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Event sponsorship and ambush marketing: Lessons from the Beijing Olympics

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Abstract Sponsorship of large sporting and cultural events has become a major marketing communication tool, particularly when firms obtain exclusive rights and garner the hype associated with this honor. Concomitantly, ambush marketing—defined as attempts by competitors to exploit the event—has also increased in prominence. This article outlines what is known as the *Li Ning affair*, whereby major Olympic sponsor Adidas was ambushed by lesser-known Chinese sportswear company Li Ning, whose namesake founder was the most decorated Chinese Olympian and who lit the Olympic flame at the 2008 Beijing Olympiad. Data collected immediately following the closing of the Beijing Games isolates what we call the *Li Ning effect*—or, being incorrectly identified as an official sponsor—and the positive effects this has on measures of brand attitude and recommendation likelihood. As presented herein, seven lessons about ambush marketing can be derived from the Li Ning affair, which sponsors and those considering sponsorship opportunity might wish to learn.
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1. You don't always get what you pay for

Sponsorship is big business. Major international sporting events—such as the Summer and Winter Olympic Games, and the World Soccer Cup—command sponsor fees running into the hundreds of millions of dollars, via which each global sponsor acquires marketing rights to the all-inclusive use of the event, its images, and logos. Worldwide sponsorship generated $663 million in revenue for the 2001—2004 Salt Lake City/Athens Olympic cycle. This total was easily exceeded by the Torino/Beijing cycle, in which revenues jumped 31% to $866 million; 11 multinational sponsors paid an average of $72 million each. More remarkably, these numbers represent only the fees for sponsorship rights; sponsors still had to pay for the advertising itself. Subsequent estimates placed total

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Olympic ad spending at an additional $1.5 billion. Indeed, Visa alone was estimated to have spent $886 million on its official sponsorship of the 2008 Olympic Games (CNBC, 2008).

It can cost $200 million to sponsor a soccer team in Europe's Champions League, or to sponsor the UEFA Champions League—the club championship of European football—and all that buys is the right to use the name of an event, a team, or an organization. Activation—or promotions, competitions, television advertising during breaks, corporate hospitality, and so forth—can easily multiply a sponsor's budget two or three times over, for in sponsorship it is not what the company has, it is what it does with it ("Sponsorship Form," 2008). When a firm invests hundreds of millions of dollars in a sponsorship, and many millions more on marketing efforts to exploit that sponsorship, it embarks on a promotional journey that may help establish it as the uncontested brand in its category; consider Coca-Cola (soft drinks), Visa (credit cards), and McDonald's (fast food) as examples. At the same time, it exposes itself to an array of counter-attacks by competitors who have either chosen not to exploit the sponsorship opportunity, or who have simply not had the resources to do so. The consequences of these competitor reactions can be serious. Despite the efforts of event organizers and legislation enacted by host governments (whether genuine or sham) to protect sponsors, it seems that some competitor reaction is inevitable. Recent history provides a number of worthwhile lessons for marketers and sponsors to learn, or ignore at their peril.

As regards Olympic Games, the choice of last torchbearer—the athlete who lights the stadium flame—usually has some symbolic significance. At the 1960 Tokyo Olympiad, for example, the last torchbearer was a person born on the day the atomic bomb exploded over Hiroshima. The choice was felt to symbolize Japan's rebirth from World War II (Balfour, 2008). China's choice as torchbearer for the 2008 Beijing Games was Li Ning, a former gymnast who won six medals—including three golds—during the 1984 Los Angeles Games, China's first big sortie into the Olympics. Before a packed stadium and a worldwide television audience estimated at 4 billion viewers, Li Ning ran around the inside perimeter of the Bird's Nest arena and was hoisted 75 feet in the air by cables, before lighting the Olympic cauldron. A true hero of the Chinese nation and the most decorated athlete at the Los Angeles Games, Li Ning seemed a natural choice to light the Beijing flame. Since retiring from gymnastics, he had also become a successful entrepreneur. Capitalizing on his personal brand equity, he founded Li Ning, an athletic apparel company that specialized in clothing and footwear. Li Ning, the company, was not an official footwear sponsor of the Beijing Olympic Games; the German firm Adidas had purchased those rights.

More than a billion people in China alone saw Li Ning's run across the rafters. It is unlikely that these viewers thought just of the man, and not of his shoes. Li Ning was broadcast on Chinese state television, countless other international channels, and was featured on the front page of every national newspaper in China the following day. Almost everyone in China knew that Li Ning owned a sports shoe company; outside of the country, the many hundreds of millions who did not know this learned it very quickly. This easily made the event the greatest 2 or 3 minutes of free advertising in history—for Li Ning, but not for Adidas. Some might call the Li Ning coup lucky. Perhaps the choice of Li Ning as the flame lighter was simply serendipitous: local hero is invited by well-intentioned government and Games officials to perform a symbolic duty. He happens to own a sports footwear company, but this does not influence anyone's thinking, and the consequences are not anticipated. The world media, however, saw this in a different light; they viewed it as "the boldest case of Ambush Marketing ever pulled off" (Balfour, 2008).

In this article, we present some evidence of what we term the *Li Ning effect*, and use the affair to draw some important lessons for marketers in general and potential sponsors specifically. First, we briefly review some of the literature related to ambush marketing and its prescriptions. Next, we provide a brief overview of the results of a study of sponsorship recall and related effects following the 2008 Beijing Olympics, and then show how the Li Ning affair illustrates the intersection of sponsorship and ambush marketing. Finally, by combining the evidence from the study with the prescriptions of the literature on sponsorship and ambush marketing, we lay out seven lessons we think can be learned from the Li Ning affair.

2. Ambush marketing

The term *ambush marketing* was first coined by Bayless (1988) to describe the purposeful and false association by a company not sponsoring an event toward the end of deriving benefits similar to those afforded official sponsors. In a narrow sense, Schmitz (2005) defines ambush marketing as the direct efforts of one party to weaken or attack a competitor's official association with a sports organization acquired through the payment of sponsorship fees. In a broader sense, he sees the

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