

# The business Olympics: Sydney's other games

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Since September 15 when the Olympic Games opened, Sydney residents, not to speak of television viewers around the world, have been subjected to a day and night sporting media blitz by the 16,900 journalists, camera operators and news producers in attendance. Another less publicised component has been the business end of the Games: the chance for companies to indulge in corporate schmoozing, negotiate or close new deals, and, in the case of Australian politicians, promote new investment.

TOP IV Partner companies, the highest level of Olympic sponsorship, pay the International Olympic Committee \$US50 million and in return receive a range of privileges which they use to promote and market their businesses. These include: IBM, Kodak, Coca Cola, McDonald's, Samsung, UPS, Sports Illustrated/Time and Visa International. Some of the Australian companies with local sponsorship deals are Westpac Bank, BHP, Ansett Airlines, AMP Insurance and Telstra the semi-government telecommunications corporation.

Sponsorship benefits comprise exclusive marketing rights, the right to use official Olympic imagery on their products, preferential access to Olympic broadcast advertising, ambush marketing advertising protection, on site monopolies and "hospitality opportunities" at Olympic events. "Hospitality opportunities" include tickets to events and other perks, which are dispensed to regular and prospective customers, favoured employees and any others they seek to influence.

And, with more than 15,000 international business executives in Sydney for the Games, over \$3 billion—or around half the total cost to Australia of staging the Games, including construction costs—has been earmarked for hospitality and entertainment expenses. According to one report, sponsors are spending an average of \$25,000 for each guest.

Although some sponsors say they cannot put an exact dollar value on the benefits, Eli Primrose-Smith, vice-president of IBM's worldwide and sport sponsorship, told one Australian newspaper that hospitality programs influenced the outcome of many business decisions. "No-one will just say 'this is good, where do I sign?'" It does take a dialogue and (the Olympics) provides a powerful depth of dialogue... universally this is an important factor to close business," she said.

Malcolm Beattie, managing director of Sportworld Pacific, an Australian sports-marketing company, remarked: "The Olympics offers that opportunity like no other event... There

has never been anything as big and as intense as this, day-in and day-out for 21 days, in hospitality. There has never been anything like that in NSW; and there probably won't be for many, many years."

US sporting magazine, *Sports Illustrated*, has allocated over \$30 million for hospitality while UPS, another international Olympic sponsor, has taken over the Merchant Court Hotel where it is accommodating the 1,000 people it brought to Sydney for the Games. This includes 500 clients and other corporate guests. IBM has leased *Crystal Harmony*, a luxury liner, for 1,000 of its guests and has hosted parties on board every night since the Games opened. The ship, which is berthed near Sydney's Circular Quay, has spectacular views of the Opera House and Sydney Harbour. Every IBM guest has also been given a \$750 palm pilot computer from the company.

Coca Cola has brought 2,300 overseas visitors and 1,000 of its favourite business customers and their partners to Sydney and Deutsche Bank is accommodating 200 international guests, using the luxury German cruise ship *MS Deutschland* as an entertainment venue.

BHP, an Australian sponsor, is entertaining a string of international customers, with particular attention being paid to Japanese steel mill executives, who have been accommodated by the mining and steel making giant at Sydney's luxury Observatory Hotel. AMP Insurance has given away 1,000 corporate hospitality packages and 4,000 Games tickets and Jones Lang LaSalle, the real estate company, is entertaining more than 300 clients, staff and journalists.

Rupert Murdoch, whose News Limited is another official sponsor, has spent almost \$2 million establishing the News Club, a flashy nightspot in the Sebel Townhouse, to entertain invited guests round the clock. Rupert's son Lachlan has also made his luxury yacht available for exclusive parties. Foster's, the Australian brewing company and the Australian Olympic Committee have established the Olympic Star Club for the duration of the Games. The club, for selected guests only, is located on the sixth floor of the Museum of Contemporary Art and overlooks the harbour.

The hospitality provided to Paul Gardner, an Australian advertising agency CEO, is typical of that given to favoured executives during the Games. Gardener told the *Australian Financial Review* that he enjoyed a three-day party courtesy of Rupert Murdoch's News Limited. Gardner was supplied tickets

to every swimming event in which Australia won a gold medal (worth up to \$1,000 per ticket), spent the night on Lachlan Murdoch's yacht before moving on to the News Club.

The next day Gardner was taken to the rowing before being wine and dined at Lilianfels, a top-class restaurant in the Blue Mountains. He was transported back to Sydney for dinner at Level 41 and then to the News Club, where he spent the early hours of the next day. Gardner was also given a private tour, along with members of China's Deng family, through Murdoch's recently opened Fox Studios. Gardner told the newspaper, "I've never seen anything like it."

Such is the extent of "hospitality" that many corporate guests are becoming exhausted. According to Jan Katzoff, manager of Sportsmark, a US-based marketing firm, "The biggest problem is that some guests are tired after being subjected to 16 hours of schmoozing each day."

Australian companies and state and federal politicians, determined to extract the maximum from an event that has attracted the largest contingent of journalists and business chiefs in Australia's history, have allocated millions to promote Sydney and the state of New South Wales as a profit-making haven. Parliamentary sittings have been suspended in NSW and in Canberra, the national capital, so that they can devote themselves exclusively to the business opportunities provided by the Games. Bedazzled by the corporate Olympic juggernaut, the awe-struck politicians resemble a group of desperate small-town hustlers.

The NSW state Labor government, for example, is hosting scores of luncheons and seminars, including tours of industrial sites in Sydney's western suburbs, meetings with local IT executives and "networking luncheons showcasing NSW food and wine".

The state government spent \$2.7 million establishing a special marina to accommodate the super-yachts of wealthy patrons expected to attend the Games. It has also made Sydney's RiverCat, a public ferry service to Parramatta in the western suburbs, available for the exclusive use of business executives and leading Games officials so that they can travel to Games venues at Olympic Park by river, thus avoiding crowded public transport.

Premier Bob Carr is hosting several investment promotions. Last Sunday he told CEOs at a Government House reception that the city offered the best conditions for international investors. This included, Carr said, proximity to Asia, up to the minute high-tech capacity, and an educated and multi-lingual workforce. Next month Carr will travel to New York City to follow up US business contacts made during the Games.

Business Club Australia, which is managed by the Australian Trade Commission, has also established a trade centre in Darling Harbour and moored a 100-metre catamaran for luncheons and seminars to offer advice to prospective investors.

It is holding 100 "investment networking" events during the Games, and has met with Anson Chan, Hong Kong's Chief

Secretary; Milan Kucan, President of Slovenia; and Liu Qo, Mayor of Beijing. Mark Vaille, Australia's Minister for Trade, told the media that the Games had produced a "gold rush" for Australia that would attract \$1 billion in new investment. Business Club Australia's investment promotion, he said, would become a "blueprint for future host nations".

Australia's Minister for Financial Services and Regulations, Joe Hockey, told a media conference entitled "Wall Street Down Under" that Australia was a "tax paradise" compared to Manhattan. It was possible, he declared, "to walk down a Sydney street and not be accosted by the 20 beggars one would have to dodge on a main street in New York".

As Hockey and other local politicians well know, "beggar-free" Sydney streets are an advertising fiction, another one of the carefully manufactured images created to promote investment in Australia. Inner-city homeless people—the most visible sign of Australia's social inequality and immense social problems—have been relocated to disused government buildings, caravan parks and tent cities up to 200 kilometres from Sydney for the duration of the Games.

The Games close this Sunday with an extravagant fireworks display—billed as the largest in world history. An Australian Air Force F-111s will fly low over the Olympic stadium releasing and igniting gallons of fuel to create a massive fireball and the impression that jet has collected the Olympic flame and created a "river of lightning" all the way to the harbour. It will culminate in a massive fireworks display on the Sydney Harbour Bridge.

But when the Games are over and the international business executives have jetted or sailed out of the city, the harsh reality of unemployment, poverty and the countless crises confronting ordinary people will resurface from underneath the weight of this corporate extravaganza.



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