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News Bureau • Schofield Hall 201 • Eau Claire, WI 54702

phone: 715-836-4741
fax: 715-836-2900
Web: www.uwec.edu
e-mail: newsbur@uwec.edu

Advertising during Olympics pays, marketing researchers say

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EAU CLAIRE — During the four months after an Olympics telecast, the stocks of the companies that ran ads during the Olympic Games outperformed the S&P stocks by 4 percent, according to two University of Wisconsin-Eau Claire marketing professors who have done research on Olympics advertisements dating back to 2000.

"The study examines the financial performance of firms that invest in Olympics ads and demonstrates there is a net positive effect," said Dr. Rama Yelkur, a lead researcher on the study.

Yelkur said all publicly traded firms that ran ads during NBC's Olympics telecasts in 2000, 2002, 2004, 2006 and 2008 were analyzed using Yahoo! Finance data, and the aggregate stock price of those publicly traded firms beat the Standard & Poor's 500 performance by 4 percent in the four months following the games, she said. The research represents the Monday before the Olympic Games through Dec. 31, 2000/2004/2008 for the Summer Games and June 30, 2002/2006 for the Winter Games.

"It's a significant finding, because in essence, Wall Street rewards firms that run ads in the Olympics games," said Dr. Chuck Tomkovick, also a lead researcher on the study. "Given the large market caps involved, an increase of 4 percent over the S&P 500 translates into billions of dollars of stock price improvement for those holding these investments."

The study indicates the portfolio of publicly traded Olympics stocks is superior to the S&P 500 during this period, rather than on an individual stock basis, Yelkur said.

The findings are important because with increasing attention being paid to marketing accountability, firms must justify their advertising expenditures with financial results, Tomkovick said.

In a control period, 20 consecutive trading days starting three months prior to the Monday before each of the last five Olympic telecasts, Olympics stocks underperformed S&P 500 by 1 percent, Yelkur said. That is, the firms that invest in ads during the Games outperform

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the market during the post-Games period, but not necessarily in a control period three months prior to the games, she said.

An article authored by the researchers, titled "Olympic Advertisers Win Gold, Experience Stock Price Gains During and after the Games," will appear in the Journal of Global Academy of Marketing Science in April.

Tomkovick and Yelkur also have conducted Super Bowl advertising likability and effectiveness research for more than a decade, and the findings of their work have been published in The New York Times, Forbes, The Wall Street Journal, the popular press in North America and in a variety of academic journals.

For more information about their research, contact Dr. Rama Yelkur at 715-836-4674 or yelkurr@uwec.edu, or Dr. Chuck Tomkovick at 715-836-2529 or tomkovcl@uwec.edu.

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