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Event sponsorship and ambush marketing: Lessons from the Beijing Olympics

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Abstract Sponsorship of large sporting and cultural events has become a major marketing communication tool, particularly when firms obtain exclusive rights and garner the hype associated with this honor. Concomitantly, ambush marketing—defined as attempts by competitors to exploit the event—has also increased in prominence. This article outlines what is known as the *Li Ning affair*, whereby major Olympic sponsor Adidas was ambushed by lesser-known Chinese sportswear company Li Ning, whose namesake founder was the most decorated Chinese Olympian and who lit the Olympic flame at the 2008 Beijing Olympiad. Data collected immediately following the closing of the Beijing Games isolates what we call the *Li Ning effect*—or, being incorrectly identified as an official sponsor—and the positive effects this has on measures of brand attitude and recommendation likelihood. As presented herein, seven lessons about ambush marketing can be derived from the Li Ning affair, which sponsors and those considering sponsorship opportunity might wish to learn.

1. You don't always get what you pay for

Sponsorship is big business. Major international sporting events—such as the Summer and Winter Olympic Games, and the World Soccer Cup—command sponsor fees running into the hundreds of millions of dollars, via which each global sponsor acquires marketing rights to the all-inclusive use of the event, its images, and logos. Worldwide sponsorship generated $663 million in revenue for the 2001—2004 Salt Lake City/Athens Olympic cycle. This total was easily exceeded by the Torino/Beijing cycle, in which revenues jumped 31% to $866 million; 11 multinational sponsors paid an average of $72 million each. More remarkably, these numbers represent only the fees for sponsorship rights; sponsors still had to pay for the advertising itself. Subsequent estimates placed total

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Olympic ad spending at an additional $1.5 billion. Indeed, Visa alone was estimated to have spent $886 million on its official sponsorship of the 2008 Olympic Games (CNBC, 2008).

It can cost $200 million to sponsor a soccer team in Europe's Champions League, or to sponsor the UEFA Champions League—the club championship of European football—and all that buys is the right to use the name of an event, a team, or an organization. Activation—or promotions, competitions, television advertising during breaks, corporate hospitality, and so forth—can easily multiply a sponsor's budget two or three times over, for in sponsorship it is not what the company has, it is what it does with it ("Sponsorship Form," 2008). When a firm invests hundreds of millions of dollars in a sponsorship, and many millions more on marketing efforts to exploit that sponsorship, it embarks on a promotional journey that may help establish it as the uncontested brand in its category; consider Coca-Cola (soft drinks), Visa (credit cards), and McDonald's (fast food) as examples. At the same time, it exposes itself to an array of counter-attacks by competitors who have either chosen not to exploit the sponsorship opportunity, or who have simply not had the resources to do so. The consequences of these competitor reactions can be serious. Despite the efforts of event organizers and legislation enacted by host governments (whether genuine or sham) to protect sponsors, it seems that some competitor reaction is inevitable. Recent history provides a number of worthwhile lessons for marketers and sponsors to learn, or ignore at their peril.

As regards Olympic Games, the choice of last torchbearer—the athlete who lights the stadium flame—usually has some symbolic significance. At the 1960 Tokyo Olympiad, for example, the last torchbearer was a person born on the day the atomic bomb exploded over Hiroshima. The choice was felt to symbolize Japan's rebirth from World War II (Balfour, 2008). China's choice as torchbearer for the 2008 Beijing Games was Li Ning, a former gymnast who won six medals—including three golds—during the 1984 Los Angeles Games, China's first big sortie into the Olympics. Before a packed stadium and a worldwide television audience estimated at 4 billion viewers, Li Ning ran around the inside perimeter of the Bird's Nest arena and was hoisted 75 feet in the air by cables, before lighting the Olympic cauldron. A true hero of the Chinese nation and the most decorated athlete at the Los Angeles Games, Li Ning seemed a natural choice to light the Beijing flame. Since retiring from gymnastics, he had also become a successful entrepreneur. Capitalizing on his personal brand equity, he founded Li Ning, an athletic apparel company that specialized in clothing and footwear. Li Ning, the company, was not an official footwear sponsor of the Beijing Olympic Games; the German firm Adidas had purchased those rights.

More than a billion people in China alone saw Li Ning's run across the rafters. It is unlikely that these viewers thought just of the man, and not of his shoes. Li Ning was broadcast on Chinese state television, countless other international channels, and was featured on the front page of every national newspaper in China the following day. Almost everyone in China knew that Li Ning owned a sports shoe company; outside of the country, the many hundreds of millions who did not know this learned it very quickly. This easily made the event the greatest 2 or 3 minutes of free advertising in history—for Li Ning, but not for Adidas. Some might call the Li Ning coup lucky. Perhaps the choice of Li Ning as the flame lighter was simply serendipitous: local hero is invited by well-intentioned government and Games officials to perform a symbolic duty. He happens to own a sports footwear company, but this does not influence anyone's thinking, and the consequences are not anticipated. The world media, however, saw this in a different light; they viewed it as "the boldest case of Ambush Marketing ever pulled off" (Balfour, 2008).

In this article, we present some evidence of what we term the *Li Ning effect*, and use the affair to draw some important lessons for marketers in general and potential sponsors specifically. First, we briefly review some of the literature related to ambush marketing and its prescriptions. Next, we provide a brief overview of the results of a study of sponsorship recall and related effects following the 2008 Beijing Olympics, and then show how the Li Ning affair illustrates the intersection of sponsorship and ambush marketing. Finally, by combining the evidence from the study with the prescriptions of the literature on sponsorship and ambush marketing, we lay out seven lessons we think can be learned from the Li Ning affair.

2. Ambush marketing

The term *ambush marketing* was first coined by Bayless (1988) to describe the purposeful and false association by a company not sponsoring an event toward the end of deriving benefits similar to those afforded official sponsors. In a narrow sense, Schmitz (2005) defines ambush marketing as the direct efforts of one party to weaken or attack a competitor's official association with a sports organization acquired through the payment of sponsorship fees. In a broader sense, he sees the phenomenon as referring to a company's attempt to capitalize on the goodwill, reputation, and popularity of a particular event by creating an association without the authorization or consent of the necessary parties. For example, during television broadcasts of the 1994 Lillehammer Winter Games—sponsored in part by McDonald's—Dave Thomas, the founder of Wendy's, appeared in ads which portrayed him in winter sports garb and settings. In 1992, American Express (AMEX) bought substantial advertising time on major networks to counter Visa's official sponsorship of the Barcelona Summer and Albertville Winter Games. While AMEX didn't use the Olympic symbol or name, its ads referred to "winter fun and games" and showed the French Alps, and stated that "to visit Spain, you don't need a visa." The International Olympic Committee (IOC) threatened to sue American Express, but ultimately did not file a lawsuit (Moore, 1993).

Event organizers' efforts to deal with ambush marketing were brought into sharp focus by Nike's antics during the 1996 Atlanta Olympics. Rather than match rival Reebok's spending of $50 million, Nike plastered the city with billboards, handed out swoosh banners to wave at the events, and erected a huge Nike Center overlooking the stadium. Now, ambush marketing perturbed not only sports bodies such as the IOC; host cities and even entire nations became galvanized by what was perceived as a threat to local integrity.

3. Why does ambush marketing work?

Ambush marketing is clearly effective; its ubiquity attests to this. To understand *why* it works, one must look at *how* it works in the mind of the consumer. Marketers would do well to remember the roles that schemata and ambivalence play in consumer sense-making as they view events and the marketing communication that accompanies them. These concepts can help explain the cognitive mechanisms behind successful ambush marketing, as well as the potential pitfalls of certain preventative strategies. A *schema* is a cognitive framework for understanding and remembering information, and expectations based on it will affect the judgment, memory, and use of new information (Mandler, 1984).

Consumer attitudes are also ambivalent. While traditional marketing holds that attitudes are either positive or negative, there is evidence from psychology that people experience simultaneous but separate positive and negative attitudes about the same phenomenon (Cacioppo, Gardner, & Berntson, 1997); indeed, *ambivalence* is defined as the concurrent existence of strong positive and negative evaluations regarding the same object (Thompson, Zanna, & Griffin, 1995). This is often overlooked in the sponsorship arena, whereby overzealous sponsor/organizer enforcement can result in the negative attitude overwhelming the positive attitude in the mind of the consumer. An excellent example of this is the 2006 soccer World Cup, where orange plastic Leeuwenhosen were given out by Bavaria, a Dutch brewery. Officials demanded that fans remove the offending garments, as Budweiser was the tournament's official sponsor. Many fans protested by watching the match in their underwear; after the tournament, many Dutch consumers had a negative attitude toward Budweiser.

Finally, it is likely that salience weighs more heavily than questionable ethics in consumers' perceptions of ambush marketing. *Saliency detection* is a key attention mechanism that drives people to focus their finite cognitive resources on the most pertinent subset of the available sensory data. *Salient events* are those that are unexpected and difficult to overlook (Treisman & Gelade, 1980), and indeed, a good deal of ambush marketing relies on this cognitive mechanism.

4. The Beijing Olympics: A simple sponsorship study

Before the Beijing Olympiad commenced, we planned a syndicated study to investigate some simple but important aspects of sponsorship recognition and recall, attitudes toward brands, and the likelihood of brand recommendation. The objectives of the study were to determine whether Chinese respondents were able to correctly identify which brands within a particular offering category were Olympic sponsors and which were not, to gauge their attitudes toward sponsoring- and non-sponsoring brands, and to determine their likelihood of recommending sponsoring- and non-sponsoring brands. The survey was conducted during the 3 days immediately following the closing of the Beijing Olympic Games, using the China national online consumer panel of Global Market Insite (GMI), among individuals aged 18 and older. We received a total of 1,331 completed surveys (see Appendix for details).

4.1. Sponsorship identification

In order to gauge whether respondents were able to correctly identify sponsors and non-sponsors, they were presented with three brands within each category and simply asked to answer "Yes" or "No" regarding whether that particular brand/company was a sponsor of the Beijing Olympics. For example, in the case of credit cards, respondents were required to answer Yes or No to the question of whether Visa was a sponsor (it was), MasterCard was a sponsor (it wasn't), and American Express was a sponsor (it wasn't).

4.2. Attitude toward the brand

To measure attitudes toward the brand(s), we employed the scale developed by Peracchio and Meyers-Levy (1994, 1997; see also Meyers-Levy & Peracchio, 1995). Depending on its application, this scale consists of 8 items (see Bruner, James, & Hensel, 2001) that measure a consumer's evaluation of a product or brand. The scale may also measure purchase intention, as well as product quality. High scores on the scale suggest that the respondent has a positive evaluation of a particular product or brand to which they have been exposed. In the study under focus here, a comparison was only made between the two major competitors in a category; for example, in the credit card category, respondents were required to complete the 8-item scale for both the sponsor (Visa) and the brand regarded as its major competitor (MasterCard). The items are scored on a 7-point semantic differential type scale.

4.3. Propensity to recommend the brand

A single-item scale was used to measure the likelihood of a respondent recommending a particular brand to others. A number of studies have found a strong correlation between a brand's growth rate/profitability and the percentage of consumers who indicate that they are likely to recommend the brand to others. Indeed, Reichheld (2003, p. 1) has called this indicator "the one number you need to grow." Following Reichheld, this study utilized an 11-point Likert-type scale anchored on "0 = Not likely to recommend the brand at all" through "10 = Extremely likely to recommend the brand." In this study, a comparison was made between the two major competitors in a category, and in some categories, between the sponsor and other brands. So, for example, in the credit card category, respondents were required to indicate on the 11-point scale how likely they would be to recommend both the sponsor (Visa) and the brand regarded as its major competitor (MasterCard).

4.4. Results

A summary of the results for four offering categories considered in the study is presented in Table 1. The table describes the percentage of respondents who correctly identified a sponsoring brand, and correctly identified a non-sponsoring brand; for example, in the case of beers, the sponsor Tsingtao was correctly identified as such by 63.8% of respondents, and the non-sponsor Heineken was correctly identified as such by 96.1% of respondents. The table also shows the brand attitude and recommendation likelihood scores for each brand, and the nature of the

Table 1. Sponsorship recognition, brand attitude scores, and recommendation likelihood - 2008 Beijing Olympics*

	Company	Correctly identified (%):	Incorrectly identified (%):	Brand attitude score (Maximum 7):	Recommendation likelihood score (Maximum 10):
Airlines	Air China (Sponsor)	57.1	42.9	5.28*	7.25*
	United	88.9	11.1	4.78	5.78
	China Southern	79.5	20.5		6.42
Beers	Tsingtao (Sponsor)	63.8	36.2	5.69*	7.91*
	Heineken	96.1	3.9	4.52	4.98
	Carlsberg	85.9	14.1		5.87
Credit Cards	Visa (Sponsor)	65.9	34.1	5.34*	7.15*
	MasterCard	73.2	26.8	4.42	6.28
	American Express	83.9	16.1		5.14
Footwear	Adidas (Sponsor)	62.6	37.4	5.28**	7.07**
	Nike	49.9	50.1	5.32	7.15
	Li Ning	32.6	67.4		7.64***

* = Sponsor significantly higher than non-sponsor; ** = No significant difference between sponsor and non-sponsor; *** = Non-sponsor significantly higher than sponsor

differences between these. This is done for each of the major two brands within a category (sponsor and nearest competitor), and also for a brand regarded as one of those likely to be well known among Chinese consumers (but only with regard to sponsorship recall and recommendation).

As illustrated in Table 1, sponsorship worked exceedingly well for beer and credit card brands: sponsors Tsingtao and Visa were correctly identified as official sponsors, and the non-sponsoring brands were rightly singled out. In the case of airlines, sponsorship worked moderately well as regards recognition, and strongly so as regards correct identification of non-sponsorship. In the case of footwear, a majority of respondents (62.6%) correctly identified Adidas as the sponsor, but were evenly split regarding non-sponsor Nike. Most significantly, though, more respondents (67.4%) incorrectly thought Li Ning was a sponsor—what we term the *Li Ning effect*. Formally, we would define the Li Ning effect as follows: The Li Ning effect occurs when a brand ambushes a sponsoring competitor, with the result that the ambusher achieves higher sponsorship recognition than the true sponsor. This in turn has impacts on other aspects of customer behavior.

In terms of brand attitude effects, sponsorship had a positive impact for beers, credit cards, and airlines—the same brands where sponsors were correctly identified by a majority of respondents and non-sponsoring brands were also correctly identified as such. Brand attitude scores for sponsoring brands were all significantly higher than those for non-sponsors. In the case of footwear, Adidas' sponsorship of the Olympiad did not result in a significant brand attitude advantage over its major rival, Nike.

With regard to recommendation likelihood effects, the patterns described in the previous paragraph were more or less duplicated. In the case of footwear, while there were no significant differences in recommendation propensity between sponsor Adidas and major competitor Nike, the brand Li Ning (a non-sponsor) enjoyed a significantly higher recommendation likelihood than did the sponsor, Adidas—and, indeed, the other non-sponsor, Nike. This, we would argue, is due to the Li Ning effect.

In summary, these results indicated that in the case of three brand categories—beers, airlines, and credit cards—sponsorship was correctly identified as such, and that this was coupled with higher brand attitudes and recommendation propensities. In the category of footwear, the Li Ning effect comes into play: while respondents recognized Adidas as the official sponsor, the Li Ning brand was also thought by a greater number of people to be a sponsor, and this resulted in a significantly higher likelihood to recommend for Li Ning over the sponsor Adidas. Major competitor Nike enjoyed a similarly favorable brand attitude to Adidas, and a similar propensity to recommend. Given this data, we believe that a number of lessons for marketers and prospective sponsors can be learned from the Li Ning affair.

5. Lessons from the Li Ning affair

While properties (e.g., IOC, UEFA) and governments build protective walls around, and enact legislation for, event sponsors in order to protect them from ambush marketing, ambush marketers have become increasingly cunning. Much like computer viruses that become smarter and more lethal as antivirus software becomes more sophisticated, today's ambush marketers don't merely resort to hanging banners outside a stadium or placing numerous ads in local newspapers. Almost two decades ago, Robert M. Walsh admonished that escalating sponsorship costs would make the tactic of ambush marketing even more popular. As such, he recommended that before marketers decide to invest in sponsorships, they consider whether competitors might employ ambush marketing (Hume, 1991). Perhaps if Adidas had taken this advice, the company would have found out in advance the lessons that we believe sponsors may learn from the Li Ning affair.

5.1. Lesson 1: If an ambush were obvious, it wouldn't be an ambush

Meenaghan (1996) examined both the phenomenon of ambush marketing and the main strategies employed by ambushing companies, and sought to explore consumer reaction to the practice. He identified five common strategies that could be used by ambush marketers, and the counter-measures that sponsors could take to defend themselves. The problem with this reasoning is that if a sponsor knew ahead of time what the ambush strategies would be, they wouldn't be strategies, and the sponsor wouldn't be ambushed! For example, no one could have foreseen that defending champion Linford Christie would appear at a press conference wearing contact lenses showing the Puma AG logo 2 days before running in the men's 100 meters at the 1996 Atlanta Games, particularly as Reebok was sponsoring the event. And while Magic Johnson may have appeared patriotic by draping himself in the U.S. flag when accepting the gold medal for the Dream Team at the 1992 Barcelona Olympics, he was in fact protecting his big-money deal with Nike by covering up the logo of official sponsor Reebok on his tracksuit.

An ambush is, by definition, unforeseeable. Prior to and during the Beijing Games, Adidas might have been carefully studying major competitors such as Nike, Puma, and Reebok. The company might have been carefully scanning the Beijing skyline for banners, posters, and aerial sign writing, and monitoring broadcast media for ads that mentioned China, Beijing, sports footwear, and the Olympic Games. What Adidas did not foresee was that a lesser competitor like Li Ning would succeed in lighting the flame. It's not that the firm's radar wasn't turned on; it was simply scanning in the wrong direction. That's what made this particular ambush so successful. Perhaps the best—and only—thing a sponsor can do is to ensure that as many contingencies as possible are covered in its contract with the property. But, as we discuss next, don't always expect the property to look after you!

5.2. Lesson 2: Don't always expect the property to look after you

Most large properties such as the IOC, UEFA, and similar organizations will have sponsors' interests at heart; after all, they rely on sponsors to make the event financially viable and successful. However, blind faith in a property's duty of care would be naïve on the part of the sponsor. Properties have a number of important priorities, of which sponsorships are only one. For example, the Olympic movement generated a total of more than $4 billion in revenue for the most recent Olympic Quadrennial, spanning 2001 through 2004. Of these revenues, 53% were from broadcasters and 34% were from corporate sponsors (www.olympic.org). It would seem that property organizers might give attention to other matters more readily than sponsorship protection. Furthermore, for the 2008 Beijing Olympiad there were a record 63 official sponsors, so there is now the danger of merely being lost in the crowd (McClellan, 2008). In their study of sponsorship and ambush marketing, Farrelly, Quester, and Greyser (2005) stated surprise that many sponsors viewed ambush control as the task and sole duty of the property; "I pay for a service and I expect it to be mine, and exclusively mine" opined one sponsor (p. 344). Such abdication of responsibility would seem negligent, given the significant sums of money at stake.

The IOC did nothing to alert Adidas to the possibility that Li Ning would light the Beijing flame. There are three plausible explanations for this: (1) They could have been truly unaware that the ambush would occur; (2) They were aware of its eventuality, but for whatever reason chose not to inform Adidas; or (3) They were aware of it, but did not consider it to be an ambush. So, could a sponsor depend on the legal system of the host nation to protect them from ambush?

5.3. Lesson 3: Don't rely on the government or the legal system to look after you

Most countries have enacted broad legislation to protect intellectual property rights (IPR), and sponsorship and copyright protection falls under this broad aegis of laws. Host nations are particularly sensitive to the concerns of international companies which sponsor events therein. China's poor track record of enforcing IPR and the piracy that affects most sectors of its economy was obviously an area of concern for sponsors of the 2008 Beijing Olympiad, and the Chinese government appeared responsive to these apprehensions. In a press conference in Beijing in 2007, the organizing committee's marketing director, Chen Feng, emphasized: "Only those who financially sponsor the games have the right to market their products and maximize their commercial interests" (Madden, 2007, p. 22). The government had begun to employ inspectors to root out infringements of sponsorship rights, and it was reported by China's State Administration of Industry and Commerce that these inspectors uncovered more than 1,500 cases of violations involving Beijing Olympic slogans, logos, and trademarks.

However, as Preuss, Gemeinder, and Seguin (2008) have pointed out, a number of challenges exist regarding applying IPR law in a country like China. Consider the fact that the Chinese tendency to copy is based on Confucian tradition, which holds that all should be shared. The people of China are also socialized in communism, holding in particular to the assumption that everything belongs to everyone. There is a low understanding of sports sponsorship rights in a competitive market economy, and the economic education of managers and consumers is limited. Finally, and most importantly, jurisdiction is poor. Chinese IPR laws are barely 20 years old, and lawyers and judges do not have the knowledge and experience to properly interpret and enforce them.

For Adidas to have taken legal action in the Li Ning affair would have embroiled the company in a political and legal minefield. The logical party to sue would have been the Chinese Olympic Committee. This is essentially a government entity, and taking action against it would have been tantamount to suing a government under that government, under its own legal system; obviously, this is hardly clear when it comes to IPR in China.

5.4. Lesson 4: It's not as if you weren't aware that you might be ambushed

Now that ambush marketing has become a common theme in the sponsorship wars that surround most international sporting and cultural events, it is not as though sponsors would be blissfully unaware that wily rivals might waylay them. More than a year before the Beijing Olympiad, Adidas' Shanghai-based director of the company's 2008 Olympics program, Erica Kerner, admitted to being very concerned:

> We believe ambush marketing will be at an all-time high for a major sporting event. The threat is from strong, marketing-driven brands developing ambush-marketing strategies, but also from local brands that are trying to support the games and do not realize that what they are doing is breaking any rules." (Madden, 2007, p. 22)

Indeed, she had even foreseen that a local upstart might ambush Adidas. However, the firm might have been lulled into a false sense of security by the Olympic Committee's and the Chinese government's attempts to quash ambush marketing; Ms. Kerner went on to say that the Committee was "taking the issue of ambush marketing very seriously. They have been very proactive with us in a number of cases so far" (Madden, 2007, p. 22). As it turned out, this didn't help Adidas when Li Ning ran across the rafters.

5.5. Lesson 5: Don't kid yourself that consumers care

Ambush marketing wouldn't work well—or, indeed, at all—if target audiences regarded it as unethical, and shunned marketers which engaged in the practice. Farrelly, Quester, and Greyser (2005) might have been overly optimistic in claiming that "sponsors can rely on savvy and sophisticated audiences increasingly [being] indignant toward the deception ambushers seek to propagate" (p. 343). Respondent sponsors that participated in their study stated that "consumers are far more astute and aware than in the past; less and less will they be deceived by the actions of ambushers . . . they will increasingly see these attempts as a cheap shot, and increasingly view brands that adopt such a strategy in a negative light" (p. 343). This may simply be wishful thinking.

Numerous consumers feel that, as in love and war, all is fair in advertising. As long ago as 1992, it was reported that, according to Advertising Age's Fax-Track reader poll on ambush marketing, a sizable number of respondents believed that ambush marketing during the Olympics was fair game; indeed, 45.7% said it was "extremely fair" and 22.9% said it was "very fair." "When you fail to compete, you fail!" one participant noted. "It's a free world. Being an Olympic sponsor does not entitle one to ownership of a personality or a country," replied another ("Ambush Marketing," 1992). For these reasons, it is doubtful that consumers cared much about the Li Ning affair or the possible damage inflicted upon Adidas. Loyal customers of major international competitor brands such as Nike and Puma might just have had a laugh at a competitor's expense. Chinese consumers loyal to Li Ning might have viewed the incident as the triumph of a local hero over an international giant. In any case, if Adidas was waiting for a consumer cry of indignation in its support, this was not forthcoming.

5.6. Lesson 6: Ambushees over-reacting to an ambush can look like bullies

It is not difficult to criticize Adidas' handling of the Li Ning affair. One can easily say that the company should have been more aware, should have anticipated ambush, and should have had measures in place to limit the effects of the ambusher's actions on their own sponsorship strategy in particular, and overall marketing efforts in general. However, a lesson which emerges from the Li Ning affair highlights that dealing with ambush is not only about anticipation; it is also about what to do after the ambush has occurred.

Adidas' reaction to the Li Ning ambush was muted. The company's chief corporate communications officer pointed out a day following the opening ceremony that Li Ning actually wasn't wearing Li Ning clothes on Friday night, but that rather he was clad in an Adidas torchbearer uniform. Adidas responded as a good sport, noting that Li Ning embodied the dream of many Chinese citizens: growing up in poverty and raising his star to become the nation's first millionaire athlete. But, the damage had been done. A typical Chinese consumer interviewed by a journalist soon after said, "If I had to guess, I would say the uniform was from Li Ning's company—don't they sponsor the Olympic uniforms?" (Tschang, 2008).

While it would have been tempting for Adidas to react strongly—for example, by taking legal action against the ambusher for the perpetration, and the property for not acting diligently enough to stop the ambush from happening; and by condemning the ambush as unethical in the media—the company did not do so after the event. This was probably wise. Firms which take strong action against individuals or groups are often perceived as acting in an arrogant, domineering fashion (Berthon, Pitt, McCarthy, & Kates, 2007). Aggressive reactions against a smaller, local competitor, and against a (supposedly) nonprofit goodwill organization such as the Olympic Committee might have given some personal satisfaction.

However, it could also have had the effect of making Adidas look like a bully in the eyes of the world in general, and to patriotic Chinese consumers in particular. Better perhaps to lick one's wounds in private, figure out how the ambush happened, and to plan how to keep similar events from happening in the future. This brings us to our final lesson.

5.7. Lesson 7: Being a sponsor alone won't do the marketing job for you

Acting as the sponsor of a major event will not do a brand much good if no one knows about the sponsorship. The prominent "protector" role ascribed by sponsors to properties in the battle against ambushers needs to be complemented with what is now a well-established rule, according to Farrelly, Quester, and Greyser (2005). That is, sponsorships have to be supplemented by meaningful marketing communication efforts and resources if the investment in them is to be maximized. Furthermore, sponsorship efforts need to be synchronized with other marketing efforts. The sponsorship needs to be known; even massive events like the Olympics will not deliver much if the target market is unaware of a firm's sponsorship.

Firms facing sponsorship decisions have two alternatives. On the one hand, they can choose not to sponsor; in this case, the entire remaining marketing budget can be used for marketing communication and promotion, the success of which will depend on creativity and strategy. On the other hand, when a firm chooses to sponsor, there are two possible outcomes: First, if all, or a major proportion of, a marketing budget is devoted to sponsorship, there will be few resources remaining to be spent on marketing communication and promotion, and the returns to the sponsorship will not be maximized. Second, if there are adequate resources remaining after a sponsorship allocation has been made, the firm will be able to extract good value from its sponsorship investment. Adidas at least seems to have realized the latter eventuality.

Adidas obviously made many mistakes as regards the Li Ning affair, and it is easy to criticize these. The firm was ambushed in a very unobvious way—which is, after all, what made it a great ambush; even 24 hours before the event, the company was not aware that Li Ning would be the final torch bearer (Balfour, 2008). Perhaps Adidas did place more trust in both the property (the Olympic Committee) and the Chinese government, a naïve faith that obviously was not fulfilled. While the company anticipated an ambush more than a year before the games (Madden, 2007), it still ran headlong into one. And if Adidas expected a consumer backlash against the ambusher brand, it was sorely misled. The Li Ning effect seems to have enhanced consumers' positive feelings toward the Li Ning brand, rather than diminish them.

However, at two of our seven lessons, Adidas did well. First, instead of pointing fingers and appropriating blame, the company acted in a restrained and dignified manner, and avoided looking like a bully. Second, it also recognized that sponsorship—as massive and significant as it was in this particular case—was still only one weapon in its marketing communication arsenal. While the synergies of both successful marketing communication and sponsorship would have been tremendous, the firm also resisted the temptation to allow sponsorship to do all the work. The rest of the marketing strategy appeared to be sound, and it is unlikely that long-term damage was done to the Adidas brand.

Adidas' experience in the Li Ning affair permits the identification of a few guidelines for those about to be ambushed—in marketing terms, at least. To begin, don't naïvely put yourself in a position to be ambushed; remember, large sporting events provide optimal venues and occasions for this to happen. This does not mean that firms should abstain from sponsorship; large global events can provide superlative opportunities for marketing communication. However, walking into sponsorships and blithely ignoring the lessons from the Li Ning affair would be asking for trouble.

If you do decide to sponsor a major event, anticipate and behave as though an ambush *will* happen. There is a huge value attached to major events that those who didn't bid high enough, or who simply can't afford to sponsor, will still want to attach to.

Finally, if you do sponsor and are ambushed, there are three alternatives: (1) Sue ambushers and organizers if the payoff will be positive and the consequences, in terms of costs and reputation, are minimal; (2) Use the visibility the opportunity affords to reinforce your core brand message; and, (3) Just get out: do nothing and avoid making a bad situation worse.

6. Concluding thoughts

Our research demonstrates the persistent effectiveness of ambush marketing: Li Ning was the clear brand winner of the 2008 Olympics in the footwear category. The returns Li Ning received via its minimal investment in sponsorship—lobbying, perhaps?—were almost infinite in terms of brand attitude and recommendation. And while Adidas undoubtedly enjoyed some benefits from its sponsorship efforts, the company invested heavily to achieve these and the returns were still significantly lower than those accrued by Li Ning. There is a curious historical irony associated with this tale: Reebok was ambushed during the Atlanta Games by Nike, and shortly before the 2008 Olympics, Adidas bought Reebok. Clearly, ambush marketing is one of the major hazards facing high profile sponsorship.

Why ambush marketing works—from the perspective of consumer behavior, discussed earlier—is also highlighted by a number of lessons from the Li Ning affair. First, consumers may have developed a schema for the "footwear brand" from Li Ning's opening of the Olympics, and when Adidas subsequently appeared in all the Games' billboards and in its own television advertising, consumers still made the connection—because of the prominence and impact of the opening—between Li Ning and the Games, rather than Adidas. Second, had Adidas reacted too strongly to the Li Ning affair, either by demanding his withdrawal from the opening ceremony or by taking legal action, the company could well have faced negative effects as a result. Third, Li Ning's dramatic and spectacular lighting of the torch provides a classic example of salience. Amidst the background noise of multiple sponsorships, this highly poignant event stuck in people's memory such that when they were asked to recall who the official sponsor of athletic footwear was for the Beijing Games, more of our respondents thought it was Li Ning than Adidas. Herein, we've highlighted seven lessons regarding sponsorship that marketers should learn:

1. Expect the unexpected — ambush attacks won't come in a form you anticipate;
2. Event organizers won't always keep their word;
3. Don't rely on governments to protect you — their own interests will always trump yours;
4. Be constantly aware of the likelihood of ambush;
5. Remember that customers don't care — they won't share your moral indignation regarding an ambush event;
6. Don't overreact to an ambush — it will only compound the problem; and
7. Sponsorship is only the first stage of marketing in an event setting — a firm needs to be proactive in all marketing efforts and defensive in anticipating ambush.

Marketers need to understand the psychological mechanisms that make ambush marketing effective, for they are the very devices that smart marketers might employ against ambushers.

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Appendix. Study details

The data collection for this study was sponsored by Global Market Insite (GMI), headquartered in Seattle, Washington. GMI has global consumer and specialty panels in over 200 countries—including China, where the survey was conducted among GMI's China National Online Consumer Panel: A panel which essentially attempts to match the Chinese adult, online (i.e., individuals older than 18 who have access to the Internet) population. A sample of 4,000 members of this panel was randomly selected to receive an email invitation to participate in the survey. The response rate was 33.28%, or 1,331 usable surveys. Demographic information of the respondents break down as such:

	Total	18—29	30—39	40—49	50—59	60+
Male	55%	23%	30%	23%	17%	7%
Female	45%	28%	30%	26%	14%	2%

The objective was to get a good spread of age groups that reflected both the online (in particular) and total (in general) Chinese population. The survey was launched a few hours after the Olympic Games' closing ceremony. Fieldwork was closed 3 days later. The relatively short fieldwork period was enforced to allow for an almost simultaneous measurement of all respondents. The questionnaire was translated into both Cantonese and Mandarin, and respondents were given their choice of language.

Respondents were required to disclose basic demographic information, such as age group and gender. They were also asked which of three brands in a particular product or service category was a sponsor of the Games (where one brand was a sponsor, and the other two close competitors were not) using a simple "Yes" or "No" format. They then completed the Peracchio and Meyers-Levy brand attitude scale (8 items, scored on a 7-point semantic differential) for the sponsor brand and its closest competitor in a brand category. Finally, respondents rated each of the brands within a category in terms of their propensity to recommend it to others, using an 11-point scale (0= would definitely not recommend; 10 = would definitely recommend).

The study addressed 6 brand categories, although only 4 are reported here. The sponsor of the study (GMI) wanted to focus on these 6 major brand categories (firms within these were major clients), out of the many product and services classifications sponsoring the event. The selected categories were beer, airlines, credit cards, sports footwear, banking, and mobile phones.

We have not reported the results for the banking and mobile phone categories for the following reasons: In the case of banking, while sponsorship recognition was high, there were no significant differences between the 2 chosen brands with regard to brand attitude, and no significant differences between the 3 chosen brands with regard to recommendation. We would ascribe this to relatively low consumer involvement in banking services and the high switching costs involved in changing banks. In the case of mobile phones, the official sponsor, Samsung, is a considerably smaller competitor than the main competitor brand used in the study, the non-sponsor Nokia. While Samsung's sponsorship was recognized, it still scored significantly lower than Nokia on both brand attitude and recommendation. There was no ambush in the case of mobile phones, and the subsequent differences in brand attitude and recommendation scores can therefore not be ascribed to a Li Ning effect.

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