

Executive Interview

An Interview with David G. Brooks, General Manager of the Beijing Olympics for Coca-Cola China

Conducted by J. Andrew Choi, University of San Francisco

Career Highlights

- Director, Athens 2004 Olympic Torch Relay, The Coca-Cola Company based in Atlanta, Georgia. Led planning and activation of the first worldwide Olympic Torch Relay across 34 cities, including all host cities of the modern summer Olympics since 1896; over 15 million live spectators . . . an amazing experience.
- Chief Executive Officer, Coca-Cola China Beverages, based in Beijing, China. Led the start-up and expansion of a new bottling group covering 14 provinces in China in 2001-2003. A challenging but enjoyable role starting up a new national Fast Moving Consumer Goods (FMCG) sales and distribution system in China, building infrastructure and putting market development and capability plans in place.
- Region Manager, Coca-Cola Southern Africa, based in Johannesburg, South Africa. Led strategic planning and marketing/operations for Coca-Cola in South Africa from 1995-1998, just following the election of Nelson Mandela in 1994.
- General Manager, Hainan Coca-Cola Beverages, Hainan Island, China. At 27, I had the opportunity to lead the start-up of a new Coca-Cola joint venture in South China. This involved building a new company from zero to over 300 employees, construction of a bottling plant, and building a sales/distribution infrastructure—an indelible learning experience.

Q: Please describe your role and responsibilities as the GM of the Olympics.

A: My current role is vice president and general manager of our Beijing 2008 Olympic Games Project Group, based in Beijing, China. My team leads the planning and implementation of our Beijing 2008 Olympic Games programs, with a focus on operational marketing programs. As

Coca-Cola has sponsored the Olympic Games continuously since 1928, we have a well-defined process for organizing each succeeding Olympic Games. This usually starts with identifying a manager from the host country business system to lead the local Olympic programs.

I would describe both my role and our team's overall role in five ways: we *lead* the planning and implementation of the Olympic programs starting from about four years out from the Games; we *integrate* Olympic planning across all the many functions and entities in our business system, which is focused mostly on delivering near-term results; we *represent* Coca-Cola to the local Olympic Games Organizing Committee (BOCOG); we *develop* a high-performing team ready to implement our sponsorship programs; and most importantly we seek to "*inspire and refresh everyone we touch*" in the process. "Lead / Integrate / Represent / Develop / Inspire" . . . that really captures our unique role.

Q: How did you break into the soft-drink industry? Tell me a little bit about your professional background leading up to your current position.

A: Like many careers, mine started with a false trail. I studied literature in college, a subject that I really enjoyed and that is still an inspiration to me. After graduation in 1984, I accepted a job with an American law firm in Shanghai, where I helped open the local practice as a legal assistant. I had spent part of my childhood in China during the mid-1970s and had good Chinese language skills by this time. At the time, I intended to go on to law school, but the sharp contrast between my law-related work and the incredible human energy on the streets of Shanghai in 1985–1987 was just too great: the idea of spending my entire life in an office working with documents paled very quickly.

In 1987, Coca-Cola China was making a historic move to open the first local Coca-Cola concentrate plant in China and also to set up the first direct joint ventures.

When the region manager of Coca-Cola China at the time, Dr. R. Fenton-May, asked me to join The Coca-Cola Company, I jumped.

One of the wonderful things about the Coca-Cola business is that it is truly universal, not just in the sense of taking place in over 200 countries, but also in the sense that it takes place every day in the homes, stores, and streets of the world. I was immediately captivated to be working in a very people-focused company where you spend a lot of time meeting people from every walk of life, and where you are outside using up lots of “shoe-leather” on a weekly business. My initial impression was, “These guys want to pay me to travel all over China, meeting people, exploring new cities and towns, setting up new businesses? . . . I’m in.”

Q: How did you first get involved with the Olympic marketing?

A: My career in Coca-Cola has mostly involved working in China throughout the late 1980s, 1990s, and into the current decade, with some rotations to Hong Kong, South Africa, the USA, and Europe thrown in. I worked in China during the period of Beijing’s first bid to host the Olympic Games, in 1993—a very different time and era in China, of course. China lost the bid to Sydney, which was a real disappointment to people here.

In 2001, when Beijing was preparing its second bid to host the Olympic Games, I was a region manager with Coca-Cola China, covering a territory that included the Beijing market. Our local Chinese team had a lot of confidence that Beijing had a strong chance of winning, and they came up with a just-in-time plan to activate if it happened. We created a special Coca-Cola commemorative “gold” can package and an outdoor and print advertising campaign ready to activate on July 13th if Juan Antonio Samaranch (former president of the International Olympic Committee) said the right word that night.

Of course, with all of China holding its breath, Samaranch said “Beijing.” We had Coca-Cola “Cheer for China” light box advertisements being installed within minutes, literally, as people streamed into the city center to celebrate. By the next morning, supermarkets all over Beijing had special displays of the Coca-Cola commemorative cans, which all sold out very quickly. We were lit-

erally faster than the newspapers to announce Beijing as an Olympic Host City—a great marketing moment.

A tremendous wave of genuine pride and enthusiasm was unleashed across China that night—among consumers and among my Chinese colleagues. At this point, I decided that having a deeper involvement in Coke’s sponsorship of the Beijing 2008 Olympic Games would be a truly worthy and unique experience.

After an assignment as CEO of a new bottling group in China came to an end, I got a late-night phone call from our director of worldwide sports events, Peter Franklin, about a role managing the Athens 2004 Olympic Torch Relay, based in Atlanta but literally traveling across the entire world. This was an amazing assignment and steep learning curve that exposed me to the world of the Olympic Games for the first time.

Q: What are the essential skills needed for your job?

A: People talk a lot about the “Olympic Family”—the unique network of contractual and personal relationships that exist between the International Olympic Committee, the National Olympic Committees, the local Organizing Committee, the sponsors, the broadcasters, and other groups involved in preparing this amazing global event every two years. There really is a sense of being involved in a very special set of long-standing relationships. Because to this, I think that having good communication skills and empathy for the other person’s point of view are very important. In the special case of the Beijing 2008 Olympic Games, having Chinese language communication skills is critical to my effectiveness.

I also believe that having a holistic understanding of the host country culture and the way that local consumers are anticipating “their” Olympic Games is important. Each host city and country experience the Olympic Games through the unique prism of national culture, national experience, national aspirations, and so on. It is helpful to have been involved with China since 1975 and to have spent most of my professional life here.

Finally, having a real passion for the Olympic Games is critical. My personal passion stems not so much from a love of sports, but from how the Olympic Games reflect the rising sense of confidence of the Chinese people, as a nation and as individuals. I also am very passionate about my team—Chinese and non-Chinese alike—we all feel

privileged to work on this once-in-a-lifetime project. From passion flow commitment, stamina, and drive to sustain a project team like ours across four years of preparations.

Q: *What are the recent trends in Olympic sponsorship as it relates to financial accountability?*

A: Through our Worldwide Sports Group in Atlanta, we have maintained a relatively consistent approach over recent years. We have the benefit of learning from each subsequent Games, which we do via very in-depth “after-action-reviews” that look at the original sponsorship objectives, the marketing investment, and also the measurable results for each Olympic Games.

This captured intellectual capital allows our team to compare plans and programs with Sydney 2000 or Athens 2004 in terms of investment levels, program scope, and measurement systems. The company is refining this approach with each Games, but I would say our approach to financial accountability has been a consistent element in this process.

Q: *How does Coke value a sponsorship? What is it that you’re looking for in return from the 2008 Games in particular?*

A: A rhetorical question: how do you value the accumulated value of 80 years of continuous worldwide sponsorship of the Olympic Games, which will be our milestone in 2008?

Based on a philosophy and process led by Peter Franklin and our Worldwide Sports Group, we adopt a rigorous approach from about five years out from the Games. This involves having the host country clearly identify the “business legacies” of the Olympic Games (i.e., the key areas of our business we plan to enhance or strengthen via our sponsorship programs).

I can’t divulge our specific legacies for the Beijing 2008 Olympic Games, but they are based on our global Manifesto for Growth Framework: Portfolio, Partners, Profit, People, and Planet and our China business priorities. We have identified specific aspects of these strategic dimensions and we are very disciplined—top to bottom—in our focus on the key legacies over a multi-year period.

Q: *How does your team measure return on investment from Olympic sponsorship?*

A: As a consumer marketing company, our measures stem primarily from our consumer marketing objectives in the host country or other countries where we implement Olympic marketing programs. We measure progress against consumer objectives with a combination of ongoing measurement tools and specific Olympic Games-related measurement tools. Typically, we look at awareness levels, differentiation, the relevance of our association with the Olympic Games, and then most importantly the impact of this relevance on actual consumer consumption (sales) and brand preference over time.

Q: *Take us inside of a project that you recently worked on including financial aspects.*

A: One of our key programs for the Beijing 2008 Olympic Games is the Beijing 2008 Olympic Torch Relay, which will pass through every province in China, including areas that cover about 75% of China’s population over a 97-day period next year.

This project involves a lot of different financial aspects: sponsorship fees, planning and organization costs (HR Opex and Opex), media costs, on-ground activation costs, etc. We have the distinct benefit of being able to “compare and contrast” with other Olympic Torch Relays sponsored by Coca-Cola going back to 1992, including how the budgets were developed, and even how the initial estimates done by previous teams evolved into the final actual budget utilized. We use this historical information to help us make intelligent financial decisions about how to allocate our investment.

Q: *What do you see in the future with regard to the escalation of Olympic sponsorship pricing, activation fees, and financing?*

A: I am not competent to speak to the larger question, but from my observation there is clearly a trend for sponsors to increasingly view the Olympic Games as a national marketing asset vs. being focused in the host city. Activation costs are driven by the dynamics of each host city/country so it is difficult to generalize: Athens – Beijing – London ... this is really apples and oranges and pears when it comes to costs.

Q: *How does a global company like Coke share (between Atlanta and the local office) budgetary or financial responsibilities for global sporting events like the*

Olympics or the World Cup (for example, TV rights, Atlanta; local activation and endorsements, China)?

A: I can't divulge the details, but in general we fund the rights on a worldwide basis, and the local activation and endorsements on a local market level. This is not a hard rule and there are lots of exceptions in a worldwide business like ours.

Q: What are the major risks of sponsoring the Olympics?

A: In the general sense, I do not think that there are any significant risks. As long as the Olympic Games continue to occupy a very special and exalted place in the minds of people all over the world—which we do expect—the benefits outweigh any risks in any case. We believe that the Olympic Games make the world a better place.

Q: How does Coke choose what to sponsor at the Olympics (national team, athletes, IOC, etc.)? What types of financial calculations are carried out as part of this decision process?

A: We invest a lot of time, expertise, and financial resources into understanding “deep consumer insights” into how local people anticipate their Olympic Games. These insights provide the foundation of all activation and investment decisions: what teams or athletes to sponsor, our marketing programs and media decisions. We have a relatively sophisticated approach to valuing different assets and associations, but ultimately the consumer insights drive our decisions.

An anecdote here: when people come to China to see the Olympic Games next year they will see the image of Liu Xiang, the 110-meter gold medalist from Athens 2004, who is a national hero. Our Coca-Cola China team identified Liu Xiang in early 2004 as a promising talent when he was literally unknown and was his sole sponsor for a long time. Our track record in this area is fairly strong.

Q: Please talk about the amount of sponsorship versus activation dollars and how those decisions are made.

A: One thing I can tell you is that we do not use a “hard and fast” magic number or percentage to frame up these decisions. As a company we are very focused on IMC (integrated marketing communications), so one of our factors is how hard we can make a given sponsorship or asset work for us, and in how many different ways, across how many touchpoints, and so on.

Q: What are some of the big, unanswered questions in sports finance to which you wish you had answers?

A: As a relative newcomer to the sports marketing field, it strikes me that most of the sports finance discussions do revolve around the “big, unanswered questions”: How do we value these properties? How do we measure the financial return? There does not seem to be a standard approach to these basic questions across companies, even for one event like the Olympic Games.

Q: Similarly, what are the most critical research needs in the area of sports finance?

A: The question of effective and realistic measurement is critical. Finding effective “real-world” ways to measure the financial impact / return of sponsorship (on consumer preference, on purchase behavior, on consumer or customer loyalty, on the ability to charge a premium) seems to be the most important challenge.

Q: What is a typical day like in your job and in your department?

A: The best analogy is that I am the head chef in a very exclusive restaurant, in charge of preparing a six-course dinner that needs to be “perfect” when it served over a 16-day period to tens of thousands of guests starting on August 8, 2008. It's an exhilarating job on a daily basis.

I get up early to exercise, get to the office by about 7:00 A.M., have an early telephone conference with our Worldwide Sports Team in Atlanta, hold internal coordination sessions with my leadership team, focus for one-two hours on a specific program (Torch Relay, Beverage Services to Venues, Hospitality), do media interviews, meet with BOCOG in their offices, have more internal review meetings, and then have a dinner with someone from the Olympic Family.

Q: What is your worst nightmare as the GM about this Olympics?

A: Warm Coca-Cola. We focus a lot of time and effort to make sure that the Coca-Cola products everyone enjoys at the Olympic Games will be “ice-cold.” I have nightmares about warm Coca-Cola at the Games.

Q: Could you talk about one (or more) major misperceptions about Olympic marketing that the academicians would normally overlook?

A: As this interview has probably revealed, I am more of a “gray collar” marketer: somewhere between a 100%

thinker and a 100% doer, and I have never read any academic treatises on Olympic marketing. My own impression is that most people are still focusing too much on the “16 days,” and not enough on the layers of “meaning” that the Olympics takes on for people, particularly in the host country prior to, during, and after the Olympic Games. Because the Beijing 2008 Olympic Games are so widely seen as symbolic of China’s own (re)emergence, this meaning is actually being created in China and around the world as we speak, a fascinating process.

I also perceive that people often speak about the “Olympic Games” in the generic sense, as if the event was more or the less the same from Games to Games. Having seen Athens and Torino and now being intimately involved in the preparations for Beijing, this strikes me as superficial and incomplete. The environment, opportunities, challenges, and marketing value of each Olympic Games are ultimately unique, requiring a new set of answers each time to fully capture the value of the association in the host country and around the world.

This has perhaps never been so clear as now: in 2008 the host city has a larger population than the entire country of Greece. This one fact has enormous implications for how the Olympic Games happen and for how sponsors should think about activating their plans.

Q: Please complete the following sentence: “On August 25, 2008, I would be ecstatic if . . .”

A: At our after-event party, my team is celebrating, looking back on a four-year journey that has culminated in truly refreshing Olympic experiences—in the physical sense and in the emotional sense—for everyone we have touched across China and the world.