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ORIGINAL TEXT IN ENGLISH

THE IMPACT OF THE DIGITAL REVOLUTION ON THE OLYMPIC MOVEMENT

The topic for today's talk is the impact of the Digital Revolution on the Olympic Movement. I will aim to cover three themes: the impact digital is having on the media landscape; the implications of this revolution for sports rights-holders and brands; and the resultant challenges and opportunities for the Olympic Movement. But first, I would like to introduce you to WPP and highlight some of the major changes that have taken place since the last Olympic Congress in 1994.

WPP is the world's largest media and communications agency. Our companies operate in the fields of advertising and media management, branding, design, and identity, direct and digital marketing, public relations, and research and insights. We have the world's leading digital portfolio, which accounts for roughly 25% of our revenues. Our media management group, GroupM, is the world's largest in terms of billings, with USD 86.2 billion, and our research and insights group, Kantar, is the second largest, right behind Nielsen. In addition, we have extensive experience across all of our divisions and brands in working with Olympic sponsors and both bid and host cities.

Since the last time the Olympic Congress convened, in Paris in 1994, there have been significant changes in the media landscape. Consumers' interaction with traditional forms of media and entertainment are declining, while their use of new media, primarily through the internet and mobile phones, is increasing rapidly. Globally, the internet population has grown at a 33% Compound Annual Growth Rate (CAGR) since 1994, and mobile phone subscriptions at a 31% CAGR. Meanwhile, US newspaper circulation and US evening news viewership, once a staple of the family home, have declined. Consumers now increasingly turn to new-media platforms such as Facebook, the largest social networking site in the world with roughly 250 million active users, and YouTube, the largest online video-streaming site with over 137 million viewers and over five billion video streams in just one month. These new partners, all unheard of in 1994, now have market values to rival global brands. They have exploded from the position of niche and new media to become the central and essential tools of everyday life for millions of people, in both developed and developing markets. This is the essence of the Digital Revolution.

However, one thing that has not changed in a quarter of a century is the power of sport to reach, entertain and often unite national, regional and global audiences. Live premium sports events continue to deliver significant and valuable audiences. In 2008, the top four sporting events in terms of global audience were all related to the Beijing Olympic Games.¹ The Opening Ceremony attracted the largest number of viewers ever on this planet: 593 million. Brands that have sponsored sporting events have benefited from their popularity. Budweiser, for example, through its many sponsorship deals, has created an additional USD 9 billion in brand value. This is because consumers who are sports fans have a much stronger attachment to the brand when compared with consumers who are not sports fans. The power of sport to generate value for brands remains a significant opportunity.

This value has trickled down into the overall economy. Since 1984, there is strong evidence to suggest that the Olympic Games can have a major impact on the GDP of the host country. As can be seen here, the direct impact of the Games has increased in absolute terms by 84%. Seoul added USD 2 billion to South Korea's GDP, with increased spending on construction and tourism. By 2004, Athens had added in the region of USD 10 billion to Greek GDP, and had made it the fastest-growing country in the European Union. One can therefore understand the fierce competition that takes place between cities for the hosting of major quadrennial programmes, like the Olympic Games and the World Cup.

In fact, one of our businesses, Hill & Knowlton, has built up a real specialism in advising cities on their bid strategy, having successfully lobbied for London, Atlanta and Athens. I would encourage you to seek out Viv Lines, if you want to have a chat about their experience. I, for one, was very proud to be involved in the winning of the London 2012 bid and was struck by the enormous importance placed upon winning by political leaders like Tony Blair. When you look at numbers such as these, you can understand why politicians want to be associated with them, and that is before you even consider sport's ability to be a positive force for individual and collective social development.

So, how is the Digital Revolution impacting on the media landscape and the Olympic Movement?

There are 1.6 billion people online today. And four billion mobile phones. Digital media is a global phenomenon that will continue to grow. At the end of 2008, the worldwide broadband penetration average was 24%, but everywhere in the world that number is increasing. In North America, broadband penetration is expected to grow by 3% annually over the next five years, from 73% to 82%. In Europe, growth is being fuelled by the continent's emerging markets. Penetration rates in Russia and Turkey are expected to grow by almost 8% annually. China's online population, already the largest in the world, will rise by 11% each year over the next half decade. Brazil, the fourth-largest market in terms of internet users, is set to grow at an annual rate of 7% but will nevertheless drop to fifth-largest as it is surpassed by India. And finally, Africa and the Middle East, which currently represent only 8% of the global online population, will see some of the highest growth rates in the world, around 13%, primarily from Egypt, Iran and Nigeria.

Mobile technology will push this further. Those four billion mobile phone owners are only at the beginning of a revolution in mobile technology. As well as personal communications with friends and family, these digital devices allow people to follow and interact with their favourite sport, their favourite athletes and, of course, their choice of entertainment.



music, films, celebrity news, gaming or gossip. Sport must compete with these categories and be just as instant, dynamic and entertaining. Or people will simply go elsewhere.

The audience with which these digital opportunities resonate most is of course young people. They are a valuable and massive audience, and at their peak their generation will exceed the number of baby boomers in the USA. Globally, they account for over USD 600 billion in consumer spending. They are the most socially active generation, and digital culture is their culture. Their desire to create content and use it as social currency through their networks and communities has profound implications for how media owners and sports rights-owners behave among them.

The Digital Revolution has changed the way we interact with content, creating an environment that is more addressable, interactive and connected. The implications are that media will be different in the future. Media will be more:

1. **addressable.** Messages will be more targeted and granular, down to the household or individual level.
2. **portable** across platform, time, device and place. Brands will need to earn engagement and create a real value exchange.
3. **searchable.** Brands, actions, messages, whether positive or negative, will live on. There will be nowhere to hide.
4. **social.** Our innate human behaviours will be enabled by technology that will produce better communication channels and more collaboration.
5. **interactive.** Think of products like Guitar Hero, Xbox Live and Facebook. These products allow you to connect with and challenge friends or strangers from across the world in a particular game.
6. **transactional.** Media space, such as billboards, will become shelf space. And finally
7. **media will be everywhere.**

So, in the light of this changed media landscape, what are the implications and questions facing sports bodies and brands, if the ultimate aim is to generate revenue for future investment and to maintain and grow the fan base? Firstly, consumers now have multiple touch points to consume content and it is a struggle to grab their attention. The picture shows the transformation in the way people interact with content. It used to be a family ritual to congregate in front of the radio or TV. Now consumers will have the TV on, will be listening to music or surfing the internet, all while talking on the phone. For brand and rights-owners this makes life complicated. You need to consider: How do you reach your targeted consumer through all these distractions?

Second, the Digital Revolution has led to a user revolution through the democratisation of the tools of production, distribution, consumption and personalisation. Consumers are no longer satisfied with consuming content that the television networks create. Consumers are more active and creative than ever. The widespread adoption of blogs, podcasts, YouTube and Wikis enables people to create their own content, while exchanging content with thousands of other “non-professional” sources. However, premium content and live content will continue to attract audiences, stimulate debate and command top advertising dollars. To this point, global sporting events are highly valuable real estate for sponsors and advertisers, because they guarantee a live mass audience of people engaged in their passions.

WPP has invested in a tool which helps our clients understand the equity and fit of sporting properties, called SportZ. If you look at an event like the Beijing Olympic Games, it shares a very similar equity to some of the world’s most powerful and valuable brands. You need to consider: How do you balance the power of live events with the desire for access to content beyond the event itself, for instance beyond the 17 days of the Olympics Games?

The third implication is that being tied to traditional broadcasters has increased the average age of viewers and as a result the average age of the Olympic viewership. However, Beijing offers a glimpse of the future. The Beijing Games were the most-watched TV event in history, with 3,600 hours of coverage broadcast, more than all previous Olympic Games combined. At NBCOlympics.com, 70 million video streams and 600 million minutes of video were watched, a staggering number when compared to the Winter Games in Torino, which served 9.1 million video streams, double that served in Athens in 2004.

In research conducted by NBC, the average amount of time internet & TV viewers spent watching the Olympics was roughly double the amount of time TV-only viewers spent with the event. Six hours and 57 minutes of Olympic action was consumed by internet & TV viewers compared to just three hours and 26 minutes by TV-only viewers. For brands, internet viewers absorbed ad messages more effectively than TV-only viewers. Brand recall for internet & TV viewers was 46%, compared to 35% for TV-only viewers.

And London is taking it a step further by connecting and engaging with the younger demographic at an early stage. They are leveraging YouTube, the number one online video website in the world, where ten hours of video content are uploaded every minute. Roughly 32% of the visitors to London 2012’s YouTube channel are between the ages of 13 and 17, and over 50% are younger than 35. You need to consider: How can you tailor your communications – from content to messaging to platforms – to this new audience?

Fourth, interaction with the Olympic Games online, and in this case the Beijing Games, was not limited to watching videos. Consumers were also discussing different aspects of the event via social networks. MEC Access conducted an online media audit to see how areas such as social networking, blogging and micro-blogging fit into wider Olympic-related conversations. This work clearly demonstrated a huge volume of Olympic-themed conversations and a deeper association with Olympic events across all forms of online media, surpassing other events such as Wimbledon and Formula 1. With over 250 million people around the world now actively using the Facebook social networking site, this can only increase. (This includes people in every continent, even Antarctica. If Facebook were a country, it would be the eighth most populated in the world, just ahead of Japan, Russia and Nigeria.) You need to think: How can you be a part of the conversation and leverage communities and social networks to your advantage?

Lastly, there is serious value in sport for top brands. Companies are looking for ways to tap into that value to drive revenue and profits. With a distracted consumer who is increasingly hard to reach through traditional media, these brands need innovative tools and technologies to engage and create relationships with their audiences. With an eye on revenue generation, you need to consider: How can you work with sponsors and media partners to leverage your opportunities?



In seeking to answer these questions, I believe that there are some simple steps that can be applied to all sports rights-owners and the Olympic Movement, and I would like to share these with you now:

1. UNDERSTAND YOUR CONSUMERS AND COMPETITION.

- **Firstly, think like your consumers.** Be constantly fascinated as to what your fans are interested in, interacting with and where/on what media. Use consumer insights to understand their behaviour and motivations. If they are going online, you go online. Do not deny it or file it in the “too difficult” folder. Recognise the cultural and contextual differences.
- **Recognise the breadth of your competition** to prevent you from being blind-sided. The late Theodore Levitt in “Marketing Myopia” wrote about the peril of narrowly defining your business. He illustrated this by looking at the decline of the rail industry in the US. You need to judge your brand not against other sporting brands but against other forms of entertainment. Start up an audit of leading players whom you admire, in spaces from sport to film, to music and entertainment. Consider the excitement generated by the most popular TV shows, pop stars, and new films. In each of these sectors, it is worth looking at the elite (the networks, the major labels, the studios), but also how the grass roots can create a groundswell of opinion and following for new talent. See how they use digital media at the core of their communications and consider which lessons you could apply to your own sport.

2. CREATE THE RIGHT FRANCHISE OF CONTENT.

- **Repackage the rich content and imagery** that rights-holders such as the IOC have, and allow consumers to interact and become creative with the content beyond just the 17 days of the Olympic Games. This is exactly how Nike builds and fosters communities online and at events such as Supersonic, the refreshed version of Run London. This will involve rights-holders letting go more than they ever have, shifting from controlling rights to leveraging assets. Be true to yourself by maintaining the fundamental values of friendship, excellence and respect, but allow their expression and form to look very different. Give content to youth in formats they want: short and fast, customisable and easy to share. Extend the franchise through music and cultural partnerships to leverage fresh support and momentum, and learn from franchises such as X Factor and Pop Idol. Make involvement a rewarding and relevant experience, and get them to be your trusted co-conspirators in “what should you do next”.
- **Get personal** by leveraging the power of the athletes as ambassadors for the Games and their individual sports. Recognise the new generation of sports heroes such as Usain Bolt and use them to grow the appeal of the Games. Help and empower athletes to share their personal experiences through blogging and personalised content on sites such as YouTube and Twitter. Lenovo (working with Ogilvy London), for instance, developed the *Voices of the Olympic Games* campaign for Beijing 2008. It featured 100 Olympians from around the world, blogging about their Olympic experiences using Lenovo “ThinkPad” technology. Their 1,500 blog posts generated more than 8,000 comments from fans, 1.6 million visits to the website, 120,000 Facebook downloads by fans in 120 countries, and 60,000 mobile app downloads, making it one of the most popular applications during the Olympic Games.

3. ENGAGE WITH THE YOUNG IN THE RIGHT ENVIRONMENTS.

- **Allow young people ready access** to the content you create for them. The young take their media habits with them, so if you are not part of their habit now, you most definitely will not be in their future. Even if the young are watching television content, it will tend to be increasingly delayed or on a device other than a television set. Inspire young people to engage through channels and with a tone that is relevant for them. Media partners such as YouTube receive at least as many viewers as broadcast for global marquee moments such as Usain Bolt’s record-breaking 9.58 100m result in Berlin. You need to be present in these environments and have a credible voice, not restricting access through copyright. Let the children play...
- **Get to know the new players** and learn from those brands and people who truly connect. Pop stars do it, some athletes do it... And most sports try their best. But I am afraid young people will tell you that it often comes across as overly corporate and somewhat old-fashioned. You have to let them play – with your content, your assets – in their own way.

4. UNDERSTAND THE TECHNOLOGY OPPORTUNITY.

- **Get social.** Leverage the power of communities and social networks. We have been involved in a number of projects in this area recently and have looked with interest at the way the Major League Baseball (MLB) has developed their new media property. They are now deriving nearly USD 200 million directly from subscription revenues to their website. Similarly, virtual communities have made it easier for brands to create niche networks. Nike is a great example. They have been extremely successful in creating a community of runners and making running a popular sport. The slide shows Nike’s latest community interaction, “The Day the World Runs”, an attempt to unite the world through running. The website allows users to register and discover fellow-runners in their geographical area. Imagine setting up an Olympic pledge and inviting people to sign up online, for instance, marshalling public opinion to get a movement going (as per Obama’s election campaign), and becoming part of their lives.
- **Leverage new screens technology** such as IPTV and YouTube to monetise niche content. Make archive and background content available to those who are passionate about it, but not able to access it through TV coverage. People who are into sailing or cycling are incredibly passionate about it, for instance, and they have an insatiable appetite for content around their sport. This has made it possible for media partners like Sail.TV and Cycling.TV to create IPTV channels around these communities, and for video content sites such as YouTube to engage audiences, as you have with the Olympic Congress channel. This presents both a threat (of unbundling) for many of us. Yet, the opportunity to monetise content, now in high definition, should not be ignored. It also provides a benchmark to challenge, support and then oblige media partners to deliver, engaging content beyond the single screen in the living room.
- **Recognise the potential for mobile technologies** at events and beyond. This is a growing technology with the potential to add significant value to the user experience. For instance, the IBM Seer for Wimbledon 2009 (by Ogilvy London) is an event mobile application that lists specific locations, facilities and amenities in an easy-to-navigate interface. The great aspect of the application is that if you



point your phone's camera at a court, restaurant, or parking lot, Seer can tell you whatever you could want to know about it. The application uses the phone's GPS and compass to present information as an overlay instead of in a static map. The US Open 2009 mobile application for the iPhone provided live coverage of certain groups on the first two days and live coverage of the 17th hole on days three and four. It also contained detailed course and player information, live leader-board updates and up-to-the-minute news. Kangaroo TV at Formula One races is a terrific and simple handheld device: live video and live stats, all day.

5. COLLABORATE WITH SPONSORS AND PARTNERS.

- **Offer them relevant and innovative digital inventory and content.** Many large global sporting brands still think in a very analogue manner about their inventory. But many of our clients desire more exclusive digital inventory. You can mark yourselves out from your competitors by bringing real innovation into this space. Chalkbot was a key element in Nike's Livestrong campaign for the 2009 Tour de France. Supporters in the USA and France could text inspirational messages for cyclists that were printed in yellow chalk by Chalkbot on the roads of the Tour de France. Hundreds of thousands of messages were sent in. In addition, working with media partners to maximise the revenue from new-media rights is key to monetising your content, as in the most recent negotiations for a major country, where nearly 50% of revenue came from new media. Working with media partners and sponsors in this way to create heroes, sell the story and heighten the drama brings passion and personality into sport, as seen in the extraordinary star-led success of the Indian Premier League.

In summary, the digital revolution has already changed the media landscape, and the way in which sport is consumed will never be the same again. The opportunity for sports rights-holders such as the IOC is huge: in terms of broader access to new markets and audiences, deeper fan experiences through leveraging digital technologies, and longer event access through distributing new content in fresh ways. The risk, however, is that we do not harness these new channels and fail to adapt to the new online world of communications. If the Olympic sports themselves, and the way they are promoted online and on mobile, do not appeal to the younger audience, they will lose that audience. Broadcasters will reduce their fees and the Movement will be at risk.

The most important legacy of any from the Olympic Movement is to deliver the next generation of sports fans and athletes. To do this, we must ensure that the iPod, iPhone generation is tuning in, not tuning out.

1. 2008 Average Global Audiences: Beijing Olympics Opening Ceremonies: 592 million; Closing Ceremony: 252 million; 2008 UEFA European Championship Finals: 166 million; 2008 NFL Super Bowl: 104 million; 2008 UEFA Champions League Final: 98 million; 2008 Brazilian Grand Prix: 80 million.