

Beijing Olympics Put Corporate Sponsors in a Pinch

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The 2008 Beijing Olympics was a potential financial windfall for international companies wanting to take advantage of China's booming economy and growing middle-class. Advertising was the key to tapping into China's riches. U.S. companies Coca-Cola, General Electric, Johnson & Johnson, Kodak, and Visa paid \$40 million as prominent Olympic Games sponsors. They spent another 10 times that in advertising. Sixty-three international companies invested an estimated \$6 billion for advertising and marketing during the Beijing Olympics.

For China and its people hosting the games was a matter of national pride. China began the Games with the most elaborate and spectacular opening a host nation ever staged. The government spent \$43 billion in building settings and infrastructures for the Games.

Ethical Dilemma

The Beijing Olympics, however, became an ethical dilemma for the companies sponsoring the Games and advertising their products. China oppresses the Tibetan people. China's Communist regime arrests dissenters, censors free speech and blocks international efforts to stop Darfur's genocide. Human rights advocacy groups labeled the Beijing Olympics the 'Genocide Games' and saw an opportunity to attack China's human rights record.

Human rights advocacy groups wanted companies to boycott the games by withdrawing their Olympic sponsorships and not advertising their products during the Games.

The groups pressured companies to interfere in the Games before they formally began. For example, the International Campaign for Tibet and 140 other human rights groups asked Coca-Cola to try to prevent the Olympic torch from passing through Tibet.

It was not clear how Coca-Cola could stop the torch from going through Tibet. To do so, however, the company would risk its huge China market. In 2007, Coca-Cola sold 24 billion bottles of Coke in China. The company refused to interfere with the Olympic Torch's procession.

Some business experts predicted that companies supporting the Games with sponsorships and advertising risked tainting their brands. On April, 2008, the Los Angeles Times quoted Nicholas Didow, Professor of North Carolina's Kenan-Flagler Business School as saying, "This is a global sponsors worst nightmare. At this point, it's as if you are sponsoring political and social conflict, rather than celebrating peace and unification." Business experts predicted that, instead of reaping financial gold from the Games, companies would suffer a consumer backlash.

China hosted the Games to showcase its progress. China is an intriguing country with natural wonders, a complex history, and astounding economic power.

The companies sponsoring the Games did not want to embarrass China with a boycott and risk losing hundreds of millions of dollars in Chinese sales. They also did not want a backlash from any customers upset over China's human-rights record.

The Dilemma's solution

To avoid angering the Chinese and those critical of China, the companies continued sponsoring the Games, but changed their international advertising campaigns. They focused their advertising on the Olympic Spirit and the ideals of teamwork and excellence. They avoided human rights issues.

Coca-Cola's advertising praised the athletic spirit. McDonald's Olympic theme was, "Bringing People Together Like Never Before." Visa's theme was "Go World."

The companies also produced advertisements solely for the Chinese market praising Chinese athletes and China. McDonald's aired its "Cheer for China" advertisements in China. Nike's advertising showed Chinese athletes beating foreign competitors. Pepsi took the unusual step of painting its traditional blue cans red for its "Go Red for China" promotion.

The solution to their ethical dilemma worked. The companies experienced no consumer backlash from their involvement in the Games.

Ethical Behavior

Did the companies behave ethically in refusing to boycott the Beijing Olympic Games? Yes. The Olympics celebrate athletic achievement through international competition. It is wrong to politicize the Olympics, even if there is a history of countries doing so.

Boycotts are counterproductive. The U.S. boycotted the 1980 Moscow Olympics to punish the then Soviet Union for its Afghanistan invasion. The boycott did not change Soviet policy. Instead, it resulted in the Soviets boycotting the 1984 Los Angeles Olympics. Ironically, China saved the 1984 Olympics by refusing to comply with the Soviet's plea that China also boycott the 1984 games.

China's human rights record would not change with a boycott of the Beijing Olympics by companies. The boycott would only have angered the Chinese government and alienated China's increasingly nationalistic youth, while damaging the companies financially.