

# Corporate sponsors of Olympians enter the #MeToo fray

By George B. Cunningham

Revelations brought to light during the trial of sports doctor Larry Nassar are reverberating.

High-level resignations are piling up at Michigan State University, the physician's former employer. USA Gymnastics, the team's governing body, has severed its ties with the Karolyi Ranch, the compound where many of the team's gold medalists say the physician sexually abused them, and its entire board is resigning. The U.S. Olympic Committee is under severe pressure from advocates.

The gymnastics scandal's shock waves also have financial implications. One day before Nassar's sentencing, AT&T suspended its USA Gymnastics sponsorship. A month earlier, Procter & Gamble severed ties with the organization as well.

Sexual abuse is a chronic condition that afflicts many other sports besides gymnastics. With the #MeToo and #TimesUp movements gaining momentum and their influence growing, might they affect the 2018 Winter Olympic Games, an event that traditionally commands substantial sums from sponsors? As a sport management professor who focuses on diversity and inclusion, my analysis leads me to believe that's quite likely.

## Sponsorship at the Olympics

Since corporate sponsors and other outside sources are contributing about 35 percent of the U.S. Olympic Committee's \$34.47 million annual budget, their loss could prove

financially devastating to U.S. Olympic teams and athletes.

Ever since the 1984 Los Angeles Summer Olympics, corporate sponsors have pitched in mightily with the nation's Olympic funding efforts.

Official sponsorships for the International Olympic Committee now top \$1 billion. That's a tenfold increase since the lead-up to the 1988 Summer Olympics.

Winter Games sponsorship funding generated by the host country has also soared, rising from \$163 million in 1998 to \$1.2 billion in 2014.

Team USA, or the collective group of U.S. Olympians and teams, currently has 18 corporate sponsors – deals that usually generate \$100 million over a four-year period. And the support does not stop there. Companies can support specific teams or individual athletes. Toyota, for example, is sponsoring the U.S. figure skating, speed skating and hockey teams.

### **Not exactly philanthropic**

Though sponsors will frequently tout their support as helping Olympians achieve their goals, this largesse isn't purely philanthropic. The fact is that corporations give athletes and teams money to enhance awareness of their brands and burnish their image with a lucrative marketing tool.

They achieve these goals by linking their name with successful athletes. Sponsors are placing a bet that consumers will feel good about Olympic contenders and winners, then they bank on some of that glow transferring to their brand. Sponsors strategically use marketing techniques to improve the odds of this happening.

The positive association set between the sport product and sponsor is key. What happens, though, when the sport product elicits negative feelings and attitudes? At that time, the

association linkages turn negative, to the detriment of the sponsor. As a result, the sponsor is likely to suspend or terminate the relationship.

Companies tend to drop their endorsement packages when athletes generate negative press coverage. Examples include the uproar that followed Filipino boxer Manny Pacquiao's homophobic slurs and the fallout when Russian tennis star Maria Sharapova tried (and failed) to cover up her use of a banned performance-enhancing substance.

Failure to sever those ties can hurt the business bottom line. UC Davis Professor Victor Stango, for example, found that golfer Tiger Woods' extramarital affairs have cost the shareholders of his endorsers, including Nike, Gatorade and others, as much as \$12 billion.

### **The 2018 Olympics and #MeToo**

Where, then, does this leave sponsors of the 2018 Olympics, Team USA and U.S. Olympic athletes?

On the one hand, some of the sponsorship packages have been in place for years, with sponsoring companies taking steps to leverage the relationships. Thus, the sunk costs are considerable.

On the other hand, it is hard to imagine a time in recent years when the brand association of the U.S. Olympic team, as a whole, has been poorer. In the past year, both USA Swimming and USA Gymnastics have been rocked by sexual abuse accusations regarding coaches and other staff like Nassar. The calls for the U.S. Olympic Committee's leaders to resign grow louder by the day.

Over the past year, it has become clear that the nation no longer tolerates sexual abuse and harassment. Powerful men like movie mogul Harvey Weinstein, TV newsman Matt Lauer, and football coach Rich Rodriguez have had their prestige vanish

and their careers collapse once their predations came to light.

American companies get this and can't afford to be associated with anyone tainted by this kind of scandal.

Though similar cases of sexual abuse and sexual harassment have not yet surfaced among Winter Olympic teams or athletes, the Olympic rings themselves are already tarnished.

It may be only be a matter of time before other organizations follow AT&T and Procter & Gamble's lead, and suspend or terminate their relationships with the Olympics until its leadership works harder to crack down on sexual abuse in the world of sports.

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