

THE BIG PICTURE

Marketing Games

More and more Chinese brands are becoming Olympic sponsors.

BY ELIOT CHEN — JULY 25, 2021



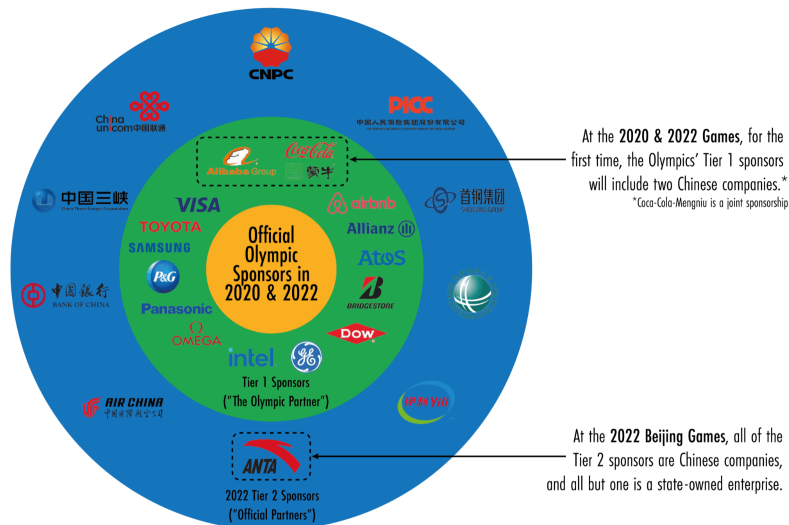
The Olympic Tower in Beijing. Credit: Mark Schiefelbein/[AP Photo](#)

The pandemic-afflicted Tokyo Olympic Games have begun at last. China has sent its largest ever delegation to the event this year, with over 400 athletes, and will likely bring home another huge tally of medals.

But that's not the only way that representatives from China will make waves at the Games: Chinese brands will feature more prominently than at any Olympics since Beijing served as the host in 2008. The Chinese internet behemoth Alibaba and the dairy producer Mengniu are among the lead sponsors for the Tokyo games and the 2022 Beijing Winter Olympics.

Marketing sponsorships are a big deal for Olympic finances, accounting for more [than half](#) of the \$6.7 billion revenue Tokyo's organizing committee has budgeted for. But not all sponsorships are made equal, with each Games typically offering several sponsorship tiers. At the Tokyo Games, there are 15 "top" (The Olympic Partner) sponsors — the most expensive tier — including familiar names such as Toyota, Visa, Panasonic, Airbnb and Intel.

China's Growing Sponsorship Footprint at the Olympics



Data: Tokyo 2020 Organizing Committee, Beijing 2022 Organizing Committee

At the 2018 Pyeongchang Winter Games in South Korea, Chinese tech giant Alibaba became an Olympic Partner for the first time, signing an estimated [\\$600 million](#) deal to sponsor the Olympic Games through 2028. An even bigger 12-year deal was signed by Coca-Cola-Mengniu in 2019, in a joint sponsorship between the U.S. beverage giant and the Chinese dairy products group. That deal, worth an estimated \$3 billion, is believed to be one of the [largest](#) corporate endorsements in sports history.

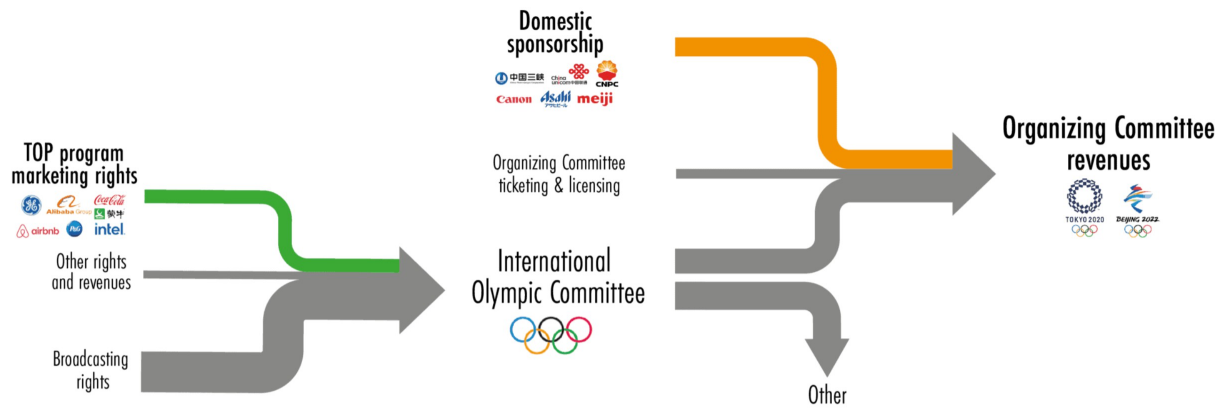
For companies willing to fork out the money, the hope is that their brands will benefit from the exposure of being a top-tier Olympics sponsor. Prior to the Tokyo games, companies typically received lavish hospitality privileges and exclusive access to Olympic venues for their staff and clients. Sponsorships are also valuable in generating consumer goodwill. For Mengniu, whose reputation was damaged by a [2008 scandal](#) over tainted baby milk formula that made hundreds of thousands of Chinese babies sick, Olympic sponsorship represents an opportunity to burnish its reputation and elevate its brand recognition overseas. The company has [for years](#) sought to expand internationally.

Alibaba and Mengniu's presence among the Olympic Partners also shows how the IOC's marketing strategy has increasingly looked towards Asian markets. For decades, Western companies dominated the Olympic Partner program. Only one other Chinese company — Lenovo — has been an Olympic Partner, after the computer maker [signed](#) a two-year, \$65 million deal to promote itself during the 2006 Turin Winter Olympics and the 2008 Beijing Games.

BEIJING 2022 LOOKS LOCAL

Chinese brands will feature even more prominently at next year's Winter Games in Beijing. Local companies have taken up all the slots on the Beijing 2022 Official Partners list, the second tier of Olympic sponsorship.¹ Partners [include](#) major state-owned companies such as Bank of China and People's Insurance Company of China (PICC), oil giants China National Petroleum Corporation (CNPC) and Sinopec, as well as telecoms company China Unicom.

Local companies normally dominate the list of Official Partners at any Games, because the program only grants marketing rights within the host country. But the line-up for 2022 stands in stark comparison to that at the 2008 Beijing Games which also included foreign brands such as Johnson & Johnson, Volkswagen, and Adidas. This time around, not only are all official partners Chinese brands, but 10 out of 11 of them are state-owned enterprises.



Data: 2013-2016 revenue from the Olympic Marketing Fact File 2020 Edition

The reluctance of foreign brands to sign up for Beijing 2022 likely reflects nerves about the potential reputational damage from being involved with the Games at a time when China’s policy towards minorities — particularly the Uyghurs in Xinjiang — has come under international criticism. While support for a total boycott is so far mixed among [western audiences](#), there is growing pressure from human rights groups, Uyghur, Tibetan, and Hong Kong activists, as well as [some](#) western governments for a diplomatic and corporate shunning of the event.

That is unlikely to present a grave financial threat to the Games, however. Domestic sponsorship generally represents the bulk of host countries’ revenues—between 1996 and 2016, it accounted for close to half of organizing committee revenue on average. Money from Olympic Partners—which to date have largely [evaded questions](#) about a potential boycott of Beijing 2022 — goes to the International Olympic Committee (IOC) first, not to host countries, and ultimately makes up a relatively small proportion of organizing committee revenue.

ANTA'S GOOD YEAR

Of the 11 official partners for the 2022 Beijing Winter Olympics, only one is a privately-held firm: Anta Sports. Founded in 1991 by Ding Shizhong — who remains the CEO — the Chinese sports apparel company is also the official Olympics uniform supplier, clothing IOC members and staff at both the Tokyo and Beijing Games.

It has been a remarkably good year for Anta: Listed on the Hong Kong Stock Exchange, its market value has soared 154 percent in the last 12 months. Although Anta’s 2020 sales are [less than a quarter](#) of the size of Adidas, the Chinese firm’s market capitalization (at \$64 billion) is nearly as large as Adidas (\$73 billion).

In more ways than one, Adidas’ loss has been Anta’s gain. In March, a nationalist backlash in China against foreign apparel companies that vowed not to use cotton from Xinjiang, because of its association with forced labor, spurred a consumer boycott of many brands, including Adidas and Nike. State media also [targeted](#) the Better Cotton Initiative (BCI), a Geneva-based NGO that promotes supply chain sustainability, after it had earlier concluded that there was an increasing risk of forced labor on farms in Xinjiang.

Olympic Dealmaking



2017
Alibaba signs a deal estimated to be worth at least \$600M to become a TOP sponsor for the next six Olympic Games, until 2028. Alibaba also agrees to establish the Olympic Channel, a digital TV service to market the games to younger audiences.



2019
Coca-Cola-Mengniu sign a joint deal reportedly worth a combined \$3B to sponsor six games, until 2032. Coca-Cola is the longest standing partner of the Olympics, since 1928. The sponsorship deal is one of the largest in sports history. The following year, the two companies sign a joint venture worth \$302M to sell chilled milk in China.

Credit: Laurent Gillieron/AP Photo

Amid the nationalist uproar, Anta, which was the [first](#) Chinese company to join the BCI, just after being announced as the IOC's official sportswear supplier in 2019, [announced](#) it would quit the initiative. "We have always bought and used cotton produced in China, including Xinjiang cotton, and in the future we will continue to do so," it said on [Weibo](#). Since then, its shares have risen sharply alongside [strong](#) domestic sales.

Incidentally, it was Adidas that [served](#) as the official sportswear partner of the 2008 Beijing Olympics, supplying sportswear to volunteers, technical officials, and Organizing Committee staff. In 2022, the official sportswear partner is Anta.



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COVER STORY



Pole Position

BY EYCK FREYMAN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

THE BIG PICTURE



Transsion's Triumph

BY GARRETT O'BRIEN

A look at Transsion's monumental growth, unique marketing strategies and future growth potential.

Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEAPLE

The EU Chamber of Commerce in China president talks about China's self-inflicted problems; how he gets away with being so outspoken; and why he believes in China's comeback gene.



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