Module 4. Accelerate short-term results through promotions and trade activation

Introduction

Sponsorships, when well used, can impact the business results in both long and short terms. In order to reach the best possible results, the professionals involved with it need to be fluent in brand building strategies like driving awareness, engagement and brand love, as well as in hard sell tactics like promotions, trade activation and merchandising. The former was discussed in the form of brand equity and love.

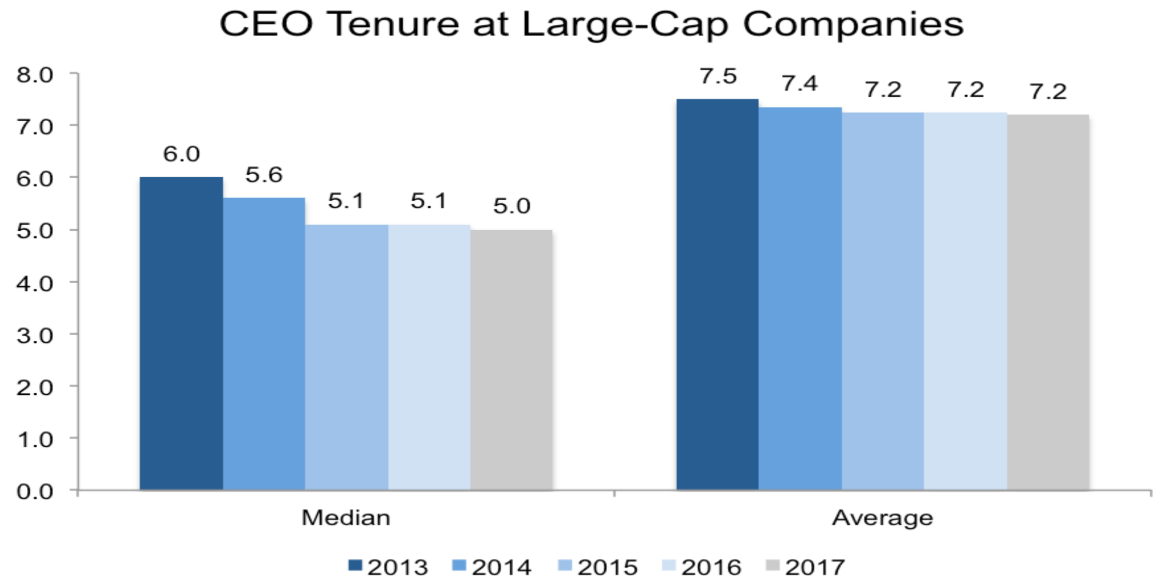
Well, this couldn’t be further from the truth. Sponsorships can and must deliver both short-term and long-term results.

In the current business environment, where CEOs are under great pressure from their board and stockholders to deliver immediate results, any investment decision that does not yield short term-results is harder to make. Sponsorships are one of them.

This is what an article published in the Harvard Law School Forum on Corporate Governance website reports:

> In the past five years [2013 to 2017 data], CEOs transitions have become more common than they had been in the preceding five years. As a result, median tenure has fallen a full year since 2013
>
> According to a recent Equilar study, the median tenure for CEOs at large-cap (S&P 500) companies was 5.0 years at the end of 2017. Looking back historically at the companies included in the study, that figure has fallen from 6.0 since 2013. Average tenure, which is weighted by long-standing CEOs with several decades of service, also dropped in that timeframe, but to a lesser degree—decreasing from 7.5 in 2013 to 7.2 in 2017. (Marcec, 2018, para. 1-2)

Figure 1: CEO tenure at large-cap companies



From *CEO Tenure Rates,* 2018. Harvard Law School Forum on Corporate Governance. https://corpgov.law.harvard.edu/

Not coincidentally, the largest companies, the ones that invest the most, are exactly the ones under the greatest pressure for results.

The business leaders, when faced with a sponsorship investment opportunity, will compare its immediate benefits with some other alternatives that are proven to be effective in the short term as well, like discounts and promotions. More often than not, they will side with their sales teams that are making promises of results that will have an impact not on the next ten years, but on the next ten days. It is hard to compete against that.

Figure 2: Man walking down a supermarket aisle

By H. Lu, 2018. Unsplash. https://unsplash.com/photos/sq5P00L7lXc

For this reason, it is critical for sponsorship managers to create the tools and the capabilities to be able to measure the impact of their work. This is good for the company (who will make more informed decisions) and for the sponsorship function (that will be able to negotiate better contracts with the correct rights for their business). We will address this topic in another course and module.

When the short-term uses of sponsorships are measured, they stand in equal or better position than any other activity a company can deploy. Additionally, sponsorship-based campaigns also offer all the long-term brand building benefits, previously discussed.

In the crowded retail and online environments, being interesting –something that sport and entertainment do like no other passion points– is the only way to break through and be seen, chosen and consumed.

In this course, we will cover some of the most common tactics to build short-term results.

Using Sponsorships to Activate Points of Sale:

Fast-moving consumer goods (FMCG) companies are responsible for most of the things we buy in our lives. All the food, drinks, cleaning, laundry, and hygiene products we use on a daily basis fall into this category.

Giants like Nestlé, Unilever, Procter & Gamble, PepsiCo, AB0InBev, Tyson Foods, The Coca-Cola Company and JBS are just a few examples of the companies responsible for most of our grocery shopping list. Today, it is almost impossible to fill your pantry or cupboard without them.

Figure 3: Logos of different brands

Screenshot by author.

Thanks to their size, experience and resources, these companies are capable to manage a complex network of production facilities (factories, farms, etc.) and distribution modes (trains, trucks, ships, etc.) to make their products reach their customers (online, wholesalers and different sizes of grocery stores, among other types) and ultimately our houses all over the world the best possible way.

When you are shopping, no matter where, nothing that you see is accidental. There are professionals dedicated to study and understand the best places, hours of the day, product assortment, etcetera, that they need to offer us in order to maximize the chances of completing a sale, of convincing us to pick the product on their shelves and put it in our shopping carts.

Similar to your experience at Netflix, Facebook or Instagram, what you see in your Amazon (or any other online retailer) home page was designed just for you. If you login into a different account (instead of yours), it will feel like a different world. The same happens in the real world. What you see when you walk the isles of your neighborhood supermarket was organized just for people like you. If you come to another of their stores in a different neighborhood, you will also feel like you are in a different chain.

All that convenience comes with a price. But in this case, we, the customers, are not the ones paying the bill. The FMCG companies are.

With very few exceptions, all products you see in the shelves of a supermarket, for example, are there because the company that sells them paid for the rights to expose their products. Suppliers (i.e., the companies) have annual contracts with retailers in which they agree in how many faces they will have per store (how many cans of your tomato sauce will be exposed), how many end-of-aisle displays they will have per year, what's the price they will sell vs. what's the price of their competition, etcetera.

Figure 4: Dairy products displayed in a supermarket

By Chutternsnap, 2021. Unsplash. https://unsplash.com/photos/6xB6mxsLTV0

The retailers have a limited inventory, and they know exactly how much that specific product will yield them in a year depending on the space it takes. For products that don't sell as much, they will charge the suppliers more for the right of regular (i.e., shelf) or extra (end-of-aisle) space. For the ones that sell more, they can charge them less, knowing they will make their profit with the higher number of units sold.

Figure 5: Coca-Cola bottles displayed on a shelf by Russia 2018 World Cup pet.

Own source.

They may sell exactly the same end-of-aisle in a store for the tomato sauce brand for US$ 5,000 for 15 days and for US$ 2,000 for the leading beer brand in the country.

But not only the category of product or brand dictates how much it will sell. Many categories are influenced by temperatures (soups have more space in the winter months), special dates (turkeys sell more in the United States during the weeks leading to the Thanksgiving Day), region (beach gear in coastal cities), religion (Christmas Trees in Christian countries), holidays (country flags near Independence Day) and sports seasons (large televisions in the weeks near the Superbowl in the United States).

Figure 6: Campbell's soup cans displayed on a supermarket shelf.

From *No Soup for you,* by C. Macarone, 2018. Unsplash. https://unsplash.com/photos/Vl78eNdiJaQ

Retailers are doing this every day trying to maximize their own results. This is no simple statistical model!

The key decision factor, though, continues to be consumer interest, and this is where sporting events play an important role for companies that sponsor meaningful events. We all have experienced this one way or the other.

In countries where football is relevant, for example, every four years, as the FIFA World Cup approaches, fans start to get excited with the event: when the national team qualifies, when the roster is called up, when the players travel to the host country. In every match of the tournament, consumers' interest increases for the event and the products associated with it.

The same happens with the Olympic Games, the UEFA Champions League, the Cricket and Rugby World Cups, the Masters, the NBA Playoffs, Rolland Garros, etcetera.

Only watching the games isn’t enough. Consumption is a way to relate to the event and products bearing the marks are in high demand during these months.

For retailers, promoting the brands associated with these landmark events is a guarantee of great results, as consumers flock to stores to buy them in disproportional quantities. This is why when you go to a store during a major event, you feel like everywhere you look, there is a brand promoting it.

Aware of this increased demand, sponsors leverage their association with the events to negotiate better commercial terms with their customers. For two brands with the same appeal to shoppers, the one sponsoring an important event will sell more and faster. Therefore, retailers prefer to have them in-store, even if they need to charge a much lower ticket for them to be exposed.

This is a direct business result that impacts the short term of the company, it is very easy to calculate and only exists thanks to the sponsorship rights. This is a simple example to quantify the savings generated by a hypothetical sponsorship:

Figure 7: Promote brands associated with landmark events

Own source.

On a regular month of the year, two weeks of exposure of a water brand at an end-of-aisle display at one Walmart (in the United States) cost US$3,000. In 2021, Walmart operated 4,743 stores in the country (Number of Walmart U.S. stores in the United States from fiscal year 2012 to 2021, by type, 2021).

A water brand sponsoring the US Open (tennis) wants to use the excitement of the event to do a special campaign specially designed for Walmart. They want to rent an end-of-aisle display in every store in the two weeks leading to the event.

The regular cost of the displays would be US$14,229,000, but, thanks to the appeal of the US Open for Walmart shoppers, they decided to offer the brand a special price for the period of the event charging them only US$1,500 per store.

At that new price, the savings generated by the sponsorship would be US$7,114,500 (probably more than what the water brand paid for the sponsorship).

Another very common scenario is the negotiation of better prices, instead of increased display space. Here is another fictional example:

The same water brand sells each bottle to Walmart at US$0.50 on a normal day. In order to get the extra exposure of an end-of-aisle display, Walmart will ask them to sell their product at US$0.40 for the duration of the promotion. If they sell one hundred million bottles in that period of time for two weeks, the cost of the promotion would be US$10 million (US$0.10 x 100,000,000 bottles).

But because of the sponsorship, Walmart accepts to give a smaller discount to their consumers selling each bottle for US$0.45 (and not the usual US$0.50). The total cost of the campaign for the water brand would be US$5 million, saving them the same amount.

Very often these two scenarios are combined allowing the sponsor brands to sell their products with lower discounts and more space, making the results even better.

This is excellent for the brands, but equally good for the retailers that benefit from a greater interest from consumers and larger number of transactions. The financial results for all parties are positively impacted by the use of the sponsorship.

Now imagine a broader campaign when not only Walmart, but the top 10 customers in the United States are participating, and the number of stores is not four thousand, but thirty thousand stores! Just with this strategy, the water company has the potential to pay the entire sponsorship and make a significant profit.

Of course, these are all hypothetical numbers, and the reality can differ greatly from it. But the principle still applies to all trade.

Sponsorships are a very effective tool for FMCG companies to negotiate better commercial conditions with their customers. For the companies that use this strategy well, there is a clear path to a very positive return on their investments.

Using Sponsorships as a Theme for Consumer and Customer Promotions:

Consumer promotions is one of the most important, used, and effective marketing tools for all categories of products. We are all familiar with the offers we see in stores' shelves or websites and apps like "Buy one, get one free", "Get 10% free", "Gift/coupon inside", "Scan the code for a chance to win a trip", "7-days free trial", "3 months at a reduced price", etcetera. All of them intend to attract our attention and entice us to try a new product or service. The short-term cost is supposed to be covered by all the future consumption that the newly recruited consumers will deliver.

Promotions like those can be applied to both physical products as well as to services. In an industry that uses promotions, its payments and the sponsorships are often at the core of all this promotional activity.

In this trillion-dollar market, there are just a handful of players that dominate most real and digital wallets around the world: the American based Visa, Mastercard, American Express, PayPal and the Chinese Alipay are one of the many subsidiaries of the Alibaba Group.

Figure 8: Itaú bank receptionists

Own source

Other than PayPal, all other companies are very active in sponsorships. Visa is a FIFA, Olympics and NFL sponsor. Mastercard is well known for the decade's long sponsorship of the UEFA Champions League and, more recently, women's football. American Express, as previously discussed, is one of the most important brands in golf. Lastly, PayPal recently started to invest outside China through the partnership with the UEFA Euro.

Figure 9: Evian water as sponsor of US Open advertisement

From *Brands You Will Spot At 2018 US Open!,* 2018. Sports Khabri. https://sportskhabri.com/brands-you-will-spot-at-2018-us-open/

Similar to other industries, these companies use their sponsorships to build awareness, affinity and brand love in the long term. But what is less visible to cardholders is how much these relationships help the companies in developing promotions to their business partners and customers. They are the backbone of their entire activation of the events and deliver the bulk of the results for their businesses.

Visa and Mastercard manage global payments networks. These are the pipelines through which the money flows. They don't issue cards. Instead, they partner with banks and other organizations to issue credit cards with their brands. Every time we pay with a Visa card, the bank that issued the card and Visa get a commission for the service (usually, under 5%, depending on the country, product, client, bank, etc.). The more money flowing through their proprietary pipelines, the more they will make on commissions.

Figure 10: Mastercard advertising on UEFA Champions League

From *Mastercard seguirá patrocinando la Champions hasta 2024,* 2020. Marketing directo. https://www.marketingdirecto.com/anunciantes-general/anunciantes/mastercard-seguira-patrocinando-la-champions-hasta-2024

To maximize the number of transactions, the companies have two important levers: 1), the number of cards in the market (the more cards available, the greater the chances for them to be used); and 2), the number of times cardholders use their cards (as we all make us have multiple cards in our wallets, companies need to "convince" us to pick their brand instead of their competitors').

The sponsorship-based promotions are designed to impact these two levers.

1) The number of cards in the market is the sum of all the cards issued by all their bank clients (there are other issuers, but we will limit the example to banks, to make it simpler). Banks usually work with all payment brands. A bank like Santander, for example, has a portion of their portfolio with Mastercard and another with Visa. This is a complex decision and negotiation in which the payment companies will offer business terms like discounts, services, technical support and content to attract their cardholders to use their cards more often.

When it comes to content, sponsorships are the main source of interesting content to fuel banks business.

If Mastercard wanted to increase their share of BNP Paribas' portfolio in France, they would offer the bank all the financial and technical benefits they can offer (which are usually somehow commoditized –i.e., Visa could offer the same) and then, offer the sponsorship of Ligue 1 with exclusivity in the country. In return, they would agree to issue a few million new cards for their French clients.

For Mastercard, the return on the investment of the sponsorship would come in the years to follow in the form of more people carrying and using their cards.

2) Once point 1) is secured, the payment brands would turn their focus to increasing the number of times cardholders use their cards. This is where traditional consumer promotions play.

Figure 11: Buffet at a stadium in the Russia 2018 World Cup

Own source.

Figure 12: Fast food post

By J. Rosen, 2021. Unsplash. https://unsplash.com/photos/eWDlKNeh9Hs

Following the example above, Mastercard would design special cards with the Ligue 1 brand and the players of some of France's top clubs. They would also create promotions that will offer tickets to Ligue 1 matches for BNP Paribas' clients that issue new Mastercard cards. As part of the deal, the bank will offer the new cards to their existing and prospective clients, incentivizing them to take and use their cards. The whole program will be heavily advertised online and other media to raise awareness of the offer.

For Mastercard, the Return on the Investment of the sponsorship would also come during the months of the promotion in the form of more people using their cards.

These types of activities (combining consumer and customer promotions) are very common for service brands. The sponsorships work as currency to fuel promotions and drive short-term results.

Using Sponsorships to Access New Points of Sale

If you are in the business of physical products, expanding your distribution network is an immediate way to increase your sales and financial results. For the traditional stores, like previously discussed, all you need are the investments to be listed and sold in most places. However, there is another category of customers where this is only possible through sponsorships.

We are talking about the stadiums, concert halls, gymnasiums, etcetera. Everywhere, professional sports are played with the presence of spectators playing with different rules for what brands can and can't be sold onsite.

Every time you go watch your favorite football team play at home or away, pretty much everything you see onsite for sale comes from a sponsor.

The Budweiser beer is there at the concessions because AB-InBev sponsors your club. The icy-cold Coca-Cola is no different. The salty snacks, the ice cream, the licensed products, everything you see comes from a sponsor. All of these products are rights acquired by the companies that produce them as part of a much broader sponsorship.

If your brand wants to be present at the Camp Nou in Barcelona, Parc des Princes in Paris, Emirates Stadium in London or the Mercedes-Benz Stadium in Atlanta, chances are you will need to invest to become an official sponsor of FC Barcelona, Paris Saint-Germain, Arsenal or Atlanta United.

Similar settings are found in major regional or global events. If you want your products to be consumed at the FIFA World Cup, Olympic Games, Cricket World Cup or Superbowl, you'd better become an official partner of these events. Otherwise...

The cost of selling in this case is a marketing expense, as the entire operation has (very often) a very negative return on investment. This is a contradiction for most uninformed fans. When they see the prices charged by stadium concessions (usually much higher than the regular prices practiced in any other store), fans assume the companies are making huge profits. They are not. The concessionaire, the club or the stadium operator might, but the suppliers of all the products are most likely losing money.

It happens because a stadium concession stand is like operating a store that opens a month per year. You still have all the costs of equipment, staff, training, uniforms, etcetera, just without the sales.

A common approach for sponsors is to allocate all the infrastructure costs of selling as part of their sponsorship investments and, then, treat the sales as new sales (without carrying the costs associated with it).

An example of this behavior could be the following:

Your company, a poultry industrial conglomerate, wants to have their burgers and sausages available at the newly built SoFi Stadium in Los Angeles. In order to do it, your commercial team signs a sponsorship with the Los Angeles Rams, the owner of the stadium, becoming the "official burger brand of the Rams". The cost of the rights is US$2 million/season for a 5 years' deal (total cost of US$10 million).

Figure 13: Coca-Cola seller offering Cokes in the Russia 2018 World Cup

Own source.

Figure 14: Coca-Cola sellers on a Coca-Cola post in the Russia 2018 World Cup

Own source

To sell at the SoFi Stadium's many concession stands and restaurants, your company will need to invest an additional US$2.5 million in equipment (i.e., grills), train the staff and uniforms, bringing your total investment to US$12.5 million for the duration of the deal.

In your company books, your finance department will book a total cost of US$2.5 million/season (including the rights fees and the setup cost). After that, your Sales Department will report the sales at the stadium as any other store.

There are two main reasons why, despite the limited quantities sold in venue and the negative ROI, all these contracts come at a very high premium price:

1) There is short supply: the properties are very popular, the events happen only once every few years, and there are only a limited number of brands that can be contractually associated with it.

2) Drinking a cold beer or eating an ice-cream at a baseball game carries a very special meaning. Being available in stadia and gymnasiums where matches are played and in concert halls where live music is performed is not your everyday consumption occasion. It comes full of meaning and immediately becomes part of your overall experience. Being able to associate itself with that match where you and your friends shout, sing, cry and finally celebrate together must cost more.

Even if your brands are only looking for the rights to sell at the stadium, for example, get ready to spend the extra budget for acquiring the rights you might not need. The rules of the game for gaining access to these very premium, experience-based venues are different.

Using Sponsorships to Acquire New Customers:

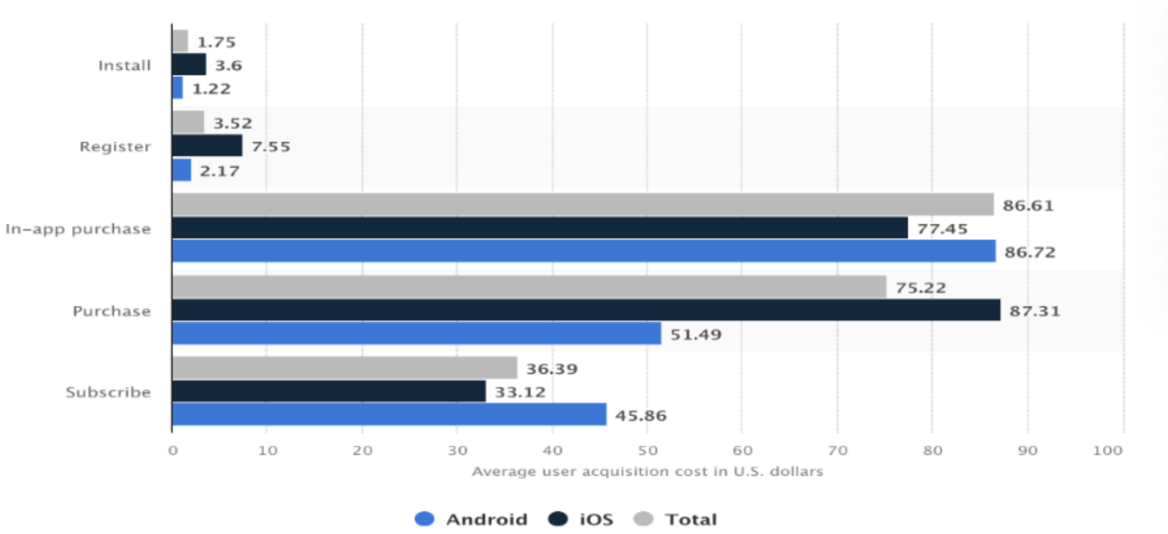
Digital products and services have the benefit of easily creating mechanisms to recruit new users through promotions and sponsorships.

One of the main success indicators for mobile applications is the number of downloads. They are critical to offer products, services and gain access to consumer usage data that will later fuel the customization of the offers.

There are many ways to convince your prospect users to download, register and purchase on your app. Offline advertising is a very common one, but this is also very expensive and hard to track the results. Online advertising, while much easier to execute and measure, also offers some challenges such as cost and limited reach in most channels.

According to a report published on Statista (Ceci, 2021), the average mobile app user acquisition costs (worldwide from September 2018 to August 2019, by user action and operating system) was US$3.60 for an iOS download and US$77.45 for an in-app purchase. Pretty expensive!

Figure 15: Average mobile app user acquisition costs worldwide from September 2018 to August 2019

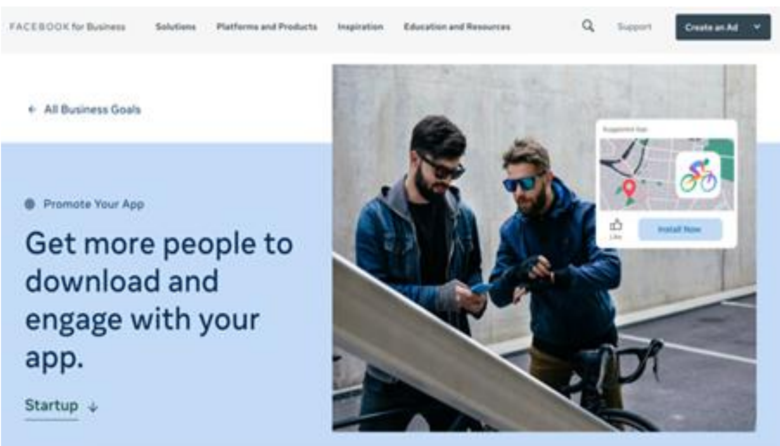


From *Average mobile app user acquisition costs worldwide from September 2018 to August 2019, by user action and operating system,* 2021. Statista. https://www.statista.com/statistics/185736/mobile-app-average-user-acquisition-cost/

If you consider that a successful app would have over a million installations, the cost to have a successful business can easily reach the dozens of millions of dollars for these startups (something that few may be able to afford).

This is such a big priority for a large number of digital agencies and most digital players, that many of them offer frameworks and services to teach their users how to increase the number of downloads for their apps. This is the case for the likes of Facebook (for business) and Google.

Figure 16: Facebook for business home page



[Online image]. Retrieved 2021 from https://www.facebook.com/business Screenshot by author.

With that in mind, some digital companies started to invest in sponsorships through some innovative forms of contract and advertising hoping that the final cost of the sponsorships and activation would be lower than simply investing in advertising to generate downloads.

A good example of this case is the contract signed by Brazilian bank BMG with Corinthians, the second largest club in the country. According to the deal terms published by the local press in 2019, Corinthians was effectively becoming a bank through this sponsorship (Amaro, 2019).

The club was supposed to get 50% of all the profits of the transactions of the newly recruited users through the bank app. For every 200,000 new subscribers, there would be new benefits for the club.

While these success fees are not new, it is interesting that the bank realized that the sponsorship (including their brand exposure as a master sponsor in the uniforms) was a less expensive and more interesting way to attract new customers (even splitting the profits with the club).

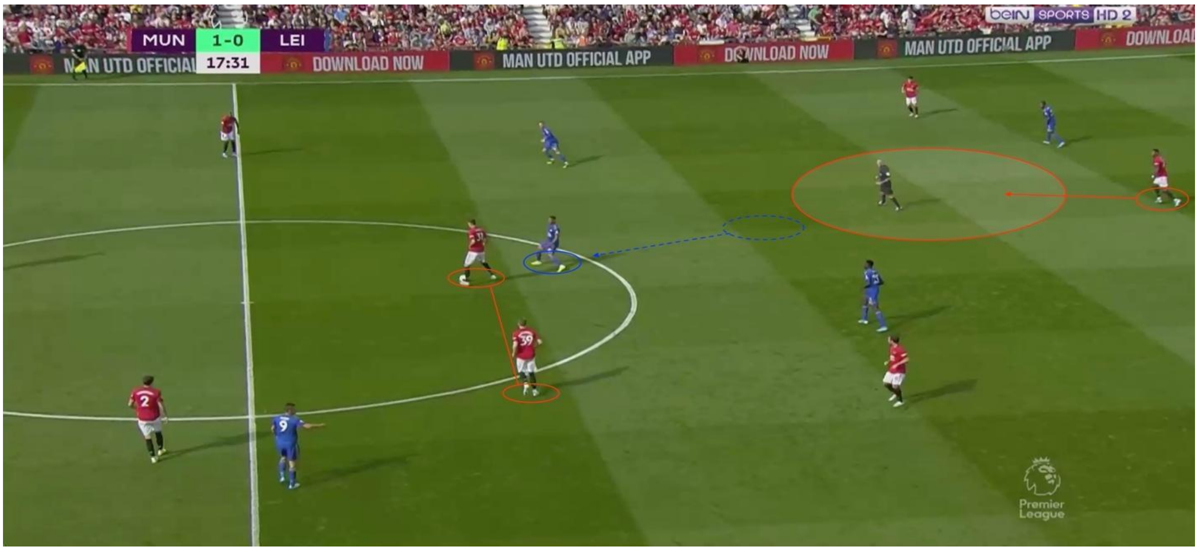
The online education brand Descomplica used a similar strategy with a few other Brazilian clubs in 2018, becoming an official sponsor for Flamengo, Fluminense and Vasco da Gama and showing their brand on the uniforms of the largest clubs in Rio de Janeiro.

Figure 17: Descomplica, official sponsor of Fluminense, ad

From *Após polêmica em Fla-Flu, diretoria tricolor anuncia rescisão com patrocinadora,* 2018. Globo.com. https://ge.globo.com/futebol/times/fluminense/noticia/apos-polemica-em-classico-fluminense-anuncia-rescisao-com-patrocinadora.ghtml

A different use case of the same strategy has been widely used in the last years with clubs using their own inventory of perimeter boards to advertise their app or OTT services. Similar to the BMG example above, the club decided to use the boards (that they could have sold to partner brands) instead of investing the equivalent budget to advertise their app in other media.

Figure 18: Tactical analysis of Manchester United vs Leicester match



From *Premier League 2019/20: Man United vs Leicester – tactical analysis,* 2019. Total Football Analysis. https://totalfootballanalysis.com/match-analysis/premier-league-2019-20-man-united-vs-leicester-tactical-analysis-tactics

In all these cases, the motivation and approaches are the same: digital brands looking for increasing the number of users and customers, realizing that the most effective approach to recruitment was through a sponsorship, and not the traditional advertising approach used by most brands.

These brands will continue to share the real estate of football fields and other fields of play in other sports as the audience of all non-sports programming reduces and the one in live sports keeps its steady growth pace.

Using Sponsorships to Dribble Regulations and Local Laws to Advertise:

This is a highly questionable practice and, in many countries, considered illegal. But in today's sponsorship world, it is impossible not to talk about betting companies and their reasons to invest large sums of money in football sponsorship, particularly in the United Kingdom.

According to a special report published at The Athletic,

> Gambling is tightly regulated in China (and other Southeast Asia countries), only allowed via the state lottery or in casinos in the territory of Macau (…) "Chinese laws prohibit marketing gambling firms as well as running them, so English football is one of the only ways these firms can make themselves known to Chinese consumers (D'urso, 2021).

Figure 19: Different football team shirts with their sponsors logos

Screenshot by author.

Interested in tapping into the gigantic population of Asian markets but prohibited from doing so while respecting the local laws, many betting companies started to invest in European football. Their hope was that their brands would become known and consumed in their home countries thanks to the visibility provided by the matches broadcasting.

Truth to be told, as of 2021, most of the activities of these companies have been legal. There are many issues, like the ones reported at the Man, Athletic investigation:

- Few of these companies have any significant presence in the UK and their personnel and funding remains opaque
- Gambling firms based in Asian countries, operating through offshore middlemen and the "white label" system, use Premier League football as a billboard to reach consumers in China, where the government does not allow gambling
- Concerns over the impact this has in Asia, with football fans risking jail if they follow up the adverts they see during televised matches
- UK authorities have warned that insufficient checks are being carried out to guard against money-laundering and criminal activity. (D'urso, 2021).

Many of the English clubs are clueless when it comes to the ins and outs of the operations of the companies they are signing their sponsorships. If the level of due diligence is superficial to large clubs, the smaller ones (those who desperately need the funds of these brands) are almost non-existent. In the 2019-20 season, half of all shirt sponsorships were from betting companies, as figure 20 shows:

Figure 20: 2019-2020 Premier League shirt sponsorships

Retrieved 2021 from https://twitter.com/classicshirts/status/1156230744479621122 Screenshot by author.

Italy and Spain have already banned shirt sponsorships from their respective Leagues. The same is expected to happen in the U.K. at some point in the near future. Until then, the Asian brands continue to dominate the front of many of the English Premier League clubs.

As long as this is legal, it has been a very effective strategy for these betting companies. They can credit a lot of their incoming new users and revenues to the association with the clubs and the benefits of broadcasting. When this is no longer possible, they will need to reinvent themselves or maybe, finally, decide to operate as a business in the United Kingdom as everyone else.

Using Sponsorships to Sell Products and Services:

In the world of global events, there is a class of sponsor that has almost guaranteed new businesses and payback on their investments: the infrastructure companies.

When a country is awarded the rights to host a global event, like the Olympics or the FIFA World Cup, one thing is certain: they will need to make large investments in infrastructure to be able to properly host fans, dignitaries and work staff.

It is no coincidence that these events are assigned 7 to 11 years in advance. This is the time governments will need to design, commission and build all the necessary infrastructure. In the years leading to the event, there will be a lot of action in the construction of hotels, stadia, athletes' villages (in the case of Olympics), media center, etcetera. In addition to the sport's specific venues, host countries usually use the events as a catalyst to do a lot more.

Russia, the host of the 2014 Winter Games in Sochi, invested heavily to further develop their southwest region, building roads, transport networks, among other things. In 2018, when they also hosted the FIFA World Cup, a series of investments around the country were made to upgrade their airports and roads.

The same happened in Rio de Janeiro at the 2016 Summer Olympics, where the metro system, a project that had been in planning for decades, finally became a reality, leaving a major legacy for the "cariocas".

In order to be part of this construction boom that repeats every two years (for summer and winter games), some international companies became sponsors of the International Olympic Games in order to have an insiders' look at the local needs and bid for the opportunity to supply their services and products to the local organizing committees.

GE and Dow are two of the best examples:

In the Olympics website, GE describes themselves as "an advanced technology and services company taking on the world's toughest challenges. Dedicated to innovation in energy, health, transportation and infrastructure, GE operates in more than 100 countries and employs about 300,000 people worldwide" (GE, n.d., para. 4).

They are the "exclusive provider of a wide range of innovative products and services that are integral to staging a successful Olympic Games" (GE, n.d., para. 1).

Their category of products is "selected industrial equipment for systems used in energy, healthcare, transportation and infrastructure industries" (GE, n.d., para. 2).

They do it by working

> closely with host countries, cities and organizing committees to provide infrastructure solutions for Olympic venues including power, lighting, water treatment and transportation. GE also supplies local hospitals with diagnostic imaging equipment and healthcare technology solutions like ultrasound, MRI and electronic medical record technologies to help doctors treat athletes. (GE, n.d., para. 3)

GE has been an integral part of the delivery of the Olympics for several Games. From a business standpoint, the sponsorship positions GE in a very advantageous position to bid for the host country (very lucrative) contracts.

The Dow sponsorship has a similar benefit, despite the very different category of products –"chemicals, raw materials and compounds used across selected industries– (Dow, n.d. para. 2).

According to the Olympics, Dow is the "Official Chemistry Company of the Olympic Movement" (Dow, n.d., para. 3).

> Dow's involvement in each Games spans from field-of-play technologies – such as the innovative synthetic turf system for the Rio 2016 hockey pitches and the DOWTHERM Heat Transfer Fluids that maintained ice surface temperatures for the PyeongChang 2018 skating rinks – to venue construction, energy-efficiency, transportation and extended infrastructure, creating better experiences for athletes and fans alike. (Dow, n.d., para. 4)

Dow also works very closely with the organizing committees to support them in developing more sustainable Games through the application of their products.

Thanks to their sponsorships, these companies are capable of generating lots of business, business that would not be possible if it wasn't for the acquisition of the commercial rights becoming a global sponsor.

Figure 21: Huge building by Dow

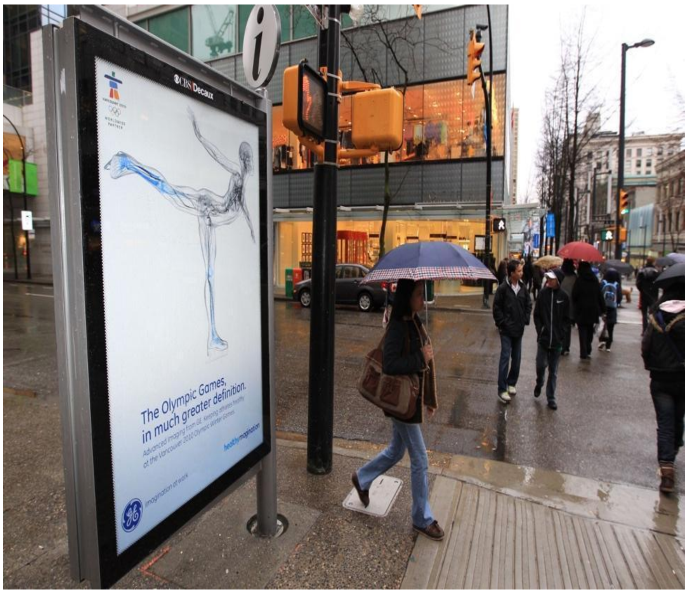
From *Dow.* International Olympic Committee. https://olympics.com/ioc/partners/ge#:~:text=GE%20is%20an%20advanced%20technology,employs%20about%20300%2C000%20people%20worldwide.

Closing

In this course, we covered the many ways that sponsorships can be used to create short-term value for sponsors. The combination of short and long-term results is one the greatest assets of the best sponsorships.

It is possible and it is necessary to profit in the short term. You just need to understand how to do it.

Figure 22: An Olympic Games banner on the street



Own source.

As an executive involved with sports and entertainment investments, it is critical to understand what the levers available are and how to measure them for the success of the companies investing their precious budgets to acquire rights.

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