

Sample solution exercise 10: Non-sponsor Brand Behaviors in Sponsorship Markets: Official Sponsorship versus Ambush Marketing

Task #1

The event organizers of the biggest sports events worldwide have installed so-called ambush marketing protection programs. Please describe one protection program of your choice that was installed by either (1) the Fédération Internationale de Football Association (FIFA) as regards hosting the FIFA World Cup in men soccer, (2) or the International Olympic Committee (IOC) as regards hosting the Olympic Games, or (3) one of the big four US-American sports leagues (i.e., National Football League (NFL), National Hockey League (NHL), National Basketball League (NBL), MLB (Major League Baseball)) as regards organizing their games.

In this sample solution, the FIFA: Rights Protection Program (RPP) and the Programs of the International Olympic Committee (IOC) are described.

1a) FIFA: Rights Protection Program (RPP)

The Rights Protection Program (RPP) attacks organized ambush marketers, counterfeiters and unauthorized traders and protects trademarks. The program was established in 1998 for the FIFA World Cup in France.

It includes the cooperation with local law enforcement authorities (police, custom and patent offices, prosecution) in the host countries, other nations, and a global network of 150 specialists to watch ambush activities and to protect the trademarks and rights of sponsors.

An ambush marketing prevention strategy is established several years ahead of an event. It includes trainings for local officers and enforcement officials and information events for local companies.

- The FIFA is strongly committed to commissioning small local businesses to provide logistical services such as audiovisual sound systems, tents, and stages with various tenders being published by FIFA
- Informal traders are integrated around operational areas including the fan miles and fan fests and will be able to trade in these provided areas. They are not allowed to sell counterfeit products or to be engaged in ambush marketing activities

- There are controlled areas, often referred to as the “exclusion zone” or the “commercial restriction zone,” where patrols of officials are allowed to remove advertisement of non-sponsors (such as posters)
- The “global trademark registration program” was created, where national and international trademark and cartel laws are defined. The trademarks, like the official emblem, mascot, posters, and the trophy, are signed with the TM symbol to prevent illegal copies. Also, picture and word marks are established for every event

The Rights Protection Program of the FIFA can be categorized along three stages:

- **Communications:** Increasing the awareness towards the official brands and on the restrictions that apply in relation to commercial association with the FIFA World Cup
- **Surveillance:** An active engagement of custom authorities to detect shipments of counterfeit products and monitoring intellectual property registers to ensure the exclusiveness of the brand and its marketing assets. Furthermore, commercial restriction areas around stadiums can be enacted
- **Enforcement:** Direct personal contact in order to bring infringing situations to an end by talking to the questionable company. Following this, the case can be proceeded to court to claim financial compensation for the damage

What are the pros and cons of the program?

PROS	CONS
There are clearly defined trademarks TM , which are not allowed to be used without official sponsorship and property right	Some of the protection instruments might provoke a negative public opinion against the FIFA and the sponsors as well
Reduced risks for sponsors to be ambushed by other companies. The FIFA has many instruments to ensure that the sponsors have an exclusive right to promote their brand during the World Cup	Not every company with the ambition to advertise around the event is able to do so because of FIFA's several regulations
Protection of the integrity and financial viability of the event	It is very costly to register trademarks and to punish infringements. The prevention that takes place years ahead of the event is both cost-intensive and time-consuming

PROS	CONS
Clear amount of sponsors in the context of the event	Everything around the event will be dominated by large companies, which can afford buying the sponsorship. Uncertainty for local/small enterprises and limitation of their range of action
The Rights Protection Program with the existence of the exclusion zone prevents that fans are “abused” by non-sponsors as “walking advertising space.” Fans who wear clothing that advertises companies that are not official sponsors can be refused to enter the area	Only large and global companies have the resources to finance the sponsorship of the World Cup, smaller companies are left behind (just the products of official sponsors are allowed, beer from local smaller breweries is banned, this might induce ambush marketing of companies which cannot afford to be an official sponsor)
The fight against copyright infringements can also be regarded as a fight against bad working conditions for those producing the non-official merchandise products	Very high fines that come with a violation of the FIFA’s rules which can possibly destroy the whole existence of a small company
An event such as the World Cup can only be executed with large sponsors and the protections system ensures the acquisition of these sponsors	As the reputation of the FIFA already is not the best, such actions can further shorten its esteem in the public
	As these regulations can hardly be used on indirect ambush marketing (where a company seeks to align a brand through suggestion), this could even increase the number of indirect ambushers and therefore cause more harm than good

1b) Programs of the International Olympic Committee (IOC)

- In order to combat ambush marketing activities the IOC has implemented a number of protection programs. These programs are specifically important to preserve the Olympic brand and its symbols (the five interlaced rings):
- The “brand protection education program” informs the public and other businesses how to appropriately align with the games without infringing any commercial rights. A secure licensing solution with holograms and product labels ensure that consumers can be sure that products are genuine (for example a hologram on entry tickets). Consumers therefore have the possibility to distinguish official from non-official sponsors. For the Olympic Summer Games in 2012, the LOCOG (London Organizing

Committee) had been granted special legal rights in cooperation with the British Parliament. The “Olympic Symbol Protection Act 1995” gave the LOCOG the right to prevent and punish non-sponsors creating unauthorized associations with the games (e.g., in advertising, packaging)

- To control sponsorship programs, partnerships are compatible with the Olympic ideals. The IOC does not accept commercial associations with tobacco products, alcoholic beverages (other than beer and wine), or other products that might be considered inappropriate to the mission of the IOC or to the spirit of Olympism
- The program contains restrictions: No advertising or other commercial message in or near the Olympic venues is allowed to be visible to the Olympic Games venue spectators or to the Olympic Games broadcast audience. No advertising or commercial messages are permitted in the Olympic stadia, on the person of venue spectators, or on the uniforms of the Olympic athletes, coaches, officials, or judges. (For example, the LOCOG also made sure that official sponsors adhere to established rules and do not make use of sponsor-self ambush marketing activities, which go beyond what has been agreed upon. Therefore, all materials and communications produced are reviewed for compliance reasons)
- Images of Olympic events are not allowed to be broadcast with any kind of commercial association. An infringement monitoring program and Internet monitoring ensure that unauthorized parties do not use Olympic intellectual property and track any possible violation

What are the pros and cons of the program?

PROS	CONS
There are clearly defined trademarks TM , which are not allowed to be used without official sponsorship and property right	Different legal situations in several countries → Adaptation of protection programs in each host country
Protection of the integrity of the Olympic image and values	High monetary and time-consuming expenditures on protection activities
Deterrent effect: By knowing that violations or attempts of infringement probably will be detected and punished, companies try to avoid risky ambush marketing strategies and public denunciation	Small local businesses such as bakeries or restaurants cannot profit from the games. For them it is impossible to become official sponsor or achieve a license due to the high costs of sponsorship rights. These companies are not even allowed to at least make special offers during the games in order to “catch the spirit”
Clear benefits for companies which are sponsors (such as exclusivity or image transfer of the event)	No creative competition between the sponsors. Only a small number of companies can participate with a resource-rich background (those having enough money to buy sponsorship rights)

PROS	CONS
	This decrease in competition may also lead to rising prices
	To prohibit the ambush marketing in 1km distance outside does not prohibit ambushing in bars or restaurants, where many fans stay

Task #2

Imagine you are responsible for BMW's sponsorship of the Berlin city marathon. Two weeks prior to the event, you discover that Audi, a competitor brand, has placed outdoor advertisement along the streets, where the marathon will take place. There is no legal infringement because the sponsorship contract does not cover outdoor advertisements in these streets. What strategies do you have to counteract the ambush marketing campaign? What factors influence your choice to employ each of these counteract strategies or not, and in which way do they influence your decision?

Naming and Shaming

One possible counteract strategy would be the market-oriented approach called naming and shaming. By criticizing Audi's strategic move, BMW could decrease consumers' attitude towards its competitor. A possible problem with this strategy is that with their reaction BMW draws public attention to Audi's ambush marketing. Furthermore, research has shown that by attacking a competing ambush marketer, a negative backlash often interferes with the attitude to the official sponsor.

Consumer Education

The consumer education approach informs the public more generally about the negative impacts of ambush marketing. By clarifying that the ambush activities could persuade BMW not to sponsor the event any more (and hence endanger the existence of the event), consumers might also see the direct consequences for themselves, the event, and the sport in general. Sponsors should consider this strategy particularly when there is a repeated direct attack by competitors and non-sponsors. On the other hand, there is the possibility that consumers might feel like they are being told a lesson (and hence feel reactant). Furthermore, consumer education could be considered as a rather expensive action. By educating consumers, the negative aspects of "naming and shaming" can be avoided but there is in fact the possibility that consumers do not even recognize Audi as an ambusher and the action does not have any effect.

Ignore and not respond

Another strategy is to simply ignore and not to respond to the advertisements in the hope that the visitors of the marathon will do the same. BMW therefore avoids to make a fool out of itself by starting a fight with Audi. However, as an ambusher, Audi could gain successfully attention.

Make fun/humorous actions

A possible solution is the use of humor to make fun of the ambusher in a positive and creative way. BMW could respond to Audis activities without fearing that consumers could evaluate this reaction negatively. In this kind of reaction consumers could evaluate the advertisements in the streets as a clever move. Making fun could reduce the effects of the ambush activities but this also depends on the creativity of the advertisement (cf. figure 1). Furthermore, humorous and creative advertisements tend to stay in people's minds for a longer time (compared to normal advertisements). This is why a company should find the balance between making fun but also to keep the image of a premium company.



Figure 1: Two examples of advertisement with Audi (ambusher) and BMW (sponsor)

There are three factors that influence consumer's opinion about the execution of the protection rights to inhibit ambushing:

1. Attitude held by consumers towards commercialization of events or properties.

It is possible that consumers may have negative attitudes to commercialization in sports because of commercialization and loss of amateur sports values. On the other hand it may also have positive effects because through sponsorships events are financed making spectators and sportsmen's experience of the events more favorably and intense. In the first case, "ignore and not respond" and "humorous advertising" may be better choices, in the latter case, "naming and shaming" and "consumer education" may be better choices.

2. Attitude towards the organizers of the events or the property holders.

Consumers may think positively about a specific event (e.g., the Berlin Marathon) due to the fact that national pride and involvement in the sport are highly relevant for fan identification. For example, the Berlin inhabitants may feel that they are the hosts of the world record-breaking athletes, because many world records have been made in Berlin. However, people may also dislike the entity that governs the event (e.g., because there are a lot of restrictions with regard to traffic and public space during the event weekend). In the first case, “ignore and not respond” and “humorous advertising” may be better choices, but “naming and shaming” and “consumer education” may also be good choices. The latter two should be avoided in the latter case.

3. Attitude towards ambush marketing in general.

If consumers have a positive attitude towards ambush marketing in general, “ignore and not respond” and “humorous advertising” may be better choices. “Naming and shaming” and “consumer education” may be better choices if consumers feel that ambush marketing is something bad.