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Investment opportunity of Olympic proportions

The Games are one of the most effective marketing platforms

Around the world eyes are glued to television screens, watching world-class Olympic athletes perform exceptional feats. According to the International Olympic Committee, the London 2012 Olympic Games have a potential audience of 4.8 billion people in more than 200 countries and territories.

The Olympics are about athletes and their feats, but they're also about business. The top eleven corporate sponsors, known as The Olympic Partner Programme (TOP) companies, contribute more than 40% of the Olympic Games revenues for which they receive exclusive worldwide marketing rights. This year they are Coca-Cola, Acer, Atos, Dow Chemical Company, General Electric, McDonald's, Omega, Panasonic, Procter & Gamble, Samsung, and Visa.

These TOP companies expect a good return on that investment because the Olympic Games are one of the most effective international marketing platforms ever, with significant brand-building potential. Astute investors will be looking for ways that Olympic marketing might assist some long-term investment decisions.

Consider Procter & Gamble, a consumer goods company with products in over 180 countries. The company's sponsorship of Team U.S.A. in the Vancouver 2010 Olympic Winter Games was a resounding success, resulting in an estimated \$100 million in incremental sales. Their brand also

benefited considerably, as their corporate advertising campaign yielded 39% higher brand recall and 62% higher message recall than average Olympic ads.

Given its success with the Olympics, Procter & Gamble is now a London 2012 sponsor and on board for Sochi 2014, Rio 2016, PyeongChang 2018 and the 2020 Games. Other successful companies have announced continuation of their TOP sponsorship including McDonald's, which has been an official sponsor since 1976, and Coca-Cola, which has been a non-stop sponsor since 1928.

The TOP companies have altruistic reasons for sponsorship but they are also pragmatic enough to know it helps profits. For them, advertising in the current games is not the finish line; it is the starter's pistol. They have long-term marketing plans extending beyond the current games and eventually leading up to the next.

Endorsements are another consideration for investors. Under Armour for example, while not an official Olympic sponsor, is a main sponsor of U.S. swimmer, Michael Phelps. Having surpassed Soviet gymnast Larisa Latynina as the most decorated Olympian of all time, he commands attention and the Under Armour logo on his attire will be seen by billions during his events and innumerable interviews. Under Armour recently posted better than expected second quarter results,

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based on strong sales growth across the board. The association with Michael Phelps should boost an already strong brand.

Other major sporting goods companies are sponsoring individuals, teams, and countries in order to display their merchandise and product innovations before the billions of Olympics viewers. Some of these companies, like some of the TOP companies, present buying opportunities as their stocks have pulled back over the last while due to market volatility. Nike is a good example.

Investors enjoying the Olympics as sports fans should also watch for companies worthy of long-term investment. Firms who tap the Olympics' marketing potential expect their efforts to increase sales and market penetration, and they will plan to repeat that success in future Olympics.

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