

# Ambush Marketing: The Undeserved Advantage

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## ABSTRACT

**The Olympic Games, as the world's largest and most prestigious sports event, has been a major target for ambush marketing activity. The position of the International Olympic Committee is that the practice of ambush marketing represents a deliberate attempt to mislead consumers into believing that the companies involved are supporters of the Olympic Games. The opposite is in fact the case. The activities of ambushers erode the integrity of major events and may potentially lessen the benefits to official sponsors, who are the real supporters of such events. Ambush marketing breaches one of the fundamental tenets of business activity, namely, truth in advertising and business communications. The IOC, as custodian of the Olympic Games, successfully adopts a twofold strategy of protection and prevention to counter the threat of ambush marketing. © 1998 John Wiley & Sons, Inc.**

**The sponsorship of sport is big business. It is an important revenue source for the owners of major sports events, and it simultaneously provides considerable commercial advantages to sponsors who choose to associate with those events. The scales of the revenues involved can be seen from recent market reports. Sponsorship Research International reported the value of the worldwide sponsorship market at \$16.57 billion in 1996 (Sponsorship Research Institute, 1997), and sponsorship expenditure in the U.S. market for 1996 was reported at \$5.5 billion (International Event Group, 1997). The increasing level of investment is testimony to corporate belief in sponsorship's ability to perform mar-**

keting tasks, but the continued existence of ambush or parasite marketing, whereby nonsponsoring corporations derive unpaid advantage from associating with major events, is a serious threat to the future of commercial sponsorship.

## What is Ambush Marketing?

The term *parasite* or *ambush* marketing refers to any communication or activity that implies, or from which one could reasonably infer, that an organization is associated with an event, when in fact it is not. It is defined as the “unauthorised association by businesses of their names, brands, products or services with a sports event or competition through one or more of a wide range of marketing activities—‘unauthorised’ in the sense that the controller of the commercial rights in such events . . . has neither sanctioned nor licensed the association. The term ‘ambush’ has been applied to the phenomenon owing to the tendency for such marketing activities to be devised by competitors of ‘official’ sponsors or suppliers of sports events and activated in the build up to or during the event to achieve maximum commercial impact either by undermining the ‘official’ competitor’s exposure and/or to boost the ambusher’s own brand awareness. The activity is often carefully planned to take advantage of weaknesses in an event’s commercial programme and real or apparent loopholes in the legal protection available to event owners and sponsors” (Townley, 1992, p.3). Within the sports industry, in particular, the term has taken on increasingly negative connotations. In its most benign form, it refers to the activities of a company that “does not seek to directly and intentionally ‘ambush’ a competitor, but instead merely seeks to capitalise on the goodwill, reputation and popularity of a particular sport or sporting event by creating an association without the authorisation or consent of the necessary parties” (McKelvey, 1992, p.5). In its most offensive form, parasite marketing refers to the “*intentional* efforts of one company to weaken or ‘ambush’ a competitor’s official association with a sports organisation . . . [usually] through advertising and promotional campaigns designed to confuse the buying public as to which company in fact is officially associated with the respective sports property” (McKelvey, 1992, p.5).

## Perspectives on the Ambush Phenomenon

Ambush marketing has been a feature of the Olympic landscape over recent Olympiads, and is increasingly a feature of all major sports events. The existence of the phenomenon has stimulated contrasting perspectives. One might ask whether ambush marketers are thieves—knowingly stealing something that does not belong to them? Are they in fact parasites—feeding off the goodwill and value of the organization

that they are trying to deceive the public into believing they are supporting? Or, are they inspired marketers, neutralizing a competitive advantage by confusing the consumer as to who is the legitimate sponsor of an event, and successfully avoiding the excessive fees asked by event organizers and managers for their properties. These questions represent very strong and opinionated positions. In the past, many observers saw ambush marketing, or parasite marketing, as it is now increasingly referred to, as a game in terms of who can outmaneuver whom, how can one brand or company upstage another, and how, ultimately can one get around the rules? Indeed, it has also been presented as a David-and-Goliath struggle, with attempts to cast the event owner and/or major sponsor in the mold of monolithical bully against the ambusher as an inspired David-like marketer.

The reality, increasingly recognized by an informed public, is that ambush marketing is a deliberate attempt to deceive the consuming public, thereby achieving an undeserved advantage for a company that passes itself off as a sponsor, but pays nothing to support the event or its participants.

## **Ethical Perspectives on Ambush Marketing**

Although it can be argued that ambush marketing offends many ethical perspectives, no issue strikes closer to the heart of the legitimacy and credibility of marketing practice than the issue of truth in business communications and advertising. For that reason, ethical standards and practices specifically aimed at prohibiting false and misleading advertising have been codified and endorsed worldwide by the advertising and marketing industries themselves.

In the United States, the Standards of Practice of the American Association of Advertising Agencies is unambiguous on the issue of truth in advertising. Membership documentation suggests that "We, the members of the American Association of Advertising Agencies, in addition to supporting and obeying the laws and legal regulations pertaining to advertising, undertake to extend and broaden the application of high ethical standards. Specifically, we will not knowingly create advertising that contains . . . false or misleading statements or exaggerations, visual or verbal . . . These Standards of Practice of the American Association of Advertising Agencies come from the belief that sound ethical practice is good business" (American Association of Advertising Agencies, 1990).

The broader marketing industry assumes the same ethical high ground, as reflected in the Code of Ethics of the Business Marketing Association: "Commitment to the highest level of truth, accuracy and taste in business communications is essential to the strength of our free enterprise system and the public's confidence in business and business marketing. It is not merely a matter of conscience but a necessity

for the survival of our profession . . . [Thus,] each member of the . . . Association agrees [that] no form of business communications shall be prepared or knowingly accepted that contains untruthful, misleading or deceptive statements, claims or implications . . . [or] which in any way violates the law or government statutes . . .” (Business Marketing Association, 1997).

At the most fundamental level of analysis the deception wrought upon sports fans and the larger public by ambush marketers regarding their status, role, and support for sports events is clearly a breach of the ethical principles of truth in advertising and business communications.

### **Ambush Marketing and the Olympic Movement**

Whether the association is unwitting or deliberately crafted to stay within the letter, if not the spirit, of the law, parasite marketing has become an irritating fact of life for sports organizations who seek to protect the integrity and viability of the sponsorship programs upon which many of these organizations depend. No organization is more directly affected by the trend than Olympic Games organizers, who are striving to protect the rights of official Olympic sponsors against parasite marketers who seek to leverage off the goodwill and worldwide reputation of the Olympic Movement at the expense of official sponsors.

The Olympic Games, as the world’s largest sporting event, provides the major platform for sponsors to communicate with global audiences. Research clearly shows that association with the Olympic Games leads to Olympic sponsors being seen as “leaders in their industry,” “dedicated to excellence,” “socially responsible,” “innovative”, and “leading edge” (International Olympic Committee, 1996). Not only does the global sporting public see Olympic sponsors in a positive light, it also clearly recognizes the role of sponsorship in funding major events, as in the case of the Olympic Games. A recent survey, part of an ongoing study of public attitudes to the Olympic Games, was undertaken in several key world markets, specifically the United States, the United Kingdom, Australia, Brazil, China, Malaysia, South Africa, Spain, and Japan in August 1996. Research results show that 82% of survey respondents were in favor of sponsorship of the Olympic Games, with 72% of respondents believing that the Games would not be viable without the support of sponsors (International Olympic Committee, 1996).

### **Sponsorship as an Olympic Funding Source**

Modern sport is highly reliant on certain key revenue sources, particularly television rights and sponsorship. This is particularly true in the case of major global sports events such as the Olympic Games. Although admittedly extreme, the contrast between the funding of the 1896 and 1996 Olympic Games is illustrative of the nature and scale of this reli-

ance. The 1896 Olympic Games were funded by private donations (67%), stamp sales (22%), and tickets (60,000), coins, and medals (11%) (Marketing Matters Newsletter, Issue 9, 1996). The Olympic Quadrennial, 1993–1996 was financed by a combination of television rights (34%), sponsorship (32%), tickets (26%), and licensing/retail/other (8%) (Marketing Matters Newsletter, Issue 9, 1996). The two key sources of financing the Olympic movement are marketing investment by corporations, directly in the case of sponsorship and indirectly through advertising, which funds the purchase of television rights. The reliance on sponsorship and broadcast revenue is articulated by a member of the IOC Executive Board when he suggested “Take away sponsorship and commercialism from sport today and what is left? A large, sophisticated finely-tuned engine developed over a period of 100 years—with no fuel” (Pound, 1995).

In return for their sponsorship investments, corporations gain exclusive legal access to the public profile and positive values associated with the Olympic Games. Without this exclusivity and prestige, the value of the sponsorship is inevitably diminished. As Townley suggests, “the sponsors’ . . . continuing investment is ultimately determined by the ability to deliver exclusive rights. As the integrity of these rights is chipped away, so the likelihood of sponsors withdrawing their support or at least demanding (that rights fees be reduced) increase. In the short term, the sponsor’s investment . . . is undermined. The extent of the damage will often be intangible, but nevertheless will clearly influence the way marketing departments perceive sponsorship value for the future. If parasite marketing continues unchecked, therefore, the loser in the medium term is the sports community” (Townley, 1992, p.5).

If the value of the Olympic Games sponsorship program is eroded, then the Games inevitably suffer with the prospect that the staging of future games may be undertaken at lower levels of quality or that the cost of funding the Games will be shifted to ticket sales. In the case of the U.S.A. Olympic Movement, in whose territory the major ambushing transgressions have been committed, it may require a switch from corporate to federal funding sources.

## **PROTECTING THE OLYMPIC SPONSORSHIP PROGRAM**

Given its prominent position in the world of sports events and its cumulative experience with the ambush issue, the International Olympic Committee is in the forefront of the battle to maintain event integrity. In so doing, the IOC combats ambush marketing through a variety of measures. These include the following.

### **Ambush Marketing Education**

Public relations is becoming one of the best ways to control ambush marketing and even deter it from happening in the first place. Educat-

ing opinion leaders, the media, and consumers can affect how the activity is perceived and reported. Most ambush marketers are not actually breaking the law. They pursue a narrow path, skirting as close as possible to the law without actually breaching it. In such cases, public exposure may well be the best deterrent. Effectively this involves telling the consumer how the ambusher is trying to deceive them into believing that they too are supporting the event, when they clearly are not.

This tactic was very successfully used by the Atlanta Centennial Olympic Properties (ACOP), the marketing arm of the organizing committee for the Atlanta Games, in their proactive battle against ambush marketing during the 1996 Centennial Olympic Games. Fifteen months before the opening ceremonies, the Sponsor Protection Department distributed a White Paper denouncing ambush marketing to more than 1,600 communications agencies, as well as to radio and television stations in the United States. This was accompanied by an active public relations effort, resulting in over 16,000 phone calls regarding marks and terminology use. Similarly, the IOC works to increase understanding and gain support for the policies it feels necessary to adopt. The objective of such education is to render ambush marketing unacceptable in the minds of the consuming public, the media, and business peers.

## **Preventing Ambush Marketing**

The IOC's principal strategy in the fight against ambush marketing is based on the old adage that prevention is better than cure. Cumulative learning concerning the tactics of successful ambushers has enabled the IOC to block the various loopholes of the traditional ambush routes and to build a fortress around their marketing programs. Based on experience, the IOC has instituted a series of preventative measures.

**1. Define the Nature of Exclusivity.** This involves specifying the core sponsorship rights that are to be included in the marketing package—the rights to the event, the rights to the international federation, the rights to the national team or even to the individual athlete, and then to identify the rights not included. Based on its experience dating from the 1984 Los Angeles Olympic Games, the IOC created TOP (The Olympic Programme), which combines category exclusivity with the rights to all the different levels of the Olympics. The most recent version of the single-program concept, TOP IV, involves all 198 National Olympic Committees (NOCs), and the organizing committees for the 1998 Nagano Olympic Winter Games and 2000 Sydney Olympic Games, combining to create the largest sports marketing venture ever developed.

**2. Monitor Alternative Programs.** The IOC has also introduced controls to monitor alternative sponsorship programs and eradicate am-

bush opportunities. The host city is contractually obliged not to develop competitive sponsorship programs, and must control programs in its jurisdiction, whereas the host National Olympic Committee must oversee the activities of its member national sport federations. Similarly, the programs of sponsors are examined to ensure that agreed exclusive rights are not violated.

**3. Prohibition of Nonsponsor Association.** In its contracts with sponsors, the IOC specifically forbids third-party contracts using Olympic marks. In effect this means that nonsponsors are prevented from gaining a perceived sponsorship link through joint promotions with an official sponsor. In effect this prohibits an ambusher from gaining Olympic association through a joint promotion.

**4. Create a Clean Venue.** Games organizers are required to provide a clean venue. This is not just a venue devoid of the advertising messages and media, but control of all forms of commercial activity, including concessions, franchises, and type of food sold in restaurants. Such agreements will even specify the credit card to be accepted and the brand of soft drink to be served. Once a clean venue has been achieved and sponsor brands installed, the next task is to police infringements of agreements. To this end special ambush hit squads are used to monitor all venues at which Olympic events are taking place.

Clean venue agreements have been extended beyond stadia, and the IOC and the host city authorities work together to control the placement of billboard advertising around the Game venues and to keep the skies over Olympic cities free from commercial blimps and other forms of aerial advertising.

**5. Coordinate with Broadcasters.** Although advertising rights and sponsorship rights were once sold separately, the situation today is that these elements are coordinated with the official sponsor having a first option for all broadcast sponsorship and advertising rights for the event in each of the relaying countries. Furthermore, all sport action must be left clear of any commercial message and the IOC monitors all broadcasts live in all major markets to police infringements. The ultimate sanction for infringement is the withdrawal of the relay signal to an offending broadcaster.

**6. Control of Olympic Imagery.** The IOC has registered all key marks, emblems, and designations and require host cities to produce evidence of legislation for the protection of specific terms like "Sydney 2000." The usage of these emblems, marks, and words is only licensed to official sponsors. Similarly, the IOC is now working closely to control all historical Olympic images such as official film and still film of the Games, athletes, and Olympic venues. All photographers attending the

Games must be accredited and are expressly forbidden from selling photographs and images for promotional purposes.

**7. Licensed Merchandise and Hospitality Program.** Licensed merchandise/Olympic souvenirs have been another commonly used route to pseudo-Olympic association whereby a company buys official souvenirs for use in marketing promotions. For the Olympic Games the licenses are basically restricted to retail sale, and licensees are expressly forbidden from selling merchandise to non-Olympic sponsors for promotional purposes. Similarly with ticket sales, official ticket vendors are forbidden from selling tickets to the Games to non-official sponsors for use in hospitality programs, competitions, and promotions, which in the past have been successful routes to ambush marketing.

## **Legal Action**

The IOC is prepared at all times to exercise the option of legal action against any ambush activity. The mere threat of this is often enough to bring the offending party into line. Even when it is a legitimate case of ambushing, many corporations are not aware that they are breaching any rules or damaging sport. Outlining the legal and other implications of their activity is often enough to make respectable companies stop or amend their programs accordingly. Approximately 4,000 cease and desist letters were sent to companies by the ACOP (Atlanta Centennial Olympic Properties) Sponsor Protection Department during the Atlanta Games. Where there is a further infringement of legal rights then legal action will normally ensue.

It is essential, however, that ambush marketing be distinguished from what may be legitimate advertising and promotional activity. There is a growing trend among sponsors in sports events to respond to anything that their competitor does, and that they do not like, by calling it ambush marketing. The danger here is that the sponsors will cry wolf once too often. If ambush marketing is to be positioned as the parasitic activity that it is, it is important that sports authorities as well as the sponsors recognize the difference between normal advertising and promotional activity unconnected with an event and a genuine attempt to ambush. The IOC seeks to increase public awareness of who the official sponsors are and to emphasize their value to the Olympic Games. What it cannot and will not do is become an unwilling agent against legitimate competitive activity.

## **SUMMARY**

**Ambush marketing is an attempt by corporations to mislead the public into believing that they are supporting a sports event. This deception**



contravenes a basic premise of ethical business practice: that of truth in advertising and business communications. Sport in today's world is highly reliant on funding sponsors and advertisers alike, and any activity that undermines their involvement must harm the viability of sport. It is in the interests of sport that ambush marketing activity be positioned in the public mind as unethical and deceptive and that offenders be subject to public exposure and embarrassment. It is only by making ambush marketing unattractive to potential offenders that sport can continue to protect its revenue base.

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