

# Olympic Games Advertising and Firm Performance of Advertisers: An Analysis of the Relationship and Trends

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## Abstract

This project focuses on whether Olympic advertisers experience stock price gains during the event and if this only occurs during the period of the Olympics games. We identified advertisers that participated in the 2000, 2002, 2004, 2006, 2008, and 2010 Olympics through Google searches and with the assistance of NBC. In total 225 firms that advertised during the previous six Olympics were included in this study.

We measured the success of Olympics advertising by evaluating stock price performance of firms that advertise in the Olympics. We proposed that Olympics Stocks will outperform the market as predicted by the Standard and Poor's 500 Index in the four-week period surrounding the games. We tested for a four week period 13 weeks prior to each of the games to verify that this is not always the case and that Olympics stocks don't always outperform the market, especially prior to the games.

Thus the results confirm that Olympic advertisers experienced a stock price gain during the games but not in the control period prior to the games. The study also confirms that the stock price gains for television advertisers during the Olympics holds true for both the summer and winter games.

## Hypotheses

- H<sub>1</sub>: Olympic stocks will outperform the S&P 500 during the four-week period of Monday before the games through to the Friday after the games.
- H<sub>2</sub>: There will be no significant difference between the performance of the Olympic stocks and that of the S&P 500 in a four-week period 13 weeks prior to the games.



## Methodology

1. We identified advertisers in the 2000, 2002, 2004, 2006, 2008, and 2010 Olympic Games through Google searches as well as with the assistance of NBC, the television network with the rights to the games.
2. We used free online databases to identify parent companies of the advertiser and Yahoo! Finance to find stock prices of these companies.
3. We only included publicly traded firms and dropped a few companies for specific reasons.

## Results

### Actual vs. Predicted Stock Performance: In-Game and Control Period

Paired Samples Statistics				
	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 FAActual	41.2673	225	21.36816	1.42454
FAPredicted	40.4632	225	20.34096	1.35606
Pair 2 FAControl	41.6523	225	22.22602	1.48173
FAControlPred	42.0731	225	22.86927	1.52462

- Olympics stocks outperformed the market by approximately 2 percentage points in the period surrounding the six games studied at a 0.001 significance level.
- No significant difference was found (p=0.116) between the performance of the Olympics stocks and the market in the control period.

### Actual vs. Predicted Stock Performance: In-Game and Control Period

	Paired Samples Test							
	Paired Differences			95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
FAActual - FAPredicted	.80413	3.47220	.23148	3.4797	1.26029	3.474	224	.001
FAControl - FAControlPred	-.42075	4.00323	.26688	-.94667	-.10517	-1.577	224	.116



## Future Research

- Additional research could focus on long-term effects, two quarters and three quarters past the end of the games.
- Additional research could also focus on revenues and sales generated in the postgame period of the year of the games in comparison to the same time frame in the previous year.
- Longitudinal analysis over a number of summer and winter Olympics could be conducted to see if these results are sustainable over time.



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