1996: 266).

The Atlanta 1996 Olympic Games witnessed the return of Anheuser-Busch, Inc. as an Olympic sponsor since the Los Angeles 1984 Games, also, with the growth of terrorism in the 90s, the 1996 Games was the first time the security sector was featured as a sponsor of the Games. Swatch became an official sponsor of the Games for the first time since the TOP programme starts in 1985, although the company did not become a TOP partner till 2004. UPS replaced Fed Ex in the courier and logistic sector since the Games was held in the company’s home city, Atlanta. One of the big absentees from this Games was Samsung since the 1992 Barcelona Games. Samsung however returned to the Olympic fold in 1998 for the Nagano 1998 Olympic Winter Games and has since remained a sponsor of the Olympic Games to date in the Wireless Communications Equipment category. The product categories of the 106 sponsors of the Atlanta 1996 partners, sponsors and suppliers including the TOP Partners are presented in Table 3.3

Table 3.3 Atlanta 1996 partners, sponsors and suppliers

Product Category	Partner /Sponsor/ Supplier
Media	Sports Illustrated/TIME International, Columbia TriStar Television, International Paper, WXIA-TV
Beverages (including Water)	Coca-Cola Company
Food service, Fast food and Snacks	Sara Lee Corporation, McDonalds, General Mills
Automobile	General Motors, BMW, Nissan, Textron
Tourism and Hospitality	Holiday Inn, World Travel Partners.
Sport outfitters and equipment suppliers.	Adolph Keifer & Associates; American Athletic, Inc.; Federal Sports Technologies, Inc.; Hayashi/Top Ten; Hydra Rib; Infra-Red Sauna Systems, Inc.; JOOLA; Mavic, Inc.; Mettler-Toledo, Inc.; Mistral Sports Group; Mizuno, USA; MONDO S.p.A.; Penn Racquet Sports, Inc.; Perry Sports; Robbins Sport Surfaces; Senoh; Sport Supply Group, Inc.; Sunfish Laser; Taraflex; Tuf-Wear Manufacturing, Inc.; Uesaka Iron Works; Yakima; and Yonex,York and Brunswick Corporation.
Business Suppliership services	ABF/Worldway Corporation; Aggreko, Inc.; Alfred Karcher, Inc.; Allsport; American Meter Company; ARAMARK; Auto Desk, Inc.; Beaulieu of America, Inc.; Brother International Corporation (USA); Buckhead Beef Company, Inc.; Carolina Handling; LLC/Raymond; CH2M Hill; Circle International; Competitive Media Reporting; CTI Resources, Inc.; DeBoer Structures; Digital Music Express; Dohring Company;

	Douwe Egbert; Drake Beam Morin, Inc.; Exide Electronics Corporation; Fetzer; Fluke Corporation; Gallery Furniture; Good Humor/Breyers; James River Corporation; Jet Set Sports; Korbel; Kubota Corporation; Leisure Club International, Inc.; Media One, Inc.; New Holland North America Inc.; Norfolk Southern Railway Company; Qzar Inc.; Reebok; Reed & Barton; Rentokil Environmental Services; Simmons Company; Stainless Image, Inc.; Vulcan Hart/Hobart; WGST; World Color Press; and ZEP
Electronics, Computers, Copiers and Cameras.	Eastman Kodak Company, Xerox, Panasonic, IBM, Sensormatic, Georgia Power Company, The Home Depot.
Beer and Alcoholic drinks	Anheuser-Busch.
Health and Beauty Care	Bausch & Lomb, Avon, The Dial Corporation.
Petroleum and Gas products and service providers	Texaco USA, American Gas Association
Telecommunication	AT&T, Motorola, BellSouth Corporation, Scientific Atlanta.
Security services	Borg-Warner Security Corporation
Banks and Financial service suppliers	VISA, John Hancock, Nations Bank, Randstad Staffing Services, Blue Cross/Blue Shield, Merrill Lynch.
Time Piece suppliers	Swatch
Transport and Courier service	UPS and Delta Air Lines

Adapted from (ACOG, 1996: 264-265)

Sydney 2000

Business interactions with the Olympic Games continued with the TOP IV programme. The IOC through the help of its corporate partners boosted the financing of the Sydney Olympics by putting in USD 1.1 billion, or approximately 60 per cent of SOCOG's total budget, come from IOC-managed marketing programmes. This means the IOC contributed USD 300 million more to SOCOG for Sydney 2000 than it did to the Atlanta Organising Committee for the staging of the Centennial Olympic Games. The Sponsorship Sales and Sponsorship Servicing Programmes were responsible for the delivery of corporate sponsorship that provided 40 per cent of Sydney Organising Committee for the Olympic Games (SOCOG's) net revenue. The Sponsorship Sales Programme's core task was to raise revenue through the sale of intellectual property rights, accommodation, tickets and hospitality in exchange for sponsor cash, products and services. The Sponsor Servicing Programme helped sponsors gain the full potential of their investment by ensuring SOCOG programme areas were meeting sponsors' requirements (SOCOG, 2001: 280). The SOCOG started to recruit sponsors from 1996. The committee had a Budget target of USD 562 million for1996, USD 750 million for 1997, USD 862 million for 1998, and USD 703 million for the year 2000. To enhance sponsorship marketability a number of initiatives were introduced. One was to rename top-level sponsors Team Millennium Olympic Partners' (TMOPs), a term that provided greater recognition for their contribution to staging the Games (SOCOG, 2001: 277).

For the first time, The TOP sponsors and the major domestic sponsors were brought together as a single entity, the TMOP. SOCOG gained the agreement of the IOC to create the TMOP as the major level of sponsorship, with the major level domestic sponsors having rights comparable to TOP sponsors, but for use within Australia. The TMOP programme was launched in November 1996. The supporter's level programme granted rights for use in Australia only. The most marketable feature of this level of sponsorship was the right, also enjoyed at the TMOP level, to use the Sydney 2000 marks in the electronic broadcast media.

Athens 2004

Greece (Athens 2004) is the smallest country to host the Olympic Games to date. The Olympic Games returned to Greece for the first time since 1896, the Athens 2004 sponsorship programme offered an opportunity for Greek companies to play a vital role in staging a global sporting and cultural event that was significant to the country's past, present and future (ATHOC, 2004: 27). According to the IOC (2004: 7), the sponsorship programme of the Athens 2004 Games reached the initial revenue target of USD 200 million two years before the Opening Ceremony. The Athens 2004 domestic sponsorship programme ultimately exceeded initial targets by 57 per cent, generating more than USD 300 million in domestic sponsorship of the Olympic Games and sponsorship of the Athens 2004 Olympic Torch Relay (IOC, 2008: 19).

The Athens 2004 sponsorship programme, with support from domestic sponsors and TOP partners combined, was the second largest source of revenue for the staging of the Olympic Games, providing approximately 23 per cent of the Organising Committee's balanced budget. The strategic planning of the Athens 2004 sponsorship programme created an environment of limited commercialism and heightened visibility for each sponsor that contributed vital products, services, technology and expertise to the success of the 2004 Olympic Games. The Athens Organising Committee developed its marketing agenda with the plan to limit the sponsorship programme to a maximum of 40 partners. One of the Athens 2004 Sponsoring programme's main strategies was to focus on quality, not quantity, which translated into two achievements: it was the first time that fewer than 40 Sponsors were associated with the Olympic Games, 50 per cent fewer than the previous Games. The programme ultimately included 23 sponsors across three tiers (ATHOC, 2004: 28).

11 companies were part of the TOP sponsorship programmes for the Athens 2004 Games. Eight companies were "Grand National Sponsors", five were "Official Supporters" and four companies were "Official Providers". The TOP partners paid the IOC a total of USD 186,941,750. This is broken down as follows; Coca-Cola paid USD 4.1million, Kodak paid USD 14 million, Panasonic (Matsushita) paid USD 7.2 million, McDonald's paid USD 3million, Samsung paid USD 6.8 million, Sports Illustrated/Time Inc. paid USD 9.06 million,

Xerox paid USD 17.6 million, Atos Origin paid USD 80.7 million and Swatch paid USD 44.46 million.

Athens 2004 was the first time Johnsons and Johnsons sponsored the Olympics. Heinekens took over from Anheuser-Busch in the beer and alcohol product category. Atos having joined the Olympic family in 2001 was part of their second consecutive Olympic Games as the official information technology/system integrator company. Although Kodak, Panasonic, Samsung, Xerox all have competing products, they were all part of the delivery of the Athens 2004 Olympics as the official partner film / photographic and imaging category, official audio/av/video equipment partner, official Wireless communications equipment partner and the official document publishing, processing and supplies partner respectively. The other sponsors of the Athens 2004 Olympic Games are presented in Table 3.4.

Table 3.4 Partners, sponsors and suppliers for Athens 2004

Product Category	**Partner /Sponsor/ Supplier**
Media	Sports Illustrated and Hellenic Broadcasting Corporation.
Beverages (including Water)	Coca-Cola.
Food service, Fast food and Snacks.	McDonalds, Delta.
Automobile	Hyundai Hellas - P&R Davari.
Electronics, Computers, Copiers and Cameras	Kodak, Panasonic, Samsung, Xerox, AASD consortium and KOEP.
Tourism and Hospitality	Jet Set Sports
Beer and Alcoholic drinks	Heineken/Athenian Brewery
Sport outfitters and equipment suppliers	Adidas, Mondo and Mizuno.
Health and Beauty Care	Johnson and Johnson.
Petroleum and Gas products	Shell Hellas
Telecommunication	Atos Origin and Hellenic Telecommunications.
Banks and Financial service suppliers	Visa, Alpha Bank and Ticketmaster.
Time Piece suppliers	Swatch,
Transport and Courier service	Olympic Airlines, Hellenic Post and Schenker A.E. (Schenker AG's Greek subsidiary.

Adapted from ATHOC (2004: 251)

Beijing 2008

The size of the emerging Chinese market in 2008 was probably the reason the Beijing Games attracted more sponsors than previous Games**.** Never had the attraction to be associated with the Olympics been as great as when Beijing was selected as Olympic host. The motivation for sponsorship in the Beijing Olympics is beyond linking one’s organisation with the Olympics brand and the ideals it promotes, such as excellence and victory. What drives organisations to tie up with the upcoming Olympics is the opportunity to strengthen their presence in the China market. Sponsors are hoping to leverage the marketing exposure they have in Beijing to further establish their brands in China (BOCOG, 2008: 15).

The Beijing Olympic Sponsorship Programme involved Beijing 2008 Partners, Beijing 2008 Sponsors and Beijing 2008 Suppliers (including Beijing 2008 Exclusive Suppliers). The three-tier arrangement was aimed to generate adequate funding sources, which, at the same time, provided ample opportunity for the participation of enterprises. Size of sponsorship was the basic factor in distinguishing these Partners, Sponsors and Suppliers and like previous Games, one Partner, Sponsor or Supplier was usually chosen for a certain type of product or service (BOCOG, 2008; 87; Hamakawa and Elam, 2008: 2).

Eleven corporations participated in the sixth generation of the TOP programme, known as TOP VI. During the 2005-2008Olympic quadrennial, TOP VI Partners provide support for the 2006 Olympic Winter Games in Turin and the 2008 Olympic Games in Beijing. TOP VI aimed to generate approximately USD 866 million in financial, goods and services support for the Olympic Movement. This implies an average of USD 72 million apiece, to sponsor the Beijing Games. These partners were; Coca-Cola, GE, Johnson and Johnson, Kodak, Lenovo, Manulife, McDonalds, Omega, Panasonic, Samsung and Visa. Among these enterprises, Lenovo signed an agreement in Beijing in March 2004 with the IOC, BOCOG and the Organising Committee for the Torino 2006 Olympic Winter Games, and became the first Chinese enterprise recognised as a TOP Partner.

The Beijing Games witnessed five indigenous companies (China National Petroleum Corporation, China Petrochemical Corporation and Zhongshan Vantage Gas Appliances Stock Co., Ltd,) take over from Shell in the petroleum and oil product category, three indigenous companies and Budweiser replace Heinekens in the alcohol and beer product category, Newauto another indigenous company took over from Sports Illustrated/ Time International as the official media company for the Olympic Games. Crystal Digital Technology also provided media digital assistance for the first time. This was the first time Sports Illustrated/TIME International were not involved in the delivery of the Olympic Games since the beginning of the TOP programme. McDonalds shared the food, fast food and snacks product category with five other indigenous companies, UPS also share the courier and transport product categories with Air China and Schenker China Ltd, and four indigenous companies were hire to fill the language service category. Noticeably missing is the security sector in this Games since the Chinese government provided security for the Games through their police and armed forces. These Games emphasised the commercial strength of China as much as it did for the Olympic Movement. Consequently, Table 3.5 shows the companies that participated as sponsors, supplier and partners of the Beijing 2008 Games.

Table 3.5 Sponsors, supplier and partners of the Beijing 2008 Games

Product Category	**Partner /Sponsor/ Supplier**
Media	Newauto and Crystal Digital Technology,
Beverages (including Water)	Coca-Cola
Food service, Fast food and Snacks.	McDonalds, Zhengzhou Synear Food Co. Ltd, Beijing Kinghey Foods Co., Ltd, Effem Foods, Jiali Grain And Oil (China) Co., Ltd and Inner Mongolia Yili Industrial Group Co., Ltd.
Automobile	Volks Wagen and Guangzhou.
Electronics, Office appliances, Computers, Copiers and Cameras.	GE, Panasonic, Lenovo, Kodak, Microsoft (China), Unipack (Beijing), Aggreko, Staples, Beifa Group, SOHU.com and State Grid Corporation of China.
Language services	Capital Information Development Holdings Co., Ltd, Yuanpei Century (Beijing) Education and Technology, Beijing Aifly, EF Business Consulting.
Beer and Alcoholic drinks	COFCO Wines & Spirits (Great wall Wine), Beijing Yanjing Beer Company Ltd, Tsingtao Beer Corporation Ltd, Budweiser.
Sport outfitters and equipment suppliers.	Adidas, Mondo, Aokang Group, Taishan Sports Industry, Technogym, Mengna Hosiery and Heng Yuan Xiang.
Health Care	Johnson and Johnson, Guangzhou Liby Enterprise Group Co., Ltd and Beijing YADU.
Petroleum and Gas products	China National Petroleum Corporation , China Petrochemical Corporation and Zhongshan Vantage Gas Appliances Stock Co., Ltd,

Telecommunication	Samsung and China Mobile Communications Corporation.
Banks and Financial service suppliers.	Visa, Manulife, Bank of China , PWC Zhong Tian CPAs Co., Ltd, Beijing Gehua Ticketmaster, Uni-President Investment (China) Corp and The People's Insurance Company of China.
Time Piece suppliers	Omega
Transport and Courier service	UPS, Air China and Schenker China Ltd.
Tourism and Hospitality	Kokuyo Co., Ltd, Hong Kong Royal Furniture Holding Limited and Haier Group.
Mining	BHP Billiton Ltd.

Adapted from BOCOG (2008)

London 2012

With the exception of the International Olympic Committee (IOC), the delivery of the London 2012 Games was fundamentally the responsibility of two organisations; one public sector body and one private enterprise organisation .The Olympic Delivery Authority (ODA) was the public sector body, funded directly by the government. They were responsible for the construction of the venues and creating infrastructure for staging the London 2012 Games. The private enterprise organisation was the London Organising Committee of the Olympic Games and Paralympics Games (LOCOG). LOCOG received its revenue entirely through private subsidy and the IOC Sponsorship also played a key role in the funding of the London 2012 Games (Kenyon and Palmer, 2008: 29- 30). This section therefore highlights the partnership between the LOCOG and local businesses involved in the delivery of the London 2012 Games. The businesses that were part of the delivery of the London 2012 Games were: BMW, Adidas, British Airways, BT, EDF, Lloyds TSB, Adecco, ArcelorMittal, Cadbury, Cisco, Deloitte, Thomas Cook, UPS, Aggreko, Airwave, Atkins, The Boston Consulting Group, CBS Outdoor, Crystal Outdoor, Crystal CG, Eurostar, Freshfields Bruckhaus Deringer LLP, G4S, GlaxoSmithKline, Gymnova, Heathrow Airport, Heineken UK, Holiday Inn, John Lewis, McCann World group, Mondo, Nature Valley, Next, Nielsen, Populous, Rapiscan Systems, Rio Tinto, Technogym, Thames Water, Ticketmaster, Trebor and Westfield.

These companies where divided into different categories namely; The TOP partners, London 2012 Olympic sponsors, London 2012 Olympic supporters and the London 2012 Olympic providers and suppliers. The TOP partners paid approximately USD 100 million; London 2012 Olympic sponsors paid USD 63 million, London 2012 Olympic supporters paid USD 31 million and the paid London 2012 Olympic providers and suppliers USD 15 million. All of this was done in cash and kind. The London 2012 Games marked the first time GlaxoSmithKline was part of the delivery of the Games although their involvement did not involve any exchange of money, however they helped the IOC run the anti-doping laboratory for the London Games. The security sector having being absent in the previous Olympic Games in Beijing featured in London with the LOCOG hiring G4S as the Games security provider. Although BBC was the sole broadcast company for the London 2012 Olympic Games, the company was not a partner or sponsor of the IOC. Table 3.6 shows the companies that helped in delivering the London 2012 Olympic Games.

Table 3.6: Partners, Sponsors and Suppliers at the London 2012 Olympic Games

Product Category	**Partner/ Sponsor / Supplier**
Media	Airwave and Crystal Digital Technology,
Food service, Fast food and Snacks	McDonalds, Cadbury, Nature Valley and Trebor.
Automobile	BMW
Electronics, Computers, Copiers and Cameras.	Acer, Atos, GE, Panasonic, Samsung and Cisco.
Beer and Alcoholic drinks.	Heineken UK.
Sport outfitters and equipment suppliers.	Adidas, DOW, Gymnova, Mondo, Next and Technogym.
Health Care.	P & G and GlaxoSmithKline
Energy, Petroleum and Gas products	BP, EDF and Aggreko.
Telecommunication	BT
Banks, Advertising/ Marketing, Recruitment, Legal and Financial service suppliers.	Visa, Lloyds TSB, Adecco, Deloitte, The Boston Consulting Group, CBS Outdoor, Freshfields Bruckhaus Deringer LLP, McCann Worldgroup, Ticketmaster and Neilsen.
Security	G4S and Rapiscan Systems.
Travel, Tourism and Hospitality.	Thomas Cook, Holiday Inn, Westfield and John Lewis.
Construction, Steel and Engineering Services.	ArcelorMittal, Atkins and Populous.
Transport and Courier service.	British Airways, UPS, Eurostar and Heathrow Airport.
Mining	Rio Tinto
Time Piece suppliers	Omega.
Beverages (including water).	Coca-Cola and Thames Water.

Adapted from Rogers (2012)

In sum, a total of 28 companies have been part of the TOP programme since it began in 1985 (3M, Acer, Atos Origin, Bausch & Lomb, Brother, Coca-Cola, DOW Chemicals, Fed Ex, General Electricity, IBM, John Hancock, Johnson & Johnson, Kodak, Lenovo, Manulife, Mars McDolanlds, Omega, Panasonic (Matsushita), Philips, Proctor & Gamble, Ricoh, Samsung, Schlumberger SEMA, Time/ Sports Illustrated, UPS, Visa and Xerox). Coca-Cola, Visa and Panasonic have been partners of the IOC the longest with 7 appearances as TOP partners. In contrast, eight companies (Acer, Fed Ex, Johnson & Johnson, Lenovo, Manulife, Mars, Ricoh and Schlumberger) have featured just once in the TOP category. So far 17 companies have dropped out of the TOP category at different times. Interestingly, there is yet to be a case of a returning TOP sponsor since the programme was initiated, which makes one wonder if these companies decided the programme does not represent value for money, they simply cannot afford the sponsorship price, or the IOC would not have them back? What is however clear is these companies are all leaders in their respective product categories and although some of them may have similar products in the general market, as a collective, they represent an elite group of companies deemed worthy of promoting the Olympic brand worldwide.

Major Olympic Sponsors and the Value of Olympic Sponsorship

Just how much money do TOP programme members contribute to the IOC? Exact figures of how much money exchange hands for partnership rights are not officially released by the IOC, however it is believed that each "TOP" partner of the IOC pays an average USD 25 million a year; implying USD 100 million every quadrennial in cash and "value-in-kind" goods and services for the right to associate their names with the Olympics (Rogers, 2012 and Mikle, 2013). For companies with smaller marketing budgets, there are other sponsorship categories to consider, including the OCOG (Organising Committee for the Olympic Games) sponsorship, which gives the sponsor Olympic marketing rights within the host country or territory only. Another type of sponsorship is the NOC (National Olympic Committee) programme. It is managed by local Olympic Committees that support their country's sports development and national Olympic teams. These programmes grant marketing rights within the NOC country or territory only. The British Olympic Team, for instance, is being sponsored by Adidas till Rio 2016.

The value of “Olympic Sponsorship” to the partnering has been a source of debate especially when the enormous amount of money spent on this partnership is examined. Over the last few decades, many major global companies have made huge investments targeted on associating their brand with the Olympic Games. For instance, total sponsorship income generated for the Olympic Games in Barcelona 1992 was USD 472 million. Coca-Cola spent USD 145 million on advertising and sponsorship programmes in 2004 Olympics in Athens (International Olympic Committee Official Website). Other official sponsors of the Games, such as McDonalds, Kodak, Samsung, Panasonic, Adidas and Visa in total spent USD 1.3 billion during the same Games. The price of sponsorship increases every “Olympic Quadrennial” and the total sum generated towards the delivery of the London 2012 Olympic Games from sponsorship alone was approximately USD 3.1 billion (Rogers, 2012: 1). Obviously, the Games enjoy popularity with big corporations because these corporations encounter growing difficulties in introducing themselves to the mass audience.

The example of benefits derived from the sponsorship can be the Coca-Cola Company, which used Olympic Games to advertise and sell its products for quite long period of time. In Athens, it purchased the right to be the "official soft drink" of the Games and paid for numerous advertising spots. At 1984 Olympic Games in Los Angeles, Coca-Cola was the second leading advertiser having spent USD 29,875,000 on promotion of its drinks. At 1996 Olympics in Atlanta, Coca-Cola spent USD 73,645,900 on promotion (Eastman, 2000: 8), becoming the leading advertiser of the Games and making Olympics its biggest and most important event in promotional company. This continuous and consistent relationship with the Olympics does not only guarantee the Coca-Cola the sort of exposure that can only be delivered by a mega sporting event like the Olympics, it also means the brand is the only one from its product category that enjoys sure exposure over its competitors.

Similarly, representatives of BT, Lloyds Bank and Cadburys all sponsors of the London 2012 Olympic and Paralympic Games claim that the Games assured them successful staff engagement and revenue growth which delivered measureable return on investment for their brand. Sally Hancock, Director of Olympic Marketing and Sponsorship, Lloyds TSB, said, “The Games for us represented huge value for money. We signed up as the earliest partner and we got out of the blocks early, leveraging for the full five years which was key to our success. Before the Games started, the sponsorship already delivered return through new business generated” (Rashford, 2011; Stuart, 2012 and Generatesponsorship.com, 2015). BT’s Marketing and Brand Director Suzi Williams, said, “BT’s objectives used the sponsorship to transform the brand, generate revenues and engage staff and we exceeded all of these objectives. The Paralympics delivered huge return on investment with 85 per cent of our staff wanting BT to stay involved.” Cadbury’s London 2012 General Manager, Norman Brodie, said the sponsorship also delivered return for the brand, even during a time of a major company takeover. “We measured an increase in brand engagement by 5 per cent, as well as colleague engagement during a time that major changes and redundancies were taking place. Our community Spots and Stripes programme delivered a return on investment of GBP 3.39 for every pound invested, 2.8 million people were engaged via social media and we made 25 new business relationships as a result of the sponsorship.” (Rashford, 2011; Stuart, 2012 and Generatesponsorship.com, 2015)

Having examined the involvement of companies in the Olympic sponsoring programmes, one tends to wonder if this association is really worth the sum of money invested by the corporations. Xerox for example, decided to cease its 40-year Olympic Games sponsoring history. Olympics 2004 in Athens, which took 42 million euros of the Company's investments were the last Games funded by Xerox. Instead, the company plans to direct its resources into other initiatives aimed at drawing customers' attention and loyalty. The fact is, not each sponsor is successful in benefiting from its Olympics-related promotion. For example, Samsung's promotional campaign in Sydney turned out to be surprisingly ineffective. Their USD 40 million of advertising investments returned in only USD 1 billion of income. Very often other firms are even less lucky. For example, during the winter 1994 Olympics in Lillehammer, 43 per cent of interviewed people failed in correctly name the Olympic sponsors. They mixed up Pepsi with Coke and American Express with Visa (Lee, 2005: 1).Yet some research suggests few consumers even notice who is backing the Games. In a survey of 1,500 Chinese city dwellers by London's Fournaise Marketing Group in 2008, only 15 per cent could name two of the 12 global sponsors of the Beijing 2008 Olympic Games, and just 40 per cent could name one sponsor: Coca-Cola (KO). Adding to the confusion for consumers are 21 additional national-level sponsors, including Adidas and Volkswagen (Balfour and Jana, 2008: 1). For this reason, it must be noted that large scale funding does not necessarily lead to efficient brand/product/ service promotion. Dedyukhina (2004) while analysing results of a poll carried out by American Dynamic Logic Company, emphasised that only 25 per cent of American viewers and only 12 per cent of Europeans pay considerable attention to the commercials connected to the Olympic Games.

One problem that faces "Olympic Sponsors" is ambush marketing, as we have noted earlier. This is when major companies put their advertisement in major places near the venue of the Games or during the Games without paying sponsorship fees. This is also referred to as "parasite marketing". As sponsorship of the Games becomes increasingly lucrative, increasing number of companies create association with their company's products and the Games. The term of Ambush marketing is used in marketing industry to denote the strategy of a company, which is not an official sponsor of the event, but, because of the fact that its promotional company is focused on the Games or any other event, creates an illusion of being one of the official sponsors. For instance, in 1996 Olympics in Atlanta, Nike Company located its slogans outside but very close to sporting arenas of the Games, which hampered the efficiency of Adidas, an official sponsor's, promotional campaign (Young, 2012).

As will be discussed later in chapter 6, the IOC has since been taking steps to stop ambush marketing. For instance, during Olympics in Sydney, Pepsi cans were taken from the viewers by the organisers, since Coca-Cola was an official sponsor of the event. Athens organisers took unprecedented steps and protected rights of their sponsors by removing 10,000 billboards from the city, averting in such way potential ambush marketers and leaving space only for their official sponsors. This action cost Olympics organisers 750,000 euros (Williams, 2012).

The Number and Nature of Olympic Sponsors

The nature of "Olympic Sponsors" seemingly producing products that go against the "Olympic Spirit" raises questions about the extent which commercialisation has infiltrated the "purity" of the Olympic Movement. Coca-Cola and McDonalds have particularly been accused of representing product categories that contradict the essence of the Games. According to the IOC, the Games should encourage physical activity, promote healthy living, and inspire the next generation to exercise. The IOC has a responsibility to its brand like any other company or organisation, and it makes no sense for junk food and sugared-up sodas, hardly the optimal fuel for body or brain, to be associated with world-class athletic achievement. In defence of such allegations, Blitz (2012) quotes Jacques Rogge (IOC President 2001-2013) in an interview with the Financial Time; “We decided to go and to have the benefit of their support at grassroots levels,” .The bottom line is that we have to support and to alleviate the needs of… our National Olympic committees [and] international federations. Most international federations are on a lifeline for the Olympic Games and they need the financial support.” This statement seem to imply that for the right price, any prospective sponsor irrespective of its product can be affiliated with the Games, this is perhaps why the IOC seem to have consistently allowed alcoholic drink brands to be sponsors of the Games on numerous occasions.

Hence, sponsorship and advertising are essential things in the organisation of the Games since they are targeted to cover great expenses of such global event. Consequently, the Olympic Games have become a mixture of ancient ideals of sporting perfection and the today's reality associated first of all with commerce. The “power of marketing” can make such abnormalities happen, which is why McDonald’s and Coca-Cola are each paying up to USD 100 million for access to this market (Cho, 2012: 1). It has been argued that certain products are more problematic than others with regards how harmful they are perceived by the public with respect to sponsorship. One of such arguments exists between the advertisements or hard liquor (i.e. spirits) and beer. The popularity and acceptance of beer by the general public is perhaps why the IOC has allowed brands like Anheuser-Busch, Beijing Yanjing Beer Company Ltd, Tsingtao Beer Corporation Ltd, Budweiser and Heinekens to be sponsors of the Games. The IOC’s alcohol ban, which is now interpreted as a ban just on ‘hard-liquor’.

The IOC also claims that the reason for reducing the number of Olympic Sponsors is to provide exclusivity for its partners and sponsors (IOC, 2008: 9). However, looking at the number of companies that have been associated with the Games (i.e. partners, sponsors, suppliers and licensees) since the beginning of the TOP programme, it is clear that their numbers have not been reduced from before the TOP programme was initiated. Similarly, it can be argued that these partners do not represent distinctively different product categories. For instance, Panasonic and Samsung were Tier 1 partners of the London 2012 Games. Although these companies provide different services towards the delivery of the Olympic Games, in the "general market" they produce arguably the same type of products with similar "un-substitutable" services. Hence the IOC's exclusivity pledge does not seem to hold up in every instance.

Conclusions

In conclusion, this chapter has highlighted the companies that have participated in the delivery of the Olympic Games since 1984. The chapter also identified the respective product categories of these business enterprises, the estimated amount of money each of these companies paid to be part of the Olympics and for how long these businesses have managed to remain associated with the IOC and the Olympic Games. This chapter also analysed the value of Olympic sponsorship to partnering corporations and evaluated the probable reasons companies may not be enjoying the full benefits of their Olympic patronage. While a select number of companies have collectively ploughed enormous amounts of money, and service into the Olympic Games as official sponsors, partners, supporters and suppliers it is not clear how they have benefited directly from that investment. For the TOP sponsors, one can argue that they are capable of running publicity and product awareness programmes without associating their brand with the Games. Hence, regardless of the Games, they are still going to be leaders in their respective product categories. Smaller companies that have sponsored the Games over the years have done this with the intention of using the Games as a grand advertising platform. For instance, Thomas Cook and Next paid USD 31 million and USD 15 million respectively to be part of the London 2012 Games. It would be interesting to see if this investment has yielded a boost in patronage worth the invested amount of money. Investing in the Olympic Games may be statutory for corporations. It could be a "corporate statutory statement". Another reason companies sponsor the Games, despite the fact that not all sponsorships yield the expected gains is the fear of the "competitors' actions,". Businesses use the Olympic Games as a platform to launch new products and if they do not become a sponsor, someone else will.

The nature of Olympic sponsors was also discussed in this chapter. Despite the fact that the IOC seem to propagate itself as a noble, healthy and 'pure' movement, judging by the calibre of sponsors that have contributed to the successful delivery of the Olympic Games and the independent running of the IOC, it appears that the IOC is willing to forfeit its standards as to ensure its survival. Finally, it is arguable that the myth of high effectiveness of Olympic Games marketing does not correspond to today's realities. The uniqueness of the “Olympic Marketing structure” requires the development of more sophisticated advertising strategies by partnering companies. Mere putting advertisement on billboards and transmitting commercials with Olympic symbols on TV is no longer enough. An acceptance of this reality was exhibited by Samsung. Samsung launched a special Wireless Olympic Works programme. Within this programme, more than 14,000 mobile phones were distributed at no cost to the members of Olympic committee, mass media and politicians for them to be able to receive the information on the Games online. In this way the company attempt to acquire loyalty of different consumer groups.

Chapter 4: Methodological Reflections

Introduction

As previously outlined in Chapter 1, this thesis has three specific objectives: Firstly, to provide a critical history of how business enterprises have engaged with the (modern) Olympic Games since their formation in the 1890s. Secondly, to determine how business enterprises engaged specifically with the Olympic Games in London in 2012, and thirdly, to examine how and in what ways London 2012 might have been 'good for businesses' in the UK (Blitz, 2013). As such this chapter discusses the methodological challenges of researching business enterprises and the comparative, historical, and qualitative methods adopted in order to achieve the aims of the thesis. The chapter begins by discussing the problems associated with researching major business corporations and small and medium size businesses in the context of the hosting of an Olympic Games. Following this is a section that discusses the research design adopted for the thesis. As this thesis examines the London 2012 Olympic Games as a case study for the purpose of determining how business enterprises engaged specifically with the Olympic Games, the next section of the chapter discusses the nature, benefits and demerits of doing case study research. The remaining sections discuss the methods of data collection, the research process, and the chapter concludes by discussing the data analysis methods used.

The Challenges of Researching Large Corporations, and Small and Medium Size (SME) Businesses in the context of hosting an Olympic Games

Researching large and small business enterprises presents a unique set of challenges for the researcher. This is not surprising since these entities by the nature of their trade would prefer to present their respective companies in a good light. Hence, they are wary of any explorations into their activities that is not commissioned by them or if such investigation is an academic oriented research. Their concerns are underlined by two major factors: (i) Public image and perception, and (ii) Sensitivity of commercial and financial data.

Commercial enterprises depend on the quality of their product and their reputations to generate sales and income. This explains why companies often associate their brand with social service activities perceived to be for 'good'. Reputation and public perception is also a main selling point for the Olympic Movement. The IOC continues to maintain that the underlining philosophy guiding the Olympic Games is its so called 'goodwill' (IOC Charter, 2015). It is therefore not surprising that public opinion and reputation is a fundamental factor when these two entities come together to deliver the Olympic Games. This constitutes a challenge for researchers since companies are obliged to protect their reputation, the IOC's reputation and also that of the host city. One implication of this is that commercial entities do not willingly grant access to researchers that could be critical of them and may present them and their partners in an unflattering way.

Closely related to the above is the sensitive nature of the financial data of major corporations and SMEs. Although most major business corporations are required to publish annual financial reports, it is in the interest of these companies to present the most positive version of their financial statement. For business enterprises, any public display of their financial data has to be controlled by them. Risking uncontrolled access to the financial statements of the organisation could have a negative impact on potential investors, business partners and customers. Another reason businesses protect their financial activities from public access especially as it pertains to sponsorship of major sporting events (like the Olympics) could be because these deals may not be profitable in the conventional sense, and that may be perceived as poor business judgement by the company. Such perceptions could damage the commercial reputation of the sponsored event (in this case the Olympic Games) and the host government that has invested public revenues into such events.

In addition to the above, Blackburn and Kovalainen (2008) note that academic research and literature is often disregarded by businesses as being irrelevant to the real world, too old, too introspective, not radical enough and rarely useful for much beyond public policy making. This argument stems from the fact that academic research is often used or commissioned by politicians as contributing to an evidence base for effective policy making and implementation, monitoring and evaluation, which is a common context for research commissioned by the Small Business Service (SBS) and also feasibility studies (e.g., Hart and Lenihan, 2006). Blackburn and Kovalainen (2008) postulate that this assumption may be a question of rhetoric and the use of language, as well as of 'translation' of academic conceptions into layman's language. While this may be true for some pieces of research, it is difficult to accept in an area of applied social sciences that have practical outcomes and consequence for real life activities. In fact, academic research plays an important role by providing empirical evidence and informed insight which challenges assumptions that policy makers sometimes make about what small firms need and/or how they behave thereby producing critical perspectives on the business environment, both in concept, practicality and policy interpretation.

Having said the above, researching SMEs comes with a unique set of challenges. Raco and Tunney (2010) examined how the regeneration of the Olympic Village site in East London affected the small and medium size businesses (including their competitiveness) that were forced to relocate to accommodate the Olympic Park. However, my research project attempts to probe into how hosting the Games in the UK has affected (for good or ill) the competitiveness of SMEs in selected areas of the UK over the longer term. Mullen *et al* (2009) and Blackburn and Smallbone (2008) agree that the relative newness as well as the shallow knowledge base of research around small and medium size enterprises constitutes a potential problem when performing academic research in such a field. Prior to the early 1970s, there had been some isolated but significant UK-based studies that could be broadly conceived as "research on small firms." These studies were often confined to disciplinary boundaries such as: employment relations (e.g., Batstone, 1969; Goldthorpe *et al*, 1968; Ingham, 1967); economics (Marshall, 1919); and analyses of the concentration or size distribution of firms by economists (Hart and Prais, 1956). However with the launch of the *European Small Business Journal* in 1982, *Journal of Small Business and Enterprise Development* (est. 1994), the *International Journal of Entrepreneurial Behaviour and Research* (est. 1995), and *Venture Capital* (est. 1999) and many more, there are now refereed academic outlets for research findings, thereby adding to the field's knowledge. Numerous areas of SMEs have been researched from this era including: definitional issues (e.g., Curran, 1986; Ganguly and Bannock, 1985); research on owner-managers (e.g., Scase and Goffee, 1980); gender (e.g., Watkins and Watkins, 1984); ethnicity (e.g., Jones & McEvoy, 1986; Ward, 1986; Ward & Reeves, 1980; Wilson, 1984); finance (e.g., Hutchinson and Ray, 1986); class analyses (e.g., Bechhofer and Elliott, 1981; Scase and Goffee, 1982); economic analyses (Binks and Coyne, 1983; Binks and Jennings, 1986); geographical and regional perspective (e.g., Cross, 1981; Fothergill and Gudgin, 1982; Keeble & Wever, 1986; Lloyd & Mason, 1984; Smallbone, Leigh, & North, 1992; Westhead, 1989); new firm formation (e.g., Storey, 1981, 1982); employment relations (e.g., Rainnie, 1989; Rainnie & Scott, 1986); sector based analyses, particularly the retail (e.g., Kirby, 1986); and innovation (e.g., Oakey, 1981; Rothwell, 1984; Rothwell & Zegweld, 1982); worker co-operatives (e.g., Cornforth, 1983; Hughes, 1984); management buy outs (e.g., Wright & Coyne, 1985); franchising (e.g., Stanworth, 1984); the survival of the small firms (e.g., Curran, Stanworth, & Watkins, 1986a, 1986b); new business formation (e.g., Townroe & Mallalieu, 1993); venture capital (e.g., Mason & Harrison, 1994), and analyses of patterns of growth orientation and performance (e.g., Smallbone, Leigh, &

North, 1995). Despite the above, there have been very few research studies specifically on the economic effect of the Olympic Games on small and medium size companies. This has had a limiting impact on the resource pool from which my research could draw, but by adding to this conversation, this particular project delves into an unexplored area of a relatively new research subject.

To illustrate some of the challenges, Bartunek *et al* (1992) and Mullen *et al* (2009: 301- 302) for example agree that sampling for respondents tends to be challenging when researching SMEs. The challenge is based on the fact that in SME research, small sample sizes may be inevitable and indeed may represent most, or in some cases, all of the proposed group of respondents. This is intertwined with the newness of the research field or narrow niche served by a limited number of firms. However, if the sample selected is a good representation of the broad group there is less likelihood of a sample error, but, when picking small samples from a larger group (as was the case with this research) it is advised that to attain optimal sample size, consideration must be given to the population, desired levels of precision and confidence, and the strength of inferences to avoid any errors of incorrect no-difference conclusions (Mullen *et al*, 2009).

Another challenge of researching SMEs emanates from the misconception that SMEs are simple or small-scaled large companies, but this assumption is inaccurate. In fact SMEs are companies made up of fewer people, which could mean more responsibilities for the few members of staff that work in them. SME are characteristically challenged with limited access to finance, a low degree of professionalism, difficulties in recruiting qualified personnel, dependency on clients and suppliers, and the absence of economies of scale (Burns, 2001). For these small companies, time really is money. They are forward thinking entities that often cannot afford to spare their already finite resources (i.e. time and human resources) to assist with academic research. Hence, given that the majority of academic research cannot offer monetary compensation to these companies, the prospect of engaging them in a research project is slim especially if such research is perceived as not beneficial to their daily business or if it is research about a past event, as was the case with this one. Similarly, Blackburn and Curran (2000) also imply that limited resources coupled with the complexities of running small enterprises, which may include a lack of localised computer based data, on their daily activities makes them difficult and time consuming entities for research purposes.

The challenges and issues discussed above had a significant impact on my research, as I discuss later in this chapter. This meant that the research results did not follow the anticipated data collection method. Nonetheless, these challenges, and subsequent findings, tell us much about SMEs and their engagement with sports mega-events.

Research Process

In order to undertake this examination of the relationship between the London 2012 Olympic Games and business enterprises, I followed a systematic process, which consisted of four phases. The first phase of the research was an examination of already available data which also included an examination of the role the media played in their attempt to report the impact of the London 2012 Olympic Games on business enterprises. It was necessary to understand the history of the IOC with respect to its relationship with business enterprises. Relevant literature and scholarly analysis of the Olympic Games all created a foundation for understanding the part businesses have played in helping deliver the Olympics since the inception of the modern Games. Resources consulted included journals such as *Olympika,* and the *Olympic Review*, *IOC Factsheets, Centre for Olympic Studies* publications and proceedings from the International Centre for Olympic Studies. These works also helped to clarify the research questions and the research focus. Research scrutiny of newspaper and online articles about the London 2012 Olympic Games and visits to the British Library in London also took place. These resources also provided in depth documentation of past Olympics. These included resources relating to the politics involved in the bidding for various Olympic Games and the delivery of the Olympics.

As stated in the previous paragraph, the first stage of this research included a selective content analysis of news stories about London 2012 and how the media reported the implication of the activities surrounding the London 2012 Olympic Games for business. This content analysis also included analyses of official publications from companies and their account statements. Online databases such as Lexis-Nexis, F.A.M.E and Mintel were used to search for these news stories and company publications. The search parameters set for this analysis ranged between 2005 and 2014. The search started from 2005 to obtain information about the media coverage regarding the prospective business opportunities the Games provided. The search on media coverage of the London 2012 Olympic Games ended in 2014 to gather information from the media on the initial rewards that companies (sponsors and non-sponsors) claimed to have gained by the end of London 2012.

The second stage of research involved analysis of all the annual financial statements of partners, sponsors and suppliers of the London 2012 Olympic Games. The London 2012 Games had eleven worldwide IOC (TOP) partners, seven London 2012 Olympic partners, six London 2012 Olympic supporters, and 28 London 2012 Olympic providers and suppliers. Initially, all of these 52 partners, sponsors and suppliers were invited to participate in this research. This was to find out how and why these companies decided to associate their brands with the Games and if the Games had added to their brand awareness or even boosted their sales or revenue. The interviews were designed and intended to investigate why London 2012 sponsors hoped the Games would add to their brand given their investment (see the draft interview schedule in the appendices). Considering the fact that the Olympics tend to attract numerous potential sponsors, the interview questions were designed to discuss the challenges sponsors of the London 2012 Olympics faced during their bid to be supporters of the Games. Also, the reported amounts spent by business enterprises to be part of the Games ranged from USD 100 million for TOP sponsors, USD 63 million for LOCOG partners, USD 31 million for LOCOG supporters and USD 15 million for LOCOG providers (all figures cumulative; Rogers, 2012). For this reason, the next set of questions were designed to ascertain what these companies aimed to gain from their association with the Olympics, and if they applied to be in any particular Tier for a reason. Other questions intended for the interview sessions aimed to decipher how partners, sponsors and providers of the London 2012 Games funded their association with the Olympic Games (cash or kind); if cash, how much precisely did these enterprises pay and if kind, what sort of service did they offer.

Given this, the notion of the economic legacy of the London 2012 Olympic Games was taken into consideration. It was agreed that given the time limitation of this research (i.e. three years), the appropriate legacy period would be two years after the London 2012 Olympic Games (i.e. up to 2014). Therefore, in March 2014, all partners, sponsors and suppliers of the London 2012 Olympic Games were initially contacted through electronic and postal mails containing invitation letters and an overview of the research project. Unfortunately a majority of the invited companies did not respond and the few that responded were not interested in being involved in the research. Follow up emails were sent to the non-responders after two weeks to remind them. Most of the remaining companies responded with various reasons why they were not interested in participating in the research. Some companies did not see the relevance of talking about an event that they deemed past and no longer relevant to them, some companies directed me to their websites to view their official statements about their participation in the delivery of the London 2012 Games, while the remaining companies clearly stated that it was against their company policy to divulge sensitive financial information about the company to researchers. Despite the lack of interest, reminders were sent after another two weeks for the last time but with no positive response coming from the companies, it was clear the research needed to adopt an alternative process.

In a bid to assess the impact the 2012 Games has on UK SME businesses, the fourth phase of this project proposed interviews with SME businesses within the South-East of England and North-West of England. The interview questions were designed to understand how businesses that had no affiliation with the Olympics may have gained from the London 2012 Olympic Games. This inquisition was based on the fact that the UK government claimed that the Games would have a commercial impact on all parts of the United Kingdom and not just London (the host city) alone. For this reason, one of the topics investigated was to reconcile the claims of the Olympic Organisers to reality. Hence, businesses from around the UK who played no part in the Olympic Games were to be investigated to evaluate the effect that hosting the Games in the UK may have had on their respective businesses. A total of 100 companies were contacted for the purpose of this research (50 from the South-East economic region of England and 50 from the North-West economic region of England). These companies mirrored the product categories that partnered with the IOC, sponsored LOCOG and supplied goods towards the successful hosting of the London 2012 Olympic Games. These SME companies were all contacted in the first week of March 2015 via their company website, emails and company phone numbers. SMEs were more forthcoming with their responses unlike the London 2012 Olympics sponsors. By the time the first set of reminder emails were sent out and telephone call were made, all 100 companies had responded to the invitation. Out of the 100 contacted companies however, only two companies from the North- West and none from the South-East were willing to participate in the research. As mentioned in the first section of this chapter, commercial enterprises tend to shy away from academic research for various reasons. The most notable excuse given by SMEs for not participating in this research project was the lack of time. As mentioned earlier, SMEs strive to survive on limited resources, including staffs. For these companies, every staff member has a handful of responsibilities and it is challenging for them to spare time for academic research. Similarly, some SMEs also mentioned the lack of compensation as their reason for not accepting the invitation to be part of this research. It should also be mentioned at this stage that out of the 98 companies that refused to be part of the research, 80 per cent of them appeared to be ill- disposed toward the London 2012 Olympic Games. The majority of them clearly declared that the London 2012 Olympic Games had no impact on their respective business therefore they were not interested in having a discussion about it. Similar to the previous phase of the research, since only two companies responded to the invitation to be part of the research, secondary data analysis was used to analyse how the London 2012 Olympic Games affected small and medium size UK companies (see chapters 6 and 7).

Research Design

This research project was finally conducted with the use of documentary and secondary data analysis and qualitative research methods. Secondary data analysis involves the scrutiny of data that has already been collected, either by other researchers or for another purpose. With secondary data the emphasis is very much on analysis. Records of events in newspapers, television broadcasts, film, official documents, meetings and other records are examples of some of the 'data' readily available. The availability of vast amounts of data on the Internet makes much of this data highly accessible and the London 2012 Olympics and the Olympics as a phenomenon has been extensively written about. In this case, documents are viewed as a medium through which the Olympic norms, value, history, impacts, norms, structures, and powers have been expressed in the numerous accounts of the Games. With such material available, the possibilities were numerous, and in relation to this particular research, this secondary data provides detailed insight from social scientists, sport commentators, the IOC and Olympic partners, and sponsors on the history of the association between the Olympic Games and business enterprises. Having said the above, it should be note that documentary analysis has received a few criticisms. Documentary research is sometimes regarded as being not clear-cut, not having a method and nothing to say about how a researcher uses it. Yet these criticisms are misplaced. Pre-recorded documentation provides us with a sense of our past and with the ways in which our present came about, and employing a range of documentary sources (e.g., government publications) enables researchers to reflect on contemporary issues.

As stated earlier in this chapter, the secondary data gathered from academic works done by Kieran and Daley (1969), Gruneau and Cantelon (1988), Nixon (1988), Brichford (2002), Miller (2003), Barney et al (2002), Girginov and Parry (2005), Kenyon and Palmer (2008), Preuss (2004), Roche (2000), Puig (2010), Ponsford and Agrawal (1999), Horne and Manzenreiter (2006), Giannoulakis and Chatziefstathiou (2007), Mallon and Heijmans (2011), Lee (2013) and Horne and Whannel (2012), amongst others, created a foundation for understanding the part businesses have played in helping deliver the Olympics since the inception of the modern Games. Official Olympic publications also helped to clarify the research questions and clarify the research focus. They also made it easier to identify the exact companies that have been involved in helping the delivery of the Games and to set a pattern of companies that have been associated with the IOC and for how long this relationship has been going on. The implications of these findings also helped to shape the research questions and in identifying enterprises that were invited to participate in this research.

Quantitative research methods were considered during the development of the research project but the fact that this method usually helps collect a much narrower and sometimes superficial dataset made it inadequate for my research purposes. Quantitative research methods are usually constructed in a format that gives limited results as they provide numerical descriptions rather than detailed narrative and generally provide less elaborate accounts of human perception. Bryman and Bell (2003: 140) also note that this research is often carried out in an unnatural, artificial environment so that a level of control can be applied to the exercise. This level of control is not normally in place in the real world, preventing laboratory-controlled results. In addition pre-set answers will not necessarily reflect how people really feel about a subject and in some cases might just be the closest match and lastly, the development of standard questions by researchers can lead to 'structural' bias and false representation, where the data actually reflects the view of them instead of the participating subject.

Various other reasons added up to make the qualitative method of research appropriate for my research. Firstly, qualitative research is designed to reveal a target audience's range of behaviour and the perceptions that drive it with reference to specific topics or issues. It uses in-depth studies of small groups of people to guide and support the construction of hypotheses. The results of qualitative research are descriptive rather than predictive (Gratton and Jones, 2004: 20). The foregoing is justification for the use of this method. Although it is obvious that not all the London 2012 sponsors had been involved in other Olympic Games before 2012, the perception of this small group of sponsors would it was hoped shed more light on the factors that propel enterprises into the sponsorship of the Olympic Games. Similarly, the views of a selected number of SME businesses within the South-East of England and North-West of England towards the impact of the London 2012 Olympic on their respective businesses would help to shed light on the effect the Games have on businesses within the Olympic host regions. The qualitative mode of research is also preferred over the quantitative mode for this research because it gives the researcher an opportunity to develop empathy with interviewees and win their confidence. Hence, it allows the researcher an opportunity to tap into the depths of reality of the situation and discover subjects' meanings and understandings.

Having noted the above, it is imperative to state that qualitative research methods also have their limitations. One of these is the issue of “representativeness”. One of the main goals of research is to generalise the study findings to a broad group or population. In order for this to be possible, it is necessary that participants enrolled in the study are representative of the broader population being studied. Because qualitative research does not involve random sampling from the population to recruit research participants, it is challenging to get a sample group that is representative of the population (Flick, 2009: 384).

Validity of the qualitative method of research has also been subject to ethical scrutiny. According to Maxwell (1992: 282-287) if qualitative studies cannot consistently produce valid results, then policies, programs, or predictions based on these studies cannot be relied on. Proponents of quantitative and experimental approaches have frequently criticised the absence of "standard" means of assuring validity, such as quantitative measurement, explicit controls for various validity threats, and the formal testing of prior hypotheses. Their critique has been bolstered by the fact that existing categories of validity (for example, concurrent validity, predictive validity, convergent validity, criterion-related validity, internal/external validity) are based on positivist assumptions that underlie quantitative and experimental research. Although this research acknowledges the presence of such concerns within the use of the qualitative research methodology, this particular research can be validated at any point in the future. This is based on the fact that, the enterprises that participated in helping the IOC and LOCOG deliver the Olympic Games must have had particular reasons for associating themselves with the Olympic brand and the results of this association (positive or negative) are evident to such enterprises. Having established that this research would not be hindered by the foregoing problems, it was deemed convenient and appropriate to use the London 2012 Olympic Games as a case study; hence brief consideration of the case study as research method follows in the next section.

Case Study as Method

For the purpose of this research, a case study approach was taken. A case study generally entails in-depth examination of a single case (e.g., a certain sport industry phenomenon, group, situation, team, event, organisation, or process). Even though a case study involves only one unit, the research process engages many variables and requires data collection and integrative interpretation (Ghauri, Grønhaug and Kritianslund, 2005: 135) of information from multiple sources, such as interviews with sport management personnel, observations of fans, archival data from organizational files, historical information, surveys of sport event participants, and analyses of documents (e.g., sport marketing plans, team budget and financial reports, newspaper articles, advertisements). As explained by Velde *et al.* (2004: 79), case study research addresses the "degree to which the results and conclusions of the various data collection methods point in the same direction" and this is why the method is particularly useful or the purpose of this research.

The relevance of this research method is highlighted by Velde *et al* (2004: 79) who state that the case study is a reliable research tool that can be adopted when the intention of the researcher is to gain a deeper understanding of a real-life sport industry phenomenon or issue (e.g., decision-making processes used by athletic directors, the effects of team relocation, a sport merchandise company's approach to expanding globally). Investigators can use case study methodology to verify a theory in the real world (e.g., examining the validity of a theory in a particular sport organisation or situation), to study the precise characteristics of a unique situation in order to make comparisons to other situations, or to research a phenomenon that has not been studied in order to discover new features (Ghauri and Gronhaug, 2005: 75). Therefore, in addition to examining and solving practical issues in the sport industry, case study research in sport management can also involve testing existing theoretical concepts or even creating new theories (Maylor and Blackmon, 2005: 127). In case study theory-testing work, the investigator can examine a case in order to evaluate, strengthen, or challenge a theoretical proposition (Edwards, 1998: 200). The above characteristic of the case study mode of research makes it suitable for adoption as this research not only delves into an area of "Olympic studies" that has not been investigated before, it also intends to gain a deeper understanding of the reasons enterprises get involved in helping the delivery of the Olympic Games. Clearly, previous Olympics have been studied, but most of these studies have examined the broad economic impact of mega events, this research on the other hand uses the London Olympics in 2012 as a unique case study to view how this phenomenon impact both the major sponsors of the Games and the small enterprises within the host region.

Denizen and Lincoln (1998: 134) explain that the term case study is used "because it draws attention to the question of what specifically can be learned from a single case" (Denizen and Lincoln (1998: 86). As stated earlier, with the case of this thesis, London 2012 can be used as point of contact for future Games as it pertains to how the Games tend to impact the host city's economy. The most widely accepted definition is offered by Yin (2003: 13): "A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident". Yin continues by noting that a case study "relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and . . . benefits from the prior development of theoretical propositions to guide data collection and analysis" (Yin, 2009). Thus, a sport management case study is a research strategy built on theory and involving multiple sources of data collection (e.g., interviews, observations, documents).

Maylor and Blackmon (2005: 35) emphasis the use of the case study methodology within sport related research noting that case studies typically explore, describe, illustrate, or explain a selected phenomenon in sport management. Case study research serves three purposes that often overlap in sport management: explanatory, exploratory, and descriptive (Maylor and Blackmon, 2005: 37-38). As detailed by Yin (2009: 4), exploratory and descriptive case studies often answer research questions that address who, what, when, and where. In explanatory case studies, however, the investigator seeks to answer questions about how and why. For example, one could use an explanatory study to gain understanding of how sport marketing professionals have used a particular promotion to sustain consistently high attendance regardless of their team's wins and losses. You could also use an explanatory case study if you wanted to understand why baseball ownership and management failed to adequately address the issue of steroids in the 1990s. Most case studies in sport management are focused on answering the "how" and "why" research questions. The "how" and "why" research questions are vital components of this research work. This research aims to explore why business enterprises pay a lot of money to be part of the Olympic family. This research also had to be achievable within the time, space and resources available.

The case study research method has its challenges. One of these is the singular nature of case studies. Perhaps because a case study focuses on a single unit, a single instance, the issue of generalisation looms larger than with other types of qualitative research. However, much can be learned from a particular case. Readers can learn vicariously from an encounter with the case through the researcher's narrative description (Stake, 2005: 28). The description in a case study can create an image: "a vivid portrait of excellent teaching, for example--can become a prototype that can be used in the education of teachers or for the appraisal of teaching" (Eisner, 1991: 199). This is perhaps one of the reasons why this thesis is important since this research gives an intrinsic account of this unique and peculiar Olympics. As the research proceeds, to begin to debunk the historic, socio-political and economic myths associated with the Olympic phenomenon and by doing this, it is expected that this knowledge can be transferred into the evaluation of subsequent Games. Further, Erickson (1986: 140) argues that since the general lies in the particular, what we learn in a particular case can be transferred to similar situations. It is the reader, not the researcher, who determines what can apply to his or her context. Stake (2005: 455) explains how this knowledge transfer works: case researchers "will, like others, pass along to readers some of their personal meanings of events and relationships--and fail to pass along others. They know that the reader, too, will add and subtract, invent and shape-reconstructing the knowledge in ways that leave it...more likely to be personally useful." (Merriam, 2009: 112).

The use of the London 2012 Olympic Games as a case study in this research however reduces to the barest minimum the challenges associated with doing case study research. Firstly, although the London Games is a singular event among the "modern" Olympics that have been held since 1896, it is perhaps the most appropriate for this research because it presents the most recent edition of the IOC TOP programme. Being that the London 2012 Games is a singular event with accessible facts, the reliability and validity of this research work can be verified. Golafshani (2003: 598) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Kirk and Miller (1986: 41-42) identify three types of reliability referred to in quantitative research, which relate to: (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period. Both references above emphasise the idea of consistency, replicability or repeatability of results or observations. These imply that the research results remain consistent if performed at different times considered the method and process remain the same. This attribute of the research method and instrument is actually referred to as stability. If we are dealing with a stable measure, then the results should be similar. A high degree of stability indicates a high degree of reliability, which means the results are repeatable. The reliability of this research was considered and the fact that the London 2012 Games is the most recent modern Olympics, the data used to generate the research findings are unique to this particular Olympics Games and access to these set of data is not restricted, allows that should this research be repeated at any time with the results would be relatively the same as that of this particular research. While reliability is necessary, it alone is not sufficient. For a test to be reliable, it also needs to be valid. Validity encompasses the entire experimental concept and establishes whether the results obtained meet all of the requirements of the scientific research method, it determines whether the research truly measures that which it was intended to measure or how truthful the research results are. Wainer and Braun (1998) describe the validity in quantitative research as "construct validity". The construct is the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered. Having said this, given that the result of this research was attained by the proposed measures, it is clear that the research work is valid as well. The methods used during this research project were given ethical clearance by the relevant University of Central Lancashire committee. Although this ethical approval was not ultimately necessary as the research method was revised, the approval ensured the reliability and validity of the research.

Research Data Analysis

One of the aims of this thesis was to understand the involvement of all 52 official partners of the London 2012 Olympic Games in the delivery of the Games. In a bid to understand the effect of the Olympic Games on businesses that were not directly involved in the Games, business activities within the South-east of England and North-west of England were also analysed. The second and third research questions of this thesis aimed to determine how business enterprises engaged specifically with the Olympic Games in London in 2012, and to examine how London 2012 was "good for businesses" in the UK. Consequently, the research analysis attempts to discover the effect sponsoring the Olympic Games had on partners, sponsors and suppliers of the London 2012 Olympic Games in comparison to business enterprises that did not help directly in the delivery of the Games. The research analysis also intends to critically understand how wide spread the economic impact of the London 2012 Olympics was on small and medium size business enterprises in counties and cities outside of the host region (London). Hence, the recruitment of respondents for this research is dependent on two main factors. The first is whether or not the enterprise helped with the delivery of the London 2012 Olympics. The second factor concerns the geographical location of the business enterprise.

To find out what effect sponsoring the Olympic Games had on the businesses that sponsored them, the annual financial reports of all the 52 partners, sponsors and suppliers of the London 2012 Olympic Games were analysed. Similarly, to determine how the London 2012 Olympic Games affected businesses in other parts of the country aside from London, small and medium size businesses particularly from the North- West and South- East regions were examined. This query stems from the claims of the UK government that the 'Olympic effect' would spread nation-wide irrespective of their level of participation in the delivery of the Games. The result of this analysis helped to identify how far the Olympic Games affected businesses outside London.

As discussed earlier, the proposed methodology for this research was the semi-structured interview method. However with the very low response rate, the data collection methods used became primarily desk-based, including analysis of the annual financial reports for London 2012 sponsors and of internet based secondary data for small and medium size companies that were not part of the London 2012 Games. The net profit margin and earnings per share of London 2012 sponsors were calculated to understand how they were performing in their respective markets. This calculation covered a span of 10 years (i.e. 2004-2014). The calculation started from 2004 in order to understand how the companies performed before the bid to host the Olympic Games was won by London and it ended in 2014 to view how these companies were responding to the effect of sponsoring the London 2012 Olympic Games.

The same data collection method could not be applied to the small and medium size businesses that did not participate in the delivery of the London 2012 Games. This is because unlike the major corporations that sponsored the Games, it is not mandatory for these small companies to publish their annual financial reports. Since the aim of investigating SMEs in this research was to know how widespread the effect of the Games was around the UK, data provided by the media, respective counties, government and economic development agencies as well as individual companies was analysed for this part of the research project.

Conclusion

In conclusion, this chapter has discussed how I executed the study. The original proposal for the research identified the primary components of the study, including the research strategy, study design, and methods and strategies for data collection and analysis. The research faced unanticipated methodological challenges. For numerous reasons discussed in the chapter, large companies and SMEs mostly preferred to not be part of this research. This led to a switch from the proposed semi-structured interviews method of data collection to the use of all available secondary data. This change meant that methodologically, the researcher depended on the documentary evidence as the primary source of data for developing findings and conclusions.

The chapter also highlights how and why the case study research method was used to execute this research especially as it pertains to the London 2012 Olympics. Using the 2012 Olympics as a case study, the thesis was able to develop, discuss and scrutinize the trend of event that have occurred and moulded the business model of the IOC to date, and to evaluate where the present stage of the Games could lead the Olympic phenomenon. In light of the methodological challenges discussed in this chapter, the next two chapters present the results of the analysis of largely desk-based data collected on business involvement in the London 2012 Olympic Games.

Chapter 5: The Financial Performance of Sponsors of the London 2012 Olympic Games

Introduction

Chapters 2 and 3 have discussed the history of the involvement of business enterprises in the delivery of the Modern Olympic Games. This chapter attempts to identify the specific financial implications of the London 2012 Games for individual companies that assisted the IOC and LOCOG in the delivery of the Games. Hence this chapter addresses the second research question of the thesis; how businesses engaged with the London 2012 Olympic Games and what they gained or lost as a result. To ascertain this, the annual financial reports of the 52 official sponsors of the London 2012 Olympic Games were scrutinized (including TOP sponsors and LOCOG sponsors, suppliers and partners). By measuring the changes in respective company accounts starting from when they announced their involvement with London 2012 until 2013 we can obtain an indication of how the Games may have affected the companies. To measure the financial performance of these companies, two financial ratios were adopted. Firstly, the net profit margin of these companies was calculated and secondly the individual earnings per share was identified. These ratios are useful as firms often present them as proxies for the public perception of the financial performance of their companies.

The chapter commences by outlining the performance indicators used in more detail. The next section of the chapter presents the findings from the financial performances of the TOP partners of the IOC for the London 2012 Olympic Games. The following section examines how the London 2012 Olympic partners (Tier 1 sponsors) performed as a result of their involvement with the delivery of the Games. The financial performance of London 2012 Olympics Supporters (Tier 2) and London Olympic Providers and Suppliers (Tier 3) is presented in the following consecutive sections respectively. The chapter concludes by determining if sponsoring the London 2012 Olympic Games was worthwhile for the 52 sponsors and suppliers of the London 2012 Games.

A Note on the Performance Indicators

The net profit margin is a well–used statistic in company finance. It serves as an indicator to shareholders of how good a company is at converting revenue into profits available to shareholders. A higher net profit margin means that a company is more efficient at converting sales into actual profit. The fact that it is presented as a percentage makes it useful and effective in comparing net profit margins among a group of companies to see which is most efficient, especially if these companies are within the same industry. However, the net profit margins are also a good way to compare companies in different industries in order to gauge which industries are relatively more profitable. It is important to apply this formula to monitor a company's net profit margin as the company changes; hence, this measurement is typically made for a standard reporting period, such as a month, quarter or year. The net profit margin is intended to be one measure of the overall success of a business (Atrill and McLaney, 1997). The earnings per share (EPS) of a company, on the other hand conveys to the public and the stockholder how much each share of stock earned or lost. It is plainly the profit or loss of a company as a result of selling goods and services on a per share basis, again aiding comparisons. Earnings per share is generally considered as an important variable in determining a share's price (Atrill and McLaney, 1997).

TOP Worldwide Partners

The development of the TOP IOC sponsorship program was discussed in chapter 3. For the London 2012 Games, the 11 companies that participated as TOP partners were Acer, Panasonic, General Electric, McDonald's, Coca-Cola, Visa, Samsung, Atos, Procter & Gamble, Dow, and Omega. These companies paid for their association with the IOC in cash and kind. For instance Atos managed the information technology for the London 2012 Games. This included the accreditation system for all 250,000 athletes and coaches (Economist.com, 2012). Visa also used London 2012 as an opportunity to showcase the brand's innovation in contactless payment. The credit card operator teamed up with fellow TOP sponsor Samsung to demonstrate contactless payment on the Korean mobile giant's S111 phone, which it launched at the Games. Other companies in the Olympic sponsorship ranks also contributed to the Games in cash and kind. Examples of such companies were GlaxoSmithKline (GSK) and G4S who provided laboratory and security services towards the successful hosting of the London 2012

Olympic Games respectively. The involvement of these companies in the London 2012 Games is discussed later.

Before discussing the findings of this chapter, it should also be noted that the nature and size of these TOP sponsors is such that the majority of them do not depend on exposure from the Olympic Games as their main source of publicity during the Olympic period. These companies run other advertisement campaigns simultaneously, unconnected with the Games. For most of them the Games give the companies an opportunity to align themselves with certain virtues through their association with the Olympic Movement. Dow, BP (Tier 2) and Rio Tinto (Tier 3) were engulfed in environmental pollution scandals during the Olympic period. It was also reported that Coca-Cola gained more awareness from its sponsorship of the London 2012 Games (Levintova, 2012). Advertising and marketing company Warc (2012) reported that Coca-Cola's sponsorship of the London Olympic Games generated a 61 per cent spontaneous awareness level among Chinese consumers, bettering the brand's gains from Beijing 2008. The table below (Table 5.1) illustrates how some of the sponsors of the London 2012 Games did in terms of public perception before and during the Games.

Table 5.1: London 2012 Sponsors Popularity Rating

Brand	1 Week Prior: July 16- 20	Olympic Period 7/23- 8/3	Change in score
TOP Sponsors			
Acer	**3.8**	**8.9**	**5.1**
Coca-Cola	**20.5**	**24.0**	**3.5**
GE	**11.8**	**9.4**	**-2.4**
McDonald's	**13.9**	**16.1**	**2.3**
Panasonic	**10.2**	**11.8**	**1.6**
Samsung	**24.0**	**24.8**	**0.8**
Visa	**8.2**	**22.7**	**14.5**
Non TOP Sponsors			
Adidas	**12.1**	**12.9**	**0.8**
BMW	**20.2**	**16.2**	**-4.0**
BP	**-5.9**	**2.6**	**8.5**
British Airways	**4.0**	**4.1**	**0.1**
Heineken	**11.2**	**13.2**	**2.0**
Holiday Inn	**15.8**	**12.6**	**-3.2**

(Miller, 2012)

From the table above, Visa's multi-platform advertisements which included Facebook, Twitter and YouTube simultaneous campaigns appeared to have facilitated the company's leap in consumer perception during the London 2012 Olympics Games. BP made the second largest jump in consumer perception. While computer manufacturer Acer, who stepped in when Lenovo ended its partnership with the IOC after Beijing 2008 recorded the third largest increase in consumer perception between the opening ceremony and the closing ceremony of the London 2012 Game. Coca-Cola, Samsung, McDonald's, Heineken, Panasonic, Adidas, and British Airways all experienced perception gains as well, although they were somewhat more modest. Brands whose perception swung distinctly in a more negative direction included GE, Holiday Inn and BMW. In terms of the implications of the London 2012 Games for these companies, the average net profit margin of the TOP partners of the London 2012 Games from 2005 to 2013 shows that Olympic-specific marketing events before, during, and after the

Games had little real impact overall on these companies. This is probably because the short duration of the Games is not enough to financially affect such companies considering their size and reach. The table below shows the average net profit margin increase of the TOP partners between 2005 and 2013.

Table 5.2: Net Profit Margin Average of London 2012 TOP Sponsors

Company	**Net Profit Margin increase average between 2005-2013**
Acer	**-1.05 per cent**
Atos	**-0.19 per cent**
Coca-Cola	**-0.33 per cent**
Dow	**-0.16 per cent**
GE	**-0.25 per cent**
McDonalds	**1.32 per cent**
Omega/Swatch	**1.04 per cent**
Panasonic	**1.20 per cent**
Proctor & Gamble	**0.17 per cent**
Samsung	**0.48 per cent**
Visa	**4 per cent**
	Total Average: 0.57 per cent

*****Acer joined the TOP programme in 2008 to replace Lenovo as the official desktop and computer provider.

The table was derived from the summary of the net profit margin calculations of these companies since 2005, when London won the right to host the London 2012 Olympic, till 2013, one year after the Games concluded. Similarly, the financial impact the Olympic Games had on the TOP sponsors of the London 2012 Games seems minimal. As noted earlier, the majority of the TOP sponsors do not depend on the Games to boost their business. Some sponsor to build brand perception and some companies sought brand recognition. Some companies also had a clear economic projection for the sponsorship deal they signed with the IOC. One such company was Proctor & Gamble (P&G). P&G projected that the Games would make USD 500 million (GBP 325 million) in additional sales in 2012 for the company.

After comparing the company revenue, it seems this was attained. In 2011, P&G made a total revenue of USD 81.1 billion and this increased to USD 83.7 billion in 2012 (an increase of USD 2.6 billion). However this resulted in a -1.68 per cent increase in net profit margin between the two years. Also, for the TOP sponsors, their public perception table (Table 5.1) seem to be in correlation with the increase in net profit margin of these companies (Table 5.2). For example, Visa appears to be the leading TOP Company on the popularity rating table with 14.5 points of growth between the weeks before the London 2012 Games began to the end of the event. Similarly, this research also presents the net profit margin performance of Visa between 2005 and 2013 which shows a growth of 4 per cent. Similar correlation can be seen in the increase in popularity ratings and increase in net profit margin of McDonald’s which are 2.3 points and 1.32 per cent respectively. Samsung also managed to translate its 0.8 popularity rating increase to a 0.48 per cent increase in net profit margin. At the other end of the spectrum is GE. GE’s popularity ratings between the opening and ending of the London 2012 Games dropped by -2.4 points which also translated into a -0.25 per cent net profit margin. Having said this, it should be noted that some company’s popularity ratings did not boost their net profit margin, Coca-Cola and Acer recorded increases of 3.5 and 5.1 points respectively, but results from their net profit margin between 2005 and 2013 showed drops of 0.33 per cent and -1.05 per cent. Having noted the above, it is expected that the companies with lesser status should record a more significant financial impact on their activities as a result of participating in the delivery of the London 2012 Olympics.

London 2012 Olympic Partners (Tier 1)

For some Tier 1 sponsors, like Adidas, the aim of the association was to use the London 2012 Games as a platform to secure market share in their respective product categories (Hall, 2011). The other companies in Tier 1 were BMW, BP, British Airways, BT, EDF and Lloyds TSB. These companies were officially referred to as the 'London 2012 Olympics Partners'. Unlike the TOP partners, this set of companies had sponsorship deals with the host city (i.e. London) rather than directly with the IOC itself, to help with the delivery of a specific Games, hence, their involvement with the Olympics lasted for the duration of just one Olympic Games. As one might expect, most of these companies tended to be companies operating within the host city and nation, as well as abroad. The Tier 1 sponsors of the London 2012 Games were reported to have paid USD 63 million to the LOCOG for their role in the Games. Even though the Tier 1 sponsors are mostly indigenous companies, they are not too dissimilar to the TOP partners with regard to their market reach and size. For this reason, these companies were involved in other forms of marketing and advertisement that were not Olympics-related before and during the Olympic period.

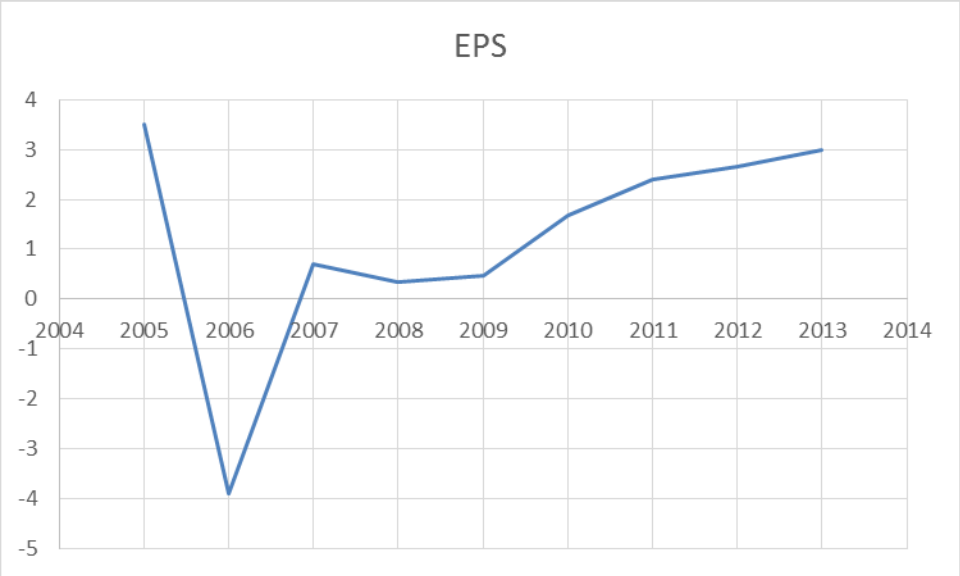
The similarity between these two sets of companies (i.e. TOP partners and Tier 1 sponsors) is also evident in their respective net profit margins. From the table below, it is clear that the Games did not yield immediate net profit margin increases for the Tier 1 sponsors of the London 2012 Games. Of the Tier 1 sponsors, the company that recorded the highest net profit margin increases between 2005 and 2013 was BMW with an average of 0.28 per cent within this period. This is less than the company with the highest net profit margin increase among the TOP partners attained, which was 4 per cent by Visa.

Table 5.3: Comparison of the Net Profit Margin Average and Popularity ratings of selected London 2012 Olympics Partners

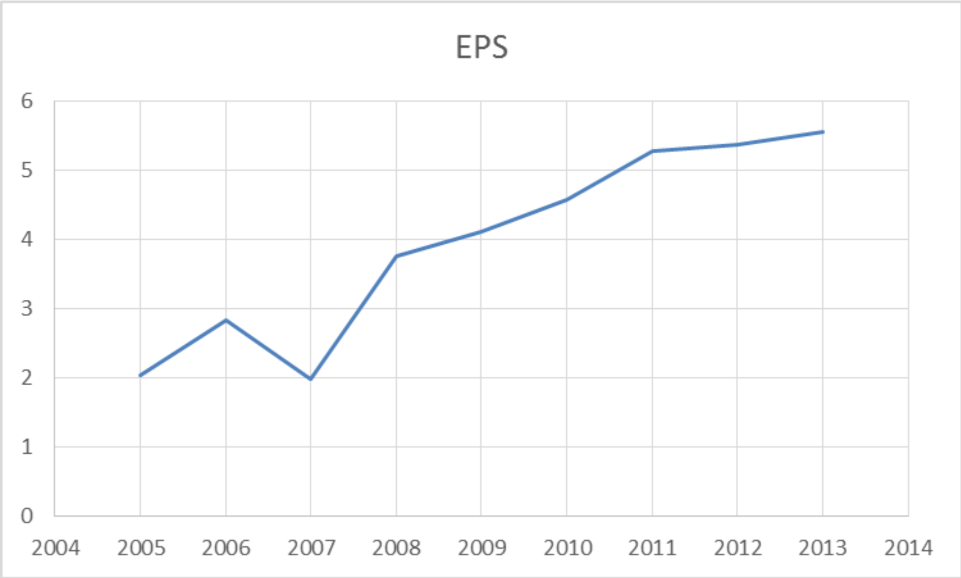
COMPANY	Net profit margin average	Popularity rating
ADIDAS	-0.05per cent	12.9
BMW	0.28per cent	16.2
BP	-0.40per cent	2.6
BRITISH AIRWAYS	-0.32per cent	4.1

In total, the average net profit margin of Tier 1 sponsors of the London 2012 Olympic Games was -0.39 per cent which means that as a collective, the Tier 1 sponsors of the London 2012 Games did not experience an increase in profit margin within this period. Hence the question arises of why companies continue to sponsor the Olympic Games? The EPS of these companies may bring some insight into this question. As mentioned earlier, the earnings per share of a company serves as one indicator of a company's profitability, and it is also linked with the ability and willingness of prospective shareholders to purchase shares in the company. EPS may be driven in part by the way the company is perceived and the Olympic Games serves as a platform for such perceptions to be either created or emphasised. According to Tomkovick and Yelkur (2012) who conducted a study of companies that advertised with the Olympics in the summers of 2000, 2004 and 2008 found that ‘Olympics stocks’ outperformed the market during each of the Games and this held for longer periods of time following the Games. This point is evident in the EPS of some of the companies that sponsored in 2012. The graphs below show how the EPS of some companies that sponsored the Games may have been affected as a result of their participation in the delivery of the Games.

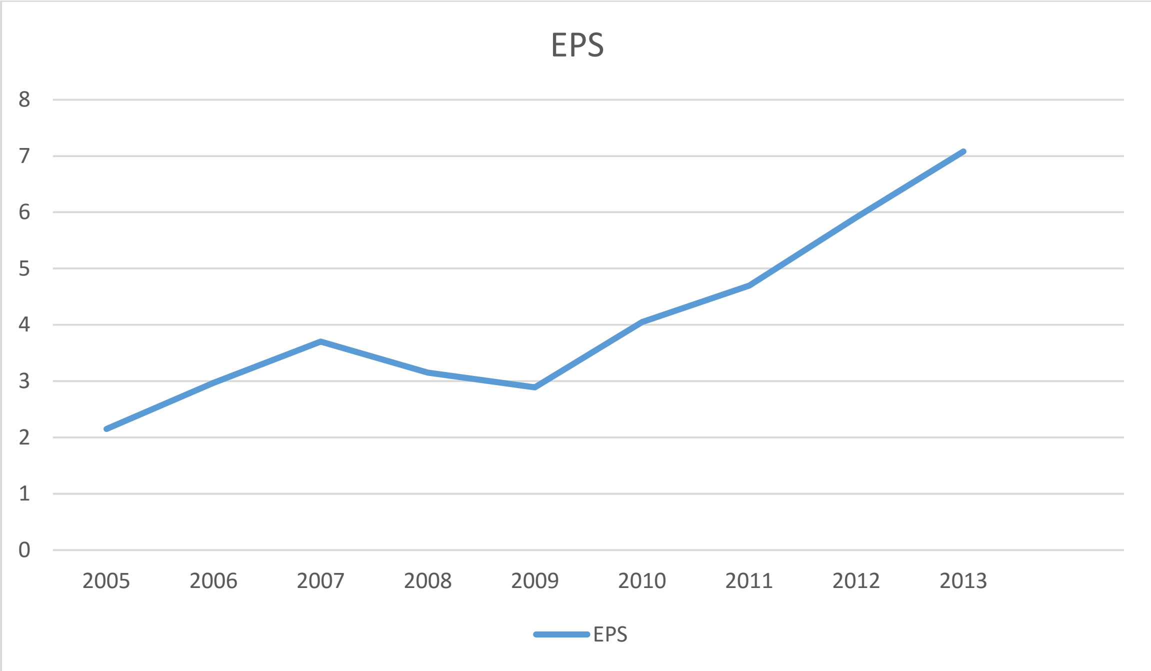
Graph 5.1: **Atos EPS**



Graph 5.2: McDonalds EPS

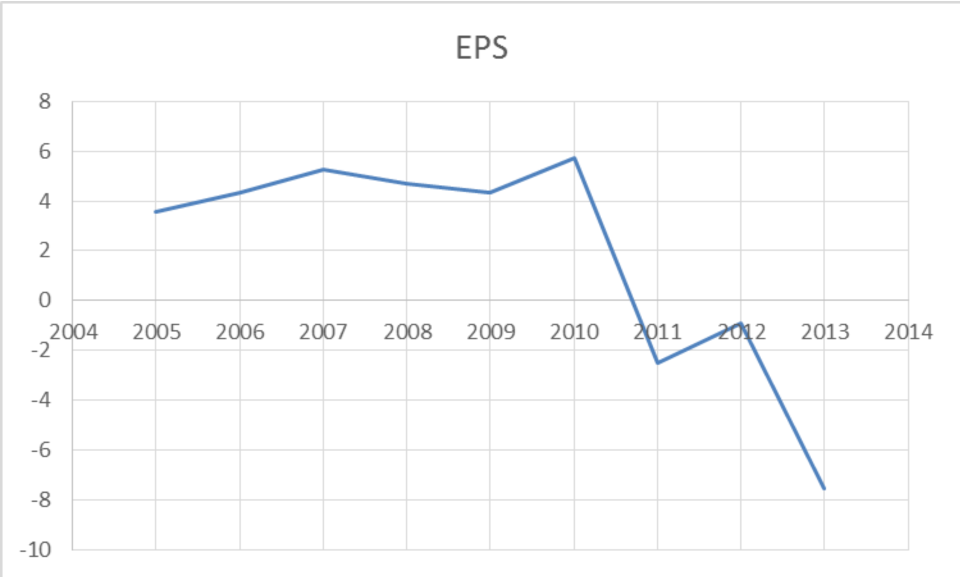


Graph 5.3: Omega's EPS

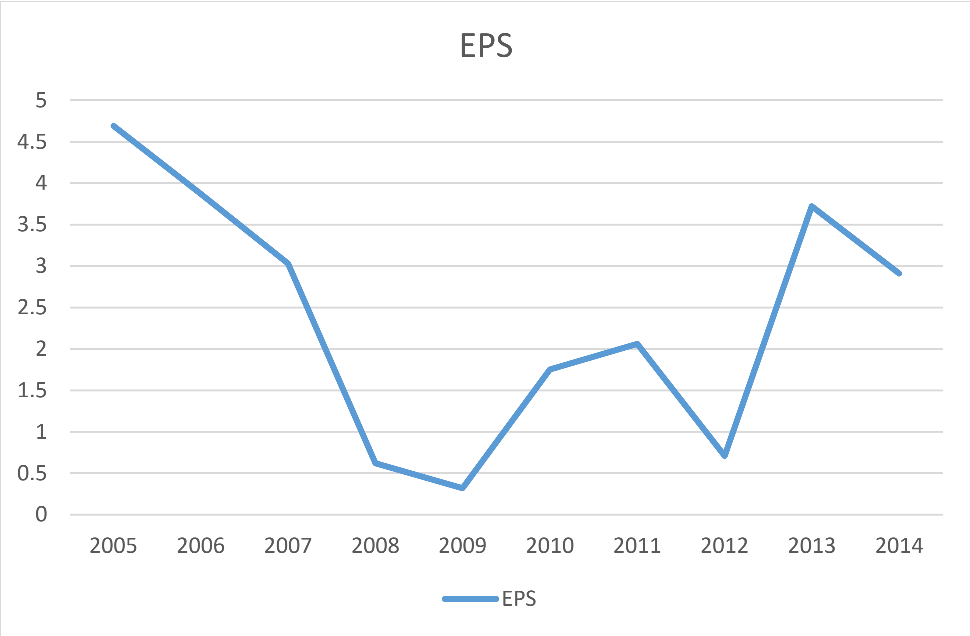


From the graphs above it seems the EPS of some Olympic sponsors rose after both Olympic periods represented in these graphs (2008 and 2012). However this is not the case for all TOP and Tier 1 sponsors of the Games. Companies like Dow, Panasonic and Acer did not record a rise in EPS during this period. The graphs below show how the EPS of these companies reacted to the Olympic Games in 2008 and in 2012.

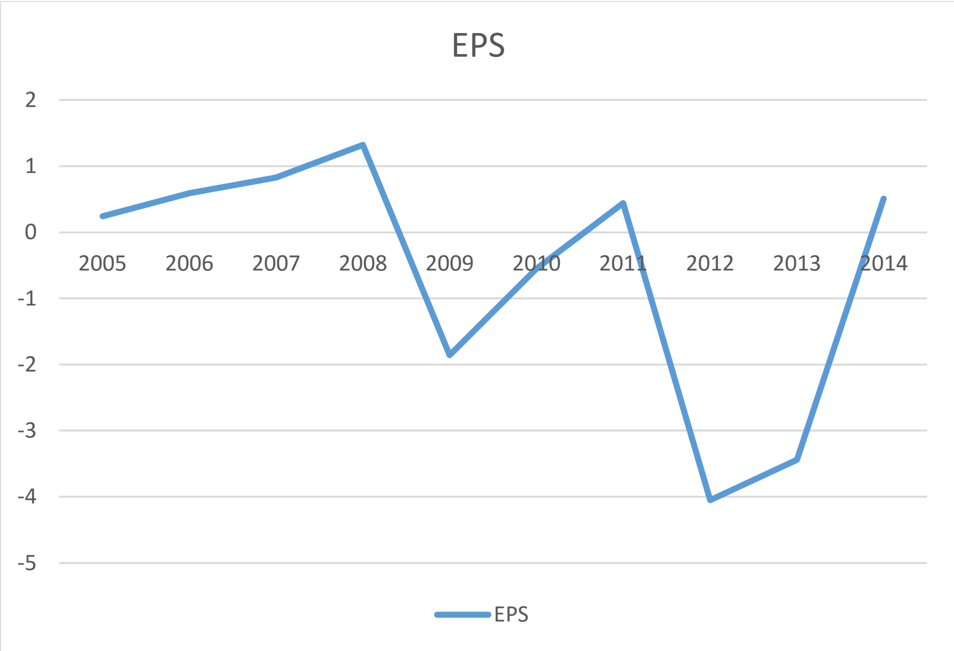
Graph 5.4: **Acer EPS**



Graph 5.5: Dow EPS



Graph 5.6: Panasonic EPS



Figures obtained from account statements of the TOP partners and the Tier 1 sponsors of the Games shows that sponsoring the London 2012 Olympics may have had a significant positive impact on their finances, however due to the fact that these companies did not sponsor the Olympics solely for economic value, this may not affect their decision to sponsor future Games. Judging from the fact that many of these companies have remained sponsors of the Games despite the obvious lack of economic impact, it appears that for the likes of Coca-Cola and other TOP sponsors, the Olympics is an opportunity to "keep up appearances" as leaders in their respective product categories, as well as for the exposure the Games provide.

The London 2012 Olympic Supporters (Tier 2)

The Tier 2 sponsors of the London 2012 Olympic Games consisted of seven companies: Adecco, ArcelorMittal, Cadbury, Cisco, Deloitte, Thomas Cook, and UPS (a former TOP sponsor of the Olympics). These companies were reported to have paid USD 31 million to be part of the London 2012 Games (Rogers, 2012). These companies along with the TOP and Tier 1 sponsors have various reasons for being part of the Games. One such reason is their fear that if they don't sponsor the Games, their competitor may take the spot. But is the fear of what a business’s competitors might do worth the USD 31 million invested in the Games by these companies? Even though Deloitte was a sponsor of the London 2012 Games in the professional services sector, KPMG still remains the leader in the sector despite not being part of the Olympic Games and doing no significant promotion during the Olympic period. This situation was not peculiar to Deloitte. Lloyds Banking Group were also unable to utilize the exposure provided by the Olympic Games to overtake Barclays Bank as the leading company in their product category. Barclay’s bright blue branded bicycles available for hire all over London, including near the Olympic park in east London ensured the presence for the rival bank even though they were not helping the LOCOG deliver the Games. The examples above illustrate how some companies, despite not being official sponsors of the Olympics, still managed to remain visible during the Olympic period and they did this without paying the IOC or LOCOG any advertising fee. It is thus important to check if the Tier 2 sponsors that paid USD 31 million to be associated with the Games gained financially from this association. Adecco handled the permanent and temporary recruitment of staff for the London 2012 Games. Adecco was also a domestic commercial partner for Sydney 2000, Torino 2006 and the Manchester Commonwealth Games of 2002 (Kemp, 2009). This shows that the company had continuously participated in advertisements with the Olympics and other sports mega-events.

Graph 5.7: Adecco's Net Profit Margin

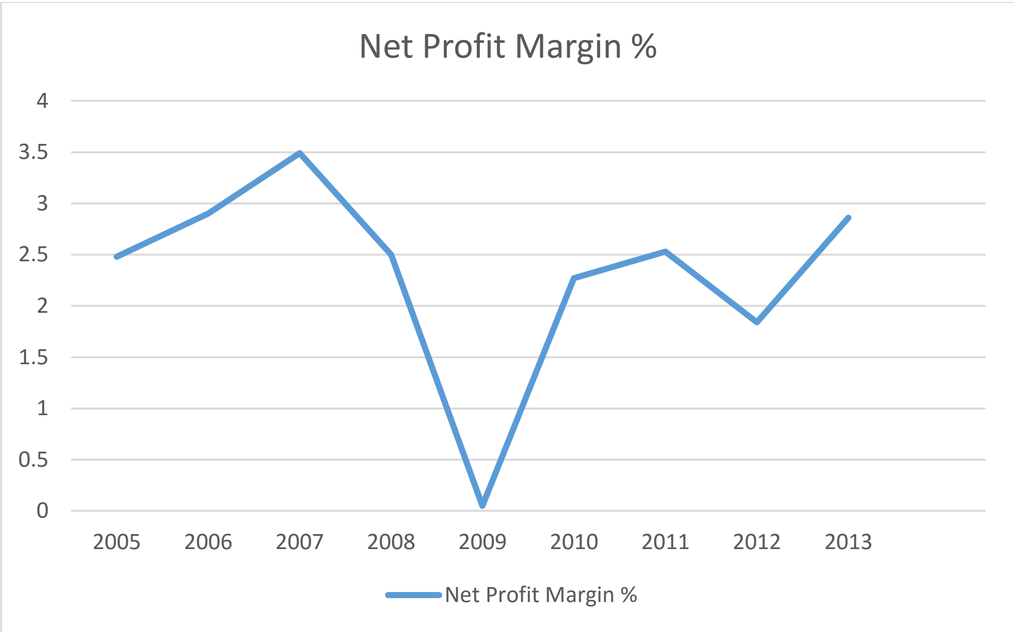


Table 5.4: Adecco Net Profit Margin Increase

2013	**1.02 per cent**
2012	**-0.69 per cent**
2011	**0.26 per cent**
2010	**2.22 per cent**
2009	**-2.45 per cent**
2008	**-0.99 per cent**
2007	**0.59 per cent**
2006	**0.42 per cent**
Total average increase in Net Profit Margin	**0.05 per cent**

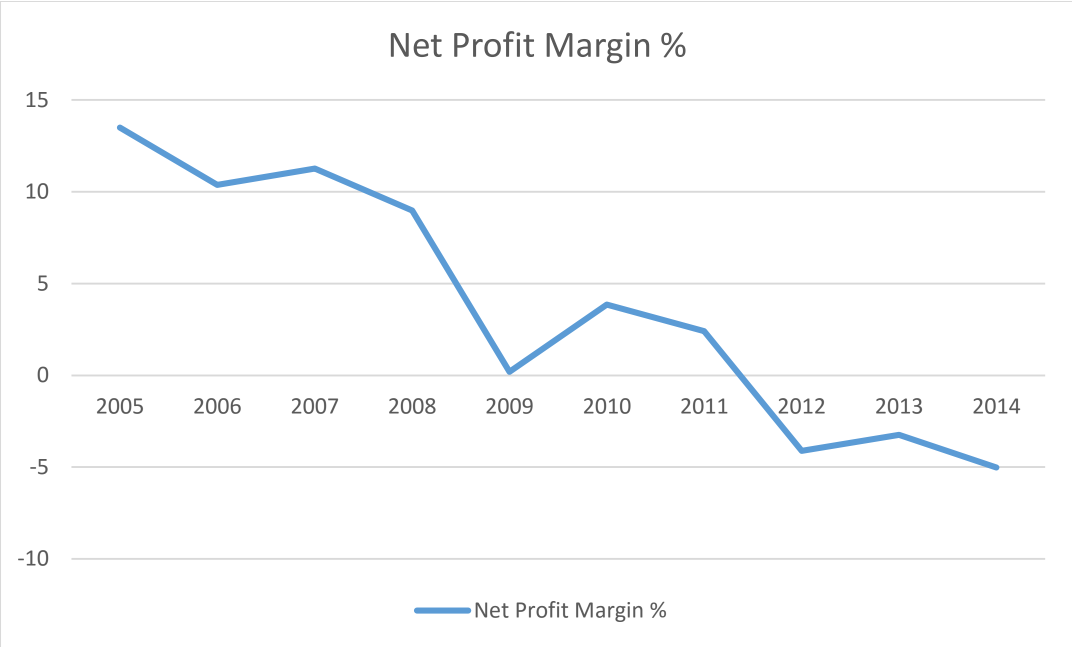
The results indicate the net profit margin of Adecco after Torino 2006 and London 2012 Games. The table above also shows the annual increase in net profit margin of Adecco from 2005- 2013 which is not surprising. Adecco's association with the Olympic Games is similar to G4S's and other companies that delivered services towards the hosting of the Games. These companies gain exposure from their association with the Games and in some cases they get paid (as in the case of G4S) for their services, or given the opportunity to expand their brands, clientele and staffs in international markets (as in the case of Adecco).

Also in the Tier 2 sponsorship category was Cadbury. London 2012 was not Cadbury's first involvement in the sponsorship of a sports mega event; Cadbury was also an official supplier of the Sydney Games in 2000, as well as the Commonwealth Games in Manchester in 2002 and Melbourne in 2006. Being an indigenous British company for nearly 200 years, the company launched an online campaign to promote its association with the Games especially since it was being held in the UK. As a result of this online campaign the brand added 2.5million fans and followers to its official social media channels on Facebook, Twitter and Google+, which posted Olympic related content during the Games. The firm witnessed immediate growth in follower numbers over the 17 days of the Olympic Games, adding 25,000 Twitter followers, 35,000 Facebook fans and 200,000 Google+ fans (Warc, 2012). This promotion appeared to result in a sales boost for Cadbury as well. The brand witnessed volume sales of confectionery assortments in major multiples by 45 per cent year on year (YoY) over the three weeks to 18 August 2012 with its promotional packs of Heroes chocolates. Its themed Olympic chocolate medallions (the Dairy Milk Bronzed Crème Crunch, Silvery Crème and Nuts for Gold) reached 2.4 million with sales value of GBP 2.3 million, proving Olympic success. These products also helped boost overall sales for Cadbury block chocolate, which grew by 8.1per cent in volume against the block chocolate market growth of just 1.4 per cent during the Olympic period. All this resulted in the company recording its highest value peak in two years (marketingagencies.org.uk). These increases could be attributed to huge promotions by Cadbury, specifically targeting the Olympics with its marketing. Since total sugar confectionery volume sales fell by -3 per cent over the same time period, it is more likely that sales trends moved in Cadbury's favour helping it to acquire market share from other sweet manufacturers (Eales, 2012).

Another Tier 2 sponsor of the London 2012 Olympic Games was Cisco. Cisco replaced Nortel as the supplier of Internet Protocol (IP) networking gear for the 2012 Olympic Games in London because LOCOG was not confident that Nortel, which filed for bankruptcy in January 2009, could meet deadlines and requirements while it liquidated assets (Duffy, 2009). For this reason, Cisco took over the provision of core network routing and switching, security and firewalls, email management, Wi-Fi access and IP telephony for the LOCOG, serving 6,000 staff and 70,000 'games makers' (volunteers), at 100 venues around the UK (most of them in London). The aim of providing this service was to show the company's reliability to the public especially as it worked alongside senior Tier 1 infrastructure partners, BT and Atos in the delivery of the Olympic Games.

Similar to Cisco, BT, Atos and G.E., ArcelorMittal's involvement in the delivery of the Games was intended to show the prowess of the company. As a Tier 2 sponsor of London 2012 and official steel supplier of the Games, ArcelorMittal committed funding of up to GBP 19.6 million of the GBP 22.7 million cost of the ArcelorMittal Orbit, with the outstanding GBP 3.1 million provided by the London Development Authority. It was estimated that the resulting ArcelorMittal Orbit tourist attraction could generate up to GBP 10m of revenue each year and create up to 50 new jobs following the 2012 Olympic and Paralympic Games (arcelormittal.com, 2012). Aside from the orbit created by the company, ArcelorMittal did not do much publicity around the London 2012 Olympic Games for the simple reason that their customers are not typically retain customers. Having said this, Hakim (2015) has noted that the ArcelorMittal Orbit has not generated any profit since its instalment, contrary to this, the tower is said to have lost GBP 10, 000 weekly (GBP 52,000 annually) despite pre- Games forecast that it would generate GBP 1.2 million.

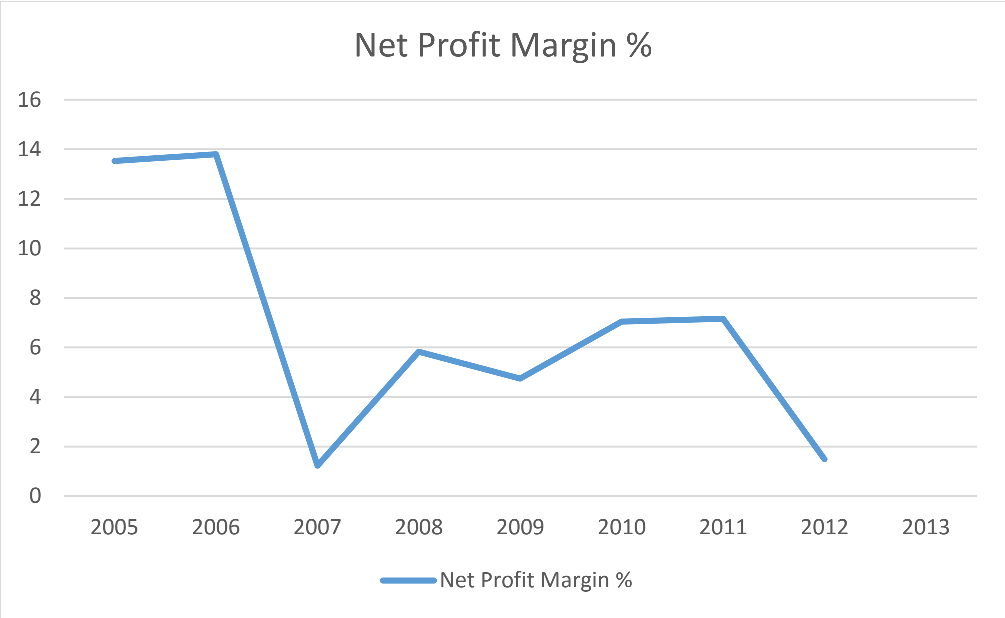
Graph 5.8: **Net Profit Margin of ArcelorMittal**



The net profit margin of ArcelorMittal has been in decline since 2005. The activities of the company with regards to the London 2012 Games alone were yet not enough to reverse the downward trend in net profit margin of the company. Although there was a mild recovery in net profit margin right after the London 2012 Games, and although there was a slight rise in net profit margin immediately after London 2012, the net profit margin of ArcelorMittal continued to drop through 2014.

UPS also falls under the category of companies that sponsored the Games not necessarily for financial gains but to prove their ability to deliver on such a large scale. As the official logistics and express delivery supporter of the London 2012 Games, it was UPS's job to get every item to the right place at the right time (Edelman.com, 2014). Staging an Olympic and Paralympic Games is a challenging undertaking and UPS is familiar with such demands after having supported the Olympic movement since the 1996 Olympics in Atlanta. Since then UPS has helped with the delivery of the Olympic Games as TOP sponsors at Sydney 2000 Games and the Beijing 2008 Games. However, UPS reduced its role in the delivery of the London 2012 Games and became domestic sponsors for the London 2012 Olympic Games. In total, over 30 million items were transported and delivered, including one million pieces of sporting equipment. The company over-saw logistics in over 170 Games sites, addressing issues such as distribution, packaging and warehouse servicing. The implication of this to the financial status of the company is reviewed below.

Graph 5.9: UPS Net Profit Margin



The graph above illustrates how the net profit margin of UPS reacted to the company's commitments before, during and after the Olympic Games in London. The graph shows that there has been a general drop in net profit margin for the company between 2005 and 2013. Although the net profit margin seems to be on the rise after the London 2012 Games, we might ask if this rise in profit margin was enough to justify the company's investment in the London 2012 Olympic Games?

Another Tier 2 Sponsor of the Games was Thomas Cook. Thomas Cook's deal with LOCOG included the company providing ticketing services for the Games as well as providing travel and accommodation for their customers. However, two weeks before the opening ceremony, Thomas Cook was forced to halve some prices in order to encourage sales of unsold capacity but sales proved sluggish, partly because London hoteliers demanded high rates that in turn obliged Thomas Cook to keep its package prices high. On the 28th of November 2012, Thomas Cook announced a GBP 17 million loss as a result of its investment in the London 2012 Olympic Games. This loss was due to the fact that the company was only able to sell 45,000 of the anticipated 300,000 tickets for the Games as part of packages that included hotel room accommodations. Thomas Cook went on to blame the loss on marketing and licensing costs for package deals that offered guaranteed tickets for the Games. Thomas Cook was “Official Provider of Short Breaks” for the Olympics, and the company had expected its packages to sell. The result of this was that the company made a trading profit of GBP 9.6 million on the Olympics, but this was not enough to cover the GBP 26.8 million costs of marketing and licensing agreed with the organisers (Calder, 2012).

In conclusion, the size of these Tier 2 companies warrants that sponsoring a mega sporting event is an attractive proposition for them. This is because unlike the dominant positions of the TOP and Tier 1 sponsors, these companies in the lower tier are in constant competition with other companies that produce similar products or provide similar services. The fact that these companies did not necessarily make profits from their association with the Games as seen in the net profit margins of these companies signifies that they may not be sponsoring the Games for immediate profits. As stated by Hall (2011) the aim of such an association for companies in this category is to use the London 2012 Games as a platform to compete and overtake their rivals in their respective product categories. Hence, for companies in this category, the association with the Games provides more exposure for them than direct increase in sales or services. It should also be noted that this tier of sponsors consists of more service providers than the other two tiers but not as much as the 3rd tier. This is an indication that for these sponsors, continuous business with the IOC or local organising committees is important. They use the Olympic Games as a platform to exhibit their reliability in order to attract patronage from other businesses.

London 2012 Olympic Providers and Suppliers (Tier 3)

Tier 3 sponsors are the providers and suppliers of the Games. It is reported that the money paid by these group of sponsors was significantly less than what other sponsors paid. Rogers (2012) suggested that these companies paid USD 15 million each, which is the least paid by all sponsors of the Games. The structure of these partnerships was such that they provided services to the event mainly in exchange for marketing benefits. While this is arguably a more cost-effective route of getting involved, it is still imperative to find out how these companies leveraged the USD 15 million that was paid to LOCOG for advertising rights. A significant challenge for Tier 3 partners was that many were not allowed to use the London 2012 logo in their external marketing; there were restrictions placed on how public these companies could be about their involvement with the London 2012 Games. As such, brands struggled to work out how they could use the partnership most effectively. Hence, the challenge for marketers of Tier 3 partners was to find clever ways of leveraging the association, and they needed to work harder than the companies at Tier 1 or TOP partnership levels to make sure their contribution did not go unnoticed (pearlfinders.com, 2012).

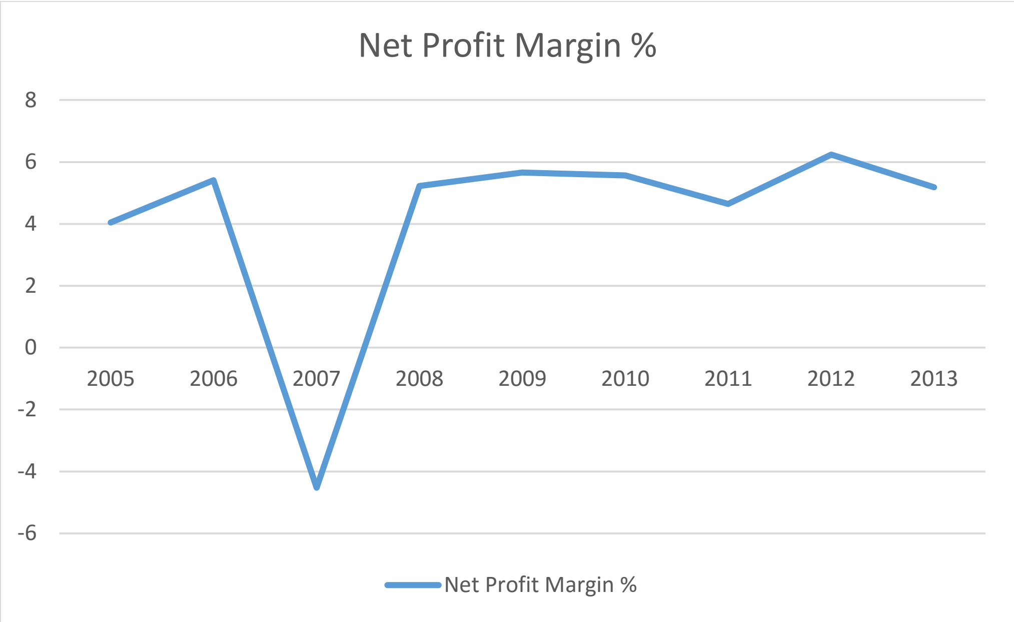
Considering this obvious disadvantage for Tier 3 sponsors of the London 2012, the financial implication of the association is worth investigating. The London 2012 Olympic Providers and Suppliers (Tier 3) were Aggreko, Airwave, Atkins, The Boston Consulting Group, CBS Outdoor, Crystal CG, Eurostar, Freshfields Bruckhaus Deringer LLP, G4S, GlaxoSmithKline-Kline, Gymnova, Heathrow Airport, Heineken UK, Holiday Inn, John Lewis, McCann World group, Mondo, Nature Valley Granola Bars, Next, The Nielsen Company, Populous, Rapiscan Systems, Rio Tinto, Technogym, Thames Water, Ticketmaster, Trebor (Cadbury) and Westfield. One common denominator of all Tier 3 sponsors of the London 2012 Games was that they all provided distinct services towards the successful delivery of the Games. One such company was Airwave. Airwave provided private mobile radio (PMR) service fit for the London 2012 Games. It was the first time in Olympic history that this had become a sponsorship category. For this reason, Airwave was selected to be the first ever official PMR provider for the Games. Airwaves track record in providing mission critical communications for Great Britain's emergency services made it a viable option to provide PMR services for an event like the Olympics. This company provided PMR for 18,000 LOCOG staff and volunteers who were reliant on Airwave to run their Games-time operations (airwavesolutions.co.uk, 2012). Although 2012 was the first time the company was involved in the delivery of the Games, preparations commenced in 2008. To ensure they were prepared, the company was on site at the Beijing 2008 and Vancouver 2010 Games to study the communications arrangements in operation. This was invaluable given these were the last two Games prior to London. Similarly, the company continued to invest USD 15 million in preparation for the London Games by upgrading its network in and around London 2012 venues where the public safety impact was likely to be especially important. Airwave did this by re-tuning all 312 London base sites and 1,280 base radios as well as other key sites across the country where Olympic and Paralympic competitions were staged (Garside, 2011).

Some Tier 3 sponsors were appointed by the Olympic Delivery Authority (ODA) before the right to host the Games was won. Freshfields Bruckhaus Deringer LLP was one of these companies. Freshfields Bruckhaus Deringer LLP was part of the London 2012 Games from 2003. The company assisted the British government with building the legal framework for the Olympic bid. The company was also involved in negotiations around the Games such as contracts, employment, legal disputes and real estate. This was the longest and most complex project the company had worked on. The ramifications of this relationship for Freshfields Bruckhaus Deringer LLP was the opportunity the London 2012 Games provided to demonstrate its capacity on such stage. Similarly, the general construction works and design for the London 2012 Olympic Games venues were done by Atkins and Populous. Their jobs included developing all aspects of the venues from the look and feel, the user experience, the delivery of seating, accommodation and landscaping, as well as back of house requirements including power, water and lighting. The two companies were responsible for the staging of 120 temporary venues created for the more than 20,000 Olympic and Paralympic athletes and over 10 million ticketed spectators to experience the events. Atkins became a Games supplier in 2005 before the Olympic bid was won. Atkins' charter included engineering design of the Olympic park area. The firm, under its ODA enabling works contract, was responsible for managing the investigation, remediation and preparation of the 2.5 square-kilometre (nearly 1-square-mile) Olympic Park site before construction of sport facilities could begin. Atkins's extensive work on the London 2012 Games comprised delivery of the site wide enabling works ranging from scaffolding to bolts and nuts to support the development of the Olympic Park, detailed engineering design of earthworks, drainage, landscaping and electrical supply in the Park, development of bridges, structures and highways around the park, environmental impact assessments and ecology and biodiversity services, and the delivery of 100 temporary venues and facilities across the country, including overlay design, utilities, building services, acoustics, fire and accessibility (Lass, 2012).

Populous was appointed the official architectural company for the London 2012 Games before the bid to Games was won as well. Populous is a global design company that specialises in the design of sports and entertainment venues. It spent almost a decade working on the design of the London 2012 Olympic and Paralympic Games, starting with the original London 2012 bid book in 2005, followed by work on the master plan, the design of the Olympic Stadium itself, and eventually the design of the temporary overlay venues. The company had been involved in the delivery of numerous Olympic Games including Sydney 2000, the London 2012 Games and the Sochi 2014 Games (populouslondon2012.com, 2012).

The result of Atkins and Populous work with LOCOG resulted in the companies working with the London Legacy Development Corporation (LLDC) to oversee the technical transformation of the Queen Elizabeth Olympic Park from a Games venue into a new visitor destination and community park after the completion of the London 2012 Games (Ruddick, 2011). These companies were also involved in the transformation of the Olympic Stadium into a football stadium and events space (atkinsglobal.com, 2012). Partly because of the effect of the financial crisis on world economies and the building sector in particular, this association did not translate into financial gains for them. For instance, the graph below illustrates how the net profit margin of Atkins was affected before, during and after the London 2012 Olympic Games. From the graph, it is clear that there was no significant increase in profit during the period and the most noticeable change was a 9.94 per cent decrease between 2006 and 2007.

Graph 5.10: Net Profit Margin for Atkins

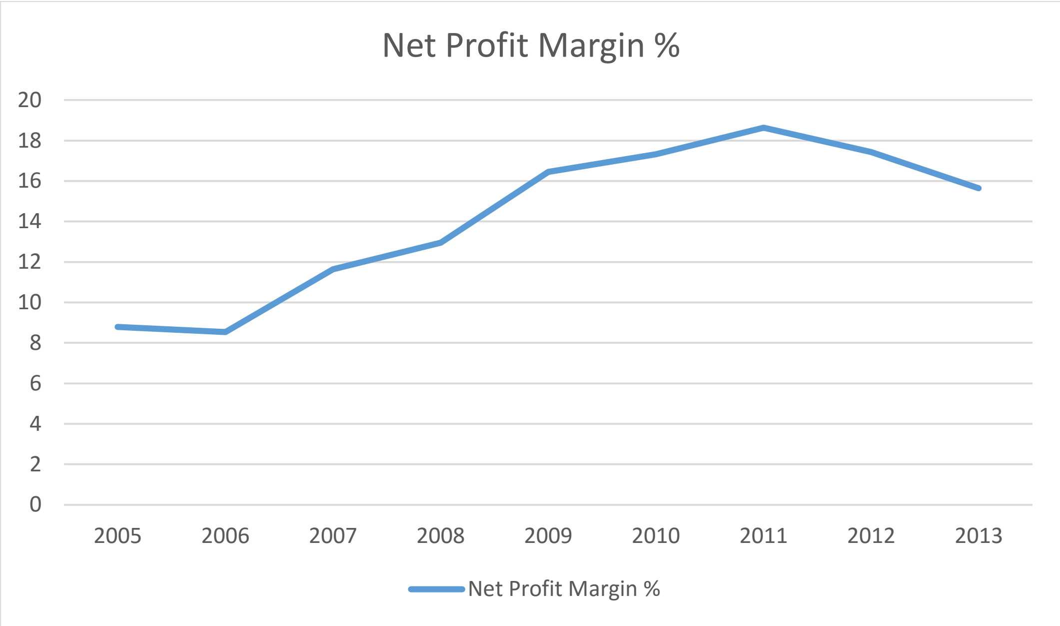


Parallel to the numerous facility and road constructions that were done in preparation for the Games was transportation preparation. For this reason, Heathrow and Eurostar were made the official 'Host Airport' to the London 2012 Olympic Games and official international rail services provider of the London 2012 Olympic Games respectively. Heathrow became London 2012's domestic sponsor with anticipation that 13 August 2012 would be Heathrow's busiest day ever because of the inflow of visitors into London for the Olympics. It was estimated that almost 80 per cent of all Games passengers, including athletes, officials, sponsors, media and spectators were going to come into London through Heathrow. In preparation for this task, Heathrow Airport built a new terminal for athletes arriving for the Olympic Games (telegraph.co.uk, 2012). Similarly, Eurostar was reported to have signed up as a sponsor of the London 2012 Games on the 12th of May 2012 to become the official international rail services provider of the Games just two months before the commencement of the Olympics. Eurostar provided London 2012 with arrival and departure services for those competing in and working at the Games who travelled by rail (Thomas, 2010). Eurostar however claimed that despite their involvement in the delivery of the Games the company did not experience any increase in number of passengers and sales revenue dropped. The Olympic effect failed to bring about an increase in the number of passengers travelling on trains run by high-speed Channel tunnel company Eurostar. Eurostar saw revenues drop five per cent over the summer of 2012 despite carrying 31,000 more passengers during the London 2012 Olympic and Paralympic Games. The company said passenger numbers rose by four per cent during the Games compared with the same period in 2011 but the number of regular leisure travellers that travelled from the continent to London in July 2012 was lower than 2011. Overall for the year 2012, passenger numbers rose from 7.3 million to 7.4 million with sales revenues down one per cent to GBP 612 million (Rowbottom, 2012). The company announced that it carried 2.6 million people between July and September 2012, roughly equal to the same period the previous year. And although numbers rose 4 per cent during the Olympic Games period, there were fewer business and leisure travellers than usual. Partly due to the fact that the company did not become an official sponsor of London 2012 till a few weeks before the Games commenced, Eurostar sales revenue fell 5 per cent in 2012 summer, dropping from GBP 197 million in July-September 2011 to GBP 188 million in the same period in 2012. For the first nine months of 2012, Eurostar passenger numbers reached 7.4 million, up from the 7.3 million figure for January-September 2011. Sales revenue fell 1 per cent to GBP 612 million. Eurostar, which runs trains between London's St Pancras station and Paris and Brussels, said it had seen a growth in passenger numbers and sales revenue since the end of the Games, which signalled "a positive outlook" for the London 2012 legacy (theguardian.com, 2012).

Another important service that was required for the successful hosting of the Games was provision of temporary electrical power which Aggreko PLC was appointed to deliver. Having been involved in the provision of electricity for Beijing (2008 Olympics), Vancouver (2010 Winter Olympics) and South Africa (2010 FIFA World Cup), Aggreko's experience was perhaps one of the main factors that made sure that on 22 December 2010, LOCOG appointed them to be the exclusive supplier of temporary energy services for London 2012 and in the process become a Tier 3 sponsor of London 2012. This made it the 12th Olympic Games Aggreko had worked on and the London Games was the company's fourth successive summer Olympics. Under the agreement, Aggreko was tasked with providing power across 39 venues in eight different locations – London, Cardiff, Coventry, Cardiff, Glasgow, Manchester, Newcastle and Weymouth (aggreko.co.uk, 2012).

Although it was reported that Aggreko like other Tier 3 sponsors paid a sum of USD 15 million to be part of the Games, Hawkes (2010) stated that the company earned GBP 37 million (approximately USD 57 million) for its services towards the successful hosting of the London 2012 Games. Similarly, as a result of the consistent success recorded by Aggreko towards the provision of temporary power for the hosting of a sports mega - event, the company was appointed on Monday, 16 December (2013) as the Official Supporter of the Glasgow 2014 Commonwealth Games. As part of the deal, the Glasgow-based firm was required to provide temporary power across the Games' 13 sports venues and the Athletes Village. As a result of this, Aggreko's account reflects a growth in net profit margin between 2005 and 2013 as seen below.

Graph 5. 11: Net Profit Margin of Aggreko



The smooth running of the Games also required adequate and reliable water supply. Hence, on the 1st of May 2011, LOCOG announced that Thames Water was appointed as a Tier 3 sponsor of London 2012, becoming Official Water Utility Services Provider of the Games. At the time of signing up, Thames Water were the 25th Tier Three supplier and provider of the LOCOG (Mackay, 2011). As part of the deal, Thames Water provided all water utility and waste water services at London 2012 venues, ensuring clean, reliable tap water and sanitation for the Games. This association with LOCOG benefited Thames Water as the company retained a contract with the Olympic Delivery Authority to build the UK's biggest 'black water' recycling plant on the edge of the Olympic Park. This facility transformed north London sewage into non-drinking water for the purpose of flushing toilets within the Olympic village, producing 570,000 litres of water from Londoners' sewage for to perform other functions like the heating and cooling of the Olympic Park's Energy Centre (thameswater.co.uk, 2011).

As expected, the successful hosting of a mega sporting event like the Olympic Games requires the provision of world class gymnastic facilities, equipment, and flooring facilities. This responsibility was handled by three different companies for the London 2012 Olympic Games. These companies were Mondo (Sport Flooring and Equipment), Gymnova (Gymnastics

Equipment) and Technogym (fitness equipment). Of these three companies, Mondo had the longest relationship with the IOC having helped in the delivery of nine previous Games. As "Official Supplier for Sport Flooring and Equipment", Mondo was able to cover the needs of 10 different sports disciplines, including two of the most representative Olympic sports, athletics and basketball, as well as some important Paralympic sport disciplines; wheelchair basketball, rugby, bocce and goalball (mondoindoorsportusa.com, 2012).

As the official fitness equipment supplier, Technogym was closely involved throughout the whole process, supporting Team GB and Paralympics GB in promoting sport and health across the four nations through the Our Greatest Team campaign. Technogym was appointed Exclusive Supplier for all athletic preparation centres for the London 2012 Olympic Games. This was the fifth Olympic Games for which Technogym has been the official supplier, having supplied the required equipment and supporting data-collection and training technology for athletic preparation, rehabilitation and wellness, for Sydney 2000, Athens 2004, Turin 2006 and Beijing 2008. In London Technogym provided the equipment for the main gymnasium in the Olympic Village, open to all athletes taking part, and the specific preparation centres for the 28 disciplines located in the respective structures. Since the London 2012 Games legacy impact was intended to inspire a generation to take part in sporting activities, after the Games Technogym continued to work with legacy partners such as local authorities and industry bodies to encourage active lifestyles and a continuous commitment to sporting fitness. For example, they worked with Greenwich Leisure Limited (GLL) to transform the Copper Box Arena and the Aquatic Centre, two key Olympic venues, into public sporting venues with world-class health & fitness gyms (Montgomery, 2010).

Gymnova became the Official Gymnastics Equipment Supplier and provider of all the equipment needed for the gymnastics events at London 2012. Gymnova also provided the equipment for 2009 Gymnastics World Championships (held in London) and the World Championship, Montpellier, France, in 2011 just before the London 2012 Games. Gymnova immediately noticed a boost in sales just after winning the right to be the official gymnastic equipment suppliers for the London Games in 2010. This was a result of gymnastic federations participating in the London 2012 Games acquiring Gymnova equipment for the training of their gymnasts in a bid to familiarise athletes with the equipment they would be competing with.

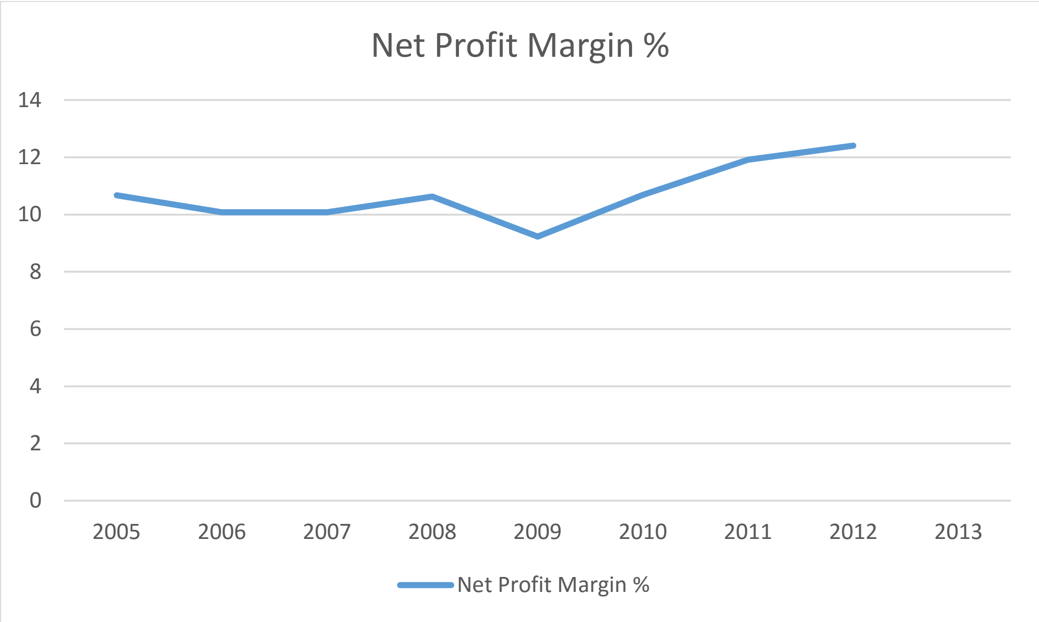
The success of the London 2012 Games made the brand more popular especially for competition level gymnastics. As a result of this, since 2012 Gymnova has been the official gymnastic equipment supplier for the World Championship, Kiev, Ukraine in 2013, the2014 Commonwealth Games, and the 2015 Artistic Gymnastics World Championships, both in Glasgow (gymnova.com, 2012).

On the marketing and sales aspect of the London 2012 Games, Nielsen was appointed the official research provider for the London 2012 Olympic Games. The London 2012 Games was the first time research played such a pivotal role in decision making for a major global sports event**.** LOCOG was determined that public and stakeholder opinion was sought, understood and accounted for in respect of preparation and Games activity, as well as the Games' legacy (nielsen.com, 2015). Nielsen remains the world's biggest market research organisation by revenue, and as an expert in consumer and media research was hired in June 2009 as a "value in-kind" sponsor. The deal required Nielsen to contribute between GBP 10-GBP 20 million worth of services towards the delivery of the Games (Fernandez, 2012). Working in collaboration with the London 2012 marketing team, Nielsen undertook all the market research for the organising committee, including developing a market research strategy, tracking studies and organising online panels and surveys. The company provided similar services during the Beijing Games after approaching the organising committee to offer its services, but 2012 was the first time the Olympics has had an official provider of market research. Similar to Cisco, BT, Atos, G.E and ArcelorMittal, Nielsen's deal was predicated on the company's ability to deliver on a grand scale like the Olympics. It did so, and as a result of this, Nielsen was announced as the official market research supplier of the Olympics in Rio 2016 on the 6th of June 2014 (rio2016.com, 2014).

Ticketmaster, CBS, Boston Consulting Group (BCG) and McCann Worldgroup were the four Tier 3 companies that supplied LOCOG in the area of marketing and sales. BCG supplied corporate finance, marketing and sales for LOCOG dealing with advising on ticketing, merchandising, sponsorship and revenue strategies (bcglondon.com, 2009). CBS Outdoors was the Official Outdoor Advertising Supplier to London 2012 and Westfield Stratford City (the official shopping centre for the London 2012 Olympic Games), Ticketmaster was appointed the official ticketing services provider for the London 2012 Olympics and Paralympics and was in charge of selling 10.99 million tickets for the Games and McCann World group provided marketing and sales related service around conventional advertising (including TV, print, radio, outdoor, online, and mobile), direct marketing and digital marketing. Although details of their involvement were not reported, the Games had different effect on the companies respectively. For Ticketmaster, helping in the delivery of the London 2012 Olympics enhanced the reputation of the company. Ticketmaster was already experienced in delivering ticketing for major sporting events, including Olympic Games, Paralympic Games, Commonwealth Games, Rugby World Cups and the World Twenty20 in cricket (insidethegames.com, 2012). The success of London 2012 Games led to the company being appointed as the official ticketing company for the Glasgow 2014 Commonwealth Games. O'Leary (2009) reports that the Games was also used to boost McCann Worldgroup's reputation since the company did not pay LOCOG for this association, but instead provided services worth USD 15 million to handle the project over a three year period. Of all four companies in this sub-category, CBS Outdoor appeared to have recorded more economic impact from the Olympics. CBS Outdoor's revenue increased in the third quarter of 2012, also revenues at Clear Channel Outdoor's international division, which includes the UK, increased by 1 per cent. CBS Outdoor's ad revenue in Europe increased by 14 per cent year on year in constant dollars, which is probably a result of higher advertising sales associated with the 2012 Summer Olympics in London. Global revenues at CBS Outdoor were USD 486 million (GBP 304.2 million) during the quarter, a reported increase of 2 per cent and an increase of 5 per cent on a constant dollar basis (McCabe, 2012).

Next and John Lewis were the official Clothing Supplier and Official Department Store Provider of the London 2012 Games respectively. Next provided the formal wear for technical officials and athletes for the opening and closing ceremonies plus suits for reception staff and supplied bed linens and other home textiles for the Athletes' Village (Moulds, 2012), while John Lewis helped to furnish lounge and reception areas at Games venues and provide warehouse space (Wallop, 2010). For John Lewis, this partnership with LOCOG was aimed at helping to boost its brand and exposing its products to an audience far beyond its home country's heartland. The result of this was that John Lewis finished the Olympics with overall sales soaring by 13 per cent, netting the company GBP 168.30 million in the week up to August 11. The year-on-year boost came during the final week of London 2012 as Team GB's success rubbed off on shoppers who were inspired to buy sporting goods and champagne (news.sky.com, 2012). The company reported sales of London 2012 merchandise rose 51 per cent week-on-week while there was also an increase in sales of larger screen televisions in the first week of the Olympics. Sportswear also sold well, in particular women's running tops. Sales at John Lewis stores were up 14.9 per cent to GBP 60.75 million. Sports clothing and equipment saw the biggest increase as sales rose by 178 per cent compared to the same period in 2011. More than half of the 37 John Lewis outlets reported increases from 2011 to 2012, with sales at the Oxford Street store rising by 18.9 per cent. This was despite concerns central London had been inaccessible for potential customers due to traffic restrictions during the Olympics. While shoppers were hitting the high street, John Lewis online also recorded increase in sales as it saw an increase on last year of 36.4 per cent (news.sky.com, 2012). Next on the other hand reported that it stores witnessed much lower traffic during the Games. This was due to the "displacement effect," with many locals choosing to work from home and Middle Eastern tourists, typically big spenders over summer, avoiding the city after warnings from transport authorities of travel congestion during the Games (Shannon, 2012). This led to the 23 Next shops in London being adversely affected weeks before the Games stated and there was no expectation of any kind of retail boost from the Olympics. Having said this, Next's online sale witnessed a boost and drove sales up 4.5 per cent in the weeks before and during the Olympic period. Next's online sales increased by 13.3 per cent in the six months to July 2012, as customers increasingly shop for clothes online. This increased Next shares up 6.46 per cent on Wednesday 1st of August 2012 and judging from the graph below, this rise in share was maintained over the months following the London 2012 Games (Moulds, 2012). The financial performance of Next during this period is reflected in the graph below.

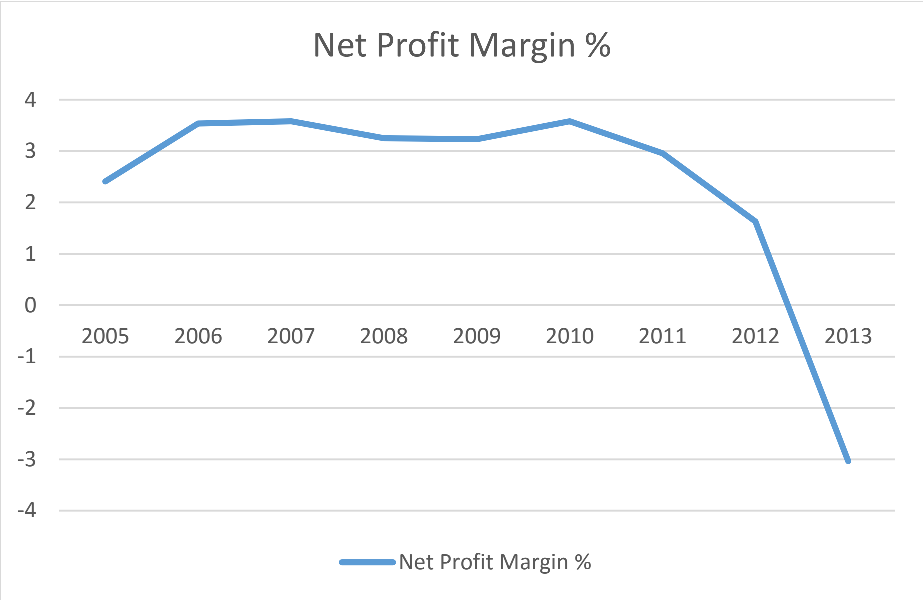
Graph 5.12: **Next's Net Profit Margin**



Two Tier 3 companies provided security related services for LOCOG. Rapiscan Systems was the official Security Equipment and Systems Supplier for London 2012, while G4S was the official security services provider for London 2012. The London 2012 Olympic has opposite impact on these two companies. Rapiscan built on its reputation from supplying previous major events like the Vancouver Winter Olympics 2010, the FIFA World Cup in South Africa 2010 and the Sydney Olympic and Paralympic Games 2000 by successfully providing over 2,000 vehicle, people and parcel inspection systems to London 2012 venues across the UK during the London 2012 Games. The systems were also used for security and threat detection, helping safeguard athletes, visitors, employees and volunteers at the Games.

G4S on the other hand could not live up to expectation. The company was responsible for providing training and management for the 10,000-person security workforce. However in December 2011 the government announced that the number of security guards for the Games would rise to 23,700 which was more than double LOCOG's original estimate of 10,000. Security costs for the Olympics rose from GBP 282 million to GBP 553 million (g4s.com, 2011). G4S's initial contract with LOCOG to provide 2,000 security staff rose to 10,400 personnel. On the 11th of July 2012, days before the Games began, G4S admitted to being unable to deliver the expected numbers of security personnel agreed and this had a negative impact both on the company’s reputation and financial performance. Immediately, shares in G4S closed down 1.5 per cent at 278.7p, with more than GBP 150 million wiped off the company's market capitalisation in two days in addition to facing a penalty payment of between GBP 10 million and GBP 20 million as a result of the failure to meet its commitments (Brant, 2012; Chan, 2013). In total, G4S had expected to make a GBP 10 million profit from a contract reportedly to be worth GBP 282 million. But this turned into a GBP 88 million loss after it agreed to cut the management fee from GBP 57 million to GBP 31 million in the wake of pressure from government following the company’s inability to meet the agreements of its contract with LOCOG. This is also evident from the net profit margin of G4S. From the graph below, it is evident that the company recorded a steep drop in profit margin in 2013 as a result of the bad business year it had in 2012.

Graph 5.13: G4S's Net Profit Margin



Holiday Inn, Heinekens, Nature Valley, Rio Tinto and GlaxoSmithKline (GSK) were the other companies in the Tier 3 category of London 2012 Olympics Sponsors. These companies attempted to leverage their partnership with LOCOG in different ways. Holiday Inn and Heinekens for instance tied their sponsorship of London 2012 to other commercial activities slated for 2012. For Holiday Inn, the Games was an opportunity to present a high-profile showcase of its GBP 600 million three-year re-launch and also attract visitors to its network of 42 hotels in the UK capital (Eleftheriou-Smith, 2012). Similarly, Heinekens merged its "sole pouring rights" status at Olympic events to its partnership with the James Bond 'Skyfall' movie (Ruddick, 2011b). The effect of this publicity led to Heineken being appointed as the Official Beer & Cider Provider for the 2014 Commonwealth Games (heineken.co.uk, 2014). Having said this, the company recorded a 3 Per cent drop in revenue during the Olympic year. Harrington (2013) attributed this drop to the challenging consumer environment in 2012, despite the operating profit growing from GBP 33.3 million to GBP 73.2 million within the same financial year. Brand awareness and promotion was the main factor behind Nature Valley's deal with LOCOG. Being the official cereal snack bar provider of the 2012 Olympic Games allowed sales of the company's products at London 2012 concessions within venues and distributed to athletes, Games workforce and volunteers. This provided a huge opportunity for driving awareness and market penetration of Nature Valley nationwide (thedrum.com, 2011). This association led to Nature Valley generating GBP 4.3 million in incremental earnings and the brand was able to outgrow its key competitors, successfully helping the brand’s market share increase (marketingagencies.org.uk, 2012; talkingretail.com, 2012).

Other services that are required for the successful hosting of the Games include the metals required to make the medals for victorious athletes and laboratory services required to test the athletes to ensure a drug-free competition. These services were provided by Rio Tinto and GlaxoSmithKline (GSK) respectively. Rio Tinto provided the metal that went into making all 4,700 gold, silver and bronze medals at the 2012 London Olympic and Paralympic Games. London 2012 was the second Games at which Rio Tinto supplied the metals, having previously done so for the Salt Lake City Winter Olympic Games in 2002 (Hernandez, 2012). GlaxoSmithKline (GSK) was also the Official Laboratory Services Provider of the London 2012 Olympic Games. Athlete drug testing is a requirement of any Olympic Games and Paralympics Games but this was the first time a pharmaceutical company had been involved in the provision of laboratory services for an Olympic or Paralympics Games. GSK carried out 4,864 tests during the Games with at least 400 samples analysed each day. This total included every medallist during the Olympic Games and up to half of all competing athletes at the Games (paralympic.org, 2012). Unlike most other companies that participated in the delivery of the London 2012 Olympics, there two companies did not capitalise on the role they played in London 2012 as there was barely any publicity or advertisement attached to their relationship with LOCOG. Hence it is not surprising that neither company has been associated with the delivery of any other major sporting event since London 2012, since Rio Tinto’s contribution was visible (medals) but not sellable to the public, nor are their normal products (metals and ores) something normal people need to buy. GSK’s role is a realistic but unfortunate one as the drug tester for athletes. While this is evidence of solid scientific merit, this is also something you cannot be sold to the public.

In conclusion, the Tier 3 category of companies were in a unique position. They were arguably the most important set of sponsors as they provide the goods, facilities and services needed for the delivery of the Games. This unique position puts them in a different negotiating position with the LOCOG. For instance, these companies are reported to have spent USD 15 million to be part of the delivery of the Games. However, companies like Aggreko and G4S were also paid for their services. Some other companies whose involvement in the Games led to direct sales of their products or services were Mondo, Gymnova, Holiday Inn, Atkins, Populous, Heathrow, Eurostar and Heinekens. It is clear that despite the fact that Tier 3 partners were not allowed to use the London 2012 logo in their external marketing, their role in the delivery of the Games allows them to exclusively provide good and services that are essential for the running of the Games, hence the level of profit made from this association is based on the level of preparation respective Tier 3 sponsors have made in order to maximise this opportunity seen in the case of G4S, things could go wrong.

Conclusion

In conclusion, this chapter has discussed the financial implications of sponsoring the London 2012 Olympic Games for the partners, sponsors and suppliers of the Games. This chapter concludes the second aim of this research work, which is to ascertain how businesses related to the London 2012 Olympic Games. From the findings of this chapter it is clear that not all sponsors of the Games gain from this association and this is mostly due to lack of adequate preparation by these companies as witnessed in the case of G4S. Common themes seem to have evolved from different tier of sponsorships as well. For the TOP sponsors like Coca-Cola and McDonald's, although they set out to make financial profit, research shows that the Games' main effect on their brand was maintaining their reputation as the elite brand in their respective product categories. For companies in the Tier 1 and Tier 2 sponsorship category, sponsoring the Olympic Games is a strategic move to gain market share by exposing themselves on such a large scale and simultaneously prevents their competition from taking the Olympic sponsorship spot. Hence, immediate financial gain is not a priority for them. Tier 3 sponsors are in a better position to record direct increase in sales and services from their association with the Olympic Games. For those that provide athletic equipment, this could increase sales as athletes from competing countries have to familiarise themselves with the equipment they will be using hence, they are motivated to acquire these products for training and acquaintance purposes. For other companies that provide services like transportation and logistics, this also implies that they have the advantage of providing their services under the exclusive privilege provided by the LOCOG. Similar privilege is also extended to companies with exclusive rights to sell drinks (alcoholic and non-alcoholic) around the Games venues. Tier 3 sponsors are also in a favourable position to generate future business with the IOC and other major sports event organisers like the Commonwealth Games and various respective athletic federations.

The London 2012 Olympic was an opportunity for companies to control the way they are being perceived by the public. As seen in Table 5.1, by sponsoring the Games, brands attempt to enhance their reputation. An example of one such company is BP. Looking at a sponsor such as BP specifically, the Olympics made a significant contribution to helping build more positive brand imagery, especially since the company was promoting its "Working towards a cleaner planet" and "Trying to make a positive difference to society" messages during the same period. Such promotion could then translate into sales and revenue boost as seen in the case of P&G. This company recorded a 0.17 per cent increase in net profit margin (see table 5.2) off the back of their "Proud Sponsor of Mums" campaign run simultaneously with their London 2012 sponsorship. Hence, although the financial crisis affected most companies that helped LOCOG deliver the Games, it appears that companies that maximised their involvement with London 2012 were able to tie their Olympic association with other activities geared towards increasing their market share or brand visibility. In other words, sponsoring the Olympics alone does not guarantee profit, however, if sponsors merge their association with the Games with a broader promotional scheme, or run simultaneous promotion(s), the likelihood of benefiting from sponsoring the Olympic Games is greater.

Finally, sponsorship of the Olympic Games involves such a significant business investment that it seems astonishing that little evidence has existed to help inform the decision-making process. Having said this, sponsorship of the Olympic Games depends on what individual companies aim to gain from the exposure provided by the Olympics. Whether a company decided to participate in the delivery of the Games for the purpose of immediate financial gain, increases in market share, fear of whether their competitor may take the spot or maintain its reputation depends in part on the level of sponsorship they select.

Chapter 6: How SME Business Enterprises in Different Economic Regions of the UK Engaged with London 2012

Introduction

The previous chapter identified how the 52 official partners, sponsors and suppliers of the London 2012 Olympic Games interacted with London 2012. This final 'findings' chapter discusses how small and medium size enterprises (SMEs) faired during the preparation for the London 2012 Olympic Games and the roles they played in the delivery of the Games. The Games were propagated as a catalyst for a business change that would help the UK out of the economic recession. Hence this chapter provides a critical analysis of how London 2012 impacted on different product sectors and two selected regions in the UK.

As outlined in chapter 4, this thesis originally sought to interview small and medium size businesses from the South-East and North-West regions of the UK. However, for reasons discussed in the methodology chapter, the majority of the invited companies were not willing to partake in the research. To overcome this challenge, it was decided that desk-based secondary data analysis would be adopted to understand how SMEs interacted with London 2012 and the effect of the Games on SMEs a few years after the Games took place.

The chapter is divided into four sections. The first section discusses the nature and importance of SMEs to the British economy. The second section assesses the effect of the London 2012 Olympics on SMEs in the UK overall; looking at how small and medium size businesses responded to the news of the UK winning the right to host the Games and how the government and sports 'boosters' attempted to involve small businesses in the delivery of the Games. Reconciling the claims and anticipated effect of the Games on SMEs after the Games is an integral aspect of this thesis. For this reason, the third and fourth sections of the chapter analyse how the Games affected various product categories of the British economy and the impact the Games had on various regions of the country specifically the South–East and the North-West regions.

Small and Medium Business Enterprises in the UK

There were 5.2 million SME businesses in the UK in 2014, which was over 99 per cent of all commercial business enterprises. SME businesses employed 15.2 million people and had a combined turnover of GBP 1.6 trillion (Ward and Rhodes, 2014). Of all businesses, 62 per cent (3.3 million) were sole proprietorships, 29 per cent (1.5 million) were companies and nine per cent (460,000) partnerships. The biggest percentage increases in the number of businesses since the start of 2013 were in Wales (up 13 per cent) and the North East (12 per cent). 18 per cent of all SMEs in the UK private sector operate in the Construction sector while 15 per cent operate in the Professional, Scientific and Technical sectors. Wholesale and Retail Trade accounts for over a third of all SME turnover (35 per cent) (FSB, 2014; DBIS, 2014).

Data provided by the Department for Business Innovation and Skills also emphasises the importance of SMEs to the UK economy. SMEs accounted for 99.3 per cent of all private sector businesses in the UK, 47.8 per cent of private sector employment and 33.2 per cent of private sector turnover in 2014. According to Matlay (2012) and Rae (2010) small business growth and entrepreneurship are recognised as essential drivers for economic recovery. However, despite the fact that the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 33 per cent of employment and 19 per cent of turnover. Large businesses, with more than 250 employees, accounted for less than 0.1 per cent of total businesses but 40 per cent of employment and 53 per cent of turnover (Ward and Rhodes, 2014). The size of these businesses also makes them easily vulnerable to external factors that may affect productivity and outcome. In the recent past the London 2012 Olympic Games was propagated as a factor that could help boost the economy and enhance the commercial strength of SMEs.

SMEs and the London 2012 Olympics

The London 2012 Olympics was deemed as an opportunity for small and medium size businesses by the UK government. Along with the regeneration of the host region, the economic legacy of the Games was also a major benefit presented by the government in its bid to motivate support for hosting the Games. According to sport boosters and government propaganda, the run-up to London 2012 Olympics was expected to provide a much needed opportunity for small to medium sized businesses to boost sales against a slow economy just recovering from the recession.

However, in contrast to the above, from the onset, it appeared that London 2012 organisers only paid lip service to the propagated advantages the Games would present small businesses. For instance, the UK government introduced strict anti-ambush marketing legislation for the Games (the 2006 Act). This law essentially protected the official partners, sponsors and suppliers of the Games from external entities that might try to associate their brands or businesses with the Games. The Act also prohibited the use of specific word associations such as ‘Olympics’, ‘gold’, ‘silver’, ‘bronze’, ‘medal’, ‘Games’ and ‘2012’. The bid to enforce this act had negative effects on some small businesses. Hence a florist in Stoke-on-Trent was asked to remove tissue paper rings from her shop window along the Olympic torch route or risk facing legal action. A coffee shop in East London erased the “O” from its sign to become Café Lympic after officials warned the owner he could be sued. A butcher in Dorset, near where the sailing events were held, who had outside his shop sausage links depicting the Olympic rings, was told to remove it or be sued. Each of these can be viewed as instances where the organisers of the Games would rather protect the big companies that were capable of paying the required fees to be associated with the Games than allow SMEs to flourish or a bulling mechanism adopted by the technique to protect the Olympic brand (Boudway, 2012).

Such disenfranchisement of SMEs was also evident in the removal of over 200 small businesses on the proposed Olympic Village site in east London before they were evicted in the summer of 2007. According to Raco and Tunney (2010), this clearance was seen as a prerequisite for the construction of highly visible and necessary Games infrastructure, but this led to SMEs in this area losing their visibility, and some of these businesses being unable to find suitable areas for re-establishment. Raco and Tunney (2010) suggest that of those that had accepted sites from the Olympic Delivery Authority (ODA) following relocation, 55 per cent moved to significantly more expensive places, 15 per cent to sites 'slightly more expensive', whilst only 13 per cent found equivalent sites, and only 2 firms reported finding cheaper premises. Raco and Tunney (2010) also note that research in other urban areas showed that this type of SME business was particularly vulnerable to land clearance as they often exist in unsightly, low-cost neighbourhoods, and are easily written-off as 'old-fashioned', uncompetitive firms whose decline is inevitable. The fact is that for most of the companies their competitiveness was reduced as a result of removal from the London 2012 site.

Similarly, SMEs faced more government discrimination during the Games. Small businesses raised concerns about the impact of traffic restrictions on access, parking and overnight deliveries. McDuffee (2012) noted that in August 2012 approximately 40 small business owners had filed law suits against the organisers of the London Olympic Games over the excessive restrictions and road closures that had hindered the smooth running of their businesses during the Games. Their 'once in a lifetime dream' had become a nightmare as the restrictions forced local food vendors to discard rotten food worth hundreds of thousands of pounds. The expectations of small businesses within east London was to attract as many as 80,000 customers daily as a result of the Games and this expectation had made some business owners invest heavily by renovating their places of business, securing business permits and stocking up their shops (Schortgen, 2012). Similarly, Schortgen (2012) reported that businesses around the Stratford area where the Olympic Stadium was situated reported a down turn of customers, and they attributed this to the fact that the official sponsors and fast food giants such as McDonald's and Coca-Cola were enjoying most of the patronage since the majority of the visitors tended to remain within the Olympic park where food from the outside was not allowed.

Having noted the above, it should be said that in an attempt to encourage and provide a fair opportunity for SMEs to apply for positions to render services towards the successful delivery of the Games, the UK government launched CompeteFor.com. According to Smallbone *et al* (2008: 22) this was due to the fact that corporate procurement contracts became a source of business opportunities for the small and medium size businesses interested in helping the delivery of the Games since it constituted approximately GBP 1.2 billion of the ODA's overall budget. CompeteFor was therefore launched in January 2008 and 32,964 companies were registered on CompeteFor by September 2008. Of these, 10,273 (31 per cent) were located in London. LDA indicated that the aim was to have 30,000 London businesses registered by April 2009 and to have 40 per cent of those winning Olympic Games contracts (Smallbone *et al*, 2008: 23).

Again it should however be said that at this stage, the majority of available opportunities around the construction of the venues and general infrastructure had already been awarded, although companies could still apply to be included in the supply chain. Businesses of any size were encouraged to sign up. However they had to meet two main criteria which were: a quality management statement and an equal opportunities policy. Health and safety policies were also required for companies with five or more employees. In alliance with the environmentally friendly discourse of the organisers of the London 2012 Olympics, it was seen as an advantage if businesses also had an environmental policy and a sustainable development policy. Following a forty-five minute long registration process, companies were matched to opportunities which they might be interested in. However there was the option to browse all of the available contracts. As a result of this, many CompeteFor users were involved in supplying to the Games and went on to champion their involvement in the sporting event through the Supplier Recognition Scheme (SRS). This seemed promising for small businesses but in reality how many SMEs got contracts and how much were they worth? Firstly, most business opportunities for small and medium enterprises (SMEs) lay closer to 2012 than to 2008. First tier construction contracts were too large to be suitable for SMEs and most opportunities for them lay further down the supply chain (Smallbone *et al*, 2008).

For these companies that provided services through acquiring supply contracts to larger companies that had won major contracts with the IOC and LOCOG, restrictions were placed on how much they could in turn publicise their own involvement with the London 2012 Olympic Games. A company was not allowed to mention its role in the delivery of the Games in any public media advertisement of any sort (Competefor.com, 2015). According to Hesse (2013) by November 2013,150 small businesses had been denied the right to publicise their involvement in the London 2012 Games. For suppliers to openly promote their involvement with the London 2012 Games, they had to seek approval from the British Olympic Association through a Supplier Recognition Scheme licence. By the start of November 2013, 914 companies had applied for a licence, which would allow them to "champion their involvement" in the Games. The list of excluded companies included 108 firms providing products that fell into an "excluded category", which meant that their line of business was in the same field as one of the major Olympic sponsors (Hesse, 2013). This practice seems to emphasise the Olympic organiser’s bias towards larger companies and undermine the claims that the Games was meant to help small businesses.

Despite the fact that British SMEs were encouraged to participate in the delivery of the Games, Chopra (2012) reported that 91 per cent of the Olympic-related souvenirs were not manufactured in Britain. China alone was responsible for two-thirds of the 194 products that were advertised on the London 2012 website. This either indicated that the organisers of the Games did not trust the British companies to provide such products or there was a lack of companies that could provide such services within the UK. Aside from LOCOG choosing foreign companies over home-based companies for some Olympic contracts, it was also reported that when UK companies won some Olympic contracts, they decided to outsource work to foreign companies (Chopra, 2012). At the end of the Games, Hashem (2013) states that despites the fact that the CompeteFor procurement portal was specifically created to help SMEs win contracts towards London 2012, 25 per cent of these contracts still went to larger companies and only 10 percent of the remaining 75 per cent was awarded to companies with 10 employees or less.

The attempt to raise economic gains from the London 2012 Olympic Games was not limited to the British government. Hesse (2013) describes how the Japanese and British governments signed an agreement to pave the way for collaboration between the two countries towards the planning of the Tokyo 2020 Olympic Games and the 2019 Rugby World Cup. This partnership was based on the fact that the Olympic and Paralympic Games were a big opportunity for British firms to export their products and services, and the Tokyo 2020 Games could be worth millions to the UK economy, according to UKTI, benefiting SMEs throughout the supply chain.

Ahead of the Olympics in 2012, AXA Insurance research polled small businesses about their view of the Games. Just 10 per cent said they felt the event would be positive for their business. When polled again a year later, 15 per cent felt the Games had been positive for business during the actual Games. An additional 13 per cent felt that they had seen benefit during and after the Games and 2 per cent had seen positive effects in the year since the Games - a total of 30 per cent showing a positive response. This was in sharp contrast to the positive views from consumers which showed that more than two thirds of people believed the Games were "worth it" and that 74 per cent would welcome them back in the UK. AXA's data showed that three times as many SMEs saw benefit from the Games than they anticipated in advance. The optimism of the business opportunities presented by the Olympics was however not the entire reality of the experiences of SMEs at the beginning of the Games. Nick Bizley of Aspect.co.uk, a property maintenance company, made an early observation of a probable shortcoming of the Games for SMEs in 2012. Aspect.co.uk believed that small and medium size businesses would not be able to cope with the restrictions and challenges of the Games. The company envisaged that despite the proposed boost in commercial activities during the Games as a result of tourist activities, smaller companies were likely to close and take a break during the period and that would translate into more business for the big companies. Bizley also suggested that smaller maintenance companies would not have the resources to put an Olympics contingency plan in place so it would be more cost-effective for them to take a fortnight's holiday (Hayes, 2012). Similarly, one firm that encouraged its staff to take annual leave during the Olympics was advertising agency Gyro. The company reasoned that because many brands had likely used up much of their advertising budget on campaigns in the lead-up to the Olympics, little would be left for the rest of the "Olympic year". Hence with less work to do due to the lack of marketing and advertising activities from their customer base it was deemed cost effective for members of staff to go on holiday in what was expected to be a slow summer for business (Hayes, 2012).

Ewin (2011) also notes that for SMEs in the South East of England, especially retailers, the London Olympics offered an opportunity to take full advantage of the economic growth that the anticipated tourists would provide. Twelve months before the commencement of the Games, SMEs were reported to have already benefitted from the Olympics; in fact, according to the organisers of the London 2012 Olympics, small businesses were billed to make up 70 per cent of all Olympic contractors. However, by the end of July 2012, very few of Britain's

SMEs had contributed to London 2012 in some way according to research from BDRC Continental's Business Opinion Omnibus, half of those having delivered goods to the Olympic site, with the others providing goods and services, working on the infrastructure, and providing professional services (Business Matters, 2012). The debate around the relationship between the London 2012 Olympic Games and small and medium size enterprises remains a topical issue. The debate on whether the Games was good for SMEs or not depends on respective companies, their product categories and the location of the companies, which we discuss next.

Olympic Games and Product Categories

Despite the specific geographical focus of the Games, the government claimed the Games has been a major boost for businesses throughout the UK. By mid-2013, a year after the London 2012 Games, the British government claimed the country was harnessing an Olympic momentum. The claims involved GBP 9.9 billion of economic benefit from Olympic-related activities; 31,000 new jobs; GBP 5.9 billion of additional sales from Olympic-related activity such as the British Business Embassy; a GBP 2.5 billion boost to inward investment; GBP 130 million in deals from the upcoming World Cup and Olympic events in Brazil won by UK companies; and 60 contracts won by UK companies (mostly medium size) for the Sochi 2014 Winter Olympics and 2018 Russia World Cup. These claims have been contested, and it is useful to consider how the Games impacted on SMEs (Populous.com, 2015; UKTI.GOV.UK, 2013).

With regards to product categories, as with the case with any host city or nation, the availability of home grown labour and industry is a factor that determines the impact of the opportunities presented to the local economy. This factor was also important in determining how SMEs fared during London 2012. Given that the UK is a developed economy with reliable large companies capable of undertaking the majority of the services required to stage the Games, it is perhaps not surprising that SMEs in sectors with dominant large companies tended to gain very little from the Games, since these opportunities were mostly taken up by the larger firms. One such sector is the architectural sector. Rogers (2009) explained that an initiative aimed at getting smaller practices to bid for 2012 Olympic work was scrapped in October 2009, after the ODA had promised a framework would be set up specifically to encourage up-and-coming architects to work on up to 50 modest Olympic schemes such as kiosks, street furniture and utility buildings. This cancelation meant that small and young firms instead had to take their chances against the biggest firms on the ODA's procurement website, CompeteFor. The framework which was initially promised in June 2007 was intended to fend off accusations that the 2012 Games would only allocate work to big firms on the Olympic sites. Such a fear was however not far-fetched as the eventual architectural design of the London 2012 sites were undertaken by Populous, Zaha Hadid, Allies & Morrison and Lifschutz Davidson Sandilands, which are all large architectural corporations. This left other companies to fight over a series of much smaller deals on the overlay, as well as post-games transformation schemes (Rogers, 2009).

Another sector that witnessed a similar fate was the legal sector. By design, the scale and size of the Olympics make it difficult for small legal firms with no experience or prior association with the Olympic Movement to get involved. Hence, big firms like Wragge & Co, which advised the Greater London Authority, and Farrer & Co, adviser to the British Olympic Association, were among those who benefitted from providing legal services and advice to the British Olympic Association right from the bidding period. Other law firms that were directly involved in the delivery of London 2012 were Finers Stephens Innocent, which advised 150 clients with businesses based at the Lower Lea Valley Olympic development site in their negotiations with the London Development Agency (LDA), Herbert Smith and Eversheds who both advised the LDA on preparatory infrastructure work for the staging of the Games; Clifford Chance (CC), Freshfields Bruckhaus Deringer, Ashurst, and Berwin Leighton Paisner (BLP) all advised the London 2012 bid committee (Grimshaw, 2005). All these companies are large firms which suggests that no SME from the legal sector provided services directly to the organisers of the London 2012 Olympic Games.

It should also be said here that the structure of British industries also prevents a trickledown effect of the Games, or any major event, that could boost economic growth. Big corporations dominate sectors like banking, healthcare, energy, security, mining, and the automobile industry. The majority of small companies within these sectors provide services (in cases where the dominant corporation would rather outsource the service) that help these large companies remain commanding in their respective fields. In essence, within the British economy, any Olympic effects were more likely to favour service-oriented SMEs. Similarly, Hashem (2013) noted that certain industries required more assistance from SMEs than others for the delivery of London 2012. Such sectors with a higher demand for SMEs were services in the sports sector, including hospitality support, software development, public relations and marketing. These areas presented some opportunities for SMEs.

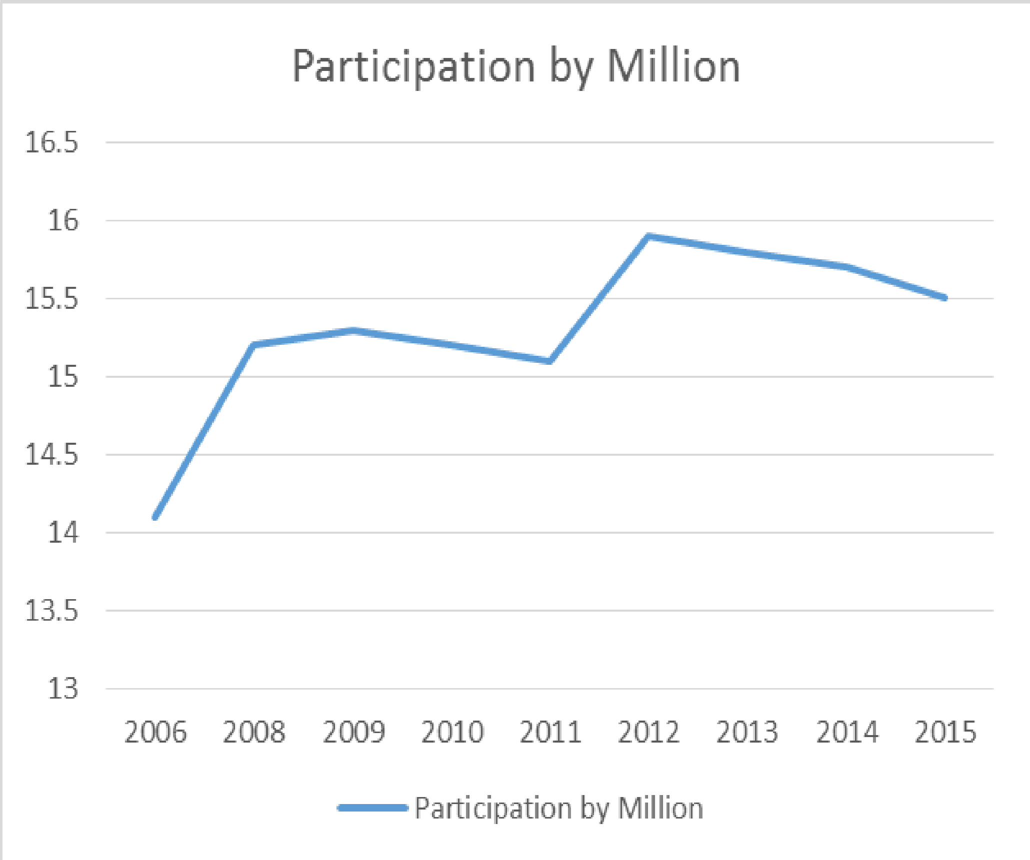
Depending on the specific industry these firms serviced, recruitment firms also witnessed a boost in business before and during London 2012. Expectedly, recruiters in and around London benefitted from the large number of workers required in the construction, hospitality and retail sectors. However this development was not sustainable simply because by the nature of mega-events, the majority of the jobs created are usually low skilled jobs and tend to only be available temporarily. In the case of London 2012, although construction associated with the Games provided some respite to the construction industry, this was temporary and could not completely make up for the decline in residential building as a result of the recession.

Similarly although the London 2012 Games were branded as having an impact on the UK as a whole, the benefits in terms of infrastructure were felt mostly locally. As for the tourism and hospitality sectors, optimism around the build-up to the Games forced companies in this sector to create more job opportunities in anticipation for a busy month during the event. However in 2012 Malange (2012) stated that the city of London might not witness as many visitors as expected and this led some hotels to drop their prices by 25 per cent. This was partly due to the movement restrictions mentioned earlier in this chapter and the displacement of potential visitors away from London in 2012. Johanson (2012) notes that despite the anticipated arrival of 600,000 to 700,000 Olympics visitors in July and August 2012, UK tourism officials say overall overseas visits to the country were around the same in 2012 as the previous year. Furthermore, bookings for many attractions and tours in the English capital were down by around 33 percent in 2012. With this happening, it is difficult to see how the Olympics benefited the tourism and hospitality industry financially, at least in the short term. Judging from the above, it appears the trade and service sectors did not benefit from London 2012. Data analyst Experian (2012) adopted one of the economic impact methods used by Matheson (2006:

8) and measured trade activities within the West End and East of London between 2011 and 2012. The result showed a drop in business in the West End by 4.53 per cent and the East London region experienced a 9.6 per cent drop in trade activities as well. The following section of this chapter discusses how the Games affected other regions in the UK, and it is not expected to find that trade and services experienced a boom in the North West region when such a financial boost was not evident in the South East where the Games was actually staged.

The sports and recreation industry was encouraged during the bidding and preparation stage of London 2012. In the build up to London 2012, it was propagated that the Games would generate interest in sports and physical activities participation. However, Sedghi (2015) notes that this has not been the case since the London 2012 Olympic Games. For SMEs in this sector who may have invested in their businesses with the expectation of a boost in patronage as a result of the Games, it is clear from the graph below that their expectations may only have been met for a short period.

Graph 6.1: **Annual Sports Participation Population in the UK**



Adapted from Sedghi (2015)

From the graph above, sports participation in the UK appears to have not risen since 2012. Although the participation rate spiked in 2012 since the Games the rate of participation has been on a steady downward slope back to pre-Olympic levels.

Finally, although the Games was propagated to have a positive impact on the British economy during the build-up to London 2012, it should be noted that the Olympics can only affect sectors that connect directly to the delivery of the Games. For instance, the mining industry's only 'visible' attachment to the Games was the medals awarded to Olympians and there is no reason to expect a boost in the sector as a result of the Games. Major companies mostly run transportation and energy sectors in the UK and the small firms in these sectors would have to depend on anything left over from the large companies.

Olympic Games and Regions

The rhetoric that the Games was meant to have economic advantage for all regions of the UK helped gather support for it during the bidding and hosting period of the Olympics. With regards to this, in 2012, polling and research consultancy ComRes conducted a survey on the attitude of the British public to the Olympic Games. The result indicated that Northern England was the least engaged with the Olympics of all the regions in England. Other regions expressed more optimism and support for the Games. For example only 42 per cent of the North East respondents seemed excited about the prospect of the Games, and 44 per cent of the North West and 36 per cent of Yorkshire and the Humber. This compared with the 56 per cent who disagreed in the North East, 53 per cent in the North West and 60 per cent in Yorkshire and the Humber. Across all three northern regions, over 60 per cent of respondents felt that the Games were unlikely to deliver value for the taxpayer's money with regards to their region. Less than 20 per cent thought that the Olympics would spur them on to engage in sporting activity themselves (Jacobs, 2012). To reconcile the concerns of this survey to the reality of the Games the table (6.1) below shows how the Olympic supply contracts were distributed.

Table 6.1: Number of ODA contracts and value awarded to firms located in the regions of the UK, 2006–2011

Regions	Number of Suppliers and Percentage		Amount in Pounds Sterling and Percentage	
East Midlands	44	3.0 Per cent	271,823,439	4.8 Per cent
East of England	135	9.4 Per cent	719,818,580	12.8 Per cent
London	726	50.7 Per cent	3,148,804,475	56.0 Per cent
North East	21	1.5 Per cent	9,644,108	0.2 Per cent
North West	53	3.7 Per cent	97,055,679	1.7 Per cent
South East	218	15.2 Per cent	816,822,052	14.5 Per cent
South West	60	4.2 Per cent	9,557,345	0.2 Per cent
West Midlands	58	4.1 Per cent	425,371,681	7.6 Per cent
Yorkshire and Humber	40	2.8 Per cent	66,407,039	1.2 Per cent
England Total	1,355	94.6 Per cent	5,565,304,398	99.09 Per cent
Northern Ireland	5	0.35 Per cent	17,094,646	0.3 Per cent
Scotland	25	1.7 Per cent	23,367,258	0.4 Per cent
Wales	11	0.8 Per cent	668,663	0.01 Per cent
Overseas	37	2.6 Per cent	12,224,949	0.2 Per cent
Total	1,433	100 Per cent	5,618,659,914	100 Per cent

Adapted from Raco and Tunney (2014)

Table 6.1 reveals a clear bias in supply contract distribution for London 2012. The southeast region of the UK and London won over 65 per cent of the total amount of available contracts. Consequently, both regions were allocated about 65 per cent of the contract value available. At the other end of the scale, Wales was allocated only 0.8 per cent of the total number of contracts available, which generated 0.01 percent of the available funds. In contrast to Wales winning 0.8 per cent of available contracts, the total percentage of supply contracts won by firms in England amounted to 94.6 per cent, generating 99.09 per cent of all paid out funds. Judging from this, it appears that the claim that the Games would benefit the whole of the UK was, at best, misleading.

The figures above and data presented by ComRes suggest that the North West may not have benefited much from the delivery and aftermath of the Games. For instance, despite the fact that LOCOG and the UK tourism board launched a campaign in March 2012 to attract tourists to all parts of the UK instead of just having a concentration of visitors in the South East region, the North West region of the UK may not have had fond memories of the Olympic Games. The Lake District, which is located in Cumbria, is a well-established tourist destination for both internal and international tourism. However, during the Games, the county of Cumbria reportedly lost potential visitors and business. Some business owners in Cumbria (North West England) claimed the Olympic Games cost the area thousands of pounds in lost trade. Tourism is worth about GBP 2 billion to the Cumbrian economy, with many visitors coming from abroad. Langdale Chase Hotel in Windermere reportedly lost GBP10, 000 worth of business before the Games due to cancellations. The cancellations began to occur before Christmas 2011. The Chairman of the Lake District Hospitality Association and hotel owner, Jonathan Denby, told the BBC that the five-week period during the Olympics was supposed to be the most important time of the year, with running costs of the hotel estimated to run into tens of thousands. But with reservation cancelations mostly coming from regular Japanese groups of visitors, the hotel did not make the anticipated profit that was envisaged. This is probably because the kind of people who visited Britain in the summer of 2012 was different from the regular visitors (bbc.co.uk, 2012).

Having said this, evidence from some secondary data shows that small firms that gained from London 2012 are those that managed to be part of the delivery of the Games in 2012. Judging by the data presented in table 6.1, the majority of these businesses were from London and the South East region. One such company was K&M McLoughlin Decorating Ltd. Based in London, the company capitalised on the Olympic Games to generate business overseas. The Games brought about a high level of exposure for the company, having had their work on display from acquiring major contracts for various buildings within the Olympic park including the Aquatic Centre, the water-polo arena, the media centre and the media centre car park. The quality of their work led the London Chambers of Commerce to recommend K&M McLoughlin to the organisers of the Qatar 2022 World Cup. Although the company was only set up in 1998 it now has major contracts supplying Qatar to decorate facilities for the football World Cup in 2022. The company is also involved in the legacy of the London 2012 Olympic Games by working with construction teams to turn the Olympic village into housing accommodation a project scheduled to run until 2020 (Sikimic, 2013). Another example is engineering firm Cundall. Cundall is one of the British companies that won contracts to deliver services and products for coming events as a result of London 2012. Cundall prepared the engineering design for the Lee Valley White Water Centre for London 2012 and is now contributing to the engineering design of the Rio 2016 Olympics white water canoe course venue. Building on this success, the company was quoted as hoping to bid and win contracts at subsequent Olympics (gov.uk, 2013).

In the South-East region of the UK the London 2012 Olympic Games as expected triggered a boost in property prices. In the area of the Olympic Park house prices grew by over 60 per cent, or GBP1, 200 every month from July 2005 from when the Games were awarded. Home owners in districts in East London closest to the Olympic Park saw the average value of their property rise from GBP 206,191 in July 2005 to GBP 334,232 in March 2014 (Johnson, 2014). This was not the same for other regions within the UK as property values in London and the South-East outperformed the national market over the same period. The average house price in England and Wales grew by 34 per cent from GBP 185,662 to GBP 248,597 in the eight years to March 2014. In cash terms, the increase in average house price in the Olympic areas at GBP 127,933 was more than double the growth seen in England and Wales at GBP 62,935. The house price premium between the average in the 14 East London areas and the rest of England and Wales more than trebled from 11 per cent in July 2005 to 34 per cent in March 2014. Since 2012 property values in Olympic areas have outpaced both London and national markets. Prices in the 14 areas closest to the Olympic Park rose by 23 per cent, from GBP 272,750 in March 2012 to GBP 334,123 in March 2014, compared to just over 8 per cent for the whole of England and Wales (propertywire.com, 2015). Housing and properties in the North West during this same period did not witness the same growth as other regions. White (2015) reports that properties in Manchester and Liverpool in the North West region saw the slowest annual price growth of any UK area, merely keeping pace with yearly inflation at just 1.5 per cent, compared to a national average of 7 per cent within the same period. This is another example of how London 2012 remains an event primarily benefiting the host city.

Some companies in other regions of the UK have had better experiences since the end of the Games. One such company was Blair’s Windows. Based in Scotland, the company supplied replacement windows in a landmark Victorian building on the Olympic Park in London during the preparation for the Games. As a result of this showcase, in 2013 the company was reported to have attracted contracts from affluent areas in London including Mayfair and Notting Hill, where there was a desire to invest heavily in maintaining historic properties. The result of these activities saw the company claiming turnover of more than GBP 4.5 million in 2013. This is one of the more encouraging business stories from the London 2012 Games. Blair’s Windows had fallen into receivership with the loss of 113 jobs and could retain only eight employees at the beginning of 2011 and was only kept running after it was acquired by a group of investors. This change in fortune of the company also saw its work force increase by 30 employees to make a total of 41 members of staff (Williamson, 2013).

To conclude this section, the Games affected various regions of the UK in different ways. The concentration of most economic activities during the Games in London and the South East region translated into very few Olympic-related business activities in the North West and other provincial regions. For instance, it has been mentioned numerous times that the build-up to the Games saw a rise in construction related jobs (however mostly temporary), but this rise was disproportionally felt in London and the south-east. Construction employment in the UK as a whole rose by 1.54 per cent over the period, however it grew by 3.94 per cent within the same period in London. This growth can be attributable to major infrastructure construction projects taking place in the city (such as Heathrow Terminal Five and the high speed rail link to Europe) as well as the development of the Olympic site at Stratford (uelac.uk, 2010).

Conclusion

In conclusion, the story of the impact of London 2012 on British businesses is extremely politicised. Government entities and Olympic stakeholders remain adamant that the Games have benefited the British economy. The BBC reported one such proclamation on the 19th of July 2013. The government claimed in this report that the Games had boosted the UK economy by GBP 9.9 billion within one year after the Games. However, this claim has been criticised by Flanders (2013), Szymanski (2013) and Portes (2013), who all agree that it was far-fetched and speculative.

The London 2012 Games was promoted as a way to help small and medium size companies recover from the recession. However this chapter has shown that the Games did not have such a positive effect on SMEs. The chapter noted that business opportunities for SMEs did not show up until the larger contract positions had been allocated to larger companies. This means SMEs were either suppliers to the larger companies that won the major contracts or had to accept smaller contracts from LOCOG that were more or less left over after the more lucrative contract positions had been occupied (Smallbone *et al*, 2008).

The product categories that benefitted most from London 2012 were the ones that provided services directly relevant to the delivery of the Games. However, these beneficial effects were restricted to the preparation and delivery period of the Games. The few companies that obtained contracts for subsequent sports events did so as a result of their association with LOCOG. Having said this, the majority of these firms are large corporations. This is not surprising since other host cities would rather allocate minor contracts to their respective home grown SMEs as well. Perhaps the biggest (negative) impact of the Games on the British economy was the steady state of tourist activities. A deluge of extra tourists into London failed to materialise. The number of visitors to Britain actually declined during and after the Games, with a 4 per cent drop in overseas visits in the three months to September 3, 2012, according to the Office for National Statistics (ONS, 2012; Burgess and Robinson, 2013). This affected the tourism, hospitality, agricultural, retail, and other service sectors negatively. Not only did the Games not bring in the expected patronage, it also led to a waste of perishable goods since SMEs in these sectors had bulked up their businesses in anticipation of major business activities.

As for the effect of the Olympics on respective businesses in various regions of the UK, the result of my research shows that the areas of the UK that seem to have been affected most positively by the Olympics were the companies located in the South-East involved in the delivery of the Games. This is a reflection of what is perhaps the most tangible effect of the Games in the host region: exposure. SMEs in London and the South-East region of the UK seem to have benefited most from the London 2012 Olympic Games as seen in table 6.1. Despite the fact that some SME businesses were displaced during the preparation for the Games, 56 per cent and 14.5 per cent of the total amount of contracts available to UK businesses still went to these regions respectively and the remaining 29.5 per cent were shared among the other ten remaining regions of the UK, with the closest in contract allocation being the East region of England winning 12.8% of the contract opportunities available to businesses in the UK.

Hence it is clear that the Games did not benefit all regions of the UK equally. It appears that despite the government propaganda that the economic effect of the Olympics was going to be spread nation-wide, there were no effective measures put in place to ensure the equal spread of such opportunities and that is perhaps why certain regions of the country seem to have won more Olympic contracts than other regions. With fewer companies winning Olympic contracts in regions outside London and the Southeast, it is impossible to expect a trickledown effect of the Games in such regions, hence, it is clear that the economic impact of the Games for SMEs depends on their proximity to the region hosting the mega-event. Also, small and medium size businesses irrespective of their product categories and region have unique problems (see chapter 1). They are operating in difficult economic conditions. Rising costs and falling demand continue to prevail in most business sectors in the UK and it takes a cohesive and all-inclusive strategy to generate an economic boost that could impact businesses of all sizes. Such change cannot be attained through the Olympics (or indeed any other major sporting event) since such events tend to cater to the needs of their stakeholders and the major business corporations that finance them. While the Olympics can be a catalyst for economic change, it will take many years of hard work for this initial investment and activity to be transferred into visible benefits for SMEs in the UK.

Chapter 7: Conclusion

Introduction

This study set out to explore the relationship between the Olympic Games and Business Enterprises. The modern Olympics could not have survived, attained and sustained the global status it has achieved today without the finance injected by business enterprises and the media. Having said this it should be noted the acceptance of the participation of business was initially contested at the helm of the IOC hierarchy. The reservation of those against the involvement of businesses in the delivery of the Games was based on the fear that this could contradict amateurism that underpinned the Olympics in its early days. Whether or not this has had a negative effect on the 'amateur spirit' of the Games is a research topic for another day.

This chapter starts by discussing the limitations and challenges associated with researching large and small business enterprises including aspects of further areas of research that have emanated from the research process. The next section of this chapter discusses the growth, impact and implications of the relationship between the IOC and business enterprises. The following section discusses how the Olympics may affect the financial performances of its sponsors, using London 2012 as a case study. The final section discusses the findings presented in chapters 5 and 6 which attempt to identify the reach of London 2012 on business enterprises from different business sectors in selected regions of the UK.

As stated earlier in chapters 2, 3 and 5 the interaction between the Olympic phenomenon and business enterprises begins before prospective candidate cities win the rights to host the Games. The unique nature of the Olympics makes association with it very competitive. It is clear from this research that to stage the Olympic Games, a vast pool of resources and capabilities (e.g., millions of dollars, many skilled people, and hours of productive capacity) must be aggregated, organised, and employed. The IOC and respective local organising committees try to attract the maximum amount of funds and resources. As the IOC offers exclusivity to its partners, sponsors and suppliers, the funds and resources generated for the Games usually come from a select number of companies, who have to pay enormous amounts of money to be associated with the Olympic phenomenon. However, there is little research available on how the resources invested by these companies has impacted their businesses in any way, which is what this thesis has attempted to do. Similarly, as mentioned in chapter 1, research on mega-events, of which the Olympics is the modern archetype, has focused on the macro-economic and national economic effects of hosting the Games. The thesis has demonstrated that the Games seldom, if ever, fulfil the promises made by promoters and organisers of the event (Preuss, 2004: 183, Whitson and Horne, 2006: 11-14). It is expected that businesses from different sectors of the host nation's economy will gain from the Olympic Games. These gains are either as a result of their direct or indirect participation in the delivery of the Games. This anticipated business boost during and after the event is anchored on the perceived activities of tourists, or as a result of the short term changes that may have occurred within their respective industries as a result of the Games. Having noted this, the association of the Games with local businesses seems to be restricted to the major companies in individual industries; in contrast, the long standing partnership between the Olympics and Coca-Cola may make it difficult for a smaller soft drink brand to associate itself with the Olympics. Given the above, and based on the fact that most of the literature on the economic or business impact of the Olympic Games has focused mainly on the macro-economic levels of the host nations and cities economies, this research set out to understand how business enterprises have engaged with the Olympic Games since their formation in the 1890s. By doing this, the thesis has presented an insight into how dependent the Olympic Movement is on business participation.

In light of this, this research produces an important contribution to an under investigated area of research by:

a) Providing a critical assessment of the relationship between the Olympic Games and business enterprises.
b) Determining what business sectors engaged with London 2012 and its implications for their financial performances before, during and after London 2012.
c) Identifying the reach of London 2012 on business enterprises in selected regions of the UK.

Challenges and Limitations of the Research Project

One major limitation of performing this research project has been the inability to acquire information *directly* from either large companies involved in the delivery of the London 2012 Olympic Games, or the small and medium size enterprises in the UK. The semi-structured interview method was replaced with the analysis of available secondary data since for reasons discussed in chapter 4 businesses elected not to participate in the research. The semi-structured interview method would have allowed these companies the freedom to express their views in their own terms on London 2012. This presented a challenge for the researcher as there were very few secondary data sources available with relation to the research topic. Although company annual financial statements present figures of the commercial wellbeing of the investigated companies, there was less discussion in these documents on the direct implication of the Olympics on their finances. This meant that the researcher had to decipher the numerous business publications and media propaganda available online. The process of making this distinction was time consuming and required lots of scrutiny and verification of information.

With hindsight, one of the contributing factors to not obtaining interviews may have been that it was decided to approach potential respondents two years after the conclusion of the London 2012 Olympic Games. This period was chosen because it was expected that by then there would have been manifestations of the effect of the Games on businesses. Unfortunately, two years is a long time for businesses, especially SMEs that tend not to dwell on the effect of a past event. Businesses (including SMEs) prefer to invest their resources (i.e. time, money and human resources) in endeavours that would either be profitable in the present or in the foreseeable future. Hence for most, accepting an invitation to participate in research about an event that happened two years before was deemed a waste of resources.

In retrospect therefore, perhaps working with these companies earlier (probably before the commencement of the Olympic Games) would have prompted them to engage more, since the Olympics was still a relevant topic to them at the time. By doing this, the research would have been able to engage them in a longitudinal continuous discourse on the effect of the London 2012 Olympics on their respective businesses. Employing this method for this research would also have resulted in collecting a large amount of data. Also, using this method would possibly have allowed the researcher the opportunity to find more willing respondents within the limited time available for this doctoral project.

Similarly, analysing annual financial statements of companies presented more limitations. This thesis attempted to understand the impact of sponsoring the Olympic Games on participating companies by investigating their accounts from 2005 to 2013. First of all, financial statements are designed to present the company in a favourable light. The language often used in such documents tends to sandwich any negative figures between positive news compliments, hence, if the researcher is not careful, such bias can affect the findings of the research. There is also the possibility that these financial statements could contain manipulated data as there is a risk of companies omitting the bad aspect of their finances and exaggerating the positives. Although the researcher in this case cannot guarantee the absence of such errors, attempts were made to use statements that have been independently audited and given that the data collection method adopted in this research required continuous investigation of consecutive years, trends became apparent and it was easier to detect misleading information. Another limitation that was noted while investigating annual financial statements of Olympic sponsors was the fact that they do detail the competitive manner in which they operate. For instance, although Coca-Cola is an IOC partner and Pepsi is not, understanding how this sponsorship helps Coca-Cola's performance against Pepsi could serve as an indicator for judging the impact of Olympic sponsorship on Olympic sponsors. Finally, the investigated statements in most cases did not disclose a company's future prospects, or the results of its expenditures on new marketing campaigns. This information could have been useful in attaining the exact amount Olympic sponsors paid to the IOC and the direct impact of the investment on their annual financial standing.

As mentioned in chapter 4, perhaps these business enterprises would have been more willing to participate in a research project of this kind if they had been approached while the Games was still paramount in their plans (probably shortly before the commencement of the London Olympic Games). This would have prompted them to engage more, and the research would have been able to engage them in a longitudinal continuous discourse on the effect of the London 2012 Olympics on their respective businesses. Employing this method for this research might also have resulted in collecting a larger amount of qualitative data. Also, using this method would possibly have allowed the researcher the opportunity to find more willing respondents within the limited time available for a doctoral project. With regards to the small and medium size businesses that refused to be part of the research, their responses indicated that due to their limited resources they have to work with dwelling on the effect of a past event was not deemed profitable.

With regards to the method used to collect data on small and medium size businesses, one of the major challenges was the scarcity of reliable information on the impact of the Games on small businesses. It should be noted that before the London Games began there were numerous publications in the media and academia on how the Games could potentially benefit the British economy. However, since the conclusion of the Games, there has been very little attempt to reconcile previous claims about the eventual economic impact of London 2012 on British business. In fact, the majority of the available publications on the impact of London 2012 on British businesses since the conclusion of the Games have been government driven. Expectedly, most of these have been biased in favour of increased economic benefits for business and have been attempts to justify the enormous amount of public funds invested in the delivery of London 2012. The scarcity of such information makes this research timely and much needed, but it presented the researcher with the challenge of identifying relevant information for this research.

The Relationship between the Olympic Games and Business Enterprises

Chapter 2 discussed the history of the relationship between IOC and business enterprises. Barney *et al* (2002) elaborated on the complications within the IOC regarding the involvement of private business entities in the dealings of the organisation. This research analyses the commercialisation and the economics of the Olympic Games, as manifested in the contradictory relationship between the IOC and commerce. The commercialisation of the Olympics was debated within the IOC for a long period of time, however, as the Games grew in popularity and stature, it required larger amount of funds and resources to deliver them. Hence, since the survival of the Olympics depended on capital, it was apparent the IOC needed the financial help of commercial enterprises and television broadcast fees (see below) in the delivery of the Games.

Between 1892 and 1984, the IOC debated the involvement of private business entities in its affairs. However the growth of the Games meant that the delivery of the Olympics required more and more finance. Early modern Games were sponsored by private individuals and governments but the 1924 Games in Paris was the first Games recorded to have been impacted by private business enterprises. The Games in 1924 was well publicised and this resulted in the Games recording a then record 44 nations in attendance and 3,092 athletes competing. The Paris 1924 Olympic Games also saw for the first (and only) time commercial advertisements inside the stadium. Since financing of the Paris Games was deemed financially challenging for the organising committee given that France and the rest of Europe was still recovering from the effects of the First World War. This stage of the commercial history of the Olympics signifies how the need to commercialise the Games was overwhelmed due to the reality of hosting it.

This prompted the awareness and need for the IOC to acquire, secure and enforce the rights to its signs and symbols in 1950. This development led to the IOC attempting to create its first international marketing programme in 1952 as companies from eleven countries provided both financial support and value-in-kind products towards the successful delivery of the Helsinki Games (Miller, 2003: 72). This Games also preceded the beginning of contract rights negotiations in 1956 as we know them today.

The growth and popularity of the Games attracted more willing sponsors in the 1970s, as 628 companies participated in the delivery of Montreal 1976, raising a total of USD 7 million (Puig, 2006: 6). In response to this, the Los Angeles Olympics Organising Committee (LAOOC) utilised this interest from the commercial enterprises to finance the first and only entirely privately enterprise financed Games, which was reported to have provided at least USD 100 million (Brichford, 2002, cited in Kenyon and Palmer, 2008: 37). It should be noted that the total privatisation of the 1984 Games was due to the fact that the deficit from Montreal 1980 scared away other bidders for the 86 Games and this left LAOOC with enormous bargaining power. Given that this success was attained from the money paid by sponsors and broadcast right fees, the IOC took over the negotiation and allocation of broadcast money after Los Angeles 86 This has increased IOCs revenue in great proportion since, however, it is probably the reason most host cities do not break even from hosting the Games since the largest revenue contribution is controlled by the IOC.

The commercial growth of the IOC cannot be discussed without revisiting the role of the media in its activities. The growth of television sports audiences set a convenient avenue for product placement and advertisement. It was in Rome 1960 that broadcasting became a stable revenue source of the Olympic movement (IOC, 2001). Since then broadcast rights have been the highest revenue source for the IOC. Also, this era witnessed the maturity of the IOC licensing programme considering the popularity of the Olympics had grown internationally. Therefore, media companies were willing to broadcast Olympic programming and commercial enterprises were willing to pay a high amount of money to be associated with the Olympic movement. Development in the media industry also helped in the popularisation of the Games. The Mexico 1968 Olympic Games became the first Games broadcasted in colour television, attracting more spectators throughout the world. The implication of this is that the IOC had to reconsider redistribution of revenues in 1972, sharing the profits with the host-cities, International Sports Federations (ISF) and National Olympic Committees (NOC) (IOC, 2004). The expansion of television provided new horizons for sports sponsorship and gave sponsors the means of reaching an audience beyond the stadium. As this conversion of sport into spectacle for mass consumption became apparent in the Olympic Games, the Games itself was being transformed into a multimedia event. Unsurprisingly, broadcast rights fees have increased in large proportion. Technological growth in the media industry has allowed the Games to be broadcast through numerous spectrum and with this increase in broadcast range comes an increased number of spectators which then attracts more sponsors. Hence, the IOC has charged media outlets more money for the right to broadcast the event. To maximise the media potential of the Games, the IOC as included broadcast rights in its marketing programme in 1986. These days broadcast rights have trumped sponsorship revenues, for instance, in the last five IOC quadrennials, broadcast fees have summed up to approximately USD 11.7 billion while sponsorship fees from TOP partners has generated approximately USD 3.3 billion (IOC Fact File, 2015).

The creation of the TOP (The Olympic Partners) programme in 1984 is the foundation which the commercial success of the Olympic movement has been built upon. Launched to maximise the economic value of the Olympics and ensure the sustainability of the event, the IOC selects a limited number of companies to become the brand official partners. These companies in exchange for the right to promote their brands and products through the Olympic platform pay large sums of money toward the smooth running of the Olympic Games. To justify the money these partners spend the IOC guarantees these companies marketing exclusivity within their respective product categories. Although the question of whether this deal represents value for money for these companies is debatable, the fact that the programme continues to attract multi-national corporations since its inception would suggest it has been successful. For these companies, the media attention guaranteed through the Games ensures their respective brands and products are visible on an international scale. The implications of this association have been discussed in chapter 5 and 6 and would be discussed later in this chapter.

One contradiction that can be associated to the IOC is engraved in the commercialisation of the Games. The benefit of the commercialisation of the Olympic Games is apparent especially to the IOC and individual host cities. Commercialisation through sponsorship makes the event profitable for the International Olympic Committee (IOC), host-countries and participating nations. Although the IOC claims that financial profits are not the main aims of the Olympic Games, the presence of commerce makes the Olympics financially independent. The implication of this however is that the Games have been transformed into a sports global monoculture. Commercial enterprises participate in the delivery of the Olympics with hopes of generating financial advantage which is in contrast to the core Olympic values (IOC Charter, 2015). From the business perspective, sponsoring the Olympic Games guarantees them exposure. Companies usually aim to use sponsorship deals to either familiarise the name of a brand or company with audiences, to reinforce corporate identity, demonstrate goodwill or to attract media interest (Harrison, 2000). Hence, this research has explored what motivates companies into sponsoring the Olympic Games and whether the relationship is worthwhile for both parties and as would be discussed in the conclusion paragraph of this section, it appears this relationship can be worthwhile for both parties.

The lure of the Olympic Games to sponsors is also associated with the perception that the Olympics is a ‘noble’ cause. However, it is perhaps the case that the more dependent the Olympic movement is on sponsorship, the more it loses its image as a ‘noble’ cause. The nature of Olympic Games sponsors for some also seems to undermine the nobility of the Games. Some of the most prominent sponsors of the Olympics are brands that stand for products deemed contrary to the ‘Olympic spirit’. As mentioned in chapter 3, the likes of Coca-Cola and McDonald’s have been deemed less representative of the ‘pure’ nature of the Games. The IOC has maintained that the Games should encourage physical activities, healthy living and inspire exercise. For this reason, it is to be expected that the IOC will uphold its responsibility to the Olympic brand and therefore stay away from junk food and sugared-up sodas which are hardly the optimal fuel for body or brain, to be associated with world-class athletic achievement. The IOC tends to present the defence that the money generated from these sponsors helps in the organisation’s good endeavours. This argument would be valid if there were no other private business corporations with the will and ability to pay as much as the likes of Coke to be part of the Games. However, it appears the relationship between the IOC and these companies is also based on reputation. Companies that need to build or maintain a good public perception due to their other unpopular activities prefer to remain attached to the Games since it is perceived as a cause for good.

Finally, on the relationship between the IOC and commercial enterprises, one may be forgiven for assuming this is a symbiotic relationship where both parties gain equally, but from the finding of this research, this is not entirely the case. The IOC definitely has the upper hand in this relationship. The IOC has managed to create a unique product (i.e. the Olympic Games) that appeals to an unprecedented number of spectators all over the world. This fan base is then utilised by the IOC to generate maximum possible revenue from both commercial sponsors and media organisations looking to increase their own fan base and maintain ratings. As discussed in chapter 3, the concept of exclusivity which the IOC promises its sponsors is fast becoming a myth, product categories are not as exclusive as they can be and ‘ambush marketers’ are getting smarter. Hence, to what extent does the Olympics benefit sponsors? It should be noted that these companies are mostly leaders in their respective product categories with access to worldwide advertisement and promotional mechanisms. This implies they are capable of reaching the same demographics the Games present to them even without Olympic sponsorship. Having said this, it appears their appeal to the IOC is also their reach. Promotional campaigns from Olympic sponsors worldwide carry along the “proud sponsors of the Olympic Games” message. Ironically, by doing this, Olympic sponsors end up advertising the Olympic Games as well as pay for them. Also, both entities involved in this relationship do not invest equally in the delivery of the Games. The IOC is always guaranteed to profit from the Games, since all the required finance is incurred by its sponsors and host regions, while commercial enterprises need to make sure their association with the Olympic movement is worth their while.

The Impact of Olympic Sponsorship on Financial Performance

Chapters 5 and 6 attempted to answer the second and third research questions of this thesis by using the 2012 Olympic Games as a case study, since it is the most recent and most accessible Summer Olympics. By analysis of secondary data, this research determined what business sectors engaged with London 2012 and its implication for their financial performances before, during, and after London 2012. It also identifies the reach of London 2012 on business enterprises in selected regions of the UK since the Games were proclaimed to have the ability to impact all regions of the country.

Studies from the financial performances of the 52 sponsors of London 2012 Olympics showed that the Games did not have the immense financial impact on these sponsors as sport boosters suggest. However, the degree of impact is relative to individual companies. For the major TOP sponsors like Coca-Cola and McDonalds, results indicate that although they set out to make financial profit, research shows that the Games' main effect on their brands was maintaining their reputation as the elite brand in their respective product categories. For such companies, sponsoring a mega-sporting event of Olympic stature is an indication of their stature. During this investigated period, five out of the eleven London 2012 TOP partners recorded a loss in net profit margin and six of them recorded an increase in profit margin. Visa was the highest gainer with 4 per cent increase while Acer was the biggest loser by recording an average net profit margin of -1.05 per cent between 2005 and 2013 (see table 5.2). Unlike the TOP partners, Tier 1 sponsors of the Olympics deal directly with respective local organising committees (in this case, LOCOG). The size and stature of companies in the Tier 1 sponsorship categories played a major part in what they hoped to attain from the Games.

For a majority of these companies, sponsoring the Olympic Games was a strategic move to gain market share by exposing themselves on such a large scale and simultaneously prevents their competition from taking the Olympic sponsorship spot. Similar to TOP sponsors, Tier 1 sponsors of London 2012 did not record immediate profit boost from their association with London 2012; in fact, indications from the financial performance of the companies in their category suggests that as a unit they performed poorly compared with the companies in the TOP category. Of the Tier 1 sponsors, the company that recorded the highest net profit margin increases between 2005 and 2013 was BMW with an average of 0.28 per cent within this period, which is 3.72 per cent lower than the company with the highest net profit margin increase among the TOP partners.

Similar to Tier 1 sponsors, Tier 2 sponsors of London 2012 also hoped to deter their competitors from taking up an Olympic sponsorship spot as they attempt to acquire more market share within their sector. This is an indication of the fact that Tier 2 sponsors might not have intended to use the Game as part of a broader campaign to promote a new product or gain more patronage. For these companies, sponsoring the Olympics was focused more on their competitors. As stated by Hall (2011) the aim of such an association for companies in this category was to use the London 2012 Games as a platform to compete with and overtake their rivals in their respective product categories. Given that these companies also consisted of service providers towards the actualisation of the Games, it was clear that Tier 2 companies needed the Games to build their reputation and exploit their participation in the delivery of the Games as a means of attaining future benefits. Likewise, Tier 3 sponsors provided the most services towards the Games and this put them in a better position to record a direct increase in sales and services from their association with the Olympic Games. They provided services like provision of athletic equipment, security services, construction and building contracts, logistic and transport services, communication services and market, advertising and ticketing of London 2012. By taking up these responsibilities, smaller Tier 3 companies were able to generate direct revenue from London 2012 and subsequent major sporting events. Judging from the findings of this thesis, they are perhaps the group that benefited most from sponsoring the Olympics most. As discussed in chapter 5, competing athletes had to familiarise themselves with the equipment to be used for the Games, tourists needed to be transported to London for the Games, tickets were needed for admittance into the event centres, beverages were consumed in and within Olympic event centres and ultimately enormous finance was invested in updating the infrastructure of London for the Games. All of these meant that for these companies, their sponsorship generated direct business opportunities unlike the other companies in higher Tiers.

Finally, although the prospect of sponsoring the Games could appear lucrative to companies, there has been little evidence from past research that this association delivers economic benefits to sponsors. This research also suggests that the Games do not impact all sponsors positively. Having said this, sponsoring the Games could still be beneficial to sponsors. As mentioned earlier, the Games impact different companies in different ways and individual sponsors would have to determine what they intend to achieve through associating with the Games. Evidence from this research shows that being a TOP partner of the IOC helps companies remain dominant within their respective product categories. Tier 1 and Tier 2 sponsors are likely to use the Games to acquire more market share and scare away competition; for companies seeking a direct boost in sales and revenue, the Tier 2 and Tier 3 sponsorship categories are most suitable for companies with these motivations. The above suggestions are based on investigating how the Games impact sponsors. However, the Games also affect small and medium size businesses within the host regions.

How SME businesses in different economic regions of the UK engaged with London 2012

The London 2012 case study shows that although host governments promise a widespread benefit from hosting the Olympics, SMEs are not prioritised in the Olympic sponsorship process. For governments, the investment of public funds into the bidding and hosting of Games generally require public approval. This is why SMEs are lured into supporting the bid to host the event. However, upon winning the right to host the Olympics, a certain number of companies (depending on the number of IOC TOP partners) come with the Olympic hosting package. These companies are the number one priority of the organiser. Contracts are drawn up to ensure these companies face little or no competition within their respective product categories as they begin to reap benefits from opportunities associated through their partnership with the IOC. The next category of benefactors from the Games are companies sponsoring the Games through the local organising committee (LOCOG). In the case of London 2012, there were 41 businesses. In return for their sponsorship money, these companies were the first to acquire contracts to provide services or goods towards the actualisation of the Games. Major contracts ranging from infrastructural development down to the little ones such as confectionary sales are automatically available to official Olympic sponsors. At the bottom of the pecking order are the small businesses within the region. These companies are left to compete for the few opportunities left over by official Games sponsors, or hope to strike a supply deal with the official providers of whatever service they provide. For those lucky enough to get such supply deals, rules are in place to stop them from publicising the role (however little or big) they played towards the delivery of the Games. One then begins to wonder how the Games could substantially benefit small and medium size businesses that cannot afford to officially associate themselves with the Olympics.

There is an argument that instead of businesses viewing the Olympics as a phenomenon that could impact their businesses, they should attempt to tap into the opportunities that arise as a result of the Games being held in their economic region. This argument was made before the Games and SMEs were advised to prepare themselves for such opportunities. Having said this, as discussed in chapter 6, the government took measures that invariably limited the said opportunities available to SMEs. Steps taken to curb ambush marketing, the abrupt relocation of businesses deemed to be in the way of the Games, and traffic restrictions, impacted negatively on businesses that had invested in preparation for the Games. This thesis goes some way to debunk claims that London 2012 was an economically viable project for businesses in *all* regions of the UK. The Games did not affect all regions of the UK equally as suggested originally by the UK government. Data presented in table 6.1 show how unevenly London 2012 Olympics-related contracts were distributed. This is perhaps as a result of the fact that certain areas of the UK receive more investments than others, or a reflection of a lack of adequate plan or indeed intention on the part of the organisers. For instance, introduction of a regional quota system could have ensured a fairer distribution of the opportunities presented by the Games, but what this research showed was that the vast majority of these deals went to companies in London and the South East.

Conclusion

To conclude, it is imperative to inform companies who pay large sums of money to be part of the Olympics that the exposure guaranteed by the Games does not automatically translate into economic gains. As stated in chapter 3: the myth of the high effectiveness of the Olympic Games does not correspond to today's realities. The uniqueness of the Olympic Marketing structure requires the development of more sophisticated advertising strategies by partnering and sponsoring companies. Similarly, grassroots business development cannot be attained through the Olympics (or indeed any other major sporting event) since such events occur within a short period of time and they tend to cater to the needs of their stakeholders and the major business corporations that finance them. While the Olympics can be a catalyst for economic change, it should be viewed as a singular investment within a broader strategy for development. Nevertheless, it will take many years of hard work for this initial investment and activity to be transferred into visible benefits for SMEs within the host regions.

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