

A STUDY OF THE IMPLICATIONS OF AMBUSH MARKETING VIS-À-VIS THE STAKEHOLDERS INVOLVED

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Abstract: The Ambush marketing or ambush advertising is a marketing strategy in which an advertiser "ambushes" an event to compete for exposure against competing advertisers. Most forms of ambush marketing capitalize on the prominence of a major event through marketing campaigns that associate an advertiser with it, but without actually having paid sponsorship fees to the event's organizer to identify themselves as an "official" partner or sponsor. This study has been undertaken to offer an insight into the concept of Ambush Marketing along with its future implications.

INTRODUCTION

AMBUSH MARKETING – AN INSIGHT

- As in biology, parasite means those living organisms that live on food made by other living creatures. Parasitic marketing means taking the advantage of value of a major event publicity i.e. that product or company live on food made by other events.
- Marketing guru Jerry Welsh has first coined the word Ambush marketing as a situation in which a company or product seeks to ride on the publicity values of a major event without having to finance the event through sponsorship.
- Thus it means an activity when companies try to pass themselves off as official sponsors when they are not.
- It is thereby an attempt by a third party to associate itself directly or indirectly with an event(s) or the event(s) participant(s), typically major sporting events like the Olympics or the World Cups, without their sanction, thereby depriving the official sponsors, suppliers and partners of much of the commercial value deprived from the official designation.
- Most of these activities are done during major sporting events.
- Another way Ambush marketing explained is pretending to be a sponsor of a major sporting events but actually not being a sponsor i.e. without paying requisite fees.

RESEARCH METHODOLOGY

This study gives an insight into the Ambush Marketing, and the trends of its emergence have been described. With the insight, it continues with the types of ambush marketing, the strategies to be followed in ambush marketing plans and the process to be followed in its implementation.

The research work is mostly based on the information collected through -

- Journals, books and articles assessed through the British Council library
- Newspapers
- Hoardings and Billboards.
- Organizing view poll through Orkut
- Online survey
- Internet

OBJECTIVES

- To understand the concept, its applicability and its consequences.
- To understand its implications on the ambusher, event organizer, official sponsors and general public.
- Is it ethical to practice ambush marketing at my work place or my business in near future?

LITERATURE REVIEW

Ambush marketing can be classified in two classes-

1. **Direct ambush marketing.** In 1994 football world cup, MasterCard received exclusive rights for using world cup logo, but a rival Sprints communication used the logo without permission. This is direct attack but can be defended by laws.
2. **Indirect ambush marketing.** Several ways indirect ambush marketing can take place like sponsoring the broadcast of the event, sponsoring subcategories of the major event etc.

For example: Pepsi's hugely successful campaign on the slogan nothing official about it during the 1996 cricket World Cup, for which rival Coke was one of the official sponsors.

Main consequences of ambush marketing are –

- The commercial value of the event decreases.
- It creates unhealthy competitive environment.
- It may adversely affect the funding of the event.
- Every company would like to be an ambusher instead of paying a huge amount for sponsoring.

- Growth in **Corporate Sponsorship** is the basis of the occurrence of ambush marketing. Further the growth occurred for two main reasons:
 - Researchers started claiming it could break through clutter that affected advertising; this made it an increasingly attractive alternative to mass media advertising .
 - Event owners became more sophisticated at developing packages that enabled them to obtain higher returns from their events.
 - **For example:** Strategies that developed different levels of sponsorship and that promised exclusivity within each level enabled the IOC to make a profit of over \$US200 million on the 1984 Olympic Games. These were also the first Olympics to operate with no public money .
- With the growth of this attractiveness marketer's ability to enter into sponsorship contracts decreased as the cost of securing these and the level of competition for them rose.
- Ambush marketing thus arose when companies that were formerly able to associate themselves with certain high-profile events (such as the Olympics) became excluded from official sponsorship deals, either by way of increased costs or category exclusivities.
- Ambush Marketing Trail -
 - Sandler and Shani (1989) suggested that the first instance of ambush marketing occurred when Kodak failed to secure sponsorship rights for the 1984 Olympic Games to Fuji. Undeterred, Kodak became the sponsor of the ABC's broadcasts of those Games and the "official film" of the U.S. track team.
 - If Fuji was the victim of ambush marketing in 1984, it is widely accepted that it exacted its revenge on Kodak in 1988 (Bayless 1988; Fannin 1988). Kodak secured the worldwide category sponsorship for the 1988 Olympic Games, but Fuji aggressively promoted its sponsorship of the U.S. swimming team.
 - CocaCola secured official worldwide sponsorship rights to the 1990 Football World Cup, Pepsi sponsored the high profile Brazilian soccer team (Falconer 2003).
 - A similar situation arose in early 2003, when the Indian cricket team came close to boycotting the ICC Champions Trophy tournament. Players expressed concern that personal advertising and endorsement contracts they had entered into would conflict with the ICC anti-ambush rules, designed to ensure official sponsors had exclusive promotional rights during the event (Reuters2002).

These examples provide a brief overview of the relationship between sporting commercialization and ambush marketing. The status of sportspeople as role models and heroes of young consumers also increases the likelihood of conflict between event, team and individual sponsorship contracts. However, although few would dispute that these conflicts have increased in number and scope, considerable debate over what constitutes ambush marketing still exists

WHY THIS TREND?

One of the main reasons for the growth of ambush marketing is the hype surrounding mega events like the Olympics, FIFA world cup or the ICC world cup. Sports events were not commercialized earlier, this is a relatively recent phenomenon for e.g. Kapil Dev and Sunil Gavaskar never used to get the kind of sponsorship money and endorsements, which say, Sachin Tendulkar or Saurav Ganguly get these days.

Smaller companies cannot afford the kind of amounts which larger conglomerates and multinationals like LG, Samsung, coke, Pepsi, reliance, etc pay for getting the sponsorships. Which runs into millions of dollars? This is one of the basic reasons that is perpetrating ambush marketing.

Even larger companies cannot sponsor each and every event considering the colossal spends involved. All sponsorships have to make commercial business sense for the sponsor. Apart from the sponsorship fees the sponsor has to spend on TV, print and outdoor ads and related promotional activities at the point of purchase locations. Mr. Cameron day estimates that for sponsorship to be successful, a brand needs to spend a lot of extra money on promotion around five times the cost of sponsorship.

Also the value of such mega events and mega spends on the brand visibility at times is dubious. After the Sydney Olympics, a published research conducted by CIA media lab showed that 50% of the adults questioned didn't know the names of any sponsors, even though 80% had watched the games. And to add insult to the injury, a number of competitor brands scored equal levels of recognition.

CATEGORIES OF AMBUSH MARKETING PRACTICES

Ambush marketing practices can be extremely varied. Therefore a categorization based on reported ambush marketing disputes may be useful to better understand the phenomenon. These categories are not legal categories but types of ambush marketing practices. One practice could for instance fall under two categories. Criteria used to differentiate between categories are not homogeneous which explains the difficulty in legislating against ambush marketing practices.

A. Parasitism to the Event

The following examples pertain to parasitism to the event:

- In 1977, the State of Delaware created without authorisation a lottery based on the outcome of the weekly games organised by the National Football League¹.
- During the 1984 Olympics, Kodak sponsored the US track and Field trials whilst Fuji was an official sponsor of the Games². In 1988, the situation reversed, Fuji sponsored the US swimming team whilst Kodak was an official sponsor.

- During an Australian-New Zealand rugby match in 2002, two naked men streaked onto the playing field “wearing” a painted-on Vodafone logo. Vodafone was not a sponsor.

B. Disparaging a Competitor

Disparaging usually comes in addition to parasitism. One example of ambush marketing practices mocking a competitor, perhaps to the point of disparaging the Competitor is the Lillehammer example given with the questionnaire. In reality it appears that the VISA/American Express dog fight was a longer story.

It started in 1992 during the Barcelona Olympics. Visa was an official sponsor and apparently obtained, as part of its sponsorship package, that official Olympic tickets and merchandise vendors only take VISA cards. American Express retorted with a frontal assault against the Olympics in a TV campaign saying: “*The Olympics don’t take American Express*”. At the same time, American Express started its well known campaign: “*to visit Spain you don’t need a visa*”. American Express then continued in relation to the Winter Games in Albertville which took place the same year with an advertisement displaying athletes and saying “*if they want to enjoy the fun and games they don’t need a visa*”³. The fight continued during the 1994 Lillehammer Games with the now famous “*you don’t need a visa to go to Lillehammer*”.

Perhaps American Express or retailers of tickets and vendors could have taken legal action against the Olympics for foreclosing the market. Whatever the legal answer, American Express chose other means: communication. An intriguing aspect of that example is that, ultimately, ambush marketing may not necessarily prejudice the event. American Express contributed to its publicity and audience as is often the case with ambush marketing practices.

C. Conflicts between Sponsors

Frequently, situations qualified as ambush marketing practices are the outcome of conflicts between sponsors of the athletes or teams on the one hand and sponsors of the event on the other hand. The following are examples of such conflicts.

- Michael Jordan, the famous basket player, at the 1992 Barcelona Olympics wrapped himself into the American flag to conceal the logo of the official sponsor of the Games, he was wearing. He thus managed to keep the benefit gained from his image receiving the gold medal for his own personal sponsor.
- During the 2000 Sydney Olympic Games, Ian Thorpe this time, did the same thing and stepped up to the podium to receive a gold medal wrapped with an Australian flag hiding the name of the official sponsor printed on his track suit.
- In 1996, Burger King sponsored the national Olympic team of the United Kingdom whilst McDonald’s was an official sponsor of the Olympic Games⁴.
- Visa sold its Olympic rights as a sponsor to Prudential Bank which issued advertisements bearing the Games logo, while a competitor, NationsBank was an official sponsor.

D. Competing Events

Ambush marketing practices may result from the organisation of a competing event, like in the following examples.

- Kodak was an official sponsor of the 1996 Atlanta Olympic Games. Its arch-rival Fuji co-sponsored an elaborate display honouring 100 years of track and field featuring past Olympic athletes alongside next year’s hopefuls. The exhibit journeyed around the United States from New-York in November 1995 until the Games in Atlanta in 1996.
- During the 1992 Barcelona Olympics, Nike organised press conferences with the athletes it directly sponsored, in headquarters located away from the Olympic village.

LEARNINGS

- Ambush marketing is not a legal definition. Any definition should be broad enough to encompass the reality of the practices qualified as ambush marketing and to cover practices that are harmful to the event, the event organiser and possibly the official sponsor.
- Thus it should be defined as an association with an event and the values it incorporates, without authorization from the organizer.
- Ambush marketing is a B2B issue, unless it is demonstrated that consumers are generally aware of official sponsorship and consider such quality as a material determining factor in purchasing decisions, there is no B2C issue in relation to ambush marketing practices.
- Ambush marketing is mainly a problem of management of the relationship between the event organizer and the official sponsors. It should therefore first be resolved by resorting to non-legislative means such as terms and conditions and codes of conducts established in common by the main sport organizations.
- To a large extent, the values associated with sport events such as the Olympic Games or the World Cup are the outcome of collective efforts. These values may be perceived as public goods, thereby authorising any third party to refer to the event.
- The balance of the macro-economic benefits and harms resulting from mega sport events is dependent upon the specific economic situation of the organizer and therefore cannot be generalized.
- Ambush marketing practices can be held as licit in the absence of reference to a trademark or, where the intensity of the association with the event cannot be considered as misleading, disparaging or denigrating from the point of view of the event organiser or the official sponsors.
- In all countries where unfair competition protection is based on a competitive relationship, such requirement should be lifted to allow the event organiser to take action against ambush marketing practices.

- The issue though, is not limited to ambush marketing only. Therefore, the need for legislative intervention against ambush marketing practices is not established.

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